

Bologna, 11 February 2015

UNIPOL GROUP: PRELIMINARY CONSOLIDATED RESULTS OF 2014 EXAMINED

- Consolidated net profit of €505m (+168.8% compared to €188m in 2013)
- Direct insurance income of €17,883m (+6.4%)
 - ✓ Non-Life business: premium income of €8,969m (-8.7%, or -5.9% net of the sale of the business unit to Allianz)
 - ✓ Life business: income of €8,915m (+27.7%)
- Combined Ratio at 94.0% (+93.1% as at 2013)¹
- Structured notes portfolio reduced by over €2bn; capital gains for €29m
- Solvency margin equal to 168% (165% in 2013)
- Expected unitary dividend equal to €0.17 per ordinary share and €0.19 per preference share

The Board of Directors of Unipol Gruppo Finanziario S.p.A., which met yesterday under the chairmanship of Pierluigi Stefanini, examined the preliminary consolidated results for the year 2014. The Unipol Group closed the year 2014 with a preliminary **consolidated net result** equal to €505m, a significant increase compared to €188m recorded during the same period of 2013. This result was influenced, among other things, by the comprehensive Asset Quality Review of bank, which resulted in write-downs and adjustments equal to a total of approximately €450m.

The preliminary consolidated pre-tax result amounted to €794m (€520m during the same period of 2013, +52.5%).

In the period under review direct insurance income, gross of outwards reinsurance, stood at €17,883m (€16,804m in the same period of the previous year, +6.4%).

Non-Life Business

Premium income was impacted by the recessionary macroeconomic scenario and its effect on prices in a strongly competitive market, in regard of which the Group undertook commercial policies aimed at protecting its portfolio. In particular, in vehicle liability insurance, the promotion of policies underwritten with premiums paid through zero-interest loan instalments in synergy with the banking business of the Group continued with more than satisfactory levels of subscription. Moreover, UnipolSai confirmed its

¹ Combined Ratio net of reinsurance (Expense Ratio calculated on attributable premiums).

leading position in Italy and Europe in the offer of telematics services associated with MV policies: as at 31 December 2014 more than two million black boxes were installed in relation to policies.

Moreover, the premium income of UnipolSai was impacted, as of 1 July 2014, by the effects of the transfer of 725 former Milano Assicurazioni agencies to Allianz. In this context, **Non-Life direct premium income** of the Group as at 31 December 2014 stood at €8,969m (-8.7% compared to 31 December 2013). On the basis of management valuations performed, excluding the effect of the aforementioned portfolio sale, the estimated change in Non-Life direct premium income during the year would stand at around -5.9%, a slight improvement compared to the figure recorded as at 30 September 2014 (-6.4%). The UnipolSai Group contributed to Non-Life premium income with €8,424m (-9.0% compared to 2013) while the other companies directly controlled by Unipol Gruppo Finanziario (UniSalute, Linear and Arca Assicurazioni) contributed with €545m.

In particular, UniSalute, specialized in the health sector, recorded significant growth with premium income of €270m (+9.0%) while the companies Linear, with premiums amounting to €172m (-16.5%) and Arca Assicurazioni (€103m, -7.2%) recorded a decrease in premium income.

MV premium income amounted to €5,209m (-13% compared to €5,986m in 2013). Non-MV business stood at €3,759m (-2.0% compared to €3,835m in 2013), which held its own despite the unfavourable macroeconomic environment.

With regard to the trend in claims, there was a further drop in claims reported which allowed to contain, albeit partially, the effects of the reduction of the average premium. In this context, the Unipol Group achieved a combined ratio (net of reinsurance) of 94.0% (93.1 % as at 2013). The loss ratio stood at 68.6% (69.3% recorded as at 31 December 2013). The expense ratio was equal to 25.4% (23.8% in 2013) 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 €1,004m (€865m in 2013).

