

Integration Plan Unipol – Fondiaria SAI

Presentation of the joint Business Plan to the financial community

Bologna, December 20th, 2012

Unipol
GRUPPO

Context

Today, the Board of Directors of Unipol Assicurazioni, Premafin, Fondiaria SAI (hereinafter referred to as FonSAI) and Milano Assicurazioni approved the exchange ratios concerning the merger of Unipol Assicurazioni, Premafin and Milano Assicurazioni into FonSAI.

- The merger operation is subject to the approval by the Authorities in charge and to the subsequent approval by the respective Shareholders' Meetings.

This document, drawn up jointly by the management of Unipol Group companies and FonSAI, also with the support of a leading independent industrial Advisor, appointed by the companies, presents the industrial guidelines and the economic – financial targets of the 2013 – 2015 Combined Plan (hereinafter referred to as the "Combined Plan").

This document represents an updated version of the presentation illustrated to the financial community on the 22nd of June 2012, on the integration project between the Unipol Group and the FonSAI, and modified according to the:

- Update of the underlying insurance market scenario
- Homogenization of the assumptions underlying the economic projections of the single companies
- Actual figures as of 30th September 2012 of Unipol Group and FonSAI
- Outcome of the activities carried out by the integration task forces between August and December

Disclaimer

The projected economic – financial data of the Business Plan do not take into account:

- the contingent adjustments due to the homogenization of the accounting standards and of the assessment methods used to evaluate the companies included in the merger***
- the accounting, as of the date of the merger, of the acquired assets and liabilities related to the accounting of corporate aggregation resulting from the merger, provided by the IFRS 3***

seeing as the necessary information for these assessments, deriving also from evaluations of external advisors, are not currently available.

The difference between the acquisition price and the net accounting value of the stake of shareholders' equity, object of the acquisition, has been, then, provisionally included among the Intangible Assets (Goodwill) according to the 45th paragraph of IFRS 3.

As a result, the final accounting of the corporate aggregation according to IFRS 3 and the activity of homogenization of accounting standards, may bring to variations, also substantially, with reference to what is provisionally estimated at present and, as a consequence, may have a relevant impact on the economic and financial results of the Business Plan.

Finally, the document contains information concerning the closing simulations for 2012 that reflect information available at present, but that may considerably vary, given the necessary verifications that have already started and that will be complete for the compilation of the 2012 financial statement, but whose effects are not predictable at present.

Agenda

Update on the transaction progress

Launch of integration task forces and synergies update

Economic and financial targets

- UnipolSai
- Unipol Gruppo Finanziario

Transaction timeline

20 December 2012

BoDs' approval of the merger and the exchange ratios

April/ May 2013

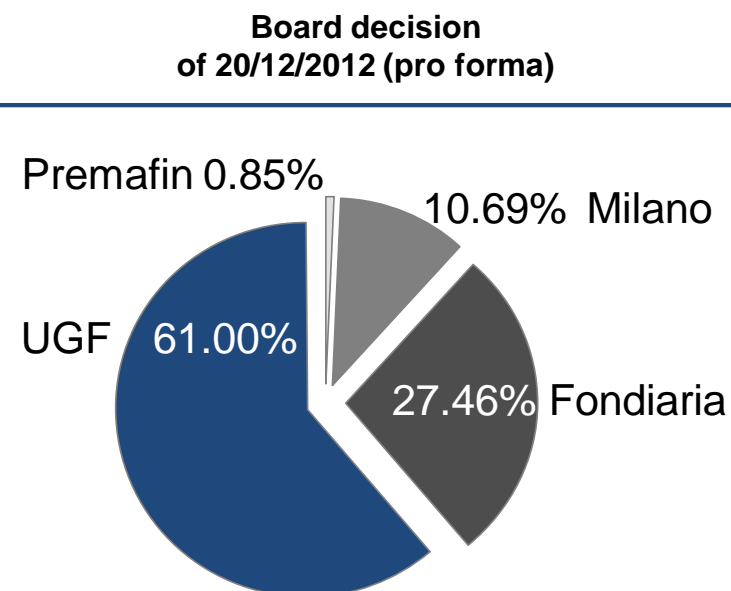
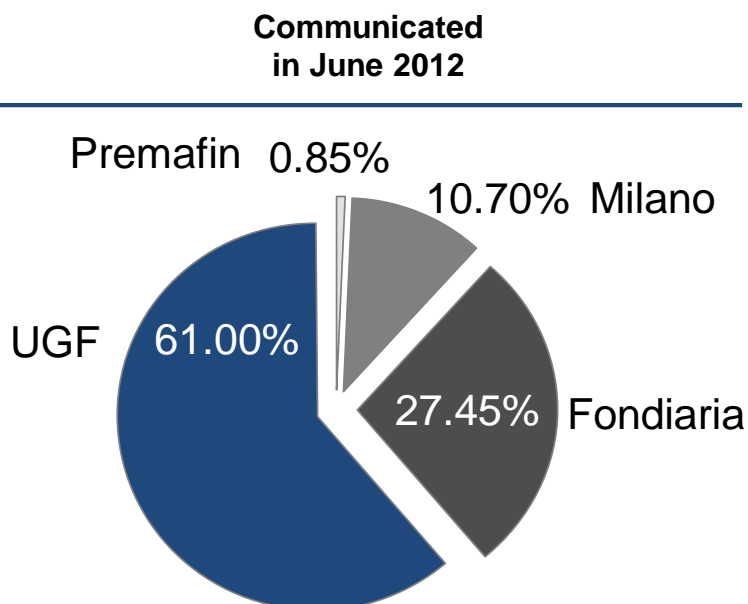
Shareholders meetings for merger approval

Second half 2013

**Merger becoming effective with statutory and fiscal effects
from the 1st of January 2013**

The shareholders structure of UnipolSai

Ordinary shares (on equal terms with respect to June)



Total shares Final structure

Post

- Purchase /subscription during the capital increase by UGF of the 4.9% of FonSAI ordinary shares and the 74.8% of the FonSAI saving shares B
- Definition of exchange ratios¹ Milano saving shares / FonSAI saving shares

	% ord. shares	% savings shares A	% savings shares B	% of total capitale
UGF	63.00%		63.79%	63.09%
Ex Premafin	0.85%			0.73%
Ex Fonsai	25.46%	100.00%	21.51%	24.92%
Ex Milano	10.69%		14.70%	11.26%
Totale	100.00%	100.00%	100.00%	100.00%

1. Ordinary shares - Based on the valuation methods used, the following assumptions were made for the exchange ratios: 0,050 ordinary shares Fondiaria-SAI for each Premafin share; 0,0339 ordinary shares Fondiaria-SAI for each Milano Assicurazioni share; 1.497,050 ordinary shares Fondiaria-SAI for each Unipol Assicurazioni shares. Milano saving shares: Milano's shareholders will be offered Fondiaria SAI preferred shares B with the following ratio: 0,549 new Fondiaria-SAI preferred shares B for each Milano Assicurazioni preferred shares. Source: Unipol

Confirmed the previous hypothesis of impact related to the Antitrust disposal

Hypothesis of Antitrust disposal

Assets disposal

Hypothesis to divest a division/ company of the New Group, for a total amount of 1.7 Bn € of GWP

- Mainly Motor TPL

Currently pending an appeal to the TAR¹ aimed at re-evaluating part of the Antitrust prescriptions

Hypothesis of impact on Unipol Gruppo Finanziario business plan

Assumed a disposal of

- ~2.8 Bn € of P&C technical reserve
 - ~2.7 Bn € in the previous plan
- ~1.2 Bn € of Life reserves
 - ~1.3 Bn € in the previous plan
- Part of respective operating costs
- Credit / debits of insurance nature

