FitchRatings

Public Finance
Local and Regional Governments
Italy

Autonomous Province of Bolzano

Autonomous Province of Bolzano's (PAB) Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) are constrained at two notches above Italy's IDRs (BBB+/Stable) as PAB can be rated above the sovereign due to its institutional strength and high financial autonomy. PAB has a Standalone Credit Profile (SCP) of 'aaa', which is the highest possible, and its financial profile is resilient in our rating case.

Key Rating Drivers

Standalone Credit Profile – 'aaa': PAB's SCP reflects the combination of a 'High Midrange' risk profile and financial profile metrics assessed in the 'aaa' category under Fitch's rating-case scenario.

Risk Profile – 'High Midrange': The risk profile assessment reflects a low risk that PAB's ability to cover debt service with the operating balance will weaken unexpectedly over the scenario horizon (2026-2030), either because of lower-than-expected revenue or expenditure above expectations, or because of unanticipated rises in liabilities or debt-service requirements.

Robust Revenue: The province's revenue base is more closely connected to the local economy and is less reliant on government transfers than those of other entities in the same subnational government tier. Its special autonomous status entitles it to receive a share of national taxes. Fitch calculates PAB's fiscal flexibility to be about 7% of tax revenue, supported by above-national-average socioeconomic indicators.

Expenditure Under Control: PAB has a long record of maintaining the operating balance at least at EUR0.9 billion, or 15% of operating revenue, in the past decade. The province's inflexible costs are below 70% of total spending and it has the flexibility to postpone the part of its capital expenditure (capex) that is largely self-funded.

Low Debt, High Liquidity: Fitch views PAB's debt policy as prudent with moderate Fitch-adjusted debt of about 5% of revenue in 2025. Its direct debt carries little risk owing to the amortising structure of loans and low debt service, below 1% of the operating revenue. In the past five years, more than 20% of cash was unrestricted under Fitch's calculations.

Financial Profile – 'aaa' Category: PAB's financial profile assessment is resilient in our rating case, with the debt payback ratio (net adjusted debt/operating balance) remaining below 1x in the rating-case period, confirming the financial profile assessment at the highest level of 'aaa'. The financial profile's secondary metrics remain in the same category as the payback ratio.

Leeway Above the Sovereign: The province benefits from special autonomy recognised in the Italian constitution and high financial autonomy that enables it to be rated above the sovereign. Fitch constrains PAB's IDRs at two notches above the sovereign's rating, reflecting its strong finances and potential influence by the state in case of sovereign or macroeconomic stress.

Ratings

Foreign Currency	
Long-Term IDR	A
Short-Term IDR	F1+
Local Currency	
Long-Term IDR	A
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Issuer Profile Summary

PAB is in northern Italy. It has about 500,000 residents, 0.9% of the Italian population, and wealthy socioeconomic indicators compared with national and international peers. Services are prevalent in the diversified local economy.

Financial Data Summary

(EURm)	2025	2030rc
Payback ratio (x)	-0.3	0.4
Synthetic coverage (x)	-43.8	26.9
Fiscal debt burden (%)	-7.3	5.2
Net adjusted debt	-572	388
Operating balance	1,985	884
Operating revenue	7,851	7,436
Debt service	28	84
Mortgage-style debt annuity	-45	33

rc: Fitch's rating-case scenario
Source: Fitch Ratings, Fitch Solutions, PAB

Climate Vulnerability Signals

2035 Climate Vulnerability Signal	20
Transition (Climate.VSt)	20
Physical (Climate.VSp)	10

Applicable Criteria

International Local and Regional Governments Rating Criteria (March 2026)

Related Research

Developed Europe LRGs 2026 Mid-Year Sector Outlook Remains 'Neutral' (June 2026)

Italian Local and Regional Governments – Peer Credit Analysis (March 2026)

