

Unipol  
GRUPPO

*Unipol's First Fifty Years.  
A story written looking to the future.*



Unipol  
GRUPPO

Unipol Gruppo Finanziario  
2012 Annual Report

Unipol  
50  
1963 • 2013



# Unipol Gruppo Finanziario S.p.A.

*Registered Office and Head Office in Bologna at Via Stalingrado, 45 – Fully paid up issued share capital euro 3,365,292,295.47 - Tax registration and Bologna companies' registration n. 00284160371 - R.E.A. n. 160304. The group parent of Unipol insurance group is registered with the Register of Insurance Groups, number. 046*

## 2012 Annual Report



Bologna, 21 March 2013



# Contents

<b>Corporate bodies</b> .....	5
<b>Introduction</b> .....	7
<b>Management report</b>	
Performance of securities .....	17
Shareholding structure .....	17
Group structure at 31 December 2012.....	18
Business performance .....	20
Salient aspects of business operations.....	26
Investment management .....	27
Capital transactions .....	31
Indebtedness .....	32
Risk management (Article 2428 of the Italian Civil Code) .....	33
Human resources .....	33
Information systems.....	34
Internet.....	35
Research and development .....	35
Data protection (Legislative Decree 196 of 2003) .....	35
Report on corporate governance and ownership, drawn pursuant to Article 123-bis of Legislative Decree 58 of 24 February 1998 .....	36
Social and environmental responsibility .....	36
Intercompany and related party transactions .....	38
Dealings with the Inland Revenue ("Agenzia delle Entrate") .....	41
Performance of directly controlled companies .....	42
Subsequent events and business outlook.....	50
Resolutions put to the Ordinary Shareholders' Meeting.....	51
<b>Financial statements 2012</b>	
Balance Sheet .....	54
Income statement .....	58
<b>Notes to the financial statements</b>	
Structure and contents of the financial statements .....	63
Valuation criteria .....	63
Information on the Balance sheet and on the Income statement .....	67
Other information .....	85

## **Appendices to the Notes to the financial statements**

1. Reclassified income statement .....	92
2. Statement of changes in equity .....	93
3. Statement of usage and availability of equity reserves at 31 December 2012 .....	94
4. Statement of cash flows .....	95
5. Statement of changes in intangible fixed assets .....	96
6. Statement of changes in tangible fixed assets .....	97
7. Statement of changes in investments classified as fixed financial assets .....	98
8. List of shares and securities included in current assets at 31/12/2012 .....	99
9. Statement of temporary differences leading to deferred taxes being recorded .....	100
10. Information on financial indebtedness at 31 December 2012 .....	101
<b>Main subsidiaries' financial statements.....</b>	<b>103</b>
<b>Certification of the financial statements (pursuant to Article 81- ter of Consob Regulation 11971 of 1999) .....</b>	<b>129</b>
<b>Report of the Board of Statutory Auditors ("Collegio Sindacale") .....</b>	<b>133</b>
<b>Independent Auditors' Report .....</b>	<b>146</b>

## Corporate bodies

	Honorary Chairman	Enea Mazzoli
Board of Directors	Chairman	Pierluigi Stefanini
	Vice Chairman	Piero Collina
	Chief Executive Officer and General Manager	Carlo Cimbri
	Directors	Francesco Berardini Sergio Betti Rocco Carannante Pier Luigi Celli Sergio Costalli Ernesto Dalle Rive Vincenzo Ferrari (*) Jacques Forest Vanes Galanti Roger Iseli Claudio Levorato
		Ivan Malavasi Massimo Masotti Enrico Migliavacca Pier Luigi Morara Milo Pacchioni Marco Pedroni Giuseppe Politi Adriano Turrini Francesco Vella Marco Giuseppe Venturi Luca Zaccherini
	Company Secretary	Roberto Giay
(*) Appointed at the Board of Directors meeting dated 10 May 2012		
Board of Statutory Auditors	Chairman	Roberto Chiusoli
	Standing statutory auditors	Giorgio Picone Domenico Livio Trombone
	Alternate statutory auditors	Carlo Cassamagnaghi Cristiano Cerchiai
Executive charged with the preparation of the financial statements		Maurizio Castellina
Independent auditors		PricewaterhouseCoopers SpA





# Introduction

## *Macroeconomic background*

The year under review was marked by developments in the sovereign debt crisis that affected the euro area. The economic slowdown trends, that characterised the first quarter of the year, were followed by the registration of the largest yield spread, in recent history, between peripheral states and Germany. Confronted with this scenario, in September 2012, the European Central Bank (ECB) approved the *Outright Monetary Transactions (OMT)* programme. The programme aimed at restoring appropriate monetary policy transmission and the singleness of the monetary policy within the euro zone, thus eliminating the fragmentation of financial markets, brought about by the sovereign debt crisis that hit the weaker states within the euro area.

The OMT stipulates that upon application by a member state for assistance, the ECB will see to the purchase of sovereign debt without any predefined quantitative limits. The ECB's intervention was on the secondary market and was limited to sovereign bonds with a maximum maturity of three years. The liquidity created through OMT was fully sterilised, with an amount of liquidity, equivalent to the sovereign debt issue, being absorbed back by the ECB from the banking system and with the ECB renouncing to privileged creditor rights on the issue. Any state government requesting assistance by means of OMT was consequently subject to the adoption of specific measures as agreed with the European Union.

Financial markets have reacted positively to this programme, with spreads between peripheral states and Germany narrowing to less concerning levels.

The relenting of the sovereign debt crisis was contrasted by concerns about the worsening European economic situation. The widespread austerity measures, introduced by governments of countries facing difficulties amid pressure from international authorities and from financing states such as Germany, have contributed to the recessionary trends experienced in the countries concerned and has also translated in slowdown in growth of the stronger economies.

According to latest forecasts, in the last quarter of 2012 the euro area's Gross Domestic Product (GDP) decreased by 0.9%. In particular, Italy's GDP registered a 2.7% drop. France and Spain also registered drops of 0.3% and 1.8% respectively, whilst Germany's GDP grew by a marginal 0.4%. During 2012, the Italian economy contracted by 2.4%, compared to the drop of 0.6% suffered in the euro zone.

In this background, unemployment in Europe continued to surge to concerning levels. Eurostat figures show that at the end of 2012, there were nearly 19 million unemployed persons in the 17 euro area states representing 11.7% of the workforce. The rate stood at 5.3% in Germany, 11.2% in Italy and 26.1% in Spain. The unemployment rate amongst young people is at even worse levels, with the euro zone average standing at 24% and the German rate at 8%. In Italy the percentage was 36.6% and in Spain it stood at 55.6%.

At a global level, the growth trend registered in emerging countries continued. In the last months encouraging results were registered, particularly in China. Following its performance in the last quarter, China ended the year with a 7.8% increase in GDP, driven by large infrastructural projects prescribed by specific government plans, and by the resilience of domestic consumption. The growth in India was not as accentuated with GDP estimated to increase by 5% in the financial year, compared to an increase of 6.2% registered in the previous financial year. Brazil's GDP registered a marginal growth of 0.9% in the third quarter of 2012. The world's largest economy, that of the United States of America (USA) showed signs of recovery, mainly attributable to a recovery in real estate.

The Italian economic situation is characterised by a significant decrease in productive activity. In November, the index measuring Italian industrial production showed a 7.6% decrease compared to the previous twelve months. This is the highest decrease in Europe at more than double the average in the euro zone (a decrease of 3.7%). Government measures, aimed at balancing national accounts, contributed to the economic recessionary trend. The measures taken in the last two years impacted Italy's economic dynamics,

mainly in the form of decreased households' disposable income. The downward consumption trend impacted businesses' future prospects with businesses delaying their investment decisions, and therefore also contributing to the drop in domestic aggregate demand. Opportunities remain for businesses that are in a position to compete on international markets. In 2012, Italy's balance of trade experienced a significant improvement, from a trade deficit of euro 25.5 billion in 2011 to a trade surplus of over euro 11 billion. The shift from deficit to surplus is the result of a 3.7% increase in exports and a larger decrease of 5.7% in imports. The drop in imports, that was particularly sharp on capital goods and intermediary products suggests that the improvement in Italy's balance of trade was brought about by current economic conditions, as opposed to by changes in Italy's positioning in international trade flows.

The ECB's so called "antispread shield" managed to contain costs of Italian sovereign debt at reasonable levels when compared to Germany. Nevertheless, the interest costs contained in the national income and expenditure accounts continued to increase (a 12.1% increase in the first nine months of 2012 compared to the same period in 2011). Istat statistics indicate that at September the balance on the national income and expenditure accounts was at a surplus of over 18 billion euro, representing an improvement of euro 13 billion over the same period in 2011. Net public debt stood at approximately euro 42.5 billion representing a decrease of circa euro 6 billion. The decrease is net of increase in interest payments. The fiscal burden on Italy's economy appears to be significant. Istat estimates that in 2012, the fiscal burden will amount to 44.4% of GDP. In the light of budgetary constraints that are also contemplated in the "fiscal compact" plan, it is evident that any relief from the existing tax burden can only crystallise if accompanied by a reduction in interest costs and a cautious, but significant, reduction in public spending.

### *Financial markets*

The year under review saw an improvement of almost 3% on global financial markets, less than the 3.9% registered in the previous year, mainly attributable to the continuing recessionary effects of the sovereign debt crisis affecting peripheral euro zone states. Europe's difficulties were outweighed by the performance of emerging countries, especially in the second half of the year, and by a moderate recovery in the USA. The GDP growth rate in the USA is estimated to amount to over 2% and was driven by the positive effects of expansionary monetary and fiscal policies that have also contributed to a reduction in the unemployment rate.

The ECB played a fundamental role on the European financial markets during 2012. Through its two *Long Term Refinancing Operations* (LTRO) launched in the first half of the year, significant liquidity was injected into the European monetary system. Also, the *Outright Monetary Transactions* (OMT) programme launched in the second half of the year contributed to reduced risks of implosion of the euro area, and encouraged improved investors' confidence.

The lack of inflationary pressures from a monetary policy perspective as well as the continuing deteriorating macroeconomic climate, justified the decision taken by ECB in its July meeting, to decrease the refinancing reference rate from 1% to 0.75%. This also led to further declines in the swap rate curve, and similarly, in the yield on government bonds of "core" area states.

European stock markets' performance in 2012 was positive: the Eurostoxx 50 index, that incorporates the largest stocks in the euro area, has registered a 13.8% growth (+7.4% registered in the fourth quarter). The German DAX registered a significant increase of 29.1% (+5.5% in the last quarter of the year) whilst the FTSE MIB index of the Italian Stock Exchange gained 7.8% (+7.8% in the fourth quarter). On the contrary, the Madrid IBEX suffered a 4.7% drop during 2012, notwithstanding the positive trends registered in the last quarters of the year (+5.9% in the last quarter).

The Standard & Poor's 500 Index, that incorporates the largest 500 listed companies in the US, registered growth of 13.4% during 2012 (-1% in the fourth quarter). The Japanese Nikkei registered a 22.9% increase in 2012 (+17.2% in the fourth quarter) driven by the new government's expansionary fiscal and monetary policies. As concerns emerging countries, the main index, the Morgan Stanley Emerging Market registered an increase of 13.9% (+5% in the fourth quarter of the year).

The positive performance of stock and bond markets in 2012 contributed to a notable improvement in the

iTraxx Senior Financial Index, which represents the average spread of financial institutions with high credit standing. In 2012, the index registered a decrease of 137.2, from 278.5 to 141.3 (-62.2 bps in the last three months of the year).

### *Households' savings*

The contraction in households' disposable income, that has persisted for the last number of years, has resulted in the erosion of households' savings capacity and has driven propensity to savings to a historical low. Heightened unemployment and increased tax burden also contributed to the decreased propensity to save. Concurrently, households' decreased disposable income brought about drops both in consumption as well as in real estate acquisition, resulting for the first time ever in decreases in households' financial debt.

The positive performance registered by financial markets over the last few months compensated for the low levels registered in households' new savings. During 2012, the low appetite for risk, connected with the tax reform on financial assets, has favoured the allocation of significant amounts of funds in deposits, over bank bonds. Last summer saw the start of a recovery in investments in mutual funds due to increased investors' confidence brought about by decreased instability associated with the sovereign debt crisis in the euro area. Bonds were investors' first preference whilst equity continued to experience decreases in its share of investment portfolios. During the year under review, households' investments in Italian government bonds remained at stable levels. This was driven by favourable yields on the instruments and contributed to the successful issue by the Treasury of 'BTP Italia' bonds that was reserved for retail customers.

### *Insurance markets*

Provisional statistics released by IVASS for 2012, show a slight decrease in non life business premiums (-1.9%). In the motor line of business, following years of growth, the Motor vehicle third party liability class (MV TPL) registered a drop of 1.2%, mainly attributable to the dilution of the effect of premium rate increases aimed at balancing the technical result, as well as the increasing trend in avoidance of one's motor insurance obligations. According to figures released by ACI, this is estimated to amount to about 8% of motor vehicles in circulation. Another contributing factor was the reduction in premiums, part of aggressive commercial strategies adopted by some insurers, particularly those that had undergone portfolios' restructuring.

The motor vehicle damage line of business suffered an 8.4% drop in premiums, caused by the significant decrease in vehicle registration numbers (-20.5% decrease in 2012 in car registrations).

Non-motor business was adversely affected by national economic difficulties. The decrease in business written in the Miscellaneous financial loss line of business (-10.7%) reflected the significant drop in new mortgages. The Fire and other natural forces line of business was also affected by this trend (-1.6%). The lines of business that are most related to the country's economic situation suffered the most. The Marine line of business shrank by 11.9%, whilst premiums in the Suretyship class reduced by 6.3%. Business generated in the General third party liability (General TPL) class remained almost unvaried (+0.2%) mainly due to premium adjustments aimed at improving the technical balance on this line of business. The Legal and assistance class continued to register growth in the level of business written.

According to Istat statistics, households' disposable income decreased by 4.3% in the first nine months of the year, when compared to the same period of 2011. This led to decreasing propensity to savings which in turn contributed to decreased new savings inflows. Performance of Life business in Italy has to be considered within this background. IVASS indicative figures estimate that Life business written in 2012, net of cross border business, will reach almost 70 billion euro, equivalent to a 5.5% drop compared to last year's figure. Analysing the movement by class, class I is expected to register a drop of 9.6% whilst class V's drop is estimated at 10.1%. Class III registered an increase (+10.5%), attributable to unit linked products. Class VI is a developing class and registered a 22.7% increase in premiums compared to last year.

Apart from the reduced propensity towards savings, the Life business was also hit by economic circumstances in which credit institutions promote direct funding over asset management products.

Notwithstanding this backdrop, in the last quarter of 2012 new individual life policies returned to register a growth (+7.9%), reducing to 10% the decrease over previous twelve months. The financial advisors distribution channel was the most successful with an increase of 26.4% in business registered during the

year. On the contrary, bank branches and post offices registered decreases (-17.1%) even if they are showing signs of recovery. The decrease in business generated by the agencies' network is less pronounced, equivalent to a decrease of 9.1%.

The increasing appetite on the part of investors for investments that guarantee a minimum return, or at least that guarantee capital, compensate for the factors negatively affecting Life business. In addition, the low interest rates make investments in funds more attractive to investors.

Benefits paid by life insurers (surrenders, annuities, maturities and claims) outweigh premium income. In fact, the net technical balance calculated as premiums less benefits paid by insurers, reflects a negative result of over euro 5.2 billion. Whilst class I continues to register a positive technical balance of almost euro 6.2 billion, classes III and V registered significant net outflows of euro 9.3 billion and euro 2.7 billion respectively. It is evident that Life business products continue to be principally perceived as social security instruments in Italy, as is highlighted by the fact that business is predominantly constituted by single premium business.

The stability in the last months of 2012 as concerns the sovereign debt crisis has contributed to strengthening of the capital soundness of Italian insurance companies. As concerns Non-life underwriting results, MV TPL registered improvements, brought about by portfolio restructuring measures taken by insurance companies as well as by the general economic background. In fact, the economic recessionary phase resulted in decreased claims' frequency, in all probability linked to the drastic decrease in distances travelled. In 2012, highway traffic decreased by 7% over the same period in 2011, both for light vehicles as well as for heavy vehicles. Recent legislative provisions limit compensation for bodily injury claims to only those injuries that are clinically proved, curtailing the average cost of such claims. In relation to the non motor classes of business, adverse weather conditions and the earthquake that hit a large area between Emilia and Lombardia had a major impact on the technical results of Italian insurers.

### *Banking and fund management*

Overall, the banking system benefitted from the stability brought about by ECB's interventions (LTRO and OMT). Nevertheless, the recessionary economic background as well as increased caution on the part of financial institutions in lending, resulted in a decrease in lending volumes. Figures as at 31 December show that debt to non-financial companies was 3.3% lower than the 2011 level. The drop in lending to households was more contained, at 1.4%. The negative phase that real estate went through and the dampening impact it had on new mortgages, as well as decreased household consumption capacity, both had a negative impact on consumer credit. As concerns businesses, the macroeconomic background leads to postponement of investment decisions and decreased demand for related financing, whilst at the same time, banks are applying stricter lending criteria in view of heightened perceived credit risk.

Credit quality has undoubtedly deteriorated, with debt impairment at the end of 2012 reaching nearly euro 125 billion. The rate at which non-performing loans are emerging is of concern. An indication of the state of health of the Italian banking system is provided by the growth of non-performing loans, which is accentuated by lenders' decreased ability to recognise adequate provisions in their financial statements for new non-performing loans.

Liabilities of credit institutions registered an increase equivalent to 6.9%. A considerable switch from current accounts in favour of fixed term deposits is evident. The latter were favoured by customers seeking higher returns and by measures aimed at compensating for the difficulty encountered by Italian banks in accessing wholesale markets. In fact, during the year under review, foreign funding declined by more than euro 47 billion. A sustained growth was confirmed in the bonds market (+5% compared to 2011 year-end). Linked to these trends is the need for credit institutions to put aside ECB eligible collateral, as well as the opportunity presented by the reduction in government spreads, that was reflected in banks' bond issues.

In the second half of 2012, the accumulation of marketable securities in bank portfolios persisted. The increases were supported by funding from the euro system. It is estimated that at the end of 2012 securities represented approximately 25% of interest-bearing assets of the Italian banking system and were constituted mainly by government securities acquired pursuant to "carry trade" carried out as part of LTRO operations launched by ECB.

Banks' capital position strengthened as a result of increases in the level of capital as well as reduction in risk weighted assets. The latter result was achieved through the adoption of internal models by some of the larger

Italian banking groups.

Profitability results are not encouraging. In 2012, decreases in volume of business, coupled with restrictions on the spread of bank rates (driven downward by the reduction in the mark-down), led to declines in interest income notwithstanding the returns from portfolio securities. On the contrary, gains on trading of securities improved banks' overall result. A significant factor impacting banks' profitability was impairment of receivables. In this regard, measures aimed at curtailing operating costs and, in some instances, reconsideration by credit institutions of their business model has intensified. The Italian banking association ("Associazione Bancaria Italiana") forecasts the banking system's ROE to approximate a low 0.9%.

### *Pension funds market*

At 31 December 2012 the total number of subscriptions to various forms of pension schemes registered an increase of 6%, bringing the number up to 5,866,282, out of which 4,177,540 are gainfully occupied persons. An analysis by the type of pension scheme shows varying trends by scheme. Occupational fund schemes showed a decrease of subscriptions of 1.2%, open-ended pension funds registered a slight increase in subscriptions (+3.7%), whilst subscriptions to individual pension plans (PIP) maintain a significant growth rate (+22.2%). The number of subscriptions to PIP (1,773,770) is almost double the number of subscriptions in open ended funds (914,013) and is aligning itself to the level of subscriptions in occupational funds (1,969,970).

As a result of the positive financial markets' performance, at the end of 2012, the aggregate of net assets available for benefits (Andp), grew by 9.7%, reaching euro 99.5 billion (of which euro 30.1 billion in occupational funds, euro 10 billion in open ended funds, euro 9.3 billion in PIP and nearly euro 50 billion in other forms of schemes).

In 2012, the employees' leaving entitlement ("TFR") appreciated by 2.9%, compared to the 8.2% in returns registered by pension funds. Open-ended funds recorded 9% yields consistent with PIP, on which yields averaged 8.9%.

### *Principal new legislation*

Legislative Decree 95 of 6 July 2012, amended and ratified by Law of 7 August 2012 (establishment of a new insurance supervisory body – IVASS). In order to ensure the full integration of the supervision of insurance and banking sectors, the Istituto Vigilanza sulle Assicurazioni Private (ISVAP) was replaced by the Istituto per la Vigilanza sulle Assicurazioni (IVASS). Effective 1 January 2013, all functions, duties and powers previously vested with ISVAP were transferred to IVASS. The Director General of Banca d'Italia (Bank of Italy) is also the Chairman of IVASS. The latter's Board is constituted by the Chairman and two Directors who have been nominated by the Governor of Banca d'Italia. The Governing Board, another organ within ISVAP, is composed by the Directorate of the Banca d'Italia and the directors of IVASS. The Governing Board is in charge of planning and strategy and has the authority to take any measures of external relevance that may arise from the carrying out of the Authority's duties in supervising the insurance industry.

ISVAP Regulation 43 of 12 July 2012 concerning the implementation of the provisions regarding the criteria for valuation of debt securities issued or guaranteed by EU member states, introduced by Legislative Decree 216 of 29 December 2011 and ratified by Law 14 of 24 February 2012, which amended Legislative Decree 185 of 29 November 2008 (the "Anti-crisis Decree").

The Regulation provides for the repeal of earlier ISVAP Regulation 28 of 2009 (regarding the criteria for valuation of assets not intended to be held to maturity by insurance companies), and Regulation 37 of 2011 (concerning solvency assessment). The amendments introduce the following provisions:

- (i) the continuation of application of anti-crisis measures until the entry into force of Directive 2009/138/EC (referred to as Solvency II);
- (ii) the restriction of the application of said measures to debt securities issued or guaranteed by the European Union;
- (iii) the termination of eligibility thresholds, consistent with the changed circumstances.

Continuing from the preceding provisions, entities that will avail themselves of the options granted, shall set aside amounts from retained earnings to a non-distributable reserve. They shall also be subject to a

prudential regime that is embodied in a set of governance rules, public disclosure requirements and supervisory requirements in relation to the exercise of the options availed of and their effect on solo and group solvency, as well as to assets covering technical provisions.

Legislative Decree 1 of 24 January 2012, that came into force on 24/1/2012, containing “Urgent measures to promote competition, infrastructure development and competitiveness (“Grow Italy” or “Liberalisation” Decree), amended and ratified by Law 27 of 24 March 2012. The decree contains several provisions of relevance to the insurance industry including practices for motor claims settlement and the fight against insurance fraud in MV TPL (including increased dematerialization of countersigning and of risk certificates). There are also some provisions relating to marketing of insurance products (including obligations on insurers to reduce premium rates if the insured installs a black box in his/her vehicle that records the activity of the vehicle, and to provide estimates to the insured from two other insurers, that do not belong to its same group, at the time of conclusion of MV TPL contracts).

Legislative Decree 16 of 2 March 2012, containing “Urgent provisions relating to tax simplification, streamlining and strengthening of tax assessment procedures” (the “Tax Simplification Decree”), amended and ratified by Law 44 of 26 April 2012. The Decree makes reference to the new deduction of regional tax (IRAP), paid on the cost of labour, from taxable income (IRES), introduced by Article 2, paragraphs 1, 1 bis and 1-ter of Legislative Decree 201 of 2011 (“Save Italy” Decree). Reimbursements of the item in relation to years prior to 2012 could be made up to 31/12/2012, as long as repayment terms had not yet been finalised.

Legislative Decree 83 of 22 June 2012, containing “Urgent measures for the country’s growth” (“Development Decree”), amended and ratified by Law 134 of 7 August 2012 and that came into force on 26/6/2012. Article 33, paragraphs 4 and 5 of the decree introduced changes in the deductibility of losses on loans and amended Article 101 of the Tax Code (TUIR) to include the new instruments prescribed in the Bankruptcy Act for the management of the corporate crisis. The Decree also includes measures aimed towards the construction industry such as tax deductions for building renovations and redevelopment, as well as the reintroduction of taxability, for VAT purposes of sale and leases of property by part of the property’s constructors. Finally, the measures also provide for the harmonisation of stamp duty on insurance policies with investment features issued by foreign companies, with those issued by resident companies.

Law 92 of 28 June 2012, containing “Provisions relating to the reform of the labour market within a growth perspective (“Fornero Reform”) and that entered into force on 18/7/2012. The Law introduces a series of important measures concerning employed and quasi self employed labour (“parasubordinato”) relationships, resignation and agreed termination of employment, retirement benefits and access to related services, placement of the disabled and employment of foreign workers. It also addresses the issue of joint and several liability in contracts.

Legislative Decree 95 of 6 July 2012, in relation to “Urgent measures for the review of public spending without impacting services to citizens, and the strengthening of the banking sector’s capital” (“Spending Review”), effective 7/7/2012 (except for paragraph 83 of Article 12, that was effective 1/1/2013), and amended and ratified by Law 135 of 7 August 2012. Article 21 paragraph 1 provides further specifications on the so-called “safeguard” clause in Legislative Decree 98 of 2011. The clause originally stipulated, (subject to the subsequent amendments contained in Stability Law 2013), that if the legislative tax and welfare measures aimed at the reorganisation of social costs were not effective by 20/6/2013, the VAT rates of 10% and 21% will increase to 12% and 23% respectively from 1 July to 31 December 2013. As from 1 January 2014, the rates will go up by a further 1%.

Legislative Decree 179 of 18 October 2012, containing “Further urgent measures for the country’s growth” (“Development Bis Decree”), that came into force on 20/10/2012 and was amended and ratified by Law 221 of 17 December 2012. The decree contains various provisions concerning the insurance sector related to: measures for the detection and combat of insurance fraud, measures promoting competition and consumer protection in the insurance market. On MV TPL contracts, measures stipulate that contracts are to include “minimum clauses” necessary to fulfil all the related legal obligations, as well as provide for changes to the

duration of such contracts and the prohibition of tacit renewal of contracts. Also, the prescription period was changed to ten years for Life insurance obligations, whilst the period continues to be two years for claims arising on Non-life insurance contracts. Provisions concerning insurance contracts linked to mortgage or other loan agreements are also contained in the decree.

Law 228 of 24 December 2012, containing "Provisions for the preparation of government's annual and multiannual budget ("Stability Law 2013") entered into force on 1/1/2013 (with the exception of paragraphs 98, 99, 100, 426 and 477 that came into force on 29/12/2012). The law contains important measures for the insurance industry, including:

- provisions relating to withholding tax on Life mathematical reserves. The tax rate was increased by 0.35% to 0.50% for 2012 and to 0.45% as from 2013. Also as from 2013, an absolute ceiling for payment of substitute tax will apply. The ceiling will be indexed to the amount of tax credit on mathematical reserves accounted for, compared to the amount of Life mathematical provisions;
  - credit for withholding tax on mathematical reserves can be included within tax balances that are allowed to cover technical provisions and within assets of managed funds;
  - changes in the tax treatment of life insurance policies issued prior to 1/1/1996, to persons carrying out business activities, subject to such persons falling under the "lordisti" category as from 1/1/2013, and that they are subject to payment of tax, through withholding tax and instalments, on income up to 31/12/2012;
  - deferral of the tax effect of the alignment of the value of intangible assets and investments in subsidiaries introduced by Article 23 paragraph 12 of the Legislative Decree 98 of 2011. As a result of such deferral, the tax deductibility of differences in depreciation values will be availed of from the subsequent tax year up to 31/12/2017. Also, IRAP deductions will increase as from 2014;
  - introduction of the "Tobin Tax" on financial transactions in shares and other equity instruments effective on transactions concluded from 1/3/2013 onwards (for derivatives from 1/7/2013). The tax differentiates between the type of instrument, the value of the contract and the type of market in which transactions take place, and is non-deductible for income tax and IRAP;
  - change in the effective date of the increase in the standard VAT rate from 21% to 22%, stipulated by the "safeguard" clause in the "Spending Review" decree, to transactions conducted as from 1/7/2013.
-





# Management Report



## Performance of securities

### Information on the performance of securities

At the end of December 2012, Unipol ordinary shares were priced at euro 1.5105, representing a drop of 69.8% during the year, compared to increases of 8.36% in the general FTSE Italia all-share index, of 7.84% in the FTSEMIB index, and of 12.28% in the FTSE Insurance all-share index. Unipol preference share price recorded a drop of 67.4% over the year, with a closing price of euro 1.3334.

In the first period of 2013, Unipol share price increased by over 20%, for the two share categories.

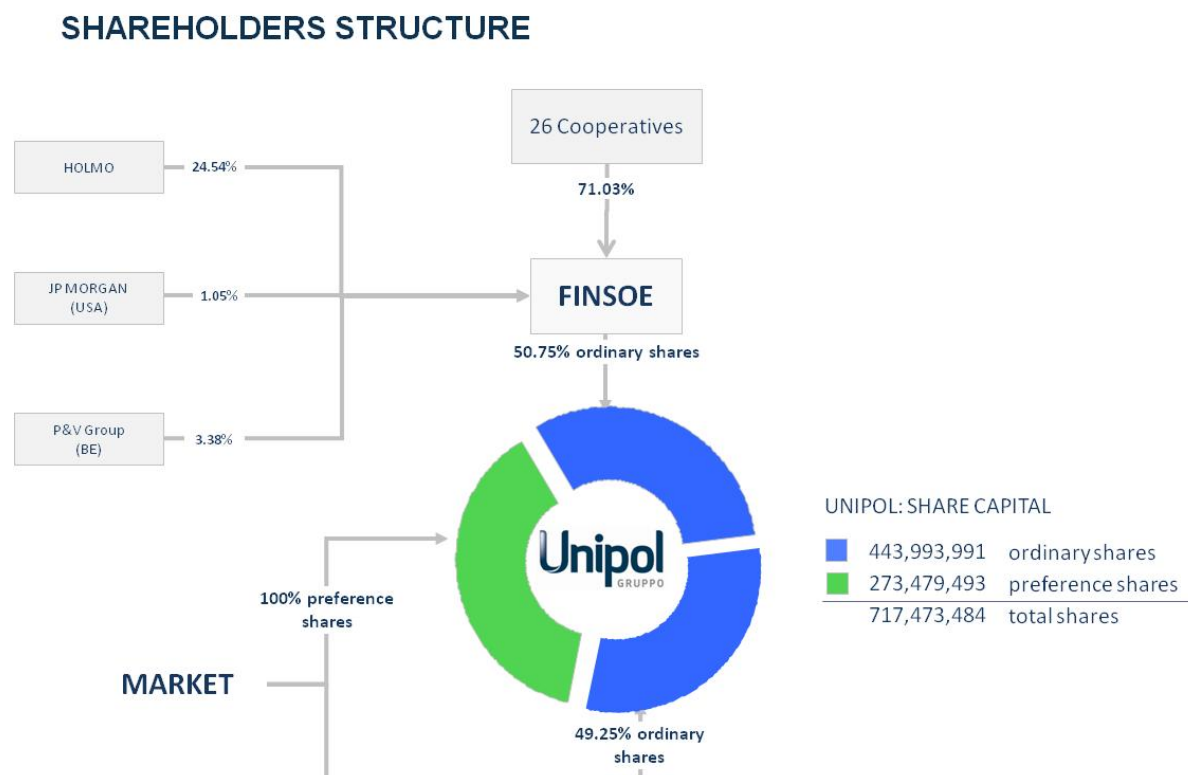
### Capitalisation

Total market capitalisation as at the end of December 2012 amounted to euro 1,041 million (euro 750 million as at 31 December 2011), of which euro 675 million related to ordinary shares and euro 366 million related to preference shares.

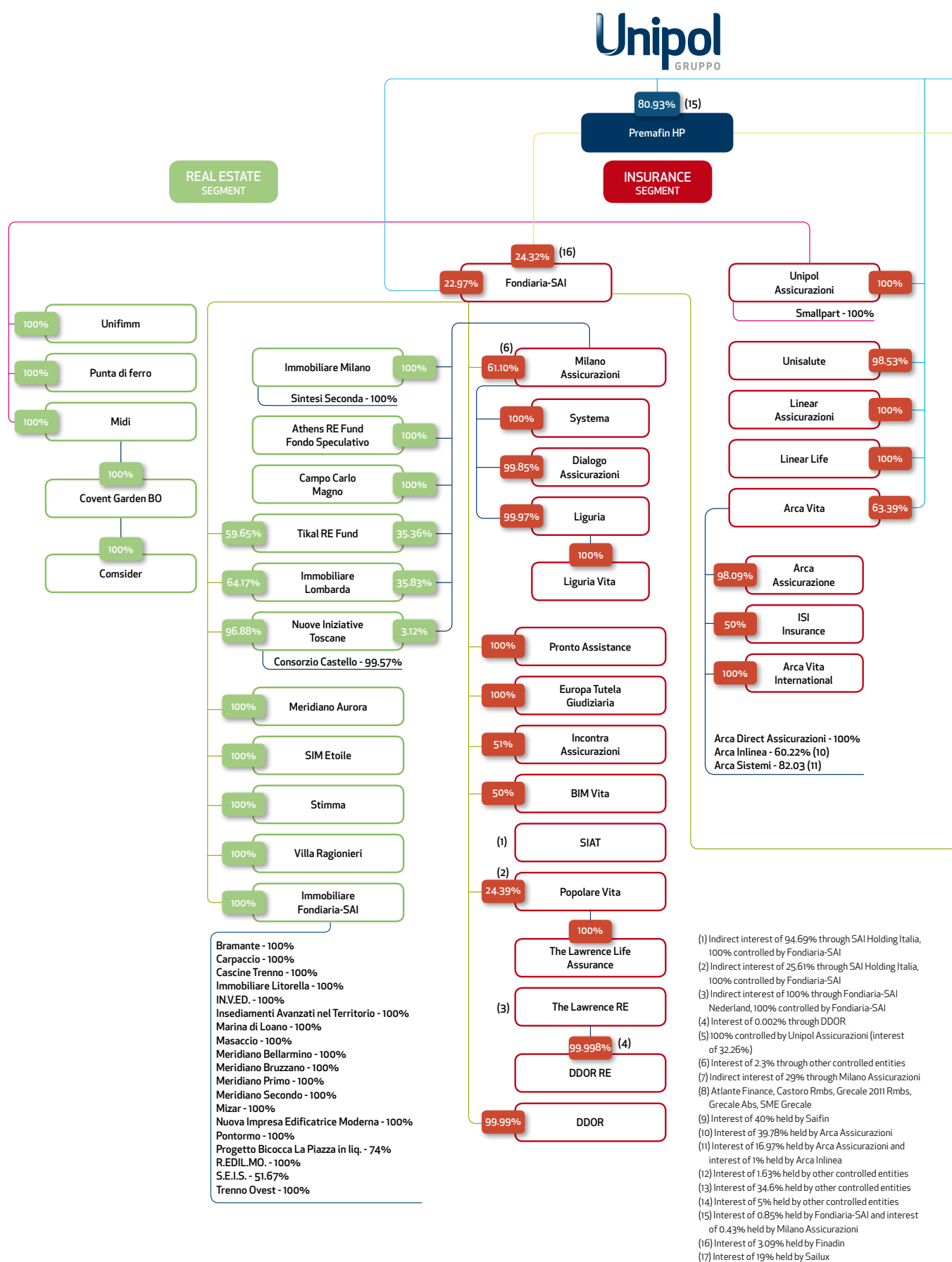
Due to the increase in share price mentioned above, the total market capitalisation in early March 2013 amounted to euro 1,263 million, of which euro 807 million related to ordinary shares and euro 456 million related to preference shares.

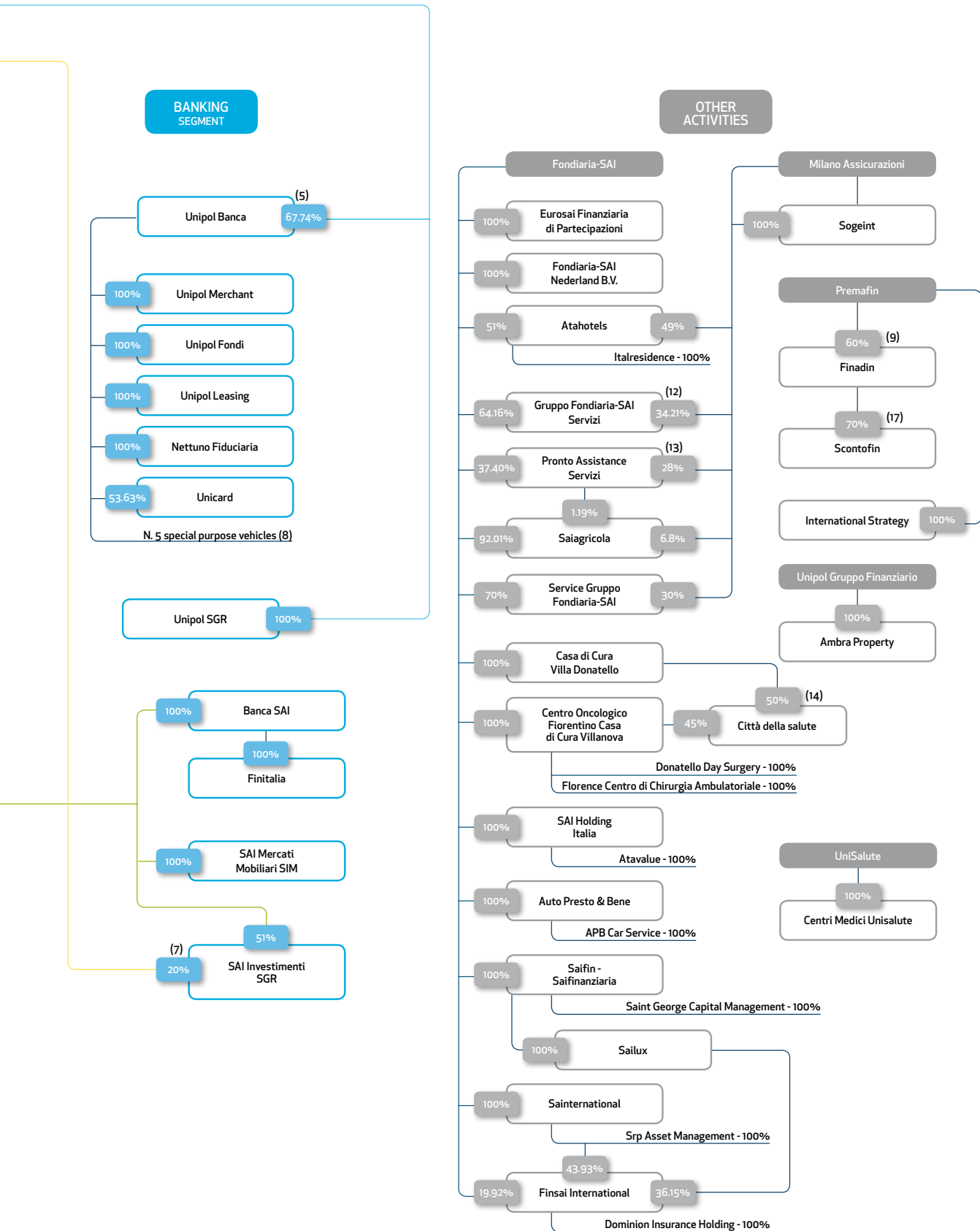
## Shareholding structure

The company is controlled, in terms of Article 2359.1.1, of the Italian Civil Code, by Finsoe S.p.A.. The shareholding structure at 31 December 2012 is shown in the diagram below:



## Group structure at 31 December 2012





## Business performance

Dear Shareholders,

during the course of the financial year 2012 your Company continued to carry out its role of a holding and services company for the Unipol insurance and banking Group.

