

Credit Rating Report

Banca Sella Holding SpA

Morningstar DBRS

9 May 2024

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Credit Ratings

Issuer	Debt	Rating	Rating Action	Trend
Banca Sella Holding	Long-Term Issuer Rating	BBB (low)	Confirmed May '24	Stable
Banca Sella Holding	Short-Term Issuer Rating	R-2 (middle)	Confirmed May '24	Stable
Banca Sella SpA	Long-Term Issuer Rating	BBB (low)	Confirmed May '24	Stable
Banca Sella SpA	Short-Term Issuer Rating	R-2 (middle)	Confirmed May '24	Stable
Banca Sella SpA	Intrinsic Assessment	BBB (low)	Maintained May '24	--

Credit Rating Drivers

Factors with Positive Rating Implications

- An upgrade of the credit ratings would require a material improvement in operating efficiency and further structural strengthening of capitalisation levels whilst maintaining a sound risk profile.

Factors with Negative Rating Implications

- A downgrade would arise from a substantial deterioration in capital, or a significant deterioration in the Group's risk profile.

Credit Rating Considerations

Franchise Strength (Moderate / Weak)

- Small franchise with a solid retail market position in the home region of Piedmont. The Group benefits from a diversified franchise, with sizable private banking and payment system activities.

Earnings Power (Moderate)

- Modest but resilient profitability, thanks to a diversified revenue structure. Weak but improving operating efficiency. Cost of risk maintained but expected to deteriorate in the current environment.

Risk Profile (Good/Moderate)

- Stock of NPLs has continued to decrease. Asset quality metrics now more in line with European peers. However, concentration in SMEs makes the Group somewhat vulnerable in the current environment.

Funding and Liquidity (Good/Moderate)

- Adequate funding and liquidity position, underpinned by a large retail deposit base and ample liquidity buffers.

Capitalisation (Moderate)

- Adequate capital buffers over minimum requirements. Capital levels have improved in the past two years thanks to AIRB models and internal capital generation. However, total capital remains at the lower-end of the peer group.

Financial Data Through 2023	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
Overall Assessment	Intrinsic Assessment Range (IAR)	Assigned IA	
M	['BBB (high)', 'BBB', 'BBB (low)']	BBB (low)	

Financial Information

(In EUR Millions unless otherwise stated)	For the Year Ended December 31 (IFRS)				
	2023	2022	2021	2020	2019
Total Assets	21,832	20,336	20,479	17,846	15,004
Gross Loans to Customers	11,263	10,769	9,979	9,062	8,642
Income Before Provisions and Taxes (IBPT)	266	232	228	127	115
Net Attributable Income	107	92	108	30	34
Net Interest Margin	2.8%	1.8%	1.4%	1.5%	1.8%
Cost / Income ratio	76.5%	76.5%	74.6%	83.0%	83.7%
LLP / IBPT	13.5%	13.3%	21.5%	52.2%	39.5%
Cost of Risk	0.30%	0.30%	0.53%	0.78%	0.50%
CET1 Ratio	13.36%	13.21%	12.28%	12.29%	11.41%

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 & commercial banking, asset management and private banking, payment systems, leasing and consumer finance.

Credit Rating Rationale

The credit ratings continue to reflect Sella's relatively small but solid and diversified franchise in its home region of Biella. Credit ratings continue to be underpinned by Sella's stable funding and liquidity position, supported by a resilient and granular deposit base. On top of this, the credit ratings take into account improvements in profitability, driven by higher core revenues against a background of higher interest rates, positive operating jaws and lower loan loss provisions. However, we also note that overall profitability remains at the lower end-of the peer group as a result of the high cost base in part related to investments in new technologies and digital banking.

In addition, the credit ratings reflect Sella's asset quality metrics, marked by a further reduction of Non-Performing Exposures (NPE), and in line with its domestic and European peers. Whilst asset quality deterioration has not materialised, we expect the current environment to lead to a rise in defaults, although Sella's current asset quality profile provides a sound starting point to face these headwinds.

Finally, the credit ratings consider Sella's capital ratios, which have continued to gradually improve, although they remain at the low end of the peer group.

