

2007 Annual Accounts



Unipol
Gruppo Finanziario
2007
Annual Accounts



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 border="0"> <tr> <td>Jean Dominique Antoni</td> <td>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	Mario Zucchelli
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																						



Notice of Shareholders' Meeting

Unipol Gruppo Finanziario S.p.A.

Registered Office in Bologna, Via Stalingrado 45 - Share Capital €2,391,426,100 fully paid-up
Tax Code and Company Register in Bologna 00284160371

NOTICE CONVENING THE ORDINARY GENERAL SHAREHOLDERS' MEETING

Shareholders are convened to a Ordinary General Meeting at the registered office of Unipol Banca S.p.A. in Bologna, Piazza della Costituzione 2, on 23 April 2008 at 10.00 a.m. in first call and, if necessary, in second call on 24 April 2008, at the same time and place, to decide on the following

AGENDA

1. Accounts for the year ended 31 December 2007; Board Report; Report of the Board of Statutory Auditors and of the Independent Auditors. Allocation of the profit for the year and dividend distribution. Related and subsequent resolutions.
 2. Purchase and disposal of own shares and of shares of the holding company. Related and subsequent resolutions.
 3. Stock granting plan – resolutions pursuant to Article 114-bis of Legislative Decree 58/1998.
- Shareholders entitled to attend the General Meeting are those who hold ordinary shares and who have sent the certification issued by the intermediary in compliance with Article 2370 (2) of the Italian Civil Code at least two working days before the date of first call of the Meeting.

NOTICE CONVENING THE SPECIAL GENERAL SHAREHOLDERS' MEETING

Shareholders who hold preference shares are convened to a Special General Meeting at the registered office of Unipol Banca S.p.A. in Bologna, Piazza della Costituzione 2, on 22 April 2008 at 10.30 a.m. in first call and, if necessary, in second and third call on 23 and 24 April 2008 respectively, at 1.00 p.m. – and in any case at the end of the Ordinary Shareholders' Meeting – at the same place, to decide on the following

AGENDA

1. Appointment of the common Representative of the Preference Shareholders for 2008, 2009 and 2010; related and subsequent resolutions.
 2. Resolutions on the fund pursuant to Article 146 (1) (c) of Legislative Decree 58/1998.
- Shareholders entitled to attend the General Meeting are those who hold preference shares and who have sent the certification issued by the intermediary in compliance with Article 2370 (2) of the Italian Civil Code at least two working days before the date of first call of the Meeting.

In order to better assess the legitimacy of those entitled to attend the Ordinary and Special Meetings and the powers of those attending as legal or voluntary representatives on behalf of the former, the relevant documentation – or copy of it – can be sent by mail or fax (fax no +39 051 5076609), giving prior notice by phone (phone no +39 051 5077240-5076225) before the date of first call of each respective Meeting. If copy of the aforesaid documentation is forwarded beforehand, the original must be submitted on the day the Meeting takes place.

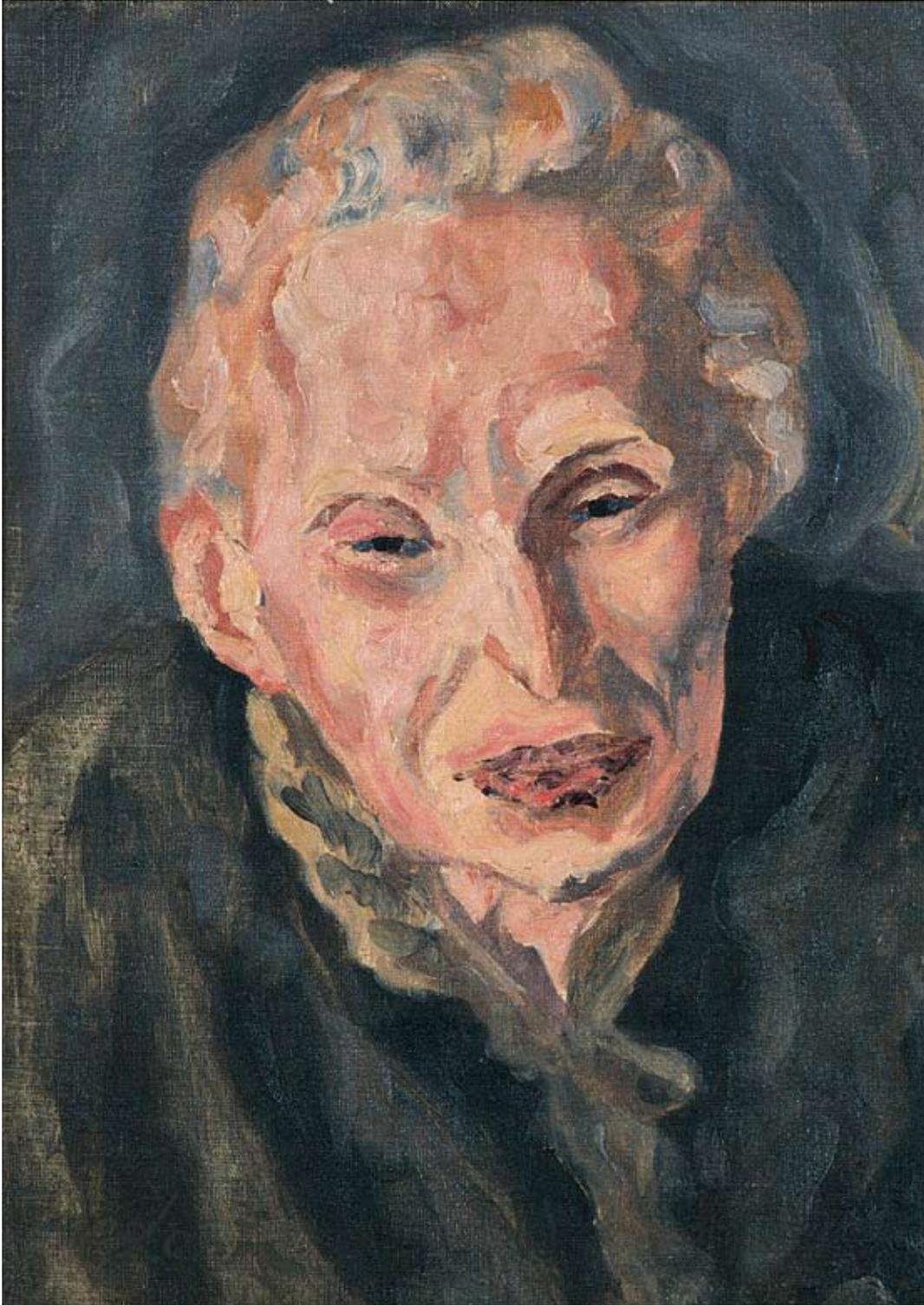
The documents as provided for by the applicable law relating to the items on the Agenda will be made available to the public at the Company's registered offices and Borsa Italiana S.p.A. within the terms as laid down by the regulations. These documents will be available to Shareholders who request copy of them also on the Company's website www.unipolgf.it.

These notices have been published on the Official Journal of the Italian Republic (no 35 of 22 March 2008) and they are available on the website www.unipolgf.it.

Bologna, 20 March 2008

The Chairman of the Board of Directors
Stefanini Pierluigi





Carlo Levi
portrait of the painter's
mother

Unipol private collection



Introduction

Macroeconomic background

In the second half of 2007 the international macroeconomic background was characterised by the crisis affecting the subprime loans sector, which generated substantial volatility in the financial markets.

There was so much fear of a slowdown in the growth of the principal economies that it was believed that a recession was imminent, especially in the United States.

In the third quarter of 2007 Italian GDP recorded a year-on-year increase of 1.9%. At the same time, with a year-on-year increase of 2.7%, rates of growth in the Eurozone as a whole continued to be higher than in Italy.

The gradual increase in the price of oil, which on 2 and 3 January 2008 rose above the psychological barrier of 100 dollars per barrel (\$100.09 on 3 January), was reflected in the trend in energy costs and therefore in inflation.

Though constantly on the up, inflation in Italy in 2007 grew more slowly than in the Eurozone as a whole; in December prices in Italy rose by 2.6% compared with 2.4% in the previous month. In the Eurozone as a whole inflation was 3.1%, unchanged since November.

The average annual figure for inflation for Italy was 1.8% and for the Eurozone it was 2.1%.

In the third quarter of 2007 the number of people seeking work fell still further, bringing the unemployment rate in Italy down to 5.6% from 6.8% at the end of 2006.

Financial markets

As from August the subprime loans crisis not only affected performance in all financial markets but also forced the Central Banks to intervene in the markets with several injections of cash.

The US discount rate was reduced by half a point, from 5.75% to 5.25%.

The FED Funds base rate, unchanged at 5.25% since June 2006, was also gradually reduced, the latest cut-back, on 30 January 2008, bringing it down to 3.00%.

After the monetary squeezes applied in the first half of 2007 some of the principal Central Banks favoured a wait-and-see policy. In fact, the ECB and Japanese base rates have been steady since June 2007 at 4.00% and 0.50% respectively.

Only the Bank of England, following the lead of the Fed Reserve, reduced its official rate from 5.75% to 5.50% on 6 December 2007.

The short-term rate in the Eurozone (Euribor 3m) rose significantly during the year, reaching 4.68% at the end of 2007 (from 3.72% at the end of 2006). Medium- to long-term rates also rose, with the Italian government 10-year rate up from 4.20% at the end of 2006 to 4.65% at the end of 2007.

The entire stock exchange year, and in particular the second half, was characterised by particularly volatile performances in all the principal share markets: right from the start of 2007 the Milan Stock Exchange recorded negative growth of 7.8% whilst that in the Eurozone as a whole was positive (+6.7%). The New York and London Stock Exchange turned in positive performances (+6.4% S&P index and +3.8% respectively) whilst the Tokyo Stock Exchange recorded a fall of 11.1%.

Of particular significance was the figure for the Frankfurt Stock Exchange, which during the year rose by 22.3%.

The Euro gradually strengthened against the Dollar, reaching a new series of record highs. At the end of 2007 the exchange rate was 1.47 compared with 1.32 at the beginning of the year.

Insurance business

The slowdown in the premium income of the Italian insurance market continued during 2007, in line with the basic trends already seen in 2006.

According to the figures published by ISVAP, income in the first nine months of 2007, which was not much above €72bn, recorded a fall of 5.5% compared with same period of the previous year, with different types of business performing differently.



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By September Non-Life premium income was up 1.3%, although MV TPL was 0.7% down as a consequence of the regulations contained in the Bersani decrees and of the tariff flexibility that has been typical of the sector over the past few years.

Life premium income recorded a decrease of 9%, largely owing to the fall in the traditional classes (I and V) which were down by 19% and 49% respectively. On the other hand linked policies (Class III) recorded a considerable increase in the first nine months of the year (+17%) and then slowed down (+8% recorded by November 2007) mainly because of the introduction of the Mifid rules. Pension funds (Class VI) performed very well and a further huge increase is expected in the fourth quarter linked to supplementary pensions reform which expanded the opportunity for millions of employees to transfer the amounts accrued in their Staff-leaving indemnity to supplementary pension schemes (occupational pension funds, open-end pension funds, pension plans based on insurance).

The closing forecasts for 2007, revised downwards by Prometeia in view of current trends, estimate that total premium income will be down by approximately 4% compared with 2006, with lower levels of Life premium income (-7% approximately) and very limited growth in Non-Life business (+1.5% approximately) owing to the negative performance in MV TPL and, in non-MV classes, to a reduction in the contribution of the corporate segment because of the business cycle not being positive and the continuing competitiveness of the market.

Banking and assets under management

Italian families' disposable income continued to fall during 2007. At the same time there was a reduction in the propensity to save. The result was a reduction in the flow of amounts set aside for investment. Overall total financial assets held by individuals is expected to have increased by 4.3% during 2007.

There was still a distinct preference for cash, encouraged by performance in the financial markets in the second half of the year. Savers began to favour Government bonds and banking bonds. 2007 was another poor year for asset management instruments. Investment funds business recorded negative net income of more than €53bn. Even insurance products are expected to fall as a proportion of total financial assets for the first time since the 1990s.

Banking outlets' promotion of the various core types of direct income, in the form of both customer deposits and securities, also contributed to these results. The current trend is not expected to change in the short term.

Up to now the subprime crisis has had little effect on Italian banking business. The demand for credit by non-financial companies continues to show sustained growth, partly because of the acceleration in levels of investment and partly because of the performance in the bond markets which has discouraged demand for that type of corporate financing. In the case of individuals, however, there has been a slowdown in the increase in applications for credit facilities for house purchase, which reflects the stagnation in the property market. However, the increase in the demand for loans in Italy is still higher than the average in the Eurozone as a whole. The increase in demand for consumer credit appears to be down, which is a reflection of the climate of distrust among consumers.

Growth in total bank lending in 2007 was approximately 10% overall.

The quality of Italian banks' receivables shows no sign of deterioration. The ratio between net doubtful debts and receivables shows a reduction of approximately ten basis points compared with 2006. However, the drastic fall in the securitisation market, which also involves the sale of non-performing receivables, could act as a brake on these trends.

In the final months of the year, partly because of the volatility in the financial markets, there was an upturn in growth in domestic banking income. Nevertheless in 2007 it was mainly to other countries that Italian banks turned their attention when seeking a supply of funds. Borrowing on foreign markets, in particular via short-term instruments, is growing at rates close to 30% and in 2007 represented more than 28% of the entire income of the Italian banking system.

Once again issues of bonds (+12.2%) were at the sharp end of the growth in domestic income. The large increase in repo operations (+19% compared with 2006) is closely linked to the upset caused by the bursting of the subprime bubble in the United States.



In view of the tensions that have been a feature of the interbank market since the Summer the need to achieve a balance between the timing of the sources of supply and that of lending to customers is now beginning to make itself felt.

It is expected that the amount of capital that the banks will have to find to meet the risks will rise, partly as a result of the coming into effect of the new Basel II legislation.

During 2007, against a background of gradual rises in bank rates, lenders successfully widened the rate spread. Proof of the fundamental robustness of the national banking system is provided by the fact that despite the shortage of liquidity in the interbank market there was no need for aggressive policies in terms of interest rates on deposits in order to sustain this type of income.

Despite all this, net interest income rose in 2007, though not as much as had been expected before last Summer's subprime crisis. Major difficulties were encountered in services, where a drop in commissions from assets under management is expected. Similarly a fall in the profitability of managed funds is envisaged. To these critical factors must be added the possibility that strong competition affecting the whole spectrum of bank charges will emerge.

It therefore looks as if Italian banks' operating results will hold up well, with the subprime crisis having a limited impact. On the other hand it is reasonable to expect that the bursting of the mortgage bubble in the USA will lead to greater amounts being set aside from the profits for 2007 both for credit risks and, especially, to adjust the value of financial instruments in loan portfolios (securities and derivatives).

Principal new legislation

There was an unusually large amount of new legislation affecting the insurance, banking and financial sectors in 2007.

The legislation of most significance for the holding and service company Unipol Gruppo Finanziario S.p.A. is summarised below.

Legislative Decree 231/2007 was published in the Official Gazette on 14 December 2007. This implemented the EC directives on preventing the use of the financial system for laundering the proceeds of crime and financing terrorism. The decree establishes the framework for monitoring schemes to prevent and suppress money-laundering and the financing of terrorism. One of the innovations introduced by the decree is the effect it has on Legislative Decree 231/2001 relating to companies' liability for offences committed by employees.

The monitoring bodies Banca d'Italia, CONSOB and ISVAP issued various 'joint' regulations in 2007, such as:

- The Banca d'Italia – CONSOB Regulation issued on 2 November 2007 in implementation of Article 6, para. 2-bis, of the TUF. This Regulation relates to the distribution of insurance/financial products and therefore also applies to insurance companies since it contains provisions relating to in-house monitoring work and other procedures for providing investment services properly and transparently, monitoring compliance, handling complaints, dealing with conflicts of interest and keeping registers.
- The collaboration agreement signed by Banca d'Italia, CONSOB and ISVAP on 13 December 2007 relating to application of international accounting standards (IAS/IFRS).
- The joint CONSOB – ISVAP Communication, one of the documents submitted for public consultation on 28 December 2007, under which, in accordance with current regulations, the two supervisory bodies provide the market with operational information on distributing composite products (combining Class I insurance cover and Class III financial products), which in fact identifies the need to coordinate the guidelines imposed by the Insurance Code and by ISVAP regulations (relating to the distribution of Class I policies) on the one hand and those covered by the TUF and by CONSOB regulations (relating to the financial products in Class III) on the other. CONSOB and ISVAP will enter into a memorandum of understanding in order to coordinate their supervisory functions covering composite products along the lines laid down in the Communication.

Regarding the range of financial products offered by insurance companies, let us also recall the provisions that came into force on 1 July 2007 with the amendments introduced by CONSOB to the Issuer Regulation (Rulings 1915 of 3/5/2007 and 15960 of 30/5/2007).

The new Intermediaries Regulation (adopted by CONSOB in its ruling 16190 of 29/10/2007) came into effect on 2 November 2007. It incorporates the MiFID Directive (2004/39/EC) and its enforcement measures and redefines the code of conduct to be followed in the group management of savings and in the distribution of financial products issued by insurance companies, thereby standardising the types of behaviour expected of intermediaries when offering financial products and services. When distributing these products insurance companies are subject to the code of conduct for 'authorised intermediaries' provided for by this Regulation.

As regards legislation of specific interest to listed companies and for issuers in general, mention should be made of the following:



- On 30 October 2007 the Council of Ministers approved the legislative decree incorporating the Transparency Directive (EC Directive 2004/109) and the enforcement measures contained in EC Directive 2007/14. The aim of the directive is harmonisation of the duty of transparency incumbent upon issuers listed on European regulated markets. The duties provided for in the directive relate in particular to the provision of regular financial information, shareholdings, changes to shareholders' rights, the issue of credit facilities, procedures for exercising shareholders' rights, procedures and terms for distributing shares to the public and filing and storing the information required under the directive, the guidelines on abuse of the market and relevant national legislation.
- CONSOB submitted the Issuer Regulation for public consultation on 28 December 2007. It contains amendments to the provisions governing the prospectus and new provisions for insurance investment products.
The new Regulation mainly fulfils the need to update the rules governing the prospectus and the provisions relating to offering financial products to the public, in order to extend EC regulations throughout Italy. The principal innovations made the rules governing insurance investment products autonomous and redefined instances in which the rules governing offering these products to the public do not apply.

Finally there are several major provisions relating to taxation:

- As a result of the statement 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.
- In Circular 70/E of 18 December 2007 the Ministry of Finance issued the expected interpretations of the amendments to the rules governing the taxation of supplementary pension schemes, which were implemented by Legislative Decree 252/2005 and therefore came into force on 1 January 2007.
- Article 1, paras 46 and 47, of Law 244 of 24 December 2007 (2008 Finance Act) introduced the possibility of paying substitute tax (with rate brackets of between 12% and 16%) on the increased book values of tangible and intangible long-term assets as a result of extraordinary operations (such as mergers and transfers of business), including those carried out during the 2007 tax year, within the limits of the misalignments in existence as at 31 December 2007.
- Article 1, para. 48, of Law 244/2007 introduced the possibility of paying substitute tax in order to exempt the surpluses deducted as non-accounting entries in accordance with Article 109, para. 4B), of Presidential Decree 917/86, under 'EC draft' of the declaration of income, which is governed by the Ministerial Decree of 3 March 2008.
- Legislative Decree 248 of 31 December 2007, the 'decreto milleproroghe', provides for the repeal of the tax on stock exchange contracts as from 31 December 2007, referred to in Royal Decree 3278/23 as amended by Legislative Decree 435/1997.

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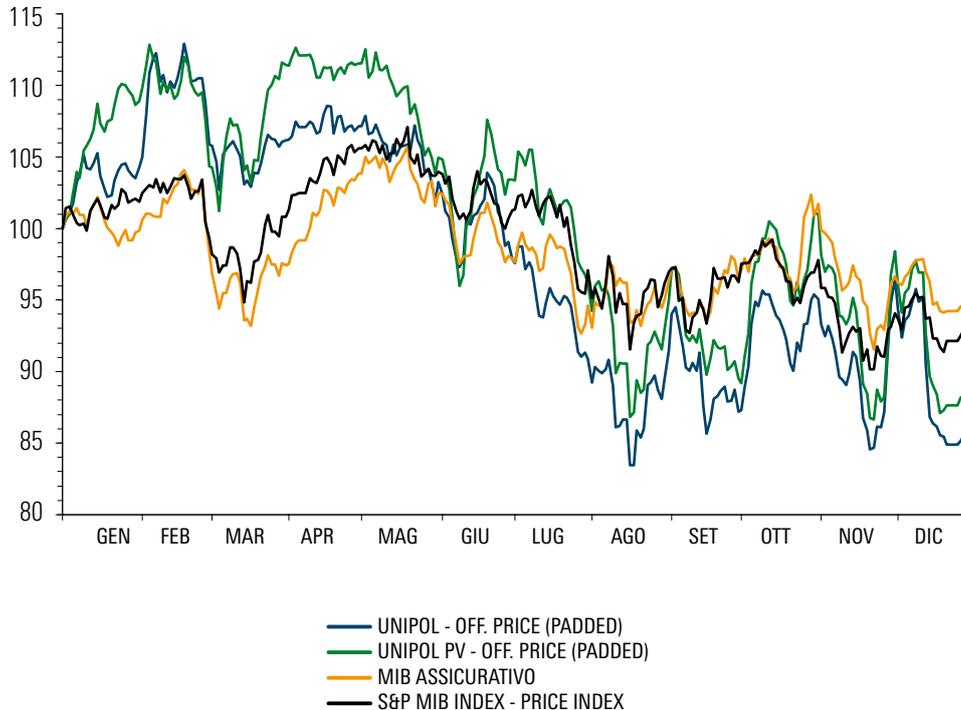
Information on the performance of securities

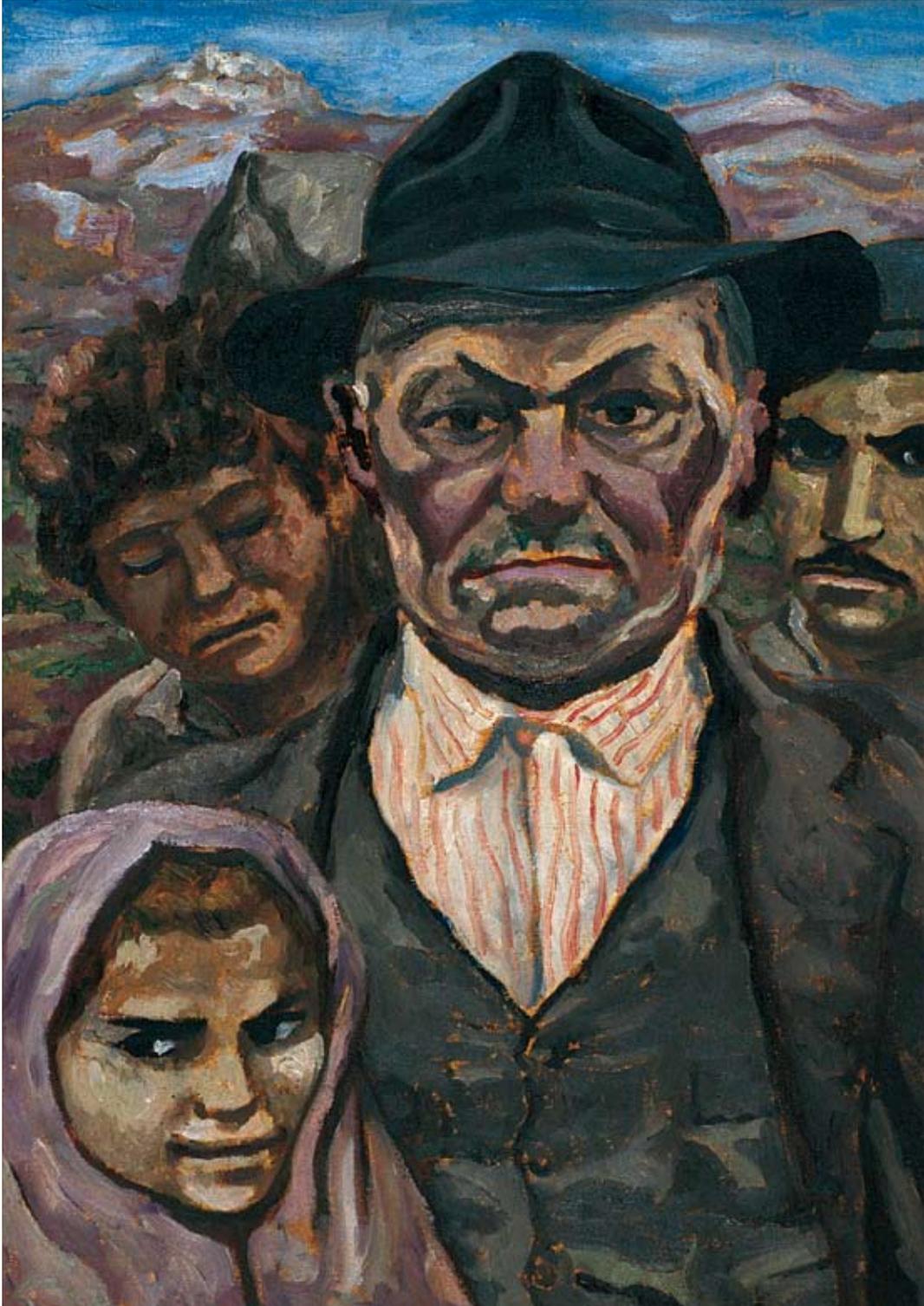
During the past twelve months the price of Unipol ordinary shares fell by 14.36% compared with a fall in the MIBTEL general index of 7.80%, in the insurance MIB of 5.47% and in S&P's MIB index of 6.95%. Unipol's preference shares also recorded a fall of 12.14% in 2007.

Capitalisation

As at 31 December 2007 Unipol was the third largest Italian insurance company based on capitalisation (the second if companies belonging to the same Group are excluded) with a share of 8.25% of the total insurance sector and Unipol Gruppo Finanziario's capitalisation/premium income ratio for 2007 was 0.62.

Chart showing performance





Carlo Levi
the farmer

Unipol private collection

(detail)



Board report

Dear Shareholders,

The 2007 financial year was characterised by the implementation of the complex project to reorganise the Unipol Group, which led to the birth of **Unipol Gruppo Finanziario (UGF)**, and by the drawing up of the project to rationalise the Group's property and financial structure, in line with the business plan for 2006 – 2009.

As a result of the extraordinary operations described below, your Company carried out insurance business until 31 August 2007, the date on which the project was completed, whilst for the remaining four months it acted only as Unipol Group's holding and service company.

The accounts for the year ended 31 December 2007, which we are submitting for your examination and approval, therefore reflect the results of insurance operations carried out during the period 1 January – 31 August 2007 by both Unipol Assicurazioni and the incorporated company Aurora Assicurazioni and the results of the additional work of acting as a holding and service company after 1 September 2007.

The 2007 accounts show a net profit of €288.8m.

Reorganisation of the Unipol Group

The project to reorganise the companies in the Unipol Group, which had been launched on 11 December 2006 in order to restructure and strengthen the Group with a view to implementing the objectives laid down in the business plan for 2006-2009, was completed on 1 September 2007.

Unipol Gruppo Finanziario is the result of the process of gradually separating coordination and joint service functions, which are now centralised in the holding company, from core insurance, banking and financial activities, which are now allocated to specialist operating companies. Claims-handling, finance, administration, human resources and IT are some of the departments that were centralised, thus eliminating duplication and clarifying objectives and responsibilities. Management of the insurance companies' financial activities were entrusted to Unipol SGR, which is wholly owned by the Parent Company UGF.

Under this reorganisation project two new operating companies, *Nuova Unipol Assicurazioni* and *Nuova Aurora Assicurazioni*, were set up on 29 December 2006.

In the first few months of 2007 Unipol Assicurazioni as it then was (now UGF S.p.A.) launched a voluntary public offer for 33.34% of Aurora Assicurazioni's share capital at a price of €2.45 per share. The offer came to an end on 9 March 2007 with shares representing 29.162% of Aurora Assicurazioni's capital being contributed. The cost of €657m (plus €4m of additional charges) was financed from capital and reserves.

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 **hiving down of the entire 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 authorised Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A. to manage open-end pension funds.

Unipol Assicurazioni S.p.A. (now UGF S.p.A.) and Aurora Assicurazioni S.p.A. (subsequently merged by incorporation into UGF) hived off their insurance business to the wholly owned companies Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A. respectively with effect from 1 September 2007.

Following this hiving off, but backdated to 1 January 2007 for accounting and tax purposes, Aurora Assicurazioni S.p.A. was merged by incorporation into Unipol Assicurazioni S.p.A., which was renamed Unipol Gruppo Finanziario S.p.A.

Aurora Assicurazioni's shareholders who neither accepted the bid nor exercised the right to withdraw in accordance with Article 2437 of the Italian Civil Code were allocated UGF shares at a ratio of 0.510 UGF ordinary shares and 0.314 UGF preference shares for each Aurora Assicurazioni ordinary share. UGF increased its capital for the purpose of the merger by €76m, €31m of which was share capital and €45m provision for



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share premium.

As a result of the extraordinary operations referred to above, on 1 September 2007:

- the former Unipol Assicurazioni took on the new aims and objectives of being a holding and service company and the new company name of **Unipol Gruppo Finanziario S.p.A.**, abbreviated to **UGF S.p.A.**;
- Nuova Unipol Assicurazioni S.p.A., to which Unipol insurance business had been hived off, took the name of **Compagnia Assicuratrice Unipol S.p.A.**, abbreviated to **Unipol Assicurazioni S.p.A.**;
- Nuova Aurora Assicurazioni S.p.A., to which Aurora insurance business had been hived off, took the name of **Aurora Assicurazioni S.p.A.**, abbreviated to **Aurora S.p.A.**

Unipol Gruppo Finanziario S.p.A. kept its status as a company listed on the Mercato Telematico Azionario, the automated stock exchange organised and managed by Borsa Italiana S.p.A., the rights relating to the shares issued by the Company and dealt in on this market therefore remaining unchanged.

Once the reorganisation was completed as described, Unipol Gruppo Finanziario S.p.A. held 100% of the capital of Unipol Assicurazioni S.p.A. and 100% of Aurora Assicurazioni S.p.A., in addition to the other companies – including Unipol Banca – already belonging to the Unipol Group, and was structured in such a way as to be able to consolidate its position on the insurance and financial market. The aim of the reorganisation was to produce a simpler and more transparent organisational model, drawing a distinction between the centralised and coordination functions common to the various companies in the Group on the one hand and the operational functions within each company on the other, thus eliminating duplication and clarifying objectives and responsibilities.

On 31 August 2007, in view of the completion of the project to reorganise the companies in the Unipol Group and of the birth of Unipol Gruppo Finanziario S.p.A. ('UGF'), Standard & Poor's allocated a rating of 'A-' with outlook stable for the financial soundness of the insurance business and the counterparty risk of the new companies Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A.

Standard & Poor's also confirmed the rating 'BBB' for the subordinated bonded loans known as 'Unipol 7% fixed/floater rate callable maturing in 2021' and 'Unipol 5.66% fixed/floater rate callable maturing in 2023', which had been issued in 2001 and 2003 respectively. In this regard it will be recalled that since 1 September 2007 UGF's commitment to repay these loans has been guaranteed by the insurance companies mentioned above.

The operation to hive down Unipol's insurance business

The object of the operation to hive down to Nuova Unipol Assicurazioni S.p.A. the entire insurance business of Unipol Assicurazioni S.p.A. (now UGF S.p.A.), which was carried out in accordance with Article 2343 of the Civil Code, included the transfer of its legal relationships, property, rights, assets and liabilities in such a way as to guarantee that the Company's insurance business would continue in much the same way. On the other hand the following were not hived off: shareholdings in Group insurance and banking companies (with the exception of those allocated to Life segregated accounts), the work of drawing up policies such as planning and control and staff strategies and policies, shared services such as the work of managing financial resources and IT, purchasing and general services and other assistance provided to participating interests such as dealing with claims and planning and expanding the sales networks.

The equity items that were hived off can be summarised as follows:

- intangible assets relating to acquisition commissions, goodwill and other multiyear costs;
- investments in land and buildings;
- shares, bonds, investment trusts, other financial instruments and deposits relating to insurance business;
- shareholdings in undertakings other than insurance and banking (apart from those holdings in Unipol Banca S.p.A. and BNL Vita S.p.A. allocated to segregated accounts);
- all investments for the benefit of holders of Life policies who bear the risk and arising out of pension fund



- management;
- all technical provisions borne by reinsurers;
 - all receivables arising out of direct insurance and reinsurance operations and other receivables relating to insurance business;
 - other asset items such as available cash, other miscellaneous assets, prepayments and accrued income by way of interest, rents or other assets relating to the items hived off;
 - all Non-Life technical provisions (provision for unearned premiums, provision for outstanding claims, equalisation provision etc.) and all Life technical provisions (mathematical provisions, provision for unearned premiums for additional insurance, for sums to be paid, for bonuses and rebates etc.);
 - all technical provisions where the investment risk is borne by policyholders and provisions arising out of pension fund management;
 - provisions for risks and charges for taxation on assets hived off and other amounts set aside for items hived off; all deposits received from reinsurers;
 - all amounts due and other liabilities relating to direct insurance and reinsurance operations, credit facilities and other financial payables, staff-leaving indemnity, other payables for charges, payables to pension schemes and other liabilities relating to the items hived off;
 - accrued liabilities, with the exception of those not falling within the scope of the hive down;
 - benefits provided and received and commitments relating to insurance business.

The value of the business hived off was estimated by a valuer appointed by the Court in Bologna, in accordance with and pursuant to Articles 2343 and 2440 of the Civil Code. The report put a minimum value as at 31 December 2006 on the business hived off of €1,630m and a maximum of €1,850m. These amounts represent the top and bottom end of the range of values based on the various criteria used by the valuer, who, in accordance with current custom and practice, deemed it appropriate to apply several criteria to the valuation process.

As expressly provided for in the agreement the hive-down was actually carried out at book values (with the sole exception of two properties of historical and artistic interest hived off at values assessed by the expert) with the net equity value assessed by the expert being €700m as at 31 December 2006, subject to adjustment for variations in the level of equity items hived off between this date and the date the hive down was implemented.

Therefore the statement of assets and liabilities of the insurance business hived off was updated to 31 August 2007 in order to ascertain its actual net book value as at 1 September 2007, the date the hive down took legal effect, compared with its value as at 31 December 2006, the date of the statement of assets and liabilities appended to the hive down document.

The book values of the equity items hived off were taken from the statement of assets and liabilities drawn up as at 31 December 2006, updated to take account of both the effects of the matching concept and the performance of the business concerned between the date of the statement of assets and liabilities and the date of the operation. The book value of financial investments in stocks and shares of any kind was assessed as at 31 December 2006 but taking account of performance between then and the date of the operation.

The values of property, which under the hive down agreement was to be hived off at current values, were those mentioned by the valuer in the statement of assets and liabilities as at 31 December 2006.

The statement of assets and liabilities drawn up as at 31 August 2007 in accordance with the criteria mentioned above showed that the net equity value of the business that was hived off was €784,739,538.

The value finally allocated to the business hived off, although above the book value as at 31 December 2006, was well below the minimum value of €1,630m estimated by the expert.

The equity items hived off to Nuova Unipol Assicurazioni are, in brief:



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Summary balance sheet of items hived down

ASSETS		LIABILITIES	
Description (€m)	Amount	Description (€m)	Amount
Non-current assets		Provisions for risks and charges	6,312.2
- Intangible assets	29.1	Provision for staff-leaving indemnity	6.9
- Tangible assets	554.1	Payables	1,406.3
- Financial assets, incl.:	3,803.7	Accruals and deferred income	509.7
- <i>shareholdings</i>	777.7		
- <i>other securities</i>	2,994.6	TOTAL LIABILITIES	8,235.1
- <i>receivables</i>	31.4	Shareholders' equity hived-down	784.7
Total non-current assets	4,386.9	TOTAL BALANCE	9,019.8
Current assets			
- Receivables	345.7		
- Securities	4,232.0		
Total current assets	4,577.7		
Prepayments and accrued income	55.2		
TOTAL ASSETS	9,019.8		

The operation to hive down Aurora's insurance business and the merger of Aurora Assicurazioni into UGF

On 1 September 2007 Aurora Assicurazioni S.p.A., as it then was, hived off its insurance business to the subsidiary Nuova Aurora Assicurazioni S.p.A.

This hive down was carried out at book values too, in accordance with the same procedures as those described above relating to Unipol business.

The report issued by the valuer appointed by the Court in Milan put a minimum value as at 31 December 2006 on the business hived off of €2,002m and a maximum of €2,090m, with an average value of €2,046m, which was deemed to be the most likely value of the business hived off.

In view of the fact that the hive down was carried out at book values, the expert put the net book value of the business on 31 December 2006 at €947.8m. This value was subject to adjustment for variations in the level of equity items hived off between this date and the date the hive down was implemented. The statement of assets and liabilities updated to 31 August 2007 gave a net book value of the business hived off of €1,116,288,157, which was less than the minimum of €2,002m estimated by the expert.

Following the hive down, which took legal effect on 1 September 2007 but became effective for accounting and tax purposes on 1 January 2007, Aurora Assicurazioni S.p.A. was merged by incorporation into UGF S.p.A.

The equity items incorporated by UGF under the merger can be summarised as follows:

Summary balance sheet of merger items

ASSETS		LIABILITIES	
Description (€m)	Amount	Description (€m)	Amount
Non-current assets		Provisions for risks and charges	27.3
- Intangible assets	3.5	Provision for staff-leaving indemnity	15.9
- Tangible assets	13.2	Payables	27.1
- Financial assets, incl.:	1,483.4		
- <i>shareholdings</i>	1,481.4	TOTAL LIABILITIES	70.4
- <i>receivables</i>	2.1	Incorporated shareholders' equity	1,486.2
Total non-current assets	1,500.0	TOTAL BALANCE	1,556.5
Current assets			
- Receivables	56.5		
Total current assets	56.5		
TOTAL ASSETS	1,556.5		



Rationalisation of the property and financial structure

In view of the impossibility of using the capital surplus to finance the growth of the Group by means of acquisitions that would provide returns on capital in line with the objectives of the plan, on 13 December 2007 UGF's Board of Directors approved a project to rationalise the Group's property and financial structure whereby resources deemed to be surplus would be returned, having regard to commitments to the market and to shareholders.

More specifically this project involves:

- a proposal to distribute total dividends (ordinary and extraordinary) of a maximum of €1bn, which will be submitted for the approval of the Shareholders' Meeting called to approve the accounts for 2007. It must be stressed that taking into account the ordinary and extraordinary dividends distributed in 2005 and 2006 the total amount distributed to shareholders during the three-year period will reach €1.6bn;
- raising hybrid loans totalling €400m (€230m by Unipol Assicurazioni and €170m by Aurora Assicurazioni) in order to maintain the firm equity structure of both the individual Companies and the Group as a whole. The new loans will account for 50% of the required solvency margin. On 28 February 2008 Mediobanca – Banca di Credito Finanziario S.p.A. signed an undertaking to provide the whole of this finance subject to obtaining the required legal authorisation.
- keeping the Group's equity structure adequate for the prospects for internal growth under the current business plan (2006-2009), compatible with the indicators needed to maintain the current ratings and guarantee a surplus over and above the regulatory requirements.

The decision to repay the capital in the form of a dividend allows:

- maximum parity of treatment for all categories of shareholder;
- maximum transparency vis-à-vis the market and the supervisory bodies.

On 14 December 2007 Moody's Investor Services placed the insurance and banking ratings allocated to the UGF Group under observation for a possible upgrade. The ratings in question are 'A2' for the financial soundness of the insurance side of the business, allocated to Unipol Assicurazioni and to Aurora Assicurazioni, 'Baa1' allocated to the two subordinated bonded loans maturing in 2021 and 2023 and 'Baa2' for long-term deposits, allocated to Unipol Banca. The decision was the result of the "continued improvements in the Group's financial basis, and particularly of the clear expectations for future levels of capitalisation".

Business performance

Unipol Gruppo Finanziario ended 2007 with a net profit of €288.8m. This result, which was €101.7m up on the previous year (+54%), also reflected the insurance business carried out by the subsidiary Aurora Assicurazioni until 31 August 2007.

In this regard it will be recalled that Unipol Gruppo Finanziario's main business during the period 1 January – 31 August 2007 was insurance, and during the period 1 September – 31 December 2007 it acted only as the Unipol Group's holding and service company.

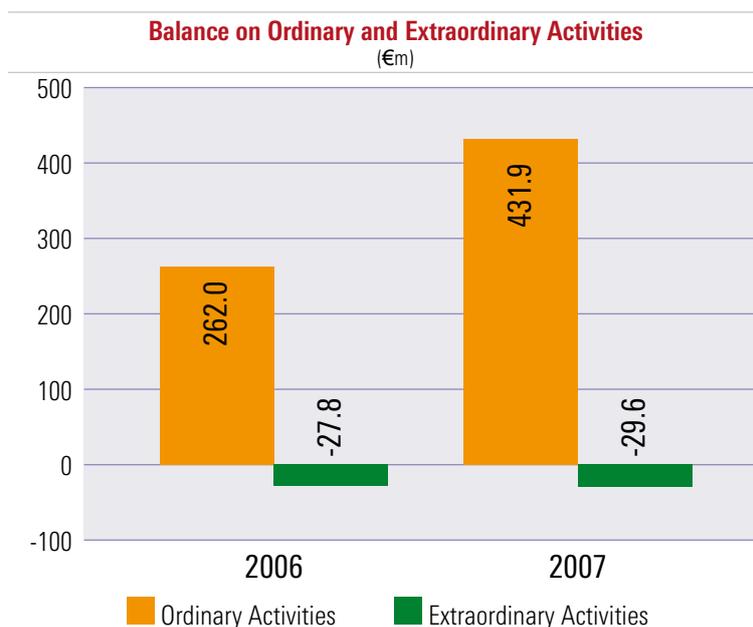
Thus Unipol Gruppo Finanziario's profit and loss account for 2007 included the result of the insurance business carried out for eight months by it and Aurora Assicurazioni and the result of core business carried out in the last four months of 2007 by Unipol Gruppo Finanziario S.p.A.

The figures that best illustrate business performance are as follows:

- A. Unipol Group's income from its core business as a holding and service company amounted to €95.0m.
- B. Other receipts and income amounted to €3,647.6m and included €3,592.4m in income from insurance business.
- C. Operating costs amounted to €3,942.7m and included all the costs arising out of both insurance business and holding company business carried out in 2007.
- D. Income from shareholdings amounted to €147m, down compared with the previous year as a result of the lack of dividends from the subsidiary Aurora Assicurazioni which merged by incorporation with effect from 1 January 2007.
- E. Net ordinary investment income amounted to €669.6m.
- F. The result of ordinary business reached €431.9m, whilst the result of extraordinary business was negative to the tune of €29.6m.
- G. Pre-tax profits were €402.3m and net operating profit €288.8m.
- H. Corporation tax: IRAP, IRES and deferred taxation amounted to €113.5m and had an incidence of 28.2% on pre-tax profits.



The Company's capital and reserves as at 31 December 2007, including the operating profit, amounted to €5,333.6m.



Provision of centralised services to companies in the Group

As a result of the project to reorganise the companies and departments within the Group, on 1 September 2007 Unipol Gruppo Finanziario became a parent company, with the task of:

- steering and monitoring Group activities within a common strategic framework in which the operating companies can benefit from a slimmer and more efficient management structure to focus on the activities that are the key to competing successfully in the various areas of business;
- managing all activities and services that do not impinge on the competitive differentiation of the individual operating companies in such a way as to optimise the economies of scale, purpose and expertise that result from the concentration of these activities.

The services that UGF is required to provide for the various operating companies in the Group, differentiated according to the needs of the individual companies, fall within the business areas listed below:

- IT, i.e. providing IT systems and managing communications and data processing equipment;
- claims-handling, i.e. dealing with and paying claims;
- administration, i.e. providing a broad range of accounting, tax and administrative services (including drawing up the accounts);
- property, i.e. providing property management services for the individual operating companies;
- purchases, i.e. dealing with purchasing for the individual operating companies;
- commercial and technical, i.e. providing assistance with drawing up and implementing policies for selling Non-Life and Life products and expanding the range of Life products;
- staff and organisation, i.e. managing human resources and providing organisational support for the individual operating companies;
- management planning and control, i.e. providing business analysis and planning services;
- legal, i.e. providing assistance with legal matters, internal auditing, risk management and compliance with relevant legislation;
- communications, both internal and external.

All the operations referred to above were proposed and voted for by the Company's Board of Directors.

Group claims-handling

Since 1 February 2007 the 'direct compensation' scheme for MV TPL insurance claims reported has been in operation. This introduced major amendments to legislation governing the procedures for claiming redress in the case of some types of MV insurance claim. In particular, policyholders who are involved in accidents

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that cause damage to property or personal injury leading to permanent disability not exceeding nine points no longer apply for compensation to the other party's company but to their own company, which must pay the compensation and obtain a refund from the debtor company, this being a flat rate determined by law and based on geographical region.

The new legislation profoundly altered not only the procedures for handling MV TPL claims but also those for recording and reporting statistical and financial information.

Under the regulations contained in the Insurers' Direct Compensation Agreement (CARD) and the provisions issued by ISVAP (Ruling 2495 of 21/12/2006), MV TPL claims may be classified under three different headings:

- non-CARD claims: claims handled in the normal way that do not come under the CARD Agreement;
- debtor CARD claims: claims handled under the CARD Agreement where our policyholder is wholly or partly responsible, which are paid by the counterpart companies to which our company must repay a lump sum ('forfait debitrice' – debtor lump sum);
- handler CARD claims: claims handled under the CARD Agreement where our policyholder is not wholly or partly responsible, which are paid by our companies to which the counterpart companies must repay a lump sum ('forfait gestonaria' – handler lump sum).

It must be pointed out that this classification is simplified since in practice any one claim may include damage or injury that comes under each of these three headings. For internal statistical purposes the following convention has been adopted for claims that come under more than one heading:

- claims that include handler CARD and non-CARD items are classified as handler CARD claims;
- claims that include debtor CARD and non-CARD items are classified as debtor CARD claims;
- claims that come under all three headings, which is possible only where there is joint responsibility, are deemed to be both handler CARD and debtor CARD claims, the cost being apportioned according to the degree of responsibility.

The implementation of the new legislation introduced a substantial change in claims-handling procedures and therefore led the Group Claims-Handling Department to seek further improvements in standards of service, focused on specific areas such as:

- a central standardised system of receiving claims by telephone through Sertel;
- the possibility of agencies opening claims direct using a web-based software package;
- complex claims to be handled by specialists in order to improve service and speed up payment;
- fostering closer relationships with approved professionals and vehicle repairers.

IT department

The way in which the Group has evolved under the strategic plan necessitated a review of the purpose of the IT department, which has been called upon to take on a greater role and adopt a higher profile by transforming itself from a provider of technology into a point of reference for the provision of support services and tools in order to assist business development, decision-making and monitoring. It was therefore essential that the IT department undergo the transition from providing a maintenance service to managing projects for change that are geared to strategic evolution in both the Group's technological structure and its organisational structure.

In 2007 the principal involvement of the IT department was in the following:

- introduction of the new direct compensation scheme
- launch of Unipol Gruppo Finanziario's operations
- preparations within the Group for the multimandate.

The introduction of the direct compensation scheme involved an overhaul of IT procedures in order to assist claims-handling and the introduction of major changes enabling agencies to open claims direct and deal with documentation in electronic format by using scanners in all Unipol and Aurora agencies.

The IT department was heavily involved in the launch of Unipol Gruppo Finanziario, enabling the new holding company to operate by providing a new environment, transferring data, adjusting programs, making changes to enable new companies to be launched and supplementing and streamlining IT services in the Group's offices in various parts of the country.

The Group's strategic initiative, which was geared towards innovation in IT and creating a standardised IT system for Unipol's and Aurora's Non-Life and Life business, was given a boost during 2007 in preparation for the advent of the multimandate.



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The introduction of the new Non-Life system was brought forward considerably and a plan to introduce many of the new applications gradually but over a short period starting as early as the first half of 2008 was developed.

In Life business work continued on developing the project for the Group's new Life system, the first applications of which will be introduced in the second half of 2008.

Internet

The Parent Company UGF Spa's site, www.unipolgf.it went live on 1 September 2007 and enables users to access the sites of the various Companies in the Group as well as to obtain information on UGF.

Research and development

Unipol Gruppo Finanziario did not carry out any research and development.

Data protection (Legislative Decree 196/2003)

In accordance with the provisions of Legislative Decree 196/2003 – the Data Protection Act – Unipol Gruppo Finanziario S.p.A. updated its Document on Security within the statutory time-limit. This document, which will be updated once a year, covers the security measures provided for in Appendix B to the Data Protection Act and contains the following information:

- list of operations involving personal information;
- distribution of duties and responsibilities of the various departments responsible for processing personal information;
- analysis of risks affecting information held;
- existing measures and measures to be adopted in order to guarantee that information is complete and available and that areas and premises are protected;
- criteria and procedures for restoring information after it has been destroyed or damaged;
- organising training in processing personal information;
- outsourcing the processing of personal information.

Human resources

As at 31 December 2007 the Company had 2,609 employees.
There were 2,472 full-time equivalent (FTE) employees.

Amongst the most significant events relating to the Company's employees were:

- the application of the new legislation on allocation of staff-leaving indemnity under which each employee chose whether to allocate the staff-leaving indemnity accrued to a supplementary pension fund or to leave it in the Company's scheme. In the latter case the staff-leaving indemnity accrued was paid to the INPS (Istituto Nazionale Previdenza Sociale – National Institute for Social Welfare) as provided for in the legislation;
- the renewal of the National Labour Agreement for clerical workers, which was signed by ANIA and the unions on 17 September 2007 and is valid until 31 December 2009. The new rates were applied in October and arrears for the period 1 January 2006 – 30 September 2007 were paid;
- the conclusion of the long negotiations between ANIA and the unions for the renewal of the National Labour Agreement for senior executives, the regulatory part of which expired on 30 June 1999 and the financial part on 30 June 2003. The new rates were applied in December and arrears for the period 1 July 2003 – 30 November 2007 were paid;
- the publication of an announcement for the purpose of seeking out and providing incentives for any employees within the Group wishing to leave their present company and transfer to Unipol Banca.

