PRESS RELEASE

UNIPOL GROUP: 2012 FINANCIAL STATEMENTS APPROVED

Pro forma stand alone Unipol Group[1]:

- **Consolidated net profit €241m (€225m forecast of the 2010-2012 Business Plan)**
- **Combined ratio further improved to 94.2%, compared with 95.4% in 2011 and 97.5% as forecast in the Business Plan**
- **Non-Life direct premiums €4.2bn (-2.5% compared with 2011)**
- **Life direct premiums €2.5bn (+1.8% compared with 2011), pro rata APE + 3.7%**
- **Solvency margin about 2.1 times the statutory requirements (1.6 without considering the capital increase of 2012)**

Unipol Group under the new consolidation scope[2]:

- **Consolidated net profit €441m, including:**
  - **consolidated loss of Premafin/Fondiaria-SAI Group €889m (referred to the second half of 2012)**
  - **benefit of €1,089m resulting from the application of IFRS 3**
- **Solvency margin about 1.6 times the statutory requirements, excess capital of €2.6bn**

Profit of Unipol Gruppo Finanziario S.p.A. amounting to €195m

Proposed dividends: €0.15 per Unipol ordinary share (Dividend Yield 7.5%) and € 0.17 per Unipol preference share (Dividend Yield 9.4%).

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[1] On a comparable basis, not including Premafin Group figures in the values as at 31/12/2012, and BNL Vita figure in the values as at 31/12/2011, sold at the end of the third quarter of 2011.

[2] Balance sheet data as at 31/12/2012 include the end-of-period values resulting from the consolidation of the Premafin Group, while the aggregates and the economic indicators include the results of the Premafin Group for the period 1 July - 31 December 2012.

Bologna, 21 March 2013 - The Board of Directors of Unipol Gruppo Finanziario S.p.A., meeting today under the chairmanship of **Pierluigi Stefanini**, approved the consolidated financial statements and the draft financial statements of Unipol Gruppo Finanziario S.p.A. for financial year 2012, which, following the acquisition completed in July, include the consolidated results for the second half of 2012 of the Premafin/Fondiaria-SAI Group.

Pro forma stand alone Unipol Group

The stand alone Unipol Group closed financial year 2012 with a consolidated net profit of €241m, compared with a loss of €93m[3] in 2011 *post impairment* (profit of €112m *ante impairment)* surpassing the €225m target set for 2012 in the 2010-2012 Business Plan.

"The positive results achieved in 2012 - said the Chief Executive Officer **Carlo Cimbri** - close a significant three-year period for the Unipol Group, which, through the efforts and professionalism of colleagues and agents and industrial management policies adopted, reached - and in some cases exceeded - the goals we had set for ourselves in the 2010-2012 Business Plan, despite a succession of particularly turbulent and uncertain scenarios on financial markets and in regard of the Italian economic situation.
The positive results acquired and solid capital strength have created the conditions to proceed with the remuneration of capital".

"It is the end of a cycle for the Unipol Group - continued Cimbri - and, with the 2012 financial statements, a cycle also closes for the Fondiaria-SAI Group. By bringing normalcy back in the management of the Fondiaria-SAI Group, our goal is to enable the professionals who work for it to focus on its core business, contributing together with their Unipol colleagues to the pursuit of the goals of the new Business Plan and the creation of value for our stakeholders".

"The positive results of the current management of Fondiaria-SAI, together with the results of the Unipol Group, are the best prerequisite to look to the future with confidence, despite the persistence of a complex macroeconomic picture difficult to interpret", concluded Cimbri.

Total premiums (direct business) remained essentially stable in 2012 and amounted to €6.7bn (-0.9% compared with 2011).

In particular, **Non-Life** direct premiums amounted to €4.2bn (-2.5% compared with 2011), of which 2.5bn in MV classes and 1.7bn in Non-MV classes. In the MV TPL business, despite the significant technical improvements recorded, underwriting policies are still intended to achieve a targeted selection of the policy portfolio.

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[3] Figure revised to consistently reflect changes in accounting principles and classification criteria applied to the 2012 financial statements, so as to make the comparison homogeneous; - €94m in the 2011 financial statements.

In the MV business, the contribution of the direct company Linear Assicurazioni (telephone/internet) is significant with premium income of €220m (+9.5% compared with 2011). The performance of UniSalute, specializing in the healthcare sector, with premium income of €233m (+10% compared with 2011) was also very positive.

Premium income of Arca Assicurazioni (€117m, down 22.9% compared with 2011) however dropped due to the agency channel having been fully dismissed, not yet offset by the growth now being recorded in the banking channel, the Company's only active sales channel nowadays.

The ***combined ratio*** (direct business) recorded at the end of 2012 was 94.2% (95.4%[4] in 2011) which, net of the effects of seismic events that took place in the first half of the year, would be equivalent to 91.9%, a result far better than the 97.5% forecast in the Business Plan for 2012. The loss ratio fell to 70.7% compared with 73.2% in 2011, while the expense ratio was equal to 23.5% (22.2%[5] in 2011) and was affected not only by a drop in premiums but by a higher incidence of costs related to both non-recurring expenses related to the new agents' supplementary agreement and costs related to the so-called black boxes (Unibox policies), which under the recent Deregulation Decree are entirely borne by the Companies.

The operating results of the principal subsidiaries were positive: in 2012 the combined ratio stood at 94.1% for Unipol Assicurazioni, at 74.9% for Arca Assicurazioni, at 90.9% for Linear Assicurazioni and finally at 85.3% for UniSalute.

Life direct premiums were €2.5bn (+1.8% compared with 2011), thanks in particular to the inflows from two new mandates for Guaranteed Closed-end Funds (Class VI).
The volume of new business in terms of pro rata APE amounted to €257m (+3.7% compared with 2011).

