

# FY '07 Financial Results

Roadshow April 2008

# 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.

Maurizio Castellina, the Senior Executive Responsible for drawing up the corporate accounts, declares – in accordance with Article 154-bis (2) of the ‘Single Financial Services Act’ – that, to the best of his knowledge and belief, the accounting information included in this presentation corresponds to the documentary results, the books and accounting records.

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# UGF Group – 2007 Key Financial Results

| Euro/m<br>IAS/IFRS                      |              | FY07<br>reported | FY07<br>organic | FY06<br>reported | YoY<br>reported | YoY<br>organic * | Highlights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------|--------------|------------------|-----------------|------------------|-----------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Insurance Income</b> <sup>1</sup>    | P&C          | 4.289            | 4.289           | 4.061            | +5,6%           | +5,6%            | <ul style="list-style-type: none"> <li>• P&amp;C growth largely exceeds Italian market dynamic (+1.4%E)</li> <li>• Weakening of Italian Life market (-6%E) with negative peak in Capital Redemption segment (-45%E)</li> <li>• Reported Loss Ratio improvement notwithstanding non-organic items (claims on acquired companies fully backed by vendor guarantee)</li> <li>• Lower Life volumes but with a remarkable more profitable mix</li> <li>• Unipol Banca recorded good performance both in volumes and spread</li> <li>• Cost/Income ratio affected by non-organic items (non-recurring HR costs for about 5m Euro)</li> <li>• Strong improvement notwithstanding non organic items (about 59m Euro writedown on HOPA/TELECOM ITALIA shareholding)</li> </ul> |
| <b>Insurance Income</b> <sup>2</sup>    | Life         | 3.562            | 3.171           | 4.723            | -24,6%          | -32,9%           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Insurance Income</b>                 | Total        | 7.851            | 7.461           | 8.784            | -10,6%          | -15,1%           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Loss Ratio</b>                       | P&C          | 72,6%            | 71,9%           | 73,1%            | -0,5%           | -1,2%            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Expense Ratio</b>                    | P&C          | 21,8%            | 21,8%           | 21,5%            | +0,3%           | +0,3%            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Combined Ratio</b>                   | P&C          | 94,4%            | 93,7%           | 94,6%            | -0,2%           | -0,9%            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>In Force Value</b> <sup>3</sup>      | Life         | 369              | na              | 331              | +11,5%          |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>New Business Margin</b> <sup>3</sup> | Life         | 19%              | na              | 13%              | +5,6%           |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Gross Operating Income</b>           | Unipol Banca | 283              | 283             | 241              | +17,4%          | +17,4%           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Cost/Income</b>                      | Unipol Banca | 71,0%            | 69,1%           | 69,5%            | +1,5%           | -0,4%            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Net Profit</b> <sup>4</sup>          | Consolidated | 421              | 480             | 362              | +16,5%          | +32,6%           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>AFS Reserve</b>                      | Consolidated | -680             | na              | -70              | -610            |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Net Equity</b> <sup>4</sup>          | Consolidated | 5.274            | na              | 5.873            | -10,2%          |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

\* Excluding changes in consolidation area and other non-organic items.

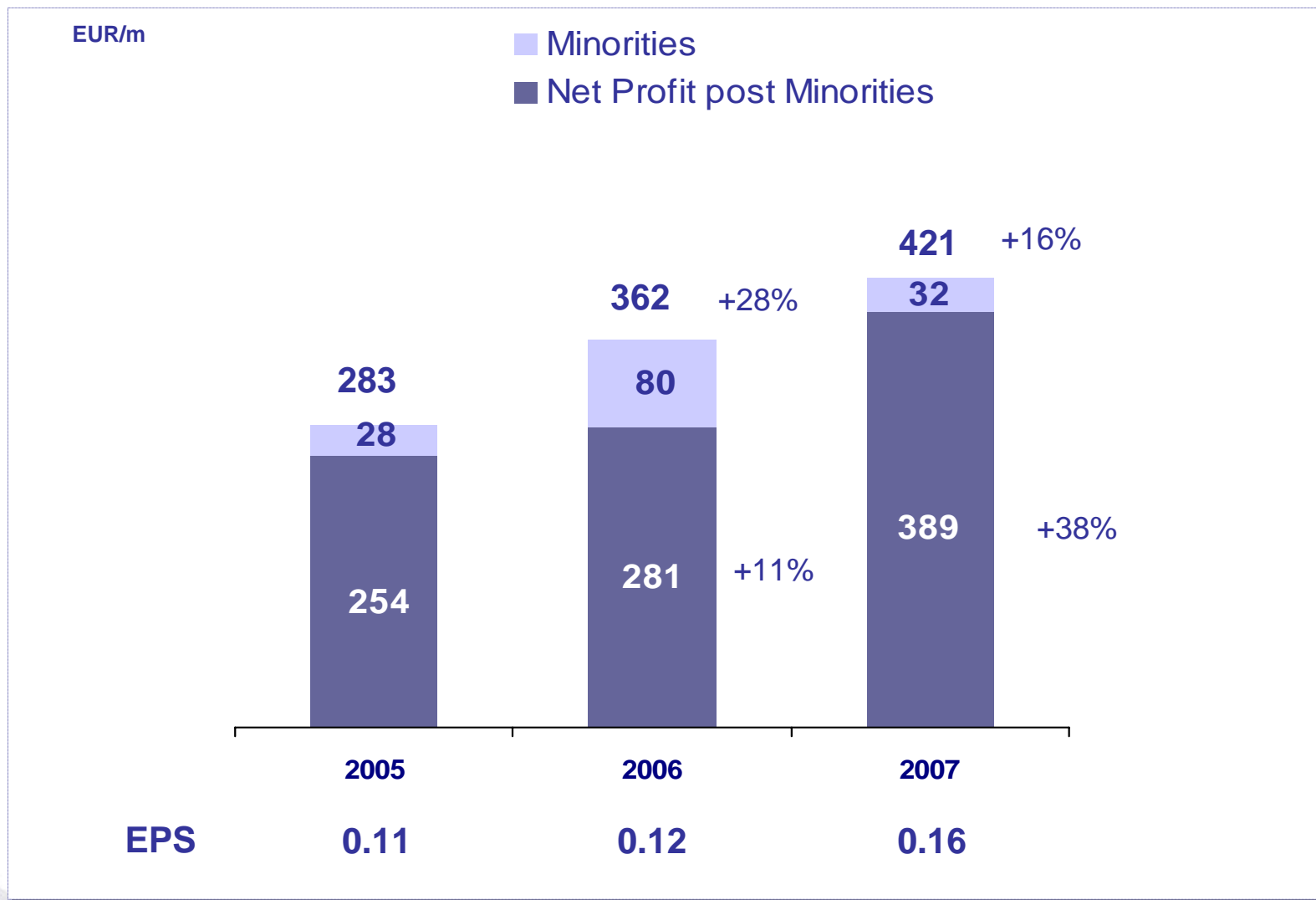
<sup>1</sup> Direct Written Premiums (DWP)

<sup>2</sup> DWP + Investment Products

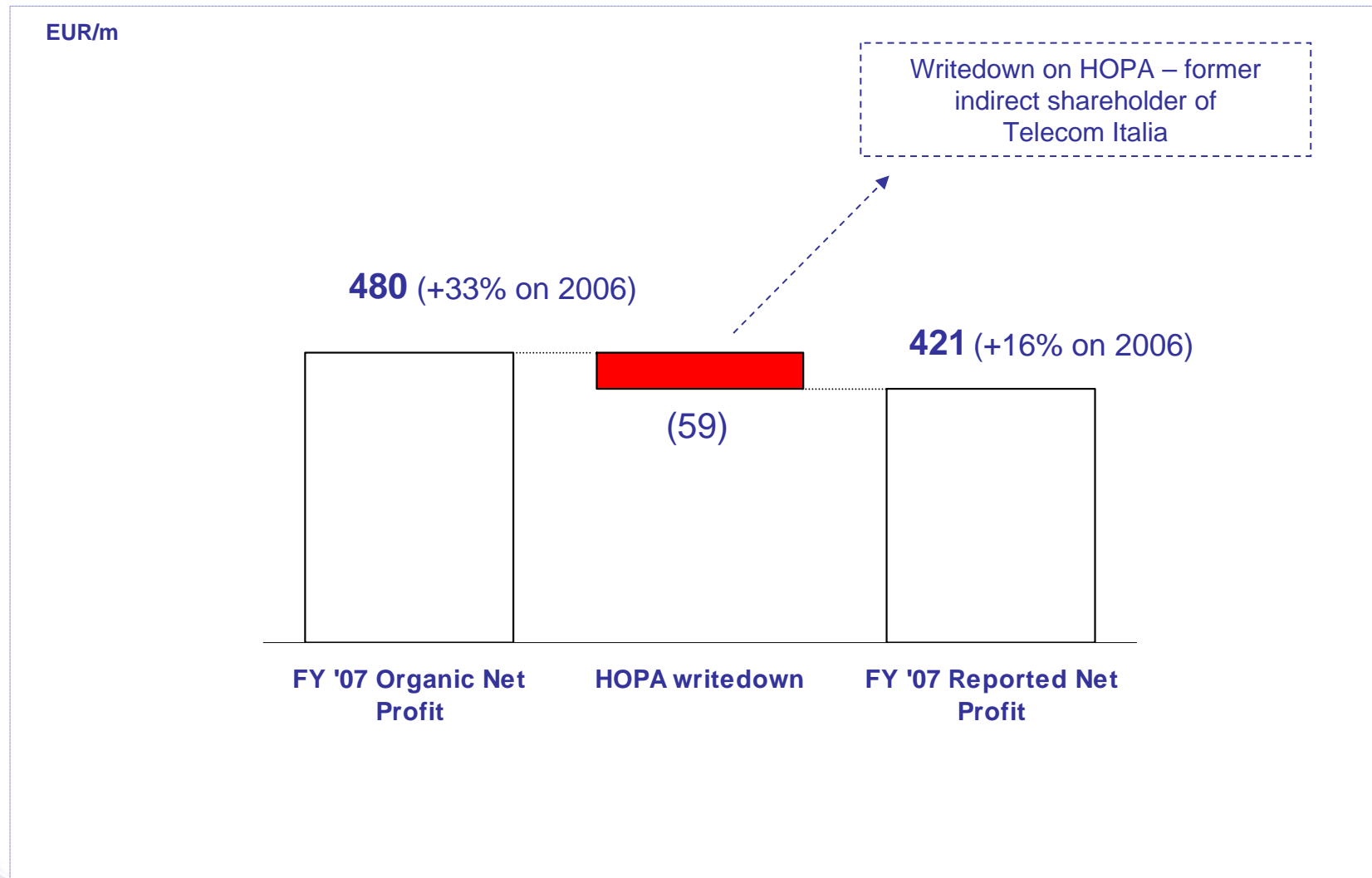
<sup>3</sup> Operating figures; do not include Quadrifoglio Vita (sold out on 28/03/08)

