

Compagnia Assicuratrice Unipol S.p.A.

Registered and Head Offices in Bologna – Via Stalingrado 45 – Share capital €2,360,144,410.00 fully paid-up – Tax Code and Companies' Register in Bologna 00284160371 – R.E.A. 160304 – Authorised to provide insurance services by MD of 28 December 1962 (OJ 15/18.1.63) and MD of 29 April 1981 (OJ 135/19.5.81)

Consolidated Quarterly Report as at 30 September 2006

(under Art. 82 of CONSOB Ruling 11971/1999 as amended by Ruling 14990 of 14/4/2005)

Bologna, 13 November 2006

Translation from the original Italian text.

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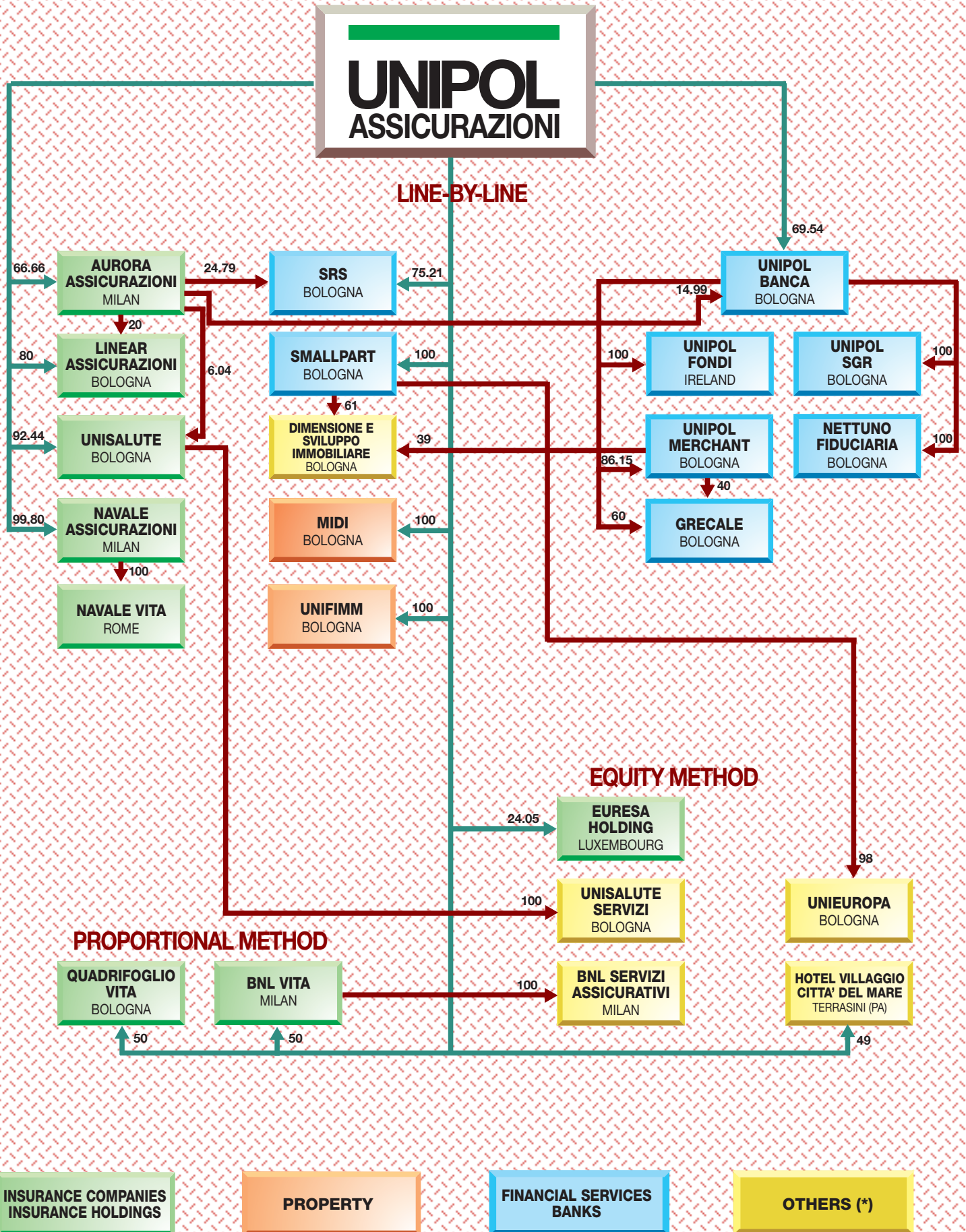
COMPANY'S BOARDS AND OFFICIALS

	Honorary Chairman	Enea Mazzoli																					
Board of Directors	Chairman	Pierluigi Stefanini																					
	Vice Chairman	Vanes Galanti																					
	Managing Director	Carlo Salvatori																					
	Board Members	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 33%;">Antonio Silvano Andriani</td> <td style="width: 33%;">Riccardo Margheriti</td> </tr> <tr> <td>Jean Dominique Antoni</td> <td>Massimo Masotti (*)</td> </tr> <tr> <td>Francesco Bocchetti (*)</td> <td>Enrico Migliavacca (**)</td> </tr> <tr> <td>Rocco Carannante (*)</td> <td>Pier Luigi Morara</td> </tr> <tr> <td>Piero Collina (**)</td> <td>Marco Pedroni</td> </tr> <tr> <td>Bruno Cordazzo</td> <td>Aldo Soldi</td> </tr> <tr> <td>Pier Luigi Fabrizi</td> <td>Graziano Trere'</td> </tr> <tr> <td>Jacques Forest</td> <td>Francesco Vella</td> </tr> <tr> <td>Fabrizio Gillone</td> <td>Marco Giuseppe Venturi</td> </tr> <tr> <td>Claudio Levorato</td> <td>Luca Zaccherini</td> </tr> <tr> <td>Ivan Malavasi</td> <td>Mario Zuchelli (**)</td> </tr> </tbody> </table>	Antonio Silvano Andriani	Riccardo Margheriti	Jean Dominique Antoni	Massimo Masotti (*)	Francesco Bocchetti (*)	Enrico Migliavacca (**)	Rocco Carannante (*)	Pier Luigi Morara	Piero Collina (**)	Marco Pedroni	Bruno Cordazzo	Aldo Soldi	Pier Luigi Fabrizi	Graziano Trere'	Jacques Forest	Francesco Vella	Fabrizio Gillone	Marco Giuseppe Venturi	Claudio Levorato	Luca Zaccherini	Ivan Malavasi
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Claudio Levorato	Luca Zaccherini																						
Ivan Malavasi	Mario Zuchelli (**)																						
	Secretary of the Board of Directors	Roberto Giay																					
Area General Managers		Carlo Cimbri Carmelo De Marco																					
Joint General Managers		Riccardo Laurora Salvatore Petrillo																					
Board of Statutory Auditors	Chairman	Umberto Melloni																					
	Members	Luigi Capè Carlo Cassamagnaghi																					
	Alternate Members	Marco Baccani Roberto Chiusoli																					
External Auditors		K.P.M.G. spa																					

(*) Member of the Internal Auditing Committee

(**) Member of the Remuneration Committee

BASIS OF CONSOLIDATION AS AT 30 SEPTEMBER 2006



(*) Mainly service companies strictly related to insurance and property investment businesses

GROUP HIGHLIGHTS

(amounts in €m)

	As at 30/09/2006	As at 30/09/2005	As at 31/12/2005
Insurance business - Direct income	6,305	6,121	8,855
<i>%variation</i>	3.0 (1)	9.6 (1)	12.3 (2)
- Non-Life insurance premiums	2,809	2,763	3,948
<i>%variation</i>	1.7 (1)	1.2 (1)	2.1 (2)
- Life assurance premiums	3,479	2,952	4,238
<i>%variation</i>	17.9 (1)	30.2 (1)	45.7 (2)
- investment products+A40	16	406	669
<i>%variation</i>	-95.9 (1)	-31.0 (1)	-39.8 (2)
Banking business - Direct customer deposits	9,238	6,120	7,021
<i>%variation</i>	31.6 (2)	56.8 (2)	27.1 (2)
Loss ratio % - Non-Life business (net of reinsurance)	74.4	73.8	71.2
Expense ratio % - Net operating expenses/Non-Life net premiums	21.7	21.8	23.0
Total net operating expenses	827	811	1,118
<i>%variation</i>	1.9 (1)		8.0 (2)
Net investment income and capital gains on disposals	930	836	957
<i>%variation</i>	11.2 (1)		16.6 (2)
Profit before taxation	524	494	482
<i>%variation</i>	6.0 (1)		11.3 (2)
Consolidated profit	347	312	283
<i>%variation</i>	11.2 (1)		6.4 (2)
Net profit - Group	284	282	254
<i>%variation</i>	0.6 (1)		5.2 (2)
Investments and liquid assets	37,895	32,246	35,925
<i>%variation</i>	5.5 (2)		28.6 (2)
Technical provisions	24,173	21,195	22,249
<i>%variation</i>	8.6 (2)		19.3 (2)
Financial liabilities	10,518	10,107	10,436
<i>%variation</i>	0.8 (2)		6.6 (2)
Shareholders' equity pertaining to the Group	5,456	3,855	5,552
<i>%variation</i>	-1.7 (2)		110.0 (2)
Number of staff	6,569	6,363	6,405

(1) Variation compared with the third quarter of the previous financial year (%)

(2) Variation compared with 31/12 of the previous financial year (%)

INTRODUCTION

The macroeconomic background

The global economy is passing through a delicate transitional phase. To the slowdown in the US economy are added the restrictive policies adopted in Europe and a good level of growth in several emerging economies.

