

PRESS RELEASE

UNIPOL GRUPPO FINANZIARIO APPROVED THE CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2008

Confirmed the Group sound solvency position at 1.5x capital requirements. Unipol Banca Core TIER 1 at 9.5%.

Consolidated profit at €201m, net of €99m write-downs following Lehman Brothers' default and of €54m Unipol Banca's extraordinary adjustments, in a scenario marked by turmoil in the financial sector worldwide and economic recession.

Growth in Non-Life premium income (+3.9%), in a stable market (-0.1% in the first half 2008), also thanks to the positive trends recorded by the specialist companies (Navale, Linear and Unisalute).

Life insurance income from Group channels notably increasing (+27.8%) against the run of the market (-16%). Outstanding expansion in the Pension Funds segment (+211%). UGF manages 26 mandates in occupational Pension Funds for a total of €1,282m.

Considerable growth in Unipol Banca gross operating income (+13%). Increase in customer deposits (+11.5%).

The Board of Directors of Unipol Gruppo Finanziario S.p.A., held today, approved the Interim Report as at 30 September 2008.

In **insurance business** consolidated income amounted to €5,510m (-14.8% over 30/09/2007), €3,091m of which (+3.9%) in Non-Life business (compared with a stagnating market at -0.1% in the first half 2008) and €2,420m in Life business (-30.6%).

Non-Life business showed different dynamics: Non-Life Non-Motor business rose by 6.3%, whilst Motor TPL by 2.4%, both of them well above the market. With respect to Non-Life technical trends, Group combined ratio was 98.5%¹ (96.3% on 30/09/2007), as a consequence of a slight improvement in expense

¹ This indicator is the sum of two indices: the first one is the loss ratio, net of outward reinsurance (75.9%), resulting from the incidence of net claims charges on net premiums; the second one (22.6%) is the expense ratio and it results from the ratio of total operating expenses, net of investment management charges, to the net written premiums.



ratio (to 22.6% from 22.8%) and of an increase in loss ratio (to 75.9% from 73.5%), due to non-recurring atmospheric events and some major claims, in addition to the evaluations about the deteriorating macroeconomic climate.

Worth mentioning in **Life business** is the significant growth by 40.6% in Class I-traditional policies and by 211.5% to €317m in Class VI-pension funds. Class III-Index and Unit Linked products recorded -66.1% (this result almost totally relates to the bancassurance channel) and Class V-capitalization contracts -46.7%. An important contribution was given to income by the Group channels, growing by 27.8% compared with market decrease by 16% in the first half 2008.

To point out is UGF position in the **occupational Pension Funds** sector, which recorded premiums for €317m and where the Group manages 26 mandates. In the open-end pension funds sector the assets of 'Unipol Futuro', 'Unipol Previdenza', 'Unipol Insieme', 'Aurora Previdenza' and 'BNL Pensione Sicura' totalled €151m and 19,293 members at September-end.

The specialist companies (Navale Assicurazioni, Linear and Unisalute) recorded direct premiums of €395m (+13.9%). In Non-Life Navale Assicurazioni, which operates through 495 mainly non-exclusive agencies (302 at 2007 year-end) and 304 brokers (261 as at 31/12/2007), increased income to €175m (+17.2%); Linear recorded direct premiums for €124m (stable) and Unisalute for €96m (+30.9% over 30/09/07).

As at 30 September 2008 the sales networks of the two composite companies Unipol and Aurora were made up of 1,672 agencies (-23 over the end of 2007), 587 of which are Unipol agencies (the number is unchanged) and 1,085 Aurora agencies (1,108 as at 31/12/2007).

Group investments and liquid assets totalled €36,555m (-7.2% over 31/12/2007).

In the last months market scenario has been characterized by a strong instability in the overall banking and financial system. In this complex and difficult context, portfolio management focused on protecting the invested capital and on mitigating the negative effects of market crisis and volatility in share prices.

Investment activities hence aimed at selecting adequately defensive investments and setting up hedging strategies against the share risk.

