

Unipol Gruppo Finanziario S.p.A.

*Registered and Head Offices in Bologna - Via Stalingrado 45 – Share capital €2,391,426,100.00 fully paid-up
Tax Code and Companies' Register in Bologna 00284160371 - R.E.A. n° 160304.*

Half-Yearly Report as at 30 June 2007 of Unipol Gruppo Finanziario S.p.A.

Since 1 September 2007, after having hived down the insurance arm of its business to another subsidiary established for this purpose, the Company has assumed its new corporate purpose as a holding company for shareholdings and services and changed its name to 'Unipol Gruppo Finanziario spa'. Therefore, in order to ensure consistency of presentation, the name 'Unipol Assicurazioni spa' is used within the document.

Bologna, 13 September 2007

Translation from the original Italian text.

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COMPANY'S BOARDS AND OFFICIALS

	Honorary Chairman	Enea Mazzoli																					
Board of Directors	Chairman	Pierluigi Stefanini																					
	Vice Chairman	Vanes Galanti																					
	Chief Executive Officer	Carlo Salvatori																					
	Board Members	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Jean Dominique Antoni</td> <td style="width: 50%;">Ivan Malavasi</td> </tr> <tr> <td>Sergio Betti</td> <td>Massimo Masotti</td> </tr> <tr> <td>Fabio Borghi</td> <td>Enrico Migliavacca</td> </tr> <tr> <td>Rocco Carannante</td> <td>Pier Luigi Morara</td> </tr> <tr> <td>Gilberto Coffari</td> <td>Sergio Nasi</td> </tr> <tr> <td>Piero Collina</td> <td>Marco Pedroni</td> </tr> <tr> <td>Bruno Cordazzo</td> <td>Giuseppe Politi</td> </tr> <tr> <td>Sergio Costalli</td> <td>Francesco Vella</td> </tr> <tr> <td>Jacques Forest</td> <td>Marco Giuseppe Venturi</td> </tr> <tr> <td>Fabrizio Gillone</td> <td>Luca Zaccherini</td> </tr> <tr> <td>Claudio Levorato</td> <td>Mario Zucchelli</td> </tr> </table>	Jean Dominique Antoni	Ivan Malavasi	Sergio Betti	Massimo Masotti	Fabio Borghi	Enrico Migliavacca	Rocco Carannante	Pier Luigi Morara	Gilberto Coffari	Sergio Nasi	Piero Collina	Marco Pedroni	Bruno Cordazzo	Giuseppe Politi	Sergio Costalli	Francesco Vella	Jacques Forest	Marco Giuseppe Venturi	Fabrizio Gillone	Luca Zaccherini	Claudio Levorato
Jean Dominique Antoni	Ivan Malavasi																						
Sergio Betti	Massimo Masotti																						
Fabio Borghi	Enrico Migliavacca																						
Rocco Carannante	Pier Luigi Morara																						
Gilberto Coffari	Sergio Nasi																						
Piero Collina	Marco Pedroni																						
Bruno Cordazzo	Giuseppe Politi																						
Sergio Costalli	Francesco Vella																						
Jacques Forest	Marco Giuseppe Venturi																						
Fabrizio Gillone	Luca Zaccherini																						
Claudio Levorato	Mario Zucchelli																						
	Secretary of the Board of Directors	Roberto Giay																					
General Manager		Carlo Cimbri																					
Board of Statutory Auditors	Chairman	Roberto Chiusoli																					
	Members	Domenico Livio Trombone Giorgio Picone																					
	Alternates	Cristiano Cerchiai Giovanni Battista Graziosi																					
External Auditors		K.P.M.G. spa																					

Introduction

Macroeconomic background

In the first half of 2007 there were various indications of gradual improvements in the macroeconomic context both in Italy and internationally. However, the rise in the price of oil focused attention on the trend in energy costs.

In the first quarter of 2007 growth in Italian GDP, which had been +1.9% in 2006 (+0.1% at the end of 2005), was 0.3% higher than in the previous quarter and 2.3% higher year on year. GDP in the Eurozone as a whole continued to record higher rates of growth, being up 0.6% and 3.0% year on year.

Prices in Italy continued to rise more slowly than in the Eurozone as a whole. In May inflation in Italy over the previous 12 months was +1.5% compared with +2.1% at the end of 2006 and +1.9% in the Eurozone as a whole (+2.2% at the end of 2006).

The Italian figure for June rose to +1.7%.

The employment market, where the unemployment rate had fallen to 6.4% since the end of 2006 (6.8%), was still buoyant.

Financial markets

Fears of an upturn in the trend in prices and international political and economic tensions continued to affect the markets and the trend in rates: in both March and June the European Central Bank altered the European base rate, raising it gradually to 4% from 3.50% at the beginning of the year.

The Bank of England and the Bank of Japan also raised their rates, to 5.50% and 0.50% respectively. FED rates have remained unchanged at 5.25% since 29 June 2006.

All Italian rates went up as a result of the European Central Bank's monetary squeeze: as at 29 June 2007 the short-term rate (three-month Euribor) was 4.17% (compared with 3.72% at the end of 2006) and the 10-year government rate is 4.78% compared with 4.27%.

Stock exchange indices, which had been positive since the beginning of the year, were particularly volatile: minimum values in February-March were succeeded by new highs.

On 29 June the Milan Stock Exchange recorded +3.12%, which was a positive performance but not as good as that in the Eurozone as a whole (+8.98%) nor

on the principal international stock markets (London +6.22%, New York +6.00% and Tokyo +5.30%).

The Euro continued to be strong against the Dollar, which was weakened against the Euro, falling from 1.32 at the beginning of the year to 1.35 on 29 June.

In recent months, the international macroeconomic scenario has changed, particularly as a result of the crisis that has affected the 'subprime' loans market in the United States and the resulting fears of a slowdown in the leading economies (particularly the US economy).

The Bank of England may have further increased its rate by a quarter of a percent on 5 July, raising it to 5.75% (the highest level since April 2001), but since the middle of August the main central banks have had to intervene with injections of liquidity to reduce the negative effects of the loan crisis. On 17 August, the Fed cut the US discount rate by half a percent to 5.75%.

A consequence of the 'subprime' loans crisis was the increase in the spread existing between the return offered by government securities and interbank rates.

As at 31 August, the quarterly BOT rate was 4.15%, while the 3-month Euribor was 4.74%. The 10-year government rate was 4.53%.

Since the middle of July, share markets have begun to feel the effects of the economic tensions, triggering a period of high volatility and heavy depreciation of stock market indexes. As at 31 August, the rate of return of the Mibtel index was -1.91%, while the rate of return in the Eurozone remained positive (+4.24%).

The S&P 500 index of the New York Stock Exchange fell to +3.93% and in London the FTSE 100 fell to +1.33%, while the Japanese Stock Exchange recorded a negative performance of -3.81%.

On 16 July, the Brent oil price reached a record high of USD78.4, subsequently falling back to lower average levels but subject to strong ups and downs. By the end of August it had recovered to USD72.69.

The Dollar/Euro exchange rate fluctuated around its maximum values between 1.3820 and 1.36 at the end of August.

Insurance business

In the first few months of 2007 the insurance market in Italy continued to perform much as last year. After the fall in premium income recorded in 2006 (-2.9%) the official figures for the first quarter continued to be negative in the case Life premium income (-11%), in particular in the traditional classes (I and V). Non-Life business also started 2007 at low levels (which, though up by 1.6%, were falling), since the phenomena that were a feature of the previous periods, in particular the strong competitive pressure in MV business, were still present.

New Life business from individual policies fell by 4.2% in the first half of 2007 compared with the same period of last year. Income from products with minimum guaranteed yield in Class I and Class V continued to fall, by 19% and 57% respectively. On the other hand new unit- and index-linked policies (Class III) grew by 22%. Income received through banking and postal outlets was in line with the first half of 2006, whilst there was a substantial drop in premium income received direct (linked to the drop in corporate business).

According to the forecasts drawn up by ANIA, insurance premium income achieved in 2007 should be substantially the same as in 2006, with premium income being approximately €107bn and the incidence on GDP 7.1%.

ANIA forecasts a fall in income for the Life market in the current year (-5.6%). In particular the drop in premium income in Class V (corporate policies) is set to continue, whilst there should be substantial growth in Class VI and in savings products for pension purposes in general as a result of the supplementary pension reform and especially of the deadline of June for employees to decide where to invest their staff-leaving indemnity.

Non-Life business is expected to accelerate gently (+2.5% by the end of the year), especially in some non-MV classes. As for MV business, at this stage of radical changes in legislation (the introduction of the direct compensation scheme) making assumptions about growth is distinctly hazardous: in the short term income should grow by approximately 1% in view of the current policy of keeping tariffs down.

Principal new legislation in the insurance sector

Finally, we should point out some of the legislative changes that are relevant to the industry:

- *On 1 January 2007 the 'Regulation covering rules on direct payment of losses incurred as a result of road traffic accidents' (Presidential Decree 254 of 18/7/2006 issued in accordance with Article 150 of Legislative Decree 209 dated 2/9/2005 – 'Insurance Code') came into effect. This Regulation applies to accidents occurring as from 1 February 2007 in all cases of damage to the vehicle and of non-serious injury to the driver, even when passengers are involved in the accident.*
- *On 1 January 2007 the supplementary pensions reform also came into effect in accordance with the regulations contained in Legislative Decree 252/2005 (as laid down in Law 296 of 27/12/2006). Under the Decree of 30 January 2007 the Minister of Employment and Social Welfare, in agreement with the Minister of the Economy and Finance, gave employees in the private sector the right to express their wishes about use of the staff-leaving indemnity. They had until 30 June to decide whether to leave the staff-leaving indemnity within their company scheme or to transfer it to a pension scheme of their own choosing.*
- *In Communication no. DEM/7029641 of 5 April 2007, CONSOB asked issuers to ensure that, as of 1 May 2007, the periodic documentation required by the Rules and Regulations for Issuers is sent solely by using the new 'Teleracolta' system, which will be available on the organisation's website.*
- *As a result of the complaint submitted by ANIA to the European Commission on 19 February 2007, which was followed by one submitted by the ABI (Associazione Bancaria Italiana – Italian Banking Association), under Article 15-bis of Legislative Decree 81 of 2 July 2007 (converted into Law on 2/8/2007) the Government removed the exclusion from the reduction in the 'tax wedge' from banks, finance companies and insurance companies. This measure in favour of businesses had been introduced under Article 1, para. 266 of Law 296 of 27 December 2006 (the 2007 Finance Act) and is implemented by reducing the basis of assessment for*

the purposes of IRAP as a function of employee costs.



- On 13 July 2007 ISVAP issued Regulation no. 7 relating to the layout of the accounts of insurance and reinsurance companies that must adopt the international accounting standards referred to in Part VIII (Accounts and accounting records), Chapter I (General provisions for accounts), Chapter II (Annual accounts), Chapter III (Consolidated accounts) and Chapter V (Auditing) of Legislative Decree 209 dated 7 September 2005 (Insurance Code). This Regulation, which comes into effect as from the 2007 Accounts, is intended to create a single frame of reference for the application of the IAS/IFRS to the accounts of undertakings belonging to the insurance sector.
- On 3 July 2007 ISVAP issued Ruling no. 2530 which contains instructions relating to covering the technical provisions of direct insurance.

It should be noted finally that, in July, ISVAP submitted the texts of the following Regulations for public consultation:

- Regulation concerning the procedure for submitting complaints to ISVAP, and the procedure for managing complaints used by insurance companies.
- Regulation contained in Article 2 of Legislative Decree 209 dated 7 September 2005 (Insurance Code) regarding application instructions on the classification of risks within classes. In particular, this Regulation confirms the ban on insuring the risk of withdrawal of the driving licence in the event of an infringement of the new Italian Highway Code.
- Regulation concerning the solvency margin of insurance companies.
- Regulation concerning the keeping of insurance registers.

The half-yearly report on the Company's business performance was drafted in compliance with current legal and regulatory provisions and was submitted to KPMG spa for limited auditing. This company of auditors also has the task of auditing the accounts for the period 2006-2011.

It should be noted that on 1 September 2007 Unipol assumed the new corporate purpose of a holding company for shareholdings and services and changed its name to **Unipol Gruppo Finanziario S.p.A.**, abbreviated to **UGF S.p.A.**, and that Nuova Unipol Assicurazioni S.p.A., to which the Unipol insurance line of business was hived-down, changed its name to **Compagnia Assicuratrice Unipol S.p.A.**, abbreviated to **Unipol Assicurazioni S.p.A.**

The Unipol Group consolidated half-yearly report as at 30 June 2007 was also drawn up in accordance with the IAS/IFRS.

The following table shows the highlights of the Company's business.

UNIPOL ASSICURAZIONI - HIGHLIGHTS

(amounts in €m)

	30 June 2007	31 December 2006	30 June 2006	December 2005
Gross premiums	1,186.7	3,034.8	1,827.6	3,234.2
<i>% variation</i>	-35.1 (1)	-6.2	4.7 (1)	22.1
Direct premiums	1,166.9	3,004.6	1,807.1	3,188.6
<i>% variation</i>	-35.4 (1)	-5.8	5.1 (1)	23.1
Payments (claims, amounts due out of maturity, surrender, annuity)	1,698.5	2,400.0	820.2	1,467.2
<i>% variation</i>	107.1 (1)	63.6	13.8 (1)	3.5
Non-Life direct business - Loss ratio (%)	72.8	70.0	74.1	69.9
Operating expenses	197.1	379.9	187.1	364.8
<i>% variation</i>	5.3 (1)	4.1	1.5 (1)	0.6
Expense ratio (%)	16.6	12.5	10.2	11.3
Combined ratio % - Direct business (3)	95.4	92.1	96.2	91.5
Net investment income and capital gains				
-excluding Class 'D' and value adjustments	320.4	645.1	411.3	547.5
<i>% variation</i>	-22.1 (1)	17.8	9.6 (1)	75.8
-excluding Class 'D', including value adjustments	185.3	396.0	296.3	407.6
<i>% variation</i>	-37.5 (1)	-2.8	-16.4 (1)	49.2
Profit before taxation	87.4	234.1	193.4	256.0
<i>% variation</i>	-54.8 (1)	-8.5	-34.5 (1)	21.2
Net profit	86.6	187.2	187.6	218.8
<i>% variation</i>	-53.9 (1)	-14.4	-28.0 (1)	24.6
Net profit-to-premiums ratio (%)	7.3	6.2	10.3	6.8
Total dividends		287.9		287.9
<i>% variation</i>		0.0		117.3
Dividend per ordinary share		0.1200		0.1200
<i>% variation</i>		0.0		-14.3
Dividend per preference share		0.1252		0.1252
<i>% variation</i>		0.0		-13.8
Investments	13,134.0	12,947.2	11,914.9	13,853.2
<i>% variation</i>	1.4 (2)	-6.5	-14.0 (2)	41.8
Technical provisions	8,410.8	9,039.2	9,518.8	8,646.1
<i>% variation</i>	-7.0 (2)	4.5	10.1 (2)	22.2
Technical provisions-to-premiums ratio (%)				
- Non-Life		155.1		153.4
- Life		437.7		362.3
- Non-Life+Life		297.8		267.3
Shareholders' equity (excluding profit)	4,992.4	5,093.2	5,093.2	5,162.3
<i>% variation</i>	-2.0 (2)	-1.3	-1.3 (2)	112.7
No agents as at 30.06	810	810	783	779
No sub-agents as at 30.06	1,322	1,355	1,237	1,227
No staff as at 30.06 (excluding salespersons) (4)	1,979	1,946	1,917	1,686
No FTE (full time equivalent) employees	1,885	1,852	1,825	1,633

(1) % variation on 30 June 2006

(2) % variation on 31 December 2006

(3) Sum of the loss ratio for direct business and the expense ratio (operating expenses to Non-Life direct premiums).

(4) No salespersons as at 30/06/07: 13.

**Half-Yearly Report as at 30 June 2007
of Unipol Gruppo Finanziario S.p.A.**

BALANCE

ASSETS	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
A. Subscribed share capital unpaid	0	0	0
B. Intangible assets			
1. Deferred acquisition costs	29,043	29,581	28,653
2. Other assets	34,769	49,401	41,994
Total	63,812	78,982	70,647
C. Investments			
I - Land and buildings	553,076	546,963	549,863
II - Investments in Group undertakings and other participating interests			
1. Stocks and shares	3,496,190	2,885,948	2,808,598
2. Debt securities	26,487	74,663	53,843
3. Corporate financing	0	0	0
Total	3,522,678	2,960,610	2,862,441
III - Other financial investments			
1. Stocks and shares	755,095	508,914	490,052
2. Units and shares in investment funds	149,754	94,441	147,610
3. Bonds and other fixed-income securities	6,734,823	6,025,658	7,339,723
4. Loans	43,021	48,321	46,238
5. Other	127,246	657,006	365,203
Total of other financial investments	7,809,938	7,334,340	8,388,826
IV - Deposits with ceding undertakings	20,843	22,369	20,662
Total	11,906,535	10,864,283	11,821,792
D. Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management			
I - Investments relating to benefits linked to investment funds and market indices	794,373	676,024	717,259
II - Investments arising out of pension fund management	433,077	374,640	408,172
Total	1,227,450	1,050,664	1,125,431
D. bis Technical provisions - reinsurers' share			
I - Technical provisions - Non-Life business	87,496	100,562	87,589
II - Technical provisions - Life business (except those at item III)	2,770	2,872	3,123
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	0	0	0
Total	90,266	103,435	90,712
E. Debtors			
I - Debtors arising out of direct insurance operations	302,342	276,705	361,350
II - Debtors arising out of reinsurance operations	16,487	21,329	18,695
III - Other debtors	60,066	64,448	61,132
Total	378,895	362,481	441,176
F. Other assets			
I - Tangible assets and stocks	19,496	14,364	17,996
II - Cash at bank and in hand	662,405	3,086,664	1,560,169
III - Own shares	0	0	0
IV - Other assets	66,906	49,490	45,445
Total	748,806	3,150,518	1,623,610
G. Prepayments and accrued income	106,901	89,907	104,222
TOTAL ASSETS	14,522,666	15,700,269	15,277,590

SHEET

(Amounts in €K)

