



Unipol Gruppo Finanziario
**Consolidated Interim
Financial Report**
at 30 September 2016

Unipol
GRUPPO



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Company bodies

	HONORARY CHAIRMAN	Enea Mazzoli	
BOARD OF DIRECTORS	CHAIRMAN	Pierluigi Stefanini	
	VICE CHAIRMAN	Maria Antonietta Pasquariello	
	CHIEF EXECUTIVE OFFICER GENERAL MANAGER GROUP CEO	Carlo Cimbri	
	DIRECTORS	Gianmaria Balducci Francesco Berardini Silvia Elisabetta Candini Paolo Cattabiani Ernesto Dalle Rive Patrizia De Luise Anna Maria Ferraboli Daniele Ferrè Giuseppina Gualtieri Claudio Levorato	Pier Luigi Morara Antonietta Mundo Milo Pacchioni Sandro Alfredo Pierri Annamaria Trovò Adriano Turrini Rossana Zambelli Carlo Zini Mario Zucchelli
	SECRETARY OF THE BOARD OF DIRECTORS	Roberto Giay	
BOARD OF STATUTORY AUDITORS	CHAIRMAN	Mario Civetta	
	STATUTORY AUDITORS	Silvia Bocci Roberto Chiusoli	
	ALTERNATE AUDITORS	Massimo Gatto Chiara Ragazzi	
MANAGER IN CHARGE OF FINANCIAL REPORTING		Maurizio Castellina	
INDEPENDENT AUDITORS		PricewaterhouseCoopers SpA	

Board of Directors and Board of Statutory Auditors appointed by the Shareholders' Meeting on 28 April 2016

Interim Financial Report

Interim Financial Report

Preamble

Legislative Decree 25 of 15 February 2016, in force since 18 March 2016, incorporated the new Directive 2013/50/EU (the new *Transparency Directive*, hereinafter also the "Directive") by eliminating the obligation to publish the Interim Financial Report envisaged by Art. 154-ter of Legislative Decree 58/1998.

However, the decree gave CONSOB the right to issue a regulation requiring the publication of additional periodic financial information after the publication of a dedicated impact analysis examining the fulfilment of the conditions laid out by the Directive.

On 14 April 2016, CONSOB launched a preliminary consultation to obtain useful information to check for the fulfilment of the conditions imposed by the legislature for the purpose of exercising the delegation and, therefore, in preparation for a complete impact analysis. After that consultation, on 5 August 2016 CONSOB published a new consultation document containing the impact analysis conducted by the Commission, as well as its proposal to amend CONSOB Regulation no. 11971 prepared by the Commission with a view not to introducing additional periodic disclosure obligations, but rather to defining application principles and criteria for issuers that intend to publish information on a voluntary basis.

Following this last consultation completed in September, by resolution no. 19770 dated 26 October 2016 CONSOB made the resulting amendments to the Issuer's Regulation, in particular introducing the new Article 82-ter.

Based on this standard, listed companies have the right to choose whether to publish additional periodic financial information. If they do choose to publish it on a voluntary basis, they must disclose this decision to the market, specifying the information that they intend to provide, so as to ensure that the decisions adopted are clear and stable over time. Any decision to suspend publication must be justified and made public and will become effective starting from the following financial year.

The regulatory amendments introduced by CONSOB Resolution no. 19770 apply starting on 2 January 2017.

As a result, the UnipolSai Group decided to continue to publish a periodic quarterly disclosure on a voluntary basis temporarily for this year, 2016, merely for reasons of continuity with the past, the form and content of which are the same as disclosures of previous years.

In line with the amendments made in the reference regulatory framework, starting next year the UnipolSai Group will make its quarterly financial disclosure briefer and more focused on its business.

The disclosure will be provided in the form of a dedicated press release, the content of which will be amended with respect to the quarterly periodic press release published until 2016. However, the Group's interim financial report will no longer be published, and as a result the statement of financial position and income statement which are currently an integral part of the press release will not be included.

Therefore, starting in 2017 the content of the voluntary quarterly financial disclosure will regard at least the main quantitative performance indicators, such as:

- Non-Life and Life premium trends;
- Combined ratio;
- Profit (loss) for the period;
- Shareholders' equity;
- Solvency II ratio.

The press release, which will also contain qualitative information regarding trends in the Group's main businesses, will be approved by the Board of Directors and published on the Group's website based on the timing set forth in the regulations previously in force.

Group highlights

	Amounts in €m	30/9/2016	30/9/2015	31/12/2015
Non-Life direct insurance premiums		5,590	5,671	7,883
<i>% variation</i>		(1.4)	(12.5)	(12.1)
Life direct insurance premiums		5,552	6,411	8,593
<i>% variation</i>		(13.4)	(6.8)	(3.6)
of which Life investment products		606	693	951
<i>% variation</i>		(12.4)	547.0	573.1
Direct insurance premiums		11,142	12,082	16,476
<i>% variation</i>		(7.8)	(9.5)	(7.9)
Banking business - direct customer deposits		9,983	10,315	10,015
<i>% variation</i>		(0.3)	0.5	(2.4)
Consolidated profit (loss)		439	594	579
<i>% variation</i>		(26.1)	37.8	14.6
Investments and cash and cash equivalents		84,451	81,377	81,840
<i>% variation</i>		3.2	1.7	2.3
Technical provisions		64,807	62,405	63,150
<i>% variation</i>		2.6	0.8	2.0
Financial liabilities		16,101	15,620	15,571
<i>% variation</i>		3.4	1.0	0.7
Shareholders' Equity attributable to the owners of the Parent		5,635	5,493	5,524
<i>% variation</i>		2.0	(3.5)	(2.9)
Solvency II ratio		137%	n.a.	150%

The percentage changes in the income statement figures refer to the comparison with the ones of the corresponding period of the previous year. The percentage changes in the balance sheet refer to the comparison with figures at 31/12 of the previous year.

