

Bologna, 6 August 2014

UNIPOL GROUP: RESULTS FOR THE FIRST HALF OF 2014 APPROVED

- Consolidated net profit of €240m (+18.7% compared to €202m in the first half of 2013)
- Direct insurance income of €10,070m (+10.7%)
 - ✓ Non-Life business: premium income of €4,753m (-6.8%)
 - ✓ Life business: income of €5,318m (+33%)
- Combined ratio at 93.4%
- Structured notes portfolio reduced by over €1.2bn in the first half of the year; capital gains of €24m
- Solvency margin 1.6 times the regulatory requirements (stable compared to 31 December 2013)

The Board of Directors of Unipol Gruppo Finanziario S.p.A., which met today under the chairmanship of Pierluigi Stefanini, approved the consolidated accounts of the Group at 30 June 2014.

The Unipol Group closed the first half of 2014 with a consolidated net profit of €240m, an increase of 18.7% compared to €202m recorded in the same period of the previous year, despite charges for €21m following the increase of the substitute tax on the revaluation of the Bank of Italy shareholding. The consolidated pre-tax profit amounted to €417m (€381m at 30 June 2013, +9.2%).

Over the period, direct insurance income, gross of outwards reinsurance, stood at €10,070m (+10.7% compared to €9,097m at 30 June 2013).

The pre-tax profit of the insurance business amounted to €589m (€658m in the first half of 2013). Non-Life business contributed to this result with €461m (€446m in the first half of 2013) while Life business contributed with €128m (€212m in the first half of 2013).

Non-Life Business

Premium income was affected by the on-going economic crisis and by the reduction of prices in a strongly competitive market environment. In this context, **Non-life direct premium income** amounted to €4,753m (-6.8% compared to €5,097m in the first half of 2013). UnipolSai contributed to such result with €4,437m while the other companies directly controlled by Unipol Gruppo Finanziario (UniSalute, Linear and Arca Group) contributed with €316m.

In particular, UniSalute recorded direct premium income of €163m, with an increase of 9.1% compared to the first half of 2013, contrasting the performance of the market.

Premium income in **MV** business amounted to €2,884m (-9.4% compared to €3,182m at 30 June 2013) with a portfolio that has remained stable with respect to 31 December 2013. The **Non-MV** business, with income of €1,869m held its own despite the unfavourable macro-economic environment, closing the first half of the year with a smaller decrease of 2.4% compared to €1,915m in 2013.

With regard to the trend in claims, in the first half of 2014 the Unipol Group achieved a **combined ratio** (direct business) of 93.4% compared to 92.2% in the same period of 2013. The **loss ratio** was equal to 67.7% compared to 68.8% at 30 June 2013, due to a further reduction in reported claims. The **expense ratio** was equal to 25.7% (23.4% at 30 June 2013) and was affected by a drop in premiums as well as the higher incidence of fees and commissions (changes in the production mix), investments in the IT system required for the current integration phase and investments made to support industrial revival (zero-interest instalments, advertising campaign and black boxes).

The **pre-tax result** of the business was a profit of €461m (€446m in the first half of 2013).

Life Business

Life business recorded **direct income** of €5,318m, an increase of 33% compared to €3,999m in the first half of 2013. The significant increase in premiums reflects the continuation of a strong expansion trend in traditional products already observed in 2013, which continue to benefit from a market environment characterized by low interest rates and the reduced risk appetite of policyholders.

In particular, the business benefited from the growth of the bancassurance channel, represented by the Arca Vita Group with direct income of €847m (+42% compared to the first half of 2013) and by the Popolare Vita Group, which recorded direct income of €2,472m (+55%). The traditional channel, represented by UnipolSai, also reported a growth of 10.4% recording income equal to €1,906m.

The **pre-tax result** of the business was a profit of €128m (€212m in the first half of 2013).

Banking Business

As far as the business is concerned, Unipol Banca continued to operate focusing on the retail and small business sectors. Despite unfavourable market conditions caused by the on-going economic crisis, in the first half of 2014 a slowdown in credit impairment and a new commercial drive arising from synergies with insurance business were noted.