International trade is on the up and the trend in prices is less cause for concern, in particular after the fall in energy costs.

In July the price of oil reached a new high at \$78.3 per barrel and then stabilised at lower levels, with an average of approximately \$60 per barrel.

In the second quarter of 2006 Italian GDP rose by 0.5% compared with the previous quarter, and, continuing the year-on-year growth experienced during the first quarter, by 1.5% compared with the second quarter of 2005. GDP in the Eurozone as a whole rose by 0.9% in the short term and by 2.6% year on year.

In August 2006 the manufacturing index showed an increase of 3.5% compared with August 2005. Comparison of the first eight months of 2006 and the same period of 2005 shows that manufacturing was up by 1.9%.

Despite the pessimistic forecasts Italian inflation was still under control although by September it was higher than the average in the Eurozone as a whole. In fact the trend in prices in Italy, which had been stable at 2.2% over the previous few months, was down to 2.1%, whilst in the Eurozone as a whole, after fluctuating between 2.3% and 2.5% over the previous few months and as a result of the fall in the price of oil, it fell to 1.7%.

In the first quarter of 2006 the number of job vacancies increased and, thanks to regulations governing foreign workers, the number of those in employment rose.

The unemployment rate was down to 7% from 7.7% at the end of 2005.

Financial markets

In the financial markets uncertainties over an upturn in the trend in prices at international level led to a general increase in both short- and medium-long-term rates that could be linked to the monetary policies of the various central banks.

The Federal Reserve repeatedly increased its official rates over these few months, the review of 29 June bringing FED rates up to 5.25% (from 4.25% at the end of 2005).

The ECB stepped in on several occasions with increases in its own rates of a quarter of a point. At the end of September the European base rate, which had been 2.25% at the beginning of the year, was 3%, and by the beginning of October it was 3.25%.

Japan and the UK also increased their official rates by a quarter of a point. In Japan in particular the Central Bank stepped in on 14 July to bring its policy of zero rates to an end and to raise its base rate to 0.25%.

In the UK the base rate was 4.75% from 3 August.

In the final month of the period in question the Dollar/Euro exchange rate, which had gradually risen since the beginning of the year, stabilised at approximately 1.25 – 1.26 (up from 1.18 at the end of 2005), with a maximum of 1.29 on 21 August.

The international stock markets have performed positively so far this year and the figures between the beginning of the year and 29 September were fairly similar: the Milan Stock Exchange rose by 9.8%, that in the UK by 6.1% and that in the US by 9%. The European stock market average was 9.1%. Starting in mid-May the Tokyo Stock Exchange went through a particularly difficult phase which cancelled out the positive results recorded previously, therefore at the end of the quarter the situation was back to where it had been at the beginning of the year.

By 25 October the general upward trend, including Japan, was confirmed, with particularly positive results in Europe and the United States.

The insurance sector

In the first six months of 2006 total premium income (Non-Life and Life) in Italy amounted to approximately €55bn, a decrease of 1.7% compared with the same period of 2005. According to the figures published by ISVAP, the first half of 2006 saw Life business shrink by 3.7% (+19.2% in the first half of 2005) or €36.4bn. On the other hand the Non-Life portfolio grew by 2.3% to reach €18.6bn (+2% in the first half of 2005).

The drop in Life business was mainly due to the fall recorded in the traditional classes: Class I (Life assurance), which at €16.4bn was down by 3.9%, and Class V (Capital redemption operations), which fell by 14.3% to €5.9bn. The products in Class III (Insurance linked to investment trusts, internal funds or other indices) grew by 3.4% to €14bn.

The huge drop of 62.4% in income in Class VI (pension funds – €129.9m) was mainly due to the fact that the first half of 2005 showed a huge increase in the portfolio in this class, largely as a result of the transfer from closed funds without guarantee (not included in Class VI) to closed funds with guarantee (included in Class VI).

The performance of the various distribution channels was mixed: banking and postal outlets recorded a fall in income of 7% whilst agents and financial advisers turned in positive performances and gained market shares.

In Non-Life business rates of growth in motor-related classes continued to be low: Motor TPL was up 1.8% and Land vehicles – own damage or loss was up 1.5%. The other Non-Life classes recorded average growth not much above 3%. Performance in the service classes, Legal protection (+15%) and Assistance (+11%) and in the Pecuniary Losses class (+14%) was excellent.

Analysis according to sales channel continued to show the prevalence of Non-Life premium income from agencies, which actually increased their market share (from 84.6% in 2005 to 85.3% in June 2006). The proportion of income obtained through the other channels fell, with the exception of the banking and postal outlets, which rose from 1.49% in the first half of 2005 to 1.64% in the same period of 2006.

THE UNIPOL GROUP

The current financial year has been characterised by the reorganisation of the Group's top management and the consequent preparation of the new plan for 2006 – 2009, which was approved by Unipol Assicurazioni's Board of Directors on 13 September.

On 30 June 2006 Unipol Assicurazioni's Board of Directors appointed Carlo Salvatori as Managing Director of Unipol Assicurazioni. Pierluigi Stefanini and Vanes Galanti, who had acted as Managing Directors during the half year, retained their appointments as Chairman and Vice-Chairman of the Board of Directors respectively.

The Company has therefore laid down the strategic guidelines for the next few years and the business plan for 2006 – 2009, which was submitted to the financial community on 14 September and shows the following strategic priorities:

- Consolidating our current leading position in the Italian insurance market in terms of market share, technical efficacy and profitability.
- Developing banking business by expanding the sales network and ensuring that the planned 150 new branches of Unipol Banca will soon be fully operational. This will consolidate the combined insurance-banking business model by segmenting banking customers differently and developing new marketing initiatives. It is therefore expected that the profitability of banking business will increase threefold during the lifetime of the plan.
- Reorganising the financial conglomerate by consolidating the functions of the holding company in order to enhance the integration and the coordinated development of the various types of business, which will improve the monitoring of services and joint costs and ensure that the focus is on the profitability of the various channels, products and customer segments.
- Increasing the worth to the Group of its approximately six million customers, by cross-selling insurance and banking products and by ensuring that the combined range of insurance, banking and pension products and services focuses on the financial requirements of families and small and medium-sized enterprises.
- Researching any opportunities for growth in other types of business in the relevant sectors in line with the strategies for growth and profitability laid down in the business plan.
- Maintaining a firm equity structure.

Achieving these objectives is expected to lead to an increase in Group ROE to more than 14% (calculated net of the capital estimated to be higher than the regulatory requirements).

The current financial year has also been characterised by further growth in levels of Group activity in both insurance and banking business.

In **insurance business**, as at 30 September growth in aggregate direct premium income over all the companies in the Group of more than €7,600m was recorded (+3.3% compared with the third quarter of 2005) as the result of an increase of 4.3% in Life business and 1.7% in Non-Life business. This growth was higher than that recorded in the insurance market as a whole, which as at 30 June 2006, the latest date for which figures are available, had fallen by 1.7%.

As well as obtaining good results via the network of agencies and from corporate income, Life business benefited from further growth (a total of +5%) in the bancassurance sector, which was made up of Quadrifoglio Vita and BNL Vita. Growth in Non-Life business was driven by the non-Motor classes (+3.4%), whilst Motor business, where growth was below

1%, continued to feel the effects of the prudent tariff policies adopted in relation to customers.

Under the IAS/IFRS consolidated direct income achieved in the third quarter of 2006, which was affected by the proportional consolidation of bancassurance business (Quadrifoglio Vita and BNL Vita), was approximately €6,305m, +3% on the same accounting basis, and was made up almost entirely of insurance premiums (+10%), Life products classified as investment products having made only a marginal contribution (€16m).

As for the technical performance in Non-Life business, the loss ratio net of reinsurance was 74.4%, showing a slight fall compared with the same period last year (73.8%) as a result of the tendency for the average cost of claims to rise whereas tariffs remained substantially stable and owing to several major claims, the burden of which fell to a large extent on the Group's reinsurers.

Investment management policies continued to be characterised by a substantial proportion of investments being in liquid form. The profitability of investments, which was up compared with the first half of 2006, was affected by the rise in interest rates, which led to a reduction in trading in securities and to significant adjustments to the value of the securities in the portfolio classified as financial assets recorded at fair value through profit or loss, the proportion of which in the whole portfolio (23%) was particularly high compared with the classification policies adopted by our competitors. In view of the current upward market trends the exposure of the portfolio to interest rate volatility means that significant value adjustments will probably also have to be made at the end of the current year.

It is worth mentioning that, at the request of ABN AMRO NV, Unipol Assicurazioni sold its holding in Antonveneta in the first half of the year, making a capital gain of approximately €59m, and that, as already widely publicised in the market, Unipol Assicurazioni and Aurora Assicurazioni sold their holdings in BNL to BNP Paribas, making a total capital gain, before tax, of €80m.

No significant operations were recorded in the property sector after the major divestments of residential property and property formerly used for corporate business that had resulted in significant capital gains during 2005 (approximately €80m as at 30/9/2005).

In **banking business**, Unipol Banca continued to pursue its strategy of expanding the sales network, which as at 30 September reached a total of 257 branches (+7 compared with the end of 2005), **138 of which were combined with Group insurance agencies**. Commercial activity proceeded in accordance with the strategic guidelines intended to increase customer synergies with the Group's insurance business, in particular with retail customers.

The financial position improved in the third quarter of 2006 with large increases both in customer deposits (more than €9.2bn, +32%, partly thanks to the increase in deposits from companies in the Group) and in loans to customers (€6.2bn, +18%), which were still very much in demand with approximately €1bn having been lent as at 30 September.

