

# **Compagnia Assicuratrice Unipol S.p.A.**

*Registered and Head Offices at Via Stalingrado 45, Bologna – Share capital €2,360,144,410.00 fully paid-up – Tax Code and Bologna Companies' Register 00284160371 – R.E.A. n° 160304 – Authorised to provide insurance services by MD of 28 December 1962 (OJ 15/18.1.63) and MD of 29 April 1981 (OJ 135/19.5.8)*

## **Consolidated Quarterly Report as at 31 March 2007**

*(in accordance with Article 82 of CONSOB Ruling 11971/1999 as amended by Ruling 14990 of 14/4/2005)*

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Bologna, 10 May 2007



**Translation from the original Italian text.**

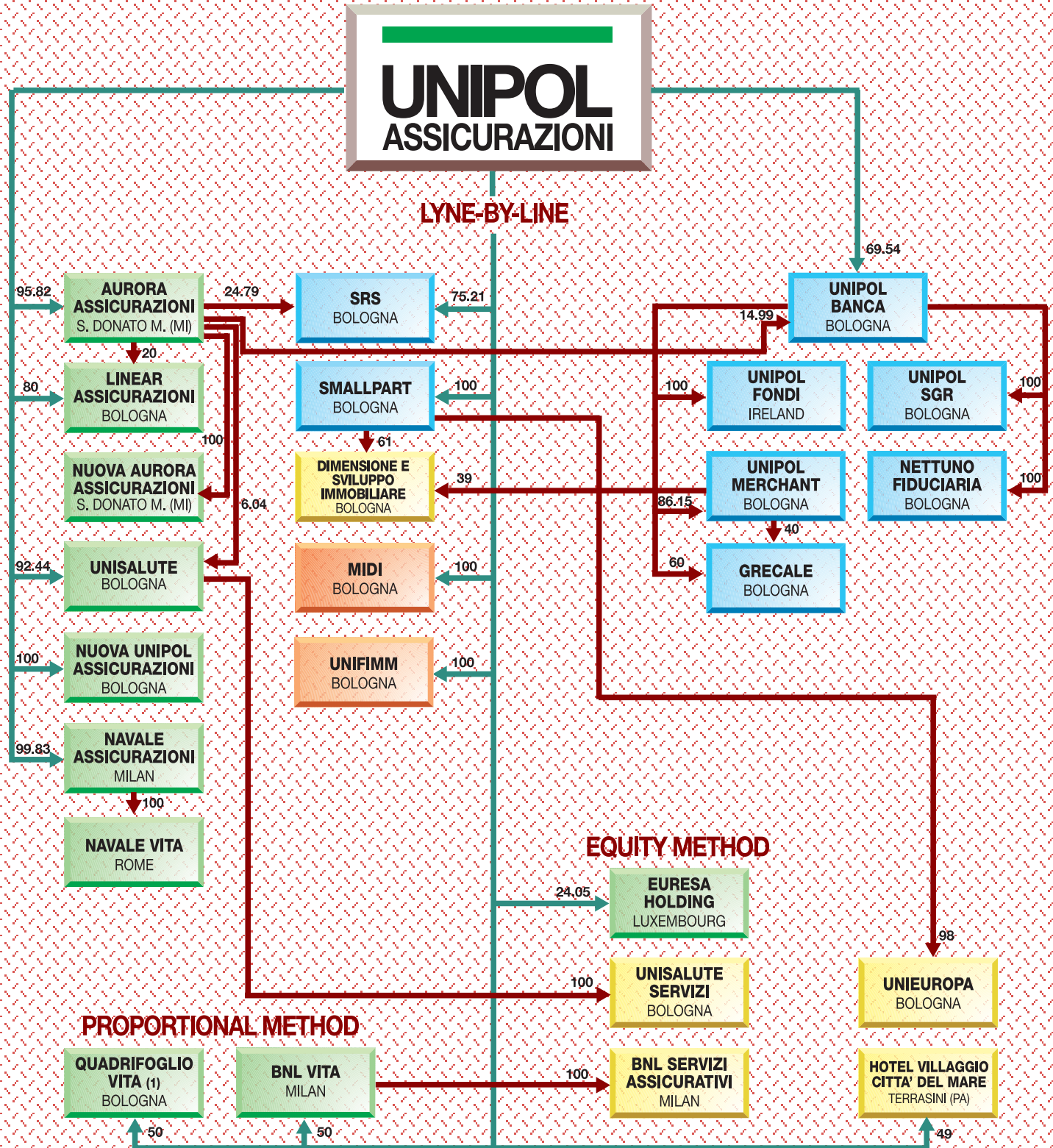
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## COMPANY'S BOARDS AND OFFICIALS

|                                    |  |  |
|------------------------------------|--|--|
|                                    | <b>Honorary Chairman</b>                       | Enea Mazzoli                                     |
| Board of Directors                 | <b>Chairman</b>                                | Pierluigi Stefanini                              |
|                                    | <b>Vice Chairman</b>                           | Vanes Galanti                                    |
|                                    | <b>Chief Executive Officer</b>                 | Carlo Salvatori                                  |
|                                    | <b>Board Members</b>                           |  |
|                                    | Jean Dominique Antoni                          | Ivan Malavasi                                    |
|                                    | Sergio Betti                                   | Massimo Masotti                                  |
|                                    | Fabio Borghi                                   | Enrico Migliavacca                               |
|                                    | Rocco Carannante                               | Pier Luigi Morara                                |
|                                    | Gilberto Coffari                               | Sergio Nasi                                      |
|                                    | Piero Collina                                  | Marco Pedroni                                    |
|                                    | Bruno Cordazzo                                 | Giuseppe Politi                                  |
|                                    | Sergio Costalli                                | Francesco Vella                                  |
|                                    | Jacques Forest                                 | Marco Giuseppe Venturi                           |
|                                    | Fabrizio Gillone                               | Luca Zaccherini                                  |
|                                    | Claudio Levorato                               | Mario Zucchelli                                  |
|                                    | <b>Secretary of the Board<br/>of Directors</b> | Roberto Giay                                     |
| Group General Manager              |  | Carlo Cimbri                                     |
| Insurance Business General Manager |  | Carmelo De Marco                                 |
| Board of Statutory Auditors        | <b>Chairman</b>                                | Roberto Chiusoli                                 |
|                                    | <b>Statutory Auditors</b>                      | Domenico Livio Trombone<br>Giorgio Picone        |
|                                    | <b>Alternate Auditors</b>                      | Cristiano Cerchiai<br>Giovanni Battista Graziosi |
| External Auditors                  |  | K.P.M.G. spa                                     |

# BASIS OF CONSOLIDATION AS AT 31 MARCH 2007



(1) Company held for disposal and consolidated in accordance with IFRS 5.  
 (2) Mainly service companies strictly related to insurance and property investment businesses.

## GROUP HIGHLIGHTS

(amounts in €m)

|   | As at<br>31/03/2007 | As at<br>31/03/2006 | As at<br>31/12/2006 |
|---|---------------------|---------------------|---------------------|
| <b>Insurance business - Direct income</b>                             | <b>2,118</b>        | <b>2,106</b>        | <b>8,784</b>        |
| <i>% variation</i>  | <i>0.6 (1)</i>      | <i>15.4</i>         | <i>-0.8</i>         |
| - Non-Life insurance premiums   | 1,000               | 972                 | 4,061               |
| <i>% variation</i>  | <i>3.0 (1)</i>      | <i>2.8</i>          | <i>2.9</i>          |
| - Life assurance premiums   | 1,115               | 1,129               | 4,695               |
| <i>% variation</i>  | <i>-1.2 (1)</i>     | <i>42.4</i>         | <i>10.8</i>         |
| - investment products   | 3                   | 5                   | 28                  |
| <i>% variation</i>  | <i>-44.2 (1)</i>    | <i>-94.2</i>        | <i>-95.9</i>        |
| <b>Banking business - Direct customer deposits</b>                    | <b>7,333</b>        | <b>8,863</b>        | <b>7,917</b>        |
| <i>% variation</i>  | <i>-7.4 (2)</i>     | <i>24.2</i>         | <i>13.9</i>         |
| <b>Loss ratio % - Non-Life business (net of reinsurance)</b>          | <b>71.5%</b>        | <b>73.7%</b>        | <b>73.1%</b>        |
| <b>Expense ratio % - Net operating expenses/Non-Life net premiums</b> | <b>23.4%</b>        | <b>22.8%</b>        | <b>22.3%</b>        |
| <b>Total net operating expenses</b>                                   | <b>301</b>          | <b>275</b>          | <b>1,156</b>        |
| <i>% variation</i>  | <i>9.3 (2)</i>      | <i>3.5</i>          | <i>3.3</i>          |
| <b>Net income from financial investments and liquid assets</b>        | <b>262</b>          | <b>319</b>          | <b>1,163</b>        |
| <i>% variation</i>  | <i>-17.7 (1)</i>    | <i>9.6</i>          | <i>21.5</i>         |
| <b>Profit before taxation</b>   | <b>182</b>          | <b>159</b>          | <b>591</b>          |
| <i>% variation</i>  | <i>14.4 (1)</i>     | <i>9.6</i>          | <i>22.7</i>         |
| <b>Consolidated profit</b>  | <b>122</b>          | <b>118</b>          | <b>362</b>          |
| <i>% variation</i>  | <i>4.1 (1)</i>      | <i>21.4</i>         | <i>28.0</i>         |
| <b>Net profit - Group</b>   | <b>100</b>          | <b>104</b>          | <b>281</b>          |
| <i>% variation</i>  | <i>-3.7 (1)</i>     | <i>17.4</i>         | <i>10.5</i>         |
| <b>Investments and liquid assets</b>                                  | <b>36,696</b>       | <b>36,809</b>       | <b>37,350</b>       |
| <i>% variation</i>  | <i>-1.8 (2)</i>     | <i>2.5</i>          | <i>4.0</i>          |
| <b>Technical provisions</b>   | <b>23,757</b>       | <b>22,920</b>       | <b>24,042</b>       |
| <i>% variation</i>  | <i>-1.2 (2)</i>     | <i>3.0</i>          | <i>8.1</i>          |
| <b>Financial liabilities</b>  | <b>10,561</b>       | <b>10,380</b>       | <b>10,379</b>       |
| <i>% variation</i>  | <i>1.8 (2)</i>      | <i>-0.5</i>         | <i>-0.5</i>         |
| <b>Shareholders' equity pertaining to the Group</b>                   | <b>5,365</b>        | <b>5,595</b>        | <b>5,358</b>        |
| <i>% variation</i>  | <i>0.1 (2)</i>      | <i>0.8</i>          | <i>-3.5</i>         |
| <b>Number of staff</b>  | <b>6,658</b>        | <b>6,411</b>        | <b>6,595</b>        |

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

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

(\*) In order to make meaningful comparisons with the previous periods, figures as at 31 March 2007 relating to investments and liquid assets, technical provisions and financial liabilities include the figures of Quadrifoglio Vita, a company held for disposal. In accordance with IFRS 5, their assets and liabilities have been reclassified under the items 'Non-current assets or assets of a disposal group held for sale' and 'Liabilities of a disposal group held for sale'.

## **INTRODUCTION**

### ***The macroeconomic background***

The first quarter of 2007 was characterised by news of gradual improvements in the macroeconomic background both in Italy and internationally.

Italian GDP had grown by 1.9% as at 31 December 2006 compared with 0.1% at the end of 2005.

Prices in Italy continued to grow more slowly than in the Eurozone as a whole.

Italian inflation was 1.7% in March 2007 (2.1% at the end of 2006) compared with 1.9% in the Eurozone as a whole (2.2% at the end of 2006).

### ***Financial markets***

In March 2007 the ECB applied a monetary squeeze which brought the European base rate up to 3.75% (from 3.50%). The Bank of England and the Bank of Japan had already raised their rates by a quarter of a point, bringing them to 5.25% and 0.5% respectively.

FED rates had been stable at 5.25% since 29 June 2006.