Stock-granting scheme

On 24 April 2007 the Ordinary Shareholders' Meeting of Unipol Assicurazioni (now UGF) voted to adopt a Stock-Granting Scheme, which concluded on 1 June 2007 with the acquisition on the regulated market of 372,000 Unipol Assicurazioni ordinary shares at an average price of €2.88 for a total cost of €1,071,538.

This scheme consisted of a one-off free allocation of Unipol Assicurazioni ordinary shares to all employees on permanent contracts of employment with the Company on the date of allocation.



Staff-leaving incentive scheme

On 1 October 2007 a 'pension enhancement scheme' was introduced for all those who were already entitled to draw their pension at that date and those who would be entitled to do so by 31 December 2009. At the same time a financial incentive scheme was introduced for these employees if they declared their willingness to retire by specific deadlines.

Approximately €12.3m was set aside for financial incentives for applications received by the deadline of 30 November 2007.

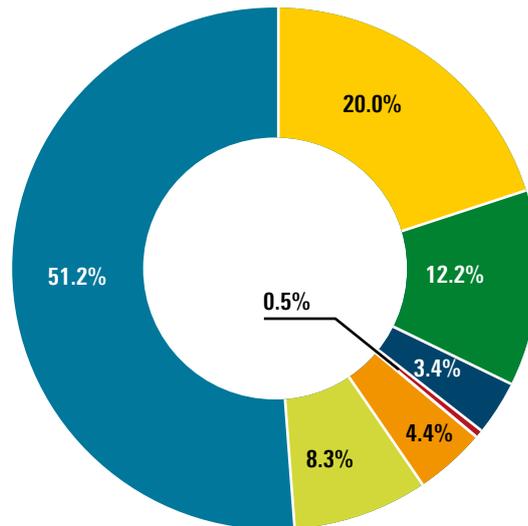
Staff development and training

Staff development in 2007 was carried out mainly by looking at the professionals in the companies in the Group in order to identify their potential and set up professional development courses that were more targeted and relevant. A project to chart skills was launched, thus enabling a more accurate picture of the professional skills within the various companies to be built up and coherent training to support their development to be planned.

In September 2007 the Group set up its first department devoted specifically to internal communications. This department mainly dealt with planning, implementing and managing 'Mosaic', the Group's new intranet. The project involved various communications specialists within the Group, especially those working in Unipol Banca and Aurora Assicurazioni.

In 2007 training involved **26,652 man/days** distributed throughout the companies in the Group as shown in the chart:

Unipol	20.0%
Aurora	12.2%
Linear	3.4%
Unisalute	0.5%
Navale	4.4%
Unipol Gruppo Finanziario	8.3%
Unipol Banca	51.2%



It should be pointed out that the percentage for UGF was for only the last four months of 2007 and that it related to employees from all the companies in the Group.

Unipol's preponderance in the distribution of training days is skewed by the project on the claims-handling network, most of which was carried out in the first eight months of 2007 when the entire network was the responsibility of Unipol Assicurazioni.

Therefore on average each of the **6,426 employees** in the Group as at 31 December 2007 received **4.1 days** of training.

In addition to this project on the claims-handling network, one of the most important initiatives was the 'Let's Build the Future Together' training project, with one course for insurance executives and senior banking officials and another for the Group's senior executives.

The course for insurance executives and senior banking officials involved 30 classroom sessions each lasting 3.5 days spread over 15 weeks between June and November 2007. Each week two groups each of approximately 25 people belonging to the same professional grouping were trained at the same time. 626 people including bank staff spent a total of 2,191 man/days in the classroom. The aim of the course was to enable them to acquire the skills required for them to pass from a role with a mainly technical and professional content to a role with a broader managerial dimension.



The aim of the course for the Group's senior executives was to develop five themes deemed to be of strategic importance in the new company structure: project management, cooperation among departments and functions, the value chain, focusing on the customer and the role of the senior executive. Five working groups each lasting 2.5 days involved 120 senior executives, with a total of 300 man/days being spent in the classroom.

Considerable time was also devoted in 2007 to a project to develop the technical and professional skills of the claims-handling network and to the training required following the introduction of the direct compensation scheme. The project involved 687 staff, Area Managers, those responsible for Group claims-handling, heads of centralised claims-handling departments and claims-handling and administrative staff and accounted for 4,974 man/days. In particular 138 Linear claims-handling staff and team leaders received this training, which involved a total of 594 man/days. The Sertel team leaders also benefited from a project to improve their relational and managerial skills. The project involved 30 staff and a total of 270 man/days.

In the sales sector a specific training course was held to improve skills covering commercial budgeting and management control. This project involved 104 participants and a total of 738 man/days. In the same sector courses were also run to improve relational, managerial and commercial skills. These involved 67 staff and a total of 167 man/days. Training in supplementary pension schemes involved 105 staff.

In 2007 UGF concluded an important agreement with the Business School of LUISS in Rome (Libera Università Internazionale degli Studi Sociali – International Free University for Social Studies) to set up a master's degree (Master Executive) in 2008 especially for UGF covering topics relating to business administration at a high level.

Finally it should be mentioned that some of the courses were financed through the For.Te fund. During 2007 preparatory work was begun on drawing up the 'Training scheme on company identity and social responsibility', which was also financed by the For.Te fund, will involve Group employees and will be implemented in full during 2008.

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Property and financial management

Tangible fixed assets and shareholdings

During 2007 the level of tangible fixed assets and long-term shareholdings, net of depreciation, rose from €3,404.4m to €4,142.9m, an increase compared with the previous year of €738.5m.

This variation was generated on the one hand by the complex project to reorganise the Unipol Group, already previously described in full, which led to the hive down of capital assets to the operating company Unipol Assicurazioni and the merger by incorporation of Aurora Assicurazioni, and on the other by acquisitions of strategic shareholdings.

The previous year's figure for land and buildings of €549.4m was completely written off since they were all hived off to the new operating company Unipol Assicurazioni.

Other tangible fixed assets rose from €18.4m to €31.4m as a result of the merger by incorporation of the old Aurora Assicurazioni.

Shareholdings totalled €4,111.5m, €3,963.9m of it in subsidiaries.

The breakdown of tangible and financial non-current assets and the variations over the previous year are set out in the table below.

TANGIBLE AND FINANCIAL NON-CURRENT ASSETS						
<i>(amounts in €m)</i>						
	31/12/07	comp. %	31/12/06	comp. %	2007/2006 variations	
					absolute	in %
Land and buildings	0	0.0	549,433	100.0	-549,433	-100.0
Other tangible non-current assets						
- Plant and machinery	7,708	24.5	3,474	18.9	4,234	121.9
- Other assets	23,726	75.5	14,522	78.8	9,204	63.4
- Work in progress and advance payments	0	-	430	2.3	-430	-100.0
Total	31,433	100.0	18,426	100.0	13,008	70.6
Shareholdings						
- Subsidiaries	3,963,930	96.4	2,458,818	86.7	1,505,112	61.2
- Associates	0	-	5,117	0.2	-5,117	-100.0
- Other undertakings	147,549	3.6	372,627	13.1	-225,078	-60.4
Total	4,111,479	100.0	2,836,561	100.0	1,274,918	44.9
TOTAL TANGIBLE AND FINANCIAL NON-CURRENT ASSETS	4,142,913	100.0	3,404,420	100.0	738,493	21.7

Details of shareholdings are shown in a table in the Notes to the Accounts.

The breakdown of shareholdings according to type of business and the variations compared with the previous year were as follows (in €K):

	2007	Variations compared with 2006
Insurance	3,293,705	1,617,421
Banks and financial services	670,225	(377,166)
Property	0	(101,048)
Other shareholdings	147,549	143,711
	4,111,479	1,274,918

The significant variations in shareholdings during the year may be summarised as follows:

Hive down and merger

The hive down and merger operations, already described above, involved a net increase in shareholdings of €1,096.5m, including investments relating to the former Aurora Assicurazioni carried out before the merger. Details of the effects are recorded in the Notes to the Accounts in a note on long-term investments and variations in them.



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Acquisitions

The principal acquisitions for the year were as follows:

- On 31 July 2007, having obtained the necessary authorisation, UGF finalised the purchase from Banca Nazionale del Lavoro of 1% of BNL Vita's share capital, bringing its total holding in this company to 51%. The price of the transaction was €5.9m. The purchase was carried out in accordance with the memorandum of understanding entered into in February 2006 between the Unipol Group and the BNP Paribas Group at the time the BNL shares then held by the Unipol Group were sold. UGF and BNL signed further agreements during 2007 which led to a new exclusive distribution agreement for BNL Vita products until 31 December 2011 and new governance for the bancassurance company, with the objective of further accelerating its sales growth for the benefit of shareholders, UGF and BNL. In addition, since 1 March 2007 the Group has managed BNL Vita's investments held to meet provisions for products in Class I and Class V and its capital and reserves.
- On 29 August 2007, having obtained authorisation from the Banca d'Italia, Unipol Banca sold to the Parent Company UGF its entire holding in the subsidiary Unipol SGR, to which the insurance companies in the Group granted a mandate to manage their investments.
- On 28 September 2007 525,898 shares in Vivium S.A., 13.88% of its share capital, were purchased for a total countervalue of €147.5m.

Further increases in shareholdings derive from the merger by incorporation of the subsidiary Aurora Assicurazioni, and the relative stocks or shares in undertakings.

Amongst other events that were a feature of 2007 it should be mentioned that on 9 March 2007 Banca Agricola Mantovana Spa, which was subsequently succeeded by Banca Monte dei Paschi di Siena, announced to UGF that it was terminating the bancassurance agreement for the distribution of the products of the 50% jointly-owned company Quadrifoglio Vita on the expiry date of 12 September 2007. On 20 December 2007 ISVAP authorised Banca Monte dei Paschi di Siena to acquire 50% of Quadrifoglio Vita from UGF, as provided for in the agreements in the event of termination by one of the parties.

Asset management guidelines

Asset management guidelines favoured low-risk short-term investments in cash.

The bond portfolio saw the proportion of investment in fixed-rate securities fall during the period. At the same time the duration was reduced in order to take advantage of the rise in short-term rates. As at 31 December 2007 the resulting portfolio was characterised by a high level of creditworthiness and had no exposure to the subprime market.

Items in the share portfolio were gradually sold but a small number of mainly high-yield high-liquidity shares were retained.

Corporate financing granted to participating interests

As at 31 December 2007 long-term loans totalling €285m had been granted to participating interests during the year.

Other long-term securities

These consisted exclusively of listed bonds rated between AA+ and BBB. The considerable fall compared with 2006 was due to securities being hived off to the subsidiary Unipol Assicurazioni.

Own shares and shares in the holding company

As regards own shares, 372,000 Unipol ordinary shares were purchased on the regulated market during 2007 at an average price of €2.88, i.e. for a total of €1,071,538, and as from 1 June 2007 they were allocated free to employees under the stock-granting scheme described previously.

As at 31 December 2007 there were no own shares nor shares of the holding companies in the portfolio.

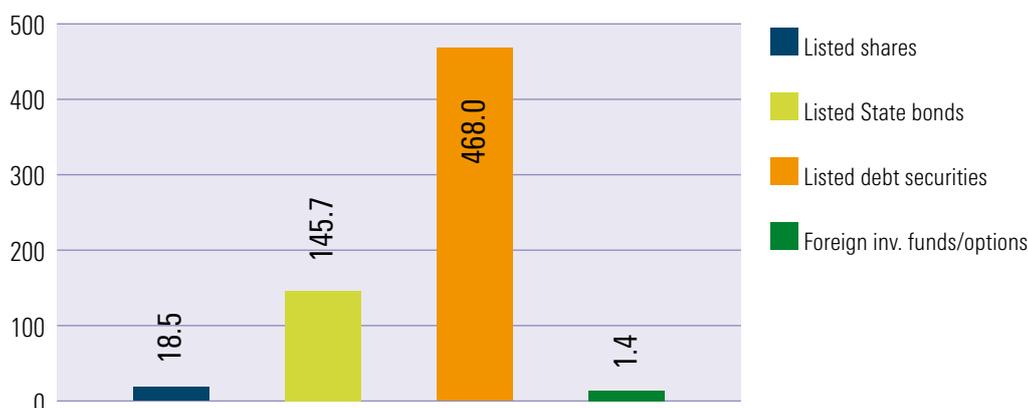
The Shareholders' Meeting did not pass any resolutions relating to shares in the indirect holding company Holmo spa under Article 2359-bis of the Civil Code.

Financial assets that do not constitute fixed assets

This item amounted to €633.6m, a net reduction compared with the previous year as a result of the hive down which took place on 1 September 2007.

The breakdown is shown in the chart below (in €m):





Cash and cash equivalents

Bank deposits and cash in hand as at 31 December 2007 amounted to €800.9m, a decrease of €759.3m compared with the balance as at 31 December 2006.

Analysis of financial and risk management (Article 2428, para. 6-bis, of the Civil Code)

The financial risk was managed by periodically monitoring the principal indicators of exposure to the rate risk, the share risk, the credit risk and the liquidity risk.

The duration of the portfolio, which is an indicator of the Company's exposure to the rate risk, was 0.64 years at the end of the year.

With reference to the share sector, excluding participating interests, the indicator of sensitivity to the share market in the Eurozone (Beta coefficient) was 0.95, which is not significantly different from 1 and therefore indicative of a portfolio quite capable of replicating the performance of the reference market. It should also be mentioned that approximately two thirds of the share portfolio was protected from the risk of a fall in the market by a derivative.

It was also possible to quantify the credit risk as a significant indicator, the bond component being entirely concentrated in the investment grade segment (Baa or higher according to Moody's and BBB or higher according to Standard & Poor's).

In particular, 63% of the debt securities were rated not less than A+ (Standard & Poor's classification).

The liquidity risk was limited by the portfolio consisting almost entirely of listed securities. Of these more than 56% of the bonds and the entire share component were represented by securities listed on regulated markets.

90% of the bond portfolio was subject to varying cash flows. Nevertheless many were floating-rate securities linked to variations in short-term rates (Euribor) and therefore offset the market value of the securities by providing variable financial flows.

Information on ownership in accordance with Article 123-bis of Legislative Decree 58 of 24 February 1998

a) Structure of share capital

The subscribed and paid-up share capital of Unipol Gruppo Finanziario (UGF) amounts to €2,391,426,100.00 and is divided into 2,391,426,100 registered shares with no nominal value, 1,479,885,786 of which are ordinary and 911,540,314 preference shares.

	No. of shares	% of s.c.	Listed
Ordinary shares	1,479,885,786	61.88%	Italian Stock Exchange
Preference shares	911,540,314	38.12%	Italian Stock Exchange

Preference shares, which have no voting rights for ordinary motions at Shareholders' Meetings, confer more favourable rights than ordinary shares. In particular Article 19 of the Company's current By-Laws specifies the following concerning the allocation of the net profit for the year:

"When the net profit from the Company's accounts is allocated priority is given to the legal reserves, into which is paid 10% or a fifth of the share capital, whichever is the higher, after which the Shareholders' Meeting shall allocate the remaining net profit in the following way:

a. some to the extraordinary reserve or to other special amounts set aside;



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b. some to dividends in such a way as to allocate an amount of up to €0.0362 to each preference share.

The rest is used to allocate up to €0.0310 to each ordinary share.

Once these amounts have been allocated the rest of the net profit allocated to dividends shall be split pro rata between the two categories of share.

In the case of neither category of share may dividends be carried over from one year to the next.

In the event of a scrip issue, the dividend on the preference shares and the ordinary shares may be reduced provided the difference of €0.0052 in favour of preference shares is maintained, but not below a minimum of €0.0258 for each preference share and €0.0206 for each ordinary share.

Subject to the above, in the case of splitdowns or splitups (and in the case of operations on capital other than the scrip issue mentioned above, if required in order not to affect shareholders' rights when shares have no nominal value) the amounts per share laid down above shall be altered accordingly.

Under Article 2349 of the Civil Code the Shareholders' Meeting may also vote to make extraordinary payments out of profits by issuing shares individually to the Company's employees".

The total number of UGF shareholders as shown in the register of members was 142,077, of whom 70,915 were ordinary shareholders and 71,162 preference shareholders.

b) Restrictions on transferring securities

UGF's current By-Laws place no restrictions on transferring the Company's securities.

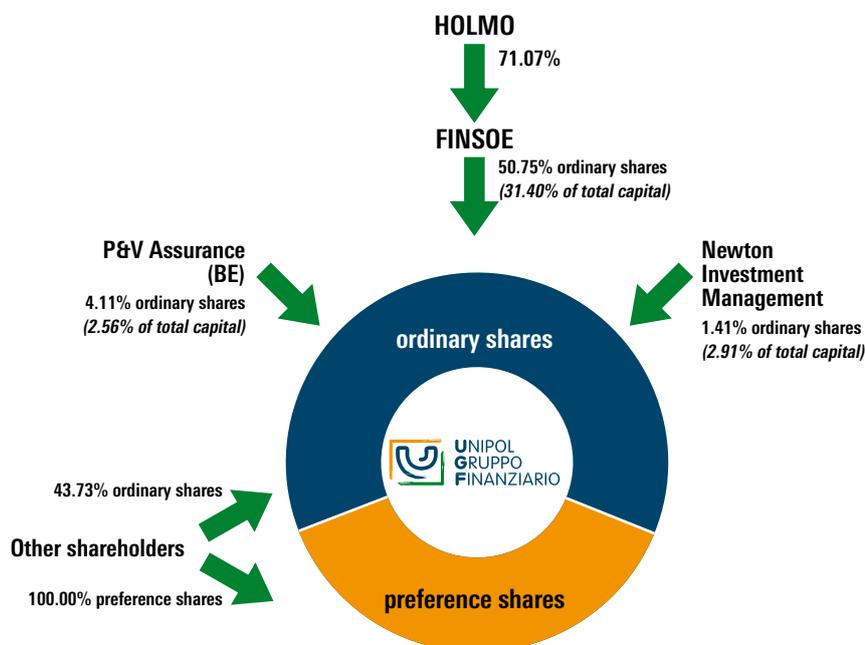
c) Major shareholdings

Under Article 2359 para. 1, 1) of the Civil Code the Company is controlled by Finsoe S.p.A. – Finanziaria dell'Economia Sociale S.p.A. ('Finsoe'), which in turn is controlled by Holmo S.p.A. ('Holmo').

These companies do not carry out any of UGF's administrative and coordination work, as can be seen from the latest accounts approved by Holmo and Finsoe.

According to information provided under Article 120 of TUF, as at 29 February 2008 the following own more than 2% of UGF's share capital apart from Finsoe:

Declarant	Direct shareholder	% of ordinary share capital	% of capital with voting rights
Holmo SpA	Finsoe SpA	50.75%	31.40%
P & V Assurances	P & V Assurances	4.11%	2.56%
Newton Investment Management LTD	Newton Investment Management LTD	1.41%	2.91%



d) Securities that confer special rights

Unipol Gruppo Finanziario has issued no securities that confer special rights of control.

e) Employees' shareholdings: system for exercising voting rights

There are no mechanisms for employees who hold shares to exercise voting rights.

f) Restrictions on voting rights

There are no restrictions on voting rights.



g) Agreements between shareholders

There is no shareholders' agreement among UGF's shareholders.

In order to provide the full picture it should be mentioned that:

- (i) During April 2007 Holmo and Banca Monte dei Paschi di Siena S.p.A. (hereinafter also referred to as 'BMPS'), Finsoe's principal shareholders, entered into a shareholders' agreement (the 'Agreement') relating to, inter alia, Holmo's commitment to do all in its power:
 - i. to ensure that BMPS could appoint three members of Finsoe's Board of Directors and one member of the Board of Directors of Unipol Assicurazioni S.p.A. (now UGF);
 - ii. to ensure that Unipol Assicurazioni S.p.A. (now UGF) did not reduce the number of BMPS shares it owned.

The Agreement will terminate on 3 April 2010.

- (ii) On 8 February 2006 Holmo and BNP Paribas S.A. entered into a private agreement relating to 1,622,290,750 Finsoe ordinary shares, corresponding to 75.57% of its share capital. Additional terms to this agreement were drawn up on 27 September 2006 and 28 February 2007. The terms of this private agreement relate direct to Finsoe and indirectly to UGF and will remain in force until 27 September 2009.

h) Appointment and replacement of directors and amendments to the By-Laws

Management of the Company is entrusted to a Board of Directors made up of no fewer than 15 and no more than 25 members, appointed by the Shareholders' Meeting – which also decides how many of them there should be – in accordance with the procedures mentioned below.

With reference to the incorporation within the system of governance of the new rules relating to the appointment of boards of directors and auditors introduced by the Savings Law and the Corrective Decree, it should be mentioned that on 24 April the Company's Extraordinary Shareholders' Meeting voted to amend, inter alia, the By-Law governing the appointment of Directors by introducing the system of list voting.

Under the system of list voting the Board of Directors is appointed on the basis of lists submitted by members who at the time the lists are submitted are entitled to vote at the relevant Shareholders' Meeting. These lists must be deposited at the Company's registered office at least 15 days before the date fixed for the Shareholders' Meeting.

Members who, alone or in combination with other members, hold the total number of shares laid down in accordance with current legislation and regulations (currently 1.5% of the ordinary share capital as per CONSOB Ruling 16319 of 29/1/2008) and that will be mentioned from time to time in the notice of the Shareholders' Meeting are entitled to submit lists.

The lists must be accompanied by full details of the candidates' personal and professional profile indicating, if applicable, that they can be deemed to be independent.

The lists, accompanied by the candidates' details, are published on the Company's website at the appropriate time.

Under Article 2386 of the Civil Code, if one or more Directors cease to hold office during the year, provided the majority are Directors appointed by the Shareholders' Meeting the following procedure will be followed:

- i) The Board of Directors appoints cooptees from the same list as the Directors who have ceased to hold office, starting with the first unsuccessful candidate, on condition that if the cooptee is required to be independent the first unsuccessful independent candidate on the list will be appointed.
- ii) If there are no candidates left on this list who have not already been elected, the Board of Directors replaces the Directors who have ceased to hold office without observing the procedure outlined in point i).

If the majority ceases to consist of Directors appointed by the Shareholders' Meeting the entire Board is deemed to have resigned and a Shareholders' Meeting must be called without delay by the Directors remaining in office in order to reconstitute the Board in accordance with the above procedures.

If it has been decided that the number of Directors shall be below the maximum provided for above, during the Board's period of office the Shareholders' Meeting may increase the number up to this maximum. When appointing additional Board Members and when voting to replace Directors in accordance with Article 2386 of the Civil Code, the results of the voting at the Shareholders' Meeting will comply with the majorities laid down in law without any restrictions imposed by lists, but care must be taken to ensure that the Board of Directors has at least two members who comply with current legal and regulatory requirements relating to independence.

i) Powers to increase the share capital and authorisation to acquire own shares

Powers to increase the share capital

Under Article 2443 of the Civil Code the Extraordinary Shareholders' Meeting held on 29 August 2005 authorised the Board of Directors, for a period of five years, to increase the share capital by a maximum of €2.6bn (two billion six hundred million Euro), for payment and in one or more tranches, and consequently to determine from time to time the number and the issue price of the new shares, including any price above par, and the availability, procedures, deadlines, timescales and conditions of the capital increase.

On 12 September 2005 the Board of Directors used the power delegated to it under Article 2443 of the Civil



Code by the Shareholders' Meeting held on 29 August 2005 to resolve to increase the share capital for payment by a maximum of €2.6bn, not necessarily all in one go, postponing the decision on the number and issue price of the new shares, the ratio between shares offered under the option and shares in circulation and the option period to a subsequent Board meeting.

On 6 October 2005, using the power delegated to it under Article 2443 of the Civil Code by the Shareholders' Meeting held on 29 August 2005 and in accordance with the resolutions passed at the meeting of the Board of Directors held on 12 September 2005, the Board of Directors resolved to increase the share capital for payment, not necessarily all in one go, by a maximum of €1,394,630,783.00 by issuing a maximum of 863,037,227 ordinary shares at €2.05 each and a maximum of 531,593,556 preference shares at €1.56 each to be paid:

- in the case of each new ordinary share, in the form of €1.00 (one Euro) by way of capital increase and €1.05 (one point zero five Euro) to be allocated to the provision for share premium;
- in the case of each new preference share, in the form of €1.00 (one Euro) by way of capital increase and €0.56 (zero point five six Euro) to be allocated to the provision for share premium, to be offered as an option to shareholders at a ratio of 13 (thirteen) new ordinary and/or preference shares for every 9 (nine) ordinary and/or preference shares owned.

Authorisation to acquire own shares

The Shareholders' Meeting held on 24 April 2007 voted to renew the Board of Directors' authority to purchase and/or sell own shares, in one or more tranches, for a period of 18 months, in accordance with Articles 2357 and 2357-ter of the Civil Code and depending on the level of the Fund for the purchase of own shares.

In the event of the purchase of one or more tranches of own ordinary and/or preference shares:

- The number of shares purchased must not exceed one tenth of the total number of shares that make up the Company's share capital. These purchases and sales of shares must be carried out in the ways specified and in accordance with the procedures and within the limits provided for by the relevant legislation.
- In the case of both purchase and sale the unit price shall be determined by reference to the price of the security recorded on the Stock Exchange trading day preceding each individual operation and must not vary by more than 15% either way. In any case the amount paid must not exceed any limits provided for by legislation.
- Purchases must be carried out in accordance with the procedures referred to in Article 144-bis, para. 1, a), b), c) and d) of the Regulation approved in CONSOB Ruling 11971 of 14 May 1999 as amended.

The Shareholders' Meeting also resolved to top up the current level of the Fund for the purchase of own shares by €100m.

As at 31 December 2007 the Company had no own shares in its portfolio.

I) Clauses relating to change of control

UGF and its subsidiaries have not entered into any significant agreements that would become effective, be amended or be terminated in the event of a change of control of a contracting party.

m) Compensation paid to directors in the event of resignation, dismissal or termination of contract as a result of a takeover bid

No agreements have been entered into between the Company and the directors for compensation in the event of resignation or dismissal/annulment without just cause nor if the contract of employment is terminated as a result of a takeover bid.

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Results of companies controlled direct

Compagnia Assicuratrice Unipol S.p.A.

Registered Office: Bologna

Share capital: €150,000K

Book value: €793,088K

Percentage owned: 100% direct

The company is authorised to operate in Non-Life and Life insurance and reinsurance and capitalisation business and may also set up and manage open-end pension funds.

The Company was set up on 29 December 2006 and ended its first financial year on 31 December 2007, during which major organisational changes were introduced within the Group to which it belonged aimed at separating the core insurance, banking and financial activities carried out by the specialist operating companies from the holding functions still carried out by Unipol Gruppo Finanziario S.p.A.

Against this background, with effect from 1 September 2007 and subject to obtaining the required authorisation from the supervisory bodies (ISVAP and COVIP) the holding company UGF transferred to the Company the insurance business carried out until then under its previous name of Unipol Assicurazioni.

The object of hiving off the entire insurance business of Unipol Assicurazioni spa (now UGF spa), which was carried out in accordance with Article 2343 of the Civil Code, was to transfer UGF's insurance business along with the legal relationships, goods, rights, assets and liabilities pertaining to it in such a way as to guarantee that the insurance business would continue in much the same way. The statement of assets and liabilities drawn up as at 31 August 2007 recorded the net equity value of the business that was hived off as €784,739,538, €362,363,723 for Non-Life business and €422,375,815 for Life business. This value was transferred in the form of subscription to the capital increase, which had a nominal value of €145,000,000 and a price above par of €639,739,538.

Unipol Assicurazioni's annual accounts for 2007 were drawn up in compliance with the regulations on annual accounts laid down in Articles 88 et seq. of Legislative Decree 209 of 7 September 2005 (Private Insurance Code).

It should be pointed out that the Company in fact began operating only as from 1 September 2007, as a result of the hive down operation described previously. Therefore Unipol Assicurazioni's profit and loss account incorporates the results of insurance business carried out only between September and December 2007. As this was the first year of operation the 2007 accounts do not show comparative figures for the previous year. There follows an analysis of the major features of Unipol Assicurazioni's business performance during the year ended 31 December 2007, which closed with a loss of €136.6m.

- Premium income by the end of 2007 of €1,036m, €1,025m of which was from direct business, is broken down as follows:

Premium income (€m)	Non-Life	Life	Total
Direct business	637.6	387.4	1,025.0
Inward reinsurance	10.2	0.7	10.9
	647.9	388.1	1,036.0
Ceded premiums	40.6	0.8	41.4
Retained premiums	607.3	387.3	994.6
<i>Breakdown %</i>	<i>61.1</i>	<i>38.9</i>	<i>100.0</i>

The net retention of premiums written was 96%.

- The result of core insurance business (which also included operating expenses) was -€63.5m, -€115m of it from Life business and €51.5m from Non-Life business. This result was affected by €200.2m of write-downs on the securities portfolio.
- Operating expenses (which included acquisition and renewal commissions and other acquisition and administrative expenses) amounted to a total of €149.8m and accounted for 14.5% of premium income. Net of commissions from reinsurers, operating expenses amounted to €134.1m.
- Investments and liquid assets (net of value adjustments) amounted to €8,510.1m, €1,362.6m relating to investments in class D.
- Investment income, including cash investments (net of investment charges and excluding those relating to investments for the benefit of policyholders who bear the risk and to investments arising out of pension fund management – Class D), amounted to €81m.



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Net ordinary and extraordinary income from investments, including net capital gains and less value adjustments, amounted to -€132m.

- By the end of 2007 technical provisions set aside for Life and Non-Life business had reached a total of €8,167m, or €8,074.1m net of the reinsurers' share.
- The ordinary result for the year was -€167.1m whilst the balance on extraordinary activities was -€3.8m.
- Pre-tax profits were -€170.9m and the operating loss was €136.6m.
- Taxation had a positive effect on the result for the period of €34.3m, mainly as a result of membership of the national consolidated tax scheme.

The Company's capital and reserves, including the operating result, amounted to €654.6m.

The capital and reserves needed to cover the solvency margin exceeded statutory requirements.

Aurora Assicurazioni S.p.A

Registered Office: Milan

Share capital: €150,000K

Book value: €2,142,640K

Percentage owned: 100% direct

In its Ruling 2543 of 3 August 2007 ISVAP authorised Nuova Aurora S.p.A. (now Aurora S.p.A.) to operate in Non-Life and Life insurance and reinsurance business as a result of the hive down, with effect from 1 September 2007, of all Aurora Assicurazioni S.p.A.'s Life and Non-Life insurance and reinsurance business and at the same time approved the change of name to Aurora Assicurazioni S.p.A.

The Company may also set up and manage open-end pension funds.

Since the company became fully operational there have been several significant events, which are summarised below in chronological order:

- **3 – 17 October:** Pierluigi Stefanini was appointed Chairman and Fabrizio Gillone Vice-Chairman.
- **31 January 2008:** The General Manager Giampiero Gelmi resigned and was immediately coopted onto the Board of Directors, Andrea Camillo Giussani was appointed new General Manager and both were granted the relevant powers.

As a result of the hive down operations described above Aurora's profit and loss account for insurance business relates only to the period September to December 2007. The results for the previous months, January to August 2007, appeared in Unipol Gruppo Finanziario S.p.A.'s profit and loss account as a result of the merger by incorporation.

Aurora Assicurazioni ended 2007 with a loss of €69.2m.

Analysis of the figures that best illustrate business performance show:

- Premium income for direct business totalled €1,078m, €818.2m of it from Non-Life business and €259.8m from Life business. Premium income was broken down as follows:

Premium income (€m)	Non-Life	Life	Total
Direct business	818.2	259.8	1,078.0
Inward reinsurance	0.9	-	0.9
	819.1	259.8	1,078.9
Ceded premiums	49.2	6.8	55.9
Retained premiums	770.0	253.0	1,023.0
<i>Breakdown %</i>	<i>75%</i>	<i>25%</i>	<i>100%</i>

- Operating expenses, which included acquisition and renewal commissions and other acquisition and administrative expenses, totalled €206.3m and accounted for 19.1% of direct premium income.
- Non-Life claims totalled €507.3m, €588.0m for the current year and a positive result of €80.7m in the breakdown of the provisions of previous years.
- The result of core insurance business, including a negative figure of €26m from investments, was a loss of €36.3m, €40.3m of it profits from Non-Life business and €76.7m losses from Life business.
- The result of reinsurance business showed a balance of €8.3m in favour of our reinsurers, €8m of it from Non-Life business and €0.3m from Life business.
- Investments and available cash, net of value adjustments, amounted to €10,525.3m, €4,374.5m from Non-Life business and €6,150.8m from Life business. Net income from investments, excluding the €5m loss



borne by policyholders, was negative to the tune of €69.4m. Net ordinary income amounted to €110.0m, net gains from disposals being €18,4m whilst total value adjustments were €197.8m.

- Other net ordinary income and charges amounted to €3m whilst other net extraordinary income and charges amounted to €17.4m.
- There was a positive balance of €27.8m of tax on operating income and deferred taxation.
- Non-Life and Life technical provisions set aside reached a total of €10,238.5m, €4,310.2m in Non-Life business and €5,928.3m in Life business.

The Company's capital and reserves, including the loss of €69.2m already mentioned, amounted to €1,203.6m.

The capital and reserves needed to cover the solvency margin by far exceeded the statutory requirements.

Navale Assicurazioni S.p.A.

Registered Office: Milan

Share capital: €96,250K

Book value: €131,676K

Percentage owned: 99.83% direct

The company is authorised to operate in Non-Life insurance and reinsurance.

No significant events took place during 2007.

There follows an analysis of the major features of Navale Assicurazioni's business performance during the year ended 31 December 2007.

The Company recorded a significant increase in profits during the year, with net profits rising from €2.8m in 2006 to €6.7m in 2007 (+133%).

Analysis of the principal figures that affected the result shows:

- Premium income from direct business was 2.5% higher than in the previous year. In fact premium income reached €217.3m as at 31 December 2007. This increase compared with the previous year was a result of the various classes performing quite differently.
- €5.3m was set aside for provisions for unearned premiums, a higher proportion than the total for the previous year, mainly because of the substantially better performance in the final months of the year. This phenomenon led to a reduction in earned premiums of 1.3% compared with the previous year.
- Total claims were largely unchanged, falling from €153.1m in 2006 to €152.6m in 2007 (-0.3%).
- Changes in claims for previous years led to charges of €23.1m, accounting for 10.9% of earned premiums. Claims for previous years were also valued using actuarial statistical methods in order to come up with more standardised valuations for the various different portfolios.
- Acquisition and administrative expenses were up from €56.7m to €60.1m (+6%). This was mainly due to higher commercial costs as a result of the application of the incentive scheme relating to the MV TPL Direct Compensation Scheme and to the direct costs of expanding the multifirm sales network (reinforcing the external sales structure, organising staff recruitment events and contributing to the cost of launching new agencies).
- The balance on outward reinsurance improved significantly, rising from a result in favour of reinsurers of €4.8m in 2006 to a result in favour of the Company of €4.4m in 2007.
- The result of direct core business, which therefore included asset management pertaining to core business, was negative to the tune of €18.7m, worse than in 2006 (-€3.8m).
- The profit on extraordinary business was €25.2m. This was largely due to the impact of the valuation of the receivables from third parties arising out of contractual guarantees received when businesses was acquired in previous years.
- The net charge for current and deferred taxation was €1.7m.

On 31 December 2007 shareholders' equity amounted to €96.1m.

Capital and reserves needed to cover the solvency margin exceeded the statutory requirements.



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Compagnia Assicuratrice Linear S.p.A.

Registered Office: Bologna

Share capital: €19,300K

Book value: €45,507K

Percentage owned: 100% direct

The Company sells MV insurance products direct using alternative channels such as the telephone and the Internet.

The direct sales market accounts for some 5% of the whole Italian MV insurance market and Linear has around 16% of this.

Despite fierce competition the Company's policies in terms of products and services offered to customers enabled it to achieve premium income of €166.8m in 2007 (compared with €164.7m in 2006), an increase of 1.3%.

2007 ended with a net profit of €11.5m, a positive result in line with previous years.

The Company's capital and reserves, including the operating result, amounted to €42.7m.

Quadrifoglio Vita S.p.A.

Registered Office: Bologna

Share capital: €31,500K

Book value: €43,450K

Percentage owned: 50% direct

This Company, which as from the fourth quarter of 2007 had no new premium income, had direct income of €350.6m as at 31 December 2007, a decrease of 58.1% compared with 31 December 2006 (€837.6m). There were decreases in Class I – traditional policies (-53%), Class V – capital redemption policies (-86.3%) and Class III – unit- and index-linked policies (-16.9%).

The sales outlets of Banca Agricola Mantovana contributed 98.3% of the premium income whilst the remainder was direct income.

Investment products, all in Class III, amounted to €2.9m (€11m as at 31/12/2006).

There were 87,985 policies in the portfolio as at 31 December 2007 (94,248 as at 31/12/2006).

As at 31 December 2007 Quadrifoglio Vita had 58,397 customers (62,043 as at 31/12/2006), 57,555 of whom were individuals and 842 legal entities.

2007 ended with a net profit of €7m compared with €14.4m in the previous year.

The Company's capital and reserves, including the operating result, amounted to €105.3m.

Unisalute S.p.A.

Registered Office: Bologna

Share capital: €17,500K

Book value: €31,570K

Percentage owned: 98.48% direct

In 2007 the Company achieved premium income (direct and indirect) of €122.7m (€97.9m in 2006), an increase of 25.3% compared with the previous year.

Provisions for unearned premiums, calculated analytically and including the provision for increasing age and the provision for risks of non-self-sufficiency in the case of LTC health policies, amounted to €34.1m compared with €38.2m in 2006 (- 10.7%).

The net retention of premiums written was 97.4%, substantially unchanged since the previous year (97.6%).

Payments made for claims, including claims-handling expenses, amounted to €83.1m compared with €75.6m in 2006, an increase of 9.9%.

Technical provisions set aside reached a total of €85.3m by the end of 2007 (+ 14.8%).

The loss ratio for direct business during the period was 79.8% (87.5% as at 31/12/2006), a net decrease compared with the previous year. If indirect business is also taken into consideration the loss ratio is approximately 2.5 percentage points lower (77.2%).

2007 ended with a net profit of €6.5m compared with €3.3m in 2006.

The Company's capital and reserves, including the operating result, amounted to €34.4m.



BNL Vita S.p.A.

Registered Office: Milan

Share capital: €160,000K

Book value: €105,774K

Percentage owned: 51% (*)

(*) direct holding of 31% of the ordinary share capital and indirect holding of 20%

The company achieved direct income of €2,613m (-17% compared with 31/12/2006). Class III – unit- and index-linked policies were up (+27%) whilst Class I – traditional policies and Class V – capital redemption policies were down by 62.3% and 91.6% respectively.

The Company's sales network was made up of 703 BNL sales outlets, which contributed 99% of the premium income whilst the remainder was accounted for by direct selling.

The Company ended the year with a net operating profit of €50.9m compared with €54.9m in 2006.

The Company's capital and reserves, including the operating profit, amounted to €313.5m.

Unipol Banca S.p.A.

Registered Office: Bologna

Share capital: €703,500K

Book value: €664,675K

Percentage owned: 84.52 (*)

(*) direct holding of 67.74% of the ordinary share capital and indirect holding of 16.78%

The Company continued to expand its internal sales network in 2007. By 31 December 2007 the bank had 282 branches, 167 of which were co-located with an insurance agency and the remaining 115 were in the vicinity of Group agencies and operated in complete synergy with them, 35 finance shops and 409 financial advisers. In addition 1,600 insurance agencies were authorised to sell traditional banking products.

Customer deposits amounted to €9.1m, an increase of 14.8% compared with 31 December 2006 (€7.9m) whilst lending to customers amounted to €7.4m, an increase of 18.9% compared with 31 December of the previous year (€6.3m).

Net doubtful debts amounted to €68.9m and had an incidence on exposure of 0.93%, this figure being lower than the average of 1.20% for the system as a whole.

New mortgage loans amounting to €1,321m were issued during 2007.

Net customer funds amounted to €156m, €23m from financial advisers and €133m from branches.

The net result for 2007 amounted to €36.7m (+21.5%) compared with €30.2m in 2006.

The Company's capital and reserves, including the operating result, amounted to €954.8m.

Unipol SGR S.p.A.

Registered Office: Bologna

Share capital: €5,000K

Book value: €5,550K

Percentage owned: 100% direct

The Company expanded its activities as from 1 September 2007 when it began to manage the assets of the insurance companies in the Group.

By the end of 2007 the Company was managing assets of €2bn.

The net profit for 2007 amounted to €1.3m compared with €50,000 in 2006.

The Company's capital and reserves, including the operating result, amounted to €6.9m.

On 1 January 2008 the Company began to manage the assets of UGF S.p.A. and BNL Vita S.p.A.



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Transactions with related parties

Transactions within the Group and with related parties were carried out on normal market terms and did not include any atypical or unusual operations.

It should be mentioned that at the time of the voluntary public offer for 33.34% of Aurora Assicurazioni's share capital Unipol Gruppo Finanziario (formerly Unipol Assicurazioni) acquired 64,585,214 Aurora Assicurazioni shares, i.e. 7.022% of the share capital, from the holding company Finsoe S.p.A. for a total of €158.2m.

Below are details of the amount and type of the assets, liabilities, income and expenditure involved in these transactions (in €K):

Attivo										
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Other undertakings	Total	Incidence			
Stocks and shares	0	3,963,930	0	0	147,549	4,111,479	67.47%	(1)	151.85%	(3)
Debt securities	0	0	0	0	9,725	9,725	0.16%	(1)	0.36%	(3)
Corporate financing	0	285,000	0	0	0	285,000	4.68%	(1)	10.53%	(3)
Other receivables	35	92,993	2	0	0	93,030	1.53%	(1)	3.44%	(3)
Bank deposits	0	800,343	0	0	0	800,343	13.13%	(1)	29.56%	(3)
Total	35	5,142,266	2	0	157,274	5,299,577	86.96%	(1)	195.73%	(3)

Liabilities										
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Other undertakings	Total	Incidence			
Sundry payables	5,143	4,264	0	0	0	9,407	0.15%	(1)	0.35%	(3)
Total	5,143	4,264	0	0	0	9,407	0.15%	(1)	0.35%	(3)

Income										
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Other undertakings	Total	Incidence			
Income from sales and services	31	94,222	2	0	0	94,255	23.43%	(2)	3.48%	(3)
Income from land and buildings	112	5,262	3	0	0	5,377	1.34%	(2)	0.20%	(3)
Dividends and other income from stocks and shares	0	60,806	0	0	10,376	71,181	17.69%	(2)	2.63%	(3)
Income from debt securities	0	53	0	0	787	841	0.21%	(2)	0.03%	(3)
Interest on corporate financing	0	5,041	0	0	0	5,041	1.25%	(2)	0.19%	(3)
Income from other financial investments	0	49,592	0	0	2,626	52,218	12.98%	(2)	1.93%	(3)
Capital gains on disposal of securities (*)	0	0	0	0	5	5	0.00%	(2)	0.00%	(3)
Other income	24	35,818	3	12	428	36,285	9.02%	(2)	1.34%	(3)
TOTAL	167	250,794	8	12	14,223	265,203	65.92%	(2)	9.79%	(3)

Charges										
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Other undertakings	Total	Incidence			
Interest payable and investment charges	0	3,046	0	0	0	3,046	0.76%	(2)	0.11%	(3)
Service costs	0	872	0	29	2	902	0.22%	(2)	0.03%	(3)
Sundry charges	7	26,721	0	0	19	26,747	6.65%	(2)	0.99%	(3)
TOTAL	7	30,639	0	29	21	30,696	7.63%	(2)	1.13%	(3)

(*) With reference to the other party

(1) Calculated on total assets

(2) Calculated on profit before taxation

(3) Calculated on total cash inflow of cash flow statement



Interests held by members of the Board of Directors, Statutory Auditors, Chief Executive Officer and the senior executives with strategic responsibilities

The table below shows, in accordance with Article 79 of CONSOB Ruling 11971 of 14 May 1999, the shares in the Company held during 2007 by the Directors and Statutory Auditors, the Chief Executive Officer and the senior executives with strategic responsibilities direct or through subsidiary companies, as shown in the register of members, communications received and other information provided by the directors, auditors and senior executives. None of them held shares in subsidiary companies.

Beneficiary first name and surname	Company	category of share	No. of shares owned at the beginning of the year	Purchased in 2007	Sold in 2007	No. of shares owned at the end of the year
CARANNANTE Rocco	Unipol Gruppo Finanziario	Priv	22,400			22,400
COFFARI Gilberto (1)	Unipol Gruppo Finanziario	Ord	4,020			4,020
GILLONE Fabrizio	Unipol Gruppo Finanziario	Priv	165,000			165,000
MALAVASI Ivan	Unipol Gruppo Finanziario	Ord	4,000			4,000
POLITI Giuseppe (1)	Unipol Gruppo Finanziario	Ord	500			500
SALVATORI Carlo	Unipol Gruppo Finanziario	Ord		150,000		150,000
ZACCHERINI Luca	Unipol Gruppo Finanziario	Ord	10,000			10,000
GRAZIOSI Giovanni Battista (1)	Unipol Gruppo Finanziario	Ord	10,872			10,872
SNR EXECUTIVES with strategic responsibilities (2)	Unipol Gruppo Finanziario	Ord	35,094		6,900	35,094
	Unipol Gruppo Finanziario	Priv	40,094	4,200		37,394

(1) Members of the Board appointed during the year are deemed to have acquired their holdings on the date they took up their posts.

(2) Totals. This table does not indicate Unipol ordinary shares allocated free to the General Manager nor to senior executives with strategic responsibilities since they are described in the relevant section of the Notes to the Accounts.



Stock options allocated to members of the Board of Directors, Chief Executive Officer and senior executives with strategic responsibilities

In accordance with Article 78 of CONSOB Ruling 11971 of 14 May 1999 the table below shows the shares in the Company allocated to the Chief Executive Officer and senior executives with strategic responsibilities during 2007.

(A)	(B)	Options held as at 1st January			Options granted during the financial year			Options exercised during the financial year			Options expired during year	Options held at year-end		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)= 1+4-7-10	(12)	(13)
Name & surname	Post held	No. options	Ave. exercise price	Ave. expiry date	No. options	Ave. exercise price	Ave. expiry date	No. options	Ave. exercise price	Ave. market price on exercise date	Number of options	No. options	Ave. exercise price	Ave. expiry date
Carlo Cimbri	General Manager				694	0	0	694	0	0				
	Strategic Managers				7,981	0	0	7,981	0	0				

They were allocated under the scheme (the **Scheme**) to award ordinary shares in Unipol (now Unipol Gruppo Finanziario S.p.A., hereinafter referred to as the **Company**) free to all its employees (the **Employees**) approved by the Board of Directors on 15 March 2007 and by the Shareholders' Meeting held on 24 April 2007.

The scheme applied to all employees on permanent contracts of employment on the date the shares were allocated, including those in the management grade.

The shares concerned were purchased by the Company on the regulated market, in accordance with Article 2357 of the Civil Code, Article 144-bis of the Issuer Regulation and the relevant provisions of EC Regulation 2273 of 22 December 2003.

The shares were allocated on 1 June 2007 cum coupon.

The objectives of the scheme were:

- to get employees more involved in implementing the Company's business objectives and strategies;
- to raise employees' awareness of the creation of value for the benefit of the Company and shareholders;
- to promote employees' loyalty and thus encourage them to stay with the Company.

The number of shares actually allocated was determined by assuming that the unit price was the average market price of Unipol ordinary shares on the Mercato Telematico Azionario – the automated stock exchange organised and managed by Borsa Italiana S.p.A. – recorded in the month preceding the date of allocation, rounded down.

The shares are subject to entailment for three years from the date of allocation in order to benefit from favourable tax treatment under Article 51, para. 2 g), of Presidential Decree 917 of 22 December 1986. Therefore during this period the shares may not be transferred *intra vivos* nor be given as a lien.

Even when the three-year entailment period expires the shares may not be repurchased by the Company.

While the entailment is in force:

- dividends and other income relating to the shares will be paid regularly to each employee belonging to the scheme;
- each employee belonging to the scheme may exercise the voting rights pertaining to the shares in Ordinary and Extraordinary Shareholders' Meetings.

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Significant events after the end of the financial year

Significant events after the end of the financial year will include the sale during 2008 of 15,750,000 shares in Quadrifoglio Vita S.p.A., i.e. 50% of the share capital, for a total of €92.5m leading to a capital gain of €49m.

On 1 January 2008 Unipol Gruppo Finanziario granted Unipol SGR the mandate to manage its financial resources, which are represented by its capital and reserves, and in turn Unipol SGR outsourced the middle-office work, the work of monitoring asset management operations and all the relevant back-office work to Unipol Gruppo Finanziario S.p.A.

Unipol SGR is wholly owned by Unipol Gruppo Finanziario S.p.A. and in it are concentrated expertise and resources for managing the portfolios of all the companies in the Unipol Group, for advising on asset liability management and for analysing and periodically monitoring the structure of unit-and index-linked policies.

In January 2008, authorisation having been obtained from the Supervisory Authority, a new company known as Unipol Private Equity SGR SpA was set up with share capital of €2m. It is wholly owned by Unipol Banca and will operate in the field of closed private equity unit trusts. The application to operate as an investment management company and to set up a closed unit trust is being drawn up. This company will operate in close cooperation with the other subsidiary Unipol Merchant since it will complement its core business.

On 12 February 2008 Unipol Banca announced the birth of UGF Point, the first 'do-it-yourself' multimedia branch fully automated for the provision of banking and financial services.

Unipol Banca has developed a project to renovate its sales network, the innovations introduced being intended to revamp the way banking is done in Italy. The project will implement and develop the strategy of integrating banking and insurance in accordance with the original model used by Unipol Gruppo Finanziario.