LIABILITIES	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
A. Shareholders' equity			
I - Subscribed share capital or equivalent funds	36 2,360,144	110 2,360,144	184 2,360,144
II - Share premium reserve	37 1,867,595	111 1,973,801	185 1,973,801
III - Legal reserve	38 472,029	112 472,029	186 472,029
IV - Other reserves	39 292,656	113 287,183	187 287,183
V - Profit (loss) brought forward	40 0	114 0	188 0
VI - Profit (loss) for the period	41 86,554	115 187,605	189 187,162
Total	42 5,078,978	116 5,280,762	190 5,280,319
B. Subordinated liabilities	43 600,000	117 600,000	191 600,000
C. Technical provisions			
I - Non-Life business			
1. Provision for unearned premiums	44 566,134	118 529,958	192 561,264
2. Provision for claims outstanding	45 1,829,986	119 1,786,796	193 1,765,078
3. Sundry technical provisions	46 2,215	120 1,212	194 2,271
4. Equalization provisions	47 1,285	121 1,191	195 1,106
Total - Non-Life business	48 2,399,620	122 2,319,157	196 2,329,718
II - Life business			
1. Mathematical provisions	49 4,693,086	123 6,082,243	197 5,518,208
2. Provision for amounts payable	50 51,899	124 28,309	198 26,739
3. Sundry technical provisions	51 38,736	125 38,469	199 39,063
Total - Life business	52 4,783,721	126 6,149,021	200 5,584,011
Total	53 7,183,341	127 8,468,178	201 7,913,729
D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions			
I - Technical provisions for policies whose benefits are linked to investment funds and market indices	54 794,373	128 676,024	202 717,259
II - Pension fund management provisions	55 433,077	129 374,640	203 408,172
Total	56 1,227,450	130 1,050,664	204 1,125,431
E. Provisions for other risks and charges	57 18,775	131 22,976	205 18,775
F. Deposits received from reinsurers	58 36,293	132 38,868	206 35,936
G. Creditors and other liabilities			
I - Creditors arising out of direct insurance operations	59 15,527	133 15,101	207 12,260
II - Creditors arising out of reinsurance operations	60 5,858	134 11,254	208 10,452
III - Debenture loans	61 0	135 0	209 0
IV - Amounts owed to credit institutions	62 50,297	136 192	210 804
V - Sundry borrowings and creditors	63 107,179	137 85,303	211 89,005
VI - Staff leaving indemnity	64 25,959	138 26,593	212 25,277
VII - Other liabilities	65 149,042	139 80,783	213 140,860
Total	66 353,862	140 219,226	214 278,658
H. Accruals and deferred income	67 23,967	141 19,594	215 24,742
TOTAL LIABILITIES	68 14,522,666	142 15,700,269	216 15,277,590

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I - Guarantees issued by the Company	69 502	143 452	217 478
II - Guarantees received/issued by third parties in favour of the Company	70 84,009	144 58,614	218 51,281
III - Commitments	71 3,714,231	145 2,131,735	219 2,044,520
IV - Pension fund assets managed on behalf of third parties	72 356,789	146 269,055	220 305,153
V - Other memorandum accounts	73 13,254,207	147 10,954,710	221 12,253,927
TOTAL MEMORANDUM ACCOUNTS	74 17,409,739	148 13,414,566	222 14,655,359

PROFIT AND

	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance	1 707,745 ⁵⁷	679,127 ¹¹³	1,372,421
2. (+) Allocated investment return transferred from the non-technical account (item III.6)	2 32,165 ⁵⁸	42,205 ¹¹⁴	40,561
3. Other technical income, net of reinsurance	3 2,623 ⁵⁹	10,397 ¹¹⁵	2,433
4. Claims incurred, net of sums recoverable and reinsurance	4 531,790 ⁶⁰	512,563 ¹¹⁶	984,464
5. Changes in other technical provisions, net of reinsurance	5 -12 ⁶¹	-11 ¹¹⁷	-32
6. Bonuses and rebates, net of reinsurance	6 835 ⁶²	90 ¹¹⁸	2,200
7. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	7 107,937 ⁶³	101,736 ¹¹⁹	207,978
b) Administrative expenses	8 47,898 ⁶⁴	44,751 ¹²⁰	93,850
Total	9 155,835 ⁶⁵	146,488 ¹²¹	301,828
8. Other technical charges, net of reinsurance	10 1,228 ⁶⁶	9,569 ¹²²	3,251
9. Change in the equalisation provisions	11 179 ⁶⁷	156 ¹²³	71
10. Balance on the technical account for Non-Life insurance business	12 52,680 ⁶⁸	62,875 ¹²⁴	123,634
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS			
1. Written premiums, net of reinsurance	13 421,418 ⁶⁹	1,099,338 ¹²⁵	1,529,859
2. Investment income			
a) Income from investments	14 142,960 ⁷⁰	153,036 ¹²⁶	270,502
b) Value re-adjustments on investments	15 22,421 ⁷¹	7,636 ¹²⁷	11,476
c) Realised gains on investments	16 46,743 ⁷²	30,928 ¹²⁸	49,673
Total	17 212,124 ⁷³	191,600 ¹²⁹	331,651
3. Investment income and unrealised gains on investments for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	18 32,773 ⁷⁴	18,244 ¹³⁰	50,524
4. Other technical income, net of reinsurance	19 3,525 ⁷⁵	3,013 ¹³¹	7,047
5. Claims incurred, net of reinsurance	20 1,226,742 ⁷⁶	344,252 ¹³²	1,392,511
6. Change in the mathematical provisions and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	21 -826,359 ⁷⁷	738,295 ¹³³	175,008
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	22 102,466 ⁷⁸	64,228 ¹³⁴	139,806
Total	23 -723,894 ⁷⁹	802,523 ¹³⁵	314,814
7. Bonuses and rebates, net of reinsurance	24 1,813 ⁸⁰	627 ¹³⁶	686
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	25 12,194 ⁸¹	14,025 ¹³⁷	24,512
b) Administrative expenses	26 10,830 ⁸²	10,899 ¹³⁸	21,879
Total	27 23,024 ⁸³	24,924 ¹³⁹	46,392

LOSS ACCOUNT

(Amounts in €K)

	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
9. Investment charges:			
a) Investment management charges, including interest payable	28 9,158	84 10,070	140 18,218
b) Value adjustments on investments	29 100,681	85 100,233	141 135,397
c) Realised losses on investments	30 23,378	86 996	142 29,275
Total	31 133,217	87 111,299	143 182,891
10. Investment charges and unrealised losses on investments for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	32 18,294	88 35,598	144 33,902
11. Other technical charges, net of reinsurance	33 2,748	89 2,180	145 4,773
12. (-) Allocated investment return transferred to the non-technical account (item III. 4)	34 0	90 0	146 0
13. Balance on the technical account for Life assurance business	35 -12,104	91 -9,207	147 -56,887
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for Non-Life business (item I.10)	36 52,680	92 62,875	148 123,634
2. Balance on the technical account for Life business (item II.13)	37 -12,104	93 -9,207	149 -56,887
3. Investment income - Non-Life insurance business			
a) Income from investments	38 118,693	94 129,192	150 207,974
b) Value re-adjustments on investments	39 2,052	95 302	151 641
c) Capital gains on disposals of investments	40 51,238	96 27,841	152 77,139
Total	41 171,982	97 157,335	153 285,754
4. (+) Allocated investment return transferred from Life assurance technical account (item II. 12)	42 0	98 0	154 0
5. Investment charges - Non-Life insurance business			
a) Investment management charges, including interest payable	43 17,948	99 8,590	155 25,757
b) Value adjustments on investments	44 58,963	100 22,740	156 125,831
c) Capital losses on disposals of investments	45 6,484	101 4,758	157 17,841
Total	46 83,395	102 36,088	158 169,429
6. (-) Allocated investment return transferred to Non-Life insurance technical account (item I. 2)	47 32,165	103 42,205	159 40,561
7. Other income	48 77,497	104 84,111	160 166,124
8. Other charges	49 75,456	105 74,627	161 142,014
9. Balance on ordinary activities	50 99,039	106 142,194	162 166,621
10. Extraordinary income	51 27,777	107 81,030	163 99,939
11. Extraordinary charges	52 39,400	108 29,869	164 32,444
12. Balance on extraordinary activities	53 -11,623	109 51,161	165 67,495
13. Profit before taxation	54 87,416	110 193,355	166 234,116
14. Tax on profit	55 862	111 5,750	167 46,954
15. Profit (loss) for the period	56 86,554	112 187,605	168 187,162

Business Interim Report

The Company's business during the first half of 2007 showed an increase in the rate of development of Non-Life business of 5.4%, set against a substantial fall in Life business (-61.8%).

Compared with the previous financial year, which benefited from extraordinary capital gains from the sale of shares (Banca Nazionale del Lavoro and Banca Antonveneta) of €78.6m and the dividend from the subsidiary Aurora Assicurazioni spa of €92m, not distributed on the profit for 2006 in view of the planned reorganisation of the company, earnings for the period were down.

The aspects that were the major feature of the period, which closed with a net profit of €86.6m, compared with €187.6m as at 30 June 2006, were:

- A. rate of growth in premium income from direct business up for Non-Life business (+5.4%) but down for Life business (-61.8%).

At the end of the first half of 2007, premium income had reached €1,186.7m (€1,166.9m of which related to direct business) and €1,133m net of premiums ceded, and was broken down as follows:

Premium income (€m)	Non-Life	Life	Total	% var.
Direct business	747.1	419.8	1,166.9	-35.4
Inward reinsurance	16.1	3.7	19.7	-3.6
	763.2	423.5	1,186.7	-35.1
Ceded premiums	51.6	2.1	53.7	+9.0
Retained premiums	711.6	421.4	1,133.0	-36.3
% composition	62.8	37.2	100.0	

- B. the technical result of insurance business, including operating expenses and the allocation of the relevant investment income, was €40.6m, compared with €53.7m as at 30 June 2007 (-€13.1m). Life business accounted for -€2.9m and Non-Life business for -€10.2m;

- C. increase in the incidence of operating expenses on premium income (16.6% compared with 10.2% as at 30/6/2006), correlated to the fall in premium income in Life business.

These expenses, which included acquisition and renewal commissions and other acquisition and administrative expenses, came to a total of €197.1m (+5.3%). Net of commissions from reinsurers, these amounted to €178.9m;

- D. growth in investments, which net of value adjustments reached €13,134m (€1,227.5m of which related to Class D investments), an increase of €186.8m compared with 31 December 2006 (+1.4%) and €1,219m compared with 30 June 2006 (+10.2%);

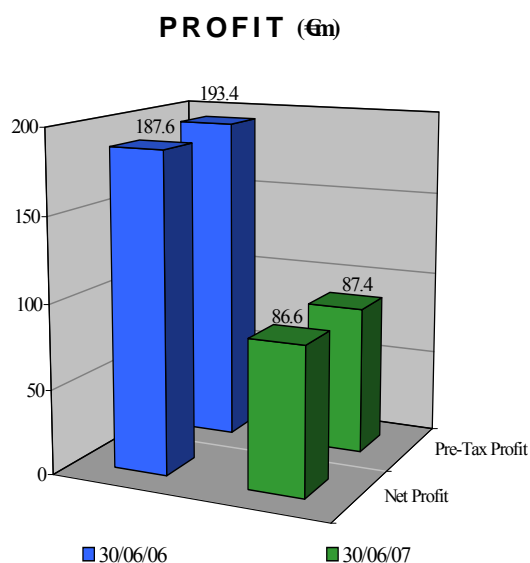
- E. investment income, including cash investments (net of investment charges and excluding those relating to investments for the benefit of policyholders who bear the risk thereof and to investments arising out of pension fund management – Class D), amounted to €240.1m compared with €279.6m as at 30 June 2006, a decrease of 14.1%.

Net ordinary and extraordinary income from investments, including net capital gains, less value adjustments and excluding net income relating to Class D, of €14.5m, amounted to €185.3m (-37.5% compared with 30/6/2006).

Net value adjustments, excluding depreciation on property, totalled €132.9m during the half year compared with €112.6m as at 30 June 2006.

- F. technical provisions set aside for Life and Non-Life business, which by the end of the first half of 2007 had reached a total of €8,410.8m (-7% compared with 31/12/2006) and €8,320.5m (-6.9%) if considered net of amounts borne by reinsurers;

- G. a balance on ordinary activities of €99m, compared with €142.2m in the first six-months of 2006 (-30.3%); a result of extraordinary business falling from +€51.2m as at 30 June 2006 to -€11.6m as at 30 June 2007;
- H. pre-tax profits of €87.4m compared with €193.4m as at 30 June 2006 (-54.8%) and profits for the period of €86.6m compared with 187.6m as at 30 June 2006 (-53.9%);
- I. tax charges for the half year fell from €5.7m as at 30 June 2006 to €0.9m as at 30 June 2007, whilst the tax rate fell from 3% to 1%, mainly because of the incidence on gross profits of dividends received and of capital gains realised on the sale of shares deemed to be long-term investments.



The main items of both balance sheet and profit and loss account for the half year, together with comparisons with the previous financial year, are set out in the tables on the following pages. However, it must be remembered that the results for the period express business trends that should be viewed in relation to seasonal phenomena connected with the Company's insurance activities, to underwriting policies and tariff adjustments adopted and to the trend in the financial markets.

Reorganisation of the Unipol Group

During the first half of 2007, work continued on the reorganisation and strengthening of the Unipol Group, aimed at achieving the objectives set out in the 2006-2009 Business Plan approved by the Board of Directors on 13 September 2006, the general lines of which were subsequently approved by the Boards of Directors of Unipol Assicurazioni and Aurora Assicurazioni on 11 December 2006.

- On 29 January 2007, Unipol Assicurazioni published the Offer Document relating to 306,658,358 ordinary shares in Aurora Assicurazioni spa, offering a unit price of €2.45 per share.
- On 2 March 2007, on expiry of the period for subscribing to the offer, shares were transferred amounting to 29.16%, equal to a total amount of €657m. UGF (previously Unipol Assicurazioni S.p.A.) therefore became the owner of a controlling share of 95.82% in Aurora Assicurazioni.
- On 24 April 2007, the Extraordinary Shareholders' Meeting of Unipol Assicurazioni approved the plan for the merger by incorporation of Aurora Assicurazioni into Unipol Assicurazioni.
- On 30 May 2007, the Extraordinary Shareholders' Meeting of Aurora Assicurazioni approved the plan for the merger by incorporation of the Company into Unipol Assicurazioni. The merger exchange ratio was 0.510 ordinary shares and 0.314 preference shares in Unipol for each ordinary share in Aurora.

After the end of the half year, on 3 August 2007, ISVAP authorised Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A. to carry out insurance business and approved the hive-down of the insurance business of Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A. to Nuova Unipol Assicurazioni and Nuova Aurora Assicurazioni respectively.

On 9 August 2007, COVIP issued the authorisations for Nuova Unipol Assicurazioni

S.p.A. and Nuova Aurora Assicurazioni S.p.A. to carry out open-end pension fund business initiated and managed by Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A.

As of 1 September 2007, Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A. hived-down their insurance business to the wholly-owned companies Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A.

On 29 August 2007, a deed of merger was signed for the incorporation of Aurora Assicurazioni S.p.A. into Unipol Assicurazioni S.p.A.

The deed of merger (registered with the Companies' Registers of Milan and Bologna) provides for the merger to be legally valid from 1 September 2007. The accounting and fiscal effects of the merger will however run from 1 January 2007.

As a result of the hive-down, as of 1 September 2007:

- Unipol assumed the new corporate purpose of a holding company for shareholdings and services and changed its name to **Unipol Gruppo Finanziario S.p.A.**, abbreviated to **UGF S.p.A.**;
- Nuova Unipol Assicurazioni S.p.A., to which the insurance business of Unipol was hived-down, changed its name to **Compagnia Assicuratrice Unipol S.p.A.**, abbreviated to **Unipol Assicurazioni S.p.A.**;
- Nuova Aurora Assicurazioni S.p.A., to which the insurance business of Aurora was hived-down, changed its name to **Aurora Assicurazioni S.p.A.**, abbreviated to **Aurora S.p.A.**

Unipol Gruppo Finanziario S.p.A. maintained its status as a listed company on the electronic share market managed by Borsa Italiana S.p.A., meaning that the rights to the shares issued by the company and traded in this market remained unchanged.

In accordance with the provisions of the merger plan, as of the effective date of the

merger, newly issued Unipol ordinary shares and Unipol preference shares were allocated to Aurora shareholders, other than the incorporating company, based on rate of exchange of 0.510 Unipol ordinary shares and 0.314 Unipol preference shares, all of them without a nominal value, for each Aurora ordinary share with a nominal value of €0.27.

As of the effective date of the merger, the share capital of the incorporating company Unipol Gruppo Finanziario S.p.A. will be €2,391,426,100, divided into 2,391,426,100 registered shares, with no nominal value, made up of 1,479,885,786 registered ordinary shares and 911,540,314 registered preference shares.

As a result of the reorganisation, as illustrated, Unipol Gruppo Finanziario S.p.A. owns 100% of the share capital of Unipol Assicurazioni S.p.A. and 100% of Aurora Assicurazioni S.p.A., in addition to the other companies - including Unipol Banca - that are already part of the Unipol Group, and has a structure suited to strengthening its position in the insurance and financial market. The result is in fact a simple and transparent organisational model that distinguishes the centralised and coordinated functions, which are common to all the various Group companies, from the operational functions assigned to each company, eliminating duplications and clarifying objectives and responsibilities.

In particular, Unipol Gruppo Finanziario S.p.A. is now able:

- to steer and control the Group's activities better within a common strategic framework in which the operating companies benefit from a more streamlined and efficient management structure and can therefore focus on key activities for competitive success in their respective business segments;
- to ensure the more efficient management of all activities and services that do not have a bearing on competitive differentiation between the individual companies, so as to make the best possible use of the economies of scale, purpose and know-how that arise from the concentration of activities.

On 31 August, having noted the completion of the company reorganisation plan implemented by the Unipol Group and the creation of Unipol Gruppo Finanziario S.p.A. ('UGF'), Standard & Poor's assigned an 'A-' rating, with a stable outlook, to the financial solidity and counterparty risk of the new companies Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A..

Standard & Poor's also confirmed the 'BBB' rating for the '*Unipol 7% fixed/floater rate callable to expire in 2021*' and '*Unipol 5.66% fixed/floater rate callable to expire in 2023*' subordinated debenture loans issued in 2001 and 2003 respectively. In this respect, we should point out that, as of 1 September 2007, the duty to repay the aforesaid loans by UGF will be guaranteed by the aforesaid insurance companies.

Finally, in the context of this assessment, Standard & Poor's reduced the rating for the counterparty risk of UGF from 'A-' to 'BBB', with a stable outlook, taking into consideration the company's transformation into a holding company.

Finally, it should be noted that, on 9 March 2007, Banca Agricola Mantovana S.p.A. ('BAM') notified the Unipol Group of its decision to cancel the existing bancassurance agreement. Under the terms of the agreement itself, having obtained the authorisations required by law, BAM is required to purchase the 50% of Quadrifoglio Vita owned by Unipol Assicurazioni, for a price that will be determined by an independent adviser.

