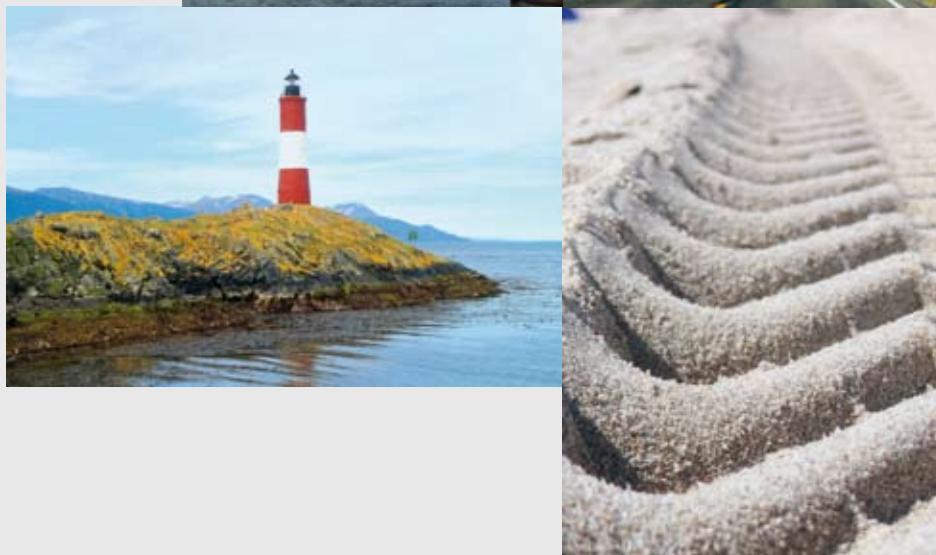


# Unipol Gruppo Finanziario

## 2008 Annual Accounts



*Translation from the original Italian text*

# Unipol Gruppo Finanziario 2008 Annual Accounts



*The photographs published in  
this edition of the Accounts  
were selected from among  
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We would like to thank the  
contributors  
for kindly allowing us to use  
their material.*

**Unipol Gruppo Finanziario S.p.A.**

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Share capital €2,391,426,100.00 fully paid-up  
Tax Code and Companies' Register in Bologna 00284160371  
R.E.A. 160304  
Entry in special section in accordance with Article 113 T.U.B. 40069

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*Lighthouse at the end of the world* - Serena Villani

Agenzia Aurora – Cecina (LI)

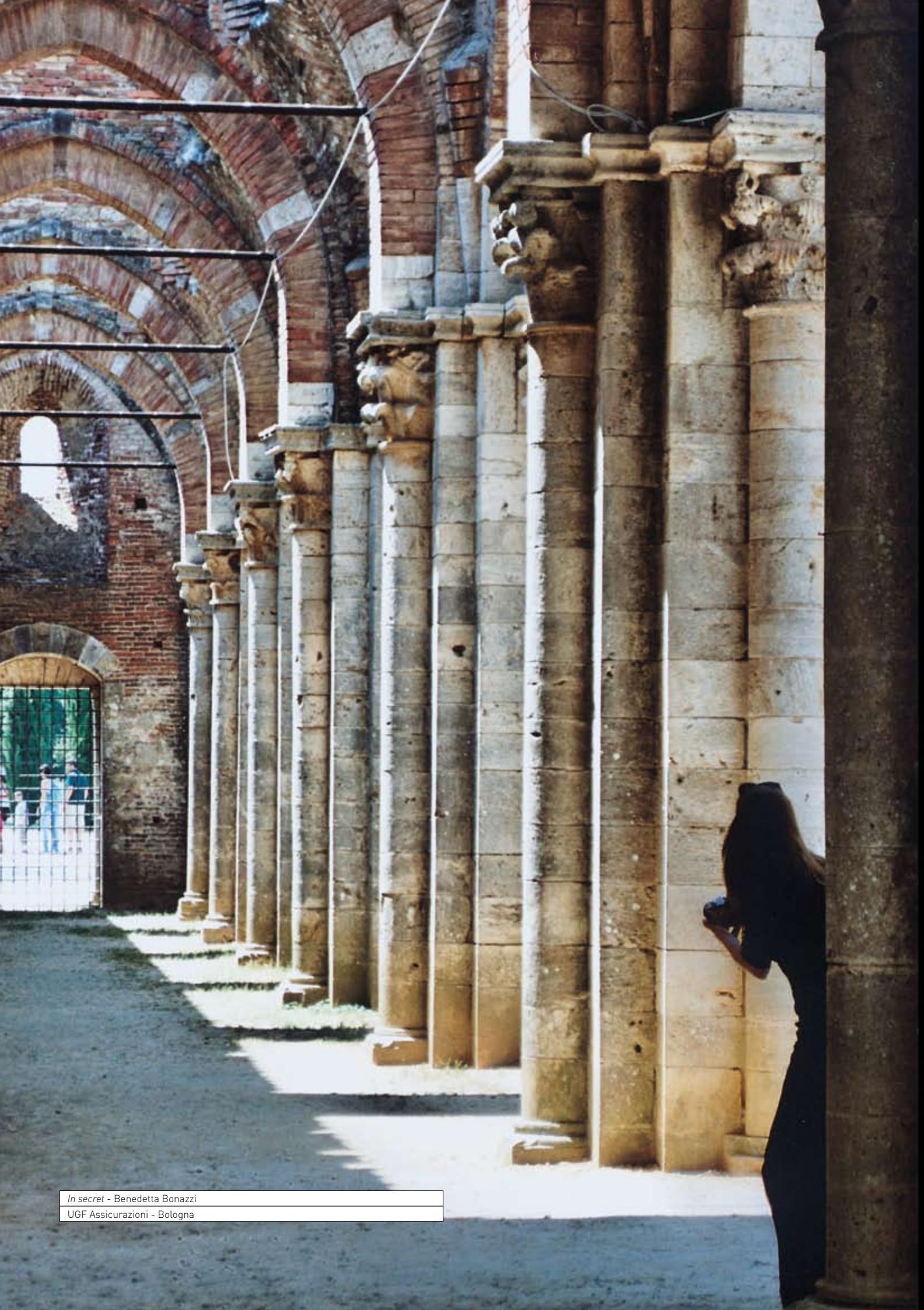
## Company's Boards and Officials





# Company's Boards and Officials

	<b>Honorary Chairman</b>	Enea MAZZOLI
Board of Directors	<b>Chairman</b>	Pierluigi STEFANINI
	<b>Vice Chairman</b>	Vanes GALANTI
	<b>Chief Executive Officer</b>	Carlo SALVATORI
	<b>Board Members</b>	Jean Dominique ANTONI      Ivan MALAVASI
		Sergio BETTI      Massimo MASOTTI
		Rocco CARANNANTE      Enrico MIGLIAVACCA
		Pier Luigi CELLI      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
	<b>Secretary of the Board of Directors</b>	Roberto GIAY
General Manager		Carlo CIMBRI
Board of Statutory Auditors	<b>Chairman</b>	Roberto CHIUSOLI
	<b>Statutory Auditors</b>	Giorgio PICONE      Domenico Livio TROMBONE
	<b>Alternate Auditors</b>	Cristiano CERCHIAI      Giovanni Battista GRAZIOSI
External Auditors		KPMG S.p.A.



*In secret* - Benedetta Bonazzi  
UGF Assicurazioni - Bologna

# Introduction

## Macroeconomic background

During 2008 the turbulence in the finance and lending markets caused by insolvencies in the American long-term loans sector gradually intensified, spreading to all economies worldwide. The turning point in the crisis came in September when, after having come to the rescue of various financial institutions, including the semipublic bodies Fannie Mae and Freddie Mac, the United States Government decided not to intervene in favour of the merchant bank Lehman Brothers which, on 15 September, applied for the Chapter 11 procedure (US Bankruptcy Code). The Lehman Brothers crash swiftly led the world's financial system to the brink of collapse, causing a domino effect which led to the fall in the market prices of dozens of financial institutions on both sides of the Atlantic and to a simultaneous freeze on international interbank lending heralded by high levels of short-term interbank rates. The governments of the principal advanced economies were obliged to intervene by setting aside massive resources to guarantee the solvency of their banks, which was a precondition for preventing the whole financial system from collapsing.

These dramatic events and the consequent pessimistic outlook for the economy reversed the trend that in the first half of 2008 had revealed inflation linked to the prices of oil, raw materials and agricultural products. Starting in the Autumn international markets began to be clearly dominated by bear items, with the result that a barrel of crude, which had risen to almost 150 dollars before the Summer, rapidly fell below 40 dollars. Inflation in the Eurozone fell swiftly after the summer peak to 1.6% in December. Similarly in Italy the consumer price index, which had risen in the first half of the year, fell markedly to end the year at 2.2%. The return to inflation in Italy also continued in January this year (an annual rate of 1.6%).

Although in the first few months of 2008 there was expected to be only a slight recession, after the Summer there was increasing concern that the principal economies would end up in a depression and with deflation. Government initiatives concentrated on guarding against this eventuality by trying from time to time to support the sectors most affected by the crisis: from banks to insurance companies, car manufacturers to families. We are faced with measures that in most cases merely shift debt from the private to the public sector. Hopes that they will be effective, and soon, must be set against the fragmentation that has been typical of such measures, especially in the various European countries.

The latest figure released by Istat shows that Italian GDP fell by 1% in 2008. Investments (-3%) and the fall in household consumption (-0.9%) helped to push GDP down: December's retail trade index showed a drop of 1.9% since December 2007.

The fall in investment in machinery and tools is explained by the modest outlook for demand, both domestic and international, which is a disincentive for creating new manufacturing capacity. December's industrial index was down 12.2% compared with twelve months earlier. The level of company self-financing has fallen drastically whilst the credit crunch is a barrier to obtaining corporate finance from banks. The good news is that in spite of everything the ability of Italian companies to export appears to be completely unaffected.

In light of the general situation it is easy to understand how in 2008 public finance was implicated on a number of fronts: it stepped in to guarantee the solvency of the banking system, it was used to stimulate the economy and it began to examine how to support individuals most affected by the crunch. The increase in expenditure in the public accounts will probably be accompanied by a reduction in revenues caused by the economic slowdown. Istat has announced that in 2008 the Italian Government's net borrowing was 2.7% of GDP. The main economic research bodies estimate that public borrowing will rise to 105.4% of GDP compared with 104.1% at the end of 2007. They are unanimous that anticyclical intervention will lead to a significant worsening of these indicators in the years to come.

## Financial markets

The continuing financial crisis and the consequent weakening of the economy pushed the authorities into operating monetary policies that would bring about a considerable slowdown in the money supply. At the end of October the Fed reduced the federal funds rate by 50 basis points and in December fixed an objective gap of between zero and 0.25%. In July 2008 the European Central Bank increased monetary rates (+25 b.p. Main refinancing operations – Minimum Bid Rate). Subsequently, in the light of the worsening situation, it had to reverse its decision by reducing rates drastically (Main refinancing operations – Fixed Rate): -50 b.p. in October, -50 b.p. in November, -75 b.p. in December and -50 b.p. in January 2009. Today the ECB base rate remains steady at 2% but, in the light of the current recession and the return of inflation, further falls in monetary rates over the next few months are not out of the question. The short-term rates in the Eurozone fell significantly during 2008, from 4.68 at the end of 2007 to 2.89 at the end of December 2008. In the first few weeks of 2009 short-term rates fell further, with the short-term Euro rate down to 1.89 on 19 February 2009. Also down are long-term rates both in the Eurozone and in Italy: the Italian government 10-year rate fell from 4.64 in December 2007 to 4.32 at the end of 2008. On 19 February 2009 government rates in the Eurozone were up approximately 10 points.

All the share markets were characterised by broadly negative performances and substantial volatility. Compared with the end of 2007 losses in the Eurozone were approximately 40%, in the United States the DJEurostoxx50, S&PMib and Standard & Poor's 500 indices lost 44.4%, 49.5% and 38.5% respectively and in Japan the Nikkei index lost 42.1%. In the UK the FTSE100 index lost 31.3%. The negative performance continued at the beginning of 2009 with the worsening of the financial crisis. The share market in the Eurozone continued to fall, with returns 13.6% down between the beginning of the year and 19 February 2009.

The credit market also suffered substantial stress: spreads on financial and corporate bonds continued to widen throughout 2008 and by the Autumn had reached unprecedented levels.

There were no signs of comfort at the beginning of 2009, with spreads still widening.

The dollar continued to strengthen against the Euro until the beginning of December (\$/€ 1.26) but by the end of the year was back to 1.39 (where it had been three months earlier) and then on 19 February 2009 it bounced back to \$/€1.27.

## Individual savings

Individuals' disposable incomes rose considerably in 2008. Unsatisfactory wage rises, the increased cost of energy and food, the drop in property values and widespread pessimism about the outlook for the economy led to an increase in the propensity to save estimated to be approximately 1.4 percentage points. These factors, associated with the increase in the cost of loan repayments because of the rise in bank rates which also discouraged applications for consumer credit, led to a squeeze on consumer spending.

On the other hand the fall in share prices, defaults and the reduction in the value of many corporate bonds led to a fall in the level of savings of individuals in Italy: despite new flows of savings it is estimated that at the end of 2008 total financial assets held by individuals had fallen by more than 10% compared with twelve months earlier.

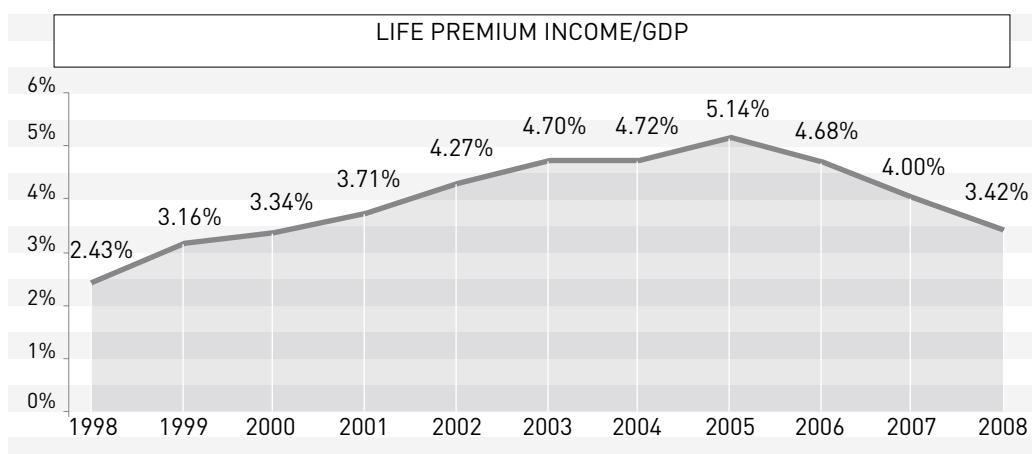
In this context it is not surprising to note that people are exercising great caution when deciding where to place their savings. There was an even more drastic fall in investing in shares in 2008 than there had been in 2007. The outflow of savings from investment funds continued unabated. After the debacle of 2007 (€53bn of negative net income) 2008 produced the worst result ever with a figure of -€131bn. The latest Banca d'Italia figures for net income in managed funds indicate an outflow of resources of a little below €74bn in the first nine months of 2008. These negative performances reflect choices made by savers wishing to invest in instruments perceived as less risky and less costly. But it is the banks in particular that are encouraging savers to transform large amounts of assets under management into direct income, the basis on which lenders operate and which is particularly precious in these turbulent times.

Savers' preferences were for cash instruments. Other components that find a home in investors' portfolios are government bonds which, if they are short-term, now offer returns lower than the rate of inflation. Life assurance also suffers from the erosion afflicting the whole sector of assets under management to some extent: ISVAP's figures for the first three quarters of 2008 indicate a fall in Life premium income of 12.5% compared with the same period of the previous year.

## Insurance business

The economic background had a major impact on the insurance sector. In September 2008 the largest insurer in the world, the American company AIG, had to have recourse to US government support in order to avoid a steep descent into a dramatic liquidity crisis. The proliferation of credit default swaps (policies protecting against the insolvency of indebted counterparties, both public and private, in which funds are estimated to be approximately 45 – 50 trillion dollars), which enabled huge gains to be accumulated during the years of financial growth, today risk turning out to be an unsustainable burden for the issuers of these benefits. Another way in which the crisis is reaching insurers' accounts is via 'toxic securities', which are to be found in some portfolios of operators in the sector. In general, the fall in both share and bond prices has been reflected in a deterioration in the profit and loss account and the equity balance in the insurance sector, with hardly any companies being spared.

As far as the Italian market is concerned the latest figures for the third quarter of 2008, recently released by Isvap, are confirmation of stagnation in the sector. In those nine months Life income was 12.5% lower than in the same period of 2007. Class III was affected by the collapse of the financial markets and was well down (-26.5%). Class V also did badly (-37.4%) whilst Class I seemed to withstand the shockwave of the crisis (+4.6%), probably by virtue of the pension aspects that are a feature of many of these policies.



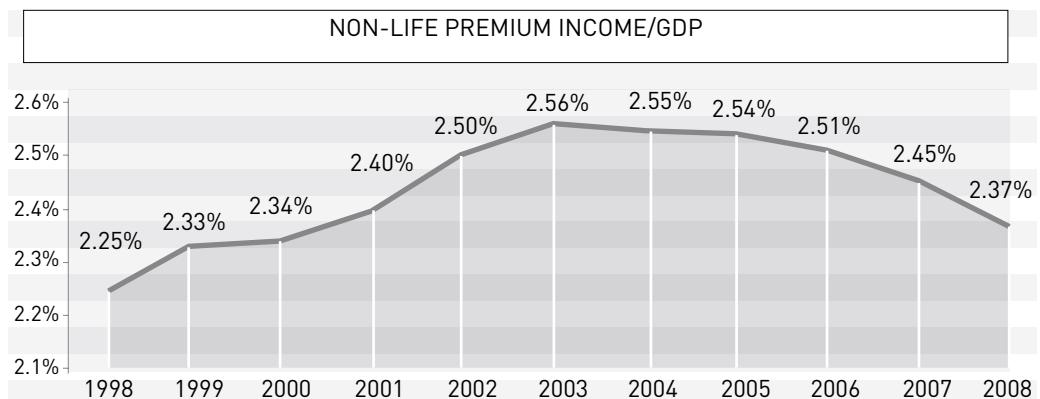
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From the point of view of the sales channels the worst results were from banking and postal outlets (-22.4%) and the direct channel also did badly (-13.3%), whilst agents with a mandate and financial advisers performed well (+3.7% and +11% respectively). Performance in Life business was penalised, as were other managed products, by the turbulence in the financial markets worldwide and by the change in the attitude of savers. Estimates for the end of 2008 mention a reduction in premiums written of 12.2%. There is a more general consequence of this: for the third consecutive year we shall see an erosion of the weighting of Life premium income on Italian gross domestic product.

Non-Life premium income also fell in the first nine months of 2008 (-0.3%) compared with the same period of 2007. The explanation for this phenomenon essentially lies in the results for Land Vehicles TPL, which recorded a 3.1% drop in income. In fact, this class represented just under 50% of total Non-Life income. The crisis in the motor vehicle market (with registrations in 2008 13% down on the previous year) also had major repercussions on Land Vehicles – own damage or loss, where premium income fell by 2% in the first three quarters of 2008. Both the climate of competition and recent legislation led to a freeze (and often to a reduction) in MV TPL tariffs applied to policyholders. This phenomenon, coupled with the poor performance in the MV market and the lack of increase in the number of vehicles on the road, led to a fall in premium income in this class. The claims situation is giving out contradictory signals: the reduction in the average cost of claims (though ascertained from figures that are not yet complete) contrasts with an upturn in the frequency, a phenomenon that emerged during 2007.

The star performer in Non-Life insurance is currently Health, 8.3% up by virtue of the gradual activation of supplementary health funds. Growth in the Accident class is restricted to a modest 2%. Fire and Other Damage to Property were more closely connected to companies' performance and together recorded growth of 3.2%, indicating that they were not affected by the crisis, which is still confined to the financial sphere (the figure being for the first nine months of 2008).

In general, growth in Non-Life business is being limited by the stagnation in the economy overall (corporate business) and by the increase in individuals' propensity to save (individual business) owing to their pessimism about the trends in the economy. Total Non-Life premium income in Italy will have fallen 0.9% in 2008, with MV business well down (-3.4%) and all the remaining non-MV Classes growing by 2.3%. In this case too the weighting of Non-Life insurance business in the domestic economy will have fallen from 2.45% in 2007 to 2.37% in 2008.



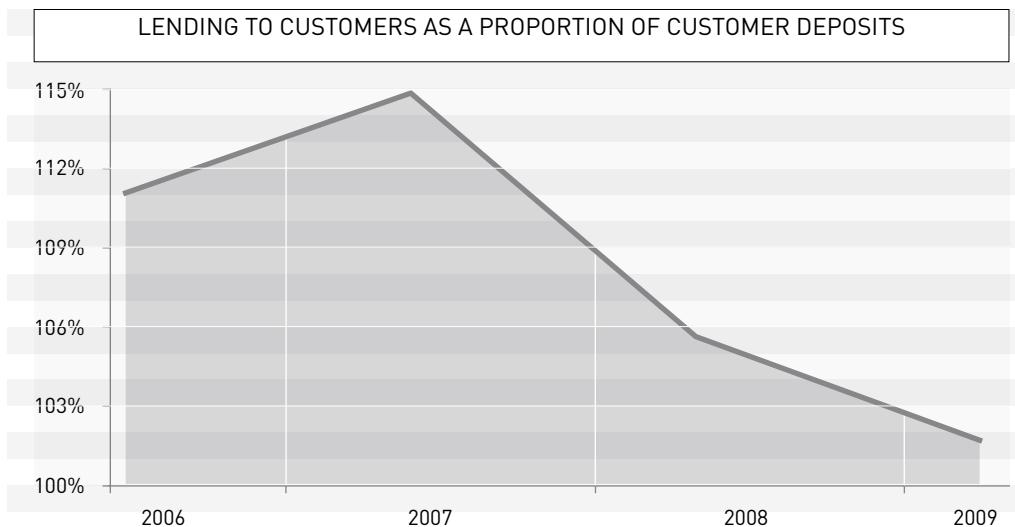
Finally it should be added that there is no doubt that the collapse in the prices of many securities (both shares and bonds), the drop in Life premium income, the likely reversal in Non-Life business (in particular MV TPL) and the squeeze on the margins obtained from lending will have repercussions on the accounts of Italian insurers.

### Banking and assets under management

The liquidity crisis that the banking system worldwide is currently experiencing obliges banks to operate on two fronts: on the one hand they are endeavouring to increase funds from ordinary customers and on the other hand they are cautious when granting all types of loan (to individuals and companies). In fact, the figures published by the Italian Banking Association show that in December 2008 lenders' customer deposits grew 11.7% year on year whilst during the same period lending to customers rose by only 4.9%. The most dynamic element of bank liabilities is represented by bonds (+21.2%), whilst deposits rose by 6.1%. Funds obtained from abroad were 8.9% down in the twelve months of 2008.

Weakness in the economy on the one hand and individuals' financial difficulties on the other hand are two factors on the demand side that, associated with the banks' current caution in exposing themselves to creditors, are acting as a brake on growth in bank lending. On the supply side the need to reduce the risk associated with lending is making lenders more selective when granting loans and leading them to increase the premium for risk required from borrowers.

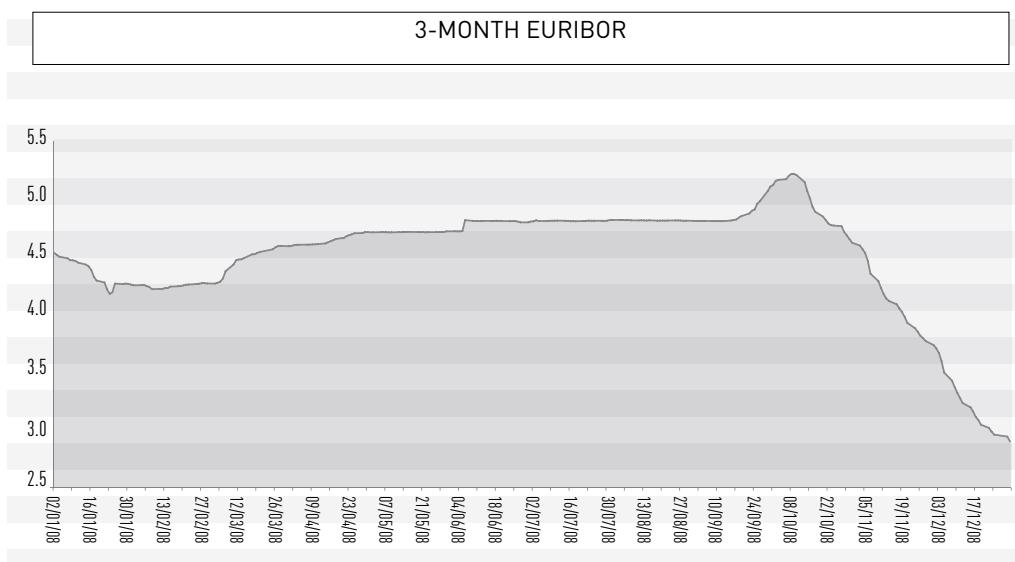
Italian banks declared €16.4bn of doubtful debts in October 2008. Their incidence on lending to customers was 1.08%, down 0.11% on the figure for twelve months earlier. Tensions in the Eastern European lending markets have only recently emerged. The extent of the devaluation of the currencies of those countries is causing serious difficulties for the many residents who have contracted debts in foreign currencies (mainly the Euro and the Swiss Franc). It is assumed that there will be a significant increase in the doubtful debts of the banks in the region that have granted these loans. In reality many of these local banks are subsidiaries of bodies registered in the European Union. In short it will be the latter that will have to deal with the insolvencies that are occurring in the countries of Eastern Europe. This series of events also involves several large Italian banking groups.



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The growth in Italian banks' income and their reluctance to increase lending to customers are substantially lowering the index of surplus lending to customers as a proportion of direct income from the high level achieved in 2007. It is expected that this process will continue during 2009.

After rising to a maximum in October 2008 in the more volatile phase following the Lehman Brothers collapse, the 3-month Euribor rate swiftly returned to being more in line with monetary policy. In these circumstances lenders saw the gap between average rates of lending to customers and of customer deposits narrow throughout 2008. When this phenomenon is combined with modest growth in interest-bearing assets the news about net interest income is not very positive.



The news about net income from services is even less positive. Customers operating less in securities, a drop in commissions from assets under management, capital losses on the portfolio of securities, more competition and more stringent legislation set concrete limits on improvements to this type of income. When the cost of adapting the amount of adjustments to the higher level of risk in the loan portfolios is also taken into consideration it is possible that 2008 will turn out not to have been a very propitious year for the profitability of Italian lenders.

## Principal new legislation

- Regulation 15 of 20 February 2008 relating to **insurance groups**: This regulation governs the structure and composition of insurance groups, parent companies' powers and responsibilities and duties relating to maintaining the register of insurance groups.
- Regulation 18 of 12 March 2008 relating to **accuracy when calculating solvency and provisions relating to capital adequacy at financial group level** (*in accordance with Legislative Decree 142 of 30/5/2005 and the coordination agreement relating to financial groups signed by ISVAP, CONSOB and Banca d'Italia on 30/3/2006*).
- Regulation 20 of 26 March 2008 covering provisions relating to **internal audit, compliance, risk management and outsourcing the work of insurance companies** (which largely reproduces the provisions of ISVAP Circular 577/D of 30/12/2005): The principal innovations relate to the rules governing outsourcing the work of insurance companies. The rules governing these aspects are in line with the latest international guidelines relating to prudent supervision in order to provide stability in the insurance sector and ease the gradual transition of the market and of the Supervisory Authority to the new Solvency II scheme.
- Regulation 25 of 27 May 2008 relating to **supervision of operations within the Group**.
- Regulation 26 of 4 August 2008 relating to **shares** held by insurance and reinsurance companies
- Decree 112 of 25 June 2008, which was converted with amendments into Law 133 on 6 August 2008 and came into force on 25 June 2008, which includes the following provisions relating to **taxation** that affect this type of business:
  - a) Interest payable: 3% of interest payable by insurance companies, banks, other financial bodies and parent companies of banking and/or insurance groups becomes non-deductible for 2008 and 4% in subsequent years.
  - b) Provision for outstanding claims: The long-term portion of the variation in the provision for outstanding claims that can be deducted for the purposes of IRES has fallen from 60% of 50% to 30% of 75%. (The short-term portion is deductible in full.) Therefore the non-deductible amount has risen from 20% of the total of the variation to 52.5%, with this extra tax now being recoverable not over nine years but over 18. Recovery of the amounts remaining as at 1 January 2008 not deducted is also likewise deferred.
  - c) Write-down on receivables: The portion of the write-down on receivables from customers that can be deducted for the purposes of IRES has fallen from 0.40% to 0.30%, with this extra tax now being recoverable not over nine years but over 18. Recovery of the amounts remaining as at 1 January 2008 not deducted is also likewise deferred.
  - d) Downpayment of insurance tax: The 12.50% that companies pay annually as a downpayment of insurance tax (net of the MV TPL paid locally) has been raised to 14% for 2008, 30% for 2009 and 40% for subsequent years.

e) Provision of services within the Group: As from 1 January 2009 the auxiliary services within the banking and insurance groups referred to in Article 6 of Law 133/1999 are no longer exempt from VAT.

f) Taxation of Life mathematical provisions: The tax on Life mathematical provisions referred to in Article 1 para. 2 of Legislative Decree 209/2002 has been raised to 0.39% for 2008 and to 0.35% when fully operational. A downpayment of 0.05% of the reserve requirements for 2007 was introduced for 2008 only.

- Legislative Decree 185 of 29 November 2008, the '**anticrisis decree**', converted with amendments by Law 2 of 28 January 2009, which provides for urgent measures such as:
  - Article 6 – Deduction from IRES of the IRAP on employee costs and costs of interested parties.  
With effect from the 2008 tax year a lump sum of 10% of the IRAP paid during the tax period on employee costs (net of the relevant deductions) and interest payable is deductible from IRES.

- Article 15 – Adjustment and voluntary revaluation of property and revaluation of goodwill  
There is provision for revaluing land and buildings in the accounts as at 31 December 2007, excluding property constructed or traded as part of the work of the undertaking and its building sites, the significance for tax purposes being subordinate to the payment of a substitute tax of 3% or 1.5% on amortisable and non-amortisable property respectively. The credit balance resulting from the revaluation may be dealt with by paying a 10% substitute tax instead of IRES and IRAP.

The tax effects come into force as from the fifth year following the one for which the revaluation was carried out for the purpose of calculating the higher amounts of depreciation deductible, and as from the sixth year, i.e. from 1 January 2014, for the purpose of the new value in the event the property being sold.

In the case of extraordinary operations that took place before 31 December 2007 there is also the possibility of paying substitute tax on the increase in the values of goodwill, brand names and other intangible assets recorded for tax purposes. The increases in value are deemed to apply from the beginning of the tax period during which substitute tax was paid, whilst the relative amounts of depreciation, for the purposes of both IRES and IRAP, will be deducted as from the following year.

Some of the regulations that had gone through a consultation process were issued officially in the first few months of 2009. Of these mention should be made of:

- Regulation 28 of 17 February 2009 which implements the provisions of the 'anticrisis' decree (Legislative Decree 185/2008) relating to accounting criteria used for valuing asset items not intended to remain in the undertaking's equity in the long term: In the case of undertakings that do not adopt the IAS/IFRS, Legislative Decree 185/2008 provides for an optional scheme for valuing financial instruments classified as for short-term use to replace the ordinary criterion, which provides for them to be recorded at cost or market value, whichever is lower. In ruling on the matter ISVAP was not restricted to the unconsolidated aspects alone but also, within certain limits, extended the validity of the book values based on the optional scheme to supervisory purposes. The Supervisory Authority also provided information on the valuation for supervisory purposes of securities issued by bodies that have been declared insolvent or that have entered into an arrangement with their creditors and has amended the tables showing the Life and Non-Life solvency margin.

# Performance of securities and essential figures

## Information on the performance of securities

During 2008 the price of Unipol ordinary shares fell by 45.42% compared with a fall in the MIBTEL general index of 48.66%, in the insurance MIB of 40.06% and in S&P's MIB index of 49.53%. Unipol's preference shares also recorded a fall of 57.61% in 2008.

## Capitalisation

As at 31 December 2008 Unipol was the third largest Italian insurance company based on capitalisation (the second if companies belonging to the same Group are calculated) with a share of 5.82% of the total insurance sector and Unipol Gruppo Finanziario's capitalisation/premium income ratio for 2008 was 0.29.



*A long way from home* di Angela Magni

UGF Merchant - Bologna

# Management Report





# Management Report

Dear Shareholders,

2008 was the first full year of operation of Unipol Gruppo Finanziario's new mission statement, which derived from the project to reorganise the companies in the Unipol Group, which concluded on 1 September 2007 and the purpose of which was to restructure and strengthen the Group.

Your Company, which during 2008 acted only as Unipol Group's holding and service company, has years of consolidated experience as a leader in the insurance and financial market.

The 2008 financial year was in fact the 45th year of operation and this anniversary was celebrated during meetings with representatives of the financial, social and institutional world.

First of all we must mention the visit that the Chairman and the Chief Executive Officer paid to the Head of State, Giorgio Napolitano, in June 2008, during which in addition to presenting the Social Report they illustrated the Group's new system of governance and its new strategies for integrating insurance, banking and financial business.

The accounts for the year ended 31 December 2008, which we are submitting for your examination and approval, reflect the results of holding company business and ended with a loss of €2.9m as a result of the effects of the unusually negative economic climate and the emergence of the recession. The entire year was characterised by poor performance in the financial markets worldwide, which became even worse during the fourth quarter.

## Reorganisation of the Unipol Group's insurance business

During 2008, as part of the broader project to restructure the Group launched in 2006, the project to reorganise insurance business was initiated with the following targets:

- the merger by incorporation of Aurora Assicurazioni into Unipol Assicurazioni, which created a single large insurance company, and the subsequent change of name to 'UGF Assicurazioni S.p.A.';
- the hive-off to the new company of the part of Unipol Gruppo Finanziario's business that deals with insurance services, thus concentrating this business in a single company.

These operations, which were actually carried out after the end of 2008 (cf. 'Significant events after the end of the financial year'), enabled the process of integration and rationalisation provided for in the 2006-2009 plan and launched at the time of the creation of Unipol Gruppo Finanziario to be accelerated. It was the natural and logical evolution of the work the Group had done during 2007.

The aim of the project was to create a simpler and more transparent Group organisational model, allocating the holding functions to UGF and the operational functions to the insurance companies controlled by UGF, by identifying responsibilities more clearly and eliminating overlaps. The principal object of the hive-off was the provision of auxiliary, related and/or useful services to the insurance companies in the UGF Group, the aim being to maximise the efficiency of the company resulting from the merger in carrying out insurance business, with the services, functions and departments that are purely auxiliary and/or useful to insurance business being centralised in the new company. However, all the services, functions and departments dealing with managing the Group and those providing some administrative services remain within UGF. The insurance company resulting from the merger of Aurora and Unipol has the same commercial capacity and distinctive strength of the current brand names 'Unipol' and 'Aurora', which despite being integrated will not lose their own special identity, and the new company will be a primary player in the insurance sector and the third largest Italian composite insurance company. The Unipol and Aurora sales networks remain distinct and independent and continue to ensure an optimum presence throughout the country and to provide efficient customer service. The ownership of the conferee company remains unchanged since the conferor company, Unipol Gruppo Finanziario, is the sole shareholder of the conferee company, and the hive-off does not involve any change to Unipol Gruppo Finanziario's aims and objectives.

Therefore following the operation described above strategic functions, overall management and control and the principal work of coordinating insurance and banking business remain with the Parent Company, Unipol Gruppo Finanziario.

The reorganisation also provides:

- better coordination and integration of the range of insurance and banking products;
- more effective cost control and greater operational efficiency;
- a clearer definition of the scope of business;
- a higher level of customer service.

## Business performance

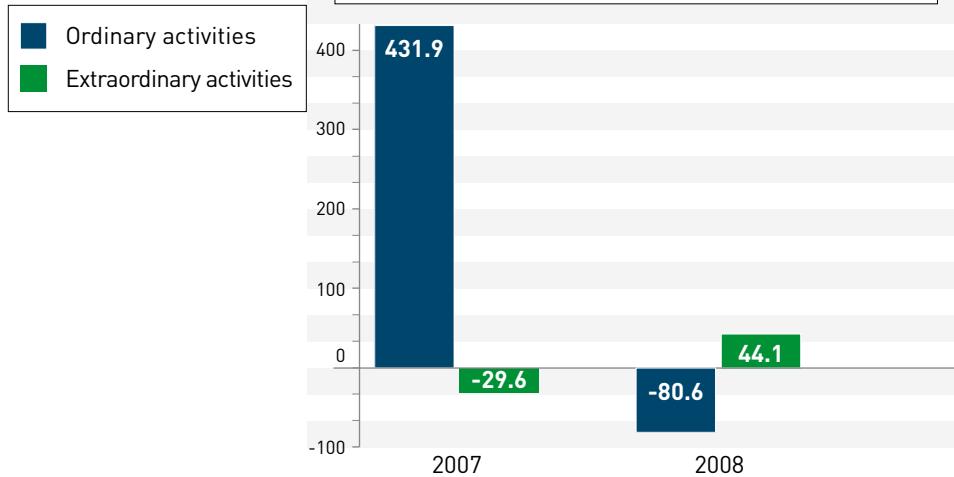
Unipol Gruppo Finanziario ended 2008 with a loss of €2.9m, which reflected only the work done by the Unipol Group as a holding and service company. The result was very badly affected by poor performance in the financial markets worldwide.

Although there was a fall of €291.7m (-101%) compared with the previous year the comparison is not exact and is therefore of limited significance since Unipol Gruppo Finanziario's 2007 profit and loss account had included the result of insurance business both it and Aurora Assicurazioni had carried out for eight months (1 January – 31 August) and the result of core business for the remaining period.

