

PRESS RELEASE**GROUP INTERIM FINANCIAL REPORT
AT 30 SEPTEMBER 2010 APPROVED**

Consolidated net profit €45m (+46.8%¹); consolidated pre-tax profit €116m (+51.8%² compared with the first nine months of 2009)

Non-Life direct premiums €2,967m, down 1.5%³, as a result of the more selective underwriting policies adopted

Combined Ratio for direct business 103.3% (104.7% at 30/9/2009)

Arca Group's Life income very positive at €694m in the first nine months of 2010 (+99.3% on the first 9 months of 2009)

Solvency I ratio 1.4 times the minimum requirements

BOLOGNA, 11 November 2010. Meeting today in Bologna Unipol Gruppo Finanziario's Board of Directors approved the Group Interim Financial Report at 30 September 2010.

The period ended with a consolidated net profit of €45m (+46.8%¹) and a net profit attributable to the Group of €18m (+39.2%⁴ compared with the first nine months of 2009).

"The results for the first nine months of 2010," remarked the Chief Executive Officer, Carlo Cimbri, "reflect the rigour of the business policies adopted and show that there was an improvement in the core technical ratios, which we are confident will continue over the next few months. We are particularly pleased with the launch of the collaboration with Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio and the other mutual banks member of Arca, the contribution of which shows how valuable this partnership is. We believe that we are on course to return the Group to a level of profitability that could become satisfactory and sustainable in the long term."

For the first time the figures shown below include the contribution to profit and loss of the **Arca Group**, but only for the third quarter of 2010.

In **Non-Life** business the selective underwriting policy led to the expected reduction in the portfolio of policies in force since the beginning of the year, with

¹ +23% excluding the contribution of the Arca Vita Group (hereinafter referred to as the Arca Group)

² +37.8% excluding the contribution of the Arca Group

³ -3.3% excluding the contribution of the Arca Group

⁴ +6.3% excluding the contribution of the Arca Group



repercussions on direct premiums, which amounted to €2,967m (-1.5%). Without the Arca Group's contribution income would have been €2,914m (-3.3%), €1,789m of it MV and €1,126m non-MV.

The measures taken led to a complete reversal of the trend in claims reported, which were drastically down compared with the same period of 2009, in particular in MV classes, where the decrease was 13% (on the same basis of consolidation). The loss ratio therefore showed a further improvement for the current year and also for the third quarter. In a context of markets and legislation that were still in a state of flux a lot of attention was still being paid to the trend in average costs and the policy of making allocations to provisions continued to be prudent.

In non-MV classes work continued on amending underwriting terms, divesting badly performing contracts and being more selective when underwriting risks. UniSalute's excellent performance should also be noted, with the first nine months closing with premiums of €130m (+9.1%).

The combined ratio for direct business on 30 September 2010 was 103.3% (down compared with 104.7% for the first nine months of 2009), 81.4% of it relating to the loss ratio (82.6% at 30/9/2009) and 21.9% to the expense ratio (22.1% at 30/9/2009). This was a further improvement compared with the figures for the first half of 2010 (103.5%).

In **Life** business direct premiums amounted to €3,425m (-15%, or €3,269m excluding the contribution of the Arca Group). The results were affected by the expected drop in BNL Vita business (-19.1%), which contrasted with the particularly steady increase achieved in the first nine months of 2009. UGF Assicurazioni's income (-18.6%) was affected by a non-recurring contract for approximately €200m recorded in the third quarter of 2009, net of which the decrease would have been 6.8%.

The Arca Group's performance was very positive, with Life premiums of €694m in the first nine months of 2010 (+99.3% on the first nine months of 2009), €156m of them achieved in the third quarter and therefore consolidated by the UGF Group.

The APE for the first nine months of 2010 was €249m (-14%), or €240m (-17%) excluding Arca Vita's contribution.

In **banking business** work on consolidating and rationalizing the network of existing branches continued and there was an increase in customer current accounts, mainly in the areas of business with the highest margins (small and medium enterprises). Consolidated direct customer deposits, net of securitization schemes, amounted to €8.5bn, with third-party customer deposits rising to €6.8bn (+3.5% compared with the figure at the end of 2009). Consolidated lending (excluding securitization schemes) reached €7.6bn. The period ended with a net pre-tax profit of €16m (in line with the first nine months of 2009), whilst the net profit in banking business (which was affected by a high tax rate, most of which was IRAP) amounted to €3m (it too in line with the first nine months of 2009).