Subsequently, on 27 July 2007, Banca Monte dei Paschi di Siena Spa notified that it had purchased from the subsidiary Banca Agricola Mantovana Spa the entire shareholding owned by the latter in Quadrifoglio Vita Spa (consisting of 15,750,000 shares representing 50% of the issuer's share capital) and that it had therefore replaced BAM as a party to the Bancassurance Framework Agreement signed on 12 September 2002 between BAM and Unipol Assicurazioni.

UNIPOL ASSICURAZIONI - RECLASSIFIED BALANCE SHEET

(amounts in €K)

	30 June 2007	30 June 2006	31 December 2006
ASSETS			
Intangible assets	63,812	78,982	70,647
Investments and liquid assets			
Land and buildings	553,076	546,963	549,863
Investments in Group undertakings and other participating interests	3,522,678	2,960,610	2,862,441
Debt securities	6,734,823	6,025,658	7,339,723
Other financial investments	1,075,116	1,308,682	1,049,103
Deposits with ceding undertakings	20,843	22,369	20,662
Cash at bank and in hand	662,405	3,086,664	1,560,169
Total investments and liquid assets	12,568,940	13,950,946	13,381,961
Class 'D' investments	1,227,450	1,050,664	1,125,431
Debtors			
Arising out of direct insurance and reinsurance operations	318,829	298,034	380,044
Other debtors	60,066	64,448	61,132
Total debtors	378,895	362,481	441,176
Other assets	183,654	148,185	167,663
TOTAL ASSETS	14,422,751	15,591,258	15,186,878
LIABILITIES AND SHAREHOLDERS' EQUITY			
Paid-up share capital and free reserves	4,992,424	5,093,157	5,093,157
Net profit (loss) for the half-year	86,554	187,605	187,162
Subordinated liabilities	600,000	600,000	600,000
Net technical provisions			
Non-Life	2,312,124	2,218,595	2,242,130
Life	4,780,951	6,146,149	5,580,888
Total technical provisions	7,093,075	8,364,743	7,823,017
Class 'D' net technical provisions	1,227,450	1,050,664	1,125,431
Provisions for other risks and charges	18,775	22,976	18,775
Creditors and other liabilities			
Arising out of direct insurance and reinsurance operations	57,678	65,224	58,648
Sundry borrowings and other financial creditors	64,227	5,426	5,102
Provision for staff leaving indemnity	25,959	26,593	25,277
Other creditors	93,249	80,069	84,708
Other liabilities	163,360	94,801	165,602
Total creditors and other liabilities	404,473	272,113	339,336
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,422,751	15,591,258	15,186,878

N.B. The reclassified balance sheet presents some changes compared with the balance sheet shown in the previous pages, of which the main ones are:

- 1) The item 'Investments and liquid assets' comprises liquid assets and own shares, which are included among 'Other assets' in the official balance sheet;
- 2) The item 'Technical provisions - reinsurers' share' is not shown separately, as the corresponding amount is deducted from the technical provisions on the Liabilities side;
- 3) The item 'Other assets' does not include the Liaison account between Non-Life business and Life business, which is offset through the corresponding item on the Liabilities side, but includes prepayments and accrued income;
- 4) The item 'Other liabilities' does not include the Liaison account between Non-Life business and Life business, which is offset through the corresponding item on the Assets side, but includes accruals and deferred income.

UNIPOL ASSICURAZIONI - RECLASSIFIED PROFIT AND LOSS ACCOUNT
(amounts in €K)

	30 June 2007		30 June 2006		31 December 2006	
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
Gross direct business						
(+) Written premiums	419,823	747,105	1,166,928	1,098,454	708,620	1,807,074
(-) Change in technical provisions and prov. for unearned premiums	(721,519)	5,793	(715,727)	803,129	(570)	802,559
(-) Claims paid	1,224,339	540,186	1,764,525	342,852	525,683	868,535
(+) Balance on other technical items	(1,689)	(502)	(2,191)	(1,630)	284	(1,346)
(-) Operating expenses	22,809	169,057	191,866	24,810	156,933	181,743
(+) Net investment income excluding Class 'D' (1)	78,908	32,165	111,073	80,301	42,205	122,505
(+) Class 'D' net investment income (2)	17,072		17,072	(14,902)		(14,902)
Balance on gross direct business	(11,515)	63,732	52,217	(8,567)	69,063	60,495
Balance on outward reinsurance	(653)	(11,718)	(12,370)	(896)	(6,626)	(7,522)
Balance on net indirect business	63	666	729	256	438	694
Balance on the technical account	(12,104)	52,680	40,575	(9,207)	62,875	53,668
NON-TECHNICAL ACCOUNT						
(+) Investment income (3)		56,422	56,422		79,042	79,042
(+) Other income	23,435	53,953	77,388	19,295	64,816	84,111
(-) Other charges	15,233	60,114	75,347	16,873	57,755	74,627
Balance on ordinary activities	(3,902)	102,941	99,039	(6,785)	148,979	142,194
(+) Extraordinary income	26,387	1,390	27,777	36,743	44,287	81,030
(-) Extraordinary charges	29,782	9,618	39,400	7,225	22,644	29,869
Profit before taxation	(7,297)	94,713	87,416	22,733	170,622	193,355
(-) Tax on profit	(19,268)	20,129	862	(14,204)	19,953	5,750
NET PROFIT (LOSS)	11,970	74,584	86,554	36,937	150,668	187,162

(1) Investment income for Life business: after transfers to the non-technical account. Investment income for Non-Life business: after transfers from the non-technical account.

(2) Income from investments the risk of which is borne by policyholders, matched by a corresponding variation in technical provisions. The economic result is consequently not affected.

(3) Investment income for Life business: after transfers from the technical account. Investment income for Non-Life business: after transfers to the technical account.

N.B. The reclassified profit and loss account presents some changes compared with the profit and loss account shown in the previous pages, of which the main ones are:

- 1) The technical figures up to 'Balance on gross direct business' are shown gross of reinsurance, which is shown separately through the items 'Balance on outward reinsurance' and 'Balance on net indirect business'.
- 2) The figures of the non-technical account are shown separately for Non-Life business and Life business.

CASH FLOW STATEMENT*(amounts in €K)*

	30.6.2007	30.6.2006
CASH INFLOW		
CASH INFLOW ARISING OUT OF OPERATIONS		
Net profit for the period	86,554	187,605
Net increase in technical provisions of Life and Non-Life business	(627,923)	874,221
Write-down of securities and participating interests	110,326	112,351
Increase (decrease) in sundry funds	6,262	7,854
Decrease investments in securities	544,817	0
Decrease investments in participating interests	0	632,123
Decrease in loans	3,217	2,253
(Increase) decrease of receivables and other assets, net of payables and other liabilities	99,352	(2,180)
Decrease in other investments	252,744	2,439,879
TOTAL CASH INFLOW	475,349	4,254,105
CASH FLOWS WERE INVESTED AS FOLLOWS:		
Increase investments in securities	0	1,166,806
Increase investments in participating interests	973,978	0
Increase investments in buildings	5,531	7,631
Increase in Class D investments	102,019	63,148
Write-up of securities and participating interests	3,689	5,872
Dividends paid	287,895	287,895
TOTAL CASH FLOW INVESTED	1,373,113	1,531,353
Increase (decrease) in cash at bank and in hand	(897,764)	2,722,753
TOTAL	475,349	4,254,105
Cash at bank and in hand - opening figure	1,560,169	363,911
Cash at bank and in hand - closing figure	662,405	3,086,664

Insurance Business

Premium income

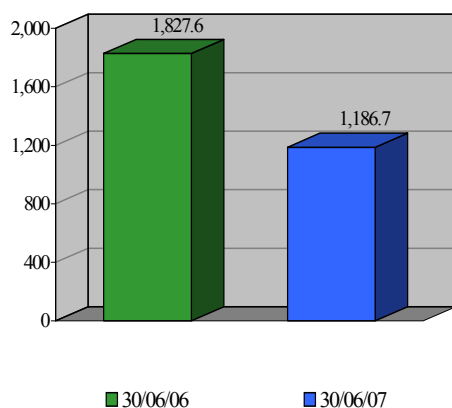
Premiums written as at 30 June 2007 totalled €1,186.7m, recording an increase in Non-Life business (+5.4%) and a decrease in Life business (-61.8%) compared with the data for the first half of 2006.

The breakdown of premiums per class of business, the composition indices and the variations compared with the same period last year and as at 31 December 2006 are set out in the table below.

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS								
<i>(amounts in €K)</i>								
No.	30 June	comp.	30 June	comp.	var.	31 December	comp.	
	2007	%	2006	%	%	2006	%	
DIRECT ITALIAN INSURANCE BUSINESS								
Non-Life insurance business								
1	Accident	68,091	5.8	64,670	3.6	5.3	140,854	4.7
2	Health	44,103	3.8	28,694	1.6	53.7	73,821	2.5
3	Land vehicles - Own damage or loss	58,983	5.1	56,686	3.1	4.1	117,826	3.9
4	Railway rolling stock						3	0.0
5	Aircraft - Hull	6	0.0	0	0.0	1692.8		
6	Marine - Hull	579	0.0	466	0.0	24.2	868	0.0
7	Goods in transit	3,409	0.3	3,429	0.2	-0.6	6,743	0.2
8	Fire	26,657	2.3	25,528	1.4	4.4	58,122	1.9
9	Other damage to property	46,631	4.0	43,467	2.4	7.3	86,105	2.9
10	Land vehicles - TPL	391,613	33.6	386,703	21.4	1.3	783,256	26.1
11	Aircraft - TPL			2	0.0	-100.0	2	0.0
12	Marine - TPL	789	0.1	496	0.0	59.1	914	0.0
13	General TPL	73,055	6.3	69,371	3.8	5.3	146,300	4.9
14	Credit	40	0.0	29	0.0	39.6	89	0.0
15	Bond	13,116	1.1	11,941	0.7	9.8	23,962	0.8
16	Pecuniary losses	8,765	0.8	7,429	0.4	18.0	15,649	0.5
17	Legal protection	5,596	0.5	5,312	0.3	5.3	11,887	0.4
18	Assistance	5,670	0.5	4,395	0.2	29.0	9,375	0.3
	Total Non-Life insurance business	747,105	64.0	708,620	39.2	5.4	1,475,775	49.1
Life assurance business								
I	Life assurance	136,458	11.7	165,040	9.1	-17.3	309,447	10.3
III	Unit-linked / Index-linked products	120,267	10.3	130,116	7.2	-7.6	194,229	6.5
V	Capitalisation	122,928	10.5	767,555	42.5	-84.0	951,076	31.7
VI	Pension funds	40,170	3.4	35,743	2.0	12.4	74,118	2.5
	Total Life assurance business	419,823	36.0	1,098,454	60.8	-61.8	1,528,870	50.9
	Total direct insurance business	1,166,928	100.0	1,807,074	100.0	-35.4	3,004,645	100.0
INWARD REINSURANCE								
	Non-Life insurance business	16,084	81.4	17,503	85.4	-8.1	26,096	86.5
	Life assurance business	3,664	18.6	2,988	14.6	22.6	4,086	13.5
	Total inward reinsurance	19,749	100.0	20,491	100.0	-3.6	30,182	100.0
	TOTAL PREMIUM INCOME	1,186,676		1,827,566		-35.1	3,034,827	

All amounts are net of taxes on premiums and contributions paid to the NHS

Total premium income (€m)



Sales and new products

As far as **Life products** are concerned, two new index-linked products were added to the Uninvest2 range during the first half of 2007:

- *Uninvest 2 Sempre+*, Life investment policy that increases the capital invested by taking advantage of variations in the 20 most highly capitalised stocks in the world.
- *Uninvest2 Diva*, Life investment policy linked to the largest European companies, thanks to the exclusive index produced for Unipol by Standard&Poor's.

The launch of these products is supported by targeted marketing campaigns and training activities for the sales forces.

The new *Unipol Executive* segregated account was launched during the half year. Its structure is more directed at the share market than the traditional *Vitattiva* segregated account and aims to maximise returns and to offer performance that is better than the market average.

Development in Life business is currently supported by a promotional campaign (due to run until 31/12/2007) offering the opportunity to subscribe to the *Vitattiva Gardenia S430* and *S425* Line tariffs at a reduced cost (zero cost for *S430*) and discounts on management commissions and

redemption operations. These tariffs are intended for people interested in making a medium- to long-term investment that is risk free and provides returns that are in line with other bond-based instruments.

Guarantees of security and transparency of the instrument characterise the single premium capitalisation contracts for individuals called *Tariffa 556* and *Tariffa 558*. The guaranteed return is allocated entirely through the annual revaluation percentages, without a final bonus. The product is particularly attractive to pensioners, to whom the product offers peace of mind, protection and an attractive return.

Tariffa 650 (individuals) and *Tariffa 651* (corporate entities) are two capitalisation products reserved for Unipol Banca current account holders. They are revaluable single premium products with a 'coupon' (planned redemption). The 'coupon', equal to 4.35% of the initial capital, is paid out at the end of the first two years. At the end of the fixed five-year period, an amount equal to the revalued capital is paid out, subject to a minimum of 100% of the invested capital. The capital benefits from an annual revaluation equal to the return on the *Vitattiva Segregated Account*.

Turning to **Non-Life business**, it is noted that on 5 February 2007, the company launched '*2diCUORE*' (2 of HEARTS), a completely innovative product for the Italian market, because it allows a current account to be combined with a Motor TPL policy, thus providing customers with considerable added value in terms of convenience, simplicity and time-saving.

The new product includes:

- a current account created specifically by Unipol Banca and subject to the most convenient terms and conditions in the market;
- a Motor policy which is among the most innovative available, given that it uses the most advanced satellite systems to assist vehicles and people in the event of an accident (*Unibox* and *Aurobox*).

The launch of the product is supported by a major internal communication campaign involving all Agencies.

The launch of '2 of HEARTS' has also involved the implementation of significant incentive schemes for Agencies.

A new scheme associated with the new 'direct compensation' legislation has been launched called 'Indennizzo Certo'. This scheme covers damage to the vehicle when the policyholder is partially or totally responsible for the damage. The objective is to provide customers with a better service and to avoid any conflicts that may arise with the Company in the event of responsibility being partially or totally disputed. This policy provides fully comprehensive cover with a limit of liability of €3,000, regardless of the value of the vehicle, with no application of deductibles or excesses, at an extremely competitive cost.

The *YOUNG Unibox* policy was launched during the half year. This is the only Motor TPL policy in Italy aimed at 18 to 29 year olds to use advanced personalisation techniques that take the driver's insurance history into far greater account than his/her age, thus rewarding responsible drivers.

A meeting with the press was organised to launch the product, during which contributions and experiences regarding road safety and young people were presented. The presentation of *YOUNG Unibox* was also an opportunity to test the safe driving simulator created by the ANIA Foundation.

Finally, the *Inarcassa – Unipol* Agreement was renewed during the first half of 2007. This provides for registered engineers and architects to take out the Professional Liability Policy and the 'Merloni' Policy under particularly advantageous conditions. The terms and conditions of the policy have been improved in terms of both procedures and tariffs, with the aim of encouraging professionals to improve the level of protection by choosing high levels of capital and complete office cover.

The Company also continued to offer the

insurance package known as *A Regola d'Arte*, which is reserved for members of Inarcassa and their families and provides a basket of cover for individuals and their homes for purpose of protecting professionals against the most serious events that might compromise his/her financial independence and ability to work.

As regards the **sales network**, at the end of the half year there were:

- 585 agencies (unchanged from 31/12/2006)
- 810 agents (unchanged from 31/12/2006)
- 1,322 full-time subagents (1,355 as at 31/12/2006).

As at 30 June 2007 the situation regarding collaboration between the Unipol Assicurazioni agencies and the sales network of Unipol Banca was as follows:

- 145 co-located agencies;
 - 38 finance shops;
 - 478 authorised agencies;
- making a total of 661 Unipol Assicurazioni sales outlets (agencies and subagencies) authorised to place traditional banking products.

There were 415 financial advisers with a Unipol Banca mandate.

There were 273 bank branches, 154 of which were co-located (145 with Unipol Assicurazioni agencies, 5 with Aurora Assicurazioni agencies, 4 with Group head offices).

Training the external network

163 training courses involving 3,597 participants were held during the first half of 2007.

The most important activities related to:

- presentations of the new '2 of HEARTS' product, which involved 1,285 participants;
- presentations of the new Life products (*Sempre+* and *Diva*), which involved 1,779 participants;
- detailed training for agents on the subject of direct compensation and the *Indennizzo Certo* product, by means of direct meetings and self-training activities;

- training activities for corporate agencies forming part of the Emilia and Tuscany networks. These were again primarily concerned with managing employees and developing sales skills for counter staff and new sales personnel.

The induction courses for new employees provided for in ISVAP Circular 533/2004 and ISVAP Regulation 5/2006 involved 279 recruits.

Claims management structure

For the collection and settlement of claims, Unipol relies on the Group services provided by facilities that come under the Group Claims Handling Department. The Company deals with certain types of claims (such as Bonds, Transport, Hail), through dedicated offices based at its headquarters.

The Group Claims Handling Department operates as briefly outlined below:

- the settlement of standard claims (towing, windscreens and various other simple claims relating to non-motor classes) is concentrated at the Bologna and Milan call centres;
- the settlement of simple motor damage claims is concentrated at the mass claims settlement centres in Bologna, S. Donato Milanese and Naples;
- the management of direct compensation claims with injuries for which there is a claim form signed by both drivers (ID 2 signatures) is concentrated at the settlement centres in Bologna and S. Donato Milanese;
- the settlement of claims of medium complexity is entrusted to settlement staff operating throughout the country through 66 offices grouped around 52 Group Settlement Centres;
- the settlement of high value claims, as well as specific types of claims, is concentrated at the complex claims settlement centre in Bologna.

During the first six months of 2007 the Group Claims Handling Department dealt with a total of approximately 196,600 current claims for Unipol Assicurazioni, an increase of 0.3% compared with the first half of 2006, while claims settled were 97,263.

The introduction of the new Direct Compensation legislation for claims made after 1 February 2007 has led to a substantial change in the claim settlement method. This has motivated the Group Claims Handling Department to look into making a further improvements in the standard of service, concentrating on distinctive elements such as:

- a central standardised system of receiving claims by telephone via the Group call centre Sertel;
- the possibility of agencies opening claims direct by means of a web-based software package;
- specialised claims handling in order to improve the service and speed up settlement;
- a closer relationship with approved professionals and vehicle repairers.

Internet

www.unipol.it is the Company's official site and contains full information about the company and information for customers. A special section allows direct access to the annual accounts (in Italian and English) and to the Social Report.

The sections entitled 'Conditions – Explanatory notes' relating to the most popular Non-Life and Life products, 'Prices – Returns' relating to index- and unit-linked types of Life policy and 'Info Impresa' (Company Information) and 'Info Agenzie' (Agency Information) on the Company and its network also fulfil the duties of disclosure laid down by ISVAP (Circ. 533/D).

