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Insight beyond the rating.

## Ratings

Issuer	Debt	Rating	Rating Action	Trend
Banca Sella Holding SpA	Issuer Rating	BBB (low)	Trend Change	Stable
Banca Sella Holding SpA	Senior Long-Term Debt and Deposit	BBB (low)	Trend Change	Stable
Banca Sella Holding SpA	Short-Term Debt and Deposit	R-2 (middle)	Trend Change	Stable
Banca Sella SpA	Issuer Rating	BBB (low)	Trend Change	Stable
Banca Sella SpA	Senior Long-Term Debt and Deposit	BBB (low)	Trend Change	Stable
Banca Sella SpA	Short-Term Debt and Deposit	R-2 (middle)	Trend Change	Stable
Banca Sella SpA	Mandatory Pay Subordinated Debt (ISIN: XS1311567314)	BB	Downgraded	Stable

See page 8 for full list of ratings

## Rating Considerations

### Franchise Strength:

Small franchise with a stable market position in retail and commercial banking in the region of Piedmont, in particular in the home province of Biella. Despite the recent asset disposals, the Group maintains a diversified franchise, with growing private banking activities and relevant market position in the payment system business.

### Earnings Power:

Modest core profitability, reflecting pressure on margins, still high cost of credit and weak operating efficiency.

### Risk Profile:

High stock of NPLs compared to European peers. Lower new inflows and disposals are helping to reduce the overall stock of NPLs.

### Funding and Liquidity:

Solid funding position, supported by a large and growing deposit base, and limited reliance on wholesale funds.

### Capitalisation:

Capital buffers have strengthened supported by asset disposals.

## Rating Drivers

### Factors with Positive Rating Implications

A significant improvement in the Group's profitability and risk profile, supported by adequate capital levels could contribute to positive rating pressure.

### Factors with Negative Rating Implications

Negative rating implications could result from a material deterioration in Sella's franchise, risk profile or financial position.

## Financial Information

EUR Millions	31/03/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Total Assets	14,226	13,298	13,968	14,258	13,360
Equity	1,092	1,084	1,043	867	795
Net Income	34	80	29	70	35
Impaired Loans % Gross Loans	13.33%	13.97%	14.33%	15.45%	12.98%
Loss loan provisions % impaired loans	52.05%	51.04%	47.75%	48.15%	43.83%
CET1 (As-reported)	11.96%	12.23%	11.59%	8.95%	8.42%

Source: Company data, SNL Financial, DBRS; Note: Core Tier 1 from 2012-2013, CET1 from 2014 (phased-in)

## Issuer Description

Founded in 1886 and headquartered in Biella (Italy), Banca Sella Holding (Sella or the Group) is the parent company of Banca Sella Group. The Group’s main activities are retail & commercial banking, as well as asset management & private banking via a network of 300 branches and 359 financial advisors. Additional operations include a nationwide payment system, leasing and consumer finance.

## Rating Rationale

On May 17, 2017, DBRS confirmed the Issuer and Senior Long-Term Debt and Deposit Rating for Banca Sella Holding and its main operating subsidiary, Banca Sella SpA, at BBB (low). Concurrently, DBRS confirmed Banca Sella Holding SpA and Banca Sella SpA’s Short-Term Debt and Deposit Rating at R-2 (middle). The trend on all the ratings was changed to Stable from Negative. The support assessment remains unchanged at SA3 for Banca Sella Holding, and SA1 for Banca Sella SpA. The latter reflects Banca Sella SpA’s strong integration with the parent bank and its 78.7% ownership by Banca Sella Holding SpA.

The confirmation of the ratings and the Stable trend reflects the Group’s strengthened capital position as well as some progress in asset quality, as evidenced by a lower stock of gross and net non-performing loans (NPLs). The ratings also take into consideration Sella’s stable market position in its home province of Biella, diversified franchise, solid funding and liquidity profile, modest profitability, still high stock of NPLs, as well as challenging operating and regulatory environment.

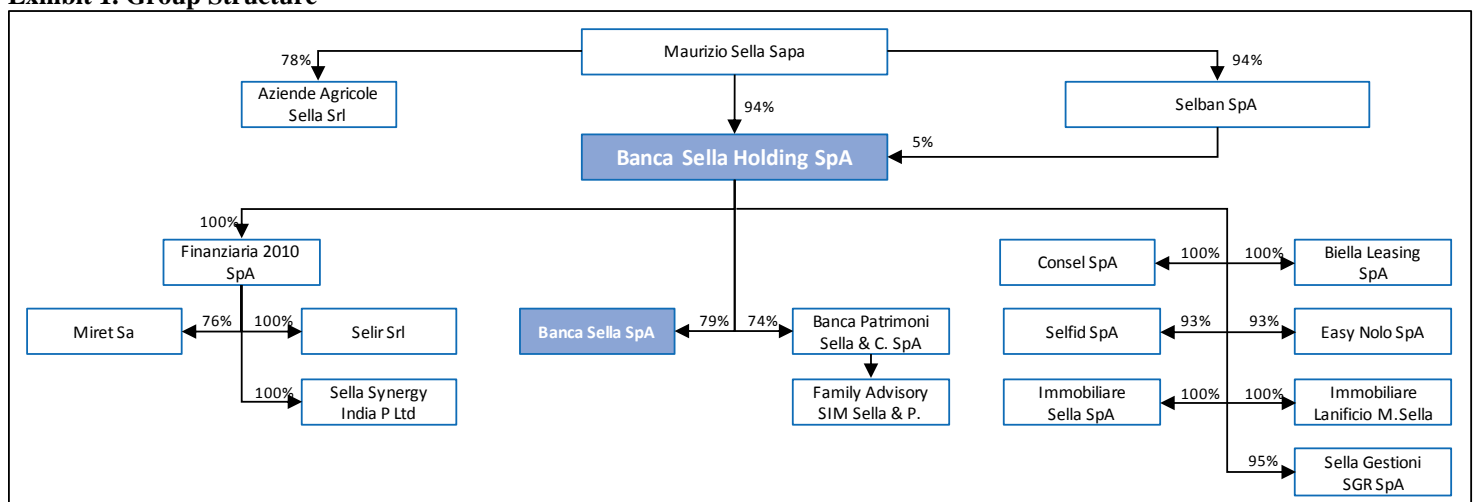
On June 9, 2017, the rating on Banca Sella SpA’s Mandatory Pay Subordinated Debt (ISIN: XS1311567314) was downgraded to BB due to DBRS’ specific action on European subordinated debt.

