

PRESS RELEASE**HALF-YEARLY FINANCIAL REPORT
AS AT 30 JUNE 2009 APPROVED**

**SUBSTANTIAL GROWTH IN LIFE DIRECT INCOME OF €2,772M
(+71.2%)**

**NON-LIFE DIRECT INCOME LARGELY UNCHANGED AT €2,163M (MV
TPL -3.4% and OTHER NON-LIFE +3.1%, OVERALL -0.9%);
UNDERWRITING POLICY CONTINUES TO BE SELECTIVE**

**NON-LIFE COMBINED RATIO UP TO 100.9% FROM 96.2% NET OF
REINSURANCE (DIRECT BUSINESS 100.0%)**

**UGF BANCA PRE-TAX RESULT UP TO €12.3M (-€31.6M AS AT
30/6/2008)**

**EQUITY PERTAINING TO THE GROUP €3,531M (+2.9% COMPARED
WITH 31/12/2008)**

CONSOLIDATED NET PROFIT €63M (€250M AS AT 30/6/2008)

OVERALL RESULT €133M (-€97M AS AT 30/6/2008)

BOLOGNA, 6 AUGUST – Unipol Gruppo Finanziario's Board of Directors has today approved the consolidated half-yearly financial report as at 30 June 2009. The half year closed with a consolidated net profit of €63m (-74.6% compared with €250m for the first half of 2008 in a very different market). The overall profit, which included profits/losses on financial assets available for sale, was €133m compared with a loss of €97m as at 30 June 2008. Group shareholders' equity rose by 2.9% to €3,531m. The solvency situation was still in line with the end of 2008 (approximately 1.25 times the minimum requirements).

"In a half year still profoundly affected by the financial crisis and the recession," declared Chief Executive Officer Carlo Salvatori, "the UGF Group was able to adapt the strategies identified at the time as being appropriate to the new context. Non-Life business was overshadowed by clouds, some of which were caused by external factors, but to disperse them we introduced measures to restructure the portfolio and rationalise the sales network. As all measures implemented in our sector take time to bear fruit and to a large extent depend on the economic situation, we naturally don't expect to see the first green shoots until the second half of the year and the beginnings of a full recovery until 2010. We have also maintained the level of margins expected from new Life business. The relaunch of UGF Banca is steadily under way and the first signs of a return to profitability can be seen. Finally the current upturn in the financial markets, albeit in a year that got off to an



inauspicious start and with very low interest rates, is enabling us to optimize asset management, where priority continues to be given to safeguarding Group equity."

Non-Life business saw an increase in the number of MV claims reported and an increase of more than €30m compared with the same period last year in claims for weather damage and natural disasters (including the Abruzzo earthquake).

To be specific, the loss ratio was 78.3% compared with 73.8% as at 30 June 2008 and despite a fall in the expense ratio from 22.3% to 21.8% this led to a rise in the combined ratio for direct business to 100.0% (compared with 96.1% as at 30/12/2008) and in the combined ratio net of reinsurance to 100.9% (from 96.2% as at 30/6/2008).

It should also be noted that the policy of rationalizing the MV portfolio led to premiums falling by 3.4%, though this was partially offset by the 3.1% rise in non-MV premiums. Total Non-Life direct income was down 0.9% to €2,163m.

On the other hand there was substantial income growth in **Life business**, which rose to €2,772m from €1,619m in the first half of 2008 (+71.2%).

Much of this increase was attributable to the subsidiary BNL Vita which in the first six months of the year achieved premium income of €1,763m (+174%), more than for the whole of 2008 (€1,535m).