As at 31 March 2007 Italian rates were not significantly different from what they had been at the end of 2006, the short-term rate (three-month Euribor) being 3.83% compared with 3.72% and the 10-year government rate 4.27% compared with 4.28%.

The stock exchange got off to a good start in 2007 but this was followed by a fall which led to much lower figures at the end of quarter. The Milan Stock Exchange recorded growth of 2.03% as at 31 March compared with the Eurozone average of 1.48%.

The London and Japanese Stock Exchanges performed less well (+1.40% and +0.36% respectively) while the New York Stock Exchange fell by 0.87%.

At the end of March the Dollar/Euro exchange rate was 1.33 (1.32 at the end of 2006).

## THE UNIPOL GROUP

The first quarter of 2007 saw the completion of several stages of the project to reorganise the companies in the Unipol Group. This had been launched by Unipol Assicurazioni's Board of Directors on 11 December 2006 and provided for distinguishing between holding business and insurance and banking business, including at the company level.

The voluntary public offer (hereinafter referred to as the 'bid') made by Unipol Assicurazioni for 33.34% of Aurora Assicurazioni's share capital at a price of €2.45 per share was concluded on 9 March. Shares representing 29.162% of Aurora Assicurazioni's capital were contributed to the bid, costing a total of €657m, which was financed from capital and reserves. Therefore Unipol Assicurazioni now holds 95.82% of Aurora Assicurazioni's share capital.

On 15 March the Boards of Directors of Unipol Assicurazioni and Aurora Assicurazioni approved the hive-down of their insurance business to the wholly-owned subsidiaries Nuova Unipol Assicurazioni and Nuova Aurora Assicurazioni respectively and the subsequent incorporation of Aurora Assicurazioni's remaining business into Unipol Assicurazioni. These hive-downs will be subject to authorisation by the relevant supervisory bodies.

Under the project Aurora Assicurazioni's shareholders who did not take part in the bid will be allocated Unipol Assicurazioni shares at a ratio of 0.510 ordinary shares and 0.314 preference shares for each Aurora Assicurazioni ordinary share. This exchange rate was determined by the administrative bodies of Unipol Assicurazioni and Aurora Assicurazioni and based on the principal valuation methods used by the market. Unipol Assicurazioni was helped to do so by Mediobanca – Banca di Credito Finanziario whilst Aurora Assicurazioni used Crédit Suisse. The exchange rate was assessed for suitability, as required by current legislation, by the auditors Deloitte & Touche S.p.A. in their capacity as experts appointed by the Bologna Court.

On 24 April the Extraordinary Shareholders' Meeting of Unipol Assicurazioni approved the plan to incorporate Aurora Assicurazioni into Unipol Assicurazioni and the relative amendments to the By-Laws. In fact, as a result of the hive-down, the current Unipol Assicurazioni will cease carrying out insurance business direct and will become a holding and service company under the name of 'Unipol Gruppo Finanziario S.p.A.'

Unipol Assicurazioni shareholders who did not vote in favour of the motion to amend the Company's aims and objectives will be entitled to withdraw, but it is expected that the operation to hive-down Unipol Assicurazioni will come into effect only if the total countervalue of withdrawals does not exceed €100m. However, Unipol Assicurazioni reserves the right to carry out the operation even if this threshold is exceeded.

In line with the industrial plan submitted to the markets in September 2006 the Company intends to carry out these operations in order to boost capital management and to consolidate the holding functions by increasing integration and coordinated growth in the various business areas, placing more emphasis on monitoring services and joint costs and focusing on the profitability of the various channels, products and types of client.

Provided the Supervisory Authorities give their approval the entire project is expected to be completed during the second half of 2007. Unipol Gruppo Finanziario S.p.A. will maintain the status of company listed on the *Mercato Telematico Azionario* (automated stock exchange).

On 9 March 2007 Banca Agricola Mantovana Spa (BAM) notified the Unipol Group that it



was terminating its bancassurance agreement with it. Under this agreement, provided the prescribed statutory authorisation was obtained, BAM was required to buy Unipol Assicurazioni Spa's 50% holding in Quadrifoglio Vita Spa at a price to be determined by an independent adviser.

As regards financial performance during the first quarter of 2007, all the companies in the Group recorded considerable growth in total direct **insurance** premium income (€2.8bn, +10.7% on the first quarter of 2006) mainly thanks to an increase of 15.6% in Life business, whilst once again Non-Life business (+3%) showed growth above the market average (+2.4% at the end of 2006), the effect of prudent Motor TPL tariff policies being offset by an increase in non-Motor classes (+5.3%).

In Life business growth could be attributed to bancassurance and in particular to BNL Vita, thanks to the use of the network of BNL branches to sell unit-linked types of product.

On the other hand income from capitalisation policies with corporate clients managed by the Parent Company Unipol Assicurazioni and Aurora Assicurazioni was down.

Group activity in supplementary pension schemes was particularly intense during the first quarter, though it will only produce results in terms of premium income and assets under management as from 1 July 2007, the date the pensions reform enabling act governing the transfer of staff-leaving indemnity, with silence indicating assent, comes into effect. Unipol Assicurazioni's aim is to see significant growth in assets managed and a rise in its market share of occupational funds during 2007 (7% at the end of 2006).

Under the IAS/IFRS, consolidated direct income achieved in the first quarter of 2007, which was affected by the proportional consolidation of the bancassurance sector (Quadrifoglio Vita and BNL Vita), was €2.1bn, +0.6%.

As for technical performance in Non-Life business, the first quarter of 2007 was characterised by the introduction in February of the direct compensation scheme, which involved changes to internal procedures and systems with consequent difficulties in feeding and comparing databases. It is therefore too early to make assumptions about the financial repercussions of this innovation, but as it is investing energy and expertise in perfecting an efficient and effective system for dealing with claims the Group believes it is equipped to take advantage of the opportunities that will arise from the new claims-handling procedure.

The loss ratio net of reinsurance was 71.5%, better than the figure of 73.7% in the first quarter of 2006, though this had been affected by several major claims and an increase in the number of claims reported and then reassessed during the year.

Investment management policies in the first part of the year concentrated on short-term monetary investments and equity investments. Against a macroeconomic background characterised by uncertainties over the increase in rates, operations focused on investments in variable-rate securities and on an increase, albeit gradual and slight, in the weighting of the share portfolio, preference being given to high-yield high-liquidity Eurozone shares.

In comparison with the first quarter of 2006 the profitability of investments was affected by the extraordinary capital gain of approximately €9m on the sale by Unipol Assicurazioni of the holding in Antonveneta made last year.

It should be mentioned that, as a result of the agreements entered into by the shareholders, since 1 March 2007 the Group has managed BNL Vita's investments matching the provisions for the products in Class I and Class V and the company's capital and reserves (approximately €5.5bn).

**In banking business** Unipol Banca continued to open new branches and by the end of March had 269 (265 at the end of 2006), 150 of which were co-located with insurance agencies. There were 1,900 insurance agencies throughout the country authorised to sell traditional banking products.

Commercial activity continued to follow strategic guidelines intended to increase the number of retail customers consisting of families and small and medium enterprises. In the corporate segment, where the main focus is on companies that are well-known insurance customers, seven Corporate Areas were set up in order to provide better monitoring of both marketing and risk profiles.

In January all the bank branches and the insurance agencies in Emilia Romagna and the Veneto, also began providing consumer credit. Over the next few months distribution will be extended to all the authorised insurance agencies in Italy.

As at 31 March 2007 Unipol Banca's direct customer deposits amounted to €7,329m, a fall of 7% compared with 31 December 2006 because of a reduction in deposits from Group companies, whilst lending to customers amounted to €6,414m, an increase of 2.6% compared with 31 December 2006.

Customer funds reached €26.9bn as at the date in question, an increase of 2% compared with the figure at the end of 2006, €2.2bn of which was from the portfolio of assets under management.

Unipol Merchant – Banca per le Imprese reached a level of corporate financing (including sureties issued) of €439m in the first quarter (+6% compared with the level as at 31/12/2006). The Bank also continued to provide financial advisory services and had a sizeable portfolio of mandates, which was expected to provide increased financial returns.

The **consolidated profit for the first quarter of 2007** reached a total of **€122m**, an increase of **4.1%** compared with the same period of 2006.

## **GENERAL DRAFTING CRITERIA AND BASIS OF CONSOLIDATION**

### **Consolidation criteria**

Unipol Group's consolidated quarterly report as at 31 March 2007 was drawn up in accordance with CONSOB Regulation 11971/1999, as amended by ruling 14990 of 14 April 2005 (Article 82 and Appendix 3D).

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 2006. Particular mention should be made of the fact that the consolidated quarterly report as at 31 March 2007 was drawn up by applying the international accounting standards (IAS/IFRS) issued by the IASB and endorsed by the European Union in force at the end of the period.

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 management figures and company statistics).

As a result of the intended sale by Unipol Assicurazioni of 50% of Quadrifoglio Vita to Banca Agricola Mantovana, the consolidated figures in this document are set out in accordance with the provisions of IFRS 5, with no changes to the consolidated shareholders' equity nor to the consolidated profit. In particular, on the consolidated balance sheet the assets of the company to be sold are reclassified in a single item known as 'Non-current assets or assets of a disposal group held for sale' (item 6.1 of the Assets) whilst the corresponding liabilities are similarly reclassified in a single item known as 'Liabilities of a disposal group held for sale' (item 6.1 of the Liabilities).

### **Basis of consolidation**

The Unipol Group's consolidated quarterly report as at 31 March 2007 was drawn up by combining the figures for the Parent Company Unipol Assicurazioni with those for the subsidiaries, both direct and indirect (IAS 27), excluding those that were deemed to be too small to be of relevance (valued by the equity method).

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

### **Changes in the basis of consolidation compared with 31 December 2006**

Operations carried out and other variations that took place in the first quarter of 2007 are as follows:

- On 16 March 2007, following the conclusion of the period for accepting Unipol Assicurazioni's bid for all the shares in Aurora Assicurazioni owned by third parties, 29.16% of Aurora Assicurazioni's share capital passed to Unipol Assicurazioni. Thus the shareholding rose from 66.66% to 95.82%.
- As a result, Aurora Assicurazioni's direct holdings in subsidiaries in the Group rose as follows:
  - Unisalute from 96.47% to 98.23%
  - Linear from 93.33% to 99.16%
  - Unipol Banca Group from 79.53% to 83.90%
  - S.R.S. from 91.74% to 98.96%
  - Dimensione e Sviluppo Immobiliare from 87.72% to 89.19%.

- Nuova Unipol Assicurazioni and Nuova Aurora Assicurazioni (set up on 28/12/2006 and 29/12/2006 respectively) were consolidated on a line-by-line basis, whilst as at 31 December 2006 they had been consolidated by the equity method.

Shareholdings consolidated on a line-by-line basis and on a proportional basis and shareholdings valued by the equity method are listed in an appendix to this report.

### **Additional notes on acquisitions made during the period**

Information on acquisitions that took place during the period in question is given below, specifically the repercussions on the consolidated accounts of the acquisition of further shares in Aurora Assicurazioni.

On 16 March 2007, following the voluntary bid for all Aurora Assicurazioni's shares, the acceptance period for which began on 29 January 2007 and ended on 9 March 2007, Unipol Assicurazioni acquired 29.162% of Aurora Assicurazioni's share capital, increasing its holding from 66.66% to 95.82% and also increasing its holding in the companies consolidated on a line-by-line basis in which Aurora Assicurazioni had a direct holding. The amount paid for the bid was €57m, to which were added additional costs of €4m, bringing the total cost to €61m.