Potential capital gains from assets divestiture prudentially not reflected in the business plan

Equity stakes and debt

Sales of equity stakes

- Generali – already sold
- Mediobanca (3.83% stake)

Reduction of subordinated debts towards Mediobanca from 1.45 Bn € to 1.1 Bn €

- 250 M€ to be paid back
- Disposal of 100 M€ debt included in the company division

Agenda

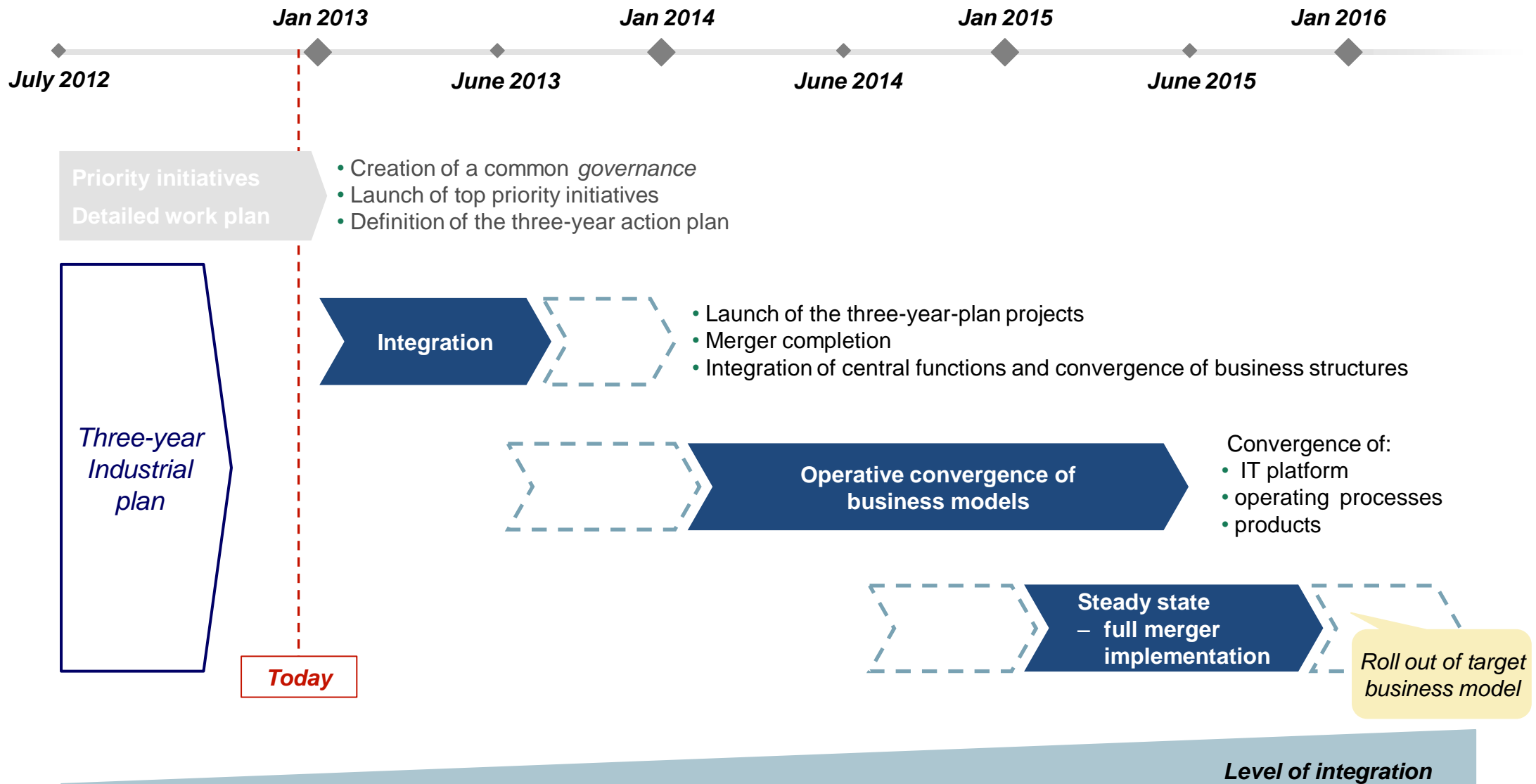
Update on the transaction progress

Launch of integration task forces and synergies update

Economic and financial targets

- UnipolSai
- Unipol Gruppo Finanziario

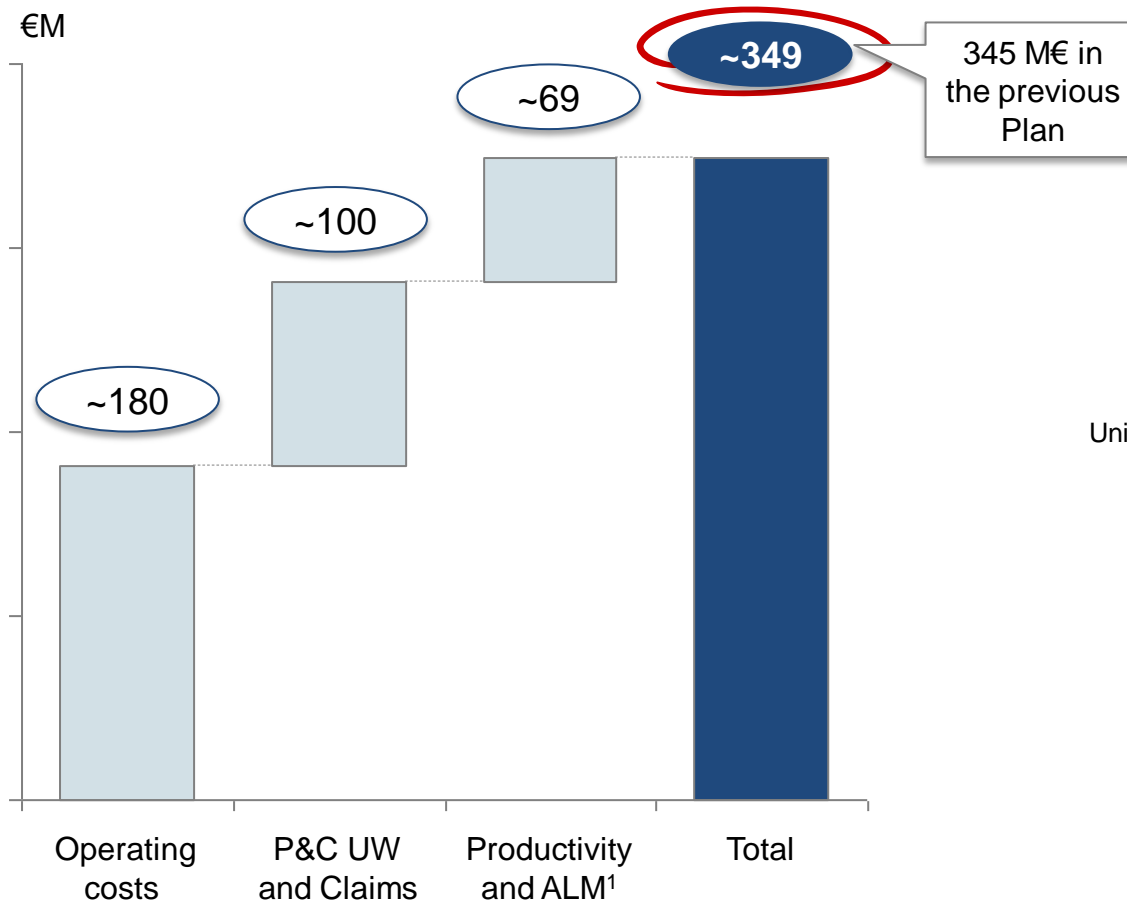
The output of the integration task forces (I): Masterplan of the integration process