Franchise Strength

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

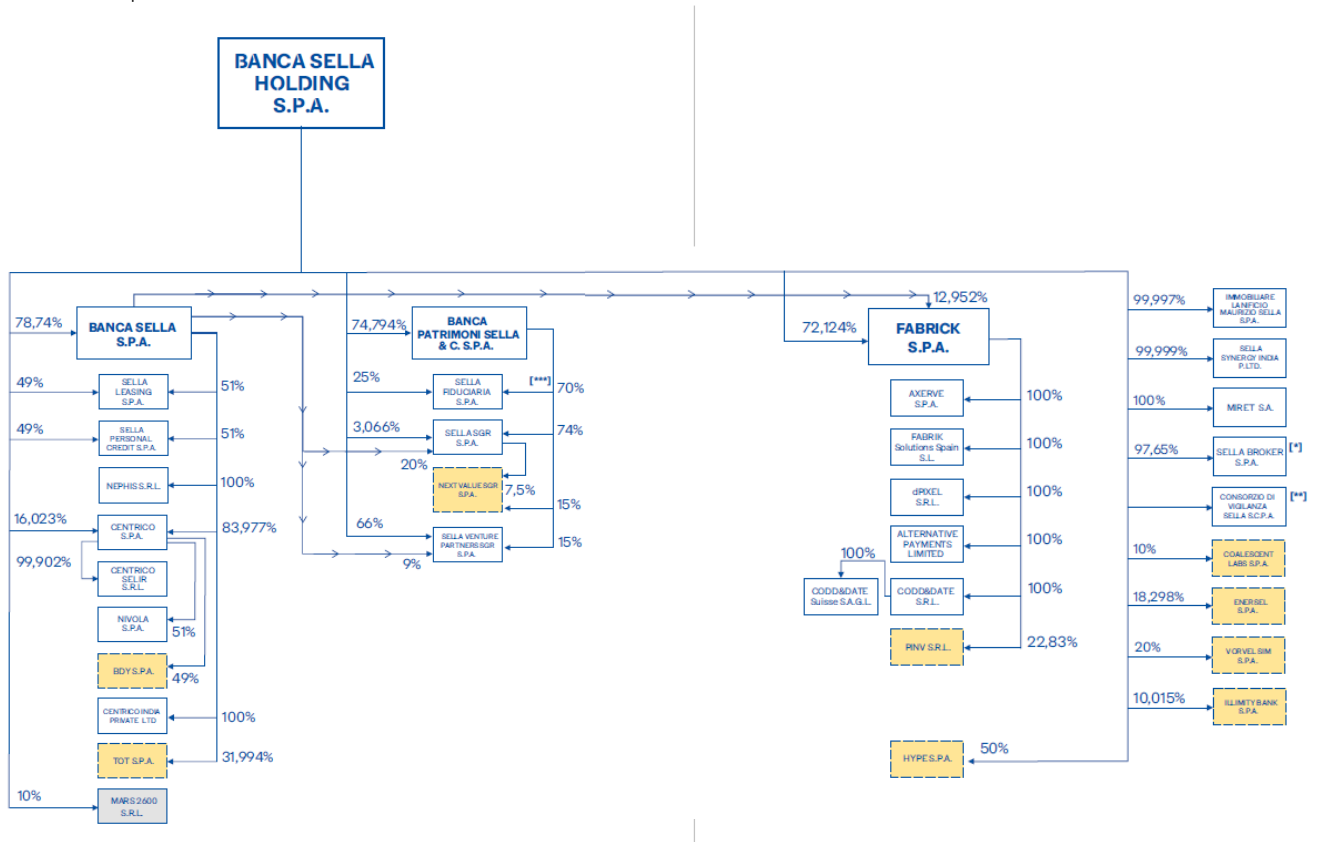
Banca Sella Holding (Sella or the Group) is a small Italian banking group with EUR 21.8 billion in total assets at end-2023. The Group maintains a solid market position in retail and commercial banking, especially in the home province of Biella. Unlike many peers of similar size, Sella's franchise is more diversified, thanks to its private banking and asset management activities, nationwide payment system as well as consumer finance and leasing operations.

The Group has been historically controlled by the Sella family, and they are also broadly involved in the Group's 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 Banca Sella Holding SpA. Legally a bank, Banca Sella Holding SpA acts as the Group's treasury and manages the funding with institutional counterparties, including the ECB, as well as the overall business strategy and planning.

The Group manages the raising of deposits and lending to households and SMEs through the Banca Sella SpA, its main operating subsidiary. Banca Sella includes the Group's branch network as well as the electronic banking and internet services (with the exception of Hype). Private banking and asset management products are offered via both the private banking unit of Banca Sella SpA and Banca Patrimoni Sella SpA, while corporate and investment banking services are provided by Sella CIB, which was created at end-2018. In addition, the Group offers consumer finance and leasing products, through Sella Personal Credit and Sella Leasing, as well as payments platforms, provided by Banca Sella SpA and Fabrick SpA.