Unipol Merchant – Banca per le Imprese also recorded growth in levels of activity in both corporate financing granted (€328m, +27% compared with the figure as at 31/12/2005) and financial advisory services (Capital Markets, Mergers & Acquisitions, Structured Finance).

The consolidated profit as at 30 September 2006 reached a total of €347m, up 11.2% on the corresponding figure for 30 September 2005. As already mentioned this result was affected by the trends in the financial markets, whilst the extraordinary capital gains realised as a result of the sale of the holding in BNL, net of residual charges pertaining to 2006, and of the holding in Antonveneta, largely matched extraordinary items realised during 2005, which were predominantly linked to capital gains on property.

The Group's consolidated profit of €284m did not increase to the same extent (+0.6%), mainly because of the sale of 20% of Aurora Assicurazioni at the end of 2005.

Finally it should be pointed out to our shareholders that as from 13 October Unipol's ordinary shares have been included in the S&P/MIB index, the reference index for the Italian share market, which includes the 40 leading listed securities, thus giving our ordinary shares high visibility on foreign markets too.

GENERAL DRAFTING CRITERIA AND BASIS OF CONSOLIDATION

Consolidation criteria

Unipol Group's consolidated quarterly report as at 30 September 2006 was drawn up in accordance with CONSOB Regulation 11971/1999 as amended by Ruling 14990 of 14 April 2005 (Art. 82 and Appendix 3D).

It should be pointed out that, in accordance with the instructions and layouts issued subsequently by ISVAP for the consolidated accounts of insurance companies, when this quarterly report was drawn up some of the comparative figures for 30 September 2005 were reclassified compared with how they were previously published.

The valuation criteria adopted for recording the figures for the period in question were the same as those used for drawing up the consolidated accounts for the year ended 31 December 2005. Particular mention should be made of the fact that the consolidated quarterly report as at 30 September 2006 was drawn up by applying the IAS/IFRS current on the date the period ended, as issued by the IASB and endorsed by the European Union.

It should also be pointed out that, being interim reports drawn up more rapidly than the annual accounts, quarterly reports are more likely to contain items that have been estimated (based on the available operating figures and company statistics).

Basis of consolidation

The Unipol Group's consolidated quarterly report as at 30 September 2006 was drawn up by combining the figures for the Parent Company Unipol Assicurazioni with those for all the subsidiaries, both direct and indirect (IAS 27), excluding those that are deemed to be too small to be of relevance (valued using the equity method).

Jointly-controlled companies were consolidated using the proportional method (IAS 31), whilst the associates were valued using the equity method (IAS 28).

Changes in the basis of consolidation compared with 31 December 2005

The operations that were carried out and the other variations that took place during the third quarter of 2006 related to:

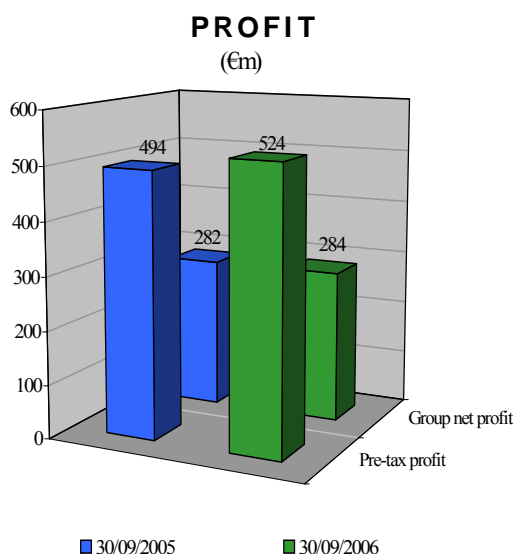
- the acquisition by Unipol Banca of further shares (4.33%) in Unipol Merchant, which raised the holding from 81.82% to 86.15%;
- Unipol Banca's capital increase, which was subscribed and paid up in December 2005, was recorded in the Companies' Register of Bologna Chamber of Commerce on 5 January 2006. Unipol Group's holding in this company fell from 91.53% to 79.53%.

The shareholdings consolidated on a line-by-line basis and on a proportional basis and the shareholdings valued using the equity method are listed in an appendix.

GROUP BUSINESS PERFORMANCE AS AT 30 SEPTEMBER 2006

The consolidated quarterly report as at 30 September 2006 ended with a **consolidated profit of €347m** (€312m as at 30/9/2005, **+11.2%**), €64m of which pertained to minority interests (€30m as at 30/9/2005). Group net profit was **€284m** (€282m as at 30/9/2005, **+0.6%**).

It should be noted that the consolidated profit under IAS/IFRS as at 30 September 2005 was reassessed following application of shadow accounting to unrealised capital gains/capital losses on the financial assets underlying the Life business segregated accounts. The effect on the consolidated quarterly figures as at 30 September 2005 was an increase in the profits of €9m (Group net profits as at 30/9/2005 having been €273m).



The salient features of business as at 30 September 2006 are as follows:

- **income from insurance business**, gross of reinsurance cessions, reached **€6,329m** (+3% compared with the situation as at 30/9/2005), €16m of which related to Life investment products (€406m as at 30/9/2005);
- **earned premiums**, net of reinsurance cessions, amounted to €6,214m, €2,748m of which was from Non-Life business (€2,763m as at 30/9/2005) and €3,467m from Life business (€2,922m as at 30/9/2005);
- **customer deposits from banking business** amounted to **€2,238m** (+31.6% compared with 31/12/2005);
- **net charges relating to claims**, net of reinsurance cessions, amounted to €5,802m, €2,044m of which was from Non-Life business (€2,040m as at 30/9/2005) and €3,759m from Life business (€3,208m as at 30/9/2005);
- the **ratio** of net claims paid to net earned premiums in Non-Life business was 74.4% (73.8% as at 30/9/2005);
- **operating expenses**, net of commissions received from reinsurers, amounted to €827m

(€811m as at 30/9/2005); the incidence of operating expenses on net premium income in Non-Life business was 21.7% (21.8% as at 30/9/2005) whilst in Life business it was 3% (3.1% as at 30/9/2005);

- the level of **investments and liquid assets** rose to €37,895m, an increase of €1,970m compared with the position as at 31 December 2005;
- **technical provisions and financial liabilities** amounted to €34,691m, the corresponding value as at 31 December 2005 having been €32,686m;
- net **capital gains and investment income** for the period and net gains from disposals and trading amounted to €930m (€836m as at 30/9/2005);
- the total **gross profit** amounted to €524m. Net of tax for the period of €177m and of the net profit pertaining to minority interests of €64m the **net profit for the Group** as at 30 September 2006 was €284m;
- the **incidence of taxation** on the gross profit for the period was 33.7% (36.9% as at 30/9/2005);
- the net profit for the Group for the third quarter of 2006 alone amounted to €86m (€77m in the third quarter of 2005).

Below is a summary of the consolidated income statement for the third quarter of 2006 subdivided according to business activity: Non-Life, Life and Banking, compared with the figures as at 30 September 2005.

**SUMMARY OF CONSOLIDATED INCOME STATEMENT
BROKEN DOWN BY BUSINESS SECTOR**
(amounts in €m)

	NON-LIFE BUSINESS		<i>var.</i>	LIFE BUSINESS		<i>var.</i>	INSURANCE TOTAL		<i>var.</i>
	30/9/06	30/9/05	%	30/9/06	30/9/05	%	30/9/06	30/9/05	%
Net earned premiums	2,748	2,763	-0.5	3,467	2,922	18.6	6,214	5,685	9.3
Net income from commissions and fees	0	(0)		3	6	-54.5	3	6	-51.6
Financial income/charges	343	325	5.5	494	442	11.8	837	767	9.1
Net charges relating to claims	(2,044)	(2,040)	0.2	(3,759)	(3,208)	17.2	(5,803)	(5,248)	10.6
Operating expenses	(597)	(602)	-0.7	(104)	(91)	14.9	(701)	(692)	1.3
Other income/charges	(48)	(24)	101.2	(2)	4		(50)	(20)	147.1
Pre-tax profit (loss)	402	422	-4.8	98	75	30.5	500	498	0.5

	BANKING BUSINESS		<i>var.</i>	Intersector eliminations		CONSOLIDATED TOTAL		<i>var.</i>
	30/9/06	30/9/05	%	30/9/06	30/9/05	30/9/06	30/9/05	%
Net earned premiums						6,214	5,685	9.3
Net income from commissions and fees	56	55	2.7	(4)	0	55	61	-9.2
Financial income/charges	112	80	40.2	(19)	(11)	930	836	11.2
Net charges relating to claims				1	0	(5,802)	(5,248)	10.6
Operating expenses	(129)	(119)	8.7	4	0	(827)	(811)	1.9
Other income/charges	4	7	-40.6	(1)	(15)	(46)	(28)	64.4
Pre-tax profit (loss)	43	23	88.3	(19)	(26)	524	494	6.0
Taxation						(177)	(182)	-3.0
Consolidated profit (loss)						347	312	11.2
Profit (loss) - minority interests						64	30	111.4
Profit (loss) - Group						284	282	0.6

INSURANCE BUSINESS

Premium income and investment products

Total income (premiums and investment products) as at 30 September 2006 amounted to €6,329m, an increase of 3% compared with the situation as at 30 September 2005. This trend was mainly due to Life business, which recorded an increase of 4.1% during the period whilst Non-Life business increased by 1.6%.

