UnipolSai Assicurazioni
Consolidated Interim Financial Report at 30 September 2014

UnipolSai
ASSICURAZIONI

UnipolSai Assicurazioni S.p.A.

Registered office Via Stalingrado 45, Bologna – Share capital €1,996,129,451.62, 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 Art. 65, Royal Decree 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

Interim Financial Report of the Group at 30 September 2014

(pursuant to Art. 154-ter of Legislative Decree 58/1998)

Bologna, 13 November 2014

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Company bodies

Board of Directors		
Chairman	Fabio Cerchiai (*)	
Vice Chairman	Pierluigi Stefanini (*)	
Chief Executive Officer and General Manager	Carlo Cimbri (*)	
Directors	Francesco Berardini	Maria Lillà Montagnani
	Milva Carletti	Maria Antonietta Pasquariello
	Paolo Cattabiani	Nicla Picchi (*)
	Lorenzo Cottignoli	Giuseppe Recchi (**)
	Ernesto Dalle Rive	Barbara Tadolini
	Ethel Frasinetti	Francesco Vella (*)
	Giorgio Ghiglieno	Mario Zucchelli
	Massimo Masotti	
	Maria Rosaria Maugeri	
Secretary of the Board of Directors	Roberto Giay	

(*) Members of the Executive Committe
(**) Board member coopted by the Board of Directors on November 13, 2014

Board of Statutory Auditors	
Chairman	Giuseppe Angiolini
Statutory Auditors	Sergio Lamonica
	Giorgio Loli
Alternate Auditors	Domenico Livio Trombone
	Maria Luisa Mosconi
	Giovanni Rizzardi

Auditing firm	PricewaterhouseCoopers S.p.A.

Joint representative of the Category “A” Savings Shareholders	Dario Trevisan
Joint representative of the Category “B” Savings Shareholders	Giuseppe Dolcetti

Manager in charge of financial reporting	Maurizio Castellina

UnipolSai ASSICURAZIONI

Interim Financial Report

Consolidation Scope chart at 30 September 2014

(line-by-line method - direct holding out of total share capital)

UnipolSai ASSICURAZIONI

REAL ESTATE SECTOR

- 100% Immobiliare Milano
  - Sintesi Seconda - 100%
- 100% Athens RE Fund
- 100% Campo Carlo Magno
- 95.00% Tikal RE Fund
- 100% UnipolSai Servizi Immobiliari
- 100% Nuove Iniziative Toscane
  - Consorzio Castello - 99.57%
- 100% Meridiano Aurora
- 100% SIM Etoile
- 100% Stimma
- 100% Villa Ragionieri
- 100% International Strategy
- 100% Immobiliare Fondiaria-SAI
  - Bramante - 100%
  - Cascine Trenno - 100%
  - Immobiliare Litorella - 100%
  - IN.V.ED. - 100%
  - Insediamenti Avanzati nel Territorio - 100%
  - Marina di Loano - 100%
  - Meridiano Bellarmino - 100%
  - Meridiano Bruzzano - 100%
  - Meridiano Secondo - 100%
  - Mizar - 100%
  - Progetto Bicocca La Piazza in liquidation - 74%
  - R.EDIL.MO. - 100%
  - S.E.I.S. - 51.67%
  - Trenno Ovest - 100%

- 100% Unifimm
- 100% Punta di ferro
- 100% Midi
  - Covent Garden BO - 100%
  - Comsider - 100%

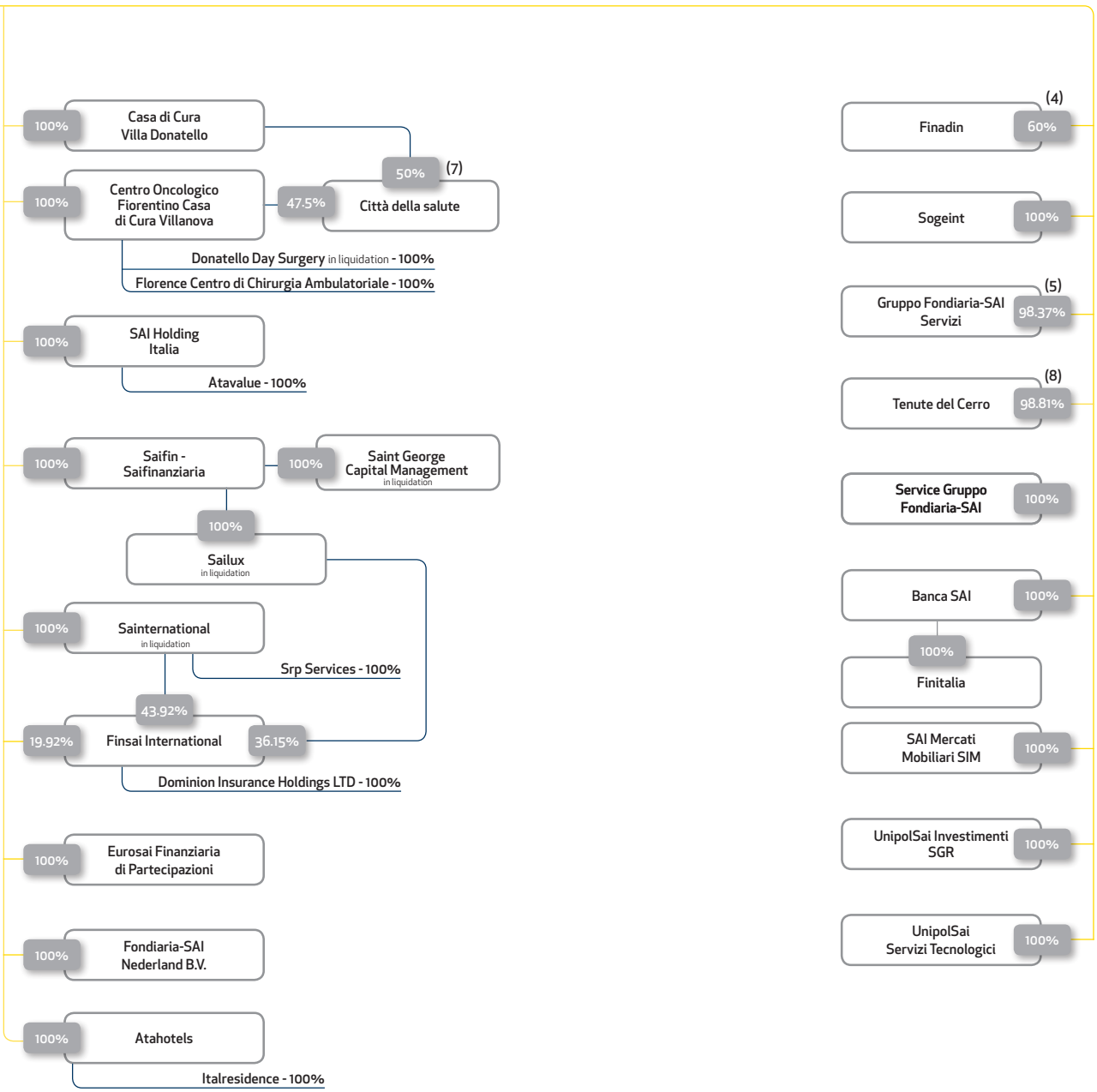
INSURANCE SECTOR

- 100% Systema
- 99.85% Dialogo Assicurazioni
- 99.97% Liguria
  - 100% Liguria Vita
- (6) 65.40% Pronto Assistance Servizi
- 100% Pronto Assistance
- 100% Europa Tutela Giudiziaria
- 51% Incontra Assicurazioni
- 50% BIM Vita
- (1) SIAT
- (2) 24.39% Popolare Vita
  - 100% The Lawrence Life Assurance Company LTD
- (3) The Lawrence RE Ireland LTD
  - 99.998% DDOR RE
  - 0.002% DDOR Novi Sad
- 99.99% DDOR Novi Sad
- 100% Smallpart
- 100% Auto Presto & Bene
  - APB Car Service - 70%

Additional shares held by Group companies:

(1) indirect share of 94.69% through SAI Holding Italia
(2) indirect share of 25.61% through SAI Holding Italia
(3) indirect share of 100% through Fondiaria-Sai Nederland, a wholly-owned subsidiary of UnipolSai
(4) 40% share held by Saifin-Saifinanziaria
(5) 1.63% share held by other subsidiaries
(6) 34.6% share held by other subsidiaries
(7) 2.5% share held by Florence Centro di Chirurgia Ambulatoriale
(8) 1.19% share held by Pronto Assistance

OTHER ACTIVITIES SECTOR



Macroeconomic background and market performance

Macroeconomic background

Global growth began to accelerate in the third quarter of 2014 (around 3% on a yoy basis), driven by particularly strong recovery in the United States.
The most recent indicators show significant divergence in economic growth rates in the final period of the year, with the United States and Great Britain leading the way, Japan and China consolidating their levels of expansion and the Eurozone representing the weak link in the current economic cycle.
Geopolitical risk came back to the fore but the volatility of financial markets was also influenced by uncertainties of the consequences of probable future increases in interest rates by certain central banks.
In the United States, after the extreme weather conditions at the beginning of 2014 resulted in a -2.1% slowdown in GDP in the first quarter on a yoy basis, there was a reassuring rebound to 4.2% growth in the second quarter, with an encouraging 3.5% figure in the third. Growth should settle at a little over 2% for the entire year.
More specifically, the constant increase in employment levels (the unemployment rate was 5.9% in September) continues to encourage consumption which represents about 70% of the GDP of the United States. Inflation, thanks in part to the timely intervention of specific monetary policies, has stayed at acceptable levels (1.7% is the most recent figure as of August) in a context where there is a substantial lack of wage pressures.
The FED continues to keep official rates close to zero, but there is now debate on when to start increasing them since the economic situation does not fully warrant such tolerant monetary policies.
After the first quarter in which growth was lower than expected in the Eurozone (0.2% for the quarter) due to the poor performance of foreign trade, there was a sudden slowdown in the second quarter (0%), mainly due to the weak performance of Germany (-0.2%), Italy (-0.2%) and France (0%).
The crisis between Russia and the Ukraine weighed heavily on the fragile European economic recovery along with the high unemployment rates in many European Union countries keeping internal demand weak and uneven. The contribution of investments to growth is still low, but production levels should improve in the latter part of 2014 with a weak euro helping to boost exports.
Due to the economic slowdown and the continued reduction in inflation rates (+0.3% for September), the European Central Bank (ECB) decided to cut the rate once again from 0.15% to 0.05% at its meeting in September. In addition, in order to provide an incentive to the inflow of credit to the real economy, the rate paid by the ECB to the banks that deposit funds with their treasury accounts was reduced by a further 10 basis points, which is now equal to -0.20%. Finally, in order to improve the monetary policy transmission process and support the financial system, the ECB decided to initiate asset-backed security and covered bond purchase programme on both the primary and secondary markets starting from October and to last for at least two years.
Mario Draghi repeated that if this structured series of measures is not capable of creating stability in inflation expectations over the next few months, the ECB agree that further unconventional actions will then be taken.
In the second quarter of 2014, the Italian economy unexpectedly fell, taking the country into recession. Deflation was also added to that worrying situation: changes in consumer prices stood at -0.3% in September. Exports in particular were disappointing with respect to their contribution to GDP growth (-2.7% in August). This figure was partly a result of the decision by the Russian government to stop purchasing from European countries in response to the economic sanctions imposed by the European Union in relation to the Ukrainian

crisis. The figure relating to investment trends was also alarming, down by 2.5% compared to the second quarter of 2013 (the figure relating to machinery and equipment amounted to -3%).
The employment situation is still serious: in September the general unemployment rate stood at 12.6%, while unemployment levels for young people stood at the worrying level of 42.9%.
The stability law approved by the government was a first attempt at trying to emerge from the unidirectional austerity tax in the public accounts due to the addition of certain measures aimed at backing production activity. To that end, it was decided to also use tax leverage while still complying with the undertakings taken in a European context, especially with respect to the 3% limit in the ratio between the public deficit and GDP.

Financial Markets

The monetary market rates curve showed a general drop on all fronts during the third quarter. The one-month Euribor fell from 0.099% on 30 June to 0.007% at the end of September; the ten-year swap rate fell from 1.438% to 1.136% in the same period. These movements reflect the progressive deterioration of the European economic situation and the dwindling prospects of economic recovery in Europe.
With respect to government bond rates, trends differed between the United States and Germany in the time period between July and September. Due to the economic recovery in place in the United States, there was a slight increase on all maturities up to ten years while the yields from the German government bonds showed a general, significant reduction: on 30 September the two and three-year rates were actually negative (-0.071% and -0.053% respectively), while the ten-year bond paid coupons of 0.898% compared to 1.250% that had been paid three months previously. Italian BTP rates also fell, even though in terms of the yield differential even though there were increases on the seven and fifteen year bonds in the quarter compared to the corresponding German bonds.
Overall, in the third quarter of 2014, the performance of European share markets was of little significance. The *Eurostoxx 50* index, representing Eurozone equities with the highest level of capitalisation, slightly decreased by 0.1% (+3.8% year to date) in the period under review. The performance of the German *DAX* was negative, at -3.6% (-0.8% year to date), while Borsa Italiana was -1.8% (+10.1% year to date). Lastly, the *Ibex* of Madrid fell back -0.9% (+9.2% year to date).
Moving away from Europe, the *Standard & Poor's 500* index, representing the main listed US companies, recorded +0.6% growth in the third quarter (+6.7% year to date), while in Japan the *Nikkei* index gained 6.7% (-0.7% year to date). Lastly, in relation to the emerging market indices, the most representative index, the *Morgan Stanley Emerging Market*, fell by 0.3% in the third quarter of the year (+2.9% year to date).
The *Itraxx Senior Financial* index, representing the average spread of financial sector companies with a high credit rating, fell by 4.4 basis points, from 67.9 to 63.5 at the end of the third quarter (there has been a reduction of 23.3 basis points from the beginning of 2014, from 86.8 to 63.5). Most of this improvement was due to the set of actions the European Central Bank decided to carry out in its meetings between June and September.