The main event that occurred in this financial year was the acquisition of Premafin Group, described below. On 29 January 2012, Unipol Gruppo Finanziario S.p.A. ("Unipol") and Premafin Finanziaria – a joint stock company – Holding di Partecipazioni ("Premafin HP S.p.A.") reached an agreement in relation to a "Business combination plan" involving the two insurance groups. The plan provided for the acquisition by Unipol of the controlling interest in Premafin HP S.p.A. and the subsequent merger by incorporation of Unipol Assicurazioni S.p.A., of Premafin HP S.p.A., and possibly, Milano Assicurazioni S.p.A., into Fondiaria-SAI S.p.A..

The "Business combination plan" was based on a number of prerequisite conditions and transactions, the majority of which have been completed to date, as follows:

- Unipol has obtained all the necessary authorisations from the relevant Regulators. In particular, Consob, (the Italian securities and exchange commission), confirmed that the acquisition by Unipol of the controlling interest in Premafin HP S.p.A. did not require a public offer of Premafin HP S.p.A.'s, Fondiaria-SAI S.p.A.'s and Milano Assicurazioni S.p.A.'s shares. On 19 June 2012, the Autorità Garante della Concorrenza e del Mercato ('AGCM', the Italian authority for competition and markets) authorised the acquisition by Unipol of the controlling interest in the Premafin Group, subject to a reduction in its share of the insurance market and also subject to other measures aimed at reducing the shareholding and financial relationships with Mediobanca, Unicredit and Assicurazioni Generali;
- On 16 July 2012 Unipol initiated the process of increasing its capital by euro 1,100 million, as had been resolved at an extraordinary meeting of its shareholders held on 19 March 2012, with the objective of ensuring sufficient capital to fund the business combination. Finsoe S.p.A, Unipol's parent company, fully subscribed to its allocation of the issue confirming its shareholders' support in relation to the business combination. The increase in capital was completed on 13 September 2012 upon subscription in full of the issued ordinary and preference shares, in which the banks forming part of the underwriting syndicate also participated;
- Unipol subscribed, on 19 July 2012, to a Premafin HP S.p.A. share issue that was reserved for subscription by Unipol, and that had been resolved at an extraordinary meeting of Premafin HP S.p.A.'s shareholders held on 12 June 2012. Through the share issue, amounting to euro 340 million, Unipol acquired a controlling interest in Premafin HP S.p.A., with a shareholding interest of 80.93%. Premafin HP S.p.A. and its subsidiary Finadin S.p.A. used the proceeds of euro 340 million from the capital increase to subscribe, in proportion to their shareholding interest, to the issue of share capital of Fondiaria-SAI S.p.A.. The increase in Fondaria-SAI S.p.A.'s capital was required in order to rectify its solvency position which had fallen below the minimum regulatory requirements since 2011.
- On 16 July 2012 an increase in Fondiaria-SAI S.p.A.'s share capital totalling euro 1,099 million was initiated. The increase was concluded on 13 September 2012 with all shares subscribed to and with Unipol and banks forming part of the underwriting syndicate also subscribing to the share issue. In particular, Unipol has subscribed to, or otherwise acquired, new shares in Fondiaria-SAI S.p.A. as follows:
  - an amount of 240,609,096 Class B savings shares, that remained unsubscribed on the stock exchange, for a consideration of euro 136 million, acquired to honour commitments made with Fondiaria-SAI S.p.A.. The shares acquired represent 74.48% of the savings share capital, and

- 19.35% of the total share capital of Fondiaria-SAI S.p.A. after the capital increase;
- an amount of 30,853,620 ordinary shares acquired on 10 September 2012, through the exercise of option rights acquired during the offer on the stock exchange for a consideration of euro 31 million. These shares represented 3.35% and 2.48% respectively of the ordinary share capital and total share capital after the capital increase, of Fondiaria-SAI S.p.A.;
- an amount of 14,254,110 ordinary shares that remained unsubscribed on the stock exchange, and were acquired by the banks forming part of the underwriting syndicate in Fondiaria-SAI S.p.A.'s share issue, at a consideration of euro 14 million. The shares represent 1.55% and 1.15% respectively of Fondiaria-SAI S.p.A.'s ordinary share capital and total share capital after the capital increase.

Consequent to the above acquisitions, Unipol owns a direct shareholding of 22.97% of Fondiaria-SAI S.p.A.'s share capital.

As a result of becoming the controlling shareholder of the Premafin Group (which in turn controls the Fondiaria-SAI Group), Unipol Group has become the leading player in the local Non-life business market and the second largest insurer overall.

From a business strategy perspective, operations aimed at implementing the business combination project are ongoing. The merger or integration of Premafin HP S.p.A., Fondiaria-SAI S.p.A. and Unipol Assicurazioni S.p.A., for which an invitation to participate was also extended to Milano Assicurazioni S.p.A., is considered critical for the expected rationalisation and simplification of the Group in a way as to fully leverage on synergies identified in the Business Plan. The objective behind these operations is the establishment of a leading, reputable insurer that is in a position to compete effectively with the main national and European insurance players whilst maximising value for its shareholders:

- On 20 December 2012 Board meetings of Unipol, Unipol Assicurazioni S.p.A., Fondiaria-SAI S.p.A., Premafin HP S.p.A. and Milano Assicurazioni S.p.A. approved the Merger Plan (the "Merger" or the "Integration") for the merger by incorporation of Unipol Assicurazioni S.p.A., Premafin HP S.p.A. and Milano Assicurazioni S.p.A. into Fondiaria-SAI S.p.A.. This process is considered to be an integral and critical part of the Business combination plan;
- In relation to the Merger, the Boards approved the following:
  - the exchange ratios at which shares of the companies involved in the merger and the shares of the acquiring company, Fondiaria-SAI S.p.A. are to be exchanged;
  - the percentage shareholding in the share capital of the post-merger company, that will be named UnipolSai Assicurazioni S.p.A. ("UnipolSai"). The shareholding will consist of ordinary and savings shares from the Merger;
  - the 2013-2015 Joint Business Plan, based on guidelines included in the Business combination plan that had already been communicated to the market. The guidelines have been updated to reflect developments in reference markets in the intervening period, results registered during the first nine months of 2012 and the joint Management operations of the companies involved in the Merger.

The Business combination plan involving Unipol group and Premafin/Fondiaria-SAI Group fits with Unipol Group's strategy, outlined in its Business Plan 2010-2012, to focus on Non-life insurance business. In this background, external growth is achieved by leveraging on solid local business results and on the significant opportunities for Unipol to exploit its competencies in the management of insurance business. The plan is driven by a strong commercial rationale, based on the following:

- the establishment of a leader in the Italian insurance market, that has a European dimension, that is more profitable and that has a more robust capital base;
- a significant consolidation of insurers that is expected to result in targeted synergy returns of 350 million euro in 2015;

- the largest agency distribution network throughout Italy, and recognised brands within the local insurance market;
- a 14 million customer base.

The Business Plan 2013-2015, that was presented to the financial community on 20 December 2012, set the following objectives for Unipol Group for 2015 in terms of results and capital:

- Non-life premium income of euro 9.6 billion;
- Life premium income of euro 7.4 billion;
- Combined Ratio of 93%;
- Net profit for the year of euro 852 million;
- Solvency margin of circa 180%.

With reference to the commitments imposed by the Italian competition authority, 'AGCM', which provide, inter alia, for the reduction of premiums through the disposal of one or more business units, Unipol presented an appeal to the Regional Administrative Court of Lazio (TAR di Lazio) on 10 October 2012. The appeal requested that some of the measures prescribed by the AGCM in relation to commitments that Unipol Group provided to the Authority be reconsidered, as they were considered to be excessively harsh. More specifically, Unipol contested the Antitrust assessment of the Italian non-life policy market and the resulting calculation of market share, both at national and regional level, which the Group had to adhere to in order to avoid any potential restrictions to competition that might arise from the business combination with Fondiaria-SAI S.p.A.. Other procedures stipulated by the Authority as part of the process, such as the disposal of the insurance and financial holding companies' assets are in progress and will continue irrespective of the outcome of the appeal.

---

## Other information

### Management and co-ordination of Premafin HP S.p.A. and Fondiaria-SAI S.p.A.

The Board of Directors of Unipol resolved, in a meeting held on 14 November 2012 on the management and coordination activities in relation to Premafin HP S.p.A. and all the companies previously managed and coordinated by Premafin HP S.p.A..

Premafin HP S.p.A. became part of Gruppo Assicurativo Unipol, registered in the Register of Insurance Groups, number 046.

On the same date, Unipol's Board of Directors also approved the management and coordination activities in relation to Fondiaria-SAI S.p.A. and all the companies previously managed and coordinated by Fondiaria-SAI S.p.A..

Fondiaria-SAI S.p.A. became part of Gruppo Assicurativo Unipol, registered in the Register of Insurance Groups, number 046. Consequently, any reference to Gruppo Assicurativo Fondiaria-SAI is intended to refer to Gruppo Assicurativo Unipol.

---

The financial statements of Unipol have been subject to a statutory audit by the auditing firm PricewaterhouseCoopers SpA (PwC), that has been appointed independent auditor of the Group for financial year ends 2012 to 2020.

---

For the purpose of greater comparability and understandability of movements in performance indicators, the comments below address Unipol Group's performance movements "on a comparable basis" by excluding Premafin Group.



## Group business performance, on a comparable basis

During 2012 the Group continued to register positive results, driven mainly by improved profitability of its Non-life business, and notwithstanding the adverse impact of both the earthquake in Emilia, (albeit this was largely absorbed by reinsurance), as well as the continuing economic recession affecting Italy and the resulting repercussions on the insurance industry.

With this backdrop, Unipol Group's direct Non-life premium income amounted to euro 4,224 million on a comparable basis (-2.5% over 2011), of which euro 2,524 million in the Motor line of business and euro 1,700 million in the Non-motor lines of business. In the MV TPL class, the Group's underwriting policy and criteria continue to be selective, notwithstanding the significant improvements in technical results. Premiums written in this class of business amounted to euro 2,213 million (-2.7% compared to 2011). The MV damage class suffered a larger drop equivalent to euro 311 million (-10.8%), mainly arising due to the sharp decrease in the number of car registrations. The direct insurer Linear S.p.A. (telephone/internet), operating in the motor class of business was successful and continued to expand its activities. Its premiums for 2012 amounted to euro 220 million, representing a growth of 9.5% over the previous financial year. On the contrary, Arca Assicurazioni's level of business dropped following the deregulation of the agency channel which has not yet compensated the decrease in activity arising in the bank branch channel, which to date is the only distribution channel used by the company.

Non-motor lines of business recorded premiums of euro 1,700 million. This represents a decrease of 0.6% over 2011, and is mainly attributable to continued adherence to strict underwriting selective criteria and to the effects of the economic crisis, that is also impacting the level of business at Unipol Assicurazioni. Unisalute contributed positively to the Group results (premiums amounted to euro 233 million (+10% compared to last year). Unisalute S.p.A. specialises in health insurance business and it continues to extend its distinguishing business model, with positive technical results.

The improvement in the MV TPL core technical indicators, such as the loss ratio, show that the 2012 technical result of the Group has improved mainly due to a decrease in the number of claims reported, compared to last year. On the Non-motor classes, the technical result is currently impacted by an elevated frequency of claims linked to freezing climatic conditions, the heavy snowfalls over a number of Italian regions which happened in February, and especially the May earthquakes in Emilia and surrounding areas reserved at circa euro 100 million (circa euro 45 million net of reinsurers' share). Notwithstanding the obvious impact of the earthquake, estimated at circa 2.3% of claims incurred, overall the Group registered a 70.7% loss ratio in 2012, compared to 73.2% at the 2011 financial year end.

The expense ratio on direct business stood at 23.5%, an increase over the 22.2%<sup>1</sup> registered at the end of 2011. The increase is attributable both to a decline in premiums as well as to the increase in acquisition costs related principally to supplementary agents' provisions and to costs associated with the so-called "scatole nere" (Unibox policies). In accordance with a recent deregulation decree "Liberalizzazioni" such costs are to be borne by insurance companies.

The Group therefore registered, on a comparable basis, a combined ratio (on direct business) of 94.2% at the end of 2012, an improvement of 1.2% over the 2011 ratio. This was achieved notwithstanding the adverse impact of the earthquake claims. The combined ratio net of reinsurance, which is typically higher than the ratio on direct business due to currently elevated costs of obtaining reinsurance security, was actually 93.6%. This is marginally lower than the direct combined ratio, due to the effect of high reinsurance recoveries on the Emilia earthquakes claims.

Life business continues to be negatively affected by repercussions of the economic crisis, particularly the decreased savings capacity of Italian households (-10.2% at the third quarter of 2012; Source IVASS). The Group's direct premiums for year ended 31 December 2012, (on a comparable basis), amounted to euro

---

<sup>1</sup> The 2011 ratio has been restated upon reclassification of relevant amounts to the new reporting business segment, real estate. The ratio was reported as 22.3% in the 2011 financial statements.

2,521 million, a growth of 1.8% over the euro 2,476 million premiums written in 2011<sup>2</sup>. Unipol Assicurazioni S.p.A. contributed to the growth with premiums of euro 1,969 million, +7.7% compared to the previous year, principally due to the introduction of two new mandates in the Guaranteed Closed-Ended Funds (class VI) which generated premiums of euro 456 million, of which euro 411 million represent the transfer in of existing contributions.

Decreases were registered by Arca Vita S.p.A. and Arca Vita International Ltd that generated premiums of euro 551 million (-14.7% over 2011), consistent with the trends noted in the market.

Consistent with the above trends, the volume of new business in pro-rata APE terms for 2012 amounts to euro 257 million, compared to euro 248 million during 2011 (comparable basis). Euro 221 million of the amounts were generated by Unipol Assicurazioni S.p.A. and euro 36 million by the companies forming part of the Arca Group.

As concerns investment management within insurance business companies, following a turbulent start to the year 2012, both Italy's government bonds as well as equity markets registered improvements later in the year. The recoveries were triggered by ECB's interventions, aimed at curtailing the financial crisis affecting a number of euro zone states. Within this background, gross return on investments credited to the income statement for 2012 approximated 4.3%. In view of the constant uncertainty surrounding financial markets, the Group's investment policies remain prudent and aim at maintaining an appropriate risk/return balance whilst also placing a right balance between assets and policyholder liabilities.

In the banking business segment, strengthening of capital and liquidity profiles continued, as did the implementation of strategic development and repositioning guidelines focusing on the retail and small business customer base. Customer deposits amounted to euro 9.9 billion, representing a growth of 3.5% over 2011 and compared to customer lending of euro 10.1 billion (+0.9% over 2011).

The banking segment's Funding and Lending term structure and contingency profiles strengthened as a result of participation in the ECB's LTRO (*Long Term Refinancing Operation*) offer which took place in the first quarter of the year and which resulted in the Group taking out loans amounting to euro 600 million, maturing in 2015 and that were subject to relatively low interest rates (currently 0.75%). Following this transaction, the total amount of LTRO subscribed by Unipol Banca reached euro 850 million. In the face of the ongoing economic crisis, with the heightened credit risk and the resulting strengthening of provisions on non-performing loans that ensued, the banking business segment registered a positive net result compared to the negative net result reported in 2011. The latter was attributable to goodwill impairment in Unipol Banca.

On a comparable basis Unipol Group registered consolidated profits of euro 241 million, for the year ended 31 December 2012, higher than the euro 225 million forecast in the Business Plan 2010-2012, and the result of improvements achieved in business management during the year under review.

---

## Performance of the Premafin HP S.p.A./Fondiarria-SAI Group

The main trends that characterised Premafin/Fondiarria-SAI Group's performance during 2012 are commented below.

Non-life insurance direct premiums of the Premafin/Fondiarria-Sai Group in 2012 amounted to euro 6,417 million (-9% compared to 2011 amounts), of which euro 4,207 million in the Motor classes and euro 2,210 million in the Non Motor classes. The drop in premiums is attributable not only to the difficult economic background but also to the enforcement of selective underwriting policies which include, amongst others, termination of business in the risky areas, particularly TPL.

The improvement in the Non-life technical result, especially on the Motor classes of business, is mainly explained by decreases in the magnitude and frequency of claims.

---

<sup>2</sup> The figure as at 31 December 2011, restated on a comparable basis, excludes BNL Vita, that was disposed of in 2011. Its premiums amounted to euro 2,112 million during the period.

As concerns the Non-Motor classes, a decrease in premiums coupled with the adverse impact of the earthquakes in the Emilia Romagna area and freezing climatic conditions during Winter, contributed to the negative results.

With respect to prior year claims, significant adjustments to claim reserves, in particular on third party liability classes (MV TPL and TPL) were considered necessary upon the carrying out of the annual actuarial review of technical provisions.

This resulted in a combined ratio of approximately 105.4% compared to 110.4% in the previous year.

Premium income from life insurance business registered a 4% decrease over 2011, consistent with general market trends. Both the primarily "social security" type of Life business, as well as the financial type of products, suffered decreases linked to the financial difficulties faced by households and businesses alike. The agency distribution network was especially impacted by the adverse market conditions, whereas bankassurance, in particular Popolare Vita S.p.A. together with its subsidiary Lawrence Life, registered a growth of 6.9%. Consolidated premium income amounted to euro 3,655 million, predominantly constituted of traditional Class I products, whereas financial type products suffered significant decreases.

Fondiarria-SAI S.p.A. companies' new business volumes for 2012, measured in APE pro-rata terms, amounted to euro 251 million, compared to euro 281 million in 2011 (-10.6%).

As concerns real estate, 2012 saw containment of costs. The net result of the business segment is affected by impairment losses amounting to euro 375 million determined on the basis of valuations carried out by industry experts.

In the banking business segment, the Premafin/Fondiarria-SAI Group operates principally through Banca SAI S.p.A., whose result was negatively affected by impairments linked to the worsening economic situation as well as impairment of receivables due from the Imco-Sinergia Group amounting to euro 17 million.

Even the other activities' sector continues to register negative results primarily attributable to Group owned health facilities, all located in Tuscany, and the failure to finalise an agreement with the Tuscan Region on the burden of overhead costs. The Group results also suffered the negative contribution of Altahotels S.p.A., a hotel operator, that was caused by reduced turnover brought about by the economic crisis, together with increased operational costs.

Premafin Group's results at 31/12/2012 were also adversely impacted by impairment losses on securities, property, equity holdings and goodwill totalling euro 905 million. This resulted in 2012 being another year of net losses for the Premafin Group with a euro 882 million loss registered for the year.

Premafin/Fondiarria-SAI Group's contributed profits of euro 200 million to Unipol Group's 2012 consolidated results. This result is in relation to the period 1 July to 31 December 2012 and is directly attributable to valuations ascribed to the assets acquired and to the liabilities assumed at the acquisition date fair value, as well as alignment to Unipol Group's accounting principles, in accordance with IFRS 3.

---

The financial statements as at 31 December 2012 of Unipol, which are submitted for your consideration and approval, show a positive net profit of euro 195.0 million (loss of euro 358.3 million in 2011) mainly due to dividends received from subsidiaries. The reason behind the negative results of 2011 was primarily the impairment of the investment in Unipol Banca S.p.A., which amounted to euro 239.8 million.

## Salient aspects of business operations

The figures that best illustrate the business performance are the following:

- A. Revenue resulting from the Company's core business as a holding and services company of Unipol Group, amounted to euro 10.2 million (euro 12.6 million in 2011). The decrease in revenue is attributable to the internal Group reorganisation, which resulted in the transfer of the Technical Insurance Audit function from Unipol to Unipol Assicurazioni S.p.A..
- B. Other operating income amounted to euro 20.3 million (euro 19.4 million in 2011). Amounts consisted of euro 5.5 million that related to commissions received by the subsidiary Unipol Banca S.p.A in relation to an indemnity agreement on its receivables, of euro 12.8 million that related to recharges for staff secondments to the Group, and the remaining euro 2 million related recharges of directors' remuneration.
- C. Production costs amounted to euro 140.6 million (euro 158 million in 2011) and includes all the operating costs arising from the core holding company business carried out in 2012. The decrease is mainly due to the reduction in provisions for risks (euro 50.1 million in 2012 compared to euro 68.7 million in 2011).
- D. Income from investments amounted to euro 253.2 million (euro 7.5 million in 2011) and includes dividends from equity investments. The increase is attributable to the dividends received from subsidiaries Unipol Assicurazioni S.p.A., Linear S.p.A., Unisalute S.p.A. and Arca Vita S.p.A., amounting to euro 250 million.
- E. Net ordinary financial expenses decreases from euro 78 million in 2011 to totalled euro 4.1 million in 2012, mainly as a result of the realised gains on the sale of shares, bonds and government bonds effected in 2012. There were also realised fair value losses of euro 60.5 million in 2011.
- F. Adjustments to financial assets totalled euro 29.9 million, compared to negative adjustments of euro 285.1 million in 2011, euro 239.8 million of which related to the impairment of the investment in the subsidiary Unipol Banca S.p.A.. In 2012, euro 39.1 million relate to the impairment of bonds classified as current assets.
- G. Ordinary activities resulted in a profit of euro 168.9 million (loss of euro 481.6 million in 2011).
- H. The result of non-recurring activities was a profit of euro 5.2 million (profit of euro 59.1 million in 2011). In 2011 these included fair value gains of euro 55.9 million realised upon the sale of the investment in BNL Vita.
- I. The pre-tax profit was euro 174.1 million (loss of euro 422.5 million in 2011).
- J. Income taxes in the income statement were a tax credit of euro 20.9 million (tax credit of euro 64.2 million in 2011).

The Company's equity at 31 December 2012, including the results for the year, amounted to euro 5,632.6 million (euro 4,337.9 million at 31 December 2011). The increase of euro 1,294.6 million is due to the share capital increase of euro 1,099.7 million effected during the year, and to the profit for the year 2012 amounting to euro 195 million.

# Investment management

## Financial operations

Investment management during 2012 was carried out in line with the guidelines expressed in the Company's Investment Policy.

The management activity of the Company has been characterised by the maintenance of a high level of liquidity and, consequently, tactical/structural investments that may commit the portfolio into an increased level of risk, were not undertaken.

The sharp tightening of spreads of peripheral European countries has allowed the sale of assets in the Irish and Portuguese governments for a nominal value of euro 70 million; the sales have virtually cancelled the bond portfolio's exposure to foreign sovereign debt risk and repositioned the portfolio in cash and Treasury Bonds.

Investments in Italian Certificates and Treasury Bills with maturities concentrated between February and April 2013 amounting to euro 300 million were undertaken as a result of the increase in share capital effected in the third quarter.

The above-mentioned management initiatives have brought the duration of the portfolio to a level of 0.46 compared to 1.40 last year, and cash equivalents, including term deposits maturity within 6 months, amounted to euro 407.9 million 31 December 2012, compared to euro 306.8 million at the end of 2011. The activity on the equity portfolio mainly consisted of trading, and trades were primarily related to the banking sector, telephone companies, pharmaceutical and utilities.

The share component, net of participating interests, had a fair value of euro 23.5 million at the end of the year.

The trading activity in the bond and stock market has been functioning with the aim to achieve the objectives of profitability.

On 1 February 2013 the Dutch government decided on the nationalisation of banking group SNS REAAL, the fourth largest Dutch banking group. As a result, subordinated securities, with all degrees of subordination, issued by SNS REAAL and its subsidiary SNS BANK, were expropriated by the government.

Unipol, which held securities subject to expropriation amounting to a nominal value of euro 5 million at 31 December 2012, appealed against the expropriation. However, on 25 February 2013 the Dutch Council of State, in its response to the various investors' appeals declared, without right of appeal, that expropriation of the securities in question was lawful.

There should have been indemnification, even if limited, to compensate for the expropriation. However, on 4 March 2013, the Dutch Finance Minister stated that he not intend compensating investors holding expropriated securities. Unipol Group companies, like other investors, intend to proceed against this negation of compensation and have already engaged lawyers to take the necessary steps. It is expected that by next April, the Dutch court rules on the appropriateness of compensation proposed by the Dutch government.

Pending further developments, on the basis of currently available information and considering prices obtained from market info-providers, Unipol has estimated the recovery on securities to be 7.5%, resulting in fair value losses amounting to euro 2.9 million.

## Tangible and intangible fixed assets

During 2012, the level of tangible and intangible fixed assets, net of amortisation and depreciation, increased from euro 24.3 million to euro 82.2 million, an increase of euro 57.9 million when compared to the previous year. This is mainly due to the capitalisation of costs incurred in conjunction with the increase in share capital effected during the year.

The analysis of tangible and intangible fixed assets and the movements over the previous year are set out in the table below.

<b>TANGIBLE AND INTANGIBLE FIXED ASSETS</b>				
<i>(Values in Millions of Euro)</i>				
	31/12/2012	31/12/2011	<i>Change amount</i>	<i>%</i>
<b>Tangible fixed assets</b>				
- Plant and equipment	0.1	0.1	0.0	6.2
- Other assets	1.8	1.6	0.2	12.7
<b>Total</b>	<b>2.0</b>	<b>1.7</b>	<b>0.2</b>	<b>12.2</b>
<b>Intangible fixed assets</b>				
- Start-up and capital costs	65.5	6.6	59.0	899.6
- Research, development and advertising costs	3.2	8.7	(5.5)	(63.4)
- Concessions, licences, trademarks and similar rights	7.7	6.9	0.7	10.7
- Assets under development and payments on account	3.8	0.4	3.4	890.2
- Other	0.1	-	0.1	100.0
<b>Total</b>	<b>80.2</b>	<b>22.5</b>	<b>57.7</b>	<b>256.2</b>
<b>TOTAL TANGIBLE AND INTANGIBLE FIXED ASSETS</b>	<b>82.2</b>	<b>24.3</b>	<b>57.9</b>	<b>238.6</b>

It should be noted that assets under development include all costs incurred for the construction of C.U.B.O. (Centro Unipol Bologna), which will be inaugurated in 2013 on the occasion of Unipol's fiftieth anniversary. These capitalised costs are recorded as intangible assets since they relate to property that is owned by the indirectly controlled subsidiary Midi S.r.l..

Details of fixed assets are shown in Appendices 5 and 6 to the Notes to the financial statements.

## Financial fixed assets

Financial fixed assets increased from euro 4,685.9 million to euro 5,128.8 million during 2012, an increase of euro 442.9 million compared to the previous year. The movements were due to:

- acquisition of shares in Premafin HP S.p.A. for a total of euro 351.6 million and in Fondiaria-SAI S.p.A. for euro 181.1 million;
- a decrease in the value of long-term receivables of euro 95.6 million due to the assignment, to Unipol Insurance S.p.A., of the receivable which Unipol was due from P & V Assurances, which took place on 20 June 2012;
- a capital increase resolved by Arca Vita S.p.A. that was effected by utilising the advance payment for future capital increases carried out in 2011 and amounting to euro 38.5 million, and through payment of the remaining balance amounting to euro 5.9 million.

An analysis of financial fixed assets and the movements over the previous year are set out in the table below.

<b>FINANCIAL FIXED ASSETS</b>				
<i>(Values in Millions of Euro)</i>				
	31/12/2012	31/12/2011	<i>Change amount</i>	<i>%</i>
<b>Financial fixed assets</b>				
- Participation interests				
- Subsidiaries	5,126.8	4,588.3	538.5	11.7
<b>Total</b>	<b>5,126.8</b>	<b>4,588.3</b>	<b>538.5</b>	<b>11.7</b>
- Receivables				
- Other companies	2.0	97.6	(95.6)	(98.0)
<b>Total</b>	<b>2.0</b>	<b>97.6</b>	<b>(95.6)</b>	<b>(98.0)</b>
<b>TOTAL FINANCIAL FIXED ASSETS</b>	<b>5,128.8</b>	<b>4,685.9</b>	<b>442.9</b>	<b>9.5</b>

Details on participation interests can be found in Appendix 7 to the Notes to the financial statements.

The analysis of participation interests by business segment and the movements from previous year are as follows (in millions of euro):

	2012	<i>Change compared with 2011</i>
Insurance	4,092.1	187.0
Banking and financial services	634.3	0.0
Other investments	400.5	351.6
	5,126.8	538.5

Other investments include Ambra Property S.p.A. and Premafin HP S.p.A..

During the year, the holdings were affected by the following changes:

*Purchases/subscriptions of shares or units of capital*

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

On 19 July 2012, and in accordance with the investment agreement dated 29 January 2012, Unipol subscribed and paid up to the increase in share capital of Premafin HP S.p.A., which was reserved for subscription by Unipol and which had been resolved at an extraordinary meeting of Premafin HP S.p.A. shareholders on 12 June 2012. The increase amounted to euro 339.5 million, in addition to euro 12 million of charges, through which Unipol acquired a controlling shareholding interest of 80.93% in Premafin HP S.p.A..

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

On 10 September 2012, 30,853,620 ordinary shares of Fondiaria-SAI S.p.A. were subscribed through the exercise of option rights acquired during the offer on the stock exchange. These were newly issued, for a total amount of euro 30.9 million.

On 13 September 2012, 14,254,110 ordinary shares of Fondiaria-SAI S.p.A. that remained unsubscribed on the stock exchange, were acquired at a consideration of euro 14.3 million from the banks forming part of the underwriting syndicate in Fondiaria-SAI's share issue. These shares, together with the 30,853,620 ordinary shares subscribed on 10 September 2012, represent 4.9% of the post-increase ordinary share capital of Fondiaria-SAI S.p.A..

On 13 September 2012, 240,609,096 Class B savings shares of Fondiaria-SAI S.p.A., which remained unsubscribed on the stock exchange, were acquired for a consideration of euro 135.9 million. The shares acquired represent 74.78% of the new share capital of Fondiaria-SAI S.p.A. consisting of Class B savings shares.

Overall, the above transaction resulted in a total outlay of euro 181.1 million and led to Unipol having a direct holding of 22.97% of total capital of Fondiaria-SAI S.p.A..

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

On 27 September 2012, Unipol fulfilled the capital increase approved by Arca Vita S.p.A. for a total amount of euro 44.4 million through the use of the advance payment which was effected on 30 December 2011 for future capital increases and which amounted to euro 38.5 million, and through the payment of the balance amounting to euro 5.9 million.

In particular, Unipol subscribed to:

- ✓ 6,773,379 shares through exercise of the option, for an amount of euro 40.6 million;
- ✓ 630,642 shares by exercising the right of first refusal on shares not subscribed, amounting to euro 3.8 million.

Following the subscription of the capital increase, the interest held by Unipol in Arca Vita S.p.A. increased from 60.8% to 63.4%.

### *Advance payments to subsidiaries for future capital increases*

During the year, there were no advance payments to subsidiaries for future capital increases.

### *Disposals*

During the year, there were no disposals of equity investments.

### **Own shares and shares in parent companies**

No own shares are held in the portfolio at 31 December 2012. In respect of treasury shares, the Shareholders' Meeting of 30 April 2012 approved, pursuant to Article 2359-*bis* of the Italian Civil Code, to confirm the size of the fund for share buy backs amounting to euro 100 million and to authorise the Board of Directors to buy back shares within the limits of the amount of the said fund.

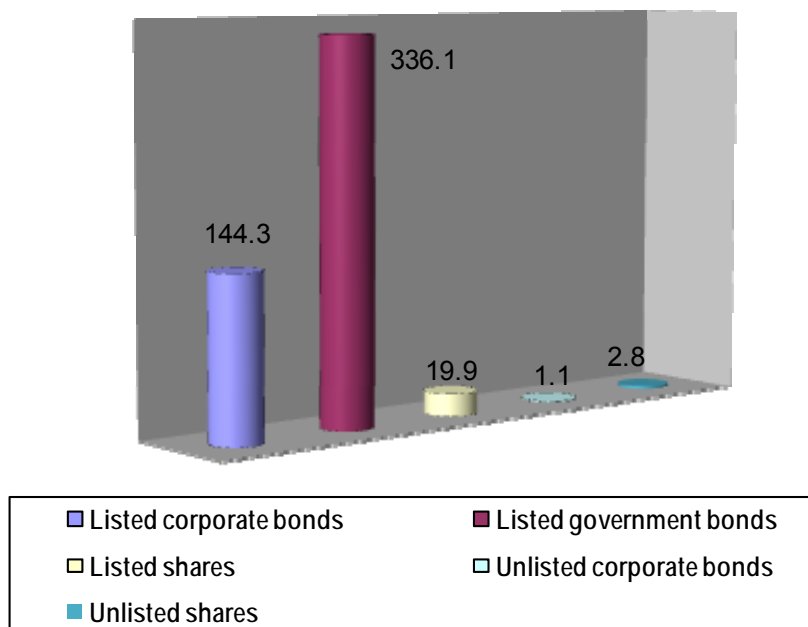
As for the shares of Finsoe S.p.A., the Meeting of 30 April 2012 approved, pursuant to Article 2359-*bis* of the Italian Civil Code, to confirm the size of the fund for the purchase of shares of the parent company amounting to euro 45 million and to authorise the Board of Directors to purchase shares within the limits of the amount of the said fund. The company did not hold shares in Finsoe S.p.A. on 31 December 2012.

During the year there were no purchases or sales of treasury shares or of the parent company.

### **Current financial assets**

These financial assets amount to euro 504.0 million, representing an increase of euro 290.4 million compared to the previous year. This was mainly due to the acquisition of listed government bonds during the year.

With regards to Other investments and Other securities, their composition is graphically represented as follows (in millions of euro):



### **Cash and cash equivalents**

Bank deposits and cash as at 31 December 2012 amounted to euro 157.9 million, a decrease of euro 51 million compared to the balance at 31 December 2011.



## Capital transactions

### Reverse split of Unipol ordinary and preference shares

A reverse split of ordinary and preference shares was approved in the Unipol shareholders' Extraordinary General Meeting held on 19 March 2012. The reverse split was carried out in the ratio of 1 new ordinary share for every 100 ordinary shares held, and 1 new preference share for every 100 preference shares held, resulting in the cancellation of ordinary and preference shares in the minimum number of shares required for the transaction to take place, with a corresponding reduction in capital. The transaction resulted in the elimination of 6 ordinary shares and 10 preferred shares. The certificate of execution of a change in share capital was registered in the Register of Companies of Bologna on 27 March 2012.

The ratio and exercise price of Unipol's 2010-2013 ordinary share warrants and preference share warrants were also proportionately adjusted as a result of the reverse stock split:

- the number of Unipol ordinary share warrants to be exercised for the subscription of 2 ordinary conversion shares was adjusted from 13 to 1,300;
- the number of Unipol preference share warrants to be exercised for the subscription of 2 preference conversion shares was adjusted from 13 to 1,300;
- the subscription price of each ordinary conversion share was adjusted from euro 0.72 to euro 72.00;
- the subscription price of each preference conversion share was adjusted from euro 0.48 to euro 48.00.

The following table shows the composition of the share capital as a result of the reverse share split:

	Share Capital at 31/12/2011		Share Capital after Grouping shares	
	Number of Share	Euro	Number of Share	Euro
Ordinary Shares	2,114,257,106	1,670,263,113.95	21,142,571	1,670,263,109.21
Preference Shares	1,302,283,310	1,028,803,816.16	13,022,833	1,028,803,808.26
Total	3,416,540,416	2,699,066,930.11	34,165,404	2,699,066,917.47

### Increase in share capital

The offer to shareholders for the acquisition, for cash proceeds, of 422,851,420 ordinary shares and 260,456,660 preference shares of Unipol closed on 1 August 2012. The increase in share capital had been resolved by the Board of Directors on 21 June and 12 July 2012, in accordance with the powers conferred by the Extraordinary General Meeting of 19 March 2012.

The following warrants were exercised during the period between 16 July 2012 and 1 August 2012:

- 15,407,311 option rights for the subscription of 308,146,220 Unipol newly issued ordinary shares, equivalent to 72.87% of total ordinary shares offered, and
- 5,614,776 option rights for the subscription of 112,295,520 Unipol newly issued preference shares, equivalent to 43.11% of total preference shares offered,

for a total consideration of euro 725,780,572.00.

In accordance with the commitments made, Finsoe SpA (Unipol's parent company), Novacoop Scarl, Coop Adriatica Scarl, Lima Srl, MACIF – Société d'assurance mutuelle à cotisations variables and MAIF – Société d'assurance mutuelle à cotisations variables subscribed to 55.50% of the ordinary shares offered, and to 5.49% of the preference shares offered.

At closure of the offer period, 5,735,260 warrants to subscribe for a total of 114,705,200 ordinary shares (equivalent to 27.13% of the ordinary shares offered) remained unexercised, together with 7,408,057 warrants to subscribe for a total of 148,161,140 preference shares (equivalent to 56.89% of the preference shares offered). These shares amounted to a total of euro 373,867,511.50.

