

Bologna, 15 May 2014

UNIPOL GROUP: CONSOLIDATED RESULTS AT 31 MARCH 2014 APPROVED

- Consolidated net profit of €132m (+5.7% compared to €125m in the first quarter of 2013¹)
- Direct insurance income of €4,761m (+6.2%)
 - ✓ Non-Life: income of €2,288m (-6.6%)
 - ✓ Life: income of €2,473m (+21.5%)
- Combined ratio at 93.1% compared to 92% in the first quarter of 2013
- Net profit of €4m in the banking business
- Solvency margin 1.6 times the regulatory requirements

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 as at 31 March 2014.

The Unipol Group closed the first quarter of 2014 with a consolidated net profit of €132m, an increase of 5.7% compared to the 2013 figure of €125m, despite charges for €20m following the increase of the substitute tax on the revaluation of Bank of Italy shareholding. The consolidated pre-tax profit amounted to €249m, in line with the first quarter of 2013.

Over the period, direct insurance income, gross of outwards reinsurance, stood at €4,761m (+6.2% compared to €4,485m at 31 March 2013).

The pre-tax profit of the insurance business amounted to €301m (€358m in the first quarter of 2013). The Non-Life business contributed to this result with €249m (€254m in the first three months of 2013) and the Life business contributed with €52m (€104m in the first quarter of 2013).

Non-Life Business

Direct premium income was affected by the ongoing economic crisis and by strong competition, especially in MV business. In this context, **Non-Life direct premium income** amounted to €2,288m (-6.6% compared to €2,449m in the first quarter of 2013). The companies that merged into UnipolSai contributed to such result with €2,107m, and the other companies directly controlled by Unipol Gruppo Finanziario (UniSalute, Linear and Arca Group) contributed with €181m.

Premium income in **MV** business amounted to €1,372m (-9.5% compared to €1,516m at 31 March 2013). The **Non-MV** business held its own despite the unfavorable macro-economic environment, as

¹ The comparative economic values as at 31 March 2013 were restated as a result of the final recognition of the business combination relating to the acquisition of the former Premafin/Fondiarria-SAI Group.

evidenced by premium income amounting to €916m, with a smaller decrease of 1.8% compared to €933m in the first quarter of 2013.

In terms of claims, in the first quarter of 2014 the Unipol Group achieved a **combined ratio** (direct business) of 93.1% compared to 92% in the same period of 2013. The **loss ratio** was equal to 67.4% compared to 68.6% at 31 March 2013, due to a further reduction in reported claims. The **expense ratio** was equal to 25.7% (23.4% at 31 March 2013) and was affected by a drop in premiums as well as the higher incidence of fees and commissions (changes in the production mix) and expenses related to the industrial revival of UnipolSai.

The **pre-tax result** for the sector was a profit of €249m (€254m in the first quarter of 2013).

Life Business

In Life business, **direct income** grew at a rapid pace, reaching €2,473m, an increase of 21.5% compared to €2,036m in the first quarter of 2013. This significant increase in premiums, in line with the market, reflects the continued strong expansion trend observed in 2013, in a market environment characterized by low interest rates and reduced risk appetite on the part of policyholders, which discouraged alternative investment products.

In particular, the sector took advantage of the growth of the bancassurance channel (Arca Vita Group and Popolare Vita Group companies), which achieved direct income of €1,532m (+35% compared to the first quarter of 2013). The traditional channel, managed by UnipolSai, with premiums of €900m, also marked a growth of 4.3%.

The **pre-tax result** for the sector was a profit of €52m (€104m in the first quarter of 2013), due to the smaller contribution through P&L of financial items.

Banking Business

As far as the sector is concerned, the Unipol Banca Group continued to operate focusing on the retail and small business sectors. Despite persisting unfavorable market conditions caused by the economic crisis, in the first quarter of 2014 a slowdown in credit impairment and a renewed commercial drive deriving from synergies with the insurance business was noted.

Direct income of the banking business, which includes Unipol Banca and Banca Sai, amounted to €10,302m² at 31 March 2014 (in line with the €10,256m² at 31 December 2013).

Loans to customers were also broadly in line and amounted to €9,984m² (€10,071m² at 31 December 2013). After a sharp increase over the past two years, net non-performing loans at a consolidated level were relatively stable in the first quarter of 2014 and amounted to €2,043m (€2,119m at 31 December 2013).

The **pre-tax result** for the banking business at 31 March 2014 returned to a profit of €14m (loss of €11m in the same period of 2013). Net profit amounted to €4m (-€14m in the first quarter of 2013).