CONSOLIDATED INCOME						
<i>(amounts in €m)</i>						
	30/9/06	comp.	30/9/05	comp.	var.	31/12/05
		%		%	%	comp.
						%
Non-Life direct premium income	2,809		2,763		1.7	3,948
Non-Life inward reinsurance	20		21		-1.0	26
Total Non-Life premium income	2,829	44.7	2,784	45.3	1.6	3,974
Life direct premium income	3,479		2,952		17.9	4,238
Life inward reinsurance	3		3		15.7	3
Total Life premium income	3,483	55.0	2,955	48.1	17.9	4,241
Total Life investment products	16	0.3	406	6.6	-95.9	669
Total income from Life business	3,499	55.3	3,361	54.7	4.1	4,911
OVERALL CONSOLIDATED INCOME	6,329	100.0	6,145	100.0	3.0	8,885

Direct income as at 30 September 2006 was made up as follows:

- Non-Life premium income 44.7% (45.3% as at 30/9/2005)
- Life premium income 55% (48.1% as at 30/9/2005)
- Life investment products 0.3% (6.6% as at 30/9/2005).

The variation in the breakdown of Life income was due to the increased presence of significant insurance risks in the products sold during 2006 compared with 2005.

Direct income amounted to €6,305m (+3% compared with 30/9/2005), €6,288m of which was premium income and €16m investment products.

In compliance with the requirements of IFRS 4 (presence of a significant insurance risk) all the Non-Life income of the companies in the Group was classified as insurance premiums. Investment products as at 30 September 2006 related only to Class III (unit- and index-linked policies).

Almost all the policies issued were subscribed in Italy.

The income breakdown according to class (Non-Life premium income, Life premium income and investment products) and the breakdown indices are set out in the table below:

BREAKDOWN OF CONSOLIDATED INCOME PER CLASS OF BUSINESS

(amounts in €m)

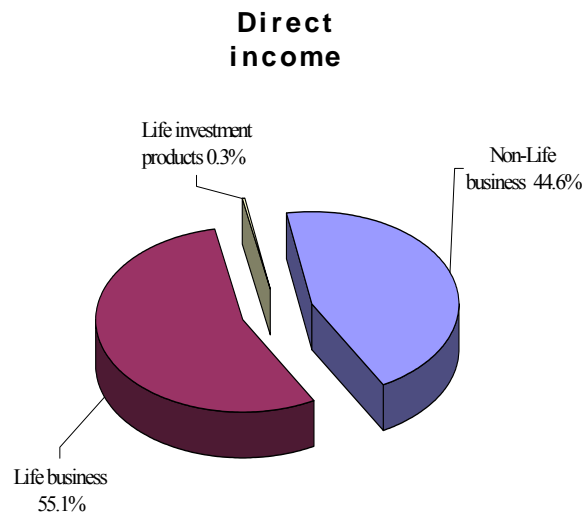
	30/9/06	comp.	30/9/05	comp.	var.	31/12/05	comp.
		%		%	%		%
DIRECT ITALIAN BUSINESS							
Non-Life premium income							
Accident and Health (classes 1 and 2)	383	6.1	368	6.0	4.1	561	6.3
Land vehicles - TPL (class 10)	1,545	24.5	1,530	25.0	1.0	2,118	23.9
Land vehicles - Own damage or loss (class 3)	234	3.7	238	3.9	-1.4	335	3.8
Marine, Aviation and Goods in transit (classes 4, 5, 6, 7, 11 and 12)	24	0.4	26	0.4	-10.2	32	0.4
Fire and Other damage to property (classes 8 and 9)	274	4.3	265	4.3	3.1	396	4.5
General TPL (class 13)	239	3.8	233	3.8	2.8	352	4.0
Credit and Bond (classes 14 and 15)	28	0.5	28	0.5	2.1	39	0.4
Miscellaneous pecuniary losses (class 16)	33	0.5	32	0.5	2.4	45	0.5
Legal protection (class 17)	17	0.3	16	0.3	10.2	25	0.3
Assistance (class 18)	31	0.5	28	0.5	12.5	45	0.5
Total Non-Life business	2,809	44.6	2,763	45.1	1.7	3,948	44.6
Life premium income							
I - Life assurance, annuities	1,227	19.5	1,226	20.0	0.0	1,667	18.8
III - Unit-linked / Index-linked products	598	9.5	126	2.1	374.9	194	2.2
V - Capitalisation operations	1,601	25.4	1,385	22.6	15.5	2,139	24.2
VI - Pension funds	55	0.9	215	3.5	-74.6	237	2.7
Total Life business	3,479	55.2	2,952	48.2	17.9	4,238	47.9
Total Life and Non-Life direct premium income	6,288	99.7	5,715	93.4	10.0	8,186	92.4
Total Life investment products	16	0.3	406	6.6	-95.9	669	7.6
Total direct income	6,305	100.0	6,121	100.0	3.0	8,855	100.0
INWARD REINSURANCE							
Non-Life premium income	20	85.5	21	87.3	-1.0	26	88.2
Life premium income	3	14.5	3	12.7	15.7	3	11.8
Total inward reinsurance	24	100.0	24	100.0	1.2	30	100.0
OVERALL CONSOLIDATED INCOME	6,329		6,145		3.0	8,885	

During the third quarter premium income was €1,659m (€1,647m in the third quarter of 2005, +0.8%), €806m of which was from Non-Life business (-0.6%) and €853m from Life business (+2.1%).

The following table shows direct income as at 30 September 2006 relating to Unipol Assicurazioni, Aurora Assicurazioni and the other subsidiaries, broken down according to sector and separated into Non-Life premium income, Life premium income and investment products (in €m):

Direct income	Premiums		Total	comp. %	Investment products	Total income	comp. %
	Non-Life	Life					
Unipol Assicurazioni	997	1,288	2,285	36.3	4	2,289	36.3
Aurora Assicurazioni	1,488	894	2,382	37.9	6	2,388	37.9
Other subsidiaries	324	1,297	1,621	25.8	6	1,627	25.8
TOTAL DIRECT PREMIUMS	2,809	3,479	6,288	100.0	16	6,305	100.0

Direct income per type of company	Premiums		Total	comp. %	Investment products	Total income	comp. %
	Non-Life	Life					
Traditional companies	2,485	2,183	4,668	74.2	10	4,678	74.2
Non-Life specialist companies	324		324	5.2		324	5.1
Bancassurance companies		1,297	1,297	20.6	6	1,303	20.7
TOTAL DIRECT PREMIUMS	2,809	3,479	6,288	100.0	16	6,305	100.0



Life Business

Life income as at 30 September 2006 totalled €3,499m, an increase of 4.1% compared with 30 September 2005.

Direct income amounted to €3,496m (+4.1% compared with 30/9/2005). Class III – Index- and unit-linked policies and Class V – Capital redemption policies were up (21.2% and 14.4% respectively), whilst Class I – Traditional policies was slightly down (-0.9%). Class VI – Pension funds recorded a decrease of 74.6% compared with 30 September 2005, during which period an increase of 343% had been recorded because of the activation of the Cometa fund (occupational fund for employees in the metal and mechanical industry).

As at 30 September 2006 direct Life premium income amounted to €3,479m whilst investment products amounted to €16m. As at 30 September 2005 Life premium income had been €2,952m and investment products €406m.

Pension funds

As far as legislation is concerned it should be mentioned that in line with approval of the Finance Bill 2007 it is expected that the regulations relating to supplementary pension schemes referred to in Legislative Decree 252/05 will come into effect on 1 January 2007 instead of 1 January 2008. This is expected to lead to a substantial increase in flows into supplementary pension schemes, especially group schemes, as a result of the transfer to pension funds of the amounts of the staff-leaving indemnity accrued.

As at 30 September 2006 activity in occupational pension funds was mainly concentrated on renewing existing asset-management mandates and, in some cases, on implementing the procedures for launching asset management schemes. Unipol Assicurazioni was awarded the mandate to manage the 'balanced' section of the Previcoper pension fund (consumer cooperatives) which, at the time the mandates were renewed, changed over to an 'umbrella' scheme. It should also be pointed out that the mandate for managing the BAM pension fund was renewed for three years and a new mandate to manage the Filcoop pension fund (agricultural cooperatives) was launched.

As at 30 September 2006 Unipol Assicurazioni had 13 asset-management mandates, four of which were with guarantee and came under Class VI. Total assets under management amounted to €593m.

The assets of the Group's open-end pension funds (Unipol Futuro, Unipol Previdenza, Unipol Insieme and Aurora Previdenza) reached totals of €102m and 9,777 members. The overall trend in income from new members was in line with expectations.

* * *

The **traditional composite companies** (Unipol Assicurazioni, Aurora Assicurazioni and Navale Vita) achieved Life direct income of €2,193m, an increase of 3.7% compared with 30 September 2005. Life premium income amounted to €2,183m (€2,046m as at 30/9/2005) whilst investment products amounted to €10m (€69m as at 30/9/2005).

As at 30 September 2006 **Unipol Assicurazioni** had achieved Life direct income of €1,292m, in line with the same period last year. In particular there was an increase in Class III – Unit- and index-linked policies (+49.8%) and Class V – Capital redemption policies (17.8%). Class I – Traditional policies and Class VI – Pension funds were down (-7.6% and -74.9% respectively). In particular the decrease in Class VI was due to the issue, last year, of the Cometa pension fund contract amounting to €179m.

As at 30 September 2006 income from Life policies received via Unipol Banca banking outlets was €141m (€115m as at 30/9/2005).

Unipol Assicurazioni's Life direct income was made up of €1,288m in insurance premiums (€1,257m as at 30/9/2005) and €4m in investment products (€35m as at 30/6/2005).

The subsidiary **Aurora Assicurazioni** achieved Life direct income of €900m (+9.4% compared with 30/9/2005). Class I – Traditional policies and Class V – Capital redemption policies were up (+22.1% and +6.3% respectively) whilst Class III – Unit- and index-linked policies was down (-20.4%). Income from Class VI – Pension funds was not particularly significant.

