

# STANDARD & POOR'S

Via dei Bossi, 4  
20121 Milano

## Comunicato Stampa

Standard & Poor's Ratings  
Milano, 09 aprile 2002

**Analisti:**  
Alberto Buffa di Perrero 02 72.111.205  
Bernard de Longevialle 02 72.111.212  
**Contatto Stampa:**  
Carlo Barbarisi 02 72.111.218

### Mediobanca SpA

**Ratings assigned: AA-/Stable/A-1+**

#### Rationale

Standard & Poor's assigned first ratings to Mediobanca SpA on April 9, 2002. The ratings reflect the Italian bank's sound business and financial profiles--the latter being enhanced by outstanding capitalization--and the bank's strongly risk-averse culture.

Mediobanca benefits from a strong domestic franchise in the Italian market, where its core businesses include lending, investment banking, and direct equity investments. Despite Mediobanca's wholesale nature, the diversity of operations contributes to the stability of its business position and revenue base.

Mediobanca's creditworthiness is enhanced by its exceptional capital strength: The group's equity base, which exceeded €4.9 billion at year-end 2001 (regulatory Tier 1 ratio of 19% at the same date), provides ample room to absorb the risks inherent in its credit and investment-banking operations. Capital is also fundamental in providing Mediobanca with a good floor for its interest margin, and therefore in covering a cost base that is well contained thanks to the group's lean structure (an average 1,214 employees in 2001). The interest margin contributes to revenue diversification, which otherwise would depend on more volatile commissions from investment banking and on equity-stake dividends.

Financial flexibility is further enhanced by latent capital gains--valued at €4.4 billion at mid-March 2002--on Mediobanca's vast equity portfolio. These gains are 90% concentrated in the group's 13.6% stake in Italian insurer Assicurazioni Generali SpA. As the book value of this stake is particularly low, Mediobanca is not exposed to fluctuations in Generali's stock price.

Standard & Poor's acknowledges the risk-adverse nature of Mediobanca's business approach, starting with management's clearly conservative accountancy practices. Credit losses have been traditionally extremely low thanks to the bank's inside knowledge of the Italian corporate sector and its long-term client relationships. Although Mediobanca's activity with large corporates results in significant concentration risk in the loan portfolio, this should be considered in the context of the bank's strong capital base. Owing to a diversified and well-matched funding structure, Mediobanca's liquidity risk is low, despite the absence of a retail-deposits base, while the bank's structural exposure to interest rate risk deriving from the relevant size of its free capital is kept low through hedging. Trading risk is also contained.

The McGraw-Hill Companies, S.r.l.

Sede Legale: Via Ripamonti, 89 - 20139 Milano

Cap. Soc. Euro 1.315.250 int.vers.

N.Iscriz. nel Registro delle Imprese di Milano Codice Fiscale e Partita IVA 08189610150  
REA Milano 1211459

**Outlook**

In assessing the stability of Mediobanca's ratings, Standard & Poor's has taken into account the cautious approach Mediobanca is expected to maintain in developing new business lines in the coming years, particularly in credit activities and the private-equity business. Standard & Poor's understands that Mediobanca intends to preserve its actual capital base in the next few years in order to pursue its business objectives, notwithstanding its aim to obtain a higher return on capital for its shareholders.

**Analytical E-Mail Addresses**

alberto\_buffadiperrero@standardandpoors.com

bernard\_delongeviale@standardandpoors.com

FIG\_Europe@standardandpoors.com