² Management figures

Real Estate Business

With regard to the real estate business, during the first quarter of 2014 work continued on the optimization of real estate assets in the portfolio and the search for divestment opportunities despite market conditions that continue to be affected by the economic crisis and the credit crunch.

The **pre-tax result** for the sector at 31 March 2014 was a loss of €2m (-€3m at 31 March 2013).

Holding and Other Business

During 2014, the restructuring and development of diversified companies continued through the consolidation of streamlining operations that started in the year 2013 and with the launch of new commercial development actions.

The **pre-tax result** for the sector at 31 March 2014 was a loss of €64m (-€95m at 31 March 2013), of which €25m for provisions for credit indemnities set aside by the parent company Unipol Gruppo Finanziario with regard to the credit indemnity agreement with the subsidiary Unipol Banca.

Financial Management

The first quarter of the year was characterized by the renewed confidence of the markets in Italy, thus benefitting the Group's securities portfolio. In this context, among other things reinforced by the good performance of the equity markets, the Group's financial insurance investments, while being managed conservatively and in view of maintaining consistency between assets and liabilities underwritten with policyholders, achieved a significant yield of approximately 5% in the period under consideration, with revenues of €577m².

Balance Sheet

The consolidated **shareholders' equity** amounted to €8,142m (€7,481 at 31 December 2013), of which €5,568m attributable to the Group. The AFS reserve at 31 March 2014 amounted to €1,055m (€125m in the same period of 2013).

The **solvency margin** at 31 March 2014 showed excess capital of approximately 1.6 times the minimum required, net of dividends that will be distributed.

Business Outlook

Regarding the performance of the Non-Life insurance business, the month of April has confirmed a slight recovery in vehicle liability insurance as a result of the promotion of marketing programs. The trend in premiums collected is still down compared to the previous year, against a still favorable loss ratio.

In Life business, income has continued to confirm a high rate of growth.

In Banking business, the slowdown in credit impairment observed in the first quarter has been confirmed.

The Group has continued the integration of the merged companies with determination, which is necessary in order to achieve the Business Plan objectives, as well as the activities aimed at the conclusion of the divestiture of the business unit, in compliance with the measures imposed by the Italian Antitrust Authority as part of the bailout of the Fondiaria-SAI Group.

Corporate Governance

Independence of Directors and Statutory Auditors

The Board of Directors, at today's meeting, attested the possession of the requirement of independence of non-executive Directors and members of the Board of Statutory Auditors.

In particular:

- the following are "independent" Directors within the meaning of the Code of Conduct for Listed Companies and the criterion of substantial independence as identified by the Company, which excludes Directors who hold positions in the corporate bodies of the holding company Finsoe S.p.A. from the list of independent directors within the meaning of the same Code: Giovanni Battista Baratta, Guido Galardi, Giuseppina Gualtieri, Paola Manes, Pier Luigi Morara, Elisabetta Righini, Hilde Vernailen and Rossana Zambelli;
- the following are "independent" Directors within the meaning of Article 147-ter, paragraph 4, of the Consolidated Law on Finance: Giovanni Battista Baratta, Rocco Carannante, Guido Galardi, Giuseppina Gualtieri, Ivan Malavasi, Paola Manes, Pier Luigi Morara, Elisabetta Righini, Marco Giuseppe Venturi, Hilde Vernailen and Rossana Zambelli;
- finally, all members of the Board of Statutory Auditors are in possession of the independence requirements provided for by Article 148, paragraph 3, of the Consolidated Law on Finance, namely Roberto Chiusoli (Chairman), Silvia Bocci and Domenico Livio Trombone (standing auditors), Carlo Cassamagnaghi and Chiara Ragazzi (alternate auditors).

Presentation of Results to the Financial Community

The results of the first quarter of 2014 of the Unipol Group will be presented to the financial community today at 6:30 pm via *webcasting* (from the site 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 interim financial report as at 31 March 2014 will be made available to the public at the Company's registered office in Bologna, Via Stalingrado 45 within today. The report will also be made available on the Company's website at www.unipol.it.

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".

Contacts

Unipol Group Press Office
Fernando Vacarini
Tel. +39/051/5077705
pressoffice@unipol.it

Barabino & Partners
Massimiliano Parboni
m.parboni@barabino.it
Tel. +39/335/8304078
Giovanni Vantaggi
g.vantaggi@barabino.it
Tel. +39/328/8317379

Unipol Group Investor Relations
Adriano Donati
Tel. +39/051/5077933
Tel. +39/011/6657642
investor.relations@unipol.it

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 oversees 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

