

UBS

The Italian Financial Services Conference 2010

Unipol Gruppo Finanziario Bancassurance Strategy

21 January 2010
Carlo Cimbri, General Manager



Agenda



The Bancassurance scenario

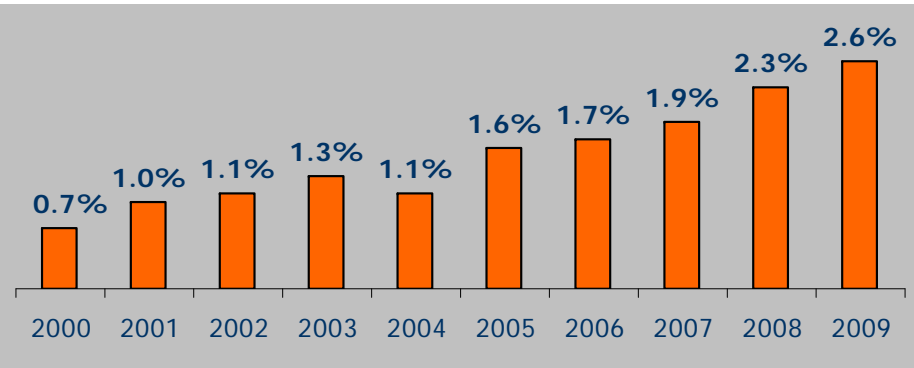
The UGF Group strategy in Bancassurance and Arca acquisition

The Bancassurance scenario

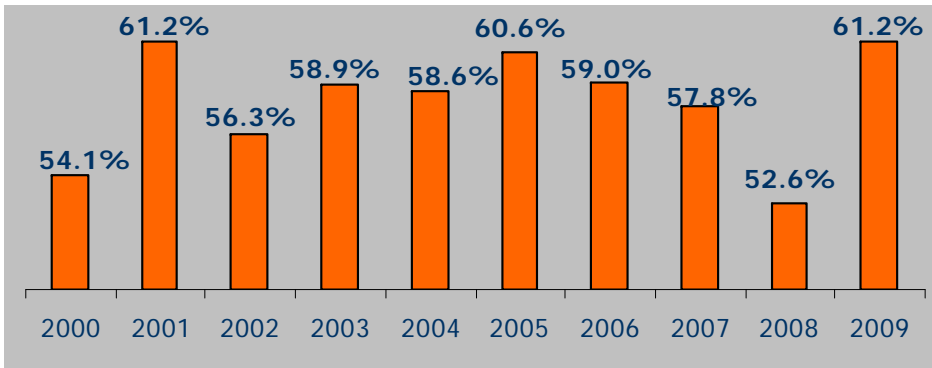
% premium distribution by banking channel