<sup>4</sup> Before minorities.

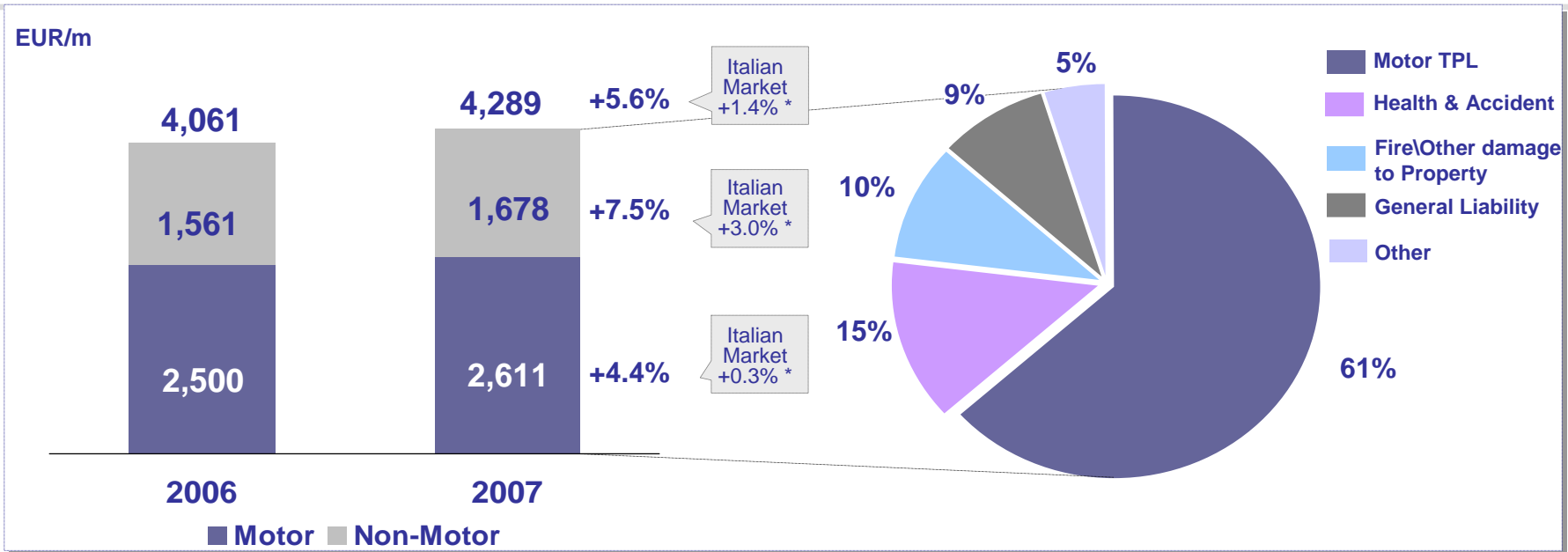
# Consolidated Net Profit – Trend



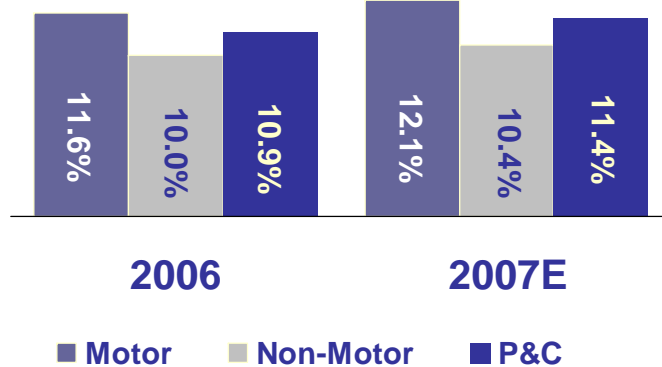
# Consolidated Net Profit



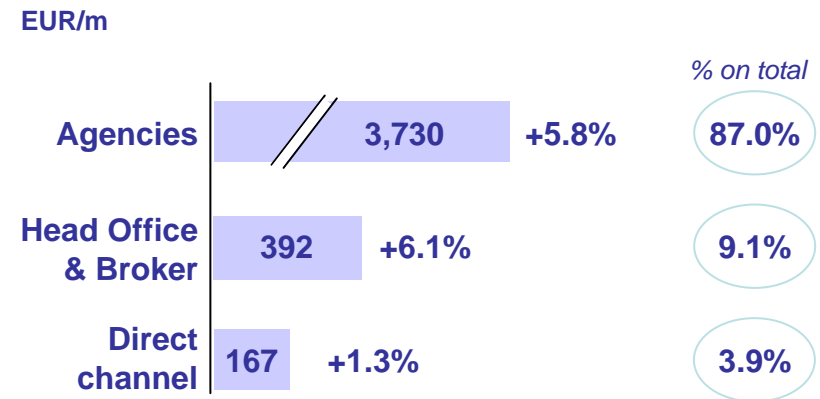
# P&C Direct Written Premiums



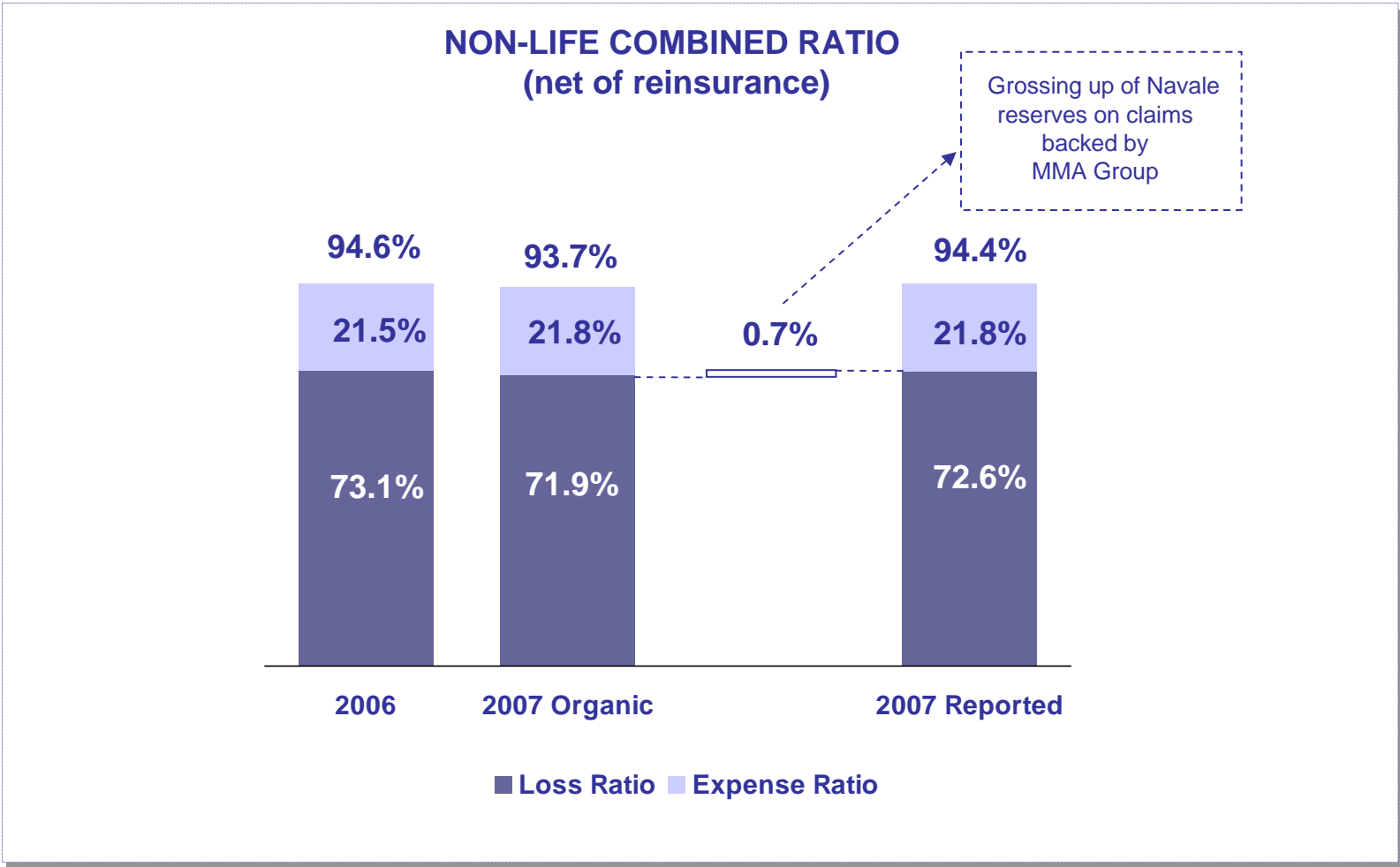
