UNIPOL GRUPPO FINANZIARIO

PRESS RELEASE

The Meeting of Unipol Gruppo Finanziario Shareholders has approved the 2008 Accounts

The Ordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A. ('UGF'), held today approved the unconsolidated accounts for 2008, a year that was strongly affected by the extraordinary worldwide financial and economic crisis.

Despite the recession and considerable turbulence in the markets, the Group continued its growth in the insurance and banking sector, confirming its substantial capital adequacy and financial equilibrium, as proved by solvency indices at the end of 2008 of 1.3 times the regulatory benchmarks (based on current legislation) and 1.7 times the Solvency II parameters. The Group accounts closed with a consolidated net profit of €107m.

Against this difficult background Unipol Gruppo Finanziario S.p.A.'s unconsolidated result, calculated in accordance with Italian accounting standards, was a loss of €2.9m and therefore the conditions are not right for distributing profits to shareholders. In view of this and in order to safeguard capital adequacy in the medium to long term, the Shareholders' Meeting decided to accept the Board of Directors' proposal not to distribute dividends by drawing on reserves.

The Shareholders' Meeting also resolved:

- to renew the Board of Directors' authorisation to purchase and/or sell one or more tranches of own shares and/or shares in the holding company Finsoe for a period of 18 months following the Shareholders' Meeting and confirmation of the level of the fund for the purchase of own shares (of €100m) and of the fund for the purchase of shares in the holding company (of €45m). As at today's date, Unipol Gruppo Finanziario holds 83,693 own ordinary shares, of which 36,132 via the subsidiary UGF Assicurazioni S.p.A.;
- to appoint Mr. Pier Luigi Celli, who has been defined as independent and had already been coopted at the meeting of the Board of Directors held on 26 June 2008, as a Member of the Board of Directors.

Also at the request of CONSOB, as per Article 114, para. 5, of the Consolidated Finance Act, during the Shareholders' Meeting the Chief Executive Officer provided information on:

(i) the main equity instruments recorded in the consolidated accounts as 'Financial assets available for sale' and the valuation criteria adopted in drawing up the UGF Group consolidated accounts;

(ii) the opinions of UGF's directors on the comment made by the Auditing Company KPMG S.p.A. in paragraph 3) of their report on the consolidated accounts.

As largely explained in the Note attached to the consolidated accounts and to this press release, the Company confirms that the *impairment* policy adopted for the consolidated accounts is absolutely accurate and complies in full with the international accounting standards, being based on an interpretation of paragraphs 61 and 67 of IAS 39 that is consistent with the IAS/IFRS system.

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The Senior Executive responsible for drawing up the Company's accounts, Maurizio Castellina, declares, in accordance with para. 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information reported in this press release corresponds to the figures in the documents, books and accounting records.

Bologna, 22 April 2009

Contacts

Media Relations
Walter Dondi
Corporate Identity and Communication
Unipol Gruppo Finanziario
Tel +39 051 5076442/6024
press@unipolgf.it

Relations with Institutional Investors
Adriano Donati
Unipol Gruppo Finanziario

Tel +39 051 5077933
investor.relations@unipolgf.it

Ad Hoc Communication Advisors
Paolo Mazzoni
Tel +39 335 1415590
paolo.mazzoni@ahca.it

NOTE DRAWN UP AT THE REQUEST OF CONSOB
IN ACCORDANCE WITH ARTICLE 114, PARA. 5, OF LEGISLATIVE DECREE 58/1998[*]

At the request of CONSOB below is information on:

1. details of the principal equity instruments recorded in the consolidated accounts as 'Financial assets available for sale'; and

2. the opinions of the directors on paragraph 3) of the auditors' report issued on 6 April 2009 by KPMG S.p.A., in accordance with Article 156 of Legislative Decree 58/1998.