ITALY

Non-Life



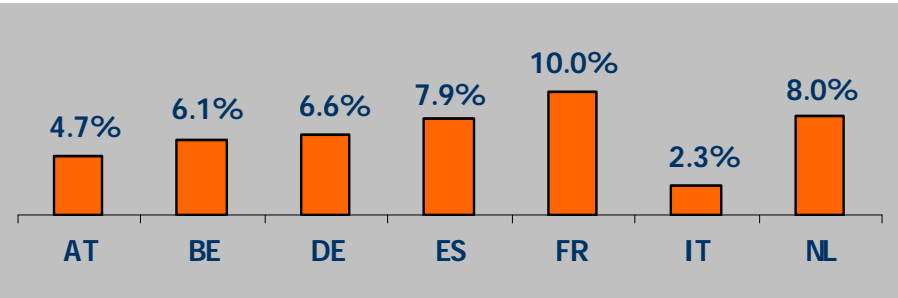
Life



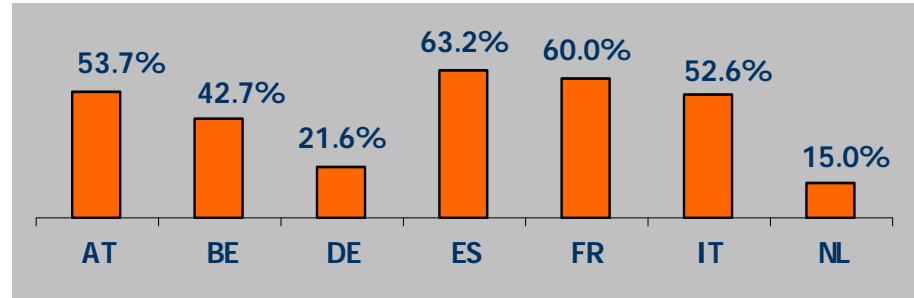
* 2009 figures as at 30/9/09

EUROPE

Non-Life



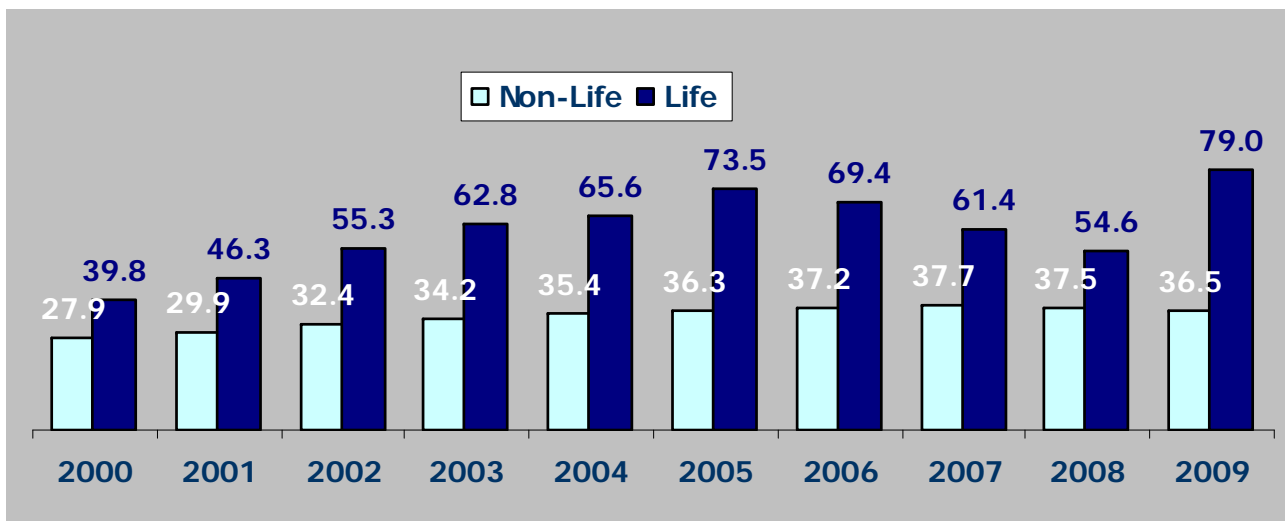
Life



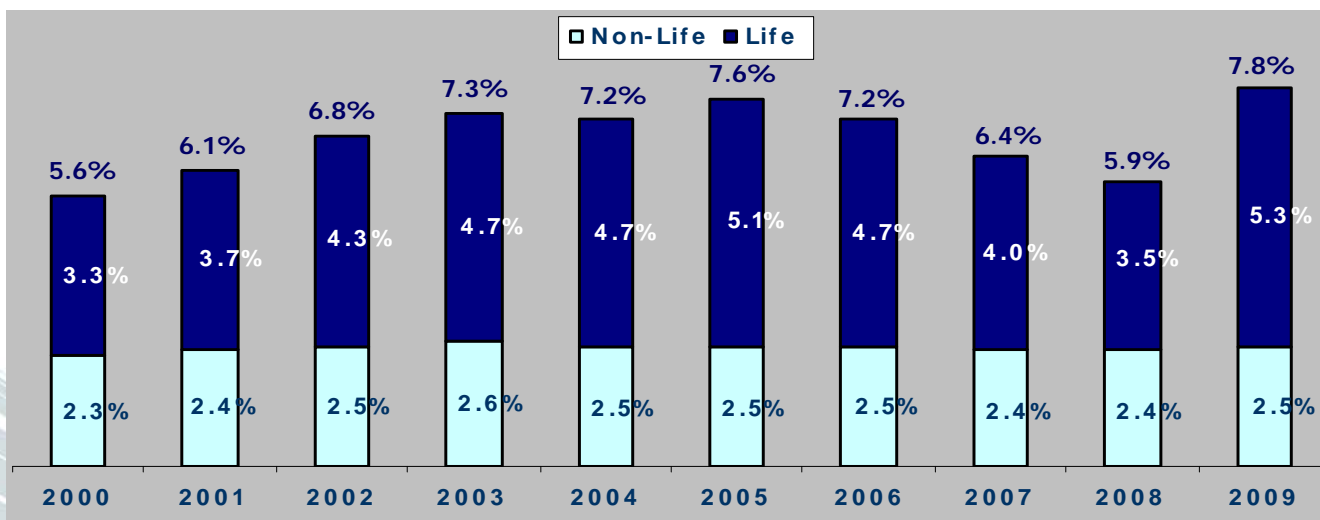
2007 figures. 2008 data only for France and Italy.

Trend in premium income (Italian market)

Premium income (€bn)



