



Unipol Assicurazioni 2012 Consolidated Financial Statements

Unipol
ASSICURAZIONI

Unipol Assicurazioni S.p.A.

The Company merged into UnipolSai S.p.A. (previously Fondiaria-Sai S.p.A.) for legal purposes on 6 January 2014, backdated to 1 January 2014 for accounting and tax purposes, with registered office at 45, Via Stalingrado, Bologna and registration number on the Bologna Companies' Register 00818570012, by means of F. Tassinari Notarial Act Reference 53712 dated 2 January 2014

2012 Consolidated financial statements

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Consolidated Financial Statements:

- Statement of financial position
 - Income statement and statement of comprehensive income
 - Statement of changes in equity
 - Statement of cash flows
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Consolidated statement of financial position - Assets

<i>Values in Millions of Euro</i>		31/12/2012	31/12/2011
1	INTANGIBLE ASSETS	352.3	346.1
1.1	Goodwill	306.7	306.7
1.2	Other intangible assets	45.5	39.3
2	PROPERTY, PLANT AND EQUIPMENT	396.0	492.4
2.1	Property	368.1	461.9
2.2	Other tangible assets	27.9	30.6
3	REINSURERS' SHARE OF TECHNICAL PROVISIONS	365.2	349.7
4	INVESTMENTS	20,365.0	18,881.8
4.1	Investment property	620.4	506.6
4.2	Investments in subsidiaries, associates and joint ventures	333.5	323.4
4.3	Investments held to maturity	1,754.3	2,090.0
4.4	Loans and receivables	4,456.6	4,787.2
4.5	Available-for-sale financial assets	9,986.6	8,263.3
4.6	Financial assets at fair value through profit or loss	3,213.6	2,911.2
5	OTHER RECEIVABLES	1,213.4	1,414.8
5.1	Receivables arising out of direct insurance operations	705.5	752.9
5.2	Receivables arising out of reinsurance operations	42.6	50.2
5.3	Other receivables	465.3	611.7
6	OTHER ASSETS	505.1	674.5
6.1	Non-current assets or disposal groups classified as held-for-sale	-	-
6.2	Deferred acquisition costs	14.7	18.6
6.3	Deferred tax assets	388.1	536.8
6.4	Current tax assets	-	-
6.5	Other assets	102.3	119.2
7	CASH AND CASH EQUIVALENTS	576.3	263.1
	TOTAL ASSETS	23,773.2	22,422.3

Consolidated statement of financial position - Equity and liabilities

<i>Values in Millions of Euro</i>		31/12/2012	31/12/2011
1	EQUITY	1,909.8	1,060.3
1.1	attributable to the owners of the parent	1,909.8	1,060.3
1.1.1	Share capital	259.1	259.1
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	805.9	805.9
1.1.4	Retained earnings and other reserves	985.8	1,020.5
1.1.5	(Own shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Gains or losses on available-for-sale financial assets	-327.6	-939.7
1.1.8	Other gains or losses recognized directly in equity	-58.2	-41.4
1.1.9	Profit (loss) for the period/year attributable to the owners of the parent	244.8	-44.0
1.2	attributable to non-controlling interests	-	-
1.2.1	Share capital and reserves	-	-
1.2.2	Gains or losses recognized directly in equity	-	-
1.2.3	Profit (loss) for the period/year attributable to non-controlling interests	-	-
2	PROVISIONS	67.1	85.3
3	TECHNICAL PROVISIONS	19,206.3	18,743.9
4	FINANCIAL LIABILITIES	1,797.9	1,687.0
4.1	Financial liabilities at fair value through profit or loss	686.8	572.8
4.2	Other financial liabilities	1,111.1	1,114.2
5	PAYABLES	364.6	324.6
5.1	Payables arising out of direct insurance operations	48.4	44.1
5.2	Payables arising out of reinsurance operations	13.3	37.3
5.3	Other payables	302.8	243.2
6	OTHER LIABILITIES	427.6	521.3
6.1	Liabilities of a disposal group classified as held-for-sale	-	-
6.2	Deferred tax liabilities	128.1	231.1
6.3	Current tax liabilities	56.6	-
6.4	Other liabilities	242.9	290.2
	TOTAL EQUITY AND LIABILITIES	23,773.2	22,422.3

Consolidated Income Statement

Values in Millions of Euro		31/12/2012	31/12/2011
1.1	Net premiums	5,569.5	5,486.7
1.1.1	Gross premiums	5,701.7	5,614.8
1.1.2	Reinsurance premiums	-132.1	-128.1
1.2	Fee and commission income	10.6	9.1
1.3	Gains and losses on financial instruments at fair value through profit or loss	207.8	-215.5
1.4	Income from investments in subsidiaries, associates and joint ventures	3.6	12.2
1.5	Income from other financial instruments and investment property	858.3	909.8
1.5.1	Interest income	613.5	628.2
1.5.2	Other income	74.1	81.0
1.5.3	Realised gains	141.1	122.5
1.5.4	Unrealized gains	29.7	78.0
1.6	Other income	54.6	66.1
1	TOTAL REVENUES	6,704.6	6,268.3
2.1	Net insurance claims	-5,000.1	-4,729.1
2.1.1	Amounts paid and changes in technical provisions	-5,117.8	-4,767.8
2.1.2	Reinsurers' share	117.7	38.8
2.2	Fee and commission expense	-9.5	-8.0
2.3	Losses on investments in subsidiaries, associates and joint venture	-0.1	-65.3
2.4	Charges from other financial instruments and property	-249.2	-268.2
2.4.1	Interest expense	-44.2	-52.2
2.4.2	Other expenses	-11.3	-9.8
2.4.3	Realized losses	-50.9	-68.1
2.4.4	Changes in fair values	-142.8	-138.1
2.5	Management expenses	-990.6	-963.8
2.5.1	Commissions and other acquisition costs	-811.6	-802.8
2.5.2	Investment management expenses	-32.7	-24.9
2.5.3	Other administration expenses	-146.3	-136.1
2.6	Other costs	-87.3	-229.4
2	TOTAL COSTS AND EXPENSES	-6,336.7	-6,263.7
	NET PROFIT (LOSS) BEFORE TAX	367.9	4.6
3	Tax	-123.1	-48.6
	NET PROFIT (LOSS)	244.8	-44.0
4	NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-	-
	CONSOLIDATED PROFIT (LOSS)	244.8	-44.0
	attributable to the owners of the parent	244.8	-44.0
	attributable to non-controlling interests	-	-

Consolidated Statement of Comprehensive Income - Net amounts

	<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011
CONSOLIDATED PROFIT (LOSS)		244.8	-44.0
Foreign currency translation differences		-	-
Net unrealized gains or losses on available-for-sale financial assets		612.2	-426.7
Net unrealized gains or losses on cash flows hedging derivatives		-13.9	-13.3
Net unrealized gains or losses on hedge of a net investment in foreign operations		-	-
Share of other comprehensive income of associates		1.2	-4.1
Reserve for revaluation model on intangible assets		-	-
Reserve for revaluation model on tangible assets		-	-
Result of discontinued operations		-	-
Actuarial gains or losses arising from defined benefit plans		-4.1	-1.6
Other		-	-
OTHER COMPREHENSIVE INCOME		595.4	-445.7
TOTAL CONSOLIDATED COMPREHENSIVE INCOME		840.1	-489.7
<i>attributable to the owners of the parent</i>		<i>840.1</i>	<i>-489.7</i>
<i>attributable to non-controlling interests</i>		-	-

Consolidated Statement of Changes in Equity

		Amounts at 31/12/2010	Change to closing balances	Amounts allocated	Reclassificatio ns to the Income Statement	Transfers	Amounts at 31/12/2011
<i>Values in Millions of Euro</i>							
Equity attributable to the owners of the Parent	Share capital	150,3		108,8			259,1
	Other equity instruments						0,0
	Capital reserves	672,9		133,0			805,9
	Retained earnings and other reserves	915,4		105,1			1.020,5
	(Own shares)	0,0		0,0			0,0
	Profit (loss) for the year	55,9		-44,0		-55,9	-44,0
	Other comprehensive income/expense	-535,5		-427,0	2,6	-21,3	-981,2
	Total attributable to the owners of the Parent	1.259,1	0,0	-124,1	2,6	-77,2	1.060,3
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	0,0		0,0			0,0
	Profit (loss) for the year	0,0		0,0		0,0	0,0
	Other comprehensive income/expense	0,0		0,0	0,0	0,0	0,0
	Total attributable to non-controlling interests	0,0	0,0	0,0	0,0	0,0	0,0
Total		1.259,1	0,0	-124,1	2,6	-77,2	1.060,3

		Amounts at 31/12/2011	Change to closing balances	Amounts allocated	Reclassificatio ns to the Income Statement	Transfers	Amounts at 31/12/2012
Equity attributable to the owners of the Parent	Share capital	259,1	-	-		-	259,1
	Other equity instruments	-	-	-		-	-
	Capital reserves	805,9	-	-		-	805,9
	Retained earnings and other reserves	1.020,5	-	-34,7		-	985,8
	(Own shares)	-	-	-		-	-
	Profit (loss) for the year	-44,0	-	244,8		44,0	244,8
	Other comprehensive income/expense	-981,1	-	382,0	213,4	-	-385,8
	Total attributable to the owners of the Parent	1.060,3	-	592,1	213,4	44,0	1.909,8
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	-	-	-		-	-
	Profit (loss) for the year	-	-	-		-	-
	Other comprehensive income/expense	-	-	-	-	-	-
	Total attributable to non-controlling interests	-	-	-	-	-	-
Total		1.060,3	-	592,1	213,4	44,0	1.909,8

Consolidated Statement of Cash Flows

	<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011
Profit (loss) before tax for the year		367.9	4.6
Change in non-monetary items		-196.7	652.3
Change in Non-Life premiums provision		-63.3	-12.6
Change in claims provision and other Non-Life technical provisions		-30.4	-194.2
Change in mathematical provisions and other Life technical provisions		306.1	265.8
Change in deferred acquisition costs		3.9	2.3
Change in provisions		-18.2	14.9
Non-monetary gains and losses on financial instruments, investment property and investments		-162.4	244.6
Other changes		-232.5	331.5
Change in receivables and payables generated by operating activities		235.8	178.1
Change in receivables and payables arising out of direct insurance and reinsurance operations		35.4	85.1
Change in other receivables and payables		200.4	93.0
Paid taxes		-	-44.9
Net cash flows generated by/used for monetary items from investing and financial activities		-57.7	-273.5
Liabilities from financial contracts issued by insurance companies		-61.7	-25.1
Payables to bank and interbank customers		-	-
Loans and receivables from bank and interbank customers		-	-
Other financial instruments at fair value through profit or loss		4.1	-248.4
TOTAL NET CASH FLOW GENERATED BY/USED FOR OPERATING ACTIVITIES		349.3	516.5
Net cash flow generated by/used for investment property		-146.5	-169.6
Net cash flow generated by/used for investments in subsidiaries, associates and joint ventures		-10.7	-0.7
Net cash flow generated by/used for loans and receivables		48.2	-590.5
Net cash flow generated by/used for held-to-maturity investments		362.8	155.5
Net cash flow generated by/used for available-for-sale financial assets		-355.5	-77.3
Net cash flow generated by/used for property, other tangible assets and intangible assets		66.3	-83.8
Other net cash flows generated by/used for investment activities		-	-
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES		-35.3	-766.5
Net cash flow generated by/used for equity instruments attributable to the owners of the parent		0.0	150.0
Net cash flow generated by/used for treasury shares		-	-
Dividends distributed to the owners of the parent		-	-
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests		-	-
Net cash flow generated by/used for subordinated liabilities and equity instruments		-	-
Net cash flow generated by/used for other financial liabilities		-0.7	-25.2
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES		-0.7	124.8
Effect of exchange rate gains/losses on cash and cash equivalents		0.0	0.0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		263.1	388.2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		313.2	-125.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		576.3	263.1

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOREWORD

Unipol Assicurazioni is a public limited company with registered office in Bologna (Italy) and is fully owned by Unipol Gruppo Finanziario SpA ("UGF") that carries out management and coordination activities thereon, pursuant to Article 2497 et seq of the Civil Code. As detailed below, as from 6 January 2014, Unipol Assicurazioni merged into Fondiaria-SAI S.p.A. ("Fondiaria-SAI") which, on the same date, changed its name to UnipolSai Assicurazioni S.p.A. ("UnipolSai Assicurazioni" or "UnipolSai").

The Unipol Assicurazioni Group, constituted by Unipol Assicurazioni SpA ("Unipol Assicurazioni") and its subsidiaries, carries out activities in the business of insurance, reinsurance and capitalisation; can issue investment contracts and can set up and manage open-ended Pension Funds, in accordance with the provisions of Article 9 of Legislative Decree 124 of 21/04/1993, as subsequently amended. It also carries out real estate activities, principally in managing property used by the companies forming part of the group headed by the parent company Unipol Gruppo Finanziario SpA ("Unipol Group").

This document, which includes the consolidated financial statements of Unipol Assicurazioni for the year ended 31 December 2012, (the "Consolidated Financial Statements"), has been prepared as part of the merger by incorporation of Premafin Finanziaria SpA - Holding di Partecipazioni, Unipol Assicurazioni SpA and Milano Assicurazioni SpA in Fondiaria-SAI SpA (the "Merger"). It is also prepared as part of the drawing up of the Base Prospectus within UnipolSai Assicurazioni's EMTN (Euro Medium-Term Note) programme.

The consolidated financial statements prepared by parent company UGF include the balances of the Unipol Assicurazioni Group.

As disclosed above, and after the registration with the companies' registries of Bologna, Milan and Turin, UnipolSai Assicurazioni, the company resulting from the merger of Unipol Assicurazioni, Milano Assicurazioni and Premafin by incorporation into Fondiaria-SAI, was established with effect from 6 January 2014.

The merger of the former companies, which were leaders in the local insurance market in terms of brands, tradition, skills and experience is the concluding step in the integration of the Unipol and Premafin/Fondiaria-SAI groups that commenced in the beginning of 2012.

UnipolSai now operates in the market through seven units: Unipol, La Fondiaria, Sai, Milano, Nuova MAA, SASA and La Previdente.

The establishment of UnipolSai, which became listed on the Stock Exchange with effect from 6 January 2014, completes the new structure of the Unipol Group which, by reference to the new company's figures, enters the list of the top ten insurance groups in Europe.

It should be noted that Unipol Assicurazioni had not prepared consolidated financial statements for the year in question at the end of the financial year and within the ordinarily prescribed time, as it has availed itself of the exemption provided for in Articles 96 and 97 of Legislative Decree 209 of 7 September 2005 ("Codice delle Assicurazioni Private", the Private Insurance Code) and Article 21 of ISVAP Ruling 7 of 13 July 2007.

Following the legal effect of the Merger, these consolidated financial statements were approved by the Board of Directors of UnipolSai, the acquiror.

Merger with Premafin/Fondiaria-Sai

The deed of merger by incorporation of Unipol Assicurazioni SpA ("Unipol Assicurazioni"), Milano Assicurazioni SpA ("Milano Assicurazioni") e Premafin HP SpA ("Premafin", jointly, "the Merged") into Fondiaria-SAI SpA

("Fondiaria-SAI" or the "Incorporating Company"), that as a result of the merger changed its name to UnipolSai Assicurazioni SpA or UnipolSai SpA, was signed on 31 December 2013.

The deed of merger was signed upon completion of the corporate business combination as well as upon the Parent Company Unipol Assicurazioni simultaneous subscribing to and paying for an increase in Unipol Assicurazioni's share capital totalling euro 600 million, that had been approved by the Extraordinary Shareholders' Meeting of Unipol Assicurazioni dated 8 August 2013. The merger became legally effective on 6 January 2014, upon registration of the relevant deed with the competent offices of the Companies' Registrar, which took place on 2 January 2014. For accounting and tax purposes, the effective date is deemed to be 1st January 2014.

On the Effective Date, all shares of the Merged companies were cancelled and exchanged for shares in the Incorporating company, that proceeded:

- To assign all the Incorporating Company's shares held by the Merged companies through distribution of the same shares through exchange, without the shares ever resulting to have been acquired by the Incorporating Company as own shares, and
- In relation to the excess amounts, to increase its share capital by euro 782,960,791.85, through the issue of 1,330,340,830 new ordinary shares and 55,430,334 new class "B" savings shares, all without par value and with distribution rights, to be allocated to shareholders of Unipol Assicurazioni, Milano Assicurazioni and Premafin, on the basis of the exchange ratios below:
- 0.050 ordinary share in the Incorporating Company for each Premafin ordinary share;
- 1.497 ordinary share in the Incorporating Company for each Unipol Assicurazioni ordinary share;
- 0.339 ordinary share in the Incorporating Company for each Milano Assicurazioni ordinary share;
- 0.549 class "B" savings share in the Incorporating Company for each Milano Assicurazioni savings share.

None of the shareholders holding Milano Assicurazioni savings shares exercised the right to pursuant to Article 2437 paragraph 1(g) of the Italian Civil Code.

On the contrary, the right to withdraw was legally exercised by the ordinary shareholders of Premafin, in relation to 13,975,294 Premafin ordinary shares, equivalent to 0.6495% of Premafin's share capital, for a total disbursement of euro 2,441,483.86.

As from the Effective Date, the statutory changes related to the merger became effective and UnipolSai's fully issued and paid share capital now amounts to euro 1,977,533,765.65, which is made up of 2,250,906,752 ordinary shares and 1,276,836 class "A" savings shares and 377,193,155 class "B" savings shares, all without par value.

Shares of the Merged Companies Milano Assicurazioni and Premafin were delisted as from 6 January 2014.

As from 6 January 2014, the new ordinary shares and class "B" savings shares were listed on the "Mercato Telematico Azionario" that is organised and managed by Borsa Italiana SpA (the Italian stock exchange), similar to the ordinary shares and class "B" savings shares of the Incorporating Company that were already in issue at the time of the new issues.

Based on the approved exchange ratios, the share ownership of UnipolSai is as follows (on the Effective Date):

	% Ordinary share	% share capital savings A	% share capital savings B	% total share capital
Unipol	63,00%		67,75%	63.66%
Ex Premafin	0,85%			0.73%
Ex Fondiaria-SAI	25,46%	100,00%	21.51%	24.92%
Ex Milano Assicurazioni	10,69%		10.74%	10.69%
Total	100,00%	100,00%	100,00%	100,00%

(*) share transferred on 27 November 2013 to Unipol Finance, 100% owned by Unipol Gruppo Finanziario

Key milestones of the Merger by incorporation project

One is to emphasise that the merger is considered to be a critical part of the larger project of integration of the Unipol Group and the Premafin/Fonditalia-SAI Group, as well as of Unipol Group's strategic goals that contemplate the establishment of a leading, reputable insurer that is in a position to compete effectively with the main national and European insurance players, whilst maximising value for the shareholders of the companies involved. The project that is based on a strong business rationale is summarised in the following pillars:

- an opportunity to increase UnipolSai Group's and Unipol Group's market leadership, enhancing historic brands in the insurance market;
- strengthening of UnipolSai Group's and Unipol Group's capital standing;
- restructuring of Fonditalia-SAI's insurance business in the Non-life business segment;
- use of Unipol Group's vast experience in insurance turnaround transactions and the shown integration ability;
- simplified corporate and business operations, attained through optimisation of structures and processes (centralised purchasing, supplier base, single comprehensive agents' agreement) and, possibly the rationalisation of current investment programmes;
- the complementary nature of expertise in the Health, Pensions and Direct channel sectors;
- an opportunity to strengthen Unipol Group's leading position in innovation.

The following is a summary of the key milestones in the Merger by incorporation project:

- on 29 January 2012, Unipol and Premafin reached an agreement in relation to a "Business combination plan" involving the two insurance groups. The plan provided for the acquisition by Unipol of the controlling interest in Premafin and the subsequent merger of Unipol Assicurazioni, Premafin and possibly Milano Assicurazioni into Fonditalia-SAI (the "Companies Involved in the Merger");
- in May, June and July 2012 Unipol obtained: (i) from competent authorities (AGCM, IVASS, Banca d'Italia, Autorità di vigilanza estere) the exemptions and authorisations necessary in obtaining direct control of Premafin, and consequently the indirect of Fonditalia-SAI and of Milano Assicurazioni; and (ii) from Consob the exemption from the launch of the public offer that is required pursuant to and by effect of Article 106, paragraph 5 of TUF (consolidated law on finance) and Articles 45 and 49 of Consob Regulation 11971 of 14 May 1999, as subsequently amended (Issuers' Regulation);
- on 19 July 2012, Unipol subscribed to and fully paid for 1,741,239,877 Premafin ordinary shares – issued upon the Share Capital Increase of Premafin, approved by the Extraordinary Shareholders' Meeting of Premafin dated 12 June 2012 – and as a result, Unipol acquired direct control of Premafin and consequently indirect control of Fonditalia-SAI and Milano Assicurazioni;
- on 13 September 2012, the Share Capital Increase of Fonditalia-SAI was carried out – as approved by the Extraordinary Shareholders' Meeting of Fonditalia-SAI of 27 June 2012 – with the full subscription of a total of 916,895,448 Fonditalia-SAI ordinary shares and of 321,762,672 class "B" Fonditalia-SAI savings shares, offered in options to Fonditalia-SAI shareholders;
- on 14 November 2012, Unipol commenced management and coordination activities in accordance with Article 2497 et seq of the Civil Code in relation to Premafin, Fonditalia-SAI and Milano Assicurazioni;
- on 20 December 2012, (i) the Boards of Directors of the Companies Involved in the Merger approved – upon the favourable opinion expressed by their respective Independent Directors' Committees – the Merger Plan and supporting documentation, and (ii) Unipol's Board of Directors approved the financial terms of the Merger and opined favourably on Unipol's and its shareholders' interests in the implementation of the Transaction, as well as on the suitability and overall accuracy of the conditions underlying the said transaction;

- on 27 December 2012, Unipol and each of the Companies Involved in the Merger published an information document in relation to major transactions with related parties, as supplemented with an addendum dated 10 January 2013, that had been drawn up on Consob's request pursuant to Article 114, paragraph 5 of TUF, and prepared in accordance with and by effect of Article 5 of the Related Party Transactions Regulation, since the Merger qualified as major transaction with related parties in terms of the afore-mentioned Regulation;
- on 28 January 2013, the Companies Involved in the Merger filed the Merger Plan at their respective head offices and on their respective websites;
- on 25 July 2013, IVASS with decision number 51-13-000148 authorised the Merger, pursuant to and by effect of Article 201 et seq of Legislative Decree 209 of 2005 (Codice delle Assicurazioni Private, private insurance code) and Article 23 et seq of IVASS Ruling 14 of 2008 on mergers. It confirmed that the required conditions for the mentioned decision existed, both under the scenario that Milano Assicurazioni would, or would not, participate in the Merger, after having taken into consideration sound and prudent management, availability of assets to cover technical provisions and the Solvency Margin of the Company Resulting from the Merger;
- in the first 10 days of August 2013, the Companies Involved in the Merger filed the Merger Plan with the competent Companies' Registers; with the respective registrations thereof taking place on 6 August 2013 for Milano Assicurazioni and 7 August 2013 for all the other Companies Involved in the Merger;
- on 23 September 2013, Reconta Ernst & Young as common expert, appointed by Court of Torino with its decision of 7 December 2012, issued its report on the appropriateness of the Exchange Ratios, prepared in accordance with and by effect of Article 2501-*sexies* of the Civil Code;
- on 24 September 2013, the Companies Involved in the Merger published the Notices of the Extraordinary Shareholders' meeting and the Special Meeting of Milano Assicurazioni, and as concerns Premafin and Milano Assicurazioni, at the same time disclosed the disbursement value of shares that might be subject to withdrawal pursuant to and by effect of Article 2437-ter, paragraph 5 of the Civil Code;
- On 24 September 2013, the Companies Involved in the Merger filed the documents referred to in Article 2501-septies of the Civil Code at their respective registered offices;
- On 9 October 2013, the Companies Involved in the Merger and Unipol published the Information Document on the Merger, drawn up in accordance with Article 70, paragraph 6, of the Issuers' Regulation;
- On 22 October 2013, the Companies Involved in the Merger and Unipol published the Supplement to Information Document on the Merger, published upon Consob's request pursuant to Article 114, paragraph 5 of TUF;
- The Merger was approved by resolutions made at the following shareholders' meetings of the Companies Involved in the Merger and, more specifically, by the Extraordinary Shareholders' Meetings of Fondiaria-SAI, Premafin and Unipol Assicurazioni that were held on 25 October 2013, by the Extraordinary Shareholders' Meeting of Milano Assicurazioni on 26 October 2013, and also by the Special Meeting of Milano Assicurazioni dated 28 October 2013, that within its remit approved the above mentioned resolution of the extraordinary shareholders' meeting of the same Company. As from the registration of the abovementioned meetings' resolutions with the competent Companies' Registers, that took place on 31 October 2013 and was disclosed to the public on the same date, the fifteen-day period for the exercise of the right to withdraw by those legally entitled to it, and of the sixty-day period stipulated by Article 2503 of the Civil Code for creditors to oppose the Merger, started running;
- on 24 December 2013, Consob issued its equivalence decision in accordance with Article 57, paragraph 1(d) of the Issuers' Regulation, on the updated information document (the "Updated Information Document") in relation to the Merger for the purpose of admission to listing on the Mercato Telematico Azionario of ordinary shares and class "B" savings shares to be issued as part of the merger. The

document repeats and supplements the information already included in the information document drawn pursuant to and by effect of Article 70, paragraph 6, of the Issuers' Regulation;

- on 24 December 2013, the Updated Information Document was made available to the public at the registered offices of the Companies Involved in the Merger and published on the websites of the Companies Involved in the Merger and on Unipol's website.

1. BASIS OF PRESENTATION

These consolidated financial statements have been drawn up in accordance with IAS/IFRS issued by the IASB as adopted by the EU, along with the related interpretations issued by IFRIC. In accordance with the provisions of EC Regulation 1606/2002 in force at the end of the financial year.

The consolidated financial statements of Unipol Assicurazioni Group comprise:

- Statement of financial position;
- Income statement and statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows;
- Notes to the financial statements;
- Appendices to the Notes to the financial statements.

The layout conforms to the provisions of Part III of ISVAP Ruling 7 of 13 July 2007, as amended, relating to the layout of the consolidated financial statements of insurance and reinsurance companies that must adopt IFRS. The information required by CONSOB Communications DEM/6064293 of 28 July 2006 and DEM/11070007 of 5 August 2011 is also provided.

The consolidated financial statements have been prepared on a going concern basis, in accordance with the principles of accrual accounting, relevance and reliability of accounting information, in order to provide an accurate representation of the financial position and results of operations that reflect the economic substance of transactions rather than merely their legal form.

At the respective reference dates, the going concern assumption is considered to be ascertained with reasonable certainty as it is believed that the companies forming part of the Unipol Assicurazioni Group have sufficient resources to ensure that they will continue to operate for the foreseeable future. In addition, liquidity risk is deemed to be very remote.

The Consolidated Financial Statements have been prepared on the basis of information that was known at the date of preparation of the consolidated financial statements of UGF at 31 December 2012. They do not therefore include the effects of events that only became known subsequent to those dates that, where relevant, have been explained in the notes to the Consolidated Financial Statements.

The financial statements include comparative information, and comparative amounts for the previous period are presented. Where necessary as a result of a change in accounting policies, valuation criteria or classification, the comparative figures have been restated and reclassified to provide consistent and comparable information with the current year's presentation format.

The presentation currency is the euro. Unless otherwise stated, all amounts in this report are presented in millions of euro, rounded to one decimal place; accordingly, the sum of individually rounded items might not equal the rounded sum of the actual amounts.

The Consolidated Financial Statements have been audited by PricewaterhouseCoopers SpA.

Scope of consolidation

The companies that are within the scope of the consolidation as at 31/12/2012 are listed in the annexes to the Notes to the Accounts, in the “Consolidation scope” and in the “Details of non-consolidated investments” schedules. The following is a summary of the changes that occurred during the year.

Changes in the scope of consolidation, compared to 31/12/2011, and other transactions

During the course of financial year 2012, the following transactions took place which resulted in changes in the scope of consolidation:

- Acquisition by Smallpart (100% controlled by Unipol Assicurazioni) of 50% of the insurance intermediary Assicoop Emilia Nord Srl, based in Parma, for a total amount of euro 4.8 million;
- Acquisition by Smallpart (100% controlled by Unipol Assicurazioni) of 50% of the insurance intermediary Assicoop Romagna Futura Srl, based in Ravenna, for a total amount of euro 4.2 million.