In June, Unipol Banca completed the capital increase of €100m and approved the plan for the incorporation of Banca Sai.

Direct income of the banking business, which includes Unipol Banca and Banca Sai, amounted to €11,171m¹ at 30 June 2014 (+3.2% compared to €10,820m¹ at 31 December 2013).

There was a slight decrease in loans to customers, which stood at €9,864m¹ (€10,071m¹ at 31 December 2013, -2.1%). After a sharp increase over the past two years, in the first half of 2014 gross

¹ Management figures

non-performing loans at a consolidated level were relatively stable, while net non-performing loans amounted to €2,031m (€2,119 at 31 December 2013), following provisions during the period for €149m, of which €100m attributable to the parent company Unipol Gruppo Finanziario.

The **pre-tax result** of the banking business at 30 June 2014 returned to a profit of €20m (-€84m in the same period of 2013). Net profit amounted to €6m.

Real Estate Business

With regard to the real estate business, during the first half of 2014 operations continued for the optimization of real estate assets in portfolio and the search for divestment opportunities despite market conditions that were still negatively affected by the economic crisis and the credit crunch.

A corporate restructuring plan was also launched, with the objective of reducing the number of subsidiaries, simplifying corporate governance and streamlining intragroup financial flows.

The **pre-tax result** of the business at 30 June 2014 was a loss of €30m (-€10m at 30 June 2013), in particular, due to the writing down of certain property.

Holdings and Other Business

The results of diversified companies, in particular those operating in the hotel and health sectors, once again recorded losses, although reduced compared to the past as a result of restructuring activities and new commercial initiatives undertaken by current management, with a consequent improvement in operations.

The **pre-tax result** of the business, which also includes the parent company Unipol Gruppo Finanziario, at 30 June 2014 was a loss of €163m (-€183m in the first half of 2013), also due to €100m of provisions set aside by the parent company with regard to the credit indemnity agreement with the subsidiary Unipol Banca.

Financial Management

The first half of the year was characterized by renewed confidence of the markets in Italy, thus benefitting the Unipol Group's securities portfolio. In this context, among other things reinforced by the good performance of the financial markets, the Group's financial insurance investments, while being managed conservatively and in view of maintaining consistency with liabilities underwritten with policyholders, achieved a yield of 4.9%. At the same time, net exposure of level 2 and 3 structured notes decreased, which during the period were reduced by approximately €1.2bn, recording total gains of €24m.

Balance Sheet

Consolidated **shareholders' equity** amounted to €8,090m (€7,481m at 31 December 2013) of which €5,560m attributable to the Group. The total AFS reserve at 30 June 2014 amounted to €1,158m (€522m at 31 December 2013).

The **solvency margin** at 30 June 2014 showed excess capital of approximately 1.6 times the minimum required, stable compared to 31 December 2013.

Business Outlook

Regarding the performance of the **Non-Life insurance business**, no significant changes compared to the trends for the first half of the year have been noted to date.

Life business income continues to benefit from the performance of the financial markets, that in July showed sovereign bond yields at all-time lows, and maintains considerable growth.

The Group has continued the integration of the companies merged into UnipolSai with determination, as well as other, already identified, corporate restructuring activities necessary in order to reach the Business Plan objectives.

Presentation of Results to the Financial Community

The results of the first half of 2014 of the Unipol Group will be presented to the financial community today at 6:30 pm 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 U.S.), +44/121/2818003 (from other countries). Further technical details to have access to the event are available on the homepage of the website www.unipol.it and in the Investor Relations section.

The half-year consolidated financial report as at 30 June 2014 will be made available to the public, in accordance with the law, at the Company's registered office in Bologna, Via Stalingrado 45 as well as on the Company's website at www.unipol.it and the authorized storage mechanism 1INFO.

Please find attached hereto the Consolidated Balance Sheet, the Consolidated Income Statement and the Condensed Consolidated Income Statement Broken Down by Business Segment.

Maurizio Castellina, Manager in charge of financial reporting of Unipol Gruppo Finanziario, declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the figures in corporate accounting records, ledgers and documents.

