UNIPOL GRUPPO FINANZIARIO

INTERIM FINANCIAL REPORT 31 MARCH 2010

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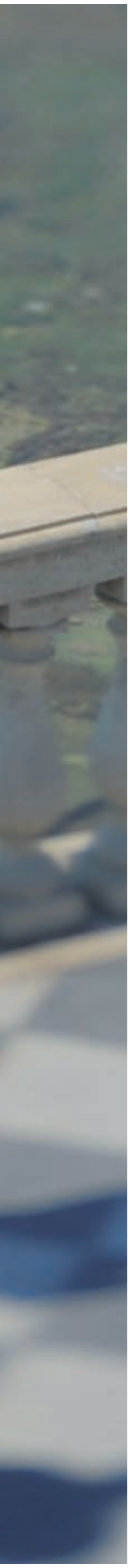


Translation from the Italian original which remains the definitive version

Unipol Gruppo Finanziario S.p.A.

Registered and Head Offices at Via Stalingrado 45, Bologna – Share capital €2,391,426,100.00 fully paid-up – Tax Code and Bologna Company Registration No. 00284160371 – R.E.A. No. 160304

Interim Financial Report

31 March 2010

(in accordance with Article 154-ter of Legislative Decree 58/1998)

Bologna, 13 May 2010

CONTENTS

Company’s bodies

	Honorary Chairman	Enea Mazzoli
Board of Directors	Chairman	Pierluigi Stefanini
	Vice Chairnan	Piero Collina
	Chief Executive Officer and General Manager	Carlo Cimbri
	Board Members	
	Francesco Berardini	Ivan Malavasi
	Sergio Betti	Massimo Masotti
	Rocco Carannante	Enrico Migliavacca
	Pier Luigi Celli	Pier Luigi Morara
	Gilberto Coffari	Milo Pacchioni
	Sergio Costalli	Marco Pedroni
	Ernesto Dalle Rive	Giuseppe Politi
	Jacques Forest	Francesco Vella
	Vanes Galanti	Marco Giuseppe Venturi
	Roger Iseli	Luca Zaccherini
	Claudio Levorato	Mario Zucchelli
	Secretary to the Board of Directors	Roberto Giay
Board of Statutory Auditors	Chairman	Roberto Chiusoli
	Standing Auditors	Giorgio Picone Domenico Livio Trombone
	Alternate Auditors	Carlo Cassamagnaghi Cristiano Cerchiai
Manager in charge of financial reporting		Maurizio Castellina
Independent Auditors		KPMG SpA

Macroeconomic background and market trends

Macroeconomic background

In the first few months of 2010 the general economic and financial situation was characterised by apprehensions about the Greek government's ability to honour its debt. Such upset rapidly extended to other peripheral European Union economies, such as Portugal, Spain and Ireland. These tensions reflect the accumulation of imbalances within the Eurozone in terms of balancing current accounts. The weaker economies, unable to manoeuvre the value of their currencies and to manage a suitable monetary policy, had visible problems with remaining competitive and in a period of deflation became vulnerable to speculative attacks. The negative effects on the single currency, which has lost ground as regards the other main currencies, have been felt.

OECD estimates assume that, for the first quarter of 2010, the increase in Italian GDP will be 1.2%. According to this multilateral organisation, sales of motor vehicles have played an important role in determining such moderately positive data. Therefore as public incentives were brought to an end, a slowdown in growth is expected from the second quarter. Low internal demand weighs heavily on the Italian production system. To be specific, the contribution of household expenditure is poor, conditioned by uncertainty regarding employment market prospects. As proof of the validity of this interpretation, in February employment was still shrinking (-1.3% compared with 12 months previously). The increase in exports (+7.3% in February) is not sufficient to bring economic dynamics to satisfactory levels. Inflation in the first quarter (+1.3%) appears to have stabilised at levels expected to continue for the whole of 2010.

Banca d'Italia points out that in the first two months of 2010, requirements of the Public Administration reported a reduction of €6.1 billion compared with the same period of 2009. In January, according to its Financial Bulletin, the public debt/GDP ratio was 116.9%, an increase of 1.8 percentage points compared with figures recorded at the end of 2009.