Insurance Sector

In the first six months of 2014, in accordance with the figures published by ANIA, the premiums relating to the Non-Life business fell by 3.2% compared to the same period of the previous year (including the activities relating to representatives of companies belonging to the European Economic Area).
More specifically, there was a drop of 7.1% in the business relating to the motor vehicle TPL class. This drop is mainly due to the fall in tariffs applied to customers and, to a lesser extent, the reduction in the number of insured vehicles. The fall in the average price paid for the purchase of an MV TPL policy approached 6% according to the most recent results of a specific Ania survey. The fall in prices is related to the decrease in claims frequency, linked, in turn, to the significant change in average mileage as a result of the economic crisis. Various market watchers believe that an increase in competition between companies was then triggered, which led to a greater reduction in the average premiums than would have been justified exclusively by the technical data. The number of insured vehicles continued to fall, also combined with behaviour aimed at insurance avoidance. After years of decreases, in the first eight months of 2014, vehicle registrations increased by 3.7% compared to the same period in 2013. This settling of the car market, connected nonetheless to purchases by companies, helped avoid another drop in Land Vehicle Hull class premiums, with the decrease limited to 3.1%.
The remaining Non-MV Non-Life classes showed that premiums were slightly up (+0.8% in the first half). Among the most important sectors, we should underline the steady increase in the Fire and Miscellaneous damage class (+4.8%), the Pecuniary Loss class (+11.9%) and other less important sectors such as Legal Protection (+5.5%) and Assistance (+8.8%). We should point out the dynamism of the specialised companies with registered offices in countries that belong to the European Economic Area where the rate of development (+2.3%) seems to be significantly higher than Italian companies and representatives of non-EU country companies (+0.5%).
In terms of distribution channels, agents still hold a very high portion of the market (86% in the MV classes and 73.9% in the Non-MV classes). Broker's work is increasing (11.7% in the Non-MV classes compared to 11.3% in the same period in 2013). The bank branches are also performing well, increasing from 5.9% for the Non-MV premiums in the first half of 2013 to 6.5% this year.
In the first eight months of 2014, new production of individual Life insurance policies increased by 43.7%, resulting from growth of 49% for domestic companies and an increase of +18.9% in activities relating to representatives of companies belonging to the European Economic Area. These are extraordinary results, the cornerstone of which was activities at bank and postal branches (+56.3% growth in new production of the channel). The stagnation of loan activity and the consequent reduced need for direct funding led to a change in direction of the sales proposals made by the banking networks to focus more on products with higher added value, i.e. assets under management. In terms of products, Class I products were the policies that sold best, benefitting from low interest rates and capital (or yield) guarantees frequently offered by the companies. The significant increase in the premiums and contemporary fall in expenses for claims led to a sharp increase in net positive flows: according to the Ania figures, in the first half of 2014, the net premiums amounted to €21.7bn. The technical provisions of the Life insurance class exceeded €485bn at the end of June.

Pension Funds

Total members of the various forms of supplementary pension amounted to a little under six million, four hundred thousand people at the end of June 2014. There was an extra 183k registered compared to the figure at the end of 2013 (a percentage variation of 2.9%). This variation is the result of considerable stagnation in member numbers for occupational pension funds (0% in the half), significant growth in open-ended funds (+3.5%) and a more sustained increase in subscriptions to 'new' Personal Pension Funds (+6.9%). The numbers subscribing to the new Personal Pension Funds (about two million, three hundred thousand) have now exceeded those of occupational pension funds (one million, nine hundred and fifty thousand). Managed

volumes also rose: at the end of June, the amount of funds allocated for services amounted to €121.5bn, marking an increase of 4.3% over December 2013.
The financial management of pension funds performed fairly well, generating an average return of almost 4% in the half-year period compared to 0.9% guaranteed by post-employment benefits.
This unknown effect resulting from the increase in taxation on returns from pension funds weighs heavily on this sector; the increase was included in the stability law launched by the government. We should note that this penalises investment choices and social protection for families. There is no doubt that this could create even further difficulties in the attempt to increase the supplementary pension system in Italy. It is necessary to find the right path between safeguarding the state accounts which is something that cannot be put off, and giving the public social security system support in the form of a supplementary pension system that can ensure that future retirees will be guaranteed a dignified pension income.

Banking Sector

The information published by the Bank of Italy also indicates that the resizing of the statement of financial position of Italian banks continued through August. Total direct funding fell by 3.7% compared to the end of 2013, while loans were down by 1.6%.
More specifically, the volume of loans to non-financial companies was up by 0.7% compared to December 2013. In fact this trend is due to the inclusion of almost €18bn belonging to a leasing company incorporated into a leading banking group starting from January 2014: loans to companies would have fallen by 1.5% if this transaction had not been considered. Direct loans to families were down by 1.5%. The securities portfolio also appeared to contract (-6.9%).
The amount of bonds included under direct funding from residents fell considerably (-12.6%), but repurchase transactions were up (+5.2%), while deposits saw a further increase (+1.2%). Funding from overseas continued to fall, down to below €303bn (-7.1% compared to December 2013).
The trends in this sector reflect the difficult economic situation of the country. More specifically, the extreme weakness in investments has a strong effect. In accordance with this framework, credit risk is still at high levels: gross bad and doubtful debts were up by 11.6% in August compared to the end of 2013 and the ratio of net bad and doubtful debts to receivables reached a new high, standing at 4.4%.
There was a reduction in nominal interest rates in 2014 on new loans to non-financial companies and loans to families for the purchase of homes. Interest rates on other types of family loans were not subject to the same changes. However if we read the loan loss ratio in view of inflation trends, we get the idea of a substantial increase in real rates paid by operating firms. This factor could also make its effects felt with continued credit impairment.
Net interest income from the banking system was negatively affected by the reduction in volumes brokered. Trading revenue was down also. Both these factors will have a negative effect on gross operating income. The banks are taking steps to reduce operating costs in order to maintain profitability levels. The adjustments to loans will be the key factor in the income statement for the sector under these conditions.

Real Estate Market

In the second quarter of 2014, the number of real estate transactions began to fall again after the temporary recovery recorded in the first quarter. The expansion of activity in the first three months of 2014 was actually the result of the entry into effect, from the first of January, of a more favourable tax regime, which led to many transactions being postponed from the fourth quarter of 2013 to the first quarter of 2014. The residential segment suffered a 2.8% drop in sales between April and June (in terms of the number of standardised transactions compared with the same period in 2013), while there was a 2.4% fall in non-residential transactions. This segment can be broken down further into properties used for production activities (+10.3%), commercial property (-5.1%) and units for use in the services industries (-6.9%).

The difficult conditions in this sector are also reflected in a further reduction of unit prices per square metre: -2.5% for homes, -2.7% for offices and -2.5% for shops (patterns of change in the second quarter of 2014). Rental income followed a similar course (also expressed in square metres) and changed by about 2% in all three types of real estate.

The increase in applications for loans by families (+11.5% in the first eight months of 2014) clashed with a banking system that was very reluctant to hand out loans due to the continued decline in the quality of bank assets. Therefore in August 2014, loans to families for the purchase of homes (a little more than €359bn) were down by 0.9% compared to August 2013.

The Bank of Italy's quarterly survey (economic survey on the Italian housing market) on a sample of real estate agents regarding the status of the housing market, indicates that expectations concerning price trends remain predominantly negative: 55.8% of those asked expect a further reduction in prices in the third quarter of 2014 compared to 43.6% who think prices will stabilise.

Recognition of the business combination and restatement of the figures from the previous year

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 company was then named UnipolSai Assicurazioni SpA ("UnipolSai") (the "Merger").

In accordance with the IAS/IFRS international accounting standards, the Merger can be defined as a business combination under common control, since all the companies involved were previously subsidiaries of Unipol Gruppo Finanziario (hereinafter also referred to as "Unipol" or "UGF").

The IFRS 3 accounting standard explicitly does not apply to business combinations under common control, 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 Unipol, taking into consideration the 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 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 30 September 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

The reconciliation statements between the equity figures of the 2013 Consolidated Financial Statements and economic figures of the Consolidated Quarterly Report at 30 September 2013 of UnipolSai (Fondiaria-SAI Group on the basis of the consolidation scope prior to the Merger) originally approved and published and the measurements of the same Group restated as illustrated above are provided below.

Consolidated Statement of Financial Position - Assets

	Amounts in €m	31/12/2013 originally approved	Adjustments to UGF values	31/12/2013 restated
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

UnipolSai ASSICURAZIONI

Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

	Amounts in €m	31/12/2013 originally approved	Adjustments to UGF values	31/12/2013 restated
1	SHAREHOLDERS' EQUITY	3,226	-160	3,066
1.1	attributable to the Group	2,510	-185	2,325
1.1.1	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 period 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 period 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

UnipolSai ASSICURAZIONI

INCOME STATEMENT

	Amounts in €m	30/9/2013 originally approved	Adjustments to UGF values	30/9/2013 restated
1.1	Net premiums	7,112	0	7,112
1.1.1	*Gross premiums written*	*7,347*	*0*	*7,347*
1.1.2	*Premiums ceded to re-insurers*	*-236*	*0*	*-236*
1.2	Commission income	6	0	6
1.3	Income and charges from financial instruments at fair value through profit or loss	78	14	93
1.4	Income from investments in subsidiaries, associates and joint ventures	0	0	0
1.5	Income from other financial instruments and investment property	927	121	1,048
1.5.1	*Interest income*	*665*	*57*	*722*
1.5.2	*Other income*	*85*	*0*	*85*
1.5.3	*Profits realised*	*175*	*66*	*241*
1.5.4	*Valuation gains*	*2*	*-2*	*0*
1.6	Other income	343	-8	335
1	TOTAL REVENUES AND INCOME	8,465	128	8,593
2.1	Net charges relating to claims	-5,967	-49	-6,017
2.1.2	*Amounts paid and changes in technical provisions*	*-6,068*	*-49*	*-6,117*
2.1.3	*Reinsurers' share*	*100*	*0*	*100*
2.2	Commission expenses	-4	0	-4
2.3	Expenses from investments in subsidiaries, associates and joint ventures	-1	0	-1
2.4	Expenses from other financial instruments and investment property	-259	71	-188
2.4.1	*Interest expense*	*-38*	*-12*	*-50*
2.4.2	*Other charges*	*-50*	*0*	*-50*
2.4.3	*Losses realised*	*-50*	*21*	*-29*
2.4.4	*Valuation losses*	*-121*	*62*	*-59*
2.5	Operating expenses	-1,166	0	-1,167
2.5.1	*Commissions and other acquisition expenses*	*-845*	*0*	*-845*
2.5.2	*Investment management expenses*	*-12*	*0*	*-12*
2.5.3	*Other administration expenses*	*-310*	*0*	*-310*
2.6	Other costs	-501	-97	-597
2	TOTAL COSTS AND CHARGES	-7,899	-75	-7,974
	NET PROFIT (LOSS) FOR THE PERIOD BEFORE TAXES	566	52	619
3	Income taxes	-242	-13	-256
	NET PROFIT (LOSS) FOR THE PERIOD AFTER TAXES	324	39	363
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0	0	0
	CONSOLIDATED PROFIT (LOSS)	324	39	363
	of which attributable to the Group	*234*	*26*	*260*
	of which attributable to non-controlling interests	*90*	*13*	*103*

The main effects on the Statement of Financial Position at 31 December 2013 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 at 30 September 2013 are summarised below:

- the impact on income and charges from financial instruments at fair value through profit or loss (+€14m) was due to the standardisation of the measurement method and accounting representation of derivatives;
- the increase in interest income (€57m) 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 gains (amounting to €66m) relates to the recalculation of the gains made on the basis of the fair value of the financial assets (for a total of +€72m) and the property investments (amounting to -€6m) calculated during the PPA;
- the reduction in valuation gains (€2m) related to the recalculation of the result of the fair value measurement of investment property, carried out at the time of PPA;
- the reduction in other revenues (€8m) 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 €49m) 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 (€12m) 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 (€21m) 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 (€62m) 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 €18m) and the elimination of valuation losses on AFS financial assets and investment property (€44m);
- the increase in other costs (€97m) was mainly due to the allocation of amortisation of intangible assets, i.e. VIF and VOBA, measured at the time of PPA (amounting to €119m), the reversal of the amortisation of intangible assets posted to the subsidiaries Liguria Assicurazioni and DDOR (€4m) and the elimination of allocations to provisions already included at the time of PPA at 1 July 2012 (€18m);
- 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 holding 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.