Sella has stepped up its effort in digital banking and new technologies in recent years. In 2015 the Group created "Hype", a mobile app for digital banking and payments solutions which has gained increasing popularity since its introduction. Sella also launched the first open banking platform in Italy ("platfr.io"), as well as setting up Fabrick SpA, a subsidiary aimed at investing in fintech businesses and innovative payment and banking solutions. In 2018, Sella launched "Sella Evolution" in collaboration with Moneyfarm, an online trading platform for private customers. In 2020, Sella also launched the first industrial consolidation operation in the Italian open banking market, following the signing of the joint venture together with Illimity in Hype, to further boost its growth. Nevertheless, the Group decided to refocus on core activities and deconsolidate Hype in 2021 to boost profits and improving operating efficiency. In 2022, the Group, through its subsidiary Centrico, has signed a long-term partnership with Sesa with the aim of strengthening the presence on the Italian market in the field of software solutions, business processes outsourcing and application services for the Financial Services industry, in order to improve profits for the Sella group. More recently, Banca Sella launched in 2023 the "Artificial Intelligence Business Incubator" focuses on artificial intelligence whilst Sella Investment Banking closed a new partnership with Elite, branch of Euronext Group to help Italian companies grow through financial markets.

Exhibit 1 Group Structure at end-2023



Source: Morningstar DBRS, Company Documents

Earnings Power

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

In 2023, the Group reported net attributable income of EUR 107.5 million, up by 16.9% YoY from EUR 91.9 million in in 2021. The results were driven by higher revenues, which offset higher provisions and operating expenses. Net interest income for the Group was up 48.2% YoY in 2023, thanks to solid volume growth as well as higher interest rates. Net fees and commissions were up 10.1%, thanks to diversification of activities, with solid performance reported in virtually all segments.

Operating expenses were up 14.4% YOY due to ongoing investments in technologies and innovative banking products as well as inflation. Nevertheless, operating efficiency improved due to positive operating jaws, with the cost-to-income ratio reducing to 72.9% in 2023, compared to 76.6% a year earlier as calculated by Morningstar DBRS. However, whilst we note the improvement, Sella’s cost-to-income ratio remains high when compared to Italian peers.

Provisions were up 21.6% YoY leading to a higher cost of risk of 39 bps in 2023 against 31 bps in 2022, a level we view as in line with domestic peers.

Exhibit 2 Profitability Evolution (EUR million), 2019-2023

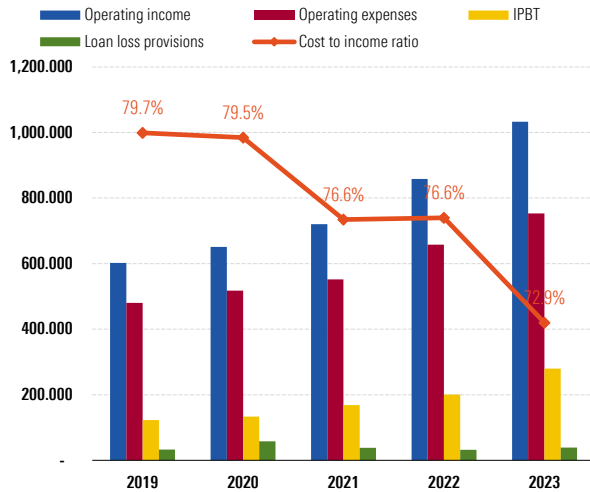
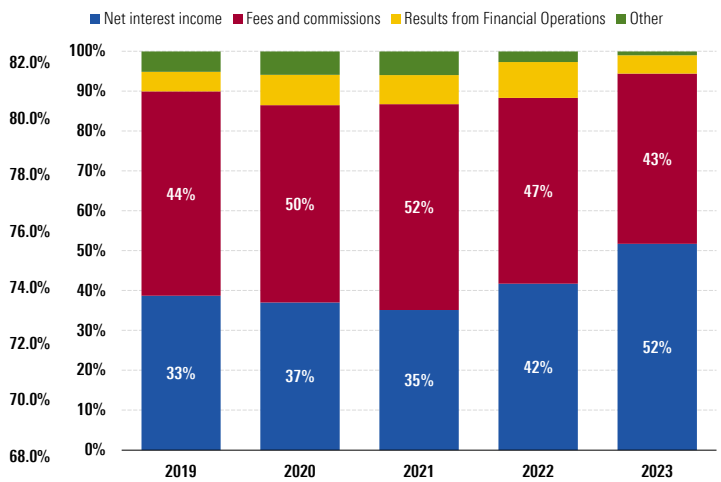


