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Mediobanca SpA

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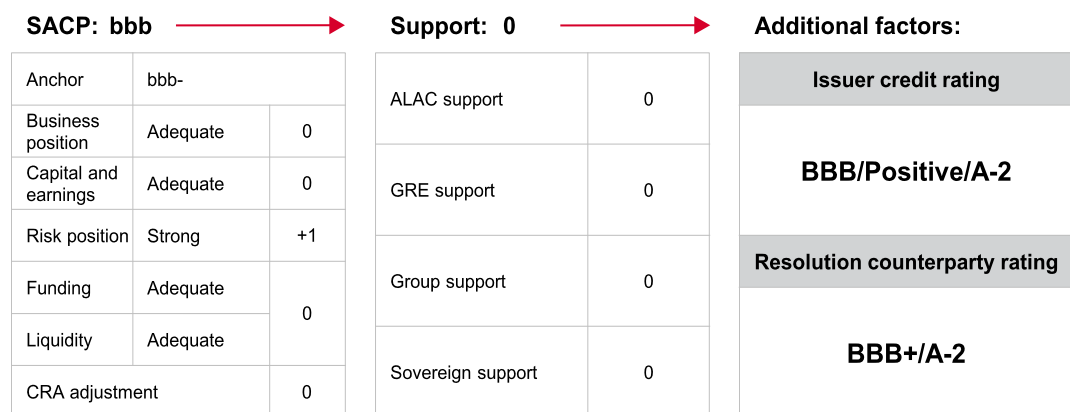
Related Criteria

Related Research

Mediobanca SpA

Ratings Score Snapshot

Global Scale Ratings	
Issuer Credit Rating	BBB/Positive/A-2
Resolution Counterparty Rating	BBB+/-/A-2



ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

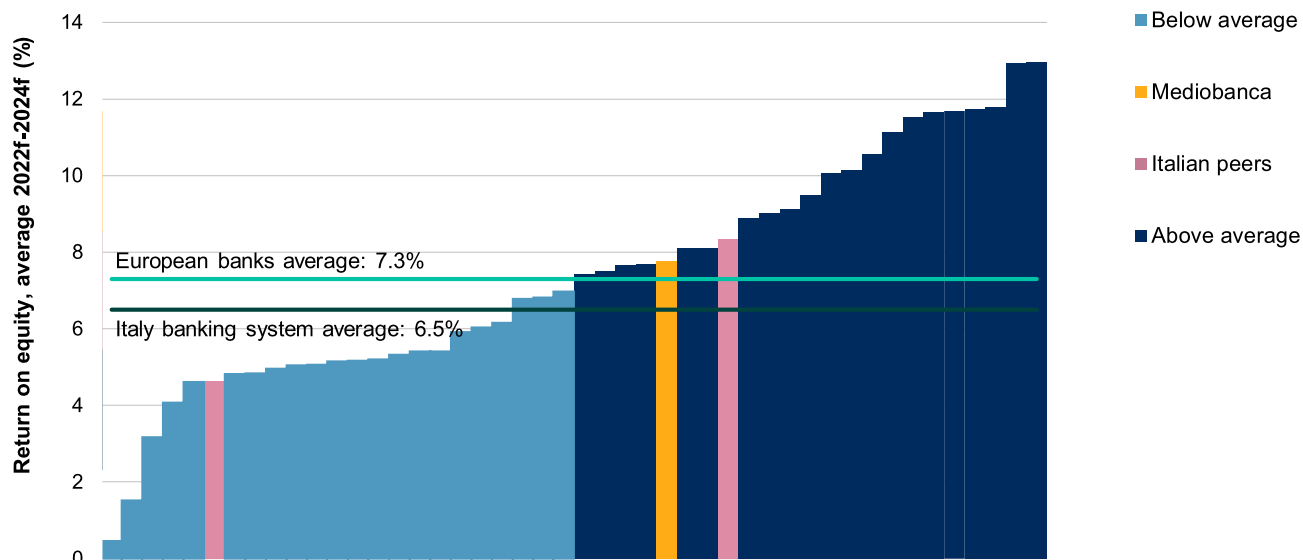
Credit Highlights

Key strengths	Key risks
Stronger-than-peers credit risk profile, leading to healthier asset quality metrics.	Exposure to the high, albeit decreasing, economic risks we see in Italy.
Well-diversified business profile, resulting in resilient earnings throughout the cycle.	
Sound capitalization.	

We anticipate Mediobanca's well-diversified business model will continue to support its earnings generation capacity in 2022-2024. The bank's diversification into wealth management, corporate and investment banking, and consumer lending has supported a track record of sound and resilient returns over the years, and we expect this will remain a competitive advantage. This will likely help the group to maintain return on equity (RoE) at 8%-9% over the next couple of years, a higher level than for the average domestic players and closer to the best performing and highly rated European banks (see chart 1).

Chart 1

Mediobanca's ROE Is Better Than Italian Banks' Average And Close To The Top 50 European Banks Average



f--Forecast. ROE--Return on equity. Source: S&P Ratings.
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We also anticipate the bank to preserve a better risk profile than peers. This is primarily because of the bank's lower-than-peers exposure to small and midsize enterprises (SMEs) and its high geographic diversification in its portfolio of large corporate clients. This, coupled with its conservative underwriting standards, should help Mediobanca maintain lower-than-system-average credit losses and new inflow of nonperforming exposures (NPEs).