The figures that best illustrate business performance are as follows:

- A. The Unipol Group's income from its core business as a holding and service company amounted to €257.7m.
- B. Other receipts and income amounted to €13.5m and were almost exclusively costs recovered for staff seconded to Group companies.
- C. Operating costs amounted to €328.0m and included all the operating costs arising out of core holding company business carried out in 2008.
- D. Income from shareholdings amounted to €54.4m and included dividends on shareholdings, both those of strategic importance and those held for trading.
- E. Net ordinary investment income amounted to €57.2m.
- F. Value adjustments on financial assets were negative to the tune of €81.0m and related exclusively to the adjustment to market values of the company's share and bond portfolio.
- G. The result of ordinary business was negative to the tune of €80.6m.
- H. The result of extraordinary business was positive to the tune of €44.1m, mainly thanks to the capital gain from the sale of the holding in Quadrifoglio Vita.
- I. Pre-tax profits were negative to the tune of €36.5m.
- J. Corporation tax: IRAP, IRES and deferred taxation had a positive impact of €33.6m on the profit and loss account.

BALANCE ON ORDINARY AND EXTRAORDINARY ACTIVITIES  
[in €m]



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The Company's capital and reserves as at 31 December 2008, including the loss for the year, amounted to €4,330.9m.

## Provision of centralised services to companies in the Group

During 2008 Unipol Gruppo Finanziario carried out its role as holding company in full following the company reorganisation, which led to the company having a new mission statement as from 1 September 2007.

The services that UGF provided for the various operating companies in the Group, differentiated according to the needs of the individual companies, fell 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 approved by the Company's Board of Directors.

## Financial operations

The 2008 year was characterised by considerable turbulence in the financial markets, a legacy of the subprime loans crisis which subsequently spread to the entire credit market. The share markets suffered a heavy blow, recording losses close to 50% (Eurostoxx50 50%). The economy in general was affected during the Summer by the substantial rise in the price of raw materials, particularly energy, which led to a huge rise in inflation. This in turn led to the ECB announcing a 0.25% rise in rates at the beginning of July. At the end of the Summer the climate suddenly changed, which led to a substantial fall in the prices of raw materials and to an acceleration of the downswing. This induced the ECB, in concert with other main central banks, to relax monetary policy by cutting interest rates sharply from 4.25% to 2%.

Investment policies in the bond sector in the first few months of 2008 were based on strategies aimed at:

1) rationalising the composition of the portfolio, making its yield profile more linear and easier to forecast;

2) bringing it into line with the Group's liabilities and financial commitments.

Exposure to banking securities increased during the period: selective purchases were made of debt securities, mainly senior debt securities issued by leading bodies mostly rated AA and in any case not less than A, the focus being on variable rate and fixed rate securities with maturities of between 1 and 6 years. Increasing turbulence in the financial markets, mainly caused by the collapse of Lehman Brothers, and the growing fears of a serious worldwide recession, led to this policy being abandoned at the end of the Summer. The portfolio was also negatively affected by the wider spreads on the country risk affecting 'peripheral' government bonds, in particular towards the end of the year.

At the end of the period the portfolio duration was slightly down compared with the end of 2007. Management of the share portfolios was based on defensive strategies carried out by selling options in order to take advantage of the high level of volatility in the markets and by gradually hedging the market risk. This made it possible to limit the negative effects of the drop in share prices.

The share portfolio was mainly made up of securities belonging to the Eurostoxx50 or to the main European indices, which were characterised by a high level of liquidity and a good profile in terms of profitability represented by the dividends expected.

Exposure in markets other than those in the Eurozone was marginal, with most of the exchange rate risk being hedged.

## IT department

### Principal strategic guidelines

As part of the strategic plan the IT department continued the work of overhauling the Group's IT services begun in the second half of 2007 in accordance with the following plan of action:

- strategic development of the Group's technological structure;
- rationalisation of and research into IT management procedures;
- revamp of the Group's basic operating systems (e.g. Non-Life and Life systems) and development of new strategic applications (accounts administration system, CRM etc.);
- transformation of its role from supplier of technology to principal partner for the provision of services and tools to support business growth, thanks to the introduction of procedures for increasingly close collaboration with the business departments.

Setting up the Gruppo Finanziario, the merger of Unipol Assicurazioni and Aurora Assicurazioni into UGF Assicurazioni at the beginning of 2009 and the need to face up to the challenges of the current market climate mean that the IT Department must pay particular attention to improving the efficacy and efficiency of its services by adopting innovative technological solutions and rationalising the existing infrastructure and applications in order to coordinate, streamline, supplement and increase synergies at Group level.

### Principal activities in 2008

The Group's new Non-Life system was launched in the second half of 2008, more than a year ahead of schedule. The project was carried out by adopting new web development tools and technology and also involved reinforcing the Group's network infrastructure and updating the agencies' hardware.

Work continued on developing the Group's new Life system, with the first subsystem dedicated to group policies being launched in November 2008 whilst the second, scheduled for the first half of 2009, will deal with individual policies.

As part of the plan to coordinate, streamline, supplement and increase synergies at Group level, Group systems are being rationalised and concentrated: UniSalute's Server Farm was transferred to the Group's central Data Centre in Summer 2008 whilst the transfer of Linear's will be completed during 2009.

The new Group CRM (Customer Relationship Management) system, a prototype of which was set up in 2008, will become operational during 2009. The CRM system will provide an integrated view of the customer's insurance and banking requirements in order to improve customer service and increase business potential by developing opportunities for cross-selling and up-selling.

Work continued on developing the current IT system that supports claims-handling by updating it to cope with the new organisational model and new legislation and in order to increase operational efficiency. At the same time work began on drawing up the requirements for developing a new claims-handling program.

The creation of Unipol Gruppo Finanziario and the work required to set up the new single company UGF Assicurazioni scheduled for the beginning of 2009 involved a lot of IT work to enable the new companies and departments to operate, in particular setting up a new integrated system for general bookkeeping, purchasing, management control and accounting, which will begin when UGF Assicurazioni is launched and be gradually completed during the current year.

## Internet

The Parent Company UGF Spa's site, [www.unipolgf.it](http://www.unipolgf.it) 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 2008 the Company had 2,603 employees.  
The number of full-time equivalent (FTE) employees was 2,477.

### Stock-granting scheme

On 24 April 2008 the Ordinary Shareholders' Meeting of Unipol Gruppo Finanziario voted to adopt a stock-granting scheme, which concluded on 1 June 2008 with the acquisition of 315,000 Unipol ordinary shares on the regulated market at an average price of €1.651 for a total cost of €520,065.

This scheme consisted in the award of free shares to the former employees of Aurora Assicurazioni S.p.A., which was incorporated by Unipol Gruppo Finanziario with effect from 1 September 2007.

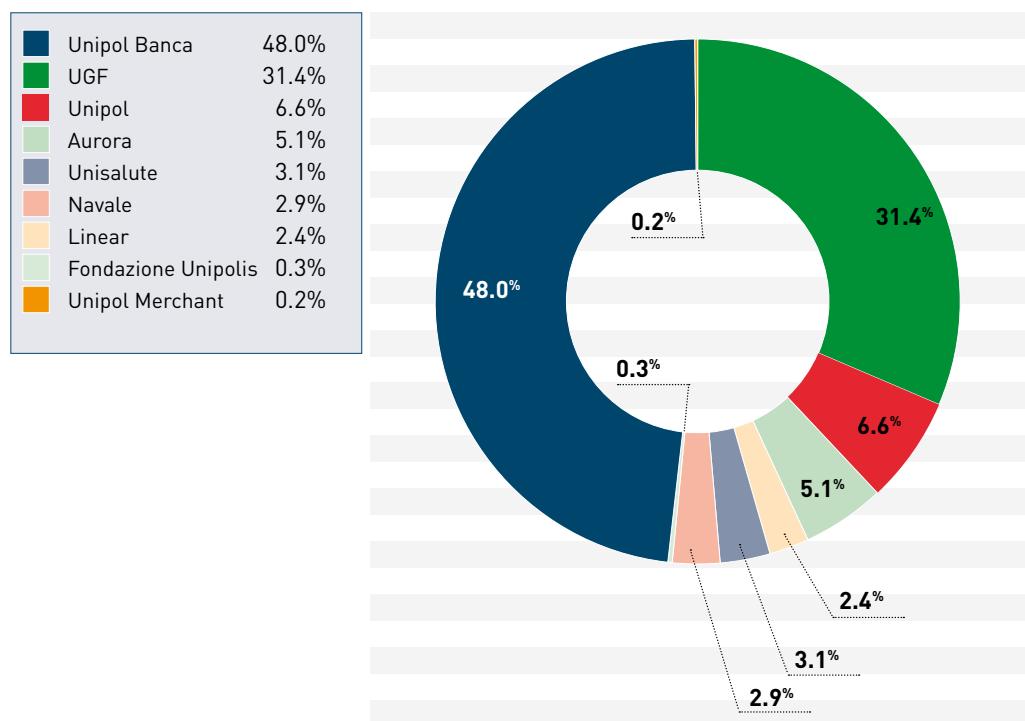
As a result of the resolution passed by the shareholders' meeting held on 22 April 2008 the subsidiary Aurora Assicurazioni S.p.A. concluded the stock-granting scheme on 1 June 2008 by purchasing 257,000 Unipol ordinary shares on the regulated market at an average price of €1.651 for a total cost of €424,307.

The purpose of the scheme, which had the same features as the scheme approved by the holding company, was to award free shares to the employees of Aurora Assicurazioni S.p.A.

## Staff development and training

With several activities that cut across the whole Group, such as staff training, being centralised and in its capacity as Parent Company, UGF delivered **26,195 man/days** of staff development and training in 2008, corresponding to **193,846 hours**, either itself or through specialist outside companies.

The chart shows how the total number of days was distributed:



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Training for the Group's insurance employees totalled **13,574 man/days**, **13,128** of which were classroom based and **446** (accounting for **3,302 hours**) were carried out through the new 'Business Learning Centre Web' e-learning package launched in October.

Training for the banking sector totalled **12,621 man/days**, **9,478** of which were classroom based and **3,143** were distance learning provided via the intranet.

## Property and financial management

### Tangible and intangible assets

During 2008 the level of tangible and intangible non-current assets, net of depreciation, fell from €63.7m to €54.1m, a decrease compared with the previous year of €9.6m.

The breakdown of tangible and intangible assets and the variations over the previous year are set out in the table below.

TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS (amounts in €K)						
	31/12/08	comp. %	31/12/07	comp. %	2008/2007 variations absolute	in %
<b>Tangible non-current assets</b>						
- Plant and machinery	5,165	20.8	7,708	24.5	-2,543	-33.0
- Other assets	19,649	79.2	23,726	75.5	-4,076	-17.2
<b>Total</b>	<b>24,814</b>	<b>100.0</b>	<b>31,433</b>	<b>100.0</b>	<b>-6,619</b>	<b>-21.1</b>
<b>Intangible non-current assets</b>						
- Startup-and development costs	12,547	42.9	25,065	77.7	-12,518	-49.9
- Work-in-progress and advance payments	0	-	3,033	9.4	-3,033	-100.0
- Other	16,728	57.1	4,174	12.9	12,554	300.8
<b>Total</b>	<b>29,275</b>	<b>100.0</b>	<b>32,272</b>	<b>100.0</b>	<b>-2,997</b>	<b>-9.3</b>
<b>TOTAL TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS</b>						
	<b>54,089</b>	<b>100.0</b>	<b>63,705</b>	<b>100.0</b>	<b>-9,616</b>	<b>-15.1</b>

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### Long-term investments

Long-term investments fell from €4,466m to €4,209.2m during 2008, a decrease compared with the previous year of €256.8m.

This decrease was due to the fall in the level of shareholdings (as a result of net divestments), of other securities and of receivables (mainly as a result of the early redemption at the end of May 2008 of the two subordinated loans granted on 1/9/2007 to the subsidiary companies Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A.).

The breakdown of long-term investments and the variations over the previous year are set out in the table below.

LONG-TERM INVESTMENTS (amounts in €K)						
	31/12/08	comp. %	31/12/07	comp. %	2008/2007 variations absolute	in %
<b>Long-term investments</b>						
- Shareholdings						
- Subsidiaries	4,083,995	100.0	3,963,930	96.4	120,065	3.0
- Other undertakings	0	-	147,549	3.6	-147,549	-100.0
<b>Total</b>	<b>4,083,995</b>	<b>100.0</b>	<b>4,111,479</b>	<b>100.0</b>	<b>-27,484</b>	<b>-0.7</b>
- Receivables						
- Subsidiaries	0	-	285,000	96.0	-285,000	-100.0
- Other	104,914	100.0%	12,001	4.0	92,913	774.2
<b>Total</b>	<b>104,914</b>	<b>100.0</b>	<b>297,001</b>	<b>100.0</b>	<b>-192,087</b>	<b>-64.7</b>
<b>Other securities</b>	<b>20,314</b>	<b>100.0</b>	<b>57,514</b>	<b>100.0</b>	<b>-37,200</b>	<b>-64.7</b>
<b>TOTAL LONG-TERM INVESTMENTS</b>	<b>4,209,223</b>	<b>100.0</b>	<b>4,465,994</b>	<b>100.0</b>	<b>-256,771</b>	<b>-5.7</b>

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):

	2008	Variations compared with 2007
Insurance	3,393,275	99,570
Banking and financial services	670,225	0
Property	0	0
Other shareholdings	20,495	(127,054)
	<b>4,083,995</b>	<b>(27,484)</b>

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

#### **Acquisitions / subscriptions**

The acquisitions for the year were as follows:

- on 19 May 2008 Unipol Assicurazioni paid €117.7m for 20% of BNL Vita's share capital. On 30 December 2008 €15.3m was paid to the same Company for a future capital increase;
- on 31 May 2008 €10m was paid to the subsidiary Navale Assicurazioni for a future capital increase;
- on 1 July 2008 €20.5m was paid for the entire share capital of Ambra Property Srl, which is registered in Bologna.

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#### **Divestments**

The following divestments took place during the year:

- on 28 March 2008 the sale to Banca Monte dei Paschi di Siena S.p.A. of the holding in Quadrifoglio Vita S.p.A. of 15,750,000 shares representing 50% of the share capital was finalised. The price of the transaction was €92.5m and was based on the valuation issued by PriceWaterHouseCoopers Advisory S.r.l., which both parties had appointed as expert. The sale, which generated a capital gain of €48.9m, was conducted as part of the contractual agreements with the MPS Group, subject to the purchaser obtaining the required permits.
- on 3 September 2008 the holding in Vivium S.A. of 525,898 shares representing 13.88% of the share capital was sold to Aurora Assicurazioni for its book value of €147.7m.

#### **Asset management guidelines**

Asset management guidelines in 2008 favoured low-risk short-term investments in cash.

The bond portfolio saw the proportion of investment in government and banking bonds fall during the period. At the same time the duration was reduced in order to take advantage of the rise in short-term rates. The performance of the share portfolio was affected by the collapse of the markets, albeit not to the extent that it would have been had hedging strategies not been in place during the period. It should be mentioned that at the end of the year a subordinated bonded loan of €95m was granted to the Belgian company P & V Assurances. It was for an indefinite duration and had a rate of 9%, with interest being paid twice a year. The cash component accounted for approximately 50% of the portfolio.

#### **Lehman Brothers**

Total write-downs on financial instruments as a result of the collapse of the Lehman Brothers investment bank amounted to €10.2m. This financial impact was carefully assessed by

subjecting the debt securities issued by this investment bank to an impairment test, which gave a presumed recovery rate on maturity of 50% of the nominal value of the senior notes held in the portfolio whilst the recovery rate of the junior notes was prudentially assumed to be zero. *Given the very low level of liquidity that was a feature of the market for Lehman Brothers securities the estimate of the recovery rate was also based on specific analyses carried out by several independent research companies and a rating agency.*

### Other long-term securities

These consisted exclusively of listed bonds rated between AA+ and BBB.

### Own shares and shares in the holding company

As regards own shares, 315,000 Unipol ordinary shares were purchased on the regulated market during 2008, corresponding to 0.014% of the share capital, at an average price of €1.651, i.e. for a total of €520,065, and as from 1 June 2008 they were allocated free under the stock-granting scheme described previously.

There were 47,561 own shares in the portfolio as at 31 December 2008, representing 0.002% of the share capital, for a total of €51,794m.

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

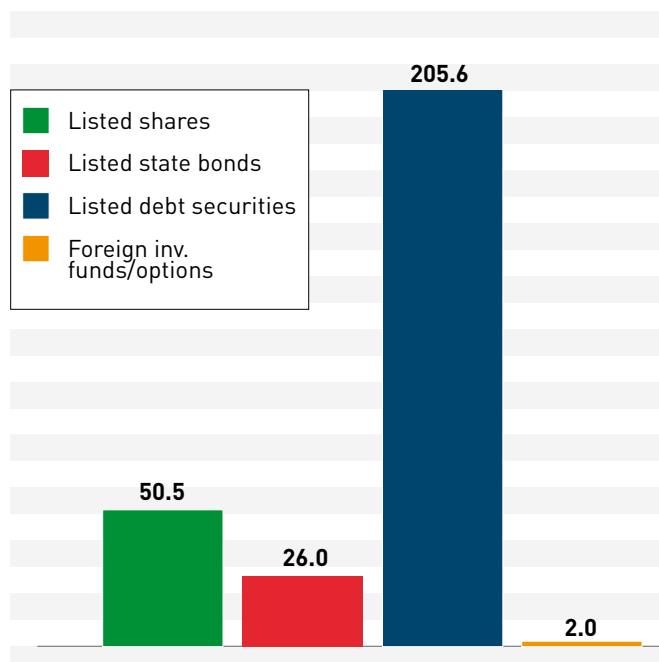
In accordance with Article 2359-bis of the Civil Code the Shareholders' Meeting voted to authorise the Board of Directors to purchase shares in the holding company Finsoe within the limits of the level of the fund for the purchase of shares in the holding company.

The company held no shares in the holding company Finsoe as at 31 December 2008.

### Financial assets that do not constitute fixed assets

This item amounted to €284m, well down on the previous year as a result of the sales carried out on the market.

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



## Cash and cash equivalents

Bank deposits and cash in hand as at 31 December 2008 amounted to €416.9m, a decrease of €384.0m compared with the balance as at 31 December 2007.

## Risk management policies (Article 2428 of the Italian Civil Code)

At organisational level the UGF Group has decided to adopt a 'centralised' model of Risk Management, with the primary objective of ensuring that the ways in which risk management and monitoring policies, procedures and methods are adopted are the same throughout the Company.

In 2008 the Risk Management Department drew up the Risk Management Policy, the aim of which is to introduce specific guidelines for managing risks arising out of business activities carried out by the companies in the UGF Group, and drew up strategies and objectives, roles and responsibilities for the company departments involved and procedures for analysing, checking and calculating.

The risk management procedure is carried out in the following stages:

- Identifying
- Calculating
- Checking
- Limiting

In the case of major risks the Risk Management Department has begun to issue specific policies containing guidelines for underwriting and managing risks. These policies contain definitions of the risk, calculation procedures, any limits, the checking system and whatever else is required for the risk to be properly managed.

By market risk is meant the risk of potential losses as a result of changes in interest rates, share prices, exchange rates and credit spreads.

For further details of the Risk Management Policy you are referred to the consolidated accounts.

The way in which the Parent Company UGF carried out financial risk management during 2008 was by periodically monitoring the main indicators of exposure to the rate risk, the share risk, the credit risk and the liquidity risk.

### Interest rate risk

The duration of the bond portfolio as at 31 December 2008 was 3.01 years. 89.2% of the bond portfolio was made up of variable rate securities mainly indexed to the Euribor rate. It should also be mentioned that the rate risk for part of the bond portfolio was hedged by interest rates swaps. The sensitivity of the securities portfolio to a rise of 1 basis point in the rate curve was -€0.3m as at 31 December 2008.

### Credit spread risk

As regards the credit risk, 93.9% of the securities portfolio was accounted for by investment grade securities (rated BBB or higher by Standard & Poor's) as at 31 December 2008.

To be specific, 9.1% of the debt securities were rated AAA, 9.1% AA and 66.7% A. The sensitivity of the securities portfolio to a variation of 1 basis point in the credit spread was -€0.4m at the end of the year.

### Share risk

As regards the share sector (excluding shareholdings), the indicator of the portfolio's sensitivity to the Eurozone share market (Beta coefficient) was 0.73. The sensitivity of the share portfolio to a fall of 1% in the index concerned was -€4.1m as at 31 December 2008.

### Liquidity risk

The liquidity risk in the securities portfolio was limited by investing mainly in securities listed on regulated markets. 41.2% of the bonds and almost all of the shares were listed securities.

## Report on corporate governance and ownership in accordance with Article 123-bis of Legislative Decree 58 of 24 February 1998

The information required by Article 123-bis of Legislative Decree 58 of 24 February 1998 is contained in the annual Report on corporate governance, which has been approved by the Board of Directors and published, together with the Management Report, in accordance with Article 89-bis of the Regulation adopted by CONSOB in its ruling 11971 of 14 May 1999 and with Section IA.2.6. Guidelines on the Regulation Governing Markets Organised and Managed by Borsa Italiana S.p.A. The annual corporate governance report is in the Corporate Governance section on the Company's website ([www.unipolgf.it](http://www.unipolgf.it)).

## Social and environmental responsibility

### **Corporate Mission Statement**

*We are responsible for improving our Customers' quality of life by providing solutions that support and safeguard their projects.*

*The Group implements a management policy that is effective, profitable and sustainable and is based on the contribution made by its employees and the value that they add.*

Social responsibility continued to be an important theme for the UGF Group during 2008.

In pursuing its mission the Group remained faithful to the values that have always distinguished it and still characterise the Group's ethos. The Group never loses sight of its Social Responsibility in its day-to-day work and in its relationship with stakeholders, both internal and external (customers, employees, shareholders, suppliers, environment and community).

This vision is based on the Code of Ethics, approved by the Board of Directors in December 2005 and updated in March 2009, which explains the values and the principles that inspire the work of the companies in the Group and are deemed to be fundamental and irrefutable for everyone within the Group and respect for which is a prerequisite for its transparency and reputation.

For the sake of complete transparency and to make it easy for stakeholders to implement, this document appears on Unipol Gruppo Finanziario's website at [www.unipolgf.it](http://www.unipolgf.it).

In order to develop Social Responsibility and provide safeguards for all categories of shareholder when executive decisions are made, the Board of Directors has set up several special Committees consisting of some of its members. These committees have a consultative and advisory role and their duties are based on the criteria laid down in the current Code of Corporate Governance.

One of these, the Committee for Social Responsibility, was set up in 2007 and is responsible for monitoring social responsibility by ensuring that the various initiatives meet the relevant criteria, helping the various areas of the Group to integrate the social and environmental criteria into their day-to-day work and encouraging them to make the link between the Group's Social Report, its Code of Ethics and its mission statement by providing updates on the principal activities preparatory to the full implementation of the objectives and by periodically reviewing the principal themes.

A definitive step in the direction of corporate responsibility was made when UGF's Board of Directors approved the Group's Charter of Values, the document 'constructed' with the contribution of all Group employees and of representatives of its agents and which expresses the basic principles of:

- **Accessibility**

The Group undertakes to be an open and available interlocutor, ready to provide responses and solutions.

- **Looking ahead**

The Group is committed to developing the strategic plan and organisational procedures in such a way as to ensure that the company continues to be managed effectively and profitably with

no waste or squandering of resources, with a view to achieving sustainability in the long term.

- **Responsibility**

The Group undertakes to be honest and open in taking responsibility, both individually and collectively, for the consequences of its own actions and not to betray the trust placed in it.

- **Respect**

The Group is committed to considering individuals as part of a stable social relationship which bestows dignity by encouraging them to speak out and listening to what they have to say.

- **Solidarity**

The Group undertakes to promote an ethos that safeguards the existence and wellbeing of individuals, families and businesses. The Group also undertakes to acknowledge that mutual support and collaboration are the foundations on which the Company's efficiency and growth are built.

The Group's financial, social and environmental performance during the year is recorded in full in the Social Report, the instrument through which we communicate direct with the various categories of stakeholder and which provides the information they need to evaluate to what extent the Group meets their expectations and requirements and to what extent its actions are commensurate with its core values. The stakeholders whom the Group deems to be of prime importance and who are the primary targets of its communications are listed in a chart that shows their significance in relation to benchmarks such as:

- the intensity of the relationship
- the ability to influence and/or affect the Company's business activity.

The Sustainability Report also identifies areas for any improvements that can be made in socio-environmental policies by making changes in operational processes.

The Social Report is approved by the Board of Directors in the same way as the Consolidated and Unconsolidated Accounts.

## Results of companies controlled direct

### **Compagnia Assicuratrice Unipol S.p.A. (now UGF Assicurazioni)**

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.

There follows an analysis of the major features of Unipol Assicurazioni's business performance during the year ended 31 December 2008, which closed with a loss of €386.7m.

- 5.1% increase in Non-Life premium income (direct business); in Life business premium income up 40.4%; total direct premium income down 18.2%.

Premiums by the end of 2008 reached €3,007.6m, €2,979.8m of which was from direct business, is broken down as follows:

Premium income (in €m)	Non-Life	Life	Total	Var. %
<b>Direct business</b>	1,663.6	1,316.1	2,979.8	+18.2
<b>Inward reinsurance</b>	23.5	4.3	27.8	-10.3
	<b>1,687.1</b>	<b>1,320.4</b>	<b>3,007.6</b>	<b>+17.9</b>
<b>Ceded premiums</b>	112.8	3.0	115.8	+3.0
<b>Retained premiums</b>	1,574.3	1,317.4	2,891.8	+18.6
<b>Breakdown %</b>	54.4	45.6	100.0	

The net retention of premiums written was 96.1%, up on the previous year (95.6%).

- The result of core insurance business, which also included operating expenses and the relevant profits from investments, was -€390.9m (€79.9m in 2007), -€351.2m of it from Life business and -€39.7m from Non-Life business.
- Operating expenses (which included acquisition and renewal commissions and other acquisition and administrative expenses) amounted to a total of €400.3m (+0.5%) and accounted for 13.3% of premium income (15.6% in 2007). Net of commissions from reinsurers, operating expenses amounted to €365.6m (+0.9%).
- By the end of 2008 technical provisions set aside for Life and Non-Life business had reached a total of €8,079.3 (-1.1% compared with the previous year) and €7,892.0m net of the reinsurers' share. The ratio of technical provisions to premium income was 149.5% in Non-Life business (149.1% in 2007) and 420.9% in Life business (612.5% in 2007).

The Company's capital and reserves, including the operating result, amounted to €365.0m.

The capital and reserves needed to cover the solvency margin exceeded current statutory requirements (in accordance with current legislation).

#### **Aurora Assicurazioni S.p.A. (now UGF Assicurazioni)**

Registered Office: Milan

Share capital: €150,000K

Book value: €2,142,640K

Percentage owned: 100% direct

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

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

Aurora Assicurazioni ended 2008 with a loss of €369m.

Analysis of the figures that best illustrate business performance show:

- premium income amounted to €2,908.3m as at 31 December 2008 compared with €2,959.8m as at 31 December 2007, a fall of 1.7%. Non-Life premium income fell by 2.8% and amounted to €2,147.4m compared with €2,208m on 31 December 2007, the decrease being mainly attributable to the drop in net income in the MV TPL class (-4.8%) which, like car sales, was particularly affected by the crisis in the economy as a whole. Life premium income amounted to €760.9m, an increase of 1.2% compared with €751.7m as at 31 December 2007, mainly in Class I thanks to the sale of new products linked to the 'Valore Aurora' segregated account, which guarantees excellent returns. Reinsurance cessions amounted to €153.6m, €140.3m in Non-Life business (6.5% of premium income) and €13.3m in Life business (1.7% of premium income);
- operating expenses, which included direct and indirect acquisition expenses and administrative expenses, amounted to €553.8m as at 31 December 2008 (Non-Life business €508.4m and Life business €45.4m), a decrease of approximately 2.5% (€567.8m as at 31/12/2007, Non-Life €518.7m and Life €49.1m), their incidence on premium income being 19% and hence better than on 31 December 2007 (19.2%);
- charges relating to Non-Life claims amounted to €1,600m (€1,555.4m as at 31/12/2007), the cost of claims for the year being €1,692.9m (€1,658.1m as at 31/12/2007) and €92.9m being the positive effect of the loss experience of previous years (€102.6m as at 31/12/2007); the ratio of claims to earned premiums deteriorated (from 76.9% as at 31/12/2007 to 78.7%), mainly attributable to Land vehicles – own damage or loss and Fire;
- sums paid out and variations for sums to be paid for Life business amounted to €998.1m, down compared with €1,217.7m as at 31 December 2007, which had been affected by the surrender of major corporate policies in Class V as a result of the uncertain conditions in the financial markets during the year and by the surrender of policies in Class I;

- the technical balance on direct insurance business, including the loss of €256.4m in Life business, was a loss of €257m, €51.4m being the profits from Non-Life business and €308.4m the loss from Life business. This result amounted to a net profit of €123.3m as at 31 December 2007, a net profit from Non-Life business of €149m and a loss from Life business of €25.7m;
- the result of reinsurance business showed a balance of €11m in favour of reinsurers, down compared with the balance of €16.5m as at 31 December 2007;
- gross technical provisions amounted to €9,775.2m, €4,069.5m in Non-Life business and €5,705.7m in Life business (€10,238.4m as at 31/12/2007);
- investments and available cash, net of value adjustments, amounted to €9,504m, a fall of 9.7% compared with 31 December 2007 (€10,525.3m);
- The net balance on investment income/charges, excluding Class 'D' and including interest accrued on bank deposits and interest paid on subordinated bonded loans, was an overall loss of €331.9m, mainly as a result of the poor performance of the markets, which had led to value adjustments of €805.4m. The result in Class 'D' was a loss of €128.4m as a result of value adjustments on index-linked products. Net ordinary income totalled €411.6m, €349.7m for the flow of bond coupons and €42.6m being interest arising out of cash transactions. Net income from trading amounted to €61.9m, €4.4m of it capital losses made on the sale of long-term securities;
- the total gross result as at 31 December 2008 was a loss of €507.8m. Prepaid taxes of €138.8m reduced the net loss to €369m.

The Company's capital and reserves, including the loss of €369m already mentioned, amounted to €834m.

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

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#### **Navale Assicurazioni S.p.A.**

Registered Office: Milan

Share capital: €96,250K

Book value: €141,676K

Percentage owned: 99.83% direct

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

There follows an analysis of the major features of Navale Assicurazioni's business performance during the year ended 31 December 2008.

The Company recorded a loss for the year of €9.5m.

Analysis of the principal figures that affected the result shows:

- premium income from direct business was 14.5% higher than in the previous year. Premium income totalled €248.9m as at 31 December 2008;
- a greater incidence of €5.4m of amounts set aside for provisions for unearned premiums compared with the total for the previous financial year, mainly because of the rise in premium income. Earned premiums rose by 12.3% and amounted to €237.9m as at 31 December 2008;
- cost of claims paid and outstanding which amounted to €178.6m, an increase of €3.0m compared with the previous year. The ratio of claims to earned premiums was 75.1% (82.9% as at 31/12/2007);
- operating expenses (which included acquisition and renewal commissions and other acquisition and administrative expenses) amounted to a total of €65.2m (+8.6%) and accounted for 26.2% of premium income (27.7% in 2007). Net of commissions from reinsurers, operating expenses amounted to €56.2m.

- technical balance on direct business negative to the tune of €8.8m, substantially better than in 2007 (-€33.1m) thanks to a higher level of provisions for claims outstanding from previous years;
- the result of core insurance business, which also included operating expenses and the relevant profits from investments, was -€10.9m (-€18.7m in 2007), -€2.0m of it relating to reinsurance.

The Company's capital and reserves, including the operating result, amounted to €96.6m.

The capital and reserves needed to cover the solvency margin exceeded statutory requirements (in accordance with current legislation).

#### **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.

In a very competitive climate and with two new direct competitors in Italy, the Company achieved premium income of €165.6m in 2008 (compared with €166.8m in 2007), a slight drop of 0.7%.

There were some 414,000 policies in the portfolio, an increase of 1.7% compared with 2007.

The 2008 year ended on a positive note despite the financial crisis, which affected the company's securities portfolio, with a net result of €4.2m.

The Company's capital and reserves, including the operating result, amounted to €40.2m.

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#### **Unisalute S.p.A.**

Registered Office: Bologna

Share capital: €17,500K

Book value: €31,570K

Percentage owned: 98.48% direct

In 2008 the Company achieved premium income (direct and indirect) of €136.8m (€118.5m in 2007), an increase of 15.4% 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 €31.7m compared with €34.1m in 2007 (- 10.7%).

The net retention of premiums written was 99.8%, up on the previous year (97.4%).

Payments made for claims, including claims-handling expenses, amounted to €90.8m compared with €83.1m in 2007, an increase of 9.2%.

Technical provisions set aside reached a total of €98.6m by the end of 2008 (+15.6%).

The loss ratio for direct business during the period was 74.2% (79.8% as at 31/12/2008), a decrease compared with the previous year. If indirect business is also taken into consideration the loss ratio is approximately 1.5 percentage points lower (72.6%).

2008 ended with a net profit of €8.6m compared with €6.5m in 2007.

The Company's capital and reserves, including the operating result, amounted to €37m.

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

Registered Office: Milan  
 Share capital: €160,000K  
 Book value: €238,794K  
 Percentage owned: 51%

The company achieved direct income of €1.5m (-42.1% compared with 31/12/2007). 49.3% of income was obtained from products in Class I (€720.8m) and 50.2% from linked products (€734.3m), 95.9% of which were index-linked (€704.4m) and 4.1% unit-linked (€29.9m). The Company's sales network was made up of 706 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 loss of €87.0m compared with a net profit of €50.9m in 2007. The Company's capital and reserves, net of the operating loss, amounted to €218.1m.

**Unipol Banca S.p.A. (now UGF Banca)**

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 sales network for its own products by opening 17 new sales outlets in 2008, thus going some way to fulfilling the plan approved by the Banca d'Italia on 1 August 2007.

As at 31 December 2008 the bank had 299 bank branches, 185 co-located with an insurance agency and the remaining 114 near one or more UGF insurance agencies, 28 finance shops (five converted into combined branches in 2008) and 386 financial advisers. In addition 1,687 insurance agencies, which were already computerised, were authorised to sell traditional banking products.

Customer deposits amounted to €8.7m, a decrease of 3.9% compared with 31 December 2008 (€9.1m) whilst lending to customers amounted to €8.5m, an increase of 14.1% compared with 31 December of the previous year (€7.4m).

Net doubtful debts amounted to €127m and accounted for 1.50% of lending to customers.

New mortgage loans amounting to €1,485m were issued during 2008.

Net customer funds were negative to the tune of €205m.

Gross operating income reached €314.9m (+11.3% compared with 2007). Operating costs, which amounted to €219.2m, also rose (+9.2%) but less than gross operating income.

The result for the year included €212.1m of value adjustments as a result of the deterioration of receivables and other financial assets (€28.7m in 2007).

The net result for 2008 was a loss of €88.5m compared with a profit of €36.7m in 2007.

The Company's capital and reserves, including the operating result, amounted to €827.8m.

**Unipol SGR S.p.A. (now UGF SGR)**

Registered Office: Bologna  
 Share capital: €5,000K  
 Book value: €5,550K  
 Percentage owned: 100% direct

The Company managed mainly the assets of the insurance companies in the Group in 2008. By the end of the year the Company was managing assets of €21.4bn.

The net result for 2008 amounted to €4.4m compared with €1.3m in the previous year.

The Company's capital and reserves, including the operating result, amounted to €10.0m.

**Ambra Property S.p.A.**

Registered Office: Bologna

Share capital: €100K

Book value: €20,495K

Percentage owned: 100% direct

The company was set up on 24 June 2008 with the transfer of a section of business that included the hotel business of the Holiday Inn in Bologna, the building in which the registered office is situated and the fixtures and fittings.

Ambra Property began to manage the hotel side of the business on 1 July 2008 and under a 'hotel management' contract this work was entrusted to Una Hotels SpA which manages the hotel under the name Una Way.

The company thus ended its first year (1 July – 31 December 2008) with total income of €2,268K and an operating profit of €72K after depreciation of €288K had been taken into account. The Company's capital and reserves, including the operating result, amounted to €4.4m.

### Transactions with related parties

As well as carrying out the core parent company work mentioned above, Unipol Gruppo Finanziario carried out transactions with Companies in the Group relating to:

- renting property;
- secondment of staff;
- corporate financing.

These relations did not include any atypical or unusual operations and were governed by normal market terms.

We must point out that the Company has opted to join the national consolidated tax scheme of the holding company Finsoe spa for the three-year period 2007-2008-2009 and has signed an agreement to govern the resultant financial relations.

It should also be noted that:

- on 19 May 2008 Unipol Assicurazioni paid €117.7m for 20% of BNL Vita's share capital. On 30 December 2008 €15.3m was paid to the same Company for a future capital increase;
- on 3 September 2008 the holding in Vivium S.A. of 525,898 shares representing 13.88% of the share capital was sold to Aurora Assicurazioni for its book value of €147.7m.

To supplement the information provided in the Notes to the Accounts, the amount and type of the assets, liabilities, income and expenditure relating to these relationships are shown below (in €K):

Assets						
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Total	Incidence
Stocks and shares	0	4,083,995	0	0	4,083,995	78.53% (1) 359.29% (3)
Other receivables	62,559	136,648	2	46	199,255	3.83% (1) 17.53% (3)
Bank deposits	0	412,590	0	0	412,590	7.93% (1) 36.30% (3)
<b>TOTAL</b>	<b>62,559</b>	<b>4,633,233</b>	<b>2</b>	<b>46</b>	<b>4,695,840</b>	<b>90.30% (1) 413.12% (3)</b>
including subordinate assets	0	0	0	0	0	(1) (3)
Liabilities						
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Total	Incidence
Sundry payables	1	135,584		352	135,937	2.61% (1) 11.96% (3)
<b>TOTAL</b>	<b>1</b>	<b>135,584</b>	<b>0</b>	<b>352</b>	<b>135,937</b>	<b>2.61% (1) 11.96% (3)</b>
Income						
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Total	Incidence
Income from sales and services	41	257,373	2	0	257,416	-706.15% (2) 22.65% (3)
Income from land and buildings	0	711	0	0	711	-1.95% (2) 0.06% (3)
Dividends and other income from stocks and shares	0	51,255	0	0	51,255	-140.60% (2) 4.51% (3)
Interest on corporate financing	0	5,643	0	0	5,643	-15.48% (2) 0.50% (3)
Income from other financial investments	0	32,482	0	0	32,482	-89.11% (2) 2.86% (3)
Other income	21	9,633	3	14	9,671	-26.53% (2) 0.85% (3)
<b>TOTAL</b>	<b>62</b>	<b>357,097</b>	<b>5</b>	<b>14</b>	<b>357,178</b>	<b>-979.82% (2) 31.42% (3)</b>
Charges						
	Holding companies	Subsidiaries	Associates	Affiliated undertakings	Total	Incidence
Interest payable and investment charges	0	254	0	0	254	-0.70% (2) 0.02% (3)
Service costs	0	6,332	0	0	6,332	-17.37% (2) 0.56% (3)
Sundry charges	0	1	0	0	1	-0.00% (2) 0.00% (3)
<b>TOTAL</b>	<b>0</b>	<b>6,587</b>	<b>0</b>	<b>0</b>	<b>6,587</b>	<b>-18.07% (2) 0.58% (3)</b>

(\*) With reference to the counterparty of the operation

(1) Incidence based on the total assets on the Balance Sheet

(2) Incidence based on the pre-tax result

(3) Incidence based on all sources on the financial statement

## Interests held by the Boards of Directors and Statutory Auditors, the General Manager and the senior executives with strategic responsibilities

In accordance with the provisions of Article 79 of CONSOB Ruling 11971 of 14 May 1999 (the Issuer Regulation), the interests held in the Company by the Directors, Auditors, General Manager and Senior Executives with strategic responsibilities, including those held by spouses from whom they are not legally separated and by minor children, direct or through subsidiary companies, trust companies or an intermediary, as shown in the register of members and ascertained from communications received and other information obtained from these directors, auditors and senior executives, are listed below.  
None of them held shares in subsidiary companies.

