



UNIPOL GROUP

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2006-2009 STRATEGIC PLAN

# Contents

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## CHAPTER 1: 2006-2009 STRATEGIC PLAN

- ✓ Group positioning
- ✓ Key Pillars
- ✓ Key Figures

## CHAPTER 2: CORPORATE AND FUNCTIONAL REORGANIZATION PLAN

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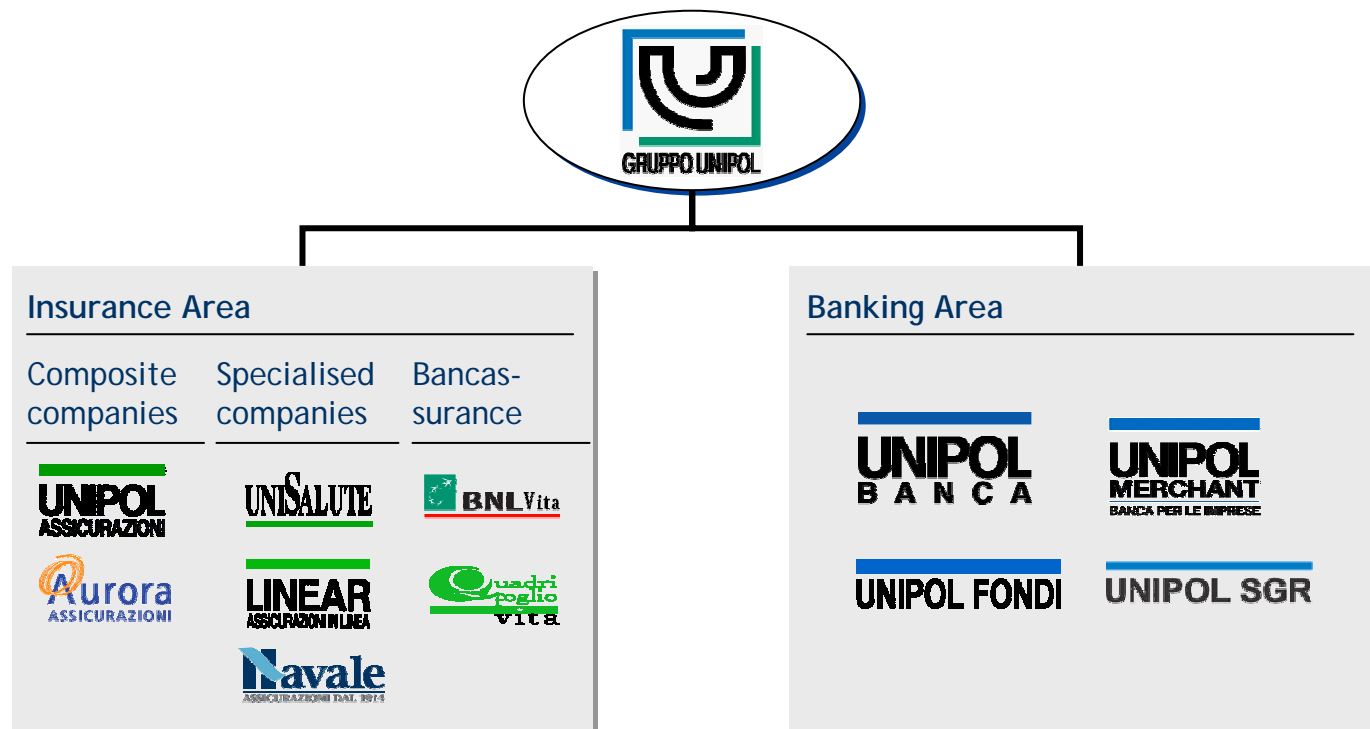
## CHAPTER 1: 2006-2009 STRATEGIC PLAN

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# Unipol is an integrated group offering insurance and banking services



- FY 2006 Premiums about 10.8 Euro/bn
- ~4,500 points of sales; distribution agreements with ~1,500 branches
- Excellent Group Technical Results
- Balanced mix of premiums (~40% Non-Life and ~60% Life)