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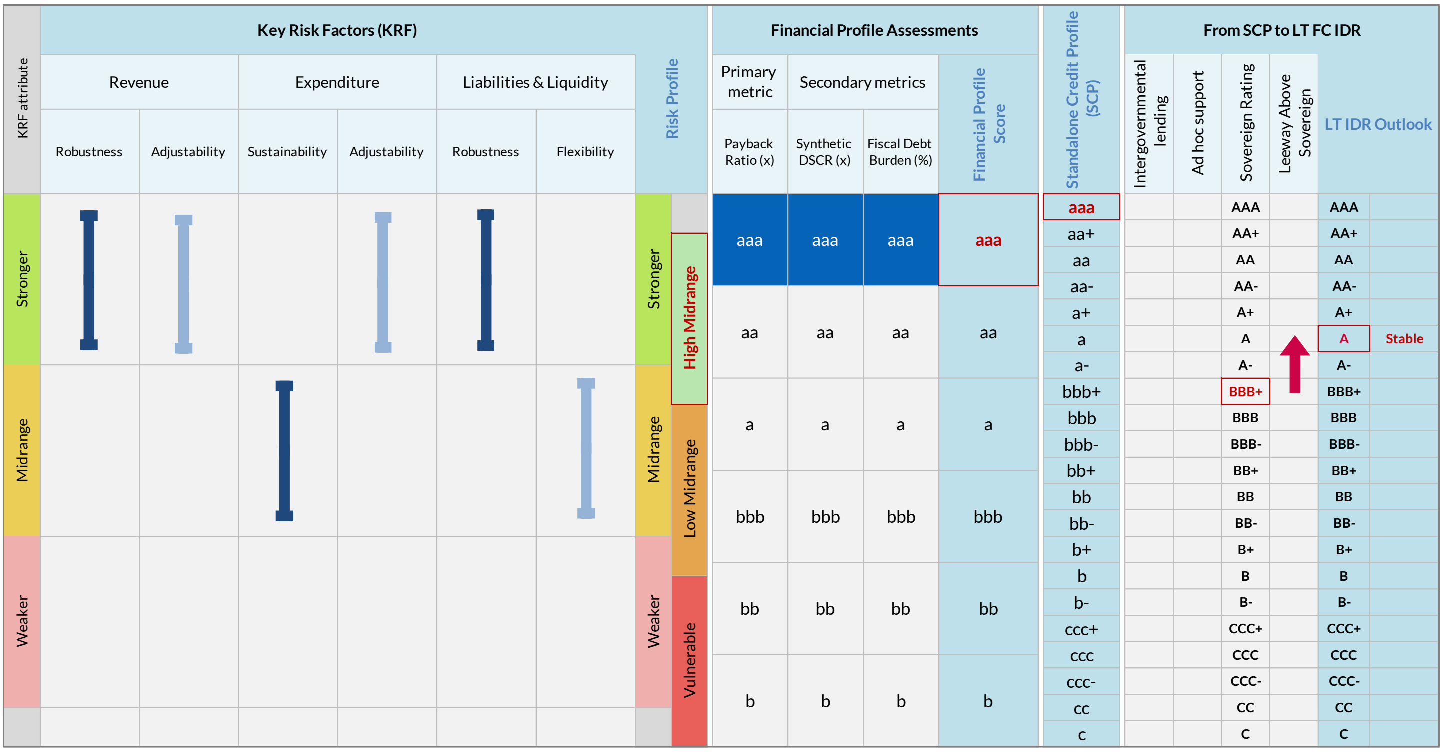
Rating Synopsis

Autonomous Province of Bolzano LT IDR Derivation Summary



Higher Influence KRF Lower Influence KRF

Source: Fitch Ratings

The six key risk factors (KRFs), combined according to their relative importance, collectively represent the risk profile of the local and regional government (LRG). Fitch's financial profile assessment measures the LRG's debt burden and debt service requirements amid a reasonable economic or financial downturn over the rating horizon. Fitch's risk profile and financial profile are combined in an SCP. This, together with some additional factors not captured in SCP, such as extraordinary support or rating cap, produces the IDR.

Rating Sensitivities

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

As PAB's IDRs are constrained at two notches above the Italian sovereign ratings, changes to Italy's IDRs and Outlook would be mirrored in PAB's ratings.

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

Negative action on the sovereign's ratings would be mirrored on PAB's IDRs.

PAB's Long-Term IDRs could be downgraded if the debt payback deteriorates towards 7x on a sustained basis in our rating case. This would lead to a multiple-notch downward revision of PAB's SCP and subsequently smaller leeway above the sovereign's ratings.

Issuer Profile

Italian subnationals include regions and local governments. Italy's 20 regions and the autonomous provinces of Trento and Bolzano are primarily responsible for healthcare and other spending, such as on social housing and economic development.

Provinces and the 14 metropolitan cities are secondary administrative entities and provide vocational training and investment in roads and schools. About 7,900 municipalities provide services, directly or through their companies, including transportation, waste collection, water, administration, urban maintenance and social care.

Under the constitution, there is no hierarchy between tiers of LRGs; regions do not have supervisory power over provinces/metropolitan cities and cities, except for special statute regions and provinces (collectively: special autonomies).

Fitch classifies PAB as a 'Type B' LRG, meaning that it is required to cover debt service from cash flow annually. It is one of the two provinces and four regions in Italy whose special status is protected by the constitution. PAB therefore has broader duties than ordinary regions, funded with a fixed share of national taxes. These responsibilities include healthcare, local transport, economic development, social housing, schools and education, universities, funding local authorities and socioeconomic development.

The province has a high degree of financial and fiscal autonomy (including over taxation, funding, borrowing and spending), but bilateral consent between the province and the state is required for changes to funding and responsibilities.

PAB is one of the wealthiest subnationals in Italy and Europe, with a nominal GDP per capita above EUR60,000 in 2024, which is about 55% above the EU average, and an unemployment rate below 2% in 2025. PAB's labour market is flexible, and the provincial economy is also anchored to the Austrian economy that is stronger than Italy's. At end-2024, GDP surpassed EUR33,000 million (EUR33,179 million in nominal terms, +0.6%).

In 2024, PAB's exports reached a record EUR7,440.9 million, up 3.2% from the previous year, including a 24.3% rise in exports to France. The trade balance posted a surplus (EUR712.3 million) for the 10th consecutive year. PAB's main export destinations are European countries, accounting for 70% (with about 31% to Germany and 10% to Austria). The US represents 7%, while it is less relevant as an import origin (about 1%). About 90% of imports are from the EU27 post Brexit, mostly from Germany and Austria (60% of imports).

PAB's gross value added rose 1.2% in 2023 to EUR25 billion. Services account for nearly three-quarters (74%) of the local economy, 14% of which comprises manufacturing with construction representing about 7%. There were 51,964 active local units in 2023 (0.7% higher than 2022) and 218,986 employees (up 2.9%).

