



RATING ACTION COMMENTARY

Fitch Upgrades Patrimonio del Trentino to 'A-'; Outlook Stable

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Fitch Ratings - Milan - 20 Dec 2021: Fitch Ratings has upgraded Patrimonio del Trentino's (PDT) Long-Term Issuer Default Rating (IDR) to 'A-' from 'BBB+'. The Outlook is Stable. A full list of rating actions is detailed below.

KEY RATING DRIVERS

The upgrade of PDT reflects the upgrade of the ratings of its sponsor, the Autonomous Province of Trento (PAT), to 'A-' from 'BBB+' on 15 December 2021 (see "Fitch Upgrades Autonomous Province of Trento to 'A-' on Sovereign Rating Action; Outlook Stable" on www.fitchratings.com), as PDT is deemed a government-related entity (GRE) of PAT based on Fitch's GRE Rating Criteria. The Stable Outlook is in line with the Outlook on the sponsor's rating.

Full rationale for PDT's rating alignment with PAT's is outlined in the Rating Action Commentary of 18 May 2021 (see "Fitch Affirms Patrimonio del Trentino S.p.A. at 'BBB+'; Outlook Stable" on www.fitchratings.com).

DERIVATION SUMMARY

Under Fitch's GRE Rating Criteria, PDT is credit-linked to PAT because of the strength of its linkage with the sponsor and the incentive of the sponsor to provide support, in case of need. This results in an overall GRE support score of 35, which would warrant a one-notch differential irrespective of PDT's standalone assessment. As the GRE criteria allow for

rating equalisation when the share of guaranteed debt is above 75%, we equalise PDT's ratings with those of its sponsor, because 85% of PDT's debt (90% when net of a shareholder loan) is supported by unconditional and irrevocable first-demand guarantees from PAT.

PDT's Short-Term IDR of 'F1' is also equalised with PAT's as per Fitch's criteria.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

A positive rating action on PAT would be mirrored by a corresponding positive rating action on PDT, provided that the share of PDT's debt guaranteed by the sponsor remains above 75%.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

A negative rating action on PAT will be mirrored on PDT's ratings.

A dilution of provincial support, as evident by state-guaranteed borrowing falling below 75% of total debt or recurrent income losses not compensated by transfers from PAT, could lead to a downgrade.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

PDT's IDRs are credit-linked to PAT's.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit

www.fitchratings.com/esg

RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅		PRIOR ⇅
Patrimonio del Trentino S.p.A.	LT IDR	A- Rating Outlook Stable	BBB+ Rating Outlook Stable
	Upgrade		
	ST IDR	F1 Affirmed	F1
	LC LT IDR	A- Rating Outlook Stable	BBB+ Rating Outlook Stable
	Upgrade		
senior unsecured	LT	A- Upgrade	BBB+

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APPLICABLE CRITERIA

[Government-Related Entities Rating Criteria \(pub. 30 Sep 2020\)](#)

Public Sector, Revenue-Supported Entities Rating Criteria (pub. 01 Sep 2021) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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Patrimonio del Trentino S.p.A.

EU Issued, UK Endorsed

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