PRESS RELEASE

Moody’s confirms long term BPM rating with outlook stable

Banca Popolare di Milano wishes to announce that Moody’s international rating agency has concluded its review on the Bank ratings. Moody’s confirmed the rating on long term debt and deposits at A1 (Long Term deposit, senior unsecured and issuer ratings), while the “BFSR” (Bank Financial Strenght) was downgraded by one notch to “C-” from “C”.

The outlook is confirmed as stable on all ratings, as reported in the press release here below:

For information:

Head of external relations
Ildebrando Radice
+ 39 027700.2527
ildebrando.radice@bpm.it

Investor Relations
Roberto Peronaglio
+39 027700.2574
roberto.giancarlo.peronaglio@bpm.it
Rating Action: Banca Popolare di Milano S.C.A r.l.

Moody's concludes reviews on 22 Italian banks with moderate rating impact

Milan, July 01, 2009 — Moody's Investors Service today concluded its rating reviews for 22 Italian banks. The Bank Financial Strength Rating (BFSR) or long-term deposit ratings of 12 banks were downgraded, while the ratings of 4 banks were confirmed. Furthermore, 4 banks have only had their short-term rating lowered from Prime-1 to Prime-2, whereas 2 banks saw their long-term debt and deposit ratings upgraded. The existing reviews for 6 banks continue.

The downgrades of BFSRs was limited in all cases to just one notch, while the downgrades of long-term deposit ratings was limited to one notch in all but one case. Detail of these is given below.

The extent of these downgrades is less severe than has been seen in some other major European banking systems. "We had previously stated that Moody's sees less downside for the financial fundamentals of Italian banks, compared to some other major European banking systems" said Henry MacNevin, a Moody's Senior Vice President and Team Leader for Italian bank ratings, based in Milan. "This is reflected in the more modest extent of the repositioning of the ratings of Italian banks, compared to other European banking systems, where the results of recent rating actions have led to numerous multi-notch downgrades of BFSRs, although the impact on deposit ratings throughout Europe has been less severe, due to the significant level of systemic support being seen across the region," added Mr. MacNevin.

These rating actions concluded the reviews initiated on May 18, 2009. Eight banks however, continue to have some or all of their ratings under review. These are Banca CR Firenze, Banca Italicea, Cassa di Risparmio di Ferrara, Intercas, Santander Consumer Bank, UniCredit Family Financing Bank, UniCredit Leasing and UniCredit. Moody's said that it expects to conclude these reviews within a few weeks.

DOWNGRADES OF BANK FINANCIAL STRENGTH RATINGs

The BFSRs of 10 banks have been downgraded, all of them by one notch. Moody's said that the downgrades have been driven by Moody's assessment of the likely impact of the deterioration in the operating environment faced by the Italian banking system. In particular, Moody's view that asset quality and capital adequacy are likely to be negatively impacted in the event of the banking system coming under more severe stress, was a significant factor underlying the downgrades, while the rating agency added that the pre-provision profitability of Italian banks appears more resilient in such a situation, and that shocks to the profitability of Italian banks may prove to be less severe than has been seen in some other countries.

Italian GDP is likely to decline by more than 5% this year, and the unemployment rate is expected to close to 11% by the end of 2010. In concert with these broader economic pressures, the banks' asset quality indicators continue to point towards a further deterioration. The system-wide problem loan rate has deteriorated to 0.7% at end of 2008, up from 0.6% in December 2007. While some banks have initiated capital boosting measures, through issuance of hybrid bonds to the government, dividend reductions, or capital raisings, Moody's said that it is the opinion that the overall pressure on capital may not have been sufficiently addressed and resolved by the Italian banks. "Unless further supportive measures are taken, some banks' capital cushions could be weakened by asset impairments and provisioning requirements," Moody's MacNevin added.

DOWNGRADE OF LONG-TERM DEBT AND DEPOSIT RATINGs

Moody's said that in Italy, as in many other European and global banking systems, any potentially more significant impact on banks' intrinsic strength — and therefore a more pronounced BFSR downgrade — would most likely have been largely offset due to a heightened likelihood of systemic support in this crisis. However, given the relative resilience of Italian banks (as well as taking into consideration the low rating of many), this support has not had a significant impact on the majority of the current rating actions. Therefore, the lowering of the BFSRs by one notch (and the corresponding Baseline Credit Assessment by one or two notches) has led to a subsequent impact on the debt ratings of nine of these institutions, with eight institutions having been downgraded by one notch, and one institution by two notches. Moody's explained that the expectation of support from the Aa2 rated Italian government underpins the ratings of the Italian banks, which are, in almost all cases, investment grade. The rating agency added that in the event of a more significant deterioration in the BFSRs of Italian banks, an increased reliance on systemic support is likely to limit the extent of further downgrades in senior debt and deposit ratings.
“As we have stated previously, we believe that the Italian government is both willing and able to support its banking system if and when required,” Moody’s MacNevin said. The banking system’s relatively limited potential capital requirements are not expected to put undue pressure on the government’s financial flexibility, Moody’s added.