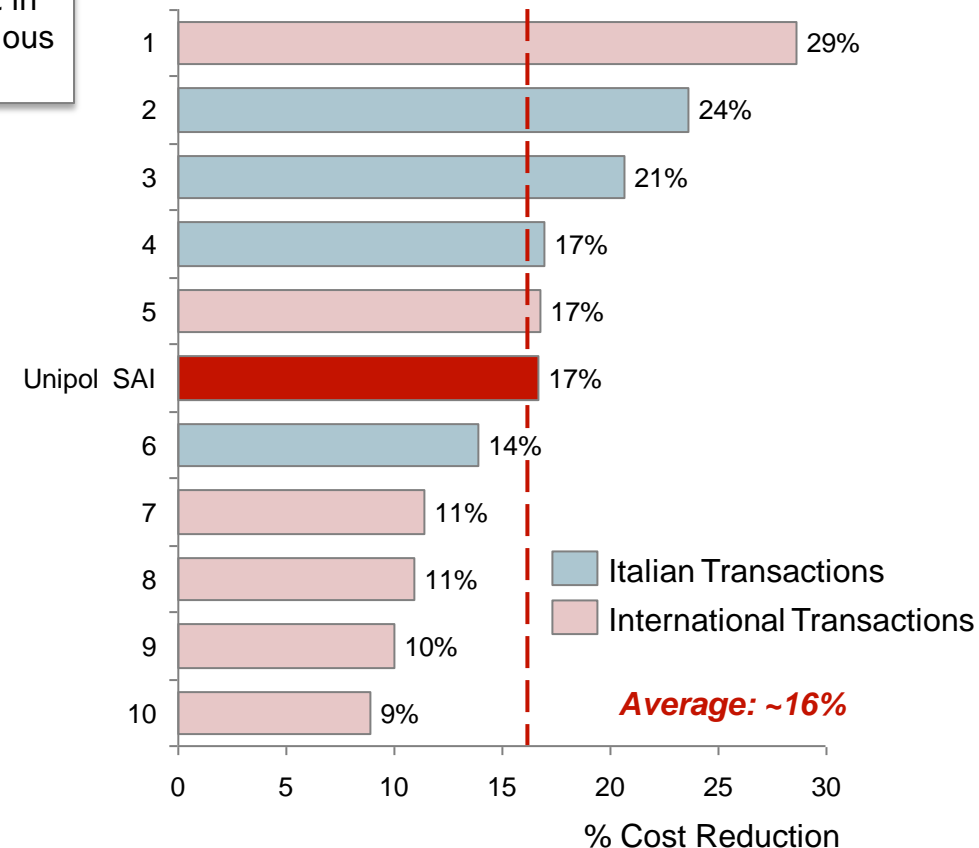
The execution of the 2013-15 Industrial plan will lead to the full merger of Unipol Assicurazioni, Fondiaria SAI and Milano Assicurazioni

The output of the integration task forces (II): ~350 M€ of synergies in 2015 enabled by the consolidation

Yearly integration synergies, at steady state
(Impact on 2015 pre-tax profit, M€)



Target on operating costs in line with other transactions
(Reduction as % of *post merger* combined entity costs)



**One-off integration costs, cumulative 2013-15, equal to ~302 M€
(~228 M€ in the previous Plan)**

1. Asset & Liability Management
Source: Unipol analysis, analysts reports, press announcements

Agenda

Update on the transaction progress

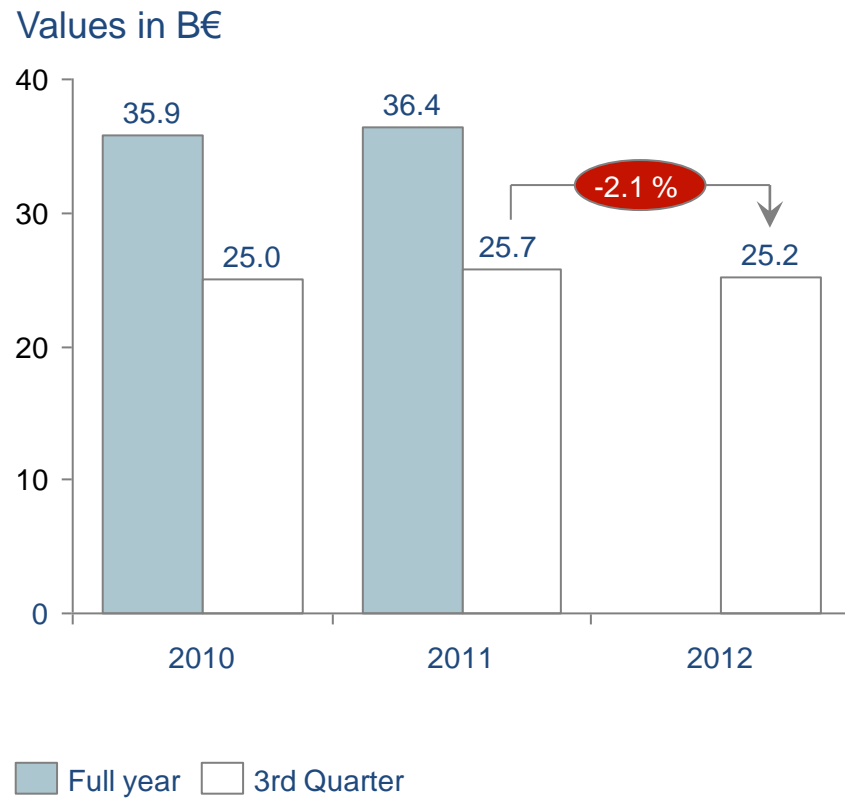
Launch of integration task forces and synergies update

