

# Credit Rating Report

## Banca Sella Holding SpA

### Morningstar DBRS

29 January 2025

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### Credit Ratings

Issuer	Debt	Credit Rating	Credit Rating Action	Trend
Banca Sella Holding SpA	Long-Term Issuer Rating	BBB (low)	Confirmed Jan '25	Stable
Banca Sella Holding SpA	Short-Term Issuer Rating	R-2 (middle)	Confirmed Jan '25	Stable
Banca Sella SpA	Long-Term Issuer Rating	BBB (low)	Confirmed Jan '25	Stable
Banca Sella SpA	Short-Term Issuer Rating	R-2 (middle)	Confirmed Jan '25	Stable
Banca Sella SpA	Intrinsic Assessment	BBB (low)	Maintained Jan '25	-

### Credit Rating Drivers

#### Factors with Positive Credit Rating Implications

- An upgrade of the credit ratings would require a significant improvement in operating efficiency as well as higher capital buffers whilst maintaining a sound risk profile.

#### Factors with Negative Credit Rating Implications

- A downgrade of the credit ratings would arise from a significant deterioration in the Group's capitalisation or risk profile.

### Credit Rating Considerations

#### Franchise Strength (Moderate/Weak)

- Small, albeit diversified, franchise with a solid market position in the home region of Piedmont. Family ownership with broad involvement in corporate governance.

#### Earnings Power (Moderate)

- Moderate but resilient profitability, thanks to a diversified revenue mix and reduced credit costs. Operating efficiency remains weak relative to peers.

#### Risk Profile (Good/Moderate)

- Asset quality metrics are more in line with European peers. High loan concentration on small and medium-size enterprises (SMEs) and large exposure to Italian government bonds.

#### Funding and Liquidity (Good/Moderate)

- Adequate funding and liquidity position, underpinned by a large and granular retail deposit base. Modest funding diversification.

#### Capitalisation (Moderate)

- Adequate capital buffers over minimum requirements. Lower flexibility to raise capital, if needed, because of the ownership structure.

Financial Data Through 2024 H1	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	M/W	M/W	M/W
Earnings	G/M	M/W	M
Risk	S/G	M/W	G/M
Funding & Liquidity	S/G	M/W	G/M
Capitalisation	G/M	M/W	M
<b>Overall Assessment</b>	<b>Intrinsic Assessment Range (IAR)</b>	<b>Assigned IA</b>	
M	['BBB (high)', 'BBB', 'BBB (low)']	BBB (low)	

## Financial Information

(In EUR million unless otherwise stated)	H1 2024	H1 2023	For the Year Ended December 31 (IFRS)				
			2023	2022	2021	2020	2019
Total Assets	22,693	21,381	21,832	20,336	20,479	17,846	15,004
Gross Loans to Customers	11,588	11,104	11,263	10,769	9,979	9,062	8,636
Income Before Provisions and Taxes (IBPT)	149	152	266	232	171	127	115
Net Attributable Income	62	76	107	92	108	30	34
Net Interest Margin (%)	2.72	2.72	2.71	1.83	1.37	1.53	1.77
Cost-Income ratio (%)	75.73	72.74	76.49	76.49	79.65	82.99	83.72
LLP / IBPT (%)	12.99	11.85	13.52	13.30	28.67	52.25	39.53
Cost of Risk (%)	0.34	0.34	0.33	0.30	0.53	0.78	0.50
CET1 Ratio (%)	13.02	13.41	13.36	13.21	12.28	12.29	11.41

Source: Morningstar, Inc., company documents. Morningstar, Inc. data and Morningstar DBRS calculations based on company disclosure.  
Note: Figures may not tie with reported data given Morningstar DBRS' standardised approach across global banks.

## Issuer Description

Based in Biella, Italy, [Banca Sella Holding SpA](#) (Sella or the Group) is the parent company of the Sella Group. The Group's main activities are retail and commercial banking, asset management and private banking, payment systems, leasing, and consumer finance. Banca Sella S.p.A. (Banca Sella or the Bank) is the Group's main operating bank.

## Credit Rating Rationale

The credit ratings and the Stable trends reflect the Group's relatively small but stable and diversified franchise in its home region of Piedmont. The credit ratings continue to be underpinned by Sella's stable funding and liquidity position, which relies on a large and granular deposit base. The credit ratings also consider the Group's moderate profitability profile, which reflects, on one hand, a diversified revenue mix and lower credit costs, and, on the other hand, a high-cost base. The latter also reflects in part the ongoing investments in new technologies and digitalisation.

In our view, Sella's asset quality metrics compare more favourably with its domestic and European peers. New inflows to nonperforming exposure (NPE) have been limited to date and have been offset by derisking efforts as well as stable coverage and loan book expansion despite higher interest rates. In our view, Sella's asset quality profile is in a stronger position to withstand a potential deterioration in the economic environment. Finally, the credit ratings consider the Group's adequate capital buffers over supervisory requirements.

The Bank's Intrinsic Assessment (IA) of BBB (low) is at the lower end of the Intrinsic Assessment Range. This mostly reflects the Bank's lower profitability and capitalisation levels compared with those of higher rated peers.