Thanks to the online Motor TPL renewals archive, customers can also find out their renewal premium for the following year 60 days before the expiry of their existing policy.

www.agenziaunipol.com is the site on which Unipol agencies can talk to their customers direct, respond to their requests, provide information and support commercial initiatives. 'Info Agenzie' provides full information regarding the life of the Agency, such as spin-offs, mergers, management changes, new owners, changes of address, etc.

www.unipolgf.it is the site of the new Unipol Gruppo Finanziario Spa company, launched on 1 September 2007, from which users can access the sites of various Group companies and find information about UGF Spa itself.

Below is a brief report on the trends in the main business lines during the first part of the financial year.

Life business and pension funds

Total premium income in the first half of 2007 (direct business and inward reinsurance) amounted to €423.5m, down on the same period of the previous year (-61.6%).

Direct premiums written in the six-month period amounted to €419.8m. The breakdown between individual and group policies and between initial annual premiums, subsequent annual premiums and single premiums is set out in the following table.

	30/06/07	% variation over 30/06/06
Individual policies		
Class I	80.2	-29.4
Class III	120.3	-7.6
Class V	54.6	51.9
Class VI	6.0	8.3
Total	261.1	-8.4
Group policies		
Class I	56.2	9.3
Class V	68.4	-90.7
Class VI	34.2	13.1
Total	158.8	-80.5
TOTAL DIRECT BUSINESS	419.8	-61.8

	30/06/07	% variation over 30/06/06
Initial annual premiums		
Class I	2.5	-12.9
Class III	0.0	-83.5
Total	2.5	-13.5
Subsequent annual premiums		
Class I	56.5	-12.3
Class III	0.4	-3.6
Total	56.8	-12.2
Single premiums		
Class I	77.5	-20.8
Class III	119.9	-7.6
Class V	122.9	-84.0
Class VI	40.2	12.4
Total	360.5	-65.0
TOTAL DIRECT BUSINESS	419.8	-61.8

Individual policies in Class V were up by 51.9% compared with the first half of the previous year. This is due in particular to pre-determined rate products.

As regards group policies there was a positive performance trend for Class I policies (+9.3%) and Class VI policies (+13.1%). The negative result recorded for the group policies sector as a whole (-80.5%) was primarily due to the fall in Class V contracts.

Operating expenses (including net acquisition expenses and administrative expenses) amounted to a total of €23m (-7.6% compared with 30/6/2006), the incidence on premiums being 5.5% (2.3% as at 30/6/2006).

The amounts paid for direct business reached €1,199.5m, an increase of 256.6% compared with the figure as at 30 June 2006, and were divided up as follows:

	30/06/07	30/06/06	% var.
Expired policies and annuities	128.9	129.5	-0.4
Surrenders and advance payments	1,062.7	199.5	432.7
Claims paid	7.4	6.9	7.4
Claims settlement fees	0.6	0.6	-4.2
Total	1,199.5	336.4	256.6

As already shown in the second half of 2006, the trend towards redemptions in the area of corporate type Class V policies continued throughout the first six months of 2007 as well.

Technical provisions for direct and indirect business amounted to €6,011.2m, an increase of 10.4% compared with the figure as at 31 December 2006.

The technical account showed a negative balance of -€12.1m (-€9.2m as at 30/6/2006). The fall was due to the reduction in income from investments attributable to the Life technical account, which were affected by greater write-downs than in the previous year.

Pension funds

The most significant event in the first half of 2007 related to the supplementary pensions reform provided for by Legislative Decree 252 of 5 December 2005, which under the 2007 Finance Act came into effect on 1 January 2007. This date thus marked the beginning of the period of six months allowed for transferring the staff-leaving indemnity to pension funds, either explicitly or tacitly (silence indicating assent).

In accordance with the new legislation, pension funds were provided with a guaranteed sector for the staff-leaving indemnity funds that were to be added as a result of 'silence indicating assent.' This sector is also open to funds deposited explicitly.

A lot of **occupational pension funds** and several 'pre-existing' pension funds were subject to competitive tendering for the management of the resources that will flow into the guaranteed sectors.

The half year period was therefore characterised by intense activity linked to participation in this tendering process for guaranteed asset management. As a result of this activity, Unipol Assicurazioni was awarded 12 new asset management mandates, 11 of which were 'with guarantee'.

These included mandates for Alifond (the food sector pension fund), Priamo (the public

transport sector pension fund), Telemaco (the telecommunications sector pension fund), Fondapi (the pension fund for businesses belonging to Confapi - Confederazione nazionale della piccola e media industria - National Confederation of Small and Medium Enterprises), which are now to be added to existing mandates, which included the mandate to manage the guaranteed funds sector of FondoPoste, awarded at the end of 2006.

During the half year a new mandate to manage the PREVEDI pension fund (construction sector) was also launched.

Unipol Assicurazioni S.p.A. had 14 asset management mandates in place as at 30 June 2007. Ten mandates, without guarantee, were recorded in the memorandum accounts and amounted to €356.8m (€305.2m as at 31/12/2006). Added to these were some of the assets of four other funds (*the Pension Fund for the employees of Banca Agricola Mantovana, Fundum, Eurofer and Cometa*) totalling €324.4m (€310m as at 31/12/2006), which are included in Class D.II on the balance sheet since they are guaranteed accounts that provide for the transfer of assets.

As regards **open pension funds**, the three Funds managed by Unipol (*Unipol Previdenza, Unipol Futuro and Unipol Insieme*) had total assets of €108.7m and 10,998 subscribers.

The overall performance in terms of new subscriptions is considered to be in line with expectations. In the open funds sector there was also intense new subscription activity influenced by the coming into force of the new law. A large number of new company agreements were therefore signed and considerable increase in individual subscriptions was recorded. In accordance with legal provisions, these came into force as of 1 July 2007.

Non-Life business

Direct premium income as at 30 June 2007 amounted to €747.1m, an increase of 5.4% compared with the figures for the first half of 2006. Total premium income including inward reinsurance was €763.2m (+5.1%).

Performance in Motor TPL was influenced in particular by the positive recovery of additional driver benefits, which recorded a trend reversal compared with 2006. In the Civil Liability Class, the growth is the result of the increase in the customer portfolio, associated with the recovery of production. In the other classes, the positive growth trend was confirmed in respect of personal risks as well as corporate and professional risks.

As for insurance business carried out under 'freedom to provide services', during the first half of 2007 premium income of €1.2m was recorded, mainly from non-EU countries (€1.1m as at 30/6/2006).

As regards claims reported, we should point out that substantial changes were introduced during the first six months of the year, although these related solely to the Motor TPL class.

On 1 January 2007, in fact, the Regulation governing direct compensation came into effect (Presidential Decree 254 of 18/7/2006), applicable to Motor TPL claims made after 1 February 2007.

This procedure for settling compensation is provided for in the Insurance Code (Articles 141, 149 and 150) and applies to all damage to vehicles and minor injuries to drivers, even when passengers are involved in the accident.

The injured party who considers himself or herself to be partly or totally not responsible for the accident submits the compensation claim to the company that issued the contract relating to the vehicle used.

Insurance companies draw up an agreement between them (known as the CARD agreement) which governs the organisational and financial aspects of direct compensation.

The term '*forfait gestionario*' (handler lump sum) is used to describe lump sums and reimbursements payable to the company under the terms of the CARD for claims and/or parts of claims dealt with as the handler on behalf of other companies, while the term '*forfait debitrice*' (debtor lump sum) is used to describe the lump sums and reimbursements payable by the company, under the terms of the CARD, as the

debtor, in respect of claims and/or parts of claims handled by other companies for which its own policyholders are partly or entirely responsible.

As regards Unipol Assicurazioni, the number of claims reported between 1 February and 30 June 2007 which come under the direct compensation agreement and in respect of which the Unipol policyholder is fully or partly responsible for the accident were 45,111. These were claims that were totally or partially handled by the counterpart company and represent around 75% of the total number of 'passive' TPL claims, i.e. of claims in which the Unipol policyholder is totally or partially responsible for the accident.

During the same period, the number of claims opened and handled by the Company (known as '*gestionari*') was 43,818. Of these, 36,000 claims related to damage only, with the remaining ones relating to injury to people. The incidence of claims with injury to people stood at 17.7%.

In order to guarantee policyholders full information and technical assistance, according to the requirements of the new law, agencies have been equipped with new web-based tools ('Web Agenti') through which 22% of Direct Compensation Agreement claims opened and handled by the Company during the first six months of the year were reported.

A high number of claims were reported by submitting the claim form signed by both drivers ('double signature'). Among the claims opened and handled by the Company, the percentage of double signature claims was approximately 64% (68% for damage to property and 44% for injury to people).

The speed of settlement of direct compensation claims involving only damage to property was 71.6%. For claims involving injuries it was 14%.

The average settlement cost only claims settled was €1,080. For claims involving injuries to people, the average settlement cost was approximately €3,170. The number of lump sums recovered from the *Stanza di Compensazione* (clearing centre) compared to the number of reports sent to the centre in the capacity of handling company was 66% for Unipol,

compared with a market average of around 58%.

As regards the other Classes, 146,903 claims were reported in the half year, an increase of 16.3% compared with 30 June 2006.

As at 30 June 2007, the Sertel call centre had received 189,062 claims, 7% up on the previous year (claims including Debtor CIDs and CARD claims were 218,491, +10.6%) and settled 45,540 claims for the current year, an increase of 9.4% compared with June 2006.

Payments for claims incurred during the financial year and during previous financial years totalled €441.5m (net of the coinsurers' share and of sums recovered, including loss adjusters' fees), an increase of 3.7% compared with 30 June 2006.

At the end of the half year the provisions for outstanding claims (direct business) had risen to €1,798.6m (+3.8% compared with the position as at 31/12/2006).

The following table, which relates to Italian direct business, shows the speed of claim settlements for the main business lines as at 30 June 2007 and a comparison with the situation as at 30 June 2006. The figures are obtained by comparing the number of claims paid with the number of claims reported during the half year or outstanding at the end of the previous year, net of those written off as without follow-up (percentage values shown).

As regards the Motor TPL class, the table shows the values relating to claims handled outside the agreement ('no card'), claims opened and handled by Unipol Assicurazioni ('card handler') and claims handled entirely or partially by counterpart companies ('card debtor').

Class	Current year		Previous years	
	06/07	06/06	06/07	06/06
Accident	35.5	41.5	47.9	53.8
Health	76.4	78.3	65.3	68.3
Land vehicles – own damage or loss	68.7	69.0	70.4	67.4
Fire	45.6	51.7	66.0	68.6
Other damage to property	47.2	49.8	69.4	68.3
General TPL	42.0	40.2	21.6	22.3
'No card' Motor TPL	51.3	48.3	41.4	44.0
'Card handler' Motor TPL	61.1	-	-	-
'Card debtor' Motor TPL	31.1	-	-	-

The average loss ratio, including claims-handling expenses and net of outward reinsurance, was 75.1% (75.5% as at 30/6/2006). In the case of direct business, the loss ratio fell to 72.8% (74.1% as at 30/6/2006) and the combined ratio, which also includes operating expenses, was 95.4% (96.2% as at 30/6/2006).

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €155.8m compared with €146.5m at the end of the same period in 2006.

The incidence on net premiums retained was 21.9% (21.6% as at 30/6/2006).

The balance on the technical account showed a profit of €52.7m (€62.9m as at 30/6/2006). This decrease was due essentially to the smaller amount of investment income transferred to the technical account.

Accident

Direct premium income €68.1m (+5.3%);

Number of claims reported 31,556 (-3.3%);

Claims paid €31.8m (+3.1%).

At the end of the first half of the year premium income was up, continuing the positive growth trend.

The corporate and group policies sector was affected by major acquisitions. The number of policies relating to national sports federations and leading university institutes increased. This was in addition to the new cover insuring groups of people in national trade union organisations and in public and government organisations.

In the retail sector, the marketing of simplified structured insurance products with particularly attractive premiums was particularly successful.

Compared with the significant growth recorded during the previous financial year, the number of claims was down. This resulted, among other things, from ongoing improvements in claims management processes and procedures, particularly with regard to policies covering sporting risks.

The total cost of claims paid showed an increase in line with the growth of the portfolio and the number of risks covered.

The performance described guaranteed a positive margin of profitability.

Health

*Direct premium income €44.1m (+53.7%);
Number of claims reported 26,427 (+70.6%);
Claims paid €23.6m (+7.7%).*

As a confirmation of the trend recorded at the end of the previous financial year, the Health class grew significantly during the first half of 2007.

The growth recorded is the result of an increased capacity to satisfy customer requirement and, in a constantly changing market, to respond with different kinds of offers aimed at protecting individual policyholders, families and groups of users.

Premium income from *Linea Unimedica* products showed that the product is welcomed by customers, with both new policy signings and contract renewals increasing.

Finally, another important factor was the number of new corporate nationwide policies underwritten, which provide complementary healthcare through Unisalute, a Group company specialising in this sector.

The growth of the portfolio influenced the number of claims reported, the increase of which was due primarily to a number of major policies in the banking sector. The cost of claims settled under these policies, and under others that provide complementary services involving the reimbursement of healthcare costs, has increased, primarily as a result of the higher amount of cover provided.

The technical balance was positive.

Land vehicles – Own damage or loss

*Direct premium income €59.0m (+4.1%);
Number of claims reported 18,430 (+12.0%);
Claims paid €27.0m (+3.6%).*

The growth trend recorded at the end of the

previous financial year continued into the first half of 2007, further accelerated by a number of initiatives that were launched during the first few months of the year. The most significant of these was the launch of the new *Indennizzo Certo* cover, which is an innovative solution to the new requirements resulting from the introduction of Direct Compensation. The new cover provides the policy holder, at a very small cost and with no deductible (which is a feature of all policies of a similar nature), with certainty of compensation for any damage to his/her vehicle even if he/she is entirely or partly responsible, provided that the claim is handled through the Direct Compensation system

The new fully comprehensive tariff also continues to be highly appreciated, with the number of new policies continuing to grow more than a year after its launch.

The increase in claims reported is mostly the result of the increase in the amount of service cover provided to customers, associated with the wide distribution of the *Unibox* policy.

The small increase in the cost of claims settled confirms the positive technical balance result.

Fire

*Direct premium income €26.7m (+4.4%);
Number of claims reported 1,893 (-13.0%);
Claims paid €10.5m (-38.8%).*

The result for the first half confirmed the trend already recorded at the end of the previous financial year, with a significant increase, particularly in the professional trades, retail and household sectors, on which the Company is particularly focused, providing multi-cover products and continuously reviewing their terms and conditions in order to maintain a high standard of competitive efficiency.

Work continues on the replacement of the entire agricultural portfolio with the new *Agrinova* product and, with a view to supporting production, work has resumed on reviewing the amounts insured on existing policies.

The number of claims reported and payments made during the six months fell substantially. The result was positive and consistent with the

previous financial year.

Other damage to property

*Direct premium income €46.6m (+7.3%);
Number of claims reported 17,033 (+9.7%);
Claims paid €22.2m (+13.8%).*

The principal benefits in this class are mentioned below. Overall, the technical balance was positive.

Fire – additional guarantees

*Direct premium income €16.2m (+5.4%);
Number of claims reported 10,396 (+4.4%);
Claims paid €9.4m (+4.5%).*

As these are benefits added to fire policies the operations carried out were similar to those already described for the Fire class.

Theft

*Direct premium income €11.5m (-1.4%);
Number of claims reported 3,249 (+27.6%);
Claims paid €7.6m (+15.8%).*

The premium income result is due to greater care being exercised in the selection of risks. Furthermore, the economic crisis in a number of leading market sectors, such as fur traders and jewellers, was confirmed.

Marketing campaigns aimed at lower risk sectors and reviews of amounts insured continue.

The increase in the number of claims and payments made is due to a resurgence of criminal activity.

Hail

*Direct premium income €7.4m (+13.0%);
Number of claims reported 2,328 (+15.1%);
Claims paid €0.1m (-44.7%).*

There was a significant increase in premiums during the six months, primarily as a result of unusual weather conditions during the winter/spring period, which led to a high demand for supplementary cover in addition to hail cover, particularly for ice and frost. New and attractive forms of cover were therefore

offered to customers, including ice, frost and strong wind cover, which were welcomed by users.

The considerable amounts of precipitation recorded in May weighed on the technical performance of the whole six months. We should point out, however, that during the first few weeks of the third quarter there were very light hail falls, the intensity of which was lower than the average for the period.

Technological risks

*Direct premium income €10.7m (+18.2%);
Number of claims reported 748 (+12.3%);
Claims paid €5.0m (+37.4%).*

Premium income in the first half of the year recorded a sharp increase attributable to the construction and private works sectors, particularly the sale of insurance cover required by Law 210 'Protection of purchasers of property still under construction' and other associated insurance cover.

Contracts awarded in the public works sector, however, confirm the unfavourable economic situation, with a lower number of contracts awarded and a resulting fall in new policies sold. The property and equipment leasing sector and the public tenders sector remained virtually stable.

The number of claims reported grew across the various sectors.

The cost of claims settled increased, primarily as a result of a major claim.

The overall performance continues to be good.

Land vehicles – Motor TPL

*Direct premium income €391.6m (+1.3%);
Number of claims reported:*

- *no card* 39,952
- *card handler* 43,818
- *card debtor* 45,111

Claims paid €268.0m (+5.5%).

The first six months of the year confirmed the growth trend recorded at the end of the previous financial year, with an increase in the overall volume of premiums and the number of contracts in the portfolio. The positive

performance during the first six months of the year confirmed that tariff decisions taken by the Company are correct and have allowed the Company to benefit from new market opportunities.

A major contribution to the result was in fact the recovery of the car industry which, after a long negative period, recorded a positive balance of new registrations, with expectations for continue positive performance throughout the rest of the year.

Even before this factor had produced its results, the Company was already focused on a continuous and careful review of its Motor TPL tariffs, implementing actions which, while fulfilling the Company's objectives, allowed the level of convenience and satisfaction for customers to be increased.

This included the work that began during the previous year to reduce the tariff applied in thousands of municipalities, which benefited new customers and existing policy holders.

In addition to the general customer base, during the first few months of the year the Company also focused on specific targets, for whom we have created an innovative product that is more than a simple insurance policy. '2 of HEARTS' is the first product to provide a Motor TPL policy combined with a current account, all provided at extremely advantageous terms. In order to make the insurance component distinctive, '2 of HEARTS' uses *Unibox* technology, which allows policy holders to be offered a range of unique services, supported by increasing success in the sale of *Unibox* policies amount hundreds of customers who choose to subscribe to this innovative project every day.