The following capital transactions during financial year 2012 did not affect the scope of consolidation:

- increase of euro 37 million in the share capital of Unifimm, subscribed to by Unipol Assicurazioni;
- advance payment by Unipol Assicurazioni to Midi for a future capital increase of euro 10 million;
- increase of euro 73.7 million in the capital of Punta di Ferro (100% controlled by Unipol Assicurazioni), through the capitalisation of payments effected into the reserve for future capital increases;
- repayment of euro 2.2 million by Euresa Holding to Unipol Assicurazioni following a reduction in share capital;
- advance payment of euro 15 million by Unipol Assicurazioni to Smallpart for a future capital increase.

Accounting reference date

The consolidated financial statements have an accounting reference date of 31 December, which is Unipol Assicurazioni's, the parent company, end of reporting period. All the consolidated entities have a 31 December accounting reference date, with the exception of the associate Pegaso Finanziaria SpA, which has an accounting reference date of 30 June and for which use was made of interim financial statements drawn up to the date of the consolidated financial statements.

Basis of consolidation

Companies consolidated on a line-by-line basis

The line-by-line consolidation method requires full consolidation, from the date that control is acquired, of assets, liabilities, income and expenses of consolidated subsidiaries together with the elimination of the carrying amount of the investment against a corresponding amount of the equity of each individual subsidiary and, in the case of investments not wholly owned, the separate recognition of the amount of the equity and the profit or loss for the year attributable to non-controlling interests.

The amount of equity attributable to non-controlling interests is recognised within equity as “Share capital and reserves attributable to non-controlling interests”, whilst the respective amount of the consolidated profit or loss is presented as “Profit (loss) for the year attributable to non-controlling interests”.

The financial statements of the subsidiaries are consolidated on a line-by-line basis, except for insignificant companies for which the equity method is adopted.

Goodwill

The excess of the cost of acquiring investments in subsidiaries and associates over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities, is recognised as goodwill and is presented within intangible assets.

This goodwill represents a payment made in the expectation of future economic benefits arising from assets that cannot be identified individually and recognised separately.

Subsequent to the year of acquisition, goodwill is measured at cost net of any accumulated impairment losses. The transaction costs incurred in respect of acquisitions have been recognised in profit or loss during the year in which they are incurred or the services provided.

Changes in ownership interest in a subsidiary that do not lead to loss of control are recognised as equity transactions. Any difference between the acquired or disposed proportion of the subsidiary's equity and the fair value of the consideration paid or received is recognised directly in equity and allocated to the members of the holding company.

Proportionately consolidated entities

At 31/12/2013 there are no jointly controlled entities.

Companies measured using the equity method of accounting

Associated companies in which shareholding is from 20% to 50%, are valued according to the equity method (IAS 28) or maintained at book value.

Under the equity method of accounting, the carrying amount of the investment is adjusted to reflect the corresponding portion of movements in equity, including the profit/loss for the year and all the adjustments necessary when consolidation is on a line-by-line basis. Any difference between the portion of equity acquired and the fair value of the consideration paid (goodwill) is recognised within the carrying amount of the investment.

Elimination of intercompany transactions

In drawing up the consolidated financial statements, amounts receivable and payable between companies within the scope of consolidation are eliminated. Income and expenses relating to transactions carried out between these companies, together with profits and losses resulting from transactions carried out between these companies and not yet realised through transactions with parties external to the Unipol Assicurazioni Group, are also eliminated.

Segment reporting

Segment reporting is based on the major types of business in which the Unipol Group, that controls the Unipol Assicurazioni Group, operates:

- Non-life insurance
- Life insurance
- Real estate

Segment reporting based on geographical areas has not been produced since the Group mainly operates on a national level and, by type of business activity carried out, there appears to be no significant difference in the risks and benefits that can be correlated with the economic situation in the individual regions.

The presentation of segmental information is in conformity with the provisions of ISVAP Ruling 7 of 2007.

The information by segment is drawn up by separately consolidating the accounting data for the individual subsidiaries and associates belonging to each of the segments identified and by eliminating intra-group

balances between companies belonging to the same segment and offsetting, where applicable, the value of the investments against the corresponding portion of shareholders' equity.

The column "Intersegment eliminations", presents the elimination of intragroup balances and transactions between companies belonging to different segments, with the following exceptions:

- investments in companies belonging to different business segments: elimination of the investment is effected in the investor's business segment whilst resulting differences on consolidation are attributed to the investee's segment;
- dividends received: elimination is effected in the business segment of the company receiving the dividends;
- realised gains and losses: elimination is carried out directly in the business segment of the company where the gains or losses are realised.

2. ACCOUNTING POLICIES

2.1 New accounting standards that are not yet effective

In accordance with paragraph 30 of IAS 8, the principal standards published by the International Accounting Standards Board, which could be relevant for the Group but which are not yet effective at 31 december 2012, are detailed below.

IFRS 10, 11, 12, amendments to IAS 27 and to IAS 28

On 12 May 2011 the IASB published the following standards:

- IFRS 10 "Consolidated financial statements", which replaces IAS 27 and SIC 12 interpretation;
- IFRS 11 "Joint arrangements", which replaces IAS 31;
- IFRS 12 "Disclosure of interests in other entities", which contains the disclosure requirements of IFRS 10 and 11;
- IAS 27 "Separate financial statements";
- IAS 28 "Investments in associates and joint ventures".

Under IFRS 10, an investor has control over another company when it simultaneously has:

- decision-making power to direct the "relevant activities" (which affect the economic returns);
- exposure or rights to variable returns from its involvement with the investee;
- has the ability to affect those returns through its power over the investee.

IFRS 11 defines a joint venture as an arrangement of which two or more parties have joint control.

It distinguishes between joint operations and joint ventures:

- a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. From an accounting point of view, the assets and liabilities subject to the arrangement are recognised and measured in the statement of financial position in accordance with the relevant standards;
- a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are defined as joint ventures. From an accounting point of view, a joint venture is measured using the equity method of accounting.

The objective of IFRS 12 is to require an entity to disclose information that enables users of financial statements to evaluate:

- the nature of, and risks associated with, its interests in other entities;
- the effects of those interests on its financial position, financial performance and cash flows.

The objective of IAS 27 “Separate financial statements” (revised) is to require an entity to disclose information that enables users of financial statements to evaluate:

- the nature of, and risks associated with, its interests in other entities;
- the effects of those interests on its financial position, financial performance and cash flows.

IAS 28 “Investments in associates and joint ventures” (revised) prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IFRS 10, 11, 12, IAS 28 and IAS 27 were adopted by Commission Regulation (EU) No 1254 of 11 December 2012, and become effective on 1 January 2014.

IFRS 13 – Fair value measurement

The IASB published IFRS 13 “Fair value measurement” on 12 May 2011. IFRS 13:

- defines fair value;
- sets out in a single IFRS a framework for measuring fair value; and
- requires disclosures about fair value measurements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principle (or most advantageous) market at the measurement date, under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or is estimated by using another technique of assessment.

Assets and liabilities measured at fair value are classified for accounting presentation purposes according to a fair value hierarchy into 3 levels:

- 1 – quoted prices in active markets for identical financial instruments;
- 2 – inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (for example prices quoted for similar instruments in active markets) or indirectly (i.e. derived from prices);
- 3 – inputs related to the asset or liability that are not based on market observable data.

The new standard was adopted by Commission Regulation (EU) No 1255 of 11 December 2012, and becomes effective for financial periods commencing on 1 January 2013.

IAS 1 – Presentation of financial statements

The IASB amended IAS 1 “Presentation of financial statements” on 16 June 2011.

The objective of the amendments to IAS 1 is to provide more clarity on the growing number of items of other comprehensive income and help users of financial statements to distinguish between the components of other comprehensive income that may or may not be subsequently reclassified to profit (loss) for the year. The amendments require entities to group together in other comprehensive income all items that will be reclassified to the income statement (profits and losses from the translation of foreign currency balances, the effective portion of cash flow hedges).

This amendment was adopted by the European Union through Commission Regulation (EU) No 475 of 5 June 2012, and becomes effective for financial periods commencing on 1 January 2013.

IAS 32 – Financial instruments: Presentation

On 16 December 2011, the IASB published amendments to IFRS 7 “Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities” and IAS 32 “Financial Instruments: Presentation - Offsetting financial assets and financial liabilities”. The amendments to IFRS 7 are intended to prescribe additional

quantitative information to enable users to compare and reconcile information under IFRS and those resulting from the application of *Generally Accepted Accounting Principles* (GAAP) in the US. In addition, the IASB amended IAS 32 to provide additional guidance to reduce inconsistencies in the practical application of the Standard.

These amendments become effective for financial periods commencing on or after 1 January 2014, and were adopted by Commission Regulation (EU) No 1256 of 13 December 2012.

2.2 Accounting policies adopted

The principle accounting policies and criteria applied in the preparation of the consolidated financial statements, are set out below.

Paragraph numbers reflect the line item numbers in the Statement of financial position and the Income Statement prescribed by ISVAP Ruling 7 of 2007.

Statement of financial position

Assets

1 Intangible assets - IAS 38

In accordance with the provisions of IAS 38, only identifiable intangible assets that are controlled by the company and from which the company will derive future economic benefits can be capitalised.

The following assets are recognised as intangible assets with a finite useful life:

- goodwill paid for the acquisition of Life portfolios: the value of the policies acquired is determined by estimating the present value of the future cash flows of the in-force policies. The Unipol Assicurazioni Group amortises this value throughout the average expected residual life. This valuation is reviewed annually;
- costs incurred for the acquisition of software licences, amortised over three years;
- costs incurred for consultancy on major projects for developing and implementing IT systems, including customisation of the relative software, amortised over five or ten years depending on their estimated useful life.

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

Goodwill (including provisional amounts determined in accordance with the requirements of IFRS 3) paid when companies are acquired or merged is also included within intangible assets. As this goodwill has an indefinite useful life it is not amortised but is tested for impairment at least once a year, or each time there is any indication of impairment; in the event that impairment losses are identified, they are recognised in the income statement and cannot be reversed in subsequent years.

2 Property, plant and equipment - IAS 16 and 17

This item includes property used for corporate business, plant, other machinery and equipment.

The Unipol Assicurazioni Group measures this category of assets using the cost model, which requires the systematic depreciation of the asset's depreciable amount over its useful life.

Depreciation, which is charged each year on a straight-line basis, begins when the asset is available and ready for use and ends when the asset reaches the end of its useful life (which in the case of buildings is estimated to be 33.4 years).

In the case of wholly-owned property (land and buildings) depreciation is only charged on the building.

Consolidated real estate companies include, within the carrying amount, the borrowing costs incurred on loans specifically obtained for acquiring and renovating property, if this can be justified.

The costs of improvements and conversions are capitalised if they result in an increase in the useful life or in the value of the assets.

Assets that suffer impairment losses are impaired. The carrying amount of property acquired as a result of business combinations is reassessed on the basis of the acquisition date fair value.

Finance leases relating to movable property (company cars, IT equipment and miscellaneous equipment) are recognised in accordance with the provisions of IAS 17 under which, in the case of finance lease agreements, the cost of the leased items is recognised as property, plant and equipment, whereas the principal and end-of-lease purchase payments are recognised as financial liabilities.

3 Reinsurers' share of technical provisions – IFRS 4

This item includes reinsurers' obligations arising from reinsurance contracts governed by IFRS 4.

4 Investments

4.1 Investment property - IAS 40

This item includes property held either to earn rental income or for capital appreciation or for both.

As allowed by IAS 40, investment property is measured by applying the cost method (an alternative to the fair value method).

If the terminal value of a property is estimated to be less than the carrying amount (or zero) it is depreciated annually on a straight-line basis, based on the recoverable amount and the estimated useful life (33.4 years). These properties generally include property whose use is restricted by their nature, such as hotels, shopping malls, and office buildings.

No depreciation is charged if the recoverable amount of the property is estimated to exceed the carrying amount; in the case of the Group, this applies to residential property.

In the case of wholly-owned property (land and buildings) depreciation is only charged on the building.

The costs of improvements and conversions are capitalised if they result in an increase in value, the useful life or the profitability of the assets.

Assets that suffer impairment losses are impaired. The market value is determined at least once a year by means of expert appraisals conducted by external companies.

The value of property acquired through business combinations is recalculated based on the current value at the acquisition date.

4.2 Investments in subsidiaries, associates and joint ventures – IAS 28 and 31

This item includes investments in associates as defined in IAS 28 and investments in subsidiaries that are considered immaterial due to their size. These are measured using the equity method or at cost.

Financial assets - IAS 32 and 39 - IFRS 7

IAS 39 provides that debt and equity instruments, receivables, payables and derivatives must be classified according to the purposes for which they are held. The following categories are provided for:

- Held-to-maturity financial assets;
- Loans and receivables;

- Available-for-sale financial assets;
- Financial assets at *fair value* through profit or loss.

There is a specific criterion for recognising and measuring each of these categories.

It should be mentioned that the Group recognises financial transactions on the date they are measured.

4.3 Investments held-to-maturity

Investments in securities that are held to maturity are measured at amortised cost, net of any impairment losses.

This category includes debt securities that the Unipol Assicurazioni Group has the positive intention and the financial ability to hold to maturity, for example most of the fixed income debt securities acquired to match specific Life products.

If a more than insignificant number of securities in this category are sold (or reclassified) before maturity, all the remaining securities must be reclassified as Available-for-sale financial assets. The Held-to-maturity category may not be used for the next two financial years.

4.4 Loans and receivables

Receivables in this category consist of contractual amounts for which the Group holds a right to the cash flows arising from the agreement. They are characterised by fixed or determinable payments and are not quoted in an active market.

This category also includes loans and mortgages, reinsurers' deposits, loan repurchase agreements, term deposits exceeding 15 days, receivables for net balances due from agents and unlisted debt securities that the Group does not intend to sell but intends to hold for the foreseeable future.

In accordance with the provisions of IAS 39, loans and receivables are initially recognised at their *fair value*, which corresponds to the amount granted including the transaction costs and directly related commissions and fees. Subsequent to initial recognition, receivables are measured at amortised cost, which is represented by the initial carrying amount net of repayments, plus or minus amortisation of any difference between the initial amount and the maturity amount, and less any impairment loss or reduction due to irrecoverability.

Applying the effective interest method enables the financial effect of a loan transaction to be spread evenly over its expected life, which makes financial sense. In fact, the effective interest rate is the rate that exactly discounts all the future cash flows of the loan to a present value that corresponds to the amount granted including all transaction costs and income pertaining to it. The cash flows and the contractual term of a loan are estimated by taking into account all the contractual terms that can affect the amounts and the maturity dates (for instance, prepayment options and the various other options that may be exercised) but not the expected losses on the loan. Subsequent to initial recognition, the loan's amortised cost is determined throughout the loan's term by continuing to apply the effective interest rate as determined at initial recognition (original interest rate). This original effective interest rate does not vary over time and is also used in the event of any contractual amendments to the interest rate or events which result in the loan becoming non-interest bearing (for instance, due to insolvency proceedings).

The amortised cost method is applied only to loan contracts with an original term of at least eighteen months, on the assumption that application of this method in the case of shorter contracts would not result in significant changes in measurement. Loans with a term of less than eighteen months and those that have no fixed maturity date or are revocable are therefore measured at their historical cost.

Loans are assessed, at each financial statement or interim financial statement reporting date, in order to identify those for which there is objective evidence of impairment owing to events that have occurred after the loans were initially recognised. The value adjustments are recognised in the income statement.

The original value of the loans is reinstated in subsequent years only in the event that the reasons that led to the impairment in question no longer exist. Impairment losses can be reversed up to the extent that the financial asset's carrying amount does not exceed the carrying amount that it would have had if the amortised cost had been applied without any prior impairment.

Transferred receivables are derecognised only if substantially all risks and rewards pertaining to receivables are also transferred. If this is not the case, the receivables continue to be recognised in the statement of financial position even though their ownership has been legally transferred.

The presumption is that substantially all the risks and rewards are transferred if the assignment involves transferring at least 90% of them. On the other hand, the presumption is that substantially all the risks and rewards are retained if the assignment involves transferring no more than 10% of them.

If, as a result of a transfer, substantially all risks and rewards are neither transferred nor retained (in which case the Group retains more than 10% but less than 90% of the risks/rewards), the receivables are derecognised provided the Group retains no control over them. Otherwise, where some control over the transferred receivables is retained, the receivables continue to be recognised in the financial statements to the extent of the continuing involvement.

4.5 Available-for-sale financial assets

Investments classified as available-for-sale financial assets are measured at *fair value*. Differences from the carrying amount are recognised in equity in a specific reserve for unrealised gains/losses (net of tax). In the event of a disposal or impairment losses established as a result of *impairment testing*, unrealised gains or losses accumulated in equity until that time are transferred to the income statement.

Information on how the *fair value* is determined is given under “*Fair value hierarchy*” below.

The amortised cost of debt securities in this category, calculated using the effective rate of return, is recognised in profit or loss. The comparison with the *fair value* is made after the proportion of the amortised cost for the year has been recognised.

This category includes debt instruments, equity instruments and units in UCITS funds, investments deemed to be of strategic importance (less than 20% of the share capital, of commercial or company strategic importance) and Unipol Merchant's investments held for merchant banking purposes.

Investments in equity instruments not listed on active markets for which it is not possible to make a reliable assessment of the *fair value* are measured at cost (net of any impairment loss).

Impairment policy for financial assets adopted by the Unipol Assicurazioni Group

Paragraph 58 of IAS 39 provides that companies must assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets or groups of financial assets must be assessed periodically for potential impairment in order to determine whether they have suffered an impairment loss.

Indicators of a possible impairment include, for instance, issuers facing significant financial difficulties, defaults or delinquency in payment of interest or principal, the possibility of the beneficiary entering bankruptcy or entering into another insolvency proceeding, and the disappearance of an active market for the asset.

In addition, in accordance with paragraph 61 of IAS 39, a ‘significant or prolonged’ decline in the *fair value* of an investment in an equity instrument below its cost is considered to be ‘objective evidence of impairment’.

IAS 39 does not define the terms ‘*significant*’ and ‘*prolonged*’ but implies, partly on the basis of an IFRIC guideline, that their meaning should be interpreted by the directors upon issuing annual or interim financial

statements under IAS, provided that the meaning is determined in a reasonable manner and which is in compliance with paragraph 61 of IAS 39.

The Group has defined a significant reduction in the market prices of equity instruments classified as Available for sale financial assets (AfS) as a 50% reduction compared to the initial book value and defined as prolonged the reduction of the market prices below the initial book value when it exceeds 36 months.

Therefore the impairment test is carried out on equity instruments that have met at least one of the following criteria:

- a) for a 36 month period, the market price was consistently lower than the initial book value;
- b) diminution in value as at reporting date is more than 50% of the initial book value.

Further, securities falling under the above-mentioned criteria are deemed to be impaired. The movement in *fair value* is reclassified from equity to profit or loss.

In respect of debt securities, the Group Finance Department, will immediately refer to the *Risk Management* Department for their assessment of any required write-downs, as a result of default or a delay in the payment of a dividend or repayment of capital, which is confirmed by the custodian.

4.6 Financial assets at fair value through profit or loss

Investments in this category are recognised at fair value and the differences (positive or negative) between fair value and carrying amount are recognised in profit or loss.

Information on how the *fair value* is determined is given in the fair value hierarchy below.

There are two subheadings:

- financial assets held for trading, which primarily includes listed debt and equity instruments, derivative contracts with a positive fair value, and structured financial instruments where the embedded derivative would have to be separated in the event that the instruments were classified in a different category;
- financial assets designated at *fair value* through profit or loss, principally consisting of assets linked to financial liabilities at *fair value* such as investments relating to policies issued by insurance companies where the investment risk is borne by the policyholders and those arising from pension fund management.

Derivatives

Derivatives are initially recognised at the purchase price, which represents *fair value*, and are subsequently measured at *fair value*. The determination of the *fair value* of derivatives is based on prices available on regulated markets or provided by operators, on option pricing models (utilising hypotheses based on market and economic conditions), or on discounted future cash flow valuation techniques.

Derivatives may be acquired for “trading” or “hedging” purposes. In the case of hedging transactions IAS 39 contains administratively onerous and complex rules through the drawing up of specific hedge accounting documentation to verify the effectiveness of the hedge from its commencement, and throughout its entire term (hedge accounting).

As at 31/12/2012 and 31/12/2011 there were open derivative contracts for the hedging of both *fair value* changes (*fair value hedges*) as well as variability in cash flows (*cash flow hedges*). All financial derivatives are classified as Financial assets at fair value through profit or loss.

Fair value hierarchy

IFRS 7 requires an entity to disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. If there has been a change in the valuation technique, information must be provided on this change and on the reasons that led to it.

Fair value measurements must be classified using a fair value hierarchy, comprising three levels, that reflects the significance of the inputs used in making the measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following information must also be provided, for each class of financial instrument (contained in the two appendices to these Notes, “Fair value hierarchy” and “Details of fair value measurement (Level 3)”):

- the level in the fair value hierarchy in which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the three levels defined above;
- all transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for those transfers;
- for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances.

The Group classifies assets and liabilities according to the level of *fair value* as follows:

- Level 1: financial assets or liabilities listed on regulated markets or contributions with a sufficient level of liquidity;
- Level 2: financial assets or liabilities not classified as Level 1 that are not traded in active markets and for which the input parameters used in the valuation are observable on the market;
- Level 3: financial assets or liabilities not classified as Level 1 that are not traded in active markets and for which the input parameters used in the valuation are not observable on the market.

Financial assets and liabilities not classified as Level 1 can be further distinguished on the basis of the inputs used for the purpose of measurement.

In the case of debt instruments, the below listed parameters are analysed in order to verify their origin either from markets or from identifiable cash instruments by means of an *information provider*:

- Credit curves, considered observable if extrapolated from CDS or asset swap curves with a sufficient level of liquidity and not valued internally or by means of benchmarks;
- Rate curves;
- Rate volatility: instruments valued by means of implicit volatilities for Cap, Floor and Swap Option contracts that are market observable and have a sufficient level of liquidity are classified as Level 2; instruments valued by means of interest rate volatility calculated on a historical basis are classified as Level 3;
- Correlations between rates: if the models used for measuring financial instruments require the use of correlation between rates, they are considered as Level 3, since this parameter is always an internal estimate.

Equity instruments listed on regulated markets are classified as Level 1 while the remaining instruments are classified as Level 3.

Reclassifications of financial assets

In the event that an available-for-sale financial asset is transferred to held-to-maturity investments, the *fair value* recognised up to the date of transfer becomes its new cost or amortised cost. Any previous gains or losses that had been recognised directly in equity are amortised through profit or loss over the remaining term of the held-to-maturity investment using the effective interest method.

If a financial asset is no longer held for sale or repurchase in the short term (although the financial asset may have been acquired or held mainly for sale or repurchase in the short term), it may be transferred from fair value through profit or loss if the following requirements are met:

- the circumstances must be very rare (paragraph 50B), or
- the asset to be reclassified would have met the definition of “loans and receivables” (if the financial asset was not required to be classified as held for trading when initially recognised) and the entity has the intention and the ability to hold the financial asset for the foreseeable future or to maturity (paragraph 50D).

A financial asset classified as Available-for-sale that would have met the definition of Loans and receivables (if it had not been designated as Available-for-sale) may be transferred from “Available-for-sale” to “Loans and receivables” if the entity has the intention and the ability to hold the financial asset for the foreseeable future or to maturity (paragraph 50E).

If an entity reclassifies a financial asset from Fair value through profit or loss or from “Available-for-sale” it must reclassify the financial asset at its fair value on the date of reclassification and the gain or loss already recognised in profit or loss must not be reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost (paragraphs 50C and 50F).

In the case of a financial asset reclassified from “Available-for-sale”, previous gains or losses recognised directly in equity must be amortised through profit or loss over the asset’s remaining term using the effective interest method.

If the entity has reclassified a financial asset from Fair value through profit or loss or from “Available-for-sale”, the following information must be disclosed (IFRS 7):

- the balance reclassified into and out of each category;
- for each reporting period and until derecognition, the carrying amounts and fair values of all financial assets that have been reclassified in the current and previous reporting periods;
- if a financial asset was reclassified in accordance with paragraph 50B, the rare situation to which it relates to, and the facts and circumstances indicating that the situation was rare;
- for the reporting period when the financial asset was reclassified, the *fair value* gain or loss on the financial asset;
- for each reporting period following the reclassification (including the reporting period in which the financial asset was reclassified) and until derecognition of the financial asset, the fair value gain or loss that would have been recognised if the financial asset had not been reclassified.

Accounting for structured securities issued by special purpose vehicles (“SPVs”)

Unipol Assicurazioni Group invests in financial instruments (*notes*) issued by SPVs that have similar objectives to, and are managed similarly to its investments in structured and unstructured debt securities which are effected in the ordinary course of the Group’s financial management of funds derived from its trading activities. The industry sector in which the Group operates is characterised by particular complexities in terms of financial management in that, in certain circumstances, investment in financial assets with specific characteristics (for example, maturity date, credit rating, and payoff period) are necessary. Such instruments are however not always readily available on financial markets. Given their specific nature, SPVs offer a wide range of investment opportunities in the form of financial investments with specific characteristics.

Irrespective of the fact that they have been issued by SPVs⁽¹⁾, the Group classifies and accounts for securities issued by SPVs in accordance with IAS 39. This is due the fact that an SPV is considered to be a mere technical tool through which to structure complex financial instruments. In substance, the latter's risk/performance is evaluated by reference to the agreements governing their issue through the SPVs, the associated derivative contracts (usually *swap agreements*), any additional contractual arrangements such as financial or similar guarantees, as well as other "ancillary" terms that, in theory and under certain conditions, can provide for the possible settlement of securities. SPVs whose securities are held by Unipol Assicurazioni Group replicate the obligations that they assume in favour of the note holders with the arranger, in a way that the SPV does not retain the risks or benefits of the transaction.

Insofar as disclosed above, investments in *notes* issued by SPVs are accounted for in accordance with IAS 39, with the same criteria applied as for investments in debt securities, structured and unstructured. Particular regard is given to the presence of embedded derivatives and to the assessment of possible separation of the derivatives.

In fact, in accordance with SIC 12, an entity should consolidate a SPV only in cases where the entity exercises control over the vehicle in accordance with paragraph 13 of IAS 27, i.e. the entity receives most of the rewards and bears most of the risks associated with the activities carried out by the SPV.

With respect to securities issued by SPVs and held by Unipol Assicurazioni Group as at 31/12/2012, the Group does not exercise any form of control over the SPVs in that it is not able to govern the management process of the SPV (which is in fact determined by the *arranger* of the investment transaction, in which the Group only participates through subscription to the *notes* and to other relevant contracts). Also, the Group does not receive any benefits from the SPVs that are not strictly related to the financial instrument invested in. The Group holds the notes issued by the vehicle and only has the power to dispose of those notes, not having the power to dispose of the financial instruments held by the vehicle. It follows from these considerations that the Group does not have any form of control over the SPVs as per the provisions of paragraph 13 of IAS 27.

As at 31/12/2012 and 31/12/2011, there was only one SPV within the Group's portfolio of securities issued by SPVs, in which the Group has subscribed to notes to such an extent that the Group had the majority of the risks/benefits associated with the SPV's activities. In all other cases, in fact, the Group did not enjoy the majority of the risks/benefits related to the SPVs' activities and consequently the control indicators established by SIC 12 are not satisfied.

In cases where the risks and benefits of the SPV's note issues are segregated through internal "silos" and the majority of such risks and benefits are transferred to Unipol Assicurazioni Group by means of an SPV's, the SPV silos are consolidated. This effectively results in the Group's investment in the SPV notes being eliminated upon consolidation to be replaced by a financial asset which, in terms of performance and associated risks, identically replicates the financial profile of the notes eliminated upon consolidation.

Since the SPV cannot retain risks or benefits of the transaction, an SPV silo would replicate, with the *arranger*, the obligations assumed with the note holders. It follows that the financial asset to be recognised upon consolidation of the silo would, in substance, and for the purposes of classification and measurement under *ex* IAS 39, have the same characteristics as the investment in the notes eliminated upon consolidation of the silo itself. It also follows that, in the case of consolidation of silos where the risks/benefits of the SPV activities are entirely borne by the Unipol Assicurazioni Group, there would be no material difference in the accounting treatment of the transaction. This substantially confirms the fact that effectively SPVs are technical instruments used for investing in financial assets with characteristics that in substance are equivalent to those of the notes issued by the SPVs and segregated in silos.

