





UnipolSai Assicurazioni S.p.A.

Registered office Via Stalingrado 45, Bologna - Share capital €1,977,533,765.65, fully paid-up
Tax code and registration number in the Bologna Business Register 00818570012 − R.E.A. No. 511469
An authorised insurance company pursuant to Article 65, Royal Decree No. 966 of 29 April 1923, converted to Law No.
473 of 17 April 1925. Entered in Section I of the Insurance and Reinsurance Companies List at No. 1.00006 and a member of the Unipol Insurance Group, entered in the Register of Insurance Groups - No. 046.
A company subject to management and direction by Unipol Gruppo Finanziario S.p.A.

www.unipolsai.com - www.unipolsai.it

Consolidated Interim Financial Report at 31 March 2014

(pursuant to Article 154-ter of Legislative Decree no. 58/1998)



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Corporate Officers

Board of Directors	
Chairman	Fabio Cerchiai (*)
Vice Chairman	Pierluigi Stefanini (*)
Chief Executive Officer and General Manager	Carlo Cimbri (*)
Directors	Francesco Berardini Maria Rosaria Maugeri Milva Carletti Maria Lillà Montagnani Paolo Cattabiani Maria Antonietta Pasquariello Pasquariello Nicla Picchi (*) Ethel Frasinetti Barbara Tadolini Vanes Galanti Francesco Vella (*) Mario Zucchelli Massimo Masotti
Secretary of the Board of Directors	Roberto Giay
(*) Members of the Executive Committee	
Board of Statutory Auditors	
Chairman	Giuseppe Angiolini
Statutory Auditors	Sergio Lamonica Giorgio Loli
Alternate Auditors	Maria Luisa Mosconi Giovanni Rizzardi Domenico Livio Trombone
Audit Firm	PricewaterhouseCoopersSpA
Joint representative of the Class "A" Savings Shareholders	Dario Trevisan
Joint Representative of the Class "B" Savings Shareholders	Giuseppe Dolcetti
Manager in charge of financial reporting	Maurizio Castellina

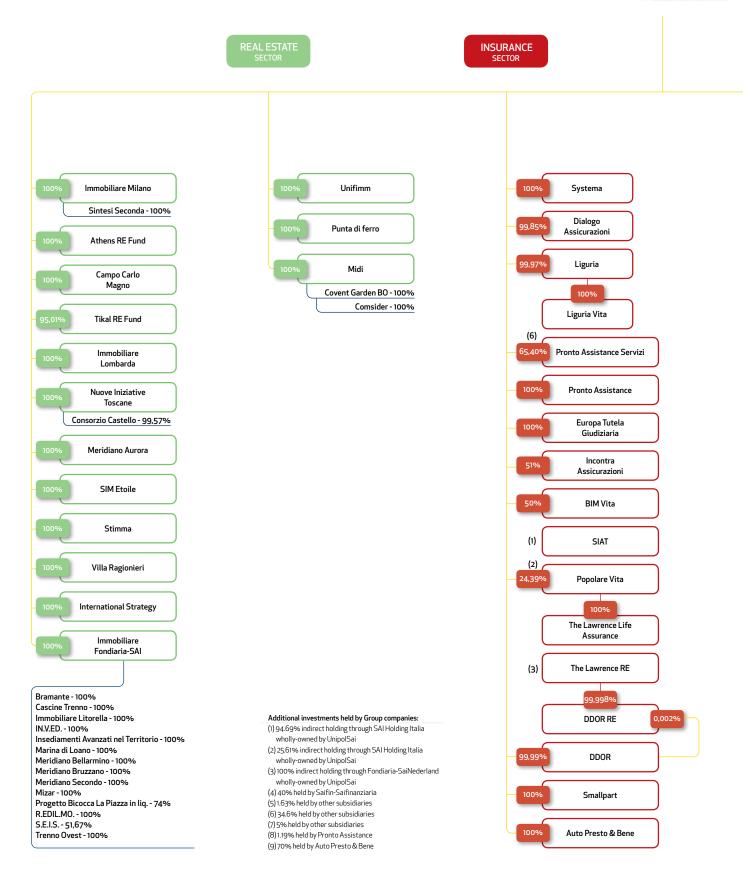


Interim Financial Report

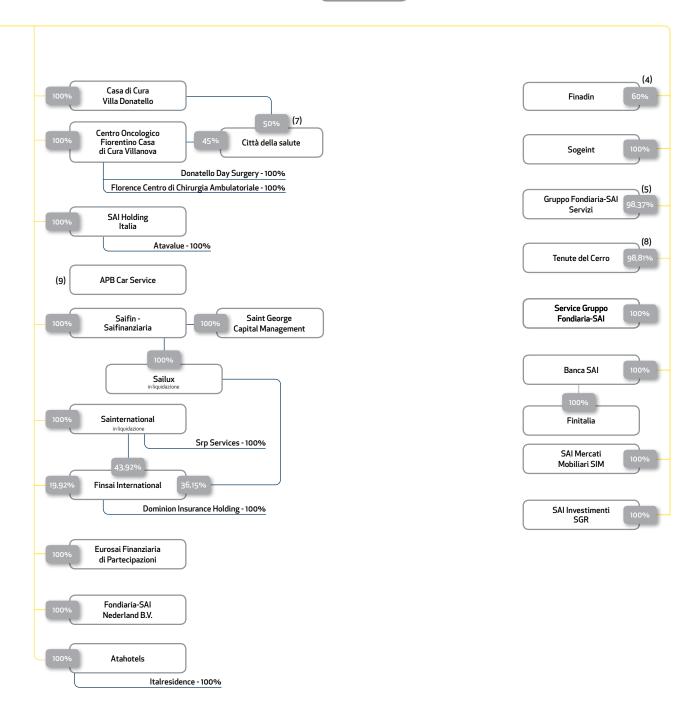
Consolidation Scope at 31 March 2014

(line-by-line method – direct investments held out of total capital)





OTHER ACTIVITIES SECTOR





Economic overview and market performance

Economic overview

At the beginning of the first quarter of the year, the adverse weather conditions in the United States and the slowdown in growth in numerous emerging countries threatened the expectations of a significant global recovery. Subsequently, the scenario became less gloomy due to Europe coming out of the recession and the most recent economic figures from the United States, which report an acceleration in the gross domestic product. Nonetheless, there are tensions, such as the Ukraine crisis and the concerns over financial stability in China, linked to excessive debt in the private sector.

In the United States the unemployment rate stood at 6.7% in March. The new Chair of the Federal Reserve, Janet Yellen, believes there is still slack in the conditions of the labour market, and has not expressed any concerns over the trend in inflation. Therefore, while implementing the tapering (gradual winding down of the creation of a new monetary base), the Fed continues to keep monetary policy rates near zero.

On the other side of the Atlantic, the modest acceleration in the economy does not seem evenly distributed among the various European countries. Many are calling for a less restrictive monetary policy that will enable internal demand to join foreign trade in supporting businesses.

The European Central Bank (ECB) has repeatedly stated that it intends to maintain an accommodating monetary policy: official rates could thus remain unchanged at 0.25% (or even decrease to a lower value) until 2016, due to the ongoing state of excess production capacity in the continent, the high unemployment rate (11.8% in March) and an extremely weak trend in consumer prices (+0.5% in March). Based on unanimous internal agreement, the ECB affirmed that if it perceives the concrete danger of degeneration to a deflationary scenario, it will be ready to intervene, also through quantitative easing.

In the first few months of 2014, flows of international capital to peripheral countries in the Euro Area caused an additional decrease in the spread on returns of Italian government securities and German government securities. Nonetheless, the domestic economic scenario showed a few positive notes. These included the increased confidence of consumers (101.7 in March from 96.5 in December) and businesses (89.5 in March compared to 83.9 in December). These indications have not yet translated into tangible results: the unemployment rate reached 13% (42.3% among young people); inflation dropped to a dangerously low level (+0.4% year-over-year in March) and consumer spending seems to still be declining (retail sales dropped by 0.9% in the first two months of 2014 compared to the same period of 2013).

Financial Markets

Compared to the year end at 31 December 2013, the medium and long-term portion of the money market rate curve saw a downturn: the 30-year rate dropped from 2.73% at the end of December to 2.45% at 31 March; the ten-year rate decreased by 38 basis points (from 2.16% to 1.78%). The expectations of low inflation throughout the entire monetary union contributed to these reductions.

The performance of the European equity markets in the first quarter of 2014 confirmed the significant recovery of the "peripheral" area compared to the "core" area. The Eurostoxx 50 index, representing the largest Euro Area capitalisations, was up 1.7% in the first quarter of the year. The performance of the German DAX was substantially unchanged, at +0.04%, while the Borsa italiana, performed among the best in Europe, reporting +14.4%. Lastly, the IBEX of Madrid gained 4.3% in the same period.



Moving the analysis beyond Europe, the Standard & Poor's 500 index, which represents the leading listed US companies, recorded growth of 1.3% in the first quarter of 2014, while the Nikkei index in Japan lost 9% after its positive performance in 2013.

Lastly, in relation to the emerging market indices, the most representative index, the Morgan Stanley Emerging Market, reported a decline of 0.9% in the first quarter of the year.

The iTraxx Senior Financial index, representing the average spread of companies in the financial sector with high credit ratings, rose by 6.6 basis points, from 86.8 to 93.4 at the end of the quarter. Specifically, this parameter was negatively impacted by the tensions that arose on several emerging markets, which subsequently eased during the period in question.

Insurance Sector

The figures for the Italian insurance market at year end 2013 show a scenario marked by two distinct trends: on the whole, the Non-Life segment saw a decrease in premiums of 4.6%, while the Life segment recorded a sharp increase (+22.1%) in turnover.

More specifically, the business volume in the Motor classes is suffering due to the difficult economic phase. In the Motor TPL class there was a decrease in the number of insured vehicles. This phenomenon is certainly related to the drop in new vehicle registrations (-2.7% in March for cars, according to Italian Automobile Club data), linked to households' careful management of purchases of durables. However, the effect of the avoidance of mandatory insurance should not be underestimated: according to certain estimates, this regards about 7% of vehicles on the road. The decreasing trend in the frequency of claims continued, deriving from the drop in average distance travelled. The renewed technical balance translated into increased competition, a factor that resulted in a significant reduction in the average premium which, in turn, reflected on the total premiums written.

The Land Vehicles class continued to drop sharply, penalised by the negative performance of the automotive market relating to the drop in household disposable income, a factor driving households to take all possible opportunities to reduce their spending.

The Other Non-Life classes also saw a downturn, decreasing by 1.2% in 2013. The winding down of the recession in the Italian economy should bring a breath of fresh air to this segment - where cross-border operations are becoming increasingly important - from the first quarter of 2014.

The trend in the Life went in the opposite direction, with the 2013 figure showing significant growth in subscriptions of these policies. The information available on the first two months of 2014 show that business in this segment is continuing to expand: new business in individual policies rose by 48.9% compared to the same period of 2013. The low level of interest rates provides a definite incentive for investors to purchase Life products, and the easing of the urgent need to increase direct funding has resulted in banks extending the sales of policies to their customers. It should also be considered that the Life insurance policy segment also benefited from the increase in the propensity to save of households which, though in a scenario that continues to be adverse, are attempting to rebuild the financial wealth that has been eroded during these years of crisis.

Less dynamic performance was seen in pension fund deposits, specifically closed occupational pension funds, penalised by the weak trends in employment. Note that the planned increase in taxation of financial proceeds (from 20% to 26% from 1 July of this year) should make the subscription of retirement savings products more attractive, as their returns are subject to a subsidised tax rate of 11% (up to the limit of €5,164 per year).



Banking Sector

The disbursement of bank credit to Italian businesses continues to be a problem. Even though the gross domestic product seems to have stopped declining, credit conditions offered are still based on restrictive criteria. This unfavourable situation is worsened by the ongoing weakness in investments, linked to the downturn in internal demand. The trend in loans to households has also been affected by the lack of demand. This is particularly true for consumer credit, while mortgages seem to be stabilising, alongside a few week, contradictory positive signs recorded in the real estate market.

Several regulatory factors are keeping the supply of credit down, from the Asset Quality Review, to stress tests, to the planned increase in taxation of financial proceeds (where these should penalise bank funding). According to Bank of Italy figures from February, the percentage of non-performing loans out of total loans is continuing to rise. The worst conditions are in the segment of non-financial companies, specifically in the construction sector.

In the first two months of 2014, the amount of time deposits decreased. This is the result of supply decisions which, due to a lower need for funding, tends to give priority to profitability linked to fees and commissions from the placement of asset management products. The amount of outstanding bank bonds also decreased, relating to the lower need for funds as well as the higher costs of that type of funding. Funding from outside of Italy continues to decline, though the February figure was marked by a statistical deviation.

In the first two months of the year, the stock of securities held decreased by approximately €42bn. Interest rates on loans to households rose in the first two months of the year. As regards non-financial companies, there was a contrast between the conditions granted to SMEs and those provided to larger companies. The latter enjoy more privileged treatment by banks. In general, access to credit for Italian companies is still more costly than for their European competitors.

In the first few months of 2014 share capital increases were announced by numerous banking groups, totalling over €8bn. This is the fruit of the repeated recommendations of the Supervisory Authorities for banks to promptly proceed with adequate capital strengthening. A quite significant role is also played by the market, which puts pressure on banks to achieve levels of capitalisation that are higher than the regulatory minimums.

Real Estate Market

In 2013, for the sixth year in a row, construction investments recorded a sharp downturn (-6.7% on 2012). Compared with 2007 there was a total drop of 28.6%. These figures provide an accurate picture of the performance of the Italian real estate market.

Analysing the available figures on purchases and sales, provided by the Italian Inland Revenue, it is clear that in the fourth quarter of 2013 this market continued to suffer: residential sales -7.7% and non-residential sales -10.1% (year-over-year changes).

The reasons for this drop in purchases and sales include a decreased propensity of banks to grant mortgages: purchases backed by bank credit accounted for approximately 45% of the transactions in the fourth quarter of 2013, compared to 60% three years before.



Prices also showed further decreases, though at a slighter rate than in previous years: Nomisma calculated that in the second half of 2013, prices per square metre decreased by around 2% year-over-year, showing a generalised drop for homes, offices and shops.

The quarterly survey by the Bank of Italy ("Italian Housing Market Survey - Short-Term Outlook"), conducted on a sample of real estate agents, concerning the state of the housing market, showed that negative expectations on the trend in prices continued to prevail also in the first quarter of 2014. 64.6% of agents interviewed stated that they expected additional drops in prices, compared to 34.6% that expected the market to stabilise. This survey also showed that the average selling time for a property nears nine months and the average discount requested now comes to 16% of the starting price.



