

Bologna, 10 February 2017

UNIPOL GROUP: PRELIMINARY CONSOLIDATED RESULTS OF 2016 EXAMINED

- Consolidated net profit of €335m (€579m in 2015, which benefited from extraordinary results in financial management)
- Direct insurance income of €14.8bn
 - ✓ Life business: €7.8bn
 - ✓ Non-Life business: €7.0bn
- Positive performance recorded by UniSalute, with an income of €337m (+12.0% compared with 2015)
- Combined Ratio net of reinsurance at 95.6%
- Return on financial investments equal to 3.5%
- Consolidated Solvency II margin equal to 140%¹
- Consolidated Solvency II margin based on the Economic Capital Model equal to 159%²
- Expected dividend of €0.18 per share

The Board of Directors of Unipol Gruppo Finanziario S.p.A., which met yesterday under the chairmanship of Pierluigi Stefanini, analysed the preliminary consolidated results of the financial year 2016. The definitive results will be examined by the Board of Directors at the meeting scheduled for 23 March.

The Unipol Group closed 2016 with a **consolidated net profit** of €335m, compared with €579m in the previous year, which was impacted by significant realized gains resulting from asset reallocation in the securities portfolio.

The **consolidated pre-tax result** from the insurance business stood at €850m (-32.0% compared with €1,250m in 2015), Non-Life business contributed to this result with €471m, (€907m in 2015) and Life business with €379m (€343m in 2015).

¹ Figure calculated according to the Standard Formula with the use of USPs (*Undertaking Specific Parameters*), to be considered preliminary since the definitive results will be communicated to the Supervisory Authority within the terms provided current legislation.

² The Economic Capital Model is the measure of capital absorbed, calculated according to principles and models applied by the Partial Internal Model and having operational value.

In the period under review, **direct insurance income**, net of outward reinsurance, amounted to €14,806m (-10.1% compared with €16,476m in 2015).

Non-Life Business

Direct premium income for the Group for the financial year 2016 amounted to €7,809m (-0.9% compared with €7,883m in 2015), of which €7,218m relates to the UnipolSai Group (-1.6% compared with €7,334m in 2015). Among other Companies, UniSalute continued to capitalise on its expertise, recording premium income of €337m (+12.0% compared with 31 December 2015). With premium income amounting to €104m, Arca Assicurazioni confirmed the results of the previous year (€103m), while Linear recorded an increase in premium income to €150m, up from €145m in 2015 (+3.3%).

MV premium income came in at €4,252m (-3.9% compared with €4,423m in 2015) with an increase in the portfolio of approximately 125,000 policies, compared with 31 December 2015. The number of black boxes installed in vehicles continued to increase, rising from 2.5 million in 2015 to 3.1 million in 2016, confirming our European leadership.

Non-MV premium income came in at €3,558m (+2.8% compared with €3,459m in 2015) thanks to the strong performance of retail business. In terms of technical profitability, the positive trend recorded in Non-MV business made it possible to offset some of the effects of the decline in average MV TPL premiums caused by a fiercely competitive market. In this context, as at 31 December 2016, the Unipol Group recorded a **combined ratio**³ of 95.6% (95.0% direct business), compared with 93.9% for the same period of 2015. The **loss ratio**³ stood at 68.14% (66.6% as at 31 December 2015). The **expense ratio**³ was equal to 27.5% (27.3% in the same period of 2015).

The **pre-tax result** of the business, which included an €81m write-down of properties, was a profit of €471m (€907m in 2015).

Life Business

In the Life business, the slowdown in underwriting already reported in Q2 and Q3 of 2016 continued. This trend, mainly related to the bancassurance channel, is attributable to the commercial policy adopted by the Group aimed at limiting the generation of traditional policies. As at 31 December 2016, total **direct income** came in at €6,997m (-18.6% compared with €8,593m in 2015). In a market environment still characterized by very low, or even negative interest rates in the short term, the commercial offer was consequently geared towards unit-linked and multi-branch products.

UnipolSai recorded direct income of €3,042m (-11.6% compared with €3,441m in 2015), while in bancassurance, Arca Vita recorded direct income of €1,718m (-11.6% compared with €1,943m in 2015), while Popolare Vita, with income coming in at €2,130m, recorded a decline of 30.0% (€3,043m in 2015).

The **pre-tax result** of the business was a profit of €379m (€343m in 2015).

Banking Business

³ Net of reinsurance

The **gross financial result** of the business, as at 31 December 2016, was a profit of €7m (€6m in 2015, +10.8%). Direct income amounted to €10,535m (+5.2% compared with the end of 2015). Customer loans⁴ amounted to €8,579m (-2.1% compared with year end 2015). During 2016, there was a 4% reduction in total NPE (€158m), also thanks to the actions of the Special Credit Division. The overall NPE coverage ratio rose to 45.7% while coverage of bad loans (sofferenze) rose to 57.5%.