Alternative performance indicators¹

	classes	30/09/2016	30/09/2015	31/12/2015
Loss ratio - direct business (including OTI ratio)	non-life	67.4%	67.6%	65.6%
Expense ratio (calculated on written premiums) - direct business	non-life	28.0%	27.5%	27.9%
Combined ratio - direct business	non-life	95.3%	95.0%	93.5%
Loss ratio - net of reinsurance (including OTI ratio)	non-life	68.5%	69.2%	66.6%
Expense ratio (calculated on premiums earned) - net of reinsurance	non-life	26.5%	25.9%	27.3%
Combined ratio - net of reinsurance ^(*)	non-life	95.0%	95.1%	93.9%
Group pro-rata APE (amounts in €m)	life	351	342	473

(*) with expense ratio calculated on premiums earned

¹ These indicators are not defined by accounting rules; rather, they are calculated based on economic-financial procedures used in the sector.

Loss ratio: primary indicator of the cost-effectiveness of operations of an insurance company in the Non-Life sector. This is the ratio of the cost of claims for the period to premiums for the period.

OTI (Other Technical Items) ratio: ratio of the sum of the balance of other technical charges/income and the change in other technical provisions to net premiums for the period.

Expense ratio: percentage indicator of the ratio of total operating expenses to premiums written as far as direct business is concerned, and the premiums as far as retained business, net of reinsurance, is concerned

Combined ratio: indicator that measures the balance of Non-Life technical management, represented by the sum of the loss ratio and the expense ratio.

APE - Annual Premium Equivalent: the new Life business expressed in APE is a measurement of the volume of business relating to new policies and corresponds to the sum of periodic premiums of new products and one tenth of single premiums. This indicator is used to assess the business along with the in force value and the Life new business value of the Group.

Interim Financial Report

Operating performance

In the first nine months of 2016, the Unipol Group achieved positive economic and financial performance despite a complex macroeconomic and sector situation characterised by low interest rates, high volatility in the financial markets and strong competitive pressures, particularly in the MV segment, in which the Group is the market leader.

The Unipol Group closed the third quarter of 2016 with a **consolidated profit of €439m**, which, although it met expectations, was down compared to €594m at 30 September 2015, which included significant capital gains that were not repeated this year (€280m compared to €524m at 30/9/2015, gross of the tax effect).

The Group's **Solvency ratio**, calculated according to the **Solvency II** regulation, had a ratio of own funds to required capital of **137%** at 30 September 2016, compared to 150% at 31 December 2015. The decrease was due in particular to the effects of the greater reduction in the discount curve of liabilities than in the bond market curve.

As regards the Unipol Banking Group's capital adequacy ratios, the **CET 1** was **16.3%** (18.6% at 31/12/2015). The reduction reflects the different effects of the transitory regime applicable in 2016 with respect to that of the previous year.

Insurance Sector

The **net profit** of the Insurance Sector was €526m (€731m at 30/9/2015), of which:

- €331m relating to the Non-Life business (€512m at 30/9/2015);
- €195m relating to the Life business (€218m at 30/9/2015).

At 30 September 2016, **Investments and cash and cash equivalents** totalled €72,943m (€70,295m at 31/12/2015), of which €17,958m in the Non-Life business (€18,403m at 31/12/2015) and €54,985m in the Life business (€51,892m at 31/12/2015).

Financial liabilities amounted to €5,369m (€4,884m at 31/12/2015), of which €1,574m in the Non-Life business (€1,543m at 31/12/2015) and €3,794m in the Life business (€3,341m at 31/12/2015). The increase in the Life business was due mainly to Financial liabilities for contracts issued by insurance companies, whose investment risk is borne by customers (€2,852m at 30/9/2016 compared to €2,392m at 31/12/2015).

Technical provisions amounted to €64,807m (€63,150m at 31/12/2015), of which €15,987m in the Non-Life business (€16,574m at 31/12/2015) and €48,820m in the Life business (€46,575m at 31/12/2015).

Total premiums (direct and indirect premiums and investment products) at 30 September 2016 amounted to €11,182m (€12,113m at 30/9/2015, -7.7%). Non-Life premiums amounted to €5,630m (€5,701m at 30/9/2015, -1.2%) and Life premiums totalled €5,553m (€6,412m at 30/9/2015, -13.4%).

Total premiums in the third quarter of 2016 alone amounted to €2,748m (€3,386m in the third quarter of 2015).

Direct premiums

	<i>Amounts in €m</i>	30/9/2016	<i>% comp.</i>	30/9/2015	<i>% comp.</i>	<i>% var.</i>
Non-Life direct premiums		5,590	50.2	5,671	46.9	(1.4)
Life direct premiums		5,552	49.8	6,411	53.1	(13.4)
Total direct premiums		11,142	100.0	12,082	100.0	(7.8)

Indirect Premiums

<i>Amounts in €m</i>	30/9/2016	% comp.	30/9/2015	% comp.	% var.
Non-Life premiums	39	98.9	30	96.8	32.0
Life premiums	0	1.1	1	3.2	(55.2)
Total indirect premiums	40	100.0	31	100.0	29.2

Non Life business

In the Non-Life sector, actions meant to reinvigorate the product lines supported a recovery in premiums in the Non-MV segment and significant growth in the MV TPL contract portfolio, although continuous competitive pressure on rates sparked a decline in premiums for the sector, which was also reflected in total premiums.