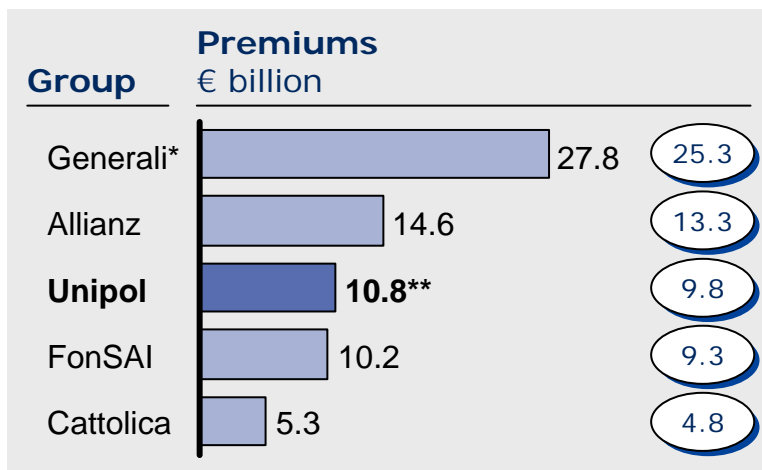
- 265 branches nationwide
- More than 50% of the branches are co-located with insurance agencies
- ~40 financial counters
- FY 2006 deposits about 34 Euro/bn

# The Group is the third insurance player in the market

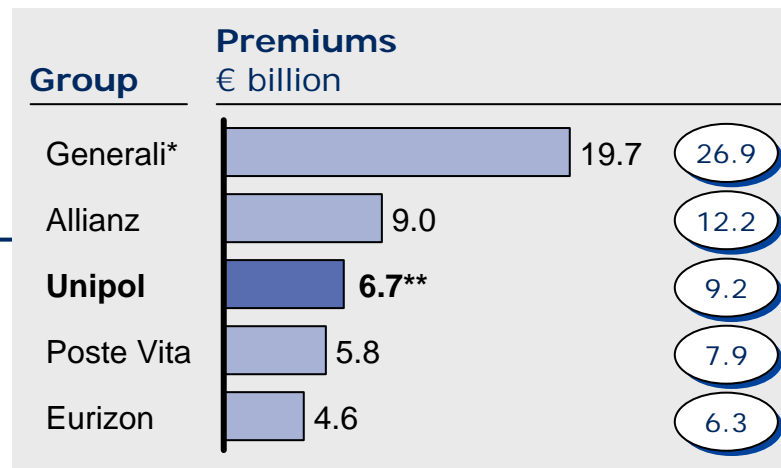
2005, Gross Direct Written Premiums, Italian GAAP

 Market share

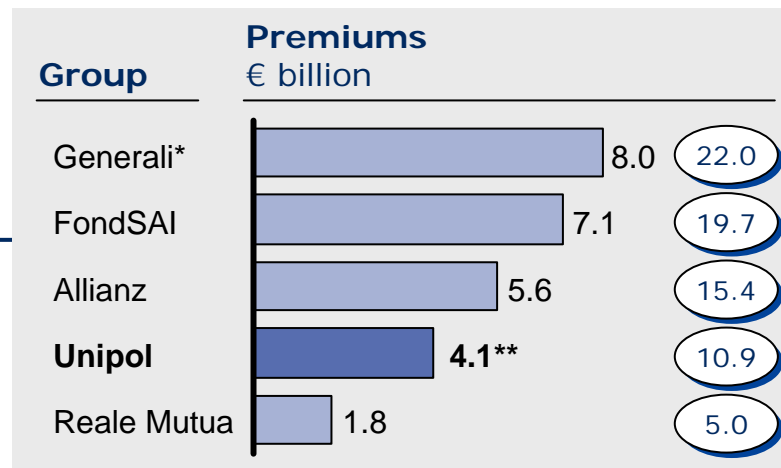
## Italian Insurance market



## Life



## Non-Life



\*Proforma, Toro Group included; Source: ANIA

\*\* 2006 preliminary figures: 10,8 €/bn Premiums (o/w 6.7 Life and 4.1 Non Life)

