



Tagging Info

Fitch Downgrades 20 Italian Subnationals and PSEs; Revises Outlook on 6 Ratings

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Fitch Ratings-London/Milan-10 October 2011: Fitch Ratings has downgraded 20 Italian subnationals and public sector entities, and revised the Outlook on six others, following a comprehensive review subsequent to the downgrade of Italy's sovereign Long-term Issuer Default Rating (IDR) to 'A+' / Negative from 'AA-' / Stable and Short-term IDR to 'F1' from 'F1+' on 7 October 2011. Lastly, five bond issues credit linked to Italy's sovereign or to affected subnationals, have been downgraded.

The rating actions primarily reflect the application of Fitch's criteria, according to which subnationals' ratings cannot be higher than the corresponding sovereign if, among other factors, the former remain ultimately subject to unilateral decisions of the national government in terms of both funding and responsibilities. Conversely, subnationals which meet the conditions for a rating above the sovereign as outlined in Fitch's sector specific criteria "Rating Subnationals above the Sovereign in the euro area" have been downgraded or have had their Outlook changed to Negative given that the maximum leeway for a subnational rating above the sovereign is one rating category (three notches).

Six companies and agencies have had their rating downgraded and/or Outlook changed to Negative in application of the 'Rating of Public Sector Entities - Outside the United States' methodology according to which dependent entities cannot be rated above the owner (sponsor) and non-dependent entities cannot be rated above the sponsor unless their stand alone rating is stronger than the owner.

The Long-term foreign and local currency ratings and the Short-term foreign currency rating on the Autonomous Region of Sardinia has been affirmed at 'AA-' / Stable and 'F1+' respectively as the region meets three out of the four factors (institutional strength, financial autonomy, economic strength and fiscal antagonism) for the rating above the sovereign. The factor not met is the economic strength assessed with traditional indicators of GDP per capita and unemployment rate. This factor is conducive to assess the degree of recovery in revenues after stress and the tax sensitivity to economic trends. Despite a per-capita GDP 20% below the EU average and the unemployment rate close to 15%, other indicators of economic health such as the low household debt of only 25% of GDP and a fairly diversified economy underpin local tax generation. The latter have in fact grown slowly but steadily even during periods of economic recession in 2008-2009 and Fitch does not expect Sardinia's tax revenue to fall over the medium term, even though the economic activity remains subdued, mitigating the fact that traditional socio economic indicators are below average.

The rating actions are as follows:

Autonomous Province of Bolzano

Long-term foreign and local currency ratings downgraded to 'AA+' from 'AAA'; Outlook Negative

Short-term rating of 'F1+' affirmed

Autonomous Province of Trento

Long-term foreign and local currency ratings downgraded to 'AA+' from 'AAA'; Outlook Negative

Short-term rating of 'F1+' affirmed

In addition, the Long-term foreign and local currency ratings of the following entities/issues have been changed as their ratings are credit linked to the Province.

Cassa Del Trentino SpA

Long-term foreign and local currency ratings and related issues downgraded to 'AA+' from 'AAA'; Outlook Negative

Short-term rating of 'F1+' affirmed

Patrimonio del Trentino SpA

Long-term foreign and local currency ratings and related issues downgraded to 'AA' from 'AA+'; Outlook Negative

Short-term rating of 'F1+' affirmed

University of Trento's EUR43.7m amortising fixed-rate notes due in 2015 (ISIN: IT0003976971): Long-term local currency rating downgraded to 'AA' from 'AA+'

Trentino Trasporti's EUR33.6m amortising fixed-rate notes due in 2014 (ISIN: IT0003794127): Long-term local currency rating downgraded to 'AA' from 'AA+'

Garda Trentino Fiere's EUR15m bullet fixed-rate notes due in 2016 (ISIN: IT0004051436): Long-term local currency rating downgraded to 'AA' from 'AA+'
Itea's EUR49.9m amortising fixed-rate notes due in 2015 (ISIN: IT0003794572): Long-term local currency rating downgraded to 'AA' from 'AA+'

Autonomous Region of Valle'Aosta

Long-term foreign and local currency ratings of 'AA+' affirmed; Outlook Negative
Short-term rating of 'F1+' affirmed

Autonomous Region of Sardinia

Long-term foreign and local currency ratings of 'AA-/Stable affirmed; Short-term rating of F1+ affirmed
Region of Lombardy
Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

Province of Bologna

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

Province of Florence

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

Province of Milan

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

The Long-term foreign and local currency ratings of Azienda Sviluppo Mobilita ed Ambiente SpA (ASAM) has been downgraded to 'A' from 'A+', Short-term rating of 'F1' affirmed, Outlook changed to Negative as it is credit linked to the Province.

Province of Rome

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

Province of Venice

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

City of Brescia

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

City of Cagliari

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook changed to Negative
Short-term rating downgraded to 'F1' from 'F1+'

City of Como

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

City of Milan

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

City of Pisa

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

City of Siena

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative
Short-term rating downgraded to 'F1' from 'F1+'

City of Verona

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative

Short-term rating downgraded to 'F1' from 'F1+'

Province of Treviso

Long-term foreign and local currency ratings affirmed at 'A+'; Outlook Negative

Short-term rating downgraded to 'F1' from 'F1+'

Province of Perugia

Long-term foreign and local currency ratings affirmed at 'A+'; Outlook Negative

Short-term rating affirmed at 'F1'

City of Rome

Long-term foreign and local currency ratings affirmed at 'A+'; Outlook Negative

Short-term rating affirmed at 'F1'

City of Pescara

Long-term foreign and local currency ratings affirmed at 'A+'; Outlook Negative

Short-term rating affirmed at 'F1'

Gestione Commissariale del Comune di Roma

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative

Sace SpA

Long-term foreign and local currency ratings downgraded to 'A+' from 'AA-'; Outlook Negative

Short-term rating downgraded to 'F1' from 'F1+'

Poste Italiane SpA

Long-term IDR and senior unsecured rating affirmed at 'A+'; Outlook changed to Negative. Short-term IDR at 'F1' affirmed

Umbria's bonds

Long term local currency rating on the Region of Umbria's EUR487.3m 4.86% amortising notes due 2018 (ISIN: XS0156017955), downgraded to 'A+' from 'AA-' as they are credit-linked to the Italian sovereign

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Additional information is available on www.fitchratings.com.

The Region of Lombardy did not participate in the rating process, or provide additional information, beyond its available public disclosure.

Applicable criteria, "Tax-Supported Rating Criteria", dated 15 August 2011, and "International Local and Regional Governments Rating Criteria outside United States", dated 19 April 2011, "Rating Subnationals above the Sovereign in

the Euro Area", dated 1 June 2011, "Revenue Supported Rating Criteria" dated 20 June 2011, "Rating of Public Sector Entities - Outside the United States" dated 21 April 2011 are available on www.fitchratings.com

Applicable Criteria and Related Research:

Revenue-Supported Rating Criteria

Rating Subnationals Above the Sovereign in the Euro Area

International Local and Regional Governments Rating Criteria - Outside the United States

Tax-Supported Rating Criteria

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