The US investment bank Lehman Brothers' default had very serious impacts on international markets. It also affected the Group, which first decided to protect its around 8,500 customers – mainly households and small investors – who subscribed Index Linked policies with Lehman Brothers underlying assets. The Group decided to grant them repayment of the originally undersigned capital upon termination of the contracts. The impact of this initiative on the profit and loss account in the first nine months 2008 amounted to €23m (€32m gross of taxes). Furthermore, portfolio write-downs were realised on Lehman securities for €76m (€112m gross of taxes) using a 50% recovery rate, also based on specific analysis carried out by independent research companies and by a rating agency.

Financial assets available for sale amounted to €11,766m (-20.7% over 31/12/2007). As at 30 September 2008 the reserve for profits and losses on



assets available for sale was -€1,210m (-€1,062m as at 30/06/2008). The decrease is especially due to both shares depreciation and widening of credit spreads on corporate bonds, linked to the market crisis. To highlight is that the Group has no investments in Subprime, CDO, CLO, RMBS, CMBS and Alt-A.

The Group solvency position as at 30 September 2008, notwithstanding the aforesaid difficult situation affecting financial markets, is 1.5x the minimum regulatory requirements. The aforesaid testifies UGF strong capital adequacy, as confirmed by the recent upgrade in Moody's rating and the improvement to positive from stable in the outlook given by Standard & Poor's.

In **banking business** Unipol Banca, which now counts on 292 branches (+18 compared with a year ago), 182 of which co-located with insurance agencies (+23), recorded customer deposits of €8,452m² (-6.9%), following a considerable reduction in deposits within the Group (-51.8%) and increase in deposits from third parties by 11.5%, to €4,786m. Customer funds were €21,500m (-3.9%). Loans grew to €8,191m (+10.2%) and the number of current accounts rose by 12%. Gross operating income notably grew to €235m (+13%). As regards capital adequacy, Unipol Banca Core TIER 1 is 9.5% and Total Capital Ratio is 14.3%.

Unipol Banca net profit as at 30 September 2008 was -€27.1m and it was affected by extraordinary adjustments on loans for €54m (€74m gross of taxes) according to what already disclosed in the Half-yearly Report on 7 August 2008. The normalized result, i.e. net of extraordinary adjustments, would have been positive for €29m (€29m as at 30/09/2007).

According to the aforementioned trends, **Unipol Gruppo Finanziario** consolidated profit, net of write-downs for €99m as effect of the Lehman Brothers' default and of €54m Unipol Banca's extraordinary adjustments, was positive for €201m (-45.8% compared with 30/09/2007). Minority interests were €22m (€40m in the previous period).

UGF has applied the recent amendment to IAS 39, relating to the reclassification of some asset typologies. The effects of this action led to reduced write-downs on bonds in the profit and loss account for €28m and to a lower decrease in the Reserve for profits and losses on assets available for sale for €51m.

With respect to the outlook for the 2008 year-end, the financial turmoil which worsened in the last quarter impacts on any evaluation of the estimates and results for the end of the period. However, business trend for the whole financial year should be in line with the overall trends delivered in the first nine months, provided no further extraordinary losses take place, as those recorded as at 30 September 2008 and connected to the Lehman Brothers' default.

It is hereby communicated that the Board Member Gilberto Coffari is not defined as 'Independent' any longer, following his appointment as Member of the Board of Directors of the holding Holmo S.p.A..

² The figure includes €805m REPOs with ECB



The aforesaid Group results will be disclosed to the financial community today at 6 p.m. CET via conference call and webcasting. Technicalities to access the event are available on the website www.unipolgf.it, section Investor Relations.

Maurizio Castellina, the Senior Executive Responsible for drawing up the corporate accounts, declares – in accordance with Article 154-bis (2) of the Testo Unico della Finanza [the 'Single Financial Services Act'] – that the accounting information included in this press release corresponds to the documentary results, the books and the accounting records.

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Attached are summaries of consolidated Balance Sheet and Income Statement as at 30 September 2008.

Bologna, 13 November 2008

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Please note that the original press release is in Italian. In case of doubt, the Italian version prevails.