Aurora Assicurazioni's Life direct income was made up of €894m in insurance premiums (€788m as at 30/9/2005) and €6m in investment products (€35m as at 30/9/2005).

Income received via the banking channel (Reti Bancarie, now Banca Popolare Italiana – BPI) amounted to €142m (€119m as at 30/9/2005).

* * *

The **bancassurance** companies (BNL Vita and Quadrifoglio Vita), which were 50% owned, achieved total income of €2,606m, an increase of 4.9% compared with 30 September 2005. The proportion pertaining to the Group in accordance with proportional consolidation amounted to €1,303m.

BNL Vita achieved direct income of €1,889m (-0.9% compared with 30/9/2005), 50% of which, i.e. €944m, pertained to the Group. Class III – Unit- and index-linked policies and Class V – Capital redemption policies were up (+22.7% and +33.3% respectively). Class I – Traditional policies was down (-22.7%). Investment products, all in Class III, amounted to €3m (€601m as at 30/9/2005), the variation compared with 30 September 2005 being due to the presence of a greater insurance risk in the new products sold.

As at 30 September 2006 **Quadrifoglio Vita** had achieved direct income of €717m, an increase of 23.7% compared with 30 September 2005, 50% of which, i.e. €359m, pertained to the Group. Particularly high increases were recorded in Class I – Traditional policies (+35.6%) and Class III – Unit- and index-linked policies (+65.3%). Class V – Capital redemption policies was slightly down (-1.3%).

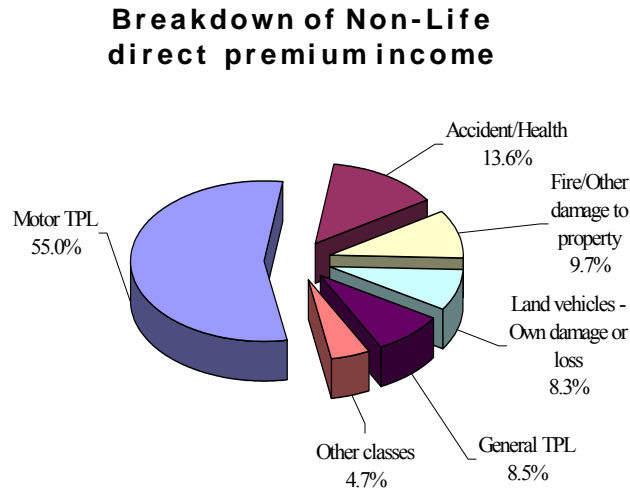
Investment products, all in Class III, amounted to €9m (€72m as at 30/9/2005).

Non-Life business

Total premium income in the Non-Life portfolio as at 30 September 2006 amounted to €2,828m (+1.6% compared with 30/9/2005).

Direct premium income alone amounted to €2,809m (+1.7% compared with 30/9/2005). Premium income from inward reinsurance amounted to €20m (-1% compared with 30/9/2005).

The various classes of business performed differently: Motor TPL grew by 1% compared with 30 September 2005, Accident and Health by 4.1%, General TPL by 2.8% and Fire by 3.1%, whereas other Motor-related classes were down (-1.4%).



The traditional sector of the **composite companies** (Unipol Assicurazioni and Aurora Assicurazioni) achieved direct premium income of €2,485m (+1.6% compared with 30/9/2005).

Unipol Assicurazioni's direct premium income as at 30 September 2006 amounted to €997m, +2.2% compared with 30 September 2005, +1.4% in Motor TPL and +3.2% in the other classes. In Motor TPL the rise in premium income was a result of growth in the customer portfolio although the average premium was slightly lower. The greatest growth in the other classes was represented by retail risks, but business and professional risks also performed well.

Aurora Assicurazioni's direct premium income as at 30 September 2006 was €1,488m, an increase of 1.2% compared with 30/9/2005, +1.4% in Motor classes and +0.7% in the other classes.

* * *

The **specialist companies** (Linear, Unisalute and Navale) wrote direct premiums of €324m (+2.3%).

Linear achieved direct premium income of €123m, an increase of 1.8%. 60% of the premium income for the period in question was obtained over the phone and the remaining 40% via the Internet.

Unisalute achieved direct premium income of €54m, 26.4% higher than as at 30 September 2005, a much better performance than the market average.

The Non-Life company **Navale Assicurazioni** achieved direct premium income as at 30 September 2006 of €147m, down compared with 30 September 2005 (-4.1%) owing to the slowdown in income from brokers as a result of the ongoing restructuring work on the portfolio, which was begun in 2004.

Reinsurance

Inward reinsurance

Premiums written as at 30 September 2006 amounted to €24m (unchanged compared with 30/9/2005), €20m of which was from Non-Life lines of business and €3m from Life business.

Outward reinsurance

Premiums ceded totalled €242m whereas as at 30 September 2005 they had amounted to €215m. The retention rate continued unchanged at 96.2%.

As far as the **Non-Life sector** of the **Group** was concerned, in the first nine months of 2006, in line with the good technical performance of the contracts entered into by the individual companies, the reinsurers of proportional types of cover were able to benefit from a positive result, and the same applied to the excess of loss types of cover in view of the fact that during the period these were not hit by a particularly high loss ratio, with the exception of three major claims: the first for Aurora Assicurazioni, in the Motor TPL class, estimated at €13.5m, and the other two for Unipol Assicurazioni, both in the Fire class, one estimated at €1.3m and the other at €0.5m (reinsurers' share).

As far as the Parent Company was concerned, the Motor TPL and General TPL classes had recorded a significant loss experience in non-proportional types of cover in previous years to the benefit of the reinsurers.

All the reinsurance for the companies in the Group was placed with leading European reinsurers, all, according to the leading rating agencies, having adequate capital and reserves and being financially creditworthy.

Unipol Assicurazioni's reinsurance scheme set up in the 2006 financial year involved the considerable expansion of almost all the automatic underwriting powers available to the company but there were no substantial changes compared with the scheme adopted last year and it continued to be based on proportional types of cession in the case of almost all the classes reinsured.

Aurora Assicurazioni's Non-Life reinsurance scheme was the same as the one already adopted last year to protect its business risks.

In the case of **Navale Assicurazioni**, which in November 2005 had incorporated MMI Danni and MMI Assicurazioni, the reinsurance arrangements were not substantially changed either compared with the scheme used last year.

The retention index in Non-Life business at Group level as at 30 September 2006 was 92% compared with 92.9% as at 30 September 2005.

In Group Life business 'surplus' proportional types of reinsurance cover continued to operate where sums assured exceeded the retention levels of the individual companies.

The result of the direct cessions carried out in Life business was positive for our reinsurers.

The retention rate in Life business at consolidated level as at 30 September 2006 was 99.5% compared with 99.4% as at 30 September 2005.

Financial performance in insurance business

The Group's insurance business contributed a total of €500m to pre-tax profits, €98m of which pertained to Life business (€75m as at 30/9/2005) and €402m to Non-Life business (€422m as at 30/9/2005).

Total operating expenses incurred as at 30 September 2006 (acquisition and renewal commissions and other acquisition, asset-management and administrative expenses), net of commissions received from reinsurers, totalled €701m (€692m as at 30/9/2005, +1.3%).

The relative incidence on net premium income for the period was 11.3%, a decrease compared with 30 September 2005 (12.2%). The incidence of net operating expenses on net premium income in Non-Life business as at 30 September 2006 was 21.7% (21.8% as at 30/9/2005) and that in Life business was 3% (3.1% as at 30/9/2005).

The loss ratio in Non-Life business, including claims-handling expenses and net of reinsurance items, was 74.4% (73.8% as at 30/9/2005).

The claims frequency in the Motor TPL class was more or less the same.

A total of 1,094,198 direct claims were reported, an increase compared with 30 September 2005 of 2.6%.

The **combined ratio**, calculated on direct and indirect business and net of reinsurance, was 96.9% as at 30 September 2006 (96.6% as at 30/9/2005).

This indicator is derived from the sum of two indices, the first being the loss ratio net of outward reinsurance (74.4%), i.e. the ratio of net claims-related charges for the period to net earned premiums and the second (22.5%) being the ratio of total operating expenses net of investment charges to net written premiums.

The pre-tax profit in the Non-Life sector was affected by the performance in financial markets on which operations in securities classified as Financial assets recorded at fair value through profit or loss depended compared with 30 September 2005, during which period major non-recurring capital gains on property had also been realised, and by the costs for the period relating to the closure of the BNL operation.

BANKING BUSINESS

During the first nine months of the year the banking sector, which consisted of the Unipol Banca Group, recorded high levels of growth in its business activities, where assets managed by the parent company Unipol Banca continued to predominate.

Particularly impressive is the fact that by 30 September 2006 customer deposits had reached €9,238m, an increase of 31.6% since 31 December 2005.

Lending to customers was up, amounting to €6,516m as at 30 September 2006, an increase of more than €1bn during the period under consideration (+18.4%).

Receivables from banks amounted to €2,625m compared with €2,027m as at 31 December 2005 (+29.5%) and Financial assets held for trading leapt from €181m as at 31 December 2005 to €622m as at 30 September 2006.

During the first nine months of the year a **net pre-tax profit of €43m** was recorded (€23m as at 30/9/2005, +88.1%).

The following table shows the principal items in the income statement for banking business, set out in accordance with the layout specified for banks.