### Franchise Strength

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Moderate/Weak	Moderate/Weak	Moderate/Weak

Sella's scorecard and grids franchise strength assessments are the same. However, the core grid grade has been lowered to reflect the potential corporate governance risks that might emerge because of the family ownership.

Sella is a small Italian banking group with EUR 24 billion in total assets at the end of September 2024. The Group maintains a solid market position in retail and commercial banking, especially in the home province of Biella. Unlike many peers of similar size, Sella's franchise is more diversified, thanks to its private banking and asset management activities, nationwide payment system, as well as consumer finance and leasing operations. In 2024, Sella experienced some operating disruption on its online banking services; however, there have not been significant implications for its franchise, including number of clients and stock of deposits (please see risk profile and ESG sections for additional information).

The Group has historically been controlled by the Sella family, who is also broadly involved in its corporate governance. In our view, the corporate governance risks potentially associated with the family ownership are mitigated by the following factors: (1) the Group's exposure to the Sella family is limited and (2) the banking business is the main activity of the Sella family. The Sella family controls the Group via Maurizio Sella Sapa, which owns 94% of Sella. Legally a bank, Sella acts as the Group's treasury and manages the funding with institutional counterparties as well as the overall business strategy and planning.

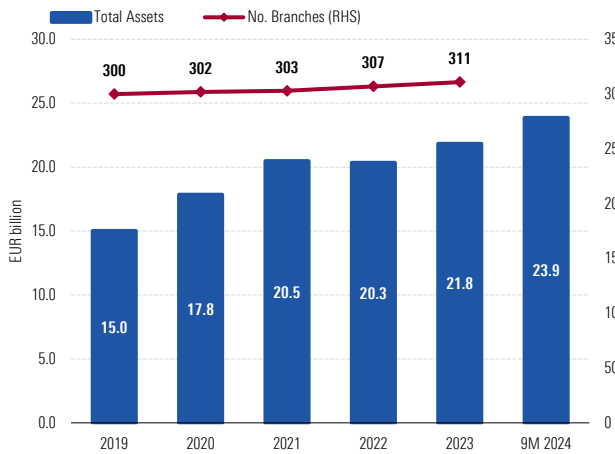
The Group manages the raising of deposits and lending to households and SMEs through Banca Sella, its main operating subsidiary. Banca Sella includes the Group's branch network as well as the electronic banking and internet services except for Hype, its mobile app. Private banking and asset management products are offered via both the private banking unit of Banca Sella and Banca Patrimoni Sella SpA, while corporate and investment banking services are provided by Sella CIB. The Group also offers consumer finance and leasing products through Sella Personal Credit and Sella Leasing, as well as payment platforms, provided by Banca Sella and Fabrick SpA.

In recent years, Sella has increased its presence in digital banking, as well as invested in various new technological initiatives. In 2015 the Group created Hype, a mobile app for digital banking and payment solutions. Sella also launched the first open banking platform in Italy (platfr.io) and set up Fabrick SpA to invest in fintech businesses and innovative payment and banking solutions. Since 2020, Hype has been managed as a joint venture with Illimity Bank (Illimity). Sella also holds 10% of Illimity's share capital. We will assess the implications arising from Banca Ifis' recent tender offer for Illimity's shares.

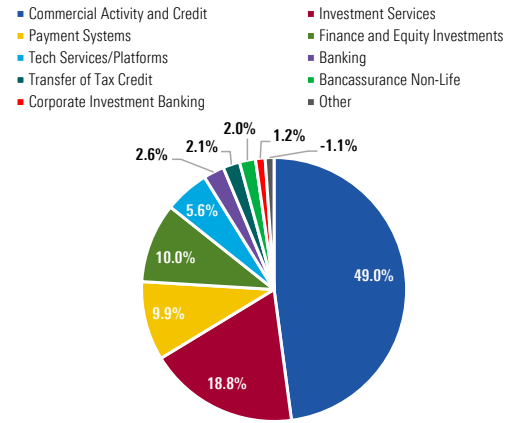
In 2022, the Group signed a partnership with Sesa Group to strengthen its presence on the Italian software solutions market, business processes outsourcing, and application services for the financial services industry. More recently, Banca Sella launched the Artificial Intelligence Business Incubator, and signed an agreement to buy FinAPI GmbH, a company specialised in financial data

aggregation and analysis, open banking, data intelligence, know your customer, and payment services.

**Exhibit 1** Total Assets and Number of Branches



**Exhibit 2** Net Revenues by Segment (H1 2024)



Source: Morningstar DBRS, company documents.

**Earnings Power**

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good/Moderate	Moderate/Weak	Moderate

The earnings power grids assessment is lower than the scorecard assessment. The scorecard indicators were supported by some nonrecurring gains. Moreover, our forward-looking view, incorporated in the grids, reflects the expectation of a moderate increase in loan loss provisions (LLPs) for credit risk.

We view Sella’s profitability as moderate, supported by good revenue diversification and moderate credit costs albeit constrained by relatively weak operating efficiency. We expect the diversification of the Group’s revenues to help mitigate the negative impact of the ongoing interest rate cuts.

