S&P Global
Ratings

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Mediobanca SpA

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Mediobanca SpA

SACP	bbb	+	Support	0	+	Additional Factors	0

Anchor	bbb-	
Business Position	Adequate	0
Capital and Earnings	Adequate	0
Risk Position	Strong	+1
Funding	Average	0
Liquidity	Adequate	

ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	0

Issuer Credit Rating
BBB/Negative/A-2

Resolution Counterparty Rating
BBB+/--/A-2

Major Rating Factors

Strengths:	Weaknesses:
• Sound asset quality ratios. • Satisfactory capitalization. • Diversified business profile.	• Single-name concentration. • Higher reliance on wholesale funding than domestic peers'. • High exposure to Italy.

Outlook: Negative

S&P Global Ratings' negative outlook on Mediobanca SpA and its subsidiary, MB Funding Lux, reflects that we could lower the ratings if we were to lower our ratings on Italy and if we concluded that Mediobanca would be unlikely to withstand a sovereign default without defaulting on its senior debt obligations. We could also take this action if, over the next 12-24 months, operating conditions deteriorate and market pressure rises further for a prolonged period, and we perceived that this could significantly erode Mediobanca's funding profile.

We could revise the outlook on Mediobanca to stable if we took the same action on Italy. We could also revise the outlook to stable if we considered that Mediobanca was unlikely to default if the sovereign defaulted. This could happen if Mediobanca's loss-absorbing capacity from capital and subordinated instruments further increased, and the bank demonstrated that it could roll over its maturing debt without hampering its profitability.

Hybrids

We do not assign outlooks to bank issue ratings. We currently rate Mediobanca's issues by notching down from the stand-alone credit profile (SACP). Therefore, we would expect the issue ratings to move in tandem with the SACP. If we were to lower the rating on Mediobanca, we would also lower the rating on the bank's rated subordinated debt, since we would notch the ratings on the hybrids downward from the lower of the bank's SACP or the issuer credit rating (SACP).

Rationale

The ratings on Mediobanca primarily reflect our view that it will maintain stronger asset quality than peers', and sound capitalization.

We expect Mediobanca's superior asset quality, with a nonperforming exposure (NPE) ratio at 4.3% (or 5.0% including purchased NPEs) as of end-September 2019, to continue to outperform its domestic peers. This mostly stems from its prudent risk selection process, strict controls, and efficient management of NPEs.

We anticipate Mediobanca will maintain satisfactory capitalization overall, in relation to its risk profile. Specifically, we forecast that its risk-adjusted capital (RAC) ratio will be about 8.5%-9.0% in June 2021, versus about 8.7% as of June 2018. Our forecast includes our expectation that Mediobanca will continue expanding its retail and wealth management business via earning retention and reduction in equity exposure. We expect Mediobanca's payout ratio to increase over the next couple of years from about 50% of last year.

Mediobanca will continue benefiting from a solid domestic corporate and investment banking franchise and strong market share in consumer banking, in our view. At the same time, we expect it to continue expanding its wealth management business in the next 12-18 months. This would allow it to improve its earnings stability, in our view. That said, we think Mediobanca still lacks the scale to compete with national leaders.

Mediobanca has demonstrated its capacity to obtain retail funds. The bank also complies with the minimum requirement for own funds and eligible liabilities (MREL), and its reliance on targeted longer-term refinancing operations is lower than the system average. These factors all reduce the risks deriving from its recourse to wholesale funding, which is higher than domestic peers'. As of end-June 2019, 48% of Mediobanca's funding came from deposits or bonds placed with retail investors, compared with about 80% average for the Italian banking sector. We believe Italian banks at times face constraints on their access to capital markets, due to uncertainties regarding the sovereign, government policy, and economic prospects. This includes Mediobanca, given its higher reliance on wholesale funding than peers'.

Anchor:'bbb-', based on its high exposure to Italy

Our bank criteria use our Banking Industry Country Risk Analysis (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an ICR. Our anchor for a bank operating in Italy is 'bbb-'.