All **major insurance companies** in the Unipol Group closed the 2012 individual financial statements with a net profit of €603m for Unipol Assicurazioni, €118m for Arca Vita, €26m for Linear and €31m for UniSalute.

The **Unipol Banca** Group closed 2012 with direct third-party customer deposits *(*retail and SMEs) amounting to €8.1bn (+6.7% compared with 2011). Loans to customers amounted to about €7.5bn (+4% compared with 2011). The Group closed 2012 with a

[4] Figure revised to consistently reflect changes in accounting principles and classification criteria applied to the 2012 financial statements, so as to make the comparison homogeneous, 95.5% in the 2011 financial statements.
[5] Figure revised to consistently reflect the changes in accounting principles and classification criteria applied to the 2012 financial statements, so as to make the comparison homogeneous; 22.3% in the 2011 financial statements.

net profit of €6m (€1m[6] in 2011 *ante impairment)* and a *Core Tier* 1 ratio of 8.4% compared with 8.2% in 2011.

Investments in financial assets relating to the insurance business - which during the period in question operated against a background of great volatility in the financial markets due to renewed tensions on sovereign debt of some European countries - reached a gross yield through profit or loss amounting to about 4.3%.

The **solvency margin** of the stand alone Unipol Group is approximately 2.1 times the statutory requirements (1.6 excluding the benefit of the 2012 capital increase), higher than the one projected in the 2010-2012 Business Plan, which had set a target of 1.4 times.

Premafin/Fondiaria-SAI Group

The Premafin/Fondiaria-SAI Group closed financial year 2012 with **a consolidated loss** amounting to €882m.

This result was affected by provisions set aside and write-downs of securities, equity investments and goodwill totaling €1,636m. Among the major extraordinary effects that had an impact on such Group's consolidated financial statements there were the strengthening of prior years' claims provisions amounting to €808m, impairment of goodwill of €260m, impairment of equity investments of €188m, the write-downs of IMCO and Sinergia receivables of €86m and the write-downs of real estate of €294m made on the basis of appraisals by leading operators in the sector. The data for the financial year, however, confirm the consolidation of the positive trend shown by the insurance core business.

With regard to the Premafin/Fondiaria-SAI Group results, **Non-Life** direct premiums during 2012 amounted to €6.4bn (-9% compared with 2011), of which €4.2bn in the MV business and €2.2bn in the Non-MV business.

Life direct premiums were equal to €3.6bn, a decline of 4% compared with 2011, due to market dynamics and the bancassurance business.

Unipol Group under the new consolidation scope

The **consolidated results of the Unipol Group** as at 31 December 2012 under the new consolidation scope, including therefore the Premafin/Fondiaria-SAI Group, amounted to €441m[7], of which €241m related to the stand alone Unipol Group and €200m to the

[6] 2011 result before restatement, following the change in the principle of recognition of actuarial gains and losses related to employee severance indemnities.
[7] As a result of CONSOB resolution 18429 of 21.12.2012 on the request for additional information pursuant to Article 154-ter, paragraph 7, of Legislative Decree no. 58/98, the classification and recognition of structured securities covered by the above-mentioned supplementary information were adapted in these 2012

Premafin/Fondiaria-SAI Group for the period 1/7-31/12/2012. Such positive contribution, of a purely accounting nature, is a direct consequence of the fair value valuation of acquired assets and liabilities as measured at the date of acquisition, as well as of alignment with the accounting principles applied by the Unipol Group, as required by IFRS 3 relating to business combinations.

In particular, the differences between the consolidated result of the Premafin Group in the second half of 2012 (loss of €889m) and the result of the same period (profit of €200m) that the Premafin Group contributed to the 2012 consolidated financial statements of the Unipol Group, are due to: integrations of MV TPL and General TPL claims provisions (€710m), write-downs of real estate and amortization differences (€265m), the effects on financial assets and liabilities arising from different carrying amounts (€298m), shadow accounting (-€236m), reversal of impairment of goodwill (€247m), provisions for risks and liabilities (€87m), other items (€17m) and tax effects (-€299m) for a total of €1,089m.

The Unipol Group under the new pro-forma[8] consolidation scope reported consolidated direct insurance premiums of €16.8bn (-4.8% compared with 2011), of which €10.6bn in the Non-Life business (-6.6% compared with 2011) and €6.2bn in the Life business (-1.7% compared with 2011).

At the request of CONSOB - pursuant to Article 114, paragraph 5, of Legislative Decree 58/98 – please find attached to this press release (Encl.1) a notice bearing information and news concerning the revaluation of prior years' claims provisions of Group insurance companies during financial year 2012. Such information and news are also shown in the 2012 consolidated financial statements.

Assets managed by the Unipol Group under the new consolidation scope

Investments in financial assets managed by the Group in 2012 amounted to €44.4bn[9], of which bonds of €40.5bn (91.2% of the entire portfolio), cash and cash equivalents of €2bn (4.4%) and shares and funds of €1.9bn (4.4%).

Equity and consolidated solvency

The **equity** pertaining to the owners of the Parent, including net profit for the period, amounted to €5,322m (€3,078m as at 31 December 2011).

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consolidated financial statements to align them with the methods for the preparation of the related pro forma figures. Such adjustments had a positive effect on the 2012 income statement of approximately €12m and a negative effect on the AFS reserve of about €12m, with a net positive effect on the consolidated equity as at 31 December 2012 of approximately €5m..

[8] Therefore, including the premiums of the Premafin/Fondiaria-SAI Group for the entire 2012.