Socioeconomic Indicators

	Autonomous Province of Bolzano	Italy
Population, 2024 (m)	0.5	58.9
GDP per capita, 2024 (EUR)	61,700	37,300
GRP growth, 2024 (%)	0.6	2.7
Employment rate, 2025 (%)	73.9	62.5
Unemployment rate, 2025 (%)	1.8	6.3

Source: Fitch Ratings, national statistics, PAB

Risk Profile Assessment

Risk Profile: High Midrange

Fitch assesses PAB's risk profile at 'High Midrange', reflecting the combination of assessments:

Risk Profile Assessment

Revenue Robustness	Revenue Adjustability	Expenditure Sustainability	Expenditure Adjustability	Liabilities & Liquidity Robustness	Liabilities & Liquidity Flexibility	Implied operating environment score	Risk Profile
Stronger	Stronger	Midrange	Stronger	Stronger	Midrange	a	High Midrange

Source: Fitch Ratings

The 'High Midrange' risk profile reflects the combination of the following factors:

Revenue Robustness: Stronger

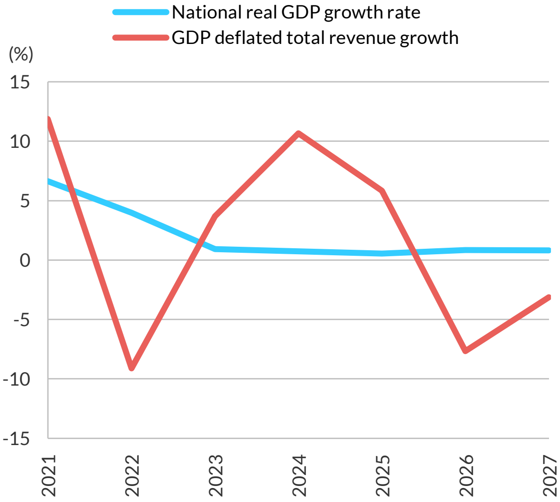
PAB's special autonomous status entitles it to receive shares of national taxes, ranging from 90% of personal income tax (PIT) and corporate income tax, to 80% of VAT, underpinning its tax revenue resilience. Its revenue base is more directly connected to the local economy than ordinary regions and less reliant on government transfers, which constitute just below 10% of operating revenue.

Operating revenue is PAB's main income source, especially tax revenue, which represented 82% of total revenue in 2021-2025. In 2025, operating revenue increased to nearly EUR7.9 billion (EUR7.2 billion in 2024) owing to strong growth in tax revenue, which reflected rising economic and consumption trends. PAB's strong tax base and its proximity and close economic relations with Austria through its network of SMEs benefit tax revenue, underpinning Fitch's assessment.

In 2025, revenue from VAT remained high at EUR1.27 billion (EUR1.16 billion in 2024), reflecting positive consumption and inflation, more business tax revenue following the upward revision of the standard rate to 3.9% in 2022 from 2.68% in 2021, and PIT, which stayed at EUR2 billion.

Fitch expects inflation and consumption to affect PAB's operating revenue, especially indirect taxes, such as VAT. We expect PIT, the other main tax item, to follow national real GDP growth.

Real Total Revenue and GDP Growth



Source: Fitch Ratings, Autonomous Province of Bolzano

Revenue Breakdown, 2025

(%)	Operating revenue	Total revenue
Value added tax	16.3	15.7
PIT and PIT surcharge	26.1	25.3
Business & Corporate Taxes	13.9	13.4
Transfers	8.2	8.0
Other operating revenue	35.5	34.4
Operating revenue	**100.0**	**96.7**
Interest revenue	-	0.0
Capital revenue	-	3.3
Total revenue	**-**	**100.0**

Note: Figures may not tally due to rounding.
Source: Fitch Ratings, Fitch Solutions, PAB

Revenue Adjustability: Stronger

Fitch assesses PAB's fiscal flexibility at around 7% of tax revenue, when raising the PIT surcharge and the regional business tax to their maximums and removing tax relief. We estimate PAB's fiscal flexibility could cover more than 2x revenue decline in the past 10 years, which is the threshold for a 'Stronger' assessment. Its above-national-average socioeconomic indicators, such as nominal GDP per capita at EUR61,700 (EUR37,300 for Italy in 2024), low unemployment of 1.8% (6.3% nationally in 2025) and an employment rate of 73.9% (62.5% in Italy in 2025) support fiscal flexibility.

We believe that fiscal reform, which started in 2022, has not had any additional impact on PAB and expects the central government will continue to compensate the province for the financial effects of further revisions to PIT, in accordance with national law and in agreement with the special statute regions and autonomous provinces. According to the latest state budget law (2026-2028), the central government continued to compensate for the financial effects caused by revisions of PIT but only partially: EUR10.5 million in 2026; EUR11.5 million in 2027; EUR5.8 million in 2028. However, the slightly positive economic trend would counterbalance the impact on the tax revenue of the fiscal reform in the medium term.

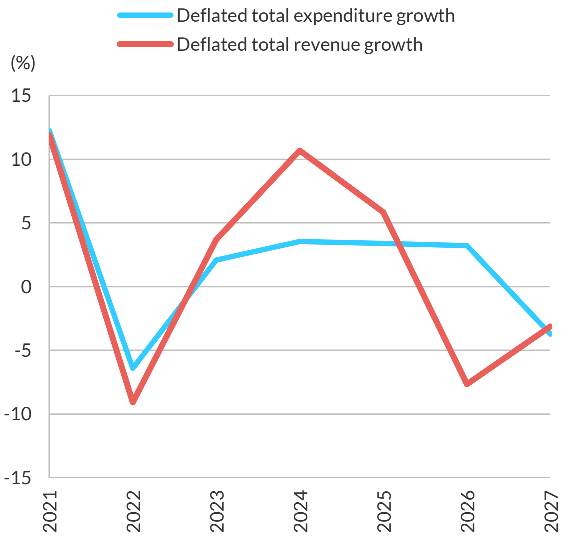
The province's maximum tax rate is legally capped, but PAB can determine fees or user charges. PAB applies the minimum PIT surcharge rate of 1.23% for most income brackets apart from the highest group (income above EUR50,000) for which the rate is 1.73%. The province currently grants several, significant tax deductions; for example, taxpayers with a taxable income of up to EUR90,000 are entitled to a deduction of EUR430.50 for each child.