Beneficiary First name and surname	Company	Category No. of shares	No. of shares owned at the start of the year	purchased in 2008	sold in 2008	No. of shares owned at the end of the year
CARANNANTE Rocco	Unipol Gruppo Finanziario	Pref	22,400			22,400
COFFARI Gilberto	Unipol Gruppo Finanziario	Ord	4,020			4,020
GILLONE Fabrizio	Unipol Gruppo Finanziario	Pref	165,000	70,000		235,000
MALAVASI Ivan	Unipol Gruppo Finanziario	Ord	4,000	2,000		6,000
POLITI Giuseppe	Unipol Gruppo Finanziario	Ord	500			500
SALVATORI Carlo	Unipol Gruppo Finanziario	Ord	150,000	50,000		200,000
ZACCHERINI Luca	Unipol Gruppo Finanziario	Ord	10,000			10,000
GRAZIOSI Giovanni Battista (1)	Unipol Gruppo Finanziario	Ord	10,872			10,872
SENIOR EXECUTIVES with strat, responsibilities (2)	Unipol Gruppo Finanziario Unipol Gruppo Finanziario	Ord Pref		5,000 2,300	5,000 5,000	5,000 7,300

(1) No. of shares owned through spouse.

(2) Totals.

This table does not indicate Unipol Gruppo Finanziario 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.

## Significant events after the end of the financial year

One of the significant events occurring after the end of the year was the signing on 28 January 2009 of the merger and hive-off documents under the project to reorganise UGF Group insurance business (as previously described in detail).

Therefore with effect from 1 February 2009 Aurora Assicurazioni S.p.A. and Unipol Assicurazioni S.p.A. merged to form a single large insurance company (the third largest in the Italian market) which took the name of 'UGF Assicurazioni S.p.A.'. On the same date the insurance business of the holding company Unipol Gruppo Finanziario S.p.A. was hived off to UGF Assicurazioni. Both operations had been authorised by ISVAP in its ruling of 29 December 2008.

Subject to these deeds being entered in the relevant Companies' Registers, the merger came into effect for legal purposes on 1 February 2009 and for accounting and tax purposes as from 1 January 2009. The hive-off came into effect for legal, accounting and tax purposes on 1 February 2009, immediately after the merger.

On 12 February 2009 UGF's Board of Directors approved the transfer of the role of issuer of the 'UGF 7% fixed floater rate callable – expiry date 2021' and 'UGF 5.66% fixed floater rate callable – expiry date 2023' subordinated bonded loans with a total nominal value of €600m issued by the Company to the subsidiary UGF Assicurazioni by transferring the bondholders' debt, subject to the required legal permits being obtained and, if necessary, the authorisation of the Meeting of Bondholders.

During 2007, after having received the approval of the Supervisory Authority, UGF Assicurazioni (then Unipol Assicurazioni S.p.A.) and Aurora Assicurazioni S.p.A. (incorporated into UGF Assicurazioni with effect from 1/2/2009) issued to holders of the UGF 7% loan and the UGF 5.66% loan, and in the interests of UGF S.p.A., a guarantee that the sums due from the issuer for repayment of the bonds would be paid.

Since the introduction of ISVAP Ruling 19 of 14 March 2008, which amended the regulation concerned by restricting the ability of insurance companies to issue guarantees exclusively in the interest of subsidiaries and not also of holding companies except when operating normally in Bonds, this type of operation has no longer been possible.

Under the Regulation's transitional guideline insurance companies that find that they are unable to comply with the ban must also inform the Supervisory Authority and submit a plan indicating the timescale and the procedures for complying with these provisions.

In view of these restrictions and of the fact that if the repayment guarantees had been withdrawn the credit facilities would probably have been downgraded and the reputation of the UGF Group damaged, the decision was made to adopt the solution mentioned above. In this way the role of subordinate debtor and guarantor would be combined in a single body, and consequently the guarantees would not be fulfilled.

At the same time, by becoming the issuer of the loans UGF Assicurazioni would be able to strengthen its equity structure by classifying these loans among the elements making up the solvency margin.

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On 23 February 2009, under a 'brand architecture' project based on the idea of harmonising the various banking and insurance companies that make up the Group, the companies in the Banking Group changed their names to include the name of the Group in order to show that they are proud to belong to it and as a badge of distinction in the market. Thus Unipol Banca, Unipol Merchant and Cooperleasing changed their names to UGF Banca, UGF Merchant and UGF Leasing respectively.

## Business outlook

The worsening of the worldwide economic crisis and the continuing negative performance of the world's financial markets make it impossible to forecast with any accuracy how the Group will perform in future, whatever action the management team may take in an attempt to achieve a positive result for the current year.

## Motions to be put to the Ordinary Shareholders' Meeting

Dear Shareholders,

In submitting the accounts for 2008 and the Management Report for your approval we should like to make the following proposals regarding the operating result:

- (i) to approve the annual accounts of Unipol Gruppo Finanziario S.p.A. for the year ended 31 December 2008, together with the Directors' Report, which showed an operating loss of €2,873,296;
- (ii) to cover this operating loss of €2,873,296.00 by drawing on the following compulsory reserves:
  - €2,105,774.00 from the provision under Article 2426 8-bis of the Civil Code;
  - €326,014.00 from the provision under the Law relating to the Region of Sicily 46 of 12 April 1967;
  - €21,956.00 from the merger provision;
  - €314,007.00 from the warrant conversion provision;
  - €105,545.00 to cover the rest of the loss from the exchange provision, this provision consequently falling to €20,941,459.00.

# 2008 Financial Statements





Balance Sheet  
and  
Profit and loss Account  
(amounts in EUR)

**UNIPOL GRUPPO FINANZIARIO SPA**  
**BALANCE SHEET**

ASSETS	31/12/2008	31/12/2007
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>0</b>	<b>0</b>
- incl. capital called up	0	0
<b>B) NON-CURRENT ASSETS</b>		
I Intangible assets		
1) Start-up and development costs	12,547,119	25,064,683
6) Work in progress and advance payments	0	3,033,316
7) Other	16,728,042	4,174,110
Total	29,275,161	32,272,109
II Tangible assets		
2) Plant and machinery	5,165,096	7,707,803
4) Other assets	19,649,094	23,725,540
Total	24,814,190	31,433,343
III Long-term investments		
1) Shareholdings in:		
a) subsidiaries	4,083,995,027	3,963,930,088
d) other undertakings	0	147,549,190
Total shareholdings	4,083,995,027	4,111,479,278
2) Receivables:		
a) from subsidiaries	0	285,000,000
- incl. due within 12 months	0	0
d) from others	104,913,635	12,000,548
- incl. due within 12 months	1,094,575	2,711,540
Total receivables	104,913,635	297,000,548
3) Other securities	20,314,524	57,513,802
Total	4,209,223,186	4,465,993,628
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,263,312,537</b>	<b>4,529,699,080</b>

**UNIPOL GRUPPO FINANZIARIO SPA**  
**BALANCE SHEET**

ASSETS	31/12/2008	31/12/2007
<b>C) CURRENT ASSETS</b>		
I Stocks	0	0
Total	0	0
II Receivables		
1] from customers	1,784,276	1,325,653
- incl. due beyond 12 months	0	0
2] from subsidiaries	136,648,299	92,993,345
- incl. due beyond 12 months	0	0
3] from associates	46,226	0
- incl. due beyond 12 months	0	0
4] from holding companies	62,558,396	34,962
- incl. due beyond 12 months	0	0
4 bis] tax receivables	8,823,961	940,631
- incl. due beyond 12 months	0	0
4 ter] deferred tax assets	12,005,848	6,344,431
- incl. due beyond 12 months	0	0
5] from others	7,848,504	10,080,052
- incl. due beyond 12 months	971,620	971,620
Total	229,715,510	111,719,074
III Financial assets other than non-current assets		
4] Other shareholdings	50,419,558	18,525,767
5] Own shares	51,794	0
6] Other securities	233,559,327	615,067,354
Total	284,030,679	633,593,121
IV Cash at bank and in hand		
1] Bank and postal deposits	416,703,620	800,773,096
- incl. subsidiaries	412,589,873	800,342,743
3] Cash in hand	190,762	103,478
Total	416,894,382	800,876,574
<b>TOTAL CURRENT ASSETS</b>	<b>930,640,571</b>	<b>1,546,188,769</b>
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>		
1] Accrued income	3,647,560	13,188,331
2] Prepayments	2,771,698	4,853,574
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>6,419,258</b>	<b>18,041,905</b>
<b>TOTAL ASSETS</b>	<b>5,200,372,366</b>	<b>6,093,929,754</b>

**UNIPOL GRUPPO FINANZIARIO SPA**  
**BALANCE SHEET**

LIABILITIES	31/12/2008	31/12/2007
<b>A) SHAREHOLDERS' EQUITY</b>		
I Share capital	2,391,426,100	2,391,426,100
II Share premium reserve	1,051,879,236	1,867,594,678
III Revaluation reserves	20,700,874	20,700,874
IV Legal reserve	478,285,220	472,028,882
V Statutory reserves	0	0
VI Reserve for own shares in portfolio	51,794	0
VII Other reserves	391,422,792	292,987,308
-Extraordinary reserve	222,659,830	124,172,551
-Reserve for own shares/holding company's shares	144,948,206	145,000,000
-Warrant conversion reserve	314,007	314,007
-Share swap reserve	21,047,004	21,047,004
-Reserve out of merger	21,956	21,956
-Reserve pursuant to Art. 2426 (8-bis) Civil Code	2,105,774	2,105,774
-Reserve under Regional Law 46, 12/4/67, Sicily	326,014	326,014
-Rounding-off reserve	1	2
VIII Profits (losses) carried forward	0	0
IX Profits (losses) for the financial year	-2,873,296	288,840,584
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4,330,892,720</b>	<b>5,333,578,426</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>		
2) Provisions for taxation, incl. for deferred tax liabilities	8,156,666	18,368,258
3) Other provisions	9,172,541	19,867,641
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>17,329,207</b>	<b>38,235,899</b>
<b>C) PROVISIONS FOR STAFF LEAVING INDEMNITY</b>	<b>29,926,066</b>	<b>32,458,529</b>
<b>D) PAYABLES</b>		
1) Debenture loans - <i>including due beyond 12 months</i>	600,000,000	600,000,000
3) Payables to stockholders - <i>including due beyond 12 months</i>	0	9,591,907
7) Payables to suppliers - <i>including due beyond 12 months</i>	0	21,608,844
9) Payables to subsidiaries - <i>including due beyond 12 months</i>	0	4,263,977
10) Payables to affiliates - <i>including due beyond 12 months</i>	0	0
11) Payables to holding companies - <i>including due beyond 12 months</i>	0	5,142,726
12) Tax payables - <i>including due beyond 12 months</i>	0	11,001,332
13) Payables to social security institutions - <i>including due beyond 12 months</i>	0	5,451,753
14) Other payables - <i>including due beyond 12 months</i>	0	12,977,092
<b>TOTAL PAYABLES</b>	<b>802,830,354</b>	<b>670,037,631</b>

**UNIPOL GRUPPO FINANZIARIO SPA**  
**BALANCE SHEET**

LIABILITIES	31/12/2008	31/12/2007
<b>E) ACCRUALS AND DEFERRED INCOME</b>		
1) Accruals	18,713,187	18,660,329
3) Charges on loans	680,832	958,940
<b>TOTAL ACCRUALS AND DEFERRED INCOME</b>	<b>19,394,019</b>	<b>19,619,269</b>
<b>TOTAL LIABILITIES</b>	<b>5,200,372,366</b>	<b>6,093,929,754</b>
<b>GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>	<b>31,12,2008</b>	<b>31,12,2007</b>
<b>I GUARANTEES ISSUED BY THE COMPANY</b>		
1) Surety bonds to third parties	421,094	0
3) Other personal guarantees to third parties	0	109
4) Collateral securities to subsidiaries	0	600,000,000
<b>TOTAL GUARANTEES ISSUED BY THE COMPANY</b>	<b>421,094</b>	<b>600,000,109</b>
<b>II OTHER MEMORANDUM ACCOUNTS</b>		
1) Commitments	156,471,120	230,304,203
2) Third parties' assets	2,453,663	1,516,586
3) Securities deposited with third parties	1,457,094,481	1,494,720,202
4) Others	604,388,635	602,826,032
<b>TOTAL OTHER MEMORANDUM ACCOUNTS</b>	<b>2,220,407,899</b>	<b>2,329,367,023</b>
<b>TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>	<b>2,220,828,993</b>	<b>2,929,367,132</b>

**UNIPOL GRUPPO FINANZIARIO SPA  
PROFIT AND LOSS ACCOUNT**

	31/12/2008	31/12/2007
<b>A) BUSINESS VALUE</b>		
1) Income from sales and services	257,658,120	94,956,890
5) Other income and proceeds:		
b) sundry income	13,536,723	3,647,569,362
- incl. from insurance business	0	3,592,442,535
Total other income and proceeds	13,536,723	3,647,569,362
<b>TOTAL BUSINESS VALUE</b>	<b>271,194,843</b>	<b>3,742,526,252</b>
<b>B) BUSINESS COSTS</b>		
7) Services	99,945,028	106,660,036
8) Use of third party assets	19,173,336	10,518,579
9) Staff:		
a) wages and salaries	112,094,476	141,657,584
b) social security contributions	30,922,270	36,872,049
c) staff-leaving indemnity	8,961,756	11,542,477
e) other costs	22,703,565	26,010,400
Total staff	174,682,067	216,082,510
10) Depreciation and write-downs:		
a) depreciation of intangible non-current assets	15,364,808	29,365,172
b) depreciation of tangible non-current assets	12,448,733	14,999,795
d) write-down of receivables recorded under current assets and of liquid assets	0	82,109
Total depreciation and write-downs	27,813,541	44,447,076
12) Provisions for risks	0	139,008,349
13) Other provisions	3,360,000	8,477,108
14) Sundry operating expenses	3,074,997	3,417,481,311
- incl. from insurance business	0	3,378,638,730
<b>TOTAL BUSINESS COSTS</b>	<b>328,048,969</b>	<b>3,942,674,969</b>
<b>DIFFERENCE BETWEEN BUSINESS VALUE AND BUSINESS COSTS (A-B)</b>	<b>-56,854,126</b>	<b>-200,148,717</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>		
15) Income from shareholdings:		
a) in subsidiaries	51,254,517	60,805,709
c) in other undertakings	3,157,158	86,216,401
Total income from shareholdings	54,411,675	147,022,110

**UNIPOL GRUPPO FINANZIARIO SPA  
PROFIT AND LOSS ACCOUNT**

	31/12/2008	31/12/2007
<b>16) Other financial income:</b>		
a) from receivables recorded under non-current assets	6,153,458	5,646,222
1) from subsidiaries	5,643,331	5,041,288
4) from other undertakings	510,127	604,934
c) from securities recorded under current assets	20,741,629	589,337,181
d) other income	50,381,991	169,268,834
1) from subsidiaries	32,482,079	49,591,757
4) from other undertakings	17,899,912	119,677,077
Total other financial income	77,277,078	764,252,237
<b>17) Interest payable and other financial charges:</b>		
a) subsidiaries	253,770	3,046,308
c) holding companies	0	184
d) others	73,663,421	239,958,313
Total interest payable and other financial charges	73,917,191	243,004,805
<b>17-bis) Profits (losses) on currency movements</b>	-538,375	1,320,161
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>57,233,187</b>	<b>669,589,703</b>
<b>D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS</b>		
18) Write-ups:		
b) on long-term investments other than shareholdings	0	40,014
c) on securities recorded under current assets	1,499,270	0
Total write-ups	1,499,270	40,014
19) Write-downs:		
a) on shareholdings	27,332,654	4,485,583
b) on long-term investments other than shareholdings	0	5,000,000
c) on securities recorded under current assets	55,133,913	28,060,850
Total write-downs	82,466,567	37,546,433
<b>TOTAL VALUE ADJUSTMENTS</b>	<b>-80,967,297</b>	<b>-37,506,419</b>
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>		
20) Extraordinary income:		
a) Capital gains on disposals	49,090,924	927,193
b) Other income	2,036,830	5,085,358
Total extraordinary income	51,127,754	6,012,551
21) Extraordinary charges:		
a) Capital losses on disposals	10,275	60,659
b) Taxes relating to previous years	0	0
c) Other extraordinary charges	6,982,858	35,548,527
Total extraordinary charges	6,993,133	35,609,186
<b>TOTAL EXTRAORDINARY ITEMS</b>	<b>44,134,621</b>	<b>-29,596,635</b>
<b>PROFIT BEFORE TAXATION</b>	<b>-36,453,615</b>	<b>402,337,932</b>
22) Current and deferred income tax for the financial year		
a) current income tax	-17,707,310	141,557,662
b) deferred income tax	-15,873,009	-28,060,314
Total income tax for the financial year	-33,580,319	113,497,348
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>-2,873,296</b>	<b>288,840,584</b>

The Company's legal representatives

**The Chairman**

*Pierluigi Stefanini*

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# Notes to the Accounts

## Structure and contents of the accounts

Unipol Gruppo Finanziario S.p.A.'s accounts for 2008 are drawn up in accordance with the provisions of the Italian Civil Code and the national accounting standards approved by the Italian Accountancy Organization (OIC). 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 Directors' 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 criteria 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 layouts mentioned above, the figures in the profit and loss account are set out again in the attached reclassification table and are accompanied by the table of variations in shareholders' equity and by the financial statement.

The accounts are set out in such a way that they can be compared.

The figures for the previous year show the results of insurance operations carried out until 31 August 2007. In order to make it easier to make comparisons 'from insurance business' has been inserted in items A5 'Other receipts and income' and B14 'Charges other than operating costs' which contain the most characteristic and relevant income and charges for insurance (premium income and cost of claims) respectively.

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

## Valuation criteria

The valuation criteria used to draw up the accounts for the year ended 31 December 2008, of which the main ones are listed below, are the same as those used to draw up the accounts for the previous year.

### 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.

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.

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.

The company did not avail itself of the option for valuing securities not intended to remain in the undertaking's equity in the long term introduced temporarily by Article 15, para. 13, of Legislative Decree 185 of 29 November 2008.

## **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.

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**

The Staff-leaving indemnity reflects liabilities to employees accrued at the end of the financial year, net of amounts allocated to supplementary pension schemes and to the INPS fund (Istituto Nazionale Previdenza Sociale – National Institute for Social Welfare), in accordance with current 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 S.p.A. relating to regulation of the economic, financial and procedural aspects of 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	31/12/08	31/12/07
US dollar	1.3917	1.4721
Pound sterling	0.9525	0.7334
Swiss franc	1.4850	1.6547
Japanese yen	126.1400	164.9300
Danish krone	7.4506	7.4583
Czech koruna	26.8750	26.6280
Swedish krona	10.8700	9.4415

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

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

# 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 2008 intangible fixed assets amounted to €29,275K, a decrease of €2,997K since the previous year (-9.3%), and was made up as follows:

- 'Formation and expansion costs' of €12,547K (€25,065K as at 31/12/2007) are entirely accounted for by the remaining cost of the capital increases carried out in previous years;
- €16,728K of 'other' long-term investments (€4,174K as at 31/12/2007), almost entirely made up of consultancy fees and of software licence fees.

During 2008 the costs of hosting services and software licences (€3,033K), which in 2007 had been classified as 'Current long-term investments and downpayments', were transferred to this item since up until then they had not produced any financial benefits for the company.

These figures were entered under assets with the approval of the Board of Statutory Auditors.

#### B) II – Tangible fixed assets

Tangible fixed assets amounted to €24,814K as at 31 December 2008, a drop of €6,619K since the previous year (-21.1%), and were made up of the following items:

- €5,165K of 'Plant and machinery' (€7,708K as at 31/12/2007), which mainly consisted of telephone switchboards and videoconferencing systems;
- 'Other property' of €19,649K, a decrease of €4,076K compared with the previous year (-17.2%). This item consists mainly of the following categories of asset:
  - ✓ €8,270K of miscellaneous office furniture and equipment and in-house transport;
  - ✓ €10,555K 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 shareholdings as at 31 December 2008 was €4,084.0m compared with €4,111.5m at the end of the previous year, a decrease of €27.5m (-0.7%). Details are shown in the following table:

LIST OF SHAREHOLDINGS AS AT 31 DECEMBER 2008 (amounts in €K)					
Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
<b>ITALIAN SUBSIDIARIES</b>					
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
BNL Vita S.p.A.	Insurance and reinsurance	160,000	51.00		238,794
Compagnia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	100.00		45,507
Navale Assicurazioni S.p.A.	Insurance and reinsurance	96,250	99.83		141,676
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
Unipol SGR S.p.A.	Financial brokerage	5,000	100.00		5,560
Ambra Property S.r.l.	Hotel business	100	100.00		20,495
<b>GRAND TOTAL</b>					<b>4,083,995</b>

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.]

(in €K)	
<b>As at 1/1/2008</b>	<b>4,111,479</b>
Purchases and subscriptions	138,414
Other increases	25,300
Sales and repayments	(191,198)
<b>As at 31/12/2008</b>	<b>4,083,995</b>

Significant transactions completed and events occurring during 2008 related to:

- **Quadrifoglio Vita S.p.A.**

Sale, on 28 March 2008, of the holding of 15,750,000 shares in the company, corresponding to 50% of the share capital, for a total of €92.5m, providing a capital gain of €48.9m.

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

Acquisition of Unipol Assicurazioni S.p.A.'s holding of 6,400,000 shares in the company, corresponding to 20% of the current share capital, for a total of €117.7m.

On 30 December 2008 €15.3m was paid for a future capital increase;

- **Navale Assicurazioni S.p.A.**

On 31 May 2008 €10.0m was paid for a future capital increase;

- **Ambra Property S.r.l.**

On 1 July 2008, acquisition of the entire share capital for a total of €20.5m.

- **Vivium S.A.**

Sale to Aurora Assicurazioni S.p.A. on 3 September 2008 of the holding of 525,898 shares in the company, corresponding to 13.88% of the current share capital, for their book value of €147.7m.

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.

(in €m)	Book value	% held	Shareholders' equity	Corresponding shareholders' equity
Unipol Assicurazioni	793.1	100.0	365.0	365.0
Aurora Assicurazioni	2,142.6	100.0	834.6	834.6
BNL Vita	238.8	51.0	218.1	111.2
Linear Assicurazioni	45.5	100.0	40.2	40.2
Unisalute	31.6	98.5	36.9	36.3
Unipol Banca	664.7	67.7	827.8	560.7
Navale Assicurazioni	141.7	99.8	96.6	96.4
Unipol SGR	5.6	100.0	10.0	10.0
Ambra Property S.r.l.	20.5	100.0	4.4	4.4
<b>Total</b>	<b>4,084.0</b>		<b>2,429.0</b>	<b>2,054.4</b>

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.

## 2) Receivables

Receivables recorded as long-term investments amounted to €104,914K compared with €297,001K as at 31 December 2007.

This item, which consisted entirely of 'Other receivables', includes:

- €95,000K relating to a subordinated bonded loan granted to P&V Assurances on 30 December. This loan is for an indefinite period and has a rate of 9%, with interest paid twice a year. The interest accrued as at 31 December 2008 amounted to €24K;

- €7,873K of credit facilities with a lien on property;
- €1,783K 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 relating to a subordinated bonded loan granted to Unintesa S.r.l. in liquidation.

The final balance of this item, which was 64.7% down compared with 31 December 2007, was also affected by the early redemption at the end of May 2008 of the two subordinated loans granted on 1 September 2007 to the subsidiary companies Unipol Assicurazioni S.p.A. and Aurora Assicurazioni S.p.A.

Amounts due after 31 December 2009 totalled €103,819K, €100,891K of it after 31 December 2013.

### **3) Other securities**

Item B III 3) 'Other securities' amounted to €20,315K as at 31 December 2008 (€57,514K as at 31/12/2007).

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

Security	Nominal value as at 31/12/08	Book value as at 31/12/08	Market value as at 31/12/08
CORSAIR 31/01/11-13 ZC/FRN	21,500	19,520	19,473
DEUTSCHE BK 05/08/09 ZC	460	445	449
DRESDNER BK 12/10/10 ZC	386	349	358
EUROSTAR I 10/06/2012 CDO	5,000	0	0
<b>Total</b>	<b>27,346</b>	<b>20,315</b>	<b>20,280</b>

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Bonds classified as long-term investments included four securities with a total countervalue of €20.3m, which was in line with their fair value. These bonds are rated between AA+ and BBB.

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', consisting entirely of obligations:

(in €K)	
<b>As at 1/1/2008</b>	<b>57,514</b>
<b>Increases in the year</b>	
Other changes	1,021
<b>Decreases in the year</b>	
Sales	(38,220)
<b>As at 31/12/2008</b>	<b>20,315</b>

## C. Working capital

### C) II Receivables

The balance on this item as at 31 December 2008 was €229,716K, an increase of €117,996K compared with 31 December 2007. The breakdown and variations over the previous year are summarised in the table below:

	31/12/2008	31/12/2007
[in €K]		
1) Receivables from customers	1,784	1,326
2) Receivables from subsidiaries	136,648	92,993
3) Receivables from associates	46	0
4) Receivables from holding companies	62,558	35
4 bis) Tax credits	8,824	941
4 ter) Deferred tax assets	12,006	6,344
5) Other receivables	7,849	10,080
<b>Total</b>	<b>229,716</b>	<b>111,719</b>

All receivables were due within 12 months except 'Other receivables', €972K of which is due after 31 December 2009 and €618K of this after 31 December 2013.

'Receivables from subsidiaries' amounted to €136,648K 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. Receivables for the same types of service amounted to €92,993K as at 31 December 2007, the increase arising from invoicing in advance for services that UGF was to provide in the first half of 2009. A debit for the same amount was recorded as a contra-entry since it was not income for the year in question.

Receivables from holding companies rose from €35K as at 31 December 2007 to €62,558K as at 31 December 2008 and were represented almost exclusively by current taxation for IRES (for 2008) and receivables for instalments paid and deductions made as a result of Finsoe S.p.A. joining the consolidated tax scheme.

'Tax credits' amounted to €8,824K and mainly consisted of:

- €4,692K for IRAP, being the balance between the amount due for IRAP for 2008 and receivables for IRAP paid during the financial year.
- €3,931K of receivables for Group VAT.

The balance on prepaid taxes as at 31 December 2008 of €12,006K rose by €5,661K compared with 31 December 2007 (+89.2%).

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

Prepaid taxes (in €K)	
As at 1/1/2008	6,344
Increases during the year	9,880
Usage from prior years	(4,218)
<b>Final balance as at 31/12/2008</b>	<b>12,006</b>

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:

- €4,683K 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;
- €541K of receivables for utility bonds;
- €638K of miscellaneous receivables from employees.

The decrease of €2,232K was mainly due to the repayment of some of the receivables from the tax authorities of foreign states.

This item is recorded net of provisions for bad debts.

### C) III Financial assets that do not constitute fixed assets

This item amounted to €284,031K as at 31 December 2008 and can be broken down as follows:

(in €K)	31/12/2008	31/12/2007
Other shareholdings	50,420	18,526
Own shares	52	0
Other securities	233,559	615,067
<b>Total</b>	<b>284,031</b>	<b>633,593</b>

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Own shares relate to the purchase in accordance with the relevant shareholders' resolutions of those left over from the stock-granting scheme for the free allocation of shares to the former employees of Aurora Assicurazioni S.p.A. (which was incorporated into UGF with effect from 1/9/2007). This scheme fulfilled the obligations entered into by the incorporated company when it signed its 2005-2008 Labour Agreement in July 2007.

The largest amounts of 'other securities' were €205,582 for listed bonds and €25,977K for Government bonds. This item also included €2m relating to premiums paid for the acquisition of two swap options.

### C) IV Cash and cash equivalents

Available cash included €416,704K in bank and postal deposits (€800,773 as at 31/12/2007) and €191K in cash in hand (€103K as at 31/12/2007). Bank deposits included net earnings accrued during 2008, including accounts in non-Euro currencies (American dollars, Swiss francs, British sterling and Japanese yen).

## D. Prepayments and accrued income

'Prepayments and accrued income' amounted to €6,419K as at 31 December 2008 compared with €18,042K as at 31 December 2007.

Details of accrued income, which amounted to €3,648K, are shown in the following table:

(in €K)	31/12/2008	31/12/2007
Interest on mortgage loans and loans	24	5,041
Interest on securities	3,624	8,147
<b>Total</b>	<b>3,648</b>	<b>13,188</b>

Prepayments, which amounted to €2,772K, were made up as follows:

(in €K)	31/12/2008	31/12/2007
Multiyear prepayments	2,552	3,409
IT costs	1	794
Maintenance and repair costs		395
Rentals	156	153
Sundry minor prepayments	63	102
<b>Total</b>	<b>2,772</b>	<b>4,854</b>

## Balance Sheet – Liabilities

### A. Shareholders' equity

Movements recorded during the year compared with the previous year are set out in the attached statement of changes in the shareholders' equity (appendix 2).

Of the extraordinary operations that affected the level of shareholders' equity mention should be made of the allocation of an additional dividend on preference and ordinary shares of €815,715K by drawing on the 'Provision for issue premium', as resolved by the Ordinary Shareholders' Meeting held on 24 April 2008;

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 €4,333,766K as at 31 December 2008 (€5,044,738K as at 31/12/2007), the decrease compared with the previous year being 14.1%. 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 2008 amounted to €1,942,340K, are set out in the following table, along with the amounts for the previous year:

	(in €K)	31/12/2008	31/12/2007
A.II	Share premium reserve	1,051,879	1,867,595
A.III	Revaluation reserve-property	5,939	5,939
	Revaluation reserve under Law 413/1991	14,762	14,762
A.IV	Legal reserve	478,285	472,029
A.VI	Reserve for own shares in the portfolio	52	-
A.VII	Extraordinary reserve	222,660	124,173
	Fund for the acquisition of own shares	99,948	100,000
	Fund for the acquisition of shares in the holding company	45,000	45,000
	Reserve under Regional Law 46/1967, Sicily	326	326
	Share swap reserves	21,047	21,047
	Reserve out of merger	22	22
	Warrant conversion reserve	314	314
	Reserve under Article 2426, Currency differences	2,106	2,106
		<b>1,942,340</b>	<b>2,653,312</b>

### B. Provisions for risks and charges

This item totalled €17,329K as at 31 December 2008 and was made up as follows:

- 'Provision for taxation, including deferred taxation' €8,157K (€18,368K as at 31/12/2007);
- 'Other' €9,173 (€19,868K as at 31/12/2007).

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

(in €K)	Increases		Decreases	
	31/12/2007	Amounts allocated	Amounts released	31/12/2008
Provision for miscellaneous risks and charges	7,419	760	(4,750)	3,428
Provision for donations	99	2,600	(1,996)	703
Early retirement provision	12,350	2,419	(9,728)	5,041
Provision for deferred tax liabilities	18,368	—	(10,211)	8,157
	<b>38,236</b>	<b>5,779</b>	<b>(26,685)</b>	<b>17,329</b>

As at 31 December 2008 the 'Provision for miscellaneous risks and charges' was made up of amounts set aside for staff disputes and other potential charges on capital and reserves. The decrease since the end of 2007 was due to a payment of tax in February 2008 as a result of litigation launched by the Revenue Agency in Milan against Bell S.A. The staff-leaving fund, which was set up in 2007 as part of the Company's voluntary pension enhancement scheme for employees, fell from €12,350K as at 31 December 2007 to €5,041K as at 31 December 2008. The fall was due to incentives paid to members of the scheme.

## C. Staff-leaving indemnity

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The level of the fund as at 31 December 2008 was €29,926K, €2,532K down on the previous year. This variation was due on the one hand to the effects of the supplementary pensions reform launched in 2007, under which the amounts of staff-leaving indemnity accrued during the year were transferred to the pension fund, and on the other hand to payments made when contracts of employment terminated.

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

(in €K)		
<b>As at 1/1/2008</b>		<b>32,459</b>
<b>Increases in the year</b>		
Amounts allocated for the year		8,381
Other increases		1,087
<b>Decreases in the year</b>		
Advances paid in the year		(307)
Transfer to pension fund		(6,765)
Transfer to INPS Treasury		(649)
Amounts paid in the year		(4,079)
Other decreases		(200)
<b>As at 31/12/2008</b>		<b>29,926</b>

## D. Payables

The balance on this item as at 31 December 2008 was €802,830K, an increase of €132,793K (+19.8%) since 31 December 2007.

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

(in €K)	31/12/2008	31/12/2007
Bonds	600,000	600,000
Payables to members	14,917	9,592
Payables to suppliers	27,357	21,609
Payables to subsidiaries	135,584	4,264
Payables to affiliated undertakings	352	-
Payables to holding company	-	5,143
Taxation	4,410	11,001
Payables to pension and social security institutions	5,670	5,452
Other payables	14,541	12,977
<b>Total</b>	<b>802,830</b>	<b>670,038</b>

All the amounts are due within 12 months, except those relating to bonded loans, which are payable after 31 December 2013.

'Bonds' amounted to €600,000K, unchanged since 31 December 2007, 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 first 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 €38,031K.

'Payables to members' amounted to €14,917K as at 31 December 2008 (€9,592K as at 31/12/2007) and was made up of dividends payable to shareholders resolved in previous years and not yet paid.

'Payables to suppliers' rose from €21,609K as at 31 December 2007 to €27,357K as at 31 December 2008.

'Payables to subsidiaries' amounted to €135,584K as at 31 December 2008 compared with a balance of €4,264K as at 31 December 2007.

Some of this item relates to the VAT credits pertaining to the subsidiaries Midi S.r.l. and Unifimm S.r.l., which are members of the Unipol Gruppo Finanziario S.p.A. VAT scheme, and some of it to the provision of services invoiced in advance as described in the section entitled 'Receivables'.

'Payables to affiliated undertakings' had a balance of €352K as at 31 December 2008 and consisted exclusively of the payable to SCS Azioninnova for training Group employees.

The balance on 'Taxation' amounted to €4,410K as at 31 December 2008, a decrease of €6,592K compared with 31 December 2007 (-59.9%).

Most of this item was €3,816K of advance withholding tax to be paid.

The decrease compared with the previous year was because IRAP instalments paid were higher than the amount actually due.

The balance on 'Payables to pension and social security institutions' as at 31 December 2008 amounted to €5,670K, substantially in line with the figure for the previous year (€5,452K as at 31/12/2007). 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 2008 amounted to €14,541K, an increase compared with the previous year of €1,564K. The balance mainly consisted of:

- charges for lieu days of €8,132K (€6,407K as at 31/12/2007);
- €2,680K set aside during the year to provide staff with cash incentives;
- €798K of write-downs on financial derivatives;
- advance payments received from the For.Te. fund to finance employee training, amounting to €523K.

## E. Prepayments and accrued income, accruals and deferred income

The balance on 'Prepayments and accrued income' as at 31 December 2008 was €19,394K, which was almost the same as the balance of €19,619K at the end of the previous year. Accrued income was almost entirely made up of interest on bonded loans (€18,707K). €681K of the issue premium on the subordinated bonded loans, which totalled €277K, 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 €2,220,829K as at 31 December 2008 (€2,929,367K as at 31/12/2007), are set out in the following table:

	(in €K)	12/31/2008	12/31/2007
<b>Guarantees issued</b>			
Surety bonds and endorsements in favour of third parties		421	-
Other personal guarantees in favour of third parties		-	0
Guarantees issued for callable notes of the Company		-	600,000
<b>Total</b>		<b>421</b>	<b>600,000</b>
<b>Commitments</b>			
Other commitments		156,471	230,304
<b>Total</b>		<b>156,471</b>	<b>230,304</b>
<b>Third parties' assets</b>			
Staff-owned shares		2,183	1,246
Assets held by Unipol		270	270
<b>Total</b>		<b>2,454</b>	<b>1,517</b>
<b>Securities deposited with third parties</b>		<b>1,457,094</b>	<b>1,494,720</b>
<b>Other memorandum accounts</b>			
Other personal guarantees received from third parties		25	28
Collateral securities received from third parties		1,951	1,951
Guarantees issued by third parties in favour of the Company		2,050	484
Guarantees issued by subsidiaries in favour of the Company		600,363	600,363
<b>Total</b>		<b>604,389</b>	<b>602,826</b>
<b>TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>		<b>2,220,829</b>	<b>2,929,367</b>

## Information on financial derivatives

In accordance with the guidelines laid down by the Company's Board of Directors on 26 June 2008, 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.

Derivatives at the end of the year, with two counterparties and with the underlying assets split from a minimum of €3m to a maximum of €37m, are shown in the tables below:

#### **A. Derivative contracts involving forward capital swaps**

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

Description of the operation	No. of operations	Notional value as at 31/12/2008
Acquisition of call options	1	36,650
Sale of put options	1	36,650
Currency resale agreements	1	3,047
<b>Total</b>		<b>76,347</b>

These operations were carried out in the Euro and the Swiss Franc.

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 due in July 2009.

#### **B. Derivative contracts not involving forward capital swaps**

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

Description of the operation	No. of operations	Notional value as at 31/12/2008
Acquisition of credit default swaps	2	20,000
Acquisition of swap options	2	60,000
<b>Total</b>		<b>80,000</b>

All the above operations are denominated in Euro.