## MARKET SHARES



## BREAKDOWN BY CHANNEL



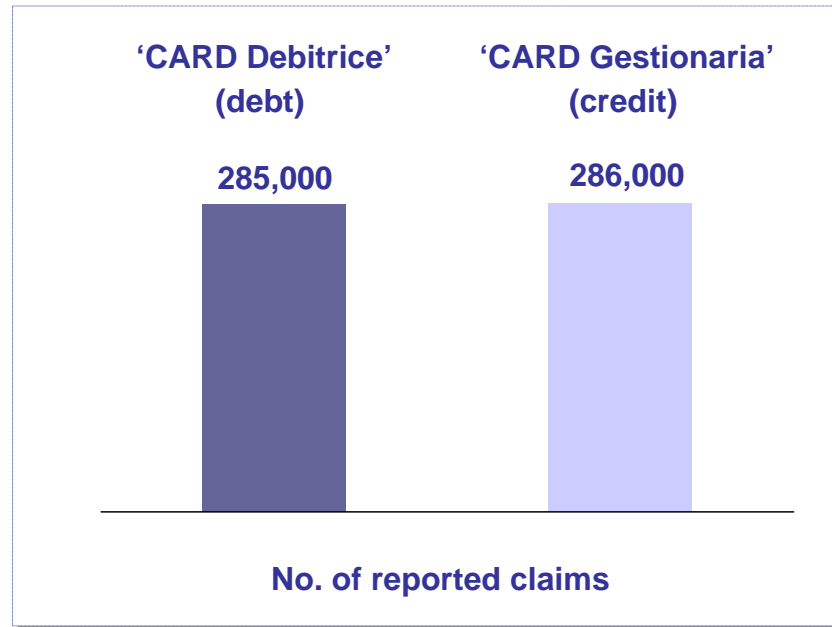
# Combined Ratio





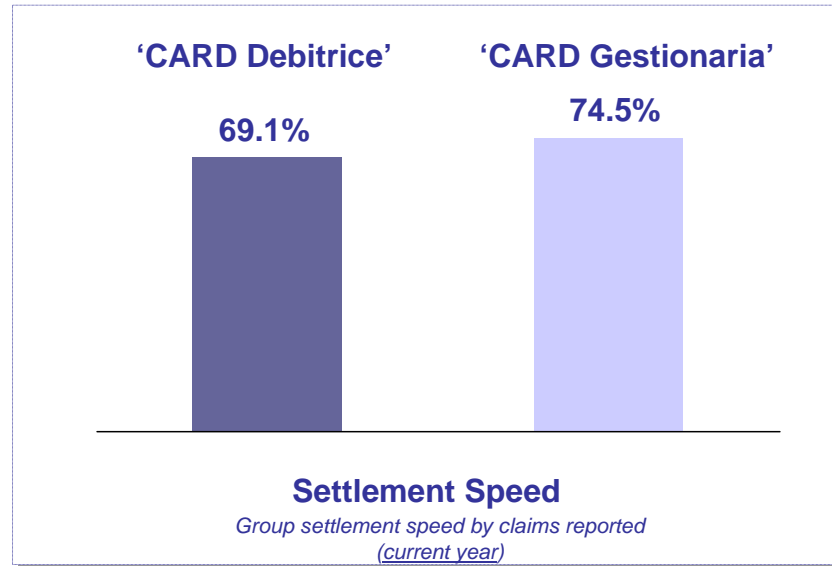
# Motor TPL business – 2007

## Direct Settlement Agreement (CARD) – First Evidences

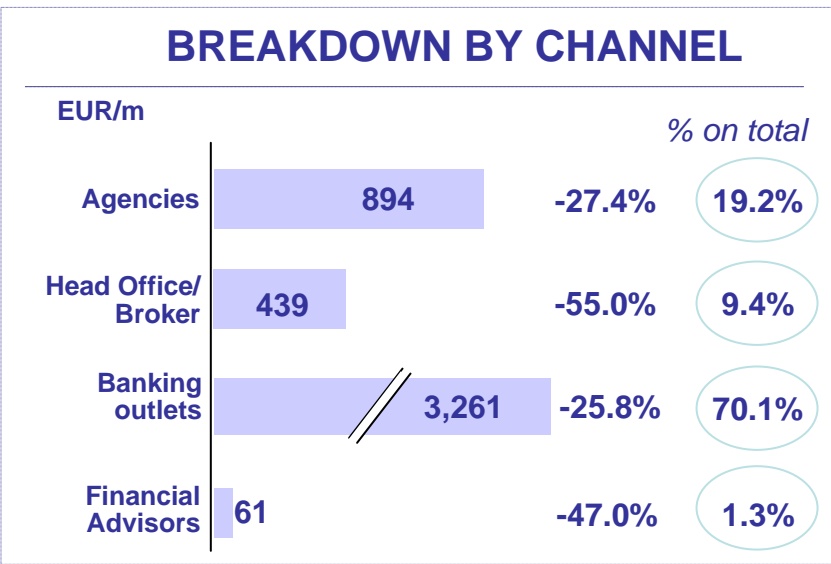
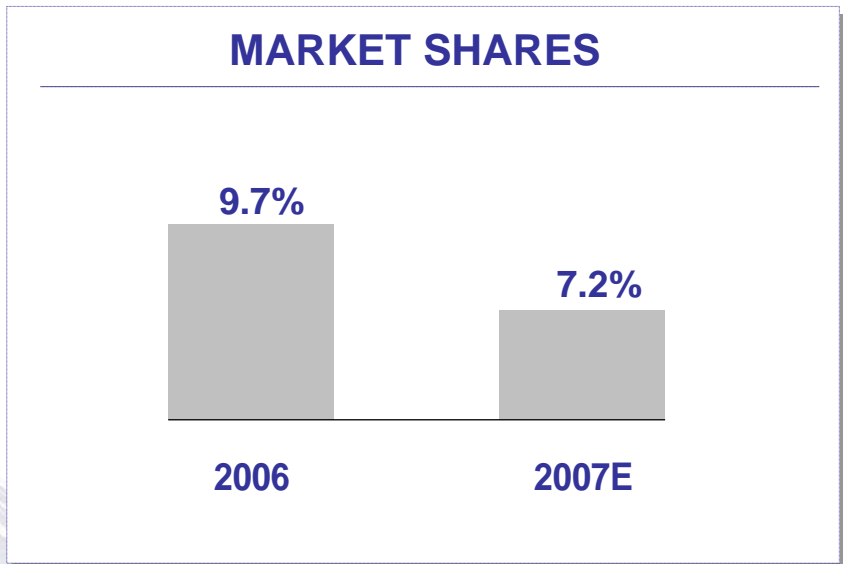
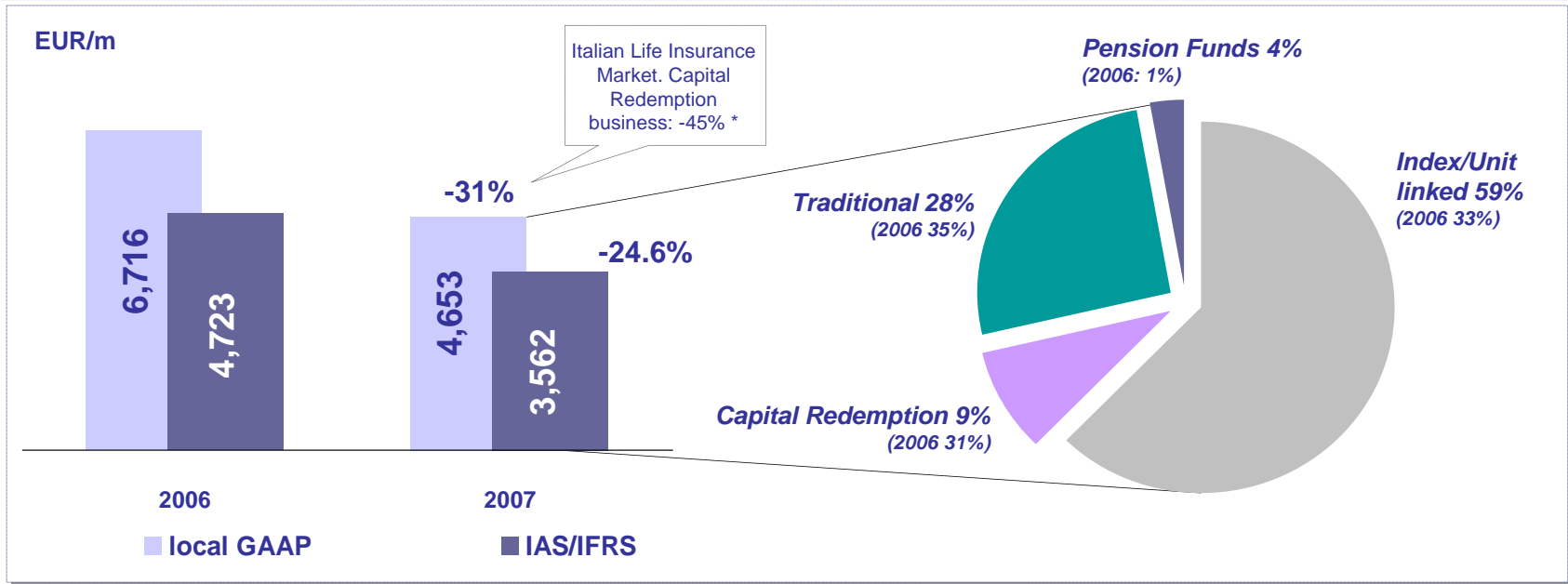


