



# Unipol Gruppo Finanziario 2013 Annual Report

**Unipol**  
GRUPPO



# Unipol Gruppo Finanziario S.p.A.

*Registered and Head Offices in Bologna - Via Stalingrado 45 - Share capital €3,365,292,408.03 fully paid in  
Tax Code and registration number in the Bologna Business Register 00284160371 - R.E.A. No. 160304  
Parent of the Unipol Insurance Group entered in the Register of Insurance Groups - No. 046*

## 2013 Report and Financial Statements

Bologna, 20 March 2014



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## Company bodies

	<b>Honorary Chairman</b>	Enea Mazzoli																						
Board of Directors	<b>Chairman</b>	Pierluigi Stefanini																						
	<b>Vice Chairman</b>	Piero Collina																						
	<b>The Chief Executive Officer and General Manager</b>	Carlo Cimbri																						
	<b>Directors</b>	<table> <tr> <td>Giovanni Antonelli</td> <td>Ivan Malavasi</td> </tr> <tr> <td>Giovanni Battista Baratta</td> <td>Paola Manes</td> </tr> <tr> <td>Francesco Berardini</td> <td>Pier Luigi Morara</td> </tr> <tr> <td>Rocco Carannante</td> <td>Milo Pacchioni</td> </tr> <tr> <td>Paolo Cattabiani</td> <td>Elisabetta Righini</td> </tr> <tr> <td>Sergio Costalli</td> <td>Francesco Saporito</td> </tr> <tr> <td>Ernesto Dalle Rive</td> <td>Adriano Turrini</td> </tr> <tr> <td>Vanes Galanti</td> <td>Marco Giuseppe Venturi</td> </tr> <tr> <td>Guido Galardi</td> <td>Hilde Vernailen</td> </tr> <tr> <td>Giuseppina Gualtieri</td> <td>Rossana Zambelli</td> </tr> <tr> <td>Claudio Levorato</td> <td>Mario Zucchelli</td> </tr> </table>	Giovanni Antonelli	Ivan Malavasi	Giovanni Battista Baratta	Paola Manes	Francesco Berardini	Pier Luigi Morara	Rocco Carannante	Milo Pacchioni	Paolo Cattabiani	Elisabetta Righini	Sergio Costalli	Francesco Saporito	Ernesto Dalle Rive	Adriano Turrini	Vanes Galanti	Marco Giuseppe Venturi	Guido Galardi	Hilde Vernailen	Giuseppina Gualtieri	Rossana Zambelli	Claudio Levorato	Mario Zucchelli
Giovanni Antonelli	Ivan Malavasi																							
Giovanni Battista Baratta	Paola Manes																							
Francesco Berardini	Pier Luigi Morara																							
Rocco Carannante	Milo Pacchioni																							
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Guido Galardi	Hilde Vernailen																							
Giuseppina Gualtieri	Rossana Zambelli																							
Claudio Levorato	Mario Zucchelli																							
	<b>Secretary to the Board of Directors</b>	Roberto Giay																						
Board of Statutory Auditors	<b>Chairman</b>	Roberto Chiusoli																						
	<b>Standing Auditors</b>	Silvia Bocci Domenico Livio Trombone																						
	<b>Alternate Auditors</b>	Carlo Cassamagnaghi Chiara Ragazzi																						
Manager in charge of financial reporting		Maurizio Castellina																						
Independent auditors		PricewaterhouseCoopers SpA																						

# Introduction

## *Macroeconomic background*

The year 2013 was characterised by global economic growth of just under 3%, regressing slightly compared to 2012.

During the year, thanks to the crucial contribution from the European Central Bank (ECB), the impact of the sovereign debt crisis in Europe became gradually less exaggerated. A sign of the success achieved in keeping tensions on the financial market under control was the appreciation of the single European currency, which rose 4.5% against the dollar. At the same time, awareness of the ineffectiveness of the austerity measures in turning around public finances increased, and of the detrimental effect they had on economic growth.

According to a preliminary estimate issued by Eurostat, GDP in the Eurozone returned to growth in the fourth quarter, both in economic terms (+0.3%) and on a trend basis (+0.5%). This is reflected, at the current state of play, in a weak cyclical improvement, still fragile and not widespread in all EMU countries, due in particular to the loosening of the fiscal policy and the positive trend in exports, fostered by a global economic scenario which has generally improved over the last few months.

A significant economic performance was recorded in the US, whose GDP, according to the forecasts of the Bureau of Economic Analysis, should have increased by 1.9% in 2013 (+2.7% in the fourth quarter on a trend basis). Private sector performances allowed a considerable reduction in unemployment, down to 6.7% in December.

A positive result was also achieved by Japan, where the expansive measures implemented by the government led to a 2.7% increase in GDP in the fourth quarter on a trend basis.

In Europe, the UK economy recovered, up 2.8% in the fourth quarter compared to the same period in the previous year.

In 2013, a starkly contrasting trend was recorded by the economies in the so-called emerging countries. The announcement of tapering (i.e. the process of easing of extraordinary monetary policy measures known as quantitative easing) by the FED triggered major reverberations in the financial markets, resulting from the return of significant volumes of capital to advanced economies. These flows of capital caused serious currency problems for the more fragile nations (Brazil, Turkey, India), meaning they also recorded a marked slowdown in economic growth. China also encountered some problems, having to contend with a delicate phase of rebalancing of its economic hub from exports and investments to domestic consumption.

While the Federal Reserve is putting in place the first measures to relax the expansive monetary policy, across the Atlantic the ECB is in a totally different position. The President of the Frankfurt-based institution is well aware of the fragile nature of the European economic situation, cutting the reference rate to an all-time low of 0.25% in November.

The weakness of aggregate demand in the Eurozone was reflected in a significant slowdown in inflation, which fell to 0.8% in December. According to various observers, the risk of a deflationary process in Europe has still not been warded off. Although, on the one hand, there are encouraging signs, like the abating of tensions also in some countries that joined 'Troika' assistance programmes (International Monetary Fund, European Union and ECB), such as Ireland and Spain, on the other, economic development in the Eurozone does still not appear to be strong enough. Don't forget that, at December 2013, there are over 19m jobless in the Eurozone.

Italy, in particular, is characterised by a deep-rooted inability to resume the path of growth. In the October-December period, Italian GDP (preliminary Istat forecast) recorded, for the first time after eight negative quarters and one with no change, economic growth of 0.1% (which, nonetheless, was down -0.8% on a trend basis). This result is confirmation that the contraction of the economy could have reached an end. However, we are still talking about early signs, more in keeping with the entry into a phase of stagnation rather than the start of a genuine economic recovery. In the meantime, in 2013, more than 420k jobs were lost (-2% in average terms compared to 2012). Therefore, the decrease in retail sales (an average decrease of -2.1% in

2013) is not surprising, which confirms the inability of domestic demand to sustain production activities. The raw industrial production index signalled a decrease of 3% in 2013.

Foreign trade (current account balance), based on the provisional figures produced in 2013 by the Bank of Italy, was positive for more than €12bn. However, this result was achieved by virtue of a significant decrease in imports which suggests that the improvement in the trade balance is due primarily to the negative Italian economic situation and not to a structural change in our country's position in terms of flows of international trade.

The public accounts benefitted, in the year just ended, from a reduction in the cost of servicing debt, thanks to the fall in interest rates on government securities. Unfortunately, the government formed after the political elections in February 2013 did not appear to be in a position to implement a consistent economic policy which, without losing sight of the objective of cutting the deficit, was capable of providing the necessary impetus to the real economy. In particular, the modest reduction in the tax wedge set forth in the stability law is insufficient to relaunch the Italian economy.

### *Financial markets*

In this context, the performances in 2013 of the European share markets, thanks in particular to the last two quarters, were hugely positive: the Eurostoxx 50 index, representing Eurozone securities with the highest level of capitalisation, increased by 17.9% (+7.5% in the fourth quarter). The German Dax performed well with a rise of +25.5% (+11.1% in the last quarter of the year), while Borsa Italiana (the Italian Stock Exchange), with the Milan Ftse Mib index, gained 16.6% (+8.8% in the fourth quarter). Lastly, Madrid's Ibex recorded an extremely positive performance, rising 21.4% (+8.0% in the October – December 2013 quarter). Shifting the analysis beyond Europe, the Standard & Poor's 500 index, representing the main listed companies in the United States, recorded an increase of 29.6% last year (+9.9% in the fourth quarter), while in Japan, the Nikkei index, aided by the decision to implement new fiscal and monetary expansion policies, gained 56.7% in 2013 (+12.7% in the fourth quarter).

Finally, as regards the stock markets in emerging markets, the most representative index, the Morgan Stanley Emerging Markets index, recorded growth of no more than a modest 0.9% (+2.7% in the fourth quarter).

In 2013, the money market interest rate curve recorded an increase of around 50 basis points in terms of long-term maturities, while short-term maturities registered a more contained upturn at around 10 cents.

As regards government rates, the German bond curve recorded a general increase, more pronounced on nodes with longer maturities: the yield on the 10-year bond rose from 1.30% at the end of 2012 to 1.94% at 31 December 2013, marking an increase of 64 basis points. The Italian government rate curve charted a different path, shifting downward on all maturities, even though the movement was more marked for short-term maturities. The yield on the 10-year BTP (Long-Term Treasury Bond), which stood at 4.50% at the end of 2012, was just over 4% at the end of 2013 (4.09%). This meant that the yield differential between Italian and German bonds underwent a significant reduction on all curve nodes in the past year. In particular, the spread between 10-year bonds (2.15% at the end of 2013) fell by 106 basis points with respect to the previous twelve months.

The strong performance of the share and bond markets in 2013 contributed to a significant improvement in the Itraxx Senior Financial index, representing the average spread of financial sector companies with a high credit rating, fell by 54.1 basis points, from 141.3 to 87.2 (-60.4 basis points from 147.6 in the fourth quarter).

### *Individual savings*

Despite the fall in disposable income, linked to the decrease in employment numbers and increase in tax charges, individuals are committed to rebuilding their financial savings, primarily by prudently managing their spending. Prometeia estimates that, at the end of 2013, individuals' financial activities should have recovered the pre-crisis levels, owing both to the positive trend in share prices, and thanks to the increase in the propensity to save, up following the low recorded in 2012. By contrast, individual debt fell in 2013. The stagnation in the real estate market and prudence in purchasing durable goods led to a decrease in the

provision of mortgages and consumer credit respectively.

In the first half of 2013, individuals' investments were targeted at the more liquid portfolio components, in which term bank deposits played a leading role. Subsequently, the strong performance of the financial markets led to an increased risk appetite, promoting the subscription of asset management products. The sales networks also played a central role in said process, the banking channel in particular, less burdened by the need to develop direct funding, in light of the decrease in loans to the economy. Hence, mutual investment funds achieved, in 2013, positive net income of €48.7bn, more than €39bn of which targeted at the share, balanced fund and flexible fund segments.

Life products also recorded an excellent performance with savers, with new products exceeding €74bn (figure that also includes the activities of companies operating cross-border). By contrast, the share of debt securities held directly by individuals in administered deposits fell; one of the causes of said reduction was a lower supply of bonds from banks.

### *Insurance sector*

In 2013, the Italian insurance market reported two starkly contrasting trends: on the one hand, Non-Life business activities fell away considerably, related to the difficult economic situation experienced by the country; on the other, Life premiums benefitted from a favourable scenario incorporating low interest rates and the banking channel's renewed enthusiasm for marketing insurance products.

The provisional figures for 2013, issued by IVASS, show a marked decline in Non-Life premiums (-4.6%). In particular, premiums in the main branch, MV Third-Party Liability insurance, recorded a heavy decrease (-7.0%). This result reflects the recovery of price competition between insurance companies at a time in which, due to the economic crisis, the vehicle fleet shows signs of contraction. Lastly, another element linked to the country's difficult economic situation is the spread of the phenomenon of insurance avoidance by a sizeable number of motorists.

The technical profitability of the MV TPL class could have entered a decreasing trend from the middle of 2013. In fact, in respect of a further reduction in claims frequency, a small increase was recorded in the average cost, therefore, the total claims cost was still down. However, the competitive rate on the market led to a reduction in the average premium which, in absolute terms, is greater than the decrease in the total cost of claims. This allows us to predict a rise in the technical ratio of claims to premiums and, therefore, a turning point in the profit cycle of the MV TPL class. Other questions regarding the mandatory insurance system remain unanswered, which can also affect the technical result of the class. These include the definition of a single national table for the reimbursement for physical damages. It should be noted that some steps forward have been made on other issues: the Italian Driver and Vehicle Licensing Agency created an Integrated Vehicle and Insurance Coverage Archive to counteract the phenomenon of insurance avoidance; while as regards the fight against fraud in the industry, IVASS created an appropriate Claims Database.

The other segment class, Land Vehicle Hulls, continued to record a drop in business (-8.7% in 2013). From spikes in premiums registered in 2007, the decrease - in absolute terms - is well above 20%. The gradual decline in the registrations of new vehicles in Italy is at the root of this trend: 2013 recorded car sales of just over 1.3m, figures which mirror the size of the market at the end of the 1970s. These figures reflect the difficulties faced by individuals, who are having to contend with the need to balance their budget by reducing non-essential spending, and, at this moment, optional car insurance coverage also falls into this category.

The trend in the non-MV Non-Life class appears to be more structured. The figure published by IVASS, which includes the activities performed by national companies and representatives of non-EU country companies signalled a slight decrease of 1.1%. However, an analysis of the activities carried out in Italy by representatives of companies belonging to the European Economic Area (information produced by ANIA), shows that said aggregate recorded an increase of 5.1% in premiums. It is a sign of the shift of major customer segments towards specialised operators able to best meet specific requirements in complex management segments, such as civil liability insurance or goods in transit insurance. These two classes combined (national operators and cross-border activities) recorded a minor average increase in premiums of

+0.5% in the first three quarters. It should be noted that, against an increase of 1.2% in consumer prices, the real growth in insurance business in the non-MV Non-Life classes was negative once again.

Despite the difficult economic scenario, Italian individuals began the process of restoring an adequate savings cushion. Istat recorded a rise in individuals' propensity to save, recording an upturn following the low recorded in the fourth quarter of 2012. On this basis and by virtue of banks' renewed interest in placing asset management products, at a time of reduced pressure on accumulating direct deposits, Life business took a leap forward. The initial estimates issued by IVASS show Life premiums at above €85bn in 2013, up 22.1% compared to the previous year (figures that do not include the transactions of cross-border companies). The growth in activities centred on class I products (+26.9%), unit-linked policies (+23.2%) and class V (+16.9%) products. The biggest contribution came from the banking and post office channel, whose premiums rose by 48.6%. Followed by agents (+7.8%), while financial advisors, bucking the trend, recorded a 12.3% fall in products sold.

Although, in 2013, supply was able to benefit from the return to full commercial operations of bank branches, in terms of demand, there were valid reasons for underwriting Life policies at extremely low interest rates. An important role was also played by customers' search for forms of investment able to guarantee minimum returns, or at least the return of capital. Net income, i.e. the difference between premiums and services paid by insurers returned to positive figures in 2013, allowing the consolidation of assets linked to segregated accounts. According to the initial ANIA results, net Life premiums should have passed €18.6bn last year.

### ***Banking and assets under management***

In 2013, Italian banks significantly cut the volume of loans granted to economic operators. Loans to non-financial companies fell from €864.7bn in December 2012 to €813.9bn at the end of 2013. Loans to individuals registered a small decrease of 1.3%.

There were various reasons for the reduction in bank credit to economic operators. The recessionary context certainly leads us to believe that the demand for credit is not sustained, even though the information coming from EURISC, the Credit Information System managed by CRIF (*Centrale Rischi di Intermediazione Finanziari* - Financial Intermediation Risks Register) shows an increase in loan applications from companies, especially in the last few months of 2013. However, there is no doubt that the growth in impaired loans, the upcoming Asset Quality Review and stress tests prior to the move to single supervision by the ECB, led many banks to search out possible avenues for strengthening their equity position, also incorporating an extremely prudent approach to granting credit. We shouldn't forget that a part of the payment of previous payables of Public Administrations to their suppliers (over €16bn up until November) was used by the beneficiaries to repay loans to banks.

The determining factors of the decrease in credit to individuals were the cautious approach to purchasing durable goods, brought about by the shrinking of disposable income, and the negative performance of the real estate market, which was reflected in a reduction in mortgages provided.

At the end of 2013, Italian banks registered bad and doubtful loans of €155.9bn. This marked an increase of 24.7% over the previous twelve months. The increase in bad and doubtful loans is mainly attributable to non-financial companies, especially those operating in the construction sector. In terms of the incidence of net bad and doubtful loans on loans, this rose from 3.36% in December 2012 to 4.34% at the end of 2013.

The ECB cut the main refinancing rate in November, which contributed to a widespread reduction in the interest rates on new loans both to individuals and companies. However, in the last few months of 2013, non-financial companies recorded a decrease of more than €1m in the cost of borrowing (loans), while the interest rates applied to smaller loans were up slightly. This is confirmation of the persistence of less favourable borrowing conditions for smaller companies, considered more fragile in the current difficult economic climate. The gap in the cost of borrowing between Italian companies and those in Europe's 'core' remains considerable, to the detriment of companies in our country.

The drive towards accumulating securities in banking portfolios seems to have run its course. At the end of 2013, securities lending reached €893bn, marking a modest increase of 2.2% over the previous year (in 2012, a year in which the effects of the LTRO - Long Term Refinancing Operation (launched by the ECB)

materialised, the increase in securities in the portfolio stood at 30.3%).

At the same time as the fall in the volume of loans provided, the direct deposits of banks also recorded a slight decrease (-2.8% compared to December 2012). Nevertheless, the different types recorded varying trends: whereas an increase of 1.6% was recorded in deposits, the amount of bonds recorded a slump (-9.1%), also related to the fact that they represent the liability component with the highest cost for banks. Italian banks continued to find it extremely difficult to access wholesale markets, borne out by the fresh drop in overseas funding, down by 5.9% compared to 2012. If we consider that, in 2007, funding from overseas markets amounted to €506.5bn, compared with €328.3bn at the end of 2013, it is clear to see how Italian banks' problem of covering the funding gap is an increasingly topical issue. At present, this gap has been filled thanks to financing from the ECB. But this is not a long-term solution: Italian banks, as a whole, will need to implement major initiatives to reduce the funding gap on a structural basis.

The process of equity strengthening of Italian banks is continuing, also in view of the regulatory changes predicted in the near future (ECB supervision, Basel III). In that sense, the reduction in risk-weighted assets made a significant contribution, achieved through the decrease in loans in the portfolio.

Banks' profitability will be limited by the shrinkage of the yield spread. A decrease in the mark-up will drive said variable downwards. A simultaneous decrease in traded volumes would determine a reduction in the interest margin and gross operating income. In spite of the measures implemented to reduce operating costs, bank profitability will be adversely affected by the flow of adjustments to loans in the portfolio, expected to increase owing to both the deterioration in borrowers' creditworthiness, and the application of prudential criteria to the evaluation of impaired positions.

### ***Pension fund market***

At 31 December 2013, total members of different forms of supplementary pension recorded an increase of 6.8%, at aggregated level. In fact, the total number of members reached 6,223,716 (4,366,446 of which employees).

The trend is notably different at disaggregated level by type of supplementary pension. In fact, Occupational Pension Fund member numbers fell by 1% (a decrease linked, in all probability, to the contraction in employment numbers as a result of the economic crisis), Open-Ended Pension Funds recorded a significant increase in member numbers (+7.7%), while Personal Pension Plans continued to post the most sustained rate of growth (+19.4%).

At the end of 2013, Personal Pension Plans recorded a total of 2,121,495 members, Occupational Pension Funds had 1,950,904 members while Open-Ended Pension Funds counted 984,611 members (those signed up to so-called Personal Pension Funds not adjusted into line with the reforms and pre-existing funds were not taken into consideration).

Also as a result of the general positive performance of the financial markets, Net Assets Allocated to Benefits (ANDP), at aggregated level, recorded an increase of 8.4% compared to the end of 2012, reaching €113.1bn (€34.5bn of which for Occupational Funds, €11.9bn for Open-Ended Funds and €12.3bn for Personal Pension Funds). It should be noted that pre-existing pension funds still hold more than €48bn in funding.

In 2013, the employees' leaving entitlement revaluation rate stood at 1.92%, in respect of which the Occupational Pension Fund segment recorded an average yield of 5.4%, Open-Ended Funds 8.1% and Personal Pension Funds 12.2%.

## Principal new legislation

- Decree Law no. 69 of 21 June 2013, the so-called “**Decreto Fare**” (Action Decree), containing “Urgent provisions for kick-starting the economy”. The various regulations include the one relating to the governance of the tax responsibility in contracts, with the exclusion of VAT payments from joint tax responsibility; the amendment to parag. 497 of Art. 1 of Law no. 228/2012 regarding tax on financial transactions (so-called Tobin Tax), with the deferment to 1 September 2013 of effectiveness for the application of tax on transactions relating to derivatives and the deferment to 16 October 2013 of the deadline for making the first tax payment relating to all transactions performed up to 30 September 2013.
- Decree Law no. 76 of 28 June 2013, containing the “First urgent measures to promote youth employment and social harmony, as well as regarding value added tax (VAT) and other urgent financial measures” - so-called “**Decreto Lavoro**” (Employment Decree), converted, with amendments, from Law no. 99, 9 August 2013. This decree raised, for the tax period ended at 31 December 2013, the advance IRES payment from 100% to 101%; the increase in the ordinary VAT rate from 21% to 22% was also postponed to 1 October 2013 (instead of 1 July).
- Decree Law no. 102 of 31 August 2013, containing “**Urgent provisions relating to IMU (Unique Municipal Tax), other real estate taxation, support for housing policies and local finance, as well as CIG (wages guarantee fund) and pensions**”, converted with amendments from Law no. 124 of 28 October 2013. The changes introduced took effect on 30 October 2013. In particular, the cap for Life and accident insurance premiums on which to calculate deductions for IRPEF (personal income tax) purposes, was reduced to €630 for 2013 and to €530 for 2014, with an extension of the cap for policies relating to the risk of non self-sufficiency to €1,291.14 from 2014. Similarly, provision was made for the non-deductibility, for IRES (corporate income tax), IRAP (regional business tax) and IRPEF (personal income tax) purposes, of the SSN (national health service) contribution paid on vehicle insurance premiums, from the tax period ended at 31 December 2014.
- Decree Law no. 133 of 30 November 2013, containing “Urgent provisions concerning IMU, the disposal of public properties and the Bank of Italy” - so-called “**Decreto Imu-Bankitalia**”, converted with amendments from Law no. 5 of 29 January 2014, which increased to 130% the advance IRES and IRAP payment due for the 2013 tax year from banks and financial institutions and insurance companies, deferring the payment deadline to 10 December. A surcharge of 8.5% was introduced for IRES purposes for the tax period ending at 31 December 2013, payable by said insurance companies, banks and financial institutions and the Bank of Italy. For banks and financial intermediaries, a 100% advance payment of taxes calculated on assets under administration was introduced. Lastly, the Decree modifies the Articles of Association of the Bank of Italy, making provision for a share capital increase up to €7.5bn through the use of statutory reserves, with the issue of new shares with a value of €25,000 each, replacing those issued previously. Investors must subscribe the new shares at the same values, by applying a substitute tax for income taxes and IRAP to the resultant capital gain.
- Law no. 147 of 27 December 2013, containing “Provisions for the preparation of the Annual and Pluri-annual Budget of the State” - so-called “**2014 Stability Law**”. This law also contains important measures for the insurance sector. In particular, effective from the tax period ending at 31 December 2013, the regulations governing the deductibility of write-downs and the losses on loans of banks and financial institutions and insurance companies were radically altered. These will be deductible in the year they accrue and in four subsequent years, with the extension of said deferred deductibility also for IRAP purposes. The percentage of deferred IRES deductibility of the change in the claims provision was redetermined at 75%, which will be deductible on a straight-line basis in the year of recognition in the income statement and in four subsequent years (in place of the previous deduction of 52.25% over 18 years).  
Also worthy of note are the increase of the deduction for the rise in the employment tax base for IRAP purposes, the increase in the rate of the notional return for ACE (Aid for Economic Growth) purposes, the partial deductibility of IMU (Property Tax) from IRES for instrumental properties and the introduction,

from 2014, of unified municipal tax, comprising the equity component (IMU) and the services components of the waste tax (TARI) and the tax for indivisible services (TASI).

### **Solvency II: recent legislative changes**

The difficulties in the process of defining and approving the legislative details of the Solvency II project led to the need to defer their entry into force, through the drafting of the so-called Omnibus II Directive, which was approved in the plenary session of the EU Parliament in March. This document introduces significant amendments to Directive 2009/138/EC "Solvency II", including a series of transitory measures, in order to consider the eventuality of a "soft launch" of the new legislative framework of EU supervision. As a result of the agreement reached on 13 November 2013 by the European Parliament, European Council and European Commission on the "Quick Fix 2" Directive, Directive 2013/58/EU was published in the Official Journal of the European Union on 18 December, which establishes the entry into force of Solvency II on 1 January 2016, and its acknowledgement by EU Member States on 31 March 2015.

On 27 September 2013, EIOPA published the definitive guidelines for the preparatory phase for the entry into force of Solvency II, directed at the Supervisory Authorities of the individual Member States, which, however, will not be required to apply them, by virtue of the "comply or explain" principle, which makes provision for adoption or explanation of the reasons for non-adoption; said Authorities must send EIOPA a "progress report" as of 28 February 2015, relating to the year 2014. At local level, the acknowledgement of the preparatory phase guidelines by IVASS is currently pending. In January 2014, IVASS launched a public consultation on the provisions that said Authority intends to adopt in accordance with the new European supervision regulations. The guidelines in question aim to facilitate the uniform early introduction of Solvency II, by concentrating initial efforts on certain specific areas, such as: Governance, Own Risk and Solvency Assessment, the phase of pre-application of Internal Models and Reporting to the Supervisory Authorities.

# Management Report



## Share performance

### Information on the share performance

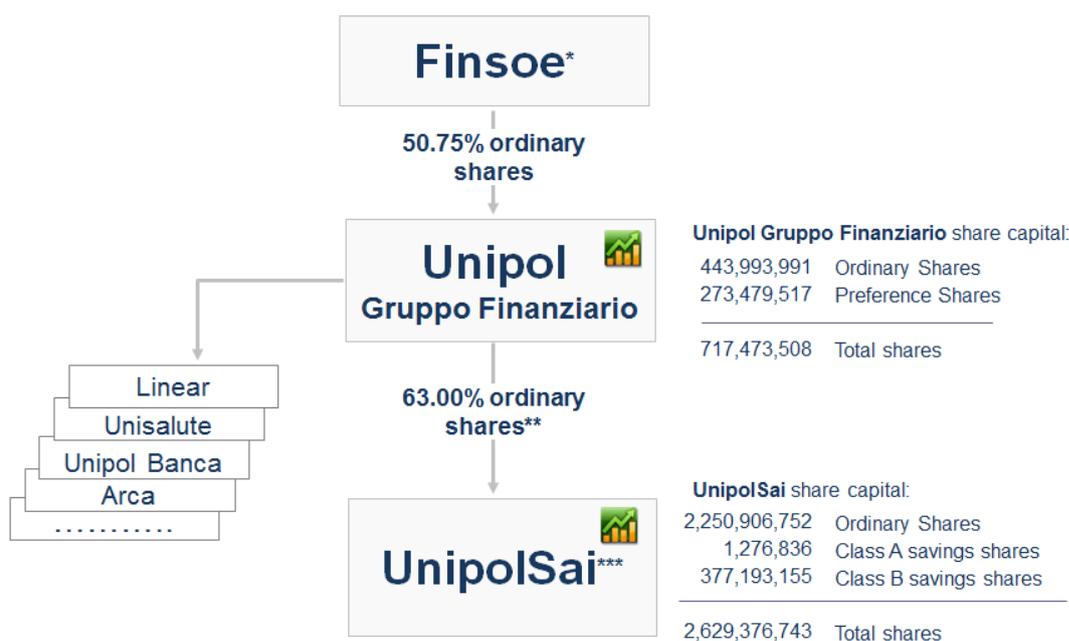
At the end of December 2013, the official price of ordinary Unipol shares was €4.37, marking an increase of 189% over the last 12 months, in contrast to a positive, but much less stellar performance by the general FTSE Italia all-share index (+17.63%), the FTSEMIB index (+16.56%) and the FTSE Insurance all-share index (+34.86%). Again on a YoY basis, the Unipol preference share recorded an increase of 174%, with an official price of €3.654.

### Capitalisation values

Total capitalisation at the end of December 2013 amounted to €2,932m (€1,041m at 31 December 2012), €1,929m of which relating to ordinary shares and €1,004m relating to preference shares.

## Shareholding structure

The company is controlled, pursuant to Art. 2359, paragraph 1, no. 1) of the Civil Code, by Finsoe S.p.A.. The shareholding structure is represented in the following graph:



\* Controlled by the leading cooperatives in various sectors (large-scale retail, catering, construction and services).

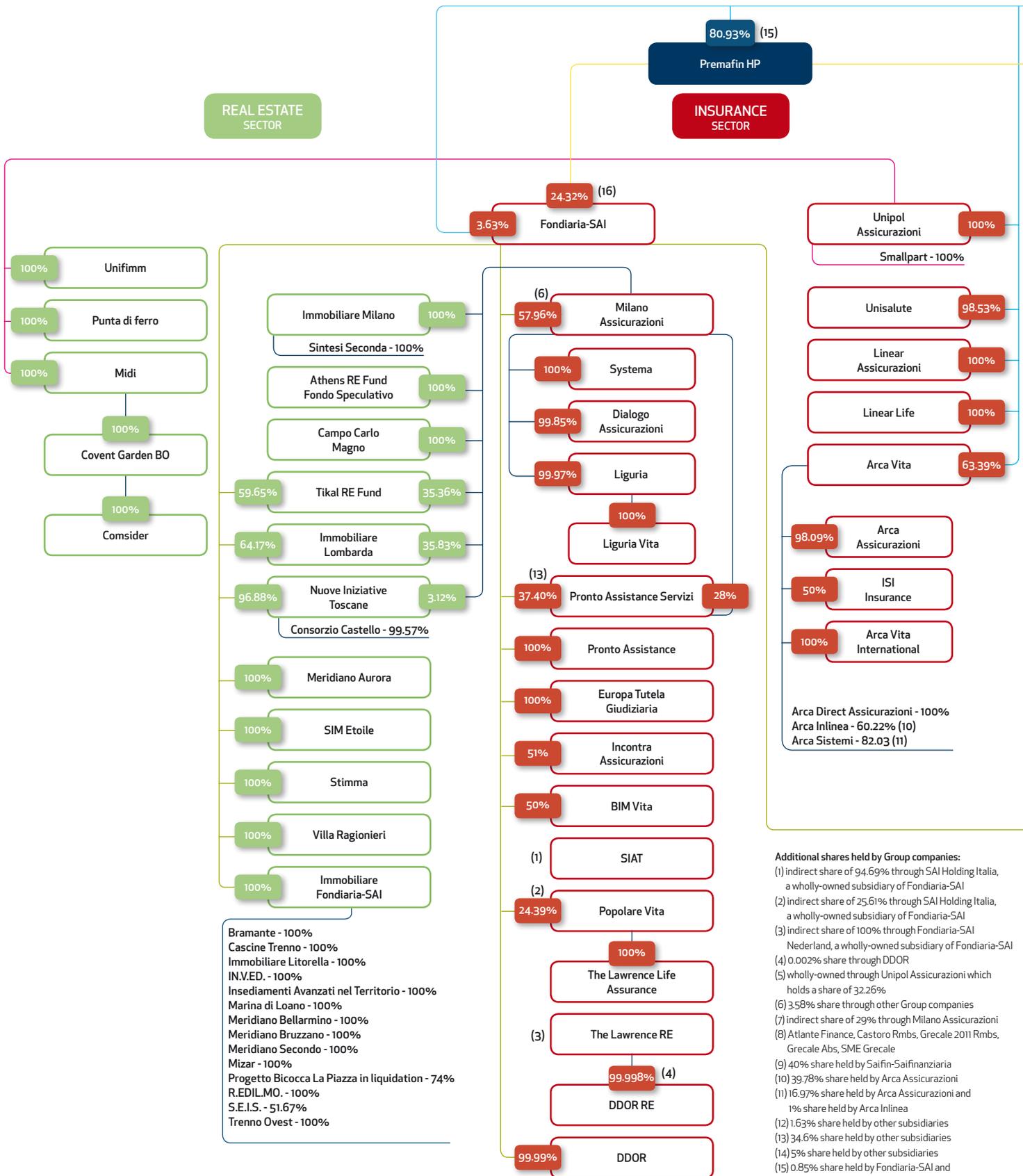
\*\* Unipol Gruppo Finanziario also holds, through the subsidiary Unipol Finance, 67.75% of class B savings shares issued by UnipolSai.

\*\*\* Formerly Fondiaria-SAI, which, from 6 January 2014 incorporated Unipol Assicurazioni, Milano Assicurazioni and Premafin.

 = listed companies

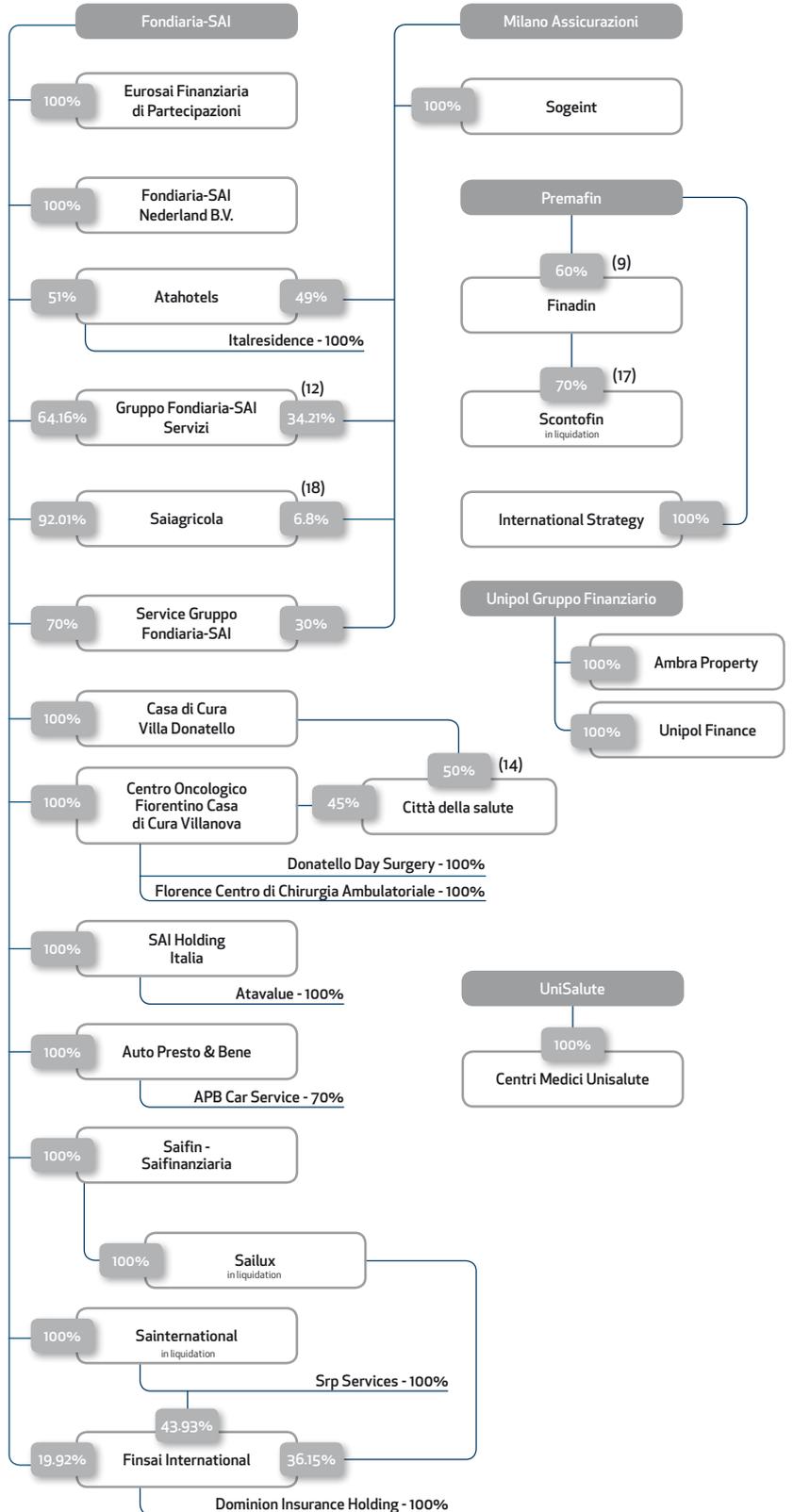
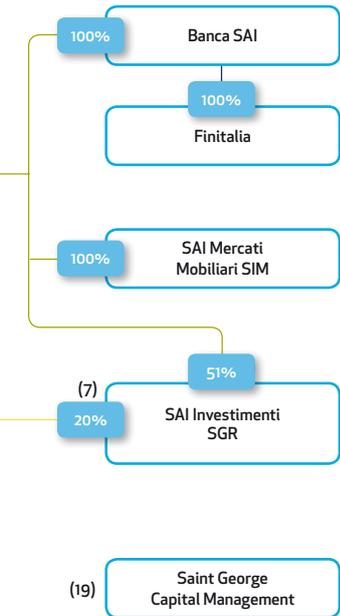
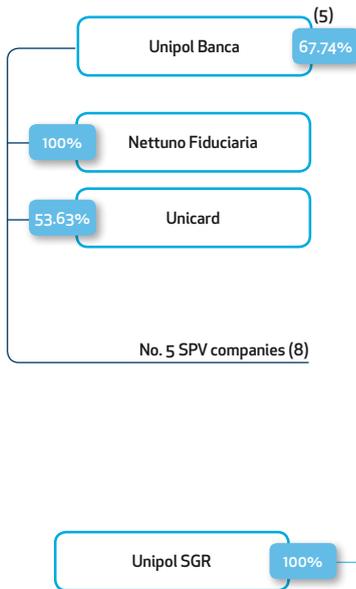
# Group structure at 31 December 2013

(direct holding out of total share capital)



**BANKING SECTOR**

**OTHER ACTIVITIES SECTOR**



# Group structure at 1 January 2014

(direct holding out of total share capital, taking account of the merger of Premafin, Milano Assicurazioni and Unipol Assicurazioni in Fondiaria-SAI, now UnipolSai, which takes effect for legal purposes on 6 January 2014, and for accounting and tax purposes on 1 January 2014)

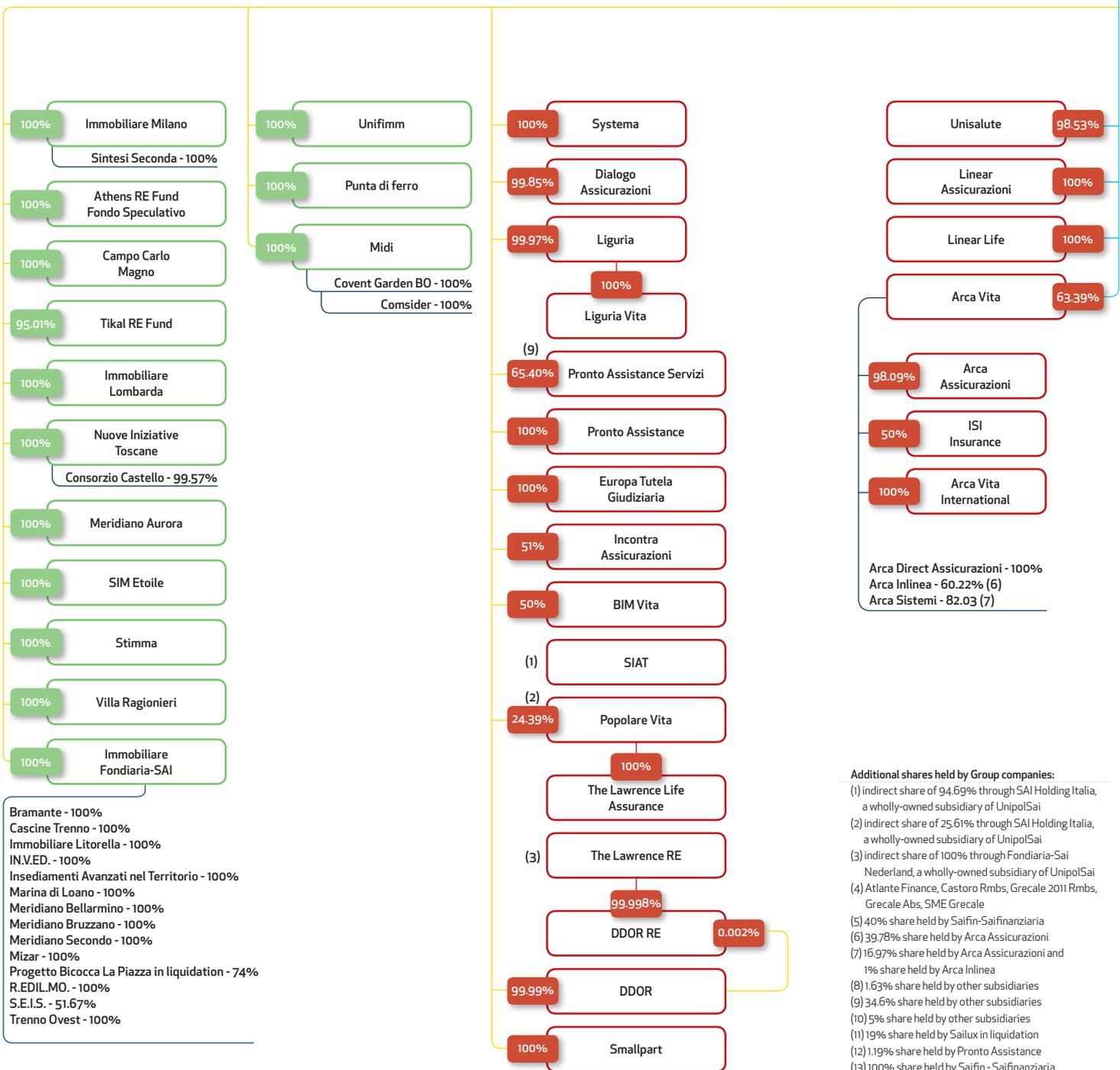
REAL ESTATE  
SECTOR

INSURANCE  
SECTOR

Unipol  
GRUPPO

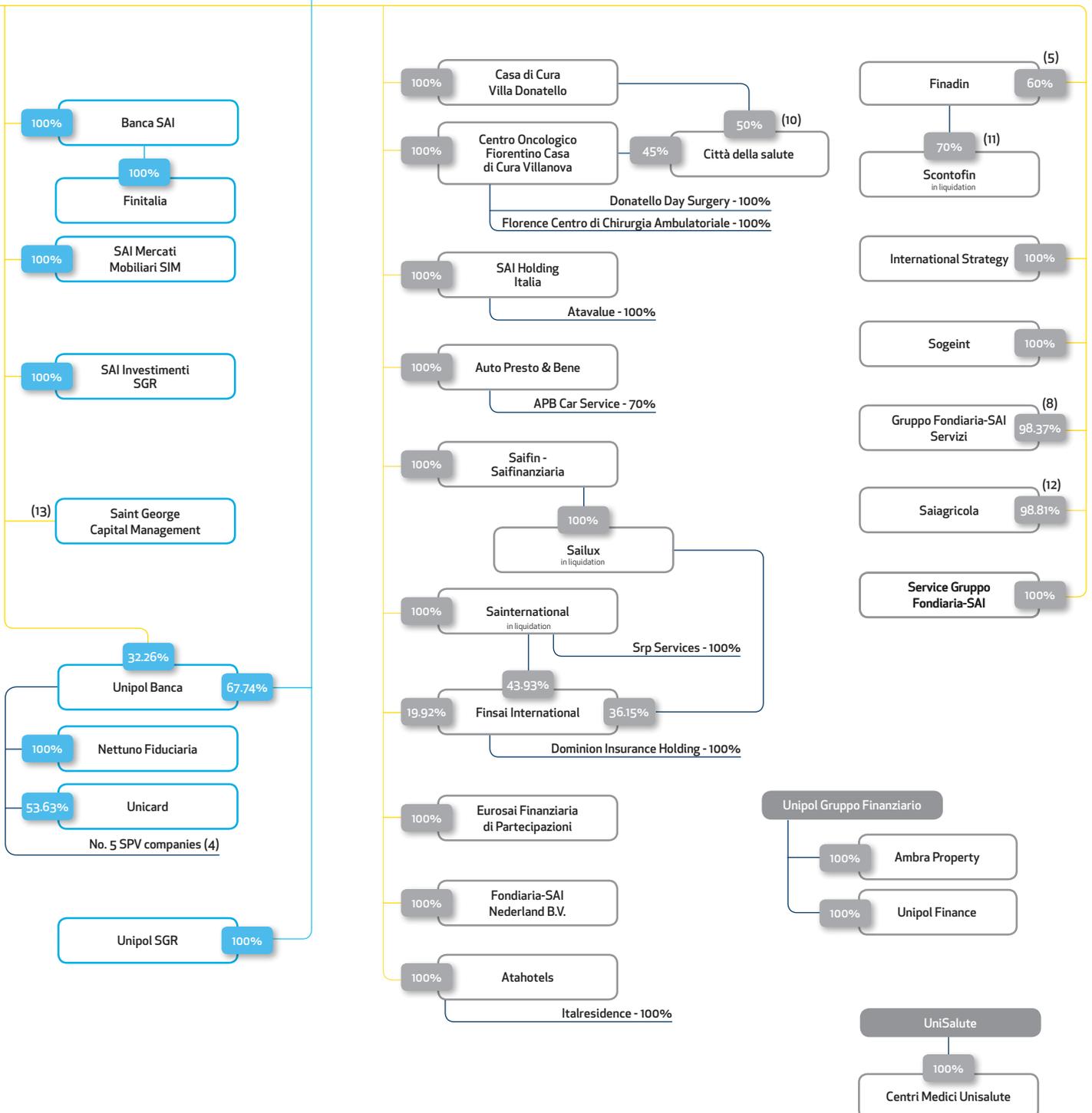
(14) 53.94%

UnipolSai  
ASSICURAZIONI



**BANKING  
SECTOR**

**OTHER ACTIVITIES  
SECTOR**



## Operating performance

Dear Shareholders,

in 2013, your company continued to effectively fulfil its role of investment and services holding company of the insurance and banking Group Unipol.