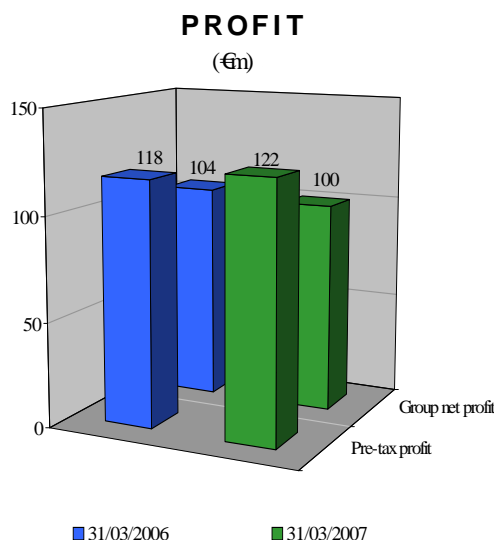
At the consolidation stage the difference between the total amount paid for the bid, as the higher book value of the participating interest in Aurora Assicurazioni, and the corresponding fraction of the Company's capital and reserves gave rise to an increase in goodwill of €34m in the absence of other asset items to which this difference could be allocated. Similarly, in the case of Unisalute, Linear and Unipol Banca, elimination of the book value of the additional participating interest and of the corresponding fraction of the companies' shareholders' equity gave rise to an overall increase in goodwill of €6m in the absence of other asset items to which this difference could be allocated.

This accounting method complies with the criterion adopted by the Group when carrying out similar operations in the past.

It should also be noted that, in view of the date on which these additional participating interests were acquired, the corresponding proportion of the profit for the period achieved by the companies involved in the consolidation was allocated to third parties.

## GROUP BUSINESS PERFORMANCE AS AT 31 MARCH 2007

The consolidated quarterly report as at 31 March 2007 ended with a **consolidated profit of €122m** (€118m as at 31/3/2006, +4.1%), €22m of which pertained to minority interests (€4m as at 31/3/2006). Group net profit was **€100m** (€104m as at 31/3/2006, -3.7%).



Business highlights as at 31 March 2007 were as follows:

- **direct premium income from insurance business**, gross of reinsurance cessions, reached **€1,118m** (+0.6% compared with the situation as at 31/3/2006), €m of which related to Life investment products (€5m as at 31/3/2006);
- **earned premiums**, net of reinsurance cessions, amounted to €1,054m, €41m of which was from Non-Life business (€905m as at 31/3/2006) and €1,113m from Life business (€1,123m as at 31/3/2006);
- **customer deposits from banking business** amounted to **€7,333m** (-7.4% compared with 31/12/2006);
- **net charges relating to claims**, net of reinsurance cessions, amounted to €1,858m, €673m of which was from Non-Life business (€667m as at 31/3/2006) and €1,185m from Life business (€1,252m as at 31/3/2006);
- the **net loss ratio** in Non-Life business was 71.5% (73.7% as at 31/3/2006);
- **operating expenses**, net of commission received from reinsurers, amounted to €301m (€275m as at 31/3/2006); the incidence of operating expenses on net earned premiums in Non-Life business was 23.4% (22.8% as at 31/3/2006) whilst in Life business it was 3.3% (2.7% as at 31/3/2006);
- the level of **investments and liquid assets** amounted to €36,696m, a decrease of €54m compared with 31 December 2006;

- **technical provisions** and **financial liabilities** amounted to €4,318m, the value as at 31 December 2006 having been €4,422m;
- **net capital gains and investment income** from financial assets and liabilities amounted to €262m during the period (€19m as at 31/3/2006);
- the total **gross profit** amounted to €182m. Net of tax for the period of €9m and of the net profit pertaining to minority interests of €2m the **net profit for the Group** as at 31 March 2007 was €100m (€104m as at 31/3/2006);
- the **incidence of taxation** on the gross profit for the period was 32.7% compared with 26% as at 31 March 2006. The first quarter of 2006 benefited from the capital gain of €9m relating to the sale of Antonveneta shares, some of which was non-taxable.

Below is a summary of the consolidated income statement for the first quarter of 2007 broken down by business sector: Non-Life, Life and banking, compared with the figures as at 31 March 2006.

| <b>SUMMARY OF CONSOLIDATED INCOME STATEMENT<br/>BROKEN DOWN BY BUSINESS SECTOR</b> |                              |            |             |                                     |           |              |                               |            |             |
|--|------------------------------|------------|-------------|-------------------------------------|-----------|--------------|-------------------------------|------------|-------------|
| <i>(amounts in €m)</i>   |                              |            |             |                                     |           |              |                               |            |             |
|  | <b>NON-LIFE<br/>BUSINESS</b> |            | <i>var.</i> | <b>LIFE<br/>BUSINESS</b>            |           | <i>var.</i>  | <b>INSURANCE<br/>TOTAL</b>    |            | <i>var.</i> |
|  | 31/3/07                      | 31/3/06    | %           | 31/3/07                             | 31/3/06   | %            | 31/3/07                       | 31/3/06    | %           |
| Net earned premiums  | 941                          | 905        | 3.9         | 1,113                               | 1,123     | -0.9         | 2,054                         | 2,029      | 1.2         |
| Net income from commissions and fees   | (0)                          | (0)        |             | 2                                   | (0)       |              | 2                             | (0)        |             |
| Financial income/charges   | 96                           | 98         | -1.2        | 121                                 | 190       | -36.2        | 217                           | 287        | -24.3       |
| Net charges relating to claims   | (673)                        | (667)      | 0.9         | (1,185)                             | (1,252)   | -5.3         | (1,858)                       | (1,919)    | -3.2        |
| Operating expenses   | (220)                        | (206)      | 6.8         | (37)                                | (30)      | 20.7         | (257)                         | (237)      | 8.5         |
| Other income/charges   | (1)                          | (11)       |             | 4                                   | (3)       |              | 2                             | (14)       |             |
| <b>Pre-tax profit (loss)</b>   | <b>142</b>                   | <b>119</b> | <b>19.9</b> | <b>18</b>                           | <b>27</b> | <b>-33.3</b> | <b>161</b>                    | <b>146</b> | <b>10.0</b> |
|  | <b>BANKING<br/>BUSINESS</b>  |            | <i>var.</i> | <b>Intersector<br/>eliminations</b> |           |              | <b>CONSOLIDATED<br/>TOTAL</b> |            | <i>var.</i> |
|  | 31/3/07                      | 31/3/06    | %           | 31/3/07                             | 31/3/06   |              | 31/3/07                       | 31/3/06    | %           |
| Net earned premiums  |                              |            |             |                                     |           |              | 2,054                         | 2,029      | 1.2         |
| Net income from commissions and fees   | 20                           | 20         | 2.7         | (2)                                 | -2        |              | 20                            | 17         | 16.5        |
| Financial income/charges   | 46                           | 33         | 41.8        | (1)                                 | (1)       |              | 262                           | 319        | -17.7       |
| Net charges relating to claims   |                              |            |             |                                     |           |              | (1,858)                       | (1,919)    | -3.2        |
| Operating expenses   | (47)                         | (42)       | 13.6        | 3                                   | 3         |              | (301)                         | (275)      | 9.3         |
| Other income/charges   | 2                            | 2          |             | (0)                                 | 0         |              | 4                             | (12)       |             |
| <b>Pre-tax profit (loss)</b>   | <b>21</b>                    | <b>13</b>  | <b>68.8</b> | <b>0</b>                            | <b>0</b>  |              | <b>182</b>                    | <b>159</b> | <b>14.4</b> |
| Taxation   |                              |            |             |                                     |           |              | (59)                          | (41)       | 43.8        |
| <b>Consolidated profit (loss)</b>  |                              |            |             |                                     |           |              | <b>122</b>                    | <b>118</b> | <b>4.1</b>  |
| Profit (loss) - minority interests   |                              |            |             |                                     |           |              | 22                            | 14         |             |
| <b>Profit (loss) - Group</b>   |                              |            |             |                                     |           |              | <b>100</b>                    | <b>104</b> | <b>-3.7</b> |

## INSURANCE BUSINESS

### Premium income and investment products

**Total income** (premiums and investment products) as at 31 March 2007 amounted to €1,133m, an increase of 0.7% compared with the situation as at 31 March 2006. This trend was due to Non-Life business, which recorded an increase of 3% during the period, whilst Life business fell by 1.3%.

| <b>CONSOLIDATED INCOME</b>             |                |              |                |              |             |                 |              |
|--|----------------|--------------|----------------|--------------|-------------|-----------------|--------------|
| <i>(amounts in €m)</i>                 |                |              |                |              |             |                 |              |
|  | <b>31/3/07</b> | <b>comp.</b> | <b>31/3/06</b> | <b>comp.</b> | <b>var.</b> | <b>31/12/06</b> | <b>comp.</b> |
|  |                | <b>%</b>     |                | <b>%</b>     | <b>%</b>    |                 | <b>%</b>     |
| Non-Life direct premium income         | 1,000          |              | 972            |              | 3.0         | 4,061           |              |
| Non-Life inward reinsurance            | 11             |              | 11             |              | 3.9         | 25              |              |
| <b>Total Non-Life premium income</b>   | <b>1,012</b>   | <b>47.4</b>  | <b>983</b>     | <b>46.4</b>  | <b>3.0</b>  | <b>4,086</b>    | <b>46.4</b>  |
| Life direct premium income             | 1,115          |              | 1,129          |              | -1.2        | 4,695           |              |
| Life inward reinsurance                | 3              |              | 2              |              | 70.2        | 4               |              |
| <b>Total Life premium income</b>       | <b>1,118</b>   | <b>52.4</b>  | <b>1,131</b>   | <b>53.4</b>  | <b>-1.1</b> | <b>4,699</b>    | <b>53.3</b>  |
| Total Life investment products         | 3              | 0.1          | 5              | 0.2          | -44.2       | 28              | 0.3          |
| <b>Total income from Life business</b> | <b>1,121</b>   | <b>52.6</b>  | <b>1,136</b>   | <b>53.6</b>  | <b>-1.3</b> | <b>4,727</b>    | <b>53.6</b>  |
| <b>OVERALL CONSOLIDATED INCOME</b>     | <b>2,133</b>   | <b>100.0</b> | <b>2,119</b>   | <b>100.0</b> | <b>0.7</b>  | <b>8,813</b>    | <b>100.0</b> |

Policy income as at 31 March 2007 was made up as follows:

- Non-Life premium income 47.4% (46.4% as at 31/3/2006)
- Life premium income 52.4% (53.4% as at 31/3/2006)
- Life investment products 0.1% (0.2% as at 31/3/2006).