We therefore expect the bank's risk-adjusted capital (RAC) ratio to remain 9.0%-9.5%, at least until 2024, the highest among Italian banks. This includes the bank's planned distribution policy to its shareholders.

We think Mediobanca's ownership structure and large stake in Assicurazioni Generali (13%) add complexity to its governance. Although we do not anticipate any meaningful changes to the bank's strategy, we will continue to monitor how the recent and any further changes in the bank's shareholder structure might affect Mediobanca's governance and strategy.

Outlook

The positive outlook on Mediobanca and its core subsidiary, MB Funding Lux, mirrors that on Italy and reflects our view that diminishing economic risks faced by Italian banks could benefit Mediobanca's overall creditworthiness in the years to come.

Upside scenario

We could raise the long-term rating on Mediobanca and MB Funding Lux if we took a similar action on Italy and concluded that the bank's creditworthiness had strengthened. The latter scenario would most likely be linked to lower economic risks we might see in Italy, resulting in our projections for Mediobanca's RAC ratio moving to 10% over the next two years, its risk profile remaining resilient, and its operating performance still exceeding its peers'.

Downside scenario

We could revise the outlook back to stable if we took a similar action on the sovereign or if we became less confident about the positive effects of Italy's economic performance on banks' balance sheets, undermining the potential upside for Mediobanca's creditworthiness. In addition, we could take a negative rating action if we concluded that the bank's strategy had shifted to become substantially more aggressive or risky.

Hybrids

We do not assign outlooks to bank issue ratings. However, we will continue to notch down the ratings on Mediobanca's hybrids from the lower of the stand-alone credit profile (SACP) and issuer credit rating (ICR). Therefore, if we raised the ratings on Mediobanca, we would also raise the ratings on the bank's rated subordinated debt obligations.

Key Metrics

Mediobanca SpA--Key Ratios And Forecasts

(%)	--Fiscal year ended June 30--				
	2020a	2021a	2022f	2023f	2024f
Growth in customer loans	6.2	2.7	5.0-6.0	0.5-1.5	1.5-2.5
Cost to income ratio	51.3	49.0	45-50	45-50	45-50
Return on average common equity	6.2	7.8	7.0-8.0	7.5-8.5	7.5-8.5
New loan loss provisions/average customer loans	0.9	0.6	0.6-0.8	0.5-0.7	0.5-0.7
Gross nonperforming assets/customer loans	4.8	4.0	4.5-5.0	4.0-4.5	3.5-4.0
Risk-adjusted capital ratio before diversification adjustments	8.9	9.3	8.7-9.2	8.7-9.2	8.8-9.3

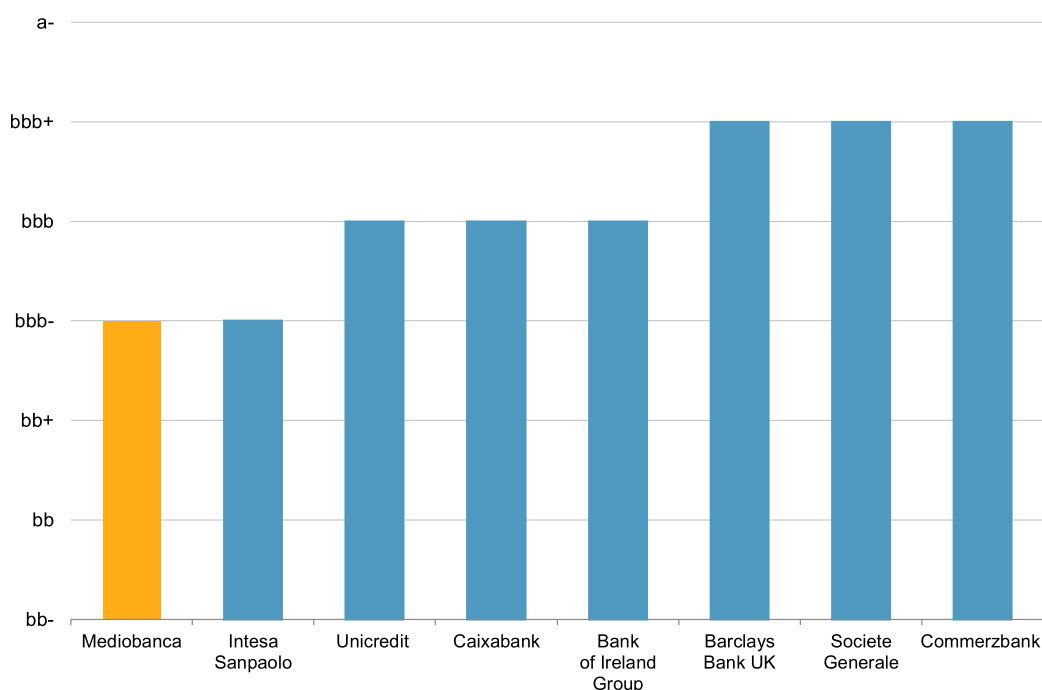
All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast.