¹ An exception is made in case of notes issued by SPVs in securitisation transactions originated by the subsidiary Unipol Banca, in the context of which Unipol Banca subscribed in whole or in part to the notes issued by the securitisation SPVs originated by itself ("securitisation SPVs"), all of which were consolidated in the consolidated financial statements of the Unipol Group, including all assets, liabilities, income and expenses of the securitisation SPVs. To the extent that they were eliminated with the corresponding *notes* issued by the securitisation SPVs, the *notes* issued and subscribed by Unipol Banca are not recorded as assets in the financial statements.

5 Other Receivables

Other receivables are recognised at their nominal amount and subsequently assessed at their estimated realisable value.

The item other receivables includes receivables due within twelve months, in particular Receivables arising out of direct insurance business, Receivables arising out of reinsurance operations and Other receivables, such as trade receivables and tax receivables.

6 Other assets

6.1 Non current assets or disposal group classified as held-for-sale – IFRS 5

This item includes Non-current assets held for sale and any discontinued operations as defined by IFRS 5.

Assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell.

If an investment in a subsidiary consolidated using the line-by-line method is to be sold within the time limit laid down by IFRS 5, all the assets of the company to be sold are reclassified as “Non-current assets held for sale or disposal groups” in the consolidated statement of financial position (item 6.1 of the Assets) and the liabilities are similarly reclassified under the single item “Liabilities associated with disposal groups” (item 6.1 of the Liabilities). Both items appear in the consolidated financial statements net of intercompany transactions with the company to be sold.

If the group continues to operate in the line of business of the company to be sold, income statement items relating to the assets held for sale or disposal groups are recognised in accordance with the normal rules of consolidation on a line-by-line basis.

6.2 Deferred acquisition costs

This item includes acquisition costs for multiyear insurance contracts, paid in advance and amortised on a straight-line basis over the maximum life of the contracts.

6.3 Deferred tax assets – IAS 12

This item includes deferred tax assets based on the deductible temporary differences between the carrying amounts and the tax base of the assets and liabilities of the individual consolidated companies, and on the consolidation adjustments. If there are any tax losses, deferred tax assets are recognised to the extent that there is a probability that there will be future taxable income against which they can be utilised.

Deferred tax assets are measured using the tax rates that have been enacted by the end of the reporting period or are expected to apply when the tax liability is settled, and are based on information available at the end of reporting period.

If assets are revalued solely for tax purposes, and the revaluation relates neither to an accounting revaluation of a previous year nor to one that is to be carried out in a subsequent year, the tax effects of the adjustment for tax purposes must be recognised in the income statement.

6.4 Current tax assets – IAS 12

This item includes assets relating to current taxation.

6.5 Other assets

Among other things, this item includes prepayments, accrued income and deferred commissions payable relating to investment contracts without discretionary participation features. Since deferred commissions payable are additional costs incurred to acquire the contract, they are amortised on a straight-line basis over the whole life of the contract.

7 Cash and cash equivalents – IAS 7

Cash and cash equivalents include cash on hand, cash held at bank available on demand and term deposits for periods not exceeding 15 days.

Liabilities

1 Equity – IAS 32

1.1.1 Share capital

This item includes the parent company's share capital.

1.1.3 Capital reserves

This item includes the share premium reserve and other capital reserves of the company, that effect the consolidation. It also includes the costs directly attributable to the issuing of equity instruments, net of tax, and any commission income, net of tax, received for the sale of option rights not exercised by shareholders.

1.1.4 Retained earnings and other reserves

This item includes gains or losses arising from the first-time application of IAS/IFRS (IFRS 1), gains or losses resulting from changes in accounting policies or accounting estimates (IAS 8), equalisation and catastrophe provisions eliminated under IFRS 4, provisions arising from equity-settled share-based payment transactions (IFRS 2) and the consolidation reserves.

1.1.5 Own shares

This item includes shares of the undertaking that prepares these consolidated financial statements that are owned by the undertaking itself and the consolidated companies. The item has a negative balance. The gains or losses resulting from their subsequent sale are recognised as changes in equity.

1.1.7 Gains or losses on available-for-sale financial assets

This item includes gains or losses on Available-for-sale financial assets, net of tax and amounts attributable to policyholders as a result of the application of *shadow accounting*.

1.1.8 Other gains or losses recognised directly in equity

This item includes, inter alia, gains or losses on cash flow hedges and the revaluation reserves of property, plant & equipment and intangible assets.

2 Provisions – IAS 37

Provisions are made for risks and charges only when there is a present obligation as a result of a past event for which it is probable that an outflow of resources will be required and a reliable estimate can be made.

3 Technical provisions – IFRS 4

Classification of insurance contracts

According to IFRS 4 insurance contracts are contracts that transfer significant insurance risk. Such contracts may also transfer financial risks.

An insurance risk is significant if, and only if, there is a reasonable possibility that the occurrence of an insured event will cause a significant change in the present value of the insurer's net cash flows.

Investment contracts are contracts that transfer financial risks with no significant insurance risk.

Some insurance and investment contracts may include discretionary participation features.

All the policies in the Non-Life portfolio were classified as insurance contracts.

The principal criteria used for classifying Life products as insurance contracts were modified in 2012 but did not effect the classifications in prior years and are as follows:

- the presence of significant insurance risk, i.e. reasonable possibility that the occurrence of an insured event gives rise to significant 'additional benefits' being paid, compared with the benefits that would have been paid if the insured event had not taken place. The criteria for determining whether significant insurance risk is present in a contract are as follows:
 - a contract with insurance risk greater than 10% is an insurance contract;
 - a contract with insurance risk less than 5% is an investment contract;
 - for contracts with insurance risk of between 5% and 10%, the assessment is performed on a product by product basis (such criteria was introduced in 2012; in prior years, the assumption was that if insurance risk was between 5% and 10%, the contract was an investment contract).
- the presence of options or guarantees, such as the coefficient of conversion into a guaranteed rate annuity.

The different articulation of the identification of significant insurance risk did not result in any changes in the classification of contracts over the previous year.

Some contracts contain discretionary participation features (*Discretionary Participation Feature - DPF*) i.e. the policyholder is entitled to receive additional benefits, as a supplement to guaranteed benefits. The additional benefits should fulfil specific contractual conditions and must represent a significant part of the total benefits paid. In particular, with-profit contracts linked to managed asset funds have been classified as investment products with DPF and were therefore recognised and measured in the same way as insurance contracts.

A contract that has been classified as an insurance contract has to remain so classified until it is terminated, whereas under certain circumstances an investment contract may be subsequently classified as an insurance contract.

However, the following types of contract were classified as investment contracts without DPF. In accordance with IFRS 4, paragraph 3, the following types of contracts do not generate premiums and are recognised and measured in accordance with IAS 39:

- *index-linked*, where capital in the event of death corresponds to the value of the linked asset plus a non significant percentage;
- *unit-linked*, where capital in the event of death corresponds to the NAV plus a non-significant percentage;
- endowment, with fixed guaranteed capital and risk-free interest rate;

- capital redemption, with fixed guaranteed capital and risk-free interest rate ;
- pension funds with guaranteed benefits upon maturity or upon the occurrence of predefined events.

In the case of *unit-linked* products, commission costs and service charges related to asset management are recognised and amortised separately over the life of the contract. In the case of *index-linked* products, given that these do not involve asset management over the life of the contract, (but only administration), such deferral is not considered necessary.

Non-life business technical provisions

Premiums provision

The provision for unearned direct premium is established analytically on a policy by policy basis using the pro rata temporis method on gross premiums accounted less commissions payable and other directly chargeable acquisition costs. In the case of multi-year contracts, only acquisition costs charged in the financial year are deducted.

Under certain conditions the provision for premiums also includes a provision for unexpired risks, calculated in accordance with the simplified method laid down in Article 10 of ISVAP Ruling 16 of 4 March 2008, which is based on the loss ratio for the financial year, adjusted on a prospective basis.

In the case of Credit insurance the flat-rate method prescribed by the Ministerial Decree dated 23 May 1981 was applied to premiums generated before 1992, whilst the pro rata temporis method has been applied to contracts issued from 1992 onwards.

As concerns suretyship insurance, the provision for unearned premiums has been calculated using the pro rata temporis method combined with the criteria laid down by ISVAP Ruling 16.

The total amounts allocated to this provision are considered adequate to meet the costs arising from the portion of risk pertaining to subsequent years.

The reinsurers' share of the premiums provision is calculated by applying the same criteria as those used for calculating the gross direct premiums provision, to premiums ceded and on the basis of applicable contractual agreements.

Ageing provision

The ageing provision is calculated at a flat rate of 10% on Health policies containing the features provided for by Article 46 of ISVAP Ruling 16 (multiyear health policies when the premium is not calculated as a function of increasing age).

Claims provision

The claims provision is ascertained analytically by estimating the expected cost of all the claims outstanding at the year end and on the basis of prudent technical valuations carried out with reference to objective criteria, in order to ensure that the total amounts set aside are adequate to meet the claims costs and the relative direct and indirect settlement expenses.

Outstanding claims reserves ascertained in this way are subject to Head Office's analysis and controls. Subsequently, in order to take account of all reasonably foreseeable future charges, actuarial statistical methods are used to determine the ultimate level of the claims provision.

The claims provision also includes amounts set aside for claims incurred but not reported (IBNR), based on IBNR experience in previous years.

The reinsurers' share of the claims provision reflects the sums expected to be recovered from reinsurers on outstanding claims reserves, determined in accordance with individual treaties or contractual agreements.

Provision arising from the adequacy test on Non-life technical provisions

Non-life technical provisions have been subjected to the test prescribed by IFRS 4 (Liability Adequacy Test – LAT).

In order to ensure the adequacy of the provision for unearned premiums, a supplementary provision for unexpired risks is calculated, using the simplified method provided for in ISVAP Ruling 16, Article 11, for each individual company and each class of business. Since claims for the year are measured at ultimate cost and are not discounted, future payment flows can be deemed to have been implicitly tested (LAT on the claims provision).

Life business technical provisions

The amounts recognised are calculated in accordance with the provisions of Article 36 of Legislative Decree 209 of 7/9/2005 (the Insurance Code) and ISVAP Ruling 21 of 28/3/2008.

Mathematical provision

The mathematical provision on direct assurance contracts is calculated analytically on a contract by contract basis on the basis of pure premiums, without deducting policy acquisition costs, and by reference to actuarial assumptions (investment income, demographic assumptions for death or disability) that are established at the time the contracts are issued to calculate premiums.

The mathematical provision includes only the portion of pure premiums that is relative to premiums recognised during the year. It also includes all the revaluations made under the terms of the policy and is never less than the policy's surrender value.

In accordance with the provisions of Article 38 of Legislative Decree 173/1997, technical provisions, that are set up to cover liabilities arising from investment or index linked insurance policies where the investment risk is borne by the policyholder, and arising from pension fund management, are calculated by reference to commitments made under such policies and to the provisions of Article 41 of Legislative Decree 209 of 7 September 2005. In the case of index-linked policies in particular the mathematical provision is calculated on the basis of the price of the underlying securities, whilst in the case of unit-linked policies the mathematical provision is calculated by multiplying the number of units by the price of the relevant funds on the date that they are calculated.

As concerns Pension Funds, and particularly, those policies that offer a guaranteed minimum return on contributions upon maturity or retirement, death or disability, the mathematical provision is increased by a further provision to cover the risk of including the value of the underlying assets. This additional provision is calculated as the difference between future guaranteed minimum values and future estimated values of the underlying assets during the guaranteed period. Amounts are determined using stochastic methods and are discounted as at the date of calculation.

The mathematical provision is calculated on policies in force at the reporting date analytically for each individual contract and takes into account contracts' start dates and all the obligations assumed under the policies.

As laid down in Article 36, paragraph 3, of Legislative Decree 209 of 7 September 2005, the provision for payable amounts includes the total amounts required to cover payment of benefits that are due but outstanding, surrenders and outstanding claims.

The provision for bonuses and rebates was set up to cover the Company's commitment to allocate to certain term policies technical profits for the year on the individual contracts, upon death and/or disability.

Other technical provisions consist almost entirely of amounts set aside for operating expenses and are calculated on the basis of the provisions of Articles 31 and 34 of ISVAP Ruling 21 of 28 March 2008.

In accordance with specific provisions issued by the Supervisory Authority the mathematical provision is supplemented by the following additional provisions:

Supplementary provisions based on demographics (Article 50 of ISVAP Ruling 21)

An additional provision has been set up to supplement the provision for liabilities to policyholders whose benefits are in the form of life annuities or in the form of lump sums with guaranteed coefficients of annuity conversions.

This supplementary provision is calculated at the Group's companies by comparing the demographic data used in setting premium rates against latest demographic tables such as the RG48, which shows details by gender separately, the IPS55 for men and the SIMPS71. Coefficients, that reflect each company's propensity to choose annuities offered, are applied to the levels of provision determined in the manner above.

Additional provisions

Under Article 38, paragraph 3, of Legislative Decree 173 of 1997, the mathematical provision is to include provisions set up to hedge mortality risks on Class III insurance contracts (as defined in Article 2, paragraph 1, of Legislative Decree 209 of 7/9/2005), which guarantee benefits in the event of the insured's death during the term of the contract. In the case of insurance contracts in Class III and Class VI the mathematical provision also includes provisions set up in relation to guaranteed benefits upon maturity or upon the occurrence of certain events (as laid down in Article 2, paragraph 1, of Legislative Decree 209 of 7/9/2005).

Provision for expenses

In the case of policies where premium payments are over a period shorter than the term of insurance (single premium, low annual premium, reduced) a provision is set aside for expenses that is calculated on the basis of estimated future management expenses.

In the case of *index-linked*, the provision for management expenses has been set up as the difference between net premium value and the initial value of the policy less the initial marketing cost incurred by the company. This amount, which remains valid throughout the life of the contract, has been set aside for the remaining term of each individual contract.

Additional provisions for temporary mismatching (Article 37 of ISVAP Ruling 21)

These provisions are used to cover against the financial effects of fluctuations in the returns on separately managed funds. The provisions account for returns due to policyholders that are not expected to be covered by expected investment returns over the same period, due to temporary mismatches.

This provision is particularly significant in the case of separately managed funds that provide for a single annual rate of return to be paid to policyholders for the following twelve months.

Additional provision for financial risks (Articles 47 and 48 of ISVAP Ruling 21)

The mathematical provision is supplemented by an item held as a hedge against possible discrepancies between the expected investment returns on managed funds backing technical provisions, and the obligations to policyholder in the form of financial guarantees and adjustments to benefits provided under the contracts.

In addition, the liability adequacy test was carried out in accordance with IFRS 4 to ensure the adequacy of the technical reserves in meeting future contractual cash flows.

The test involves projection of future cash flows taking into account the following:

- guaranteed benefits divided by type of guarantee, projected on the basis of contractual terms;
- characteristics of in-force policies such as premium recurrence, maturity, mortality and persistency;
- investment income, portfolio management and claims handling expenses.

Provision for shadow accounting

The *shadow accounting* technique set out in IFRS 4 enables unrealised losses and/or gains on underlying assets to be recognised in technical provisions for insurance or investment contracts with DPF, as if they had been realised. This adjustment is taken to the income statement or recognised directly in equity depending on whether the valuation differences on the assets are recognised in equity or in the income statement.

Net losses are only recognised in the provision for deferred financial liabilities attributable to policyholders only if the guaranteed minimum has been reached, otherwise the company continues to bear the losses in full.

Losses are quantified using a financial prospective method in line with Chapter I of ISVAP Regulation 21 dated 28 March 2008.

The application of *shadow accounting* enables value *mismatches* between technical provisions and assets backing them to be mitigated and is therefore considered to be more representative of the economic substance of the transactions in question.

4 Financial liabilities - IAS 39

This item includes Financial liabilities at *fair value* through profit or loss and Financial liabilities measured at amortised cost.

4.1 Financial liabilities at *fair value* through profit or loss

The financial liabilities in this category are subdivided into two further sub-items:

- financial liabilities held for trading, which include derivatives with negative fair values;
- financial liabilities designated at *fair value* through profit or loss, which include financial liabilities relating to contracts issued by insurance companies where the investment risk is borne by the policyholders, when the insurance risk is not significant and where there is no discretionary participation feature.

4.2 Other financial liabilities at amortised cost

This item includes reinsurers' deposits, debt securities, other loans and liabilities in relation to life investment contracts with no significant insurance risk and without DPF (certain types of products that are linked to specific assets).

5 Payables

Payables includes Payables from direct insurance business, Payables from reinsurance operations and Other payables, such as trade payables, payables for policyholders' tax due, payables for employees' severance payments, payables for miscellaneous tax charges and social security contributions.

Payables are recognised at their nominal amount.

Employee benefits – IAS 19

The post-employment benefits accrued by 31/12/2006 that have not been transferred to external bodies in accordance with the provisions of Legislative Decree 252/05 relating to supplementary pension schemes fall under the category of employee benefits which is classified as a defined benefits plan. The amount due to employees is therefore calculated using actuarial techniques and discounted at the reporting date, using the "Projected unit credit method" (a method based on benefits accrued in proportion to the length of employment). The effects of the other defined benefit plans in favour of employees following termination of employment are determined by using the same method.

One is to note that the Unipol Assicurazioni Group has already adopted at 31/12/2012, the amendments to IAS 19, EU Regulation 475 of 2012. As from 31/12/2012, actuarial gains or losses relating to the obligations arising from defined benefit plans are recognised as a component of other comprehensive income.

The discounting of future cash flows is carried out on a basis determined by reference to market yields on high quality corporate bonds as at the end of the reporting period.

The service cost and net interest income are recognised in the income statement.

Net interest expense is calculated by applying the 1 year interest rate, as inferred from the yield curve used for discounting the liability at the end of the previous year, to the net provision for defined benefit obligations that existed at the beginning of the year.

6 Other liabilities

6.1 Liabilities of a disposal group held for sale – IFRS 5

Please see above for the corresponding asset item.

6.2 Deferred tax liabilities – IAS 12

Deferred tax liabilities are recognised whenever there is a taxable temporary difference, except in the cases provided for in paragraph 15 of IAS 12.

Deferred tax liabilities are measured using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the tax liability is settled.

In the event of changes in tax rates, deferred taxes relating to prior years are recalculated according to the new rates and are recognised under Taxes in the income statement or under equity reserves by reference to the related temporary differences.

6.3 Current tax liabilities

This item includes current Tax payables.

6.4 Other liabilities

This item includes, inter alia, accrued expenses and deferred income, accruals for commissions on premiums in the course of collection and deferred commission receivable relating to investment contracts with no discretionary participation feature required in advance for the contract administration service or for the investment management service. These are amortised on a straight-line basis over the life of the contract or, in the case of whole-life contracts, over the “expected” life of the contract.

Income Statement

1 Revenue and income

1.1 Net premiums

This item includes the earned premiums relating to insurance contracts and financial instruments that include discretionary participation features, net of ceded reinsurance premiums.

Premiums written are recognised at the time they are due. Earned premiums for the year are determined following the recognition of a provision for unearned premiums.

1.2 Fee and commission income

The item includes commission income for financial services provided. Included in this item are the fees accrued for the year on life insurance contracts classified as financial liabilities. In the case of *unit-linked* policies, in particular, the upfront fees relating to asset management services provided, have been recognised and deferred over the term of the asset management contract.

1.3 Gains on financial instruments at fair value through profit or loss

This item includes realised gains and losses, interest, dividends, charges and positive and negative fair value movements on financial assets and liabilities at fair value through profit or loss.

1.4 Income from investments in subsidiaries, associates and joint ventures

This item comprises gains on investments in subsidiaries, associates and interests in *joint ventures*, with a corresponding amount recognised against the related asset.

1.5 Income from other financial instruments and investment property

This item includes gains on investments that do not fall under the previous two categories. These mainly include interest income on “Loans and receivables” and on securities classified as Available-for-sale financial assets and Held-to-maturity, other investment income, comprising dividends and rental income from investment property, and realised gains on the sale of financial assets or liabilities and investment property.

1.6 Other income

This item includes income arising from the sale of goods, the provision of services other than those of a financial nature and the use by third parties of the company’s property, plant and equipment and other assets. It also includes other net technical income on insurance contracts, exchange rate differences allocated to the income statement under IAS 21, realised gains, and reversals of impairment losses on property, plant and equipment and other assets.

2 Costs and expenses

2.1 Net insurance claims

This item includes the sums paid out during the year for claims, matured policies and surrendered policies and the amount of variations in the technical provisions relating to contracts that fall within the scope of IFRS 4, net of amounts recovered and of outwards reinsurance.

2.2 Fee and commission expense

This item includes commission expenses for financial services received. It includes commissions on Life insurance contracts classified as financial liabilities. In particular, acquisition commissions paid for the placement of *Unit-linked* policies are amortised throughout the term of the contract to match deferred acquisition costs.

2.3 Losses on investments in subsidiaries, associates and *joint ventures*

This item comprises losses on investments in subsidiaries, associates and interests in *joint ventures*, with a corresponding amount recognised against the related asset.

2.4 Charges from other financial instruments and property

This item includes losses on investment property and financial instruments other than equity investments and financial instruments classified as “Assets at fair value through profit or loss”. It mainly includes interest expense on financial liabilities, other investment expenses, costs related to investment property such as condominium expenses and maintenance expenses that do not increase the value of the investment property, realised losses made upon the derecognition of financial assets or liabilities and investment property, depreciation and impairment losses.

2.5 Management expenses

This item includes commissions and other acquisition expenses relating to insurance contracts, investment management expenses, other administrative expenses and depreciation (overheads and personnel expenses

that are not allocated to losses relating to claims, insurance contract acquisition costs and investment management expenses).

2.6 Other costs

This item mainly includes other net technical charges relating to insurance contracts, additional provisions made during the year, exchange rate differences allocated to the income statement under IAS 21, realised losses, and depreciation and amortisation relating to property, plant and equipment, investment property and intangible assets that have not been allocated to other cost items.

3 Tax

In their capacity as consolidated companies, and in accordance with Article 117 et seq. of Presidential Decree 917/86 and Ministerial Decree of 9 June 2004, Unipol Assicurazioni and the other subsidiaries that fulfil the requirements (Midi and Smallpart) have opted for the system of consolidated Group taxation (in respect of IRES). The indirect parent for taxation purposes is Finsoe. The companies listed above have signed an agreement with this company regulating the economic, financial and procedural aspects governing the option in question.

Charges/income linked to the transfer to the parent of the taxable income for IRES purposes, are calculated in accordance with the provisions of the law, taking into account the applicable exemptions and tax credits as well as the provisions of the agreement with the parent company. They are recognised under taxation in the income statement. IRAP for the year is also recognised under taxation.

Taxation includes deferred tax assets and liabilities, which are calculated on the basis of the temporary differences (that have arisen or been deducted during the year) between the individual consolidated companies' accounting profit (loss) and taxable profit (loss) for the year, and on the consolidation adjustments. If there are any tax losses, deferred tax assets are recognised to the extent that there is a probability that there will be future taxable income against which they can be utilised.

Foreign currency transactions – IAS 21

Amounts denominated in foreign currencies are dealt with in accordance with the principles of multicurrency accounting.

Monetary items denominated in a foreign currency (units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency) are translated using the exchange rate applicable at the end of the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the *fair value* was determined.

Exchange rate differences arising from the settlement of monetary items are recognised in the income statement. Exchange rate differences arising when non-monetary elements are remeasured are allocated to the profit (or loss) for the year or to components of other comprehensive income depending on whether the profit (or loss) to which they relate is recognised in the profit (or loss) for the year or as components of other comprehensive income, respectively.

Earnings per share – IAS 33

Basic earnings per share is calculated by dividing the profit attributed to ordinary shareholders of the parent company Unipol Assicurazioni by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributed to shareholders of the parent company

Unipol Assicurazioni by the weighted average number of any additional ordinary shares that would be outstanding if all the potential ordinary shares with a dilutive effect were to be converted. If the results for the year are negative, a loss (basic and diluted) per share is calculated.

Use of estimates

The application of certain accounting standards necessarily involves a significant element of judgement based on estimates and assumptions that are uncertain at the time of their formulation.

The assumptions made in the financial statements for the year ended 2013 are deemed to be appropriate and, consequently, the financial statements are prepared with clarity and they present a true and fair view of the financial position and the results for the year.

In making reliable estimates and assumptions, reference is made to past experience and other factors which, based on all available information, are considered to be relevant to the present estimate. However, one cannot exclude that variations in these estimates and assumptions might have a significant financial effect on the financial position and results as well as, to the extent of changes in the judgements currently being made, on potential assets and liabilities reported in the financial statements.

Estimates principally relate to:

- Life and Non-life insurance technical reserves;
- assets and liabilities measured at *fair value* (in particular, financial instruments at Level 2 and 3);
- impairment analyses and tests for intangible assets recognised in the financial statements (e.g. goodwill);
- the quantification of provisions for risks and charges and provisions for employee benefits.

For information about the methods used in the determination of the above items and the main risk factors, please refer to the previous paragraphs containing a description of the criteria used in carrying out valuations.

Other performance indicators

The performance indicators that are generally used to review management performance and on certain variations in financial statement balances, are explained below (APE, *loss ratio*, *expense ratio* and *combined ratio*). Such indicators are not prescribed by international accounting standards, but are in practice generally accepted and commonly used as financial and economic indicators within the industry.

APE – Annual Premium Equivalent: Life business APE measures the volume of new business as a proportion of the total volume of Life business. New business is calculated as the sum of all recurring new premiums and one tenth of new single premiums. This indicator is typically used in conjunction with the value of in-force business and the value of new Life business, in assessing the Life business performance of the Group.

Loss ratio: The loss ratio is a principal indicator of the profitability of Non-life insurance business. It equates the ratio of cost of direct claims incurred to direct premium income.

OTI (Other technical items) *ratio*: the ratio of other technical income/charges to change in other technical provisions and net premiums.

Expense ratio: is a percentage indicator, it equates the ratio of operating expenses (excluding commissions from indirect insurance business) to direct premiums.

Combined ratio: The combined ratio is an indicator that measures the result on the Non-life underwriting account and is calculated as the sum of the *loss ratio* and the *expense ratio*.

These other *performance* indicators have not been subject to limited audit procedures.

3. NOTES TO THE STATEMENT OF FINANCIAL POSITION

Comments and further information on the statement of financial position items and the variations when compared to the previous year are given below (the numbering of the notes relates to the mandatory layout for the preparation of the statement of financial position).

ASSETS

1. Intangible assets

<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011	<i>Change</i>
Goodwill	306.7	306.7	-
from business combinations	306.7	306.7	-
from other	-	-	-
Other intangible assets	45.5	39.3	6.2
portfolios acquired in business combinations	-	0.2	-0.2
software and licences	42.6	36.5	6.1
Other intangible assets	3.0	2.6	0.3
Total intangible assets	352.3	346.1	6.2

1.1 Goodwill

On 31/12/2012 this item amounted to euro 306.7 million (unchanged over 2011) and is entirely constituted by goodwill arising on business combinations upon the merger of Winterthur in Aurora Assicurazioni, which in turn merged into Unipol Assicurazioni on the tax and accounting effective date of 1 January 2009.

Goodwill with an indefinite useful life, as recognised in the financial statements, has been subjected to an *impairment test* in accordance with the procedure specifically approved by the Board of Directors of the controlling company UGF, and has not suffered impairment losses. Refer to paragraph 5.98 of Chapter 5 of this document, "Other information", and for information on the criteria used for the tests.

1.2 Other intangible assets

On 31/12/2012, this item, amounting to euro 45.5 million (euro 39.3 million in 2011), comprises the cost of software, licences, consultancy and customisation of software.

2. Property, plant and equipment

Property

<i>Values in Millions of Euro</i>	<i>Gross book value</i>	<i>Accumulated depreciation and impairment losses</i>	<i>Net book value</i>
Amounts at 31/12/2011	499.6	-37.8	461.9
Increases	24.1	-	24.1
Decreases	-111.1	-	-111.1
Period's depreciation	-	-14.8	-14.8
Other changes	-	8.1	8.1
Amounts at 31/12/2012	412.6	-44.5	368.1

Other tangible assets

<i>Values in Millions of Euro</i>	<i>Office furniture and machinery</i>	<i>Movables entered in public registers</i>	<i>Plant and equipment</i>	<i>Total</i>
Amounts at 31/12/2011	152.7	1.5	33.5	187.7
Increases	4.4	0.1	0.8	5.3
Decreases	-0.1	-0.0	-0.0	-0.2
Amounts at 31/12/2012	157.0	1.6	34.3	192.9
Accumulated depreciation at 31/12/2011	126.2	0.5	30.5	157.2
Increases	7.0	0.1	0.9	8.0
Decreases	-0.1	-0.0	-0.0	-0.1
Accumulated depreciation at 31/12/2012	133.1	0.6	31.4	165.0
Net value at 31/12/2011	26.5	1.0	3.0	30.6
Net value at 31/12/2012	23.9	1.1	2.9	27.9

Property, plant and equipment, net of depreciation, amounted to euro 396 million as at 31 December 2012 (euro 492.4 million in 2011), of which euro 368.1 million was owner-occupied property (euro 461.9 million in 2011) and euro 27.9 million was other property, plant and equipment (euro 30.6 million in 2011).