UnipolSai ASSICURAZIONI

Consolidated Statement of Financial Position - Assets

	Amounts in €m	31/12/2013 restated	Effects of the merger	Post-merger opening consolidated financial statements
1	INTANGIBLE ASSETS	524	372	896
1.1	Goodwill	0	307	307
1.2	Other intangible assets	524	65	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	273	1,015
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	419	2,263
6.1	Non-current assets or disposal groups classified as held for sale	139	0	139
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	1,030	1,628
	TOTAL ASSETS	40,434	25,597	66,031

UnipolSai ASSICURAZIONI

Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

	Amounts in €m	31/12/2013 restated	Effects of the merger	Post-merger opening consolidated financial statements
1	SHAREHOLDERS' EQUITY	3,066	2,504	5,570
1.1	attributable to the Group	2,325	2,886	5,211
1.2	attributable to non-controlling interests	741	-382	359
2	PROVISIONS	320	196	516
3	TECHNICAL PROVISIONS	32,800	19,894	52,694
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	655	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	412	1,779
6.1	Liabilities of a disposal group held for sale	74	0	74
6.2	Deferred tax liabilities	827	86	913
6.3	Current tax liabilities	67	46	113
6.4	Other liabilities	398	280	678
	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 30 September 2014, drawn up on a consolidated basis, complies with the provisions of Art. 154-ter of Legislative Decree 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 policies and classification and assessment criteria are the same as those adopted in the Consolidated financial statements at 31 December 2013, except for the effects of the recognition of the business combination, illustrated in the chapter above to which we refer the reader, recognised also in accordance with the accounting standards of the parent Unipol Gruppo Finanziario and reported in the consolidated financial statements at 31 December 2013, in addition to what is set out 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 statement of financial position figures.
Furthermore, considering the purpose and content of this report are limited to providing the disclosure set out in Art. 154-ter of Legislative Decree 58/1998 for quarterly interim financial reporting, certain impairment tests required by the IAS/IFRS were not repeated at 30 September 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 30 September 2014.

There were no significant changes in the consolidation scope compared to 30 June 2014.

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

Statement of changes

The equity and economic figures at 30 September 2014 were compared with the previous year's figures and, respectively:

- with the equity figures at 31 December 2013 of the consolidated Fondiaria-SAI restated as explained above;
- with the economic figures at 30 September 2013 of the consolidated Fondiaria-SAI restated as explained above.

The changes on a like for like basis are calculated with reference to the aggregate values of the UnipolSai Group on the basis of the consolidation scope after the merger. In particular:

- the equity figures are compared with the post-merger opening balances of the consolidated financial statements, reported in the previous section;
- the economic figures are compared with the income statement figures at 30 September 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.

Group highlights

GROUP HIGHLIGHTS			
Amounts in €m			
	30/9/2014	30/9/2013 restated	30/9/2013 on a like-for-like basis
Direct Non-Life Insurance Premiums	6,052	4,199	6,621
% variation	*44.1*		
% variation on a like-for-like basis	*-8.6*		
Direct Life Insurance Premiums	5,827	2,819	4,400
% variation	*106.7*		
% variation on a like-for-like basis	*32.5*		
of which Life insurance investment products	*33*	*29*	*40*
% variation	*14.1*		
% variation on a like-for-like basis	*-17.9*		
Direct Insurance Premiums	11,879	7,018	11,021
% variation	*69.3*		
% variation on a like-for-like basis	*7.8*		
Life Classes Annual Premium Equivalent (APE) - Group portion	478	200	380
% variation	*139.2*		
% variation on a like-for-like basis	*25.7*		
Non-Life Classes Loss ratio - direct premiums	67.3%	68.3%	67.5%
Non-Life Expense Ratio - direct premiums	27.1%	24.0%	25.1%
Non-Life Combined Ratio - direct premiums	94.4%	92.3%	92.6%

GROUP HIGHLIGHTS

Amounts in €m

	30/9/2014	31/12/2013 restated	31/12/2013 on a like-for-like basis
Investments and liquidity	62,694	35,359	58,664
% variation	*77.3*		
% variation on a like-for-like basis	*6.9*		
Technical provisions	55,307	32,800	52,694
% variation	*68.6*		
% variation on a like-for-like basis	*5.0*		
Financial liabilities	3,890	2,226	4,440
% variation	*74.7*		
% variation on a like-for-like basis	*-12.4*		
Shareholders' Equity attributable to the Group	6,120	2,325	5,210
% variation	*163.2*		
% variation on a like-for-like basis	*17.5*		
No. Staff	10,952	7,461	11,163

Alternative performance indicators

	classes	30/9/2014	30/9/2013	30/9/2013 on a like-for-like basis
Loss ratio - direct premiums (including OTI ratio)	non-life	67.3%	68.3%	67.5%
Expense ratio - direct premiums	non-life	27.1%	24.0%	25.1%
Combined ratio - direct premiums (including OTI ratio)	non-life	94.4%	92.3%	92.6%
Loss ratio - net of reinsurance	non-life	68.5%	69.7%	68.7%
Expense ratio - net of reinsurance	non-life	27.1%	24.0%	25.3%
Combined ratio - net of reinsurance	non-life	95.6%	93.7%	94.0%
Premium retention ratio	non-life	94.9%	94.7%	95.6%
Premium retention ratio	life	99.8%	99.8%	99.8%
Premium retention ratio	total	97.3%	96.8%	97.3%
Group pro-rata APE (amounts in €m)	life	478	200	380
Expense ratio - direct premiums	life	4.3%	5.1%	4.5%
Expense ratio - direct and indirect premiums	life	4.3%	5.1%	4.5%

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 of 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.

Management report

Disposals planned in compliance with Provision dated 19 June 2012 of the Antitrust Authority (AGCM)

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

On 30 June 2014, UnipolSai and Allianz signed a definitive contract for the transfer of the insurance business unit, effective from 1 July 2014. As part of said contract, the transfer of the insurance product sales activities took effect immediately, which included, inter alia, a network of 725 agencies and 470 employees who manage these activities, for payment by Allianz of consideration of €200m which generated capital gains of €110m, net of both the effects of the reversal of the intangible assets related to the business unit transferred and the related tax effects.
The Non-Life insurance portfolio managed by the agencies transferred also form part of the business unit transferred, with premiums amounting to approximately €1.1bn (figures at 31/12/2013). The portfolio transfer will take effect in December 2014, following the authorisation by IVASS, against the payment, by Allianz, of an additional fee, calculated on the basis of the amount of the portfolio transferred or renewed, equal to a maximum amount of €240m, and, therefore, a maximum total consideration of €440m.

Conclusion of the non-compliance proceedings and the proceedings related to the application to revise the measures promoted by UGF, both taken by the Antitrust Authority

As regards the non-compliance proceedings launched by the Antitrust Authority, Unipol and UnipolSai, deeming their actions to be proper on the basis of valid arguments in fact and in law, took the necessary defensive actions and submitted an application aimed at obtaining a review of some of the measures set forth by the Provision (the "Application for Revision").
The Antitrust Authority sent the company the following on 4 November 2014:

a) the provision relating to the conclusion of the proceedings relating to the evaluation of the Application for Revision, whereby the Authority decided to revoke the measures set out under letters f) and g) of the Provision of 19 June 2012 with the following measures:
    - (i) integration via merger of Liguria Assicurazioni SpA and Liguria Vita SpA into UnipolSai;
    - (ii) non-use of the Milano Assicurazioni and Sasa brands,
    - (iii) freeing up the customer portfolio managed by each agency, for an amount equal to the excess of the existing premiums in the Provinces of Barletta-Andria-Trani, Cosenza, Enna, Catania, Ragusa and Cagliari only;
b) the provision relating to the conclusion of the non-compliance proceedings whereby the Authority decided that the conditions for application of a penalty in accordance with Art. 19, I paragraph, Law 287/1990 were not met.

Operational performance

This year started with the completion of the initial project involving the corporate integration of the Unipol Group with the former Premafin/Fondiaria-SAI Group determined by the birth, in the first days of January, of UnipolSai Assicurazioni, a leading company in the domestic Non-Life insurance market, with a leading agency network in Italy in terms of distribution, widespread coverage and actual ability to meet customer requirements. Activities in 2014 have therefore included the integration of UnipolSai in terms of organisation and on the preliminary activities for the sharing of the underwriting systems among the various agency networks, a decisive step towards fully exploiting the synergies identified in the Business Plan. The first roll-outs of the underwriting systems of the former Fondiaria-SAI agencies began in September, while the new claims management IT system (Liquido) has been in place for a number of months now and is gradually being applied to the claims portfolio of the former Unipol Assicurazioni and then, in 2015, will be extended to the claims portfolio of the former Fondiaria-SAI.

On 1 July, in accordance with the Provision dated 19 June 2012 of the Antitrust Authority, 725 former Milano Assicurazioni insurance agencies were transferred to Allianz. The transfer of the related policy portfolio will be completed by the end of the year. In addition, UnipolSai complied with the Provision relating to reducing its indebtedness with Mediobanca in the first half of the year.

Additional business combinations are currently being implemented or studied, in order to streamline the various business sectors that the Group operates in, to create additional cost savings. By the end of the current year, numerous mergers will be completed relating to the real estate and financial segments and note that: following authorisation by the Bank of Italy on 25 September last, the merger by incorporation of the subsidiary Banca Sai with Unipol Banca was finalised on 3 November 2014, a subsidiary of Unipol Gruppo Finanziario, with the tax and accounting effects backdated to 1 January 2014.

From a business perspective, the operating performance of the UnipolSai Group in the first nine months of 2014 was particularly positive in terms of the income statement and the financial position, due to confirmation, also in the third quarter, of favourable performances in the Non-Life loss ratio and Life business and positive financial market performance.
In the Non-Life segment, characterised by stabilisation of the policy portfolio following the decrease recorded in 2013, the direct premiums fell as a result of the macroeconomic scenario which is in recession and the effects on tariffs in a market context which remains highly competitive. In addition, as noted above, UnipolSai premiums were influenced by the transfer of 725 former Milano Assicurazioni agencies to Allianz in the third quarter, which took effect from 1 July 2014. In this scenario, Group Non-Life direct premiums amounted to €6,052m at 30 September 2014 (-8.6% compared to 30/9/2013). On the basis of the operational evaluations made, not including the effect of transferring the portfolio as described above, the estimated progressive trend of the Non-Life direct premiums in the third quarter *(hereinafter "estimated management figures")* would stand at about -6.8% substantially in line with the figure recorded at 30 June 2014 (-7.1%).

In the motor vehicle TPL class, commercial policies are still aimed at protecting the policy portfolio, also through the continuation of targeted advertising and sales campaigns such as zero-interest premium instalment compensation plans in association with the banking segment of the group, which are meeting with a positive reception by UnipolSai customers. The product offer via computer was also successful: at 30 September 2014 the number of black-box-linked policies went over €2m. The premiums for the class stood at €3,302m, down 11.8% on 30 September 2013 *(estimated management figure -9.4%).* The premiums in the Land Vehicle Hulls class also fell (-9.7%), with premiums of €489m which remains conditioned by the recession in the country *(estimated management figure -7.8%).*

The Non-MV segment showed greater staying power with respect to the unfavourable macroeconomic scenario, with premiums of €2,261m and a slight dip of -3.3% *(estimated management figure -2.4%).*
In more detail, analysing the Non-Life results of the main Group companies, UnipolSai contributed a total of €5,735m to consolidated premiums (-8.6% on a like-for-like basis at 30 September 2013; *estimated management figure -6.6%).*

With respect to the Non-Life loss ratio in the motor vehicle TPL class, the technical indicators are still favourable thanks to an improvement in the frequency of claims and the positive trends in the Non-MV class loss despite a number of significant claims which were made in the third quarter in the Fire class, due to underwriting policies adopted in recent years that led to a significant recovery in profit margins.

In this context, the consolidated UnipolSai recorded a ratio of claims to direct premiums (including the balance of technical items) of 67.3% at 30 September 2014, in line with the 67.5% calculated on a like-for-like basis at 30 September 2013. The direct business expense ratio amounted to 27.1%, which was impacted by the fall in premiums and compared to the other interim figures, the seasonality of the premiums relating to the third quarter since the holiday period fell in this quarter. The commercial efforts made to support the recovery in production and investments in the IT system required during this integration phase also had an impact, as well as a greater incidence of commissions due to the changes in the product mix and the improvement in technical business which impacts the variable part.

On the whole, the consolidated combined ratio (direct premiums) came to 94.4% in the 3rd quarter of 2014 compared to 92.6% calculated on a like-for-like basis at 30 September 2013.

The Life segment was not very affected by the above-mentioned transfer of agencies, and Group premiums amounted to €5,827m, +32.5% on the first nine months of 2013. This significant rise in premiums, reflected the continuation of the strong trend of expansion focused on traditional guaranteed products identified in 2013, which was favoured by low interest rates and the reduced risk appetite of policyholders.
The Life segment in particular benefitted from growth in the bancassurance channel represented mainly by the companies Popolare Vita and The Lawrence Life, which increased premiums by 63.6% at 30 September 2014 with a total of €3,221m. With €2,583m in premiums, UnipolSai also experienced growth of 7.1% despite the fact that some considerable collections on policies which positively impacted the first part of 2013 were not repeated.

As a result of the above, the volume of new business in terms of pro-quota APE stood at €478m at 30 September 2014, of which €309m contributed by the traditional companies and €169m relating to bancassurance companies.

