

## RATING ACTION COMMENTARY

# Fitch Revises Mediobanca's Rating Watch to Negative on Rejected Banca Generali Bid

Thu 04 Sep, 2025 - 11:05 ET

Fitch Ratings - Milan - 04 Sep 2025: Fitch Ratings has revised Mediobanca Banca di Credito Finanziario S.p.A.'s (Mediobanca) Rating Watch on its 'BBB' Long-Term Issuer Default Rating (IDR) to Negative (RWN), from Evolving. Mediobanca's 'bbb' Viability Rating, Short-Term IDR, debt ratings, including on the senior preferred debt issued by Mediobanca International (Luxembourg) S.A., the funding vehicle, remain on RWN. The Government Support Rating is unaffected. A full list of rating actions is below.

The Rating Watch revision follows the rejection of the takeover bid for Banca Generali by Mediobanca's shareholders. As a result, its ratings no longer reflect the benefits that would have arisen from the takeover, including an enlarged wealth management and private banking franchise, improved profitability and a larger deposit base.

The RWN reflects the downward risks to Mediobanca from Banca Monte dei Paschi di Siena S.p.A.'s (MPS, BBB-/Stable) exchange offer for the bank, given their relative rating levels, the large execution risks entailed in a deal of this scale and the potential negative repercussions for Mediobanca's franchise and performance.

Fitch will resolve the RWN on completion or termination of MPS's exchange offer, which could take longer than six months. If MPS's acquisition is successful, we will withdraw Mediobanca's Government Support Rating of 'no support' (ns) and assign a Shareholder Support Rating, based on MPS's ability and propensity to support Mediobanca, which will be large in relation to MPS's size, and the final ownership structure.

## KEY RATING DRIVERS

**Specialised Bank, Moderate Risk Profile:** Mediobanca's ratings reflect its specialised and diversified business model with well-established or increasingly competitive positions in corporate and investment banking (CIB), wealth management and consumer credit in Italy, and a sound risk profile that has consistently resulted in satisfactory asset quality compared with domestic peers. The ratings also take into consideration its sound capitalisation, good profitability record and stable funding and liquidity.

For more detail on the key rating drivers for Mediobanca's ratings see "Fitch affirms Mediobanca at 'BBB', Outlook Stable", dated 24 February 2025, available [atwww.fitchratings.com](https://www.fitchratings.com)

**MPS Takeover Bid:** The RWN reflects MPS's pending exchange offer for all Mediobanca's shares, which is expected to close in September 2025. The combination of MPS and Mediobanca would create Italy's third-largest bank, with a diversified business model - which would support earnings generation over the medium term and through the cycle, and sound capitalisation.

However, a takeover could weigh on Mediobanca's ratings, given MPS's lower rating, limited record in integrating large banks and the hostile nature of the deal. The bank's highly competitive and confidence sensitive CIB and wealth management franchises could suffer from the takeover, as it may be perceived a weaker and less specialised bank. Moreover, cultural differences could lead to staff and client attrition. The integration of some of Mediobanca's more sophisticated and higher risk activities would also require careful oversight.

## RATING SENSITIVITIES

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

The acquisition of Mediobanca by MPS could result in negative rating action, given the acquiror's lower rating and the material execution risk entailed in the integration of the two entities, arising mainly from Mediobanca's confidence sensitive CIB and wealth management franchises and different corporate cultures.

Aside from the implication of the MPS transaction, the factors that could, individually or collectively, lead to a negative rating action or downgrade for Mediobanca's ratings are outlined in "Fitch affirms Mediobanca at 'BBB', Outlook Stable", dated 24 February 2025, available at [www.fitchratings.com](http://www.fitchratings.com).

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

If the MPS takeover does not go through, the factors that could, individually or collectively, lead to a positive rating action or upgrade for Mediobanca's ratings are outlined in "Fitch affirms Mediobanca at 'BBB', Outlook Stable", dated 24 February 2025, available at [www.fitchratings.com](http://www.fitchratings.com).

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

### **Deposits**

The long-term deposit rating is one notch above Mediobanca's Long-Term IDR to reflect full depositor preference in Italy and protection provided by senior and subordinated debt and equity buffers. The uplift also reflects our expectation that the bank will maintain these buffers, given the need to comply with minimum requirement for own funds and eligible liabilities.

The short-term deposit rating of 'F2' is the baseline option for a long-term deposit rating of 'BBB+' because the funding and liquidity score is not high enough to achieve the higher equivalent short-term rating.