We believe Italian banks continue to face higher economic risk than most of their peers in other countries, despite the improvement made in the last three years. The overall gross stock of NPEs fell to €180 billion as of end-December 2018, around 11.5% of customer loans, compared with €340 billion in 2015, mainly thanks to disposals. We expect the NPEs to reduce to less than 10% of customer loans by 2020. Although this represents material progress, the large legacy stock would represent a tail risk if the Italian economy were to further deteriorate. Moreover, the substantial amount of time needed for creditors in Italy to recover collateral and settle lawsuits, owing to the less effective insolvency and foreclosure procedures and judicial system, is likely to remain an obstacle to a greater reduction of the stock than we currently envisage.

Industry risks for Italian banks are also higher than for banks in peer countries, in our opinion. Many banks' access to markets is likely to remain limited and the cost of financing could remain higher than in other eurozone banking sectors. We acknowledge that the abundant liquidity provided to Italian banks by the European Central Bank (ECB) over the years, and the banking sector's very low external position--just 5% excluding ECB funding--have so far largely cushioned the effects of this constrained access. In this context, if market pressure due to increased concerns about the Italian sovereign's creditworthiness were to rise further and for a prolonged period, this could erode the banks' already modest profitability and the banks' funding profiles. Structural problems, such as high cost bases and fragmentation, paired with still very low interest rates, will continue to constrain Italian banks' profitability, in our opinion.

Supportive factors for the Italian banking system are Italy's traditional focus on retail and commercial lending, and its regulatory standards being aligned with international best practices, mainly thanks to the ECB's direct supervision of more than 80% of the banking sector.

Table 1

Mediobanca SpA -- Key Figures					
	--Year ended June 30--				
(Mil. €)	**2019**	**2018**	**2017**	**2016**	**2015**
Adjusted assets	77,343.0	71,560.7	69,893.4	69,365.7	70,300.4
Customer loans (gross)	45,038.5	42,050.4	39,627.4	35,759.1	34,902.2
Adjusted common equity	7,850.8	7,696.3	7,356.6	7,027.4	6,808.4
Operating revenues	2,504.2	2,431.1	2,210.1	2,087.7	2,004.5
Noninterest expenses	1,267.7	1,178.8	1,132.2	983.7	917.5
Core earnings	783.1	822.8	640.1	578.9	480.5

Business position: Strong corporate and investment banking franchise complemented by growing retail banking activity

Mediobanca is a unique player in the Italian banking sector. It has a strong corporate and investment banking franchise that it has been able to preserve, despite intense competition. It has achieved organic international expansion over the past few years that we expect to continue. Increasing geographic diversification is a positive rating factor, in our view.

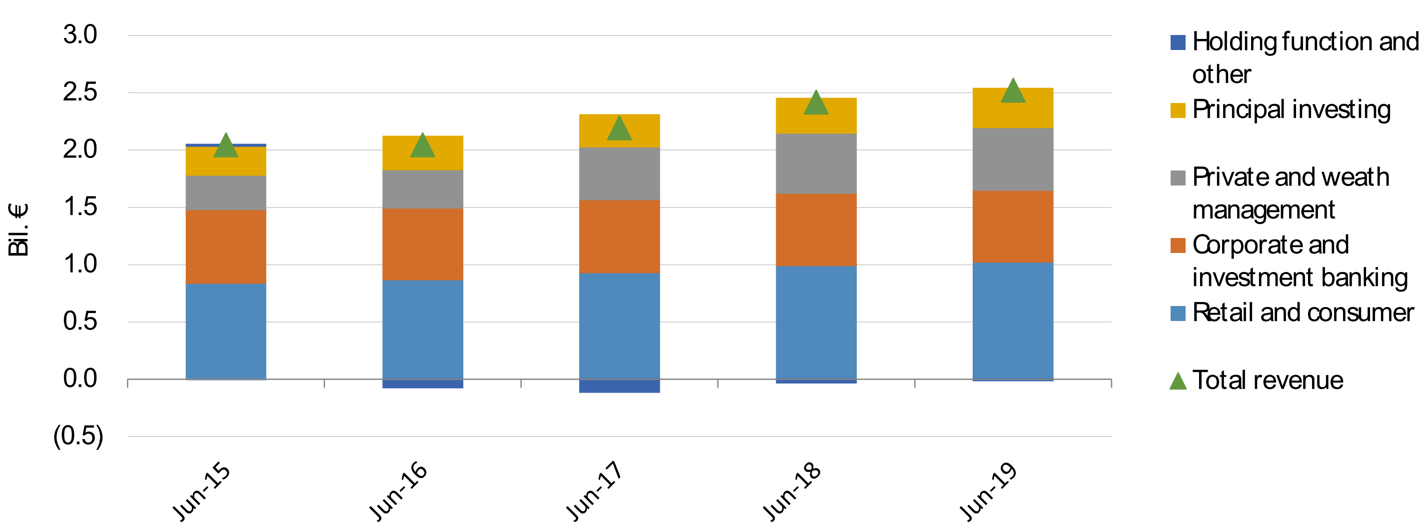
In addition, it has significantly expanded its retail operations in recent years, and we anticipate the bank's business and geographic diversification will continue to increase in the next couple of years. Mediobanca's net new money increased by €10.2 billion (or 17%) between June 2017 and September 2019.