Financial markets

Following a significant upturn in 2009, the stock exchanges have contracted steadily from the start of the year, also nourished by fears of inflation and an increase in rates, back to the level in October 2009.

In the second half of the quarter, led by the emerging economies which continued to drive worldwide production, prices continued to recover to close the quarter with yields from the start of the year of +4.9% in the United States and the United Kingdom and +5.1% in Japan.

Performance of the stock exchanges in the Eurozone continued to be negative at -1.1% (Italy -1.2%), although recovery continued in April, with a return to positive yields on shares compared to the start of the year.

In the quarter under review the Euro has depreciated both against the dollar and the yen by over 5%, closing at 1.35 dollars and 126 yen per Euro respectively.

Euro interest rates have reached historic lows: at the end of March the 3-month Euribor was 0.58% and the German government's 10-year rate was confirmed at 3.09% (30 cents below the level at the end of the year). The 10-year rate of return on Italian treasury bonds (BTP) fell below 4%, setting the spread on the US bond to zero and bringing the differential on the German Bund below 80 basis points.

On the whole, quarterly yields on European treasury bonds were positive (+2.2%), while tensions in the corporate division, especially banking and financial, increased the spreads by 76 basis points at the end of 2009 to 91 basis points at the end of March.

During the first few months of 2010, the dominant theme on the share markets has been credit merit and sustainability of the public debt of industrialised countries, burdened by salvaging carried out in 2008 and by anti-recession measures in 2009.

The United States also underwent a progressive medium to long-term rate increase: return on maturity of the ten-year bond climbed from 3.20% from the end of November 2009 to 3.83% at the end of March. Different peripheral Eurozone countries (excluding Italy) have seen spreads with Germany widen, with the situation in Greece being especially critical. It is appropriate to avoid the extent and depth of tension associated with the sovereign debts of any of the EU Member States and in the first ten days of May a European plan was launched, agreed with the International Monetary Fund, which makes a further €750 billion available to support countries in difficulty. Such measures include the direct intervention of the European Central Bank on the secondary market purchasing at its discretion treasury bonds (and company shares) of the Member States. Initial reactions from the financial markets to such a deal have been positive.

Insurance business

In 2009 the Italian insurance market showed a two-speed trend, with Non-LIfe premiums contracting to 1.9% while the Life business reached an historic high with income exceeding €81 billion.
As regards Non-Life business, the motor vehicle (MV) sector has been increasingly penalised, with a decrease in premiums of 3.2%. Various factors have contributed to this negative result. Among these, we recall the "Bersani decrees" which reorganised the selective efficacy of the bonus-malus mechanism, the rise in insurance fraud connected with the country's complex economic situation and new and more onerous schedules, issued by the Court of Milan, which regulate personal damages compensation. It should be mentioned that this last item also includes the need to increase reserves allocated for accidents occurring in previous years which have not yet been compensated, since the latter should be settled with new parameters. Furthermore, among the items which have piloted the reduction in the sector's premiums, the more fiercely competitive climate which pervaded the motor vehicle third-party liability (MV TPL) market until mid-2009 should not be forgotten.
The entire non-MV Non-Life sector underwent a period of substantial stagnation in 2009. Poor economic dynamics were reflected in a large drop in premium income for the businesses more directly connected to production (Transport -6.2%, Bonds -3.6%, Credit -6.5%). On the other hand, with regard to retail customers, insurance companies have suffered from the poor propensity of Italian families to spend.
With regard to Life premiums, an increase in the propensity to save, together with continuously low interest rates, determined by the expansive monetary policy of central banks, have shown themselves to be decisive factors encouraging the sector's business development. Life premiums as a whole have grown by 48.7%, with a huge increase in Class I (+106.5%) and Class V (+58.9%), whereas Class III has fallen (-47.6%). Development fulcrum distribution channels have been bank and post office branches (+64%) and financial advisers (+142.4%). Very similar indications can be obtained from the Italian Insurance Association (ANIA) data relating to the new production of individual Life policies in the first two months of 2010.
2009 closed with Italian insurance companies facing up to a deterioration in the technical accounts of Non-Life sectors, specifically with regard to MV TPL. The data presented by many of the main groups operating in Italy show a combined ratio far exceeding 100% in a year therefore in which financial proceeds cannot compensate for high technical losses. In this context, insurance companies have implemented significant tariff adjustments intended to secure sustainable profits. Initial information indeed indicates a return to growth in Life premiums in the first two months of 2010. On an organisational action level, restructuring in both agency distribution networks and in company payment structures is recorded.