Economic and financial targets

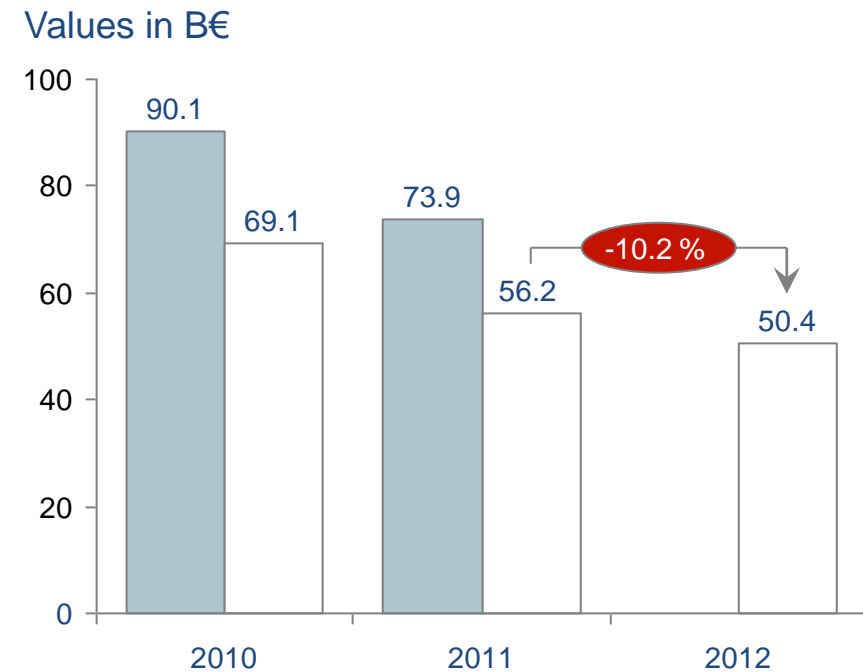
- UnipolSai
- Unipol Gruppo Finanziario

Main changes in the insurance market scenario: decrease of premiums

Evolution of P&C GWP's market
3rd Quarter 2012

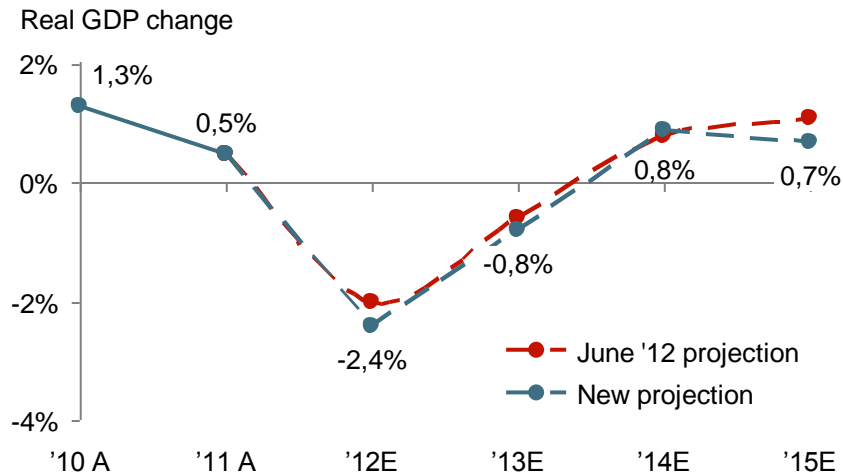


Evolution of Life GWP's market
3rd Quarter 2012

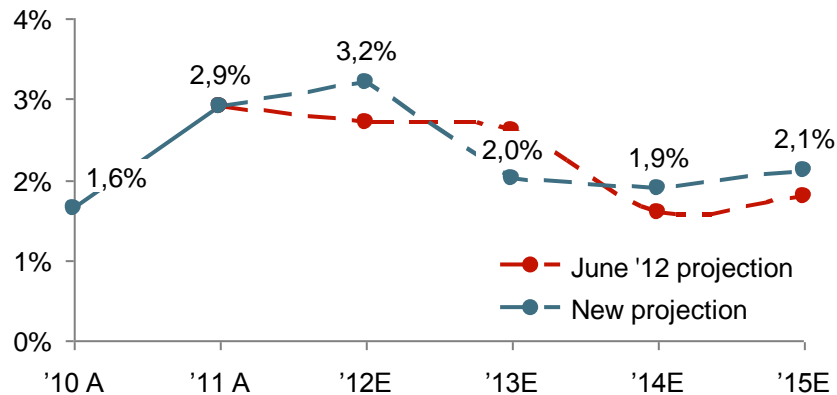


More conservative market scenario compared to the Plan presented last June to the financial community

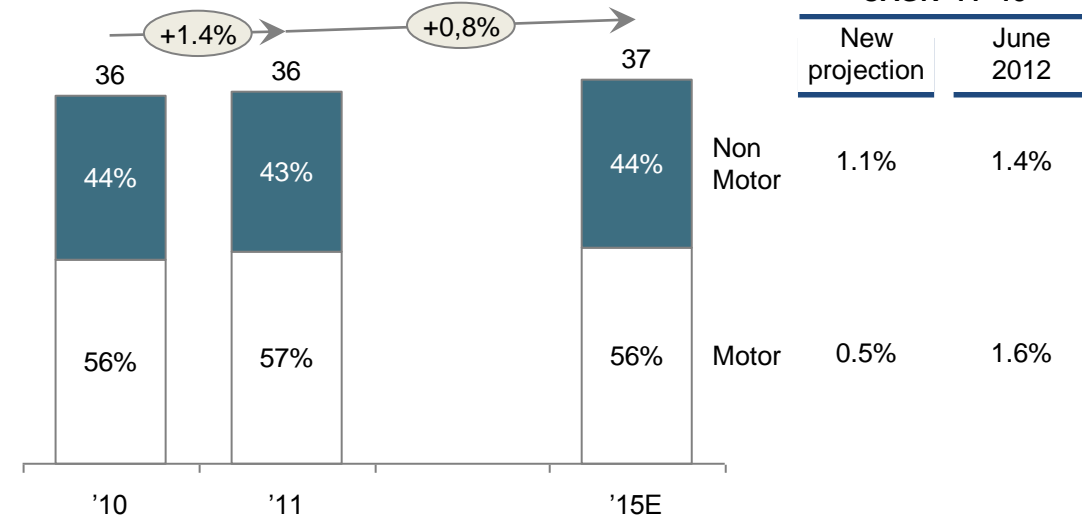
Italian GDP projections



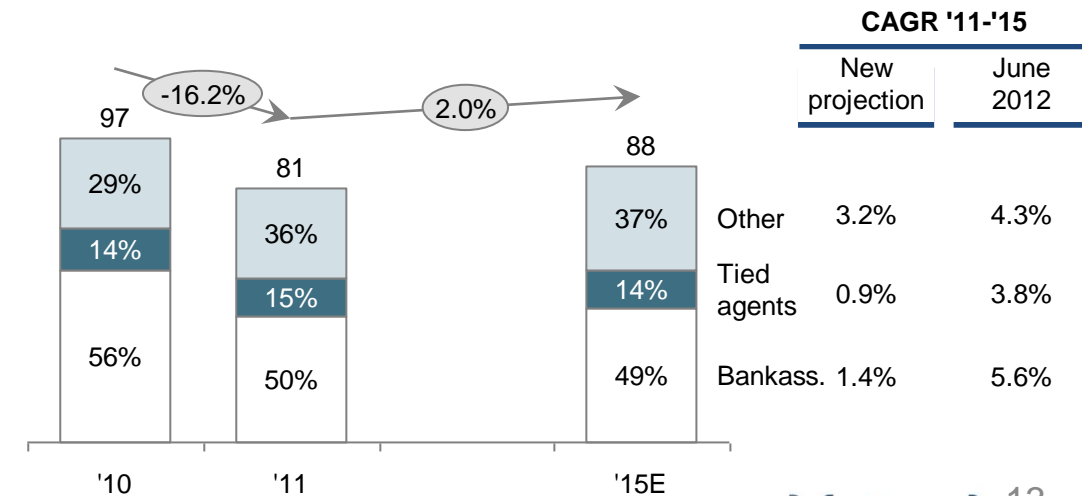
Inflation rate



Italian P&C GWP (B€)



Italian Life GWP (B€)



Source: Unipol Management forecast based on IMF forecast and other primary sources

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814 M€ of net profit in 2015

P&L and key indicators		2011 Combined	2015 Previous Plan	2015 Joint Plan	Delta New – Previous Plan
P&C	GWP (B€)	10.8	9.5	8.9	(0.6)
	Gross combined ratio ¹ (%)	104.8%	93.0%	93.0%	-
	Net combined ratio ² (%)	106.6%	94.0%	94.3%	+0.3
	Net technical result (M€)	-732	569	504	(65)
	Investments yield ³	<0	3.8%	4.2%	+40 bps
	Technical reserves (B€)	19.3	15.8	14.7	(1,1)
	Gross profit⁴ (M€)	-1.530	1.006	982	(24)
Life	GWP (B€)	5.6	6.5	6.7	+0.2
	Gross profit/ Reserves (bps)	<0	71	76	+5 bps
	Life reserves (B€)	36.7	36.1	34.7	(1,4)
	Gross profit (M€)	-224	253	262	+9
Total⁵	Net profit (M€)	-1.126	821	814	(7)
	Equity⁶ (B€)	2.8	4.3	5.2	
	ROTE⁷	n.d.	20.8%	16.9%	
	Solvency I⁸	n.s.	168%	~180%	
	Dividend payout	0	~60-80%	~60-80%	