The Timatic multimedia machine in each UGF Point, developed in collaboration with Telecom Italia using cutting-edge digital technology, enables customers to carry out transactions and obtain information 24 hours a day and with total security. The machine enables customers to carry out traditional cash machine transactions (from making withdrawals to paying in by telephone) and more advanced ones (paying in cash and cheques). Customers can also operate their current account on-line.

On 28 February 2008 Unipol Assicurazioni sold its holding of 2.36% in the Belgian company P&V Holding Sa, making a capital gain of €2m.

Finally, as from 25 March 2008 Unipol ordinary stock will enter the MIB30, the index calculated by Borsa Italiana for the top 30 shares listed on the Italian market. It will be remembered that Unipol ordinary stock is already part of S&P's \MIB index.

Business outlook

Unipol Gruppo Finanziario's business performance looks positive and on track to lead both to improvements in profitability and to the objectives contained in the business plan for 2006 – 2009 being achieved.

Provided there are no extraordinary events that cannot currently be foreseen and taking account of the operational and financial outlook for the companies in the Group, profits for 2008 are expected to be higher than in 2007 and in line with the Company's business plan.



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Motions to be put to the Ordinary Shareholders' Meeting

1. Result for the year and allocation of profits

Dear Shareholders,

In submitting the accounts for 2007 and the Board Report for your approval we should like to make the following proposals in relation to allocating the profits and distributing the dividend:

(i) to approve Unipol Gruppo Finanziario S.p.A. annual accounts for the year ended 31 December 2007, together with the Directors' Report, which showed an operating profit of €288,840,584;

(ii) to allocate the profit of €288,840,584 as follows:

> to the legal reserves	Euro	6,256,338.00
> to the extraordinary provision	Euro	98,487,278.87
> to the dividend on preference shares (911,540,314 x 0.0802)	Euro	73,105,533.18
> to the dividend on ordinary shares (1,479,885,786 x 0.0750)	Euro	110,991,433.95

(iii) to distribute a further dividend on preference and ordinary shares totalling €815,715,442.71 (€0.3411 for each ordinary and preference share) by drawing this amount from the Provision for issue premium. In this regard it must be pointed out that the amount set aside for the Legal Reserve has reached the amount of €478,285,220 referred to in Article 2430 of the Civil Code.

Under Article 47, para. 1, of the Corporation Tax Consolidation Act approved by Presidential Decree 917 of 22 December 1986 (TUIR) 20.621% of this additional dividend (which amounts to €0.0703 for each preference and ordinary share) constitutes a gain for shareholders and is therefore taxed at the rate pertaining to each individual shareholder. Under Article 47, para. 5, of the TUIR 79.379% of this additional dividend (which amounts to €0.2708 for each preference and ordinary share) does not constitute a taxable gain but reduces the tax to be paid on the shares;

(iv) therefore, by allocating the profit for the year and some of the Provision for issue premium as set out above, to approve the distribution of a dividend of €0.4161 per ordinary share, a dividend of €0.4213 per preference share and total dividends of €999,812,409.84;

(v) to fix 22 May 2008 as the date to start paying the dividend (coupon to be detached on 19/5/2008).

2. Motions in accordance with Articles 2357, 2357-ter and 2359-bis of the Civil Code

Dear Shareholders,

Subject to revocation of the previous resolution to authorise the purchase and/or disposal of own shares and of shares in the holding company Finsoe spa, which was passed by the Shareholders' Meeting held on 24 April 2007, we ask:

- that the Board of Directors' authority to purchase and/or sell own shares, in one or more tranches, in accordance with Articles 2357 and 2357-ter of the Civil Code and depending on the level of the Fund for the purchase of own shares, be renewed for a period of 18 months and that the level of the Fund be confirmed as €100m;
- that the Board of Directors' authority to purchase and/or sell shares in the holding company Finsoe spa, in one or more tranches, in accordance with Article 2359-bis of the Civil Code and depending on the level of the Fund for the purchase of shares in the holding company, be renewed for a period of 18 months and that the level of the Fund be confirmed as €45m.



3. Incentive scheme: resolutions passed in accordance with Article 114-bis of Legislative Decree 58/1998

Dear Shareholders,

We hereby propose that you approve the adoption of a scheme (the 'scheme') for the free allocation of Unipol ordinary shares (the 'Shares') to employees, including those belonging to the management grade, on permanent contracts of employment on the date the shares are allocated who were employees of Aurora Assicurazioni S.p.A. (the company that ceased to exist as a result of the merger by incorporation into Unipol Gruppo Finanziario S.p.A. with effect from 1/9/2007). Adoption of the scheme enables, inter alia, the commitments undertaken by the incorporated company at the time its Labour Agreement 2005-2008 was entered into in July 2007 to be fulfilled.

The shares concerned will be purchased by Unipol on the regulated market in accordance with Article 2357 of the Civil Code, Article 144-bis of the Issuer Regulation and the relevant provisions of EC Regulation 2273/2003 of 22 December 2003.

We therefore invite you to approve the scheme in accordance with the terms and procedures for implementing them provided for by the rules governing them and to grant the Board of Directors and through it the Chairman and the Chief Executive Officer, separately, full power to implement the scheme in full and to ensure that the market is informed, and for the same purpose to draw up any necessary or appropriate document, in accordance with the relevant legislation and regulations.

Bologna, 20 March 2008

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BALANCE SHEET

and

PROFIT AND LOSS ACCOUNT

(amounts in EUR)



UNIPOL GRUPPO FINANZIARIO SPA
Balance sheet

ASSETS	31/12/2007	31/12/2006
A) SUBSCRIBED SHARE CAPITAL UNPAID	0	0
- incl. capital called up	0	0
B) NON-CURRENT ASSETS		
I Intangible assets		
1) Start-up and development costs	25,064,683	38,551,483
4) Concessions, licences, trademarks and similar rights	0	24,152
5) Goodwill	0	1,260,000
6) Work in progress and advance payments	3,033,316	0
7) Other	4,174,110	30,811,657
Total	32,272,109	70,647,292
II Tangible assets		
1) Land and buildings	0	549,433,154
2) Plant and machinery	7,707,803	3,473,602
4) Other assets	23,725,540	14,521,982
5) Work in progress and advance payments	0	430,000
Total	31,433,343	567,858,738
III Financial assets		
1) Shareholdings in:		
a) subsidiaries	3,963,930,088	2,458,817,636
b) associates	0	5,116,670
d) other undertakings	147,549,190	372,626,832
Total shareholdings	4,111,479,278	2,836,561,138
2) Receivables:		
a) from subsidiaries	285,000,000	0
- incl. due within 12 months	0	0
d) from others	12,000,548	46,237,585
- incl. due within 12 months	2,711,540	9,514,261
Total receivables	297,000,548	46,237,585
3) Other securities	57,513,802	2,634,356,456
Total	4,465,993,628	5,517,155,179
TOTAL NON-CURRENT ASSETS	4,529,699,080	6,155,661,209



UNIPOL GRUPPO FINANZIARIO SPA - Balance sheet (continued)

ASSETS	31/12/2007	31/12/2006
C) CURRENT ASSETS		
I Stocks		
Total	0	0
II Receivables		
1) from customers	1,325,653	177,360,010
- <i>incl. due beyond 12 months</i>	0	0
2) from subsidiaries	92,993,345	36,894,463
- <i>incl. due beyond 12 months</i>	0	0
3) from associates	0	12,000
- <i>incl. due beyond 12 months</i>	0	0
4) from holding companies	34,962	96,138
- <i>incl. due beyond 12 months</i>	0	0
4 bis) tax receivables	940,631	38,968,753
- <i>incl. due beyond 12 months</i>	0	0
4 ter) deferred tax assets	6,344,431	21,494,967
- <i>incl. due beyond 12 months</i>	0	0
5) from others	10,080,052	216,411,445
- <i>incl. due beyond 12 months</i>	971,620	21,784,864
Total	111,719,074	491,237,776
III Financial assets other than non-current assets		
4) Other shareholdings	18,525,767	462,088,345
6) Other securities	615,067,354	6,397,454,086
- <i>incl. 'D' class insurance investments</i>	0	1,125,430,802
Total	633,593,121	6,859,542,431
IV Cash at bank and in hand		
1) Bank and postal deposits	800,773,096	1,560,072,287
- <i>incl. subsidiaries</i>	800,342,743	1,215,626,864
2) Cheques	0	1,184
3) Cash in hand	103,478	95,412
Total	800,876,574	1,560,168,883
TOTAL CURRENT ASSETS	1,546,188,769	8,910,949,090
D) PREPAYMENTS AND ACCRUED INCOME		
1) Accrued income	13,188,331	97,577,089
2) Prepayments	4,853,574	36,124,647
TOTAL PREPAYMENTS AND ACCRUED INCOME	18,041,905	133,701,736
TOTAL ASSETS	6,093,929,754	15,200,312,035

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Balance sheet

LIABILITIES	31/12/2007	31/12/2006
A) SHAREHOLDERS' EQUITY		
I Share capital	2,391,426,100	2,360,144,410
II Share premium reserve	1,867,594,678	1,973,801,177
III Revaluation reserves	20,700,874	20,700,874
IV Legal reserve	472,028,882	472,028,882
V Statutory reserves	0	0
VI Reserve for own shares in portfolio	0	0
VII Other reserves	292,987,308	266,481,701
- Extraordinary reserve	124,172,551	119,354,502
- Reserve for own shares/holding company's shares	145,000,000	145,000,000
- Warrant conversion reserve	314,007	314,007
- Share swap reserve	21,047,004	0
- Reserve pursuant to Art. 20 Legislative Decree 173/1997	0	14,936
- Reserve out of merger	21,956	21,956
- Reserve pursuant to Art. 2426 (8-bis) Civil Code	2,105,774	1,450,286
- Reserve under Regional Law 46, 12.4.67, Sicily	326,014	326,014
- Rounding-off reserve	2	0
VIII Profits (losses) carried forward	0	0
IX Profits (losses) for the financial year	288,840,584	187,162,391
TOTAL SHAREHOLDERS' EQUITY	5,333,578,426	5,280,319,435
B) PROVISIONS FOR RISKS AND CHARGES		
2) Provisions for taxation, incl. for deferred tax liabilities	18,368,258	13,774,624
3) Other provisions	19,867,641	7,305,977,030
TOTAL PROVISIONS FOR RISKS AND CHARGES	38,235,899	7,319,751,654
C) PROVISIONS FOR STAFF LEAVING INDEMNITY		
	32,458,529	25,276,582
D) PAYABLES		
1) Debenture loans	600,000,000	600,000,000
- incl. due beyond 12 months	600,000,000	600,000,000
3) Payables to stockholders	9,591,907	51,634
- incl. due beyond 12 months	0	0
4) Payables to banks	0	804,003
- incl. due beyond 12 months	0	0
7) Payables to suppliers	21,608,844	96,584,308
- incl. due beyond 12 months	0	0
9) Payables to subsidiaries	4,263,977	3,987,412
- incl. due beyond 12 months	0	0
11) Payables to holding companies	5,142,726	12,166,375
- incl. due beyond 12 months	0	0
12) Tax payables	11,001,332	38,875,636
- incl. due beyond 12 months	0	0
13) Payables to social security institutions	5,451,753	5,505,840
- incl. due beyond 12 months	0	0
14) Other payables	12,977,092	1,266,223,264
- incl. due beyond 12 months	0	2,103,165
- incl. insurance 'D' class	0	1,125,430,802
TOTAL PAYABLES	670,037,631	2,024,198,472



UNIPOL GRUPPO FINANZIARIO SPA - Balance sheet (continued)

LIABILITIES	31/12/2007	31/12/2006
E) ACCRUALS AND DEFERRED INCOME		
1) Accruals	18,660,329	22,620,749
2) Deferred income	0	526,908,855
3) Charges on loans	958,940	1,236,288
TOTAL ACCRUALS AND DEFERRED INCOME	19,619,269	550,765,892
TOTAL LIABILITIES	6,093,929,754	15,200,312,035
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	31/12/2007	31/12/2006
I GUARANTEES ISSUED BY THE COMPANY		
1) Surety bonds		
to third parties	0	477,540
3) Other personal guarantees		
to third parties	109	0
4) Collateral securities		
to subsidiaries	600,000,000	0
TOTAL GUARANTEES ISSUED BY THE COMPANY	600,000,109	477,540
II OTHER MEMORANDUM ACCOUNTS		
1) Commitments	230,304,203	2,044,520,196
2) Third parties' assets	1,516,586	305,423,773
3) Securities deposited with third parties	1,494,720,202	12,247,186,967
4) Others	602,826,032	57,750,720
TOTAL OTHER MEMORANDUM ACCOUNTS	2,329,367,023	14,654,881,656
TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	2,929,367,132	14,655,359,196

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UNIPOL GRUPPO FINANZIARIO SPA
Profit and loss account

	31/12/2007	31/12/2006
A) BUSINESS VALUE		
1) Income from sales and services	94,956,890	5,185,186
5) Other income and proceeds:		
b) sundry income	3,647,569,362	3,154,223,176
- <i>incl. from insurance business</i>	3,592,442,535	3,091,554,771
Total other income and proceeds	3,647,569,362	3,154,223,176
TOTAL BUSINESS VALUE	3,742,526,252	3,159,408,362
B) BUSINESS COSTS		
7) Services	106,660,036	68,095,533
8) Use of third party assets	10,518,579	6,316,608
9) Staff:		
a) wages and salaries	141,657,584	72,426,720
b) social security contributions	36,872,049	18,167,350
c) staff-leaving indemnity	11,542,477	5,813,805
e) other costs	26,010,400	11,514,960
Total staff	216,082,510	107,922,835
10) Depreciation and write-downs:		
a) depreciation of intangible non-current assets	29,365,172	15,201,624
b) depreciation of tangible non-current assets	14,999,795	11,507,093
d) write-down of receivables recorded under current assets and of liquid assets	82,109	200,000
Total depreciation and write-downs	44,447,076	26,908,717
12) Provisions for risks	139,008,349	225,295,962
13) Other provisions	8,477,108	0
14) Sundry operating expenses	3,417,481,311	2,860,268,266
- <i>incl. from insurance business</i>	3,378,638,730	2,853,284,873
TOTAL BUSINESS COSTS	3,942,674,969	3,294,807,921
DIFFERENCE BETWEEN BUSINESS VALUE AND BUSINESS COSTS (A-B)	-200,148,717	-135,399,559
C) FINANCIAL INCOME AND CHARGES		
15) Income from shareholdings:		
a) in subsidiaries	60,805,709	125,904,566
c) in other undertakings	86,216,401	136,762,390
Total income from shareholdings	147,022,110	262,666,956



UNIPOL GRUPPO FINANZIARIO SPA - Profit and loss account (continued)

	31/12/2007	31/12/2006
16) Other financial income:		
a) from receivables recorded under non-current assets	5,646,222	537,754
1) from subsidiaries	5,041,288	0
4) from other undertakings	604,934	537,754
b) from securities recorded under non-current assets	0	1,189,892
c) from securities recorded under current assets	589,337,181	355,850,264
d) other income	169,268,834	133,738,768
1) from subsidiaries	49,591,757	63,550,496
4) from other undertakings	119,677,077	70,188,272
Total other financial income	764,252,237	491,316,679
17) Interest payable and other financial charges:		
a) subsidiaries	3,046,308	3,375,021
c) holding companies	184	0
d) others	239,958,313	108,122,295
Total interest payable and other financial charges	243,004,805	111,497,316
17-bis) Profits (losses) on currency movements	1,320,161	-598,406
TOTAL FINANCIAL INCOME AND CHARGES	669,589,703	641,887,913
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS		
18) Write-ups:		
a) on shareholdings	0	2,073,474
b) on financial non-current assets other than shareholdings	40,014	2,234,930
c) on securities recorded under current assets	0	7,808,368
Total write-downs	40,014	12,116,772
19) Write-downs:		
a) on shareholdings	4,485,583	96,889,059
b) on financial non-current assets other than shareholdings	5,000,000	0
c) on securities recorded under current assets	28,060,850	159,754,589
Total write-downs	37,546,433	256,643,648
TOTAL VALUE ADJUSTMENTS	-37,506,419	-244,526,876
E) EXTRAORDINARY INCOME AND CHARGES		
20) Extraordinary income:		
a) Capital gains on disposals	927,193	1,634,397
b) Other income	5,085,358	2,957,949
Total extraordinary income	6,012,551	4,592,346
21) Extraordinary charges:		
a) Capital losses on disposals	60,659	1,895,872
c) Other extraordinary charges	35,548,527	30,542,007
Total extraordinary charges	35,609,186	32,437,879
TOTAL EXTRAORDINARY ITEMS	-29,596,635	-27,845,532
PROFIT BEFORE TAXATION	402,337,932	234,115,946
22) Current and deferred income tax for the financial year		
a) current income tax	141,557,662	49,569,313
b) deferred income tax	-28,060,314	-2,615,758
Total income tax for the financial year	113,497,348	46,953,555
PROFIT (LOSS) FOR THE FINANCIAL YEAR	288,840,584	187,162,391

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The undersigned declare that the financial statements give a true and fair view of the accounting books.

The Company legal representatives

The Chairman

Pierluigi Stefanini

The Statutory Auditors

Roberto Chiusoli

Giorgio Picone

Domenico Livio Trombone





Carlo Levi
self-portrait

Unipol private collection

(detail)



Notes to the accounts

Structure and contents of the accounts

As part of the Unipol Group reorganisation, carried out during the year and described in the Management Report, to which you are referred for further information, with effect from 1 September 2007 the Company changed its aims and objectives, transforming itself from a company operating in Non-Life and Life insurance and reinsurance (under its previous name of 'Compagnia Assicuratrice Unipol S.p.A.') into a holding and service company. The Company was therefore deleted from ISVAP's Register of Insurance Companies and added to the list of financial intermediaries referred to in Article 113 of Presidential Decree 385/93 (Banking Consolidation Act).

As a result the legislation governing the drawing up of the annual accounts also changed.

Unipol Gruppo Finanziario S.p.A.'s accounts for 2007 were therefore drawn up in accordance with the provisions of the Italian Civil Code, since special legislation did not apply. The national accounting standards approved by the Italian Accountancy Organisation (OIC) were also applied. In fact, being an insurance holding company under Article 1 para. 1aa) of Legislative Decree 209/2005 (Insurance Code), Unipol Gruppo Finanziario must draw up its consolidated accounts in accordance with international accounting standards but cannot apply these same international standards to the Company's separate accounts under Article 4 of Legislative Decree 38/2005.

The accounts consist of the balance sheet, the profit and loss account and these notes to the accounts. They are also accompanied by the Board Report.

As laid down in Article 2423, para. 5, of the Civil Code, the figures on the balance sheet and the profit and loss account are expressed to the nearest whole Euro, whilst unless otherwise indicated the figures recorded in the notes to the accounts are expressed in €K as allowed by the provisions of Article 2423 of the Civil Code.

The Company's accounts were drawn up clearly and give a true and fair view of the capital and reserves, financial position and profits and losses for the year.

The valuation criteria were adopted with a view to business continuity, in accordance with the principles of relevance, importance and significance of the accounting information.

There were no significant events after the end of the year that could affect the accounting results.

As an addition to the information provided by the compulsory layout mentioned above, the figures in the profit and loss account are set out again in the attached reclassification table but without affecting the result for the year and are accompanied by the table of variations in shareholders' equity and by the financial statement.

For the purposes of comparison the accounts include the figures for the previous year, duly reclassified since the accounts in question had been drawn up in accordance with the guidelines for undertakings in the insurance sector (Legislative Decree 209/2005 – 'Insurance Code').

This reclassification, carried out in accordance with the criteria shown in the next chapter, affected neither the operating result nor the shareholders' equity.

It should be emphasised that the comparison of the figures for 2007 and those for the previous year reflects the effects of the major extraordinary operations carried out during 2007. In fact the 2006 accounts show the results of insurance operations carried out over the whole year by the Company known at the time as Unipol Assicurazioni alone, whilst the 2007 profit and loss account reflects the results of insurance operations carried out during the period 1 January – 31 August 2007 by both the Company and the subsidiary Aurora Assicurazioni, which was incorporated for accounting and tax purposes on 1 January 2007, in addition to the results of the holding company business, which expanded significantly after 1 September 2007. As a result of the operations to transfer Unipol Assicurazioni and Aurora Assicurazioni insurance business, carried out with effect from 1 September 2007, the balance sheet as at 31 December 2007 contains no items of an insurance nature.

These accounts have been audited by KPMG S.p.A., to which the Shareholders' Meeting has entrusted the role for 2006-2011.



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Classification criteria

The profit and loss account figures for the year and for the previous year have been laid out in such a way as to highlight the fact that income and charges typical of the holding company business currently being carried out are part of core business.

Therefore, in accordance with the provisions of the legislation now applicable, income from the provision of services to companies in the Group has been classified under item A1 'Income from sales and services', whilst all additional income, including core income from insurance business (mainly premium income on policies issued) has been included under item A5 'Other receipts and income' and also shown separately under '*incl. from insurance business*' which has been added to the accounts in order to provide additional information.

A similar criterion has been applied to costs recorded for claims paid, which have been classified in item B14 'Charges other than operating costs', also shown separately under '*incl. from insurance business*'.

Increases in provisions for outstanding claims and life mathematical provisions have been allocated to item B12 'Amounts set aside for risks', whilst decreases have been recorded as reductions in charges for claims settled, in line with the classification of these provisions in item B3 'Other funds for risks and charges' under liabilities on the balance sheet.

The remaining operating costs and investment income and charges, which in the previous year's insurance accounts had mostly been split among several items in the technical accounts, have been classified according to type and allocated to the relevant items in the profit and loss account as currently laid out.

As regards reclassification of the balance sheet figures as at 31 December 2006, it should be specifically mentioned that Investments in Class C in the assets of the insurance accounts, which were mainly made up of shareholdings, securities and other financial instruments, have been classified in the relevant items of the current layout duly split between long-term and short-term.

All investments in Class D in the assets of the insurance accounts have been classified under item C III 'Financial assets other than non-current assets', since they represent a group of financial assets the risk of which is incurred by the policyholders and shown separately under '*incl. D class insurance investments*'.

Technical provisions in Class D, relating to these asset items, have been allocated to amounts due since they represent a definite liability to policyholders.

As already mentioned life mathematical provisions and provisions for outstanding claims have been allocated to other funds for risks and charges, since they are based on estimates with an actuarial content.

Technical provisions – reinsurers' share have been used to reduce the relevant proportion of life mathematical provisions and provisions for outstanding claims.

Given their nature, provisions for unearned premiums have been allocated to prepayments.

Available cash deposited in current bank accounts with the subsidiary Unipol Banca S.p.A. is classified under item C IV 1) of the assets, 'Bank and postal deposits', priority being given to the immediate availability of these assets compared with classification according to counterparty, which, however, is shown in '*incl. from subsidiaries*' as an addition to the layout provided for in the Civil Code.

There were no particular critical factors involved in classifying the remaining equity items.

Valuation criteria

The change in legislation did not involve changes to the valuation criteria adopted, which were therefore the same as those used in the previous year.

The most significant criteria used in producing the annual accounts are given below.

Intangible fixed assets

Intangible fixed assets are recorded at the original cost of acquisition or production, including additional charges, and are written down on the basis of their possible remaining useful life over a maximum of five years.

Formation and expansion costs are written down over five years on a straight-line basis, starting from the year



in which they were incurred.

Other multi-year expenses are written down on the basis of their presumed useful life.

Tangible fixed assets

Tangible fixed assets are recorded at acquisition cost and adjusted to take account of depreciation. The book value takes account of the proportion of the additional charges and direct and indirect costs that can be reasonably allocated to the asset.

Depreciation is based on the useful life of the asset. the average rates applied being as follows:

- furniture and office machinery: between 12% and 40%
- movables recorded in public registers: 25%
- plant and machinery: between 15% and 33%
- DPC machinery: between 20% and 40%
- assets up to €516: 100%.

Long-term investments

These are mainly represented by majority shareholdings and holdings in other undertakings.

These shareholdings are recorded in the accounts at the cost of acquisition or of subscription or at a value below cost in cases in which the companies have recorded a long-term loss of value.

Units and shares in investment funds that are classified as long-term assets are held at acquisition cost. adjusted where applicable by write-downs based on losses in value deemed to be long-term.

Bonds that the Company intends to hold long-term are valued at the average purchase or subscription cost. plus or minus the proportion of the negative or positive difference between repayment value and acquisition cost that accrued during the year, with the relevant proportion of any issue spread being recorded separately. They may be written down only if permanent losses of value are ascertained. In the case of securities with an implicit rate (such as zero coupon bonds) an adjustment is made for the appropriate proportion of capital that has already accrued.

The original value is readjusted in whole or in part in subsequent years if the reasons for the value adjustments no longer apply.

Loans

These are recorded at their presumed disposal value.

Financial assets that do not constitute fixed assets

Shares that do not constitute fixed assets and units in investment funds are recorded at the average acquisition cost or the market value, whichever is lower, which in the case of listed shares corresponds to the average price recorded in the final month of the financial year and in the case of unlisted shares is based on a prudent estimate of their presumed disposal value.

However, if the average price in the final month is not representative of the market value of listed securities, as a precaution averages deemed to be more representative are used.

Bonds used as short-term investments are adjusted to the average cost, plus or minus accrued issue spreads, or the market value, whichever is the lower. In the case of listed securities the market value is based on the average of prices recorded in December and in the case of those that are not listed on the presumed disposal value as at 31 December, based on the current value of securities traded on regulated markets that have similar characteristics.

Write-downs recorded in previous years are not retained if the rationale for them no longer applies.

Derivatives

Derivatives are used exclusively for hedging purposes, to reduce the risk profile of the hedged assets and liabilities or to optimise their risk/return profile. Derivative contracts in existence at the end of the period are valued in line with the hedged assets/liabilities.

The current value of derivative contracts is determined by the 'substitution cost' method, using the prices and rates prevailing at the end of the financial year where maturities are the same and comparing these with the contractual prices and rates.

The premium income received or paid for options on securities, shares, currencies or rates existing at the end of the period are recorded in item C.III.6) 'Other securities' and item D.14) 'Other amounts due' respectively.



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When the option matures:

- if it is exercised, the premium is recorded as an adjustment to the purchase or selling price of the underlying asset;
- if it is not exercised, the premium is recorded in item C) 'Investment income and charges'.

Prepayments and accrued income. accruals and deferred income

Prepayments and accrued income, as well as accruals and deferred income, are calculated in accordance with the principle of financial and temporal matching.

Provisions for risks and charges

The 'Provisions for risks and charges' are set aside to cover losses or liabilities that are definite or probable if at the end of the year it is not possible to ascertain with certainty the amount of them or the date they would be incurred. These funds are valued with due regard to the general principles of prudence and matching and the amounts set aside reflect the best estimate it is possible to make on the basis of the figures available.

Staff-leaving indemnity

As a result of the supplementary pensions reform the amounts of staff-leaving indemnity accrued by 31 December 2006 are retained by the Company until they are paid when employment ceases or until they are paid early in cases allowed by law, whilst the amounts of staff-leaving indemnity accrued as from 2007 must, depending on the employee's specific or tacit request:

- a) be allocated to supplementary types of pension,
- b) not be allocated to supplementary types of pension, in which case the Company transfers the staff-leaving indemnity to the Treasury Fund set up with the INPS (Istituto Nazionale Previdenza Sociale – National Institute for Social Welfare).

As from 30 June 2007 (or as from a previous date, but not before 1/1/2007, depending on the choice expressed and when it was expressed) the whole of the staff-leaving indemnity, which has been set aside to cover the entire amount accrued for employees during the period, is therefore paid out or paid into a pension fund or to the treasury of the INPS.

The amount previously accrued and retained within the Company is subject to revaluation in accordance with legislation.

Amounts due

'Amounts due' are recorded at their nominal value.

Guarantees, commitments and other memorandum accounts

Commitments and guarantees are shown in the memorandum accounts at their contractual value.

Dividends

Dividends are recorded in the year in which they are received.

Income and expenditure

Income and expenditure are recorded in accordance with the principles of prudence and temporal matching.

Corporation tax for the year

In its capacity as a consolidated company the Company renewed, for the years 2007-2008-2009, the system of Group consolidated taxation for the purposes of IRES, as governed by Article 117 et seq, of Presidential Decree 917/1986 and by the Ministerial Decree of 9 June 2004, by signing an agreement with the holding company Finsoe spa relating to regulation of the economic, financial and procedural aspects governing the three-year option in question.

Consequently the charges/income linked to the transfer to the holding company of the taxable profit/loss for the purposes of IRES are recorded under taxation in the profit and loss account on the basis of the taxable income and in accordance with legislation, with account being taken of the exemptions applicable, the tax credits due and the terms of the agreement with the holding company.

IRAP for the year is also recorded under taxation.

Prepaid and deferred taxes, based on the temporary differences between the unconsolidated profit and the taxable profit, that arose or were deducted during the year, are recorded as provision for prepaid taxes and provision for deferred taxes respectively. A provision for prepaid taxes is recorded only if it is reasonably certain that they can be recouped in future years. Deferred tax liabilities are always recorded.

Deferred taxation is based on the rates applicable under current legislation and those that will apply in future years in which it is expected that some of all of the temporary differences that gave rise to them will be



absorbed.

The information referred to in Article 2427 para. 1.14 of the Civil Code, together with the table reconciling the theoretical and actual tax charge, is recorded under 'Profit and loss account – Corporation tax for the year, current, deferred and prepaid'.

Conversion of balances in foreign currencies

Items expressed in foreign currencies are dealt with in accordance with the principles of multicurrency accounting.

Under Article 2426, para. 8-bis, of the Civil Code, tangible and intangible fixed assets and long-term investments (represented by shareholdings) that are in foreign currencies are recorded at the exchange rate prevailing at the time they were acquired whereas other items expressed in foreign currencies are recorded at year-end exchange rates. All the balances arising from conversion are charged to the profit and loss account.

When the profit for the year is allocated, any unrealised net profit arising from conversion is allocated to a reserve that cannot be distributed until the profit is actually realised.

Exchange rates used

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

Currencies	31/12/07	31/12/06
US dollar	1.4721	1.3170
Pound sterling	0.7334	0.6715
Swiss franc	1.6547	1.6069
Canadian dollar	1.4449	1.5281
Japanese Yen	164.9300	156.9300
Swedish krona	9.4415	9.0404

Exceptions under Article 2423, para. 4, of the Civil Code

There were no exceptions under Article 2423, para. 4, of the Civil Code.



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Information on the balance sheet and the profit and loss account**Balance Sheet – Assets**

There follows a commentary on the balance sheet items and changes since the previous year, together with the information required by law.

B. Fixed assets**B) I – Intangible fixed assets**

As at 31 December 2007 intangible fixed assets amounted to €32,272K, a decrease of €38,375K since the previous year (-54.3%), and was made up as follows:

- 'Formation and expansion costs' of €25,065K (€38,551K as at 31/12/2006) are entirely accounted for by the remaining cost of the capital increases carried out in previous years;
- 'Current long-term investments and downpayments' of €3,033K, a new item relating to hosting services and software licences, which have not yet provided the Company with any financial benefits and have therefore not yet been written down;
- Other long-term investments of €4,174K (€30,812K as at 31/12/2006), which includes costs incurred for improvements to rented premises and the cost of software user licences. The decrease compared with the previous year was due entirely to the transfer to Unipol Assicurazioni S.p.A. of 'Acquisition commissions to be written down'.

B) II – Tangible fixed assets

Tangible fixed assets amounted to €31,433K as at 31 December 2007, a drop of €536,425K since the previous year (-94.5%), and were made up of the following items:

- 'Land and buildings' were eliminated compared with the previous year (€549,433K as at 31/12/2006) as a result of all the property assets being transferred to Unipol Assicurazioni S.p.A.;
- 'Plant and machinery' of €7,708K (€3,474K as at 31/12/2006), which mainly included telephone switchboards and videoconferencing systems, increased compared with the previous year mainly as a result of the incorporation of Aurora Assicurazioni S.p.A.;
- 'Other property' of €23,726K, an increase of €9,204K since the previous year (+63.4%). This item consists mainly of the following categories of asset;
- €9,806K of miscellaneous office furniture and equipment and in-house transport;
- €755K of electrical and electronic equipment such as typewriters, calculators, fax machines, photocopiers and mobile phones;
- €12,203K of IT equipment such as servers, hosting equipment, personal computers, peripherals and CPUs.

Operations in tangible and intangible fixed assets and in their depreciation funds are recorded in appendices 5 and 6 of these Notes to the Accounts.

B) III – Long-term investments**1) Shareholdings**

The total amount of Italian and foreign shareholdings as at 31 December 2007 was €4,111.5m compared with €2,836.6m at the end of the previous year, an increase of €1,274.9m (+44.9%).

Details are shown in the following table:



LIST OF SHAREHOLDINGS AS AT 31 DECEMBER 2007

(amounts in €m)

Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
Compagnia Assicuratrice Unipol S.p.A.	Insurance and reinsurance	150,000	100.00		793,088
Aurora Assicurazioni S.p.A.	Insurance and reinsurance	150,000	100.00		2,142,640
Compagnia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	100.00		45,507
Unipol SGR S.p.A.	Financial brokerage	5,000	100.00		5,550
Navale Assicurazioni S.p.A.	Insurance and reinsurance	96,250	99.83		131,676
Unisalute S.p.A.	Insurance and reinsurance	17,500	98.48		31,570
Unipol Banca S.p.A.	Credit institution	703,500	67.74	16.78	664,675
Quadrifoglio Vita S.p.A.	Insurance and reinsurance	31,500	50.00		43,450
BNL Vita S.p.A.	Insurance and reinsurance	160,000	31.00	20.00	105,774
Total Italian subsidiaries					3,963,930
OTHER SHAREHOLDINGS					
Vivium S.a.	Insurance and reinsurance	526	13.88		147,549
Total other shareholdings					147,549
GRAND TOTAL					4,111,479

Operations in item B) III 1) 'Shareholdings' are summarised in the following table: (Details of these operations are recorded in Appendix 7 to these Notes to the Accounts.)

INVESTMENTS IN GROUP UNDERTAKINGS

(amounts in €K)

As at 1/1/2007	2,836,561
Purchases and subscriptions	1,127,286
Increases out of merger	1,481,351
Other increases	1,678,605
Sales and repayments	(123,399)
Value adjustments	(180)
Other decreases	(2,111,077)
Decreases out of hive-down	(777,665)
As at 31/12/2007	4,111,479

The operation to reorganise the Group, already illustrated in previous paragraphs, involved a net increase in shareholdings of €1,096.5m, made up as follows:

- an increase in the value of the holding in Compagnia Assicuratrice Unipol S.p.A. (formerly Nuova Unipol Assicurazioni) of €788.1m as a result of the transfer of insurance business totalling €784.7m plus additional charges;
- the incorporation of all of Aurora Assicurazioni's holdings (before the merger) valued at a total of €1,481.4m (100% of Nuova Aurora Assicurazioni €1,272.7m, 20% of Linear €24m, 10% of Unipol Banca €180.6m and 6.04% of Unisalute €4.1m);
- an increase in the holding in the former Aurora Assicurazioni S.p.A. totalling €818m and the subsequent elimination of the entire holding in this company, as a result of the merger, of €2,083.1m;
- a further increase of €870m in the value of the holding in the current Aurora Assicurazioni, €867.6m owing to the allocation of the deficit arising from the merger with the former Aurora Assicurazioni and the rest to capitalisation of additional charges;
- the transfer to Unipol Assicurazioni of shareholdings valued at €777.7m (100% of Midi, Unifimm and Small-part, 75.21% of Srs, 20% of BNL Vita, 16.78% of Unipol Banca, plus Euresa Holding, Hotel Villaggio Città del Mare and other minority holdings in Italy and abroad).

Other significant transactions carried out and events occurring during 2007 related to:

- **Banca Monte dei Paschi di Siena S.p.A.**

The sale, on 30 April 2007, on the regulated market, of 30,225,310 ordinary shares, accounting for 1% of the



share capital, at an average price of €4.949 (a total of €149.6m); the acquisition on the same date, on the regulated market, of 30,225,310 ordinary shares at an average price of €4.951, a total of €149.7m.

This operation enabled the holding to be reclassified from Life business to Non-Life business in line with the policy of rationalising equity within the broader context of reorganising the companies in the Group. This divestment enabled a capital gain of €26.2m to be made, most of which reverted to policyholders since the holding had been allocated to the Life segregated accounts.

On 1 September 2007 the entire holding in Banca Monte Paschi di Siena, amounting to €262.1m, was transferred to Unipol Assicurazioni S.p.A.

- **BNL Vita S.p.A.**

On 31 July 2007 the holding in BNL Vita S.p.A. was raised to 51% with the acquisition of 320,000 shares (representing 1% of the share capital) for a total of €6.6m. Under the transfer a proportion of the holding, corresponding to 20% of the share capital of the participating interest, was transferred to Unipol Assicurazioni S.p.A.

As at 31 December 2007 Unipol Gruppo Finanziario S.p.A.'s direct holding, accounting for 31% of the capital of the participating interest, was recorded at a value of €105.8m.

- **Unipol Sgr spa**

The acquisition on 29 August 2007 of 5,000,000 shares, representing the entire share capital, for a total of €5.6m.

- **Vivium sa**

The acquisition on 28 September 2007 of 525,898 shares, representing 13.88% of the share capital, for a total of €147.5m.

The following table contains a list of the subsidiary companies and shows their book value and amount of shareholders' equity calculated on the basis of the participating interest's most recent accounts.

If the book value is higher than the corresponding fraction of shareholders' equity the difference is attributable to the company's property/financial and strategic value together with its likely profitability.

No indication is provided of the value of the participating interests determined in accordance with the net equity method since the consolidated accounts were drawn up in accordance with the IAS/IFRS international accounting standards.

(€m)	Book value	% held	Shareholders' equity	Corresponding shareholders' equity
Unipol Assicurazioni	793.1	100.0	654.6	654.6
Aurora Assicurazioni	2,142.6	100.0	1,203.6	1,203.6
BNL Vita	105.8	31.0	313.5	97.2
Linear Assicurazioni	45.5	100.0	42.7	42.7
Quadrifoglio Vita	43.5	50.0	105.3	52.7
Unisalute	31.6	98.5	34.4	33.8
Unipol Banca	664.7	67.7	954.8	646.8
Navale Assicurazioni	131.7	99.8	96.1	95.9
Unipol SGR	5.6	100.0	6.9	6.9
Total	3,963.9		3,411.9	2,834.2

For further information on the performance of the subsidiary companies you are referred to the management report and the draft balance sheets of the individual participating interests appended to these accounts.

Current value of investments (see appendix 7)

In the case of investments traded on non-regulated markets the value of the companies' economic capital was estimated using procedures currently adopted by professionals and account was taken of any recent valuations carried out by independent advisers.

As at 31 December 2007 the current value of shareholdings ascertained in this way amounted to €5,891.9m compared with a book value of €4,111.5m.

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2) Receivables

Receivables recorded as long-term investments amounted to €297,001K compared with €46,238K as at 31 December 2006.

This item mainly consists of €285,000K of 'Receivables from subsidiaries' for subordinate loans recently granted to Unipol Assicurazioni S.p.A. (€135m) and Aurora Assicurazioni S.p.A. (€150m).

This corporate financing, granted in order to provide the Companies with the equity required to support their growth and to guarantee a surplus of elements making up their solvency margin in line with that of other similar undertakings, is for five years (from when it was granted on 1/9/2007) and at the Euro Interbank Offered Rate ('Euribor Rate') plus 0.5% for six months.

All these receivables are due beyond 12 months.

Interest payable amounted to €5,041K.

The rest of the item, amounting to €12,001K (€46,238K as at 31/12/2006), was made up of 'Other receivables' and mainly consisted of:

- €9,815K of credit facilities with a lien on property;
- €1,898K of loans granted to employees in accordance with the terms and conditions set out in the current Unipol Labour Agreement and guaranteed by the group Life policy provided for by the Agreement or by individual Life policies;
- €258K for a subordinated loan granted to Unintesa spa in liquidation which will be redeemed on completion of the voluntary liquidation procedure.

None of the above credit facilities was for a significant amount..

Amounts due after 31 December 2008 totalled €9,289K, €4,551K of it after 31 December 2012.

The decrease compared with the balance for the previous year was mainly due to the transfer to Unipol Assicurazioni S.p.A. of receivables from Agents and credit facilities granted to policyholders guaranteed by Life policies.

3) Other securities

Item B III 3) 'Other securities' amounted to €57,514K as at 31 December 2007 (€2,634,356K as at 31/12/2006).

The decrease of €2,576,843K was mainly made up of the countervalue of the securities transferred to the subsidiary Unipol Assicurazioni S.p.A., the amount of long-term securities transferred being €2,994,642K.

Details of long-term securities are as follows (in €K):

Security	Nominal value as at 31/12/07	Book value as at 31/12/07	Market value as at 31/12/07
CORSAIR 31/01/11-13 ZC/FRN	21,500	18,632	18,339
DEUTSCHE BK 05/08/09 ZC	4,960	4,554	4,565
DRESDNER BK 12/10/10 ZC	10,886	9,328	9,560
GAP 05/07/11 STEEP	25,000	25,000	22,434
EUROSTAR I 10/06/2012 CDO	5,000	0	0
Total	67,346	57,514	54,899

Bonds classified as long-term investments included five securities with a total countervalue of €57.5m and a fair value of €54.9m.

The Eurostar I 10/06/2012 CDO security was written off in full during 2007, with the loss deemed to be permanent.

As for the remaining securities the fair value of which was less than the book value (bonds rated between AA+ and BBB), the loss cannot be deemed to be permanent and therefore there was no write-down.

All the securities in the portfolio were managed by custodian banks, including the subsidiary Unipol Banca S.p.A, or by issuers.

The following table summarises the variations that took place during the year in 'Other securities':



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(€m)	Units and shares in investment funds	Bonds and other fixed-income securities	Sundry financial investments	Debt securi- ties issued by unlisted undertakings	Total
As at 1/1/2007	90,242	2,512,213	7,042	24,859	2,634,356
Increases in the year					
purchases	209	184,992		1,500	186,701
write-ups		40			40
transfers from short-term portfolio		543,552			543,552
other changes		27,979			27,979
Decreases in the year					
sales	(76,258)	(234,049)		(24,859)	(335,166)
write-downs		(5,000)			(5,000)
other changes			(305)		(305)
hive-down to Unipol Ass.ni S.p.A.	(14,192)	(2,972,213)	(6,737)	(1,500)	(2,994,642)
As at 31/12/2007	-	57,514	-	-	57,514

C. Working capital

// Receivables

The balance on this item as at 31 December 2007 was €111,719K, a decrease of €379,519K compared with 31 December 2006. The breakdown and variations over the previous year are summarised in the table below:

(€k)	31/12/2007	31/12/2006
1) Receivables from customers	1,326	177,360
2) Receivables from subsidiaries	92,993	36,894
3) Receivables from associates	-	12
4) Receivables from holding companies	35	96
4 bis) Tax receivables	941	38,969
4 ter) Deferred tax assets	6,344	21,495
5) Receivables from others	10,080	216,411
Total	111,719	491,238

All receivables were due within 12 months except 'Other receivables', €972K of which is due after 31 December 2008 and €618K of this after 31 December 2012.

The variation in receivables from customers, which fell from €177,360K as at 31 December 2006 to €1,326K at the end of 2007, was due to insurance business being transferred to the subsidiary Unipol Assicurazioni S.p.A. At the close of the 2006 financial year the balance on this item had included receivables from policyholders for premium income for the year. As at 31 December 2007 receivables from customers mainly consisted of receivables from the City of Rome following its expropriation for public use of two plots of land owned by the Company.

'Receivables from subsidiaries' amounted to €92,993K and was made up almost entirely of the cost of the services that Unipol Gruppo Finanziario S.p.A. provided to the companies in the Group. As at 31 December 2006 receivables for the same types of service amounted to €3,290K, the increase arising from the project to reorganise the Unipol Group, which led to UGF acting only as the Group's holding and service company. The total increase in 'Receivables from subsidiaries' (+€56,099K compared with 2006) was limited because of all the receivables arising out of insurance and reinsurance business being transferred to Unipol Assicurazioni S.p.A.

'Tax credits' amounted to €941K and mainly consisted of:

- €438K of receivables for overpayment of tax;
- €295K of residual tax refunds for advance tax payments on staff-leaving indemnities made in 1997 and 1998 (Article 3, paras 211, 212 and 213, of Law 662 of 23/12/1996), including the write-ups for the period.

The balance on prepaid taxes as at 31 December 2007 of €6,344K fell by €15,151K compared with 31 December 2006 (-70.5%).



The variation in prepaid taxes during the year is summarised in the following table:

Prepaid taxes (in €K)	
Opening figure as at 1/1/2007	21,495
Increases during the year (*)	25,286
Usage from prior years (**)	(40,437)
Final balance as at 31/12/2007	6,344
(*) €6,779K from the Aurora merger	
(**) €24,727K from the transfer of insurance business	

Further information relating to prepaid taxes is given in the table (drawn up in accordance with Article 2427, para. 1.14, of the Civil Code) in appendix 10 of these notes to the accounts.

The most significant amounts of 'Other receivables' in the working capital relate to:

- €6,571K of receivables from the tax authorities of other countries;
- €1,060K of receivables from the Region of Sicily for regional contributions relating to a mortgage loan paid off in previous years;
- €400K of receivables for utility bonds;
- €487K of miscellaneous receivables from employees.

The decrease of €206,331K was mainly due to capital assets closely linked to insurance business being transferred to Unipol Assicurazioni.

This item is recorded net of provisions for bad debts.

III Financial assets that do not constitute fixed assets

This item amounted to €633,593K as at 31 December 2007 and can be broken down as follows:

(€k)	31/12/2007	31/12/2006
Other shareholdings	18,526	462,088
Other securities	615,067	6,397,454
Total	633,593	6,859,542

The largest amounts of 'other securities' were €458,277 for listed bonds and €145,689K for Government bonds. This item also included €238K relating to a premium paid for the acquisition of a swap option.

The considerable decrease in this item compared with the previous year (€6,859,542K as at 31/12/2006) was due to €4,232,044K of the short-term portfolio being transferred to Unipol Assicurazioni S.p.A.

Available cash included €800,773K in bank and postal deposits (€1,560,072 as at 31/12/2006) and €103K in cash in hand (€95K as at 31/12/2006). Bank deposits included net earnings accrued during 2007, including accounts in non-Euro currencies (American dollars, Swiss francs, sterling and Japanese yen).



D. Prepayments and accrued income

'Prepayments and accrued income' amounted to €18,042K as at 31 December 2007 compared with €133,702K as at 31 December 2006.

Details of accrued income, which amounted to €13,188K, are shown in the following table:

(€k)	31/12/2007	31/12/2006
Interest on mortgage loans and loans	5,041	-
Interest on securities	8,147	97,012
Other interest	-	565
Total	13,188	97,577

Interest on loans and credit facilities related to subordinated loans granted to Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A. on 1 September 2007. (See the section on Fixed assets – receivables from subsidiaries.)

Prepayments, which amounted to €4,854K, were made up as follows:

(€k)	31/12/2007	31/12/2006
Multiyear prepayments	3,409	4,263
IT costs	794	980
Maintenance and repair costs	395	555
Rentals	153	211
Sundry minor prepayments	102	478
Prepayments i.r.o. insurance business	-	29,638
Total	4,854	36,125

Multiyear prepayments (€3,409K) related to the cost of issuing the subordinated bonded loans and included amounts due after the end of the year of €2,552K, €123K of it due after 31 December 2012.

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Balance Sheet – Liabilities

A. Shareholders' equity

Movements recorded during the year compared with the previous year are set out in the attached statement of variations in capital and reserves (appendix 2).

Of the extraordinary operations that affected the level of shareholders' equity particular mention should be made of the following:

- the allocation of an additional dividend of €106,206K to preference and ordinary shares, as resolved by the Ordinary Shareholders' Meeting held on 24 April 2007, by distributing the 'Provision for issue premium';
- the merger by incorporation of Aurora Assicurazioni S.p.A. which involved an increase in share capital of €31,282K (by issuing 19,361,240 ordinary shares and 11,920,450 preference shares) and the setting up of the exchange provision of €21,047K.

Also appended is the table showing the utilisation and availability of the compulsory reserves, as required by Article 2427, para. 1, item 7-bis of the Civil Code.

The share capital and compulsory reserves totalled €5,044,738K as at 31 December 2007 (€5,093,157K as at 31/12/2006), the decrease compared with the previous year being 1.0%.

The share capital amounted to €2,391,426,100, was fully paid-up and was made up of 2,391,426,100 shares, subdivided as follows:

- 1,479,885,786 ordinary shares;
- 911,540,314 preference shares.

Details of the compulsory reserves, which as at 31 December 2007 amounted to €2,653,312K, are set out in the following table, along with the variations compared with the previous year:

(€/k)		31/12/2007	31/12/2006
A.II	Share premium reserve share issue	1,867,595	1,973,801
A.III	Revaluation reserve property	5,939	5,939
	Revaluation reserve under Law 413/91	14,762	14,762
A.IV	Legal reserve	472,029	472,029
A.VII	Extraordinary reserve	124,173	119,355
	Reserve for own shares	100,000	100,000
	Reserve for holding company's shares	45,000	45,000
	Reserve under Regional Law 46/1967, Sicily	326	326
	Share swap reserve	21,047	-
	Reserve under Article 20 of Legislative Decree 173/1997	-	15
	Reserve out of merger	22	22
	Warrant conversion reserve	314	314
	Reserve under Article 2426, Currency differences	2,106	1,450
		2,653,312	2,733,013

B. Provisions for risks and charges

This item totalled €38,236K as at 31 December 2007 and was made up as follows:

- 'Provision for taxation, including deferred taxation' €18,368K (€13,775K as at 31/12/2006);
- 'Other' €19,868K (€7,305,977K as at 31/12/2006).