Life Business

Life Business recorded **direct income** of €8,915m, an increase of 27.7% compared to 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 €1,329m (+57.3% compared to 2013) and the Popolare Vita Group, which with an income of €3,664m recorded a 44.6% increase compared to 2013. With premiums amounting to €3,696m, UnipolSai also recorded a growth of 7.5% despite the discontinuation of certain collections from large-value contracts, which had positively influenced the year 2013.

The **pre-tax result** of the business was a profit of €272m (€512m in 2013).

Banking Business

A decrease in loans to customers was recorded, which stood at €9,408m² (€10,071m as at the end of 2013, -6.6%), while direct deposits in the banking business amounted to €10,035m (-7.3% compared to €10,820m in 2013).

In the last quarter of the year 2014, the Unipol Banking Group carried out a comprehensive review of the valuation of credit assets, which resulted in write-downs and adjustments for the year amounting to a total of approximately €450m. As a result of such activity, the banking business recorded a pre-tax loss of €101m (-€424m as at 2013); the net result was a loss of €83m (-€296m in 2013) against, however, further significant growth in the percentage of coverage of impaired loans, which, also including provisions on the warranty provided by the Parent Company, exceeded 55% with regard to non-performing loans and 42% for the entire portfolio of impaired loans.

The CET1 of the Unipol banking Group was equal to 10%³.

Real Estate Business

In Real Estate business, operations were focused on containing costs, also through the merger of several real estate companies, as well as on streamlining and redeveloping assets, searching for divestment opportunities despite market conditions that remained negatively influenced by the economic crisis in the sector.

Holdings and Other Businesses

The results of diversified companies, in particular those operating in the hotel, health and agricultural 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.

Financial Management

In 2014, in an improved financial market environment favoured by the constant action of the ECB aimed at boosting economic growth and curbing the current deflationary trend, the market value of the Group portfolio, consisting mainly of Italian government debt securities, significantly increased. In this context, the Group's financial insurance investments, despite being made with a view to maintaining consistency between the assets and liabilities underwritten with policyholders and reducing exposure to structured notes, achieved a yield during the period under consideration equal to approximately 4.45% of invested assets.

In 2014, the portfolio of Level 2 and 3 structured notes was reduced for a total of over €2bn, resulting in the recognition of total capital gains amounting to approximately €29m. At the beginning of 2015,

² Net of provisions by Unipol Gruppo Finanziario S.p.A.

³ Ratio calculated using transitory criteria not including capitalisable profits for the year 2014

further €438m of structured notes were disposed of on the market with capital gains amounting to €9m.

Balance Sheet

Consolidated shareholders' equity amounted to €8,441m (€7,481m as at 31 December 2013), of which €5,634m attributable to the Group. The AFS reserve for 2014 is equal to €1,235m (€522m as at 31 December 2013).

The consolidated solvency margin⁴ as at 31 December 2014 is equal to 168% of the minimum required, an increase compared to the same period of 2013 (165%).

Estimated individual accounting records and dividends for the year 2014

It should be noted, moreover, that the individual accounting results of Unipol Gruppo Finanziario S.p.A., still preliminary, allow for the estimate of a profit as at 31 December 2014 of approximately €165m (€146m as at 31 December 2013). Taking this into account, the distribution of a dividend for the year 2014, in accordance with the current company by-laws, equal to €0.17 per Ordinary Share and €0.19 per Preference Share with a payout of approximately 76%.

In this regard, it should be noted among other things that the approval of the draft statutory and consolidated financial statements of Unipol Gruppo Finanziario as at 31 December 2014, as well as the proposed allocation of the result of the period to be submitted to the Shareholders' Meeting, is scheduled for 19 March. Therefore, the information contained herein is to be considered as preliminary and refers to the date hereof, and as such may be subject to changes. The auditing firm has not yet completed the necessary verification of these figures required in order to issue its own audit reports.

Finally, it is hereby announced that since the Shareholders' Meeting for the approval of the financial statements for the year 2014 is scheduled for 18 June 2015, the ex-dividend date for the results of the financial year is also expected for June.