The decrease over 2011 is primarily due to the transfer to Investment property of the property named "Torre Unipol" owned by subsidiary Unifimm in Via Larga in Bologna. Upon completion of construction works, and as from August 2012, the building was leased to subsidiaries Unisalute and Linear. Works on a commercial lot and a hotel located in the same site, are in progress and are expected to be completed in 2013.

Midi has continued to work on an auditorium located in the Group's new Administration centre, called Porta Europa, in 37 via Stalingrado, which will host up to 500 people. In addition, work continued on the premises that will be used to house the Centro Unipol Bologna (C.U.BO.), the Group's multi media centre whose purpose is to take visitors through the Group's 50 years history, and to experience its heritage and achievements.

3. Reinsurers' share of technical provisions

As at 31/12/2012, this item amounted to euro 365.2 million, compared to euro 349.7 million in 2011. The increase in 2012 is mainly due to the recovery of damages caused by the earthquake that occurred in the month of May.

4. Investments

As at 31/12/2012, total investments (investment property, equity investments and financial assets) amounted to euro 20,365 million (euro 18,881.8 million in 2011).

4.1 Investment property

<i>Values in Millions of Euro</i>	<i>Gross carrying amount</i>	<i>Accumulated depreciation</i>	<i>Net carrying amount</i>
Amounts at 31/12/2011	572.8	-66.2	506.6
Increases	133.6	-	133.6
Decreases	-2.5	-	-2.5
Depreciation	-	-8.4	-8.4
Other changes	-	-9.0	-9.0
Amounts at 31/12/2012	703.9	-83.5	620.4

The fair value of investment property, amounting to euro 522.8 million (euro 566.4 million in 2011), was determined on the basis of independent expert appraisals.

4.2 Investments in subsidiaries, associates and *joint ventures*

Investments are detailed in the Annex to these Notes to the financial statements "Details of unconsolidated investments".

As at 31/12/2012 investments in subsidiaries, associates and interests in *joint ventures* amounted to euro 333.5 million (euro 323.4 million in 2011). The movement over the previous year was mainly due to the acquisition by Smallpart of 50% of the insurance intermediary companies Assicoop Emilia Nord and Assicoop Romagna Futura Srl. One is to note that in relation to this investment, on 6 January 2014, upon the Merger becoming legally effective, the put/call agreement entered into with the parent Unipol Gruppo Finanziario, that was provided for in the exchange of key Merger information, became effective. The agreement stipulates that UGF grants UnipolSai a put option on the investment held in Unipol Banca S.p.A., equivalent to 32.26% of the latter's share capital, which can be exercised at the end of the fifth year following the legally effective date of the Merger, at a price equal to the carrying value of the said investment in UnipolSAI's statutory financial statements (and therefore amounting to approximately euro 299.4 million). This was corresponded by a call option granted by UnipolSAI to UGF on the above-mentioned investment at the same price, but granting UGF the possibility of exercising the option throughout the period from the legally effective date of the Merger and the end of the fifth year following the same date. The accounting effects of the above options on the valuation of the investment in Unipol Banca will therefore be shown in financial year 2014, consistent with the legally effective date of the Merger.

Financial assets - items 4.3, 4.4, 4.5 and 4.6 (excluding financial assets at fair value through profit or loss)

	31/12/2012	Fair Value at 31/12/2012	31/12/2011	change %
<i>Values in Millions of Euro</i>				
Investments held to maturity	1,754.3	1,788.4	2,090.0	-16.1
Listed debt securities	1,098.5		1,113.8	-1.4
Unlisted debt securities	655.9		976.2	-32.8
Loans and receivables	4,456.6	3,997.5	4,787.2	-6.9
Listed debt securities	0.0		360.3	-100.0
Unlisted debt securities	3,939.1		3,882.4	1.5
Deposits with ceding companies	15.4		18.0	-14.5
Other loans and receivables	502.1		526.6	-4.7
Available for sale financial assets	9,986.6	9,986.6	8,263.3	20.9
Capital stocks valued at Cost	33.4		183.6	-81.8
Listed equity instruments at fair value	642.7		831.6	-22.7
Unlisted equity instruments at fair value	228.4		0.0	
Listed debt securities	7,806.4		6,092.0	28.1
Unlisted debt securities	1,111.1		1,025.7	8.3
UCITS	164.5		130.4	26.2
Held for trading financial assets	353.4	353.4	363.2	-2.7
Listed equity instruments at fair value	10.2		0.0	
Listed debt securities	137.8		82.2	67.7
Unlisted debt securities	93.7		158.4	-40.8
UCITS	77.2		86.6	-10.8
Derivative instruments	34.4		36.0	-4.4
Total financial assets	16,550.9	16,125.9	15,503.7	6.8

It is noted that, following the stabilisation of the liquidity position in the debt markets and in order to achieve a fairer view in the financial statements, debt securities which were categorised as Loans and receivables as at 31/12/2011 at an amount of euro 360.3 million have now been reclassified to Available-for-sale financial assets, which is deemed a more appropriate category. The effects of the reclassification on equity are insignificant.

As already mentioned in “Use of estimates” section of Chapter 2, “Accounting policies” of these Notes to the financial statements, the determination and measurement of financial assets and liabilities at fair value, in particular for financial instruments falling below Level 1 within the fair value hierarchy, is made through a process of estimation.

Within the context of valuation methodologies, refinements were identified in 2012 during the process of reassessing estimates used in the determination of financial assets’ *fair values*. These refinements were identified as a result of further analyses performed on the securities within the portfolio, as well as through having obtained other relevant information directly from counterparty issuers. In particular, and with the objective of using criteria that is more consistent with *best market practices*, a modification was made to the fair valuation methodologies applied for certain types of structured securities.

This adjustment, which in particular involved the securities issued by *Special Purpose Vehicles* (SPV) and *credit linked notes* (CLN), is a result of the need to:

- separately determine the *fair value* of the disaggregated basic components of cash flows expected from notes; these are subsequently aggregated to determine the total fair value;

- deepen considerations of credit risk related to Italian sovereign securities, as a result of the sovereign debt crisis which commenced in the latter months of 2011 and led to continuing tensions in the course of 2012.

There were no changes in the *pricing* models, the calibration of the models themselves, and in the market parameters used; the applied changes relate exclusively to a different association of the credit spread curve attributed to certain types of structured securities, as well as an update of the estimated effects of the crisis on the sovereign debt issued by the Italian government, in the light of the continuation of the crisis.

Since these variations represent changes in accounting estimates, restatement of the comparative figures of the previous year is not necessary.

It is noted that the above-referred adjustments to estimates impacted 46 securities whose carrying amount at 31 December 2012 amounted to euro 2.7 billion. The refinement of the estimates resulted in a reduction in 2012 of approximately euro 240 million in fair value.

Financial assets by class of investment

	<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Equity instruments		914.7	5.5	1,015.2	6.5	-9.9
Debt securities		14,842.6	89.7	13,691.0	88.3	8.4
UCITs quotas		241.8	1.5	217.0	1.4	11.4
Other financial investments		551.8	3.3	580.5	3.7	-4.9
Total financial assets		16,550.9	100.0	15,503.7	100.0	6.8

Financial assets at *fair value* through profit or loss

	<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011	<i>change %</i>
Financial assets at fair value through profit or loss		2,860.2	2,548.1	12.3
Listed equity instruments at fair value		39.4	40.3	-2.2
Listed debt securities		2,499.8	1,983.5	26.0
Unlisted debt securities		69.9	263.0	-73.4
UCITS		168.7	132.0	27.8
Derivatives		-	-	-
Other financial assets		82.3	129.2	-36.3

Financial assets designated at *fair value* through profit or loss include financial assets held to cover insurance or investment contracts issued by the Group, where the investment risk is borne by policyholders, and those arising from pension fund management.

5. Other receivables

	<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Receivables arising out of direct insurance operations		705.5	58.1	752.9	53.2	-6.3
Receivables arising out of reinsurance operations		42.6	3.5	50.2	3.5	-15.2
Other receivables		465.3	38.3	611.7	43.2	-23.9
Total Other Receivables		1,213.4	100.0	1,414.8	100.0	-14.2

Other receivables at 31/12/2012 include tax receivables amounting to euro 190.1 million, amounts due from Mutuelle Du Mans, in which the parent company Unipol Assicurazioni became involved following the merger of Navale Assicurazioni business unit amounting to euro 53.2 million, and amounts due from Finsoe, the parent for fiscal purposes, amounting to euro 156.4 million. The receivable from Finsoe, net of the liabilities due of euro 99.7 million, amounted to euro 56.5 million.

6. Other assets

<i>Values in Millions of Euro</i>	<i>31/12/2012</i>	<i>mix %</i>	<i>31/12/2011</i>	<i>mix %</i>	<i>change %</i>
Non-current assets or disposal groups classified as held-for-sale	-	-	-	-	-
Deferred acquisition costs	14.7	2.9	18.6	2.8	-21.0
Deferred tax assets	388.1	76.8	536.8	79.6	-27.7
Current tax assets	-	-	-	-	-
Other assets	102.3	20.3	119.2	17.7	-14.2
Total other assets	505.1	100.0	674.5	100.0	-25.1

Details of deferred tax assets are given in the note on income tax.

Other assets include, amongst others, deferred commission expenses, prepayments and accrued income and other miscellaneous items.

7. Cash and cash equivalents

Cash and cash equivalents as at 31/12/2012 amounted to euro 576.3 million (euro 263.1 million in 2011).

LIABILITIES

1. Equity

In the absence of a transfer of securities, equity is exclusively attributable to the Group as follows:

Equity attributable to the owners of the Parent				
	<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011	<i>change</i>
Share capital		259.1	259.1	-
Capital reserves		805.9	805.9	-
Retained earnings and other reserves		985.8	1,020.5	-34.7
(Own shares)		-	-	-
Reserve for currency translation differences		-	-	-
Gains or losses on available-for-sale financial assets		-327.6	-939.7	612.2
Other gains or losses recognized directly in equity		-58.2	-41.4	-16.8
Profit (loss) for the period/year attributable to the owners of the parent		244.8	-44.0	288.8
Total equity attributable to the owners of the Parent		1,909.8	1,060.3	849.5

At 31/12/2012, the share capital of the parent company Unipol Assicurazioni totalled euro 259.1 million, was fully paid, and was constituted of 259,056,000 ordinary shares with a nominal value of euro 1 each.

As at 31/12/2012 the shareholders' equity, including the result for the period, amounted to euro 1,909.8 million (euro 1,060.3 million as at 31/12/2011). The main movements relate to:

- an increase of euro 612.2 million due to positive movements in the reserve for gains and losses for available for sale financial assets, which moved from losses of euro 939.7 million at 31/12/2011 to losses of euro 327.6 million as at 31/12/2012;
- a decrease of euro 16.8 million in the Other gains or losses reserve recognised directly in equity;
- an increase of euro 244.8 million representing the profit for 2012.

Amongst others, Retained earnings and other reserves includes differences arising between the carrying amount of investments in subsidiaries and the corresponding proportion of equity of the consolidated companies, after allocations to these companies' assets and to goodwill. This item also includes the consolidation adjustments required by the parent company's accounting policies and those made as a result of the elimination of intra-group dividends.

The movements registered during the year, compared to the previous year, are shown in the attached statement of changes in shareholders' equity.

Own shares

There were no purchase or sale transactions of own shares during 2012.

Increase in share capital

A payment for future capital increases of euro 150 million was made by UGF to Unipol Assicurazioni with the objective of strengthening its capital on 30/12/2011.

This payment was reclassified to capital contribution on 12/3/2012 and was subsequently used to partially cover the 2011 losses.

2. Provisions

Provisions amount to euro 67.1 million as at 31/12/2012 (euro 85.3 million in 2011) and mainly consisted of provisions for litigation, disputes with agencies and other charges relating to the sales network, IVASS sanctions and staff termination incentives.

The decrease at 31/12/2012 compared to 2011 is mainly due to releases in relation to AGCM fines amounting to euro 5 million, settlement to agents resulting from the restructuring of the sales network amounting to euro 7.5 million and euro 4.3 million in relation to IVASS fines.

Contingent liabilities as at 31 December 2012

Dealings with the Inland Revenue

The scope of investigations carried out in 2010 by the “Ufficio Grandi Contribuenti della Direzione Regionale della Lombardia”, (major taxpayers’ office of Lombardia’s regional directorate) in relation to 2006 taxes of former insurer Aurora Assicurazioni, which was merged by incorporation into UGF in 2007, were extended to also include 2005 expense items. Two Irap and Ires assessment notices were delivered between December 2012 and January 2013 both to the parent company Unipol Assicurazioni and to the holding company UGF in relation to their respective share of the assessment that contained similar findings to those drawn on 2005 and 2006 tax years and the 2007 tax year. The Company contested by lodging appeals submitted in terms of law. Similar to UGF, no provision has been made in respect of the litigation, as the Inland Revenue’s claims are considered to be unsubstantiated.

Several assessment notices relating to tax year 2007 and to VAT on coinsurance contracts entered into with other Companies were also served upon the parent company Unipol Assicurazioni towards the end of 2012. Appeals have been made through the competent authorities. Taking account of the relevant case law and of the favourable decisions that the holding company UGF has obtained at the court of first instance for similar litigations, no provision has been made.

During 2012, the parent Company Unipol Assicurazioni has complied to the tax assessment report issued by “Agenzia delle Entrate di Bologna” (Bologna inland revenue) in relation to tax year 2009.

3. Technical provisions

	<i>Values in Millions of Euro</i>	<i>31/12/2012</i>	<i>mix %</i>	<i>31/12/2011</i>	<i>mix %</i>	<i>change %</i>
Non-Life unearned premiums provisions		1,338.6	20.5	1,406.4	21.3	
Non-Life outstanding claims provisions		5,185.5	79.4	5,187.1	78.6	
Other Non-Life technical provisions		8.0	0.1	9.2	0.1	
Total Non-life provisions		6,532.1	100.0	6,602.7	100.0	-1.1
Life mathematical provisions		10,054.2	79.3	10,175.2	83.8	
Life payables amounts provisions		144.7	1.1	87.7	0.7	
Technical provisions where the investment risk is borne by policyholders		2,625.1	20.7	2,330.8	19.2	
Other Life technical provisions		-149.7	-1.2	-452.5	-3.7	
Total Life provisions		12,674.2	100.0	12,141.2	100.0	4.4
Total technical provisions		19,206.3		18,743.9		2.5

Increases in Unipol Assicurazioni's prior year claims reserves

In its Note 13021373 dated 18 March 2013, Consob asked Unipol, in accordance with Article 114, paragraph 5, of Legislative Decree 58 of 1998, to disclose in the Notes to the 2012 balance sheet information and disclosure relating to quantitative and qualitative development of prior year claim reserves of the Group's insurance companies during 2012, analysed by company and by line of business and also showing a comparison of strengthening adjustments on such reserves compared to the amounts projected in the Joint Business Plan 2013-2015 and reported in the supplement to the information document drawn pursuant to Article 5 of Consob Regulation 17221 of 2010 published on 10 January 2013.

The following is noted with reference to the increases in prior year claim reserves² of the parent company Unipol Assicurazioni, as projected in the Business Plan 2012 and as included in the 2012 consolidated financial statements:

- **ISVAP Note:** on 3 July 2012, ISVAP communicated with Unipol Assicurazioni in relation to motor vehicle third party liability (MV TPL) 2011 claims reserves. The Supervisory Authority informed the Company that it had actuarially assessed its MV TPL claim reserves, using Chain-Ladder stochastic method for claims reserves of less than 100,000 euro and statistical methodologies, having regard to the number and characteristics of these claims, for claims reserves higher than 100,000 euro. ISVAP's findings indicated a deficiency in reserves of circa euro 210 million for claims reserved at less than euro 100,000. On claim reserves of more than euro 100,000, the Supervisory Authority did not quantify deficiencies in reserves but outlined critical issues in relation to the significant number of claims, reserved at less than euro 100,000, that are then subsequently settled at higher amounts;
- **Actions taken:** in its reply, Unipol Assicurazioni, stated that it did not agree with the Supervisory Authority's conclusions and gave considerations made. In particular, it communicated its disagreement with the separate projection of claims on the basis of reserved amount thresholds, and ISVAP's use of stochastic models that typically results in overestimation of reserves in case of acceleration in claim settlement periods. This has been confirmed to be the case in the reviewing actuary's report. The latter discarded this model for this reason. The limited historical data for CARD managed claims (only 5 years) was also contested.

² Measured as the sum of claims reserves at the end of the financial year preceding the reference financial year ("the financial year"), less prior year claims paid in the financial year, less prior year claims reserves at the end of the financial year and plus/minus amounts recovered/recoverable from reinsurers and third parties.

Without prejudice to the considerations above, Unipol Assicurazioni increased its MV TPL prior year claim reserves by euro 141 million in its 2012 consolidated financial statements, (approximately euro 164 million gross of reinsurance recoveries). Adjustments were made on the basis of claim results registered during the financial year and the results of actuarial models adopted. As per the Company's assessment, claim reserves are at the centre of the range of estimates calculated by the actuary reviewing MV TPL. In "the Plan" for 2013-2015, an adverse impact of euro 132 million on the income statement had been estimated for financial year 2012.

The 2012 income statement was also negatively impacted by euro 92 million on General TPL reserves whilst the movement was of positive euro 78 million for other classes. Consequently, Non-life prior year claim reserves increased by a total of euro 154 million. The forecast impact on the 2012 income statement, as included in the Plan, totalled negative euro 100 million.

Development of increase in prior year reserves

The following table provides a detailed analysis by the principal classes of business (MV TPL, General TPL and Other classes) of the development in 2012 of prior year claim reserves, reported in aggregate for the parent company Unipol Assicurazioni with reference to the reserve assessment carried out as at 30 June, 30 September and 31 December 2012, as well as with reference to assumptions included in the Plan in relation to financial year 2012³.

Values in Millions of Euro	30/06/2012	30/09/2012	31/12/2012	2012 Plan
Motor TPL	31.4	64.7	140.8	132.0
General TPL	0.4	14.4	91.7	40.0
Other classes	(32,9)	(39,7)	(78,3)	(72,0)
Total	(1,1)	39.4	154.2	100.0

Recognition and presentation of increases in claims provisions

The increases in prior year claim provisions, mainly on MV TPL and general TPL classes of Unipol Assicurazioni are to be considered as an estimate adjustment and have been recognised as losses incurred in the financial year end 2012 in the consolidated financial statements, under item 2.1.1 – Amounts paid and changes in technical provisions (Consolidated income statement), and an increase in item 3 – Technical Provisions (Statement of financial position – equity and liabilities).

4. Financial liabilities

Financial liabilities as at 31/12/2012 amounted to euro 1,797.9 million (euro 1,687 million as at 31/12/2011). Details thereof are set out in the relevant annex.

4.1 Financial liabilities at fair value through profit or loss

This item amounted to euro 686.8 million at 31/12/2012 (euro 572.8 million in 2011). It comprises financial liabilities held for trading that amounted to euro 451.6 million, (euro 351.1 million in 2011) and financial liabilities designated at fair value through profit or loss that amount to euro 235.2 million (euro 221.7 million in 2011). The latter category includes investment contracts issued by insurance companies where the investment risk is borne by the policyholders and that do not contain any insurance risk that is borne by the Group (several

³ Figures as at 30 June and 30 September as well as those included in the Plan have not been subject to independent audit procedures by PricewaterhouseCoopers SpA, whereas 30 June 2012 figures, have been subject to limited assurance procedures.

types of Class III, Class V and Class VI contracts).

4.2 Other financial liabilities

<i>Values in Millions of Euro</i>	<i>31/12/2012</i>	<i>mix %</i>	<i>31/12/2011</i>	<i>mix %</i>	<i>change %</i>
Subordinated loans	964.1	86.8	963.5	86.5	0.1
Liabilities from financial contracts issued by insurance companies	1.4	0.1	4.4	0.4	-68.6
Reinsurers' deposits	133.8	12.0	136.5	12.3	-2.0
Other loans	6.5	0.6	7.2	0.6	-9.2
Other financial liabilities	5.2	0.5	2.5	0.2	106.5
Total other financial liabilities	1,111.1	100.0	1,114.2	100.0	-0.3

Subordinated loans, all issued by the parent company Unipol Assicurazioni, amounted to euro 964.1 million at 31 December 2012 (euro 963.5 million at 31/12/2011) and are detailed in the following table:

Issuer	Nominal amount outstanding	Subord. Level	Year of maturity	call	Rate	L/NL
Unipol Assicurazioni	300,0 millions	tier II	2021	every 3 months from 15/6/2011	euribor 3m + 250 b.p.	L
Unipol Assicurazioni	261,7 millions	tier II	2023	from 2013	fix 5,66% (*)	L
Unipol Assicurazioni	200,0 millions	tier I	perpetual	from 2018	euribor 6m + 250 b.p. (**)	NL
Unipol Assicurazioni	200,0 millions	tier I	perpetual	from 2018	euribor 6m + 250 b.p. (**)	NL

(*) from July 2013, variable rate euribor 3M + 250 b.p.

(**) from May 2018 the variable rates is equal to euribor 6M + 350 b.p.

Interest rate hedge accounting is in place (maturity May 2018) through an IRS (6,355% floating rate for fixed rate)

The following are the main features of the subordinated liabilities at 31/12/2012:

- Euro 400,000 thousand - perpetual hybrid subordinated loan granted by Mediobanca - Banca di Credito Finanziario SpA in May 2008, with the option of early repayment from May 2018 and with a variable interest rate equal to the Euribor six-month rate increased by 250 basis points. In 2009, a contract was entered into to hedge interest rate risk that became effective from May 2010. The loans characteristics are such that it can be used as part of the solvency margin up to 50% limit. Interest accrued for the financial year 2012 amounted to euro 15 million.
- Euro 300,000 thousand - subordinated loan issued by the parent company Unipol Gruppo Finanziario in June 2001 that Unipol Assicurazioni took over as issuer during 2009. The loan has a term of twenty years with an option of an early repayment every three months as from June 2011.

The interest rate, which until 15 June 2012 stood at 7%, is 2.683% as at 31 December, equal to the three-month Euribor plus 250 basis points.

The loan is listed on the Luxembourg Stock Exchange and its characteristics are such that can be used as part of the solvency margin up to a 25% limit. Interest accrued for the financial year 2012 amounted to euro 9.9 million;

- Euro 300,000 thousand - subordinated loan issued by the parent company Unipol Gruppo Finanziario in July 2003 that Unipol Assicurazioni took over as issuer during 2009. The loan has a term of twenty years with an option of an early repayment as from July 2013 and the fixed interest rate of 5.66%, up to the

stipulated early repayment date. Successively the rate becomes a variable interest rate equal to the three-month Euribor plus 250 basis points. The loan is listed on the Luxembourg Stock Exchange and its characteristics are such that can be used as part of the solvency margin up to a 25% limit. Interest accrued for the financial year 2012 amounted to euro 14.8 million. Unipol Assicurazioni holds a nominal amount of euro 38.3 million of the above-mentioned loan that was acquired from parent company Unipol Gruppo Finanziario at the end of 2009. Therefore the actual nominal amount of this loan totalled euro 261.7 million.

5. Payables

	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Payables arising out of direct insurance operations	48.4	<i>13.3</i>	44.1	<i>13.6</i>	<i>9.9</i>
Payables arising out of reinsurance operations	13.3	<i>3.7</i>	37.3	<i>11.5</i>	<i>-64.3</i>
Other payables	302.8	<i>83.1</i>	243.2	<i>74.9</i>	<i>24.5</i>
Tax-related liabilities, held by the insured	73.3	<i>20.1</i>	78.5	<i>24.2</i>	<i>-6.6</i>
Payables related to various tax expenses	11.0	<i>3.0</i>	12.2	<i>3.8</i>	<i>-10.2</i>
Trade payables	34.1	<i>9.4</i>	45.1	<i>13.9</i>	<i>-24.3</i>
Post employment benefits	31.0	<i>8.5</i>	31.6	<i>9.7</i>	<i>-2.0</i>
Social securities changes payables	10.4	<i>2.9</i>	9.0	<i>2.8</i>	<i>16.1</i>
Other payables	143.0	<i>39.2</i>	66.8	<i>20.6</i>	<i>114.2</i>
Total payables	364.6	<i>100.0</i>	324.6	<i>100.0</i>	<i>12.3</i>

As at 31 December 2012, other payables amongst others include:

- euro 99.7 million due to Finsoe, the parent for fiscal purposes;
- euro 21.9 million due to class D policyholders;
- euro 12 million due to suppliers;
- euro 6.6 million relating to agents' pension funds.

6. Other liabilities

<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Current tax liabilities	56.6	<i>13.2</i>	-	-	-
Deferred tax liabilities	128.1	<i>30.0</i>	231.1	<i>44.3</i>	<i>-44.6</i>
Liabilities of a disposal group classified as held-for-sale	0.0	-	-	-	-
Commissions on premiums in course of collection	44.9	<i>10.5</i>	50.3	<i>9.7</i>	<i>-10.9</i>
Deferred commission income	1.2	<i>0.3</i>	1.4	<i>0.3</i>	<i>-15.0</i>
Accrued expenses and deferred income	1.0	<i>0.2</i>	1.2	<i>0.2</i>	<i>-18.9</i>
Other liabilities	195.9	<i>45.8</i>	237.3	<i>45.5</i>	<i>-17.4</i>
Total other liabilities	427.6	<i>100.0</i>	521.3	<i>100.0</i>	<i>-18.0</i>

Details of deferred tax liabilities are given in the section on income tax.

As at 31 December 2012, other liabilities include, among others, euro 86.3 million accruals relating to bonuses in favour of agents (euro 112.6 million in 2011) and euro 28 million accruals for various personnel costs (euro 34.4 million in 2011).

4. NOTES TO THE INCOME STATEMENT

Comments and further information on the items in the income statement and the variations that took place compared with the previous year are given below (the numbering of the notes relates to the mandatory layout for the preparation of the income statement).

INCOME

1.1 Net premiums

<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011	<i>change %</i>
Non-life premiums of the period	3.747,8	3.807,1	-1,6
Non-life premiums	3.680,3	3.795,8	
Change in Non-life premiums provision	67,6	11,3	
Life premiums	1.953,8	1.807,7	8,1
Gross Life and Non-life premiums of the period	5.701,7	5.614,8	1,5
Non-life outward business	-122,1	-117,2	4,1
Non-life outward premiums	-119,0	-120,7	
Change in reinsurers' share of Non-life premiums provision	-3,0	3,4	
Life outward premiums	-10,1	-10,9	-7,8
Non-life and Life outward premiums	-132,1	-128,1	3,1
Total net premiums	5.569,5	5.486,7	1,5

Premiums and investment products

Consolidated premiums (direct and indirect business)						
<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>	
Non-Life Direct premiums	3,654.5		3,769.1		-3.0	
Non-Life Indirect premiums	25.8		26.7		-3.4	
Total Non-Life premiums	3,680.3	65.1	3,795.8	67.5	-3.0	
Life Direct premiums	1,952.6		1,806.1		8.1	
Life Indirect premiums	1.3		1.6		-20.5	
Total Life premiums	1,953.8	34.6	1,807.7	32.1	8.1	
Total Life investment products	16.4	0.3	22.7	0.4	-27.6	
Total Life premiums	1,970.3	34.9	1,830.4	32.5	7.6	
Total premiums	5,650.6	100.0	5,626.2	100.0	0.4	

Premium income (direct and indirect premiums and investment products), amounted to euro 5,650.6 million at 31/12/2012 representing an increase of 0.4% over 31/12/2011. Life business registered an increase of 7%, while non-life premiums registered a decrease of 3%.

Direct premium income as at 31 December 2012 totalled to euro 5,623.5 million (+0.5% over 31/12/2011), constituted by euro 3,654.5 million from Non-life premiums (-3%) and euro 1,969 million from Life business (+8.1%).

Inward premium at 31/12/2012 amounted to euro 27.1 million, against euro 28.3 million at 31/12/2011, of which euro 25.8 million were Non-life premiums, compared to euro 26.7 million at 31/12/2011, and euro 1.3 million were Life premiums against euro 1.6 million at 31/12/2011.

All the income from Non-Life business has been classified as insurance premiums since it meets the criteria for recognition of insurance contracts as per IFRS 4 (the existence of significant insurance risk).

