

Iccrea Banca SpA

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Table Of Contents

Major Rating Factors

Rationale

Outlook

Iccrea Banca SpA

Major Rating Factors

Strengths:

- Strong market position in Italy for the Banche di Credito Cooperativo (BCC) cooperative banking network
- BCCs' adequate aggregate financial profile
- Sound support mechanism that strongly limits BCC depositors' losses
- Iccrea Banca's core institutional role for the BCCs

Counterparty Credit Rating

A/Negative/A-1

Weaknesses:

- BCCs' vulnerability to the weak domestic economy due to the composition of their loan portfolios
- BCCs' unseasoned loan portfolios and loan concentrations
- BCCs' often unsophisticated risk culture
- Iccrea Banca's modest profitability

Rationale

The ratings on Italy-based Iccrea Banca SpA primarily reflect its status as the central bank of the Banche di Credito Cooperativo (BCC), a large and cohesive network of small Italian cooperative banks. The BCCs' aggregate creditworthiness leverages a strong market position in Italy, adequate aggregate financial profile, and sound support mechanism that strongly limits depositors' losses. Conversely, BCCs' often unsophisticated risk culture and their vulnerability to the current weak domestic economy are negative rating factors.

As of Dec. 31, 2008, the BCC network was made up of about 432 rural cooperative banks, with a combined market share in loans of 7.4% and capitalization of more than €17 billion--comparable with that of a large Italian bank.

BCCs are fully independent in their banking activity, although tied to the network through local federations and adherence to protection programs. This support mechanism, because it strongly limits depositors' losses, enhances the creditworthiness of each individual bank in the BCC network.

Standard & Poor's Ratings Services' analysis based on available aggregate unaudited data provided by Federcasse (the national federation of Italian cooperative banks) shows that the BCCs' asset quality is exposed to domestic economic weakness due to the composition of their loan portfolios, consisting mainly of loans to small enterprises and artisans.

Sustained loan growth in the past few years, coupled with high loan portfolio concentration in the real estate sector for some BCCs, makes their credit quality vulnerable to the domestic economic environment.

As of the date of publication of this report, we did not have year-end 2008 asset quality metrics for the whole BCC system (gross nonperforming loans were 2.7% of total loans on Sept. 30, 2008). However, we expect that asset quality deterioration for full year 2008 was contained

We believe that the BCCs' loss absorption capacity could decline significantly in 2009 given that interest income,

which represents the bulk of their revenues, is likely to suffer from low interest rates and limited asset growth.

The BCC system's financial profile is likely to remain adequate in our opinion, supported by good capitalization and liquidity. The risk culture and tools to measure and monitor risks are often unsophisticated at the individual BCC bank level, however.

As the Iccrea group's liquidity manager, in the future, Iccrea Banca is set to finance Banca Agrileasing SpA (the BCC network's small and midsize enterprise banking arm). Iccrea Banca's liquidity is currently good, although the bank plans to rely more than in the past on the BCC network for funding, given current difficulties in the financial market. We will monitor the BCCs' capability and willingness to provide liquidity to Iccrea Banca.

We consider the Iccrea group to have moderate systemic importance within the Italian banking sector. We consider the Italian authorities to be supportive, and consequently our ratings on the banks in the Iccrea group include the soft benefits derived from being a group in a regulated environment with access to extraordinary liquidity.

Outlook

The negative outlook on Iccrea Banca reflects the potential for Standard & Poor's to lower the ratings if the asset quality and profitability of the BCC network deteriorate enough to impair its aggregate financial profile.

Conversely, we would revise the outlook to stable if the BCCs' financial profile can successfully weather the difficult domestic economic conditions.

Iccrea Banca SpA Financial Statistics					
(Mil. €)	--Year ended Dec. 31--				
	2008	2007	2006	2005	2004
KEY DATA					
Adjusted assets	8,969	9,561	8,919	7,189	6,884
Risk adjusted assets (regulatory definition)	2,367	2,791	2,874	2,580	2,439
Customer loans (net)	793	598	1,042	876	692
Core/customer deposits	1,393	978	878	385	433
Adjusted common equity	290	280	272	261	251
Operating revenues	170	172	179	150	139
Noninterest expenses	137	133	135	120	113
Net income after extraordinaries	9	25	30	13	11
BALANCE SHEET COMPOSITION (% of Adj. Assets)					
Cash and money market instruments/assets(adj.)	73.56	75.11	76.84	72.27	76.19
Securities/assets(adj.)	16.15	13.95	6.4	10.63	8.7
Loans (net)/assets(adj.)	8.84	6.26	11.69	12.18	10.05
PROFIT AND LOSS COMPOSITION (% of revenues)					
Net interest income/revenues	33.83	23.35	21.36	21.4	21.19
Fee income/revenues	63.92	60.99	56.8	62.21	61.55
Market-sensitive income/revenues	(7.39)	8.55	12.53	7.5	9.72
Noninterest expense/revenues	80.75	77.62	75.39	80.05	81.43

Iccrea Banca SpA Financial Statistics (cont.)					
New loan loss provisions/revenues	8.87	1.4	(0.73)	0.28	1.19
Net income/revenues	5.49	14.63	16.88	8.36	7.93
PROFITABILITY (%)					
Net interest income (taxable equiv.)/avg. earning assets	0.65	0.47	0.52	0.49	0.5
Noninterest expenses /assets(avg. adj.)	1.48	1.44	1.68	1.7	1.76
Net operating income before loss provisions/avg. risk assets (%)	N.A.	1.36	1.61	1.19	1.16
Net operating income after loss provisions/avg. risk assets (%)	N.A.	1.27	1.66	1.17	1.09
Net income/avg. risk assets (%)	N.A.	0.89	1.11	0.5	0.5
Core earnings/avg. tang. common equity (ROE) (%)	3.02	7.6	9.92	6.37	5.68
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	17.19	11.21	10.83	5.86	6.92
Total loans/customer deposits	56.92	63.63	121.64	231.83	163.64
Customer loans (net)/assets (adj.)	8.84	6.26	11.69	12.18	10.05
CAPITALIZATION (%)					
Adjusted total equity/adjusted assets	3.23	2.93	3.05	3.63	3.65
Adjusted total equity/risk assets	N.A.	10.04	9.47	10.11	10.3
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	2.17	0.29	(0.14)	0.05	0.23
Loan loss reserves/customer loans (gross)	0	3.84	2.37	1.97	2.32
NPA (excl. delinquencies)/customer loans + ORE	10.46	6.9	4.21	5.3	6.2
Net NPA/customer loans (net) + ORE	10.46	3.18	1.89	3.39	3.97

Financial statements for are audited, unconsolidated, and prepared according to IFRS. N.A.--Not available.

Ratings Detail (As Of May 12, 2009)*

Iccrea Banca SpA

Counterparty Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1

Counterparty Credit Ratings History

24-Apr-2009	A/Negative/A-1
12-Sep-2000	A/Stable/A-1

Sovereign Rating

Italy (Republic of)	A+/Stable/A-1+
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Related Entities

Banca Agrileasing SpA

Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Junior Subordinated (2 Issues)	BBB
Senior Unsecured (23 Issues)	A
Short-Term Debt (1 Issue)	A-1
Subordinated (9 Issues)	A-

Iccrea Holding SpA

Issuer Credit Rating	A/Negative/A-1
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Ratings Detail (As Of May 12, 2009)*(cont.)

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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