Non-Life direct premiums amounted to €5,590m at 30 September 2016 (€5,671m at 30/9/2015, -1.4%), with the following breakdown relating to the main classes:

Non-Life business direct premiums

<i>Amounts in €m</i>	30/9/2016	% comp.	30/9/2015	% comp.	% var.
Motor vehicles - TPL and sea, lake and river (classes 10 and 12)	2,687		2,848		(5.6)
Land Vehicle Hulls (class 3)	460		450		2.2
Total premiums - Motor Vehicles	3,147	56.3	3,298	58.2	(4.6)
Accident and Health (classes 1 and 2)	908		850		6.8
Fire and Other damage to property (classes 8 and 9)	723		711		1.7
General TPL (class 13)	449		453		(0.8)
Other classes	363		359		1.2
Total premiums - Non-Motor Vehicles	2,443	43.7	2,373	41.8	3.0
Total Non-Life direct premiums	5,590	100.0	5,671	100.0	(1.4)

MV TPL premiums stood at €2,687m, down 5.6% compared to the first nine months of 2015. A slight recovery was reported in the **Land Vehicle Hulls class**, with premiums equal to €460m (+2.2%), while the Non-MV segment recorded premiums of €2,443m, a rise of 3%.

As regards **Non-Life claims**, positive trends continue in the Non-MV classes, which were not significantly impacted by the serious earthquake events that took place in Central Italy in August. The MV TPL business suffered from the sharp, continuous decline in the average MV TPL premium as a result of the market situation.

At 30 September 2016, the loss ratio for direct business (including the balance of other technical items) was 67.4% against 67.6% at 30 September 2015.

The **expense ratio** of direct business was up slightly compared to the same period of the previous year (28.0% against 27.5%), reflecting the decline in premiums and the increase in commissions paid following the standardisation of pay and incentive schemes for the various agency networks that are part of UnipolSai.

Overall, the Group's **combined ratio** (direct business) was 95.3%, substantially in line with the ratio of 95.0% recorded at 30 September 2015.

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Non-Life premiums of the main Group insurance companies

The Non-Life direct premiums of the **UnipolSai Group** totalled €5,141m (€5,252m at 30/9/2015, -2.1%). In particular, direct premiums relating to **UnipolSai** alone, the Group's main company, totalled €4,951m (-2.1% considering in the data at 30/9/2015 the premiums of Liguria Assicurazioni and the companies Systema and Europa Tutela Giudiziaria, incorporated on 31/1/2016 the first and on 31/12/2015 the others), of which €2,992m in the MV business (-4.3%) and €1,959m in the Non-MV business (+1.4%).

The company **SIAT**, focusing on the Sea Vehicles segment, achieved direct premiums amounting to €87m (+16.5%).

Unisalute continues to successfully expand its business model with premiums amounting to €265m, up 13.4%. The Group's other companies, operating mostly in the MV segment, such as Linear and Arca Assicurazioni, have been impacted by competitive trends within the MV business, which are reflected in the general decline in the average premium of contracts in the portfolio. **Arca Assicurazioni** achieved direct premiums of €76m (+1.3%, of which -9.7% in MV and +8.3% in other classes), while **Linear** recorded direct premiums of €109m (€123m at 30/9/2015, including the premiums of Dialogo Assicurazioni, whose insurance company was acquired on 31/12/2015, -11.3%).

Life business

In the Life business, the slowdown already seen in the second quarter of 2016 became more pronounced after the acceleration in the first quarter of the year, especially in the bancassurance sector. Within a market environment still characterised by interest rates which are extremely low or even negative in the short/medium-term, we are seeking to orient the commercial offering towards Unit and Multisegment products to improve the risk profile.

Life business direct premiums amounted to a total of €5,552m (€6,411m at 30/9/2015, -13.4%), broken down as follows:

Life business direct premiums

<i>Amounts in €m</i>	30/9/2016	% comp.	30/9/2015	% comp.	% var.
Total premiums:					
I - Whole and term Life insurance	4,100	73.8	3,963	61.8	3.4
III - Unit-linked/index-linked policies	781	14.1	1,654	25.8	(52.8)
IV - Health	1	0.0	1	0.0	25.2
V - Capitalisation insurance	287	5.2	448	7.0	(35.8)
VI - Pension funds	383	6.9	346	5.4	10.8
Total Life business direct premiums	5,552	100.0	6,411	100.0	(13.4)
of which Premiums (IFRS 4):					
I - Whole and term Life insurance	4,100	82.9	3,963	69.3	3.4
III - Unit-linked/index-linked policies	197	4.0	993	17.4	(80.1)
IV - Health	1	0.0	1	0.0	25.2
V - Capitalisation insurance	287	5.8	448	7.8	(35.8)
VI - Pension funds	360	7.3	314	5.5	14.5
Total Life business premiums	4,946	100.0	5,719	100.0	(13.5)
of which Investment products (IAS 39):					
III - Unit-linked/index-linked policies	583	96.2	661	95.5	(11.8)
VI - Pension funds	23	3.8	31	4.5	(26.3)
Total Life investment products	606	100.0	693	100.0	(12.4)

New business in terms of **APE**, net of non-controlling interests, amounted to €351m at 30 September 2016 (€342m at 30/9/2015, +2.7%), of which €177m contributed by bancassurance companies and €174m by traditional companies.

Life premiums of the main Group insurance companies

Performance was uneven across the Group's main companies. In particular, the bancassurance channel, consisting of the companies of the Arca Vita Group and the Popolare Vita Group, achieved direct premiums of €3,264m against €3,902m at 30 September 2015 (-16.4%), with premiums of the **Arca Group**, totalling €1,653m, up 10.4% and those of the **Popolare Vita Group**, totalling €1,611m, down 33%.

