

## PRESS RELEASE

### UNIPOL GROUP: POSITIVE RESULTS FOR THE FIRST NINE MONTHS OF 2011

- Consolidated net profit €72m (compared with the loss of €4m at 30/9/2010)<sup>1</sup>
- Non-Life direct premiums €3,071m (+3.5% compared with 30/9/2010)
- Significant improvements in core business: combined ratio for direct business down to 98.1% (103.3% at 30/9/2010)
- Life direct premiums €1,832m (+24.8% compared with 30/9/2010)<sup>2</sup>
- Consolidated Solvency Ratio approximately 1.2x (without taking advantage of more favourable anticrisis rulings)

BOLOGNA, 10 November 2011 – At its meeting held today the Board of Directors of Unipol Gruppo Finanziario, chaired by **Pierluigi Stefanini**, approved the Interim Group Management Report at 30 September 2011.

The Unipol Group ended the first nine months of 2011 with a **consolidated net profit of €72m** (this amount being affected by an overall zero contribution from BNL Vita) compared with a loss of €4m in the first nine months of 2010.

This result was affected by the recent increase in the IRAP rates for banks and insurance companies introduced by the Italian Government, which meant that €25m more tax was paid in the first nine months of 2011.

"The core business results achieved by the Unipol Group in the first nine months of the year are extremely satisfactory," commented the Chief Executive Officer, **Carlo Cimbri**. "There was a further increase in profitability in core business thanks to the effectiveness

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<sup>1</sup> Value calculated excluding BNL Vita's contribution

<sup>2</sup> Value calculated excluding BNL Vita's contribution

of the work carried out under the Business Plan and to the determination with which it was performed by Group employees and our agencies. Technical results are expected to exceed the objectives of the Business Plan for the current financial year. More generally, however, we are very concerned about the possible repercussions on profits and equity of the continuing crisis in the financial markets for companies in the insurance and banking sector. The market has become considerably tenser over the past few months, all the more so in the last few days, in particular regarding Italian public debt securities," continued Cimbri, "and it is essential that government and regulators act incisively and responsibly, as they have been repeatedly asked to do, to reestablish the confidence of financial markets in the country's system."

As a result of underwriting policies remaining very selective, **Non-Life business** achieved premiums of €3,071m by 30 September 2011 (+3.5% compared with 30/9/2010), €1,893m in MV classes (+3.7%) and €1,178m (+3.2%) in non-MV classes. Without the contribution of the Arca Group, which was consolidated as from 1 July 2010, income would have been €2,953m (+1.3%).

There was substantial growth in both Linear (€147m, +17.8%), which specialises in selling MV insurance direct (telephone/Internet), and UniSalute (€166m, +27.6% compared with the first nine months of 2010), which specialises in Health and continues to develop its special business model successfully. The Arca Group's Non-Life business had direct premiums of €117m at 30 September 2011, down 31.5% as a result of the policy of selling off the agencies.

As for the loss ratio, the MV TPL claims frequency continued to fall as a result of a significant decrease in claims reported (-18.6%) accompanied by substantial stability in the policy portfolio.

The Group recorded a **combined ratio** (direct business) of 98.1% on 30 September 2011, more than 5 points down on the 103.3% recorded on 30 September 2010 and a 4-point improvement over the figure at the end of 2010 (102.1%). This indicator confirms and consolidates the recovery in the financial margin on core business, as during the nine months under review the technical margin was €165m up on the same period last year.

The **expense ratio** was 22.5% compared with 21.9% at 30 September 2010 and 22.1% at 31 December 2010 because of a greater incidence of variable commissions linked to the improvement in core business, whilst the **loss ratio** dropped to 75.6% from 81.4% in the first nine months of 2010, with a recovery since the beginning of the year of 4.4 percentage points (80% at 31/12/2010).

Total **Life** premiums amounted to €3,944m at 30 September 2011 (+15.1% compared with 30/9/2010). Net of BNL Vita's income of €2,112m, income amounted to €1,832m (+24.8%), benefiting from the contribution of Arca Vita and Arca Vita International (not consolidated in the first half of 2010), whose direct premiums totalled €558m.

