

PRESS RELEASE

RESULTS FOR THE FIRST NINE MONTHS OF 2013 APPROVED

- **Consolidated net profit totalled €363m**
- **IAS net profit of companies involved in the merger:**
 - ✓ **Unipol Assicurazioni €215m**
 - ✓ **Fondiarria-SAI €92m**
 - ✓ **Milano Assicurazioni €168m**
 - ✓ **Premafin -€9m**
- **Direct insurance income of €12,192m, stable compared to the figure on a comparable basis¹ at 30 September 2012 (+0.2%)**
 - ✓ **Non-Life income: €7,057m (-8.4%)**
 - ✓ **Life income: €5,135m (+15%)**
- **Combined Ratio at 92.1%², a significant improvement compared to the 30 September 2012 figure (99.3%³)**
- **Solvency I margin: 1.7 times the statutory requirements, excess capital of €3.1bn**

Bologna, 14 November 2013 – The Board of Directors of Unipol Gruppo Finanziario S.p.A., who met today under the chairmanship of Pierluigi Stefanini, approved the Group consolidated results as at 30 September 2013.

The Unipol Group closed the first nine months of 2013 with a **consolidated net profit** of €363m, a figure not comparable with the result of the same period of 2012, amounting to €245m⁴, which included the contribution of the Premafin/Fondiarria-SAI Group in the

¹ The 30 September 2012 figure also includes the income of the Premafin/Fondiarria-SAI Group for the period 1 January – 30 June 2012.

² This figure accounts for the inclusion in the loss ratio of the balance of the other technical items (the ratios of the comparable periods were adjusted accordingly).

³ Management figure calculated considering the figures of the Premafin/Fondiarria-SAI Group for the entire period 1 January-30 September 2012.

⁴ Result as at 30 September 2012 restated compared to €146m approved originally following i) the completion of the accounting process for the business combination of the Premafin/Fondiarria-SAI Group and ii) the amendment of certain accounting criteria adopted in the 2012 Consolidated Financial Statements.

third quarter of 2012 only. The pre-tax profit as at 30 September 2013 amounted to €679m, including integration costs of €43m.

In order to allow a better evaluation of the results in terms of the individual companies involved in the merger process, which will lead to the creation of the UnipolSai insurance company, it should be noted that in the period under review the (IAS) individual net profit of Unipol Assicurazioni S.p.A. amounted to €215m, that of Fondiaria-SAI S.p.A. amounted to €92m and that of Milano Assicurazioni amounted to €168m, while Premafin Finanziaria S.p.A. closed with a loss of €9m.

The first nine months of 2013 confirmed the positive performance of the Group's insurance business activities. The favourable trend of Non-life claims continued and the growth of Life income and profitability remained significant in a context of substantial financial market stability.

During this period, **direct insurance income**, including Life business investment policies, amounted to €12,192m, substantially stable (+0.2%) compared to the figure of €12,170m¹ on a comparable basis reported in the same period of 2012.

Non-Life Business

In the Non-Life business, direct premium income was affected by the on-going economic crisis, which continued to cause a reduction in insured car fleets and a reduction in the spending capacity of companies, and by heightened market competition with reductive effects on average premium. In this scenario, **Non-Life direct business premium income** amounted to €7.057m compared to €7.704m on a comparable basis as at 30 September 2012 (-8.4%). With regard to the leading insurance companies of the Unipol Group, the performance of Unipol Assicurazioni Non-Life premium income, which reported -5.5% compared to the same period of 2012, was in line with market trends, while Fondiaria-SAI and Milano Assicurazioni showed a greater decline, -10.5% and -11.4% respectively, due to on-going portfolio upgrading as well as the introduction of new legislation abolishing so-called "automatic renewal". **MV** premium income stood at €4.468 (-11.3% compared to the figure on a comparable basis of the first nine months of 2012). In the context of general market downturn, impacted by the effects of the economic crisis on families and companies, Non-MV classes showed appreciable endurance with a premium income of €2,588m (-2.9%).