UnipolSai achieved direct premiums of €2,210m (-7.1% considering the premiums of Liguria Vita in the data at 30/9/2015).

Total Life business direct premiums of the **UnipolSai Group** totalled €3,899m (€4,911m at 30/9/2015, -20.6%).

Banking Sector

The current interest rate situation is penalising the profitability of the banking sector of the Group, which maintains a selective lending policy primarily oriented towards retail and SME customers. The margin from services component was up. The stock of gross impaired loans was down further compared to the levels seen in December 2015, due to the reduction of inflows and the management and closure of non-performing positions. On the whole, the Banking sector made a positive economic contribution to the Group result in the first nine months of the year.

At 30 September 2016, the **net profit** of the Banking sector was €2m (€6m at 30/9/2015).

At 30 September 2016, Investments and cash and cash equivalents totalled €11,228m (€11,100m at 31/12/2015), of which €9,208m in Loans to customers (€9,315m at 31/12/2015).

Financial liabilities amounted to €10,428m (€10,459m at 31/12/2015), of which €9,983m in Direct premiums (€10,015m at 31/12/2015).

Operating performance of Unipol Banca

The **direct deposits** of Unipol Banca at 30 September 2016, which totalled €10bn, were down compared to 31 December 2015 (-0.3%) due to the decline in volumes associated with Unipol Group companies (-0.7%), while those from ordinary customers remained stable (+0.2%). Current accounts amounted to €7,018m, up €514m compared to 31 December 2015 (+7.9%), while the medium/long-term component, which came to €2,717m, declined by €323m (-10.6%). **Indirect deposits** at 30 September 2016 were equal to €50.8bn, down 0.9% compared to the end of 2015. Also in this case, the volumes associated with Unipol Group companies (-1.7%) were down, while those of ordinary customers rose by 7.7%, with growth in assets under management as well as funds under custody.

At 30 September 2016, **receivables from customers**, gross of value adjustments, amounted to €10.3bn, down 1.6% compared to 31 December 2015 (€9.1bn net of valuation reserves, -1.2%). Gross impaired loans decreased by 3.2% and amounted to €3.8bn (€3.9bn at 31/12/2015). With regard to the indemnity agreement with Unipol, at 30 September 2016 the value of the covered portfolio was €829m (€832m at 31/12/2015). At 30 September 2016, the coverage rate of total impaired loans (excluding endorsement loans), inclusive of the provisions made by the parent Unipol, was equal to 45.29% (44.46% at 31/12/2015).

The **net profit** of Unipol Banca at 30 September 2016 was €3m (€8m at 30/9/2015).

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Real estate Sector

As regards the Real estate sector, operations continued to focus on the renovation of some of the portfolio's more important properties, particularly in Milan, in order to seek out opportunities to increase value or generate income.

The **net loss of the real estate sector** at 30 September 2016, which includes only the real estate companies and their investees, was -€14m (-€66m at 30/9/2015, of which -€42m related to the former UnipolSai Real Estate, incorporated on 31/12/2015 into UnipolSai - Non-Life business, with accounting and tax effects from 1/1/2015).

Investments and cash and cash equivalents of the Real Estate sector (including instrumental properties for own use) totalled €897m at 30 September 2016 (€920m at 31/12/2015) and consisted mainly of Investment property amounting to €458m (€474m at 31/12/2015) and Properties for own use totalling €347m (€348m at 31/12/2015).

Financial liabilities amounted to €204m at 30 September 2016, substantially unchanged compared to 31/12/2015.

Holding and Other Businesses Sector

The **net loss** at 30 September 2016 came to -€76m (-€77m at 30/9/2015).

At 30 September 2016, Investments and cash and cash equivalents (including properties for own use of €179m) totalled €1,683m (€1,801m at 31/12/2015). The decrease of €200m was due to the purchase of shares of the subsidiary UnipolSai in the first half of 2016 by the subsidiaries Unipol Finance and Unipol Investment (formerly Linear Life).

Financial liabilities amounted to €1,904m (€1,907m at 31/12/2015).

With regard to the other sectors in which the Group operates, it is worth mentioning the profit of the hotel business and the liquidation of Centro Oncologico Fiorentino, given the impossibility to make the company's operations economically sustainable.

The holding company Unipol closed the period with a net profit of €230m, down compared to €306m at 30 September 2015 due in particular to lower dividends received from Group companies (-€79m).

Asset and financial management

As regards the management of financial investments, again in the third quarter of 2016 there was no lack of tension in the financial markets, particularly the equity markets, due to fears regarding the stability of the credit systems in European countries and the possible impacts of any future relaxation of the expansive monetary policies adopted to date by the main central banks. In 2016, in accordance with the strategic guidelines set in the Business Plan, the policy to gradually reduce the share of government bonds continued to be implemented, with a view to gradual diversification towards a selective increase of corporate securities and other financial assets. During the period in question, while the financial portfolio recorded good returns (equal to 3.6%), they were considerably lower than those recorded in the first half of 2015 (4.9%), which were significantly influenced by capital gains, partly resulting from the forward sale of several securities.

The **bond segment** continued to be the main focus of operations, involving government bonds and non-government bonds, with a medium/long-term investment approach.

In the first nine months of 2016, exposure to government bonds decreased by more than €780m, due to the net increase in the Life sector of €1,088m, against a net negative balance for the Non-Life sector of approximately €1,750m. The exposure of the holding company decreased by €120m. Purchases in the Life portfolio involved mainly fixed-rate securities and were used to meet the ALM requirements of the Segregated Funds.