Unipol offered the unexercised warrants to the market from 3 to 7 September 2012. Following the closure of

the offer on the Stock Exchange, on 13 September 2012 banks forming part of the underwriting syndicate (Barclays, Credit Suisse, Deutsche Bank, Mediobanca, Nomura, UBS Limited, UniCredit Bank AG Succursale di Milano, Banca Akros, Banca Aletti, Banca Carige and Centrobanca) subscribed, pursuant to the underwriting agreement entered into on 13 July 2012, to all the 86,021,240 unsubscribed ordinary shares (equivalent to 20.34% of the newly issued ordinary shares) and to the 90,210,600 unsubscribed preference shares (equivalent to 34.64% of the newly issued preference shares) for a total of euro 259,997,815.

Unipol's capital increase was therefore completed with the full subscription of 422,851,420 ordinary shares and 260,456,660 preference shares, for a total amount of euro 1,099,648,083.50. The related issue costs amounted to euro 46.7 million, net of tax.

Unipol's new share capital therefore amounts to euro 3,365,292,295.47, of which euro 2,082,543,243.71 are represented by ordinary shares and euro 1,282,749,051.76 are represented by preference shares, all with no par value.

The certificate of execution has been filed in the Register of Companies of Bologna, pursuant to Article 2444, first paragraph, of the Civil Code, on 17/9/2012.

The total shares in issue amount to 717,473,484, of which 443,993,991 are ordinary shares and 273,479,493 are preference shares.

The following table shows the change in share capital as a result of the share capital increase:

	Increase in Share Capital		Share Capital at 31/12/2012	
	Number of Share	Euro	Number of Share	Euro
Ordinary Shares	422,851,420	412,280,134.50	443,993,991	2,082,543,243.71
Preference Shares	260,456,660	253,945,243.50	273,479,493	1,282,749,051.76
<b>Total</b>	<b>683,308,080</b>	<b>666,225,378.00</b>	<b>717,473,484</b>	<b>3,365,292,295.47</b>

634,236,765 Unipol 2010-2013 ordinary share warrants and 390,660,132 Unipol 2010-2013 preference share warrants are also in issue.

## Indebtedness

At 31 December 2012, debt securities issued by Unipol, amounting to euro 750 million (euro 925 million as at 31/12/2011), relate to a single senior loan issued in December 2009 and with a seven year term (maturing in January 2017). This loan bears fixed interest at a rate of 5%, is listed on the Luxembourg stock exchange, and has a nominal value of euro 750 million.

During the year, an unlisted senior loan with a nominal value of euro 175 million has been redeemed. This loan was an unlisted senior bonds issued in July 2009, with a maturity of three years, and a fixed interest rate of 5.25%.

The Company has borrowings from subsidiary Unipol Assicurazioni S.p.A., amounting to euro 267.8 million (unchanged over 2011), which are redeemable, in whole or in part, on Unipol Assicurazioni S.p.A.'s demand. These bear an interest at a rate equal to three-month Euribor plus 100 basis points.

Net debt (detailed in Appendix 10 to the Notes to the financial statements) changed from euro -910.1 million to euro -391.3 million due to both the increase in the value of securities held for trading, as well as the decrease in non-current financial liabilities due to the repayment of the bond.

## Risk management (Article 2428 of the Italian Civil Code)

Financial risk management has developed through periodic monitoring of key indicators of exposure to interest rate risk, credit risk, equity price risk and liquidity risk.

Interest rate risk is managed through the adjusting and managing of assets compared to liabilities. At 31/12/2012, the duration of the investment portfolio, which is an indicator of exposure to interest rate risk, amounted to 0.46 years.

As regards credit risk exposure, 97.55% of the debt security portfolio is concentrated within the "Investment Grade" rating.

In particular, 11.74% of the debt securities were rated A, and 86.55% BBB.

With regard to equities, excluding participation interests, the indicator of sensitivity to the euro area equity market (Beta) is equal to 0.87.

Liquidity risk was limited by investing almost the entire portfolio in listed securities (100% of bonds, and 87.72% of equity shares).

## Human Resources

As at 31 December 2012, the Company employed 315 persons.

The number of employees, determined on a "full time equivalent" (FTE) basis, or by considering the effective working hours, is 309.

Number of employees	31/12/2012			31/12/2011		
	<i>Average</i>	<i>Final</i>	<i>FTE</i>	<i>Average</i>	<i>Final</i>	<i>FTE</i>
Full-time	301	313	309	294	286	282
Temporary	3	2		1	2	
<b>TOTAL</b>	<b>304</b>	<b>315</b>	<b>309</b>	<b>295</b>	<b>288</b>	<b>282</b>

### Staff training

During 2012 training provided to Group companies totalled 27,271 man days (equivalent to circa 216,000 man hours) of which 12,572 to the insurance sector and 14,699 to the banking sector.

#### Insurance business

Staff technical training ("Formazione Tecnica del Personale") provided in 2012 was characterised by classroom training totalling 7,588 man days (equivalent to 60,702 man hours), and by distance learning via the Group's e-learning platform Unipol Web Academy, totalling 23,512 man hours (or 2,939 man days).

Training provided involved mostly staff from claims, information technology and commercial departments.

On health and safety, apart from the regular training provided to emergency personnel at the various group's premises, planning and delivery of courses aimed at complying with obligations arising out of Security legislation and in view of amendments included in the recent agreement reached between state and regions (accordo Stato-Regioni) was also undertaken.

2012 also saw the birth, presentation and launch of two new training plans financed by the banks and insurance fund ("Fondo Banche Assicurazioni") including Solvency II training.

The course "EticaMente" given via the Group's e-learning platform had the objective of strengthening awareness of Group's values whilst the health and safety specialised course entitled "Videoterminalisti" aimed at providing guidance on the safe use of video terminals.

As concerns managerial training ("Formazione Manageriale"), 2,048 man days (equivalent to circa 16,387 man hours) were delivered in 2012. Training activity was marked by a particular focus on the Group's call centres.

Some of the managerial training initiatives were also conducted within the plan financed by the banks and insurance fund.

In the first six months of the year, the training project aimed at increasing Group's awareness about equal opportunity was put into place.

#### Banking

During 2012, staff technical training activities at the banking parent company level, took the form of classroom training both on technical managerial/relationship matters amounting to 10,010 man days, and delivery of online training through Unipol Web Academy totalling 4,689 man days.

Training for financial advisors that are not Group employees was also carried out through distance learning both on the training network platforms of Unipol Assicurazioni and Assoreti, totalling 287 man days, as well as 378 man days of classroom training.

Similar to the other training structures, in 2012, Unipol Banca started the process of obtaining a "quality" certification for its training programme "Formazione di Unipol Banca". The process aims at establishing information flows and procedures with the objective of keeping record of all training, by training project. In October, the Italian certification company DNV conducted its first review and confirmed that the process was initiated successfully.

## Information systems

The main activities carried out in Unipol Group's business segments are detailed below.

#### *Insurance business*

Unipol Group's IT operations during the year were aligned to the Business Plan 2010-2012 and revolved around two key objectives:

- 1) IT support in the implementation of "Business lines" included in the Business Plan and already disclosed in the 2011 financial statements;
- 2) Support in updating Group's information systems and in the management of new technology.

As part of the transformation of agencies' new IT platform, stipulated by the new integration agreement, hardware was replaced, telecommunication infrastructures were upgraded and the new agency commercial portal was combined with Customer Relationship Management (CRM).

In the second half of 2012 planning of the integration processes with Fondiaria-SAI Group commenced. For IT, this entailed commitment to both the convergence and integration of systems and applications, as well as to support the integrations operations planned for other business units.

The development of a Solvency II IT system is ongoing (i.e. automation of the capital requirement calculation using the QIS5 Standard Formula and market internal models for Life, non life credit, and operational risks). Also ongoing is planning for the new Group's claims system, which is expected to be launched in 2014.

The IT and telecommunications infrastructure (networks, Voip, videoconferencing, call centre) at the new premises, Torre Unipol at via Larga in Bologna was put in place. The premises have been built using the latest plant and structural technologies.

Work on the technical infrastructure of the CUBO project was also carried out. CUBO is the multi media centre built by the Group on its 50th business anniversary, and on which latest technologies have been used.

As concerns business continuity and service quality, disaster recovery tests were carried out successfully on the two main data centres at San Donato Milanese and Bologna in 2012. Tools to enable monitoring of performance, availability and quality of the information services being provided, continued to be made available.

In the field of social and environmental responsibility, initiatives were aimed at reducing environmental impact and operational costs, by minimising electrical power consumption, reducing staff travelling between offices

and decreasing demand for disposal of material. 22 new videoconferencing devices were installed during 2012 and "Unified Communication" software (messaging, conference call, videoconferencing, sharing of documents) was installed on 700 executives' personal computers.

The collaboration with voluntary organisation Biteb ("Banco Informatico Tecnologico e Biomedico", information technology and biomedics bank) continued. Hardware equipment is donated to this organisation upon its disposal by the Group. In this way, hardware scrappage (irreversible data deletion and special refuse disposal) presents an opportunity to better the environment and to show solidarity with non profit organisations (Onlus, hospitals, schools, etc).

### *Banking business*

As part of innovating electronic channels, a new online mail service, called Multi-channel, was introduced in the beginning of the year. Through this service, individual and business customers receive, free of charge, in their mail box regular correspondence in electronic format from the Bank. The correspondence is consistent with the paper versions provided in the past. The new service enables the elimination of correspondence costs, the immediate consultation of documentation sent and electronic storage of documents.

During the second half of 2012, Unipol Banca migrated its Internet Banking platform to a web application that includes additional features, completely revamped graphics and increased functionality. Among the main service innovations is the ability to trade online in major European and American markets, and the development of a profile, intended for more advanced traders, that enables users to see in real time, for each security, the "book" on five levels, i.e. the five best buying and selling deals on the market in terms of price.

Always in the context of connecting ever more the Bank with its customers through the internet channel, a new mobile banking application was introduced. The application can be used on Apple and Android and is downloadable from dedicated mobile application stores (example: Apple Store, Samsung Apps, Nokia Store, etc). It enables users to access, via smart phone and tablet, the various functionalities already available within internet banking services. In addition, through geo-localisation, it is possible to search for the Bank's ATM nearest to the user's current location.

## Internet

[www.unipol.it](http://www.unipol.it) is Unipol's website through which users can access the websites of the various Group companies and obtain information on Unipol.

## Research and development

Unipol has not carried out any research and development activities during the year.

## Data protection (Legislative Decree 196/2003)

The Company has put in place all necessary measures to ensure compliance with the obligations imposed by the legislation on protection of personal data (Legislative Decree no. 196/2003), in order to ensure the protection and integrity of data on customers, employees, and, in general, on all persons with whom it is in contact.

The Company also updated the "Security Policy Document" relating to 2012, which demonstrates the company policy in terms of security measures (information, physical and organisational), to ensure the confidentiality, integrity and availability of data.

## Report on corporate governance and ownership, drawn pursuant to Article 123-bis of Legislative Decree 58 of 24 February 1998

The information required by Article 123-bis of Legislative Decree 58 of 24 February 1998 as amended by Article 5 of Legislative Decree 173 of 3 November 2008, is contained in the annual Corporate Governance report, which has been approved by the Board of Directors and has been published, together with the management report, in accordance with Article 89-bis of the Regulation adopted by Consob in its Resolution 11971 of 14 May 1999 and with Section IA.2.6 Guidelines on the Regulation Governing Markets that are Organised and Managed by the "Borsa Italiana S.p.A." (the Italian stock exchange).

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

## Social and environmental responsibility

2012 was the final year covered in the three-year Sustainability Plan 2010-2012. At the end of the year, an overall assessment of the degree of achievement of objectives was made. Approximately 50% of the goals contained in the Sustainability Plan were reached, 8% were abandoned during the three years, while the remaining 42% are still in progress.

The year has been marked by the development of the three-year Unipol/Fondiaria-SAI integration Plan, in which the Social Responsibility and Ethics function was involved on two fronts. On the one hand, it was involved in "integration workshops" intended to align culture, sustainability performance and tools in Fondiaria-SAI Group's companies. On the other, it had the cross-departmental role of stimulating and evaluating policies and integration measures that were developed in the various "workshops" to ensure that these are aligned to the values and principles in the Group's Code of Ethics and to its sustainability rationale. This second role is important in ensuring consistency between the above-mentioned integration plan and the next Sustainability Plan 2013-2015.

From an organisational perspective, the structure introduced last year, whereby staff members from each of the Group's companies/departments were assigned responsibility for sustainability, continued to be in place during the year.

Furthermore, the information systems department assisted with the development and release of SAP SupM software, designed to manage sustainability data in a reliable, retrievable and increasingly more automated way, by leveraging on linkages between the computer systems in place. A total of about 1,400 indicators are monitored, involving 120 staff members. It is a significant and innovative investment designed to implement Unipol's commitment to sustainability in Group's day-to-day activities, an all-encompassing element of the business plan.

The following Group accountability management tools became operational during the year:

- the second Sustainability Budget for 2012 was drawn up and was subsequently approved by the Board of Directors. It includes over 100 actions and 50 result indicators;
- achievement of the Sustainability Plan was monitored quarterly utilising a dashboard of 160 indicators and involving over 50 people in charge of sustainability from all Group companies. The findings of such monitoring were reported in a half-yearly management report, discussed with senior executives and presented to the Board of Directors;
- the final Sustainability Report was subject to improvements, such as the introduction of a section on Key Performance Indicators (KPI) and the inclusion of performance of all Group companies in the report;
- innovations in tools used for communication of the Report, such as the introduction of videos dedicated to sustainability best practices developed in-house, that are used for presentations on the subject matter and are available on the Group's website;

- participation in the annual survey on global warming emissions conducted by Carbon Disclosure Project, aimed at assessing corporate commitment in relation to climate change and to provide objective information to investors.

At the same time, the sustainability function provided support to other departments in developing ad hoc projects in the achievement of Plan objectives. In particular, in 2012 intervention projects were developed in relation to:

- improved corporate diversity management and implementation of policies promoting the integration of people with disability, socially and in the workplace,
- additional welfare services,
- more sustainable Life products,
- reduced environmental impact caused by production processes at Unipol's suppliers.

In addition, several initiatives were taken together with human resources and corporate identity departments to promote employees' participation in society at large, such as the involvement in the "Food collection" initiative and the organisation of "A day at the office with mum and dad" event.

The Board's Committee for Sustainability monitored and assessed performance throughout the year, and reported its assessment of the overall process adopted and the main decisions made in the area of Group's sustainability.

#### **Promotion of Code of Ethics values**

Consistent with Group's values, various activities aimed at increased knowledge and awareness of the Unipol's Code of Ethics were embarked upon during 2012. The initiatives took place on "Unipol Web Academy", the new distance learning platform for employees and agents. Through interactive sessions, participants were familiarised with the Group's values and the different aspects of the Code. They were also presented with real life examples of "ethical dilemmas", that are typically encountered in relationships with colleagues and clients at the workplace. This course was intended for all levels of staff and a high participation rate of over 70% of total employees was recorded. The latter is particularly encouraging considering that it was not "mandatory" training, i.e. prescribed by Regulators. Agency networks were less participative with around 20% participating in the course.

The awareness and promotion initiatives were supervised by the Board's Sustainability Committee, in its function as Ethics Committee, that also investigated regularly any reports of Code of Ethics violations. A detailed picture of these activities will be included in the Ethics report, published in the 2012 Sustainability Report.



## Intercompany and related party transactions

Unipol, a holding and service company, and parent of the Gruppo Assicurativo Unipol (registered with the Register of Insurance Groups, number 046) carried out management and coordination activities, in accordance with Article 2497 et seq. of the Italian Civil Code.

None of the shareholders of Unipol carried out management and coordination activities as defined in Article 2497 et seq. of the Italian Civil Code.

Finsoe SpA, which holds an investment equal to 50.75% of the ordinary share capital of UGF S.p.A. that grants it, in terms of Article 2359.1.1, of the Italian Civil Code, control over Unipol, does not manage or coordinate it either in technical or financial terms.

Unipol has adopted the “Procedure for the carrying out of transactions with related parties” as approved by the Board of Directors on 11 November 2010 and subsequently approved by the other Unipol group companies. The procedure is available on Unipol’s website ([www.unipol.it](http://www.unipol.it)) under the section Corporate Governance/Related party transactions.

The procedure lays down the rules, procedures and policies for ensuring that transactions with related parties carried out by Unipol directly or through subsidiaries are transparent and that correct procedures are followed.

As concerns the information referred to in Consob Regulation 17221 of 12 March 2010, as amended by Resolution 17389 of 23 June 2010, an information document on the subject of “Merger by incorporation of Premafin Finanziaria S.p.A. - Holding di Partecipazioni, Unipol Assicurazioni S.p.A. and possibly, as detailed further, Milano Assicurazioni S.p.A. in Fondiaria-SAI S.p.A.”, was drawn on 27 December 2012 pursuant to Article 5 of the said Regulation (major transactions with related parties). The document was supplemented with an addendum on 13 January 2013.

Both documents are available on Unipol’s website [www.unipol.it](http://www.unipol.it), under the Corporate Governance/Related party transactions, to which reference is made.

Since the merger involves Unipol group companies, the Operation could have been considered exempt for the purposes of applying the Procedure and of the Related Parties Regulation. Notwithstanding, in view of the Operation’s significance and strategic importance, Unipol decided to be as transparent as possible with the market by voluntarily applying, also in this case, the provisions laid down in its Procedure for major transactions with related parties.

A similar document has been drawn up and published by Premafin HP S.p.A., Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A. pursuant to the Related Parties Regulation and to procedures adopted by each of these companies. The information documents were the result of coordination and comparisons between the companies involved in the Operation, together with their respective advisors in order to ensure that consistent and coherent disclosure was made to the involved companies’ shareholders and to the market.

During 2012 there were no other “major” transactions with related parties, nor were there any transactions that had a significant impact on Unipol’s statement of financial position and results, as defined in Article 2427, paragraph 2 of the Italian Civil Code.

Unipol provided services, that did not affect the competitiveness of the individual operating companies, in the following main 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 control, risk management and compliance with relevant legislation).



Unipol Assicurazioni S.p.A. provided services in 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 (bookkeeping and tax, administrative and financial statements services);
- Property, purchasing and auxiliary services;
- Development of Life products, analysis of Life provisions, regulatory assistance, portfolio management and Life settlements;
- Claims management and settlement;
- Complaints management;
- Marketing;
- Reinsurance;
- Finance.

In addition, Unipol Assicurazioni S.p.A and its subsidiaries, carried out the following transactions with Group companies:

- normal reinsurance and coinsurance transactions;
- renting property;
- agency mandates.

Unisalute S.p.A. provides the following services to the other companies of the Group:

- service management routing, medical assistance calls, booking, handling and settlement of claims relating to specific guarantees/products on behalf of Unipol Assicurazioni SpA and Linear S.p.A.;
- support services for the education and training of employees 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. to its subsidiary, Centri Medici Unisalute S.r.l., were mainly in the following areas:

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

Unipol Banca S.p.A. provides the following main services to companies in the banking group of which it is the parent company:

- Organisation;
- Administration and budget;
- Personnel;
- Anti-Money Laundering;
- Legal Affairs;
- Risk Management;
- Compliance;
- Internal auditing;
- Planning and Management Control;
- General Affairs.

Unipol, together with subsidiaries Unipol Assicurazioni S.p.A. and Unipol Banca S.p.A. seconded staff to other Group companies.

Fees for services were based on the 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 staff, and took account of:

- the performance objectives that the provision of the service to the Company must achieve;
- the strategic investment to be done in order to ensure the level of service agreed.

The following elements were 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 mark-up in addition to the allocated costs.

Financial and commercial relations between companies in the **Banking group** and the other companies in the Group were the usual type of transactions carried out by a group comprising different companies and related to services, deposits or corporate financing and finance leasing. Agreements were also entered into for the sale and/or management of banking, investment and insurance products and/or services and for the provision of auxiliary banking services in general. The financial effects of these transactions were governed by market terms generally applied to major customers.

Consorzio Gruppo Fondiaria-SAI Servizi provides services to companies of the Fondiaria-SAI Group in the following areas:

- Life and Non-life underwriting and product development;
- technical assistance to the distribution networks;
- portfolio management;
- settlement service;
- management of agency networks;
- broker and other distribution channels;
- governance;
- investor relations;
- finance;
- administration and budget;
- marketing, external relations and communication;
- information technology;
- purchasing;
- human resources;
- organisation.

The company Fondiaria-SAI S.p.A. provides financial, insurance and other services to most of the Group companies. The intercompany transactions were charged at market prices or by recharging only the specific costs incurred, and related mainly to reinsurance, claims settlement, IT services, administration, asset management (both real estate and securities), lending and all centralised activities supporting the business.

The above listed transactions do not include any atypical or unusual transactions.

For the three-year period 2010-2011-2012, Unipol has opted to join its parent company Finsoe S.p.A.'s national consolidated tax scheme and signed an agreement governing the financial relations resulting thereof.

On 9 February 2012, the Boards of Directors of Unipol. and Unipol Assicurazioni S.p.A. resolved the assignment without recourse, in favour of Unipol Assicurazioni, of the receivable with a nominal amount of euro 95 million claimed by Unipol against the Belgian insurer P&V Assurances, which is the parent company of the P&V Group. The receivable subject to the assignment relates to a title to a perpetual subordinated loan with a nominal amount of euro 95 million, which is held by Unipol and which was signed by Unipol and P&V Assurances on 19 December 2008. The transaction was carried out on 20 June 2012.

## Credit indemnity agreement between Unipol and its subsidiary Unipol Banca

The partial spin-off of the lending business unit by Unipol Merchant in favour of Unipol Banca, became effective for accounting and legal purposes with effect from 1 January 2012.

Loans subject to the indemnity agreement between Unipol Merchant and Unipol on 3 August 2011 also formed part of the scope of the transfer.

As at 31/12/2012 Unipol has allocated euro 50 million to the provision for risks, which amounts to euro 102.4 million, after indemnifying Unipol Banca S.p.A by euro 0.6 million.

Unipol earned commissions from Unipol Banca S.p.A amounting to euro 5.5 million as a result of the indemnity agreement.

For the disclosure required by accounting standard IAS 24 and Consob Note DEM/6064293/2006, refer to the paragraph in the Notes to the financial statements entitled "Transactions with related parties".

## Dealings with the Inland Revenue ("Agenzia delle Entrate")

Litigation is ongoing in relation to investigations carried out in 2010 by the "Ufficio Grandi Contribuenti della Direzione Regionale della Lombardia", (major taxpayers office of Lombardia's regional directorate) in relation to 2006 taxes of the former insurer Aurora Assicurazioni. Aurora Assicurazioni, merged by incorporation into Unipol in 2007. During the course of the investigations, their scope was extended to also include 2005 expense items. The dispute was partially settled through a conciliation agreement signed on 13 November 2012 and through the simultaneous payment of the requested amount of tax, amounting to euro 7.2 million. In this respect, a release of the equivalent amount was made from the existing provision for risks.

The litigation in relation to 2005 is ongoing in the court of second instance, as a result of the Inland Revenue's appeal against the court of first instance's judgment in favour of the taxpayer. Meanwhile, in the litigation instituted at the "Commissione Tributaria Provinciale di Milano" (tax commission of Milan) in respect of 2006 unreconciled reliefs claimed, an appeal will be submitted by the Company following the dismissal of the action in the early months of 2013.

Two IRAP and IRES assessment notices were delivered, between December 2012 and January 2013, to both Unipol and Assicurazioni Unipol. The assessment notices relate to the 2007 tax year, and contain similar findings to those drawn on 2005 and 2006 tax years. All assessments are being contested through appeals submitted in terms of law. No provision has been made in respect of the litigation for the periods 2005 to 2007, as the Inland Revenue's claims are considered to be unsubstantiated.

An appeal was filed in terms of law in respect of assessment notices, delivered to the Company between December 2010 and January 2011. No provision has been recognised in respect of this litigation, as claims made by the Direzione Regionale dell'Emilia Romagna (Emilia Romagna regional directorate) are considered to be unfounded.

Several assessment notices relating to VAT on coinsurance contracts entered into with other companies throughout 2007 up to the end of 2012. Appeals have been made through the competent authorities. Taking account of the case law on the subject and the fact that most of the relevant case law was favourable, and of the favourable decisions that the Company had already obtained at the court of first instance, no provisions have been made.

## Performance of directly controlled subsidiaries

### Unipol Assicurazioni S.p.A.

Registered Office: Bologna

Share capital: euro 259,056 thousand

Carrying amount: euro 3,463,989 thousand

Percentage holding: 100% direct

The company is authorised to carry on Non-life and Life business of insurance and capitalisation business and it may also set up and manage open-ended pension funds.

Unipol Assicurazioni S.p.A. registered a profit of euro 603.5 million at 31 December 2012, compared to a loss of euro 339.2 million as at 31 December 2011.

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- a 3% decrease in Non-Life direct premiums; an increase of 7.7% in Life premiums and total direct premiums increased by 0.5%. Premiums totalled euro 5,650.6 million in 2012 of which euro 5,623.5 million related to direct business, and are analysed as follows (in millions of euro):

Premiums	Non-Life	Life	Total	Change %
Direct business	3,654.5	1,969.0	5,623.5	0.5
Indirect business	25.8	1.3	27.1	(4.4)
	3,680.3	1,970.3	5,650.6	0.4
Ceded premiums	119.0	10.1	129.1	(1.9)
Retained premiums	3,561.3	1,960.2	5,521.5	0.5
% composition	64.5	35.5	100.0	

The net retention of written premiums was 97.7%, in line with the previous year.

- The loss ratio on direct business was 69.4%, compared to 72.9% at 31 December 2011.
- The technical result, which includes operating expenses and income from related investments, was a profit of euro 855.6 million (loss of euro 187.7 million in 2011), constituted by a profit of euro 333.6 million for Life business and a profit of euro 522.1 million euro for Non-life business.
- Operating expenses (which include acquisition and other commissions and other acquisition costs and administrative expenses) totalled euro 985.5 million (+1.3%), representing 17.4%, (17.3% in 2011), of premiums (Non-life and Life). Operating expenses, net of commissions receivable from reinsurers, amounted to euro 951.8 million (1.2%).
- Life and Non-life technical provisions totalled euro 19,692.9 million (+0.5%) at the end of 2012, and euro 19,327.7 million (+0.4 %) when net of the reinsurers' share thereof. The ratio of technical provisions to gross premiums was 178.7% for Non-life (177.2% in 2011) and 665.6% for Life (703.5% in 2011).
- For the financial year 2012, the company did not consider it appropriate to avail itself of the exemption in valuation criteria of debt securities issued or guaranteed by European Union states granted by ISVAP Regulation 43 of 12/07/12, which repealed Regulation 28 of 17/02/09. The latter's provisions had been availed of by the company in the 2011 financial statements.

The company's equity, including the net profit for the year, amounted to euro 1,726.3 million.

Unipol Assicurazioni S.p.A. owns 100% of the share capital of real estate companies Midi S.r.l. and Unifimm S.r.l., which respectively own land in via Stalingrado and via Larga in Bologna. In 2012, the two real estate companies continued to manage the construction projects that have commenced on their land.

**Midi S.r.l. Unisoggettiva (share capital euro 112 million):**

- Tangible fixed assets of euro 127.7 million (euro 120.2 million in 2011); euro 118.4 million of which are land and buildings (euro 111.7 million in 2011) whilst assets under development and payments on account amounted to euro 9.3 million (euro 8.5 million in 2011);
- Production revenue amounted to euro 6.8 million (euro 4.3 million in 2011);
- Production costs totalled euro 6.7 million (euro 4.2 million in 2011), including amortisation amounting to euro 3.2 million (euro 2 million in 2011);
- Net operating profit amounted to euro 0.1 million, consistent with the level recorded in 2011;
- Gross operating profit at 31/12/2012 amounted to euro 3.7 million (euro 2.3 million in 2011).

During the year, Midi S.r.l. continued the work on the auditorium and on the premises that will house the Centro Unipol Bologna (CUBO) which was completed in March 2013.

The restaurant and bistro lease agreement was signed in February.

Finally, as regards the involvement in the Consorzio Zis Fiera 2, the major urbanisation works in the detailed plan (Piano Particolareggiato) have been finalised whilst work on the public parking area (currently used as a construction site) still need to be completed.

**Unifimm S.r.l. Unisoggettiva (share capital euro 223.35 million):**

- Tangible fixed assets amounted to euro 184.6 million (euro 148.6 million in 2011); euro 113.2 million of which are land and buildings (euro 0.4 million at 31 December 2011), whilst assets under development and payments on account amounted to euro 72.5 million (euro 148.1 million in 2011);
- Production revenue amounted to euro 1.9 million (nil in 2011);
- Production costs totalled euro 2.4 million (euro 0.6 million in 2011);
- Net operating profit amounted to euro 0.7 million (loss of euro 0.5 million in 2011);
- Gross operating profit at 31/12/2012 amounted to euro 1.1 million (loss of euro 0.3 million in 2011).

As concerns the real estate located in “via Larga” in Bologna, in August 2012 Unifimm S.r.l. completed its works on the “Torre” offices, which have been leased to Linear S.p.A. and Unisalute S.p.A..

Work on the commercial lot progressed with the finalisation of fundamental architectural works and construction of the hotel that is expected to be completed in 2013.

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

Registered office: Bologna

Share capital: euro 480,983 thousand

Carrying amount: euro 351,562 thousand

Percentage holding: 80.93% direct

Premafin HP S.p.A. is a holding company of a group that operates primarily in the insurance sector, through its subsidiary Fondiaria-SAI S.p.A., and that incorporates companies that apart from operating in the traditional insurance sector, also provide financial, financial intermediary, banking and investment management services, together with holding various investments in real estate and other diversified businesses.

Premafin HP S.p.A. registered a loss of euro 51.8 million at the end of 2012, compared to a loss of euro 440.3 million as at 31 December 2011. The 2012 result is mainly attributable to the company's largest investment, its shareholding in Fondiaria-SAI S.p.A.. The main factors affecting results are summarised below:

- impairment of euro 31.8 million in the direct investment in Fondiaria-SAI S.p.A. resulting from the adjustment in the value of securities acquired upon the early termination of the equity swap contract (euro 13.1 million at 31 December 2011), and subsequent adjustments to the 31 December 2011 carrying value that were carried out upon the reverse share split of Fondiaria-SAI S.p.A., as well as upon subscription to the company's share capital increase (euro 2.6 million);

- investment income of euro 43.4 million arising from the release of the provision for financial risks that represented the difference between the market price and the strike price specified in the equity swap contract on Fondiaria-SAI S.p.A. shares. The release was made upon the voluntary early termination of the contract that became effective through physical delivery in July 2012.

The other main aspects that affected the results for the year ended 31 December 2012 were the following:

- allocation to the provision for risks and charges of euro 31.6 million;
- other net financial management expenses amounted to euro 13.5 million (euro 12.9 million as at 31 December 2011);
- net operating costs and amortisation totalled euro 14.4 million (euro 12.3 million as at 31 December 2011), of which euro 2.4 million related to expensing of multi-year costs that had been capitalised as deferred charges in previous years. This was done upon revision of debt terms and conditions as part of the debt restructuring exercise carried out in July 2012.
- extraordinary expenses of euro 2 million for legal and financial advice fees in connection with the drafting of the debt restructuring agreement;
- fixed assets amounted to euro 859 million (euro 502.6 million as at 31 December 2011), of which euro 799.7 million were investments in subsidiaries (euro 484.9 million as at 31 December 2011), euro 53.4 million represented receivables from subsidiaries (euro 15.1 million as at 31 December 2011), and euro 5.9 million were made up of other tangible and intangible assets (euro 2.5 million as at 31 December 2011). Financial fixed assets include the direct holding in Fondiaria-SAI S.p.A. of euro 777.4 million (euro 458.5 million as at 31 December 2011);
- cash and cash equivalents decreased by euro 8.1 million when compared to the amount as at 31 December 2011 (euro 24.5 million);
- net financial debt amounted to euro 369.1 million, representing an increase over the corresponding amount as at 31 December 2011 (euro 298.6 million).

The company's equity, including the loss for the year, amounted to euro 429.1 million.

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

Registered Office: Torino

Share capital: euro 1,194,573 thousand

Carrying amount: euro 181,052 thousand

Percentage holding: direct holding of 22.97% and indirect holding of 24.32% of share capital through Premafin HP S.p.A.

The company is authorised to carry on Non-life and Life insurance and reinsurance business and capitalisation business and it may also set up and manage open ended pension funds.

Fondiaria-SAI S.p.A. registered a loss of euro 722.7 million at 31 December 2012, compared to a loss of euro 1,020.4 million in 2011.

The continued negative results are mainly due to significant impairments in equity investments, in particular, on the investment in subsidiary Milano Assicurazioni S.p.A., on which an impairment loss amounting to euro 428 million was recorded as a result of adjustments in its recoverable amount estimate. Other impairments amounting to euro 328 million relating both to investments in subsidiaries and in non-controlled companies were also carried out including the impairment of investments in subsidiary Nuove Iniziative Toscane S.r.l. amounting to euro 61 million and in Immobiliare Fondiaria-SAI S.r.l. of euro 46 million, to reflect latest architects' valuations of their real estate.

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- an 8.5% decrease in Non-life direct premiums; 20.7% drop in Life premiums and total direct premiums decreased by 9%. Premiums totalled euro 4,303.7 million in 2012, of which euro 4,294.7 million related to direct business, and are analysed as follows (in millions of euro):

Premiums	Non-Life	Life	Total	Change %
Direct business	3,467.9	826.8	4,294.7	(8.98)
Indirect business	6.0	3.1	9.1	(16.94)
	3,473.9	829.9	4,303.7	(11.12)

Written premiums were almost fully retained, consistent with the previous year.

- The loss ratio on direct business was 76.01%.
- The technical result, which also includes operating expenses and income from related investments, was a loss of euro 4.4 million (loss of euro 711.2 million in 2011), constituted by a profit of euro 0.9 million for Life and a loss of euro 5.3 million for Non-life business.
- Operating expenses (which include acquisition and other commissions and other acquisition costs and administration expenses) totalled euro 854.1 million (-6.1%), representing 19.8% (18.8% in 2011) of premiums (Non-life and Life). Operating expenses, net of commissions receivable from reinsurers, amounted to euro 812 million (-7.2%).
- Life and Non-life technical provisions totalled euro 14,631.7 million (-3.3%) at the end of 2012, and euro 14,248.7 million (-3.9 %) when net of the reinsurers' share thereof. The ratio of technical provisions to gross premiums was 191.3% for Non-life (178.2% in 2011) and 962.2% for Life (1009.2% in 2011).

The company's equity, including the net loss for the year, totalled euro 1,627.3 million.

Fonditaria-SAI S.p.A. holds 61.10% of Milano Assicurazioni S.p.A., a company authorised to carry on Non-life and Life business of insurance and capitalisation business, and may also set up and manage open pension funds. The company registered a loss of euro 82.9 million at 31 December 2012, compared to a loss of euro 783.3 million at 31 December 2011.

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- A 7.7% decrease in Non-life direct premiums, a decrease in Life premiums of 5.3% and total direct premiums decreased by 7.4 %.
- Premiums totalled euro 2,855.4 million in 2012, of which euro 2,821.7 million related to direct business, and are analysed as follows (in millions of euro):

Premiums	Non-Life	Life	Total	Change %
Direct business	2,454.8	366.9	2,821.7	(7.39)
Indirect business	33.7	0.0	33.7	(12.89)
	2,488.5	366.9	2,855.4	(7.46)

Written premiums were almost fully retained.

- The loss ratio on direct business was 63.2%, compared to 72.2% as at 31 December 2011.
- The technical result, which also includes operating expenses and income from related investments, was a loss of euro 9.4 million (loss of euro 430.8 million in 2011), constituted by a profit of euro 52.3 million for Life business and a loss of euro 61.7 million for Non-life business.
- Operating expenses (acquisition and other commissions and other acquisition costs and administration expenses) totalled euro 559 million (-7%), representing 19.6% (19.9% in 2011) of premiums (Non-life and Life). Operating expenses, net of commissions receivable from reinsurers, amounted to euro 525.7 million (-7.6%).
- Life and Non-life technical provisions totalled euro 8,343.1 million (+4.4%) at the end of 2012, and euro

8,083 million (+4.56%) when net of the reinsurers' share thereof. The ratio of technical provisions to gross premiums was 292.2% (282.8% in 2011).

The company's equity, including the loss for the year, amounted to euro 849.8 million.

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

Registered Office: Bologna

Share capital: euro 19,300 thousand

Carrying amount: euro 50,507 thousand

Percentage holding: 100% direct

The company is authorised to carry on Non-life business of insurance. In particular it offers motor insurance products that are sold directly by telephone and online.

The company registered a profit of euro 25.8 million at 31 December 2012, compared to euro 2.9 million as at 31 December 2011.

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- An increase in premiums of 9.5% compared to the previous year. Premiums written totaled euro 220.1 million as at 31 December 2012 (euro 200.9 million at 31 December 2011). The net retention of premiums written was 98.9%, in line with 2011 (99.9% as at 31 December 2011).
- The loss ratio on direct business was 75%, compared to 78.2% as at 31 December 2011.
- The technical result, which also includes operating expenses and income from related investments, amounted to euro 35.4 million (euro 9.9 million in 2011).
- Operating expenses (which include acquisition and purchase commissions and other acquisition and administration expenses) amounted to euro 35 million (euro 30.1 million as at 31 December 2011), representing 15.9% of premiums (15% in 2011).
- Gross technical provisions at the end of 2012, amounted to euro 288.3 million (euro 267.5 million as at 31 December 2011) and to euro 288.2 million when net of the reinsurers' share thereof (euro 265.8 million as at 31 December 2011). The ratio of technical provisions to gross premiums was 131% (133% in 2011).
- For the financial year 2012, the company did not consider it appropriate to avail itself of the exemption in valuation criteria of debt securities issued or guaranteed by European Union states granted by ISVAP Regulation 43 of 12/07/12, which repealed Regulation 28 of 17/02/09. The latter's provisions had been availed of by the company in the 2011 financial statements.

The company's equity, including the profit for the year amounted to euro 72.3 million.

