



- **SALE OF UNIPOL BANCA TO BPER GROUP AGREED:**

- ✓ Sale of the entire shareholding in Unipol Banca to BPER Banca for €220m in cash
- ✓ Purchase by UnipolRec of a portfolio of the BPER Banca Group non-performing loans with a gross value of €1.3bn for a payment of €130m

- **2018 PRELIMINARY CONSOLIDATED RESULTS ON THE RISE:**

- ✓ Consolidated net profit of €628m (loss of €169m in 2017 due to the banking business restructuring plan)
- ✓ Direct insurance income of €12.2bn (+5.7%), not including Popolare Vita.
- ✓ Combined Ratio net of reinsurance at 94.2%
- ✓ Consolidated solvency ratio of 163%¹ based on the partial internal model
- ✓ Expected dividend of €0.18 per share (dividend yield 4.5%²)

- **BUSINESS PLAN TARGETS ACHIEVED:**

- ✓ Consolidated accumulated ordinary profit of €1,847m³
- ✓ Confirmed cumulative dividends of €386m⁴
- ✓ Profitability, financial strength and shareholder return targets achieved

Bologna, 8 February 2019

The Board of Directors of Unipol Gruppo S.p.A., which met yesterday under the chairmanship of Pierluigi Stefanini, analysed the preliminary consolidated results for 2018. The definitive results will be examined by the governing body at its meeting scheduled for 14 March next. The Board of Directors also authorised the sale of its entire direct and indirect holding in Unipol Banca S.p.A. to BPER Banca S.p.A.

The three-year 2016-2018 Business Plan was wrapped up in 2018, under which the Unipol Group had focused strongly on the following areas:

¹ Figure calculated on the basis of the partial internal model to be considered as preliminary as the Supervisory Authority will be notified of the definitive results in accordance with legally required timescales.

² Price at 7 February 2019.

³ Normalised result on a comparable basis (i.e. not including extraordinary operations).

⁴ Amount that takes account of the expected dividend for 2018.

- strengthening its leadership in the Non-Life business and new products and services designed to protect Health, Welfare and Investment requirements;
- simplifying the corporate structure and streamlining the banking and insurance businesses;
- developing a platform of innovative service and technological insurance solutions;
- construction of sustainable profitability over time.

Profit, profitability, financial strength and shareholder return targets were achieved in the 2016-2018 three-year period. The **consolidated accumulated ordinary profits** of the Unipol Group amounted to €1,847m³ with **cumulative dividends** of €386m⁴.

2018 Preliminary consolidated results

The Unipol Group ended 2018 with a **consolidated net profit** of €628m, including the capital gain of €309m generated from the sale of the shareholding of UnipolSai Assicurazioni S.p.A. in Popolare Vita S.p.A. and the capital loss of €338m from the decision to sell the shareholding in Unipol Banca to BPER Banca.

The Group had posted a loss of €169m in 2017 due to the financial effects of the banking business restructuring plan that amounted to €824m after taxes. Without considering the effects of the above-mentioned non-recurring components for the two periods in question and re-calculating the consolidated results on a comparable basis⁵, consolidated net profit for 2018 stood at €645m compared to €598m in 2017.

The **consolidated pre-tax profit** of the insurance business amounted to €1,351m (+33.1% compared to €1,015m in 2017). This result comprised €730m from the Non-Life business (€687m in 2017), and €621m from the Life business (€328m in 2017).

Direct insurance income, including reinsurance ceded, stood at €12,349m (+0.5% compared to €12,291m in 2017). On a comparable basis⁵, Group income amounted to €12,245m, up 5.7% compared to €11,586m in 2017.

Non-Life Business

Direct income for the Group amounted to €7,953m (+1.1% compared to €7,867m in 2017).

MV premium income stood at €4,183m, up 0.3% from €4,169m in 2017. **Non-MV** business recorded income of €3,770m (+2.0% compared to €3,698m in 2017) thanks to the growth in the health and retail businesses.