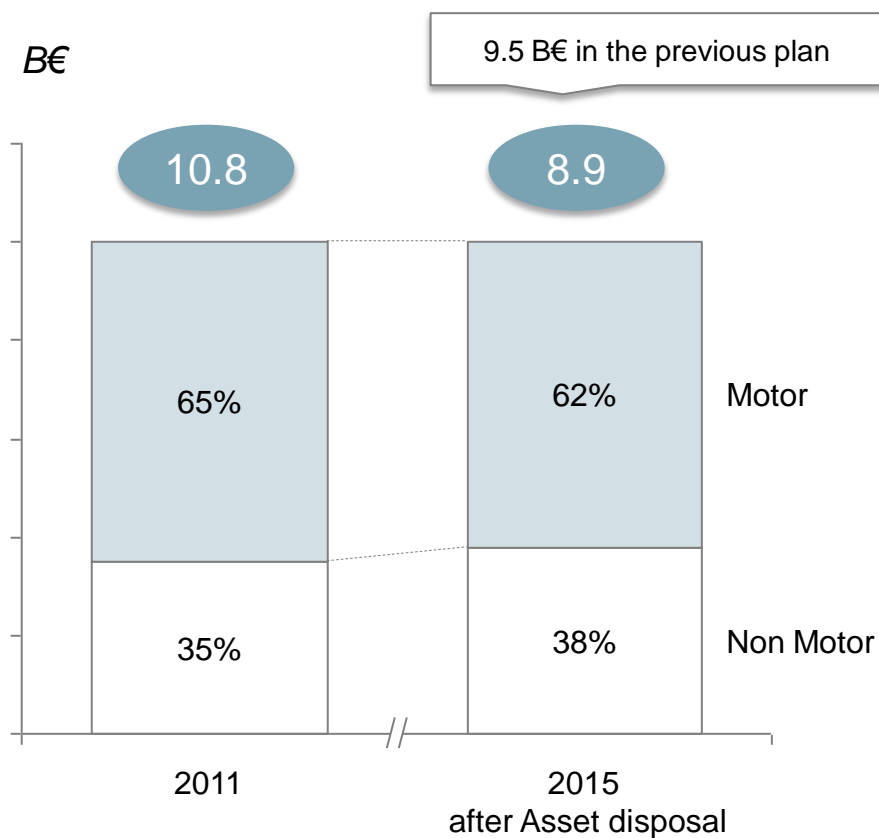
1. Direct Labour CoR (includes OTI). 2. Also includes reinsurance. 3. Total income, excludes real estate investments. 4. Includes IAS adjustments and intercompany adjustments. 5. Includes real estate and diversified businesses. Pre-minorities net profit. 6. Pre-minorities. 7. Return on Tangible Equity (net profit on pre-minorities equity without goodwill). 8. After capital increase of 600 Eur/mln of UGF in Unipol Assicurazioni, post statutory adjustments
 Note: Average tax rate ~35% Combined entity figures include transaction effects on the balance sheet Source: Unipol

UnipolSai P&C

Evolution of P&C premiums

Evolution of P&C GWP

Perimeter: UnipolSai



Main differences vs Previous Plan

Motor: lower market growth (0.5% vs 1.6% CAGR 2011-15)

- More conservative assumptions on the evolution of the car fleet in Italy

Non Motor: slight contraction of the growth forecasts (1.1% vs 1.5% CAGR 2011-15)

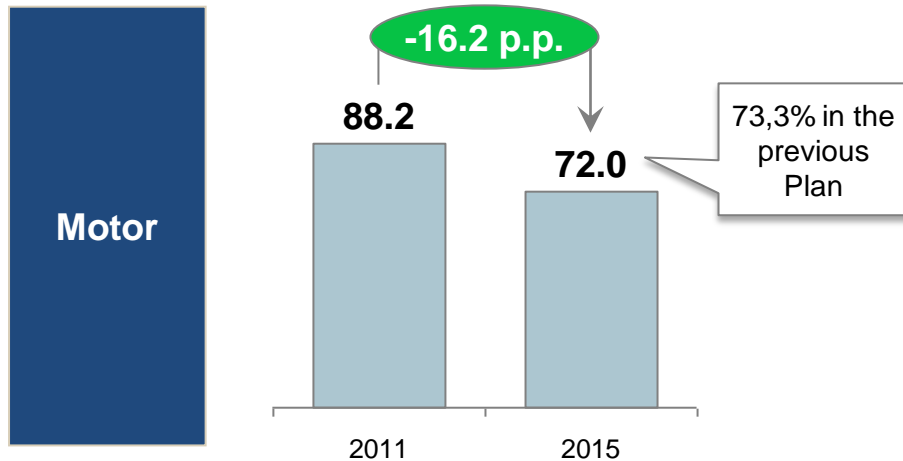
- Deepening of the macro-economic crisis in 2012-2013 (-2.4% of GDP in 2012, -0.8% in 2013)

UnipolSai P&C

Claims Ratio evolution

Claims ratio¹(%)
Perimeter: UnipolSai

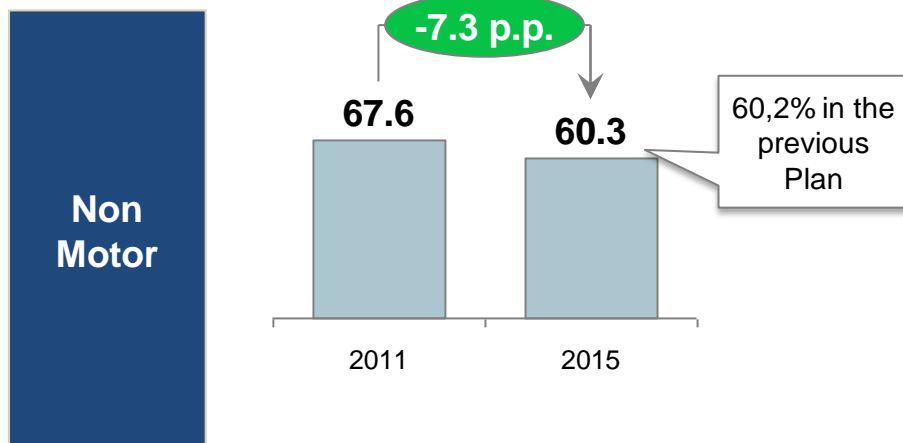
Main differences vs Previous Plan



Claims frequency: better 2012 starting point in comparison to the initial forecast

Expected slow recovery of the claims frequency within the three-year Plan

- 2015 values slightly lower than the previous Plan



Substantially aligned to the previous Plan

1. Cost of claims of current generation and cost of claims of previous generations on net premiums

Source: Unipol

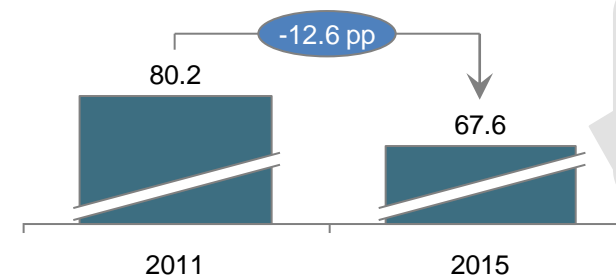
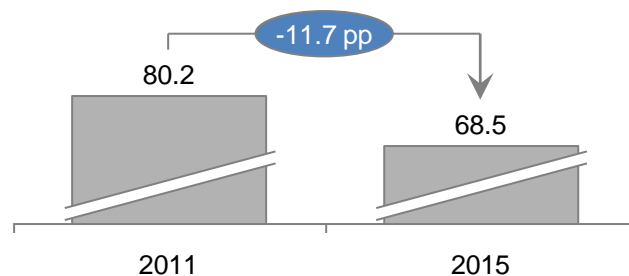
UnipolSai P&C