Details of the principal equity instruments recorded in the consolidated accounts as 'Financial assets available for sale':

As regards point 1) above, the table below shows the main equity instruments recorded in the consolidated accounts as 'Financial assets available for sale' that are subject to impairment testing:

ISIN	Description	Historic cost net of previous write-downs	Book value as at 31/12/08 (market)	% change in 2008
IT0001334587	BANCA MONTE DEI PASCHI SIENA	316,113,887	183,680,194	-48.6%
IT0000062072	ASSICURAZIONI GENERALI	113,617,340	67,032,493	-37.8%
IT0003128367	ENEL SPA	102,784,058	59,719,431	-45.0%
FR0000120271	TOTAL SA	94,487,693	71,968,714	-31.5%
IT0003132476	ENI SPA	77,589,414	57,489,589	-34.1%
FI0009000681	NOKIA OYJ	61,969,938	26,119,410	-58.1%
FR0000120628	AXA SA	59,809,720	40,197,656	-42.2%
CH0012005267	NOVARTIS AG-REG	57,761,568	42,585,859	-15.1%
DE0008404005	ALLIANZ SE-REG	54,643,949	24,075,000	-49.3%
FR0000131104	BNP PARIBAS	54,104,233	26,139,630	-59.2%

Opinions on paragraph 3 of the Auditors' Report on the Consolidated Accounts:

As regards point 2) above, CONSOB asked the directors to give their opinions on the comment made by KPMG S.p.A. relating to the non-compliance of the impairment policy with paragraphs 61 and 67 of IAS 39, the inconsistency of the assumptions underlying the valuation procedure adopted with that used for the impairment test on goodwill and the lack of good reasons for these assumptions.

The Company confirms that the impairment policy adopted for the Consolidated Accounts is absolutely accurate and complies in full with international accounting standards, being based on an interpretation of paragraphs 61 and 67 of IAS 39 that is consistent with the IAS/IFRS system.

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The opinions set out below are explained in more detail in the paragraphs of IAS 39 relating to drawing up a proper impairment policy.

[*] Note inserted into the document relating to the Consolidated Accounts

Para. 58 of IAS 39 provides that "*An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the entity shall apply [.....] paragraph 67 (for available-for-sale financial assets) to determine the amount of any impairment loss."*

Para. 59 of IAS 39 then states that *"A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. [.....]. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:*

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: (i) adverse changes in the payment status of borrowers in the group (eg an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or (ii) national or local economic conditions that correlate with defaults on the assets in the group (eg an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the group)".

Para. 61 of IAS 39 also lays down several rules, especially for securities representing holdings in the capital of other entities and specifies the following: "*In addition to the types of events in paragraph 59, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment"*.

Para. 62 of IAS 39 also states that *"In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. For example, this may be the case when a borrower is in financial difficulties and there are few available historical data relating to similar borrowers. In such cases, an entity uses its experienced judgement to estimate the amount of any impairment loss. Similarly an entity uses its experienced judgement to adjust observable data for a group of financial assets to reflect current circumstances [.....]. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability"*. In this regard IAS 39 states, inter alia, that *"historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently"*.

With specific reference to securities available for sale (hereinafter referred to as 'AFS'), para. 67 of IAS 39 provides that *"When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired . [.....]. the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised"*.

Finally, para. 68 of IAS 39 states that: "*The amount of the cumulative loss that is removed from equity and recognised in profit or loss under paragraph 67 shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss"*.

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For the purpose of the correct interpretation of international accounting standards it must be pointed out that the IAS/IFRS are a set of principle-based accounting standards, therefore the application of each standard is left to the discretion of those who draw up the accounts, though of course it must be exercised in accordance with the regulations and standards concerned.

It must then be added that, in the specific case of the rules governing impairment of AFS securities, the IAS/IFRS *do not provide any automatic system or rules* for *objectively* defining what is meant by '*objective evidence'* of impairment.

IAS 39, para. 59, identifies a set of elements that may, alone or more often together, constitute indicators of a reduction in value of AFS securities, but for none of these does it specify a quantitative rule for objectively ascertaining the occurrence of a loss event that could affect the future cash flows of the asset.

In addition, only in the case of equity instruments does para. 61 of IAS 39 apply, under which, in order for there to be objective evidence of impairment of an equity instrument, account must also be taken of all the information on significant changes in the technological, market, economic or legal environment in which the issuer operates and that may have a negative effect on the value of the issuer and of any *'significant or prolonged fall in fair value'* of the instrument representing capital below its original book value.