CONSOLIDATED BALANCE SHEET

ASSETS

€m		30/09/2008	31/12/2007
1	INTANGIBLE ASSETS	1,814	1,812
1.1	Goodwill	1,770	1,775
1.2	Other intangible assets	44	36
2	TANGIBLE ASSETS	498	435
2.1	Property	444	380
2.2	Other tangible assets	55	55
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	602	593
4	INVESTMENTS	36,340	39,040
4.1	Investments in property	291	315
4.2	Shareholdings in subsidiaries, associates and joint ventures	24	28
4.3	Investments held to maturity	1,866	1,796
4.4	Loans and receivables	13,638	11,375
4.5	Financial assets available for sale	11,766	14,837
4.6	Financial assets at fair value through profit or loss	8,755	10,689
5	SUNDRY RECEIVABLES	1,265	1,430
5.1	Receivables relating to direct insurance operations	687	941
5.2	Receivables relating to reinsurance operations	162	141
5.3	Other receivables	416	348
6	OTHER ASSETS	1,199	2,524
6.1	Non-current assets or assets of a disposal group held for sale	1	1,689
6.2	Deferred acquisition costs	48	61
6.3	Deferred tax assets	699	431
6.4	Current tax assets	46	46
6.5	Other assets	405	298
7	CASH AND CASH EQUIVALENTS	215	364
	TOTAL ASSETS	41,933	46,199

LIABILITIES AND SHAREHOLDERS' EQUITY

€m		30/09/2008	31/12/2007
1	SHAREHOLDERS' EQUITY	3,928	5,274
1.1	pertaining to the Group	3,636	4,988
1.1.1	Capital	2,391	2,391
1.1.2	Other equity	0	0
1.1.3	Capital reserves	1,420	2,235
1.1.4	Accumulated earnings and other reserves	834	630
1.1.5	(Own shares)	0	0
1.1.6	Provision for net exchange rate differences	0	0
1.1.7	Profits or losses on financial assets available for sale	-1,210	-680
1.1.8	Other profits or losses recorded in the equity direct	21	21
1.1.9	Profit (loss) for the year pertaining to the Group	179	389
1.2	pertaining to minority interests	292	287
1.2.1	Capital and reserves pertaining to minority interests	311	302
1.2.2	Profits or losses recorded in the equity direct	-41	-48
1.2.3	Profit (loss) for the year pertaining to minority interests	22	32
2	AMOUNTS SET ASIDE	74	56
3	TECHNICAL PROVISIONS	25,169	26,074
4	FINANCIAL LIABILITIES	11,095	11,810
4.1	Financial liabilities recorded at fair value through profit or loss	2,620	3,454
4.2	Other financial liabilities	8,475	8,357
5	PAYABLES	452	424
5.1	Payables arising out of direct insurance operations	63	78
5.2	Payables arising out of reinsurance operations	77	10
5.3	Other payables	311	336
6	OTHER LIABILITIES	1,216	2,561
6.1	Liabilities of a disposal group held for sale	0	1,652
6.2	Deferred tax liabilities	542	220
6.3	Current tax liabilities	27	98
6.4	Other liabilities	648	591
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	41,933	46,199

