



PRESS RELEASE

**Interim Group Management Report for the quarter ended
31 March 2011 approved**

FIRST QUARTER 2011 RESULTS CONFIRM UNIPOL GROUP'S PROGRESS

Consolidated net profit €33m, without taking BNL Vita's contribution into account (-€15m in the first quarter of 2010)¹

Non-Life premiums €1,067m (+8.5%); Life direct premiums €637m (+37.0%)²

Positive contribution from the specialised companies: UniSalute premiums €96m (+56.5%) and Linear €48m (+16.4%)

Combined ratio 100.3%, better than in the first quarter of 2010 (105.1%) and than on 31 December 2010 (102.1%)

Solvency I 1.4 times the regulatory requirements

BOLOGNA, 12 May 2011 – At its meeting held today the Board of Directors of Unipol Gruppo Finanziario, chaired by **Pierluigi Stefanini**, approved the Interim Group Management Report for the quarter ended 31 March 2011.

The figures shown below are based on the new Group scope, that is excluding BNL Vita, which is being sold, and including the contribution of the Arca companies.

The Unipol Group ended the first quarter of 2011 with **a consolidated profit of €33m** compared with a loss of approximately €15m in the first quarter of 2010¹. Net of the proportion pertaining to minority interests, Group profit amounted to €29m.³

"The constant and steady improvement in the quarterly results over the past year is proof that the operational work carried out and strategic measures undertaken were the right ones," declared **Carlo Cimbri**, Unipol's Chief Executive Officer. "This can only reinforce the confidence with which we regard the likelihood of the profitability and business objectives laid down in the Plan being achieved."

¹ Including the contribution of BNL Vita, which is to be sold, consolidated net profit amounted to €38m compared with €1m for the same period last year.

² Including the contribution of BNL Vita, which is to be sold, the Group's Life direct income amounted to €1,391m, an increase of 16.6%. Life premiums would have been substantially the same without the Arca contribution in the first quarter of 2011.

³ including the effects of the sale of BNL Vita

In **Non-Life insurance business** the positive effects of the work done under the Business Plan with the aim of returning to profitability in core business continued to be felt. Total Non-Life direct premiums amounted to €1,067m (+8.5% on the first quarter of 2010)⁴, €627m of it in MV classes and €440m in non-MV classes.

MV TPL underwriting policies continued to be based on the quality of the policy portfolio. Premiums in this class amounted to €520m on the same scope of consolidation (+1.3% on the first quarter of 2010).

With premiums of €423m (+8.6%) non-MV business was well up thanks to the significant contribution made by **UniSalute** (€96m, +56.5% compared with the first quarter of 2010), which specialises in Health, was successfully expanding its special business model and also benefited from several advance payments on major contracts. Mention should also be made of the continuous growth of **Linear** (€48m, +16.4%), which specialises in selling MV insurance direct (telephone/Internet). In accordance with the objectives contained in the Business Plan, **Arca Assicurazioni** was rationalising its network of multi-firm agencies and increasing the income it obtained from banks.

These measures had a positive impact on the number of claims reported. Against this background, the Group recorded a **loss ratio** for direct business of 78.7% in the first quarter of 2011 compared with 83.1% in the first quarter of 2010 and 80% at the end of 2010.

The **expense ratio** for direct business was 21.5%, less than the 22% in the first quarter of 2010, benefiting from the increase in premiums, which was concentrated in the first quarter.

Therefore the Group recorded a **combined ratio** (direct business) of 100.3% for the quarter, 4.8 points below the 105.1% recorded for the first quarter of 2010 and approximately 2 points down on the figure at the end of 2010 (102.1%).

As regards **Life business**, you will recall that the holding company, Unipol Gruppo Finanziario, and BNP Paribas had already decided on the terms for the sale of the controlling interest, 51% of the share capital, held by Unipol in BNL Vita, as communicated to the market on 7 April 2011. The company in question, which achieved income of €754m in the first quarter of 2011 (+3.5% compared with the same period last year), will continue to be consolidated by the Unipol Group until the permits required by law for completion of the operation have been obtained.

Excluding BNL Vita's contribution, the new Group scope collected €637m in Life premiums, an increase of 37% on the first quarter of 2010 largely thanks to the €174m contributed by Arca Vita and Arca Vita International, which were not consolidated in the first half of 2010. UGF Assicurazioni recorded premiums of €462m, substantially the same as in the first quarter of last year.

As a result of the above, in view of the illustrated new Group scope, which excludes BNL Vita, new business in terms of pro-quota APE amounted to approximately €62m in the first quarter of 2011 compared with €48m in the first quarter of 2010, €18m of it contributed by the Arca companies.