In short, in order for a reduction in value of a financial instrument in the AFS category to be recorded not only must there be a loss event but the loss event must also affect the estimated future cash flows of the asset. It is only when both these conditions in fact exist that there is '*objective evidence'* of the reduction in value of the financial asset.

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The question is of particular importance against the current historical background in which the crisis, which at first was only financial, then also economic, has had such an effect as to force down the price of securities to the point where it is widely thought that in very many cases prices quoted in today's financial market are no longer representative of the intrinsic value of the issuers. Therefore falls in value of AFS securities based on the difference between their initial book value and their current fair value, albeit of significant amounts, may, when the quality of the data used for the calculation is carefully analysed, turn out to be of no major significance, in other words they may not demonstrate the existence of '*objective evidence'* of the impairment loss.

The result is that, against a market background such as the current one, major or prolonged falls in the fair value of AFS securities are not necessarily an indication or symptom of a reduction in, nor of an effect on, the estimated future cash flows of the asset: the latter is a condition that, as seen above, must of necessity exist – together with the loss event – in order for there to be the duty to record the impairment of AFS securities Therefore before proceeding with the impairment further analyses must be carried out to take account of qualitative and quantitative factors, including checking whether the basic value of the investments can be recouped, the level of detail of which may vary depending on how far the values have fallen.

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So the impairment policy adopted by Unipol Gruppo Finanziario S.p.A. ('UGF'), as described on pages 74 and 75, 96 and 97 of the Consolidated Accounts, complies in full with the above.

In fact it specifies rational valuation benchmarks and appropriate qualitative and quantitative analyses based on commonly-used procedures for valuing share securities that reveal objective evidence of a reduction in value of AFS securities and provides for the consequent allocation to the profit and loss account of the accumulated loss compared with the cost.

Therefore we do not agree with the comment made by the Independent Auditors that the impairment policy applied to financial assets classified as available for sale adopted by UGF would not provide for *"laying down and applying reasonable quantitative parameters beyond which the significant or prolonged fall in fair value of a equity security listed below cost constitutes objective evidence of a fall in value with the consequent need for the accumulated loss compared with the cost, formerly recorded in the shareholders' equity direct, to be charged to the profit and loss account."*

In particular we do not agree with the interpretation of para. 61 of IAS 39 which would appear to be based on the comment of the Independent Auditors, on the basis of which, with parameters established for quantifying a significant or prolonged fall in fair value of an equity security listed below cost, each reduction in value below these parameters would lead automatically, with no further qualitative and quantitative analysis of the basic value of the security, to the accumulated loss compared with the cost being charged to the profit and loss account.

And in fact the interpretation of para. 61 of IAS 39 to which UGF has referred complies in full with the procedure followed by the leading Italian insurance groups, as can be seen from their consolidated accounts for 2008. In fact these show that, when the quantitative thresholds that each undertaking has identified when interpreting para. 61 of IAS 39 were exceeded, further qualitative and quantitative analyses were carried out in order to establish whether the conditions for recording impairment of the securities actually existed.

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However, as regards the differences between the assumptions on which the valuation procedure adopted in the case of AFS securities is based compared with that used for the impairment test on goodwill – assumptions that in the opinion of the external auditors would be inconsistent and not sufficiently supported – the directors believe:

- that there is no inconsistency between these assumptions since they relate to amounts that are neither homogeneous nor comparable. And in fact the assumptions drawn up for valuing AFS securities are in line with the aim of valuing financial investments available for sale over which the UGF Group has no influence (dominant or considerable) whatsoever, whilst the assumptions made for estimating goodwill presuppose that the cash-generating unit being estimated is strategically monitored. Moreover investments in AFS securities relate to companies that are so different in type, size, markets, geographical areas of business and sectors as to make it impossible to use the same assumptions for impairment tests on their goodwill;

- that in addition these assumptions are sufficiently supported since UGF has referred to assumptions based on market data, reports drawn up by financial analysts, consensus estimates and in-house analyses in order to standardise the financial figures for the specific purpose of identifying the basic value of the securities.

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Bologna, 22 April 2009

Unipol Gruppo Finanziario S.p.A.