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

Registered Office: Bologna

Share capital: euro 17,500 thousand

Carrying amount: euro 36,613 thousand

Percentage holding: 98.53% direct

The company is authorised to carry on Non-life business of insurance and specialises in the Health class of business.

The company registered a profit of euro 30.5 million at 31 December 2012, compared to euro 11.6 million registered in 2011.

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- An increase of 10% in premiums over the previous year. Written premiums totalled euro 240.2 million as at 31 December 2012 (euro 216.8 million as at 31 December 2011). The net retention of written premiums was 99.9%, unchanged over the previous year.



- The loss ratio on direct business was 73.9%, an improvement over the previous year (76.9% at 31 December 2011).
- The technical result, which also includes operating expenses and investment income on related investments amounted to euro 43.2 million (euro 21.8 million in 2011).
- Operating expenses (which include acquisition and other commissions and other acquisition costs and administrative expenses) amounted to euro 27.9 million (euro 26.7 million as at 31 December 2011), with an incidence on premiums accounting for 11.7% (12.2% in 2011).
- Gross technical provisions, amounted to euro 180 million at the end of 2012 (euro 166.3 million as at 31 December 2011) and euro 179.6 million when net of reinsurers' share thereof (euro 165.7 million as at 31 December 2011). The ratio of technical provisions to gross premiums was 75% (76% in 2011).
- For the financial year 2012, the company did not consider it appropriate to avail itself of the exemption in valuation criteria of debt securities issued or guaranteed by European Union states granted by ISVAP Regulation 43 of 12/07/12, which repealed Regulation 28 of 17/02/09. The latter's provisions had been availed of by the company in the 2011 financial statements.

The company's equity, including the profit for the year amounted to euro 82.1 million.

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

Registered Office: Bologna

Share capital: euro 5,180 thousand

Carrying amount: euro 6,175 thousand

Percentage holding: 100% direct

The company is authorised to carry Life business of insurance. In 2011, it became the Group company specialising in online Life insurance.

The company registered a profit of euro 0.2 million for the year, compared to a loss of euro 1.2 million in 2011.

Premiums written in 2012 were not yet at a significant level.

The company's equity, including the profit for the year amounted to euro 4.8 million.

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

Registered Office: Verona

Share capital: euro 208,279 thousand

Carrying amount: euro 353,739 thousand

Percentage holding: 63.39% direct

The company is authorised to carry on Life business of insurance.

The company registered a profit of euro 117.9 million for the year, compared to a loss of euro 6.6 million in the financial year 2011.

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- A decrease of 13% in gross premium income over the previous year. Gross premiums written totalled euro 478.2 million as at 31 December 2012 (euro 549.7 million as at 31 December 2011). The net retention of premiums written was 98.3%, marginally lower than the previous year's percentage (98.5%).
- The technical result of the technical account, which also includes operating expenses and investment income on related investments, amounted to a profit of euro 142.1 million (loss of euro 13.5 million in 2011).
- Operating expenses (which include acquisition and other commissions, other acquisition costs and administrative expenses) amounted to euro 18.6 million (euro 18.1 million as at 31 December 2011), representing 3.9% of premiums (3.3% in 2011).

- Gross technical provisions totalled euro 2,816 million (euro 2,734 million as at 31 December 2011) and euro 2,803 million when net of the reinsurers' share thereof (euro 2,722 million as at 31 December 2011). The ratio of technical provisions to gross written premiums is 589% (497.3% in 2011).
- For the financial year 2012, the company did not consider it appropriate to avail itself of the exemption in valuation criteria of debt securities issued or guaranteed by European Union states granted by ISVAP Regulation 43 of 12/07/12, which repealed Regulation 28 of 17/02/09. The latter's provisions had been availed of by the company in the 2011 financial statements.

The company's equity, including the profit for the year, amounted to euro 379.1 million.

Arca Vita S.p.A. holds 98.09% of Arca Assicurazioni S.p.A., a company authorised to carry on Non-life insurance and reinsurance business. Arca Assicurazioni S.p.A., registered a profit of euro 32.2 million as at 31 December 2012, compared to a profit of euro 1.7 million in 2011. Among the main aspects that have characterised the performance of the company during 2012 are the following:

- A decrease in gross direct premiums written of 23.2% over the previous year. This was mainly due to the disposal of the agencies' portfolio. Gross premiums written totalled euro 113.1 million as at 31 December 2012 (euro 147.3 million as at 31 December 2011). The net retention of premiums was 86.2%, higher than the previous year's percentage (85.4%).
- The loss ratio on direct business was 51%, compared to 75.7% as at 31 December 2011.
- The technical result, which also includes operating expenses and investment income on related investments, amounted to euro 45 million (euro 3.6 million in 2011).
- Operating expenses (which include acquisition and other commissions, other acquisition costs and administrative expenses) amounted to euro 27 million (euro 31.4 million as at 31 December 2011), representing 23.9% (21.3% in 2011) of premiums. The operating expenses, net of reinsurance commissions, amounted to euro 18.7 million.
- Gross technical provisions totalled euro 289.3 million (euro 336.2 million as at 31 December 2011) and euro 266.9 million when net of reinsurers' share thereof (euro 302.6 million as at 31 December 2011). The ratio of technical provisions to gross written premiums was 255.7% (228.3% in 2011).
- For the financial year 2012, the company did not consider it appropriate to avail itself of the exemption in valuation criteria of debt securities issued or guaranteed by European Union states granted by ISVAP Regulation 43 of 12/07/12, which repealed Regulation 28 of 17/02/09. The latter's provisions had been availed of by the company in the 2011 financial statements.

The company's equity, including profit for the year amounted to euro 97.2 million.

## Unipol Banca S.p.A.

Registered Office: Bologna

Share capital: euro 1,004,500 thousand

Caring amount: euro 628,750 thousand

Percentage holding: 100% - 67.74% direct holding and an indirect holding of 32.26% of the ordinary share capital.

The company registered a profit of euro 13.4 million, compared to a loss of euro 199.9 million in 2011. The latter was mainly due to impairment of goodwill on bank branches that amounted to euro 300 million (euro 200.8 million net of taxes).

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- Direct deposits stood at euro 9.9 billion, an increase of 3.4% compared to 31 December 2011 (euro 9.6 billion), while loans to customers amounted to euro 10.1 billion, an increase of 6.9% compared to 31 December 2011 (euro 9.4 billion).
- Non-performing loans amounted to euro 925.4 million (euro 617.8 million in 2011), representing 9.2% of loans (6.5% in 2011).

- Indirect deposits amounted to euro 10.1 billion (euro 18.7 billion in 2011), euro 12 billion of which include assets under management, whilst assets under custody amounted to euro 20 billion.
- The earning margin amounted to euro 350.6 million (+11.3% compared to 2011).
- Value adjustments for loan and other financial assets impairment amounted to euro 69.5 million (euro 49.6 million in 2011).

The company's equity, including the profit for the year amounted to euro 928.8 million.

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

Registered Office: Bologna

Share capital: euro 5,000 thousand

Carrying amount: euro 5,550 thousand

Percentage holding: 100% direct

The company manages the assets of composite fund, Unipol Funds, registered in Ireland, on behalf of Unipol Fondi Limited (Dublin), a wholly owned subsidiary of Unipol Banca.

Similar to the previous year, the company nearly broke even during the year.

The company's equity, including the year's results amounted to euro 6 million.

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

Registered Office: Bologna

Share capital: euro 100 thousand

Carrying amount: euro 48,895 thousand

Percentage holding: 100% direct

The company manages the UNA WAY Bologna Fiera located in Bologna, at 1, Piazza della Costituzione (currently closed for renovation) and the building complex "Villa Cicogna" in San Lazzaro di Savena (BO).

The company registered a loss of euro 1.9 million during 2012, compared to euro 0.3 million in 2011. Results were impacted by the closure for general refurbishment of the hotel in Piazza della Costituzione (BO) in June 2012, and due to difficulties that the hotel industry is experiencing as a result of the continuing economic crisis.

The salient aspects that characterised the business performance for the year ended 31 December 2012 were the following:

- Revenue amounted to euro 3.2 million compared to euro 3.4 million as at 31 December 2011.
- Production costs of euro 5.2 million against euro 3.6 million as at 31 December 2011.
- Tangible assets amounted to euro 42.4 million (euro 34.9 million as at 31 December 2011) and included the property where Hotel UNA WAY Bologna Fiera is situated, and the building complex in San Lazzaro di Savena (BO), purchased in December 2011, intended to be used for hospitality purposes.

The company's equity, including the loss for the year amounted to euro 30.6 million.

## Subsequent events and business outlook

The Company continues to carry out its activities as a holding and services company, with particular and significant focus on the proposed merger between subsidiaries Fondiaria-SAI S.p.A., Unipol Assicurazioni S.p.A., Premafin HP S.p.A. and possibly Milano Assicurazioni S.p.A.. This transaction will signify the completion of the complex process of acquiring Premafin Group which took place in 2012, and will translate in the start of implementation of the actions laid down in the Business Plan 2013-2015, which are expected to result in synergies valued at around euro 350 million.

On 28 December, the companies involved in the merger presented the appropriate application to the supervisory authority IVASS. On 21 February 2013, IVASS advised that it has suspended the merger authorisation process and required further information in relation to the merger. The subsidiaries involved are working on providing the required information.

## Resolutions put to the Ordinary Shareholders' Meeting

Dear Shareholders,

we hereby submit the following motions for your approval:

" The Ordinary Shareholders' Meeting of Unipol,

- having examined the Company's draft financial statements as at and for the year ended 31 December 2012;
- having examined the results of the draft financial statements, which show a net profit of euro 194,952,217.78;
- having read the management report at 31 December 2012 of the Board of Directors;
- having read the report of the Board of Statutory Auditors and the report of the independent auditors, PricewaterhouseCoopers SpA;

resolves

- to approve Unipol's financial statements as at and for the year ended 31 December 2012, which are accompanied by the management report and which show a profit for the year of euro 194,952,217.78;
- to approve that the appropriation of profit in the following manner:
  - euro 19,495,221.78 to the legal reserve;
  - euro 62,366,383.54 to the extraordinary reserve;
  - dividend distribution of the remaining amounts, equivalent to 58.01% of the total profit, in the following manner:
    - Preference Share dividend of euro 46,491,513.81 (273,479,493 shares x euro 0.17);
    - Ordinary Share dividend of euro 66,599,098.65 (443,993,991 shares x euro 0.15);
- to therefore approve, through the above profit appropriation, the distribution of a dividend per share of euro 0.15 on Ordinary Shares, and euro 0.17 on Preference Shares, with dividends totalling euro 113,090,612.46;
- to set 23 May 2013 as the start date for payment of the dividend (ex-dividend date to be 20 May 2013)."

Bologna, 21 March 2013

**The Board of Directors**



Company UNIPOL GRUPPO FINANZIARIO S.P.A.

Share capital subscribed € 3.365.292.295,47

Paid-up € 3.365.292.295,47

Registered Offices in BOLOGNA - Via Stalingrado 45

Bologna Company Registration No. 00284160371

## FINANCIAL STATEMENTS

### BALANCE SHEET and INCOME STATEMENT

2012

(amounts in €)

# UNIPOL GRUPPO FINANZIARIO S.P.A.

## Balance Sheet

ASSETS	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
- of which called-up capital		
B) FIXED ASSETS		
I Intangible fixed assets		
1) Start-up and capital costs	65,538,106	6,556,254
2) Research, development and advertising costs	3,168,001	8,662,953
4) Concessions, licenses, trademarks and similar rights	7,658,191	6,916,110
6) Assets under development and payments on accounts	3,762,794	380,000
7) Other	67,903	-
Total	80,194,996	22,515,318
II Tangible fixed assets		
2) Plant and equipment	144,292	135,904
4) Other assets	1,811,890	1,608,248
Total	1,956,182	1,744,152
III Financial fixed assets		
1) Participation interests in:		
a) subsidiaries	5,126,830,863	4,588,286,575
Total participation interests	5,126,830,863	4,588,286,575
2) Financial receivables:		
d) from others	1,979,404	97,575,824
- of which due within 12 months	187,191	468,343
Total financial receivables	1,979,404	97,575,824
3) Other securities	-	0
Total	5,128,810,267	4,685,862,399
TOTAL FIXED ASSETS	5,210,961,444	4,710,121,869



ASSETS	31.12.2012	31.12.2011
<b>C) CURRENT ASSETS</b>		
II Receivables		
1) trade receivables	975,572	998,932
2) from subsidiaries	514,566,528	212,542,963
3) from associates	-	360
4) from parents	179,587,891	169,785,401
- of which due after 12 months	4,586,647	169,785,401
4 bis) tax receivables	6,857,139	7,485,039
- of which due after 12 months	2,342,149	7,485,039
4 ter) deferred tax assets	273,181,065	259,548,063
- of which due after 12 months	231,584,904	259,548,063
5) from others	1,853,317	2,257,331
- of which due after 12 months	809,149	1,057,587
Total	977,021,512	652,618,088
III Current financial assets		
4) Other investments	22,619,290	35,661,139
6) Other securities	481,417,716	177,966,702
Total	504,037,006	213,627,841
IV Cash and cash equivalent		
1) Bank and postal accounts	157,850,814	106,803,423
- of which from subsidiaries	150,688,430	99,373,536
3) Cash	4,566	7,110
Total	157,855,380	106,810,533
<b>TOTAL CURRENT ASSETS</b>	<b>1,638,913,898</b>	<b>973,056,463</b>
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>		
1) Accrued income	1,671,410	3,873,463
2) Prepayments	3,129,702	3,228,710
3) Discount on loans	2,926,368	3,653,984
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>7,727,479</b>	<b>10,756,157</b>
<b>TOTAL ASSETS</b>	<b>6,857,602,821</b>	<b>5,693,934,488</b>

# UNIPOL GRUPPO FINANZIARIO S.P.A.

## Balance Sheet

### LIABILITIES

	31.12.2012	31.12.2011
<b>A) EQUITY</b>		
I Share capital	3,365,292,295	2,699,066,930
II Share premium reserve	1,410,008,333	1,144,834,025
III Revaluation reserves	20,700,874	20,700,874
IV Legal reserve	478,285,220	478,285,220
VII Other reserves	163,315,460	353,370,087
-Extraordinary reserve	-	187,428,627
-Reserve for own shares/Parents' shares	145,000,000	145,000,000
-Share exchange reserve	18,315,460	20,941,460
IX Profit (loss) for the year	194,952,218	(358,347,967)
<b>TOTAL EQUITY</b>	<b>5,632,554,401</b>	<b>4,337,909,170</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>		
2) Tax provisions, incl. deferred tax liabilities	3,437,223	-
3) Other provisions	106,426,256	83,812,435
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>109,863,479</b>	<b>83,812,435</b>
<b>C) PROVISIONS FOR SEVERANCE PAY</b>	<b>1,569,317</b>	<b>1,602,531</b>
<b>D) PAYABLES</b>		
1) Bonds	750,000,000	925,000,000
- of which due after 12 months	750,000,000	750,000,000
3) Shareholder loan	5,613,969	6,568,968
5) Payables to other financial backers	515,186	473,592
7) Trade payables	13,574,530	8,783,284
9) Payables to subsidiaries	275,806,174	267,785,217
11) Payables to parents	-	22,455
12) Tax payables	5,058,539	1,894,531
13) Social security charges payable	1,397,430	1,327,018
14) Other payables	24,483,040	16,110,536
<b>TOTAL PAYABLES</b>	<b>1,076,448,867</b>	<b>1,227,965,601</b>

LIABILITIES	31.12.2012	31.12.2011
E) ACCRUED EXPENSES AND DEFERRED INCOME		
1) Accrued expenses	37,166,757	42,644,752
<b>TOTAL ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>37,166,757</b>	<b>42,644,752</b>
<b>TOTAL LIABILITIES</b>	<b>6,857,602,821</b>	<b>5,693,934,488</b>

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	31.12.2012	31.12.2011
I GUARANTEES GIVEN		
1) Sureties to subsidiaries	21,720,062	12,982,529
to third parties	1,107,650	1,142,750
3) Other personal guarantee to subsidiaries	1,117,059,914	1,064,982,904
<b>TOTAL GUARANTEES GIVEN</b>	<b>1,139,887,626</b>	<b>1,079,108,183</b>
II OTHER MEMORANDUM ACCOUNTS		
1) Commitments	147,496,349	157,706,893
2) Third parties' assets	1,324,373	3,642,017
3) Securities with third parties	2,076,246,277	1,598,022,651
4) Other	68,997,447	47,689,341
<b>TOTAL OTHER MEMORANDUM ACCOUNTS</b>	<b>2,294,064,446</b>	<b>1,807,060,903</b>
<b>TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>	<b>3,433,952,072</b>	<b>2,886,169,085</b>

# UNIPOL GRUPPO FINANZIARIO S.P.A.

## Income Statement

	31.12.2012	31.12.2011
<b>A) PRODUCTION REVENUES</b>		
1) Turnover from sales and services	10,175,478	12,554,038
5) Other revenues and income:		
b) other income	20,284,882	19,424,074
Total other revenues and income	20,284,882	19,424,074
<b>TOTAL PRODUCTION REVENUES</b>	<b>30,460,360</b>	<b>31,978,112</b>
<b>B) PRODUCTION COSTS</b>		
6) Cost of raw materials, consumables, supplies and goods	367,470	176,583
7) Services	24,449,428	20,552,515
8) Use of third party assets	3,760,634	3,513,916
9) Personnel expenses:		
a) wages and salaries	29,533,830	34,062,264
b) social security contributions	7,959,769	9,374,623
c) employees' leaving entitlement	1,896,441	1,900,181
e) other costs	5,486,294	6,659,520
Total personnel expenses	44,876,334	51,996,588
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	12,578,184	8,566,205
b) depreciation of tangible assets	228,795	162,372
Total amortisation, depreciation and write-downs	12,806,980	8,728,577
12) Provisions for risks	50,110,000	68,688,880
13) Other provisions	-	202,000
14) Other operating costs	4,206,141	4,189,236
<b>TOTAL PRODUCTION COSTS</b>	<b>140,576,987</b>	<b>158,048,295</b>
<b>OPERATING PROFIT (LOSS) (A-B)</b>	<b>(110,116,628)</b>	<b>(126,070,183)</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>		
15) Income from participation interests:		
a) in subsidiaries	249,979,883	-
c) in other companies	3,221,484	7,524,253
Total income from participation interests	253,201,367	7,524,253

## Income Statement

	31.12.2012	31.12.2011
16) Other financial income:		
a) from receivables classified as fixed assets	4,131,439	8,713,661
4) from other companies	4,131,439	8,713,661
c) from securities classified as current assets	38,668,494	25,667,784
d) other income	20,464,797	20,786,206
1) from subsidiaries	11,051,312	3,742,241
4) from others	9,413,484	17,043,965
Total other financial income	63,264,730	55,167,651
17) Interest and other financial charges		
a) subsidiaries	6,970,903	7,914,549
c) parents	1,564,793	3,675,000
d) other	58,822,020	121,200,749
Total interest and other financial charges	67,357,717	132,790,299
17-bis) Exchange rate gains/(losses)	17,644	(352,959)
<b>TOTAL FINANCIAL INCOME (CHARGES)</b>	<b>249,126,024</b>	<b>(70,451,353)</b>
<b>D) ADJUSTMENTS TO FINANCIAL ASSETS</b>		
18) Write-backs:		
a) investments	-	0
c) securities classified as current assets	39,086,046	1,289,508
Total write-backs	39,086,046	1,289,508
19) Write-downs:		
a) investments	15,740	239,874,349
c) securities classified as current assets	9,199,051	46,523,379
Total write-downs	9,214,790	286,397,727
<b>TOTAL ADJUSTMENTS</b>	<b>29,871,255</b>	<b>(285,108,219)</b>
<b>E) EXTRAORDINARY INCOME AND EXPENSE</b>		
20) Extraordinary income:		
a) Realized gains	5,455	55,892,013
b) Other income	5,406,607	4,684,369
Total extraordinary income	5,412,062	60,576,382
21) Extraordinary expense:		
b) Taxation from previous year	79,878	622,345
c) Other expense	115,985	856,308
Total extraordinary expense	195,863	1,478,653
<b>TOTAL EXTRAORDINARY INCOME (EXPENSE)</b>	<b>5,216,199</b>	<b>59,097,729</b>
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>174,096,850</b>	<b>(422,532,026)</b>
22) Current and deferred income taxes		
a) current income tax	(10,659,589)	(43,696,780)
b) deferred tax expense	3,437,223	(168,576)
c) deferred tax income	(13,633,002)	(20,318,703)
Total income taxes	(20,855,367)	(64,184,059)
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>194,952,218</b>	<b>(358,347,967)</b>



# Notes to the financial statements





# Notes to the financial statements

## Structure and content of the financial statements

Unipol Gruppo Finanziario S.p.A.'s 2012 separate financial statements are drawn up in accordance with the provisions of the Italian Civil Code and the national accounting standards approved by the Italian accounting standard setter, "l'Organismo Italiano di Contabilità", ("OIC"). Pursuant to Article 1 paragraph 1aa) of Legislative Decree 209 of 2005 ("the Insurance Code"), Unipol Gruppo Finanziario S.p.A. is deemed to be an insurance holding company and as such it is required to draw up its consolidated financial statements in accordance with international accounting standards IFRS. However, as per Article 4 of Legislative Decree 38 of 2005 it cannot apply the same IFRS to the company's separate financial statements.

The financial statements consist of the balance sheet, the income statement and these notes. They are also accompanied by the Management Report. As laid down in Article 2423, paragraph 5, of the Italian Civil Code, the figures in the balance sheet and the income statement are expressed to the nearest whole Euro, whilst unless otherwise indicated the figures recorded in the notes to the financial statements are expressed in thousands of euro as allowed by the provisions of Article 2423 of the Italian Civil Code.

The Company's financial statements have been drawn up clearly and give a true and fair view of the company's financial position and results of operations for the year. Valuation criteria were adopted on a going concern basis and in accordance with the principles of accrual accounting, relevance and reliability of accounting information.

There were no significant events after the end of the year that could affect the results of the financial statements.

In addition to the information provided by the mandatory layouts detailed above, the figures in the income statement have been restated as per the attached reclassification schedule and a statement of changes in equity and a statement of cash flows are also included.

The financial statements include comparative data for the previous period.

These financial statements have been audited by PricewaterhouseCoopers SpA, who has been engaged by the shareholders to perform the statutory audit for the period 2012/2020.

## Valuation criteria

The valuation criteria used to draw up the financial statements at 31 December 2012 are the same as those used to draw up the financial statements for the previous year. Below, we list the main criteria adopted.

### Intangible fixed assets

Intangible fixed assets are recorded at the original cost of acquisition or production, including additional costs, and are amortised on the basis of their residual income generating potential (3-5-10 years).

Assets under development are not amortised until the year in which they are first used.

Start-up and capital costs are amortised over five years on a straight-line basis, commencing from the effective date of the activity for which they were incurred.

Other long-term expenses are amortised on the basis of their estimated useful life. Long-term advertising costs are capitalised subject to the approval of the Board of Statutory Auditors and amortised over three years. Intangible fixed assets that have no future use are expensed through the income statement.

### Tangible fixed assets

Tangible fixed assets are recorded at acquisition cost, which is subsequently adjusted to take account of

accumulated depreciation. The carrying amount takes into account of the proportion of additional charges and direct and indirect costs that can be reasonably attributed to the asset.

Depreciation is based on the useful life of the asset:

- plant and equipment: from 3 to 7 years;
- assets registered in public registers: 4 years;
- furniture and office machinery: from 3 to 8 years;
- Data processing centre machinery: from 2 to 5 years;
- assets up to euro 516: fully depreciated within 1 year.

### **Financial fixed assets**

These are mainly constituted of controlling interests.

These investments are recorded in the financial statements at the cost of acquisition or subscription or at a lower value in cases where the companies have suffered impairment losses.

Bonds that the Company intends to hold in the long-term are valued at the average purchase or subscription cost, plus or minus the proportion of the negative or positive difference between repayment value and acquisition cost arising during the year, with the relevant proportion of any issue spread being recognised separately. They are impaired only if impairment losses are ascertained. In the case of securities with an implicit rate (such as zero coupon bonds and similar) account is taken of the yield accrued for the period.

The original value is reinstated in whole or in part in subsequent years if the reasons for the impairment losses no longer apply.

### **Receivables**

These are recorded at their estimated realisable value.

### **Current financial assets**

Shares that are not classified as fixed assets and units in investment funds are recorded at the average acquisition cost or the market value, whichever is lower. In the case of listed shares the market value corresponds to the average price recorded in the final month of the year and in the case of unlisted shares it is based on a prudent estimate of their estimated realisable value.

However, if the average price in the final month is not representative of the market value of listed securities, prudent averages deemed to be more representative are used.

Bonds used as short-term investments are adjusted to the average cost, plus or minus accrued issue spreads and the yield accrued on securities with an implicit rate, or the market value, whichever is lower. In case of listed securities, the market value is based on the average price recorded in December and, in case of unlisted securities, the estimated realisable value at 31 December, based on the current value of securities with similar characteristics that are traded on regulated markets.

Impairment losses recorded in previous years are reversed if the rationale behind them no longer applies.

### **Derivatives**

Derivatives are used exclusively for hedging purposes, to reduce the risk profile of hedged assets and liabilities and optimising their risk/return profile. Derivative contracts in place at the end of the year are valued in the same manner as the underlying hedged assets/liabilities.

The present value of derivative contracts is determined with the 'replacement cost' method, using the prices and rates prevailing at the end of the year for similar maturities and comparing these with contractual prices and rates.

The premiums received or paid for options on securities, shares, currencies or interest rates in place at the end of the period are recorded in item C.III.6) 'Other securities' and item D.14) 'Other payables', respectively.

When the option matures:

- if it is exercised, the premium is recorded as an adjustment to the purchase or selling price of the underlying asset;
- if it is not exercised, the premium is recorded in item C) 'Financial income and charges'.

### **Prepayments and accrued income, accrued expenses and deferred income**

Prepayments and accrued income, as well as accrued expenses and deferred income, are calculated on an accruals and matching basis.

### **Provisions for risks and charges**

Provisions for risks and charges are set aside to cover losses or liabilities that are definite or probable, but in relation to which it is not possible to ascertain with certainty the amount or the occurrence date. These provisions are valued with due regard to the general principles of prudence and accruals. The amounts set aside reflect the best estimate on the basis of available information.

### **Provision for severance pay**

Employees' leaving entitlement reflects liabilities to employees accrued at the end of the year, net of amounts allocated to supplementary pension schemes and to the INPS fund (the national social security institute), in accordance with current legislation.

### **Payables**

Payables are recorded at their nominal amount.

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

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

### **Dividends**

Dividends are recorded in the year in which they are received (on a cash basis), except for dividends from subsidiaries, which are recorded on maturity.

### **Costs and revenues**

Costs and revenues are recorded in accordance with the prudence and accruals principles.

### **Income taxes**

Taxes, based on current tax legislation, were recorded as costs for the year on an accrual basis. They represented:

- current tax assets and liabilities, income and expense for the year;
- deferred tax assets and liabilities arising in the year and to be used in future years;
- the movement, attributable to this financial year, in deferred tax assets and liabilities that arose in prior years.

As a consolidated company and in accordance with Article 117 et seq. of Presidential Decree 917/1986 and the Ministerial Decree of 9 June 2004, the Company opted for the national consolidated tax system for the years 2010-2011-2012. The parent company for taxation purposes is Finsoe S.p.A.. Unipol signed an agreement with Finsoe covering the economic and financial aspects of this option. Under the option, the duty to pay IRES was transferred to the parent company, Finsoe S.p.A.

The charges/income linked to the transfer to the parent company of the results subject to IRES, calculated in accordance with legislation (account being taken of the relevant reliefs and tax credits) and with the terms of the agreement with the ultimate parent, are recorded under Current and deferred income taxes in the income statement.

IRAP for the year was established on the basis of estimates deemed to be appropriate in the light of the information available on the date when the financial statements were drawn up and taking account of current tax legislation and was also recorded under Current and deferred income taxes.

Deferred taxes have also been recorded under Current and deferred income taxes. In accordance with accounting standard 25 issued by OIC, deferred taxes are calculated on temporary differences between the financial statements figures and those calculated for tax purposes (that have arisen or been deducted during the year), resulting in deferred taxes assets and deferred tax liabilities, respectively. Deferred tax assets are recorded only if it is reasonably certain that they can be recovered in future years.

Deferred tax liabilities are always recorded.

Deferred taxation is based on the rates applicable under current legislation and those that will apply in future years in which it is expected that some or all of the temporary differences that gave rise to them will be absorbed.

The information referred to in Article 2427, paragraph 1.14 of the Italian Civil Code, together with the table reconciling the theoretical and effective tax charge, is provided under 'Income statement – Current and deferred income taxes'.

#### **Translation of foreign currency balances**

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

Under Article 2426, paragraph 8-bis, of the Italian Civil Code, tangible, intangible and financial fixed assets (represented by investments) that are in foreign currencies are recorded at the exchange rate prevailing at the time they were acquired whereas other items expressed in foreign currencies are recorded at year-end exchange rates. All the balances arising from translation are taken to the income statement.

Any net unrealised gains resulting from foreign currency conversions shall be allocated to a non-distributable reserve upon appropriation of profits for the year, until they are realised.

#### ***Exchange rates used***

The following exchange rates were used in translating main currencies into euro:

<b>Currencies</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
US dollar	1.3194	1.2939
British pound	0.8161	0.8353
Swiss franc	1.2072	1.2156
Japanese yen	113.6100	100.2000
Danish krona	7.4610	7.4342
Czech koruna	25.1510	25.7870
Swedish krona	8.5820	8.9120
Canadian dollar	1.3137	-

#### **Waivers under Article 2423, paragraph 4, of the Italian Civil Code**

No waivers were availed of pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

# Information on the Balance sheet and on the Income statement

## Balance Sheet – Assets

The following is a commentary on balance sheet items, changes in these items over the previous year, together with the relevant information required by current law.

### *B. Fixed assets*

#### *B) I – Intangible fixed assets*

At 31 December 2012 intangible fixed assets amounted to euro 80,195 thousand, an increase of euro 57,680 thousand when compared with the previous year. The increase is mainly due to an increase in "Start-up and capital costs" which increased from euro 6,556 thousand in 2011 to euro 65,538 thousand at the end of 2012, as a result of the capitalisation of costs related to the share capital issue which was approved by the Company's Board of Directors on 21 June and 12 July 2012, and registered with the Register of Companies on 17/09/2012.

The other components of intangible assets are mainly:

- "Research, development and advertising costs" amounting to euro 3,168 thousand (euro 8,663 thousand at 31/12/2011) related to institutional advertising campaigns launched by the Company in 2011. The decrease is due to amortisation;
- "Concessions, licenses, trademarks and similar rights" of euro 7,658 thousand (euro 6,916 thousand at 31/12/2011), consisting of licenses for the use of computer programs and ancillary costs for its customisation. The increase is mainly attributed to costs incurred in the construction of the Solvency II platform;
- "Assets under development and payments on accounts" for euro 3,763 thousand (euro 380 thousand at 31/12/2011) related to the capitalisation of the increasing value of the property, owned by subsidiary Midi S.r.l., used for the "CUBO" project, to be inaugurated in 2013 on the Company's 50th anniversary. The remaining balance relates to expenditure incurred during the year, for the purchase of software licenses which are not yet generating economic benefits for the company and therefore not yet amortised.

The above amounts were, when necessary, recognised as assets upon the Board of Statutory Auditors' approval.

#### *B) II – Tangible fixed assets*

At 31 December 2012, tangible fixed assets amounted to euro 1,956 thousand (euro 1,744 thousand at 31/12/2011) and consisted of euro 1,812 thousand furnishings, hardware and works of art (euro 1,608 thousand at 31/12/2011).

Movements in Tangible and Intangible Fixed Assets and in their accumulated depreciation and amortisation balances are shown in Appendices 5 and 6 to these Notes of the financial statements.

#### *B) III – Financial fixed assets*

##### 1) Participation interests

The total amount of participation interests at 31 December 2012 amounted to euro 5,126,831 thousand,

compared to euro 4,588,287 thousand at the end of the previous year, an increase of euro 538,544 thousand (+11.7%).

Details are provided in the following table (amounts in thousands of euro):

Company	Type of business	Share capital	% holding		Carrying amount
			direct	indirect	
Unipol Assicurazioni S.p.A.	Insurance and reinsurance	259,056	100.00		3,463,989
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
Fondiarria-SAI S.p.A.	Insurance and reinsurance	1,194,573	22.97	24.32	181,052
Arca Vita S.p.A.	Insurance and reinsurance	208,279	63.39		353,739
Unipol Banca S.p.A.	Credit institution	1,004,500	67.74	32.26	628,750
Unipol SGR S.p.A.	Financial brokerage	5,000	100.00		5,550
Ambra Property S.r.l.	Hotel business	25,100	100.00		48,895
Premafin HP S.p.A.	Holding company	480,983	80.93		351,562
<b>Total</b>					<b>5,126,831</b>

Details of movements in item B) III 1) "Participation interests" included in Appendix 7 to these Notes to the financial statements:

The increase in the balance is mainly due to:

- Premafin HP S.p.A.**  
 On 19 July 2012, an increase in reserved share capital was effected and subscribed to amounting to euro 339,542 thousand and upon which issue costs of euro 12,020 thousand were also incurred.
- Fondiarria-SAI S.p.A.**  
 On 10 September 2012, ordinary shares issued on the stock exchange were acquired through exercise of option rights, for a total amount of euro 30,854 thousand.  
 On 13 September 2012, the banks forming part of the underwriting in Fondiarria-SAI S.p.A.'s share issue, acquired the ordinary shares that remained unsubscribed on the stock exchange, for an amount of euro 14,254 thousand.  
 On 13 September 2012 Class B "savings shares" that remained unsubscribed on the stock exchange were also acquired, for an amount of euro 135,944 thousand.
- Arca Vita S.p.A.**  
 On 27 September 2012, Unipol effected an increase in the company's share capital, by utilising the advance payment for future capital increases that had been made on 30 December 2011, amounting to euro 38,500 thousand, and by settling the remaining balance amounting to euro 5,931 thousand.

The following table contains a list of subsidiaries and associates together with their carrying amount and the share of their equity attributable to the Company, calculated on the basis of the investee's most recent financial statements as approved by the Board of Directors.

If the carrying amount is higher than the shareholder's corresponding share of the investee's equity, the difference would be attributable to the company's financial and strategic value together with its profitability prospects.

In particular, each subsidiary carrying on Non-life insurance business has independently developed and approved a five-year business plan; the net results of which were at the basis of the DDM (Dividend Discount Model) valuation method adopted for these companies.

For subsidiaries operating in the Life insurance business, the Appraisal Value Methodology was adopted. For the bank, the valuation has been carried out by discounting the future cash flows contained in a five-year business plan, which the same subsidiary independently developed and approved.

As concerns Premafin HP S.p.A., in the light of its nature as a holding company, (it owns directly and indirectly, through Finadin S.p.A., the investment in Fondiaria-SAI S.p.A.), a simple equity valuation method was adopted. With this method, the value of its investment in Fondiaria-SAI S.p.A. was determined using a "Sum of Parts" approach that allows for a proper valuation of the different business segments in which the Group Fondiaria-SAI operates (mainly real estate and insurance business). The valuation of the individual "parts" (business segments) of the Fondiaria-SAI Group was carried out after conducting impairment tests at the Fondiaria-SAI S.p.A. level, taking into account the value of Fondiaria-SAI S.p.A. shares in Premafin HP S.p.A.'s financial statements and the latter's carrying amount in Unipol's financial statements.

These valuations indicated that the value of each individual subsidiary exceeded the carrying amount reported in the table below.

No indication is being provided in relation to the value of the investments determined using the equity method since the consolidated financial statements were drawn up in accordance with IAS-IFRS.

<i>(Thousands of Euro)</i>	<b>Carrying amount</b>	<b>% held</b>	<b>Equity at 31/12/2012</b>	<b>Corresponding equity</b>
Unipol Assicurazioni S.p.A.	3,463,989	100.00	1,762,012	1,762,012
Fondiaria-SAI S.p.A.	181,052	22.97	1,627,333	373,798
Premafin HP S.p.A.	351,562	80.93	429,147	347,309
Arca Vita S.p.A.	353,739	63.39	379,147	240,341
Compagnia Assicuratrice Linear S.p.A.	50,507	100.00	72,288	72,288
Linear Life S.p.A.	6,175	100.00	4,802	4,802
Unipol SGR S.p.A.	5,550	100.00	5,951	5,951
Unisalute S.p.A.	36,613	98.53	82,058	80,852
Unipol Banca S.p.A.	628,750	67.74	928,764	629,145
Ambra Property S.r.l.	48,895	100.00	30,581	30,581
<b>Total</b>	<b>5,126,831</b>		<b>5,322,083</b>	<b>3,547,079</b>

All the insurance and banking subsidiaries met the solvency requirements as prescribed by the relevant industry legislation.

For further information on the performance of subsidiaries and associates, refer to the management report and to the financial statements of the individual investees appended to these financial statements.

## *2) Financial Receivables*

Financial receivables included with fixed assets amounted to euro 1,979 thousand, compared to euro 97,576 thousand at 31 December 2011. The decrease was due to the assignment in favour of Unipol Assicurazioni S.p.A., of receivables due to the Company by the Belgian insurance company P&V Assurances in relation to a subordinated loan issued at the end of 2008, with a nominal value of euro 95 million.

The item is constituted entirely of "Other receivables" and includes:

- euro 1,707 thousand in loans with collateral;
- euro 272 thousand in loans granted to employees and guaranteed by life insurance policies.

Amounts due after 31/12/2013 totalled euro 1,792 thousand, of which euro 1,103 thousand are due after 31/12/2017.