It will be recalled that the transfer of the investment in BNL Vita S.p.A. to Cardif Assicurazioni S.p.A. (BNP Paribas Group) was executed on 29 September 2011 and its profit and loss figures were fully consolidated on 30 September 2011. The total price under the contract was €325.2m. The sale enabled the Parent, Unipol Gruppo Finanziario, to make a net capital gain of approximately €55m on the individual financial statements and had no significant effect on the consolidated net result.

Under the new Group consolidation scope, which excludes BNL Vita and includes Arca Vita pro rata, new business in terms of **APE** pro rata amounted to €175m (+19.9%) at 30 September 2011.

In **banking business** the continuing unfavourable macroeconomic situation means that the maximum care needs to be taken when granting and managing loans. Guidelines are mainly aimed at balancing equity, refocusing on retail and small businesses, which are the Company's core business, and applying appropriate pricing policies.

**Direct customer deposits**, net of securitisation schemes, amounted to €9,620m (+10.8% compared with 31/12/2010); lending to customers, also net of securitisation schemes<sup>3</sup>, reached €8,472m. The period ended with a **net pre-tax profit** of €18.1m (€16.5m at 30/9/2010), most of it attributable to Unipol Banca.

**Asset management**, which had recorded very good gains until the first half of the year, was affected by the worsening of the sovereign debt crisis in several countries in the Eurozone in the third quarter and in particular by the fact that Italy became caught up in it.

This led to an inevitable fall in the value of the assets in the Unipol Group portfolio, affecting the reserve for financial assets classified as available for sale and the profit or loss in the case of impaired securities. Despite the effects of the crisis in the financial markets asset management achieved a gross return through profit or loss of approximately 3.6% during the period in question on the new consolidation scope.

The further drop in the negative reserve for securities classified as available for sale affected the Group's solvency ratio, though it was still positive on 30 September and approximately 1.2 times the regulatory requirements, albeit not taking advantage of the potential positive effects of ISVAP's recent rulings issued after the reiteration of Decree Law 185/2008 (the 'anticrisis decree').

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<sup>3</sup> Carried out prior to 2010

## **Business outlook for the current financial year**

Since 30 September instability and nervousness in the markets in the Eurozone have continued, particularly in view of Greece's public debt crisis, but now Italian government bonds are also affected. All this is influencing the performance of the financial markets, which are very volatile, and the spread between Italian and German government bonds.

As regards banking business, on 9 November 2011 Unipol Banca's Shareholders' Meeting approved a capital increase of €100m following a decision of the Board of Directors taken on 28 June 2011 and the approval of the Supervisory Authority.

The improvement in core business performance confirms that the consolidated Group result for 2011 will be higher than last year. Obviously the extreme volatility dogging the Italian sovereign debt situation, along with last-minute uncertainties, mean that caution must be exercised when drawing up even very short-term forecasts.

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The Board of Directors has also noted the contents of the judgement issued by the Ordinary Court in Milan on 31 October 2011 on conclusion of the proceeding relating to the attempt to acquire control of the Banca Nazionale del Lavoro S.p.A. and confirmed its support and high regard for the Chief Executive Officer, Carlo Cimbri, and full and unconditional trust in his work.

Both Unipol Gruppo Finanziario and Dr Cimbri will appeal against the judgement of the Court of first instance, trusting that the Company and its Chief Executive Officer will be deemed to have acted lawfully.

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The Interim Management Report to 30 September 2011 will be available to the public at the registered office at Via Stalingrado 45, Bologna, and from Borsa Italiana S.p.A. by 11 November 2011. The Report will also be available on the Company's website, [www.unipol.it](http://www.unipol.it).

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Unipol Gruppo Finanziario's results for the first nine months 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 ring if you wish to participate are 02 805 88 11 (within Italy), +1 718 705 8794 (from the USA) and +44 1212 818003 (from the UK). At the end of the presentation financial analysts and institutional investors may ask questions by following the instructions. Other technical information on how to gain access to the event is available on the home page [www.unipol.it](http://www.unipol.it) and in the Investor Relations section.

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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.