BANKING BUSINESS <i>(amounts in €m)</i>	30/9/06	30/9/05	var. %
Net interest income	125	92	36.2
Net income from fees and commissions	56	55	2.7
Other net financial income	7	4	83.3
Gross operating income	188	150	25.1
Value adjustments for impairment of financial assets	(20)	(15)	27.1
Financial management - net profit	168	135	24.9
Operating expenses	(125)	(112)	11.9
	<i>Cost/income</i>	<i>66.6%</i>	<i>74.5%</i>
Pre-tax profit (loss)	43	23	88.1

Net interest income as at 30 September 2006 amounted to €125m, a significant increase of 36.2% owing to the gap between rates received and rates paid and to the substantial increase in assets managed, both customer deposits and lending to customers.

Gross operating income reached €188m, an increase of 25.1% compared with same period of 2005.

Operating expenses amounted to €125m, an increase of 11.9%, which reflected the strategy that the Banking Group is pursuing, inter alia by investing in human and financial resources, in order to provide adequate support for the growth in business. The cost/income ratio (the incidence of operating expenses on gross operating income) fell by some eight percentage points to 66.6%, a significant performance which is now one of the best in the sector. The increase in receivables also led to an increase in value adjustments.

STAFFING

As at 30 September 2006 the insurance companies in the Group had 4,792 employees, 117 of whom were on fixed-term contracts.

This was a net increase of 34 since 31 December 2005.

The number of full-time equivalent employees was 4,546.

As at the same date the Unipol Banca Group had 1,777 employees (+130 since 31/12/2005), 41 of whom were on fixed-term contracts.

The number of full-time equivalent employees was 1,703.

Therefore as at 30 September 2006 the Group had a total of 6,569 employees (+164 since 31/12/2005).

	30/9/06	31/12/05	30/9/05	var.	var.
	a	b	c	a-b	a-c
Unipol Assicurazioni	1,980	1,736	1,611	244	369
Aurora Assicurazioni	1,895	2,061	2,160	(166)	(265)
Other companies	917	961	992	(44)	(75)
Total insurance sector	4,792	4,758	4,763	34	29
Unipol Banca	1,722	1,589	1,545	133	177
Unipol Merchant	52	55	52	-3	0
Other finance companies	3	3	3	0	0
Total banking sector	1,777	1,647	1,600	130	177
Total Unipol Group	6,569	6,405	6,363	164	206

The variations that took place during the period reflected internal mobility within the insurance companies in the Group.

GROUP SALES NETWORK

The Unipol Group offers a full range of insurance, banking and asset management products through a composite sales network covering the whole of Italy.

In particular the **composite companies** in the Group have the benefit of a network of agencies which as at 30 September 2006 consisted of 1,725 agencies (16 fewer than as at 31/12/2005), 576 of which were Unipol Assicurazioni agencies and 1,149 were Aurora agencies. In addition both Unipol Assicurazioni and Aurora Assicurazioni placed Life products direct through networks of banking outlets (Unipol Banca and Reti Bancarie, now BPI, respectively).

As for the Non-Life **specialist companies**, Unisalute operated in Health and Assistance by selling managed care group policies direct to businesses, associations and various bodies. The company sold its individual policies via the Internet, by telephone and through its network of agencies (84 agencies, 82 of which were Unipol agencies with a Unisalute mandate, compared with 73, 71 of which belonged to Unipol, as at 31/12/2005). In addition Unisalute products were sold through the sales outlets of Unipol Banca and of four other credit institutions.

In Motor business Linear operated via the call centre and the Internet.

Navale operated through 196 multi-firm agencies and 224 brokers.

Turning to the Group's **bancassurance** companies, Quadrifoglio used the network made up of 293 outlets of the Banca Agricola Mantovana (MPS Group) whilst BNL Vita sold its products through approximately 700 outlets belonging to the BNL Group.

As regards **banking business**, as at 30 September 2006 Unipol Banca had 257 points of sale, 138 of which were combined with insurance agencies, 40 finance shops and 425 financial advisers. The company also made use of direct sales channels (telephone and Internet banking) and the principal Unipol agencies (which were gradually being joined by the Aurora agencies) which sold traditional banking products.

Unipol Merchant – Banca per le Imprese, a subsidiary of Unipol Banca, is the bank in the Unipol Banca banking group that specialises in medium-term corporate business and also operates in merchant banking and investment banking. The principal sales channel for Unipol Merchant's products and services was represented by Unipol Banca's network of branches.

GROUP PROPERTY AND FINANCIAL MANAGEMENT

Investments and liquid assets

Given expectations of a rise in rates, which in fact reached their maximum levels at the end of June and then fell slightly at the end of September, operating policies were characterised by priority being given to low-risk investments (the average weighting in the third quarter of 2006 of variable-rate Government bonds and cash assets being 37.2%).

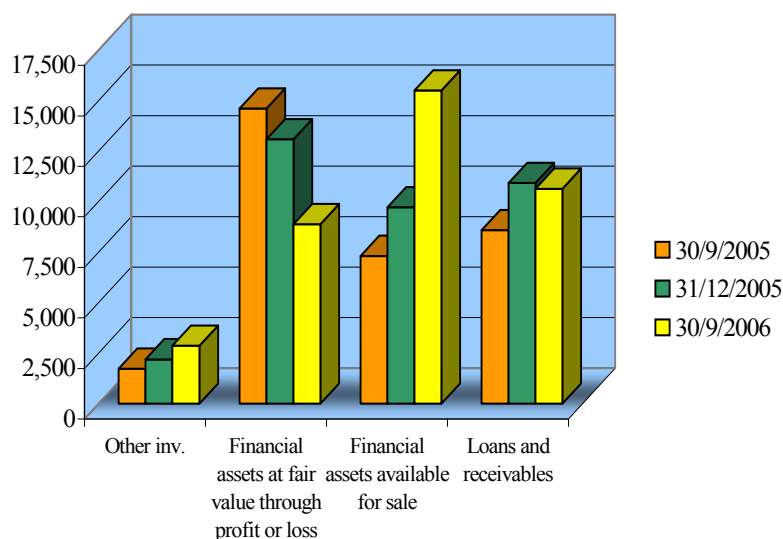
In the case of the bond portfolio, the rise in rates led to a reduction in both sales of options and trading compared with 2005. The average weighting of the bond portfolio was 66.4% and the net return was 3.5%.

Even though it was less important, investing in shares continued, the average weighting as at 30 September 2006 being 4.5% compared with 5.5% as at 31 December 2005. Shares gave a gross return of 9.6% (whereas in 2005 it had been 15.1%), which fell to 8.1% net of write-downs (14.5% in 2005). This net return was substantially in line with the benchmarks, in particular with the Eurostoxx 50. Investments in trading shares continued to concentrate on high-yield high-liquidity shares, with the risks underwritten being constantly monitored. Most of the shares belonged to the Eurostoxx 50 and the remainder to the usual European equity indices. Investments in share markets outside Europe were carried out via ETF funds. Finally it should be pointed out that in September almost half of the shares in the portfolio were hedged against the risk of a fall in the benchmarks.

As at 30 September 2006 the level of the Group's investments and liquid assets had reached a total of €37,895m, an increase of €1,970m compared with the position as at 31 December 2005 (+5.5%).

Investments

(€m)



The Group's investments subdivided according to type and comparisons with the position as at 31 December 2005 are set out in the following table:

INVESTMENTS AND LIQUID ASSETS

(amounts in €m)

	30/9/06	comp.	31/12/05	comp.	var. %
	(a)	%	(b)	%	(a/b)
Buildings	346	0.9	352	1.0	-1.7
Shareholdings in subsidiaries, associates and joint ventures	26	0.1	28	0.1	-8.5
Investments held to maturity	1,049	2.8	949	2.6	10.5
Loans and receivables	10,641	28.1	10,926	30.4	-2.6
-Loans and receivables i.r.o. banking customers	6,496		5,486		18.4
-Interbanking loans and receivables	2,625		2,027		29.5
-Deposits with ceding undertakings	26		27		-2.9
-Other loans and receivables	1,494		3,386		-55.9
Financial assets available for sale	15,506	40.9	9,723	27.1	59.5
Financial assets at fair value through profit or loss	8,886	23.4	13,085	36.4	-32.1
- held for trading	4,620		8,888		-48.0
- designated at fair value through profit or loss	4,266		4,197		1.6
Cash and cash equivalents	1,441	3.8	861	2.4	67.4
TOTAL INVESTMENTS AND LIQUID ASSETS	37,895	100.0	35,925	100.0	5.5

Investments in property

Investments in land and buildings as at 30 September 2006 amounted to €346m, a decrease compared with 31 December 2005 of €6m (-1.7%), mainly attributable to a preliminary agreement to sell the property in Maratea (PZ), the actual contract for which is expected to be drawn up by the end of 2006. This involved reclassifying €5m as Assets held for sale belonging to a group in the course of being sold.

Including property used for corporate business the Group's property assets amounted to €675m. As at 31 December 2005 property assets had amounted to €669m, €352m of which had been accounted for by investments in property and €317m by property used for corporate business.

Shareholdings in subsidiaries, associates and joint ventures

As at 30 September 2006 investments in subsidiaries, associates and joint ventures totalled €26m, almost exclusively in associates (€28m as at 31/12/2005).

Investments held to maturity

As at 30 September 2006 investments held to maturity amounted to €1,049m (+10.5% compared with 31/12/2005). This category included fixed-rate bonds acquired to match special Life tariffs.

Loans and receivables

As at 30 September 2006 loans and receivables amounted to €10,641m compared with €10,926m as at 31 December 2005 (-2.6%).

The main contribution to this item was from banking business, with €2,625m of receivables from banks (+29.5% compared with 31/12/2005) and €6,496m of receivables from customers (+18.4% compared with 31/12/2005).

Other loans and receivables fell from €3,386m as at 31 December 2005 to €1,494m as at 30 September 2006, a net decrease of €1,892m, €2,970m of which was attributable to the closure of the term deposit set up in order to guarantee the bid for the BNL ordinary shares.