'CARD Debitrice': claims caused by our policyholders and settled by other insurance companies

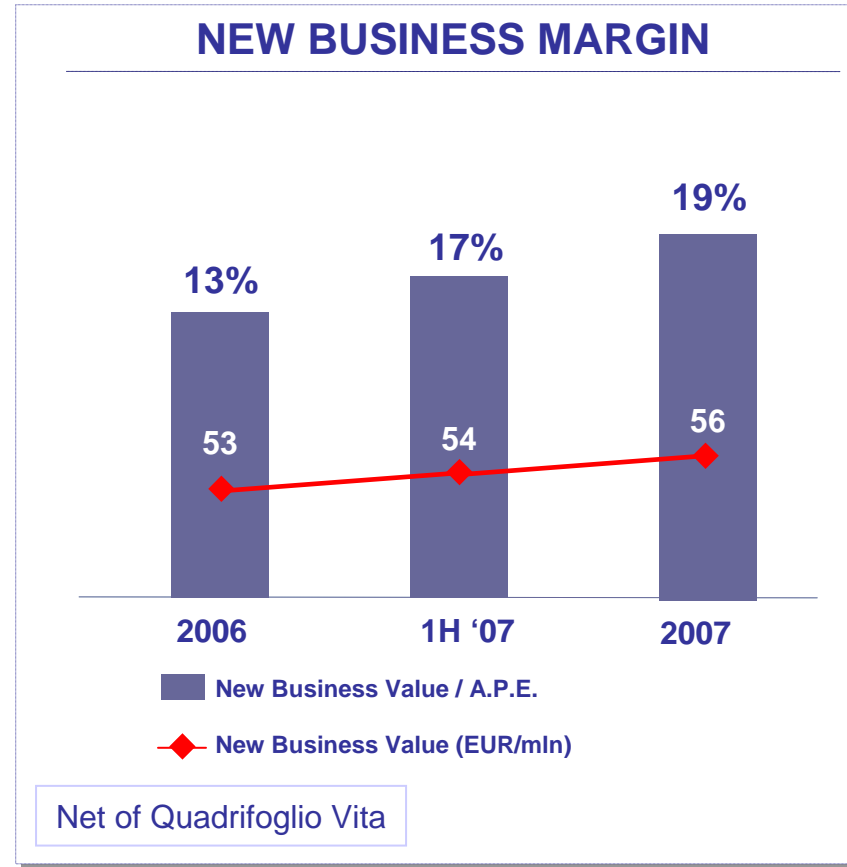
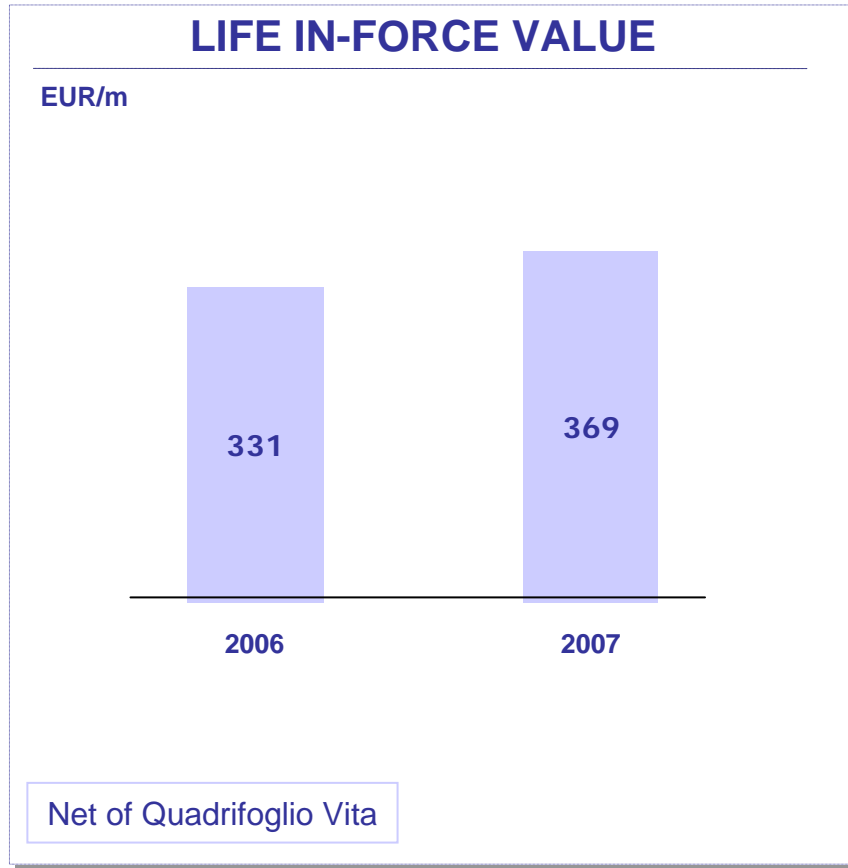
'CARD Gestionaria' (or 'managed claims'): claims occurred to our policyholders and settled by UGF



# Life Insurance



# In-Force Value and New Business Margin



#### HYPOTHESIS ADOPTED

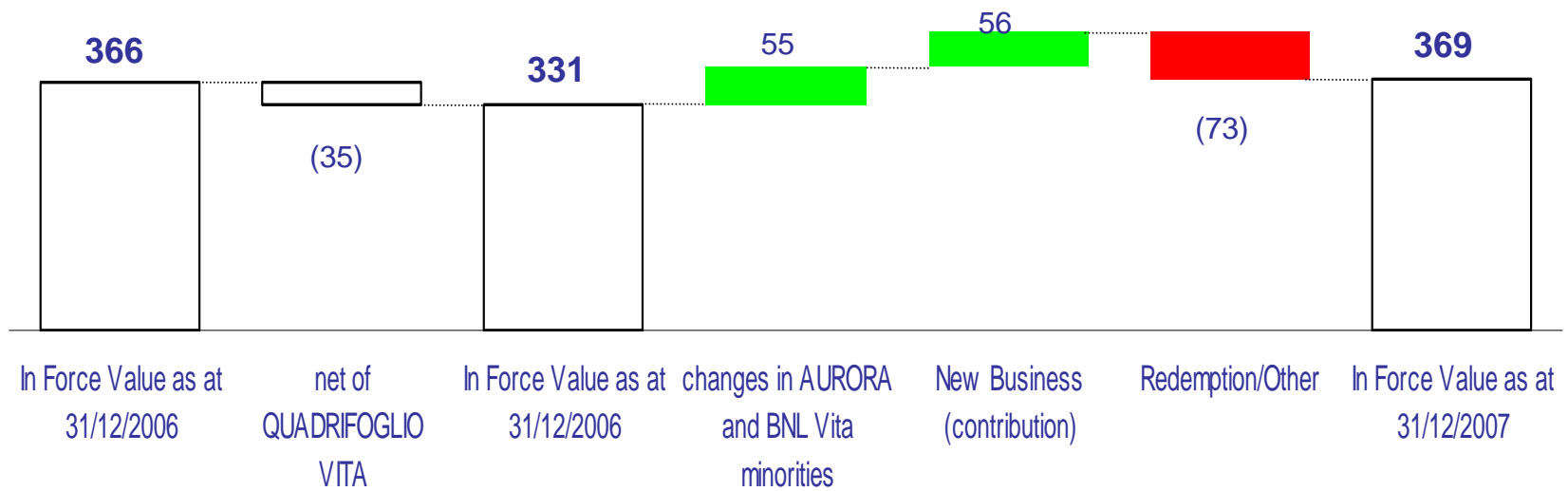
- Discount Rate 6.50%
- Yield Rate 4.25%
- Tax-rate 35%

Figures relating to New Business Value and Life Embedded Value are net of taxes, policyholders' benefits, cost of capital and minorities.