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:

Categories of derivative	Acquisition/Sale	Fair value
Credit default swaps	Acq.	(10)
Swap options	Acq.	1,212
<b>Total</b>		<b>1,202</b>

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

- net income of €6,763K from call and put options not exercised;
- net charges of €182K on swap options not exercised;
- net income of €423K from futures operations;
- investment charges of €30K on exchange risk hedging operations;
- investment income of €119K from exchange risk hedging operations;
- net investment charges of €1,770K on interest rate swap operations;

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

## Profit and Loss Account

The profit and loss account was drawn up in accordance with the provisions of Article 2425 of the Italian Civil Code and there was no offsetting between the various income and expenditure items.

### A. Operating income

Total income as at 31 December 2008 amounted to €271,195K compared with €3,742,526K as at 31 December 2007.

#### A.1. Income from sales and services

'Income from sales and services' was €257,658K as at 31 December 2008 (€94,957K as at 31/12/2007) and consisted mainly of services relating to the core business of acting as a holding company for companies in the Group, as follows:

	[in €K]	31/12/2008	31/12/2007
To holding companies		41	31
To subsidiaries		257,373	94,222
Aurora Assicurazioni S.p.A.	128,650	42,625	
Unipol Assicurazioni S.p.A.	103,979	35,055	
BNL Vita S.p.A.	18	2,496	
Linear Assicurazioni S.p.A.	4,229	3,643	
Navale Assicurazioni S.p.A	11,025	5,806	
Quadrifoglio Vita S.p.A.	533	2,752	
Unisalute S.p.A.	1,462	709	
Unipol SGR S.p.A	2,709	738	
Unipol Banca S.p.A.	4,174	27	
Unipol Merchant S.p.A.	146	1	
Other subsidiaries	448	370	
To associates	2	2	
To third parties	242	702	
<b>Total</b>	<b>257,658</b>	<b>94,957</b>	

#### A.5. Other receipts and income

'Other receipts and income' was €13,537K as at 31 December 2008 (€3,647,569K as at 31/12/2007, €3,592,443K of it from insurance business) and consisted mainly of amounts recovered for the cost of the services of UGF staff seconded to Group companies.

### B. Operating costs

Total operating costs amounted to €328,049K as at 31 December 2008 compared with €3,942,675K as at 31 December 2007.

## B.7 Costs for services

This item amounted to €99,945K as at 31 December 2008 (€106,660K as at 31/12/2007) and was made up as follows:

(in €K)	31/12/2008	31/12/2007
IT costs	47,643	40,025
Technical, legal and administrative consultancy services	18,476	15,311
Electricity, heating and cleaning	7,731	8,895
Corporate bodies	6,379	5,218
Services of seconded staff	5,576	
Postal and telephone expenses	4,840	9,548
Sundry costs	2,121	4,992
Corporate fees and shareholders' meetings	2,084	2,527
Advertising	1,576	7,774
Maintenance and repairs	1,467	4,150
Porterage	1,012	2,095
Printed matter and publications	587	3,717
Certification services	295	298
Conferences and meetings	157	2,110
<b>Total</b>	<b>99,945</b>	<b>106,660</b>

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

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This item amounted to €19,173K as at 31 December 2008 (€10,519K as at 31/12/2007) and was made up of rent and hire costs. The increase was generated by rents paid to the subsidiary Unipol Assicurazioni S.p.A., to which the property was transferred on 1 September 2007.

## B.9 Staffing costs

Staffing costs amounted to €174,682K as at 31 December 2008 compared with €216,083K in the previous year.

The number of employees fell from 2,609 as at 31 December 2007 to 2,603 as at 31 December 2008, as follows:

	31/12/2007	Hired	Resigned	31/12/2008
Administrative - permanent	2,311	205	(165)	2,351
Call center - permanent	2%		(46)	250
<b>Total permanent staff</b>	<b>2,607</b>	<b>205</b>	<b>(211)</b>	<b>2,601</b>
Administrative - temporary	2	3	(3)	2
<b>Total temporary staff</b>	<b>2</b>	<b>3</b>	<b>(3)</b>	<b>2</b>
<b>TOTAL</b>	<b>2,609</b>	<b>208</b>	<b>(214)</b>	<b>2,603</b>

The average number of permanent employees was as follows:

	Financial year 2008	Financial year 2007
Managers	93	85
Employees	2,510	2,786
Salespersons	0	8
<b>Total</b>	<b>2,603</b>	<b>2,879</b>

## B.10 Depreciation and write-downs

The balance on this item, which as at 31 December 2008 was €27,814K (€44,447K as at 31/12/2007), can be broken down as follows:

- Depreciation of intangible fixed assets of €15,365K;
- Depreciation of tangible fixed assets of €12,449K;

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

## B.13 Other amounts set aside

'Other amounts set aside' totalled €3,360K as at 31 December 2008, €2,600K of it set aside for donations to cultural and religious organisations and the remainder for legal disputes.

## B.14 Sundry operating expenses

This item amounted to €3,075K as at 31 December 2008 (€3,417,481K as at 31/12/2007, of which €3,378,639K for insurance business) and included:

- €2,551K for contributions to supervisory bodies and other associations;
- €457K for tax charges other than direct taxes.

## C. Investment income and charges

### C.15 Income from Shareholdings

This item amounted to €54,412K as at 31 December 2008 (€147,022K as at 31/12/2007) and consisted of €51,255K of income from subsidiaries and €3,157K of income from other undertakings.

Dividends from subsidiaries relate to the following companies:

(in €K)	31/12/2008	31/12/2007
Bnl Vita S.p.A.	19,584	24,000
Unipol Banca S.p.A.	17,634	17,840
Linear Assicurazioni S.p.A.	6,755	9,650
Unisalute S.p.A.	6,032	3,016
Unipol SGR	1,250	-
Quadrifoglio Vita S.p.A.	-	6,300
<b>TOTAL</b>	<b>51,255</b>	<b>60,806</b>

## C.16 Other investment income

The breakdown of this item, which amounted €77,277K, is summarised in the following table:

(in €K)	31/12/2008	31/12/2007
<b>A) From receivables recorded under non-current assets</b>		
1. Subsidiaries	5,643	5,041
4. Other	510	605
<b>Total</b>	<b>6,153</b>	<b>5,646</b>
<b>C) From securities recorded under current assets</b>	<b>20,742</b>	<b>589,337</b>
<b>D) Other income</b>		
1. Subsidiaries	32,482	49,592
4. Other	17,900	119,677
<b>Total</b>	<b>50,382</b>	<b>169,269</b>
<b>GRAND TOTAL</b>	<b>77,277</b>	<b>764,252</b>

Income from long-term receivables from subsidiaries of €5,643K 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. which was paid off in advance at the end of May 2008.

Income from securities recorded as working capital of €20,742K included the financial repercussions of selling securities and shareholdings amounting to €4,970K and interest on securities of €15,772K.

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Income other than that already mentioned of €50,382K mainly consisted of:

- €32,482K of bank interest receivable from subsidiaries;
- €17,875K of income arising out of operations in derivatives;

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

'Interest and other investment charges' showed a balance of €73,917K as at 31 December 2008 (€243,005K as at 31/12/2007) whilst 'Exchange rate profits (losses)' were -€538K (€1,320K as at 31/12/2007).

(in €K)	31/12/2008	31/12/2007
<b>Interest and other investment charges</b>		
a. Subsidiaries	254	3,046
d. Other	73,663	239,958
<b>Total</b>	<b>73,917</b>	<b>243,005</b>
<b>Exchange rate profits (losses)</b>	<b>(538)</b>	<b>1,320</b>
<b>TOTAL</b>	<b>73,379</b>	<b>244,325</b>

'Interest and investment charges from subsidiaries' of €254K included interest, commission and charges payable to lenders and companies in the Group.

'Interest and other investment charges' of €73,663K mainly consisted of:

- €38,888K of interest payable on bonded loans;
- €9,904K of charges arising out of operations in derivatives;
- capital losses of €24,764K resulting from trading in shares and bonds;

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:

(in €K)	31/12/2008	31/12/2007
Positive issue spreads	111	20,012
Negative issue spreads	(9)	(2,831)
Positive trading spreads		4,184
Negative trading spreads		(8,493)
Value adjustments on zero coupons	1,021	28,151

## D. Value adjustments on financial assets

This item showed a negative balance of €80,967K as at 31 December 2008 compared with a negative balance of €37,506K as at 31 December 2007 and mainly related to:

- €1,499K of value readjustments of bonds recorded under working capital;
- €27,333K of write-downs of shares recorded under working capital;
- €54,336K of write-downs of other securities recorded under working capital;
- €798K of negative value adjustments on derivatives.

## E. Extraordinary income and charges

This item showed a balance of €44,135K as at 31 December 2008 (a negative balance of €29,597K as at 31/12/2007) and related to the following items:

(€K)	31/12/2008	31/12/2007
<b>E.20) Income</b>		
Capital gains from disposals	49,091	927
Other extraordinary income		
- Unanticipated profits	2,037	4,538
- Other extraordinary profits		548
<b>Total</b>	<b>51,128</b>	<b>6,013</b>
<b>E.21) Charges</b>		
Capital losses from disposals	(10)	(61)
Other extraordinary charges		
- Group reorganisation project	(4,034)	(28,131)
- Unanticipated losses	(2,949)	(7,127)
- Other extraordinary charges		(290)
<b>Total</b>	<b>(6,993)</b>	<b>(35,609)</b>
<b>Net extraordinary profits (losses)</b>	<b>44,135</b>	<b>(29,597)</b>

Almost all the capital gains resulting from disposals was the €48,929K made on the sale of the holding in Quadrifoglio Vita S.p.A. to Banca Monte dei Paschi di Siena on 28 March 2008.

Charges relating to the project to reorganise the Group include €3,692K set aside for the 'pension enhancement scheme' (referred to in section B in the balance sheet liabilities).

## Corporation tax for the year, current, deferred and prepaid

Taxation chargeable to the financial year amounted to -€33,580K (€113,497K as at 31/12/2007), net of €15,873K of deferred taxation, as shown in the following table:

(€K)	Ires	Irapp	Total
<b>Current taxation</b>	<b>(20,634)</b>	<b>2,927</b>	<b>(17,707)</b>
<b>Prepaid and deferred taxes:</b>			
- utilisation of prepaid taxes	3,974	244	<b>4,218</b>
- utilisation of deferred taxes	(9,004)	(1,207)	<b>(10,211)</b>
- amounts set aside for prepaid taxes	(9,849)	(31)	<b>(9,880)</b>
- amounts set aside for deferred taxes	0	0	<b>0</b>
<b>Total</b>	<b>(35,513)</b>	<b>1,933</b>	<b>(33,580)</b>

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

	2008 financial year	2007 financial year
Normal rate of IRES applicable	(27.5%)	33.00%
<b>Effect of increases/decreases in the normal rate:</b>		
Excluding dividends	(38.99%)	(9.38%)
Write-down of long-term shareholdings	0	0.50%
Interest payable	0.88%	
Tax-exempt capital gains	(35.07%)	(1.80%)
Other permanent variations	3.26%	0.09%
<b>Actual rate</b>	<b>(97.42%)</b>	<b>22.41%</b>

TABLE RECONCILING THE THEORETICAL RATE OF IRAP AND THE ACTUAL RATE

	2008 financial year	2007 financial year
Normal rate of IRAP applicable	(4.82%)	5.25%
Operating balance not subject to IRAP (Legislative Decree 446/97)	2.46%	(2.25%)
Employee costs	14.79%	1.71%
Non-taxable income	(2.78%)	
Other permanent variations	(4.33%)	1.09%
<b>Actual rate</b>	<b>5.32%</b>	<b>5.80%</b>

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 2008 were drawn up in accordance with Article 154-ter of Legislative Decree 58/1998 (TUF) and ISVAP Ruling 7 of 13 July 2007, and they conform to 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 UGF 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.

FEES PAID (in €K)			
Type of services	Service provider	Recipient	Remuneration
Auditing	KPMG spa	Unipol Gruppo Finanziario spa	129
Certification services	KPMG spa		4
Other services	KPMG Advisory spa		492
<b>Total - Unipol Gruppo Finanziario</b>			<b>625</b>
Auditing	KPMG spa	Subsidiaries	1,252
Certification services	KPMG spa		381
Other services	KPMG spa		5
<b>Total - subsidiaries</b>			<b>1,638</b>
<b>GRAND TOTAL</b>			<b>2,263</b>

### Remuneration paid to the members of the Boards of Directors and Auditors, to the General Manager 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 General Manager (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.

Subject	Description of post		Remuneration			
First name and surname	Post held	Period post held	Emoluments for post held	Non-monetary benefits	Bonus and other incentives	Other remuneration
STEFANINI Pierluigi	Chairman	1/1-31/12/08	730,000 <sup>[1]</sup>			
GALANTI Vanes	Vice Chairman	1/1-31/12/08	177,000 <sup>[2]</sup>			50,000 <sup>[3]</sup>
SALVATORI Carlo	Chief Exec. Officer	1/1-31/12/08	1,755,000 <sup>[4]</sup>		1,005,000	32,592 <sup>[5]</sup>
ANTONI Jean Dominique	Director	1/1-31/12/08	66,500 <sup>[6]</sup>			
BETTI Sergio	Director	1/1-31/12/08	71,000 <sup>[7]</sup>			
BORGHI Fabio	Director	1/1-07/05/08	20,534 <sup>[8]</sup>			
CARANNANTE Rocco	Director	1/1-31/12/08	84,500 <sup>[9]</sup>			
CELLI Pier Luigi	Director	26/6-31/12/08	34,820 <sup>[10]</sup>			
COFFARI Piero	Director	1/1-31/12/08	74,000 <sup>[11]</sup>			62,250 <sup>[12]</sup>
COLLINA Piero	Director	1/1-31/12/08	71,000 <sup>[13]</sup>			34,500 <sup>[14]</sup>
CORDAZZO Bruno	Director	1/1-31/12/08	72,500 <sup>[15]</sup>			39,500 <sup>[16]</sup>

Subject	Description of post			Remuneration			
	First name and surname	Post held	Period post held	Emoluments for post held	Non-monetary benefits	Bonus and other incentives	Other remuneration
COSTALLI Sergio	Director	1/1-31/12/08	68,000 <sup>(17)</sup>				41,500 <sup>(18)</sup>
FOREST Jacques	Director	1/1-31/12/08	62,000 <sup>(19)</sup>				
GILLONE Fabrizio	Director	1/1-31/12/08	83,000 <sup>(20)</sup>				91,597 <sup>(21)</sup>
LEVORATO Claudio	Director	1/1-31/12/08	60,500 <sup>(22)</sup>				31,000 <sup>(23)</sup>
MALAVASI Ivan	Director	1/1-31/12/08	65,000 <sup>(24)</sup>				
MASOTTI Massimo	Director	1/1-31/12/08	104,500 <sup>(25)</sup>				
MIGLIAVACCA Enrico	Director	1/1-31/12/08	71,000 <sup>(26)</sup>				
MORARA Pier Luigi	Director	1/1-31/12/08	74,000 <sup>(27)</sup>				
NASI Sergio	Director	1/1-31/12/08	59,000 <sup>(28)</sup>				
PEDRONI Marco	Director	1/1-31/12/08	69,500 <sup>(29)</sup>				32,500 <sup>(30)</sup>
POLITI Giuseppe	Director	1/1-31/12/08	71,000 <sup>(31)</sup>				34,000 <sup>(32)</sup>
VELLA Francesco	Director	1/1-31/12/08	72,500 <sup>(33)</sup>				
VENTURI Marco Giuseppe	Director	1/1-31/12/08	68,000 <sup>(34)</sup>				34,000 <sup>(35)</sup>
ZACCHERINI Luca	Director	1/1-31/12/08	78,500 <sup>(36)</sup>				
ZUCCHELLI Mario	Director	1/1-31/12/08	74,000 <sup>(37)</sup>				
CHIUSOLI Roberto	Chair. Board Stat. Aud.	1/1-31/12/08	75,000				63,269 <sup>(38)</sup>
TROMBONE Domenico	Statutory Auditor	1/1-31/12/08	50,000				45,000 <sup>(39)</sup>
PICONE Giorgio	Statutory Auditor	1/1-31/12/08	50,000				45,097 <sup>(40)</sup>
CERCHIAI Cristiano	Alternate Auditor	1/1-31/12/08					84,900 <sup>(41)</sup>
GRAZIOSI Giovanni Battista	Alternate Auditor	1/1-31/12/08					80,730 <sup>(42)</sup>
CIMBRI Carlo	General Manager	1/1-31/12/08		1,664		220,000	774,048 <sup>(43)</sup>
SENIOR EXECUTIVES with strategic responsibilities (aggregated data)		1/1-31/12/08		54,209		669,696	3,030,498 <sup>(44)</sup>

- (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; €489,100 of it was not drawn but paid to Coop Adriatica Scarl;
- (2) Includes remuneration paid under Article 2389, para. 3, of the Civil Code and €10,500 for membership of the Management Committee;
- (3) Remuneration for the post held in UGF Assicurazioni S.p.A.;
- (4) Includes remuneration paid under Article 2389, para. 3, of the Civil Code and €12,000 for membership of the Management Committee;
- (5) Expenses incurred while carrying out the post;
- (6) Includes €4,500 for membership of the Committee for Social Responsibility; remuneration of €32,397 not drawn but paid to MAIF (France) and €34,102 still to be paid;
- (7) Includes €3,000 for membership of the Remuneration Committee;
- (8) Includes €1,500 for membership of the Committee for Social Responsibility;
- (9) Includes €16,500 for membership of the Internal Auditing Committee;
- (10) Includes €1,500 for membership of the Committee for Social Responsibility;
- (11) Includes €7,500 for membership of the Appointments Committee; not drawn but paid to Coop Adriatica Scarl;
- (12) Includes remuneration for the posts held in UGF Banca S.p.A. and UGF Merchant S.p.A.; not drawn but paid to Coop Adriatica Scarl;
- (13) Includes €9,000 for membership of the Management Committee;
- (14) Remuneration for the post held in UGF Banca S.p.A.;
- (15) Includes €7,500 for membership of the Appointments Committee;
- (16) Includes remuneration for posts held in UGF Assicurazioni S.p.A.;
- (17) Includes €6,000 for membership of the Management Committee; not drawn but paid to Unicoop Tirreno Scarl;
- (18) Includes remuneration for the posts held in UGF Merchant S.p.A. and UGF Assicurazioni S.p.A.; not drawn but paid to Unicoop Tirreno Scarl;
- (19) Includes €1,500 for membership of the Remuneration Committee; not drawn but paid to P&V Assurance Sa (Belgium);
- (20) Includes €15,000 for membership of the Internal Auditing Committee;
- (21) Includes remuneration for the posts held in Aurora Assicurazioni S.p.A. and UGF Banca S.p.A.;
- (22) Includes €1,500 for membership of the Remuneration Committee, €31,103 of which was not drawn but

- paid to Manutencoop Scarl;
- (23) Remuneration for the post held in UGF Banca S.p.A., not drawn but paid to Manutencoop scarl;
  - (24) Includes €3,000 for membership of the Remuneration Committee;
  - (25) Includes €16,500 for membership of the Internal Auditing Committee and €20,000 for the office of Chairman of the Supervisory Body;
  - (26) Includes €3,000 for membership of the Remuneration Committee;
  - (27) Includes €7,500 for membership of the Appointments Committee;
  - (28) Includes €1,500 for membership of the Committee for Social Responsibility; not drawn but paid to Coopfond S.p.A.;
  - (29) Includes €7,500 for membership of the Management Committee; not drawn but paid to Coop Consumatori Nordest scarl;
  - (30) Remuneration for the post held in UGF Banca S.p.A., not drawn but paid to Coop Consumatori Nordest scarl;
  - (31) Includes €6,000 for membership of the Appointments Committee;
  - (32) Remuneration for the post held in UGF Banca S.p.A.;
  - (33) Includes €6,000 for membership of the Committee for Social Responsibility;
  - (34) Includes €4,500 for membership of the Committee for Social Responsibility;
  - (35) Remuneration for the post held in UGF Banca S.p.A.;
  - (36) Includes €15,000 for membership of the Internal Auditing Committee; not drawn but paid to CEFLA Scarl;
  - (37) Includes €9,000 for membership of the Management Committee;
  - (38) Includes remuneration for posts held in UGF Merchant S.p.A., UGF Banca S.p.A. and BNL Vita S.p.A.
  - (39) Includes remuneration for the post of Chairman of Aurora Assicurazioni S.p.A.'s Board of Statutory Auditors;
  - (40) Includes remuneration for the post of Chairman of Aurora Assicurazioni S.p.A.'s Board of Statutory Auditors;
  - (41) Includes remuneration for posts held in UGF Merchant S.p.A., UGF Assicurazioni S.p.A., Navale Assicurazioni S.p.A., Navale Vita S.p.A., Unisalute S.p.A., BNL Vita S.p.A.;
  - (42) Includes remuneration for posts held in: Nettuno Fiduciaria S.p.A., Ambra Property S.r.l., UGF Banca S.p.A., Navale Assicurazioni S.p.A., Navale Vita S.p.A., Unifimm S.r.l., Midi S.r.l., Smallpart S.p.A., SRS S.p.A., UGF Private Equity S.p.A.;
  - (43) Salary for employment;
  - (44) Includes €3,015,498 for work done as an employee.

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During 2008 the companies in the UGF Group paid Unipol Gruppo Finanziario S.p.A. a total of €1,060,662 as remuneration for the posts held in them by the Chairman, the Chief Executive Officer, the General Manager and the Senior Executives with strategic responsibilities.

## Stock options allocated to members of the Board of Directors, General Manager 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 General Manager and senior executives with strategic responsibilities. They were allocated under the scheme to award free ordinary shares to all employees carried out during 2007.

(A)	(B)	Options held at the beginning of the year			Options granted during the year			Options exercised during the year			(10)	Options held at the close of the year		
		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]		[11]=1+4-7-10	[12]	[13]
First name and surname	Post held	Number of options	Average price for the year	Average maturity	Number of options	Average price for the year	Average maturity	Number of options	Average price for the year	Average market price for the year	Number of options	Number of options	Average price for the year	Average maturity
Carlo Cimbri	General Manager	694	0	0								694	0	0
	Senior Execs with strat. respons.	5,205	0	0								5,205	0	0



*Wolves in the snow* - Paolo Capelli

UGF Assicurazioni - Bologna

A photograph of three wolves in a snowy, mountainous environment. One wolf is in the foreground, looking directly at the camera. Another wolf is partially visible behind it, also looking forward. A third wolf is in the upper left corner, looking down. The ground and background are covered in snow.

# Notes to the Accounts Annexes



## Notes to the Accounts - Annexes

1. Reclassified profit and loss account (CONSOB Recommendation 94001437)
2. Statement of changes in the shareholders' equity over the last three years (Article 2427.4 of the Civil Code)
3. Statement on usage and availability of equity reserves as at 31 December 2008 (Article 2427.7-bis of the Civil Code)
4. Cash flow statement for the financial year 2008
5. Statement of changes in intangible non-current assets (Article 2427.2 of the Civil Code)
6. Statement of changes in tangible non-current assets (Article 2427.2 of the Civil Code)
7. Statement of movements in non-current shareholdings
8. Statement of shareholdings exceeding 10% as at 31 December 2008 (Articles 125 and 126 of CONSOB Ruling 11971 of 14/05/1999)
9. List of shares and securities included in current assets as at 31 December 2008 (CONSOB Recommendation 94001437)
10. Statement of temporary differences that led to deferred tax assets and liabilities being recorded (Article 2427.14 of the Civil Code)
11. Information on indebtedness as at 31 December 2008 (CONSOB Recommendation 6064293)

Annex 1

RECLASSIFIED PROFIT AND LOSS ACCOUNT (in €K)		
	31/12/2008	31/12/2007
1) Income from shareholdings:		
in subsidiaries	51,255	60,806
in other undertakings	3,157	86,216
<b>Total income from shareholdings</b>	<b>54,412</b>	<b>147,022</b>
2) Other financial income:		
a) from receivables recorded under non-current assets	6,153	5,646
from subsidiaries	5,643	5,041
from other undertakings	510	605
b) from securities recorded under non-current assets other than shareholdings	20,742	589,337
c) from securities recorded under current assets other than shareholdings	50,382	169,269
d) other income		
from subsidiaries	32,482	49,592
from other undertakings	17,900	119,677
<b>Total other financial income</b>	<b>77,277</b>	<b>764,252</b>
3) Interest payable and other financial charges:		
subsidiaries	254	3,046
holding companies	-	0
others	73,663	239,958
<b>Total interest payable and other financial charges</b>	<b>73,917</b>	<b>243,005</b>
Profits (losses) on currency movements	(538)	1,320
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>57,233</b>	<b>669,590</b>
4) Write-ups:		
a) on shareholdings	-	-
b) on long-term investments other than shareholdings	40	
c) on securities recorded under current assets other than shareholdings	1,499	-
<b>Total write-ups</b>	<b>1,499</b>	<b>40</b>
5) Write-downs:		
a) on shareholdings	27,333	4,486
b) on long-term investments other than shareholdings	-	5,000
c) on securities recorded under current assets other than shareholdings	55,134	28,061
<b>Total write-downs</b>	<b>82,467</b>	<b>37,546</b>
<b>TOTAL VALUE ADJUSTMENTS</b>	<b>(80,967)</b>	<b>(37,506)</b>
6) Other operating income	271,195	3,742,526
<b>TOTAL OTHER OPERATING INCOME</b>	<b>271,195</b>	<b>3,742,526</b>
7) Non-financial services	99,945	106,660
8) Use of third parties' assets	19,173	10,519
9) Staff	174,682	216,083
10) Amortizations and write-downs	27,814	44,447
11) Amounts set aside for risks	-	139,008
12) Other amounts set aside	3,360	8,477
13) Sundry operating charges	3,075	3,417,481
<b>TOTAL OTHER OPERATING CHARGES</b>	<b>328,049</b>	<b>3,942,675</b>
<b>PROFIT (LOSS) ON ORDINARY ACTIVITIES</b>	<b>(80,588)</b>	<b>431,935</b>
14) Extraordinary income:		
a) Capital gains on disposals	49,091	927
b) Other income	2,037	5,085
<b>Total extraordinary income</b>	<b>51,128</b>	<b>6,013</b>
15) Extraordinary charges:		
a) Capital losses on disposals	10	61
c) Other charges	6,983	35,549
<b>Total extraordinary charges</b>	<b>6,993</b>	<b>35,609</b>
<b>EXTRAORDINARY PROFIT (LOSS)</b>	<b>44,135</b>	<b>(29,597)</b>
<b>PROFIT BEFORE TAXATION</b>	<b>(36,454)</b>	<b>402,338</b>
16) Income tax for the financial year	33,580	(113,497)
<b>17) PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>(2,873)</b>	<b>288,841</b>

Annex 2

**STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2007 AND 2008**  
 [in €K]

	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Equity reserves and undistributed profits	Counterpart own shares and holding company's share	Reserve for own shares in portfolio	Extraordinary reserve	Other reserves	Profit for the year	TOTAL
<b>BALANCES AS AT 31 DECEMBER 2006</b>	<b>2,360,144</b>	<b>1,973,801</b>	<b>20,701</b>	<b>472,029</b>	<b>145,000</b>				<b>119,355</b>	<b>2,127</b>	<b>187,163</b>
<i>Resolutions passed by the General Shareholders' Meeting of 24/04/2007:</i>											
Profit allocation for the financial year 2006											
-legal reserve											
-extraordinary reserve											
-dividends paid											
Share swap reserve											
Reserve as per Article 20 of Legislative Decree 173/1997											
Reserve as per Article 24/26 - Currency differences											
Share capital increase											
Profit (loss) for the financial year 2007											
<b>BALANCE AS AT 31 DECEMBER 2007</b>	<b>2,391,426</b>	<b>1,867,595</b>	<b>20,701</b>	<b>472,029</b>	<b>145,000</b>				<b>124,173</b>	<b>23,815</b>	<b>288,841</b>
<i>Resolutions passed by the General Shareholders' Meeting of 24/04/2008:</i>											
Profit allocation for the financial year 2007											
-legal reserve											
-extraordinary reserve											
-dividends paid											
Reserve for own shares in portfolio											
Share swap reserve											
Reserve as per Article 24/26 Civil Code - Currency differences											
Share capital increase											
Profit (loss) for the financial year 2008											
<b>BALANCES AS AT 31 DECEMBER 2008</b>	<b>2,391,426</b>	<b>1,051,879</b>	<b>20,701</b>	<b>478,285</b>	<b>144,948</b>	<b>52</b>	<b>222,660</b>	<b>23,815</b>	<b>2,873</b>	<b>187,163</b>	<b>4,330,893</b>

## Annex 3

STATEMENT ON USAGE AND AVAILABILITY OF EQUITY RESERVES  
(in €K)

Type/description	Amount	Usage allowed (*)	Share available	Reserves used in the three prior fin. years - summary to cover losses other reasons
<b>Capital reserves</b>				
Share premium reserve	1,051,879	A, B, C B	1,051,879 [a]	
Legal reserve	35,499 [b]	-	-	
Extraordinary reserve	222,660	A, B, C	222,660	
Fund for the acquisition of own shares	99,948	A, B, C	99,948	
Fund for the acquisition of shares in the holding company	45,000	A, B, C	45,000	
Reserve for own shares in portfolio	52	-	-	
Revaluation reserve under Law 4/3/1991	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 4/13/1991)	18,316	A, B, C	18,316	
Share swap reserve	2,731	A, B, C	2,731	
Reserve as per Regional Law 46 of 12/4/1967 (Sicily)	326	A, B, C	326	
Merger reserve	22	A, B, C	22	
Warrant conversion reserve	314	A, B, C	314	
<b>Profit reserves</b>				
Legal reserve	112,787	B	-	
Reserve as per Article 24/26 Civil Code, 8-bis	2,106	A, B	2,106	
<b>Total</b>	<b>1,942,340</b>			<b>1,464,003</b>
Share not to be distributed				2,106
<b>Share to be distributed</b>				<b>1,461,897 [c]</b>
(*)				
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 24/30 Civil Code  
 [b] transfer from share premium reserve  
 [c] €12,547 surplus on top of the amount of start-up and development costs not yet written down that can be distributed.

[1] distribution of supplementary dividend

Annex 4

**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008**  
(in €K)

	2008	2007
<b>CASH INFLOW</b>		
<b>Cash inflow from operating activities</b>		
Net profit for the year	(2,873)	288,841
Depreciation on tangible and intangible non-current assets	27,813	28,259
Value adjustments on long-term investments	-	5,140
Value adjustments on other financial assets	80,967	32,366
Increase (decrease) in net tax payables	6,016	39,508
Increase (decrease) in net deferred tax liabilities	(15,873)	(22,109)
Amounts allocated to provision for risks and charges	5,779	157,761
Increase (decrease) in provision for staff-leaving indemnity	(3,420)	(1,930)
Decrease (increase) in prepayments and accrued income	11,623	60,492
Increase (decrease) in accruals and deferred income	(225)	(21,430)
Merger effects	-	(218,316)
Other items	(1,021)	(27,687)
<b>Total cash inflow from operating activities</b>	<b>108,785</b>	<b>320,895</b>
<b>Other cash inflow</b>		
Disposal of tangible and intangible non-current assets	2,874	578
Disposal of shareholdings recorded under non-current assets	191,198	151,362
Disposal and repayment of other long-term investments	325,307	340,058
Decrease in receivables recorded under current assets	2,232	136,618
Decrease in financial assets of current assets	327,873	1,716,936
Increase in payables	178,457	41,126
<b>Total other cash inflow</b>	<b>1,027,941</b>	<b>2,386,678</b>
<b>TOTAL CASH INFLOW</b>	<b>1,136,726</b>	<b>2,707,573</b>
<b>CASH FLOWS INVESTED</b>		
Increase in tangible and intangible non-current assets	21,071	20,611
Increase in shareholdings recorded under non-current assets	163,714	1,153,568
Increase in other long-term investments	95,000	471,701
Increase in receivables recorded under current assets	114,567	63,718
Increase in financial assets recorded under current assets	59,278	298,948
Use of provision for risks and charges	16,474	1,135,046
Other liquid investments	50,793	35,378
Dividends distributed	999,812	287,895
<b>TOTAL CASH FLOW INVESTED</b>	<b>1,520,708</b>	<b>3,466,865</b>
Increase (decrease) in liquid assets	(383,982)	(759,292)
<b>TOTAL</b>	<b>1,136,726</b>	<b>2,707,573</b>
<b>Cash at bank and in hand as at 1st January</b>	<b>800,877</b>	<b>1,560,169</b>
<b>Cash at bank and in hand as at 31 December</b>	<b>416,894</b>	<b>800,877</b>

Annex 5

**STATEMENT OF CHANGES IN INTANGIBLE NON-CURRENT ASSETS**  
[in €K]

	AS AT 1ST JANUARY		MOVEMENTS IN THE PERIOD						AS AT 31ST DECEMBER	
			HISTORIC COSTS		DEPRECIATION FUND		Decreases		AS AT 31ST DECEMBER	
	Historic cost	Depreciation amount	Contra accounts	Purchases	Sales	Per annum	Sales	Historic cost	Depreciation amount	Net value as at 31/12/2008
Start-up and development costs	67,834	(42,769)	25,065	-	-	(12,518)	-	67,834	(55,287)	12,547
Work-in-progress and advance payments	3,033	-	3,033	(10,841)	7,808	-	-	-	-	-
Other	18,845	(14,671)	4,174	10,841	4,560	(2,847)	-	34,247	(17,519)	16,728
<b>TOTAL</b>	<b>89,713</b>	<b>(57,441)</b>	<b>32,272</b>	<b>-</b>	<b>12,368</b>	<b>(15,365)</b>	<b>-</b>	<b>102,081</b>	<b>(72,805)</b>	<b>29,275</b>

Annex 6

**STATEMENT OF CHANGES IN TANGIBLE NON-CURRENT ASSETS**  
 (in £K)

	AS AT 1ST JANUARY			HISTORIC COST			DEPRECIATION FUND			AS AT 31ST DECEMBER			
	Historic cost	Depreciation fund	Net value as at 31/12/2007	Contra accounts		Decreases Purchases	Sales	Contract accounts	Increases Per annum	Decreases Per annum	Sales	Historic cost	Depreciation fund
				Increases	Purchases								
Plant and machinery	33,065	(25,357)	7,708	593	(93)	3,634	3,634	56	29,930	(24,765)	5,165	5,165	
Other assets	114,461	(90,736)	23,725	3,634	8,111	(3,801)	(3,801)	967	122,004	(102,755)	19,649	19,649	
<b>TOTAL</b>	<b>147,526</b>	<b>(116,933)</b>	<b>31,433</b>	<b>-</b>	<b>8,703</b>	<b>(3,895)</b>	<b>-</b>	<b>(12,448)</b>	<b>1,021</b>	<b>152,334</b>	<b>(127,520)</b>	<b>24,814</b>	

Annex 7

**DETAILS OF CHANGES IN INVESTMENTS IN GROUP UNDERTAKINGS AND OTHER PARTICIPATING INTERESTS: STOCKS AND SHARES**  
 [in €K]

Company name	Book value as at 31/12/07		Increases during financial year		Decreases during financial year		Book value as at 31/12/08	
	Quantity	Value	For purchases	Other	For sales	Other	Quantity	Value
Compagnia Assicuratrice Unipol SpA	150,000,000	793,088					150,000,000	793,088
Aurora Assicurazioni SpA	150,000,000	2,142,640					150,000,000	2,142,640
Compagnia Assicuratrice Linear SpA	19,300,000	45,507					19,300,000	45,507
Unipol Sgr-Spa	5,000,000	5,550					5,000,000	5,550
Navale Assicurazioni SpA	96,089,716	131,676					96,089,716	141,676
Unisalute SpA	31,570	31,570					31,570	31,570
Unipol Banca SpA	476,581,946	664,675					476,581,946	664,675
BNL Vita SpA	9,970,000	105,774	6,400,000	117,720		15,300	16,320,000	238,794
Ambra Property Srl	-	-	1	20,495			1	20,495
Quadrifoglio Vita SpA	15,750,000	43,450					-	-
<b>Total - subsidiaries</b>	<b>939,875,905</b>	<b>3,963,930</b>	<b>6,400,001</b>	<b>138,215,325</b>	<b>-</b>	<b>25,300</b>	<b>15,750,000</b>	<b>43,450,400</b>
Vivium	525,898	147,549		198			525,898	147,747,473
<b>Total - other undertakings</b>	<b>525,898</b>	<b>147,549</b>	<b>-</b>	<b>198,288</b>	<b>-</b>	<b>-</b>	<b>525,898</b>	<b>147,747,473</b>
<b>TOTAL B.III.11</b>	<b>940,401,803</b>	<b>4,111,479</b>	<b>6,400,001</b>	<b>138,413,613</b>	<b>-</b>	<b>25,300</b>	<b>16,275,898</b>	<b>191,197,878</b>
							-	<b>930,525,906</b>
								<b>4,083,995</b>

**STATEMENT OF SHAREHOLDINGS EXCEEDING 10% AS AT 31 DECEMBER 2008**  
 (in accordance with Article 126 of Consob Resolution 11971 of 14 May 1999)