## Franchise Strength

Based in Biella, Banca Sella Holding is a small Italian bank with EUR 14 billion in total assets at end-March 2017. The bank 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.

The Group is controlled by the Sella family which is also broadly involved in the Group’s corporate governance. In DBRS’ 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 Banca Sella Holding SpA. Legally a bank, Banca Sella Holding SpA acts as the Group’s treasury and manages the funding with the institutional counterparties, including the ECB, the Group’s trading portfolio, as well as the overall business strategy and planning. Deposit collection and lending to households and SMEs are provided via the main operating subsidiary, Banca Sella SpA, which comprises the physical branch distribution network, as well as the Group’s expanding electronic banking and internet services. Private banking and asset management products are offered via Banca Patrimoni Sella & C. SpA and the private banking unit of Banca Sella SpA. In addition, the Group offers consumer finance and leasing products, through its subsidiaries Consel and Biella Leasing, as well as payments systems, provided by Banca Sella SpA and Easy Nolo SpA. The Group has recently carried out a number of assets disposals, including its stakes in Visa Europe and Compagnie Financière Martin Maurel as well as the sale of its life insurance subsidiary, C.B.A. Vita, to HDI Assicurazioni. As part of the disposal of C.B.A. Vita, Sella will continue to offer insurance products to its clients based on a 10-year bancassurance agreement.

Exhibit 1. Group Structure



Source: Company data; DBRS; Notes: (1) Blue boxes refer to entities rated by DBRS; (2) Percentages are rounded

## Earnings Power

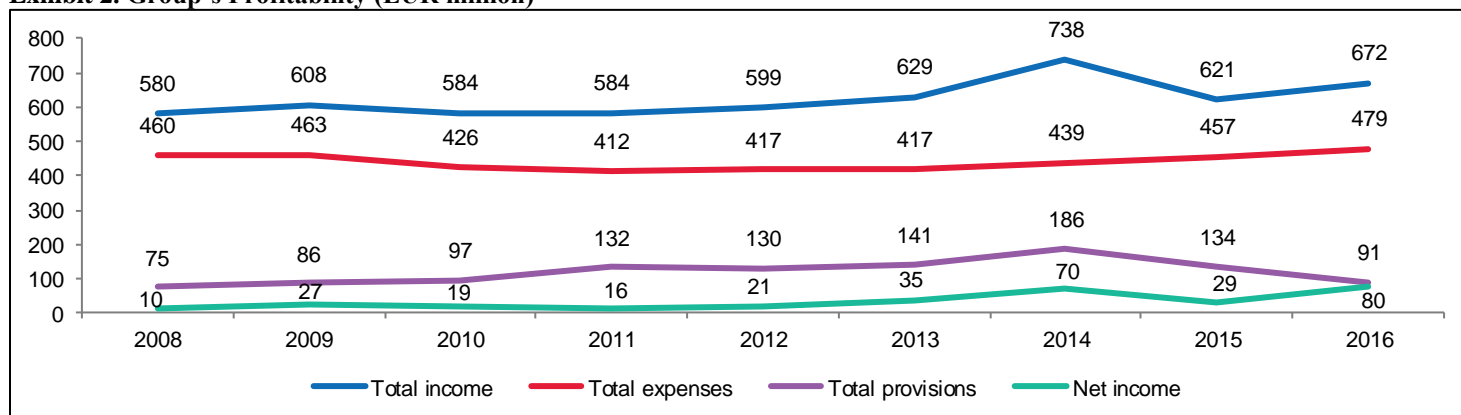
In recent years, Sella's profitability has become more volatile due to the impact of asset disposals. In 2016, the Group's net profit increased to EUR 79.6 million, from EUR 28.5 million in 2015, supported by gains from the sale of the insurance subsidiary (C.B.A. Vita) and the minority stake in Visa Europe. Similarly, in 1Q 2017 Sella reported a net profit of EUR 34.2 million, from EUR 10 million in 1Q 2016, on the back of gains from the disposal of the stake in Compagnie Financière Martin Maurel. Excluding non-recurring items, however, the Group's profitability is modest, reflecting pressure on margins, still high cost of credit and modest operating efficiency.