Among the specialised companies, direct premium income of **Unisalute** – operating in the field of health coverage – stood at €194m (€187m at 30 September 2012, +3.6%) while **Linear Assicurazioni** (phone/Internet) recorded direct premiums of €157m (€164m at 30 September 2012, -4.7%).

In terms of claims, the decline in reported claims continued, both in the MV and Non-MV businesses. In this context, the Unipol Group recorded a direct business *combined ratio*,

of 92.1%² compared to 99,3%³ at 30 September 2012 thanks to the significant improvement of the direct business claims ratio (*loss ratio*), which fell to 67.6% compared to 76,1%³ in the first nine months of 2012. The *expense ratio*, however, amounted to 24.6% (23.2%³ at 30 September 2012) and was affected, among others things, by the recognition of the initial integration costs, already envisaged in the business plan, and costs associated with the so-called black boxes, borne entirely by the companies from this year.

Non-life business reported a **pre-tax profit** of €817m.

Life Business

In the Life business, **direct income** grew at a fast pace, reaching €5,135 at the end of the third quarter of 2013, compared to €4,466m on a comparable basis in the first nine months of 2012 (+15.0%). In particular, the business benefited from the growth of the bancassurance channel represented by the **Arca Vita** companies, which achieved a total income of €735m (+72.2% compared to the first nine months of 2012), and **Popolare Vita** companies, with a total income of €1,867m (+15.0%). Unipol Assicurazioni also stood out, reporting an income of €1,581m up from €1,490m of the same period of 2012 (+6.1%), which also included a non-recurring contribution from guaranteed pension funds amounting to over €400m.

Life business reported a **pre-tax profit** of €280m.

Banking Business

In the **Unipol Banca Group**, balance sheet consolidation efforts and activities aimed at focusing business on the *retail* and *small business* segments continued. Direct income remained stable in the first nine months of 2013, amounting to €9,779m⁵ (+1% compared to 31 December 2012⁵) while loans decreased by 4.9%, amounting to €9,520m⁵ (€10,009m⁵ at 31 December 2012).

In Italy, the continuation of a strongly recessionary economic situation was reflected in a further increase of non-performing loans, which Unipol Banca is addressing with a robust provisioning policy (€245m in the first nine months of 2013, in addition to €100m already recorded by the parent company Unipol Gruppo Finanziario during the first half of the year). This resulted in a pre-tax loss of €198m compared to a profit of €14m at 30 September 2012.

⁵ Management figures. Loans reported net of provisions made by the holding company Unipol Gruppo Finanziario.

Real Estate Business

As envisaged in the 2013-2015 Business Plan, preparation for the sale of a portion of real estate assets, already begun in the early months of the financial year, continued. Following a detailed analysis of all Group property, assets to be sold or subject to operations aimed at increasing profitability during the three-year period are currently being identified.

Alongside the initiation of the sale process of certain properties, for which agreements or bills of sale have already been signed, streamlining and optimization of the corporate structure and cost control are also in progress, through the merger of real estate companies whose business purposes ceased to exist in light of the new Group configuration and strategy.

Real Estate business, which only includes investment vehicles and closed-end real-estate funds, reported a **pre-tax loss** of €24m, mainly due to asset depreciation charges and other adjustments during the period.

Financial Management

During the period in question, financial management recorded **gross return at an income statement level** of approximately 4.6%, with an income of €1,540m⁶. The Group's investment policies remained cautious and were aimed at maintaining an appropriate balance between risk and yield, in order to achieve consistency between assets and liabilities assumed in favour of policyholders.

Balance Sheet

Consolidated net equity amounted to €7,482m (€7,265m at 31 December 2012), of which €5,418m attributable to the Group. The total AFS reserve at 30 September 2013 was positive by €344m (€301m at 31 December 2012)

The consolidated **Solvency I margin** at 30 September 2013 was 1.7 times the required minimum (an improvement compared to 1.6 times at the end of 2012), with excess capital of approximately €3.1bn.

Business outlook for the current financial year

⁶ Management figure

The positive performance of the insurance business in the first nine months suggests that, subject to continuing uncertainty arising from the financial markets, the profitability targets set for this sector can be achieved; in the banking business, the effects of the Italy's economic situation on credit impairment and the relative strengthening of cover provisions will persist.