Sales in the Non-Life sector involved mostly short-term or floating rate securities, while repurchases mainly focused on securities index-linked to inflation. In the Non-Life portfolio, positions in derivatives were increased marginally to mitigate the risk of a rise in interest rates. The non-government bonds component saw an increase in exposure of around €2.5bn during the period. This increase affected both the Life sector (€1,220m) and the Non-Life sector (€1,290m); the exposure of the holding company decreased by approximately €10m. Transactions involved primarily financial and industrial securities, both senior and subordinated.

There was a €254m reduction in exposure to Level 2 and 3 structured bonds.

The **share exposure** rose by just over €200m in the first nine months of 2016. The put options on the Eurostoxx50 index, meant to mitigate volatility and preserve the value of the portfolio, remain active in the equity portfolio and were revalued during the period. Transactions were broken down based on individual shares and ETFs (Exchange Traded Funds) representing share indexes. Almost all equity instruments belong to the main European share indexes.

Exposure to **alternative funds** (private equity, hedge funds and investments in real assets) amounted to €632m, recording a net increase of €233m at 30 September 2016, also following the investments made in the Atlante fund in the first half of the year.

The overall duration was 5.58 years for the Group, a modest increase with respect to 5.42 years at the end of 2015. The Non-Life duration in the Group insurance portfolio was 3.36 years (3.40 years at the end of 2015); the Life duration was 6.47 years (6.3 years at the end of 2015). The Holding duration was 0.48 years, down compared to the end of last year (0.96 years) due to the liquidity appropriately held in the portfolio.

At 30 September 2016, Group **Investments** and **Cash and cash equivalents** totalled €84,441m (€81,840m at 31/12/2015), with the following breakdown by business segment:

Investments and cash and cash equivalents - Breakdown by business segment

	<i>Amounts in €m</i>					
	30/09/2016	% comp.	31/12/2015	% comp.	% var.	
Insurance	72,943	86.4	70,295	85.9	3.8	
Banking	11,228	13.3	11,100	13.6	1.1	
Holding and Other Businesses	1,683	2.0	1,801	2.2	(6.5)	
Real Estate	897	1.1	920	1.1	(2.5)	
Inter-segment eliminations	(2,300)	(2.7)	(2,276)	(2.8)	1.0	
Total Investments and cash and cash equivalents (*)	84,451	100.0	81,840	100.0	3.2	

(*) Including properties for own use

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The breakdown by investment category is as follows:

<i>Amounts in €m</i>	30/9/2016	% comp.	31/12/2015	% comp.	% var.
Property (*)	3,865	4.6	3,969	4.8	(2.6)
Investments in subsidiaries, associates and interests in joint ventures	76	0.1	90	0.1	(15.3)
Held-to-maturity investments	1,303	1.5	1,528	1.9	(14.8)
Loans and receivables	14,471	17.1	14,549	17.8	(0.5)
<i>Debt securities</i>	<i>4,455</i>	<i>5.3</i>	<i>4,530</i>	<i>5.5</i>	<i>(1.7)</i>
<i>Loans and receivables from bank customers</i>	<i>8,589</i>	<i>10.2</i>	<i>8,322</i>	<i>10.2</i>	<i>3.2</i>
<i>Interbank loans and receivables</i>	<i>693</i>	<i>0.8</i>	<i>594</i>	<i>0.7</i>	<i>16.6</i>
<i>Deposits with ceding companies</i>	<i>22</i>	<i>0.0</i>	<i>24</i>	<i>0.0</i>	<i>(6.5)</i>
<i>Other loans and receivables</i>	<i>712</i>	<i>0.8</i>	<i>1,079</i>	<i>1.3</i>	<i>(34.0)</i>
Available-for-sale financial assets	54,342	64.3	50,916	62.2	6.7
Financial assets at fair value through profit or loss	9,821	11.6	9,913	12.1	(0.9)
<i>of which held for trading</i>	<i>302</i>	<i>0.4</i>	<i>407</i>	<i>0.5</i>	<i>(25.8)</i>
<i>of which at fair value through profit or loss</i>	<i>9,519</i>	<i>11.3</i>	<i>9,506</i>	<i>11.6</i>	<i>0.1</i>
Cash and cash equivalents	573	0.7	874	1.1	(34.5)
Total investments and cash and cash equivalents	84,451	100.0	81,840	100.0	3.2

(*) Including properties for own use.

Net financial income (excluding net income from financial assets and liabilities, whose investment risk is borne by customers) amounted to €1,438m at 30 September 2016, compared to €1,802m at 30 September 2015 (-20.2%). This decrease was caused by lower net gains on trading.

Shareholders' equity

At 30 September 2016, Shareholders' equity amounted to €8,271m (€8,445m at 31/12/2015), of which:

- Shareholders' equity attributable to the owners of the Parent amounted to €5,635m (€5,524m at 31/12/2015);
- Shareholders' equity attributable to non-controlling interests was €2,636m (€2,921m at 31/12/2015), down due above all to the reduction in non-controlling interests in the UnipolSai Group following the acquisition of 111 million shares by the subsidiaries Unipol Finance and Unipol Investment during the period, for a total of €200m.

Technical provisions and financial liabilities

At 30 September 2016, Technical provisions amounted to €64,807m (€63,150m at 31/12/2015) and Financial liabilities totalled €16,101m (€15,571m at 31/12/2015).