Anchor: 'bbb-', Based On Mediobanca's High Exposure To Italy

Our 'bbb-' anchor for Mediobanca is weaker than for most large European bank peers (see chart 2). The anchor reflects the bank's material exposure to the Italian economy, which carries a higher economic risk than other European banking sectors, in our view. This is despite Mediobanca's international corporate and investment banking (CIB) activities, which enable it to enjoy higher geographical business diversification than most other domestic banks, with about 25% of its total exposure abroad.

Chart 2

Mediobanca Has A Lower Anchor Than Peers Because Of The Higher Economic Risks Of Its Footprint



Source: S&P Global Ratings.

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Banks in Italy face higher economic risks than most of its peers, despite the country's open and diversified economy, low leverage, and wealthy households. The substantial period needed for creditors in Italy to recover collateral and settle lawsuits--due to the less effective insolvency and foreclosure procedures and judicial system--remains a weakness compared with most advanced economies. After many years of subdued economic expansion, Italy might be benefiting from a sustained recovery, in our view. Still, this recovery is in its early stages and will require time to consolidate, considering the existing near-term risks linked to the Russia-Ukraine conflict. In this context, we anticipate credit losses will remain relatively high--although manageable for most--close to the average 90-100 bps over the next couple of years. We see credit losses normalizing thereafter, absent further economic shocks.

Industry risks are also relatively high, in our opinion. Despite the benefits of ongoing consolidation in reducing overcapacity in the banking sector, several players might not have enough earning capacity to continuously and adequately invest as such to keep abreast of innovation and rapidly evolving customer preferences. Conversely, near-to-medium-term refinancing risk has abated, given the abundant liquidity provided the European Central Bank (ECB), the large deposit funding base, and the banking sector's very low external position. In addition, more than 80% of the Italian banking sector is under the ECB's direct supervision.

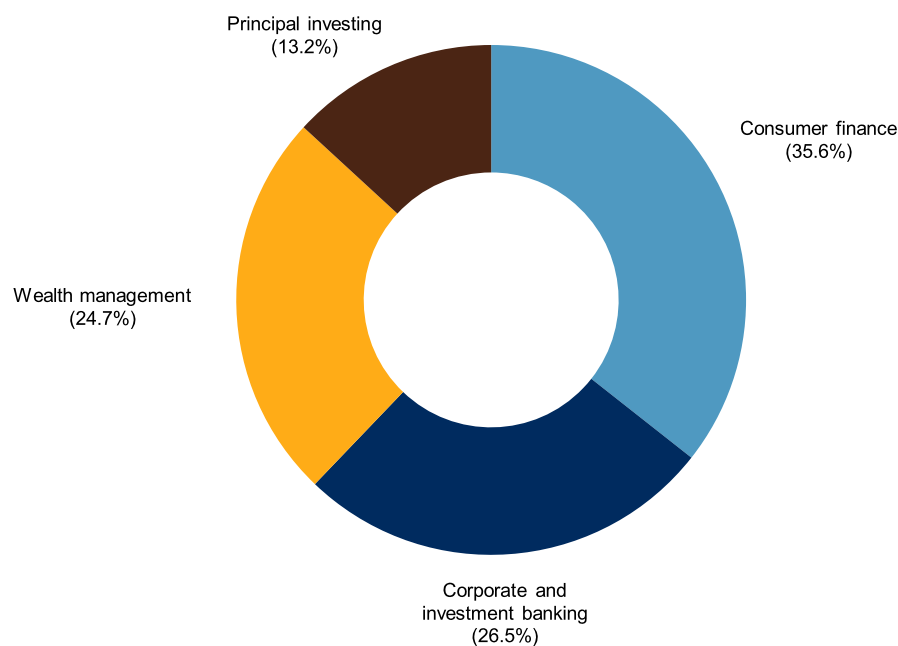
Business Position: Key Competitive Advantage From Its Diversification Strategy

Mediobanca's well-diversified business model and effective strategy has supported its resilience throughout the credit cycle. The bank enjoys a strong and long-established franchise in CIB that it has successfully preserved from intensified competition. In addition, Mediobanca has complemented this business cornerstone with retail business activities, namely consumer finance and wealth management, that it has expanded over the past few years through acquisitions and organic growth (see chart 3).

Chart 3

Mediobanca's Revenue Is Well Diversified

Data as of December 2021



Source: S&P Global Ratings' estimate based on company's public data.

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We anticipate this diversification strategy to remain a key competitive advantage. In particular, we expect

Mediobanca's earning capacity to continue to outperform its domestic peers'. The bank already enjoyed a track record of robust and stable returns and higher-than-peers operating efficiency, with cost-to-income below 50% and RoE persistently at about 8%-9% over recent years. These levels are better than the domestic average and closer to the best-performing, highly rated European banks.

We anticipate Italian insurer Assicurazioni Generali SpA, which has accounted for about 37% of Mediobanca's net income over the past three years, will remain an important countercyclical key contributor to the resilience of the group's profitability. We therefore think it would be difficult to replace Generali in case of a sale, unless the group undertakes a significant acquisition with potential for high earnings and synergies generation. That said, we acknowledge that management has historically been disciplined and prudent in executing its acquisition strategy while preserving its solvency.