Within Life business, investment products amounted to euro 16.4 million as at 31 December 2012 (euro 22.7 million as at 31/12/2011), and pertained to Class III (Unit and Index-Linked policies), Class V (capitalisation policies) and Class VI (pension funds).

Life business

Direct Life business					
<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Premiums					
I - Whole and term life insurance	821.7	42.1	973.9	53.9	-15.6
III - Unit-linked/index-linked policies	0.5	0.0	125.3	6.9	-99.6
V - Capitalisation insurance	271.7	13.9	307.1	17.0	-11.5
VI - Pension funds	858.5	44.0	399.6	22.1	114.8
Total Life premiums	1,952.6	100.0	1,806.1	100.0	8.1
Investment products					
III - Unit-linked/index-linked policies	3.9	24.0	6.9	30.5	-43.1
V - Capitalisation insurance	-	-	3.0	13.2	-100.0
VI - Pension funds	12.5	76.0	12.8	56.2	-2.2
Total Life investment products	16.4	100.0	22.7	100.0	-27.6
Total premiums					
I - Whole and term life insurance	821.7	41.7	973.9	53.3	-15.6
III - Unit-linked/index-linked policies	4.5	0.2	132.3	7.2	-96.6
V - Capitalisation insurance	271.7	13.8	310.1	17.0	-12.4
VI - Pension funds	871.0	44.2	412.4	22.6	111.2
Total Life direct premiums	1,969.0	100.0	1,828.8	100.0	7.7

Life direct premiums at 31/12/2012 amounted to euro 1,969 million, registering an increase of 7.7% over 31/12/2011 levels.

The increase is mainly attributable to class VI that increased from euro 412.4 million as at 31/12/2011 to euro 871 million as at 31/12/2012. The increase is attributable to the introduction in the third quarter of the year, of two significant mandates for management of "guaranteed" pension funds (Fon.Te and Previmoda), on which an extraordinary income of 411 euro million was generated for payment of past stock. In contrast, all other classes were adversely impacted by the economic crisis that marked the financial year under review and suffered deteriorations in premiums. .

As at 31/12/2012 the volume of new business calculated in terms of **APE** (*Annual premium Equivalent*), the indicator that measures the volume of business relating to new policies (the sum of the periodic premiums from new business and one-tenth of single premiums), stood at euro 221 million (+7%), in comparison to euro 206 million as at 31/12/2011.

Pension funds

The Occupational Pension funds with guaranteed performance segment was characterised by a high rate of fund management mandate renewals during the year 2012.

Unipol Assicurazioni renewed nine managed mandates (Alifond, Arco, Byblos, Carige, Filcoop, Fondapi, Fondoposte, Priamo and Telemaco) and obtained three new mandates (Istituto Pensionistico Valle d'Aosta, Fon.Te, Previmoda). The non-guaranteed return management agreement in relation to Filcoop pension fund was also renewed.

Unipol Assicurazioni continued to be the leader in the market, both in terms of the number of mandates it manages as well as in terms of funds' volumes.

As at 31/12/2012, Unipol Assicurazioni managed a total of 25 occupational pension fund mandates (of which 14 mandates were "with guaranteed capital and/or minimum return"). At the same date, total funds under management amounted to euro 3,495.1 million (of which euro 2,098.7 million with guaranteed capital).

In relation to Open Ended Pension Funds, effective 1 July 2012, the funds "Unipol Futuro" and "Aurora Previdenza" were merged into the open-ended pension fund "Unipol Previdenza". The merger was effected in order to rationalise the Group's pension offer and to maximize the efficient management of the funds involved. At 31/12/2012 equity of the funds "Unipol Previdenza" and "Unipol Insieme" reached a total of euro 327.3 million and 24,928 fund members (euro 271 million and 22,178 fund members at 31/12/2011).

Non-life business

Non-life direct Business						
	Values in Millions of Euro	31/12/2012	mix %	31/12/2011	mix %	change %
Motor and marine vehicle third-party liability (classes 10 and 11)		1,976.6		2,030.7		-2.7
Motor vehicle damage (class 3)		285.7		317.0		-9.9
Total Motor premiums		2,262.3	61.9	2,347.6	62.3	-3.6
Accident and health (classes 1 and 2)		484.2		477.3		1.4
Fire and other damages to property (classes 8 and 9)		416.3		425.0		-2.0
General third party liability (class 13)		325.1		338.6		-4.0
Other classes		166.5		180.6		-7.8
Total Non-Motor premiums		1,392.2	38.1	1,421.4	37.7	-2.1
Total Non-Life Business premiums		3,654.5	100.0	3,769.1	100.0	-3.0

Total premiums (direct and indirect) from the Non-life portfolio as at 31/12/2012 amounted to euro 3,680 million (-3% over 2011).

Direct premiums amounted to euro 3,654.5 million (-3% over 2011). **Indirect premiums** totalled euro 26 million (-3.4% over 2011).

The drop in Motor class premiums concerns both the MV TPL class, due to a reduction in its customer base, as well as the Motor damage class that was negatively affected by the sharp drop in car sales.

In the Non-motor classes, the decrease in premiums is more pronounced on commercial business. On one hand, commercial business has been impacted by recovery plans and restrictive underwriting policies, (especially on the TPL class of business and business with public entities), and on the other hand, this business is facing adverse economic conditions.

Inwards and outwards reinsurance

Inward business					
<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Non-life premiums	25.8	95.3	26.7	94.4	-3.4
Life premiums	1.3	4.7	1.6	5.6	-20.5
Total inward premiums	27.1	100.0	28.3	100.0	-4.4
Outward business					
<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Non-life premiums	119.0	92.2	120.7	91.7	-1.4
<i>Non-life retention (%)</i>	96.8%		96.8%		
Life premiums	10.1	7.8	10.9	8.3	-7.8
<i>Life retention (%)</i>	99.5%		99.4%		
Total outward business	129.1	100.0	131.6	100.0	-1.9
<i>Total retention (%)</i>	97.7%		97.7%		

The retention ratio is the ratio between premiums retained (total direct and indirect premiums less ceded premiums) and the total of direct and indirect premiums. Investment products are not considered in the calculation.

In 2012, the overall reinsurance result was negative for reinsurers, mainly due to protections in place against earthquake claims, compared to a positive result in the previous year linked to improvements in underlying direct claims costs.

On the other hand, on Life, the reinsurance result continues to be positive for reinsurers.

Reinsurance strategy

In reinsuring its underwriting risks, Unipol Assicurazioni retained its reinsurance strategy in relation to its risks from the Non-life business, by continuing its automatic reinsurance programme that is based on proportional reinsurance for Suretyship, Credit and Other damage to property classes of business.

Consistent with market practice, risk exposure arising on TPL (third-party liability, both motor and general), Land vehicles, Accident, Goods in transit, Other damage to property caused by hail, are mitigated by non-proportional types of reinsurance cover.

As concerns Fire risks, including catastrophes, net retained exposures were reduced through specific types of non-proportional reinsurance.

The Group's Life business risks were also covered by proportional reinsurance arrangements.

In order to minimise counterparty risks associated with reinsurers, the Group's reinsurance was placed with reinsurers whose financial strength is rated highly by credit rating agencies.

1.2 Fee and commission income

<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011	<i>mix %</i>	<i>change %</i>
Fee and commission income from investment contracts	0.4	0.4	4.7	-16.9
Other fee and commission income	10.3	8.7	95.3	18.8
Total fee and commission income	10.6	9.1	100.0	17.1

1.3 Gains and losses from financial instruments at fair value through profit or loss

	<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011	<i>change %</i>
on financial assets held for trade		24.4	-152.9	
on financial liabilities held for trade		-	-41.2	
on financial assets/liabilities designated at fair value through profit or		183.4	-21.5	
Total net gains/losses		207.8	-215.5	196.4

1.4 Income from investments in subsidiaries, associates and interests in joint ventures

As at 31/12/2012 these amounted to euro 3.6 million (of which euro 2.1 million related to Unipol Banca), compared to euro 12.2 million as at 31/12/2011 (of which euro 9.7 million are realised gains on the sale of investments).

1.5 Income from other financial instruments and investment property

	<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Interests		613.5	71.5	628.2	69.0	-2.3
from held to maturity investments		78.4		89.7		
from loans and receivables		168.2		187.2		
from available for sale financial assets		364.9		343.8		
from other receivables		0.5		1.0		
from cash and cash equivalents		1.4		6.5		
Other income		74.1	8.6	81.0	8.9	-8.5
from investment property		25.1		18.3		
from available for sale financial assets		49.1		62.8		
Realized gains		141.1	16.4	122.5	13.5	15.2
from investment property		0.1		3.3		
from held to maturity investments		0.0		2.9		
from loans and receivables		10.6		0.5		
from available for sale financial assets		130.4		115.8		
Unrealized gains		29.7	3.5	78.0	8.6	-62.0
from available for sale financial assets		29.7		78.0		
Total item 1.5		858.3	100.0	909.8	100.0	-5.7

1.6 Other income

	<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Various technical income		23.5	43.1	20.0	30.3	17.6
Exchange differences		0.6	1.1	2.5	3.9	-76.4
Contingent assets		5.8	10.7	4.0	6.0	47.2
Other income		24.7	45.1	39.5	59.8	15.5
Total other income		54.6	100.0	66.1	100.0	-17.3

Other income including the following:

- services provided to Companies that are not in the consolidation scope amounting to euro 13.3 million

at 31/12/2012 and euro 20.9 million at 31/12/2011;

- recovery of various fees and expenses for euro 4.1 million at 31/12/2012 and euro 5.8 million at 31/12/2011.

COSTS AND EXPENSES

2.1 Net insurance claims

<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011	<i>var. %</i>
Net insurance claims - direct and indirect business	5,117.8	4,767.8	7.3
Non-life business	2,648.9	2,766.7	-4.3
Non-life amounts paid	2,700.7	3,028.9	
Change in Non-life claims provision	0.3	-223.5	
Change in recoveries	-51.6	-38.5	
Change in Non-life other technical provisions	-0.4	-0.2	
Life business	2,468.9	2,001.1	23.4
Life amounts paid	2,219.7	1,748.9	
Change in Life amounts to be paid provision	52.8	-0.7	
Change in mathematical provisions	-123.9	59.6	
Change in Life other technical provisions	68.3	-51.3	
Change in technical provisions when the investment risk is borne by policyholders and arising out of pension funds management	252.0	244.5	
Net insurance claims - Reinsurers' share	-117.7	-38.8	203.8
Non-life business	-109.6	-30.1	263.7
Non-life amounts paid	-73.3	-61.8	
Change in Non-life claims provision	-38.9	28.4	
Change of Non-life recoveries	2.6	3.3	
Life business	-8.2	-8.6	-5.4
Life amounts paid	-15.1	-14.7	
Change in Life amounts to be paid provision	-1.3	1.1	
Change in mathematical provisions	8.3	5.0	
Change in Life other technical provisions	0.0	0.0	
Total net insurance claims	5,000.1	4,729.1	5.7

The **loss ratio** registered for direct Non-life business (an indicator that measures the ratio of claims attributable to premiums) and inclusive of the OTI ratio (Other Technical Items ratio, which is the ratio between the sum of other operating income/expenses and the movement in other technical reserves and net premiums earned) stood at 70.8% (72.9% at 31/12/2012). The actions taken in 2010 to counter the deterioration in the underwriting result registered by the sector in previous years, that included policies for restructuring and rebalancing of the portfolios and selective underwriting criteria, have resulted in a significant improvement in the underwriting result and led to a substantial reduction in claims reported.

In 2012, rigorous and selective underwriting criteria in relation to fleet business and new tariffs on individual policies' portfolios accentuated the market-wide decrease in claims, mainly attributable to decreases in distances travelled and the marked general improvement in the MV TPL class of business.

The technical result on Non motor classes was negatively affected by increased significant claims linked to freezing climatic conditions, heavy snowfalls in February and of most significance, the earthquakes in Emilia and surrounding areas in May.

In relation to the MV TPL class, to which the direct indemnity agreement ("Convenzione Risarcimento Diretto" known as "Card") applies, claims at 31/12/2012 in relation to "at fault" claims (the sum of Non Card and debtor Card claims) amounted to 282,773 (332,856 at 31/12/2011) equivalent to a 15% decrease compared to the same period of the previous year.

As at 31/12/2012, an amount of 230,067 reported claims (271,634 as at 31/12/2011) fall under the Direct Indemnity Agreement (debtor Card claims) representing 81.4% of the total claims (debtor Card + Non Card).

Claims reported through the "Card Gestionaria", "CARD" handler in 2012 amounted to 225,224 (269,813 in 2011), representing a drop of 16.5% over 2011.

The settlement rate of claims reported through the Card system and totally managed by Unipol Assicurazioni stood at 77.7% (excluding shared "fault" claims that are partly managed by third party insurers) representing 0.8% decrease over 2011. The average settlement cost registered a decrease of 4.4%.

Number of claims reported by class (excluded Motor TPL class)			
	31/12/2012	31/12/2011	change % 2012/2011
Motor vehicle damage (class 3)	127,651	106,447	19.9
Accident (ramo 1)	82,079	95,134	-13.7
Health (ramo 2)	317,704	204,844	55.1
Fire and other damages to property (classes 8 and 9)	122,106	114,522	6.6
General third party liability (class 13)	56,842	63,645	-10.7
Other classes	148,627	187,196	-20.6
Total	855,009	771,788	10.8
Total excluded Health class	537,305	566,944	-5.2

Claims reported, excluding the sickness class of business which is influenced by the increasing relevance of supplementary health funds (fondi sanitari) within Unipol Assicurazioni, that are characterised by increasing use of prescription charges (ticket sanitari) and low average costs, registered decreases in 2012 with the exception of Fire and Other Damage to Property class that was impacted by catastrophe events during the financial year 2012.

2.2 Fee and commission expense

Values in Millions of Euro	31/12/2012	mix %	31/12/2011	mix %	change %
Fee and commission expenses from investment contracts	0.2	1.7	0.2	2.3	-10.0
Other fee and commission expenses	9.3	98.3	7.8	97.7	19.6
Total fee and commission expenses	9.5	100.0	8.0	100.0	18.9

2.3 Losses on investments in subsidiaries, associates and interests in joint ventures

As at 31/12/2012, these amounted to euro 0.1 million compared to euro 65.3 million in 2011.

As at 31/12/2011, the losses of euro 65.3 million, include euro 64.8 million representing the pro-rata share of the negative results of Unipol Banca.

2.4 Losses on other financial instruments and investment property

<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Interests:	44.2	17.7	52.2	19.5	-15.3
from other financial liabilities	43.9		51.9		
from payables	0.3		0.3		
Other charges:	11.3	4.5	9.8	3.6	15.6
from investment property	7.1		3.9		
from available for sale financial assets	4.2		5.4		
from other financial liabilities	0.0		0.5		
Realized losses:	50.9	20.4	68.1	25.4	-25.4
from loans and receivables	0.7		5.0		
from available for sale financial assets	50.2		63.2		
Unrealized losses and value decreases:	142.8	57.3	138.1	51.5	3.4
from investment property	32.7		7.0		
from available for sale financial assets	110.1		131.1		
Total item 2.4	249.2	100.0	268.2	100.0	-7.1

Impairment losses on equity and debt securities classified as Available-for-sale financial assets, amounting to euro 110.1 million, of which euro 100.4 million relate to equity securities and euro 9.7 million relate to the debt securities of the Dutch banking group SNS REAAL which was nationalised by the Dutch government in the first days of February 2013, were recognised in the income statement as at 31/12/2012. As at 31/12/2011 impairments amounted to euro 131.1 million.

As at 31/12/2012, valuation and impairment losses on available for sale financial assets include euro 21.2 million due to write-downs of equity securities that were already subject to *impairment* in previous annual and six-monthly financial statements (euro 50.8 million in 2011). The impairment in value of bonds issued by the Greek government, which mature by 2020, amounting to euro 19.2 million, were included as at 31/12/2011.

With effect from 31/12/2011, the quantitative threshold of significance that constitutes the objective evidence of *impairment* as part of the Group's impairment policy on equities, has been updated from 20% to 50%. For more details, refer to Chapter 2 - Accounting principles used in these Notes to the Accounts.

2.5 Management expenses

As at 31/12/2012 Management expenses amounted to euro 990.6 million, against euro 963.8 million as at 31/12/2011.

Details of Operating expenses in the Insurance business are provided below.

	NON - LIFE BUSINESS		<i>changes %</i>	LIFE BUSINESS		<i>changes %</i>
<i>Values in Millions of Euro</i>	dec-2012	dec-2011		dec-2012	dec-2011	
Acquisition commissions	580.2	552.9	4.9	16.2	23.2	-30.5
Other acquisition costs	135.6	113.5	19.5	26.8	30.0	-10.6
Change in deferred acquisition costs	2.4	1.3	83.3	1.5	1.0	52.1
Collection commissions	76.5	105.8	-27.7	6.2	7.4	-16.7
Profit participation and other commissions from	-32.4	-31.0	4.6	-1.3	-1.2	6.4
Investments' management expenses	17.3	10.7	61.2	15.4	14.1	8.9
Other administrative expenses	118.9	109.3	8.9	22.2	25.9	-14.2
Total management expenses	898.6	862.5	4.2	86.9	100.4	-13.4

The **expense ratio** for direct Non-life business, that measures operating expenses, gross of commissions received from reinsurers and investment management expenses as a percentage of direct premium income, stood at 24.7% at 31/12/2012 (23.2% at 31/12/2011). The increase in this ratio is attributable to premium decreases, but also to increased acquisition costs, related principally to supplementary agents' and to costs associated with the so-called "scatole nere" (Unibox policies). In accordance with a recent insurance decree "Liberalizzazioni", the latter are to be borne by insurance companies in MV TPL.

The **combined ratio**, on direct business, stood at 95.5% at 31/12/2012 (96.1% at 31/12/2011). This indicator is a summation of the loss ratio and the expense ratio.

Alternative performance indicators	31/12/2012	31/12/2011
APE pro quota Group (values in millions of euro)	221	206
Loss ratio - direct business (comprehensive of OTI ratio)	70.8%	72.9%
Loss ratio - direct and indirect business (gross of reinsurance)	70.0%	74.3%
Expense ratio - direct business	24.7%	23.2%
Expense ratio - direct and indirect business (gross of reinsurance)	24.7%	23.2%
Combined ratio - direct business	95.5%	96.1%
Combined ratio - direct and indirect business (gross of reinsurance)	94.8%	97.5%

2.6 Other costs

<i>Values in Millions of Euro</i>	31/12/2012	<i>mix %</i>	31/12/2011	<i>mix %</i>	<i>change %</i>
Other technical charges	27.1	31.0	32.4	14.1	
Losses on receivables	2.9	3.3	4.5	1.9	
Other costs	57.4	65.7	192.6	83.9	
Total Other costs	87.3	100.0	229.4	100.0	-61.9

Other costs amounted to euro 87.3 million compared to euro 229.4 million in 31/12/2011.

At 31/12/2012 other costs include:

- third party expenses of euro 20 million;
- depreciation of tangible assets of euro 10.6 million;
- Isvap and Anti-trust fines of euro 9.8 million;
- allowances and re-imbursements of euro 7 million;
- contingent liabilities for euro 5.2 million.

3. Income tax

The following table presents the movements recognised in the consolidated income statement, as a result of the recognition of, or provision for, deferred tax assets and liabilities in accordance with IAS 12.

<i>Values in Millions of Euro</i>	31/12/2012			31/12/2011		
	Ires	Irap	Total	Ires	Irap	Total
Current tax	-234.2	-64.2	-298.5	28.8	-0.0	28.8
Deferred tax assets and liabilities	144.5	30.9	175.4	-51.1	-26.3	-77.4
Use of deferred tax assets	-21.0	-1.6	-22.6	-40.2	-1.5	-41.7
Use of deferred tax liabilities	1.7	-	1.7	0.5	-	0.5
Deferred tax assets provision	180.0	36.4	216.4	125.0	16.1	141.1
Deferred tax liabilities provision	-16.2	-4.0	-20.2	-136.4	-40.9	-177.3
Total	-89.7	-33.4	-123.1	-22.3	-26.3	-48.6

As at 31/12/2012, a profit before tax amounting to euro 367.9 million has given rise to a tax expense of euro 123.1 million, corresponding to a 33.47% tax rate. Tax amounting to euro 13 million was refunded in relation to previous tax years as a result of the deductibility, for the purposes of IRES, of IRAP tax paid on the cost of work provided for in Legislative Decree 201 of 6/12/2011 and of the possibility of filing for reimbursement for prior years under Legislative Decree 16 of 2/3/2012.

The following table presents an analysis of deferred tax assets and liabilities, showing the major differences for taxation purposes:

<i>Values in Millions of Euro</i>	31/12/2012	31/12/2011
DEFERRED TAX ASSETS		
Intangible and tangible assets	0,1	0,0
Investment property	50,4	39,6
Financial instruments	190,1	343,8
Other receivables and other assets	0,4	-
Provisions	34,5	40,7
Technical provisions	66,7	94,4
Payables and other liabilities	0,4	0,5
Other deferred tax assets	45,6	17,8
Total deferred tax assets	388,1	536,8
DEFERRED TAX LIABILITIES		
Intangible and tangible assets	36,0	0,4
Investment property	1,1	1,9
Financial instruments	71,0	177,0
Provisions	0,9	1,0
Technical provisions	15,9	40,1
Financial liabilities	0,6	-
Other deferred tax	2,6	10,6
Total deferred tax liabilities	128,1	231,1

The net tax assets are deemed to be recoverable on the basis of the business plans of the companies belonging to the Group, taking into consideration the effects of the consolidated tax scheme as well as recent legislation. These have introduced more advantageous conditions both in terms of carrying tax losses forward to future years, as well as in recovering, as tax receivables, the deferred tax assets based on the amount of tax loss arising from the amortisation of realigned goodwill and impairment losses on receivables.

5. OTHER INFORMATION

5.1 Hedge Accounting

Fair value (fair value hedge) and cash flow hedging activities in place at 31/12/2012 and 2011, that were all effected by the parent company Unipol Assicurazioni.

Fair value hedges

In 2012, financial instruments designated as hedging instruments comprise *Interest Rate Swap* (IRS).

The *fair value* of interest rate swaps was a liability of euro 204.5 million as at 31/12/2012. *Fair value* movements on the hedged bonds, which are classified as Available-for sale financial assets, during the effective period of the hedge relationship are represented by increases in value amounting to euro 234.8 million.

The hedging relationship was effective as at 31/12/2012 since the ratio between the respective variations in fair value remains within the 80%-125% range.

During 2012, *fair value* losses of euro 23.9 million were recognised within the income statement on IRS, while fair value gains of euro 29.7 million were recognised in respect of underlying assets, giving rise to net *fair value* gain of euro 5.8 million recognised in the income statement.

Cash flow hedges

The objective of the existing hedges is to convert the interest rate exposure on financial liabilities from variable to fixed rates of interest, thus fixing the cash flows at a set amount.

In 2012 Unipol Assicurazioni designated *cash flow hedges* through IRS on hybrid loans with variable semi-annual coupon rates, which were issued in May 2009 for an amount of euro 400 million, redeemable in 2018. The objective of the hedge is to convert the rates from variable to fixed, thus stabilising future cash flows.

As at 31/12/2012 the cumulative effect recognised in equity within the Cash flow hedge reserve amounts to a fair value loss of euro 63.5 million (euro 41.7 million net of tax).

During 2012 Unipol Assicurazioni used Cash flow hedges through IRS including bonds which are part of the portfolio of assets classified as available for sale, the nominal amount of which is euro 217 million.

The cumulative effect recognised in equity within the Cash flow hedge reserve amounts to a fair value gain of euro 3.8 million (euro 2.5 million net of tax).

5.2 Employee information

The total number of employees of the Unipol Assicurazioni Group as at 31 December 2012 is 3,671 (+8 compared to 2011, amounting to 3,679).

5.3 Earnings/Loss per share

Ordinary shares - Basic and diluted

	31/12/2012	31/12/2011
Gain/loss attributed to ordinary shares (Millions of Euro)	244,8	-44,0
Weighted average of outstanding ordinary shares in the period (n./Millions)	259,1	209,2
Basic gain/loss per share (euro per share)	0,9	-0,2

In the absence of any dilutive factors, basic earnings per share and diluted earnings per share are the same.

5.4 Dividends

The financial statements of the parent company Unipol Assicurazioni as at 31 December 2012, drawn up in accordance with Italian GAAP, show a profit for the year of euro 603.5 million.

The Board of Directors of Unipol Assicurazioni proposed a dividend of euro 0.5791 per share held to the General Shareholders' Meeting. The total amount of dividends was euro 150 million.

At the General Shareholders' Meeting which was held in April 2013, in view of the fact that the parent company Unipol Assicurazioni SpA had registered a profit for the year ended 31/12/2012 (as per the financial statements drawn up in accordance with national accounting standards) approved the distribution of dividends.

5.5 Related party transactions

Unipol Assicurazioni is 100% owned by UGF, which carries out management and coordination activities pursuant to Article 2497 of the Civil Code.

The services provided by UGF Unipol Assicurazioni in 2012 involved the following activities:

- Human resources (recruitment, development & remuneration, industrial relations, internal communication, training and organisation);
- Governance (internal control support, risk management and compliance);
- Legal (corporate affairs, anti-money laundering, governed by legislation 231);
- Other areas (public affairs, media relations, and corporate identity).

Fees paid to UGF are based on external costs incurred by the latter, for example for products and services acquired from suppliers, and on costs arising from the internal activities of the companies themselves, i.e. generated by their own staff, also taking account of:

- the *performance* objectives that the provision of the service to Unipol Assicurazioni must achieve;
- the strategic investments to be implemented by UGF in order to ensure the agreed levels of service.

The costs incurred by UGF for the provision of centralised services is mostly made up of the following components:

- staff costs;
- operating costs (IT, logistics, etc.)
- any other specific costs (secondments, consultancy, etc.)

For centralised services charges to operating companies are increased by a *mark-up* on the allocated cost.

The fees are renewed explicitly and annually, taking into account the results of the checks carried out jointly between UGF and Unipol Assicurazioni.

The areas in which Unipol Assicurazioni provides the most economically significant services to the Unipol Group companies are the following:

- Financial;
- Health and safety;
- Claims settlement;
- Legal affairs and data protection;
- IT services;
- Technical training and organisation;
- Administrative (accounting, tax, administrative and financial statements services);
- Real estate, purchasing and auxiliary services;
- Marketing.

These services are apportioned to the Unipol group companies in accordance with the cost sharing method, with the exception of Financial Management, which is apportioned based on the assets held under management.

The above detailed transactions have been carried out in accordance with the applicable regulations, which are detailed in the provisions of Article 2391 of the Italian Civil Code (Directors' interests) and by Guidelines in place in respect of intragroup transactions and the regulations on transactions carried out with related parties.

Unipol Assicurazioni also carries out the following transactions with Unipol Group companies:

- normal reinsurance and coinsurance transactions;
- property leases;
- agency mandates
- staff secondments

These relationships do not include any atypical or unusual transactions and are governed by normal market conditions.

Unipol Assicurazioni seconds its staff to Unipol Group companies.

The partial spin-off of the lending business unit by Unipol Merchant in favour of Unipol Banca, became effective for accounting and legal purposes with effect from 1 January 2012. Loans subject to the above mentioned indemnity agreement between Unipol Merchant and Unipol also formed part of the scope of the transfer.

In 2012 UGF has delivered euro 0.6 million to Unipol Banca following the settlement of one of the loan positions covered by the agreement.

Assignment of P&V Assurances receivable by UGF in favour of Unipol Assicurazioni

On 9 February 2012, the Boards of Directors of UGF and Unipol Assicurazioni resolved the assignment without recourse, in favour of Unipol Assicurazioni, of the receivable with a nominal amount of euro 95 million claimed by Unipol against the Belgian insurer P&V Assurances, which is the parent company of the P&V Group. The receivable subject to the assignment relates to a title to a perpetual subordinated loan with a nominal amount of euro 95 million, which is held by Unipol and which was signed by Unipol and P&V Assurances on 19 December 2008. The transaction was carried out on 20 June 2012. The transaction was subject to prior communication with IVASS pursuant to Article 9 to Ruling 25 of 27 May 2008.

The following table shows transactions with related parties (parent company, associates, subsidiaries and other companies) carried out during 2012 and 2011, as laid down in IAS 24 and in Consob Note DEM/6064293/2006. The information relating to directors, "sindaci", general managers and key management personnel (recognised under Others) does not include remuneration and fees for their appointments nor for the work they carried out, which are shown separately.