Asset management in insurance business saw the Group's investment policies remain prudent, the aim being to maintain an appropriate balance between risk and yield as well as guaranteeing coherence between assets and liabilities to



policyholders. Therefore in the first nine months of 2010 the Group brought liquidity into line with ALM requirements, reduced exposure to the equity risk and hedged the risk of a rise in interest rates. Asset management was negatively affected during the period by €71m of impairment on equities (as a result of the Group's strict policy) but still achieved income of €777m (+13% compared with the first nine months of 2009), corresponding to a gross return exceeding 4%. The value of insurance investments managed by the Group, excluding Class D, was €27.8bn at 30 September 2010 (approximately €3bn of it from the Arca Group).

In view of the business performance described above the UGF Group ended the first nine months of 2010 with a **consolidated gross profit** of €116m (+51.8%) and a **consolidated net profit** of €45m (+46.8%), which was affected by a high tax rate, mainly owing to IRAP and the new IRES paid by insurance companies operating in Life business introduced this year and which amounted to approximately €5m. Net of the proportion attributable to non-controlling interests, **Group net profit** rose to €18m (+39.2% compared with the first nine months of 2009), €15m of it achieved in the third quarter of 2010 alone.

Equity at 30 September 2010 amounted to €4,194m (€3,826m at 31/12/2009), €3.824m of it attributable to the owners of the Parent and €370m to non-controlling interests.

The Group's **solvency** position at the end of September 2010 was approximately 1.4 times that required by current legislation (Solvency I).

Business outlook

Since the end of the third quarter of 2010 performance in insurance business has continued as in previous months and therefore so have the positive effects on the Non-Life loss ratio for the current year resulting from the numerous measures being taken.

'Km Sicuri' (Safe Miles), UGF Assicurazioni's new MV product which offers inter alia a tariff based on distance driven, is expected to perform well, as is 'Pension Month', the initiative aimed at encouraging people to take out insurance in the face of the real and growing need to make provision for a supplementary pension.

The overall economic climate and that in the sectors in which the Group operates is still critical, though there are a few signs of improvement. It is not unreasonable to confirm a return to a consolidated profit this year.



Corporate Governance

In accordance with CONSOB Regulation 1722/2010 the Board of Directors also adopted a procedure ensuring the transparency and accuracy of operations with related parties, subject to the approval of the Committee of independent Directors.

The document is about to be published in the Corporate Governance section of the Company's website www.unipolgf.it.

The Board of Directors also resolved to set up a Committee for Operations with Related Parties consisting of the Independent Directors, Messrs Massimo Masotti, Pierluigi Morara, Francesco Vella and Luca Zaccherini.

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In accordance with Article 154-*bis*, para. 2, of the Consolidated Finance Act the Manager in charge of financial reporting, Maurizio Castellina, declares that the accounting information reported in this press release corresponds to the figures in the documents, books and accounting records.

The Interim Financial Report for the nine months ended 30 September 2010 is available to the public at the registered office at Via Stalingrado 45, Bologna and from Borsa Italiana S.p.A. and will also be available on the Company's website www.unipolgf.it.

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Unipol Gruppo Finanziario's results for the first nine months of 2010 will be presented to the financial community at 6.30pm today by means of a webcast (on www.unipolgf.it) and conference call. The telephone numbers to ring if you wish participate are +39 02 8058811 (within Italy), +1 7187058794 (from the USA) and +44 1212818003 (from other countries). Other technical details on how to gain access to the event are available on the home page and in the Investor Relations section of www.unipolgf.it.

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The Consolidated Statement of Financial Position and the Consolidated Income Statement are appended to this document.

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GLOSSARY

- Expense ratio: ratio between operating expenses and premiums
- Loss ratio: ratio between claims and premiums
- Combined ratio: Loss ratio + Expense ratio
- New Business Margin: ratio between value of new business and APE
- APE: Annual Premium Equivalent, sum of the annual and recurring premiums + a tenth of the single premiums
- Life In-Force Value: value of the existing Life portfolio



- AFS provision: provision for gains or losses on available-for-sale financial assets
- Tax rate: ratio between taxation and net pre-tax profit
- Statement of comprehensive income: the value obtained by adding to the profit/loss for the year the charges and income recorded direct in equity for operations other than those carried out with members, for instance AFS reserves.