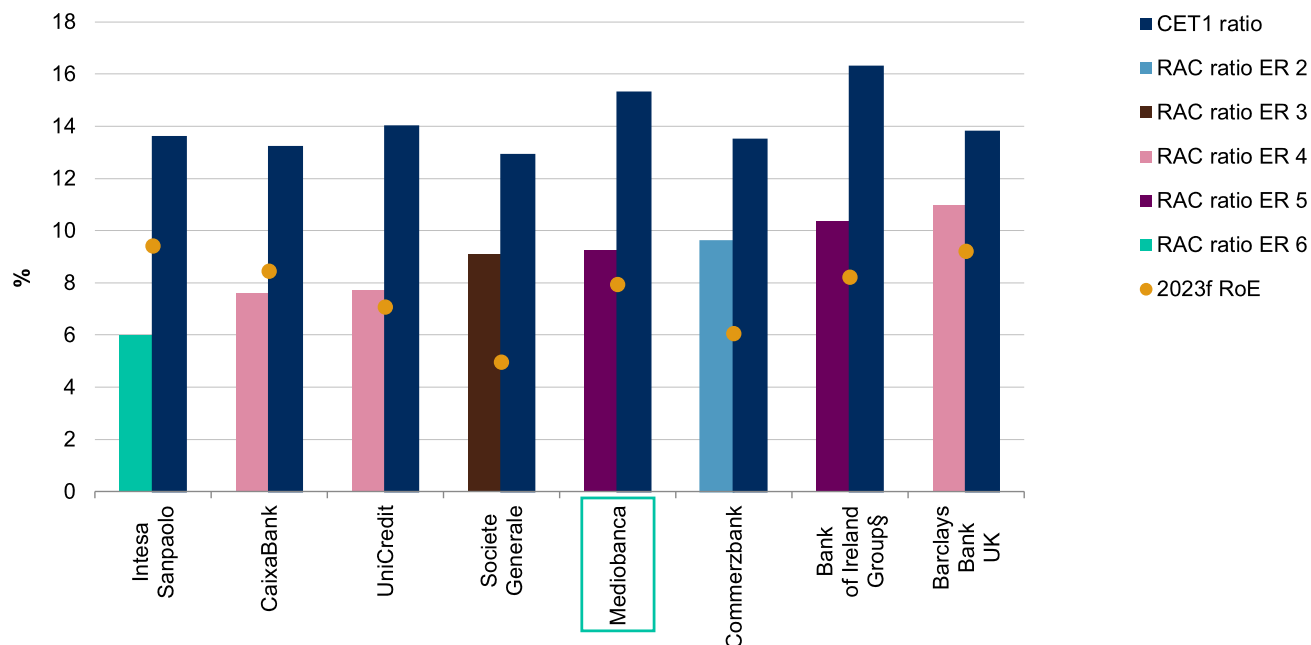
We think Mediobanca's ownership structure and its large stake in Generali (13%) add complexity to its governance. The bank's shareholder structure has changed over the past couple of years. Mr. Leonardo Del Vecchio, an Italian billionaire businessman, gradually increased his stake in the bank's capital to 19.4% from 9.9%, after being authorized to increase his stake to up to 20%, and Mr. Francesco Gaetano Caltagirone, another Italian businessman, raised his stake to 5.5% from about 3%. Of the remaining capital, about 50% is held by institutional investors, 10.7% is split between a few investors who signed a consultation agreement, and most of the rest is held by other retail investors. Although we will monitor any potential deviation, we currently do not anticipate any meaningful change in the bank's strategy. The term of the board and management team was extended for three years until October 2023, and we expect management to remain committed to implementing the 2019-2023 business plan.

Capital And Earnings: Capitalization Sustained By Strong Operating Performance, Despite Resumed Profits Distribution

As a result of the bank's sound and diversified revenue generation, outstanding cost efficiency, and contained credit losses, we expect the bank's risk-adjusted capital (RAC) ratio to remain 9.0%-9.5%, at least until 2024, the highest among other Italian banks (see chart 4). This includes the bank's planned distribution policy to its shareholders.

Chart 4

Mediobanca's Capitalization Compares Favorably With Peers'



CET1 as of March 2022. RAC as of December 2020 for all entities except Mediobanca, which is as of June 2021. CET1--Common equity tier 1. ER--Economic risk. f--Forecast. RAC--Risk-adjusted capital. ROE--Return on equity.

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In our RAC projections, we also factored in our expectations that net interest income will likely expand, thanks to rising rates and higher volumes in consumer loans, and that equity income from the Generali stake will continue supporting Mediobanca's earnings. This will likely help to cushion a likely deceleration in fee income growth, owing to some expected higher market volatility.

Our RAC calculation is sensitive to potential changes in the economic risk and sovereign ratings on Italy. If we concluded that economic risks for Italian banks had diminished and upgraded the sovereign, this could add up to 80 basis points (bps) points to our RAC ratio projections.

Higher economic risks and weaker sovereign creditworthiness than in peers' countries of operation have been the primary reasons for the material gap between our view of the bank's capitalization and its relatively sound regulatory capital ratios. For example, its fully loaded common equity Tier 1 (CET1) ratio stood at 14% as of end-March 2022, about 610 bps above its regulatory requirement. Although we do not incorporate any M&A transactions in our forecasts, we acknowledge that management has historically been disciplined and prudent in its acquisition strategy while preserving its solvency.