Corporate Governance

With reference to the resignation of the Director Hilde Vernailen, already announced to the market on 18 December 2014, the Board of Directors co-opted - pursuant to law and the company by-laws, there being no more eligible candidates on the sole list submitted by the majority shareholder Finsoe S.p.A. for the replacement of the outgoing Director - Maria Antonietta Pasquariello as non-executive and independent Director (pursuant to the Corporate Governance Code for Listed Companies and the Consolidated Law on Finance), who will remain in office until the Shareholders' Meeting scheduled for 25 February 2015.

⁴ The values considered include the effect of the convertible loan

Presentation of the Results to the Financial Community

The preliminary consolidated results of 2014 of the Unipol Group will be presented to the financial community today at 12.00 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 US), +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 under the Investor Relations section.

In order to allow a more complete disclosure of the preliminary results recorded in the year 2014, please find attached hereto the Consolidated Balance Sheet and Consolidated Income Statement.

Maurizio Castellina, Manager in charge of financial reporting of Unipol Gruppo Finanziario S.p.A., declares, pursuant to Article 154-bis, paragraph 2, of the "Consolidated Law on Financial Intermediation", that the accounting information contained in this document corresponds to the figures in corporate accounting records, ledgers and documents.

Glossary

AQR: Asset Quality Review

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 attributable premiums

LOSS RATIO: ratio of Non-Life claims and premiums

AFS RESERVE: reserve on assets classified as "Available-For-Sale".

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Unipol Gruppo Finanziario S.p.A.

Unipol is one of the leading insurance groups in Europe with a total income amounting to approximately €17bn, of which €9.8bn in Non-Life Business and €6.9bn in Life Business (2013 figures).

Unipol adopts an integrated offer strategy and covers a complete range of insurance and financial products, operating primarily through its subsidiary UnipolSai Assicurazioni S.p.A., founded at the beginning of 2014, Italian leader in Non-Life Business, in particular in vehicle liability insurance.

The Group is also active in direct vehicle insurance (Linear Assicurazioni), health protection (UniSalute), supplementary pensions and has a strong presence 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, hotel (Atahotels) and agricultural (Tenute del Cerro) sectors.

Unipol Gruppo Finanziario S.p.A. is listed on the Italian Stock Exchange.

Preliminary Consolidated Balance Sheet – Assets

Amounts in €m

		31/12/2014	31/12/2013
1	INTANGIBLE ASSETS	2,132.8	2,237.0
1.1	Goodwill	1,581.9	1,583.2
1.2	Other intangible assets	550.9	653.8
2	PROPERTY, PLANT AND EQUIPMENT	1,664.2	1,383.3
2.1	Property	1,506.8	1,259.0
2.2	Other items of property, plant and equipment	157.4	124.3
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	988.4	1,045.5
4	INVESTMENTS	77,759.5	72,012.3
4.1	Investment property	2,454.4	2,869.8
4.2	Investments in subsidiaries and associates and interests in joint ventures	177.8	188.8
4.3	Held-to-maturity investments	2,238.0	2,932.9
4.4	Loans and receivables	14,657.7	16,299.7
4.5	Available-for-sale financial assets	48,382.8	39,933.9
4.6	Financial assets at fair value through profit or loss	9,848.8	9,787.1
5	SUNDRY RECEIVABLES	3,790.0	3,415.5
5.1	Receivables relating to direct insurance business	1,691.9	1,851.5
5.2	Receivables relating to reinsurance business	95.0	135.4
5.3	Other receivables	2,003.2	1,428.6
6	OTHER ASSETS	1,893.9	3,373.3
6.1	Non-current assets held for sale or disposal groups	2.4	174.5
6.2	Deferred acquisition costs	75.6	77.4
6.3	Deferred tax assets	1,172.8	2,338.2
6.4	Current tax assets	119.9	273.3
6.5	Other assets	523.2	509.9
7	CASH AND CASH EQUIVALENTS	673.0	837.3
	TOTAL ASSETS	88,901.9	84,304.3