We consider Mediobanca's expansion in asset management and consumer banking to be positive because it would improve its profitability prospects and its earnings stability, while interest rates remain low. However, Mediobanca's market share in the wealth management segment remains low compared to its major peers.

Some of Mediobanca's expansion occurred via acquisitions, and we will monitor the bank's ability to deploy synergies and successfully integrate acquired businesses because competition is intense in the segments in which Mediobanca is targeting expansion. It bought 66% of Messier Maris et Associés, a small French investment bank and 50% of Banca Esperia, a private bank, in late 2016; RAM Active Investments S.A., a small investment manager based in Switzerland, in late 2017; and a portion of Barclay's Italian assets in late 2015. The bank has also signed an agreement to acquire 19% of BFI Finance, a consumer finance company in Indonesia, in August 2018, which still needs to be finalized. We expect Mediobanca to continue prudently acquiring new business in these segments, in line with its recent track year.

Chart 1

Mediobanca Has Strengthened Its Revenue Profile In Recent Years



Source: S&P Global Ratings.

Italian insurer Assicurazioni Generali SpA (Generali), which accounted for about 12.8% of total revenue in 2018-2019, is another key contributor to Mediobanca's profitability. We note that Mediobanca could reduce its stake in Generali from the current 13% to fund further expansion, if major opportunities arise in asset management and consumer banking, although the extension of the Danish compromise, accounting to about 100 basis point (bps) of its regulatory capital, reduces the incentive to reduce the Generali stake.

Table 2

Mediobanca SpA -- Business Position					
	--Year ended June 30--				
(%)	2019	2018	2017	2016	2015
Loan market share in country of domicile	3.1	2.9	2.6	2.3	2.2
Deposit market share in country of domicile	1.3	1.3	1.3	1.2	1.0
Total revenues from business line (currency in millions)	2,571.2	2,557.9	2,633.5	2,203.9	2,172.9
Commercial banking/total revenues from business line	24.4	24.7	24.1	88.0	82.0
Retail banking/total revenues from business line	39.9	38.9	35.6	N/A	N/A
Commercial & retail banking/total revenues from business line	64.3	63.6	59.7	88.0	82.0
Trading and sales income/total revenues from business line	(0.3)	1.6	1.9	2.1	4.5
Corporate finance/total revenues from business line	N/A	N/A	N/A	4.8	5.6
Insurance activities/total revenues from business line	12.4	10.9	10.0	N/A	N/A
Asset management/total revenues from business line	21.3	20.6	17.4	N/A	N/A
Other revenues/total revenues from business line	2.2	3.3	10.9	5.1	8.0
Investment banking/total revenues from business line	(0.3)	1.6	1.9	7.0	10.1
Return on average common equity	8.5	9.2	8.4	6.9	7.1

N/A--Not applicable.