Exhibit 3 Operating Income Breakdown, 2019-2023



Source: Morningstar DBRS, Company Documents

Risk Profile

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

Sella’s risk profile is consistent with its retail and commercial banking franchise, with approximately 76% of total risk weighted assets (RWA) linked to credit and counterparty risk as of end-2023. Most of the lending activity is carried out at the operating Banca Sella SpA, which provides the vast majority of the Group’s net loans to customers. The Group’s lending is primarily to retail, SMEs and corporate clients and is largely represented by mortgages (around 47%), credit cards and personal loans (around 18%) and leasing (around 12%) at end-2023. Sella’s loan book is composed of close to 35% of SME exposures, which is twice the average for the Italian banking sector. Interest rate risk is low, with market risk mostly arising from the Group’s fixed-income portfolio, including its large exposure to Italian sovereign debt. Whilst NPEs have been declining in recent years, we expect that Sella’s asset quality will deteriorate during coming quarters given the challenging economic environment, characterised by tighter financial conditions, still high inflation and weaker economic dynamics. Nevertheless, we view Sella’s sounder starting point and tightened underwriting standards as mitigating factors, providing the Bank with some flexibility to weather the headwinds ahead.

Credit Risk

We note that Sella has continued to deliver on its announced business strategy to reduce the Group’s stock of NPEs. As a result, the Group’s asset quality has continued to improve in 2023 with the total stock of gross non-performing exposures (NPEs) reduced further to EUR 340 million at end-2023 from EUR 378 million at end-2022. The Group’s gross NPE ratio stood at 3.0% at end-2023 compared to 3.5% at end-2022 and down from 4.2% at end-2021. We now see this level as in line with the average for domestic and European banks. The net NPL ratio reached 1.5% at end- 2023 compared to 1.8% at end-2022 as calculated by Morningstar DBRS. The Group’s total coverage ratio

stood at 48.8% at end-2023, fairly stable in recent years and in line with domestic peers. We note the total coverage of bad loans remained strong 64.8%, fairly stable from last year.

Sovereign and Interest Rate Risk

Sella’s risk profile includes a sizable exposure to the Italian sovereign. At end-2023, 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 2.0x CET1 capital. Nevertheless, we note that 69% of Sella’s securities portfolio is classified as held to collect (HTC) to reduce sensitivity to spread widening.

Market Risk

Market risk is limited for Sella. The average VaR which represents the maximum loss in net present value Sella might be facing in normal market conditions over a period of 3 months with a confidence interval of 99% at end-2023 was EUR 21 million, within the Group’s internal limit of EUR 81 million.

Exhibit 4 NPE Breakdown (EUR million), 2019-2023

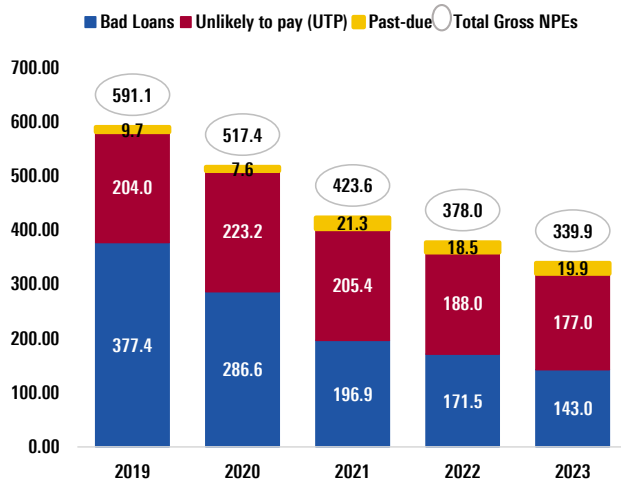
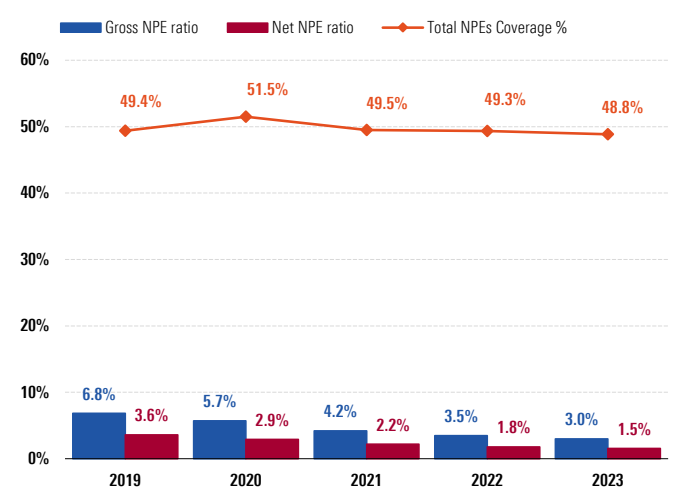