Glossary

COMBINED RATIO: sum of loss ratio and expense ratio
EXPENSE RATIO: ratio of Non-life operating expenses and premiums
LOSS RATIO: ratio of Non-life claims and premiums
AFS RESERVE: reserves for assets classified as "Available for Sale"

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Unipol Gruppo Finanziario S.p.A.

Unipol is one of the leading European insurance groups, the second in the Italian market (first in Non-Life business), with an insurance income of €16.8bn at 31 December 2013.

Unipol adopts an integrated offer strategy, providing a full range of insurance and financial products, being particularly active in supplementary pension and health sectors. In the insurance business, the Group operates primarily through its subsidiary UnipolSai Assicurazioni S.p.A., which was founded in early 2014 following the merger of three historic companies operating on the Italian market, Unipol Assicurazioni, Fondiaria-SAI and Milano Assicurazioni, as well as Premafin, financial holding company of the former Fondiaria-SAI Group. UnipolSai Assicurazioni and the parent company Unipol Gruppo Finanziario S.p.A. are both listed on the Italian Stock Exchange.

The Unipol Group is also active in direct MV insurance (Linear Assicurazioni), healthcare (UniSalute) and is present 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 sector, in the hotel industry (Atahotels) and in agricultural business (Tenute del Cerro).

Consolidated Balance Sheet – Assets

Amounts in €m

		30/6/2014	31/12/2013
1	INTANGIBLE ASSETS	2,179.8	2,237.0
1.1	Goodwill	1,582.4	1,583.2
1.2	Other intangible assets	597.4	653.8
2	PROPERTY, PLANT AND EQUIPMENT	1,509.8	1,383.3
2.1	Property	1,371.5	1,259.0
2.2	Other items of property, plant and equipment	138.3	124.3
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	1,071.4	1,045.5
4	INVESTMENTS	77,141.7	72,012.3
4.1	Investment property	2,676.9	2,869.8
4.2	Investments in subsidiaries and associates and interests in joint ventures	176.6	188.8
4.3	Held-to-maturity investments	2,773.6	2,932.9
4.4	Loans and receivables	16,324.3	16,299.7
4.5	Available-for-sale financial assets	45,308.1	39,933.9
4.6	Financial assets at fair value through profit or loss	9,882.1	9,787.1
5	SUNDRY RECEIVABLES	3,367.6	3,415.5
5.1	Receivables relating to direct insurance business	1,573.5	1,851.5
5.2	Receivables relating to reinsurance business	112.5	135.4
5.3	Other receivables	1,681.5	1,428.6
6	OTHER ASSETS	3,793.3	3,373.3
6.1	Non-current assets held for sale or disposal groups	216.6	174.5
6.2	Deferred acquisition costs	79.7	77.4
6.3	Deferred tax assets	2,816.7	2,338.2
6.4	Current tax assets	207.1	273.3
6.5	Other assets	473.2	509.9
7	CASH AND CASH EQUIVALENTS	863.0	837.3
	TOTAL ASSETS	89,926.6	84,304.3

Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		30/6/2014	31/12/2013
1	EQUITY	8,089.9	7,481.0
1.1	attributable to the owners of the Parent	5,559.8	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	-348.0	327.1
1.1.5	(Treasury shares)	-24.0	-23.3
1.1.6	Translation reserve	2.5	2.1
1.1.7	Gains or losses on available-for-sale financial assets	729.4	121.4
1.1.8	Other gains or losses recognised directly in equity	6.9	-24.6
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	103.2	-78.6
1.2	attributable to non-controlling interests	2,530.0	2,066.9
1.2.1	Share capital and reserves attributable to non-controlling interests	1,966.2	1,390.6
1.2.2	Gains or losses recognised directly in equity	427.4	409.8
1.2.3	Profit (loss) for the year attributable to non-controlling interests	136.4	266.5
2	PROVISIONS	570.5	534.2
3	TECHNICAL PROVISIONS	60,128.3	56,875.3
4	FINANCIAL LIABILITIES	16,304.9	16,041.4
4.1	Financial liabilities at fair value through profit or loss	2,040.1	2,056.8
4.2	Other financial liabilities	14,264.8	13,984.6
5	PAYABLES	1,575.8	1,182.6
5.1	Payables arising from direct insurance business	307.4	177.5
5.2	Payables arising from reinsurance business	95.6	85.3
5.3	Other payables	1,172.7	919.9
6	OTHER LIABILITIES	3,257.2	2,189.8
6.1	Liabilities associated with disposal groups held for sale	123.1	74.2
6.2	Deferred tax liabilities	1,878.1	1,014.5
6.3	Current tax liabilities	39.1	141.7
6.4	Other liabilities	1,216.9	959.5
	TOTAL EQUITY AND LIABILITIES	89,926.6	84,304.3