Income from the UGF Assicurazioni agencies and branches of UGF Banca was also well up (+17.9%). At €193m new business was significant in terms of APE (+48.4%). The annualised value of new Life business was €71m and the margin on new business was 20.3%. The Life in-force value amounted to €340m.¹

As for occupational **pension funds**, the period saw the launch of the mandate to manage the Espero pension fund (schools sector) and the signing of several agreements for providing annuities following the successful bid for the Assofondipensione mandate. At the end of the period there were 27 occupational pension fund mandates in force with a total of €1,789m in managed funds. In open-end pension funds business Unipol Futuro, Unipol Previdenza, Unipol Insieme, Aurora Previdenza and BNL Pensione Sicura had a total of €180m in assets and 22,808 members.

UGF Banca recorded significant growth in third-party customer deposits (+12%). Lending policy was implemented prudently in order to reduce the weighting of medium- to long-term lending to customers, especially in corporate business, partly in the light of the fact that the current economic crisis continued to imply the possibility of recording doubtful debts. However taken as a whole the measures implemented enabled UGF Banca to return to net pre-tax profit of €12.3m (compared with a loss of €31.6m in the first half of 2008 resulting from extraordinary amounts being set aside on several items) and banking business to contribute €8m to the Group's net pre-tax profit.

Asset management

The Group continued with its prudent investment policies aimed at safeguarding the portfolio, fulfilling liabilities to policyholders, preserving economic capital and retaining a high level of liquidity. The level of investments and available cash amounted to €38,1bn in total (compared with €36,3bn as at 31/12/2008), of which €20.9bn related solely to 'insurance' investments (excluding those formerly in Class

¹The values from new business, margins and IFV were established by applying the following new assumptions: discount rate 6.5%, yield 4%, tax rate 32.32%. Based on the same assumptions as those used for the calculation as at 31 December 2008 the values as at 30 June 2009 would have been the following: value of new business €70m (€57m at the end of 2008), margin on new business 19.9% (20.8% at the end of 2008) and IFV €371m (€368m at the end of 2008).



D), with income decreasing to €426.8m (compared with €447m in the first half of 2008) as a result of lower receipts from coupons (caused by falls in markets yields) and lower dividends (as a result of participating interests distributing a smaller proportion of their profits) and was only partially offset by lower write-downs.

Significant events after 30 June

During the period following 30 June Group performance in insurance and banking continued much as in the first half of the year. In addition:

- The AFS reserve showed a considerable improvement of €222, from -€1,283m to -€1,061m.
- In Life business some of the increase in UGF Assicurazioni's income was due to the contribution made by a major contract for the pension fund for employees of the Credito Cooperativo banks.
- In banking business the agreement with Compass, a company in the Mediobanca Group, to distribute consumer credit products came into effect. It will enable UGF Banca customers to be offered a high-quality risk-free product managed by one of the leaders in the sector.
- On 5 August the subsidiary UGF Assicurazioni took over the role of issuer of the 'UGF 7% Fixed/Floating subordinated callable notes due 2021' subordinate debenture loan, issued by Unipol Gruppo Finanziario in 2001, for a nominal value of €300m. (For further details see Appendix A).

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The half-yearly financial report as at 30 June 2009 will be made available to the public at the Company's registered office in Bologna, Via Stalingrado 45 and at Borsa Italiana S.p.A. by 29 August 2009.

The financial report will also be made available on the Company's website at www.unipolgf.it

Unipol Gruppo Finanziario's results for the first half of 2009 will be presented to the financial community at 6 pm today by means of a webcast (on www.unipolgf.it) and conference call. The telephone numbers to call if you wish to participate are: 02 8058811 (within Italy), 8666320328 (from the USA) or +44 2031474796 (from other countries). The other technical details for gaining access to the event are available on the home page and the Investor Relations page of www.unipolgf.it.

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The Senior Executive responsible for drawing up the Company's accounts, Maurizio Castellina, has declared, in accordance with Article 154-2, para. 2, of the Consolidated Finance Act, that the accounting information reported in this press release corresponds to the figures in the documents, books and accounting records.

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Appendix B contains the Balance Sheet and the Income Statement.

