

## **FITCH REVISES 9 ITALIAN BANKS' SUPPORT RATING FLOORS TO 'NO FLOOR'; IDRS UNCHANGED**

Fitch Ratings-Milan/London-19 May 2015: Fitch Ratings has downgraded nine Italian banks' Support Ratings (SR) to '5' and revised their Support Rating Floors (SRF) to 'No Floor'. The affected banks are UniCredit S.p.A., Intesa Sanpaolo S.p.A., UBI Banca S.p.A, ICCREA Holding S.p.A., Banca Popolare di Vicenza, Banca Popolare di Sondrio, Credito Emiliano, Credito Valtellinese, and Banco di Desio e della Brianza.

The banks' other ratings are unaffected by these rating actions.

The rating actions are in conjunction with Fitch's review of sovereign support for banks globally, which the agency announced in March 2014. In line with its expectations announced in March last year and communicated regularly since then, Fitch believes legislative, regulatory and policy initiatives have substantially reduced the likelihood of sovereign support for US, Swiss and European Union commercial banks.

As a result, Fitch believes that, in line with our SR definition of '5', extraordinary external support while possible can no longer be relied upon for all nine banks.

### **KEY RATING DRIVERS - SUPPORT RATING AND SUPPORT RATING FLOOR**

The SR and SRF reflect Fitch's view that senior creditors can no longer rely on receiving full extraordinary support from the sovereign in the event that any of the abovementioned banks becomes non-viable.

In Fitch's view, the EU's Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism (SRM) for eurozone banks are now sufficiently progressed to provide a framework for resolving banks that is likely to require senior creditors participating in losses, if necessary, instead of or ahead of a bank receiving sovereign support. In the EU, BRRD has been effective in member states since 1 January 2015, including minimum loss absorption requirements before resolution financing or alternative financing (eg, government stabilisation funds) can be used. Full application of BRRD, including the bail-in tool, is required from 1 January 2016.

Fitch expects BRRD to be implemented into the national legislative framework (i.e. including 'bail-in') in 2H15 through a legislative process involving the Parliament and the Ministry of Finance. Some resolution and pre-resolution tools are, however, already part of the national legislation for managing banks in crisis.

### **RATING SENSITIVITIES - SUPPORT RATING AND SUPPORT RATING FLOOR**

Any upgrade to the SR and upward revision to the SRF would be contingent on a positive change in the sovereign's propensity to support its banks. While not impossible, this is highly unlikely in Fitch's view.

The rating actions are as follows:

UniCredit S.p.A.

Support Rating: downgraded to '5' from '2'

Support Rating Floor: revised to 'No Floor' from 'BBB'

Intesa Sanpaolo S.p.A.

Support Rating: downgraded to '5' from '2'  
Support Rating Floor: revised to 'No Floor' from 'BBB'

#### UBI Banca

Support Rating: downgraded to '5' from '2'  
Support Rating Floor: revised to 'No Floor' from 'BBB'

#### ICCREA Holding

Support Rating: downgraded to '5' from '2'  
Support Rating Floor: revised to 'No Floor' from 'BBB'

#### Credito Emiliano - Credem

Support Rating: downgraded to '5' from '3'  
Support Rating Floor: revised to 'No Floor' from 'BB'

#### Banco di Desio e della Brianza

Support Rating: downgraded to '5' from '4'  
Support Rating Floor: revised to 'No Floor' from 'B+'

#### Banca Popolare di Sondrio

Support Rating: downgraded to '5' from '3'  
Support Rating Floor: revised to 'No Floor' from 'BB'

#### Banca Popolare di Vicenza

Support Rating: downgraded to '5' from '3'  
Support Rating Floor: revised to 'No Floor' from 'BB'

#### Credito Valtellinese

Support Rating: downgraded to '5' from '3'  
Support Rating Floor: revised to 'No Floor' from 'BB'

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Applicable criteria, Global Bank Rating Criteria, dated 20 March 2015, are available on  
[www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Global Bank Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=863501](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=863501)

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