[9] Insurance investments managed by the Unipol Group, at market values, not including class D investments, bonds of Unipol Banca (within the Group), Premafin, DDOR and Lawrence Life.

Unipol GRUPPO

Among the main changes during the period, we would like to recall the share capital increase, net of related costs, of €1,053m and the increase of €927m for positive variation of the AFS reserve, going from -€1,091m as at 31/12/2011 to -€164m as at 31/12/2012.

The state of **solvency,** as at 31 December 2012, shows a significant progress, also thanks to capital strengthening performed in the previous financial year, amounting to about 1.6 times the statutory requirements[10] calculated in accordance with current regulations (Solvency I), with an excess of capital of €2.6bn and approximately 1.7 times the requirements if calculated in accordance with the Solvency II metrics[11].

Statutory profits and dividends

Thanks to the positive performance of subsidiaries in the "stand alone" consolidation scope, Unipol Gruppo Finanziario S.p.A. closed 2012 with a profit of €195m on the basis of which the Board of Directors has resolved to propose to the Shareholders' Meeting a distribution of dividends for the financial year in question of a total of €113m (amounting to a payout of 58%), corresponding to a dividend of €0.15 per ordinary share (dividend yield of 7.5%)[12] and 0.17 per preference share (dividend yield of 9.4%)[13]. The dividends, if approved by the Shareholders' Meeting, will be paid on 23 May with the coupon becoming payable as from 20 May.

Significant events after 31 December

On 28 January 2013, the Merger Plan was filed at the registered office of the companies involved in the merger wherein the incorporation into Fondiaria-SAI S.p.A. of Premafin Finanziaria – S.p.A. Holding di partecipazioni, Unipol Assicurazioni S.p.A. and possibly Milano Assicurazioni S.p.A. is envisaged, as approved by the Boards of Directors of the merging companies on 20 December 2012. The registration of the Merger Plan with the competent Company Registers is, however, subject to the authorization of IVASS (i.e. Italian insurance supervisory authority), pursuant to Article 201 of Legislative Decree 209/7 September 2005. On 21 February 2013, IVASS, in a specific communication, suspended the terms relating to the authorization of the merger requesting further information and data relating to the same. The companies involved initiated operations so as to meet the Authority's requirements as soon as possible within the necessary technical time.

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[10] Post Isvap Regulation 43.

[11] Solvency ratio used calculating the Internal Model and the Standard Formula, according to the technical specifications of QIS5.

[12] Dividend Yield calculated on the official price of 20 March 2013.

[13] Dividend Yield calculated on the official price of 20 March 2013.

On 14 March 2013, the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni were held. Both Meetings (for Fondiaria-SAI with the favourable vote of Unipol Gruppo Finanziario S.p.A. and its subsidiary Premafin) approved the action for liability against directors and statutory auditors as proposed by the Commissioner *ad acta* appointed by the Supervisory Authority.

Business outlook

In the period following the accounting period as at 31 December 2012, the macroeconomic context has remained recessive while the situation of political uncertainty determined by the result of recent elections in Italy has led to new tensions in the financial markets.

Technical performance was positive, where, up to the month of February, there were no particularly relevant effects for claims due for atmospheric events that, in contrast, had affected the first two months of 2012.

The Group's activities in 2013 will focus on completion of the integration plan of the Premafin/Fondiaria-SAI Group.

The results of operations, excluding currently unforeseeable events also linked to the context of reference, are expected to be positive for the current year and in line with the Business Plan targets.

CORPORATE GOVERNANCE

Independence of Directors and Statutory Auditors

The Board of Directors, at today's meeting, attested the possession of the requirement of independence of non-executive Directors and members of the Board of Statutory Auditors.

In particular:

- the following are "independent" Directors within the meaning of the Code of Conduct for Listed Companies and the criterion of substantial independence as identified by the Company, which excludes Directors who hold positions in the corporate bodies of the holding company Finsoe S.p.A. from the list of independent directors within the meaning of the same Code: Sergio Betti, Pier Luigi Celli, Roger Iseli, Ivan Malavasi, Massimo Masotti, Pier Luigi Morara, Giuseppe Politi, Francesco Vella and Luca Zaccherini;

– the following are “independent” Directors within the meaning of Article 147 - *ter,* paragraph 4, of the Consolidated Law on Finance: Sergio Betti, Rocco Carannante, Pier Luigi Celli, Roger Iseli, Ivan Malavasi, Massimo Masotti, Enrico Migliavacca, Pier Luigi Morara, Giuseppe Politi, Francesco Vella, Marco Giuseppe Venturi and Luca Zaccherini;
– all members of the Board of Statutory Auditors are in possession of the independence requirements provided for by Article 148, paragraph 3, of the Consolidated Law on Finance, namely Roberto Chiusoli (Chairman), Giorgio Picone and Domenico Livio Trombone (standing auditors), Carlo Cassamagnaghi and Cristiano Cerchiai (alternate auditors).

The Board of Directors also approved the 2012 Annual Report on corporate governance and ownership structure that will be made available to the public in the manner and within terms set forth by law.

SHAREHOLDERS ‘MEETING

The Board of Directors resolved to convene the Ordinary Shareholders’ Meeting of Unipol Gruppo Finanziario S.p.A., in a single call, on 30 April 2013, for the examination of proposals regarding *(i)* the financial statements for the year ended 31 December 2012, the allocation of profits and distribution of dividends, *(ii)* the appointment of the Board of Directors, after determining the number of its members, and of the Board of Statutory Auditors, and determination of their compensation, *(iii)* the annual report on remuneration prepared pursuant to the third paragraph of Article 123-*ter* of the Consolidated Law on Finance and the related compensation plan based on financial instruments, and *(iv)* the renewal of the authorization to the administrative body for the purchase of treasury shares of a total value not exceeding €100m and shares of the holding company Finsoe S.p.A. of an amount not exceeding €45m.