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GLOSSARY

- *APE (Annual Premium Equivalent)*, new Life business calculated by totalling regular premiums from new business and a tenth of the single premiums from new business
- *Life In-Force Value*: value of the existing Life portfolio
- *Loss ratio*: ratio between the cost of claims and premiums
- *Expense ratio*: ratio between total operating expenses net of investment-management expenses and premiums
- *Combined ratio*: indicator consisting of the sum of the loss ratio and the expense ratio
- *Overall income statement*: the value obtained by adding to the profit/loss for the year the charges and income recorded direct in shareholders' equity for operations other than those carried out with members, for instance AFS reserves

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APPENDIX A

PROCESS OF RATIONALISING THE EQUITY STRUCTURE AND STREAMLINING THE GROUP'S SOURCES OF FINANCING: CONCLUSION OF THE SUBSTITUTION OPERATION WHEREBY UGF ASSICURAZIONI TOOK OVER THE ROLE OF ISSUER OF THE 'UGF 7% FIXED/FLOATING SUBORDINATED CALLABLE NOTES DUE 2021' LOAN ISSUED BY UNIPOL GRUPPO FINANZIARIO IN 2001 FOR A NOMINAL VALUE OF €300M

On 5 August the subsidiary UGF Assicurazioni S.p.A. took over the role of issuer of the 'UGF 7% Fixed/Floating subordinated callable notes due 2021' subordinate debenture loan (hereinafter referred to as the '**UGF 7% Loan**'), issued by Unipol Gruppo Finanziario in 2001, for a nominal value of €300m.

The operation was carried out, subject to obtaining the prescribed legal authorisation, by transferring the debt to bondholders to UGF Assicurazioni, which thus took over as principal debtor for the purpose of payment of the Loan (hereinafter referred to as the '**Substitution Operation**').

The Loan will continue to be listed on the regulated market of the Luxembourg Stock Exchange.

Related parties involved in the operation, degree of relationship, nature and significance of the interests of these parties in this operation

UGF Assicurazioni, which has taken over as issuer of the Loan, is a company wholly owned by Unipol Gruppo Finanziario.

All Unipol Gruppo Finanziario's directors to whom Article 2391 of the Italian Civil Code referred with regard to the operation in question have made the declarations relating to the nature, origin, terms and scope of their interests that are required by law and the relevant codes of conduct.

Financial reasons for the Substitution Operation

The Substitution Operation, resolved by the Boards of Directors of Unipol Gruppo Finanziario and UGF Assicurazioni on 12 February 2009, forms part of the process of rationalising the UGF Group's equity structure and streamlining its sources of financing, which involved the following operations:

- the voluntary public tender offer made by Unipol Gruppo Finanziario for the entire amount of the 'UGF 5.66% Fixed/Floating Rate Subordinated Callable Notes due 2023' subordinate debenture loan (hereinafter referred to as the '**UGF 5.66% Loan**'), which came to an end on 9 July;
- the issue by Unipol Gruppo Finanziario of a senior debenture loan with a face value of €175m, fully placed and subscribed by private placement, on 1 July 2009, both operations being announced to the market.

The substitution has, inter alia, enabled: (i) UGF Assicurazioni's equity structure to be strengthened by making approximately €200m eligible items to cover its available solvency margin; (ii) the subordinate guarantee provided in favour of holders of the UGF 7% Loan by UGF Assicurazioni in 2007 to be redeemed; the guarantee ceased to comply with the relevant secondary legislation following the coming into force of ISVAP Ruling 19 of 14 March 2008.



During the second part of the year the substitution of UGF Assicurazioni as issuer of this loan, it too originally issued by Unipol Gruppo Finanziario, for a total of €300m will be submitted to the Meeting of Bondholders, holders of the UGF 5.66% loan, for approval. If approved this substitution operation will enable the subsidiary UGF Assicurazioni to terminate the subordinated guarantee issued in favour of the holders of the UGF 5.66% loan in the way mentioned above.