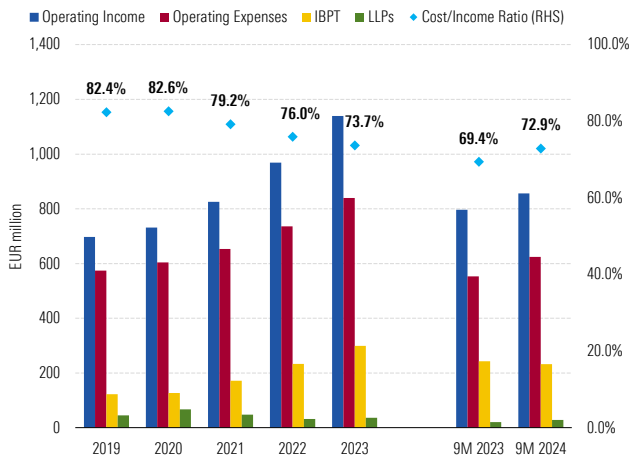
In the first nine months of 2024 (9M 2024), the Group reported net attributable income of around EUR 95 million, down 9% year on year (YOY) or up 7% YOY when excluding a nonrecurring gain earned in 9M 2023 stemming from the partnership with Sesa Group. The results were driven by higher revenues that were offset by higher operating expenses, higher provisions, and the reimbursements to customers affected by the IT problem that occurred in April 2024.

Net interest income (NII) was up 7% YOY in 9M 2024, supported by positive dynamics in commercial spread, higher loan volumes, and sound management of funding costs. Net fee and commission income was up 7% YOY thanks to the Group’s business diversification, with solid performance reported in all segments. NII and net fees accounted for 49% and 40% of the Group’s total operating income in 9M 2024, respectively.

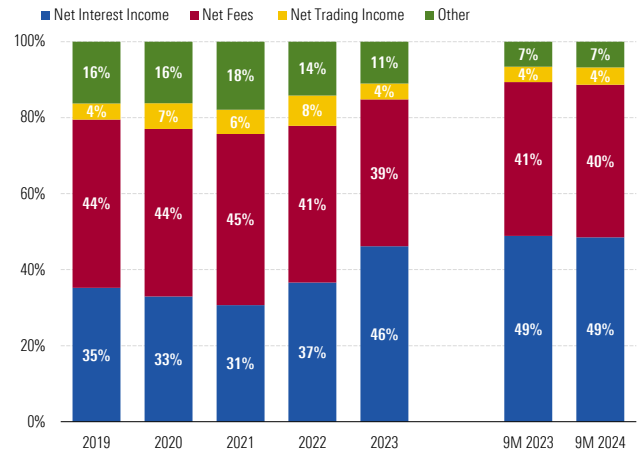
Operating expenses were up 13% YOY mainly because of increasing headcount and salaries, as well as higher contributions to regulatory funds and ongoing investments in technology. The Group’s cost-to-income ratio rose to around 73% in 9M 2024 from 69% in 9M 2023, based on our calculations, remaining at the high end of its domestic peers.

LLPs were up 38% YOY, leading to an annualised cost of risk (CoR) of around 30 basis points (bps) in 9M 2024, down from an average CoR of around 50 bps in 2019–23.

**Exhibit 3** Key Profitability Items



**Exhibit 4** Operating Income Breakdown



Source: Morningstar DBRS, company documents.

**Risk Profile**

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Strong/Good	Moderate/Weak	Good/Moderate

The risk profile grids assessment is lower than the scorecard assessment. The scorecard's provisions to income before provisions and taxes brings up the scorecard assessment; however, in our view, LLPs will likely increase because of new asset quality risks. In addition, the core grid grade has been lowered to reflect the SME concentration in the loan book and the recent IT problem the Group experienced with its online banking.

Sella’s risk profile is consistent with its retail and commercial banking franchise, with approximately 78% of total risk-weighted assets (RWA) related to credit and counterparty risk at the end of June 2024. Most of the lending activity is carried out at Banca Sella. The Group’s lending is primarily to retail, SMEs, and corporate clients and is largely represented by mortgages, followed by credit cards and personal loans, and leasing. Sella’s loan book is significantly exposed to SMEs, and this exposure appears higher than the Italian banking sector’s average. NPEs have been reduced in recent years; however, we expect some deterioration from the still-high interest rates and sluggish economic forecasts. Market risk is low, mostly arising from the Group’s fixed income portfolio, including its large exposure to Italian sovereign bonds.

### Credit Risk

In 9M 2024, Sella continued to improve its asset quality despite its total stock of NPEs remaining unchanged at around EUR 340 million from YE2023 to the end of September 2024. The Group’s gross NPE ratio stood at 2.9% at the end of September 2024, down from 3.0% at YE2023, and its net NPE ratio dropped to 1.5% from 1.6% in the same period. This was mainly driven by the loan book, which has grown, unlike its Italian peers. Sella disbursed around EUR 2.4 billion of new loans in 9M 2024, up by around EUR 0.2 billion compared with 9M 2023. The Group’s total NPE coverage ratio stood at 49% at the end of September 2024, stable in recent years and in line with domestic peers. The total coverage of bad loans (or sofferenze) remained at a strong 65.2% at the end of September 2024.