The year 2013 was a particularly significant one for the Unipol Group which, in its fiftieth anniversary year, managed to complete the long process of corporate integration with the Premafin/Fondiarria-SAI Group, which led to the creation of UnipolSai, a leading company in the insurance market.

In 2013, Unipol celebrated its first fifty years of operations. Compagnia Assicuratrice Unipol, founded in 1961 on the initiative of automobile manufacturer Lancia, was transferred in 1962 to a group of Bologna-based cooperatives, but became operational in March 1963, when the company's first meeting of the Board of Directors was held. Thanks to an initial process of gradual consolidation and territorial expansion and, from the start of the 2000s, and a major push towards external growth, which culminated in the acquisition of the Premafin/Fondiarria-SAI Group in 2012, Unipol has now become the leader in the Italian Non-Life insurance market. The anniversary event, held in the courtyard of the new Unipol building in Via Larga, was open to the public which took part in the planned initiatives in great numbers.

Furthermore, on the occasion of the 50th anniversary since the birth of Unipol Assicurazioni, CUBO ([www.cubounipol.it](http://www.cubounipol.it)) was established, a multimedia meeting space which provides users with a tool for accessing, through recorded history, the collection of experiences acquired and paths taken by the Group in its first 50 years. The centre was unveiled on 26 March 2013 and occupies an area on the ground floor in the raised square of Porta Europa in Bologna (piazza Vieira de Mello).

Satisfaction for the path taken thus far has now been augmented with the creation of UnipolSai, a new development prospect for the future.

In fact, the corporate integration process between the Unipol Group and the Premafin/Fondiarria-SAI Group was completed at the end of 2013. In October, after the anticipated authorisation was received from IVASS on 25 July 2013, the Extraordinary Shareholders' Meetings of the companies involved approved the merger by incorporation of Premafin, Unipol Assicurazioni and Milano Assicurazioni into Fondiarria-SAI. As a result of said corporate restructuring, which, from the outset, always constituted an integral and essential part of the Unipol Group and Premafin/Fondiarria-SAI Group integration plan, UnipolSai Assicurazioni S.p.A. was created, operational since 6 January 2014, known as "UnipolSai" for short, for which major synergies are expected to be realised.

The merger between the long-established companies, among the most important in the domestic insurance field in terms of brands, tradition, expertise and experience, was the final act in the Unipol Group and Premafin/Fondiarria-SAI Group integration plan launched at the beginning of 2012.

UnipolSai now operates on the market through seven divisions. Unipol, La Fondiarria, Sai, Milano, Nuova MAA, SASA and La Previdente.

The formation of UnipolSai, listed on the Stock Exchange from 6 January 2014, completed the new structure of the Unipol Group which, thanks to the new company's numbers, joined the list of the top ten insurance groups in Europe.

### Merger integration plan: summary of the main phases

On 31 December 2013, the merger by incorporation of Unipol Assicurazioni S.p.A. ("Unipol Assicurazioni"), Milano Assicurazioni S.p.A. ("Milano Assicurazioni") and Premafin HP S.p.A. ("Premafin" and, jointly, the "Merging Companies") into Fondiarria-SAI S.p.A. ("Fondiarria-SAI" or the "Merged Company" and, jointly with the Merging Companies, the "Companies Participating in the Merger") was stipulated, which, as a result of the merger, assumed the company name **UnipolSai Assicurazioni S.p.A.** or **UnipolSai S.p.A.** (the "Merger").

The merger deed was stipulated after the completion of the corporate merger procedure and the subscription and simultaneous payment by the parent Unipol of the share capital increase of Unipol Assicurazioni for a total of €600m, resolved by Unipol Assicurazioni's Extraordinary Shareholders' Meeting on 8 August 2013. The merger took effect on 6 January 2014 ("Effective Date"), following the registration of the associated deed with the competent offices of the Register of Companies, which took place on 2 January 2014. By contrast, the merger took effect on 1 January 2014 for tax and accounting purposes.

At the Effective Date, all the shares of the Merging Companies were cancelled and exchanged for shares of the Merged Company, which then:

- assigned all the shares of the Merged Company owned by the Merging Companies through their redistribution to service the exchanges, without them ever being acquired into the assets of the Merged Company as treasury shares, and
- as regards the excess portion, increased its share capital for a total of €782,960,791.85, through the issuing of 1,330,340,830 new ordinary shares and 55,430,334 new class "B" savings shares, all with no nominal amount and with regular dividend rights, to be allocated to the shareholders of Unipol Assicurazioni, Milano Assicurazioni and Premafin, based on the following share exchange ratio:
  - 0.050 ordinary shares of the Merged Company for every ordinary Premafin share;
  - 1.497 ordinary shares of the Merged Company for every ordinary Unipol Assicurazioni share;
  - 0.339 ordinary shares of the Merged Company for every ordinary Milano Assicurazioni share;
  - 0.549 class "B" savings shares of the Merged Company for each savings share of Milano Assicurazioni.

No holders of Milano Assicurazioni savings shares exercised the right of withdrawal pursuant to Art. 2437, par. 1, letter g) of the Civil Code.

By contrast, the right of withdrawal was legitimately exercised by Premafin ordinary shareholders, in relation to a total of 13,975,294 ordinary Premafin shares, corresponding to 0.6495% of Premafin's share capital, for a total settlement amount of €2,441,483.86.

As of the Effective Date, the statutory amendments relating to the merger entered into force and the share capital of UnipolSai is now €1,977,533,765.65, fully subscribed and paid-in, comprised of 2,250,906,752 ordinary shares, 1,276,836 class "A" savings shares and 377,193,155 class "B" shares, all without a nominal amount.

The shares of the Merging Companies Milano Assicurazioni and Premafin were cancelled from listing on 6 January 2014.

The newly issued ordinary shares and class "B" savings shares were listed on the Mercato Telematico Azionario (screen-based share market) organised and managed by Borsa Italiana S.p.A. on 6 January 2014, at the par value of the ordinary shares and class "B" savings shares outstanding at the time of their issue.

Based on the share exchange ratios resolved the shareholding structures of UnipolSai are as follows (at the Effective Date):

	% Interest in ordinary share capital	% Interest in share capital composed of class A saving shares	% Interest in share capital composed of class B saving shares	% Interest in total share capital
Unipol	63.00%		67.75% (*)	63.66%**
Former Premafin	0.85%			0.73%
Former Fondiaria-SAI	25.46%	100.00%	21.51%	24.92%
Former Milano Assicurazioni	10.69%		10.74%	10.69%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) share transferred on 28 November 2013 to Unipol Finance, 100%-owned by Unipol.

(\*\*) of which 0.66% held by the wholly-owned subsidiary Unipol Finance.

It should be noted that the Merger constitutes an essential part of the wider integration plan between the Unipol Group and the Premafin/Fondiarria-SAI Group, and the strategic objective pursued by the Unipol Group, which envisages the creation of a leading domestic operator in the insurance industry, able to compete effectively with the main domestic and European competitors and generate value for all the shareholders of the companies involved. A plan based on a solid industrial approach, summarised by the following pillars:

- the opportunity to strengthen the leading position of the UnipolSai Group and the Unipol Group in the market, enhancing the historical brands of the insurance market;
- the strengthening of the equity positions of the UnipolSai Group and the Unipol Group;
- the restructuring of Fondiarria-SAI's Non-Life insurance business;
- the use of the experience acquired by the Unipol Group in insurance turnaround operations and the proven capacity for integration;
- the margins of operational and corporate simplification, achieved by optimising structures and processes (purchasing centres, supplier list, single supplementary agent contact) and the potential rationalisation of current investment programmes;
- the complementary nature of skills in the Health, Welfare and Direct channel sectors;
- the opportunity to bolster the Unipol Group's leading position in innovation.

The key phases of the Merger Integration Plan are summed up below:

- on 29 January 2012 Unipol and Premafin signed an agreement concerning a Plan for the Integration of the two Insurance Groups, which made provision for Unipol's assumption of control of Premafin and the subsequent merger of Unipol Assicurazioni, Premafin and eventually Milano Assicurazioni into Fondiarria-SAI (the **"Companies Participating in the Merger"**);
- in May, June and July 2012, Unipol obtained: (i) from the competent authorities (AGCM, IVASS, Bank of Italy, foreign Supervisory Authorities) the necessary exemptions and authorisations for the acquisition of direct control of Premafin, and therefore, of indirect control of Fondiarria-SAI and Milano Assicurazioni; and (ii) from Consob the exemptions for the launch of the mandatory takeover bid pursuant to and in accordance with Art. 106, parag. 5 of TUF (Consolidated Law on Finance) and articles 45 and 49 of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments (the Issuers' Regulation);
- on 19 July 2012, Unipol subscribed and released a total of 1,741,239,877 ordinary Premafin shares - issued as part of Premafin's share capital increase, resolved by Premafin's Extraordinary Shareholders' Meeting on 12 June 2012 - and, as a result, Unipol directly acquired de jure control of Premafin and, therefore, indirectly acquired de jure control of Fondiarria-SAI and Milano Assicurazioni;
- 13 September 2012 saw the execution of Fondiarria-SAI's share capital increase - resolved by Fondiarria-SAI's Extraordinary Shareholders' Meeting on 27 June 2012 - with the full subscription of 916,895,448 ordinary Fondiarria-SAI shares and 321,762,672 Fondiarria-SAI class "B" savings shares, collectively offered under option to the shareholders of Fondiarria-SAI;
- on 14 November 2012, Unipol commenced the management and coordination of Premafin, Fondiarria-SAI and Milano Assicurazioni in accordance with articles 2497 et seq. of the Civil Code;
- on 20 December 2012, (i) the Board of Directors of the Companies Participating in the Merger approved - based on the prior favourable judgment of the respective committees of independent directors - the Merger Plan and the supporting documentation, and (ii) Unipol's Board of Directors approved the financial terms of the Merger and expressed its favourable judgment on the interest of Unipol and its shareholders in carrying out the Transaction, and on the convenience and substantive correctness of the transaction's conditions;
- on 27 December 2012, Unipol and each of the Companies Participating in the Merger published an Information Document relating to the transactions of major significance with related parties, supplemented with a memorandum published on 10 January 2013 and prepared on the request of Consob pursuant to Art. 114, parag. 5 of the Consolidated Law on Finance, drafted pursuant to and in

- accordance with Art. 5 of the Regulation governing related party transactions, qualifying said Merger as a transaction of major significance with related parties pursuant to the Regulation referred to above;
- on 28 January 2013, the Companies Participating in the Merger filed the Merger Plan with the respective registered offices, and posted it on the respective websites;
  - on 25 July 2013 IVASS – by means of measure no. 51-13-000148 - issued its authorisation of the Merger, pursuant to and in accordance with articles 201 et seq. of Legislative Decree no. 209/2005 - Private Insurance Code and articles 23 et seq. of IVASS Regulation no. 14/2008 on mergers, ascertaining that, regardless of whether Milano Assicurazioni participates in the merger or not, the requirements were met for the issuing of said measure, with regard to sound and prudent management and ownership of the assets to cover the Technical provisions and the Solvency Margin of the post-Merger Company;
  - during the first ten days of August 2013, the Companies Participating in the Merger filed the Merger Plan with the competent Registers of Companies; the associated registrations were completed by Milano Assicurazioni on 6 August 2013 and by all other Companies Participating in the Merger on 7 August 2013;
  - on 23 September 2013, Reconta Ernst & Young, as common expert appointed by the Court of Turin by means of provision of 7 December 2012, issued the report on the consistency of the Share Exchange Ratios, drafted pursuant to and in accordance with Art. 2501-sexies of the Civil Code;
  - on 24 September 2013, the Companies Participating in the Merger published the call notices for the Extraordinary Shareholders' Meetings and Special Shareholders' Meetings of Milano Assicurazioni, and – as regards Premafin and Milano Assicurazioni – simultaneously communicated the redemption value for shares eventually subject to withdrawal, pursuant to and in accordance with Art. 2437-ter, parag. 5 of the Civil Code;
  - on 24 September 2013, the Companies Participating in the Merger filed the documents indicated in Art. 2501-septies of the Civil Code with the respective registered offices;
  - on 9 October 2013, the Companies Participating in the Merger and Unipol made the Information Document on the Merger available to the public, prepared in accordance with Art. 70, parag. 6 of the Issuers' Regulation;
  - on 22 October 2013, the Companies Participating in the Merger and Unipol made the Supplementary Merger Document available to the public, published on the request of Consob in accordance with Art. 114, parag. 5 of the Consolidated Law on Finance;
  - the Merger was approved by means of the resolutions adopted by the following shareholders' meetings of the Companies Participating in the Merger and, more specifically, by the Extraordinary Shareholders' Meetings of Fondiaria-SAI, Premafin and Unipol Assicurazioni on 25 October 2013, by the Extraordinary Shareholders' Meeting of Milano Assicurazioni on 26 October 2013 and by the Special Shareholders' Meeting of Milano Assicurazioni on 28 October 2013, which, for matters within its competence, approved the aforementioned resolution adopted by the Extraordinary Shareholders' Meeting of said company. Effective from the registration of the aforementioned resolutions of the shareholders' meetings at the competent Registers of Companies, on 31 October 2013, and communicated to the market on the same date, the term of fifteen days for entitled parties to exercise the right of withdrawal and the term of sixty days set out in Art. 2503 of the Civil Code for creditors' opposition to the Merger took effect;
  - on 24 December 2013, Consob issued its judgment of equivalence, pursuant to 57, parag. 1, letter d) of the Issuers' Regulation on the 'Updated Information Document' concerning the Merger for the purposes of the admission and listing on the Mercato Telematico Azionario (screen-based share market) of the ordinary shares and class "B" savings shares to be issued in service of the merger, which reiterates and supplements the information already contained in the information document prepared pursuant to and in accordance with Art. 70, parag. 6, of the Issuers' Regulation.
  - on 24 December 2013, the Updated Information Document was made available to the public at the registered office of the Companies Participating in the Merger and published on the websites of said Companies Participating in the Merger and Unipol's website.

As part of the Merger Integration Plan, the following transactions were also carried out.

## Disposals envisaged as part of the Merger Integration Plan

The Antitrust Authority ("AGCM"), by means of Provision dated 19 June 2012 ("the Provision"), authorised the Unipol Group to acquire control of the Premafin/Fondiarria-SAI Group, prescribing certain measures, including the transfer - by employing an independent advisor, of primary international standing, accepted by the Antitrust Authority - of some company insurance portfolios of former Milano Assicurazioni for the creation and distribution of insurance products. These measures also require, following said disposal, the market shares of the Unipol Group to be less than 30% in the national and provincial Life and Non-Life insurance business, based on "IVASS source" data (i.e. if exceeding 30% before the concentration, to be brought back to the same share held previously).

The disposal procedure was structured, during the year, in a competitive context in which many industrial and financial investors, both Italian and international, were invited to participate.

On 19 December 2013, Unipol received an offer from a leading European insurance group, subject to various conditions being satisfied. On 15 January 2014, the Boards of Directors of Unipol and UnipolSai resolved the aforementioned offer to be unacceptable.

On 14 January 2014, Unipol received a proposal from Allianz S.p.A. which, on 21 January 2014, the Boards of Directors of Unipol and UnipolSai reviewed, resolving to proceed with the exclusive definition of contractual agreements with said Allianz.

On 19 February 2014, the Antitrust Authority notified Unipol of provision protocol no. 0016093 with which it started non-compliance proceedings, notifying Unipol and UnipolSai of the breach of Art. 19, parag. 1, of Law 287/1990, for not having observed the obligation of selling the assets indicated in the Provision within the pre-established deadlines set by said Provision. If any non-compliance was to be ascertained, the Antitrust Authority could impose a pecuniary administrative penalty in accordance with the aforementioned regulation.

On 15 March 2014, UnipolSai and Allianz S.p.A. signed an agreement for the transfer of a business unit including a Non-Life insurance portfolio for a value of €1.1bn (2013 figures), 729 insurance agencies and 500 employees dedicated to managing these activities. The transfer of the assets forming part of former Milano Assicurazioni (now UnipolSai) makes provision for a maximum consideration of €440m. The transaction will be completed following the approval from the competent Supervisory and Antitrust Authorities.

Unipol and UnipolSai, deeming their actions to be proper on the basis of valid arguments in fact and in law, will take the necessary defensive actions in these proceedings.

It should be pointed out that the measures imposed by the Antitrust Authority by means of the aforementioned Provision also require the Unipol Group to reduce its overall debt to Mediobanca by €350m - and said debt to gradually be eliminated - through the following methods:

- reduction by €250m over the 2013-2015 period;
- as part of the disposal of insurance assets, the transfer of an additional amount of €100m.

In relation to the transfer of insurance assets, it should be noted that, in the context of the agreement signed between UnipolSai and Allianz on 15 March 2014, the latter ruled out acquiring the existing debt with Mediobanca for an amount of €100m. Unipol and UnipolSai intend, using alternative means, to reduce said loan by the aforesaid amount by the date set for the completion of the transfer in question.

With reference to the reduction of the existing debt with Mediobanca equal to €250m, evaluations are underway regarding the technical possibilities of finalising and subsequently respecting the amount in question.

As regards the transfers of the investments held (directly and indirectly) by Fondiarria-SAI in Assicurazioni Generali and in Mediobanca, these too falling under the measures set by the Provision, the following should be noted:

- a) Fondiaria-SAI transferred, in 2012, the entire interest held in Assicurazioni Generali, equal to around 1%, through (i) the exercise, by Fondiaria-SAI and Milano Assicurazioni and the respective counterparty banks, of "put" and "call" options at the same strike price (forward sale), and (ii) direct sale on the market; pending the transfer, Fondiaria-SAI, in compliance with the contents of the Provision, abstained from exercising the administrative rights, including therein voting rights, concerning the investment in question;
- b) as regards the transfer of the entire shareholding held by the Premafin/Fondiaria-SAI Group in Mediobanca (a total of 33,019,886 shares, equal to 3.83% of share capital), 23,114,386 ordinary Mediobanca shares were transferred on 9 October 2013, equal to around 2.68% of the share capital, through an "accelerated bookbuilding" procedure targeted exclusively at qualified investors in Italy, as defined in Art. 34-ter, parag. 1, letter b) of the Issuers' Regulation, and at foreign institutional investors. The consideration for the sale of the Shares came to approximately €135.2m. The other 9,905,500 Mediobanca shares held by Fondiaria-SAI, equal to 1.15% of share capital, were not included in the transfer as they are the subject of forward sale contracts signed previously, which made provision for "put" and "call" options at the same strike price; the latter can be exercised at the expiry dates set out in the contract in the period between 16 October 2013 and 14 November 2013. The aforementioned contracts were all settled at the envisaged expiry dates, via the physical delivery of said securities, determining the collection of an amount of around €50.5m.  
Also as regards the investment in Mediobanca, pending the transfer, in compliance with the contents of the Provision, Fondiaria-SAI abstained from exercising the administrative rights, including therein voting rights, also with reference to the shareholders' agreement.

However, it should be noted that Unipol observed all other amounts set out in the Provision.

### **Put and call options on the interest in Unipol Banca**

As part of the Merger, Unipol agreed to grant Fondiaria-SAI a put option on the interest held by Unipol Assicurazioni in Unipol Banca S.p.A., equal to 32.26% of the associated share capital, to be exercised on expiry of the fifth year after the statutory effective date of the Merger, at a price equal to the present carrying amount of said interest (therefore equal to €299.4m), and Fondiaria-SAI agreed to grant Unipol a corresponding call option on said interest, at the same price, but providing Unipol with the possibility of exercising the option for the entire period running between the statutory effective date of the Merger and the expiry of the fifth year after said date. The agreement was formally signed on 31 December 2013.

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## **Other information**

### **Purchase of Milano Assicurazioni savings shares by Unipol**

On 9 August 2013, Unipol completed the purchase of 27,201,199 Milano Assicurazioni savings shares, equal to 26.55% of this category of share capital (i.e. solely savings share capital), through a reverse accelerated book-building procedure targeted exclusively at qualified investors in Italy and foreign institutional investors. The consideration for the purchase of the aforementioned shares amounted to €0.8425 per savings share, for a total outlay of €23m. Unipol's direct percentage interest in the total share capital (savings shares plus ordinary shares) of Milano Assicurazioni stood at 1.4%. Subsequently, on 28 November 2013, these savings shares were transferred at market values to Unipol Finance, as part of the share capital increase resolved by the shareholders' meeting of said company, generating a capital gain of €1.5m.

### **Incorporation of the company Unipol Finance S.r.l.**

Unipol Finance S.r.l. was incorporated on 25 November 2013 as part of the actions planned to pursue the objective of rationalising the Unipol Group's investment structure - in terms of its current composition and its breakdown following the completion of the integration plan for the merger between Fondiaria-SAI S.p.A.,

Unipol Assicurazioni S.p.A., Premafin HP S.p.A. and Milano Assicurazioni S.p.A. – and in order to place a greater focus on the activities of Unipol Gruppo Finanziario S.p.A. consistent with its role as Parent company. As regards this area, the chance to set up a company, wholly-owned by Unipol, was evaluated, to which to assign the custody and management of assets represented by listed and unlisted minority investments and, in any case, not a determining factor in Unipol's performance of management and coordination activities. Unipol Finance's corporate purpose is *"the performance, not within the public domain, of activities involving the assumption of interests and investments in other undertakings and companies, the management and development of these, all for the purpose of permanent investment and not for placement or brokerage with the public"*.

Unipol's Board of Directors, called on 25 November 2013, firstly resolved the incorporation of Unipol Finance S.r.l. (hereinafter "Unipol Finance") with an initial share capital of €500k, subscribed by means of a cash contribution and, subsequently, the transfer from Unipol, through the contribution of a share portfolio comprised of 240,609,096 class B savings shares issued by Fondiaria-SAI and 27,201,199 savings shares issued by Milano Assicurazioni.

Immediately after its incorporation, on 27 November 2013, Unipol Finance resolved a share capital increase totalling €432.3m, €4.5m of which to be allocated to the share capital increase, and €427.8m as share premium, carried out through the contribution from Unipol of savings shares issued by Fondiaria-SAI and Milano Assicurazioni described previously.

#### **Purchase of treasury shares in service of payment plans based on financial instruments**

In 2013, Unipol acquired 6,740,000 treasury shares (Unipol ordinary shares), as part of the programmes for the purchase of shares to service payment plans based on financial instruments (performance shares), for a total consideration of €22.6m.

#### **Sum of €1,108,000 provided to the President of the Emilia Romagna Region, Vasco Errani, to help the populations affected by the earthquakes in May 2012**

On 1 March 2013, the Chairman and Chief Executive Officer of Unipol, Pierluigi Stefanini and Carlo Cimbri, supplied the President of the Emilia Romagna Region and the officer in charge of the Rebuilding, Vasco Errani, with funds of €1,108,000 to help the populations affected by the earthquake in May 2012, raised thanks to voluntary contributions from employees and agents of the Group and the company itself. The money was set aside for the renovation of the Public Hospital "Casa della Salute" in Finale Emilia, one of the municipalities hit hardest by the earthquake.

The delivery of the funds was an opportunity to mark out a broader framework of initiatives put in place by the Unipol Group for the different categories of stakeholders present in the area (customers, civil society, agents, social organisations, suppliers). Consistent with its social responsibility policies and a desire to support an area in which Unipol has its roots and a significant presence, an action plan was implemented in 2012 through its insurance companies (Unipol Assicurazioni, Linear, Unisalute, Arca) and banks (Unipol Banca) for Group customers, and more generally speaking, socio-cultural initiatives were promoted for the populations affected by the earthquakes.

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The Financial statements of Unipol are subject to an audit by independent auditors PricewaterhouseCoopers SpA (PwC), the company tasked with performing the legally-required audit of the financial statements for the 2012/2020 period.

## Operating performance of the Group

In 2013, the Unipol Group recorded a noteworthy economic result in the insurance segment (pre-tax profit of €1,376m). In fact, despite a scenario of increasing competition, reflected in a significant reduction in the tariffs applied, the Group witnessed an improvement in the loss ratio for the current year, no longer burdened by the disastrous events of the previous year (in particular, the earthquake in Emilia), and an improved stability of claims provisions of previous years following major strengthening in recent years.

A positive performance was recorded by premiums and profitability in the Life insurance business, against the backdrop of a financial market improvement which increased customers' propensity to acquire insurance products.

By contrast, in the Banking segment, the persistence of the difficult economic situation which adversely impacted the country's companies involved an increase in non-performing loans which, combined with a important policy of provisions on non-performing loans already in the portfolio, determined a negative economic result for the period.

More specifically, in the **Non-Life business**, direct premiums, which amounted to more than €9.8bn, were affected by the persistence of the economic crisis, which continues to determine a decrease in the number of vehicles insured and a reduction in the spending power of companies and individuals, and denotes a pronounced competitive trend with downward pressure on average contract premiums (especially in the MV TPL class).

In order to counteract these negative trends, the Group's commercial policies, despite continuing to be based on selection criteria, were geared towards a gradual increase in underwriting flexibility and other actions aimed at both safeguarding the contract portfolio, such as the strengthening of marketing campaigns, and at an improvement in the service to customers who are having to get to grips with the economic crisis, such as the launch of a MV TPL policy with interest-free loans with repayments in instalments.

Premiums in the MV TPL class stood at €5,226m, of which €2,052m relating to Group companies prior to the acquisition of the Premafin/Fondiaria-SAI Group (-7.3% over 2012) and €3,174m relates to the companies acquired (-12.8% compared to 2012 on a like-for-like basis).

Premiums in the Land Vehicle Hulls class fell, recording premiums of €760m, of which €279m relating to Group companies prior to the acquisition of the Premafin/Fondiaria-SAI Group (-10.5%) and €482m relates to the companies acquired (-15.1% compared to 2012 on a like-for-like basis). The class was heavily impacted by the decrease in registrations of new vehicles which policyholders tend to protect more with the guarantees given by said class compared to older vehicles.

In a generally poor-performing market, shaped by the repercussions of the economic crisis on individuals and companies, non-MV premiums recorded excellent staying power, highlighted by premiums which totalled €3,835m of which €1,702m relating to Group companies prior to the acquisition of the Premafin/Fondiaria-SAI Group (with a slight increase of 0.1%) and €2,133m contributed by the companies acquired (-3.5% over 2012 on a like-for-like basis), where the remaining portfolio turnaround initiatives were completed in Fondiaria-SAI's corporate segment.

As regards the Non-Life class loss ratio for the year, the performances in the year confirmed the positive trends already recorded in the previous year, highlighting a consolidation of the technical MV TPL ratios, thanks to another decrease in claims reported compared to the same period in the previous year, which allowed the company to contain the effects of the reduction in the average premium.

A favourable trend was also registered in the loss ratio of the non-MV classes, particularly the loss ratio linked to weather events and natural disasters, affected in the first half of 2012 by the damages caused by the heavy snowfall in Romagna (February) and those caused by the earthquake in Emilia and the surrounding regions (in May).

In 2013, following the reinforcement of the main Group companies in 2012, a notable improvement was recorded in the staying power of claims reserving of previous years for third-party liability classes. Following the inventory process and the application, as set forth in the regulations, of statistical-actuarial methods, some additions were, nonetheless, made to the provisions which determined a negative balance of total Non-Life claims experience in terms of direct Group business amounting to roughly €135m.

Taking into account the above, the loss ratio for the direct business of the new Group setup (including the balance of other technical items), nonetheless, recorded a huge improvement, standing at 68.2%, compared to 77.9%, calculated by taking into consideration the figures of the Premafin/Fondiarria-SAI Group for the whole of 2012 and excluding the effects of application of IFRS 3.

The expense ratio of direct business, which stood at 24.7%, felt the effects of the accounting of some integration costs, already provided for in the business plan, and, for the MV TPL class, costs connected with the so-called black boxes, charged in full to companies this year, and the commission fees related to "interest-free loan" products provided through a Group banking segment company.

Furthermore, a greater incidence of variable Unipol Assicurazioni commissions was recorded, linked directly to the improvement in technical business.

Therefore, the Group recorded a combined ratio (direct business) of 92.9% at 31 December 2013, compared to 101.1% in 2012 calculated on a pro-forma basis, i.e. considering the figures of the Premafin/Fondiarria-SAI Group for twelve months.

In the **Life business segment**, premiums grew at particularly sustained rates, totalling €6,983m at the end of the year, of which €3,024m relating to Group companies prior to the acquisition of the Premafin/Fondiarria-SAI Group (+20% compared to 2012) and €3,958m contributed by the companies acquired (+8.3% over 2012 on a like-for-like basis). The increases recorded were also facilitated by decreases in market interest rates which made the supply of insurance products with a minimum guaranteed return more appealing. In particular, the segment benefitted from the growth in the bancassurance channel (+17.7%) represented mainly by the companies Arca Vita and Arca Vita International, which recorded total premiums of € 845m (+53.4% over 2012), and Popolare Vita and Lawrence Life which, recorded growth of +8.7% (premiums of €2,534m).

The traditional companies recorded more contained growth, with Unipol Assicurazioni registering premiums of €2,179m, marking an increase of +10.6%.

As a result of the above, new business in terms of pro-quota APE was €430m at 31 December 2013, of which €311m contributed by the traditional companies and €119m relating to bancassurance companies.

As regards the financial management of insurance segment assets, 2013 was characterised by a scenario of renewed confidence in the country's financial markets, despite the government instability triggered by the recent elections and structural nodes, negative growth and high debt, issues still unresolved. Within this context, the Group generated significant gross profitability in the income statement of more than 4.6% of the assets invested. The Group's investment policies remained prudent, geared towards maintaining an adequate balance between risk and return, with a view to consistency between the assets and liabilities assumed in respect of policyholders.

In the **Banking segment**, direct deposits from customers remained essentially stable with respect to the balances at 31 December 2012, with an improvement in the balance between sources of financing and loans, compared with a slight fall in loans to customers, according to the guidelines which continue to favour capital rebalancing and a business focus on the retail and small business segments.

The persistence of a deep recession in our country, especially in the real estate market, has brought about another increase in non-performing loans which subsidiary Unipol Banca, also in consideration of more prudent judgments regarding existing guarantees, tackled through a robust policy of provisions on non-performing loans. As a result of this situation, it was decided, with a view to greater prudence, to fully write down the goodwill recorded in the bank's financial statements, which mainly related to costs for past acquisitions of bank branches. This determined a negative economic result for the period in comparison, however, with a notable improvement in the level of coverage of non-performing loans which, in terms of bad and doubtful loans at Unipol Group level, exceeded 50% at the end of 2013, compared to 36.9% in 2012.

As regards the **Real Estate segment**, after completing, in the first half of the year, the preliminary activities prior to the valuation of part of real estate assets, a phase commenced for the marketing of the first property units as set out in the Group's Business Plan. Various transactions are also being arranged, targeted at the rationalisation and reduction of costs through mergers of property companies, whose corporate purposes were eliminated under the new setup and strategy of the Group. Certain write-downs of properties, a

consequence of the recessionary phase affecting the country's real estate market, also impacted the real estate segment.

The **Holding/Services and Other Activities Sector** contributed a negative economic result, primarily due to the operating costs of the Holding and the losses of the companies acquired in the Premafin/Fondiaria-SAI Group which formed part, in particular, of the healthcare (clinical) and hotel sectors, in which weaknesses persisted linked to the tourism crisis. In the first half of 2013, the Group renewed the corporate bodies at these companies and identified management and business-related problems, in respect of which it is implementing the necessary actions to improve the operating results.

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The financial statements of Unipol for the year ended 31 December 2013, which we submit for your review and approval, closed with a **positive net economic result of €146.1m** (€195m in 2012).

## Salient aspects of business operations

The figures that were the major feature of business performance are as follows:

- A. Revenues from ordinary operations involving investment holdings and services of the Unipol Group: these totalled €10.3m, in line with the figure of the previous year (€10.2m in 2012).
- B. Other revenue and income: this item amounted to €31.7m (€20.3m in 2012) and relates to commissions received from the subsidiary Unipol Banca of €5.7m (€5.6m at 31/12/2012) in relation to the credit indemnity agreement, for €21.5m to the recovery of costs for personnel seconded at Group companies (€12.8m at 31/12/2012), with the remainder of €4.6m relating to fees charged back by directors and other minor revenues (€2m at 31/12/2012).
- C. Costs of production: these amounted to €411.8m (€140.6m in 2012) and include all operating costs deriving from ordinary holding operations carried out in 2013. The rise is due, in particular, to the increase in allocations to the provision for risks (€295.2m in 2013, €200m of which relating to the credit indemnity agreement with Unipol Banca, compared to €50.1m in 2012), the growth in personnel costs (€57.4m in 2013 compared to 44.9m in 2012) and the increase in amortisation/depreciation.
- D. Income from investments: this stood at €415.4m (€253.2m in 2012) and includes dividends on equity interests. The increase is attributable to the strong performance of subsidiaries which led to the recognition of €413.8m in dividends accrued.
- E. Other ordinary net financial income/expenses: this item decreased from -€4.1m in 2012 to -€35.2m, due to lower gains obtained from sales of shares, bonds and Government securities carried out in 2013 with respect to 2012.
- F. Value adjustments to financial assets: these totalled a negative €193m, compared to positive adjustments of €29.9m in 2012. The worsening is related to the write-down of investments in the subsidiaries Unipol Banca S.p.A. and Ambra Property S.r.l. of €199.7m and €12m respectively.
- G. Profit from ordinary operations: this was a negative €182.6m (positive €168.9m in 2012).
- H. Profit from extraordinary operations: this was a positive €262.9m (positive €5.2m in 2012). The increase is attributable to the gain of €273.4m obtained from the transfer at market values of class B savings shares of Fondiaria-SAI and savings shares of Milano Assicurazioni to Unipol Finance on 28 November 2013.
- I. Pre-tax economic result: this was a positive €80.3m (€174.1m in 2012).
- J. Income taxes: these had a positive impact on the income statement for €65.8m (€20.9m in 2012).

The Company's equity at 31 December 2013, including profit for the year, amounted to €5,665.5m (€5,632.6m at 31/12/2012). The variation is due to the distribution of dividends of €113.1m (which recorded a decrease) and the result for the year of €146.1m (which registered an increase).

# Investment management

## Financial operations

In 2013, financial operations were conducted in line with and in full compliance with the guidelines issued in the Group's Investment Policy.

A highly prudent approach was adopted as regards investments and no initiatives were undertaken which could have increased the portfolio's risk.

Subsequently, in order to grasp strategic opportunities and promptly meet cash needs arising from capital transactions, a preference was shown for monetary instruments represented by BOTs (treasury bills) and "time-deposits"; these investments matured in the final quarter and were transformed to available cash.

In a generally volatile economic-financial environment, characterised at the end of the year by a reduction across the board in returns on Government bonds and a considerable narrowing of the spreads between Italian and German bonds, trading opportunities were exploited in the domestic market on securities with a 5-year maturity.

Share portfolio activities did not produce any structural positioning and, at year-end, net of investments, the component represented by equity instruments constituted a residual value of 0.4% of the total portfolio.

Trading on the bond and share markets facilitated obtainment of the pre-established profitability objectives and the management initiatives undertaken ensured that the portfolio presented a duration of 0.69. Liquidity, following the subscription of Unipol Assicurazioni's share capital increase of €600m, which took place on 31 December 2013, amounted to €215.7m.

## Property, plant and equipment and intangible assets

In 2013, the balance of property, plant and equipment and intangible assets, net of amortisation and depreciation, fell from €82.2m to €66.4m, marking a decrease of €15.8m compared to the previous year, attributable mainly to amortisation and depreciation in the year.