Recognition of the business combination and restatement of the previous year's figures

On 6 January 2014 the merger by incorporation of Unipol Assicurazioni, Milano Assicurazioni and Premafin into Fondiaria-SAI took effect, with accounting and tax effects backdated to 1 January 2014. The resulting company took the name of UnipolSai Assicurazioni SpA ("UnipolSai") (the "Merger").

According to the IAS/IFRS, the Merger is a business combination under common control, as all of the companies participating in the merger were previously controlled by Unipol Gruppo Finanziario (hereinafter, also "Unipol" or " UGF").

A business combination under common control is explicitly excluded from application of IFRS 3 and currently is not specifically governed by other international accounting standards or interpretations As no specific provisions of the IFRS were found to be applied to the Merger, based on IAS 8.10 the management must use its judgement in developing and applying an accounting policy that results in information that is relevant and reliable. In making that judgement, the company's management must consider (i) the requirements and application guidance in the IFRS, dealing with similar and related cases and (ii) the definitions, criteria and concepts set out in the Framework.

UnipolSai, in agreement with the Unipol Group, considering that illustrated above, decided that the correct accounting treatment to suitably represent the purposes of the business combination should be based on the following main assumptions:

- the Unipol Group, considered as a single economic entity, changed as a result of the acquisition of the Premafin Group finalised in July 2012;
- in the Unipol Group's plans, the subsequent reorganisation has the sole purpose of rationalising its structure, replicating the image transmitted to the market as much as possible, also at corporate level.

The Unipol Group thus decided to confirm, also with regard to the former Premafin Group, the choice of implementing a sole, comprehensive management, which is suitably expressed in the valuations, estimates and accounting policies adopted in drawing up the financial reports.

UnipolSai, in agreement with the Unipol Group, thus deems that said sole, comprehensive management may be suitably represented in the consolidated financial statements of UnipolSai exclusively by recognising the values of the acquired assets and liabilities based on the values set out in the consolidated financial statements of the Group the companies belong to.

Thus, the Interim Financial Report at 31 March 2014 was prepared using the same values as the consolidated financial statements of UGF, confirming the effects of the purchase price allocation previously carried out at the time UGF acquired control over the Premafin Group (hereinafter "Purchase Price Allocation" or "PPA"). As permitted by IFRS 3, these effects were measured at the end of the measurement period - equal to one year from the acquisition date and reported in the condensed interim consolidated financial statements of UGF at 30 June 2013.

This resulted in the values differing from those in the consolidated financial statements of UnipolSai at 31 December 2013, approved by the Board of Directors on 20 March 2014 and referring to the scope of the Group prior to the Merger. As a result, the values for 2013 reported in this Interim Financial Report as comparative figures for the previous year were restated in line with the accounting criteria applied for the business combination.



Restatement of previous year's figures

Below we provide the reconciliation between the values of the Consolidated Financial Statements at 31 December 2013 of UnipolSai (scope of the Fondiaria-SAI Group prior to the Merger) originally approved and published and the values of the same Group restated as illustrated above.

Consolidated Statement of Financial Position - Assets

		31/12/2013	Adjustments to	31/12/2013
		originally	UGF values	restated
	Amounts in €m	approved		
1	INTANGIBLE ASSETS	1,009	-485	524
1.1	Goodwill	970	-970	0
1.2	Other intangible assets	40	484	524
2	PROPERTY, PLANT AND EQUIPMENT	385	138	522
2.1	Property	319	138	457
2.2	Other tangible assets	66	0	66
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	742	0	742
4	INVESTMENTS	33,817	487	34,304
4.1	Investment property	2,065	520	2,584
4.2	Investments in subsidiaries, associates and joint ventures	159	0	159
4.3	Investments held to maturity	627	-1	626
4.4	Loans and receivables	2,855	-108	2,747
4.5	AFS financial assets	22,570	87	22,656
4.6	Financial assets at fair value through profit or loss	5,540	-10	5,531
5	OTHER RECEIVABLES	1,901	0	1,901
5.1	Receivables from direct insurance operations	1,082	0	1,082
5.2	Receivables from reinsurance operations	98	0	98
5.3	Other receivables	721	0	721
6	OTHER ASSETS	1,424	420	1,843
6.1	Non-current assets or disposal groups classified as held for sale	204	-65	139
6.2	Deferred acquisition costs	63	0	63
6.3	Deferred tax assets	695	494	1,189
6.4	Current tax assets	217	0	217
6.5	Other assets	244	-9	235
7	CASH AND CASH EQUIVALENTS	599	0	599
	TOTAL ASSETS	39,875	559	40,434



Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

		31/12/2013	Adjustments to	31/12/2013
		originally	ÚGF values	restated
	Amounts in €m	approved		
1	SHAREHOLDERS' EQUITY	3,226	-160	3,066
1.1	attributable to the Group	2,510	-185	2,325
	Share capital	1,195	0	1,195
1.1.2	Other equity instruments	0	0	0
1.1.3	Capital reserves	199	0	199
1.1.4	Retained earnings and other equity reserves	613	-498	116
1.1.5	(Treasury shares)	-68	68	0
1.1.6	Reserve for currency translation differences	-69	73	5
1.1.7	Gains or losses on AFS financial assets	285	212	497
1.1.8	Other gains or losses recorded directly in equity	26	1	26
1.1.9	Profit (loss) for the year attributable to the Group	330	-41	288
1.2	attributable to non-controlling interests	716	25	741
1.2.1	Non-controlling interest capital and reserves	574	-54	521
1.2.2	Gains or losses recorded directly in equity	55	68	123
1.2.3	Profit (loss) for the year attributable to non-controlling interests	87	10	97
2	PROVISIONS	317	3	320
3	TECHNICAL PROVISIONS	32,783	18	32,800
4	FINANCIAL LIABILITIES	2,248	-22	2,226
4.1	Financial liabilities at fair value through profit or loss	554	0	554
4.2	Other financial liabilities	1,694	-22	1,672
5	PAYABLES	655	0	655
5.1	Payables from direct insurance operations	95	0	95
5.2	Payables from reinsurance operations	73	0	73
5.3	Other payables	487	0	487
6	OTHER LIABILITIES	646	720	1,366
6.1	Liabilities of a disposal group held for sale	53	22	74
6.2	Deferred tax liabilities	133	694	827
6.3	Current tax liabilities	68	-1	67
6.4	Other liabilities	393	5	398
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	39,875	559	40,434



INCOME STATEMENT

2.1.3 Reinsurers' share 56 0	
1.1.2 Premiums ceded to re-insurers -90 0 1.2 Commission income 3 0 1.3 Income and charges from financial instruments at fair value through profit or loss 39 -28 1.4 Income from investments in subsidiaries, associates and joint ventures 0 0 1.5 Income from other financial instruments and investment property 295 30 1.5.1 Interest income 217 18 1.5.2 Other income 27 2 1.5.3 Profits realised 49 12 1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	2,675
1.2 Commission income 3 0 1.3 Income and charges from financial instruments at fair value through profit or loss 39 -28 1.4 Income from investments in subsidiaries, associates and joint ventures 0 0 1.5 Income from other financial instruments and investment property 295 30 1.5.1 Interest income 217 18 1.5.2 Other income 27 2 1.5.3 Profits realised 49 12 1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	2,764
1.3Income and charges from financial instruments at fair value through profit or loss39-281.4Income from investments in subsidiaries, associates and joint ventures001.5Income from other financial instruments and investment property295301.5.1Interest income217181.5.2Other income2721.5.3Profits realised49121.5.4Valuation gains2-21.6Other income112-41TOTAL REVENUES AND INCOME3,123-32.1Net charges relating to claims-2,215-112.1.2Amounts paid and changes in technical provisions-2,271-112.1.3Reinsurers' share560	-90
1.3 profit or loss 1.4 Income from investments in subsidiaries, associates and joint ventures 0 1.5 Income from other financial instruments and investment property 295 30 1.5.1 Interest income 217 18 1.5.2 Other income 27 2 1.5.3 Profits realised 49 12 1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	3
1.4 ventures 0 1.5 Income from other financial instruments and investment property 295 30 1.5.1 Interest income 217 18 1.5.2 Other income 27 2 1.5.3 Profits realised 49 12 1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	11
1.5.1 Interest income 217 18 1.5.2 Other income 27 2 1.5.3 Profits realised 49 12 1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	0
1.5.2 Other income 27 2 1.5.3 Profits realised 49 12 1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	324
1.5.3 Profits realised 49 12 1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	235
1.5.4 Valuation gains 2 -2 1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	29
1.6 Other income 112 -4 1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	60
1 TOTAL REVENUES AND INCOME 3,123 -3 2.1 Net charges relating to claims -2,215 -11 2.1.2 Amounts paid and changes in technical provisions -2,271 -11 2.1.3 Reinsurers' share 56 0	0
2.1Net charges relating to claims-2,215-112.1.2Amounts paid and changes in technical provisions-2,271-112.1.3Reinsurers' share560	107
2.1.2Amounts paid and changes in technical provisions-2,271-112.1.3Reinsurers' share560	3,120
2.1.3 Reinsurers' share 56 0	-2,226
	2,282
	56
2.2 Commission expenses -2 0	-2
2.3 Expenses from investments in subsidiaries, associates and joint ventures -3	-3
2.4 Expenses from other financial instruments and investment property -99 50	-49
2.4.1 Interest expense -13 -4	-17
2.4.2 Other charges -14 0	-14
2.4.3 Losses realised -11 8	-3
2.4.4 Valuation losses -61 45	-15
2.5 Operating expenses -384 0	-384
2.5.1 Commissions and other acquisition expenses -280 0	-280
2.5.2 Investment management expenses -4 0	-4
2.5.3 Other administration expenses -100 0	-100
2.6 Other costs -226 -21	-247
2 TOTAL COSTS AND CHARGES -2,928 18	-2,910
NET PROFIT (LOSS) FOR THE PERIOD BEFORE TAXES 195 15	210
3 Income taxes -96 -1	-97
NET PROFIT (LOSS) FOR THE PERIOD AFTER TAXES 99 14	114
4 PROFIT (LOSS) FROM DISCONTINUED OPERATIONS 0 0	0
CONSOLIDATED PROFIT (LOSS) 99 14	114
of which attributable to the Group 77 13	91
of which attributable to non-controlling interests 22 1	23



The main effects on the Balance Sheet are summarised below:

- elimination of goodwill relating to the consolidated financial statements of Fondiaria-SAI (amounting to €970m), due to the fact that, following acquisition by UGF, the goodwill was recalculated by UGF based on the PPA:
- fair value measurement of other intangible assets pertaining to the Life and Non-Life classes ("VIF" and "VOBA") net of the intangible assets already included in the consolidated financial statements of Fondiaria-SAI prior to the acquisition, net of the amortisation recorded up to the reference date (total effect of €484m).
- adjustment to fair value at the purchase date of the property, plant and equipment relating to property used in operations and investment property (totalling €658m) determined based on appraisals by assigned independent experts, net of the changes occurring (including depreciation) up to the reference date;
- adjustment to fair value and reclassification of a portion of financial assets, with the resulting decrease in loans and receivables (of €108m), increase in available-for-sale financial assets (of €87m) and decrease in financial assets at fair value through profit or loss (of €10m). This reclassification was carried out in order to align with the classification criteria used by the UGF Group;
- decrease (of €65m) in non-current assets or disposal groups classified as held for sale, as a result of the changed composition and value of intangible assets attributable to the company portfolio assigned to Allianz:
- increase in provisions for risk due to the recognition of contingent liabilities relating to events occurring prior to the date of acquisition by UGF (€3m);
- recalculation of the technical provisions for adjustments due to the effects of shadow accounting as a result of the different value attributed to financial assets (total effect of €18m);
- fair value adjustment of subordinated loans (amounting to €22m) included under other financial liabilities and recognised at amortised cost;
- increase (of €22m) in non-current liabilities or disposal groups classified as held for sale, mainly as a result of the deferred tax liabilities relating to intangible assets attributable to the company portfolio assigned to Allianz.
- recognition of the tax effects of previous adjustments.

The main effects on the Income Statement are summarised below:

- the impact on income and charges from financial instruments at fair value through profit or loss (-€28m) was due to the standardisation of the measurement method and accounting representation of derivatives;
- the increase in interest income (€18m) related to the recalculation of the amortised cost of AFS financial assets, loans and receivables and investments held to maturity based on the fair value determined at the time of PPA;
- the increase in profits realised (€12m) related to the recalculation of the profit realised based on the fair value of AFS financial assets (totalling €+13m) and investment property (-€1m) calculated at the time of PPA;
- the reduction in valuation gains (€2m) related to the recalculation of the result of the fair value measurement of loans and receivables, carried out at the time of PPA;
- the reduction in other revenues (€4m) is mainly due to the elimination of the capital gain on investments already recorded in shareholders' equity at the time of PPA;
- the increase in item amounts paid and changes in technical provisions (amounting to €11m) is mainly due to the adjustment of shadow accounting relating to the recalculation of the effects on the fair value of financial assets;
- the increase in interest expense (€4m) is due to the recalculation of the amortised cost of subordinated financial liabilities of Fondiaria-SAI and Milano Assicurazioni based on the fair value determined at the time of PPA:



- the reduction in losses realised (€8m) related to the recalculation of the losses realised during the period based on the fair value of AFS financial assets and loans and receivables calculated at the time of PPA;
- the reduction in valuation losses (€45m) related to lower depreciation during the period on investment property due to the recalculation of the fair value at the time of PPA and the standardisation of the accounting standards (for a total of €6m) and the elimination of valuation losses on AFS financial assets and loans and receivables (€39m);
- the increase in other costs (€21m) was mainly due to the allocation of amortisation of intangible assets, i.e.
 VIF and VOBA, measured at the time of PPA (amounting to €40m), the reversal of the amortisation of intangible assets posted to the subsidiaries Liguria Assicurazioni and DDOR (€2m) and the elimination of allocations to provisions already included at the time of PPA at 1 July 2012 (€16m);
- recognition of the tax effects of previous adjustments.

Recognition of the business combination: quantitative information

As a result of the Merger, the UnipolSai Group incorporated the assets and liabilities of the former Premafin Group, other than those pertaining to the former Fondiaria SAI Group, and the assets and liabilities of the Unipol Assicurazioni Group.

As previously illustrated, the assets and liabilities acquired through the incorporation were recognised, with accounting effects on 1 January 2014, at the same values assigned in the consolidated financial statements at 31 December 2013 of the joint parent company UGF.

The tables below illustrate the effects of the merger in relation to the opening balances of the UnipolSai consolidated financial statements at 1 January 2014.