The full text of the proposed resolutions and of the reports of the Board of Directors relating to the items on the agenda and all related documentation will be made available, as required by law, at the Company’s registered office and on the Company’s website www.unipol.it and on the website of Borsa Italiana Spa www.borsaitaliana.it.

PRESENTATION OF RESULTS TO THE FINANCIAL COMMUNITY

The 2012 results of the Unipol Group will be presented to the financial community this afternoon at 6.30pm via webcasting (from the site www.unipol.it) and conference call. The phone numbers to dial to attend the event are: 02.805.88.11 (within Italy), +1 718 7058794 (from USA), +44 1212818003 (from other Countries). Financial analysts and institutional investors may ask questions at the end of the presentation through the information provided by the operator. The other technical details for access to the event are available on the home page of the website www.unipol.it and in the Investor Relations section.

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Maurizio Castellina, Giuseppe Nassi, Massimo Dalfelli, Managers in charge of financial reporting, respectively, of Unipol Gruppo Finanziario S.p.A., Premafin S.p.A., Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A., hereby declare that, pursuant to Article 154-*bis*, second paragraph, of the Consolidated Law on Finance, the accounting information contained in the press release corresponds to corporate documentation, books and accounting records.

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Glossary:

APE: *Annual Premium Equivalent,* obtained by adding annual premiums from new business and a tenth of single premiums from new business
COMBINED RATIO: sum of the *Loss Ratio* and *Expense Ratio*
CORE TIER I: ratio of core equity and risk-weighted assets
DIVIDEND YIELD: ratio of dividend per share and stock market price
EXPENSE RATIO: ratio of operating expenses and Non-Life premiums
IMPAIRMENT: adjustments in value of securities or other assets recognized in the income statement
LOSS RATIO: ratio between Non-Life claims and premiums
AFS RESERVES: reserves on assets classified as “Available For Sale”
SHADOW ACCOUNTING: accounting technique for the figurative allocation of unrealised capital gains and losses to Life policyholders

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Encl.1 - Information required by Consob

Strengthening of prior years' claims provisions: disclosure required by Consob

By letter of 18 March 2013, prot. no. 13021373, Consob requested Unipol, pursuant to Article 114, paragraph 5, of Legislative Decree no. 58/98, to report information and news in the notes to the 2012 consolidated financial statements on the following:

- Quantitative and qualitative reconstruction of the developments over time of the revaluation of prior years' claims provisions of the insurance companies belonging to the Group during financial year 2012, providing a detailed breakdown of amounts for each company and for each branch and also giving an indication of the changes in such strengthening as compared to values provided in the 2013-2015 Joint Business Plan and shown in the supplement to the information document pursuant to Article 5 of Consob Regulation 17221/2010 published on 10 January 2013;
- The underlying reasons for the reframing of the provisioning policies adopted so far by the companies belonging to the Fondiaria-SAI Group;
- Harmonization of provisioning policies with evidence of changes at the operational and methodological level;
- Description, representation and recognition of strengthening of previous generations' claims provisions in the 2012 consolidated financial statements

The following information is provided with reference to the requirements of the Supervisory Authority.

Strengthening of prior years' claims provisions of the Fondiaria-SAI Group and reframing of provisioning policies

As already noted in the press release published on 21 December 2012, the 2013-2015 Joint Business Plan (the "Plan") envisaged the strengthening of approximately € 650m of prior years'[14] claims provisions, with reference to financial year 2012, relating to the consolidation scope of Fondiaria-Sai.

The reasons underlying such strengthening are substantially related to the circumstances and assessments set out below:

A) final figures at 30 September 2012: with the approval, on 13 November 2012, by the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni, of the Interim Financial Report as at 30 September 2012, on a proposal of the previous technical structures of the above mentioned companies, the strengthening of prior years' claims provisions was highlighted, amounting to €342m in total, for the entire Fondiaria-Sai consolidation scope, which can be mainly traced back to:

[14] defined as the algebraic sum of claims provision at the end of the previous financial year of reference (the "Financial Year"), minus the amounts paid during the Financial Year, minus the claims provisions of periods prior to the end of the Financial Year, plus/minus the balance of sums recovered/to be recovered from policyholders and third parties

- MV TPL business: the analysis of management data regarding the savings made on claims from previous financial years paid as at 30 September 2012, according to assessments made by the previous technical structures, showed smaller figures for Fondiaria-SAI and Milano Assicurazioni, respectively 4 and 10 percentage points compared to those detected by Unipol Assicurazioni on the same date (25.8% of "dropped" provisions), although an improvement over the previous financial year. In the absence of punctual figures arising from the processing of actuarial models, prepared solely for the purpose of drawing up the financial statements, such management indicator - a sign of an insufficiently conservative provisioning estimate – was taken by these structures as evidence of the need, in dutiful implementation of prudential criteria, for greater integration of provisions for outstanding claims of these Companies Therefore, as at 30 September 2012, at the Fondiaria-Sai consolidated level, it was considered necessary to post an appropriate strengthening of €219m to such MV TPL claims provisions;

- General TPL business: on the basis of specific information received from ISVAP (now IVASS), Fondiaria-SAI and Milano Assicurazioni had to provide for additional provisions of a total of €125m and develop assessments of the ultimate cost of provisions with actuarial methods, instead of simplified methods used until the 2011 financial statements. Therefore, as at 30 September 2012, as recommended by the technical structures, strengthening amounts of General TPL claims provisions amounting to €150m (€156m also including other companies of the Fondiaria–Sai Group) were posted for Fondiaria-SAI and Milano Assicurazioni;

- Other branches reported a positive balance of €33m as at 30 September 2012;

B) annual inventory process of claims provisions: during the normal annual analytical review of the inventory of provisions for claims reported but not yet settled, the settlement network of Fondiaria-Sai highlighted the need for significant revaluations, in particular with respect to the claims of the third-party liability businesses (MV TPL and General TPL) of a higher amount. Moreover, it should be noted that, in addition to the activities carried out by the claim handlers, as per instructions of the insurance Supervisory Authority, the estimates of the claim handlers themselves should be checked with actuarial methods in order to estimate the ultimate cost of outstanding claims[15], including all future charges.