# In-Force Value roll-forward

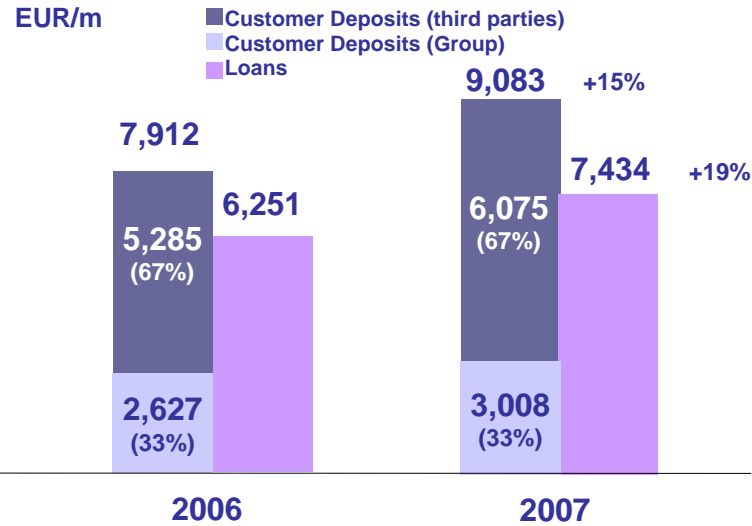
Eur/m

Pro-quota figures

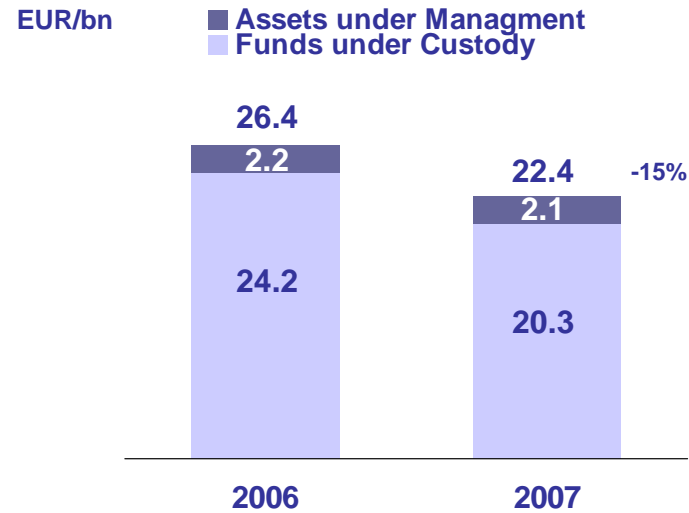


# Unipol Banca – Key Financials

## CUSTOMER DEPOSITS AND LOANS



## CUSTOMER FUNDS



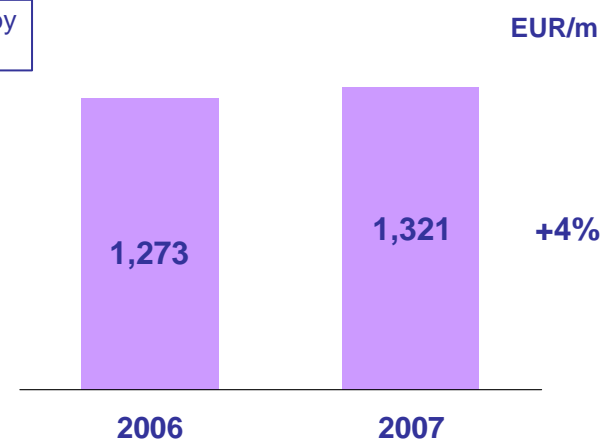
## BAD AND DOUBTFUL LOANS

EUR/m

|                                  | 2006         | 2007         |
|----------------------------------|--------------|--------------|
| Net bad and doubtful loans       | 41           | 69           |
| Loans                            | 6,251        | 7,434        |
| Net bad and doubtful loans/Loans | 0.66%        | 0.93%        |
| <b>Sector (source: ABI)</b>      | <b>1.25%</b> | <b>1.20%</b> |