Sella's net interest income (NII) decreased by 5% YoY to EUR 240 million for FY2016 affected by the low interest environment and increased market competition, which were only partially offset by slightly higher lending volumes and lower funding costs. Conversely, the Group's diversified business franchise continued to support fees and commissions, which increased by 7.7% YoY to EUR 246 million, thanks to the positive trend in private banking and payment systems.

The Group's efficiency remains weak. At end-2016 Sella reported a cost/income ratio of 75%, up from 72% a year earlier, due to higher staff expenses, the contributions to the single resolution fund and deposit guarantee scheme as well as EUR 9.9 million in one-off redundancy provisions for the voluntary exit of approximately 69 employees in 2017.

Loan loss provisions (LLPs) decreased by 36% to EUR 82 million in FY 2016, from EUR 129 million in 2015 on the back of lower NPLs. Despite the improvement, however, the cost of risk remained high at 104 bps.

**Exhibit 2. Group's Profitability (EUR million)**



Source: Company Data; DBRS; SNL Financial; Note: Total provisions include LLPs and impairments on financial assets.

## Risk Profile

Sella's risk profile is mainly linked to credit risk. The Bank's lending activity is mostly carried out by Banca Sella SpA, which provides 71% of the Group's net loans to customers. The lending is primarily to retail customers, SMEs and corporate clients and is largely represented by mortgages (44% of Sella's loans at end-2016), consumer and personal loans (14%) and leasing (11%). Geographically, the loan portfolio is mainly focused in the region of Piedmont, especially in the home province of Biella.

The Group's risk profile remains impacted by a large stock of NPLs, concentrated in the SME, real estate and construction sectors. Asset quality, however, began to improve in 2015 and this trend continued in 2016 and 1Q 2017, with total gross NPLs down to approximately EUR 1,190 million at end-March 2017, from EUR 1,243 million at YE 2015. The improvement was supported by lower gross inflows from performing loans, which decreased to EUR 183 million at end-2016, from EUR 215 million in December 2015 as well as higher recovery rates and disposals. Following the sale of gross NPLs for EUR 230 million in 2015, the Group disposed of EUR 86 million of gross bad loans in 2016. A sale of a new portfolio of gross bad loans for EUR 125.5 million was announced in May 2017. Despite the improvement, DBRS notes that the proportion of bad loans (or "sofferenze") is higher than peers, with bad loans accounting for 73% of the total gross NPLs at end-2016, compared to 59% for peers.

On a net basis total NPLs reduced to EUR 571 million in March 2017 from EUR 649 million at end-2015 supported by higher provisioning. Sella's total NPL cash coverage strengthened to 52% in 1Q 2017, from 51% at year-end 2016 and 49% in 1Q 2016. Despite the reduction, the Group's gross and net NPL ratios, which stood at 13.3% and 6.9% in 1Q 2017, respectively, remain high compared to the European average.

Exhibit 3, 4, 5. Asset Quality Ratios

Exhibit 3. NPLs (EUR million) and as a % of CET1 capital

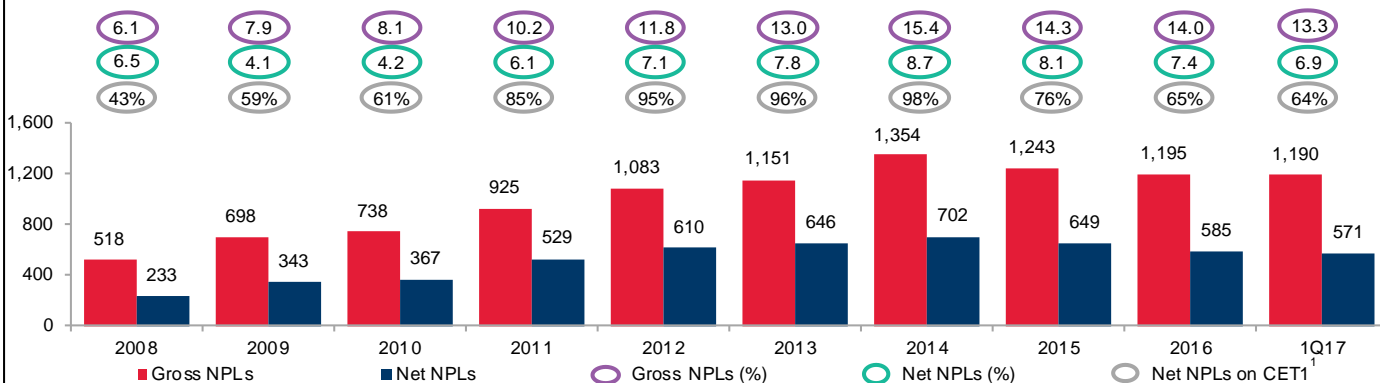


Exhibit 4. Net delinquency rate, UTP&PD net migration into bad loans, bad loans recovery and cure rate UTP&PD

