

## PRESS RELEASE

### RESULTS FOR THE FIRST HALF OF THE YEAR CONSOLIDATE THE PROGRESS MADE BY THE UNIPOL GROUP

- **Net consolidated profit €57m<sup>1</sup> (€76m excluding the effects of the considerable increase in IRAP rates), compared with a €26m loss in June 2010**
- **Positive results in the Non-Life class: return to positive technical margins with a combined ratio at 99% (103.5% in the first half of 2010, 102.1% at the end of 2010) and premiums up 6% (+1.9% on the same scope of consolidation)**
- **Continued growth of the specialist companies: UniSalute income €128m (+23.8%), Linear €100m (+16.6%)**
- **Solvency I 1.4 times the regulatory requirements**
- **Increase in Unipol Banca share capital of €100m (which takes Core Tier 1 to 7.4%)**

BOLOGNA, 4 August 2011 – Unipol Gruppo Finanziario's Board of Directors, under the chairmanship of **Pierluigi Stefanini**, has today approved the consolidated financial statements for the half-year ending 30 June 2011.

The positive trend in the management and profitability of the Unipol Group was confirmed in the first half of 2011: the first half of the year closed with a **net profit** of €57m (the €8m contribution made to the consolidated result by BNL Vita was not included in the new company consolidation) compared with a negative result of €26m in the first half of 2010. That result was affected by the change in the rates of IRAP (regional tax on productive activities) for banks, insurance companies and financial institutions introduced by the recent economic move which meant higher taxes in the half-year for €19m, without which the consolidated net result would have been €76m. Also taking into consideration BNL Vita's contribution, still consolidated with the Unipol Group, in the first half of 2011 the consolidated result was €65m compared with €30m realised in the same period of the previous year.

"We are determinedly pursuing the implementation of the rigorous actions set out in the Business Plan; their effectiveness has enabled the Group to regain positive technical margins in its insurance core business in this half of the year already," stated Chief

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<sup>1</sup> Value which did not take into account the contribution of BNL Vita

Executive Officer **Carlo Cimbri**. "We are carefully monitoring the context of great instability in the financial markets and tensions over sovereign debts, in particular Italian Government bonds, currently affected by developments containing many elements of speculation and contingent distrust, which we consider do not match the actual potential of the Italian economy" continued Cimbri. "Like all insurers, we are hoping the competent institutional and regulatory authorities will adopt the necessary measures needed to deal with the current adversities and enable insurers to endorse confidence in investments in Italian Government bonds."

**Non-Life insurance business**, with a combined ratio of direct business of 99%, bears witness to the decisive change of direction from 2010 onwards and the effectiveness of the actions in the current Business Plan aimed at recovering profitability. Total Non-Life direct premiums amounted to €2,197m (+6.2% on the first half of 2010), of which €1,325m in MV classes and €872m in non-MV classes, taking into account the Arca Group contribution (consolidated from 1/7/2010), which, in the period under question, was €88m. On the same scope of consolidation therefore, without the Arca Group contribution, the increase compared with the first half of 2010 would have been 1.9%.

The growth in the companies UniSalute, which specialises in Health, and Linear, which specialises in selling MV insurance direct (telephone/internet) continued to be significant. UniSalute income rose to €128m (+23.8% compared with the first half of 2010), and Linear income was €100m (+16.6%).

With regard to the loss ratio in the first half of 2011, the improvement continued in the frequency of MV TPL claims being processed from the previous year thanks to the further fall in the number of claims reported (-20% in the first half of 2010) and to substantial stability in the policy portfolio as regards the level shown at the end of 2010.

The Group recorded a direct business claims ratio of 76.7% compared with 81.5% in the first half of 2010 and 80% at the end of 2010 (loss ratio).

The expense ratio for direct business was 22.3%, substantially in line with the figures for the first half of the previous year and with the figure at the end of 2010.

Therefore the Group recorded a combined ratio (direct business) of 99% for the half-year, 4.5 points below the 103.5% recorded for the first half of 2010 and 3.1 points down on the figure at the end of 2010 (102.1%).

As regards **Life insurance business**, in the context of a sector experiencing a downward trend in income, Unipol Assicurazioni closed the half-year with direct premiums that were substantially stable at €915m. Taking into account the contribution of Arca Vita and Arca Vita International - not consolidated in the first six months of 2010 - which achieved direct income of €435m, income rose to €1,350m (+46.3%).

It will be recalled that the sale of the stake in BNL Vita held by Unipol Gruppo Finanziario has now been agreed with the BNP Paribas Group. While waiting for the legal authorisations required to carry out the transaction, the Company continues to be consolidated by the Group, reporting premiums of €1,494m in the first half of 2011 (+5.4% compared with the same period in the previous year). Life income therefore totalled €2,844m.