Financial assets available for sale

Financial assets available for sale as at 30 September 2006 amounted to €15,506m (+59.5% compared with 31/12/2005), the increase being mainly attributable to the change in the way in which securities were classified.

This category included fixed-rate and variable-rate bonds, equities and the Group's strategic shareholdings, including Banca Monte dei Paschi di Siena, Banca Popolare Italiana and Hopa.

It should be pointed out that the holding in Banca Antonveneta was sold to ABN AMRO NV for €288m and, as already mentioned, Unipol Assicurazioni and Aurora Assicurazioni's 14.89% holding in BNL was sold to BNP Paribas on 3 April 2006 for a total countervalue of €1,322m.

Financial assets recorded at fair value through profit or loss

The financial assets in this category were divided into assets held for trading and assets designated to be recorded at fair value through profit or loss.

As at 30 September 2006 this item amounted to €8,886m (-32.1% compared with 31/12/2005), the decrease being due to the change in the way in which securities were classified.

It was made up of €4,620m of assets held for trading (-48%) and €4,266m of assets designated at fair value, where the investment risk is borne by the policyholders (+1.6%).

Cash and cash equivalents

Cash and cash equivalents amounted to €1,441m (€861m as at 31/12/2005, +67.4%). The increase compared with last year was due, inter alia, to having less recourse to the Group's bank for hot money operations.

Net capital gains and investment income

As at 30 September 2006 net investment income and capital gains amounted to €930m (€836m as at 30/9/2005, +11.2%).

€22m of income from Financial assets available for sale was capital gains arising out of the merger of Reti Bancarie with Banca Popolare Italiana and €139m was capital gains realised on the sale of the Antonveneta shares to ABN AMRO (€59m) and of the BNL ordinary shares held by Unipol Assicurazioni and Aurora Assicurazioni to BNP Paribas (€80m).

Details of net capital gains and investment income are set out in the table below:

NET INVESTMENT INCOME					
<i>(amounts in €m)</i>					
	30/9/06	comp.	30/9/05	comp.	var.
		%		%	%
Investments in property	16	1.5	107	10.8	-84.8
Income from shareholdings in subsidiaries, associates and joint ventures	1	0.1	8	0.8	-82.7
Net income from investments held to maturity	36	3.4	28	17.4	29.5
Net income from loans and receivables	290	27.1	172	21.0	68.8
Net income from financial assets available for sale	470	44.0	208	21.0	125.9
Net income from financial assets at fair value	236	22.1	445	44.9	-46.9
Balance on cash and cash equivalents	19	1.8	22	2.2	-12.8
Total net income from financial assets, cash and cash equivalents	1,070	100.0	990	100.0	8.1
Net income/charges from financial liabilities at fair value	(7)		(60)		-87.7
Net income/charges from other financial liabilities	(133)		(94)		41.1
Total net income/charges from financial liabilities	(140)		(154)		-9.0
Total net income/charges from financial assets and liabilities	930		836		11.2

SHAREHOLDERS' EQUITY

As at 30 September 2006 the Group shareholders' equity, including the profit for the period, amounted to €5,456m (€5,552m as at 31/12/2005). The shareholders' equity pertaining to minority interests amounted to €513m (€491m as at 31/12/2005).

The decrease in Group shareholders' equity was mainly due to the variation in the reserve for gains and losses on financial assets available for sale, which fell from €81m as at 31 December 2005 to €29m as at 30 September 2006, and to the decrease in the capital reserves as a result of the Parent Company Unipol Assicurazioni distributing €94m of extraordinary dividend from the share premium reserve.

The Parent Company's share capital as at 30 September 2006 was €2,360,144,410 and was made up of 1,460,524,546 ordinary shares and 899,619,864 preference shares.

TECHNICAL PROVISIONS AND FINANCIAL LIABILITIES

TECHNICAL PROVISIONS AND FINANCIAL LIABILITIES			
<i>(amounts in €m)</i>			
	30/9/06	31/12/05	var. %
Non-Life technical provisions	7,293	7,147	2.0
Life technical provisions	16,880	15,103	11.8
TOTAL TECHNICAL PROVISIONS	24,173	22,249	8.6
Financial liabilities at fair value	3,348	3,723	-10.1
- Investment contracts - insurance companies	3,145	3,632	-13.4
- Other	203	91	124.3
Other financial liabilities	7,170	6,713	6.8
- Investment contracts - insurance companies	420	615	-31.7
- Subordinate liabilities	776	648	19.8
- Payables to banking customers	5,222	4,552	14.7
- Interbanking payables	75	163	-54.2
- Other	677	735	-7.9
TOTAL FINANCIAL LIABILITIES	10,518	10,436	0.8

As at 30 September 2006 technical provisions amounted to €24,173m, an increase of 8.6% since 31 December 2005, made up of €7,293m of Non-Life technical provisions (€7,147m as at 31/12/2005, +2%) and €16,880m of Life technical provisions (€15,103m as at 31/12/2005, +11.8%).

Total financial liabilities amounted to €10,518m (+0.8% compared with 31/12/2005), €3,565m of this amount being financial liabilities relating to investment contracts issued by the insurance companies (€4,247m as at 31/12/2005).

Financial liabilities recorded at fair value through profit or loss amounted to €3,348m (-10.1%) and mainly consisted of investment contracts issued by insurance contracts where the investment risk was borne by the policyholders amounting to €3,145m.

Other financial liabilities amounted to €7,170m (+6.8%) and consisted of payables to banking customers of €5,222m (+14.7%), investment contracts issued by insurance companies totalling €420m (-31.7%), subordinated debenture loans of €776m (+19.8%) and other liabilities amounting to €752m (-16.3%).

GROUP NET PROFIT AS AT 30 SEPTEMBER 2006

The net profit for the Group amounted to €284m and was made up as follows:

GROUP NET PROFIT			
<i>(amounts in €m)</i>			
	30/9/06	30/9/05	var. %
Total profits for the period (Parent Company and other consolidated companies)	471	487	-3.4%
Consolidation adjustments	(123)	(175)	-29.6%
Consolidated profit	347	312	11.2%
Minority interests	(64)	(30)	111.4%
Net profit - Unipol Group	284	282	0.6%

SIGNIFICANT RECENT EVENTS AND BUSINESS OUTLOOK FOR THE CURRENT FINANCIAL YEAR

- On 10 October 2006 Unipol's ordinary shares were added to the S&P/MIB index.
- On 23 October Moody's Investor Services revised Unipol Assicurazioni's outlook from stable to positive. Moody's stated that this decision "reflects the material reduction of the main uncertainties weighing on Unipol in the last few months, coupled with a sustained improvement of Unipol's underlying fundamentals". The insurance financial strength was rated A2.
- On 10 November 2006 Standard & Poor's confirmed the rating of A-. The outlook is stable.

In view of both performance to date and the business outlook, the result for the current year is expected to be positive.

Bologna, 13 November 2006

The Board of Directors

CONSOLIDATED BALANCE SHEET

€m		30-09-2006	31-12-2005	30-09-2005
1	INTANGIBLE ASSETS	1,339	1,443	1,622
1.1	Goodwill	1,307	1,411	1,588
1.2	Other intangible assets	31	32	34
2	TANGIBLE ASSETS	383	371	361
2.1	Property	324	317	314
2.2	Other tangible assets	58	54	47
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	710	678	676
4	INVESTMENTS	36,454	35,064	31,871
4.1	Investments in property	346	352	352
4.2	Shareholdings in subsidiaries, associates and joint ventures	26	28	39
4.3	Investments held to maturity	1,049	949	968
4.4	Loans and receivables	10,641	10,926	8,586
4.5	Financial assets available for sale	15,506	9,723	7,313
4.6	Financial assets recorded at fair value through profit or loss	8,886	13,085	14,612
5	SUNDRY RECEIVABLES	933	1,143	929
5.1	Receivables arising out of direct insurance operations	556	786	565
5.2	Receivables arising out of reinsurance operations	113	112	159
5.3	Other receivables	264	245	206
6	OTHER ASSETS	677	535	907
6.1	Non-current assets or assets held for sale belonging to a group in the course of being sold	5	0	0
6.2	Deferred acquisition costs	70	69	71
6.3	Deferred tax assets	298	176	173
6.4	Current tax assets	34	48	26
6.5	Other assets	269	241	637
7	CASH AND CASH EQUIVALENTS	1,441	861	375
	TOTAL ASSETS	41,936	40,096	36,742
1	SHAREHOLDERS' EQUITY	5,968	6,043	4,097
1.1	pertaining to the Group	5,456	5,552	3,855
1.1.1	Capital	2,360	2,360	966
1.1.2	Other equity	0	0	0
1.1.3	Capital reserves	2,297	2,391	1,226
1.1.4	Accumulated earnings and other reserves	453	432	1,283
1.1.5	(Own shares)	0	0	0
1.1.6	Reserve for net exchange rate differences	0	0	0
1.1.7	Profits or losses on financial assets available for sale	29	81	79
1.1.8	Other profits or losses recorded in the equity direct	33	33	21
1.1.9	Profits (loss) for the year pertaining to the Group	284	254	282
1.2	pertaining to minority interests	513	491	242
1.2.1	Capital and reserves pertaining to minority interests	471	462	209
1.2.2	Profits or losses recorded in the equity direct	-22	1	3
1.2.3	Profits (loss) for the year pertaining to minority interests	64	28	30
2	AMOUNTS SET ASIDE	37	38	34
3	TECHNICAL PROVISIONS	24,173	22,249	21,195
4	FINANCIAL LIABILITIES	10,518	10,436	10,107
4.1	Financial liabilities recorded at fair value through profit or loss	3,348	3,723	3,744
4.2	Other financial liabilities	7,170	6,713	6,363
5	PAYABLES	342	411	321
5.1	Payables arising out of direct insurance operations	40	68	67
5.2	Payables arising out of reinsurance operations	45	58	35
5.3	Other payables	257	285	219
6	OTHER LIABILITIES	898	918	988
6.1	Liabilities held for sale belonging to a group in the course of being sold	0	0	0
6.2	Deferred tax liabilities	248	223	262
6.3	Current tax liabilities	126	75	171
6.4	Other liabilities	524	620	554
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	41,936	40,096	36,742