### Sovereign Risk

Sella’s risk profile includes a sizable exposure to the Italian sovereign. At YE2023, the Group’s securities portfolio comprised EUR 2.4 billion of Italian government bonds, corresponding to approximately 11% of the Group’s total assets and 2 times its CET1 capital. Nevertheless, we note that 69% of Sella’s securities portfolio is classified as held to collect to reduce sensitivity to spreads widening. We note an increase in financial assets in 9M 2024, and we expect most of it to consist of investments in EU government bonds.

### Market Risk

Market risk is low for Sella. The average Value at Risk, which represents the maximum loss in net present value Sella might be facing in normal market conditions over a period of three months with a confidence interval of 99% at the end of June 2024, was EUR 21 million, within the Group’s internal limit of almost EUR 100 million.

### Operational Risk

Sella’s online banking services have experienced operating disruption in 2024 because of technical issues. However, since that incident, it seems that the Group has taken the necessary remedial actions to restore the systems while also reimbursing the customers affected.

Exhibit 5 NPE Breakdown

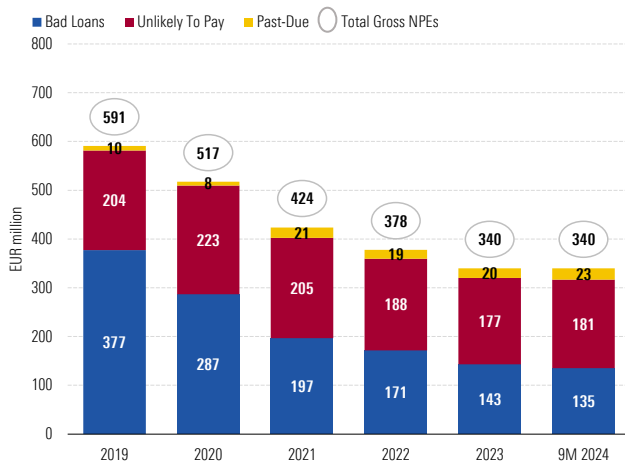
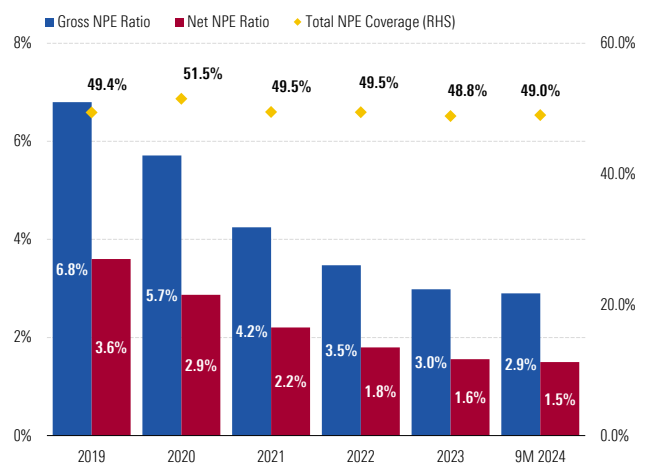


Exhibit 6 NPE Ratios and Coverage



Source: Morningstar DBRS, company documents.

### Funding and Liquidity

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Strong/Good	Moderate/Weak	Good/Moderate

The funding and liquidity grids assessment is lower than the scorecard assessment. This reflects our view that the diversification of Sella’s funding structure is modest.

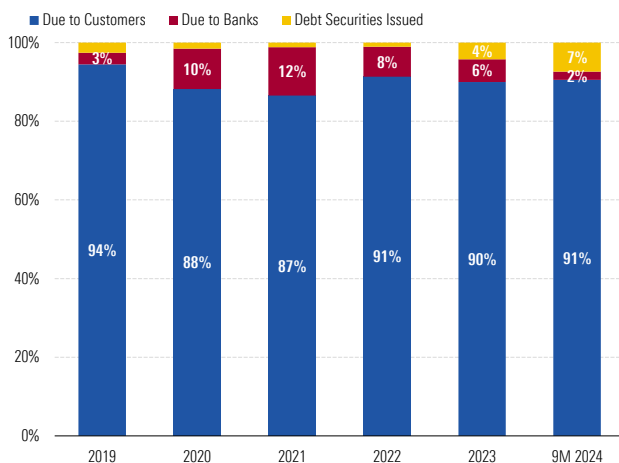
We view Sella’s funding profile as stable, although less diversified relative to peers. The funding structure is supported by its large deposit retail franchise. Most of Sella’s deposits are collected by Banca Sella, whereas Sella acts as treasurer and manages the institutional funding.

Due to customers remain the Group’s primary source of funding, accounting for around 91% of its total funding at the end of September 2024. At the end of September 2024, due to customers were up 4% compared with YE2023 despite the competition exerted by the higher-yielding Italian government bonds. Due to customers mainly consist of deposits and around half of deposits is covered by the Interbank Deposit Protection Fund. Notwithstanding a large part of the Group’s deposits being corporate deposits, which are more volatile in nature, the deposit base is very granular and mostly consists of current accounts and sight deposits. However, we note that time deposits have increased recently to accommodate customers’ search for higher remuneration.