Capital and earnings: Good profitability and better-than-domestic-peers' capitalization

Mediobanca will maintain its sound capital position in the next few years, even though we expect high economic risk in Italy to continue constraining the bank's overall solvency.

Our pro forma RAC ratio before diversification was 8.7%, as of June 30, 2018. We expect this ratio to remain fairly stable through June 2021, as a result of the payout rate ratio increasing from the current about 50%, our expectation that it will mainly expand in its retail and wealth management business, and lower market risk exposure due to better performance of Generali.

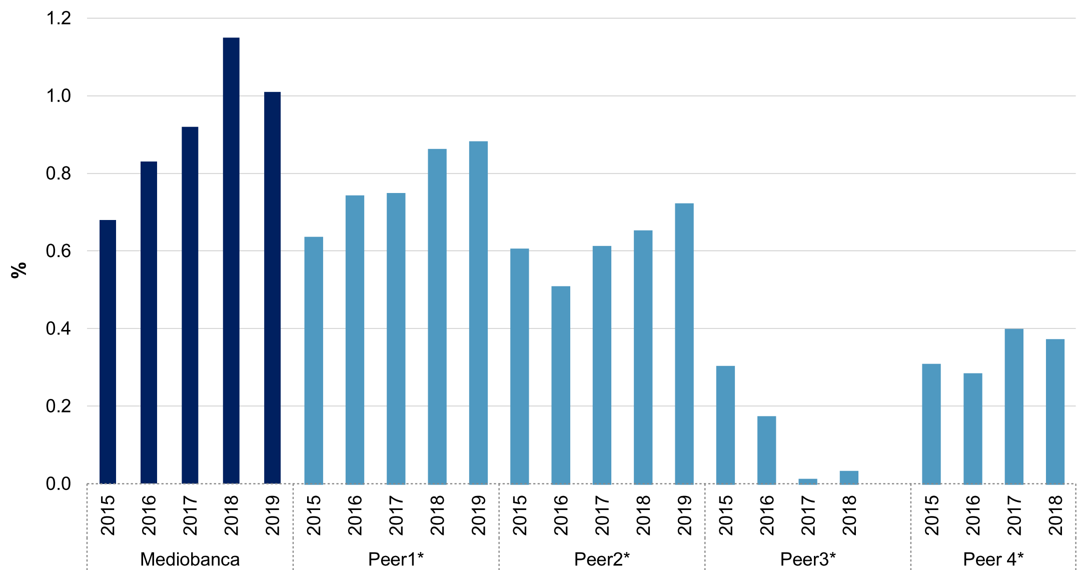
We consider Mediobanca's profitability to be higher than peers', owing to its diversified business mix and controlled cost of risk. Given the difficult operating environment in Italy and ultra-low interest rate environment, we anticipate that Mediobanca's operating profitability will only moderately strengthen over the next two years. Provisioning needs are likely to remain contained, in our view, as NPEs will remain low, but increase slightly versus the extremely low level of the past two years. We expect Mediobanca's cost of risk to normalize at about 70 bps over the forecasted period after a low of approximately 50 bps over 2018-2019.

In our view, Mediobanca has maintained adequate loss-absorption capacity through the cycle, taking into consideration its overall contained risk profile. We estimate that the bank's three-year average earnings buffer will account for about 80 bps.

Mediobanca's exposure to market risk has significantly declined in recent years following its disposal of a significant part of its equity stakes. Generali currently accounts for the largest proportion of these stakes and currently benefits from the large unrealized gains that we deduct from the RAC charge.