Preliminary Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		31/12/2014	31/12/2013
1	EQUITY	8,440.7	7,481.0
1.1	attributable to the owners of the Parent	5,634.0	5,414.1
1.1.1	Share capital	3,365.3	3,365.3
1.1.2	Other equity instruments	0.0	0.0
1.1.3	Equity-related reserves	1,724.6	1,724.6
1.1.4	Income-related and other reserves	-396.1	327.1
1.1.5	(Treasury shares)	-35.7	-23.3
1.1.6	Translation reserve	2.4	2.1
1.1.7	Gains or losses on available-for-sale financial assets	767.4	121.4
1.1.8	Other gains or losses recognised directly in equity	20.1	-24.6
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	185.9	-78.6
1.2	attributable to non-controlling interests	2,806.7	2,066.9
1.2.1	Share capital and reserves attributable to non-controlling interests	2,012.4	1,390.6
1.2.2	Gains or losses recognised directly in equity	474.9	409.8
1.2.3	Profit (loss) for the year attributable to non-controlling interests	319.4	266.5
2	PROVISIONS	628.2	534.2
3	TECHNICAL PROVISIONS	61,894.8	56,875.3
4	FINANCIAL LIABILITIES	15,464.4	16,041.4
4.1	Financial liabilities at fair value through profit or loss	2,277.1	2,056.8
4.2	Other financial liabilities	13,187.3	13,984.6
5	PAYABLES	1,216.4	1,182.6
5.1	Payables arising from direct insurance business	153.7	177.5
5.2	Payables arising from reinsurance business	44.1	85.3
5.3	Other payables	1,018.6	919.9
6	OTHER LIABILITIES	1,257.4	2,189.8
6.1	Liabilities associated with disposal groups held for sale	0.1	74.2
6.2	Deferred tax liabilities	101.7	1,014.5
6.3	Current tax liabilities	28.2	141.7
6.4	Other liabilities	1,127.5	959.5
	TOTAL EQUITY AND LIABILITIES	88,901.9	84,304.3

Preliminary Consolidated Income Statement

Amounts in €m

		31/12/2014	31/12/2013
1.1	Net premiums	17,766.1	16,581.3
1.1.1	Gross premiums	18,214.4	17,025.0
1.1.2	Ceded premiums	-448.3	-443.7
1.2	Fee and commission income	116.8	128.3
1.3	Gains and losses on financial instruments at fair value through profit or loss	84.3	347.3
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	21.3	11.3
1.5	Gains on other financial instruments and investment property	3,419.6	2,977.0
1.5.1	Interest income	2,109.5	2,120.1
1.5.2	Other gains	179.7	169.1
1.5.3	Realised gains	832.1	687.4
1.5.4	Unrealised gains	298.2	0.5
1.6	Other revenue	791.2	555.8
1	TOTAL REVENUE AND INCOME	22,199.2	20,601.0
2.1	Net charges relating to claims	-16,024.6	-14,308.5
2.1.1	Amounts paid and changes in technical provisions	-16,272.5	-14,488.9
2.1.2	Reinsurers' share	248.0	180.5
2.2	Fee and commission expense	-38.4	-39.1
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-26.6	-6.4
2.4	Losses on other financial instruments and investment property	-1,333.9	-1,375.4
2.4.1	Interest expense	-305.0	-346.1
2.4.2	Other charges	-101.0	-78.1
2.4.3	Realised losses	-336.3	-177.4
2.4.4	Unrealised losses	-591.7	-773.8
2.5	Operating expenses	-3,024.7	-3,083.2
2.5.1	Commissions and other acquisition costs	-2,016.6	-2,072.7
2.5.2	Investment management expenses	-71.6	-47.2
2.5.3	Other administrative expenses	-936.5	-963.3
2.6	Other costs	-957.5	-1,268.1
2	TOTAL COSTS AND EXPENSES	-21,405.7	-20,080.7
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	793.5	520.3
3	Income tax	-287.0	-331.2
	POST-TAX PROFIT (LOSS) FOR THE YEAR	506.5	189.1
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-1.2	-1.1
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	505.3	187.9
	attributable to the owners of the Parent	185.9	-78.6
	attributable to non-controlling interests	319.4	266.5