Premium income / GDP

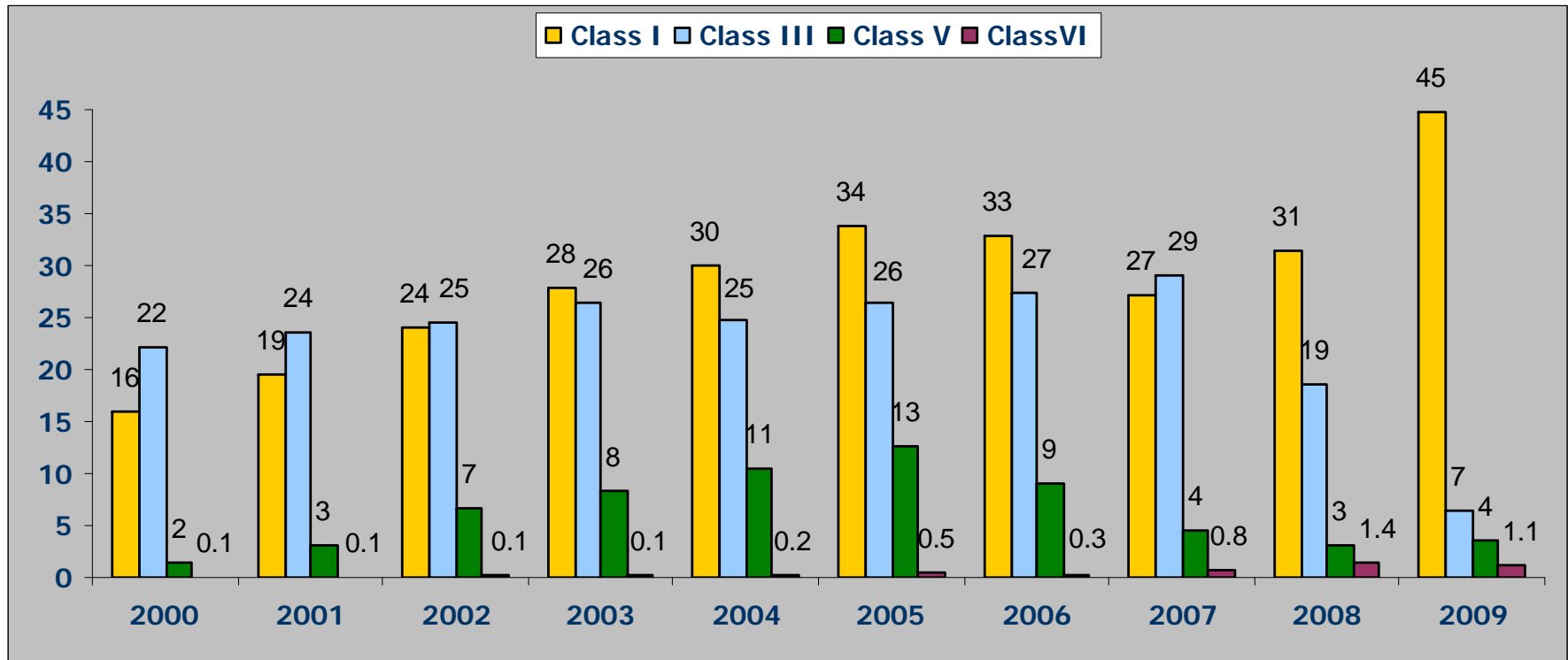


Source: figures worked out by the UGF Research Department based on ISVAP and ANIA data.

2009 premiums: Ania estimate
2009 PIL: OCSE estimate

Life Premium income by class of business (Italian market)

€bn



2009 figures as at 30/9/09

Source: Ania/Isvap data

Agenda



The Bancassurance scenario

The UGF Group strategy in Bancassurance and Arca acquisition

The UGF Group strategy in bancassurance from 1993 up to now – Outlook

In the '90s the UGF Group set up a growth strategy in the Life bancassurance sector aiming at:

- controlling a sales channel with notable growth potentials;
- consolidating the strategic relationships with banking partners, already shareholders of Unipol;
- high-profitability investments (the bancassurance companies' ROE and ROI are usually remarkable).

The model used involved the onset of a single bancassurance company for every joint venture with banking partners.

The main bancassurance agreements signed by the UGF Group:

| Company | Banking Partner | Agreement Status |
|-------------------|--|--------------------|
| <i>Early 90s</i> | | |
| Noricum Vita | Cassa di Risparmio in Bologna (Unipol shareholder) | terminated in 2003 |
| Quadrifoglio Vita | Banca Agricola Mantovana (Unipol shareholder) | terminated in 2008 |
| <i>Years 2000</i> | | |
| BNL Vita | Banca Nazionale del Lavoro | underway |

The Group also experienced the sale of Life policies through banking outlets according to distribution agreements, without setting up specific companies:

| Company | Banking Partner | Agreement Status |
|-----------------------------------|---|--------------------|
| <i>Years 2000</i> | | |
| Aurora (now UGF Assicurazioni) | Reti Bancarie Holding (Banca Popolare di Lodi Group) | terminated in 2009 |
| Unipol (now UGF Assicurazioni) | UGF Banca | underway |

Evolution of the UGF Bancassurance model

- The UGF Group's **agency network** is stable and widespread throughout the national territory
- The Group presence through **third parties' banking network** is instead linked to short-term bancassurance agreements
- Today's market scenario makes a stable and territorial customer relationship even more necessary



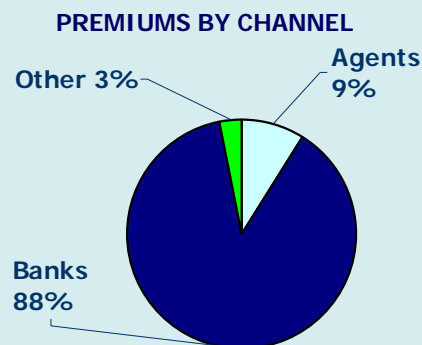
- Need to evolve the bancassurance model from the commercial joint venture to a strategic and industrial alliance with the banking partner



- The opportunity to acquire control over the **Arca Group** and to set up a strategic and industrial partnership with Banca Popolare dell'Emilia Romagna and Banca Popolare di Sondrio has been assessed in light of this framework

The Arca Group – Profile

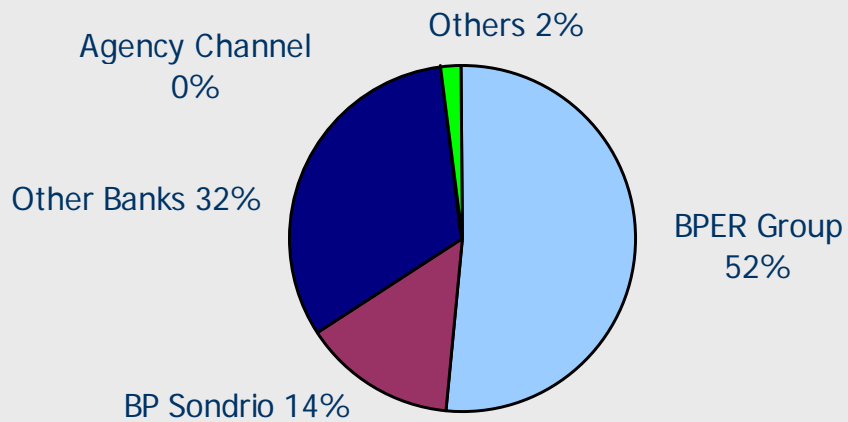
- The Arca Group is an insurance player which sells its products through:
 - ✓ **banking channel** → 2,300 outlets of more than 30 cooperative banks belonging to the BPER Group, BPS, BCC, B. Pop. Lazio and others.
 - ✓ **agency network** → 154 agencies (50 of which are tied agencies), 47% of which are located in North Italy, 32% in Central Italy and 20% in the South and Isles.