The breakdown of property, plant and equipment and intangible assets and the changes compared to the previous year are shown in the table below.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS				
<i>(Amounts in €m)</i>				
	31/12/2013	31/12/2012	Changes value	%
<b>Property, plant and equipment</b>				
- Plant and equipment	0.3	0.1	0.1	96.9
- Other assets	1.8	1.8	0.0	0.2
<b>Total</b>	<b>2.1</b>	<b>2.0</b>	<b>0.1</b>	<b>7.3</b>
<b>Intangible assets</b>				
- Start-up and expansion costs	50.6	65.5	(14.9)	(22.7)
- Research, development and advertising costs	0.8	3.2	(2.4)	(74.4)
- Concessions, licences, trademarks and similar rights	8.6	7.7	1.0	12.4
- Fixed assets in progress and payments on account	1.4	3.8	(2.4)	(63.2)
- Other	2.8	0.1	2.8	4,086.9
<b>Total</b>	<b>64.3</b>	<b>80.2</b>	<b>(15.9)</b>	<b>(19.8)</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS</b>	<b>66.4</b>	<b>82.2</b>	<b>(15.8)</b>	<b>(19.2)</b>

It should be noted that, at 31 December 2012, all costs incurred in fitting out the CUBO (Centro Unipol Bologna - Unipol Centre, Bologna) museum which was unveiled on 26 March 2013 for Unipol's fiftieth anniversary, were recognised under fixed assets in progress. These capitalised costs are now recorded under other intangible assets given they relate to works on a property owned by the indirect subsidiary Midi S.r.l..

For details on fixed assets please refer to annexes 5 and 6 of the Notes to the Financial Statements.

## Financial assets

In 2013, financial assets increased from €5,128.8m to €5,824.8m, marking an increase of €696m over the previous year. This increase is due to:

- the purchase of 27,201,199 Milano Assicurazioni savings shares (equal to 26.45% of savings share capital) carried out on 9 August 2013 for a total outlay of €23m;
- incorporation of the company Unipol Finance S.r.l. with share capital of €0.5m, subsequently increased, with the transfer of a share portfolio composed of 240,609,096 class B savings shares issued by Fondiaria-SAI (carrying amount of €135.9m) and 27,201,199 savings shares issued by Milano Assicurazioni (carrying amount of €23m) with a value of €432.3m;
- increase in the interest in Unipol Assicurazioni S.p.A. by €600m through the execution of a share capital increase resolved by the Extraordinary Shareholders' Meeting on 8 August 2013;
- increase in the interest in Ambra Property S.r.l. of €11.6m through the payment to the future share capital increase account to cover the costs of renovating the UNA WAY hotel in Piazza della Costituzione 1, Bologna, and the subsequent write-down of said interest for €12m due to the decrease in value of the properties owned based on the valuations of independent experts;
- write-down of the investment in the subsidiary Unipol Banca S.p.A., whose value was brought into line with the value of equity at 31 December 2013, amounting to €199.7m.

The breakdown of financial assets and the changes compared to the previous year are shown in the table below.

<b>FINANCIAL ASSETS</b>				
<i>(Amounts in €m)</i>				
	31/12/2013	31/12/2012	<i>Changes value</i>	<i>%</i>
<b>Financial assets</b>				
- <i>Investments</i>				
- Subsidiaries	5,823.1	5,126.8	696.3	13.6
<b>Total</b>	<b>5,823.1</b>	<b>5,126.8</b>	<b>696.3</b>	<b>13.6</b>
- <i>Receivables</i>				
- Other companies	1.7	2.0	(0.3)	(13.1)
<b>Total</b>	<b>1.7</b>	<b>2.0</b>	<b>(0.3)</b>	<b>(13.1)</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>5,824.8</b>	<b>5,128.8</b>	<b>696.0</b>	<b>13.6</b>

For details of investments, please refer to the table shown in the Notes to the Financial Statements (annex no. 7).

The breakdown of investments by business segment and changes with respect to the previous year are as follows (in €m):

	2013	<i>Changes compared to 2012</i>
Insurance	4,556.1	464.1
Banks and financial services	434.6	(199.7)
Other investments	832.4	431.9
	<b>5,823.1</b>	<b>696.3</b>

Ambra Property S.r.l., Premafin HP S.p.A. and Unipol Finance S.r.l. are recorded under Other investments.

During the year, the investments held saw the following changes:

#### *Purchases/subscriptions of treasury shares or quotas*

##### **Milano Assicurazioni S.p.A.**

On 9 August 2013, Unipol Gruppo Finanziario purchased 27,201,199 Milano Assicurazioni savings shares, equal to 26.45% of savings share capital, for a total outlay of €23m. These shares were then transferred to the company Unipol Finance S.r.l..

##### **Unipol Finance S.r.l.**

The company Unipol Finance S.r.l. was incorporated on 25 November 2013, a single-member company with Unipol Gruppo Finanziario as sole shareholder. The company was established with a share capital of €500k. On 27 November 2013, the shareholders' meeting of Unipol Finance S.r.l. resolved a share capital increase totalling €432.3m, €4.5m of which to be allocated to the share capital increase, and €427.8m to the share premium reserve. Unipol Gruppo Finanziario performed the aforementioned share capital increase through the transfer of a share portfolio consisting of 240,609,096 class B savings shares issued by Fondiaria-SAI and 27,201,199 savings shares issued by Milano Assicurazioni. The valuation of the shares involved in the transfer, included in the valuation report pursuant to Art. 2465 of the Civil Code, conducted on the basis of the associated market price, stood at €407.8m for the class "B" savings shares of Fondiaria-SAI S.p.A. and €24.5m for the savings shares of Milano Assicurazioni S.p.A..

##### **Unipol Assicurazioni S.p.A.**

On 31 December 2013, Unipol Gruppo Finanziario paid €600m to Unipol Assicurazioni S.p.A. in execution of the share capital increase resolved by the extraordinary shareholders' meeting of said company held on 8 August 2013, as part of the Plan for the merger by incorporation into Fondiaria-SAI of Unipol Assicurazioni, Milano Assicurazioni and Premafin (now UnipolSai).

#### *Payments for future share capital increases to subsidiaries*

##### **Ambra Property S.r.l.**

Unipol Gruppo Finanziario made two payments for future share capital increases to the company Ambra Property S.r.l.: the first payment of €8m was made on 8 February 2013, while the second payment of €3.6m was made on 9 October 2013. These payments were made to allow the investee to cover the costs of renovating the UNA WAY hotel in piazza della Costituzione 1, Bologna.

#### *Disposals/Sales/Transfers*

##### **Milano Assicurazioni S.p.A.**

On 28 November 2013, in execution of the share capital increase resolved by the shareholders' meeting of Unipol Finance S.r.l., Unipol Gruppo Finanziario transferred to Unipol Finance (transfer at market values) 27,201,199 savings shares issued by Milano Assicurazioni S.p.A. for a value of €24.5m, generating a gain of €1.5m.

##### **Fondiaria-SAI S.p.A.**

On 28 November 2013, in execution of the share capital increase resolved by the shareholders' meeting of Unipol Finance S.r.l., Unipol Gruppo Finanziario transferred to Unipol Finance (transfer at market values) 240,609,096 class B savings shares issued by Fondiaria-SAI for a value of €407.8m, generating a gain of €271.9m.

## *Write-downs*

### **Ambra Property S.r.l.**

The value of the investment was written down by €12m due to the valuations drafted by independent experts on the properties owned.

### **Unipol Banca S.p.A.**

The value of the investment in Unipol Banca was brought into line with the value of said company's equity which, at 31 December 2013, reported a loss of €299.6m, by effecting a write-down of €199.7m.

In addition, in respect of the put and call options subscribed on 31 December 2013, as part of the merger operation, on the share of 32.26% held by Unipol Assicurazioni, an allocation was made to the provision for risks of €95.1m.

## **Treasury shares and holding company shares**

At 31 December 2013, the portfolio contained 6,740,000 treasury shares, for a value of €22.6m. These shares were purchased to service the payment plans based on financial instruments (performance share type), intended for the Chief Executive Officer and Company Management, resolved by the shareholders' meetings on 30 April 2012 and 30 April 2013. The purchases have already been detailed in the section Operating performance, to which reference should be made.

As regards treasury shares, the Shareholders' Meeting of 30 April 2013 resolved, pursuant to Art. 2359-bis of the Civil Code, to renew the provision for the purchase of treasury shares for an amount of €100m and to authorise the Board of Directors to purchase shares up to the limit of the aforementioned provision.

As regards shares of the holding company Finsoe S.p.A., the shareholders' meeting of 30 April 2013 resolved, pursuant to Art. 2359-bis of the Civil Code, to renew the provision for the purchase of holding company shares for an amount of €45m and to authorise the Board of Directors to purchase shares up to the limit of the aforementioned provision. At 31 December 2013, the company does not hold any shares of the holding company Finsoe S.p.A..

## **Current financial assets**

These amounted to €162.3m, marking a decrease of €341.7m compared to the previous year, due mainly to the sales of listed Government bonds during the year.

The item is composed as follows:

- listed corporate bonds for €135.9m (€144.3m at 31/12/2012);
- unlisted bonds for €0.4m (€1m at 31/12/2012);
- unlisted shares for €3.4m (€2.8m at 31/12/2012);
- treasury shares for €22.6m (not present at 31/12/2012).

At 31 December 2012, the portfolio also included €19.9m in listed shares and €336.1m in listed Government bonds.

The list of shares and securities included under current assets at 31 December 2013 is shown in annex no. 8 to these Notes to the Financial Statements.

## **Cash and cash equivalents**

Bank deposits and cash totalled €215.7m at 31 December 2013, marking an increase of €57.8m compared to the balance at 31 December 2012.

## Share capital

At 31 December 2013, the breakdown of share capital, fully subscribed and paid in, as a result of the subscription of the share capital increase (resolved by the Extraordinary Shareholders' Meeting on 29 April 2010) following the exercising of 15,600 "Warrants on Unipol 2010 – 2013 Preference Shares", carried out in August 2013, effective from 13 September 2013, was as follows:

	Share capital at 31/12/2013		Share capital at 31/12/2012	
	Number of Shares	Euro	Number of Shares	Euro
Ordinary Shares	443,993,991	2,082,543,243.71	443,993,991	2,082,543,243.71
Preference Shares	273,479,517	1,282,749,164.32	273,479,493	1,282,749,051.76
<b>Total</b>	<b>717,473,508</b>	<b>3,365,292,408.03</b>	<b>717,473,484</b>	<b>3,365,292,295.47</b>

The certification of the execution of the share capital increase was filed at the Bologna Register of Companies on 25 September 2013, pursuant to Art. 2444, parag. 1 of the Civil Code.

The period for exercising warrants for Unipol ordinary and preference shares expired on 16 December 2013.

## Debt

At 31 December 2013, bonds issued by Unipol amounted to €750m (same amount at 31/12/2012) and relate to a single senior loan, with a nominal amount of €750m, issued in December 2009, listed on the Luxembourg Stock Exchange, with a 7-year term (expiring in January 2017) and fixed interest rate of 5%.

This item also included borrowings from the subsidiary Unipol Assicurazioni S.p.A., amounting to €267.8m (same amount in 2012), repayable fully or partially, at sight, on the request of Unipol Assicurazioni S.p.A., and remunerated at the three-month Euribor rate plus 100 basis points.

Net debt (described in annex no. 10 to the Notes to the Financial Statements) rose from -€391.3m to -€663.3m due to the reduction in securities held for trading against an increase in investments.

## Risk management policies (Art. 2428 of the Civil Code)

Financial risk management is carried out through the periodic monitoring of the main indicators of exposure to interest rate risk, credit risk, share risk and liquidity risk.

Interest rate risk is managed through the adjustment and integrated management of assets with respect to liabilities.

The duration of the investments portfolio, the indicator of exposure to interest rate risk, stood at 0.69 years at 31 December 2013.

As regards credit risk, the securities portfolio is concentrated (16.39%) on the "Investment grade" segment.

In particular, 20.38% of bond securities have a BBB rating.

With reference to the share segment, excluding investments, the indicator of sensitivity to the Eurozone share market (Beta) stood at 0.89.

Liquidity risk was contained using listed securities for almost the entire portfolio (99.73% for bonds and 87.93% for shares).

## Human resources

The Company's workforce consisted of 331 employees at 31 December 2013.

The number of employees, if counted as "full time equivalent" (FTE), i.e. considering actual working hours, stood at 328.

Number of staff	31/12/2013			31/12/2012		
	Average	Final	FTE	Average	Final	FTE
Open-ended contract	317	331	328	301	313	309
Fixed-term contract	2			3	2	
<b>TOTAL</b>	<b>319</b>	<b>331</b>	<b>328</b>	<b>304</b>	<b>315</b>	<b>309</b>

As part of activities related to the UnipolSai integration plan and subsequent new restructuring of the Group, in order to reduce the operating costs of the holding company Unipol Gruppo Finanziario, 250 employees were transferred to other Group companies in the first few months of 2014.

### Training

In terms of training, a total of 22,960 man-days were provided for the Companies in the Unipol Group at 31 December 2013, 13,046 in insurance business and 9,914 in banking.

#### Insurance business

As regards the main training initiatives started or completed in 2013 (which did not involve the companies in the Premafin/Fondiarria-SAI Group for which the appropriate training projects were organised), a total of 7,754 man-days were used, 996 for distance learning by using the e-learning Unipol Web Academy platform, for a total of 7,970 hours. More specifically, these initiatives concerned:

- the Claims Area, which was also confirmed in 2013 as one of the training priorities in the technical field and, therefore, there were a number of initiatives targeted at continuing the process of specialisation and constant updating launched in 2010 and dedicated as much to the professional claims handler as the Group call centre operators;
- as regards Health and Safety, in addition to the customary training of Emergency Personnel in the different company offices, activities were conducted involving the provision of courses for ensuring compliance with the legal obligations set forth by legislation governing Safety, in light of recent updates resulting from the State-Regions agreement last year. As regards the latter, it is appropriate to emphasise the module dedicated to Specific Risks in the work environment and the one devoted to the Supervisor, in addition to specialist courses for the personnel of Centri Medici Unisalute and for workers and supervisors in the companies in the Arca Vita Group;
- new edition of the "Privacy and Marketing" Seminar, promoted in collaboration with the Legal area of Unipol Assicurazioni and targeted at an in-depth examination of the close links that now characterise these areas;
- the conception, presentation and launch of a new training plan financed by Fondo Banche Assicurazioni relating to Notice 1/13, as part of which, the "Lean Six Sigma" project is particularly significant, dedicated to the personnel in Arca Assicurazioni's organisational area, with the objective of improving the performance of analyses and organisational intervention, by introducing a quantitative approach to the management of projects and operating methods based on objective data and indicators, and linguistic training programmes targeted at the employees of Arca Sistemi and Arca Vita's Legal area;
- the new Unisalute operators took part in a training course to develop their ability to manage their emotional involvement and strengthen the active listening skills necessary, together with an essential dose of empathy, for providing clear and prompt responses;
- a training course was designed and implemented, dedicated to doctors who carry out their activities at Unisalute, with the goal of providing instruments for interpreting their role in the company and for the management of customer communication;

- the third phase of the training course dedicated to RSCAs (Heads of Agency Commercial Development) was completed, targeted at consolidating certain behavioural and relational skills which emerged as areas for improvement during the assessments carried out in 2011, as was the simultaneous training course devoted to the Area Manager. In the second half, a workshop was provided for said professionals targeted at sharing an evaluation of the current market challenges and the company's profitability and business development objectives;
- Arca Assicurazioni's claims handlers took part in a training course aiming at developing the ability to manage telephone relations with the various contacts. In this regard, the themes of communication, conflict management, conflict-related stress and emotional management were dealt with;
- the so-called "standard training modules" (participation in refresher conventions, seminars and inter-company courses organised by external bodies) and courses managed through the Group's e-learning platform were particularly intense. As regards the latter, the courses with the greatest uptake in the insurance segment were the course on Legislative Decree 231/2001 and the legislative courses on Privacy and Anti-money laundering.

In relation to companies in the Premafin/Fondiaria-SAI Group, training activities were carried out with a dual purpose, completion of the training programmes already started and, at the same time, support for the early initiatives prior to the integration with Unipol Assicurazioni.

A total of 5,292 man-days were provided, 2,810 of which classroom-based and 2,482 distance learning courses (equal to 18,610 man-hours).

The main activities concerned:

- the provision of the training programmes set out in the "Catalogue of internal courses", distributed on-line at the end of 2012;
- the preparation and rolling out, nationwide, of a Training Project targeted at the claims administrative departments;
- the completion of the Insurance Master's designed for new graduates, carried out in collaboration with SDA Bocconi;
- the design and provision, in collaboration with ABI Formazione, of the classroom-based course on Anti-money laundering designed for the sensitive areas identified by the Anti-money laundering Department, more specifically the Network Control and Life Business Inspectors Areas;
- the organisation of the initial "pro-merger" training activities, such as courses for management adaptation to the SAP platform, firstly for "key users" then for "end users" in Administration and Financial Statements, General Accounting and Purchasing;
- the organisation of meetings on "Vehicle settlement policies";
- the provision of new distance-learning courses on Privacy and Anti-money laundering.

Many of the training courses mentioned fall within the plans financed by the "Fondo Banche Assicurazioni".

### Banking business

Unipol Banca's technical training of staff in 2013 consisted of the provision of classroom-based courses for a total of 6,300 man-days, and distance learning courses via the 'Unipol Web Academy' platform for a total 3,614 man-days.

The main training initiatives started or completed in 2013 regarded:

- the completion of the programme dedicated to potential new Affluent Managers targeted at developing knowledge of Private Lending and sales and behavioural expertise, obviously in addition to projects designed for Branch Managers falling within the training plan approved by Fondo Banche Assicurazioni in Notice 1/12;
- training programmes aimed at complementing the introduction of two significant changes, i.e. the new SEPA payment instruments in force from 1 February 2014 and the new Credit Monitoring Procedure;

- the customary training course designed in compliance with the provisions of the IVASS Regulation and targeted at the qualification and refresher training of more than 800 branch employees who deal with activities involving the placement of insurance products and services;
- conclusion of the training programme dedicated to the theme of Project Management and targeted at employees in various departments who handle company project management activities at present or will do in the future;
- development of two specialist courses, one aimed at the Human Resources Management area, for the provision of specialist and basic skills, the other directed at the Management and Area Control Departments and dedicated to F.E.U. (Single Front End) application knowledge;
- rolling out of regulatory courses targeted at both head office and branch employees, e.g. the training module dedicated to in-depth knowledge of Anti-money laundering Legislation and courses designed for the various personnel members provided for in Legislation governing Security;
- so-called “standard training modules” (participation in refresher conventions, seminars and inter-company courses organised by external bodies) based on specific requirements regarding the role held and the relevant Department.

Training was also conducted for non-employee financial advisors, with distance learning courses provided to them on legislation and sales, for a total of 512 man-days, and classroom-based courses, for a total of 414 man-days.

## Share-based compensation plans

Unipol pays additional benefits to senior executives through a closed share-based compensation plan under which Unipol Ordinary shares are granted if specific targets are achieved (performance shares).

On 30 April 2013, Unipol's shareholders' meeting approved the compensation plan based on financial instruments (performance share type), intended for the Chief Executive Officer and company management.

The plan is for three years, ending in 2015, and provides for benefits to be paid if the following targets are met:

- overall growth in consolidated gross profit for the 2013-2015 three-year period;
- increase in the value of Unipol Ordinary securities over the three years;
- an indicator of financial strength.

It is also dependent on individual short-term targets being met.

The plan approved by the shareholders' meeting on 30 April 2012 finished on 31 December 2012. Shares to entitled parties will be paid out in three tranches starting from 2014.

The cost of the aforementioned plans recorded at 31 December 2013 came to €6.3m.

## IT services

The main initiatives in the segments in which the Unipol Group operates are detailed below.

### *Insurance sector*

The IT activities performed by the Unipol Group's IT department are in line with the provisions of the 2013-2015 Business Plan and with the process for the strategic renewal of the Group's IT Services started in the 2010-2012 three-year period.

The new ICT (Information & Communication Technology) Plan contains a series of initiatives aimed at implementing standard, centralised services and solutions which allow spending to be kept under control, thanks to a reduction in operating costs, better use of the IT skills possessed by the Group and the rationalisation of infrastructures and applications.

The synergy and rationalisation objectives set out in the Plan in terms of integration between the Unipol and

Premafin/Fondiarria-SAI Groups must be obtained by adapting the needs relating to the activities to be carried on the other three fronts too: Ordinary Operations, Extraordinary Operations in support of business and activities dependent on the Transfer of insurance assets (requested by the Antitrust Authority, AGCM).

The application convergence projects in progress in 2013 were focused on amalgamating the management and administrative-financial systems, prior to the corporate integration between Unipol Assicurazioni, Fondiarria-SAI, Milano Assicurazioni and Premafin (Accounts, Budget, Management Control, Anti-money Laundering, Complaints, Risk Management) and on rebranding linked to the start of the new company UnipolSai (contractual and institutional communications, forms, web communication). The second phase will focus on the unification of the business operating systems (Non-Life, Life, Claims etc.) with a direct impact on the agency networks, which will gradually be migrated starting in the second half of 2014, and the rationalisation of the applications of Group companies (post-integration) towards a reduced group of target systems, identified from those already in existence, functionally more complete and technologically more advanced, in order to standardise underwriting and settlement policies, reduce operating costs, optimise maintenance work and rationalise the use of resources, gradually reducing the use of external support and, at the same time, containing operational risks.

In 2013, all the envisaged preliminary activities were also carried out to unify the telecommunications infrastructures and data processing centres, and the computerisation of the agency networks of the Fondiarria-SAI Group according to the Unipol Group's standards. The data processing centre unification project makes provision, in particular, for the construction of a new Group Data Centre and the internationalisation of Fondiarria-SAI's data centre with the relocation of systems to Bologna.

### ***Banking sector***

The following main projects were developed during 2013:

- the SEPA (Single Euro Payments Area) project: promoted by the European Central Bank and the European Commission, it is a project for the integration of the different national payment systems, and aims to promote efficiency and competition in the offer of said services within Europe. The final deadline for the necessary adjustments has been set for 1 February 2014. Therefore, in 2013, Unipol Banca developed the "SEPA End Date" project to define and adopt the organisational, technical and commercial measures required by said migration process;
- the new credit and substandard loan monitoring procedure, based on greater automation of the process, was extended to the entire Unipol Banca Network in February 2013. The procedure makes it possible to manage, in a single environment, positions ranging from "Performing with anomalies" to "Substandard", introduces the concept of the "Class" to which specific processes are associated, with the subsequent actions to be taken by the Relationship managers;
- a project was launched which makes it possible to move from a "product-based" approach to financial service consultancy to a "portfolio-based" one, in line with the indications contained in the future Mifid II regulations and the decisions already made by the main competitors;
- to support a commercial methodology shaped by Customer knowledge, quality of the relationship and the service and customer loyalty, an electronic tool called F.E.U. (Single Front End) was developed. The new approaches applied by F.E.U make it possible, for example, to monitor the commercial performance of your customer portfolio, by scheduling meetings and keeping a track of the outcomes of each contact.

## **Internet**

[www.unipol.it](http://www.unipol.it) is Unipol's website, from which users can access the sites of the different companies in the Group and obtain information on Unipol itself.

## **Research and development activities**

Unipol did not carry out any research and development activities in 2013.

## Privacy obligations (Legislative Decree 196/2003)

The Company took all the necessary measures to ensure compliance with the obligations set forth in legislation governing personal data protection (Legislative Decree no. 196/2003), in order to guarantee the protection and integrity of the data of customers, employees, collaborators and, generally all parties it comes into contact with.

The Company also drafted the "Single Information Security Document", one document for all Group companies replacing the "Data Security Document" (no longer required by Legislative Decree 196/2003), which illustrates the company policy on security (computer, physical and organisational), aimed at guaranteeing data confidentiality, integrity and availability.

## Report on corporate governance and ownership structures pursuant to Art. 123-bis of Legislative Decree 58 of 24 February 1998

The information required by Art. 123-bis of Legislative Decree 58 of 24 February 1998 and amended by Art. 5 of Legislative Decree 173 of 3 November 2008, is contained in the annual report on corporate governance, approved by the Board of Directors and published, together with the management report, in accordance with Art. 89-bis of the Regulation adopted by Consob in its Resolution no. 11971 of 14 May 1999 and with Section IA.2.6. Guidelines on the Regulation Governing Markets Organised and Managed by Borsa Italiana S.p.A..

The annual corporate governance report is available in the "Corporate Governance" Section on the Company's website ([www.unipol.it](http://www.unipol.it)).

## Social and environmental responsibility

### Sustainability governance

In order to ensure integration between the business strategy and sustainability values of the Group, Unipol has at its disposal an ethical and social responsibility governance structure, with the relevant department as a direct staff unit of the Chairman, who has a guiding and supervisory role on behalf of the Board of Directors. Its role is to develop and manage the sustainability strategy and coordinate reporting and communication on projects and on the company's Social responsibility initiatives.

Within the Board of Directors, the committees set up as part of the Corporate Governance Code include the Sustainability Committee, which simultaneously performs the functions of the Ethics Committee. This Committee carries out investigations, makes suggestions and provides advice on preparations for meeting all the Group's Sustainability targets.

The person responsible for promoting the Code of Ethics and applying it properly is the Ethics Officer, whose task is, together with the corporate structures, to raise awareness of the values and principles of conduct defined by the Code, and to collect and report information about alleged infringements of the Code. The Ethics Report, which summarises the activities carried out, is published annually as part of the Sustainability Report.

The Chief Executive Officer, supported by the Group Management Committee has the job of approving the strategic objectives, actions and subsequent budget commitments.

### Sustainability activities

The year 2013 was an intense one, characterised by alignment work and integration between the Unipol Group and the acquired companies belonging to the Fondiaria-SAI Group, to reach the ambitious targets set

in the three-year Business Plan.

As regards integration, a significant decision was made to maintain the Ethical and Social Responsibility function in the parent company holding and as a staff unit of the Chairman, for the purpose of exercising the role of “management and coordination” in this area too. This area will continue to have the role of promoting and supporting the sustainability policies for all Group companies.

The reorganisation made provision for the identification of the new sustainability contacts, also with the inclusion of managers from the acquired companies.

Another key activity in 2013, owing to the implications of the alignment and integration in terms of the sharing of a strategic vision oriented toward sustainability, was the start of preparation of the new three-year Sustainability Plan with extended scope. The definition of this document started with meetings with all corporate functions to share the strategic axes, gather actions and inputs and agree monitoring indicators.

A significant contribution was also made to the alignment by the extension of accountability instruments, in particular SAP Sustainability, to the entire new perimeter. The software, which collects all data for the drafting of the Sustainability Report, allows the accountability process to be managed in an integrated manner with all IT systems already present in the company, aligning the Group's economic, social and environmental performances in a structured fashion and using a single tool. Thanks to this work, the 2013 report also includes the entire Fondiaria-SAI Group.

Further reporting innovation was achieved through the work performed to obtain an audit of the Sustainability Report from PricewaterhouseCoopers, the independent auditors appointed by the Group.

The most significant sustainability projects implemented in 2013 concerned:

- the application of a materiality approach for the selection of subjects to be included in the Sustainability Report for the companies in the Fondiaria-SAI Group. This relates to an internationally recognised methodology which makes it possible to identify the subjects on which to construct reports to stakeholders on the basis of the level of interest and their significance;
- the creation of a new website dedicated exclusively to sustainability projects and performances. The website, now updated quarterly, promises to become the Group's main information and exchange channel regarding these subjects;
- the pursuit of an evaluation by CDP (Carbon Disclosure Project), the rating of the company's performances with respect to climate change issues.

The sustainability department also performed a support role for company Departments in the development of specific projects with a high social or environmental value, in particular:

- the company welfare programme, NoiUnipol, became fully operational, which led to the activation of “free time” and family support services for employees, to help them best manage their work-life balance;
- two voluntary company initiatives were organised, also extended to Fondiaria-SAI offices: the collection of food and the day dedicated to the packaging of food rations, which will be distributed directly by the Stop Hunger Now association in schools in 76 countries throughout the world through education programmes. Both these initiatives saw a healthy level of employee participation.

The process of certification of the sustainability of Unipol's Life insurance products, *Investi plus* and *Investi Coupon*, was completed, which were presented to agents and will now be offered to the Group's customers.

Lastly, the sustainability rating of securities was extended to the entire Fondiaria-SAI portfolio.

The year 2013 was also a significant one in that it laid the foundations for the start of three highly important projects which will map out the Group's future to a significant degree:

- the Unipol Climate project, whose objective is to help the Italian population and companies to become more resilient to climate change, by offering the necessary insurance coverage, and also assistance services and incentives for good conduct;
- the creation of a Unipol “incubator”, a platform for promoting entrepreneurship and innovation in young people and all those with ideas and projects for contributing to the country's sustainable growth; an open innovation tool for the Group. The project was created on the back of the success of the Culturability

- experience (promotion of cultural start-ups for people under the age of 35 by the Unipolis Foundation), and the desire to continue to dedicate itself to new generations;
- the creation of a monitoring unit for Unipol's emerging and reputational risks. This work will have a significant impact on the next financial statements.

Finally, it is important to highlight that the Sustainability Committee examined and evaluated the path taken throughout the entire year, and issued its judgments on the process adopted and on the main sustainability decisions taken by the Group.

## Relations with Group companies and related party transactions

Unipol, investment and services holding company, the Parent Company of Gruppo Assicurativo Unipol (listed at no. 046 in the Register of Insurance Groups) carries out management and coordination activities in accordance with Art. 2497 et seq. of the Civil Code.

It should be noted that no Unipol shareholder carries out administrative and coordination activities, pursuant to article 2497 et seq. of the Civil Code.

In relation to Finsoe S.p.A., which holds a stake of 50.75% in Unipol S.p.A.'s ordinary share capital at 31 December 2013, which ensures it has de jure control in accordance with Art.2359, parag. 1, no.1 of the Civil Code, said entity does not exercise any management and coordination activities, neither technical nor financial, in relation to Unipol.

The "Procedure for the performance of transactions with related parties" (the "Procedure"), prepared in accordance with Art. 4 of Consob Regulation no. 17221 of 12 March 2010 (the "Regulation") and subsequent amendments, was approved by Unipol's Board of Directors of 11 November 2010 and then amended on 22 December 2011, based on the prior favourable judgment of the Committee of Independent Directors. The procedure is published on Unipol's website ([www.unipol.it](http://www.unipol.it)), in the section Corporate Governance/Related party transactions.

The objective of the Procedure is to define, in compliance with the Regulation and also taking into account the indications and guidelines outlined by Consob in communication dated 24 September 2010, a procedural system to ensure greater transparency and correctness in the preliminary phase of negotiations and approval of related party transactions carried out by Unipol, directly or via subsidiaries.

The Procedure entered into force on 1 January 2011, with the exception of the provisions governing transaction transparency which, pursuant to the Regulation, are effective from 1 December 2010.

No transactions 'of major significance' with related parties took place in 2013 and neither did any transactions that, according to Art. 2427, parag. 2 of the Civil Code, had any significant effect on Unipol's financial position and results of operations.

The services supplied by **Unipol** that did not affect the competitiveness of the individual operating companies were mainly in the following areas:

- Institutional Relations and Corporate Identity;
- Management, Development and Administration of Human Resources, project management and organisational reporting;
- Corporate Services;
- Compliance with legislation and anti-money laundering;
- Governance (internal controls, risk management and compliance with relevant legislation).

**Unipol Assicurazioni S.p.A.** provided services relating to the following areas:

- Planning and Monitoring;
- Legal affairs and data protection;

- IT services;
- Health and safety at work (Legislative Decree 81/08);
- Technical training and Organisation;
- Administrative (accounting, tax, administrative and financial statements services);
- Purchasing and auxiliary services;
- Real estate;
- Development of Life products, Analysis of Provisions, Legislative Monitoring, Portfolio Management and Life Insurance Settlements;
- Claims management and settlement;
- Complaints management;
- Commercial;
- Reinsurance;
- Finance.

**Unisalute S.p.A.** provided the following services for the other companies in the Group:

- managing addressing services, providing medical advice and assistance by telephone, making bookings, managing and settling claims relating to specific guarantees/products on behalf of Unipol Assicurazioni S.p.A. and Linear S.p.A.;
- support services for employee training and learning on behalf of Unipol, Unipol Assicurazioni S.p.A., Linear S.p.A. and Linear Life S.p.A..

The services provided by **Unisalute S.p.A.** and its subsidiary Centri Medici Unisalute mainly concerned the following areas:

- Administration and financial statements;
- Planning and management control;
- Marketing;
- Commercial;
- IT services.

**Unipol Banca S.p.A.** provided the following services to the companies in the Banking Group of which it is the Parent:

- Organisation;
- Administration and financial statements;
- Human Resources;
- Anti-money laundering;
- Legal Affairs;
- Risk Management;
- Compliance;
- Internal auditing;
- Planning and Management Control;
- General Business.

Both **Unipol** and the subsidiaries **Unipol Assicurazioni S.p.A.** and **Unipol Banca S.p.A.** seconded staff to the Group companies.

Fees are based on external costs incurred, for example for products and services acquired from suppliers, and on the costs arising from the activities of the companies themselves, i.e. generated by their own staff, and taking account of:

- the performance objectives that provision of the service to the Company must achieve;
- the strategic investments to be implemented in order to ensure the agreed levels of service.

The following elements are specifically taken into consideration:

- staffing costs;
- operating costs (logistics etc.);
- general costs (IT, consultancy etc.).

When services were provided by **Unipol**, the operating companies were charged a suitable mark-up on the allocated cost.

Financial and commercial transactions between the companies in the **Banking Group** and the other companies in the Group were the usual types of transaction carried out by a complex group and related to services, deposit accounts or corporate financing and finance lease agreements. Agreements were also entered into for the sale and/or management of banking, financial and insurance products and services and for the provision of auxiliary banking services in general. The financial effects of these transactions are governed by the market terms applied to major customers.

The **Consorzio Gruppo Fondiaria-SAI Servizi** provided services to companies in the Fondiaria-SAI Group in the following areas:

- underwriting and Non-Life and Life products;
- technical support for sales networks;
- portfolio management;
- settlement services;
- management of agency networks;
- brokers and other sales channels;
- governance;
- investor relations;
- finance;
- administration and financial statements;
- marketing, external relations and communication;
- IT services;
- purchases;
- human resources;
- organisation.

With reference to the **Fondiaria-SAI Group**, the main intragroup transactions, regulated at market prices or according to the criterion for the chargeback of solely specific costs incurred, concern re-insurance relations, the claims settlement process, the IT service, administration, the management of real estate and moveable assets, the granting of loans and, in general, all business support activities performed centrally.

The above transactions are not atypical or unusual.

Unipol opted, for the 2013-2014-2015 three-year period, to apply the national tax consolidation system of the holding company Finsoe S.p.A., signing an agreement for the regulation of subsequent economic relations.

The information required by IAS 24 and Consob Communication DEM/6064293/2006 is contained in the paragraph Notes to the Financial Statements – Transactions with related parties.

## Relations with the Tax Authorities

Litigation is in progress relating to the investigation carried out in 2010 by the Large Taxpayers Office of the Regional Tax Authority of Lombardy for the 2006 tax year on the former Aurora Assicurazioni, merged by incorporation into Unipol in 2007. While it was being carried out the investigation was extended to cover some cost items for 2005. The 2006 dispute was partially settled through a conciliation procedure in November 2012, and it was asked that the processes for 2005 and 2006 be reunified. The Regional Tax Commission of Milan, after reunifying the appeals, filed judgment no. 117/31/13 on 25 September 2013, upholding the appeal presented by the Office. Unipol will appeal the judgment of the Regional Tax Commission of Milan before the Court of Cassation.

Between December 2012 and January 2013, assessment notices for IRAP and IRES were served relating to 2007, containing irregularities of the same nature as those mentioned above regarding the 2005 and 2006 tax periods, which were contested on appeal in accordance with the law.

The Regional Tax Commission of Bologna issued a favourable judgment, filed in 2013, fully upholding Unipol's reasons.

An amount consistent with the dispute as a whole for the above-mentioned 2005-2007 periods was allocated to the provision for risks.

As regards the dispute relating to the property sales dating back to 2005, brought following an assessment notice communicated to Unipol in December 2010 with the payment request for around €14m including taxes and penalties, the dispute was settled out-of-court on 24 July 2013, which concluded with the payment of €1.1m including taxes, penalties and interest.

In relation to the dispute concerning VAT on active and passive coinsurance relations for the years 2003 to 2007, also taking account of the fact that most of the case law was favourable and of the favourable decisions the Company had already obtained, no provisions were necessary.

The dispute regarding registration taxes and mortgages is ongoing, relating to the purchase of the investment in Ambra Property, for which the competent Provincial Tax Commission issued a favourable judgment to the Company in November 2013.

## Performance of direct subsidiaries

### Unipol Assicurazioni S.p.A.

Registered office: Bologna

Share capital: €859,056k

Carrying amount: €4,063,989k

Interest held: 100% direct

The company is authorised to carry out insurance and reinsurance business in the Non-Life classes, and in the Life and Capitalisation classes; it can also set up and manage open-ended pension funds.

Unipol Assicurazioni S.p.A. closed 2013 with a profit of €530.9m, compared to a profit of €603.5m at 31 December 2012.

The highlights of the business performance at 31 December 2013 are as follows:

- Total direct premiums were up 0.4%. In particular, Non-Life premiums (direct business) fell by 5.1; while Life premiums rose by 10.6%. At the end of 2013, premiums totalled €5,753.4m, €5,646.3m of which relating to direct business and are broken down as follows (in €m):

Premiums	Non-Life	Life	Total	% var.
Direct business	3,467.8	2,178.5	5,646.3	0.4
Indirect business	105.9	1.2	107.1	295.6
	<b>3,573.7</b>	<b>2,179.7</b>	<b>5,753.4</b>	<b>1.8</b>
Premiums ceded	162.8	7.7	170.5	32.1
Premiums kept	<b>3,410.9</b>	<b>2,172.0</b>	<b>5,582.9</b>	<b>1.1</b>
% breakdown	61.1	38.9	100.0	

Net retention of premiums acquired stood at 97%, a slight decrease compared to the figure in the previous year (97.7%).

- The loss ratio of direct business stood at 61.6%, compared to 69.4% at 31 December 2012.
- The result from technical insurance management, which also includes operating expenses and the allocation of profits on the relevant investments, was a positive €773.6m (€855.6m in 2012) and includes a positive result of €213.8m in Life classes and a positive result of €559.9m in Non-Life classes.
- Operating expenses (which include acquisition and collection commissions and other acquisition and administrative expenses) totalled €1,033.2m (+4.8%), with an incidence on premiums (Life and Non-Life) of 18% (17.4% in 2012). Net of commissions deriving from reinsurers, operating expenses amounted to €998.5m (+4.9%).
- Technical provisions allocated for the Life and Non-Life classes reached, at the end of 2013, a total of €20,287.6m (+3%) and €19,981.9m (+3.4%), if considered net of the reinsurers' share. The ratio of technical provisions to gross premiums stood at 176.5% in Non-Life classes (178.7% in 2012) and 641.4% in Life classes (665.6% in 2012).

The company's equity, including the result for the year, amounted to €2,742.8m.

## **Premafin HP S.p.A.**

Registered office: Bologna

Share capital: €480,983k

Carrying amount: €351,087k

Interest held: direct 80.93%

Premafin HP S.p.A. is an investments holding which operates mainly in the insurance sector, through the investment in Fondiaria-SAI S.p.A., which heads up companies operating in not only the traditional insurance sector, but the financial, financial brokerage, banking and asset management sectors, and which holds a number of investments in the real estate sector and in other diversified activities.

Premafin HP S.p.A. closed the year 2013 with a loss of €15m, compared to a loss of €51.8m at 31 December 2012. The result in 2012 was affected in particular by the write-down of the investment in Fondiaria-SAI.

The highlights of the business performance at 31 December 2013 are as follows:

- allocation to the Provision for Risks and Charges of €1m (€31.6m at 31/12/2012);
- other net financial operating expenses of €7.5m (€13.5m at 31/12/2012);
- net structure expenses and amortisation/depreciation totalling €7.3m (€14.4m at 31/12/2012);
- other financial income of €1.1m (€45m at 31/12/2012) deriving mainly from derivatives;
- write-down of investments for €1.3m relating to the interest held in International Strategy S.r.l. (€32m at 31/12/2012 relating to the write-down of the investment in Fondiaria-SAI);
- fixed assets totalling €858.7m (€859m at 31/12/2012), €813.2m of which in investments in subsidiaries (€799.7m at 31/12/2012), €38.3m in non-current receivables subsidiaries (€53.4m at 31/12/2012) and €7.2m in other property, plant and equipment and intangible assets (€5.9m at 31/12/2012). Financial assets include the direct investment held in Fondiaria-SAI S.p.A. for €773.4m (same amount at 31/12/2012);
- cash and cash equivalents of €6.9m, down slightly compared to the figure at 31 December 2012 (€8.1m);
- net financial debt of €385m, up slightly compared to the figure at 31 December 2012 (€369.1m).

