

Bologna, 14 November 2014

UNIPOL GROUP: RESULTS FOR THE FIRST NINE MONTHS OF 2014 APPROVED

- Consolidated net profit of €431m (+18.7% compared to €363m as at 30 September 2013)
- Direct insurance income of €13,356m¹ (+9.6%)
 - ✓ Non-Life business: premium income of €6,479m (-8.2%, or -6.4%² net of the effects of the sale of the business unit to Allianz)
 - ✓ Life business: income of €6,877m (+33.9%)
- Combined ratio at 92.7%³
- Structured notes portfolio reduced by approximately €1.5bn during the first nine months; capital gains for €10m
- Solvency margin equal to 171% (an increase compared to 164% as at 30 June 2014)
- Non-compliance proceedings brought by the Italian Antitrust Authority concluded

The Board of Directors of Unipol Gruppo Finanziario S.p.A., which met yesterday under the chairmanship of Pierluigi Stefanini, approved the consolidated results of the Group as at 30 September 2014.

The Unipol Group closed the first nine months of 2014 with a consolidated net profit of €431m, an increase of 18.7% compared to €363m recorded in the same period of the previous year. The consolidated pre-tax result amounted to €761m (+12% compared to €679m as at 30 September 2013).

Over the period, direct insurance income, gross of outwards reinsurance, stood at €13,356m (+9.6% compared to €12,192m as at 30 September 2013).

¹ Net of the effect of premiums sold to Allianz, as of 1 July 2014

² Internal processing of management figures

³ After reinsurance (expense ratio calculated on earned premium)

The **pre-tax profit** of insurance business amounted to €972m (€1,098m in the same period of 2013). Non-Life business contributed to this result with €779m (€817m as at 30 September 2013), while Life business contributed with €193m (€280m as at 30 September 2013).

Non-Life Business

Premium income was affected by the on-going economic crisis and the reduction of prices in a strongly competitive market environment, in regard of which the Group undertook major commercial initiatives aimed at the protection of its portfolio, especially in vehicle liability insurance, such as, for example, the payment of premiums in instalments through zero-interest loans. This initiative made it possible to maintain the stability of the portfolio. Moreover, UnipolSai income for the third quarter was impacted, as of 1 July 2014, by the effects of the sale of a business unit to Allianz comprised of, among other things, the 725 former Milano Assicurazioni agencies and 470 employees. In this context, **Non-Life direct premium income** amounted to €6,479m (-8.2% compared to 30 September 2013). On the basis of management valuations performed, excluding the effect of the above-mentioned portfolio sale, the estimate change in Non-Life direct premium income during the nine months would have stood at around -6.4%, broadly in line with the figure recorded as at 30 June 2014 (-6.8%). The UnipolSai Group contributed to Non-Life premium income with €6,052m while the other companies directly controlled by Unipol Gruppo Finanziario (UniSalute, Linear and Arca Assicurazioni) contributed with €427m.

In particular, UniSalute recorded direct premium income of €217m, with an increase of 12.2% compared to 30 September 2013.

MV premium income amounted to €3,946m (-11.7% compared to €4,468 in the same period of 2013, or -9.5% net of the effects of the business unit sold to Allianz). Non-MV business, with a premium income of €2,533m, held its own despite the unfavourable macro-economic environment, closing the first nine months of 2014 with a smaller decrease of 2.1% compared to €2,588m in 2013.

With regard to the trend in claims, in the first nine months of 2014 the Unipol Group achieved a **combined ratio** of 92.7%. The **loss ratio** records at 68.5%, due to the positive trend in vehicle liability insurance claims and the effects of the underwriting policies adopted in previous financial years. The **expense ratio** was equal to 24.2% and was affected by a drop in premiums, the higher incidence of commission costs (change in the production mix), investments in the IT system required for the current integration phase and investments made to support economic recovery (zero-interest instalments, advertising campaigns and black boxes).

The **pre-tax result** of the business was a profit of €779m (€817m in the same period of 2013).

Life Business

Life business recorded direct income of €6,877m, an increase of 33.9% compared to the first nine months of 2013. The significant increase in premiums reflects the continuation of a strong expansion trend in traditional products observed already in 2013, benefitting from an environment characterized by low interest rates and the reduced risk appetite of policyholders.