Rates of business tax are determined by business type and the standard rate is 3.9% (maximum increase is 0.92%), which PAB applies.

Expenditure Sustainability: Midrange

The operating balance has been at least EUR0.9 billion over the past decade, or at least 15% of operating revenue, and robust financials enable it to sustain higher expenditure. The province has broad responsibilities. In 2025, healthcare represented about a quarter (26%) of totex (80% in ordinary regions), followed by education (17%), transfers to local authorities (12%) and social services (10%). In Fitch's view, this diversification of responsibilities would enable PAB to absorb spending peaks, if necessary, for example, by reducing discretionary transfers or streamlining non-essential expenditure without affecting the high quality of its services.

Real Total Expenditure and Revenue Growth



Source: Fitch Ratings, Autonomous Province of Bolzano

Expenditure Breakdown, 2025

(%)	Operating expenditure	Total expenditure
Healthcare	30.8	24.3
Public transport	6.2	4.9
General administration	7.7	6.0
Transfers to local authorities	11.5	9.1
Education and professional education	24.5	19.3
Other operating expenditure	19.3	15.2
Operating expenditure	**100.0**	**78.9**
Interest expenditure	-	0.1
Capital expenditure	-	21.0
Total expenditure	**-**	**100.0**

Note: Figures may not tally due to rounding.
Source: Fitch Ratings, Fitch Solutions, PAB

Expenditure Adjustability: Stronger

PAB efficiently manages costs, as seen in its satisfactory operating balance and positive fiscal performance. The expenditure structure is fairly flexible, and the share of inflexible costs is below 70% of totex, including education and healthcare. Capex averaged 21% of totex in 2021-2025, funded with PAB's own resources and by the state and the EU. The province has the capacity to postpone some capex, which averaged about EUR1.4 billion a year in 2021-2025.

PAB will use funds from the Italian Recovery and Resilience Plan and the new EU 2021-2027 programme cycle – both of which are moderately inflexible items – to fund capex. Compared to other regions, state and EU funds account for only a small portion of PAB's annual capex (15%-20% of capex), keeping the share of inflexible spending below Fitch's threshold of 70% for a 'Stronger' assessment. PAB has strong record of balanced statements and its operating balance has been above EUR800 million for the past decade.

Liabilities and Liquidity Robustness: Stronger

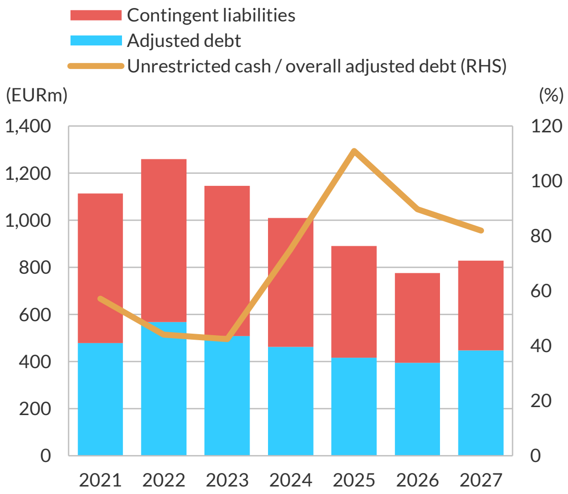
PAB's debt framework largely mirrors national prudential debt regulation, which underpins debt-service predictability and our assessment of this factor. Its direct debt at end-2025 was EUR282 million, 4% of operating revenue, with no exposure to variable rates. About 28% is intergovernmental (Region of Trentino Alto Adige, non-interest-bearing loans), with the remainder from Cassa Depositi e Prestiti SpA (BBB+/Stable/F1). Our assessment reflects that the smooth amortising debt structure and negligible proportion of debt service to operating revenue (EUR28 million in 2025, or a low 0.4% of operating revenue) has little risk of insolvency.

We consider PAB's off-balance sheet exposure to be modest. It supports its government-related entities (GREs) through about EUR120 million of guarantees. GRE debt is low at about EUR353 million, or 4% of operating revenue, mostly related to local energy provider (Alperia SpA; BBB/Positive), which Fitch considers largely self-supporting.

The Italian constitution only allows LRGs to borrow to fund capex with amortising structures and no foreign-currency debt exposure, and debt service is capped at 20% of free revenue. Debt maturity should also cover the duration of the investment programme.

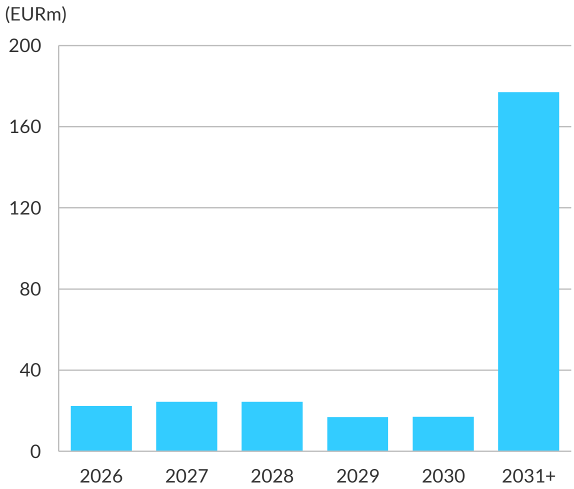
Smooth amortisation profiles underpin the predictability of debt service. The central government can provide cash advances with long tenors of up to 30 years. The state sets LRGs' borrowing limits for the regions' debt service, including that on guarantees, at 20% of operating revenue net of healthcare funds and mandatory provisions for contingencies.