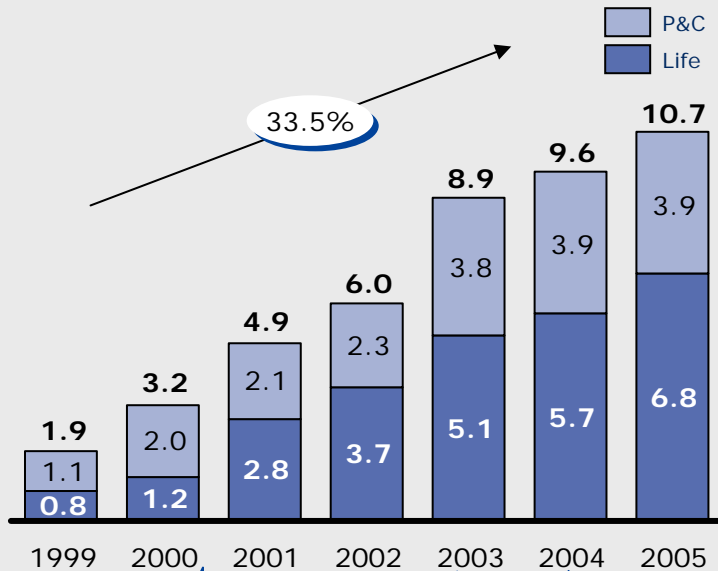
# Both business areas grew at very fast pace

1999-2005, Italian GAAP

→ CAGR 1999-2005

## Insurance growth

Gross Domestic Written Premiums  
€ billion



### Acquisition

	Premiums
meie	656
AA AURORA	389
NAVARE ASSICURAZIONI spa	88
BNL Vita	1,108

### Acquisition

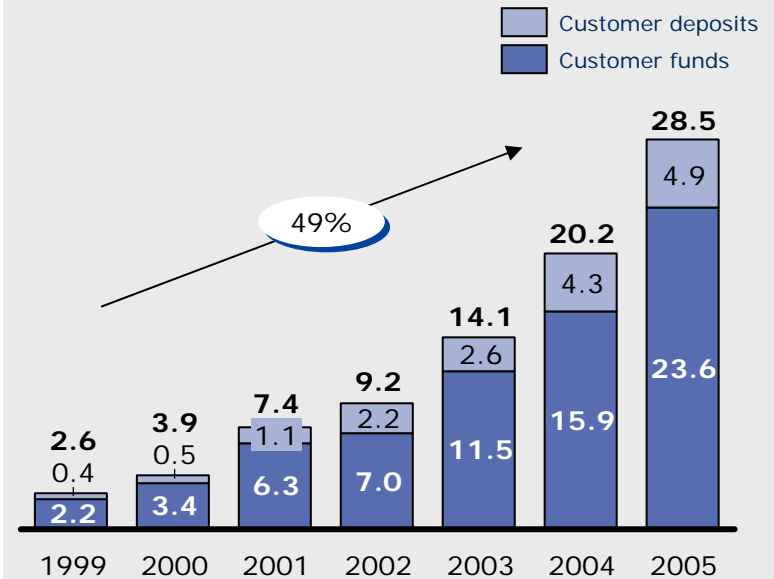
	Premiums
winterthur	1,929

### Acquisition

	Premiums
M M A	140

## Banking growth

Customer deposits + Customer funds  
€ billion



Acquisition of 51 branches from Banca Intesa

Acquisition of 60 branches from Capitalia

Acquisition of 22 branches from Antonveneta

# Three core skills enabled the Group to grow considerably in the last years

## Business growth and profitability

- ▶ Unipol Ass. business overperformed market growth (since 1999: Unipol Ass. +15.4% vs Market + 10.0%)
- ▶ Combined ratio constantly below market average
- ▶ Profitable business development with Affinity Group (33% of Unipol Ass. Non-Life business)

*Steady growth of insurance original business*

## Merger competencies

- ▶ Acquisition and integration of 6 companies since 2000
- ▶ Strengthen Aurora up to the 3° composite Italian company
- ▶ Fast integration of key shared functions (IT, claims)

*Fast integration after acquisitions*

## Innovation and growth options

- ▶ Development of Unipol Banca based on an integrated model (banking branch + insurance agency) innovative in the Italian market
- ▶ Development of channel/product specialized companies (e.g., Linear, Unisalute)

*Development of new businesses*

# An integrated model based on increasing convergence of households' financial needs

Evolution of customer needs makes the difference more and more artificial

Need	Offer required
▶ Buy a house	▶ Mortgage loans ▶ Home insurance ▶ Payment protection coverage
▶ Own a car	▶ Car financing ▶ Motor coverage ▶ Road assistance ▶ ...
▶ Save for retirement	▶ Mutual funds ▶ Life assurance ▶ Saving plan ▶ Pension Funds
▶ Protect the family	▶ Death coverage ▶ Health coverage ▶ LTC
▶ De-cumulate assets	▶ Reverse mortgage ▶ Annuity ▶ ...