Consolidated Statement of Financial Position - Assets

		31/12/2013	Effects of the	Post-merger
		restated	merger	opening
				consolidated
				financial
	Amounts in €m			statements
1	INTANGIBLE ASSETS	524	372	896
1.1	Goodwill		307	307
		0 524	65	
1.2	Other intangible assets			589
2	PROPERTY, PLANT AND EQUIPMENT	522	357	879
2.1	Property	457	324	781
2.2	Other tangible assets	66	32	98
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	742	268	1,010
4	INVESTMENTS	34,304	21,951	56,254
4.1	Investment property	2,584	665	3,249
4.2	Investments in subsidiaries, associates and joint ventures	159	321	480
4.3	Investments held to maturity	626	1,488	2,115
4.4	Loans and receivables	2,747	3,980	6,727
4.5	AFS financial assets	22,656	12,248	34,904
4.6	Financial assets at fair value through profit or loss	5,531	3,248	8,779
5	OTHER RECEIVABLES	1,901	1,196	3,097
5.1	Receivables from direct insurance operations	1,082	714	1,796
5.2	Receivables from reinsurance operations	98	31	129
5.3	Other receivables	721	451	1,172
6	OTHER ASSETS	1,843	404	2,247
6.1	Non-current assets or disposal groups classified as held for sale	139	-16	123
6.2	Deferred acquisition costs	63	14	77
6.3	Deferred tax assets	1,189	285	1,474
6.4	Current tax assets	217	5	222
6.5	Other assets	235	115	350
7	CASH AND CASH EQUIVALENTS	599	1,051	1,649
	TOTAL ASSETS	40,434	25,597	66,031



Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

		31/12/2013	Effects of the	Post-merger
		restated	merger	opening
				consolidated
				financial
	Amounts in €m			statements
1	SHAREHOLDERS' EQUITY	3,066	2,502	5,569
1.1	attributable to the Group	2,325	2,885	5,210
1.2	attributable to non-controlling interests	741	-382	359
2	PROVISIONS	320	196	516
3	TECHNICAL PROVISIONS	32,800	19,887	52,687
4	FINANCIAL LIABILITIES	2,226	2,214	4,440
4.1	Financial liabilities at fair value through profit or loss	554	609	1,163
4.2	Other financial liabilities	1,672	1,605	3,277
5	PAYABLES	6 55	377	1,033
5.1	Payables from direct insurance operations	95	57	151
5.2	Payables from reinsurance operations	73	10	83
5.3	Other payables	487	311	798
6	OTHER LIABILITIES	1,366	421	1,787
6.1	Liabilities of a disposal group held for sale	74	6	80
6.2	Deferred tax liabilities	827	86	913
6.3	Current tax liabilities	67	46	113
6.4	Other liabilities	398	283	681
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	40,434	25,597	66,031



Criteria for preparation of the Interim Financial Report

The Interim Financial Report of the UnipolSai Group at 31 March 2014, drawn up on a consolidated basis, complies with the provisions of Article 154-ter of Legislative Decree no. 58/1998. The information contained in this report was prepared in observance of the content and purposes of said legislation, and thus, does not purport to satisfy the requirements of IAS 34 on Interim Financial Reporting.

The consolidation principles and classification and measurement criteria are consistent with those used for the consolidated financial statements at 31 December 2013, save for the effects of the recognition of the business combination, illustrated in the previous section, to which reference is made, in addition to that set forth below. As this is interim reporting, additional estimates and assumptions were made which could influence the application of the standards and the calculation of income statement and balance sheet figures.

Furthermore, considering the purpose and content of this report are limited to providing the disclosure set out in Article 154-ter of Legislative Decree no. 58/1998 for quarterly interim financial reporting, certain impairment tests required by the IAS/IFRS were not repeated at 31 March 2014. Specifically, these refer to the impairment testing of goodwill and securities classified under AFS assets. For the latter, where the necessary conditions were satisfied, impairment losses have been recognised in the income statement for decreases in fair value at 31 March 2014.

The reporting currency is the euro. Unless otherwise indicated, all amounts in this Report are presented in €m, and accordingly, the sum of individual rounded items might not equal the rounded total.

Consolidation scope

The UnipolSai consolidation at 31 March 2014 is composed of the line-by-line consolidation of the figures of UnipolSai with those of 78 direct and indirect subsidiaries (IAS 27). Subsidiaries whose size is considered to be insignificant are excluded from line-by-line consolidation.

There are no jointly controlled investments.

Associates, where the Group has a shareholding of between 20% and 50%, and insignificant subsidiaries (39 companies) are valued under the equity method (IAS 28) or maintained at book value.

Compared to 31 December 2013, following the creation of UnipolSai, the subsidiaries and associates of the former Unipol Assicurazioni and former Premafin are now consolidated.

Presentation of the changes

The balance sheet and income statement figures at 31 March 2014 were compared with the previous year's figures and, respectively:

- with the consolidated balance sheet figures of Fondiaria-SAI at 31 December 2013, restated as illustrated above:



- with the consolidated income statement figures of Fondiaria-SAI at 31 December 2013, restated as illustrated above.

The changes on a like-for-like basis were calculated with reference to the aggregate figures of the UnipolSai Group after the merger. In particular:

- the balance sheet figures are compared with the post-merger opening balances of the consolidated financial statements, reported in the previous section;
- the income statement figures are compared with the income statement figures at 31 March 2013, restated with reference to the scope of the UnipolSai Group after the merger, in line with the recognition criteria for the business combination, illustrated above.



Summary of the Group's key figures

SUMMARY OF THE GROUP'S KEY FIGURES	5		
Amounts in €m			
	31/3/2014	31/3/2013 restated	31/3/2013 on a like- for-like basis
Direct Non-Life Insurance Premiums	2,107	1,441	2,265
% change	46.2		
% change on a like-for-like basis	-6.9		
Direct Life Insurance Premiums	1,995	1,188	1,755
% change	68.0		
% change on a like-for-like basis	13.7		
of which Life insurance investment products	14	13	19
% change	5.7		
% change on a like-for-like basis	-24.5		
Direct Insurance Premiums	4,102	2,629	4,019
% change	56.1		
% change on a like-for-like basis	2.1		
Life Classes Annual Premium Equivalent (APE) - Group portion	159	78	142
% change	103.9		
% change on a like-for-like basis	12.1		
Non-Life Classes Loss ratio - direct premiums	67.4%	70.9%	68.6%
Non-Life Expense Ratio - direct premiums	26.7%	22.9%	24.2%
Non-Life Combined Ratio - direct premiums	94.1%	93.8%	92.7%
Net income from financial instruments (excl. Ass. and Liab. designated at FV)	575	271	412
% change	112.2		
% change on a like-for-like basis	39.7		
Consolidated result	186	114	178
% change	63.7		
% change on a like-for-like basis	39.7		
Comprehensive income statement result	534	-5	46
% change	N/A		
% change on a like-for-like basis	N/A		



No. of employees

SUMMARY OF THE GROUP'S KEY FIGURES Amounts in €m 31/3/2014 31/12/2013 31/12/2013 restated on a likefor-like basis **Investments and liquidity** 61,423 35,380 58,706 % change 73.6 % change on a like-for-like basis 4.6 **Technical provisions** 53,795 32,800 52,687 % change 64.0 % change on a like-for-like basis 2.1 **Financial liabilities** 4,309 2,226 4,440 % change 93.6 % change on a like-for-like basis -2.9 Shareholders' Equity attributable to the Group 2,325 5,210 5,858 % change 151.9 % change on a like-for-like basis 12.4

11,233

7,461

11,163



Alternative performance indicators

Alternative performance indicators	classes	31/03/2014	31/03/2013	31/03/2013 on a like- for-like basis
Loss ratio - direct premiums (including OTI ratio)	non-life	67.4%	70.9%	68.6%
Expense Ratio - direct premiums	non-life	26.7%	22.9%	24.2%
Combined ratio - direct premiums (including OTI ratio)	non-life	94.1%	93.8%	92.7%
Loss ratio - net of reins.	non-life	67.9%	71.6%	68.8%
Expense ratio - net of reins.	non-life	26.8%	22.8%	24.5%
Combined ratio - net of reins.	non-life	94.8%	94.4%	93.3%
Premium retention ratio	non-life	95.1%	93.9%	95.3%
Premium retention ratio	life	99.8%	99.8%	99.7%
Premium retention ratio	total	97.3%	96.6%	97.2%
Group pro-rata APE (amounts in €m)	life	159	78	142
Expense Ratio - direct premiums	life	4.4%	4.5%	4.1%
Expense ratio - direct and indirect premiums	life	4.4%	4.5%	4.1%
Expense ratio - net of reins.	life	4.4%	4.5%	4.1%

These indicators are not defined by accounting rules; rather, they are calculated based on economic-financial procedures used in the sector.

Loss ratio: primary indicator of the cost-effectiveness of operations of an insurance company in the Non-Life sector. This is the ratio of the cost of claims for the period to premiums for the period.

OTI (Other Technical Items) **ratio**: ratio of the sum of the balance of other technical charges/income and the change in other technical provisions to net premiums for the period. Starting this year, the loss ratio also includes the **OTI ratio** (the ratios for the previous periods have been suitably adjusted).

Expense ratio: percentage indicator of the ratio of total operating expenses to premiums written.

Combined ratio: indicator that measures the balance of Non-Life technical management, represented by the sum of the loss ratio and the expense ratio.

APE – Annual Premium Equivalent: new Life business expressed as APE is a measurement of the turnover relating to new policies, equal to the sum of new business recurring premiums and one-tenth of single premiums. This indicator is used to assess the business along with the in force value and the Life new business value of the Group.

The **premium retention ratio** is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.



Information on operations

Creation of UnipolSai Assicurazioni

On 31 December 2013 the deed of merger was signed regarding the merger by incorporation of Unipol Assicurazioni, Milano Assicurazioni and Premafin (referred to collectively as the "Merged Companies") into Fondiaria-SAI S.p.A. (the "Merging Entity"), which following the merger became known as **UnipolSai Assicurazioni SpA** or **UnipolSai SpA**.

The merger became effective from 6 January 2014 (the "Effective Date") following registration of the related merger deed with the competent Company Registration Offices on 2 January 2014. The accounting and tax effects of the merger are instead backdated to 1 January 2014.

At the Effective Date, all shares of the merged companies were cancelled and exchanged for shares of the Merging Entity, which arranged:

- the assignment of all shares of the Merging Entity owned by the Merged Companies through their redistribution via the share swaps, without ever being acquired as treasury shares of the Merging Entity, and
- for the remainder, to increase its own share capital by €782,960,791.85 through the issue of 1,330,340,830 new ordinary shares and 55,430,483 new Class B savings shares, all without par value and offering regular coupon payments, to be assigned to shareholders of Unipol Assicurazioni, Milano Assicurazioni and Premafin, with the following share swap ratio:
 - 0.050 ordinary shares of the Merging Entity for every Premafin ordinary share;
 - 1.497 ordinary shares of the Merging Entity for every Unipol Assicurazioni ordinary share;
 - 0.339 ordinary shares of the Merging Entity for every Milano Assicurazioni ordinary share;
 - 0.549 Class B savings shares of the Merging Entity for every Milano Assicurazioni savings share.

The amendments to the By-Laws associated with the merger entered into force on the Effective Date, and the share capital of UnipolSai is now €1,977,533,765.65 (fully subscribed and paid-up), comprising 2,250,906,752 ordinary shares, 1,276,836 Class A savings shares and 377,193,155 Class B savings shares, all without par value

The shares previously issued by Milano Assicurazioni and Premafin were delisted with effect from 6 January 2014.

The new issues of ordinary shares and Class B savings shares were listed on the MTA market organised and managed by Borsa Italiana S.p.A. with effect from 6 January 2014, at par with the ordinary shares and Class B savings shares of the merging entity outstanding at the time of issue.

No holder of Milano Assicurazioni savings shares exercised the right of withdrawal pursuant to Article 2437, paragraph 1, letter g) of the Civil Code.

The right of withdrawal was, however, lawfully exercised by the ordinary Premafin shareholders, in relation to a total of 13,975,294 ordinary Premafin shares, corresponding to 0.6495% of the share capital of Premafin, for a total liquidation countervalue of €2,441,483.86.

On 14 January 2014 the rights issue and right of pre-emption (the "Rights Issue") for Premafin shareholders other than withdrawing holders of 13,975,294 ordinary Premafin shares in relation to which the right of



withdrawal through the Merger was legitimately exercised and which, in application of the swap ratio, became 698,764 ordinary UnipolSai shares (the latter hereinafter the "Shares Subject to Withdrawal").

On conclusion of the Rights Issue a total of 5,144 Shares Subject to Withdrawal were purchased pursuant to Article 2437-quater, paragraph 3 of the Civil Code, for €3.494 per Share Subject to Withdrawal, and therefore for a total of €17,973.13.

For the remaining 693,620 Shares Subject to Withdrawal not purchased as part of the Rights Issue (the "Unsold Shares"), their offer on the MTA market, organised and managed by Borsa Italiana SpA (the "MTA market") was arranged in accordance with Article 2437-quater, paragraph 4 of the Civil Code.

The stock exchange offering period concluded on 31 January 2014, following which all 693,620 ordinary UnipolSai shares involved remained unsold.

On 26 February 2014, pursuant to Article 2437-quater, paragraph 5 of the Civil Code, the Unsold Shares were redeemed by UnipolSai through the purchase of treasury shares from available reserves, for a price of €3.494 per Share Subject to Withdrawal, and therefore for a total of €2,423,508.28.

Issue of a convertible bond loan by UnipolSai

On 15 January 2014 the Board of Directors' Meeting of UnipolSai resolved, amongst other things, to implement the powers delegated by the Extraordinary Shareholders' Meeting held on 25 October 2013, pursuant to Articles 2420-ter and 2443 of the Civil Code, concerning the issue of a bond loan convertible to ordinary UnipolSai shares for a total of €201.8m, with subsequent share capital increase to service the conversion for a maximum €201.8m, including share premium to be arranged through the issue of ordinary Company shares without par value, offering regular coupon payments and with the same characteristics as those outstanding at the date of issue (the "Convertible Bond Loan").

The issue of the Convertible Bond Loan was planned from the start as part of the Merger and included in the rescheduling plan for Premafin debt entered into with the lending banks, subject to the effectiveness of the Merger.

The Board of Directors resolved to:

- approve the regulation relating to the Convertible Bond Loan, granting mandate to the Chief Executive Officer to define the final text of the Regulation by inserting the elements missing at 15 January 2014;
- approve the share capital increase against payment, divisible in one or more parts by the final deadline of 31 December 2015 to service the Convertible Bond Loan, excluding option rights pursuant to Article 2441, paragraph 5 of the Civil Code, for a maximum €201.8m, including share premium, to be implemented through the issue of ordinary UnipolSai shares, without par value, with regular coupon payments and with the same characteristics as those outstanding at the date of issue, irrevocably and unconditionally reserved to service the bond conversion and excluding option rights;
- consequently amend Article 6 of the By-Laws to reflect the exercise of the aforementioned powers.