The differentiation of senior debt and deposit ratings for banks with the same BFSR reflects Moody’s expectation that banks will continue to receive or are likely to receive support depending on their level of systemic importance -- even beyond the current crisis. Moody’s measures the systemic importance in terms of deposit and loan market shares, at both a regional and a nationwide level. Such measures of systemic importance in some instances can result in an uplift of such an institution’s rating by several notches.

RATING CONFIRMATIONS

Moody’s confirmed the BFSRs of 6 banks, and the deposit rating of five banks.

With regard to the BFSRs Moody’s said that its analyses during the review period had indicated that these institutions are capable of absorbing a level of stress beyond Moody’s expected loss assumptions, and remain appropriately capitalised at their current rating level, although in some cases the rating agency concluded that the bank was more weakly positioned within the BFSR category, and lowered the bank’s Baseline Credit Assessment (BCA) further as a result.

With regard to the long-term deposit ratings Moody’s said that these were confirmed where the BFSR and baseline were confirmed, or in cases where increased expectation of systemic support outweighed any lowering of a BFSR or BCA.

UPGRADE OF LONG-TERM DEPOSIT RATINGS

Moody’s also upgraded by one notch the long-term deposit ratings of two banks (Credito Valleisilnese and its subsidiary Bancaperta). The rating agency said that this upgrade of the debt rating reflects the growth of these institutions in recent years and therefore also an increased expectation of systemic importance of these banks, which has been aligned with those of its new peers.

DOWNGRADE OF SHORT-TERM DEPOSIT RATINGS

Moody’s downgraded to Prime-2 from Prime-1 the short-term deposit ratings only, for four banks for which all other ratings were previously affirmed. These banks are all rated A3 for long-term deposits. The rating agency said that these rating actions reflect the fact that, in current market and funding conditions, a Prime-1 short-term deposit rating is no longer compatible with the bank's risk and funding profile, as reflected in their A3 long-term deposit ratings.

RATING OF HYBRIDS

For those banks which saw hybrids downgraded, the number of notches of the downgrade was in line with the downgrade of the senior debt rating. Moody’s noted that in June 2009 it published a request for comment. Moody’s proposed changes to bank subordinated capital ratings. If implemented in its current form, the proposal could lead to multi-notch downgrades of hybrids. Please refer to the request for comment for further details on proposed changes.

RATING ACTIONS IN SUMMARY

A summary table of these rating actions may be found at www.moodys.com/cust/getdocumentByNotesDocId.asp?criteria=PBC_118363

Banks with one or more ratings affected are as follows (in alphabetical order):

1) Banca Agricola Sp.a.: 
BFSR of C- confirmed, with negative outlook;
Long-term deposit and senior unsecured ratings of A3 confirmed, with negative outlook.

2) Banca della Marca Credito Cooperativo:
Short-term deposit rating downgraded to P-2 from P-1.

3) Banca Delte Meche S.p.A.:

For information:

Head of external relations
Ildebrando Radice
+ 39 027700.2572
ildebrando.radice@bpm.it

Investor Relations
Roberto Peronaglio
+39 027700.2574
roberto.giancarlo.peronaglio@bpm.it
BFSR of C, confirmed, with negative outlook;
Long-term deposit and senior unsecured ratings downgraded to A3 from A2, with stable outlook;
Subordinate ratings downgraded to Ba1 from A3, with stable outlook;
Short-term rating downgraded to P-2 from P-1.
4) Banca Infrastrutture Innovazione e Sviluppo
BFSR downgraded to C, with stable outlook;
5) Banca Montebello e del Sile
Short-term rating downgraded to P-2 from P-1.
6) Banca Monte dei Paschi di Siena S.p.A.
BFSR downgraded to C, with negative outlook;
Long-term deposit and senior unsecured ratings downgraded to A1 from Aa3, with stable outlook;
Subordinate ratings downgraded to A2 from A1, with stable outlook.
7) Banca Nazionale Del Lavoro S.P.A.
BFSR downgraded to C, with stable outlook;
Long-term deposit and issuer ratings downgraded to Aa3 from Aa2, with stable outlook;
Subordinate ratings downgraded to A1 from Aa3, with stable outlook.
8) Banca Popolare dell’Alto Adige-Suedtiroler Volksbank
BFSR downgraded to C, with stable outlook;
Long-term deposit and senior unsecured ratings downgraded to A2 from A1, with stable outlook;
Subordinate ratings downgraded to A3 from A2, with stable outlook.
9) Banca Popolare di Milano E. C. A.
BFSR downgraded to C, with stable outlook;
A1 long-term deposit, senior unsecured and issuer ratings confirmed, with stable outlook;
A2 subordinated ratings confirmed, with stable outlook;
A3 preferred stock rating confirmed, with stable outlook.
10) Banca Popolare di Spoleto
Short-term deposit rating downgraded to P-2 from P-1.
11) Banca Sella Holding
BFSR of C, confirmed, with negative outlook;
Long-term deposit and senior unsecured ratings at A2 confirmed, with negative outlook;
Subordinate ratings of A3 confirmed, with negative outlook.