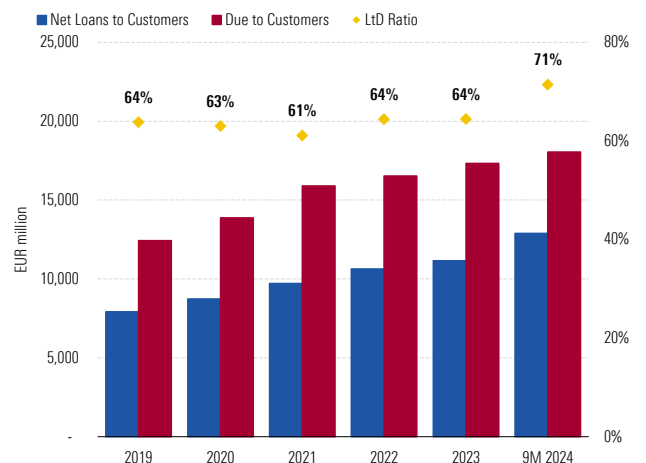
The Group has fully repaid its central bank funding of targeted longer-term refinancing operations III sources. As a result, due to banks dropped to 2% of the Group’s total funding at the end of September 2024 from 6% at YE2023, and mainly consisted of bank deposits and other bank financing.

Debt securities issued, including retail and wholesale bonds, represented 7% of Sella’s total funding at the end of September 2024. In 2024, Sella issued EUR 50 million of Tier 2 subordinated bonds with a maturity of 10 years and EUR 300 million of senior preferred bonds with a maturity of 5 years while the Bank issued EUR 400 million of covered bonds with a maturity of 4.25 years.

**Exhibit 7 Funding Mix**



**Exhibit 8 Loan-to-Deposit Ratio (LtD)**



Source: Morningstar DBRS, company documents.

Sella's liquidity position remains solid at the end of September 2024, with a liquidity coverage ratio of 207.14%, a net stable funding ratio of 143.15%, and a loan-to-deposit ratio, based on our calculations, of around 71%, or 63% when excluding reverse repos.

**Capitalisation**

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good/Moderate	Moderate/Weak	Moderate

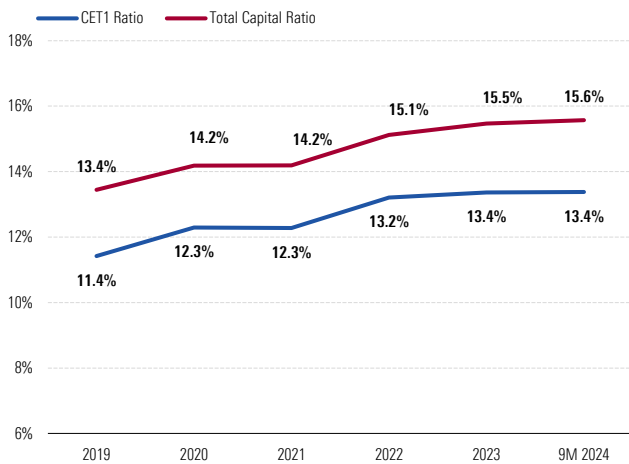
The capitalisation grids assessment is lower than the scorecard assessment. The core grid grade has been lowered to reflect the lower capital flexibility.

Sella's capitalisation has stabilised recently as business growth offset a steady retained earnings generation. Nonetheless, in our view, the Group's ownership structure constrains its flexibility to raise capital, if required.

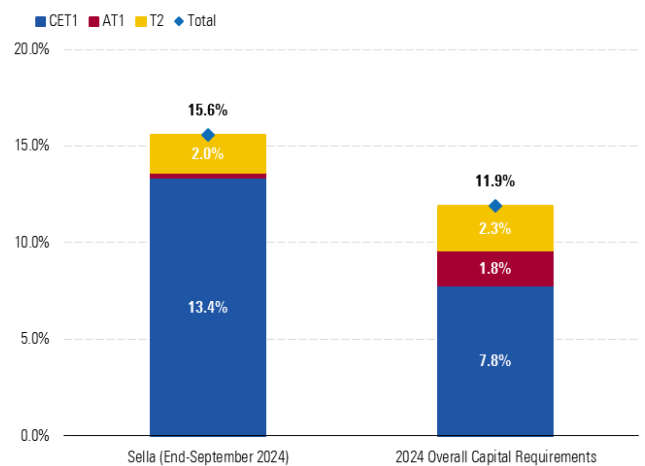
Sella reported a CET1 ratio of 13.4% at the end of September 2024, flat compared with YE2023, while the Group's total capital ratio slightly increased to 15.6% from 15.5% in the same period. This provides the Group with adequate cushions over the 2024 minimum requirements of 7.8% for the CET1 ratio and 11.9% for the total capital ratio. We expect the minimum requirements to increase following the introduction of a 1% systemic risk buffer for Italian banks to be gradually met by the end of June 2025. Sella reported a leverage ratio of 5.3% at the end of September 2024, slightly down from 5.4% at YE2023.

The Group is also building up its minimum requirement for own funds and eligible liabilities position, which should be equal to 21.75%, including combined buffers, as per the Bank of Italy's requirements that will come into force in January 2027.

**Exhibit 9** Capital Ratios



**Exhibit 10** Reported Capital Ratios (End of September 2024) vs. Requirements



Source: Morningstar DBRS, company documents.