Exhibit 5 NPE Ratios and Coverage, 2019-2023



Source: Morningstar DBRS, Company Documents

Funding and Liquidity

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

We view Sella’s funding profile as adequate, although not very diversified, supported by its large deposit retail franchise and limited reliance on wholesale funds. The majority of Sella’s deposits are generated by Banca Sella SpA, the commercial bank of the Group, whilst Banca Sella Holding acts as treasurer and manages the institutional funding. Customer deposits remain the primary source of funding, accounting for around 90% of the Group’s total funding. Around half of these deposits are covered by the Deposit Guarantee Scheme, in line with other European banks and we consider the deposit base to be very granular. We note Sella has repaid the vast majority of its TLTRO exposures, with only EUR 925 million of remaining at end-2023, which still represents 5% of the Group’s total funding.

Sella’s liquidity position remains solid with a total stock of unencumbered assets of around EUR 3.0 billion at end-2023, which compares favourably with future bond maturities. At end-2023, Sella’s liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) remained well above regulatory requirements at respectively 231% and 143%.

Exhibit 6 Funding Mix, end-2023

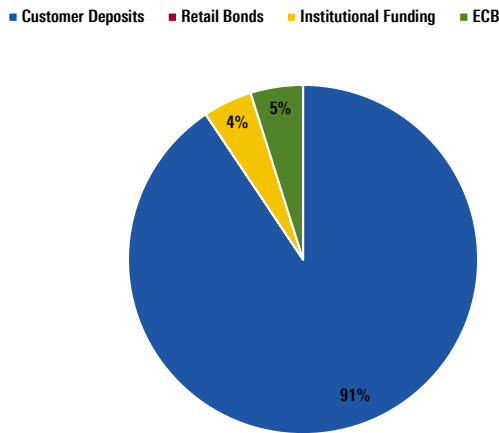
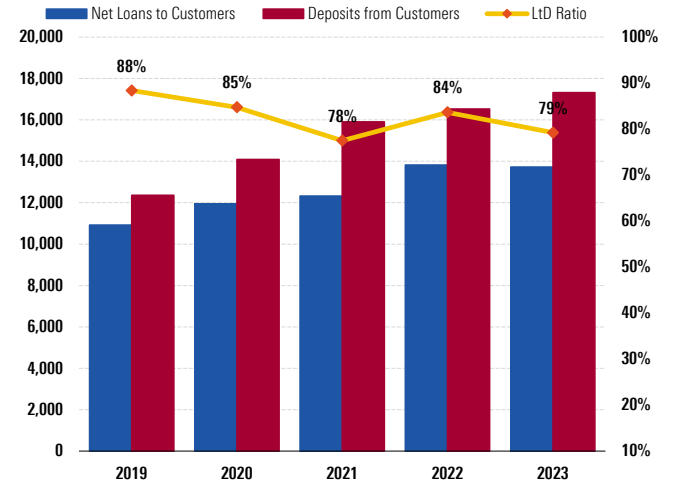


Exhibit 7 Loan to Deposit Ratio (EUR million), 2019-2023



Source: Morningstar DBRS, Company Documents

Capitalisation

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

Sella's capitalisation has continued to strengthen in 2023 mostly thanks to internal capital generation. Sella reported at end-2023 a CET1 ratio of 13.4% compared to 13.2% at end-2022 and a Total Capital ratio of 15.5%, up from 15.1% at end-2022. This provides the Group with adequate cushions over the minimum requirements set by the Bank of Italy for 2024 for CET1 of 7.65% and 11.65% for Total Capital according to the Supervisory Review and Evaluation Process (SREP). Sella also reported a transitional leverage ratio of 5.4% at end-2023, fairly stable YOY. The Group has also built up its MREL position, and we understand they are compliant with the requirements set by the Bank of Italy which will come into force in 2026.