## C. Current assets

### *II Receivables*

The item amounted to euro 977,022 thousand at 31/12/2012, an increase of euro 324,403 thousand over 31/12/2011. An analysis of the balance and variances over the previous year's balances are summarised in the table below:

<i>(Thousands of Euro)</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
1) Receivables from customers	976	999
2) Receivables from subsidiaries	514,567	212,543
3) Receivables from associates	-	0
4) Receivables from parents	179,588	169,785
4 bis) Tax receivables	6,857	7,485
4 ter) Deferred tax assets	273,181	259,548
5) Receivables from others	1,853	2,257
<b>Total</b>	<b>977,022</b>	<b>652,618</b>

Amounts receivable after 31/12/2013 totalled euro 239,323 thousand, of which euro 231,585 thousand are due after 31/12/2017.

"Receivables from subsidiaries", amounting to euro 514,567 thousand, include the fees for services provided by Unipol to Group companies as well as three deposits which were opened on 7/11/2012 and mature on 28/06/2013 with subsidiary Unipol Banca S.p.A., for a total of euro 250,000 thousand.

"Receivables from parents" increased from euro 169,785 thousand at 31 December 2011 to euro 179,588 thousand at 31 December 2012. The item is constituted by the following receivables, due from the Finsoe S.p.A.:

- euro 123,053 thousand related to IRES tax losses (for this year and previous years) transferred to Finsoe S.p.A.'s consolidated tax scheme. The losses will be utilisable when there is sufficient taxable income at the consolidated level;
- euro 51,933 thousand relating to tax payments and withholding taxes transferred to Finsoe S.p.A.'s consolidated tax scheme;
- euro 2,422 thousand of IRES tax refunds for the period 2004 through to 2007, resulting from the deduction of a flat 10% IRAP from corporation tax pursuant to Article 6 of Legislative Decree 185 of 29 November 2008, claimed by Finsoe S.p.A. as the "tax" parent company.
- euro 2,165 thousand relating to IRES refund for 2007, following the application by the "tax" parent company, Finsoe S.p.A. for the deduction for IRES purposes of the higher IRAP paid in relation to employees, in accordance with Article 6.c.1 of Legislative Decree 201 of 6/12/2011.

"Tax receivables" amounted to euro 6,857 thousand, and mainly consist of:

- euro 1,092 thousand relating to reimbursements of the 10% IRAP taxes paid against income taxes payable in relation to former Aurora, pursuant to Article 6 of Legislative Decree 29/11/2008;
- euro 4,511 thousand (euro 5,027 thousand at 31/12/2011) in IRAP receivables;
- euro 1,254 thousand relating to other tax credits mostly from previous years.

"Deferred tax assets" amounted to euro 273,181 thousand at 31 December 2012, an increase of euro 13,633 thousand over 31/12/2011. This item includes euro 231,584 thousand deferred tax assets that were recognised in 2011, by availing of the option referred to in Article 23, paragraphs 12 to 15 of Legislative Decree 98/201, ratified by Law 111/2011, which established the possibility of realigning the higher values recorded in subsidiaries' accounts for goodwill, trademarks and other intangible assets, as disclosed in the consolidated financial statements. The Company has paid substitute tax for IRES and IRAP at a rate of 16%, on 30 November 2011. Following this payment, euro 1,447,406 thousand of amortisation of the realigned goodwill will be deducted over a minimum of 10 years, irrespective of whether it was recognised through the



income statement, starting from 2018 (the tax year following the one in progress at 31/12/2017). The expected economic benefits are expected to amount to euro 16,645 thousand each year for 10 years.

<i>Deferred tax assets (in thousands of Euro)</i>	
At 1 January 2012	259,548
Increases during the year	18,621
Utilisation during the year	(4,988)
<b>Final balance at 31/12/2012</b>	<b>273,181</b>

The table containing temporary differences that led to deferred taxes being recorded (Article 2427, paragraph 1.14 of the Civil Code), is included in Appendix 9 to the Notes to the financial statements. This statement does not show withholding taxes included within deferred tax assets amounting to euro 231,584 thousand, that did not change in 2012.

The net tax assets are deemed to be recoverable on the basis of the group companies' business plans, taking also into account fiscal consolidation considerations, as well as recent legislative changes, which introduced more advantageous conditions, both for carrying forward tax losses to future years, and for the crystallisation of deferred tax assets into tax receivables in proportion to the share of tax losses arising from amortisation of realigned goodwill.

"Receivables from others" in current assets increased from euro 2,257 thousand at 31 December 2011 to euro 1,853 thousand at 31 December 2012.

The item mainly consists of:

- euro 562 thousand receivables from foreign tax authorities;
- euro 600 thousand receivables from former directors for penalties under Articles 193 and 195 of the TUF (consolidated finance act);
- euro 336 thousand receivable from the Sicily Region for regional contributions relating to a mortgage loan settled in previous years;
- euro 89 thousand miscellaneous receivables from employees and former employees;
- euro 54 thousand receivable on security deposits.

This item is shown net of the related provision for bad debts.

### **III Current financial assets**

This item amounted to euro 504,037 thousand at 31/12/2012, and was composed as follows:

<i>(Thousands of Euro)</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Other investments	22,619	35,661
Other securities	481,418	177,967
<b>Total</b>	<b>504,037</b>	<b>213,628</b>

"Other securities" consisted of listed bonds amounting to euro 145,363 thousand and government bonds totalling euro 336,054 thousand (details of investments and securities held as current assets are shown in Appendix 8 to the Notes to the financial statements).

### **IV Cash and cash equivalents**

Cash and cash equivalents, amounted to euro 157,855 thousand at 31 December 2012 (euro 106,811 thousand at 31 December 2011) and consisted almost entirely of bank and postal deposits, amounting to euro 157,851 thousand, of which euro 150,688 thousand are deposited with the subsidiary Unipol Banca S.p.A. (euro 106,803 at 31 December 2011, of which euro 99,374 thousand were deposited with the subsidiary Unipol Banca S.p.A.).

## D. Prepayments and accrued income

"Prepayments and accrued income" amounted to euro 7,727 thousand at 31 December 2012 (euro 10,756 thousand at 31/12/2011) and was composed as follows:

<i>(Thousands of Euro)</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Accrued income	1,671	3,873
Prepayments	3,130	3,229
Discounts on loans	2,926	3,654
<b>Total</b>	<b>7,727</b>	<b>10,756</b>

Accrued income is almost entirely made up of interest on securities (euro 1,501 thousand).

Euro 2,402 thousand of prepayments consisted of issue costs on the senior bond loan issues that the Company effected during 2009.

Discounts on loans relate to the senior bond loans with nominal value of euro 750,000 thousand, issued by the Company during 2009 at a price of euro 99.314.

## Balance Sheet – Liabilities

### A. Equity

Movements during the year when compared to the previous year are set out in the attached statement of changes in equity (Appendix 2).

Also appended is the table showing the usage and availability of equity reserves, as required by Article 2427, paragraph 1 item 7 bis of the Italian Civil Code (Appendix 3).

Share capital and equity reserves totalled euro 5,437,602 thousand at 31 December 2012 (euro 4,696,257 thousand at 31/12/2011). The increase of euro 741,345 thousand over the previous year, net of the replenishment of 2011 losses, is mainly attributed to the share capital issue approved by the Board of Directors of the Company on 21 June and 12 July 2012. Following the full subscription of the said issue, the fully paid share capital increased from euro 2,699,067 thousand in 31 December 2011 to euro 3,365,292 (+euro 666,225 thousand), made up of 717,473,484 shares, analysed as follows:

- 443,993,991 ordinary shares;
- 273,479,493 preference shares.

It is to be noted that in April 2012, the Company carried out a reverse split on ordinary and preference shares at the ratio of 1 new share for every 100 existing shares.

Details of equity reserves, which at 31 December 2012 amounted to euro 2,072,310 thousand, are set out in the following table, together with previous year's comparatives:

<i>(Thousands of Euro)</i>		31/12/2012	31/12/2011
A.II	Share premium reserve	1,410,008	1,144,834
A.III	Revaluation reserve under Law 413/1991	14,762	14,762
	Provision for revaluation of land and building	5,939	5,939
A.IV	Legal reserve	478,285	478,285
A.VII	Extraordinary reserve	-	187,429
	Reserve for the acquisition of own shares	100,000	100,000
	Reserve for the acquisition of shares in the Parent	45,000	45,000
	Share exchange reserve	18,315	20,941
		<b>2,072,310</b>	<b>1,997,190</b>

### B. Provisions for risks and charges

The following table summarises the movements that took place during the year in "Provision for risks and charges" which at 31 December 2012 amounted to euro 109,863 thousand, of which euro 3,437 thousand are included under "Provision for tax liabilities" and relate to IRES deferred tax liabilities on accrued dividends of euro 106,426 included under "Other":

<i>(Thousands of Euro)</i>	31/12/2011	Increases	Decreases		31/12/2012
		Accruals	Utilisation	Other	
Tax provision including deferred tax liabilities	-	3,437	-	-	3,437
Provision for miscellaneous risks and charges	70,573	50,110	(15,094)	(758)	104,831
Early retirement provision	2,818	-	(1,222)	-	1,596
Tax provision - previous year	10,422	-	(10,422)	-	-
	<b>83,812</b>	<b>53,547</b>	<b>(26,738)</b>	<b>(758)</b>	<b>109,863</b>

Allocations to the "Provisions for miscellaneous risks and charges" are almost entirely made up of loan guarantees by subsidiary Unipol Banca S.p.A. on which, after taking in consideration the risks assumed, the recoverability of the receivables, and the adequacy of collaterals placed, a provision of euro 50,000 thousand was made.

"Tax provision - previous year" included amounts set aside for tax assessments carried out in 2010 by the Direzione Regionale Emilia Romagna (Emilia Romagna's regional office) on the 2007 tax year in relation to Unipol S.p.A. and by the Direzione Regionale Lombardia (Lombardia's regional office) on 2005 and 2006 tax years in relation to former Aurora Assicurazioni. The provision was fully released due to the settlement made by Unipol on 13 February 2012 of euro 3,422 thousand and upon signing of a conciliation agreement on 13 November and settlement of the amounts requested thereon of euro 7,220 thousand.

It is noted that in respect of the so-called "Antonveneta" proceedings, on 28/5/2012 the Court of Appeal of Milan reduced the administrative penalty charged on Unipol from euro 900,000 to euro 230,000 and, pursuant to Article 19 of Legislative 231 of 2001, revoked the confiscation of "profits" of euro 39.6 million.

### C. Provisions for severance pay

The Employees' leaving entitlement provision ("TFR") at 31 December 2012 amounted to euro 1,569 thousand, euro 33 thousand less than the previous year, mainly due to transfers to the Pension Fund. Details of the movements during the year are provided in the table below (in euro thousands):

At 1/1/2012	1,603
<b>Increases in the year</b>	
Amounts accrued in the year	1,781
Other increases	149
<b>Decreases in the year</b>	
Advances paid in the year	(143)
Transfer to pension fund	(1,520)
Transfer to INPS Treasury	(140)
Payments in the year	(105)
Other decreases	(55)
<b>Final balance at 31/12/2012</b>	<b>1,569</b>

The "Other decreases" for euro 55 thousand related to the transfer of employees to Group companies.

### D. Payables

The balance on this item at 31 December 2012 was euro 1,076,449 thousand, representing a decrease over the balance at 31 December 2011 (euro 1,227,966 thousand).

An analysis of this item and a comparison with the previous year's balances are included in the following table:

<i>(Thousands of Euro)</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Bonds	750,000	925,000
Shareholders loans	5,614	6,569
Payables to other financial backers	515	474
Trade payables	13,575	8,783
Payables to subsidiaries	275,806	267,785
Payables to parents	-	22
Tax payables	5,059	1,895
Social security charges payable	1,397	1,327
Other payables	24,483	16,111
<b>Total</b>	<b>1,076,449</b>	<b>1,227,966</b>

All amounts are payable within 12 months except for a bond loan that amounted to euro 750,000 thousand which is payable in 2017.

"Bonds" amounted to 750,000 thousand (euro 925,000 thousand at 31/12/2011) and relate to the nominal value of the seven-year senior bond loan (maturing January 2017), which bear fixed interest at a rate of 5%, and are listed on the Luxembourg stock exchange. The bond had been issued in 2009 as part of the Euro Medium Term Notes (EMTN) programme which provided for issues up to a maximum of euro 2 billion, and terminated on 3 December 2010, without any further issues made. No 'events of default', (i.e. events that could lead to a default upon which the Company would have to immediately repay its outstanding liabilities), occurred on the loan during 2012. Interest payable during the year amounted to euro 37,503 thousand.

In July the senior unsecured bond issued by Unipol on 1 July 2009 and that amounted to euro 175,000 thousand was repaid in full. Interest payable during the year amounted to euro 4,619 thousand.

"Shareholder loan" amounted to euro 5,614 thousand at 31 December 2012 (euro 6,569 thousand at 31/12/2011) and was constituted of dividends payable to shareholders approved in previous years, but not yet paid.

"Trade payables" decreased from euro 8,783 thousand at 31 December 2011 to euro 13,575 thousand at 31 December 2012.

The balance on "Payables to subsidiaries" was euro 275,806 thousand at 31 December 2011 (euro 267,785 thousand at 31/12/2011), constituted as follows:

- euro 267,785 thousand (unchanged over 2011) related to two loans that arose upon the assignment in 2009 by the Company, as issuer, to subsidiary Unipol Assicurazioni S.P.A. of the two subordinated bond loans', (UGF 7% and UGF 5.66%), unsubordinated element that is not allowed in calculating Unipol Assicurazioni S.P.A.' margin of solvency. The loans are repayable in whole or in part immediately upon Unipol Assicurazioni S.P.A.'s demand and in any case at least three days before the repayment date were subject to interest rate equivalent to three-month Euribor rate plus 100 basis points. Interest payable on the loans in 2012 amounted to euro 4,776 thousand;
- euro 8,021 thousand related to IVA (vat) balances due by the Company to subsidiaries Midi S.r.l. and Unifimm S.r.l..

The balance on "Tax payables" amounted to euro 5,059 thousand at 31 December 2012, an increase of euro 3,164 thousand compared with the previous year. The increase was mainly due to VAT amounts due for the year, as per the Group's IVA statements that amounted to euro 3,047 thousand.

The balance on "Social security charges payable" was euro 1,397 thousand at 31 December 2012 (euro 1,327 thousand at 31/12/2011). This item related to December contributions to pension and social security funds in respect of employers and employees that were outstanding at the end of the year.

"Other payables" amounted to euro 24,483 thousand at 31 December 2012, an increase of euro 8,373

thousand compared to the previous year. It was mainly made up of:

- the provision set aside for staff incentives amounted to euro 18,055 thousand (euro 13,386 thousand at 31/12/2011);
- impairment of two derivative contracts (a call option and a put option) on subsidiary's Finsoe S.p.A.'s shares, amounted to euro 4,040 thousand;
- the provision for unused holiday leave amounted to euro 1,688 thousand (euro 1,673 thousand at 31/12/2011).

## E. Accrued expenses and deferred income

"Accrued expenses and deferred income" amounted to euro 37,167 thousand at 31 December 2012 (euro 42,645 thousand at 31/12/2011), and was almost entirely constituted by interest accrued on the senior bond loans maturing in 2017 and subject to 5% interest (euro 36,373 thousand).

## Guarantees, commitments and other memorandum accounts

Details of 'Guarantees, commitments and other memorandum accounts, which amounted to euro 3,433,952 thousand at 31 December 2012 (euro 2,886,169 thousand at 31/12/2011), are set out in the following table:

<i>(Thousands of Euro)</i>	31/12/2012	31/12/2011
<b>Guarantees given</b>		
Sureties given to subsidiaries	21,720	12,983
Sureties and endorsements given to third parties	1,108	1,143
Other personal guarantees given to subsidiaries	1,117,060	1,064,983
<b>Total</b>	<b>1,139,888</b>	<b>1,079,108</b>
<b>Commitments</b>		
Other commitments	147,496	157,707
<b>Total</b>	<b>147,496</b>	<b>157,707</b>
<b>Third parties' assets</b>		
Leased vehicles	960	1,147
Staff-owned shares	300	2,354
Other assets	65	141
<b>Total</b>	<b>1,324</b>	<b>3,642</b>
<b>Securities with third parties</b>	<b>2,076,246</b>	<b>1,598,023</b>
<b>Other memorandum accounts</b>		
Other personal guarantees received from third parties	770	770
Collateral received from third parties	2,814	1,666
Guarantees issued by subsidiaries in favour of the company	46	-
Other memorandum accounts	65,368	45,254
<b>Total</b>	<b>68,997</b>	<b>47,689</b>
<b>TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNT:</b>	<b>3,433,952</b>	<b>2,886,169</b>

"Other personal guarantees to subsidiaries" included:

- guarantees given to subsidiary Unipol Assicurazioni S.p.A. in relation to the subordinated bond loans issued originally by Unipol, that were assigned to Unipol Assicurazioni S.p.A. in 2009: UGF 7% maturing in 2021 (euro 300,000 thousand) and UGF 5.66% maturing in 2023 (euro 261,689 thousand);
- guarantees on subsidiary Unipol Banca S.p.A.'s loans amounted to euro 555,371 thousand.

"Other commitments" mainly consisted of euro 141,534 thousand of commitments for purchases and sales of call options.

"Securities with third parties" included euro 1,988,489 thousand of securities deposited with Group companies.

## Information on financial derivatives

In line with the guidelines approved by the Company's Board of Directors on 10 May 2012, the only two objectives underlying financial derivative transactions during the year were to reduce the investment risk (coverage) and to manage the portfolio efficiently, and excluded purely speculative motives.

These objectives were achieved by using the derivatives specified in the Board of Directors' resolution on those securities that are within the portfolio at the time that the derivative contract is entered into and throughout the entire term of the contract.

All the transactions were carried out with banking or similar institutions.

Open positions on derivatives at the end of the year, related to 2 counterparties, were on underlying assets ranging from a minimum of euro 32.9 million to a maximum of euro 75.8 million, and are detailed in the tables below.

### A. Derivative contracts involving forward capital swaps

The value attributed was the settlement price for contracts in thousands of euro. In case of transactions in other currencies the agreed forward exchange rate was used:

Description of the transaction	No. of transactions	Notionale amount at 31/12/2012
Acquisition of call option	2	108.663
Sale of put option	1	32.871
<b>Total</b>		<b>141.534</b>

Amounts of euro 75,792 thousand of the derivative contracts for the purchase of call options related to an option on a basket of equity indices. Euro 32,871 thousand related to a call option on 30,646,000 shares in parent company Finsoe S.p.A., representing 1.43% of its share capital that is linked to a contract for the sale of a put option with the same features and notional amount. These contracts were renewed in November 2011 and will expire in July 2013. Valuation losses of euro 4,040 thousand were registered on these contracts to reflect the market value.

### B. Derivative contracts not involving forward capital

The Company did not hold contracts of this type at 31/12/2012.

As required by Article 2427-bis, paragraph 1, of the Italian Civil Code, the following table shows the fair value of each category of financial derivative contract (in thousands of euro):

Category of derivatives	Purchase/Sale	Fair value
Call option	Purchase	0,76
<b>Total</b>		<b>0,76</b>

Net gains on options on future bonds totalled euro 55 thousand in 2012.

## Information on finance leases

As prescribed by Italian law, leases, including finance leases, are recognised as rental agreements. However, the additional information required by Article 2427 paragraph 22 of the Italian Civil Code and by Italian accounting standard OIC 12 is hereby being provided.

At 31 December 2012, 64 finance leases were in force with subsidiary Unipol Leasing S.p.A. for leasing of company cars provided to managers.

The following table summarises the differences in assets, liabilities and the income statement if the leased assets had been accounted for in accordance with IAS 17. Figures are shown in thousands of euro.

<b>Assets</b>	<b>2012</b>
Assets under finance lease at 31.12.2011	1,702
Accumulated depreciation of leased assets at 31.12.2011	(555)
Change of leasing assets 2012 (new leasing/leasing terminated)	32
Depreciation in 2012	(191)
<b>Total leased assets at 31.12.2012</b>	<b>988</b>
Tax effect (deferred taxes)	(10)
<b>Total assets</b>	<b>979</b>
<b>Liabilities</b>	
Residual debt at 31.12.2011	(1,157)
Change of leasing liabilities 2012 (new leasing/leasing terminated)	20
Amount repaid during 2012	177
<b>Residual debt at 31.12.2011</b>	<b>(960)</b>
Effect on equity (including the effect on operating results)	(18)
<b>Total liabilities</b>	<b>(979)</b>
<b>2012 Income Statement</b>	
Lease payment recorded monthly	(278)
Financial charges	49
Depreciation in 2012	191
Deferred taxes	10
<b>Net effect through profit or loss in 2012</b>	<b>(27)</b>



## Income Statement

The income statement was drawn up in accordance with the provisions of Article 2425 of the Italian Civil Code; costs and revenues are recorded separately, with no items being offset.

### A. Production revenues

Production revenues for 2012 totalled euro 30,460 thousand, compared to euro 31,978 thousand as at 31 December 2011.

#### A.1. Turnover from sales and services

"Turnover from sales and services" amounted to euro 10,175 thousand in 2012 (euro 12,554 thousand in 2011), and consisted mainly of services typical of the Company's core business of acting as a holding company for companies in the Group, as follows:

<i>(Thousands of Euro)</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Parents	11	12
Subsidiaries	10,083	12,469
Arca Vita S.p.A.	60	51
Arca Assicurazioni S.p.A.	83	74
Arca Inlinea Scarl	23	-
Arca Sistemi Scarl	11	-
Unipol Assicurazioni S.p.A.	7,255	9,531
Linear Assicurazioni S.p.A.	908	861
Linear Life S.p.A.	79	90
Unisalute S.p.A.	812	937
Unipol SGR S.p.A.	28	19
Unipol Banca S.p.A.	742	828
Unipol Merchant S.p.A.	22	41
Other subsidiaries	59	37
Thrid parties	3	3
Other income	78	69
<b>Total</b>	<b>10,175</b>	<b>12,554</b>

The decrease when compared to the previous year was mainly due to the reorganisation of services within the Group, that continued in 2012.

#### A.5 Other revenues and income

"Other revenues and income" totalled euro 20,285 thousand in 2012 (euro 19,424 thousands in 2011) and included:

- recharges of euro 12,832 thousand for secondment of Unipol staff to Group companies;
- commissions received on Unipol Banca S.P.A.'s debt reimbursement agreement of euro 5,540 thousand;
- recharges of euro 1,647 thousand for Directors' services to other Group companies.

### B. Production costs

Production costs totalled euro 140,577 thousand, compared to euro 158,048 thousand in 2011.

#### B.6 Cost of raw materials, consumables, supplies and goods

The item amounted to euro 367 thousand (euro 177 thousand at 31/12/2011) related to printing and stationery costs.

### **B.7 Services**

The item amounted to 24,449 thousand as at 31/12/2012 (euro 20,553 thousand at 31/12/2011), and is constituted as follows:

<i>(Thousands of Euro)</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
IT costs	213	86
Technical, legal and administrative consultancy services	9,031	6,992
Electricity, heating and cleaning	1,376	1,111
Corporate boards	3,662	2,969
Services of seconded staff	326	291
Postal and telephone expenses	356	389
Other costs	332	518
Corporate fees and shareholders' meetings	89	124
Advertising	3,424	2,183
Maintenance, repairs and software updates	1,355	1,259
Audit fees and other attestation services	154	195
Conferences, meetings and social events	88	130
Services provided by subsidiaries	4,044	4,306
<b>Total</b>	<b>24,449</b>	<b>20,553</b>

The increase in "Technical, legal and administrative consultancy services" is attributable to services required during the year in the process of acquiring and merging with Premafin Group.

The increase in "Advertising costs" related mainly to increased sponsorships and media advertising, that amounted to euro 2,052 thousand and euro 367 thousand respectively as at 31/12/2012.

### **B.8 Use of third party assets**

The items amounted to euro 3,761 thousand as at 31/12/2012 (euro 3,514 thousand at 31/12/2011) and comprised rental and leasing costs.

### **B.9 Personnel expenses**

Personnel expenses amounted to 44,876 thousand euro, compared to 51,997 thousand euro in the previous year.

The number of persons employed by the Company increased from 288 at 31/12/2011 to 315 at 31/12/2012, as follows:

	<b>31/12/2011</b>	<b>Hired</b>	<b>Resigned</b>	<b>31/12/2012</b>
Administrative - permanent	286	45	(18)	313
Administrative - temporary	2	4	(4)	2
<b>TOTAL</b>	<b>288</b>	<b>49</b>	<b>(22)</b>	<b>315</b>

Decreases in staff numbers include employees that were transferred to other Group companies during the year.

The average number of permanent employees was as follows:

	<b>2012</b>	<b>2011</b>
Managers	67	68
White collars	237	227
<b>Total</b>	<b>304</b>	<b>295</b>

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

This item totalled 12,807 thousand euro at 31/12/2012 (euro 8,729 thousand euro at 31/12/2011), and is analysed as follows:

- amortisation of intangible fixed assets of euro 12,578 thousand;
- depreciation of tangible fixed assets of euro 229 thousand.

Details of movements in tangible and intangible fixed assets are provided in Appendices 5 and 6.

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

The item amounted to euro 50,110 thousand at 31/12/2012, that included euro 50,000 thousand provisions set aside in respect of the risks associated with the indemnity agreement on subsidiary Unipol Banca S.p.A.'s receivables whilst the remaining amounts were set aside in relation to various legal disputes.

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

During 2012, no amounts were set aside for staff termination incentives and therefore the item "Other provisions" were nil (euro 202 thousand at 31/12/2011).

### ***B.14 Other operating costs***

Other operating costs amounted euro 4,206 thousand at 31/12/2012 (euro 4,189 thousand at 31/12/2011) and mainly represented:

- euro 2,888 thousand of contributions to supervisory bodies and other associations;
- euro 341 thousand of company secretarial and shareholders' meetings' costs;
- euro 361 thousand of tax charges, other than direct taxes.

## **C. Financial income and charges**

### ***C.15 Income from participation interests***

The item amounted to euro 253,201 thousand at 31/12/2012 (euro 7,524 thousand at 31/12/2011) and comprised realised gains on trading of shares amounting to euro 3,221 thousand and dividends receivable from subsidiaries Arca Vita S.p.A., Unipol Assicurazioni S.p.A., Linear S.p.A. and Unisalute S.p.A. (not in the previous year) that totalled euro 249,980 thousand.

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

An analysis of this item, that amounted to euro 63,265 thousand (euro 55,168 thousand at 31/12/2011), is summarised in the table below:

<i>(Thousands of Euro)</i>		31/12/2012	31/12/2011
<b>A) From receivables classified as fixed assets</b>			
	4. From others	4,131	8,714
	<b>Total</b>	<b>4,131</b>	<b>8,714</b>
<b>C) From securities classified as current assets</b>		<b>38,668</b>	<b>25,668</b>
<b>D) Other income</b>			
	1. From subsidiaries	11,051	3,742
	4. From others	9,413	17,044
	<b>Total</b>	<b>20,465</b>	<b>20,786</b>
	<b>TOTAL</b>	<b>63,265</b>	<b>55,168</b>

The other income "from receivables classified as fixed assets" related, almost entirely, to interest receivable on the P&V Assurances 9% subordinated loan (euro 4,085 thousand). The loan had been assigned to subsidiary Unipol Assicurazioni S.p.A. on 20 June 2012.

Income "from securities classified as current assets" amounted to euro 38,668 thousand that included gains on sale of securities of 27,687 thousand and interest on securities of euro 10,900 thousand.

"Other income", apart from the income mentioned above, amounted to euro 20,465 thousand, was mainly comprised of

- euro 8,726 thousand receivable from subsidiary Fondiaria-SAI S.p.A. for contractual commissions arising upon the acquisition of saving shares, part of the subsidiary's share capital increase;
- euro 2,325 thousand bank interest income from subsidiary Unipol Banca S.p.A.;
- euro 7,163 thousand income from derivative transactions of which euro 6,923 thousand related to future options transactions, the financial effects of which were offset by charges of euro 6,868 thousand, included in C.17.d);
- euro 2,165 thousand from Mediobanca for contractual commissions arising upon the acquisition of ordinary shares, part of the share capital increase of Fondiaria-SAI S.p.A..

#### ***C.17 Interest and other financial charges – C.17.bis Exchange rate gains/(losses)***

"Interest and other financial charges" stood at euro 67,358 thousand at 31/12/2012 (euro 132,790 thousand at 31/12/2011), whilst "Exchange rate gains/(losses)" amounted to gains of 18 thousand euro (losses of 353 thousand euro at 31/12/2011).

<i>(Thousands of Euro)</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
<b>Interest and other financial charges</b>		
a. Subsidiaries	(6,971)	(7,915)
c. Parents	(1,565)	(3,675)
d. Other	(58,822)	(121,201)
<b>Total</b>	<b>(67,358)</b>	<b>(132,790)</b>
<b>Exchange rate gains (losses)</b>	<b>18</b>	<b>(353)</b>
<b>TOTAL</b>	<b>(67,340)</b>	<b>(133,143)</b>

"Interest and other financial charges from subsidiaries", totalled euro 6,971 thousand (euro 7,915 thousand at 31/12/2011), and included interest, commissions and charges payable to banks and companies in the Group. The decrease is mainly attributed to interest on the loan from Unipol Assicurazioni S.p.A. that decreased from euro 6,348 thousand in 2011 to euro 4,776 thousand in 2012, due to the decrease in the three-month Euribor rate, to which interest on the loan is linked.

"Other interest and other financial charges" that totalled 58,822 thousand (euro 121,201 thousand at 31/12/2011), mainly consisted of:

- interest costs on bond loans of euro 40,557 thousand;
- charges on derivative transactions of euro 9,592 thousand, of which euro 6,868 thousand related to future options transactions, the financial effects of which were offset by charges of euro 6,923 thousand, included in item C.16.d.4;
- capital losses on trading in shares and bonds amounted to euro 7,185 thousand;
- charges on bond loan issues of euro 1,324 thousand.

The decrease in this item is attributed to the decreased capital losses on trading of shares, bonds and future options.

In relation to bonds and other fixed-yield securities, details of the amounts included in item C.16 and C.17 as issue and/or trading spreads are provided below:

<i>(Thousands of Euro)</i>	31/12/2012	31/12/2011
Positive issue spreads	81	1,216
Negative issue spreads	-	(1)
Value adjustments on zero coupons	1,956	1,067

## D. Adjustments to financial assets

Gains of euro 29,871 thousand were registered at 31/12/2012 in relation to this item (losses of euro 285,108 thousand at 31/12/2011). The positive result was mainly due to the favourable closing position on the bond portfolio. In addition the 2011 balance had been negatively impacted by the impairment of the investment in subsidiary Unipol Banca S.p.A., that amounted to euro 239,835 thousand. The balance at 31/12/2012 is constituted as follows:

- write-backs on bonds classified as current assets amounted to euro 39,086 thousand;
- impairment losses on shares of euro 16 thousand;
- impairment losses on securities classified as current assets of euro 4,974 thousand;
- negative value adjustments on derivatives amounting to euro 4,225 thousand.

## E. Extraordinary income and expense

The item resulted in income of euro 5,216 thousand at 31/12/2012 (income of euro 59,098 thousand at 31/12/2011) and included the following items:

<i>(Thousands of Euro)</i>	31/12/2012	31/12/2011
<b>E.20) Income</b>		
Realized gains	5	55,892
Other extraordinary income		
- Prior year items	5,407	4,684
<b>Total</b>	<b>5,412</b>	<b>60,576</b>
<b>E.21) Expense</b>		
Taxation relating to previous years	(80)	(622)
Other extraordinary expense		
- Prior year items	(115)	(816)
- Other extraordinary expense	(1)	(41)
<b>Total</b>	<b>(196)</b>	<b>(1,479)</b>
<b>Net extraordinary income (expense)</b>	<b>5,216</b>	<b>59,098</b>

The decrease in "realised gains" to the inclusion, in the 2011 balance, of significant gains on the sale of the investment in BNL Vita on 29 September 2011 (euro 55,850 thousand).

"Prior year items" included the following main items:

- euro 3,897 thousand represented an adjustment upwards in the receivable due from the fiscal consolidating company Finsoe S.p.A. that can be analysed into euro 2.2 million that related to excess IRES paid in tax year 2007 and euro 1.6 million IRES on the larger tax losses on tax years 2008 and 2009;
- euro 758 thousand represented the release of excess provision for risks and charges set aside in relation to staff costs;
- euro 522 thousand related to the writing off of the amounts accrued for dividends that had been approved in prior years by former Aurora Assicurazioni (merged by incorporation with Unipol in 2007), but that had not been paid within the prescribed period.

## Current and deferred income taxes

The tax credit for the year amounted to euro 20,855 thousand (tax credit of euro 64,184 thousand at 31/12/2011) and is constituted by a current tax credit of euro 10,642 thousand and a net favourable movement of euro 10,213 thousand in deferred tax assets and liabilities, as illustrated below:

<i>(Thousand of Euro)</i>	<b>IRES</b>	<b>IRAP</b>	<b>Total</b>
<b>Current tax</b>	<b>(10.642)</b>	<b>-</b>	<b>(10.642)</b>
<b>Deferred tax:</b>			
- amounts accrued for deferred tax income	(18.621)	-	(18.621)
- amounts accrued for deferred tax expense	3.437	-	3.437
- utilisation of deferred tax income	4.971	-	4.971
- utilisation of deferred tax expense	-	-	-
<b>Total</b>	<b>(20.855)</b>	<b>-</b>	<b>(20.855)</b>

The table below includes a reconciliation of the IRES theoretical rate to the effective rate. A reconciliation for IRAP has not been included as it is not material.

<i>(Thousands of Euro)</i>	<b>2012</b>	<b>2011</b>
<b>Pre-tax result</b>	174,097	(422,532)
Theoretical income tax (excluding IRAP)	(47,877)	116,196
Tax effect arising from permanent variations in taxable income		
Increases:	870	68,291
- PEX investments - impairment losses	-	65,955
- Dividend washing	-	996
- Interest expense	554	614
- Other variations	316	726
Decreases:	69,602	16,281
- PEX investments - non-taxable capital gains	-	14,591
- Excluding dividends	68,744	1,040
- Other variations	858	650
IRAP (regional corporate tax)	-	(3)
<b>Post-tax result</b>	<b>194,952</b>	<b>(358,348)</b>

The table detailing temporary differences that led to deferred taxes being recorded (Article 2427, paragraph 1.14 of the Italian Civil Code) is included in Appendix 9 to these Notes to the financial statements.

## Other information

### Consolidated financial statements

Unipol's consolidated financial statements have been drawn pursuant to Article 154-ter of Legislative Decree 58/1998 (TUF) and to ISVAP Regulation 7 of 13 July 2007, as amended, and have been prepared in accordance with international accounting standards IAS/IFRS issued by IASB and endorsed by the European Union, and the related interpretations issued by IFRIC, in accordance with the provisions of EC Regulation 1606/2002, in force on the balance sheet date.

As an insurance holding company under Article 1, paragraph 1aa) of Legislative Decree 209 of 2005 (Insurance Code), presentation of its financial statements is in conformity with the requirements of Title III of ISVAP Regulation 7 of 13 July 2007, as amended, concerning the layout of the consolidated financial statements of insurance and reinsurance companies that must adopt international accounting standards.

### Audit fees and fees for non-audit services

In accordance with Article 149-*duodecies* of the Consob Issuers' Regulation the following table shows, (in thousands of euro), the fees that the Unipol Group companies paid to the independent auditors, or to companies to which the independent auditors belong, for audit and other services, analysed by type or category of service.

Type of service	Service provider	Recipient	Fees (*)
Audit	PricewaterhouseCoopers S.p.A.	Unipol S.p.A.	142
<b>Total Unipol Gruppo Finanziario</b>			<b>142</b>
Audit	PricewaterhouseCoopers S.p.A.	Subsidiaries	749
Audit	PricewaterhouseCoopers SA	Subsidiaries	62
Attestation services	PricewaterhouseCoopers S.p.A.	Subsidiaries	254
Other services: technical provisions analysis	PricewaterhouseCoopers S.p.A.	Subsidiaries	184
Other services: consultancy (**)	PricewaterhouseCoopers S.p.A.	Subsidiaries	641
Other services: technical provisions analysis (**)	PricewaterhouseCoopers LLP	Subsidiaries	711
Other services: fiscal services	TLS Tax and Legal Services	Subsidiaries	25
Other services: fiscal services (**)	TLS Tax and Legal Services	Subsidiaries	382
Other services (**)	PricewaterhouseCoopers Advisory S.p.A.	Subsidiaries	685
<b>Total subsidiaries</b>			<b>3,693</b>
<b>Total</b>			<b>3,834</b>

(\*) These fees do not include recharged costs and any non-deductible VAT

(\*\*) services rendered on entities of the Group prior to the acquisition of Premafin Group

### Transactions with related parties

#### Indemnity agreement in relation to Unipol Banca S.p.A.'s receivables

The agreement with subsidiary Unipol Banca was signed in August 2011 and covered a specified, predominantly mortgage, portfolio consisting of 54 loans that had a carrying amount of euro 555 million at 31/12/2012.

The agreement provides for a commitment by part of the parent Unipol to indemnify Unipol Banca S.p.A. with principal and interest amounts due on such loans in the event that they should not be recovered upon taking all possible recovery actions provided for by law, including court action, up to a maximum amount, (principal and interest), equal to the carrying amount of such receivables as at 30 June 2011. The agreement will remain in force for a maximum of ten years after the last maturity date on which the loans are repayable.

In view of commitments entered into during 2012, Unipol earned commissions of euro 5,540 thousand from Unipol Banca S.p.A. and has allocated euro 50,000 thousand to the provision for risks, which amounts to euro 102,377 thousand, net of euro 623 thousand indemnified to Unipol Banca S.p.A..

#### Financing contracts with Unipol Assicurazioni S.p.A.

Two financing contracts that had been entered into in 2009 were in place at the year end, amounting to euro 267,785 thousand (unchanged over the previous year). Interest paid to Unipol Assicurazioni S.p.A. during 2012 totalled euro 4,776 thousand.

#### Senior bond 2009-2012

In July 2012, the senior unsecured bond issued by Unipol on 1 July 2009 was fully repaid at euro 175,000 thousand, of which Finsoe S.p.A. held euro 50 million. Interest paid to Finsoe S.p.A. during the year amounted to euro 1,565 thousand.