Finally, although Mediobanca's exposure to market risk declined following its disposal of a significant part of its equity

stakes, our estimate of the bank's RAC ratio remains subject to the volatility of the share price of Generali, which accounts for the largest proportion of these stakes.

Risk Position: A Key Strength Supporting The Bank's Creditworthiness

Mediobanca's risk profile will likely continue to benefit from its lower-than-peers exposure to small and midsize enterprises (SMEs) and economic sectors affected by the pandemic. Moreover, its corporate loan book enjoys high geographic diversification within its large client portfolio. The bank grants about 75% of its corporate loans to clients whose turnover is mainly outside Italy.

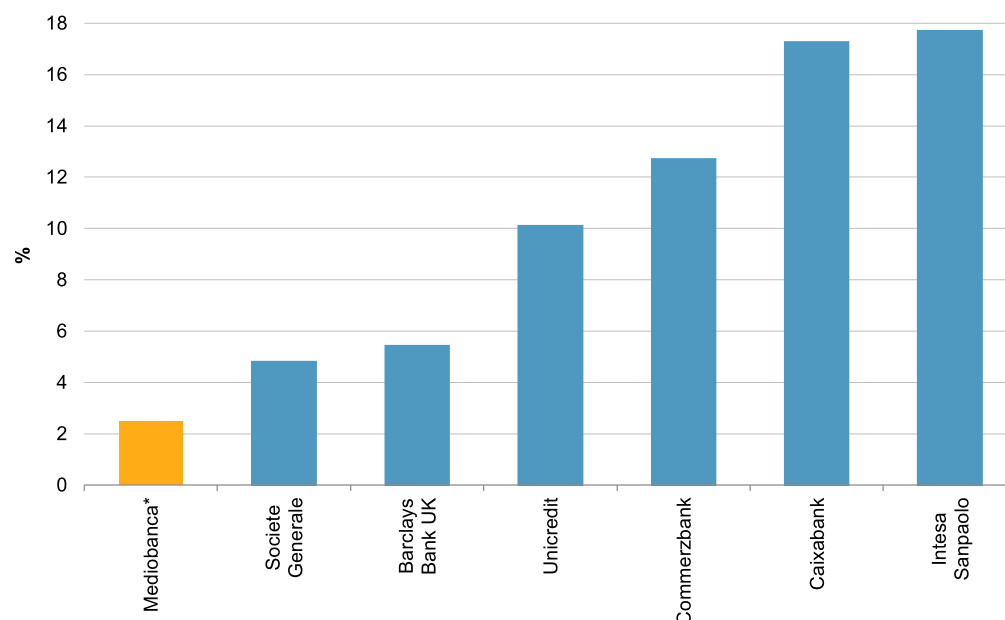
Consequently, we anticipate Mediobanca's credit losses will remain lower than most Italian banks throughout 2022-2024. As of end-March 2022, the loans benefiting from moratoria represented a negligible 0.1% of the bank's total loan book, down from the 5% peak in April 2021, a level already significantly lower than other domestic players'. Furthermore, the loans still subject to moratoria have been classified at Stage 2 or 3 and are, therefore, adequately covered by provisions.

We expect Mediobanca's NPE ratios to remain substantially below that of most domestic peers (see chart 5). The net NPE ratio was already at an outstanding 0.4% as of March Dec. 31, 2022. The conservative underwriting standards and proactive loan collection process, enhanced by digital channels, should help the bank maintain a lower-than-system-average inflow of NPEs in its consumer loan book. In addition, the high level of NPE coverage through provisions (at about 90% as of March 31, 2022), which include €290 million of pandemic-related overlays not yet released, mostly against consumer loans, should provide a sufficient buffer to absorb a potential deterioration in the bank's consumer credit portfolio owing to the ongoing gradual recovery of new loan production.

Chart 5

Mediobanca's Net Nonperforming Assets To TAC Indicates Better Asset Quality Than Peers'

As of December 2021



*Including purchased nonperforming assets. TAC--Total adjusted capital. Source: S&P Global Ratings. Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

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.

Funding And Liquidity: High Reliance On Wholesale Funding, Despite Increased Retail Financing

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

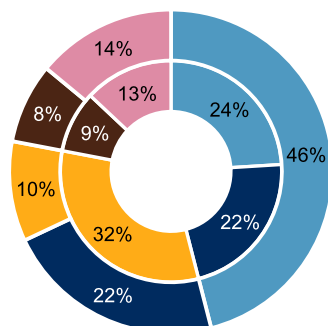
As of Dec. 31, 2021, we estimate that the bank's net stable funding ratio was about 107%.

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 (see chart 6). Although the bank's reliance on wholesale funding remains higher than peers' (see chart 7), we think Mediobanca has spread its long-term wholesale funding maturities well. In September 2021, the bank's recourse to ECB financing has marginally increased by €1 billion to €8.5 billion, but we note its proportion on the total funding base remains in line with other domestic peers, at about 13% as of end-December 2021.