Consolidated Income Statement

Amounts in €m

		30/6/2014	30/6/2013
1.1	Net premiums	9,851.3	8,877.4
1.1.1	<i>Gross premiums</i>	10,080.2	9,101.8
1.1.2	<i>Ceded premiums</i>	-228.9	-224.4
1.2	Fee and commission income	62.3	65.8
1.3	Gains and losses on financial instruments at fair value through profit or loss	169.6	16.4
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	2.9	0.8
1.5	Gains on other financial instruments and investment property	1,765.2	1,428.2
1.5.1	<i>Interest income</i>	1,065.2	1,051.1
1.5.2	<i>Other gains</i>	110.5	104.7
1.5.3	<i>Realised gains</i>	521.0	272.0
1.5.4	<i>Unrealised gains</i>	68.5	0.4
1.6	Other revenue	216.2	277.9
1	TOTAL REVENUE AND INCOME	12,067.5	10,666.6
2.1	Net charges relating to claims	-8,982.3	-7,574.7
2.1.1	<i>Amounts paid and changes in technical provisions</i>	-9,075.4	-7,672.7
2.1.2	<i>Reinsurers' share</i>	93.1	98.0
2.2	Fee and commission expense	-17.8	-19.7
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-9.4	-3.7
2.4	Losses on other financial instruments and investment property	-619.5	-616.1
2.4.1	<i>Interest expense</i>	-134.5	-180.5
2.4.2	<i>Other charges</i>	-63.9	-39.2
2.4.3	<i>Realised losses</i>	-177.8	-95.2
2.4.4	<i>Unrealised losses</i>	-243.3	-301.2
2.5	Operating expenses	-1,592.7	-1,531.4
2.5.1	<i>Commissions and other acquisition costs</i>	-1,077.1	-1,036.6
2.5.2	<i>Investment management expenses</i>	-37.3	-18.7
2.5.3	<i>Other administrative expenses</i>	-478.2	-476.1
2.6	Other costs	-429.3	-539.6
2	TOTAL COSTS AND EXPENSES	-11,650.9	-10,285.2
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	416.5	381.3
3	Income tax	-175.8	-179.5
	POST-TAX PROFIT (LOSS) FOR THE YEAR	240.7	201.8
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-1.1	0.0
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	239.6	201.8
	attributable to the owners of the Parent	103.2	48.8
	attributable to non-controlling interests	136.4	153.0

Consolidated Statement of Comprehensive Income

Amounts in €m

	30/6/2014	30/6/2013
CONSOLIDATED PROFIT (LOSS)	239.6	201.8
Other income net of taxes not reclassified in the income statement	0.0	1.0
Variation in equity of investees	4.5	0.0
Variation in the revaluation reserve for intangible assets	0.0	0.0
Variation in the revaluation reserve for property, plant and equipment	0.0	0.0
Gains or losses on non-current assets held for sale and disposal groups	0.0	0.0
Actuarial gains and losses and adjustments relating to defined benefit plans	-3.2	1.0
Other items	-1.2	0.0
Other income net of taxes reclassified in the income statement	657.4	-34.9
Variation in net translation reserves	-4.0	-0.7
Gains or losses on available-for-sale financial assets	635.8	-75.9
Gains or losses on cash flow hedges	25.6	41.6
Gains or losses on hedges of a net investment in foreign operations	0.0	0.0
Variation in equity of investees	0.0	0.0
Gains or losses on non-current assets held for sale and disposal groups	0.0	0.0
Other items	0.0	0.0
TOTAL OTHER COMPREHENSIVE INCOME	657.4	-33.9
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	897.0	167.9
<i>attributable to the owners of the Parent</i>	<i>743.1</i>	<i>73.6</i>
<i>attributable to non-controlling interests</i>	<i>154.0</i>	<i>94.3</i>

