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Bologna, 18 April 2016

STANDARD & POOR'S RATING WITHDRAWN

It is hereby announced that, upon request by the Unipol Group, the rating agency Standard & Poor's withdrew its ratings for Unipol Gruppo Finanziario S.p.A. and its subsidiaries on the date hereof.

This request arises from careful analysis and is based primarily on disagreement with the rigid use of valuation models and the mechanical application adopted and certain methodological criteria, such as the limitation of the UnipolSai Assicurazioni rating to the level of sovereign rating.

In line with market practices, Unipol Gruppo Finanziario S.p.A. and UnipolSai Assicurazioni shall continue to be assessed by the following rating agencies: AM Best, Dagong Europe, Fitch and Moody's.

It attaches documentation issued by Standard & Poor's.

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Unipol Gruppo Finanziario S.p.A.

Unipol is one of the leading insurance groups in Europe with a total income amounting to approximately €16,5bn, of which €7.9bn in Non-Life Business and €8.6bn in Life Business (2015 figures).

Unipol adopts an integrated offer strategy and covers a complete range of insurance and financial products, operating primarily through its subsidiary UnipolSai Assicurazioni S.p.A., founded at the beginning of 2014, Italian leader in Non-Life Business, in particular in vehicle liability insurance.

The Group is also active in direct vehicle insurance (Linear Assicurazioni), health protection (UniSalute), supplementary pensions and has a strong presence in the bancassurance channel (Arca Vita Group and Popolare Vita Group).

Finally, Unipol operates in the banking business through the network of Unipol Banca branches and manages significant diversified businesses in the real estate, hotel (Atahotels) and agricultural (Tenute del Cerro) sectors. Unipol Gruppo Finanziario S.p.A. is listed on the Italian Stock Exchange.

RatingsDirect®

Research Update:

Italy-Based Insurance Group Unipol Ratings Affirmed Then Withdrawn At Unipol's Request

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Research Update:

Italy-Based Insurance Group Unipol Ratings Affirmed Then Withdrawn At Unipol's Request

Overview

- We are affirming all our ratings on various entities of the Italian insurance group Unipol, including on its core operating entity UnipolSai Assicurazioni and nonoperating holding company Unipol Gruppo Finanziario.
- We are subsequently withdrawing the ratings at Unipol's request.
- All key rating factors remain unchanged, including the Unipol group's material exposure to Italian investments, satisfactory business risk profile, and lower adequate financial risk profile.
- At the time of withdrawal, the outlook was stable, reflecting that on the sovereign credit rating on Italy.

Rating Action

On April 18, 2016, Standard & Poor's Ratings Services affirmed its long-term counterparty credit and insurer financial strength ratings on Italy-based multiline insurer UnipolSai Assicurazioni SpA and its subsidiary SIAT - Societa Italiana Assicurazioni e Riassicurazioni SpA at 'BBB-'.

At the same time, we affirmed at 'BB' our issuer credit ratings on Unipol Gruppo Finanziario (UGF), UnipolSai's holding company. We also affirmed the counterparty credit ratings on Unipol Banca at 'BB-/B' and the senior, subordinated, and junior subordinated debt ratings of the group.

We subsequently withdrew all of the above ratings at Unipol's request.

Rationale

The affirmation reflected our view that the ratings on the Unipol group's core operating entities remained constrained by the level of the long-term rating on the Republic of Italy (BBB-/Stable/A-3) owing to the group's material exposure to Italian, predominantly sovereign, investments. The constraint was in line with our global, cross-sector criteria for ratings above the sovereign. At year-end 2015, we estimate that over 80% of Unipol's investments (including sovereign bonds, corporate bonds, loans, equities, and real estate) for which the group carries the credit risk (i.e., excluding unit-linked and third-party investments) were in Italy. These represented close to 8x Unipol's consolidated Solvency II regulatory capital, including Unipol Banca's exposure, at year-end 2015.

At the time of the withdrawal, Unipol's indicative group credit profile (GCP),

which is our assessment of the group's creditworthiness prior to incorporating sovereign risk, was unchanged at 'bbb', one notch above our ratings on Unipol's core operating entities. This reflected our view of its satisfactory business risk profile and lower adequate financial risk profile. Our view of Unipol's adequate enterprise risk management (ERM), fair management and governance, and exceptional liquidity were all neutral rating factors.