In particular, the business benefitted from the growth of the bancassurance channel, represented by the Arca Vita Group, with direct income of €1,049m (+42.7% compared to 30 September 2013) and by the Popolare Vita Group, which with an income of €3,107m, recorded a 66.4% increase as at 30 September 2014. With premiums amounting to €2,583m, the UnipolSai Group also recorded a growth

of 7.1% despite the discontinuation of certain non-recurrent contract collections for a significant amount, which positively influenced the first part of 2013.

The **pre-tax result** of the business was a profit of €193m (€280m in the same period of 2013).

Banking Business

With regards to the banking business, the Unipol Banca Group continued to operate focusing on the retail and small business sectors. Despite the continuation of unfavourable market conditions caused by the economic crisis, in the first nine months of 2014, a slowdown in credit impairment and a new commercial drive arising from synergies with the insurance business were noted.

On 25 September 2014, the Bank of Italy authorized the merger by incorporation of Banca Sai into Unipol Banca, which was carried out on 3 November 2014.

Direct income of the banking business amounted to €10,781m⁴, as at 30 September 2014, essentially stable compared to €10,820m recorded at the end of 2013 (-0.4%). There was a slight decrease in loans to customers, which stood at €9,682m (€10,071m at the end of 2013, -3.9%).

The **pre-tax result** of the banking business (mainly including Unipol Banca and UnipolSai) as at 30 September 2014 was a profit of €22m (-€192m in the same period of 2013). The net result was a profit of €7m (-€147m as at 30 September 2013). Taking into consideration, however, provisions for €130m made by the parent company Unipol Gruppo Finanziario, (of which €30m in the third quarter of 2014) in relation to the credit indemnity agreement with the subsidiary Unipol Banca, the pre-tax result would fall to -€108m. These provisions, in addition to €64m set aside by Unipol Banca and Banca Sai, bring the total coverage of non-performing loans to 52.8% (50.2% as at 31 December 2013) and coverage of impaired loans to 41.7% (37.2% as at 31 December 2013). CET1 of the banking business was equal to 9.24%⁵.

Real Estate Business

During the third quarter of 2014, operations continued for the optimization of real estate assets in portfolio and the search for divestment opportunities despite market conditions that remained negatively influenced by the economic crisis and the credit crunch.

A previously launched corporate restructuring plan was also implemented providing for the merger by incorporation of 22 wholly-owned companies, with the objective of reducing the number of subsidiaries, simplifying corporate governance and streamlining intragroup financial flows. In September, the Boards of Directors and Shareholders' Meetings of all real estate business companies involved approved the above-mentioned merger plans.

The **pre-tax result** of real estate companies was a loss of €34m (-€24m as at 30 September 2013), due in particular to the writing down of certain property during the first half of 2014.

Holdings and Other Business

⁴ Pro-forma management figures in relation to Unipol Banca + Banca Sai

⁵ Individual management figure of Unipol Banca post-merger with Banca Sai

The results of diversified companies, in particular those operating in the hotel and health sectors, showed a significant improvement compared to the results recorded in the past, despite remaining negative as a result of restructuring initiatives and the development of assets by current management.

The **pre-tax result** of the business, which also includes the parent company Unipol Gruppo Finanziario, was a loss of €199m (-€202m as at 30 September 2013). Excluding provisions set aside by the parent company Unipol Gruppo Finanziario for the Unipol Banca loans described above, the loss would have been limited to €69m.

Financial Management

The first nine months of the year were characterized by renewed market confidence in Italy. The performance of the financial markets was favoured by ECB initiatives and the measures adopted on 4 September, which had the effect of further consolidating, during the reporting period, the market value of the Group's securities portfolio, consisting mainly of Italian government debt securities.

The Group's financial insurance investments, despite being made with a view to preserving the profitability of the portfolio and consistency between the assets and liabilities underwritten with policyholders, achieved a significant yield during the period under consideration, equal to approximately 4.6% of invested assets.

At the same time, exposure of level 2 and 3 structured notes decreased during the period for a total of €1.5bn, recording a capital gain of €10m.

Balance Sheet

Consolidated shareholders' equity amounted to €8,418m (€7,481m as at 31 December 2013) of which €5,748m attributable to the Group. The total AFS reserve as at 30 September 2014 amounted to €1,286m (€522m as at 31 December 2013).

The solvency margin as at 30 September 2014 was equal to 171% of the minimum required, an increase compared to the final figure as at 30 June 2014 (164%).