The innovative spirit that Unipol has traditionally transferred into its products is also a feature of the *Young Unibox* tariff, aimed at young car owners between the ages of 18 and 29. In this policy, the *Unibox* tool provides security for a category of drivers traditionally considered to be high risk. The new tariff offers young policy holders the option to take out Motor TPL cover on very favourable financial terms.

As regards the number of claims reported, the figures for which are influenced by new direct

compensation procedures, please refer to the comments made at the beginning of the 'Non-Life business' section.

The level of claims paid was also affected by the changes to procedures introduced by the legislation of direct compensation and therefore includes:

- 'handler lump sum' reimbursements of €52.5m;
- 'debtor lump sum' reimbursements of €49.8m.

General TPL

Direct premium income €73.1m (+5.3%);

Number of claims reported 17,905 (-8.0%);

Claims paid €46.5m (+4.6%).

The first half of 2007 recorded a growth in income, which was an improvement on the same period of the previous year.

This positive result was all the more significant when you consider that:

- a reform of the portfolio is under way, involving the disposal of negatively performing contracts;
- particular attention is being paid to the 'public organisations' sector (health and local authorities), reducing the number of contracts sold;
- action is continuing on reforming 'doctor' policies to coincide with their respective policy expiry dates,

The result is a decrease in premiums in the public authorities sector, particularly Health and Doctors, which is however offset by positive premium income in other market sectors, such as Industrial and Construction Companies, technical professions (Engineers, Architects and Surveyors), confirming the commercial validity of the corresponding products.

The number of claims reported was down, with a positive fall in Health related claims and a reduction in IBNR claims.

The amount of claims paid was up, primarily as a result of the settlement of claims from previous financial years, although provisions for outstanding claims remained stable.

Credit and Bonds

*Direct premium income €13.2m (+9.9%);
Number of claims reported 219 (+1.9%);
Claims paid €3.6m (-3.7%).*

Premium income in the Bond class performed favourably, primarily thanks to the premiums related to guarantees provided to the purchasers of property still under construction (Law 210/2004).

In the Credit class premium income improved, though absolute amounts were not particularly significant.

Income in this class was made up almost entirely of receipts from commercial credit under the agreement with the specialist company Euler Siac.

Sundry pecuniary losses

*Direct premium income €8.8m (+18.0%);
Number of claims reported 15,771 (+6.6%);
Claims paid €3.7m (-5.0%).*

This Class, which mainly covers risks connected with road traffic (such as loss of driving licence and ancillary benefits), finished the first half of the year with a significant rise in premium income, in large part due to the sale of guarantees linked to the *Unibox* tariff.

The wider spread of a number of benefits led to an increase in the number of claims reported, although the cost of claims settled fell.

Legal protection

*Direct premium income €5.6m (+5.3%);
Number of claims reported 1,521 (+7.4%);
Claims paid €1.8m (+29.1%).*

Growth in this class, which, as last year, was concentrated in the benefits linked to Motor TPL, continued in the first half of the year.

The consequent rise in the number of claims reported and in the relative cost of claims did not have an adverse effect on the traditionally positive performance in this class.

Assistance

*Direct premium income €5.7m (+29.0%);
Number of claims reported 15,604 (+108.0%);
Claims paid €0.9m.(-3.9%).*

Continuing with the good performance of last year, the first half of this year also saw the Assistance class record a very positive balance in premium income, confirming the success of the link with Unibox and the expansion of the offer with addition of new types of cover.

The significant increase in the number of claims reports was due to the *Dorunque Sei* cover, which offers a telephone assistance service on various matters and generates a high volume of calls at an insignificant unit cost. This is confirmed by the fall in the cost of claims settled, which confirms the consistent highly positive performance of this Class.

Marine, Aviation and Goods in transit

Direct premium income €4.8m (+8.9%);

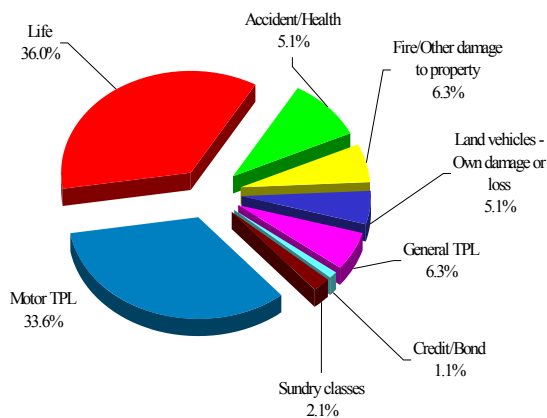
Number of claims reported 544 (-7.3%);

Claims paid €1.8m (+7.1%).

Signs of recovery in the Italian economy reflected positively during the first half of the year on traffic and consequently on the level of

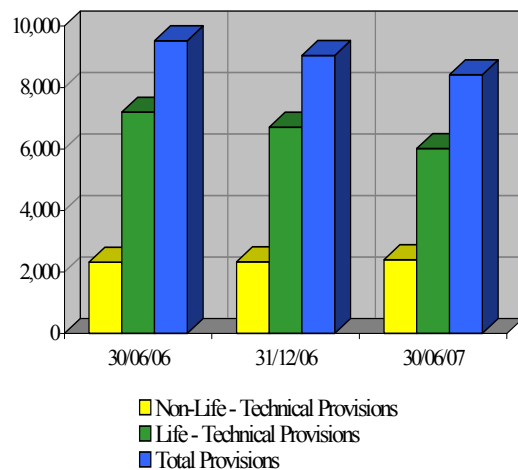
premiums. Good levels of income were recorded particularly in the ‘Ship Hulls’ and ‘Aircraft’ sectors and a slight rise in the number of high value claims, with a resulting increase in the average overall cost. An analysis of the type of events reported shows a consistent increase in claims due to partial theft, robbery and fraud in general.

Breakdown of premiums (%)



Technical provisions

(€m)



Reinsurance

Inward reinsurance

Premium income from inward reinsurance in Life and Non-Life business fell from €20.5m as at 30 June 2006 to €19.7m as at 30 June 2007 (-3.6%).

Non-Life premiums fell from €17.5m to €16.1m, a drop of 8.1%. Premium income from the subsidiary Unisalute amounted to €1.4m whilst premium income from the subsidiary Linear fell amounted to €0.3m.

The overall result of policies relating to Non-Life business, net of retrocessions, was positive.

Life premium income rose from €3m as at 30 June 2006 to €3.7m as at 30 June 2007, an increase of 22.6%.

Premium income from subsidiaries amounted to €103K in the case of BNL Vita and €42K in the case of Aurora Assicurazioni.

The overall result of Life class subscriptions, net of retrocession operations, was also positive.

Outward reinsurance

Total Non-Life direct premiums ceded rose from €46.7m as at 30 June 2006 to €51.1m as at 30 June 2007, an increase of 9.6%.

The retention rate at the end of the half year was 93.2% compared with 93.4% as at 30 June 2006.

During the first half of 2007, the reinsurance scheme operated for Non-Life classes involved the substantial use of proportional types of cession to cover risks for almost all the classes reinsured.

For exposure arising from retained portfolios in TPL (Motor and General), Land Vehicles, Accident, Goods in Transit, Other Damage to Property and risks relating to insurance for Hail damage, non-proportional types of reinsurance cover were adopted.

Specific non-proportional cover was also established to reduce the Company's net

exposure relating to retained risks in the Fire class, including catastrophe risks.

Total direct Life premiums ceded fell from €2.1m as at 30 June 2006 to €2m as at 30 June 2007 and showed a positive balance for our reinsurers.

The reinsurance place for risks underwritten in the Life classes was structured by means of proportional type cession programmes.

In order to limit counterparty risk as much as possible, the cession programmes were placed with primary professional reinsurers judged to be of high financial solidity by the leading rating agencies.

In the absence of any significant losses or unusual frequencies, in line with the Company's positive trend in core business, the mix of cessions carried out in Non-Life business showed a positive result for reinsurers in the half year.

The result of direct cessions made in the Life classes was also positive for our reinsurers.

Litigation

Analysis of the litigation shows that the number of civil cases brought in the first half of 2007 was down compared with the same figure for 2006. The number of Motor TPL cases pending as at 30 June was up by 6.4% on the figure at the end of the previous year.

Complaints' Register

During the period January-June 2007, 872 complaints were recorded in the register, which was set up on 31 March 2004 in accordance with the provisions of ISVAP Circular 518/D/2003. 854 of these complaints related to the Non-Life classes and 18 related to the Life classes, an increase compared with 30 June 2006 (649 complaints), primarily due to the procedural adaptations required by recent legislative changes (direct compensation), which came into force in the second half of the year.

As at 30 June 2007 766 replies had been sent and 106 complaints were under investigation. All the complaints were responded to within the time limit of 45 days imposed by the ISVAP Circular. The average time taken to reply was 21 days. 304 complaints were accepted, 358 were rejected and 104 were settled. 26 complaints were referred to the courts.

Operating expenses and claims-handling costs

The Company has several departments that provide services to all the companies in the Group in order to standardise operating procedures and keep operating costs down. The principal areas of activity that are managed by the Company, with staff being seconded as necessary, relate to claims handling, managing the IT system, property management and asset management.

The cost incurred for Group services, determined on the basis of analytical accounting criteria, is split and invoiced to the subsidiaries on the basis of how much they actually use these services.

During the period under consideration the operating expenses that remained to be borne by the Company, which included acquisition and renewal commissions and other acquisition and administrative expenses, came to a total of €197.1m compared with €187.1m as at 30 June 2006 (€178.9m and €171.4m respectively net of commissions received from reinsurers), an increase of 5.3% compared with the position as at 30 June 2006.

The incidence on premium income increased from 10.2% to 16.6%.

In the case of Life business claims-handling expenses and payouts amounted to €23.4m, an increase compared with the figure recorded in the first half of 2006 (€21m).

As far as **IT management** is concerned, during the first half of 2007 the initiatives that had already been launched continued as did the implementation of new projects for the Company and the other Group companies developed during 2006.

The project to overhaul the IT systems of Unipol Assicurazioni and Aurora Assicurazioni also continued and involved the main areas of the company (Non-Life area, Claims area, Sales and Life area). With a view to the introduction of new legislation regarding multiple mandates, based on the development strategies agreed with the management of Unipol and Aurora, some of the deadlines for the operational projects, where were initially expected to last three years, were reviewed.

Work continued on the overhaul of the Group's Life system, which involves the rewriting of the entire Life software package in accordance with the latest technology in order to produce a system that will be more flexible, powerful and comprehensive.

The introduction of the new direct compensation rules, which came into force in February, led to the implementation of a series of initiatives to support the handling of claims and the associated company processes.

Action was also taken to rationalise and strengthen the architecture of IT services as required for the transformation of Unipol into the Unipol Gruppo Finanziario holding company for shareholdings and services.

Staffing

As at 30 June 2007 the Company's staff was made up of 1,992 employees, 13 of whom were salespersons, an increase of 33 compared with 31 December 2006. In addition to these there were 28 employees on fixed-term contracts, most of whom worked in the *Sertel* call centre.

39 employees left the Company in the first half of 2007 and 72 were recruited, 40 of whom were employees who had moved within the Group and 15 were hired as a result of the expansion of the *Sertel* call centre.

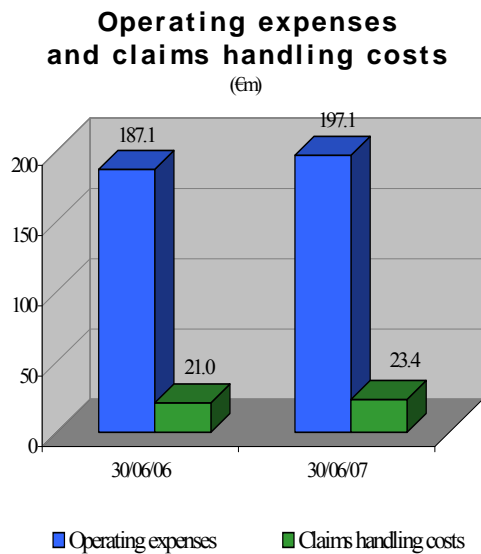
The number of full-time equivalent employees was 1,885.

Staff costs, gross of recoveries from subsidiaries and other companies, amounted to €53m for salaries, social security contributions

and staff leaving indemnity, and to €7.6m for travelling expenses, training costs and all other related costs, a total increase of 9% compared with the first half of 2006.

Net of expenses recovered, mainly for Group services provided to subsidiaries, staffing costs amounted to €40.1m and had an incidence on direct premium income of 3.4% (2.1% in 2006).

Implementing the terms of the 'Stock Granting Plan' provided for by the Supplementary Labour Contract for 2005-2008 and approved by the Extraordinary Shareholders' Meeting of 24 April 2007, on 372,000 ordinary shares in the Company were purchased on 29 May 2007. These shares were subsequently assigned to employees according to the choices made.



Property and Financial Management

Investments

As at 30 June 2007, investments, cash and cash equivalents, taking account of net value adjustments, reached a total of €13,134m, an increase of 10.2% compared with 30 June 2006 and 1.4% compared with 31 December 2006.

The investment structure and the variations on the previous half year and compared with 31 December 2006 are set out in the table below.

INVESTMENTS								
<i>(amounts in €K)</i>								
	30/06/07	comp.	30/06/06	comp.	var.%	31/12/06	comp.	var.%
	(a)	%	(b)	%	(a/b)	(c)	%	(a/c)
Land and buildings	553,076	4.2	546,963	4.6	1.1	549,863	4.2	0.6
Investments in Group undertakings and other participating interests								
-Stocks and shares	3,496,190	26.6	2,885,948	24.2	21.1	2,808,598	21.7	24.5
-Debt securities	26,487	0.2	74,663	0.6	-64.5	53,843	0.4	-50.8
Total	3,522,678	26.8	2,960,610	24.8	19.0	2,862,441	22.1	23.1
Other financial investments								
-Stocks and shares	755,095	5.7	508,914	4.3	48.4	490,052	3.8	54.1
-Units and shares in investment funds	149,754	1.1	94,441	0.8	58.6	147,610	1.1	1.5
-Bonds and other fixed-income securities	6,734,823	51.3	6,025,658	50.6	11.8	7,339,723	56.7	-8.2
-Financing	43,021	0.3	48,321	0.4	-11.0	46,238	0.4	-7.0
-Deposits with credit institutions (1)	0	0.0	40,000	0.3	-100.0	0	0.0	
-Sundry financial investments (2)	127,246	1.0	617,006	5.2	-79.4	365,203	2.8	-65.2
Total	7,809,938	59.5	7,334,340	61.6	6.5	8,388,826	64.8	-6.9
Deposits with ceding undertakings	20,843	0.2	22,369	0.2	-6.8	20,662	0.2	0.9
Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management								
-Investment funds and market indices	794,373	6.0	676,024	5.7	17.5	717,259	5.5	10.8
-Pension funds	433,077	3.3	374,640	3.1	15.6	408,172	3.2	6.1
Total	1,227,450	9.3	1,050,664	8.8	16.8	1,125,431	8.7	9.1
TOTAL INVESTMENTS	13,133,986	100.0	11,914,946	100.0	10.2	12,947,223	100.0	1.4

(1) Deposits subject to access restrictions of over 15 days

(2) Including repo securities and premiums for derivative operations.

Land and buildings

The Company's property assets as at 30 June 2007 amounted to €553.1m, the net increase compared with the level as at 31 December 2006 of €3.2m (+0.6%) being almost entirely made up of capitalised extraordinary maintenance costs.

Investments in Group undertakings and other participating interests

The level of investments in shareholdings as at 30 June 2007 rose from €2,808.6m to €3,496.2m, a net increase of €687.6m compared with 31 December 2006 (+24.5%) mainly consisting of the increase in the stake held in the subsidiary Aurora Assicurazioni following the takeover bid by Unipol Assicurazioni.

The table below and Annex 1 show the list of shareholdings as at 30 June 2007.

Relations with related parties and non-recurring, atypical and/or unusual operations carried out during the half year are set out under the section of this report entitled 'Other information'.

Own shares and shares in the holding company

On 24 May 2007 the Company bought 372,000 ordinary Unipol shares on the regulated market for an average consideration of €2.8776 (for a total of €1,071,538), thus completing the own shares acquisition programme intended to serve the plan for the free assignment of shares to

employees approved by the Board of Directors on 10 May 2007. The assignment was carried out on 1 June 2007.

As regards shares in the holding company Finsoe spa, no operations were carried out in the first half of 2007 nor were there any shares of this company in the portfolio.

The General Shareholders' Meeting passed no resolution under Article 2359/bis of the Civil Code relating to shares in the indirect holding company Holmo spa and consequently no operations were carried out.

LIST OF SHAREHOLDINGS AS AT 30 JUNE 2007 (amounts in €K)

Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
ITALIAN SUBSIDIARIES					
Aurora Assicurazioni S.p.A.	Insurance and reinsurance	248,347	95.82		1,925,163
BNL Vita S.p.A.	Insurance and reinsurance	160,000	50.00		165,353
Compagnia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	80.00	20.00	21,506
Navale Assicurazioni S.p.A.	Insurance and reinsurance	96,250	99.83		131,676
Quadrifoglio Vita S.p.A.	Insurance and reinsurance	31,500	50.00		43,450
Unisalute S.p.A.	Insurance and reinsurance	17,500	92.44	6.04	27,494
Navale Vita S.p.A.	Insurance and reinsurance	5,180		100.00	
Nuova Unipol Assicurazioni S.p.A.	Insurance and reinsurance	5,000	100.00		6,500
Nuova Aurora Assicurazioni S.p.A.	Insurance and reinsurance	5,000		100.00	
Smallpart S.p.A.	Holding company	32,000	100.00		32,000
SRS S.p.A.	Holding company	13,899	75.21	24.79	27,988
Midi S.r.l.	Property company	72,000	100.00		55,973
Unifimm S.r.l.	Property company	43,350	100.00		45,076
Dimensione e Sviluppo Immobiliare S.p.A.	Property advisory services	5,200		100.00	
Grecale S.r.l.	Loan securitisation	10		100.00	
Unipol SGR S.p.A.	Financial brokerage	5,000		100.00	
Unipol Banca S.p.A.	Bank	703,500	69.54	14.99	638,102
Unipol Merchant S.p.A.	Bank	105,468		86.15	
Nettuno Fiduciaria S.r.l.	Fiduciary company	250		100.00	
Unisalute Servizi S.r.l.	Healthcare services	52		100.00	
Unieuropa S.r.l.	Market analysis and research	510		98.00	
BNL Servizi Assicurativi S.r.l.	Insurance agency	10		50.00	
TOTAL ITALIAN SUBSIDIARIES					3,120,280

Company	Type of business	Share capital	% holding direct	indirect	Book value
FOREIGN SUBSIDIARIES					
Unipol Fondi Ltd	Unit trust management	125		100.00	
ITALIAN ASSOCIATES					
Hotel Villaggio Città del Mare S.p.A.	Tourism/Hotels	7,000	49.00		3,275
FOREIGN ASSOCIATES					
Euresa Holding S.a.	Holding company	10,000	24.05		1,661
OTHER SHAREHOLDINGS					
Hopa S.p.A.	Holding company	709,816	7.13		92,928
P & V Holding S.a.	Holding company	345,050	2.39		8,241
Banca Monte dei Paschi di Siena S.p.A.	Bank	2,029,771	1.98		262,147
Other Italian shareholdings					953
Other foreign shareholdings					6,704
TOTAL OTHER SHAREHOLDINGS					370,973
GRAND TOTAL					3,496,190

Other financial investments

Financial management guidelines in the first half of 2007 prioritised short-term monetary investments and investments in shares.