Direct income amounted to €1,118m (+0.6% compared with 31/3/2006), €1,115m of which was premium income and €3m 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 31 March 2007 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 on the following page:

## BREAKDOWN OF CONSOLIDATED INCOME PER CLASS OF BUSINESS

(amounts in €m)

|  | 31/3/07      | comp.        | 31/3/06      | comp.        | var.         | 31/12/06     | comp.        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |              | %            |              | %            | %            |              | %            |
| <b>DIRECT ITALIAN BUSINESS</b>   |              |              |              |              |              |              |              |
| <b>Non-Life premium income</b>   |              |              |              |              |              |              |              |
| Accident and Health (classes 1 and 2)                                    | 159          | 7.5          | 150          | 7.1          | 6.1          | 593          | 6.7          |
| Land vehicles - TPL (class 10)   | 525          | 24.8         | 519          | 24.7         | 1.0          | 2,170        | 24.7         |
| Land vehicles - Own damage or loss (class 3)                             | 84           | 4.0          | 80           | 3.8          | 4.8          | 341          | 3.9          |
| Marine, Aviation and Goods in transit<br>(classes 4, 5, 6, 7, 11 and 12) | 7            | 0.3          | 9            | 0.4          | -18.2        | 31           | 0.4          |
| Fire and Other damage to property (classes 8 and 9)                      | 90           | 4.3          | 87           | 4.1          | 3.5          | 402          | 4.6          |
| General TPL (class 13)   | 93           | 4.4          | 88           | 4.2          | 5.6          | 366          | 4.2          |
| Credit and Bond (classes 14 and 15)                                      | 11           | 0.5          | 11           | 0.5          | 2.2          | 40           | 0.5          |
| Miscellaneous pecuniary losses (class 16)                                | 12           | 0.6          | 11           | 0.5          | 15.1         | 48           | 0.5          |
| Legal protection (class 17)  | 7            | 0.3          | 6            | 0.3          | 16.2         | 26           | 0.3          |
| Assistance (class 18)  | 12           | 0.5          | 10           | 0.5          | 11.9         | 44           | 0.5          |
| <b>Total Non-Life business</b>   | <b>1,000</b> | <b>47.2</b>  | <b>972</b>   | <b>46.1</b>  | <b>3.0</b>   | <b>4,061</b> | <b>46.2</b>  |
| <b>Life premium income</b>   |              |              |              |              |              |              |              |
| I - Life assurance, annuities  | 270          | 12.7         | 397          | 18.8         | -32.0        | 1,622        | 18.5         |
| III - Unit-linked / Index-linked products                                | 716          | 33.8         | 112          | 5.3          | 540.3        | 1,242        | 14.1         |
| V - Capitalisation operations  | 106          | 5.0          | 600          | 28.5         | -82.3        | 1,755        | 20.0         |
| VI - Pension funds   | 23           | 1.1          | 20           | 0.9          | 14.1         | 76           | 0.9          |
| <b>Total Life business</b>   | <b>1,115</b> | <b>52.6</b>  | <b>1,129</b> | <b>53.6</b>  | <b>-1.2</b>  | <b>4,695</b> | <b>53.5</b>  |
| <b>Total Life and Non-Life direct premium income</b>                     | <b>2,115</b> | <b>99.9</b>  | <b>2,101</b> | <b>99.8</b>  | <b>0.7</b>   | <b>8,756</b> | <b>99.7</b>  |
| <b>Total Life investment products</b>                                    | <b>3</b>     | <b>0.1</b>   | <b>5</b>     | <b>0.2</b>   | <b>-44.2</b> | <b>28</b>    | <b>0.3</b>   |
| <b>Total direct income</b>   | <b>2,118</b> | <b>100.0</b> | <b>2,106</b> | <b>100.0</b> | <b>0.6</b>   | <b>8,784</b> | <b>100.0</b> |
| <b>INWARD REINSURANCE</b>  |              |              |              |              |              |              |              |
| Non-Life premium income  | 11           | 78.6         | 11           | 85.7         | 3.9          | 25           | 86.8         |
| Life premium income  | 3            | 21.4         | 2            | 14.3         | 70.2         | 4            | 13.2         |
| <b>Total inward reinsurance</b>  | <b>15</b>    | <b>100.0</b> | <b>13</b>    | <b>100.0</b> | <b>13.3</b>  | <b>29</b>    | <b>100.0</b> |
| <b>OVERALL CONSOLIDATED INCOME</b>                                       | <b>2,133</b> |              | <b>2,119</b> |              | <b>0.7</b>   | <b>8,813</b> |              |

The following table shows direct income as at 31 March 2007 for 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.<br>%   | Investment<br>products | Total<br>income | comp.<br>%   |
|-------------------------------|--------------|--------------|--------------|--------------|------------------------|-----------------|--------------|
|                               | Non-Life     | Life         |              |              |                        |                 |              |
| Unipol Assicurazioni          | 355          | 208          | 564          | 26.6         | 2                      | 565             | 26.7         |
| Aurora Assicurazioni          | 517          | 228          | 745          | 35.2         | 0                      | 745             | 35.2         |
| Other subsidiaries            | 128          | 679          | 807          | 38.2         | 1                      | 808             | 38.1         |
| <b>TOTAL DIRECT INCOME</b>    | <b>1,000</b> | <b>1,115</b> | <b>2,115</b> | <b>100.0</b> | <b>3</b>               | <b>2,118</b>    | <b>100.0</b> |
| Traditional companies         | 872          | 436          | 1,309        | 61.9         | 2                      | 1,311           | 61.9         |
| Non-Life specialist companies | 128          | 0            | 128          | 6.1          | 0                      | 128             | 6.1          |
| Bancassurance companies       | 0            | 679          | 679          | 32.1         | 1                      | 679             | 32.1         |
| <b>TOTAL DIRECT INCOME</b>    | <b>1,000</b> | <b>1,115</b> | <b>2,115</b> | <b>100.0</b> | <b>3</b>               | <b>2,118</b>    | <b>100.0</b> |



## Life business

Life income totalled €1,121m as at 31 March 2007, down by 1.3% compared with 31 March 2006.

Direct income amounted to €1,118m (-1.4% compared with 31/3/2006). There was a huge increase in Class III – Index- and Unit-linked Policies (514.7%) whilst Class I – Traditional policies (-32%) and Class V – Capitalisation policies (-82.3%) were down. Class VI – Pension funds – recorded an increase of 14.1%.

Direct Life premium income amounted to €1,115m as at 31 March 2007 whilst investment products amounted to €m. As at 31 March 2006 Life premium income had been €1,129m and investment products €m.

### *Pension funds*

The most significant event of the first quarter of 2007 related to the supplementary pensions reform provided for by Legislative Decree 252 of 5 December 2005, which under the Finance Act 2007 came into effect on 1 January 2007. Thus this date marked the beginning of the period of six months allowed for transferring the staff-leaving indemnity to pension funds, either explicitly or tacitly (silence indicating assent).

As far as occupational pension funds were concerned the first few months of 2007 were characterised by the setting up of the guaranteed sub-funds (to which the staff-leaving indemnity of 'silent' employees will be allocated) and by the launch of procedures for selecting investment managers for these guaranteed sub-funds.

Unipol Assicurazioni participated in numerous bids for the selection of investment managers for these guaranteed sub-funds and the selection processes had not been completed by the end of the first quarter of the year.

As regards asset management the mandate for the Prevedi pension fund (construction sector) was launched whilst the work of managing existing mandates, which as at today's date cover a total of 14 occupational pension funds, continued as normal. At the end of the quarter total assets under management amounted to €61m.

In open-end pension funds business Unipol Futuro, Unipol Previdenza, Unipol Insieme and Aurora Previdenza had reached totals of €16m in assets and 10,774 members by the end of March.

The overall trend in income from new members is in line with the budget. In the first quarter Unipol Assicurazioni began to manage three new group pension schemes which covered a total of some 2,000 new members. Fresh negotiations for group pension schemes continued to be numerous and if they are successful they will come into effect on 1 July 2007.

\* \* \*

The **traditional composite companies** (Unipol Assicurazioni and Aurora Assicurazioni) achieved Life direct income of €438m, a drop of 38.6 % compared with 31 March 2006 partly as a result of the Group's decision to reduce the number of capitalisation policies with corporate clients. Life premium income amounted to €436m (€711m as at 31/3/2006) whilst investment products amounted to €m, the same as at 31 March 2006.

**Unipol Assicurazioni** had achieved Life direct income of €10m as at 31 March 2007 (€76m as at 31/3/2006). There was a particularly large increase in Class III – Unit- and Index-Linked Policies, which rose from €1.6m to €11.6m, whilst Class VI – Pension funds rose by 12.7%. Class I – Traditional policies (-12.6%) and Class V – Capitalisation policies (-81.4%) were down.

Income from Life policies achieved via Unipol Banca banking outlets was €5m as at 31 March 2007 (+29.6% compared with the first quarter of 2006).

Unipol Assicurazioni's Life direct income was made up of €208m in insurance premiums (€74m as at 31/3/2006) and €1.6m in investment products, in line with 31 March 2006.

The subsidiary **Aurora Assicurazioni** had Life direct income of €228m (-32.4 % compared with 31/3/2006), made up almost exclusively of insurance premiums.

There was a particularly large increase in Class III – Unit- and Index- Linked Policies, which rose from €0.4m to €107m, whilst Class I – Traditional policies (-24.9%) and Class V – Capitalisation policies (-86.8%) were down. Income from Class VI – Pension funds was not particularly significant.

Income received via the banking channel (Banca Popolare Italiana – BPI) amounted to €78m (€25m as at 31/3/2006).

\* \* \*

The **bancassurance** companies (BNL Vita and Quadrifoglio Vita), which were 50% owned, achieved total income of €1,359m, an increase of 61.6% compared with 31 December 2006. The proportion pertaining to the Group under proportional consolidation amounted to €679m.

**BNL Vita** achieved direct income of €1,209m (+84.7% compared with 31/3/2006), 50% of which (€604m) pertained to the Group. There was a huge increase in Class III – Unit- and Index-Linked Policies, which rose from €202m to €1,076m, whilst Class I – Traditional policies and Class V – Capitalisation policies were down by 62.5% and 81.5% respectively. There were hardly any investment products in the first quarter of 2007 as a result of the presence of a greater insurance risk in the new products sold (€1.5m as at 31/3/2006).

**Quadrifoglio Vita** had direct income of €150m as at 31 March 2007, a drop of 19.5% compared with 31 March 2006, 50% of which (€75m) pertained to the Group. A decrease was recorded in all classes: -57% in Class V – Capitalisation policies, -6.2% in Class I – Traditional policies and -5.2% in Class III – Unit and Index-Linked Policies. Investment products, all in Class III, amounted to €1.3m (€5m as at 31/3/2006).

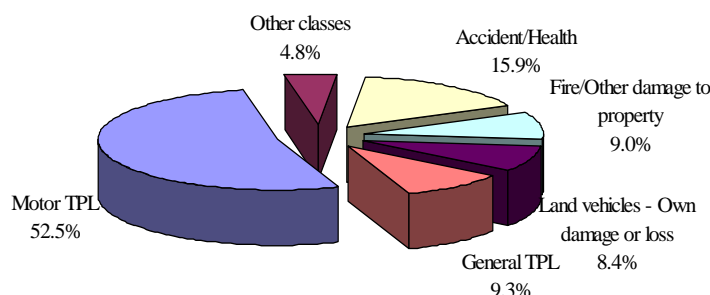
### **Non-Life business**

Total premium income in the Non-Life portfolio amounted to €1,012m as at 31 March 2007 (+3% compared with 31/3/2006).

Direct premium income alone amounted to €1,000m (+3% compared with 31/3/2006). Premium income from inward reinsurance amounted to €11m (+3.9% compared with 31/3/2006).

The various classes of business performed differently: Motor TPL rose by 1% compared with 31 March 2006, Accidents and Health by 6.1%, General TPL by 5.6%, Fire by 3.5% and the classes linked to other Motor cover by 4.8%.

## Breakdown of Non-Life direct premium income



The traditional sector of the **composite companies** (Unipol Assicurazioni and Aurora Assicurazioni) achieved direct premium income of €72m (+2.6% compared with 31/3/2006).

**Unipol Assicurazioni's** direct premium income amounted to €355m as at 31 March 2007, +1.5% compared with 31 March 2006, -2.2% in Motor TPL, which was affected by temporary delays in the renewal of major contracts, and +6.1% in the other classes, where all sectors of business, both individual and corporate, continued to grow.

**Aurora Assicurazioni** had achieved direct premium income of €17m by March 2007, an increase of 3.4% compared with 31 March 2006, in both Motor TPL and all other classes.

\* \* \*

The **specialist companies** (Linear, Unisalute and Navale Assicurazioni) wrote direct premiums of €128m (+5.1%).

**Linear** achieved direct premium income of €42m, an increase of 0.6%. 51% of the premium income for the period was obtained over the phone and the remaining 49% via the Internet, which is gradually increasing its share. (In the first quarter of 2006 it was 40%)

**Unisalute** achieved direct premium income of €34m, 17.2% higher than as at 31 March 2006, a much better performance than the market average.

The Non-Life company **Navale Assicurazioni** had achieved direct premium income of €52m as at 31 March 2007, the increase compared with 31 March 2006 (+2%) being largely due to non-Motor Classes.

## Reinsurance

### Inward reinsurance

Total Non-Life and Life inward reinsurance premium income amounted to €15m as at 31 March 2007 compared with €13m as at 31 March 2006 and was made up of €12m of premium income from Non-Life business and €3m from Life business.