Company name	Registered offices	Held			Total %held(*)
		Dir.	Ind.	Through	
Compagnia Assicuratrice Unipol S.p.A.	Bologna	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%
Aurora Assicurazioni S.p.A.	S. Donato Milanese (MI)	100.00%			100.00%
Ambra Property S.r.l.	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%	Aurora Assicurazioni S.p.A.	84.53%
BNL Vita S.p.A.	Milan	51.00%			51.00%
A.P.A. S.p.A.	Parma	46.50%	Smallpart S.p.A.		46.50%
Acacia 2000 S.r.l.	Milan	15.00%	Aurora Assicurazioni S.p.A.		15.00%
Agefin S.p.A.	Bologna	19.90%	Unipol Banca S.p.A.		19.90%
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	40.21%	Smallpart S.p.A.		40.21%
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.	Milan	100.00%	BNL Vita S.p.A.		100.00%
Cooperleasing S.p.A.	Bologna	100.00%	Unipol Banca S.p.A.		100.00%
Earchinede S.p.A.	Brescia	4.18%	Aurora Assicurazioni S.p.A.		
		6.85%	Unipol Merchant S.p.A.		11.03%
Euresa Holding s.a.	Luxembourg	25.00%	Compagnia Assicuratrice Unipol S.p.A.		25.00%
Euromilano S.p.A.	Milan	20.00%	Compagnia Assicuratrice Unipol S.p.A.		20.00%
F.im.par.co. Spa	Carpi (MO)	15.00%	Unipol Merchant S.p.A.		15.00%
FI.BO. Finanziaria Bolognese S.p.A.	Bologna	18.95%	Smallpart S.p.A.		18.95%
Finabita S.p.A.	Rome	14.96%	Unipol Merchant S.p.A.		14.96%
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%
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 Azioninnova 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%
Syneteristiki 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.		
		1.29%	Navale Assicurazioni S.p.A.		13.75%
Ugf Assistance S.r.l.	Bologna	100.00%	Unisalute S.p.A.		100.00%
Unagro S.p.A.	Ravenna	35.71%	Unipol Merchant S.p.A.		35.71%
Unicard S.p.A.	Milan	51.00%	Unipol Banca S.p.A.		51.00%
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%
Unipol Private Equity SGR S.p.A.	Bologna	100.00%	Unipol Banca S.p.A.		100.00%
Vivium S.A.	Belgium	13.88%	Aurora Assicurazioni S.p.A.		13.88%

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

Annex 9

**LIST OF SHARES AND SECURITIES INCLUDED IN CURRENT ASSETS AS AT 31/12/2008**  
(in €K)

ISIN Code	Description	Nominal value as at 31/12/2008	Book value as at 31/12/2008	Current value as at 31/12/2008	Write-downs	Type
IT0001074571	Unipol Gruppo Finanziario SpA	47,561	51,794	51,794	(26,741)	Own shares
	Total own shares	47,561	51,794	51,794	(26,741)	
FR0000120271	Total ord.	100,000	3,933,900	3,891,000	(630,318)	Other non-listed shares
CH0012332372	SWISS RE-REG(RUKN VX)	37,037	1,797,778	1,862,963	[1,263,667]	Other listed shares
AT0000730007	Andritz AG	40,000	737,040	737,040	(895,400)	Other listed shares
FR0000121972	Schneider Electric SA	50,000	2,569,650	2,650,000	(931,253)	Other listed shares
DE0008032004	Commerzbank AG	75,000	501,375	498,000	(856,026)	Other listed shares
FR0000120172	Carrefour ord.	85,000	2,394,365	2,339,200	(2,091,255)	Other listed shares
NL0000303709	Aegon NV New	100,000	457,400	452,500	(751,800)	Other listed shares
IT0003132476	Eni ord.	100,000	1,718,200	1,674,000	(77,534)	Other listed shares
DE0005190003	BMW	150,000	3,195,000	3,241,500	(3,008,100)	Other listed shares
DE000ENAG999	E.ON (ex Veba)	150,000	3,933,750	4,266,000	(2,024,194)	Foreign listed shares
FI0009000681	Nokia Ab	250,000	2,783,500	2,775,000	(1,338,657)	Foreign listed shares
IT0003506190	Atlantia Autostrade SpA ord	400,000	5,031,600	5,240,000	(2,396,290)	Foreign listed shares
IT0000062957	Mediobanca ord	500,000	3,854,000	3,607,500	(1,590,605)	Foreign listed shares
IT0003128367	Enel ord.	4,000,000	17,512,000	18,090,000	(9,450,813)	Italian listed shares
	<b>Total other listed shares</b>	<b>6,037,037</b>	<b>50,419,558</b>	<b>51,324,703</b>	<b>(27,305,913)</b>	
XS0298329516	MONTE PASCHI FRN 09/05/14	10,000,000	9,099,000	9,099,000	(627,117)	Debt sec. of other part. interests
XS0283497005	LEHMAN 31/01/17 CMS	7,500,000	3,750,000	3,750,000	(3,430,344)	Other listed debt securities
XS0287044969	LEHMAN 4,625% 14/03/14-19	7,500,000	-	-	(6,752,848)	Other listed debt securities
XS0291642154	AIG 4,875% 15/03/17-67	10,000,000	2,616,500	2,616,500	(6,178,124)	Other listed debt securities
XS0292269544	HBOS 21/03/12-17 FRN	1,000,000	738,770	738,770	(214,006)	Other listed debt securities
ES0213770011	BANCO PASTOR 11/06/14-49 FRN	1,800,000	535,500	535,500	(1,205,424)	Other listed debt securities
XS0300975306	GOLDMAN S 18/05/15 FRN	2,000,000	1,425,360	1,425,360	(475,311)	Other listed debt securities
XS0234159415	SLM 15/12/10 FRN	2,000,000	1,456,560	1,456,560	(390,832)	Other listed debt securities
PTBERLOM0017	B.CO ESPIRITO SANTO 08/05/13 FRN	4,000,000	3,996,114	3,996,114	-	Other listed debt securities
XS0300196879	INTESA SAN PAOLO FRN 18/05/17	4,000,000	3,541,120	3,541,120	(358,030)	Other listed debt securities
XS0250971222	MORGAN ST 13/04/16 FRN	4,600,000	3,111,808	3,111,808	(1,158,273)	Other listed debt securities
XS0166965797	MUNICH RE 6,75% 21/06/23-13	5,000,000	4,576,750	4,576,750	(715,695)	Other listed debt securities
XS0231436238	UNICREDITO 4,028% 27/10/15-49	5,000,000	2,745,250	2,745,250	(1,461,950)	Other listed debt securities
XS0276889937	STANDARD CHARTERED 28/03/13-18 FRN	8,500,000	6,089,825	6,089,825	(2,028,706)	Other listed debt securities
XS0302633598	MERRILL LYNCH 05/14	9,000,000	6,916,590	6,916,590	(1,405,563)	Other listed debt securities
XS0281902550	MERRILL L 30/01/17 FRN	10,000,000	9,600,500	9,600,500	-	Other listed debt securities
XS0195231526	ROYAL BK OF SCOTLAND 03/07/14-49 FRN	10,600,000	4,483,588	4,483,588	(5,039,770)	Other listed debt securities
XS0284308417	GOLDMAN S 26/01/22	11,000,000	8,983,040	8,983,040	(1,602,260)	Other listed debt securities
XS0188201619	HBOS 13/03/14-49 FRN	12,000,000	5,099,400	5,099,400	(5,775,951)	Other listed debt securities
XS0250613063	ART V 106° 01/02/20	15,000,000	12,555,000	12,555,000	-	Other listed debt securities
XS0238509078	BEAR ST 19/01/14 CMS	15,000,000	14,249,400	14,249,400	-	Other listed debt securities
XS0284728465	GOLDMAN S 30/01/17 FRN	15,000,000	9,999,600	9,999,600	(4,130,812)	Other listed debt securities
XS0267827169	MERRILL L 14/09/18 FRN	15,000,000	8,770,050	8,770,050	(4,207,532)	Other listed debt securities
XS0272309385	BANCA POP VR NO 15/11/21 CMS	85,000,000	73,343,100	73,343,100	(3,236,800)	Other listed debt securities
XS0205875395	SOC LLOYDS 5,625% 17/11/14-24	5,000,000	3,657,100	3,657,100	(1,188,835)	Other listed debt securities
XS0221011454	HANNOVER RE 5% 01/06/15-49	7,587,000	4,242,043	4,242,043	(2,751,691)	Other listed debt securities
DE0001135374	BUNDESOBL 3,75% 04/01/2019	25,000,000	25,977,358	25,977,358	-	Listed Government bonds
	<b>Total debt securities and Government bonds</b>	<b>308,087,000</b>	<b>231,559,327</b>	<b>231,559,327</b>	<b>(54,335,875)</b>	
	<b>TOTAL CURRENT FINANCIAL ASSETS</b>	<b>314,171,598</b>	<b>282,030,679</b>	<b>282,935,824</b>	<b>(81,668,529)</b>	

## Annex 10

STATEMENT OF TEMPORARY DIFFERENCES THAT LED TO DEFERRED TAX ASSETS AND LIABILITIES BEING RECORDED  
[in €K]

	2007						2008					
	Taxable amount	Fiscal effect	Tax rate	InCREASES	Fiscal effect	Taxable amount	DECREASes	Fiscal effect	Amount	Fiscal effect (*)	Amount	Tax rate (*)
<b>ASSETS</b>												
Unrealised capital losses on shareholdings recorded under current assets	4,305	1,391	32.31%	27,333	7,516	1,009	485	-	30,628	8,423	-	27.50%
Surplus amortisations	936	302	32.31%	-	-	-	-	-	936	302	-	32.32%
Unpaid professional fees	-	0	32.31%	965	288	560	177	405	112	112	-	27.50%
Amounts set aside for staff charges	13,228	3,638	27.50%	6,745	1,855	12,055	3,307	7,948	2,186	2,186	-	27.50%
Provision for miscellaneous risks and charges	2,940	809	27.50%	760	209	500	138	3,200	880	880	-	27.50%
Provision for credit write-downs	163	45	27.50%	-	-	60	17	103	28	28	-	27.50%
Other provisions [negligible amounts]	517	160	32.31%	12	11	297	96	231	75	75	-	32.32%
<b>TOTAL</b>	<b>22,089</b>	<b>6,344</b>		<b>35,814</b>	<b>9,880</b>	<b>14,452</b>	<b>4,218</b>	<b>43,451</b>	<b>12,006</b>			
<b>LIABILITIES</b>												
Capital gains on non-current assets distributed over 5 years	10,680	2,937	27.50%	0	0	0	5,478	1,506	5,202	1,431	-	27.50%
- residential dwellings	45,917	14,836	32.31%	0	0	0	25,145	8,122	20,772	6,714	-	32.32%
- buildings used for corporate business	2,165	595	27.50%	-	-	-	2,120	583	45	12	-	27.50%
<b>TOTAL</b>	<b>58,762</b>	<b>18,368</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>32,743</b>	<b>10,211</b>	<b>26,019</b>	<b>8,157</b>		

[\*] 27.5% IRES and 4.82% IRAP [if applicable]

Annex 11

**INFORMATION ON NET INDEBTEDNESS AT SHORT, MEDIUM AND LONG TERM**  
 [in €K]

		31/12/2008	31/12/2007
A	Cash	191	104
B	Other liquid assets, incl.	416,704	800,773
	- to subsidiaries	412,690	
	- to others	4,114	4,30
C	Securities held for trading	287,654	
D	<b>Liquid assets (A) + (B) + (C)</b>	<b>704,549</b>	<b>647,724</b>
E	<b>Current financial receivables</b>	<b>1,442,600</b>	-
F	Current bank payables	-	
G	Current portion of non-current indebtedness	(18,707)	(18,655)
H	Other current financial payables	-	
I	<b>Current financial indebtedness (F) + (G) + (H)</b>	<b>(18,707)</b>	<b>(18,655)</b>
J	<b>Net current financial indebtedness (I) - (E) - (D)</b>	<b>(723,255)</b>	<b>(1,461,255)</b>
K	Non-current bank payables	-	
L	Callable notes	600,000	600,000
M	Other non-current payables	-	
N	<b>Non-current financial indebtedness (K) + (L) + (M)</b>	<b>600,000</b>	<b>600,000</b>
O	<b>Net financial indebtedness (J) + (N)</b>	<b>(123,255)</b>	<b>(861,255)</b>

# Certification of the Annual Accounts



**CERTIFICATION OF THE ANNUAL ACCOUNTS  
IN ACCORDANCE WITH ART. 154-BIS OF LEGISLATIVE DECREE 58/98**

1. 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 Unipol Gruppo Finanziario S.p.A.'s accounts, certify that the administrative and accounting procedures applied in drawing up the annual accounts for 2008:
  - were appropriate for the type of business concerned and
  - were properly applied.
2. Assessment of the suitability of the administrative and accounting procedures for drawing up the consolidated accounts as at 31 December 2008 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 Organizations of the Tradeway Commission), unanimously recognised as the standard for the implementation and assessment of internal auditing systems.
3. We also certify that
  - 3.1. the annual accounts as at 31 December 2008:
    - 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 are a true and accurate representation of the capital and reserves, profits and losses and financial position of the issuer;



3.2. the Board report includes a reliable analysis of performance and the result, and of the issuer's situation together with a description of the main risks and uncertainties to which it is exposed.

Bologna, 19 March 2009

The Chief Executive Officer

*Carlo Salvatori*

The Senior Executive Responsible for  
drawing up the Company accounts

*Maurizio Castellina*

# Statutory Auditors' Report





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

in accordance with Article 153 of Legislative Decree 58 of 24/2/1998

Dear Shareholders,

During the year that ended on 31 December 2008 we carried out our supervisory duties laid down in law, in accordance with the code of conduct for Boards of Auditors recommended by the National Council of Professional and Chartered Accountants.

In particular, in compliance with the guidelines provided by CONSOB in Communication 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. First of all we refer you to the legislation governing drawing up UGF S.P.A's accounts for the year ended 31 December 2008.**

The Board of Statutory Auditors first wishes to summarise the information already provided on the Accounts for the year ended 31 December 2007 relating to the fact that as part of the restructuring of the Unipol Group carried out during 2007 (with effect from 1/9/2007) your Company changed its aims and objectives, turning it 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. Your Company was therefore deleted from ISVAP's Register of Insurance Companies during the financial year ended 31 December 2007 and was added to the list of financial intermediaries referred to in Article 113 of Legislative Decree 385/93 (Banking Consolidation Act). As a result regulations governing drawing up the annual accounts also changed.

Unipol Gruppo Finanziario S.p.A's accounts for 2008 were therefore drawn up in accordance with the provisions of the Italian Civil Code (as had been those for the previous year), since no special regulations applied. 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 accompanied by the Management Report. 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.

As regards the comparability of the results of the Accounts submitted for your approval with those of the Accounts for the year ended 31 December 2007, the Board of Statutory Auditors refers to the information provided by the Directors in the Management Report (and to the detailed information provided by this Board of Statutory Auditors in its Report to the Accounts for 2007) on the fact that Unipol Gruppo Finanziario's Accounts as at 31 December 2008 reflect only the work done by the Unipol Group as a holding and service company. However, the Profit and Loss Account as at 31 December 2007 included the result of the insurance business carried out by the Company and the incorporated company Aurora Assicurazioni during the eight months from 1 January to 31 August 2007, together with the result of core business – the Unipol Group's work as a holding and service company – for the remaining period alone, i.e. from 1 September to 31 December 2007.

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

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

- We ensured that the law and the memorandum of association were observed.
- We received reports from the Directors on the business activity carried out and on the operations carried out by the Company that had a major economic and financial impact and a major impact on capital and reserves and we can reasonably state that the activities decided on and carried out complied with the law and with the by-laws and do not appear to have been imprudent, risky, likely to give rise to a conflict of interest nor to be in conflict with the resolutions passed by the Shareholders' Meeting nor to be such as to compromise the integrity of the Company's capital and reserves. Below we report on the operations mentioned above and on the holding and service company business carried out by your Company.

Acquisitions/subscriptions carried out during the year:

- on 19 May 2008 Unipol Assicurazioni paid €117.7m for 20% of BNL Vita's share capital. On 30 December 2008 €15.3m was paid to the same Company for a future capital increase;
- on 31 May 2008 €10m was paid to the subsidiary Navale Assicurazioni for a future capital increase;
- on 1 July 2008 €20.5m was paid for the entire share capital of Ambra Property Srl, which is registered in Bologna.

Divestments carried out during the year:

- on 28 March 2008 the sale to Banca Monte dei Paschi di Siena S.p.A. of the holding in Quadrifoglio Vita S.p.A. of 15,750,000 shares representing 50% of the share capital was finalised. The €92.5m price of the transaction was based on the valuation issued by PriceWaterHouseCoopers Advisory S.r.l., which both parties had appointed as expert. The sale generated a capital gain of €48.9m and was conducted as part of the contractual agreements with the MPS Group, subject to the purchaser obtaining the required permits.
- on 3 September 2008 the holding in Vivium S.A. of 525,898 shares representing 13.88% of the share capital was sold to Aurora Assicurazioni for its book value of €147.7m.
- 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 by 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 58/98 to be fulfilled, and we have no particular observations to make in that respect.
- By looking at the information obtained from the heads of the various departments, examining company records and 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. By at least one of the members of the Board of Statutory Auditors, normally the Chairman, participating in the meetings of the Internal Auditing Committee (11 during 2008), we were able to examine the work carried out by the Group Internal Auditing Department and by the Compliance and Risk Management Departments 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 2008, on the suitability and effectiveness of the internal auditing system, showed that once they are fully operational the Internal Auditing and Risk

Management Departments, as currently set up under the reorganisation and improvement projects, will be largely adequate for the purposes of the structure of the UGF Group, whilst there are no observations to be made on the effectiveness of the auditing work they carry out.

- The Board of Statutory Auditors shared the work of the Supervisory Body relating to the Management and Organisation Model (MOM) drawn up in accordance with Legislative Decree 231/01, checking on how the update/review was progressing in order to take account both of the completion of the project to reorganise the companies and departments within the UGF S.p.A. Group and of amendments to legislation involving expanding the list of offences included in Legislative Decree 231/2001. In this regard the Board of Statutory Auditors reports that on 19 March 2009 your Board of Directors approved Unipol Gruppo Finanziario S.p.A.'s new Management and Organisation Model and authorised the Chief Executive Officer to ensure that the new Model and the procedures it requires are implemented.
- We confirm that transactions with related parties were carried out during 2008. First we should like to point out that:
  - on 19 May 2008 your Company paid Unipol Assicurazioni €117.7m for 20% of BNL Vita's share capital. On 30 December 2008 €15.3m was paid to the same Company for a future capital increase;
  - on 3 September 2008 the holding in Vivium S.A., 525,898 shares representing 13.88% of the share capital, was sold to Aurora Assicurazioni for its book value of €147.7m.

Still on the subject of information on transactions with related parties, we report that during 2008 Unipol Gruppo Finanziario carried out the following types of core holding and service company business:

- 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 relevant legislation);
- communications.

The Board of Statutory Auditors certifies that the aims of these operations were rationalisation and profitability and they were governed by contracts entered into by the parties concerned. As well as carrying out the operations mentioned above, during 2008 the Company had relations with Group companies pertaining to:

- renting property;
- secondment of staff;
- corporate financing.

These relations did not include any atypical or unusual operations and were governed by normal market terms.

For the three-year period 2007-2008-2009 the Company has opted to join the national consolidated tax scheme (drawn up by Finsoe S.p.A. in its capacity as Holding Company for tax purposes) and has signed an agreement to govern the resultant financial relations.

The Board of Statutory Auditors has ascertained that the aims of all the operations with

related parties mentioned above were rationalisation and profitability and that there were no atypical nor unusual operations that could give rise to doubts about the accuracy and the completeness of the information, conflicts of interest, safeguarding the shareholders' equity and the protection of minority shareholders. The Management Report and the Notes to the Accounts provide detailed and adequate evidence of the amount and type of the assets, liabilities, income and expenditure involved in transactions with related parties during the year.

- The Board of Statutory Auditors reports that it also ascertained that these transactions with related parties did not include any atypical and/or unusual operations with third parties.
  - 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).
  - We held meetings with representatives of the Company of Auditors, in accordance with Article 150, para. 3, of Legislative Decree 58/98, and no figures nor information relating to the Accounts as at 31 December 2008 that need to be mentioned in this report emerged. We refer you to the Report of the Board of Statutory Auditors on the Consolidated Accounts as at 31 December 2008 for the comment made by the Independent Auditors and the observations made by the Board of Statutory Auditors.
  - The Report of the External Auditors KPMG S.p.A. on the Accounts for the year ended 31 December 2008 contained neither comments nor observations.
  - The Company of Auditors was entrusted with the following tasks during the year:
    - the *Fast Close* project for a fee of €312K;
    - checking UGF S.p.A's Single Model 2008 and 770 Model for a total fee of €3.7K.
  - No tasks were entrusted to parties linked to the Companies of Auditors.
  - We checked that, in accordance with the provisions of Legislative Decree 196/03 'Data Protection Act', which came into effect in January 2004, the Document on Security had been updated in accordance with the legal requirements.
  - During 2008 the Board of Statutory Auditors issued the following opinions:
    - in favour (on 22/5/2008) of the proposal to revoke the suspension of Dr Carlo Cimbri from the post of General Manager of the Company and to reinstate him as General Manager with effect from 22 May 2008;
    - in favour (on 26/6/2008), in accordance with Article 2386 of the Civil Code, of the proposal to appoint Professor Pier Luigi Celli to the Board of Directors of Unipol Gruppo Finanziario S.p.A.;
    - in favour (on 26/6/2008) of the proposal to apply the system of variable remuneration for senior executives to the Chief Executive Officer.
  - 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.
  - There were no complaints under Article 2408 of the Italian Civil Code nor were there any complaints from third parties.
  - We checked that the Accounts and the Management Report had been drawn up in accordance with current legislation and in a thorough manner.
- We should like to point out that as a result of the amendments to Article 156 of Legislative Decree 58 of 24 February 1998 (the Finance Consolidation Act) in implementation of Article 2, para. 4, of Legislative Decree 32 of 2 February 2007 (in force with effect from these Accounts for 2008) the task of expressing an opinion on the compatibility of the Management Report with the Accounts rests with the Company of Auditors. The Report on the 2008 Accounts issued by the Company of Auditors does not contain any comments on the above matter.
- Where necessary we approved the valuation criteria applied to intangible assets.
  - We checked that operations in *financial derivatives* carried out during the year were in line with the Investment Policy approved by the Board of Directors on 26 June 2008.

- The Board of Statutory Auditors reports that on 15 March 2008 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 comprehensive and accurate.
- In accordance with the provisions of Article 144-quinquiesdecies of the Regulation implementing Legislative Decree 58 of 24 February 1998 relating to issuers, which was adopted by CONSOB in its ruling 11971 of 14 May 1999 as amended, an appendix to this Report contains a list of the offices held by each of the members of UGF S.p.A.'s Board of Statutory Auditors on 7 April 2009 in companies referred to in Volume V, chapter V, Items V, VI and VII of the Italian Civil Code.
- We should like to point out that as an insurance holding company under Article 1, para. 1aa) of Legislative Decree 209/05 (Insurance Code) your Company is required to draw up its Consolidated Accounts in accordance with international accounting standards. The Board of Statutory Auditors refers you to its Report on UGF's Consolidated Accounts for the year ended 31 December 2008, issued today, which contains its observations on the comment in the Company of Auditors' Report on the Consolidated Accounts.

The Board of Statutory Auditors met 11 times and was represented at 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 Company of Auditors, no omissions, mistakes, irregularities nor any significant facts came to light such as to require the supervisory bodies to be notified nor to require a mention in this report on the Accounts as at 31 December 2008.

In inviting the Meeting to approve the 2008 accounts as submitted by the Board of Directors, the Board of Statutory Auditors expresses its approval of the motion drawn up by the Board of Directors on covering the whole of the operating loss of €2,873,296.00 by drawing on the following compulsory reserves:

- 1) €2,105,774.00 from the provision under Article 2426 8-bis of the Civil Code;
- 2) €326,014.00 from the provision under the Law relating to the Region of Sicily 46 of 12 April 1967;
- 3) €21,956.00 from the merger provision;
- 4) €314,007.00 from the warrant conversion provision;
- 5) €105,545.00 to cover the rest of the loss from the exchange provision, this provision consequently falling to €20,941,459.00.

#### **Further information**

##### **Significant events after the end of the financial year**

1. The Board of Statutory Auditors wishes to bring to your attention the information provided by the Directors in the Management Report that the merger and hive-off under the project to reorganise UGF Group insurance business took place on 28 January 2009. Consequently, with effect from 1 February 2009, Aurora Assicurazioni S.p.A. and Unipol Assicurazioni S.p.A. merged to form a single large insurance company (the third largest in the Italian market) which took the name of 'UGF Assicurazioni S.p.A.' On the same date the insurance business of the holding company Unipol Gruppo Finanziario S.p.A. was hived off to UGF Assicurazioni. Both operations were authorised by ISVAP in its ruling of 29 December 2008. The merger took effect for legal purposes on 1 February 2009 and for accounting and tax purposes as from 1 January 2009. The hive-off took effect for legal, accounting and tax purposes on 1 February 2009.
2. In the Management Report the Directors state that on 12 February 2009 UGF S.p.A.'s Board of Directors approved the transfer to the subsidiary UGF Assicurazioni S.p.A. of the role of issuer of the 'UGF 7% fixed floater rate callable – expiry date 2021' and 'UGF 5.66% fixed floater rate callable – expiry date 2023' subordinated bonded loans with a total nominal value

of €600m issued by UGF S.p.A., by transferring the debt to the bondholders, subject to the required legal permits being obtained and, where required, the authorisation of the Meeting of Bondholders. During 2007, after having received the approval of the Supervisory Authority, UGF Assicurazioni S.p.A. (then Unipol Assicurazioni S.p.A.) and Aurora Assicurazioni S.p.A. (incorporated into UGF Assicurazioni S.p.A. with effect from 1/2/2009) issued to holders of the UGF 7% loan and the UGF 5.66% loan, and in the interests of UGF S.p.A., a guarantee that the sums due from the issuer for repayment of the bonds would be paid. With the introduction of ISVAP Ruling 19 of 14 March 2008, which amended the regulation concerned by restricting the ability of insurance companies to issue guarantees, except when operating normally in Bonds, exclusively in the interest of subsidiaries and not of holding companies, this type of operation is no longer possible. The Directors point out that this decision meant that the role of subordinate debtor and guarantor (for the purpose of the guarantees) would be combined in a single body and consequently the guarantees would not be fulfilled. At the same time, by becoming the issuer of the loans, UGF Assicurazioni S.p.A. would be able to consolidate its equity structure by classifying these loans among the elements making up the solvency margin.

Bologna, 6 April 2009

For the Board of Statutory Auditors

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Roberto Chiusoli, *Chairman*

# Notes to the Report of the Board of Statutory Auditors of Unipol Gruppo Finanziario SpA on the 2008 Annual Accounts

In implementation of the provisions of Article 144-quinquiesdecies of the Regulation implementing Legislative Decree 58 of 24 February 1998 relating to issuers, adopted by CONSOB in its Ruling 11971 of 14 May 1999 as amended, below is a list of the offices held by each of the members of UGF S.p.A.'s Board of Statutory Auditors in the companies referred to in Volume V, Chapter V, Items V, VI and VII of the Italian Civil Code on 6 April 2009 (the date on which the Board of Statutory Auditors issued its Report in accordance with Article 153, para. 1, of Legislative Decree 58/1998).

## **Dr Roberto Chiusoli**

I the undersigned Roberto Chiusoli, in my capacity as Chairman of the Board of Statutory Auditors of Unipol Gruppo Finanziario S.p.A., hereby  
**declare**

that I currently hold, with companies referred to in volume V, chapter V, items V, VI and VII of the Civil Code (public limited companies, partnerships limited by shares and private limited companies), the administrative and supervisory posts listed below:

COMPANY <sup>1</sup>	POST	EXPIRY DATE	TYPE OF COMPANY <sup>1</sup>	WEIGHTING [see Note 1]
<b>Unipol Gruppo Finanziario S.p.A.</b>	Chairman of the Board of Statutory Auditors	April 2010	Issuer	1
<b>Immobiliare Grande Distribuzione S.p.A.</b>	Statutory Auditor	24/04/2009	Issuer	1
<b>UGF Banca S.p.A.</b>	Chairman of the Board of Statutory Auditors	April 2011	Public Interest (2)	0.45
<b>UGF Merchant S.p.A.</b>	Statutory Auditor	21/04/2009	Public Interest (2)	0.45
<b>Banca di Bologna Credito Cooperativo</b>	Statutory Auditor	May 2011	Public Interest	0.75
<b>Holmo S.p.A.</b>	Chairman of the Board of Statutory Auditors	September 2010	Large	0.40
<b>Granarolo S.p.A.</b>	Chairman of the Board of Statutory Auditors	April 2009	Large	0.40
<b>Manutencoop Facility Management S.p.A.</b>	Member Supervisory Board	May 2011	Large	0.40
<b>HPS S.p.A.</b>	Statutory Auditor	May 2011	Medium	0.20
<b>Iniziative Bologna Nord S.r.L.</b>	Chairman of the Board of Statutory Auditors	April 2011	Small	0

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1. Taken from Appendix 5-bis to the 'Issuer Regulation', in application of Article 148-bis, para. 1, of Legislative Decree 58/1998
2. a subsidiary of Unipol Gruppo Finanziario S.p.A

## **Totals Dr Roberto Chiusoli**

Total posts: 10

Total Posts with Issuers: 2

Total accumulated weighting: 5.05

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**Dr Domenico Livio Trombone**

I the undersigned Domenico Livio Trombone, in my capacity as statutory member of the Board of Statutory Auditors of Unipol Gruppo Finanziario S.p.A., hereby  
**declare**

that I currently hold, with companies referred to in volume V, chapter V, items V, VI and VII of the Civil Code (public limited companies, partnerships limited by shares and private limited companies), the administrative and supervisory posts listed below:

COMPANY	POST	EXPIRY DATE	TYPE OF COMPANY <sup>2</sup>	WEIGHTING (see Note 1)
<b>Unipol Gruppo Finanziario S.p.A.</b>	Statutory Auditor	April 2010	Issuer	1
<b>UGF Assicurazioni S.p.A.</b>	Chairman of the Board of Statutory Auditors	April 2012	Public Interest (2)	0.45
<b>Cassa di Risparmio di Cento S.p.A.</b>	Chairman of the Board of Statutory Auditors	April 2010	Issuer	1
<b>Holding Strategie e Sviluppo dei Territori Modenesi S.p.A.</b>	Chairman of the Board of Statutory Auditors	April 2010	Medium	0.40
<b>Tutto per l'Imballo S.p.A.</b>	Statutory Auditor	April 2010	Large	0.40
<b>Rino Greggio Argenterie S.p.A.</b>	Statutory Auditor	April 2010	Medium	0.20
<b>Cooperare Sviluppo S.p.A.</b>	Statutory Auditor	April 2009	Small	0
<b>Acacia 2000 S.r.l.</b>	Statutory Auditor	April 2011	Small	0
<b>CambiaMo S.p.A.</b>	Chairman of the Board of Statutory Auditors	April 2009	Small	0
<b>Hotel Executive S.r.l.</b>	Chairman of the Board of Statutory Auditors	April 2010	Small	0
<b>Cooperativa Immobiliare Modenese Soc. Coop.</b>	Chairman of the Board of Statutory Auditors	April 2011	Small	0
<b>Modena Amore Mio Soc. Cooperativa Consortile</b>	Statutory Auditor	April 2009	Small	0
<b>Torre Guiducci S.r.l.</b>	Sole Dir.	about to stand down	Small	0
<b>Gitani S.r.l.</b>	Member of the Board	about to stand down	Small	0
<b>Gallinari S.r.l.</b>	Member of the Board	about to stand down	Small	0
<b>Vignoladue S.r.l.</b>	Sole Director	about to stand down	Small	0

1. Taken from Appendix 5-bis to the 'Issuer Regulation', in application of Article 148-bis, para. 1, of Legislative Decree 58/1998

2. a subsidiary of Unipol Gruppo Finanziario S.p.A.

**Totals Dr Domenico Livio Trombone**

Total posts: 16

Total Posts with Issuers: 2

Total accumulated weighting: 3.45

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**Dr Giorgio Picone**

I the undersigned Giorgio Picone, in my capacity as statutory member of the Board of Statutory Auditors of Unipol Gruppo Finanziario S.p.A., hereby  
**declare**

that I currently hold, with companies referred to in volume V, chapter V, items V, VI and VII of the Civil Code (public limited companies, partnerships limited by shares and private limited companies), the administrative and supervisory posts listed below:

COMPANY	POST	EXPIRY DATE	TYPE OF COMPANY	WEIGHTING (see Note 1)
<b>Salumi Boschi F.Ili S.p.A.</b>	Auditor	31/12/2008	average	0.40
<b>MINERALBIRRA S.r.l.</b>	Ch. Board of Statutory Auditors	24/04/2009	small	0
<b>Unipol Gruppo Finanziario S.p.A.</b>	Statutory Auditor	31/12/2009	issuer	1
<b>Neverin S.r.l.</b>	Auditor	31/12/2009	average	0.40
<b>Soc. Agr. S. Teresa S.r.l.</b>	Auditor	31/12/2010	small	0
<b>Bolzoni S.p.A.</b>	Ch. Board of Statutory Auditors	31/12/2009	issuer	1
<b>Goccia di Carnia S.p.A.</b>	Auditor	31/12/2009	average	0.40
<b>Opem S.p.A.</b>	Auditor	31/12/2008	average	0.40
<b>S.A.C.I. S.r.l.</b>	Auditor	31/12/2009	small	0
<b>SACIFIN S.r.l.</b>	Ch. Board of Statutory Auditors	31/12/2010	small	0
<b>Italiana Parcheggi S.p.A.</b>	Ch. Board of Statutory Auditors	31/12/2010	small	0
<b>Penta Holding S.r.l.</b>	Statutory Auditor	31/12/2008	average	0.40
<b>Impresa Edile Casino di Marore S.r.l</b>	Ch. Board of Statutory Auditors	31/12/2008	small	0
<b>Milltex S.p.A.</b>	Statutory Auditor	31/12/2009	average	0.40

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**Totals Dr Giorgio Picone**

Total posts: 14

Total Posts with Issuers: 2

Total accumulated weighting: 4.40

\*\*\*\*

Bologna, 6 April 2009

For the Board of Statutory Auditors

Roberto Chiusoli, Chairman



*Colours of the sea* - Alberto Foresti  
UGF Assicurazioni - Bologna

# External Auditors' Report





(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 2008. The company's directors are responsible for drawing up these financial statements in accordance with the Italian regulations governing their preparation. 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.

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Reference should be made to the report dated 7 April 2008 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes as required by law.

- 3 In our opinion, the separate financial statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2008 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 operations of the company as at and for the year ended 31 December 2008.
- 4 The directors of Unipol Gruppo Finanziario S.p.A. are responsible for the preparation of a management report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the management report with the financial statements to which it refers, as required by article 156.4-bis.d of Legislative decree no. 58/98. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian

Accounting Profession and recommended by Consob. In our opinion, the management report is consistent with the separate financial statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2008.

Bologna, 6 April 2009

KPMG S.p.A.

(Signed on the original)

Rodolfo Curti  
Director of Audit

# 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., which can be seen on the latter's website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

**Code of Corporate Governance, Code:** 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 2008.

**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 Articles 89-bis of the Issuer Regulation and Article 1A.2.6. of the Guidelines on the Stock Exchange Regulation, which also contains the information on ownership referred to in Article 123-bis of the TUF.

**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.

## INTRODUCTION

In March 2001 Unipol Gruppo Finanziario S.p.A. incorporated the recommendations contained in the various versions of the Code of Corporate Governance (the latest one being dated March 2006) and began to alter its system of corporate governance and its business procedures.

Therefore in accordance with legislation, regulations and its own rules the Company publishes this annual report on corporate governance, ownership, observance of the Code of Corporate Governance and observance of the resultant commitments.

The Report consists of two parts:

- Section I, containing a summary of facts and figures relating to the Company profile and its ownership;
- Section 2, which contains information on the system of governance and on compliance with the principles set out in the Code of Corporate Governance.

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 on the Company's website ([www.unipolgf.it](http://www.unipolgf.it)).

## Section I

### Company profile and ownership

#### 1. THE COMPANY AND ITS SYSTEM OF CORPORATE GOVERNANCE

The reorganisation of the Group's insurance business was completed during 2008 and the first few months of 2009. This was the natural and logical evolution of the work carried out during 2007 to integrate and rationalise the Group provided for in the 2006-2009 Business Plan. As a result the Group adopted a simpler and more transparent organisational model and UGF became only a holding company, since it deals with strategy, management, coordination and supervision, in other words it manages services across the two types of activity carried out by the Group – banking and insurance.

UGF's adoption of the role of holding company in accordance with more specific operational guidelines and objectives did not involve amending the Company and Group system of corporate governance described in the Code of Corporate Governance adopted in May 2007. This Code describes the composition, the role and the rules of operation of the corporate bodies of the holding company and the companies operating within the Group, as well as the role of the individual bodies within the Group and the rules for appointing them.

It will be remembered that UGF applies the 'traditional system' of management and supervision provided for in company law, 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. INFORMATION ON OWNERSHIP

(in accordance with Article 123-bis of the TUF dated 31 December 2008)

##### 2.1 Structure of share capital

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 and 911,540,314 preference shares. The capital structure is summarised in the following TABLE.

Type and name of shares	No of shares	% of s.c.	Market
Unipol ordinary shares	1,479,885,786	61.88%	MTA
Unipol preference shares	911,540,314	38.12%	MTA

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: 10% of the net profit shown on the Company's annual accounts, up to one fifth of the Share Capital, is allocated to the legal reserve as a priority.

When the allocation referred to above has been made, the Shareholders' Meeting will allocate the rest of the net profits as follows:

- one quota to the extraordinary reserve or to other special funds;
- 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.

When the allocations referred to above have been made, the remaining part of the net profit, allocated to dividends, will be divided pro rata between the two categories of share.

For both categories of share the dividends may not be carried forward from one financial 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. The aforesaid being understood, should either stock consolidation or stock split occur (as well as in case of operations involving capital different from the above mentioned capital increase free of charge, where necessary in order not to change the Shareholders' rights i.r.o. the event in which shares had nominal value) the fixed amounts per share, as mentioned in the preceding paragraphs, will be modified accordingly.

The Shareholders' Meeting may also vote to make extraordinary allocations of net profits by issuing shares to be allocated individually to the Company's employees in accordance with Article 2349 of the Civil Code.

The total number of UGF shareholders as shown in the register of members was 165,985, of whom 87,574 were ordinary shareholders and 78,411 preference shareholders.

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## 2.2 Restrictions on the transfer of securities representing share capita

Under UGF's current By-Laws there are no restrictions on the transfer of securities representing share capital.

In accordance with the Regulation governing the scheme to award free shares to UGF employees (the '**Regulation governing the Share Scheme**'), adopted by resolution of the Shareholders' Meetings held on 24 April 2007 and 24 April 2008, 623,546 Unipol ordinary shares were allocated to employees (356,107 on 1/6/2007 and 267,439 on 1/6/2008). These shares may not be sold for three years from the date of allocation.