On 24 April 2014 UnipolSai issued the Convertible Bond Loan, represented by 2,018 bonds with a unit par value of €100,000, for a total of €201.8m. The bond loan was subscribed as follows:

- (i) €134.3m by the lending banks that had approved the rescheduling plan for the debt of the former Premafin, (excluding GE Capital Interbanca SpA) which, as a result of the merger by incorporation of Premafin, Unipol Assicurazioni and Milano Assicurazioni into UnipolSai, have become creditors of UnipolSai, and
- (ii) €67.5m by the parent company Unipol.

The bonds issued are bearer bonds, which cannot be split up, and are freely transferable as well as included in the Monte Titoli SpA centralised management system for dematerialised securities. They constitute direct - not guaranteed or subordinated - obligations, accrue gross annual interest (which cannot be capitalised) of



6.971%, calculated on the unit par value, with deferred payment every six months, with the first coupon scheduled for 31 May 2014.

The conversion ratio, equal to 36,630.037 newly issued ordinary UnipolSai shares for each bond held, is calculated as the ratio of (a) the unit par value of the bonds to (b) the initial conversion price (€2.730 per share). Therefore, a maximum number of 73,919,414 shares will be issued to serve the Convertible Bond Loan.

Bondholders have the option to convert the bonds at any time during the period from 24 April 2014 to 22 December 2015 and, in any event, shall be automatically converted into shares on 31 December 2015 (expiry date of the Convertible Bond Loan).

Agreement for the disposal to Allianz of former Milano Assicurazioni insurance assets

On 15 March 2014, UnipolSai Assicurazioni and Allianz signed an agreement regarding the sale of a business unit including a Non-Life insurance portfolio with a value of €1.1bn (2013 figures), 729 agencies and 500 employees dedicated to such business activities.

The disposal of the assets of the former Milano Assicurazioni (now UnipolSai) envisages a maximum payment of €440m. The transaction will be finalised after approval from the competent Supervisory Authorities and Antitrust Authority.

The agreement reached at arm's length with Allianz protects UnipolSai stakeholders and allows the Unipol Group to comply with the exceptionally strict measures imposed by the Antitrust Authority at the time of the bail-out of the Fondiaria-SAI Group.

Measures imposed by the Antitrust Authority – reduction of overall exposure to Mediobanca

The measures imposed by the Antitrust Authority Provision of 19 June 2012 also envisaged that the Unipol Group reduce its overall debt to Mediobanca by €350m.

In order to carry out the debt reduction required by the Antitrust Authority, having conducted the suitable assessments, the technical-operational procedures were agreed with Mediobanca to consensually terminate several loan agreements which had been autonomously entered into by the insurance companies involved in the merger.



Operational performance

Financial year 2014 began with the completion of the organisational structure of the Unipol Group, due to the creation in the first few days of January, of UnipolSai Assicurazioni, resulting from the merger by incorporation of Premafin, a financial holding company of the former Fondiaria-Sai Group, and the deep-rooted insurance companies Unipol Assicurazioni and Milano Assicurazioni into Fondiaria-SAI.

The new insurance company boasts leadership in the Non-Life classes in Italy, thanks to an agency network that ranks at the top in Italy in terms of locations, widespread coverage and the ability to concretely meet its customers' needs. UnipolSai operates on the market through a structure divided into divisions, which enhances and promotes the original brands of the insurance companies that gave life to UnipolSai through business combinations carried out over the years: Unipol, La Fondiaria, Sai, Milano, Nuova MAA, SASA and La Previdente. During the current year, this configuration will undergo several changes in compliance with the restrictions imposed by the Antitrust Authority for the acquisition of the former Premafin/Fondiaria-SAI Group. UnipolSai is ready to sell the Allianz Group, based on an agreement signed on 15 March 2014, subject to approval by the competent Supervisory Authorities, a business unit including a Non-Life insurance portfolio with a value of €1.1bn (2013 figures), 729 agencies and approximately 500 employees dedicated to such business activities.

Group activities in the first few months of 2014 concentrated on the integration of the UnipolSai insurance company in terms of organisation and on the preliminary activities for the sharing of the agency underwriting systems among the various agency networks, an important step with a view to fully exploiting the synergies identified in the Industrial Plan. Actions have also been launched for the release of the new claims management IT system (NSS-ClaimCenter), to be gradually extended to the claims portfolio of the former Unipol Assicurazioni and then, in 2015, to the claims portfolios of the former Fondiaria-SAI.

On the business side, the UnipolSai Group reported positive performance of the income statement as well as the balance sheet in the first quarter of 2014, as a result of confirmation of the trend in Non-Life claims that remains favourable, the growth in Life premiums and the highly positive trend in the financial markets, despite the persistent challenging economic and political scenario in Italy.

In the **Non-Life sector**, direct premiums written continued to be impacted by a highly competitive market scenario, which resulted in a decrease in average premiums, specifically in the Motor TPL class, as well as by the persistence of the economic crisis which reflected on businesses and households. In this scenario, consolidated Non-Life premiums came to €2,107m (-6.9% on the like-for-like figures for the first quarter of 2013).

In the Motor TPL class, sales policies focused on defining the contracts portfolio also by expanding advertising campaigns and continuing in sales offerings, such as the monthly financing of the Motor TPL policy with zero interest, which are quite successful with customers. The trends under way continued to result in a decrease in premiums written in the class, which came to €1,138m, down -9.8% on the first quarter of 2013 on a like-for-like basis. The Land Vehicles Class also declined, with premiums of €178m (-6.8% on a like-for-like basis), which continued to be affected by the trends in new vehicle registrations. The Other Non-Life segment was stronger than the economic scenario, as it reported premiums of €792m (-2.6% on a like-for-like basis).

In terms of Non-Life clams, the Motor TPL class continued to show positive technical indicators as a result of a further decrease in claims reported compared to the same period of the previous year. Claims in the Other Non-Life classes also showed positive performance, even though the comparison with the figures for the first quarter of 2013 on a like-for-like basis showed a greater impact of claims from weather-related events.

In this scenario, the consolidated UnipolSai recorded a ratio of claims to direct premiums (including the balance of technical items) of 67.4% at 31 March 2014 compared to 68.6% calculated on a like-for-like basis at 31 March 2013.



The expense ratio of direct premiums amounted to 26.7%, reflecting the effect of the drop in premiums and the investments in the IT system and in marketing campaigns necessary in this phase of company integration of UnipolSai, in addition to the higher weight of commissions linked to the technical improvement under way and the changes to the product mix. On the whole, the consolidated combined ratio (direct premiums) came to 94.1% in the 1st guarter of 2014 compared to 92.7% calculated on a like-for-like basis at 31 March 2013.

In the **Life sector**, consolidated direct premiums reached €1,995m, +13.7% on the first quarter 2013 on a like-for-like basis. The significant increase in premiums reflects the continuation of the positive trend seen in traditional products from 2013, favoured by low market interest rates and a low risk appetite of policyholders. Specifically, the UnipolSai consolidation was boosted by the growth in the bancassurance channel, represented by the insurance companies of the Popolare Vita Group which increased their premiums by 23.4% in the first quarter 2014 to €1,054m. The UnipolSai insurance company, with premiums of €900m, also reported growth (+4.3%), despite the fact that this period lacked several significant receipts from contracts which had positively influenced the first part of 2013. Despite the highly positive performance in 2013, Bim Vita reported an increase in business of +4.4%, contributing €34m in premiums written.

As a result of the above, the volume of new business in terms of pro-rata APE amounted to \in 159m in the first quarter of 2014, of which \in 102m relating to the traditional insurance companies and \in 57m to the bancassurance companies .

The expense ratio of direct premiums amounted to 4.4% compared to 4.1% calculated on a like-for-like basis at 31 March 2013.

As regards the management of **financial investments** in the insurance segment, the first quarter of the year was marked by the markets' renewed confidence in Italy, of which benefited the securities portfolio, which is significantly composed of Italian government bonds. In this scenario, which was also strengthened by the positive performance of equity markets, the Group's insurance financial investments, though aiming to retain the profitability of the portfolio and consistency between the assets and liabilities due to/from policyholders, achieved significant returns in the period considered, equal to approximately 5.6% of invested assets.

Operations in the **Real Estate segment** focused on optimising the real estate portfolio and searching for opportunities to increase its value, even though this goal is affected by market conditions still influenced by the economic crisis and the reduction in the disbursement of loans.

The loss before taxes at 31 March 2014 amounted to €2m (-€4m at 31/03/2013, -€3m on a like-for-like basis).

The results of the companies in the **other sectors** the Group operates in, specifically the hotel and clinic sectors, saw less negative results than in the past, marking the progress recorded by the new management and a significant improvement in operations. The subsidiary Banca Sai contributed net profit of €2.5m in the first quarter of 2014.

The loss before taxes at 31 March 2014 amounted to €3m (-€10m at 31/03/2013, -€13m on a like-for-like basis)

The **consolidated result** at 31 March 2014 reached €186m (+4.5% compared to the figure calculated on a like-for-like basis at 31/03/2013).

The consolidated solvency margin at 31 March 2014, net of dividends to be distributed during the year by the various Group companies, shows available capital amounting to approximately 1.5 times the required minimum.



Key aspects of the business

The first quarter of 2014 ended with **net profit of €186m** (€114m at 31/03/2013, €178m on a like-for-like basis).

The **consolidated profit before taxes** amounted to €323m (€210m at 31/03/2013, €312m on a like-for-like basis), attributable to the Insurance sector for €327m (€224m at 31/03/2013, €328m on a like-for-like basis), comprising €263m relating to the Non-Life classes (€140m at 31/03/2013, €249m on a like-for-like basis) and €64m relating to the Life classes (€84m at 31/03/2013, €78m on a like-for-like basis).

However, the other sectors reported losses before taxes: -€3m for the Other Activities Sector (-€10m at 31/03/2013, -€13m on a like-for-like basis) and -€2m for the Real Estate Sector (-€4m at 31/03/2013, -€3m on a like-for-like basis).

The important factors that marked the performance of the Group included the following:

- direct premiums in the insurance sector, gross of reinsurance ceded amounted to €4,102m (€2,629m at 31/03/2013 and €4,019m on a like-for-like basis, +2.1%). Direct Non-Life premiums amounted to €2,107m (€1,441m at 31/03/2013, 2,265m and €2,265m on a like-for-like basis, -6.9%), and direct Life premiums amounted to €1,995m (€1,188m at 31/03/2013 and €1,755m on a like-for-like basis, +13.7%), comprising €14m relating to Life class investment products (€13m at 31/03/2013 and €19m on a like-for-like basis).
- premiums earned, net of reinsurance ceded, amounted to €4,162m (€2,675m at 31/03/2013 and €4,115 on a like-for-like basis), comprising €2,185m in the Non-Life classes (€1,502m at 31/03/2013 and €2,383 on a like-for-like basis) and €1,977m in the Life classes (€1,173m at 31/03/2013 and €1,732 on a like-for-like basis). On a like-for-like basis, the overall change amounted to +1.1%;
- net charges relating to claims, net of reinsurance ceded, amounted to €3,601m (€2,213m at 31/03/2013, €3,432m on a like-for-like basis), comprising €1,465m in the Non-Life classes (€1,011m at 31/03/2013, €1,576m on a like-for-like basis) and €2,136m in the Life classes (€1,203m at 31/03/2013, €1,856m on a like-for-like basis), including €148m in net income from financial assets and liabilities designated at fair value through profit or loss (€13m at 31/03/2013, €20m on a like-for-like basis);
- the **claims/premiums ratio** of direct premiums in the Non-Life segment was equal to 67.4% (70.9% at 31/03/2013, 68.6% on a like-for-like basis);
- operating expenses amounted to €663m (€384m at 31/03/2013, €635m on a like-for-like basis). In the Non-Life classes these amounted to €553m (€311m at 31/03/2013, €539m on a like-for-like basis); in the Life classes they were equal to €95m (€55m at 31/03/2013, €76m on a like-for-like basis); in the Other Activities sector they amounted to €18m (€80m at 31/03/2013, €82m on a like-for-like basis) and in the Real Estate sector to €3m (0 at 31/03/2013, €1m on a like-for-like basis);
- the **combined ratio** of direct premiums in the Non-Life segment was equal to 94.1% (93.8% at 31/03/2013, 92.7% on a like-for-like basis);
- net income from asset and financial management (excluding net income from financial assets and liabilities designated at fair value through profit or loss relating to the Life sector) amounted to €575m (€271m at 31/03/2013, €412m on a like-for-like basis);
- gross profit amounted to €323m (€210m at 31/03/2013, €312m on a like-for-like basis), after the effects of the amortisation of intangible assets of €35m (€44m at 31/03/2013 and on a like-for-like basis);



- taxes for the period constituted a net charge of €136m (€97m at 31/03/2013, €134m on a like-for-like basis) including €21m allocated for the increase, pursuant to Article 4 Decree Law no. 66 of 24 April 2014, on the substitute tax owed on capital gains posted on Bank of Italy shares, from 12% to 26%. The tax rate was 42.1% (46.0% at 31/03/2013, 43.0% on a like-for-like basis);
- net of the profit attributable to non-controlling interests of €12m, the profit attributable to the Group at 31 March 2014 came to €174m (profit of €91m at 31/03/2013 and profit of €172m on a like-for-like basis);
- comprehensive income came to €669m (-€5m at 31/03/2013, €46m on a like-for-like basis), as a result of the increase in the reserve for gains/losses on AFS financial assets;
- the amount of **investments and liquidity** was €61,423m (€35,380m in 2013, €58,706m on a like-for-like basis), following the reclassification of €73m under assets held for sale, pursuant to IFRS 5:
- technical provisions and financial liabilities amounted to €58,104m (€35,026m in 2013, €57,127m on a like-for-like basis), following the reclassification of €46m under assets held for sale, pursuant to IFRS 5;
- following the application of IFRS 5, €163m was reclassified under Non-current assets or disposal groups, of which €140m relating to the disposals pursuant to the Antitrust Authority Provision and €21m in property, and €102m was reclassified under Liabilities of a disposal group held for sale, of which €101m relating to the disposals pursuant to the Antitrust Authority Provision.



Insurance Sector

Overall, the Group's insurance business ended the quarter with **consolidated profit before taxes of €327m** (€224m at 31/03/2013, €328m a on a like-for-like basis), comprising €263m relating to the Non-Life classes (€140m at 31/03/2013, €249m on a like-for-like basis) and €64m relating to the Life classes (€84m at 31/03/2013, €78m on a like-for-like basis).

Total premiums (direct and indirect premiums and investment products) amounted to €4,123m at 31 March 2014 (€2,630m at 31/03/2013 and €4,044m on a like-for-like basis).