For information:

Head of external relations
Ildebrando Radice
+39 027700.2527
ildebrando.radice@bpm.it

Investor Relations
Roberto Peronaglio
+39 027700.2574
roberto.giancarlo.peronaglio@bpm.it
Short-term deposit rating of P-1 confirmed.

12) Banca Torcas:
Short-term deposit rating downgraded to P-2 from P-1.

13) Bancaperta S.P.A.:
Long-term deposit and senior unsecured ratings upgraded to A3 from Baa1, with stable outlook;
Subordinate ratings upgraded to Baa1 from Baa2, with stable outlook.

14) BancApulia S.p.A.:
BFSR downgraded to D from D+, with negative outlook.

15) Banco Popolare Societa Cooperativa:
BFSR of C- confirmed, with negative outlook;
A2 long-term, senior unsecured and issuer ratings confirmed, with stable outlook;
A3 subordinate ratings confirmed, with stable outlook;
Baa1 preferred stock rating confirmed, with negative outlook;
P-1 short-term deposit and commercial paper ratings confirmed.

16) Cassa di Risparmio Della Provincia di Chieti:
BFSR downgraded to D+ from C-, with stable outlook;
Long-term deposit and senior unsecured ratings downgraded to Baa2 from Baa1, with stable outlook.

17) Credito Valtellinese:
Long-term deposit and senior unsecured ratings upgraded to A3 from Baa1, with stable outlook;
Subordinate ratings upgraded to Baa1 from Baa2, with stable outlook.

18) CRF S.p.A.:
BFSR downgraded to D from D+, with negative outlook;
Long-term deposit and senior unsecured ratings downgraded to Baa3 from Baa1, with negative outlook;
A3 backed subordinated ratings confirmed, with stable outlook;
Short-term deposit rating downgraded to P-3 from P-2;
P-1 backed short-term debt rating confirmed.

19) Medenou Mba Trenità-Aliu Adige S.p.A.:
BFSR downgraded to D+ from C-, with stable outlook;
Long-term deposit rating downgraded to A2 from A1, with stable outlook.

20) MH Capital Services:
BFSR of D+ confirmed, with stable outlook.

---

For information:

**Head of external relations**
Ildebrando Radice
+ 39 027700.2527
ildebrando.radice@bpm.it

**Investor Relations**
Roberto Peronaglio
+39 027700.2574
roberto.giancarlo.peronaglio@bpm.it
For information:

**Head of external relations**
Ildebrando Radice
+ 39 027700.2527
ildebrando.radice@bpm.it

**Investor Relations**
Roberto Peronaglio
+39 027700.2574
roberto.giancarlo.peronaglio@bpm.it

---

Long-term deposit rating downgraded to A2 from A1, with stable outlook.

21) UniBanca S.p.A.

BFSR downgraded to D+ from C-, with stable outlook.

Long-term deposit and senior unsecured ratings downgraded to Ba1 from A3, with negative outlook.

22) UniCredit Banca Italiana S.p.A.

BFSR of C confirmed, with negative outlook.

PREVIOUS RATING ACTIONS AND METHODOLOGIES

(Please note that this press release does not deal with possible implications for the covered bond ratings of Italian banks)

The principal methodologies used in rating the issuers mentioned in this press release are “Bank Financial Strength Ratings: Global Methodology” and “Incorporation of Joint-Default Analysis into Moody’s Bank Ratings: A Refined Methodology”, which can be found at www.moodys.com in the Credit Policy & Methodologies directory. Other methodologies and factors that may have been considered can also be found in the Credit Policy & Methodologies directory.

The previous rating action on Banca Agricole was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Banca Agricole is headquartered in Rome, Italy. At 31 December 2008 it had total assets of EUR 9 billion.

The previous rating action on Banca Atribus Cooperative was June 2009, when the bank’s ST deposit rating was put under review for possible downgrade. Banca Atribus Cooperative is headquartered in Piacenza, Italy. At 31 December 2008 it had total assets of EUR 2 billion.