Evolution of profitability

Previous Plan

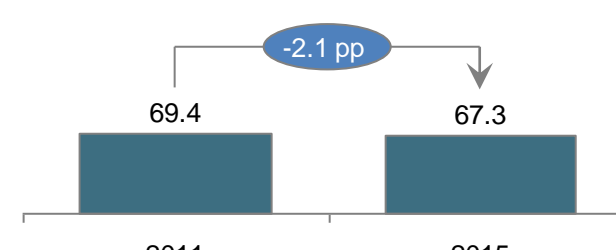
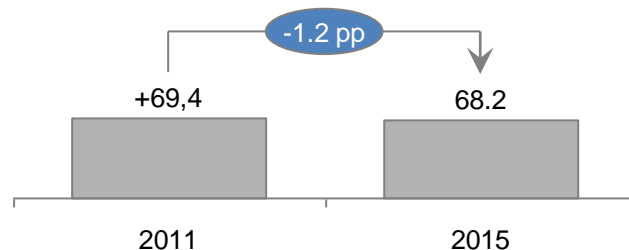
Joint Plan

Total Loss Ratio (%)

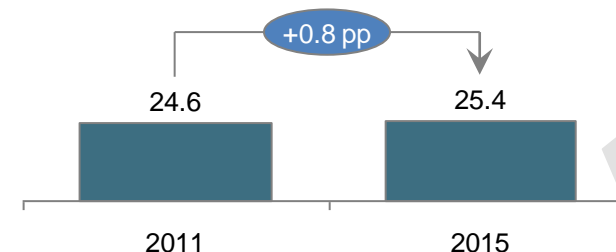
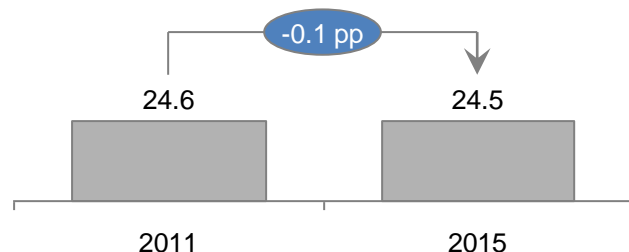


~ 900 M€ reserve strengthening on previous years claims cumulated in the period 2012-2015 (vs. 500 M€ in the previous plan)

Current Loss ratio (%)



Expense ratio¹ (%)



Increase of Expense ratio due to:

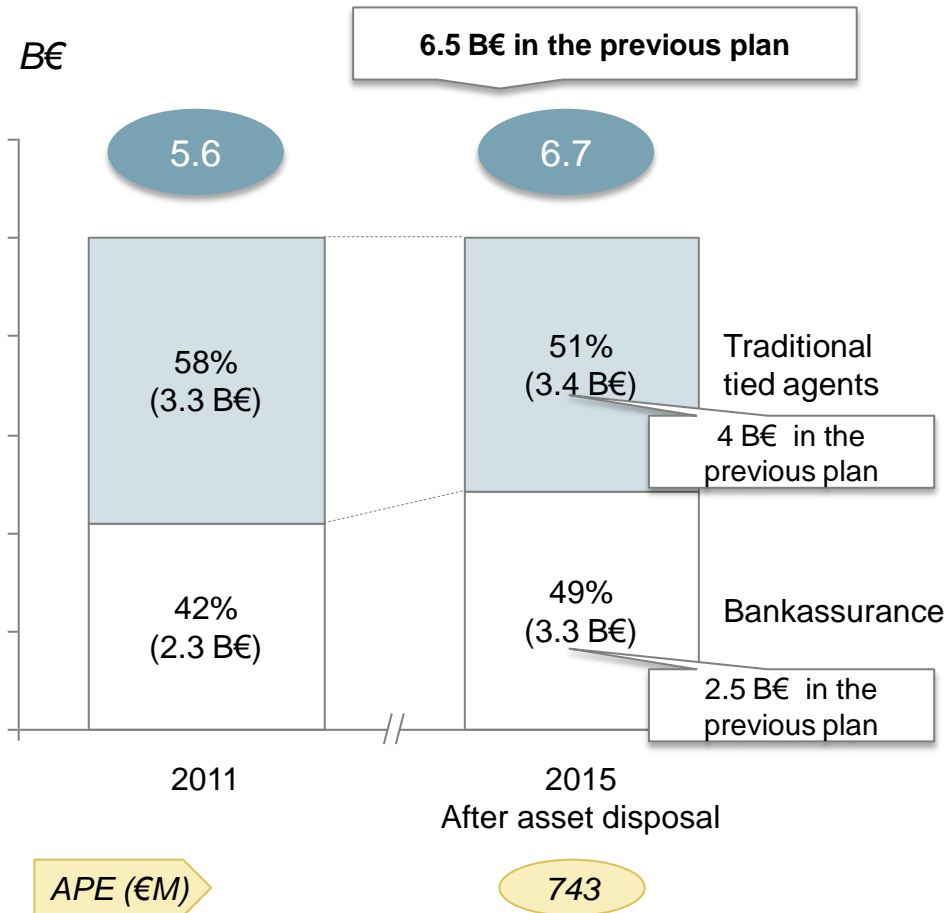
- Lower premiums in current forecast (higher weight of fixed costs)
- Review of FonSAI cost allocation

1. Includes OTI
Source: Unipol

UnipolSai Life

Evolution of Life premiums

Evolution of Life premiums



Main differences vs Previous Plan

Agency channel: contraction of the growth forecasts in comparison with the previous plan

- 0.9% vs 3.8% CAGR 2011-15
- Significant decline in 2012

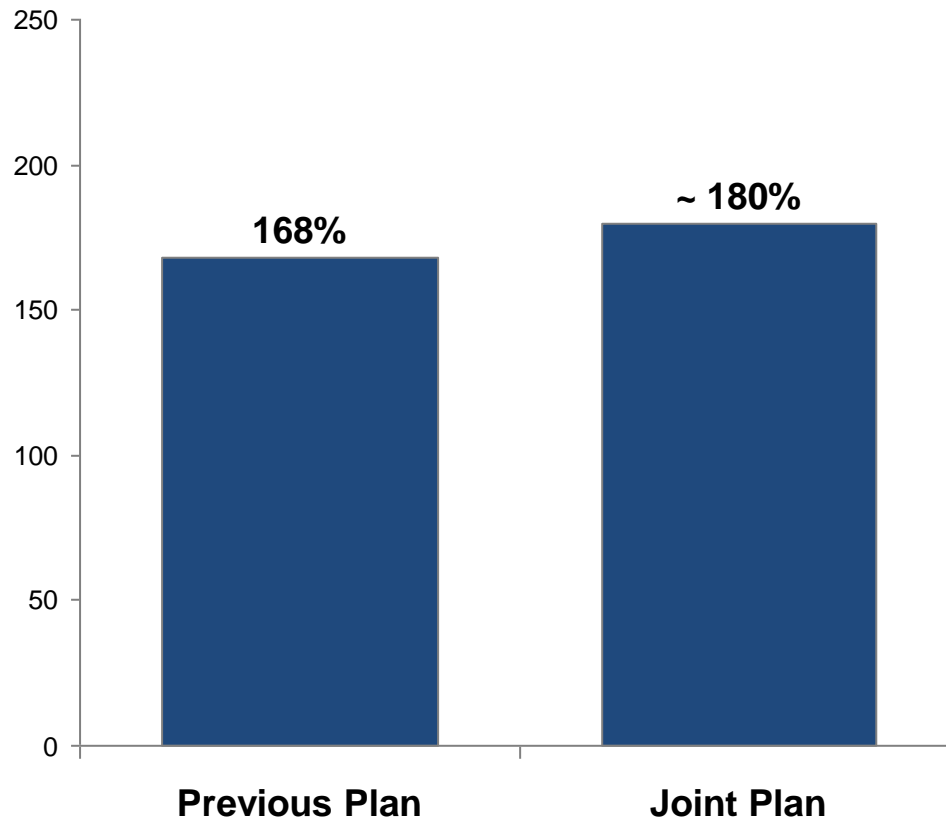
Banking channel: new Popolare Vita business plan