With a macroeconomic background characterised by uncertainties regarding a recovery of prices and potential increases in rates, bond market operations focused on investments in variable rate securities relating to counterparts with a high rating.

The need to optimise returns on the bond portfolio was pursued by means of trading activities.

The weight of the share component was gradually increased during the year, investing almost exclusively in the Euro area and prioritising high profitability and high liquidity shares.

As at 30 June 2007, 'Other financial investments' amounted to €7,809.9m, a decrease of €578.9m (-6.9% compared with 31/12/2006).

Bond business fell from €7,339.7m as at 31 December 2006 to €6,734.8m (-€604.9m); share business rose from €490.1m to €755.1m (+€265.0m), whilst at the end of the half year operations in securities in repo contracts amounted to €100m (-€250.2m compared with 31/12/2006).

Fixed-income securities amounted to 48.1% of

the bond portfolio whilst variable coupon securities accounted for the remaining 51.9%.

The incidence of government bonds was 50.7%, while that of corporate (financial) bonds was 49.3%.

As regards the risk arising out of the choice of issuer, the Company operated mainly in bonds issued by sovereign states, supranational bodies (EIB, World Bank) and banks, all with a minimum rating of AA- with the exception of 'Italian banks' for which a lower rating was accepted, subject to a minimum rating of A.

The total amount invested in subordinated bonds was €763.6m. A residual component was invested in collateralised bond obligations, collateralised loan obligations, convertible bonds and index-linked bonds, amounting to €58.1m.

As regards the subdivision of the bond portfolio among the various currencies, we report that Eurozone securities amounted to 99.8% of the entire portfolio, while securities in non-Euro currencies (US Dollar and Pound Sterling) for which the exchange rate was hedged make up the remaining 0.2%.

At the end of the first half year, the duration of the portfolio (excluding the monetary component) was 4.33 years (4.57 years as at 31/12/2006).

As at 30 June 2007, as a result of the unfavourable performance of the financial markets, there was a negative balance on the debt securities' portfolio between unrealised capital gains and losses of €319.6m (-€104.3m as at the end of 2006), made up of capital losses on debt securities of €318.4m and capital losses on derivatives linked to these debt securities of €1.2m.

In the share portfolio, unrealised capital gains were recorded of €16.2m (+14.7m as at 31/12/2006).

Investments for the benefit of policyholders who bear the risk thereof and those arising out of pension fund management

The total amount of these investments as at 30 June 2007 was €1,227.5m, an increase of 9.1% compared with 31 December 2006, and was made up of €794.4m of investments relating to index and unit-linked policies and €433.1m of investments arising out of pension fund management. These investments were recorded at their current market value, in strict correlation with the valuation of matching liabilities.

The amount of €794.4m was made up as follows:

Assets matching index-linked policies	
-bonds	434.4
-sundry financial investments	57.9
-Total	492.3
Assets matching unit-linked policies	
-units and shares in investment funds	287.2
-bonds	13.5
-cash and items to be settled	1.3
-Total	302.1
Grand total	794.4

Investments arising out of pension fund management related to the investments matching subscriptions to units in open-end funds promoted by Unipol Assicurazioni S.p.A. and matching closed guaranteed funds managed by the Company.

As at 30 June 2007, the amount of these investments was €433.1m, broken down as follows:

Stocks and shares	15.9
Debt securities	354.0
Units and shares in investment funds	43.1
Cash, derivatives and net items to be settled	20.1
Total	433.1

**CURRENT INVESTMENT INCOME
CAPITAL GAINS AND LOSSES FROM TRADING**

(amounts in €K)

	30/06/07	comp.	30/06/06	comp.	var. %	31 December	comp.
	(a)	%	(b)	%	(a/b)	2006	%
NET INVESTMENT INCOME							
Land and buildings	8,063	3.4	5,447	1.9	48.0	8,798	1.9
Stocks and shares	80,715	33.6	140,437	50.2	-42.5	147,075	31.2
Debt securities	149,518	62.3	105,396	37.7	41.9	240,014	51.0
Units and shares in investment funds	1,562	0.7	752	0.3	107.8	15,844	3.4
Financing	937	0.4	986	0.4	-5.0	1,975	0.4
Deposits with credit institutions	5,035	2.1	10,628	3.8	-52.6	12,968	2.8
Bank and postal deposits	22,084	9.2	32,670	11.7	-32.4	69,556	14.8
Sundry financial investments	-8,675	-3.6	2,454	0.9	-453.6	13,981	3.0
Balance on reinsurance deposits	-15	0.0	-79	0.0	-81.6	-687	-0.1
Interest on debenture and subordinated loans	-19,118	-8.0	-19,120	-6.8	0.0	-38,557	-8.2
Total (a)	240,108	100.0	279,570	100.0	-14.1	470,968	100.0
Capital gains (losses) on disposals							
Land and buildings	199	0.2	96	0.1	107.8	-868	-0.5
Stocks and shares	97,344	121.2	114,634	87.0	-15.1	142,376	81.7
Debt securities	-20,180	-25.1	8,092	6.1	-349.4	18,101	10.4
Sundry financial investments	2,974	3.7	8,936	6.8	-66.7	14,561	8.4
Total (b)	80,338	100.0	131,758	100.0	-39.0	174,170	100.0
Total (a+b)	320,445		411,327		-22.1	645,138	
Net value adjustments on investments							
Land and buildings	-2,319	1.7	-2,401	2.1	-3.4	-4,584	1.8
Stocks and shares	-19,198	14.2	-45,608	39.6	-57.9	-94,816	38.1
Debt securities	-87,439	64.7	-60,870	52.9	43.6	-124,746	50.1
Other financial investments	-26,216	19.4	-6,155	5.4	325.9	-24,965	10.0
Total (c)	-135,172	100.0	-115,034	100.0	17.5	-249,111	100.0
TOTAL (a-b+c)	185,273		296,293		-37.5	396,027	
Net income from Class D investments							
-Investment funds and market indices	10,478		-14,025		-174.7	11,674	
-Pension funds	4,001		-3,329		-220.2	4,948	
Total Class D	14,479		-17,354		-183.4	16,623	
GRAND TOTAL	199,752		278,939		-28.4	412,649	

**Capital gains and investment income
Profits and losses from trading**

Details of current capital gains and investment income and profits and losses from trading are shown in the table above, with the net income from investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management (Class D) shown separately.

Investment income, including cash investments, net of investment charges, amounted to €240.1m, compared with €279.6m as at 30 June 2006, a net decrease of €39.5m (-14.1%).

Net capital gains achieved totalled €80.3m (€131.8m at the end of the previous half year) €12.2m of which related to long-term investments.

Investments in shares in particular amounted to €97.3m (€114.6m as at 30/6/2006).

Overall, net investment income and capital gains as at 30 June 2007 amounted to €320.4m (€411.3m as at 30/6/2006).

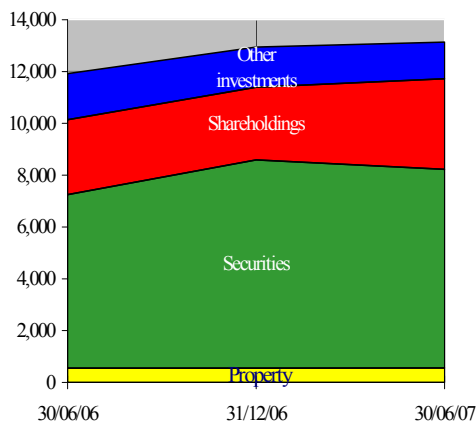
The net average return on investments was 3% (3.2% as at 31/12/2006).

Net value adjustments on investments (including depreciation) went from -€115m as at 30 June 2006 to -€135.2m as at 30 June 2007, as a result of the negative trend in financial markets.

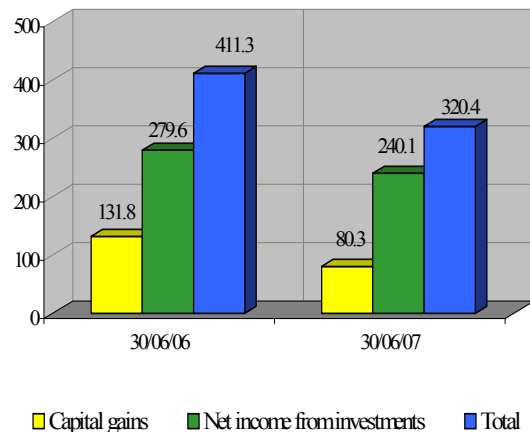
Overall, net ordinary and extraordinary income during the half year, including value adjustments on investments, totalled €185.3m compared with €296.3m in the first half of 2006 (-37.5%).

The net results from investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management (Class D) were €14.5m (-€17.4m as at 30/6/2006).

Investments (€m)



Investment income (€m)



Significant Events after 30 June 2007 and Business Outlook

On 31 July 2007, Unipol Assicurazioni, having obtained the necessary authorisations required by law, completed the acquisition from Banca Nazionale del Lavoro of 1% of the share capital of BNL Vita, bringing its total shareholding in the said company to 51%.

The acquisition was carried out pursuant to the memorandum of understanding signed in February 2006 between the Unipol Group and the BNP Paribas Group at the time of the sale of the BNL shares previously held by the Unipol Group.

The operation also follows on from the agreements subsequently signed between BNL and Unipol leading to the establishment of a new exclusive distribution agreement for BNL Vita products until 31 December 2011 and a new governance for the bancassurance company, aimed at further accelerating its commercial development, for the benefit of Unipol and BNL shareholders.

The price of the transaction was €5.886m and was determined by Fox-Pitt, Kelton Ltd., specifically instructed by the two contracting parties as the expert in charge of valuing BNL Vita.

As a result of this transaction, the Unipol Group has consolidated its position in the bancassurance business and is continuing to pursue the strategies and objectives set out in its business plan for 2006-2009, presented to the market on 14 September 2006.

On 31 July, a copy of the tax assessment notice issued to Bell S.A. was served on UGF, which was a shareholder in the former during the period covered by the notice. This notice relates to the capital gains achieved during the 2001 financial year. Having examined the tax assessment notice, we believe, and are supported in this by the opinion issued by tax consultants instructed for this purpose, that the well-founded doubts about the legitimacy of UGF being called to account by the tax authorities reflect a risk that can generally be defined as remote.

As already described in detail in the initial paragraph entitled 'Reorganisation of the Unipol Group', we would remind you that the company reorganisation of the Unipol Group was completed during the period that followed the end of the half year and that with effect from 1 September 2007, Unipol has assumed the new corporate purpose of holding company for shareholdings and services and changed its company name to **Unipol Gruppo Finanziario S.p.A.** (abbreviated to UGF S.p.A.), while Nuova Unipol Assicurazioni S.p.A., to which the Unipol insurance line of business was hived-down, has taken on the name of **Compagnia Assicuratrice Unipol S.p.A.** (abbreviated to Unipol Assicurazioni S.p.A.).

As regards the insurance business during the months of July and August, premium income in Non-Life business continued to grow at the rate recorded during the first half of the year and technical performance generally confirms the results achieved during the first six months. In Life business, the fall recorded in the first half of the year continued, particularly as a result of the non-renewal of major corporate contracts. We should point out that as of the month of July the company began to receive the first contributions from new pension fund subscribers based on the new legislation regarding the allocation of severance pay. Acquisition and management costs have performed as expected.

As regards financial management during the months of July and August, we report that, despite the turbulence caused by events in the US subprime loans market, portfolio write-downs decreased. Stock exchange falls in the Eurozone (-6.60% between the end of June and 29/8/2007) generated a loss of value in the share component that was smaller than the increase in value in the bond component, which benefited from a significant fall in interest rates.

As regards the crisis in the subprime loans market, we report that the Company has no

securities in its portfolio connected directly or indirectly to the said loans, nor do any of its subsidiaries have securities of this kind in their portfolios.

As a result of the company changes that have taken place, work is currently under way to quantify the balance sheet hived-down, which will be the basis for the activities of Nuova Unipol Assicurazioni.

Valuation Criteria

The valuation criteria used in drawing up the half-year figures are the same as those used in drawing up the previous annual accounts.

However, when calculating the half-year figures greater use is made of statistical methods, particularly for quantifying the cost of claims that have been reported and not yet settled and in assessing agency incentives (rappels).

Claims outstanding at the end of the first part of the current year were valued on the basis of up-to-date analytical data ('ongoing' provision) and appropriate technically-prudent estimates. Amounts set aside for claims incurred but not reported were estimated on the basis of past experience of claims reported late to the Company and how they developed over time.

Principal exchange rates used

The exchange rates applied for converting the main currencies into Euro were as follows:

Currency	30/06/07	30/06/06	31/12/06
US Dollar	1.3505	1.2713	1.3170
Pound Sterling	0.6740	0.6921	0.6715
Swiss Franc	1.6553	1.5672	1.6069
Canadian Dollar	1.4245	1.4132	1.5281
Yen	166.6300	145.7500	156.9300
Swedish Krone	9.2525	9.2385	9.0404

Notes on the Balance Sheet

The amount and type of assets, liabilities, guarantees, commitments and other memorandum accounts relating to transactions with Group undertakings and other participating interests are set out in the following table. In particular, receivables and other assets relate mainly to bank deposits with the subsidiary Unipol Banca, whilst the other memorandum accounts are made up of securities deposited with companies in the Group.

Information on transactions with Group undertakings and other participating interests						
<i>(amounts in €K)</i>						
	Holding companies	Subsidiaries	Joint ventures	Associates	Other companies	Total
I: Assets						
Stocks and shares		3,120,280		4,936	370,974	3,496,190
Debt securities					26,487	26,487
Deposits with ceding undertakings		195			788	983
Investments relating to unit-linked and index-linked benefits		1,158				1,158
Investments arising out of pension fund management					6,567	6,567
Debtors and other assets	8,548	488,531	1		6,251	503,331
Total	8,548	3,610,165	1	4,936	411,066	4,034,716
II: Liabilities						
Amounts owed to credit institutions						
Other creditors and other liabilities	5	3,802	2		1,077	4,886
Total	5	3,802	2		1,077	4,886
III: Guarantees, commitments and other memorandum accounts						
Guarantees received or issued by third parties in favour of the Company						
		21,775				21,775
Commitments		15,400				15,400
Other memorandum accounts		11,628,801		2,597	518,316	12,149,713
Total		11,665,975		2,597	518,316	12,186,888

Balance Sheet - Assets

C – Investments

C.I – Land and buildings

As at 30 June 2006 the Company's direct property assets, net of depreciation, amounted to €553.1m, a net increase of €3.2m compared with 31 December 2006 (+0.6%) mainly consisting of the capitalisation of extraordinary maintenance costs.

Net capital gains realised totalled €0.2m.

Movements during the half year are summarised in the following table:

Gross value of buildings as at 31/12/2006	582,970
Adds/improvements as part of extraordinary maintenance	5,607
Disposals	(76)
Gross value of buildings as at 30/6/2007	588,501
Depreciation fund for previous year	33,106
Depreciation charge – 1st half of 2007	2,319
Depreciation fund as at 30/6/2007	35,425
Net value of buildings as at 30/6/2007	553,076

C.II – Investments in Group undertakings and other participating interests

The total amount of investments in Group undertakings and other participating interests as at 30 June 2007 was €3,522.7m, an increase of €660.2m compared with 31 December 2006 (+23.1%).

As at 30 June 2007 Italian and foreign shareholdings, all classified as long-term assets, amounted to €3,496.2m (item C.II.1), an increase of €687.6m (+24.5%) compared with 31 December 2006.

The main transactions carried out and the events that occurred during the first half of 2007 related to:

- **Aurora Assicurazioni spa**

Purchase of 268,235,589 ordinary shares in the subsidiary, for a total countervalue of €660m, following the voluntary takeover bid promoted by Unipol Assicurazioni and completed on 9 March 2007.

The percentage held in Aurora as at 30 June 2007 was 95.82%.

- **Nuova Unipol Assicurazioni spa**

Payment on 25 January 2007 of €1.5m in respect of an 'organisation fund' pursuant to ISVAP Ruling 98 of 13 December 1995.

- **Banca Monte dei Paschi di Siena spa**

Sale, on 30 April 2007, on the regulated market of 30,225,310 ordinary shares in Banca Monte dei Paschi di Siena (equal to 1%), for an average consideration of €4.94938 (for a total of €149.6m). Purchase, on the same date, on the regulated market, of 30,225,310 ordinary shares in Banca Monte dei Paschi di Siena for an average consideration of €4.95062, for a total of €149.6m.

This operation allowed the shareholding to be reclassified from the Life class to the Non-Life class, in accordance with the equity rationalisation policy, in the wider context of the Group reorganisation programme. The divestment resulted in a capital gain, recorded among extraordinary items, of €26.2m, for the most part reverted

to policyholders given that the aforesaid shareholding was allocated to the Life segregated accounts.

Debt securities issued by other participating interests (item C.II.2.) amounted to €26.5m (€53.8m as at 31/12/2006) €1.5m of which related to long-term investments and €25m to short-term investments.

A list of undertakings in which participating interests were held showing the book values at the end of the half year and the direct and indirect shares held is set out in Annex 1.

The amount and the nature of the increases and decreases in investments in Group undertakings and other participating interests, subdivided into stocks and shares, debt securities and corporate financing, are set out in Annex 2.

C.III – Other financial investments

The total amount of other financial investments as at 30 June 2007 was €7,809.9m, a decrease of €578.9m compared with 31 December 2006 (-6.9%).

Item C.III.1 – Stocks and shares - showed a balance of €755.1m, an increase of €265m compared with 31 December 2006 (+54.1%). At the end of the period value adjustments of €19.2m and value readjustments of €0.2m were recorded.

Item C.III.3 – Bonds and other fixed-income securities - showed a balance of €6,734.8m (-8.2% compared with 31/12/2006), 102.6% of which were listed securities.

During the period under consideration, purchases totalling €6,402m, sales and repayments of €6,916m and transfers from class D of €8.4m were carried out.