Exhibit 8 Reported Capital Ratios (end-2023) vs. SREP Requirements

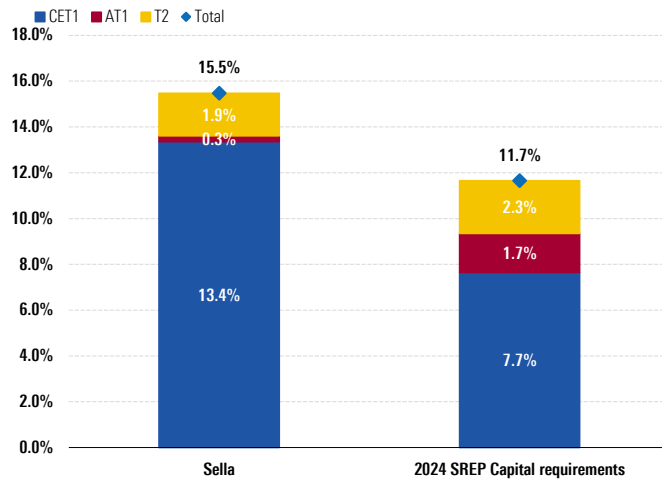
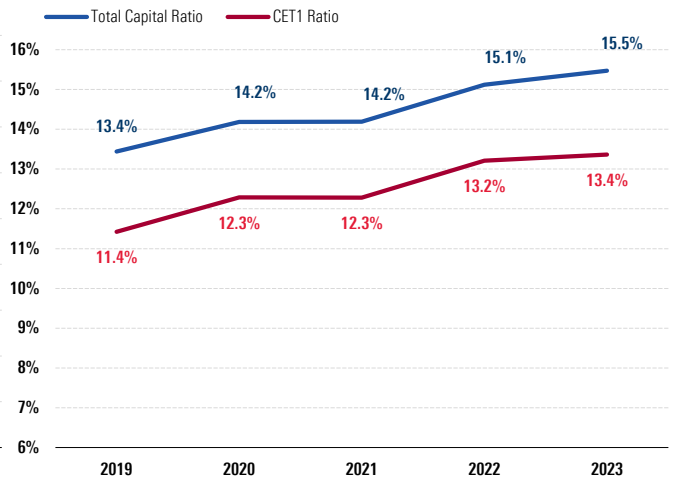


Exhibit 9 Capital Ratios Evolution, 2019 – 2023



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)*		
Environmental		Overall:	N	N
Emissions, Effluents, and Waste	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?	N	N	N
Carbon and GHG Costs	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?	N	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially under key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	N	N	N
Climate and Weather Risks		N	N	N
Passed-through Environmental credit considerations	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)?	N	N	N
Social		Overall:	Y	R
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	N	N	N
Human Capital and Human Rights	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?	N	N	N
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N	N
Human Capital and Human Rights		N	N	N
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	Y	R	R
Data Privacy and Security	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?	N	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N	N
Access to Basic Services	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?	N	N	N
Passed-through Social credit considerations	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)?	N	N	N
Governance		Overall:	Y	R
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N	N
	Are there any political risks that could affect the issuer's financial position or its reputation?	N	N	N
Bribery, Corruption, and Political Risks		N	N	N
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	Y	R	R
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N	N
	Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N	N
Corporate / Transaction Governance		Y	R	R
Passed-through Governance credit considerations	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)?	N	N	N
Consolidated ESG Criteria Output:		Y	R	R

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

ESG Considerations

Environmental

The Environmental factor does not affect the ratings or trend assigned to Sella. The Bank did not sign up for the TCFD disclosures. However, the Group's sustainability targets are aligned with those from the Paris agreement and Sella has taken steps to reduce its carbon footprint. On top of this, the Bank considers risk associated with climate change under their risk management framework. For instance, the Bank has integrated the assessment of sustainability risks into its internal processes related to its investment advisory services.

The ECB climate risk stress-test results were published on July 8, 2022. While they did not provide detailed indications on the geographies potentially affected under the selected scenarios, participating European banks were told they need to enhance their climate risk stress testing framework. In the meantime, we note the results were integrated into two SREP elements in a qualitative manner: (i) business model assessment, and (ii) internal governance and risk management.

Social

We view the Social factor as relevant for Banca Sella. In particular, we view as relevant the subfactor "Product Governance" following the recent disruption to Sella's online banking services in which a significant part of the Group's customer base (around three million customers) temporarily lost online access to their accounts in early April 2024. Whilst Sella solved the problem after a few days, they will still need to reimburse customers impacted. We nevertheless note that this was not a cyber risk issue. Shortcomings in the Bank's internal process regarding data protection could have a significant impact on Sella's reputation and franchise. Although, we have no knowledge of any notable data breaches, we note that a significant data breach or a security failure could negatively impact the Bank's franchise, risk profile, or its financial performance.

Governance

We view the Governance factor as relevant for Banca Sella, in particular the subfactor "Corporate Governance". The Group has been historically controlled by the Sella family, and they are also broadly involved in the Group's corporate governance. In our view, however, 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 Bank's current Board of Directors (BoD) consists of 14 members, of which 4 are independent.

Shortcomings regarding business ethics could have a significant impact on Sella's reputation and franchise or income statement. However, there has been no cases of this kind to date involving Sella.

