

**Rating Action: Moody's changes outlooks to negative and affirms the ratings of 14 Italian financial institutions**

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**Rating action follows change in outlook on Italian government ratings**

Madrid, August 09, 2022 -- Moody's Investors Service ("Moody's") has today changed the outlook to negative and affirmed the deposit, senior unsecured debt and issuer ratings, where applicable, of 14 Italian financial institutions. This action follows the outlook change to negative from stable on the Italian government's Baa3 debt rating.

For further information on the sovereign rating action, please refer to Moody's press release dated 5 August 2022. ("Moody's changes the outlook on Italy to negative; affirms Baa3 ratings", [https://www.moodys.com/research/--PR\\_463267](https://www.moodys.com/research/--PR_463267)).

The following financial institutions are affected by today's rating actions: Intesa Sanpaolo S.p.A., UniCredit S.p.A., BPER Banca S.p.A., Banca Carige S.p.A., Mediocredito Trentino-Alto Adige S.p.A., FCA Bank S.p.A., Banca del Mezzogiorno - MCC S.p.A., Cassa Centrale Banca S.p.A., Cassa Centrale Raiffeisen S.p.A. (Raiffeisen), Cassa Depositi e Prestiti S.p.A. (CDP), Invitalia S.p.A. (Invitalia), Credit Agricole Italia S.p.A., Credito Emiliano S.p.A., and Mediobanca S.p.A.

All other ratings and assessments of the financial institutions that are included in today's rating action remain unaffected.

The ratings and assessments of Banca Monte dei Paschi di Siena S.p.A., Banco BPM S.p.A., Banca Sella Holding S.p.A., BFF Bank S.p.A. and Banca Ifis S.p.A. are unaffected as their lower ratings are generally less sensitive to the possible deterioration in the creditworthiness of the Italian government and of the operating environment.

Please click on this link [https://www.moodys.com/viewresearchdoc.aspx?docid=PBC\\_ARFTL468361](https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL468361) for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

**RATINGS RATIONALE**

Today's rating action reflects the potential consequences for banks of the shift to a negative outlook on the Italian government. These consequences could operate through one or more of the following channels:

1. The risk that business and consumer confidence could be eroded by policy uncertainty or energy supply challenges linked to Italy's high reliance on Russian natural gas. This would, in turn, lead to lower economic growth and raise asset quality risks while eroding profitability and hence capital generation. If it were to crystallize, this weakening in the operating environment would be reflected in a lower macro profile for Italy (currently Moderate +) and could lead to lower Baseline Credit Assessments (BCAs) for some banks.
2. The potential reduction in the creditworthiness of the Italian government itself would also lead to directly higher risks for banks. Italian banks' holding of substantial government bonds constrain their BCAs, which typically do not exceed domestic sovereign bond ratings, given strong interlinkages between banking systems and governments. Thus, in the event of a downgrade of the Italian sovereign rating, the BCAs of those Italian banks currently positioned at baa3 would also likely be downgraded.
3. A lower government bond rating would also increase the riskiness of banks' own senior debt and deposit liabilities given Moody's view that the expected loss of bank instruments is unlikely to be significantly lower than that of the sovereign's own debt. Reflecting this, the rating agency typically constrains deposit and senior unsecured debt ratings to two notches above the sovereign bond rating. Therefore, in the event of a downgrade of the Italian government bond rating, Italian banks' deposit and senior unsecured debt ratings currently positioned at Baa1 would also likely be downgraded, and the outlook on these instruments is therefore aligned with the Italian government debt's outlook.

Moody's rating affirmation of CDP's and Invitalia's Baa3 long-term issuer ratings and the entities negative outlooks were also driven by the affirmation with a negative outlook of the Italian government's debt rating. CDP's and Invitalia's Baa3 ratings are aligned with Italy's sovereign rating given the strong linkages and strategic importance for the Italian government.

The outlook on the long-term senior unsecured and issuer ratings of Raiffeisen was changed to developing from positive reflecting opposing trends. On the one hand the negative pressure stemming from the weakening macroeconomic environment, reflected by the negative outlook on the sovereign rating and on the other hand potentially lower expected losses for senior creditors in case the bank were to issue the volume of senior debt than it currently contemplates.

Other Italian banks were unaffected by today's rating actions because of lower BCAs and long-term ratings, which make them less sensitive to the action on the sovereign bond rating and to a weaker operating environment.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

There is little upward pressure on the affected ratings at present, as indicated by the negative outlooks. However, should the rating agency conclude that the operating environment was relatively unaffected, and the outlook on the Italian government debt rating returned to stable, Moody's could affirm the affected financial institutions' ratings and move the outlooks back to stable.

Conversely, Moody's could downgrade the ratings following a downgrade of Italy's sovereign rating and/or should it conclude that the operating environment was likely to deteriorate materially, resulting in a lower Macro Profile. Ratings on Italian banks could also be downgraded should capital market conditions prevent the anticipated issuance of debt instruments, increasing the loss-given-failure and hence expected loss upon their liabilities.

#### PRINCIPAL METHODOLOGIES

The principal methodology used in rating BPER Banca S.p.A., Banca Carige S.p.A., UniCredit S.p.A., UniCredit Delaware Inc., UniCredit S.p.A., London Branch, UniCredit S.p.A., New York Branch, Intesa Sanpaolo S.p.A., Intesa Bank Ireland p.l.c., Intesa Sanpaolo Bank Ireland p.l.c., Intesa Sanpaolo Funding LLC, Intesa Sanpaolo Bank Luxembourg S.A., Intesa Sanpaolo S.p.A., Hong Kong Branch, Intesa Sanpaolo S.p.A., London Branch, Intesa Sanpaolo S.p.A., New York Branch, Sanpaolo IMI S.p.A., Mediocredito Trentino-Alto Adige S.p.A., FCA Bank S.p.A., FCA Bank S.p.A., Irish Branch, FCA Capital Suisse SA, Banca del Mezzogiorno - MCC S.p.A., Cassa Centrale Banca S.p.A., Cassa Centrale Raiffeisen S.p.A., Credit Agricole Italia S.p.A., Credito Emiliano S.p.A., Credito Emiliano Holding S.p.A., Mediobanca S.p.A. and Mediobanca International (Luxembourg) SA was Banks Methodology published in July 2021 and available at <https://ratings.moody.com/api/rmc-documents/71997>. The principal methodology used in rating Cassa Depositi e Prestiti S.p.A. and Invitalia S.p.A. was Government-Related Issuers Methodology published in February 2020 and available at <https://ratings.moody.com/api/rmc-documents/64864>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of these methodologies.

#### REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moody.com>. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link [https://www.moody.com/viewresearchdoc.aspx?docid=PBC\\_ARFTL468361](https://www.moody.com/viewresearchdoc.aspx?docid=PBC_ARFTL468361) for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- EU Endorsement Status
- UK Endorsement Status
- Rating Solicitation
- Issuer Participation
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- Participation: Access to Internal Documents
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- Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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The below contact information is provided for information purposes only. For disclosures on the lead rating analyst and the Moody's legal entity that issued the rating, please see the issuer/deal page on <https://ratings.moodys.com> for each of the ratings covered.

The relevant office for each credit rating is identified in "Debt/deal box" on the Ratings tab in the Debt/Deal List section of each issuer/entity page of the website.

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