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Consolidated Statement of Financial Position - Assets			
Amounts in €m			
		30/9/2010	31/12/2009
1	INTANGIBLE ASSETS	2,097	1,917
1.1	Goodwill	2,003	1,853
1.2	Other intangible assets	94	64
2	PROPERTY, PLANT AND EQUIPMENT	628	596
2.1	Property	584	544
2.2	Other property, plant and equipment	44	51
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	508	457
4	INVESTMENTS	46,161	39,765
4.1	Investment property	197	197
4.2	Investment in subsidiaries, associates and interests in joint ventures	48	44
4.3	Held-to-maturity investments	1,754	1,780
4.4	Loans and receivables	15,142	14,786
4.5	Available-for-sale financial assets	20,466	15,314
4.6	Financial assets at fair value through profit or loss	8,553	7,645
5	SUNDRY RECEIVABLES	1,420	1,803
5.1	Receivables relating to direct insurance business	632	1,019
5.2	Receivables relating to reinsurance business	50	75
5.3	Other receivables	739	710
6	OTHER ASSETS	1,103	902
6.1	Non-currents assets or assets of a disposal group held for sale	0	0
6.2	Deferred acquisition costs	23	26
6.3	Deferred tax assets	679	549
6.4	Current tax assets	32	85
6.5	Other assets	369	240
7	CASH AND CASH EQUIVALENTS	302	221
	TOTAL ASSETS	52,219	45,661

Consolidated Statement of Financial Position - Equity and Liabilities			
Amounts in €m			
		30/9/2010	31/12/2009
1	EQUITY	4,194	3,826
1.1	attributable to the owners of the Parent	3,824	3,585
1.1.1	Share capital	2,699	2,391
1.1.2	Other equity instruments		
1.1.3	Equity-related reserves	1,506	1,420
1.1.4	Income-related and other reserves	54	929
1.1.5	(Treasury shares)		
1.1.6	Translation reserve		
1.1.7	Gains or losses on available-for-sale financial assets	-436	-393
1.1.8	Other gains or losses recognised directly in the equity	-18	11
1.1.9	Profit (loss) for the period attributable to the owners of the Parent	18	-772
1.2	attributable to non-controlling interests	370	241
1.2.1	Share capital and reserves attributable to non-controlling interests	348	240
1.2.2	Gains or losses recognised directly in the equity	-5	-2
1.2.3	Profit (loss) for the period attributable to non-controlling interests	27	3
2	PROVISIONS	90	101
3	TECHNICAL PROVISIONS	32,635	28,286
4	FINANCIAL LIABILITIES	13,786	12,198
4.1	Financial liabilities at fair value through profit or loss	2,835	2,104
4.2	Other financial liabilities	10,951	10,094
5	PAYABLES	418	415
5.1	Payables arising from direct insurance business	61	55
5.2	Payables arising from reinsurance business	42	22
5.3	Other payables	315	337
6	OTHER LIABILITIES	1,097	833
6.1	Liabilities associated with a disposal group held for sale	0	0
6.2	Deferred tax liabilities	296	205
6.3	Current tax liabilities	42	117
6.4	Other liabilities	758	512
	TOTAL EQUITY AND LIABILITIES	52,219	45,661



Consolidated Income Statement			
Amounts in €m			
		30/9/2010	30/9/2009
1.1	Net premiums	6,464	7,141
1.1.1	Gross premiums	6,562	7,248
1.1.2	Ceded premiums	-98	-106
1.2	Commission income	93	79
1.3	Gains and losses on financial instruments at fair value through profit or loss	-93	303
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	2	1
1.5	Gains on other financial instruments and investment property	1,369	1,072
1.5.1	Interest income	865	825
1.5.2	Other gains	80	59
1.5.3	Realised gains	299	169
1.5.4	Fair value gains	124	19
1.6	Other income	106	81
1	TOTAL REVENUE	7,941	8,676
2.1	Net charges relating to claims	6,344	7,171
2.1.1	Amounts paid and changes in technical provisions	6,383	7,237
2.1.2	Reinsurers' share	-38	-66
2.2	Commission expense	22	20
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	0	0
2.4	Losses on other financial instruments and investment property	332	304
2.4.1	Interest expense	157	150
2.4.2	Other expense	9	8
2.4.3	Realised losses	61	46
2.4.4	Fair value losses	105	100
2.5	Operating expenses	969	993
2.5.1	Commissions and other acquisition costs	600	624
2.5.2	Investment management expenses	10	24
2.5.3	Other administrative expenses	359	345
2.6	Other costs	158	112
2	TOTAL COSTS AND EXPENSES	7,825	8,600
	PRE-TAX PROFIT (LOSS) FOR THE PERIOD	116	76
3	Income tax	70	45
	CONSOLIDATED NET PROFIT (LOSS)	45	31
	<i>attributable to the owners of the Parent</i>	<i>18</i>	<i>13</i>
	<i>attributable to non-controlling interests</i>	<i>27</i>	<i>18</i>