A potential governance risk is related to the Russian invasion of Ukraine. EU banks need to ensure that they are blocking and identifying any potential illicit payments from sanctioned individuals and/or businesses, and any non-compliance with the sanctions imposed could lead to fines and reputational consequences over time.

Banca Sella S.p.A.

		1	2	3	4	5
Financial Data Through 2023	Scorecard Indicator	Scorecard Indicator Data	Scorecard Indicator Assessment	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	Adjusted Assets	20	M/W	M/W	M/W	M/W
	Sovereign Rating Category	13	G/M			
Earnings	Return on Equity	8.37%	S/G			M
	Return on Assets	0.61%	G	G/M	M/W	
	IBPT/Avg.Assets	1.17%	G/M			
Risk	Net NPLs/Net Loans	1.37%	G	S/G	M/W	G/M
	Provisions/IBPT	18.28%	S/G			
Funding & Liquidity	Sovereign-Adjusted Funding Ratio	88.0%	S/G	S/G	M/W	G/M
Capitalisation	Sovereign-Adjusted Capital Ratio	8.42%	M/W			M
	NPL/[Equity + Loan Loss Reserves]	27.45%	G/M	G/M	M/W	
	5-Year Accumulated Net Income/Total Assets	1.96%	G/M			
		6	7			8
		Overall Assessment	Intrinsic Assessment Range (IAR)			Assigned IA
		M	BBB (high)	BBB	BBB (low)	BBB (low)

Notes: (1) based on financial data as of FY 2023. (2) For more information see Global Methodology for Rating Banks and Banking Organizations published on 15 April 2024. (3) IAR and IA refer to bank level rating.

Annual Financial Information

	For the Year Ended December 31 (IFRS)				
	2023	2022	2021	2020	2019
Balance Sheet (EUR Millions)					
Cash & Cash Equivalents*	3,692	2,645	4,650	2,575	1,084
Investments in Financial Assets	5,045	5,420	4,766	5,175	4,491
Gross Loans to Customers	11,263	10,769	9,979	9,062	8,642
Loan Loss Reserves	(226)	(248)	(268)	(326)	(338)
Net Lending to Customers	11,037	10,521	9,711	8,739	8,306
Total Assets	21,832	20,336	20,479	17,846	15,004
Deposits from Customers	16,764	16,183	15,416	13,379	12,020
Debt & Capital Lease Obligations	1,064	263	294	322	430
Total Liabilities	20,253	18,928	19,171	16,659	13,857
Total Equity	1,579	1,408	1,308	1,187	1,147
Income Statement (EUR Millions)					
Net Interest Income	526	355	253	241	246
Non Interest Income	644	632	644	501	458
Equity Method Results	(37)	(0)	1	2	0
Total Operating Income	1,132	987	898	744	704
Total Operating Expenses	866	755	670	617	590
Income Before Provisions and Taxes (IBPT)	266	232	228	127	115
Loan Loss Provisions	36	31	49	66	45
Irregular Income/Expenses	(6)	32	24	8	3
Net Attributable Income	107	92	108	30	34
Growth (%) - YoY Change					
Net Interest Income	48.21%	40.25%	4.99%	-2.00%	3.29%
Total Operating Income	14.77%	9.85%	20.80%	5.57%	7.96%
Total Operating Expenses	14.76%	12.69%	8.54%	4.64%	7.57%
IBPT	14.82%	1.52%	80.59%	10.32%	10.06%
Net Attributable Income	16.91%	-15.13%	266.10%	-13.09%	38.72%
Gross Loans & Advances	4.59%	7.91%	10.13%	4.85%	2.93%
Deposits from Customers	3.59%	4.98%	15.23%	11.31%	13.50%
Earnings (%)					
Net Interest Margin	2.82%	1.84%	1.37%	1.53%	1.79%
Non-Interest Income / Total Revenue	56.84%	64.06%	71.69%	67.38%	65.08%
Cost / Income ratio	76.49%	76.49%	74.57%	82.99%	83.72%
LLP / IBPT	13.52%	13.30%	21.48%	52.25%	39.53%
Return on Avg Assets (ROAA)	0.70%	0.52%	0.65%	0.22%	0.28%
Return on Avg Equity (ROAE)	8.21%	8.15%	10.42%	3.09%	3.72%
IBPT over Avg RWAs	3.07%	2.64%	2.70%	1.57%	1.44%
Internal Capital Generation	7.51%	7.18%	8.65%	3.02%	2.80%
Risk Profile (%)					
Cost of Risk	0.30%	0.30%	0.53%	0.78%	0.50%
Gross NPLs over Gross Loans	3.02%	3.51%	4.24%	5.71%	6.84%
NPL Coverage Ratio	66.43%	65.55%	63.22%	62.33%	56.90%
Net NPLs over Net Loans	1.03%	1.24%	1.60%	2.20%	3.04%
NPLs to Equity and Loan Loss Reserves Ratio	22.28%	26.61%	31.32%	39.95%	46.11%
Funding & Liquidity (%)					
Net Loan to Deposit Ratio	65.84%	65.01%	63.00%	65.32%	69.10%
Liquidity Coverage Ratio	231%	167%	199%	218%	192%
Net Stable Funding Ratio	143%	133%	134%	135%	137%
Capitalization (%)					
CET1 Ratio	13.36%	13.21%	12.28%	12.29%	11.41%
Tier1 Ratio	13.61%	13.45%	12.54%	12.57%	11.69%
Total Capital Ratio	15.47%	15.12%	14.19%	14.18%	13.44%
Leverage Ratio	5.43%	5.30%	6.59%	6.28%	6.10%
Dividend Payout Ratio	8.6%	11.8%	16.9%	2.2%	24.9%