[15] The analytical assessment of claims by claim handlers is accompanied by an assessment of a statistical actuarial type, which can lead to further integrating provisions to bring them to the "ultimate cost", as defined in Article 27 of the ISVAP Regulation 16 dated 4 March 2008, which, in paragraph 1, reads: *"Undertakings shall determine the provision for claims outstanding starting from a separate analytical assessment of the cost of each claim reported but not paid-up based on the inventory method"* and in the following paragraph 4, it states that *"To determine the ultimate cost of claims of the insurance classes characterized by slow settlement processes, or where the analytical assessment referred to under paragraph 1 does not allow to take into account all future foreseeable liabilities, undertakings shall supplement the assessments referred to under paragraph 1 with statistical-actuarial methods or systems for the estimate of the trend in costs."*.

Such activity may lead to further integration of provisions compared to the estimate posted by the claim handlers on the basis of the information in their possession.

As the final figures for financial year 2012 were not available to them in the preparation of the Plan and thus in consideration of the inability to apply actuarial methods for the assessment of the ultimate cost of provisions (actuarial models, in fact, require annual time series), the Companies considered it appropriate to make a further prudential lump-sum integration of the adjustments made by the claim handlers at the time, obtaining an overall estimate of the strengthening of prior years' claims provisions amounting to €653m.

Therefore, as part of the process of harmonization of the assumptions underlying the calculation of the Plan's financial and economic projections, estimates of the strengthening of prior years' claims provisions made reference to:

i) management performance data and data adjusting claims provisions prepared by the claim handlers during the year-end inventory process and
ii) a prudent estimate of an increase in these values, performed in a lump-sum, in order to take account of any further strengthening due to the assessment by means of actuarial models.

With regard to the harmonization of provisioning policies of the companies belonging to the Fondiaria-Sai Group with those adopted by the Unipol Group, in the first months of operation of the new ownership it was decided to ensure that the provisioning process would provide for the timely implementation of the provisions of the law.

Therefore, at the conclusion of the inventory process carried out by the settlement network in order to determine the ultimate cost of outstanding claims, after integrating the assessments with the estimate of provisions for settlement costs, we checked the technical provisioning with several statistical actuarial methods reaching the results presented below.

In particular, with regard to the General TPL business, unlike what carried out up to the previous financial year, in place of simplified methods, statistical actuarial models were adopted such as the Chain-Ladder Paid method and the GLM ODP method, which is based on an analysis of time series classified by homogeneous risk families.
In the preparation of the 2012 consolidated financial statements, based on the combined results of these methods, an assessment of the ultimate cost of prior years' outstanding claims emerged, which led to an integration of the claim handlers' estimates, which, with particular reference to the MV TPL business, amounted to approximately €200m. All of the above led to an overall strengthening of the claims provisions of previous generations equal to €808m, of which €709m regarded the MV TPL business and €187m the General TPL business, while a positive balance of €88m was reported in the Other branches.

Strengthening of prior years' claims provisions of Unipol Assicurazioni

With regard to the strengthening of claims provisions of Unipol Assicurazioni, proposed in the Plan for financial year 2012 and recognized in the 2012 consolidated financial statements, the following is noted:

- ISVAP communication: as is known, on 3 July 2012, ISVAP sent a communication to Unipol Assicurazioni whose subject was considerations on the MV TPL technical provisions of financial year 2011. The Supervisory Authority informed such company that it had submitted the Company's MV TPL claims provisions to actuarial testing using a stochastic Chain-Ladder method for claims allocated to provisions with an expected cost below €100,000 and statistical methods, taking into account the number and the specific nature of these claims, for the analysis of claims with an expected cost exceeding €100,000. The results that ISVAP reached showed a shortage in provisions of approximately €210m for claims of an expected amount below €100,000, while for claims of an expected amount exceeding €100,000, without producing quantifications, the insurance Supervisory Authority highlighted critical profiles caused by the number of claims that, being allocated to provisions for amounts under €100,000, are then paid for higher amounts;
- Actions undertaken: Unipol Assicurazioni later responded by disagreeing with the conclusions reached by the insurance Supervisory Authority, putting forth their thoughts concerning, in particular, their divergence as to separate actuarial projections of claims based on a threshold amount and the choice made by ISVAP to use a single stochastic projection model, which tends to overestimate provisions in case of increase in the speed of settlement, as in the present case and as clearly highlighted in the report of the auditing actuary, who for such reason had discarded it, and based on a too limited time series for managed CARD claims (only 5 years).

Notwithstanding the above considerations, in the 2012 financial statements, on the basis of performance trends reported during the financial year and of the results of the actuarial models applied, Unipol Assicurazioni adjusted the MV TPL prior years' claims provisions for a total of €141m (approximately €164m net of recoveries). The assessment made by the Company places the claims provisions in line with the central value determined on the range of estimates identified by the actuary in charge of MV TPL. For financial year 2012 the Plan had assumed a total impact of €132m in the income statement.