## **Outward reinsurance**

Types of reinsurance providing cover for the risks underwritten by Group undertakings have also continued this year. In the case of almost all the classes subject to reinsurance the principal types of cession in Non-Life business are based on proportional schemes.

In order to carry out and supplement reinsurance strategy, non-proportional agreements have also been set up to cover exposures arising out of portfolios and retentions in Motor and General Third-Party Liability, Land vehicles – Own damage or loss, Fire, Accidents, Goods in Transit and Other damage to property relating to Hail.

The risks underwritten in Life business are covered by adopting surplus types of reinsurance where sums assured exceed the retention levels of the individual companies in the Group.

Reinsurance for Group undertakings has been placed with leading professional reinsurers reckoned by the top rating agencies to have a sound financial and capital basis.

Group direct premium income ceded amounted to a total of €71m at the end of the quarter compared with €82m as at 31 March 2006.

In line with the excellent technical performance of the insurance business underwritten by the Group, the result during the quarter for reinsurers was positive as regards both proportional types of cession and non-proportional types that were not affected by anomalous peaks in the loss ratio nor by events attributable to the cessions.

The Group's Non-Life retention ratio was 93.4% as at 31 March 2007 compared with 92.4% as at 31 March 2006.

The Group's Life retention ratio was 99.6% as at 31 March 2007 compared with 99.4% as at 31 March 2006 whilst the overall retention ratio (Non-Life and Life) amounted to 96.7% compared with 96.1% as at 31 March 2006.

## **Financial performance in insurance business**

The Group's insurance business contributed a total of €161m to pre-tax profits, €18m of which pertained to Life business (€27m as at 31/3/2006) and €142m to Non-Life business (€119m as at 31/3/2006).

Total operating expenses incurred as at 31 March 2007 (acquisition and renewal commissions and other acquisition, asset-management and administrative expenses), net of commissions received from reinsurers, totalled €257m (€237m as at 31/3/2006, +8.5%).

The relative incidence on net written premiums for the period was 12.5%, an increase compared with 31 March 2006 (11.7%). The incidence of net operating expenses on net written premiums in Non-Life business was 23.4% as at 31 March 2007 (22.8% as at 31/3/2006) and that in Life business was 3.3% (2.7% as at 31/3/2006).

The loss ratio in Non-Life business, including claims-handling expenses and net of reinsurance items, was 71.5% (73.7% as at 31/3/2006).

The 'direct compensation' scheme for Motor insurance came into effect on 1 February 2007. Policyholders who are involved in accidents that cause damage to property or personal injury leading to permanent disability not exceeding nine points no longer apply for compensation to the other party's company but to their own company, which must pay the compensation and obtain a refund from the debtor company, this being a locally-based flat rate determined by law.

This ruling introduced substantial changes to the claims-handling process. The following are now taken into account for the purpose of ascertaining the loss ratio:

- the difference between active frequency (caused by policyholders) and passive frequency (caused by the policyholders of other companies);
- the difference between the compensation paid and the fixed amount received from other companies;
- the ability of claims-handling departments and agencies to help customers, the main aim being to avoid them consulting legal professionals and companies specialising in injury claims;
- best use of the Group claims-settlement system, which includes a call centre and approved or twinned car-repairers.

At the moment things are still being sorted out since the mechanisms for passing information between companies are not yet fully operational and the databases are not yet complete.

The **combined ratio**, based on direct business and inward reinsurance and net of outward reinsurance, was 94.6% as at 31 March 2007 (96.1% as at 31/3/2006).

This indicator is derived from the sum of two ratios, the first being the loss ratio net of outward reinsurance (71.5%) derived from the incidence of the net charges for the period relating to claims on net earned premiums and the second (23%) being derived from the ratio of total operating expenses net of investment management expenses to net written premiums.

In Life business the result for the period was affected by the fall in net investment income compared with the first quarter of 2006, during which period the sale of the holding in Antonveneta had enabled a sizeable capital gain to be made, €22m of it pertaining to Life business.

## IT Systems

In addition to the huge task of implementing the changes arising out of the new legislation on direct compensation, during the first quarter of 2007 the Joint General IT Department of the Parent Company Unipol Assicurazioni continued to carry out initiatives already launched and began to develop new projects, which had been decided on in 2006, within the Parent Company and the other companies in the Group.

The trend in costs was in line with the budget already set out for the current year. The timescale for these expenses was substantially in line with the forecast.

## BANKING BUSINESS

The banking sector was made up of the Unipol Banca Group, where funds managed by the parent company Unipol Banca continued to predominate.

Direct customer deposits reached €7,333m as at 31 March 2007, a decrease of 7.4% compared with 31 December 2006, owing to a reduction in deposits from companies in the Group.

Lending to customers was up and amounted to €6,840m as at 31 March 2007 (+2.7%). In particular, the marketing of mortgage loans continued and the range offered to customers was expanded. In addition, the business unit dealing with consumer credit began work in January.

Financial assets held for trading rose from €97m as at 31 December 2006 to €97m as at 31 March 2007 whilst financial assets available for sale remained almost unchanged at €2m.

The first three months of the year returned a **net pre-tax profit of €21m** (€13m as at 31/3/2006, +68.8%).

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

| <b>BANKING BUSINESS</b>   |                    |                   |              |
|---|--------------------|-------------------|--------------|
| <i>(amounts in €m)</i>  | <b>31/03/2007</b>  | <b>31/03/2006</b> | <b>var.</b>  |
|   |                    |                   | <b>%</b>     |
| Net interest income   | 49                 | 39                | 24.3         |
| Net income from fees and commissions                                  | 20                 | 20                | 2.7          |
| Other net financial income  | 2                  | 3                 |              |
| <b>Gross operating income</b>   | <b>72</b>          | <b>62</b>         | <b>15.0</b>  |
| Value adjustments/readjustments due to impairment of financial assets | (5)                | (10)              |              |
| <b>Financial management - net profit</b>                              | <b>67</b>          | <b>52</b>         | <b>27.1</b>  |
| Operating expenses  | (45)               | (40)              | 13.8         |
|   | <i>Cost/income</i> | <i>63.2%</i>      | <i>63.9%</i> |
| <b>Pre-tax profit (loss)</b>  | <b>21</b>          | <b>13</b>         | <b>68.8</b>  |

Net interest income amounted to €49m as at 31 March 2007, recording a significant increase of 24.3% owing to the widening of the spread between rates received and rates paid and the increase in funds under custody.

Gross operating income reached €72m, an increase of 15% compared with the same period of 2006.

Operating costs amounted to €45m, an increase of 13.8%, reflecting the Banking Group's strategy of providing adequate support for business growth, which includes investing in human and financial resources. The cost/income ratio (the incidence of operating expenses on gross operating income) fell by 0.7 percentage points. Value adjustments on financial assets were half what they were in the corresponding quarter of last year.

## STAFFING

As at 31 March 2007 the insurance companies in the Group had 4,756 employees, 67 of whom were on fixed-term contracts. The figure was almost the same as at 31 December 2006. The number of full-time equivalent (FTE) employees was 4,519.

As at the same date the Unipol Banca Group had 1,902 employees (+64 since 31/12/2006), 53 of whom were on fixed-term contracts.

There were 1,874 full-time equivalent employees.

The Group had a total of 6,658 employees as at 31 March 2007 (+ 63 since 31/12/2006).

|                               | 31/03/2007   | 31/12/2006   | var.       | 31/03/2006   | var.       |
|-------------------------------|--------------|--------------|------------|--------------|------------|
|                               | a            | b            | a-b        | c            | a-c        |
| Unipol                        | 1,990        | 1,987        | 3          | 1,930        | 60         |
| Aurora                        | 1,846        | 1,852        | (6)        | 1,942        | (96)       |
| Other companies               | 920          | 918          | 2          | 861          | 59         |
| <b>Total insurance sector</b> | <b>4,756</b> | <b>4,757</b> | <b>(1)</b> | <b>4,733</b> | <b>23</b>  |
| Unipol Banca                  | 1,849        | 1,785        | 64         | 1,619        | 230        |
| Unipol Merchant               | 50           | 50           | 0          | 56           | -6         |
| Other finance companies       | 3            | 3            | 0          | 3            | 0          |
| <b>Total banking sector</b>   | <b>1,902</b> | <b>1,838</b> | <b>64</b>  | <b>1,678</b> | <b>224</b> |
| <b>Total Unipol Group</b>     | <b>6,658</b> | <b>6,595</b> | <b>63</b>  | <b>6,411</b> | <b>247</b> |

The variations that took place during the quarter reflect the increase in the work of Unipol Banca, which included the opening of new branches.

## 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 consisted of 1,710 agencies as at 31 March 2007 (6 fewer than as at 31/12/2006), 586 of which were Unipol Assicurazioni agencies and 1,124 Aurora Assicurazioni agencies. In addition both Unipol Assicurazioni and Aurora Assicurazioni placed Life products direct through networks of banking outlets (Unipol Banca and Banca Popolare Italiana - BPI – respectively).

As regards the Non-Life **specialist companies**, Unisalute operated in Health and Assistance by selling managed care group policies direct to businesses, associations and various other bodies. The Company sold its individual policies via the Internet, by telephone and through its network of agencies (90 agencies, 88 of which were Unipol Assicurazioni agencies with a Unisalute mandate, compared with 87, 85 of which belonged to Unipol Assicurazioni, as at 31/12/2006). In addition Unisalute products were sold through the branches of Unipol Banca and of three other credit institutions, to which one more will be added during 2007.

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

Navale operated through 214 non-exclusive agencies and 275 brokers.

Turning to the Group's **bancassurance** companies, Quadrifoglio used the network made up of 295 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**, Unipol Banca had 269 branches as at 31 March 2007, 150 of which were co-located with insurance agencies, 38 finance shops and 415 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 Unipol Banca's network of branches.

## **NEW PRODUCTS**

'*2diCUORE*' ('2 of HEARTS') was introduced in February 2007. This new product is the Group's first integrated insurance-banking product.

'*2diCUORE*' combines an Motor policy and a current account in a single product to take advantage of the synergy arising out of the Group's expertise in insurance and banking and thus guarantees customers considerable added value in terms of convenience, simplicity and time-saving.

'*2diCUORE*' is aimed at employees and pensioners who have their salary and pensions paid into the current account and offers many advantages including the possibility of:

- paying their Unibox/Aurobox Motor policy by monthly or annual direct debit
- paying their Motor policy in monthly instalments
- obtaining a Unibox/Aurobox free for three years
- also having it free for three years on the Motor policy of joint account-holders who have their salary/pension paid into the current account
- having a current account with a low monthly charge of only €2.5, an unlimited number of free operations, a free cash card and free payment of utility bills.

The advantages of '*2diCUORE*' as far as insurance is concerned are discounts on the MV policy and services linked to Unibox/Aurobox.

Following the coming into force of the direct compensation scheme the '*Indennizzo Certo*' ('Certain Compensation') benefit was introduced. This covers damage to the vehicle if the policyholder is partly or totally responsible for the loss. The aim is to provide the customer with a better service and to prevent possible conflicts with the Company if some or all of the responsibility is disputed.

'*Indennizzo Certo*' is own-damage cover that provides for payment of a fixed maximum sum irrespective of the value of the vehicle and no deductible is applied.



## GROUP PROPERTY AND FINANCIAL MANAGEMENT

### Investments and liquid assets

The level of the Group's investments and liquid assets reached a total of €6,696m as at 31 March 2007, a decrease of €654m compared with the position as at 31 December 2006 (-1.8%). Net of €984m relating to Quadrifoglio Vita (which is held for disposal) reclassified as 'Non-current assets or assets of a disposal group held for sale', investments and liquid assets amounted to €5,711m.