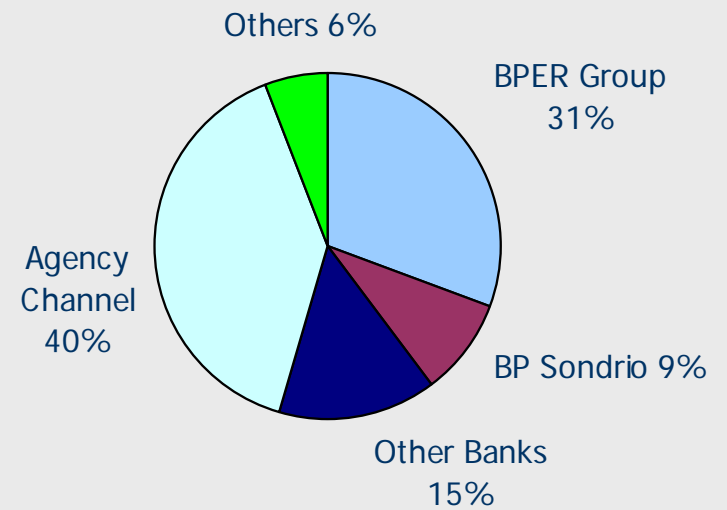
- The main companies of the Arca Group are the following:
 - Arca Vita (Life business) is the parent company. Its shareholders are six cooperative banks: the Banca Popolare dell'Emilia Romagna Group and Banca Popolare di Sondrio are the core shareholders, owning almost 85% of the company's capital.
 - Arca Assicurazioni (Non-Life business) is controlled by Arca Vita with a 64% stake; the other two core shareholders are Banca Popolare dell'Emilia Romagna and Banca Popolare di Sondrio, which own together a direct 29% stake in Arca Assicurazioni.
 - Arca Vita International is a company under the Irish laws specialized in unit-linked policies and is fully owned by Arca Vita.
- Gross **premiums** as at 31/12/2008 were €617m (€484m Life and €133m Non-Life).
- The **Group shareholders' equity** as at 31 December 2008 was €145m.
- The 2008 **consolidated net profit** amounted to €10m.

The Arca Group – Distribution channels (2008)