Balance sheet robustness of UnipolSai

Solvency margin 2015 forecast – comparison with previous plan

Evolution of Solvency ratio

Solvency I¹, 2015



Main differences vs Previous Plan

Increase of Solvency ratio due to

- Changes of AFS
 - In the previous plan, scenario based on ~500 bps of spread Italian govies - Bund
 - Revaluation of AFS reserves based on the 30th September market data (~365 bps spread Italian govies -Bund)
- Lower risks (~0.6 B€ of lower premiums)

1. Post ISVAP regulation 43

Note: Includes changes in subordinated liabilities, capital and reserves and other adjustments

Source: Unipol

Key highlights of the Joint UnipolSai Plan

**Financial and capital strength
to support the Industrial Plan implementation**

Capital strengthening with
the merger thanks to Unipol
Assicurazioni excess capital
(~1.3 B€)

**A turnaround and consolidation operation between insurance
companies with low execution risk**

~350 M€ of synergies

**Focus on the industrial management of the business,
on the technical and operating excellence**

93% CoR

A new leader, with stronger profitability and financial robustness

814 M€ net income
Solvency I ~ 1.8x

Agenda

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Economic and financial targets

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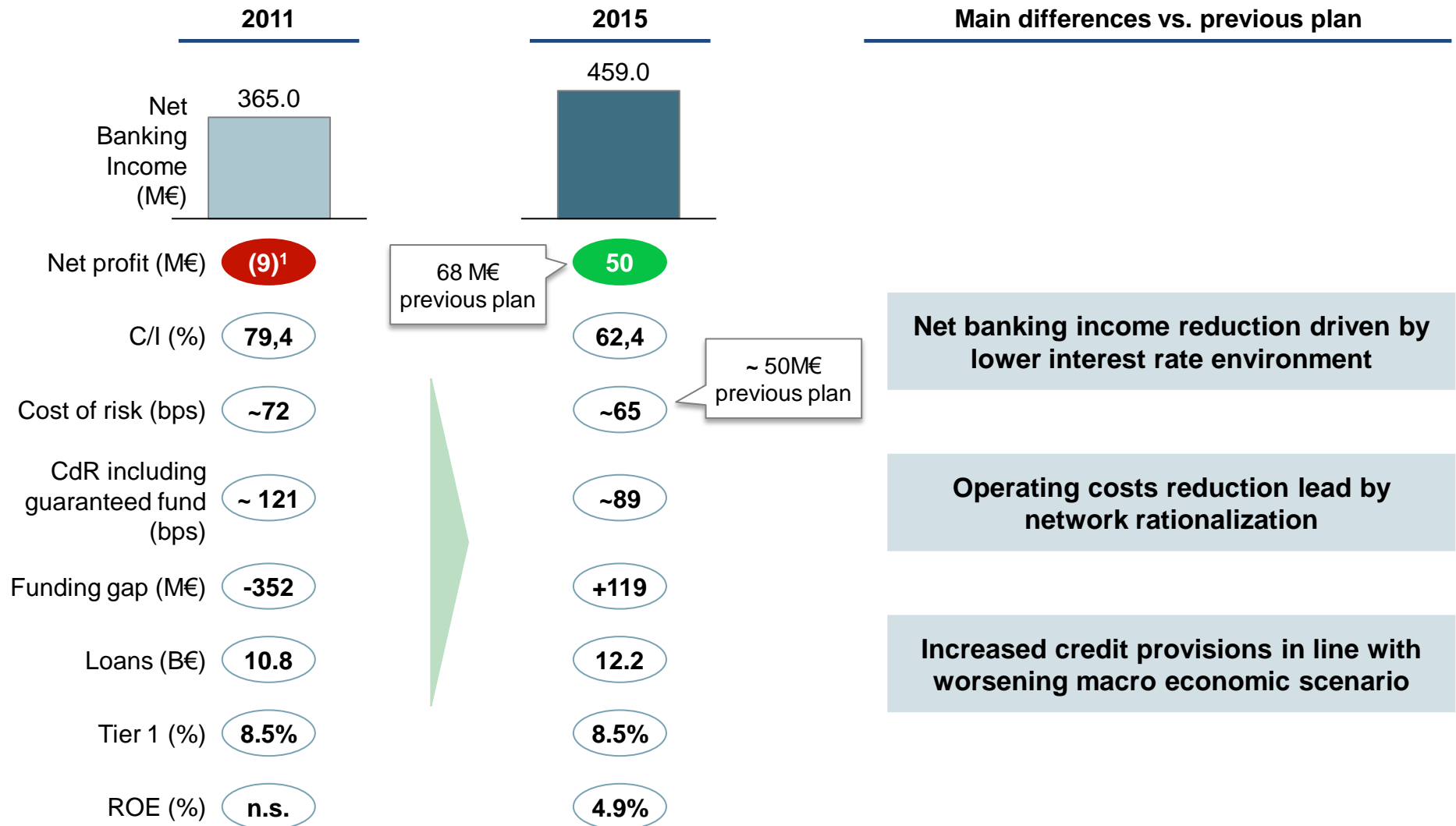
Unipol Gruppo Finanziario: 2015 financial targets and comparison with previous targets

	P&L and key indicators	2011 Combined	2015 Previous Plan	2015 Joint Plan	Delta target
P&C	GWP (B€)	11.4	10.3	9.6	-0.7
	Combined ratio ¹ (%)	104.2%	93.0%	93.0%	-
	Net technical result² (M€)	-699	612	544	-68
	Investments yield ³	n.d.	3.8%	4.2%	+40 bps
	Technical reserves (B€)	20.0	16.8	15.5	-1.3
	Gross profit³ (M€)	-1478	1099	1061	-38
Life	GWP (B€)	6.2	7.2	7.4	+0.2
	Gross profit/ Reserves (bps)	-	73	79	+6 bps
	Life reserves (B€)	39.9	40.1	38.6	-1.5
	Gross profit (M€)	-168	289	301	+12
Total⁴	Net Profit (M€)	-1130	880	852	-28
	Equity⁵ (€Mld)	5.4	7.0	7.8	
	ROTE⁶ (%)	n.s.	18%	15%	
	Solvency I⁷	n.s.	169%	~180%	
	Dividend payout	0	~60-80%	~60-80%	

1. CoR of Direct Labour (includes OTI) 2. Includes Reinsurance. The technical result is net of reinsurance. 3. Total incomes. Excludes the real estate investments. 4. Includes IAS adjustments and intercompany adjustments 5. Pre-minorities 6. Return on Tangible Equity (income divided by pre-minorities equity excluding goodwill) 7. Post ISVAP regulations. Note: Assumed average tax rate ~35%. Combined entity figures include transaction effects on the balance sheet Source: Unipol

