

DBRS Morningstar Revises Trend on Istituto per il Credito Sportivo to Stable After Sovereign Rating Action

BANKING ORGANIZATIONS

DBRS Ratings GmbH (DBRS Morningstar) revised its trend on Istituto per il Credito Sportivo's (ICS or the Bank) ratings to Stable from Negative, including on the BBB Long-Term and R-2 (high) Short-Term Issuer Ratings. At the same time, DBRS Morningstar confirmed the Bank's ratings including the Long-Term and Short-Term Deposit ratings at BBB (high)/R-1 (low) respectively, one notch above the Issuer ratings, reflecting the legal framework in place in Italy which has full depositor preference in bank insolvency and resolution proceedings. The Bank's Support Assessment is SA1. A full list of rating actions is included at the end of this press release.

KEY RATING CONSIDERATIONS

The trend change to Stable from Negative follows DBRS Morningstar's rating action on the Republic of Italy. On October 29, 2021, DBRS Morningstar confirmed the Republic of Italy's Issuer Ratings at BBB (high)/R-1 (low) and revised the trend to Stable from Negative (see "DBRS Morningstar Revises Italy's Trend to Stable, Confirms BBB (high) Rating").

ICS's ratings reflect a Support Assessment of SA1, which implies the expectation of predictable support from its main shareholders, the Italian government. The Long-Term Issuer Rating of ICS is one notch below the Long-Term Issuer Rating of Italy, reflecting that, despite the expectation of predictable support, there is not a government guarantee or explicit commitment from the government to maintain the capitalisation of the Bank. Nevertheless, DBRS Morningstar expects support to ICS from the Italian State to be forthcoming in case of need, as a result of the Bank's ownership and its strategic public mission.

RATING DRIVERS

An upgrade of the Republic of Italy's ratings would likely lead to an upgrade of ICS's ratings. An upgrade of ICS's Long-Term Issuer rating could also be driven by an explicit guarantee and commitment of support to ICS from the Italian government.

A downgrade of ICS's ratings could result from a downgrade of Italy's Sovereign rating. In addition, any indication of a weakening of the commitment from the Italian government and/or a change of control in the Bank's ownership structure could also lead to a downgrade.

RATING RATIONALE

ICS is a small public bank and independently managed public body, responsible for ensuring sustainable support to sport and culture in Italy. With over 34,000 infrastructure items financed, corresponding to around 75% of Italian sport facilities since the Bank's establishment, ICS is a leader in this niche sector. DBRS Morningstar expects support to ICS from the Italian State to be forthcoming in case of need, as a result of the Bank's ownership and its strategic public mission which we deem to be the key pillars underpinning ICS's ratings.

ESG CONSIDERATIONS

ICS's ESG drivers mirror those of the Republic of Italy given the SA1 Support Assessment and the links between ICS and the Italian State. For more details on the rationale of ESG Factors on the Republic of Italy, see "DBRS Morningstar Revises Italy's Trend to Stable, Confirms BBB (high) Rating".

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at <https://www.dbrsmorningstar.com/research/373262>.

Notes:

All figures are in EUR unless otherwise noted.

The principal methodology is the Global Methodology for Rating Banks and Banking Organisations (19 July 2021) <https://www.dbrsmorningstar.com/research/381742/global-methodology-for-rating-banks-and-banking-organisations>.

Other applicable methodologies include the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (3 February 2021) <https://www.dbrsmorningstar.com/research/373262/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.

The sources of information used for this rating include ICS Reports 2011-2020, ICS Pillar 3 2020, and ICS Bylaws (24 January 2014). DBRS Morningstar considers the information available to it for the purposes of providing this rating to be of satisfactory quality.

DBRS Morningstar does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance.

Generally, the conditions that lead to the assignment of a Negative or Positive trend are resolved within a 12-month period. DBRS Morningstar's outlooks and ratings are under regular surveillance.

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>. DBRS Morningstar understands further information on DBRS Morningstar historical default rates may be published by the Financial Conduct Authority (FCA) on its webpage: <https://www.fca.org.uk/firms/credit-rating-agencies>.

The sensitivity analysis of the relevant key rating assumptions can be found at: <https://www.dbrsmorningstar.com/research/387541>.

This rating is endorsed by DBRS Ratings Limited for use in the United Kingdom.

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Initial Rating Date: August 2, 2021

Last Rating Date: August 2, 2021

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For more information on this credit or on this industry, visit www.dbrsmorningstar.com.

Ratings

Istituto per il Credito Sportivo

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
05-Nov-21	Long-Term Issuer Rating	Trend Change	BBB	Stb	EU U
05-Nov-21	Short-Term Issuer Rating	Trend Change	R-2 (high)	Stb	EU U
05-Nov-21	Short-Term Debt	Trend Change	R-2 (high)	Stb	EU U
05-Nov-21	Short-Term Deposits	Trend Change	R-1 (low)	Stb	EU U
05-Nov-21	Long Term Deposits	Trend Change	BBB (high)	Stb	EU U
05-Nov-21	Long Term Senior Debt	Trend Change	BBB	Stb	EU U

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