The following table summarises movements during the year in the 'Provision for taxation, including deferred taxation' and in the individual provisions that constitute 'Other':

(€/k)	Increases			Decreases		31/12/2007
	31/12/2006	Amounts allocated	Merger	Amounts released	Hive-down	
Provision for sundry risks and charges	5,000	4,553	3,070	(204)	(5,000)	7,419
Provision for donations	-	1,850		(1,751)		99
Early retirement provision	-	12,350				12,350
Provision for deferred tax liabilities	13,775	1,015	24,252	(20,414) (*)	(260)	18,368
Insurance technical provisions	7,300,977	139,008		(1,128,091)	(6,311,894)	-
	7,319,752	158,776	27,322	(1,150,460)	(6,317,154)	38,236

(*) €3,704K of which was used because of variations in tax rates.



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The entire provision for miscellaneous risks and charges in existence as at 31 December 2006 was transferred to Unipol Assicurazioni S.p.A.

The balance of this fund as at 31 December 2007 was mainly made up of:

- €4,325K of amounts set aside for the transaction relating to the tax litigation launched by the Revenue Agency in Milan against Bell S.A. (paid in full in February 2008);
- €3,094K for staff disputes and other potential charges on capital and reserves.

The charity fund set up during 2007 was almost entirely used during the year for contributions to social, cultural and religious organisations.

The staff-leaving fund was set up during the year to provide financial incentives under the voluntary pension enhancement scheme that Unipol Gruppo Finanziario S.p.A. offered to employees.

C. Staff-leaving indemnity

The level of the fund as at 31 December 2007 was €32,459K, an increase compared with the previous year (+€7,182K) as a result of the combined effect of the extraordinary merger and transfer operations. The amounts set aside during the year were almost entirely offset by the payments into external funds made in accordance with the timescale laid down in legislation.

Details of the movements that took place during the year are shown in the following table:

<i>(€k)</i>	
As at 1/1/2007	25,277
Increases in the year	
Merger	15,931
Amounts allocated for the year	7,124
Other increases	102
Decreases in the year	
Hive-down	(6,921)
Advances paid in the year	(616)
Transfer to pension fund	(5,375)
Transfer to INPS Treasury	(565)
Amounts paid in the year	(2,498)
As at 31/12/2007	32,459

'Other increases' (€102K) related to the provision for staff-leaving indemnity for employees transferred to Unipol Gruppo Finanziario S.p.A. from other companies in the Group.

D. Payables

The balance on this item as at 31 December 2007 was €670,038K, a decrease of €1,354,161K (-66.9%) since 31 December 2006.

The breakdown of this item and a comparison with the previous year are summarised in the following table:

<i>(€k)</i>	31/12/2007	31/12/2006
Callable notes	600,000	600,000
Payables to shareholders	9,592	52
Payables to banks	-	804
Payables to suppliers	21,609	96,584
Payables to subsidiaries	4,264	3,987
Payables to holding company	5,143	12,166
Tax payables	11,001	38,876
Payables to social security institutions	5,452	5,506
Other payables	12,977	1,266,223
Total	670,038	2,024,198

All the amounts are due within 12 months, except those relating to bonded loans, which are payable after 31 December 2012.

'Bonds' amounted to €600,000K, unchanged since 31 December 2006, and consisted entirely of the face value of the two subordinated bonded loans issued by the Company. Each loan has a face value of €300m, is



for a period of twenty years and is quoted on the Luxembourg Stock Exchange. The degree of subordination is similar to Upper Tier II (supplementary capital consisting of second-level capital items). The earlier loan, 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. Interest for the period amounted to €37,929K.

'Payables to members' amounted to €9,592K as at 31 December 2007 (€52K as at 31/12/2006) and was made up of dividends payable to shareholders resolved in previous years by Aurora Assicurazioni S.p.A. and not yet paid.

The balance on 'Payables to suppliers' fell from €96,584K as at 31 December 2006 to €21,609K as at 31 December 2007. The decrease was mainly due to all the liabilities relating to insurance business being transferred to Unipol Assicurazioni S.p.A.

'Payables to subsidiaries' amounted to €4,264K as at 31 December 2007 compared with a balance of €3,987K as at 31 December 2006. Amounts recorded in this item related to VAT receivables pertaining to the subsidiary Midi srl., which pays some of the Group VAT and of which Unipol Gruppo Finanziario S.p.A. is the holding company, and to rental and joint ownership costs relating to accommodation occupied by Unipol Gruppo Finanziario in property owned by Unipol Assicurazioni S.p.A., to which all UGF's property assets have been transferred.

'Payables to holding companies', all of which were due to Finsoe S.p.A., amounted to €5,143K as at 31 December 2007 compared with €12,166K as at 31 December 2006 (-57.7%) and represented the balance between the amount due for IRES for 2007 and receivables for IRES paid, deductions and tax credits for the year transferred to the Group balance (consolidated tax scheme).

The balance on 'Taxation' amounted to €11,001K as at 31 December 2007, a decrease of €27,874K compared with 31 December 2006 (-71.7%). This item mainly consisted of:

- €4,522K for advance withholding tax to be paid;
- €853K for the VAT debit balance;
- €5,595K for IRAP, being the balance between the amount due for IRAP for 2007 and receivables for IRAP paid during the year.

The decrease compared with the previous year was the result of the amounts due for taxes payable by policyholders being transferred to Unipol Assicurazioni S.p.A.

The balance on 'Payables to pension and social security bodies' as at 31 December 2007 amounted to €5,452K, substantially in line with the figure for the previous year (€5,506K as at 31/12/2006). This item relates to employer and employee contributions for December due to pension and social security funds and outstanding at the end of the year.

The balance on 'Other payables' as at 31 December 2007 amounted to €12,977K, a fall compared with the previous year of €1,253,246K. The variation was due to the technical items relating to insurance business being transferred to Unipol Assicurazioni S.p.A.

The balance as at 31 December 2007 was mainly made up of:

- charges for lieu days of €6,407K (€2,757K as at 31/12/2006). The increase compared with the previous year was due to the increase in Company's complement of staff;
- €4,413K set aside during the year to provide staff with cash incentives and for training;
- advance payments received from the For.Te. fund to finance employee training.

E. Prepayments and accrued income, accruals and deferred income

The balance on 'Prepayments and accrued income' was €19,619K as at 31 December 2007 compared with €550,766K as at 31 December 2006. The decrease compared with the previous year was almost entirely due to this class of business being transferred.

Accrued income was almost entirely made up of interest on bonded loans (€18,655K).

€681K of the issue premium on the subordinated bonded loans, which totalled €959K, were amounts due beyond the end of the year but none was due after more than five years.

Guarantees, commitments and other memorandum accounts

Details of 'Guarantees, commitments and other memorandum accounts', which amounted to €2,929,367K as at 31 December 2007 (€14,655,359K as at 31/12/2006), are set out in the following table:



(€k)	31/12/2007	31/12/2006
Guarantees issued		
Surety bonds and endorsements in favour of third parties	-	478
Other personal guarantees in favour of third parties	0	-
Guarantees issued for callable notes of the Company	600,000	-
Total	600,000	478
Commitments		
Commitments arising out of purchases with resale agreements	-	344,219
Commitments arising of sales with repurchase agreements	-	-
Other commitments	230,304	1,700,301
Total	230,304	2,044,520
Third parties' assets		
Staff-owned shares	1,246	-
Assets held by Unipol in deposit	270	270
Pension funds assets managed in the name and on behalf of third parties	-	305,153
Total	1,517	305,424
Securities deposited with third parties	1,494,720	12,247,187
Other memorandum accounts		
Guarantees received from third parties i.r.o. surety bonds	-	13,073
Other personal guarantees received from third parties	28	-
Collateral securities received from third parties	1,951	19,766
Guarantees issued by third parties in favour of the Company	484	12,181
Guarantees issued by subsidiaries in favour of the Company	600,363	6,260
Other memorandum accounts	-	6,470
Total	602,826	57,751
TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	2,929,367	14,655,359

The most significant amounts related to the guarantees for the bonded loans issued by Unipol Gruppo Finanziario. As these loans were not part of the insurance business transferred to Unipol Assicurazioni, in view of UGF's commitment to repay them they have been guaranteed since 1 September 2007 by the subsidiaries Unipol Assicurazioni and Aurora Assicurazioni, the total amount of €600,000K being divided equally between the two companies so that these loans depend on the creditworthiness of Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A. At the same time as the two subsidiaries took on this commitment UGF pledged the same amount of securities and cash as a counterguarantee.

The item 'Commitments' was made up as follows:

- €221,321K of commitments for operations in derivatives;
- €8,734K of commitments for sales of share securities;
- €249K of commitments for leased property.

Of the €1,494,720K of 'Securities deposited with minority interests' €1,489,720K was with Group undertakings and €5,000K with banks.

Information on financial derivatives

In accordance with the guidelines laid down by the Company's Board of Directors on 28 June 2007, financial derivatives were used during the year purely for the purpose of hedging the securities risk and the exchange risk or for streamlining portfolio management and were not used for purely speculative purposes.

These ends were achieved by using the derivatives specified in the resolution passed by the Board and applied to securities included in the portfolio at the time the contract concerned was entered into and throughout its entire duration.

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

Derivatives at the end of the year, with four counterparties and with the underlying assets split from a minimum of €3,692K to a maximum of €100m, are shown in the tables below:

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A. Derivative contracts involving forward capital swaps

The value attributed was made up of the price of the contracts, in €K. In the case of operations in other currencies the agreed forward exchange rate was used:

Type of transaction	No. of transactions	Notional val. as at 31/12/2007
Purchases of call options	1	34,919
Sales of put options	1	34,919
Currency resale agreements	3	17,519
Total		87,357

These operations were carried out in Euros, US Dollars and Swiss Francs.

Both the derivative contracts to acquire call options and sell put options had 30,646,000 shares in the holding company Finsoe S.p.A. – 1.43% of its share capital – as underlying assets.

B. Derivative contracts not involving forward capital swaps

The value attributed was made up of the nominal value of the underlying capital, in €K:

Type of transaction	No. of transactions	Notional val. as at 31/12/2007
Purchase of interest rate swaps	1	100,000
Purchase of swap options	1	33,965
Total		133,965

These operations were carried out in Euros and US Dollars.

The only major operation that should be pointed out was the purchase of an interest rate swap expiring on 26 February 2009 with a nominal value of €100m.

The following table shows the fair value of each category of derivative as laid down in Article 2427-bis, para. 1, of the Civil Code:

Type of derivative	Purchases/Sales	Fair value
Interest rate swaps	Purchases	1,219
Swap options	Purchases	431
Total		1,650

Results achieved on derivative operations during the year were as follows:

- net income of €40,797K from call and put options not exercised;
- net charges of €26,125K on swap options not exercised;
- capital gains of €2,154K arising from trading in options sold on listed shares and exercised on maturity;
- investment charges of €1,514K on exchange risk hedging operations;
- investment income of €1,046K from exchange risk hedging operations;
- net investment charges of €17,259K on interest rate swap operations;
- net investment charges of €842K on cap and floor options.

How transactions in financial derivatives are recorded in the accounts was dealt with in the relevant paragraph of the section on 'Valuation Criteria'.



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Profit and Loss Account

Unipol Gruppo Finanziario's profit and loss account for 2007 reflects the results of insurance operations carried out during the period 1 January – 31 August 2007 by both Unipol Gruppo Finanziario (formerly Unipol Assicurazioni) and the incorporated company Aurora Assicurazioni and the results of the additional work of acting as a holding and service company since 1 September 2007.

A. Operating income

Total income as at 31 December 2007 amounted to €3,742,526K compared with €3,159,408K as at 31 December 2006.

A.1. Income from sales and services

'Income from sales and services' was €94,957K as at 31 December 2007 (€5,185K as at 31/12/2006) and consisted mainly of services relating to the core business of acting as a holding company for companies in the Group, as follows:

(€k)		31/12/2007
To holding companies		31
To subsidiaries		94,222
	Aurora Assicurazioni S.p.A.	42,625
	Unipol Assicurazioni S.p.A.	35,055
	BNL Vita S.p.A.	2,496
	Linear Assicurazioni S.p.A.	3,643
	Navale Assicurazioni S.p.A.	5,806
	Quadrifoglio Vita S.p.A.	2,752
	Unisalute S.p.A.	709
	Unipol SGR S.p.A.	738
	Unipol Banca S.p.A.	27
	Other subsidiaries	371
To associates		2
Total		94,255

A.5. Other receipts and income

'Other receipts and income' was €3,647,569K as at 31 December 2007 (€3,154,223K as at 31/12/2006) and included:

- €3,592,443K relating to insurance business carried out during the period 1 January – 31 August 2007;
- €26,700K of income from the subsidiaries Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A. for issuing a counterguarantee for the issue of the subordinated bonded loans. (See the section on 'Guarantees, commitments and other memorandum accounts');
- €11,236K of rental income;
- €9,556K of other amounts recovered;
- €7,634K of other income no single amount of which is significant.

B. Operating costs

Total operating costs amounted to €3,942,675K as at 31 December 2007 compared with €3,294,808K as at 31 December 2006.

B.7 Costs for services

This item amounted to €106,660K as at 31 December 2007 (€68,096K as at 31/12/2006) and was made up as follows:



(€k)	31/12/2007
IT costs	40,025
Technical, legal and administrative consultancy services	15,311
Corporate bodies	5,218
Corporate fees and shareholders' meetings	2,527
Advertising	7,774
Conferences and meetings	2,110
Porterage	2,095
Printed matter and publications	3,717
Electricity, heating and cleaning	8,895
Maintenance and repairs	4,150
Postal and telephone expenses	9,548
Certification services	298
Sundry costs	4,992
Total	106,660

B.8 Costs for the use of property belonging to third parties

This item amounted to €10,519K as at 31 December 2007 (€6,317K as at 31/12/2006) and was made up of rent and hire costs.

B.9 Staffing costs

Staffing costs amounted to €216,083K as at 31 December 2007 compared with €107,923K in the previous year and reflected the increase in the Company's complement of staff.

The number of employees rose from 1,987 as at 31 December 2006 to 2,609 as at 31 December 2007, as follows:

	31/12/2006	Hired	Resigned	31/12/2007
Administrative - permanent	1,710	1,097	(496)	2,311
Call Center - permanent	236	79	(19)	296
Salespersons - permanent	13	-	(13)	-
Total permanent staff	1,959	1,176	(528)	2,607
Administrative - temporary	13	6	(17)	2
Call Center - temporary	15	23	(38)	-
Total temporary staff	28	29	(55)	2
TOTAL	1,987	1,205	(583)	2,609

The average number of employees as at 31 December 2007 was as follows:

	31/12/2007	31/12/2006
Managers	85	64
Employees	2,786	1,844
Salespersons	8	15
Total	2,879	1,923

B.10 Depreciation and write-downs

The balance on this item, which as at 31 December 2007 was €44,447K (€26,909K as at 31/12/2006), can be broken down as follows:

- Depreciation of intangible fixed assets of €29,365K;
- Depreciation of tangible fixed assets of €15,000K;
- Write-down of receivables included in working capital of €82K.

Details of movements of tangible and intangible assets are set out in appendices 5 and 6.

B.12 Amounts set aside for risks

This item showed a balance of €139,008K as at 31 December 2007 (€225,296K as at 31/12/2006). It included variations during the year in the provisions for outstanding Non-Life claims, which related to the insurance business that the Company carried out in the first eight months of 2007.



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B.13 Other amounts set aside

'Other amounts set aside' amounted to €8,477K as at 31 December 2007, €4,325K of it for the transaction relating to the tax litigation launched by the Revenue Agency in Milan against Bell S.A., €1,850K for donations to cultural and religious organisations and the rest for labour and other minor disputes.

B.14 Charges other than operating costs

This item amounted to €3,417,481K as at 31 December 2007 (€2,860,268K as at 31/12/2006) and included:

- €3,378,639K for insurance business carried out during the period 1 January – 31 August 2007;
- €26,700K for the guarantee received from the subsidiaries Aurora Assicurazioni S.p.A. and Unipol Assicurazioni S.p.A. in connection with the issue of subordinated bonded loans. (See the section 'Guarantees, commitments and other memorandum accounts');
- €2,386K for non-reimbursable amounts deducted at source from foreign shares;
- €1,069K for losses on receivables;
- €1,073K for Property Tax;
- €1,329K for tax charges;
- €1,608 K for penalties and fines.

C. Investment income and charges*C.15 Income from Shareholdings*

This item amounted to €147,022K as at 31 December 2007 (€262,667K as at 31/12/2006) and consisted of €60,806K of income from subsidiaries and €86,216K of income from other undertakings.

Dividends from subsidiaries relate to the following companies:

(€k)	31/12/2007
Bnl Vita S.p.A.	24,000
Linear Assicurazioni S.p.A.	9,650
Quadrifoglio Vita S.p.A.	6,300
Unipol Banca S.p.A.	17,840
Unisalute S.p.A.	3,016
TOTAL	60,806

€ 60,019K of income from shareholdings in other undertakings, which amounted to € 86,216K (€136,762K as at 31/12/2006), was from units and shares recorded as working capital and €26,197K was capital gain arising out of the sale of the holding in Banca Monte dei Paschi di Siena in April 2007.

C.16 Other investment income

The breakdown of this item, which amounted €764,252K, is summarised in the following table:

(€k)	31/12/2007
A) From receivables recorded under non-current assets	
1. Subsidiaries	5,041
4. Other	605
Total	5,646
C) From securities recorded under current assets	589,337
D) Other income	
1. Subsidiaries	49,592
4. Other	119,677
Total	169,269
TOTAL	764,252

Income from long-term receivables from subsidiaries related to the accrued interest receivable on the subordinated loans granted on 1 September 2007 to Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A.



Income from securities recorded as working capital included the financial repercussions of selling securities and shareholdings amounting to €172,688K and interest on securities of €416,649K.

Income other than that already mentioned mainly consisted of:

- €49,592K of bank interest receivable from subsidiaries;
- €26,237K of bank interest receivable from undertakings not in the Group;
- €74,112K of income arising out of operations in derivatives;
- €4,033 of interest receivable on securities;
- €5,715K of capital gains realised from the sale of units in investment funds.

C.17 Interest and other investment charges – C.17.2 Exchange-rate profits (losses)

'Interest and other investment charges' showed a balance of €243,005K as at 31 December 2007 (€111,497K as at 31/12/2006) whilst 'Exchange rate profits (losses)' were €1,320K (-€598K as at 31/12/2006).

(€k)	31/12/2007
Interest payable and other financial charges	
a. Subsidiaries	3,046
c. Holding companies	0
d. Other	239,958
Total	243,005
Profits (losses) on currency movements	1,320
TOTAL	244,325

'Interest and investment charges from subsidiaries' included interest, commission and charges payable to lenders and companies in the Group.

'Interest and other investment charges' mainly consisted of:

- €38,783K of interest payable on bonded loans;
- €78,630K of charges arising out of operations in derivatives;
- capital losses of €88,206K resulting from trading in shares and bonds;
- €13,696K of charges on shares and securities, mainly consisting of issue and trading spreads;
- €13,935K of value adjustments on the book price of securities transferred from working capital to long-term investments. The securities were reclassified from one category of asset to another before 1 September 2007, the value adjustments thus being recorded in accordance with the provisions of the legislation relating to the insurance sector applying on the date of the operation.

Finally, as regards bonds and other fixed-yield securities, details of the amounts recorded in items C.16 and C.17 as issue and/or trading spreads are given below:

(€k)	31/12/2007
Positive issue spreads	20,012
Negative issue spreads	(2,831)
Positive trading spreads	4,184
Negative trading spreads	(8,493)
Value adjustments on zero coupons	28,151

D. Value adjustments on financial assets

This item showed a negative balance of €37,506K as at 31 December 2007 compared with -€244,527K as at 31 December 2006 and mainly related to:

- €4,486K of value adjustments on shares;
- €5,000K of write-downs on debt securities recorded as long-term investments;
- €28,061K of value adjustments on securities recorded under working capital.



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E. Extraordinary income and charges

This item showed a negative balance of €29,597K as at 31 December 2007 (a negative balance of €27,846K as at 31/12/2006) and related to the following items:

(€k)	31/12/2007
E.20) Income	
Capital gains from disposals	927
Other extraordinary income	
- Unanticipated profits	4,538
- Other extraordinary profits	548
Total	6,013
E.21) Charges	
Capital losses from disposals	(61)
Other extraordinary charges	
- Group reorganisation project	(28,131)
- Unanticipated losses	(7,127)
- Other extraordinary charges	(290)
Total	(35,609)
Net extraordinary profits (losses)	(29,597)

Charges relating to the project to reorganise the Group included consultancy fees of €15,839K and €12,292K set aside for the 'pension enhancement scheme' described in section B of the liabilities on the balance sheet.

Corporation tax for the year, current, deferred and prepaid

Tax for the year amounted to €113,497K (€46,954K as at 31/12/2006), net of €28,060K of deferred taxation, and included €141,558K of current taxes, €114,338K of which was for IRES, €26,354K for IRAP and €865K for substitute tax on the higher taxable amounts exempted under the 'EC draft', calculated in accordance with the provisions of Article 1 para. 48 of Law 244/2007 and of the Presidential Decree of 3 March 2008.

(€k)	IRES (*)	IRAP	Total
Current taxation	115,204	26,354	141,558
Prepaid and deferred taxes:			
- utilisation of prepaid taxes	8,974	690	9,664
- utilisation of deferred taxes	(18,293)	(2,121)	(20,414)
- amounts set aside for prepaid taxes	(16,583)	(1,743)	(18,326)
- amounts set aside for deferred taxes	867	148	1,015
Total	90,169	23,328	113,497

(*) includes substitute tax (Article 1, C. 48 of Law 244/07)

The table reconciling the theoretical tax charge and the actual tax charge is shown below.

Table reconciling the theoretical rate of IRES and the actual rate		
	2007	2006
Normal rate of IRES applicable	33.00%	33.00%
Effect of increases/decreases in the normal rate:		
Excluding dividends	(9.38%)	(20.38%)
Write-down of long-term shareholdings	0.50%	12.50%
Tax-exempt capital gains	(1.80%)	(9.76%)
Other permanent variations	0.09%	1.32%
Actual rate	22.41%	16.68%



Table reconciling the theoretical rate of IRAP and the actual rate		
	2007	2006
Normal rate of IRAP applicable	5.25%	4.25%
Operating balance not subject to IRAP (Legislative Decree 446/97)	(2.25%)	(0.5%)
Employee costs	1.71%	2.32%
Other permanent variations	1.09%	(2.7)%
Actual rate	5.80%	3.37%

Note: The incidence of substitute tax (Article 1, C. 48 of Law 244/07) IRES – IRAP was 0.22% of gross profit.

The table containing the temporary differences that led to prepaid and deferred taxes being recorded (Article 2427 para. 1.14 of the Civil Code) is in Appendix 10 to the Notes to the Accounts.



Other information

Consolidated accounts

UGF's consolidated accounts for the year ended 31 December 2007 were drawn up by applying all the IAS/IFRS international accounting standards issued by the IASB and validated by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of EC Regulation 1606/2002 in force on the date the accounts closed.

Fees for auditing and for services other than auditing

In accordance with Article 149- duodecies of the CONSOB Issuer Regulation the following table shows (in €K) the remuneration that the Companies in the Unipol Group paid to the company of auditors, or to the company to which the company of auditors belongs, for auditing and other services, with each type or category shown separately.

Type of services	Service provider	Recipient	Remuneration
Auditing	KPMG spa	Unipol Gruppo Finanziario spa	210
Certification services			6
Total - Unipol Gruppo Finanziario			216
Auditing	KPMG spa	Subsidiaries	951
Certification services			355
Total - subsidiaries			1,306
Grand total			1,522

Remuneration paid to the members of the Boards of Directors and Auditors, to the Chief Executive Officer and to senior executives with strategic responsibilities

Under the provisions of Article 78 of the Regulation implementing Legislative Decree 58 of 24 February 1998 relating to issuers adopted by CONSOB in its Ruling 11921 of 14 May 1999 as amended and supplemented, the emoluments paid to each Director, Auditor and Chief Executive Officer (for whatever reason and in whatever way, including by subsidiary companies) and the total salaries paid to Senior Executives with strategic responsibilities are shown below.

Beneficiary	Description of post held			Remuneration			
	Name	Post held	dates post held	emoluments for post held	non-monetary benefits	bonuses and other incentives	other emoluments
STEFANINI Pierluigi	Chairman		1/1-31/12/07	727,000 (1)			123,850 (2)
GALANTI Vanes	Vice Chairman		1/1-31/12/07	177,000 (3)			12,021 (4)
SALVATORI Carlo	Chief Executive Officer		1/1-31/12/07	1,752,000 (5)	55,244		140,033 (6)
ANTONI Jean Dominique	Member of the Board		1/1-31/12/07	62,750 (7)			
BETTI Sergio	Member of the Board		24/4-31/12/07	47,884 (8)			
BORGHI Fabio	Member of the Board		24/4-31/12/07	44,884 (9)			
CARANNANTE Rocco	Member of the Board		1/1-31/12/07	77,750 (10)			
COFFARI Piero	Member of the Board		24/4-31/12/07	49,384 (11)			47,192 (12)
COLLINA Piero	Member of the Board		1/1-31/12/07	74,000 (13)			35,000 (14)
CORDAZZO Bruno	Member of the Board		1/1-31/12/07	65,750 (15)			10,147 (16)
COSTALLI Sergio	Member of the Board		24/4-31/12/07	49,384 (17)			16,303 (18)
FOREST Jacques	Member of the Board		1/1-31/12/07	62,000 (19)			
GILLONE Fabrizio	Member of the Board		1/1-31/12/07	74,000 (20)			61,213 (21)
LEVORATO Claudio	Member of the Board		1/1-31/12/07	62,000			31,000 (22)
MALAVASI Ivan	Member of the Board		1/1-31/12/07	63,500 (23)			
MASOTTI Massimo	Member of the Board		1/1-31/12/07	90,627 (24)			
MIGLIAVACCA Enrico	Member of the Board		1/1-31/12/07	68,000 (25)			
MORARA Pier Luigi	Member of the Board		1/1-31/12/07	68,000 (26)			
NASI Sergio	Member of the Board		24/4-31/12/07	44,884 (27)			
PEDRONI Marco	Member of the Board		1/1-31/12/07	67,250 (28)			31,500 (29)
POLITI Giuseppe	Member of the Board		24/4-31/12/07	40,384 (30)			34,428 (31)
VELLA Francesco	Member of the Board		1/1-31/12/07	69,500 (32)			
VENTURI Marco Giuseppe	Member of the Board		1/1-31/12/07	63,500 (33)			33,500 (34)
ZACCHERINI Luca	Member of the Board		1/1-31/12/07	69,500 (35)			

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ZUCHELLI Mario	Member of the Board	1/1-31/12/07	77,000	(36)			
ANDRIANI Antonio Silvano	Member of the Board	1/1-24/04/07	17,866				
BOCCETTI Francesco	Member of the Board	1/1-24/04/07	26,432	(37)			
FABRIZI Pier Luigi	Member of the Board	1/1-24/04/07	15,616				
MARGHERITI Riccardo	Member of the Board	1/1-24/04/07	17,866				
SOLDI Aldo	Member of the Board	1/1-24/04/07	17,866				
TRERE' Graziano	Member of the Board	1/1-24/04/07	17,116				
CHIUSOLI Roberto	Ch. Board of Statutory Auditors	24/4-31/12/07	51,575			100,901	(38)
TROMBONE Domenico	Statutory Auditor	24/4-31/12/07	34,384			19,993	(39)
PICONE Giorgio	Statutory Auditor	24/4-31/12/07	34,384			11,096	(40)
CERCHIAI Cristiano	Alternate Auditor	24/4-31/12/07				57,862	(41)
GRAZIOSI Giovanni Battista	Alternate Auditor	24/4-31/12/07				76,326	(42)
MELLONI Umberto	Ch. Board of Statutory Auditors	1/1-24/04/07	23,425			84,557	(43)
CAPE' Luigi	Statutory Auditor	1/1-24/04/07	15,616				
CASSAMAGNAGHI Carlo	Statutory Auditor	1/1-24/04/07	15,616			45,836	(44)
BACCANI Marco	Alternate Auditor	1/1-24/04/07	=				
CIMBRI Carlo	General Manager	13/9-31/12/07	=		515	357,912	(45)
SENIOR EXECUTIVES with strategic responsibility (aggregate figures)		1/1-31/12/07	=		37,258	703,435	4,970,799 (46)

- (1) Includes remuneration paid under Article 2389, para. 3, of the Civil Code and €12,000 for the post of Chairman of the Management Committee; €487,090 of it was not drawn but paid to Coop Adriatica Scrl;
- (2) Remuneration for the posts held in Unipol Banca S.p.A., Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A.; not drawn but paid to Unipol Gruppo Finanziario S.p.A.;
- (3) Includes remuneration paid under Article 2389, para. 3, of the Civil Code and €12,000 for membership of the Management Committee;
- (4) Remuneration for the post held in Unipol Assicurazioni S.p.A.;
- (5) Includes remuneration paid under Article 2389, para. 3, of the Civil Code and €12,000 for membership of the Management Committee;
- (6) Includes:
 - €69,267 for expenses incurred while carrying out the post;
 - remuneration for the posts held in Unipol Banca S.p.A., Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A. not drawn but paid to Unipol Gruppo Finanziario S.p.A.;
- (7) Includes €4,500 for membership of the Committee for Social Responsibility; not drawn but paid to MAIF (France);
- (8) Includes €3,000 for membership of the Remuneration Committee;
- (9) Includes €3,000 for membership of the Committee for Social Responsibility;
- (10) Includes €12,750 for membership the Internal Auditing Committee;
- (11) Includes €3,000 for membership of the Appointments Committee; not drawn but paid to Coop Adriatica scrl;
- (12) Includes remuneration for the posts held in Unipol Banca S.p.A. and Unipol Merchant S.p.A.; not drawn but paid to Coop Adriatica Scrl;
- (13) Includes €9,000 for membership of the Management Committee and €1,500 for membership of the Remuneration Committee;
- (14) Remuneration for the post held in Unipol Banca S.p.A.;
- (15) Includes €3,000 for membership of the Appointments Committee;
- (16) Includes remuneration drawn for the posts of Chairman of the Supervisory Body and Director of Unipol Assicurazioni S.p.A.;
- (17) Includes €7,500 for membership of the Management Committee; not drawn but paid to Unicoop Tirreno;
- (18) Includes remuneration for the posts held in Unipol Merchant S.p.A. and Unipol Assicurazioni S.p.A.; not drawn but paid to Unicoop Tirreno;
- (19) Includes €3,000 for membership of the Remuneration Committee; not drawn but paid to P&V Assurance (Belgium);
- (20) Includes €9,000 for membership of the Internal Auditing Committee;
- (21) Includes remuneration for the posts held in Aurora Assicurazioni S.p.A. and Unipol Banca S.p.A.;
- (22) Remuneration for the post held in Unipol Banca S.p.A.;
- (23) Includes €3,000 for membership of the Remuneration Committee;
- (24) Includes €12,750 for membership of the Internal Auditing Committee and €12,877 for the post of Chairman of the Supervisory Body;
- (25) Includes €3,750 for membership of the Remuneration Committee;
- (26) Includes €3,000 for membership of the Appointments Committee;
- (27) Includes €1,500 for membership of the Committee for Social Responsibility; not drawn but paid to Coopfond S.p.A.;



- (28) Includes €7,500 for membership of the Management Committee; not drawn but paid to Coop Consumatori Nordest srl;
- (29) Remuneration for the post held in Unipol Banca S.p.A., not drawn but paid to Coop Consumatori Nordest srl;
- (30) Includes €1,500 for membership of the Appointments Committee;
- (31) For the posts held in Unipol Banca S.p.A. and Unisalute S.p.A.;
- (32) Includes €4,500 for membership of the Committee for Social Responsibility;
- (33) Includes €1,500 for membership of the Committee for Social Responsibility;
- (34) Remuneration for the post held in Unipol Banca S.p.A.;
- (35) Includes €7,500 for membership of the Internal Auditing Committee; not drawn but paid to CEFLA Scarl;
- (36) Includes €10,500 for membership of the Management Committee and €1,500 for membership of the Remuneration Committee;
- (37) Includes €2,250 for membership of the Internal Auditing Committee and €6,315 for the post of Chairman of the Supervisory Body: €21,829 not drawn but paid to Coopfond S.p.A.;
- (38) Includes emoluments for the posts of Chairman of the Board of Statutory Auditors of Aurora Assicurazioni spa and Statutory Auditor of Linear Assicurazioni S.p.A., Unipol Merchant S.p.A., Unipol Banca S.p.A., Unisalute S.p.A., BNL Vita S.p.A., Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A.;
- (39) Includes emoluments for the post of Chairman of Unipol Assicurazioni S.p.A.'s Board of Statutory Auditors and for the post of Director of Aurora Assicurazioni S.p.A.;
- (40) Includes emoluments for the post of Chairman of Aurora Assicurazioni S.p.A.'s Board of Statutory Auditors;
- (41) Includes emoluments for the posts of Chairman of Unipol Merchant S.p.A.'s Board of Statutory Auditors and Statutory Auditor of Linear Assicurazioni S.p.A., Navale Assicurazioni S.p.A., Navale Vita S.p.A., Unisalute S.p.A., BNL Vita S.p.A. and Unipol Assicurazioni S.p.A.;
- (42) Includes emoluments for the posts of Chairman of the Board of Statutory Auditors of Dimensione e Sviluppo Immobiliare S.p.A., Nettuno Fiduciaria S.p.A. and Grecale Srl in liquidation, of Statutory Auditor of: Unipol Banca S.p.A., Navale Assicurazioni S.p.A., Navale Vita S.p.A., Unifimm srl, Midi srl, Smallpart S.p.A. and SRS S.p.A. and of Chairman of the Supervisory Body of Navale Assicurazioni S.p.A.;
- (43) Includes emoluments for the post of Chairman of the Board of Statutory Auditors of Quadrifoglio Vita S.p.A., Unipol Banca S.p.A., Navale Assicurazioni S.p.A., Navale Vita S.p.A. and Unipol SGR S.p.A.;
- (44) Includes emoluments for the posts of Chairman of Linear Assicurazioni S.p.A.'s Board of Statutory Auditors, of Statutory Auditor of: Aurora Assicurazioni S.p.A. and of Chairman of the Supervisory Body of Aurora Assicurazioni S.p.A.;
- (45) Includes salary of €174,349 and €183,563 in emoluments for posts held in subsidiary companies, which were not drawn but paid to Unipol Gruppo Finanziario S.p.A.;
- (46) Includes salary of €4,569,834 and €400,965 in emoluments for posts held in subsidiary companies, which were not drawn but paid to Unipol Gruppo Finanziario S.p.A.

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(Article 2427.14 of the Civil Code)
11. Information on indebtedness as at 31 December 2007
(CONSOB Recommendation 6064293)



RECLASSIFIED PROFIT AND LOSS ACCOUNT

(€/k)	31/12/2007	31/12/2006
1) Income from shareholdings:		
in subsidiaries	60,806	125,905
in other undertakings	86,216	136,762
Total income from shareholdings	147,022	262,667
2) Other financial income:		
a) from receivables recorded under non-current assets	5,646	538
from subsidiaries	5,041	0
from other undertakings	605	538
b) from securities recorded under non-current assets other than shareholdings		1,190
c) from securities recorded under current assets other than shareholdings	589,337	355,850
d) other income	169,269	133,739
from subsidiaries	49,592	63,550
from other undertakings	119,677	70,188
Total other financial income	764,252	491,317
3) Interest payable and other financial assets:		
subsidiaries	3,046	3,375
holding companies	0	0
others	239,958	108,122
Total interest payable and other financial charges	243,005	111,497
Profits (losses) on currency movements	1,320	(598)
TOTAL FINANCIAL INCOME AND CHARGES	669,590	641,888
4) Write-ups:		
a) on shareholdings	0	2,073
b) on financial non-current assets other than shareholdings	40	2,235
c) on securities recorded under current assets other than shareholdings	0	7,808
Total write-ups	40	12,117
5) Write-downs:		
a) on shareholdings	4,486	96,889
b) on financial non-current assets other than shareholdings	5,000	0
c) on securities recorded under current assets other than shareholdings	28,061	159,755
Total write-downs	37,546	256,644
TOTAL VALUE ADJUSTMENTS	(37,506)	(244,527)
6) Other operating income	3,742,526	3,159,408
TOTAL OTHER OPERATING INCOME	3,742,526	3,159,408
7) Non-financial services	106,660	68,096
8) Use of third parties' assets	10,519	6,317
9) Staff	216,083	107,923
10) Amortizations and write-downs	44,447	26,909
11) Amounts set aside for risks	139,008	225,296
12) Other amounts set aside	8,477	0
13) Sundry operating charges	3,417,481	2,860,268
TOTAL OTHER OPERATING CHARGES	3,942,675	3,294,808
PROFIT (LOSS) ON ORDINARY ACTIVITIES	431,935	261,962
14) Extraordinary income:		
a) Capital gains on disposals	927	1,634
b) Other income	5,085	2,958
Total extraordinary income	6,013	4,592
15) Extraordinary charges:		
a) Capital losses on disposals	61	1,896
c) Other charges	35,549	30,542
Total extraordinary charges	35,609	32,438
EXTRAORDINARY PROFIT (LOSS)	(29,597)	(27,846)
PROFIT BEFORE TAXATION	402,338	234,116
16) Income tax for the financial year	113,497	46,954
17) PROFIT (LOSS) FOR THE FINANCIAL YEAR	288,841	187,162



STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2007 AND 2006

(€/)	Equity reserves and undistributed profits							Profit for the fin. year	TOTAL
	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Reserve for own shares and holding company's shares	Extraordinary reserve	Other reserves		
BALANCES AS AT 31 DECEMBER 2005	2,360,144	2,433,706	20,701	84,654	145,000	117,406	677	218,765	5,381,053
Resolutions passed by the General Shareholders' Meeting of 29/04/2006:									
Profit allocation for the financial year 2005									
-legal reserve				21,876				(21,876)	-
-extraordinary reserve						1,948		(1,948)	-
-dividends paid		(94,406)						(193,490)	(287,895)
Reserve reclassification		(365,499)		365,499					-
Reserve for holding company's shares									-
Reserve as per Legisl. Decree 173/1997, Article 20									-
Reserve as per Article 2426 - Currency differences									-
Share capital increase							1,450	(1,450)	-
Profit for the financial year 2006								187,162	187,162
BALANCES AS AT 31 DECEMBER 2006	2,360,144	1,973,801	20,701	472,029	145,000	119,355	2,127	187,163	5,280,320
Resolutions passed by the General Shareholders' Meeting of 24/04/2007:									
Profit allocation for the financial year 2006									
-legal reserve								(4,818)	-
-extraordinary reserve						4,818		(181,689)	(287,895)
-dividends paid		(106,206)							
Share swap reserve							21,047		21,047
Reserve as per Legisl. Decree 173/1997, Article 20								(15)	(15)
Reserve as per Art.2426 Civil Code - Currency differences								655	(655)
Share capital increase									31,282
Profit for the financial year 2007								288,841	288,841
BALANCES AS AT 31 DECEMBER 2007	2,391,426	1,867,595	20,701	472,029	145,000	124,173	23,815	288,841	5,333,579

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STATEMENT ON USAGE AND AVAILABILITY OF EQUITY RESERVES
(€k)

Type/description	Amount	Usage allowed (*)	Share available	Reserves used in the three prior fin. years - Summary
				to cover losses
				other reasons
Share capital	2,391,426			
Capital reserves				
Share premium reserve	1,867,595	A, B	1,867,595	200,612 (1)
Revaluation reserve under Law 413/1991	14,762	A, B, C	14,762	
Reserve from property write-ups	5,939	A, B, C	5,939	
Share swap reserve (former revaluation under Law 413/1991)	18,316	A, B, C	18,316	
Share swap reserve	1,571	A, B, C	1,571	
Reserve as per Regional Law 46 of 12/4/67 (Sicily)	326	A, B	326	
Merger reserve	22	A, B, C	22	
Legal reserve	365,499	B	-	
Profit reserves				
Legal reserve	106,530	B	-	
Reserve for own shares	100,000	A, B, C	100,000	
Reserve for holding company's shares	45,000	A, B, C	45,000	
Extraordinary reserve	124,173	A, B, C	124,173	
Reserve for warrant conversion	314	A	314	28,666 (2)
Share swap reserve	1,160	A, B, C	1,160	
Reserve as per Article 2426 Civil Code, 8 bis	2,106	A, B	2,106	
Total	5,044,738		2,181,283	
Share not to be distributed			1,870,341	
Share to be distributed			310,943	

(*) A: capital increase B: to cover losses C: to distribute to shareholders

(a) to be distributed only when the legal reserve reaches the limit provided for by Article 2430 Civil Code

(b) transfer from share premium reserve

(1) distribution of supplementary dividend

(2) free-of-payment capital increase

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2007

/(€k)

	2007
CASH INFLOW	
Cash inflow from operating activities	
Net profit for the fin. year	288,841
Depreciation on tangible and intangible non-current assets	28,259
Value adjustments on financial non-current assets	5,140
Value adjustments on other financial assets	32,366
Increase (decrease) in net tax payables	39,508
Increase (decrease) in net deferred tax liabilities	(22,109)
Amounts allocated to provision for risks and charges	157,761
Increase (decrease) in provision for staff-leaving indemnity	(1,930)
Decrease (increase) in prepayments and accrued income	60,492
Increase (decrease) in accruals and deferred income	(21,430)
Merger effects	(218,316)
Other items	(27,687)
Total cash inflow from operating activities	320,895
Other cash inflow	
Disposal of tangible and intangible non-current assets	578
Disposal of shareholdings recorded under non-current assets	151,362
Disposal and repayment of other financial non-current assets	340,058
Decrease in receivables recorded under current assets	136,618
Decrease in financial assets of current assets	1,716,936
Increase in payables	41,126
Total other cash inflow	2,386,678
TOTAL CASH INFLOW	2,707,573
CASH FLOWS WERE INVESTED AS FOLLOWS:	
Increase in tangible and intangible non-current assets	20,611
Increase in shareholdings recorded under non-current assets	1,153,568
Increase in other financial non-current assets	471,701
Increase in receivables recorded under current assets	63,718
Increase in financial assets recorded under current assets	298,948
Use of provision for risks and charges	1,135,046
Other liquid investments	35,378
Dividends distributed	287,895
TOTAL CASH FLOW INVESTED	3,466,865
Increase (decrease) in liquid assets	(759,292)
TOTAL	2,707,573
Cash at bank and in hand as at 1st January	1,560,169
Cash at bank and in hand as at 31 December	800,877

Due to extraordinary operations carried out during the financial year and consequent changes in activity, no comparison is made with the previous financial year.

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STATEMENT OF CHANGES IN INTANGIBLE NON-CURRENT ASSETS
(€K)

	MOVEMENTS IN THE PERIOD													
	AS AT 1st JANUARY				HISTORIC COSTS				DEPRECIATION FUND			AS AT 31st DECEMBER		
	Historic cost	Depreciation fund	Net value as at 31/12/2006	Merger	Purchases	Hive-down	Sales	Merger	Allowance for the period (*)	Hive-down	Sales	Historic cost	Depreciation fund	Net value as at 31/12/2007
Start-up and development costs	67,754	(29,203)	38,552		80			(13,567)				67,834	(42,769)	25,065
Concessions, licences, trade-marks and similar rights	40	(15)	24		3	(42)		(3)		18				
Goodwill	1,680	(420)	1,260			(1,680)		(140)		560				
Work-in-progress and advance payments					3,033							3,033		3,033
Other	5,760	(3,601)	2,159	12,413	673		(8,927)	(2,144)			18,845	(14,671)	4,174	
Acquisition commissions	28,653		28,653			(28,653)		(700)		700				
TOTAL	75,233	(33,239)	70,648	12,413	3,789	(30,375)	(8,927)	(16,553)	1,278	1,278	89,713	(57,441)	32,272	

(*) Total depreciation for the period is lower than item B, 10, of the profit and loss account, which includes the depreciation allowance for the period 1/1 to 31/8 relating to non-current assets already hived-down by Aurora to Nuova Aurora when the merger took place. The latter's movements are not considered in this statement.

STATEMENT OF CHANGES IN TANGIBLE NON-CURRENT ASSETS (€k)

	MOVEMENTS IN THE PERIOD															
	AS AT 1st JANUARY				HISTORIC COSTS				DEPRECIATION FUND				AS AT 31st DECEMBER			
	Historic cost	Depreciation fund	Net value as at 31/12/2006		Increases	Decreases	Increases	Decreases	Increases	Decreases	Allowance for the period	Hive-down	Sales	Historic cost	Depreciation fund	Net value as at 31/12/2007
Land and buildings	582,540	(33,106)	549,433	Merger												
				Purchases	7,294	(589,758)	(76)			(3,102) (*)	36,209					
Plant and machinery	15,504	(12,030)	3,474	Merger	15,301	-	(100)			(2,943)		74	33,064	(25,357)	7,708	
					2,360											
Other assets	60,511	(45,989)	14,522	Merger	48,442	(65)	(1,494)			(5,660)	23	1,017	114,461	(90,736)	23,725	
					7,066											
Work-in-progress and advance payments	430		430		101	(531)										
TOTAL	658,985	(91,126)	567,859	Merger	63,743	(590,354)	(1,669)	(50,584)	(11,706)	36,232	1,091	147,526	(116,093)	31,433		

(*) Total depreciation for the period is lower than item B, 10, of the profit and loss account, which includes the depreciation allowance for the period 1/1 to 31/8 relating to non-current assets already hived-down by Aurora to Nuova Aurora when the merger took place. The latter's movements are not considered in this statement.