65% backed by mortgage

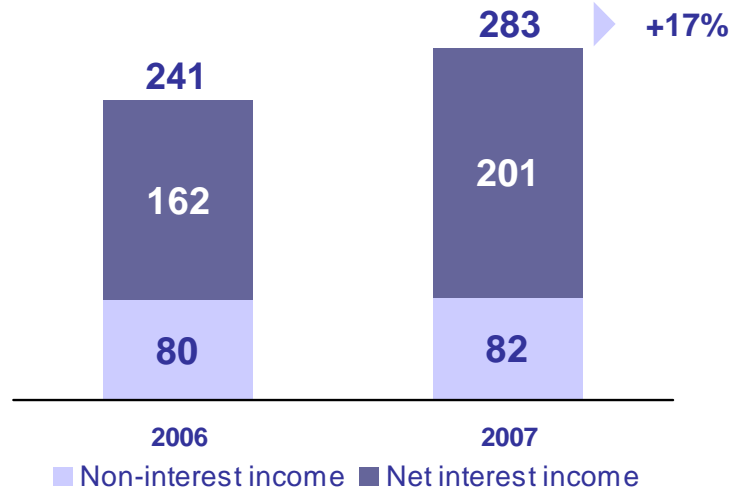
## NEW MORTGAGE LOANS



# Unipol Banca – Key Financials

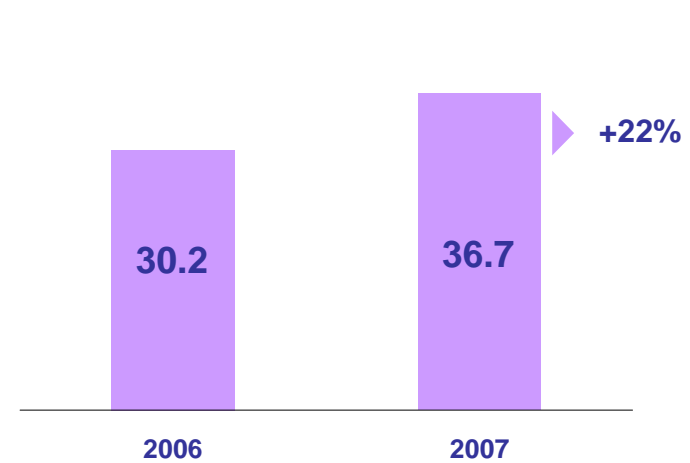
## GROSS OPERATING INCOME

EUR/m

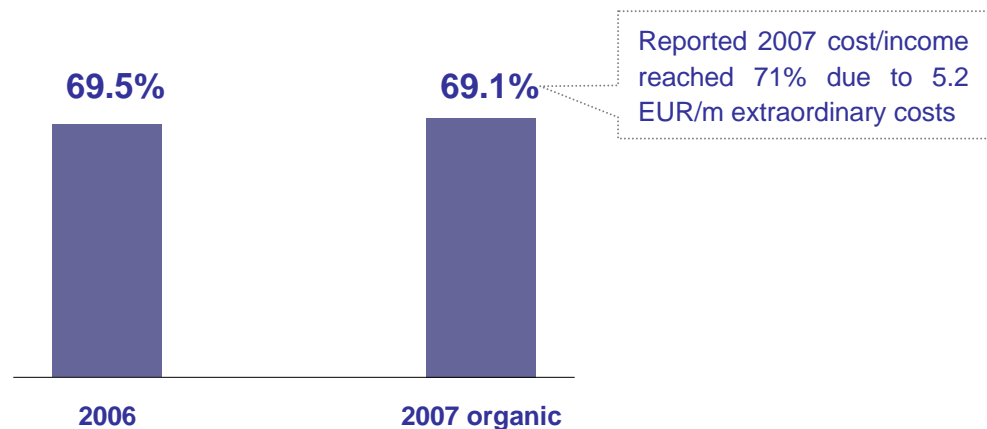


## NET PROFIT

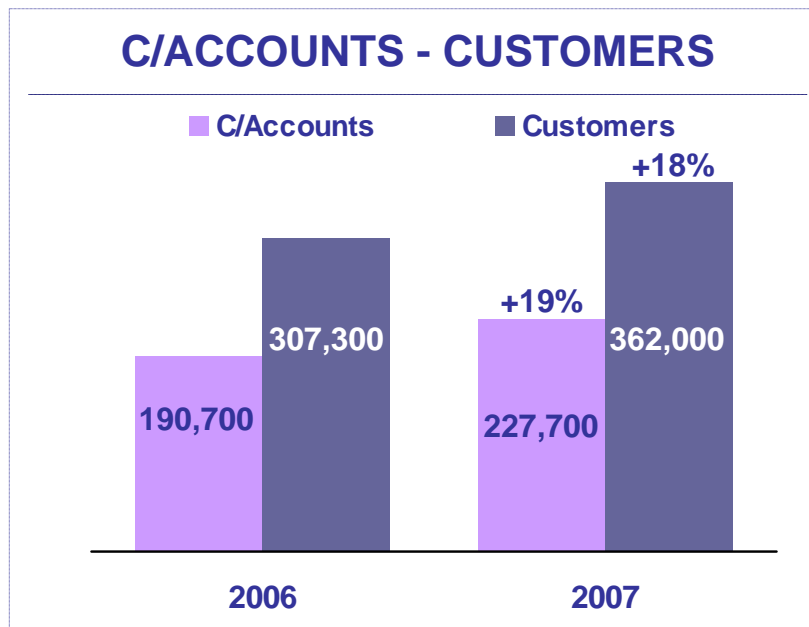
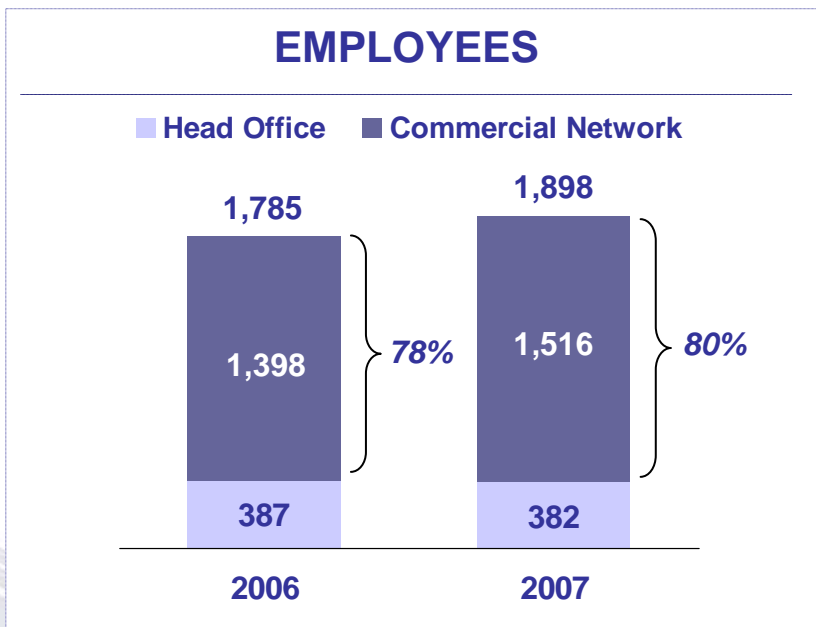
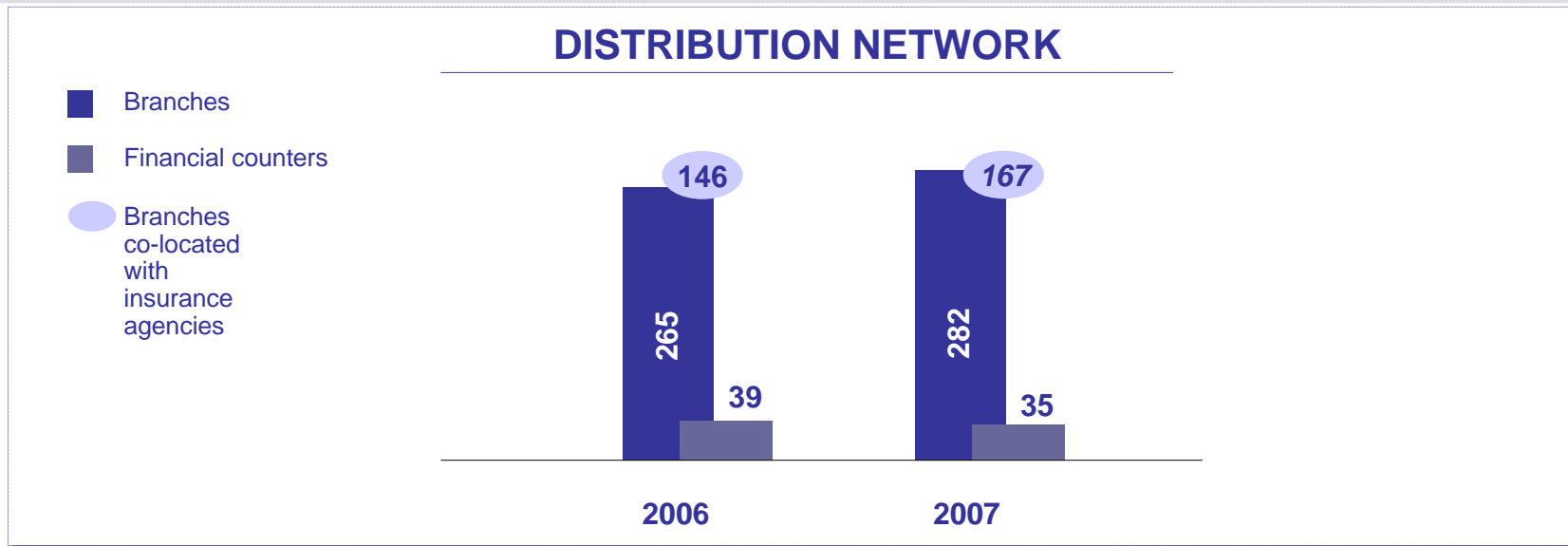
EUR/m