Chart 2

Mediobanca's Profitability Is Stronger Than Peers'
Core earnings/adjusted assets



Source: S&P Global Ratings. Year-end for Mediobanca is end-June. Peers are: BBVA, Intesa Sanpaolo, Deutche Bank, and SocGen. *Data as of June 2019

Table 3

Mediobanca SpA -- Capital And Earnings					
	--Year ended June 30--				
(%)	**2019**	**2018**	**2017**	**2016**	**2015**
Tier 1 capital ratio	14.1	14.2	13.3	12.1	12.0
S&P Global Ratings' RAC ratio before diversification	N/A	8.7	8.2	N/A	7.0
S&P Global Ratings' RAC ratio after diversification	N/A	8.1	7.6	N/A	6.9
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	56.1	56.4	58.0	57.7	57.2
Fee income/operating revenues	17.6	18.8	17.1	15.5	18.3
Market-sensitive income/operating revenues	0.9	1.0	1.0	1.3	2.7
Noninterest expenses/operating revenues	50.6	48.5	51.2	47.1	45.8
Preprovision operating income/average assets	1.6	1.8	1.5	1.6	1.5

Table 3

Mediobanca SpA -- Capital And Earnings (cont.)

	--Year ended June 30--				
(%)	2019	2018	2017	2016	2015
Core earnings/average managed assets	1.0	1.2	0.9	0.8	0.7

N/A--Not applicable.

Table 4

Mediobanca SpA -- Risk-Adjusted Capital Framework Data

(€ 000s)	Exposure*	Basel III RWA	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	7,456,698.7	164,947.5	2.2	1,984,574.0	26.6
Of which regional governments and local authorities	8,631.0	1,726.2	20.0	4,069.9	47.2
Institutions and CCPs	8,116,226.4	2,041,959.7	25.2	2,223,589.3	27.4
Corporate	24,284,638.6	15,991,464.1	65.9	25,494,258.1	105.0
Retail	21,538,163.2	12,895,016.5	59.9	21,582,958.4	100.2
Of which mortgage	7,574,031.5	2,650,720.4	35.0	4,495,324.7	59.4
Securitization§	161,641.4	128,037.2	79.2	554,466.5	343.0
Other assets†	2,460,362.9	2,192,654.0	89.1	4,971,296.1	202.1
Total credit risk	64,017,731.0	33,414,078.9	52.2	56,811,142.3	88.7
Credit valuation adjustment					
Total credit valuation adjustment	--	621,550.7	--	808,015.9	--
Market risk					
Equity in the banking book	3,813,653.2	7,065,771.0	185.3	22,543,401.0	591.1
Trading book market risk	--	2,363,665.1	--	3,542,517.6	--
Total market risk	--	9,429,436.1	--	26,085,918.6	--
Operational risk					
Total operational risk	--	3,897,599.4	--	4,305,635.0	--
		Basel III RWA		**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification		47,362,665.1		88,010,711.7	100.0
Total Diversification/Concentration Adjustments		--		6,800,684.7	7.7
RWA after diversification		47,362,665.1		94,811,396.4	107.7
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		6,746,598.6	14.2	7,696,326.0	8.7
Capital ratio after adjustments‡		6,746,598.6	14.2	7,696,326.0	8.1

Table 4

Mediobanca SpA -- Risk-Adjusted Capital Framework Data (cont.)
*Exposure at default. §Securitisation Exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of June. 30, 2018, S&P Global.

Risk position: Prudent risk management

We think Mediobanca will maintain better-than-peers' asset quality, owing to its more prudent lending strategy and effective management of its NPE portfolio.

