



## RATING ACTION COMMENTARY

# Fitch Upgrades Cassa del Trentino to 'A-'; Outlook Stable

Mon 20 Dec, 2021 - 11:03 AM ET

Fitch Ratings - Milan - 20 Dec 2021: Fitch Ratings has upgraded Cassa del Trentino S.p.A.'s (CdT) 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 CdT 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](http://www.fitchratings.com)), as CdT is deemed a government-related entity (GRE) of PAT based on Fitch's GRE Rating Criteria. The Outlook is Stable, in line with the Outlook on the sponsor's rating.

Full rationale for CdT's rating alignment with PAT's is outlined in the Rating Action Commentary of 18 May 2021 (see "Fitch Affirms Cassa del Trentino at 'BBB+'; Outlook Stable" on [www.fitchratings.com](http://www.fitchratings.com)).

## DERIVATION SUMMARY

Fitch believes that PAT will provide extraordinary support to CdT, if needed. Our overall evaluation of support translates into a top-down approach, under Fitch's GRE Rating Criteria, which would result in a one-notch differential with PAT's IDRs, absent the assessment of CdT's Standalone Credit Profile. However, CdT's IDRs are equalised with

those of PAT as a high (nearly 100%) share of government-guaranteed debt, as calculated by Fitch, overrides the assessment of GRE support factors.

CdT's 'F1' Short-Term IDR is equalised with the sponsor's Short-Term IDR.

## **KEY ASSUMPTIONS**

Borrowing will continue to be largely assisted by PAT's guarantees.

## **RATING SENSITIVITIES**

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

Positive rating action on PAT would be reflected on CdT's rating, if the share of guaranteed debt by the province remains high and above 75%.

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

Negative rating action on PAT's IDRs would be mirrored on CdT's IDRs.

Negative rating action could also be prompted by a dilution of support resulting from non-guaranteed financial debt exceeding 25% of CdT's financial debt.

## **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>.

## **Sources of Information**

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

## 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

CdT'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](http://www.fitchratings.com/esg)

## RATING ACTIONS

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

[VIEW ADDITIONAL RATING DETAILS](#)

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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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## ENDORSEMENT STATUS

Cassa del Trentino S.p.A.

EU Issued, UK Endorsed

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