Technical provisions and financial liabilities

	<i>Amounts in €m</i>	30/9/2016	31/12/2015	% var.
Non-Life technical provisions		15,987	16,574	(3.5)
Life technical provisions		48,820	46,575	4.8
Total technical provisions		64,807	63,150	2.6
Financial liabilities at fair value		3,163	2,658	19.0
<i>Investment contracts - insurance companies</i>		2,839	2,380	19.3
<i>Other</i>		324	278	16.6
Other financial liabilities		12,938	12,914	0.2
<i>Investment contracts - insurance companies</i>		0	0	(28.8)
<i>Subordinated liabilities</i>		2,508	2,565	(2.2)
<i>Payables to bank customers</i>		5,878	5,506	6.8
<i>Interbank payables</i>		441	436	1.1
<i>Other</i>		4,110	4,407	(6.7)
Total financial liabilities		16,101	15,571	3.4
Total		80,908	78,721	2.8

Interim Financial Report

Business outlook

Serious volatility continued in the financial markets in the period immediately following 30 September 2016 due to multiple factors such as the banking crisis, especially the events surrounding Deutsche Bank and the capitalisation issues of Italian banks, tensions provoked by the elections in the US and the referendum in Italy, the effects of a possible reversal of Central Bank monetary policies, trends arising after the UK referendum on 23 June, etc.

In October, investors took on a more favourable attitude, favouring a recovery in share prices.

In this complex macroeconomic environment, the objective of financial operations continues to be to achieve consistency between assets and liabilities and to maintain a high standard of portfolio quality through issuer diversification criteria, with a particular focus on their strength and liquidity.

As far as the performance of the Group's businesses is concerned, in late October an earthquake again struck Central Italy, causing significant damage to real estate assets. Claims connected to the insurance coverage provided by Group companies are currently being surveyed.

The numerous actions for diversifying the commercial offering in the Life sector towards new products and for supporting a recovery in the Non-Life sector continue, albeit in a highly competitive environment.

In light of the above, unless exceptional, currently unforeseeable events take place, it is likely that a profit will be achieved at the end of the year under way.

Bologna, 10 November 2016

The Board of Directors

Consolidated Financial Statements

- Statement of financial position
- Income statement
- Condensed operating income statement by business segment
- Statement of financial position by business segment

Statement of Financial Position

Assets

		<i>Amounts in €m</i>	30/9/2016	31/12/2015
1	INTANGIBLE ASSETS		2,034	2,071
1.1	Goodwill		1,582	1,582
1.2	Other intangible assets		452	489
2	PROPERTY, PLANT AND EQUIPMENT		1,747	1,757
2.1	Property		1,570	1,619
2.2	Other tangible assets		177	138
3	TECHNICAL PROVISIONS - REINSURERS' SHARE		895	897
4	INVESTMENTS		82,308	79,347
4.1	Investment property		2,295	2,350
4.2	Investments in subsidiaries, associates and interests in joint ventures		76	90
4.3	Held-to-maturity investments		1,303	1,528
4.4	Loans and receivables		14,471	14,549
4.5	Available-for-sale financial assets		54,342	50,916
4.6	Financial assets at fair value through profit or loss		9,821	9,913
5	SUNDRY RECEIVABLES		2,699	3,215
5.1	Receivables relating to direct insurance business		982	1,593
5.2	Receivables relating to reinsurance business		70	81
5.3	Other receivables		1,646	1,540
6	OTHER ASSETS		1,824	1,612
6.1	Non-current assets or assets of a disposal group held for sale		41	17
6.2	Deferred acquisition costs		88	87
6.3	Deferred tax assets		959	919
6.4	Current tax assets		33	54
6.5	Other assets		703	536
7	CASH AND CASH EQUIVALENTS		573	874
	TOTAL ASSETS		92,079	89,773

Interim Financial Report

Statement of Financial Position

Shareholders' equity and liabilities

		<i>Amounts in €m</i>	30/9/2016	31/12/2015
1	SHAREHOLDERS' EQUITY		8,271	8,445
1.1	attributable to the owners of the Parent		5,635	5,524
1.1.1	Share capital		3,365	3,365
1.1.2	Other equity instruments			
1.1.3	Capital reserves		1,725	1,725
1.1.4	Income-related and other equity reserves		(289)	(426)
1.1.5	(Treasury shares)		(28)	(35)
1.1.6	Reserve for foreign currency translation differences		2	2
1.1.7	Gains or losses on available-for-sale financial assets		576	589
1.1.8	Other gains or losses recognised directly in equity		22	31
1.1.9	Profit (loss) for the year attributable to the owners of the Parent		261	272
1.2	attributable to non-controlling interests		2,636	2,921
1.2.1	Share capital and reserves attributable to non-controlling interests		2,115	2,206
1.2.2	Gains or losses recognised directly in equity		342	408
1.2.3	Profit (loss) for the year attributable to non-controlling interests		178	307
2	PROVISIONS		533	550
3	TECHNICAL PROVISIONS		64,807	63,150
4	FINANCIAL LIABILITIES		16,101	15,571
4.1	Financial liabilities at fair value through profit or loss		3,163	2,658
4.2	Other financial liabilities		12,938	12,914
5	PAYABLES		1,070	918
5.1	Payables arising from direct insurance business		114	147
5.2	Payables arising from reinsurance business		93	88
5.3	Other payables		863	683
6	OTHER LIABILITIES		1,297	1,140
6.1	Liabilities associated with disposal groups		2	
6.2	Deferred tax liabilities		63	49
6.3	Current tax liabilities		37	42
6.4	Other liabilities		1,196	1,048
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		92,079	89,773