Chart 6

Mediobanca's Funding Composition Has Improved

- Retail -- wealth management deposits
- Institutional investors bonds
- Retail -- retail bonds
- Banks and other
- European Central Bank

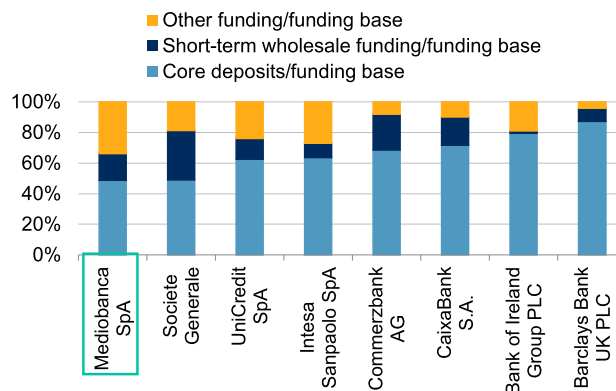


Inner circle refers to 2012. Outer circle refers to 2021.
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Chart 7

But Its Reliance On Wholesale Funding Remains Higher Than Peers

As of December 2021



Source: S&P Global Ratings.
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We anticipate that Mediobanca will retain its comfortable liquidity buffers thanks to conservative liquidity management. As of Dec. 31, 2021, its broad liquid assets covered its short-term wholesale funding by almost 2x. The bank's liquid assets are also highly diversified, with only €3.5 billion--or about 46% of its CET1--accounting for Italian government bonds, the lowest level among its domestic peers.

Comparable Ratings Analysis (CRA) Adjustment: None

We currently do not apply any adjustment to arrive at the bank's SACP, based on our comparable ratings analysis.

Extraordinary External Support: No Uplift For Additional Loss-Absorbing Capacity (ALAC)

We assess the resolution regime in Italy as effective and expect Mediobanca to be subject to a resolution that entails a bail-in if it reaches nonviability. However, we do not apply any uplift for ALAC because we expect the amount of ALAC on S&P Global Ratings' RWA to remain below the 2% threshold we set for a higher potential ICR. Mediobanca's ALAC threshold is 100 bps lower than our typical ALAC threshold of 3% due to its large equity investment in Generali, representing about 20% of the group's RWA, which would not need recapitalization in a resolution scenario. 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, including €500 million senior nonpreferred notes and €250 million Tier 2 instruments, which were issued in 2020.

Environmental, Social, And Governance: No Material Influence On Our Credit Rating Analysis Of Mediobanca

ESG Credit Indicators

E-1	E-2	E-3	E-4	E-5	S-1	S-2	S-3	S-4	S-5	G-1	G-2	G-3	G-4	G-5
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ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumeric 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

We view positively management's strategy, aimed at preserving the bank' strong corporate and investment banking franchise while expanding in more stable businesses such as retail banking and asset management. We also consider that the recent changes to the bank's article of association have enhanced its governance structure by increasing minorities' representation at the board of directors. At the same time, we think Mediobanca's ownership structure and its large stake in Assicurazioni Generali add complexity to its governance. We will continue to monitor how the recent changes, as well as any further amendments, to the bank's shareholder structure might affect Mediobanca's governance and strategy. That said, we do not anticipate any meaningful changes to the bank's strategy.

In our view, Mediobanca's wealth management and consumer finance businesses expose the bank to conduct risks, but no differently from its peers. We have not observed any specific cases that have affected the bank recently. The bank's environmental exposure is mostly indirect, primarily through its financing and investing operations. It is facing transition risk because evolving environmental legislation and norms could affect the credit quality of its retail, small business, and corporate loan portfolios. The bank is progressing well in its ambitious commitment to include ESG criteria in all its new investing activities by 2023. This, coupled with the signatory to the Net-Zero Banking Alliance in November 2021, and the issuance of an inaugural €500 million green bond in September 2020, demonstrates Mediobanca's efforts to play an active role in the transition to a greener economy, like other international players.

Rated Subsidiaries

We align our ratings on MB Funding Lux with our rating on Mediobanca, reflecting our assessment that it is core to the parent. We base this on MB Funding Lux'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 our long-term ICR. The 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, authorities would initiate a resolution of Mediobanca, bailing in eligible liabilities that would be sufficient to help the bank absorb the impact of such an adverse scenario. We assume that, as part of the resolution process, Mediobanca

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 at 'BBB+'.