The value of the portfolio mainly included €20.2m relating to capital write-ups, net issue and trading spreads during the half year, the alignment to market values of freely-traded securities and securities transferred from the working capital section to the long-term investment section (€104.9m) and value readjustments on securities (€3.5m) written down in previous financial years.

Item C.III.5, relating to other financial investments, amounted to €127.2m (-65.2% compared with 31/12/2006) and was broken down as follows:

- €100m consisting of repurchase agreements;
- €27.2m consisting of the countervalue of premiums for the period on contracts relating to derivative financial instruments (cap interest rate options, swap options and call and put options purchased).

The breakdown of the other financial investments into long-term and short-term (items C.III.1, 2, 3 and 5) is set out in Annex 3.

As regards the classification of the securities portfolio and in particular the operations relating to long-term investments (in accordance with ISVAP Ruling 893/G of 18/6/1998 and Circular 475/D of 27/2/2002) carried out during the first half of 2007, it should be mentioned that the Board has been provided with full information, in accordance with the provisions it laid down on 26 July 2007.

In order to guarantee the retention of freely-traded investments, on 16 July 1999 the Board resolved to set a maximum limit for long-term investments of 60% of the Company's total investments, including both equity and debt securities but excluding investments deemed to be strategic, all the investments in Class D (Class III and Class VI) and those matching defined-benefit policies.

Total investments as at 30 June 2007, calculated as explained above, were made up as follows (in €m):

Stocks and shares	755.1
Units and shares in investment funds	149.8
Bonds and other fixed-income securities	6,280.4
Securities - repurchase agreements	100.0
Total	7,285.3

Total long-term investments as at 30 June 2007, which amounted to €2,791m, made up 38.3% of the Company's total financial investments (27.3% as at 31/12/2006).

E – Debtors

The balance of debtors set out in item E, totalling €378.9m, showed a net decrease of €62.3m compared with a balance as at 31 December 2006 (-14.1%) and was made up as follows:

- debtors arising out of direct insurance operations totalling €302.3m (-€59.0m compared with 31/12/2006);
- debtors arising out of reinsurance operations totalling €16.5m (-€2.2m compared with 31/12/2006);
- other receivables amounting to €60.1m (-€1.1m compared with 31/12/2006), mainly consisting of:
 - √ receivables from the Italian Revenue of €41.3m, €30.1m of which was for the substitute tax on the mathematical provisions introduced by Decree Law. 209/2002, €4.4m for withholding tax on bank current accounts and €3.2m for advance payment of IRAP;
 - √ receivables from the tax authorities of foreign countries amounting to €2.4m;
 - √ receivables from the holding company Finsoe spa amounting to €6m, arising out of participation, as a consolidated company, in Finsoe's consolidated tax return;
 - √ receivables for interest on loans on Life policies of €1.1m.

Item E.I – Debtors arising out of direct insurance operations, which amounted to €302.3m, consisted of receivables from policy holders of €111.6m (€100.2m Non-Life and €11.4m Life), receivables from insurance intermediaries of €118.3m (€92.7m Non-Life and €25.6m Life), receivables from insurance companies of €51m (relating almost entirely to Non-Life business) and receivables from policy holders and third parties for sums recovered of €21.5m.

Amounts receivable from policyholders as at 31 December 2006 amounted to €174.3m (€166.2m for Non-Life and €8.1m for Life business). Corresponding receipts during the first six months of 2007 amounted to €163.5m (€158.3m for Non-Life and €5.2m for Life business).

The amount of debtors as at 30 June 2007 is shown net of overall write-downs of €2.6m, €2.5m of which for Non-Life business.

F – Other assets

This item showed a total balance of €748.8m, a net decrease of €874.8m compared with 31 December 2006 (-53.9%).

The balance on 'Tangible assets and stocks' amounted to €19.5m as at 30 June 2007 (+€1.5m compared with the figure as at 31/12/2006).

'Cash at bank and in hand' at the end of the half year amounted to €662.4m, -€897.8m compared with 31 December 2006, mainly due to use of the funds required for the takeover bid promoted by Unipol Assicurazioni over the shares in the subsidiary Aurora Assicurazioni.

'Other assets' showed a balance of €66.9m (+€21.5m compared with 31/12/2006) and mainly consisted of the balance on the internal liaison account between Life and Non-Life business, which was €9.6m in favour of Non-Life business (€17m in favour of Life business as at 31/12/2006), the contra-entry for valuations and write-downs, plus the amounts accrued for the period on the operations in derivatives as at 30 June 2007 amounting to €17.2m (€0.2m as at 31/12/2006) and deferred tax assets amounting to €21.5m (€21.5m as at 31/12/2006).

Balance Sheet - Liabilities

A – Shareholders' equity

The shareholders' equity as at 30 June 2007, excluding the result for the period, amounted to €4,992.4m, a net decrease of €100.7m compared with 31 December 2006 owing to the difference between the increase in equity reserves as a result of the allocation of the profits for 2006 (€5.5m) and the decrease of €106.2m in the share premium reserve as a result of the distribution of a further dividend resolved by the Ordinary Shareholders' Meeting

held on 24 April 2007.

As at 30 June 2006, the share capital amounted to €2,360,144,410, fully paid-up, and was made up of an equivalent number of shares, subdivided as follows:

- 1,460,524,546 ordinary shares, 50.88% of which were owned by the holding company Finsoe spa;
- 899,619,864 preference shares.

B – Subordinated liabilities

This item amounted to €600.0m, the same as the figure as at 31 December 2006, and was entirely made up of the nominal value of the two subordinated bonded loans issued by the Company.

Both loans have a nominal value of €300m and a twenty-year maturity and are listed on the Luxembourg stock exchange. The degree of subordination is similar to Tier II (supplementary capital consisting of second-level capital items).

The former, issued in 2001, has a fixed interest rate of 7% until the date the early repayment clause is exercised (as from the tenth year) and a variable rate thereafter.

The second, issued in 2003, has a fixed annual interest rate of 5.66% for the first ten years and a variable rate thereafter.

In the first half of 2007 interest payable totalled €18.8m.

C/D – Technical provisions

As at 30 June 2007, **Non-Life technical provisions** amounted to €2,399.6m (+3% compared with 31/12/2006).

The provision for unearned premiums amounted to €566.1m (+0.9% compared with 31/12/2006) and was made up as follows:

- provision for unearned premiums of €560.2m;
- provision for unearned premiums of €5.9m for inward reinsurance.

The provision for outstanding claims totalled €1,830m (+3.7% compared with 31/12/2006) and included direct business consisting of:

- €1,670.6m for claims/direct expenses and claims-handling expenses;
- €128m of provision for claims incurred and not reported.

In the case of inward reinsurance the provision amounted to €31.4m.

Sundry technical provisions of €2.2m (-2.5% compared with 31/12/2006) were made up as follows:

- provision for profit-sharing and rebates of €2m;
- provision for ageing of €0.3m.

The equalisation provisions as at 30 June 2007 amounted to €1.3m (+16.2% compared with 31/12/2006) and were made up as follows:

- equalisation provision of €1.2m for risks of natural disasters;
- €0.1m from the equalisation provision of the Credit class.

At the end of the half year **Life technical provisions** totalled €6,011.2m (-10.4% compared with 31/12/2006) and were made up as follows:

- €4,679.5m relating to the mathematical provision for direct business;
- €13.6m relating to the technical provisions for inward reinsurance;
- €49.8m for sums to be paid for direct business;
- €2.1m for sums to be paid for inward reinsurance;
- €794.4m relating to index- and unit-linked policies - Class III;
- €433.1m arising out of pension fund management.
- €38.7m of sundry technical provisions, almost all of which related to amounts set aside for operating expenses.

G – Creditors and other liabilities

As at 30 June 2007, total creditors and other liabilities amounted to €353.9m, an increase of €75.2m compared with 31 December 2006 (+27%).

Item G.I – Creditors arising out of direct insurance operations, of €15.5m, showed an increase of €3.3m compared with the balance as at 31 December 2006 and was made up of €2.7m of payables to insurance intermediaries, €9.3m of payables to insurance companies, €2.7m of payables to policyholders for bonds and premiums and €0.8m of payables to guarantee funds in favour of policyholders.

'Sundry borrowings and creditors' (item G.V), amounted to €107.2m, a net increase of €18.2m compared with 31 December 2006 (+20.4%) and were made up of:

- amounts due for taxes payable by policy holders of €45.7m;
- amounts due for miscellaneous tax charges of €5.8m, €5m of which was for withholding tax;
- sundry borrowings and other financial creditors of €13.9m;
- amounts due to welfare and pension schemes of €6.9m;
- sundry payables of €34.8m, €23m of which was payable to suppliers.

Item G.VII – Other liabilities increased from €140.9m as at 31 December 2006 to €149m as at 30 June 2007, a net increase of €8.2m (+5.8%).

This item mainly consisted of:

- the contra-entry for valuations and write-downs on transactions in derivatives in existence as at 30 June 2007 amounting to €74m;
- additional commissions for the period of €26m;
- commissions for premium income currently being collected of €16.1m;

- the balance on the internal liaison account between Life and Non-Life business, debited to Non-Life business, of €9.6m.

Guarantees, commitments and other memorandum accounts

The memorandum accounts as at 30 June 2007 amounted to €17,409.7m (€14,655.4m as at 31/12/2006) and were made up as shown in the following table (in €K):

Guarantees issued: surety bonds	502
Guarantees received: surety bonds	13,767
Guarantees received: collateral securities	20,508
Guarantees issued by third parties in favour of the Company	49,734
Commitments	3,714,231
Third party assets held in deposit	1,517
Assets pertaining to pension funds managed on behalf of third parties	356,789
Securities deposited with third parties	13,247,446
Other memorandum accounts	5,245
Total	17,409,739

The 'Commitments' account was composed mainly of the capital underlying the commitments on operations in derivatives being carried out at the end of the period.

Information on derivatives

In accordance with the instructions issued by ISVAP (Ruling 297 of 19/7/1996) and following the policy guidelines laid down by the Company's Board of Directors on 28 June 2007, derivatives were used during the first half of 2007 purely for the purpose of hedging the market price risk and the exchange rate risk, or in order to optimise portfolio management, and were not used for purely speculative purposes.

This was achieved by using the derivatives specified in the Board decision and applied to securities included in the portfolio.

All the operations were carried out with banking or similar counterparties of proven trustworthiness.

Derivative items current as at 30 June 2007 are shown in the following tables:

A. Derivative contracts involving forward capital swaps

The value attributed was made up of the settlement price for the contracts, in €K. In the case of operations in other currencies the exchange rate on 30 June 2007 was applied, except in the case of currency purchases and sales, in respect of which the agreed forward exchange rate was used:

Type of transaction	No. of transactions	Overall exposure
Purchase/sale of currencies	16	136,382
Purchase/sale of put options	3	370,919
Purchase/sale of call options	25	413,653
Total		920,954

B. Derivative contracts not involving forward capital swaps

The value attributed was made up of the nominal value of the underlying capital, in €K. The exchange rate on 30 June 2007 was used for operations in other currencies:

Type of transaction	No. of transactions	Overall exposure
Purchase of cap interest rates	9	400,823
Sale of floor interest rates	1	50,000
Asset swaps	2	59,200
Interest rate swaps	7	595,910
Purchase/sale of swap options	5	1,137,023
Total		2,242,956

These operations related to the Euro, US Dollar, Pound Sterling and Yen.

As regards the results achieved on derivative operations during the period concerned, the following should be noted:

- net premiums received on unexercised options amounted to €4,736K;
- capital gains of €2,154K arising from trading linked to 14 options on listed shares, sold and exercised on maturity were recorded;
- net charges arising from operations to hedge the exchange rate risk amounted to €425K;
- net charges arising from interest rate swaps amounted to €7,722K;

- net charges arising from cap/floor options amounted to €638K.



The table below sets out the balances (in €K) of debtors and creditors, included in items C and E under assets and in item G under liabilities, with those due after 30 June of the following year shown separately in each category.

Item F under liabilities (Deposits received from reinsurers) relates to deposits set up as guarantees with ceding undertakings for the reinsurance risks accepted, the movements of which (setting up and reimbursement) take place at annual or shorter intervals. The duration largely depends on the specific nature of the underlying insurance guarantees and the actual duration of the reinsurance agreements, the renewal of which is dealt with at the end of each year. All these amounts are therefore deemed to be due by 30 June of the following year.

		Balance as at 30/6/2007	Amounts due after 30/6/2008
ITEM C	Loans		
C.III.4	Other loans	43,021	34,457
	Total	43,021	34,457
ITEM E	Debtors		
E.I	Debtors arising out of direct insurance operations	302,342	20,709
E.II	Debtors arising out of reinsurance operations	16,487	-
E.III	Other debtors	60,066	1,082
	Total	378,895	21,791
ITEM G	Creditors		
G.I	Creditors arising out of direct insurance operations	15,527	-
G.II	Creditors arising out of reinsurance operations	5,858	-
G.IV	Amounts owed to credit institutions	50,297	-
G.V	Sundry borrowings and creditors	107,179	1,656
G.VII	Other liabilities	149,042	-
	Total	327,902	1,656

Notes on the Profit and Loss Account

Further information, in addition to that previously set out in the 'Business Interim Report' section, is given below.

As at 30 June 2007 gross premium income written amounted to €1,186.7m (€763.2m for Non-Life business and €423.5m for Life business).

Reinsurance cessions amounted to €53.7m (€51.6m for Non-Life business and €2.1m for Life business).

The breakdown of premium income per class of business is shown in the first section of this report ('Business Interim Report').

At the end of the half year the provision for unearned premiums for Non-Life business amounted to €566.1m and, taking account of the movements in the portfolio, was up by €5.1m compared with 31 December 2006 (the variation in the reinsurers' share being €1.3m).

As at 30 June 2007, the provision for outstanding claims in Non-Life business amounted to €1,830m and, taking account of portfolio movements, was up by €66.9m compared with 31 December 2006 (the variation in the reinsurers' share being -€1m).

As regards Life business, the mathematical provisions and the other technical provisions (including those in Class D) amounted to €5,959.3m and, taking account of portfolio movements, were down by -€723.5m compared with 31 December 2006 (the increase in the reinsurers' share being +€0.4m). The provision

for sums to be paid, which amounted to €51.9m, recorded an increase of €25.2m compared with 31 December 2006 (the fall in the reinsurers' share being -€0.8m).

The amount of claims paid in Non-Life business amounted to €496.4m (the reinsurers' share being €21.2m). The variation in amounts recovered, net of the reinsurers' share, was €11.3m.

The sums paid out in Life business amounted to €1,202.2m (the reinsurers' share being €1.3m).

The item 'Other income', which totalled €77.5m (€84.1m as at 30/6/2006), was made up of amounts recovered on administrative expenses of €45.2m, interest receivable of €22.7m, exchange rate differences of €1.7m and other amounts recovered of €7.9m.

The item 'other charges', which totalled €75.5m, consisted of third-party charges of €44.4m, interest payable (mainly related to subordinated loans) of €19.5m, exchange rate differences of €1.8m, depreciation of €6.8m and other losses and sundry charges of €3m.

The table below shows investment income and charges as at 30 June 2007 (land and buildings, investments in Group undertakings and other participating interests and other financial investments being shown separately):

BREAKDOWN OF INVESTMENT INCOME AND CHARGES

(amounts in €K)

	Non-Life business	Life business	Total
Investment income from land and buildings	13,224		13,224
Investment charges from land and buildings	7,480		7,480
Total (A)	5,744		5,744
Investment income from Group undertakings and other participating interests	42,296	24,112	66,408
Investment charges from Group undertakings and other participating interests	841	772	1,613
Total (B)	41,455	23,340	64,795
Income from other financial investments	116,462	188,012	304,474
Charges from other financial investments	75,074	132,445	207,519
Total (C)	41,388	55,568	96,956
TOTAL (A+B+C)	88,587	78,908	167,495

Class D investment income and charges, bank interest and interest on subordinated callable notes are not included.

As at 30 June 2007 extraordinary income amounted to €27.8m and consisted of capital gains arising from trading in securities of €26.2m and capital gains on other disposals and unanticipated profits of €1.6m.

Extraordinary charges showed a balance of €39.4m, mainly consisting of capital losses on transfers of securities from trading capital to long-term investments (€13.9m), trading in securities (€14.2m) and charges arising from implementation of the Group reorganisation project (€9.6m).

Taxation for the half year totalled €0.9m (€5.7m as at 30/6/2006) and consisted of the balance between IRAP for the period, amounting to €3.4m and the IRES income, amounting to €2.5m, arising from the valorisation of the tax loss for the period, considering its foreseeable use in the second half year.

The tax rate fell from 3% as at 30 June 2006 to 1% as at 30 June 2007, mainly owing to the incidence on gross profits of dividends received and of the capital gains realised on the sale of shares classified as long-term investments.

Other Information

Solvency margin

As previously illustrated, the company reorganisation project was completed during the first half and the first few months of the second half of the year. This involved, among other things, a change of name from Unipol Assicurazioni spa to UGF spa and the sale of the line of business to the newly formed company that subsequently took the name of Unipol Assicurazioni spa.

In view of how business is expected to develop, the solvency margin to be set up at the close of 2007 will amount to some €535m, €259m for Non-Life business and €276m for Life business. Both are amply covered by their respective items.

Assets matching technical provisions

In the case of Non-Life provisions, the sum to be covered as at 30 June 2007 was €2,362,353K and the relative matching assets were subdivided as follows:

Debt securities and similar securities	1,832,827
Equities and similar securities	305,953
Property sector	163,364
Debtors	45,000
Other assets	15,209
Total	2,362,353

In the case of Life provisions (excluding those referred to in Article 30 of Legislative Decree 174/95 and pension funds, which are matched by the assets in Class D on the balance sheet), the amount to be matched as at 30 June 2007 was €4,767,982K.

Matching assets can be broken down as follows:

Debt securities and similar securities	4,225,761
Equities and similar securities	533,192
Deposits	9,029
Total	4,767,982

These assets belong to categories of assets identified in the relevant ISVAP Rulings.

Group Risk Management Department

An adequate company risk management system requires the development and recording of appropriate processes for identifying and measuring risks and for checking them on a continuous basis. For this purpose, the Board of Directors of Unipol Assicurazioni has set up a specific Risk Management Department as required by ISVAP Circular 577/D.

The establishment of this Department ensures the implementation of a new continuous and all-encompassing risk management process involving the whole organisation. This process provides the Companies with uniform measurement procedures and tools that allow risks to be identified and assessed individually or collectively, ensuring the coordination of individual company functions that are responsible for risk management.

A particularly important function lies in the Department's contribution to creating a shared risk culture within the Group.

One of the first activities launched by the Department is the production of an organisational Risk Management model for the Group, which is currently being adapted as part of the corporate and functional reorganisation project being implemented in the Unipol Group, in order to ensure that the risk management system is suited to the Group's new governance strategies.