Repercussions of the Substitution Operation on the balance sheet and income statement

The Substitution Operation, which has had no effect at Group level, has involved (i) UGF Assicurazioni taking on the debt to holders of the UGF 7% Loan for the amount of the nominal value of €300m at a cost of 7% per annum (until the callable date of 15 June 2011) and (ii) an increase in the Company's assets of the same amount.

In accordance with the rules governing the Loan Unipol Gruppo Finanziario has issued a subordinate guarantee to pay the amount due to bondholders by UGF Assicurazioni.

Information on variations in remuneration

There is no provision for variations to the remuneration of the directors of UGF nor of its subsidiaries as a result of the Substitution Operation.

This information is announced to the market also in accordance with Article 71-*bis* of CONSOB Regulation 11971/1999 and subsequent amendments.

APPENDIX B
CONSOLIDATED INCOME STATEMENT

€m

		30/6/2009	30/6/2008
1.1	Net premium income	4,880.9	3,628.4
1.1.1	<i>Gross earned premiums</i>	4,946.9	3,774.5
1.1.2	<i>Earned premiums ceded</i>	-66.0	-146.1
1.2	Commissions and fees receivable	47.9	55.1
1.3	Income and charges arising out of financial instruments recorded at fair value through profit or loss	177.2	-206.2
1.4	Income arising out of shareholdings in subsidiaries, associates and joint ventures	1.9	28.3
1.5	Income arising out of other financial instruments and investments in property	700.4	742.2
1.5.1	<i>Interest receivable</i>	541.7	641.5
1.5.2	<i>Other income</i>	71.4	74.4
1.5.3	<i>Profits realised</i>	85.4	23.7
1.5.4	<i>Unrealised profits</i>	1.8	2.5
1.6	Other receipts	65.2	59.2
1	TOTAL RECEIPTS AND INCOME	5,873.4	4,306.8
2.1	Net charges relating to claims	4,789.8	2,921.3
2.1.1	<i>Amounts paid and change in technical provisions</i>	4,824.3	3,023.1
2.1.2	<i>Reinsurers' share</i>	-34.5	-101.8
2.2	Commissions and fees payable	11.9	19.2
2.3	Charges arising out of shareholdings in subsidiaries, associates and joint ventures	0.1	0.5
2.4	Charges arising out of other financial instruments and investments in property	189.3	263.2
2.4.1	<i>Interest payable</i>	109.9	137.7
2.4.2	<i>Other charges</i>	5.6	6.0
2.4.3	<i>Losses realised</i>	36.9	23.0
2.4.4	<i>Unrealised losses</i>	36.8	96.5
2.5	Operating expenses	681.5	645.7
2.5.1	<i>Commissions and other acquisition expenses</i>	432.7	422.5
2.5.2	<i>Investment management expenses</i>	21.6	9.9
2.5.3	<i>Other administrative expenses</i>	227.1	213.4
2.6	Other charges	94.5	93.5
2	TOTAL COSTS AND CHARGES	5,767.1	3,943.3
	PROFIT (LOSS) FOR THE YEAR BEFORE TAXATION	106.4	363.5
3	Taxation	43.0	113.7
	PROFIT (LOSS) FOR THE YEAR NET OF TAX	63.4	249.7
4	PROFIT (LOSS) PERTAINING TO DISCONTINUED OPERATIONS	0.0	0.0
	CONSOLIDATED PROFIT (LOSS)	63.4	249.7
	pertaining to the Group	56.8	237.7
	pertaining to minority interests	6.6	12.0

OVERALL CONSOLIDATED INCOME STATEMENT

€m

		30/6/2009	30/6/2008
	CONSOLIDATED PROFIT (LOSS)	63.4	249.7
	Other items in the total income statement net of tax	69.6	-347.0
	<i>Net variation in financial assets available for sale</i>	74.4	-347.0
	<i>Net variation in hedging a financial flow</i>	-4.8	0.0
	TOTAL INCOME STATEMENT FOR THE PERIOD	133.0	-97.3
	pertaining to the Group	97.8	-144.2
	pertaining to minority interests	35.2	46.9