*Develop  
integrated  
insurance and  
banking offer*

A large customer base in insurance makes the opportunity real and feasible to boost the banking client portfolio

- ▶ Unipol has 6 million customers
- ▶ Top 40% of agencies have average portfolio of 4,000 customers
- ▶ 20% of client of Unipol Banca comes from insurance (35% on average in the branches co-located with insurance agencies)
- ▶ Break even level for Unipol Banca branch is low (around 500 current accounts)



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# Strategic guidelines and key targets

## **Insurance**

Reinforce current market position and improve profitability

## **Banking**

Scale up and improve profitability

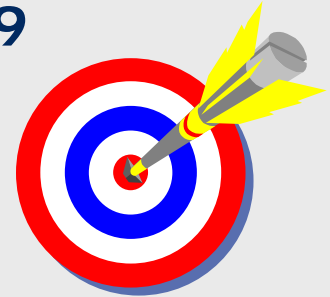
## **Corporate Center**

Reinforce 'holding functions' to increase integration and to strengthen commercial coordination

## **Capital Management**

Enhance value and identify external growth opportunities in line with the Group's strategy and profitability targets

**2009**



- ▶ +50% Insurance technical result
- ▶ Banking net profit above 90 millions
- ▶ x2 EPS
- ▶ Expected ROE at 14%

# Strategic guidelines and key targets

## Insurance

Reinforce current market position and improve profitability

- ▶ Improve offering and sales performance
- ▶ Cut operating costs by exploiting unrealized synergies
- ▶ Maintain technical excellence mainly focusing on claims
- ▶ Increase Life New Business Value with a more profitable mix

## Banking

Scale up and improve profitability

## Corporate Center

Reinforce 'holding functions' to increase integration and to strengthen commercial coordination

## Capital Management

Enhance value and identify external growth opportunities in line with the group's strategy and profitability targets

# Strategic guidelines and key target

## Insurance

Reinforce current market position and improve profitability

## Banking

**Scale up and improve profitability**

## Corporate Center

Reinforce 'holding functions' to increase integration and to strengthen commercial coordination

## Capital Management

Enhance value and identify external growth opportunities in line with the group's strategy and profitability targets

- ▶ Improve cost/income ratio leveraging on strong revenue growth increasing:
  - Align recently opened branches to the average performance
  - Increase network sales productivity
- ▶ Expand branch network

# Strategic guidelines and key targets

## Insurance

Reinforce current market position and improve profitability

## Banking

Scale up and improve profitability

## Corporate Center

**Reinforce 'holding functions' to increase integration and to strengthen commercial coordination**

- ▶ Rationalize Group structure
- ▶ Promote coordination among business areas

## Capital Management

Enhance value and identify external growth opportunities in line with the group's strategy and profitability targets

# Strategic guidelines and key targets

## Insurance

Reinforce current market position and improve profitability

## Banking

Scale up and improve profitability

## Corporate Center

Reinforce 'holding functions' to increase integration and to strengthen commercial coordination