		31/3/2014	31/12/2013
1	INTANGIBLE ASSETS	2,203	2,237
1.1	Goodwill	1,583	1,583
1.2	Other intangible assets	620	654
2	PROPERTY, PLANT AND EQUIPMENT	1,492	1,383
2.1	Property	1,371	1,259
2.2	Other items of property, plant and equipment	121	124
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	1,122	1,046
4	INVESTMENTS	75,408	72,012
4.1	Investment property	2,744	2,870
4.2	Investments in subsidiaries and associates and interests in joint ventures	188	189
4.3	Held-to-maturity investments	3,009	2,933
4.4	Loans and receivables	16,199	16,300
4.5	Available-for-sale financial assets	43,774	39,934
4.6	Financial assets at fair value through profit or loss	9,493	9,787
5	SUNDRY RECEIVABLES	3,302	3,416
5.1	Receivables relating to direct insurance business	1,574	1,851
5.2	Receivables relating to reinsurance business	136	135
5.3	Other receivables	1,592	1,429
6	OTHER ASSETS	3,606	3,373
6.1	Non-current assets held for sale or disposal groups	199	175
6.2	Deferred acquisition costs	79	77
6.3	Deferred tax assets	2,615	2,338
6.4	Current tax assets	131	273
6.5	Other assets	582	510
7	CASH AND CASH EQUIVALENTS	1,333	837
	TOTAL ASSETS	88,467	84,304

Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		31/3/2014	31/12/2013
1	EQUITY	8,142	7,481
1.1	attributable to the owners of the Parent	5,568	5,414
1.1.1	Share capital	3,365	3,365
1.1.2	Other equity instruments	0	0
1.1.3	Equity-related reserves	1,725	1,725
1.1.4	Income-related and other reserves	-227	327
1.1.5	(Treasury shares)	-23	-23
1.1.6	Translation reserve	2	2
1.1.7	Gains or losses on available-for-sale financial assets	666	121
1.1.8	Other gains or losses recognised directly in equity	-10	-25
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	70	-79
1.2	attributable to non-controlling interests	2,574	2,067
1.2.1	Share capital and reserves attributable to non-controlling interest	2,133	1,391
1.2.2	Gains or losses recognised directly in equity	379	410
1.2.3	Profit (loss) for the year attributable to non-controlling interests	62	267
2	PROVISIONS	573	534
3	TECHNICAL PROVISIONS	58,536	56,875
4	FINANCIAL LIABILITIES	16,474	16,041
4.1	Financial liabilities at fair value through profit or loss	2,063	2,057
4.2	Other financial liabilities	14,411	13,985
5	PAYABLES	1,570	1,183
5.1	Payables arising from direct insurance business	286	177
5.2	Payables arising from reinsurance business	148	85
5.3	Other payables	1,136	920
6	OTHER LIABILITIES	3,172	2,190
6.1	Liabilities associated with disposal groups held for sale	102	74
6.2	Deferred tax liabilities	1,542	1,014
6.3	Current tax liabilities	92	142
6.4	Other liabilities	1,436	959
	TOTAL EQUITY AND LIABILITIES	88,467	84,304

Consolidated Income Statement

Amounts in €m

		31/3/2014	31/3/2013
1.1	Net premiums	4,746	4,497
1.1.1	Gross premiums	4,864	4,617
1.1.2	Ceded premiums	-117	-120
1.2	Fee and commission income	30	35
1.3	Gains and losses on financial instruments at fair value through profit or loss	132	15
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	1	1
1.5	Gains on other financial instruments and investment property	833	678
1.5.1	Interest income	514	508
1.5.2	Other gains	37	41
1.5.3	Realised gains	247	128
1.5.4	Unrealised gains	34	0
1.6	Other revenue	100	117
1	TOTAL REVENUE AND INCOME	5,843	5,343
2.1	Net charges relating to claims	-4,317	-3,782
2.1.1	Amounts paid and changes in technical provisions	-4,382	-3,852
2.1.2	Reinsurers' share	65	70
2.2	Fee and commission expense	-10	-10
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-8	-3
2.4	Losses on other financial instruments and investment property	-230	-291
2.4.1	Interest expense	-67	-91
2.4.2	Other charges	-12	-16
2.4.3	Realised losses	-71	-51
2.4.4	Unrealised losses	-81	-134
2.5	Operating expenses	-777	-736
2.5.1	Commissions and other acquisition costs	-528	-501
2.5.2	Investment management expenses	-15	-8
2.5.3	Other administrative expenses	-234	-227
2.6	Other costs	-251	-273
2	TOTAL COSTS AND EXPENSES	-5,594	-5,095
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	249	249
3	Income tax	-116	-122
	POST-TAX PROFIT (LOSS) FOR THE YEAR	133	126
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-1	-1
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	132	125
	attributable to the owners of the Parent	70	48
	attributable to non-controlling interests	62	77