Income Statement

		<i>Amounts in €m</i>	30/9/2016	30/9/2015
1.1	Net premiums		10,518	11,393
1.1.1	<i>Gross premiums earned</i>		10,807	11,712
1.1.2	<i>Earned premiums ceded to reinsurers</i>		(288)	(319)
1.2	Commission income		107	90
1.3	Gains and losses on financial instruments at fair value through profit or loss		(109)	215
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures		4	8
1.5	Gains on other financial instruments and investment property		2,066	2,324
1.5.1	<i>Interest income</i>		1,484	1,486
1.5.2	<i>Other income</i>		132	141
1.5.3	<i>Realised gains</i>		368	612
1.5.4	<i>Unrealised gains</i>		81	85
1.6	Other revenue		352	395
1	TOTAL REVENUE AND INCOME		12,938	14,425
2.1	Net charges relating to claims		(9,214)	(10,228)
2.1.1	<i>Amounts paid and changes in technical provisions</i>		(9,329)	(10,347)
2.1.2	<i>Reinsurers' share</i>		115	120
2.2	Commission expense		(29)	(23)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures		(2)	(7)
2.4	Losses on other financial instruments and investment property		(460)	(717)
2.4.1	<i>Interest expense</i>		(174)	(202)
2.4.2	<i>Other charges</i>		(37)	(40)
2.4.3	<i>Realised losses</i>		(98)	(205)
2.4.4	<i>Unrealised losses</i>		(151)	(270)
2.5	Operating expenses		(1,985)	(2,054)
2.5.1	<i>Commissions and other acquisition costs</i>		(1,261)	(1,324)
2.5.2	<i>Investment management expenses</i>		(71)	(57)
2.5.3	<i>Other administrative expenses</i>		(653)	(673)
2.6	Other costs		(607)	(529)
2	TOTAL COSTS AND EXPENSES		(12,298)	(13,559)
	PRE-TAX PROFIT (LOSS) FOR THE YEAR		640	866
3	Income tax		(201)	(272)
	PROFIT (LOSS) FOR THE YEAR AFTER TAXES		439	594
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS			
	CONSOLIDATED PROFIT (LOSS)		439	594
	<i>of which attributable to the owners of the Parent</i>		261	335
	<i>of which attributable to non-controlling interests</i>		178	259

Interim Financial Report

Condensed Consolidated operating Income Statement broken down by business segment

Amounts in €m	Non-Life business			Life business			Insurance Sector		
	Sep-16	Sep-15	% var.	Sep-16	Sep-15	% var.	Sep-16	Sep-15	% var.
Net premiums	5,585	5,688	(1.8)	4,934	5,705	(13.5)	10,518	11,393	(7.7)
Net commission income				21	7	209.8	20	7	200.9
Financial income/expense (**)	386	579	(33.3)	1,040	1,275	(18.4)	1,427	1,854	(23.1)
<i>Net interest income</i>	283	272		942	908		1,225	1,180	
<i>Other gains and losses</i>	65	61		53	63		119	124	
<i>Realised gains and losses</i>	139	258		119	272		258	529	
<i>Unrealised gains and losses</i>	(102)	(111)		(74)	32		(175)	21	
Net charges relating to claims	(3,721)	(3,844)	(3.2)	(5,432)	(6,362)	(14.6)	(9,154)	(10,207)	(10.3)
Operating expenses	(1,538)	(1,516)	1.5	(224)	(272)	(17.7)	(1,762)	(1,787)	(1.4)
<i>Commissions and other acquisition costs</i>	(1,192)	(1,207)	(1.3)	(103)	(145)	(29.0)	(1,294)	(1,352)	(4.2)
<i>Other expenses</i>	(346)	(309)	12.2	(121)	(127)	(4.9)	(467)	(436)	7.2
Other gains and losses	(241)	(172)	39.9	(60)	(47)	27.1	(301)	(220)	37.1
Pre-tax profit (loss)	470	734	(36.1)	279	305	(8.5)	749	1,040	(28.0)
Income tax	(138)	(222)	(37.8)	(84)	(87)	(2.7)	(223)	(309)	(27.9)
Profit (loss) from discontinued operations									
Consolidated profit (loss)	331	512	(35.3)	195	218	(10.8)	526	731	(28.0)
<i>Profit (loss) attributable to the owners of the Parent</i>									
<i>Profit (loss) attributable to non-controlling interests</i>									

(*) The real estate sector only includes Group real estate companies

At 30 September 2015 the real estate sector included the amounts referring to UnipolSai Real Estate, which merged into UnipolSai - Insurance sector, Non-Life business on 31 December 2015

(**) Excluding assets and liabilities at fair value relating to insurance contracts issued by insurance companies where the investment risk is borne by policyholders and arising from pension fund management

Banking Sector			Holding and Other businesses Sector			Real Estate (*) Sector			Inter-segment elimination		Total Consolidated		
Sep-16	Sep-15	% var.	Sep-16	Sep-15	% var.	Sep-16	Sep-15	% var.	Sep-16	Sep-15	Sep-16	Sep-15	% var.
											10,518	11,393	(7.7)
74	73	2.3	19	20	(4.2)				(36)	(33)	78	66	17.1
148	125	18.3	(52)	(52)	0.4		(45)	(100.2)	(85)	(81)	1,438	1,802	(20.2)
162	179		(43)	(38)		(1)	(1)		(31)	(30)	1,310	1,290	
2			(5)	(16)		12	30		(24)	(31)	104	107	
20	(7)		3	3		(1)	(1)				280	524	
(36)	(48)		(6)			(9)	(72)		(30)	(20)	(256)	(119)	
											(9,154)	(10,207)	(10.3)
(233)	(220)	5.6	(77)	(121)	(36.0)	(9)	(23)	(61.3)	95	98	(1,985)	(2,054)	(3.3)
									33	28	(1,261)	(1,324)	(4.7)
(233)	(220)	5.6	(77)	(121)	(36.0)	(9)	(23)	(61.3)	62	70	(724)	(730)	(0.8)
14	31	(54.9)	13	60	(78.7)	(7)	(22)	(69.5)	26	16	(255)	(134)	89.7
3	8	(60.3)	(97)	(92)	(5.3)	(16)	(90)	82.7			640	866	(26.1)
(1)	(2)	(42.5)	21	15	40.8	2	24	(91.9)			(201)	(272)	(26.2)
2	6	(65.4)	(76)	(77)	(1.7)	(14)	(66)	(79.4)			439	594	(26.1)
											261	335	
											178	259	