⁴ +3.9% without taking the Arca Group's contribution into account

Asset management in insurance business continued to be affected in the first quarter of 2011 by the debt crisis in the countries on the edge of the Eurozone, the tensions triggered by the rebellions in several North African countries, with the consequent rise of the price of oil, and the disasters that struck Japan. Against a background still characterised by uncertainty, the Group's investment policies continued to be prudent, the aims being to maintain an appropriate balance between risk and yield and between assets and liabilities to policyholders and to maintain a high level of liquidity.

Asset management produced a gross return through profit or loss, excluding BNL Vita, of approximately 4.8% during the period in question.

In **banking business** the focus continued to be on the retail and small business segments, where both lending to customers and direct customer deposits were up, and on channelling the work of existing branches into the areas of greatest interest to the Group. Despite the current economic crisis and the continuing low level of market interest rates during the quarter, which affected net interest income, this type of business made a profit, was up compared with 31 March last year and continued the improvement recorded throughout the whole of last year.

Consolidated customer deposits, net of securitisation operations, amounted to €8.9bn, with third-party customer deposits rising to €7.3bn (+2.1% compared with the end of 2010). Consolidated lending (excluding securitisations) reached €8.2bn (+5.5% compared with the end of 2010).

Gross operating income amounted to €84.2m (+0.9% compared with March 2010). The first quarter closed with a consolidated net profit of €1.8m, up compared with €1.1m on 31 March 2010.

Group equity amounted to €3,739m on 31 March 2011 (€3,648m at the end of 2010). The consolidated solvency ratio continued to be 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 divestment of the investment in BNL Vita.

Business outlook for the current financial year

On the basis of the results obtained in the first quarter and current performance, the Group continues to aim for further growth in profits compared with last year, provided that there are no unforeseen extraordinary events.

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



Unipol Gruppo Finanziario's results for the first quarter of 2011 will be presented to the financial community at 6.30pm today by means of a webcast (on www.unipolgf.it) and conference calls. The telephone numbers to ring if you wish participate are 02 805 88 11 (within Italy), +1 718 705 8794 (from the USA) and +44 1212 818003 (from UK). The other technical details for gaining access to the event are available on the home page of www.unipolgf.it and in the Investor Relations section.

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The Statement of Financial Position and the Income Statement are contained in an appendix.

They represent the situation on 31 March 2011 and include BNL Vita's contribution.

Consolidated Statement of Financial Position - Assets

Amounts in €m

		31/3/2011	31/12/2010
1	INTANGIBLE ASSETS	2,052	2,058
1.1	Goodwill	1,942	1,942
1.2	Other intangible assets	111	116
2	PROPERTY, PLANT AND EQUIPMENT	668	660
2.1	Property	619	607
2.2	Other property, plant and equipment	49	53
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	532	460
4	INVESTMENTS	34,730	33,815
4.1	Investment property	197	197
4.2	Investments in subsidiaries, associates and interests in joint ventures	47	46
4.3	Held-to-maturity investments	1,770	1,823
4.4	Loans and receivables	15,312	14,755
4.5	Available-for-sale financial assets	13,391	13,024
4.6	Financial assets at fair value through profit or loss	4,013	3,971
5	SUNDRY RECEIVABLES	1,589	1,895
5.1	Receivables relating to direct insurance business	670	894
5.2	Receivables relating to reinsurance business	25	61
5.3	Other receivables	894	940
6	OTHER ASSETS	13,167	12,634
6.1	Non-current assets or assets of a disposal group held for sale	12,226	11,812
6.2	Deferred acquisition costs	21	21
6.3	Deferred tax assets	536	510
6.4	Current tax assets	22	22
6.5	Other assets	362	269
7	CASH AND CASH EQUIVALENTS	190	232
	TOTAL ASSETS	52,928	51,754

Consolidated Statement of Financial Position - Equity and Liabilities

Amounts in €m

		31/3/2011	31/12/2010
1	EQUITY	4,111	4,021
1.1	attributable to the owners of the Parent	3,739	3,648
1.1.1	Share capital	2,699	2,699
1.1.2	Other equity instruments		
1.1.3	Equity-related reserves	1,506	1,506
1.1.4	Income-related and other reserves	85	56
1.1.5	(Treasury shares)	0	0
1.1.6	Translation reserve		
1.1.7	Gains or losses on available-for-sale financial assets	-592	-643
1.1.8	Other gains or losses recognised directly in the equity	12	-2
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	29	32
1.2	attributable to non-controlling interests	372	373
1.2.1	Share capital and reserves attributable to non-controlling interests	383	356
1.2.2	Gains or losses recognised directly in the equity	-20	-23
1.2.3	Profit (loss) for the year attributable to non-controlling interests	9	39
2	PROVISIONS	91	85
3	TECHNICAL PROVISIONS	22,444	22,246
4	FINANCIAL LIABILITIES	12,786	12,653
4.1	Financial liabilities at fair value through profit or loss	1,414	1,473
4.2	Other financial liabilities	11,372	11,181
5	PAYABLES	590	452
5.1	Payables arising from direct insurance business	56	60
5.2	Payables arising from reinsurance business	107	30
5.3	Other payables	427	361
6	OTHER LIABILITIES	12,907	12,298
6.1	Liabilities of a disposal group held for sale	11,781	11,386
6.2	Deferred tax liabilities	308	266
6.3	Current tax liabilities	38	24
6.4	Other liabilities	779	622
	TOTAL EQUITY AND LIABILITIES	52,928	51,754