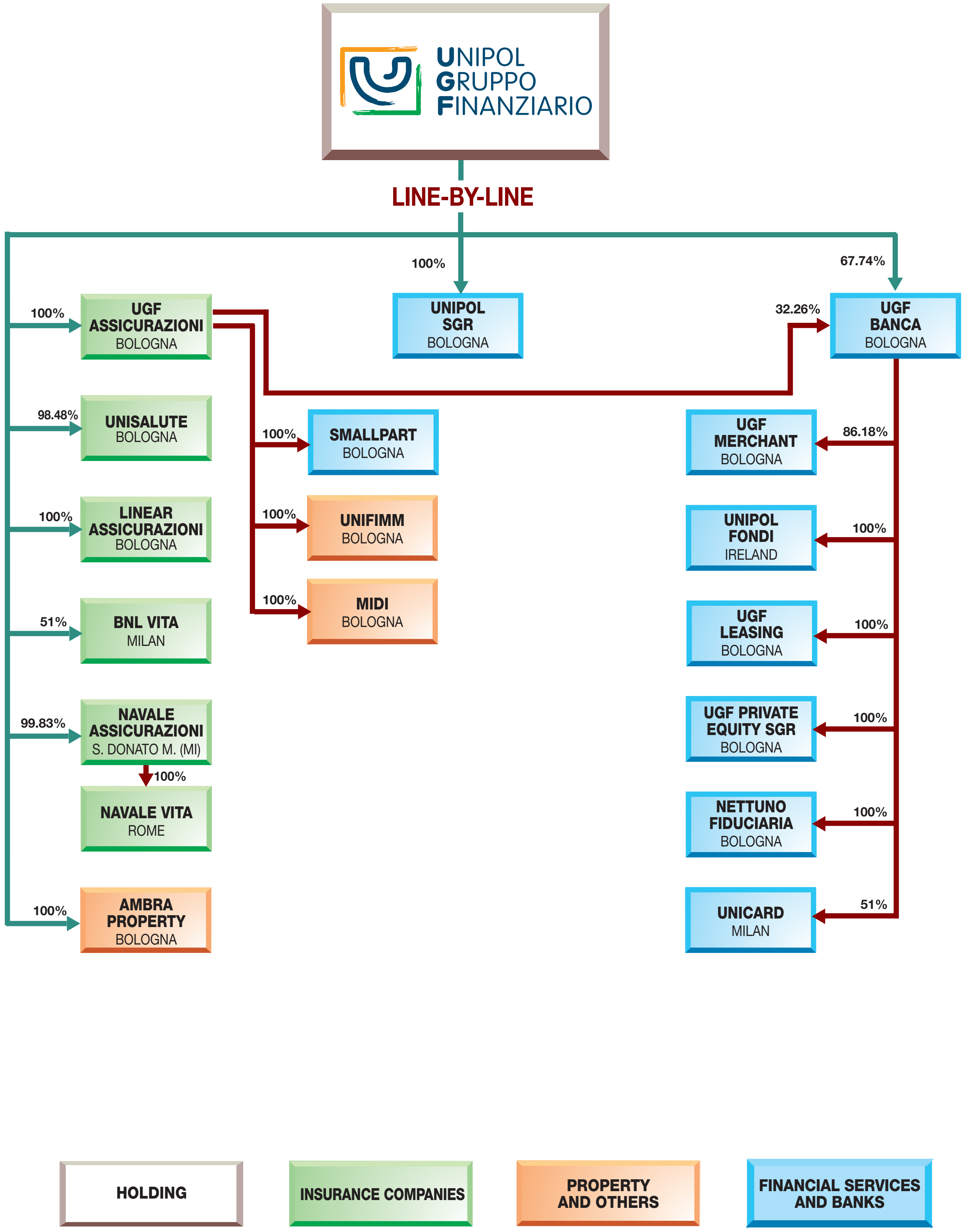
Banking and funds management

In its April Financial Bulletin, Banca d'Italia points out how in February 2010 bank credit granted to the non-financial private sector has remained substantially unchanged compared with the corresponding period of the previous year. A breakdown by debtor shows that credit granted to families has grown by 7.5% in the last twelve months, while financing to companies is recorded as having contracted by 2.9%. Significant differences are also indicated between the different credit institution categories: in the period from February 2009 to February 2010, the top five national

