Informazione Regolamentata n. 0051-28-2019	Data/Ora Ricezione 05 Giugno 2019 18:05:49	MTA

Societa'	:	BANCA POPOLARE DI SONDRIO
Identificativo Informazione Regolamentata	:	119447
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Oggetto	:	Rating

Testo del comunicato

Vedi allegato.

Banca Popolare di Sondrio

Società cooperativa per azioni - fondata nel 1871
Sede sociale e direzione generale: I - 23100 Sondrio So - Piazza Garibaldi 16
Iscritta al Registro delle Imprese di Sondrio al n. 00053810149
Iscritta all'Albo delle Banche al n. 842
Capogruppo del Gruppo bancario Banca Popolare di Sondrio, iscritto all'Albo dei Gruppi bancari al n. 5696.0
Iscritta all'Albo delle Società Cooperative al n. A160536
Aderente al Fondo Interbancario di Tutela dei Depositi
Codice fiscale e Partita IVA: 00053810149
Capitale Sociale € 1.360.157.331 - Riserve € € 983.893.092
(dati approvati dall'Assemblea dei soci del 27/4/2019)

COMUNICATO STAMPA

Banca Popolare di Sondrio: Fitch Ratings abbassa il rating di lungo periodo da BBB- a BB+, con outlook "stabile"; è confermato a BBB- il rating a lungo termine sui depositi.

In data odierna l'agenzia di valutazione del credito Fitch Ratings ha rivisto il rating a lungo termine della Banca Popolare di Sondrio portandolo a "BB+" da "BBB-", il rating di breve termine modificandolo a "B" da "F3", il Viability Rating aggiornandolo a "bb+" da "bbb-" e, analogamente, il Senior Preferred Debt portandolo a "BB+" da "BBB-". Allo stesso tempo vengono confermati il rating a lungo termine sui depositi a BBB- e l'outlook a "stabile".

Di seguito, il dettaglio dei rating assegnati a Banca Popolare di Sondrio:

- Long-term Issuer Default Rating ("IDR"): a "BB+" da "BBB-"
- Short-term Issuer Default Rating ("IDR"): a "B" da "F3"
- Viability Rating: a "bb+" da "bbb-"
- Support rating: confermato a "5"
- Support rating floor: confermato a "No Floor"
- Outlook: confermato a "stabile"
- Long-term Deposit Rating: confermato a "BBB-"
- Senior Preferred Debt: a "BB+" da "BBB-"

Si allega il comunicato stampa pubblicato da Fitch Ratings.

Sondrio, 5 giugno 2019

BANCA POPOLARE DI SONDRIO SCPA

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FitchRatings

05 Jun 2019 | Downgrade

Fitch Downgrades Banca Popolare di Sondrio to 'BB+'; Outlook Stable

Fitch Ratings-Milan/Barcelona-05 June 2019: Fitch Ratings has downgraded Banca Popolare di Sondrio - Societa Cooperativa per Azioni's (Sondrio) Long-Term Issuer Default Rating (IDR) to 'BB+' from 'BBB-' and Viability Rating to 'bb+' from 'bbb-'. The Outlook on the Long-Term IDR is Stable. A full list of rating actions is at the end of this rating action commentary.

The downgrade reflects the bank's worse-than-expected progress in reducing impaired loans, which has lagged behind that of its closest domestic peers. As a result, its asset quality metrics, including capital encumbrance from unreserved impaired loans, are weaker than the domestic sector average. Sondrio went from operating with healthier-than-domestic sector average asset quality ratios until 2017 to operating with ratios that underperform the sector average.

KEY RATING DRIVERS

IDRS, VR AND SENIOR PREFERRED DEBT

The ratings of Sondrio reflect its limited progress in improving asset quality, which remains weak by national and international standards, and the resulting pressure this has on its acceptable capitalisation and operating profitability. The ratings also take into account the bank's adequate franchise in the bank's regions of operations, which results in stable customer deposits underpinning a sound funding and liquidity profile.

Sondrio's impaired loans ratio reached a historical high of 15.6% at end-2018, before slightly declining in 3M19. The deterioration is in contrast to that of the domestic sector, which showed an improving trend over the past 18 months, bringing the sector's impaired loan ratio to around 10% at end-March 2019. Positively, Sondrio's impaired loan coverage ratio of 57% at end-March 2019 is sound and remains one of the highest among medium-sized domestic banks.

Impaired loans formation normalised over the past few years but the bank's strategy to manage impaired loans through a combination of recoveries and write-offs, without any meaningful portfolio sales, has to date failed to materially cut back outstanding impaired loan volumes. Should the bank continue this strategy, achieving a substantial reduction in impaired loans in the medium term will prove challenging given Italy's weak economic prospects, in our view.