The company's equity, including the result for the year, amounted to €414.2m.

## **Fondiaria-SAI S.p.A.**

Registered office: Turin

Share capital: €1,194,573k

Carrying amount: €45,108k

Interest held: direct interest of 3.63% and indirect interest of 43.67% (of which 24.32% through Premafin HP S.p.A. and 19.35% through Unipol Finance S.r.l.)

The company is authorised to carry out insurance and reinsurance business in the Non-Life classes, and in the Life and Capitalisation classes; it can also set up and manage open-ended pension funds.

Fondiaria-SAI S.p.A. closed 2013 with a profit of €333.7m, compared to a loss of €722.7m in 2012.

The highlights of the business performance at 31 December 2013 are as follows:

- Total direct premiums were down 6.7%. In particular, Non-Life premiums (direct business) fell by 9.6%; while Life premiums rose by 5.8%. At the end of 2013, premiums totalled €4,017.4m, €4,008.2m of which relating to direct business and are broken down as follows (in €m):

Premiums	Non-Life	Life	Total	% var.
Direct business	3,133.8	874.4	4,008.2	(6.7)
Indirect business	6.5	2.7	9.2	1.0
	3,140.3	877.1	4,017.4	(6.6)

Net retention of premiums acquired stood at almost 100%, in line with the previous year.

- The loss ratio of direct business stood at 69.1%, compared to 76% at 31 December 2012.
- The result from technical insurance management, which also includes operating expenses and the allocation of profits on the relevant investments, was a positive €280.4m (loss of €4.4m in 2012) and includes a positive result of €99.5m in Life classes and a positive result of €180.9m in Non-Life classes.
- Operating expenses (which include acquisition and collection commissions and other acquisition and administrative expenses) totalled €819.5m (-5%), with an incidence on premiums (Life and Non-Life) of 20.4% (19.8% in 2012). Net of commissions deriving from reinsurers, operating expenses amounted to €768m (-5.4%).
- Technical provisions allocated for the Life and Non-Life classes reached a total, at the end of 2013, of €13,794.9m (-2.9%) and €13,451.8m (-2.7%), if considered net of the reinsurers' share. The ratio of technical provisions to gross premiums stood at 197.2% in Non-Life classes (191.3% in 2012) and 866.9% in Life classes (962.2% in 2012).

The company's equity, including the result for the year, amounted to €1,961.1m.

Fondiaria-SAI S.p.A. holds 61.10% of **Milano Assicurazioni S.p.A.** (of which Unipol, through the wholly-owned subsidiary Unipol Finance, holds an indirect interest of 1.4%), a company authorised to carry out insurance and reinsurance business in the Non-Life classes, and in the Life and Capitalisation classes; it can also set up and manage open-ended pension funds. As regards the company's performance, it recorded a profit of €163.6m in the year, in contrast to a loss of €82.9m at 31 December 2012.

The figures that were the major feature of the business performance at 31 December 2013 are as follows:

- Total direct premiums were down 8.5%. In particular, Non-Life premiums (direct business) fell by 10.4%; while Life premiums rose by 4.8%. At the end of 2013, premiums totalled €2,588.4m, €2,821.7m of which relating to direct business and are broken down as follows (in €m):

Premiums	Non-Life	Life	Total	% var.
Direct business	2,198.6	384.6	2,583.2	(8.5)
Indirect business	5.1	0.0	5.2	(84.6)
	2,203.7	384.7	2,588.4	(9.4)

Net retention of premiums acquired stood at almost 100%.

- The loss ratio of direct business stood at 71.5%, compared to 63.2% at 31 December 2012.
- The result from technical insurance management, which also includes operating expenses and the allocation of profits on the relevant investments, was a positive €229.7m (loss of €9.4m in 2012) and includes a positive result of €64.3m in Life classes and a positive result of €165.4m in Non-Life classes.
- Operating expenses (which include acquisition and collection commissions and other acquisition and administrative expenses) totalled €541.4m (-4.3%), with an incidence on premiums (Life and Non-Life) of 20.8% (19.6% in 2012). Net of commissions deriving from reinsurers, operating expenses amounted to €502.1m (-4.5%).
- Technical provisions allocated for the Life and Non-Life classes reached a total, at the end of 2013, of €7,781.5m (-5%) and €7,559.3m (-4.7%), if considered net of the reinsurers' share. The ratio of technical provisions to gross premiums stood at 300.6% (292.2% in 2012).

The company's equity, including the result for the year, amounted to €1,058.3m.

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

Registered office: Bologna

Share capital: €19,300k

Carrying amount: €50,507k

Interest held: 100% direct

The company is authorised to carry out insurance business in the Non-Life segments; in particular, it sells car insurance products directly through the telephone and internet channel.

As regards the company's performance, it recorded a profit of €16.9m in the year, compared to a profit of €25.8m at 31 December 2012.

The highlights of the business performance at 31 December 2013 are as follows:

- Premiums increased by 6.3% compared to the previous year. Recognised premiums totalled €206.1m at 31 December 2013 (€220.1m at 31 December 2012). Net retention of premiums acquired, in line with the previous year, stood at 99.9% (98.9% at 31/12/2012).
- The loss ratio of direct business stood at 76.3%, compared to 75% at 31 December 2012.
- The result from technical insurance management, which also includes operating expenses and the allocation of profits on the relevant investments, stood at €25.9m (€35.4m in 2012).
- Operating expenses (which include acquisition and collection commissions and other acquisition and administrative expenses) totalled €37.5m (€35m at 31 December 2012), with an incidence on recognised premiums of 18.2% (15.9% in 2012).
- Gross technical provisions allocated reached a total, at the end of 2013, of €289.6m (€288.3m at 31 December 2012) and €288.7m, if considered net of the reinsurers' share (€288.2m at 31 December 2012). The ratio of technical provisions to gross premiums stood at 140.1% (131% in 2012).

The company's equity, including the result for the year, amounted to €72.7m.

## **Unisalute S.p.A.**

Registered office: Bologna

Share capital: €17,500k

Carrying amount: €36,613k

Interest held: direct 98.53%

The company is authorised to carry out insurance business in the Non-Life segments and specialises in the Health class.

As regards the company's performance, it recorded a profit of €33.1m in the year, in contrast to a profit of €30.5m in 2012.

The highlights of the business performance at 31 December 2013 are as follows:

- Premiums increased by 7.4% compared to the previous year. Recognised premiums totalled €251.1m at 31 December 2013 (€240.2m at 31 December 2012). Net retention of premiums acquired stood at 99.9%, unchanged with respect to the previous year.
- The loss ratio of direct business stood at 69.1%, down compared to the previous year (73.9% at 31 December 2012).
- The result from technical insurance management, which also includes operating expenses and the allocation of profits on the relevant investments, stood at €57m (€43.2m in 2012).
- Operating expenses (which include acquisition and collection commissions and other acquisition and administrative expenses) totalled €30.3m (€27.9m at 31 December 2012), with an incidence on recognised premiums of 11.8% (11.7% in 2012).
- Gross technical provisions allocated reached a total, at the end of 2013, of €194.5m (€180m at 31 December 2012) and €194.2m, if considered net of the reinsurers' share (€179.6m at 31 December 2012). The ratio of technical provisions to gross premiums stood at 75.4% (75% in 2012).

The company's equity, including the result for the year, amounted to €90.6m.

## **Linear Life S.p.A.**

Registered office: Bologna

Share capital: €5,180k

Carrying amount: €6,175k

Interest held: 100% direct

The company is authorised to carry out insurance business in the Life segments. In 2011, it became a Group company specialised in the direct sale of Life insurance policies on-line.

As regards the company's performance, it recorded a loss of €0.4m in the year, in contrast to a profit of €0.2m in 2012.

Premiums realised in 2013 were still irrelevant.

The company's equity, including the result for the year, amounted to €4.4m.

## **Arca Vita S.p.A.**

Registered office: Verona

Share capital: €208,279k

Carrying amount: €353,739k

Interest held: direct 63.39%

The company is authorised to carry out insurance business in the Life segments.

As regards the company's performance, it recorded a profit of €55.7m in the year, in contrast to a profit of €117.9m in 2012.

The highlights of the business performance at 31 December 2013 are as follows:

- Premiums increased by 57.7% compared to the previous year, in terms of gross recognised premiums. Gross recognised premiums totalled €753.9m at 31 December 2013 (€478.2m at 31 December 2012). Net retention of premiums acquired stood at 99.1%, up compared to the previous year (98.3%).
- The result from technical insurance management, which also includes operating expenses and the allocation of profits on the relevant investments, stood at a positive €63.2m (€142.1m in 2012).
- Operating expenses (which include acquisition and collection commissions and other acquisition and administrative expenses) totalled €20.5m (€18.6m at 31 December 2012), with an incidence on recognised premiums of 2.7% (3.9% in 2012).
- Gross technical provisions allocated reached a total, at the end of 2013, of €3,303m (€2,816m at 31 December 2012) and €3,291m, if considered net of the reinsurers' share (€2,803m at 31 December 2012). The ratio of technical provisions to gross recognised premiums stood at 438.1% (589% in 2012).

The company's equity, including the result for the year, amounted to €341.1m.

Arca Vita S.p.A. holds 98.09% of **Arca Assicurazioni S.p.A.**, a company authorised to carry out insurance and reinsurance business in the Non-Life classes. At 31 December 2013, Arca Assicurazioni recorded a profit of €25.2m, in contrast to a profit of €32.2m in 2012. The highlights of the company's business performance in 2013 are as follows:

- Direct premiums decreased by 4.2% compared to the previous year, in terms of gross written premiums. Gross written premiums totalled €108.4m at 31 December 2013 (€113.1m at 31 December 2012). Net retention of premiums acquired stood at 84.1%, down compared to the previous year (86.2%).
- The loss ratio of direct business stood at 46.5%, compared to 51% at 31 December 2012.
- The result from technical insurance management, which also includes operating expenses and the allocation of profits on the relevant investments, stood at €38m (€45m in 2012).
- Operating expenses (which include acquisition and collection commissions and other acquisition and administrative expenses) totalled €27.1m (€27m at 31 December 2012), with an incidence on recognised premiums of 25% (23.9% in 2012). Net of premiums ceded, operating expenses amounted to €18.6m.

- Gross technical provisions allocated reached a total, at the end of 2013, of €270.2m (€289.3m at 31 December 2012) and €250.3m, if considered net of the reinsurers' share (€266.9m at 31 December 2012). The ratio of technical provisions to gross written premiums stood at 249.4% (255.7% in 2012).

The company's equity, including the result for the year, amounted to €96.9m.

### **Unipol Banca S.p.A.**

Registered office: Bologna

Share capital: €1,004,500k

Carrying amount: €429,061k

Interest held: 100% - Direct interest of 67.74% and indirect interest of 32.26% in ordinary share capital

As regards the company's performance, it recorded a loss of €299.6m in the year, in contrast to a profit of €13.4m in 2012. The result in 2013 is attributable to the persistence of the difficult macroeconomic period which involved another deterioration in the credit quality and significant impairment, particularly attributable to the real estate and construction sector, as well as the write-down of the majority of goodwill with an indefinite life relating mainly to the business combinations completed between 2001 and 2004.

The highlights of the business performance at 31 December 2013 are as follows:

- Direct deposits totalled €10.1bn, marking an increase of 1.5% compared to 31 December 2012 (€9.9bn), while loans to customers amounted to €9.6bn, marking a decrease of 4.6% compared to 31 December in the previous year (€10.1bn).
- Net bad and doubtful loans amounted to €1,235.8m (€925.4m in 2012), with an incidence on loans of 12.9% (9.2% in 2012).
- Indirect deposits totalled €23.7bn (€10.1bn in 2012), €1.2bn of this amount being assets under management and €22.5bn of funds under custody.
- Gross operating income came to €306.2m (-12.7% compared to 2012).
- Net impairment losses on receivables and other financial assets totalled €306m (€69.5m in 2012).

The company's equity, including the result for the year, amounted to €633.3m.

In respect of the losses recorded by Unipol Banca at 31 December 2013, the value of the investment was written down by €199.7m.

### **Unipol SGR S.p.A.**

Registered office: Bologna

Share capital: €5,000k

Carrying amount: €5,550k

Interest held: 100% direct

Up until the first half of 2013, the company managed the assets of Unipol Funds, a composite fund registered in Ireland, on behalf of Unipol Fondi Limited (Dublin), which is wholly owned by Unipol Banca. On 3 June 2013, Unipol Banca and AcomeA Sgr signed a "Memorandum of Understanding" which led, during the second half of 2013, to the transfer of the Irish asset management company Unipol Fondi and the simultaneous merger of the three funds of Unipol Funds into three AcomeA funds, by obtaining the necessary authorisations from the Italian and Irish supervisory authorities. All operations were completed on 13 December 2013 (effective date). Therefore, as of the effective date, Unipol SGR effectively ceased fund management activities; hence, it no longer carries out any reserved operating activity and/or activity subject to authorisation.

As regards the company's performance, it recorded a loss of €89k in the year, in contrast to a profit of €47k in 2012.

The company's equity, including the result for the year, amounted to €5.9m.

On 14 February 2014, a request was sent to the Bank of Italy to launch a preliminary proceeding for the renunciation of the authorisation and striking off from the Register of Asset Management Companies.

### **Ambra Property S.r.l.**

Registered office: Bologna

Share capital: €25,100k

Carrying amount: €48,495k

Interest held: 100% direct

The company carries out hotel activities in the property in Bologna, piazza della Costituzione 1, Hotel UNA WAY Bologna Fiera (currently closed for renovation) and in the "Villa Cicogna" property complex in San Lazzaro di Savena (BO).

As regards the company's performance, it recorded a loss of €3.3m in the year, compared to €1.9m in 2012. The result for the year was determined by the ongoing closure for general renovation of the hotel in piazza della Costituzione (BO) commenced in June 2012 (and which should be completed in June 2014), and the write-down of the properties in piazza Costituzione and San Lazzaro based on the valuations of a leading consultancy firm, which determined the value of the assets at 31 December 2013.

The figures that were the major feature of the business performance at 31 December 2013 are as follows:

- The value of production came to €2.5m, compared to €3.2m at 31 December 2012.
- The costs of production came to €6.3m, compared to €5.2m at 31 December 2012.
- Property, plant and equipment was recorded for a total of €53.9m (€42.4m at 31 December 2012) relating to the building owned in which the Hotel UNA WAY Bologna Fiera is based and the property complex for accommodation use in San Lazzaro di Savena (BO) that the company acquired in December 2011.

The company's equity, including the result for the year, amounted to €39m.

Based on the valuations issued on the properties owned by Ambra Property, at 31 December 2013, the value of the investment was written down by €12m.

### **Unipol Finance S.r.l.**

Registered office: Bologna

Share capital: €5,000k

Carrying amount: €432,800k

Interest held: 100% direct

The company was incorporated on 25 November 2013, whose corporate purpose is the performance, not within the public domain, of activities involving the assumption of interests and investments in other undertakings and companies, all for the purpose of permanent investment and not for placement or brokerage with the public.

As regards the company's performance, it recorded a profit of €56.7m in the year, determined in particular by the recognition of dividend accrual of the sister companies Fondiaria-SAI and Milano Assicurazioni (now UnipolSai) controlled by Unipol Gruppo Finanziario.

The highlights of the business performance at 31 December 2013 are as follows:

- Income from investments totalled €57.5m.
- The costs of production amounted to €45k.
- Financial assets totalled €432.3m.
- The provision for deferred tax liabilities came to €0.8m.

The company's equity, including the result for the year, amounted to €489.5m.

## Significant events after the reporting period and business outlook

### Merger transaction

As outlined in detail in the first part of this Management Report, the merger by incorporation of Unipol Assicurazioni, Milano Assicurazioni and Premafin into Fondiaria-SAI took effect on 6 January 2014, with the subsequent assumption, by the merging company, of the company name UnipolSai Assicurazioni S.p.A. ("UnipolSai"). As of said date, all shares of the merged companies were cancelled and, for the part of them held by entities other than the Companies participating in the merger, exchanged for shares of the merging company, including therein the shares of Premafin for which the right of withdrawal deriving from the Merger was exercised.

On 14 January 2014, the offer under option and pre-emption period (the "Offer under Option") was concluded for holders of Premafin shares, except for the 13,975,294 Premafin ordinary shares in relation to which the right of withdrawal associated with the merger was legitimately exercised which, in application of the exchange ratios, became 698,764 UnipolSai ordinary shares (the latter referred to as "Shares Subject to Withdrawal").

After the Offer under Option, 5,144 Shares Subject to Withdrawal pursuant to Art. 2437-quater, par. 3 of the Civil Code were purchased for €3.494 for each Share Subject to Withdrawal, therefore for a total of €17,973.13.

The remaining 693,620 Shares Subject to Withdrawal not purchased during the Offer under Option (the "Unsold Shares") were offered on the Mercato Telematico Azionario (screen-based share market) organised and managed by Borsa Italiana S.p.A. pursuant to Art. 2437-quater, paragraph 4 of the Civil Code.

The stock market offer period concluded on 31 January 2014 with all 693,620 UnipolSai ordinary shares subject to the offer remaining unsold.

Pursuant to Art. 2437-quater, par. 5 of the Civil Code, the Unsold Shares were refunded by the company via the purchase of treasury shares using the available reserves.

On 26 February 2014, UnipolSai therefore acquired and made the simultaneous payment of the Unsold Shares, for €3.494 for each share subject to withdrawal, therefore for a total of €2,423,508.28.

### Partial Exchange Offer of the senior unsecured notes due in January 2017 issued by Unipol Gruppo Finanziario

On 18 February 2014, Unipol Gruppo Finanziario announced the launch of a partial exchange offer for up to a maximum of €500,000,000 in principal ("Exchange Offer"), proposing that holders of the securities representing the bond loan known as "€750,000,000 5.00 per cent. Notes due 11 January 2017 ("Existing Notes"), issued by Unipol Gruppo Finanziario in December 2009 and listed on the market regulated by the Luxembourg Stock Exchange (ISIN Code XS0472940617), exchange Existing Notes with newly issued notes to be issued by the Company for a maximum amount of principal of €500,000,000, maturing in March 2021, to be listed on the market regulated by the Luxembourg Stock Exchange (the "New Notes"), according to the terms and conditions pursuant to the Exchange Offer Memorandum dated 18 February 2014.

The offer period started on 18 February 2014 and ended on 26 February 2014. The settlement date for the Exchange Offer was set for 5 March 2014.

The Exchange Offer was promoted in compliance with the offer restrictions set forth in the Exchange Offer Memorandum and, in Italy, pursuant to Art. 35-bis, paragraph 4 of the Regulation adopted by Consob in its Resolution no. 11971 of 14 May 1999 as amended (the "Issuers' Regulation") and therefore is exempt from the provisions of Part IV, Title II, Chapter II, Section I of Legislative Decree 58 of 24 February 1998 and those of Part II, Title II of the Issuers' Regulation.

Where the total amount of principal of Existing Notes tendered to the Exchange Offer is less than €500,000,000, the Company reserves the right, nonetheless, to issue New Notes for a maximum principal

amount of €500,000,000, also in order to support the liquidity of said New Notes.

Unipol accepted offers of Existing Notes validly submitted pursuant to the Exchange Offer in the total nominal amount of €352,301,000. As set forth in the Exchange Offer Memorandum, on 27 February 2014, the exchange ratio, the issue price of the New Notes, the 7-year mid-swap interest rate, the coupon and the return of the New Notes were established, as well as the interest which accrued on the Existing Notes, as follows:

Exchange ratio	7-year mid-swap interest rate	Issue price of the New Notes	Coupon of the New Notes	Return of the New Notes	Interest accrued (euro)
108.1826%	1.332%	99.369%	4.375%	4.482%	2,557,801.88

On 5 March 2014, the settlement date, Unipol issued New Notes for a total nominal amount of €500,000,000. A part of the New Notes, in the amount of €381,013,000, have been issued in direct service of the Exchange Offer and the residual portion, of €118,987,000 (the "Residual Portion"), has been placed exclusively with qualified Italian and foreign investors. With respect to the Residual Portion, the book of orders received was 4.3 times greater than the offer, with foreign investors accounting for 30% of the total. The New Notes were issued as part of the Euro Medium Term Note programme of the Company and their ISIN code is XS1041042828.

The Exchange Offer and the placement of the New Notes were handled by J.P. Morgan Securities plc and UniCredit Bank AG acting as Dealer Managers. Lucid Issuer Services Limited acted as Exchange Agent in the Exchange Offer.

#### Issue of a Convertible Loan by UnipolSai

On 15 January 2014, the Board of Directors of UnipolSai Assicurazioni S.p.A. ("**UnipolSai**" or the "**Company**"), resolved, inter alia, to exercise the power conferred to it by the Shareholders' Meeting of the Company on 25 October 2013, pursuant to articles 2420-ter and 2443 of the Civil Code, for the issuing of a Convertible Loan convertible to ordinary UnipolSai shares for an amount of €201.8m, with the subsequent increase in share capital in service of the conversion for a total maximum value of €201.8m, including share premium, to be carried out through the issuing of ordinary Company shares with no nominal amount, with regular dividend rights, with the same characteristics as those outstanding at the issue date (the "**Convertible Loan**").

The issue of the Convertible Loan is incorporated within the wider integration plan for the merger of Premafin, Unipol Assicurazioni and Milano Assicurazioni into Fondiaria-SAI, targeted, from the outset, at safeguarding the current and prospective solvency of Premafin and Fondiaria-SAI and, at the same time, creating a leading national operator in the insurance sector.

On this basis, on 13 June 2012, Premafin and its lending banks approved a debt restructuring agreement for Premafin, which required, inter alia, (a) at the date the merger took effect for statutory purposes, a tranche of Premafin's restructured debt of €201.8m to be transformed to the Convertible Loan, and (b) the Convertible Loan, to be subscribed for €134.3m by the lending banks of Premafin, excluding GE Capital Interbanca S.p.A. (the "Lending Banks"), and for €67.5m by the parent Unipol.

In light of the above, on 15 January 2014, UnipolSai's Board of Directors, for the reasons already amply detailed in the Merger information document, available on the Company's website at [www.unipolsai.com](http://www.unipolsai.com) (the "Information Document"), decided to offer the Convertible Loan for subscription to the Lending Banks and to Unipol Gruppo Finanziario, according to the proportions agreed in the debt restructuring agreement, in order to reduce the Company's debt exposure and, therefore, excluding the Shareholders' option right.

The fairness opinion, attached to the Information Document, can also be viewed. It was issued on 1 October 2013 by the independent auditors Reconta Ernst & Young S.p.A., on the criteria for determining the issue price of the shares to be issued in service of the Convertible Loan, and drafted pursuant to and in accordance with Art. 158, parag. 1, of Legislative Decree no. 58 of 24 February 1998, and Art. 2441, paragraphs 5 and 6, of the Civil Code.

The Board of Directors subsequently resolved to:

- approve the associated regulation of the Convertible Loan, conferring a mandate to the Chief Executive Officer for defining the final text of the regulations with the elements currently missing;
- approve the increase in share capital, against payment and in indivisible form, in one or more tranches and by the final deadline of 31 December 2015 - in service of the Convertible Loan, with the exclusion of the option right pursuant to Art. 2441, parag. 5 of the Italian Civil Code, for a maximum of €201.8m, including share premium, to be carried out through the issuing of ordinary UnipolSai shares, with no nominal amount, with regular dividend rights, with the same characteristics as those outstanding at the issue date, reserved irrevocably and unconditionally for the conversion of the bonds, with the exclusion of the option right;
- subsequently amend Art. 6 of the Articles of Association, in order to reflect the exercising of the aforementioned power.

Certain elements of the Convertible Loan will be available at a later date, following the determination of the issue price of the shares for the conversion, and, inter alia (i) the bond interest rate and payment dates, (ii) the issue price of the newly issued ordinary UnipolSai shares for the Convertible Loan and the initial conversion price, as well as (iii) the number of shares to be issued for the Convertible Loan and associated conversion ratio.

The Convertible Loan will comprise 2,018 bonds, with a unit nominal amount of €100,000, for a total value of €201.8m, which will be issued by UnipolSai on the third stock market day after the end of the period of three calendar months effective from the 11th Stock market day (included) in which the ordinary UnipolSai shares are traded on the MTA (screen-based share market), as extended, if necessary, in accordance with the Regulation of the Convertible Loan; these bonds will be converted automatically, as per mandatory requirements, on 31 December 2015, to newly issued ordinary UnipolSai shares, without prejudice to a scenario of early automatic conversion and exercising of the right of early conversion by bondholders.

The bonds, which will be bearer bonds, non-fractionable and freely transferable, constitute direct, unsecured and subordinated debentures of the Company. In the event of voluntary liquidation or administrative compulsory liquidation of the Company or if the latter is subject to other insolvency proceedings set forth by Italian law, the bonds will be considered, at any time, to be ranked equally with respect to one another and with ordinary UnipolSai shares.

The Bonds will accrue gross annual interest (non-capitalisable) which will be calculated on the unit nominal amount (€100,000), with deferred half-yearly payments. The interest rate will be determined close to the issue date of the Convertible Loan in such a way that ensures that the theoretical value of the bonds at the issue date is 100% of the unit nominal amount.

The conversion ratio will be the ratio of (i) the unit nominal amount of the bonds and (ii) the initial conversion price, which will be determined close to the issue date of the bonds. The bonds will not be listed on any regulated market or multilateral trading system.

#### **Loan agreement with Ambra Property S.r.l.**

On 24 January 2014, Unipol signed an agreement with the wholly-owned subsidiary Ambra Property S.r.l. for the granting of an interest-bearing loan, to be drawn down in one or more tranches, each for an amount of no less than €2m and/or multiples of said amount, for a total maximum amount of no more than €20m. Said loan, which can be used from the date of signing on 30 September 2014, must be used by Ambra Property S.r.l. for the exclusive purpose of covering its cash requirements related to the project for the development of the property, for hotel use, located in Piazza Costituzione, Bologna.

The interest rate applied will be the 18-month IRS rate plus a spread of 4%.

#### **Agreement for the transfer of former Milano Assicurazioni insurance business to Allianz**

On 15 March 2014, UnipolSai Assicurazioni and Allianz signed an agreement for the transfer of a business unit including a Non-Life insurance portfolio for a value of €1.1bn (2013 figures), 729 insurance agencies and 500 employees dedicated to managing these activities.

The transfer of the assets forming part of former Milano Assicurazioni (now UnipolSai) makes provision for a

maximum consideration of €440m. The transaction will be completed following the approval from the competent Supervisory and Antitrust Authorities.

The agreement reached with Allianz, in line with market conditions, protects UnipolSai's stakeholders and allows the Unipol Group to comply with the extremely strict measures put in place by the Antitrust Authority at the time of the rescue of the Fondiaria-SAI Group.

## Business outlook

The macroeconomic context remained difficult in the period after the close of 2013, reflected by the constant rise in the unemployment rate and spending crisis. The country was not short of fresh political tension, which led to the installation of a new Government. Nevertheless, financial market confidence in our country was not broken, as shown by a Btp-Bund spread which is now permanently below 200 points.

The reference context and the accentuated competitive trend affects the different premium classes to varying degrees.

In the **Non-Life segment**, the Group is ramping up sales initiatives targeted at reinvigorating its product lines, such as the development of new customer relationship models to support the agency network and the launch of the advertising campaign "Ancora più vicini" ('Even closer') which ushers in the introduction of UnipolSai and enhances its sales network, the main one in Italy in terms of the number of regional agencies.

A positive technical performance was recorded, in the wake of the performances in 2013, even though in February the loss ratio seemed to pick up as a result of weather events which had barely touched 2013.

By contrast, the favourable spell for the **Life segment** was confirmed, facilitated by the fall in market interest rates which increases the appeal of offering traditional insurance products with returns linked to separately managed accounts. In February, the premiums of agency networks recorded considerable growth, while premiums in the bancassurance segment sat at the previous year's levels, reflecting the comparison with premiums of more than €600m from unit-linked policies, a non-recurring event pertaining to the Popolare Vita network in the first two months of 2013.

The **Banking segment** saw a confirmation of the decision to direct business at retail customers in order to consolidate sources of funding, by increasing insurance agency customer penetration, in respect of which the relationship model is undergoing a review.

Credit management policies and processes were also updated, also partially outsourcing credit recovery activities on minor non-performing positions. The figures for the first two months of 2014 show that the flow of non-performing loans has been contained.

Thanks to significant strengthening of the coverage of non-performing loans and the commercial actions undertaken, it is believed economic equilibrium can be gradually recovered.

With the merger completed from a legal-corporate perspective, Group business in 2014 will be focused on integrating the company UnipolSai from an organisational and logistical point of view, and in terms of the adjustment of company policies and business management IT systems, as outlined in the Business Plan.

Activities are underway for the release of the new computerised claims management system (NSS-ClaimCenter) which will gradually be extended to the claims portfolio of former Unipol Assicurazioni and, in 2015, to former Fondiaria-SAI's claims portfolio.

During the year, the sharing of the agency underwriting systems between the various agency networks will also take place, an important step for the rationalisation and simplification of the Group in order to take full advantage of the synergies identified in the Business Plan.

An advertising campaign has already kicked off in January 2014, designed to introduce the new company UnipolSai Assicurazioni to the public, which will develop its activities by drawing strength from the experience and closeness to Italy of brands that have been an integral part of the history of the national insurance industry, now integrated within the Unipol Group.

## Proposals to the Ordinary Shareholders' Meeting

Dear Shareholders,

we submit for your approval the following proposed resolution:

"The Ordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A.,

- having examined the Company's financial statements at 31 December 2013;
- having analysed the results of said draft financial statements, which closed with a profit for the year of €146,077,799.03;
- having viewed the report of the Board of Directors on operations at 31 December 2013;
- having acknowledged the report of the Board of Statutory Auditors and the report of the independent auditors PricewaterhouseCoopers S.p.A.;
- having acknowledged that, at the current state of play, the Company holds 6,740,000 own ordinary shares,

resolves

- to approve the financial statements of Unipol Gruppo Finanziario S.p.A. at 31 December 2013, accompanied by the Management Report on operations, which posted a profit for the year of €146,077,799.03;
- to approve the proposed allocation of profit for the year as shown in the financial statements of Unipol Gruppo Finanziario S.p.A. at 31 December 2013, in compliance with art. 19 of the By-Laws, with the following methods:
  - to the Legal Reserve €14,607,779.90;
  - to the Extraordinary Reserve €11,216,967.25;
  - the residual part of profit, equal to 82.32% of the total, to dividends, taking account of the redistribution of profits relating to treasury shares in the portfolio, according to the following methods:
    - a unit dividend of €0.17 to the 273,479,517 preference shares for a total of €46,491,517.89;
    - a unit dividend of €0.15 to the 437,253,991 ordinary shares for a total of €65,588,098.65;
    - an additional unit dividend of €0.0115 to the 710,733,508 preference and ordinary shares for a total of €8,173,435.34;
- to therefore approve, through the allocation of the profit for the year presented above, the distribution of a unit dividend of €0.1615 for each ordinary share and a unit dividend of €0.1815 for each preference share for a total of €120,253,051.88;
- to set the dividend payment start date for 22 May 2014 (coupon detachment 19 May 2014 and record date 21 May 2014)."

Bologna, 20 March 2014

The Board of Directors



# Financial statements for the year 2013

**UNIPOL GRUPPO FINANZIARIO S.P.A.**  
**Statement of financial position**

<b>ASSETS</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>A) SUBSCRIBED CAPITAL, UNPAID</b> <i>- of which capital called</i>	-	-
<b>B) FIXED ASSETS</b>		
I Intangible assets		
1) Start-up and expansion costs	50,648,007	65,538,106
2) Research, development and advertising costs	810,212	3,168,001
4) Concessions, licences, trademarks and similar rights	8,609,801	7,658,191
6) Fixed assets in progress and payments on account	1,383,505	3,762,794
7) Other	2,843,016	67,903
Total	64,294,541	80,194,996
II Property, plant and equipment		
2) Plant and equipment	284,111	144,292
4) Other assets	1,814,812	1,811,890
Total	2,098,923	1,956,182
III Financial assets		
1) Investments in:		
a) subsidiaries	5,823,123,446	5,126,830,863
Total investments	5,823,123,446	5,126,830,863
2) Receivables:		
d) due from others	1,721,013	1,979,404
<i>- of which payable within 12 months</i>	404,897	187,191
Total receivables	1,721,013	1,979,404
Total	5,824,844,459	5,128,810,267
<b>TOTAL FIXED ASSETS</b>	<b>5,891,237,922</b>	<b>5,210,961,444</b>

## ASSETS

	31.12.2013	31.12.2012
<b>C) CURRENT ASSETS</b>		
I Inventories		
4) Finished products and goods for resale	21,163	-
Total	21,163	-
II Receivables		
1) due from customers	10,197	975,572
2) due from subsidiaries	442,865,276	514,566,528
3) due from associates	185,089	-
4) due from holding companies	127,010,880	179,587,891
- of which payable after 12 months	10,221,541	4,586,647
4 bis) tax receivables	6,325,687	6,857,139
- of which payable after 12 months	2,326,717	2,342,149
4 ter) deferred tax assets	323,548,998	273,181,065
- of which payable after 12 months	315,315,904	231,584,904
5) due from others	1,553,302	1,853,317
- of which payable after 12 months	159,129	809,149
Total	901,499,428	977,021,512
III Current financial assets		
4) Other investments	3,438,642	22,619,290
5) Treasury shares	22,620,333	-
6) Other securities	136,265,689	481,417,716
Total	162,324,664	504,037,006
IV Cash and cash equivalents		
1) Bank and post office deposits	215,656,004	157,850,814
- of which due from subsidiaries	208,960,427	150,688,430
3) Cash at bank and in hand	6,979	4,566
Total	215,662,982	157,855,380
<b>TOTAL CURRENT ASSETS</b>	<b>1,279,508,237</b>	<b>1,638,913,897</b>
<b>D) ACCRUALS AND DEFERRALS</b>		
1) Accruals	968,103	1,671,410
2) Deferrals	2,759,745	3,129,702
3) Discount loans	2,200,740	2,926,368
<b>TOTAL ACCRUALS AND DEFERRALS</b>	<b>5,928,587</b>	<b>7,727,479</b>
<b>TOTAL ASSETS</b>	<b>7,176,674,747</b>	<b>6,857,602,821</b>

**UNIPOL GRUPPO FINANZIARIO S.P.A.**  
**Statement of financial position**

<b>LIABILITIES</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>A) EQUITY</b>		
I Share capital	3,365,292,408	3,365,292,295
II Share premium reserve	1,410,009,264	1,410,008,333
III Revaluation reserves	20,700,874	20,700,874
IV Legal reserve	497,780,442	478,285,220
VI Reserve for treasury shares in portfolio	22,620,333	-
VII Other reserves	203,061,510	163,315,460
-Extraordinary reserve	62,366,384	-
-Treasury/holding company share reserve	122,379,667	145,000,000
-Merger surplus reserve	18,315,460	18,315,460
IX Profit (loss) for the year	146,077,799	194,952,218
<b>TOTAL EQUITY</b>	<b>5,665,542,631</b>	<b>5,632,554,401</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>		
2) For taxes, including deferred	5,689,998	3,437,223
3) Other	406,977,552	106,426,256
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>412,667,549</b>	<b>109,863,479</b>
<b>C) POST-EMPLOYMENT BENEFITS</b>	<b>1,507,886</b>	<b>1,569,317</b>
<b>D) PAYABLES</b>		
1) Bonds	750,000,000	750,000,000
- of which payable after 12 months	750,000,000	750,000,000
3) Payables due to shareholders	1,062,433	5,613,969
5) Payables due to other lenders	515,186	515,186
7) Trade payables	9,303,445	13,574,530
9) Payables due to subsidiaries	268,901,108	275,806,174
11) Payables due to holding companies	107,352	-
12) Tax payables	1,975,621	5,058,539
13) Payables due to welfare and social security institutions	1,507,521	1,397,430
14) Other payables	26,417,153	24,483,040
<b>TOTAL PAYABLES</b>	<b>1,059,789,819</b>	<b>1,076,448,866</b>

<b>LIABILITIES</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>E) ACCRUALS AND DEFERRALS</b>		
1) Accruals	37,166,862	37,166,757
<b>TOTAL ACCRUALS AND DEFERRALS</b>	<b>37,166,862</b>	<b>37,166,757</b>
<b>TOTAL LIABILITIES</b>	<b>7,176,674,747</b>	<b>6,857,602,821</b>

<b>GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>I GUARANTEES GIVEN</b>		
1) Sureties		
to subsidiaries	21,720,062	21,720,062
to third parties	1,107,650	1,107,650
3) Other personal guarantees		
to subsidiaries	1,133,217,892	1,117,059,914
<b>TOTAL GUARANTEES GIVEN</b>	<b>1,156,045,604</b>	<b>1,139,887,626</b>
<b>II OTHER MEMORANDUM ACCOUNTS</b>		
1) Commitments	65,044,071	147,496,349
2) Third party assets	959,858	1,324,373
3) Securities deposited with third parties	1,569,941,823	2,076,246,277
4) Other	78,718,053	68,997,447
<b>TOTAL OTHER MEMORANDUM ACCOUNTS</b>	<b>1,714,663,804</b>	<b>2,294,064,446</b>
<b>TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>	<b>2,870,709,409</b>	<b>3,433,952,072</b>

**UNIPOL GRUPPO FINANZIARIO S.P.A.**  
**Income Statement**

	31.12.2013	31.12.2012
<b>A) VALUE OF PRODUCTION</b>		
1) Sales and service revenues	10,260,892	10,175,478
2) Change in inventories of work in progress, semi-finished and finished products	21,163	-
5) Other revenues and income:		
b) sundry	31,703,651	20,284,882
Total other revenue and income	31,703,651	20,284,882
<b>TOTAL VALUE OF PRODUCTION</b>	<b>41,985,707</b>	<b>30,460,360</b>
<b>B) COSTS OF PRODUCTION</b>		
6) Raw materials, consumables and goods for resale	387,279	367,470
7) Services	28,994,895	24,449,428
8) Use of third party assets	5,238,475	3,760,634
9) Personnel:		
a) wages and salaries	38,263,453	29,533,830
b) social security expenses	10,286,810	7,959,769
c) post-employment benefits	2,112,812	1,896,441
e) other costs	6,715,898	5,486,294
Total personnel	57,378,973	44,876,334
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	18,776,475	12,578,184
a) depreciation of property, plant and equipment	307,478	228,795
Total amortisation, depreciation and write-downs	19,083,954	12,806,980
12) Provisions for risks	295,162,165	50,110,000
13) Other provisions	49,834	-
14) Sundry operating expenses	5,454,883	4,206,141
<b>TOTAL COSTS OF PRODUCTION</b>	<b>411,750,457</b>	<b>140,576,987</b>
<b>DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (A-B)</b>	<b>(369,764,751)</b>	<b>(110,116,628)</b>
<b>C) FINANCIAL GAINS AND LOSSES</b>		
15) Income from investments:		
a) in subsidiaries	413,818,014	249,979,883
c) in other companies	1,593,832	3,221,484
Total income from investments	415,411,846	253,201,367

## Income Statement (Continued)

	31.12.2013	31.12.2012
16) Other financial income:		
a) from receivables recorded under fixed assets	19,447	4,131,439
4) from others	19,447	4,131,439
c) from securities recorded under current assets	12,237,769	38,668,494
d) other income	7,228,262	20,464,797
1) from subsidiaries	1,512,586	11,051,312
4) from others	5,715,676	9,413,484
Total other financial income	19,485,479	63,264,730
17) Interest and other financial charges:		
a) subsidiaries	5,682,988	6,970,903
c) holding companies	-	1,564,793
d) other	49,035,513	58,822,020
Total interest and other financial charges	54,718,501	67,357,717
17-bis) Exchange gains (losses)	(7,202)	17,644
<b>TOTAL FINANCIAL GAINS AND LOSSES</b>	<b>380,171,623</b>	<b>249,126,024</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>		
18) Write-backs:		
a) of investments	29,081	-
c) of securities recorded under current assets	18,624,308	39,086,046
Total write-backs	18,653,388	39,086,046
19) Write-downs:		
a) of investments	211,688,897	15,740
c) of securities recorded under current assets	-	9,199,051
Total write-downs	211,688,897	9,214,790
<b>TOTAL ADJUSTMENTS</b>	<b>(193,035,509)</b>	<b>29,871,255</b>
<b>E) EXTRAORDINARY INCOME AND EXPENSES</b>		
20) Extraordinary income:		
a) Gains from disposals	273,388,433	5,455
b) Other	7,430,413	5,406,607
Total extraordinary income	280,818,846	5,412,062
21) Extraordinary expenses:		
b) Taxes relating to previous years	9,787,953	79,878
c) Other	8,128,980	115,985
Total extraordinary expenses	17,916,933	195,863
<b>TOTAL EXTRAORDINARY ITEMS</b>	<b>262,901,913</b>	<b>5,216,199</b>
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>80,273,276</b>	<b>174,096,850</b>
22) Income tax for the year: current, deferred and prepaid		
a) Current taxes	(15,864,790)	(10,659,589)
b) Deferred tax liabilities	2,252,774	3,437,223
c) Deferred tax assets	(52,192,507)	(13,633,002)
Total income tax for the year	(65,804,523)	(20,855,367)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>146,077,799</b>	<b>194,952,218</b>



# Notes to the financial statements



# Notes to the financial statements

## Structure and contents of the financial statements

The 2013 financial statements were drafted in compliance with the provisions of the Civil Code and national accounting standards approved by the OIC (Italian Accounting Standards Setter). In fact, given Unipol qualifies as an insurance holding company pursuant to Art. 1, parag. 1, letter aa), of Legislative Decree no. 209/2005 (Insurance Code), required to draft the consolidated financial statements in compliance with international accounting standards, it cannot apply said standards to the company's separate financial statements, according to the provisions of Art. 4 of Legislative Decree no. 38/2005.