Overall Adjusted Debt Structure



Source: Fitch Ratings, Autonomous Province of Bolzano

Debt Maturity Profile



Source: Fitch Ratings, Autonomous Province of Bolzano

Liabilities and Liquidity Flexibility: Midrange

PAB's unrestricted cash (Fitch's calculation) increased to EUR989 million at end-2025 (EUR758 million at end-2024), or 13% of operating revenue, and can be used as an alternative to cash advances. Fitch considers another EUR2.6 billion restricted for future commitments. This unrestricted cash represents a buffer in case of extraordinary expense and committed credit lines of nearly EUR300 million at PAB's treasury bank are available for unexpected refinancing risk. The treasury service is with a temporary consortium of companies formed by the lead partner Cassa di Risparmio di Bolzano S.p.A. (BBB-/Stable/F3) and Banca Popolare dell'Alto Adige S.p.A. (BBB-/Stable/F3).

The province has ample liquid reserves, which have been increasing since the phasing-in of the accounting reform for Italian LRGs (Fitch's unrestricted cash has been above EUR400 million in the past five years).

Debt Analysis

	2025
Fixed rate (% of direct debt)	100
Debt in foreign currency (% of direct debt)	0
Apparent cost of debt (%)	2.3
Weighted average life of debt (years)	8.2

Source: Fitch Ratings, PAB

Liquidity

(EURm)	2025
Total cash, liquid deposits and sinking funds	3,584
Restricted cash	2,596
Cash available for debt service	989
Undrawn committed credit lines	290

Source: Fitch Ratings, PAB

Financial Profile Assessment

Financial Profile: 'aaa' Category

Financial Profile Score Summary

	Primary metric	Secondary metrics	
	payback ratio (x)	Coverage (x)	Fiscal debt burden (%)
aaa	X ≤ 5	X >= 4	X ≤ 50
aa	5 < X ≤ 9	2 ≤ X < 4	50 < X ≤ 100
a	9 < X ≤ 13	1.5 ≤ X < 2	100 < X ≤ 150
bbb	13 < X ≤ 18	1.2 ≤ X < 1.5	150 < X ≤ 200
bb	18 < X ≤ 25	1 ≤ X < 1.2	200 < X ≤ 250
b	X > 25	X < 1	X > 250

Note: Yellow highlights show metric ranges applicable to the issuer.
Source: Fitch Ratings

PAB's financial profile is resilient to the rating-case assumptions, which encompass a continuous increase of current costs, including sustained operating transfers to the local economy against a decrease in current transfers received and overall flat tax revenue trend. Fitch expects the debt payback ratio (net adjusted debt/operating balance) to remain below 1x across the five-year rating case, underpinning a 'aaa' financial profile.

Under this rating scenario, Fitch expects the operating balance to decrease towards EUR0.8 billion by 2030, or around 30% lower than the historical average of EUR1.3 billion. We expect PAB to use cash reserves and new borrowing along with state and EU funds to sustain its EUR7 billion capex plan to fund infrastructure development and maintenance, investments in healthcare facilities and social-housing plans, and to support local businesses. Consequently, we expect Fitch-adjusted debt net of unrestricted cash at about EUR0.4 billion by 2030 (negative EUR572 million at end-2025).

Annual debt service for interest and principal could increase to about EUR80 million by 2030, which would be comfortably covered by the operating balance. The fiscal debt burden (net adjusted debt/operating revenue ratio) will remain below 10% in our rating case, underpinning PAB's satisfactory financial profile.

Strong Debt Metrics Under Fitch's Rating Case

Fitch's rating case is a "through-the-cycle" scenario, which incorporates a combination of revenue, cost and financial risk stresses. It is based on 2021-2025 figures, and 2026-2030 projected ratios, and on the assumptions detailed in the Scenario Assumptions Summary table below.

Under our rating case, operating revenue will increase less than before, mainly because we expect current transfers to decline after peaks during the Covid-19 pandemic, increases in energy prices, and other state compensation that will decline in the coming years. Tax revenue will trend in line with slowing economic growth and inflation.

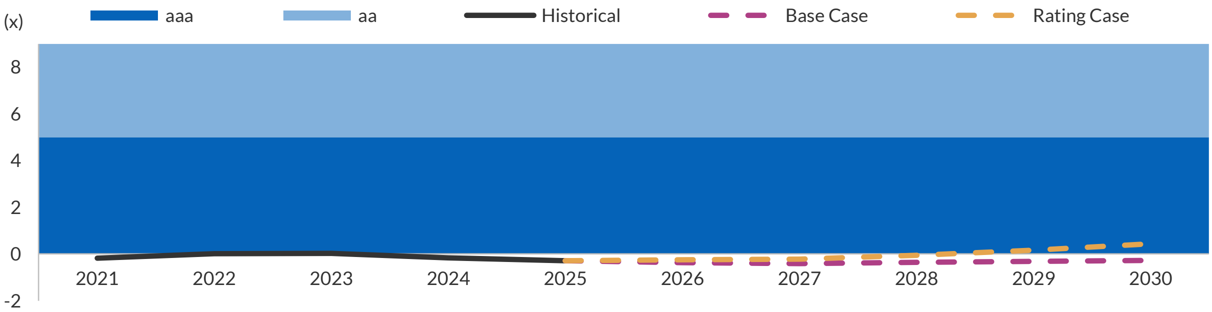
Operating revenue will decrease by an average 1.1% in the rating case and remain at least EUR7.3 billion. This considers expected lower tax settlements and lower current transfers received than previous years, which will be partially mitigated by a slowing economy. Opex will rise by an annual average 2.2%. This factors in the balanced-budget rule; healthcare spending that tends to match the resources available; inflation and some additional optional spending to support local businesses and improve social services. The operating balance will remain satisfactory at EUR0.9 billion or above.