In addition to the information provided in this Note, the table below provides further details, about the amount and nature of assets, liabilities, income and costs involved in transactions with related parties (in thousands of euro):

	Parents	Subsidiaries	Associates	Related companies	Total	Percentage		
Share and quotas		5,126,831			5,126,831	74.8%	(1)	345.6% (3)
Other receivables	179,588	514,567		-	694,154	10.1%	(1)	46.8% (3)
Bank deposits		150,688			150,688	2.2%	(1)	10.2% (3)
<b>TOTAL ASSETS</b>	<b>179,588</b>	<b>5,792,086</b>	<b>-</b>	<b>-</b>	<b>5,971,674</b>	<b>87.1%</b>	<b>(1)</b>	<b>402.6% (3)</b>
Other payables		275,806			275,806	4.0%	(1)	18.6% (3)
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>275,806</b>	<b>-</b>	<b>-</b>	<b>275,806</b>	<b>4.0%</b>	<b>(1)</b>	<b>18.6% (3)</b>
Turnover from sales and services	11	10,083			10,095	2.4%	(2)	0.7% (3)
Turnover from land and buildings		60			60	0.0%	(2)	0.0% (3)
Dividends and other income from shares and quotas		249,980			249,980	(59.2%)	(2)	16.9% (3)
Other financial income		11,051			11,051	2.6%	(2)	0.7% (3)
Other revenues and income	28	19,263		377	19,668	4.7%	(2)	1.3% (3)
<b>TOTAL INCOME</b>	<b>39</b>	<b>290,437</b>	<b>-</b>	<b>377</b>	<b>290,853</b>	<b>68.8%</b>	<b>(2)</b>	<b>19.6% (3)</b>
Interest and financial charges	1,565	6,971			8,536	2.0%	(2)	0.6% (3)
Services	158	4,044			4,201	1.0%	(2)	0.3% (3)
Use of third party assets		3,514			3,514	0.8%	(2)	0.2% (3)
Other operating costs		22			22	0.0%	(2)	0.0% (3)
<b>TOTAL EXPENSE</b>	<b>1,722</b>	<b>14,550</b>	<b>-</b>	<b>-</b>	<b>16,273</b>	<b>3.9%</b>	<b>(2)</b>	<b>1.1% (3)</b>

(1) Percentage calculated on the total assets of the balance sheet

(2) Percentage calculated on the result before tax

(3) Percentage calculated on total sources of cash flows statement

#### Remuneration paid to members of the Board of Directors, Board of Statutory auditors, to the General Manager and to Key Management

Remuneration paid in 2012 to directors, auditors and key management personnel of the parent company for



carrying out their duties to Unipol and to other consolidated companies amounted to euro 11,357 thousand, details of which are as follows (in thousands of euro):

- Directors and General Manager	6.808
- Sindaci (members on the Board of Statutory auditors)	465
- Other key management personnel	4.084 (*)

*(\*) amount includes almost exclusively income from employment*

The remuneration of the General Manager and the other key management personnel include an estimated euro 1.3 million of benefits to be granted under the share-based payment plan (performance shares) which, subject to achievement of the targets provided for in the plan, provides for Unipol ordinary shares to be granted to them in 2014.

During 2012 the companies in the Group paid Unipol the sum of euro 860 thousand as remuneration for the posts held by the Chairman, the Chief Executive Officer, the General Manager and the Key Management Personnel.

### **Non-recurring significant transactions and events**

Non-recurring significant transactions and events carried out during 2012 include the acquisition of control of Premafin/Fondiaria-SAI Group and its integration project, as already described in the Management Report, to which reference is made.

Timely information of these transactions has been given to the market through press releases.

### **Atypical and/or unusual transactions**

No atypical and/or unusual transactions were carried out during the year ended 31 December 2012.



## **Appendices to the Notes to the financial statements**



1. Reclassified income statement (*Consob Recommendation 94001437*)
2. Statement of changes in equity (*Article 2427.4 of the Italian Civil Code*)
3. Statement of usage and availability of equity reserves at 31 December 2012 (*Article 2427.7 of the Italian Civil Code*)
4. Statement of cash flows
5. Statement of changes in intangible fixed assets (*Article 2427.2 of the Italian Civil Code*)
6. Statement of changes in tangible fixed assets (*Article 2427.2 of the Italian Civil Code*)
7. Statement of changes in investments classified as fixed financial assets
8. List of shares and securities included in current assets at 31/12/2012 (*Consob Recommendation 94001437*)
9. Statement of temporary differences leading to deferred taxes being recorded (*Article. 2427. 14 of the Italian Civil Code*)
10. Information on financial indebtedness at 31 December 2012 (*Consob recommendation 6064293*)

## RECLASSIFIED INCOME STATEMENT

(Thousands of Euro)		31.12.2012	31.12.2011
1)	Income from investments:		
	subsidiaries	249,980	-
	other companies	3,221	7,524
	<b>Total income from investments</b>	<b>253,201</b>	<b>7,524</b>
2)	Other financial income		
	a) from receivables classified as fixed assets	4,131	8,714
	from other companies	4,131	8,714
	c) from securities classified as current assets which are not equity investments	38,668	25,668
	d) other income	20,465	20,786
	from subsidiaries	11,051	3,742
	from others	9,413	17,044
	<b>Total other financial income</b>	<b>63,265</b>	<b>55,168</b>
3)	Interest and other financial charges:		
	subsidiaries	(6,971)	(7,915)
	parents	(1,565)	(3,675)
	other	(58,822)	(121,201)
	<b>Total interest and other financial charges</b>	<b>(67,358)</b>	<b>(132,790)</b>
	Exchange rate profit (loss)	18	(353)
	<b>TOTAL FINANCIAL INCOME (EXPENSE)</b>	<b>249,126</b>	<b>(70,451)</b>
4)	Write-backs:		
	a) participation interests	-	0
	c) securities classified as current assets which are not participation interest	39,086	1,290
	<b>Total write-backs</b>	<b>39,086</b>	<b>1,290</b>
5)	Write-downs:		
	a) participation interests	(16)	(239,874)
	c) securities classified as current assets which are not participation interest	(9,199)	(46,523)
	<b>Total write-downs</b>	<b>(9,215)</b>	<b>(286,398)</b>
	<b>TOTAL ADJUSTMENTS</b>	<b>29,871</b>	<b>(285,108)</b>
6)	Other operating income	30,460	31,978
	<b>TOTAL OTHER OPERATING COSTS</b>	<b>30,460</b>	<b>31,978</b>
6)	Cost of raw materials, consumables, supplies and goods	(367)	(177)
7)	Non-financial services costs	(24,449)	(20,553)
8)	Use of third party assets	(3,761)	(3,514)
9)	Personnel expenses	(44,876)	(51,997)
10)	Amortisation, depreciation and write-downs	(12,807)	(8,729)
11)	Provisions for risks	(50,110)	(68,689)
12)	Other provisions	-	(202)
13)	Other operating costs	(4,206)	(4,189)
	<b>TOTAL OTHER OPERATING COSTS</b>	<b>(140,577)</b>	<b>(158,048)</b>
	<b>OPERATING PROFIT (LOSS)</b>	<b>168,881</b>	<b>(481,630)</b>
14)	Extraordinary income:		
	a) Realized gains	5	55,892
	b) Other income	5,407	4,684
	<b>Total extraordinary income</b>	<b>5,412</b>	<b>60,576</b>
15)	Extraordinary expense:		
	b) Taxation from previous years	(80)	(622)
	c) Other expense	(116)	(856)
	<b>Total extraordinary expense</b>	<b>(196)</b>	<b>(1,479)</b>
	<b>EXTRAORDINARY INCOME (EXPENSE)</b>	<b>5,216</b>	<b>59,098</b>
	<b>PRE-TAX PROFIT (LOSS)</b>	<b>174,097</b>	<b>(422,532)</b>
16)	Income taxes	20,855	64,184
17)	<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>194,952</b>	<b>(358,348)</b>

**STATEMENT OF CHANGES IN EQUITY**  
(Thousands of Euro)

	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Own shares and parent's shares	Equity reserves and retained earnings			Profit (loss) for the year	TOTAL
						Reserve for own shares in portfolio	Extraordinary reserve	Other reserves		
<b>BALANCES AT 31 DECEMBER 2010</b>	2,698,895	1,144,834	20,701	478,285	144,948	-	251,134	20,941	(63,653)	4,696,086
Resolutions passed by the Shareholders' Meeting of 28.04.2011:										
Allocation 2010 net profit -extraordinary reserve							(63,653)		63,653	-
Increase in share capital	172									172
Reserve for own shares/Parents' shares in portfolio					52		(52)			-
Profit (loss) for 2011									(358,348)	(358,348)
<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 passed by the Shareholders' Meeting of 30.04.2012:										
Loss carrying forward in 2011							(187,429)		187,429	-
- extraordinary reserve								(2,626)	2,626	-
- exchange reserve									168,293	-
- share premium reserve		(168,293)							-	-
Capital increase for grouping share	0								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

## STATEMENT OF USAGE AND AVAILABILITY OF EQUITY RESERVES AT 31 DECEMBER 2012

(Thousands of Euro)

Type/description	Amount	Potential utilisation (*)	Available portion	Utilisation in the past three years to cover losses	for other reasons
<b>Equity-related reserves</b>					
Share premium reserve	1,410,008	A, B	1,410,008 (a)	168,293 (2)	
Legal reserve	365,499 (b)	B	-		
Extraordinary reserve	-	-	-	222,660 (1)-(2)	
Reserve for the acquisition of own shares	100,000 (b)	A, B	100,000		
Reserve for the acquisition of shares in the parent	45,000 (b)	A, B	45,000		
Reserve for own shares in portfolio	-	-	-		
Revaluation reserve under Law 413/1991	14,762 (b)	A, B, C	14,762 (c)		
Reserve for property revaluation	5,939 (b)	A, B, C	5,939 (c)		
Share exchange reserve (former revaluation under Law 413/91)	18,316 (b)	A, B, C	18,316 (c)		
Share exchange reserve	-	-	-	1,160 (2)	
Share exchange reserve	-	-	-	1,466 (2)	
<b>Income-related reserves</b>					
Legal reserve	112,787	B	-		
Extraordinary reserve			-	28,422 (1)	
<b>Total</b>	<b>2,072,311</b>		<b>1,594,025</b>		
Non-distributable portion			263,479 (d)		
<b>Distributable portion</b>			<b>1,330,546</b>		

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

(a) to be distributed only when the legal reserve reaches the limit provided for by Article 2430 of the Italian Civil Code  
 (b) transfer from the share reserve  
 (c) taxable in the event of distribution within the company and to shareholders  
 (d) represents start-up and capital costs and advertising not yet amortised and the remaining accruals to the legal reserves up to one fifth of the share capital as provided for by the Article 2430 of the Italian Civil Code  
 (1) Coverage of 2010 loss  
 (2) Coverage of 2011 loss



## STATEMENT OF CASH FLOWS

(Thousands of Euro)

	2012	2011
<b>SOURCE OF FUNDS</b>		
<b>Cash flow from operating activities</b>		
Net profit (loss) for the year	194,952	(358,348)
Depreciation/amortisation of tangible and intangible assets	12,807	8,729
Adjustments to financial assets	-	239,835
Adjustments to other financial assets	9,015	46,210
Increase (decrease) in net tax payables	3,164	77
Increase (decrease) in net deferred tax liabilities	(10,196)	(252,868)
Accruals to the provisions for risks and charges	49,352	68,505
Increase (decrease) in provisions for severance pay	(33)	(695)
Decrease (increase) in prepayments and accrued income	3,029	4,394
Increase (decrease) in accrued expenses and deferred income	(5,478)	(2,813)
Other items	(522)	(1,848)
<b>Total cash flow from operating activities</b>	<b>256,089</b>	<b>(248,822)</b>
<b>Other sources of funds</b>		
Disposal of tangible and intangible assets	(0)	32
Disposal and repayment of other financial assets	95,596	433
Decrease in receivables classified under current assets	1,056	3,407
Decrease in financial assets classified under current assets	13,042	605,620
Increase in payables	17,257	9,701
Share capital increase	1,099,693	-
Liquidity obtained from the merger	-	1
<b>Total other sources of funds</b>	<b>1,226,643</b>	<b>619,194</b>
<b>TOTAL SOURCES</b>	<b>1,482,733</b>	<b>370,372</b>
<b>APPLICATION OF FUNDS</b>		
Increase in tangible and intangible fixed assets	70,699	6,221
Increase in investments classified under fixed assets	538,544	295,244
Increase in receivables classified under current assets	311,826	234,743
Increase in financial assets classified under current assets	308,425	-
Use of provision for risks and charges	26,738	1,313
Decrease in payables	175,455	52,499
<b>TOTAL APPLICATION OF FUNDS</b>	<b>1,431,688</b>	<b>590,019</b>
Increase (decrease) in liquid funds	51,045	(219,647)
<b>TOTAL</b>	<b>1,482,733</b>	<b>370,372</b>
Liquid funds at the start of the year	106,811	326,458
Liquid funds at the end of the year	157,855	106,811

**STATEMENT OF CHANGES IN INTANGIBLE FIXED ASSETS**  
(Thousands of Euro)

	AT 1 JANUARY			MOVEMENTS DURING THE YEAR								AT 31 DECEMBER		
				HISTORICAL COST			ACCUMULATED AMORTISATION							
	Historical cost	Amortisation charge	Carrying amount at 31/12/2011	Increases		Decreases		Wholly amortized	Per annum	Sales	Wholly amortized	Historical cost	Amortisation charge	Carrying amount at 31/12/2012
				Purchases	Transfers	Sales	Decreases							
Start-up and capital costs	9,218	(2,662)	6,556	64,739				(5,757)				73,957	(8,419)	65,538
Research, development and advertising costs	19,524	(10,861)	8,663	210			(10,475)	(5,705)			10,475	9,259	(6,091)	3,168
Concessions, licences, trademarks and similar rights	8,138	(1,221)	6,916	5,233		(3,383)	(688)	(1,108)			688	9,299	(1,641)	7,658
Assets under development and payments on account	380		380		3,383							3,763		3,763
Other				76				(8)				76	(8)	68
TOTAL	37,259	(14,744)	22,515	70,258	-	-	(11,163)	(12,578)	-	-	11,163	96,355	(16,160)	80,195

## STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS

(Thousands of Euro)

	AT 1 JANUARY	MOVEMENTS DURING THE YEAR						AT 31 DECEMBER		
	Historical cost	Accumulated depreciation	Carrying amount at 31/12/2011	HISTORICAL COST		ACCUMULATED DEPRECIATION		Historical cost	Accumulated depreciation	Carrying amount at 31/12/2012
				Increases	Decreases	Increases	Decreases			
				Purchases	Sales	Per annum	Sales			
Plant and machinery	151	(15)	136	34		(25)		185	(41)	144
Other assets	2,571	(963)	1,608	407	(20)	(203)	20	2,958	(1,146)	1,812
<b>TOTAL</b>	<b>2,722</b>	<b>(978)</b>	<b>1,744</b>	<b>441</b>	<b>(20)</b>	<b>(229)</b>	<b>20</b>	<b>3,143</b>	<b>(1,187)</b>	<b>1,956</b>

**STATEMENT OF CHANGES IN INVESTMENTS CLASSIFIED AS FIXED FINANCIAL ASSETS**  
(Thousands of Euro)

Company name	Carrying amount at 31/12/2011		Increases during financial year			Decreases during financial year			Carrying amount at 31/12/2012	
	No. shares/quotas	Amount	For purchases No. shares/quotas	Amount	Other No. shares/quotas	For sales No. shares/quotas	Amount	Other No. shares/quotas	No. shares/quotas	Amount
Unipol Assicurazioni S.p.A.	259,056,000	3,463,989							259,056,000	3,463,989
Fonditalia-SAI S.p.A.			285,716,826	181,052					285,716,826	181,052
Prenafin HP S.p.A.			1,741,239,877	351,562					1,741,239,877	351,562
Arca Vita S.p.A.	14,601,669	347,808					5,931		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	628,750
Ambra Property S.r.l.	1	48,895							1	48,895
<b>Total subsidiaries</b>	<b>931,447,159</b>	<b>4,588,287</b>	<b>2,026,956,703</b>	<b>532,614</b>	<b>-</b>	<b>5,931</b>	<b>-</b>	<b>-</b>	<b>2,958,403,862</b>	<b>5,126,831</b>
<b>TOTAL B.III.1)</b>	<b>931,447,159</b>	<b>4,588,287</b>	<b>2,026,956,703</b>	<b>532,614</b>	<b>-</b>	<b>5,931</b>	<b>-</b>	<b>-</b>	<b>2,958,403,862</b>	<b>5,126,831</b>

**LIST OF SHARES AND SECURITIES INCLUDED IN CURRENT ASSETS AT 31/12/201**  
(Thousands of Euro)

ISIN code	Description	Number of shares/quotas	Carrying amount at	Current amount at	Write-downs	Type
IT0003211601	Banca Carige SpA	1,800,000	1,211	1,316	-	Listed Italian shares
FR0010242511	Edf	200,000	2,788	2,796	-	Listed foreign shares
FR0000133308	France Telecom	800,000	6,669	6,669	(16)	Listed foreign shares
NL0000009082	Kpn Koninklijke Nv ord	2,400,000	9,194	9,994	-	Listed foreign shares
	<b>Total listed shares</b>	<b>5,200,000</b>	<b>19,862</b>	<b>20,776</b>	<b>(16)</b>	
unipwcs9215	Banca di Rimini	1	0	0	-	Unlisted Italian shares
unipwcs13500	Equinox Two S.C.A. A shares	20	15	26	-	Unlisted foreign shares
unipwcs13501	Equinox Two S.C.A. R shares	2,035	2,742	2,742	-	Unlisted foreign shares
	<b>Total unlisted shares</b>	<b>2,056</b>	<b>2,757</b>	<b>2,769</b>	<b>-</b>	

ISIN code	Description	Nominal amount at	Carrying amount at	Current amount at	Write-downs	Type
XS0291642154	Aig 4,875% 15/03/17 67	10,000,000	8,888	8,888	-	Other listed debt securities
XS0222841933	B. Pop. Milano 29/06/10-15 Frn	4,000,000	3,622	3,622	-	Other listed debt securities
XS0272309385	Banca Pop. VR-NO 15/11/21 Cms	85,000,000	65,368	65,368	-	Other listed debt securities
XS0555834984	Banco Popolare 6% 05/11/2020	2,000,000	1,969	1,969	-	Other listed debt securities
FR0010941484	Cnp Assurances Var. 14/09/20 40	2,500,000	2,490	2,490	-	Other listed debt securities
XS0284728465	Goldman S. 30/01/17 Frn	5,000,000	4,737	4,737	-	Other listed debt securities
XS0300196879	Intesa San Paolo Frn 18/05/17	4,000,000	3,579	3,579	-	Other listed debt securities
XS0459090931	Lbg Capital Lloyds Float 12/03/20	12,000,000	8,813	8,813	-	Other listed debt securities
XS0287044969	Lehman 4,625% 14/03/14-19	7,500,000	-	-	-	Other listed debt securities
XS0281902550	Merrill L. 30/01/17 Frn	10,000,000	9,544	9,544	-	Other listed debt securities
XS0267827169	Merrill L. 14/09/18 Frn	15,000,000	13,124	13,124	-	Other listed debt securities
XS0540544912	Mps 5,6% 09/09/2020	3,000,000	2,840	2,840	-	Other listed debt securities
XS0195231526	Royal Bk of Scotland 03/07/14 49 Frn	7,000,000	4,226	4,226	(884)	Other listed debt securities
XS0552743048	Sns Bank 6,25% 26/10/2020	5,000,000	375	375	(2,876)	Other listed debt securities
XS0205875395	Soc. Lloyds 5,625% 17/11/14 24	5,000,000	5,038	5,038	-	Other listed debt securities
XS0527624059	Unicredit Intl Bank 9,375% 21/07/20 49	6,000,000	6,000	6,073	-	Other listed debt securities
XS0231436238	Unicredito 4,028% 27/10/15 49	5,000,000	3,671	3,671	-	Other listed debt securities
	<b>Total listed debt securities</b>	<b>188,000,000</b>	<b>144,283</b>	<b>144,356</b>	<b>(3,759)</b>	
	<b>Other unlisted</b>					
XS0799651038	Bco Pop. Espanol 4,5% 29/03/12-14	1,800,000	1,080	1,080	(720)	convertible debt
	<b>Total unlisted convertible debt securities</b>	<b>1,800,000</b>	<b>1,080</b>	<b>1,080</b>	<b>(720)</b>	
IT0004844616	Bot 28/02/2013	65,000,000	64,953	64,953	(16)	Listed government bonds
IT0004850597	Bot 28/03/2013 semestrali	100,000,000	99,641	99,857	-	Listed government bonds
IT0004867070	Btp 3,5% 01/11/2017	22,000,000	21,859	22,194	-	Listed government bonds
IT0004716327	Ctz 30/04/2013	150,000,000	149,601	149,601	(479)	Listed government bonds
	<b>Total listed government bonds</b>	<b>337,000,000</b>	<b>336,054</b>	<b>336,605</b>	<b>(495)</b>	
	<b>TOTAL SHARES AND SECURITIES INCLUDED IN CURRENT ASSET</b>	<b>532,002,056</b>	<b>504,037</b>	<b>505,585</b>	<b>(4,990)</b>	

## STATEMENT OF TEMPORARY DIFFERENCES LEADING TO DEFERRED TAXES BEING RECORDED

(Thousands of Euro)

ASSETS	2011			INCREASES			DECREASES			2012		
	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 on investments included in current assets	10,369	2,851	27.50%	9,956	2,738	40	11	20,285	5,578	27.50%		
Excess depreciation/amortisation	3,714	1,020	27.50%	1,762	485	12	2	5,464	1,503	27.50%		
Accruals for personnel expenses	16,647	4,578	27.50%	5,907	1,624	2,808	772	19,745	5,430	27.50%		
Provision for bad debts	216	59	27.50%	-	-	73	20	143	39	27.50%		
Provision for future charges	70,589	19,412	27.50%	50,110	13,780	15,141	4,164	105,558	29,028	27.50%		
Audit fees and expenses	153	42	27.50%	64	18	153	42	64	18	27.50%		
<b>TOTAL</b>	<b>101,687</b>	<b>27,963</b>		<b>67,799</b>	<b>18,645</b>	<b>18,227</b>	<b>5,012</b>	<b>151,258</b>	<b>41,596 (*)</b>			

LIABILITIES	2011			INCREMENTI			DECREMENTI			2012		
	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 for the year	-	-	27.50%	12,499	3,437	-	-	12,499	3,437	27.50%		
<b>TOTAL</b>	<b>-</b>	<b>-</b>		<b>12,499</b>	<b>3,437</b>	<b>-</b>	<b>-</b>	<b>12,499</b>	<b>3,437</b>			

(\*) The statement does not expose the amount of withholding taxes recorded in the deferred tax assets to an amount of Euro 231,585 thousand.

INFORMATION ON FINANCIAL INDEBTEDNESS AT 31 DECEMBER 2012				
(Thousands of Euro)				
	31/12/2012	31/12/2011		
A Cash	5	7		
B Cash equivalent:	157,851	106,803		
- from subsidiaries	150,688	99,374		
- from others	7,162	7,429		
C Securities held for trading	505,538	217,249		
<b>D Liquid assets (A) + (B) + (C)</b>	<b>663,393</b>	<b>324,058</b>		
<b>E Current financial receivables</b>				
F Current banking payables				
G Current portion of non-current financial indebtedness	(36,373)	(215,939)		
H Other current financial payables	(268,300)	(268,259)		
<b>I Current financial indebtedness (F) + (G) + (H)</b>	<b>(304,673)</b>	<b>(484,197)</b>		
<b>J Net current financial indebtedness (I) - (E) - (D)</b>	<b>358,720</b>	<b>(160,140)</b>		
K Non-current banking payables				
L Bonds issued	(750,000)	(750,000)		
M Other non-current payables				
<b>N Non-current financial indebtedness (K) + (L) + (M)</b>	<b>(750,000)</b>	<b>(750,000)</b>		
<b>O Net financial indebtedness (J) + (N)</b>	<b>(391,280)</b>	<b>(910,140)</b>		





# **Main Subsidiaries' Financial Statements**

(Balance Sheet and Income Statement)

# UNIPOL ASSICURAZIONI S.P.A.

Registered offices in Bologna - Share capital € 259.056.000  
Direct shareholding 100%

At 31 December (amounts in €)

## BALANCE SHEET

ASSETS	2012	2011
Share capital proceeds to be received	-	-
Intangible fixed assets	237.418.043	241.303.117
Investments	17.501.246.831	17.124.044.761
I-Land and buildings	671.554.958	690.702.796
II-Investments in Group companies and other investees	1.439.205.767	1.623.059.696
III-Other financial investments	15.375.123.585	14.792.321.201
IV-Deposits with ceding companies	15.362.521	17.961.068
Investments for the benefit of Life policyholders who bear the risk thereof and arising from pension fund management provisions	2.860.231.485	2.548.051.490
Technical provisions - reinsurers' share	365.164.104	349.653.430
Receivables	1.293.541.379	1.477.286.441
I-Direct insurance	817.358.995	853.612.039
II-Reinsurance	42.561.774	50.184.581
III-Other receivables	433.620.610	573.489.821
Other assets	893.675.095	621.422.139
I-Tangible assets and inventory	21.889.919	23.937.450
II-Cash and cash equivalent	561.477.691	256.236.267
IV-Other assets	310.307.485	341.248.421
Prepayments and accrued income	204.492.327	242.756.715
<b>TOTAL ASSETS</b>	<b>23.355.769.264</b>	<b>22.604.518.093</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	1.762.012.434	1.158.532.303
I-Subscribed share capital or equivalent fund	259.056.000	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	6.870.821	6.870.821
VII-Other reserves	178.629.767	517.807.479
IX-Profit (loss) for the year	603.480.131	(339.177.712)
Subordinated liabilities	961.689.000	961.689.000
Non-Life technical provisions	6.578.410.060	6.724.323.207
Life technical provisions	10.254.259.327	10.328.663.977
Technical provisions where investment risk is borne by policyholders and pension fund management provisions	2.860.231.485	2.548.051.490
Provisions for risks and charges	62.466.706	82.340.262
Deposits from reinsurers	133.799.524	136.527.826
Payables and other liabilities	713.794.769	635.525.489
I-Direct insurance	48.429.746	43.896.430
II-Reinsurance	13.328.451	37.349.770
V-Payables assisted by collateral	5.248.351	2.541.968
VI-Various loans and other financial payables	6.952.533	1.088.474
VII-Provisions for severance pay	33.762.315	40.074.169
VIII-Other payables	305.949.340	183.055.084
IX-Other liabilities	300.124.033	327.519.594
Accrued expenses and deferred income	29.105.959	28.864.539
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>23.355.769.264</b>	<b>22.604.518.093</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>28.767.856.332</b>	<b>27.901.348.953</b>

## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	3.680.275.516	3.795.789.640
Outwards reinsurance premiums	(119.020.714)	(120.684.075)
Net change in the premium provision	140.451.476	9.825.313
<b>Earned premiums, net of outwards reinsurance</b>	<b>3.701.706.278</b>	<b>3.684.930.878</b>
Income on investments transferred from the non-technical account	239.405.614	-
Other technical income, net of outwards reinsurance	14.837.015	12.202.885
Charges relating to claims, net of outwards reinsurance	(2.539.771.514)	(2.736.751.915)
Change in other technical provisions, net of outwards reinsurance	401.130	133.423
Reversals and profit participation, net of outwards reinsurance	(2.508.842)	(4.214.011)
Operating expenses	(880.374.533)	(854.444.557)
Other technical charges, net of outwards reinsurance	(10.902.433)	(13.966.178)
Change in equalisation provisions	(717.259)	(715.341)
<b>RESULT OF THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>	<b>522.075.456</b>	<b>87.175.184</b>
<b>TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>		
Gross written premiums	1.970.278.272	1.830.413.199
Outwards reinsurance premiums	(10.051.550)	(10.899.733)
<b>Premiums for the year, net of outwards reinsurance</b>	<b>1.960.226.722</b>	<b>1.819.513.466</b>
Income on investments	899.007.783	606.693.726
Class D income and unrealised capital gains	342.244.619	151.098.384
Other technical income, net of outwards reinsurance	8.672.988	7.568.504
Charges relating to claims, net of outwards reinsurance	(2.277.024.436)	(1.796.975.667)
Changes in mathematical provisions and other technical provisions, net of outwards reinsurance	(200.052.106)	(250.889.709)
Reversal and profit participation, net of outwards reinsurance	(717.414)	(719.558)
Operating expenses	(71.456.183)	(85.907.564)
Financial charges	(165.612.008)	(523.725.395)
Class D charges and unrealised capital losses	(86.671.426)	(187.266.604)
Other technical charges, net of outwards reinsurance	(13.677.684)	(14.234.825)
Income on investments transferred to the non-technical account	(61.382.968)	-
<b>RESULT OF THE TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>	<b>333.557.887</b>	<b>(274.845.242)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments - Non-Life business	499.534.692	345.683.231
Income on investments transferred from the Life technical account	61.382.968	-
Financial charges of Non-Life business	(204.151.109)	(473.437.518)
Income on investments transferred to the Non-Life technical account	(239.405.614)	-
Other income	56.853.047	63.550.639
Other charges	(124.826.842)	(158.821.139)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>905.020.485</b>	<b>(410.694.845)</b>
Extraordinary income	17.008.349	28.320.884
Extraordinary expense	(6.985.328)	(8.056.734)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>915.043.506</b>	<b>(390.430.695)</b>
Income tax	(311.563.375)	51.252.983
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>603.480.131</b>	<b>(339.177.712)</b>



# PREMAFIN FINANZIARIA S.P.A. HOLDING COMPANY

Registered offices in Bologna - share capital € 480.982.831  
Direct shareholding 80,93%

At 31 December (amounts in €)

## BALANCE SHEET

	2012	2011
<b>ASSETS</b>		
A) QUOTA CAPITAL PROCEEDS TO BE RECEIVED	-	-
-of which not retrieved	-	-
B) FIXED ASSETS	858.997.298	502.602.821
I Intangible fixed assets	5.777.448	2.374.468
II Tangible fixed assets	131.370	165.589
4) Other	131.370	165.589
III Financial fixed assets	853.088.480	500.062.764
1) investments		
a) subsidiaries	799.711.804	484.931.014
2) Financial receivables		
a) to subsidiaries due within one year	15.076.943	15.120.779
a) to subsidiaries due over one year	38.299.464	-
d) other: due over one year	269	10.971
C) CURRENT ASSETS	9.779.874	34.883.002
II Receivables		
-due within one year	1.725.419	10.357.169
IV Cash and cash equivalent	8.054.455	24.525.833
D) PREPAYMENTS AND ACCRUED INCOME	19.615	16.448
<b>TOTAL ASSETS</b>	<b>868.796.787</b>	<b>537.502.271</b>
<b>LIABILITIES AND EQUITY</b>		
A) EQUITY	429.147.000	141.441.055
I Share capital	480.982.831	410.340.220
II Share premium reserve	-	20.813
IV Legal reserve	-	13.725.716
VIII Profits (losses) carried forward	-	157.634.175
IX Profit (loss) for the year	(51.835.831)	(440.279.869)
B) PROVISIONS FOR RISKS AND CHARGES	53.698.650	66.831.802
C) PROVISIONS FOR SEVERANCE PAY	316.850	267.642
D) PAYABLES	385.562.094	328.759.632
-due within one year	8.458.878	6.209.632
-due over one year	377.103.216	322.550.000
E) ACCRUED EXPENSES AND DEFERRED INCOME	72.193	202.140
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>868.796.787</b>	<b>537.502.271</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>41.252.227</b>	<b>529.471.923</b>
1) Sureties to third parties	41.252.227	529.471.923

## INCOME STATEMENT

	2012	2011
A) PRODUCTION REVENUES	315.878	2.382.482
1) Turnover from sales and services	95.000	95.800
5) Other revenues and income	220.878	2.286.682
B) PRODUCTION COSTS	45.976.880	18.914.053
6) Raw materials, consumables and goods	38.818	36.592
7) Services	5.619.779	8.437.223
8) Use of third party assets	343.725	574.700
9) Personnel	3.316.059	4.042.190
10) Amortisation/depreciation and write-downs	3.870.033	864.196
12) Provisions for risks	31.599.959	4.000.000
14) Other operating costs	1.188.507	959.152
<b>Operating profit (loss) (A-B)</b>	<b>(45.661.002)</b>	<b>(16.531.571)</b>
C) FINANCIAL INCOME AND CHARGES	31.469.630	(28.547.929)
16) Other financial income	45.019.233	1.575.242
17) Interest and other financial charges: other	(13.549.603)	(30.123.261)
17-bis) Gains (losses) on exchange	-	90
D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(31.989.396)	(436.708.189)
E) EXTRAORDINARY INCOME AND EXPENSE	(2.926.225)	41.306.904
20) Other income	107.831	41.388.104
21) Other expense	(3.034.056)	(81.200)
<b>Pre-tax profit(loss)</b>	<b>(49.106.993)</b>	<b>(440.480.785)</b>
22) Income tax on profit (loss) for the year, current and deferred tax	(2.728.838)	200.916
<b>23) Profit (loss) for the year</b>	<b>(51.835.831)</b>	<b>(440.279.869)</b>

**FONDIARIA-SAI S.P.A.**

Registered offices in Torino - Share capital € 1.194.572.974

At 31 December (amounts in €)

Direct shareholding 22,97% and indirect 24,32% through Premafin Finanziaria HP S.p.A.

**BALANCE SHEET**

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
Share capital proceeds to be received	-	-
Intangible fixed assets	235.944.895	174.350.043
Investments	14.613.527.934	14.558.785.648
I-Land and buildings	946.706.835	1.066.510.467
II-Investments in Group companies and other investees	2.775.839.111	3.503.229.513
III-Other financial investments	10.844.226.934	9.937.199.373
IV-Deposits with ceding companies	46.755.053	51.846.295
Investments for the benefit of Life policyholders who bear the risk thereof and arising from pension fund management provisions	425.937.597	396.567.998
Technical provisions - reinsurers' share	382.986.484	308.509.094
Receivables	1.764.099.493	1.937.016.924
I-Direct insurance	936.556.516	1.191.179.154
II-Reinsurance	42.571.481	50.759.980
III-Other receivables	784.971.496	695.077.790
Other assets	1.019.077.405	1.331.917.733
I-Tangible assets and inventory	10.071.278	11.598.076
II-Cash and cash equivalent	254.521.352	459.229.511
III-Own shares/quotas	30.394	1.982.080
IV-Other assets	754.454.381	859.108.066
Prepayments and accrued income	153.452.422	142.437.611
<b>TOTAL ASSETS</b>	<b>18.595.026.230</b>	<b>18.849.585.051</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	1.627.332.680	1.251.352.709
I-Subscribed share capital or equivalent fund	1.194.572.974	494.731.136
II-Share premium reserve	730.079.281	331.229.761
III-Revaluation reserves	-	200.024.934
IV-Legal reserve	35.536.164	35.536.164
VI-Reserves for own shares and those of the parent	2.383.419	4.270.915
VII-Other reserves	387.484.960	1.205.928.249
IX-Profit(loss) for the year	(722.724.118)	(1.020.368.450)
Subordinated liabilities	900.000.000	900.000.000
Non-Life technical provisions	6.647.213.894	6.763.292.359
Life technical provisions	7.558.652.143	7.978.621.120
Technical provisions where investment risk is borne by policyholders and pension fund management provisions	425.856.329	396.467.062
Provisions for risks and charges	314.738.768	303.580.113
Deposits from reinsurers	86.066.692	93.924.939
Payables and other liabilities	1.009.552.019	1.134.592.614
I-Direct insurance	26.849.547	26.341.056
II-Reinsurance	38.403.237	35.497.956
VI- Various loans and other financial payables	245.581.345	245.192.941
VII-Provisions for severance pay	32.397.583	35.004.078
VIII-Other payables	491.634.964	570.345.390
IX-Other liabilities	174.685.343	222.211.193
Accrued expenses and deferred income	25.613.705	27.754.135
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>18.595.026.230</b>	<b>18.849.585.051</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>14.141.529.545</b>	<b>14.220.177.917</b>

## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	3.473.881.107	3.795.961.322
Outwards reinsurance premiums	(156.869.176)	(131.234.594)
Net change in the premium provision	209.891.687	5.269.180
<b>Earned premiums, net of outwards reinsurance</b>	<b>3.526.903.618</b>	<b>3.669.995.908</b>
Income on investments transferred from the non-technical account	-	-
Other technical income, net of outwards reinsurance	36.520.001	25.039.921
Charges relating to claims, net of outwards reinsurance	(2.656.494.226)	(3.195.506.561)
Change in other technical provisions, net of outwards reinsurance	896.429	1.286.659
Operating expenses	(749.131.195)	(811.796.937)
Other technical charges, net of outwards reinsurance	(161.221.731)	(114.148.948)
Change in equalisation provisions	(2.762.241)	(2.898.111)
<b>RESULT OF THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>	<b>(5.289.345)</b>	<b>(428.028.069)</b>
<b>TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>		
Gross written premiums	829.849.835	1.046.052.843
Outwards reinsurance premiums	(10.630.947)	(18.932.791)
<b>Premiums for the year, net of outwards reinsurance</b>	<b>819.218.888</b>	<b>1.027.120.052</b>
Income on investments	519.923.257	428.924.847
Class D income and unrealised capital gains	49.026.977	29.242.797
Other technical income, net of outwards reinsurance	3.020.228	2.664.024
Charges relating to claims, net of outwards reinsurance	(1.409.595.038)	(1.271.200.155)
Changes in mathematical provisions and other technical provisions, net of outwards reinsurance	375.137.876	85.355.974
Operating expenses	(62.860.330)	(61.373.576)
Financial charges	(261.650.838)	(470.424.814)
Class D charges and unrealised capital losses	(11.894.092)	(38.543.252)
Other technical charges, net of outwards reinsurance	(19.403.031)	(14.920.744)
Income on investments transferred to the non-technical account	-	-
<b>RESULT OF THE TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>	<b>923.897</b>	<b>(283.154.847)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments - Non-Life business	227.531.172	152.577.663
Income on investments transferred from the Life technical account	-	-
Financial charges of Non-Life business	(854.806.241)	(708.723.053)
Income on investments transferred to the Non-Life technical account	-	-
Other income	311.547.000	296.861.014
Other charges	(407.549.305)	(406.859.725)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>(727.642.822)</b>	<b>(1.377.327.017)</b>
Extraordinary income	69.402.282	61.921.418
Extraordinary expense	(55.924.398)	(46.716.541)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>(714.164.938)</b>	<b>(1.362.122.140)</b>
Income tax	(8.559.180)	341.753.690
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>(722.724.118)</b>	<b>(1.020.368.450)</b>

# MILANO ASSICURAZIONI S.P.A.

Registered offices in Milano - Share capital € 373.682.601  
Indirect shareholding 61,10% through Fondiaria-SAI S.p.A.