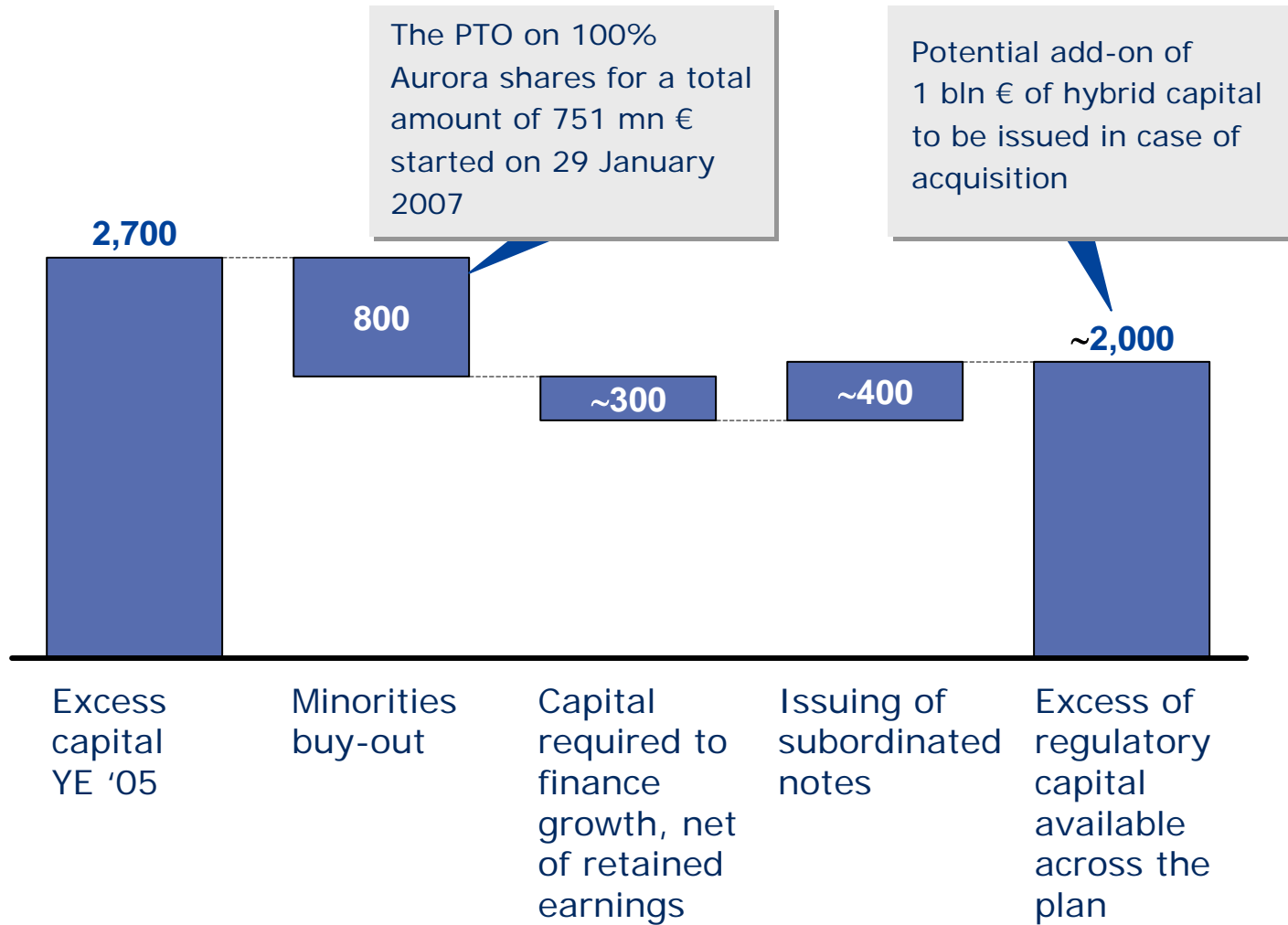
## Capital Management

Enhance value and identify external growth opportunities in line with the group's strategy and profitability targets

- ▶ Minorities buy-out
- ▶ Seize external growth opportunities
- ▶ Confirm pay-out policy

# Excess capital provides resources to tackle market opportunities

€ million



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# Key economics

## Insurance business, Gross Domestic Written Premiums

€ million, percent

	2005	2009	CAGR 05-09
Non-Life Premiums	3,948	4,800	5.0%
Combined Ratio	93.7%	92.0%	−1.7 p.p.
Non-Life Technical Result	245	350	9.3%
Life Premiums*	5,188	7,150	8.3%
Life New Business Margin	20.6%	23.6%	+3.0 p.p.

\* IFRS Proforma including 100% of BNL Vita and 50% of Quadrifoglio.

# Key economics

Unipol Banca

€ million, percent

	2005	2009	CAGR 05-09
Customer Deposits	7,021	9,000	6.4%
Customer Funds	23,645	32,200	8.0%
Customer Loans	5,261	8,600	13.1%
Cost Income	84.3%	56.4%	−27.9 p.p.
Gross operating income	187	446	24.3%
Net profit	−4 *	94	-
ROE	n.s.	9.5%	-

\* +20.4 Italian GAAP

# Key performance indicators

## Group

€ million, percent

	2005	2009	CAGR '05-'09
<b>Total Gross Domestic Written Premiums</b>	<b>9,136</b>	<b>11,950</b>	<b>6.9%</b>
<b>Group Net profit</b>	<b>254</b>	<b>570</b>	<b>22.3%</b>
<b>ROE*</b>	<b>9.2</b>	<b>~14</b>	<b>~5 p.p.</b>
<b>EPS (€ Cent.)</b>	<b>11</b>	<b>24</b>	<b>22.3%</b>
<b>Excess regulatory capital</b>	<b>2,700</b>	<b>~2,000**</b>	<b>-</b>