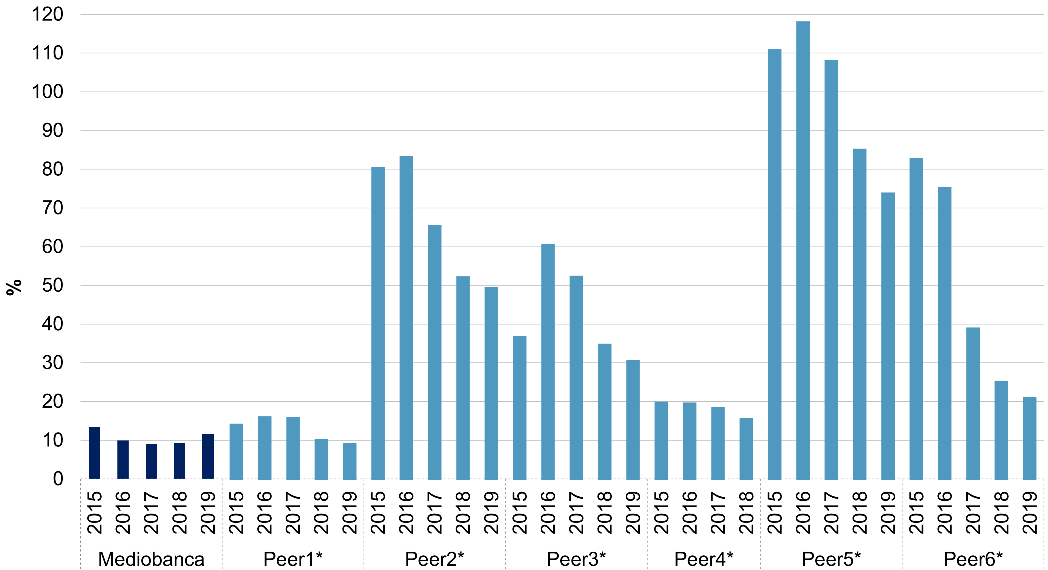
The bank's net ratio of NPEs to Tier 1 capital (TAC) as of end-Sept. 2019 of about 6.2%, or 11.8% including purchased NPEs, is much lower than the average of its Italian peers, and it is in line with most international counterparties. This is primarily because Mediobanca has avoided lending to riskier borrowers, such as real estate developers and small and midsize enterprises, and strictly controlled the performance of its retail loans book. This has led to a much better track record than domestic peers' in terms of loss experience over the recent crisis.

More specifically, the credit quality of Mediobanca's corporate loan book benefits from high geographic diversity in its portfolio of large clients; Mediobanca grants more than 70% of its loans to corporates with turnover mainly outside Italy. In addition, Mediobanca takes collateral in most operations, which we view as positive because it reduces the risk of losses for the bank. This resulted in a low net NPE ratio of 1.7% as of end-Sept 2019. That said, Mediobanca shows some single-name concentration in its loan book, which adds some risk, in our view.

Mediobanca's retail portfolio predominantly comprises consumer finance loans (60%), with mortgages accounting for the remaining 40%. Its gross mortgage NPE ratio of 1.9% is lower than the domestic average of about 5.5%, and its consumer finance segment had a contained cost of risk of about 193 bps for the past three quarters. The retail portfolio benefits from the bank's proactive management of NPEs. The bank initiates collection activities at a very early stage past due, and write-offs or disposals of consumer NPEs after about 12 months, on average.

Chart 3

Mediobanca's Net Non-Performing Assets To TAC Versus Peers'



TAC--Total adjusted capital. Year-end for Mediobanca is end-June. Peers are: BBVA, Intesa Sanpaolo, Deutche Bank, Caixabank, UBI, Unicredit, AIB, and SocGen. *2018 data is as of December 2018, data as of September 2018 for remaining banks. Source: S&P Global Ratings.

Mediobanca does not have a complex balance sheet, although it operates in the investment banking business. The bank has a low asset-liability mismatch, and it limits its underwriting risk to short periods. We therefore consider that our RAC ratio adequately captures all of Mediobanca's risks.

Table 5

Mediobanca SpA -- Risk Position					
	--Year ended June 30--				
(%)	**2019**	**2018**	**2017**	**2016**	**2015**
Growth in customer loans	7.1	6.1	10.8	2.5	4.6
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	7.7	9.0	N/A	0.7
Total managed assets/adjusted common equity (x)	10.0	9.4	9.6	9.9	10.4
New loan loss provisions/average customer loans	0.5	0.5	0.8	1.1	1.4
Net charge-offs/average customer loans	(0.4)	(0.1)	(0.5)	0.0	(0.6)
Gross nonperforming assets/customer loans + other real estate owned	5.1	5.3	5.6	6.0	6.8
Loan loss reserves/gross nonperforming assets	60.2	68.1	69.9	67.4	61.6

N/A--Not applicable.