At 31 December (amounts in €)

## BALANCE SHEET

ASSETS	2012	2011
Share capital proceeds to be received	-	-
Intangible fixed assets	29.207.722	36.545.504
Investments	7.779.594.607	8.085.043.198
I-Land and buildings	402.212.133	650.311.803
II-Investments in Group companies and other investees	658.854.826	687.247.960
III-Other financial investments	6.716.658.477	6.745.405.421
IV-Deposits with ceding companies	1.869.171	2.078.014
Investments for the benefit of Life policyholders who bear the risk thereof and arising from pension fund management provisions	149.668.168	189.801.867
Technical provisions - reinsurers' share	260.081.020	257.976.712
Receivables	970.334.412	981.257.971
I-Direct insurance	518.537.590	624.208.485
II-Reinsurance	36.627.912	45.867.640
III-Other receivables	415.168.910	311.181.846
Other assets	683.612.596	888.872.362
I-Tangible assets and inventory	1.553.685	1.911.494
II-Cash and cash equivalent	225.597.008	411.228.422
III-Own shares/quotas	2.118.078	1.545.770
IV-Other assets	454.343.825	474.186.676
Prepayments and accrued income	81.415.830	74.828.817
<b>TOTAL ASSETS</b>	<b>9.953.914.355</b>	<b>10.514.326.431</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	894.788.866	977.710.929
I-Subscribed share capital or equivalent fund	373.682.600	373.682.601
II-Share premium reserve	416.298.318	960.907.479
IV-Legal reserve	51.679.501	51.679.501
VI-Reserves for own shares and those of the parent	3.411.994	8.871.849
VII-Other reserves	132.638.516	365.878.809
IX-Profit(loss) for the year	(82.922.063)	(783.309.310)
Subordinated liabilities	150.000.000	150.000.000
Non-Life technical provisions	5.032.983.826	5.132.597.429
Life technical provisions	3.160.440.650	3.404.929.507
Technical provisions where investment risk is borne by policyholders and pension fund management provisions	149.668.140	189.801.842
Provisions for risks and charges	128.984.034	177.553.188
Deposits from reinsurers	71.030.878	83.594.612
Payables and other liabilities	361.130.861	393.820.409
I-Direct insurance	14.428.485	17.573.346
II-Reinsurance	28.208.435	25.871.524
VI- Various loans and other financial payables	916.969	1.589.353
VII-Provisions for severance pay	16.836.826	20.941.424
VIII-Other payables	187.447.648	184.807.830
IX-Other liabilities	113.292.498	143.036.932
Accrued expenses and deferred income	4.887.100	4.318.515
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9.953.914.355</b>	<b>10.514.326.431</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>7.945.216.808</b>	<b>8.018.122.943</b>



## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	2.488.469.562	2.697.733.898
Outwards reinsurance premiums	(88.633.887)	(93.862.690)
Net change in the premium provision	91.528.115	35.643.578
<b>Earned premiums, net of outwards reinsurance</b>	<b>2.491.363.790</b>	<b>2.639.514.786</b>
Income on investments transferred from the non-technical account	-	-
Other technical income, net of outwards reinsurance	17.116.205	16.134.736
Charges relating to claims, net of outwards reinsurance	(1.980.421.129)	(2.391.865.442)
Change in other technical provisions, net of outwards reinsurance	400.393	343.956
Reversals and profit participation, net of outwards reinsurance	(67.276)	(108.827)
Operating expenses	(502.623.962)	(541.851.549)
Other technical charges, net of outwards reinsurance	(85.978.534)	(93.936.213)
Change in equalisation provisions	(1.530.473)	(1.507.161)
<b>RESULT OF THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>	<b>(61.740.986)</b>	<b>(373.275.714)</b>
<b>TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>		
Gross written premiums	366.948.253	387.801.887
Outwards reinsurance premiums	(8.768.395)	(10.432.922)
<b>Premiums for the year, net of outwards reinsurance</b>	<b>358.179.858</b>	<b>377.368.965</b>
Income on investments	231.943.122	209.575.212
Class D income and unrealised capital gains	17.664.058	11.127.253
Other technical income, net of outwards reinsurance	898.731	913.609
Charges relating to claims, net of outwards reinsurance	(697.607.580)	(667.673.643)
Changes in mathematical provisions and other technical provisions, net of outwards reinsurance	272.226.228	236.013.425
Operating expenses	(23.052.932)	(26.894.327)
Financial charges	(78.927.100)	(178.735.073)
Class D charges and unrealised capital losses	(1.789.273)	(12.215.548)
Other technical charges, net of outwards reinsurance	(8.817.385)	(7.044.989)
Income on investments transferred to the non-technical account	(18.388.704)	-
<b>RESULT OF THE TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>	<b>52.329.023</b>	<b>(57.565.116)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments - Non-Life business	199.511.522	148.260.654
Income on investments transferred from the Life technical account	18.388.704	-
Financial charges of Non-Life business	(233.503.856)	(506.840.102)
Income on investments transferred to the Non-Life technical account	-	-
Other income	173.804.331	135.937.760
Other charges	(236.685.100)	(211.400.088)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>(87.896.362)</b>	<b>(864.882.606)</b>
Extraordinary income	35.707.756	12.134.012
Extraordinary expense	(18.689.770)	(86.941.716)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>(70.878.376)</b>	<b>(939.690.310)</b>
Income tax	(12.043.687)	156.381.000
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>(82.922.063)</b>	<b>(783.309.310)</b>

# ARCA VITA S.p.A.

Registered offices in Verona - share capital € 208.279.080

Direct shareholding 63,39%

At 31 December (amounts in €)

## BALANCE SHEET

ASSETS	2012	2011
Share capital proceeds to be received	-	-
Intangible fixed assets	32.377	145.980
Investments	3.113.220.661	2.843.811.278
I-Land and buildings	39.414.936	36.892.247
II-Investments in Group companies and other investees	119.551.639	120.564.458
III-Other financial investments	2.954.254.086	2.686.354.573
Investments for the benefit of Life policyholders who bear the risk thereof and arising from pension fund management provisions	457.218.237	492.512.814
Technical provisions - reinsurers' share	13.063.659	12.181.215
Receivables	97.102.403	69.025.288
I-Direct insurance	1.091.546	1.089.944
II-Reinsurance	378	49.930
III-Other receivables	96.010.479	67.885.414
Other assets	42.939.954	91.203.610
I-Tangible assets and inventory	547.599	236.116
II-Cash and cash equivalent	40.153.498	81.860.911
III-Own shares/quotas	-	7.027.090
IV-Other assets	2.238.857	2.079.493
Prepayments and accrued income	36.011.262	35.055.365
<b>TOTAL ASSETS</b>	<b>3.759.588.553</b>	<b>3.543.935.550</b>
LIABILITIES AND EQUITY		
Equity	379.146.872	262.286.662
I-Subscribed share capital or equivalent fund	208.279.080	144.000.000
II-Share premium reserve	9.399.516	9.399.516
IV-Legal reserve	9.792.394	9.792.394
VI-Reserves for own shares and those of the parent	-	7.027.090
VII-Other reserves	33.788.582	98.683.237
IX-Profit (loss) for the year	117.887.300	(6.615.575)
Technical provisions	2.816.447.865	2.733.801.275
Technical provisions where investment risk is borne by policyholders and pension fund management provisions	457.218.133	492.510.833
Provisions for risks and charges	1.532.476	1.928.243
Deposits from reinsurers	14.033.442	12.971.435
Payables and other liabilities	91.209.679	40.437.102
I-Direct insurance	13.381.038	13.168.473
II-Reinsurance	2.069.221	2.556.559
IV-Payables to banks and financial institutions	1.112	908
VI- Various loans and other financial payables	10.245.546	-
VII-Employees' leaving entitlement	618.633	583.727
VIII-Other payables	64.681.191	23.765.869
IX-Other liabilities	212.938	361.566
Accrued expenses and deferred income	86	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3.759.588.553</b>	<b>3.543.935.550</b>
MEMORANDUM ACCOUNTS	3.610.592.358	3.252.038.282

## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>		
Gross written premiums	478.167.708	549.689.820
Outwards reinsurance premiums	(8.077.282)	(8.421.786)
<b>Premiums for the year, net of outwards reinsurance</b>	<b>470.090.426</b>	<b>541.268.034</b>
Income on investments	267.202.435	153.355.035
Income on investments and unrealised gains where the investment risk is borne by policyholders and arising from pension fund management	56.898.239	28.329.006
Other technical income, net of outwards reinsurance	1.111.102	1.216.946
Charges relating to claims, net of outwards reinsurance	(521.715.678)	(649.119.694)
Changes in mathematical provisions and other technical provisions, net of outwards reinsurance	(36.815.871)	93.940.903
Operating expenses	(16.082.147)	(15.437.423)
Financial charges	(23.996.247)	(102.041.880)
Financial charges and unrealised capital losses on investments where the investment risk is borne by policyholders and arising from pension fund management	(14.008.025)	(50.490.133)
Other technical charges, net of outwards reinsurance	(15.313.285)	(14.474.132)
Income on investments transferred to the non-technical account	(25.298.334)	-
<b>RESULT OF THE TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>	<b>142.072.615</b>	<b>(13.453.338)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments transferred from the technical account	25.298.334	-
Other income	1.294.830	2.292.468
Other charges	(2.364.072)	(1.803.392)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>166.301.707</b>	<b>(12.964.262)</b>
Extraordinary income	782.328	4.977.481
Extraordinary expense	(1.169.898)	(1.881.182)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>165.914.137</b>	<b>(9.867.963)</b>
Income tax	(48.026.837)	3.252.388
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>117.887.300</b>	<b>(6.615.575)</b>

## ARCA ASSICURAZIONI S.p.A.

Registered offices in Verona - Share capital € 50.026.000  
Indirect shareholding 98,09% through Arca Vita S.p.A.

At 31 December (amounts in €)

### BALANCE SHEET

ASSETS	2012	2011
Share capital proceeds to be received	-	-
Intangible fixed assets	1.280	4.991
Investments	299.245.533	291.722.571
II-Investments in Group companies and other investees	854.540	854.540
III-Other financial investments	298.390.993	290.868.031
Technical provisions - reinsurers' share	22.332.312	33.578.121
Receivables	41.804.198	55.076.524
I-Direct insurance	8.278.817	12.636.727
II-Reinsurance	2.856.068	7.338.956
III-Other receivables	30.669.313	35.100.841
Other assets	50.291.671	36.629.115
I-Tangible assets and inventory	11.092	23.546
II-Cash and cash equivalent	49.514.172	34.303.028
IV-Other assets	766.407	2.302.541
Prepayments and accrued income	3.265.300	3.559.756
<b>TOTAL ASSETS</b>	<b>416.940.294</b>	<b>420.571.078</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	97.216.981	65.020.786
I-Subscribed share capital or equivalent fund	50.026.000	25.026.000
IV-Legal reserve	2.171.665	2.087.769
VII-Other reserves	12.823.121	36.229.105
IX-Profit (loss) for the year	32.196.195	1.677.912
Technical provisions	289.269.103	336.193.948
Provisions for risks and charges	1.235.127	1.176.242
Payables and other liabilities	29.219.083	18.180.102
I-Direct insurance	8.072.929	7.725.151
II-Reinsurance	1.783.793	3.010.798
IV-Payables to banks and financial institutions	7.446	43
VI- Various loans and other financial payables	148.662	-
VII-Employees' leaving entitlement	370.691	357.649
VIII-Other payables	17.398.282	4.743.219
IX-Other liabilities	1.437.280	2.343.242
Accrued expenses and deferred income	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>416.940.294</b>	<b>420.571.078</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>297.325.324</b>	<b>295.595.431</b>

## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	113.111.328	147.268.926
Outwards reinsurance premiums	(15.570.537)	(21.460.976)
Net change in the premium provision	12.004.176	29.038.837
<b>Earned premiums, net of outwards reinsurance</b>	<b>109.544.967</b>	<b>154.846.787</b>
Income on investments transferred from the non-technical account	17.054.048	2.717.067
Other technical income, net of outwards reinsurance	5.898.551	6.732.707
Charges relating to claims, net of outwards reinsurance	(60.314.772)	(127.519.053)
Operating expenses	(18.693.174)	(22.048.969)
Other technical charges, net of outwards reinsurance	(8.506.170)	(11.079.299)
Change in equalisation provisions	(28.354)	(37.179)
<b>RESULT OF THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>	<b>44.955.096</b>	<b>3.612.061</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments	24.139.640	13.088.060
Financial charges	(2.227.725)	(9.920.614)
Income on investments transferred to the technical account	(17.054.048)	(2.717.067)
Other income	688.475	641.505
Other charges	(1.588.446)	(1.269.567)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>48.912.992</b>	<b>3.434.378</b>
Extraordinary income	423.087	31.552
Extraordinary expense	(513.846)	(106.578)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>48.822.233</b>	<b>3.359.352</b>
Income tax	(16.626.038)	(1.681.440)
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>32.196.195</b>	<b>1.677.912</b>

# COMPAGNIA ASSICURATRICE LINEAR S.p.A.

Registered offices in Bologna - Share capital € 19.300.000

At 31 December (amounts in €)

Direct shareholding 100%

## BALANCE SHEET

ASSETS	2012	2011
Share capital proceeds to be received	-	-
Intangible fixed assets	579.993	589.303
Investments	308.112.316	234.825.946
II-Investments in Group companies and other investees	1	1
III-Other financial investments	308.112.315	234.825.945
Technical provisions - reinsurers' share	148.550	1.645.921
Receivables	7.698.905	6.927.472
I-Direct insurance	5.991.295	5.599.577
III-Other receivables	1.707.610	1.327.895
Other assets	71.543.357	87.365.118
I-Tangible assets and inventory	1.159.855	279.340
II-Cash and cash equivalent	60.025.961	77.906.893
IV-Other assets	10.357.541	9.178.885
Prepayments and accrued income	3.363.238	3.206.040
<b>TOTAL ASSETS</b>	<b>391.446.359</b>	<b>334.559.800</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	72.287.547	46.505.861
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	19.695.861	16.755.180
IX-Profit (loss) for the year	25.781.686	2.940.681
Technical provisions	288.331.826	267.486.414
Provisions for risks and charges	1.458.812	1.821.937
Payables and other liabilities	29.368.174	18.745.588
I-Direct insurance	3.750.796	3.749.078
II-Reinsurance	1.009.389	1.056.896
VII-Employees' leaving entitlement	426.663	506.637
VIII-Other payables	20.775.172	9.440.855
IX-Other liabilities	3.406.154	3.992.122
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>391.446.359</b>	<b>334.559.800</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>318.779.823</b>	<b>262.486.203</b>

## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	220.091.315	200.946.396
Outwards reinsurance premiums	(2.324.965)	(2.102.611)
Net change in the premium provision	(4.126.651)	(13.683.592)
<b>Earned premiums, net of outwards reinsurance</b>	<b>213.639.699</b>	<b>185.160.193</b>
Income on investments transferred from the non-technical account	21.062.920	-
Other technical income, net of outwards reinsurance	1.462.788	1.721.228
Charges relating to claims, net of outwards reinsurance	(163.139.936)	(144.790.469)
Operating expenses	(35.017.977)	(30.064.113)
Other technical charges, net of outwards reinsurance	(2.607.360)	(2.083.444)
<b>RESULT OF THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>	<b>35.400.134</b>	<b>9.943.395</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments	28.921.994	11.896.178
Financial charges	(3.342.777)	(15.070.793)
Income on investments transferred to the technical account	(21.062.920)	-
Other income	543.951	810.205
Other charges	(1.392.284)	(1.385.049)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>39.068.098</b>	<b>6.193.936</b>
Extraordinary income	1.942.223	634.481
Extraordinary expense	(1.466.990)	(562.287)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>39.543.331</b>	<b>6.266.130</b>
Income tax	(13.761.645)	(3.325.449)
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>25.781.686</b>	<b>2.940.681</b>

# UNISALUTE S.p.A.

Registered offices in Bologna - Share capital € 17.500.000

At 31 December (amounts in €)

Direct shareholding 98,53%

## BALANCE SHEET

ASSETS	2012	2011
Share capital proceeds to be received	-	-
Intangible fixed assets	1.222.875	1.078.244
Investments	184.039.836	153.895.564
II-Investments in Group companies and other investees	3.099.676	1.599.676
III-Other financial investments	180.940.160	152.295.888
Technical provisions - reinsurers' share	368.361	577.795
Receivables	58.389.177	55.214.109
I-Direct insurance	53.520.811	52.236.127
II-Reinsurance	1.041.721	464.258
III-Other receivables	3.826.645	2.513.724
Other assets	46.856.482	24.657.138
I-Tangible assets and inventory	1.747.392	551.041
II-Cash and cash equivalent	30.287.329	10.450.602
IV-Other assets	14.821.761	13.655.495
Prepayments and accrued income	1.082.024	1.313.860
<b>TOTAL ASSETS</b>	<b>291.958.755</b>	<b>236.736.710</b>
LIABILITIES AND EQUITY		
Equity	82.058.146	51.564.477
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	3.385.854
VII-Other reserves	22.817.625	11.321.577
IX-Profit (loss) for the year	30.493.668	11.610.193
Technical provisions	179.991.061	166.295.238
Provisions for risks and charges	376.176	15.000
Deposits from reinsurers	242.635	326.870
Payables and other liabilities	29.273.160	18.535.125
I-Direct insurance	476.362	1.988.524
II-Reinsurance	10.382	-
VII-Employees' leaving entitlement	530.590	538.588
VIII-Other payables	18.425.023	8.302.551
IX-Other liabilities	9.830.803	7.705.462
Accrued expenses and deferred income	17.487	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>291.958.665</b>	<b>236.736.710</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>194.915.073</b>	<b>175.042.663</b>



## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	240.194.774	216.779.674
Outwards reinsurance premiums	(144.209)	(146.206)
Net change in the premium provision	(1.259.049)	1.729.322
<b>Earned premiums, net of outwards reinsurance</b>	<b>238.791.516</b>	<b>218.362.790</b>
Income on investments transferred from the non-technical account	9.282.657	-
Other technical income, net of outwards reinsurance	44.426	85.796
Charges relating to claims, net of outwards reinsurance	(175.680.034)	(166.733.899)
Changes in other technical provisions, net of outwards reinsurance	(67.131)	(104.757)
Reversal and profit participation, net of outwards reinsurance	(823.263)	(2.937.735)
Operating expenses	(27.926.129)	(26.733.905)
Other technical charges, net of outwards reinsurance	(404.568)	(98.167)
<b>RESULT OF THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>	<b>43.217.474</b>	<b>21.840.123</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments	16.837.340	6.145.785
Financial charges	(3.962.940)	(8.565.446)
Income on investments transferred to the technical account	(9.282.657)	-
Other income	1.080.528	480.535
Other charges	(2.257.421)	(821.381)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>45.632.324</b>	<b>19.079.616</b>
Extraordinary income	762.695	130.507
Extraordinary expense	(171.093)	(257.017)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>46.223.926</b>	<b>18.953.106</b>
Income tax	(15.730.258)	(7.342.913)
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>30.493.668</b>	<b>11.610.193</b>

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

Registered offices in Bologna - Share capital € 5.180.108  
 Direct shareholding 100%

At 31 December (amounts in €)

**BALANCE SHEET**

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
Share capital proceeds to be received	-	-
Intangible fixed assets	116.829	171.150
Investments	12.556.902	11.582.242
III-Other financial investments	12.556.902	11.582.242
Receivables	767.003	1.029.477
I-Direct insurance	21.442	141.406
III-Other receivables	745.561	888.071
Other assets	280.171	1.504.848
I-Tangible assets and inventory	3.605	5.297
II-Cash and cash equivalent	231.118	1.469.199
IV-Other assets	45.448	30.352
Prepayments and accrued income	132.659	125.800
<b>TOTAL ASSETS</b>	<b>13.853.564</b>	<b>14.413.517</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	4.801.791	4.581.843
I-Subscribed share capital or equivalent fund	5.180.108	5.180.108
II-Share premium reserve	177	177
IV-Legal reserve	50.977	50.977
VII-Other reserves	1.650.841	1.650.841
VIII-Profits (losses) carried forward	(2.300.260)	(1.087.694)
IX-Profit (loss) for the year	219.948	(1.212.566)
Technical provisions	8.589.320	9.178.761
Provisions for risks and charges	-	27.160
Payables and other liabilities	462.453	625.753
I-Direct insurance	2.073	2.933
II-Reinsurance	24.677	23.095
VII-Employees' leaving entitlement	1.396	1.356
VIII-Other payables	342.863	451.562
IX-Other liabilities	91.444	146.807
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13.853.564</b>	<b>14.413.517</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>13.594.083</b>	<b>12.885.230</b>

## INCOME STATEMENT

	2012	2011
<b>TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>		
Gross written premiums	865.270	1.195.867
Outwards reinsurance premiums	(7.805)	(6.223)
<b>Premiums for the year, net of outwards reinsurance</b>	<b>857.465</b>	<b>1.189.644</b>
Income on investments	1.572.777	546.634
Charges relating to claims, net of outwards reinsurance	(1.412.954)	(838.010)
Changes in mathematical provisions and other technical provisions, net of outwards reinsurance	444.611	(500.420)
Operating expenses	(958.636)	(1.094.853)
Financial charges	(23.668)	(899.713)
Other technical charges, net of outwards reinsurance	(77.288)	(2.672)
Income on investments transferred to the non-technical account	(535.372)	-
<b>RESULT OF THE TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>	<b>(133.065)</b>	<b>(1.599.390)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
Income on investments transferred from the technical account	535.372	-
Other income	28.952	17.666
Other charges	(124.189)	(86.099)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>307.070</b>	<b>(1.667.823)</b>
Extraordinary income	28.285	104
Extraordinary expense	(12.516)	(136)
<b>PRE-TAX PROFIT (LOSS)</b>	<b>322.839</b>	<b>(1.667.855)</b>
Income tax	(102.891)	455.289
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>219.948</b>	<b>(1.212.566)</b>

# UNIPOL BANCA S.P.A.

Registered offices in Bologna - Share capital € 1.004.500.000

Direct shareholding 67,74%, indirect 32,26% through Unipol Assicurazioni S.p.A.

At 31 December (amounts in €)

## BALANCE SHEET

		2012	2011 (*)
<b>ASSETS</b>			
10.	Cash and cash equivalents	130.428.202	131.381.256
20.	Financial assets held for trading	57.750	85.789
40.	Available-for-sale financial assets	782.325.833	657.703.780
50.	Held-to-maturity financial assets	719.532.077	-
60.	Loans to banks	452.469.715	923.767.745
70.	Loans to customers	10.078.173.098	9.428.694.412
80.	Hedging derivatives	27.513.375	31.727.235
100.	Investments	78.247.908	136.350.282
110.	Property, plant and equipment	20.959.651	21.467.621
120.	Intangible assets	120.024.468	120.130.445
	-incl. goodwill	119.625.718	119.225.718
130.	Tax assets	166.852.371	178.149.774
	a) current	15.020.485	14.386.269
	b) deferred	151.831.886	163.763.505
	b1) of which Law 214/2011	111.015.854	
140.	Non-current assets and groups of assets held for sale	3.128.774	-
150.	Other assets	248.193.912	224.574.371
<b>TOTAL ASSETS</b>		<b>12.827.907.134</b>	<b>11.854.032.710</b>
<b>LIABILITIES AND EQUITY</b>			
10.	Due to banks	1.509.340.173	1.000.231.498
20.	Due to customers	7.557.679.389	7.105.487.537
30.	Securities outstanding	2.357.603.821	2.487.179.421
40.	Financial liabilities held for trading	471	77.292
60.	Hedging derivatives	62.128.273	14.005.683
80.	Tax liabilities	42.264.849	16.345.877
	a) current	14.595.612	9.614.875
	b) deferred	27.669.237	6.731.002
100.	Other liabilities	349.483.640	290.436.180
110.	Post-employment benefits	15.070.764	11.994.870
120.	Provisions for risks and charges	5.571.381	3.297.401
130.	Valuation reserves	(21.872.953)	(26.127.160)
160.	Reserves	(67.302.010)	24.988.746
170.	Share premiums	-	122.612.834
180.	Share capital	1.004.500.000	1.004.500.000
200.	Profit (loss) for the year (+/-)	13.439.336	(200.997.459)
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12.827.907.134</b>	<b>11.854.032.720</b>

(\*) The values have been restated following the change of the principle of recognition of gains and losses related to employee severance indemnities.

# INCOME STATEMENT

	2012	2011 (*)
10. Interest and similar income	433.678.057	408.553.714
20. Interest and similar expense	(228.729.121)	(211.915.851)
<b>30. Net interest income</b>	<b>204.948.936</b>	<b>196.637.863</b>
40. Fee and commission income	135.663.133	140.876.975
50. Fee and commission expense	(36.827.139)	(28.377.622)
<b>60. Net fee and commission income</b>	<b>98.835.994</b>	<b>112.499.353</b>
70. Dividends and similar income	613.603	893.050
80. Net profits/(losses) on trading	1.788.697	848.581
90. Net profits/(losses) on hedging	200.884	(911.477)
100. Gains (losses) on disposal/repurchase of:	44.240.596	5.030.433
a) loans	398	117.038
b) available-for-sale financial assets	14.187.872	2.212.014
d) financial liabilities	30.052.326	2.701.381
<b>120. Gross operating income</b>	<b>350.628.710</b>	<b>314.997.803</b>
130. Impairment losses/reversal of impairment losses on:	(69.450.075)	(49.419.158)
a) loans	(69.481.433)	(49.572.449)
d) other financial activities	31.358	153.291
<b>140. Net financial income</b>	<b>281.178.635</b>	<b>265.578.645</b>
150. Administrative expenses:	(257.922.435)	(252.658.139)
a) personnel expenses	(143.181.648)	(141.419.686)
b) other administrative expenses	(114.740.787)	(111.238.453)
160. Provisions for risks and charges	(2.311.057)	-
170. Impairment losses/reversal of impairment losses on property, plant and equipment	(7.277.177)	(7.195.734)
180. Impairment losses/reversal of impairment losses on intangible assets	(793.207)	(724.526)
190. Other operating income/expenses	14.334.957	17.234.370
<b>200. Operating expenses</b>	<b>(253.968.919)</b>	<b>(243.344.029)</b>
210. Gains (losses) on investments	-	(4.117.770)
230. Goodwill adjustments	-	(300.000.000)
<b>250. Pre-tax profit (loss) on continuing operations</b>	<b>27.209.716</b>	<b>(281.883.154)</b>
260. Income tax for the year on continuing operations	(13.770.380)	80.885.695
<b>270. Profit (loss) on continuing operations, net of tax</b>	<b>13.439.336</b>	<b>(200.997.459)</b>

(\*) The values have been restated following the change of the principle of recognition of gains and losses related to employee severance indemnities.

# MIDI S.r.l.

Registered offices in Bologna - Share capital € 112.000.000  
Indirect shareholding 100% through Unipol Assicurazioni S.p.A.

At 31 December (amounts in €)

## BALANCE SHEET

	2012	2011
<b>ASSETS</b>		
A) QUOTA CAPITAL PROCEEDS TO BE RECEIVED	-	-
B) FIXED ASSETS	130.007.876	122.500.161
II Tangible fixed assets	127.748.723	120.199.101
1) land and buildings	118.428.367	111.660.298
5) assets under development and payments on account	9.320.356	8.538.803
III Financial fixed assets	2.259.153	2.301.060
1) investments in:		
a) subsidiaries	2.007.786	2.048.562
d) other companies	250.316	250.316
2) Financial receivables		
d) from others: due within one year	1.051	2.182
C) CURRENT ASSETS	8.159.049	6.466.768
II Receivables		
-due within one year	4.841.671	5.722.711
-due over one year	2.335.590	-
IV Cash and cash equivalent	981.788	744.057
D) PREPAYMENTS AND ACCRUED INCOME	1.048	1.054
<b>TOTAL ASSETS</b>	<b>138.167.973</b>	<b>128.967.983</b>
<b>LIABILITIES</b>		
A) EQUITY	131.521.415	121.353.309
I Share capital	112.000.000	112.000.000
IV Legal reserve	143.178	137.105
VII Other reserves: extraordinary reserve	19.210.134	9.094.745
IX Profit (loss) for the year	168.103	121.459
D) PAYABLES	6.646.558	7.614.674
-due within one year	6.142.722	7.614.674
-due over one year	503.836	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>138.167.973</b>	<b>128.967.983</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>9.587.403</b>	<b>9.587.403</b>
1) Sureties - to third parties	9.587.403	9.587.403

## INCOME STATEMENT

	2012	2011
A) PRODUCTION REVENUES	6.753.454	4.315.315
1) Turnover from sales and services	4.389.541	3.085.079
5) Other revenues and income	2.363.913	-
-other revenues and income	2.363.913	1.230.236
B) PRODUCTION COSTS	6.666.024	4.233.000
7) Services	3.062.643	2.016.225
10) Amortisation/depreciation and write-downs		
b) depreciation of tangible fixed assets	3.199.643	2.019.440
14) Other operating costs	403.738	197.335
<b>Operating profit (loss) (A-B)</b>	<b>87.430</b>	<b>82.315</b>
C) FINANCIAL INCOME AND CHARGES	4.555	(56.472)
16) Other financial income		
d) other income: from others	5.514	28.088
17) Interest and other financial charges: other	959	84.560
E) EXTRAORDINARY INCOME AND EXPENSE	56.467	176.024
20) Other income	56.716	177.085
21) Other expense	249	1.061
<b>Pre-tax profit/(loss)</b>	<b>148.452</b>	<b>201.867</b>
22) Income tax on profit, current and deferred		
a) current taxes	19.651	80.408
<b>23) Net profit (loss) for the year</b>	<b>128.801</b>	<b>121.459</b>

# UNIFIMM S.r.l.

Registered offices in Bologna - Share capital € 223.350.000 full paid-up  
Indirect shareholding 100% through Unipol Assicurazioni S.p.A.

At 31 December (amounts in €)

## BALANCE SHEET

	2012	2011
<b>ASSETS</b>		
A) QUOTA CAPITAL PROCEEDS TO BE RECEIVED	-	-
B) FIXED ASSETS	184.583.970	148.552.728
II Tangible fixed assets	184.583.790	148.552.713
III Financial fixed assets	180	15
C) CURRENT ASSETS	17.393.434	19.523.469
II Financial receivables		
-due within one year	8.268.895	6.251.475
-due over one year	7.038.208	8.296.057
IV Cash and cash equivalent	2.086.331	4.975.937
D) PREPAYMENTS AND ACCRUED INCOME	2.090	2.321
<b>TOTAL ASSETS</b>	<b>201.979.494</b>	<b>168.078.518</b>
<b>LIABILITIES</b>		
A) EQUITY	179.925.856	142.256.747
I Share capital	194.350.000	157.350.000
IV Legal reserve	548.836	548.836
VII Other reserves		
- other	(1)	-
VIII Profits (losses) carried forward	(15.642.089)	(15.104.723)
IX Profit (loss) for the year	669.110	(537.366)
B) PROVISIONS FOR RISKS AND CHARGES	6.713.940	6.713.940
D) PAYABLES	15.339.698	19.107.831
-due within one year	15.339.698	19.107.831
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>201.979.494</b>	<b>168.078.518</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>14.055.766</b>	<b>14.112.833</b>
1) Sureties to third parties	14.055.766	14.112.833

## INCOME STATEMENT

	2012	2011
A) PRODUCTION REVENUES	1.883.379	-
1) Turnover from sales and services	1.366.820	-
5) Other revenues and income	516.559	-
B) PRODUCTION COSTS	2.440.511	568.672
7) Services	821.794	332.881
8) For lease	3.300	-
10) Amortisation/depreciation and write-downs	1.153.572	-
14) Other operating costs	461.845	235.791
<b>Operating profit (loss) (A-B)</b>	<b>(557.132)</b>	<b>(568.672)</b>
C) FINANCIAL INCOME AND CHARGES	41.554	31.306
16) Other financial income		
-from others	41.554	31.306
<b>Pre-tax profit/(loss)</b>	<b>(515.578)</b>	<b>(537.366)</b>
22) Income tax on profit (loss) for the year	(1.184.688)	-
<b>23) Profit (loss) for the year</b>	<b>669.110</b>	<b>(537.366)</b>





# **Certification of the financial statements**

(pursuant to Article 81-*ter* of Consob Regulation 11971/1999)



**CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-ter  
OF CONSOB REGULATION 11971 OF 14 MAY 1999, AND SUBSEQUENT  
AMENDMENTS AND ADDITIONS**

1. The undersigned Carlo Cimbri, in his capacity as Chief Executive Officer, and Maurizio Castellina, in his capacity as Officer in charge of financial reporting of Unipol Gruppo Finanziario S.p.A., hereby confirm, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the adequacy with respect to business/corporate characteristics and
- the proper application,

of administrative and accounting procedures applied in drawing up the 2012 financial statements.

2. The suitability of the administrative and accounting procedures applied in drawing up the financial statements at 31 December 2012 was assessed using processes that Unipol Gruppo Finanziario S.p.A. established on the basis of the COSO Framework (Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organisations of the Tradeway Commission) and, in respect of IT, on the basis of the COBIT Framework (Control OBjectives for IT and related technology). The frameworks are unanimously recognised as reference frameworks for the implementation and assessment of internal control systems.

3. They also confirm that:

3.1. The financial statements as at 31 December 2012:

- Are drawn up in accordance with the provisions of the Italian Civil Code and with national accounting standards as approved by the Italian accounting standard setter, "l' Organismo Italiano di Contabilità" (OIC);
- correspond to the information recorded in the books and accounting records;
- give a true and fair view of the financial position and results of operations of the issuer;

3.2. the management report includes a reliable analysis of the performance, results and the financial position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Bologna, 21 March 2013

The Chief Executive Officer

*Carlo Cimbri*

*(signed on the Italian original version)*

The Officer in charge of financial reporting

*Maurizio Castellina*

*(signed on the Italian original version)*



# Report of the Board of Statutory Auditors ("Collegio Sindacale")



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

in accordance with Article 153 of Legislative Decree 58 of  
24 February 1998 and Article 2429 of the Civil Code.

Dear shareholders,

during the year ended 31 December 2012 we carried out our supervisory duties as established by law, in accordance with the code of conduct for Boards of Statutory Auditors recommended by the Italian accounting profession ("il Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili").

In particular, in compliance with the guidelines provided by CONSOB in its Communication 1025564 of 6 April 2001, and in accordance with Article 153 paragraph 1 of Legislative Decree 58 of 24 February 1998 (hereinafter referred to as "Legislative Decree 58/98" or "TUF" [Consolidated Finance Act]) and with Article 2429 of the Civil Code ("C.C."), we hereby report the following.

## **I. Legislation governing the drawing up of Unipol Gruppo Finanziario S.p.A.'s financial statements as at 31 December 2012.**

Firstly, the Board of Statutory Auditors points out that Unipol Gruppo Finanziario S.p.A.'s 2012 financial statements (and those for previous years) have been drawn up in conformity with the provisions of the Italian Civil Code and the National Accounting Standards approved by the Italian accounting standard setter, "l'Organismo Italiano di Contabilità", ("OIC").

Pursuant to Article 1 paragraph 1aa) of Legislative Decree 209 of 2005 ("the Insurance Code"), Unipol Gruppo Finanziario S.p.A. is deemed to be an insurance holding company and as such it is required to draw up its consolidated financial statements in accordance with international accounting standards IFRS. However, as per Article 4 of Legislative Decree 38 of 2005 it cannot apply the same IFRS to the company's separate financial statements (i.e. the annual financial statements submitted for your approval).

The Board of Statutory Auditors reports that the valuation criteria used to draw up the financial statements at 31 December 2012 are the same as those used to draw up the previous year's financial statements.

## **II. Information on the supervisory work carried out by the Board of Statutory Auditors.**

In accordance with the legislation and regulations referred to above, the Board of Statutory Auditors reports below on its findings.

1. We ensured compliance to law and to the Articles of Association.

2. We obtained information from the Directors on operations and transactions carried out by the Company that had a significant impact on the results, the financial performance and the financial position of the company. We can reasonably state that decisions made and actions taken complied with law and regulations and do not appear to have been neither imprudent, risky, in conflict with resolutions passed by Shareholders' Meetings, nor such as to compromise the Company's financial position. In addition, transactions that were likely to give rise to conflicts of interest were approved in accordance with law and with the codes of conduct adopted. We report hereunder on these transactions.

2.1. Transactions that had a significant impact on the results, the financial performance and the financial position of the Company during the 2012 financial year.

The most significant event marking the 2012 financial year was the acquisition of Premafin Group.