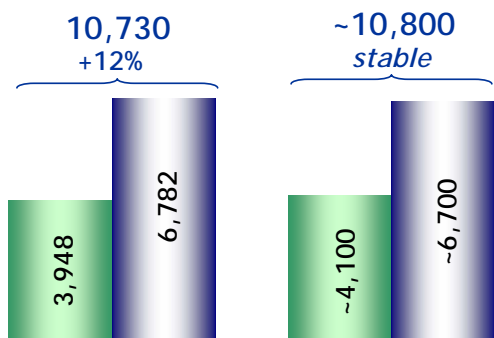
\* Net of excess capital

\*\* Across the 3-years plan

# Summary of Key Consolidated Figures

## INSURANCE BUSINESS INSURANCE INCOME \*

(EUR/m)



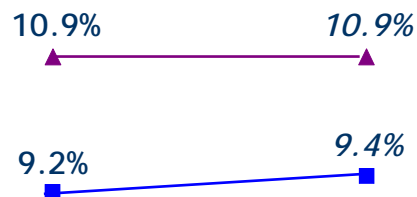
FY 2005

FY 2006E

■ Non-Life ■ Life

\* Direct premium income - local GAAP

## INSURANCE BUSINESS MARKET SHARES (Ins. Income)



2005

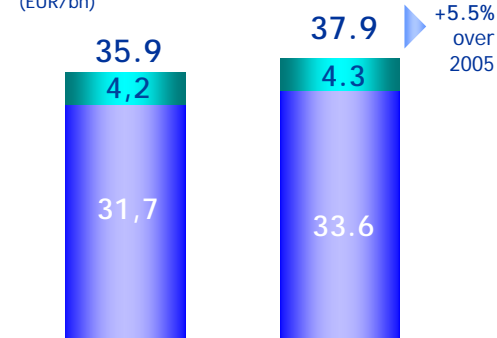
2006E

▲ Total Non-Life

■ Total Life

## UNIPOL GROUP TOTAL INVESTMENTS

(EUR/bn)



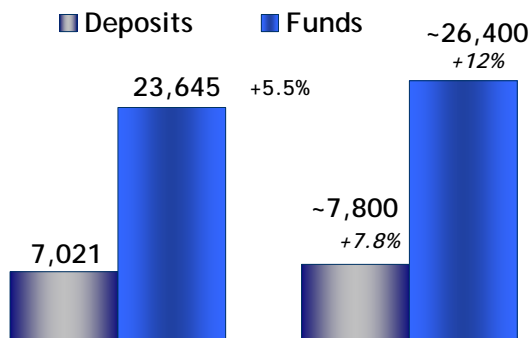
FY 2005

3Q06

■ Inv. on behalf of policyholders (former Class D)  
■ Other investments

## BANKING BUSINESS BANKING DEPOSITS AND FUNDS

(EUR/m)



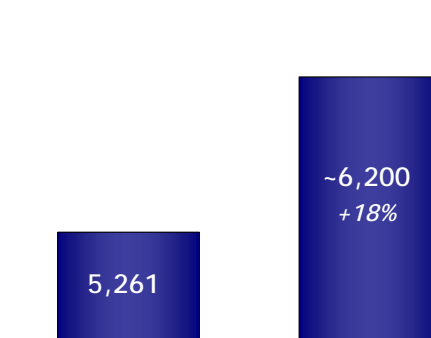
FY 2005

FY 2006E

■ Deposits ■ Funds

## BANKING BUSINESS LOANS TO CUSTOMERS

(EUR/m)

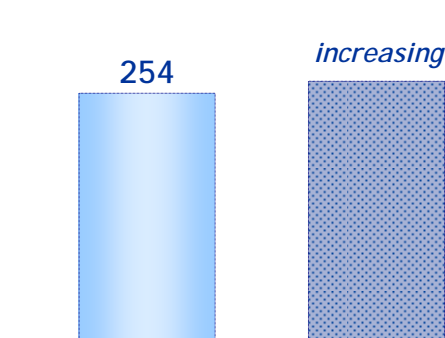


FY 2005

FY 2006E

## UNIPOL GROUP NET PROFIT

(EUR/m)