Unipol Gruppo Finanziario: Unipol Banca and Banca SAI

Combined figures of Gruppo Unipol Banca and Banca SAI

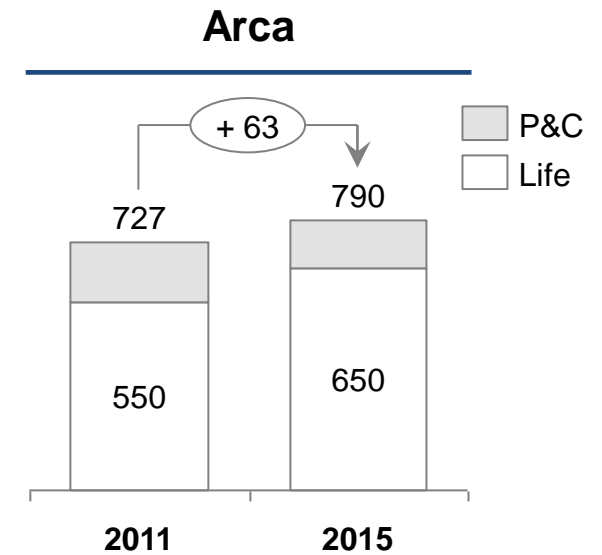
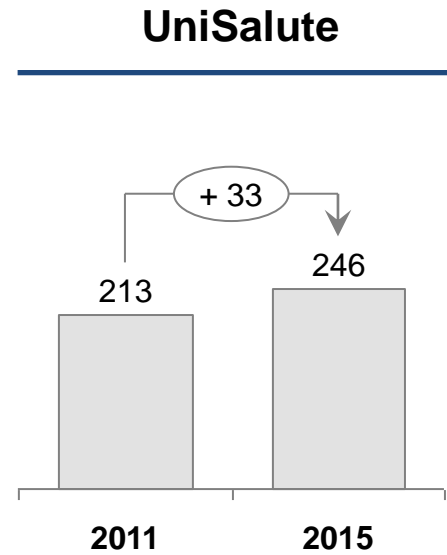
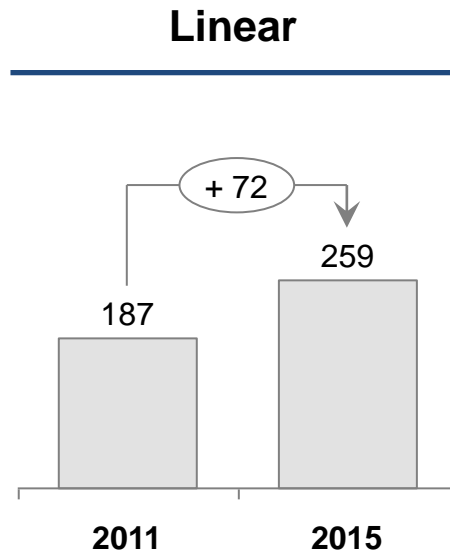


1. Does not include goodwill depreciation. Net profit Unipol Banca equal to ~+1€M, net profit Banca SAI equal to -9,9€M Source: Unipol

Unipol Gruppo Finanziario: Key targets for Linear, UniSalute and Arca

IAS values – M €

Earned premiums



Market share

12¹%

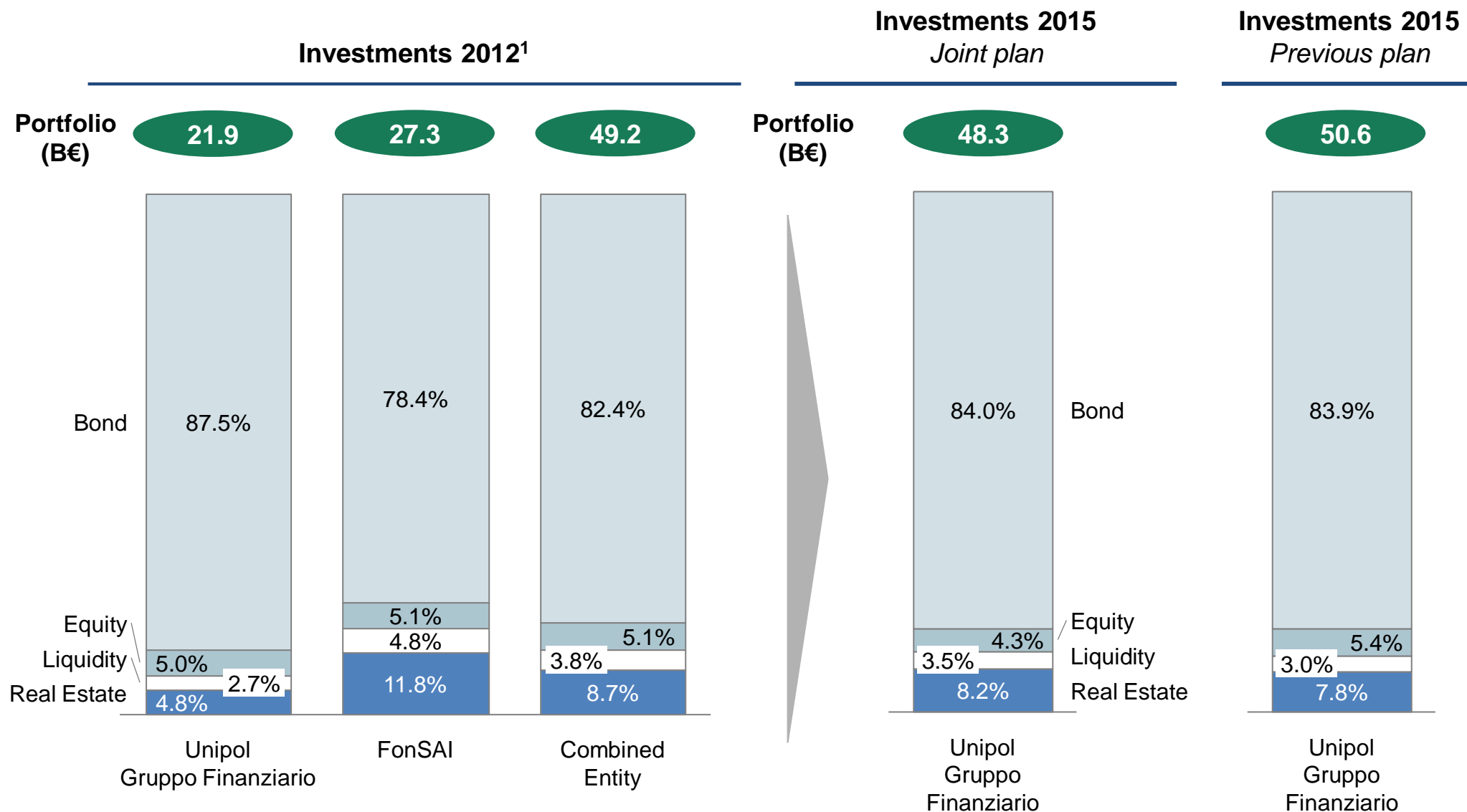
8.8²%

1.3³%

Expected net profits in line with previous plan

Unipol Gruppo Finanziario: Investments

Combined life and P&C, includes financial investments and real estate assets



1. Preliminary 2012 estimates, include financial investments (excluding class D life investments) held by P&C and life insurance business and all the real estate assets (including JV) Source: Unipol

Disclaimer

This presentation contains information concerning forecasts of figures, results and events which reflect the current management outlook, but that may vary, also partially, from what actually occurs because of events, risks and market factors that are unknown at present and that are currently not predictable.

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