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

#### GLOSSARY

- Expense ratio: ratio between operating expenses and written premiums
- Loss ratio: ratio between claims and premiums earned
- 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

		30/9/2011	31/12/2010
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>2,055</b>	<b>2,058</b>
1.1	Goodwill	1,942	1,942
1.2	Other intangible assets	113	116
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>716</b>	<b>660</b>
2.1	Property	668	607
2.2	Other property, plant and equipment	48	53
<b>3</b>	<b>TECHNICAL PROVISIONS - REINSURERS' SHARE</b>	<b>430</b>	<b>460</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>34,266</b>	<b>33,815</b>
4.1	Investment property	179	197
4.2	Investments in subsidiaries, associates and interests in joint ventures	48	46
4.3	Held-to-maturity investments	1,754	1,823
4.4	Loans and receivables	15,436	14,755
4.5	Available-for-sale financial assets	12,989	13,024
4.6	Financial assets at fair value through profit or loss	3,860	3,971
<b>5</b>	<b>SUNDRY RECEIVABLES</b>	<b>1,553</b>	<b>1,895</b>
5.1	Receivables relating to direct insurance business	593	894
5.2	Receivables relating to reinsurance business	58	61
5.3	Other receivables	902	940
<b>6</b>	<b>OTHER ASSETS</b>	<b>996</b>	<b>12,634</b>
6.1	Non-current assets or held for sale disposal groups	0	11,812
6.2	Deferred acquisition costs	20	21
6.3	Deferred tax assets	619	510
6.4	Current tax assets	20	22
6.5	Other assets	336	269
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>223</b>	<b>232</b>
	<b>TOTAL ASSETS</b>	<b>40,238</b>	<b>51,754</b>

## Consolidated Statement of Financial Position - Equity and Liabilities

Amounts in €m

		30/9/2011	31/12/2010
<b>1</b>	<b>EQUITY</b>	<b>3,365</b>	<b>4,021</b>
<b>1.1</b>	<b>attributable to the owners of the Parent</b>	<b>3,260</b>	<b>3,648</b>
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	-1,080	-643
1.1.8	Other gains or losses recognised directly in the equity	-13	-2
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	63	32
<b>1.2</b>	<b>attributable to non-controlling interests</b>	<b>104</b>	<b>373</b>
1.2.1	Share capital and reserves attributable to non-controlling interests	116	356
1.2.2	Gains or losses recognised directly in the equity	-22	-23
1.2.3	Profit (loss) for the year attributable to non-controlling interests	9	39
<b>2</b>	<b>PROVISIONS</b>	<b>96</b>	<b>85</b>
<b>3</b>	<b>TECHNICAL PROVISIONS</b>	<b>22,315</b>	<b>22,246</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>12,813</b>	<b>12,653</b>
4.1	Financial liabilities at fair value through profit or loss	1,434	1,473
4.2	Other financial liabilities	11,379	11,181
<b>5</b>	<b>PAYABLES</b>	<b>522</b>	<b>452</b>
5.1	Payables arising from direct insurance business	77	60
5.2	Payables arising from reinsurance business	69	30
5.3	Other payables	376	361
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>1,127</b>	<b>12,298</b>
6.1	Liabilities associated with disposal groups	0	11,386
6.2	Deferred tax liabilities	377	266
6.3	Current tax liabilities	30	24
6.4	Other liabilities	721	622
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40,238</b>	<b>51,754</b>