⁵The figures provided on a comparable basis for both periods were calculated excluding the amounts contributed by Popolare Vita and The Lawrence Life.

There were further improvements registered in claims in the third-party car liability business in terms of frequency and cost reduction in 2018. Unipol continues to be a European leader in the area of **black boxes** installed in vehicles, increasing from 3.5 million in 2017 to 3.8 million in 2018. In 2018, the Non-MV business continued to be affected by a significant number of claims for weather events and high-value claims collected from reinsurance cover to a greater extent than the previous year.

In this context, as at 31 December 2018, the Unipol Group recorded a **combined ratio**⁶ of 94.2% (94.4% on direct business) compared to 96.4% in 2017 (95.1% direct business). The **loss ratio**⁶ stood at 66.8% (69.0% at 31 December 2017). The **expense ratio**⁶ stood at 27.4% (in line with the same period of 2017).

There was a **pre-tax result** for the business of €730m (€687m in 2017).

Life Business

The Unipol Group registered significant growth in revenue, on a comparable basis⁵ in the **Life business** in 2018, with direct income of €4,292m (+15.4% compared to €3,719 in 2017), driven by the bancassurance business after renewal of the Arca Vita distribution agreements with the main placing banks.

There was a **pre-tax profit** in the business of €621m (€328m in 2017). The normalised result⁷ on a comparable basis⁵ amounted to €299m compared to €248m as at 31 December 2017.

Banking Business and UnipolReC

Unipol Banca, with its subsidiary Finitalia, had direct income of €10.1bn compared to €12.0bn in 2017. The reduction was due to lower intra-group income, lower income from institutional customers and the repayment of notes from securitisation transactions. Loans⁸ to customers amounted to €7.0bn, down from €7.9bn in 2017 due to the strict risk controls in place. The coverage ratio of non-performing loans, at excellent levels in the Italian banking system, amounted to 72% for the non-performing exposures and 46% for the unlikely-to-pay exposures.

There was a **pre-tax profit** in the **banking business** of €43m compared to €16m the previous year.

⁶ Net Reinsurance.

⁷ Normalised results do not take account of the non-recurring financial effects arising from the sale of Popolare Vita or the decision to sell Unipol Banca for 2018, and the banking business restructuring in 2017.

⁸ Net of receivables from the Parent Company

UnipolReC ended 2018, its first year of operation, with a net profit of €6.9m. The gross non-performing loan portfolio fell by €311m (10% of stock) against collections of €95m with a recovery ratio of 31%.

Holdings and Other Businesses

There was a **pre-tax loss** in Holdings and Other Businesses of €166m (€207m in 2017).

Financial Management

With regard to the **management of financial investments**, the gross return on the Group's portfolio continued to be significant, amounting to 3.8% of the invested assets (3.7% in 2017), of which 3.3% relating to the coupon and dividend component.

Balance Sheet

The consolidated shareholders' equity as at 31 December 2018 amounted to €6,327m (€7,453m as at 31 December 2017), of which €5,032m attributable to the Group.

The **Group solvency ratio** showed a ratio between own funds and capital requirement of 163%¹ compared to 166% at 31 December 2017.

Estimated dividend payment

Taking account of the individual accounting records of Unipol Gruppo S.p.A., and the overall financial position, a dividend payment of €0.18 per ordinary share can be expected.

Approval of the draft statutory and consolidated financial statements of the Unipol Group as at 31 December 2018, and the proposed dividend payment to submit to the Shareholders' Meeting, is scheduled for 14 March next. Therefore, the information in this document is to be considered preliminary, referring to today's date, and as such, may be subject to change. The independent auditors have not yet completed their audit of these figures needed to issue their audit reports.

Finally, since the Shareholders' Meeting to approve the 2018 financial statements is scheduled for 18 April 2019, any dividend payment based on the results of the year is expected in May.