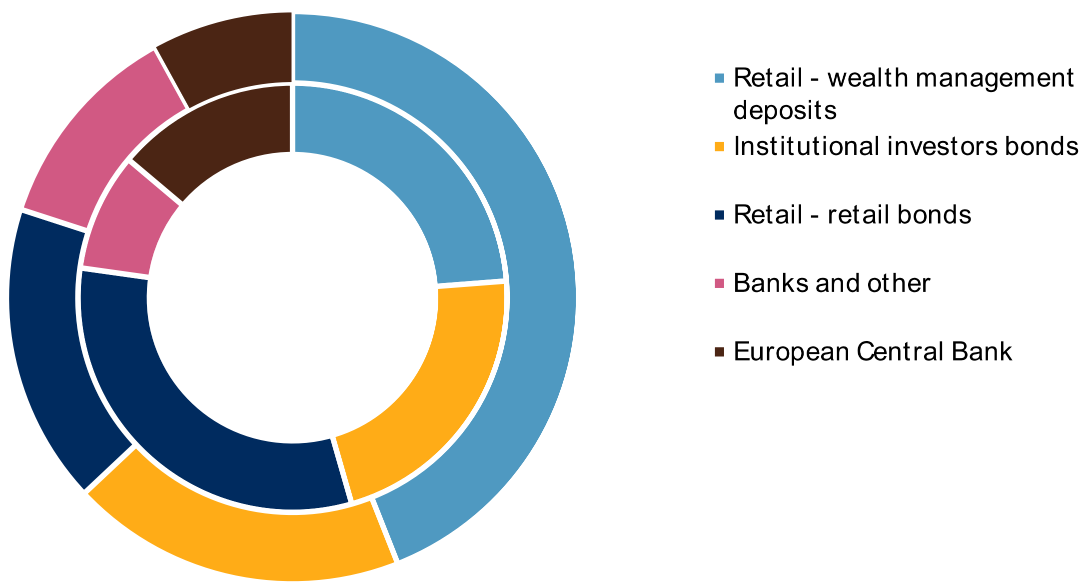
Funding and liquidity: Mainly retail financed, though reliance on wholesale funding remains high

We expect that Mediobanca will continue to sustainably finance its long-term funding needs through stable sources.

In the past few years, Mediobanca has progressively rebalanced its funding position and increased retail funding--which is now its main financing source--through its retail and private banking subsidiaries, Italian commercial banks, and the regulated debt market. Mediobanca has spread its long-term funding maturities well over time, in our view. In addition, Mediobanca's recourse to ECB financing only represents 6.9% of its funding base as of June 2019, compared with about 13% as of June 2012.

Chart 4

Mediobanca Funding Composition And Evolution
2012 versus 2019



Data as of June 2019. Inner circle refers to 2012 data. Outer circle refers to 2019 data. Source: Mediobanca SpA.

We believe Italian banks at times face constraints on their access to capital markets, due to uncertainties regarding the sovereign, government policy, and economic prospects. This includes Mediobanca, given its higher reliance on wholesale funding than peers'.

Mediobanca will likely retain its comfortable liquidity buffers. We calculate that its broad liquid assets covered its short-term wholesale funding by more than 1.5x as of June 2019, and we expect this ratio will remain stable. We expect that liquid assets will continue to cover the bank's short-term wholesale funding. We base our view on Mediobanca's liquidity policy, which requires the bank to maintain a large buffer of liquid assets that are eligible for refinancing with the ECB. This more than covers the amount of wholesale funding coming due in the next 12 months. We note that Mediobanca's liquid assets are highly diversified, with only €2.5 billion--or about 32% of its TAC--accounting for Italian government bonds, the lowest level among its peers.