To the extent that transactions with and between Group companies have been eliminated as part of the normal consideration process using the line-by-line method, those same transactions have not been disclosed.

Related parties operations' information - year 2012

<i>Values in Millions of Euro</i>	Indirect controlling companies	Direct controller	associates	consociates	others (3)	Total	<i>inc. % (1)</i>	<i>inc. % (2)</i>
Reinsurers' share of technical provisions	-	-	-	0.7	-	0.7	0.0	0.2
Investments held to maturity	-	-	161.0	-	-	161.0	0.7	46.1
Loans and receivables	-	268.6	40.4	-	-	309.0	1.3	88.5
Other receivables	156.4	8.2	40.6	1.8	-	207.0	0.9	59.3
Other assets	-	-	8.5	-	-	8.5	0.0	2.4
Cash and cash equivalents	-	-	573.8	-	-	573.8	2.4	164.3
Total assets	156.4	276.7	824.4	2.5	-	1,260.1	5.3	360.8
Other financial liabilities	-	-	11.8	-	-	11.8	0.0	3.4
Other liabilities	99.7	6.9	2.2	6.3	-	115.0	0.5	32.9
Total liabilities	99.7	6.9	14.0	6.3	-	126.8	0.5	36.3
Net premiums	-	-	-	-4.8	-	-4.8	-2.0	-1.4
Fee and commission income	-	-	6.7	-	-	6.7	2.7	1.9
Income from other financial instruments and property	0.2	5.9	25.2	1.2	-	32.5	13.3	9.3
Other income	0.1	3.6	3.1	6.7	-	13.5	5.5	3.9
Total revenues	0.3	9.5	35.0	3.1	-	47.9	19.6	13.7
Net insurance claims	-	-	-	4.4	-	4.4	1.8	1.3
Fee and commission expense	-	-	1.4	-	-	1.4	0.6	0.4
Charges from other financial instruments and property	0.1	-	0.2	-	-	0.3	0.1	0.1
Management expenses	0.0	7.1	103.2	0.9	-	111.2	45.4	31.8
Other costs	-	6.8	0.0	0.3	-	7.1	2.9	2.0
Total costs and expenses	0.1	13.9	104.8	5.5	-	124.3	50.8	35.6

(1) Incidenza calcolata sul totale delle attività dello stato patrimoniale consolidato per le voci Patrimoniali, e calcolata sul risultato netto consolidato di periodo per le voci economiche.

(2) Percentage based on total net cash flows from operating activities in the cash flow statement.

(3) The "Other" column includes related companies and individuals identified as related parties (directors, statutory auditors, general managers, managers with strategic responsibilities, and their family members).

Investments held to maturity

As at 31/12/2012 Unipol Assicurazioni held bonds issued by Unipol Banca amounting to euro 161 million.

Loans and receivables

Amounts of euro 268.6 million were outstanding as at 31/12/2012, on two loan agreements that Unipol Assicurazioni had taken over as issuer from UGF in 2009, namely the subordinated UGF 7% bonds and UGF 5.66% bonds which had both been issued by UGF.

In relation to outstanding loans in 2012 UGF had not made any repayments, whilst in 2011 UGF had repaid euro 1 million to Unipol Assicurazioni.

As at 31/12/2012 euro 40.4 million related to bonds in Unipol Assicurazioni's portfolio issued by its associate Unipol Banca.

Other receivables and other liabilities

The indirect parent company Finsoe, which controls UGF acts as the consolidating company for tax purposes for the following companies: UGF, Unipol Assicurazioni, Linear, Linear Life, Midi, Smallpart and since 2012 Unisalute, which in accordance with Article 117 of Presidential Decree 917 of 86 and Ministerial Decree

9/6/2004, have opted to be taxed on a consolidated basis with the Group (for IRES purposes). At 31/12/2012 tax credits receivable by the Unipol Assicurazioni group companies towards the fiscal consolidating company Finsoe amounted to euro 156.4 million and payables amounted to euro 99.7 million.

As at 31/12/2012 euro 40.6 million related to receivables of Unipol Assicurazioni from insurance intermediary agencies in relation to unpaid balances.

Cash and cash equivalents

This includes the current account transactions between the Group companies of Unipol Assicurazioni and Unipol Banca.

Income from other financial instruments and investment property

Transactions with related companies amounted to euro 25.2 million in 2012 and euro 32.7 million in 2011 and relate mainly to interest income on bonds subscribed by Unipol Assicurazioni in Unipol Banca.

Operating costs

Operating costs with related companies amounted to euro 103.2 million in 2012 and euro 96.3 million in 2011, and mainly relate to fees paid to insurance intermediary agencies, which amounted to euro 81.6 million in 2012.

Remuneration paid to directors, statutory auditors and key management with strategic responsibilities for carrying out their responsibilities in Unipol Assicurazioni, and in other companies within the consolidation scope, amounted to (in millions of euro):

	2012	2011
- Directors	1.2	1.2
- "Sindaci" (members on the Board of Statutory auditors)	0.1	0.1
- Other management personnel with strategic responsibilities (*)	3.2	3.8
	4.5	5.1

()amount includes almost exclusively income from employment and also includes amounts contributed indirectly through UGF by other separate companies.*

5.6 Non-recurring significant transactions and events

Merger Plan by incorporation into Fondiaria-SAI of Unipol Assicurazioni, Premafin and Milano Assicurazioni

Information about the Merger of Unipol Assicurazioni, Milano Assicurazioni and Premafin by incorporation into Fondiaria-SAI (now UnipolSai) has been disclosed previously.

5.7 Atypical and/or unusual transactions

There were no atypical and/or unusual transactions that, due to their significance, importance, nature of the counterparties, transfer pricing procedures, or occurrence close to the end of the year, could give rise to doubts relating to the accuracy and completeness of the information in these consolidated financial statements, a conflict of interest, the safeguarding of the Group's assets or the protection of non-controlling shareholders.

5.8 Criteria to determine the recoverable amount of goodwill with an indefinite useful life (impairment test)

In accordance with IAS 36.10, an impairment test was carried out on the goodwill recognised in the consolidated financial statements of Unipol Assicurazioni.

The Cash Generating Units (CGU) identified for the execution of the impairment test of the Unipol Assicurazioni Group, that does not control insurance companies and banks are as follows:

- **Non-life CGU** Unipol Assicurazioni - non-life segment
- **Life CGU** Unipol Assicurazioni - life segment

It is noted that the figures in the forecasts presented below for the year 2012, were approved by the Board of Directors of Unipol Assicurazioni and when not specifically indicated, the criteria and methods should be considered to have been applied in the financial year 2012.

Non-Life CGU	
Measurement methodology used	The methodology used, was an excess capital type of DDM (<i>Dividend Discount Model</i>) and focused on the future cash flows theoretically available for shareholders, without drawing on the assets needed to support the expected growth and in accordance with the capital requirements imposed by the Supervisory Authority. Under this methodology, the value of the economic capital is the sum of the present value of future cash flows potentially available for distribution and the present value of the terminal value.
Net profits used	Forecast net profits were considered.
Projection period	Five prospective flows were considered.
Discount rate used in 2012	An approach that considers the country risk implicit in the risk-free rate was followed in the determination of the discount rate. A discount rate of 9.59% was used, analysed as follows: <ul style="list-style-type: none">– risk-free rate: 5.36%– beta coefficient: 0.85– risk premium: 5%

	<p>The average figure for the 10-year Long-Term Treasury Bond for the period January - December 2012 was used for the risk-free rate.</p> <p>A 5-year adjusted beta coefficient for a sample of companies, listed on the European market and deemed to be comparable, was used.</p> <p>The risk premium risk was deemed to be 5%, in accordance with common practice among financial analysts and the profession in general.</p>
Long term growth rate (g factor) used in 2012	<p>Several significant growth indicators relating to the reference market and to the macroeconomic situation were taken into account.</p> <p>In particular, the annual average market growth rate for 2013-2017 is expected to be 2.6%.</p> <p>The average variation in GDP is expected to be 3% in nominal terms.</p> <p>The consumer price index is expected to average approximately 1.6%.</p> <p>In view of this it was deemed appropriate to use a g factor of 2%, in line with the professional practice.</p>
Life CGU	
Recoverable amount of goodwill	<p>For the year 2012, in the case of Unipol Assicurazioni – Life, the recoverable amount of goodwill was determined by reference to the value of In Force business and the value of New Business on the basis of discounting the related expected cash flows, as derived from the in-house actuarial model.</p>

Based on the simulations carried out on the parameters outlined above, it is not deemed necessary to adjust the goodwill recognised as at 31/12/2012.

Below are the results of the *impairment* tests carried out and the respective sensitivity analysis.

Table 1
Summary of Impairment of 2012

	Goodwill allocation	Recoverable value	Surplus
Non-life business CGU	177	2.055	1.878
Life business CGU	130	245,0	85
Total	307	2.270	1.963

Table 2
Sensitivity Impairment 2012

Ratio's adopted	Non-life business
Risk Free	5,38%
Beta	0,85
Risk premium	5%
Short-term discount rate	9,59%
Range	8,59% - 10,59%
	0,5%
g factor	2%
Range	1% - 3%
Sensitivity	0,5%

Values in Millions of Euro		Sensitivity (Range Values)	
		<i>g=1%</i> <i>ke=10,59%</i>	<i>g=3%</i> <i>ke= 8,59%</i>
Company	Differences between Recuperable value - Goodwill	Min	Max
Unipol Non-Life	1,878	1,457	2,584

5.9 Notes on Non-life business

Note on the methodology used for measuring technical reserves and on the assumptions made

Together with the case by case analysis carried out by the claims network, the company also carries out actuarial statistical modelling. The process that led to the determination of assumptions used in the models, is such as to produce results in an unbiased valuation, (neither optimistic nor prudent), of liabilities with the objective of producing an estimate which is as realistic as possible.

The source of data is internal with trends analysed on the basis of annual statistics and monitored monthly throughout the year. As far as practicable, assumptions are tested against market statistics.

In instances where information is not available, incomplete or unreliable, estimates of ultimate costs are based on prudent assumptions.

The very nature of insurance business makes it difficult to estimate, with any degree of certainty, the cost of settling a claim. The reserve for each individual claim reported is set by an adjustor and is based on information in his possession and on experience of similar cases. Estimates input in the system are periodically updated to reflect new information about a claim. The ultimate cost may vary as the claim develops (for example a deterioration in the injured person's condition in bodily injury cases) or in the event of natural disasters. Estimating ultimate costs is difficult and the complexity thereof varies depending on the class of business.

As the Group's business is concentrated in Italy, the major exposure to catastrophe risks is represented by natural disasters such as earthquakes and floods.

Reinsurance cover is bought to cover this type of risk, with a choice of reinsurance levels, which are considered to be sufficiently prudent on the basis of statistical models that simulate companies' exposure in detail.

Losses on risks insured by the companies and associated with the May 2012 earthquake are estimated to amount to circa euro 100 million that are partly covered by reinsurance (euro 55.5 million).

Estimates of outstanding claims' costs are set on individual claims reported. The adjusters' estimates are combined with the results of statistical methods such as the 'chain ladder', the 'Bornhuetter Ferguson' and the 'Fisher Lange' and with assessments of the average costs for the financial year (for homogenous groups covering a sufficiently large number of claims).

The Chain Ladder method is applied to paid and incurred claims. The technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market- based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the incurred claims (Chain-Ladder). The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes.

This technique is used in situations in which developed claims experience are not available for the projection (recent accident years or new classes of business).

The Fisher Lange method is based on a projection of the number of claims to be paid and the relative average costs. This procedure is based on four fundamental assumptions: settlement rate, rate of claims accepted, base average costs and exogenous and endogenous inflation.

These methods extrapolate ultimate claims costs for each accident year and for homogenous groups of risk on the basis of past claim development trends. If there are any reasons for which the trends registered are considered invalid, some of the development factors were modified and projections were adjusted to available information in our possession.

Some examples of instances in which trends are affected are:

- changes in claims handling procedures involving different approaches to reserving;
- market trends showing increases that are higher than inflation (may be linked to the business cycle or to political, legal or social trends);
- random fluctuations including the impact of 'major' claims.

IBNR is estimated on the basis of internal historical trends, with count and average cost of claims being estimated separately.

As prescribed by IFRS 4, technical provisions have not been discounted.

Sensitivity analysis to the model

In order to assess the degree of sensitivity of estimates, the impact in ultimate costs under different scenarios are illustrated below:

"Large" claims (over euro 800,000 for MV TPL, over euro 400,000 for General TPL and euro 350,000 for Fire, including the May 2012 earthquake) – a 10% variation in this number will have the following impact;

- in 2012, the 691 large claims as a percentage of total reserves in the three classes of business was 18.6%, an increase in the number of large claims would result in a deterioration of reserves of euro 60.4 million.
- in 2011, the 595 large claims as a percentage of total reserves in the three classes of business was 16.0%, an increase in the number of large claims would result in a deterioration of reserves of euro 51.4 million.

Claims handled by other insurers – a 5% variation in assumptions underlying estimates made by leading insurers will have the following impact:

- in 2012, claims handled by other insurers as a percentage of total reserves was 5.9%, costs would deteriorate by euro 12.2 million.
- in 2011, claims handled by other insurers as a percentage of the total reserves was 6.6%, costs would deteriorate by euro 13.5 million.

In assessing the above sensitivity results one should note that the analysis was based on a change in an assumption while holding all other assumptions constant and possible correlations were not considered.

Claims Development

The claim development tables below illustrate how the Group's estimate of total claims outstanding for each accident year for 9 years has changed at successive year-ends due to claims settlement or further information being obtained.

The line that shows the difference from the reserve set at the end of the accident year should be analysed separately as subsequent adjustments may already have been recognised in later years' reserves.

Assessing adequacy or inadequacy of reserves on the basis of the figures reported in these tables should be done with caution.

The entity considers its provision for outstanding claims and for IBNR as at year end to be adequate based on known facts. However, since these are estimates there can be no absolute certainty of the adequacy of reserves.

As from financial year 2011, the insurance business of group company Navale Assicurazioni has been incorporated into Unipol Assicurazioni.

Sviluppo dei sinistri (Tutti i rami escluso Assistenza) – esercizio 2012

Dati in milioni di euro

Year of event	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTAL
Cumulative estimate of claims											
at the end of the year of event	2,591	2,624	2,635	2,729	2,877	3,159	3,281	2,930	2,547	2,434	27,807
a year later	2,520	2,570	2,590	2,719	2,901	3,226	3,272	2,796	2,481		
two years later	2,523	2,577	2,583	2,730	2,960	3,323	3,360	2,836			
three years later	2,524	2,573	2,557	2,757	2,977	3,396	3,381				
four years later	2,507	2,559	2,565	2,771	3,011	3,420					
five years later	2,490	2,557	2,565	2,814	3,038						
six years later	2,494	2,566	2,592	2,840							
seven years later	2,489	2,575	2,615								
eight years later	2,494	2,598									
nine years later	2,514										
Cumulative estimate of claims	2,514	2,598	2,615	2,840	3,038	3,420	3,381	2,836	2,481	2,434	28,157
Cumulative payments	2,391	2,446	2,425	2,607	2,741	2,979	2,880	2,295	1,778	939	23,482
Change compare to the evaluation of the first year	-77	-26	-20	111	161	261	100	-93	-66	0	
Reserved 31/12/2013	122	152	190	233	297	441	501	541	703	1,495	4,675
Effects of discounting											
Book value	122	152	190	233	297	441	501	541	703	1,495	4,675

5.10 Notes on Life business

Insurance portfolio analysis

Consolidated Life direct Collection		
	Values in Millions of Euro	
	31/12/2012	31/12/2011
Insurance premiums (IFRS4)	1.952,6	1.806,1
<i>change %</i>	<i>8,1%</i>	<i>-4,4%</i>
Investment Products (IAS39)	16,4	22,7
<i>change %</i>	<i>-27,6%</i>	<i>26,5%</i>
Total Life collection	1.969,0	1.828,8
<i>change %</i>	<i>7,7%</i>	<i>-4,1%</i>
Composition:		
Insurance premiums (IFRS4)	99,2%	98,8%
Investment Products (IAS39)	0,8%	1,2%

Types of premiums

Direct insurance premiums: type of collection		
	Values in Millions of Euro	
	31/12/2012	31/12/2011
Traditional premiums	1.093,6	1.281,2
Financial premiums	0,5	125,3
Pension Funds	858,5	399,6
Insurance premiums (IFRS4)	1.952,6	1.806,1
<i>of which investment with DPF</i>	<i>681,8</i>	<i>851,6</i>
% investment with DPF	<i>34,9%</i>	<i>47,2%</i>

Unipol Group's insurance premiums continue to be predominantly derived from traditional type products that represent 59.8% of total premium income, compared to 18.5% derived by investment product premiums and 18.8% from occupational pension funds managed by Unipol Assicurazioni.

5.11 Risk Report

The Risk Report provides additional and supporting information to enable stakeholders to evaluate the financial and economic position of Unipol Assicurazioni and its subsidiaries for the purpose of Risk Management as defined by ISVAP ruling 20 and Solvency II regulations, that are currently being defined.

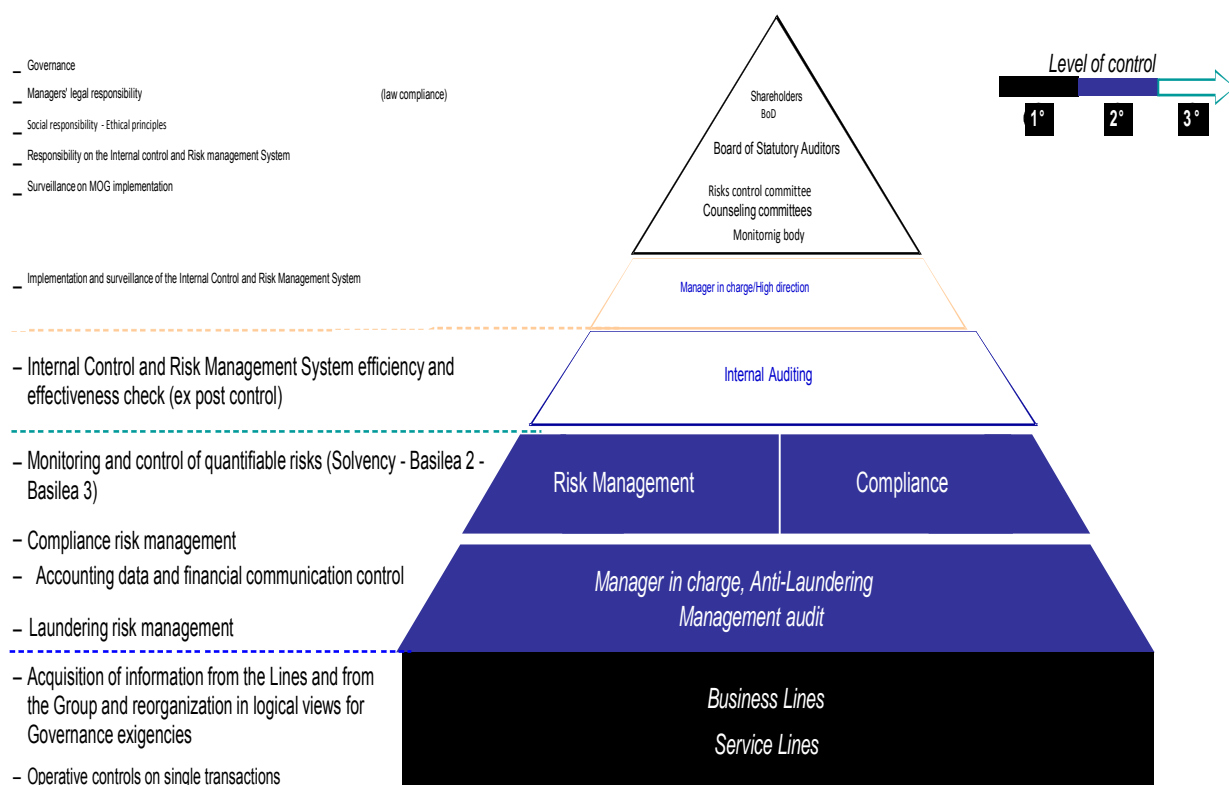
Internal Control System and Risk Management (referred to as “Internal Control System” until December 2011)

Unipol Gruppo Finanziario, which controls Unipol Assicurazioni, in line with primary objective of ensuring uniformity and consistency across the group in the adoption of policies, procedures and methods of risk governance and controls, adopts a “centralised” organisational model of internal control and risk management. The Board of Directors of Unipol Assicurazioni has deemed it efficient and consistent with its organisational model, to outsource the Audit, Risk Management and Compliance functions to the corresponding structures of the Parent company, UGF, through the conclusion of specific agreements in accordance with the requirements of the applicable regulatory provisions.

The Audit, Risk Management and Compliance functions of UGF therefore carry out activities within their expertise, for Unipol Assicurazioni, whilst developing and maintaining a constant relationship with the latter's governance bodies and senior management. In particular, the risk management processes fit within the broader system of internal controls of Unipol Group, which in its current configuration, is structured on several levels:

- line controls (so-called “first-level controls”), aimed at ensuring the proper conduct of operations. These are performed within the same operating structures (e.g. hierarchical, systematic and random controls), even through several units that report to the same operating components, that is, executed within the back-office framework and to the extent possible, they are integrated in the automated procedures. The operating structures are vested with the primary responsibility of risk management. In the course of the day-to-day operations, such structures have to identify, measure, monitor, ease and report the risks arising from the ordinary business activities in conformity with the risk management process. These processes have to ensure the adherence to the established tolerable level of risk and the procedures which define the risk management policy;
- controls on risk and compliance (so-called “second-level controls”), which have the objective of ensuring inter alia:
 - the proper implementation of the risk management process;
 - compliance with the operating limits for the various functions;
 - compliance with the corporate business processes and proceduresThe functions identified to carry out such controls are separate from operational functions; they participate in the development of risk management policies and the risk management process.
- internal audit (so-called “third-level control”), internal audit procedures which monitor the completeness, functionality and adequateness of the internal control and risk management systems (including controls on the first and second level controls)

The illustrative and non-exhaustive diagram below outlines the governance and risk management process within the Unipol Group for the year 2012:



Within Unipol Assicurazioni:

- The **Board of Directors** develops the internal control system policies and evaluates, at least annually, the adequacy, effectiveness and efficiency, thereof against the company's characteristics. It is also responsible for the approval of the "Policies on the internal control system and risk management" and the related documents (the Audit Charter and Risk Management and Compliance Policy). These policies are subject to annual reviews, as approved by the Board of Directors of the Parent Company UGF and endorsed by the subsidiary. Defined within the Risk Management Policy are the guidelines and policies for the identification, measurement, control and mitigation of the most significant risks, in line with the level of risk tolerance of the company. As part of the development of guidelines and risk management, it establishes the level of risk tolerance for the year (*risk appetite*), and approves key policies of risk management. The Board of Directors, in order to manage risks, relies on UGF's Risk Management, which has the task of ensuring at the level of the Unipol Group, an integrated assessment of the various risks, Enterprise Risk Management (ERM).
- **Senior Management** is responsible for implementing, maintaining and monitoring the system of internal controls and risk management, in line with the Board's policies. It implements strategies, guidelines and policies of the Board and it ensures that the Board of Directors receives regular information on the adequacy and effectiveness of internal controls.
- UGF's **Risk Management function**, following decisions taken by the Board of Directors of UGF on 27 September 2012, has been placed within the direct remit of the Board of Directors, coordinated by the Chief Executive Officer, responsible for the internal control system and risk management. Until that date, the Risk Management function was the responsibility of the Managing Director of UGF. The Risk Management function is tasked with the proper assessment of all risks at group level, namely the *Enterprise Risk Management* (ERM), supporting senior management, the Chief Executive Officer and the Board of Directors in the evaluation of design and effectiveness of the *risk management system* and reports back conclusions which indicate possible shortcomings and advises on the modality in which the latter can be addressed. The risk management functions operates within the internal framework of the

“Own Risk Solvency Assessment” in the insurance arm of the group, with the aim of coordinating the risk management functions operating in the group, in line with *best practice* and in adherence to the Regulatory guidelines. The primary responsibility of the function rests in the management of risks arising from the operations by having the necessary structures and abilities to run such a process. The *risk management* department supports the various Unipol group activities in the assessment of the impact that strategic decisions have *ex ante* (before the event) and *ex post* (after the fact) on the profits, in the screening of particular transactions and monitors the exposure to risk against the acceptable tolerance levels.

In this context, UGF’s Risk Management, in collaboration with the responsible management functions, supports the Chief Executive Officer and Senior Management in instilling and strengthening the risk culture within all the employee levels in the organisation in a manner to create awareness of the risk management function and integrate it within all the levels across the organisation.

Organisational Structures: Board committees

A number of board committees have been set up in UGF and Unipol Assicurazioni, in order to carry out proposing, consultative, oversight and implementing functions, as determined by the governance and senior management of UGF and Unipol Assicurazioni.

The risk management system

Risk Management Policy

The risk management policy sets out specific guidelines on the management of risks arising from the *business* activities undertaken within the Unipol Group. Such policy identifies strategies, objectives, roles, responsibilities, modality and methodology of analysis with reference to the identification, valuation, control and mitigation of risks arising from all corporate functions.

The policy, therefore, has the following general objectives:

- improving the risk management process;
- supporting the process of defining the strategic objectives by top management;
- introduce an efficient process of identification, assessment, control and mitigation of risks;
- increase the level of knowledge and awareness about the different types of risk;
- spread the culture of risk management.

The following processes fall within the risk management process:

- identification of risks;
- assessment of risks (including the measurement of risks);
- risk controls (including the reporting on such risks);
- mitigation of risks.

Tailored policies have been established to address specific risks. These address appropriately the appetite for, and management of, risk. These include the definition of risk, modality of calculation, the eventual limits and the control mechanism.

The activities of **risk identification** contribute to the individualisation of risks which are deemed to be significant, the consequences of which can compromise the solvency of the Group Unipol and Unipol Assicurazioni or pose a serious obstacle for the realisation of the corporate goals. Such risks are classified according to a classification that takes into consideration both the group structure and also the specific *business* considerations arising from the various group operating companies. In particular, the following risk classes emerge:

- Underwriting risk - Life and Non-life Business;
- Financial Risks (Market, Liquidity/ALM);
- Credit risk;
- Operational risk;
- Emerging risks;
- Other risks.

The **valuation** phase consists of the measurement of risk and identifies the incidence that a potential event can have on the carrying of the corporate business objectives. The measurement arises upon the joint use of various methodologies:

Solvency I – The current regulatory method that had introduced minimum capital requirements (required minimum of solvency) and that is calculated on the basis of indicators such as premiums, claims and assets to cover technical provisions.

Solvency II – Internal model for the measurement of the Solvency Capital Requirement – As part of the implementation of the Solvency II regulations, the Unipol Group is deploying risk management processes in the context of Solvency II, even through the development and utilisation of an Internal Model for the valuation and measurement of individual risk, which utilises sophisticated instruments of financial and actuarial analysis. Through the integration of such risks in the Internal Model, a holistic measurement of the business risks is derived. Such measurement is also made using the *Standard* formula, determined on the basis of the latest QIS (quantitative impact study) with a confidence level equal to 99.5%.

Stress test – Within the ambit of the internal risk management models, *stress tests* are quantitative techniques with which entities assess their vulnerability for rare, but, possible events. *Stress tests* assess the effects on the economic, capital and financial position arising from specific events or the joint movement of a number of variables in adverse hypothetical scenarios. Such techniques hence facilitate the acquisition of additional information in connection with the effective exposure to the different risk factors, contributing to the formation of an exhaustive assessment of the adequacy of the capital base of the entity, as well as advising on strategies and the manner in which to deal with such rare events. The risk management function of UGF coordinates the *stress tests* for Unipol Assicurazioni (and for all the companies operating in the Unipol Group) in relation to the nature of the risks which are deemed as most relevant to the respective entity's operations. Upon the conclusion of such tests, the *risk management* function communicates the results of such analysis to the company and reports also to the group senior management and to the Board of Directors.

Control and reporting

During 2012, Unipol Group has established a system of structured "*internal*" and "*external*" reporting.

Internal reporting, directed to the internal group structures, is a strategic instrument and acts to project, plan and monitor capital and risk management process.

Internal reporting represents the official instrument through which:

- the *risk management* function of UGF communicates to the various business levels, each within their respective remit, the state of risk assessment and any possible breaches of established limits set according to Solvency II specifications.
- the structures within the "Direzione Generale Area Pianificazione Immobiliare e Società Diversificate" of UGF communicate the results of the capital absorption calculations, in line with regulations currently in force.