Extraordinary transactions

Sale of Unipol Banca to BPER Banca and acquisition of NPL portfolio

The Board of Directors of Unipol also approved a transaction relating to the Group's banking business (the **"Transaction"**) to be carried out as a single operation, and providing as follows:

- the sale to BPER Banca of Unipol's entire shareholding, including through UnipolSai, in Unipol Banca, corresponding to its entire share capital, for a cash payment of €220m (the "Unipol Banca Sale"); and
- the acquisition from the BPER Group, by UnipolReC, of two separate portfolios comprising non-performing loans, one owned by BPER Banca and one by Banco di Sardegna (jointly the "Portfolio") for a gross book value of €1.3bn, for a cash payment of €130m, equal to 10% of the gross Portfolio value (the "Purchase of the Portfolio").

For the Unipol Group, the Transaction:

- completed the restructuring of its banking business strategy, pulling out of the direct management of a mid-sized bank to take on the role of long term stable investor of one of the leading Italian banking groups;
- increased the operating scale of UnipolReC to take greater advantage of its expertise in debt collection;
- can concentrate focus on its core insurance business;
- enhanced the value of the shareholding in BPER Banca, supporting its growth with potential to develop further businesses in future.

On the same date, the Transaction was also approved, to the extent of their separate responsibilities, by the Board of Directors of the other companies involved in the Transaction, and more specifically (i) with regard to the Unipol Banca Sale, by BPER Banca and UnipolSai (for UnipolSai with regard to its share of capital held in Unipol Banca); (ii) with regard to the Purchase of the Portfolio, by BPER Banca, its subsidiary Banco di Sardegna, UnipolSai and UnipolReC.

After the above-mentioned Board meetings, the parties signed the contractual agreements governing the Transaction. This is expected to be finalised, subject to the occurrence of certain preconditions, mainly of a regulatory and authoritative nature, at the beginning of the second half of 2019.

With reference to the Transaction, Unipol voluntarily applied the procedural and decision-making controls established for transactions of "greater significance" and internal procedures in the area of related party transactions and affiliated parties. The Transaction was therefore examined by the

Unipol Committee for related party transactions and affiliated parties. It issued its approval on 6 February 2019.

UnipolSai and UnipolRec, also on a voluntary basis, and to the extent of their respective responsibilities, submitted the Transaction for approval by the Committee for related party transactions and the applicable Committee to manage transactions with affiliated parties, applying the procedures provided for transactions of “lesser significance” in both cases. The above-mentioned Committees issued their approval on 6 February 2019.

Exercise by UnipolSai of the put option on Unipol Banca and UnipolReC and agreement for grant of a loan by UnipolSai

Finally, the Board of Directors of UnipolSai decided:

- to exercise the put option relating to 27.49% of the share capital of Unipol Banca and UnipolReC, due to it from Unipol in accordance with the option contract signed on 31 December 2013 between Unipol and the former Fondiaria-Sai. In accordance with the above, Unipol will have to pay UnipolSai consideration of €579.1m. After exercise of the put option, Unipol will hold a direct interest in Unipol Banca and UnipolReC corresponding to 85.24% of their respective share capitals. The remaining stock in those companies will be owed by UnipolSai;
- to grant Unipol, within the scope of exercising the above-mentioned put option, a loan of €300m, with a five-year duration, which can also be repaid early, at an interest rate of Euribor 3-months increased by 260 points. For Unipol, the above-mentioned loan will be used to maintain a high level of financial flexibility with a significant buffer of available liquid assets.

The loan was approved by Unipol, and by UnipolSai, in accordance with their Policies on intra-group transactions, adopted in accordance with Institute for the Supervision of Insurance “IVASS” Regulation no. 30 of 26 October 2016. With regard to Unipol, the internal procedures on related party transactions, adopted in accordance with Consob Regulation no. 17221/2010, did not apply since the transaction was classified as exempt. Both the exercise of the put option and the grant of the loan were submitted for an opinion to the UnipolSai Committee for related party transactions which issued its approval on 6 February 2019.