In financial year 2012, a negative impact of €92m was reported in the income statement in regard of General TPL business and a positive impact of €78m in regard of all the other branches together. Consequently, the entire Non-Life business reported a negative result of €154m on claims of previous generations. The forecast made in the Plan for financial year 2012 had assumed a negative impact of a total of €100m in the income statement.

Development over time of strengthening of prior years' claims provisions

The following table shows the development of strengthening of claims provisions from previous generations over the time span of financial year 2012, in detail for the main branches (MV TPL, General TPL and Other branches) and for the main companies of the Group, detected cumulatively with reference to the assessment dates of 30 June, 30 September and 31 December 2012, as well as the assumptions made in the Plan with reference to financial year 2012[16].

[16] The values given with reference to the dates of 30 June and 30 September 2012 and to the Plan were not subjected to audit procedures by PricewaterhouseCoopers S.p.A., with the exception of the values at 30 June 2012 related to the Unipol Group only on a comparable consolidation basis, subjected to limited audit procedures

	Amounts in €m	30/06/2012	30/09/2012	31/12/2012	2012 Plan
Fondiaria-SAI	Motor TPL	10.3	30.0	289.5	250.0
	General TPL	40.4	113.0	113.1	105.0
	Other Non-Life branches	-14.1	-29.8	-77.5	-86.0
	Total	36.6	113.1	325.1	269.0
Milano Assicurazioni	Motor TPL	70.6	164.1	321.2	300.0
	General TPL	36.0	37.1	61.8	65.0
	Other Non-Life branches	11.3	-6.5	-23.0	-46.0
	Total	118.0	194.7	360.1	319.0
Other companies in the Fondiaria-SAI Group	Motor TPL	15.4	25.1	98.3	48.0
	General TPL	3.2	5.8	11.6	10.0
	Other Non-Life branches	-5.7	3.2	12.5	7.0
	Total	12.9	34.1	122.5	65.0
Fondiaria-SAI Group - Total	Motor TPL	96.2	219.1	709.1	598.0
	General TPL	79.6	155.9	186.5	180.0
	Other Non-Life branches	-8.5	-33.1	-88.0	-125.0
	Total	167.4	341.9	807.6	653.0
Unipol Assicurazioni	Motor TPL	31.4	64.7	140.8	132.0
	General TPL	0.4	14.4	91.7	40.0
	Other Non-Life branches	-32.9	-39.7	-78.3	-72.0
	Total	-1.1	39.4	154.2	100.0
Other companies in the Unipol Group	Motor TPL	-5.2	-6.7	-13.5	-11.2
	General TPL	0.2	0.3	0.2	0.0
	Other Non-Life branches	-9.3	-15.5	-18.6	-18.0
	Total	-14.3	-21.9	-31.8	-29.2
Unipol Group (on a like-for-like basis)	Motor TPL	26.2	58.0	127.3	120.8
	General TPL	0.6	14.8	91.9	40.0
	Other Non-Life branches	-42.2	-55.2	-96.8	-90.0
	Total	-15.5	17.5	122.4	70.8
Unipol Group + Fondiaria-SAI Group	Motor TPL	122.4	277.1	836.4	718.8
	General TPL	80.2	170.6	278.4	220.0
	Other Non-Life branches	-50.7	-88.3	-184.8	-215.0
	Total	151.9	359.4	930.0	723.8

As explained above, it should be noted that the strengthening was determined, in particular, in the latter part of 2012, upon the emergence of evidence gained from the inventory process, started from the month of September 2012, and from the findings of actuarial models only applicable to annual data.
With reference to the business plan for the company resulting from the proposed merger (UnipolSai) the forecasts contained therein are confirmed in full, which, as to the item prior years' claims provisions, considered, for purely prudential purposes, an additional €150m during the time span of the 2013-2015 plan.

Representation and recognition of the strengthening of claims provisions
The strengthening of claims provisions of previous generations, particularly in relation to the MV TPL and General TPL businesses, made by companies consolidated by Fondiaria-SAI, is qualified as adjustments of an estimate of acquired insurance liabilities and is included in the assessment of such liabilities at the acquisition date upon recognition of the business combination, based on the proper application of IFRS 3 "Business Combinations".
Such strengthening, in fact, arose from information obtained, or that came to our knowledge, after the date of acquisition of indirect control of Fondiaria-SAI, during the assessment period referred to in paragraph 45 of IFRS 3, which relates to facts and circumstances already in place before the acquisition date, such as precisely claims of previous generations. Pursuant to an express provision of the aforesaid paragraph 45, "during the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date". See also, in this regard, the chapter entitled "Integration with the Premafin/Fondiaria-SAI Group" included in Section 1. General drafting criteria of the Notes to the Financial Statements.
Therefore, such strengthening, as part of the 2012 consolidated financial statements of Unipol, was posted as an increase to item 3 Technical Provisions (Balance Sheet - Equity and liabilities), resulting in a corresponding increase in the item 1.1 - Goodwill (Balance Sheet - Assets) for the portion attributable to the Group and a decrease in the item 1.2.1 - Share capital and reserves attributable to non-controlling interests (Balance Sheet – Equity and liabilities) for the portion attributable to non-controlling interests.
The adjustment of claims provisions of the subsidiary Unipol Assicurazioni should also be qualified as adjustment of an estimate and was recorded in the 2012 consolidated financial statements of Unipol as a cost pertaining to financial year 2012 under item 2.1.1 - Amounts paid and change in technical provisions (Consolidated Income Statement), showing a corresponding increase in item 3 - Technical Provisions (Balance Sheet - Equity and Liabilities).