Life GWP Distribution Channels

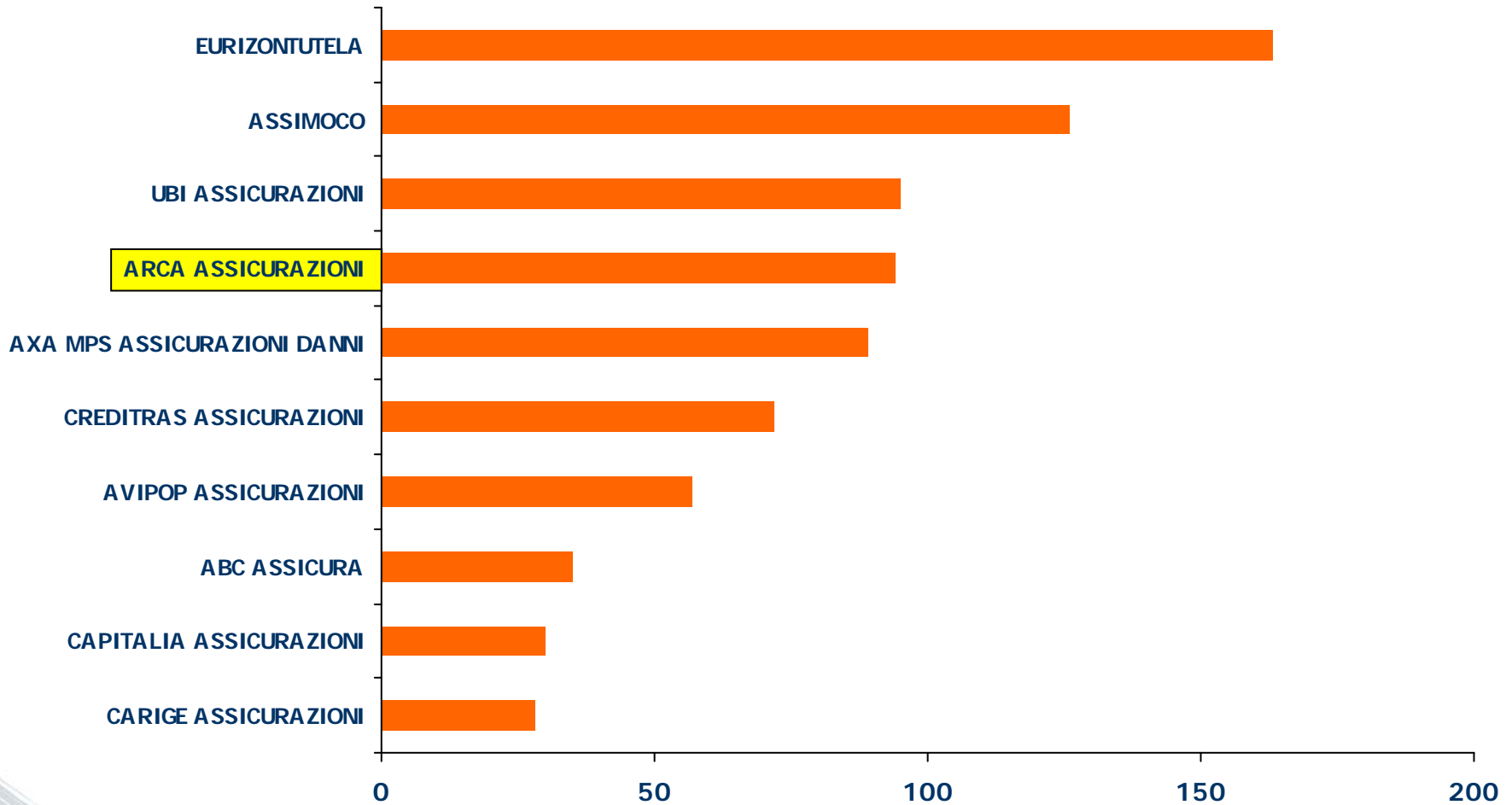


Non-Life GWP Distribution Channels



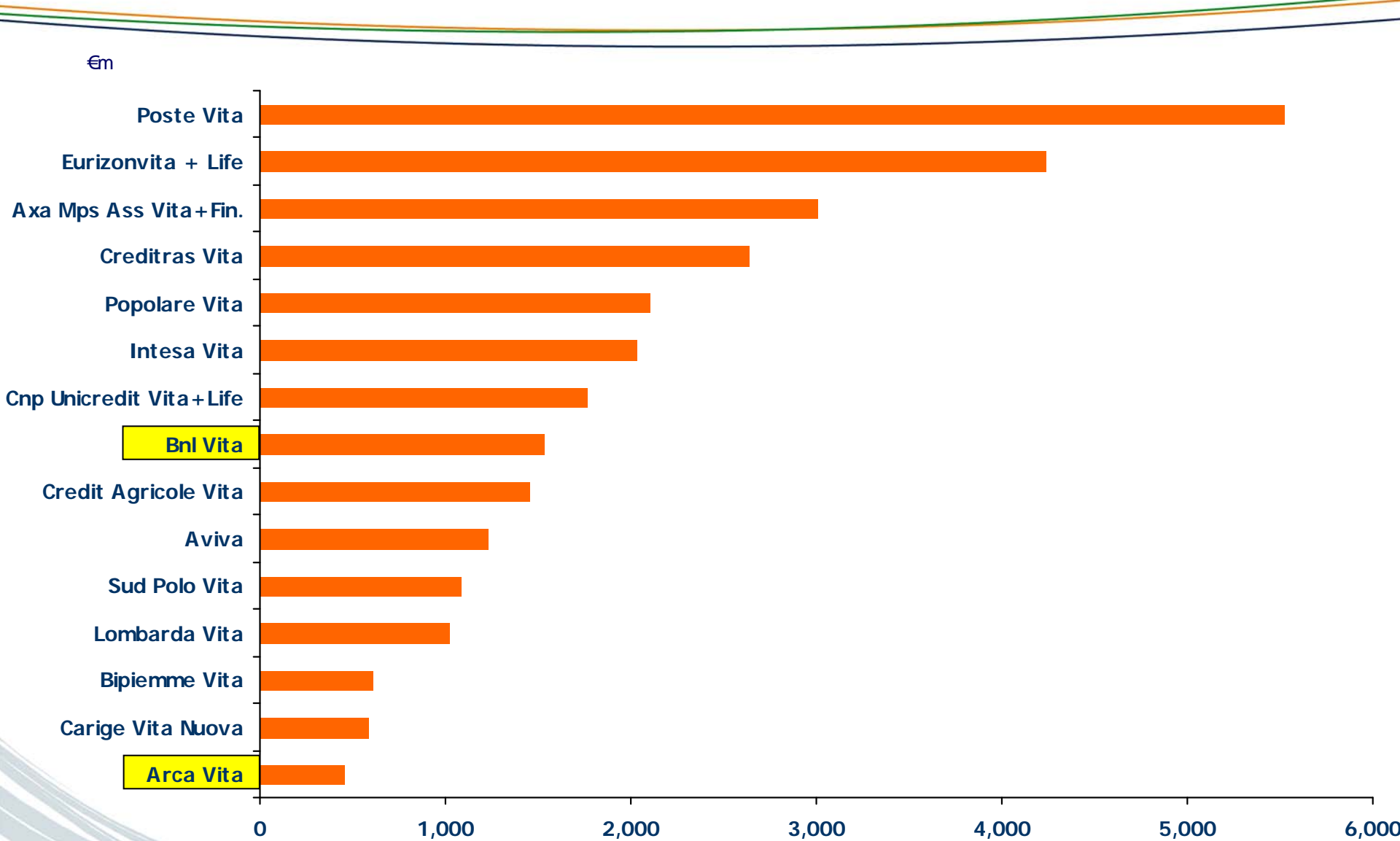
Ranking in Non-Life Bancassurance

€m



Source: 2008 figures worked out by the UGF Research Department based on IAMA data

Ranking in Life Bancassurance



Source: 2008 figures worked out by the UGF Research Department based on IAMA data

Acquisition of the Arca Group – Strategic rationale

STRATEGIC PARTNERSHIP WITH BPER AND BPS

Onset of a 10-year strategic partnership with two of the leading national banking groups, with which UGF shares values and market approach.

CONSOLIDATING PRESENCE IN BANCASSURANCE

UGF consolidates its presence in the bancassurance channel through Arca – a group with over 20-year expertise, tradition and know-how in this sector.

WIDENING TERRITORIAL PRESENCE

Increasing the UGF presence on the national territory: Arca sells its products in over 18 regions through 20 banks (especially in North Italy).

MAXIMIZE KNOW-HOW AND BEST PRACTICE SINERGIES

Targets:

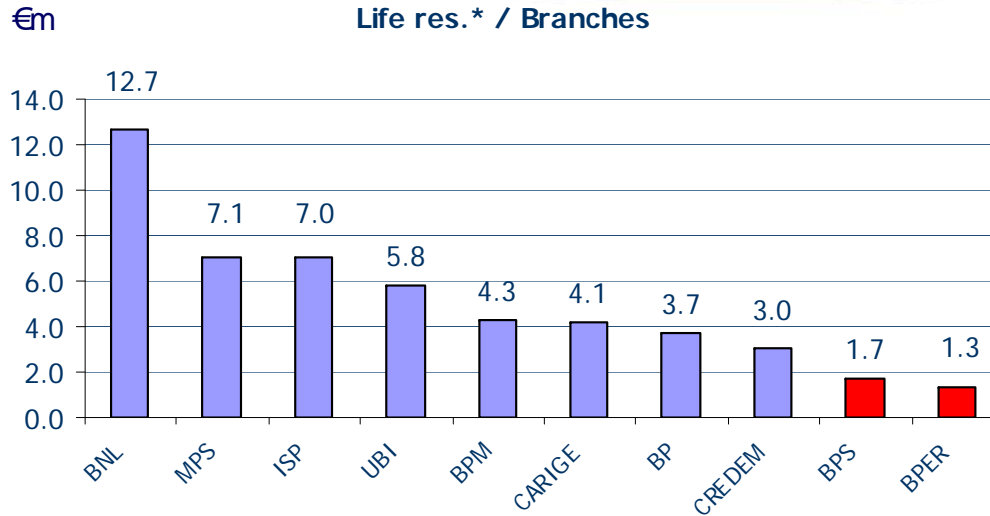
- ✓ matching the ARCA market expertise with UGF industrial, commercial and management know-how in Life and Non-Life business.
- ✓ sharing both groups' operational excellence and best practices.

EXPLOITING UNEXPRESSED MARKET POTENTIAL

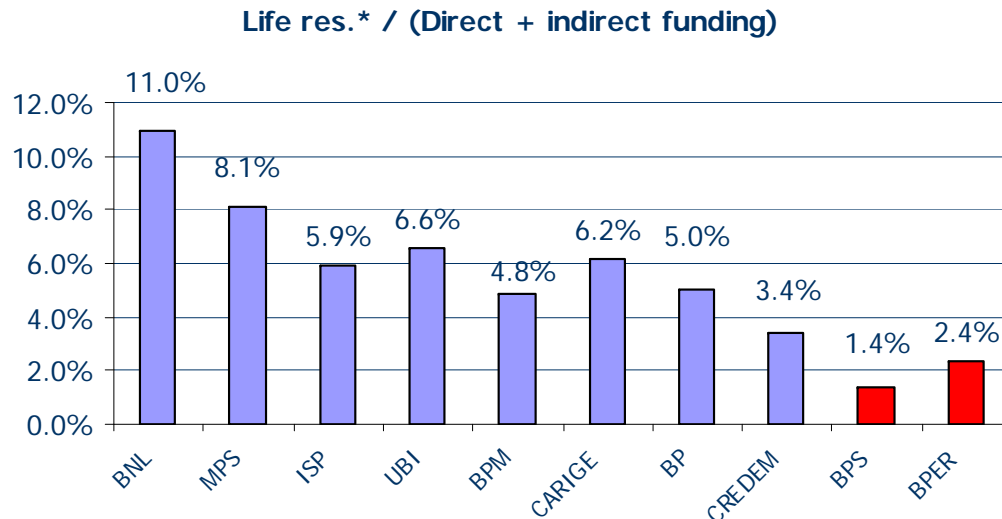
Opportunity to increase Arca's market penetration ability, which is currently below the benchmarks.

Arca will be a bancassurance **platform** with a widely known market **brand** and **open** to other banking groups which share a similar culture.

The Arca Group market penetration vs other players – Banking channel



UGF previous bancassurance agreements:
 10.6 BAM (2007 figures)
 3.5 Carisbo (2002 figures)



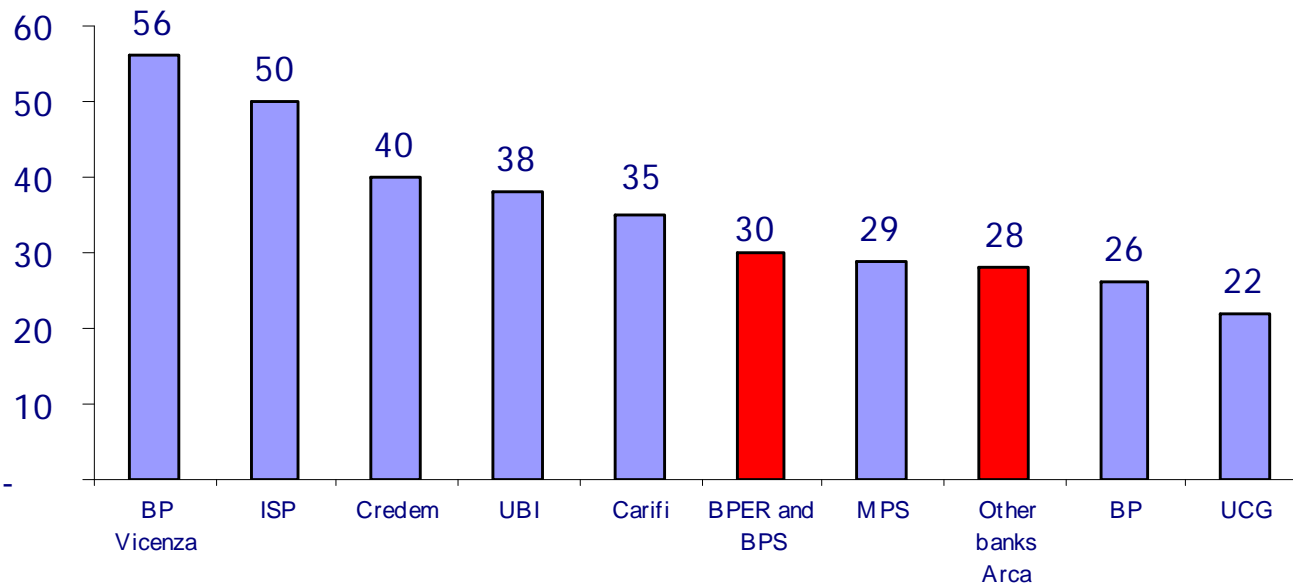
UGF previous bancassurance agreements:
 13.1% BAM (2007 figures)
 5.3% Carisbo (2002 figures)