The financial statements comprise the statement of financial position, the income statement and the notes to the financial statements; they are also accompanied by the Management Report.

As set out in Art. 2423, parag. 5 of the Civil Code, the values in the statement of financial position and income statement are stated in Euro, without decimal figures, while the values shown in the Notes to the financial statements are stated in thousands of Euro, except where indicated otherwise, as permitted by the provisions of Art. 2423 of the Civil Code.

The company's financial statements have been drafted with clarity and give a true and fair view of the equity-financial position and economic result.

The measurement criteria were adopted on the basis of the going concern assumption, in application of the principles of competence, relevance and significance of accounting information.

After the close of the year, no significant events occurred which could impact the financial statement results.

In order to supplement the information provided by the mandatory schemes mentioned above, the income statement figures have been re-stated in the attached reclassification table and accompanied by the table of changes in equity and the statement of cash flows.

The layout of the financial statements offers a comparison with the figures of the previous year.

These financial statements have been audited by PricewaterhouseCoopers SpA, assigned the audit task by the shareholders' meeting for the years 2012-2020.

## Measurement criteria

The measurement criteria used in preparing the financial statements for the year ended 31 December 2013 - with the main ones listed below - are the same as those used to draft the previous year's financial statements.

### Intangible assets

Intangible assets are booked at historical acquisition or production cost, including accessory charges, and are amortised on the basis of the remaining useful life (3-5-10 years). For projects under development, amortisation is deferred and takes effect in the year in which they are first used.

Start-up and expansion costs are amortised over five years on a straight-line basis, as of the effective date of the transaction to which they relate.

Other long-term costs are amortised on account, based on their presumed useful life. Advertising costs, with a long-term benefit, are capitalised with the consent of the Board of Statutory Auditors and amortised over three years. If there is no longer a future benefit from the intangible assets, these are written down with a charge booked to the income statement.

### Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost and adjusted for the corresponding accumulated depreciation. The carrying amount in the financial statements takes account of accessory

charges and the portion of direct and indirect costs reasonably attributable to the asset.

Depreciation is calculated according to the useful life of the asset:

- plant and equipment: useful life of 3 to 7 years;
- movable assets entered in public registers: useful life of 4 years;
- office furniture and machines: useful life of 3 to 8 years;
- Data processing centre machines: useful life of 2 to 5 years;
- assets up to a value of €516: are fully depreciated in 1 year.

### **Financial assets**

These are mainly comprised of majority shareholdings.

These investments are booked to the financial statements at purchase or subscription cost or at a below-cost value in cases in which the investees present, based on their equity situation, impairment.

Bond securities which are to remain consistently in company assets are valued at the average purchase or subscription cost, adjusted or supplemented by an amount equal to the portion accrued in the year of the negative or positive difference between the redemption value and the purchase price, with a separate indication of the portion pertaining to any issue spreads. These are only written down in the event impairment is verified. For implicit rate securities (zero coupon bonds and others), account is taken, for the year, of the accrued yield.

The original value is fully or partially restored in subsequent years if the reasons for the write-downs no longer exist.

### **Receivables**

Receivables are recognised at their presumed realisable value.

### **Current financial assets**

Shares that do not constitute fixed assets and shares in mutual investment funds are recorded at the average purchase cost and the market value, whichever is the lower, that corresponds, for listed securities, to the arithmetic mean of the prices recorded in the last month of the year and, for unlisted securities, to a prudent estimate of their presumed realisable value.

However, for listed securities, if the average in the last month of the year is not representative of the market value, the averages deemed to be most representative are prudently considered.

Bond securities used for short-term funding are aligned to the lower of the average cost, increased or adjusted by issue spreads accrued and the yield accrued on implicit rate securities, and the market value, represented, for listed securities, by the arithmetic mean of the prices recorded in December and, for unlisted securities, the presumed realisable value at 31 December, calculated on the basis of the present value of the securities, traded on regulated markets, with similar characteristics.

If the reasons for the impairment of previous years no longer exist the values are written back.

### **Derivatives**

Derivatives are used exclusively for hedging purposes, to reduce the risk profile of the hedged assets/liabilities, or optimise their risk/return profile. Derivative contracts in place at year-end are valued in line with the asset/liability hedged.

The present value of derivative contracts is determined using the "replacement cost" method, by using current prices and rates at year-end with the same expiry and by comparing them with contractual prices and rates.

Premiums collected or paid for options on securities, shares, currencies or rates at year-end are recorded in items C.III.6) "Other securities" and D.14) "Other payables" respectively.

On expiry of the option:

- in the event of exercise, the premium adjusts the purchase or sale price of the underlying asset;
- in the event of relinquishment, the premium is recognised under the item C) "Financial gains and losses".

### **Accruals and deferrals**

Accrued income and prepaid expenses and accrued expense and deferred income are calculated according to the accruals and matching principles.

### **Provision for risks and charges**

Provisions for risks and charges are allocated to cover losses or liabilities, which are certain or likely to exist, however, in respect of which, the amount or date of occurrence could not be determined with certainty at year-end. As regards the measurement of these provisions, the general principles of prudence and accrual accounting were observed, and the allocations reflect the best possible estimate on the basis of the information available.

### **Post-employment benefits**

Post-employment benefits reflect the liability accrued to employees at the close of the year, net of amounts transferred to supplementary pension funds and the INPS Treasury Fund, according to the applicable provisions.

### **Payables**

Payables are recognised at their nominal amount.

### **Guarantees, commitments and other memorandum accounts**

Commitments and guarantees are indicated at their contractual value in the memorandum accounts.

### **Dividends**

Dividends are accounted for in the year in which they are collected (cash accounting criterion), with the exception of the dividends of subsidiaries for which the accrual accounting principle is applied.

### **Recognition of costs and revenues**

Costs and revenues are stated in the financial statements according to the prudence and accrual principles.

### **Income tax for the year**

Taxes, calculated on the basis of the applicable tax legislation, are recorded under costs for the year on an accrual basis. They represent:

- expenses/income for current taxes in the year;
- the composition of deferred tax assets and liabilities originated in the year and used in future years;
- discharge, for the portion pertaining to the year, of deferred tax assets and liabilities generated in previous years.

Pursuant to Art. 117 et seq. of Presidential Decree no. 917/1986 and Ministerial Decree 09 June 2004, the company opted, for the years 2013-2014-2015, to apply the national tax consolidation system (for the purposes of IRES) in its capacity as consolidated company, while the company Finsoe S.p.A. acts as consolidating company for tax purposes. Unipol signed an agreement with this company regulating the economic and financial aspects governing the option in question.

Charges/income linked to the transfer to the ultimate parent of the IRES taxable income are calculated in accordance with legislation (account being taken of the relevant exemptions and the tax credits due) and with the terms of the agreement with the ultimate parent and are recognised under taxation in the income statement.

The item taxes also includes IRAP pertaining to the year, calculated on the basis of the estimates deemed consistent in light of the information available at the date of drafting of the financial statements and taking into account the applicable tax legislation.

Lastly, in application of accounting standard no. 25 issued by the Italian Accounting Standards Setter, deferred tax assets and liabilities are booked under the item 'Taxes', calculated on the temporary differences between the financial statement and tax results (that have arisen or been deducted during the year), concerning deferred tax assets and the provision for deferred taxes respectively.

Deferred tax assets are only recorded if it is reasonably certain they will be recovered in future years.

Deferred tax liabilities are calculated on the basis of the rates set forth by the applicable legislation and relate to future years in which the company expects to fully or partially absorb the temporary differences that gave rise to them.

The information set out in Art. 2427, parag. 1, no. 14 of the Civil Code, together with the table of reconciliation between the theoretical and effective tax charges, is shown in the section of the Income Statement "Income taxes for the year: current, deferred and prepaid".

#### **Conversion of balances in foreign currency**

Items expressed in foreign currencies are dealt with in accordance with the principles of multicurrency accounting.

In compliance with the provisions of Art. 2426, parag. 8-bis of the Civil Code, intangible assets, property, plant and equipment and financial assets (comprising investments) in currency, were recorded at the exchange rate in force at the time of acquisition; other currency items were recorded at year-end exchange rates. All conversion balances were booked to the income statement.

Any unrealised net profit resulting from the conversion is recorded, at the time of the allocation of profit for the year, to a reserve which is non-distributable until actually realised.

#### ***Exchange rates applied***

The exchange rates of the main currencies, used for the conversion to Euro, are as follows:

<b>Currencies</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
US Dollar	1.3791	1.3194
Pound Sterling	0.8337	0.8161
Swiss Franc	1.2276	1.2072
Yen	144.7200	113.6100
Danish Krone	7.4593	7.4610
Czech Republic Koruna	27.4270	25.1510
Swedish Krona	8.8591	8.5820
Canadian Dollar	1.4671	1.3137

#### **Exceptions pursuant to Art. 2423, parag. 4 of the Civil Code**

No exceptions were made pursuant to Art. 2423, parag. 4 of the Civil Code.

#### **Uncertainties in the use of estimates**

The application of certain accounting standards implies significant elements of judgment based on estimates and assumptions which are uncertain at the time they are formulated.

As regards the 2013 financial statements, it is believed that the assumptions made are appropriate and, subsequently, that the financial statements have been drafted with clarity and give a true and fair view of the equity-financial position and economic result. The relevant sections of the Notes to the financial statements provide adequate and exhaustive information on the reasons behind the decisions taken and evaluations carried out. In order to formulate reliable estimates and assumptions, reference has been made to past experience, and to other factors considered reasonable for the case in question, based on all information available.

However, we cannot exclude the fact that changes in these estimates and assumptions may have significant effects on the equity and economic position and on the assets and liabilities reported in the financial statements for disclosure purposes, if different judgment elements emerge with respect to those expressed in due course.

In particular, the greater use of subject evaluations by company management was necessary in the following cases:

- in calculating the impairment losses of equity interests;
- in determining the present value of financial assets and liabilities in cases in which said value was not directly observable on active markets. In that case, the subjective elements lie in the choice of valuation models or in the input parameters which may not be observable on the market;
- in the definition of the parameters used in the analytical valuations of non-current securities to verify the existence of any impairment. In particular, this refers to the choice of valuation models and to the main assumptions and parameters used;
- in the estimate of the recoverability of deferred tax assets;
- in the quantification of provisions for risks and charges, for the uncertainty of the requirements and contingency times.

These cases are outlined in order to allow financial statement readers to get a better understanding of the main areas of uncertainty, but do not, in any way, intend to suggest that alternative assumptions may be appropriate or more valid. In addition, the financial statement valuations are prepared on the basis of the going concern assumption, given that no risks were identified which could comprise the orderly continuation of company activities.

# Information on the Statement of financial position and Income Statement

## Statement of financial position – Assets

The items in the Statement of financial position and the variations in the associated balances that took place compared with the previous year are commented on below and supplemented with the indications required by the applicable regulations.

### B. Fixed assets

#### B) I – Intangible assets

The item intangible assets amounted to €64,295k at 31 December 2013, marking a decrease of €15,900k compared to the balance in the previous year. The decrease in the balance was mainly impacted by “start-up and expansion costs”, which relate to the costs of the share capital increase performed in 2012, which fell from €65,538k at 31 December 2012 to €50,648k at the end of 2013, as a result of amortisation for the year.

The remaining items which make up intangible assets are primarily:

- “Research, development and advertising costs” of €810k (€3,168k at 31/12/2012). The decrease is due entirely to the amortisation of costs relating to institutional advertising campaigns launched by the Company in 2011;
- “Concessions, licences, trademarks and similar rights” amounting to €8,610k (€7,658k at 31/12/2012), comprised of software licences and accessory costs for the associated customisations. The increase in the item is due mainly to expenses incurred for consultancy and maintenance of the IT platform related to the Solvency II project;
- “Fixed assets in progress and payments on account” amounted to €1,384k (€3,763k at 31/12/2012), relating primarily to expenses incurred during the year for the purchase of software licences and consultancy on IT projects, which have yet to generate economic benefits for the company and therefore are still not amortised. The decrease is due mainly to the transfer to the item “Other” of expenses for the fitting out of the CUBO museum unveiled in 2013;
- “Other” for €2,843k (€68k at 31/12/2012). The increase in the balance is due to the expenses incurred on the property owned by the subsidiary Midi S.r.l. for the fitting out of the CUBO museum unveiled in March 2013, for the Company’s 50th anniversary. These costs, totalling €2,789k, were included in the item “Fixed assets in progress and payments on account” last year.

The figures shown above were recognised under assets with the approval, where required, of the Board of Statutory Auditors.

#### B) II – Property, plant and equipment

The item Property, plant and equipment totalled €2,099k at 31 December 2013 (€1,956k at 31/12/2012), mainly composed of furniture, hardware and works of art totalling €1,815k (€1,812k at 31/12/2012).

Changes in the items Property, plant and equipment and Intangible assets and in the respective accumulated amortisation/depreciation are shown in annexes 5 and 6 of these Notes to the financial statements.

#### B) III – Financial assets

##### 1) Investments

Investments totalled €5,823,123k at 31 December 2013, compared to €5,126,831k at the end of the previous year, marking an increase of €696,293k (+13.6%).

The details are contained in the table below (amounts in €k):

Company	Assets	Share capital	% interest		Carrying amount
			direct	indirect	
Unipol Assicurazioni S.p.A.	Insurance and reinsurance	859,056	100.00		4,063,989
Compagnia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	100.00		50,507
Linear Life S.p.A.	Insurance and reinsurance	5,180	100.00		6,175
Unisalute S.p.A.	Insurance and reinsurance	17,500	98.53		36,613
Fondiaria-SAI S.p.A.	Insurance and reinsurance	1,194,573	3.63	43.67 (*)	45,108
Arca Vita S.p.A.	Insurance and reinsurance	208,279	63.39		353,739
Unipol Banca S.p.A.	Bank	1,004,500	67.74	32.26	429,061
Unipol SGR S.p.A.	Financial intermediation	5,000	100.00		5,550
Ambra Property S.r.l.	Hotel activities	25,100	100.00		48,495
Unipol Finance S.r.l.	Financial holding	5,000	100.00		432,800
Premafin HP S.p.A.	Financial holding	480,983	80.93		351,087
<b>GRAND TOTAL</b>					<b>5,823,123</b>

(\*) 19.35% through Unipol Finance S.r.l. wholly-owned and 24.32% through Premafin HP S.p.A. 80.93% owned

Details of changes in the item B) III 1) "Investments" are outlined in annex 7 to these Notes to the financial statements.

In particular, the change in the balance is due, on the one hand, to value alignments:

- **Unipol Banca S.p.A.**  
Write-down of €199,689k of the investment in the subsidiary Unipol Banca, whose value was essentially brought into line with the pro-quota value of equity at 31 December 2013, as per the draft financial statements approved by Unipol Banca's Board of Directors on 19 March 2014.
- **Ambra Property S.r.l.**  
Write-down of €12,000k, of the investment held in the subsidiary Ambra Property, as a result of the value alignment, based on the valuations issued on the value of the properties.

And, on the other, to the following increases/decreases:

- **Unipol Assicurazioni S.p.A.**  
On 31 December 2013, the share capital increase totalling €600,000k was subscribed and paid-up.
- **Fondiaria-SAI S.p.A.**  
On 28 November 2013, all class B savings shares held in the portfolio by Unipol (240,609,096 shares) were transferred to Unipol Finance S.r.l., whose carrying amount was €135,944k.
- **Milano Assicurazioni S.p.A.**  
On 9 August 2013, 27,201,199 Milano Assicurazioni S.p.A. savings shares were acquired, equal to 26.45% of savings share capital, for a total outlay of €22,967k. These shares were transferred to the company Unipol Finance S.r.l. on 28 November 2013.
- **Ambra Property S.r.l.**  
On 8 February 2013, the fourth tranche was paid to the future share capital increase account, equal to €8,000k.  
On 9 October 2013, the fifth and final tranche was paid to the future share capital increase account, equal to €3,600k.
- **Unipol Finance S.r.l.**  
On 25 November 2013, a single-member limited liability company called Unipol Finance S.r.l. was incorporated, with the share capital payment of €500k.  
On 27 November 2013, the contribution in kind of 27,201,199 savings shares held by Unipol in the company Milano Assicurazioni and 240,609,096 class B savings shares held by Unipol in the company

Fondiarria-SAI was resolved, for a total value of €432,300k. This contribution to Unipol Finance S.r.l was booked for €4,500k to share capital, and for €427,800k to the share premium reserve.

- **Premafin HP S.p.A.**

The shareholding was reduced by €474k, following the redefinition of the agreements with JP Morgan, a company that provided consultancy services to Unipol regarding the purchase of the investment in Premafin HP S.p.A..

The table below provides a list of the subsidiaries with an indication of the carrying amount and the associated portion of reported equity calculated on the basis of the last set of draft financial statements approved by the investee's Board of Directors.

Any higher value of the investment in the financial statements, with respect to the corresponding portion of reported equity relates to the company's equity, economic and strategic value, together with the company's future profitability.

In particular, it should be noted that:

- in relation to Unipol Assicurazioni, in consideration of the fact that, on 6 January 2014, the merger by incorporation of Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A., and Premafin HP S.p.A. in Fondiarria-SAI S.p.A. took effect, with the latter assuming the name UnipolSai Assicurazioni S.p.A., no update was made to the plan relating to Unipol Assicurazioni - Danni on a stand-alone basis: taking into account the 2013 results, therefore, the plan drafted last year was used for the years 2014-2015 and additional versions used for the 2016-2018 period;
- in relation to the other subsidiaries operating in the Non-Life classes, each of them independently drafted and approved a five-year development plan; the net results of these plans therefore constituted the basis for the DDM (Dividend Discount Model) method for said companies.

The Appraisal Value method was used for subsidiaries operating in the Life classes.

As regards Unipol Banca, it should be pointed out that the financial performance of the last few years, as a result of the crisis that has affected the banking system for the last 6 years, has not made it possible to meet the targets laid down in the multiyear plans drawn up to support the impairment tests carried out in recent years.

Therefore a new multiyear plan has been drawn up that, in view of previous years' performances and the forecasts for the near future, which are still difficult, especially for the credit sector, lays down cautious profit targets.

Nevertheless these new figures predict an improvement in the Bank's economic performance over the next five years.

Despite the fact the plan highlights a gradual improvement in the Bank's economic result, the conditions are not satisfied for retaining the value of goodwill of the investment; therefore, said value was brought into line with the equity value of the same, by effecting a write-down of €199,689k.

In addition, in respect of the put and call options issued on 31 December 2013, as part of the merger operation, on the share of 32.26% held by Unipol Assicurazioni, an allocation was made to the provision for risks of €95,079k.

In consideration of the fact that, at 31 December 2013, Unipol still held an interest in Premafin Finanziaria HP S.p.A. (the merger became effective, as mentioned, on 6 January 2014), it was necessary to perform the impairment test of the value of the interest in Unipol's separate financial statements. For the valuation of Premafin HP S.p.A., in light of its nature as holding company which holds, directly and indirectly (through Finadin) the interest in Fondiarria-SAI S.p.A., a simple equity type valuation method was adopted, by restating the value of the interest held in Fondiarria-SAI based on a "Sum of Parts" method, which makes it possible to adequately value the different business areas in which the Fondiarria-SAI Group operates (mainly insurance and real estate business): in particular, the results of the impairment tests conducted at Fondiarria-SAI level were used as a reference.

The carrying amount in UGF of the interest in Premafin HP S.p.A. is lower than the pro-quota value obtained using the above method.

No indications are provided of the value of the investees determined using the equity method given that the consolidated financial statements are drafted in accordance with international accounting standards (IAS-IFRS).

*(amounts in €k)*

Company	Carrying amount	Interest held	Equity at 31/12/2013	Portion of equity attributable to
Unipol Assicurazioni S.p.A.	4,063,989	100.00	2,742,847	2,742,847
Compagnia Assicuratrice Linear S.p.A.	50,507	100.00	72,742	72,742
Linear Life S.p.A.	6,175	100.00	4,372	4,372
Unisalute S.p.A.	36,613	98.53	90,647	89,314
Fondaria-SAI S.p.A.	45,108	3.63	1,961,074	71,187
Arca Vita S.p.A.	353,739	63.39	341,078	216,209
Unipol Banca S.p.A.	429,061	67.74	633,353	429,033
Unipol SGR S.p.A.	5,550	100.00	5,863	5,863
Ambra Property S.r.l.	48,495	100.00	38,950	38,950
Unipol Finance S.r.l.	432,800	100.00	489,472	489,472
Premafin HP S.p.A.	351,087	80.93	414,192	335,206
<b>Total</b>	<b>5,823,123</b>		<b>6,794,591</b>	<b>4,495,197</b>

All subsidiaries belonging to the insurance and banking sectors observe the solvency requirements set forth by the respective industry regulations.

For more information on the performance of the subsidiaries, please see the Management Report and the tables in the financial statements of the individual investees attached to these financial statements.

## 2) Receivables

Receivables recorded under fixed assets totalled €1,721k, compared to €1,979k at 31 December 2012. The decrease was due to the repayment of portions of mortgages and loans by employees.

The item, composed entirely of "Receivables due from others", includes:

- €1,496k for loans with collateral;
- €225k for loans granted to employees secured by Life insurance policies.

The amounts due after 31 December 2014 totalled €785k, of which €531k due after 31 December 2018.

## C. Current assets

### C) I – Inventories

At 31 December 2013, the item amounted to €21k, in relation to inventories of finished products and goods present in the CUBO store (said item was not present at 31/12/2012).

### C) II – Receivables

The balance of said item came to €901,499k at 31 December 2013, marking a decrease of €75,522k compared to 31 December 2012. The breakdown and comparisons with the previous year are summarised in the following table:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
1) Receivables due from customers	10	976
2) Receivables due from subsidiaries	442,865	514,567
3) Receivables due from associates	185	-
4) Receivables due from holding companies	127,011	179,588
4 bis) Tax receivables	6,326	6,857
4 ter) Deferred tax assets	323,549	273,181
5) Receivables due from others	1,553	1,853
<b>Total</b>	<b>901,499</b>	<b>977,022</b>

The amounts due after 31 December 2014 totalled €328,023k, of which €208,426k due after 31 December 2018.

The item "Receivables due from subsidiaries", totalling €442,865k, includes not only the chargeback of costs for services that Unipol performs for Group companies, but the amount due accrued from the subsidiaries UnipolSai, Unisalute, Linear, Arca Vita and Unipol Finance for dividends for 2013 (€413,818k, compared to €249,980k at the end of 2012). The decrease in the balance was impacted by the termination of the restriction on deposits at the subsidiary Unipol Banca S.p.A., which totalled €250,000k at 31 December 2012. Receivables due from holding companies fell from €179,588k at 31 December 2012 to €127,011k at 31 December 2013. The item is composed of the following receivables, due from the holding company Finsoe S.p.A.:

- €119,315k relating to the valuation of IRES tax losses in the year and previous years, transferred to the tax consolidation of Finsoe S.p.A., receivables which will become due when sufficient taxable income accrues at tax consolidation level;
- €3,109k relating to receivables for payments on account made and withholding taxes, transferred to the tax consolidation of Finsoe S.p.A.;
- €2,422k relating to electronic IRES refund requests for the deduction from IRES income for the years 2004-2007, of 10% of IRAP due in accordance with Art. 6 of Decree Law no. 185 of 29 November 2008, submitted to the Tax Authorities by Finsoe S.p.A. as consolidating company;
- €2,165k relating to the IRES credit for 2007 as a result of the presentation of an electronic request, by the consolidating company Finsoe S.p.A., for the recognition of the deduction for IRES purposes of the higher IRAP paid in relation to employees and similar costs in accordance with Art. 6, parag. 1 of Decree Law no. 201 of 6 December 2011.

The item "Tax receivables", amounting to €6,326k, is comprised of:

- €1,092k relating to electronic requests for the refund of 10% of IRAP from income taxes in accordance with Art. 6 of Decree Law of 29 November 2008, relating to the former Aurora Assicurazioni;
- €3,994k (€4,511k at 31/12/2012) in IRAP receivables;
- €1,239k relating to other receivables due from the Tax Authorities, particularly relating to previous years.

The balance of deferred tax assets at 31 December 2013 came to €323,549k, marking an increase of €50,368k compared to 31 December 2012. This item includes €231,584k in Deferred tax assets recorded in 2011, as a result of the exercising of the option set out in Art. 23, paragraphs 12-15 of Decree Law 98/2011 converted with Law 111/2011.

<b>Deferred tax assets (amounts in €k)</b>	
Opening balance at 1 January 2013	273,181
Increases in the year	58,720
Uses in the year	(8,353)
<b>Closing balance at 31/12/2013</b>	<b>323,549</b>

As regards the statement of temporary differences that involved the recognition of deferred tax assets (Art.

2427, parag. 1, no. 14 of the Civil Code), please refer to annex no. 9 of the Notes to the financial statements. This statement does not show substitute taxes recorded under deferred tax assets for a total of €231,584k, which did not change in 2013.

Net tax assets are deemed to be recoverable on the basis of the provisional plans of Group companies, taking into account the effects of tax consolidation, and applicable regulations both regarding the unlimited ability to carry forward tax losses to future years and relating to the transformation to tax credits of deferred tax assets in the presence of a statutory loss and/or tax loss in the event of the amortisation of goodwill which is relevant for tax purposes.

The item "Receivables due from others" fell from €1,853k at 31 December 2012 to €1,553k at 31 December 2013.

This item is composed primarily of:

- receivables due from the tax authorities of foreign countries totalling €249k;
- a receivable of €600k due from former directors due to the penalties in accordance with articles 193 and 195 of the Consolidated Law on Finance;
- a receivable of €247k due from Sicily Region for regional grants relating to a mortgage agreement extinguished in previous years;
- receivables for invoices pending credit notes for €195k;
- receivables for guarantee deposits for utilities amounting to €83k;
- sundry receivables due from employees and former employees totalling €40k.

The aforementioned item is stated net of the relative write-down provision.

### C) III – Current financial assets

The item, amounting to €162,325k at 31 December 2013, is comprised of:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
Other investments	3,439	22,619
Treasury shares	22,620	-
Other securities	136,266	481,418
<b>Total</b>	<b>162,325</b>	<b>504,037</b>

"Treasury shares" were acquired by Unipol on the regulated market in 2013:

- in July 2013, 700,000 ordinary shares, totalling €1,799k, concluding the programme for the purchase of treasury shares in service of the payment plan based on financial instruments (performance share type), intended for Company Management, resolved by the Shareholders' Meeting on 30 April 2012;
- from 12 August to 15 October 2013, 6,040,000 ordinary shares, totalling €20,821k, concluding the programme for the purchase of treasury shares in service of the payment plan based on financial instruments (performance share type), intended for the Chief Executive Officer and Company Management, approved by the Shareholders' Meeting on 30 April 2013.

"Other securities" are composed of listed bonds amounting to €135,891k and unlisted bonds totalling €375k (details of investments and securities recorded under current assets are included in annex no. 8 of the Notes to the financial statements).

### C) IV – Cash and cash equivalents

Cash and cash equivalents which, at 31 December 2013, totalled €215,663k (€157,855k, at 31/12/2012), are made up almost entirely of bank and post office deposits, amounting to €215,656k, of which €208,960k deposited with the subsidiary Unipol Banca S.p.A. (€157,851k at 31/12/2012, of which €150,688k deposited with the subsidiary Unipol Banca S.p.A.).

## D. Accruals and deferrals

The item "Accruals and deferrals", amounting to €5,929k at 31 December 2013 (€7,727k at 31/12/2012), is comprised of:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
Accruals	968	1,671
Deferrals	2,760	3,130
Discount loans	2,201	2,926
<b>Total</b>	<b>5,929</b>	<b>7,727</b>

The item "Accruals" is made up almost entirely of interest on securities (€929k).

The item "Deferrals" is comprised, for €1,808k, of expenses for the issue of the senior loan which the company issued in 2009.

The item "Discount loans" also relates to the senior loan, for a nominal amount of €750,000k, issued by the company in 2009 at a price of €99,314.

## Statement of financial position - Liabilities

### A. Equity

Movements recognised during the year compared with the previous year are set out in an organised fashion in the attached statement of changes in equity (annex no. 2).

The statement of use and availability of equity reserves was also drafted, as required by Art. 2427, parag. 1, item 7-bis of the Civil Code (annex no.3).

Share capital and equity reserves at 31 December 2013 totalled €5,519,465k (€5,437,602k at 31/12/2012); the increase of €81,863k was determined by the profit for the year, net of dividends distributed.

At 31 December 2013, share capital stood at €3,365,292k, marking an increase of €112.56 compared to 31 December 2012 following the exercising of "Warrants on Unipol 2010-2013 Preference Shares", carried out in August 2013, effective as of September 2013. Therefore, at 31 December 2013, share capital, fully subscribed and paid-up, was comprised of 717,473,508 shares, subdivided as follows:

- 443,993,991 ordinary shares;
- 273,479,517 preference shares.

Details of equity reserves, which stood at €2,154,172k at 31 December 2013, are shown in the table below, also with an indication of the previous year's values:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
A.II Share premium reserve	1,410,009	1,410,008
A.III Revaluation reserves pursuant to Law 413/91	20,701	20,701
A.IV Legal reserve	497,780	478,285
A.VI Reserve for treasury shares in portfolio	22,620	-
A.VII Extraordinary reserve	62,366	-
Provision for purchase of treasury shares	77,380	100,000
Provision for purchase of holding company shares	45,000	45,000
Merger surplus reserve	18,315	18,315
	<b>2,154,172</b>	<b>2,072,310</b>

## B. Provisions for risks and charges

The table below summarises the changes in the year in "Provisions for risks and charges" which amounted to €412,668k at 31 December 2013, €5,690k of which included in the item "For taxes, including deferred" relating to deferred IRES tax liabilities on dividends recorded for the year of €406,978k, included in the item "Other":

<i>(amounts in €k)</i>	31/12/2012	Increases	Decreases		31/12/2013
		Provisions	Uses	Other	
Provision for taxes, including deferred	3,437	5,690	(3,437)	-	5,690
Provision for sundry risks and expenses	104,831	200,083	(2,319)	(328)	302,266
Provision for risks on options	-	95,079			95,079
Employee leaving provision	1,596	50	(1,596)	-	50
Provision for taxes of previous years	-	9,583	-	-	9,583
	<b>109,863</b>	<b>310,485</b>	<b>(7,352)</b>	<b>(328)</b>	<b>412,668</b>

Allocations to the "Provision for sundry risks and expenses" are composed almost entirely of guarantees on receivables of the subsidiary Unipol Banca S.p.A., in respect of which, following the appropriate thorough investigation into the risks assumed, the recoverability of the receivables and the suitability of the collateral pledged to protect these receivables, an allocation of €200,000k was set aside.

The "Provision for risks on options" was established at 31 December 2013 in light of the write-down of the investment in Unipol Banca held by Unipol Assicurazioni, following the agreement reached on the merger which concerned Fondiaria-SAI, with which Unipol Assicurazioni stipulated an agreement involving a put and call option on the investment held by Unipol Assicurazioni in Unipol Banca at a price equal to the present carrying amount of said investment.

The "Provision for taxes of previous years" includes an allocation to cover the entry in the tax-rolls of an Equitalia tax return, notified to the Company on 12 February 2014, relating to tax assessments by the Tax Authorities, carried out for the 2005 and 2006 tax periods for former Aurora Assicurazioni.

## C. Post-employment benefits

Post-employment benefits amounted to €1,508k at 31 December 2013, marking a decrease of €61k compared to the previous year, mainly due to transfers to the pension fund.

Changes in the item during the year are outlined the table below (amounts in €k):

<b>Balances at 1/1/2013</b>	<b>1,569</b>
<b>Increases in the year</b>	
Provisions in the year	2,125
<b>Decreases in the year</b>	
Advances in the year	(156)
Transfer to pension fund	(1,644)
Transfers to INPS treasury	(178)
Other decreases	(208)
<b>Closing balance at 31/12/2013</b>	<b>1,508</b>

The other decreases, amounting to €208k, relate to the transfer of employees to Group companies.

## D. Payables

Payables totalled €1,059,790k at 31 December 2013, down slightly compared to 31 December 2012 (€1,076,449k).

The breakdown of this item and comparisons with the previous year are summarised in the following table:

<i>(amounts in €k)</i>	<b>31/12/2013</b>	<b>31/12/2012</b>
Bonds	750,000	750,000
Payables due to shareholders	1,062	5,614
Payables due to other lenders	515	515
Trade payables	9,303	13,575
Payables due to subsidiaries	268,901	275,806
Payables due to holding companies	107	-
Tax payables	1,976	5,059
Payables due to welfare and social security institutions	1,508	1,397
Other payables	26,417	24,483
<b>Total</b>	<b>1,059,790</b>	<b>1,076,449</b>

All payables are due within 12 months, except "Bonds" which includes a loan of €750,000k payable in 2017.

The item "Bonds" amounted to €750,000k (same amount at 31/12/2012) and relates entirely to the nominal amount of a senior loan, listed on the Luxembourg Stock Exchange, with a 7-year term (expiring in January 2017) and a fixed interest rate of 5%. The security was issued in December 2009 as part of the Euro Medium Term Notes (EMTN) programme for a maximum of €2bn, which expired on 3 December 2010 with no further issues. In relation to said loan, in 2013, no "events of default" were verified, on the basis of which, the occurrence of given events would constitute the non-fulfilment of an obligation for which the Company would be required to immediately repay the residual amount due to its creditors. The amount of interest accrued in the year totalled €37,497k.

The item "Payables due to shareholders" totalled €1,062k at 31 December 2013 (€5,614k at 31/12/2012) and is composed of payables for dividends due to shareholders resolved in previous years and still not paid. The decrease in the amount due relates to 2007 dividends carried to contingencies given no longer payable.

The item "Trade payables" fell from €13,575k at 31 December 2012 to €9,303k at 31 December 2013.

The item "Payables due to subsidiaries", amounting to €268,901k at 31 December 2013 (€275,806k at 31/12/2012), is comprised of:

- €267,785k (unchanged with respect to 2012), relating to two loans taken out following the replacements, which took place in 2009, of the subsidiary Unipol Assicurazioni S.p.A. to the role of issuer, in place of the company, for the UGF 7% and UGF 5.66% loans, as regards the part of the subordinated loan not charged to the elements that comprise Unipol Assicurazioni S.p.A.'s solvency margin. The loans, which are repayable fully or partially, at sight by UGF, on the request of Unipol Assicurazioni S.p.A., and, nonetheless, at least three days before the loan repayment date, are remunerated at the 3-month Euribor rate plus 100 basis points. In 2013, interest expense accrued totalling €3,289k;
- €1,115k, relating mainly to the VAT receivable which the subsidiaries Midi S.r.l., Unifimm S.r.l. and Ambra Property S.r.l. are owed by the Company.

The balance of "Tax payables" at 31 December 2013 came to €1,976k, marking a decrease of €3,083k compared to the previous year; this change is attributable principally to the reduction in the amount due in the year as a result of the Group's VAT return, which fell from €3,047k at the end of 2012 to €178k at the end of 2013.

The balance of "Payables due to welfare and social security institutions" came to €1,508k at

31 December 2013 (€1,397k at 31/12/2012). This item refers to existing payables at year-end due to social security institutions for contributions due from the Company and from employees for December salaries.

The balance of "Other payables" at 31 December 2013 came to €26,417k, marking an increase of €1,934k compared to the previous year. The balance is mainly composed of:

- allocations for personnel salary incentives amounting to €23,725k (€18,055k at 31/12/2012);
- liabilities for holidays not taken for €1,872k (€1,688k at 31/12/2012).

## E. Accruals and deferrals

The item "Accruals and deferrals" totalled €37,167k at 31 December 2013 (almost unchanged with respect to 31/12/2012), composed almost entirely of the accrual of interest on the senior loan, with an interest rate of 5%, expiring in January 2017 (€36,370k).

## Guarantees, commitments and other memorandum accounts

Details of "Guarantees, commitments and other memorandum accounts", amounting to €2,870,709k at 31 December 2013 (€3,433,952k at 31/12/2012), are shown in the following table:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
<b>Guarantees given</b>		
Sureties to subsidiaries	21,720	21,720
Sureties and endorsements given in the interest of third parties	1,108	1,143
Other personal guarantees given in the interest of subsidiaries	1,133,218	1,117,060
<b>Total</b>	<b>1,156,046</b>	<b>1,139,923</b>
<b>Commitments</b>		
Other commitments	65,044	147,496
<b>Total</b>	<b>65,044</b>	<b>147,496</b>
<b>Third party assets</b>		
Vehicles leased	0	960
Employee shares deposited	843	300
Other assets	117	65
<b>Total</b>	<b>960</b>	<b>1,324</b>
<b>Securities deposited with third parties</b>	<b>1,569,942</b>	<b>2,076,246</b>
<b>Other memorandum accounts</b>		
Collateral received from third parties	770	770
Guarantees given by third parties in the interest of the company	1,666	2,814
Guarantees given by subsidiaries in the interest of the company	45	11
Other memorandum accounts	76,238	65,368
<b>Total</b>	<b>78,718</b>	<b>68,962</b>
<b>TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>	<b>2,870,709</b>	<b>3,433,952</b>

"Other personal guarantees given in the interest of subsidiaries" include:

- guarantees provided in the interest of the subsidiary Unipol Assicurazioni S.p.A. in relation to subordinated loans originally issued by Unipol, in which Unipol Assicurazioni S.p.A. took over as issuer in 2009: UGF 7% expiring in 2021 (for €300,000k) and UGF 5.66% expiring in 2023 (€261,689k);
- guarantees on the receivables of the subsidiary Unipol Banca S.p.A., for €571,529k.

The item "Other commitments" is composed mainly of commitments for the purchase and sale of put and call options, amounting to €62,542k.

"Securities deposited with third parties" include, in particular, €1,481,503k in securities deposited with Group companies.

## Information on derivatives

Consistent with the guidelines established by means of resolution of the Company's Board of Directors on 20 December 2012, trading in derivatives during the year was targeted solely at pursuing two objectives: reducing investment risk (hedging) or attaining effective management of the portfolio by excluding purely speculative objectives.

These goals were achieved by using specific derivatives listed in the resolution of the Board of Directors and involved securities included in the portfolio at the time of conclusion of the associated contract and for the entire duration of the same.

All transactions were performed with banking or similar counterparties.

The two derivative positions at year-end, with counterparty JP Morgan, are highlighted below.

### A. Derivative contracts that involve the forward exchange of capital

The value attributed is composed of the settlement price of said contracts, in thousands of Euro. For currency transactions, the agreed forward exchange rate was applied:

Description of the transaction	no. of transactions	Notional value at 31 December 2013
Purchase of call options	1	31,271
Sale of put options	1	31,271
<b>Total</b>		<b>62,542</b>

The contract for the purchase of the call option has, as the underlying assets, 30,646,000 shares of the holding company Finsoe S.p.A., corresponding to 1.43% of said entity's share capital, to which a contract for the sale of a put option with the same characteristics and notional value is linked. These contracts were renewed in June 2013 until July 2015. At 31 December 2013, a write-back of €4,002k was effected on these contracts, against a write-down carried out at the end of 2012 amounting to €4,040k.

### B. Derivative contracts that do not involve the forward exchange of capital

At 31 December 2013, the company did not have any of these types of contracts.

As set forth in Art. 2427-bis, parag. 1 of the Civil Code, it should be noted that the fair value of put and call option on Finsoe shares at 31 December 2013 was a negative €38k.

In relation to options on bond futures, all closed at the end of the year, net losses totalling €375k were realised in 2013.

## Information on finance lease transactions

As established by Italian legislation, lease agreements, including finance lease agreements, are accounted for as rental contracts. However, the supplementary information required by Art. 2427, parag. 22 of the Civil Code and accounting standard OIC 12 is provided.

In 2013, lease agreements for cars assigned to executives were concluded and replaced with rental contracts. Therefore, at 31 December 2013, there were no finance lease agreements in place.

The following table summarises the differences that would have been recorded under assets, liabilities and in the income statement by accounting for leased assets and the associated closures according to international accounting standards (IAS 17). The figures shown are in thousands of Euro.