New business in terms of pro quota APE in the first half of 2011 was more than €128m (of which €28m contributed by the Arca Group companies), compared with €97m in the first half of 2010 (excluding BNL Vita).

**Financial Management**, also in a context characterised by uncertainty and consequent heightened volatility, has achieved gross profitability in the income statement in the first six months, excluding BNL Vita, of approximately 4.5% compared with 3.9% in the first half of 2010, with an improvement in the AFS reserve of €35m compared with 31 December 2010. The situation clearly deteriorated after the half-year closed due to Italy's involvement in the tensions reported over sovereign debts.

Within the framework of the European restructuring of Greek public debt, the Greek State securities, which mature by 2020 and are held by the Unipol Group have been impaired to bring them into line with the market value. The relative impact on the consolidated income statement was €8m gross of tax.

**Banking** business closed the first half-year with direct income, net of securitisation transactions, of €9.2bn (+6.4% compared with 2010), of which the share of third party customers recorded an increase of 8.6%. Lending to customers, net of securitisation transactions, was €8.4bn (€7.8bn in 2010). This increase is mostly attributable to the increase in loans to retail customers and SMEs.

The half-year closed with a gross profit of €15m (€10m in the first half of 2010).

The Unipol Group has embarked upon a series of initiatives aimed at financial consolidation of the Bank and efficiency savings in the management of the loans portfolio in the banking sector; the most pertinent initiatives are listed below:

- €100m capital increase which will help, inter alia, to reinforce Core Tier 1 at 7.4%. This transaction did not impact on the Unipol Group's consolidated solvency margins;
- hedging of risk, by Unipol Gruppo Finanziario in favour of the Unipol Banca Banking Group, concerning loan positions mainly guaranteed by property for an amount of approximately €550m;
- reorganisation of the loans sector, involving bringing the whole 'loans' department of the subsidiary Unipol Merchant into the Parent, Unipol Banca, in order to create a single management and control centre for lending, therefore exploiting the synergies of a single structure at Group level.

**Group equity**, including the profit for the period, amounted to €3,737m at 30 June 2011 (€3,648m at 31/12/2010).

The **solvency ratio** at 30 June 2011 was approximately 1.3 times the regulatory requirements, in line with the figure at the end of 2010, and rises to approximately 1.4 times if account is taken of the effects of the forthcoming sale of the investment in BNL Vita.

It will be recalled that, following the Group's rebranding and having obtained the necessary authorisations, from 1 July the insurance company UGF Assicurazioni adopted the name Unipol Assicurazioni and the companies in the Banking Group adopted the name of Unipol Banca, Unipol Merchant and Unipol Leasing.

### **End of the half-year subsequent events and business outlook**

Worsening tensions about debt in the Eurozone countries have even infected our country, weakened by the heavy weight of public debt and the continuing uncertain political situation which has provided a dangerous area for international speculation.

The Group's consolidated solvency position has remained very positive even at the times of greatest tension recorded on the financial markets in July.

Industrial insurance management was in line with the objectives of the Business Plan. To date, however, it is difficult to forecast the outlook for the financial markets in the second part of the year and the related economic and financial effects.

The increase in IRAP rates, the effects of which can be assessed already, will have an estimated impact of approximately €25m in the accounts for 2011 and 2012, consequently reducing the net consolidated profit expected in the Business Plan in 2012 from €250m to €225m.

The report for the half-year to 30 June 2011 will be available to the public at the registered office at Via Stalingrado 45, Bologna and from Borsa Italiana S.p.A. by 29 August 2011. The report will also be available on the company's website at [www.unipol.it](http://www.unipol.it)

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The Unipol Group's results for the first half of 2011 will be presented to the financial community at 6.30pm today by means of a webcast (on [www.unipol.it](http://www.unipol.it)) and conference calls. The telephone numbers to dial to take part in the event are: 02 805 88 11 (from Italy), +1 718 705 8794 (from the USA), +44 1212818003 (from the UK). Financial analysts and institutional investors may ask questions at the end of the presentation through the means provided by the operator. Other technical details on how to gain access to the event are available on the homepage and on the Investor Relations section of [www.unipol.it](http://www.unipol.it).

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In accordance with Article 154-*bis*, paragraph 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.

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Also attached are the tables to the Statement of Financial Position and Income Statement.

#### GLOSSARY

- Expense Ratio: ratio between operating expenses and premiums
- Loss Ratio: ratio between claims and premiums
- Combined Ratio: loss Ratio + expense ratio
- APE: Annual Premium Equivalent, sum of the annual and recurring premiums + a tenth of the single premiums

Unipol Gruppo Finanziario S.p.A.