CONSOLIDATED INCOME STATEMENT

€m		30/09/2008	30/09/2007
1.1	Net premium income	5,430	6,354
1.1.1	Gross earned premiums	5,643	6,577
1.1.2	Earned premiums ceded	-213	-223
1.2	Commissions and fees receivable	77	102
1.3	Income and charges arising out of financial instruments recorded at fair value through profit or loss	-414	21
1.4	Income arising out of shareholdings in subsidiaries, associates and joint ventures	28	1
1.5	Income arising out of other financial instruments and investments in	1,147	1,303
1.5.1	Interest receivable	984	934
1.5.2	Other income	83	90
1.5.3	Profits realised	40	279
1.5.4	Unrealised profits	40	0
1.6	Other receipts	82	84
1	TOTAL RECEIPTS AND INCOME	6,349	7,865
2.1	Net charges relating to claims	4,458	5,951
2.1.2	Amounts paid and change in technical provisions	4,604	6,107
2.1.3	Reinsurers' share	-145	-156
2.2	Commissions and fees payable	25	33
2.3	Charges arising out of shareholdings in subsidiaries, associates and joint ventures	0	0
2.4	Charges arising out of other financial instruments and investments in property	495	310
2.4.1	Interest payable	223	208
2.4.2	Other charges	12	23
2.4.3	Losses realised	29	57
2.4.4	Unrealised losses	230	23
2.5	Operating expenses	921	916
2.5.1	Commissions and other acquisition expenses	600	604
2.5.2	Investment management expenses	13	16
2.5.3	Other administrative expenses	308	296
2.6	Other charges	142	87
2	TOTAL COSTS AND CHARGES	6,042	7,297
	PROFIT (LOSS) FOR THE YEAR BEFORE TAXATION	307	568
3	Taxation	106	197
	PROFIT (LOSS) FOR THE YEAR NET OF TAX	201	372
4	PROFIT (LOSS) PERTAINING TO DISCONTINUED OPERATIONS		
	CONSOLIDATED PROFIT (LOSS)	201	372
	pertaining to the Group	179	332
	pertaining to minority interests	22	40

SUMMARY OF CONSOLIDATED INCOME STATEMENT BY BUSINESS SECTOR

(€m)

	NON-LIFE BUSINESS			LIFE BUSINESS			TOTAL INSURANCE			BANKING BUSINESS			HOLDING & SERVICES			intersector eliminations		TOTAL CONSOLIDATED		
	Sep-08	Sep-07	var %	Sep-08	Sep-07	var %	Sep-08	Sep-07	var %	Sep-08	Sep-07	var %	Sep-08	Sep-07	var %	Sep-08	Sep-07	Sep-08	Sep-07	var %
Net earned premiums	3,036	2,891	5.0	2,393	3,463	-30.9	5,430	6,354	-14.5									5,430	6,354	-14.5
Net income from commissions and fees	(0)	0		2	14	-87.1	2	14	-87.4	60	57	4.7				(9)	(2)	52	69	-24.7
Financial income/charges (excl. assets/liab. at fair value)	229	299	-23.5	307	581	-47.1	536	880	-39.1	82	141	-42.1	73			(127)	(35)	564	986	-42.8
Net interests	193	192	0.3	466	483	-3.7	658	676	-2.6	187	153	22.3	17			(0)	(0)	862	828	4.0
Other income and charges	75	52	44.3	25	48	-47.7	100	100	0.4	2	1	43.3	55			(75)	(35)	81	66	22.9
Profits and losses realised	48	95	-49.7	43	113	-62.4	90	208	-56.6	8	5		15			(52)	(0)	62	212	
Unrealised profits and losses	(87)	(40)	117.4	(226)	(63)	257.7	(313)	(103)	203.3	(114)	(17)		(13)					(440)	(120)	267.3
Net claims charges	(2,304)	(2,125)	8.5	(2,459)	(3,798)	-35.3	(4,763)	(5,922)	-19.6							5	(0)	(4,758)	(5,922)	-19.7
Operating expenses	(662)	(638)	3.8	(90)	(134)	-32.5	(752)	(771)	-2.5	(175)	(151)	16.3	(224)			230	6	(921)	(916)	0.5
Commissions and other acquisition expenses	(547)	(504)	8.6	(53)	(100)		(600)	(604)	-0.6							1	0	(600)	(604)	-0.7
Other expenses	(115)	(134)	-14.2	(37)	(34)		(152)	(168)	-9.5	(175)	(151)	16.3	(224)			230	6	(321)	(312)	2.9
Other income/charges	(31)	(17)	82.3	(22)	10		(53)	(7)	670.1	6	5		194			(207)	(1)	(60)	(3)	
Profit (loss) before taxation	268	411	-34.7	132	137	-3.9	400	548	-27.0	(28)	53		44			(108)	(33)	307	568	-45.9
Taxation																		(106)	(197)	-46.0
Consolidated profit (loss)																		201	372	-45.8
Profit (loss) - minority interests																		22	40	-45.3
Profit (loss) - Group																		179	332	-45.9