The previous rating action on Banca delle Marche was in June 2009, when the bank’s BFSR and LT/TST deposit ratings were put under review for possible downgrade. Banca delle Marche is headquartered in Jesi, Italy. At 31 December 2008 it had total assets of EUR 19 billion.

The previous rating action on Banca Interbank Innovazione e Sviluppo was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Banca Interbank Innovazione e Sviluppo is headquartered in Rome, Italy. At 31 December 2008 it had total assets of EUR 45 billion.

The previous rating action on Banca Monatieri e del Sile was in June 2009, when the bank’s ST deposit ratings were put under review for possible downgrade. Banca Monatieri e del Sile is headquartered in Monza, Italy. At 31 December 2008 it had total assets of EUR 1 billion.

The previous rating action on Banca Monte dei Paschi di Siena was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Banca Monte dei Paschi di Siena is headquartered in Siena, Italy. At 31 December 2008 it had total assets of EUR 214 billion.

The previous rating action on Banca Nazionale del Lavoro was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Banca Nazionale del Lavoro is headquartered in Rome, Italy. At 31 December 2008 it had total assets of EUR 90 billion.

The previous rating action on Banca Popolare di Feltre e della Val di Fiemme was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Banca Popolare di Feltre e della Val di Fiemme is headquartered in Bolzano, Italy. At 31 December 2008 it had total assets of EUR 3 billion.

The previous rating action on Banca Popolare di Spoleto was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Banca Popolare di Spoleto is headquartered in Spoleto, Italy. At 31 December 2008 it had total assets of EUR 3 billion.

The previous rating action on Banca Siena Holding was in June 2009, when the bank’s BFSR and LT/TST deposit ratings were put under review for possible downgrade. Banca Siena Holding is headquartered in
Biella, Italy. At 31 December 2008 it had total assets of EUR 14 billion.

The previous rating action on Banca Tercas was in June 2009, when the bank’s ST deposit rating was put under review for possible downgrade.

Banca Tercas is headquartered in Torino, Italy. At 31 December 2008 it had total assets of EUR 4 billion.

The previous rating action on Bancaperta was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible upgrade. Bancaperta is headquartered in Sondrio, Italy. At 31 December 2008 it had total assets of EUR 8 billion.

The previous rating action on BancAquila was in June 2009, when the bank’s ST deposit rating was put under review for possible downgrade.

BancAquila is headquartered in San Severo, Italy. At 31 December 2008 it had total assets of EUR 4 billion.

The previous rating action on Banca Popolare Società Cooperativa was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Banca Popolare Società Cooperativa is headquartered in Verona, Italy. At 31 December 2008 it had total assets of EUR 121 billion.

The previous rating action on Cassa di Risparmio della Provincia di Crotone in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Cassa di Risparmio della Provincia di Crotone is headquartered in Crotone, Italy. At 31 December 2008 it had total assets of EUR 3 billion.

The previous rating action on Credito Valtellinese was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible upgrade. Credito Valtellinese is headquartered in Sondrio, Italy. At 31 December 2008 it had total assets of EUR 24 billion.

The previous rating action on Effebanc was in March 2009, when the bank’s ratings were put under review for possible downgrade.

Effebanc is headquartered in Rome, Italy. At 31 December 2008 it had total assets of EUR 6 billion.

The previous rating action on Medici Credito di Trento was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. Medici Credito di Trento is headquartered in Trento, Italy. At 31 December 2008 it had total assets of EUR 2 billion.

The previous rating action on MPS Financial Services in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. MPS Financial Services is headquartered in Perugia, Italy. At 31 December 2008 it had total assets of EUR 3 billion.

The previous rating action on UniBanca was in June 2009, when the bank’s BFSR and LT deposit ratings were put under review for possible downgrade. UniBanca is headquartered in Udine, Italy. At 31 December 2008 it had total assets of EUR 5 billion.

The previous rating action on Union di Banche Italiane was in June 2009, when the bank’s BFSR was put under review for possible downgrade.

Union di Banche Italiane is headquartered in Bergamo, Italy. At 31 December 2008 it had total assets of EUR 122 billion.

For information:

Head of external relations
Ildebrando Radice
+ 39 027700.2574
ildebrando.radice@bpm.it

Investor Relations
Roberto Peronaglio
+39 027700.2574
roberto.giancarlo.peronaglio@bpm.it
For information:

Head of external relations
Ildebrando Radice
+ 39 027700.2527
ildebrando.radice@bpm.it

Investor Relations
Roberto Peronaglio
+39 027700.2574
roberto.giancarlo.peronaglio@bpm.it