The CET1 of the Unipol Banking Group was equal to 16.1%.

Real Estate Business

Operations in this sector include the results of companies operating exclusively in the real estate business (and therefore exclude items regarding properties allocated under Non-Life business). Despite the difficult economic environment in the real estate market, we undertook major renovations and redevelopments for several important assets in the portfolio, notably in the city of Milan.

The **pre-tax result** of the business was a loss of €22m (-€95m in 2015).

Holdings and Other Business

In this sector the commercial development of diversified companies continued as well as cost reduction measures implemented by the parent company in line with the strategic plan.

On 29 December 2016, the purchase of the hotel management and real estate assets of UNA S.p.A. was completed, creating a new national champion in the Italian hotel industry, with 43 facilities (business and leisure), 5,500 rooms and pro-forma turnover of approximately €120m. The transaction takes financial effect starting in 2017.

The **pre-tax result** of the sector, which also includes hotels, tourism, agricultural and healthcare activities, was a loss of €128m (an improvement compared with -€203m in 2015).

Financial Management

The profitability of the financial investment portfolio (while aiming to preserve the risk/return profile of the assets and consistency between the assets and liabilities underwritten with policyholders), achieved a significant yield in the period under consideration, equal to 3.5% of invested assets, of which 3.4% relating to coupons and dividends. This yield was impacted by a €19.5m write-down investment made by the Atlante 1 fund, equal to 24% of the investment itself.

During 2016, the policy for the gradual reduction of Italian government bonds continued as part of progressive diversification towards a selective increase in corporate securities and other financial assets.

Balance Sheet

Consolidated shareholders' equity as at 31 December 2016 amounted to €8,134m (€8,445m as at 31 December 2015), of which €5,649m attributable to the Group. The total AFS reserve stood at €814m

⁴ Net of provisions by UGF S.p.A

(a decrease compared with €982m as at 31 December 2015 mainly due to the change in value of bonds).

The **Group solvency margin**, calculated according to Solvency II requirements, was equal to 140%¹ of the capital requirement, compared with 150%¹ at the end of 2015 mainly due to the effects of the greater reduction in the discount curve of liabilities in proportion to that of the bond market. The consolidated Solvency Ratio of the Unipol Group as at 31 December 2016, based on Economic Capital, was equal to 159%².

Estimated Individual Accounting Records and Dividend for the Year 2016

Moreover, it should be noted that the individual accounting results of Unipol Gruppo Finanziario S.p.A., still preliminary, show an estimated profit of €160m as at 31 December 2016. The 2015 result, originally equal to €166m, was recalculated at €243m in light of the provisions of new accounting standard OIC 21, requiring the “cash” recognition of dividends collected by subsidiaries as of 2015. Taking this into account, the distribution of a dividend for the financial year 2016 equal to €0.18 per ordinary share is expected, with a payout of approximately 80%.

In this regard, it should also be noted that the approval of the draft statutory and consolidated financial statements of Unipol Gruppo Finanziario as at 31 December 2016, as well as the proposed allocation of the result of the period to be submitted to the Shareholders' Meeting, is scheduled for 23 March. Therefore, the information contained herein should be understood as preliminary and relating to the date hereof, and as such, may be subject to changes. The auditing firm has not yet completed the verifications required to issue its audit report.

Finally, it should be noted that since the Shareholders' Meeting for the approval of the 2016 financial statements is scheduled for 28 April 2017, the eventual ex-dividend date based on the results of such year is expected in May.

Presentation of Results to the Financial Community

A conference call will be held at 12:00 am today during which financial analysts and institutional investors may submit questions to the Group CEO and Senior Management on the preliminary consolidated results as at 31 December 2016. The phone numbers to dial to attend the event are: +39/02/8020911 (from Italy and all other countries), +1/718/7058796 (from the US) and +44/121/2818004 (from the UK). A multimedia file containing the recorded comment of the results is already available under the investor relations section of the website www.unipol.it.

In order to allow complete disclosure of the preliminary results for the financial year 2016, please find attached hereto the Consolidated Balance Sheet, the Consolidated Income Statement and the summary of the Consolidated Income Statement by Business Segment.

Maurizio Castellina, Manager in charge of financial reporting of Unipol Gruppo Finanziario S.p.A. and UnipolSai Assicurazioni S.p.A. declares, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Finance, that accounting records contained herein correspond to the figures in corporate accounting records, ledgers and documents.

Glossary

CET1: Common Equity Tier 1, core measure of banking financial strength Basel III
COMBINED RATIO: sum of loss ratio and expense ratio
EXPENSE RATIO: ratio of Non-Life operating expenses and premiums calculated on earned premiums
LOSS RATIO: ratio of Non-Life claims and premiums
AFS RESERVE: reserves on assets classified as "available-for-sale"

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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 MV TPL 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.