Interim Financial Report

Statement of financial position by business segment

	Non-Life business		Life business	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
<i>Amounts in €m</i>				
1 INTANGIBLE ASSETS	1,482	1,493	537	563
2 PROPERTY, PLANT AND EQUIPMENT	1,090	1,088	87	88
3 TECHNICAL PROVISIONS - REINSURERS' SHARE	812	804	83	93
4 INVESTMENTS	16,690	16,951	54,574	51,295
4.1 Investment property	1,784	1,823	10	10
4.2 Investments in subsidiaries, associates and interests in joint ventures	64	78	5	5
4.3 Held-to-maturity investments	185	355	691	745
4.4 Loans and receivables	2,232	2,153	3,232	3,304
4.5 Available-for-sale financial assets	12,309	12,400	40,932	37,473
4.6 Financial assets at fair value through profit or loss	116	142	9,704	9,759
5 SUNDRY RECEIVABLES	1,835	2,424	624	692
6 OTHER ASSETS	951	758	118	132
6.1 Deferred acquisition costs	35	37	53	50
6.2 Other assets	916	721	66	82
7 CASH AND CASH EQUIVALENTS	308	448	328	515
TOTAL ASSETS	23,168	23,966	56,353	53,378
1 SHAREHOLDERS' EQUITY	2,822	2,822	2,822	2,822
2 PROVISIONS	442	455	28	29
3 TECHNICAL PROVISIONS	15,987	16,574	48,820	46,575
4 FINANCIAL LIABILITIES	1,574	1,543	3,794	3,341
4.1 Financial liabilities at fair value through profit or loss	104	63	3,036	2,573
4.2 Other financial liabilities	1,470	1,480	758	768
5 PAYABLES	629	621	163	169
6 OTHER LIABILITIES	639	638	393	300
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	23,168	23,966	56,353	53,378

(*) The real estate sector only includes Group real estate companies

Banks		Holding and Other businesses		Real Estate		Inter-segment eliminations		Total	
30/9/2016	31/12/2015	30/9/2016	31/12/2015	30/9/2016	31/12/2015	30/9/2016	31/12/2015	30/9/2016	31/12/2015
8	8	7	9			(1)	(1)	2,034	2,071
15	14	202	210	353	355	1	1	1,747	1,757
								895	897
11,140	10,998	425	673	474	497	(994)	(1,067)	82,308	79,347
1	1	42	42	458	474			2,295	2,350
7	7							76	90
427	428							1,303	1,528
9,906	9,914	89	239			(988)	(1,061)	14,471	14,549
799	647	293	380	16	22	(7)	(7)	54,342	50,916
		1	12					9,821	9,913
88	92	329	223	28	29	(204)	(245)	2,699	3,215
408	412	527	515	36	25	(216)	(230)	1,824	1,612
								88	87
408	412	527	515	36	25	(216)	(230)	1,736	1,525
87	101	1,079	945	76	75	(1,306)	(1,210)	573	874
11,744	11,624	2,568	2,576	967	982	(2,721)	(2,753)	92,079	89,773
747		(242)		714				8,271	8,445
28	23	622	590	6	16	(593)	(563)	533	550
								64,807	63,150
10,428	10,459	1,904	1,907	204	203	(1,804)	(1,881)	16,101	15,571
4	8	18	13	1	2			3,163	2,658
10,424	10,452	1,886	1,894	203	202	(1,804)	(1,881)	12,938	12,914
167	74	262	180	29	23	(180)	(148)	1,070	918
374	330	22	20	14	12	(145)	(160)	1,297	1,140
11,744		2,568		967		(2,721)		92,079	89,773

**Statement of the Manager in
charge of financial reporting**
(pursuant to Art. 154-bis of Legislative Decree 58/1998)

Statement of the Manager in charge of financial reporting



**STATEMENT OF THE MANAGER IN CHARGE
OF FINANCIAL REPORTING**

RE: Interim Financial Report of Unipol Gruppo Finanziario S.p.A. as at 30 September 2016

The undersigned, Maurizio Castellina, Manager in charge of financial reporting of Unipol Gruppo Finanziario S.p.A.

HEREBY DECLARES,

pursuant to Article 154-bis, paragraph 2 of the Consolidated Act on Financial Intermediation, that the Interim Financial Report as at 30 September 2016 is consistent with the accounting records, ledgers and documents.

Bologna, 10 November 2016

The Manager in charge of
financial reporting
Maurizio Castellina

(signed on the original)

Unipol Gruppo Finanziario S.p.A.

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Share capital
€3,365,292,408.03 fully paid-up
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Tax and VAT No. 00284160371
R.E.A. No. 160304

Parent of the Unipol Insurance Group
Entered in the Register of Insurance Groups – No. 046

Parent of the Unipol Banking Group
Entered in the Register of Banking Groups

www.unipol.it



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