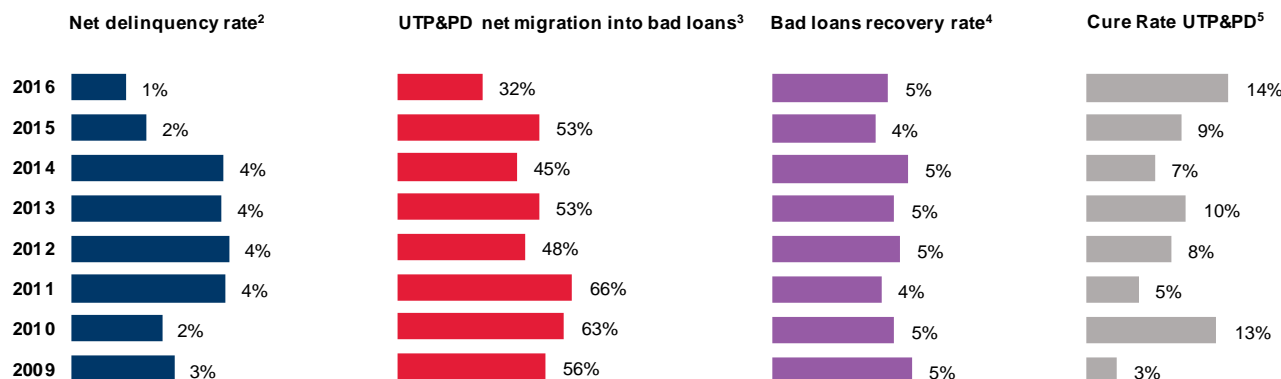
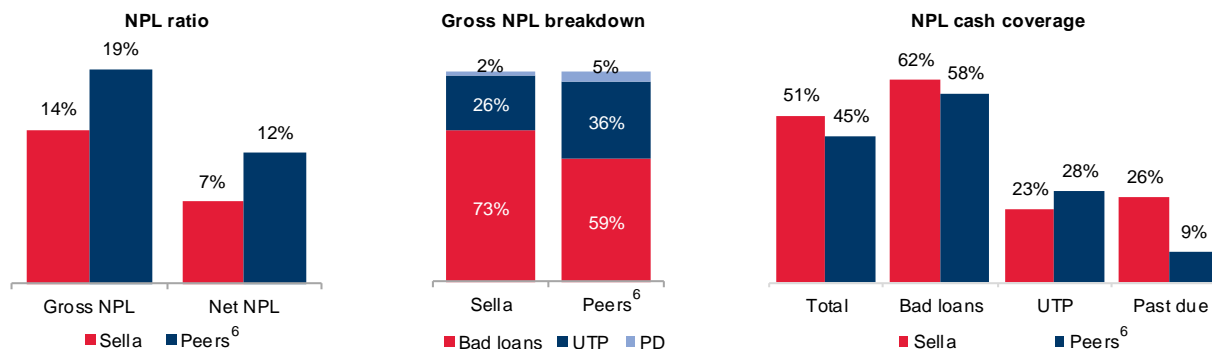


Exhibit 5. NPL and Coverage Analysis (2016) – Peer comparison



Source: Company data, DBRS; Notes: (1) Capital calculated as Core Tier 1 from 2008-2013, CET1 from 2014 (phased-in); (2) New NPL flows from performing, including bad debts, unlikely to pay and past due loans, net of transfers to performing in year t / Performing exposures EoY (t-1); (3) Migration into bad loans from unlikely to pay and past due net of transfer to other NPL categories in year t / Total unlikely to pay and past due stock EoY (t-1) and increases in year t; (4) Recovery flow for bad debts (sofferenze) in year t, excluding disposals / Total bad loans stock EoY (t-1) and increases in year t; (5) Transfer to performing loans from unlikely to pay and past due in year t / Total unlikely to pay and past due stock EoY (t-1) and increases in year t. (6) Peers include “Less significant banks” as per the definition of the ECB and the Bank of Italy. Calculations are based on weighted averages.

Market and interest rate risks

Sella’s risk profile also includes the Group’s exposure to sovereign bonds via its portfolio of securities. At December 2016 the Group had a portfolio of sovereign bonds totalling EUR 2 billion, equivalent to 2.2x the Group’s CET1, and mainly comprised of Italian Government bonds. The Group’s security portfolio, which also includes a trading portfolio of EUR 433 million, has a duration of 1.5 years and a VAR (3 months; 99% confidence) of less than EUR 60 million, stable compared to end-2015. The Group is also exposed to the risk of low interest rates.

Funding and Liquidity

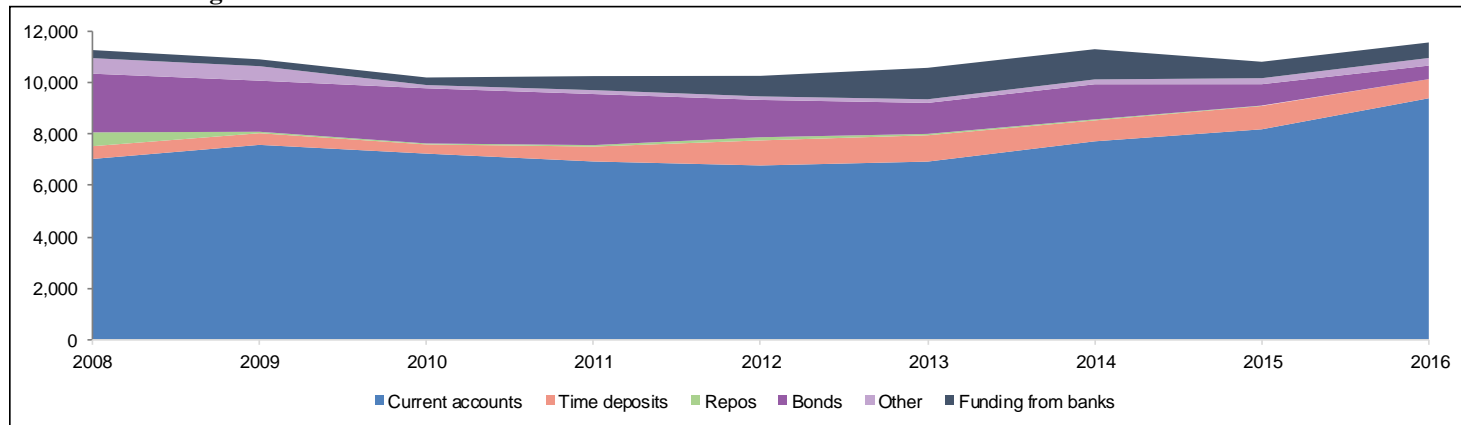
Sella maintains a solid funding profile which is underpinned by the Group’s large and growing deposit base and limited reliance on wholesale funds. At year-end 2016, customer deposits accounted for 92% of direct funding and the loan to deposit ratio stood at 71%. The