Presentation of results to the financial community

A conference call will be held at 12:00 pm today during which financial analysts and institutional investors may submit questions to management on the preliminary consolidated results at 31

December 2018. The phone numbers to dial to attend the event are: +39/02/8058811 (from Italy and all other countries), +1/718/7058794 (from the US) and +44/121/2818003 (from the UK). The multimedia file with the pre-recorded comment on the results can be found in the Investors section of the website www.unipol.it.

In order to allow complete disclosure of the preliminary results for the financial year 2018, please find attached hereto the preliminary Consolidated Balance Sheet, the Consolidated Income Statement and the summary of the Consolidated Income Statement by Business Segment.

Maurizio Castellina, Manager in charge of financial reporting of Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. declares, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Finance, that the accounting information contained herein corresponds to the corporate documentation, ledgers and accounting records.

Glossary

DIRECT BUSINESS COMBINED RATIO: indicator that measures the balance of Non-Life direct technical management, represented by the sum of the loss ratio (ratio between direct claims for the period + other technical charges and direct premiums earned) and the expense ratio (ratio between operating expenses and direct premiums recognised).

COMBINED RATIO AFTER REINSURANCE: indicator that measures the balance of Non-Life total technical management, represented by the sum of the loss ratio (ratio between claims for the period + other technical charges and premiums earned) and the expense ratio (ratio between operating expenses and premiums earned).

Unipol Gruppo S.p.A.

Unipol is one of the main insurance groups in Europe with total premiums of approximately €12.2bn, of which €8.0bn in Non-Life and €4.3bn in Life (2018 figures). Unipol adopts an integrated offer strategy and covers the entire range of insurance and financial products, operating primarily through the subsidiary UnipolSai Assicurazioni S.p.A., founded at the start of 2014 and a leader in Italy in the Non-Life Business, particularly MV TPL. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (Siat), health insurance (UniSalute) and supplementary pensions, and maintains a presence in the bancassurance channel. Lastly, it also operates in the banking realm through the network of Unipol Banca branches, and manages significant diversified assets in the real estate, hotel and agricultural (Tenute del Cerro) sectors. Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

Unipol Gruppo

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Consolidated Balance Sheet – Assets

Amounts in €m

		Preliminary at 31/12/2018	31/12/2017
1	INTANGIBLE ASSETS	1,955.3	1,976.9
1.1	Goodwill	1,581.7	1,581.7
1.2	Other intangible assets	373.5	395.1
2	PROPERTY, PLANT AND EQUIPMENT	1,887.4	1,872.1
2.1	Property	1,637.2	1,617.7
2.2	Other items of property, plant and equipment	250.2	254.3
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	982.0	874.5
4	INVESTMENTS	57,543.0	69,397.7
4.1	Investment property	1,996.7	2,199.1
4.2	Investments in subsidiaries and associates and interests in joint ventures	74.5	90.3
4.3	Held-to-maturity investments	459.6	864.2
4.4	Loans and receivables	3,921.0	15,517.5
4.4 bis	Financial assets at amortised cost	490.1	0.0
4.5	Available-for-sale financial assets	43,439.2	44,482.3
4.5 bis	Financial assets at fair value through OCI	663.3	0.0
4.6	Financial assets at fair value through profit or loss	6,498.5	6,244.3
4.6.1	<i>Held-for-trading financial assets</i>	288.0	333.5
4.6.2	<i>Financial assets at fair value</i>	6,205.5	5,910.8
4.6.3	<i>Other financial assets mandatorily at fair value</i>	5.0	0.0
5	SUNDRY RECEIVABLES	2,762.2	2,854.3
5.1	Receivables relating to direct insurance business	1,365.5	1,426.2
5.2	Receivables relating to reinsurance business	137.3	105.6
5.3	Other receivables	1,259.4	1,322.5
6	OTHER ASSETS	12,186.3	12,366.0
6.1	Non-current assets held for sale or disposal groups	10,758.3	10,569.0
6.2	Deferred acquisition costs	98.1	85.0
6.3	Deferred tax assets	944.3	1,001.2
6.4	Current tax assets	23.8	14.0
6.5	Other assets	361.9	696.8
7	CASH AND CASH EQUIVALENTS	264.6	631.5
	TOTAL ASSETS	77,580.8	89,972.9



Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		Preliminary at 31/12/2018	31/12/2017
1	EQUITY	6,326.7	7,453.0
1.1	attributable to the owners of the Parent	5,032.4	5,486.1
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	1,729.4	1,729.4
1.1.4	Income-related and other reserves	-478.0	78.5
1.1.5	(Treasury shares)	-6.1	-25.7
1.1.6	Translation reserve	4.0	3.5
1.1.7	Gains or losses on available-for-sale financial assets	64.7	695.5
1.1.7bis	Gains or losses on financial assets at fair value through OCI	-34.5	0.0
1.1.8	Other gains or losses recognised directly in equity	-13.9	-14.6
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	401.4	-345.8
1.2	attributable to non-controlling interests	1,294.3	1,966.9
1.2.1	Share capital and reserves attributable to non-controlling interests	1,052.3	1,522.6
1.2.2	Gains or losses recognised directly in equity	15.2	267.6
1.2.3	Profit (loss) for the year attributable to non-controlling interests	226.8	176.8
2	PROVISIONS	357.1	460.3
3	TECHNICAL PROVISIONS	53,223.3	53,426.8
4	FINANCIAL LIABILITIES	6,921.7	16,399.7
4.1	Financial liabilities at fair value through profit or loss	2,539.3	2,488.7
4.1.1	<i>Financial liabilities held-for trading</i>	278.3	278.4
4.1.2	<i>Financial liabilities at fair value</i>	2,261.0	2,210.3
4.2	Other financial liabilities	4,382.4	13,911.0
5	PAYABLES	804.4	908.4
5.1	Payables arising from direct insurance business	160.9	148.1
5.2	Payables arising from reinsurance business	86.8	96.6
5.3	Other payables	556.7	663.7
6	OTHER LIABILITIES	9,947.6	11,324.6
6.1	Liabilities associated with disposal groups held for sale	9,200.8	10,016.5
6.2	Deferred tax liabilities	8.9	29.4
6.3	Current tax liabilities	27.4	37.9
6.4	Other liabilities	710.5	1,240.8
	TOTAL EQUITY AND LIABILITIES	77,580.8	89,972.9



Consolidated Income Statement

Amounts in €m

		Preliminary at 31/12/2018	31/12/2017
1.1	Net premiums	11,469.0	11,262.9
1.1.1	Gross premiums	11,892.4	11,681.6
1.1.2	Ceded premiums	-423.4	-418.7
1.2	Fee and commission income	39.4	67.2
1.3	Gains and losses on financial instruments at fair value through profit or loss	-153.5	129.9
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	314.8	6.7
1.5	Gains on other financial instruments and investment property	2,194.5	2,320.1
1.5.1	Interest income	1,548.4	1,704.6
1.5.2	Other gains	173.4	169.2
1.5.3	Realised gains	449.7	445.4
1.5.4	Unrealised gains	23.0	0.8
1.6	Other revenue	633.8	540.9
1	TOTAL REVENUE AND INCOME	14,498.0	14,327.8
2.1	Net charges relating to claims	-9,463.2	-9,621.1
2.1.1	Amounts paid and changes in technical provisions	-9,778.9	-9,807.9
2.1.2	Reinsurers' share	315.7	186.7
2.2	Fee and commission expense	-22.9	-28.8
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-0.9	-4.2
2.4	Losses on other financial instruments and investment property	-490.6	-583.0
2.4.1	Interest expense	-170.4	-135.8
2.4.2	Other charges	-40.1	-44.9
2.4.3	Realised losses	-141.3	-148.0
2.4.4	Unrealised losses	-138.8	-254.3
2.5	Operating expenses	-2,514.1	-2,490.0
2.5.1	Commissions and other acquisition costs	-1,796.4	-1,775.1
2.5.2	Investment management expenses	-120.9	-131.9
2.5.3	Other administrative expenses	-596.7	-583.0
2.6	Other costs	-821.1	-787.5
2	TOTAL COSTS AND EXPENSES	-13,312.7	-13,514.6
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	1,185.2	813.2
3	Income tax	-252.4	-231.6
	POST-TAX PROFIT (LOSS) FOR THE YEAR	932.9	581.5
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-304.6	-750.6
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	628.2	-169.0
	attributable to the owners of the Parent	401.4	-345.8
	attributable to non-controlling interests	226.8	176.8