As regards the management of financial investments in the insurance segment, the first nine months of the year were marked by the markets' renewed confidence in Italy, despite the fragility confirmed by the main macroeconomic indicators. The trends in financial markets were helped by the constant commitment by the ECB to fight the risk of deflation and encourage the extension of credit to companies once again, as set out in the measures adopted on 4 September last that led to the further consolidation of the market value of our portfolio in the period in question, mainly comprising Italian government bonds. In this context, which also facilitated a reduction in the exposure to structured securities, the Group's insurance financial investments obtained a significant return of approximately 4.9% of the assets invested, even while working to maintain portfolio profitability and consistency between assets and liabilities assumed with respect to policyholders.

Operations in the Real Estate segment focused on rationalising the real estate portfolio and searching for opportunities to increase its value, despite the presence of market conditions still influenced by the economic crisis and the reduction in the disbursement of loans.
Two company streamlining projects implemented by the Group - providing for the merger of numerous real estate companies by year end and the commencement of renovating properties so that they will be able to generate income - fall into this category.

The results of the banking companies were positive (Banca Sai and Finitalia who operate in the area of financing motor vehicle TPL policies), while the results recorded by companies in the other sectors in which the Group conducts business, particularly in the hotel and medical sectors, showed considerable improvement compared to the past, even though they were still negative due to restoration and redevelopment activities of the business implemented by the new management.

The consolidated profit at 30 September 2014 amounted to €593m, while the consolidated solvency position at 30 September 2014 was estimated to be about 1.7 times the minimum required, up on the figure for the end of 2013.

Salient aspects of business operations

There was a net profit reported of €593m for the period ended at 30 September 2014 (€363m at 30/9/2013), to which the insurance sector contributed €618m (€419m at 30/9/2013), of which €494m relating to Non-Life business (€270m at 30/9/2013) and €124m to Life business (€150m at 30/9/2013).
The results of the other sectors in which the Group carries out business were as follows:

- Other activities sector, €8m (-€30m at 30/9/2013). This result was positively influenced by the capital gains resulting from sale of the Assets available for sale and the effects of the restructuring of the Group companies operating in areas different to the core insurance business;
- Real Estate sector, -€33m (-€27m at 30/9/2013).

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

- direct insurance premiums, gross of ceded premiums, totalled €11,879m (€7,018m at 30/9/2013 and €11,021m on a like-for-like basis, +7.8%). The Non-Life direct premiums amounted to €6,052m (€4,199m at 30/9/2013 and €6,621m on a like-for-like basis, -8.6%) and Life direct premiums €5,827m (€2,819m at 30/9/2013 and €4,400m on a like-for-like basis, +32.5), of which €33m relating to Life investment products (€29m at 30/9/2013 and €40m on a like-for-like basis).
  The transfer to Allianz of the insurance product distribution from 1 July helped increase the reduction in premiums (on a like-for-like basis) which occurred in the Non-Life classes by about two percentage points (*estimated management figure*);
- premiums earned, net of ceded premiums, amounted to €12,129m (€7,112m at 30/9/2013) and €11,272m on a like-for-like basis), of which €6,344m was from Non-Life business (€4,326m at 30/9/2013 and €6,921 on a like-for-like basis) and €5,785m from Life business (€2,785m at 30/9/2013 and €4,351m on a like-for-like basis). On a like-for-like basis the overall variation amounted to +7.6%;
- net charges relating to claims, net of ceded premiums, amounted to €10,611m (€5,904m at 30/9/2013, €9,430m on a like-for-like basis), €4,319m of which was from Non-Life business (€2,927m at 30/9/2013, €4,660m on a like-for-like basis) and €6,293m from Life business (€2,977m at 30/9/2013, €4,770m on a like-for-like basis), including €363m in net gains on financial assets and liabilities at fair value (€113m at 30/9/2013, €161m on a like-for-like basis);
- the loss ratio of direct Non-Life business was 67.3% (68.3% at 30/9/2013, 67.5% on a like-for-like basis);
- operating expenses amounted to €1,910m (€1,167m at 30/9/2013, €1,911m on a like-for-like basis). In the Non-Life business, they amounted to €1,603m (€961m at 30/9/2013, €1,631m on a like-for-like basis), €276m in the Life business (€148m at 30/9/2013, €213m on a like-for-like basis), €58m in the Other activities sector (€243m at 30/9/2013, €247m on a like-for-like basis), and €11m in the Real Estate sector (0 at 30/9/2013, €5m on a like-for-like basis);
- the combined ratio of direct Non-Life business was 94.4% (92.3% at 30/9/2013, 92.6% on a like-for-like basis);
- net gains on investments and financial income from financial assets and liabilities (excluding net gains on financial assets and liabilities at fair value relating to Life business) amounted to €1,448m (€839m at 30/9/2013);
- the other income includes €146m relating to capital gains, net of the related losses, relating to the payment received from Allianz relating to the first closing contractually provided for on the disposal of the company branch pursuant to the Antitrust Authority Provision;

- the gross result amounted to €949m (€619m at 30/9/2013), after having deducted amortisation of the intangible assets of €120m (€134m at 30/9/2013);
- taxes for the period constituted a net expense of €355m (€256m at 30/9/2013), with a tax rate of 37.4% (41.3% at 30/9/2013), including €21m allocated for the increase, pursuant to Art. 4 of Law Decree 66 of 24 April 2014, of the substitute tax due on the capital gains recorded on the Bank of Italy shares, which increased from 12% to 26%;
- net of the €34m profit attributable to non-controlling interests, the Group's result at 30 September 2014 was a profit of €559m (profit of €260m at 30/9/2013);
- the comprehensive result was a profit of €1,310m (€311m at 30/9/2013) because of the increase in the reserve for Gains or losses on available-for-sale financial assets;
- investments and cash and cash equivalents amounted to €62,694m (€35,359m at 31/12/2013, €58,664m on a like-for-like basis), after having reclassified €126m under assets held for disposal, pursuant to IFRS 5;
- technical provisions and financial liabilities amounted to €59,197m (€35,026m in 2013, €57,134m on a like-for-like basis), after having reclassified €101m under liabilities held for disposal, pursuant to IFRS 5;
- following the application of IFRS 5, €127m was reclassified under Non-current assets or disposal groups (€139m at 31/12/2013), of which €101m relating to the disposals pursuant to the Antitrust Authority Ruling (€114m at 31/12/2013) and €25m for properties (€21m at 31/12/2013), €1m relating to the assets of the company Saint George Capital Management SA in liquidation (€3m at 31/12/2013) and €101m under Liabilities of a disposal group held for sale (€74m at 31/12/2013), almost exclusively due to the disposals pursuant to Antitrust Authority Ruling (€73m at 31/12/2013). This item included €1m at 31 December 2013 relating to the liabilities of the company Saint George Capital Management SA in liquidation.

Insurance Sector

Overall, the insurance activities of the Group closed with **a profit of €618m** (€419m at 30/9/2013), of which €494m relating to Non-Life business (€270m at 30/9/2013) and €124m to Life business (€150m at 30/9/2013).
Total premiums (direct and indirect premiums and investment products) at 30 September 2014 amounted to €11,908m (€7,021m at 30/9/2013, and €11,056m on a like-for-like basis).
Life premiums amounted to €5,829m (€2,819m at 30/9/2013, and €4,401m on a like-for-like basis) and Non-Life premiums totalled €6,079m (€4,201m at 30/9/2013 and €6,655m 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 business, investment products at 30 September 2014 worth €33m are related to Class III (unit- and index-linked policies) and Class VI (pension funds).

Consolidated premiums (direct and indirect)

Amounts in €m	30/9/2014	*% comp.*	30/9/2013	*% comp.*	*% var.*	*% var. on a like-for-like basis*
Non-Life direct premiums	6,052		4,199		*44.1*	*-8.6*
Non-Life indirect premiums	27		3		*n.s.*	*-20.4*
Total Non-Life premiums	6,079	*51.1*	4,201	*59.8*	*44.7*	*-8.7*
Life direct premiums	5,794		2,790		*107.7*	*32.9*
Life indirect premiums	1		0		*199.5*	*7.2*
Total Life premiums	5,796	*48.7*	2,791	*39.7*	*107.7*	*32.9*
Total Life investment products	33	*0.3*	29	*0.4*	*14.1*	*-17.9*
Total Life business	5,829	*48.9*	2,819	*40.2*	*106.7*	*32.4*
Overall total	11,908	*100.0*	7,021	*100.0*	*69.6*	*7.7*

Premiums of the third quarter of 2014 alone amounted to €2,975m (the premiums in the third quarter of 2013 amounted to €1,684m, €2,850m on a like-for-like basis).

Direct premiums amounted to €11,879m (€7,018m at 30/9/2013, and €11,021m on a like-for-like basis), of which Non-Life premiums totalled €6,052m and Life premiums €5,827m.

Direct premiums

Amounts in €m	30/9/2014	*% comp.*	30/9/2013	*% comp.*	*% var.*	*% var. on a like-for-like basis*
Direct Non-Life Premiums	6,052	*50.9*	4,199	*59.8*	*44.1*	*-8.6*
Direct Life Premiums	5,827	*49.1*	2,819	*40.2*	*106.7*	*32.5*
Total direct premiums	11,879	*100.0*	7,018	*100.0*	*69.3*	*7.8*

With respect to the claims, the trend of a reduction in the frequency of MV TPL continues, reflected in the reduction of the number of claims and the relative cost, and leading to a positive technical result in the segment.
The Non-MV classes were up, especially claims made in the Assistance and Legal Protection classes while there was a reduction in costs in most classes apart from the Fire class, where the lower impact of weather events was offset by a number of significant claims.
There was a significant drop in the number of claims and the cost of claims in the Health class as a result of an underwriting policy that was aimed at carefully selecting the risks.

The number of claims reported, without considering the MV TPL class, fell by 5.2% on a like-for-like basis.

Number of claims reported (excluding Motor TPL)				
	30/9/2014	30/9/2013	% var.	% var. on a like-for-like basis
Motor vehicles – other classes (Class 3)	247,601	175,282	41.3	-10.8
Accident (Class 1)	106,971	50,563	111.6	2.7
Health (Class 2)	328,607	204,222	60.9	-25.5
Fire and Property (Classes 8 and 9)	273,176	159,035	71.8	7.4
General TPL (Class 13)	90,503	62,067	45.8	-8.9
Other classes	283,814	114,821	147.2	24.5
Total	1,330,672	765,990	73.7	-5.2
Total net of the Health class	1,002,065	561,768	78.4	4.0

As regards the MV TPL class, where the CARD agreement is applied[1], in the first nine months of 2014, the management of cases relating to 'fault' claims (Non-Card, Debtor Card or Natural Card) amounted to 559,153 claims, down 8.8% (613,311 in September 2013).

Claims reported that present at least a Debtor Card claim numbered 326,796, down 19.5% compared to the same period in the previous year (from 2014, claims from the former companies Unipol Assicurazioni, Fondiaria-SAI and Milano Assicurazioni are to be considered as 'Natural' and therefore classified solely as Handler Card).

Handler Card claims totalled 406,483 (including 97,785 Natural Card claims, claims between policyholders at the same company), down by 6.4%. The settlement rate at September 2014 was 73.1%, compared to 73,9% in the same period of the previous year.

[1]CARD - Convenzione tra Assicuratori per il Risarcimento Diretto (Agreement between insurers for direct compensation): MV TPL claims may be classified into one of three cases of claims managed:

- Non-Card claims: claims governed by the ordinary regime, to which CARD is not applied;
- 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');
- Handler 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 ('Handler 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 weight of cases to which the Card agreement may be applied (both Handler and Debtor Card claims) out of total cases (Non-Card + Handler Card + Debtor Card) in September 2014 came to 84.5% (84.2% in September 2013).

The **loss ratio** solely for Non-Life direct business, including the OTI ratio, stood at 67.3% (68.3% at 30/9/2013 and 67.5% on a like-for-like basis).

The direct business Non-Life segment **expense ratio** amounted to 27.1% (24.0% at 30/9/2013, 25.1% on a like-for-like basis), which was impacted by the fall in premiums and compared to the other interim figures, the seasonality of the premiums relating to the third quarter since the holiday period fell in this quarter. The commercial efforts made to support the recovery in production and investments in the IT system required during this integration phase also had an impact, as well as a greater incidence of commissions due to the changes in the product mix and the improvement in technical business which impacts the variable part.

The **combined ratio**, based on direct business, was 94.4% at 30 September 2014 (92.3% at 30/9/2013, 92.6% on a like-for-like basis).

Non-Life business performance

Total premiums (direct and indirect premiums) at 30 September 2014 amounted to €6,079m (€4,201m at 30/9/2013, and €6,655m on a like-for-like basis).