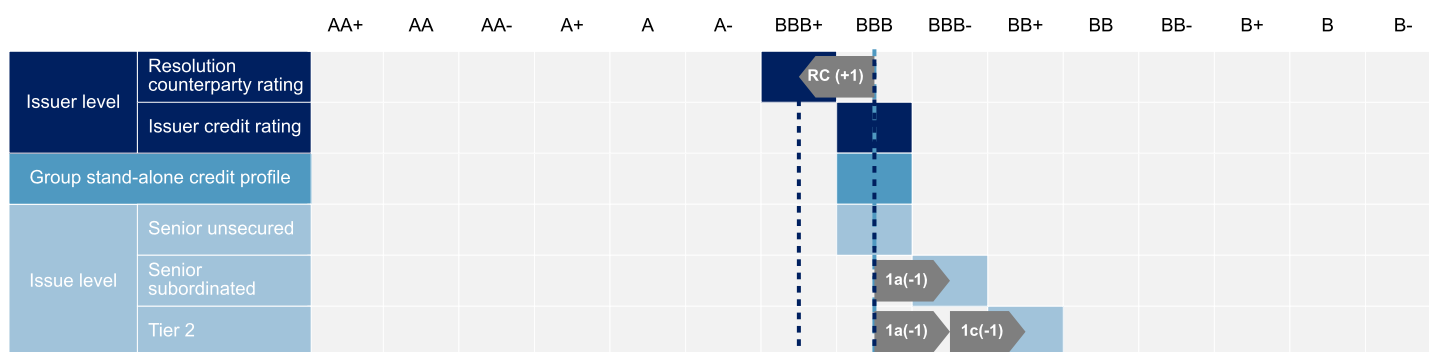
Hybrid Instruments

We rate Mediobanca's hybrid instruments by applying our standard notching-down from the bank's 'bbb' SACP (see chart 8). This means we currently rate the bank's senior nonpreferred notes at 'BBB-', one notch below its SACP, owing to our view that these notes are subordinated to more senior obligations, and do not carry additional default risk relative to that represented by the SACP. We anticipate that the senior nonpreferred notes would be subject to a possible conversion or write-down only in resolution (for more information, see "Mediobanca SpA's Senior Nonpreferred Notes Assigned 'BBB-' Issue Rating," published Jan. 17, 2020, on RatingsDirect).

Our 'BB+' ratings on Mediobanca's Tier 2 instruments are two notches lower than the SACP. We deduct one notch for subordination and one notch to reflect the risk that regulators may force the write-down/conversion to equity of those instruments even outside a resolution/liquidation scenario.

Chart 8

Mediobanca SpA: Notching



Key to notching

- Group stand-alone credit profile
- Issuer credit rating
- RC Resolution counterparty liabilities (senior secured debt)
- 1a Contractual subordination
- 1c Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 3 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on July 1, 2019.
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Key Statistics

Table 1

Mediobanca SpA Key Figures					
	--Year-ended June 30--				
(Mil. €)	2022*	2021	2020	2019	2018
Adjusted assets	87,732.6	81,854.6	78,133.7	77,343.0	71,560.7
Customer loans (gross)	50,838.5	49,133.4	47,826.2	45,038.5	42,050.4
Adjusted common equity	9,179.1	8,673.5	8,419.4	7,850.8	7,696.3
Core earnings	794.5	896.4	623.0	783.1	822.8

*Data as of March 31. Mediobanca's fiscal year ends on June 30. Year-end financial statements are audited, consolidated, and prepared according to International Financial Reporting Standards. The data and ratios are S&P Global Ratings' adjustments or calculations of data from publicly disclosed financial statements, and may differ from the issuer's own data and ratios.

Table 2

Mediobanca SpA Business Position					
	--Year-ended June 30--				
(%)	2022*	2021	2020	2019	2018
Loan market share in country of domicile	3.49	3.46	3.30	3.12	2.87
Deposit market share in country of domicile	1.32	1.34	1.30	1.34	1.25
Total revenues from business line (currency in millions)	2,147	2,837	2,634	2,571	2,558
Insurance activities/total revenues from business line	12.28	9.58	11.53	12.45	10.94
Asset management/total revenues from business line	25.29	21.75	22.17	21.29	20.56
Other revenues/total revenues from business line	(6.02)	5.10	4.50	2.20	3.26
Return on average common equity	8.65	7.82	6.17	8.46	9.21

*Data as of March 31. Mediobanca's fiscal year ends on June 30. Year-end financial statements are audited, consolidated, and prepared according to International Financial Reporting Standards. The data and ratios are S&P Global Ratings' adjustments or calculations of data from publicly disclosed financial statements, and may differ from the issuer's own data and ratios.

Table 3

Mediobanca SpA Capital And Earnings					
	--Year-ended June 30--				
(%)	2022*	2021	2020	2019	2018
Tier 1 capital ratio	15.3	16.3	16.1	14.1	14.2
S&P Global Ratings' RAC ratio before diversification	N/A	9.3	8.9	8.9	8.7
S&P Global Ratings' RAC ratio after diversification	N/A	8.4	8.2	8.4	8.1
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	51.5	50.0	56.3	56.1	56.4
Fee income/operating revenues	30.0	25.0	23.0	22.6	23.6
Market-sensitive income/operating revenues	6.2	6.9	5.3	7.9	6.5
Cost to income ratio	44.6	49.0	51.3	50.6	48.5
Provision operating income/average assets	1.9	1.8	1.6	1.6	1.8
Core earnings/average managed assets	1.2	1.1	0.8	1.0	1.2

*Data as of March 31. Mediobanca's fiscal year ends on June 30. Year-end financial statements are audited, consolidated, and prepared according to International Financial Reporting Standards. The data and ratios are S&P Global Ratings' adjustments or calculations of data from publicly disclosed financial statements, and may differ from the issuer's own data and ratios. N/A--Not applicable.