Consolidated Balance Sheet – Assets
Amounts in €m

		Preliminary at 31/12/2016	31/12/2015
1	INTANGIBLE ASSETS	2,019.0	2,071.0
1.1	Goodwill	1,591.7	1,581.9
1.2	Other intangible assets	427.3	489.1
2	PROPERTY, PLANT AND EQUIPMENT	1,886.0	1,757.0
2.1	Property	1,648.8	1,619.1
2.2	Other items of property, plant and equipment	237.2	137.9
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	878.0	897.4
4	INVESTMENTS	81,276.0	79,346.6
4.1	Investment property	2,223.8	2,350.2
4.2	Investments in subsidiaries and associates and interests in joint ventures	85.6	90.0
4.3	Held-to-maturity investments	1,319.3	1,528.4
4.4	Loans and receivables	14,822.9	14,549.2
4.5	Available-for-sale financial assets	52,539.6	50,915.8
4.6	Financial assets at fair value through profit or loss	10,284.8	9,913.1
5	SUNDRY RECEIVABLES	3,322.9	3,214.6
5.1	Receivables relating to direct insurance business	1,498.0	1,593.5
5.2	Receivables relating to reinsurance business	99.7	80.7
5.3	Other receivables	1,725.2	1,540.5
6	OTHER ASSETS	2,010.0	1,612.2
6.1	Non-current assets held for sale or disposal groups	207.8	16.5
6.2	Deferred acquisition costs	90.5	86.9
6.3	Deferred tax assets	1,007.9	919.5
6.4	Current tax assets	36.1	53.6
6.5	Other assets	667.6	535.7
7	CASH AND CASH EQUIVALENTS	505.1	874.4
	TOTAL ASSETS	91,896.9	89,773.3

Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		Preliminary at 31/12/2016	31/12/2015
1	EQUITY	8,133.6	8,444.5
1.1	attributable to the owners of the Parent	5,648.8	5,523.6
1.1.1	Share capital	3,365.3	3,365.3
1.1.2	Other equity instruments	0.0	0.0
1.1.3	Equity-related reserves	1,724.6	1,724.6
1.1.4	Income-related and other reserves	-281.7	-426.0
1.1.5	(Treasury shares)	-27.8	-34.7
1.1.6	Translation reserve	2.2	2.4
1.1.7	Gains or losses on available-for-sale financial assets	535.5	589.1
1.1.8	Other gains or losses recognised directly in equity	1.0	31.1
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	329.6	271.8
1.2	attributable to non-controlling interests	2,484.8	2,921.0
1.2.1	Share capital and reserves attributable to non-controlling interests	2,004.8	2,206.4
1.2.2	Gains or losses recognised directly in equity	274.6	407.6
1.2.3	Profit (loss) for the year attributable to non-controlling interests	205.4	307.0
2	PROVISIONS	480.7	550.1
3	TECHNICAL PROVISIONS	64,109.8	63,149.6
4	FINANCIAL LIABILITIES	16,897.9	15,571.4
4.1	Financial liabilities at fair value through profit or loss	3,264.8	2,657.8
4.2	Other financial liabilities	13,633.0	12,913.6
5	PAYABLES	954.9	917.7
5.1	Payables arising from direct insurance business	150.4	146.9
5.2	Payables arising from reinsurance business	76.4	87.6
5.3	Other payables	728.1	683.2
6	OTHER LIABILITIES	1,320.0	1,139.9
6.1	Liabilities associated with disposal groups held for sale	0.0	0.0
6.2	Deferred tax liabilities	33.2	49.4
6.3	Current tax liabilities	53.1	42.4
6.4	Other liabilities	1,233.6	1,048.1
	TOTAL EQUITY AND LIABILITIES	91,896.9	89,773.3