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ANALYSIS OF INVESTMENT MOVEMENTS IN GROUP UNDERTAKINGS AND IN OTHER UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD: STOCKS AND SHARES

(€K)

Company name	Book value as at 31/12/06		Increases in the financial year					
	Quantity	Value	Purchases		Merger		Other	
			Quantity	Value	Quantity	Value	Quantity	Value
Compagnia Assicuratrice Unipol Spa	5,000,000	5,000					145,000,000	788,088
Aurora Assicurazioni Spa					150,000,000	1,272,687		869,953
Compagnia Assicuratrice Linear Spa	15,440,000	21,506			3,860,000	24,001		
Unipol Sgr Spa			5,000,000	5,550				
Navale Assicurazioni Spa	96,086,399	131,673	3,317	3				
Unisalute Spa	16,177,617	27,494			1,056,626	4,075		
Unipol Banca Spa	489,202,565	638,102			105,454,650	180,587		
Quadrifoglio Vita Spa	15,750,000	43,450						
BNL Vita Spa	16,000,000	165,353	320,000	6,563				
Ex Aurora Assicurazioni Spa	613,144,541	1,265,203	268,695,141	817,911				
Midi Srl	72,000,000	55,973						
Smallpart Spa	32,000,000	32,000						
SRS Spa	10,453,217	27,988						
Unifimm Srl	85,000,000	45,076						
Total subsidiaries	1,466,254,339	2,458,817	274,018,458	830,027	260,371,276	1,481,351	145,000,000	1,658,041
Euresa Holding Sa	96,202	1,661						
Hotel Villaggio CDM Spa	3,429,933	3,455						
Total associates	3,526,135	5,116	-	-	-	-	-	-
Actel Sa	1,024	22						
Allnations Sa Ord	23	1						
Atlantis Sa	31,250	1,557						
Atlantis Vida Sa	12,020	1,203						
Banca di Bologna Scarl	1,001	53	20	1				
Banca Monte dei Paschi di Siena Spa	59,987,000	235,838	30,225,310	149,709				
Banca Popolare Etica Scarl	1,000	52						
Banca Popolare Italiana Spa	3,410,000	27,963						
Banco Popolare Scarl							1,466,300	20,564
Cestar Srl	147,171	76						
Consorzio Energia Fiera District	1	2						
Cooptecnital Scarl	5	3						
Fondazione UNIPOLIS	1	258						
Hopa Spa	97,307,213	92,928						
Inforcoop Scarl	1	22						
P & V Holding Sa	332,454	8,241						
Partisagres SGPS Sa	65,354	328						
Previnet Spa	300	465						
Sagres Sa	10,947	238						
Syneristiki Insurance Sa	3,954,920	2,124	497,331					
The Co-operators Group Sa	20,000	1,232						
UCI Scarl	42,462	22						
Vivium			525,898	147,549				
Total other undertakings	165,324,147	372,627	31,248,559	297,259	-	-	1,466,300	20,564
TOTAL B.III.1)	1,635,104,621	2,836,561	305,267,017	1,127,286	260,371,276	1,481,351	146,466,300	1,678,605



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Decreases in the financial year						Book value as at 31/12/07		Purchase cost	Current value
Sales		Hive-down		Other		Quantity	Value		
Quantity	Value	Quantity	Value	Quantity	Value				
						150,000,000	793,088	793,088	1,905,085
						150,000,000	2,142,640	2,142,640	2,330,845
						19,300,000	45,507	45,507	129,891
						5,000,000	5,550	5,550	5,550
						96,089,716	131,676	131,676	131,676
						17,234,243	31,570	31,570	85,628
		118,075,269	154,014			476,581,946	664,675	666,724	880,723
						15,750,000	43,450	43,450	92,500
		6,400,000	66,141			9,920,000	105,774	105,774	182,475
				881,839,682	2,083,114	-	-	-	-
		72,000,000	55,973			-	-	-	-
		32,000,000	32,000			-	-	-	-
		10,453,217	27,988			-	-	-	-
		85,000,000	45,076			-	-	-	-
-	-	323,928,486	381,192	881,839,682	2,083,114	794,875,905	3,963,930	3,965,979	5,744,374
		96,202	1,661			-	-	-	-
		3,429,933	3,275		180	-	-	-	-
-	-	3,526,135	4,936	-	180	-	-	-	-
		1,024	22			-	-	-	-
		23	1			-	-	-	-
		31,250	1,557			-	-	-	-
		12,020	1,203			-	-	-	-
		1,021	54			-	-	-	-
30,225,310	123,399	59,987,000	262,147			-	-	-	-
		1,000	52			-	-	-	-
				3,410,000	27,963	-	-	-	-
		1,466,300	20,564			-	-	-	-
		147,171	76			-	-	-	-
		1	2			-	-	-	-
		5	3			-	-	-	-
		1	258			-	-	-	-
		97,307,213	92,928			-	-	-	-
		1	22			-	-	-	-
		332,454	8,241			-	-	-	-
		65,354	328			-	-	-	-
		300	465			-	-	-	-
		10,947	238			-	-	-	-
		4,452,251	2,124			-	-	-	-
		20,000	1,232			-	-	-	-
		42,462	22			-	-	-	-
						525,898	147,549	147,549	147,549
30,225,310	123,399	163,877,798	391,537	3,410,000	27,963	525,898	147,549	147,549	147,549
30,225,310	123,399	491,332,419	777,665	885,249,682	2,111,257	795,401,803	4,111,479	4,113,529	5,891,923



STATEMENT OF SHAREHOLDINGS HIGHER THAN 10% AS AT 31 DECEMBER 2007

(in accordance with Consob Resolution 11971 of 14 May 1999, Article 126)

Company name	Registered offices	% held			Total % held (*)
		Dir.	Ind.	Through	
Compagnia Assicuratrice Unipol S.p.A.	Bologna	100.00%			100.00%
Aurora Assicurazioni S.p.A.	S. Donato Milanese (MI)	100.00%			100.00%
Compagnia Assicuratrice Linear S.p.A.	Bologna	100.00%			100.00%
Unipol SGR S.p.A.	Bologna	100.00%			100.00%
Navale Assicurazioni S.p.A.	Milan	99.83%			99.83%
Unisalute S.p.A.	Bologna	98.48%			98.48%
Unipol Banca S.p.A.	Bologna	67.74%	16.78%	Compagnia Assicuratrice Unipol S.p.A.	84.52%
Quadrifoglio Vita S.p.A.	Bologna	50.00%			50.00%
BNL Vita S.p.A.	Milan	31.00%	20.00%	Compagnia Assicuratrice Unipol S.p.A.	51.00%
Vivium S.A.	Belgium	13.88%			13.88%
Agefin S.p.A.	Bologna		19.90%	Unipol Banca S.p.A.	19.90%
A.P.A. S.p.A.	Parma		46.50%	Smallpart S.p.A.	46.50%
Assicoop Ferrara S.p.A.	Ferrara		47.40%	Smallpart S.p.A.	47.40%
Assicoop Firenze S.p.A.	Florence		44.00%	Smallpart S.p.A.	44.00%
Assicoop Imola S.p.A.	Imola (BO)		47.33%	Smallpart S.p.A.	47.33%
Assicoop Modena S.p.A.	Modena		43.32%	Smallpart S.p.A.	43.32%
Assicoop Ravenna S.p.A.	Ravenna		49.00%	Smallpart S.p.A.	49.00%
Assicoop Romagna S.p.A.	Forlì		49.00%	Smallpart S.p.A.	49.00%
Assicoop Sicura S.p.A.	Bologna		40.00%	Smallpart S.p.A.	40.00%
Assicoop Siena S.p.A.	Siena		49.00%	Smallpart S.p.A.	49.00%
Assicura S.p.A.	Reggio Emilia		35.00%	Smallpart S.p.A.	35.00%
Atlantis Vida s.a.	Spain		12.50%	Compagnia Assicuratrice Unipol S.p.A.	12.50%
Bnl Servizi Assicurativi S.r.l.	Bologna		100.00%	BNL Vita S.p.A.	100.00%
Cooperleasing S.p.A.	Bologna		100.00%	Unipol Banca S.p.A.	100.00%
Euresa Holding s.a.	Luxembourg		24.05%	Compagnia Assicuratrice Unipol S.p.A.	24.05%
Fl.BO. Finanziaria Bolognese S.p.A.	Bologna		18.95%	Smallpart S.p.A.	18.95%
Fim.par.co. Spa	Carpi (MO)		15.00%	Unipol Merchant S.p.A.	15.00%
Finabita S.p.A.	Rome		10.56%	Unipol Merchant S.p.A.	10.56%
Grecale S.r.l. in liquidazione	Bologna		60.00%	Unipol Banca S.p.A.	
			40.00%	Unipol Merchant S.p.A.	100.00%
Hotel Villaggio Cdm S.p.A.	Terrasini (PA)		49.00%	Compagnia Assicuratrice Unipol S.p.A.	49.00%
Inarcheck S.p.A.	Milan		12.00%	Smallpart S.p.A.	12.00%
Midi S.r.l.	Bologna		100.00%	Compagnia Assicuratrice Unipol S.p.A.	100.00%
Navale Vita S.p.A.	Rome		100.00%	Navale Assicurazioni S.p.A.	100.00%
Nettuno Fiduciaria S.r.l.	Bologna		100.00%	Unipol Banca S.p.A.	100.00%
Nuovi Investimenti S.p.A.	Bologna		39.00%	Smallpart S.p.A.	
			10.00%	Unipol Merchant S.p.A.	49.00%
Pegaso Finanziaria S.p.A.	Bologna		45.00%	Smallpart S.p.A.	45.00%
Promorest S.r.l.	Castenaso (BO)		45.00%	Unipol Merchant S.p.A.	45.00%
Protos SOA S.p.A.	Rome		10.59%	Smallpart S.p.A.	10.59%
SCS Azioninova S.p.A.	Bologna		40.00%	Unipol Merchant S.p.A.	40.00%
Smallpart S.p.A.	Bologna		100.00%	Compagnia Assicuratrice Unipol S.p.A.	100.00%
SRS S.p.A.	Bologna		75.21%	Compagnia Assicuratrice Unipol S.p.A.	
			24.79%	Aurora Assicurazioni S.p.A.	100.00%
Syneristiki Insurance s.a.	Greece		16.89%	Compagnia Assicuratrice Unipol S.p.A.	16.89%
Tecne Dental S.r.l.	Calenzano (FI)		30.00%	Unipol Merchant S.p.A.	30.00%
Uci S.c.a.r.l.	Milan		4.25%	Compagnia Assicuratrice Unipol S.p.A.	
			8.21%	Aurora Assicurazioni S.p.A.	
			1.36%	Navale Assicurazioni S.p.A.	13.82%
Unagro S.p.A.	Ravenna		35.71%	Unipol Merchant S.p.A.	35.71%
Unieuropa S.r.l.	Bologna		98.00%	Smallpart S.p.A.	98.00%
Unifimm S.r.l.	Bologna		100.00%	Compagnia Assicuratrice Unipol S.p.A.	100.00%
Unipol Fondi LTD	Ireland		100.00%	Unipol Banca S.p.A.	100.00%
Unipol Merchant S.p.A.	Bologna		86.18%	Unipol Banca S.p.A.	86.18%
Unisalute Servizi S.r.l.	Bologna		100.00%	Unisalute S.p.A.	100.00%

(*) All shareholdings mentioned above are held as owners.



LIST OF SHARES AND SECURITIES INCLUDED IN CURRENT ASSETS AS AT 31/12/2007

(€/k)

ISIN Code	Description	Nominal value as at 31/12/2007	Book value as at 31/12/2007	Current value as at 31/12/2007	Write-downs	Type
NL0000303709	Aegon NV New	100,000	1,209,200	1,209,200	(365,845)	Other listed shares
AT0000730007	Andritz AG	40,000	1,632,440	1,632,440	(442,044)	Other listed shares
DE0005190003	BMW	150,000	6,203,100	6,203,100	(1,320,335)	Other listed shares
FR0000120172	Carrefour ord.	85,000	4,485,620	4,485,620	(163,895)	Other listed shares
CH0012323272	SWISS RE-REG(RUKN VX)	100,000	4,995,407	4,995,407	(2,013,071)	Other listed shares
	Total other listed shares	475,000	18,525,767	18,525,767	(4,305,190)	
IE0005407881	Unipol Perfor.Italia Fund	130,000	1,138,852	1,336,010	0	Foreign investment funds
	Total investment funds	130,000	1,138,852	1,336,010	0	
XS0298329516	MONTE PASCHI FRN 09/05/14	10,000,000	9,724,800	9,724,800	(266,849)	Debt sec.of other part. interests
XS0291642154	AIG 4,875% 15/03/17-67	10,000,000	8,792,600	8,792,600	(1,188,809)	Other listed debt securities
XS0286704514	ART 13/02/17 FRN	10,000,000	8,787,000	8,787,000	(1,213,000)	Other listed debt securities
XS0250613063	ART V 01/02/20	15,000,000	12,158,550	12,158,550	(2,188,571)	Other listed debt securities
XS0305195074	B.POP.VICENZA FRN 15/06/14	10,000,000	9,719,100	9,719,100	(258,490)	Other listed debt securities
XS0272309385	BANCA POP VR NO 15/11/21 CMS	85,000,000	76,579,900	76,579,900	(2,793,100)	Other listed debt securities
PTBERLOM0017	BANCO ESPIRITO SANTO FRN 08/05/13	4,000,000	3,938,400	3,938,400	(56,820)	Other listed debt securities
ES0213770011	BANCO PASTOR 11/06/14-49 FRN	1,800,000	1,740,924	1,740,924	(78,160)	Other listed debt securities
XS0331448067	BANCO POP SOC.COOP 27/05/2009 FRN	20,000,000	19,965,150	20,059,600	0	Other listed debt securities
XS0238509078	BEAR ST 19/01/14 CMS	15,000,000	13,509,000	13,509,000	(1,206,000)	Other listed debt securities
XS0298869545	BNP AZUR AQUARIUS 15/08/17 C10	8,000,000	7,453,520	7,453,520	(546,480)	Other listed debt securities
XS0269197629	CASTLE FIN 10/10/16	10,000,000	7,498,400	7,498,400	(2,501,600)	Other listed debt securities
XS0270251456	DALI CAP 26 01/11/29 VAR4	50,000,000	48,720,000	48,720,000	(1,280,000)	Other listed debt securities
XS0292399754	EUROPEAN CREDIT LUX 21/03/07-17	20,000,000	19,306,400	19,306,400	(693,600)	Other listed debt securities
XS0242989738	GEN ELEC CAP 6% 02/02/11-46	10,000,000	6,397,120	6,397,120	(368,869)	Other listed debt securities
XS0242988177	GOLDMAN S 04/02/13 FRN	11,000,000	10,592,890	10,592,890	(396,859)	Other listed debt securities
XS0300975306	GOLDMAN S 18/05/15 FRN	2,000,000	1,900,160	1,900,160	(96,077)	Other listed debt securities
XS0284308417	GOLDMAN S 26/01/22	11,000,000	10,585,300	10,585,300	(414,700)	Other listed debt securities
XS0284728465	GOLDMAN S 30/01/17 FRN	15,000,000	14,126,700	14,126,700	(839,648)	Other listed debt securities
XS0221011454	HANNOVER RE 5% 01/06/15-49	7,587,000	6,990,282	6,990,282	(493,942)	Other listed debt securities
XS0188201619	HBOS 13/03/14-49 FRN	12,000,000	10,874,640	10,874,640	(1,212,681)	Other listed debt securities
XS0292269544	HBOS 21/03/12-17 FRN	1,000,000	952,730	952,730	(46,846)	Other listed debt securities
XS0300196879	INTESA SANPAOLO FRN 18/05/17	4,000,000	3,898,160	3,898,160	(92,933)	Other listed debt securities
XS0231555672	JP MORGAN 12/10/15 FRN	12,000,000	11,106,120	11,106,120	(928,327)	Other listed debt securities
XS0284839882	JPM 30/01/14 FRN	5,000,000	4,846,750	4,846,750	(139,868)	Other listed debt securities
XS0274856425	LEHMAN 13/05/15 LARAMYA	5,490,000	3,436,611	3,436,611	(292,755)	Other listed debt securities
XS0283497005	LEHMAN 31/01/17 CMS	7,500,000	7,076,325	7,076,325	(404,925)	Other listed debt securities
XS0287044969	LEHMAN 4.625% 14/03/14-19	7,500,000	6,577,950	6,577,950	(921,493)	Other listed debt securities
XS0297333410	MEDIOBANCA 30/10/09	8,000,000	7,969,680	7,969,680	(27,509)	Other listed debt securities
XS0281902550	MERRILL L 30/01/17 FRN	10,000,000	9,294,900	9,294,900	(695,100)	Other listed debt securities
XS0267827169	MERRILL L 14/09/18 FRN	15,000,000	12,973,950	12,973,950	(1,987,722)	Other listed debt securities
XS0302633598	MERRILL LYNCH 05/14	9,000,000	8,318,250	8,318,250	(656,677)	Other listed debt securities
XS0250971222	MORGAN ST 13/04/16 FRN	4,600,000	4,268,892	4,268,892	(333,006)	Other listed debt securities
XS0166965797	MUNICH RE 6.75% 21/06/23-13	5,000,000	5,291,000	5,291,000	(355,583)	Other listed debt securities
FR0010479527	NATIXIS 06/07/17 Float	7,000,000	6,592,950	6,592,950	(404,012)	Other listed debt securities
XS0195231526	ROYAL BK OF SCOTLAND 03/07/14-49 FRN	10,600,000	9,523,358	9,523,358	(1,172,575)	Other listed debt securities
XS0296470114	SAPHIR 20/06/21 CPPI	25,000,000	25,000,000	25,375,000	0	Other listed debt securities
XS0240226687	SIGNUM FIN 12/01/16 ASHMORE	12,500,000	12,500,000	12,933,375	0	Other listed debt securities
XS0234159415	SLM 15/12/10 FRN	2,000,000	1,846,440	1,846,440	(150,750)	Other listed debt securities
XS0205875395	SOC LLOYDS 5.625% 17/11/14-24	5,000,000	4,843,500	4,843,500	(439,107)	Other listed debt securities
XS027688937	STANDARD CHARTERED 28/03/13-18 FRN	8,500,000	8,116,395	8,116,395	(361,782)	Other listed debt securities
XS0231436238	UNICREDITO 4.028% 27/10/15-49	5,000,000	4,207,200	4,207,200	(497,604)	Other listed debt securities
IT0004101447	CCT 01/07/2013	145,000,000	145,688,750	145,688,750	(58,021)	Listed Government bonds
	Total debt securities and Government bonds	652,077,000	613,690,747	614,593,572	(28,060,850)	
	TOTAL CURRENT FINANCIAL ASSETS	652,682,000	633,355,366	634,455,349	(32,366,041)	

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STATEMENT OF TEMPORARY DIFFERENCES THAT LED TO DEFERRED TAX ASSETS AND LIABILITIES BEING RECORDED
(€k)

	2006			INCREASES			DECREASES			2007		
	Taxable amount	Fiscal effect (*)	Tax rate (*)	Taxable amount	Fiscal effect	Tax rate (**)	Taxable amount	Fiscal effect	Tax rate (**)	Amount	Fiscal effect (**)	Tax rate (**)
DEFERRED TAX ASSETS												
Unrealised capital losses on shareholdings recorded under current assets	8,333	3,187	38.25%	12,970	4,705	36.25%	16,997	6,502	38.25%	4,305	1,391	32.31%
Change in provision for outstanding claims	33,280	12,730	38.25%	28,798	11,015	38.25%	62,078	23,745	38.25%	-	-	32.31%
Surplus amortisations	907	347	38.25%	633	220	34.76%	604	265	43.87%	936	302	32.31%
Unpaid professional fees	1,781	681	38.25%	-	-	-	1,781	681	38.25%	-	-	32.31%
Other fees (negligible amounts)	180	69	38.25%	336	120	35.71%	144	68	47.22%	373	121	32.31%
Amounts set aside for staff charges	1,714	566	33.00%	16,687	4,779	28.64%	5,173	1,707	32.85%	13,228	3,638	27.50%
Unrealised capital losses on shareholdings recorded under non-current assets	3,059	1,010	33.00%	1,040	343	32.98%	4,099	1,353	33.00%	-	-	27.50%
Provision for credit risks	1,521	502	33.00%	11,008	3,633	32.91%	9,589	3,326	34.69%	2,940	809	27.50%
Provision for credit write-downs 0.4%	1,324	437	33.00%	-	-	-	1,324	437	33.00%	-	-	27.50%
Provision for credit write-downs 0.6%	868	287	33.00%	-	-	-	868	287	33.00%	-	-	27.50%
Provision for future charges	5,000	1,650	33.00%	1,307	431	32.98%	6,144	2,036	33.14%	163	45	27.50%
Other provisions (negligible amounts)	92	30	33.00%	143	39	27.27%	92	30	32.61%	143	39	27.50%
TOTAL	58,060	21,495		72,922	25,286		108,893	40,437		22,089	6,344	
DEFERRED TAX LIABILITIES												
Capital gains on non-current assets distributed over 5 years												
residential dwellings	1,437	474	33%	15,552	5,132	33%	6,309	2,669	42.30%	10,680	2,937	27.50%
buildings used for corporate business	23,257	8,896	38%	49,218	18,826	38%	26,558	12,886	48.53%	45,917	14,836	32.31%
financial non-current assets	5,139	1,696	33%	-	-	-	2,974	1,100	37.00%	2,165	595	27.50%
Capital gains on shareholdings recorded under current assets (re-adjustments)	3,146	1,203	38%	-	-	-	3,146	1,203	38.25%	-	-	32.31%
Tax amortisations (EC statement)	3,935	1,505	38%	3,106	1,049	33.77%	7,042	2,554	36.28%	-	-	32.31%
Other ("historical" buildings - Law 1089/39)				679	260	38.29%	679	260	38.29%			
TOTAL	36,915	13,775		68,556	25,267		46,708	20,674		58,762	18,368	

(*) 33% ires and 5.25% irap (if applicable)

(**) 27.5% ires and 4.81% irap (if applicable)

INFORMATION ON NET INDEBTEDNESS AT SHORT, MEDIUM AND LONG TERM

/(€k)

		31/12/2007
A	Cash	104
B	Other liquid assets, incl.	800,773
	- to subsidiaries	800,343
	- to others	430
C	Securities held for trading	641,724
D	Liquid assets (A) + (B) + (C)	1,442,600
E	Current financial receivables	-
F	Current bank payables	-
G	Current portion of non-current indebtedness	(18,655)
H	Other current financial payables	-
I	Current financial indebtedness (F) + (G) + (H)	(18,655)
J	Net current financial indebtedness (I) - (E) - (D)	(1,461,255)
K	Non-current bank payables	-
L	Callable notes	600,000
M	Other non-current payables	-
N	Non-current financial indebtedness (K) + (L) + (M)	600,000
O	Net financial indebtedness (J) + (N)	(861,255)

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Carlo Levi
nude

Unipol private collection



Report of the Board of Statutory Auditors to the Shareholders' Meeting

in accordance with Article 153 of Legislative Decree 58 of 24 February 1998

Dear Shareholders,

During the year ended 31 December 2007 we carried out our supervisory duties as laid down in law in accordance with the code of conduct for Boards of Statutory Auditors recommended by the National Councils of Professional and Chartered Accountants.

In particular, in compliance with the guidelines provided by CONSOB in Communication DEM/1025564 of 6 April 2001, in accordance with Article 153 para. 1 of Legislative Decree 58/1998 (hereinafter referred to as TUF) we hereby report the following.

1. Preliminary report of the extraordinary events that took place in 2007

The Board of Statutory Auditors would like to draw your attention to the report provided by the Directors in the Notes to the Accounts and in the Management Report on the reorganisation of the Unipol Group, which was carried out during 2007. This Board of Statutory Auditors – both in fulfilment of the duties imposed by the CONSOB Communication of 6 April 2001 and in order to make the accounts easier to understand – will provide a summary below.

The project to reorganise the companies in the Unipol Group, which had been launched on 11 December 2006 in order to restructure the Group with a view to implementing the objectives laid down in the business plan for 2007-2009, was completed on 1 September 2007.

Under this reorganisation project two new operating companies, Nuova Unipol Assicurazioni and Nuova Aurora Assicurazioni, were set up on 29 December 2006.

In the first few months of 2007 Unipol Assicurazioni as it then was (now Unipol Gruppo Finanziario S.p.A. – UGF S.p.A.) launched a voluntary public offer for 33.34% of Aurora Assicurazioni's share capital at a price of €2.45 per share. The offer came to an end on 9 March 2007 with shares representing 29.162% of Aurora Assicurazioni's capital being contributed. The cost of €657m (plus €4m of additional charges) was financed from capital and reserves.

On 3 August 2007 ISVAP authorised Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A. to operate in insurance and approved the hiving off of the entire 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 authorised Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A. to manage open-end pension funds.

Unipol Assicurazioni S.p.A. (now UGF S.p.A.) and Aurora Assicurazioni S.p.A. (subsequently incorporated into what is now UGF S.p.A.) hived off their insurance business to their wholly owned companies Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A. respectively with effect from 1 September 2007.

Hive-down to Nuova Unipol Assicurazioni S.p.A.

As expressly provided for in the agreement the hive down was carried out at book values (with the sole exception of two properties of historical and artistic interest hived off at values assessed by the expert) with the net equity value assessed by the expert being €700m as at 31 December 2006, subsequently adjusted to take account of variations in the level of equity items hived off between this date and the date the hive down was implemented. Therefore the statement of assets and liabilities of the insurance business hived off was updated to 31 August 2007 in order to ascertain its actual net book value as at 1 September 2007, the date the hive down took legal effect, compared with its value as at 31 December 2006, the date of the statement of assets and liabilities appended to the hive down document.

The statement of assets and liabilities drawn up as at 31 August 2007 recorded a net equity value of the class of business that was hived off of €784,739,538.

The value finally placed on the business hived off was well below the minimum value of €1,630m estimated by the expert.

Hive-down to Nuova Aurora Assicurazioni S.p.A.

This hive down was carried out at book values too, in accordance with the same procedures as those described above relating to Unipol business.

The report issued by the valuer appointed by the Court in Milan put a minimum value as at 31 December 2006 on the business hived off of €2,002m and a maximum of €2,090m, with an average value of €2,046m, which



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was deemed to be the most likely value of the business hived off.

In view of the fact that the hive down was carried out at book values, the expert put the net book value on 31 December 2006 at €947.8m. This value was subject to adjustment to take account of variations in the level of equity items hived off between this date and the date the hive down was implemented.

The statement of assets and liabilities updated to 31 August 2007 put the net book value of the business hived off at €1,116,288,157, which was less than the minimum of €2,002m estimated by the expert.

Following this hive down, but with effect from 1 January 2007, Aurora Assicurazioni S.p.A. was incorporated into Unipol Assicurazioni S.p.A., which was renamed Unipol Gruppo Finanziario S.p.A.

Aurora Assicurazioni's shareholders who neither accepted the bid nor exercised the right to withdraw under Article 2437 of the Civil Code were allocated UGF S.p.A. shares at a ratio of 0.510 UGF ordinary shares and 0.314 UGF preference shares for each Aurora Assicurazioni ordinary share. UGF increased its capital for the purpose of the merger by €76m, €31m of which was share capital and €45m provision for share premium.

As a result of these extraordinary operations, on 1 September 2007:

- Unipol Assicurazioni, as it then was, adopted the new aims and objectives of being a holding and service company and the new company name of Unipol Gruppo Finanziario S.p.A. – abbreviated to UGF S.p.A.;
- Nuova Unipol Assicurazioni S.p.A., to which Unipol's insurance business had been hived off, took the name of Compagnia Assicuratrice Unipol S.p.A. – abbreviated to Unipol Assicurazioni S.p.A.;
- Nuova Aurora Assicurazioni S.p.A., to which Aurora's insurance business had been hived off, took the name of Aurora Assicurazioni S.p.A. – abbreviated to Aurora S.p.A.;
- Unipol Gruppo Finanziario S.p.A. kept its status as a company listed on the Mercato Telematico Azionario, the automated stock exchange organised and managed by Borsa Italiana S.p.A., the rights pertaining to the shares issued by the Company and dealt in on this market therefore remaining unchanged.

Once the company reorganisation had been completed as described, Unipol Gruppo Finanziario S.p.A. held all of Unipol Assicurazioni S.p.A.'s capital and all of Aurora S.p.A.'s in addition to the other companies – including Unipol Banca – already belonging to the Unipol Group.

Unipol Gruppo Finanziario S.p.A. (UGF S.p.A.) is therefore the result of the process of gradually separating coordination and joint service functions, which are now centralised in the holding company, from core insurance, banking and financial activities, which are now allocated to specialist operating companies. Claims handling, finance, administration, human resources, IT and property management are some of the departments that have been centralised within UGF S.p.A. The insurance companies' financial work has been entrusted to Unipol SGR (which is wholly owned by the Parent Company UGF S.p.A.) whilst UGF S.p.A. does the back office work.

2. Other events that were a feature of 2007

Of the other events that were a feature of 2007 the Board of Statutory Auditors would like to mention the following.

- On 9 March 2007 Banca Agricola Mantovana Spa, which was subsequently succeeded by Banca Monte dei Paschi di Siena, announced to UGF that it was terminating the bancassurance agreement for the distribution of the products of Quadrifoglio Vita, in which it had a 50% joint participating interest, on the expiry date of 12 September 2007. On 20 December 2007 ISVAP authorised Banca Monte dei Paschi di Siena to acquire 50% of Quadrifoglio Vita from UGF, as provided for in the agreements in the event of termination by one of the parties.
- On 24 April 2007 the Shareholders' Meeting appointed the Board of Directors for the three-year period ending with the approval of the accounts for the year ended 31 December 2009. On the same date the Board of Directors appointed Messrs Pierluigi Stefanini, Vanes Galanti and Carlo Salvatori to the posts of Chairman, Vice-Chairman and Chief Executive Officer respectively.
- On 28 September 2007 13.88% of Vivium S.A., a Belgian insurance company operating in Life and Non-Life business and the third largest insurance company in Belgium, was purchased for a total of €148m. Vivium S.A. is the new name adopted by ING Insurance Belgium after incorporation of the Belgian insurance companies Vivium and Vivium Life.

3. We refer you to the information on legislation governing drawing up UGF S.P.A's accounts for the year ended 31 December 2007.

In fulfilment of its duties to report to members and in order to clarify the figures and information contained in the accounts submitted for your approval, this Board of Statutory Auditors refers you to the information provided by the Directors in the Notes to the Accounts on the legislation with which UGF S.p.A's accounts submitted for your approval must comply. The Board of Statutory Auditors therefore provides the following summary.

As part of Unipol Group reorganisation summarised above, which took place during the year, the Company



changed its aims and objectives with effect from 1 September 2007, transforming itself from a company operating in Non-Life and Life insurance and reinsurance (under its previous name of 'Compagnia Assicuratrice Unipol S.p.A.') into a holding and service company.

The company was therefore deleted from ISVAP's Register of Insurance Companies and was added to the list of financial intermediaries referred to in Article 113 of Legislative Decree 385/1993 (Banking Consolidation Act).

As a result the legislation governing drawing up the annual accounts also changed.

Unipol Gruppo Finanziario S.p.A's accounts for 2007 were therefore drawn up in accordance with the provisions of the Civil Code, since special legislation did not apply. The national accounting standards approved by the Italian Accountancy Organisation (OIC) were also applied.

In fact, being an insurance holding company under Article 1 para. 1 aa) of Legislative Decree 209/2005 (Insurance Code), Unipol Gruppo Finanziario must draw up its consolidated accounts in accordance with international accounting standards but cannot apply these same international standards to the Company's separate accounts under Article 4 of Legislative Decree 38/2005.

The accounts submitted for your approval consist of the balance sheet, the profit and loss account and the notes to the accounts and are also accompanied by the management report.

The valuation criteria were adopted with a view to business continuity, in accordance with the criteria of relevance, importance and significance of the accounting information.

The change in legislation did not involve changes to the valuation criteria adopted, which were therefore the same as those applied in the previous year.

As an addition to the information provided by the compulsory layouts mentioned above, the figures in the profit and loss account are set out again in the attached reclassification table without the result for the year being affected and are accompanied by the table of variations in shareholders' equity and by the financial statement.

The accounts include comparative figures for the previous year, duly reclassified since the accounts in question had been drawn up in accordance with the guidelines for insurance undertakings (Legislative Decree 209/2005 – Insurance Code).

The reclassification affected neither the operating profit nor the shareholders' equity.

It should be pointed out that a comparison of the figures for 2007 and those for the previous year reflects the effects of the major extraordinary operations carried out during 2007. In fact the 2006 accounts show the results of insurance operations carried out over the whole year by the Company known at the time as Unipol Assicurazioni alone, whilst the 2007 profit and loss account reflects the results of insurance operations carried out during the period 1 January – 31 August 2007 by both the Company and the subsidiary Aurora Assicurazioni, which was incorporated for accounting and tax purposes on 1 January 2007, in addition to the results of the holding company business, which expanded significantly after 1 September 2007. As a result of the operations to hive down Unipol Assicurazioni and Aurora Assicurazioni insurance business, *carried out with effect from 1 September 2007*, **the balance sheet as at 31 December 2007 contains no items of an insurance nature.**

The Board of Statutory Auditors *also refers you to the information provided by the Directors in the Notes to the Accounts* on the criteria for classifying the items in the accounts. The profit and loss account figures for the year and for the previous year have been laid out in such a way as to highlight the fact that income and charges typical of the holding company business currently being carried out are part of core business. Therefore, in accordance with the provisions of the legislation now applicable, income from the provision of services to companies in the Group has been classified under item A1, 'Income from sales and services', whilst all additional income, including core income from insurance business (mainly premium income from policies issued) has been included under item A5, 'Other receipts and income', and also shown separately under '*incl. from insurance business*', an item added to the accounts in order to provide additional information.

A similar criterion has been applied to costs recorded for claims paid, which have been classified in item B14, 'Charges other than operating costs', and also shown separately under '*incl. from insurance business*'.

Increases in provisions for outstanding claims and life mathematical provisions have been allocated to item B12, 'Amounts set aside for risks', whilst decreases have been recorded as reductions in charges for claims settled, in line with the classification of these provisions in item B3, 'Other funds for risks and charges', under liabilities on the balance sheet.

The remaining operating costs and investment income and charges, which in the previous year's insurance accounts had mostly been split among several items in the technical accounts, have been classified according to type and allocated to the relevant items in the profit and loss account as currently laid out.

As regards reclassification of the balance sheet figures as at 31 December 2006, it should be specifically mentioned that investments in Class C in the assets of the insurance accounts, which were mainly made up of shareholdings, securities and other financial instruments, have been classified in the relevant items of the current layout duly split between long-term and short-term.

All investments in Class D in the assets of the insurance accounts have been classified under item C III



'Financial assets other than non-current assets', since they represent a group of financial assets the risk of which is incurred by the policyholders, and shown separately under 'incl. D class insurance investments'.

Technical provisions in Class D, relating to these asset items, have been allocated to amounts due since they represent a definite liability to policyholders.

As already mentioned life mathematical provisions and provisions for outstanding claims have been allocated to other funds for risks and charges, since they are based on estimates with an actuarial content.

Technical provisions – reinsurers' share have been recorded as a reduction in the relevant proportion of life mathematical provisions and provisions for outstanding claims.

Given their nature, provisions for unearned premiums have been allocated to prepayments.

Available cash deposited in current bank accounts with the subsidiary Unipol Banca S.p.A. is classified under item C IV 1) of the assets, 'Bank and postal deposits', thus emphasising the immediate availability of these assets compared with classification according to counterparty, which, however, is shown in the subitem '€x from subsidiaries' added to the layout provided for in the Civil Code. There were no particular critical factors involved in classifying the remaining equity items that this Board of Statutory Auditors needs to mention.

4. Information on the monitoring work carried out by the Board of Statutory Auditors

In accordance with the legislation and regulations referred to in the introduction, the Board of Statutory Auditors reports below on its findings.

It should be noted that all references to findings connected with operating in insurance, including those relating to insurance companies being *approved as financial intermediaries* under Law 197/1991, cover the period 1 January – 31 August 2007, during which the Company carried out insurance business.

- We ensured that the law and the memorandum of association were observed.
- We received a quarterly report from the Directors on the business activity and the operations carried out by the Company that had a major impact on the profit and loss account and the balance sheet and we can reasonably state that the activities approved and carried out, **including the reorganisation of the Group described in para. 1) above**, complied with the law and the by-laws and do not appear to have been imprudent, risky, likely to give rise to a conflict of interest nor in conflict with the resolutions passed by the Shareholders' Meeting nor such as to compromise the integrity of the Company's capital and reserves.
- By collecting information from departmental heads and by holding meetings with the external auditors for the purpose of exchanging relevant figures and information we were able to look at the Company's organisational structure to ensure that it was properly administered and that the information requested from the Company in its capacity as holding company was sufficient and timely enough to enable the provisions of Article 114, para. 1, of Legislative Decree 58/1998 to be fulfilled, and we have no particular observations to make in that respect.
- By obtaining information from the heads of the various departments, examining company records, analysing the results of the work carried out by the external auditors and by those responsible for internal auditing, we ensured that the internal auditing system and the bookkeeping system were appropriate and that the bookkeeping system could be relied on to give an accurate representation of business operations. *At least one of the members of the Board of Statutory Auditors, normally the Chairman*, also took part in all the meetings (10 during 2007) of the Internal Auditing Committee so we were able to examine the work carried out by the Group Internal Auditing Division in order to check that it was done properly and in order to evaluate the effectiveness of the internal auditing system. The Report of the Internal Auditing Committee for the second half of 2007 – on the suitability and effectiveness of the internal auditing system – showed that these systems appear to be appropriate for the new Group set-up on the assumption that the plans to reorganise and centralise the internal auditing and risk management systems within the Parent Company UGF S.p.A. will have been fully implemented by the end of 2008. The Committee made no observations on the effectiveness of the auditing work in its report.
- As regards the Management and Organisation Model (MOM) drawn up in accordance with Legislative Decree 231/2001, the Board of Statutory Auditors shared the work of the Supervisory Board, checking the progress of the work of implementing and improving the procedures against the Model, which is expected to be completed by the end of 2008, within the framework of a 'supervisory and monitoring system' in line with the completed process of company reorganisation referred to in para. 1) above.
- We held meetings with representatives of the external auditors, in accordance with Article 150, para. 3, of Legislative Decree 58/1998, and no figures or information emerged that need to be mentioned in this report.
- We confirm that transactions with related parties were carried out during 2007. First we should like to point out that under the voluntary public offer for 33.34% of Aurora Assicurazioni's share capital UGF S.p.A. (formerly Unipol Assicurazioni) acquired 64,585,214 Aurora Assicurazioni shares, i.e. 7.022% of the share capital, from the holding company Finsoe S.p.A. at the price indicated in the public offer.
As regards transactions with related parties, UGF S.p.A. provided the following services to Group undertakings:

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- ◇ IT (providing IT systems and maintaining communications and data processing equipment);
- ◇ claims-handling (dealing with and paying claims);
- ◇ administration (book-keeping, administrative and accounting services);
- ◇ property;
- ◇ purchasing;
- ◇ commercial and technical (assistance with drawing up and implementing policies);
- ◇ selling Non-Life and Life products and expanding the range of Life products;
- ◇ staffing and organisation (human resources);
- ◇ management planning and control;
- ◇ legal (legal services, internal audit, risk management and compliance with regulations/legislation);
- ◇ communications.

These operations, the aims of which were rationalisation and profitability, were governed by formal contracts between the parties concerned. In particular, the fees for the services provided by UGF S.p.A. to its subsidiaries were based on the precise cost incurred by UGF for providing centralised services (in particular by calculating staffing costs, operating costs – IT, logistics etc., general costs – consultancy, legal costs etc.) plus a mark-up specified in the contract.

As regards all the transactions with related parties carried out during 2007 *and subject to the information provided in paragraph 1) above on the operations of an extraordinary nature that were a feature of the process of reorganising the companies and departments in the UGF S.p.A. Group carried out during 2007*, we ascertained that there were no atypical or unusual operations that could give rise to doubts about the accuracy and completeness of the information, conflicts of interest, the safeguard of shareholders' equity and the protection of minority shareholders. As regards the operations in question, the Board of Statutory Auditors reiterates the information provided in paragraph 1) above, viz. that *with the completion of the process of reorganising the Group* the new set-up of Unipol Gruppo Finanziario S.p.A. (UGF S.p.A.) is the result of the process of gradually separating coordination and joint service functions, which are now centralised in the holding company UGF S.p.A., from the core insurance, banking and financial activities, which are now allocated to specialist operating companies which UGF S.p.A. provides with the services that have been centralised. Claims handling, finance, administration, human resources, IT and property management are some of the departments that have been centralised within UGF S.p.A. The insurance companies' financial work has been entrusted to Unipol SGR (which is wholly owned by the Parent Company UGF S.p.A.) whilst UGF S.p.A. does the back-office work. The effects on the profit and loss account (positive to the tune of €234.5m in total) and on the balance sheet of the transactions with related parties carried out during 2007 are described in the section of the Management Report entitled 'Transactions with related parties'. (The Board of Statutory Auditors deems this information to be accurate.)

- We ascertained that Finsoe S.p.A., which held a controlling interest, did not carry out any of the work of administering and coordinating UGF S.p.A. (in accordance with Article 2467 et seq. of the Civil Code).
- The Report of the External Auditors KPMG S.p.A. contains no criticisms and gives no indication of any irregularities.
- During the year the external auditors were entrusted with the following tasks:
 - ◇ examining the Unipol Group's proforma balance sheet and consolidated profit and loss account for the financial year ended 31 December 2006, for a fee of €310K;
 - ◇ checking the 2007 Single Model and the 770 Model of Unipol Assicurazioni (now UGF S.p.A) and of Aurora Assicurazioni S.p.A, for a total fee of €6K.
- None of the tasks was entrusted to parties related to the companies of auditors.
- We checked that the Document on Security had been updated by 31 March 2008 in accordance with the provisions of Legislative Decree 196/2003 – the Data Protection Act – which came into effect in January 2004.
- As regards litigation, the Board of Statutory Auditors reports that during 2007 €4,325,000 was paid into the 'provision for miscellaneous risks and charges' in the balance sheet liabilities (the balance on which totalled €7,419,000 as at 31/12/2007) to meet the charges borne by UGF S.p.A. for the transaction relating to the tax litigation launched by the Revenue Agency in Milan against Bell S.A. Litigation settled with Assessment with Compliance in February 2008, when payment for the charge in question was made in full.
- During 2007 the Board of Statutory Auditors issued the following opinions:
 - ◇ in favour – on 26 January 2007 – in accordance with Article 2389 para. 3 of the Civil Code relating to fixing the remuneration of the Chairman of the Board of Directors;
 - ◇ on the level of capital and reserves when the Board of Directors resolved, on 15 March 2007, to merge the subsidiary Aurora Assicurazioni S.p.A. by incorporation;
 - ◇ in favour – on 10 May 2007 – relating to the make-up of the advisory committees and remuneration to be paid to their members;
 - ◇ in favour – on 28 June 2007 - in accordance with Article 2389, para. 3, of the Civil Code relating to fixing



the remuneration of the Chairman of the Board of Directors, the Vice-Chairman and the Chief Executive Officer, for their three-year term of office ending with the approval of the accounts as at 31 December 2009;

- ◊ in favour – on 26 July 2007 – in accordance with Article 154-bis of Legislative Decree 58/1998 and Article 13 of the Company's By-Laws, relating to the appointment of Mr. Maurizio Castellina as senior executive responsible for drawing up the accounting and company records.

The Board of Statutory Auditors also checked that the criteria and procedures adopted by the Board of Directors for ensuring that the Directors were independent were correctly applied.

- No claims under Article 2408 of the Civil Code and no complaints from third parties were received.
- We carried out the monitoring work required by **ISVAP relating to the period in which the Company operated in insurance**. In particular:

1. In carrying out the periodic checks we found that the assets matching the *technical provisions* had been recorded correctly in accordance with ISVAP Circular 176/1992, that they were fully available and that there were no encumbrances nor charges on them. The Company complied with the eligibility requirements and investment limits provided for by legislation.

2. We found that the Company fulfilled the duties provided for by Law 197/1991 relating to *combating money-laundering* and we deemed the organisational structure to be suitable for guaranteeing that records would be updated promptly and suspicious operations would be identified. The Board of Statutory Auditors declares that with the coming into effect (on 29/12/2007) of Legislative Decree 231 of 21 November 2007 the companies recorded in the register of financial intermediaries referred to in Article 113 of Legislative Decree 385/1993 (as UGF S.p.A. is) are not subject to the new provisions relating to combating money-laundering.

3. In compliance with Article 5 of ISVAP Ruling 893/1998 we checked that during the period in which the Company operated in insurance operations in securities recorded as long-term investments were carried out in accordance with the specific resolutions passed by the Board of Directors.

4. We checked that operations in *financial derivatives* carried out during the year were in line with the resolution passed by the Board of Directors on 28 June 2007 (which replaced the resolution of 29/04/2005) and that ISVAP was properly informed of them (in accordance with ISVAP Ruling 297/1996).

5. As regards the insurance business carried out by Unipol Assicurazioni S.p.A. during the period 1 January – 30 June 2007, we received regular quarterly reports from the Company on complaints (for the first and second quarters of 2007, the latter also containing a summary of complaints for the first half of 2007) drawn up by the Head of Internal Auditing in accordance with the provisions of ISVAP Circular 518/D of 21 November 2003. The reports revealed no specific organisational problems nor deficiencies and therefore we made no observations on them. The Board of Statutory Auditors also checked that the Company had provided ISVAP with both the reports and the observations of the Board of Statutory Auditors within the prescribed time limit.

6. As regards the insurance business carried out by Aurora Assicurazioni S.p.A. during the period 1 January – 30 June 2007, we received from the Company the quarterly report on complaints (the report for the second quarter of 2007 also containing a summary of complaints for the first half of 2007) drawn up by the Head of Internal Auditing in accordance with the provisions of ISVAP Circular 518/D of 21 November 2003. The report revealed no specific organisational problems nor deficiencies and therefore we made no observations on it. The Board of Statutory Auditors also checked that the Company had provided ISVAP with both the reports and the observations of the Board of Statutory Auditors within the prescribed time limit.

- We checked that the accounts and the management report had been drawn up in accordance with current legislation and in a thorough manner. Where necessary we approved the valuation criteria applied to intangible assets.

The Board of Statutory Auditors reports that on 15 March 2007 the Company signed up to the Code of Corporate Governance issued by Borsa Italiana S.p.A. The Company prepared the annual report on Corporate Governance. The Board of Statutory Auditors examined this report and found it thorough and accurate.

The Board of Statutory Auditors met 12 times and attended all 11 meetings of the Boards of Directors.

During the course of the supervisory work and on the basis of the information obtained from the external auditors, no omissions, mistakes, irregularities or any significant facts came to light such as to require the supervisory bodies to be notified or to require a mention in this report.

The Board of Statutory Auditors invites the Shareholders' Meeting to approve the 2007 accounts as submitted by the Board of Directors and expresses itself in favour of the proposal drawn up by the Board of Directors concerning distribution of the profits, which total €288,840,584, as follows:

- €6,256,338.00 to the legal reserves;
- €98,487,278.87 to the extraordinary provision;

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- €73,105,533.18 to the dividend on preference shares (911,540,314 shares at €0.0802 each);
- €110,991,433.95 to the dividend on ordinary shares (1,479,885,786 shares at €0.0750 each).

The Board of Statutory Auditors is also in favour of the proposal of the Board of Directors to distribute an additional dividend on the preference shares and the ordinary shares totalling €815,715,442.71 (€0.3411 for each preference and ordinary share) by drawing that amount from the Provision for issue premium.

As regards this last point, the Board of Statutory Auditors specifies that if the Shareholders' Meeting should approve the proposal to allocate profits to the Legal Reserve the amount set aside will be the sum referred to in Article 2430 of the Civil Code, that is to say €478,285,220.00, which is a fifth of the share capital of €2,391,426,100.00. This will enable the relevant sum to be drawn from the Provision for issue premium under Article 2431 of the Civil Code.

Bologna, 7 April 2008

The Board of Statutory Auditors





Carlo Levi
old woman with
young monk

Unipol private collection



External Auditors' report





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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of Legislative decree no. 58 of 24 February 1998

To the shareholders of
 Unipol Gruppo Finanziario S.p.A.

- 1 We have audited the separate financial statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2007. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.
 - 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.
- The separate financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the company's directors reclassified such corresponding figures included in the prior year separate financial statements. We audited such financial statements and issued our report thereon on 5 April 2007. We have examined the methods used to reclassify the prior year corresponding figures and related disclosures to the extent that we considered to be necessary to express an opinion on the separate financial statements at 31 December 2007.
- 3 In our opinion, the separate financial statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2007 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of the company.

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- 4 As indicated in the directors' report and referred to in the notes to the separate financial statements, the company carried out a restructuring process with effect from 1 September 2007. The company transferred its insurance business to Nuova Unipol Assicurazioni S.p.A., which simultaneously changed its name to Compagnia Assicuratrice Unipol S.p.A.. Moreover, the subsidiary Aurora Assicurazioni S.p.A. merged into the company at the same date. The directors have disclosed the effects of such restructuring process in the directors' report and the notes to the separate financial statements.

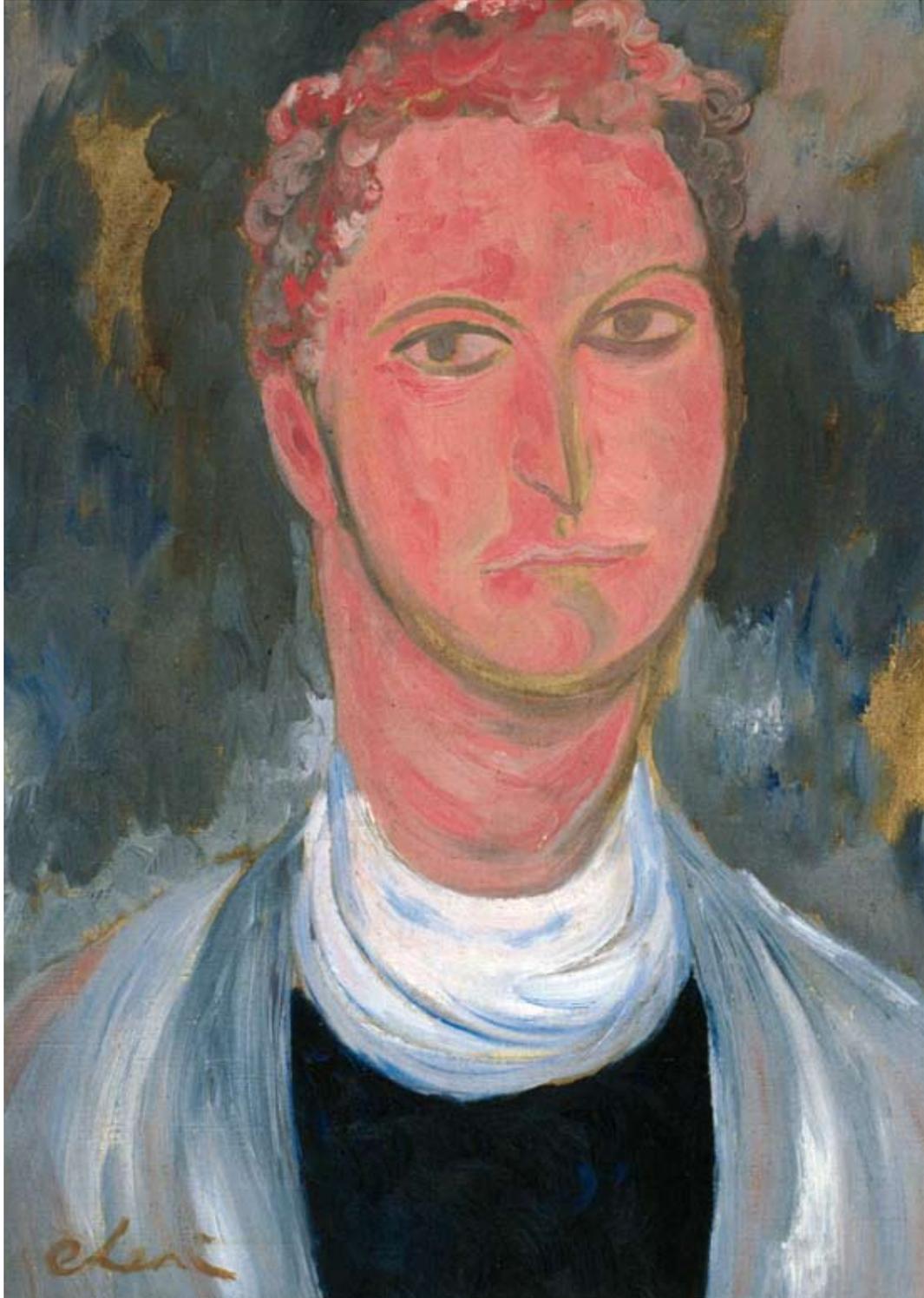
Bologna, 7 April 2008

KPMG S.p.A.

(Signed on the original)

Massimo Tamburini
Director of Audit





Carlo Levi
self-portrait

Unipol private collection



Annual report on corporate governance



Definitions

Code of Corporate Governance: the Code of Corporate Governance for listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Code of Corporate Governance: the UGF Group's Code of Corporate Governance adopted by UGF's Board of Directors on 10 May 2007.

Board of Statutory Auditors: the Company's supervisory body, appointed by the Meeting of UGF Shareholders held on 24 April 2007.

Board of Directors: the Company's executive body, appointed by the Meeting of UGF Shareholders held on 24 April 2007.

Issuer, Company, UGF: Unipol Gruppo Finanziario S.p.A.

Financial year: the financial year ended 31 December 2007.

Group, UGF Group: UGF and its Subsidiaries.

Guidelines on the Stock Exchange Regulation: the Guidelines on the Regulation Governing Markets Organised and Managed by Borsa Italiana S.p.A.

Stock Exchange Regulation: the Regulation Governing Markets Organised and Managed by Borsa Italiana S.p.A.

Issuer Regulation: the Regulation issued in CONSOB resolution 11971 of 1999 relating to issuers.

Market Regulation: the Regulation issued in CONSOB resolution 16191 of 2007 relating to markets.

Report: the corporate governance report that companies that issue listed shares must draw up in accordance with Article 124-bis of the TUF, Article 89-bis of the Issuer Regulation and Article 1A.2.6 of the Guidelines on the Stock Exchange Regulation.

Subsidiary Companies, Operating Companies: the companies controlled, directly or indirectly, by UGF in accordance with Article 2359 of the Civil Code.