* Life Reserves, Insurance Portfolio

The Arca Group market penetration vs other players – Banking channel

€/1000

Non-life Premiums / branches - 2008



Acquisition of the Arca Group – Description of the operation

- Acquisition of 60% of the share capital of Arca Vita S.p.A., the holding company of the Arca Group.
- 10-year exclusive distribution agreement with Banca Popolare dell'Emilia Romagna Group and Banca Popolare di Sondrio Group for the sale of Life and Non-Life insurance products.
- Purchase cost: €274m.
- The purchase cost of these shares will be adjusted and spread over a period to take account of whether specific objectives are achieved.
- Arca Vita, which already holds 64.08% of the share capital of Arca Assicurazioni S.p.A., is to acquire a further 28.95% from the BPER Group and BPSO for approximately €43.42m.
- Alongside their partnership UGF, BPER and BPSO will also sign:
 - ✓ a shareholders' agreement governing the business aspects of the partnership and the rules of corporate governance of Arca Vita and Arca Assicurazioni;
 - ✓ an agreement governing the reciprocal call options that the parties will be entitled to exercise if the partnership is terminated;
- The deal is subject to the authorization of the relevant authorities.

The Arca Group – Evaluation

€m

| | |
|--|------------|
| Total evaluation of the Arca Group (100%) | 510 |
|--|------------|

o/w

| | |
|-------------------|-----|
| Non-Life business | 150 |
|-------------------|-----|

| | |
|---------------|-----|
| Life business | 360 |
|---------------|-----|

| | |
|---|------------|
| Total consideration (to acquire 60% of the Arca Group) | 274 |
|---|------------|

o/w

| | |
|-------------------|----|
| Non-Life business | 58 |
|-------------------|----|

| | |
|---------------|-----|
| Life business | 216 |
|---------------|-----|

Transaction implied multiples:

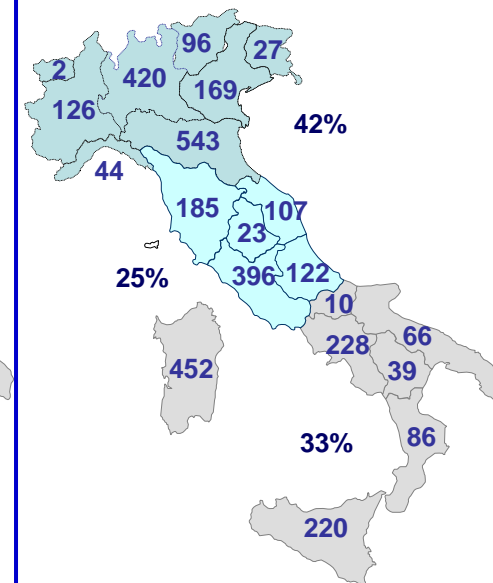
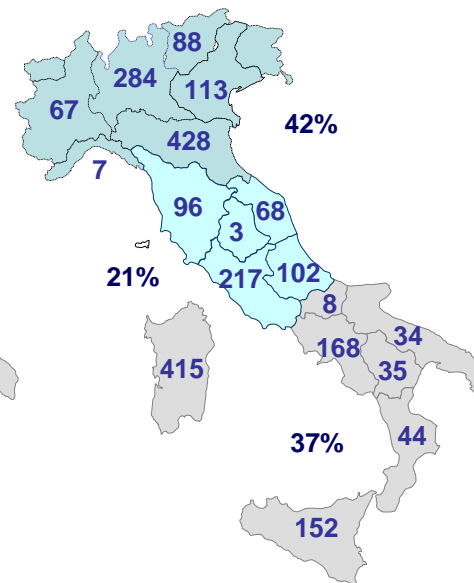
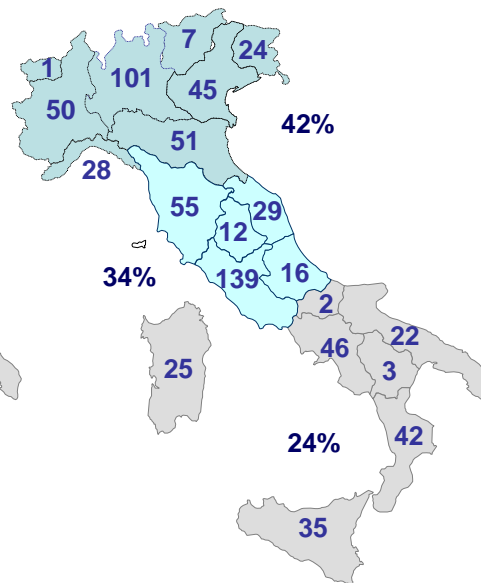
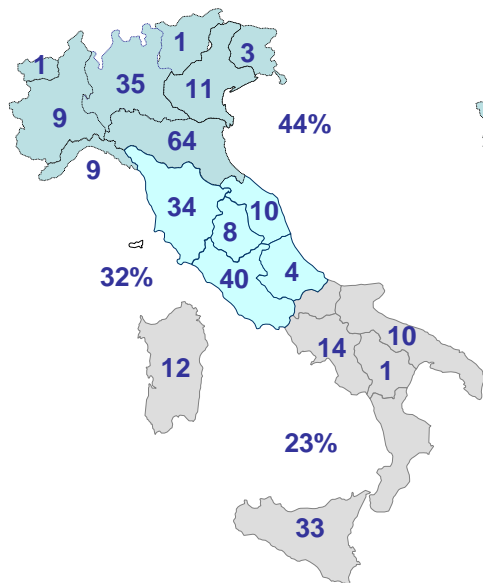
| | |
|---|-------|
| Total price / Total Embedded Value [*] | 1.78x |
|---|-------|

| | |
|---|-------|
| Life Business Price / Life Embedded Value | 1.53x |
|---|-------|