Significant Events After the End of the Financial Year

On 4 November 2014, the Italian Antitrust Authority informed Unipol, among others, of its decision in relation to the conclusion of the non-compliance proceedings brought on 19 February 2014, upon the conclusion of which the Italian Antitrust Authority determined that the conditions for the payment of penalties pursuant to Article 19, paragraph 1 of Law No. 287/1990 were non-existent.

Business Outlook

Regarding the performance of the **Non-Life insurance sector**, no significant changes in income compared to the current trends have been noted to date, if not those resulting, as already described, from the partial sale of former Milano Assicurazioni agencies as of 1 July 2014.

In the **Life sector**, affected to a lesser extent by the effects of the transfer of the agencies, income continued to grow significantly with values higher than expected, despite recording a slowdown in the bancassurance channel in October.

The Group has continued the integration of the companies merged into UnipolSai, as well as other corporate restructuring initiatives, already identified and implemented, necessary in order to reach the Business Plan objectives.

Corporate Governance

The Board of Directors also acknowledged the resignation of Board Member Mr Vanes Galanti for personal reasons with effect as of today. The outgoing Director, non-executive, non-independent, nor belonging to any board committees, was appointed by the Ordinary Shareholders' Meeting of the Company held on 30 April 2013 from the single list presented by the majority shareholder Finsoe S.p.A. Therefore, in accordance with the law and the By-Laws, the Board of Directors co-opted Mr Carlo Zini as non-executive and non-independent Board Member (pursuant to the Code of Conduct for Listed Companies and the Consolidated Law on Finance), who will remain in office until the next Shareholders' Meeting.

Presentation of the Results to the Financial Community

The results of the first nine months of 2014 of the Unipol Group will be presented to the financial community today at 11:30 am via webcasting (from the website www.unipol.it) and conference call. The phone numbers to dial to attend the event are: +39/02/8058811 (from Italy), +1/718/7058794 (from the U.S.), +44/121/2818003 (from other countries). Further technical details for accessing the event are available on the homepage of the website www.unipol.it and in the Investor Relations section.

The interim financial report as at 30 September 2014 will be made available to the public, in accordance with the law, at the Company's registered office in Bologna, Via Stalingrado 45 as well as on the Company's website at www.unipol.it.

Please find attached hereto the Consolidated Balance Sheet, the Consolidated Income Statement and the Condensed Consolidated Income Statement Broken Down by Business Segment.

Maurizio Castellina, Manager in charge of financial reporting of Unipol Gruppo Finanziario, declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds 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
LOSS RATIO: ratio of Non-life claims and premiums
AFS RESERVE: reserves for assets classified as "Available for Sale"

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Unipol Gruppo Finanziario S.p.A.

Unipol is one of the leading European insurance groups, the second in the Italian market (first in Non-Life business), with total income of €16.8bn in 2013.

Unipol adopts an integrated offer strategy, providing a full range of insurance and financial products, being particularly active in supplementary pension and health sectors. In the insurance business, the Group operates primarily through its subsidiary UnipolSai Assicurazioni S.p.A., which was founded in early 2014 following the merger of three historic companies operating on the Italian market, Unipol Assicurazioni, Fondiaria-SAI and Milano Assicurazioni, as well as Premafin, financial holding company of the former Fondiaria-SAI Group. UnipolSai Assicurazioni and the parent company Unipol Gruppo Finanziario S.p.A. are both listed on the Italian Stock Exchange.

The Unipol Group is also active in direct MV insurance (Linear Assicurazioni), healthcare (UniSalute) and is present 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 sector, in the hotel industry (Atahotels) and in agricultural business (Tenute del Cerro).

Consolidated Balance Sheet – Assets
Amounts in €m

		30/9/2014	31/12/2013
1	INTANGIBLE ASSETS	2,158	2,237
1.1	Goodwill	1,582	1,583
1.2	Other intangible assets	576	654
2	PROPERTY, PLANT AND EQUIPMENT	1,514	1,383
2.1	Property	1,367	1,259
2.2	Other items of property, plant and equipment	148	124
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	1,002	1,046
4	INVESTMENTS	77,359	72,012
4.1	Investment property	2,660	2,870
4.2	Investments in subsidiaries and associates and interests in joint ventures	177	189
4.3	Held-to-maturity investments	2,511	2,933
4.4	Loans and receivables	15,572	16,300
4.5	Available-for-sale financial assets	46,610	39,934
4.6	Financial assets at fair value through profit or loss	9,829	9,787
5	SUNDRY RECEIVABLES	3,035	3,416
5.1	Receivables relating to direct insurance business	1,189	1,851
5.2	Receivables relating to reinsurance business	144	135
5.3	Other receivables	1,701	1,429
6	OTHER ASSETS	3,833	3,373
6.1	Non-current assets held for sale or disposal groups	127	175
6.2	Deferred acquisition costs	76	77
6.3	Deferred tax assets	2,978	2,338
6.4	Current tax assets	175	273
6.5	Other assets	478	510
7	CASH AND CASH EQUIVALENTS	1,095	837
	TOTAL ASSETS	89,996	84,304

Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		30/9/2014	31/12/2013
1	EQUITY	8,418	7,481
1.1	attributable to the owners of the Parent	5,748	5,414
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	-350	327
1.1.5	(Treasury shares)	-23	-23
1.1.6	Translation reserve	2	2
1.1.7	Gains or losses on available-for-sale financial assets	817	121
1.1.8	Other gains or losses recognised directly in equity	12	-25
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	200	-79
1.2	attributable to non-controlling interests	2,671	2,067
1.2.1	Share capital and reserves attributable to non-controlling interests	1,968	1,391
1.2.2	Gains or losses recognised directly in equity	471	410
1.2.3	Profit (loss) for the year attributable to non-controlling interests	231	267
2	PROVISIONS	621	534
3	TECHNICAL PROVISIONS	60,681	56,875
4	FINANCIAL LIABILITIES	15,689	16,041
4.1	Financial liabilities at fair value through profit or loss	2,084	2,057
4.2	Other financial liabilities	13,605	13,985
5	PAYABLES	1,301	1,183
5.1	Payables arising from direct insurance business	177	177
5.2	Payables arising from reinsurance business	130	85
5.3	Other payables	994	920
6	OTHER LIABILITIES	3,285	2,190
6.1	Liabilities associated with disposal groups held for sale	101	74
6.2	Deferred tax liabilities	2,045	1,014
6.3	Current tax liabilities	30	142
6.4	Other liabilities	1,109	959
	TOTAL EQUITY AND LIABILITIES	89,996	84,304

Consolidated Income Statement

Amounts in €m

		30/9/2014	30/9/2013
1.1	Net premiums	13,512	12,332
1.1.1	<i>Gross premiums</i>	13,859	12,639
1.1.2	<i>Ceded premiums</i>	-347	-308
1.2	Fee and commission income	94	94
1.3	Gains and losses on financial instruments at fair value through profit or loss	158	183
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	3	2
1.5	Gains on other financial instruments and investment property	2,598	2,112
1.5.1	<i>Interest income</i>	1,589	1,579
1.5.2	<i>Other gains</i>	147	137
1.5.3	<i>Realised gains</i>	690	396
1.5.4	<i>Unrealised gains</i>	171	0
1.6	Other revenue	454	395
1	TOTAL REVENUE AND INCOME	16,819	15,118
2.1	Net charges relating to claims	-12,300	-10,587
2.1.1	<i>Amounts paid and changes in technical provisions</i>	-12,441	-10,696
2.1.2	<i>Reinsurers' share</i>	141	109
2.2	Fee and commission expense	-28	-28
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-10	-2
2.4	Losses on other financial instruments and investment property	-901	-898
2.4.1	<i>Interest expense</i>	-234	-264
2.4.2	<i>Other charges</i>	-80	-57
2.4.3	<i>Realised losses</i>	-274	-106
2.4.4	<i>Unrealised losses</i>	-313	-470
2.5	Operating expenses	-2,214	-2,229
2.5.1	<i>Commissions and other acquisition costs</i>	-1,475	-1,486
2.5.2	<i>Investment management expenses</i>	-57	-28
2.5.3	<i>Other administrative expenses</i>	-682	-715
2.6	Other costs	-604	-695
2	TOTAL COSTS AND EXPENSES	-16,058	-14,439
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	761	679
3	Income tax	-329	-317
	POST-TAX PROFIT (LOSS) FOR THE YEAR	432	363
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-1	0
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	431	363
	attributable to the owners of the Parent	200	107
	attributable to non-controlling interests	231	256

