

FITCH DOWNGRADES EUROFIDI TO 'BBB-'; OUTLOOK NEGATIVE

Fitch Ratings-London/Milan-25 October 2011: Fitch Ratings has downgraded Eurofidi's Long-term Issuer Default Rating (IDR) to 'BBB-' from 'BBB+' and Short-term IDR to 'F3' from 'F2'. The Outlook on the Long-term IDR is Negative.

The rating action follows the downgrade of the region of Piemonte to 'A' (see 'Fitch Downgrades Region of Piemonte to 'A'; Negative Outlook, dated 7 October 2011 and available at www.fitchratings.com) and reflects Fitch's view of the reduced ability of the region of Piemonte ('A/Negative) and its finance company subsidiary, FinPiemonte Partecipazioni (FPP, 72%-owned by the Region of Piemonte), to provide support to Eurofidi.

Eurofidi's ratings continue to reflect its close relationship with the region of Piemonte. The downgrade of the region of Piemonte's Long-term IDR reflected the region's weak operating performance amid growing debt and tight liquidity. Fitch considers that while Eurofidi maintains its strategic importance to the region of Piemonte, the latter's ability to provide support to Eurofidi has significantly reduced. Changes in the region's ability or propensity to support Eurofidi could affect Eurofidi's ratings further, to the point that Eurofidi's ratings could cease to be based on support and be based on its standalone strength, which would likely be well below investment grade.

Eurofidi is indirectly owned (18%) by the region of Piemonte, through FPP, and remains strategic to the region in its policy of supporting local SMEs. Eurofidi's corporate governance is also influenced by the region and FPP, which appoint some of Eurofidi's board members. The region of Piemonte has supported Eurofidi's growth plans in the past.

Eurofidi is the largest confidi in Italy. Eurofidi is a regulated entity under Article 107 of Italian banking law and subject to supervision by the Bank of Italy. During H111, asset quality continued to deteriorate, and gross problem guarantees reached to 14.6% of total gross guarantees. With an end-June 2011 total capital ratio of 10.75%, the confidi comfortably exceeds the minimum total capital ratio requirement of 6%, but Fitch considers that capitalisation is only acceptable given its relatively small size and the continuing weak performance of the domestic economy.

Contact:

Primary Analyst
Christian Scarafia
Senior Director
+ 39 02 87 90 87 212
Fitch Italia S.p.A.
V.lo Santa Maria alla Porta, 1
20123 Milan

Secondary Analyst
Francesca Vasciminno
Director
+ 39 02 87 90 87 225

Committee Chairperson
Maria Jose Lockerbie
Managing Director
+44 203 530 1083

Media Relations: Michelle James, London, Tel: +44 0203 530 1574, Email:

Michelle.James@fitchratings.com.

Additional information is available at www.fitchratings.com.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria "Global Financial Institutions Rating Criteria" dated 16 August 2011, available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649171

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