## 2.3 Major shareholdings

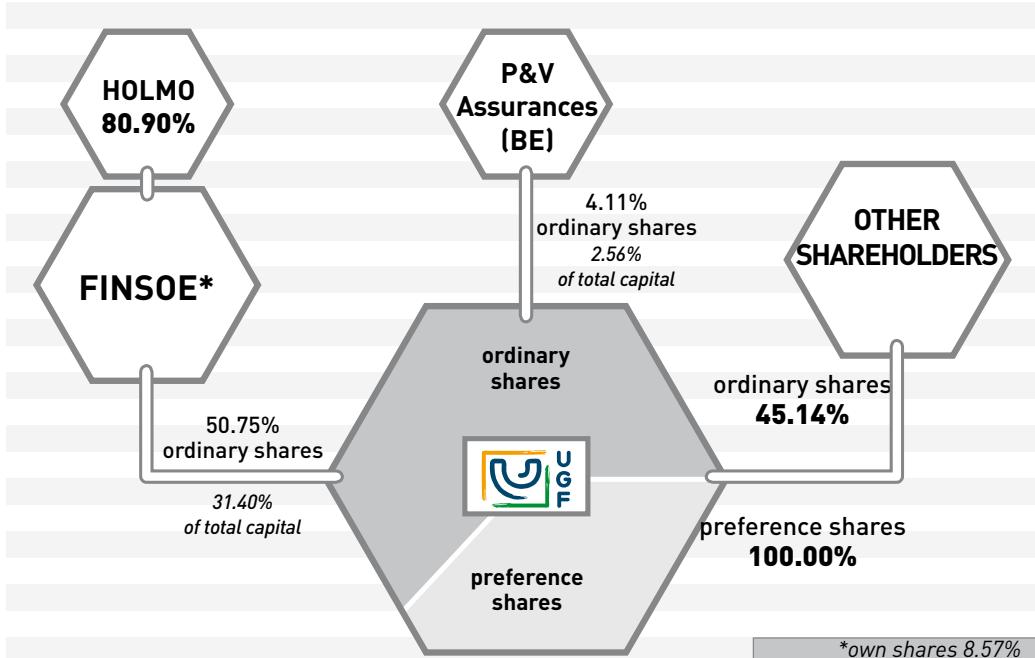
Under Article 2359 para. 1, 1) of the Civil Code the Company is controlled by Finsoe S.p.A. – Finanziaria dell'Economia Sociale S.p.A. ('**Finsoe**'), which in turn is controlled by Holmo S.p.A. ('**Holmo**').

These companies do not carry out any of UGF's administrative and coordination work in accordance with Articles 2497 et seq. of the Civil Code.

According to communications provided for in Article 120 of the TUF, in addition to Finsoe the following shareholders owned more than 2% of UGF's share capital as at 28 February 2009:

Declarant	Direct shareholder	% of ordinary capital	% of capital with voting rights
Holmo S.p.A.	Finsoe S.p.A.	50.75%	31.40%
P & V Assurances	P & V Assurances	4.11%	2.56%

The share capital was allocated as follows:



#### 2.4 Securities that confer special rights

No securities that confer special rights of control were issued.

#### 2.5 Employees' shareholdings: system for exercising voting rights

The Regulation governing the Share Scheme does not provide for mechanisms for parties other than the employees to whom the shares are allocated to exercise the voting rights.

#### 2.6 Restrictions on voting rights

There are no restrictions on voting rights.

#### 2.7 Agreements between shareholders

There is no shareholders' agreement among UGF's shareholders, under Article 122 of the TUF. With regard to shareholders' agreements relating to shares in the holding company, it should be pointed out that:

- on 8 February 2006 Holmo and BNP Paribas S.A. entered into a private agreement, which was supplemented and amended on 27 September 2006, 28 February 2007, 30 June 2008 and 1 September 2008, relating to 1,833,270,500 Finsoe ordinary shares, representing 85.41% of its share capital. The terms of this private agreement relate direct to Finsoe and indirectly to UGF and will remain in force until 27 September 2009.

#### 2.8 Clauses relating to change of control

UGF and its subsidiaries have not, as part of their normal activity, entered into any agreements containing clauses that authorise the parties to amend or terminate the agreements in the event of a change of control of the company that is party to the contract.

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

The Company has not entered into any agreements with its Directors providing for compensation in the event of resignation, dismissal or termination of contract without just cause, or termination of contract as a result of a takeover bid.

## 2.10 Appointment and replacement of directors

The provisions of the Company's current By-Laws relating to appointing and replacing Directors are described in Paragraphs 1.2 and 1.3 of Section II below.

## 2.11 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 2008 authorised the Board of Directors to purchase and/or sell own shares, in accordance with Articles 2357 and 2357-ter of the Italian Civil Code and depending on the level of the Fund for the purchase of own shares, for a period of 18 (eighteen) months from the date of the meeting.

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 Issuer Regulations.

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

In this regard it must be pointed out that on the date this report was drawn up: (i) the Company held 83,693 own shares, including 36,132 held via the subsidiary UGF Assicurazioni S.p.A., whilst it held no shares in the holding company Finsoe S.p.A.; (ii) €51,794.00 of the Fund for the purchase of own shares had been used.

## Section II

# Information on implementing the provisions of the Corporate Governance Code

## 1. BOARD OF DIRECTORS

Number of meetings in 2008: 11

Number of meetings in 2009 (scheduled): 8 (including 2 already held)

### 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, should a Shareholder withdraw;
- (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 CEO, is appropriate, with particular reference to the internal auditing system and 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 the appropriate and necessary working groups and committees, consisting of some of its members and having the task of making suggestions and providing advice, in order to ensure that the Company and the UGF Group operate properly and grow and to establish their duties;
- e) delegates powers to the CEO and revokes them and lays down the limits and procedures for exercising them; 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 CEO and the other directors who fulfil specific roles and decides how the total amount of remuneration allocated to the Board will be shared out among its individual members, provided the Shareholders' Meeting has not already voted on this matter;
- 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 the 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 professionals whose presence on the Board is deemed appropriate;
- l) uses the report on corporate governance to provide information on the procedures for applying the Code of Corporate Governance 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 evaluation (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 publishes 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.

## 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 fulfil the professional requirements and the requirements relating to trustworthiness and independence provided for in the relevant legislation and regulations.

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

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 autonomously and with full knowledge of the facts, 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 Company's Board of Directors currently in office<sup>1</sup>, made up of 25 members, for a period of three years, that is until the Shareholders' meeting called to approve the Accounts for 2009.

The Shareholders' Meeting waived the requirement for the Directors appointed to be bound by the ban on competition referred to in Article 2390 of the Italian Civil Code. None of the Directors has informed the Board of Directors of any changes in their business activities in terms of any posts held in competing companies since they were appointed.

Pier Luigi Celli's term of office will expire at the next Shareholders' Meeting, due to be held on 22 –

<sup>1</sup> The Board of Directors currently in office was not appointed under the system of list voting, which was added to the By-Laws at the Shareholders' Meeting held on 24 April 2007 and therefore was not applicable on that date.

23 April 2009, in accordance with Article 2386, para. 1, of the Italian Civil Code. He was appointed by the Board of Directors on 26 June 2008 to replace Fabio Borghi. Therefore in accordance with the wishes of the Appointments Committee the Board of Directors will invite the Shareholders' Meeting to reappoint Professor Pier Luigi Celli, an exponent of Italian business ethos and Chief Executive Officer and General Manager of Guido Carli University, in view of his experience and professional expertise. According to the documents he has submitted the candidate complies with the requirements of independence, professionalism and trustworthiness laid down in the relevant legislation and in the Code of Corporate Governance for Listed Companies.

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 Legal, Corporate and Compliance Director.

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The structure, composition and additional information relating to the Board of Directors required by the Code of Corporate Governance are shown in the appended TABLES 1 and 2.

### **1.3 Appointment and replacement of Directors**

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 others 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 will be 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 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 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 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.

The Board of Directors carried out the periodic assessment of the requirement for non-executive Directors to be independent during the Board meeting held on 19 March 2009, the date the Report itself was approved, and the outcome is shown in TABLE 1.

During the same meeting the Board ascertained that all the Directors fulfilled the requirements of independence referred to in Article 148 of the TUF and laid down in Article 147-ter, para. 4, of the TUF. 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.

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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 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.

In accordance with normal market procedures and with the provisions of the Code of Corporate Governance relating to the remuneration of the top posts in the company that must be partly linked to profits, and in view of the guidelines issued by the Supervisory Authority (cf. Banca d'Italia – Supervisory provisions relating to the organisation and corporate governance of banks dated 4/3/2008) on the need for remuneration policies to be in line with both prudent risk management and long-term strategies, and in order to strike a balance between the fixed and variable elements of remuneration (to be implemented, particularly in the case of the variable elements, by ensuring that remuneration is linked to actual and lasting results), on 26 June 2008 the Board of Directors voted to pay the Chief Executive Officer a variable short- and long-term element with effect from 1 January 2007 based on the system of variable remuneration laid down for the Group's senior executives.

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.

### 1.6 Annual self-assessment

The work of annual self assessment on the size, composition and operation of the Board of Directors and the Advisory Committees was carried out with the help of a leading consultant and was split into: *(i)* individual discussion with each Director based on a self-assessment questionnaire; *(ii)* analysis of the information and comments that emerged and *(iii)* discussion during the Board meeting held in June 2008 of a report on the main results.

The self-assessment process revealed, *inter alia*:

- (i) satisfaction with the composition of the Board of Directors and the Committees and the way in which they operate and general appreciation of the role played by the Chairman in providing continuity of relations between the Board, the Chief Executive Officer and the Senior Executives and in promoting fruitful collaboration;
- (ii) effective management, both procedurally and in substance, of potential or actual conflict of interests;
- (iii) an adequate mix of managerial experience and operational skills within the Board and the Committees;
- (iv) a request to the Appointments Committee and to the Board itself to recommend to shareholders that at the time of the next elections to the Board they consider a reduction in the number of Directors in order that each one of them may make a greater contribution to the work of the Board;
- (v) amongst the areas for improvement, the need to focus more on strategy, market analysis, competition and risk and the need for non-executive Directors to increase their knowledge of specific aspects of banking and insurance business.

### 1.7 Criteria for total number of posts that may be held in other companies

At its meeting held on 19 March 2009 the Board of Directors authorised the Appointments Committee to draw up a proposal to be put to the Board, taking account of the principles expressed in the Code of Corporate Governance, to enable it to declare its position regarding the maximum number of directorships or auditorships deemed compatible with the office of Director of the Company.

## 2. THE CHAIRMAN

The Company's Chairman is elected 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 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 Board of Directors 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 and 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 such a way as to produce consistent results, compete in the market place and safeguard resources and equity.

The Chairman is also charged with monitoring the suitability of the administrative and accounting system of the Company and its subsidiaries, with the help of the Group Internal Auditing Committee.

The Chairman may have access to all the information within the Company, informing the CEO of information acquired from other sources, in order to enable the Company to be properly run.

In agreement with the CEO, the Chairman is also charged with:

- scheduling the work of the Board of Directors and drawing up the agenda for meetings;
- 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 the remuneration of the parties referred to in the previous point, in accordance with the criteria identified by the Board of Directors based on proposals 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 among 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 CEO 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

The Company's sole 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 Parent 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 CEO) 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 potential candidates for the posts of Director and Auditor, and of Chairman, Vice Chairman and General Manager (and/or CEO) 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 with the approval by the Company;
- j) having overall responsibility for the process of appointing 'key Group personnel' 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 Group's Top Management and for linking a predetermined 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.

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### 5.1 The Management Committee

The Management Committee is made up of the Chairman of the Board of Directors, the Vice Chairman, the CEO 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 and/or the composition of the Company's capital and reserves or on the price of shares, such as acquisitions or divestments of major 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.

The Committee met eight times during the year.

During these meetings the Management Committee has provided advice and assistance in accordance with the Code of Corporate Governance.

The composition of the Management Committee is shown in TABLE 3.

### 5.2 The Appointments Committee

The Appointments Committee ensures that the directors are suitably independent of management and plays an advisory role in identifying the optimum composition of the Board of Directors. The Appointments

Committee is thus charged with the following:

- a) 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;
- b) advising the Board of Directors on the size and composition of the Board and possibly on professionals whose presence on the Board is deemed 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 CEO. 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.

The Appointments Committee met five times 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.

The composition of the Appointments Committee is shown in TABLE 4.

### **5.3 The Remuneration Committee**

The Remuneration Committee carries out investigations, makes suggestions and provides advice. It is required to advise on the following matters:

- making suggestions to the Board of Directors on the remuneration of the CEO 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;
- advising on the proposals for the remuneration of the Chairmen, Vice Chairmen and General Managers (and/or CEOs) of the 'major companies' drawn up by the Chairman in agreement with the CEO;
- formulating proposals, in agreement with the Company's CEO, for linking some of the remuneration of the General Managers (and/or CEOs) of these companies to the achievement of objectives laid down in advance by their 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 CEO, 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 met twice during 2008.

One of the things the Remuneration Committee did during these meetings was to examine proposals for the remuneration of the members of the governing bodies of several major Group companies.

The composition of the Remuneration Committee is shown in TABLE 5.

#### 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.

The main tasks carried out by the Internal Auditing Committee in order that it can carry out these duties are:

- a) helping the Board of Directors to:
  - draw up the guidelines for the internal auditing system in such a way that the principal risks affecting the Company and the subsidiaries can be correctly identified and properly calculated, managed and monitored, and also to lay down criteria that ensure that these risks are compatible with operating the company properly and profitably;
  - identify an executive Director responsible for overseeing the working of the internal auditing system (hereinafter abbreviated to the '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;
- b) advising on the proposal for appointing and replacing the head of internal auditing put to the Board of Directors by the executive Director responsible;
- c) together with the Senior Executive responsible for drawing up the Company's accounts and the auditors, assessing whether the accounting principles are being applied correctly and whether they are sufficiently standardised for the purpose of drawing up the Company's unconsolidated accounts and the Group consolidated accounts;
- d) examining the processes whereby the Companies in the Group prepare the periodic accounts so that the consolidated and unconsolidated accounts can be drawn up;
- e) 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;
- f) examining the work schedule and the regular reports drawn up by the Head of Internal Auditing;
- g) evaluating the proposals drawn up by the company of 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 between the companies of auditors used by the Company and the Companies in the Group, bearing in mind 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 activity 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 11 times during 2008.

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.

The composition of the Remuneration Committee is shown in TABLE 6.

### 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 of 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 reviewed from time to time 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.

The Committee for Social Responsibility met five times during 2008. One of the things the Committee for Social Responsibility did during these meetings was to analyse the procedures for preparing and drawing up the Social Report, and it discussed and took part in the project to draw up UGF's Charter of Values, which formed the basis for reviewing the Company's and the UGF Group's Code of Ethics (cf. paragraph 6.2 below).

The composition of the Committee for Social Responsibility is shown in TABLE 7.

## 6. THE INTERNAL AUDITING SYSTEM

In accordance with the Code of Corporate Governance, on 11 December 2008 the Board of Directors voted to adopt the Guidelines on the internal auditing system, which are the set of rules, procedures and organisational structures that ensure that business procedures are effective and efficient, that the value of shareholders' equity is safeguarded, that funds held on behalf of customers are properly managed, that accounting and management information is reliable and complete and that operations comply with the law, supervisory regulations, the principles of self-regulation and the company's internal rules.

In particular the Guidelines describe the purposes, principles, structure, roles and responsibilities of the governance control functions (Audit, Risk Management and Compliance). The roles and responsibilities of the main players in the UGF Group Internal Auditing System are summarised below:

**Board of Directors:** as laid down in ISVAP, CONSOB and Banca d'Italia regulations and in the Code of Corporate Governance, the Board of Directors bears the ultimate responsibility for the

Internal Auditing System and must ensure that it is comprehensive, operational and efficient at all times. In this regard the Board approves, *inter alia*, the organisational structure and the allocation of duties and responsibilities to the operational units, ensuring that functions are kept appropriately distinct. With the assistance of the Internal Auditing Committee it also draws up the guidelines for the Internal Auditing System and once a year assesses whether it is appropriate and operates efficiently and effectively.

**The Top Management (Chief Executive Officer, General Manager and Senior Executives):** is responsible for implementing, maintaining and monitoring the Internal Auditing System. In particular it determines the details of the company's organisational structure in compliance with guidelines issued by the Board of Directors and ensures that the functions of both individuals and departments are kept appropriately distinct. It also implements the underwriting, valuation and risk management policies drawn up by the executive body and ensures that the limits the latter lays down are observed.

**The Executive Director responsible for the internal auditing system:** as laid down by the Code of Corporate Governance the Executive Director, in other words the Chief Executive Officer, has the task of ensuring that the Internal Auditing System as a whole is operational and suitable.

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.

**Governance control functions (Audit, Risk Management and Compliance):** In line with the primary objective of ensuring uniformity and compatibility at Group level in adopting policies, processes and control and risk management procedures, as part of the process of reorganising the Group, which was completed in February 2009 (cf. Paragraph 1 of Section I) the governance control functions of all the companies in the Group were centralised within the Parent Company UGF. UGF Banca S.p.A. and the companies in the UGF Banca Group have been excluded from this centralisation process, at least at the initial stage: specific units dealing with governance control have in fact been set up within UGF Banca though they come under the corresponding departments in the Parent Company UGF.

The main outlines of the Audit, Risk Management and Compliance departments are summarised below:

**Audit:** is responsible for assessing whether the Internal Auditing System is comprehensive and suitable for the type of business carried out and the level of risks underwritten and whether it needs to be adapted to provide help and advice to the Company's other departments. The head of department is appointed by the executive body and his duties are clearly laid down and approved by resolution of the Board of Directors, which also specifies what he is authorised to do. The Audit department is totally independent of the operational departments and reports direct to the Company Chairman.

**Risk Management:** is responsible for laying down and implementing the Risk Management System and for allocating capital, deals with its own risks and checks and ensures that the company departments concerned with risk management collaborate, in accordance with the regulation imposed by the Supervisory Bodies. The Risk Management department is totally independent of the operational departments.

**Compliance:** is responsible for ensuring that the Compliance System is adequate by assessing internal procedures, processes and organisation in order to avoid the risk of non-compliance, which is defined as the risk of incurring penalties, loss of equity or damage to reputation or image by infringing external regulations (laws, regulations and Supervisory Authority rulings) and internal rules (e.g. By-Laws, codes of conduct and codes of corporate governance).

## 6.1 The Head of internal auditing

Ensuring that the internal auditing system is appropriate, operational and functional is the responsibility 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, 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.

## 6.2 The System of Core Values: the Charter of Values and the Code of Ethics

The Board of Directors approved the UGF Group's Charter of Values ('**Charter of Values**') on 11 December 2008 and it was subsequently adopted by all the operating companies.

The Charter of Values is the result of a process which was launched in January 2008 and involved the employees of the various Group companies and the Unipol Assicurazioni, Aurora Assicurazioni and Navale Assicurazioni agencies. It identifies the five principles listed below to which the Group undertakes to adhere in its day-to-day dealings with its stakeholders (shareholders and investors, employees, agents and consultants, customers, suppliers, the Community in general and future generations):

1. *accessibility*: fosters mutual willingness to enter into a dialogue, which in turn generates more organisational efficacy.
2. *looking ahead*: making it easier to interpret market signals correctly and thus anticipate trends. This provides continuity of results and increased profits with a view to achieving sustainability in the broadest sense, i.e. taking environmental, financial and social requirements into consideration in order to enable the business to flourish in the long term.
3. *respect*: paying heed to everyone's requirements leads to high-quality service and mutual respect.
4. *solidarity*: solidarity to make it easier to work together and to have faith in the rule of law, thus leading to operational efficiency.
5. *responsibility*: is the driving force behind professional reliability: it ensures that we take responsibility for what we do within the deadlines and in the ways laid down in the rules governing the sector, the market and our company ethos.

Since the Charter of Values was adopted UGF's Board of Directors has approved a new Code of Ethics for the Group, which will form an integral part of the Internal Auditing System and be an expression of the Group's ethical principles.

The Code of Ethics, which will be adopted by all the Companies in the UGF Group, is based on the following key elements:

1. it is based on principles, in other words it covers principles and does not describe types of behaviour;
2. it has inherited both the structure and the contents of the Charter of Values;
3. it is expected that the Committee for Social Responsibility will take on the function of Ethics Committee;
4. the Code of Ethics must be observed by all those operating within the Group;
5. it is based on education and training;
6. it provides for the appointment of a Head of Ethics as the person who will be proactive in providing opinions and/or advice on the correct application of the Code of Ethics and who will receive and filter any notification of infringements;
7. it applies 'restorative justice' to identify types of behaviour best able to reinstate the status quo pertaining before the infringements occurred.

### 6.3 The Organisational and Management Model

The completion of the project to reorganise the companies and departments within the Group, mentioned in Paragraph 1 of Section I above, involved reviewing the Company's Organisational and Management Model (the 'Model' or the 'OMM') in order to ensure that the provisions it contains are in line with the Company's new role and will safeguard the principles and values of the Model itself. The review involved reassessing Group risks and checks and identifying the large number of procedures in question and covered the new offences included in Legislative Decree 231/2001. The Supervisory Body was kept informed of how the work of updating the OMM was progressing and at its meeting held on 18 March it also examined the text of the new Model, which was adopted by the Board of Directors on 19 March 2009.

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### 6.4 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.

### 6.5 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 ('Senior Executive').

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 with 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 lecturing in law, economics, finance and the technical-scientific field closely connected with 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 TUF, that is those required of members of the Board of Statutory Auditors.

The meeting of the Board of Directors held on 26 July 2007 appointed Mr. Maurizio Castellina, the current Administration, Procurement and Property Manager, as Senior Executive, granting him all the powers and responsibility required to carry out the role entrusted to him.

## 7. OPERATIONS WITH RELATED PARTIES AND DIRECTORS' INTERESTS

In accordance with the guidelines on operations with related parties adopted by the Company (the '**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. 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.

Internal rules governing operations within the Group and with related parties were supplemented by the Guidelines on operations within the Group, which were approved by UGF's Board of Directors in February 2009 and subsequently adopted by the Group's insurance companies, in accordance with ISVAP Ruling 25 of 27 May 2008.

## 8. INTERNAL DEALING

The Company has adopted a procedure for providing information on operations in own shares or other financial instruments linked to them (the '**Procedure relating to Internal Dealing**' or the '**Procedure**').

The set of rules provided for by the Procedures 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 the 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 7 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.

On 12 February 2009 UGF's Board of Directors extended the application of the Procedure to the Relevant Persons of the subsidiary UGF Assicurazioni S.p.A. since, on completion of the reorganisation of the Group's insurance business mentioned above, and in particular of the merger by incorporation of Aurora Assicurazioni S.p.A. into Unipol Assicurazioni S.p.A.(now known as UGF Assicurazioni S.p.A.), the latter is now essentially the Principal Subsidiary according to the provisions of the Issuer Regulation.

During 2008 the market was informed of 11 operations (8 with the holding company Finsoe, 2 with UGF Directors and 1 with a Senior Executive of UGF).

The Procedure is in the Corporate Governance section of the Company's website ([www.unipolgf.it](http://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 Board 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 completion of the Group reorganisation necessitated reassessing which departments and/or individuals were to be authorised to generate or have access to confidential information and identifying which departments and/or individuals would be responsible for 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:

- 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 12 February 2009 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.

The Company's By-Laws do not provide for limits on the total number of posts that may be held in addition to those provided for in Article 144-terdecies of the Issuer Regulation.

The Board of Statutory Auditors met 11 times in 2008, with full attendance at each meeting.

The attendance of the Auditors at the meetings of the Company's Board of Directors held during 2008 was 100%, since on no occasion was any member of the Board of Statutory Auditors absent.

The composition of the Board of Statutory Auditors is shown in TABLE 8.

## 11. THE SHAREHOLDERS' MEETING

### 11.1 Ordinary and Extraordinary Shareholders' Meeting

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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, if permitted by the 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 of its members, 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 and provided that the items to be dealt with are indicated in the request. Convocation by request is not permitted on items 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 Shareholders' Meeting is properly constituted, to verify the identity and 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 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)

The Special Meeting of Preference Shareholders held on 24 April 2008 appointed Professor Massimo Franzoni to represent all the preference shareholders (hereinafter referred to as the 'Representative').

The Representative remains in office for three years (2008, 2009, 2010). 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.

## **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', found under *staff* at Head Office (Telephone: +39 051 5077933 – Fax: +39 051 5076601 – e-mail: [investor.relations@unipolgf.it](mailto:investor.relations@unipolgf.it)).

Bologna, 19 March 2009

Unipol Gruppo Finanziario S.p.A.

## Annexes

TABLE 1 |

STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS

Name	Post	In office since	Exec.	Non-exec.	Indep. <sup>1</sup>	Indep. TUF <sup>2</sup>	% BoD <sup>3</sup>	Other posts <sup>4</sup>
Stefanini Pierluigi	Chairman	24/04/2007	x		x	100%	9	
Galanti Vanes	Vice Chairman	24/04/2007	x		x	91%	7	
Salvatori Carlo	Chief Executive Officer	24/04/2007	x		x	100%	5	
Antoni J. Dominique	Board Member	24/04/2007	x	x	x	73%	6	
Betti Sergio	Board Member	24/04/2007	x	x	x	100%	-	
Carannante Rocco	Board Member	24/04/2007	x	x	x	100%	-	
Celli Pier Luigi	Board Member	26/06/2008	x	x	x	100%	2	
Coffari Gilberto	Board Member	24/04/2007	x	[*]	x	91%	6	
Collina Piero	Board Member	24/04/2007	x		x	64%	5	
Cordazzo Bruno	Board Member	24/04/2007	x		x	91%	3	
Costalli Sergio	Board Member	24/04/2007	x		x	73%	7	
Forest Jacques	Board Member	24/04/2007	x		x	64%	16	
Gillone Fabrizio	Board Member	24/04/2007	x		x	100%	5	
Levorato Claudio	Board Member	24/04/2007	x		x	55%	9	
Malavasi Ivan	Board Member	24/04/2007	x	x	x	73%	-	
Masotti Massimo	Board Member	24/04/2007	x	x	x	100%	4	
Migliavacca Enrico	Board Member	24/04/2007	x		x	100%	3	
Morara Pier Luigi	Board Member	24/04/2007	x	x	x	91%	1	
Nasi Sergio	Board Member	24/04/2007	x		x	45%	2	
Pedroni Marco	Board Member	24/04/2007	x		x	64%	9	
Politi Giuseppe	Board Member	24/04/2007	x	x	x	82%	1	
Vella Francesco	Board Member	24/04/2007	x	x	x	91%	3	
Venturi Marco	Board Member	24/04/2007	x		x	82%	1	
Zaccherini Luca	Board Member	24/04/2007	x	x	x	82%	1	
Zucchelli Mario	Board Member	24/04/2007	x		x	91%	7	

Directors who left office during the year:

Name	Post	In office since	Exec.	Non-exec.	Indep. <sup>1</sup>	Indep. TUF <sup>2</sup>	% BoD <sup>3</sup>	Other posts <sup>4</sup>
Borghi Fabio	Board Member	07/05/2008	x				33%	-

(\*) As a result of the appointment of Gilberto Coffari as Director of the indirect holding company Holmo S.p.A. on 3 October 2008, the requirement for him to be independent no longer applies.

1. Indicates if the Director was deemed by the Board of Directors (subsequently, at the meeting held on 19/3/2009) to be independent in accordance with the criteria laid down by the Code of Corporate Governance and supplemented as indicated in paragraph 1.4.
2. Indicates if the Director meets the requirements of independence laid down in Article 148, para. 3, of the TUF.
3. Indicates the Director's attendance at Board meetings (as a percentage of Board meetings held during the year or after the post was taken up).
4. 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. A list of these companies for each Director is shown in TABLE 2.

TABLE 2 |

## LIST OF MAJOR POSTS HELD BY DIRECTORS

In accordance with the provisions of the Code of Corporate Governance posts held by Directors in companies listed on regulated markets (including foreign markets), in finance, banking or insurance companies or in large companies are recorded.  
 (The symbol [\*] indicates companies belonging to the UGF Group).

Name	Post held in UGF	Posts held in other companies
Pierluigi Stefanini	Chairman	Chairman UGF Assicurazioni S.p.A. Board Member Finsoc S.p.A. Board Member UGF Banca S.p.A. Board Member Aeroporto Marconi di Bologna S.p.A. Board Member Holmo S.p.A. Board Member Fondazione Cassa di Risparmio di Bologna S.p.A. Board Member Banca Monte dei Paschi di Siena S.p.A. Board Member Banca Nazionale del Lavoro S.p.A. Member of the Supervisory Board of Manutencooperativa Facility Management S.p.A. Vice Chairman Cesi Immobiliare S.r.l. Board Member Holmo S.p.A. Board Member Finsoc S.p.A.
Vanes Galanti	Vice Chairman	Vice Chairman UGF Assicurazioni S.p.A. Chief Executive Officer Venezia Tronchetto Real Estate S.p.A. Board Member Cascina Merlata S.p.A. Board Member Polincentro Sviluppo S.p.A. Board Member UGF Banca S.p.A. Board Member UGF Assicurazioni S.p.A. Board Member API Anonima Petroli Italiana S.p.A. Board Member Chiesi Farmaceutici S.p.A. Board Member Sea Change International Chairman of the Supervisory Board Altima Assurance S.a. Chairman and Chief Executive Assurima S.a.
J. Dominique Antoni	Board Member	Chairman Direttorio Inter Mutuelles Assistance S.a. Chief Executive IMA GIE Chairman and Chief Executive Officer IMA Italia S.p.A. Chairman of the Board of Directors IMA Assurance S.a.
Sergio Betti	Board Member	--
Rocco Carannante	Board Member	--
Pier Luigi Celli	Board Member	Board Member Illy Caffè S.p.A. Board Member BAT S.p.A.
Gilberto Coffari	Board Member	Chairman Coop Adriatica Società Cooperativa a Responsabilità Limitata Chairman Immobiliare Grande Distribuzione S.p.A. Vice Chairman UGF Banca S.p.A. Board Member UGF Merchant S.p.A. Board Member Holmo S.p.A. Member of the Supervisory Board of Coop Italia Società Cooperativa
Piero Collina	Board Member	Chairman CCC Società Cooperativa Chief Executive Officer and Vice Chairman Holmo S.p.A. Chief Executive Officer and Vice Chairman Finsoc S.p.A. Board Member UGF Banca S.p.A. Board Member Hera S.p.A.
Bruno Cordazzo	Board Member	Board Member Coop Liguria Società Cooperativa di Consumo Board Member Holmo S.p.A. Board Member UGF Assicurazioni S.p.A. Chairman Vignale Comunicazioni S.r.l. Vice Chairman Immobiliare Grande Distribuzione S.p.A.
Sergio Costalli	Board Member	Chairman Unicoop Tirreno Società Cooperativa Board Member UGF Assicurazioni S.p.A. Board Member Holmo S.p.A. Board Member UGF Merchant S.p.A. Board Member Finsoc S.p.A.

Name	Post held in UGF	Posts held in other companies
		Chairman of the Management Committee P&V Assurances Scrl (Belgium)
		Chairman of the Management Committee P&V Caisse Commune
		Chairman and Chief Executive Officer PVH S.A. (Belgium)
		Chairman of the Management Committee Vivium S.A. (Belgium)
		Chairman of the Management Committee Actel S.A. (Belgium)
		Chairman of the Board of Regency Banque Nationale de Belgique (Belgium)
		Chairman Euresa Life S.a.s. (Luxembourg)
Jacques Forest	Board Member	Chairman PNP (Belgium) Chairman Group Multipharma (Belgium) Chairman Piette and Partners S.A. (Belgium) Chief Executive Officer PSH S.C. (Belgium) Board Member Finsoe S.p.A.
		Board Member Syneterystiki Insurance Company (Greece) Board Member Euresa Holding S.A. (Luxembourg) Board Member Compagnie Belge d'Assurance Aviation (Belgium) Board Member S.R.I.B. (Belgium)
		Board Member Nova Coop Società Cooperativa Board Member Finsoe S.p.A.
Fabrizio Gillone	Board Member	Board Member UGF Banca S.p.A. Board Member Holmo S.p.A. Board Member UGF Assicurazioni S.p.A.
		Chairman Manutencooper Società Cooperativa Chief Executive Officer Manutencooper Facility Management S.p.A. Board Member M.P. Facility S.p.A. Board Member UGF Banca S.p.A.
Claudio Levorato	Board Member	Board Member Finsoe S.p.A. Board Member Holmo S.p.A. Board Member Centostazioni S.p.A. Board Member Archimede 1 S.p.A. Board Member Altair IFM S.p.A.
Ivan Malavasi	Board Member	-- Chief Executive Officer Finanziaria Bolognese - FI.BO S.p.A.
Massimo Masotti	Board Member	Board Member Cooperare Sviluppo S.p.A. Board Member Pegaso Finanziaria S.p.A. Statutory Auditor Cefla Capital Services S.p.A.
Enrico Migliavacca	Board Member	Chairman of the Pension Fund for Senior Executives of Consumer Cooperatives Chairman of the Welfare Fund for Senior Executives of Consumer Cooperatives Board Member and Member Milan Chamber of Commerce
Pier Luigi Morara	Board Member	Board Member Massarenti S.p.A.
Sergio Nasi	Board Member	Board Member Finsoe S.p.A. Board Member Cooperare Sviluppo S.p.A.
		Chairman Coop Consumatori Nordest Soc. Coop.va Chairman Comunicare S.p.A. Vice Chairman Omega S.r.l.
Marco Pedroni	Board Member	Member of the Supervisory Board Coop Italia Società Cooperativa Board Member UGF Banca S.p.A. Board Member Holmo S.p.A. Board Member Centrale Adriatica Società Cooperativa Board Member Soped S.p.A. Board Member Immobiliare Nordest S.p.A.
Giuseppe Politi	Board Member	Board Member UGF Banca S.p.A. Board Member Unicredit Banca S.p.A.
Francesco Vella	Board Member	Board Member ATC S.p.A. Board Member Fiere Internazionali di Bologna S.p.A.
Marco Venturi	Board Member	Board Member UGF Banca S.p.A.
Luca Zaccherini	Board Member	Board Member Cefla Capital Service S.p.A.
		Chairman Coop Estense Società Cooperativa Chairman and Chief Executive Officer Holmo S.p.A. Chairman and Chief Executive Officer Finsoe S.p.A.
Mario Zucchelli	Board Member	Chairman and Chief Executive Officer Finest S.r.l. Vice Chairman Sofinco S.p.A. Vice Chairman Finube S.p.A. Member of the Supervisory Board Coop Italia Società Cooperativa

TABLE 3 |

## MANAGEMENT COMMITTEE

Members	Post	% Attendance
Pierluigi Stefanini	Chairman	100%
Vanes Galanti	Member	88%
Carlo Salvatori	Member	100%
Piero Collina	Member	75%
Sergio Costalli	Member	50%
Marco Pedroni	Member	63%
Mario Zucchetti	Member	75%

TABLE 4 |

## APPOINTMENTS COMMITTEE

Members	Post	Independent	% Attendance
Gilberto Coffari	Chairman	(*)	100%
Bruno Cordazzo	Member		100%
Pier Luigi Morara	Member	x	100%
Giuseppe Politi	Member	x	80%

[\*] As a result of the appointment of Gilberto Coffari as Director of the indirect holding company Holmo S.p.A. on 3 October 2008, the requirement for him to be independent no longer applies.

TABLE 5 |

## REMUNERATION COMMITTEE

Members	Post	Independent	% Attendance
Enrico Migliavacca	Presidente		100%
Sergio Betti	Member	x	100%
Jacques Forest	Member		50%
Claudio Levorato	Member		50%
Ivan Malavasi	Member	x	100%

TABLE 6 |

## INTERNAL AUDITING COMMITTEE

Members	Post	Independent	% Attendance
Massimo Masotti	Chairman	x	100%
Rocco Carannante	Member	x	100%
Fabrizio Gillone	Member		91%
Luca Zaccherini	Member	x	91%

TABLE 7 |

## COMMITTEE FOR SOCIAL RESPONSIBILITY

Members	Post	% Attendance
Francesco Vella	Chairman	80%
Jean Dominique Antoni	Member	60%
Pier Luigi Celli	Member	50%
Sergio Nasi	Member	20%
Marco Venturi	Member	60%

Members who left the Committee during the year:	Members	Post	% Attendance
	Fabio Borghi	Member	33%

TABLE 8 |

## BOARD OF STATUTORY AUDITORS

Name	Post	In office since	% BoA <sup>5</sup>
Roberto Chiusoli	Chairman	24/04/2007	100%
Domenico Livio Trombone	Statutory Auditor	24/04/2007	100%
Giorgio Picone	Statutory Auditor	24/04/2007	100%
Giovanni Battista Graziosi	Alternate Auditor	24/04/2007	-
Cristiano Cerchiai	Alternate Auditor	24/04/2007	-

5. Indicates the auditor's attendance at meetings of the Board of Statutory Auditors (as a percentage of the number of meetings of the Board of Statutory Auditors held during the year or after the post was taken up).