We calculate net adjusted debt as direct debt net of unrestricted cash (see *Appendix C: Data Adjustments*). Under our rating case, total cash is treated as restricted and earmarked for future expenditure for the largest share (about 80%), and we assume PAB would use part of its free cash to fund its spending. Fitch expects a negative net capital balance of nearly EUR1.2 billion on average in 2026-2030. Large own, state, and EU funds will finance PAB's investment plan along with new borrowing. Net adjusted debt would consequently increase towards EUR390 million by 2030 (negative EUR572 million in 2025).

Positive Performance Continued in 2025

PAB's fiscal and financial performance remained sound in 2025. Operating revenue reached EUR7.85 billion (EUR7.2 billion in 2024), benefitting from a positive economic performance in the province that supported main tax revenue items. Opex increased on higher revenue, but the province was able to preserve an ample operating result of about EUR2 billion (EUR1.7 billion in 2024). PAB did not incur new debt and financed capex through autonomous, EU and state funds. Cash at year-end remained high at nearly EUR3.6 billion, of which we consider EUR989 million to be unrestricted. This comfortably covers the outstanding adjusted debt of EUR417 million in 2025. Debt stayed on its declining trend that started in 2022 (EUR568 million).

Payback Ratio - Fitch's Base and Rating Case Scenarios



Source: Fitch Ratings, Autonomous Province of Bolzano

Scenario Assumptions Summary

Assumptions	2021-2025 average	2026-2030 average Base case	2026-2030 average Rating case
Operating revenue growth (%)	7.4	-0.6	-1.1
Tax revenue growth (%)	8.7	0.1	-0.4
Current transfers received growth (%)	-2.5	-7.4	-7.4
Operating expenditure growth (%)	5.7	2.0	2.2
Net capital expenditure (EURm)	-1,100	-1,184	-1,184
Apparent cost of debt (%)	1.6	2.6	2.8

Outcomes	2025	2030 Base case	2030 Rating case
Payback ratio (x)	-0.3	-0.3	0.4
Synthetic coverage ratio (x)	-43.6	-44.2	27.0
Fiscal debt burden (%)	-7.3	-4.0	5.2

Source: Fitch Ratings, PAB

SCP Positioning and Peer Comparison

Analytical Outcome Guidance

Risk Profile	Financial Profile					
Stronger	aaa or aa	a	bbb	bb	b	
High Midrange	aaa	aa	a	bbb	bb	b
Midrange		aaa	aa	a	bbb	bb or below
Low Midrange			aaa	aa	a	bbb or below
Weaker				aaa	aa	a or below
Vulnerable					aaa	aa or below
Suggested analytical outcome (SCP)	**aaa**	**aa**	**a**	**bbb**	**bb**	**b**

Source: Fitch Ratings

PAB is one of the few Italian local and regional governments with a ‘High Midrange’ risk profile and ‘aaa’ financial profile, along with the Autonomous Province of Trento (A/Stable/F1+) and the Autonomous Region of Friuli Venezia Giulia (A/Stable/F1+).

International peers include Spanish local governments with special autonomous status, such as Alava and Bizkaia, which are also rated above the sovereign, and French departments, such as Savoie, with low debt levels, while Yvelines has a payback ratio above 5x, resulting in a ‘aa’ financial profile. All these peers have ‘High Midrange’ risk profiles.

Peer Comparison

	Risk profile	Financial profile score	SCP	Sovereign rating	Long-Term IDR/Outlook
Autonomous Province of Bolzano	High Midrange	aaa	aaa	BBB+	A/Stable
Autonomous Province of Trento	High Midrange	aaa	aaa	BBB+	A/Stable
Autonomous Province of Friuli Venezia Giulia	High Midrange	aaa	aaa	BBB+	A/Stable
Historical Territory of Alava	High Midrange	aaa	aaa	A	AA-/Stable
Historical Territory of Bizkaia	High Midrange	aaa	aaa	A	AA-/Stable
Department of Savoie	High Midrange	aaa	aaa	A+	A+/Stable
Department of Yvelines	High Midrange	aa	aa+	A+	A+/Stable

Source: Fitch Ratings, Autonomous Province of Bolzano

Long Term Rating Derivation

From SCP to LT FC IDR : Factors Beyond the SCP

SCP	Sovereign LT FC IDR	Support: Intergovernmental financing	Support: Ad hoc support	Floor	Rating cap	Leeway above sovereign (notches)	LT FC IDR
aaa	BBB+	-	-	-	A	2	A

Source: Fitch Ratings, Autonomous Province of Bolzano

Fitch assesses PAB's SCP at 'aaa', which reflects a combination of its 'High Midrange' risk profile and 'aaa' financial profile assessment under Fitch's rating case. The SCP is supported by strong debt metrics at the highest applicable category according to Fitch's LRG Criteria. PAB's IDRs are constrained at two notches above the sovereign's rating, reflecting its financial autonomy and strong economy as well as potential interference in its finance by the state in case of sovereign or macroeconomic stress.

