

## RATING ACTION COMMENTARY

# Fitch Affirms Banca Popolare di Sondrio at 'BBB'/Positive; Withdraws VR

Thu 12 Mar, 2026 - 7:40 AM ET

Fitch Ratings - Milan - 12 Mar 2026: Fitch Ratings has affirmed Banca Popolare di Sondrio - Societa per Azioni's (BPSO) Long-Term Issuer Default Rating (IDR) at 'BBB' and its Viability Rating (VR) at 'bbb-'. The Outlook on the Long-Term IDR is Positive. Fitch has simultaneously withdrawn BPSO's VR.

A full list of rating actions is below.

The withdrawal of BPSO's VR reflects Fitch's view that the bank no longer has a meaningful standalone franchise that can be assessed independently. This follows the acquisition of majority ownership by BPER, the integration already achieved between the two entities, and our expectation that the merger of BPSO into BPER will be completed by end -April 2026 as currently planned.

## KEY RATING DRIVERS

**High Probability of Shareholder Support:** BPSO's Long- and Short-Term IDRs are equalised with BPER's and factor in Fitch's view of a high probability of support by BPER for BPSO, which is reflected in the 'bbb' Shareholder Support Rating (SSR). Fitch considers BPSO a key and integral part of BPER's group, as it adds scale and strengthens its market position in the domestic banking sector, generating scope for operational and commercial synergies.

We believe a default of BPSO would create huge reputational risk for BPER, and that the Italian authorities would favour support for BPSO from BPER. In addition, we expect the enlarged group to ultimately adopt a combined group resolution plan, which will make support for the subsidiary highly likely as the group will most likely operate under a single point-of-entry model. The Positive Outlook on BPSO's Long-Term IDR mirrors that on the parent.

**Manageable Integration Risks:** Fitch expects BPSO to be fully operationally integrated within BPER in 2027. We see significant execution risks due to BPSO's large size relative to its parent, at about 29% of the combined entity's assets at end-2025, and its fairly large number of legal entities. However, we expect such risks to be manageable due to BPER's successful record in integrating acquired entities. We expect the merger of BPSO into BPER to be completed according to plan, as it has received all necessary regulatory approvals.

**BPSO Franchise Boosts Group Competitiveness:** BPSO's franchise, which complements BPER's through its footprint in the northern provinces of Lombardy, enhances the group's competitive position in Italy's wealthiest region. BPSO also contributes its longstanding expertise in treasury services for public offices and established custody banking relationships with pension funds to the new group.

**Adequately Managed Regional Bank:** BPSO's VR - prior to the withdrawal - reflected the bank's traditional commercial banking activities, second-tier national franchise but with a well-established position in wealthy Lombardy and good product diversification. It also considered average asset quality, satisfactory capitalisation and stable funding and liquidity.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

BPSO's IDRs and SSR would be downgraded if BPER's Long-Term IDR was downgraded. They would also be downgraded if BPER changed its plan to merge BPSO, which would likely lead to a reassessment of the execution risks posed by the integration and BPSO's role within the group. However, we do not expect this to occur.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

BPSO's SSR and IDR would be upgraded if BPER's Long-Term IDR was upgraded. Fitch also expects to withdraw BPSO's ratings on completion of the merger into BPER as the bank will cease to exist as a separate legal entity.

Fitch notes that ratings of banks operating in developed resolution regimes could be affected if the 'Exposure Draft: Bank Rating Criteria' is implemented as proposed upon conversion into final criteria.

## **OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS**

BPSO's long-term deposit rating of 'BBB+' is one notch above its Long-Term IDR. This is because of full depositor preference in Italy and protection from less-preferred bank resolution debt and equity buffers, which we expect to be maintained given the group's need to comply with minimum requirement of eligible liabilities (MREL). Over the medium term, we expect BPSO to benefit from the buffers built up at its parent. The short-term deposit rating of 'F2' is the lower of two options mapping to a long-term deposit rating of 'BBB+', in line with the Short-Term IDR, because the funding and liquidity score is not high enough to achieve a higher rating.

BPSO's senior preferred debt of 'BBB' is rated in line with the bank's Long-Term IDR because the bank uses senior preferred debt to meet its MREL and the buffer of subordinated debt and other junior instruments is lower than 10% of risk-weighted assets.

We notch subordinated Tier 2 debt down from BPSO's Long-Term IDR because we believe support from BPER will extend to BPSO's subordinated creditors. The subordinated Tier 2 debt is rated two notches below the Long-Term IDR for loss severity to reflect poor recovery prospects.

## **OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES**

The deposit and senior preferred debt ratings are mainly sensitive to changes in the IDRs and MREL compliance strategy at BPER and BPSO.

BPSO's subordinated Tier 2 notes are primarily sensitive to changes in the bank's Long-Term IDR from which they are notched.

## **VR ADJUSTMENTS**

Prior to the withdrawal of the VR, the operating environment score of 'bbb+' was below the 'a' category implied score due to the following adjustment reason: sovereign rating (negative).

## **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**

BPSO's IDRs and SSR are driven by support from BPER.

## **ESG CONSIDERATIONS**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' 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. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡		
Banca Popolare di Sondrio - Societa per Azioni	LT IDR	BBB Rating Outlook Positive		BBB Rating Outlook Positive		
	Affirmed					
	ST IDR	F2	Affirmed	F2		
	Viability	bbb-	Affirmed	bbb-		
	Viability	WD	Withdrawn			
subordinated	Shareholder Support		bbb	Affirmed	bbb	
	LT	BB+	Affirmed		BB+	
	long-term deposits	LT	BBB+	Affirmed		BBB+
	Senior preferred	LT	BBB	Affirmed		BBB
	short-term deposits	ST	F2	Affirmed		F2

[VIEW ADDITIONAL RATING DETAILS](#)**FITCH RATINGS ANALYSTS****Gianluca Romeo**

Director

Primary Rating Analyst

International

+39 02 9475 6214

[gianluca.romeo@fitchratings.com](mailto:gianluca.romeo@fitchratings.com)

Fitch Ratings Ireland Limited Sede Secondaria Italiana

Via Morigi, 6 Ingresso Via Privata Maria Teresa, 8 Milan 20123

**Paolo Comensoli**

Director

Secondary Rating Analyst

+39 02 9475 6550

[paolo.comensoli@fitchratings.com](mailto:paolo.comensoli@fitchratings.com)

**Julien Grandjean**

Director

Committee Chairperson

+33 1 44 29 91 41

[julien.grandjean@fitchratings.com](mailto:julien.grandjean@fitchratings.com)

**MEDIA CONTACTS****Matthew Pearson**

London

+44 20 3530 2682

[matthew.pearson@thefitchgroup.com](mailto:matthew.pearson@thefitchgroup.com)

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**APPLICABLE CRITERIA**

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

## Financial Institutions Climate Vulnerability Rating Criteria (pub. 08 Dec 2025)

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Banca Popolare di Sondrio - Societa per Azioni

EU Issued, UK Endorsed

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