<b>Assets</b>	<b>2013</b>
Assets under finance lease at 31.12.2012	1,734
Accumulated depreciation - assets under lease at 31.12.2012	(746)
Change in assets under lease - 2013 (new leases/leases terminated)	(917)
Amortisation/depreciation - 2013	(71)
<b>Total value of assets under lease at 31.12.2013</b>	<b>0</b>
Tax effect (deferred tax assets)	-
<b>Total assets</b>	<b>0</b>
<b>Liabilities</b>	
Residual debt at 31.12.2012	(960)
Change in lease payables - 2013 (new leases/leases terminated)	960
<b>Residual debt at 31.12.2013</b>	<b>0</b>
Effect on equity (including the effect on the profit/(loss) for the year)	(0)
<b>Total liabilities</b>	<b>(0)</b>
<b>2013 Income Statement</b>	
Fees recognised monthly	(98)
Financial expenses	16
Amortisation/depreciation - 2013	82
Other costs	28
Deferred tax assets	(10)
<b>Net effect on 2013 Income Statement</b>	<b>18</b>

## Income Statement

The income statement is structured according to the provisions of Art. 2425 of the Civil Code; costs and revenues are stated separately without offsetting of items.

### A. Value of production

The total value of production at 31 December 2013 came to €41,986k, compared to €30,460k at 31 December 2012.

#### A.1 Sales and service revenues

"Sales and service revenues", totalling €10,261k at 31 December 2013 (€10,175k at 31/12/2012), are composed predominantly of services relating to ordinary holding operations provided to Group companies, as detailed below:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
Due from holding companies	10	11
Due from subsidiaries	10,155	10,083
Arca Vita S.p.A.	51	60
Arca Assicurazioni S.p.A.	70	83
Arca Inlinea Scarl	24	23
Arca Sistemi Scarl	11	11
Unipol Assicurazioni S.p.A.	7,247	7,255
Linear Assicurazioni S.p.A.	969	908
Linear Life S.p.A.	69	79
Preamafin HP S.p.A.	118	-
Unisalute S.p.A.	805	812
Unipol SGR S.p.A	29	28
Unipol Banca S.p.A.	697	764
Other subsidiaries	65	59
Due from third parties	-	3
Other income	96	78
<b>Total</b>	<b>10,261</b>	<b>10,175</b>

#### A.5 Other revenues and income

"Other revenues and income", amounting to €31,704k at 31 December 2013 (€20,285k at 31/12/2012), mainly includes:

- recovery of costs for the services of Unipol personnel seconded to Group companies, amounting to €21,483k;
- commission income relating to the indemnity agreement on the receivables of the subsidiary Unipol Banca S.p.A., for €5,664k;
- fees charged back to the Company, for Board director activities, which personnel carry out at other companies, totalling €4,287k.

### B. Costs of production

The total costs of production at 31 December 2013 came to €411,750k, compared to €140,577k at 31 December 2012.

### ***B.6 Raw materials, consumables and goods for resale***

The item, amounting to €387k (€367k at 31/12/2012) is comprised of costs for the purchase of printed materials, stationery and goods for the store fitted out in the CUBO museum, unveiled in 2013.

### ***B.7 Costs for services***

The item, amounting to €28,995k at 31 December 2013 (€24,449k at 31/12/2012), is composed as follows:

<i>(amounts in €k)</i>	<b>31/12/2013</b>	<b>31/12/2012</b>
Costs for IT services	326	213
Technical, legal, administrative consultancy	10,806	9,031
Electricity, heating and cleaning	1,859	1,376
Corporate bodies	2,988	3,662
Seconded personnel services	306	326
Post and telephone	336	356
Other structure costs	637	332
Corporate and shareholders' meetings	447	89
Advertising	4,856	3,424
Maintenance, repairs and software upgrades	1,097	1,355
Fees for auditing and other certification services	403	154
Conventions, meetings, corporate events	132	88
Subsidiary services	4,803	4,044
<b>Total</b>	<b>28,995</b>	<b>24,449</b>

The increase in the cost for "Technical, legal, administrative consultancy" is due to the activities required during the year, as part of the Premafin Group integration project.

In relation to advertising costs, the increase is due mainly to the communication and image activities carried out for the Group's fiftieth anniversary.

### ***B.8 Costs for use of third party assets***

The item, amounting to €5,238k at 31 December 2013 (€3,761k at 31/12/2012), is composed mainly of rent payable on properties used by the company (€4,619k at 31/12/2013).

### ***B.9 Personnel costs***

The cost of labour at 31 December 2013 amounted to €57,379k, compared to €44,876k in the previous year.

Employees on the company workforce increased from 315 at 31 December 2012 to 331 at 31 December 2013, with the following changes:

	<b>31/12/2012</b>	<b>Staff hired</b>	<b>Terminations</b>	<b>31/12/2013</b>
Administrative open-ended contract	313	51	(33)	331
Administrative fixed-term contract	2	-	(2)	-
<b>TOTAL</b>	<b>315</b>	<b>51</b>	<b>(35)</b>	<b>331</b>

Staff hired and terminations in the year also include intercompany moves, 12 units from other Group companies and 25 transfers respectively.

The average number of employees is specified below:

	2013	2012
Executives	72	67
Employees	245	237
<b>Total</b>	<b>317</b>	<b>304</b>

### ***B.10 Amortisation, depreciation and write-downs***

The balance of the item, which totalled €19,084k at 31 December 2013 (€12,807k at 31/12/2012), is composed as follows:

- amortisation of intangible assets for €18,776k;
- depreciation of property, plant and equipment for €307k;

Details of changes in intangible assets and property, plant and equipment are shown in annexes no. 5 and 6 of these Notes to the financial statements.

### ***B.12 Provisions for risks***

The item, amounting to €295,162k at 31 December 2013 (€50,110k at 31/12/2012), refers mainly to:

- €200,000k to provisions for risks linked to the credit indemnity agreement with the subsidiary Unipol Banca S.p.A.;
- €95,079k to guarantee provisions of Fondiaria-SAI, in respect of the write-down of the investment in Unipol Banca held by Unipol Assicurazioni.

### ***B.13 Other provisions***

At 31 December 2013, the item was composed of leaving incentives of €50k. By contrast, at the end of 2012, the balance of the item was zero.

### ***B.14 Sundry operating expenses***

The item, amounting to €5,455k at 31 December 2013 (€4,206k at 31/12/2012), refers mainly to:

- for €3,396k to contributions paid to supervisory bodies and other associations;
- for €1,202k to donations;
- for €203k to corporate and shareholders' meeting expenses;
- for €313k to tax expenses other than direct taxes.

## **C. Financial gains and losses**

### ***C.15 Income from investments***

The item totalled €415,412k at 31 December 2013 (€253,201k at 31/12/2012), and is composed, for €1,594k, of gains realised on trading of shares and, for €413,818k, of dividends recorded for the year of the subsidiaries UnipolSai, Unisalute, Linear, Arca Vita and Unipol Finance (€249,980k at 31/12/2012).

### ***C.16 Other financial income***

The breakdown of this item, amounting to €19,485k (€63,265k at 31/12/2012), is summarised in the following table:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
<b>A) From receivables recorded under fixed assets</b>		
4. Other	19	4,131
<b>Total</b>	<b>19</b>	<b>4,131</b>
<b>C) From securities recorded under current assets</b>		
	<b>12,238</b>	<b>38,668</b>
<b>D) Other income</b>		
1. Subsidiaries	1,513	11,051
4. Other	5,716	9,413
<b>Total</b>	<b>7,228</b>	<b>20,465</b>
<b>TOTAL</b>	<b>19,485</b>	<b>63,265</b>

Other income from receivables recorded under fixed assets relates entirely to interest on mortgages and loans to employees. The sharp decrease in the balance of the item is due to the transfer in June 2012 of the 9% P&V Assicurances subordinated loan to the subsidiary Unipol Assicurazioni S.p.A.; the interest on said loan totalled €4,085k at 31 December 2012.

Income from securities recorded under current assets, totalling €12,238k, mainly includes interest from bonds (€9,503k). The fall in the balance of this item is due to the reduction in gains from the trading of securities, which fell from €27,687k at 31 December 2012 to €2,667k at 31 December 2013.

Other income, amounting to €7,228k, is made up mainly of:

- €1,474k from the subsidiary Unipol Banca S.p.A., for bank interest income;
- €5,553k in income from derivative transactions, €1,443k of which relating to future option transactions, whose overall economic impact is offset by expenses of €1,818k, included in item C.17.d).

The decrease compared to 31 December 2012, amounting to €13,237k, is due principally to commissions provided for contractually for the acquisition of shares as part of the share capital increase of Fondiaria-SAI S.p.A. that Unipol received last year from said Fondiaria-SAI S.p.A. (€8,726k) and Mediobanca (€2,165k).

### ***C.17 Interest and other financial charges - c.17.bis Exchange gains (losses)***

"Interest and other financial charges" were booked in the financial statements at 31 December 2013 for €54,719k (€67,358k at 31/12/2012), while the item "Exchange gains (losses)" was a negative €7k (a positive €18k at 31/12/2012).

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
<b>Interest and other financial charges</b>		
a. Subsidiaries	(5,683)	(6,971)
c. Holding companies	-	(1,565)
d. Other	(49,036)	(58,822)
<b>Total</b>	<b>(54,719)</b>	<b>(67,358)</b>
<b>Exchange gains (losses)</b>	<b>(7)</b>	<b>18</b>
<b>TOTAL</b>	<b>(54,726)</b>	<b>(67,340)</b>

"Interest and financial charges" from subsidiaries, amounting to €5,683k (€6,971k at 31/12/2012), include interest, commissions and expenses due to banks and Group companies. The decrease is due primarily to interest relating to the loan from Unipol Assicurazioni S.p.A. which fell from €4,776k at the end of 2012 to

€3,289k at the end of 2013, following the decrease in the 3-month Euribor, to which the loan interest rate is linked.

The item "Interest and financial charges from others", amounting to €49,036k (€58,822k at 31/12/2012), includes mainly:

- interest expense on the loan for €37,497k;
- €6,013k in expenses from derivative transactions, €1,818k of which relating to future option transactions, whose overall economic impact is offset by income of €1,443k, included in item C.16.d.4);
- losses from reimbursement due to extraction of Government bonds for €3,163k;
- expenses deriving from the issuing of debenture loans for €1,320k.

The decrease in the item was mainly affected by the lower losses on the trading of shares, bonds and future options.

Lastly, in relation to bonds and other fixed-income securities, information is provided on the amounts recognised by way of issue and/or trading spreads, accounted for under items C.16 and C.17:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
Positive issue spreads	61	81
Negative issue spreads	-	-
Zero coupon adjustments	2,556	1,956

## D. Value adjustments to financial assets

The item presented a negative balance of €193,036k at 31 December 2013 (a positive €29,871k at 31/12/2012). The negative performance of the item was impacted by the write-downs of the investments in the subsidiaries Unipol Banca S.p.A. and Ambra Property S.r.l. of €199,689k and €12,000k respectively. The residual portion of the item is composed as follows:

- of write-backs on bonds recorded under current assets amounting to €18,624k;
- of write-backs on shares recorded under current assets amounting to €29k.

## E. Extraordinary income and expenses

The item presented a positive balance of €262,902k at 31 December 2013 (a positive €5,216k at 31/12/2012) and refers to the following items:

<i>(amounts in €k)</i>	31/12/2013	31/12/2012
<b>E.20) Income</b>		
Gains from disposals	273,388	5
Other extraordinary income		
- Prior year items	7,430	5,407
<b>Total</b>	<b>280,819</b>	<b>5,412</b>
<b>E.21) Costs</b>		
Taxes relating to previous years	(9,788)	(80)
Other extraordinary expenses		
- Contingent Liabilities	(115)	(115)
- Other extraordinary expenses	(8,014)	(1)
<b>Total</b>	<b>(17,917)</b>	<b>(196)</b>
<b>Net extraordinary income (expenses)</b>	<b>262,902</b>	<b>5,216</b>

The gains from disposals relate to the transfer to the subsidiary Unipol Finance S.r.l. at market values of class B savings shares issued by Fondiaria-SAI (gain of €271,856k) and savings shares issued by Milano Assicurazioni (gain of €1,533k), which took place on 28 November 2013.

Extraordinary gains items mainly include:

- €4,501k for the cancellation of liabilities relating to dividends resolved in past years by the pre-existing Aurora Assicurazioni (merged by incorporation in Unipol in 2007), not collected by entitled parties within the prescribed terms;
- €2,100k collected following the positive settlement of a legal dispute launched in 2004;
- €322k which refers to the surpluses above the amount allocated to the Provision for risks and charges for employee legal proceedings.

Extraordinary expenses refer to assessments carried out by the Tax Authorities (described in more detail in the Management Report) for the 2005 and 2006 tax periods and part of 2007 regarding former Aurora Assicurazioni. Costs relating to the aforementioned assessments, partially paid in the year and partly allocated to the provision, were recorded, for the portion relating to the penalty, under "Other extraordinary expenses" and, as regards the remainder, under taxes relating to previous years.

### Income tax for the year: current, deferred and prepaid

Taxes due for the year report total income of €65,805k (income of €20,855k at 31/12/2012) relating to the valuation of the tax loss for €15,865k plus the net balance of deferred tax assets/liabilities for €49,940k, as better detailed in the table below:

<i>(amounts in €k)</i>	IRES	IRAP	Total
<b>Current taxes</b>	15,865	-	15,865
<b>Deferred tax assets and liabilities:</b>			
- use of deferred tax assets	(6,528)	-	(6,528)
- use of deferred tax liabilities	3,437	-	3,437
- allocation of deferred tax assets	58,721	-	58,721
- allocation of deferred tax liabilities	(5,690)	-	(5,690)
<b>Balance of deferred tax assets/liabilities</b>	<b>49,940</b>		<b>49,940</b>
<b>Total</b>	<b>65,805</b>	-	<b>65,805</b>

The statement of reconciliation between the theoretical and actual IRES tax charges is shown below, with the statement of reconciliation of the IRAP rate omitted as insignificant.

<i>(amounts in €k)</i>	2013	2012
<b>Pre-tax profit (loss) for the year</b>	<b>80,273</b>	<b>174,097</b>
Theoretical IRES - Expenses/(income)	(22,075)	(47,877)
Tax effect deriving from taxable income permanent changes		
Increases:	91,341	870
- PEX investments - write-downs	84,361	-
- Dividend Washing	-	-
- Interest expense	483	553
- Other changes	6,496	316
Decreases:	(179,220)	(69,602)
- PEX investments - gains exempt	71,022	-
- Dividends excluded	108,110	68,744
- ACE (aid for economic growth) subsidy	-	-
- Other changes	88	858
IRES pertaining to the year - Expenses/(Income)	65,805	20,856
<b>Result after taxes</b>	<b>146,078</b>	<b>194,952</b>

As regards the statement of temporary differences that involved the recognition of deferred tax assets (Art. 2427, parag. 1, no. 14 of the Civil Code), please refer to annex no. 9 of the Notes to the financial statements.

## Other information

### Consolidated Financial Statements

Unipol's consolidated financial statements were drawn up in accordance with Article 154-ter of Legislative Decree 58/1998 (TUF) and of ISVAP Ruling 7 of 13 July 2007, as amended. They conform to the IFRS issued by the IASB and endorsed by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of EC Regulation 1606/2002 in force on the date the financial statements closed.

The layout, given an insurance holding company pursuant to Art. 1, parag. 1, letter aa) of Legislative Decree 209/2005 (Insurance Code) conforms to the provisions of ISVAP Regulation no. 7 of 13 July 2007, Part III as amended, relating to the layout of the consolidated financial statements of insurance and reinsurance companies that must adopt IFRS.

### Fees for independent audit and non-audit services

The following table indicates (in €k), pursuant to Art. 149-duodecies of Consob Issuers' Regulation, the fees that Unipol Group companies paid to the independent auditors, or companies belonging to the same, for audit assignments and for the provision of other services, indicated separately by type or category.

Type of services	Provider of the service	Recipient	Fees (*)
Legally-required audit	PricewaterhouseCoopers S.p.A.	Unipol S.p.A.	284
<b>Total Unipol Gruppo Finanziario</b>			<b>284</b>
Legally-required audit	PricewaterhouseCoopers S.p.A.	Subsidiaries	2,947
Attestation services	PricewaterhouseCoopers S.p.A.	Subsidiaries	522
Other services	PricewaterhouseCoopers S.p.A.	Subsidiaries	350
Other services: tax services	TLS Associazione Professionale di Avvocati e Commercialisti	Subsidiaries	21
<b>Total subsidiaries</b>			<b>3,840</b>
<b>Grand total</b>			<b>4,124</b>

(\*) the fees do not include recharged expenses and any non-deductible VAT

### Transactions with related parties

#### Indemnity agreement for Unipol Banca S.p.A. receivables

This is an agreement with the subsidiary Unipol Banca S.p.A., signed in August 2011, in relation to a given credit perimeter, primarily mortgage-related, comprising 50 positions, for an amount of €571,528k (carrying amount at 31 December 2013).

Based on this agreement, the holding company Unipol undertakes to pay Unipol Banca S.p.A. the principal and interest on the aforementioned credit positions that said entities had not received after taking all possible actions provided for by law to recover the debt, including applying to the courts, up to a maximum, including principal and interest, equal to their carrying amount at 30 June 2011. The agreements will remain in force for a maximum of ten years after the last date on which the loans are repayable.

In respect of the commitments undertaken, in 2013, Unipol collected commissions from Unipol Banca S.p.A. totalling €5,664k and allocated €200,000k to the Provision for Risks and Charges, thus bringing the amount of the provision to €300,163k, net of €2,214k paid to Unipol Banca S.p.A. in the form of an indemnity.

#### Put and call options on the interest in Unipol Banca

As part of the merger, Unipol agreed to grant Fondiaria-SAI a put option on the interest held by Unipol Assicurazioni in Unipol Banca S.p.A., equal to 32.26% of the associated share capital, to be exercised on

expiry of the fifth year after the statutory effective date of the Merger, at a price equal to the present carrying amount of said interest, in respect of the granting by Fondiaria-SAI to Unipol of a corresponding call option on said interest, at the same price, but with the possibility for Unipol to exercise the option for the entire period running between the statutory effective date of the Merger and the expiry of the fifth year after said date.

At 31 December 2013, Unipol not only recorded impairment of the interest held in Unipol Banca for the share held (67.74%) of €199,689k, but allocated €95,079k to the provision for future risks and charges in relation to the share held by the subsidiary Unipol Assicurazioni due to the aforementioned option.

### Unipol Assicurazioni S.p.A. borrowings

Two loan agreements are in place, taken out in 2009 for a total of €267,785k (unchanged with respect to the previous year). The interest paid to Unipol Assicurazioni S.p.A. in 2013 came to €3,289k.

### Loan granted to Premafin HP S.p.A.

Unipol is owed an amount of €12,500k relating to a "Shareholder loan agreement" stipulated with the subsidiary Premafin HP S.p.A. for the latter's benefit. The loan agreement was entered into on 20 March 2013 for a maximum amount of €13,500k and involves the payment of interest in kind on expiry, calculated on a six-monthly basis at the 6-month Euribor rate plus 100 basis points. Interest income on said loan totalled €39k in 2013.

### Unipol Finance S.r.l.

The company Unipol Finance S.r.l. was incorporated on 25 November 2013, with share capital of €500k, subsequently increased to €5,000k with the transfer, from Unipol, of a share portfolio comprised of 240,609,096 class B savings shares issued by Fondiaria-SAI and 27,201,199 savings shares issued by Milano Assicurazioni. Following said contribution, totalling €432,300k, Unipol Finance increased its share capital by €4,500k, while the remaining part, amounting to €427,800k, was booked to the share premium reserve.

Supplementing the information already provided in the previous sections of these Notes to the Financial Statements, the amount and type of the assets, liabilities, costs and revenues relating to the transactions with related parties is provided below (amounts in €k):

	Holding Company	Subsidiaries	Sister companies	Associates	Total	Incidence		
Shares and fixed holdings		5,823,123			5,823,123	81.1%	(1)	454.3% (3)
Other receivables	127,011	442,865		185	570,061	7.9%	(1)	44.5% (3)
Bank deposits		208,960			208,960	2.9%	(1)	16.3% (3)
<b>TOTAL ASSETS</b>	<b>127,011</b>	<b>6,474,949</b>	-	<b>185</b>	<b>6,602,145</b>	<b>92.0%</b>	<b>(1)</b>	<b>515.0% (3)</b>
Sundry payables	107	268,901			269,008	3.7%	(1)	21.0% (3)
<b>TOTAL LIABILITIES</b>	<b>107</b>	<b>268,901</b>	-	-	<b>269,008</b>	<b>3.7%</b>	<b>(1)</b>	<b>21.0% (3)</b>
Service revenues	10	10,155			10,165	12.7%	(2)	0.8% (3)
Income from land and buildings		112			112	0.1%	(2)	0.0% (3)
Dividends and other income from shares and holdings		413,818			413,818	515.5%	(2)	32.3% (3)
Other financial income		1,513			1,513	1.9%	(2)	0.1% (3)
Other revenue and income	13	30,791		421	31,225	38.9%	(2)	2.4% (3)
<b>TOTAL INCOME</b>	<b>24</b>	<b>456,388</b>	-	<b>421</b>	<b>456,832</b>	<b>569.1%</b>	<b>(2)</b>	<b>35.6% (3)</b>
Interest and financial charges		5,683			5,683	7.1%	(2)	0.4% (3)
Costs for services	257	4,803			5,059	6.3%	(2)	0.4% (3)
Costs for use of third party assets		4,760			4,760	5.9%	(2)	0.4% (3)
Sundry operating expenses		1,200			1,200	1.5%	(2)	0.1% (3)
<b>TOTAL EXPENSES</b>	<b>257</b>	<b>16,445</b>	-	-	<b>16,702</b>	<b>20.8%</b>	<b>(2)</b>	<b>1.3% (3)</b>

(1) Percentage based on total assets in the statement of financial position

(2) Percentage based on the pre-tax profit (loss) for the year

(3) Percentage based on total sources in the statement of cash flows

## **Fees paid to members of the Administration and Control Bodies, the General Manager and Key Managers.**

Remuneration payable for 2013 to the Parent's Directors, Statutory Auditors and Key Managers for carrying out their duties in Unipol and in other consolidated companies amounted to €15,277k, details of which are as follows (in €k):

- Directors and General Manager	8,749
- Statutory auditors	543
- Other key managers	5,985(*)

*(\*) amount mainly includes income from employment.*

The remuneration of the General Manager and the other Key Managers included an estimated €300k of benefits to be granted under the compensation plan based on financial instruments (performance shares).

During 2013 the companies in the Group paid Unipol the sum of €2,895k as remuneration for the posts held in them by the Chairman, the Chief Executive Officer, the General Manager and the Key Managers.

### **Significant non-recurring transactions in the year**

The significant non-recurring events and transactions during 2013 relate to the incorporation of the company Unipol Finance S.r.l., already outlined in detail in the Management Report to which reference should be made.

### **Atypical and/or unusual transactions in the year**

In the year ended at 31 December 2013, no atypical and/or unusual transactions were carried out.



# Annexes to the Notes



1. Reclassified income statement (Consob Recommendation 94001437)
2. Statement of changes in equity (Art. 2427, no.4 of the Civil Code)
3. Statement of use and availability of equity reserves at 31 December 2013 (Art. 2427, no. 7bis of the Civil Code)
4. Statement of cash flows
5. Statement of changes in intangible assets (Art. 2427, no. 2 of the Civil Code)
6. Statement of changes in property, plant and equipment (Art. 2427, no. 2 of the Civil Code)
7. Statement of changes in fixed investments
8. List of shares and securities included in current assets at 31 December 2013 (Consob Recommendation 94001437)
9. Statement of temporary differences that involved the recognition of deferred tax assets and liabilities (Art. 2427, no. 14 of the Civil Code).
10. Information on debt at 31 December 2013 (Consob Recommendation 6064293)

## RECLASSIFIED INCOME STATEMENT

<i>(amounts in €k)</i>	31.12.2013	31.12.2012
1) Income from investments:		
in subsidiaries	413,818	249,980
in other companies	1,594	3,221
<b>Total income from investments</b>	<b>415,412</b>	<b>253,201</b>
2) Other financial income:		
a) from receivables recorded under fixed assets	19	4,131
from others	19	4,131
c) from securities recorded under current assets that do not constitute investments	12,238	38,668
d) other income	7,228	20,465
from subsidiaries	1,513	11,051
from others	5,716	9,413
<b>Total other financial income</b>	<b>19,485</b>	<b>63,265</b>
3) Interest expense and other financial charges:		
subsidiaries	(5,683)	(6,971)
holding companies	-	(1,565)
other	(49,036)	(58,822)
<b>Total interest expense and other financial charges</b>	<b>(54,719)</b>	<b>(67,358)</b>
Exchange gains (losses)	(7)	18
<b>TOTAL FINANCIAL GAINS AND LOSSES</b>	<b>380,172</b>	<b>249,126</b>
4) Write-backs:		
a) of investments	29	-
c) on securities recorded under current assets that do not constitute investments	18,624	39,086
<b>Total write-backs</b>	<b>18,653</b>	<b>39,086</b>
5) Write-downs:		
a) of investments	(211,689)	(16)
c) on securities recorded under current assets that do not constitute investments	-	(9,199)
<b>Total write-downs</b>	<b>(211,689)</b>	<b>(9,215)</b>
<b>TOTAL ADJUSTMENTS</b>	<b>(193,036)</b>	<b>29,871</b>
6) Other operating income	41,986	30,460
<b>TOTAL OTHER OPERATING INCOME</b>	<b>41,986</b>	<b>30,460</b>
6) Costs for raw materials, consumables and goods for resale	(387)	(367)
7) Costs for non-financial services	(28,995)	(24,449)
8) Costs for use of third party assets	(5,238)	(3,761)
9) Personnel costs	(57,379)	(44,876)
10) Amortisation, depreciation and write-downs:	(19,084)	(12,807)
11) Provisions for risks	(295,162)	(50,110)
12) Other provisions	(50)	-
13) Sundry operating expenses	(5,455)	(4,206)
<b>TOTAL OTHER OPERATING COSTS</b>	<b>(411,750)</b>	<b>(140,577)</b>
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>(182,629)</b>	<b>168,881</b>
14) Extraordinary income:		
a) Gains from disposals	273,388	5
b) Other	7,430	5,407
<b>Total extraordinary income</b>	<b>280,819</b>	<b>5,412</b>
15) Extraordinary expenses:		
b) Taxes relating to previous years	(9,788)	(80)
c) Other	(8,129)	(116)
<b>Total extraordinary expenses</b>	<b>(17,917)</b>	<b>(196)</b>
<b>EXTRAORDINARY PROFIT (LOSS)</b>	<b>262,902</b>	<b>5,216</b>
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>80,273</b>	<b>174,097</b>
16) Income tax for the year	65,805	20,855
<b>17) PROFIT (LOSS) FOR THE YEAR</b>	<b>146,078</b>	<b>194,952</b>

## STATEMENT OF CHANGES IN EQUITY

(amounts in €k)

	Equity reserves and undistributed profits							Profit (loss) for the year	TOTAL	
	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Reserve for treasury shares and holding co. shares	Reserve for treasury shares in portfolio	Extraordinary reserve			Other reserves
<b>BALANCES AT 31 DECEMBER 2011</b>	2,699,067	1,144,834	20,701	478,285	145,000	-	187,429	20,941	(358,348)	4,337,910
Resolutions of the Shareholders' Meeting of 30.04.2012:										
Coverage of 2011 loss										
- extraordinary reserve							(187,429)		187,429	-
- merger surplus reserve								(2,626)	2,626	-
- share premium reserve		(168,293)							168,293	-
Reduction in share capital through share grouping	(0)								-	(0)
Increase in share capital - 2012	666,225	433,468								1,099,693
Profit (loss) for the year 2012									194,952	194,952
<b>BALANCES AT 31 DECEMBER 2012</b>	3,365,292	1,410,008	20,701	478,285	145,000	-	-	18,315	194,952	5,632,555
Resolutions of the Shareholders' Meeting of 30.04.2013:										
Allocation of profit - 2012										
- legal reserve				19,495					(19,495)	-
- extraordinary reserve							62,366		(62,366)	-
- shareholder dividends									(113,091)	(113,091)
Increase in share capital through exercising of warrants	0	1							-	1
Treasury shares in portfolio					(22,620)	22,620				
Profit (loss) for the year 2013									146,078	146,078
<b>BALANCES AT 31 DECEMBER 2013</b>	3,365,292	1,410,009	20,701	497,780	122,379	22,620	62,366	18,315	146,078	5,665,543

**STATEMENT OF USE AND AVAILABILITY OF EQUITY RESERVES AT 31/12/2013**  
(amounts in €k)

Nature / description	Amount	Possibility of use (*)	Available portion	Summary of uses made in three previous years to cover losses to cover losses for other reasons
<b>Share capital</b>	<b>3,365,292</b>			
<b>Equity-related reserves</b>				
Share premium reserve	1,410,009	A, B	1,410,009 (a)	168,293 (2)
Legal reserve	365,499 (b)	B	-	
Extraordinary reserve				222,660 (1)(2)
Provision for purchase of treasury shares	77,380 (b)	A, B, C	77,380	
Provision for purchase of holding company shares	45,000 (b)	A, B, C	45,000	
Reserve for treasury shares in portfolio	22,620 (b)	-	-	
Revaluation reserves pursuant to Law 413/91	14,762	A, B, C	14,762 (c)	
Property revaluation reserve	5,939	A, B, C	5,939 (c)	
Merger surplus reserve (pursuant to revaluation Law 413/91)	18,316	A, B, C	18,316 (c)	
Merger surplus reserve	-		-	1,160 (2)
Merger surplus reserve	-		-	1,466 (2)
Reserve pursuant to Sicily Regional Law no. 46 of 12/4/67	-			
Merger reserve	-			
Warrant conversion reserve	-			
<b>Profit reserves</b>				
Legal reserve	132,282	B	-	
Extraordinary reserve	62,366	A, B, C	62,366	28,422 (1)
<b>Total</b>	<b>2,154,173</b>		<b>1,633,772</b>	
Undistributable portion			349,116 (d)	
<b>Distributable portion</b>			<b>1,284,656</b>	

(\*) A: for share capital increase  
B: to cover losses  
C: for distribution to shareholders

(a) Only distributable if the legal reserve has reached the limit set forth in art. 2430 of the Civil Code

(b) For transfer from share premium reserve

(c) Taxable in the event of distribution to the company and to shareholders

(d) Includes the amount of start-up and expansion costs, and advertising costs still not amortised, the residual part of the allocation to the legal reserve to the extent of one-fifth of share capital set out in art. 2430 of the Civil Code, and the portion of undistributable reserves

(1) Coverage of 2010 loss

(2) Coverage of 2011 loss

## STATEMENT OF CASH FLOWS

*(amounts in €k)*

	2013	2012
<b>SOURCES OF FINANCING</b>		
<b>Cash generated by operations</b>		
Net profit for the year	146,078	194,952
Depreciation of property, plant and equipment and amortisation of intangible assets	19,084	12,807
Value adjustments to financial assets	211,689	-
Value adjustments to other financial assets	14,652	9,015
Increase (decrease) in net tax payables	(3,083)	3,164
Increase (decrease) in net deferred tax liabilities	(48,115)	(10,196)
Allocations to provisions for risks and charges	304,466	49,352
Increase (decrease) in post-employment benefits	2,125	(33)
Increase (decrease) in accrued income and prepaid expenses	1,799	3,029
Increase (decrease) in accrued expenses and deferred income	0	(5,478)
Other items	(277,293)	(522)
<b>Total cash generated by operations</b>	<b>371,401</b>	<b>256,089</b>
<b>Other sources of financing</b>		
Sales and reimbursements of other financial assets	258	95,596
Decrease in receivables recorded under current assets	126,075	1,056
Decrease in financial assets under current assets	345,679	13,042
Increase in payables	6,153	17,257
Increase in share capital	1	1,099,693
<b>Total other sources of financing</b>	<b>478,167</b>	<b>1,226,643</b>
<b>TOTAL SOURCES</b>	<b>849,568</b>	<b>1,482,733</b>
<b>USES OF CASH</b>		
Increase in property, plant and equipment and intangible assets	3,449	70,699
Increase in fixed investments	635,067	538,544
Increase in receivables recorded under current assets	185	311,826
Decrease in financial assets under current assets	22,620	308,425
Use of provisions for risks and charges	3,915	26,738
Decrease in payables	13,413	175,455
<b>TOTAL USES</b>	<b>791,761</b>	<b>1,431,688</b>
Increase (decrease) in cash and cash equivalents	57,808	51,045
<b>TOTAL</b>	<b>849,568</b>	<b>1,482,733</b>
Cash and cash equivalents at start of year	157,855	106,811
Cash and cash equivalents at end of year	215,663	157,855

**STATEMENT OF CHANGES IN INTANGIBLE ASSETS**  
(amounts in €k)

	OPENING POSITION		MOVEMENTS DURING THE PERIOD							CLOSING POSITION				
	Historical cost	Amortisation	HISTORICAL COST			AMORTISATION				Historical cost	Amortisation	Net amount at 31/12/2013		
			Increases	Decreases	Other changes	Pro quota - year	Increases	Decreases	Sales				Other changes	
		Net amount at 31/12/2012	Purchases	Reversals	Other changes									
Start-up and expansion costs	73,957	(8,419)	65,538			(122)		(14,768)				73,835	(23,187)	50,648
Research, development and advertising costs	9,259	(6,091)	3,168			-		(2,358)				9,259	(8,449)	810
Concessions, licences, trademarks and similar rights	9,299	(1,641)	7,658	2,457	(376)	-		(1,129)				11,380	(2,770)	8,610
Fixed assets in progress and payments on account	3,763	-	3,763		(2,379)							1,384	-	1,384
Other	76	(8)	68	541	2,756			(522)				3,373	(530)	2,843
<b>TOTAL</b>	<b>96,355</b>	<b>(16,160)</b>	<b>80,195</b>	<b>2,998</b>	<b>0</b>	<b>(122)</b>		<b>(18,776)</b>				<b>99,231</b>	<b>(34,936)</b>	<b>64,295</b>

**STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT**  
(amounts in €k)

	OPENING POSITION		MOVEMENTS DURING THE PERIOD								CLOSING POSITION		
			HISTORICAL COST				ACCUMULATED DEPRECIATION				Historical cost	Accumulated depreciation	Net amount at 31/12/2013
			Increases	Decreases	Purchases	Other outgoing transfers	Increases	Decreases	Portion for the year	Sales			
<b>Plant and equipment</b>	185	(41)	144	176	-	(1)	(36)	-	1	360	(76)	284	
<b>Other assets</b>	2,958	(1,146)	1,812	274	-	(293)	(271)	-	293	2,939	(1,124)	1,815	
<b>TOTAL</b>	<b>3,143</b>	<b>(1,187)</b>	<b>1,956</b>	<b>450</b>	<b>-</b>	<b>(294)</b>	<b>(307)</b>	<b>-</b>	<b>294</b>	<b>3,299</b>	<b>(1,200)</b>	<b>2,099</b>	

**STATEMENT OF CHANGES IN FIXED INVESTMENTS**  
(amounts in €k)

Name	Carrying amount at 31/12/2012		Increases in the year				Decreases in the year				Carrying amount at 31/12/2013	
	No. Shares/ Holdings	Value	For purchases/subscriptions		Other		For sales		Other		No. Shares/ Holdings	Value
			No. Shares/ Holdings	Value	No. Shares/ Holdings	Value	No. Shares/ Holdings	Value	No. Shares/ Holdings	Value		
Unipol Assicurazioni S.p.A.	259,056,000	3,463,989	600,000,000	600,000							859,056,000	4,063,989
Fondiarria-SAI S.p.A.	285,716,826	181,052									45,107,730	45,108
Premafin HP S.p.A.	1,741,239,877	351,562									1,741,239,877	351,087
Milano Assicurazioni S.p.A.			27,201,199	22,967							-	-
Arca Vita S.p.A.	14,601,669	353,739									14,601,669	353,739
Compagnia Assicuratrice Linear S.p.A.	19,300,000	50,507									19,300,000	50,507
Linear Life S.p.A.	3,430,535	6,175									3,430,535	6,175
Unipol Sgr S.p.A.	5,000,000	5,550									5,000,000	5,550
Unisalute S.p.A.	17,242,993	36,613									17,242,993	36,613
Unipol Banca S.p.A.	612,815,961	628,750									612,815,961	429,061
Ambra Property S.r.l.	1	48,895									1	48,495
Unipol Finance S.r.l.			1	500							1	432,800
<b>Total subsidiaries</b>	<b>2,958,403,862</b>	<b>5,126,831</b>	<b>627,201,200</b>	<b>623,467</b>	<b>-</b>	<b>443,900</b>	<b>(267,810,295)</b>	<b>(371,075)</b>	<b>(371,075)</b>	<b>3,317,794,767</b>	<b>5,823,123</b>	
<b>TOTAL B.III.1)</b>	<b>2,958,403,862</b>	<b>5,126,831</b>	<b>627,201,200</b>	<b>623,467</b>	<b>-</b>	<b>443,900</b>	<b>(267,810,295)</b>	<b>(371,075)</b>	<b>(371,075)</b>	<b>3,317,794,767</b>	<b>5,823,123</b>	

## LIST OF SHARES AND SECURITIES INCLUDED IN CURRENT ASSETS AT 31/12/2013

(amounts in €k)

ISIN Code	Security description	Number of shares/holdings at 31/12/2013	Carrying amount at 31/12/2013	Current value at 31/12/2013	Write-downs	Type
IT0004810054	Unipol Gruppo Finanziario	6,740,000	22,620	26,585	-	Treasury shares
	<b>Total treasury shares</b>	<b>6,740,000</b>	<b>22,620</b>	<b>26,585</b>	<b>-</b>	
unipwcs9215	Banca di Rimini	1	0	0	-	Unlisted Italian shares
EQUINOXA	Equinox Two S.C.A. A shares	20	15	33	-	Unlisted foreign shares
EQUINOX	Equinox Two S.C.A. R shares	2,490	3,424	3,987	(29)	Unlisted foreign shares
	<b>Total unlisted shares</b>	<b>2,511</b>	<b>3,439</b>	<b>4,020</b>	<b>(29)</b>	
ISIN Code	Security description	Nominal value at 31/12/2013 (in euro)	Carrying amount at 31/12/2013	Current value at 31/12/2013	Write-downs	Type
XS0291642154	Aig 4.875% 15/03/17-67	10,000,000	9,955	9,955	(1,066)	Other listed bonds
XS0222841933	B. Pop. Milano 29/06/10-15 Frn	4,000,000	3,846	3,846	(222)	Other listed bonds
XS0272309385	Banca Pop. Vr No 15/11/21 Cms	85,000,000	76,238	76,238	(10,870)	Other listed bonds
XS0555834984	Banco Popolare 6% 05/11/2020	2,000,000	1,995	2,038	(25)	Other listed bonds
XS0300196879	Intesa San Paolo Frn 18/05/17	4,000,000	3,800	3,800	(221)	Other listed bonds
XS0459090931	Lbg Capital Lloyds Float 12/03/20	12,000,000	11,061	11,139	(2,249)	Other listed bonds
XS0267827169	Merrill L 14/09/2018 Frn	15,000,000	14,084	14,084	(957)	Other listed bonds
XS0195231526	Royal Bk Of Scotland 03/07/14-49 Frn	7,000,000	6,037	6,037	(1,811)	Other listed bonds
XS0527624059	Unicredit Intl Bank 9.375% 21/07/20-49	4,000,000	4,000	4,442	-	Other listed bonds
XS0231436238	Unicredito 4.028% 27/10/15-49	5,000,000	4,874	4,902	(1,203)	Other listed bonds
	<b>Total listed bonds</b>	<b>148,000,000</b>	<b>135,891</b>	<b>136,481</b>	<b>(18,624)</b>	
QS000212A0D3	Sns 6.25% 26/10/2020 Sub Tmp	5,000,000	375	375	-	Other unlisted bonds
	<b>Total unlisted bonds</b>	<b>5,000,000</b>	<b>375</b>	<b>375</b>	<b>-</b>	
<b>TOTAL SHARES AND SECURITIES INCLUDED IN CURRENT ASSETS</b>		<b>159,742,511</b>	<b>162,325</b>	<b>167,461</b>	<b>(18,653)</b>	

**STATEMENT OF TEMPORARY DIFFERENCES THAT INVOLVED  
THE RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES**

(amounts in €k)

ASSETS	2012			INCREASES			DECREASES			2013		
	Taxable amount	Tax effect	Tax rate	Taxable amount	Tax effect	Tax rate	Taxable amount	Tax effect	Tax rate	Taxable amount	Tax effect	Tax rate
Unrealised losses relating to short-term investments	20,285	5,578	27.50%	-	-		17,410	4,788		2,875	790	27.50%
Excess amortisation/depreciation	5,464	1,503	27.50%	513	141		3,310	910		2,667	734	27.50%
Provisions for personnel expenses	19,745	5,430	27.50%	12,623	3,471		8,423	2,316		23,945	6,585	27.50%
Bad debt provision	143	39	27.50%	-	-		-	-		143	39	27.50%
Provision for future expenses	105,558	29,028	27.50%	200,089	55,024		1,167	321		304,480	83,731	27.50%
Auditing costs	64	18	27.50%	304	84		64	18		304	84	27.50%
<b>TOTAL</b>	<b>151,258</b>	<b>41,596</b>		<b>213,529</b>	<b>58,720</b>		<b>30,374</b>	<b>8,353</b>		<b>334,414</b>	<b>91,964 (*)</b>	
<b>LIABILITIES</b>												
	2012			INCREASES			DECREASES			2013		
	Taxable amount	Tax effect	Tax rate	Taxable amount	Tax effect	Tax rate	Taxable amount	Tax effect	Tax rate	Taxable amount	Tax effect	Tax rate
Dividends recognised for the year	12,499	3,437	27.50%	20,691	5,690		12,499	3,437		20,691	5,690	27.50%
<b>TOTAL</b>	<b>12,499</b>	<b>3,437</b>		<b>20,691</b>	<b>5,690</b>		<b>12,499</b>	<b>3,437</b>		<b>20,691</b>	<b>5,690</b>	

(\*) The statement does not show the amount of substitute taxes recorded under deferred tax assets for a total of €231,585k.