Consolidated Income Statement

	Amounts in €m	31/3/2011	31/3/2010
1.1	Net premiums	2,364	2,182
1.1.1	Gross premiums	2,406	2,217
1.1.2	Ceded premiums	-43	-35
1.2	Commission income	33	34
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	34	24
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	0	0
1.5	Gains on other financial instruments and investment property	437	457
1.5.1	Interest income	337	270
1.5.2	Other gains	17	16
1.5.3	Realised gains	83	141
1.5.4	Gains	0	30
1.6	Other income	28	46
1	TOTAL REVENUE	2,895	2,743
2.1	Net charges relating to claims	2,267	2,212
2.1.1	Amounts paid and changes in technical provisions	2,282	2,227
2.1.2	Reinsurers' share	-15	-15
2.2	Commission expense	8	10
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	5	0
2.4	Losses on other financial instruments and investment property	139	124
2.4.1	Interest expense	62	52
2.4.2	Other charges	2	2
2.4.3	Realised losses	23	21
2.4.4	Unrealised losses	52	49
2.5	Operating expenses	335	317
2.5.1	Commissions and other acquisition costs	205	203
2.5.2	Investment management expenses	4	2
2.5.3	Other administrative expenses	126	112
2.6	Other costs	70	56
2	TOTAL COSTS AND EXPENSES	2,824	2,719
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	72	24
3	Income tax	33	23
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	38	1
	attributable to the owners of the Parent	29	-7
	attributable to non-controlling interests	9	8

Statement of comprehensive income - Net amounts

	Amounts in €m	31/3/2011	31/3/2010
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	38	1
	Gains or losses on available-for-sale financial assets	55	73
	Gains or losses on cash flow hedge	13	-12
	TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR	68	61
	TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR	106	62
	attributable to the owners of the Parent	94	51
	attributable to non-controlling interests	12	11

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		
	31/03/2011	31/03/2010	var. %	31/03/2011	31/03/2010	var. %	31/03/2011	31/03/2010	var. %	31/03/2011	31/03/2010	var. %	31/03/2011	31/03/2010	var. %	31/03/2011	31/03/2010	31/03/2011	31/03/2010	var. %
Net premiums	1,047	996	5.7	1,317	1,185	11.1	2,364	2,182	8.3									2,364	2,182	8.3
Net income from commissions	0	0		3	0		3	0		30	29	4.2				-8	-4	25	24	3.0
Financial income/charges (excl. assets/liabilities at fair value)	62	53	16.4	248	232	6.6	309	285	8.4	41	40	4.3	-2	-3		-7	-2	342	320	6.8
<i>Net interests</i>	43	31		192	146		236	177		52	53		-5	-7		0	0	283	223	
<i>Other income and charges</i>	5	8		5	3		10	11		0	0		0	0		-7	-2	4	9	
<i>Realised gains and losses</i>	12	26		49	80		61	106		3	2		2	4				66	113	
<i>Fair value gains and losses (excl. impairment on AFS securities)</i>	2	-12		1	3		3	-9		-13	-15		0	0				-11	-24	
Impairment on AFS securities	-1	-23		-3	-9		-4	-32		0	-1							-4	-33	
Net charges relating to claims	-839	-841	-0.4	-1,440	-1,302	10.6	-2,278	-2,143	6.3									-2,278	-2,143	6.3
Operating expenses	-233	-217	7.5	-34	-31	12.0	-267	-247	8.1	-65	-63	3.1	-18	-19	-4.5	15	13	-335	-317	5.9
<i>Commissions and other acquisition costs</i>	-191	-184	3.4	-18	-19	-4.7	-208	-203	2.7							3	0	-205	-203	1.2
<i>Other costs</i>	-42	-32	31.2	-17	-12	37.8	-59	-44	33.0	-65	-63	3.1	-18	-19	-4.5	12	13	-130	-114	14.4
Other income and charges	-22	-6		-17	-8	112.9	-39	-15	170.8	1	1	14.5	3	10	-66.8	-7	-6	-42	-10	309.9
Pre-tax profit (loss)	15	-38		73	69	5.9	87	30	189.1	7	5	33.4	-17	-12	-43.9	-6	0	72	24	202.1
Income tax																		-33	-23	
Consolidated profit (loss)																		38	1	
<i>attributable to the owners of the Parent</i>																		29	-7	
<i>attributable to non-controlling interests</i>																		9	8	

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