majority of Sella’s deposits are generated by Banca Sella SpA, the commercial bank of the Group, whilst Banca Sella Holding, the parent company, acts as treasurer and manages institutional funding for the Group.

In 2016, Sella’s current account and time deposits expanded further, up by 11% YoY to EUR 10.1 billion, as the Group benefitted from a flight to quality. Thanks to the Group’s large stock of retail funds, the Group’s reliance on wholesale financing is very limited. The Group’s exposure to wholesale funding is mainly comprised of asset backed securities (ABS) and ECB’s TLTRO II funds maturing in 2020 and 2021. Future issuances on the wholesale market will depend on the final calibration of the minimum requirement for own funds and eligible liabilities (MREL).

Sella’s liquidity position is solid. As of April 2017, the Group had EUR 3.3 billion in free eligible assets and Central Bank overnight deposits, which provide a robust buffer over future bond maturities in 2017-2019. In addition, the Group reported a net stable funding ratio (NSFR) above 100%, whereas the liquidity coverage ratio (LCR) was above 190% at March 2017.

**Exhibit 6. Funding Sources**



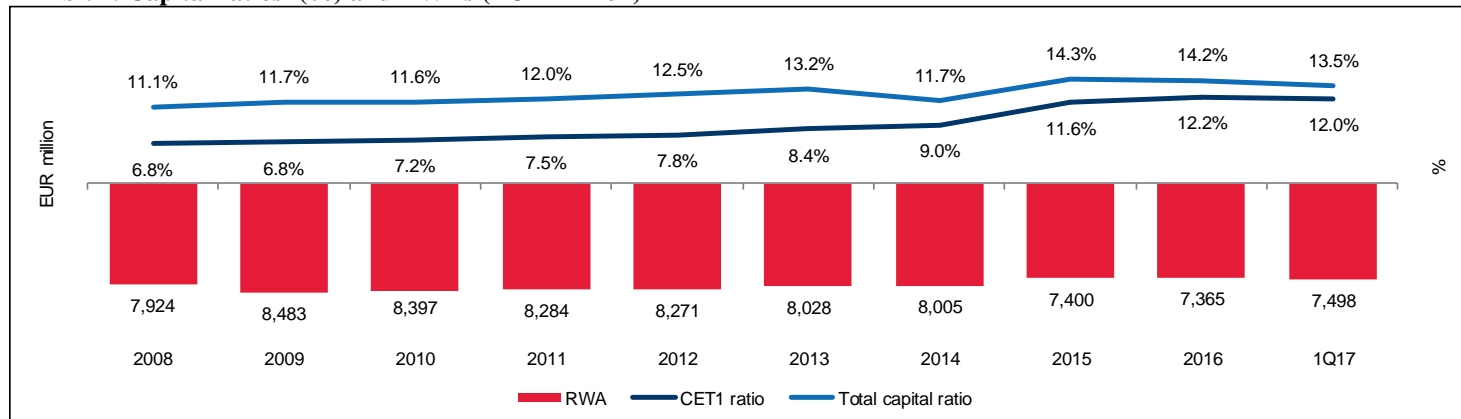
Source: Company Data, DBRS

**Capitalisation**

In 2016 the Group’s capital position strengthened mainly as a result of asset disposals. These include the sale of the insurance business C.B.A. Vita and the stake in Visa Europe, as well as the revaluation of the stake in Compagnie Financière Martin Maurel, which was sold in January 2017. As a result, the Group’s CET1 ratio (phased-in), calculated as per the standardized methodology, strengthened to 12.23% at end-2016, from 11.59% in 2015.

In 1Q 2017 the Group’s CET1 ratio (phased-in) and total capital ratio decreased slightly to 11.96% and 13.53%, mainly as a result of the increased lending activity, the grandfathering of minorities as well as the amortization of Tier 2 instruments. Despite that, Sella maintains a buffer of 596 bps over the minimum CET1 ratio of 6% and of 378 bps over the minimum Total Capital ratio of 9.75% set by the Bank of Italy under the SREP process. At March 2017, Banca Sella SpA, the main operating subsidiary, reported a CET1 ratio of 15.27% and a Total Capital ratio of 18.49%.