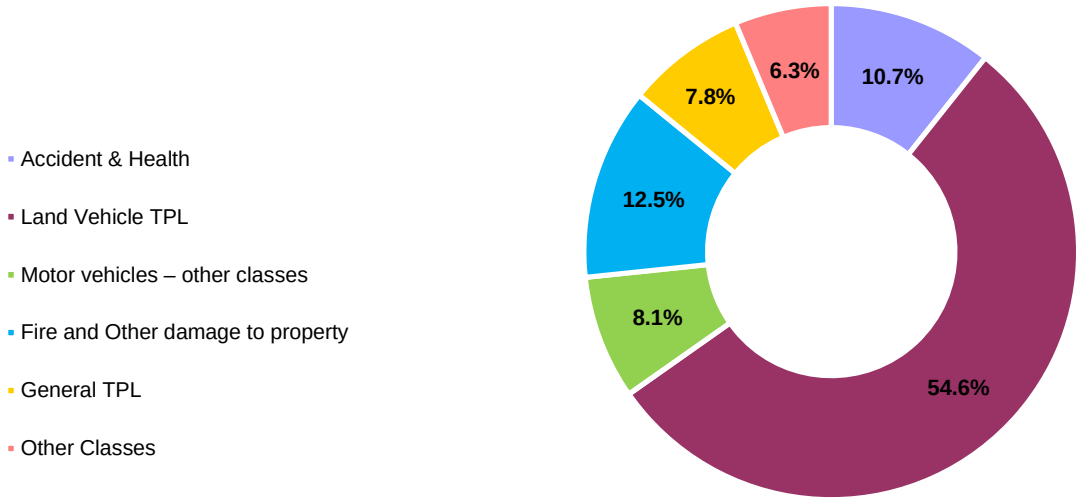
Direct business premiums alone amounted to €6,052m (€4,199m at 30/9/2013, and €6,621m on a like-for-like basis). **Indirect business** premiums amounted to €27m (€3m at 30/9/2013, and €34m on a like-for-like basis).

The breakdown of direct business relating to the main classes compared with 30 September 2013 is set out in the following table:

Non-Life business direct premiums

Amounts in €m	30/9/2014	*% comp.*	30/9/2013	*% comp.*	*% var.*	*% var. on a like-for-like basis*
Motor vehicles - TPL and sea, lake and river (classes 10 and 12)	3,302		2,404		*37.3*	*-11.8*
Motor vehicles – other classes (Class 3)	489		361		*35.6*	*-9.7*
Total premiums - Motor vehicles	3,791	*62.6*	2,765	*65.9*	*37.1*	*-11.5*
Accident & Health (Classes 1 and 2)	648		392		*65.2*	*-7.2*
Fire and Other damage to property (Classes 8 and 9)	758		509		*49.0*	*-2.3*
General TPL (Class 13)	472		278		*70.0*	*-3.1*
Other classes	383		255		*50.4*	*1.8*
Total premiums - Non-Motor vehicles	2,261	*37.4*	1,433	*34.1*	*57.7*	*-3.3*
Total Non-Life direct premiums	6,052	*100.0*	4,199	*100.0*	*44.1*	*-8.6*

Percentage breakdown of Non-Life direct premiums



In the motor vehicle TPL class, commercial policies are still aimed at protecting the policy portfolio, also through the continuation of targeted advertising and sales campaigns such as zero-interest premium instalment compensation plans in association with the banking segment of the group, which are meeting with a positive reception by UnipolSai customers. The premiums for the class stood at €3,302m, down 11.8% on 30 September 2013 *(estimated management figure -9.4%).* The premiums in the Land Vehicle Hulls class also fell (-9.7%), with premiums of €489m which remains conditioned by the recession in the country *(estimated management figure -7.8%).*

The Non-MV segment showed greater staying power with respect to the unfavourable macroeconomic scenario, with premiums of €2,261m and a slight dip of -3.3% *(estimated management figure -2.4%).*
In more detail, analysing the Non-Life results of the main Group companies, UnipolSai contributed a total of €5,735m to consolidated premiums (-8.6% on a like-for-like basis at 30 September 2013; *estimated management figure -6.6%).*

Performance of the main Group insurance companies

A summary of the essential elements of the bigger companies in the Group at 30 September 2014 are shown below:

(amounts in €m)	Premiums written (*)	Chg.	Investments	Gross Technical Provisions
NON-LIFE INSURANCE SECTOR				
UNIPOLSAI ASSICURAZIONI SpA	5,776	-9.4%	18,947	16,233
DDOR NOVI SAD ADO	55	6.7%	37	69
INCONTRA ASSICURAZIONI SpA	51	63.6%	115	134
LIGURIA ASS.NI SpA	110	-12.8%	376	378
PRONTO ASSISTANCE SpA	50	10.8%	15	1
SIAT SpA	92	-14.3%	124	255

(*) Direct and indirect business

The direct premiums relating to the parent UnipolSai stood at €5,735m (€6,272m at 30/9/2013, -8.6%), of which €3,673m in the MV classes (€4,131m at 30/9/2013, -11.1%) and €2,062m in the Non-MV classes (€2,141m at 30/9/2013, -3.7%)[2].

In the motor vehicle TPL class (€3,197m, -11.4%), the fall-off caused by the reduction in the average premium continued, while the number of contracts remained substantially stable compared to the year-end figure. The initiatives aimed at improving renewal conditions and information communications to the customer introduced in April 2014 are delivering satisfactory results in terms of increased customer loyalty with positive profitability, and the initiatives aimed at slowing down the reductions in the average premium began to produce effects in the third quarter.

In the fleet sector, the focus on the technical margin, both in the phase of assumption of new risks and during the phase of renewal of the portfolio in progress, was also confirmed for 2014.

The reduction in premiums in the Land Vehicle Hulls class (€475m, -9.2%) continued, strongly conditioned by difficulties in the car industry that significantly influenced the negative trends in the entire insurance market related to guarantees that are additional to the motor vehicle TPL.

The reduction in the premiums in the Non-MV classes is widespread through all the classes: the economic situation certainly had a decisive effect, as did the redevelopment actions impacting the portfolio of the Fondiaria, Sai, Milano, Previdente and Nuova Maa Divisions.

There was a further drop in the premiums in the Accident and Health classes in the third quarter (-7.3%). More specifically, with respect to the Accident class, the progressive reduction in the customer portfolio, partly as a result of the social-economic situation in the country, was only partly offset by the new production stimulated by development actions, the positive results shown by the portfolio reforms and the acquisition of a number of contracts with significant premiums.

In the Fire class, premiums are substantially in line with the previous year, while in the Miscellaneous damage class, the different guarantees are all experiencing difficulties in terms of the development and growth of the portfolio, with specific significance for the Technological Risks which are closely connected to the Construction Company segment and for Theft guarantees.

The 2.8% reduction in premiums in the Third Party Liability class is due to the continued disposal of portfolios with higher numbers of claims or with greater risk attached, and the reduction of sales to companies.

[2] The percentage change compared to the same period of the previous year is on a like-for-like basis

Performance of Life premiums

Life premiums (direct and indirect) amounted to €5,829m (€2,819m at 30/9/2013, and €4,401m on a like-for-like basis), with the contribution from bancassurance companies amounting to €3,221m (+63.6%). The increases recorded were mainly in Class I, featuring insurance products with guaranteed minimum returns.

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

Life direct premiums

Amounts in €m	30/9/2014	% comp.	30/9/2013	% comp.	% var.	% var. on a like-for-like basis
Premiums						
I – Whole and term life insurance	3,789	65.4	1,562	56.0	142.6	63.5
II - Marriage, birth	0	0.0	0	0.0	0.0	0.0
III - Unit-linked/index-linked insurance	1,314	22.7	1,034	37.1	27.0	27.0
IV - Health	1	0.0	1	0.0	45.8	16.6
V - Capitalisation insurance	381	6.6	193	6.9	97.2	-45.7
VI - Pension Funds	310	5.3	0	0.0	0.0	1.7
Total Life premiums	5,794	100.0	2,790	100.0	107.7	32.9
Investment products						
I – Whole and term life insurance	0	0.0	0	0.0	0.0	0.0
III - Unit-linked/index-linked insurance	5	14.6	5	17.6	-5.5	-17.0
V - Capitalisation insurance	0	0.0	0	0.0	0.0	n.s.
VI - Pension Funds	28	85.4	24	82.4	18.3	-15.1
Total Life investment products	33	100.0	29	100.0	14.1	-17.9
Total premiums						
I – Whole and term life insurance	3,789	65.0	1,562	55.4	142.6	63.5
II - Marriage, birth	0	0.0	0	0.0	0.0	0.0
III - Unit-linked/index-linked insurance	1,318	22.6	1,039	36.9	26.8	26.7
IV - Health	1	0.0	1	0.0	45.8	16.6
V - Capitalisation insurance	381	6.5	193	6.9	97.2	-45.8
VI - Pension Funds	338	5.8	24	0.8	n.s.	0.0
Total Life direct premiums	5,827	100.0	2,819	100.0	106.7	32.5

New business in terms of APE, net of non-controlling interests, amounted to €478m at 30 September 2014 (€200m at 30/9/2013, and €380m on a like-for-like basis).

Pension Funds

The UnipolSai Group retained its leading position in the supplementary pension market, despite a difficult competitive context.

The parent UnipolSai managed a total of 21 mandates in the Occupational Pension Fund segment at 30 September 2014 (12 of them for accounts 'with guaranteed capital and/or minimum return'). Resources under management totalled €3,770m (€2,572m with guaranteed capital) at the same date.

The UnipolSai Group managed 8 Open-Ended Pension Funds (Unipol Insieme, Unipol Previdenza, Conto Previdenza, Fondiaria Previdente, Fondo Pensione Aperto Sai, Fondo Pensione Aperto Milano Assicurazioni, Fondo Pensione Aperto Popolare Vita and Fondo Pensione Aperto BIM Vita), which included a total number of 44,751 members and total assets of €777m at 30 September 2014.

Performance of the main Group insurance companies

The performance of the main companies is summarised in the table below at 30 September 2014:

(amounts in €m)	Premiums written (*)	Chg.	Investments	Gross Technical Provisions
LIFE INSURANCE SECTOR				
UNIPOLSAI ASSICURAZIONI SpA	2,556	7.4%	29,935	26,806
BIM VITA SpA	110	12.7%	651	582
POPOLARE VITA SpA	2,425	164.7%	7,783	7,528
THE LAWRENCE LIFE ASS. CO Ltd	682	-28.3%	3,263	3,253

(*) Direct (not including financial products) and indirect business

With direct business premiums (including financial products) of €2,583m, the parent UnipolSai also experienced growth of 7.1% despite the fact that some considerable collections on policies which positively impacted the first part of 2013 were not repeated.

Reinsurance

Indirect business

Non-Life and Life **indirect premiums** amounted to €28m at 30 September 2014 (€3m at 30/9/2013 and €35m on a like-for-like basis) and was made up of €27m of premiums from Non-Life business (€3m at 30/9/2013 and €34m on a like-for-like basis) and €1m from the Life business (€0m on 30/9/2013 and €1m on a like-for-like basis).

Indirect Premiums						
Amounts in €m	30/9/2014	*% comp.*	30/9/2013	*% comp.*	*% var.*	*% var. on a like-for-like basis*
Non-Life premiums	27	*95.1*	3	*85.1*	*n.s.*	*-20.4*
Life premiums	1	*4.9*	0	*14.9*	*n.s.*	*7.2*
Total indirect premiums	28	*100.0*	3	*100.0*	*n.s.*	*-19.4*

Reinsurance ceded

Group **premiums ceded** totalled €318m (€227m at 30/9/2013 and €300m on a like-for-like basis), €308m of which came from Non-Life premiums ceded (€222m at 30/9/2013 and €290m on a like-for-like basis) and €10m from Life premiums ceded (€5m on 30/9/2013 and €10m on a like-for-like basis).

Premiums ceded						
Amounts in €m	30/9/2014	*% comp.*	30/9/2013	*% comp.*	*% var.*	*% var. on a like-for-like basis*
Non-Life premiums	308	*96,8*	222	*97,7*	*38,8*	*6,2*
Non-Life premium retention ratio (%)	*94,9%*		*94,7%*			
Life premiums	10	*3,2*	5	*2,3*	*97,0*	*4,0*
Life premium retention ratio (%)	*99,8%*		*99,8%*			
Total premiums ceded	318	*100,0*	227	*100,0*	*40,2*	*6,1*
Overall retention ratio (%)	*97,3%*		*96,8%*			

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 30 September 2014, the technical result of Non-Life premiums ceded was positive for reinsurers, while the technical result of Life premiums ceded was slightly negative for reinsurers at 30 September 2014.

Other Activities Sector

In the third quarter of 2014, activity continued on the turnaround and commercial development of the diversified company sector started up during 2013. These activities carried out are starting to have positive effects on the results of the companies which have improved sharply compared to the same figure for the previous year.

There was a profit at 30 September 2014 of €8m compared to the loss recorded at 30 September 2013 (-€30m at 30/9/2013).
The subsidiary Banca Sai contributed to that performance, and the result was positively influenced both by the capital gains from the sale of the financial assets and the positive performance of the subsidiary Finitalia, and the improved performance of the health structures and hotels segment.

In the hotels segment, although Atahotels reported a loss (-€3m), its result improved in comparison with the same period of 2013 (-€7m). The result was improved by the streamlining measures put into place and which are now in operation despite the downturn in the market due to the poor performance of the hotel sector with respect to both tourist and business travellers; this is also confirmed by the ISTAT figures relating to "movement of customers in the hospitality sector".
An agreement was signed between Atahotels and the Chinese company BTG-Jianguo Hotels & Resort in September; the Chinese company belongs to the Beijing Tourism Group, a leading Chinese tourist operator which manages more than 2000 hotels in China among other activities. The agreement is intended to tap into the large number of Chinese tourists who are expected to come to Italy for Expo 2015, in addition to establishing an intersecting training program between the two hotel chains focusing on cooking and the cultural training of staff.