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				
	dec-18	dec-17	var.%	dec-18	dec-17	var.%	dec-18	dec-17	var.%	dec-18	dec-17	var.%	dec-18	dec-17	var.%	dec-18	dec-17	var.%	dec-18	dec-17	dec-18	dec-17	var.%		
Net premiums	7,593	7,458	1.8	3,876	3,805	1.9	11,469	11,263	1.8												11,469	11,263	1.8		
Net fees and commissions	-1	0	329.9	18	26	-33.1	17	26	-35.7	0	7	-100.0	7	12	-41.2						-8	-7	16	38	-57.2
Financial income/expense (excl. Assets/ liabilities at fair value) (**)	441	557	-20.8	1,639	1,342	22.1	2,080	1,898	9.5	0	0		-54	-59	-8.4	-40	-2	n.s.	-17	-121	1,969	1,718	14.6		
<i>Net interest</i>	356	387		1,116	1,244		1,471	1,631		0	0		-78	-52		-6	-6		0	-1	1,387	1,573			
<i>Other income and expenses</i>	58	55		56	57		114	112		0	0		-9	-9		15	15		-17	-14	103	104			
<i>Realised gains and losses</i>	113	172		476	109		588	281		0	0		31	2		1					620	283			
<i>Unrealised gains and losses</i>	-85	-57		-8	-69		-94	-126		0	0		2	0		-50	-11			-105	-142	-242			
Net charges relating to claims	-4,965	-4,989	-0.5	-4,602	-4,480	2.7	-9,568	-9,469	1.0																
Operating expenses	-2,146	-2,118	1.3	-241	-269	-10.2	-2,388	-2,387	0.0	0	-2	-100.0	-132	-111	19.8	-22	-26	-13.6	28	35	-2,514	-2,490	1.0		
<i>Commissions and other acquisition costs</i>	-1,687	-1,656	1.9	-109	-120	-8.7	-1,797	-1,775	1.2										0	0	-1,796	-1,775	1.2		
<i>Other expenses</i>	-459	-463	-0.8	-132	-149	-11.4	-591	-612	-3.4	0	-2	-100.0	-132	-111	19.8	-22	-26	-13.6	28	35	-718	-715	0.4		
Other income / expense	-192	-220	12.8	-68	-96	29.7	-259	-316	18.0	0	0		74	-27	n.s.	1	4	-78.4	-3	93	-187	-247	24.1		
Pre-tax profit (loss)	730	687	6.2	621	328	89.4	1,351	1,015	33.1	0	5	-100.0	-104	-183	43.1	-61	-24	-156.2			1,185	813	45.8		
Income tax	-194	-174	11.1	-87	-93	-6.2	-281	-267	5.1	0	-2	-100.0	18	35	-47.9	10	2	337.1			-252	-232	8.9		
Profit (loss) on discontinued operations										-305	-751										-305	-751			
Consolidated profit (loss) for the period	536	513	4.5	534	235	127.4	1,070	748	43.1	-305	-747	59.2	-86	-148	42.0	-51	-22	-136.0			628	-169	-471.6		
<i>Profit (loss) attributable to the owners of the Parent</i>																					401	-346			
<i>Profit (loss) attributable to non-controlling interests</i>																					227	177			

(*) Real Estate business only includes real estate companies controlled by the Group

(**) Excluding assets/liabilities at fair value related to contracts issued by insurance companies with investment risk borne by customers and arising from pension fund management