Consolidated Statement of Comprehensive Income - Net Amounts			
Amounts in €m			
		30/9/2010	30/9/2009
	CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	45	31
	Gains or losses on available-for-sale financial assets	-45	418
	Gains or losses on cash flow hedge	-29	-11
	TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	-74	407
	TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	-28	438
	<i>attributable to the owners of the Parent</i>	<i>-53</i>	<i>373</i>
	<i>attributable to non-controlling interests</i>	<i>25</i>	<i>65</i>



Consolidated Income Statement by Business Sector

Amounts in €m

	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE BUSINESS			BANKING BUSINESS			HOLDING AND SERVICES			INTERSEGMENT ELIMINATIONS		TOTAL CONSOLIDATED		
	30/9/10	30/9/09	var. %	30/9/10	30/9/09	var. %	30/9/10	30/9/09	var. %	30/9/10	30/9/09	var. %	30/9/10	30/9/09	var. %	30/9/10	30/9/09	30/9/10	30/9/09	var %
Net premiums	3,084	3,131	-1.5	3,380	4,011	-15.7	6,464	7,141	-9.5							0	0	6,464	7,141	-9.5
Commission income	0	0		4	1	355.3	4	1		83	67	23.5				-15	-9	71	59	20.9
Financial income/expenses (excl. assets/liabilities at fair value)	147	162	-9.4	661	512	29.1	808	674	19.9	131	143	-8.4	134	8		-146	-18	927	807	14.9
<i>Net interests</i>	108	114		474	406		582	520		159	171		-17	-9		0	0	723	682	
<i>Other income and expense</i>	29	13		15	16		44	29		1	1		137	15		-146	-18	36	26	
<i>Realised gains and losses</i>	27	22		162	59		189	80		5	18		13	3		0	0	207	102	
<i>Fair value gains (excl. impairment on AFS securities)</i>	-17	13		-7	32		-24	45		-33	-47		1	-1		0	0	14	12	
Impairment on AFS securities	-26	-14		-43	-1		-69	-15		-2	0		0	0		0	0	-71	-15	-364.5
Net charges relating to claims	-2,547	-2,606	-2.3	-3,708	-4,285	-13.5	-6,256	-6,892	-9.2							0	0	-6,256	-6,892	-9.2
Operating expenses	-646	-681	-5.2	-103	-86	19.6	-750	-768	-2.4	-199	-193	2.8	-64	-88	-27.2	39	56	-973	-993	-2.0
<i>Commissions and other acquisition costs</i>	-544	-573	-5.1	-62	-51	23.3	-606	-624	-2.8							7	0	-600	-624	-3.8
<i>Other expenses</i>	-102	-108	-5.5	-41	-36	14.3	-143	-144	-0.5	-199	-193	-2.8	-64	-88	-27.2	33	56	-373	-369	1.0
Other income/expenses	-24	-19	27.5	-36	-19	89.3	-60	-38	58.8	3	0		28	51	-44.5	-20	-44	-48	-31	54.6
Pre-tax profit (loss)	-12	-28	57.8	154	132	17.2	142	104	37.1	16	17	-2.9	98	-29		-141	-15	116	76	51.8
Income taxes																		-70	-45	55.1
Consolidated profit (loss)																		45	31	46.8
<i>attributable to the owners of the Parent</i>																		<i>18</i>	<i>13</i>	<i>39.2</i>
<i>attributable to non-controlling interests</i>																		<i>27</i>	<i>18</i>	<i>52.6</i>
Other comprehensive income																		-74	407	
Total consolidated comprehensive income																		-28	438	
<i>attributable to the owners of the Parent</i>																		<i>-53</i>	<i>373</i>	
<i>attributable to non-controlling interests</i>																		<i>25</i>	<i>65</i>	