COMUNICATO STAMPA

STANDARD & POOR'S RIVEDE DA STABILE A POSITIVO L'OUTLOOK ASSEGNATO A UNIPOL GRUPPO FINANZIARIO

UGF accoglie con soddisfazione la decisione assunta da Standard & Poor's (S&P) di rivedere - da stabile a positivo - l'*outlook* assegnato a Unipol Gruppo Finanziario S.p.A. e alle sue entità principali: Compagnia Assicuratrice Unipol S.p.A. (Unipol) e Aurora Assicurazioni S.p.A. (Aurora), entrambe dotate di rating "A-".

Tale decisione appare particolarmente significativa tenuto conto del generale clima di sfiducia e dell'attuale difficoltà in cui si trovano i mercati finanziari.

Il miglioramento dell'*outlook*, secondo quanto affermato da S&P, tiene in considerazione la solidità patrimoniale del Gruppo, il perseguimento di una prudente strategia aziendale e il forte posizionamento competitivo.

Si allega il comunicato stampa diffuso da S&P.

Bologna, 31 ottobre 2008

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October 30, 2008

Research Update:

Outlook On Italian Composite Insurer UGF To Positive; 'A-' Ratings On Core Entities Affirmed

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Table Of Contents

Rationale

Outlook

Ratings List

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680099 | 300904693

Research Update:

Outlook On Italian Composite Insurer UGF To Positive; 'A-' Ratings On Core Entities Affirmed

Rationale

On Oct. 30, 2008, Standard & Poor's Ratings Services revised its outlook on Italy-based composite insurer Unipol Gruppo Finanziario SpA and its core entities, Compagnia Assicuratrice Unipol SpA (Unipol) and Aurora Assicurazioni SpA (Aurora), to positive from stable. At the same time, we affirmed the 'BBB' long-term counterparty credit rating on UGF, and the 'A-' counterparty credit and insurer financial strength ratings on Unipol and Aurora.

The outlook revision takes into account UGF's maintenance of strong capital adequacy, and the pursuit of a cautious and prudent corporate strategy to reduce risks in the banking business. Further factors supporting the ratings are the group's strong competitive position, strong operating performance, and strong financial flexibility. These strengths are partially offset by enterprise risk management (ERM) still based on largely traditional concepts, the absence of a holistic approach to ERM, and a high dependence on nonproprietary channels for life business.

Major rating factors:

- Strong capital adequacy. Capitalization is strong despite a €1 billion one-off dividend payment in 2008. The €400 million hybrid private placement has further strengthened the capital base. The group has put in place hedging strategies to dampen negative equity mark-to-market adjustments, thus preserving its solvency margin in falling equity markets.
- Cautious and prudent corporate strategy. UGF has changed its strategy significantly after the management reshuffle in 2006, adopting a more cautious stance on acquisitions, as demonstrated by recent excess capital distribution, and a more prudent approach to banking activity, lowering the degree of risk in the group's business model. Targets in terms of growth and synergies are viewed as credible and achievable through a reasonably conservative strategy.
- Strong competitive position. UGF has a strong competitive position in the Italian insurance market, achieved through a well-recognized brand name, particularly in the northern Italian regions, and a solid, stable customer base. UGF's banking model, unique in the Italian market, also enhances the group's competitive position by leveraging on its insurance client base through a wider offering of financial products and consequently reinforcing customer loyalty. However, the high dependence on third-party distribution agreements with banks to sell life products hinders UGF's competitive position. The strong reliance on the agreement with BNP Paribas, subject to renewal, is already factored into the rating.
- Strong operating performance. UGF's overall operating performance is strong, underpinned by sound underwriting results in property/casualty

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680059 | 300904693

(P/C), with a combined ratio of 95.1% in 2007 (95.4% in 2006). Contribution of life business to the bottom line has increased thanks to the rising share of profitable traditional business in the portfolio. New business margin (NBM), as a percentage based on the annual premium equivalent, net of cost of capital and minorities, rose to 19% (14% in 2006), thanks to the ongoing reshuffling of the product mix, now accounting for a higher share of profitable traditional business, and the gradual reduction of unprofitable large corporate capitalization policies underwriting. We expect UGF's operating performance to remain strong, although we acknowledge that the current financial crisis and upcoming recessionary scenarios will put a strain on profitability.

- Strong financial flexibility. UGF's financial flexibility is strong, thanks to sound support from controlling shareholders. Past capital increases confirm that UGF is backed by financially strong shareholders.
- Adequate ERM. Although improving, ERM remains a weakness for the ratings. The company has invested heavily in ERM, proving its sharpened focus on risk management and highlighting its efforts to rapidly improve ERM culture. But at this stage, UGF's ERM is still based on largely traditional measures and lacks sophisticated financial tools and a holistic view.

Outlook

The positive outlook reflects our expectation that UGF will continue to improve its financial strength. The competitive position in the Italian market and operating performance should remain strong, although we expect pressure on earnings both due to stiffening competition on motor rates in Italy and to the current financial market turmoil.

An upgrade is possible if the group maintains capitalization in line with the rating, continues its more cautious strategy toward risk and growth in the banking business, and further improves ERM, moving to implement more sophisticated financial tools.

We could revise the outlook to stable if earnings or capital deteriorate, or if the expected gains in ERM development fail to materialize.

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Unipol Gruppo Finanziario SpA		
Counterparty Credit Rating		
Local Currency	BBB/Positive/--	BBB/Stable/--
Aurora Assicurazioni SpA		
Compagnia Assicuratrice Unipol SpA		
Counterparty Credit Rating		
Local Currency	A-/Positive/--	A-/Stable/--
Financial Strength Rating		
Local Currency	A-/Positive/--	A-/Stable/--

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Ratings Affirmed

Unipol Gruppo Finanziario SpA	
Subordinated (2 issues)	BBB

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