Table 4

Mediobanca Banca di Credito Finanziario S.p.A--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	8,424,568.4	91,587.3	1.1	2,411,488.3	28.6
Of which regional governments and local authorities	1,904.8	381.0	20.0	905.7	47.6
Institutions and CCPs	7,839,104.1	1,349,694.7	17.2	1,824,006.4	23.3
Corporate	29,275,899.9	16,832,606.9	57.5	26,468,499.6	90.4
Retail	26,386,066.9	11,620,007.2	44.0	24,107,368.8	91.4
Of which mortgage	11,866,614.6	1,905,606.7	16.1	6,936,308.0	58.5
Securitization§	196,948.0	113,153.0	57.5	309,826.0	157.3
Other assets†	2,390,319.5	2,613,619.6	109.3	4,830,121.5	202.1
Total credit risk	74,512,906.7	32,620,668.7	43.8	59,951,310.7	80.5
Credit valuation adjustment					
Total credit valuation adjustment	--	236,733.3	--	0.0	--
Market risk					
Equity in the banking book	4,493,071.2	8,107,662.1	180.4	25,383,651.7	565.0
Trading book market risk	--	2,071,235.7	--	3,076,384.4	--
Total market risk	--	10,178,897.8	--	28,460,036.2	--
Operational risk					
Total operational risk	--	4,122,955.6	--	5,129,138.1	--
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
Diversification adjustments					
RWA before diversification	--	47,159,255.4	--	93,540,485.0	100.0
Total diversification/Concentration adjustments	--	--	--	9,161,674.0	9.8
RWA after diversification	--	47,159,255.4	--	102,702,158.9	109.8
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings' RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		7,689,394.4	16.3	8,673,463.0	9.3
Capital ratio after adjustments‡		7,689,394.4	16.3	8,673,463.0	8.4

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions.

‡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, 2021, S&P Global Ratings.

Table 5

Mediobanca SpA Risk Position					
	--Year-ended June 30--				
(%)	2022*	2021	2020	2019	2018
Growth in customer loans	4.6	2.7	6.2	7.1	6.1
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	9.8	9.3	6.2	7.7
New loan loss provisions/average customer loans	0.5	0.6	0.9	0.5	0.5
Gross nonperforming assets/customer loans + other real estate owned	3.6	4.0	4.8	5.1	5.3
Loan loss reserves/gross nonperforming assets	90.6	85.5	69.0	60.2	68.1

*Data as of March 31. Mediobanca's fiscal years end on June 30. Year-end financial statements are audited, consolidated, and prepared according to International Financial Reporting Standards. The data and ratios are S&P Global Ratings' adjustments or calculations of data from publicly disclosed financial statements, and may differ from the issuer's own data and ratios. N/A--Not applicable.

Table 6

Mediobanca SpA Funding And Liquidity					
	--Year-ended June 30--				
(%)	2022*	2021	2020	2019	2018
Core deposits/funding base	51.0	50.6	48.2	47.7	48.2
Customer loans (net)/customer deposits	147.1	147.9	153.8	146.9	147.9
Long-term funding ratio	N.A.	87.0	87.7	83.0	85.6
Stable funding ratio	N.A.	107.0	108.0	105.0	107.3
Short-term wholesale funding/funding base	16.7	15.2	14.1	19.4	16.7
Broad liquid assets/short-term wholesale funding (x)	N.A.	1.9	2.0	1.5	1.8
Broad liquid assets/total assets	N.A.	22.2	21.6	23.5	23.5
Broad liquid assets/customer deposits	N.A.	57.3	56.9	62.0	61.9

*Data as of March 31. Mediobanca's fiscal year ends on June 30. Year-end financial statements are audited, consolidated, and prepared according to International Financial Reporting Standards. The data and ratios are S&P Global Ratings' adjustments or calculations of data from publicly disclosed financial statements, and may differ from the issuer's own data and ratios. N.A.--Not available.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- 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
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment: Italy, May 25, 2022
- Bulletin: Mediobanca's Diversified And Predictable Business Strategy Remains Key To Support Its Resilient Returns, May 12, 2022
- Positive Outlooks Maintained On UniCredit, Intesa Sanpaolo, Mediobanca, FinecoBank, Credito Sportivo; Ratings Affirmed, April 27, 2022
- Ratings On 11 Italian Banks Affirmed Under Revised FI Criteria, Jan. 31, 2022
- Update: Mediobanca SpA, Dec. 1, 2021
- Outlooks On Intesa Sanpaolo, UniCredit, Mediobanca, Credito Sportivo, Fineco Revised To Positive On Lower Economic Risks, Nov. 23, 2021
- Italy Outlook Revised To Positive From Stable On Commitment To Pro-Growth Reforms; 'BBB/A-2' Ratings Affirmed, Oct. 22, 2021
- Research Update: Mediobanca And MB Funding Lux Outlooks Revised To Stable On Reduced Downside Risks; 'BBB/A-2' Ratings Affirmed, March 11, 2021

Ratings Detail (As Of May 25, 2022)*

Mediobanca SpA

Issuer Credit Rating	BBB/Positive/A-2
Resolution Counterparty Rating	BBB+/-/A-2
Commercial Paper	
<i>Foreign Currency</i>	A-2
Senior Unsecured	BBB
Short-Term Debt	A-2
Subordinated	BB+

Issuer Credit Ratings History

23-Nov-2021	BBB/Positive/A-2
11-Mar-2021	BBB/Stable/A-2
30-Oct-2018	BBB/Negative/A-2
31-Oct-2017	BBB/Stable/A-2

Sovereign Rating

Italy	BBB/Positive/A-2
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Related Entities

MB Funding Lux S.A.

Issuer Credit Rating	BBB/Positive/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.

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