Consolidated Statement of Financial Position - Assets

Amounts in €m

		31/12/2012	31/12/2011
1	INTANGIBLE ASSETS	2,077.1	1,641.0
1.1	Goodwill	1,908.9	1,522.5
1.2	Other intangible assets	168.2	118.5
2	PROPERTY, PLANT AND EQUIPMENT	1,413.0	804.1
2.1	Property	1,286.4	746.0
2.2	Other items of property, plant and equipment	126.6	58.2
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	1,207.3	396.0
4	INVESTMENTS	70,957.6	33,181.1
4.1	Investment property	3,000.5	314.2
4.2	Investments in subsidiaries and associates and interests in joint ventures	175.6	42.3
4.3	Held-to-maturity investments	3,050.8	1,689.0
4.4	Loans and receivables	17,489.2	15,250.3
4.5	Available-for-sale financial assets	36,646.6	11,985.1
4.6	Financial assets at fair value through profit or loss	10,594.9	3,900.3
5	SUNDRY RECEIVABLES	3,663.5	1,761.5
5.1	Receivables relating to direct insurance business	2,090.4	820.6
5.2	Receivables relating to reinsurance business	110.8	57.9
5.3	Other receivables	1,462.3	883.0
6	OTHER ASSETS	3,082.0	1,554.3
6.1	Non-current assets held for sale or disposal groups	7.7	0.0
6.2	Deferred acquisition costs	67.1	18.8
6.3	Deferred tax assets	2,201.2	1,230.0
6.4	Current tax assets	324.6	27.3
6.5	Other assets	481.4	278.2
7	CASH AND CASH EQUIVALENTS	708.2	239.7
	TOTAL ASSETS	83,108.8	39,577.8

Unipol GRUPPO

Consolidated Statement of Financial Position - Equity and Liabilities

Amounts in €m

		31/12/2012	31/12/2011
1	EQUITY	7,002.3	3,204.5
1.1	attributable to the owners of the Parent	5,321.7	3,078.3
1.1.1	Share capital	3,365.3	2,699.1
1.1.2	Other equity instruments	0.0	0.0
1.1.3	Equity-related reserves	1,724.5	1,506.3
1.1.4	Income-related and other reserves	173.4	91.0
1.1.5	(Treasury shares)	-0.1	-0.2
1.1.6	Translation reserve	2.5	0.0
1.1.7	Gains or losses on available-for-sale financial assets	-164.1	-1,090.9
1.1.8	Other gains or losses recognised directly in equity	-50.7	-19.4
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	271.0	-107.6
1.2	attributable to non-controlling interests	1,680.6	126.2
1.2.1	Share capital and reserves attributable to non-controlling interests	1,051.7	140.0
1.2.2	Gains or losses recognised directly in equity	458.8	-28.4
1.2.3	Profit (loss) for the year attributable to non-controlling interests	170.1	14.5
2	PROVISIONS	403.4	112.5
3	TECHNICAL PROVISIONS	56,456.0	22,039.3
4	FINANCIAL LIABILITIES	16,233.6	12,828.7
4.1	Financial liabilities at fair value through profit or loss	2,168.9	1,458.2
4.2	Other financial liabilities	14,064.8	11,370.5
5	PAYABLES	1,276.5	439.7
5.1	Payables arising from direct insurance business	164.3	67.4
5.2	Payables arising from reinsurance business	85.1	43.2
5.3	Other payables	1,027.2	329.0
6	OTHER LIABILITIES	1,736.8	953.2
6.1	Liabilities associated with non-current assets held for sale	1.6	0.0
6.2	Deferred tax liabilities	587.9	339.2
6.3	Current tax liabilities	178.5	28.6
6.4	Other liabilities	968.9	585.4
	TOTAL EQUITY AND LIABILITIES	83,108.8	39,577.8

Unipol GRUPPO

Consolidated Income Statement

Amounts in €m

		31/12/2012	31/12/2011
1.1	Net premiums	11,623.6	8,679.1
1.1.1	*Gross premiums*	*11,925.3*	*8,836.4*
1.1.2	*Ceded premiums*	*-301.7*	*-157.3*
1.2	Fee and commission income	133.8	130.9
1.3	Gains and losses on financial instruments at fair value through profit or loss	408.4	-245.3
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	5.9	12.9
1.5	Gains on other financial instruments and investment property	2,129.0	1,753.3
1.5.1	*Interest income*	*1,631.1*	*1,380.5*
1.5.2	*Other gains*	*134.3*	*110.6*
1.5.3	*Realised gains*	*333.8*	*184.1*
1.5.4	*Unrealised gains*	*29.8*	*78.0*
1.6	Other revenue	313.3	113.0
1	TOTAL REVENUE AND INCOME	14,614.0	10,443.8
2.1	Net charges relating to claims	-10,368.9	-7,843.3
2.1.1	*Amounts paid and changes in technical provisions*	*-10,640.3*	*-7,891.8*
2.1.2	*Reinsurers' share*	*271.4*	*48.5*
2.2	Fee and commission expense	-33.8	-28.3
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-20.3	-24.2
2.4	Losses on other financial instruments and investment property	-710.1	-762.5
2.4.1	*Interest expense*	*-344.4*	*-276.5*
2.4.2	*Other charges*	*-51.9*	*-12.1*
2.4.3	*Realised losses*	*-100.7*	*-203.7*
2.4.4	*Unrealised losses*	*-213.0*	*-270.1*
2.5	Operating expenses	-2,219.3	-1,382.1
2.5.1	*Commissions and other acquisition costs*	*-1,468.0*	*-864.9*
2.5.2	*Investment management expenses*	*-30.1*	*-16.6*
2.5.3	*Other administrative expenses*	*-721.1*	*-500.6*
2.6	Other costs	-550.3	-669.6
2	TOTAL COSTS AND EXPENSES	-13,902.6	-10,709.9
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	711.4	-266.1
3	Income tax	-266.0	173.0
	POST-TAX PROFIT (LOSS) FOR THE YEAR	445.5	-93.1
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-4.4	0.0
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	441.1	-93.1
	attributable to the owners of the Parent	271.0	-107.6
	attributable to non-controlling interests	170.1	14.5