Following the analysis of the elaborated results, in cases of breaches of established operational limits identified on the basis of the information communicated by UGF's Risk Management, the competent Management, in coordination with the "Direzione Generale Area Pianificazione Immobiliare e Società Diversificate" unit of UGF and with the support of UGF's Risk Management function, defines the remedial

actions to be taken with an appropriate time frame, as reported to the appropriate responsibility levels at the company.

In view of the different needs for, and use of, the results produced by the recipients, there are two envisaged reporting types, as required by the *stakeholder* being served and the type of information needed;

- Reporting on Risk Management;
- Management Reporting.

Reporting on Risk Management: The Risk Management function of UGF has defined and implemented a system of reporting on risk management, with the objective of ensuring timely and continuous monitoring of the evolution of risks and adherence with the limits defined at different levels of business operations.

Reporting on risk management is intended to the Board of Directors, to the relevant committees and senior management in order to act as support in decision-making and strategic planning. This is enabled through the aggregation of information on the group-wide risks by entity and by sector, according to Solvency II specifications.

In addition, the reporting on risk management is also intended to the operational structures as it provides, granular information on risk, that will assist in the monitoring and support of operational decisions of the *business* segments. Reports regarding the adequacy of capital and operational limits are communicated to the various operating structures with varying degrees of regularity and formats.

Internal Model

The specifications underlying the Internal Model for the calculation of the *Solvency Capital Requirement* of Unipol Assicurazioni and of the other companies of the Unipol Group, has been developed in line with the new Solvency II principles currently being defined. More specifically, in line with the provisions of EIOPA, Unipol Group has established its model according to the following categories of risk:

- Underwriting risks (Non-Life and Life);
- Financial risks (Market, ALM and Liquidity);
- Credit risk;
- Operational and other risks.

Categories of risk are identified and constantly updated by means of continuous and meticulous study of legislation, consideration of the opinions of professional bodies and senior executives within the sector and contributions from meetings, forum, studies and specialists.

Under the Internal Model each risk is calculated using suitable measurements and appropriate instruments and combining them by means of a correlation matrix.

Below is a summary of how each risk is calculated, whilst the subsequent paragraphs provide additional information on the calculation procedure and the principal results for each risk.

The **Non-Life underwriting and reserving risk** is measured using an internal model, which meets the requirements of Solvency II legislation, with stochastic methods being used to evaluate the *underwriting risk (premium and provisions)*.

The **Life underwriting and reserving risk** is measured through an internal stochastic model in line with the principles of Solvency II, which measures at *fair value* all the elements of assets and liabilities on the basis of the correlations to risks.

The **market risk**, as from 2011, is calculated using an internal model made up of two different sub-models:

- *Historical Simulation* model (Non-Life portfolio and equity);
- Monte Carlo Life ALM model (Life portfolios).

For managing the Non-Life portfolio and equity a *Value-at-Risk Historical Simulation* was carried out. This procedure is based on distributions of empirical probabilities for each risk factor, extrapolated from observations of historical market scenarios.

For managing the Life portfolios, given the specific features of the *business*, assets and liabilities are valued jointly, bearing in mind the rules determining the return of the segregated accounts and the criteria for revaluing the provisions.

In accordance with IFRS the table in the following paragraphs analyses the main sensitivities.

In 2012 the credit risk and the operational risk were calculated using both the Standard Formula and the Internal Model.

In 2011 such risks were measured using the Standard Formula rather than the Internal Model, since the latter was still being internally approved at the time.

Financial Risks

Market Risk

Market risks arise on the potential losses consequent to the changes in the rates of interest, equity prices, rates of exchange and *credit spread*.

The following types of risks are considered:

- *Interest rate risk*, being the risk of the possible change in value of financial assets as a consequence of movement in the rates of interest;
- *Share price risk*, being the risk linked to losses arises on equity share prices;
- *Foreign exchange risk*, being the risk arising on losses on assets and/or liabilities denominated in foreign currencies following an adverse movement in the rates of exchange;
- *Credit spread risk*, being the risk that the value of a portfolio subject to credit is adversely impacted by a potential downgrade in the credit rating of the underlying counterparty.

The *sensitivity* of Unipol Assicurazioni's¹ financial assets to the market risk is disclosed below. The *sensitivity* is calculated as the variation of the market price of financial assets in the wake of the shocks that are consequent to:

- a parallel variation of the interest rates equivalent to + 10 basis points;
- variation of -20% in equity prices;
- variation equal to +10 basis points in the credit spread.

31/12/2012 (in Millions of Euro)	Unipol Assicurazioni Non-Life		Unipol Assicurazioni Life		Unipol Assicurazioni TOTAL	
	Economic impact	Financial impact	Economic impact	Financial impact	Economic impact	Financial impact
Sensitivity rate	0,32	-10,73	13,44	-37,64	13,76	-48,37
Sensitivity Credit Spread	-0,06	-16,47	-0,68	-42,67	-0,74	-59,13
Sensitivity equity	-11,33	-81,92	-6,21	-81,18	-17,54	-163,10

The figures include the value of hedging derivatives.

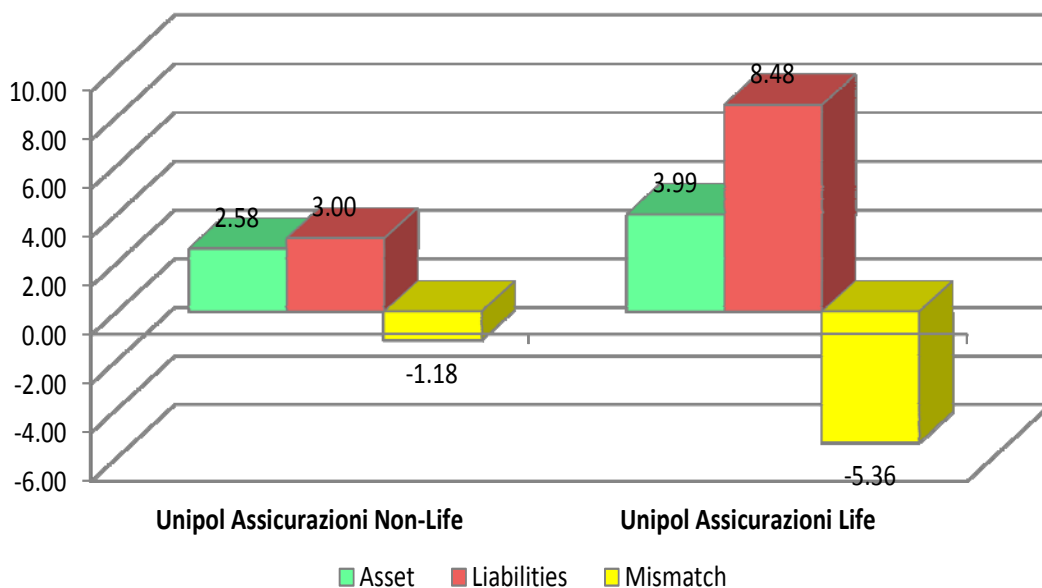
The currency risk in the context of ALM is defined as the risk of a possible variation in the value of asset and liabilities and the *Net Asset Value* as a consequence of the unfavourable variations in the exchange rate and

¹ The analysis has been carried out only on Unipol Assicurazioni, as the data from subsidiaries is considered insignificant data for the measurement of market risk

the volatility of the same. On the basis of the Unipol Groups *Investment Policy*, the net exposure to investments, other than those denominated in Euro, has to be limited at 3% of the total investments. The exposure of the Unipol Assicurazioni Group to exchange risk does not result to be significant.

The interest rate risk in the context of ALM is measured in terms of the *mismatch in duration*. The financial information reproduced below indicates the *mismatch in duration* at Unipol Assicurazioni and its subsidiaries. The respective information factored into the calculation of the mismatch in duration includes shares, cash equivalents (excluding investments and property; for the non-life business receivables are also excluded), liabilities which include financial liabilities and technical reserves. The gap is then calculated taking account of the effect of off-balance sheet items.

Year 2012



Liquidity risk

The Unipol Assicurazioni Group faces liquidity risk in the instances when the committed cash outflows (whether expected or unexpected) require the disposal of less liquid *assets*, which have dissimilar conditions, hence compromising the solvency position. The liquid resources of the Unipol Assicurazioni Group arise from the management of the Life and Non-Life insurance business, and from *funding* transactions through loan issues. The fundamental principles, which underpin the management of liquidity, risk rest on the following:

- centralising the *Liquidity Management* Functions at Unipol Group level;
- managing structural liquidity by keeping a balance between *liabilities* and investments in noncurrent *assets* in order to avoid pressure on the short-term liquidity position;
- managing short-term liquidity in order to have sufficient liquidity to fulfil short-term commitments, both foreseeable and unforeseeable, by keeping a suitable balance between in-flows in and outflows;
- an investment policy, which foresees an elevated level of investments in liquid bank deposits and sovereign debt in the Euro zone.

The possible gaps in liquidity, both from a structural and strategic perspective are considered weekly through the *maturity ladder*. The net liquidity requirement is benchmarked against the reserve of liquid or easily converted liquid *assets*.

On annual basis the *investment policy* is updated and approved by the Board of Directors of the parent company UGF and of the Board of Directors of Unipol Assicurazioni. This policy details the criteria and basis of the investment policy, the types of policies, which determine in which assets the group, should invest, the composition of the portfolio in the medium to the long term, and the limits for assets in terms of *asset allocation* and financial risk.

Credit risk

Generally credit risk represents:

1. the risk that a debtor or a guarantor under an enforcement order may wholly or partially fail to honour its commitment to Unipol Assicurazioni Group and the Group (customer or borrower risk);
2. the risk of deterioration of the creditworthiness of an issuer of financial instruments (issuer risk).

Unipol Assicurazioni is exposed to credit risk in the following principal operations: insurance and re-insurance outwards.

During the course of 2012 the Unipol Group's *Credit policy* has been updated. This document (which had originally been approved as a first version in 2009 by the Board of Directors of the parent UGF and extended to Unipol Assicurazioni and the other Group companies), streamlines and limits the exposure to credit risk in a manner to ensure that the maximum exposure with a counter party is in line with the *risk appetite* as defined by the strategic objectives of the Unipol Group, hence ensuring the proper diversification of the portfolio.

This policy is designed to record exposures that are of such a size as to represent a potential risk: the objective is achieved by adopting appropriate risk management and internal control mechanisms, enabling exposure to the various counterparties to be ascertained and monitored.

This policy supplements the current system of internal rules, particularly provisions relating to corporate governance, transactions within the Group and with related parties, the internal control system, outsourcing work and the Investment Policy, and is applied in line and in accordance with this system.

Suretyship class of business of Unipol Assicurazioni

This risk is calculated with underwriting risk (see related section) and monitored by the UGF Group's Credit Risk Committee.

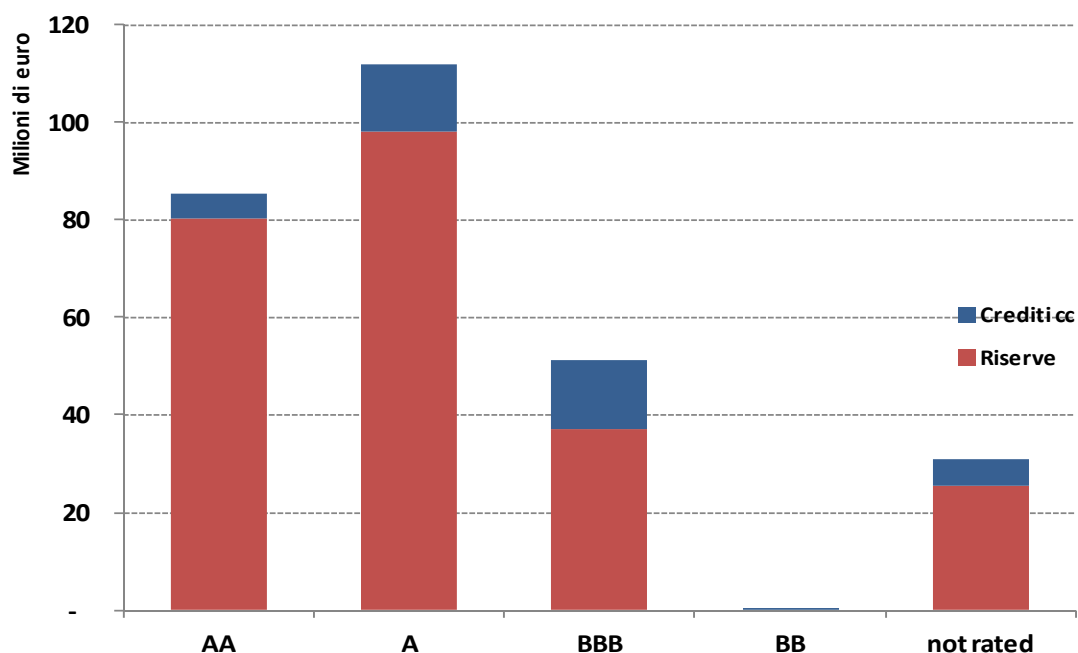
Outwards reinsurance

The exposure to credit risk is divided into:

- liquid receivables already due in the reinsurers statements of balance, listing balances on each policy in the period and those still outstanding;
- potential estimated receivables (which will become due at the time of payment to the policyholder at relative amounts) for reinsurers' share of technical provisions. The exposure to technical reserves is always net of any deposits retained or other collateral guarantees (e.g. LOC, parent company's and reinsurers' commitments, etc.).

The table below reports the distribution of the receivables from reinsurers and their share of technical reserves categorised according to the respective credit rating (values are expressed in millions of euro, net of intra-group reinsurance).

Year 2012



Debt securities issuers' risk

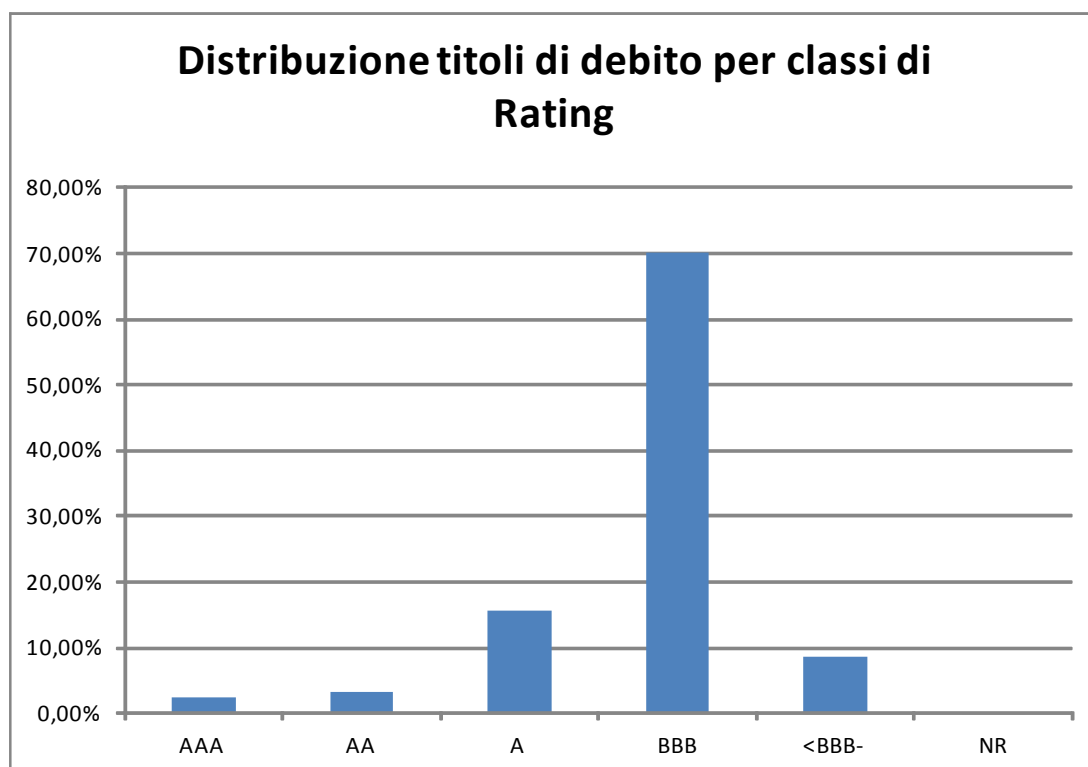
The credit risk on debt securities is monitored with the market risk in the context of the volatility of the credit spread and with the credit risk in the light of the probability of default of the issuer and the relative *loss given default*.

The table below reports the distribution of the debt securities of Unipol Assicurazioni², categorised by the respective rating.

On 13 January 2012, Standards & Poor has revised the sovereign rating of nine European countries, including that of Italy, which was downgraded by two notches (from A to BBB+).

² The analysis was carried out only on Unipol Assicurazioni, since the subsidiaries, with reference to the debt securities, are of insignificant values

Year 2012



Information relating to exposure to sovereign debt securities referred to in Consob Note DEM/11070007 of 5/8/2011

In accordance with Consob Note DEM/11070007 of 5 August 2011 and the subsequent ESMA document 2011/397 of 25 November 2011, relating to information to be provided in annual and interim financial reports on listed companies' exposures to sovereign debt securities and current trends in international markets, details are provided of Sovereign exposures (i.e. bonds issued by central and local governments and by government organisations and loans granted to them) held by the Unipol Assicurazioni Group at 31/12/2012 and 31/12/2011, broken down by type of portfolio, nominal amount, carrying amount and *fair value*.

	Nominal amount	Carrying amount	Market value
Treasure Austria	27.1	27.4	27.4
Available-for-sale financial assets	27.1	27.4	27.4
Treasure Belgium	33.5	33.5	36.9
Available-for-sale financial assets	8.5	9.3	9.3
Financial assets held to maturity	25.0	24.2	27.6
Treasure Canada	31.2	35.9	35.9
Available-for-sale financial assets	25.0	29.7	29.7
Financial assets at fair value through profit or	6.2	6.2	6.2
Treasure France	59.2	58.2	63.5
Available-for-sale financial assets	9.2	9.6	9.6
Financial assets held to maturity	50.0	48.6	53.9
Treasure Germany	250.0	254.8	272.6
Available-for-sale financial assets	66.8	74.9	74.9
Financial assets held to maturity	180.0	176.9	194.7
Financial assets at fair value through profit or	3.2	3.0	3.0
Treasure Ireland	138.9	141.8	141.7
Available-for-sale financial assets	128.9	131.8	131.8
Loans and receivables	10.0	10.0	9.9
Treasure Italy	8,586.5	7,925.5	7,788.3
Available-for-sale financial assets	6,060.0	5,696.2	5,711.3
Financial assets held to maturity	861.4	842.8	861.8
Loans and receivables	1,469.7	1,366.5	1,195.1
Financial assets at fair value through profit or	195.3	20.1	20.1
Treasure Netherland	18.0	19.9	19.9
Available-for-sale financial assets	18.0	19.9	19.9
Treasure Portugal	121.5	113.6	111.9
Available-for-sale financial assets	68.5	62.3	62.3
Financial assets held to maturity	53.0	51.2	49.5
Treasure Slovenia	11.0	10.7	10.7
Available-for-sale financial assets	11.0	10.7	10.7
Treasure Spain	683.1	580.6	573.5
Available-for-sale financial assets	577.3	503.9	503.9
Financial assets held to maturity	56.0	54.7	55.5
Loans and receivables	49.8	22.0	14.1
Other countries (*)	13.3	13.6	13.6
Available-for-sale financial assets	13.3	13.6	13.6
TOTAL	9,973.1	9,215.7	9,096.0

Concentration Risk

The concentration risk is monitored on exposures with the respective counterparty, issuer of the financial instrument, against the breach of the established thresholds in the ambit of the Unipol Group's *Credit Policy* and *Investment Policy*.

Underwriting risks

Risks relating to Life portfolios

In order to evaluate Life risks, a stochastic internal model has been adopted in line with the new principles laid down in Solvency II, which entail estimating the '*fair value*' of all asset and liability items in view of how they relate to one another in various scenarios. In particular the internal model evaluates the impact, in terms of capital absorption (*Internal Capital Requirement*), of the following risk factors:

- mortality/longevity risk, understood as the increase (mortality risk) or decrease (longevity risk) in death rates compared with those used to calculate premiums;
- lapse risk, understood as the variation (increase/decrease) in surrendered policies compared with those used to calculate premiums;
- expense risk, understood as the increase in contractual and business expenses compared with those expected;
- Catastrophe risk, understood as the instantaneous increase of the probability of death, caused by a catastrophic event such as pandemic or war;
- interest rate risk, understood as the risk of a possible variation in assets and liabilities because of variations in the forward structure and/or volatility of interest rates;
- share risk, i.e. the risk of a possible variation in assets and liabilities because of variations in market prices and/or the volatility of equity instruments;
- currency risk, understood as the risk of possible variations in the value of assets and liabilities because of variations in, or the volatility of, exchange rates;
- spread risk, understood as the risk of variation in value of assets and liabilities (debt securities and other *fixed-income* instruments, credit derivatives and other investment instruments subject to the credit risk) because of variations in credit spreads compared with the *risk-free* curve.

Life insurance risks have also been assessed by means of a *stress test* approach, using quantitative future analyses obtained by varying the most significant sources of risk in respect of the basic scenario.

Mortality risk

Unipol Assicurazioni applies a policy risk assumption, which is diversified by sales channel and type of tariff. Great attention is paid, in particular, on the assumption of the term life insurance policies where the procedures provide for limits both on age and capital. Before this category of policy can be issued, a questionnaire must be completed giving details of health, occupation and sporting activities, and, depending on the replies provided, the policy may be issued by the intermediary directly or only after Head Office has added exceptions and possibly applied additional premiums relating to health, occupation or sporting activities. If sums assured or age exceed the underwriting limits assigned to the sales network, Head Office is asked to assess the risk by examining the health facts in the particular case with the help of its medical consultant. If sums assured exceed certain amounts, the risk is assessed in collaboration with the reinsurer.

Only Head Office may issue group death benefits policies, if necessary in collaboration with the reinsurer, the questions relating to health being laid out in a grid based on brackets of sum assured and agreed with the reinsurer.

The quality of underwriting carried out by Unipol Assicurazioni companies is illustrated by comparing the actual death rate in the portfolio with the theoretical death rate in the same portfolio.

This comparison shows an actual death rate that is significantly lower than the theoretical death rate.

As regards the amounts of death benefits, as already indicated, Unipol Assicurazioni has recourse to risk-premium types of reinsurance cover that are in line both with the nature of the products sold and with the

retention levels that are appropriate for the equity structure of the individual companies. Unipol Assicurazioni's principal Life reinsurers are financially very sound.

Annuity option

Some Life policies offer the customer the possibility of opting for a benefit that can be paid in the form of an annuity instead of the capital on maturity. The trend of people to live longer means that these policies expose Unipol Assicurazioni to a longevity risk. For some years now this risk has been limited in the case of new policies by postponing the moment when the annuity coefficient is calculated and the minimum guaranteed rate is fixed to the time when the benefit is paid. The mathematical provisions have been increased in the case of contracts already in the portfolio, for which the annuity rate is guaranteed and based on demographic trends that have not been updated.

Deferment option

Unipol Assicurazioni offers customers, with certain types of policies the possibility of deferring the capital assured on maturity in whole or in part for a number of years was decided by the policyholder. If the policyholder dies during the deferment period the designated beneficiaries receive the capital revalued as at the date of death. At the specific request of the policyholder the policy may be surrendered in whole or in part at any time. In the event of partial surrender the remaining capital will continue to be subject to revaluation until the policy matures in accordance with the terms in force at the time that the option is exercised.

The deferment option does not lead to additional risks in terms of guaranteed minimum, apart from the company's commitment. Therefore, since 1998 the deferment option in the policy terms has stipulated that the option is based on the terms in force at the time it is exercised.

The propensity to exercise this option is assessed by analysing the forfeitures applied to the portfolio in order to monitor the commitments underwritten, with particular reference to the levels of financial guarantee and to the trends in the adjustments made to the benefits provided for under the policies.

Option guaranteed minimum rate

Unipol Assicurazioni sells many products with returns linked to the results of the separately managed funds. In most cases, these products offer guaranteed minimum rates of return and therefore the company is exposed to the risk of not getting higher returns on the invested assets in line with those paid to policyholders. In view of the variations in market interest, and in compliance with regulations issued by the Supervisory Authority, the minimum guaranteed rate products offered in the market have been gradually reduced over the last few years and today are equal to 2% (2.5% in 2011).

The portfolio contains policies issued in previous years, which provide for higher guaranteed minimum rates than those now being marketed. Consequently, the minimum guaranteed rate on the average outstanding portfolio is lower than that recorded in the previous year.

The risk associated with these options is monitored and assessed using methods and tools that allow a quantitative management of the risks assumed by Unipol Assicurazioni in favour of a reduction in earnings volatility and allowing optimum allocation of financial resources.

The mathematical provisions of Unipol Assicurazioni have been adjusted in order to cater with the risk of a possible discrepancy between the expected rates of return on the assets matching the technical provisions linked to separately managed accounts and the liabilities underwritten and in order to comply with the provisions of ISVAP Ruling 21 of 28 March 2008 (in accordance with Ruling 1801G of 2001).

IFRSs also stipulate that a *Liability Adequacy Test* must be carried out in order to check that technical provisions are sufficient to cover the guaranteed benefits offered.

In carrying out the test on the principal segregated accounts, Unipol Assicurazioni has used the tools already provided for carrying out analyses in accordance with Ruling 1801G and extended the valuations to a duration of 25 years.

Risks related to Non-life portfolios

During 2012, the non-life underwriting risks were measured using the Non-life Internal Model, consistent with the principles of Solvency II. To this end, Unipol Assicurazioni used a specialised software developed according to international *best practice*, with which calculations were carried out at company level and consolidated by Unipol Group in relation to:

- Economic Capital (*Solvency Capital Requirement*) for the current and future *underwriting* risk, divided between *Premium risk* and *Reserve risk* determined with a confidence level of 99.5%;
- Risk Margin determined on the basis of the Cost of Capital Method.

For the purpose of measures of the underwriting risk, the stochastic model estimates the absorption of capital from the volatility of the time series of the loss ratio of each *Line of Business* (LoB). For reserving risk, the stochastic model estimates the absorption of capital by simulating future payments for claims that have already occurred and determining the variability.

With regard to catastrophe risk, in 2012, calculations were carried out using the method of standardised scenarios proposed by the *Quantitative Impact Study 5* (QIS 5).

In particular, this methodology allows the determination of the *Probable Maximum Loss* (PML), which could affect the portfolio once every 200 years (return period) associated with the following events:

- Natural disasters such as earthquake, flood and hail;
- Man-made disasters, such as large fires, acts of terrorism;
- Risks associated with the segment "health", such as the risk of a pandemic.

The methodologies described above were used in a consistent manner also for the years when the *stress tests* were carried out on the most significant lines of business of each company.

The UGF's Risk Management works with business lines in setting tariffs in order to introduce risk parameters in the pricing models. A *risk-adjusted* underwriting model allows for uniform coverage of the expected costs of the various guarantees given and a return on capital absorbed by these guarantees consistent with the risk profile and of Unipol Assicurazioni's *performance* objectives.

In collaboration with the Business Non-Life business Unit, a prototype has been used in the *pricing* model. The elements of the calculation of the premium rate of a product or a specific quotation are considered for an adequate return on allocated capital for the risk with the product/policy.

Capital allocation policies

Risk Appetite

The level of risk tolerance (*risk appetite*) is defined as the amount of risk capital³ that the Board of Directors of Unipol Assicurazioni fixed as the maximum tolerable loss without prejudice to the company's business continuity. The *risk appetite* is determined as the amount of maximum sustainable loss at a given confidence level over a time period of one year. The *risk appetite* is sorted by risk factor and business areas.

The calculations are performed on the volumes of prospective growth, the business plan or budget, calculated with a confidence level equal to 99.50% set by the Solvency II Directive, which is currently being developed. The other elements taken into account as variables in the determination of *risk appetite* can be grouped into three types: rating, risk / profitability and solvency.

ORSA

As part of risk management system, Unipol Assicurazioni and the other companies' adopt ORSA (*Own Risk Solvency Assessment*) policies as per their first policy for evaluating completeness of the risk management system.

The primary objective of the internal process is to ensure that the firm evaluates all risks inherent to its operations and determines the corresponding capital requirements. That assessment shall include at least the overall solvency needs taking into account the specific risk profile, the approved risk tolerance limits and the business strategy of the company. The assessment is done on actual and future positions.

To this end, the company develops and puts in place processes that are proportionate to the nature, scale and complexity of its activities, which enable it to identify and assess the risks that it is, or may be, exposed to in the short and long term.