TUF: Legislative Decree 58 of 24 February 1998 (Testo Unico della Finanza – Finance Consolidation Act).

Savings Law: Law 262 of 28 December 2005.

Corrective Decree: Legislative Decree 303 of 29 December 2006.

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Introduction

In March 2001 Unipol Gruppo Finanziario incorporated the recommendations contained in the various versions of the Code of Corporate Governance and began to alter its system of corporate governance and its business procedures.

In accordance with Article 124-bis of the TUF, Article 89-bis of the Issuer Regulation and Article 1A.2.6 of the Guidelines on the Stock Exchange Regulation the companies that issue listed shares must publish an annual report on their observance of codes of conduct and the resultant commitments. Therefore as in previous years a report was drawn up, divided up as follows:

- Section I, containing a summary of facts and figures relating to the Company profile and its ownership;
- Section II, containing information on compliance with the principles set out in the Corporate Governance Code.

Unless otherwise indicated the information contained in the Report was valid as at the date it was approved by the Board of Directors.

The Report is in the Corporate Governance section of the Issuer's website (www.unipolgf.it) together with other information on the Company's corporate governance.



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Section 1

Company Profile and Ownership

1. THE COMPANY, THE UGF GROUP AND ITS SYSTEM OF CORPORATE GOVERNANCE

On completion of the project to reorganise the company launched in December 2006, on 1 September 2007 the Company took on the role of holding and service company operating for the benefit of the UGF Group and changed its name from Compagnia Assicuratrice Unipol S.p.A. to Unipol Gruppo Finanziario S.p.A.

At the same time as the company was being reorganised UGF launched a review of the way in which the Group was organised and functioned, which led to the gradual separation of the centralised and coordination functions carried out by UGF in its capacity as a holding and service company from the operations carried out by the individual subsidiary companies. This process was the precondition for the UGF Group being able to consolidate its position on the insurance and financial market, introducing clear objectives and responsibilities and with a view to transparency, efficacy and efficiency.

In May 2007 the Board of Directors approved the Code of Corporate Governance, which describes the composition and functions of the corporate bodies responsible for running UGF and its subsidiary companies. In particular the Code of Corporate Governance describes the composition, the role and the rules of operation of the UGF Group's corporate bodies as well as the role of the individual bodies within the Group and the rules for appointing them.

It will be recalled that UGF uses the traditional model of corporate governance provided for in company law by having a board of directors, a board of statutory auditors and a shareholders' meeting as its principal corporate bodies.

The role and the areas of expertise of these bodies will be described further on in this Report.

2. SHAREHOLDERS AND SHAREHOLDERS' AGREEMENTS

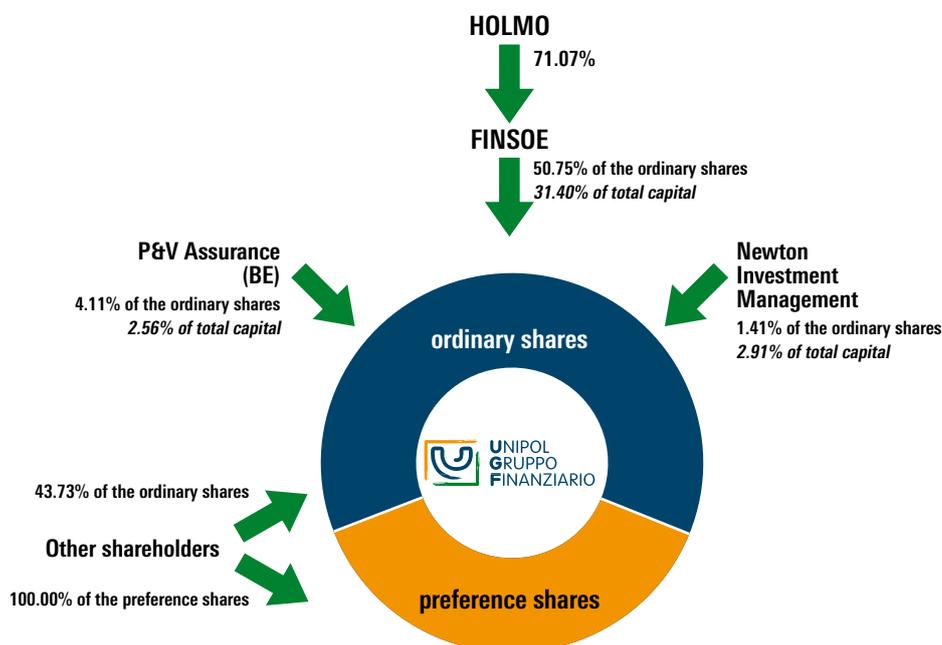
UGF has share capital of €2,391,426,100.00 divided into 2,391,426,100 registered shares with no nominal value, 1,479,885,786 of which are ordinary shares and 911,540,314 are preference shares.

The total number of UGF shareholders as shown in the register of members is 142,077, 70,915 of whom are ordinary shareholders and 71,162 preference shareholders.

Under Article 2359 para. 1, 1) of the Civil Code the Company is controlled by Finsoe S.p.A. – Finanziaria dell'Economia Sociale S.p.A. ('Finsoe'), which in turn is controlled by Holmo S.p.A. ('Holmo').

These companies do not carry out any of UGF's administrative and coordination work, as can be seen from the latest accounts approved by Holmo and Finsoe.

The following chart shows the composition of Unipol Assicurazioni's shareholders as at 29 February 2008:



As far as the Society can ascertain there is no shareholders' agreement among UGF's shareholders.

In order to provide a full picture it should be mentioned that:

(i) During April 2007 Holmo and Banca Monte dei Paschi di Siena S.p.A. (hereinafter also referred to as 'BMPS'), Finsoe's principal shareholders, entered into a shareholders' agreement (the 'Agreement') relating to, inter alia, Holmo's commitment to do all in its power:

- to ensure that BMPS could appoint three members of Finsoe's Board of Directors and one member of the Board of Directors of Unipol Assicurazioni S.p.A. (now UGF);
- to ensure that Unipol Assicurazioni S.p.A. (now UGF) does not reduce the number of BMPS shares it owns.

The Agreement will terminate on 3 April 2010.

(ii) On 8 February 2006 Holmo and BNP Paribas S.A. entered into a private agreement relating to 1,622,290,750 Finsoe ordinary shares, corresponding to 75.57% of its share capital. Additional terms to this agreement were drawn up on 27 September 2006 and 28 February 2007. The terms of this private agreement relate directly to Finsoe and indirectly to UGF and will remain in force until 27 September 2009.

The additional information on ownership referred to in Article 123-bis of the TUF is contained in the Management Report, which accompanies the Company's individual accounts for the financial year ended 31 December 2007.



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Information on implementing the provisions of the corporate governance code

1. THE BOARD OF DIRECTORS

1.1. Role and responsibilities

In confirmation of the central role played by the executive body in the Company's system of corporate governance, the Board of Directors has the widest possible powers to perform the ordinary and extraordinary tasks involved in running the Company. It is therefore authorised to take all the steps, including using powers of disposition, that it deems appropriate in order to achieve the Company's aims and objectives with the sole exception of those that the law expressly reserves for the Shareholders' Meeting.

In line with this principle of the executive body playing a central role the Board has the power to:

- (i) carry out mergers with and splits from subsidiaries in cases allowed by law;
- (ii) reduce the share capital in the event of a shareholder withdrawing;
- (iii) amend the By-Laws to comply with legislation;
- (iv) issue non-convertible bonds.

In particular the Board of Directors:

- a) examines and approves the strategic, business and financial plans of the Company and the UGF Group, the Company's system of corporate governance and the structure of the Group;
- b) ensures that the general organisational, administrative and accounting structure of the Company and its strategically important subsidiaries, as organised by the Chief Executive Officer, is appropriate, with particular reference to the internal auditing system and to dealing with conflicts of interest;
- c) with the assistance of the Internal Auditing Committee lays down the guidelines for the internal auditing system and checks at least once a year that it is appropriate and operates efficiently and effectively for the purposes of the Company's business;
- d) sets up working groups and committees, deemed suitable and necessary for the Company and the UGF Group to operate properly and expand, consisting of some of its members. Their task is to make suggestions and provide advice but the Board of Directors decides what work they should carry out;
- e) delegates powers to the Chief Executive Officer and revokes them and lays down the limits and procedures for exercising them. It also decides on the frequency, which must be at least quarterly, with which the bodies to which powers are delegated must report to the Board of Directors on the work carried out while exercising the powers delegated to them;
- f) having examined the suggestions made by the Committee concerned and having consulted the Board of Statutory Auditors, fixes the remuneration of the Chief Executive Officer and the other directors who fulfill specific roles and, provided the Shareholders' Meeting has not already voted on it, decides how the total amount of remuneration allocated to the Board will be shared out among its individual members;
- g) assesses overall business performance, taking particular account of information received from the bodies to which power has been delegated and regularly comparing results with targets;
- h) examines and gives advance approval for the operations of the Company and its subsidiaries if these operations are likely to have a significant effect on its strategy, profit and loss account, capital and reserves or investments, paying particular attention to situations in which one or more directors have a personal interest or an interest on behalf of third parties and, more generally, to operations with related parties;
- i) at least once a year evaluates the size, the composition and the work of the Board itself and of its committees, possibly advising on professional people whose presence on the Board is deemed appropriate;
- l) uses the report on corporate governance to provide information on the procedures for applying the Corporate Governance Code and in particular on the number of meetings of the Board of Management held during the year and on each director's attendance record;
- m) after a director deemed to be independent has been appointed and annually thereafter, uses the information provided by the person concerned or otherwise available to the Company to assess the independence of its non-executive members and reports on the outcome of its assessment (at the time of the appointment by means of a communication issued to the market and subsequently as part of the report on corporate governance);
- n) based on information received from Directors, records once a year and announces in the report on corporate governance the posts of director or auditor held by the Members of the Board in other companies listed on regulated markets (including foreign markets), in finance, banking or insurance companies or in large



companies;

- o) gives guidance on the maximum number of directorships or auditorships in the companies referred to in n) above that could be deemed to be compatible with carrying out the role of director of the Company efficiently. For this purpose it identifies general criteria for each role (executive director, non-executive director or independent director) depending on the type and size of the companies in which the roles are carried out and whether they belong to the UGF Group. Membership of the committees set up within the Board may also be taken into account;
- p) if for organisational reasons the Shareholders' Meeting gives general authorisation in advance for exceptions to the ban on competition laid down in Article 2390 of the Civil Code, it makes a judgement each time this is likely to cause a problem and reports any critical factors to the next Shareholders' Meeting. Therefore on accepting the appointment each director must inform the Board of any business activity carried out in competition with the Company and subsequently of any significant change.

With reference to points i) and o) above, at its meeting held on 20 March the Board of Directors decided to use the services of a leading consultancy to help it to draw up:

- a self-assessment procedure, bearing in mind the size and composition of the Board and its Committees and how they operate;
- general criteria for fixing the maximum number of directorships or auditorships in other companies listed on regulated markets (including foreign markets), in finance, banking or insurance companies or in large companies that could be deemed to be compatible with carrying out the role of director of the Company effectively.

This project is expected to be completed by June 2008.

The Board of Directors meets regularly – normally monthly – and organises itself and operates in such a way as to ensure that it carries out its functions effectively.

The documentation and information relating to items on the agenda for Board meetings are normally sent to the Directors well in advance of the dates of the meetings concerned.

1.2. Composition

Under the By-Laws the running of the Company is entrusted to a Board of Directors made up of no fewer than 15 and no more than 25 members, appointed by the Shareholders' Meeting after it has voted on how many of them there should be, who fulfill the professional requirements and the requirements relating to trustworthiness and independence provided for in the relevant legislation and regulations.

Directors are appointed three years, or for a shorter period fixed by the Shareholders' Meeting when appointing them, and are eligible for re-election.

The Directors accept the appointment if they consider that they have the time necessary to enable them to carry out their duties diligently, bearing in mind the number of posts of Director or Statutory Auditor that they hold in other companies listed on regulated markets (including foreign markets), in finance, banking or insurance companies or in large companies.

The Directors act and make decisions with full knowledge of the facts and autonomously, their priority being to create value for shareholders and sustain it over time in line with the expectations of all stakeholders. The Directors maintain the confidentiality of the documents and information acquired in the course of their work, as do the members of the Board of Statutory Auditors.

The Shareholders' Meeting held on 24 April 2007 appointed the 25 members of the Company's current Board of Directors for a period of three years, that is until the Shareholders' Meeting at which the Accounts for 2009 are approved.

The Shareholders' Meeting allowed the Directors appointed not to be bound by the ban on competition referred to in Article 2390 of the Civil Code.

The Board of Directors met 11 times during 2007.

At the moment 9 Board meetings are scheduled for the current financial year, 3 of which have already been held.

The Secretary to the Board of Directors, elected in accordance with Article 11 of the Company's By-Laws, is Mr. Roberto Giay, UGF's Head of Legal Affairs and Shareholdings.



The current Board of Directors is made up as follows:

Name	Post held	Since ¹	Ex.	Non Ex.	Indip. ²	% BoD ³	Other posts held ⁴
Stefanini Pierluigi	Chairman	24/04/2007		X		100%	9
Galanti Vanes	Vice Chairman	24/04/2007		X		100%	16
Salvatori Carlo	CEO	24/04/2007	X			91%	3
Antoni J. Dominique	Director	24/04/2007			X	55%	6
Betti Sergio	Director	24/04/2007			X	88%	0
Borghesi Fabio	Director	24/04/2007		X		63%	3
Carannante Rocco	Director	24/04/2007			X	100%	0
Coffari Gilberto	Director	24/04/2007			X	100%	5
Collina Piero	Director	24/04/2007		X		91%	5
Cordazzo Bruno	Director	24/04/2007		X		82%	3
Costalli Sergio	Director	24/04/2007		X		63%	6
Forest Jacques	Director	24/04/2007		X		64%	11
Gillone Fabrizio	Director	24/04/2007		X		91%	5
Levorato Claudio	Director	24/04/2007		X		82%	8
Malavasi Ivan	Director	24/04/2007			X	73%	0
Masotti Massimo	Director	24/04/2007			X	100%	1
Migliavacca Enrico	Director	24/04/2007		X		91%	3
Morara Pier Luigi	Director	24/04/2007			X	100%	0
Nasi Sergio	Director	24/04/2007		X		75%	1
Pedroni Marco	Director	24/04/2007		X		73%	3
Politi Giuseppe	Director	24/04/2007			X	38%	1
Vella Francesco	Director	24/04/2007			X	100%	1
Venturi Marco	Director	24/04/2007		X		82%	1
Zaccherini Luca	Director	24/04/2007			X	82%	0
Zucchelli Mario	Director	24/04/2007		X		100%	6

- The date refers to the current term of office.
- A cross indicates that the member of the board is deemed to be independent in accordance with the criteria laid down by the Code of Corporate Governance. These criteria are described in para. 1.4.
- Indicates the Member's record of attendance at Board meetings. (This percentage takes into account the number of meetings that the Member attended compared with number of Board meetings held during the year or after the post was taken up.)
- Indicates the total number of posts held in other companies listed on regulated markets (including foreign markets), in finance, banking or insurance companies or in large companies. Below is a list of these companies for each member of the board.

Directors who left their post during the year:

Name	Post held	Since ¹	Ex.	Non Ex.	Indip. ²	% BoD ³	Other posts held ⁴
Andriani A. Silvano	Director	24/04/2007		X		100%	3
Bocchetti Francesco	Director	24/04/2007		X		100%	2
Fabrizi Pier Luigi	Director	24/04/2007			X	0%	2
Margheriti Riccardo	Director	24/04/2007		X		100%	1
Soldi Aldo	Director	24/04/2007		X		100%	3
Trerè Graziano	Director	24/04/2007		X		67%	0

- A cross indicates board members deemed to be independent, in accordance with the criteria laid down by the Code of Corporate Governance, at the meeting of the Board of Directors held on 13 March 2007.
- Indicates the Member's record of attendance at Board meetings. (This percentage takes into account the number of meetings that the Member attended compared with number of Board meetings held during the year or while the Member was in office.)
- See note 4.

Under the provisions of the Code of Corporate Governance posts held by the Directors listed above in companies listed on regulated markets (including foreign markets), in finance, banking or insurance companies or large companies are also shown, the symbol * indicating companies belonging to the UGF Group.

Pierluigi Stefanini: Chairman of Aurora Assicurazioni S.p.A.*, Unipol Assicurazioni S.p.A.*, Unipol Banca S.p.A.*; Director of Finsoe S.p.A., Holmo S.p.A., Aeroporto Guglielmo Marconi di Bologna S.p.A., Fondazione Cassa di Risparmio di Bologna, Banca Monte dei Paschi di Siena S.p.A., Banca Nazionale del Lavoro S.p.A.

Vanes Galanti: Chairman of HBS Immobiliare S.r.l., Sunny Village S.r.l.; Vice Chairman of Cesi Immobiliare S.r.l., Unipol Assicurazioni S.p.A.*, Outlet Soratte S.r.l., Sirecc S.r.l., Parcor S.r.l., Stores Development S.r.l., Arsenal S.r.l., Sun Re S.r.l.; Chief Executive Officer of Inexo S.r.l., VTRE S.p.A.; Director of Holmo S.p.A., Finsoe S.p.A., Policentro Sviluppo S.p.A., Cascina Merlata S.p.A.

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Carlo Salvatori: Director of Aurora Assicurazioni S.p.A.*, Unipol Assicurazioni S.p.A.*, Unipol Banca S.p.A.*

Jean Dominique Antoni: Chairman of the Supervisory Committee of Altima Assurance S.A. (France); Manager of Filia – Maif S.A. (France); Chief Executive Officer of Maif (France); Director of Delta Auto (France), Euresa Holding (Luxembourg), Atlantis compania de seguros y reaseguros S.a. (Spain)

Sergio Betti: ---

Fabio Borghi: Chairman of MPS Gestione Crediti Banca S.p.A.; Director of Banca Monte Parma S.p.A., Banca Monte dei Paschi di Siena S.p.A.

Rocco Carannante: ---

Gilberto Coffari: Chairman of Coop Adriatica Società Cooperativa a Responsabilità Limitata; Vice Chairman of Unipol Banca S.p.A.*; Director of Unipol Merchant S.p.A.*, Fin.Ad. S.p.A., Immobiliare Grande Distribuzione S.p.A.

Piero Collina: Chairman of the Consorzio Cooperative Costruzioni; Vice Chairman of Holmo S.p.A., Finsoe S.p.A.; Director of Unipol Banca S.p.A.*, HERA S.p.A.

Bruno Cordazzo: Chairman of Coop Liguria Società Cooperativa di Consumo; Director of Holmo S.p.A., Unipol Assicurazioni S.p.A.*

Sergio Costalli: Vice Chairman of Immobiliare Grande Distribuzione S.p.A.; Vice Chairman and Chief Executive Officer of Unicoop Tirreno Società Cooperativa; Director of Finsoe S.p.A., Holmo S.p.A., Unipol Assicurazioni S.p.A.*, Unipol Merchant S.p.A.

Jacques Forest: Chairman of the Management Committee of P&V Assurances Scrl (Belgium), Vivium S.A. (Belgium); Chairman and Chief Executive Officer of PVH S.A. (Belgium); Chairman of Euresa Life S.a.s. (Luxembourg), Multipharma, PNP (Belgium); Chief Executive Officer of PSH S.C. (Belgium); Director of Finsoe S.p.A., Syneteristiki Insurance Company (Greece), Compagnie Nationale à Portefeuille (Belgium), Euresa Holding S.A. (Luxembourg); Regent of the Banque Nationale de Belgique (Belgium)

Fabrizio Gillone: Vice Chairman of Aurora Assicurazioni S.p.A.*; Director of Nova Coop Società Cooperativa, Holmo S.p.A., Finsoe S.p.A., Unipol Banca S.p.A.*

Claudio Levorato: Director of Manutencoop Società Cooperativa, Centostazioni S.p.A., Archimede 1 S.p.A., Manutencoop Facility Management S.p.A., M.P. Facility S.p.A., Holmo S.p.A., Finsoe S.p.A., Unipol Banca S.p.A.*

Ivan Malavasi: ---

Massimo Masotti: Chief Executive Officer of Finanziaria Bolognese – FI.BO. S.p.A.

Enrico Migliavacca: Director and Member of the Board of the Milan Chamber of Commerce; Chairman of the Fondo Pensione Dirigenti Cooperative di Consumatori; Chairman of the Cassa di Assistenza Dirigenti Cooperative Consumatori

Pier Luigi Morara: ---

Sergio Nasi: Director of Finsoe S.p.A.

Marco Pedroni: Chairman of Coop Consumatori Nordest Società Cooperativa; Director of Holmo S.p.A., Unipol Banca S.p.A.*

Giuseppe Politi: Director of Unipol Banca S.p.A.*

Francesco Vella: Director of Unicredit Banca S.p.A.

Marco Venturi: Director of Unipol Banca S.p.A.*



Luca Zaccherini: ---

Mario Zucchelli: Chairman of Coop Estense Società Cooperativa, Holmo S.p.A., Finsoe S.p.A., Finest SRL; Vice Chairman of Sofinco S.p.A.; Director of Finube S.p.A.

1.3. Appointment and replacement of Directors

With reference to the incorporation within the system of governance of the new rules relating to the appointment of boards of directors and auditors introduced by the Savings Law and the Corrective Decree, it should be mentioned that on 24 April the Company's Extraordinary Shareholders' Meeting voted to amend, inter alia, the By-Law governing the appointment of Directors by introducing the system of list voting.

Under the system of list voting the Board of Directors is appointed on the basis of lists submitted by members who at the time the lists are submitted are entitled to vote at the relevant Shareholders' Meeting. These lists must reach the Company's registered office at least 15 days before the date fixed for the Shareholders' Meeting.

Members who, alone or in combination with other Members, hold the total number of shares laid down in accordance with current legislation and regulations and that will be mentioned from time to time in the notice of the Shareholders' Meeting are entitled to submit lists.

The lists must be accompanied by full details of the candidates' personal and professional profile indicating, if applicable, that they can be deemed to be independent.

The lists, accompanied by the candidates' details, are published on the Company's website at the appropriate time.

In accordance with Article 2386 of the Italian Civil Code, if one or more Directors cease to hold office during the year, provided the majority are Directors appointed by the Shareholders' Meeting the following procedure will be followed:

- i) The Board of Directors appoints cooptees from the same list as the Directors who have ceased to hold office, starting with the first unsuccessful candidate, on condition that if the cooptee must be independent the first unsuccessful independent candidate on the list will be appointed.
- ii) If there are no candidates left on this list who have not already been elected, the Board of Directors replaces the Directors who have ceased to hold office without observing the procedure outlined in point i).

If the majority ceases to consist of the Directors appointed by the Shareholders' Meeting, the entire Board is deemed to have resigned and a Shareholders' Meeting must be called without delay by the Directors remaining in office in order to reconstitute the Board in accordance with the above procedures.

When Directors are replaced under Article 2386 of the Civil Code, the results of the voting at the Shareholders' Meeting will comply with the majorities laid down in law without any restrictions imposed by lists, but care must be taken to ensure that the Board of Directors has at least two members who comply with current legal and regulatory requirements relating to independence.

1.4. Non-executive and independent Directors

Under the Code of Corporate Governance, with the exception of the Chief Executive Officer the Board of Directors is made up of non-executive Directors, that is Directors having no executive powers and neither strategic roles nor management posts in the Company, in strategically important subsidiaries nor in holding companies if the post also relates to the issuer.

The Chairman has no executive powers and has no specific role in strategic planning.

The Board of Directors first assessed the requirement for non-executive Directors to be independent, bearing in mind the changes in the composition of the Board of Directors after 15 March 2007 (the date of the previous check), during the Board meeting held on 10 May 2007 and subsequently at the meeting held on 20 March 2008, on the basis of the criteria laid down in the current Code of Corporate Governance, the written declarations made in this regard by each non-executive Director and the information otherwise available to the Company. The outcome of the assessments has been communicated to the market by being included in this Report.

The Board of Statutory Auditors includes the outcome of the checks carried out to ensure that the criteria and checking procedures adopted by the Board for assessing the independence of its members are properly applied in its report to the Shareholders' Meeting.

In line with international best practice the Company pays particular attention to the requirement for substantial independence, giving a broad interpretation to the provisions contained in the Corporate Governance Code, in order to ensure that the interests of all shareholders, whether majority or minority, are represented. Consequently the Company has decided to exclude a priori from the assessment of the requirement for independence – irrespective of whether one or more of the conditions contained in Article 3 of the Corporate Governance Code are fulfilled – Directors who:

- (i) hold posts in the corporate bodies of the direct holding company Finsoe and/or in the indirect holding company Holmo;
- (ii) hold posts in the corporate bodies of parties who are members of shareholders' agreements to control the

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Company or that contain clauses relating to the composition of the Company's Board of Directors or of the boards of companies controlled by them within the meaning of Article 2359, para. 1, of the Civil Code. Thus the Board of Directors deems 10 of the Company's Directors to be independent, namely Messrs Jean Dominique Antoni, Sergio Betti, Rocco Carannante, Gilberto Coffari, Ivan Malavasi, Massimo Masotti, Pier Luigi Morara, Giuseppe Politi, Francesco Vella and Luca Zaccherini. The independent directors met once during the year without the other Directors being present.

1.5. Remuneration

The Shareholders' Meeting held on 24 April 2007 voted to pay each Board member an annual fee of €50,000.00 and an attendance fee of €1,500.00 for each Board meeting as well as to reimburse them for out-of-pocket expenses incurred while carrying out their duties.

The Shareholders' Meeting also voted to take out third-party liability insurance, including legal protection, to cover the risks arising out of the legal and contractual duties inherent in the post of Director, the costs to be borne by the Company up to an annual maximum of €150,000.00.

After consultation with the Remuneration Committee and the Board of Statutory Auditors, at its meeting held on 28 June 2007 the Board of Directors fixed the remuneration for the posts of Chief Executive Officer, Chairman and Vice Chairman.

At the moment there is no link between the remuneration paid to both executive and non-executive Directors and the Company's profits, nor are there any plans to provide the Board of Directors with incentives in the form of shares.

However during 2007, after consultation with the Remuneration Committee, the Board of Directors approved the new system for rewarding the UGF Group's senior executives (general managers and senior executives with or without strategic responsibilities). By adding a variable element linked to the objectives of the budget and of the multiyear plan to the fixed remuneration, this system provides for the following to be paid to each senior executive if both group and individual objectives are achieved:

- variable short-term incentives (MBO) in the following year;
- variable long-term incentives (LTI), i.e. a free allocation of ordinary shares in the Company at the end of the three-year period.

The draft budget submitted at the same time as the Report contains details of the amount of remuneration drawn during the year by the members of the Board of Directors and the General Manager and the total remuneration drawn by the senior executives with strategic responsibilities.

2. THE CHAIRMAN

The Company's Chairman, elected by the Board of Directors from amongst its own members for three years or the period he is a member of the Board if this is shorter, is Mr. Pierluigi Stefanini.

The Chairman provides the impetus for the actions of the Board of Directors, promoting transparency within the Company's business activities and ensuring that all shareholders are represented.

In particular, subject to his power to represent the Company within the limits provided for in the By-Laws, he may apply himself to ensuring that the advisory bodies and directors with specific roles keep in touch with one another, carry out their duties effectively and work as a team. This by no means implies that he is involved in management, which is the job of the bodies authorised for this purpose.

The Chairman ensures that the Directors participate in initiatives intended to expand their knowledge of the Company's business, including keeping up to date with legislation, so that they can carry out their duties effectively with full knowledge of the facts.

By keeping in constant touch the Chairman and the Chief Executive Officer identify opportunities and risks affecting the entire insurance, banking and financial business in general, and the Chairman will keep the Board of Directors informed so that they can make their own decisions on how to guide and coordinate the Company and the Group. The Chairman will ensure that he listens to the aspirations of Shareholders and translates them into strategic and operational guidelines for the Board of Directors. The Chairman is also expected to ensure that the Company is run not only for profit but also qualitatively in order to produce consistent results, compete in the market place and safeguard resources and equity.

With the help of the Group Internal Auditing Committee the Chairman has the task of monitoring the suitability of the Company's administrative and accounting system and that of the subsidiary companies.

The Chairman may have access to all the information within the Company, informing the Chief Executive Officer of information acquired from other sources, in order to enable the Company to be properly run.

In agreement with the Chief Executive Officer the Chairman is also charged with:

- scheduling the work of the Board of Directors and putting it on the Agenda;
- after consulting the Appointments Committee, proposing candidates for the posts of the Company's General Manager and Vice General Manager to the Board of Directors;
- fixing their remuneration in accordance with the criteria identified by the Board of Directors based on proposals



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- put by the Remuneration Committee;
- submitting names to the Board of Directors for the posts of Director and Auditor, and of Chairman, Vice-Chairman and General Manager (and/or Chief Executive Officers) of the 'major businesses' (whether subsidiary companies or participating interests), after having consulted widely in advance and having submitted these names to the Appointments Committee;
- indicating the names to be submitted to the relevant decision-making bodies for the posts of Director and Auditor and of Chairman, Vice-Chairman and General Manager (and/or Chief Executive Officers) of the 'minor' direct subsidiaries and participating interests;
- expressing the Parent Company's approval for the subsidiary companies to appoint trustees in the various 'minor' subsidiaries and participating interests;
- proposing the total remuneration to be paid to members of the Boards of Directors of the companies in the Group, remuneration to be paid to Members of the Boards of 'major businesses' requiring the prior approval of the Remuneration Committee;
- drawing up proposals for the remuneration of the Chairmen, Vice Chairmen and General Managers (and/or Chief Executive Officers) of the companies in the Group, remuneration for posts in 'major businesses' requiring the prior approval of the Remuneration Committee.

The Chairman is automatically a member of the Management Committee, automatically attends the meetings of the Appointments Committee, the Remuneration Committee and the Committee for Social Responsibility and is invited to attend the meetings of the Internal Auditing Committee.

3. THE VICE-CHAIRMAN

The Vice-Chairman, elected by the Board of Directors from amongst its own members for three years or the period he is a member of the Board if this is shorter, is Mr. Vanes Galanti.

The Vice-Chairman, together with Chairman, the Chief Executive Officer and the other members appointed by the Board of Directors, make up the Management Committee. He automatically attends the meetings of the Appointments Committee, the Remuneration Committee and the Committee for Social Responsibility and is invited to attend the meetings of the Internal Auditing Committee.

If the Chairman is absent or prevented from fulfilling his duties the Vice-Chairman has the same powers to act and in doing so has access to all the information within the Company.

4. THE CHIEF EXECUTIVE OFFICER

As already indicated in this report, the Company's only executive Director is the Chief Executive Officer Mr. Carlo Salvatori.

The Chief Executive Officer is appointed by the Board of Directors from among its own members for three years or the period he is a member of the Board if this is shorter.

The Chief Executive Officer carries out the following tasks:

- a) jointly with the Chairman:
 - identifying the strategies relating to the general guidelines for the Company and the UGF Group to be submitted to the Board of Directors;
 - examining in advance operations likely to have a significant effect on the profit and loss account, capital and reserves and investments, in accordance with the criteria laid down by the Board of Directors, with particular reference to operations with related parties, to be proposed from time to time to the Board of Directors;
 - ensuring that the Directors can carry out their duties effectively and with full knowledge of the facts;
- b) ensuring that the objectives laid down by the Board of Directors are pursued by issuing the relevant operating guidelines; with the help of the Company's management team, ensuring that the resolutions passed by the Board of Directors are implemented and that the business is properly run;
- c) supervising the Company's management team;
- d) establishing guidelines and lines of action for the Group as a whole by ensuring good relations at the various levels between the Company and the rest of the Group;
- e) identifying the principal business risks, presenting them to the Board of Directors for examination and implementing the Board's guidelines by planning, managing and monitoring the internal audit systems. He examines the auditing guidelines, may draw up proposals for supplementing the annual auditing plan and may require that specific auditing measures not provided for in the annual plan be undertaken.
- f) identifying, in agreement with the Chairman, potential candidates for the posts of General Manager and Vice General Manager of the Company so that the Chairman can submit them to the Appointments Committee and propose them to the Board of Directors;
- g) identifying, in agreement with the Chairman, potential candidates for the posts of Director and Auditor and of Chairman, Vice-Chairman and General Manager (and/or Chief Executive Officer) of the 'major businesses', so that the Chairman can submit them to the Appointments Committee and propose them to the Board of



Directors;

- h) submitting to the Chairman the names of candidates for the posts of Director and Auditor, and of Chairman, Vice-Chairman and General Manager (and/or Chief Executive Officer) of the 'minor' direct subsidiaries and participating interests in the Group;
- i) submitting to the Chairman the names of potential candidates for the posts of trustees in the various 'minor' subsidiaries and participating interests to be appointed by the subsidiary companies;
- j) having overall responsibility for the process of appointing 'key Group resources' to cover the principal managerial posts in the various companies in the Group;
- k) presenting information to the Remuneration Committee on the criteria and parameters for fixing the remuneration of the top management of the companies in the Group and for establishing the criteria for linking part of the remuneration to the achievement of specific objectives;
- l) establishing, in agreement with the Chairman, the remuneration of the Company's top management in accordance with the criteria identified by the Board of Directors based on proposals put by the Remuneration Committee;
- m) presenting information to the Chairman relating to the proposal on the total remuneration to be paid to the members of the Boards of Directors and Executive Committees of the companies in the Group;
- n) presenting information to the Chairman relating to the proposals on the remuneration of the Chairmen and Vice-Chairmen of the companies in the Group.

The Chief Executive Officer is automatically a member of the Management Committee, automatically attends the meetings of the Appointments Committee and the Committee for Social Responsibility and is invited to attend the meetings of the Remuneration Committee and the Internal Auditing Committee.

5. THE COMMITTEES

Under the authority conferred on it by the Company's By-Laws the Board of Directors has deemed it appropriate to set up specific committees consisting of some of its members in order to increase the efficiency and the effectiveness of its activities. These committees have a consultative and advisory role and their duties are also based on the criteria provided in the current Code of Corporate Governance.

The Internal Auditing Committee and the Remuneration Committee were therefore set up in 2001 and the Appointments Committee, the Management Committee and the Committee for Social Responsibility were set up during 2007.

These Committees consist of a minimum of three members. The Appointments Committee, the Remuneration Committee and the Internal Auditing Committee mostly consist of independent directors.

Minutes are taken of the meetings of each Committee.

Within the limits laid down by the Board of Directors the committees are authorised to have access to the company information and departments required to enable them to carry out their duties and may use external consultants.

5.1. The Management Committee

The Management Committee is made up of the Chairman of the Board of Directors, the Vice Chairman, the Chief Executive Officer and no more than five other Directors appointed by the Board of Directors.

The Management Committee has an advisory role and assists in identifying the policies for growth and guidelines for the strategic and operational plans to be submitted to the Board of Directors, in particular on the following matters:

- policies on dividends and/or remuneration of capital;
- operations of an extraordinary nature that have to be put to a Shareholders' Meeting, in particular capital increases and issues of convertible bonds, mergers, splits, distribution from provisions, acquisition of own shares and changes to the By-Laws;
- extraordinary operations of significant strategic interest or that are likely to have a significant effect on the value/or the composition of the Company's capital and reserves or on the price of shares, such as acquisitions or divestments of relevant shareholdings, mergers or alliances with other groups and significant changes to the structure or composition of the Group;
- the Company's and the Group's strategic multiyear plans and annual budgets.

Since being set up on 10 May 2007 the Management Committee has met 11 times, 8 times during 2007 and three during 2008.

During these meetings the Management Committee has provided advice and assistance in accordance with the Code of Corporate Governance.



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Composition of the Management Committee

Name	Post held	% attendance
Stefanini Pierluigi	Chairman	100%
Galanti Vanes	Vice Chairman	100%
Salvatori Carlo	CEO	88%
Collina Piero	Director	75%
Costalli Sergio	Director	63%
Pedroni Marco	Director	63%
Zucchelli Mario	Director	88%

5.2 The Appointments Committee

The Appointments Committee ensures that the directors are suitably independent of management by playing an advisory role in identifying the optimum composition of the Board of Directors. The Appointments Committee is thus charged with the following:

- proposing candidates for the post of Director to the Board of Directors under Article 2386, para. 1, of the Civil Code if it should be necessary to replace an independent Director;
- advising the Board of Directors on the size and composition of the Board and possibly on professional people whose presence on the Board they deem appropriate.

The Appointments Committee is also called upon to advise on the following matters:

- the appointment of the Company's General Manager and Vice General Manager;
- candidates for the posts of Director and Auditor, and of Chairman, Vice-Chairman and General Manager (and/or Chief Executive Officers) of the 'major businesses'. The Chairman's task is to submit the names of these candidates to the Appointments Committee, in agreement with the Company's Chief Executive Officer. A meeting of the Committee must be called well in advance of the date of the meeting of the Board of Directors at which the proposal will be discussed and voted on.

Since being set up on 10 May 2007 the Appointments Committee has met four times, twice during 2007 and twice during 2008. During these meetings the Appointments Committee considered the candidates whose names had been submitted by the Chairman in agreement with the Chief Executive Officer and advised on the composition of the governing bodies (Board of Directors, Board of Statutory Auditors and General Manager) of several major companies in the UGF Group.

Composition of the Appointments Committee

Name	Post held	Independent	% Attendance
Coffari Gilberto	Chairman	X	100%
Cordazzo Bruno	Member		100%
Morara Pier Luigi	Member	X	100%
Politi Giuseppe	Member	X	50%

5.3 The Remuneration Committee

The Remuneration Committee carries out investigations, makes suggestions and provides advice. It is charged with the following:

- making suggestions to the Board of Directors on the remuneration of the Chief Executive Officer and the other directors who fulfil specific roles and monitoring the application of the decisions adopted by the Board of Directors;
- making suggestions to the Board of Directors on formulating general criteria for fixing the remuneration of the Company's General Manager and Senior Executives;
- giving their opinion of the proposals for the remuneration of the Chairmen, Vice-Chairmen and General Managers (and/or Chief Executive Officers) of the 'major companies' (drawn up by the Chairman in agreement with the Chief Executive Officer);
- formulating proposals, in agreement with the Company's Chief Executive Officer, for linking some of the remuneration of the General Managers (and/or Chief Executive Officers) of these companies to the achievement of objectives laid down in advance by the various Boards of Directors;
- advising on drawing up proposals for the total remuneration to be paid to the members of the Boards of Directors of the 'major companies';
- formulating proposals, in agreement with the Company's Chief Executive Officer, on the criteria and parameters for fixing the remuneration of the UGF Group's top management and for linking some of it to the achievement



of specific objectives;

- examining documents setting up and reviewing any stock option and stock-granting plans for UGF Group employees.

It is the Chairman's responsibility to gather information and submit the relevant data to the Remuneration Committee, ensuring that the various proposals are accompanied by all the information required to enable the Committee to express an informed opinion.

No Director takes part in the meetings of the Remuneration Committee at which proposals to the executive body that relate to his own remuneration are to be drawn up.

The Remuneration Committee has met five times, four times in 2007 and once in 2008.

As indicated elsewhere in this Report, during these meetings the Remuneration Committee examined, inter alia:

- proposals for the remuneration of the Company's Chairman, Vice-Chairman and Chief Executive Officer;
- the new system of remunerating the Group's senior executives;
- proposals for the remuneration of the members of the governing bodies of several major Group companies.

Composition of the Remuneration Committee

Name	Post held	Independent ⁸	% Attendance
Migliavacca Enrico	Chairman		75%
Betti Sergio	Member	X	100%
Forest Jacques	Member		100%
Levorato Claudio	Member		0%
Malavasi Ivan	Member	X	100%

Members of the Remuneration Committee who left their post during the year

Name	Post held	Independent	% Attendance
Collina Piero	Member		100%
Zucchelli Mario	Member		100%

⁸ The Chairman of the Committee, Mr. Migliavacca, was not considered to be independent since for more than nine of the last twelve years he has held the post of Director of the Company, though he fulfils all the other requirements of the Code of Corporate Governance.

5.4. The Internal Auditing Committee

The Internal Auditing Committee carries out investigations and provides the Board of Directors with suggestions, advice and assistance relating to the executive body's assessments and decisions concerning the internal auditing system, approval of the periodic accounting documents and relations with the external auditors.

Some of the tasks carried out by the Internal Auditing Committee in order that it can carry out these duties are:

- helping the Board of Directors to:
 - draw up guidelines for the internal auditing system in such a way that the principal risks affecting the Company and its subsidiaries can be correctly identified and properly calculated, managed and monitored and to ascertain how the business can be run properly and profitably in spite of these risks;
 - identify an executive Director responsible for overseeing the working of the internal auditing system (hereinafter abbreviated to 'executive Director responsible'). This role is currently carried out by the Chief Executive Officer since he is the only executive Director.
 - assess, at least once a year, the suitability, efficacy and effectiveness of the internal auditing system;
 - draw up the part of the annual report on corporate governance that describes the essential elements of the internal auditing system and indicates its overall effectiveness;
 - determine the procedures for approving and carrying out operations between the Company, or the companies in the Group, and related parties;
- advising on the proposal for appointing and replacing the head of internal auditing put to the Board of Directors by the executive Director responsible;
- together with the Senior Executive responsible for drawing up the Company's accounts and the auditors, assessing whether the accounting principles are being put into practice correctly and whether they are sufficiently standardised for the purpose of drawing up the Company's unconsolidated accounts and the Group consolidated accounts;
- examining the processes whereby the Companies in the Group prepare the periodic accounts so that the consolidated and unconsolidated accounts can be drawn up;
- at the request of the Chairman and/or the executive Director responsible, advising on specific aspects of identifying the principal business risks and of planning, implementing and managing the internal auditing system;
- examining the work schedule and the regular reports drawn up by the head of internal auditing;



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- g) evaluating the proposals drawn up by the external auditors when applying for the job, the work schedule prepared for the audit and the results set out in the report and in any letter containing suggestions;
- h) monitoring the efficacy of the audit process;
- i) examining relations with the external auditors used by the Company and the companies in the Group, including any advisory role entrusted to them by the companies concerned;
- j) liaising with the Board of Statutory Auditors for the purpose of carrying out the work deemed to be common to the two bodies according to their specific areas of expertise;
- k) reporting to the Board of Directors, at least twice a year, at the time the draft budget and the half-yearly report are approved, on the work carried out and the suitability of the internal auditing system;
- l) carrying out any other duties allocated to it by the Board of Directors.

The Internal Auditing Committee has access to the appropriate tools and flows of information to enable it to carry out its duties. These are mostly provided by the Company's Internal Audit and Risk Management departments and enable the Committee to carry out the checks entrusted to it. The Internal Auditing Committee may also require the representatives of the boards of the companies in the Group to provide the information and documentation it needs to be able to carry out its duties properly.

The post of chairman of the Internal Auditing Committee is entrusted to an independent Director. One member of the Committee, its current Chairman Mr. Massimo Masotti, has substantial accounting and financial experience, which was taken into consideration by the Board of Directors when he was appointed.

The Chairman of the Board of Statutory Auditors or another auditor designated by him attends the meetings of the Committee.

The Internal Auditing Committee met 10 times during 2007. 11 meetings are scheduled for 2008, 3 of which have already been held.

These meetings were attended by representatives of the internal audit department, the other departments within the Company and the external auditors and carried out the advisory and investigatory work dealt with by the Committee under the Code of Corporate Governance.

The Internal Auditing Committee reported to the Board of Directors on its work and the effectiveness of the internal auditing system at the time the draft budget and the half-yearly report were approved.

Composition of the Internal Auditing Committee

Name	Post held	Independent	% Attendance
Masotti Massimo	Chairman	X	100%
Carannante Rocco	Member	X	100%
Gillone Fabrizio	Member		86%
Zaccherini Luca	Member	X	71%

Members of the Internal Auditing Committee who left their post during the year

Name	Post held	Independent	% Attendance
Bocchetti Francesco	Chairman		100%

5.5. The Committee for Social Responsibility

The main duties required for the Committee for Social Responsibility to do its investigatory and advisory work are:

- examining the draft and the procedures for drawing up the Social Report to be submitted to the Board of Directors for approval;
- periodically updating the principal preparations for implementing the objectives of the Social Report in full;
- advising the operational departments on the specific procedures for providing information on and publishing the Social Report;
- ensuring that the Social Report is frequently reviewed so as to remain compatible with the Group's financial performance;
- working closely with the other relevant offices and/or bodies to review the Code of Ethics and if necessary update and/or amend it;
- ensuring that there is a link between the Group's Social Report, its Code of Ethics and its mission statement by periodically examining the principal themes.

Since being set up on 10 May 2007 the Committee for Social Responsibility has met 5 times, 3 times during 2007 and twice during 2008. During these meetings the Committee for Social Responsibility has, inter alia, analysed the procedures for preparing and drawing up the Social Report and has discussed and taken part in the project to draw up a Paper on UGF's Values, which will form the basis for reviewing the Company's and the UGF Group's Code of Ethics.

The Committee reported on its work during the meeting of the Board of Directors held on 31 January 2008.



Composition of the Committee for Social Responsibility

Name	Post held	% Attendance
Vella Francesco	Chairman	100%
Antoni Jean Dominique	Member	100%
Borghesi Fabio	Member	67%
Nasi Sergio	Member	33%
Venturi Marco	Member	33%

6. THE INTERNAL AUDITING SYSTEM

The Company has an internal auditing system in order to ensure that the principal risks affecting Group business can be correctly identified, calculated, managed and monitored so that the Group can operate properly and profitably despite the risks.

Its dynamic nature and new legislation already introduced or about to be introduced mean that this system is in constant use.

The essential element of the Company's internal auditing system is the separation of the various roles (those of managing, authorising and monitoring) for carrying out the principal actions relating to the individual operational processes. In addition to what is described elsewhere in this report it should be mentioned that the Company's auditing system has sections dealing with internal auditing, risk management and compliance (a new department which is not yet fully operational).

6.1. The Executive Director responsible for the internal auditing system

In his capacity as executive Director responsible the Chief Executive Officer is charged with ensuring that the whole internal auditing system operates properly.

As mentioned previously, as part of this work the Chief Executive Officer:

- identifies the principal business risks, bearing in mind the type of work carried out by the Company and its subsidiaries, and periodically submits them to the Board of Directors for examination;
- implements the guidelines laid down by the Board of Directors by planning, implementing and managing the internal auditing system and constantly checking that it is appropriate, effective and efficient. He also deals with adapting the system to changes in operating conditions, legislation and regulations.
- after consulting the Internal Auditing Committee advises the Board of Directors on the appointment, replacement and remuneration of one or more heads of internal auditing.

6.2. The Head of internal auditing

Ensuring that the internal auditing system is appropriate, operational and functional is the task of the Audit Department, the head of which, Mr. Andrea Alessandri, is the 'head of internal auditing' by virtue of being nominated by the executive Director responsible, approved by the Internal Audit Committee and appointed by the Board of Directors.

In order to ensure his independence and autonomy from the various departments the head of internal auditing is not responsible for any operational area, reports direct to the Board of Directors and therefore is not answerable to the head of any of the operational areas, including administration and finance, either because of his job or because of his position in the hierarchy.

The head of internal auditing carries out the following activities in accordance with current legislation and national and international professional standards:

- monitoring operational processes and organisational procedures and ensuring that flows of information are regular and effective and that IT systems are appropriate and reliable;
- monitoring administrative and accounting procedures in order to ensure that proper records are kept and that they are accurate;
- ensuring that checks carried out on work outsourced are effective;
- drawing up an audit plan in order to plan his work, with details of the activities at risk, the operations and systems to be checked, the frequency of audits and the resources required. The audit plan has the flexibility needed to cope with unforeseen requirements and is submitted to the Board of Directors for approval.

The head of internal auditing reports on his work to the Internal Auditing Committee, the Board of Statutory Auditors, the Chairman and the executive Director responsible. In particular he reports on risk management procedures and on compliance with the plans drawn up to limit them and advises on the suitability of the internal auditing system for achieving an acceptable overall risk profile.

6.3. The risk management system and the risk management department

The Board of Directors lays down the guidelines for the risk management system, ensuring that it enables major



risks to be identified, evaluated and monitored, major risks being deemed to be risks the consequences of which could undermine the Company's solvency or constitute a serious obstacle to achieving its objectives.

The executive body has set up a risk management department for this purpose with the task of:

- helping to determine the procedures for calculating the risks and operating limits assigned to the various departments and laying down the procedures for regularly checking these limits;
- validating the flows of information needed to ensure that exposure to the various risks is monitored at the proper times and that any anomalies encountered are reported immediately;
- reporting to the Board of Directors, senior managers and heads of operational departments on the trend in the risks and whether the operating limits have been exceeded;
- checking that the models for calculating risks are in line with the Company's business operations;
- helping to carrying out stress tests.

The risk management department is not answerable to other operational departments and reports to the Board of Directors. The heads of the internal audit and risk management departments liaise in order to ensure that the internal auditing system and the system of identifying, evaluating and monitoring risks are efficient and effective.

6.4. The Management and Organisational Model and the Code of Ethics

In accordance with Legislative Decree 231 of 8 June 2001 ('Rules governing the administrative responsibility of legal entities, companies and associations including those that are not legal entities' – the 'Decree') as amended and supplemented, the Company has a Management and Organisation Model (hereinafter referred to as the 'MOM' or 'the Model') and, as an integral part of it, a Code of Ethics, in order to ensure that the Company's staff run it properly, with integrity and in accordance with its ethical values.

The MOM is a collection of standards, rules, provisions and organisational and functional sequences for the diligent management of the audit system and the monitoring of sensitive activities. Its purpose is to prevent directors, senior executives, employees and others working for the Company from carrying out any of the offences referred to in the Decree.

The Model consists of:

- a general section that describes sensitive activities and the power structure and establishes the disciplinary system and a general code of conduct for all those to whom the Model applies;
- special sections on the individual offences to which the rules governing administrative responsibility apply and outlining the specific code of conduct and procedures for the most exposed business areas.