**INFORMATION ON DEBT AT 31 DECEMBER 2013**

(amounts in €k)

	31/12/2013	31/12/2012
A Cash	7	5
B Other cash and cash equivalents	215,656	157,851
- of which due to subsidiaries	208,960	150,688
- of which due to others	6,696	7,162
C Securities held for trading	163,254	505,538
<b>D Cash (A) + (B) + (C)</b>	<b>378,917</b>	<b>663,393</b>
<b>E Current financial receivables</b>	<b>12,500</b>	
F Current bank payables		
G Current portion of non-current debt	(36,370)	(36,373)
H Other current financial payables	(268,300)	(268,300)
<b>I Current financial debt (F) + (G) + (H)</b>	<b>(304,670)</b>	<b>(304,673)</b>
<b>J Net current financial debt (I) - (E) - (D)</b>	<b>86,747</b>	<b>358,720</b>
K Non-current bank payables		
L Bonds issued	(750,000)	(750,000)
M Other non-current payables		
<b>N Non-current financial debt (K) + (L) + (M)</b>	<b>(750,000)</b>	<b>(750,000)</b>
<b>O Net financial debt (J) + (N)</b>	<b>(663,253)</b>	<b>(391,280)</b>



# **Financial statements of the main subsidiaries**

(Statement of financial position and Income Statement)

**UNIPOL ASSICURAZIONI S.P.A.***from 6 January 2014 merged into UnipolSai S.p.A. (formerly Fondiaria-SAI S.p.A.)*

Registered office in Bologna - Share capital €859,056,000

Financial statements at 31 December (amounts in €)

Direct interest of 100%

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Subscribed capital, unpaid</b>	-	-
<b>Intangible assets</b>	<b>251,260,229</b>	<b>237,418,043</b>
<b>Investments</b>	<b>18,764,623,286</b>	<b>17,501,246,831</b>
I-Land and buildings	631,338,450	671,554,958
II-Investments in group companies and other investees	1,198,867,110	1,439,205,767
III-Other financial investments	16,918,111,969	15,375,123,585
IV-Deposits with ceding companies	16,305,757	15,362,521
<b>Investments for the benefit of Life insurance policyholders who bear the investment risk and investments arising from pension fund management</b>	<b>2,961,232,123</b>	<b>2,860,231,485</b>
<b>Technical provisions – Reinsurers’ share</b>	<b>305,773,263</b>	<b>365,164,104</b>
<b>Receivables</b>	<b>1,317,547,192</b>	<b>1,293,541,379</b>
I-Deriving from direct insurance business	825,502,708	817,358,995
II-Deriving from reinsurance business	40,611,091	42,561,774
III-Other receivables	451,433,393	433,620,610
<b>Other assets</b>	<b>1,346,495,208</b>	<b>893,675,095</b>
I-Property, plant & equipment and stocks	23,026,373	21,889,919
II-Cash and cash equivalents	1,002,990,432	561,477,691
IV-Other assets	320,478,403	310,307,485
<b>Accruals and Deferrals</b>	<b>208,686,148</b>	<b>204,492,327</b>
<b>TOTAL ASSETS</b>	<b>25,155,617,449</b>	<b>23,355,769,264</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>	<b>2,742,846,924</b>	<b>1,762,012,434</b>
I-Subscribed share capital or equivalent fund	859,056,000	259,056,000
II-Share premium reserve	616,975,715	616,975,715
III-Revaluation reserves	97,000,000	97,000,000
IV-Legal reserve	37,044,828	6,870,821
VI-Reserve for treasury shares and of the holding company	516,398	-
VII-Other reserves	601,400,163	178,629,767
IX-Profit (loss) for the year	530,853,820	603,480,131
<b>Subordinated liabilities</b>	<b>961,689,000</b>	<b>961,689,000</b>
<b>Non-Life technical provisions</b>	<b>6,307,940,018</b>	<b>6,578,410,060</b>
<b>Life technical provisions</b>	<b>11,018,466,023</b>	<b>10,254,259,327</b>
<b>Technical provisions where the investment risk is borne by policyholders and pension fund provisions</b>	<b>2,961,232,120</b>	<b>2,860,231,485</b>
<b>Provisions for Risks and Charges</b>	<b>142,182,597</b>	<b>62,466,706</b>
<b>Deposits received from reinsurers</b>	<b>129,428,543</b>	<b>133,799,524</b>
<b>Payables and other liabilities</b>	<b>865,614,450</b>	<b>713,794,769</b>
I-Deriving from direct insurance business	57,991,043	48,429,746
II-Deriving from reinsurance business	23,185,737	13,328,451
IV-Payables due to banks and financial institutions	103,098,901	-
V-Payables with collateral	4,796,836	5,248,351
VI-Sundry loans and other financial payables	5,359,786	6,952,533
VII-Post-employment benefits	32,963,060	33,762,315
VIII-Other payables	313,832,444	305,949,340
IX-Other liabilities	324,386,643	300,124,033
<b>Accruals and Deferrals</b>	<b>26,217,774</b>	<b>29,105,959</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>25,155,617,449</b>	<b>23,355,769,264</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>29,748,820,884</b>	<b>28,767,856,332</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>		
Gross written premiums	3,573,693,830	3,680,275,516
Ceded reinsurance premiums	(162,882,607)	(119,020,714)
Net change in provision for premiums	66,806,853	140,451,476
<b>Premiums earned, net of outwards reinsurance</b>	<b>3,477,618,076</b>	<b>3,701,706,278</b>
Portion of profit on investments transferred from the non-technical account	214,698,283	239,405,614
Other technical income, net of outwards reinsurance	14,292,967	14,837,015
Charges relating to claims, net of outwards reinsurance	(2,192,441,125)	(2,539,771,514)
Change in other technical provisions, net of outwards reinsurance	381,950	401,130
Reversals and profit sharing, net of outwards reinsurance	(4,974,942)	(2,508,842)
Operating expenses	(925,374,296)	(880,374,533)
Other technical charges, net of outwards reinsurance	(23,625,837)	(10,902,433)
Change in equalisation provisions	(692,043)	(717,259)
<b>TECHNICAL ACCOUNT RESULT - NON-LIFE BUSINESS</b>	<b>559,883,033</b>	<b>522,075,456</b>
<b>TECHNICAL ACCOUNT - LIFE BUSINESS</b>		
Gross written premiums	2,179,705,452	1,970,278,272
Ceded reinsurance premiums	(7,655,322)	(10,051,550)
<b>Premiums in the year, net of outwards reinsurance</b>	<b>2,172,050,130</b>	<b>1,960,226,722</b>
Income from investments	744,697,587	899,007,783
Income and unrealised gains - class D	174,198,798	342,244,619
Other technical income, net of outwards reinsurance	10,041,366	8,672,988
Charges relating to claims, net of outwards reinsurance	(1,659,008,762)	(2,277,024,436)
Change in mathematical provisions and other technical provisions, net of outwards reinsurance	(908,459,775)	(200,052,106)
Reversals and profit sharing, net of outwards reinsurance	(655,870)	(717,414)
Operating expenses	(73,145,359)	(71,456,183)
Investment management expenses	(116,580,712)	(165,612,008)
Expenses and unrealised losses - class D	(54,412,469)	(86,671,426)
Other technical charges, net of outwards reinsurance	(15,311,091)	(13,677,684)
Portion of profit on investments transferred to the non-technical account	(59,653,470)	(61,382,968)
<b>TECHNICAL ACCOUNT RESULT - LIFE BUSINESS</b>	<b>213,760,373</b>	<b>333,557,887</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income from investments - Non-Life business	429,168,905	499,534,692
Portion of profit on investments transferred from the technical account - Life business	59,653,470	61,382,968
Investment management expenses - Non-Life business	(141,250,958)	(204,151,109)
Portion of profit on investments transferred to the technical account - Non-Life business	(214,698,283)	(239,405,614)
Other income	55,712,790	56,853,047
Other costs	(129,264,108)	(124,826,842)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>832,965,222</b>	<b>905,020,485</b>
Extraordinary income	89,223,056	17,008,349
Extraordinary expenses	(87,217,842)	(6,985,328)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>834,970,436</b>	<b>915,043,506</b>
Income tax for the year	(304,116,616)	(311,563,375)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>530,853,820</b>	<b>603,480,131</b>

**PREMAFIN FINANZIARIA S.P.A. HOLDING DI PARTECIPAZIONI**  
*from 6 January 2014 merged into UnipolSai S.p.A. (formerly Fondiaria-SAI S.p.A.)*

Registered office in Bologna - Share capital €480,982,831  
 Direct interest of 80.93%

Financial statements at 31 December (amounts in €)

**STATEMENT OF FINANCIAL POSITION**

	2013	2012
<b>ASSETS</b>		
A) SUBSCRIBED CAPITAL, UNPAID	-	-
- of which not called	-	-
B) FIXED ASSETS	858,715,535	858,997,298
I Intangible assets	7,107,855	5,777,448
II Property, plant and equipment	99,385	131,370
4) Other assets	99,385	131,370
III Financial	851,508,295	853,088,480
1) investments		
a) in subsidiaries	813,208,606	799,711,804
2) Receivables		
a) due from subsidiaries within one year	-	15,076,943
a) due from subsidiaries after one year	38,299,464	38,299,464
d) due from others after one year	225	269
C) CURRENT ASSETS	8,594,234	9,779,874
II Receivables		
- due within one year	1,738,783	1,725,419
IV Cash and cash equivalents	6,855,451	8,054,455
D) ACCRUALS AND DEFERRALS	38,774	19,615
<b>TOTAL ASSETS</b>	<b>867,348,543</b>	<b>868,796,787</b>
<b>LIABILITIES</b>		
A) EQUITY	414,192,093	429,147,000
I Share capital	480,982,831	480,982,831
VIII Retained earnings (losses)	(51,835,831)	-
IX Profit (loss) for the year	(14,954,907)	(51,835,831)
B) PROVISIONS FOR RISKS AND CHARGES	53,720,115	53,698,650
C) POST-EMPLOYMENT BENEFITS	331,013	316,850
D) PAYABLES	399,105,322	385,562,094
- due within one year	87,291,732	8,458,878
- due after one year	311,813,590	377,103,216
E) ACCRUALS AND DEFERRALS	-	72,193
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>867,348,543</b>	<b>868,796,787</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>10,309,803</b>	<b>41,252,227</b>

## INCOME STATEMENT

	2013	2012
<b>A) VALUE OF PRODUCTION</b>	<b>108,226</b>	<b>315,878</b>
1) Sales and service revenues	77,000	95,000
5) Other revenue and income	31,226	220,878
<b>B) COSTS OF PRODUCTION</b>	<b>8,257,803</b>	<b>45,976,880</b>
6) Raw materials, consumables and goods for resale	24,309	38,818
7) Services	2,753,050	5,619,779
8) Use of third party assets	493,218	343,725
9) Personnel	2,765,263	3,316,059
10) Amortisation, depreciation and write-downs	485,712	3,870,033
12) Provisions for risks	990,163	31,599,959
14) Sundry operating expenses	746,088	1,188,507
<b>Difference between the value and costs of production (A-B)</b>	<b>(8,149,577)</b>	<b>(45,661,002)</b>
<b>C) FINANCIAL GAINS AND LOSSES</b>	<b>(5,734,571)</b>	<b>31,469,630</b>
15) Income from investments	700,000	-
16) Other financial income	1,080,551	45,019,233
17) Interest and other financial charges: due to others	(7,515,122)	(13,549,603)
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>(1,286,258)</b>	<b>(31,989,396)</b>
<b>E) EXTRAORDINARY INCOME AND EXPENSES</b>	<b>215,499</b>	<b>(2,926,225)</b>
20) Income: other	435,417	107,831
21) Expenses: other	(219,918)	(3,034,056)
<b>Pre-tax profit (loss) for the year</b>	<b>(14,954,907)</b>	<b>(49,106,993)</b>
22) Income tax for the year: current, deferred and prepaid	-	(2,728,838)
<b>23) Profit (loss) for the year</b>	<b>(14,954,907)</b>	<b>(51,835,831)</b>

**FONDIARIA-SAI S.P.A.***from 6 January 2014 UnipolSai S.p.A.*

Registered office in Turin - Share capital €1,194,572,974

Financial statements at 31 December (amounts in €)

Direct interest of 3.63% and indirect interest of 24.32% through Premafin HP S.p.A. and 19.35% through Unipol Finance S.r.l.

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Subscribed capital, unpaid</b>	-	-
<b>Intangible assets</b>	<b>218,357,958</b>	<b>235,944,895</b>
<b>Investments</b>	<b>14,706,672,125</b>	<b>14,613,527,934</b>
I-Land and buildings	902,050,021	946,706,835
II-Investments in group companies and other investees	2,707,532,371	2,775,839,111
III-Other financial investments	11,054,906,403	10,844,226,934
IV-Deposits with ceding companies	42,183,330	46,755,053
<b>Investments for the benefit of Life insurance policyholders who bear their risk and arising from pension fund management</b>	<b>389,975,520</b>	<b>425,937,597</b>
<b>Technical provisions – Reinsurers’ share</b>	<b>343,158,680</b>	<b>382,986,484</b>
<b>Receivables</b>	<b>1,632,009,463</b>	<b>1,764,099,493</b>
I-Deriving from direct insurance business	794,312,657	936,556,516
II-Deriving from reinsurance business	52,153,453	42,571,481
III-Other receivables	785,543,353	784,971,496
<b>Other assets</b>	<b>1,043,786,706</b>	<b>1,019,077,405</b>
I-Property, plant & equipment and stocks	8,592,027	10,071,278
II-Cash and cash equivalents	283,606,014	254,521,352
III-Treasury shares or quotas	75,072	30,394
IV-Other assets	751,513,593	754,454,381
<b>Accruals and Deferrals</b>	<b>147,750,248</b>	<b>153,452,422</b>
<b>TOTAL ASSETS</b>	<b>18,481,710,700</b>	<b>18,595,026,230</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>	<b>1,961,073,547</b>	<b>1,627,332,680</b>
I-Subscribed share capital or equivalent fund	1,194,572,974	1,194,572,974
II-Share premium reserve	259,368,003	730,079,281
IV-Legal reserve	35,536,164	35,536,164
VI-Reserve for treasury shares and of the holding company	3,663,933	2,383,419
VII-Other reserves	134,191,606	387,484,960
IX-Profit (loss) for the year	333,740,867	(722,724,118)
<b>Subordinated liabilities</b>	<b>900,000,000</b>	<b>900,000,000</b>
<b>Non-Life technical provisions</b>	<b>6,191,537,373</b>	<b>6,647,213,894</b>
<b>Life technical provisions</b>	<b>7,603,391,656</b>	<b>7,558,652,143</b>
<b>Technical provisions where the investment risk is borne by policyholders and pension fund provisions</b>	<b>389,738,078</b>	<b>425,856,329</b>
<b>Provisions for Risks and Charges</b>	<b>279,793,904</b>	<b>314,738,768</b>
<b>Deposits received from reinsurers</b>	<b>78,971,866</b>	<b>86,066,692</b>
<b>Payables and other liabilities</b>	<b>1,058,481,191</b>	<b>1,009,552,019</b>
I-Deriving from direct insurance business	31,886,673	26,849,547
II-Deriving from reinsurance business	33,464,416	38,403,237
VI-Sundry loans and other financial payables	245,897,740	245,581,345
VII-Post-employment benefits	30,179,502	32,397,583
VIII-Other payables	485,499,058	491,634,964
IX-Other liabilities	231,553,802	174,685,343
<b>Accruals and Deferrals</b>	<b>18,723,085</b>	<b>25,613,705</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>18,481,710,700</b>	<b>18,595,026,230</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>13,673,965,127</b>	<b>14,141,529,545</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>		
Gross written premiums	3,140,254,653	3,473,881,107
Ceded reinsurance premiums	(143,765,109)	(156,869,176)
Net change in provision for premiums	153,686,616	209,891,687
<b>Premiums earned, net of outwards reinsurance</b>	<b>3,150,176,160</b>	<b>3,526,903,618</b>
Portion of profit on investments transferred from the non-technical account	35,848,695	-
Other technical income, net of outwards reinsurance	40,958,789	36,520,001
Charges relating to claims, net of outwards reinsurance	(2,225,375,888)	(2,656,494,226)
Change in other technical provisions, net of outwards reinsurance	765,716	896,429
Operating expenses	(707,603,088)	(749,131,195)
Other technical charges, net of outwards reinsurance	(111,282,065)	(161,221,731)
Change in equalisation provisions	(2,570,990)	(2,762,241)
<b>TECHNICAL ACCOUNT RESULT - NON-LIFE BUSINESS</b>	<b>180,917,329</b>	<b>(5,289,345)</b>
<b>TECHNICAL ACCOUNT - LIFE BUSINESS</b>		
Gross written premiums	877,105,783	829,849,835
Ceded reinsurance premiums	(9,000,042)	(10,630,947)
<b>Premiums in the year, net of outwards reinsurance</b>	<b>868,105,741</b>	<b>819,218,888</b>
Income from investments	436,399,341	519,923,257
Income and unrealised gains - class D	47,267,768	49,026,977
Other technical income, net of outwards reinsurance	2,537,424	3,020,228
Charges relating to claims, net of outwards reinsurance	(1,032,202,308)	(1,409,595,038)
Change in mathematical provisions and other technical provisions, net of outwards reinsurance	(22,535,155)	375,137,876
Operating expenses	(60,414,519)	(62,860,330)
Investment management expenses	(53,989,506)	(261,650,838)
Expenses and unrealised losses - class D	(13,074,058)	(11,894,092)
Other technical charges, net of outwards reinsurance	(19,626,863)	(19,403,031)
Portion of profit on investments transferred to the non-technical account	(52,963,910)	-
<b>TECHNICAL ACCOUNT RESULT - LIFE BUSINESS</b>	<b>99,503,955</b>	<b>923,897</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income from investments - Non-Life business	279,501,121	227,531,172
Portion of profit on investments transferred from the technical account - Life business	52,963,910	-
Investment management expenses - Non-Life business	(234,938,869)	(854,806,241)
Portion of profit on investments transferred to the technical account - Non-Life business	(35,848,695)	-
Other income	289,440,661	311,547,000
Other costs	(340,842,990)	(407,549,305)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>290,696,422</b>	<b>(727,642,822)</b>
Extraordinary income	243,462,625	69,402,282
Extraordinary expenses	(75,528,027)	(55,924,398)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>458,631,020</b>	<b>(714,164,938)</b>
Income tax for the year	(124,890,153)	(8,559,180)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>333,740,867</b>	<b>(722,724,118)</b>

**MILANO ASSICURAZIONI S.P.A.***from 6 January 2014 merged in UnipolSai S.p.A. (formerly Fondiaria-SAI S.p.A.)*

Registered office in Milan - Share capital €373,682,600

Financial statements at 31 December (amounts in €)

Indirect interest of 57.96% through Fondiaria-SAI S.p.A. and 1.40% through Unipol Finance S.r.l.

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Subscribed capital, unpaid</b>	-	-
<b>Intangible assets</b>	<b>27,189,437</b>	<b>29,207,721</b>
<b>Investments</b>	<b>7,795,584,420</b>	<b>7,779,594,607</b>
I-Land and buildings	386,465,291	402,212,133
II-Investments in group companies and other investees	649,216,632	658,854,826
III-Other financial investments	6,758,447,734	6,716,658,477
IV-Deposits with ceding companies	1,454,763	1,869,171
<b>Investments for the benefit of Life insurance policyholders who bear the investment risk and investments arising from pension fund management</b>	<b>93,932,839</b>	<b>149,668,168</b>
<b>Technical provisions – Reinsurers’ share</b>	<b>222,165,466</b>	<b>260,081,020</b>
<b>Receivables</b>	<b>890,980,012</b>	<b>970,334,412</b>
I-Deriving from direct insurance business	465,915,441	518,537,590
II-Deriving from reinsurance business	39,199,114	36,627,912
III-Other receivables	385,865,457	415,168,910
<b>Other assets</b>	<b>555,380,332</b>	<b>683,612,602</b>
I-Property, plant & equipment and stocks	1,229,450	1,553,684
II-Cash and cash equivalents	133,772,597	225,597,008
III-Treasury shares or quotas	5,364,534	2,118,078
IV-Other assets	415,013,751	454,343,832
<b>Accruals and Deferrals</b>	<b>80,197,042</b>	<b>81,415,830</b>
<b>TOTAL ASSETS</b>	<b>9,665,429,548</b>	<b>9,953,914,360</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>	<b>1,058,343,430</b>	<b>894,788,867</b>
I-Subscribed share capital or equivalent fund	373,682,600	373,682,601
II-Share premium reserve	305,134,743	416,298,318
IV-Legal reserve	51,679,501	51,679,501
VI-Reserve for treasury shares and of the holding company	7,408,192	3,411,994
VII-Other reserves	156,869,701	132,638,516
IX-Profit (loss) for the year	163,568,693	(82,922,063)
<b>Subordinated liabilities</b>	<b>150,000,000</b>	<b>150,000,000</b>
<b>Non-Life technical provisions</b>	<b>4,636,203,615</b>	<b>5,032,983,826</b>
<b>Life technical provisions</b>	<b>3,145,284,415</b>	<b>3,160,440,650</b>
<b>Technical provisions where the investment risk is borne by policyholders and pension fund provisions</b>	<b>93,932,809</b>	<b>149,668,140</b>
<b>Provisions for Risks and Charges</b>	<b>126,099,239</b>	<b>128,984,034</b>
<b>Deposits received from reinsurers</b>	<b>58,104,767</b>	<b>71,030,878</b>
<b>Payables and other liabilities</b>	<b>392,941,990</b>	<b>361,130,865</b>
I-Deriving from direct insurance business	12,625,546	14,428,485
II-Deriving from reinsurance business	22,409,414	28,208,435
VI-Sundry loans and other financial payables	3	916,969
VII-Post-employment benefits	16,012,023	16,836,826
VIII-Other payables	165,137,805	187,447,647
IX-Other liabilities	176,757,199	113,292,503
<b>Accruals and Deferrals</b>	<b>4,519,283</b>	<b>4,887,100</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,665,429,548</b>	<b>9,953,914,360</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>7,735,525,948</b>	<b>7,945,216,808</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>		
Gross written premiums	2,203,746,263	2,488,469,562
Ceded reinsurance premiums	(86,174,793)	(88,633,887)
Net change in provision for premiums	108,166,159	91,528,115
<b>Premiums earned, net of outwards reinsurance</b>	<b>2,225,737,629</b>	<b>2,491,363,790</b>
Portion of profit on investments transferred from the non-technical account	62,788,831	-
Other technical income, net of outwards reinsurance	11,127,486	17,116,205
Charges relating to claims, net of outwards reinsurance	(1,619,089,109)	(1,980,421,129)
Change in other technical provisions, net of outwards reinsurance	400,331	400,393
Reversals and profit sharing, net of outwards reinsurance	-	(67,276)
Operating expenses	(477,634,201)	(502,623,962)
Other technical charges, net of outwards reinsurance	(36,500,102)	(85,978,534)
Change in equalisation provisions	(1,438,962)	(1,530,473)
<b>TECHNICAL ACCOUNT RESULT - NON-LIFE BUSINESS</b>	<b>165,391,903</b>	<b>(61,740,986)</b>
<b>TECHNICAL ACCOUNT - LIFE BUSINESS</b>		
Gross written premiums	384,683,157	366,948,253
Ceded reinsurance premiums	(7,265,110)	(8,768,395)
<b>Premiums in the year, net of outwards reinsurance</b>	<b>377,418,047</b>	<b>358,179,858</b>
Income from investments	179,947,653	231,943,122
Income and unrealised gains - class D	11,288,870	17,664,058
Other technical income, net of outwards reinsurance	1,033,499	898,731
Charges relating to claims, net of outwards reinsurance	(490,507,527)	(697,607,580)
Change in mathematical provisions and other technical provisions, net of outwards reinsurance	53,316,286	272,226,228
Operating expenses	(24,436,296)	(23,052,932)
Investment management expenses	(9,015,495)	(78,927,100)
Expenses and unrealised losses - class D	(1,837,669)	(1,789,273)
Other technical charges, net of outwards reinsurance	(8,853,454)	(8,817,385)
Portion of profit on investments transferred to the non-technical account	(24,062,308)	(18,388,704)
<b>TECHNICAL ACCOUNT RESULT - LIFE BUSINESS</b>	<b>64,291,606</b>	<b>52,329,023</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income from investments - Non-Life business	161,463,614	199,511,522
Portion of profit on investments transferred from the technical account - Life business	24,062,308	18,388,704
Investment management expenses - Non-Life business	(90,316,002)	(233,503,856)
Portion of profit on investments transferred to the technical account - Non-Life business	(62,788,831)	-
Other income	114,528,817	173,804,331
Other costs	(136,060,729)	(236,685,100)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>240,572,686</b>	<b>(87,896,362)</b>
Extraordinary income	60,353,284	35,707,756
Extraordinary expenses	(39,175,687)	(18,689,770)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>261,750,283</b>	<b>(70,878,376)</b>
Income tax for the year	(98,181,590)	(12,043,687)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>163,568,693</b>	<b>(82,922,063)</b>

## ARCA VITA S.p.A.

Registered office in Verona - Share capital €208,279,080  
Direct interest of 63.39%

Financial statements at 31 December (amounts in €)

### STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Subscribed capital, unpaid	-	-
Intangible assets	-	32,377
<b>Investments</b>	<b>3,449,064,620</b>	<b>3,113,220,661</b>
I-Land and buildings	39,430,359	39,414,936
II-Investments in group companies and other investees	118,450,928	119,551,639
III-Other financial investments	3,291,183,333	2,954,254,086
Investments for the benefit of Life insurance policyholders who bear their risk and arising from pension fund management	424,765,039	457,218,237
Technical provisions – Reinsurers’ share	12,190,312	13,063,659
<b>Receivables</b>	<b>115,179,628</b>	<b>98,094,556</b>
I-Deriving from direct insurance business	1,271,194	1,091,546
II-Deriving from reinsurance business	63,637	378
III-Other receivables	113,844,797	97,002,632
<b>Other assets</b>	<b>101,791,680</b>	<b>42,939,954</b>
I-Property, plant & equipment and stocks	1,408,229	547,599
II-Cash and cash equivalents	95,885,080	40,153,498
IV-Other assets	4,498,371	2,238,857
<b>Accruals and Deferrals</b>	<b>38,420,735</b>	<b>36,011,262</b>
<b>TOTAL ASSETS</b>	<b>4,141,412,014</b>	<b>3,760,580,706</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>	<b>341,078,193</b>	<b>379,146,872</b>
I-Subscribed share capital or equivalent fund	208,279,080	208,279,080
II-Share premium reserve	9,399,516	9,399,516
IV-Legal reserve	15,686,759	9,792,394
VII-Other reserves	52,055,931	33,788,582
IX-Profit (loss) for the year	55,656,907	117,887,300
<b>Technical provisions</b>	<b>3,302,784,877</b>	<b>2,816,447,865</b>
Technical provisions where the investment risk is borne by policyholders and pension fund provisions	424,765,024	457,218,133
Provisions for Risks and Charges	841,989	1,532,476
Deposits received from reinsurers	13,189,273	14,033,442
<b>Payables and other liabilities</b>	<b>58,752,658</b>	<b>92,201,832</b>
I-Deriving from direct insurance business	16,446,473	13,381,038
II-Deriving from reinsurance business	2,022,920	2,069,221
IV-Payables due to banks and financial institutions	2,729	1,112
VI-Sundry loans and other financial payables	10,245,546	10,245,546
VII-Post-employment benefits	594,391	618,633
VIII-Other payables	28,757,292	65,673,344
IX-Other liabilities	683,307	212,938
<b>Accruals and Deferrals</b>	<b>-</b>	<b>86</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,141,412,014</b>	<b>3,760,580,706</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>3,875,575,031</b>	<b>3,610,592,358</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - LIFE BUSINESS</b>		
Gross written premiums	753,943,261	478,167,708
Ceded reinsurance premiums	(6,798,352)	(8,077,282)
<b>Premiums in the year, net of outwards reinsurance</b>	<b>747,144,909</b>	<b>470,090,426</b>
Income from investments	211,917,807	267,202,435
Income and unrealised gains on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds	55,895,571	56,898,239
Other technical income, net of outwards reinsurance	1,030,339	1,111,102
Charges relating to claims, net of outwards reinsurance	(403,113,710)	(521,715,678)
Change in mathematical provisions and other technical provisions, net of outwards reinsurance	(446,847,697)	(36,815,871)
Operating expenses	(17,855,136)	(16,082,147)
Investment management expenses	(24,620,883)	(23,996,247)
Expenses and unrealised losses on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds	(23,686,948)	(14,008,025)
Other technical charges, net of outwards reinsurance	(16,832,355)	(15,313,285)
Portion of profit on investments transferred to non-technical account	(19,796,288)	(25,298,334)
<b>TECHNICAL ACCOUNT RESULT</b>	<b>63,235,609</b>	<b>142,072,615</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Portion of profit on investments transferred from technical account	19,796,288	25,298,334
Other income	3,201,536	1,294,830
Other costs	(2,517,875)	(2,364,072)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>83,715,558</b>	<b>166,301,707</b>
Extraordinary income	257,940	782,328
Extraordinary expenses	(408,428)	(1,169,898)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>83,565,070</b>	<b>165,914,137</b>
Income tax for the year	(27,908,163)	(48,026,837)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>55,656,907</b>	<b>117,887,300</b>

## ARCA ASSICURAZIONI S.p.A.

Registered office in Verona - Share capital €50,026,000  
Indirect interest of 98.09% through Arca Vita S.p.A.

Financial statements at 31 December (amounts in €)

### STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Subscribed capital, unpaid	-	-
Intangible assets	12,150	1,280
Investments	276,100,923	299,245,533
II-Investments in group companies and other investees	854,540	854,540
III-Other financial investments	275,246,383	298,390,993
Technical provisions – Reinsurers’ share	19,907,543	22,332,312
Receivables	48,583,155	41,804,198
I-Deriving from direct insurance business	7,537,529	8,278,817
II-Deriving from reinsurance business	5,299,978	2,856,068
III-Other receivables	35,745,648	30,669,313
Other assets	37,435,410	50,291,671
I-Property, plant & equipment and stocks	107,459	11,092
II-Cash and cash equivalents	35,877,046	49,514,172
IV-Other assets	1,450,905	766,407
Accruals and Deferrals	2,831,338	3,265,300
<b>TOTAL ASSETS</b>	<b>384,870,519</b>	<b>416,940,294</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	96,943,311	97,216,981
I-Subscribed share capital or equivalent fund	50,026,000	50,026,000
IV-Legal reserve	3,781,474	2,171,665
VII-Other reserves	17,960,233	12,823,121
IX-Profit (loss) for the year	25,175,604	32,196,195
Technical provisions	270,219,671	289,269,103
Provisions for Risks and Charges	869,439	1,235,127
Payables and other liabilities	16,838,098	29,219,083
I-Deriving from direct insurance business	7,232,983	8,072,929
II-Deriving from reinsurance business	556,995	1,783,793
IV-Payables due to banks and financial institutions	480	7,446
VI-Sundry loans and other financial payables	148,662	148,662
VII-Post-employment benefits	374,113	370,691
VIII-Other payables	6,884,565	17,398,282
IX-Other liabilities	1,640,300	1,437,280
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>384,870,519</b>	<b>416,940,294</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>285,686,720</b>	<b>297,325,324</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>		
Gross written premiums	108,359,726	113,111,328
Ceded reinsurance premiums	(17,271,104)	(15,570,537)
Net change in provision for premiums	2,198,651	12,004,176
<b>Premiums earned, net of outwards reinsurance</b>	<b>93,287,273</b>	<b>109,544,967</b>
Portion of profit on investments transferred from the non-technical account	11,482,074	17,054,048
Other technical income, net of outwards reinsurance	4,267,899	5,898,551
Charges relating to claims, net of outwards reinsurance	(47,440,544)	(60,314,772)
Operating expenses	(18,585,574)	(18,693,174)
Other technical charges, net of outwards reinsurance	(4,999,510)	(8,506,170)
Change in equalisation provisions	(25,768)	(28,354)
<b>TECHNICAL ACCOUNT RESULT</b>	<b>37,985,850</b>	<b>44,955,096</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income from investments	17,037,808	24,139,640
Investment management expenses	(1,245,695)	(2,227,725)
Portion of profit on investments transferred to the technical account	(11,482,074)	(17,054,048)
Other income	1,559,238	688,475
Other costs	(1,483,857)	(1,588,446)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>42,371,270</b>	<b>48,912,992</b>
Extraordinary income	207,515	423,087
Extraordinary expenses	(250,212)	(513,846)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>42,328,573</b>	<b>48,822,233</b>
Income tax for the year	(17,152,969)	(16,626,038)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>25,175,604</b>	<b>32,196,195</b>

**COMPAGNIA ASSICURATRICE LINEAR S.p.A.**

Registered office in Bologna - Share capital €19,300,000

Financial statements at 31 December (amounts in €)

Direct interest of 100%

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Subscribed capital, unpaid	-	-
Intangible assets	941,911	579,993
Investments	301,945,535	308,112,316
II-Investments in group companies and other investees	1	1
III-Other financial investments	301,945,534	308,112,315
Technical provisions – Reinsurers’ share	822,008	148,550
Receivables	11,403,503	7,698,905
I-Deriving from direct insurance business	4,372,390	5,991,295
II-Deriving from reinsurance business	513,606	-
III-Other receivables	6,517,507	1,707,610
Other assets	63,894,115	71,543,357
I-Property, plant & equipment and stocks	1,052,653	1,159,855
II-Cash and cash equivalents	51,709,337	60,025,961
IV-Other assets	11,132,125	10,357,541
Accruals and Deferrals	2,722,572	3,363,238
<b>TOTAL ASSETS</b>	<b>381,729,644</b>	<b>391,446,359</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	72,741,861	72,287,547
I-Subscribed share capital or equivalent fund	19,300,000	19,300,000
II-Share premium reserve	3,650,000	3,650,000
IV-Legal reserve	3,860,000	3,860,000
VII-Other reserves	29,072,547	19,695,861
IX-Profit (loss) for the year	16,859,314	25,781,686
Technical provisions	289,571,186	288,331,826
Provisions for Risks and Charges	1,056,067	1,458,812
Payables and other liabilities	18,360,530	29,368,174
I-Deriving from direct insurance business	2,852,678	3,750,796
II-Deriving from reinsurance business	1,038,189	1,009,389
VII-Post-employment benefits	416,752	426,663
VIII-Other payables	9,546,384	20,775,172
IX-Other liabilities	4,506,527	3,406,154
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>381,729,644</b>	<b>391,446,359</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>312,405,053</b>	<b>318,779,823</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>		
Gross written premiums	206,135,270	220,091,315
Ceded reinsurance premiums	(4,651,962)	(2,324,965)
Net change in provision for premiums	9,081,303	(4,126,651)
<b>Premiums earned, net of outwards reinsurance</b>	<b>210,564,611</b>	<b>213,639,699</b>
Portion of profit on investments transferred from the non-technical account	14,043,949	21,062,920
Other technical income, net of outwards reinsurance	1,372,667	1,462,788
Charges relating to claims, net of outwards reinsurance	(162,020,999)	(163,139,936)
Operating expenses	(36,181,321)	(35,017,977)
Other technical charges, net of outwards reinsurance	(1,904,243)	(2,607,360)
<b>TECHNICAL ACCOUNT RESULT</b>	<b>25,874,664</b>	<b>35,400,134</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income from investments	21,408,999	28,921,994
Investment management expenses	(3,834,679)	(3,342,777)
Portion of profit on investments transferred to the technical account	(14,043,949)	(21,062,920)
Other income	429,592	543,951
Other costs	(816,304)	(1,392,284)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>29,018,323</b>	<b>39,068,098</b>
Extraordinary income	652,874	1,942,223
Extraordinary expenses	(143,670)	(1,466,990)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>29,527,527</b>	<b>39,543,331</b>
Income tax for the year	(12,668,213)	(13,761,645)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>16,859,314</b>	<b>25,781,686</b>

## UNISALUTE S.p.A.

Registered office in Bologna - Share capital €17,500,000  
Direct interest of 98.53%

Financial statements at 31 December (amounts in €)

### STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Subscribed capital, unpaid	-	-
Intangible assets	1,711,753	1,222,875
Investments	187,998,688	184,039,836
II-Investments in group companies and other investees	2,711,837	3,099,676
III-Other financial investments	185,286,851	180,940,160
Technical provisions – Reinsurers’ share	316,453	368,361
Receivables	56,112,465	58,389,177
I-Deriving from direct insurance business	51,092,794	53,520,811
II-Deriving from reinsurance business	1,446,864	1,041,721
III-Other receivables	3,572,807	3,826,645
Other assets	71,911,688	46,856,392
I-Property, plant & equipment and stocks	1,584,214	1,747,392
II-Cash and cash equivalents	54,493,006	30,287,239
IV-Other assets	15,834,468	14,821,761
Accruals and Deferrals	1,064,773	1,082,024
<b>TOTAL ASSETS</b>	<b>319,115,820</b>	<b>291,958,665</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	90,646,874	82,058,146
I-Subscribed share capital or equivalent fund	17,500,000	17,500,000
II-Share premium reserve	7,746,853	7,746,853
IV-Legal reserve	3,500,000	3,500,000
VII-Other reserves	28,811,292	22,817,625
IX-Profit (loss) for the year	33,088,729	30,493,668
Technical provisions	194,495,695	179,991,061
Provisions for Risks and Charges	21,682	376,176
Deposits received from reinsurers	228,638	242,635
Payables and other liabilities	33,714,708	29,273,160
I-Deriving from direct insurance business	7,224,329	476,362
II-Deriving from reinsurance business	8,920	10,382
VII-Post-employment benefits	541,326	530,590
VIII-Other payables	16,190,919	18,425,023
IX-Other liabilities	9,749,214	9,830,803
Accruals and Deferrals	8,223	17,487
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>319,115,820</b>	<b>291,958,665</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>201,587,698</b>	<b>194,915,073</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>		
Gross written premiums	258,067,581	240,194,774
Ceded reinsurance premiums	(144,022)	(144,209)
Net change in provision for premiums	(1,534,101)	(1,259,049)
<b>Premiums earned, net of outwards reinsurance</b>	<b>256,389,458</b>	<b>238,791,516</b>
Portion of profit on investments transferred from the non-technical account	7,563,717	9,282,657
Other technical income, net of outwards reinsurance	19,091	44,426
Charges relating to claims, net of outwards reinsurance	(174,235,930)	(175,680,034)
Change in other technical provisions, net of outwards reinsurance	(220,664)	(67,131)
Reversals and profit sharing, net of outwards reinsurance	(2,105,037)	(823,263)
Operating expenses	(30,326,245)	(27,926,129)
Other technical charges, net of outwards reinsurance	(92,838)	(404,568)
<b>TECHNICAL ACCOUNT RESULT</b>	<b>56,991,552</b>	<b>43,217,474</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income from investments	12,908,978	16,837,340
Investment management expenses	(1,850,650)	(3,962,940)
Portion of profit on investments transferred to the technical account	(7,563,717)	(9,282,657)
Other income	1,396,683	1,080,528
Other costs	(2,386,381)	(2,257,421)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>59,496,465</b>	<b>45,632,324</b>
Extraordinary income	260,824	762,695
Extraordinary expenses	(156,880)	(171,093)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>59,600,409</b>	<b>46,223,926</b>
Income tax for the year	(26,511,680)	(15,730,258)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>33,088,729</b>	<b>30,493,668</b>

**LINEAR LIFE S.P.A.**

Registered office in Bologna - Share capital €5,180,108

Financial statements at 31 December (amounts in €)

Direct interest of 100%

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Subscribed capital, unpaid</b>	-	-
<b>Intangible assets</b>	<b>62,507</b>	<b>116,829</b>
<b>Investments</b>	<b>11,838,153</b>	<b>12,556,902</b>
III-Other financial investments	11,838,153	12,556,902
<b>Receivables</b>	<b>903,462</b>	<b>767,003</b>
I-Deriving from direct insurance business	14,777	21,442
III-Other receivables	888,685	745,561
<b>Other assets</b>	<b>401,367</b>	<b>280,171</b>
I-Property, plant & equipment and stocks	1,914	3,605
II-Cash and cash equivalents	371,342	231,118
IV-Other assets	28,111	45,448
<b>Accruals and Deferrals</b>	<b>104,870</b>	<b>132,659</b>
<b>TOTAL ASSETS</b>	<b>13,310,359</b>	<b>13,853,564</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>	<b>4,372,416</b>	<b>4,801,791</b>
I-Subscribed share capital or equivalent fund	5,180,108	5,180,108
II-Share premium reserve	177	177
IV-Legal reserve	61,974	50,977
VII-Other reserves	1,650,841	1,650,841
VIII- Retained earnings (losses)	(2,091,310)	(2,300,260)
IX-Profit (loss) for the year	(429,374)	219,948
<b>Technical provisions</b>	<b>8,574,793</b>	<b>8,589,320</b>
<b>Payables and other liabilities</b>	<b>363,150</b>	<b>462,453</b>
I-Deriving from direct insurance business	-	2,073
II-Deriving from reinsurance business	7,685	24,677
VII-Post-employment benefits	1,562	1,396
VIII-Other payables	289,402	342,863
IX-Other liabilities	64,501	91,444
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13,310,359</b>	<b>13,853,564</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>12,949,100</b>	<b>13,594,083</b>

## INCOME STATEMENT

	2013	2012
<b>TECHNICAL ACCOUNT - LIFE BUSINESS</b>		
Gross written premiums	969,506	865,270
Ceded reinsurance premiums	(7,685)	(7,805)
<b>Premiums in the year, net of outwards reinsurance</b>	<b>961,821</b>	<b>857,465</b>
Income from investments	541,727	1,572,777
Charges relating to claims, net of outwards reinsurance	(980,778)	(1,412,954)
Change in mathematical provisions and other technical provisions, net of outwards reinsurance	(178,497)	444,611
Operating expenses	(820,247)	(958,636)
Investment management expenses	(24,755)	(23,668)
Other technical charges, net of outwards reinsurance	(3,815)	(77,288)
Portion of profit on investments transferred to the non-technical account	(180,072)	(535,372)
<b>TECHNICAL ACCOUNT RESULT</b>	<b>(684,616)</b>	<b>(133,065)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Portion of profit on investments transferred from the technical account	180,072	535,372
Other income	15,135	28,952
Other costs	(95,840)	(124,189)
<b>PROFIT (LOSS) FROM ORDINARY OPERATIONS</b>	<b>(585,249)</b>	<b>307,070</b>
Extraordinary income	4,590	28,285
Extraordinary expenses	(21,675)	(12,516)
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>(602,334)</b>	<b>322,839</b>
Income tax for the year	172,960	(102,891)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(429,374)</b>	<b>219,948</b>

## UNIPOL BANCA S.P.A.

Registered office in Bologna - Share capital €1,004,500,000

Financial statements at 31 December (amounts in €)

Direct interest of 67.74%, indirect interest of 32.26% through Unipol Assicurazioni S.p.A.