As regards clinics, the result of Centro Oncologico Fiorentino (-€8m) was up from the €12m loss recorded on 30 September 2013. The reduction in the loss for the period was brought about by a significant increase in revenues from "outside the region" and the introduction of some production cost monitoring measures. These measures, also thanks to a new internal organisation, produced the first positive effects in terms of cost savings and an increase in structures' efficiency.
Despite the improvements achieved in relation to managing the Centro Oncologico Fiorentino, the costs/revenue structure of the company is still out of balance that cannot be rectified in the short term. In order to allow the subsidiary to continue operating, the holding company UnipolSai decided on strengthening the capital, providing a shareholders' capital contribution of €13.5m, which was given in September.
Villa Donatello posted a loss of €1m, including the result posted by Donatello Day Surgery (company placed into liquidation at the start of 2014 and whose activities, primarily ophthalmology, were transferred to Villa Donatello), which was an improvement on the result of the third quarter of 2013 (-€3m).

Even though the agricultural business posted a loss, it improved on the same period of the previous year: in fact, the result of the company Tenute Del Cerro (former Saiagricola) improved from -€4m at 30 September 2013 to -€2m at 30 September 2014. The value of production was up (+20% compared to the same period of 2013) and industrial costs were slightly down (-4%). The result was negatively impacted by the financial expenses of a loan granted by UnipolSai at the end of 2013 at arm's length conditions in order to purchase the land of Tenute del Cerro that had previously been rented.

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

	Other Activities Sector Income Statement				
	Amounts in €m	30/9/2014	30/9/2013	*% var.*	*% var. on a like-for-like basis*
1.2	Commission income	14	14	*1.2*	*-49.7*
1.5	Income from other financial instruments and investment property	56	42	*34.5*	*34.2*
1.6	Other income	231	488	*-52.8*	*-52.9*
	Total revenues and income	301	544	*-44.7*	*-44.9*
2.2	Commission expenses	-4	-4	*-7.7*	*-7.7*
2.4	Expenses from other financial instruments and investment property	-12	-17	*-25.4*	*-44.7*
2.5	Operating expenses	-58	-243	*-76.1*	*-76.5*
2.6	Other costs	-207	-300	*-31.1*	*-31.5*
2	Total costs and charges	-281	-564	*-50.1*	*-51.2*
	Net profit (loss) for the period before taxes	20	-20	*n.s.*	*n.s.*

The pre-tax result at 30 September 2014 was a profit of €20m (-€20m at 30/9/2013).
The items Other revenues and Other costs include revenues and costs for the provision of services provided to Group companies belonging to other sectors, eliminated during the consolidation process. The employees of the consortium Gruppo Fondiaria SAI Servizi Scrl were hired by UnipolSai starting from the 2014 financial year.

At 30 September 2014, Investments and cash and cash equivalents of the Other Activities Sector (including properties for own use totalling €134m) amounted to €1,575m (€1,522m at 31/12/2013, €1,564m on a like-for-like basis).

The Financial liabilities amount to €914m (€915m at 31/12/2013, €1,363m on a like-for-like basis; this figure includes €379m in debts to banks owed by the former Premafin which is now incorporated into UnipolSai and attributed to the Non-Life sector).

Banca Sai SpA
Following the new provisions introduced by the European provisions, the Bank of Italy, by letter dated 1 August 2014, reported that from 16 April 2014 Banca Sai was no longer the parent of the Banca Sai Banking Group and simultaneously had become part of the Unipol Banking Group, with Unipol Gruppo Finanziario as the Parent.
On 25 September 2014, the Bank of Italy authorised the Bank to merge by incorporation with Unipol Banca, which was carried out in November. The tax and accounting effects of the transaction took effect as of 1 January 2014, but since the transaction was concluded after 30 September 2014, it did not affect the economic/asset situation for the third quarter.

The period at 30 September 2014 closed with a profit of €19m (compared to a profit of about €2m at the end of the same period in 2013).

It is important to note the sharp reduction in assets managed by the bank at the end of the third quarter, which amounted to €1,822m compared to €20,505m at the end of 2013, which drop was due to the reorganisation of the securities dossiers of the Unipol Group.

There was a considerable drop in indirect funding for the reasons described above, amounting to €1,000m at 30 September 2014 compared to €19,664m at the end of 2013.

The number of current accounts fell from 13,563 at the end of 2013 to 13,253 at 30 September 2014. Lending (mortgages and uses of various credit lines, before value adjustments) amounted to €840m at the end of September (€782m at 31 December 2013).

Lending is oriented towards traditional business types, supporting the financing requirements of households and providing the necessary support to businesses, particularly SMEs, which in the current economic environment have shown themselves to have better business continuity prospects. As a result, credit policies and lending and credit monitoring processes are defined so as to combine customer needs with the need to ensure the maintenance of loan quality.

Real Estate Sector

There was a loss posted of €33m at 30 September 2014 (-€27m at 30/9/2013).

The streamlining and cost-cutting measures of the real estate subsidiaries of UnipolSai continued in the third quarter of 2014, on the basis of the guidelines provided in the 2013-2015 Business Plan.

The Group corporate simplification project approved by the Board of Directors of UGF and UnipolSai last June falls within its scope, and provides for the following:

(i) a planned merger by incorporation into Immobiliare Fondiaria-SAI of the subsidiaries Immobiliare Milano Assicurazioni, IN.V.ED, Mizar, R.EDIL.MO., Bramante, Cascine Trenno, Trenno Ovest, IAT, Meridiano Bellarmino, Immobiliare Litorella, Meridiano Bruzzano, Meridiano Aurora, Campo Carlo Magno, Sintesi Seconda, Stimma, UnipolSai Servizi Immobiliari, International Strategy and Unifimm; and

(ii) an additional simplification project entailing the absorption of the subsidiaries Covent Garden and Comsider into the subsidiary Midi.

The Board of Directors and the Shareholders' Meetings of all the companies in the real estate segment involved approved the aforementioned merger projects in September.
Therefore, when the time prescribed by law expires, the agreements will be formalised.

During this quarter, a portion of the real estate portfolio was disposed of through a series of transactions involving both properties held for sale in fractions and individual properties located throughout Italy.
In terms of operations aimed at optimising properties' profitability, design activities commenced concerning some of the properties that will undergo renovation works.
The most significant transactions include the upcoming completion of the enhancement project on the property located in Assago, Milanofiori - Street 6 - Building A in order to rent the entire property to leading leaseholders.
In relation to the renovation and enhancement of the building located in Milan, via Fara 41 ('Torre Galfa'), completely vacant since 2001, the rental agreement with a leading international hotel operator has been agreed for a portion of the property to be used for the hospitality sector.
Investments continued, through some Group companies, for the creation of the real estate development project in the area known as 'Porta Nuova' in Milan, structured into the independent projects Porta Nuova Garibaldi, Porta Nuova Varesine and Porta Nuova Isola.
In relation to the area in Milan in via Melchiorre Gioia at the corner of via Don Sturzo, owned by the Group, with an urban redevelopment zone known as 'Porta Nuova', preliminary design activities are underway for the construction of a new multi-storey building.
Work on the property complex in Bologna, via Larga have been completed.

The remaining amount due on the bank loan granted in 2009, amounting to €48m, was repaid by the subsidiary Marina di Loano in July. In order to repay the debt, the company used a loan of €44m from UnipolSai, subject to IVASS authorisation, and the remaining amount from its own cash resources.

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

	Real Estate Sector Income Statement				
	Amounts in €m	30/9/2014	30/9/2013	*% var.*	*% var. on a like-for-like basis*
1.3	Gains (losses) on financial instruments at fair value through profit or loss	-1	-1	*-55.2*	*-77.6*
1.5	Income from other financial instruments and investment property	57	37	*54.2*	*33.7*
1.6	Other income	16	14	*14.0*	*-38.6*
	Total revenues and income	73	50	*45.3*	*7.0*
2.3	Expenses from investments in subsidiaries, associates and joint ventures	-2	0	*n.s.*	*n.s.*
2.4	Expenses from other financial instruments and investment property	-66	-47	*39.9*	*17.9*
2.5	Operating expenses	-11	0	*n.s.*	*116.8*
2.6	Other costs	-28	-30	*-4.4*	*-9.0*
2	Total costs and charges	-107	-77	*39.6*	*16.3*
	Net profit (loss) for the period before taxes	-34	-27	*-28.9*	*-42.3*

The pre-tax result at 30 September 2014 was a loss of €34m (-€27m at 30/9/2013) after having depreciated the property investments and tangible assets by €23m.

Investments and cash and cash equivalents of the real estate sector (including instrumental properties for own use) totalled €1,891m at 30 September 2014 (€1,437m at 31/12/2013, €1,912 on a like-for-like basis), consisting mainly of investment property and properties for own use amounting to €1,687m (€1,262m at 31/12/2013, €1,718m on a like-for-like basis).

The Financial liabilities amounted to €171m at 30 September 2014 (€172m at 31/12/2013, €175m on a like-for-like basis).

Asset and financial management

Investments and cash and cash equivalents

Transactions carried out at 30 September 2014

In the first nine months of 2014, the investment policies implemented in the finance area pursued, in terms of medium/long-term investments, the general criteria of prudence and of preserving asset quality consistent with the Guidelines defined in the Investment Policy. 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;
- transactions 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 for the development of investment activities were to maintain a high standard of portfolio quality through a process for the selection of issuers based on the criteria of issuer diversification and strength, placing particular attention on the liquidity profile.

The main object of the transactions was the bond segment, mainly focusing on non-government issues and to a lesser extent Government bonds, in particular in the Life segment.
The increase in the exposure to government bonds mainly issued by the Italian treasury department amounted to €501m in the nine-month period. In the course of the period, the net balance of Government bonds was positive in the Life segment (+€1,361m), whereas it was negative on the Non-Life segment, where the decrease amounted to €859m.
Purchases on the Life portfolio involved mainly fixed rate securities that helped meet the ALM requirements of the Segregated Funds, continuing the rationalisation of the maturity dates of liabilities with covering assets.
In the Non-Life segment, whereas there was a net reduction in the exposure to Government bonds, exposure to Italian government bonds linked to European inflation increased, with purchases spread over varying maturities, thus benefiting from the high returns offered by this segment. In addition, hedging strategies were implemented on the government bonds to reduce the concentration towards Italy-linked securities for an amount of about €1,700m: at 30 September, net of said transaction, the reduction in exposure to Italian government bonds was therefore about €2,560m.

The non-government component of bond securities saw an overall increase in overall exposure of €1,182m, with an increase in exposure predominantly relating to financial issuers and to a marginal extent, to industrial issuers. Operations in the Non-Life segment mainly focused on subordinated financial securities and hybrid industrial securities, while Life segment mainly acquired senior or subordinated LT2 securities. Overall, net exposure to subordinated securities rose by €1,139m.
Asset portfolio simplification activities continued during the period. Level 2 and 3 structured bonds saw an overall reduction of €1.5bn.

Share exposure increased in the first nine months by €223m; transactions were broken down into both individual shares and ETFs (Exchange Traded Funds) representing share indexes. A put option on the share market on the Eurostoxx 50 index was purchased to hedge against this increase, with strike 2400 and expiry in January 2016. The portfolio contained bonds with a good scope for future profits and a high profit flow. Almost all equity instruments in the portfolio belong to the main European share indexes.

Exposure to alternative funds, a category that includes Private Equity Funds and Hedge Funds, amounted to €387m, up by €167m during the nine-month period as a result of subscriptions of Hedge funds. The new funds selected mainly reflect the criteria of the UCITS IV EU regulations. There were no new subscriptions of private equity funds.

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

The overall Group duration stood at 4.93 years: the Non-Life duration in the Group insurance portfolio was 2.83 years and 6.33 years in the Life segment.
The fixed rate and floating rate components of the bond portfolio remained stood at 80.6% and 19.4% respectively.

The government component accounted for approximately 79.6% of the bond portfolio whilst the corporate component accounted for the remaining 20.4%, split into 15.4% financial and 5% industrial credit. Italian government bonds accounted for 74% of the total bond portfolio.
A total of 93.1% of the bond portfolio was invested in securities with ratings higher than BBB-. 3.2% of the total securities were between AAA and AA-, whilst 5.5% were rated A. The exposure to securities with a BBB rating was 86.4%.

At 30 September 2014, Group Investments and Cash and cash equivalents totalled €62,694m (€35,359m at 31/12/2013 and €58,664m on a like-for-like basis), with the following breakdown according to type of business (*):

Investments and cash and cash equivalents by sector

Amounts in €m	30/09/2014	*% comp.*	31/12/2013	*% comp.*	*% var.*	*% var. on a like-for-like basis*
Insurance Sector	60,169	*96.0*	33,231	*94.0*	*81.1*	*7.3*
Other Activities Sector	1,575	*2.5*	1,522	*4.3*	*3.5*	*0.7*
Real Estate Sector	1,891	*3.0*	1,437	*4.1*	*31.5*	*-1.1*
Inter-segment eliminations	-941	*-1.5*	-831	*-2.4*	*13.2*	*7.4*
Total Investments and liquidity (*)	62,694	*100.0*	35,359	*100.0*	*77.3*	*6.8*

(*) Including property for own use.