Consolidated Statement of Comprehensive Income

Amounts in €m

	30/9/2014	30/9/2013
CONSOLIDATED PROFIT (LOSS)	431	363
Other income net of taxes not reclassified in the income statement	-1	2
Variation in equity of investees	3	2
Variation in the revaluation reserve for intangible assets	0	0
Variation in the revaluation reserve for property, plant and equipment	0	0
Gains or losses on non-current assets held for sale and disposal groups	0	0
Actuarial gains and losses and adjustments relating to defined benefit plans	-3	0
Other items	0	0
Other income net of taxes reclassified in the income statement	794	75
Variation in net translation reserves	-4	3
Gains or losses on available-for-sale financial assets	764	43
Gains or losses on cash flow hedges	34	28
Gains or losses on hedges of a net investment in foreign operations	0	0
Variation in equity of investees	0	0
Gains or losses on non-current assets held for sale and disposal groups	0	0
Other items	0	0
TOTAL OTHER COMPREHENSIVE INCOME	793	77
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	1,225	440
<i>attributable to the owners of the Parent</i>	<i>932</i>	<i>225</i>
<i>attributable to non-controlling interests</i>	<i>292</i>	<i>216</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		
	set-14	set-13	var.%	set-14	set-13	var.%	set-14	set-13	var.%	set-14	set-13	var.%	set-14	set-13	var.%	set-14	set-13	var.%	set-14	set-13	set-14	set-13	var.%
Net premiums	6,757	7,342	-8.0	6,755	4,990	35.4	13,512	12,332	9.6				13	4	211.3	0	0	0.0	-34	-29	13,512	12,332	9.6
Net fees and commissions	0	0	-49.3	6	6	-8.4	6	6	-5.8	80	84	-4.9	13	4	211.3	0	0	0.0	-34	-29	65	66	-0.5
Financial income/expense (excl. Assets/ liabilities at fair value)	425	378	12.5	1,126	1,085	3.8	1,551	1,463	6.0	160	-54		-32	-29	9.7	-8	-10	-26.2	-187	-133	1,484	1,237	20.0
<i>Net interest</i>	310	302		917	881		1,227	1,184		191	183		-28	-29		-1	-1				1,363	1,327	
<i>Other income and expenses</i>	49	46		-4	16		45	63		0	0		-4	-6		31	16		-31	-24	41	49	
<i>Realised gains and losses</i>	121	74		180	177		301	251		41	13		0	1		-1	-1				341	264	
<i>Unrealised gains and losses</i>	-55	-44		33	10		-21	-34		-73	-250		0	5		-37	-24		-130	-100	-261	-403	
Net charges relating to claims	-4,599	-4,951	-7.1	-7,338	-5,475	34.0	-11,937	-10,426	14.5												-11,937	-10,426	14.5
Operating expenses	-1,672	-1,698	-1.5	-299	-233	28.1	-1,971	-1,931	2.1	-228	-229	-0.4	-87	-298	-70.8	-11	-5	116.8	83	234	-2,214	-2,229	-0.7
<i>Commissions and other acquisition costs</i>	-1,327	-1,368	-3.0	-173	-131	32.4	-1,501	-1,499	0.1										26	13	-1,475	-1,486	-0.8
<i>Other expenses</i>	-345	-330	4.6	-125	-102	22.5	-470	-432	8.9	-228	-229	-0.4	-87	-298	-70.8	-11	-5	116.8	57	221	-739	-742	-0.4
Other income / expense	-131	-253	-48.1	-58	-93	-37.8	-189	-346	-45.3	10	6	70.7	-93	121	-177.5	-15	-9	79.1	138	-72	-150	-300	-50.1
Pre-tax profit (loss)	779	817	-4.6	193	280	-31.2	972	1,098	-11.4	22	-192		-199	-202	1.4	-34	-24	-42.0	0	0	761	679	12.0
Income tax	-292	-307	-4.9	-70	-81	-12.9	-362	-388	-6.5	-14	45		46	26	72.9	2	0		0	0	-329	-317	3.9
Profit (loss) on discontinued operations	0	0		0	0		0	0		-1	0		0	0		0	0		0	0	-1	0	
Consolidated profit (loss) for the period	487	510	-4.5	122	200	-38.6	610	710	-14.1	7	-147		-153	-175	-12.6	-33	-24	34.3	0	0	431	363	18.7
<i>Profit (loss) attributable to the owners of the Parent</i>																					200	107	
<i>Profit (loss) attributable to non-controlling interests</i>																					231	256	

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