### STATEMENT OF FINANCIAL POSITION

	2013	2012
<b>ASSETS</b>		
10. Cash and cash equivalents	108,648,495	130,428,202
20. Financial assets held for trading	99,471,956	57,750
40. Available-for-sale financial assets	803,572,151	782,325,833
50. Financial assets held to maturity	818,380,894	719,532,077
60. Receivables due from banks	383,333,941	452,469,715
70. Receivables due from customers	9,615,689,045	10,078,173,098
80. Hedging derivatives	9,961,257	27,513,375
100. Investments	11,438,577	78,247,908
110. Property, plant and equipment	18,095,734	20,959,651
120. Intangible assets	296,220	120,024,468
<i>- of which goodwill</i>	-	119,625,718
130. Tax assets	289,231,693	166,852,371
<i>a) current</i>	19,662,794	15,020,485
<i>b) prepaia</i>	269,568,899	151,831,886
<i>b1) pursuant to Law 214/2011</i>	232,116,536	111,015,854
140. Non-current assets held for sale and disposal groups	-	3,128,774
150. Other assets	233,483,113	248,193,912
<b>TOTAL ASSETS</b>	<b>12,391,603,076</b>	<b>12,827,907,134</b>
<b>LIABILITIES AND EQUITY</b>		
10. Payables due to banks	1,257,551,633	1,509,340,173
20. Payables due to customers	7,745,904,036	7,557,679,389
30. Shares outstanding	2,321,087,245	2,357,603,821
40. Financial liabilities held for trading	2,852	471
60. Hedging derivatives	50,046,273	62,128,273
80. Tax liabilities	38,908,874	42,264,849
<i>a) current</i>	7,784,148	14,595,612
<i>b) deferrea</i>	31,124,726	27,669,237
100. Other liabilities	315,296,609	349,483,640
110. Post-employment benefits	15,418,277	15,070,764
120. Provisions for risks and charges	14,034,367	5,571,381
130. Valuation reserves	4,762,617	(21,872,953)
160. Reserves	(76,321,852)	(67,302,010)
180. Capital	1,004,500,000	1,004,500,000
200. Profit (loss) for the year (+/-)	(299,587,855)	13,439,336
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,391,603,076</b>	<b>12,827,907,134</b>

## INCOME STATEMENT

	2013	2012
10. Interest and similar income	413,159,338	433,678,057
20. Interest and similar expense	(206,722,832)	(228,729,121)
<b>30. Net interest income</b>	<b>206,436,506</b>	<b>204,948,936</b>
40. Commission income	128,321,692	135,663,133
50. Commission expense	(34,391,598)	(36,827,139)
<b>60. Net commission income</b>	<b>93,930,094</b>	<b>98,835,994</b>
70. Dividends and similar income	496,006	613,603
80. Net income from trading	(6,029,740)	1,788,697
90. Net income from hedging activity	(121,990)	200,884
100. Profit (loss) from the sale or repurchase of:	11,512,116	44,240,596
a) receivables	(5,944,575)	398
b) available-for-sale financial assets	16,041,074	14,187,872
d) financial liabilities	1,415,617	30,052,326
<b>120. Gross operating income</b>	<b>306,222,992</b>	<b>350,628,710</b>
130. Net adjustments/writebacks on:	(357,045,791)	(69,450,075)
a) receivables	(305,977,750)	(69,481,433)
b) available-for-sale financial assets	(49,585,091)	-
d) other financial transactions	(1,482,950)	31,358
<b>140. Net financial income</b>	<b>(50,822,799)</b>	<b>281,178,635</b>
150. Administrative expenses:	(273,781,047)	(257,922,435)
a) personnel expenses	(147,493,257)	(143,181,648)
b) other administrative expenses	(126,287,790)	(114,740,787)
160. Net provisions for risks and charges	(4,476,318)	(2,311,057)
170. Net adjustments/writebacks on property, plant and equipment	(8,965,772)	(7,277,177)
180. Net adjustments/writebacks on intangible assets	(561,781)	(793,207)
190. Other operating income/expense	31,666,388	14,334,957
<b>200. Operating expenses</b>	<b>(256,118,530)</b>	<b>(253,968,919)</b>
210. Gains (losses) on investments	(50,000)	-
230. Adjustments to goodwill	(124,725,881)	-
<b>250. Profit (loss) from current operations before tax</b>	<b>(431,717,210)</b>	<b>27,209,716</b>
260. Income tax for the year on current operations	132,129,355	(13,770,380)
<b>270. Profit (loss) from current operations after tax</b>	<b>(299,587,855)</b>	<b>13,439,336</b>

**UNIPOL FINANCE S.r.l.**

Registered office in Bologna - Share capital €5,000,000  
 Direct interest of 100%

Financial statements at 31 December (amounts in €)

**STATEMENT OF FINANCIAL POSITION****2013****ASSETS**

A) SUBSCRIBED CAPITAL, UNPAID	-
- of which not called	-
B) FIXED ASSETS	432,300,000
III Financial	432,300,000
1) investments	
a) in subsidiaries	432,300,000
C) CURRENT ASSETS	58,004,721
II Receivables	
- due within one year	57,491,197
- due after one year	16,429
IV Cash and cash equivalents	497,094
<b>TOTAL ASSETS</b>	<b>490,304,721</b>

**LIABILITIES**

A) EQUITY	489,472,363
I Capital	5,000,000
II Share premium reserve	427,800,000
IX Profit (loss) for the year	56,672,363
B) PROVISIONS FOR RISKS AND CHARGES	790,504
D) PAYABLES	41,853
- due within one year	
- due after one year	41,853
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>490,304,721</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>432,300,000</b>

**INCOME STATEMENT****2013**

A) VALUE OF PRODUCTION	-
B) COSTS OF PRODUCTION	44,743
6) Raw materials, consumables and goods for resale	44
7) Services	43,568
14) Sundry operating expenses	1,131
<b>Difference between the value and costs of production (A-B)</b>	<b>(44,743)</b>
C) FINANCIAL GAINS AND LOSSES	57,491,181
15) Income from investments:	
c) in other companies	57,491,197
17) Interest and other financial charges: due to others	17
<b>Pre-tax profit (loss) for the year</b>	<b>57,446,438</b>
22) Income tax for the year: current, deferred and prepaid	774,075
<b>23) Profit (loss) for the year</b>	<b>56,672,363</b>

# **Statement on the Financial Statements**

(in accordance with Art. 81-ter of Consob Regulation 11971/1999)



**STATEMENT ON THE FINANCIAL STATEMENTS  
IN ACCORDANCE WITH ARTICLE 81-ter OF CONSOB REGULATION NO. 11971  
OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS**

1. The undersigned, Carlo Cimbri, as Chief Executive Officer, and Maurizio Castellina, as Manager in charge of financial reporting of Unipol Gruppo Finanziario S.p.A., hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
  - the adequacy in relation to the characteristics of the company and
  - the effective application,of the administrative and accounting procedures for preparation of the financial statements for the year 2013.
2. The assessment of the adequacy of the administrative and accounting procedures for preparing the financial statements for the year ended 31 December 2013 is based on a process defined by Unipol Gruppo Finanziario S.p.A., inspired by the COSO Framework (Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organisations of the Treadway Commission and, as regards the IT component, by the COBIT Framework (Control OBJECTives for IT and related technology), unanimously recognised as the reference standards for the implementation and evaluation of internal control systems.
3. It is also certified that:
  - 3.1. The financial statements at 31 December 2013:
    - were drafted in compliance with the provisions of the Civil Code and national accounting standards approved by the OIC (Italian Accounting Standards Setter);
    - correspond to the book results and accounting records;
    - are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer;
  - 3.2. the management report includes a reliable analysis of the performance and of the operating result, and of the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Bologna, 20 March 2014

The Chief Executive Officer  
*Carlo Cimbri*

The Manager in charge  
of financial reporting  
*Maurizio Castellina*

*(signed on the original)*



# Board of Statutory Auditors' Report



# Board of Statutory Auditors' Report of Unipol Gruppo Finanziario S.p.A. to the Shareholders' Meeting

pursuant to Art. 153 of Legislative Decree no. 58 of  
24 February 1998 and Art. 2429 of the Civil Code

Dear Shareholders,

in the year ended at 31 December 2013, we carried out the monitoring activity required by law, according to the principles of conduct of the Board of Statutory Auditors recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants).

In particular, also in compliance with the guidelines provided by Consob by means of communication no. 1025564 of 6 April 2001, we report, pursuant to Art. 153, parag. 1 of Legislative Decree no. 58 of 24 February 1998 (hereinafter also Legislative Decree no. 58/98 or "Consolidated Law on Finance") and Art. 2429 of the Civil Code, the information shown below.

## **I. Preliminary evidence regarding the legal provisions governing the preparation of the Financial Statements of Unipol Gruppo Finanziario S.p.A. at 31 December 2013.**

The Board of Statutory Auditors would first like to report to you that the Financial Statements for 2013 of Unipol Gruppo Finanziario S.p.A. (as with the previous years' financial statements) were drafted in compliance with the provisions of the Civil Code and the national accounting standards approved by the OIC (Italian Accounting Standards Setter).

Unipol Gruppo Finanziario S.p.A. qualifies as an insurance holding company pursuant to Art. 1, par. 1, letter aa), of Legislative Decree no. 209 of 7 September 2005 (Insurance Code) and given that it is required to draft the consolidated financial statements in compliance with international accounting standards, but cannot apply said standards to the company's separate financial statements (i.e. the financial statements for the year subject to your approval) according to the provisions of Art. 4 of Legislative Decree no. 38 of 28 February 2005.

The Board of Statutory Auditors highlights that the measurement criteria used in preparing the Financial Statements for the year ended 31 December 2013 are the same as those used to draft the previous year's Financial Statements.

## **II. Details on the control activity performed by the Board of Statutory Auditors.**

In observance of the legal and regulatory provisions cited above, the Board of Statutory Auditors acknowledges the outcome of its checks below.

1. We monitored observance of the law and the articles of association.
2. We obtained information from the Directors on the activities carried out and on the transactions performed of the greatest economic, financial and equity significance and we can reasonably assert that the actions resolved and implemented conform to the law and the By-Laws and do not appear to be manifestly imprudent, hazardous, or in contrast with the resolutions adopted by the Shareholders' Meeting, or as such to compromise the integrity of the company's assets. In addition, the transactions that involve a potential conflict of interests were resolved in compliance with the law and the codes of conduct adopted. With reference to the above transactions we would like to report the following to you.

2.1. Transactions of greatest economic, financial and equity significance performed by the Company in 2013.

The process of corporate integration with the Premafin/Fondiarria-SAI Group was completed in 2013. On 31 December 2013, the deed of merger by incorporation of Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A. and Premafin HP S.p.A. into Fondiarria-Sai S.p.A. was stipulated. As a result of the merger, the latter assumed the company name UnipolSai Assicurazioni S.p.A..

The merger deed was stipulated after the completion of the corporate merger procedure and the subscription and simultaneous payment by the parent Unipol Gruppo Finanziario S.p.A. of the share capital increase of Unipol Assicurazioni S.p.A. for a total of €600m, resolved by Unipol Assicurazioni S.p.A.'s Extraordinary Shareholders' Meeting on 8 August 2013. The merger took effect on 6 January 2014 following the registration of the deed with the competent offices of the Register of Companies, which took place on 2 January 2014. By contrast, the merger took effect on 1 January 2014 for tax and accounting purposes.

3. The Board of Statutory Auditors acquired knowledge and monitored, for matters within its competence, on the adequacy of the company's organisational structure, on compliance with the principles of proper administration and on the adequacy and promptness of the information requested by said entity as holding company, in order to fulfil the obligations set forth in Art. 114, parag. 1, of Legislative Decree no. 58/98, by collecting information from managers and through meetings with the Independent Auditors, for the purposes of the mutual exchange of significant data and information and, in this regard, we have no particular comments to make.
4. The Board of Statutory Auditors monitored, through information collected from the managers of the respective departments, the examination of company documents, the analysis of the results of the work carried out by the Independent Auditors and the bodies and departments responsible for internal auditing, the adequacy of the administrative-accounting system, and its reliability in correctly representing operating events. Through both direct verification of the activities carried out by the Audit, Compliance and Risk Management Departments, and by the Manager in charge of financial reporting, and by taking part in all meetings of the Control and Risk Committee (with which joint meetings were held), the Board examined the activities performed by the Control Functions indicated in order to verify the adequacy, and obtain an evaluation of, the actual functioning of the overall Internal Control System. Based on the checks carried out in fulfilment of the monitoring obligations imposed, the Board of Statutory Auditors expresses a positive judgment on the adequacy of the Internal Control System. The Board also believes that the field of operations of the Audit, Compliance and Risk Management Departments, and of the Manager in charge of financial reporting - also on the basis of the degree of adequacy of the employees and their professionalism - appears to be able to ensure significant coverage to guarantee the effectiveness and efficiency of the Internal Control System.
5. As regards the Organisation and Management Model prepared in accordance with Legislative Decree no. 231/2001, the Board acquired information on the work performed by the Supervisory Body, and was informed that the Model continued to be implemented in 2013. No particularly relevant situations were reported to the Board.
6. Transactions with related parties.

Unipol Gruppo Finanziario S.p.A., investment and services holding company, the Parent Company of Gruppo Assicurativo Unipol (listed at no. 046 in the Register of Insurance Groups) carries out management and coordination activities in accordance with Art. 2497 et seq. of the Civil Code. No Unipol Gruppo Finanziario S.p.A. shareholder carries out management and coordination activities, pursuant to article 2497 et seq. of the Civil Code.

Finsoe S.p.A., holder of a stake of 50.75% in Unipol Gruppo Finanziario S.p.A.'s ordinary share capital at 31 December 2013, which ensures it has de jure control in accordance with Art.2359, parag. 1, no.1 of the Civil Code, does not exercise any management and coordination activities, neither technical nor financial, in relation to Unipol Gruppo Finanziario S.p.A..

Unipol Gruppo Finanziario S.p.A. adopted the "Procedure for carrying out transactions with related parties", approved by the Board of Directors on 11 November 2010 and subsequently amended on 22 December 2011. The Procedure lays down the rules, procedures and policies for ensuring that

transactions with related parties carried out by Unipol Gruppo Finanziario S.p.A. directly or through subsidiaries are transparent and that the correct procedure is followed. The Board of Statutory Auditors, having acknowledged the above, judged the "Procedure for carrying out transactions with related parties" to be compliant with the provisions of Consob Regulation no. 17221 of 12 March 2010, amended by means of resolution no. 17389 of 23 June 2010 and adequate, in light of the organisational and proprietary structure of the Company and of the Group, to guarantee the procedural and substantive correctness of transactions with related parties and fulfilment of the related transparency and information obligations.

In relation to the information required by the aforementioned Consob Regulation no. 17221 of 12 March 2010, amended by means of resolution no. 17389 of 23 June 2010, the Board reports that no transactions "of major significance" with related parties took place in 2013 and neither did any transactions that, according to Art. 2427, parag. 2 of the Civil Code, had any significant effect on Unipol Gruppo Finanziario S.p.A.'s financial position and results of operations.

The services supplied by Unipol Gruppo Finanziario S.p.A. that did not affect the competitiveness of the individual operating companies were mainly in the following areas:

- Institutional Relations and relations with the Media and Corporate Identity;
- Management, Development and Administration of Human Resources, project management and organisational reporting;
- Corporate Services;
- Compliance with legislation and combating money-laundering (legal services);
- Governance (internal controls, risk management and compliance with relevant legislation).

Unipol Assicurazioni S.p.A. provided services to Unipol Gruppo Finanziario S.p.A. in the following areas:

- Legal affairs and data protection;
- IT services;
- Health and safety at work (Legislative Decree 81/08);
- Technical training and Organisation;
- Administrative (accounting and tax services);
- Real estate, purchasing and auxiliary services;
- Finance;
- Property leases.

Fees have been (and continue to be) based on external costs incurred, for example for products and services acquired from suppliers, and on the costs arising from the activities of the companies themselves, i.e. generated by their own staff, and taking account of:

- the performance objectives that provision of the service to the Company must achieve;
- the strategic investments to be implemented in order to ensure the agreed levels of service.

The following elements are specifically taken into consideration:

- staffing costs;
- operating costs (logistics etc.);
- general costs (IT, consultancy etc.).

When services were provided by Unipol Gruppo Finanziario S.p.A., the operating companies were charged a suitable mark-up on the allocated cost.

Unipol Gruppo Finanziario S.p.A. has financial relations with the subsidiary Unipol Banca S.p.A., relating to services, deposit accounts or corporate financing. The financial effects of these transactions are governed by the market conditions applied to major customers.

As regards the identification of transactions with related parties the following should be noted.

#### Tax consolidation

Unipol Gruppo Finanziario S.p.A. opted, for the 2013-2014-2015 three-year period, to apply the national tax consolidation system of the holding company Finsoe S.p.A., signing an agreement for the regulation of subsequent economic relations.

#### Indemnity agreement for Unipol Banca S.p.A. receivables

This is an agreement with the subsidiary Unipol Banca S.p.A., signed in August 2011, in relation to a given credit perimeter, primarily mortgage-related, comprising 50 positions, for an amount of €571,528k (carrying amount at 31 December 2013). Based on this agreement, the holding company, Unipol Gruppo Finanziario S.p.A. undertakes to pay Unipol Banca S.p.A. the principal and interest on the aforementioned credit positions that said entities had not received after taking all possible actions provided for by law to recover the debt, including applying to the courts, up to a maximum, including principal and interest, equal to their carrying amount at 30 June 2011. The agreements will remain in force for a maximum of ten years after the last date on which the loans are repayable.

In respect of the commitments undertaken, in 2013, Unipol Gruppo Finanziario S.p.A. collected commissions from Unipol Banca S.p.A. totalling €5,664k and allocated €200,000k to the Provision for Risks and Charges, thus bringing the amount of the provision to €300,163k, net of €2,214k paid to Unipol Banca S.p.A. in the form of an indemnity.

#### Put and call options on the interest in Unipol Banca S.p.A.

As part of the merger transaction commented on above, Unipol Gruppo Finanziario S.p.A. agreed to grant Fondiaria-Sai S.p.A. a put option on the interest held by Unipol Assicurazioni S.p.A. in Unipol Banca S.p.A., equal to 32.26% of the associated share capital, to be exercised on expiry of the fifth year after the statutory effective date of the merger by incorporation of Premafin HP S.p.A., Milano Assicurazioni S.p.A. and Unipol Assicurazioni S.p.A. into Fondiaria-Sai S.p.A., at a price equal to the present carrying amount of said interest, and Fondiaria-Sai S.p.A. agreed to grant Unipol Gruppo Finanziario S.p.A. a corresponding call option on said interest, at the same price, but providing Unipol Gruppo Finanziario S.p.A. with the possibility of exercising the option for the entire period running between the statutory effective date of the merger and the expiry of the fifth year after said date.

At 31 December 2013, Unipol Gruppo Finanziario S.p.A. not only recorded impairment of the interest held in Unipol Banca S.p.A. for the share held (67.74%) amounting to €199,689k, but allocated €95,079k to the provision for future risks and charges in relation to the share held by the subsidiary Unipol Assicurazioni S.p.A. due to the aforementioned option.

#### Unipol Assicurazioni S.p.A. borrowings

Two loan agreements are in place, taken out in 2009 for a total of €267,785k (unchanged with respect to the previous year). The interest paid to Unipol Assicurazioni S.p.A. in 2013 came to €3,289k.

#### Loan granted to Premafin HP S.p.A.

Unipol Gruppo Finanziario S.p.A. is owed an amount of €12,500k relating to a "Shareholder loan agreement" stipulated with the subsidiary Premafin HP S.p.A. for the latter's benefit. The loan agreement was entered into on 20 March 2013 for a maximum amount of €13,500k and involves the payment of interest in kind on expiry, calculated on a six-monthly basis at the 6-month Euribor rate plus 100 basis points. Interest income on said loan totalled €39k in 2013.

#### Unipol Finance S.r.l.

The company Unipol Finance S.r.l. was incorporated on 25 November 2013, with share capital of €500k, subsequently increased to €5,000k with the transfer, from Unipol Gruppo Finanziario S.p.A., of a share portfolio comprised of 240,609,096 class B savings shares issued by Fondiaria-Sai S.p.A. and 27,201,199 savings shares issued by Milano Assicurazioni S.p.A.. Following said contribution, totalling €432,300k, Unipol Finance S.r.l. increased its share capital by €4,500k, while the residual portion, amounting to €427,800k, was booked to the share premium reserve.

In relation to the entire scope of transactions with related parties - highlighted to you above - the Board of Statutory Auditors would like to inform you that it ascertained that said transactions were conducted in line with the objectives of rationalisation and cost-effectiveness, and verified that no atypical or unusual transactions were performed, which could raise doubts over the correctness or completeness of the

information, conflict of interests, safeguarding of company assets and the protection of minority shareholders. The Management Report and Notes to the Financial Statements provide detailed and adequate information - by amount and type - of the assets, liabilities, costs and revenues relating to the aforementioned transactions with related parties entered into in 2013.

In light of the details outlined to you above regarding transactions with related parties, the Board also communicates to you that it verified that no atypical and/or unusual transactions were performed between Group companies or with third parties.

7. The Board held meetings with representatives of the Independent auditors, pursuant to Art. 150, parag. 3 of Legislative Decree 58/98 and - in relation to the Financial Statements for the year ended 31 December 2013 - no significant data or information came to light which needs to be highlighted in this report. The report of the Independent Auditors, PricewaterhouseCoopers S.p.A., to the Financial Statements for the year ended 31 December 2013, did not contain any remarks or information requests.
8. Based on the provision contained in Art. 19, parag. 1 of Legislative Decree no. 39 of 27 January 2010, the Board of Statutory Auditors certifies to you that it has monitored:
  - the independent audit of the consolidated accounts;
  - the independence of the Independent Auditors, in particular as regards the provision of non-auditing services.
9. During the year, the Independent Auditors PricewaterhouseCoopers S.p.A. were not assigned any other tasks.
10. During the year, the entities connected to the Independent Auditors were not assigned any tasks.
11. We verified that, according to the provisions of Legislative Decree no. 196/2003 "Personal data protection code", which entered into force in January 2004, the Data Security Document was updated in accordance with legal terms.
12. In 2013, the Board of Statutory Auditors issued the following judgments:
  - on 21 March 2013:
    - the Board of Statutory Auditors expressed a favourable judgment on the audit plan proposal relating to the activities planned for 2013 by the competent departments of Unipol Gruppo Finanziario S.p.A., Arca Vita S.p.A. and Unipol Banca S.p.A.;
    - the Board of Statutory Auditors expressed its approval, insofar as may be necessary, of the proposed integration of the economic conditions of the assignment of the company PricewaterhouseCoopers S.p.A. for the audit of the consolidated financial statements for the year ended 31 December 2012, based on the significant expansion of the perimeter of the Unipol Group as a result of the acquisition, on 19 July 2012, of direct control of Premafin HP S.p.A. and indirect control of the Fondiaria SAI Group and the procedures of planning, coordination and analysis of the results of the work carried out by the other auditor not belonging to the PricewaterhouseCoopers S.p.A. network, committed to Premafin HP S.p.A.'s reporting package, for the purpose of the assumption of responsibility by PricewaterhouseCoopers S.p.A. for the consolidated financial statements for the year ended 31 December 2012 of Unipol Gruppo Finanziario S.p.A.;
  - on 9 May 2013:
    - the Board of Statutory Auditors expressed its approval for the proposed appointment of the Manager in charge of financial reporting, pursuant to Art. 154-bis of the Consolidated Law on Finance;
    - the Board of Statutory Auditors expressed a positive judgment on compliance with the main control condition for insurance companies in accordance with the provisions of Art. 5, parag. 3 of ISVAP Regulation no. 15 of 20 February 2008;

- on 30 May 2013: the Board of Statutory Auditors expressed a favourable judgment on the Remuneration Committee's proposal in relation to the determination of fees due to the Chairman, Vice Chairman, Chief Executive Officer and members of the Board committees;
  - on 8 August 2013:
    - the Board of Statutory Auditors expressed its approval of the proposed integration of the economic conditions for the fulfilment of the assignment of the company PricewaterhouseCoopers S.p.A. for the limited audit of the condensed consolidated half-yearly financial statements for 2013, mainly due to coordination with the company tasked with the audit of Premafin HP S.p.A., not belonging to the PricewaterhouseCoopers S.p.A. network;
    - the Board of Statutory Auditors issued a favourable judgment on the proposed resolution regarding the plan for the purchase of ordinary Unipol shares to service the closed-end fee plan (performance share type) targeted at senior company management and the managers of Unipol Gruppo Finanziario S.p.A. (the "2013-2015 Plan"), approved by the Shareholders' Meeting of the company on 30 April 2013.
13. In 2013, the Independent Auditors, PricewaterhouseCoopers S.p.A., did not issue any judgments.
14. The Board of Statutory Auditors received a complaint from a shareholder in 2013 in accordance with Art. 2408 of the Civil Code. The complaint refers to the Shareholders' Meeting held on 30 April 2013, which not only approved the Financial Statements for the year ended 31 December 2012, but appointed the Board of Directors and the Board of Statutory Auditors.  
In relation to the indicated renewal of company bodies, the shareholder who lodged the complaint alleges that majority Shareholder Finsoe S.p.A. is not entitled to vote, given that (according to the complainant Shareholder) it acquired control of Unipol Gruppo Finanziario S.p.A. illegitimately, resulting in the absence of the right to present lists for the renewal of the Board of Directors and the Board of Statutory Auditors.  
Following the above-mentioned complaint, the Board of Statutory Auditors promptly conducted the necessary checks, on completion of which it deemed the complaint to be unfounded. A reply was provided to the complainant Shareholder.  
The Board did not receive any statements from third parties.
15. We checked observance of the legal provisions as regards the process of preparing the Financial Statements and the contents of the Management Report, which we believe to be exhaustive. In that regard, we report to you that, on the basis of the provisions of Art. 14 of Legislative Decree 39 of 27 January 2010, the judgment of consistency of the Management Report with the Separate Financial Statements is the responsibility of the Independent Auditors.  
In this respect, we inform you that the Report of the Independent Auditors issued on the Financial Statements for the year ended 31 December 2013 did not highlight any comments on the aspects outlined above.
16. We issued our consent to the recognition - in Intangible assets, under the section 'Assets' of the statement of financial position - of start-up and expansion costs, and advertising costs with long-term benefit, of €50,648,007 and €810,212 respectively.
17. The Board of Statutory Auditors informs you that the company complies with the Code of Corporate Governance issued by Borsa Italiana S.p.A. and drew up the 'Annual report on corporate governance and ownership structures'. The Board assessed - for matters within its competence - said report, and has no observations to make.  
In this respect we must point out that the new wording of Art.123-bis of Legislative Decree 58/98 (introduced by the provisions contained in Legislative Decree 173 of 3 November 2008) requires the Independent Auditors to express their judgment on the consistency of some information in the 'Report on corporate governance and ownership structures' with the Financial Statements. This information, relating to corporate governance, ownership and the risk management and internal control system, may be included in the management report or be the subject of a separate report to be published at the same time.

In this regard, Unipol Gruppo Finanziario S.p.A. decided to record this information in the 'Annual report on corporate governance and ownership structures', which was approved by the Board of Directors on 20 March 2014. The Board of Statutory Auditors highlights that the Independent Auditors' Report contained no findings on the matter mentioned above.

18. The Board of Statutory Auditors outlines to you that your company's Board of Directors assessed the independence of non-executive directors, in compliance with the provisions established in Art. 3 of the Code of Corporate Governance for listed companies, and in accordance with Art. 147-ter, parag. 4 of Legislative Decree 58/98. The Board of Directors - pursuant to Art. 144-novies of the Issuers' Regulation - checked, as regards members of the Board of Statutory Auditors, that the independence requirements set out in Art. 148, parag. 3 of the Consolidated Law on Finance were met. As part of the tasks assigned to it, the Board of Statutory Auditors verified the correct application of the audit criteria and procedures adopted.

19. Obligation to draft the Consolidated financial statements and report of the control body.

The Board outlines to you that Unipol Gruppo Finanziario S.p.A., investment and services holding company, the Parent Company of Gruppo Assicurativo Unipol (listed at no. 046 in the Register of Insurance Groups) is required to draft the Consolidated financial statements. The Board informs you that it verified fulfilment of the obligation to draft the consolidated financial statements, with approval at the meeting of the Board of Directors on 20 March 2014.

Unipol Gruppo Finanziario S.p.A.'s consolidated financial statements were drawn up in accordance with Art.154-ter of Legislative Decree 58/98 and ISVAP Regulation no. 7 of 13 July 2007, as amended. They conform to the IFRS issued by the IASB and endorsed by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of EC Regulation 1606/2002 in force on the date the Financial Statements closed.

The layout, given an insurance holding company pursuant to Art. 1, parag. 1, letter aa) of Legislative Decree 209/2005 (Insurance Code) conforms to the provisions of ISVAP Regulation no. 7 of 13 July 2007, Part III as amended, relating to the layout of the consolidated financial statements of insurance and reinsurance companies that must adopt IFRS.

As regards the consolidation scope, the Board of Statutory Auditors informs you that the Unipol Group's consolidated financial statements at 31 December 2013 have been drawn up by combining the figures of the Parent Unipol Gruppo Finanziario S.p.A. and those of the 105 direct and indirect subsidiaries (IAS 27). At 31 December 2012, 112 companies were consolidated on a line-by-line basis.

Subsidiaries deemed to be too small to be of relevance are excluded from the consolidated financial statements. There are no jointly-controlled interests.

Associates, in which the investment percentage ranges between 20% and 50%, and subsidiaries considered immaterial (42 companies), are measured using the equity method (IAS 28) or maintained at the carrying amount. At 31 December 2012, a total of 47 associates and subsidiaries were considered immaterial.

The Notes to the financial statements show the lists of investments consolidated on a line-by-line basis and those measured using the equity method.

As regards the changes to the consolidation scope in 2013, the following should be noted:

- on 13 December 2013, the company Unipol Fondi Ltd, with registered office in Ireland, 100%-owned by Unipol Banca S.p.A., was transferred;
- the activities of the subsidiaries ceased in 2013: Investimenti Mobiliari S.r.l. in liquidation, Partecipazioni Mobiliari S.r.l. in liquidation, Partecipazioni e Investimenti S.r.l. in liquidation and Ata Benessere S.r.l. in liquidation. In addition, the investment in the company Progetto Alfiere S.p.A. is no longer considered to be a significant equity interest.

As regards transactions carried out between Group companies that did not involve changes to the figures in the Consolidated Financial Statements, the following should be pointed out:

- the mergers by incorporation of Unipol Leasing S.p.A. and Unipol Merchant S.p.A. into the holding company Unipol Banca S.p.A. took effect for statutory purposes on 21 April 2013 and 8 July 2013 respectively. Both merger transactions are effective from 1 January 2013 for tax and accounting purposes;
- on 25 November 2013, the above-mentioned single-member company Unipol Finance S.r.l. was

incorporated, 100%-owned by Unipol Gruppo Finanziario S.p.A., with share capital of €0.5m. On 27 November 2013, the shareholders' meeting resolved a share capital increase to be paid by the contribution in kind of 240,609,096 class "B" savings shares of the company Fondiaria-Sai S.p.A. (equal to 74.8% of the class "B" savings share capital) and 27,201,199 savings shares of the company Milano Assicurazioni S.p.A. (equal to 26.5% of the savings share capital) held by Unipol Gruppo Finanziario S.p.A.. The increase in share capital in service of the contribution, performed on 28 November 2013, amounted to €432.3m, €4.5m of which charged to share capital and €427.8m charged to the share premium reserve.

The valuation of the shares involved in the transfer, included in the valuation report pursuant to Art. 2465 of the Civil Code, conducted on the basis of the associated market price, stood at €407.8m for the class "B" savings shares of Fondiaria-Sai S.p.A. and €24.5m for the savings shares of Milano Assicurazioni S.p.A.;

- on 17 December 2013, the deed of merger by incorporation into Immobiliare Fondiaria-SAI S.p.A. of the real estate companies Carpaccio S.r.l., Meridiano Primo S.r.l., Masaccio S.r.l., Pontormo S.r.l. and Nuova Impresa Edificatrice Moderna S.r.l. was lodged with the Register of Companies.

The Board of Statutory Auditors also would like to inform you that in the Notes to the financial statements your directors provide information on the definitive situation following the initial recognition of the business combination relating to the acquisition of the Premafin/Fondiaria-SAI Group. Specifically, details are provided on the definitive values allocated, with reference to the acquisition date, to the identifiable assets acquired and liabilities assumed, compared with the values stated in the condensed consolidated half-yearly financial statements of the Premafin Group at 30 June 2012, and with the initial values stated in the provisional recognition of the business combination presented in the Unipol Group's Consolidated Financial Statements at 31 December 2012.

The Board of Statutory Auditors reports to you that - as required by IFRS 3, parag. 49 - following the initial definitive recognition of the values of the business combination, the comparative equity and economic figures relating to 31 December 2012 were re-determined. The effects of these adjustments are detailed in the tables of comparison with the values originally approved, contained in the Notes to the financial statements.

As regards the control body's obligation to issue the report on the Consolidated Financial Statements, we'd like to report that, in accordance with Art. 14 of Legislative Decree no. 39 of 27 January 2010 and Art. 41 of Legislative Decree no. 127 of 9 April 1991, the report on the Consolidated Financial Statements must be drafted by the Independent Auditors, including therein the judgment on the consistency of the Management Report with the Consolidated Financial Statements.

In light of the above, it should be noted that the aforementioned tasks are the responsibility of the Independent Auditors PricewaterhouseCoopers S.p.A.. The Board of Statutory Auditors - in performing its monitoring of the audit - verified the work plan of the Independent Auditors in relation to the Consolidated Financial Statements and exchanged information with the latter regarding the outcomes of the work performed; it did not register any anomalies worthy of mention in this Report. The report issued by PricewaterhouseCoopers S.p.A. on the Consolidated Financial Statements for the year ended 31 December 2013 does not contain any remarks nor information requests.

The monitoring activity of this Board of Statutory Auditors was carried out through 19 meetings and through participation in all 11 meetings of the Board of Directors.

During the course of the monitoring activity performed and based on the information obtained from the Independent Auditors, no omissions and/or censurable events and/or irregularities were recorded or, in any case, any significant events as such that needed to be reported to the control bodies, or mentioned in this report on the Financial Statements for the year ended 31 December 2013.

In light of the foregoing, the Board of Statutory Auditors deems that the Financial Statements for the year ended 31 December 2013, as presented to you by the Board of Directors, may be approved, and expresses a favourable judgment on the proposal presented by said Board of Directors regarding the allocation of profit for the year totalling €146,077,799.03, in compliance with Art. 19 of the By-Laws, in the following manners:

- to the Legal Reserve €14,607,779.90;
- to the Extraordinary Reserve €11,216,967.25;
- the residual part of profit, equal to 82.32% of the total, to dividends, taking account of the redistribution of profits relating to 6,740,000 ordinary treasury shares in the portfolio, according to the following methods:
  - for a unit dividend of €0.17 to the 273,479,517 preference shares for a total of €46,491,517.89;
  - a unit dividend of €0.15 to the 437,253,991 ordinary shares for a total of €65,588,098.65;
  - an additional unit dividend of €0.0115 to the 710,733,508 preference and ordinary shares a total of €8,173,435.34;
- therefore achieving, through the allocation of the profit for the year presented above, the distribution of a unit dividend of €0.1615 for each ordinary share and a unit dividend of €0.1815 for each preference share for a total of €120,253,051.88.

Bologna, 7 April 2014

**On behalf of the Board of Statutory Auditors**

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Roberto Chiusoli, **Chairman**



# Independent Auditors' Report





## AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE 39 of 27 JANUARY 2010

To the Shareholders of  
Unipol Gruppo Finanziario SpA

### FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

1 We have audited the financial statements of Unipol Gruppo Finanziario SpA for the year ended 31 December 2013. The Directors of Unipol Gruppo Finanziario SpA are responsible for the preparation of these financial statements in accordance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB (the Italian Commission for listed companies and the Stock Exchange). In accordance with those standards and criteria, the audit has been planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements and whether they are fairly presented, when considered as a whole. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the accounting principles used and the reasonableness of estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which data are presented for comparative purposes as required by law, reference is made to our report dated 8 April 2013.

3 In our opinion, the financial statements of Unipol Gruppo Finanziario SpA as at 31 December 2013 are in accordance with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and they give a true and fair view of the financial position and of the results of operations of Unipol Gruppo Finanziario SpA.

4 The Directors of Unipol Gruppo Finanziario SpA are responsible for the preparation of the Board of Directors' Report and the Corporate Governance and Share Ownership Report available in Unipol Gruppo Finanziario SpA web-site section "*Corporate Governance*", in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Board of Directors' Report and of the information required by paragraph 1, sub-paragraphs c), d), f), l), m) and by paragraph 2, sub-paragraph b) of Article 123-bis of the Legislative Decree 58 of 1998, contained in the Corporate Governance and Share Ownership Report, with the financial statements, as required by law.

#### **PricewaterhouseCoopers SpA**

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For this purpose, we have performed the procedures required under Auditing Standard No. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Board of Directors' Report and the information required by paragraph 1, sub-paragraphs c), d), f), l), m) and by paragraph 2, sub-paragraph b) of Article 123-bis of Legislative Decree 58 of 1998, contained in the Corporate Governance and Share Ownership Report are consistent with the financial statements of Unipol Gruppo Finanziario SpA as at 31 December 2013.

Milan, 7 April 2014

PricewaterhouseCoopers SpA

Signed by

Angelo Giudici  
(Partner)

**This report is only a translation of the original report in Italian, issued in accordance with Italian law**

Unipol Gruppo Finanziario S.p.A.

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Share capital  
€3,365,292,408.03 fully paid-up  
Bologna Business Register,  
Tax and VAT No. 00284160371  
R.E.A. No. 160304  
Parent of the Unipol Insurance Group  
Entered in the Register of Insurance  
Groups - No 046  
[www.unipol.it](http://www.unipol.it)

**Unipol**  
GRUPPO

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