**Exhibit 7. Capital ratios<sup>1</sup> (%) and RWAs (EUR million)**



Source: Company Data; DBRS; Notes: (1) Core Tier 1 (%) from 2008-2013, CET1 (%) from 2014 (phased-in)

Banca Sella Holding SpA	31/12/2016		31/12/2015		31/12/2014		31/12/2013		31/12/2012	
	EUR	IFRS	EUR	IFRS	EUR	IFRS	EUR	IFRS	EUR	IFRS
<b>EUR Millions</b>										
<b>Balance Sheet</b>										
Cash and deposits with central banks	1,542	11.60%	131	0.94%	131	0.92%	131	0.98%	143	1.08%
Lending to/deposits with credit institutions	300	2.25%	304	2.18%	1,199	8.41%	327	2.45%	330	2.51%
Financial Securities*	2,604	19.58%	2,997	21.46%	3,790	26.58%	3,632	27.18%	2,959	22.53%
- Trading portfolio	409	3.07%	359	2.57%	370	2.59%	470	3.52%	318	2.42%
- At fair value	0	0.00%	0	0.00%	594	4.17%	628	4.70%	626	4.77%
- Available for sale	2,195	16.51%	2,638	18.89%	2,826	19.82%	1,320	9.88%	1,106	8.42%
- Held-to-maturity	0	0.00%	0	0.00%	0	0.00%	1,213	9.08%	909	6.92%
- Other	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Financial derivatives instruments	148	1.11%	152	1.09%	189	1.32%	151	1.13%	209	1.59%
- Fair Value Hedging Derivatives	125	0.94%	133	0.96%	165	1.16%	128	0.96%	188	1.43%
- Mark to Market Derivatives	24	0.18%	19	0.13%	23	0.16%	23	0.17%	20	0.15%
Gross lending to customers	8,563	64.39%	8,675	62.10%	8,764	61.47%	8,867	66.37%	9,140	69.58%
- Loan loss provisions	652	4.90%	639	4.58%	701	4.91%	549	4.11%	516	3.93%
Insurance assets	NA	-	0	0.00%	54	0.38%	52	0.39%	79	0.60%
Investments in associates/subsidiaries	12	0.09%	11	0.08%	16	0.11%	13	0.10%	13	0.10%
Fixed assets	203	1.53%	210	1.50%	207	1.45%	201	1.51%	206	1.57%
Goodwill and other intangible assets	86	0.64%	85	0.61%	81	0.57%	73	0.55%	75	0.57%
Other assets	492	3.70%	2,042	14.62%	527	3.70%	462	3.46%	499	3.80%
<b>Total assets</b>	<b>13,298</b>	<b>100.00%</b>	<b>13,968</b>	<b>100.00%</b>	<b>14,258</b>	<b>100.00%</b>	<b>13,360</b>	<b>100.00%</b>	<b>13,136</b>	<b>100.00%</b>
Total assets (USD)	14,025		15,171		17,259		18,408		17,323	

Loans and deposits from credit institutions	604	4.54%	639	4.58%	1,178	8.26%	1,227	9.18%	800	6.09%
Repo Agreements in Deposits from Customers	12	0.09%	18	0.13%	41	0.29%	54	0.41%	122	0.93%
Deposits from customers	10,549	79.33%	9,353	66.96%	8,794	61.68%	8,231	61.61%	7,965	60.64%
- Demand	9,400	70.68%	8,190	58.63%	7,721	54.15%	6,931	51.88%	6,781	51.62%
- Time and savings	745	5.60%	909	6.51%	815	5.72%	1,026	7.68%	977	7.44%
Issued debt securities	215	1.61%	476	3.41%	1,019	7.15%	780	5.84%	995	7.58%
Financial derivatives instruments	143	1.07%	147	1.06%	177	1.24%	140	1.05%	189	1.44%
- Fair Value Hedging Derivatives	122	0.92%	129	0.92%	154	1.08%	115	0.86%	166	1.26%
- Other	21	0.15%	19	0.14%	23	0.16%	26	0.19%	23	0.18%
Insurance liabilities	NA	-	NA	-	1,315	9.22%	1,231	9.22%	1,273	9.69%
Other liabilities	379	2.85%	1,937	13.87%	517	3.63%	475	3.55%	590	4.49%
- Financial liabilities at fair value through P/L	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Subordinated debt	313	2.35%	355	2.54%	349	2.45%	427	3.20%	459	3.49%
Hybrid Capital	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Equity	1,084	8.15%	1,043	7.46%	867	6.08%	795	5.95%	741	5.64%
<b>Total liabilities and equity funds</b>	<b>13,298</b>	<b>100.00%</b>	<b>13,968</b>	<b>100.00%</b>	<b>14,258</b>	<b>100.00%</b>	<b>13,360</b>	<b>100.00%</b>	<b>13,136</b>	<b>100.00%</b>