The consolidated interim report as at 30 September 2013 will be available to the public at the company's registered office in Bologna, Via Stalingrado 45 by the end of the day. The report will also be available on the Company's website at www.unipol.it.

Presentation of results to the financial community

The Unipol Group results of the first nine months of 2013 will be presented to the financial community at 6.30pm today via webcasting (from the site www.unipol.it) and conference call. The phone numbers to dial for the event are: +39/02/8058811 (from Italy), +1/718/7058794 (from the U.S.), +44/121/2818003 (from other countries). Financial analysts and institutional investors may ask questions at the end of the presentation through the information provided by the operator. Other technical details to access the event are available on the homepage of the website www.unipol.it and in the Investor Relations section.

Please find attached the tables showing the Consolidated Balance Sheet, the Consolidated Income Statement and the Condensed Consolidated Income Statement by Business Segment.

Maurizio Castellina, the Manager in charge of financial reporting at Unipol Gruppo Finanziario, declares, pursuant to Article 154-bis, paragraph 2, of the Italian Consolidated

Law on Finance, that the accounting information contained in this press release matches the corporate documentation, books and accounting records.

Glossary:

COMBINED RATIO: sum of the *loss ratio* and *expense ratio*

CORE TIER I: ratio between core capital and risk-weighted assets.

EXPENSE RATIO: ratio between operating expenses and Non-Life premiums

LOSS RATIO: ratio between claims and Non-Life premiums

AFS RESERVES: Reserves on assets classified as "Available for Sale"

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Consolidated Balance Sheet – Assets

		<i>Amounts in €m</i>	30/9/2013	31/12/2012 adjusted
1	INTANGIBLE ASSETS		2,400	2,621
1.1	Goodwill		1,744	1,744
1.2	Other intangible assets		657	877
2	PROPERTY, PLANT AND EQUIPMENT		1,357	1,411
2.1	Property		1,260	1,285
2.2	Other items of property, plant and equipment		97	127
3	TECHNICAL PROVISIONS - REINSURERS' SHARE		1,009	1,207
4	INVESTMENTS		67,887	70,947
4.1	Investment property		2,811	2,989
4.2	Investments in subsidiaries and associates and interests in joint ventures		177	174
4.3	Held-to-maturity investments		2,876	3,051
4.4	Loans and receivables		16,700	17,489
4.5	Available-for-sale financial assets		35,244	36,648
4.6	Financial assets at fair value through profit or loss		10,079	10,595
5	SUNDRY RECEIVABLES		2,660	3,663
5.1	Receivables relating to direct insurance business		1,176	2,090
5.2	Receivables relating to reinsurance business		83	111
5.3	Other receivables		1,400	1,462
6	OTHER ASSETS		6,786	3,067
6.1	Non-current assets held for sale or disposal groups		3,929	8
6.2	Deferred acquisition costs		68	67
6.3	Deferred tax assets		2,062	2,186
6.4	Current tax assets		294	325
6.5	Other assets		434	481
7	CASH AND CASH EQUIVALENTS		1,052	708
	TOTAL ASSETS		83,151	83,626