Our view of Unipol's satisfactory business profile balanced its strong competitive position with the moderate insurance and country risk insurers face in the Italian life and property/casualty (P/C) markets. Unipol's leading market share in Italian P/C and well-diversified premium generation between life and P/C sustain its competitive position. Insurance risks are increased by what we view as Italy's weak real and nominal economic growth prospects, the difficult conditions in which the Italian banking sector operates, and the slow legal system.

We regarded Unipol's financial risk profile as lower adequate, in line with our assessment of its prospective risk-based capital adequacy. We expect capital adequacy to stabilize at lower adequate levels over 2016-2017, reflecting our forecast that capital will remain mostly flat while the life and P/C business volumes will contract, leading to a similar decline in capital requirements. We estimate Unipol's net income (before minority interests) to normalize above €500 million in 2016 and 2017, which we expect to be mostly allocated to minority interests and dividends.

Unipol recently disclosed a 150% Solvency II ratio at the consolidated level at the end of 2015, which included the use of undertaking specific parameters (USP) for P/C liability risks. Our measurement of Unipol's capital adequacy was constrained by certain factors under our criteria that differ from Solvency II's specifications, including:

- The average ('BBB') credit quality of the group's investments;
- About €1 billion of hybrids that we exclude from capital because they do not meet our criteria in terms of deferability and permanence; and
- The neutralization of unrealized gains on bonds backing life liabilities.

In addition, based on 2014 data, we considered that Unipol's P/C claims reserves, especially in the ex-Fonditaria motor third-party and general liability lines, continue to be understated versus our actuarial best estimate--even though we have observed a significant improvement over the past four years. We use generally accepted actuarial techniques and analytical judgement to determine our view of loss reserves.

We viewed Unipol's financial flexibility as adequate, balancing its capacity to regularly access debt markets with a financial leverage ratio (30%) that remains relatively high compared to peers.

We consider that Unipol's enterprise risk management has well-defined risk appetites but it has yet to be fully integrated into the group's strategic decision-making process.

Our assessment of the group's management continued to reflect the recurrence of unexpected costs and the poor performance of Unipol Banca, which have historically made it more difficult for Unipol to reach its ambitious financial targets. On the other hand, we consider that the successful integration of Fondiaria-SAI highlights the strong capabilities the group has developed in restructuring its operations.

The counterparty credit rating on UGF reflected our standard two-notch downward adjustment from the insurer financial strength rating on Unipol's core operating entities. This accounted for the structural subordination of UGF creditors to the core entities' policyholders and UGF's dependence on UnipolSai's dividend streams.

The affirmation of the 'BBB-' ratings on SIAT, the group's marine insurer, reflected our unchanged view of its strategic importance to Unipol and 'bbb' indicative stand-alone credit profile (SACP). The ratings were constrained by our ratings on the Italian sovereign and the parent group's core operating entity, UnipolSai.

The affirmation of the 'BB-' ratings on Unipol Banca reflected our unchanged view of its strategic importance to Unipol and 'b-' SACP. While the stock of nonperforming loans stabilized in 2015, the ratings were still constrained by the bank's limited market share, weak asset quality, and poor profitability.

The outlook on all entities was stable at the time of withdrawal, in line with our outlook on Italy. The stable outlook on Unipol Banca reflected our belief that its risk profile had stabilized and that Unipol would continue to provide timely and sufficient support to the bank.

Related Criteria And Research

- Assessing Property/Casualty Insurers' Loss Reserves, Nov. 26, 2013
- Group Rating Methodology, Nov. 19, 2013
- Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Enterprise Risk Management, May 7, 2013
- Insurers: Rating Methodology, May 7, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions,

Nov. 9, 2011

- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Methodology For Mapping Short- And Long-Term Issuer Credit Ratings For Banks, May 4, 2010
- Commercial Paper I: Banks, March 23, 2004

Ratings List

Ratings Affirmed Then Withdrawn

	To	From
UnipolSai Assicurazioni		
SIAT - Societa Italiana Assicurazioni e Riassicurazioni SpA		
Counterparty Credit Rating	NR	BBB-/Stable/--
Financial Strength Rating	NR	BBB-/Stable/--
Unipol Gruppo Finanziario SpA		
Counterparty Credit Rating		
Local Currency	NR	BB/Stable/--
UnipolSai Assicurazioni		
Subordinated*	NR	BB
Subordinated	NR	BB
Unipol Gruppo Finanziario SpA		
Senior Unsecured	NR	BB
Unipol Banca SpA		
Counterparty Credit Rating	NR	BB-/Stable/B

*Guaranteed by Unipol Gruppo Finanziario SpA. NR--Not rated.

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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.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) 783-4009.

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