TABLE 9 |

## OTHER PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE

	YES	NO	Summary of the reasons for any deviations from the recommendations contained in the Code
<b>(i) System of delegating powers and operations with related parties</b>			
Has the BoD delegated powers and specified their:		X	
a) limits	X		
b) operating procedures	X		
c) and how often reports should be submitted?	X		
Is the BoD responsible for examining and approving operations that have a particular financial implication or involve major amounts of capital or levels of investment (including operations with related parties)?	X		
Has the BoD issued guidelines and criteria for identifying 'major' operations?	X		
Are the guidelines and the criteria referred to above described in the report?	X		
Has the BoD laid down appropriate procedures for examining and approving operations with related parties?	X		
Are the procedures for approving operations with related parties described in the report?	X		
<b>(ii) Procedures for the most recent appointment of directors and auditors</b>			
Were nominations for the post of director submitted at least ten days in advance?	X		
Were nominations for the post of director accompanied by full details?	X		
Were nominations for the post of director accompanied by indications of suitability to be deemed to be independent?	X		
Were nominations for the post of auditor submitted at least ten days in advance?	X		
Were nominations for the post of auditor accompanied by full details?	X		
<b>Sezione 1.1 Section 1.1 Shareholders' Meetings</b>			
Has the Company approved a set of rules for Shareholders' Meetings?	X		
Are the rules appended to the report (or is there an indication of where they can be obtained/downloaded)?	X		
<b>Sezione 1.2 Section 1.2 Internal audit</b>			
Has the Company appointed those responsible for the internal audit?	X		
Are those responsible independent of those in charge of operational areas?	X		
Organisational unit responsible for internal auditing	Auditing Department		
<b>Sezione 1.3 Section 1.3 Investor relations</b>			
Has the Company appointed a person to be in charge of investor relations?	X		
Organisational unit and details (address/telephone/fax/e-mail) of the person in charge of investor relations	General Manager Investor and Staff Relations Telephone: (+39) 051 5077933 Fax: (+39) 051 5076601 E-mail: investor.relations@unipolgf.it		

# Subsidiaries' Accounts



Narrow alleyway - Michele Marchiaro  
UGF Banca - Moncalieri

UNIPOL ASSICURAZIONI S.p.A. (now UGF Assicurazioni)  
 Registered offices in Bologna - Share capital €150,000,000  
 Direct shareholding 100%

As at 31 December (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	16,571,266	28,397,066
<b>INVESTMENTS</b>	<b>5,869,815,480</b>	<b>6,930,286,731</b>
I-Land and buildings	663,868,565	559,585,356
II-Investments in Group undertakings and other participating interests	231,951,674	706,783,556
III-Other financial investments	4,953,529,199	5,643,330,220
IV-Deposits with ceding undertakings	20,466,042	20,587,599
INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICY HOLDERS WHO BEAR THE RISK THEREOF AND ARISING OUT OF PENSION FUND MANAGEMENT	1,406,669,429	1,362,554,523
TECHNICAL PROVISIONS - REINSURERS' SHARE	97,215,332	92,851,951
<b>DEBTORS</b>	<b>604,895,339</b>	<b>529,249,120</b>
I-Debtors arising out of direct insurance operations	464,395,182	431,196,854
II-Debtors arising out of reinsurance operations	24,345,745	18,500,674
III-Other debtors	116,154,412	79,551,592
<b>OTHER ASSETS</b>	<b>971,843,224</b>	<b>302,006,344</b>
I-Tangible assets and stocks	3,587,634	52,037
II-Cash at bank and in hand	682,774,188	217,283,365
IV-Other assets	285,481,402	84,670,942
<b>PREPAYMENTS AND ACCRUED INCOME</b>	<b>86,955,645</b>	<b>71,474,565</b>
<b>TOTAL ASSETS</b>	<b>9,053,965,715</b>	<b>9,316,820,300</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>364,958,011</b>	<b>654,625,654</b>
I-Subscribed share capital or equivalent funds	150,000,000	150,000,000
II-Share premium reserve	503,111,369	639,739,538
III-Revaluation reserves	97,000,000	0
VII-Other reserves	1,513,843	1,514,284
IX-Profit (loss) for the financial year	(386,667,201)	(136,628,168)
<b>SUBORDINATED LIABILITIES</b>	<b>230,000,000</b>	<b>135,000,000</b>
<b>NON-LIFE TECHNICAL PROVISIONS</b>	<b>2,522,049,957</b>	<b>2,399,749,499</b>
<b>LIFE TECHNICAL PROVISIONS</b>	<b>4,150,541,248</b>	<b>4,404,692,401</b>
TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	1,406,669,429	1,362,554,523
PROVISIONS FOR RISKS AND CHARGES	12,965,352	7,364,998
DEPOSITS RECEIVED FROM REINSURERS	36,768,293	36,526,081
<b>CREDITORS AND OTHER LIABILITIES</b>	<b>327,167,949</b>	<b>308,545,933</b>
I-Arising out of direct insurance operations	26,266,903	18,579,839
II-Arising out of reinsurance operations	12,160,213	6,918,301
IV-Amounts owed to credit institutions	293,341	0
VI-Sundry loans and other financial debts	0	15,215,232
VII-Provision for staff-leaving indemnity	5,954,508	6,841,614
VIII-Other creditors	112,864,929	110,919,519
IX-Other liabilities	169,628,055	150,071,428
ACCRAULS AND DEFERRED INCOME	2,845,476	7,761,211
<b>TOTAL LIABILITIES</b>	<b>9,053,965,715</b>	<b>9,316,820,300</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>12,469,249,995</b>	<b>12,469,249,995</b>

## PROFIT AND LOSS ACCOUNT

	2008	2007(*)
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	1,687,114,887	647,877,900
Outward reinsurance premiums	(112,779,191)	(40,618,464)
Net change in the provision for unearned premiums	(4,548,912)	(90,762,496)
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	0	(37,369)
OTHER TECHNICAL INCOME, NET OF REINSURANCE	2,887,972	1,217,446
CLAIMS INCURRED, NET OF REINSURANCE	(1,271,138,708)	(340,931,476)
CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	67,969	(85,764)
BONUSES AND REBATES, NET OF REINSURANCE	(6,938,634)	(4,580,242)
OPERATING EXPENSES	(326,016,286)	(119,027,128)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(8,188,896)	(1,562,984)
CHANGE IN EQUALISATION PROVISIONS	(207,903)	(11,409)
<b>BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS</b>	<b>(39,747,702)</b>	<b>51,478,014</b>
<b>TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS</b>		
Gross written premiums	1,320,437,966	388,082,719
Outward reinsurance premiums	(3,023,501)	(760,842)
INVESTMENT INCOME	274,633,933	116,512,643
CLASS D INVESTMENT INCOME AND UNREALISED CAPITAL GAINS	112,066,522	18,773,926
OTHER TECHNICAL INCOME, NET OF REINSURANCE	4,547,531	2,766,893
CLAIMS INCURRED, NET OF REINSURANCE	(1,513,604,081)	(477,045,946)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	119,646,266	34,452,544
BONUSES AND REBATES, NET OF REINSURANCE	(788,898)	(181,379)
OPERATING EXPENSES	(39,600,394)	(15,053,642)
INVESTMENT CHARGES	(438,568,251)	(159,382,128)
CLASS D INVESTMENT CHARGES AND UNREALISED CAPITAL LOSSES	(182,460,157)	(20,827,547)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(4,481,666)	(2,304,582)
<b>BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE INSURANCE BUSINESS</b>	<b>(351,194,730)</b>	<b>(114,967,341)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
INVESTMENT INCOME - NON-LIFE BUSINESS	260,970,030	51,422,658
INVESTMENT RETURNS ALLOCATED TO THE NON-LIFE TECHNICAL ACCOUNT	(506,499,110)	(154,778,039)
OTHER INCOME	34,535,964	8,646,204
OTHER CHARGES	(41,275,979)	(8,865,965)
<b>BALANCE ON ORDINARY ACTIVITIES</b>	<b>(643,211,527)</b>	<b>(167,064,469)</b>
EXTRAORDINARY INCOME	133,462,266	17,992,408
EXTRAORDINARY CHARGES	(20,206,982)	(21,834,722)
<b>PROFIT BEFORE TAXATION</b>	<b>(529,956,243)</b>	<b>(170,906,783)</b>
TAX ON PROFIT	143,289,042	34,278,615
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>(386,667,201)</b>	<b>(136,628,168)</b>

(\*) Figures refer to the period 1/9-31/12/2007

AURORA ASSICURAZIONI S.p.A. (now UGF Assicurazioni)  
 Registered offices in San Donato Milanese (MI) - Share capital €150,000,000  
 Direct shareholding 100%

As at 31 December (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	261,371,252	278,412,448
<b>INVESTMENTS</b>	<b>8,347,172,237</b>	<b>8,860,134,434</b>
I-Land and buildings	39,449,137	39,544,542
II-Investments in Group undertakings and other participating interests	408,931,762	19,160,785
III-Other financial investments	7,898,532,185	8,800,950,356
IV-Deposits with ceding undertakings	259,153	478,751
INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND ARISING OUT OF PENSION FUND MANAGEMENT	587,918,594	796,747,726
TECHNICAL PROVISIONS - REINSURERS' SHARE	334,852,707	385,738,691
<b>DEBTORS</b>	<b>685,217,371</b>	<b>664,103,747</b>
I-Debtors arising out of direct insurance operations	504,029,499	492,183,030
II-Debtors arising out of reinsurance operations	69,128,234	89,331,291
III-Other debtors	112,059,638	82,589,426
<b>OTHER ASSETS</b>	<b>982,233,886</b>	<b>988,415,364</b>
I-Tangible assets and stocks	492,603	197,336
II-Cash at bank and in hand	569,887,073	868,442,702
IV-Other assets	411,854,210	119,775,326
PREPAYMENTS AND ACCRUED INCOME	126,996,492	100,774,815
<b>TOTAL ASSETS</b>	<b>11,325,762,539</b>	<b>12,074,327,225</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
SHAREHOLDERS' EQUITY	834,567,278	1,203,615,438
I-Subscribed share capital or equivalent funds	150,000,000	150,000,000
II-Share premium reserve	902,076,091	971,288,157
VI-Reserves for own shares and holding company's shares	39,348	0
VII-Other reserves	151,500,000	151,500,000
IX-Profit (loss) for the financial year	(369,048,161)	(69,172,719)
SUBORDINATED LIABILITIES	170,000,000	150,000,000
NON-LIFE TECHNICAL PROVISIONS	4,069,459,781	4,310,117,342
LIFE TECHNICAL PROVISIONS	5,117,744,168	5,131,592,719
TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	587,912,352	796,741,783
PROVISIONS FOR RISKS AND CHARGES	28,597,095	16,471,109
DEPOSITS RECEIVED FROM REINSURERS	141,039,230	152,870,791
<b>CREDITORS AND OTHER LIABILITIES</b>	<b>373,900,523</b>	<b>308,648,087</b>
I-Arising out of direct insurance operations	29,218,367	28,156,012
II-Arising out of reinsurance operations	5,850,312	7,282,902
VI-Sundry loans and other financial debts	0	24,229,000
VII-Provision for staff-leaving indemnity	11,468,471	12,313,126
VIII-Other creditors	140,162,965	112,278,360
IX-Other liabilities	187,200,408	124,388,687
ACCRUALS AND DEFERRED INCOME	2,542,112	4,269,956
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,325,762,539</b>	<b>12,074,327,225</b>
MEMORANDUM ACCOUNTS	10,777,076,675	13,132,864,910

## PROFIT AND LOSS ACCOUNT

	2008	2007(*)
<b>TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>		
Gross written premiums	2,148,553,714	819,117,163
Outward reinsurance premiums	(140,310,762)	(49,155,013)
Net change in the provision for unearned premiums	2,532,747	(92,470,324)
<b>OTHER TECHNICAL INCOME, NET OF REINSURANCE</b>	2,361,527	1,581,241
CLAIMS INCURRED, NET OF REINSURANCE	[1,481,848,019]	(463,376,221)
CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	(118,924)	128,508
OPERATING EXPENSES	(486,178,538)	(171,805,200)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(7,598,594)	(3,481,387)
CHANGE IN EQUALISATION PROVISIONS	(466,213)	(145,692)
<b>BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS</b>	<b>36,926,938</b>	<b>40,393,075</b>
<b>TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>		
Gross written premiums	760,929,248	259,777,899
Outward reinsurance premiums	(13,303,638)	(6,754,278)
INVESTMENT INCOME	376,183,351	98,795,062
CLASS D INVESTMENT INCOME AND UNREALISED CAPITAL GAINS	53,267,745	16,342,011
OTHER TECHNICAL INCOME, NET OF REINSURANCE	1,841,931	613,473
CLAIMS INCURRED, NET OF REINSURANCE	(978,605,482)	(351,197,776)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	232,380,861	66,960,162
BONUSES AND REBATES, NET OF REINSURANCE	(10,670)	(77,718)
OPERATING EXPENSES	(44,681,984)	(18,043,818)
INVESTMENT CHARGES	(504,112,587)	(119,788,439)
CLASS D INVESTMENT CHARGES AND UNREALISED CAPITAL LOSSES	(181,721,992)	(21,370,496)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(7,505,990)	(1,973,608)
<b>BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>	<b>(305,339,207)</b>	<b>(76,717,526)</b>
<b>NON-TECHNICAL ACCOUNT</b>		
INVESTMENT INCOME - NON-LIFE BUSINESS	542,941,861	92,673,821
INVESTMENT CHARGES - NON-LIFE BUSINESS	(755,472,100)	(138,924,180)
OTHER INCOME	44,419,771	19,602,274
OTHER CHARGES	(68,095,393)	(16,620,621)
<b>BALANCE ON ORDINARY ACTIVITIES</b>	<b>(504,618,130)</b>	<b>(79,593,157)</b>
EXTRAORDINARY INCOME	3,901,202	16,054,137
EXTRAORDINARY CHARGES	(7,114,977)	(33,419,931)
<b>PROFIT BEFORE TAXATION</b>	<b>(507,831,905)</b>	<b>(96,958,951)</b>
TAX ON PROFIT	138,783,744	27,786,232
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>(369,048,161)</b>	<b>(69,172,719)</b>

(\*) Figures refer to the period 1/9-31/12/2007

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

	2008	2007
<b>ASSETS</b>		
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	423,565	539,323
<b>INVESTMENTS</b>	<b>216,515,161</b>	<b>228,349,616</b>
II-Investments in Group undertakings and other participating interests	1	0
III-Other financial investments	216,515,160	228,335,818
IV-Deposits with ceding undertakings	0	13,798
TECHNICAL PROVISIONS - REINSURERS' SHARE	158,075	1,028,841
<b>DEBTORS</b>	<b>16,497,485</b>	<b>8,950,960</b>
I-Debtors arising out of direct insurance operations	6,928,282	6,773,902
II-Debtors arising out of reinsurance operations	98,938	854,795
III-Other debtors	9,473,265	1,322,263
OTHER ASSETS	56,912,022	54,755,106
I-Tangible assets and stocks	634,555	1,063,727
II-Cash at bank and in hand	43,110,204	43,963,884
IV-Other assets	13,167,263	9,727,495
PREPAYMENTS AND ACCRUED INCOME	4,421,066	3,824,800
<b>TOTAL ASSETS</b>	<b>294,927,374</b>	<b>297,448,646</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
SHAREHOLDERS' EQUITY	40,168,334	42,745,771
I-Subscribed share capital or equivalent funds	19,300,000	19,300,000
II-Share premium reserve	3,650,000	3,537,369
IV-Legal reserve	3,784,563	3,208,344
VII-Other reserves	9,256,208	5,175,667
IX-Profit (loss) for the financial year	4,177,563	11,524,391
TECHNICAL PROVISIONS	240,856,667	239,778,343
PROVISIONS FOR RISKS AND CHARGES	573,195	730,730
DEPOSITS RECEIVED FROM REINSURERS	6,000	8,914
CREDITORS AND OTHER LIABILITIES	13,323,178	14,184,888
I-Arising out of direct insurance operations	2,259,767	2,454,206
II-Arising out of reinsurance operations	1,236,119	1,274,662
VII-Provision for staff-leaving indemnity	552,293	585,555
VIII-Other creditors	7,608,469	9,137,565
IX-Other liabilities	1,666,530	732,900
<b>TOTAL LIABILITIES</b>	<b>294,927,374</b>	<b>297,448,646</b>
MEMORANDUM ACCOUNTS	233,274,745	233,046,369

## PROFIT AND LOSS ACCOUNT

	2008	2007
<b>EARNED PREMIUMS, NET OF REINSURANCE</b>	<b>165,108,862</b>	<b>164,029,133</b>
Gross written premiums	165,642,676	166,818,790
Outward reinsurance premiums	(1,686,304)	(1,198,404)
Net change in the provision for unearned premiums	1,152,490	(1,591,253)
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	0	5,425,913
OTHER TECHNICAL INCOME, NET OF REINSURANCE	1,527,633	1,957,905
CLAIMS INCURRED, NET OF REINSURANCE	(126,888,251)	(128,760,475)
OPERATING EXPENSES	(27,532,659)	(24,372,104)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(686,410)	(258,464)
<b>BALANCE ON THE TECHNICAL ACCOUNT</b>	<b>11,529,175</b>	<b>18,021,908</b>
INVESTMENT INCOME	12,866,985	9,764,114
INVESTMENT CHARGES	(18,839,202)	(3,346,015)
INVESTMENT RETURNS ALLOCATED TO THE TECHNICAL ACCOUNT	0	(5,425,913)
OTHER INCOME	1,818,011	1,972,054
OTHER CHARGES	(243,767)	(163,769)
<b>BALANCE ON ORDINARY ACTIVITIES</b>	<b>7,131,202</b>	<b>20,822,379</b>
EXTRAORDINARY INCOME	269,620	314,283
EXTRAORDINARY CHARGES	(244,382)	(268,613)
<b>PROFIT BEFORE TAXATION</b>	<b>7,156,440</b>	<b>20,868,049</b>
TAX ON PROFIT	(2,978,877)	(9,343,658)
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>4,177,563</b>	<b>11,524,391</b>

UNIPOL SGR S.p.A. (now UGF SGR)  
 Registered offices in Bologna - Share capital €5,000,000  
 Direct shareholding 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

ASSETS	2008	2007
10. Cash and cash equivalents	11	442
20. Financial liabilities held for trading	6,078,548	5,354,371
60. Receivables	5,610,362	3,612,708
<i>a) from portfolio management</i>	2,839,803	3,599,506
<i>b) other receivables</i>	2,770,559	13,202
100. Tangible assets	169,317	206,186
110. Intangible assets	155,863	113,142
120. Tax assets	913,349	66,450
<i>a) current</i>	903,897	52,159
<i>b) deferred</i>	9,452	14,291
140. Other assets	156,049	22,357
<b>TOTAL ASSETS</b>	<b>13,083,499</b>	<b>9,375,656</b>
LIABILITIES		
10. Payables	170,141	220,909
70. Tax liabilities	2,170,477	864,501
<i>a) current</i>	2,169,848	863,872
<i>b) deferred</i>	629	629
90. Other liabilities	748,337	1,416,545
100. Provision for staff-leaving indemnity	1,467	3,348
120. Share capital	5,000,000	5,000,000
160. Reserves	620,352	550,241
180. Profit (loss) for the financial year (+/-)	4,372,725	1,320,112
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13,083,499</b>	<b>9,375,656</b>

## PROFIT AND LOSS ACCOUNT

10. Fees and commissions receivable	11,619,846	3,920,959
20. Fees and commissions payable	(132,816)	(252,636)
<b>Non-interest income</b>	<b>11,487,030</b>	<b>3,668,323</b>
40. Interest receivable and similar income	252,158	153,528
50. Interest payable and similar charges	(3)	(6)
60. Net result from trading activity	54,544	53,788
<b>120. Gross operating income</b>	<b>11,793,729</b>	<b>3,875,633</b>
120. Administrative expenses:	(5,152,089)	(1,672,231)
<i>a) staff costs</i>	(1,723,566)	(560,311)
<i>b) other administrative expenses</i>	(3,428,523)	(1,111,920)
130. Net value adjustments/readjustments on tangible assets	(36,869)	(12,522)
140. Net value adjustments/readjustments on intangible assets	(65,843)	(17,859)
170. Other operating charges	(3,275)	(604)
180. Other operating income	7,592	39
<b>Result from the operating activity</b>	<b>6,543,245</b>	<b>2,172,456</b>
<b>Pre-tax profit (loss) on current operations</b>	<b>6,543,245</b>	<b>2,172,456</b>
210. Income tax for the financial year on current operations	(2,170,520)	(852,344)
<b>Profit (loss) for the financial year</b>	<b>4,372,725</b>	<b>1,320,112</b>

AMBRA PROPERTY S.r.l.  
 Registered offices in Bologna - Share capital €100,000  
 Direct shareholding 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

	2008
<b>ASSETS</b>	
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>0</b>
<b>B) FIXED ASSETS</b>	<b>4,487,622</b>
I Intangible	72,674
II Tangible	4,414,546
III Long-term investments	402
<b>C) WORKING CAPITAL</b>	<b>1,426,652</b>
I Stocks and work-in-progress	47,009
II Receivables	
-due within the following financial year	608,041
IV Cash at bank and in hand	771,602
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>18,311</b>
<b>TOTAL ASSETS</b>	<b>5,932,585</b>
<b>LIABILITIES</b>	
<b>A) SHAREHOLDERS' EQUITY</b>	<b>4,386,464</b>
I Share capital	100,000
VII Other reserves:	
- Provision for conversion/rounding in €	1
- Share premium reserve	4,214,161
IX Profit (loss) for the financial year	72,302
<b>C) STAFF-LEAVING INDEMNITY</b>	<b>64,951</b>
<b>D) PAYABLES</b>	<b>1,480,158</b>
-due within the following financial year	1,442,827
-due beyond the following financial year	37,331
<b>E) PREPAYMENTS AND ACCRUED INCOME</b>	<b>1,012</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5,932,585</b>

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## PROFIT AND LOSS ACCOUNT

<b>A) OPERATING INCOME</b>	<b>2,268,787</b>
1) Income from sales and services	2,258,345
5) Other proceeds and income	10,442
<b>B) OPERATING COSTS</b>	<b>2,120,579</b>
6) Raw and ancillary materials, consumables and finished goods	215,807
7) Provision of services	638,097
8) Use of third parties' assets	23,539
9) Staffing	
a) wages and salaries	670,985
b) social security contributions	175,169
c) staff-leaving indemnity	39,988
e) other costs	3,908
10) Depreciation and write-downs	
a) depreciation of intangible fixed assets	18,344
b) depreciation of tangible fixed assets	266,543
d) write-downs of receivables included in working capital and of available cash	2,956
11) Change in the stocks of raw and ancillary materials, consumables and finished goods	(9,103)
14) Sundry operating charges	74,346
<b>Balance on business value and costs (A-B)</b>	<b>148,208</b>
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>2,520</b>
16) Other investment income	
d) income other than that already mentioned: from others	5,921
17) Interest and other investment charges	
-to others	3,401
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>	<b>(624)</b>
21) Charges	
-other	624
<b>Profit before taxation</b>	<b>150,104</b>
22) Income tax on profit, current and deferred tax assets and liabilities	77,802
<b>23) Profit (loss) for the financial year</b>	<b>72,302</b>

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

	2008	2007
<b>ASSETS</b>		
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	2,096,157	2,042,688
<b>INVESTMENTS</b>	<b>375,670,024</b>	<b>411,639,424</b>
I-Land and buildings	7,995,558	8,163,542
II-Investments in Group undertakings and other participating interests	4,681,931	4,681,931
III-Other financial investments	362,327,150	398,128,647
IV-Deposits with ceding undertakings	665,385	665,304
TECHNICAL PROVISIONS - REINSURERS' SHARE	88,857,251	107,889,220
<b>DEBTORS</b>	<b>207,363,033</b>	<b>173,253,667</b>
I-Debtors arising out of direct insurance operations	74,480,640	72,156,837
II-Debtors arising out of reinsurance operations	54,257,824	41,313,298
III-Other debtors	78,624,569	59,783,532
<b>OTHER ASSETS</b>	<b>72,184,745</b>	<b>47,735,677</b>
I-Tangible assets and stocks	994,783	1,250,922
II-Cash at bank and in hand	40,642,009	25,002,624
IV-Other assets	30,547,953	21,482,131
PREPAYMENTS AND ACCRUED INCOME	6,864,975	6,454,168
<b>TOTAL ASSETS</b>	<b>753,036,185</b>	<b>749,114,844</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>96,581,024</b>	<b>96,075,669</b>
I-Subscribed share capital or equivalent funds	96,250,000	96,250,000
II-Share premium reserve	9,450,000	9,450,000
IV-Legal reserve	481,265	144,376
VII-Other reserves	10,000,000	0
VIII-Profits (losses) carried forward	(10,105,596)	(16,506,480)
IX-Profit (loss) for the financial year	[9,494,645]	6,737,773
<b>TECHNICAL PROVISIONS</b>	<b>583,898,657</b>	<b>586,953,329</b>
PROVISIONS FOR OTHER RISKS AND CHARGES	12,850,519	8,239,532
DEPOSITS RECEIVED FROM REINSURERS	11,695,026	14,470,146
<b>CREDITORS AND OTHER LIABILITIES</b>	<b>46,842,151</b>	<b>42,044,608</b>
I-Arising out of direct insurance operations	11,743,905	12,668,799
II-Arising out of reinsurance operations	3,333,668	3,696,081
VII-Provision for staff-leaving indemnity	1,140,670	2,615,995
VIII-Other creditors	20,997,476	14,625,094
IX-Other liabilities	9,626,432	8,438,639
ACCRAULS AND DEFERRED INCOME	1,168,808	1,331,560
<b>TOTAL LIABILITIES</b>	<b>753,036,185</b>	<b>749,114,844</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>442,602,442</b>	<b>431,388,881</b>

## PROFIT AND LOSS ACCOUNT

	2008	2007
<b>EARNED PREMIUMS, NET OF REINSURANCE</b>	<b>207,471,092</b>	<b>180,713,588</b>
Gross written premiums	248,915,628	217,519,361
Outward reinsurance premiums	(30,043,623)	(29,460,131)
Net change in the provision for unearned premiums	(11,400,913)	(7,345,642)
<b>INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT</b>	<b>0</b>	<b>10,353,437</b>
OTHER TECHNICAL INCOME, NET OF REINSURANCE	3,079,687	2,520,632
CLAIMS INCURRED, NET OF REINSURANCE	(159,165,425)	(148,086,881)
CHANGE IN OTHER TECHNICAL PROVISIONS,		
NET OF REINSURANCE	(36,407)	24,786
OPERATING EXPENSES	(56,197,035)	(50,244,651)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(6,011,000)	(13,892,713)
CHANGE IN EQUALISATION PROVISIONS	(91,119)	(95,686)
<b>BALANCE ON THE TECHNICAL ACCOUNT</b>	<b>(10,950,207)</b>	<b>(18,707,488)</b>
INVESTMENT INCOME	20,341,655	17,501,189
INVESTMENT CHARGES	(25,605,084)	(5,087,684)
INVESTMENT RETURNS ALLOCATED TO THE TECHNICAL ACCOUNT	0	(10,353,437)
OTHER INCOME	6,358,350	2,676,705
OTHER CHARGES	(8,932,434)	(2,839,732)
<b>BALANCE ON ORDINARY ACTIVITIES</b>	<b>(18,787,720)</b>	<b>(16,810,447)</b>
EXTRAORDINARY INCOME	7,679,330	27,637,448
EXTRAORDINARY CHARGES	(822,205)	(2,425,627)
<b>PROFIT BEFORE TAXATION</b>	<b>(11,930,595)</b>	<b>8,401,374</b>
TAX ON PROFIT	2,435,950	(1,663,601)
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>(9,494,645)</b>	<b>6,737,773</b>

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

	2008	2007
<b>ASSETS</b>		
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	1,343,572	1,265,073
<b>INVESTMENTS</b>	<b>79,479,264</b>	<b>76,007,401</b>
II-Investments in Group undertakings and other participating interests	99,676	99,676
III-Other financial investments	79,379,588	75,907,725
TECHNICAL PROVISIONS - REINSURERS' SHARE	879,090	1,072,623
<b>DEBTORS</b>	<b>39,417,536</b>	<b>37,750,423</b>
I-Debtors arising out of direct insurance operations	37,178,364	36,531,030
II-Debtors arising out of reinsurance operations	648,683	572,700
III-Other debtors	1,590,489	1,646,693
<b>OTHER ASSETS</b>	<b>21,957,162</b>	<b>13,255,101</b>
I-Tangible assets and stocks	947,952	875,631
II-Cash at bank and in hand	16,306,106	10,192,052
IV-Other assets	4,703,104	2,187,418
PREPAYMENTS AND ACCRUED INCOME	1,015,280	849,537
<b>TOTAL ASSETS</b>	<b>144,091,904</b>	<b>130,200,158</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>36,878,956</b>	<b>34,361,194</b>
I-Subscribed share capital or equivalent funds	17,500,000	17,500,000
II-Share premium reserve	7,746,853	7,637,971
IV-Legal reserve	1,999,950	1,676,956
VII-Other reserves	989,392	1,086,403
IX-Profit (loss) for the financial year	8,642,761	6,459,864
TECHNICAL PROVISIONS	98,627,058	85,347,255
PROVISIONS FOR RISKS AND CHARGES	0	215,138
DEPOSITS RECEIVED FROM REINSURERS	267,376	206,343
<b>CREDITORS AND OTHER LIABILITIES</b>	<b>8,315,415</b>	<b>10,067,129</b>
I-Creditors arising out of direct insurance operations	887,310	1,449,245
II-Creditors arising out of reinsurance operations	9,291	8,070
VII-Provision for staff-leaving indemnity	496,620	604,111
VIII-Other creditors	3,157,726	4,584,964
IX-Other liabilities	3,764,468	3,420,739
ACCRUALS AND DEFERRED INCOME	3,099	3,099
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>144,091,904</b>	<b>130,200,158</b>
MEMORANDUM ACCOUNTS	78,980,173	75,795,894

## PROFIT AND LOSS ACCOUNT

	2008	2007
<b>EARNED PREMIUMS, NET OF REINSURANCE</b>	<b>139,175,137</b>	<b>119,663,561</b>
Gross written premiums	136,764,765	118,502,521
Outward reinsurance premiums	(230,333)	(3,068,616)
Net change in the provision for unearned premiums	2,640,705	4,229,656
INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	808,040	2,131,158
OTHER TECHNICAL INCOME, NET OF REINSURANCE	258,825	2,893,882
CLAIMS INCURRED, NET OF REINSURANCE	(100,205,662)	(92,091,536)
CHANGES IN OTHER TECHNICAL PROVISIONS,		
NET OF REINSURANCE	(186,166)	(223,707)
BONUSES AND REBATES, NET OF REINSURANCE	(5,040,948)	(3,041,000)
OPERATING EXPENSES	(22,196,541)	(18,424,670)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(100,225)	(117,780)
<b>BALANCE ON THE TECHNICAL ACCOUNT</b>	<b>12,512,460</b>	<b>10,789,908</b>
INVESTMENT INCOME	4,266,087	3,853,010
INVESTMENT CHARGES	(3,141,795)	(837,595)
INVESTMENT RETURNS ALLOCATED TO THE TECHNICAL ACCOUNT	(808,040)	(2,131,158)
OTHER INCOME	1,452,642	738,316
OTHER CHARGES	(989,080)	(570,374)
<b>BALANCE ON ORDINARY ACTIVITIES</b>	<b>13,292,274</b>	<b>11,842,107</b>
EXTRAORDINARY INCOME	177,407	98,814
EXTRAORDINARY CHARGES	(73,912)	(111,309)
<b>PROFIT BEFORE TAXATION</b>	<b>13,395,769</b>	<b>11,829,612</b>
TAX ON PROFIT	(4,753,008)	(5,369,748)
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>8,642,761</b>	<b>6,459,864</b>

UNIPOL BANCA S.p.A. (now UGF Banca)  
 Registered offices in Bologna - Share capital €703,500,000  
 Direct shareholding 67.74%, indirect shareholding through Compagnia Assicuratrice Unipol S.p.A.  
 (now UGF Assicurazioni) 16.78%

As at 31 December (amounts in €)

## BALANCE SHEET

ASSETS	2008	2007
10. Cash and cash equivalents	96,359,052	86,097,553
20. Financial assets held for trading	176,260,027	921,790,288
40. Financial assets available for sale	287,630,632	103,102,616
60. Receivables from banks	890,998,741	1,534,053,824
70. Receivables from customers	8,480,065,242	7,433,563,008
80. Hedge derivatives	291,978	0
100. Shareholdings	122,227,943	119,033,590
110. Tangible assets	23,932,259	20,741,555
120. Intangible assets - incl. goodwill	420,003,970 419,225,718	419,970,243 419,225,718
130. Tax assets a) current	114,296,703 31,844,437	43,802,953 13,863,573
b) deferred	82,452,266	29,939,380
150. Other assets	115,961,149	177,081,667
<b>TOTAL ASSETS</b>	<b>10,728,027,696</b>	<b>10,859,237,297</b>
LIABILITIES		
10. Payables to banks	693,398,074	103,103,031
20. Payables to customers	7,811,421,271	8,339,371,614
30. Securities outstanding	919,995,208	743,600,934
40. Financial liabilities held for trading	94,018,039	371,567,444
60. Hedge derivatives	0	934,050
80. Tax liabilities a) current	48,869,902 39,464,888	29,434,522 18,719,195
b) deferred	9,405,014	10,715,327
100. Other liabilities	301,662,277	288,498,070
110. Provision for staff-leaving indemnity	15,488,694	16,256,981
120. Provisions for risks and charges	15,379,198	11,686,341
130. Valuation reserves	(11,173,924)	1,262,500
160. Reserves	(25,507,689)	(36,223,313)
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 (+/-)	(88,523,354)	36,745,123
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>10,728,027,696</b>	<b>10,859,237,297</b>

## PROFIT AND LOSS ACCOUNT

	2008	2007
10. Interest receivable and similar income	581,235,007	474,156,895
20. Interest payable and similar charges	(342,930,612)	(273,228,965)
<b>30. Net interest income</b>	<b>238,304,395</b>	<b>200,927,930</b>
40. Fees and commissions receivable	79,383,867	86,165,704
50. Fees and commissions payable	(19,072,597)	(19,410,457)
<b>60. Non-interest income</b>	<b>60,311,270</b>	<b>66,755,247</b>
70. Dividends and similar income	9,978,927	8,484,787
80. Net result from trading activity	(3,826,357)	5,471,958
90. Net result from hedging activity	(84,484)	(5,676)
100. Profit (loss) from sale/repurchase of:	10,266,328	1,306,507
a) loans	(2,029,603)	(737,073)
b) financial assets available for sale	10,610,657	97,108
d) financial liabilities	1,685,274	1,946,472
<b>120. Gross operating income</b>	<b>314,950,079</b>	<b>282,940,753</b>
130. Net value adjustments/readjustments due to impairment of:	(212,067,274)	(28,715,959)
a) loans	(207,806,590)	(27,847,326)
b) financial assets available for sale	(3,531,969)	(868,633)
d) other finance operations	(728,715)	0
<b>140. Net result from asset management</b>	<b>102,882,805</b>	<b>254,224,794</b>
150. Administrative expenses:	(219,282,511)	(201,694,630)
a) staff costs	(113,405,265)	(108,324,793)
b) other administrative expenses	(105,877,246)	(93,369,837)
160. Net allocations to provisions for risks and charges	(7,342,631)	(7,465,265)
170. Net value adjustments/readjustments on tangible assets	(6,930,455)	(6,468,425)
180. Net value adjustments/readjustments on intangible assets	(283,074)	(115,923)
190. Other operating income and charges	14,591,394	14,923,647
<b>200 Operating expenses</b>	<b>(219,247,277)</b>	<b>(200,820,596)</b>
210. Gains (losses) on participating interests	(186)	183,784
<b>250 Pre-tax profit (loss) on current operations</b>	<b>(116,364,658)</b>	<b>53,587,982</b>
260. Income tax for the financial year on current operations	27,841,304	(16,842,859)
<b>270. Profit (loss) on current operations, net of tax</b>	<b>(88,523,354)</b>	<b>36,745,123</b>

BNL Vita S.p.A.  
 Registered offices in Milan - Share capital €160,000,000  
 Direct shareholding 51%

As at 31 December (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
SUBSCRIBED SHARE CAPITAL UNPAID	0	0
INTANGIBLE ASSETS	1,650,049	1,365,248
<b>INVESTMENTS</b>	<b>4,146,552,349</b>	<b>4,555,448,734</b>
II-Investments in Group undertakings and other participating interests	19,907	19,907
III-Other financial investments	4,146,532,442	4,555,428,827
INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND ARISING OUT OF PENSION FUND MANAGEMENT	5,181,556,154	5,677,262,358
TECHNICAL PROVISIONS - REINSURERS' SHARE	19,463,201	23,361,282
<b>DEBTORS</b>	<b>153,120,893</b>	<b>137,371,065</b>
I-Debtors arising out of direct insurance operations	1,772,249	2,124,204
II-Debtors arising out of reinsurance operations	330,979	414,728
III-Other debtors	151,017,665	134,832,133
<b>OTHER ASSETS</b>	<b>293,239,867</b>	<b>216,936,039</b>
I-Tangible assets and stocks	100,826	93,627
II-Cash at bank and in hand	289,702,932	214,449,672
IV-Other assets	3,436,109	2,392,740
PREPAYMENTS AND ACCRUED INCOME	61,263,912	61,475,606
<b>TOTAL ASSETS</b>	<b>9,856,846,425</b>	<b>10,673,220,332</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>218,058,008</b>	<b>313,507,124</b>
I-Subscribed share capital or equivalent funds	160,000,000	160,000,000
IV-Legal reserve	20,452,373	17,904,933
VII-Other reserves	124,654,751	84,653,388
IX-Profit (loss) for the financial year	(87,049,116)	50,948,803
<b>SUBORDINATED LIABILITIES</b>	<b>0</b>	<b>28,000,000</b>
TECHNICAL PROVISIONS	4,382,941,664	4,543,518,773
TECHNICAL PROVISIONS FOR LIFE ASSURANCE PRODUCTS WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PENSION FUND MANAGEMENT PROVISIONS	5,181,553,605	5,677,258,817
PROVISIONS FOR RISKS AND CHARGES	189,000	209,000
DEPOSITS RECEIVED FROM REINSURERS	2,692,052	3,009,170
<b>CREDITORS AND OTHER LIABILITIES</b>	<b>71,408,884</b>	<b>107,402,016</b>
I-Arising out of direct insurance operations	16,194,047	21,057,178
II-Arising out of reinsurance operations	2,252	906,269
VII-Provision for staff-leaving indemnity	1,357,468	1,321,749
VIII-Other creditors	42,406,583	82,782,141
IX-Other liabilities	11,448,534	1,334,679
ACCRUALS AND DEFERRED INCOME	3,212	315,432
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>9,856,846,425</b>	<b>10,673,220,332</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>9,205,223,170</b>	<b>10,180,753,019</b>