Consolidated Balance Sheet – Liabilities

		<i>Amounts in €m</i>	30/9/2013	31/12/2012 adjusted
1	EQUITY		7,482	7,265
1.1	attributable to the owners of the Parent		5,418	5,308
1.1.1	Share capital		3,365	3,365
1.1.2	Other equity instruments		0	0
1.1.3	Equity-related reserves		1,725	1,725
1.1.4	Income-related and other reserves		323	146
1.1.5	(Treasury shares)		-7	0
1.1.6	Translation reserve		2	2
1.1.7	Gains or losses on available-for-sale financial assets		-68	-164
1.1.8	Other gains or losses recognised directly in equity		-28	-51
1.1.9	Profit (loss) for the year attributable to the owners of the Parent		107	285
1.2	attributable to non-controlling interests		2,064	1,956
1.2.1	Share capital and reserves attributable to non-controlling interests		1,389	1,356
1.2.2	Gains or losses recognised directly in equity		418	459
1.2.3	Profit (loss) for the year attributable to non-controlling interests		256	141
2	PROVISIONS		403	432
3	TECHNICAL PROVISIONS		52,851	56,456
4	FINANCIAL LIABILITIES		15,812	16,234
4.1	Financial liabilities at fair value through profit or loss		2,089	2,169
4.2	Other financial liabilities		13,723	14,065
5	PAYABLES		1,067	1,277
5.1	Payables arising from direct insurance business		136	164
5.2	Payables arising from reinsurance business		109	85
5.3	Other payables		821	1,027
6	OTHER LIABILITIES		5,536	1,963
6.1	Liabilities associated with non-current assets held for sale		3,668	2
6.2	Deferred tax liabilities		784	814
6.3	Current tax liabilities		91	178
6.4	Other liabilities		993	969
	TOTAL EQUITY AND LIABILITIES		83,151	83,626

Consolidated Income Statement

		<i>Amounts in €m</i>	30/9/2013	30/9/2012 adjusted
1.1	Net premiums		12,332	7,357
1.1.1	<i>Gross premiums</i>		12,639	7,556
1.1.2	<i>Ceded premiums</i>		-308	-200
1.2	Fee and commission income		94	98
1.3	Gains and losses on financial instruments at fair value through profit or loss		183	288
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures		2	1
1.5	Gains on other financial instruments and investment property		2,112	1,412
1.5.1	<i>Interest income</i>		1,579	1,092
1.5.2	<i>Other gains</i>		137	98
1.5.3	<i>Realised gains</i>		396	177
1.5.4	<i>Unrealised gains</i>		0	45
1.6	Other revenue		395	147
1	TOTAL REVENUE AND INCOME		15,118	9,303
2.1	Net charges relating to claims		-10,587	-6,746
2.1.1	<i>Amounts paid and changes in technical provisions</i>		-10,696	-6,931
2.1.2	<i>Reinsurers' share</i>		109	185
2.2	Fee and commission expense		-28	-24
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures		-2	-10
2.4	Losses on other financial instruments and investment property		-898	-462
2.4.1	<i>Interest expense</i>		-264	-240
2.4.2	<i>Other charges</i>		-57	-27
2.4.3	<i>Realised losses</i>		-106	-58
2.4.4	<i>Unrealised losses</i>		-470	-137
2.5	Operating expenses		-2,229	-1,384
2.5.1	<i>Commissions and other acquisition costs</i>		-1,486	-869
2.5.2	<i>Investment management expenses</i>		-28	-19
2.5.3	<i>Other administrative expenses</i>		-715	-495
2.6	Other costs		-695	-272
2	TOTAL COSTS AND EXPENSES		-14,439	-8,898
	PRE-TAX PROFIT (LOSS) FOR THE YEAR		679	405
3	Income tax		-317	-160
	POST-TAX PROFIT (LOSS) FOR THE YEAR		363	245
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		0	0
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		363	245
	<i>attributable to the owners of the Parent</i>		107	199
	<i>attributable to non-controlling interests</i>		256	46

Consolidated Statement of Comprehensive Income - Net amounts

<i>Amounts in €m</i>	30/9/2013	30/9/2012 adjusted
PROFIT (LOSS)	363	245
Other income net of taxes not reclassified in the income statement (total)	2	2
Variation in equity of investees	2	3
Variation in the revaluation reserve for intangible assets	0	0
Variation in the revaluation reserve for property, plant and	0	0
Gains or losses on non-current assets held for sale and disposal	0	0
Actuarial gains and losses and adjustments relating to defined benefit plans	0	-2
Other items	0	1
Other income net of taxes reclassified in the income statement (total)	75	945
Variation in net translation reserves	3	3
Gains or losses on available-for-sale financial assets	43	959
Gains or losses on cash flow hedges	28	-17
Gains or losses on hedges of a net investment in foreign operations	0	0
Variation in equity of investees		
Gains or losses on non-current assets held for sale and disposal		
Other items		
TOTAL OTHER COMPREHENSIVE INCOME	77	947
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	440	1,193
<i>attributable to the owners of the Parent</i>	<i>225</i>	<i>836</i>
<i>attributable to non-controlling interests</i>	<i>216</i>	<i>356</i>