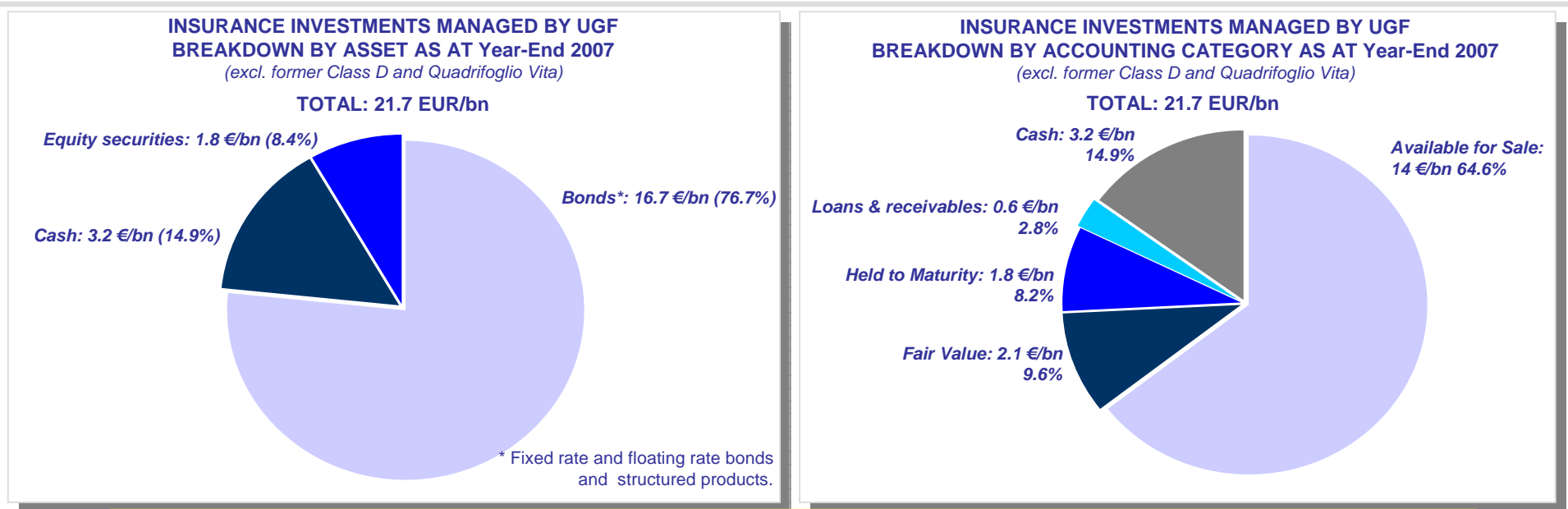
## COST / INCOME RATIO



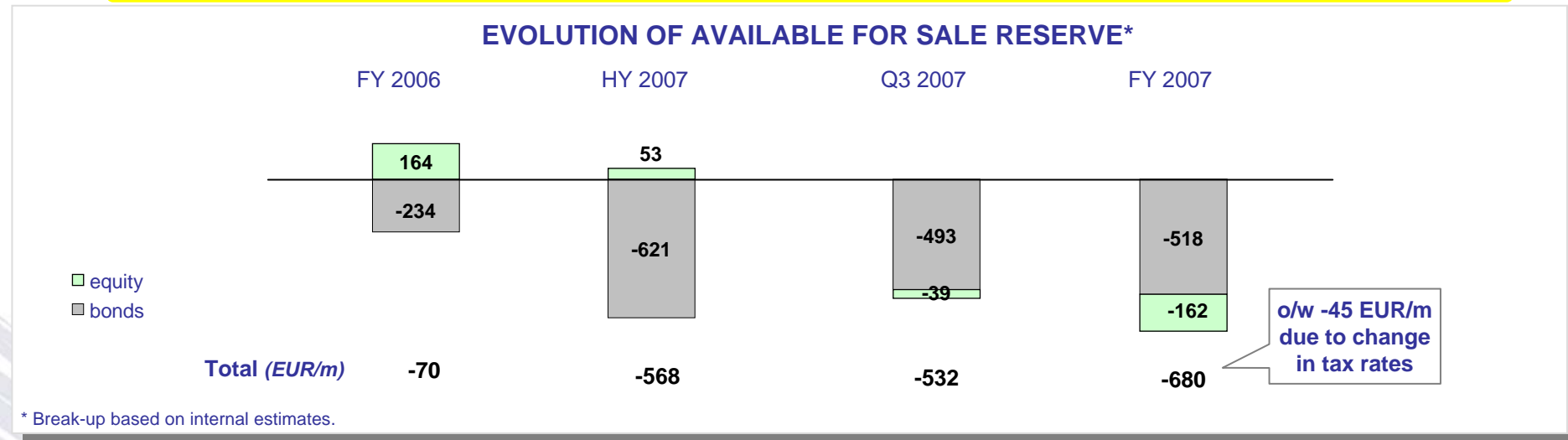
# Unipol Banca – Key Financials



# AFS Reserve and Investment break-up

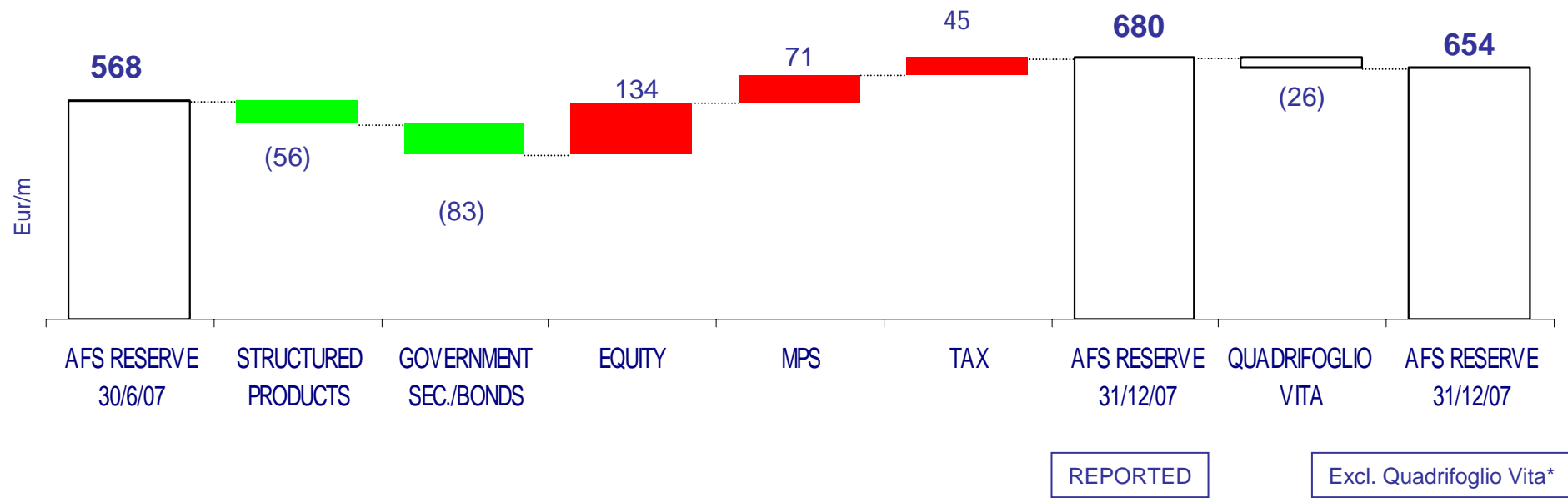


**No Investment in Subprime, CLO, RMBS, CMBS, Alt-A, CDO, etc. as at 31 March 2008**





# Evolution of Group AFS Reserve from HY '07 to YE '07



\* sold out on 28/03/2008.

## Evolution of structured portfolio

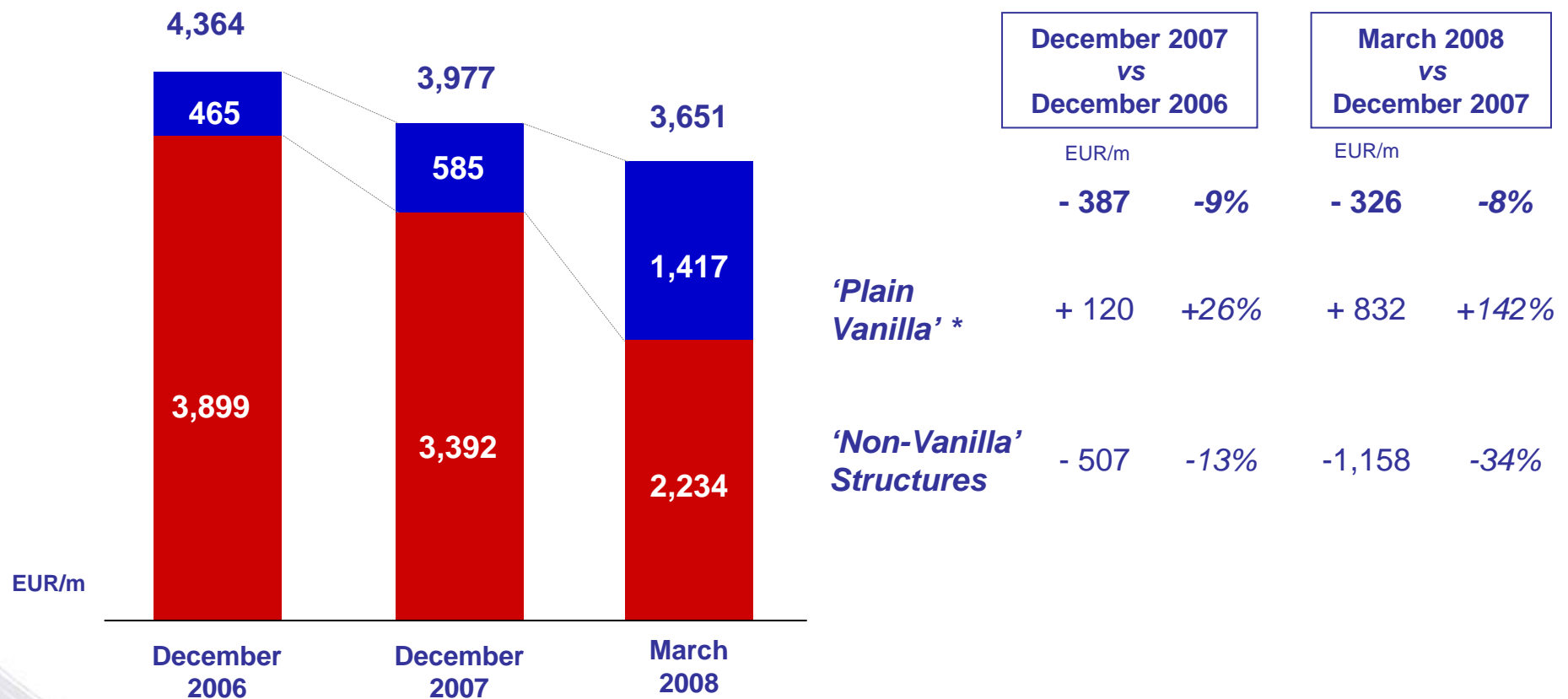
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### Q1 '08 OPERATING GUIDELINES

- Simplify securities payout
- Increase coupon predictability
- Reduce exposure to equity funds, credit and mixed bonds
- Repositioning on medium and long-term floating rates
- Reduce Non-Life portfolio duration

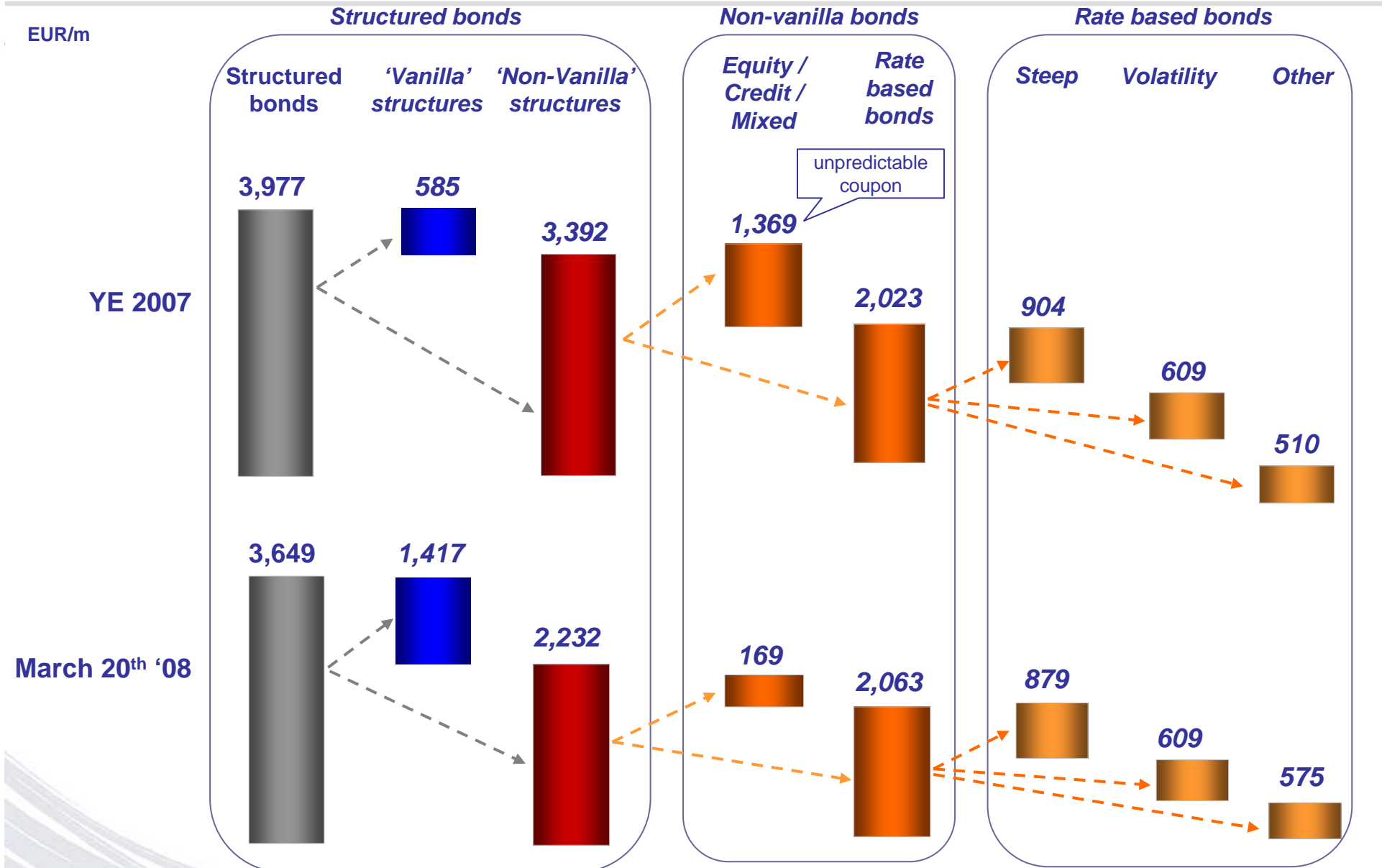
# Evolution of structured portfolio (1)

- Principal fully guaranteed
- Quality of the Issuers (95% with Rating exceeding A-)