## PROFIT AND LOSS ACCOUNT

	2008	2007
<b>PREMIUM INCOME FOR THE YEAR, NET OF REINSURANCE</b>	<b>1,534,715,222</b>	<b>2,610,869,675</b>
Gross premiums written	1,535,333,189	2,612,740,232
Outward reinsurance premiums	(617,967)	(1,870,557)
INVESTMENT INCOME	236,523,235	262,878,183
INVESTMENT INCOME AND UNREALISED CAPITAL GAINS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	182,715,714	229,327,241
OTHER TECHNICAL INCOME, NET OF REINSURANCE	27,752,773	23,234,284
CLAIMS INCURRED, NET OF REINSURANCE	(2,092,519,502)	(2,954,553,372)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	588,469,473	245,749,419
BONUSES AND REBATES, NET OF REINSURANCE	(1,024,997)	(35,711)
OPERATING EXPENSES	(22,378,242)	(82,328,457)
INVESTMENT CHARGES	(266,142,238)	(52,062,355)
INVESTMENT CHARGES AND UNREALISED CAPITAL LOSSES ON INVESTMENTS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT	(261,787,586)	(209,375,293)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(55,933,146)	(2,250,341)
INVESTMENT RETURNS ALLOCATED TO THE NON-TECHNICAL ACCOUNT	0	(13,408,724)
<b>BALANCE ON THE TECHNICAL ACCOUNT</b>	<b>(129,609,294)</b>	<b>58,044,549</b>
INVESTMENT RETURNS TRANSFERRED FROM THE TECHNICAL ACCOUNT	0	13,408,724
OTHER INCOME	7,814,311	9,632,063
OTHER CHARGES	(1,347,666)	(1,294,980)
<b>BALANCE ON ORDINARY ACTIVITIES</b>	<b>(123,142,649)</b>	<b>79,790,356</b>
EXTRAORDINARY INCOME	1,135,059	845,638
EXTRAORDINARY CHARGES	(1,430,946)	(724,191)
<b>PROFIT BEFORE TAXATION</b>	<b>(123,438,536)</b>	<b>79,911,803</b>
TAX ON PROFIT	36,389,420	(28,963,000)
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>(87,049,116)</b>	<b>50,948,803</b>

BNL Servizi Assicurativi S.r.l.  
 Registered offices in Milan - Share capital €10,400  
 Indirect shareholding through BNL Vita S.p.A. 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
<b>C) CURRENT ASSETS</b>	<b>241,177</b>	<b>285,741</b>
II Receivables		
-due within the following financial year	16,122	16,413
IV Cash at bank and in hand	225,055	269,328
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>0</b>	<b>3,824</b>
<b>TOTAL ASSETS</b>	<b>241,177</b>	<b>289,565</b>
<b>LIABILITIES</b>		
<b>A) SHAREHOLDERS' EQUITY</b>	<b>222,623</b>	<b>253,648</b>
I Share capital	10,400	10,400
IV Legal reserve	9,409	9,409
VII Other reserves: extraordinary reserve	233,839	247,391
IX Profit (loss) for the financial year	(31,025)	(13,552)
<b>D) PAYABLES</b>	<b>5,007</b>	<b>32,046</b>
-due within the following year	5,007	32,046
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>13,547</b>	<b>3,871</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>241,177</b>	<b>289,565</b>

## PROFIT AND LOSS ACCOUNT

<b>A) BUSINESS VALUE</b>	<b>0</b>	<b>7,849,532</b>
1) Proceeds from sale of products and provision of services	0	7,676,352
5) Other proceeds and income	0	173,180
<b>B) BUSINESS COSTS</b>	<b>31,736</b>	<b>7,864,872</b>
7) Provision of services	0	7,637,971
14) Sundry operating charges	31,736	226,901
<b>Balance on business value and costs (A-B)</b>	<b>(31,736)</b>	<b>(15,340)</b>
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>711</b>	<b>1,788</b>
16) Other investment income		
d) sundry income: from others	711	1,788
<b>Profit before taxation</b>	<b>(31,025)</b>	<b>(13,552)</b>
22) Income tax on profit, current and deferred tax assets and liabilities	0	0
<b>23) Profit (loss) for the financial year</b>	<b>(31,025)</b>	<b>(13,552)</b>

COOPERLEASING S.p.A. (now UGF Leasing)  
 Registered offices in Bologna - Share capital €6,000,000  
 Indirect shareholding through Unipol Banca S.p.A. (now UGF Banca) 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

ASSETS	2008	2007
10. Cash and cash equivalents	1,368	13,552
20. Financial assets held for trading	0	23,523
60. Receivables	91,125,277	54,965,571
70. Hedge derivatives	0	79,512
100. Tangible assets	1,243,164	1,321,397
110. Intangible assets	193,528	195,929
120. Tax assets	820,735	519,110
a) current	245,056	287,151
b) deferred	575,679	231,959
140. Other assets	4,564,501	2,318,931
<b>TOTAL ASSETS</b>	<b>97,948,573</b>	<b>59,437,525</b>
LIABILITIES		
10. Payables	64,988,120	43,449,867
20. Securities outstanding	15,027,945	0
50. Hedge derivatives	14,952	0
70. Tax liabilities	174,380	317,956
a) current	148,942	262,394
b) deferred	25,438	55,562
90. Other liabilities	6,501,416	3,437,312
100. Provision for staff-leaving indemnity	456,756	446,749
110. Provisions for risks and charges	154,000	128,443
b) other provisions	154,000	128,443
120. Share capital	6,000,000	6,000,000
150. Share premium reserve	646,135	646,135
160. Reserves	4,205,777	4,182,484
170. Valuation reserves	740,259	805,286
180. Profit (loss) for the financial year (+/-)	(961,167)	23,293
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>97,948,573</b>	<b>59,437,525</b>

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## PROFIT AND LOSS ACCOUNT

10. Interest receivable and similar income	5,016,704	3,678,592
20. Interest payable and similar charges	(3,028,940)	(1,737,931)
<b>Net interest income</b>	<b>1,987,764</b>	<b>1,940,661</b>
30. Fees and commissions receivable	724,586	470,541
40. Fees and commissions payable	(380,350)	(244,169)
<b>Non-interest income</b>	<b>344,236</b>	<b>226,372</b>
60. Net result from trading activity	(7,013)	(68,151)
<b>Gross operating income</b>	<b>2,324,987</b>	<b>2,098,882</b>
110. Net value adjustments/readjustments due to impairment of: a) receivables	(1,629,989)	(586,797)
120. Administrative expenses: a) staff costs	(1,838,718)	(1,375,068)
b) other administrative expenses	(638,264)	(477,777)
130. Net value adjustments/readjustments on tangible assets	(80,637)	(73,272)
140. Net value adjustments/readjustments on intangible assets	(77,151)	(2,721)
170. Other operating charges	(31,266)	(22,288)
180. Other operating income	139,948	141,854
<b>Net operating income</b>	<b>(1,192,826)</b>	<b>180,590</b>
<b>Profit (loss) on current operations gross of tax</b>	<b>(1,192,826)</b>	<b>180,590</b>
210. Income tax for the financial year on current operations	231,659	(157,297)
<b>Profit (loss) for the financial year</b>	<b>(961,167)</b>	<b>23,293</b>

MIDI S.r.l.

Registered offices in Bologna - Share capital €72,000,000

Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. (now UGF Assicurazioni) 100%

As at 31 December (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>10,400,000</b>	<b>15,400,000</b>
-of which not called up	10,400,000	15,400,000
<b>B) NON-CURRENT ASSETS</b>	<b>6,226,507</b>	<b>6,408,112</b>
II Tangible assets: land and buildings	5,976,114	6,157,719
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
<b>C) CURRENT ASSETS</b>	<b>64,405,721</b>	<b>54,513,711</b>
I Stocks and work-in-progress	60,473,780	35,314,192
II Receivables		
-due within the following financial year	3,871,495	1,278,828
IV Cash at bank and in hand	60,446	17,920,691
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>521</b>	<b>613</b>
<b>TOTAL ASSETS</b>	<b>81,032,749</b>	<b>76,322,436</b>
<b>LIABILITIES</b>		
<b>A) SHAREHOLDERS' EQUITY</b>	<b>73,298,310</b>	<b>73,267,366</b>
I Capital	72,000,000	72,000,000
IV Legal reserve	129,418	112,112
VII Other reserves: extraordinary reserve	1,137,950	809,137
IX Profit (loss) for the financial year	30,942	346,117
<b>D) PAYABLES</b>	<b>7,734,439</b>	<b>3,055,070</b>
-due within the following financial year	7,734,439	3,055,070
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>81,032,749</b>	<b>76,322,436</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>6,831,831</b>	<b>7,375,398</b>
1) Guarantees - to third parties	6,831,831	7,375,398

## PROFIT AND LOSS ACCOUNT

	2008	2007
<b>A) BUSINESS VALUE</b>	<b>25,356,163</b>	<b>11,115,363</b>
1) Proceeds from sale of products and provision of services	126,000	126,000
2) Change in stocks and work-in-progress	25,159,588	10,963,421
5) Other proceeds and income		
-other proceeds and income	70,575	25,942
<b>B) BUSINESS COSTS</b>	<b>25,689,849</b>	<b>11,469,253</b>
7) Provision of services	25,375,793	11,144,545
10) Depreciation and write-downs		
b) depreciation on tangible non-current assets	181,605	181,605
14) Sundry operating charges	132,451	143,103
Balance on business value and costs (A-B)	(333,866)	(353,890)
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>440,599</b>	<b>942,189</b>
16) Other investment income		
d) sundry income: from others	440,600	950,556
17) Interest payable and other investment charges: to others	1	8,367
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>	<b>(10,287)</b>	<b>(1,103)</b>
20) Other income	1	1,003
21) Other charges	10,288	2,106
<b>Profit before taxation</b>	<b>96,626</b>	<b>587,196</b>
22) Income tax on profit, current and deferred tax assets and liabilities		
a) current taxes	65,684	241,079
<b>23) Profit (loss) for the financial year</b>	<b>30,942</b>	<b>346,117</b>

NAVALE Vita S.p.A.  
 Registered offices in Rome - Share capital €5,180,108  
 Indirect shareholding through Navale Assicurazioni S.p.A. 100%

As at 31 December (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
INVESTMENTS	<b>7,784,730</b>	<b>8,600,346</b>
III-Other financial investments	7,784,730	8,600,346
DEBTORS	<b>425,651</b>	<b>480,298</b>
I-Debtors arising out of direct insurance operations	165,571	326,888
III-Other debtors	260,080	153,410
OTHER ASSETS	<b>4,133,715</b>	<b>2,677,716</b>
II-Cash at bank and in hand	4,053,434	2,665,455
IV-Other assets	80,281	12,281
PREPAYMENTS AND ACCRUED INCOME	38,902	57,033
<b>TOTAL ASSETS</b>	<b>12,382,998</b>	<b>11,815,393</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
SHAREHOLDERS' EQUITY	<b>4,790,609</b>	<b>5,023,847</b>
I-Subscribed share capital or equivalent funds	5,180,108	5,180,108
II-Share premium reserve	177	177
IV-Legal reserve	50,977	49,655
VII-Other reserves	150,841	150,841
VIII-Profits (losses) carried forward	(358,255)	(383,363)
IX-Profit (loss) for the financial year	(233,239)	26,429
TECHNICAL PROVISIONS	6,797,099	6,507,882
PROVISIONS FOR RISKS AND CHARGES	21,904	4,904
CREDITORS AND OTHER LIABILITIES	<b>773,386</b>	<b>278,760</b>
I-Arising out of direct insurance operations	413,224	52,747
II-Arising out of reinsurance operations	14,871	15,596
VII-Provision for staff-leaving indemnity	23,691	1,012
VIII-Other creditors	205,181	119,809
IX-Other liabilities	116,419	89,596
<b>TOTAL LIABILITIES</b>	<b>12,382,998</b>	<b>11,815,393</b>
MEMORANDUM ACCOUNTS	7,916,317	8,612,121

## PROFIT AND LOSS ACCOUNT

	2008	2007
<b>PREMIUM INCOME, NET OF REINSURANCE</b>	<b>1.058.242</b>	<b>663.687</b>
Gross premiums written	1.075.198	679.109
Outward reinsurance premiums	(16.956)	(15.422)
INVESTMENT INCOME	434.895	459.121
OTHER TECHNICAL INCOME, NET OF REINSURANCE	54.874	480.476
CLAIMS INCURRED, NET OF REINSURANCE	(746.112)	(878.031)
CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	(382.615)	(73.554)
OPERATING EXPENSES	(416.963)	(323.844)
INVESTMENT CHARGES	(149.999)	(47.004)
OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(166.657)	(173.363)
INVESTMENT RETURNS ALLOCATED TO THE NON-TECHNICAL ACCOUNT	(39.896)	(175.145)
<b>BALANCE ON THE TECHNICAL ACCOUNT</b>	<b>(354.231)</b>	<b>(67.657)</b>
INVESTMENT RETURNS TRANSFERRED FROM THE TECHNICAL ACCOUNT	39.896	175.145
OTHER INCOME	77.030	79.855
OTHER CHARGES	(30.144)	(12.789)
<b>BALANCE ON ORDINARY ACTIVITIES</b>	<b>(267.449)</b>	<b>174.554</b>
EXTRAORDINARY INCOME	16.944	3.576
EXTRAORDINARY CHARGES	(49.709)	(141.207)
<b>PROFIT BEFORE TAXATION</b>	<b>(300.214)</b>	<b>36.923</b>
TAX ON PROFIT	66.975	(10.494)
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>(233.239)</b>	<b>26.429</b>

NETTUNO FIDUCIARIA S.r.l.  
 Registered offices in Bologna - Share capital €250,000  
 Indirect shareholding through Unipol Banca S.p.A. (now UGF Banca) 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

ASSETS	2008	2007
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>0</b>	<b>0</b>
<b>B) NON-CURRENT ASSETS</b>	<b>16,645</b>	<b>22,610</b>
I Intangible assets	1,711	2,346
II Tangible assets	13,807	19,137
III Long-term investments: receivables from others	1,127	1,127
<b>C) CURRENT ASSETS</b>	<b>197,735</b>	<b>239,343</b>
II Receivables		
-due within the following financial year	68,204	57,782
IV Cash at bank and in hand	129,531	181,561
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>6,047</b>	<b>5,313</b>
<b>TOTAL ASSETS</b>	<b>220,427</b>	<b>267,266</b>
LIABILITIES		
<b>A) SHAREHOLDERS' EQUITY</b>	<b>150,417</b>	<b>208,373</b>
I Capital	250,000	250,000
VII Other reserves	15,019	15,019
VIII Profits (losses) carried forward	(56,646)	0
IX Profit (loss) for the financial year	(57,956)	(56,646)
<b>C) PROVISION FOR STAFF-LEAVING INDEMNITY</b>	<b>4,764</b>	<b>4,639</b>
<b>D) PAYABLES</b>	<b>62,541</b>	<b>53,392</b>
due within the following financial year	62,541	53,392
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>2,705</b>	<b>862</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>220,427</b>	<b>267,266</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>8,949,483</b>	<b>8,168,482</b>

## PROFIT AND LOSS ACCOUNT

<b>A) BUSINESS VALUE</b>	<b>121,114</b>	<b>104,692</b>
1] Proceeds from sale of products and provision of services	121,114	104,692
<b>B) BUSINESS COSTS</b>	<b>181,505</b>	<b>167,177</b>
6) Raw and ancillary materials, consumables and finished goods	1,752	1,778
7) Provision of services	97,525	91,462
8) Use of third parties' assets	27,635	26,007
9) Staffing	42,652	38,456
10] Depreciation and write-downs		
a) depreciation of intangible non-current assets	635	514
b) depreciation of tangible non-current assets	5,331	5,227
14) Sundry operating charges	5,975	3,733
<b>Balance on business value and costs (A-B)</b>	<b>(60,391)</b>	<b>(62,485)</b>
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>5,367</b>	<b>5,235</b>
16) Other investment income		
b) from securities recorded as non-current assets other than shareholdings	57	56
d) sundry income: from holding company	5,552	5,404
17) Interest payable and other investment charges		
-to holding companies	165	216
-to others	77	9
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>	<b>(2,932)</b>	<b>604</b>
20) Income		
-other income	2,453	1,425
21) Charges		
-unanticipated losses	5,385	821
<b>Profit before taxation</b>	<b>(57,956)</b>	<b>(56,646)</b>
22) Income tax on profit, current and deferred tax assets and liabilities	0	0
<b>23) Profit (loss) for the financial year</b>	<b>(57,956)</b>	<b>(56,646)</b>

## SMALLPART S.p.A.

Registered offices in Bologna - Share capital €32,000,000

Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. (now UGF Assicurazioni) 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>0</b>	<b>0</b>
<b>B) NON-CURRENT ASSETS</b>	<b>24,885,822</b>	<b>27,602,607</b>
I Intangible assets	892	1,784
II Intangible assets	0	33,520
III Long-term investments	24,884,930	27,567,303
<b>C) CURRENT ASSETS</b>	<b>8,633,443</b>	<b>5,728,306</b>
II Receivables		
-due within the following financial year	8,513	123,223
IV Cash at bank and in hand	8,624,930	5,605,083
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>0</b>	<b>684</b>
<b>TOTAL ASSETS</b>	<b>33,519,265</b>	<b>33,331,597</b>
<b>LIABILITIES</b>		
<b>A) SHAREHOLDERS' EQUITY</b>	<b>33,480,112</b>	<b>33,260,322</b>
I Capital	32,000,000	32,000,000
IV Legal reserve	153,251	94,984
VII Other reserves:		
- Others	148,632	(1)
IX Profit (loss) for the financial year	1,178,229	1,165,339
<b>D) PAYABLES</b>	<b>39,153</b>	<b>71,275</b>
-due within the following financial year	39,153	71,275
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>33,519,265</b>	<b>33,331,597</b>

## PROFIT AND LOSS ACCOUNT

<b>A) BUSINESS VALUE</b>	<b>0</b>	<b>33,222</b>
1) Proceeds from sale of products and provision of services	0	30,500
5) Other proceeds and income	0	2,722
<b>B) BUSINESS COSTS</b>	<b>250,200</b>	<b>585,892</b>
6) Raw and ancillary materials, consumables and finished goods	0	990
7) Provision of services	247,468	294,186
8) Use of third parties' assets	0	22,088
9) Staffing		
a) wages and salaries	0	195,053
b) social security contributions	293	46,208
c) staff-leaving indemnity	0	8,273
10) Depreciation and write-downs		
a) depreciation on intangible assets	1,502	892
b) depreciation on tangible assets	110	15,228
14) Sundry operating charges	827	2,974
<b>Balance on business value and costs (A-B)</b>	<b>(250,200)</b>	<b>(552,670)</b>
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>2,072,835</b>	<b>1,801,277</b>
15) Income from participating interests:		
-in affiliated undertakings	1,449,438	1,171,744
-in other undertakings	306,583	361,353
16) Other investment income		
d) sundry investment income: from others	316,814	268,187
17) Interest payable and other investment charges		
-to others	0	7
<b>D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS</b>	<b>(641,010)</b>	<b>(143,022)</b>
19) Write-downs		
a) on participating interests	641,010	143,022
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>	<b>15,003</b>	<b>(4,335)</b>
20) Income		
-capital gains from disposals	0	3,263
-other income	25,050	5,843
21) Charges		
-capital losses from disposals	6,425	1,385
-other charges	3,622	12,056
<b>Profit before taxation</b>	<b>1,196,628</b>	<b>1,101,250</b>
22) Income tax on profit, current and deferred tax assets and liabilities	18,399	(64,089)
<b>23) Profit (loss) for the financial year</b>	<b>1,178,229</b>	<b>1,165,339</b>

## 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. (now UGF Assicurazioni) 100%

As at 31 December (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>0</b>	<b>0</b>
<b>B) NON-CURRENT ASSETS</b>	<b>35,597,722</b>	<b>35,597,722</b>
III Long-term investments	35,597,722	35,597,722
<b>C) CURRENT ASSETS</b>	<b>1,655,896</b>	<b>1,628,021</b>
II Receivables		
-due within the following financial year	848	452
IV Cash at bank and in hand	1,655,048	1,627,569
<b>TOTAL ASSETS</b>	<b>37,253,618</b>	<b>37,225,743</b>
<b>LIABILITIES</b>		
<b>A) SHAREHOLDERS' EQUITY</b>	<b>37,233,012</b>	<b>37,204,108</b>
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	1,183,896
- others	(1)	(1)
VIII Profit (loss) carried forward	(4,849)	0
IX Profit (loss) for the financial year	28,904	(4,849)
<b>D) PAYABLES</b>	<b>20,606</b>	<b>21,635</b>
-due within the following financial year	20,606	21,635
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>37,253,618</b>	<b>37,225,743</b>

## PROFIT AND LOSS ACCOUNT

	2008	2007
<b>B) BUSINESS COSTS</b>	<b>38,001</b>	<b>40,638</b>
7) Provision of services	37,485	40,121
14) Sundry operating charges	516	517
<b>Balance on business value and costs (A-B)</b>	<b>(38,001)</b>	<b>(40,638)</b>
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>68,402</b>	<b>35,788</b>
15) Income from participating interests		
-from others	0	390
16) Other investment income		
d) sundry investment income		
-from others	68,402	35,423
17) Interest payable and other investment charges		
-to others	0	25
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>	<b>0</b>	<b>1</b>
21) Charges		
-other charges	0	(1)
<b>Profit before taxation</b>	<b>30,401</b>	<b>(4,849)</b>
22) Income tax on profit, current and deferred tax assets and liabilities	1,497	0
<b>23) Profit (loss) for the financial year</b>	<b>28,904</b>	<b>(4,849)</b>

## UNIFIMM S.r.l.

Registered offices in Bologna - Share capital €43,350,000

Indirect shareholding through Compagnia Assicuratrice Unipol S.p.A. (now UGF Assicurazioni) 100%

As at 31 December (amounts in €)

## BALANCE SHEET

ASSETS	2008	2007
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>0</b>	<b>0</b>
<b>B) NON-CURRENT ASSETS</b>	<b>594,743</b>	<b>750,291</b>
I Intangible assets: research, development and advertising costs	594,743	750,291
<b>C) CURRENT ASSETS</b>	<b>57,922,611</b>	<b>50,951,907</b>
I Stocks and work-in-progress		
2) work-in-progress and semi-finished goods	54,920,125	48,232,389
II Receivables		
-due within the following financial year	729,161	34,483
IV Cash at bank and in hand	2,273,325	2,685,035
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>2,279</b>	<b>2,262</b>
<b>TOTAL ASSETS</b>	<b>58,519,633</b>	<b>51,704,460</b>
LIABILITIES		
<b>A) SHAREHOLDERS' EQUITY</b>	<b>51,515,294</b>	<b>44,916,936</b>
I Capital	43,350,000	43,350,000
IV Legal reserve	548,836	548,836
VII Other reserves		
- cash in-flows	21,800,000	14,800,000
- others	1	(2)
VIII Profits (losses) carried forward	(13,781,899)	(13,623,225)
IX Profit (loss) for the financial year	(401,644)	(158,673)
<b>B) PROVISION FOR RISK AND CHARGES</b>	<b>6,713,940</b>	<b>6,713,940</b>
<b>D) PAYABLES</b>	<b>290,399</b>	<b>73,584</b>
-due within the following financial year	290,399	73,584
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>58,519,633</b>	<b>51,704,460</b>
<b>MEMORANDUM ACCOUNTS</b>	<b>13,378,269</b>	<b>14,809,025</b>
1) Guarantees - to third parties	13,378,269	14,809,025

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## PROFIT AND LOSS ACCOUNT

<b>A) BUSINESS VALUE</b>	<b>6,688,766</b>	<b>3,073,032</b>
2) Change in stocks and work-in-progress	6,687,736	3,073,032
5) Other proceeds and income		
- other proceeds and income	1,030	0
<b>B) BUSINESS COSTS</b>	<b>7,176,953</b>	<b>3,397,220</b>
7) Provision of services	6,939,530	3,171,866
14) Sundry operating charges	237,423	225,354
<b>Balance on business value and costs (A-B)</b>	<b>(488,187)</b>	<b>(324,188)</b>
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>86,543</b>	<b>173,427</b>
16) Other investment income		
d) sundry income	86,543	177,386
-from others		
17) Interest payable and other investment charges		
-to others	0	3,959
<b>Profit before taxation</b>	<b>(401,644)</b>	<b>(150,761)</b>
22) Income tax on profit for the financial year	0	7,912
<b>23) Profit (loss) for the financial year</b>	<b>(401,644)</b>	<b>(158,673)</b>

## UNIPOL FONDI Ltd

Registered offices in Dublin - Share capital €125,001

Indirect shareholding through Unipol Banca S.p.A. (now UGF Banca) 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
60. Receivables from banks	2,966,923	3,441,187
70. Receivables from customers	701,234	1,367,488
<b>TOTAL ASSETS</b>	<b>3,668,157</b>	<b>4,808,675</b>
<b>LIABILITIES</b>		
80. Tax liabilities:	0	37,348
a) current		
100. Other liabilities	857,573	761,200
160. Reserves	115,963	115,963
180. Share capital	125,001	125,001
200. Profit (loss) for the financial year	2,569,620	3,769,163
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,668,157</b>	<b>4,808,675</b>

## PROFIT AND LOSS ACCOUNT

10. Interest receivable and similar income	98,974	101,677
40. Fees and commissions receivable	4,616,316	6,646,102
50. Fees and commissions payable	(1,662,672)	(2,335,211)
80. Net result from trading activity	867	(1,917)
150. Administrative expenses	(103,299)	(89,140)
a) staff costs	(36,300)	(22,140)
b) administrative expenses	(66,999)	(67,000)
<b>250. Pre-tax profit (loss) on current operations</b>	<b>2,950,186</b>	<b>4,321,511</b>
260. Income tax for the financial year	(380,566)	(552,348)
<b>Profit (loss) for the financial year</b>	<b>2,569,620</b>	<b>3,769,163</b>

UGF ASSISTANCE S.r.l.  
 Registered offices in Bologna - Share capital €52,000  
 Indirect shareholding through Unisalute S.p.A. 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

	2008	2007
<b>ASSETS</b>		
<b>A) SUBSCRIBED SHARE CAPITAL UNPAID</b>	<b>0</b>	<b>0</b>
<b>B) NON-CURRENT ASSETS</b>	<b>378</b>	<b>439</b>
II Tangible assets	378	439
<b>C) CURRENT ASSETS</b>	<b>196,840</b>	<b>172,766</b>
II Receivables	18,138	26,087
-due within the following financial year		
IV Cash at bank and in hand	178,702	146,679
<b>TOTAL ASSETS</b>	<b>197,218</b>	<b>173,205</b>
<b>LIABILITIES</b>		
<b>A) SHAREHOLDERS' EQUITY</b>	<b>185,935</b>	<b>165,289</b>
I Capital	52,000	52,000
IV Legal reserve	6,205	6,043
VII Other reserves: extraordinary reserve	107,085	104,014
IX Profit (loss) for the financial year	20,646	3,232
<b>D) PAYABLES</b>		
-due within the following year	8,563	7,916
<b>E) PREPAYMENTS AND ACCRUED INCOME</b>	<b>2,720</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>197,218</b>	<b>173,205</b>

## PROFIT AND LOSS ACCOUNT

<b>A) BUSINESS VALUE</b>	<b>33,724</b>	<b>19,410</b>
1) Proceeds from sale of products and provision of services	33,478	19,386
5) Other proceeds and income	246	24
<b>B) BUSINESS COSTS</b>	<b>9,978</b>	<b>19,738</b>
6) Raw and ancillary materials, consumables and finished goods	32	0
7) Provision of services	9,395	19,130
10) Depreciation and write-downs		
b) depreciation on tangible non-current assets	61	30
14) Sundry operating charges	490	578
<b>Balance on business value and costs (A-B)</b>	<b>23,746</b>	<b>(328)</b>
<b>C) INVESTMENT INCOME AND CHARGES</b>	<b>5,683</b>	<b>5,221</b>
16) Other investment income		
d) sundry investment income	5,686	5,221
17) Interest payable and other investment charges	3	0
<b>Profit before taxation</b>	<b>29,429</b>	<b>4,893</b>
22) Income tax on profit, current and deferred tax assets and liabilities	8,783	1,661
<b>23) Profit (loss) for the financial year</b>	<b>20,646</b>	<b>3,232</b>

UNIPOL PRIVATE EQUITY S.p.A.  
 Registered offices in Bologna - Share capital €2,000,000  
 Indirect shareholding through Unipol Banca S.p.A. (now UGF Banca) 100%

As at 31 December - (amounts in €)

## BALANCE SHEET

	2008
<b>ASSETS</b>	
10. Cash and cash equivalents	77
60. Receivables	1,554,095
b) other receivables	1,554,095
100. Tangible assets	5,365
120. Intangible assets	12,789
120. Tax assets	140,222
a) current	74,447
b) deferred	65,775
140. Other assets	208,333
<b>TOTAL ASSETS</b>	<b>1,920,881</b>
<b>LIABILITIES</b>	
10. Payables	16,200
70. Tax liabilities	3,902
a) current	3,902
90. Other liabilities	74,873
120. Capital	2,000,000
200. Profit (loss) for the financial year	(174,094)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,920,881</b>

## PROFIT AND LOSS ACCOUNT

20. Fees and commissions payable	(178)
<b>Non-interest income</b>	<b>(178)</b>
40. Interest receivable and similar income	63,624
50. Interest payable and similar charges	(70)
<b>Gross operating income</b>	<b>63,376</b>
120. Administrative expenses:	(300,158)
a) staff costs	(232,834)
b) other administrative expenses	(67,324)
130. Net value adjustments/readjustments on tangible assets	(877)
140. Net value adjustments/readjustments on intangible assets	(2,211)
180. Other operating income	1
<b>Result from the operating activity</b>	<b>(239,869)</b>
<b>Pre-tax profit (loss) on current operations</b>	<b>(239,869)</b>
210. Income tax for the financial year on current operations	65,775
<b>Profit (loss) for the financial year</b>	<b>(174,094)</b>

UNIPOL MERCHANT-BANCA PER LE IMPRESE S.p.A. (now UGF Merchant)  
 Registered offices in Bologna - Share capital €105,468,007  
 Indirect holding through Unipol Banca S.p.A. (now UGF Banca) 86.18% )

As at 31 December - (amounts in €)

## BALANCE SHEET

ASSETS	2008	2007
10. Cash and cash equivalents	1,093	748
20. Financial assets held for trading	27,661	9,473,394
40. Financial assets available for sale	45,205,690	15,843,939
60. Receivables from banks	4,736,283	7,412,587
70. Receivables from customers	627,733,824	544,625,999
100. Shareholdings	2,470,783	1,084,283
110. Tangible assets	153,897	178,379
130. Tax assets	1,755,742	796,242
a) current	174,375	111,265
b) deferred	1,581,367	684,977
140. Non-current assets and assets of a disposal group		1,394,460
150. Other assets	325,972	635,690
<b>TOTAL ASSETS</b>	<b>682,410,945</b>	<b>581,445,721</b>
LIABILITIES		
10. Payables to banks	85,071,017	150,000,000
20. Payables to customers	20,745	0
30. Securities outstanding	485,346,030	302,416,348
80. Tax liabilities	843,194	1,057,538
a) current	569,370	788,533
b) deferred	273,824	269,005
100. Other liabilities	1,157,358	6,556,232
110. Provision for staff-leaving indemnity	189,654	195,111
120. Provision for risks and charges	400,000	0
130. Valuation reserves	(8,008,219)	0
160. Reserves	5,301,465	4,666,222
170. Share premiums	3,515,600	3,515,600
180. Capital	105,468,007	105,468,007
200. Profit (loss) for the financial year (+/-)	3,026,094	7,570,663
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>682,410,945</b>	<b>581,445,721</b>

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## PROFIT AND LOSS ACCOUNT

10. Interest receivable and similar income	35,554,670	25,437,380
20. Interest payable and similar charges	(24,932,016)	(16,845,215)
<b>30. Net interest income</b>	<b>10,622,654</b>	<b>8,592,165</b>
40. Fees and commissions receivable	3,451,800	6,310,553
50. Fees and commissions payable	(33,189)	(56,687)
<b>60. Non-interest income</b>	<b>3,418,611</b>	<b>6,253,866</b>
70. Dividends and similar income	1,131,627	1,789,174
80. Net result from trading activity	(1,207,604)	(3,320)
100. Profit (loss) from sale/repurchase of:	67,732	3,306
a) loans	48,908	0
b) financial assets available for sale	18,824	3,306
<b>120. Gross operating income</b>	<b>14,033,020</b>	<b>16,635,191</b>
130. Net value adjustments/readjustments due to impairment of:	(2,779,511)	84,155
a) loans	(2,779,511)	(845)
b) financial assets available for sale	0	85,000
<b>140. Net result from asset management</b>	<b>11,253,509</b>	<b>16,719,346</b>
150. Administrative expenses	(6,446,798)	(7,072,278)
a) staff costs	(4,422,364)	(4,644,982)
b) other administrative expenses	(2,024,434)	(2,427,296)
160. Net allocations to provisions for risks and charges	(400,000)	0
170. Net value adjustments/readjustments on tangible assets	(64,845)	(63,752)
190. Other operating income/charges	508,234	646,478
<b>200. Operating expenses</b>	<b>(6,403,409)</b>	<b>(6,489,552)</b>
210. Gains (losses) on participating interests	(268)	23,240
<b>250. Pre-tax profit (loss) on current operations</b>	<b>4,849,832</b>	<b>10,253,034</b>
260. Income tax for the financial year on current operations	(1,823,738)	(2,682,371)
<b>270. Profit (loss) on current operations, net of tax</b>	<b>3,026,094</b>	<b>7,570,663</b>
<b>290. Profit (loss) for the financial year</b>	<b>3,026,094</b>	<b>7,570,663</b>

## UNICARD S.p.A.

Registered offices in Milan - Share capital €2,080,000

Indirect shareholding through Unipol Banca S.p.A. (now UGF Banca) 51%

As at 31 December - (amounts in €)

## BALANCE SHEET

ASSETS	2008	2007
10. Cash and cash equivalents	2,772	3,939
40. Financial assets held for sale	542	517
60. Receivables	11,107,516	12,834,223
100. Tangible assets	122,594	116,902
120. Tax assets	51,409	34,626
a) current	34,674	34,626
b) deferred	16,735	0
140. Other assets	330,813	342,006
<b>TOTAL ASSETS</b>	<b>11,615,646</b>	<b>13,332,213</b>
LIABILITIES		
10. Payables	32,332	0
70. Tax liabilities	31,828	23,867
a) current	31,828	23,867
90. Other liabilities	9,234,925	10,908,022
100. Provision for staff-leaving indemnity	355,644	354,007
120. Capital	2,080,000	2,080,000
160. Reserves	(33,683)	155,447
180. Profit (loss) for the financial year (+/-)	(85,400)	(189,130)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,615,646</b>	<b>13,332,213</b>

## PROFIT AND LOSS ACCOUNT

10. Interest receivable and similar income	256,020	262,374
20. Interest payable and similar charges	(158,699)	(157,345)
<b>Net interest income</b>	<b>97,321</b>	<b>105,009</b>
30. Fees and commissions receivable	6,129,824	5,822,502
40. Fees and commissions payable	(3,653,707)	(3,731,610)
<b>Non-interest income</b>	<b>2,476,117</b>	<b>2,090,892</b>
50. Dividends and similar income	0	1,117
<b>Gross operating income</b>	<b>2,573,438</b>	<b>2,197,018</b>
110. Net value adjustments/readjustments due to impairment of:	(98,313)	(80,960)
a) receivables	(98,313)	(80,960)
<b>Net result from asset management</b>	<b>2,475,125</b>	<b>2,116,058</b>
120. Administrative expenses:	(2,522,215)	(2,235,776)
a) staff costs	(813,622)	(813,214)
b) other administrative expenses	(1,708,593)	(1,422,562)
130. Net value adjustments/readjustments on tangible assets	(54,556)	(67,244)
170. Other operating charges	(177,595)	(177,478)
180. Other operating income	208,934	199,177
<b>Net operating income</b>	<b>(70,307)</b>	<b>(165,263)</b>
<b>Pre-tax profit (loss) on current operations</b>	<b>(70,307)</b>	<b>(165,263)</b>
210. Income tax for the financial year on current operations	(15,093)	(23,867)
<b>Profit (loss) for the financial year</b>	<b>(85,400)</b>	<b>(189,130)</b>

# Summary of the resolutions passed by the Shareholders' Meeting



# Summary of the resolutions passed by the Ordinary Shareholders' Meeting held on 22 April 2009

## Ordinary Shareholders' Meeting held on 22 April 2009 – First call

### ITEM 1 on the Agenda

**To approve the accounts for the year ended 31 December 2008; to hear the report of the Board of Directors; to hear the Reports of the Board of Statutory Auditors and the Company of Auditors; to decide how to cover the operating loss; to pass the related and consequent resolutions.**

Under item 1 on the agenda the Shareholders' Meeting resolved:

- (i) to approve the annual accounts for the year ended 31 December 2008, together with the Directors' Report, which showed an operating loss of €2,873,296;
- (ii) to cover this operating loss of €2,873,296 by drawing on the following compulsory reserves:
  - ✓ €2,105,774 from the provision under Article 2426 8-bis of the Civil Code;
  - ✓ €326,014 from the provision under the Law relating to the Region of Sicily 46 of 12 April 1967;
  - ✓ €21,956 from the merger provision;
  - ✓ €314,007 from the warrant conversion provision;
  - ✓ €105,545.00 to cover the rest of the loss from the exchange provision, this provision consequently falling to €20,941,459.

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### ITEM 2 on the Agenda

**Appointment of a Director in accordance with Article 2386, para. 1, of the Italian Civil Code: to pass the related and consequent resolutions.**

Under item 2 on the agenda the Shareholders' Meeting resolved:

- (i) to confirm the number of members of the Board of Directors as 25 and to appoint as director of the company, in accordance with Article 2386, para. 1, of the Italian Civil Code, Mr Pier Luigi Celli, whose term of office shall expire at the same time as that of the other Directors, that is on the date of the Shareholders' Meeting called to approve the 2009 accounts, and to allow him not to be bound by the prohibition referred to in Article 2390 of the Italian Civil Code.

### ITEM 3 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 3 on the agenda the Shareholders' Meeting resolved:

- (i) to revoke the previous resolution to authorise the purchase and/or sale of own shares and of shares in the holding company, which was passed by the Shareholders' Meeting held on 24 April 2008;
- (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 this 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 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 the relevant 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 by CONSOB Ruling 11971 of 14 May 1999 as amended (the 'Issuer Regulation'), and in any case in accordance with the provisions of Article 132 of Legislative Decree 58/1998, Article 144-bis of the Issuer Regulation and any other provision, including the regulations referred to in EC Directive 2003/6 and relative Community and national regulations for implementation, where applicable;
- (iii) to top up the level of the Fund for the purchase of own shares by paying in €99,948,206;
- (iv) to authorise the Board of Directors – and through it the Chairman and Chief Executive Officer separately – 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 this 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 its subsidiary companies are taken into account;
  - b. minimum unit price for both sales and purchases: €1 (one Euro);
  - c. maximum unit price for both sales and purchases: €1.30 (one Euro 30 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 authorise the Board of Directors – and through it the Chairman and Chief Executive Officer separately – 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.



*Translated from the original Italian by SEL, the translation company  
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