Within the ORSA report the following are explained: i) the regulatory framework, ii) the economic environment, iii) the scope of the analysis, iv) the roles and responsibilities of the committees and departments involved in the process v) the procedures for identifying, measuring and mitigating risk; vi) the links between risk assessment and the process of capital allocation, explaining the deviations from the risk appetite defined for the time horizon of the business plan vii) the definition of the procedures for the procurement of any additional capital viii) the definition of *management actions* used for the purposes of the assessment and a description of their impact; ix) the internal reporting and to the Supervisory Authorities.

³ By capital at risk, or "economic capital", is meant the capital requirement for a specific risk where it is thought necessary to cover losses above a given expected level. (This definition assumes that the expected loss is met by the technical provisions.) The economic capital for all the major risks underwritten by the company is defined as "total economic capital".

Consolidation scope - 31/12/2012

Name	State	Registered office	Method (1)	Activity (2)	% Direct holding	% Indirect holding	% Total participating interest (3)	% votes available at ordinary General meeting (4)	% consolidation
Unipol Assicurr 086	Italy	Bologna	G	10					100,00%
Midi Srl 086	Italy	Bologna	G	10	100,00%		100,00%		100,00%
Unifimm Srl 086	Italy	Bologna	G	9	100,00%		100,00%		100,00%
Smallpart Spa 086	Italy	Bologna	G	1	100,00%		100,00%		100,00%
Punta di Ferro 086	Italy	Bologna	G	10	100,00%	100,00% Covent Garder	100,00%		100,00%
Comsider srl 086	Italy	Bologna	G	10		100,00% Midi Srl	100,00%		100,00%
Covent Garder 086	Italy	Bologna	G	11			100,00%		100,00%

(1) Consolidation method: On a line-by-line basis=G, Proportional=P, on a line-by-line basis as per coordinated management=U
(2) 1=Italian insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holding; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=sundry holdings; 10=real estate companies; 11=other
(3) is the product of the percentage holdings relating to all the companies that may lie somewhere along the chain between the company that draws up the consolidated financial statements and the company in question. If the latter is a direct participating interest of several subsidiaries the individual products must be added up.
(4) Total percentage of votes available at ordinary General Meetings if different from the direct or indirect investment.

Details of unconsolidated investments										Carrying amount	
Name	State	Registered office	Activities (1)	Type of business (2)	% Direct holding	% Indirect holding	% total participating interest (3)	% votes available at ordinary General Meeting (4)	(Values in Thousands of Euro))		
Unipol Banca Spa	086	Italy	7	*	32,26%	U101	32,26%		291,9		
Hotel Villaggio Città del Mare Spa In Liquidazione	086	Italy	11	b	49,00%	U101	49,00%				
Euresa Holding SA	092	Luxembourg	4	b	25,00%	U101	25,00%		0,5		
Assicoop Modena & Ferrara Spa	086	Italy	11	b		43,75%	Smallpart Spa	43,75%	5,6		
Assicoop Bologna Spa	086	Italy	11	b		40,21%	Smallpart Spa	40,21%	2,7		
Assicoop Siena Spa	086	Italy	11	b		49,00%	Smallpart Spa	49,00%	0,3		
ZIS Fiera 2 - Consorzio	086	Italy	11	b		31,72% Midi Srl	U133	31,72%	0,3		
Fondazione Unipolis	086	Italy	11	a	100,00%	U101	100,00%		0,3		
Assicoop Imola Spa	086	Italy	11	b		47,33%	Smallpart Spa	47,33%	2,2		
Assicoop Firenze Spa	086	Italy	11	b		44,00%	Smallpart Spa	44,00%	0,6		
Pegaso Finanziaria Spa	086	Italy	9	b		45,00%	Smallpart Spa	45,00%	4,7		
EuroMilano Spa	086	Italy	10	b	20,00%	U101	20,00%		13,2		
Assicoop Grosseto Spa	086	Italy	11	b		50,00%	Smallpart Spa	50,00%	0,8		
Assicoop Emilia Nord Srl	086	Italy	11	b		50,00%	Smallpart Spa	50,00%	5,3		
Assicoop Romagna Futura Srl	086	Italy	11	b		50,00%	Smallpart Spa	50,00%	5,3		

(1) 1=italian insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holding; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=sundry holdings; 10=real estate companies; 11=other

(2) a=subsidiaries (IAS27); b=associates (IAS28); c=joint ventures (IAS31); please mark with (*) the companies available for sale in accordance with IFRS 5 and write the legend at the foot of the statement

(3) is the product of the percentage holdings relating to all the companies that may lie somewhere along the chain between the company that draws up the consolidated financial statements and the company in question. If the latter is a direct participating interest of several subsidiaries the individual products must be added up.

(4) Total percentage of votes available at ordinary General Meetings if different from the direct or indirect investment.

Statement of financial position by business segment													
		Values in Millions of Euro		Non-Life business		Life business		Real Estate		Intersegment eliminations		Total	
				31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011		
1	INTANGIBLE ASSETS	212,9	205,7	138,6	139,5	0,7	0,9					352,2	346,1
2	PROPERTY, PLANT AND EQUIPMENT	252,1	261,5	-	0,1	143,9	230,8					396,0	492,4
3	REINSURERS' SHARE OF TECHNICAL PROVISIONS	296,9	273,9	68,3	75,8	-	-					365,2	349,7
4	INVESTMENTS	6416,1	6.170,7	13.656,0	12.547,5	292,9	6170,7					20.365,0	18.881,8
4.1	Investment property	330,1	343,2	0,1	0,1	290,1	343,2					620,4	506,6
4.2	Investments in subsidiaries, associates and joint ventures	222,3	213,5	110,9	109,6	0,3	213,5					333,5	323,4
4.3	Investments held-to-maturity	814,7	832,7	939,7	1.257,3	-	832,7					1.754,3	2.090,0
4.4	Loans and receivables	1695,3	1.644,4	2.758,8	3.142,8	2,5	1644,4					4.456,6	4.787,2
4.5	Available-for-sale financial assets	3258,1	3.067,0	6.728,5	5.196,3	0,0	3067,0					9.986,6	8.263,3
4.6	Financial assets at fair-value through profit or loss	95,5	69,9	3.118,1	2.841,3	-	69,9					3.213,6	2.911,2
5	OTHER RECEIVABLES	898,5	1.017,8	295,5	378,9	19,7	19,0	-	0,3	-	0,8	1.213,4	1.414,8
6	ALTRI ELEMENTI DELL'ATTIVO	321,5	333,7	181,9	340,4	1,7	0,5					505,1	674,5
6.1	Deferred acquisition costs	1,8	5,6	12,8	12,0	-	-					14,7	18,6
6.2	Attività fiscali correnti	319,7	328,0	169,1	327,4	1,7	0,5					490,4	655,9
7	CASH AND CASH EQUIVALENTS	239,5	25,9	331,4	231,2	5,4	5,9					576,3	263,1
	TOTAL ASSETS	8637,4	8.289,1	14.671,8	13.713,3	464,2	420,6	-	0,3	-	0,8	23.773,2	22.422,3
1	EQUITY											1.909,8	1.060,3
2	PROVISIONS	57,2	75,4	2,0	1,8	7,9	8,0					67,1	85,3
3	TECHNICAL PROVISIONS	6532,1	6.602,7	12.674,2	12.141,2	-	-					19.206,3	18.743,9
4	FINANCIAL LIABILITIES	761,2	740,2	1.036,2	946,3	0,5	0,5					1.797,9	1.687,0
4.1	Financial liabilities at fair value through profit or loss	54,3	39,7	632,5	533,1	-	-					686,8	572,8
4.2	Other financial liabilities	706,9	700,5	403,7	413,2	0,5	0,5					1.111,1	1.114,2
5	PAYABLES	305,9	228,0	36,4	68,7	22,6	28,6	-	0,3	-	0,8	364,6	324,6
6	OTHER LIABILITIES	276,6	282,4	151,0	238,9	-	0,0					427,6	521,3
	TOTAL EQUITY AND LIABILITIES											23.773,2	22.422,3

Income statement by business segment												
		Non-Life business		Life business		Real Estate		Intersegment eliminations		Total		
		31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	
1.1	Net premiums	3.625,8	3.689,9	1.943,8	1.796,8					5.569,5	5.486,7	
1.1.1	Gross premiums	3.747,8	3.807,1	1.953,8	1.807,7					5.701,7	5.614,8	
1.1.2	Reinsurance premiums	-122,1	117,2	-10,1	10,9					-132,1	128,1	
1.2	Fee and commission income	6,7	5,8	4,0	3,3					10,6	9,1	
1.3	Gains and losses on financial instruments at fair-value through profit or loss	11,5	16,4	196,3	199,0					207,8	215,5	
1.4	Income from investments in subsidiaries, associates and joint ventures	2,8	12,2	0,8	-					3,6	12,2	
1.5	Income from other financial instruments and investment property	282,9	298,9	568,5	607,7	6,9	3,1			858,3	909,8	
1.6	Other income	35,7	53,1	12,2	15,1	10,8	1,4	-4,0	-3,60	54,6	66,1	
	TOTAL REVENUES	3.965,3	4.043,5	2.725,6	2.223,8	17,7	4,6	-4,0	-3,60	6.704,6	6.268,3	
2.1	Net insurance claims	-2.539,4	2.736,6	-2.460,7	1.992,5					-5.000,1	4.729,1	
2.1.1	Amounts paid and changes in technical provisions	-2.648,9	2.766,7	-2.468,9	2.001,1					-5.117,8	4.767,8	
2.1.2	Reinsurers' share	109,6	30,1	8,2	8,6					117,7	38,8	
2.2	Fee and commission expense	-6,6	5,5	-2,9	2,5					-9,5	8,0	
2.3	Losses from investments in subsidiaries, associates and joint ventures	-0,1	40,6	-	24,6					-0,1	65,3	
2.4	Losses from other financial instruments and property	-146,7	143,8	-93,7	121,7	-8,8	-2,7			-249,2	268,2	
2.5	Management expenses	-898,6	862,5	-86,9	100,4	-5,1	-0,9			-990,6	963,8	
2.6	Other costs	-69,4	172,8	-20,0	58,9	-1,9	-1,3	4,0	4,60	-87,3	229,4	
2	TOTAL COSTS	-3.660,7	3.961,8	-2.664,3	2.300,6	-15,8	-4,9	4,0	3,60	-6.336,7	6.263,7	
	NET PROFIT (LOSS) BEFORE TAX	304,7	81,7	61,3	76,8	1,9	-0,3	-	-	367,9	4,6	

Details of property, plant & equipment and intangible assets - 31/12/2012				
	Values in Millions of Euro	At cost	At restated value or at fair value	Total carrying amount
Investment property		620,4		620,4
Other property		368,1		368,1
Other tangible assets		27,9		27,9
Other intangible assets		45,5		45,5

Details of financial assets												
	Investment held to maturity		Loans and receivables		Available-for-sale financial assets		Financial assets at fair value through profit or loss			Total carrying amount		
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	Financial assets held for trading	31/12/2012	31/12/2011	31/12/2012	31/12/2011	
Equity instruments and derivatives at cost					33,4	183,6	-	-	-	33,4	183,6	
Equity instruments at fair value					871,1	831,6	10,2	-	40,3	920,7	871,9	
of which listed securities					642,7	831,6	10,2	-	40,3	692,3	871,9	
Debt securities	1.754,3	2.090,0	3.939,1	4.242,7	8.917,5	7.117,7	231,6	240,6	2.569,8	17.412,3	15.937,5	
of which listed securities	1.098,5	1.113,8	-	360,3	7.806,4	6.092,0	137,8	82,2	2.499,8	11.542,5	9.631,8	
UCITS					164,5	130,4	77,2	86,6	168,7	410,5	349,0	
Loans and receivables from bank customers			-							-	-	
Interbank loans and receivables			-							-	-	
Deposits with ceding companies			15,4	18,0						15,4	18,0	
Financial receivables on insurance contracts									82,3	129,2	129,2	
Other loans and receivables			502,1	526,6						520,1	526,6	
Non-hedging derivatives							33,9	36,0	-	33,9	36,0	
Hedging derivatives							0,5	-	-	0,5	-	
Other financial investments			-						-	-	-	
Total	1.754,3	2.090,0	4.456,6	4.787,2	9.986,6	8.263,3	353,4	363,2	2.860,2	19.411,1	18.051,8	

Details of assets and liabilities relating to contracts issued by companies where the investment risk is borne by policyholders and arising from pension fund management						
Values in Millions of Euro	Benefits linked to investment funds and indexes		Benefits linked to pension fund management		Total	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Assets	453,1	711,8	2.407,1	1.836,3	2.860,2	2.548,1
Intragroup assets*	-	-	-	-	-	-
Total assets	453,1	711,8	2.407,1	1.836,3	2.860,2	2.548,1
Financial liabilities	115,4	126,8	119,7	90,5	235,1	217,3
Technical provisions	337,7	585,0	2.287,4	1.745,8	2.625,1	2.330,8
Intragroup liabilities*	-	-	-	-	-	-
Total liabilities	453,1	711,8	2.407,1	1.836,3	2.860,2	2.548,1

* Assets and liabilities eliminated on consolidation

Details of reinsurers' share of technical provisions

	Values in Millions of Euro	Direct business		Inward business		Total carrying amount	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Non-Life provisions		294,0	270,2	2,9	3,7	296,9	273,9
Provision for unearned premiums		51,3	55,8	0,0	-	51,3	55,8
Provision for outstanding claims		242,7	214,4	2,9	3,7	245,6	218,1
Other provisions		0,0	-	0,0	-	-	-
Life provisions		67,0	74,5	1,3	1,3	68,3	75,8
Provisions for payable amounts		4,1	2,7	0,0	-	4,1	2,7
Mathematical provisions		62,9	71,7	1,2	1,2	64,2	73,0
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management		0,0	-	0,0	-	-	-
Other provisions		0,0	-	0,0	-	-	-
Total reinsurers' share of technical provisions		361,0	344,7	11,2	5,0	365,2	349,7

Details of technical provisions							
	Values in Millions of Euro	Direct business		Inward business		Total carrying amount	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Non-Life provisions		6.503,2	6.571,6	28,8	31,1	6.532,1	6.602,7
Provisions for unearned premiums		1.335,8	1.403,8	2,8	2,5	1.338,6	1.406,3
Provisions for outstanding claims		5.159,5	5.158,6	26,0	28,5	5.185,5	5.187,1
Other provisions		8,0	9,2	-	-	8,0	9,2
including provisions allocated as a result of the liability adequacy test		-	-	-	-	-	-
Life provisions		12.662,5	12.128,2	11,7	13,0	12.674,2	12.141,2
Provisions for payable amounts		143,3	86,2	1,4	1,4	144,7	87,6
Mathematical provisions		10.043,9	10.163,6	10,3	11,6	10.054,2	10.175,2
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management		2.625,1	2.330,8	-	-	2.625,1	2.330,8
Other provisions		-149,7	-452,5	-	-	-149,7	-452,5
including provisions allocated as a result of the liability adequacy test		-	-	-	-	0,0	0,0
including deferred liabilities to policyholders		-201,0	-506,7	-	-	-201,0	-506,7
Total technical provisions		19.165,7	18.699,8	40,5	44,1	19.206,3	18.743,9

Details of financial liabilities								
	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss					
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Values in Millions of Euro								
Equity financial instruments	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	964,1	963,5	964,1	963,5
Liabilities arising from financial contracts issued by insurance company	-	-	235,2	221,7	1,4	4,4	236,6	226,1
arising from contracts where the investment risk is borne by policyholders	-	-	115,5	131,2		-	115,5	131,2
arising from pension fund management	-	-	119,7	90,5		-	119,7	90,5
arising from other contracts	-	-	-	-	1,4	4,4	1,4	4,4
Deposits received from reinsurers	-	-	-	-	133,8	136,5	133,8	136,5
Financial items payable on insurance contracts		-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Payables to banking customers	-	-	-	-	-	-	-	-
Interbank payables	-	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	6,5	7,2	6,5	7,2
Non-hedging derivatives	110,0	89,4	-	-	-	-	110,0	89,4
Hedging derivatives	341,5	261,7	-	-	-	-	341,5	261,7
Other financial liabilities	0,0	0,0	-	-	5,2	2,5	5,2	2,5
Total	451,6	351,1	235,2	221,7	1.111,1	1.114,2	1.797,9	1.687,0

Details of technical insurance items						
Values in Millions of Euro		31/12/2012			31/12/2011	
		Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share
Non-Life business						
NET PREMIUMS		3.747,8	-122,1	3.625,8	3.807,1	-117,2
a	Premiums	3.680,3	-119,0	3.561,3	3.795,8	-120,7
b	Change in provision for unearned premiums	67,6	-3,0	64,5	11,3	3,4
NET CHARGES RELATING TO CLAIMS		-2.648,9	109,6	-2.539,4	-2.766,7	30,1
a	Amounts paid	-2.700,7	73,3	-2.627,3	-3.028,9	61,8
b	Change in provision for outstanding claims	-0,3	38,9	38,6	223,5	-28,4
c	Change in recoveries	51,6	-2,6	49,0	38,5	-3,3
d	Change in other technical provisions	0,4	-	0,4	0,2	-
Life business						
NET PREMIUMS		1.953,8	-10,1	1.943,8	1.807,7	-10,9
NET CHARGES RELATING TO CLAIMS		-2.468,9	8,2	-2.460,7	-2.001,1	8,6
a	Amounts paid	-2.219,7	15,1	-2.204,6	-1.748,9	14,7
b	Change in provision for payable amounts	-52,8	1,3	-51,5	0,7	-1,1
c	Change in mathematical provisions	123,9	-8,3	115,7	-59,6	-5,0
d	Change in technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management	-252,0	-	-252,0	-244,5	-
e	Change in other technical provisions	-68,3	0,0	-68,3	51,3	0,0

Investment income and charges														
Values in Millions of Euro		Interest	Other gains	Other losses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains		Unrealized losses		Total unrealized gains and losses	Total gains and losses 31/12/2012	Total gains and losses 31/12/2011
								Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Balance on investments		749,7	-117,8	-103,4	196,5	-99,6	861,0	310,8	-	-110,7	-126,0	74,1	935,1	444,6
a	Arising from investment property	-	25,1	-7,1	0,1	-	18,1	-	-	-16,8	-16,8	-32,7	-14,6	10,6
b	Arising from investments in subsidiaries, associates and interests in	-	3,6	-0,1	-	-	3,6	-	-	-	-	-	3,6	-53,1
c	Arising from investments held to maturity	78,4	-	-	-	-	78,4	-	-	-	-	-	78,4	92,6
d	Arising from loans and receivables	168,2	-	-	10,6	-0,7	178,2	-	-	-	-	-	178,2	182,7
e	Arising from available-for-sale financial assets	364,9	49,1	-4,2	130,4	-50,2	490,0	29,7	-	-	-110,1	-80,4	409,5	400,8
f	Arising from financial assets held for trading	9,9	29,8	-56,8	35,8	-13,2	5,5	97,0	-	-78,0	-	18,9	24,4	-152,9
g	Arising from financial assets designated at fair value through profit or loss	128,2	10,2	-35,3	19,7	-35,5	87,3	184,1	-	-15,9	-	168,3	255,6	-36,2
Balance on sundry receivables		0,5	-	-	-	-	0,5	-	-	-	-	-	0,5	1,0
Balance on cash and cash equivalents		1,4	-	-	-	-	1,4	-	-	-	-	-	1,4	6,5
Balance on financial liabilities		-43,9	-	-	-	-	-43,9	-	-	-72,2	-	-72,2	-116,1	-78,8
a	Arising from financial liabilities held for trading	-	-	-	-	-	-	-	-	-	-	0,0	0,0	-41,2
b	Arising from financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-72,2	-	-72,2	-72,2	14,7
c	Arising from financial liabilities	-43,9	-	-	-	-	-43,9	-	-	-	-	-	43,9	-52,3
Balance on payables		-0,3	-	-	-	-	-0,3	-	-	-	-	-	-0,3	-0,3
Total		707,4	-117,8	-103,4	196,5	-99,6	818,6	310,8	-	-182,9	-126,0	1,9	820,5	373,0

Details of insurance business expenses						
		Values in Millions of Euro	Non-Life Business		Life Business	
			31/12/2012	31/12/2011	31/12/2012	31/12/2011
		Gross commissions and other acquisitions expenses				
a	Acquisition commissions		-794.7	-773.5	-50.6	-61.5
b	Other acquisition expenses		-580.2	-552.9	-16.2	-23.2
c	Change in deferred acquisition expenses		-135.6	-113.5	-26.8	-30.0
d	Renewal commissions		-2.4	-1.3	-1.5	-1.0
			-76.5	-105.8	-6.2	-7.4
	Commissions and profit-sharing received from reinsurers		32.4	31.0	1.3	1.2
	Investment management expenses		-17.3	-10.7	-15.4	-14.1
	Other administrative expense		-118.9	-109.3	-22.2	-25.9
	Total		-898.6	-862.5	-86.9	-100.4

Details of other comprehensive income

Values in Millions of Euro	Amounts allocated		Reclassification		Other changes		Total changes		Taxation		Amounts at	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Reserve from change in equity of investees	1,2	-4,1	-	-	-	-	1,2	-4,1	-0,7	2,0	-7,2	-8,4
Revaluation reserve for intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve for property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on non-current assets held for sale or disposal groups	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains or losses and adjustments relating to defined benefit plans	-4,1	-1,6	-	-	-	-	-4,1	-1,6	1,6	0,6	-6,8	-2,7
Reserve for currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on available-for-sale financial assets	398,8	-408,0	213,4	2,6	-	-21,3	612,2	-426,7	-225,0	220,0	-327,6	-939,7
Gains or losses on cash flow hedges	-13,9	-13,3	-	-	-	-	-13,9	-13,3	7,3	7,7	-44,2	-30,3
Gains or losses on hedges of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES)	382,0	-427,0	213,4	2,6	-	-21,3	595,4	-445,7	-216,9	230,3	-385,8	-981,1

Details of reclassified financial assets and their effects on the income statement and comprehensive income - 31/12/2012													
Values in Millions of Euro													
Categories of financial assets subject to reclassification		Type of asset	Amount reclassified assets in 2012 at the reclassification date	Carrying amount at 31/12/2012 of reclassified assets		Fair value at 31/12/2012 of reclassified assets		Reclassified assets in 2012		Reclassified assets up to the end of 2012		Reclassified assets in 2012	
from	to			Reclassified assets in 2012	Reclassified assets up to the end of 2012	Reclassified assets in 2012	Reclassified assets up to the end of 2012	Profit or loss in income statement	Profit or loss in comprehensive income	Profit or loss in income statement	Profit or loss in comprehensive income	Utile o perdita che sarebbero stati rilevati a conto economico in assenza della riclassificazione	Utile o perdita che sarebbero stati rilevati in altre componenti del conto economico in assenza della riclassificazione
Fin. assets at FV through P o L	Loand and receivables	debt securities					186.1						
Fin. assets at FV through P o L	Loand and receivables	other financial instruments											
Available-for-sale	Loand and receivables	debt securities		670.3		583.9							78.3
Available-for-sale	Loand and receivables	other financial instruments											
Fin. assets at FV through P o L	Available-for-sale	equity instruments											
Fin. assets at FV through P o L	Available-for-sale	debt securities											
Fin. assets at FV through P o L	Available-for-sale	other financial instruments											
Fin. assets at FV through P o L	Investments held to maturity	debt securities											
Fin. assets at FV through P o L	Investments held to maturity	other financial instruments											
Available-for-sale	Investments held to maturity	debt securities											
Available-for-sale	Investments held to maturity	other financial instruments											
Total						770.0	770.0					-11.6	78.3

Financial assets and liabilities at fair value on a recurring basis and not: breakdown by level of fair value									
		Level 1		Level 2		Level 3		Total	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Values in Millions of Euro									
Available-for-sale financial assets		8.463,6	6.888,5	658,7	448,7	864,3	926,2	9.986,6	8.263,3
Financial assets at fair-value through profit or loss	Held for trade financial assets	169,3	102,4	78,2	114,0	105,9	146,7	353,4	363,2
	Financial assets designated at fair-value through profit or loss	2.662,1	2.113,8	135,0	335,4	63,1	98,9	2.860,2	2.548,1
Total		11.295,0	9.104,7	871,9	898,1	1.033,3	1.171,8	13.200,2	11.174,6
Financial liabilities at fair-value through profit or loss	Held for trade financial liabilities	12,8	4,8	421,3	330,8	17,6	15,5	451,6	351,1
	Financial liabilities designated at fair-value through profit or loss	-	-	-	-	235,2	221,7	235,2	221,7
Total		12,8	4,8	421,3	330,8	252,8	237,2	686,8	572,8

Details of changes in financial assets and liabilities at level 3 at fair value on a recurring basis						
Values in Millions of Euro	Available for sale financial assets	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss		Financial liabilities designated at fair value through profit or loss
		Financial assets held for trading	Financial assets designated at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	
Opening balance	926,2	146,7	98,9	15,5	221,7	
Acquisition/Issues	-21,1	-24,2	-	-11,8	-	-
Disposals/Repurchases	-	-	-33,7	-	-	-
Repayments	-	-6,3	-2,1	-	-	-
Profit or loss recognised in profit or loss	-60,2	-	-	-	-	-
Profit or loss recognised in other comprehensive income	36,3	-	-	-	-	-
Transfers to level 3	-19,9	-	-	-	-	-
Transfers to other levels	-11,8	-4,2	-	-2,7	13,5	
Other variations	864,3	105,9	63,1	17,6	235,2	
Closing balance	864,3	105,9	63,1	17,6	235,2	



**AUDITORS' REPORT ON THE AUDIT OF THE CONSOLIDATED
FINANCIAL STATEMENTS OF UNIPOL ASSICURAZIONI AS
AT 31 DECEMBER 2012**

UNIPOLSAI ASSICURAZIONI SPA

**CONSOLIDATED FINANCIAL STATEMENTS OF UNIPOL
ASSICURAZIONI GROUP FOR THE YEAR ENDED 31
DECEMBER 2012 PREPARED ONLY FOR THE INFORMATION
TO BE INCLUDED IN THE "BASE PROSPECTUS" IN
ACCORDANCE WITH EC REGULATION 809 OF 2004 OF THE
COMMISSION AND SUBSEQUENT CHANGES AND
ADDITIONS**



AUDITORS' REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF UNIPOL ASSICURAZIONI AS AT 31 DECEMBER 2012

To the Board of Directors of
UnipolSai Assicurazioni SpA

CONSOLIDATED FINANCIAL STATEMENTS OF UNIPOL ASSICURAZIONI GROUP FOR THE YEAR ENDED 31 DECEMBER 2012 PREPARED ONLY FOR THE INFORMATION TO BE INCLUDED IN THE "BASE PROSPECTS" IN ACCORDANCE WITH EC REGULATION 809 OF 2004 OF THE COMMISSION AND SUBSEQUENT CHANGES AND ADDITIONS

- 1 We have audited the consolidated financial statements, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the related notes of Unipol Assicurazioni SpA and its subsidiaries ("Unipol Assicurazioni Group") for the year ended 31 December 2012 (hereinafter also "Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared only for the inclusion in the "Base Prospectus", prepared in accordance with the EC Regulation 809 of 2004 of the Commission and subsequent changes and additions, referred to the program to issue listed bonds on the Luxembourg Stock Exchange (*Euro Medium-Term Note*). The Directors of UnipolSai Assicurazioni SpA (formerly Fondiaria-SAI SpA, into which Unipol Assicurazioni SpA merged on 6 January 2014) are responsible for the preparation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the Regulation issued to implement Article 90 of Legislative Decree 209 of 2005. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards and criteria recommended by CONSOB (the Italian Commission for listed companies and the Stock Exchange). In accordance with those standards and criteria, the audit has been planned and performed to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement and whether they are fairly presented, when considered as a whole. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements, as well as assessing the accounting principles used and the reasonableness of estimates made by the Directors. We believe that our audit provides an adequate basis for our opinion.

PricewaterhouseCoopers SpA

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- 3 In our opinion, the Consolidated Financial Statements of Unipol Assicurazioni Group as at 31 December 2012 are in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the Regulation issued to implement Article 90 of Legislative Decree 209 of 2005; accordingly, they have been prepared clearly and they give a true and fair view of the consolidated financial position, the consolidated financial performance and the consolidated cash flows of Unipol Assicurazioni Group for the year then ended.
- 4 This report has been prepared only for the purposes described in paragraph 1 above and may not therefore be used for other purposes.

Milan, 23 May 2014

PricewaterhouseCoopers SpA

Signed by

Angelo Giudici
(Partner)

This report is only a translation of the original report in Italian, issued in accordance with Italian standards on auditing.