Consolidated Statement of Comprehensive Income

Amounts in €m

	31/3/2014	31/3/2013
CONSOLIDATED PROFIT (LOSS)	132	125
Other income net of taxes not reclassified in the income statement	2	0
Variation in equity of investees	9	0
Variation in the revaluation reserve for intangible assets	0	0
Variation in the revaluation reserve for property, plant and equipment	0	0
Gains or losses on non-current assets held for sale and disposal groups	0	0
Actuarial gains and losses and adjustments relating to defined benefit plans	-7	0
Other items	0	-1
Other income net of taxes reclassified in the income statement	527	-154
Variation in net translation reserves	-4	0
Gains or losses on available-for-sale financial assets	533	-175
Gains or losses on cash flow hedges	-2	21
Gains or losses on hedges of a net investment in foreign operations	0	0
Variation in equity of investees	0	0
Gains or losses on non-current assets held for sale and disposal groups	0	0
Other items	0	0
TOTAL OTHER COMPREHENSIVE INCOME	529	-155
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	661	-29
<i>attributable to the owners of the Parent</i>	<i>629</i>	<i>-26</i>
<i>attributable to non-controlling interests</i>	<i>31</i>	<i>-4</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		
	mar-14	mar-13	var.%	mar-14	mar-13	var.%	mar-14	mar-13	var.%	mar-14	mar-13	var.%	mar-14	mar-13	var.%	mar-14	mar-13	var.%	mar-14	mar-13	mar-14	mar-13	var.%
Net premiums	2,322	2,521	-7.9	2,424	1,976	22.7	4,746	4,497	5.5	0	0		0	0		0	0		0	0	4,746	4,497	5.5
Net fees and commissions	0	0	-52.7	2	2	1.9	2	2	10.3	28	31	-10.9	1	1	2.3	0	0	0.0	-11	-9	20	26	-21.0
Financial income/expense (excl. assets/liabilities at fair value)	177	96	83.8	378	331	14.4	555	427	30.1	60	29	107.9	-9	-6	53.2	7	0		-34	-71	579	379	52.8
<i>Net interest</i>	97	89		300	285		397	375		62	59		-9	-9		0	-1		0	-3	451	422	
<i>Other income and expenses</i>	12	12		0	3		12	15		0	0		0	0		12	7		-9	-8	15	13	
<i>Realised gains and losses</i>	72	15		88	42		160	57		27	12		0	2		0	0		0	0	187	70	
<i>Unrealised gains and losses</i>	-4	-20		-10	1		-14	-19		-29	-42		0	1		-5	-6		-25	-60	-73	-126	
Net charges relating to claims	-1,557	-1,672	-6.8	-2,611	-2,090	24.9	-4,169	-3,762	10.8	0	0		0	0		0	0		0	0	-4,169	-3,762	10.8
Operating expenses	-577	-563	2.6	-102	-83	23.1	-679	-645	5.2	-78	-71	9.7	-35	-94	-63.3	-3	-1	113.0	18	76	-777	-736	5.5
<i>Commissions and other acquisition costs</i>	-468	-455	2.8	-60	-46	30.5	-529	-502	5.4	0	0		0	0		0	0		1	1	-528	-501	5.3
<i>Other expenses</i>	-109	-108	1.5	-41	-36	13.7	-150	-144	4.6	-78	-71	9.7	-35	-94	-63.3	-3	-1	113.0	17	75	-249	-236	5.9
Other income / expense	-116	-129	-10.2	-40	-32	22.9	-155	-161	-3.5	4	0		-22	4		-6	-2	222.3	27	4	-152	-155	-2.2
Pre-tax profit (loss)	249	254	-2.2	52	104	-49.8	301	358	-16.0	14	-11		-64	-95	32.8	-2	-3	31.0	0	0	249	249	0.0
Income tax																					-116	-122	-5.5
Profit (loss) on discontinued operations																					-1	-1	-36.4
Consolidated profit (loss) for the period																					132	125	5.7
<i>Profit (loss) attributable to the owners of the Parent</i>																					70	48	
<i>Profit (loss) attributable to non-controlling interests</i>																					62	77	

The main effects on the pre-tax result as at 31 March 2013 provided by the final recognition of the business combination are the following:

- in Non-Life business the result changed from €265m to €254m, with a negative change of €11m, which was attributable to depreciation for the period on the value of the acquired Non-Life portfolio for -€27m and to lower risk provisions for +€16m;
- in Life business the result changed from €116m to €104m, with a negative change of €13m, equal to depreciation for the period on the value of the acquired Life portfolio;
- the consolidated pre-tax result changed from €272m to €249m, with a negative change of €23m.