Recent authorisation received by Sondrio to use A-IRB models for the calculation of regulatory capital ratios has provided it with capital flexibility to rethink its impaired loan strategy by accelerating the pace of impaired loan reduction beyond its current plans. While we would view the shift in its impaired loan strategy as positive, this would entail execution risks. All this means that Sondrio might continue to lag the domestic sector's improving trend and operate with comparatively higher impaired loan ratios, also by international standards.

Sondrio's capitalisation is maintained with moderate buffers above the minimum regulatory requirements. The bank's Fitch Core Capital (FCC) ratio was 12.4% at end-2018 and phased-in CET1 ratio was 12.1% at end-March 2019, well above the Supervisory Review and Evaluation Process requirement. However, existing buffers over Pillar 2 total capital requirements are getting thinner. While regulatory ratios are satisfactory and should soon benefit from the validation of A-IRB models, Sondrio's capitalisation remains at risk from unreserved impaired loans and holdings of Italian sovereign debt, which represented over 60% and 250% of its FCC, respectively at end-March 2019.

Sondrio's profitability proved variable over the economic cycle. Its earnings are modest and have in the past few years partly relied on gains from securities. We believe that improving profitability in the current low interest rate environment and Italy's weak economic prospects represents a challenge.

The bank's funding and liquidity profile is sound. Customer deposits have been stable, benefiting from strong client relationships. Funding sources are increasingly diversified due to a higher usage of covered bonds and the recent benchmark issue of senior preferred debt to institutional investors. Liquidity is healthy, also when excluding the bank's large utilisation of ECB facilities.

SUPPORT RATING AND SUPPORT RATING FLOOR

The Support Rating (SR) of '5' and Support Rating Floor (SRF) of 'No Floor' reflect Fitch's view that, although external support is possible, it cannot be relied upon. Senior creditors can no longer expect to receive full extraordinary support from the sovereign if the bank becomes non-viable. The EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for the resolution of banks that requires senior creditors to participate in losses, if necessary, instead of or ahead of a bank receiving sovereign support.

DEPOSIT RATING

The Long-Term Deposit Rating is one-notch above Sondrio's Long-Term IDR because we believe that the probability of default on deposits is lower than the bank's Long-Term IDR. Subsequent to our assignment of Long-Term Deposit Rating in April 2019, the bank increased its total buffer of qualifying junior and senior debt through senior preferred issuance, which provides sufficient protection to uninsured depositors in a resolution or liquidation. The one-notch uplift also reflects our expectation that the bank will maintain sufficient buffers, given the need to comply with minimum requirement for own funds and eligible liabilities (MREL).

RATING SENSITIVITIES

IDRS, VR AND SENIOR PREFERRED DEBT

The ratings of Sondrio are sensitive to its ability to materially reduce its stock of impaired loans without undermining its capital position. Rating upside would arise in the medium term if Sondrio sharply accelerates the reduction of impaired loans without eroding capital ratios and reducing capital encumbrance to unreserved impaired loans. This would also have to be accompanied by a structural improvement in operating profitability.

Conversely, the ratings could be downgraded if capital was to materially deteriorate to support any future impaired loan reduction, if the bank fails to lower its impaired loan ratio or if impaired loans inflows increase significantly. The ratings are also sensitive to deterioration in the bank's funding and liquidity profile.

SUPPORT RATING AND SUPPORT RATING FLOOR

An upgrade of the SR and upward revision of the SRF would be contingent on a positive change in the sovereign's propensity to support the bank. In Fitch's view, this is highly unlikely, although not impossible.

DEPOSIT RATING

The Long-Term Deposit Rating is primarily sensitive to changes in the bank's Long-Term IDR. The rating is also sensitive to a reduction in the size of the senior and junior debt buffers, although we view this unlikely in light of current and future regulatory requirements regarding MREL.

The rating actions are as follows:

Long-Term IDR: downgraded to 'BB+' from 'BBB-'; Outlook Stable
Short-Term IDR: downgraded to 'B' from 'F3'
Viability Rating: downgraded to 'bb+' from 'bbb-'
Support Rating: affirmed at '5'
Support Rating Floor: affirmed at 'No Floor'
Long-term Deposit Rating: affirmed at 'BBB-'
Senior preferred debt: downgraded to 'BB+' from 'BBB-'

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Additional information is available on www.fitchratings.com

Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018)
Short-Term Ratings Criteria (pub. 02 May 2019)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
Solicitation Status
Endorsement Policy

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