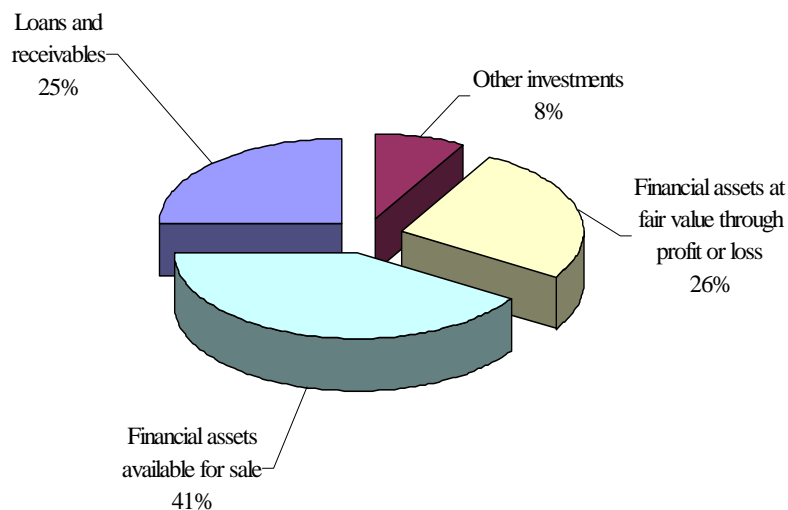
Investments and liquid assets in the insurance sector amounted to €30,875m (€31,553m as at 31/12/2006) and accounted for 84.1% of total investments (84.5% as at 31/12/2006) whilst those in the banking sector amounted to €1,161m (€1,695m as at 31/12/2006), 91.3% of which were loans and receivables from customers and banks (94% as at 31/12/2006).

In the first quarter of 2007 asset management in the insurance sector focused on short-term monetary investments and equity investments. Against a macroeconomic background characterised by uncertainties about an upturn in prices and a possible increase in interest rates, operations in the bond market concentrated on investments in variable-rate securities and with counterparties with a high rating.

The need to improve returns on the bond portfolio was pursued by operating in options with no speculative content and trading in securities.

The weighting of the share component continued to increase gradually during the quarter, investing being almost exclusively in the Eurozone and preference being given to high-liquidity high-yield shares.

**Breakdown of investments and liquid assets  
31/03/2007**



*The diagrams in this section also include the figures for Quadrifoglio Vita, which is held for disposal.*

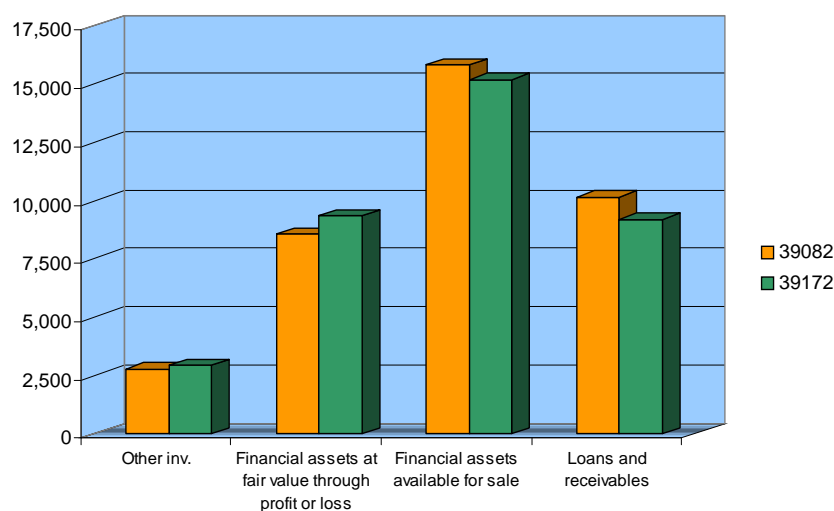
The Group's investments subdivided according to type and comparisons with the position as at 31 December 2006 are set out in the following table:

| <b>INVESTMENTS AND LIQUID ASSETS</b>                         |               |               |               |              |               |              |             |
|--|---------------|---------------|---------------|--------------|---------------|--------------|-------------|
| <i>(amounts in €m)</i>                                       |               |               |               |              |               |              |             |
|  | 31/03/2007    | IFRS 5<br>(*) | 31/03/2007    | comp.        | 31/12/2006    | comp.        | var.        |
|  | (a)           | (b)           | c=a+b         | %            | d             | %            | %           |
|  |               |               |               |              |               |              | c/d         |
| Buildings  | 299           |               | 299           | 0.8          | 299           | 0.8          | -0.1        |
| Shareholdings in subsidiaries, associates and joint ventures | 28            |               | 28            | 0.1          | 39            | 0.1          | -28.4       |
| Investments held to maturity                                 | 853           | 183           | 1,036         | 2.8          | 1,038         | 2.8          | -0.2        |
| Loans and receivables  | 9,157         | 43            | 9,200         | 25.1         | 10,157        | 27.2         | -9.4        |
| -Loans and receivables i.r.o. banking customers              | 6,822         |               | 6,822         | 18.6         | 6,640         | 17.8         | 2.8         |
| -Interbanking loans and receivables                          | 609           |               | 609           | 1.7          | 1,507         | 4.0          | -59.6       |
| -Deposits with ceding undertakings                           | 22            |               | 22            | 0.1          | 21            | 0.1          | 4.3         |
| -Other loans and receivables                                 | 1,704         | 43            | 1,747         | 4.8          | 1,989         | 5.3          | -12.2       |
| Financial assets available for sale                          | 14,891        | 308           | 15,199        | 41.4         | 15,838        | 42.4         | -4.0        |
| Financial assets at fair value through profit or loss        | 8,984         | 374           | 9,359         | 25.5         | 8,566         | 22.9         | 9.3         |
| - held for trading   | 4,065         | 91            | 4,156         | 11.3         | 3,898         | 10.4         | 6.6         |
| - designated at fair value through profit or loss            | 4,919         | 284           | 5,203         | 14.2         | 4,668         | 12.5         | 11.5        |
| Cash and cash equivalents                                    | 1,500         | 76            | 1,576         | 4.3          | 1,414         | 3.8          | 11.5        |
| <b>TOTAL INVESTMENTS AND LIQUID ASSETS</b>                   | <b>35,711</b> | <b>984</b>    | <b>36,696</b> | <b>100.0</b> | <b>37,350</b> | <b>100.0</b> | <b>-1.8</b> |

(\*) Consolidated figures relating to *Quadrifoglio Vita*, a company held for disposal, the assets of which have been reclassified under the item 'Non-current assets or assets of a disposal group held for sale' in accordance with IFRS 5.

### Investments and Liquid Assets

(€m)



#### Investments in property

Investments in land and buildings amounted to €299m as at 31 March 2007, almost unchanged since 31 December 2006.

Including property for own use the Group's property assets amounted to €76m. There were no significant variations here either.

### **Shareholdings in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint ventures totalled €28m as at 31 March 2007 and were almost exclusively in associates (€9m as at 31/12/2006). €10m of the decrease was due to the consolidation on a line-by-line basis of Nuova Unipol Assicurazioni and Nuova Aurora Assicurazioni, which as at 31 December 2006 had been valued by the equity method.

### **Investments held to maturity**

Investments held to maturity amounted to €1,036m as at 31 March 2007 (-0.2% compared with 31/12/2006). This category included fixed-rate bonds acquired to match special Life tariffs.

### **Loans and receivables**

Loans and receivables amounted to €9,200m as at 31 March 2007 compared with €10,157m as at 31 December 2006 (-9.4%). Part of the decrease was attributable to the payment of €57m for the acquisition of 29.162% of Aurora Assicurazioni following the bid.

The main contribution to this item was from banking business, with €822m of loans to customers (+2.8% compared with 31/12/2006) and €609m of receivables from banks (-59.6% compared with 31/12/2006).

Other loans and receivables fell from €1,989m as at 31 December 2006 to €1,747m as at 31 March 2007, a decrease of 12.2%.

### **Financial assets available for sale**

Financial assets available for sale amounted to €15,199m as at 31 March 2007 (-4% compared with 31/12/2006). This decrease was mainly attributable to divestments linked to the cessation of capitalisation policies that were not renewed. It should also be pointed out that on 15 January 2007 the total return equity swap contract with Mediobanca for 14,080,000 BPI shares belonging to the subsidiary Aurora Assicurazioni was terminated.

### **Financial assets recorded at fair value through profit or loss**

Financial assets in this category were divided into assets held for trading and assets recorded at fair value through profit or loss. They amounted to €9,359m as at 31 March 2007 (+9.3% compared with 31/12/2006).

The item was made up of €4,156m of assets held for trading (+6.6%), the increase being mainly attributable to banking business, and €5,203m of assets recorded at fair value, where the investment risk is borne by the policyholders (+11.5%).

### **Cash and cash equivalents**

Cash and cash equivalents amounted to €1,576m (€1,414m as at 31/12/2006, +11.5%).

### **Net capital gains and investment income**

Net capital gains and investment income amounted to €45m as at 31 March 2007 (-1.7%). They had amounted to €51m as at 31 March 2006, including the capital gain of €9m resulting from the sale of the Antonveneta shares.

Some of the net income from financial assets available for sale was the capital gain of €19m made when the total return equity swap contract on the BPI shares was terminated.

Taking into account net income and charges arising from financial liabilities of -€3m (-€32m as at 31/3/2006), total net income from asset management amounted to €62m (-17.7% compared with 31/3/2006).

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

| <b>NET INVESTMENT INCOME</b>  |             |              |             |              |              |
|---|-------------|--------------|-------------|--------------|--------------|
| <i>(amounts in €m)</i>  |             |              |             |              |              |
|   | 31/03/2007  | comp.        | 31/03/2006  | comp.        | var.         |
|   |             | %            |             | %            | %            |
| Investments in property   | 2           | 0.6          | 3           | 0.7          | -12.0        |
| Income from shareholdings in subsidiaries, associates and joint       | 0           | 0.0          | 0           | 0.1          | -64.0        |
| Net income from investments held to maturity                          | 13          | 3.6          | 10          | 2.7          | 30.1         |
| Net income from loans and receivables                                 | 115         | 33.4         | 85          | 24.2         | 35.6         |
| Net income from financial assets available for sale                   | 161         | 46.7         | 130         | 37.1         | 23.9         |
| Net income from financial assets at fair value                        | 38          | 10.9         | 120         | 34.2         | -68.6        |
| Balance on cash and cash equivalents                                  | 16          | 4.7          | 4           | 1.0          | 356.3        |
| <b>Total net income from financial investments and liquid assets</b>  | <b>345</b>  | <b>100.0</b> | <b>351</b>  | <b>100.0</b> | <b>-1.7</b>  |
| Net income/charges from financial liabilities at fair value           | (29)        |              | 7           |              |              |
| Net income/charges from other financial liabilities                   | (54)        |              | (39)        |              | 38.3         |
| <b>Total net income/charges from financial liabilities</b>            | <b>(83)</b> |              | <b>(32)</b> |              | <b>157.3</b> |
| <b>Total net income/charges from financial assets and liabilities</b> | <b>262</b>  |              | <b>319</b>  |              | <b>-17.7</b> |

## SHAREHOLDERS' EQUITY

The Group's equity as at 31 March 2007, including the profit for the period, amounted to €5,365m (€5,358 as at 31/12/2006). Equity pertaining to minority interests amounted to €209m (€15m as at 31/12/2006).

The Parent Company's share capital was €2,360,144,410 on 31 March 2007 and was made up of 1,460,524,546 ordinary shares and 899,619,864 preference shares.