**Income Statement**

Interest income	309		345		428		464		479	
Interest expenses	69		93		123		155		167	
Net interest income and credit commissions	240	35.76%	253	40.67%	305	41.28%	309	49.06%	312	52.17%
Net fees and commissions	246	36.62%	228	36.75%	217	29.40%	219	34.81%	210	35.13%
Trading / FX Income	20	3.01%	27	4.39%	27	3.68%	24	3.76%	41	6.88%
Net realised results on investment securities (available for sale)	59	8.78%	51	8.16%	123	16.61%	10	1.52%	5	0.83%
Net results from other financial instruments at fair value	0	0.00%	0	0.00%	1	0.20%	5	0.74%	13	2.12%
Net income from insurance operations	0	0.00%	0	0.00%	-10	-1.30%	-17	-2.68%	-30	-5.08%
Results from associates/subsidiaries accounted by the equity method	1	0.17%	1	0.15%	1	0.16%	0	0.06%	0	0.04%
Other operating income (incl. dividends)	105	15.65%	61	9.88%	74	9.98%	80	12.74%	47	7.91%
Total income	672	100.00%	621	100.00%	738	100.00%	629	100.00%	599	100.00%
Staff costs	237	49.42%	230	50.48%	225	51.38%	220	52.67%	223	53.41%
Other operating costs	209	43.63%	195	42.71%	184	41.97%	168	40.25%	165	39.48%
Depreciation/amortisation	33	6.95%	31	6.81%	29	6.65%	30	7.09%	30	7.12%
Total expenses	479	100.00%	457	100.00%	439	100.00%	417	100.00%	417	100.00%
<b>Pre-provision income</b>	<b>192</b>		<b>165</b>		<b>300</b>		<b>212</b>		<b>182</b>	
Loan loss provisions**	91		134		186		141		130	
<b>Post-provision income</b>	<b>101</b>		<b>30</b>		<b>114</b>		<b>71</b>		<b>52</b>	
Impairment on tangible assets	0		0		0		0		0	
Impairment on intangible assets	0		0		1		0		3	
Other non-operating items***	0		0		0		0		0	
Pre-tax income	101		30		113		71		49	
(-)Taxes	9		8		43		34		25	
(-)Other After-tax Items (Reported)	0		0		0		0		0	
(+)Discontinued Operations (Reported)	2		10		0		1		-2	
(-)Minority interest	14		3		-1		3		2	
<b>Net income</b>	<b>80</b>		<b>29</b>		<b>70</b>		<b>35</b>		<b>21</b>	
Net income (USD)	88		32		94		46		27	

\*Includes derivatives when breakdown unavailable, \*\*LLP includes Impairments on financial assets, \*\*\*Incl. Other Provisions



Banca Sella Holding SpA	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
	EUR	EUR	EUR	EUR	EUR
EUR Millions	IFRS	IFRS	IFRS	IFRS	IFRS
<b>Off-balance sheet and other items</b>					
Asset under management	4,455	4,213	3,672	3,178	2,673
Derivatives (notional amount)	4,182	5,013	5,587	6,004	6,239
BIS Risk-weighted assets (RWA)	7,365	7,400	8,005	8,028	8,271
No. of employees (end-period)	4,264	4,304	4,161	4,042	4,142
<b>Earnings and Expenses</b>					
<b>Earnings</b>					
Net interest margin [1]	2.00%	2.03%	2.37%	2.50%	2.57%
Yield on average earning assets	2.57%	2.77%	3.31%	3.75%	3.93%
Cost of interest bearing liabilities	0.59%	0.86%	1.08%	1.46%	1.63%
Pre-provision earning capacity (total assets basis) [2]	1.41%	1.17%	2.17%	1.60%	1.39%
Pre-provision earning capacity (risk-weighted basis) [3]	2.61%	2.14%	3.74%	2.60%	2.20%
Net Interest Income / Risk Weighted Assets	3.26%	3.41%	3.81%	3.84%	3.78%
Non-Interest Income / Total Revenues	64.24%	59.33%	58.72%	50.94%	47.83%
Post-provision earning capacity (risk-weighted basis)	1.37%	0.40%	1.42%	0.87%	0.63%
<b>Expenses</b>					
Efficiency ratio	71.37%	73.48%	59.39%	66.35%	69.64%
All inclusive costs to revenues [4]	71.37%	73.53%	59.39%	66.36%	69.69%
Operating expenses by employee	112,420	106,066	105,390	103,264	100,691
Loan loss provision / pre-provision income	47.38%	81.51%	62.02%	66.53%	71.43%
<b>Profitability Returns</b>					
Return on equity	8.89%	3.43%	9.11%	4.98%	3.24%
Return on average total assets	0.58%	0.20%	0.51%	0.26%	0.16%
Return on average risk-weighted assets	1.08%	0.37%	0.88%	0.43%	0.25%
<b>Growth</b>					
Loans	-1.55%	-0.34%	-3.06%	-3.55%	-0.55%
Deposits	12.71%	6.07%	6.63%	2.44%	4.71%
Net interest income	-4.94%	-17.11%	-1.24%	-1.23%	1.49%
Fees and commissions	7.73%	5.19%	-0.86%	4.08%	-5.73%
Expenses	5.01%	4.10%	5.06%	0.08%	1.11%
Pre-provision earning capacity	16.75%	-45.06%	41.68%	16.40%	5.77%
Loan-loss provisions	-32.14%	-27.80%	32.08%	8.41%	-1.71%
Net income	179.14%	-59.56%	101.98%	66.41%	33.62%
<b>Risks</b>					
RWA% total assets	55.38%	52.98%	56.15%	60.09%	62.97%
<b>Credit Risks</b>					
Impaired Loans % Gross Loans	13.97%	14.33%	15.45%	12.98%	11.85%
Loss loan provisions % impaired loans	51.04%	47.75%	48.15%	43.83%	43.62%
<b>Liquidity and Funding</b>					
Customer deposits % total funding	90.31%	86.41%	77.55%	77.18%	77.94%
Total wholesale funding % total funding [5]	9.69%	13.59%	22.45%	22.82%	22.06%
- Interbank % total funding	5.17%	5.91%	10.39%	11.50%	7.83%
- Debt securities % total funding	1.84%	4.40%	8.99%	7.31%	9.74%
- Subordinated debt % total funding	2.68%	3.28%	3.08%	4.01%	4.49%
Short-term wholesale funding % total wholesale funding	64.29%	61.98%	85.14%	63.13%	52.87%
Liquid assets % total assets	33.43%	24.57%	35.91%	30.60%	26.13%
Net short-term wholesale funding reliance [6]	-42.00%	-23.92%	-32.31%	-27.53%	-23.08%
Adjusted net short-term wholesale funding reliance [7]	-77.15%	-56.15%	-68.38%	-64.55%	-60.18%
Customer deposits % gross loans	123.19%	107.82%	100.34%	92.83%	87.15%
<b>Capital [8]</b>					
Tier 1	12.37%	11.68%	8.96%	8.42%	7.80%
CET1 (As-reported) [9]	12.23%	11.59%	8.95%	8.42%	7.80%
Tangible Common Equity / Tangible Assets	6.13%	5.38%	4.89%	4.72%	4.38%
Total Capital	14.16%	14.29%	11.72%	13.18%	12.50%
Retained earnings % Tier 1	71.53%	66.26%	75.71%	70.53%	69.38%