CONSOLIDATED INCOME STATEMENT

€m		30-09-2006	30-09-2005	31-12-2005	3rd quarter 2006
1.1	Net earned premiums	6,214	5,685	7,899	1,762
1.1.1	<i>Gross earned premiums</i>	6,442	5,898	8,233	1,838
1.1.2	<i>Earned premiums ceded</i>	-228	-213	-334	-76
1.2	Commissions and fees receivable	81	92	121	21
1.3	Income and charges arising out of financial instruments recorded at fair value through profit or loss	229	385	482	146
1.4	Income arising out of shareholdings in subsidiaries, associates and joint ventures	1	8	45	-1
1.5	Income arising out of other financial instruments and investments in property	904	619	752	315
1.5.1	<i>Interest receivable</i>	629	340	474	233
1.5.2	<i>Other income</i>	44	48	36	13
1.5.3	<i>Profits realised</i>	229	230	240	68
1.5.4	<i>Unrealised profits</i>	1	2	2	1
1.6	Other income	61	22	94	2
1	TOTAL INCOME AND PROCEEDS	7,490	6,812	9,393	2,244
2.1	Net charges relating to claims	5,802	5,248	7,207	1,721
2.1.2	<i>Amounts paid and changes in technical provisions</i>	5,969	5,360	7,424	1,770
2.1.3	<i>Reinsurers' share</i>	-167	-112	-217	-49
2.2	Commissions and fees payable	26	32	43	8
2.3	Charges arising out of shareholdings in subsidiaries, associates and joint ventures	0	0	0	0
2.4	Charges arising out of other financial instruments and investments in property	204	176	321	63
2.4.1	<i>Interest payable</i>	133	98	131	38
2.4.2	<i>Other charges</i>	9	21	18	2
2.4.3	<i>Losses realised</i>	40	38	42	17
2.4.4	<i>Unrealised losses</i>	22	20	131	6
2.5	Operating expenses	827	811	1,118	249
2.5.1	<i>Commissions and other acquisition expenses</i>	520	519	732	152
2.5.2	<i>Investment management expenses</i>	18	17	22	5
2.5.3	<i>Other administrative expenses</i>	289	275	364	92
2.6	Other costs	107	50	222	9
2	TOTAL COSTS AND CHARGES	6,966	6,318	8,911	2,049
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	524	494	482	195
3	Taxation	177	182	199	77
	PROFIT (LOSS) FOR THE PERIOD NET OF TAX	347	312	283	117
4	PROFIT (LOSS) PERTAINING TO DISCONTINUED OPERATIONS				
	CONSOLIDATED PROFIT (LOSS)	347	312	283	117
	pertaining to the Group	284	282	254	86
	pertaining to minority interests	64	30	28	31

Basis of consolidation

Name	State	Registered office	Method (1)	Type of business (2)	% direct holding	% indirect holding	% total participating interest (3)	% votes available at ordinary General Meetings (4)	% consolidation	Capitale Sociale (euro)
Compagnia Assicuratrice Unipol Spa	Italy	Bologna	G	1						2,360,144,410
Aurora Assicurazioni Spa	Italy	Milan	G	1	66.66		66.66		100.00	248,346,782
Compagnia Assicuratrice Linear Spa	Italy	Bologna	G	1	80.00	20.00 Aurora Assicurazioni Spa	93.33		100.00	19,300,000
Navale Vita Spa	Italy	Rome	G	1		100.00 Navale Assicurazioni Spa	99.80		100.00	5,180,108
Navale Assicurazioni Spa	Italy	Milan	G	1	99.80		99.80		100.00	96,250,000
Unisalute Spa	Italy	Bologna	G	1	92.44	6.04 Aurora Assicurazioni Spa	96.47		100.00	17,500,000
Unipol Banca Spa	Italy	Bologna	G	7	69.54	14.99 Aurora Assicurazioni Spa	79.53		100.00	703,500,000
Unipol Merchant - Banca per le Imprese Spa	Italy	Bologna	G	7		86.15 Unipol Banca Spa	68.52		100.00	105,468,007
Unipol Fondi Ltd	Ireland	Dublin	G	11		100.00 Unipol Banca Spa	79.53		100.00	125,001
Unipol SGR Spa	Italy	Bologna	G	8		100.00 Unipol Banca Spa	79.53		100.00	5,000,000
Nettuno Fiduciaria Srl	Italy	Bologna	G	11		100.00 Unipol Banca Spa	79.53		100.00	250,000
Crecale Srl	Italy	Bologna	G	11		60.00 Unipol Banca Spa 40.00 Unipol Merchant Spa	75.13		100.00	10,000
Midi Srl	Italy	Bologna	G	10	100.00		100.00		100.00	72,000,000
Unifirm Srl	Italy	Bologna	G	10	100.00		100.00		100.00	43,350,000
Dimensione e Sviluppo Immobiliare Spa	Italy	Bologna	G	11		61.00 Smallpart Spa 39.00 Unipol Merchant Spa	87.72		100.00	5,200,000
Smallpart Spa	Italy	Bologna	G	9	100.00		100.00		100.00	32,000,000
SRS Spa	Italy	Bologna	G	9	75.21	24.79 Aurora Assicurazioni Spa	91.74		100.00	13,898,582
Quadrifoglio Vita Spa	Italy	Bologna	P	1	50.00		50.00		50.00	31,500,000
BNL Vita Spa	Italy	Milan	P	1	50.00		50.00		50.00	160,000,000

(1) Consolidation method: G=on a line-by-line basis, P=proportional, U=on a line-by-line basis as per coordinated management.

(2) 1=Italian insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=sundry holdings; 10=property companies; 11=other.

(3) is the product of the percentage holdings relating to all the companies that may come somewhere along the chain between the company that draws up the consolidated accounts and the company in question. If the latter is a direct participating interest of several subsidiaries the individual products must be added up.

(4) Total percentage of votes available at ordinary General Meetings if different from the direct or indirect holding.

Details of unconsolidated shareholdings

Name	State	Registered office	Method (1)	Type of business (2)	% direct holding	% indirect holding	% total participating interest (3)	% votes available at ordinary General Meetings (4)	Share capital (€)
Unieuropa Srl	Italy	Bologna	11	a		98.00 Smallpart	98.00		510,000
Unisalute Servizi Srl	Italy	Bologna	11	a		100.00 Unisalute	96.47		52,000
BNL Servizi Assicurativi Srl	Italy	Milan	11	a		100.00 Bnl Vita	50.00		10,400
Hotel Villaggio Città del Mare Spa	Italy	Terrasini (Pa)	11	b	49.00		49.00		7,000,000
A.P.A. Spa	Italy	Parma	11	b		46.50 Smallpart	46.50		1,000,000
Assiccoop Ferrara Spa	Italy	Ferrara	11	b		47.40 Smallpart	47.40		270,300
Assiccoop Firenze Spa	Italy	Florence	11	b		44.00 Smallpart	44.00		1,000,000
Assiccoop Imola Spa	Italy	Imola (Bo)	11	b		47.33 Smallpart	47.33		1,000,000
Assiccoop Modena Spa	Italy	Modena	11	b		43.32 Smallpart	43.32		2,256,800
Assiccoop Ravenna Spa	Italy	Ravenna	11	b		49.00 Smallpart	49.00		3,640,000
Assiccoop Romagna Spa	Italy	Forli	11	b		48.00 Smallpart	48.00		774,700
Assiccoop Sicura Spa	Italy	Bologna	11	b		40.00 Smallpart	40.00		202,800
Assiccoop Siena Spa	Italy	Siena	11	b		49.00 Smallpart	49.00		510,000
Assicura Spa	Italy	Reggio Emilia	11	b		35.00 Smallpart	35.00		1,040,000
ZIS Fiera 2 - Consorzio	Italy	Bologna	11	b		31.72 Midi	31.72		789,185
Nuovi Investimenti Spa	Italy	Bologna	9	b		39,00 Smallpart 10,00 Unipol Merchant	45.85		9,400,000
Euresa Holding SA	Luxembourg		4	b	24.05		24.05		10,000,000
Pegaso Finanziaria Spa	Italy	Bologna	9	b		45.00 Smallpart	45.00		7,000,000
SCS Azioninnova Spa	Italy	Bologna	11	b		40.00 Unipol Merchant	27.41		2,501,250
Promorest Srl	Italy	Castenaso (Bo)	11	b		45.00 Unipol Merchant	30.83		100,000

(1) 1=Italian insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=sundry holdings; 10=property companies; 11=other.

(2) a=subsidiaries (IAS27); b=associates (IAS28); c=joint ventures (IAS 31); please mark with (*) the companies available for sale in accordance with IFRS 5 and write the legend at the foot of the statement.

(3) is the product of the percentage holdings relating to all the companies that may come somewhere along the chain between the company that draws up the consolidated accounts and the company in question. If the latter is a direct participating interest of several subsidiaries the individual products must be added up.

(4) Total percentage of votes available at the ordinary General Meeting if different from the direct or indirect holding.

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