The Department's activities have also focused on carrying out quantitative analyses by the use of stress tests, in accordance with the aforementioned ISVAP Circular, which requires stress tests to be carried out at least once a year in order to assess the impact of the main risks on the economic and financial situation. The results of these tests must be brought to the attention of the Board of Directors. The Department has therefore contributed to carrying out the stress tests in relation to risks considered to be most relevant to the operations of the Company, supporting the appropriate departments in this work.

It is also worth point out that, in the context of the Solvency II project, the third qualitative impact study (QIS3) organised by CEIOPS was launched in April, involving our Group companies as well. The main purpose of QIS3 was to tailor the standard formula established for the capital requirements at both individual and group level. The Risk Management Department coordinated the working team assigned to devising the QIS3 simulations, which were completed at the end of June.

Relations with related parties. Atypical and/or unusual non-recurring operations

Operations with **related parties** carried out by Unipol Assicurazioni in the first half of 2007 are summarised in the following table, with holding companies, subsidiaries, associates, joint ventures and other related parties being shown separately.

The amounts of the individual operations are grouped according to type of relationship.

Information on transactions with related parties as at 30 June 2007

(amounts in €K)

	holding company (*)	subsidiaries	joint-ventures	associates	other (4)	Total	% incidence	
							(1)-(2)	(3)
Assets								
Deposits with ceding undertakings	0	195	0	0	0	195	0.00 (1)	0.04
Other financial investments	0	0	0	0	0	0	0.00 (1)	0.00
Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management	0	1,158	0	0	0	1,158	0.01 (1)	0.24
Technical provisions - Reinsurers' share	0	0	0	0	0	0	0.00 (1)	0.00
Receivables and other assets	8,548	488,572	1	0	28,309	525,430	3.62 (1)	110.54
Total	8,548	489,925	1	0	28,309	526,783	3.63 (1)	110.82
Liabilities								
Other payables and other liabilities	5	3,802	2	0	0	3,809	0.03 (1)	0.80
Total	5	3,802	2	0	0	3,809	0.03 (1)	0.80
Memorandum accounts	0	11,665,975	0	2,597	0	11,668,572	80.35 (1)	2,454.74
Income								
Income from stocks and shares	0	55,527	0	0	0	55,527	64.15 (2)	11.68
Income from other investments	84	11,762	2	0	0	11,848	13.69 (2)	2.49
Capital gains on disposal of investments	0	0	0	0	0	0	0.00 (2)	0.00
Other income	23	55,645	3	0	0	55,671	64.32 (2)	11.71
Extraordinary income	0	0	0	0	0	0	0.00 (2)	0.00
Total	107	122,934	5	0	0	123,047	142.16 (2)	25.89
Charges								
Investment charges	0	1,694	0	29	0	1,723	1.99 (2)	0.36
Capital losses on disposal of investments	0	0	0	0	0	0	0.00 (2)	0.00
Other charges	7	44,262	0	0	0	44,269	51.15 (2)	9.31
Extraordinary charges	0	21	0	0	0	21	0.02 (2)	0.00
Claims-related charges	0	4,421	0	0	0	4,421	5.11 (2)	0.93
Acquisition costs	0	554	0	0	44,660	45,213	52.24 (2)	9.51
Other administrative expenses	0	1,035	0	0	0	1,035	1.20 (2)	0.22
Total	7	51,987	0	29	44,660	96,682	111.70 (2)	20.34

(1) Incidence calculated on total assets of the balance sheet

(2) Incidence calculated on the net profit for the period

(3) Incidence calculated on total cash in-flow of the cash flow statement

(4) Including joint ventures and natural persons identified as related parties (Board members, statutory auditors, general managers, managers with strategic responsibilities and members of their respective families)

(*) As at 30 June 2007, Unipol Assicurazioni is controlled by Finsoe spa, which holds 50.88% of the ordinary share capital, and indirectly by Holmo spa, which holds 71.07% of the share capital.

The balances recorded in the table relate only to Finsoe spa and refer mainly to receivables arising out of participation in Finsoe spa's consolidated tax return.

The information relating to directors, statutory auditors, general managers and senior executives with strategic responsibilities does not include remuneration and fees for their appointments nor for the work they carried out.

It should also be mentioned that Unipol Assicurazioni had the usual relations with companies belonging to the Group covering coordination and:

- reinsurance and coinsurance with the subsidiaries and associates that carried out insurance activities;
- building rental;
- agency mandates;
- asset management;
- property management;
- IT services;
- secondment of staff;
- claims-handling and settlement;
- internal auditing services (ISVAP Circular 577/D of 30/12/2005).

These relations, which did not include any operations that were atypical or unusual, were governed by normal market terms (with the exception of the secondment of staff, for which the only payment was reimbursement of the actual cost, and of the provision of auxiliary services, which were mainly charged on the basis of the costs actually incurred and calculated on the basis of analytical accounting criteria).

Moreover, these auxiliary activities enabled departments to be operated more rationally and the undertakings concerned to be provided with a better level of service.

The **non-recurring significant operations** that took place during the first half of 2007 were:

- purchase of 268,235,589 ordinary shares in the company Aurora Assicurazioni, for a total countervalue of €660m, following the voluntary takeover bid promoted by Unipol Assicurazioni and completed on 9 March 2007.

The market was promptly notified of this operation by means of press releases.

It should also be noted that in the first half of 2007 there were no **atypical and/or unusual operations** that, because of their significance, importance, nature of the counterparties, procedures for determining the price nor because they occurred close to the end of the half year, could give rise to doubts relating to the accuracy and completeness of the information in this half-yearly report, a conflict of interest, the safeguarding of the shareholders' equity nor the protection of minority shareholders.

Bologna, 13 September 2007

The Board of Directors

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2007

(amounts in €K)

No	Type	Listed or unlisted	Type of business	Name of company and registered office	Currency	Share capital		No. of shares	(6) NL/L	Value (5)		% holding held (7)	
						Amount (4)	No. of shares			Amount	Amount	Direct %	Indirect %
2	b	UL	1	Compagnia Assicuratrice Linear Spa - Bologna	EUR	19,300	19,300,000	NL		21,506	80.00	20.00	100.00
4	b	UL	1	Quadrifoglio Vita Spa - Bologna	EUR	31,500	31,500,000	L		43,450	50.00		50.00
5	b	UL	1	Unisalute Spa - Bologna	EUR	17,500	17,500,000	NL		27,494	92.44	6.04	98.48
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	703,500	703,500,000	NL		319,051	34.77	14.99	49.76
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	703,500	703,500,000	L		319,051	34.77		34.77
10	b	UL	4	Midi Srl - Bologna	EUR	72,000	72,000,000	NL		55,973	100.00		100.00
13	b	UL	4	Unifimm Srl - Bologna	EUR	43,350	85,000,000	NL		45,076	100.00		100.00
18	d	UL	9	Hotel Villaggio CDM Spa - Terrasini (PA)	EUR	7,000	7,000,000	NL		3,275	49.00		49.00
23	d	UL	2	Euresa Holding Sa - Luxembourg	EUR	10,000	400,000	NL		1,661	24.05		24.05
37	e	UL	1	Ahlantis Sa - Barcelona (Spain)	EUR	41,678	1,083,392	NL		1,557	2.88		2.88
39	e	UL	1	Sagres Sa - Lisbon (Portugal)	EUR	17,201	344,850	NL		238	3.17		3.17
41	e	UL	2	P & V Holding Sa - Brussels (Belgium)	EUR	345,050	13,918,488	NL		8,241	2.39		2.39
42	e	UL	1	Syneteristiki Insurance Sa - Athens (Greece)	EUR	7,908	26,359,746	NL		2,124	16.89		16.89
46	e	UL	2	The Co-operators Group Sa - Guelph (Canada)	CAD	28,813	288,907	NL		1,232	6.94		6.94
50	e	UL	3	Banca di Bologna Scarl - Bologna	EUR	41,953	812,409	NL		54	0.13		0.13
62	e	UL	9	Allnations Sa Ord - Ohio (USA)	USD	2,158	13,499	NL		1	0.05		0.05
65	e	UL	9	Cestar Srl - Pero (MI)	EUR	2,040	4,000,000	NL		76	3.68	10.76	14.43
66	e	UL	3	Banca Popolare Etica Scarl - Padoua	EUR	18,443	357,150	NL		52	0.28		0.28
67	e	UL	9	Coopertecnital Scarl - Rome	EUR	110	213	NL		3	2.35		2.35
68	e	UL	9	Fondazione CESAR - Bologna	EUR	258		NL		258	100.00		100.00
70	e	UL	9	Inforcoop Scarl - Rome	EUR	797		NL		22	2.73		2.73
77	e	UL	9	UCI Scarl - Milan	EUR	510	1,000,000	NL		22	4.25	9.57	13.82

(*) Please indicate Group undertakings, as well as undertakings where participating interests are directly held, including through fiduciary companies or third persons

(1) Type

- a = Holding companies
- b = Subsidiaries
- c = Joint ventures
- d = Associates
- e = Other companies

(3) Type of business

- 1 = Insurance company
- 2 = Finance company
- 3 = Bank
- 4 = Property company
- 5 = Fiduciary company
- 6 = Manager or distributor for investment funds
- 7 = Consortium
- 8 = Industrial undertaking
- 9 = Other company or entity

(4) Full amounts in original currency (thousand)

(5) Value indicated in the half-yearly report

(6) Please indicate:

- NL: if investments are allocated to Non-Life business (item C.II.1)
- L: if investments are allocated to Life business (item C.II.1)
- L1: if investments are allocated to Life business (item D.1)
- L2: if investments are allocated to Life business (item D.2)

Please give the same no. to shareholdings split between Life and Non-Life businesses

(7) Please indicate the total % held

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2007

No	Type (1)	Listed or unlisted (2)	Type of business (3)	Name of company and registered office	Currency	Share capital		(6) NL/L	Value (5)		% holding held (7)		Total %
						Amount (4)	No. of shares		Amount	Amount	Direct %	Indirect %	
79	e	UL	1	Atlantis Vida Sa - Barcelona (Spain)	EUR	9,616	96,162	L	1,203	12.50	12.50	12.50	
81	e	UL	2	Hopa Spa - Brescia	EUR	709,816	1,365,030,202	NL	92,928	7.13	7.13	7.13	
87	b	UL	1	Navale Assicurazioni Spa - Milan	EUR	96,250	96,250,000	NL	131,676	99.83	99.83	99.83	
95	e	UL	7	Consorzio Energia Fiera District - Bologna	EUR	21	14	NL	2	7.14	7.14	14.28	
97	b	UL	1	BNL Vita Spa - Milan	EUR	160,000	32,000,000	NL	99,212	30.00	30.00	30.00	
97	b	UL	1	BNL Vita Spa - Milan	EUR	160,000	32,000,000	L	66,141	20.00	20.00	20.00	
104	e	UL	9	Previnet Spa - Mogliano V. (TV)	EUR	5,165	10,000	L	465	3.00	3.00	3.00	
105	e	UL	2	Partisagres SGPS Sa - Lisbon (Portugal)	EUR	7,500	1,500,000	NL	328	4.36	4.36	4.36	
106	e	L	3	Banca Monte dei Paschi di Siena Spa - Siena	EUR	2,029,771	3,029,509,006	L	10,656	0.09	0.09	0.09	
106	e	L	3	Banca Monte dei Paschi di Siena Spa - Siena	EUR	2,029,771	3,029,509,006	NL	251,491	1.89	1.89	1.89	
111	b	UL	2	Smallpart Spa - Bologna	EUR	32,000	32,000,000	NL	16,000	50.00	50.00	50.00	
111	b	UL	2	Smallpart Spa - Bologna	EUR	32,000	32,000,000	L	16,000	50.00	50.00	50.00	
112	b	UL	1	Aurora Assicurazioni Spa - San Donato Milanese (MI)	EUR	248,347	919,802,899	NL	1,414,025	70.38	70.38	70.38	
112	b	UL	1	Aurora Assicurazioni Spa - San Donato Milanese (MI)	EUR	248,347	919,802,899	L	511,138	25.44	25.44	25.44	
115	b	UL	2	SRS Spa - Bologna	EUR	13,899	13,898,582	NL	27,988	75.21	24.79	100.00	
116	e	UL	1	Actel Sa - Brussels (Belgium)	EUR	7,145	1,149,205	NL	22	0.09	0.09	0.09	
118	b	UL	1	Nuova Unipol Assicurazioni Spa - Bologna	EUR	5,000	5,000,000	NL	6,500	100.00	100.00	100.00	

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

**Changes in investments in Group undertakings and participating interests:
stocks and shares (item C.II.1), debt securities (item C.II.2) and corporate financing (item C.II.3)**

These data refer to the first six months of 2007

(amounts in €K)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	1,892,315 ²¹	45,846 ⁴¹	0
Increases in the period	+ 2	635,950 ²²	21,478 ⁴²	0
through: purchase, subscription or financing	3	635,949 ²³	21,478 ⁴³	0
value re-adjustments	4	0 ²⁴	0 ⁴⁴	0
write-ups	5	1		
other changes	6	0 ²⁶	0 ⁴⁶	0
Decreases in the period:	- 7	180 ²⁷	55,833 ⁴⁷	0
through: sale or redemption	8	0 ²⁸	55,833 ⁴⁸	0
write-downs	9	180 ²⁹	0 ⁴⁹	0
other changes	10	0 ³⁰	0 ⁵⁰	0
Total	11	2,528,085³¹	11,491⁵¹	0
Market value	12	3,095,617 ³²	11,491 ⁵²	0
Total write-ups	13	11		
Total write-downs	14	191,609 ³⁴	0 ⁵⁴	0

(*) NL = table relating to Non-Life business

L = table relating to Life business

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

**Changes in investments in Group undertakings and participating interests:
stocks and shares (item C.II.1), debt securities (item C.II.2) and corporate financing (item C.II.3)**

These data refer to the first six months of 2007

(amounts in €K)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	916,283	7,997	0
Increases in the period	+ 2	175,221	6,999	0
through: purchase, subscription or financing	3	175,221	6,999	0
value re-adjustments	4	0	0	0
write-ups	5	0		
other changes	6	0	0	0
Decreases in the period:	- 7	123,399	0	0
through: sale or redemption	8	123,399	0	0
write-downs	9	0	0	0
other changes	10	0	0	0
Total	11	968,105	14,996	0
Market value	12	1,244,202	15,002	0
Total write-ups	13	0		
Total write-downs	14	1,278	0	0

(*) NL = table relating to Non-Life business

L = table relating to Life business

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

Breakdown of other financial investments into: stocks and shares in undertakings, units and shares in investment funds, bonds and other fixed-income securities, sundry financial investments (items C.III.1, 2, 3, 5) (*)

These data refer to the first six months of 2007

I - Non-Life business

(amounts in €K)

	Long-term portfolio		Short-term portfolio		Total							
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value						
1. Stocks and shares in undertakings:	1	27,963	13	38,591	25	321,792	37	322,500	49	349,755	61	361,091
a) listed stocks	2	27,963	14	38,591	26	321,792	38	322,500	50	349,755	62	361,091
b) unlisted stocks	3	0	15	0	27	0	39	0	51	0	63	0
c) shares	4	0	16	0	28	0	40	0	52	0	64	0
2. Units and shares in investment funds	5	8,559	17	5,757	29	27,031	41	27,370	53	35,590	65	33,127
3. Bonds and other fixed-income securities	6	656,668	18	587,662	30	1,680,116	42	1,684,829	54	2,336,784	66	2,272,491
a1) listed Government bonds	7	292,912	19	270,098	31	585,859	43	586,316	55	878,771	67	856,414
a2) other listed securities	8	344,552	20	298,636	32	1,092,250	44	1,096,271	56	1,436,802	68	1,394,907
b1) unlisted Government bonds	9	0	21	0	33	0	45	0	57	0	69	0
b2) other unlisted securities	10	19,204	22	18,928	34	652	46	652	58	19,856	70	19,580
c) convertible bonds	11	0	23	0	35	1,355	47	1,590	59	1,355	71	1,590
5. Other investments (2)	12	0	24	0	36	7,548	48	6,177	60	7,548	72	6,177

II - Life business

	Long-term portfolio		Short-term portfolio		Total							
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value						
1. Stocks and shares in undertakings:	73	0	85	0	97	405,340	109	409,309	121	405,340	133	409,309
a) listed stocks	74	0	86	0	98	405,340	110	409,309	122	405,340	134	409,309
b) unlisted stocks	75	0	87	0	99	0	111	0	123	0	135	0
c) shares	76	0	88	0	100	0	112	0	124	0	136	0
2. Units and shares in investment funds	77	80,595	89	81,278	101	33,568	113	34,297	125	114,163	137	115,575
3. Bonds and other fixed-income securities	78	2,471,881	90	2,211,505	102	1,926,156	114	1,932,389	126	4,398,037	138	4,143,894
a1) listed Government bonds	79	1,150,939	91	1,029,496	103	217,572	115	217,572	127	1,368,511	139	1,247,068
a2) other listed securities	80	1,320,906	92	1,181,969	104	1,706,500	116	1,712,705	128	3,027,406	140	2,894,674
b1) unlisted Government bonds	81	0	93	0	105	0	117	0	129	0	141	0
b2) other unlisted securities	82	36	94	40	106	627	118	655	130	663	142	695
c) convertible bonds	83	0	95	0	107	1,457	119	1,457	131	1,457	143	1,457
5. Other investments (2)	84	7,042	96	3,788	108	112,655	120	105,883	132	119,697	144	109,671

(1) Value indicated in the half-yearly accounts

(2) Including premiums for options purchased which, as their value is based on underlying assets/liabilities, may not be aligned to market values

(*) Deposits with credit institutions are not included in item C.III.5

Declaration by the Senior Executive Responsible for drawing up the Company Accounts

**DECLARATION BY THE SENIOR EXECUTIVE RESPONSIBLE
FOR DRAWING UP THE COMPANY ACCOUNTS**

Re: Half-Yearly Report as at 30 June 2007

The undersigned, Maurizio Castellina, in his capacity as the Senior Executive Responsible for drawing up Unipol Gruppo Finanziario S.p.A's Accounts,

DECLARES

in accordance with Article 154-*bis*, paragraph 2, of the *Testo unico delle disposizioni in materia di intermediazione finanziaria* [the 'Single Financial Services Act'] that, **to the best of his knowledge and belief**, the Half-Yearly Report as at 30 June 2007 corresponds to the documentary results, the books and the accounting records.

Bologna, 13 September 2007

The Senior Executive Responsible
for drawing up the Company Accounts

(signed on the Italian original)

Translated from the original Italian by SEL, the translation company owned by the University of Salford, Manchester, UK