Source: Morningstar Inc., Company Documents

*Includes Loans to Banks

Methodologies

The applicable methodologies are the *Global Methodology for Rating Banks and Banking Organisations* (15 April 2024) and the *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (23 January 2024) which can be found on our website under Methodologies.

Credit Ratings

Issuer	Obligation	Rating Action	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
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS2030489632)	Confirmed	BB	Stable

Credit Ratings History

Issuer	Obligation	Current	2023	2022	2021
Banca Sella Holding S.p.A.	Long-Term Issuer Rating	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)
Banca Sella Holding S.p.A.	Long-Term Senior Debt	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)
Banca Sella Holding S.p.A.	Long-Term Deposits	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)
Banca Sella Holding S.p.A.	Subordinated Debt	BB	-	-	-
Banca Sella S.p.A.	Long-Term Issuer Rating	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)
Banca Sella S.p.A.	Long-Term Senior Debt	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)
Banca Sella S.p.A.	Long-Term Deposits	BBB	BBB	BBB	BBB
Banca Sella S.p.A.	Short-Term Deposits	R-2 (high)	R-2 (high)	R-2 (high)	R-2 (high)
Banca Sella S.p.A.	Mandatory Pay Subordinated Debt (ISIN: XS2030489632)	BB	BB	BB	BB

Previous Action

- [Morningstar DBRS Confirms Banca Sella's LT Issuer Rating at BBB \(low\), Stable Trend, May 6, 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' Cost Of Risk Remained Steady in FY 2023; Some Deterioration in Germany, Portugal, Ireland and Spain, April 16, 2024.](#)
- [European Banks' NPLs Resilient in FY 2023, But Increased Pressure in Some Countries, April 16, 2024.](#)
- [Italian Banks Well Positioned to Absorb Impact from the Potential Implementation of a Systemic Risk Buffer, March 12, 2024.](#)
- [European Banks' Office Loans: More Price Declines are Likely as Office Vacancy Rates Remain High, March 6, 2024.](#)
- [European Banks' ESG Risk Factors and 2024 Outlook, February 15, 2024.](#)
- [Asset Quality Performance Across European Banks; Trend in NPL Reduction Unlikely to be Sustained in 2024, January 22, 2024](#)
- [European Banking Outlook for 2024 – Ongoing Good Performance, but Pressure on Deposit Margins and Asset Quality Increasing, November 27, 2023](#)
- [Net Interest Income Rally at European Banks–Will It Last?, October 18, 2023](#)
- [Snapshot: Banks and Climate Change from a Credit Perspective, October 10, 2023](#)
- [European Banks Shed Light on Their CRE Exposures Amid Rising Concerns for the Sector, September 20, 2023](#)
- [Deterioration in Cost of Risk Yet to Materialise at European Banks, September 19, 2023](#)
- [Higher Corporate Bankruptcies in Europe but Impact on Banks' Asset Quality Should Remain Manageable for Now, September 04, 2023](#)
- [EU Banks Proved Resilient in the 2023 EBA Stress Test, August 07, 2023](#)
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- [Can EU Banks Maintain Deposit Rates at Current Levels? A Test for European Banks' Structural Profitability, June 20, 2023](#)

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- [Banca Sella Holding SpA: Rating Report, 24 May 2023.](#)
- [Banca Sella Holding SpA: Rating Report, 27 May 2022.](#)
- [Banca Sella Holding SpA: Rating Report, 18 June 2021.](#)
- [Banca Sella Holding SpA: Rating Report, 7 July 2020.](#)
- [Banca Sella Holding SpA: Rating Report, 3 July 2019.](#)

European Bank Ratios & Definitions

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

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