Life premiums amounted to €1,796m (€1,188m at 31/03/2013 and €1,756m on a like-for-like basis) and Non-Life premiums to €2,127m (€1,442m at 31/03/2013 and €2,288m on a like-for-like basis).

All premiums in the Non-Life classes of Group insurance companies are classified under insurance premiums, as they meet the requirements of IFRS 4 (presence of significant insurance risk).

As regards Life premiums, €14m of investment products at 31 March 2014 related to Class III (Unit and Index-Linked policies) and Class VI (pension funds).

Consolidated premiums	
Amounts in €m	

Amounts in €m							
	Amounts in €m	31/3/2014	percent	31/3/2013	percent	% chg.	% chg. on a like-for- like basis
Non-Life direct premiums		2,107		1,441		46.2	-6.9
Non-Life indirect premiums		20		1		n.s.	-16.0
Total Non-Life premiums		2,127	51.6	1,442	54.8	47.5	-7.0
Life direct premiums		1,981		1,174		68.7	14.1
Life indirect premiums		1		0		n.s.	34.4
Total Life premiums		1,982	48.1	1,175	44.7	68.8	14.1
Total Life investment products		14	0.3	13	0.5	5.7	-24.5
Total Life premiums		1,996	48.4	1,188	<i>45.2</i>	68.1	13.7
Total premiums		4,123	100.0	2,630	100.0	56.8	2.0

Direct premiums amounted to €4,102m (€2,629m at 31/03/2013, and €4,019m on a like-for-like basis), comprising €2,107m in the Non-Life classes and €1,995m in the Life classes.

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I)	irect	premiums

Amounts in €m						
Amounts in €m	31/3/2014	percent	31/3/2013	percent	% chg.	% chg. on a like-for- like basis
Direct Non-Life Premiums	2,107	51.4	1,441	54.8	46.2	-6.9
Direct Life Premiums	1,995	48.6	1,188	45.2	68.0	13.7
Total direct premiums	4,102	100.0	2,629	100.0	56.1	2.1



As regards current-generation Non-Life **claims** in the Motor TPL class, technical indicators remained positive due to a favourable trend in claims reported compared to the same period of the previous year. Claims in the Other Non-Life classes also showed positive performance, even though the comparison with the first quarter of 2013 on a like-for-like basis showed a greater impact of claims from weather-related events.

The claims rate (loss ratio of only Non-Life direct premiums), including the OTI ratio, was 67.4% (68.6% at 31/03/2013 on a like-for-like basis).

The number of claims reported, excluding the Motor TPL class, decreased by 5.2% on a like-for-like basis.

	31/3/2014	31/3/2013	% c h g.	% chg. on a like- for-like basis
Motor vehicles – other classes (Class 3)	86,046	56,208	53.1	-1.8
Accident (Class 1)	38,380	19,052	101.4	0.1
Health (Class 2)	105,277	77,321	36.2	-28.5
Fire and Property (Classes 8 and 9)	78,404	49,013	60.0	7.3
General TPL (Class 13)	32,128	20,977	53.2	-5.8
Other general classes	88,058	34,850	152.7	23.3
Total	428,293	257,421	66.4	-5.2
	<u> </u>	·		
Total net of the Health class	323,016	180,100	79.4	6.1

In the Motor TPL class, where the CARD agreement¹ applies, in the first three months of 2014 the management relating to reported "caused" claims (No CARD, Debtor CARD or Natural CARD) totalled 194,819, down 10.1% (216,823 in March 2013 on a like-for-like basis).

Claims with at least one Debtor Card case amounted to 123,572, down 14.2% compared to same period of the previous year on a like-for-like basis.

Management CARD cases totalled 141,594 (including 23,491 Natural CARD claims between policyholders of the same insurance company), dropping by 8.6% on a like-for-like basis. The quickness of settlement in the 1st quarter of 2014 came to 52.8% compared to 53.4% in the same period of the previous year on a like-for-like basis.

The weight of cases to which the CARD agreement may be applied (both management and debtor claims) out of total cases (No CARD + Management CARD + Debtor CARD) in March 2014 came to 84.7% (84.5% in March 2013 on a like-for-like basis).

¹CARD - *Convenzione tra Assicuratori per il Risarcimento Diretto* - Agreement between Insurers for Direct Compensation: Motor TPL claims may be classified into one of three cases of claims managed:

Debtor CARD claims: claims governed by CARD where "our" policyholder is fully or partially liable, which are settled by the counterparty's insurance companies, to which "our" insurance company must pay a flat rate payout ("Debtor Flat Rate");

No CARD claims: claims governed by the ordinary regime, to which CARD is not applied;

Management CARD claims: claims governed by CARD where "our" policyholder is fully or partially not liable, which are settled by
"our" insurance company, to which the counterparty's insurance companies must pay a flat rate payout ("Management Flat Rate").
 However, it must be noted that this classification is a simplified representation because, in effect, each individual claim may contain
damages included in each of the three above cases.



The **expense ratio** of Non-Life direct premiums amounted to 26.7% (24.2% at 31/03/2013 on a like-for-like basis), reflecting the drop in premiums on one hand, and the investments in the IT system and in marketing campaigns necessary in this phase of company integration, on the other, in addition to the higher weight of variable commissions linked to the technical improvement under way and the changes to the product mix. The **combined ratio**, calculated on direct premiums, was equal to 94.1% at 31 March 2014 (92.7% at 31/03/2013 on a like-for-like basis).

Performance of Non-Life premiums

Total Non-Life premiums (direct and indirect premiums) at 31 March 2014 amounted to €2,127m (€1,442m at 31/03/2013 and €2,288m on a like-for-like basis).

Premiums only from **direct business** amounted to $\le 2,107m$ ($\le 1,441m$ at 31/03/2013, and $\le 2,265m$ on a like-for-like basis). Premiums only from **indirect business** amounted to $\le 20m$ ($\le 1m$ at 31/03/2013, and $\le 24m$ on a like-for-like basis).

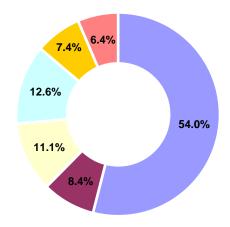
The breakdown of direct premiums for the main classes, and the changes compared to 31 March 2013, are shown in the table below:

Non-Life direct premiums							
	Amounts in €m	31/3/2014	percent	31/3/2013	percent	% chg.	% on a like- for-like basis
Motor and Maritime TPL (Classes 10 and 12)		1,138		805		41.3	-9.8
Motor vehicles – other classes (Class 3)		178		126		40.9	-6.8
Total Motor premiums		1,315	62.4	931	64.6	41.3	-9.4
Accident & Health (Classes 1 and 2)		234		149		56.9	-9.1
Fire and Property (Classes 8 and 9)		266		177		50.6	2.6
General TPL (Class 13)		155		90		71.8	-5.2
Other general classes		136		93		45.4	3.0
Total Other Non-Life premiums		792	37.6	510	35.4	55.2	-2.6
Total Non-Life direct premiums		2,107	100.0	1,441	100.0	46.2	-6.9



Percentage breakdown of Non-Life direct premiums

- Motor vehicle TPL
- Motor vehicle other classes
- Accident & Health
- Fire and Property
- General TPL
- Other general classes



Premiums in the **Motor Vehicle TPL** class declined by 9.8%, mainly due to the decrease in the average premium. Market competition remains high. Therefore, to ensure that the network is capable of competing, suitable measures were necessary which reflected on the average premium.

The actions planned to increase the competitiveness of products and services began to generate the desired effects on new business, which grew significantly compared to the same period of the previous year, as well as on the most recent months.

Customer retention also improved due to several specific recently implemented actions, which are expected to generate even better results in the upcoming guarters.

The combination of these two phenomena resulted in an important inversion of the trend compared to the portfolio holding steady.

The decrease of 6.8% in premiums in the **Land Vehicles** class is a direct result of the trend recorded in mandatory cover, which was also impacted by the reduction in insurance spending on non-mandatory quarantees and the aging of vehicles on the road.

As regards claims, the positive performance in the number of reports received and the cost of claims settled continued, both for the Motor TPL class and, to a lesser extent, the Land Vehicles class.

The decrease in **Other Non-Life** premiums written (2.6%) regards both businesses and individuals, as the economic scenario has certainly had a significant impact, as well as the restructuring actions on the portfolios of the Fondiaria-Sai, Milano, Previdente and Nuova Maa Divisions.

As regards the Individuals sector, for the **Accident** and **Health** classes, first quarter reported a decline in premiums written. This should be recovered over the next few months as a result of the actions and campaigns to incentivise development and reforms, to reduce and positively offset the year-over-year reduction in the customer portfolio resulting from both the adverse trend in the socio-economic scenario and from the pursuit of restructuring policies and actions to clean up negatively performing portfolios.

Specifically, in the **Accident** class, the number of claims reported and cost of claims continued to fall sharply, reflecting the positive influence of both the decline in the frequency of claims and the effectiveness of the underwriting and restructuring policies. Similar performance was reported by the **Health** class, where the fall in



the number of claims reported and the cost of claims were mainly due to the reform and reversal actions concerning several collective agreements with negative performance, as well as the portfolio restructuring of several individual products.

In the first quarter of 2014, the Businesses sector recorded a slight decrease in premiums, easing the negative trend of the previous year. The portfolio restructuring, which resulted in significant disposals of contracts, is beginning to be offset by the development of the new corporate segment, which has resulted in the first signs of stabilisation of premiums written in the Fire class, while the increase in the Property class is attributable to the increase in the Hail class on the previous year, which move the closure of coverage up to March in order to access government grants. The number and cost of claims continued to decline, though in the presence of several serious claims and numerous claims connected with flooding events that occurred at the beginning of the year.

Analysis by segment confirms the decline in the Construction segment, both in terms of receipts and the portfolio as a result of the serious economic scenario impacting this segment. There was a slight increase in the cost of claims as a result of several serious claims which, however, did not result in an imbalance. In the first quarter, the Public Bodies segment continued implementing the policy of careful selection of risk and restructuring of the most critical situations, which was adopted in previous years, managing to reduce the cost and number of claims compared to the same period of the previous year.

Performance of the major insurance companies of the Group

In relation to the major insurance companies of the Group, key financial information relating to the first quarter of 2014 is summarised in the table below:

(amounts in €m)	Premiums written	Chg.	Investment	Gross Technical Provisions
NON-LIFE INSURANCE SECTOR				
INCONTRA ASSICURAZIONI SPA	18	73.62%	113	128
DDOR NOVI SAD ADO	19	5.38%	36	63
DIALOGO ASSICURAZIONI SpA	6	-13.51%	36	51
LIGURIA ASS.NI SpA	42	-16.50%	356	382
PRONTO ASSISTANCE SpA	17	4.25%	16	1
SIAT SpA	36	-10.01%	123	215
THE LAWRENCE RE IRELAND Ltd.	12	-35.13%	128	28



Performance of Life premiums

Life premiums (direct and indirect premiums) amounted to a total of \in 1,996m (\in 1,188m at 31/03/2013 and \in 1,756m on a like-for-like basis), with a contribution from the bancassurance companies of \in 1,088m (+22.7%). The increases recorded were mainly in Class I, featuring insurance products with guaranteed minimum returns. The remaining classes decreased.

Direct premiums, which comprise almost all premiums, break down as follows:

Life direct premiums						
Amounts in €m	31/3/2014	percent	31/3/2013	percent	% chg.	% chg. on a like- for-like basis
Premiums						
I – Whole and term life insurance	1,546	78.0	433	36.9	256.8	127.6
II - Marriage, birth	0	0.0	0	0.0	0.0	0.0
III - Unit-linked/index-linked insurance	253	12.7	671	<i>57.1</i>	-62.3	-62.3
IV - Health	0	0.0	0	0.0	n.s.	n.s.
V - Capitalisation insurance	75	3.8	71	6.0	6.4	-72.2
VI - Pension Funds	108	5.4	0	0.0	0.0	-7.2
Total Life premiums	1,981	100.0	1,174	100.0	68.7	14.1
Investment products						
I – Whole and term life insurance	0	0.0	0	0.0	0.0	0.0
III - Unit-linked/index-linked insurance	2	13.9	2	13.0	13.0	-2.2
V - Capitalisation insurance	0	0.0	0	0.0		
VI - Pension Funds	12	86.1	12	87.0	4.6	-21.6
Total Life investment products	14	100.0	13	100.0	5.7	-24.5
Total premiums						
I – Whole and term life insurance	1,546	77.5	433	36.5	256.8	127.6
II - Marriage, birth	0	0.0	0	0.0	0.0	0.0
III - Unit-linked/index-linked insurance	254	12.8	672	56.6	-62.1	-62.2
IV - Health	0	0.0	0	0.0	n.s.	n.s.
V - Capitalisation insurance	75	3.8	71	5.9	6.4	-72.3
VI - Pension Funds	120	6.0	12	1.0	935.2	-8.9
Total Life direct premiums	1,995	100.0	1,188	100.0	68.0	13.7

At 31 March 2014 the new business volume in terms of APE, net of non-controlling interests, came to €159m (€142m at 31/03/2013 on a like-for-like basis).

Pension Funds

Though operating in a challenging, competitive scenario, the **Group** maintains its position as an important player in the supplementary pension segment.

At 31 March 2014 **UnipolSai Assicurazioni** managed a total of 23 mandates for closed occupational Pension Funds (of which 13 mandates for funds "with guaranteed capital and/or minimum returns").



Performance of the major insurance companies of the Group

The performance in the first quarter of 2014 of the main subsidiaries is summarised in the table below:

(amounts in €m)	Premiums written	Chg.	Investment	Gross Technical Provisions
LIFE INSURANCE SECTOR				
BIM VITA SpA	33	4.58%	603	526
DDOR NOVI SAD ADO	1	6.49%	15	15
LIGURIA VITA SpA	6	53.51%	140	130
POPOLARE VITA SpA	1,054	n.s.	7,225	7,107



Reinsurance

Indirect Premiums

Non-Life and Life **indirect premiums** at 31 March 2014 amounted to a total of €21m (€1m at 31/03/2013 and €25m on a like-for-like basis), composed of €20m in premiums for Non-Life classes (€1m at 31/03/2013 and €24m on a like-for-like basis) and €1m in premiums for Life classes (€0m at 31/03/2013 and €1m on a like-for-like basis).