## Banca Sella Holding SpA ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*		
<b>Environmental</b>		<b>Overall:</b>	<b>N</b>	<b>N</b>
<b>Emissions, Effluents, and Waste</b>	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Carbon and GHG Costs</b>	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Land Impact and Biodiversity</b>	Is there a financial risk to the issuer due to the loss of biodiversity and/or the mitigation of such loss, including land conversion and rehabilitation?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Climate and Weather Risks</b>	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	<b>N</b>	<b>N</b>	<b>N</b>
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by physical and/or transition risks under key IPCC climate scenarios?	<b>N</b>	<b>N</b>	<b>N</b>
		<b>Climate and Weather Risks:</b>	<b>N</b>	<b>N</b>
<b>Passed-through Environmental credit considerations</b>	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Social</b>		<b>Overall:</b>	<b>Y</b>	<b>R</b>
<b>Social Impact of Products and Services</b>	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
	Do changes in consumer behaviour or secular social trends pose a financial or regulatory risk to the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
	<b>Social Impact of Products and Services:</b>		<b>N</b>	<b>N</b>
<b>Human Capital and Human Rights</b>	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	<b>N</b>	<b>N</b>	<b>N</b>
	Do violations of rights create a potential liability that can negatively affect the issuer's financial wellbeing or reputation?	<b>N</b>	<b>N</b>	<b>N</b>
	<b>Human Capital and Human Rights:</b>		<b>N</b>	<b>N</b>
<b>Product Governance</b>	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	<b>Y</b>	<b>R</b>	<b>R</b>
<b>Data Privacy and Security</b>	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Community Relations</b>	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Access to Basic Services</b>	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Passed-through Social credit considerations</b>	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Governance</b>		<b>Overall:</b>	<b>Y</b>	<b>R</b>
<b>Bribery, Corruption, and Political Risks</b>	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
	Are there any political risks that could affect the issuer's financial position or its reputation?	<b>N</b>	<b>N</b>	<b>N</b>
	<b>Bribery, Corruption, and Political Risks:</b>		<b>N</b>	<b>N</b>
<b>Business Ethics</b>	Do general professional ethics pose a financial or reputational risk to the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Corporate / Transaction Governance</b>	Does the issuer's corporate structure allow for appropriate board and audit independence?	<b>Y</b>	<b>R</b>	<b>R</b>
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	<b>N</b>	<b>N</b>	<b>N</b>
	Does the board and/or management lack a formal framework to assess climate related financial risks to the issuer?	<b>N</b>	<b>N</b>	<b>N</b>
	<b>Corporate / Transaction Governance:</b>		<b>Y</b>	<b>R</b>
<b>Passed-through Governance credit considerations</b>	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	<b>N</b>	<b>N</b>	<b>N</b>
<b>Consolidated ESG Criteria Output:</b>		<b>Y</b>	<b>R</b>	<b>R</b>

\* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.  
A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

**Environmental**

The environmental factor does not affect the credit ratings or the trends assigned to Sella. The Group's sustainability targets are aligned with those from the United Nations' 2030 Agenda, and Sella has taken steps to reduce its carbon footprint. The Group also considers risks associated with climate change under its risk management framework. For instance, the Group has integrated the assessment of sustainability risks into its internal processes related to its investment advisory services.

**Social**

We view the social factor product governance as relevant to Sella's credit ratings following the disruption to its online banking services in which a significant part of the Group's customer base (around 3 million customers) temporarily lost online access to their accounts in early April 2024. While Sella solved the problem after a few days, the Group experienced negative media coverage and reimbursed customers that were affected. We note that this was not a cyber risk issue.

The Group has not reported any material data privacy or security issues to date. However, there is a heightened risk of cyber-attacks targeted towards banks, and any significant data breach or cybersecurity attack could have significant reputational and financial consequences. European regulators have flagged for European banks the need to strengthen their operational risk frameworks, including their cybersecurity defences.

**Governance**

We view the governance factor corporate governance as relevant to Sella's credit ratings because of a limited level of independence at the board of directors (BoD) level. The Group has historically been majority owned and controlled by the Sella family, who is also broadly involved in the Group's corporate governance. In our view, however, the corporate governance challenges potentially emerging because of the family ownership are mitigated by the limited exposure of the Group to the Sella family and by the fact that the main activity of the family is the banking business.

The Group's current BoD consists of 13 members, four of whom are independent. Women account for 31% of the BoD's membership.

# Banca Sella Holding SpA

		1	2	3	4	5
Financial Data Through 2024 H1	Scorecard Indicator	Scorecard Indicator Data	Scorecard Indicator Assessment	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
<b>Franchise</b>	Adjusted Assets	21	M/W			<b>M/W</b>
	Sovereign Rating Category	13	G/M	<b>M/W</b>	<b>M/W</b>	
<b>Earnings</b>	Return on Equity	8.67%	S/G			<b>M</b>
	Return on Assets	0.66%	G	<b>G/M</b>	<b>M/W</b>	
	IBPT/Avg.Assets	1.23%	G/M			
<b>Risk</b>	Net NPLs/Net Loans	1.15%	G	<b>S/G</b>	<b>M/W</b>	<b>G/M</b>
	Provisions/IBPT	15.96%	S/G			
<b>Funding &amp; Liquidity</b>	Sovereign-Adjusted Funding Ratio	89.3%	S/G	<b>S/G</b>	<b>M/W</b>	<b>G/M</b>
	Sovereign-Adjusted Capital Ratio	8.51%	M/W			
<b>Capitalisation</b>	NPL/[Equity + Loan Loss Reserves]	24.22%	G	<b>G/M</b>	<b>M/W</b>	<b>M</b>
	5-Year Accumulated Net Income/Total Assets	2.26%	G/M			