## TECHNICAL PROVISIONS AND FINANCIAL LIABILITIES

| <b>TECHNICAL PROVISIONS AND FINANCIAL LIABILITIES</b> |               |            |               |               |             |
|---|---------------|------------|---------------|---------------|-------------|
| <i>(amounts in €m)</i>                                |               |            |               |               |             |
|   | 31/03/2007    | IFRS 5     | 31/03/2007    | 31/12/2006    | var.        |
|   | a             | (*)<br>b   | c=a+b         | d             | %<br>c/d    |
| Non-Life technical provisions                         | 7,457         |            | 7,457         | 7,393         | 0.9         |
| Life technical provisions                             | 15,646        | 653        | 16,300        | 16,650        | -2.1        |
| <b>TOTAL TECHNICAL PROVISIONS</b>                     | <b>23,104</b> | <b>653</b> | <b>23,757</b> | <b>24,042</b> | <b>-1.2</b> |
| Financial liabilities at fair value                   | <b>3,038</b>  | <b>248</b> | <b>3,286</b>  | <b>3,121</b>  | <b>5.3</b>  |
| - Investment contracts - insurance companies          | 2,846         | 248        | 3,094         | 2,952         | 4.8         |
| - Other   | 192           | 0          | 192           | 169           | 13.8        |
| Other financial liabilities                           | <b>7,211</b>  | <b>64</b>  | <b>7,275</b>  | <b>7,258</b>  | <b>0.2</b>  |
| - Investment contracts - insurance companies          | 319           | 58         | 377           | 399           | -5.5        |
| - Subordinate liabilities                             | 892           | 6          | 898           | 788           | 14.1        |
| - Payables to banking customers                       | 5,259         |            | 5,259         | 5,364         | -2.0        |
| - Interbanking payables                               | 78            |            | 78            | 52            | 49.7        |
| - Other   | 661           |            | 661           | 654           | 1.1         |
| <b>TOTAL FINANCIAL LIABILITIES</b>                    | <b>10,249</b> | <b>312</b> | <b>10,561</b> | <b>10,379</b> | <b>1.8</b>  |

(\*) Consolidated figures relating to *Quadrifoglio Vita*, a company held for disposal, the liabilities of which have been reclassified under the item 'Liabilities of a disposal group held for sale' in accordance with IFRS 5.

Technical provisions amounted to €23,757m as at 31 March 2007, a decrease of 1.2% compared with 31 December 2006, and were made up of €7,457m of Non-Life technical

provisions (€7,393m as at 31/12/2006, +0.9%) and €16,300m of Life technical provisions (€16,650m as at 31/12/2006, -2.1%). The decrease in the Life provisions was due to the cessation of large corporate policies that the Group decided not to renew. Net of €53m relating to Quadrifoglio Vita (which is held for disposal) reclassified as 'Liabilities of a disposal group held for sale', technical provisions amounted to €23,104m.

Total financial liabilities amounted to €10,561m (+1.8% compared with 31/12/2006), €3,471m of this amount being financial liabilities relating to investment policies issued by the insurance companies (€3,352m as at 31/12/2006). Net of €12m relating to Quadrifoglio Vita (which is held for disposal) reclassified as 'Liabilities of a disposal group held for sale', financial liabilities amounted to €10,249m.

Financial liabilities recorded at fair value through profit or loss amounted to €3,286m (+5.3%) and mainly consisted of investment contracts issued by insurance companies where the investment risk was borne by the policyholders (€3,094m).

Other financial liabilities amounted to €7,275m (+0.2%) and consisted of payables to banking clients of €5,259m (-2%), investment policies issued by insurance companies totalling €377m (-5.5%), subordinated debenture loans of €98m (+14.1%) and other liabilities amounting to €40m (+4.7%).

€100m of the increase in the subordinated debenture loans was the result of Unipol Banca issuing two subordinated debenture loans on 15 January 2007 with nominal values of €15m and €85m and expiring on 15 January 2017.

## NET GROUP RESULT AS AT 31 MARCH 2007

The net result for the Group amounted to €100m and was made up as follows:

| <b>GROUP NET PROFIT</b>  |                  |                  |               |
|--|------------------|------------------|---------------|
| <i>(amounts in €m)</i>   |                  |                  |               |
|  | <b>31/3/2007</b> | <b>31/3/2006</b> | <b>var. %</b> |
| <b>Total profits Parent Company and other consolidated companies</b> | <b>123</b>       | <b>121</b>       | <b>0.9%</b>   |
| Consolidation adjustments  | (0)              | (4)              |               |
| <b>Consolidated profit</b>   | <b>122</b>       | <b>118</b>       | <b>4.1%</b>   |
| Minority interests   | (22)             | (14)             |               |
| <b>Net profit - Unipol Group</b>                                     | <b>100</b>       | <b>104</b>       | <b>-3.7%</b>  |

## **SIGNIFICANT RECENT EVENTS AND BUSINESS OUTLOOK FOR THE CURRENT FINANCIAL YEAR**

In addition to what has already been mentioned, the following events, part of the project to reorganise the Group, should be noted:

- On 18 April 2007 the Extraordinary Shareholders' Meeting of Nuova Unipol Assicurazioni voted to increase its capital from €m to €150m, at a total issue price of €700m, €145m as share capital and €555m as the price above par. The capital increase was fully subscribed by Unipol Assicurazioni and will be freed by hiving-down the class of business described in the report drawn up and sworn by Dr Piero Aicardi, the expert designated by the Bologna Court.
- On 19 April 2007 the Extraordinary Shareholders' Meeting of Nuova Aurora Assicurazioni resolved to increase the capital by €m to €150m at a total issue price of €47,766,434, €145m as share capital and €32,766,434 as the price above par. The capital increase was fully subscribed by Aurora Assicurazioni and will be freed by hiving-down the class of business described in the estimate, based on the statement of assets and liabilities as at 31 December 2006, drawn up and sworn by Dr Luigi Zorloni, the expert designated by the Milan Court.

Provided there are no unusual or exceptional events Group profits for the current year are expected to be higher than they were last year and by and large in line with forecasts.

Bologna, 10 May 2007

**The Board of Directors**

## CONSOLIDATED BALANCE SHEET

### ASSETS

| €m       |  | 31/03/2007<br>before<br>reclassifications | Reclassifications<br>IFRS 5 (*) | 31/03/2007    | 31/12/2006    |
|----------|--|---|---------------------------------|---------------|---------------|
| <b>1</b> | <b>INTANGIBLE ASSETS</b>                                       | <b>1,683</b>                              | <b>1</b>                        | <b>1,683</b>  | <b>1,336</b>  |
| 1.1      | Goodwill   | 1,651                                     | 1                               | 1,651         | 1,304         |
| 1.2      | Other intangible assets  | 32  | 0                               | 32            | 32            |
| <b>2</b> | <b>TANGIBLE ASSETS</b>   | <b>434</b>                                | <b>0</b>                        | <b>434</b>    | <b>434</b>    |
| 2.1      | Property   | 378                                       |                                 | 378           | 376           |
| 2.2      | Other tangible assets  | 57  | 0                               | 57            | 58            |
| <b>3</b> | <b>TECHNICAL PROVISIONS - REINSURERS' SHARE</b>                | <b>636</b>                                |                                 | <b>636</b>    | <b>657</b>    |
| <b>4</b> | <b>INVESTMENTS</b>   | <b>35,120</b>                             | <b>908</b>                      | <b>34,211</b> | <b>35,936</b> |
| 4.1      | Investments in property  | 299                                       |                                 | 299           | 299           |
| 4.2      | Shareholdings in subsidiaries, associates and joint ventures   | 28  |                                 | 28            | 39            |
| 4.3      | Investments held to maturity                                   | 1,036                                     | 183                             | 853           | 1,038         |
| 4.4      | Loans and receivables  | 9,200                                     | 43                              | 9,157         | 10,157        |
| 4.5      | Financial assets available for sale                            | 15,199                                    | 308                             | 14,891        | 15,838        |
| 4.6      | Financial assets recorded at fair value through profit or loss | 9,359                                     | 374                             | 8,984         | 8,566         |
| <b>5</b> | <b>SUNDRY RECEIVABLES</b>                                      | <b>1,004</b>                              | <b>6</b>                        | <b>998</b>    | <b>1,177</b>  |
| 5.1      | Receivables arising out of direct insurance operations         | 623                                       | 0                               | 622           | 809           |
| 5.2      | Receivables arising out of reinsurance operations              | 128                                       |                                 | 128           | 105           |
| 5.3      | Other receivables  | 253                                       | 6                               | 247           | 263           |
| <b>6</b> | <b>OTHER ASSETS</b>  | <b>846</b>                                | <b>9</b>                        | <b>1,837</b>  | <b>696</b>    |
| 6.1      | Non-current assets or assets of a disposal group held for sale | 0   |                                 | 1,000         | 0             |
| 6.2      | Deferred acquisition costs                                     | 70  |                                 | 70            | 70            |
| 6.3      | Deferred tax assets  | 410                                       | 8                               | 401           | 366           |
| 6.4      | Current tax assets   | 29  |                                 | 29            | 45            |
| 6.5      | Other assets   | 337                                       | 1                               | 337           | 215           |
| <b>7</b> | <b>CASH AND CASH EQUIVALENTS</b>                               | <b>1,576</b>                              | <b>76</b>                       | <b>1,500</b>  | <b>1,414</b>  |
|          | <b>TOTAL ASSETS</b>  | <b>41,299</b>                             | <b>1,000</b>                    | <b>41,299</b> | <b>41,650</b> |

### LIABILITIES AND SHAREHOLDERS' EQUITY

| €m         |   | 31/03/2007<br>before<br>reclassifications | Reclassifications<br>IFRS 5 (*) | 31/03/2007    | 31/12/2006    |
|------------|---|---|---------------------------------|---------------|---------------|
| <b>1</b>   | <b>SHAREHOLDERS' EQUITY</b>   | <b>5,575</b>                              |                                 | <b>5,575</b>  | <b>5,873</b>  |
| <b>1.1</b> | <b>pertaining to the Group</b>                                      | <b>5,365</b>                              |                                 | <b>5,365</b>  | <b>5,358</b>  |
| 1.1.1      | Capital   | 2,360                                     |                                 | 2,360         | 2,360         |
| 1.1.2      | Other equity  | 0   |                                 | 0             | 0             |
| 1.1.3      | Capital reserves  | 2,297                                     |                                 | 2,297         | 2,297         |
| 1.1.4      | Accumulated earnings and other reserves                             | 787                                       |                                 | 787           | 457           |
| 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            | -217                                      |                                 | -217          | -70           |
| 1.1.8      | Other profits or losses recorded in the equity direct               | 38  |                                 | 38            | 33            |
| 1.1.9      | Profits (loss) for the year pertaining to the Group                 | 100                                       |                                 | 100           | 281           |
| <b>1.2</b> | <b>pertaining to minority interests</b>                             | <b>209</b>                                |                                 | <b>209</b>    | <b>515</b>    |
| 1.2.1      | Capital and reserves pertaining to minority interests               | 193                                       |                                 | 193           | 471           |
| 1.2.2      | Profits or losses recorded in the equity direct                     | -6  |                                 | -6            | -36           |
| 1.2.3      | Profits (loss) for the year pertaining to minority interests        | 22  |                                 | 22            | 80            |
| <b>2</b>   | <b>AMOUNTS SET ASIDE</b>  | <b>45</b>                                 |                                 | <b>45</b>     | <b>45</b>     |
| <b>3</b>   | <b>TECHNICAL PROVISIONS</b>   | <b>23,757</b>                             | <b>653</b>                      | <b>23,104</b> | <b>24,042</b> |
| <b>4</b>   | <b>FINANCIAL LIABILITIES</b>  | <b>10,561</b>                             | <b>312</b>                      | <b>10,249</b> | <b>10,379</b> |
| 4.1        | Financial liabilities recorded at fair value through profit or loss | 3,286                                     | 248                             | 3,038         | 3,121         |
| 4.2        | Other financial liabilities   | 7,275                                     | 64                              | 7,211         | 7,258         |
| <b>5</b>   | <b>PAYABLES</b>   | <b>436</b>                                | <b>2</b>                        | <b>435</b>    | <b>520</b>    |
| 5.1        | Payables arising out of direct insurance operations                 | 75  | 0                               | 75            | 46            |
| 5.2        | Payables arising out of reinsurance operations                      | 33  | 0                               | 33            | 19            |
| 5.3        | Other payables  | 329                                       | 2                               | 327           | 455           |
| <b>6</b>   | <b>OTHER LIABILITIES</b>  | <b>925</b>                                | <b>9</b>                        | <b>1,892</b>  | <b>790</b>    |
| 6.1        | Liabilities of a disposal group held for sale                       | 0   |                                 | 976           | 0             |
| 6.2        | Deferred tax liabilities  | 228                                       | 6                               | 222           | 210           |
| 6.3        | Current tax liabilities   | 61  |                                 | 61            | 53            |
| 6.4        | Other liabilities   | 636                                       | 3                               | 633           | 527           |
|            | <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                   | <b>41,299</b>                             | <b>976</b>                      | <b>41,299</b> | <b>41,650</b> |

(\*) Figures relating to Quadrifoglio Vita, a company held for disposal, consolidated 50% by the proportional method, have been reclassified under Assets item 6.1 'Non-current assets or assets of a disposal group held for sale' and Liabilities item 6.1 'Liabilities of a disposal group held for sale' in accordance with IFRS 5.

