



COMUNICATO STAMPA

UBI BANCA: RIDUZIONE DEI RATING ASSEGNATI DA MOODY'S

Bergamo, 1 settembre 2011 – UBI Banca informa che in data odierna Moody's ha ridotto il rating a lungo termine ad A2 (da A1), lasciando invariato il rating a breve termine a Prime-1, ed il *Bank Financial Strength Rating (BFSR)* a C- (da C).

L'Outlook sul *deposit rating* rimane Negativo mentre l'Outlook sul *BFSR* è diventato Stabile.

Tale azione riflette un adeguamento del giudizio assegnato da Moody's ad UBI Banca, più coerente con l'evoluzione del fragile contesto finanziario e con la difficoltà che, nel breve termine, la redditività aziendale - che pure sembra aver toccato il minimo - possa incrementarsi significativamente.

L'agenzia ha peraltro ribadito i punti di forza di UBI Banca: una forte rete distributiva in Italia, livelli soddisfacenti di adeguatezza patrimoniale e di liquidità, nonché i benefici rivenienti dall'aumento di capitale sulla qualità del patrimonio primario in vista dell'entrata in vigore di Basilea III.

In allegato comunicato stampa diffuso da Moody's.

PRESS RELEASE

UBI BANCA: MOODY'S RATINGS REDUCED

Bergamo, 1 September 2011 – UBI Banca reports that today Moody's has reduced its long-term debt and deposit rating to A2 (from A1), while leaving the short term debt and deposit rating unchanged at Prime-1, and the Bank Financial Strength Rating (BFSR) to C- (from C).

The outlook on the deposit rating remains negative whilst the outlook on the standalone rating is now stable.

This action reflects an adjustment of the rating assigned by Moody's to UBI Banca, that is more consistent with changes in the weak financial context and with the rating agency's expectation that the bank's short term performance, even if bottoming out, may not improve significantly.

The rating agency has reaffirmed UBI Banca strengths: a strong franchise in Italy, satisfactory capital adequacy and liquidity levels and the benefits deriving from the capital increase to the quality of primary capital in view of the entrance into force of Basel III.

Moody's press release is attached.

Per ulteriori informazioni/For further information:

UBI Banca Investor relations – Tel. +39 035 3922217 email: investor.relations@ubibanca.it;

Press office – Tel. +39 030 2433591 Email: relesterne@ubibanca.it

Copia del comunicato è disponibile sul sito/Copy of this press release is available on the website www.ubibanca.it

Rating Action: Moody's downgrades Unione di Banche Italiane to A2/C-

Global Credit Research - 01 Sep 2011

Negative outlook on the deposit rating

Milan, September 01, 2011 -- Moody's Investors Service today downgraded Unione di Banche Italiane's (UBI) long-term debt and deposit ratings to A2 from A1, while the Prime-1 short-term debt and deposit ratings were unaffected by this rating action. Moody's also downgraded the bank's standalone bank financial strength rating (BFSR) to C-, mapping to Baa1 on the long-term scale, from C (which maps to A3). The outlook on the deposit rating remains negative reflecting Moody's ongoing reassessment of the support framework in Italy. The outlook on the standalone rating is now stable.

RATING RATIONALE

Moody's said that the downgrade of the Bank's standalone rating by one notch primarily reflects UBI's very weak ability to generate capital internally; this is compounded by a relatively weak efficiency and asset quality, both of which are now at levels more compatible with a BFSR of C-. However, the stable outlook on the bank's standalone rating of C- reflects the rating agency's expectation that the performance weakening is bottoming out, but that any improvement is likely to be limited, in the difficult operating environment the bank faces in Italy; it also incorporates the positive impact on its credit profile of the recent EUR 1 billion capital raising.

Moody's said that UBI's C- BFSR remains underpinned (i) by the bank's strong franchise in Italy, with a market share for branches of around 6%, as well as (ii) satisfactory capital adequacy and liquidity. The latter mitigates -- at least in the short term - the effects of current market tensions.

UBI's net income more than doubled to EUR252 million in the first half of 2011 however excluding significant non-recurring items (mainly a tax relief on intangibles) the increase was limited to 10% to €70 million. The cost of credit declined to 51 bp (from 64 bp). In its new business plan, published in May 2011, UBI targets a net profit above 1% of risk-weighted assets (RWA) - which Moody's considers an adequate level of profitability -, but only in 2015. Moody's said that it sees potential to partly achieve this target, given the EUR700 million largely IT related investments envisaged in the plan and further reduction in loan loss charges.