6	7			8
Overall Assessment	Intrinsic Assessment Range (IAR)			Assigned IA
M	BBB (high)	BBB	BBB (low)	<b>BBB (low)</b>

Notes: (1) Based on financial data as of H1 2024. (2) For more information see the *Global Methodology for Rating Banks and Banking Organisations* published on 4 June 2024. (3) IAR and IA refer to bank-level rating.

**Annual Financial Information**

	H1 2024	H1 2023	For the Year Ended December 31 (IFRS)				
			2023	2022	2021	2020	2019
<b>Balance Sheet (EUR million)</b>							
Cash & Cash Equivalents*	2,981	2,489	3,692	2,645	4,650	2,575	1,084
Investments in Financial Assets	5,749	5,718	5,045	5,420	4,766	5,175	4,491
Gross Loans to Customers	11,588	11,104	11,263	10,769	9,979	9,062	8,636
Loan Loss Reserves	(228)	(224)	(226)	(248)	(268)	(322)	(336)
Net Lending to Customers	11,361	10,880	11,037	10,521	9,711	8,739	8,299
Total Assets	22,693	21,381	21,832	20,336	20,479	17,846	15,004
Deposits from Customers	16,862	15,582	16,764	16,183	15,416	13,379	12,020
Debt & Capital Lease Obligations	1,139	646	1,064	263	294	322	430
Total Liabilities	21,047	19,851	20,253	18,928	19,171	16,659	13,857
Total Equity	1,647	1,530	1,579	1,408	1,308	1,187	1,147
<b>Income Statement (EUR million)</b>							
Net Interest Income	277	261	526	355	253	241	246
Non Interest Income	337	311	644	632	587	501	458
Equity Method Results	(2)	(17)	(37)	(0)	1	2	0
Total Operating Income	613	556	1,132	987	841	744	704
Total Operating Expenses	464	404	866	755	670	617	590
Income Before Provisions and Taxes (IBPT)	149	152	266	232	171	127	115
Loan Loss Provisions (LLP)	19	18	36	31	49	66	45
Irregular Income/Expenses	0	20	6	(32)	33	(8)	(3)
Net Attributable Income	62	76	107	92	108	30	34
<b>Growth (%) - YOY Change</b>							
Net Interest Income	6.02	64.58	48.21	40.25	4.99	(2.00)	3.29
Total Operating Income	10.22	16.28	14.77	17.33	13.09	5.57	7.96
Total Operating Expenses	14.76	14.14	14.76	12.69	8.54	4.64	7.57
IBPT	(1.88)	22.38	14.82	35.50	35.30	10.32	10.06
Net Attributable Income	(18.25)	23.91	16.91	(15.13)	266.10	(13.09)	38.72
Gross Loans & Advances	4.36	7.95	4.59	7.91	10.13	4.93	2.85
Deposits from Customers	8.22	(1.61)	3.59	4.98	15.23	11.31	10.19
<b>Earnings (%)</b>							
Net Interest Margin	2.72	2.72	2.71	1.83	1.37	1.53	1.77
Non-Interest Income / Total Revenue	55.07	55.97	56.84	64.06	69.77	67.38	65.08
Cost-Income ratio	75.73	72.74	76.49	76.49	79.65	82.99	83.72
LLP / IBPT	12.99	11.85	13.52	13.30	28.67	52.25	39.53
Return on Avg Assets (ROAA)	0.73	0.97	0.70	0.52	0.65	0.22	0.28
Return on Avg Equity (ROAE)	9.39	11.60	8.21	8.15	10.42	3.09	3.72
IBPT over Avg RWAs	3.16	3.57	3.07	2.64	2.02	1.57	1.44
<b>Risk Profile (%)</b>							
Cost of Risk	0.34	0.34	0.33	0.30	0.53	0.78	0.50
Gross NPLs over Gross Loans	2.95	3.26	3.02	3.51	4.24	5.71	6.84
NPL Coverage Ratio	66.54	61.80	66.43	65.55	63.22	62.33	56.90
Net NPLs over Net Loans	1.01	1.27	1.03	1.24	1.60	2.23	3.07
NPLs to Equity and Loan Loss Reserves Ratio	21.64	21.58	22.28	26.61	31.32	39.95	46.11
<b>Funding &amp; Liquidity (%)</b>							
Net Loan to Deposit Ratio	67.37	69.83	65.84	65.01	63.00	65.32	69.05
Liquidity Coverage Ratio	195.19	197.80	230.83	180.70	199.00	218.00	192.00
Net Stable Funding Ratio	140.55	127.70	142.90	132.80	134.10	135.40	136.80
<b>Capitalisation (%)</b>							
CET1 Ratio	13.02	13.41	13.36	13.21	12.28	12.29	11.41
Tier1 Ratio	13.27	13.66	13.61	13.45	12.54	12.57	11.69
Total Capital Ratio	15.39	15.24	15.47	15.12	14.19	14.18	13.44
Leverage Ratio	5.46	5.40	5.43	5.30	6.59	6.28	6.10

Source: Morningstar, Inc., company documents. Morningstar, Inc. data and Morningstar DBRS calculations based on company disclosure.