Consolidated Income Statement

Amounts in €m

		Preliminary at 31/12/2016	31/12/2015
1.1	Net premiums	13,786.8	15,261.4
1.1.1	<i>Gross premiums</i>	14,187.8	15,683.1
1.1.2	<i>Ceded premiums</i>	-401.0	-421.8
1.2	Fee and commission income	142.7	117.2
1.3	Gains and losses on financial instruments at fair value through profit or loss	41.2	369.4
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	16.1	17.6
1.5	Gains on other financial instruments and investment property	2,762.7	3,036.2
1.5.1	<i>Interest income</i>	2,005.8	1,988.1
1.5.2	<i>Other gains</i>	162.7	178.5
1.5.3	<i>Realised gains</i>	503.9	754.7
1.5.4	<i>Unrealised gains</i>	90.3	114.9
1.6	Other revenue	472.4	560.3
1	TOTAL REVENUE AND INCOME	17,221.9	19,362.0
2.1	Net charges relating to claims	-12,094.4	-13,635.7
2.1.1	<i>Amounts paid and changes in technical provisions</i>	-12,263.8	-13,825.2
2.1.2	<i>Reinsurers' share</i>	169.4	189.5
2.2	Fee and commission expense	-42.6	-33.0
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-3.2	-14.1
2.4	Losses on other financial instruments and investment property	-868.8	-1,097.0
2.4.1	<i>Interest expense</i>	-229.7	-264.5
2.4.2	<i>Other charges</i>	-52.7	-53.8
2.4.3	<i>Realised losses</i>	-295.7	-303.1
2.4.4	<i>Unrealised losses</i>	-290.6	-475.5
2.5	Operating expenses	-2,746.9	-2,804.0
2.5.1	<i>Commissions and other acquisition costs</i>	-1,763.4	-1,831.7
2.5.2	<i>Investment management expenses</i>	-100.5	-87.4
2.5.3	<i>Other administrative expenses</i>	-883.0	-884.9
2.6	Other costs	-759.8	-820.2
2	TOTAL COSTS AND EXPENSES	-16,515.6	-18,403.9
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	706.3	958.1
3	Income tax	-171.3	-379.4
	POST-TAX PROFIT (LOSS) FOR THE YEAR	535.0	578.7
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0.0	0.0
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	535.0	578.7
	attributable to the owners of the Parent	329.6	271.8
	attributable to non-controlling interests	205.4	307.0

Condensed Consolidated Income Statement by Business Segment

Amounts in € m

	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE BUSINESS			BANKING BUSINESS			HOLDINGS/SERVICES/ OTHER BUSINESSES			REAL ESTATE BUSINESS (*)			Intersegment Elimination		CONSOLIDATED TOTAL		
	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	dec-16	dec-15	var.%
Net premiums	7,502	7,634	-1.7	6,284	7,628	-17.6	13,787	15,261	-9.7				26	27	-3.0	0	0	32.8	-56	-52	13,787	15,261	-9.7
Net fees and commissions	0	0	-149.0	26	10	152.1	26	11	144.9	104	99	5.4									100	84	18.8
Financial income/expenses **	378	654	-42.3	1,446	1,626	-11.1	1,823	2,280	-20.0	182	178	1.9	-82	-90	-9.1	4	-47	-108.1	-104	-174	1,823	2,147	-15.1
Net interest	396	369		1,268	1,220		1,664	1,589		216	234		-58	-52		-3	-2		-43	-38	1,776	1,732	
Other income and expenses	74	86		65	68		139	154		6	0		-8	-27		20	26		-31	-36	125	117	
Realised gains and losses	51	334		163	299		214	633		21	3		-5	3		-2	-1		0	0	228	637	
Unrealised gains and losses	-142	-135		-51	39		-193	-97		-61	-59		-11	-14		-11	-70		-30	-100	-306	-339	
Net charges relating to claims	-4,979	-4,970	0.2	-6,991	-8,501	-17.8	-11,969	-13,470	-11.1				-102	-100	1.6	-12	-13	-8.9	131	138	-11,969	-13,470	-11.1
Operating expenses	-2,147	-2,148	0.0	-306	-364	-16.1	-2,453	-2,513	-2.4	-311	-316	-1.4									-2,747	-2,804	-2.0
Commissions and other acquisition costs	-1,664	-1,688	-1.4	-146	-186	-21.5	-1,810	-1,874	-3.4	0	0		0	0		0	0		47	42	-1,763	-1,832	-3.7
Other expenses	-483	-461	4.9	-160	-178	-10.4	-643	-639	0.6	-311	-316	-1.4	-101	-100	1.5	-12	-13	-8.9	84	95	-983	-972	1.2
Other income / expense	-283	-263	7.7	-81	-55	45.7	-364	-319	14.3	32	45	-27.9	30	-39	-175.1	-14	-35	-60.1	29	88	-287	-260	10.6
Pre-tax profit (loss)	471	907	-48.1	379	343	10.5	850	1,250	-32.0	7	6	10.8	-128	-203	36.8	-22	-95	76.7	0	0	706	958	-26.3
Income tax	-90	-271	-66.9	-116	-108	6.8	-205	-379	-45.8	0	-1	-69.9	30	-26	-215.6	4	27	-84.9			-171	-379	-54.8
Profit (loss) on discontinued operations																							
Consolidated profit (loss) for the period	381	636	-40.1	263	235	12.2	645	871	-26.0	6	5	21.0	-98	-229	-57.3	-18	-69	-73.5	0	0	535	579	-7.6
Profit (loss) attributable to the owners of the Parent																					330	272	
Profit (loss) attributable to non-controlling interests																					205	307	

(*) Real Estate business only includes real estate companies controlled by the Group

(**) Excluding assets/liabilities at fair value related to contracts issued by insurance companies with investment risk borne by customers and arising from pension fund management