On 29 January 2012, Unipol Gruppo Finanziario SpA ("UGF S.p.A.") and Premafin Finanziaria - Società per Azioni - Holding di Partecipazioni ("Premafin") reached an agreement in relation to a "Business combination plan" involving the two insurance groups. The plan provided for the acquisition by UGF S.p.A. of the controlling interest in Premafin and the subsequent merger by incorporation of Unipol Assicurazioni S.p.A. ("Unipol Assicurazioni"), of Premafin and possibly of Milano Assicurazioni S.p.A. into Fondiaria-SAI S.p.A.. The "Business combination plan" was based on a number of prerequisite conditions and transactions, the majority of which have been completed to date, as follows:

- UGF S.p.A. has obtained all the necessary authorisations from the relevant Regulators. In particular, Consob, (the Italian securities and exchange commission), confirmed that the acquisition by part of UGF S.p.A. of the controlling interest in Premafin did not require a public offer of Premafin's, Fondiaria-SAI's and Milano Assicurazioni's shares. On 19 June 2012, the Autorità Garante della Concorrenza e del Mercato ('AGCM', the Italian authority for competition and markets) authorised the acquisition by UGF S.p.A. of the controlling interest in the Premafin Group, subject to a reduction in its share of the insurance market and also subject to other measures aimed at reducing the shareholding and financial relationships with Mediobanca, Unicredit and Assicurazioni Generali;
- on 16 July 2012 UGF S.p.A. initiated the process of increasing its capital by euro 1,100 million, as had been resolved at an extraordinary meeting of its shareholders held on 19 March 2012, with the objective of ensuring sufficient capital to fund the business combination. Finsoe S.p.A, UGF S.p.A.'s parent company, fully subscribed to its allocation of the issue confirming its shareholders' support in relation to the business combination. The increase in capital was completed on 13 September 2012 upon subscription in full of the issued ordinary and preference shares, in which the banks forming part of the underwriting syndicate also participated;
- UGF S.p.A. subscribed, on 19 July 2012, to a Premafin share issue that was reserved for subscription by UGF S.p.A., and that had been resolved at an extraordinary meeting of Premafin's shareholders held on 12 June 2012. Through the share issue, amounting to euro 340 million, UGF S.p.A. acquired a controlling interest in Premafin, with a shareholding interest of 80.93%. Premafin and its subsidiary Finadin S.p.A used the proceeds of euro 340 million from the capital increase to subscribe, in proportion to their shareholding interest, to the issue of share capital of Fondiaria-SAI;
- on 16 July 2012 an increase in Fondiaria-SAI's share capital totalling euro 1,099 million was initiated. The increase was concluded on 13 September 2012 with all shares subscribed to and with UGF S.p.A. and banks forming part of the underwriting syndicate also subscribing to the share issue. In particular, UGF S.p.A. has subscribed to, or otherwise acquired, new shares in Fondiaria-SAI as follows:
  - an amount of 240,609,096 Class B savings shares, that remained unsubscribed on the stock exchange, for a consideration of euro 136 million, acquired to honour commitments made with Fondiaria-SAI. The shares acquired represent 74.48% of the savings share capital, and 19.35% of the total share capital of Fondiaria-SAI after the capital increase;
  - an amount of 30,853,620 ordinary shares acquired on 10 September 2012, through the exercise of option rights acquired during the offer on the stock exchange, that represent 3.35% and 2.48% respectively of the ordinary share capital and total share capital after the capital increase, of Fondiaria-SAI;
  - an amount of 14,254,110 ordinary shares that remained unsubscribed on the stock exchange, and were acquired by the banks forming part of the underwriting syndicate in Fondiaria-SAI's share issue, at a consideration of euro 14 million. The shares represent 1.55% and 1.15% respectively of Fondiaria-SAI's ordinary share capital and total share capital after the capital increase.

Consequent to the above acquisitions, UGF S.p.A. owns a direct shareholding of 22.97% of Fondiaria SAI's share capital.

Unipol Group is now the controlling shareholder of the Premafin Group (which in turn controls the Fondiaria-SAI Group).

At a corporate level, operations aimed at implementing the business combination project are ongoing. The project provides for a merger between Premafin, Fondiaria-SAI and Unipol Assicurazioni. Milano Assicurazioni was also invited to participate in the process.



On 20 December 2012 Board meetings of Unipol, Unipol Assicurazioni, Fondiaria-SAI, Premafin and Milano Assicurazioni approved the Merger Plan (the “Merger” or the “Integration”) for the merger by incorporation of Unipol Assicurazioni, Premafin and Milano Assicurazioni into Fondiaria-SAI. This process is considered to be an integral and critical part of the Business combination plan. In relation to the Merger, the Boards approved the following:

- the exchange ratios at which shares of the companies involved in the merger and the shares of the acquiring company, Fondiaria-SAI are to be exchanged;
- the percentage shareholding in the share capital of the post-merger company, that will be named UnipolSai Assicurazioni SpA. The shareholding will consist of ordinary and savings shares from the Merger;
- the 2013-2015 Joint Business Plan, based on guidelines included in the Business combination plan that had already been communicated to the market. The guidelines have been updated to reflect developments in reference markets in the intervening period, results registered during the first nine months of 2012 and the joint Management operations of the companies involved in the Merger.

3. The Board of Statutory Auditors verified and monitored, within its remit, the adequacy of the Company’s organisational structure, its sound administration and the adequacy and timeliness of information that the Company, in its capacity as holding company, is required to provide in fulfilling the obligations stipulated by Article 114, paragraph 1 of Legislative Decree 58/98. The Board of Statutory Auditors carried out its work through enquiring responsible parties and meeting with the external auditors, for the purpose of mutual exchange of relevant data and information. There are no observations to be reported in this respect.

4. By enquiring management of various departments, examining company’s records and analysing the results of the work performed by the independent auditor and by the internal control functions, we monitored the adequacy of the internal control system and of the accounting system, as well as the reliability of the accounting system in accurately representing business operations. We have assessed the adequacy of the work of the control functions Internal Auditing, Compliance and Risk Management and the Officer in charge of financial reporting together with the effective functioning of the overall system of internal control. We have done this by examining directly the aforementioned control functions’ work, as well as by participating in all Control and Risks Committee’s meetings (with whom the Board of Statutory Auditors held joint meetings). On the basis of findings made while carrying out our supervisory duties, we hereby opine positively on the internal control system. We are also of the opinion that Internal Auditing, Compliance and Risk Management, and the Officer in charge of financial reporting, also taking into account the level and professionalism of the workforce therein, appear to be able to provide adequate oversight on the effectiveness and efficiency of the internal control system.

5. As regards the Organisational and Management Model set up in accordance with Legislative Decree 231/2001, we inquired about the work carried out by the Supervisory Body. We were informed that implementation of the Model was substantially completed during 2012. We were not informed of any notable circumstances or instances.

#### 6. Transactions with related parties

Unipol Gruppo Finanziario S.p.A. (UGF S.p.A.), a holding and service company, Parent of the Gruppo Assicurativo Unipol (registered with the Register of Insurance Groups, number 046) carried out management and coordination activities, in accordance with Article 2497 et seq. of the Civil Code.

None of the shareholders of UGF S.p.A. carried out management and coordination activities as defined in Article 2497 et seq. of the Civil Code.

Finsoe S.p.A., which holds an investment equal to 50.75% of the ordinary share capital of UGF S.p.A. that grants it, in terms of Article 2359. 1.1 of the Italian Civil Code, control over Unipol, does not manage or coordinate it either in technical or financial terms.

Unipol Gruppo Finanziario S.p.A. provided services, that did not affect the competitiveness of the individual operating companies, in the following main 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 control, risk management and compliance with relevant legislation).

Unipol Assicurazioni provided services to UGF 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 (bookkeeping and tax, administrative and financial statements services);
- Property, purchasing and auxiliary services;
- Finance;
- Property leasing.

Fees for services were based on the 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 staff, and took account of:

- the performance objectives that the provision of the service to the Company must achieve;
- the strategic investment to be done in order to ensure the level of service agreed.

The following elements were specifically taken into consideration:

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

When services were provided by UGF S.p.A. the operating companies were charged a mark-up in addition to the allocated costs.

Unipol Gruppo Finanziario S.p.A. carries out financial transactions with Unipol Banca S.p.A., related to services rendered, deposits and financing. The financial effects of these relations were governed by market terms applied to major customers.

The Board of Statutory Auditors makes the following observations on transactions with related parties.

1. For the three-year period 2010-2011-2012, UGF S.p.A. has opted to join its parent company Finsoe S.p.A.'s national consolidated tax scheme and signed an agreement governing the financial relations resulting thereof.
2. On 9 February 2012, the Boards of Directors of UGF S.p.A. and Unipol Assicurazioni resolved the assignment without recourse, in favour of Unipol Assicurazioni, of the receivable with a nominal amount of euro 95 million claimed by Unipol against the Belgian insurer P&V Assurances, which is the parent company of the P&V Group. The receivable subject to the assignment relates to a perpetual subordinated loan with a nominal amount of euro 95 million, issued by UGF S.p.A. and which was signed by Unipol and P&V Assurances on 19 December 2008. The transaction was carried out on 20 June 2012.
3. Indemnity agreement in relation to Unipol Banca receivables. The agreement with subsidiary Unipol Banca was signed in August 2011 and covered a specified, predominantly mortgage, portfolio consisting of 54 loans that had a carrying amount of euro 555 million at 31/12/2012. The agreements provide for a commitment by part of the parent UGF S.p.A. to indemnify Unipol Banca with principal and interest amounts due on such loans in the event that they should not be recovered upon taking all possible recovery actions provided for by law, including court action, up to a maximum amount, (principal and interest), equal to the carrying amount of such receivables as at 30 June 2011. The agreements will remain in force for a maximum of ten years after the last maturity date on which the loans are repayable. In view of commitments entered into during 2012, UGF S.p.A. earned commissions of euro 5,540 thousand from Unipol Banca S.p.A. and has allocated euro 50,000 thousand to the provision for risks, which amounts to euro 102,377 thousand, net of euro 623 thousand paid to Unipol Banca S.p.A. by way of compensation.
4. Two financing contracts that had been entered into in 2009 were in place at the end of the year amounting to euro 267,785 thousand (unchanged over the previous year). Interest paid to Unipol Assicurazioni S.p.A. during 2012 totalled euro 4,776 thousand.

5. Senior bond 2009-2012. In July 2012, the senior unsecured bond issued by UGF S.p.A on 1 July 2009 was fully repaid at euro 175,000 thousand, of which Finsoe held euro 50 million. Interest paid to Finsoe during the year amounted to euro 1,565 thousand.

As concerns the related party transactions referred to above, we ascertained that the purpose behind all such transactions was rationalisation and profitability objectives and that there were no atypical nor unusual transactions that could give rise to doubts about the accuracy and the completeness of information, conflicts of interest, safeguarding of company's assets and the protection of minority shareholders. The Management Report and the Notes to the financial statements provide detailed and adequate information on the amount and nature of assets, liabilities, income and expenses involved in transactions with related parties carried out during 2012.

We also report that we have ascertained that these transactions with related parties did not include any atypical and/or unusual operations within the Group or with third parties.

The Company has adopted the 'Procedure for transactions with related parties', which was approved by the Board of Directors on 11 November 2010. The Procedure lays down the rules, procedures and standards for ensuring the transparency and the substantive and procedural fairness of transactions with related parties carried out by UGF S.p.A. directly or through its subsidiaries. As a result, on 11 November 2010, we ascertained that the 'Procedure for transactions with related parties' complied with Consob Regulation 17221 of 12 March 2010 as amended by resolution 17389 of 23 June 2010 and, that in view of the organisational and ownership structure of the Company and the Group, it was adequate for ensuring that transactions with related parties are properly carried out and that the related duties of transparency and reporting are fulfilled.

As concerns the information referred to in Consob Regulation 17221 of 12 March 2010, as amended by Resolution 17389 of 23 June 2010, an information document on the subject of "Merger by incorporation of Premafin Finanziaria S.p.A. - Holding di Partecipazioni, Unipol Assicurazioni S.p.A. and possibly, Milano Assicurazioni S.p.A. in Fondiaria-SAI S.p.A." was drawn on 27 December 2012 pursuant to Article 5 of the said Regulation (major transactions with related parties). The document was supplemented with an addendum on 13 January 2013.

Since the merger involves Unipol group companies, the Operation could have been considered exempt for the purposes of applying the Procedure and of the Related Parties Regulation. Notwithstanding, in view of the Operation's significance and strategic importance, the Company has decided to be as transparent as possible with the market by voluntarily applying, also in this case, the provisions laid down in its Procedure for major transactions with related parties.

During 2012 there were no other "major" transactions with related parties, nor were there any transactions that had a significant impact on UGF S.p.A's financial position and results, as defined in Article 2427, paragraph 2 of the Italian Civil Code.

7. The Board of Statutory Auditors held meetings with representatives of the independent auditors, in accordance with Article 150, paragraph 3 of Legislative Decree 58/98, and did not note any relevant data or information relating to the financial statements as at 31 December 2012 that need to be mentioned in this report. The independent auditors, PricewaterhouseCoopers SpA, issued an unqualified report on the financial statements at 31 December 2012.

8. In accordance with Article 19, paragraph 1 of Legislative Decree 39 of 27 January 2010, the Board of Statutory Auditors hereby certifies that it supervised:

- ✓ the audit of the annual separate and consolidated financial statements;
- ✓ the independence of the external auditors, in particular relating to the provision of non-audit services.

9. During the year, the independent auditors, PricewaterhouseCoopers SpA were engaged to carry out the following work:

- preparation of a Comfort letter upon the share capital increase transaction for fees of euro 150,000.00.

10. No engagements were assigned to parties related to the independent auditors during the year.

11. We ensured that, in accordance with the provisions of Legislative Decree 196/2003, the 'Data Protection Act', which came into effect in January 2004, the Data Protection Document had been updated in accordance with the legal requirements.

12. The Board of Statutory Auditors issued the following opinions during 2012:

- ✓ on 9 February 2012: the Board of Statutory Auditors expressed its approval in relation to the Shareholders' meeting proposal to confer, in accordance with 2443 of the Civil Code, to the Board of Directors the power to increase the Company's share capital by 31 December 2012 by a maximum amount of euro 1,100 million (including any share premium) for cash proceeds and to be effected over one or more issues. The increase was to be achieved by means of issues of ordinary shares and preference shares, with no nominal value and with a regular dividend, to be offered as options to holders of ordinary shares and of preference shares respectively.
- ✓ on 10 May 2012:
  - the Board of Statutory Auditors approved, pursuant to Article 2386, first paragraph of the Civil Code, the Board of Directors' proposal to co-optation Mr. Vincenzo Ferrari, to replace Mr. Mario Zucchelli who resigned from Director of the Board;
  - in accordance with Article 2389, third paragraph of the Civil Code, the Board of Statutory Auditors opined favourably on the proposal for Mr Vincenzo Ferrari and Mr Adriano Turrini (appointed at the Shareholders' meeting dated 19 March 2012) to be paid the fees payable to members of Advising Committees, as established at the Board of Directors' meeting dated 13 May 2010;
  - the Board of Statutory Auditors opined positively on the fulfilment of the condition of main control of insurance companies pursuant to the provisions of Article 5, third paragraph, of ISVAP Regulation 15 of 20 February 2008.

13. The independent auditors, PricewaterhouseCoopers SpA did not issue any opinions in 2012.

14. On 7 July 2012 we received a complaint pursuant to Article 2408 of the C.C. by a shareholder holding 2000 preference shares in Unipol Gruppo Finanziario S.p.A. (after the reverse share split).

In summarising the contents of the complaint, we firstly point out the following:

- a reverse split of ordinary and preference shares was approved at a shareholders' General Meeting held on 19 March 2012. The reverse split was carried out in the ratio of 1 new ordinary share for every 100 ordinary shares held, and 1 new preference share for every 100 preference shares held, resulting in the cancellation of ordinary and preference shares in the minimum number of shares required for the transaction to take place, with a corresponding reduction in capital and resulting changes in the Articles of Association. The transaction resulted in a reduction in the total number of ordinary shares from 2,114,257,106 to 21,142,571, a reduction in the total number of preference shares from 1,302,283,310 to 13,022,833 and an adjustment in the accounting value of ordinary and preference shares from euro 0.79 a euro 79.
- after deciding on the above reverse share split, the same shareholders' General Meeting (dated 19 March 2012) conferred to the Board of Directors, in accordance with Article 2443 of the Civil Code (delegation used by the Board of Directors on 21 June 2012) the power to increase the share capital, for cash proceeds and over one or more issues, by a maximum amount (including share premium) of euro 1,100 million. The increase was to be achieved by means of issues of ordinary shares and preference shares, with no nominal value and with a regular dividend, to be offered as options to holders of ordinary shares and of preference shares respectively and with the resulting change to Article 5 of the Articles of Association. Article 19 of the Articles of Association was also amended in relation to the numerical amounts used to determine dividends payable on ordinary and preference shares of the Company, ("dividend entitlement").

The shareholder making the complaint stated that *"the shareholders' decision about the increase in share capital and the subsequent resolution of the Board of Directors, by changing the accounting par value, and consequently affecting shareholders' entitlement to reserves upon distribution of dividends, altered the rights of preference shareholders and greatly weakened their statutory position upon distribution of profits."* The shareholder also stated that the failure to convene a special preference shareholders' meeting beforehand, renders null and/or ineffective the above-mentioned shareholders' resolution and the subsequent resolution of the Board of Directors.

Whilst acknowledging the above, the Board of Statutory Auditors hereby reports that it has carried out the necessary verifications which resulted in the agreement with, and the adoption of, the contents of the

Company's response to the shareholder dated 18 July 2012, that found the complaint to be unfounded on the basis detailed below.

The changes to the numerical amounts specified in Article 19 of Unipol Gruppo Finanziario S.p.A.'s (hereinafter also referred to as "the Company") Articles of Association - that determine rights to dividends payable to the Company's preference and ordinary shares – were necessary in the light of the specifications of the seventh paragraph of the said Article 19 of the Articles of Association, which states that *"in the case of split and reverse split of shares, (as in the case of capital transactions, other than bonus issues mentioned above, where necessary in order not to alter the rights of shareholders compared to cases where shares have nominal value), the dividend entitlement per share mentioned in the preceding paragraphs will be modified accordingly."*

On the basis of the said statutory provision, (that was introduced in 2005 when the nominal share value was eliminated with the aim of maintaining unchanged the dividend entitlement rights enjoyed by ordinary and preference shares upon changes in the accounting par value resulting from the aforementioned share capital transactions), it was necessary to alter the dividend entitlement amounts stipulated in paragraphs 2b), 3 and 6 of Article 19 of the Articles of Association, both upon the capital increase that had been approved and carried out in 2010, as well as upon the reverse share split approved by the shareholders on 19 March 2012.

More specifically, since the increase in share capital approved in 2010 was effected through the issue of shares at a lower price than the accounting par value, resulting in a decrease of the Company's accounting par value of preference and ordinary shares from euro 1.00 to euro 0.79, the corresponding proportional adjustments in the dividend entitlement ascribed to the shares were (i) from euro 0.0362 to euro 0.0286 for preference shares and (ii) from euro 0.0310 to euro 0.0245 for ordinary shares.

The above amounts were determined by applying the proportion between the dividend entitlement recognised on preference and ordinary shares when the nominal value was euro 1.00 (before the share capital increase was approved) and the amount to be recognised on the same shares upon a reduction in the nominal value (nominal value after elimination of nominal value: accounting par value) from euro 1.00 to euro 0.79 (after the capital increase approved and effected in 2010).

The above ratio is expressed in the following mathematical formulae that reflect the principle laid down in Article 19, paragraph 7 of the Articles of Association: (i) for preference shares,  $(0.0362 : 1.00 = X : 0.79)$ ; and (ii) for ordinary shares,  $(0.0310 : 1.00 = X : 0.79)$ . Therefore, the resulting adjustment to be made on the dividend entitlement numerical amount stipulated in the Articles of Association was euro 0.0286 for preference shares and euro 0.0245 for ordinary shares.

As a result of the above, the difference between the dividend entitlement for each preference share and each ordinary share, was of euro 0.0052 (from 0.0362 to 0.0310 = 0.0052) and euro 0.0041 (from 0.0286 to 0.0245 = 0.0041) respectively. The resulting proportion of dividend entitlement attributable to the different classes of shares reflects the existing proportion. In fact, in the same manner that the difference of euro 0.0052 constituted 0.52% of the nominal value of euro 1.00, upon the capital increase approved and executed in 2010; the difference of 0.0041 registered now represents 0.52% of the accounting par value of euro 0.79.

Following the reverse share split resolved on 19 March 2012, the above-mentioned fixed amounts were merely scaled upwards to the new accounting par value. In particular, in the same way that the accounting par value changed from euro 0.79 to euro 79 (calculated as  $0.79 \times 100$ ), the dividend entitlement amount changed from (i) for preference shares from euro 0.0286 to euro 2.86 (calculated as  $0.0286 \times 100$ ), (ii) for ordinary shares from euro 0.0245 to euro 2.45 (calculated as  $0.0245 \times 100$ ), whilst (iii) the difference between the mentioned dividend entitlement changed from euro 0.0041 to euro 0.41 (calculated as  $2.86 - 2.45 = 0.41$ ).

In our opinion, the above detailed adjustments implement Article 19, paragraph 7 of the Articles of Association (that does not allow the Board of Directors any discretion in terms of its implementation) and are consistent with the principle of proportionality between classes prescribed by Article 5, last paragraph of the Articles of Association, which in this case was reflected as follows (i) the dividend entitlement for each preference share is unchanged at 3.62% of the accounting par value, (ii) the dividend entitlement for each ordinary share is unchanged at 3.10% of the accounting par value, and (iii) the difference in dividend entitlement between each preference share and each ordinary share is unchanged at 0.52% of the accounting par value.

We can conclude that in the Board of Statutory Auditors' opinion, the statutory changes that were subject to the complaint were purely technical adjustments and were expressly stipulated and governed by the Articles

of Association, and can in no way be considered detrimental neither to the preference shareholders category nor to the ordinary shareholders category. Consequently, neither a pre-approval by a special meeting of the preference shareholders, nor of the ordinary shareholders, under Article 2376 of the Civil Code and Article 146 of Legislative Decree 58 of 24 February 1998, was required.

The Board of Statutory auditors did not receive any complaints from third parties.

15. We ensured that the financial statements and the Management report have been drawn up in accordance with current legislation and in our opinion the Management report is comprehensive. We would like to point out that in accordance with the provisions of Article 14 of Legislative Decree 39 of 27 January 2010, the independent auditors are responsible for confirming that the Management report is consistent with the financial statements. The Report on the financial statements at 31 December 2012 issued by the independent auditors was unqualified with respect to the above matter.

16. We agree with the recording of start-up and capital costs and advertising costs that cover a number of years, amounting to euro 65,538,106 and euro 3,168,001 respectively, within Intangible fixed assets in the Balance Sheet. As concerns start-up and capital costs, we highlight a significant increase over the 2011 balance (amounted to euro 6,556,254) attributable to the capitalisation of costs on the share issue transaction approved by the Board of Directors on 21 June and 12 July 2012, registered with the Companies' Register on 17 September 2012.

17. The Board of Statutory Auditors hereby informs that the Company abides by the Code of Conduct issued by Borsa Italiana S.p.A. and has prepared the 'Annual report on corporate governance and ownership'. We evaluated this Report as per our remit and have no observations to make. The new wording of Article 123-bis of Legislative Decree 58 of 24 February 1998, introduced by Legislative Decree 173 of 3 November 2008, stipulates that the independent auditors express their opinion on whether certain information in the "Report on corporate governance and ownership" is consistent with the financial statements. This information, relating to corporate governance, ownership, risk management and internal control system, may be included in the Management report or may be subject of a separate report to be published at the same time. UGF S.p.A. has decided to include this information in the 'Annual report on corporate governance and ownership', which was approved by the Board of Directors on 21 March 2013. The independent Auditors' report contained no comments on this matter.

18. Your Company's Board of Directors assessed the independence of the non-executive Directors, in accordance with Article 3 of the Code of Conduct for listed companies and Article 147-ter, paragraph 4 of Legislative Decree 58 of 24 February 1998. In accordance with Article 144-novies of the Issuers' Regulation the Board of Directors also assessed whether the members of the Board of Statutory Auditors fulfilled the requirements of independence provided for in Article 148, paragraph 3, of the TUF (Consolidated Finance Act).

As part of our duties we checked that the assessment criteria and procedures had been applied correctly.

19. Duty to prepare consolidated financial statements and a report by the supervisory body.

We hereby note that Unipol Gruppo Finanziario S.p.A., holding and service company, parent of the Gruppo Assicurativo Unipol (registration number. 046 in the Register of Insurance Groups) is required to prepare consolidated financial statements. We confirm that the Company has fulfilled its obligation to prepare consolidated financial statements that were approved by the Board of Directors on 21 March 2013.

UGF S.p.A.'s consolidated financial statements have been drawn pursuant to Article 154-ter of Legislative Decree 58/1998 (TUF) and to ISVAP Regulation 7 of 13 July 2007, as amended, and have been prepared in accordance with international accounting standards IAS/IFRS issued by IASB and endorsed by the European Union, and the related interpretations issued by IFRIC, in accordance with the provisions of EC Regulation 1606/2002, in force on the balance sheet date.

As an insurance holding company under Article 1, paragraph 1aa) of Legislative Decree 209 of 2005 (Insurance Code), presentation of its financial statements is in conformity with the requirements of Title III of ISVAP Regulation 7 of 13 July 2007, as amended, concerning the layout of the consolidated financial statements of insurance and reinsurance companies that must adopt international accounting standards.

We point out to the fact that in preparing the 2012 financial statements, Unipol Group has changed the method of recognition of actuarial gains and losses relating to employee defined benefit plan obligations. With effect from these financial statements, actuarial gains and losses are recognised as components of other comprehensive income rather than in the separate income statement. The selected accounting policy is one of the policy choices permitted by IAS 19 as currently in force. The change in accounting policy, which in fact anticipates the accounting treatment that will be mandated in 2013 by IAS 19 (revised), was necessary in order to harmonise the accounting policies applied within Unipol Group following the acquisition of the Premafin/Fondiaria-SAI Group. As a result, comparative figures of the previous year have been restated and reclassified as if the new policy had been applied from 1 January 2011. The reclassification has had a positive impact of euro 1 million on the income statement for 2011 and a negative impact of the same amount on the components of other comprehensive income for 2011, thus resulting in a different composition of, but a neutral effect on, the total value of shareholders' equity at end of the period.

We also confirm that changes in consolidation scope over 31/12/2011 relate to the acquisition of the controlling interest in Premafin/Fondiaria-SAI Group, dated 19 July 2012, through UGF S.p.A's subscription of the share capital issue of Premafin Finanziaria S.p.A. Holding di Partecipazioni reserved to the Company for euro 339.5 million, equivalent to a controlling interest of 80.93% of share capital after the increase. The following transactions were also carried out:

- acquisition by Smallpart (100% owned subsidiary of Unipol Assicurazioni) of a 50% shareholding in insurance intermediary company Assicoop Emilia Nord S.r.l., with head office in Parma, for euro 4.8 million;
- acquisition by Smallpart (100% owned subsidiary of Unipol Assicurazioni) of a 50% shareholding in insurance intermediary company Assicoop Romagna Futura S.r.l., with head office in Ravenna, for euro 4.2 million;
- striking off the Bologna Companies' Register, on 3/2/2013, of UGF Private Equity SGR S.p.A. in liquidation.

In relation to the duty to prepare a report on the consolidated financial statements, we iterate that in accordance with Article 14 of Legislative Decree 39 of 27 January 2010, and Article 41 of Legislative Decree 127 of 9 April 1991, the report on the consolidated financial statements should be prepared by the person in charge of the statutory audit and should include an opinion on the consistency of the Management report to the consolidated financial statements. Consequently, we note that the independent auditor, PricewaterhouseCoopers SpA is responsible for the mentioned tasks. In carrying out our supervisory duties in relation to the statutory audit, we reviewed the independent auditor's work plan and communicated our findings to the auditor. We have no observations to make on the matter in this report. The report issued by PricewaterhouseCoopers SpA on the consolidated financial statements as at 31 December 2012 is unqualified.

Our supervisory work was conducted over 18 meetings and by attending all the meetings of the Board of Directors, which totalled 17.

During the course of our supervisory work and on the basis of information obtained from the independent auditors, no omissions and/or questionable acts and/or irregularities or any other significant facts came to light that require supervisory bodies to be notified or that require a mention in this report on the financial statements at 31 December 2012.

Given the above, the Board of Statutory Auditors is of the opinion that you may approve the financial statements as at 31 December 2012 as presented by the Board of Directors. We agree with the proposal drawn by the Board of Directors in relation to the appropriation of the profit for the year that totalled euro 194,952,218.

Bologna, 8 April 2013

For the Board of Statutory Auditors

---

The Chairman  
Roberto Chiusoli  
(Signed on the original Italian version)

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

in accordance with Article 153 of Legislative Decree 58 of  
24 February 1998 and Article 2429 of the Civil Code.

Dear Shareholders,

In the Board of Statutory Auditors' report dated 8 April, drawn in accordance with Article 153, first paragraph of Legislative Decree 58 of 24 February 1998 and Article 2429 of the Civil Code, we reported on the supervisory work that we carried out during the financial year 2012, made observations and recommendations in relation to Unipol Gruppo Finanziario S.p.A.'s financial statements as at 31 December 2012 and also made a proposal in relation to the appropriation of the profit for the year. We have not issued a separate report on Unipol Gruppo Finanziario S.p.A.'s consolidated financial statements at 31 December 2012, since as per Article 14 of Legislative Decree 39 of 27 January 2010, and Article 41 of Legislative Decree 127 of 9 April 1991, the report on the consolidated financial statements should be prepared by the person in charge of the statutory audit, and should include an opinion on the consistency of the Management report to the consolidated financial statements. However, in the report issued by us, the Board of Statutory Auditors, we made reference (in paragraph 19) to the consolidated financial statements and provided information on the duty to prepare such consolidated financial statements, the applicable accounting standards and the main changes in the consolidation scope. Within this background, we hereby notify you that Unipol Gruppo Finanziario S.p.A.'s consolidated financial statements as at 31 December 2012, originally approved by the Board of Directors on 21 March 2013, have been subject of another Board resolution dated 24 April 2013, with which they have been re-approved. The re-approval was necessary in order to comply with the request made by Consob, pursuant to Article 114, paragraph 5 of Legislative Decree 58/1998. The reason behind the re-approval was the retrospective adoption on 2011 consolidated financial statements data (shown for comparative reasons) of the new criteria (adopted in 2012) for recognition and measurement of certain structured securities.

In view of the above, we have to update our report dated 8 April 2013 to take into account of the afore-mentioned re-approval. More specifically, whilst the rest of the report remains unaltered, paragraph 19 of the report is to be replaced by the following new paragraph 19:

**"19. Duty to prepare consolidated financial statements and a report by the supervisory body.**

The Board of Statutory Auditors hereby note that Unipol Gruppo Finanziario S.p.A., holding and service company, parent of the Gruppo Assicurativo Unipol (registration number. 046 in the Register of Insurance Groups) is required to prepare consolidated financial statements. We confirm that we the Company has fulfilled its obligation to prepare consolidated financial statements that were approved by the Board of Directors on 24 April 2013. In this regard, we inform you that the consolidated financial statements as at 31 December 2012 – originally approved by the Board of Directors on 21 March 2013 – have been re-approved by the Board of Directors on 24 April 2013 in order to comply with Consob's request dated 17 April 2013, pursuant to Article 114, paragraph 5 of Legislative Decree 58/1998. We will detail this matter further below.

UGF S.p.A.'s consolidated financial statements have been drawn pursuant to Article 154-ter of Legislative Decree 58/1998 (TUF) and to ISVAP Regulation 7 of 13 July 2007, as amended, and have been prepared in accordance with international accounting standards IAS/IFRS issued by IASB and endorsed by the European Union, and the related interpretations issued by IFRIC, in accordance with the provisions of EC Regulation 1606/2002, in force on the balance sheet date.

The presentation structure, as insurance holding companies pursuant to art. 1, paragraph 1, letter aa) of the Legislative Decree no. 209/2005 (Insurance Code) shall comply with the provisions of Title III of above mentioned Regulation ISVAP



n. 7 of 13 July 2007, and subsequent amendments, concerning the consolidated financial statements of insurance companies and reinsurance companies that must adopt international accounting standards.

In the Management report and in the Notes to the Consolidated financial statements, your Company's Directors notified you of the fact that following to, and in compliance with, Consob's request dated 17 April 2013 (made pursuant to Article 114, paragraph 5 of Legislative Decree 58/1998) the Company applied retrospectively (through the restatement of 2011 comparative data) the new criteria for recognition and measurement of certain structured securities. In particular, the adjustments relate to financial instruments that have embedded credit or interest rate derivatives, or so-called tax event clauses and for which contractual arrangements in pre-existing agreements do not clarify the nature of the contract, in terms of accounting classification to be adopted. For more details see the press release issued by the Company on 27 December 2012, annexed to the Consolidated financial statements as at 31 December 2012, relating to the publication of supplementary information to the Consolidated financial statements as at 31 December 2011 and the Interim condensed consolidated financial statements as at 30 June 2012. The additional information is in accordance with a request by Consob n.18429 of 21 december 2012 (pursuant to Article 154-ter of Legislative Decree 58 of 1998).

The main effects on the statement of financial position and income statement of 2011 are as follows:

- reduction of euro 201.4 million in Loans and receivables due to the transfer of securities previously classified in this heading;
- increase of euro 15.6 million in Financial assets at fair value through profit or loss as a result of incoming transfer of securities with embedded derivatives which are not closely related and which cannot be valued separately;
- separate recognition of certain embedded derivatives amounting to euro 3.7 million under Financial assets at fair value through profit or loss and euro 42.4 million under Financial liabilities held at fair value through profit or loss;
- increase of euro 149.5 million in Available-for-sale financial assets as a result of the combined effect of the transfer in and out of securities and the separation of embedded derivatives deemed to be not closely related;
- increase of euro 32 million (euro 21 million net of tax) in fair value losses on securities classified as Available-for-sale financial assets, recognised in the reserve for gains and losses on revaluation of Available-for-sale financial assets;
- increase, in non-life business, of euro 10.2 million in net losses from the valuation of financial instruments at fair value through profit or loss;
- increase, in life business, of euro 33 million in net losses from the valuation of financial instruments at fair value through profit or loss;
- decrease of euro 14.7 million in the tax expense.

With effect from these financial statements, actuarial gains and losses are recognised as components of other comprehensive income rather than in the separate income statement. The selected accounting policy is one of the policy choices permitted by IAS 19 as currently in force. The change in accounting policy, which in fact anticipates the accounting treatment that will be mandated in 2013 by IAS 19 (revised), was necessary in order to harmonise the accounting policies applied within Unipol Group following the acquisition of the Premafin/Fondiarria-SAI Group. As a result, comparative figures of the previous year have been restated and reclassified as if the new policy had been applied from 1 January 2011. The reclassification has had a positive impact of euro 1 million on the income statement for 2011 and a negative impact of the same amount on the components of other comprehensive income for 2011, thus resulting in a different composition of, but a neutral effect on, the total value of shareholders' equity at end of the period.

The Board of Statutory Auditors also intends point out that changes in consolidation scope over 31/12/2011 relate to the acquisition of the controlling interest in Premafin/Fondiarria-SAI Group, dated 19 July 2012, through UGF S.p.A's subscription of the share capital issue of Premafin Finanziaria S.p.A. Holding di Partecipazioni reserved to the Company for euro 339.5 million, equivalent to a controlling interest of 80.93% of share capital after the increase.

The following transactions were also carried out:

- acquisition by Smallpart (100% owned subsidiary of Unipol Assicurazioni) of a 50% shareholding in insurance intermediary company Assicoop Emilia Nord S.r.l., with head office in Parma, for euro 4.8 million;
- acquisition by Smallpart (100% owned subsidiary of Unipol Assicurazioni) of a 50% shareholding in insurance intermediary company Assicoop Romagna Futura S.r.l., with head office in Ravenna, for euro 4.2 million;
- striking off the Bologna Companies' Register, on 3/2/2013, of UGF Private Equity SGR S.p.A. in liquidation.

In relation to the duty to prepare a report on the consolidated financial statements, we iterate that in accordance with Article 14 of Legislative Decree 39 of 27 January 2010, and Article 41 of Legislative Decree 127 of 9 April 1991, the report on the consolidated financial statements should be prepared by the person in charge of the statutory audit and should include an opinion on the consistency of the Management report to the consolidated financial statements. Consequently, we note that the independent auditor, PricewaterhouseCoopers SpA is responsible for the mentioned tasks. In carrying out our supervisory duties in relation to the statutory audit, we reviewed the independent auditor's work

plan and communicated our findings to the auditor. We have no observations to make on the matter in this report. The report issued by PricewaterhouseCoopers SpA on the consolidated financial statements as at 31 December 2012 is unqualified. This report contains a paragraph in the foreword in which it is noted that the Auditors' report on the consolidated financial statements as at 31 December 2012, originally issued on 8 April 2013, has been re-issued to take into account of the fact that Unipol Gruppo Finanziario S.p.A.'s Board of Directors had reapproved the consolidated financial statements at 31 December 2012 since they had changed due to the restatement of 2011 comparative figures in relation to certain structured securities. Our comments on this matter have already been provided in this paragraph.

Bologna, 25 April 2013

*For the Board of Statutory Auditors*

---

*The Chairman*  
*Roberto Chiusoli*  
*(Signed on the original Italian version)*

# 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 2012**

1 We have audited the financial statements of Unipol Gruppo Finanziario SpA for the year ended 31 December 2012. Unipol Gruppo Finanziario's Directors 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 are presented for comparative purposes as required by law, reference is made to the report of previous auditor dated 4 April 2012.

3 In our opinion, the financial statements of Unipol Gruppo Finanziario SpA as at 31 December 2012 are in accordance with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of Unipol Gruppo Finanziario.

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 web-site section "Corporate Governance", in accordance with 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 Legislative Decree 58 of 1998, contained in the Corporate Governance and Share Ownership Report, with the financial statements, as required by law. For this purpose, we have performed

---

**PricewaterhouseCoopers SpA**

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001



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 2012.

Milan, 8 April 2013

PricewaterhouseCoopers SpA

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.**

Registered Office:  
via Stalingrado, 45  
40128 Bologna, Italy  
tel. +39 051 5076111  
fax +39 051 5076666

Registered Capital, Fully Paid-up  
3,365,292,295.47 Euros

Bologna Business and Trade Register  
no. tax no. and VAT no.: 00284160371  
Economic/Administrative Business  
Register no. 160304

Parent company of the Unipol  
Insurance Group, listed with no. 046 on  
the Register of Insurance Companies

[www.unipol.it](http://www.unipol.it)





[www.unipol.it](http://www.unipol.it)

**Unipol Gruppo Finanziario S.p.A.**  
Registered Office  
via Stalingrado, 45  
40128 Bologna