Table 6

Mediobanca SpA -- Funding And Liquidity

	--Year ended June 30--				
(%)	**2019**	**2018**	**2017**	**2016**	**2015**
Core deposits/funding base	47.7	48.2	49.4	46.7	45.8
Customer loans (net)/customer deposits	146.9	147.9	139.1	137.3	135.9
Long-term funding ratio	83.0	85.6	86.4	76.7	66.9
Stable funding ratio	105.0	107.3	112.2	105.2	89.4
Short-term wholesale funding/funding base	19.4	16.7	15.8	27.0	38.3
Broad liquid assets/short-term wholesale funding (x)	1.5	1.8	2.1	1.3	0.9
Net broad liquid assets/short-term customer deposits	29.0	37.0	50.2	30.8	(16.0)
Short-term wholesale funding/total wholesale funding	37.1	32.2	31.2	50.6	70.8

Support: No uplift for additional loss-absorbing capacity (ALAC)

We assess the resolution regime in Italy as effective. The bank is likely to be subject to a resolution that entails a bail-in if it reaches nonviability. However, we do not apply uplift for ALAC because we currently expect the amount of ALAC on S&P Global Ratings' risk-weighted assets to remain below our 5% threshold for one notch of uplift. In our ALAC calculation, we include capital instruments issued by Mediobanca that have the capacity to absorb losses without triggering a default on senior obligations--namely subordinated debt. We also include in this ALAC calculation common equity that we already count in TAC. Specifically, we include the amount exceeding the minimum required for Mediobanca to maintain a RAC ratio of 7%, consistent with our assessment of the bank's capital and earnings.

Subsidiaries

We align our ratings on MB Funding Lux with our rating on Mediobanca, reflecting our assessment of its core status to the parent bank. We base this on the company's integration into its parent and the unconditional and irrevocable guarantees provided by Mediobanca, among other factors.

Resolution Counterparty Ratings (RCRs)

Our RCRs on Mediobanca are one notch above the 'BBB' long-term ICR. RCRs exceed the foreign currency long-term sovereign rating on Italy by one notch, because we see a considerable likelihood that a sovereign default would not immediately trigger a default on the RCR liabilities. This reflects our view that, in a hypothetical stress scenario, the authorities would initiate a resolution of the group, bailing in eligible liabilities that are sufficient to help the group absorb the impact of such an adverse scenario. We assume that, as part of the resolution process, the group would receive sufficient and timely liquidity support, primarily from the ECB, to meet the likely meaningful liquidity outflows it would face. This means we rate MB Funding Lux's collateralized notes 'BBB+'.

Hybrid Instruments

We currently rate Mediobanca's hybrid instruments by applying our standard notching-down from the bank's 'bbb' SACP.

This means we currently rate the bank's subordinated liabilities, such as its nondeferrable Tier II, 'BB+'. We apply one downward notch for subordination and one additional downward notch to reflect the risk that regulators may enforce the write-down or conversion to equity of those instruments, even outside a resolution or liquidation scenario.

Additional rating factors: None

No additional factors affect this rating.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Bail-In Debt Remodels The Risk Profile Of Bank Funding In Europe And North America Sept. 26, 2019
- BNL Upgraded, UniCredit Outlook Revised To Stable On Improved Ability To Withstand Sovereign Distress Scenario July 15, 2019.
- Various Italian Bank Outlooks Revised To Negative After Action On Sovereign And BICRA Industry Trend; Ratings Affirmed, Oct. 30, 2018
- EMEA Financial Institutions Monitor 4Q2019 October 11, 2019 , April 19, 2018
- Research Update: MB Funding Lux S.A. Assigned 'BBB/A-2' Ratings As Core Subsidiary Of Mediobanca; Outlook Stable; Feb. 21, 2018

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	**5**	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	**bbb-**	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of October 25, 2019)*

Mediobanca SpA	
Issuer Credit Rating	BBB/Negative/A-2
Resolution Counterparty Rating	BBB+/--/A-2
Senior Unsecured	BBB
Short-Term Debt	A-2
Subordinated	BB+
Issuer Credit Ratings History	
30-Oct-2018	BBB/Negative/A-2
31-Oct-2017	BBB/Stable/A-2
18-Dec-2014	BBB-/Stable/A-3
Sovereign Rating	
Italy	BBB/Negative/A-2
Related Entities	
MB Funding Lux S.A.	
Issuer Credit Rating	BBB/Negative/A-2
Resolution Counterparty Rating	BBB+/--/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.