		.
Ind	irect	Premiums
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	Amounts in €m	31/3/2014	percent	31/3/2013	percent	% chg.	% chg. on a like-for-like basis
Non-Life premiums		20	94.5	1	83.3	n.s.	-16.0
Life premiums		1	5.5	0	16.7	n.s.	34.4
Total indirect premiums		21	100.0	1	100.0	n.s.	-14.2

Reinsurance ceded

Group **premiums ceded** totalled €110m (€90m at 31/03/2013 and €131m on a like-for-like basis), comprising €105m in premiums ceded in Non-Life classes (€88m at 31/03/2013 and €126m on a like-for-like basis) and €5m in premiums ceded in Life classes (€2m at 31/03/2013 and €5m on a like-for-like basis).

Premiums ceded						
	31/3/2014	percent %	31/3/2013	percent %	chg. %	chg. % on a like-for-like basis
Non-Life premiums	105	<i>95.5</i>	88	98.0	19.4	-17.0
Non-Life premium retention ratio (%)	95.1%		93.9%			
Life premiums	5	4.5	2	2.0	176.5	9.4
Life premium retention ratio (%)	99.8%		99.8%			
Total premiums ceded	110	100.0	90	100.0	22.5	-16.1
Global premium retention ratio (%)	97.3%		96.6%			

The retention ratio is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.

At 31 March 2014 the technical result of premiums ceded in Non-Life classes showed a positive balance for reinsurers, while the technical result of premiums ceded in Life classes at 31 March 2014 was slightly negative for reinsurers.

With regard to the outstanding coverage, the Group's reinsurance policy has not been substantially changed compared to the previous year.



Real Estate Sector

As per the 2013-2015 Industrial Plan, the optimisation of the real estate portfolio, launched in the previous year, continued in the first quarter of 2014. As part of this process, the following is noted:

- contracts are being defined for the sales of several properties located in Turin, Florence and Milan, whose preliminary sales agreements were entered into in 2013;
- the renovation and enhancement of the various property complexes owned by the Group continued, including "Torre Galfa" (Via Fara, 41 Milan), the "Porta Nuova" area, also in Milan, the Castello area in the northern hinterland of Florence, released during 2013, and the property complex located in Via Larga Bologna, where a hotel was built. The property was thus leased to Atahotels, which specialises in hotel management, and the hotel was opened to the public in April.

During the quarter the project for development of a property located in Assago - Milanofiori was launched, in preparation for leasing a significant portion of the property to top-level tenants. The final design was defined and the tender was launched to identify the contractors that will carry out the works to be done.

The key financial data for the Real Estate sector are summarised below:

Real Estate Sector Income Statement				
				% chg. on
Amounts in €m	31/3/2014	31/3/2013	% chg.	a like-for-
				like basis
Income from other financial instruments and investment property	21	13	57.8	39.1
Other income	4	3	5.6	-47.6
Total revenues and income	24	16	52.0	14.8
Expenses from investments in subsidiaries, associates and joint ventures	-1	0	n.s.	n.s.
Expenses from other financial instruments and investment property	-15	-13	15.5	-4.1
Operating expenses	-3	0	n.s.	122.6
Other costs	-8	-7	18.2	9.6
Total costs and charges	-27	-20	34.7	9.8
Net profit (loss) for the period before taxes	-2	-4	40.5	25.8

The loss before taxes at 31 March 2014 amounted to €2m (-€4m at 31/03/2013, -€3m on a like-for-like basis), after recognising depreciation of €8m in investment property and tangible assets.

Investments and liquidity in the Real Estate sector (including property for own use) amounted to €1,915m at 31 March 2014 (€1,437m at 31/12/2013, €1,912m on a like-for-like basis), mainly comprised of investment property and property for own use of €1,716m (€1,262m at 31/12/2013, €1,718m on a like-for-like basis).

Financial liabilities amounted to €174m at 31 March 2014 (€172m at 31/12/2013, €175m on a like-for-like basis).



Other Activities Sector

In 2014 the restructuring and development of the diversified companies continued through the consolidation of the rationalisation actions launched in 2013 and the launch of new commercial development actions.

The diversified companies reported a comprehensive loss. A significant portion of this result is attributable to the owned healthcare structures, influenced by the negative trend in private healthcare and by a further gradual reduction in operations through agreements with the public healthcare system. The result of Centro Oncologico Fiorentino (-€3.3m) improved slightly on the same period of 2013 (-€3.8m), while the result of Villa Donatello (-€0.3m) was in line with the result of the first quarter of 2013 and includes (also compared with the previous year) the results of Donatello DaySurgery, a company placed in liquidation at the start of 2014, whose operations, primarily in ophthalmology, were transferred to Villa Donatello.

Though negative, the loss of Atahotels (-£5.2m) showed an improvement if compared to the figure for the same period of 2013 (-£7.0m), as a result of the rationalisation actions under way partly coming on stream.

On 28 March 2014 Atahotels Bologna - a new business hotel - opened for business, located in Via Larga, Bologna. The structure leased to Atahotels belongs to a recently built real estate complex owned by a Group company.

On 5 February 2014, the Extraordinary Shareholders' Meeting of Atahotels approved a share capital increase up to €60.6m, through the pay-in of a total of €45.6m. The recapitalisation was carried out in order to cover the loss for 2013 and, above all, to ensure full payment of the past due trade payables to UnipolSai and to Immobiliare Fondiaria-Sai.

The result of agricultural business, though negative, improved on the same quarter of the previous year: from -€0.9m at 31 March 2013 to approximately -€0.3m at 31 March 2014. The change was mainly due to the cost reductions implemented (-15% on the first quarter of 2013) and an increase in the value of production (+10% compared to the same period of 2013). An opposite contribution was provided by the contracting of a debt with the Group at the end of 2013 at market conditions to purchase the land of Tenuta del Cerro, previously rented. Also note that the Extraordinary Shareholders' Meeting of Saiagricola, held on 19 March 2014, resolved to change the company name from Saiagricola SpA to Tenute del Cerro SpA.



The key financial data for the Other Activities sector are summarised below:

	Other Activities Sector Income Statement				
	Amounts in €m	31/3/2014	31/3/2013	% chg.	% chg. on a like- for-like basis
1.2	C ommission income	5	5	-15.5	-17.7
1.5	Income from other financial instruments and investment property	16	13	19.8	-1.1
1.6	Other income	74	150	-50.7	-52.1
	Total revenues and income	95	169	-44.1	-46.3
2.2	C ommission expenses	-2	-1	46.6	n.s.
2.4	Expenses from other financial instruments and investment property	-4	-4	-5.6	-77.8
2.5	Operating expenses	-18	-80	-78.1	-76.4
2.6	Other costs	-74	-93	-20.8	-23.9
2	Total costs and charges	-97	-179	-45.7	-48.7
	Net profit (loss) for the period before taxes	-3	-10	74.0	80.3

The loss before taxes at 31 March 2014 amounted to €3m (-€10m at 31/03/2013, -€13m on a like-for-like basis).

The items Other revenues and Other costs include revenues and costs for the provision of services to Group companies in other sectors, eliminated during the consolidation process: note that starting in 2014 employees of the Fondiaria SAI Servizi S.c.r.I. Group consortium were hired by UnipolSai.

At 31 March 2014 investments and liquidity in the Other Activities sector (including property for own use of €135m) amounted to €1,651m (€1,522m at 31/12/2013, €1,564m on a like-for-like basis).

Financial liabilities amounted to €1,006m (€915m at 31/12/2013, €1,363m on a like-for-like basis; the latter figure includes €379m in amounts due to banks of the former Premafin, now incorporated into UnipolSai).

Banca Sai SpA

The period at 31 March 2014 closed with profit of €2.5m (compared to profit of approximately €1.3m at the end of the same period of 2013). This performance was mainly attributable to the increased net result of financial management, amounting to €7.6m at 31 March 2014 compared to €6.1m at 31 March 2013. The interest margin came to €4.8m, up compared to €4.6m recorded at 31 March 2013.

It is important to note the sharp reduction in assets managed by the bank at the end of the first quarter, which amounted to €1,925m compared to €20,505m at the end of 2013, a decline attributable to the decreased operations with the companies of the former Fondiaria SAI Group.

Indirect funding also decreased sharply, due to the reasons described above, reaching €1,049m at 31 March 2014 compared to €19,664m at the end of 2013.

During the period the number of current accounts dropped from 13,563 at the end of 2013 to 13,341 accounts at 31 March 2014. In the first quarter, loans and receivables from customers remained essentially stable, with a decline in the corporate component, which continues to be impacted by the negative effects of the economic scenario. The amount of credit undertaken (mortgage loans and uses of various credit lines, before value adjustments) at year end stood at €789m (€782m at 31/12/2013).

Disbursement of loans is targeted to traditional types of business, supporting the financing needs of households and providing the necessary support to businesses (specifically small and medium-sized



enterprises) which have demonstrated the best outlook for continuing as going concerns, even in the current economic climate. Lending policies and credit disbursement and monitoring processes are therefore defined in order to match customers' needs with the need to ensure high loan quality.

Asset and financial management

Investments and liquidity

Operations in the first quarter of 2014

During the first three months of 2014 the investment policies adopted in the finance area took a generally prudent approach, over a medium/long term view, aiming to preserve asset quality in line with the Investment Policy Guidelines. These objectives were achieved through:

- business conducted in line with the indications provided by the Group Investment Committee and the Financial Investments Committee, based on analyses conducted by the competent departments;
- operations aimed at achieving profitability targets in line with the returns on assets and the trend in liabilities over a long-term time horizon.

The guidelines that form the basis of investing activities were kept at a very high standard of quality of the portfolio, by selecting issuers based on criteria of issuer diversification and soundness, placing particular attention on the aspect of liquidity.

The <u>bond segment</u> was the main focus of operations, giving priority, in this segment, to Italian government bonds, applying a medium/long-term investment approach. During the quarter the increase in exposure to government bonds amounted to €1,213m. Purchases of government bonds mainly regarded fixed-rate bonds for the Life segment, while for the Non-Life segment, inflation-linked and floating rate bonds were also purchased.

In the Life segment, the rationalisation of expiries of liabilities continued during the quarter, through hedging activities. This action, modulated in line with the contractual obligations and objectives of the industrial plan, was also implemented using zero coupon government bonds - *BTP strips*, offering oversight of the guaranteed minimums and the coupon reinvestment risk in a scenario of low interest rates.

In the Non-Life segment, exposure to Italian government bonds linked to European inflation increased, with purchases spread over varying maturities, benefiting from the high returns offered by this segment.

The marginal exposure in non-government bonds decreased by approximately €28m. Action taken on portfolios consisted of a significant reduction in the Life segment (-€459m), against an increase in exposure in the Non-Life classes (€+€431m). Operations mainly focused on subordinated financial securities and hybrid industrial securities in the Non-Life segment, against sales of senior unsecured securities in the Life portfolio. On the whole, net exposure to subordinated securities increased by approximately €283m, with a decrease of €96m in the Life portfolio and an increase of €379m in the Non-Life portfolio.

The simplification of the asset portfolio continued during the year. Level 2 and 3 structured securities decreased by a total of €278m.

Equity exposure increased during the first quarter by approximately €34m in book value. Operations were conducted both on individual equities and on ETF (Exchange Traded Funds), representing equity indices. The portfolio includes securities for which future profits are expected and with high flows of returns. Almost all of the equity securities held in the portfolio belong to the main European equity indices.



Exposure to <u>alternative funds</u>, a category that includes private equity funds and hedge funds, amounted to €407m, up by €188m during the quarter as a result of subscriptions of hedge funds. The new funds selected mainly reflect the criteria of the UCITS IV EU regulations, can be liquidated on a daily basis and have explicit leverage limits. There were no new subscriptions of private equity funds.

<u>Currency operations</u> were conducted exclusively to hedge the currency risk of outstanding equity and bond positions.

The overall duration for the Group was 4.72 years. In the Group's insurance portfolio, the Non-Life segment duration came to 3.42 years, and the Life segment duration was 5.36 years.

The fixed rate and floating rate components of the bond portfolio amounting to 79% and 21%, respectively. The government bond component constituted approximately 81.9% of the bond portfolio, while corporate bonds were complementary, constituting 18.1%, broken down into financial receivables of 13.3% and industrial receivables of 4.8%.

95.1% of the bond portfolio was invested in securities with ratings higher than BBB-. 3.2% of the total were positioned in classes "AAA" to "AA-", while 5.5% of securities had rating in the "A" class. Exposure in securities with "BBB" class ratings amounted to 86.3% and exposures to securities rated lower than BBB- totalled 4.9%. Italian government bonds accounted for 76.6% of the total bond portfolio.

Liquidity in the portfolio amounted to €1.49bn, mostly deposited with Group banks.

At 31 March 2014 Group **Investments and liquidity** reached a total of 61,423m (€35,380m at 31/12/2013 and €58,706m on a like-for-like basis), with the following breakdown by business segment:

Investments and liquidity by sector						
Amounts in €m	31/03/2014	percent	31/12/2013	percent	% chg.	% chg. on a like-for- like basis
Insurance Sector	58,774	95.69	33,253	93.99	<i>76.75</i>	4.76
Other Activities Sector	1,651	2.69	1,522	4.30	8.47	5.53
Real Estate Sector	1,915	3.12	1,437	4.06	33.21	0.16
Inter-segment eliminations	-917	-1.49	-831	-2.35	10.25	4.57
Total Investments and Liquidity (*)	61,423	100.00	35,380	100.00	73.61	4.63

(*) Including property for own use.



The breakdown by investment category is as follows:

Investments and Liquidity						
Amounts in €m	31/3/2014	percent	31/12/2013	percent	% chg.	% chg. on a like-for- like basis
Property (*)	4,033	6.6	3,063	8.7	31.7	-0.5
Investments in subsidiaries, associates and joint ventures	479	0.8	159	0.5	200.6	-0.2
Investments held to maturity	1,982	3.2	626	1.8	216.4	-6.3
Loans and receivables	6,699	10.9	2,747	7.8	143.9	-0.4
Debt securities	5,074	8.3	1,637	4.6	209.9	78.5
Loans and receivables from bank customers	451	0.7	460	1.3	-2.1	-43.6
Interbank loans and receivables	0	0.0	1	0.0	-100.0	-100.0
Deposits held by ceding companies	60	0.1	19	0.1	214.2	81.0
Other loans and receivables	1,115	1.8	629	1.8	77.2	2.0
AFS financial assets	38,310	62.4	22,656	64.0	69.1	9.8
Financial assets at fair value through profit or loss	8,524	13.9	5,531	15.6	54.1	-2.9
of which held for trading	383	0.6	101	0.3	278.5	118.0
of which designated at fair value through profit or loss	8,140	13.3	5,429	15.3	49.9	-13.6
Cash and cash equivalents	1,395	2.3	599	1.7	133.1	-15.4
Total Investments and Liquidity	61,423	100.0	35,380	100.0	73.6	4.6

^(*) Including property for own use.