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		
	Sep. 13	Sep. 12	var.%	Sep. 13	Sep. 12	var.%	Sep. 13	Sep. 12	var.%	Sep. 13	Sep. 12	var.%	Sep. 13	Sep. 12	var.%	Sep. 13	Sep. 12	var.%	Sep. 13	Sep. 12	Sep. 13	Sep. 12	var.%
Net premiums	7,342	4,603	59.5	4,990	2,753	81.2	12,332	7,357	67.6	0	0		0	0		0	0		0	0	12,332	7,357	67.6
Net fees and commissions	0	0	63.6	6	6	-0.6	6	6	-3.0	84	84	0.6	4	4	2.1	0	0	0.0	-29	-21	66	73	-10.8
Financial income/expense (excl. assets/liabilities at fair value TPL)	378	240	57.7	1,085	677	60.3	1,463	917	59.6	-54	147	-136.7	-29	-37	-21.7	-10	0		-133	-64	1,237	962	28.6
<i>Net interest</i>	302	188		881	561		1,184	749		183	156		-29	-26		-1	-1		-9	-2	1,327	877	
<i>Other income and expense</i>	46	30		16	20		63	50		0	0		-6	-14		16	9		-24	-13	49	32	
<i>Realised gains and losses</i>	74	25		177	57		251	82		13	51		1	3		-1	0		0	0	264	136	
<i>Unrealised gains and losses</i>	-44	-3		10	38		-34	35		-250	-61		5	0		-24	-8		-100	-50	-403	-83	
Net charges relating to claims	-4,951	-3,207	54.4	-5,475	-3,271	67.4	-10,426	-6,479	60.9	0	0		0	0		0	0		0	0	-10,426	-6,479	60.9
Operating expense	-1,698	-993	71.0	-233	-137	69.7	-1,931	-1,130	70.8	-229	-211	8.5	-298	-141	110.5	-5	-3	81.4	234	102	-2,229	-1,384	61.1
<i>Commissions and other acquisition costs</i>	-1,368	-799	71.2	-131	-74	76.4	-1,499	-874	71.6	0	0		0	0		0	0		13	5	-1,486	-869	71.1
<i>Other expenses</i>	-330	-194	70.2	-102	-63	61.7	-432	-257	68.2	-229	-211	8.5	-298	-141	110.5	-5	-3	81.4	221	97	-742	-515	44.2
Other income/expense	-253	-108	133.6	-93	-36	159.2	-346	-144	139.9	6	2	259.9	121	36	233.5	-9	-1	697.4	-72	-17	-300	-124	
Pre-tax profit (loss)	817	534	53.1	280	-8		1,098	526	108.5	-192	21		-202	-138	-46.1	-24	-4	-518.7	0	0	679	405	67.5
Income tax																					-317	-160	97.7
Profit (loss) on discontinued operations																					0	0	
Consolidated profit (loss) for the period																					363	245	48.0
Profit (loss) attributable to the owners of the Parent																					107	199	
Profit (loss) attributable to non-controlling interests																					256	46	

The pre-tax results of the income statement by business segment as at 30 September 2012 were mainly affected the following adjustments:

- in Non-Life business the positive variation of €209m was attributable to changes resulting from the final recognition of business combination by +€196m and the reclassification of structured notes by +€14m and to a change in accordance with IAS 19 by -€1m;
- in Life business the negative variation of €116m was attributable to changes resulting from the final recognition of business combination by -€150m and the reclassification of structured notes by +€34m;
- in the Banking business the positive variation of €21m was mainly attributable to changes resulting from the final recognition of business combination;
- in Holdings/Services/Other businesses the positive variation €22m was attributable to changes resulting from the final recognition of business combination.
- in Real Estate business the positive variation of €21m was attributable to changes resulting from the final recognition of business combination.