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## Consolidated Statement of Financial Position - Assets

Amounts in €m

		30/6/2011	31/12/2010
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>2,055.7</b>	<b>2,057.8</b>
1.1	Goodwill	1,942.0	1,942.0
1.2	Other intangible assets	113.8	115.9
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>690.4</b>	<b>660.2</b>
2.1	Property	641.0	607.4
2.2	Other property, plant and equipment	49.4	52.8
<b>3</b>	<b>TECHNICAL PROVISIONS - REINSURERS' SHARE</b>	<b>427.4</b>	<b>460.4</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>34,833.1</b>	<b>33,815.3</b>
4.1	Investment property	185.3	196.8
4.2	Investments in subsidiaries, associates and interests in joint ventures	47.4	46.5
4.3	Held-to-maturity investments	1,775.4	1,823.0
4.4	Loans and receivables	15,262.6	14,754.6
4.5	Available-for-sale financial assets	13,600.4	13,023.6
4.6	Financial assets at fair value through profit or loss	3,962.0	3,970.7
<b>5</b>	<b>SUNDRY RECEIVABLES</b>	<b>1,490.4</b>	<b>1,894.5</b>
5.1	Receivables relating to direct insurance business	608.8	893.5
5.2	Receivables relating to reinsurance business	52.6	60.8
5.3	Other receivables	829.1	940.2
<b>6</b>	<b>OTHER ASSETS</b>	<b>13,201.5</b>	<b>12,634.4</b>
6.1	Non-current assets or held for sale disposal groups	12,326.3	11,811.9
6.2	Deferred acquisition costs	20.5	21.1
6.3	Deferred tax assets	483.4	509.8
6.4	Current tax assets	17.0	22.4
6.5	Other assets	354.3	269.2
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>191.4</b>	<b>231.8</b>
	<b>TOTAL ASSETS</b>	<b>52,889.9</b>	<b>51,754.4</b>

### Consolidated Statement of Financial Position - Equity and Liabilities

Amounts in €m

		30/6/2011	31/12/2010
<b>1</b>	<b>EQUITY</b>	<b>4,116.3</b>	<b>4,020.8</b>
1.1	attributable to the owners of the Parent	3,736.6	3,648.3
1.1.1	Share capital	2,699.1	2,698.9
1.1.2	Other equity instruments		
1.1.3	Equity-related reserves	1,506.3	1,506.3
1.1.4	Income-related and other reserves	84.6	56.2
1.1.5	(Treasury shares)	-0.2	-0.2
1.1.6	Translation reserve		
1.1.7	Gains or losses on available-for-sale financial assets	-608.0	-643.2
1.1.8	Other gains or losses recognised directly in the equity	4.2	-1.5
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	50.5	31.8
1.2	attributable to non-controlling interests	379.7	372.5
1.2.1	Share capital and reserves attributable to non-controlling interests	382.7	356.4
1.2.2	Gains or losses recognised directly in the equity	-17.7	-23.3
1.2.3	Profit (loss) for the year attributable to non-controlling interests	14.7	39.4
<b>2</b>	<b>PROVISIONS</b>	<b>95.5</b>	<b>85.0</b>
<b>3</b>	<b>TECHNICAL PROVISIONS</b>	<b>22,603.7</b>	<b>22,245.9</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>12,662.5</b>	<b>12,653.3</b>
4.1	Financial liabilities at fair value through profit or loss	1,381.5	1,472.6
4.2	Other financial liabilities	11,281.0	11,180.8
<b>5</b>	<b>PAYABLES</b>	<b>517.8</b>	<b>451.5</b>
5.1	Payables arising from direct insurance business	52.8	60.0
5.2	Payables arising from reinsurance business	60.9	30.4
5.3	Other payables	404.1	361.2
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>12,894.0</b>	<b>12,297.8</b>
6.1	Liabilities of a disposal group held for sale	11,877.7	11,385.9
6.2	Deferred tax liabilities	292.8	266.2
6.3	Current tax liabilities	41.3	23.9
6.4	Other liabilities	682.2	621.8
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>52,889.9</b>	<b>51,754.4</b>

