



Fitch Revises Outlook on 12 Italian LRGs to Negative on Sovereign Rating Action

Link to Fitch Ratings' Report(s): Italian Local and Regional Governments - Rating Action Report (<https://www.fitchratings.com/site/re/10043995>)

Fitch Ratings-Milan/London-07 September 2018: Fitch Ratings has revised the Outlooks on the Region of Piemonte, the Region of Veneto, the Autonomous Region of Sardinia, the Autonomous Region of Valle d'Aosta, the Autonomous Province of Trento, the Region of Calabria, the Region of Lazio, the Region of Marche, the Region of Sicily, the Autonomous Province of Bolzano, the Metropolitan City of Milan and the City of Busto Arsizio to Negative from Stable. The revision of the Outlooks reflects the sovereign constraint on the local and regional governments' (LRG) IDRs and Outlooks. A full list of rating actions is below.

Under EU credit rating agency (CRA) regulation, the publication of International Public Finance reviews is subject to restrictions and must take place according to a published schedule, except where it is necessary for CRAs to deviate from this in order to comply with their legal obligations. In this case the deviation was caused by the revision of the Outlook on Italy's sovereign IDRs on 31 August 2018 (see "Fitch Revises Italy's Outlook to Negative; Affirms at 'BBB'" at www.fitchratings.com).

Fitch interprets this provision as allowing us to publish a rating review in situations where there is a material change in the creditworthiness of the issuer that we believe makes it inappropriate for us to wait until the next scheduled review date to update the rating or Outlook/Watch status.

The next scheduled review dates for the Region of Piemonte and the Region of Veneto is 26 October 2018, for the Autonomous Region of Sardinia and the Autonomous Region of Valle d'Aosta 9 November 2018, for the Autonomous Province of Trento 30 November 2018, for the Region of Calabria and the Region of Lazio 14 December 2018, for the Region of Marche and the Region of Sicily 21 December 2018. For the Autonomous Province of Bolzano, the Metropolitan City of Milan and the City of Busto Arsizio, the calendar comprising the next reviews to be held in 2019 has not yet been published.

KEY RATING DRIVERS

HIGH

LRGs usually cannot be rated above the sovereign or have a limited leeway above it when conditions for fiscal autonomy and institutional strength are met, as per Fitch's International Local and Regional Governments Criteria. Consequently Fitch has taken rating action so that the Outlooks on the Region of Piemonte, the Region of Veneto, the Autonomous Region of Sardinia, the Autonomous Region of Valle d'Aosta, the Autonomous Province of Trento, the Region of Calabria, the Region of Lazio, the Region of Marche, the Region of Sicily, the Autonomous Province of Bolzano, the Metropolitan City of Milan and the City of Busto Arsizio are in line with Italy's Outlook.

The ratings on the Region of Veneto, the Autonomous Region of Sardinia, the Autonomous Region of Valle d'Aosta, the Autonomous Province of Trento, the Region of Marche, the Autonomous Province of Bolzano and the City of Busto Arsizio are constrained by the sovereign's ratings. The ratings on the

Region of Piemonte, the Region of Calabria, the Region of Lazio, the Region of Sicily and the Metropolitan City of Milan are aligned with the sovereign. Therefore their IDRs and Outlooks are sensitive to any negative rating action or Outlook revision on the sovereign's IDRs. Fitch projects that the LRGs will report budgetary performance and debt metrics that are commensurate with their ratings.

RATING SENSITIVITIES

The ratings on the Region of Piemonte, the Region of Veneto, the Autonomous Region of Sardinia, the Autonomous Region of Valle d'Aosta, the Autonomous Province of Trento, the Region of Calabria, the Region of Lazio, the Region of Marche, the Region of Sicily, the Autonomous Province of Bolzano, the Metropolitan City of Milan and the City of Busto Arsizio will move in tandem with Italy's sovereign IDRs.

Credit analyses on the 12 Italian LRGs are available at www.fitchratings.com.

The rating actions are as follows:

Region of Piemonte

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F3'

Region of Veneto

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F2'

Autonomous Region of Sardinia

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB+'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F2'

Autonomous Region of Valle d'Aosta

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'A-'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F1'

Autonomous Province of Trento

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'A-'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F1'

Region of Calabria

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F2'

Region of Lazio

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F3'

Region of Marche

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F2'

Region of Sicily

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F3'

Autonomous Province of Bolzano

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'A-'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F1'

Metropolitan City of Milan

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F2'

City of Busto Arsizio

Long-Term Foreign- and Local-Currency IDRs: affirmed at 'BBB'; Outlooks revised to Negative from Stable

Short-Term Foreign-Currency IDR: affirmed at 'F2'

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Additional information is available on www.fitchratings.com

Applicable Criteria

International Local and Regional Governments Rating Criteria - Outside the United States (pub. 18 Apr 2016) (<https://www.fitchratings.com/site/re/878660>)

Additional Disclosures

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The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

UNSOLICITED ISSUERS

Entity/Security	ISIN/CUSIP/COUPO N RATE	Rating Type	Solicitation Status
Bolzano, Autonomous Province of	-	Long Term Issuer Default Rating	Unsolicited
Bolzano, Autonomous Province of	-	Short Term Issuer Default Rating	Unsolicited
Bolzano, Autonomous Province of	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Lazio, Region of	-	Long Term Issuer Default Rating	Unsolicited
Lazio, Region of	-	Short Term Issuer Default Rating	Unsolicited
Lazio, Region of	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Piemonte, Region of	-	Long Term Issuer Default Rating	Unsolicited
Piemonte, Region of	-	Short Term Issuer Default Rating	Unsolicited
Piemonte, Region of	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Valle d'Aosta,Autonomous Region of	-	Long Term Issuer Default Rating	Unsolicited
Valle d'Aosta,Autonomous Region of	-	Short Term Issuer Default Rating	Unsolicited
Valle d'Aosta,Autonomous Region of	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Veneto, Region of	-	Long Term Issuer Default Rating	Unsolicited
Veneto, Region of	-	Short Term Issuer Default Rating	Unsolicited
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