FY 2005

FY 2006E

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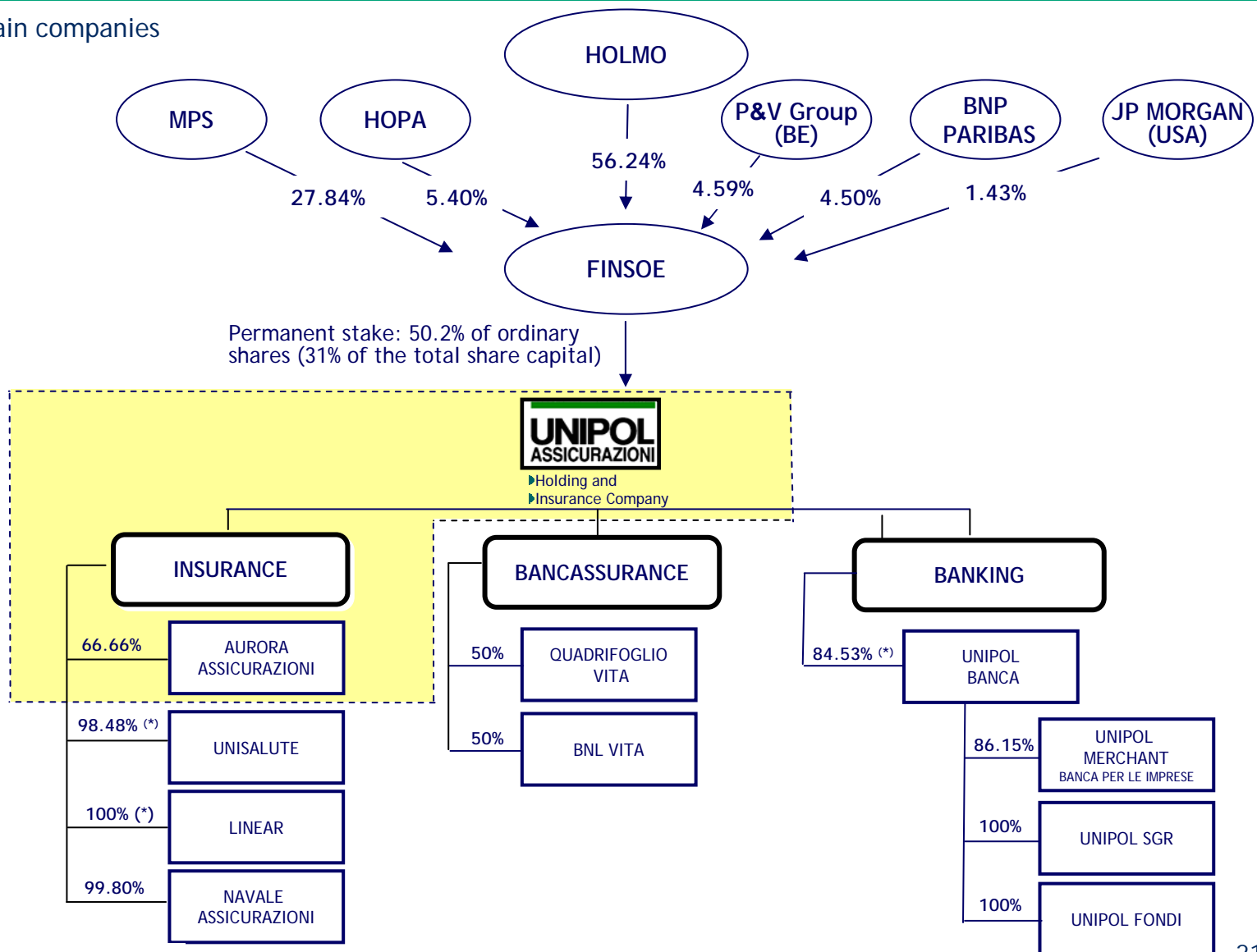
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# The current structure of Unipol Group