Net income from asset and financial management

The breakdown of net asset and financial income and charges is shown in the table below:

Net income						
Amounts in €m	31/3/2014	percent	31/3/2013	percent	% c hg .	% chg. on a like-for- like basis
Investment property	6	1.1	-3	-0.9	n.s.	n.s.
Income/charges from investments in subsidiaries, associates and joint ventures	-8	-1.3	-3	-1.0	183.1	228.0
Net income from investments held to maturity	20	3.5	5	1.6	345.3	-1.7
Net income from loans and receivables	53	9.1	25	8.6	116.1	-10.3
Net income from AFS financial assets	536	91.9	263	91.6	103.9	46.4
Net income from financial assets held for trading	-26	-4.5	-2	-0.7	n.s.	n.s.
Result of cash and cash equivalents	2	0.3	2	0.8	-35.8	-38.8
Total net income from financial assets and cash and cash equivalents	583	100.0	287	100.0	103.2	32.5
Net charges from financial liabilities held for trading	5		0		n.s.	n.s.
Net charges from other financial liabilities	-14		-16		-14.8	-50.4
Total net charges from financial liabilities	-8		-16		-48.4	-70.7
Total net income (excluding instruments designated at fair value through profit or loss)	575		271		112.2	39.6
Net income from financial assets designated at fair value through profit or loss	159		13			
Net charges from financial liabilities designated at fair value through profit or loss	-11		0			
Total net income from financial instruments designated at fair value through profit or loss	148		13			
Total net income from asset and financial management	723		284		154.9	67.6

At 31 March 2014 net income from AFS financial assets included net trading income of €189m (€59m at 31/03/2013, €98m on a like-for-like basis): this item also included capital gains from cash flow hedges of €34m (-€14m on a like-for-like basis).



Shareholders' equity

Shareholders' equity, excluding non-controlling interests, breaks down as follows:

Shareholders' Equity attributable to the Group				
Amounts in €m	31/3/2014	31/12/2013	chg. in amount	chg. in amount on a like-for-like basis
Share capital	1,978	1,195	783	
Other equity instruments	0	0	0	
Capital reserves	199	199	0	
Retained earnings and other equity reserves	2,601	116	2,486	
(Treasury shares)	-50	0	-49	
Reserve for currency translation differences	4	5	-1	
Gains/losses on AFS financial assets	985	497	488	
Other gains and losses recorded directly in equity	-33	26	-60	
Profit (loss) for the period	174	288	-114	
Total Shareholders' Equity attributable to the Group	5,858	2,325	3,533	648

Treasury shares

At 31 March 2014 UnipolSai held a total of 53,549,686 ordinary treasury shares, comprising 725,620 held directly and 52,824,066 indirectly through the subsidiaries Finadin (38,451,446), Fondiaria-SAI Nederland (9,443,258), SAI Holding (3,225,720), Sainternational (1,254,300), Pronto Assistance (344,313), Popolare Life (101,700) and Saifin (3,329).



Technical provisions and financial liabilities

At 31 March 2014 gross technical provisions amounted to \in 53,795m (\in 32,800m at 31/12/2013 and \in 52,687m on a like-for-like basis) and financial liabilities amounted to \in 4,309m (\in 2,226m at 31/12/2013 and \in 4,440m on a like-for-like basis). Non-Life technical provisions of \in 46m were reclassified to the item Liabilities held for sale, pursuant to IFRS 5.

				% chg. on
	31/3/2014	31/12/2013	% chg.	a like-for-
Amounts in €m				like basis
Non-Life technical provisions	17,568	11,603	51.4	-1.4
Life technical provisions	36,227	21,197	70.9	3.9
Total Technical Provisions	53,795	32,800	64.0	2.1
Financial liabilities at fair value	1,190	554	114.8	2.4
Investment contracts with insurance companies	754	503	50.0	0.5
Other	436	51	<i>751.7</i>	5.7
Other financial liabilities	3,119	1,672	86.5	-4.8
Investment contracts with insurance companies	1	0	n.s.	0.9
Subordinated liabilities	1,992	1,029	93.6	0.4
Payables to bank customers	230	165	39.9	40.3
Interbank payables	51	0	0.0	0.0
Other	845	479	76.5	-25.0
Total financial liabilities	4,309	2,226	93.6	-2.9
Total	58,104	35,026	65.9	1.7

UnipolSai Group debt

For a correct representation of the accounts under examination, information is provided below of financial debt only, which is the total amount of the financial liabilities not strictly associated with normal business operations. Therefore liabilities constituting operating debt, i.e. liabilities directly or indirectly associated with assets, are excluded.

The situation is summarised in the table below, which highlights a reduction in debt of approximately €118m on a like-for-like basis.



Group debt (excluding Net Interbank funding)				
	31/03/2014	31/12/2013	chg. in amount	
Amounts in €m				like basis
Subordinated liabilities	1,992	1,029	963	7
Suboruli aleu liabililies	1,992	1,029	903	/
Banks and other lenders	584	305	279	-125
Total debt	2,576	1,334	1,242	-118

The reduction in debt was mainly due to the maturity of the repurchase agreement funding of Unipol Assicurazioni of approximately €103m, the repayment by Finadin of two loan agreements entered into with Banca Popolare di Milano and Banco Popolare for a total book value of approximately €12m, in addition to the full payment of the interest-bearing shareholders loan for the former Premafin for approximately €11m, and an increase in debt securities issued by Banca Sai of approximately €1m.

With reference to **Banks and other lenders**, amounting to €584m, the most significant amounts are detailed below:

- €381m (€392m at 31/12/2013) refers to the Amended Pre-Merger Loan Agreement of the former Premafin, subject of the Debt Rescheduling Agreement entered into on 13 June 2012 as part of the rescue plan pursuant to Article 67 of the Bankruptcy Act;
- €112m (€111m at 31/12/2013) refers to the loan of the Tikal R.E. Closed Real Estate Fund with Mediobanca as Agent Bank. The loan, originally for €119m, was granted for the purchase of property and improvements. The cost of the loan is at the 6M Euribor rate plus a credit spread of 90 basis points. Since 2008, the Fund has utilised derivative instruments to implement a hedging policy on the potential risk of an increase in interest rates on the loan granted;
- €54m (€54m at 31/12/2013) refers entirely to the debt of the subsidiary Immobiliare Fondiaria-SAI. This refers principally to the bank loan entered into by Marina di Loano with Intesa Sanpaolo as the agent bank with maturity in June 2014 and an interest rate of 3M Euribor +300 basis points. The company utilised a derivative instrument to implement a hedging policy on the potential risk of an increase in interest rates on the loan granted.

At 31 March 2014 debt securities issued by Banca Sai SpA, net of intra-group subscriptions of €379k, amounted to €20m, compared to €18m at 31 December 2013 (intra-group subscriptions of €30m).



Assets and liabilities held for sale

Assets and liabilities held for sale mainly comprised the assets and liabilities covered by the sale agreement entered into with Allianz on 15 March 2014 to comply with the measures required by the Antitrust Authority through Provision dated 19 June 2012.

In particular, in application of IFRS 5, in the consolidated balance sheet at 31 March 2014, the assets subject to disposal to Allianz, amounting to €139.5m (€114.1m at 31/12/2013) were reclassified to a single item "Noncurrent assets or disposal groups classified as held for sale" (Assets item 6.1), whilst liabilities for €100.7m (€72.8m at 31/12/2013) were likewise reclassified to a single item "Liabilities of a disposal group held for sale" (Liabilities item 6.1). Both items are net of any intra-group transactions.

The assets and liabilities indicated above were identified based on the business unit involved in the disposal defined in the agreement, taking account of the conditions and time frames of execution set forth therein.

As the assets and liabilities of the business unit involved in the disposal do not, considered as a whole, represent "discontinued operations", the income components relating to the disposal group are recorded according to normal classification rules among the various items in the income statement.

The application of IFRS 5 has had no effect on the consolidated income statement or on consolidated equity.

Assets and liabilities held for sale also include assets (€2.4m) and liabilities (€1m) relating to Saint George Capital Management (a company 100% indirectly controlled by UnipolSai through the subsidiary Saifin-Saifinanziaria) and several properties on which the related preliminary sales agreements have been signed for €21.1m.

The values of assets and liabilities held for sale are shown in the tables below, according to the originally assigned classification in the financial statements, indicating the values of the same related to the disposals required by the Antitrust Authority Provision separately from those of other assets and liabilities held for sale.



Non-current assets or disposal groups classified as held for sale

Amounts	in €m						
			ntinued to Antitrust ty Prov.		reclass. RS 5		reclass. RS 5
		31/3/2014	31/12/2013	31/3/2014	31/12/2013	31/3/2014	31/12/2013
1	INTANGIBLE ASSETS	58.4	62.8	0.0	0.0	58.4	62.9
1.1	Goodwill	-	-	-	-	-	-
1.2	Other intangible assets	58.4	62.8	0.0	0.0	58.4	62.9
2	PROPERTY, PLANT AND EQUIPMENT	0.1	0.1	0.2	0.2	0.2	0.2
2.1	Property	-	-	-	-	-	-
2.2	Other tangible assets	0.1	0.1	0.2	0.2	0.2	0.2
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	-	-	-	-	-	-
4	INVESTMENTS	1.2	0.9	21.2	21.5	22.4	22.4
4.1	Investment property	-	-	21.1	21.4	21.1	21.4
4.2	Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-
4.3	Investments held to maturity	-	-	-	-	-	-
4.4	Loans and receivables	1.2	0.9	-	-	1.2	0.9
4.5	AFS financial assets	-	-	0.1	0.1	0.1	0.1
4.6	Financial assets at fair value through profit or loss	-	-	-	-	-	-
5	OTHER RECEIVABLES	26.1	26.5	0.0	0.0	26.1	26.5
5.1	Receivables from direct insurance operations	26.1	26.5	-	-	26.1	26.5
5.2	Receivables from reinsurance operations	-	-	-	-	-	-
5.3	Other receivables	-	0.0	0.0	0.0	0.0	0.0
6	OTHER ASSETS	3.0	3.1	0.0	0.4	3.0	3.5
6.2	Deferred acquisition costs	0.7	0.5	-	-	0.7	0.5
6.3	Deferred tax assets	-	-	-	-	-	-
6.4	Current tax assets	-	-	-	-	-	-
6.5	Other assets	2.3	2.6	0.0	0.4	2.3	3.0
7	CASH AND CASH EQUIVALENTS	50.7	20.7	2.1	2.7	52.8	23.4
NON-CII	RRENT ASSETS OR DISPOSAL GROUPS	139.5	114.1	23.5	24.8	163.0	138.9



Liabilities of a disposal group held for sale

Amounts	in €m						
		disco	ntinued				
		pursuant	to Antitrust	other i	reclass.	Total	reclass.
		Author	ity Prov.	IFF	RS 5	IFI	RS 5
		31/3/2014	31/12/2013	31/3/2014	31/12/2013	31/3/2014	31/12/2013
2	PROVISIONS	15.4	15.1	-	-	15.4	15.1
3	TECHNICAL PROVISIONS	46.1	18.7	-	-	46.1	18.7
4	FINANCIAL LIABILITIES	-	-	-	-	-	-
4.1	Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
4.2	Other financial liabilities	-	-	-	-	-	-
5	PAYABLES	4.6	5.2	1.0	1.2	5.6	6.4
5.1	Payables from direct insurance operations	0.0	0.6	0.0	0.0	0.0	0.6
5.2	Pay ables from reinsurance operations	-	-	-	-	-	-
5.3	Other pay ables	4.6	4.6	1.0	1.2	5.6	5.8
6	OTHER LIABILITIES	34.7	33.8	0.0	0.1	34.7	33.9
6.2	Deferred tax liabilities	19.7	21.6	-	-	19.7	21.6
6.3	Current tax liabilities	-	-	0.0	0.0	0.0	0.0
6.4	Other liabilities	15.0	12.3	0.0	0.1	15.0	12.4
LIABILIT	TIES OF A DISPOSAL GROUP	100.7	72.8	1.0	1.3	101.7	74.2



Significant events after the period end and outlook

Issue of the convertible bond loan

Bond Loan).

As mentioned in the section Information on operations, to which reference is made, on 24 April 2014, UnipolSai issued the convertible bond loan for a total of €201.8m resolved by the Company's Board of Directors on 15 January 2014 implementing the powers delegated by the Extraordinary Shareholders' Meeting of 25 October 2013, pursuant to Article 2420-ter and Article 2443 of the Civil Code (the "Convertible Bond Loan" or the "Loan").

The Loan, represented by 2,018 bonds with a unit par value of €100,000.00, was subscribed as follows: (i) €134.3m by the lending banks that had approved the debt restructuring plan of Premafin, excluding GE Capital Interbanca SpA, and (ii) €67.5m by the parent company Unipol Gruppo Finanziario SpA.

The bonds issued are bearer bonds, which cannot be split up, and are freely transferrable as well as included in the Monte Titoli SpA centralised management system for dematerialised securities. They constitute direct - not guaranteed or subordinated - obligations, accrue gross annual interest (which cannot be capitalised) of 6.971%, with deferred payment every six months, with the first coupon scheduled for 31 May 2014.

The conversion ratio is equal to 36,630.037 newly issued ordinary UnipolSai shares for each bond held. Therefore, a maximum number of 73,919,414 Shares will be issued to serve the Convertible Bond Loan. Bondholders have the option to convert the bonds at any time from today's date to 22 December 2015 and, in any event, shall be automatically converted into Shares on 31 December 2015 (expiry date of the Convertible

On 5 May 2014 Unipol requested the conversion of all 675 bonds subscribed on issue of the Loan. Following the conversion, which took place according to the terms and conditions of the Loan Regulation, Unipol took ownership of 24,725,274 newly issued ordinary UnipolSai shares. As a result, Unipol's holding in the ordinary

Extraordinary and Ordinary Shareholders' Meeting

capital of UnipolSai increased from 63.00% to 63.41%.

The Shareholders' Meeting of UnipolSai Assicurazioni SpA, held on 29 April 2014, approved the individual financial statements for the year 2013 of UnipolSai Assicurazioni SpA (formerly Fondiaria-SAI SpA prior to the Merger) and of the merged companies Unipol Assicurazioni SpA, Milano Assicurazioni SpA and Premafin HP SpA, the contents of which have already been released to the market.