Short Term Rating Derivation

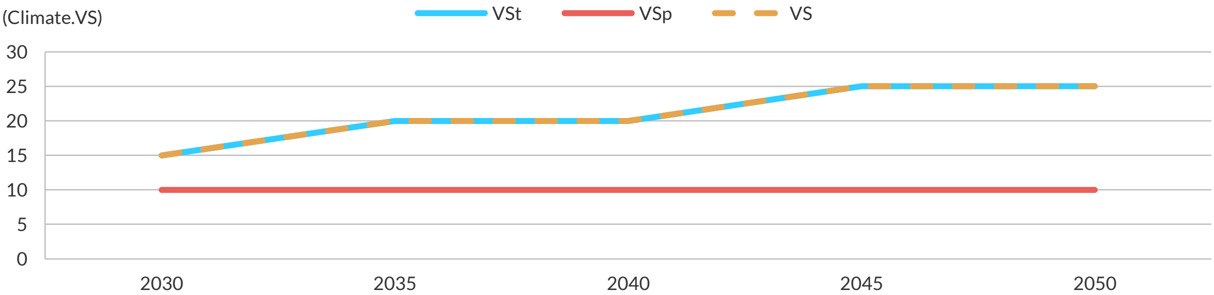
The province's Short-Term IDR has been affirmed at 'F1+', reflecting the sound liquidity coverage ratio (Fitch unrestricted cash and operating balance/debt service) above 50x in the rating-case scenario for 2026-2027 (2x threshold), combined with a 'Stronger' assessment of liabilities and liquidity robustness and 'Midrange' of liabilities and liquidity flexibility.

Climate Vulnerability Signals

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's International Local and Regional Governments Rating Criteria.

The Climate.VS for 2035 is 20 out of 100. This reflects a VSp of 10 and a VSt of 20.

Climate Vulnerability Signals



Source: Fitch Ratings

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This 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 www.fitchratings.com/esg.

Appendix A: Financial Data

Autonomous Province of Bolzano	2021	2022	2023	2024	2025	2026rc	2027rc	2028rc	2029rc	2030rc
(EURm)										
Fiscal Performance										
Taxes	5,061	4,891	5,262	6,362	6,903	6,638	6,585	6,644	6,701	6,756
Transfers received	721	679	761	575	646	510	496	469	450	440
Fees, fines and other operating revenue	218	263	310	271	302	270	268	260	250	240
Operating revenue	6,000	5,833	6,332	7,208	7,851	7,418	7,349	7,373	7,401	7,436
Operating expenditure	-5,111	-4,930	-5,239	-5,463	-5,865	-6,235	-6,305	-6,386	-6,469	-6,553
Operating balance	888	903	1,093	1,745	1,985	1,183	1,044	987	933	884
Interest revenue	0	0	0	0	0	0	0	0	0	0
Interest expenditure	-1	-3	-7	-8	-7	-6	-7	-11	-18	-25
Current balance	887	901	1,085	1,737	1,979	1,177	1,037	976	915	858
Capital revenue	439	238	299	338	268	240	230	210	200	200
Capital expenditure	-1,257	-1,251	-1,401	-1,606	-1,565	-1,600	-1,400	-1,400	-1,300	-1,300
Capital balance	-818	-1,013	-1,103	-1,269	-1,297	-1,360	-1,170	-1,190	-1,100	-1,100
Total revenue	6,439	6,072	6,630	7,546	8,119	7,658	7,579	7,583	7,601	7,636
Total expenditure	-6,369	-6,184	-6,648	-7,077	-7,437	-7,841	-7,712	-7,798	-7,786	-7,878
Surplus (deficit) before net financing	70	-112	-18	469	682	-183	-133	-214	-185	-242
New direct debt borrowing	102	150	0	0	0	0	80	200	250	300
Direct debt repayment	-18	-23	-37	-28	-21	-22	-26	-33	-45	-58
Net direct debt movement	84	127	-37	-28	-21	-22	54	167	205	242
Overall results	154	15	-55	440	660	-205	-80	-48	21	0
Debt and Liquidity										
Short-term debt	15	15	23	13	13	13	15	24	44	78
Long-term debt	103	238	207	203	190	180	245	415	612	833
Intergovernmental debt	125	116	102	88	80	67	54	42	29	17
Direct debt	243	369	332	304	282	260	314	480	685	927
Other Fitch-classified debt	236	198	176	158	134	134	134	134	134	134
Adjusted debt	478	568	509	461	417	394	448	614	820	1,061
Guarantees issued (excluding adjusted debt portion)	173	178	107	121	121	28	28	28	28	28
Majority-owned GRE debt and other contingent liabilities	462	515	531	427	353	353	353	353	353	353
Overall adjusted debt	1,114	1,261	1,147	1,010	891	775	829	995	1,201	1,442
Total cash, liquid deposits and sinking funds	2,107	2,408	2,364	3,175	3,584	3,379	3,300	3,252	3,273	3,273
Restricted cash	1,470	1,852	1,877	2,416	2,596	2,684	2,621	2,583	2,599	2,599
Unrestricted cash	637	556	487	758	989	695	679	669	673	673
Net adjusted debt	-159	12	22	-297	-572	-301	-231	-55	146	388
Net overall debt	477	705	660	251	-98	80	150	326	527	769
Enhanced net adjusted debt	-283	-104	-80	-385	-652	-368	-286	-97	117	371
Enhanced net overall debt	352	589	558	163	-177	13	95	284	498	752
Memo:										
Debt in foreign currency/direct debt (%)	0	0	0	0	0	-	-	-	-	-
Issued debt/direct debt (%)	0	0	0	0	0	-	-	-	-	-
Floating interest rate debt/direct debt (%)	0	2	0	0	0	-	-	-	-	-