## Consolidated Income Statement

Amounts in €m

		30/9/2011	30/9/2010
1.1	Net premiums	6,972	6,464
1.1.1	Gross premiums	7,094	6,562
1.1.2	Ceded premiums	-123	-98
1.2	Commission income	101	93
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	-237	-93
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	1	2
1.5	Gains on other financial instruments and investment property	1,430	1,369
1.5.1	Interest income	1,087	865
1.5.2	Other gains	98	80
1.5.3	Gains realised	148	299
1.5.4	Fair value gains	98	124
1.6	Other income	84	106
<b>1</b>	<b>TOTAL REVENUE AND INCOME</b>	<b>8,352</b>	<b>7,941</b>
2.1	Net charges relating to claims	6,397	6,344
2.1.1	Amounts paid and changes in technical provisions	6,438	6,383
2.1.2	Reinsurers' share	-41	-38
2.2	Commission expense	23	22
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	24	0
2.4	Losses on other financial instruments and investment property	517	332
2.4.1	Interest expense	199	157
2.4.2	Other expense	10	9
2.4.3	Losses realised	99	61
2.4.4	Fair value losses	209	105
2.5	Operating expenses	1,014	969
2.5.1	Commissions and other acquisition costs	617	600
2.5.2	Investment management expenses	13	10
2.5.3	Other administrative expenses	384	359
2.6	Other costs	186	158
<b>2</b>	<b>TOTAL COSTS AND EXPENSES</b>	<b>8,160</b>	<b>7,825</b>
	<b>PRE-TAX PROFIT (LOSS) FOR THE PERIOD</b>	<b>192</b>	<b>116</b>
3	Income tax	119	70
	<b>PROFIT (LOSS) FOR THE PERIOD NET OF TAX</b>	<b>72</b>	<b>45</b>
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0	0
	<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>72</b>	<b>45</b>
	attributable to the owners of the Parent	63	18
	attributable to non-controlling interests	9	27

# Consolidated Income Statement by Business Segment - Summary

Amounts in €m

	Non-Life business			Life business			Insurance business			Banking business			Holding and Services			Intersegment eliminations		TOTAL CONSOLIDATED		
	30/09/11	30/09/10	var. %	30/09/11	30/09/10	var. %	30/09/11	30/09/10	var. %	30/09/11	30/09/10	var. %	30/09/11	30/09/10	var. %	30/09/11	30/09/10	30/09/11	30/09/10	var. %
Net premiums	3,164	3,084	2.6	3,807	3,380	12.6	6,972	6,464	7.8									6,972	6,464	7.8
Net commission income	0	0		8	4		8	4		92	83	11.1	1	0		-22	-15	79	71	10.1
Financial income/charges (excl. assets/liabilities at fair value)	154	122	26.2	530	617	-14.2	683	739	-7.6	121	129	-6.1	-18	134		-37	-146	749	856	-12.5
<i>Net interests</i>	145	108		616	474		762	582		154	159		-13	-17				903	723	
<i>Other income and charges</i>	30	29		49	33		79	62		0	1		14	137		-22	-146	71	54	
<i>Realised gains and losses</i>	3	27		44	162		47	189		7	5		-19	13				35	207	
<i>Fair value gains and losses</i>	-24	-43		-180	-50		-205	-93		-40	-35		0	1		-14	0	-259	-128	
Net charges relating to claims	-2,436	-2,547	-4.4	-4,057	-3,708	9.4	-6,492	-6,256	3.8									-6,492	-6,256	3.8
Operating expenses	-681	-646	5.4	-115	-103	11.5	-797	-750	6.3	-200	-199	0.7	-63	-64	-1.0	46	43	-1,014	-969	4.6
<i>Commissions and other acquisition costs</i>	-565	-544	3.8	-59	-62	-5.7	-624	-606	2.9							7	7	-617	-600	2.8
<i>Other costs</i>	-116	-102	14.0	-57	-41	37.7	-173	-143	20.8	-200	-199	0.7	-63	-64	-1.0	39	37	-397	-369	7.5
Other income and charges	-62	-24	159.8	-44	-36	22.6	-106	-60	77.1	5	3	56.3	6	28	-78.8	-8	-23	-102	-52	97.6
<b>Pre-tax profit (loss)</b>	<b>140</b>	<b>-12</b>		<b>129</b>	<b>154</b>	<b>-16.4</b>	<b>268</b>	<b>142</b>	<b>88.4</b>	<b>18</b>	<b>16</b>	<b>10.2</b>	<b>-75</b>	<b>98</b>		<b>-20</b>	<b>-141</b>	<b>192</b>	<b>116</b>	<b>65.8</b>
Income tax																		-119	-70	69.6
<b>Consolidated profit (loss)</b>																		<b>72</b>	<b>45</b>	<b>59.9</b>
attributable to the owners of the Parent																		63	18	
attributable to non-controlling interests																		9	27	