The breakdown by investment category is as follows:

Investments and Liquidity

Amounts in €m	30/9/2014	percent	31/12/2013	percent	% chg	% chg on a like-for-like basis
Property (*)	3,918	6.2	3,041	8.6	28.8	-2.8
Investments in subsidiaries, associates and joint ventures	501	0.8	159	0.5	214.3	4.3
Investments held to maturity	1,487	2.4	626	1.8	137.4	-29.7
Loans and receivables	6,166	9.8	2,747	7.8	124.5	-8.3
Debt securities	4,587	7.3	1,637	4.6	180.1	-10.1
Loans and receivables from bank customers	433	0.7	460	1.3	-5.9	-5.9
Interbank loans and receivables	9	0.0	1	0.0	n.s.	n.s.
Deposits held by ceding companies	32	0.1	19	0.1	66.9	-10.0
Other loans and receivables	1,105	1.8	629	1.8	75.6	-2.3
AFS financial assets	40,737	65.0	22,656	64.1	79.8	16.7
Financial assets at fair value through profit or loss	8,858	14.1	5,531	15.6	60.2	0.9
of which held for trading	378	0.6	101	0.3	273.1	-2.7
of which designated at fair value through profit or loss	8,480	13.5	5,429	15.4	56.2	1.1
Cash and cash equivalents	1,027	1.6	599	1.7	71.6	-36.9
Total Investments and Liquidity	62,694	100.0	35,359	100.0	77.3	6.9

(*) Including property for own use.

Net gains on investments and financial income

The breakdown of net gains (losses) on investments and financial income and charges is shown in the table below:

Net income

Amounts in €m	30/9/2014	% comp.	30/9/2013	% comp.	% var.	% var. on a like-for-like basis
Investment property	-39	-2,5	-22	-2,5	76,7	94,1
Gains/losses on investments in subsidiaries and associates and interests in joint ventures	-7	-0,5	-1	-0,1	n.s.	n.s.
Net gains on investments held to maturity	52	3,4	66	7,4	-20,7	-53,4
Net gains on loans and receivables	87	5,6	77	8,6	13,4	-52,3
Net gains on available-for-sale financial assets	1.676	107,9	780	87,9	114,9	50,8
Net gains on financial assets held for trading and at fair value through profit or loss (*)	-219	-14,1	-19	-2,1	n.s.	n.s.
Balance of cash and cash equivalents	5	0,3	7	0,8	-30,4	-34,7
Total net gains on financial assets, cash and cash equivalents	1.554	100,0	887	100,0	75,1	10,2
Net losses on financial liabilities held for trading and at fair value through profit or loss (*)	9		-2			
Net losses on other financial liabilities	-115		-47			
Total net losses on financial liabilities	-106		-49		117,7	33,8
Total net gains (*)	1.448		839		72,6	8,8
Net gains on financial assets at fair value (**)	395		113			
Net losses on financial liabilities at fair value (**)	-32		0			
Total net gains on financial instruments at fair value (**)	363		113			
Total net gains on investments and net financial income	1.811		952		90,2	21,4

(*) not including net gains and losses on financial instruments designated at fair value recognised on the income statement where the investment risk is held by the customers (index and unit-linked) and deriving from the management of pension funds.
(**) net gains and losses on financial instruments designated at fair value recognised on the income statement with investment risk held by the customers (index and unit-linked) and deriving from the management of pension funds.

The Net income from financial assets from trading includes €155m of capital losses from the value of derivative financial instruments, partially paid off, hedging increases in the fair value of bonds classified under assets available for sale which were checked successfully for hedge effectiveness.
In parallel, the Net income from financial assets available for sale include €156m in capital gains from the increase in fair value of the bonds subject to hedging, partially ceded.

Net gains on available-for-sale financial assets include net gains from trading of €495m (€161m at 30 September 2013).

Write-downs on Property investments were booked to the income statement of €55m (€6m at 30/9/2013), write-downs due to impairment of financial instruments classified as available-for-sale for €8m (€14m at 30/9/2013) and write-downs of Loans and receivables attributable to banking activities for €8m (€5m at 30/9/2013).

Shareholders' equity

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

Amounts in €m	30/9/2014	31/12/2013	var.importo	var. in amount on a like-for-like basis
Share capital	1,996	1,195	802	
Capital reserves	248	199	49	
Retained earnings and other equity reserves	2,168	116	2,052	
(Treasury shares)	-50	0	-49	
Reserve for currency translation differences	4	5	-1	
Gains/losses on AFS financial assets	1,197	497	700	
Other gains and losses recorded directly in equity	-2	26	-28	
Profit (loss) for the period	559	288	271	
Total Shareholders' Equity attributable to the Group	6,120	2,325	3,795	909

Treasury shares

At 30 September 2014, UnipolSai held a total of 53,549,686 ordinary treasury shares, of which 725,620 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 Vita (101,700) and Saifin (3,329).

Technical provisions and financial liabilities

At 30 September 2014, the gross technical provisions amounted to €55,307m (€32,800m at 31/12/2013 and €52,694m on a like-for-like basis) and Financial liabilities amounted to €3,890m (€2,226m at 31/12/2013 and €4,440m on a like-for-like basis). Non-Life technical provisions of €101m were reclassified to the item Liabilities held for disposal, pursuant to IFRS 5.

Technical provisions and financial liabilities

Amounts in €m	30/9/2014	31/12/2013	% var.	% var. on a like-for-like basis
Non-Life technical provisions	16,987	11,603	46.4	-4.7
Life technical provisions	38,320	21,197	80.8	9.9
Total technical provisions	55,307	32,800	68.6	5.0
Financial liabilities at fair value	1,221	554	120.3	5.0
Investment contracts with insurance companies	775	503	54.1	3.3
Other	446	51	n.s.	8.1
Other financial liabilities	2,669	1,672	59.6	-18.5
Subordinated liabilities	2,029	1,029	97.2	2.2
Payables to bank customers	233	165	41.7	42.1
Other	408	479	-14.9	-63.8
Total financial liabilities	3,890	2,226	74.7	-12.4
Total	59,197	35,026	69.0	3.6

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 €516m on a like-for-like basis.

Group debt (excluding Net Interbank funding)

Amounts in €m	30/9/2014	31/12/2013	var. in amount	var. in amount on a like-for-like basis
Subordinated liabilities	2,029	1,029	1,000	44
Due to banks and other borrowings	149	305	-156	-560
Total debt	2,178	1,334	844	-516

With reference to the Subordinated Liabilities issued by UnipolSai, the main transactions carried out during the period were as follows:

- on 24 April 2014, issue of a Convertible Bond Loan, for a total of €201.8m, of which €67.5m subscribed by the holding company Unipol and converted into shares on 22 May 2014. As a result of the conversion, the amount of the loan decreased to €134m, of which €14m is recognised among Financial Liabilities in accordance with IAS 32.15. The component attributable to equity instruments was recognised as an increase in Shareholders' Equity;
- on 18 June 2014, issue of a subordinated bond with indefinite maturity for a total nominal amount of €750m, with the simultaneous early repayment of subordinated loans with indefinite maturity disbursed in the past from Mediobanca to Fondiaria-SAI (now UnipolSai) and to merged entities Milano Assicurazioni and Unipol Assicurazioni for a total amount of €750m.

On 11 September 2014, in application of the contract clauses, UnipolSai and Mediobanca signed an agreement to amend the Loan Contracts relating to the medium-term subordinated loans for €700m. This agreement provides for the amendment of certain financial terms, including payment, as a settlement, of annual remuneration of 71.5 basis points in addition to the previous spread (therefore the new spread increase from 1.80 to 2.515) as provided under the Loan Contracts. The Additional Cost for 2014 amounts to €5m.

With reference to the Debts to banks and other lenders of €149m, €111m (€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. Since 2008, the Fund has made use of interest rate derivatives in implementation of a policy hedging the potential risk of an increase in interest rates on the loan taken out.
On 30 September 2014, the debt securities issued by Banca Sai SpA amounted to €11m compared to €18m at 31 December 2013 (intragroup subscriptions of €3m at 31/12/2013).

The reduction in indebtedness is mainly a result of the following:

- paying off the loan (on 7 August 2014) and an interest-bearing shareholders' loan of the former company Premafin for a total amount of about €392m;
- the expiry of a loan repurchase agreement of Unipol Assicurazioni for approximately €103m;
- repayment by Marina di Loano of the loan contract entered into with Intesa SanPaolo in its capacity as Agent Bank for about €48m;
- repayment by Finadin of two loan contracts entered into with Banca Popolare di Milano and Banco Popolare for a total accounting value of about €12m.

Assets and liabilities held for disposal

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

In relation to the perimeter involved in the transfer, IFRS 5 - Non-current assets held for sale and discontinued operations was applied starting from 30 June 2013. In particular, in the consolidated statement of financial position at 30 September 2014, assets subject to transfer, amounting to €100.8m (€114.1m at 31/12/2013), were classified under a single item 'Non-current assets or disposal groups classified as held for sale' (item 6.1 of the Assets), while the liabilities, amounting to €100.8m (€72.8m at 31/12/2013), were similarly reclassified under a single item 'Liabilities of a disposal group held for sale' (item 6.1 of Liabilities). Both items are net of any intra-group transactions.
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 shareholders' equity.

As provided by the definitive contract transferring the insurance business unit entered into on 30 June 2014 between UnipolSai and Allianz, the transfer of the insurance product distribution activities took effect from 1 July 2014, while the transfer of the Non-Life insurance portfolio managed by the agencies transferred will take effect in December 2014 after authorisation has been obtained from the IVASS.

The main items falling within the scope of the activities disposed of relate to:
- Non-Life portfolio transferred for €53.8m (€62.8m at 31/12/2013);
- receivables from direct insurance transactions for €26.3m (€26.5m at 31/12/2013);
- allocation to risk provision for agent payments for €16.3m (€15.1m at 31/12/2013);
- payables for employees' leaving entitlement for transferred employees for €4.3m (€4.6m at 31/12/2013);
- deferred tax liabilities on the Non-Life portfolio transferred for €18.2m (€21.6m at 31/12/2013);
- other liabilities for €6m (€12.3m at 31/12/2013) relating to various liabilities relating to the transferred employees and agents.

Other disposals

The other reclassifications made in application of IFRS 5 regard the assets (€0.9m) and liabilities (€0.1m) of the company Saint George Capital Management SA (indirect 100% subsidiary of UnipolSai through the subsidiary Saifin-Saifinanziaria) and certain properties for which the relative preliminary sales contracts have already been signed (€25.4m).

The tables below show the details of the reclassified assets and liabilities.

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

Amounts in €m

		disposals pursuant to Antitrust Authority Prov. ex Provv. AGCM		*other reclass. IFRS 5*		Total reclass. IFRS 5	
		30/9/2014	31/12/2013	30/9/2014	31/12/2013	30/9/2014	31/12/2013
1	INTANGIBLE ASSETS	-	62.8	-	0.0	-	62.9
1.1	Goodwill	-	-	-	-	-	-
1.2	Other intangible assets	-	62.8	-	0.0	-	62.9
2	PROPERTY, PLANT AND EQUIPMENT	-	0.1	-	0.2	-	0.2
2.1	Property	-	-	-	-	-	-
2.2	Other tangible assets	-	0.1	-	0.2	-	0.2
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	-	-	-	-	-	-
4	INVESTMENTS	-	0.9	25.4	21.5	25.4	22.4
4.1	Investment property	-	-	25.4	21.4	25.4	21.4
4.2	Investments in subsidiaries, associates and joint v entures	-	-	-	-	-	-
4.3	Investments held to maturity	-	-	-	-	-	-
4.4	Loans and receiv ables	-	0.9	-	-	-	0.9
4.5	AFS financial assets	-	-	0.0	0.1	0.0	0.1
4.6	Financial assets at fair v alue through profit or loss	-	-	-	-	-	-
5	OTHER RECEIVABLES	-	26.5	0.0	0.0	0.0	26.5
5.1	Receiv ables from direct insurance operations	-	26.5	-	-	-	26.5
5.2	Receiv ables from reinsurance operations	-	-	-	-	-	-
5.3	Other receiv ables	-	0.0	0.0	0.0	0.0	0.0
6	OTHER ASSETS	0.9	3.1	0.0	0.4	0.9	3.5
6.2	Deferred acquisition costs	0.9	0.5	-	-	0.9	0.5
6.3	Deferred tax assets	-	-	-	-	-	-
6.4	Current tax assets	-	-	-	-	-	-
6.5	Other assets	-	2.6	0.0	0.4	0.0	3.0
7	CASH AND CASH EQUIVALENTS	99.9	20.7	0.0	2.7	99.9	23.4
NON-CURRENT ASSETS OR DISPOSAL GROUPS		100.8	114.1	25.4	24.8	126.2	138.9

Liabilities of a disposal group held for sale

Amounts in €m

		disposals pursuant to Antitrust Authority Prov. ex Provv. AGCM		*other reclass. IFRS 5*		Total reclass. IFRS 5	
		30/9/2014	31/12/2013	30/9/2014	31/12/2013	30/9/2014	31/12/2013
2	PROVISIONS	-	15.1	-	-	-	15.1
3	TECHNICAL PROVISIONS	100.8	18.7	-	-	100.8	18.7
4	FINANCIAL LIABILITIES	-	-	-	-	-	-
4.1	Financial liabilities at fair v alue through profit or loss	-	-	-	-	-	-
4.2	Other financial liabilities	-	-	-	-	-	-
5	PAYABLES	-	5.2	0.0	1.2	0.0	6.4
5.1	Payables from direct insurance operations	-	0.6	-	-	-	0.6
5.2	Payables from reinsurance operations	-	-	-	-	-	-
5.3	Other payables	-	4.6	0.0	1.2	0.0	5.8
6	OTHER LIABILITIES	-	33.8	0.0	0.1	0.0	33.9
6.2	Deferred tax liabilities	-	21.6	-	-	-	21.6
6.3	Current tax liabilities	-	-	-	0.0	-	0.0
6.4	Other liabilities	-	12.3	0.0	0.1	0.0	12.4
LIABILITIES OF A DISPOSAL GROUP		100.8	72.8	0.0	1.3	100.8	74.2

Significant events after the reporting period and business outlook

Merger by incorporation between Banca Sai and Unipol Banca

On 3 November 2014 the merger by incorporation between Banca Sai (100% subsidiary of UnipolSai) and Unipol Banca took effect, as approved by the respective shareholders' meetings of 3 October 2014 (with accounting and tax effects dating back to 1 January 2014). On the basis of the exchange agreed during the merger, UnipolSai received 132,428,578 shares of newly issued Unipol Banca shares (equal to the capital increase necessary to fund the merger of €132m), increasing the equity investment held from 32.25% to 42.25%. The equity investment directly held by the parent Unipol therefore fell from 67.75% to 57.75%.