The Shareholders' Meeting also resolved, in accordance with the privilege of dividend accumulation and dividend increase due to Class "A" and "B" Savings shareholders, to distribute dividends for a total of approximately €550m (equal to a payout of 53.5% of the overall profits of the former Fondiaria-SAI SpA, Unipol Assicurazioni SpA and Milano Assicurazioni SpA in 2013), in the amount of:

- €0.19559 per ordinary share (for a total of approximately €440m);
- €19.64133 per Class "A" savings share (for a total of approximately €25m);
- €0.22497 per Class "B" savings share (for a total of approximately €85m);

As the accounting and statutory effects of the Merger were subsequent to the end of the financial year 2013, the profit for that year generated by the merged companies constitutes their shareholders' equity and, therefore, contributes to creating the "merger surplus reserve" of the merging entity UnipolSai Assicurazioni. In this context, the dividend will be paid out of both the profit for the year 2013 of UnipolSai Assicurazioni, and of the "merger surplus reserve". In this case, pursuant to current tax laws (see Article 47, paragraph 1 of Presidential Decree no. 917 of 22 December 1986), the distribution of part of the "merger surplus reserve" is classified as the distribution of retained earnings, with the resulting application of the related tax regime.



The Shareholders' Meeting resolved to set the initial payment date of the dividend for 22 May 2014 (exdividend date 19 May 2014 and record date 21 May 2014).

The total amount of the dividend assigned to ordinary shares may vary depending on the possible issue of new ordinary shares by the record date, servicing the convertible bond loan issued on 24 April 2014.

In order to enable the distribution of the above-mentioned dividends, the Extraordinary Shareholders' Meeting, also in relation to the merged company Milano Assicurazioni SpA, resolved to definitively reduce the untaxed revaluation reserve used by Fondiaria-SAI SpA and by Milano Assicurazioni SpA to cover their losses for 2011 and 2010, respectively.

The Ordinary Shareholders' Meeting also:

- appointed Mr. Paolo Cattabiani as a member of the Board of Directors, replacing Mr. Marco Pedroni, who resigned. Mr. Cattabiani's term will expire at the same time as those of the other Directors currently in office at the time of the Shareholders' Meeting to approve the financial statements for 2015. Mr. Cattabiani qualifies as a non-independent Director both pursuant to the Self-Governance Code for Listed Companies and pursuant to the Consolidated Finance Act;
- appointed, following the resignation of Statutory Auditor Mr. Antonino D'Ambrosio, Mr. Sergio Lamonica as Statutory Auditor and Mr. Domenico Livio Trombone as Alternate Auditor, who shall remain in office until the expiry of the term of the entire Board of Statutory Auditors and, therefore, until the Shareholders' Meeting to approve the financial statements for 2014;
- approved, based on the documents published prior to the Shareholders' Meeting, the Remuneration Report prepared pursuant to Article 123-ter of the Consolidated Finance Act and Article 24 of ISVAP Regulation no. 39 of 9 June 2011, as well as the update to the share-based incentive plan pursuant to Article 114-bis of the Consolidated Finance At which provides for the assignment of Unipol Gruppo Finanziario shares at the end of the three-year period of the Unipol Group Industrial Plan, with the shares vesting from 2016 and in the following two years;
- authorised, after revoking the previous authorisation, for a period of 18 months, the purchase and use of treasury shares pursuant to Article 2357 and Article 2357-ter of the Civil Code, in compliance with a maximum spending limit of €100m, as well as the purchase and use of shares of the subsidiary Unipol Gruppo Finanziario, pursuant to Article 2359-bis of the Civil Code, in compliance with the maximum spending limit of €50m, as illustrated in the Director's Report to the Shareholders' Meeting.



Outlook

Regarding the performance of the Non-Life insurance segment, there was a slight recovery in the Motor TPL class of UnipolSai in April, as a result of the numerous marketing initiatives and the sales offering implemented by the insurance company. The trend in premiums collected is still down compared to the previous year due to the drop in the Motor TPL average premium and the country's economic performance. In the area of claims, technical performance remained positive due to the ongoing decrease in claims reported.

In the Life segment, premiums continue to grow at a sharp pace, favoured by the performance of the financial markets, which resulted in positive returns on assets managed.

UnipolSai is forging ahead with the integration of the merged companies, which is necessary in order to achieve the targets of the Industrial Plan, and in the activities aimed at the disposal of a business unit in order to comply with the measures imposed by the Antitrust Authority as part of the bailout of the Fondiaria SAI Group.

Bologna, 15 May 2014

The Board of Directors



Consolidated Financial Statements:

- Statement of Financial Position
- Income Statement and Comprehensive Income Statement
- Summary of the management income statement by segment



Consolidated Statement of Financial Position - Assets

	Amounts in €m	31/3/2014	31/12/2013
1	INTANGIBLE ASSETS	865	524
1.1	Goodwill	307	0
1.2	Other intangible assets	558	524
2	PROPERTY, PLANT AND EQUIPMENT	1,126	522
2.1	Property	1,032	457
2.2	Other tangible assets	94	66
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	1,077	742
4	INVESTMENTS	58,975	34,304
4.1	Investment property	2,981	2,584
4.2	Investments in subsidiaries, associates and joint ventures	479	159
4.3	Investments held to maturity	1,982	626
4.4	Loans and receivables	6,699	2,747
4.5	AFS financial assets	38,310	22,656
4.6	Financial assets at fair value through profit or loss	8,524	5,531
5	OTHER RECEIVABLES	2,991	1,901
5.1	Receivables from direct insurance operations	1,495	1,082
5.2	Receivables from reinsurance operations	132	98
5.3	Other receivables	1,365	721
6	OTHER ASSETS	2,476	1,843
6.1	Non-current assets or disposal groups classified as held for sale	163	139
6.2	Deferred acquisition costs	79	63
6.3	Deferred tax assets	1,746	1,189
6.4	Current tax assets	101	217
6.5	Other assets	388	235
7	CASH AND CASH EQUIVALENTS	1,395	599
	TOTAL ASSETS	68,906	40,434



Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

	Amounts in €m	31/3/2014	31/12/2013
1 SHAREHOLDERS' E	QUITY	6,224	3,066
1.1 attributable to the Gr	oup	5,858	2,325
1.1.1 Share capital		1,978	1,195
1.1.2 Other equity instrumen	ts .	0	0
1.1.3 Capital reserves		199	199
1.1.4 Retained earnings and	other equity reserves	2,601	116
1.1.5 (Treasury shares)		-50	0
1.1.6 Reserve for currency t	ranslation differences	4	5
1.1.7 Gains or losses on AF	S financial assets	985	497
1.1.8 Other gains or losses r	ecorded directly in equity	-33	26
1.1.9 Profit (loss) for the period	od attributable to the Group	174	288
1.2 attributable to non-co	ontrolling interests	366	741
1.2.1 Non-controlling interest	capital and reserves	311	521
1.2.2 Gains or losses record	ed directly in equity	43	123
1.2.3 Profit (loss) for the period	od attributable to non-controlling interests	12	97
2 PROVISIONS		554	320
3 TECHNICAL PROVIS	SIONS	53,795	32,800
4 FINANCIAL LIABILIT	TES	4,309	2,226
4.1 Financial liabilities at fa	r value through profit or loss	1,190	554
4.2 Other financial liabilities		3,119	1,672
5 PAYABLES		1,381	655
5.1 Payables from direct in	surance operations	250	95
5.2 Payables from reinsura	ance operations	143	73
5.3 Other payables		988	487
6 OTHER LIABILITIES		2,642	1,366
6.1 Liabilities of a disposal	group held for sale	102	74
6.2 Deferred tax liabilities		1,445	827
6.3 Current tax liabilities		71	67
6.4 Other liabilities		1,024	398
TOTAL LIABILITIES	AND SHAREHOLDERS' EQUITY	68,906	40,434



Consolidated Income Statement

Amounts in €m	31/3/2014	31/3/2013
1.1 Net premiums	4,162	2,675
1.1.1 Gross premiums written	4,272	2,764
1.1.2 Premiums ceded to re-insurers	-110	-90
1.2 Commission income	5	3
1.3 Income and charges from financial instruments at fair value through profit or loss	128	11
1.4 Income from investments in subsidiaries, associates and joint ventures	1	0
1.5 Income from other financial instruments and investment property	682	324
1.5.1 Interest income	382	235
1.5.2 Other income	37	29
1.5.3 Profits realised	229	60
1.5.4 Valuation gains	34	0
1.6 Other income	94	107
1 TOTAL REVENUES AND INCOME	5,071	3,120
2.1 Net charges relating to claims	-3,750	-2,226
2.1.1 Amounts paid and changes in technical provisions	-3,811	-2,282
2.1.2 Reinsurers' share	61	56
2.2 Commission expenses	-5	-2
2.3 Expenses from investments in subsidiaries, associates and joint ventures	-8	-3
2.4 Expenses from other financial instruments and investment property	-79	-49
2.4.1 Interest expense	-14	-17
2.4.2 Other charges	-11	-14
2.4.3 Losses realised	-36	-3
2.4.4 Valuation losses	-17	- <i>15</i>
2.5 Operating expenses	-663	-384
2.5.1 Commissions and other acquisition expenses	-509	-280
2.5.2 Investment management expenses	-18	-4
2.5.3 Other administration expenses	-137	-100
2.6 Other costs	-244	-247
2 TOTAL COSTS AND CHARGES	-4,748	-2,910
NET PROFIT (LOSS) FOR THE PERIOD BEFORE TAXES	323	210
3 Income taxes	-136	-97
NET PROFIT (LOSS) FOR THE PERIOD AFTER TAXES	187	114
4 PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-1	0
CONSOLIDATED PROFIT (LOSS)	186	114
of which attributable to the Group	174	91
of which attributable to non-controlling interests	12	23



Comprehensive Income Statement

Amounts in €m	31/3/2014	31/3/2013
CONSOLIDATED PROFIT (LOSS)	186	114
Other income components net of taxes without reclassification to income statement	2	0
Change in the shareholders' equity of the investees	9	0
Change in the revaluation reserve of intangible assets	0	0
Change in the revaluation reserve of property, plant and equipment	0	0
Income and charges relating to non-current assets or disposal groups classified as held for sale	0	0
Actuarial gains and losses and adjustments relating to defined-benefit plans	-7	1
Other items	0	-1
Other income components net of taxes with reclassification to income statement	481	-119
Change in the reserve for currency translation differences	-1	0
Gains or losses on AFS financial assets	484	-126
Gains or losses on cash flow hedging instruments	-2	7
Gains or losses on net investment hedging instruments in a foreign operation	0	0
Change in the shareholders' equity of the investees	0	0
Income and charges relating to non-current assets or disposal groups classified as held for sale	0	0
Other items	0	0
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	483	-119
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	669	-5
of which attributable to the Group	662	0
of which attributable to non-controlling interests	7	-5

					SUMMAF	2Y OF T	SUMMARY OF THE MANAGEMENT INCOME STATEMENT BY SEGMENT	GEMENT	INCOM	E STATE	MENT BY	SEGME	INT								
		NON-LIFE			LIFE		INS	INSURANCE		OTHER	OT HER ACTIVITIES		REA	REAL ESTATE		Int	Inter-segment		CON	CONSOLIDATED	
		CLASSES		0	CLASSES		S	SECTOR		Vi	SECTOR		O)	SECTOR		e	eliminations			TOTAL	
Amounts in Em		31/3/2014 31/3/2013	% chg.	31/3/2014 31/3/2013	31/3/2013	% chg.	31/3/2014	31/3/2013	% chg.	31/3/2014	31/3/2013	% chg.	31/3/2014	31/3/2013	% chg.	31/3/2014	31/3/2013	% chg.	31/3/2014	31/3/2013	% chg.
Net premiums	2,185	1,502	45.5	1,977	1,173	9.89	4,162	2,675	55.6									0.0	4,162	2,675	9299
Net commissions	0	0		0	0	167.2	0	0	91.5	3	4	-36.6	0	0	0.0	က္	က္	7.8	0	-	-110.5
Financial income/expenses (excl. assets/liab. designated at																					
fair value through profit or loss)	211	79	167.4	353	192	83.7	564	271	108.0	12	6	28.8	9	0		9	6-	-31.0	575	271	112.2
Net interest	16	52		267	159		358	211		14	=	30.5	0	÷	-33.3			-96.1	372	219	
Other income and charges	#	2		-2	-		6	7		0	0		12	5		9	9	-1.1	14	9	
Profits and losses realised	113	22		88	30		198	25		0	0	-78.0	0	0				0.0	198	51	
Valuation gains and losses	4	T		4	3		- -	2		-2	-5	31.8	φ	τĊ	37.8	0	0	0.0	6-	τĊ	
Net charges relating to claims	-1,465	-1,011	45.0	-2,136	-1,203	77.6	-3,601	-2,213	62.7									0.0	-3,601	-2,213	62.7
Operating expenses	-523	-311	77.8	-95	-55	72.7	-648	-366	77.0	-18	98	-78.1	ç	0		2	63	-91.8	-663	-384	72.9
Commissions and other acquisition expenses	-450	-246	82.7	-29	-34	75.0	-209	-280	81.7							0	0	0.0	-200	-280	81.7
Other expenses	-103	-65	59.1	-36	-21	0.69	-139	%	61.5	-18	89	-78.1	ကု	0		2	63	-92.0	-155	-104	49.1
Other income/charges	-114	-118	-3.9	-36	-24	50.3	-150	-142	5.2	0	22		ιç	4		4	-51	-108.5	-150	-140	7.4
Profit (loss) before taxes	593	140	97.8	99	84	-23.5	327	224	46.1	-3	-10	73.8	-2	4-	40.5	0	0	-100.0	323	210	53.3
Income tax es																			-136	16-	40.3
Profit (loss) from discontinued operations																			1	0	0.0
Consolidated profit (loss)																			186	114	63.7
Profit (loss) attributable to the Group																			174	16	

Profit (loss) attributable to non-controlling interests



Statement of the Manager in charge of financial reporting pursuant to Article 154-bis of Legislative Decree 58/1998



STATEMENT OF THE MANAGER IN CHARGE OF FINANCIAL REPORTING

RE: UnipolSai Assicurazioni S.p.A.'s Interim Financial Report as at and for the three months ended 31 March 2014

The undersigned Maurizio Castellina, Manager in charge of financial reporting at UnipolSai Assicurazioni S.p.A.

HEREBY DECLARES

pursuant to Article 154-bis, para. 2, of the 'Consolidated Act on Financial Intermediation' that the Interim Financial Report as at and for the three months ended 31 March 2014 is consistent with the accounting records, ledgers and documents.

Bologna, 15 May 2014

The Manager in charge of financial reporting

Maurizio Castellina

(signed on the original)

UnipolSai Assicurazioni S.p.A.

Registered office Via Stalingrado 45 40128 Bologna (Italy) Tel.: +39 051 5077111 Fax: +39 051 375349

Share capital €1,977,533,765.65 fully paid-up Bologna Business Register, Tax and VAT No. 00818570012 R.E.A. No. 511469

A company subject to management and direction by Unipol Gruppo Finanziario S.p.A., entered in Section I of the Insurance and Reinsurance Companies List at No.1.00006 and a member of the Unipol insurance Group, entered in the Register of Insurance Groups – No 046

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