* Total EV = Life EV + Non-Life NAV

UGF Banking sales network – Proforma including Arca Group

Banking branches



✓ 299 branches,
o/w 182 co-located with
insurance agencies

✓ 733 branches (as at 31/10/09)

✓ BPER 1,294 branches (as at
30/6/09)
✓ BPS 267 branches (as at
30/6/09)
✓ Other Banks 768 branches
(non-exclusive)

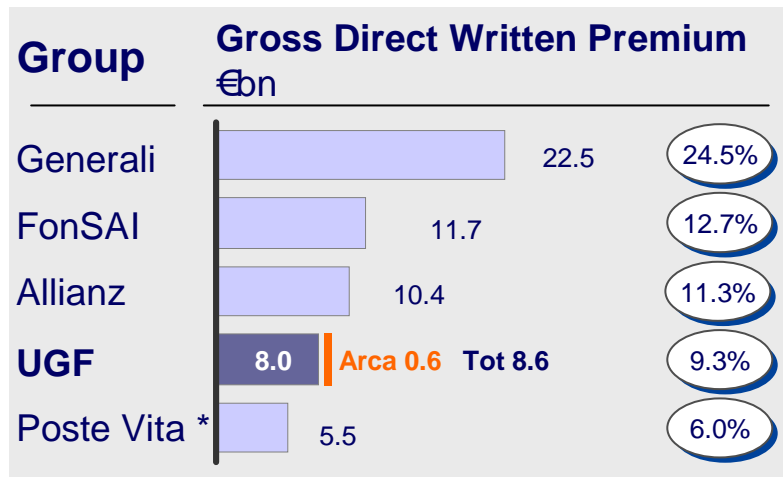
✓ **BANKING SALES
NETWORK: 3,361
branches**

UGF Ranking– Proforma including Arca Group

2008 Figures**

 market share

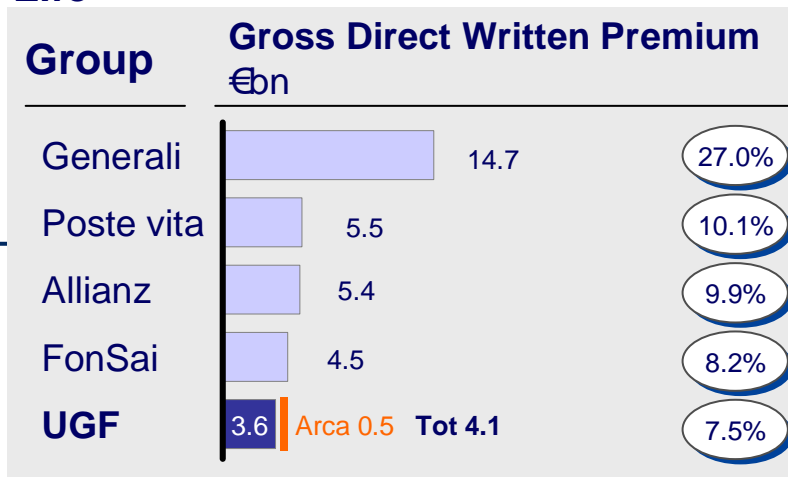
Italian Insurance market



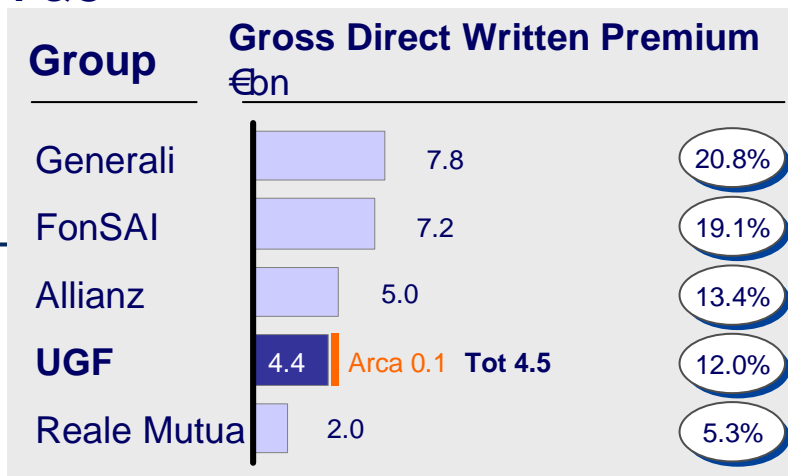
* Life Business Company

** 2009 market figures not available yet

Life



P&C



Partnership with BNL Vita – Supplement to the agreements with BNP Paribas

Summary of the agreements entered into with BNP Paribas on 22 December 2009:

- Confirmation of the termination date on 31 December 2011
- New option to be exercised in July 2011 implying the following:
 - ✓ BNP Paribas is given an option to acquire 51% of BNL Vita's share capital at a basic price of €280.5m
 - ✓ UGF is given and option to sell 51% of BNL Vita's share capital at a basic price of €270.3m

- Evaluation criteria implied in the options:
 - ✓ Put strike price: (270.3) = Embedded Value + 2.5x 1-year New Business Value
 - ✓ Call strike price: (280.5) = Embedded Value + 4.2x 1-year New Business Value

Disclaimer

This presentation contains information relating to forecasts of figures, results and events which reflect the current management outlook but these could differ from what actually happens owing to events, risks and market factors that it is presently impossible either to know or to predict.

Contacts

Investor Relations Unipol Gruppo Finanziario - Via Stalingrado 45, Bologna

investor.relations@unipolgf.it

Adriano Donati

Tel +39 051 507 7933
adriano.donati@unipolgf.it

Devis Menegatti

Tel +39 051 507 7885
devis.menegatti@unipolgf.it

Eleonora Roncuzzi

Tel +39 051 507 7063
eleonora.roncuzzi@unipolgf.it

Silvia Tonioli

Tel +39 051 507 7933
silvia.tonioli@unipolgf.it