

COMUNICATO STAMPA

Standard & Poor's conferma i rating controparte a Lungo e Breve termine di UBI Banca ad A/A-1; l'outlook passa da Stabile a Negativo

Bergamo, 23 aprile 2010 – Si informa che in data odierna Standard & Poor's, nell'ambito di un'analisi generale delle banche italiane, ha confermato i rating controparte a Lungo e a Breve termine di UBI Banca rispettivamente ad 'A/A-1', evidenziando come la qualità del credito di UBI Banca si sia deteriorata in misura inferiore alla media del sistema.

Nel contempo, l'outlook è stato rivisto da Stabile a Negativo in relazione ad una percepita minor capacità del Gruppo, nell'attuale situazione di tassi di mercato particolarmente bassi e di incerte prospettive economiche per l'Italia nel biennio 2010-2011, di assorbire un costo del credito superiore alle attese nel caso la fragile ripresa in atto avesse difficoltà a consolidarsi.

In allegato, il testo del comunicato diffuso dall'Agenzia.

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PRESS RELEASE

Standard & Poor's confirms its Long and Short term counterparty rating for UBI Banca at A/A-1; the outlook passes from Stable to Negative

Bergamo, 23rd April 2010 – As part of its general analysis of Italian banks, Standard & Poor's has today confirmed its Long and Short term counterparty rating for UBI Banca at A/A-1, reflecting the view that UBI Banca's asset quality has deteriorated less than that of the average for the sector.

At the same time, the Outlook was revised from Stable to Negative in relation to a perceived lower capacity of the Group - in the current situation of particularly low interest rates and uncertain economic prospects for Italy in 2010-2011 - to absorb higher than expected credit losses in the event of a faltering of the fragile economic recovery.

A copy of Standard & Poor's press release is attached.

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

Research Update:
**Italian UBI Banca Outlook Revised
To Negative On Weakening
Capacity To Absorb Credit Losses;
'A/A-1' Ratings Affirmed**

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Overview

- We believe that Unione di Banche Italiane Scpa's (UBI Banca) capacity to absorb credit losses is under negative pressure from very low interest rates in a period when we believe credit risk costs will remain high.
- We are revising our outlook on UBI Banca to negative from stable.
- We are affirming our 'A/A-1' counterparty credit ratings on UBI Banca, reflecting our view that, for the rating level, the bank's asset quality has deteriorated less than average.
- The negative outlook reflects our view of the bank's reduced capacity to absorb higher-than-expected credit losses in the event of a faltering of the fragile economic recovery.

Rating Action

On April 23, 2010, Standard & Poor's Ratings Services revised its outlook on Italy-based banking group Unione di Banche Italiane Scpa (UBI Banca) to negative from stable. At the same time, the 'A/A-1' counterparty credit ratings on these entities were affirmed.

Rationale

The outlook revision reflects our view that the current very low interest rates and weak Italian economic prospects during 2010 and 2011 will constrain UBI Banca's capacity to absorb credit losses. We estimate cumulative credit losses for the Italian banking sector in the 2009-2011 period to reach about 3.8% of customer loans as at end-2008 (for more information, see "Low Economic Growth Is Pushing Our Credit Loss Estimates On Italian Banks To 1990s Crisis Levels," published today on RatingsDirect). A 17% drop in net interest income reduced UBI Banca's 2009 operating profit before loan loss provisions 6% below the 2008 level, despite important cost savings. We believe net interest income will remain under negative pressure in 2010, which will continue to reduce UBI Banca's capacity to absorb potential increases of credit losses by operating profit.

The affirmation reflects our view that, for the rating level, UBI Banca's asset quality has deteriorated less than the domestic average. Gross nonperforming assets (NPAs) represented 6.3% of gross loans at end-2009, significantly below the estimated 8.9% of the banking system at the same date. We believe that UBI Banca will post lower credit losses than that estimated for the Italian banking sector, given its lower-than-peers' exposure to the

high-risk real estate development sector, the bank's focus on Lombardy, and conservative risk practices.

The ratings on UBI Banca are supported by the bank's strong customer franchise in Lombardy--Italy's richest and most populous region--and its stable, retail-oriented funding base. UBI Banca's large exposure to Italian midsize corporations, high sensitivity of revenues to short-term interest rates, and potential risks from relatively high--albeit declining--single-name loan concentrations constrain the ratings.

UBI Banca is a leading Italian mutual banking group ("banca popolare") with a 5.3% national deposit market share and about 4 million clients. UBI boasts a very strong deposit market share of 12% in Lombardy. We consider UBI Banca to have high systemic importance within the Italian banking sector. We also consider the Italian authorities to be supportive.

We consider UBI Banca's capitalization to be adequate for its risk profile. The bank targets a core Tier 1 capital ratio at above 7% under Basel II's standardized approach.

Outlook

The negative outlook on UBI Banca reflects our view that the bank's capacity to absorb higher-than-expected credit losses in the event of a faltering of the fragile economic recovery has declined below the level of similar-rated peers.

We could lower the ratings on UBI Banca if we anticipate that credit costs could significantly rise compared to the level of 89 basis points of average loans recorded in 2009.

Conversely, the outlook could be revised to stable if UBI Banca manages to maintain the adequate profitability levels of 2009 and keeps credit risk costs under control.

Related Criteria And Research

- Review Of Italian Banks On Implementation Of Credit Loss Assumptions And Reappraisal Of Earnings Leads To Rating Action, April 23, 2010
- Assumptions For Base-Case Credit Losses For Italian Banks, April 23, 2010
- Low Economic Growth Is Pushing Our Credit Loss Estimates On Italian Banks To 1990s Crisis Levels, April 23, 2010
- Group Methodology For Financial Services Companies, March 19, 2004
- Bank Rating Analysis Methodology Profile, March 18, 2004
- Banking Industry Country Risk Assessment: Italy, June 4, 2009

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action	To	From
Unione di Banche Italiane Scpa		
Counterparty credit ratings		
	A/Negative/A-1	A/Stable/A-1

NB: This list does not include all ratings affected.

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Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.