The completion of the project to reorganise the companies and departments within the Group, which led to UGF becoming a holding and service company on 1 September 2007, necessitated adapting the previous Model to the Company's new role. Similarly it was necessary to review the Models adopted by the Subsidiary Companies before the Group was reorganised and centralised processes and coordination functions were concentrated in UGF.

The review, which is still ongoing, is looking at whether the Models are in line with the Company's new mission of being a holding company and with the subsidiaries' new function of being 'operating companies' and needs to incorporate recent legislation (especially legislation that reclassifies manslaughter and serious or very serious negligent personal injury committed in violation of the regulations on accident prevention and on health and safety at work as serious offences).

The task of ensuring that the MOM operates, is observed and is kept up to date is entrusted to a supervisory body with the power to act and carry out monitoring activities autonomously (hereinafter referred to as the 'Supervisory Body').

The Supervisory Body was set up by a resolution of Unipol Assicurazioni's Board of Directors passed on 17 February 2006, was reformed by the Company's Board of Directors at its meeting held on 21 February 2008 and is currently made up of:

- a non-executive Director and member of the Internal Auditing Committee as Chairman;
- the Head of Legal Affairs and Shareholdings;
- the Head of the Group Audit Department.

The Supervisory Body reports twice a year to the Board of Directors, the Internal Auditing Committee and the Board of Statutory Auditors.

6.5. The Independent Auditors

The Company's external auditors are KPMG S.p.A., which also audit the individual and the consolidated annual accounts and carry out a limited audit of the half-yearly accounts, including the consolidated half-yearly accounts. These external auditors were appointed for the period 2006–2011 at the Shareholders' Meeting held on 3 May 2006.

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6.6. The Senior Executive responsible for drawing up the Company's accounts

Under the Savings Law there has to be a Senior Executive responsible for drawing up the Company's accounts. In particular, in a company with listed shares, this role covers responsibility for ensuring that being of strategic importance accounting information is accurate and that the company is organised in such a way that it can be properly managed.

The Company amended its By-Laws to incorporate the new legislation in accordance with the resolutions passed at the Shareholders' Meeting held on 24 April 2007. In particular Article 13 of the By-Laws was amended to grant the Board of Directors the power to appoint the Senior Executive Responsible after consulting the Board of Statutory Auditors.

Article 13 of the Company's By-Laws also specifies that the appointee should have at least three years' experience of (a) managing or auditing or being a senior official of a joint-stock company that has share capital of not less than ten million Euro or a consortium of joint-stock companies that has total share capital of not less than ten million Euro, or (b) professional work or a post on the permanent teaching staff of a university in legal, economic, financial and technical-scientific fields pertaining closely to the Company's business or (c) a management post with a public authority or government department operating in credit, finance and insurance or in an activity pertaining closely to that of the Company or of the Group and who fulfils the requirements relating to trustworthiness provided for in Article 147-quinquies of the Finance Consolidation Act, that is those required of members of the Board of Statutory Auditors.

The meeting of the Board of Directors held on 26 July 2007 resolved to appoint Mr. Maurizio Castellina, the current Administration, Procurement and Property Manager, to the post in question and also to grant him all the powers and responsibility required to carry out the role entrusted to him.

7. OPERATIONS WITH RELATED PARTIES AND DIRECTORS' INTERESTS

The Board of Directors has approved guidelines relating to operations with related parties (hereinafter referred to as the 'Code of Conduct').

Under this Code of Conduct the Chief Executive Officer must submit operations with related parties to the Board of Directors for prior approval if, because of their purpose, amount, procedures or timescale, these operations could jeopardise the Company's capital and reserves or the accuracy and completeness of information relating to the Company, including information on the accounts, and would therefore mean that the market would have to be notified.

If the nature, the value or any other features of the transaction so require, the Board of Directors arranges for its evaluation of the financial terms, the technical structure or the legal requirements of the transaction to be backed up by the opinion of one or more independent advisers in order to prevent any inappropriate terms being agreed.

The Chief Executive Officer reports to the Board of Directors at least quarterly on the other transactions with related parties that have not been approved in advance and any that are atypical and/or unusual.

In addition, specific reports are submitted in the case of transactions that involve sums exceeding €1m, whether individually or in conjunction with others that come under the same operational plan. In such cases the report must contain a full description of the nature of the relationship, how the transaction corresponds to the interests of the Company and of the Group, the financial structure and terms of the transaction, the risks inherent in it and the system used to evaluate these factors.

Members of the Board of Directors are required to comply with the provisions relating to conflict of interest contained in current legislation. In particular, where the Board of Directors is required to vote on an operation with a Director or with a party related indirectly through a Director, the Director concerned must explain the nature of the relationship, provide any clarification requested and abstain from taking part in the discussions on the operation concerned.

8. INSIDER TRADING

In view of the amendments to legislation relating to insider trading, the Board of Directors has replaced the code of conduct relating to insider trading with a new procedure for providing information on operations on own shares or other financial instruments linked to them (the 'Procedure relating to Insider Trading' or the 'Procedure').

The set of rules provided for by the Procedure includes:

- (i) the criteria for identifying the Company's senior executives who, in their capacity as senior executives with regular access to confidential information and the authority to make management decisions that could affect the Company's performance and future prospects, are deemed to be 'Relevant Parties' and are therefore obliged to provide the information required under Article 114, para. 7, of the TUF;
- (ii) the methods used by the relevant parties to notify CONSOB and the Company of the relevant transactions in



accordance with the provisions of Article 152-octies (1) and (2) of the Issuer Regulation;

(iii) the terms under which the Relevant Parties referred to in (c.1), (c.2) and (c.3) of Article 152-sexies of the Issuer Regulation (members of boards of directors and auditors, individuals with management roles and senior executives identified as Relevant Parties of the Company and the Principal Subsidiaries) authorise the Company to inform CONSOB on their behalf of relevant operations they have carried out, in accordance with the provisions of Article 152-octies, para. 6, of the Issuer Regulation.

In order to provide conditions that enable the Company to carry out its duties of disclosure as mentioned above promptly and properly, as an exception to the rules mentioned above the Procedure provides for Relevant Parties who have granted the authorisation referred to in point (iii) above to undertake to notify the Company department concerned of all the relevant operations, whatever the amount concerned, even if it is less than the amount specified in law, that they and/or persons closely connected with them have carried out, within three trading days as from the date on which they were carried out.

In order to prevent potential conflicts of interest and protect the Company and the Group, the Relevant Persons are forbidden to carry out operations on financial instruments issued by UGF and its subsidiaries in the seven days preceding meetings of the Company's Boards of Directors called to examine and approve the draft unconsolidated and/or consolidated accounts nor in the seven days preceding publication of the half-yearly report, each quarterly report, the interim balance sheet and the budget (blocking periods).

Non-compliance by Relevant Parties holding a post of Director, Auditor or senior executive in the Company or its principal subsidiaries with the duties laid down in the Procedure, which is deemed to be legally binding, may be deemed by the relevant bodies to be a breach of trust. The relevant bodies may adopt any rulings that take account of specific circumstances.

Non-compliance with the duties laid down in the Procedure by Relevant Parties who are employees of UGF or its principal subsidiaries may be deemed by the relevant bodies to be a matter for disciplinary action. Disciplinary action is taken in accordance with the criterion of proportionality, based on the gravity of the infringement and on whether it was committed intentionally and taking account of whether it was a first offence.

The Procedure relating to Insider Trading is in the *Corporate Governance* section of the Company's website (www.unipolgf.it).

9. DATA PROTECTION

In October 2007 the Company's Board of Directors voted in favour of the Chief Executive Officer's proposal to adopt the 'Guidelines' and the 'Procedure for dealing with and communicating confidential information'.

The Boards of Directors of the subsidiary companies subsequently adopted similar procedures, including the criteria for and the ways of dealing with and monitoring confidential information laid down by the Company, in order to ensure that the policy on circulating and monitoring information was implemented uniformly throughout the Group.

The opportunity to do so arose as a result of the process of Group restructuring, which necessitated a new procedure for identifying the departments and/or individuals authorised to generate or have access to confidential information and the identification of the departments and/or individuals to whom to entrust the responsibilities of evaluating the information and maintaining the Register referred to in Article 115-bis of the TUF.

The Guidelines and the Procedure mentioned above regulate:

1. 'Dealing with confidential information' by defining:
 - criteria, roles and responsibilities;
 - procedures for entering the people who have access to confidential information in the Register;
 - measures to guarantee the traceability of confidential information;
 - procedures for circulating confidential information internally and rules for protecting confidentiality.
2. 'Communicating confidential information' by defining, in the case of UGF, the procedures, roles and responsibilities linked to:
 - communicating confidential information to the public, in accordance with Article 114 of the TUF;
 - communicating accounting statements and provisional figures to the public;
 - relations with the financial community and the media.
3. the rules for the conduct of Subsidiaries stipulated by the Parent Company UGF, which are intended to ensure that the Company carries out properly its duties of notification mentioned above.

10. THE BOARD OF STATUTORY AUDITORS

10.1. Role and responsibilities

As part of its duty to ensure that the administrative, organisational and accounting structures are appropriate the Board of Statutory Auditors is responsible for:

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- a) examining the way in which the external auditors are organised and the results of their work in order to evaluate the internal auditing system and the accounting system;
- b) checking that powers are delegated appropriately and that the organisational structure is appropriate;
- c) assessing the efficiency and the efficacy of the internal auditing system and in particular of the work carried out by the internal audit department, its autonomy, independence and effectiveness;
- d) periodically examining the reports compiled by external auditors and keeping in contact and exchanging information with them;
- e) notifying the Board of Directors of any anomalies or critical factors in the organisational structure and the internal auditing system and pointing out what corrective action can and should be taken;
- f) keeping in contact and exchanging information with the boards of auditors of the subsidiary companies;
- g) ensuring that the external auditors are independent by checking both that they comply with the relevant legislation and the nature and level of the services other than auditing provided by the external auditors and their network to the Company and its subsidiaries.

10.2 Appointment and Composition

One of the other things done by the Shareholders' Meeting held on 24 April 2007 was to incorporate the changes made to Article 148 paras 1 and 2 of the TUF in implementation of the Savings Law and the Corrective Decree relating to the appointment of the Board of Statutory Auditors.

Therefore the Company's By-Laws were amended in order to cover:

- the system of list voting for the election of a Statutory Auditor by the minority shareholders;
- the appointment by the Shareholders' Meeting of one of the auditors elected by a minority as Chairman of the Board of Statutory Auditors.

Therefore under the new provisions the Board of Statutory Auditors is appointed on the basis of lists submitted by members who at the time the lists are submitted are entitled to vote at the relevant Shareholders' Meeting.

These lists consist of two sections, one for candidates for the post of Statutory Auditor (a maximum of three) and the other for candidates for the post of Alternate Auditor (a maximum of two) and must reach the Company's registered office at least 15 days before the date fixed for the Shareholders' Meeting.

Members who, alone or in combination with other Members, hold the total number of shares laid down in accordance with current legislation and regulations relating to electing the members of the Company's Board of Directors are entitled to submit lists.

The lists must be accompanied by full details of the candidates' personal and professional profile, a statement that they are neither ineligible nor incompatible and that they fulfil the requirements for holding the posts, including compliance with the current legal limits on the total number of posts that may be held.

The lists, accompanied by the candidates' details, are published on the Company's website at the appropriate time.

The Shareholders' Meeting held on 24 April 2007 appointed the Company's Board of Statutory Auditors currently in office on the basis of the only list submitted. The three statutory and two alternate Auditors were appointed for a period of three years, that is until the Shareholders' meeting called to approve the Accounts for 2009.

At its meeting held on 20 March the Board of Statutory Auditors assessed the independence of its members by applying the criteria laid down in the Code of Corporate Governance for the independence of directors.

Auditors who for their own account or that of third parties have an interest in a particular operation to be carried out by the Company must provide the other auditors and the chairman of the Board with timely and full information on the nature, terms, origin and extent of their interest.

Under Article 144-quaterdecies para. 1 of the Issuer Regulation the members of the Board of Statutory Auditors must notify CONSOB by 30 July 2008 of details of the management and auditing posts held in the companies referred to in Book V, Chapter V, Items V, VI and VII of the Civil Code.

As from 30 June 2008 fulfilment of the criteria relating to the limits on the total number of posts that may be held referred to in Article 114-terdecies of the Issuer Regulation will be a precondition for being an auditor of the Company and the appointment will lapse if these limits are exceeded.

In 2007 the Board of Statutory Auditors met 11 times, with full attendance at each meeting.

The attendance of the Auditors at the meetings of the Company's Board of Directors held during 2007 was 100%, since on no occasion was any member of the Board of Statutory Auditors absent.

The current Board of Statutory Auditors is made up as follows:

Name	Post held	Since ⁹	% Attendance ¹⁰
Chiusoli Roberto	Chairman	24/04/2007	100%
Trombone Domenico Livio	Member	24/04/2007	100%
Picone Giorgio	Member	24/04/2007	100%
Graziosi Giovanni Battista	Alternate	24/04/2007	-
Cerchiai Cristiano	Alternate	24/04/2007	-



Auditors who left their post during the year:

Name	Post held	Until	% Attendance
Melloni Umberto	Chairman	24/04/2007	100%
Cassamagnaghi Carlo	Member	24/04/2007	100%
Capè Luigi	Member	24/04/2007	100%
Baccani Marco	Alternate	24/04/2007	-
Chiusoli Roberto	Alternate	24/04/2007	-

9. The date refers to the current term of office.

10. Indicates the auditor's attendance at meetings of the Board of Statutory Auditors. (This percentage takes account of the number of meetings in which the auditor took part compared with the number of meetings of the Board of Statutory Auditors held during the year or after the post was taken up.)

11. THE SHAREHOLDERS' MEETING

11.1. Ordinary and Extraordinary Shareholders' Meeting

The Shareholders' Meeting is called by the Board of Directors by means of a notice published in the Official Gazette of the Italian Republic at least thirty days before the date laid down in first call which must indicate the day, the time and the place of the meeting and the agenda.

The Shareholders' Meeting held on 24 April 2007 amended the By-Laws to comply with Article 2366 of the Civil Code, which permits publication of the notice of the Shareholders' Meeting other than in accordance with this procedure, for instance in one or more daily newspapers specified in the By-Laws.

An Ordinary Shareholders' Meeting must be called at least once a year in order to approve the accounts, within 120 days or, in the cases allowed by law, within 180 days of the end of the financial year.

A Shareholders' Meeting may also be called by the Board of Statutory Auditors or by at least two members of it provided the Chairman of the Board of Directors is informed in advance.

The Board of Directors must also call a Shareholders' Meeting without delay if requested to do so by Members owning a number of shares with voting rights corresponding to at least 10% of the total number of shares issued, provided that the items to be dealt with are indicated in the request. A Meeting may not be requested to deal with items on which, under the law, the Shareholders' Meeting votes on motions submitted by the Directors or on a project or a report submitted by them.

Whether the Shareholders' Meeting is properly constituted and whether its votes are valid are matters that are governed by law.

It is the Chairman's responsibility to ascertain that the Meeting is properly constituted, to ascertain the identity and the eligibility of those present, to conduct and oversee the business of the meeting, to select a system of casting votes and to ascertain the results of the voting.

Individuals who have voting rights and for whom the Company has received the notification referred to in Article 2370 of the Civil Code at least two working days before the date fixed for the Shareholders' Meeting in first call may attend the Meeting.

For many years the Company has had a set of rules, approved by the Shareholders' Meeting, for ensuring that the business of Ordinary and Extraordinary Shareholders' Meetings is carried out effectively and in an orderly manner (hereinafter referred to as the 'Rules').

These Rules (available in the Corporate Governance section of the Company's website) specifically govern the procedures and the maximum length of time allowed for speakers, the voting procedures and the Chairman's powers to maintain order in the Meeting, in order to ensure that those entitled to play an active part in the work of the meeting are given the opportunity to do so and at the same time to ensure that the business of the Meeting is carried out effectively and in an orderly manner.

The Board of Directors reports to the Meeting on the activity carried out and scheduled and uses his best endeavours to provide the shareholders with sufficient details for them to be able to cast their votes with full knowledge of the facts.

11.2. Special Meeting of Preference Shareholders

The Company's current By-Laws provide for appropriate rules to determine:

- (i) the procedures for ensuring that the joint Representative of the holders of preference shares is provided with sufficient details of the Company's operations that could affect the price of these shares, in accordance with Article 147, para. 4, of the TUF, by carrying out the duties laid down for notifying the market (Article 6 'Shares', para. 3, of the Company's By-Laws);
- (ii) the allocation, in order to simplify proceedings, of a maximum amount of €30,000.00 per annum to cover the expenses required to safeguard the common interests of the holders of preference shares, for which the Special Shareholders' Meeting voted to set up a fund in accordance with legislation (Article 6 'Shares', para. 2, of the Company's By-Laws).



As a result of the resolutions passed by the Special Meeting of the holders of preference shares held on 29 April 2005, on the date of this report the preference shareholders' joint Representative (hereinafter referred to as the 'Representative') was Professor Massimo Franzoni.

The Representative remains in office for three years (2005, 2006 and 2007) and in any case until the date the accounts for the year ended 31 December 2007 are approved. He is paid a gross annual fee of €25,000.00 and is reimbursed for any expenses incurred in carrying out his duties.

This Meeting then voted to allocate €100,000.00 to set up a fund to safeguard the common interests of the holders of preference shares.

At the next shareholders' meeting a Special Meeting of Preference Shareholders will be called to appoint the new joint representative.

12. SHAREHOLDER RELATIONS

The Company has always paid particular attention to relations with its shareholders, and these relations take on particular importance as the time for shareholders' meetings approaches. Therefore the Company sends the documentation relating to the business of the shareholders' meeting to the addresses of those who request it, makes it available to the public in accordance with the law and publishes it in the Corporate Governance section of its website.

Relations with institutional investors and financial analysts are dealt with by 'Investor Relations', which is part of the Planning and Control Department (telephone: +39 051 5077933 – fax: +39 051 5076990 – e-mail: investor.relations@unipolgf.it).

Bologna, 28 March 2008

Unipol Gruppo Finanziario S.p.A.





Carlo Levi
Paola

Unipol private collection



Subsidiaries' accounts

Balance Sheet and Profit and Loss Account

UNIPOL ASSICURAZIONI S.p.a.

Registered offices in Bologna - Share capital € 150,000,000

As at 31 December (amounts in €)

Direct shareholding 100%

BALANCE SHEET

ASSETS	2007
SUBSCRIBED SHARE CAPITAL UNPAID	0
INTANGIBLE ASSETS	28,397,066
INVESTMENTS	6,930,286,731
I-Land and buildings	559,585,356
II-Investments in Group undertakings and other participating interests	706,783,556
III-Other financial investments	5,643,330,220
IV-Deposits with ceding undertakings	20,587,599
INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND ARISING OUT OF PENSION FUND MANAGEMENT	1,362,554,523
TECHNICAL PROVISIONS - REINSURERS' SHARE	92,851,951
DEBTORS	529,249,120
I-Debtors arising out of direct insurance operations	431,196,854
II-Debtors arising out of reinsurance operations	18,500,674
III-Other debtors	79,551,592
OTHER ASSETS	302,006,344
I-Tangible assets and stocks	52,037
II-Cash at bank and in hand	217,283,365
III-Own shares	0
IV-Other assets	84,670,942
PREPAYMENTS AND ACCRUED INCOME	71,474,565
TOTAL ASSETS	9,316,820,300
LIABILITIES AND SHAREHOLDERS' EQUITY	
SHAREHOLDERS' EQUITY	654,625,654
I-Subscribed share capital or equivalent funds	150,000,000
II-Share premium reserve	639,739,538
III-Revaluation reserves	0
IV-Legal reserve	0
V-Statutory reserves	0
VI-Reserves for own shares and holding company's shares	0
VII-Other reserves	1,514,284
VIII-Profits (losses) carried forward	0
IX-Profit (loss) for the financial year	(136,628,168)
SUBORDINATED LIABILITIES	135,000,000
NON-LIFE TECHNICAL PROVISIONS	2,399,749,499
LIFE TECHNICAL PROVISIONS	4,404,692,401
TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	1,362,554,523
PROVISIONS FOR OTHER RISKS AND CHARGES	7,364,998
DEPOSITS RECEIVED FROM REINSURERS	36,526,081
CREDITORS AND OTHER LIABILITIES	308,545,933
I-Arising out of direct insurance operations	18,579,839
II-Arising out of reinsurance operations	6,918,301
III-Debtenture loans	0
IV-Amounts owed to credit institutions	0
V-Debts secured by a lien on property	0
VI-Sundry loans and other financial debts	15,215,232
VII-Provision for staff-leaving indemnity	6,841,614
VIII-Other creditors	110,919,519
IX-Other liabilities	150,071,428
ACCRUALS AND DEFERRED INCOME	7,761,211
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,316,820,300
MEMORANDUM ACCOUNTS	12,469,249,995



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UNIPOL ASSICURAZIONI S.p.a.**PROFIT AND LOSS ACCOUNT**

	2007
TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS	
Gross written premiums	647,877,900
Outward reinsurance premiums	(40,618,464)
Net change in the provision for unearned premiums	(90,762,496)
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	(37,369)
OTHER TECHNICAL INCOME, NET OF REINSURANCE	1,217,446
CLAIMS INCURRED, NET OF REINSURANCE	(340,931,476)
CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	(85,764)
BONUSES AND REBATES, NET OF REINSURANCE	(4,580,242)
OPERATING EXPENSES	(119,027,128)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(1,562,984)
CHANGE IN EQUALIZATION PROVISIONS	(11,409)
BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS	51,478,014
TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS	
Gross written premiums	388,082,719
Outward reinsurance premiums	(760,842)
INVESTMENT INCOME	116,512,643
CLASS D INVESTMENT INCOME AND UNREALIZED CAPITAL GAINS	18,773,926
OTHER TECHNICAL INCOME, NET OF REINSURANCE	2,766,893
CLAIMS INCURRED, NET OF REINSURANCE	(477,045,946)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	34,452,544
BONUSES AND REBATES, NET OF REINSURANCE	(181,379)
OPERATING EXPENSES	(15,053,642)
INVESTMENT CHARGES	(159,382,128)
CLASS D INVESTMENT CHARGES AND UNREALIZED CAPITAL LOSSES	(20,827,547)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(2,304,582)
INVESTMENT RETURNS ALLOCATED TO THE NON-TECHNICAL ACCOUNT	0
BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS	(114,967,341)
NON-TECHNICAL ACCOUNT	
INVESTMENT INCOME - NON-LIFE BUSINESS	51,422,658
INVESTMENT RETURNS TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT	0
INVESTMENT CHARGES - NON-LIFE BUSINESS	(154,778,039)
INVESTMENT RETURNS ALLOCATED TO THE NON-LIFE TECHNICAL ACCOUNT	0
OTHER INCOME	8,646,204
OTHER CHARGES	(8,865,965)
BALANCE ON ORDINARY ACTIVITIES	(167,064,469)
EXTRAORDINARY INCOME	17,992,408
EXTRAORDINARY CHARGES	(21,834,722)
PROFIT BEFORE TAXATION	(170,906,783)
TAX ON PROFIT	34,278,615
PROFIT (LOSS) FOR THE FINANCIAL YEAR	(136,628,168)



AURORA ASSICURAZIONI S.p.a.Registered offices in San Donato Milanese (MI) - Share capital € 150,000,000,00
Direct shareholding 100%

As at 31 December (amounts in €)

BALANCE SHEET

ASSETS	2007
SUBSCRIBED SHARE CAPITAL UNPAID	0
INTANGIBLE ASSETS	278,412,448
INVESTMENTS	8,860,134,434
I-Land and buildings	39,544,542
II-Investments in Group undertakings and other participating interests	19,160,785
III-Other financial investments	8,800,950,356
IV-Deposits with ceding undertakings	478,751
INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND ARISING OUT OF PENSION FUND MANAGEMENT	796,747,726
TECHNICAL PROVISIONS - REINSURERS' SHARE	385,738,691
DEBTORS	664,103,747
I-Debtors arising out of direct insurance operations	492,183,030
II-Debtors arising out of reinsurance operations	89,331,291
III-Other debtors	82,589,426
OTHER ASSETS	988,415,364
I-Tangible assets and stocks	197,336
II-Cash at bank and in hand	868,442,702
III-Own shares	0
IV-Other assets	119,775,326
PREPAYMENTS AND ACCRUED INCOME	100,774,815
TOTAL ASSETS	12,074,327,225
LIABILITIES AND SHAREHOLDERS' EQUITY	
SHAREHOLDERS' EQUITY	1,203,615,438
I-Subscribed share capital or equivalent funds	150,000,000
II-Share premium reserve	971,288,157
III-Revaluation reserves	0
IV-Legal reserve	0
V-Statutory reserves	0
VI-Reserves for own shares and holding company's shares	0
VII-Other reserves	151,500,000
VIII-Profits (losses) carried forward	0
IX-Profit (loss) for the financial year	(69,172,719)
SUBORDINATED LIABILITIES	150,000,000
NON-LIFE TECHNICAL PROVISIONS	4,310,117,342
LIFE TECHNICAL PROVISIONS	5,131,592,719
TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	796,741,783
PROVISIONS FOR OTHER RISKS AND CHARGES	16,471,109
DEPOSITS RECEIVED FROM REINSURERS	152,870,791
CREDITORS AND OTHER LIABILITIES	308,648,087
I-Arising out of direct insurance operations	28,156,012
II-Arising out of reinsurance operations	7,282,902
III-Debenture loans	0
IV-Amounts owed to credit institutions	0
V-Debts secured by a lien on property	0
VI-Sundry loans and other financial debts	24,229,000
VII-Provision for staff-leaving indemnity	12,313,126
VIII-Other creditors	112,278,360
IX-Other liabilities	124,388,687
ACCRUALS AND DEFERRED INCOME	4,269,956
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,074,327,225
MEMORANDUM ACCOUNTS	13,132,864,910



AURORA ASSICURAZIONI S.p.a.**PROFIT AND LOSS ACCOUNT****2007****TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS**

Gross written premiums	819,117,163
Outward reinsurance premiums	(49,155,013)
Net change in the provision for unearned premiums	(92,470,324)
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	0
OTHER TECHNICAL INCOME, NET OF REINSURANCE	1,581,241
CLAIMS INCURRED, NET OF REINSURANCE	(463,376,221)
CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	128,508
BONUSES AND REBATES, NET OF REINSURANCE	0
OPERATING EXPENSES	(171,805,200)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(3,481,387)
CHANGE IN EQUALIZATION PROVISIONS	(145,692)
BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS	40,393,075
TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS	
Gross written premiums	259,777,899
Outward reinsurance premiums	(6,754,278)
INVESTMENT INCOME	98,795,062
CLASS D INVESTMENT INCOME AND UNREALIZED CAPITAL GAINS	16,342,011
OTHER TECHNICAL INCOME, NET OF REINSURANCE	613,473
CLAIMS INCURRED, NET OF REINSURANCE	(351,197,776)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	66,960,162
BONUSES AND REBATES, NET OF REINSURANCE	(77,718)
OPERATING EXPENSES	(18,043,818)
INVESTMENT CHARGES	(119,788,439)
CLASS D INVESTMENT CHARGES AND UNREALIZED CAPITAL LOSSES	(21,370,496)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(1,973,608)
INVESTMENT RETURNS ALLOCATED TO THE NON-TECHNICAL ACCOUNT	0
BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS	(76,717,526)
NON-TECHNICAL ACCOUNT	
INVESTMENT INCOME - NON-LIFE BUSINESS	92,673,821
INVESTMENT RETURNS TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT	0
INVESTMENT CHARGES - NON-LIFE BUSINESS	(138,924,180)
INVESTMENT RETURNS ALLOCATED TO THE NON-LIFE TECHNICAL ACCOUNT	0
OTHER INCOME	19,602,274
OTHER CHARGES	(16,620,621)
BALANCE ON ORDINARY ACTIVITIES	(79,593,157)
EXTRAORDINARY INCOME	16,054,137
EXTRAORDINARY CHARGES	(33,419,931)
PROFIT BEFORE TAXATION	(96,958,951)
TAX ON PROFIT	27,786,232
PROFIT (LOSS) FOR THE FINANCIAL YEAR	(69,172,719)

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Compagnia Assicuratrice LINEAR S.p.a.

Registered offices in Bologna - Share capital € 19,300,000
Direct shareholding 100%

As at 31 December (amounts in €)

BALANCE SHEET

ASSETS	2007	2006
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	539,323	6,979
INVESTMENTS	228,349,616	213,700,261
I-Land and buildings	0	0
II-Investments in Group undertakings and other participating interests	0	0
III-Other financial investments	228,335,818	213,686,868
IV-Deposits with ceding undertakings	13,798	13,393
TECHNICAL PROVISIONS - REINSURERS' SHARE	1,028,841	3,001,803
DEBTORS	8,950,960	7,170,602
I-Debtors arising out of direct insurance operations	6,773,902	4,754,450
II-Debtors arising out of reinsurance operations	854,795	1,260,600
III-Other debtors	1,322,263	1,155,552
OTHER ASSETS	54,755,106	50,197,127
I-Tangible assets and stocks	1,063,727	1,253,143
II-Cash at bank and in hand	43,963,884	43,982,811
III-Own shares	0	0
IV-Other assets	9,727,495	4,961,173
PREPAYMENTS AND ACCRUED INCOME	3,824,800	3,939,298
TOTAL ASSETS	297,448,646	278,016,070
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY	42,745,771	40,871,380
I-Subscribed share capital or equivalent funds	19,300,000	19,300,000
II-Share premium reserve	3,537,369	3,650,000
III-Revaluation reserves	0	0
IV-Legal reserve	3,208,344	2,597,690
V-Statutory reserves	0	0
VI-Reserves for own shares and holding company's shares	0	0
VII-Other reserves	5,175,667	3,110,622
VIII-Profits (losses) carried forward	0	0
IX-Profit (loss) for the financial year	11,524,391	12,213,068
SUBORDINATED LIABILITIES	0	0
TECHNICAL PROVISIONS	239,778,343	221,524,952
PROVISIONS FOR OTHER RISKS AND CHARGES	730,730	772,635
DEPOSITS RECEIVED FROM REINSURERS	8,914	11,753
CREDITORS AND OTHER LIABILITIES	14,184,888	14,835,350
I-Arising out of direct insurance operations	2,454,206	2,744,589
II-Arising out of reinsurance operations	1,274,662	2,188,435
III-Debtenture loans	0	0
IV-Amounts owed to credit institutions	0	0
V-Debts secured by a lien on property	0	0
VI-Sundry loans and other financial debts	0	0
VII-Provision for staff-leaving indemnity	585,555	640,919
VIII-Other creditors	9,137,565	6,987,370
IX-Other liabilities	732,900	2,274,037
ACCRUALS AND DEFERRED INCOME	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	297,448,646	278,016,070
MEMORANDUM ACCOUNTS	233,046,369	215,095,137



Compagnia Assicuratrice LINEAR S.p.a.

PROFIT AND LOSS ACCOUNT

	2007	2006
EARNED PREMIUMS, NET OF REINSURANCE	164,029,133	162,446,057
Gross written premiums	166,818,790	164,690,190
Outward reinsurance premiums	(1,198,404)	(998,805)
Net change in the provision for unearned premiums	(1,591,253)	(1,245,328)
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	5,425,913	6,862,044
OTHER TECHNICAL INCOME, NET OF REINSURANCE	1,957,905	130,321
CLAIMS INCURRED, NET OF REINSURANCE	(128,760,475)	(129,851,775)
CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	0	0
BONUSES AND REBATES, NET OF REINSURANCE	0	0
OPERATING EXPENSES	(24,372,104)	(22,391,595)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(258,464)	(187,079)
CHANGE IN EQUALIZATION PROVISIONS	0	0
BALANCE ON THE TECHNICAL ACCOUNT	18,021,908	17,007,973
INVESTMENT INCOME	9,764,114	10,688,446
INVESTMENT CHARGES	(3,346,015)	(2,497,888)
INVESTMENT RETURNS ALLOCATED TO THE TECHNICAL ACCOUNT	(5,425,913)	(6,862,044)
OTHER INCOME	1,972,054	1,497,585
OTHER CHARGES	(163,769)	(119,865)
BALANCE ON ORDINARY ACTIVITIES	20,822,379	19,714,207
EXTRAORDINARY INCOME	314,283	172,284
EXTRAORDINARY CHARGES	(268,613)	(135,037)
PROFIT BEFORE TAXATION	20,868,049	19,751,454
TAX ON PROFIT	(9,343,658)	(7,538,386)
PROFIT (LOSS) FOR THE FINANCIAL YEAR	11,524,391	12,213,068

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UNIPOL SGR S.p.a.Registered offices in Bologna - Share capital € 5,000,000
Direct shareholding 100%

As at 31 December - (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
10. Cash and cash equivalents	442	78
20. Financial liabilities held for trading	5,354,371	5,374,376
60. Receivables	3,612,708	243,054
<i>a) from portfolio management</i>	<i>3,599,506</i>	<i>108,410</i>
<i>b) other receivables</i>	<i>13,202</i>	<i>134,644</i>
100. Tangible assets	206,186	1,008
110. Intangible assets	113,142	0
120. Tax assets	66,450	77,292
<i>a) current</i>	<i>52,159</i>	<i>70,196</i>
<i>b) deferred</i>	<i>14,291</i>	<i>7,096</i>
140. Other assets	22,357	36,698
TOTAL ASSETS	9,375,656	5,732,506
LIABILITIES		
10. Payables	220,909	93,239
70. Tax liabilities	864,501	34,173
<i>a) current</i>	<i>863,872</i>	<i>33,385</i>
<i>b) deferred</i>	<i>629</i>	<i>788</i>
90. Other liabilities	1,416,545	53,072
100. Provision for staff-leaving indemnity	3,348	1,782
120. Share capital	5,000,000	5,000,000
160. Reserves	550,241	499,944
180. Profit (loss) for the financial year (+/-)	1,320,112	50,296
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,375,656	5,732,506



UNIPOL SGR S.p.a.

PROFIT AND LOSS ACCOUNT

	2007	2006
10. Fees and commissions receivable	3,920,959	451,992
20. Fees and commissions payable	(252,636)	(254,042)
Non-interest income	3,668,323	197,950
40. Interest receivable and similar income	153,528	165,240
50. Interest payable and similar charges	(6)	0
60. Net result from trading activity	53,788	2,403
120. Gross operating income	3,875,633	365,593
120. Administrative expenses:	(1,672,231)	(262,553)
<i>a) staff costs</i>	<i>(560,311)</i>	<i>(108,410)</i>
<i>b) other administrative expenses</i>	<i>(1,111,920)</i>	<i>(154,143)</i>
130. Net value adjustments/readjustments on tangible assets	(12,522)	(975)
140. Net value adjustments/readjustments on intangible assets	(17,859)	(22,241)
170. Other operating charges	(604)	(52)
180. Other operating income	39	0
Result from the operating activity	2,172,456	79,772
Pre-tax profit (loss) on current operations	2,172,456	79,772
210. Income tax for the financial year on current operations	(852,344)	(29,476)
Profit (loss) for the financial year	1,320,112	50,296

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NAVALE ASSICURAZIONI S.p.a.

Registered offices in Milan - Share capital € 96,250,000
Direct shareholding 99.83%

As at 31 December (amounts in €)

BALANCE SHEET

ASSETS	2007	2006
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	2,042,688	2,356,612
INVESTMENTS	411,639,424	403,273,394
I-Land and buildings	8,163,542	8,192,025
II-Investments in Group undertakings and other participating interests	4,681,931	4,710,708
III-Other financial investments	398,128,647	390,013,101
IV-Deposits with ceding undertakings	665,304	357,560
TECHNICAL PROVISIONS - REINSURERS' SHARE	107,989,220	116,418,787
DEBTORS	173,253,667	132,080,497
I-Debtors arising out of direct insurance operations	72,156,837	59,335,702
II-Debtors arising out of reinsurance operations	41,313,298	34,770,187
III-Other debtors	59,783,532	37,974,608
OTHER ASSETS	47,735,677	55,900,169
I-Tangible assets and stocks	1,250,922	1,409,072
II-Cash at bank and in hand	25,002,624	36,849,231
III-Own shares	0	0
IV-Other assets	21,482,131	17,641,866
PREPAYMENTS AND ACCRUED INCOME	6,454,168	6,145,282
TOTAL ASSETS	749,114,844	716,174,741
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY	96,075,669	89,337,896
I-Subscribed share capital or equivalent funds	96,250,000	96,250,000
II-Share premium reserve	9,450,000	9,450,000
III-Revaluation reserves	0	0
IV-Legal reserve	144,376	0
V-Statutory reserves	0	0
VI-Reserves for own shares and holding company's shares	0	0
VII-Other reserves	0	0
VIII-Profits (losses) carried forward	(16,506,480)	(19,249,634)
IX-Profit (loss) for the financial year	6,737,773	2,887,530
SUBORDINATED LIABILITIES	0	0
TECHNICAL PROVISIONS	586,953,329	569,301,861
PROVISIONS FOR OTHER RISKS AND CHARGES	8,239,532	7,130,616
DEPOSITS RECEIVED FROM REINSURERS	14,470,146	10,965,637
CREDITORS AND OTHER LIABILITIES	42,044,608	37,888,676
I-Arising out of direct insurance operations	12,668,799	4,057,390
II-Arising out of reinsurance operations	3,696,081	7,985,744
III-Debenture loans	0	0
IV-Amounts owed to credit institutions	0	0
V-Debts secured by a lien on property	0	0
VI-Sundry loans and other financial debts	0	0
VII-Provision for staff-leaving indemnity	2,615,995	2,701,453
VIII-Other creditors	14,625,094	10,064,014
IX-Other liabilities	8,438,639	13,080,075
ACCRUALS AND DEFERRED INCOME	1,331,560	1,550,055
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	749,114,844	716,174,741
MEMORANDUM ACCOUNTS	431,388,881	413,139,609



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NAVALE ASSICURAZIONI S.p.a.

PROFIT AND LOSS ACCOUNT

	2007	2006
EARNED PREMIUMS, NET OF REINSURANCE	180.713.588	177.011.578
Gross written premiums	217.519.361	212.408.270
Outward reinsurance premiums	(29.460.131)	(37.000.447)
Net change in the provision for unearned premiums	(7.345.642)	1.603.755
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	10.353.437	11.590.386
OTHER TECHNICAL INCOME, NET OF REINSURANCE	2.520.632	1.252.912
CLAIMS INCURRED, NET OF REINSURANCE	(148.086.881)	(145.504.144)
CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	24.786	(239.536)
BONUSES AND REBATES, NET OF REINSURANCE	0	0
OPERATING EXPENSES	(50.244.651)	(44.980.820)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(13.892.713)	(2.790.943)
CHANGE IN EQUALIZATION PROVISIONS	(95.686)	(101.867)
BALANCE ON THE TECHNICAL ACCOUNT	(18.707.488)	(3.762.434)
INVESTMENT INCOME	17.501.189	16.463.462
INVESTMENT CHARGES	(5.087.684)	(2.568.035)
INVESTMENT RETURNS ALLOCATED TO THE TECHNICAL ACCOUNT	(10.353.437)	(11.590.386)
OTHER INCOME	2.676.705	4.400.814
OTHER CHARGES	(2.839.732)	(14.065.016)
BALANCE ON ORDINARY ACTIVITIES	(16.810.447)	(11.121.595)
EXTRAORDINARY INCOME	27.637.448	15.324.144
EXTRAORDINARY CHARGES	(2.425.627)	(915.526)
PROFIT BEFORE TAXATION	8.401.374	3.287.023
TAX ON PROFIT	(1.663.601)	(399.493)
PROFIT (LOSS) FOR THE FINANCIAL YEAR	6.737.773	2.887.530



UNISALUTE S.p.a.Registered offices in Bologna - Share capital € 17,500,000
Direct shareholding 98.48%

As at 31 December (amounts in €)

BALANCE SHEET

ASSETS	2007	2006
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	1,265,073	1,577,003
INVESTMENTS	76,007,401	61,436,617
I-Land and buildings	0	0
II-Investments in Group undertakings and other participating interests	99,676	99,676
III-Other financial investments	75,907,725	61,336,941
IV-Deposits with ceding undertakings	0	0
TECHNICAL PROVISIONS - REINSURERS' SHARE	1,072,623	1,158,075
DEBTORS	37,750,423	42,104,332
I-Debtors arising out of direct insurance operations	36,531,030	40,585,897
II-Debtors arising out of reinsurance operations	572,700	915,860
III-Other debtors	646,693	602,575
OTHER ASSETS	13,255,101	6,175,053
I-Tangible assets and stocks	875,631	819,270
II-Cash at bank and in hand	10,192,052	3,671,599
III-Own shares	0	0
IV-Other assets	2,187,418	1,684,184
PREPAYMENTS AND ACCRUED INCOME	849,537	786,777
TOTAL ASSETS	130,200,158	113,237,857
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY	34,361,194	30,963,831
I-Subscribed share capital or equivalent funds	17,500,000	17,500,000
II-Share premium reserve	7,637,971	7,246,853
III-Revaluation reserves	0	0
IV-Legal reserve	1,676,956	1,511,332
V-Statutory reserves	0	0
VI-Reserves for own shares and holding company's shares	0	0
VII-Other reserves	1,086,403	1,393,153
VIII-Profits (losses) carried forward	0	0
IX-Profit (loss) for the financial year	6,459,864	3,312,493
SUBORDINATED LIABILITIES	0	0
TECHNICAL PROVISIONS	85,347,255	74,324,272
PROVISIONS FOR OTHER RISKS AND CHARGES	215,138	29,908
DEPOSITS RECEIVED FROM REINSURERS	206,343	365,933
CREDITORS AND OTHER LIABILITIES	10,067,129	7,550,814
I-Creditors arising out of direct insurance operations	1,449,245	743,362
II-Creditors arising out of reinsurance operations	8,070	0
III-Debtenture loans	0	0
IV-Amounts owed to credit institutions	0	0
V-Debts secured by a lien on property	0	0
VI-Sundry loans and other financial debts	0	0
VII-Provision for staff-leaving indemnity	604,111	637,762
VIII-Other creditors	4,584,964	2,793,252
IX-Other liabilities	3,420,739	3,376,438
ACCRUALS AND DEFERRED INCOME	3,099	3,099
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	130,200,158	113,237,857
MEMORANDUM ACCOUNTS	75,795,894	60,938,925



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PROFIT AND LOSS ACCOUNT

	2007	2006
EARNED PREMIUMS, NET OF REINSURANCE	119.663.561	95.669.170
Gross written premiums	118.502.521	97.270.185
Outward reinsurance premiums	(3.068.616)	(2.295.526)
Net change in the provision for unearned premiums	4.229.656	694.511
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	2.131.158	1.934.033
OTHER TECHNICAL INCOME, NET OF REINSURANCE	2.893.882	1.964.338
CLAIMS INCURRED, NET OF REINSURANCE	(92.091.536)	(80.156.755)
CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	(223.707)	(127.871)
BONUSES AND REBATES, NET OF REINSURANCE	(3.041.000)	64.928
OPERATING EXPENSES	(18.424.670)	(14.447.734)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(117.780)	(206.758)
CHANGE IN EQUALIZATION PROVISIONS	0	0
BALANCE ON THE TECHNICAL ACCOUNT	10.789.908	4.693.351
INVESTMENT INCOME	3.853.010	3.323.800
INVESTMENT CHARGES	(837.595)	(517.522)
INVESTMENT RETURNS ALLOCATED TO THE TECHNICAL ACCOUNT	(2.131.158)	(1.934.033)
OTHER INCOME	738.316	453.967
OTHER CHARGES	(570.374)	(284.233)
BALANCE ON ORDINARY ACTIVITIES	11.842.107	5.735.330
EXTRAORDINARY INCOME	98.814	48.304
EXTRAORDINARY CHARGES	(111.309)	(13.620)
PROFIT BEFORE TAXATION	11.829.612	5.770.014
TAX ON PROFIT	(5.369.748)	(2.457.521)
PROFIT (LOSS) FOR THE FINANCIAL YEAR	6.459.864	3.312.493



UNIPOL BANCA S.p.a.

Registered offices in Bologna - Share capital € 703,500,000

Direct shareholding 67.75%

indirect shareholding through

Compagnia Assicuratrice Unipol 16.78%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
10. Cash and cash equivalents	86,097,553	75,487,642
20. Financial assets held for trading	921,790,288	526,542,821
40. Financial assets available for sale	103,102,616	36,175,280
60. Receivables from banks	1,534,053,824	1,681,372,381
70. Receivables from customers	7,433,563,008	6,250,634,105
100. Shareholdings	119,033,590	108,815,836
110. Tangible assets	20,741,555	21,363,891
120. Intangible assets	419,970,243	416,667,440
-incl. goodwill	419,225,718	416,551,591
130. Tax assets	43,802,953	87,591,564
a) current	13,863,573	45,263,246
b) deferred	29,939,380	42,328,318
150. Other assets	177,081,667	124,138,937
TOTAL ASSETS	10,859,237,297	9,328,789,897
LIABILITIES		
10. Payables to banks	103,103,031	52,571,853
20. Payables to customers	8,339,371,614	7,315,214,207
30. Securities outstanding	743,600,934	596,752,932
40. Financial liabilities held for trading	371,567,444	103,739,746
60. Hedge derivatives	934,050	386,763
80. Tax liabilities	29,434,522	42,831,138
a) current	18,719,195	23,602,542
b) deferred	10,715,327	19,228,596
100. Other liabilities	288,498,070	253,938,413
110. Provision for staff-leaving indemnity	16,256,981	17,172,797
120. Provisions for risks and chargess	11,686,341	5,509,829
130. Valuation reserves	1,262,500	2,790,531
160. Reserves	(36,223,313)	(45,292,996)
170. Share premiums	249,500,000	249,500,000
180. Share capital	703,500,000	703,500,000
200. Profit (loss) for the financial year (+/-)	36,745,123	30,174,684
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,859,237,297	9,328,789,897



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PROFIT AND LOSS ACCOUNT

	2007	2006
10. Interest receivable and similar income	474,156,895	383,931,627
20. Interest payable and similar charges	(273,228,965)	(222,272,785)
30. Net interest income	200,927,930	161,658,842
40. Fees and commissions receivable	86,165,704	83,098,572
50. Fees and commissions payable	(19,410,457)	(17,182,250)
60. Non-interest income	66,755,247	65,916,322
70. Dividends and similar income	8,484,787	6,429,775
80. Net result from trading activity	5,471,958	6,648,276
90. Net result from hedging activity	(5,676)	(54,815)
100. Profit (loss) from sale/repurchase of:	1,306,507	829,696
a) loans	(737,073)	
b) financial assets available for sale	97,108	
c) financial assets held to maturity		
d) financial liabilities	1,946,472	829,696
120. Gross operating income	282,940,753	241,428,096
130. Net value adjustments/readjustments due to impairment of:	(28,715,959)	(21,427,720)
a) loans	(27,847,326)	(21,427,720)
b) financial assets available for sale	(868,633)	
140. Net result from asset management	254,224,794	220,000,376
150. Administrative expenses:	(201,694,630)	(174,295,147)
a) staff costs	(108,324,793)	(93,064,048)
b) other administrative expenses	(93,369,837)	(81,231,099)
160. Net allocations to provisions for risks and charges	(7,465,265)	(2,075,525)
170. Net value adjustments/readjustments on tangible assets	(6,468,425)	(6,104,070)
180. Net value adjustments/readjustments on intangible assets	(115,923)	(271,486)
190. Other operating income and charges	14,923,647	15,048,866
200 Operating expenses	(200,820,596)	(167,697,362)
210. Gains (losses) on participating interests	183,784	0
250. Pre-tax profit (loss) on current operations	53,587,982	52,303,014
260. Income tax for the financial year on current operations	(16,842,859)	(22,128,330)
270. Profit (loss) on current operations, net of tax	36,745,123	30,174,684



QUADRIFOGLIO VITA S.p.a.Registered offices in Bologna - Share capital € 31,500,000
Direct shareholding 50%

As at 31 December (amounts in €)

BALANCE SHEET

ASSETS	2007	2006
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	530,517	1,490,765
INVESTMENTS	2,409,572,159	2,559,189,317
I-Land and buildings	0	0
II-Investments in Group undertakings and other participating interests	3,311,877	2,440,981
III-Other financial investments	2,406,260,282	2,556,748,336
IV-Deposits with ceding undertakings	0	0
INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND ARISING OUT OF PENSION FUND MANAGEMENT	814,374,306	1,128,975,791
TECHNICAL PROVISIONS - REINSURERS' SHARE	0	0
DEBTORS	31,788,286	24,022,771
I-Debtors arising out of direct insurance operations	112,986	31,650
II-Debtors arising out of reinsurance operations	(8,616)	0
III-Other debtors	31,683,916	23,991,121
OTHER ASSETS	117,828,493	203,035,676
I-Tangible assets and stocks	4,583	8,683
II-Cash at bank and in hand	117,767,972	203,002,292
III-Own shares	0	0
IV-Other assets	55,938	24,701
PREPAYMENTS AND ACCRUED INCOME	46,725,558	39,470,737
TOTAL ASSETS	3,420,819,319	3,956,185,057
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY	105,323,268	110,952,141
I-Subscribed share capital or equivalent funds	31,500,000	31,500,000
II-Share premium reserve	49,300,000	49,300,000
III-Revaluation reserves	0	0
IV-Legal reserve	7,757,734	6,318,160
V-Statutory reserves	0	0
VI-Reserves for own shares and holding company's shares	0	0
VII-Other reserves	9,794,407	9,438,239
VIII-Profits (losses) carried forward	0	0
IX-Profit (loss) for the financial year	6,971,127	14,395,742
SUBORDINATED LIABILITIES	14,000,000	24,000,000
TECHNICAL PROVISIONS	2,474,901,656	2,683,190,060
TECHNICAL PROVISIONS FOR LIFE ASSURANCE PRODUCTS WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	813,889,888	1,128,333,177
DEPOSITS RECEIVED FROM REINSURERS	0	0
CREDITORS AND OTHER LIABILITIES	12,487,542	9,275,878
I-Arising out of direct insurance operations	23,711	101,691
II-Arising out of reinsurance operations	0	9,550
VII-Provision for staff-leaving indemnity	137,190	135,477
VIII-Other creditors	12,257,324	8,383,629
IX-Other liabilities	69,317	645,531
ACCRUALS AND DEFERRED INCOME	216,965	433,801
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,420,819,319	3,956,185,057
MEMORANDUM ACCOUNTS	2,847,656,734	3,852,475,867



QUADRIFOGLIO VITA S.p.a.