Consolidated Statement of Comprehensive Income - Net amounts

Amounts in €m

	31/12/2012	31/12/2011
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	441.1	-93.1
Variations in translation reserve	5.7	0.0
Gains or losses on available-for-sale financial assets	1,419.8	-452.7
Gains or losses on cash flow hedges	-25.7	-17.1
Gains or losses on hedges of a net investment in foreign operations	0.0	0.0
Variation in equity of investees	0.0	0.0
Variation in the revaluation reserve for intangible assets	0.0	0.0
Variation in the revaluaton reserve for property, plant and equipment	0.0	0.0
Gains or losses on non-current assets held for sale and disposal groups	0.0	0.0
Actuarial gains and losses and adjustments relating to defined benefit plans	-15.6	-0.8
Other items	0.9	0.0
TOTAL OTHER COMPREHENSIVE INCOME	1,385.0	-470.7
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	1,826.1	-563.7
attributable to the owners of the parent	*1,168.9*	*-573.2*
attributable to non-controlling interests	*657.3*	*9.4*

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CONDENSED CONSOLIDATED INCOME STATEMENT BROKEN DOWN BY BUSINESS SEGMENT

	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE			BANKING			HOLDING AND SERVICES			REAL ESTATE			INTERSEGMENT ELIMINATIONS		CONSOLIDATED TOTAL		
Amounts in €m	31/12/12	31/12/11	% var.	31/12/12	31/12/11	% var.	31/12/12	31/12/11	% var.	31/12/12	31/12/11	% var.	31/12/12	31/12/11	% var.	31/12/12	31/12/11	% var.	31/12/12	31/12/11	31/12/12	31/12/11	% var.
Net premiums	7,211	4,251	69.6	4,412	4,428	-0.4	11,624	8,679	33.9												11,624	8,679	33.9
Net fees and commissions	0	0		7	10	-31.9	7	11	-33.0	115	121	-5.3	6	2		0	0		-28	-32	100	103	-2.5
Financial income/expense (excl. assets/liabilities at fair value TP	356	209	70.1	966	648	49.2	1,322	857	54.3	197	156	26.5	-65	-119		-4	1		-74	-60	1,376	834	64.9
Net interest (income/expense)	*281*	*200*		*847*	*748*		*1,128*	*948*		*218*	*202*		*-41*	*-17*		*0*	*0*		*-4*	*0*	*1,301*	*1,133*	
Other income and expense	*33*	*40*		*17*	*45*		*51*	*85*		*1*	*0*		*-15*	*-21*		*12*	*-2*		*-21*	*-7*	*28*	*55*	
Realised gains and losses	*62*	*9*		*114*	*68*		*176*	*77*		*55*	*8*		*2*	*-81*		*-2*	*3*				*230*	*7*	
Unrealised gains and losses	*-20*	*-39*		*-12*	*-214*		*-32*	*-253*		*-77*	*-56*		*-11*	*0*		*-13*	*0*		*-50*	*-53*	*-183*	*-362*	
Net charges relating to claims	-4,835	-3,176	52.3	-5,097	-4,768	6.9	-9,932	-7,943	25.0												-9,932	-7,943	25.0
Operating expense	-1,654	-944	75.1	-219	-148	47.7	-1,873	-1,093	71.4	-286	-266	7.2	-216	-86	150.4	-5	-1		160	64	-2,219	-1,382	60.6
Commissions and other acquisition costs	*-1,351*	*-796*	69.7	*-121*	*-79*	53.1	*-1,473*	*-876*	68.2										*5*	*11*	*-1,468*	*-865*	69.7
Other expenses	*-302*	*-148*	104.6	*-98*	*-69*	41.4	*-400*	*-217*	84.4	*-286*	*-266*	7.2	*-216*	*-86*	150.4	*-5*	*-1*		*155*	*53*	*-751*	*-517*	45.3
Other income/expense	-203	-77	165.1	-17	-60	-71.7	-220	-136	61.4	-13	-412	-96.7	60	-35		-5	-1		-59	27	-237	-557	-57.4
Pre-tax profit (loss)	875	264	232.0	52	110	-52.5	928	374	148.0	13	-401		-215	-238	9.9	-14	0		0	0	711	-266	
Income tax																					-266	173	
Profit (loss) on discontinued operations																					-4	0	
Consolidated profit (loss) for the year																					441	-93	
Profit (loss) attributable to the owners of the Parent																					*271*	*-108*	
Profit (loss) attributable to non-controlling interests																					*170*	*15*	

Changes to segment information and accounting principles of actuarial gains and losses relating to defined benefit plans had the following effects on pre-tax profit (loss) of the income statement business segments:

- the Non-Life business goes from €260m to €264m, more specifically due to income/expense being reclassified to the real estate segment;
- the Life business goes from €120m to €110m, due *inter alia* to dividend derecognition of €5m being reclassified from the 'Intersegment eliminations' segment;
- the Banking business goes from -€280m to -€401m, more specifically due to impairment of goodwill of €119m being reclassified from the 'intersegment eliminations' segment;
- the segments 'Holding and Services' and 'Other business' go from –€226m to -€238m, more specifically due to reversal of dividends of €12m being reclassified from the 'Intersegment eliminations' segment;
- the 'Intersegment eliminations' segment goes from –€141m to zero, more specifically due to impairment of goodwill relating to banking business of €119m and reversal of dividends of €17m being reclassified to other segments.

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