Condensed Consolidated Income Statement by Business Segment

Amounts in €m

	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE BUSINESS			BANKING BUSINESS			HOLDINGS/SERVICES/ OTHER BUSINESSES			REAL ESTATE BUSINESS			Intersegment Elimination		CONSOLIDATED TOTAL		
	30/6/14	30/6/13	%	30/6/14	30/6/13	%	30/6/14	30/6/13	%	30/6/14	30/6/13	%	30/6/14	30/6/13	%	30/6/14	30/6/13	%	30/6/14	30/6/13	30/6/14	30/6/13	%
Net premiums	4,624	5,003	-7.6	5,227	3,874	34.9	9,851	8,877	11.0	0	0		0	0		0	0		0	0	9,851	8,877	11.0
Net fees and commissions	0	0	228.5	4	4	-11.4	4	4	-14.8	53	58	-8.3	8	3	176.8	0	0	0.0	-20	-19	44	46	-3.6
Financial income/expense (excl. Assets/ liabilities at fair value)	320	214	49.2	755	695	8.7	1,075	909	18.3	113	4	2781.3	-21	-18	15.3	-13	0		-118	-120	1,037	775	33.7
<i>Net interest</i>	215	199		611	582		826	781		130	123		-19	-18		-1	-1		0	-6	937	879	
<i>Other income and expenses</i>	32	25		-7	6		25	31		0	0		-1	-1		19	14		-17	-13	25	31	
<i>Realised gains and losses</i>	112	47		145	114		257	162		40	7		0	1		0	-1		0	0	297	169	
<i>Unrealised gains and losses</i>	-39	-58		7	-8		-33	-65		-57	-126		0	0		-32	-12		-100	-100	-222	-303	
Net charges relating to claims	-3,119	-3,396	-8.2	-5,591	-4,128	35.4	-8,710	-7,524	15.8	0	0		0	0		0	0		0	0	-8,710	-7,524	15.8
Operating expenses	-1,188	-1,166	1.9	-217	-164	32.4	-1,405	-1,330	5.7	-157	-152	2.8	-65	-197	-67.1	-7	-3	113.8	42	151	-1,593	-1,531	4.0
<i>Commissions and other acquisition costs</i>	-946	-945	0.1	-132	-94	40.4	-1,078	-1,039	3.7	0	0		0	0		0	0		0	2	-1,077	-1,037	3.9
<i>Other expenses</i>	-242	-221	9.7	-86	-70	21.8	-328	-291	12.6	-157	-152	2.8	-65	-197	-67.1	-7	-3	113.8	41	149	-516	-495	4.2
Other income / expense	-175	-209	-16.4	-50	-69	-27.6	-225	-279	-19.2	10	7	41.6	-85	28	-398.5	-9	-6	49.0	96	-12	-213	-262	-18.6
Pre-tax profit (loss)	461	446	3.4	128	212	-39.6	589	658	-10.4	20	-84	-123.6	-163	-183	11.3	-30	-10	-211.2	0	0	417	381	9.2
Income tax	-154	-165	-6.6	-51	-67	-24.0	-205	-232	-11.6	-13	18	-171.5	35	35	1.3	7	0		0	0	-176	-179	-2.0
Profit (loss) on discontinued operations	0	0		0	0		0	0		-1	0		0	0		0	0		0	0	-1	0	
Consolidated profit (loss) for the period	307	281	9.3	77	145	-46.7	384	426	-9.8	6	-66	-109.1	-127	-148	-14.3	-23	-10	141.3	0	0	240	202	18.7
<i>Profit (loss) attributable to the owners of the Parent</i>																					103	49	
<i>Profit (loss) attributable to non-controlling interests</i>																					136	153	