Despite the reduction in loan loss charges recorded in 2010 and first half of 2011, UBI's stock of problem loans increased further during this period. The rating agency noted that these stand at a level significantly higher than pre-crisis levels, although still better than average for the Italian banking system. In its business plan the bank states that it expects their level to actually increase until 2013, also reflecting the long timescales required to work-out problem loans in Italy. Moody's said that the degree of deterioration as well as the absolute level of these asset quality indicators are more compatible with a C- BFSR, with a trend reversal unlikely over the short-to medium term.

In July 2011 UBI completed a EUR1 billion capital increase which brought the Core Tier 1 capital ratio to 8.2%, compared to 7% at 2010 year-end. Moody's said that it views positively this capital increase, bringing capital adequacy to a level that provides a higher buffer to absorb potential losses, and positions the bank more favourably for the introduction of Basel III. The bank's business plan projects a Core Tier 1 ratio remaining at above 8% in coming years, assuming a 50% or EUR1 billion payout in the period from 2011 to 2015. Moody's said that this rating action factors in maintaining at least the target of 8% Core Tier 1 ratio.

The rating agency also noted that the bank's A2 long-term deposit rating continues to benefit from two notches of uplift, as a result of a very high expectation of systemic support, and that the downgrade of the debt ratings was driven by the BFSR rating action. The negative outlook reflects the longer term rating pressure stemming from a potential reassessment of the systemic support assumptions that Moody's currently incorporates into the deposit and senior debt ratings for Italian banks. With a view to the new A2 long-term debt rating, Moody's highlighted that any further downgrade of the bank's deposit ratings, for example as a result of a potentially lower support likelihood, would result in a downgrade of the short-term Prime-1 rating to Prime-2.

Moody's said that UBI's BFSR could be upgraded in the event that the bank's profitability improves at least to the level envisaged in its business plan for 2015, while also asset quality strengthens.

Moody's said that the bank's BFSR could become more weakly positioned in the C- category or be downgraded in the event that liquidity was to deteriorate to a degree that the confidence in UBI's business model is negatively affected or should profitability fail to recover above 0.3% of RWA.

The last rating action on UBI was in June 2011 when the bank's deposit outlook was changed to negative from stable.

The principal methodologies used in this rating were Bank Financial Strength Ratings: Global Methodology published in February 2007, and Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology published in March 2007 and Moody's Guidelines for Rating Bank Hybrid Securities and Subordinated Debt published in November 2009. Please see the Credit Policy page on www.moody.com for a copy of these methodologies.

UBI is headquartered in Bergamo, Italy. At June 2011 it had total assets of EUR133 billion.

The following ratings were downgraded:

Unione di Banche Italiane and its backed vehicles

- BFSR downgraded to C-, mapped to Baa1 in the long-term scale, from C, mapped to A3 in the long-term scale.

- Long-Term Bank Deposit Rating to A2 from A1.

- Senior Unsecured Rating to A2 from A1.
- Senior Unsecured MTN to (P)A2 from (P)A1.
- Long-Term Issuer Rating to A2 from A1.
- Subordinate Rating to A3 from A2.
- Subordinate MTN to (P)A3 from (P)A2.
- Junior Subordinate MTN to (P)Baa2 from (P)Baa1.
- Tier III Debt MTN to (P)A3 from (P)A2.
- Preferred Stock Non-Cumulative to Ba1(hyb) from Baa3(hyb).

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody's.com.

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

Information sources used to prepare the rating are the following: parties involved in the ratings, and public information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Moody's Investors Service may have provided Ancillary or Other Permissible Service(s) to the rated entity or its related third parties within the three years preceding the credit rating action. Please see the ratings disclosure page on our website www.moody's.com for further information.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moody's.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on www.moody's.com for the last rating action and the rating history.

The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moody's.com for further information.

Please see www.moody's.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Milan
 Carlo Gori
 Vice President - Senior Analyst
 Financial Institutions Group
 Moody's Italia S.r.l
 Telephone: +39-02-9148-1100

London
 Johannes Wassenberg
 MD - Banking
 Financial Institutions Group
 Moody's Investors Service Ltd.
 JOURNALISTS: 44 20 7772 5456
 SUBSCRIBERS: 44 20 7772 5454

Moody's Italia S.r.l
 Corso di Porta Romana 68
 Milan 20122
 Italy
 Telephone: +39-02-9148-1100



CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities

of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.