Main companies



(\*) Direct + indirect stake

# Unipol Group Reorganization Plan: goals and transaction structure

## Goals

Acquisition of the full control (100%) of Aurora Assicurazioni

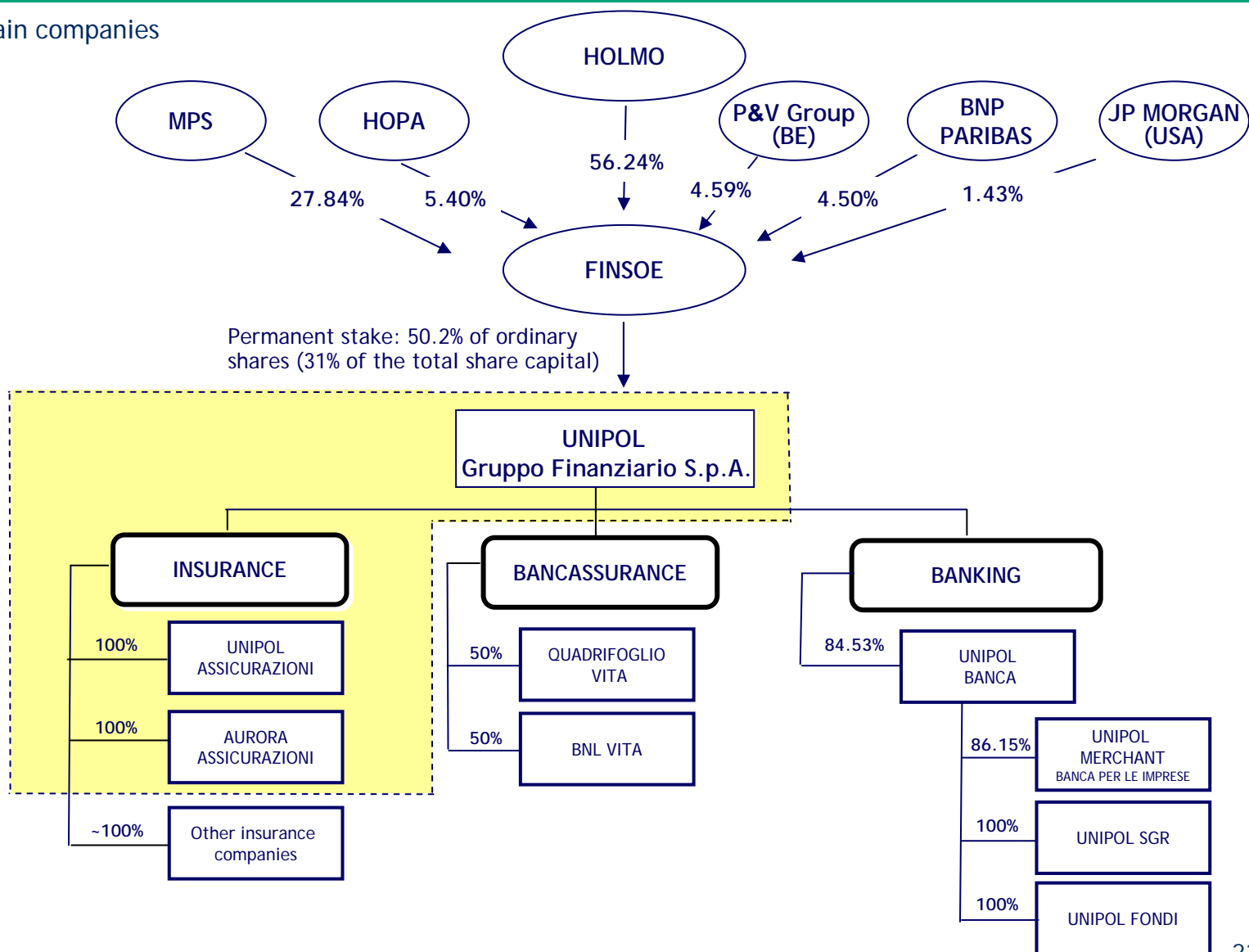
Rationalization of the corporate structure within Unipol, by separating holding and insurance activities

## Transaction structure

- ▶ Voluntary tender offer for 33.34% stake of Aurora not held by Unipol at a price of €2.45 per share
- ▶ Total Offer Value up to €751m
- ▶ Hive-down of the insurance business of Aurora
- ▶ Merger by incorporation of Aurora into Unipol:
  - ▶ Exchange ratio expected in a range between:  
0.431 - 0.511 Unipol ordinary shares for each Aurora share  
0.266 - 0.315 Unipol pref. shares each Aurora share
- ▶ Hive-down of the insurance business of Unipol and creation of Unipol Assicurazioni S.p.A., wholly controlled (100%) by Unipol Gruppo Finanziario S.p.A.

# Unipol Group at the end of the transaction

Main companies





# DISCLAIMER

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This presentation contains information relating to forecasts of figures, results and events which reflect the current management outlook, but these could differ from what actually happens owing to events, risks and market factors that it is presently impossible either to know or to predict.

# Contatti

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