rc - rating case
Source: Fitch Ratings, PAB

Appendix B: Financial Ratios

Autonomous Province of Bolzano	2021	2022	2023	2024	2025	2026rc	2027rc	2028rc	2029rc	2030rc
Fiscal performance ratios (%)										
Operating balance/operating revenue	14.8	15.5	17.3	24.2	25.3	16.0	14.2	13.4	12.6	11.9
Current balance/current revenue	14.8	15.4	17.1	24.1	25.2	15.9	14.1	13.2	12.4	11.5
Operating revenue annual growth	9.0	-2.8	8.6	13.8	8.9	-5.5	-0.9	0.3	0.4	0.5
Operating expenditure annual growth	14.9	-3.6	6.3	4.3	7.4	6.3	1.1	1.3	1.3	1.3
Surplus (deficit) before net financing/total revenue	1.1	-1.8	-0.3	6.2	8.4	-2.4	-1.8	-2.8	-2.4	-3.2
Surplus (deficit) before net financing/GDP	0.3	-0.4	-0.1	1.4	2.0	-0.5	-0.4	-0.6	-0.5	-0.6
Total revenue annual growth	13.1	-5.7	9.2	13.8	7.6	-5.7	-1.0	0.1	0.2	0.5
Total expenditure annual growth	13.5	-2.9	7.5	6.5	5.1	5.4	-1.6	1.1	-0.1	1.2
Debt ratios										
Primary metrics (x)										
Payback ratio (net adjusted debt/operating balance)	-0.2	0.0	0.0	-0.2	-0.3	-0.3	-0.2	-0.1	0.2	0.4
Enhanced payback ratio	-0.3	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.1	0.1	0.4
Overall payback ratio	0.5	0.8	0.6	0.1	0.0	0.1	0.1	0.3	0.6	0.9
Enhanced overall payback ratio	0.4	0.7	0.5	0.1	-0.1	0.0	0.1	0.3	0.5	0.9
Secondary metrics										
Fiscal debt burden (net debt/operating revenue) (%)	-2.6	0.2	0.4	-4.1	-7.3	-4.1	-3.2	-0.8	2.0	5.2
Synthetic debt service coverage ratio (x)	-89.7	1115.3	637.0	-72.4	-43.8	-49.6	-56.7	-218.3	75.6	26.9
Actual debt service coverage ratio (x)	47.7	34.7	24.6	48.0	70.7	41.4	31.0	22.0	15.0	10.6
Other debt ratios										
Liquidity coverage ratio (x)	80.7	59.2	37.0	61.3	97.6	75.9	51.6	37.2	25.7	18.7
Direct debt maturing in one year/total direct debt (%)	6.2	4.0	7.0	4.2	4.5	4.9	4.7	4.9	6.4	8.4
Direct debt (annual % change)	53.3	52.2	-10.1	-8.6	-7.1	-7.9	20.6	53.1	42.8	35.3
Apparent cost of direct debt (interest paid/direct debt) (%)	0.5	0.9	2.1	2.5	2.3	2.3	2.6	2.9	3.0	3.1
Revenue ratios (%)										
Tax revenue/total revenue	78.6	80.6	79.4	84.3	85.0	86.7	86.9	87.6	88.2	88.5
Current transfers received/total revenue	11.2	11.2	11.5	7.6	8.0	6.7	6.6	6.2	5.9	5.8
Interest revenue/total revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital revenue/total revenue	6.8	3.9	4.5	4.5	3.3	3.1	3.0	2.8	2.6	2.6
Expenditure ratios (%)										
Staff expenditure/total expenditure	17.4	18.5	18.7	18.1	18.9	-	-	-	-	-
Current transfers made/total expenditure	55.8	53.0	50.9	49.9	50.7	-	-	-	-	-
Interest expenditure/total expenditure	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Capital expenditure/total expenditure	19.7	20.2	21.1	22.7	21.0	20.4	18.2	18.0	16.7	16.5

rc - rating case
Source: Fitch Ratings, PAB

Appendix C: Data Adjustments

Net Adjusted Debt Calculations

Fitch's adjusted debt includes PAB's short-term and long-term debt (together direct debt) and other Fitch-classified debt, if present. EUR134 million of other Fitch-classified debt (end-2025) includes outstanding loans granted to municipalities to promote investments in public works and telecommunications.

Our net adjusted debt corresponds to the difference between Fitch's adjusted debt and the cash at year-end that we consider unrestricted. Unrestricted cash is cash at year-end net of working capital (payables minus receivables), provision for difficult-to-collect revenue, and the amounts earmarked for future expenses plus the sinking fund, if present.

Fitch-adjusted debt of EUR417 million includes PAB's direct debt of about EUR282 million (including around EUR80 million of non-interest-bearing intergovernmental loans) and EUR134 million of debt of local municipalities served by PAB. Fitch negative net adjusted debt of EUR572 million corresponds to the difference between Fitch-adjusted debt and cash at year-end that Fitch considers unrestricted (EUR989 million).

Synthetic Coverage Calculations

Our synthetic coverage calculation assumes a mortgage-style amortisation over 15 years of the entity's net adjusted debt, using its average cost of debt.