## Consolidated Income Statement

Amounts in €m

		30/6/2011	30/6/2010
1.1	Net premiums	4,858.4	4,360.2
1.1.1	<i>Gross premiums</i>	4,943.7	4,422.6
1.1.2	<i>Ceded premiums</i>	-85.3	-62.4
1.2	Commission income	69.8	64.9
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	56.8	-98.9
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	0.8	0.4
1.5	Gains on other financial instruments and investment property	900.7	951.3
1.5.1	<i>Interest income</i>	706.4	555.6
1.5.2	<i>Other gains</i>	78.2	65.1
1.5.3	<i>Realised gains</i>	116.0	240.7
1.5.4	<i>Gains</i>	0.0	89.8
1.6	Other income	57.9	82.3
<b>1</b>	<b>TOTAL REVENUE AND INCOME</b>	<b>5,944.3</b>	<b>5,360.2</b>
2.1	Net charges relating to claims	4,609.6	4,231.3
2.1.1	<i>Amounts paid and changes in technical provisions</i>	4,625.6	4,252.5
2.1.2	<i>Reinsurers' share</i>	-16.0	-21.2
2.2	Commission expense	19.5	15.3
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	8.3	0.2
2.4	Losses on other financial instruments and investment property	337.7	265.0
2.4.1	<i>Interest expense</i>	128.5	103.6
2.4.2	<i>Other charges</i>	7.4	6.5
2.4.3	<i>Realised losses</i>	54.1	57.8
2.4.4	<i>Unrealised losses</i>	147.7	97.0
2.5	Operating expenses	696.3	663.7
2.5.1	<i>Commissions and other acquisition costs</i>	437.5	421.7
2.5.2	<i>Investment management expenses</i>	3.4	7.7
2.5.3	<i>Other administrative expenses</i>	255.4	234.4
2.6	Other costs	129.8	102.4
<b>2</b>	<b>TOTAL COSTS AND EXPENSES</b>	<b>5,801.1</b>	<b>5,278.0</b>
	<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>143.2</b>	<b>82.3</b>
3	Income tax	78.0	51.8
	<b>PROFIT (LOSS) FOR THE YEAR NET OF TAX</b>	<b>65.2</b>	<b>30.4</b>
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0.0	0.0
	<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>65.2</b>	<b>30.4</b>
	<i>attributable to the owners of the Parent</i>	<i>50.5</i>	<i>2.8</i>
	<i>attributable to non-controlling interests</i>	<i>14.7</i>	<i>27.7</i>

## Consolidated Income Statement by Business Sector - Summary

Amounts in €m

	Non-Life business			Life business			Insurance business			Banking business			Holding and Services			Intersectorial eliminations		TOTAL CONSOLIDATED				
	30/06/11	30/06/10	var. %	30/06/11	30/06/10	var. %	30/06/11	30/06/10	var. %	30/06/11	30/06/10	var. %	30/06/11	30/06/10	var. %	30/06/11	30/06/10	30/06/11	30/06/10	var. %		
Net premiums	2,130	2,035	4.7	2,729	2,326	17.3	4,858	4,360	11.4									4,858	4,360	11.4		
Net income from commissions	0	0		5	1		5	1		64	56	13.6						-19	-8	50	50	1.6
Financial income/charges (excl. assets/liabilities at fair value)	130	100	30.5	486	440	10.6	616	539	14.3	79	83	-4.7	10	137				-44	-144	662	615	7.5
<i>Net interests</i>	96	72		398	297		494	369		103	106		-8	-13						588	462	
<i>Other income and charges</i>	23	23		42	29		65	52		0	1		14	141				-29	-144	51	50	
<i>Realised gains and losses</i>	9	13		52	126		62	139		4	5		4	9						70	153	
<i>Fair value gains and losses (excl. impairment on AFS securities)</i>	1	-8		-6	-13		-4	-22		-28	-28		0	0				-15	0	-48	-50	
Impairment on AFS securities	-10	-26		-64	-40		-73	-66		0	-3		0	0						-73	-68	
Net charges relating to claims	-1,672	-1,685	-0.7	-2,913	-2,506	16.3	-4,585	-4,191	9.4											-4,585	-4,191	9.4
Operating expenses	-480	-450	6.6	-79	-69	14.1	-559	-519	7.6	-133	-130	2.5	-41	-41	0.0	37	27			-696	-664	4.9
<i>Commissions and other acquisition costs</i>	-401	-381	5.2	-40	-43	-8.1	-441	-424	3.9							3	3			-438	-422	3.7
<i>Other costs</i>	-79	-69	14.3	-39	-26	51.2	-118	-95	24.4	-133	-130	2.5	-41	-41	0.0	34	24			-259	-242	6.9
Other income and charges	-45	-10	348.8	-31	-21	51.1	-76	-31	147.7	5	3	60.9	1	23	-97.1	-1	-15			-72	-20	258.3
<b>Pre-tax profit (loss)</b>	<b>53</b>	<b>-36</b>		<b>133</b>	<b>131</b>	<b>1.7</b>	<b>186</b>	<b>95</b>	<b>96.8</b>	<b>15</b>	<b>10</b>	<b>51.7</b>	<b>-31</b>	<b>118</b>		<b>-27</b>	<b>-140</b>			<b>143</b>	<b>82</b>	<b>74.1</b>
Income tax																				-78	-52	50.5
<b>Consolidated profit (loss)</b>																				<b>65</b>	<b>30</b>	<b>114.2</b>
<i>attributable to the owners of the Parent</i>																				50	3	
<i>attributable to non-controlling interests</i>																				15	28	

The item Impairment on AFS securities includes value reductions of both equities and bonds

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