### **Secured Senior Preferred Debt**

The notes' rating is in line with Mediobanca's 'BBB' Long-Term IDR to reflect Fitch's view that the collateral does not clearly indicate above-average recovery prospects. This is because the notes would cease to be secured by Italian sovereign debt if a credit event with respect to the sovereign occurs.

### **Unsecured Senior Debt**

The senior preferred debt ratings are in line with the IDRs, reflecting our view that the default risk of senior preferred obligations is equivalent to that of the bank, as expressed by the IDRs, and that senior preferred obligations have average recovery prospects. This is based on our expectation that Mediobanca will use senior preferred and more junior debt instruments, as well as equity, to comply with minimum requirement for own funds and eligible liabilities.

The rating also reflects our expectation that the combined buffer of additional Tier 1, Tier 2 and senior non-preferred debt is unlikely to exceed 10% of the bank's RWA in a sustainable manner. The short-term senior preferred debt rating of 'F3' is in line with the Short-Term IDR.

For the same reasons, Mediobanca's senior non-preferred debt is rated one notch below the Long-Term IDR to reflect the risk of below-average recoveries.

### **Subordinated Debt**

Tier 2 subordinated debt is rated two notches below the Viability Rating for loss severity to reflect poor recovery prospects. No additional notching is applied for incremental non-performance risk because a write-down of the notes will only occur once the point of non-viability is reached and there is no coupon flexibility before non-viability.

### **Derivative Counterparty Rating**

Mediobanca's Derivative Counterparty Rating is in line with the Long-Term IDR, as derivative counterparties in Italy have no preferential legal status over senior debt in liquidation.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

The deposit, senior secured, senior preferred, and senior non-preferred and derivative counterparty ratings are primarily sensitive to changes in the bank's IDRs. The Short-Term IDR and short-term senior preferred ratings would be downgraded if Mediobanca's Long-Term IDR were downgraded by two or more notches.

Aside from the implication of the of the announced transactions, the rating sensitivities of all debt instruments, including DCR, senior preferred, senior non-preferred debt, deposits and Tier 2 debt are outlined in "Fitch affirms Mediobanca at 'BBB', Outlook Stable", dated 24 February 2025, available at [www.fitchratings.com](http://www.fitchratings.com).

SUBSIDIARIES & AFFILIATES: KEY RATING DRIVERS

The ratings of the senior preferred debt issued by Mediobanca International (Luxembourg) S.A. are equalised with the parent's IDRs, as the debt is unconditionally and irrevocably guaranteed by Mediobanca. Fitch expects the parent to honour this guarantee.

SUBSIDIARIES AND AFFILIATES: RATING SENSITIVITIES

The ratings of the senior preferred debt issued by Mediobanca International (Luxembourg) S.A. are sensitive to the same factors that affect the senior preferred debt issued by the parent.

VR ADJUSTMENTS

The operating environment score of 'bbb' is below the 'a' implied category score due to the following adjustment reason: sovereign rating (negative)

The funding and liquidity score of 'bbb' is above the 'b and below' category implied score due to the following adjustment reason: non-deposit funding (positive).

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

The RWN on Mediobanca's Long-Term IDR is linked to the Long-Term IDR of MPS.

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 ↕
Mediobanca Banca di Credito Finanziario S.p.A	LT IDR	BBB	Rating Watch Revision	BBB

	ST IDR	F3	Rating Watch Maintained	F3
	Viability	bbb	Rating Watch Maintained	bbb
	DCR	BBB(dcr)	Rating Watch Maintained	BBB(dcr)
subordinated	LT	BB+	Rating Watch Maintained	BB+
long-term deposits	LT	BBB+	Rating Watch Maintained	BBB+
senior secured	LT	BBB	Rating Watch Maintained	BBB
Senior preferred	LT	BBB	Rating Watch Maintained	BBB
Senior preferred	LT	BBB(EXP)	Rating Watch Maintained	BBB(EXP)
Senior non-preferred	LT	BBB-	Rating Watch Maintained	BBB-

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

**PARTICIPATION STATUS**

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer’s available public disclosure.

**APPLICABLE CRITERIA**

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

**ADDITIONAL DISCLOSURES**

[Solicitation Status](#)

[Endorsement Policy](#)

**ENDORSEMENT STATUS**

Mediobanca International (Luxembourg) S.A.

EU Issued, UK Endorsed

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## **SOLICITATION STATUS**

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## **ENDORSEMENT POLICY**

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