[1] (Net interest income + dividends)% average interest earning assets.

[2] Pre-provision operating income % average total assets.

[3] Pre-provision operating income % average total risk-weighted assets.

[4] (Operating & non-op. costs) % (op. & non-op. revenues)

[5] Wholesale funding excludes corporate deposits.

[6] (Short-term wholesale funding - liquid assets) % illiquid assets

[7] (Short-term wholesale funding - liquid assets- loans maturing within 1 year) % illiquid assets

[8] Capital ratios of Interim results exclude profits for the year

[9] Core Tier 1 from 2011-2013

\* Interim information is annualised where needed.

## Methodologies

The principal applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (May 2017). Other applicable methodologies include the DBRS Criteria: Guarantees and Other Forms of Support (February 2017).

## Ratings

Debt	Rating	Rating Action	Trend
Issuer Rating <sup>1</sup>	BBB (low)	Trend Change	Stable
Senior Long-Term Debt and Deposit <sup>1</sup>	BBB (low)	Trend Change	Stable
Short-Term Debt and Deposit <sup>1</sup>	R-2 (middle)	Trend Change	Stable
Issuer Rating <sup>2</sup>	BBB (low)	Trend Change	Stable
Senior Long-Term Debt and Deposit <sup>2</sup>	BBB (low)	Trend Change	Stable
Short-Term Debt and Deposit <sup>2</sup>	R-2 (middle)	Trend Change	Stable
Mandatory Pay Subordinated Debt (ISIN: XS1311567314) <sup>2</sup>	BB	Downgraded	Stable

Notes: (1) Banca Sella Holding SpA; (2) Banca Sella SpA

## Rating History

	Current	2016	2015	2014
Issuer Rating <sup>1</sup>	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Senior Long-Term Debt and Deposit <sup>1</sup>	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Short-Term Debt and Deposit <sup>1</sup>	R-2 (middle)	R-2 (middle)	R-2 (low)	R-2 (low)
Issuer Rating <sup>2</sup>	BBB (low)	BBB (low)	BBB (low)	NR
Senior Long-Term Debt and Deposit <sup>2</sup>	BBB (low)	BBB (low)	BBB (low)	NR
Short-Term Debt and Deposit <sup>2</sup>	R-2 (middle)	R-2 (middle)	R-2 (low)	NR
Mandatory Pay Subordinated Debt (ISIN: XS1311567314) <sup>2</sup>	BB	BB (high)	BB (high)	NR

Notes: (1) Banca Sella Holding SpA; (2) Banca Sella SpA

## Previous Actions

- [DBRS Concludes Review of European Sub Debt – 28 Banking Groups Affected](#), June 9, 2017
- [DBRS Confirms Banca Sella Holding SpA and Banca Sella SpA at BBB \(low\); Trend changed to Stable](#), May 15, 2017
- [DBRS Places Certain Sub Debt of 27 European Banking Groups Under Review With Negative Implications](#), January 13, 2017
- [DBRS Confirms Banca Sella Holding SpA and Banca Sella SpA at BBB \(low\); Trends Remain Negative](#), May 11, 2016
- [DBRS Assigns BB \(high\) Rating to Banca Sella SpA's EUR 25 million Tier 2 Notes](#), October 29, 2015
- [DBRS Confirms BBB \(low\) for Banca Sella Holding; Assigns BBB \(low\) for Banca Sella SpA; Trend Neg](#), May 15, 2015
- [DBRS Assigns BBB \(low\) Rating to Banca Sella Holding. Trend Negative](#), July 7, 2014

## Related Researches

- [DBRS Comments on Italian Banks' 1Q 2017 Earnings](#), May 25, 2017
- [DBRS Publishes Commentary on Italian Banks' Asset Quality](#), May 2, 2017
- [DBRS Comments on the Challenges Facing Italian Banks and Recent Government Actions](#), January 24, 2017
- [DBRS Comments on Italian Banks' 9M Results and Challenges Facing Italian Banking System](#), November 18, 2016
- [DBRS: Banca Sella's 1H16 Profits Up on Capital Gains and Lower LLPs; Revenues Down](#), August 12, 2016



Notes:  
All figures are in EUR unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on [www.dbrs.com](http://www.dbrs.com).

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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