Business outlook

With respect to the performance of the Non-Life segment, to date there have been no significant changes in the premiums compared to current trends apart from those resulting from the transfer of the former Milano Assicurazioni agencies as of 1 July 2014 as mentioned above.
With respect to claims, weather conditions were bad in October, causing serious flooding in Liguria and other parts of the country. The related damage is still being quantified but initial estimates appear to show that the amounts are not significant with respect to the size of the Group.

The Life segment was influenced to a lesser extent by the effects of the transfer of the agencies, premiums are still rising significantly and are higher than expected even though there was a slowdown in the bancassurance channel in October.

With respect to financial management, the greater uncertainty relating to the European and international economic situation and renewed fears on the solvency of Greek public debt levels led to tensions in the main stock exchanges in October, along with an increase, albeit limited, in the spread on Italian securities. The Group's work is still aimed at safeguarding the consistency of the assets to the liabilities and maintaining high quality standards in the portfolio by using diversification strategies to ensure that issuers are carefully monitored with respect to their solidity and liquidity.
The corporate restructuring of the banking segment of the Group as provided under the 2013-2015 Business Plan was completed on 3 November 2014 with the merger by incorporation between Banca Sai SpA and Unipol Banca SpA.

The Group is continuing with its integration of the companies which have merged into UnipolSai and the further corporate simplification activities which have already been identified and put into effect in order to achieve the goals of the Business Plan.

Bologna, 13 November 2014

The Board of Directors

Consolidated Financial Statements:

- Statement of financial position
- Income statement and statement of comprehensive income
- Income statement by business segment

UnipolSai ASSICURAZIONI

Consolidated Statement of Financial Position - Assets

	Amounts in €m	30/9/2014	31/12/2013
1	INTANGIBLE ASSETS	825	524
1.1	Goodwill	307	0
1.2	Other intangible assets	518	524
2	PROPERTY, PLANT AND EQUIPMENT	1,139	522
2.1	Property	1,023	457
2.2	Other tangible assets	115	66
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	963	742
4	INVESTMENTS	60,644	34,304
4.1	Investment property	2,895	2,584
4.2	Investments in subsidiaries, associates and interests in joint ventures	501	159
4.3	Investments held to maturity	1,487	626
4.4	Loans and receivables	6,166	2,747
4.5	Available-for-sale financial assets	40,737	22,656
4.6	Financial assets at fair value through profit or loss	8,858	5,531
5	SUNDRY RECEIVABLES	2,803	1,901
5.1	Receivables relating to direct insurance business	1,134	1,082
5.2	Receivables relating to reinsurance business	143	98
5.3	Other receivables	1,527	721
6	OTHER ASSETS	2,776	1,843
6.1	Non-current assets held for sale or disposal groups	127	139
6.2	Deferred acquisition costs	76	63
6.3	Deferred tax assets	2,149	1,189
6.4	Current tax assets	118	217
6.5	Other assets	307	235
7	CASH AND CASH EQUIVALENTS	1,027	599
	TOTAL ASSETS	70,177	40,434

Consolidated Statement of Financial Position - Shareholders' Equity and Liabilities

	Amounts in €m	30/9/2014	31/12/2013
1	SHAREHOLDERS' EQUITY	6,449	3,066
1.1	attributable to the owners of the Parent	6,120	2,325
1.1.1	Share capital	1,996	1,195
1.1.2	Other equity instruments	0	0
1.1.3	Equity-related reserves	248	199
1.1.4	Retained earnings and other equity reserves	2,168	116
1.1.5	(Treasury shares)	-50	0
1.1.6	Reserve for currency translation differences	4	5
1.1.7	Gains or losses on available-for-sale financial assets	1,197	497
1.1.8	Other gains or losses recognised directly in equity	-2	26
1.1.9	Profit (loss) for the period attributable to the owners of the Parent	559	288
1.2	attributable to non-controlling interests	329	741
1.2.1	Share capital and reserves attributable to non-controlling interests	258	521
1.2.2	Gains or losses recorded directly in equity	37	123
1.2.3	Profit (loss) for the period attributable to non-controlling interests	34	97
2	PROVISIONS	604	320
3	TECHNICAL PROVISIONS	55,307	32,800
4	FINANCIAL LIABILITIES	3,890	2,226
4.1	Financial liabilities at fair value through profit or loss	1,221	554
4.2	Other financial liabilities	2,669	1,672
5	PAYABLES	1,114	655
5.1	Payables arising from direct insurance business	156	95
5.2	Payables arising from reinsurance business	126	73
5.3	Other payables	832	487
6	OTHER LIABILITIES	2,812	1,366
6.1	Liabilities associated with disposal groups	101	74
6.2	Deferred tax liabilities	1,937	827
6.3	Current tax liabilities	27	67
6.4	Other liabilities	748	398
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	70,177	40,434

UnipolSai ASSICURAZIONI

Consolidated Income Statement

	Amounts in €m	30/9/2014	30/9/2013
1.1	Net premiums	12,129	7,112
1.1.1	*Gross premiums earned*	*12,440*	*7,347*
1.1.2	*Earned premiums ceded to reinsurers*	*-311*	*-236*
1.2	Commission income	12	5
1.3	Gains and losses on financial instruments at fair value through profit or loss	152	93
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	2	0
1.5	Gains on other financial instruments and investment property	2,157	1,048
1.5.1	*Interest income*	*1,186*	*722*
1.5.2	*Other income*	*153*	*85*
1.5.3	*Realised gains*	*661*	*241*
1.5.4	*Unrealised gains*	*157*	*0*
1.6	Other income	474	335
1	TOTAL REVENUE AND INCOME	14,927	8,593
2.1	Net charges relating to claims	-10,974	-6,017
2.1.1	*Amounts paid and changes in technical provisions*	*-11,113*	*-6,117*
2.1.2	*Reinsurers' share*	*139*	*100*
2.2	Commission expenses	-10	-4
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	-9	-1
2.4	Losses on other financial instruments and investment property	-492	-188
2.4.1	*Interest expense*	*-75*	*-50*
2.4.2	*Other costs*	*-77*	*-50*
2.4.3	*Realised losses*	*-228*	*-29*
2.4.4	*Unrealised losses*	*-112*	*-59*
2.5	Operating expenses	-1,910	-1,167
2.5.1	*Commissions and other acquisition expenses*	*-1,426*	*-845*
2.5.2	*Investment management expenses*	*-66*	*-12*
2.5.3	*Other administrative expenses*	*-418*	*-310*
2.6	Other costs	-582	-597
2	TOTAL COSTS AND EXPENSES	-13,978	-7,974
	PRE-TAX PROFIT (LOSS) FOR THE PERIOD	949	619
3	Income tax	-355	-256
	PROFIT (LOSS) FOR THE PERIOD AFTER TAXES	594	363
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-1	0
	CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	593	363
	of which attributable to the owners of the Parent	*559*	*260*
	of which attributable to non-controlling interests	*34*	*103*

Amounts in €m	30/9/2014	30/9/2013
CONSOLIDATED PROFIT (LOSS)	593	363
Other income components net of taxes without reclassification to the income statement	-1	13
Variation in the shareholders' equity of the investees	3	11
Variation in the revaluation reserve for intangible assets	0	0
Variation in the revaluation reserve for property, plant and equipment	0	0
Gains and losses on non-current assets held for sale or disposal groups	0	0
Actuarial gains and losses and adjustments relating to defined-benefit plans	-3	2
Other items	0	0
Other income components net of taxes with reclassification to the income statement	717	-65
Variation in the reserve for currency translation differences	-4	-1
Gains or losses on available-for-sale financial assets	690	-74
Gains or losses on cash flow hedges	32	9
Gains or losses on hedges of a net investment in foreign operations	0	0
Variation in the shareholders' equity of the investees	0	0
Gains and losses on non-current assets held for sale or disposal groups	0	0
Other items	0	0
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	717	-52
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)	1,310	311
of which attributable to the owners of the Parent	*1,287*	*229*
of which attributable to non-controlling interests	*23*	*82*

The changes in the Statement of comprehensive income referring to 30 September 2014 do not include the allocations resulting from the merger amounting to -€132m at 1 January 2014.

Condensed Consolidated Operating Income Statement broken down by business segment

Amounts in €m	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE SECTOR			OTHER ACTIVITIES SECTOR			REAL ESTATE SECTOR (*)			Inter-segment eliminations			CONSOLIDATED TOTAL		
	30/9/2014	30/9/2013	% var.	30/9/2014	30/9/2013	% var.	30/9/2014	30/9/2013	% var.	30/9/2014	30/9/2013	% var.	30/9/2014	30/9/2013	% var.	30/9/2014	30/9/2013	% var.	30/9/2014	30/9/2013	% var.
Net premiums	6,344	4,326	46.6	5,785	2,785	107.7	12,129	7,112	70.6										12,129	7,112	70.6
Net commissions										10	10	4.9				-9	-9	2.5	2	1	53.6
Financial income/expenses (excl. assets/liab. designated at fair value through profit or loss)	442	228	93.9	1,018	624	63.1	1,460	852	71.3	44	26	73.4	-11	-11	-2.1	-45	-28	63.0	1,448	839	72.6
Net interest	*291*	*173*		*810*	*481*		*1,100*	*653*		*44*	*32*		*-1*	*-2*		*-26*	*-9*		*1,117*	*674*	
Other income and charges	*47*	*24*		*-10*	*10*		*37*	*34*		*0*	*0*		*31*	*13*		*-19*	*-19*		*49*	*28*	
Realised gains and losses	*162*	*57*		*185*	*125*		*347*	*182*		*8*	*-1*		*-1*	*-1*					*354*	*179*	
Valuation gains and losses	*-58*	*-26*		*34*	*10*		*-24*	*-17*		*-8*	*-5*		*-40*	*-21*					*-72*	*-43*	
Net charges relating to claims	-4,319	-2,927	47.5	-6,293	-2,977	111.4	-10,611	-5,904	79.7										-10,611	-5,904	79.7
Operating expenses	-1,603	-961	66.8	-276	-148	87.0	-1,879	-1,109	69.5	-58	-243	-76.1	-11	0	n.s.	39	185	-79.0	-1,910	-1,167	63.7
Commissions and other acquisition expenses	*-1,283*	*-764*	*67.9*	*-167*	*-90*	*84.9*	*-1,450*	*-854*	*69.7*							*24*	*9*	*154.1*	*-1,426*	*-845*	*68.8*
Other expenses	*-320*	*-197*	*62.4*	*-109*	*-57*	*90.4*	*-430*	*-255*	*68.7*	*-58*	*-243*	*-76.1*	*-11*	*0*	*n.s.*	*15*	*176*	*-91.3*	*-484*	*-322*	*50.4*
Other income/charges	-91	-212	-57.2	-44	-74	-40.2	-135	-286	-52.8	24	188	-87.4	-12	-15	-21.7	16	-149	-110.5	-108	-262	-58.8
Profit (loss) before taxes	773	454	70.2	190	211	-9.6	964	665	44.9	20	-20	200.9	-34	-27	-28.9	0	0	0.0	949	619	53.5
Income taxes	-280	-184	51.6	-66	-61	8.7	-346	-246	40.9	-11	-10	8.7	2	0	n.s.	0	0	0.0	-355	-256	39.0
Profit (loss) from discontinued operations										-1	0	n.s.							-1	0	n.s.
Consolidated profit (loss)	494	270	82.9	124	150	-17.1	618	419	47.2	8	-30	-126.7	-33	-27	22.3	0	0	0.0	593	363	63.4
Profit (loss) attributable to the Group																			*559*	*260*	
Profit (loss) attributable to non-controlling interests																			*34*	*103*	

(*) the Real Estate sector only includes real estate subsidiaries of UnipolSai

Statement of the Manager in charge of financial reporting pursuant to Art. 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 30 September 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 30 September 2014 is consistent with the accounting records, ledgers and documents.

Bologna, 13 November 2014

The Manager in charge of financial reporting
Maurizio Castellina
(signed on the original)

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Share capital
€1,996,129,451.62 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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GRUPPO

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