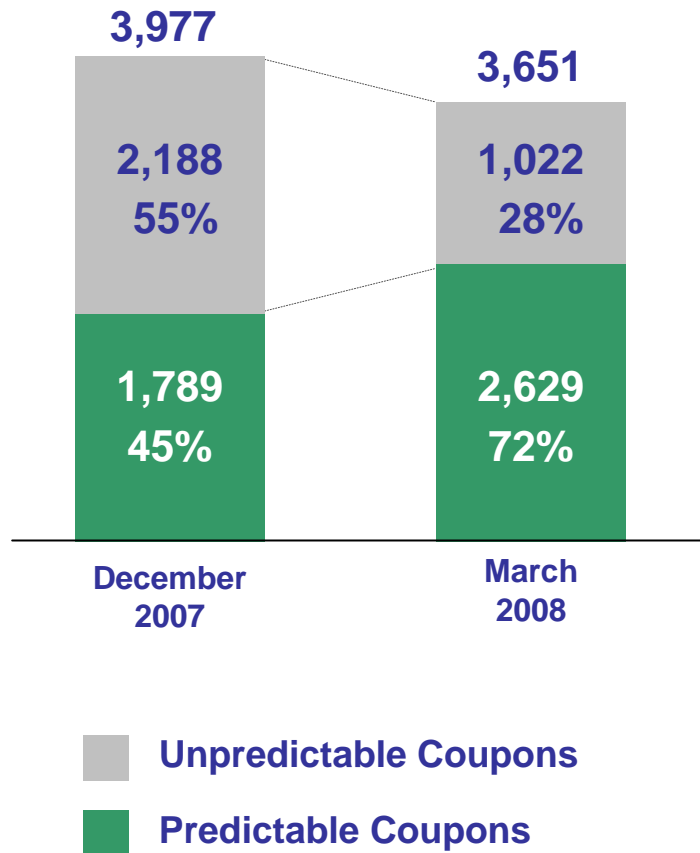
\* Floater with cap, linked to:  
 - short term rates (Euribor, Libor)  
 - long term rates

# Evolution of structured portfolio (2)



# Evolution of structured portfolio (3)

EUR/m



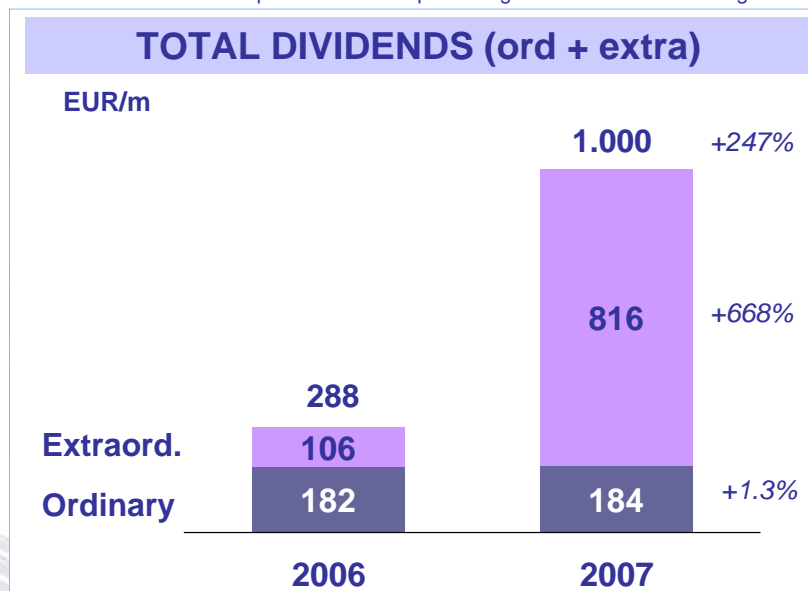
The restructuring increased the predictable coupon profile also enhancing performance in segregated accounts.

# Proposed Dividend

| PREFERENCE SHARES – DPS (EUR) |               |               |
|-------------------------------|---------------|---------------|
|                               | 2006          | 2007          |
| <b>No. of shares</b>          | 899,619,864   | 911,540,314   |
| Ordinary Dividend             | 0.0802        | 0.0802        |
| Extraord. Dividend            | 0.0450        | 0.3411        |
| <b>Dividend Per Share</b>     | <b>0.1252</b> | <b>0.4213</b> |
| Share price                   | 2.554         | 1.664         |
| * Dividend Yield (ord. div.)  | 3.14%         | 5.06%         |
| * Dividend Yield (tot. div.)  | 4.90%         | 26.60%        |

| ORDINARY SHARES – DPS (EUR)  |               |               |
|------------------------------|---------------|---------------|
|                              | 2006          | 2007          |
| <b>No. of shares</b>         | 1,460,524,546 | 1,479,885,786 |
| Ordinary Dividend            | 0.0750        | 0.0750        |
| Extraord. Dividend           | 0.0450        | 0.3411        |
| <b>Dividend Per Share</b>    | <b>0.1200</b> | <b>0.4161</b> |
| Share price                  | 2.814         | 1.793         |
| * Dividend Yield (ord. div.) | 2.67%         | 4.37%         |
| * Dividend Yield (tot. div.) | 4.26%         | 24.23%        |

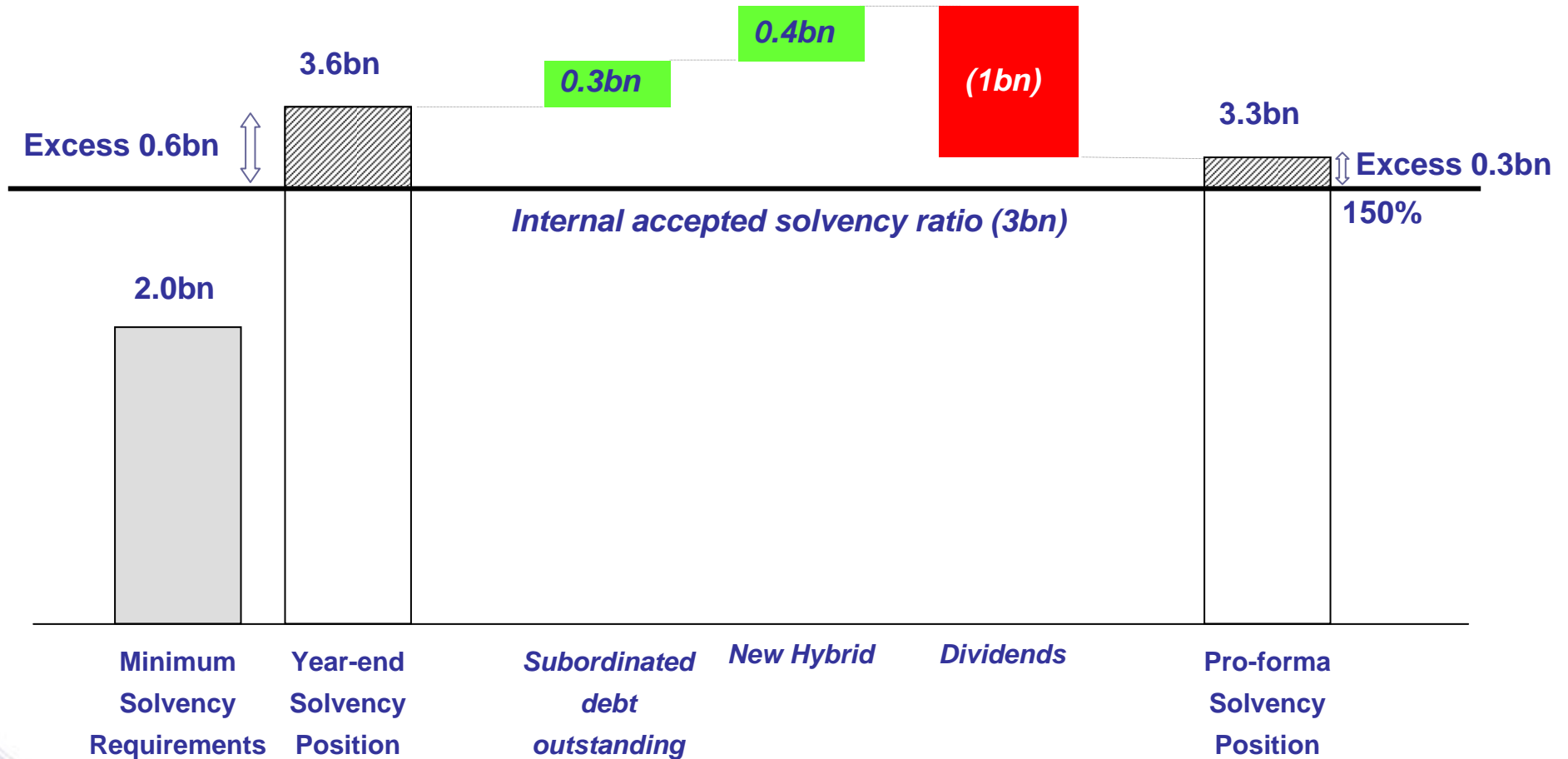
\* Calculated on the share price of the date preceding that of the BOD meeting held to approve the Annual Accounts.



| PAYOUT                                |              |              |
|---------------------------------------|--------------|--------------|
| Net of extraordinary dividend payment |              |              |
|                                       | 2006         | 2007         |
| <b>Parent Company</b>                 | <b>97.1%</b> | <b>63.7%</b> |
| <b>Consolidated</b>                   | <b>64.6%</b> | <b>47.3%</b> |

# UGF Group – Solvency Position

EUR/bn  
Preliminary figures



After these actions the Group maintains a sound regulatory capital

# Contacts

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## Investor Relations

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