CONSOLIDATED BALANCE SHEET

€m

ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

		30/6/2009	31/12/2008			30/6/2009	31/12/2008
1	INTANGIBLE ASSETS	1,909.4	1,818.7	1	SHAREHOLDERS' EQUITY	3,741.1	3,705.5
1.1	Goodwill	1,853.1	1,767.4	1.1	pertaining to the Group	3,530.6	3,432.7
1.2	Other intangible assets	56.3	51.3	1.1.1	Capital	2,391.4	2,391.4
2	TANGIBLE ASSETS	579.8	572.5	1.1.2	Other equity	0.0	0.0
2.1	Property	529.7	516.8	1.1.3	Capital reserves	1,419.6	1,419.7
2.2	Other tangible assets	50.1	55.7	1.1.4	Accumulated earnings and other reserves	928.3	833.2
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	494.9	533.6	1.1.5	(Own shares)	-0.1	-0.1
4	INVESTMENTS	37,270.9	35,422.1	1.1.6	Provision for net exchange rate differences	0.0	0.0
4.1	Investments in property	198.7	223.9	1.1.7	Profits or losses on financial assets available for sale	-1,282.8	-1,325.5
4.2	Shareholdings in subsidiaries, associates and joint ventures	44.1	39.2	1.1.8	Other profits or losses recorded in the equity direct	17.4	21.3
4.3	Investments held to maturity	1,825.0	1,813.4	1.1.9	Profit (loss) for the year pertaining to the Group	56.8	92.6
4.4	Loans and receivables	13,981.1	13,711.6	1.2	pertaining to minority interests	210.5	272.8
4.5	Financial assets available for sale	13,616.4	11,588.3	1.2.1	Capital and reserves pertaining to minority interests	240.0	326.0
4.6	Financial assets at fair value through profit or loss	7,605.7	8,045.7	1.2.2	Profits or losses recorded in the equity direct	-36.1	-67.9
5	SUNDRY RECEIVABLES	1,442.4	1,662.6	1.2.3	Profit (loss) for the year pertaining to minority interests	6.6	14.7
5.1	Receivables relating to direct insurance operations	860.6	990.3	2	AMOUNTS SET ASIDE	89.9	80.8
5.2	Receivables relating to reinsurance operations	103.1	148.1	3	TECHNICAL PROVISIONS	26,840.1	25,298.4
5.3	Other receivables	478.7	524.3	4	FINANCIAL LIABILITIES	11,113.6	10,894.5
6	OTHER ASSETS	1,084.8	1,147.1	4.1	Financial liabilities recorded at fair value through profit or loss	2,265.2	2,377.0
6.1	Non-current assets or assets of a disposal group held for sale	0.3	1.4	4.2	Other financial liabilities	8,848.3	8,517.5
6.2	Deferred acquisition costs	34.1	41.1	5	PAYABLES	468.1	411.7
6.3	Deferred tax assets	611.6	681.8	5.1	Payables arising out of direct insurance operations	83.8	82.5
6.4	Current tax assets	122.8	52.7	5.2	Payables arising out of reinsurance operations	7.1	21.7
6.5	Other assets	316.0	370.1	5.3	Other payables	377.2	307.5
7	CASH AND CASH EQUIVALENTS	339.5	344.6	6	OTHER LIABILITIES	868.8	1,110.3
	TOTAL ASSETS	43,121.6	41,501.2	6.1	Liabilities of a disposal group held for sale	0.0	0.0
				6.2	Deferred tax liabilities	236.3	296.5
				6.3	Current tax liabilities	34.9	94.2
				6.4	Other liabilities	597.6	719.6
					TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	43,121.6	41,501.2