PROFIT AND LOSS ACCOUNT

	2007	2006
PREMIUM INCOME, NET OF REINSURANCE	350,609,753	837,641,259
Gross premiums written	350,618,369	837,650,809
Outward reinsurance premiums	(8,616)	(9,550)
INVESTMENT INCOME	124,846,863	137,946,045
INVESTMENT INCOME AND UNREALIZED CAPITAL GAINS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	65,236,420	84,611,049
OTHER TECHNICAL INCOME, NET OF REINSURANCE	6,432,805	8,424,132
CLAIMS INCURRED, NET OF REINSURANCE	(957,137,637)	(855,169,058)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	534,652,636	(104,989,164)
BONUSES AND REBATES, NET OF REINSURANCE	0	0
OPERATING EXPENSES	(10,547,181)	(13,812,527)
INVESTMENT CHARGES	(32,402,035)	(39,960,323)
INVESTMENT CHARGES AND UNREALIZED CAPITAL LOSSES ON INVESTMENTS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	(73,158,502)	(32,438,501)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(8,761,714)	(8,362,685)
INVESTMENT RETURNS ALLOCATED TO THE NON-TECHNICAL ACCOUNT	(3,929,242)	(4,752,908)
BALANCE ON THE TECHNICAL ACCOUNT	(4,157,834)	9,137,319
INVESTMENT RETURNS TRANSFERRED FROM THE TECHNICAL ACCOUNT	3,929,242	4,752,908
OTHER INCOME	8,952,347	6,189,361
OTHER CHARGES	(1,303,270)	(1,205,586)
BALANCE ON ORDINARY ACTIVITIES	7,420,485	18,874,002
EXTRAORDINARY INCOME	1,272,590	3,333,862
EXTRAORDINARY CHARGES	(34,009)	(969,764)
PROFIT BEFORE TAXATION	8,659,066	21,238,100
TAX ON PROFIT	(1,687,939)	(6,842,358)
PROFIT (LOSS) FOR THE FINANCIAL YEAR	6,971,127	14,395,742

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Summary of resolutions



BNL Vita S.p.a.

Registered offices in Milan - Share capital €160.000.000

Direct shareholding 31% - Indirect shareholding through Compagnia Assicuratrice Unipol 20%

As at 31 December (amounts in €)

BALANCE SHEET

ASSETS	2007	2006
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	1,365,248	1,119,585
INVESTMENTS	4,555,448,734	6,055,227,003
I-Land and buildings		
II-Investments in Group undertakings and other participating interests	19,907	1,066,463
III-Other financial investments	4,555,428,827	6,054,160,540
IV-Deposits with ceding undertakings	0	0
INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK		
THEREOF AND INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT	5,677,262,358	4,592,835,819
TECHNICAL PROVISIONS - REINSURERS' SHARE	23,361,282	26,170,530
DEBTORS	137,371,065	99,628,706
I-Debtors arising out of direct insurance operations	2,124,204	2,184,077
II-Debtors arising out of reinsurance operations	414,728	208,679
III-Other debtors	134,832,133	97,235,950
OTHER ASSETS	216,936,039	93,659,024
I-Tangible assets and stocks	93,627	139,249
II-Cash at bank and in hand	214,449,672	92,492,468
III-Own shares	0	0
IV-Other assets	2,392,740	1,027,307
PREPAYMENTS AND ACCRUED INCOME	61,475,606	59,286,934
TOTAL ASSETS	10,673,220,332	10,927,927,601
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY	313,507,124	310,558,321
I-Subscribed share capital or equivalent funds	160,000,000	160,000,000
II-Share premium reserve	0	0
III-Revaluation reserves	0	0
IV-Legal reserve	17,904,933	15,158,861
V-Statutory reserves	0	0
VI-Reserves for own shares and holding company's shares	0	0
VII-Other reserves	84,653,388	80,478,029
VIII-Profits (losses) carried forward	0	0
IX-Profit (loss) for the financial year	50,948,803	54,921,431
SUBORDINATED LIABILITIES	28,000,000	50,000,000
TECHNICAL PROVISIONS	4,543,518,773	5,841,851,691
TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENTS RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	5,677,258,817	4,592,830,743
PROVISIONS FOR OTHER RISKS AND CHARGES	209,000	8,489,043
DEPOSITS RECEIVED FROM REINSURERS	3,009,170	3,129,743
CREDITORS AND OTHER LIABILITIES	107,402,016	120,601,086
I-Creditors arising out of direct insurance operations	21,057,178	34,235,394
II-Creditors arising out of reinsurance operations	906,269	3,439,621
III-Debenture loans	0	0
IV-Amounts owed to credit institutions	0	0
V-Debts secured by a lien on property	0	0
VI-Sundry loans and other financial debts	0	10,159,996
VII-Provision for staff-leaving indemnity	1,321,749	1,327,698
VIII-Other creditors	82,782,141	69,975,771
IX-Other liabilities	1,334,679	1,462,606
ACCRUALS AND DEFERRED INCOME	315,432	466,974
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,673,220,332	10,927,927,601
MEMORANDUM ACCOUNTS	10,180,753,019	11,130,171,904



BNL Vita S.p.a.

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Summary of resolutions

	2007	2006
PREMIUM INCOME, NET OF REINSURANCE	2,610,869,675	3,134,350,204
Gross written premiums	2,612,740,232	3,147,945,253
Outward reinsurance premiums	(1,870,557)	(13,595,049)
INVESTMENT INCOME	262,878,183	244,808,662
INVESTMENT INCOME AND UNREALIZED CAPITAL GAINS WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	229,327,241	192,016,214
OTHER TECHNICAL INCOME, NET OF REINSURANCE	23,234,284	8,893,320
CLAIMS INCURRED, NET OF REINSURANCE	(2,954,553,372)	(2,405,357,436)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	245,749,419	(819,797,874)
BONUSES AND REBATES, NET OF REINSURANCE	(35,711)	0
OPERATING EXPENSES	(82,328,457)	(90,798,212)
INVESTMENT CHARGES	(52,062,355)	(25,691,772)
INVESTMENT CHARGES AND UNREALIZED CAPITAL LOSSES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	(209,375,293)	(178,777,701)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(2,250,341)	(574,484)
INVESTMENT RETURNS ALLOCATED TO THE NON-TECHNICAL ACCOUNT	(13,408,724)	(11,682,888)
BALANCE ON THE TECHNICAL ACCOUNT	58,044,549	47,388,033
INVESTMENT RETURNS TRANSFERRED FROM THE TECHNICAL ACCOUNT	13,408,724	11,682,888
OTHER INCOME	9,632,063	3,967,888
OTHER CHARGES	(1,294,980)	(876,875)
BALANCE ON ORDINARY ACTIVITIES	79,790,356	62,161,934
EXTRAORDINARY INCOME	845,638	22,482,333
EXTRAORDINARY CHARGES	(724,191)	(485,278)
PROFIT BEFORE TAXATION	79,911,803	84,158,989
TAX ON PROFIT	(28,963,000)	(29,237,558)
PROFIT (LOSS) FOR THE FINANCIAL YEAR	50,948,803	54,921,431



BNL Servizi Assicurativi S.r.l.Registered offices in Milan - Capital € 10,400
Indirect shareholding through BNL Vita 50%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
C) CURRENT ASSETS	285,741	21,696,424
II Receivables		
- due within the following financial year	16,413	21,271,113
IV Cash at bank and in hand	269,328	425,311
D) PREPAYMENTS AND ACCRUED INCOME	3,824	0
TOTAL ASSETS	289,565	21,696,424
LIABILITIES		
A) SHAREHOLDERS' EQUITY	253,648	267,200
I Share capital	10,400	10,400
IV Legal reserve	9,409	9,409
VII Other reserves: extraordinary reserve	247,391	178,702
IX Profit (loss) for the financial year	(13,552)	68,689
D) PAYABLES	32,046	21,431,161
- due within the following financial year	32,046	21,431,161
- due beyond the following financial year	0	0
E) ACCRUALS AND DEFERRED INCOME	3,871	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	289,565	21,698,361
PROFIT AND LOSS ACCOUNT		
A) BUSINESS VALUE	7,849,532	61,135,308
1) Proceeds from sale of products and provision of services	7,676,352	61,110,372
5) Other proceeds and income	173,180	24,936
B) BUSINESS COSTS	7,864,872	61,027,529
7) Provision of services	7,637,971	60,804,824
14) Sundry operating charges	226,901	222,705
Balance on business value and costs (A-B)	(15,340)	107,779
C) INVESTMENT INCOME AND CHARGES	1,788	2,310
16) Other investment income		
d) sundry income: from others	1,788	2,310
17) Interests and other investment charges	0	0
Profit before taxation	(13,552)	110,089
22) Income tax on profit, current and deferred tax assets and liabilities	0	41,400
23) Profit (loss) for the financial year	(13,552)	68,689



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Summary of resolutions

COOPERLEASING S.p.a.Registered offices in Bologna - Share capital € 6,000,000
Indirect shareholding through Unipol Banca 100%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
10. Cash and cash equivalents	13,552	1,905
20. Financial assets held for trading	23,523	87,592
50. Financial assets held to maturity	0	6,000
60. Receivables	54,965,571	52,172,437
70. Hedge derivatives	79,512	34,707
100. Tangible assets	1,321,397	1,338,562
110. Intangible assets	195,929	0
120. Tax assets	519,110	411,970
<i>a) current</i>	287,151	250,216
<i>b) deferred</i>	231,959	161,754
140. Other assets	2,318,931	157,306
TOTAL ASSETS	59,437,525	54,210,479
LIABILITIES		
10. Payables	43,449,867	39,711,859
70. Tax liabilities	317,956	349,438
<i>a) current</i>	262,394	299,275
<i>b) deferred</i>	55,562	50,163
90. Other liabilities	3,437,312	1,851,264
100. Provision for staff-leaving indemnity	446,749	560,000
110. Provisions for risks and charges	128,443	125,348
<i>b) other provisions</i>	128,443	125,348
120. Share capital	6,000,000	6,000,000
150. Share premium reserve	646,135	646,135
160. Reserves	4,182,484	4,086,643
170. Valuation reserves	805,286	783,951
180. Profit (loss) for the financial year (+/-)	23,293	95,841
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	59,437,525	54,210,479
PROFIT AND LOSS ACCOUNT		
10. Interest receivable and similar income	3,678,592	3,516,703
20. Interest payable and similar charges	(1,737,931)	(1,463,838)
Net interest income	1,940,661	2,052,865
30. Fees and commissions receivable	470,541	488,176
40. Fees and commissions payable	(244,169)	(277,761)
Non-interest income	226,372	210,415
60. Net result from trading activity	(68,151)	70,318
Gross operating income	2,098,882	2,333,598
110. Net value adjustments/readjustments due to impairment of:	(586,797)	(319,692)
<i>a) receivables</i>	(586,797)	(319,692)
120. Administrative expenses:	(1,375,068)	(1,431,366)
<i>a) staff costs</i>	(897,291)	(1,001,697)
<i>b) other administrative expenses</i>	(477,777)	(429,669)
130. Net value adjustments/readjustments on tangible assets	(73,272)	(69,709)
140. Net value adjustments/readjustments on intangible assets	(2,721)	0
160. Net allocations to provisions for risks and charges	0	(125,348)
170. Other operating charges	(22,288)	(54,154)
180. Other operating income	141,854	56,713
Net operating income	180,590	390,042
Pre-tax profit (loss) on current operations	180,590	390,042
210. Income tax for the financial year on current operations	(157,297)	(294,201)
Profit (loss) for the financial year	23,293	95,841



SMALLPART S.p.a.

Registered offices in Bologna - Share capital € 32,000,000

Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. 100%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
A) SUBSCRIBED SHARE CAPITAL UNPAID	0	0
B) NON-CURRENT ASSETS	27,602,607	30,258,837
I Intangible assets	1,784	2,676
II Tangible assets	33,520	0
III Financial assets	27,567,303	30,256,161
C) CURRENT ASSETS	5,728,306	1,856,802
II Receivables		
- due within the following financial year	123,223	39,017
IV Cash at bank and in hand	5,605,083	1,817,785
D) PREPAYMENTS AND ACCRUED INCOME	684	0
TOTAL ASSETS	33,331,597	32,115,639
LIABILITIES		
A) SHAREHOLDERS' EQUITY	33,260,322	32,094,986
I Share capital	32,000,000	32,000,000
IV Legal reserve	94,984	95,998
VII Other reserves		
- Extraordinary reserve	0	601,643
- Others	(1)	1
IX Profit (loss) for the financial year	1,165,339	(602,656)
D) PAYABLES	71,275	20,653
- due within the following financial year	71,275	20,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33,331,597	32,115,639

PROFIT AND LOSS ACCOUNT

A) BUSINESS VALUE	33,222	0
1) Proceeds from sale of products and provision of services	30,500	0
5) Other proceeds and income	2,722	0
B) BUSINESS COSTS	585,892	41,709
6) Raw and ancillary materials, consumables and finished goods	990	15
7) Provision of services	294,186	39,269
8) Use of third parties' assets	22,088	0
9) Staffing		
a) wages and salaries	195,053	0
b) social security contributions	46,208	0
c) staff-leaving indemnity	8,273	0
10) Depreciation and write-downs		
a) depreciation on intangible assets	892	1,909
b) depreciation on tangible non-current assets	15,228	0
14) Sundry operating charges	2,974	516
Balance on business value and costs (A-B)	(552,670)	(41,709)
C) INVESTMENT INCOME AND CHARGES	1,801,277	1,251,796
15) Income from participating interests:		
- in affiliated undertakings	1,171,744	996,417
- in other undertakings	361,353	206,250
16) Other investment income		
d) sundry investment income: from others	268,187	49,129
17) Interest payable and other investment charges		
- to others	7	0
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS	(143,022)	(1,592,090)
19) Write-downs		
a) on participating interests	143,022	1,592,090
E) EXTRAORDINARY INCOME AND CHARGES	(4,335)	(196,388)
20) Income		
- capital gains from disposals	3,263	325
- other income	5,843	3,041
21) Charges		
- capital losses from disposals	1,385	199,741
- other charges	12,056	13
Profit before taxation	1,101,250	(578,391)
22) Income tax on profit, current and deferred tax assets and liabilities	(64,089)	24,265
23) Profit (loss) for the financial year	1,165,339	(602,656)



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Summary of resolutions

MIDI S.r.l.		
Registered offices in Bologna - Capital € 72,000,000, paid-up € 56,600,000		As at 31 December (amounts in €)
Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. 100%		
BALANCE SHEET		
	2007	2006
ASSETS		
A) SUBSCRIBED SHARE CAPITAL UNPAID	15,400,000	15,400,000
- of which not called up	15,400,000	15,400,000
B) NON-CURRENT ASSETS	6,408,112	6,502,818
II Tangible assets: land and buildings	6,157,719	6,252,425
III Financial assets	250,393	250,393
1) Shareholdings		
d) other undertakings	250,316	250,316
2) Receivables		
d) from others: due within the following financial year	77	77
C) CURRENT ASSETS	54,513,711	52,195,208
I Stocks and work-in-progress	35,314,192	24,350,771
II Receivables		
- due within the following financial year	1,278,828	116,410
IV Cash at bank and in hand	17,920,691	27,728,027
D) PREPAYMENTS AND ACCRUED INCOME	613	614
TOTAL ASSETS	76,322,436	74,098,640
LIABILITIES		
A) SHAREHOLDERS' EQUITY	73,267,366	72,921,250
I Capital	72,000,000	72,000,000
IV Legal reserve	112,112	102,232
VII Other reserves: extraordinary reserve	809,137	621,415
IX Profit (loss) for the financial year	346,117	197,603
D) PAYABLES	3,055,070	1,177,390
- due within the following financial year	3,055,070	1,177,390
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	76,322,436	74,098,640
MEMORANDUM ACCOUNTS	7,375,398	7,017,236
1) Guarantees - to third parties	7,375,398	7,017,236
PROFIT AND LOSS ACCOUNT		
A) BUSINESS VALUE	11,115,363	1,215,545
1) Proceeds from sale of products and provision of services	126,000	126,000
2) Change in stocks and work-in-progress	10,963,421	1,063,134
5) Other proceeds and income		
- other proceeds and income	25,942	26,411
B) BUSINESS COSTS	11,469,253	1,613,817
7) Provision of services	11,144,545	1,315,744
10) Depreciation and write-downs		
b) depreciation on tangible non-current assets	181,605	178,998
14) Sundry operating charges	143,103	119,075
Balance on business value and costs (A-B)	(353,890)	(398,272)
C) INVESTMENT INCOME AND CHARGES	942,189	739,398
16) Other investment income		
d) sundry income: from others	950,556	749,167
17 Interest payable and other investment charges: to others	8,367	9,769
E) EXTRAORDINARY INCOME AND CHARGES	(1,103)	11,741
20) Other income	1,003	11,965
21) Other charges	2,106	224
Profit before taxation	587,196	352,867
22) Income tax on profit, current and deferred tax assets and liabilities		
a) current taxes	241,079	155,264
23) Profit (loss) for the financial year	346,117	197,603



NAVALE Vita S.p.a.Registered offices in Rome - Share capital € 5,180,108
Indirect shareholding through Navale Assicurazioni Spa 100%

As at 31 December (amounts in €)

BALANCE SHEET

ASSETS	2007	2006
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	0	0
INVESTMENTS	8,600,346	10,121,684
I-Land and buildings	0	0
II-Investments in Group undertakings and other participating interests	0	0
III-Other financial investments	8,600,346	10,121,684
IV-Deposits with ceding undertakings	0	0
INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND ARISING OUT OF PENSION FUND MANAGEMENT	0	0
TECHNICAL PROVISIONS - REINSURERS' SHARE	0	0
DEBTORS	480,298	328,574
I-Debtors arising out of direct insurance operations	326,888	181,335
II-Debtors arising out of reinsurance operations	0	16,922
III-Other debtors	153,410	130,317
OTHER ASSETS	2,677,716	1,666,977
I-Tangible assets and stocks	0	0
II-Cash at bank and in hand	2,665,455	1,666,977
III-Own shares	0	0
IV-Other assets	12,261	0
PREPAYMENTS AND ACCRUED INCOME	57,033	60,500
TOTAL ASSETS	11,815,393	12,177,735
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY	5,023,847	4,997,419
I-Subscribed share capital or equivalent funds	5,180,108	5,180,108
II-Share premium reserve	177	177
III-Revaluation reserves	0	0
IV-Legal reserve	49,655	49,655
V-Statutory reserves	0	0
VI-Reserves for own shares and holding company's shares	0	0
VII-Other reserves	150,841	150,841
VIII-Profits (losses) carried forward	(383,363)	(343,758)
IX-Profit (loss) for the financial year	26,429	(39,604)
SUBORDINATED LIABILITIES	0	0
TECHNICAL PROVISIONS	6,507,882	7,050,858
TECHNICAL PROVISIONS FOR LIFE ASSURANCE PRODUCTS WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	0	0
PROVISIONS FOR OTHER RISKS AND CHARGES	4,904	4,904
DEPOSITS RECEIVED FROM REINSURERS	0	0
CREDITORS AND OTHER LIABILITIES	278,760	124,554
I-Arising out of direct insurance operations	52,747	9,964
II-Arising out of reinsurance operations	15,596	0
VII-Provision for staff-leaving indemnity	1,012	982
VIII-Other creditors	119,809	41,607
IX-Other liabilities	89,596	72,001
ACCRUALS AND DEFERRED INCOME	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,815,393	12,177,735
MEMORANDUM ACCOUNTS	8,612,121	10,128,082



NAVALE Vita S.p.a.

PROFIT AND LOSS ACCOUNT

	2007	2006
PREMIUM INCOME, NET OF REINSURANCE	663,687	858,424
Gross premiums written	679,109	876,544
Outward reinsurance premiums	(15,422)	(18,120)
INVESTMENT INCOME	459,121	328,564
INVESTMENT INCOME AND UNREALIZED CAPITAL GAINS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	0	0
OTHER TECHNICAL INCOME, NET OF REINSURANCE	480,476	203,651
CLAIMS INCURRED, NET OF REINSURANCE	(878,031)	(439,220)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	(73,554)	(436,563)
BONUSES AND REBATES, NET OF REINSURANCE	0	0
OPERATING EXPENSES	(323,844)	(339,581)
INVESTMENT CHARGES	(47,004)	(40,342)
INVESTMENT CHARGES AND UNREALIZED CAPITAL LOSSES ON INVESTMENTS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	0	0
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(173,363)	(105,428)
INVESTMENT RETURNS ALLOCATED TO THE NON-TECHNICAL ACCOUNT	(175,145)	(115,557)
BALANCE ON THE TECHNICAL ACCOUNT	(67,657)	(86,052)
INVESTMENT RETURNS TRANSFERRED FROM THE TECHNICAL ACCOUNT	175,145	115,557
OTHER INCOME	79,855	58,857
OTHER CHARGES	(12,789)	(9,777)
BALANCE ON ORDINARY ACTIVITIES	174,554	78,585
EXTRAORDINARY INCOME	3,576	8,835
EXTRAORDINARY CHARGES	(141,207)	(117,573)
PROFIT BEFORE TAXATION	36,923	(30,153)
TAX ON PROFIT	(10,494)	(9,451)
PROFIT (LOSS) FOR THE FINANCIAL YEAR	26,429	(39,604)

Unipol Gruppo Finanziario
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NETTUNO FIDUCIARIA S.r.l.Registered offices in Bologna - Capital € 250,000
Indirect shareholding through Unipol Banca 100%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
A) SUBSCRIBED SHARE CAPITAL UNPAID	0	0
B) NON-CURRENT ASSETS	22,610	25,811
I Intangible assets	2,346	1,220
II Tangible assets	19,137	23,464
III Financial assets: receivables from others	1,127	1,127
C) CURRENT ASSETS	239,343	74,285
II Receivables		
- due within the following financial year	57,782	50,829
IV Cash at bank and in hand	181,561	23,456
D) PREPAYMENTS AND ACCRUED INCOME	5,313	4,846
TOTAL ASSETS	267,266	104,942
LIABILITIES		
A) SHAREHOLDERS' EQUITY	208,373	30,741
I Capital	250,000	250,000
VII Other reserves	15,019	0
VIII Profits (losses) carried forward	0	(126,136)
IX Profit (loss) for the financial year	(56,646)	(93,123)
C) PROVISION FOR STAFF-LEAVING INDEMNITY	4,639	3,282
D) PAYABLES	53,392	70,673
- due within the following financial year	53,392	70,673
E) ACCRUALS AND DEFERRED INCOME	862	246
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	267,266	104,942
MEMORANDUM ACCOUNTS	8,168,559	23,760,086

PROFIT AND LOSS ACCOUNT

A) BUSINESS VALUE	104,692	80,451
1) Proceeds from sale of products and provision of services	104,692	80,451
B) BUSINESS COSTS	167,177	176,934
6) Raw and ancillary materials, consumables and finished goods	1,778	2,131
7) Provision of services	91,462	93,457
8) Use of third parties' assets	26,007	27,221
9) Staffing	38,456	35,447
10) Depreciation and write-downs		
a) depreciation of intangible non-current assets	514	9,101
b) depreciation of tangible non-current assets	5,227	5,151
14) Sundry operating charges	3,733	4,426
Balance on business value and costs (A-B)	(62,485)	(96,483)
C) INVESTMENT INCOME AND CHARGES	5,235	2,035
16) Other investment income		
b) from securities recorded as non-current assets other than shareholdings	56	55
d) sundry income: from holding company	5,404	2,100
17) Interest payable and other investment charges		
- to holding companies	216	111
- to others	9	9
E) EXTRAORDINARY INCOME AND CHARGES	604	1,325
20) Income		
- other income	1,425	3,052
21) Charges		
- unanticipated losses	821	1,727
Profit before taxation	(56,646)	(93,123)
22) Income tax on profit, current and deferred tax assets and liabilities	0	0
23) Profit (loss) for the financial year	(56,646)	(93,123)



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SRS S.p.a

Registered offices in Bologna - Share capital € 13,898,582

Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. and Aurora Assicurazioni S.p.A. 100%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
A) SUBSCRIBED SHARE CAPITAL UNPAID	0	0
B) NON-CURRENT ASSETS	35,597,722	35,622,158
III Financial assets	35,597,722	35,622,158
C) CURRENT ASSETS	1,628,021	1,608,533
II Receivables		
- due within the following financial year	452	1,603,153
IV Cash at bank and in hand	1,627,569	5,380
TOTAL ASSETS	37,225,743	37,230,691
LIABILITIES		
A) SHAREHOLDERS' EQUITY	37,204,108	37,208,958
I Capital	13,898,582	13,898,582
II Share premium reserve	19,346,764	19,346,764
IV Legal reserve	2,779,716	2,779,716
VII Other reserves:		
- cash in-flows for future capital increases	1,183,896	9,622,994
- others	(1)	0
IX Profit (loss) for the financial year	(4,849)	(8,439,098)
D) PAYABLES	21,635	21,733
- due within the following financial year	21,635	21,733
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	37,225,743	37,230,691

PROFIT AND LOSS ACCOUNT

A) BUSINESS VALUE	0	0
B) BUSINESS COSTS	40,638	39,865
7) Provision of services	40,121	39,349
14) Sundry operating charges	517	516
Balance on business value and costs (A-B)	(40,638)	(39,865)
C) INVESTMENT INCOME AND CHARGES	35,788	406
15) Income from participating interests		
- from others	390	0
16) Other investment income		
d) sundry investment income		
- from others	35,423	414
17) Interest payable and other investment charges		
- to others	25	8
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS	0	(8,399,040)
19) Write-downs		
a) on participating interests	0	8,399,040
E) EXTRAORDINARY INCOME AND CHARGES	1	(599)
21) Charges		
- capital losses from disposals	0	599
- other charges	(1)	0
Profit before taxation	(4,849)	(8,439,098)
22) Income tax on profit, current and deferred tax assets and liabilities	0	0
23) Profit (loss) for the financial year	(4,849)	(8,439,098)



UNIEUROPA S.r.l.

Registered offices in Bologna - Capital € 510,000

Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. 98%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
A) SUBSCRIBED SHARE CAPITAL UNPAID	0	0
B) NON-CURRENT ASSETS	610	1,220
I Intangible assets	610	1,220
C) CURRENT ASSETS	358,838	447,928
II Receivables		
- due within the following financial year	47,527	40,277
IV Cash at bank and in hand	311,311	407,651
TOTAL ASSETS	359,448	449,148
LIABILITIES		
A) SHAREHOLDERS' EQUITY	352,688	439,966
I Capital	510,000	510,000
VII Other reserves	1	0
VIII Profits (losses) carried forward	(70,034)	0
IX Profit (loss) for the financial year	(87,279)	(70,034)
D) PAYABLES	6,760	9,182
- due within the following financial year	6,760	9,182
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	359,448	449,148
PROFIT AND LOSS ACCOUNT		
A) BUSINESS VALUE	0	0
B) BUSINESS COSTS	174,139	166,249
7) Provision of services	173,219	164,751
10) Depreciation and write-downs		
a) depreciation on intangible non-current assets	610	1,188
14) Sundry operating charges	310	310
Balance on business value and costs (A-B)	(174,139)	(166,249)
C) INVESTMENT INCOME AND CHARGES	12,494	9,593
16) Other investment income		
d) sundry income		
- from others	12,494	9,593
E) EXTRAORDINARY INCOME AND CHARGES	31,378	52,128
20) Income		
- other income	31,378	52,128
Profit before taxation	(130,267)	(104,528)
22) Income tax on profit, current and deferred tax assets and liabilities		
a) current taxes	(42,988)	(34,494)
23) Profit (loss) for the financial year	(87,279)	(70,034)



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UNIFIMM S.r.l.

Registered offices in Bologna - Capital € 43,350,000

Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. 100%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
A) SUBSCRIBED SHARE CAPITAL UNPAID	0	0
B) NON-CURRENT ASSETS	750,291	750,291
I Intangible assets: research, development and advertising costs	750,291	750,291
C) CURRENT ASSETS	50,951,907	51,399,641
I Stocks and work-in-progress		
2) work-in-progress and semi-finished goods	48,232,389	45,159,358
II Receivables		
- due within the following financial year	34,483	14,742
IV Cash at bank and in hand	2,685,035	6,225,541
D) PREPAYMENTS AND ACCRUED INCOME	2,262	1,968
TOTAL ASSETS	51,704,460	52,151,900
LIABILITIES		
A) SHAREHOLDERS' EQUITY	44,916,936	45,075,612
I Capital	43,350,000	43,350,000
IV Legal reserve	548,836	548,836
VII Other reserves		
- cash in-flows for future capital increases	14,800,000	14,800,000
- others	(2)	1
VIII Profits (losses) carried forward	(13,623,225)	(13,498,920)
IX Profit (loss) for the financial year	(158,673)	(124,305)
B) PROVISIONS FOR RISKS AND CHARGES	6,713,940	6,713,940
D) PAYABLES	73,584	362,348
- due within the following financial year	73,584	362,348
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	51,704,460	52,151,900
MEMORANDUM ACCOUNTS	14,809,025	11,722,712
1) Guarantees - to third parties	14,809,025	11,722,712

PROFIT AND LOSS ACCOUNT

A) BUSINESS VALUE	3,073,032	1,778,979
2) Change in stocks and work-in-progress	3,073,032	1,778,979
B) BUSINESS COSTS	3,397,220	2,092,251
7) Provision of services	3,171,866	1,866,896
14) Sundry operating charges	225,354	225,355
Balance on business value and costs (A-B)	(324,188)	(313,272)
C) INVESTMENT INCOME AND CHARGES	173,427	188,966
16) Other investment income		
d) sundry income		
- from others	177,386	195,296
17) Interest payable and other investment charges		
- to others	3,959	6,330
E) EXTRAORDINARY INCOME AND CHARGES	0	1
20) Income		
- other income		
21) Charges		
- other charges		(1)
Profit before taxation	(150,761)	(124,305)
22) Income tax on profit for the financial year	7,912	0
23) Profit (loss) for the financial year	(158,673)	(124,305)



UNIPOL FONDI LtdRegistered offices in Dublin - Share capital € 125,001
Indirect shareholding through Unipol Banca 100%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
60. Receivables from banks	3,441,187	3,485,776
70. Receivables from customers	1,367,488	1,088,387
TOTAL ASSETS	4,808,675	4,574,163
LIABILITIES		
80. Tax liabilities:	37,348	18,158
a) current	37,348	18,158
100. Other liabilities	761,200	635,041
160. Reserves	115,963	4,114
180. Share capital	125,001	125,001
200. Profit (loss) for the financial year	3,769,163	3,791,849
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,808,675	4,574,163
PROFIT AND LOSS ACCOUNT		
10. Interest receivable and similar income	101,677	47,687
40. Fees and commissions receivable	6,646,102	6,652,457
50. Fees and commissions payable	(2,335,211)	(2,263,102)
80. Net result from trading activity	(1,917)	(2,143)
150. Administrative expenses	(89,140)	(94,892)
a) staff costs	(22,140)	(22,140)
b) other administrative expenses	(67,000)	(72,752)
250. Pre-tax profit (loss) on current operations	4,321,511	4,340,007
260. Income tax for the financial year	(552,348)	(548,158)
Profit (loss) for the financial year	3,769,163	3,791,849



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UNIPOL MERCHANT-BANCA PER LE IMPRESE S.p.a.Registered offices in Bologna - Share capital € 105,468,007
Indirect shareholding through Unipol Banca 86.18%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
10. Cash and cash equivalents	748	997
20. Financial assets held for trading	9,473,394	6,343,123
40. Financial assets available for sale	15,843,939	17,177,301
60. Receivables from banks	7,412,587	2,820,062
70. Receivables from customers	544,625,999	405,727,883
100. Shareholdings	1,084,283	4,422,838
110. Tangible assets	178,379	233,393
130. Tax assets	796,242	54,061
<i>a) current</i>	111,265	1,116
<i>b) deferred</i>	684,977	52,945
140. Non-current assets and assets of a disposal group	1,394,460	0
150. Other assets	635,690	7,836,219
TOTAL ASSETS	581,445,721	444,615,877
LIABILITIES		
10. Payables to banks	150,000,000	180,548,298
30. Securities outstanding	302,416,348	141,141,957
80. Tax liabilities	1,057,538	1,191,957
<i>a) current</i>	788,533	291,563
<i>b) deferred</i>	269,005	900,394
100. Other liabilities	6,556,232	2,359,106
110. Provision for staff-leaving indemnity	195,111	240,393
160. Reserves	4,666,222	4,313,697
170. Share premiums	3,515,600	3,515,600
180. Share capital	105,468,007	105,468,007
200. Profit (loss) for the financial year (+/-)	7,570,663	5,836,862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	581,445,721	444,615,877
PROFIT AND LOSS ACCOUNT		
10. Interest receivable and similar income	25,437,380	13,845,851
20. Interest payable and similar charges	(16,845,215)	(7,834,625)
30. Net interest income	8,592,165	6,011,226
40. Fees and commissions receivable	6,310,553	4,137,352
50. Fees and commissions payable	(56,687)	(71,705)
60. Non-interest income	6,253,866	4,065,647
70. Dividends and similar income	1,789,174	317,836
80. Net result from trading activity	(3,320)	3,256,098
100. Profit (loss) from sale/repurchase of:	3,306	4,055,032
b) financial assets available for sale	3,306	4,055,032
120. Gross operating income	16,635,191	17,705,839
130. Net value adjustments/readjustments due to impairment of:	84,155	(2,007,616)
a) loans	(845)	(1,622,616)
b) financial assets available for sale	0	(385,000)
d) other financial assets	85,000	0
140. Net result from asset management	16,719,346	15,698,223
150. Administrative expenses	(7,072,278)	(6,287,218)
a) staff costs	(4,644,982)	(4,357,415)
b) other administrative expenses	(2,427,296)	(1,929,803)
170. Net value adjustments/readjustments on tangible assets	(63,752)	(81,116)
190. Other operating income/charges	646,478	254,383
200. Operating expenses	(6,489,552)	(6,113,951)
210. Gains (losses) on participating interests	23,240	0
250. Pre-tax profit (loss) on current operations	10,253,034	9,584,272
260. Income tax for the financial year on current operations	(2,682,371)	(3,747,410)
270. Profit (loss) on current operations, net of tax	7,570,663	5,836,862
290. Profit (loss) for the financial year	7,570,663	5,836,862



UNISALUTE SERVIZI S.r.l.Registered offices in Bologna - Capital € 52,000
Quota di partecipazione indiretta tramite Unisalute 100%

As at 31 December (amounts in €)

BALANCE SHEET

	2007	2006
ASSETS		
A) SUBSCRIBED SHARE CAPITAL UNPAID	0	0
B) NON-CURRENT ASSETS	439	0
I Intangible assets	0	0
II Tangible assets	439	0
C) CURRENT ASSETS	172,766	170,805
II Receivables		
- due within the following financial year	26,087	28,901
IV Cash at bank and in hand	146,679	141,904
D) PREPAYMENTS AND ACCRUED INCOME	0	0
TOTAL ASSETS	173,205	170,805
LIABILITIES		
A) SHAREHOLDERS' EQUITY	165,289	162,057
I Capital	52,000	52,000
IV Legal reserve	6,043	5,866
VII Other reserves: extraordinary reserve	104,014	100,646
IX Profit (loss) for the financial year	3,232	3,545
D) PAYABLES		
- due within the following financial year	7,916	8,748
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	173,205	170,805
PROFIT AND LOSS ACCOUNT		
A) BUSINESS VALUE	19,410	19,600
1) Proceeds from sale of products and provision of services	19,386	19,600
5) Other proceeds and income	24	0
B) BUSINESS COSTS	19,738	17,740
7) Provision of services	19,130	16,928
10) Depreciation and write-downs		
b) depreciation on tangible non-current assets	30	0
14) Sundry operating charges	578	812
Balance on business value and costs (A-B)	(328)	1,860
C) INVESTMENT INCOME AND CHARGES	5,221	3,431
16) Other investment income		
d) sundry income	5,221	3,431
Profit before taxation	4,893	5,291
22) Income tax on profit, current and deferred tax assets and liabilities	1,661	1,746
23) Profit (loss) for the financial year	3,232	3,545





Carlo Levi
portrait of the painter's
mother

Unipol private collection



Certification of the accounts in accordance with
Art. 81-ter of CONSOB Regulation 11971/1999



**CERTIFICATION OF THE ANNUAL ACCOUNTS IN ACCORDANCE WITH ARTICLE 81-TER
OF CONSOB REGULATION 11971 OF 14 MAY 1999 AND SUBSEQUENT
AMENDMENTS AND ADDITIONS**

In accordance with the provisions of Article 154-bis, paras 3 and 4, of Legislative Decree 58 of 24 February 1998 the undersigned Carlo Salvatori, in his capacity as Chief Executive Officer, and Maurizio Castellina, in his capacity as Senior Executive responsible for drawing up Unipol Gruppo Finanziario S.p.A.'s accounts, certify that the administrative and accounting procedures applied in drawing up the annual accounts for 2007:

- were appropriate for the type of business concerned and
- were properly applied.

In this respect it should be pointed out that:

- The control procedure provided for by Law 262/05 was drawn up during 2007, the period during which the Unipol Group set up Unipol Gruppo Finanziario S.p.A. ('UGF'), a holding and service company, by gradually separating the centralised and coordination functions carried out by the former Parent Company Unipol Assicurazioni from the business activities of each operating company. Claims-handling, finance, administration, human resources and IT are some of the departments that were centralised, thus eliminating duplication and clarifying objectives and responsibilities.

Unipol Assicurazioni S.p.A. (now UGF) and Aurora Assicurazioni S.p.A. (subsequently merged by incorporation into UGF) hived down their insurance business to the wholly owned companies Nuova Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A. with effect from 1 September 2007.

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

- Unipol Assicurazioni S.p.A. took on the new aims and objectives of being a holding and service company and the new company name of Unipol Gruppo Finanziario S.p.A., abbreviated to UGF S.p.A.;
- Nuova Unipol Assicurazioni S.p.A., to which Unipol insurance business had been hived-down, took the name of Compagnia Assicuratrice Unipol S.p.A., abbreviated to Unipol Assicurazioni S.p.A.;
- Nuova Aurora Assicurazioni S.p.A., to which Aurora insurance business had been hived-down, took the name of Aurora Assicurazioni S.p.A., abbreviated to Aurora S.p.A.

Unipol Gruppo Finanziario S.p.A. kept its status as a company listed on the Mercato Telematico Azionario, the automated stock exchange organised and managed by Borsa Italiana S.p.A. The rights relating to the shares issued by the Company and dealt in on this market therefore remain unchanged.

- Assessment of the suitability of the administrative and accounting procedures for drawing up the consolidated accounts as at 31 December 2007 was based on a process laid down by Unipol Gruppo Finanziario S.p.A. which was inspired by the COSO Framework (Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Tradeway Commission), unanimously recognised as the standard for the implementation and assessment of internal auditing systems.

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We also certify that the annual accounts as at 31 December 2007:

- correspond to the information recorded in the books and accounting records;
- are drawn up in accordance with the provisions of the Civil Code and with the national accounting criteria as approved by the Organismo Italiano di Contabilità (Italian Accounting Body) , and, as far as can be ascertained, are a true and accurate representation of the capital and reserves, profits and losses and financial position of the issuer.

Bologna, 20 March 2008

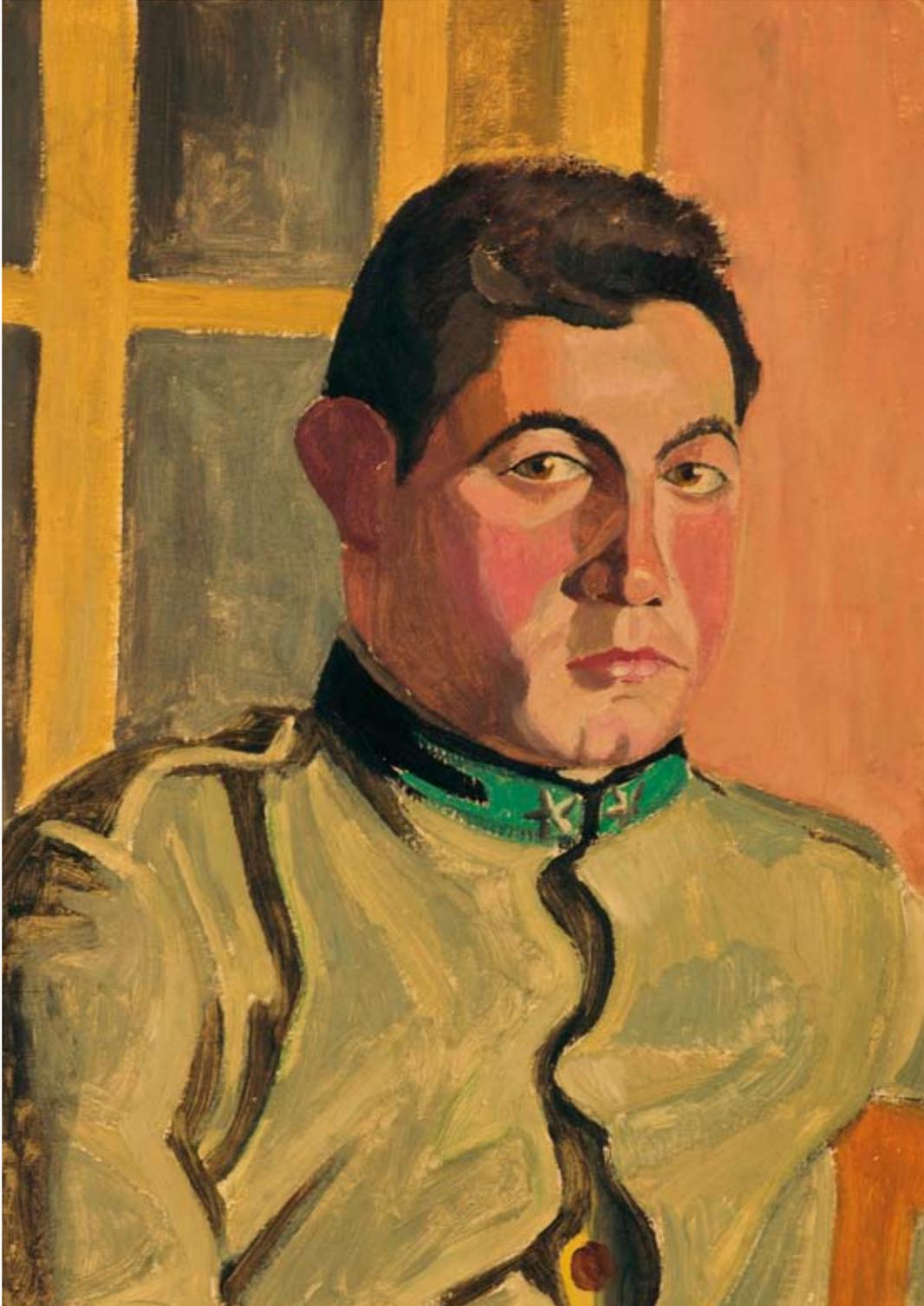
The Chief Executive Officer

Carlo Salvatori

The Senior Executive Responsible
for drawing up
the Company accounts

Maurizio Castellina





Carlo Levi
the orderly

Unipol private collection



Summary of resolutions passed by the Ordinary Shareholders' Meeting and the Special Meeting of Preference Shareholders held on 24 April 2008



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Ordinary Shareholders' Meeting held on 24 April 2008 – Second Call**ITEM 1 on the Agenda**

To approve the accounts for the year ended 31 December 2007; to hear the report of the Board of Directors; to hear the Reports of the Board of Statutory Auditors and the Independent Auditors. To allocate the profits and distribute the dividend. To pass the related and consequent resolutions.

Under item 1 on the agenda the Shareholders' Meeting resolved:

- (i) to approve the accounts for the year ended 31 December 2007, together with the Directors' Report, which showed an operating profit of €288,840,584;
- (ii) to allocate the profit of €288,840,584 as follows:
- | | |
|---|----------------|
| - to the legal reserves | 6,256,338.00 |
| - to the extraordinary provision | 98,487,278.87 |
| - to the dividend on preference shares
(911,540,314 x 0.0802) | 73,105,533.18 |
| - to the dividend on ordinary shares
(1,479,885,786 x 0.0750); | 110,991,433.95 |
- (iii) to distribute a further dividend on preference and ordinary shares totalling €815,715,442.71 (€0.3411 for each ordinary and preference share) by drawing this amount from the Provision for issue premium. In this regard it must be pointed out that the amount set aside for the Legal Reserve has reached the amount of €478,285,220 referred to in Article 2430 of the Civil Code.
Under Article 47, para. 1, of the Corporation Tax Consolidation Act approved by Presidential Decree 917 of 22 December 1986 (TUIR) 20.621% of this additional dividend (which amounts to €0.0703 for each preference and ordinary share) constitutes a gain for shareholders and is therefore taxed at the rate pertaining to each individual shareholder. Under Article 47, para. 5, of the TUIR 79.379% of this additional dividend (which amounts to €0.2708 for each preference and ordinary share) does not constitute a taxable gain but reduces the tax to be paid on the shares owned;
- (iv) therefore, by allocating the profit for the year and some of the Provision for issue premium as set out above, to approve the distribution of a dividend of €0.4161 per ordinary share, a dividend of €0.4213 per preference share and total dividends of €999,812,409.84;
- (v) to fix 22 May 2008 as the date to start paying the dividend (coupon to be detached on 19/5/2008).

ITEM 2 on the Agenda

Purchase and sale of own shares and of shares in the holding company; to pass the related and consequent resolutions

Under item 2 on the agenda the Shareholders' Meeting resolved:

- (i) to revoke the previous resolution to authorise the purchase and/or disposal of own shares and of shares in the holding company, which was passed by the Shareholders' Meeting held on 24 April 2007;
- (ii) to authorise the Board of Directors to purchase and/or sell own shares, in accordance with Article 2357 and Article 2357-ter of the Civil Code and depending on the level of the Fund for the purchase of own shares, for a period of 18 months following the shareholders' meeting, in accordance with the procedures specified below.

In the event of the purchase of one or more tranches of own ordinary and/or preference shares:

- the number of shares purchased must not exceed one tenth of the total number of shares that represent the Company's share capital. Purchases and sales of shares must be carried out in the ways specified and in accordance with the procedures and within the limits provided for by the relevant legislation.
- in the case of both purchase and sale the unit price shall be based on the price of the security recorded on the Stock Exchange trading day preceding each individual operation and must not vary by more than 15% either way. However, the amount paid must not exceed any limits provided for by legislation.
- purchases must be carried out in accordance with the procedures referred to in Article 144-bis, para. 1 a), b), c) and d) of the Regulation approved in CONSOB Ruling 11971 of 14 May 1999 as amended;



- (iii) to top up the current level of the Fund for the purchase of own shares by paying in the sum of €100m;
- (iv) to grant the Board of Directors – and through it the Chairman and Vice-Chairman separately – full power to purchase and/or sell own shares, on the conditions and within the limits resolved above, and to implement the above resolutions, possibly by using legal representatives, their actions being hereby validated and ratified;
- (v) to authorise the Board of Directors to purchase and/or sell one or more tranches of shares in the Holding Company Finsoe S.p.A., in accordance with Article 2359-bis of the Civil Code and depending on the level of the Fund for the purchase of shares in the holding company, for a period of 18 months following the shareholders' meeting, on the following terms:
 - a. in each case the total value of shares purchased must not exceed one tenth of the share capital of the holding company when any shares owned by the holding company and by the subsidiary companies are taken into account;
 - b. minimum unit price whether buying or selling: €1 (one Euro);
 - c. maximum unit price whether buying or selling: €1.20 (one Euro and 20 cents);
- (vi) to top up the current level of the Fund for the purchase of shares in the holding company by paying in the sum of €45m;
- (vii) to grant the Board of Directors – and through it the Chairman and Vice-Chairman separately – full power to purchase and/or sell shares in the holding company, on the conditions and within the limits resolved above, and to implement the above resolutions, possibly by using legal representatives, their actions being hereby validated and ratified.

ITEM 3 on the Agenda

Incentive scheme: resolutions passed in accordance with Article 114-bis of Legislative Decree 58/1998

Under item 3 on the agenda the Shareholders' Meeting voted:

1. to approve the scheme for the free allocation of Unipol ordinary shares to employees on permanent contracts of employment with the Company on the date of allocation of these shares and who, on 1 September 2007, had the same contract of employment with the incorporated company Aurora Assicurazioni S.p.A., in accordance with the terms and procedures laid down in the rules governing the scheme;
2. to grant the Board of Directors and through it the Chairman and the Chief Executive Officer, separately, full power to implement the scheme in full, to inform the market of the scheme and to draw up any documents that are required or appropriate for the scheme, in accordance with the relevant legislation and regulations.



Special Meeting of Preference Shareholders held on 24 April 2008 – Third Call

ITEM 1 on the Agenda

Appointment of the joint representative of shareholders who hold preference shares for 2008, 2009 and 2010; to pass the related and consequent resolutions

Under item 1 on the agenda the Special Shareholders' Meeting voted to appoint Professor Massimo Franzoni as joint representative of the preference shareholders for 2008, 2009 and 2010 at a gross annual fee of €25,000.00.

ITEM 2 on the Agenda

Resolutions relating to the fund referred to in Article 146, para. 1 c), of Legislative Decree 58/1998

Under item 2 on the agenda the Special Meeting of Shareholders voted to confirm the setting up of the Fund to cover the cost of protecting the common interests of holders of preference shares, in accordance with Article 146, para. 1 c.), of Legislative Decree 58/1998, with an amount of €100,000.00.

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Summary of resolutions





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

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 Bologna Companies' Register
No 00284160371 - R.E.A. No 160304.
Registered under Special Section as per
Art. 113 TUB, No 40069





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