Note: Figures may not tie with reported data given Morningstar DBRS' standardised approach across global banks.

\*Includes Loans to Banks

## Methodologies

The applicable methodologies are the *Global Methodology for Rating Banks and Banking Organisations* (4 June 2024) and the *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* (13 August 2024), which can be found on our website under Methodologies & Criteria.

## Credit Ratings

Issuer	Obligation	Credit Rating Action	Credit Rating	Trend
Banca Sella Holding S.p.A.	Long-Term Issuer Rating	Confirmed	BBB (low)	Stable
Banca Sella Holding S.p.A.	Short-Term Issuer Rating	Confirmed	R-2 (middle)	Stable
Banca Sella Holding S.p.A.	Long-Term Senior Debt	Confirmed	BBB (low)	Stable
Banca Sella Holding S.p.A.	Short-Term Debt	Confirmed	R-2 (middle)	Stable
Banca Sella Holding S.p.A.	Long-Term Deposits	Confirmed	BBB	Stable
Banca Sella Holding S.p.A.	Short-Term Deposits	Confirmed	R-2 (high)	Stable
Banca Sella Holding S.p.A.	Subordinated Debt	Confirmed	BB	Stable
Banca Sella S.p.A.	Long-Term Issuer Rating	Confirmed	BBB (low)	Stable
Banca Sella S.p.A.	Short-Term Issuer Rating	Confirmed	R-2 (middle)	Stable
Banca Sella S.p.A.	Long-Term Senior Debt	Confirmed	BBB (low)	Stable
Banca Sella S.p.A.	Short-Term Debt	Confirmed	R-2 (middle)	Stable
Banca Sella S.p.A.	Long-Term Deposits	Confirmed	BBB	Stable
Banca Sella S.p.A.	Short-Term Deposits	Confirmed	R-2 (high)	Stable

## Credit Rating History

Issuer	Obligation	Current	2024	2023	2022	2021
Banca Sella Holding S.p.A.	Long-Term Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella Holding S.p.A.	Short-Term Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella Holding S.p.A.	Long-Term Senior Debt	BBB (low)	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella Holding S.p.A.	Short-Term Debt	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella Holding S.p.A.	Long-Term Deposits	BBB	BBB	BBB	BBB	BBB
Banca Sella Holding S.p.A.	Short-Term Deposits	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)
Banca Sella Holding S.p.A.	Subordinated Debt	BB	BB	-	-	-
Banca Sella S.p.A.	Long-Term Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella S.p.A.	Short-Term Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella S.p.A.	Long-Term Senior Debt	BBB (low)	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Banca Sella S.p.A.	Short-Term Debt	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Banca Sella S.p.A.	Long-Term Deposits	BBB	BBB	BBB	BBB	BBB
Banca Sella S.p.A.	Short-Term Deposits	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)

## Previous Actions

- [“Morningstar DBRS Confirms Banca Sella's LT Issuer Rating at BBB \(low\), Stable Trend”](#) (23 January 2025)
- [“Morningstar DBRS Confirms Banca Sella’s LT Issuer Rating at BBB \(low\), Stable Trend”](#) (6 May 2024)
- [“Morningstar DBRS Assigns Credit Ratings to Banca Sella Holding’s Subordinated Debt at BB with Stable Trend”](#) (13 March 2024)

**Related Research**

- [European Banks Poised to Maintain Low Cost of Risk in 2025](#) (6 January 2025)
- [2025 European Banking Outlook: On Track for Solid Performance Despite Rate Cuts](#) (13 November 2024)
- [Italian Banks: Solid Performance in 9M 2024 Maintains Momentum Despite Lower Rates](#) (11 November 2024)
- [Italian Banks and Insurers Called to Contribute to Government's Budget Plan; Broadly Manageable Impact](#) (16 October 2024)
- [Italian Banks: H1 Suggests Good Momentum To Continue in 2024](#) (8 August 2024)
- [ECB Cyber Resilience Stress Test: Operational Framework Improvements Needed at European Banks](#) (1 August 2024)
- [CRD 6: Reinforced Supervision and Defined Requirements for Non-EU Bank Branches](#) (25 July 2024)
- [Pivotal Role of European Bank Lending to the Defence Sector is Under Pressure](#) (11 July 2024)
- [European Banks Reported Stable Cost of Risk in Q1 but Some Challenges Remain](#) (10 June 2024)
- [Italian Banks: Solid Q1 2024 Suggests that Downside Risks Are Still Under Control, but Uncertainty Remains](#) (10 May 2024)

**Previous Reports**

- [Banca Sella Holding SpA: Credit Rating Report](#) (9 May 2024)
- [Banca Sella Holding SpA: Rating Report](#) (24 May 2023)
- [Banca Sella Holding SpA: Rating Report](#) (27 May 2022)

**European Bank Ratios & Definitions**

- [Bank Ratio Definitions](#) (14 March 2022)

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