## CONSOLIDATED INCOME STATEMENT

| €m       |   | 31/03/2007   | 31/03/2006   | 31/12/2006    |
|----------|---|--------------|--------------|---------------|
| 1.1      | Net earned premiums   | 2,054        | 2,029        | 8,381         |
| 1.1.1    | <i>Gross earned premiums</i>  | 2,128        | 2,108        | 8,717         |
| 1.1.2    | <i>Earned premiums ceded</i>  | -74          | -79          | -336          |
| 1.2      | Commissions and fees receivable   | 29           | 28           | 112           |
| 1.3      | Income and charges arising out of financial instruments recorded at fair value through profit or loss | 9            | 127          | 272           |
| 1.4      | Income arising out of shareholdings in subsidiaries, associates and joint ventures                    | 0            | 0            | 2             |
| 1.5      | Income arising out of other financial instruments and investments in property                         | 338          | 249          | 1,268         |
| 1.5.1    | <i>Interest receivable</i>  | 276          | 175          | 901           |
| 1.5.2    | <i>Other income</i>   | 8            | 6            | 57            |
| 1.5.3    | <i>Profits realised</i>   | 53           | 68           | 309           |
| 1.5.4    | <i>Unrealised profits</i>   | 0            |              | 1             |
| 1.6      | Other income  | 43           | 25           | 96            |
| <b>1</b> | <b>TOTAL INCOME AND PROCEEDS</b>  | <b>2,473</b> | <b>2,459</b> | <b>10,131</b> |
| 2.1      | Net charges relating to claims  | 1,858        | 1,919        | 7,827         |
| 2.1.2    | <i>Amounts paid and changes in technical provisions</i>   | 1,902        | 1,983        | 8,073         |
| 2.1.3    | <i>Reinsurers' share</i>  | -43          | -64          | -246          |
| 2.2      | Commissions and fees payable  | 9            | 11           | 36            |
| 2.3      | Charges arising out of shareholdings in subsidiaries, associates and joint ventures                   | 0            | 0            | 0             |
| 2.4      | Charges arising out of other financial instruments and investments in property                        | 84           | 57           | 379           |
| 2.4.1    | <i>Interest payable</i>   | 53           | 39           | 187           |
| 2.4.2    | <i>Other charges</i>  | 1            | 2            | 13            |
| 2.4.3    | <i>Losses realised</i>  | 24           | 6            | 70            |
| 2.4.4    | <i>Unrealised losses</i>  | 6            | 11           | 109           |
| 2.5      | Operating expenses  | 301          | 275          | 1,156         |
| 2.5.1    | <i>Commissions and other acquisition expenses</i>   | 199          | 179          | 758           |
| 2.5.2    | <i>Investment management expenses</i>   | 5            | 4            | 25            |
| 2.5.3    | <i>Other administrative expenses</i>  | 97           | 93           | 372           |
| 2.6      | Other costs   | 39           | 37           | 142           |
| <b>2</b> | <b>TOTAL COSTS AND CHARGES</b>  | <b>2,291</b> | <b>2,300</b> | <b>9,540</b>  |
|          | <b>PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION</b>   | <b>182</b>   | <b>159</b>   | <b>591</b>    |
| 3        | Taxation  | 59           | 41           | 229           |
|          | <b>PROFIT (LOSS) FOR THE PERIOD NET OF TAX</b>  | <b>122</b>   | <b>118</b>   | <b>362</b>    |
| 4        | PROFIT (LOSS) PERTAINING TO DISCONTINUED OPERATIONS   |              |              |               |
|          | <b>CONSOLIDATED PROFIT (LOSS)</b>   | <b>122</b>   | <b>118</b>   | <b>362</b>    |
|          | <b>pertaining to the Group</b>  | <b>100</b>   | <b>104</b>   | <b>281</b>    |
|          | pertaining to minority interests  | 22           | 14           | 80            |



## 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 | Share capital (euro) |
|--|---------|-------------------|------------|----------------------|------------------|--------------------|------------------------------------|--|-----------------|----------------------|
| Compagnia Assicuratrice Unipol Spa       | Italy   | Bologna           | G          | 1                    |                  |                    |                                    |  | 100.00          | 2,360,144,410        |
| Aurora Assicurazioni Spa                 | Italy   | S.Donato M. (Mi)  | G          | 1                    | 95.82            |                    | 95.82                              |  | 100.00          | 248,346,783          |
| Compagnia Assicuratrice Linear Spa       | Italy   | Bologna           | G          | 1                    | 80.00            | 20.00              | 99.16                              |  | 100.00          | 19,300,000           |
| Navale Vita Spa                          | Italy   | Rome              | G          | 1                    |                  | 100.00             | 99.83                              |  | 100.00          | 5,180,108            |
| Navale Assicurazioni Spa                 | Italy   | Milan             | G          | 1                    | 99.83            |                    | 99.83                              |  | 100.00          | 96,250,000           |
| Nuova Aurora Assicurazioni Spa           | Italy   | S.Donato M. (Mi)  | G          | 1                    |                  | 100.00             | 95.82                              |  | 100.00          | 5,000,000            |
| Nuova Unipol Assicurazioni Spa           | Italy   | Bologna           | G          | 1                    | 100.00           |                    | 100.00                             |  | 100.00          | 5,000,000            |
| Unisalute Spa                            | Italy   | Bologna           | G          | 1                    | 92.44            | 6.04               | 98.23                              |  | 100.00          | 17,500,000           |
| Unipol Banca Spa                         | Italy   | Bologna           | G          | 7                    | 69.54            | 14.99              | 83.90                              |  | 100.00          | 703,500,000          |
| Unipol Merchant - Banca per le Imprese S | Italy   | Bologna           | G          | 7                    |                  | 86.15              | 72.28                              |  | 100.00          | 105,468,007          |
| Unipol Fondi Ltd                         | Ireland | Dublin            | G          | 11                   |                  | 100.00             | 83.90                              |  | 100.00          | 125,001              |
| Unipol SGR Spa                           | Italy   | Bologna           | G          | 8                    |                  | 100.00             | 83.90                              |  | 100.00          | 5,000,000            |
| Nettuno Fiduciaria Srl                   | Italy   | Bologna           | G          | 11                   |                  | 100.00             | 83.90                              |  | 100.00          | 250,000              |
| Grecale Srl                              | Italy   | Bologna           | G          | 11                   |                  | 60.00              | 79.26                              |  | 100.00          | 10,000               |
| Grecale Abs Srl                          | Italy   | Bologna           | G          | 11                   |                  | 10.00              | 10.00                              |  | 100.00          | 20,000               |
| Castoro Rmbs Srl                         | Italy   | Milan             | G          | 11                   |                  |                    |                                    |  | 100.00          | 10,000               |
| Atlante Finance Srl                      | Italy   | Milan             | G          | 11                   |                  |                    |                                    |  | 100.00          | 10,000               |
| Midi Srl                                 | Italy   | Bologna           | G          | 10                   | 100.00           |                    | 100.00                             |  | 100.00          | 72,000,000           |
| Unifimm 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              | 89.19                              |  | 100.00          | 5,200,000            |
| Smallpart Spa                            | Italy   | Bologna           | G          | 9                    | 100.00           | 39.00              | 100.00                             |  | 100.00          | 32,000,000           |
| SRS Spa                                  | Italy   | Bologna           | G          | 9                    | 75.21            | 24.79              | 98.96                              |  | 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.

(\*) Special purpose vehicles used for securitisation transactions. They are not subsidiaries but they are consolidated as they substantially retain all risks and benefits

## 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) | Book value (€m) | Share capital (€) |
|------------------------------------|------------|-------------------|------------|----------------------|------------------|--------------------|------------------------------------|--|-----------------|-------------------|
| Unieuropa Srl                      | Italy      | Bologna           | 11         | a                    |                  | 98.00              | 98.00                              |  | 0.5             | 510,000           |
| Unisalute Servizi Srl              | Italy      | Bologna           | 11         | a                    |                  | 100.00             | 98.23                              |  | 0.2             | 52,000            |
| BNL Servizi Assicurativi Srl       | Italy      | Milan             | 11         | a                    |                  | 100.00             | 50.00                              |  | 0.1             | 10,400            |
| Hotel Villaggio Città del Mare Spa | Italy      | Terrasini (Pa)    | 11         | b                    | 49.00            |                    | 49.00                              |  | 3.5             | 7,000,000         |
| A.P.A. Spa                         | Italy      | Parma             | 11         | b                    |                  | 46.50              | 46.50                              |  | 0.7             | 1,000,000         |
| Assicoop Ferrara Spa               | Italy      | Ferrara           | 11         | b                    |                  | 47.40              | 47.40                              |  | 0.6             | 376,635           |
| Assicoop Firenze Spa               | Italy      | Firenze           | 11         | b                    |                  | 44.00              | 44.00                              |  | 0.4             | 1,000,000         |
| Assicoop Imola Spa                 | Italy      | Imola (Bo)        | 11         | b                    |                  | 47.33              | 47.33                              |  | 1.2             | 1,000,000         |
| Assicoop Modena Spa                | Italy      | Modena            | 11         | b                    |                  | 43.32              | 43.32                              |  | 2.7             | 2,256,800         |
| Assicoop Ravenna Spa               | Italy      | Ravenna           | 11         | b                    |                  | 49.00              | 49.00                              |  | 2.2             | 3,640,000         |
| Assicoop Romagna Spa               | Italy      | Forlì             | 11         | b                    |                  | 48.00              | 48.00                              |  | 0.7             | 774,700           |
| Assicoop Sicura Spa                | Italy      | Bologna           | 11         | b                    |                  | 40.00              | 40.00                              |  | 2.3             | 202,800           |
| Assicoop Siena Spa                 | Italy      | Siena             | 11         | b                    |                  | 49.00              | 49.00                              |  | 0.3             | 510,000           |
| Assicura Spa                       | Italy      | Reggio Emilia     | 11         | b                    |                  | 35.00              | 35.00                              |  | 1.1             | 1,040,000         |
| ZIS Fiera 2 - Consorzio            | Italy      | Bologna           | 11         | b                    |                  | 31.72              | 31.72                              |  | 0.3             | 789,185           |
| Nuovi Investimenti Spa             | Italy      | Bologna           | 9          | b                    |                  | 39.00              | 46.23                              |  | 2.8             | 9,400,000         |
| Eureasa Holding SA                 | Luxembourg |                   | 4          | b                    | 24.05            |                    | 24.05                              |  | 3.4             | 10,000,000        |
| Pegaso Finanziaria Spa             | Italy      | Bologna           | 9          | b                    |                  | 45.00              | 45.00                              |  | 3.4             | 7,000,000         |
| SCS Azioninnova Spa                | Italy      | Bologna           | 11         | b                    |                  | 40.00              | 28.91                              |  | 1.0             | 2,501,250         |
| Promorest Srl                      | Italy      | Castenaso (Bo)    | 11         | b                    |                  | 45.00              | 32.53                              |  | 1.3             | 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 (IAS31); 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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