banking groups recorded a fall in their loan portfolios of 4.1% while other intermediaries showed growth of 2.1%.
Banca d'Italia's February data still shows sustained development in the banks' direct customer deposits, driven by bank bond issues (+6.5% in terms of potential). Instead there is a slow-down in the volumes of repo operations (-5.8%).
Over the last few months, rates on new financing have been subject to a slight downward adjustment, both as regards companies (a tenth of a point less for short-term facilities) and families (a few tenths for fixed-rate loans). Yields on bank bond issues also concurrently decreased.
Loan quality is still negatively influenced by weak economic dynamics. Some preliminary data, relating to the first two months of 2010, indicate an increase compared with the same period of the previous year and show that debtors are shown for the first time to be in arrears. Signs of improvement from the manufacturers are balanced by a deterioration indicated in other sectors, which includes the household sector.
The sector's profitability is expected to be reduced due to the difficulties still seen in the income statement (adjustments for impaired loans) and also the reinforcing of net capital and reserves necessary to cope with the major risk which credit institutions are now facing.
In the first three months of 2010, following the path set out in the second half of 2009, the mutual funds sector achieved a satisfactory performance. Net draw-downs were positive to the tune of more than €1.5 billion. Funds belonging to the bonds (+€5 billion) and balanced (+€1.8 billion) category have performed well. The rediscovered propensity to invest has made costs and funds flexible, with net downflows, even in the first quarter of the current financial year, amounting to more than €7 billion. Savers' interest and the overall good performance in the financial markets have enabled the fund-managed net capital and reserves to attest to the value of €444 billion, with growth compared with the end of 2009 of €15 billion. The most recent information published by the Banca d'Italia with reference to net capital and reserves management, indicates net income of €2.6 billion in the final quarter of 2009. The saving stock relating to the sector reached €448 billion, an increase of €15 billion compared with 30 September 2009.

The UGF Group's Interim Financial Report at and for the three months ended 31 March 2010 was drawn up in accordance with Article 154-ter of Legislative Decree 58/1998 (Consolidated Finance Act).
It is made up of the Interim Management Report and Condensed Interim Consolidated Financial Statements and for the three months ended 31 March 2010 drawn up exclusively for the purposes of review in accordance with IAS 34 – Interim Financial Reporting and complies with the IFRS. It should be pointed out that the information contained must be deemed extraordinary and not repeated in the same way in the interim management reports to close in subsequent periods.

CONSOLIDATION SCOPE AT 31 MARCH 2010



Interim management report

GROUP HIGHLIGHTS
(Amounts in €m)

	31/03/2010	31/03/2009	31/12/2009
Non-Life direct insurance premiums	984	1,022	4,260
% variation	*-3.7 (1)*	*-1.6 (1)*	*-2.2 (1)*
Life direct insurance premiums	1,193	1,661	5,240
% variation	*-28.2 (1)*	*160.3 (1)*	*48.9 (1)*
of which Life investment products	*5*	*5*	*19*
% variation	*-0.6 (1)*	*0.0 (1)*	*-3.4 (1)*
Total direct insurance premiums	2,177	2,683	9,501
% variation	*-18.9 (1)*	*60.0 (1)*	*20.6 (1)*
Bank business - direct customer deposits	9,253	8,527	9,540
% variation	*-3.0 (2)*	*-2.3 (2)*	*9.3 (2)*
Annual Premium Equivalent (APE) Life business - Group share	87	109	374
% variation	*-19.9 (1)*	*95.0 (1)*	*37.1 (1)*
Loss ratio - Non-Life business - direct business	83%	76.9%	86%
Combined ratio - Non-Life - direct business	105%	99.6%	108%
Net gains on investments and financial income (excl. assets/liabilities at fair value)	288	259	147
% variation	*10.9 (1)*	*-7.3 (1)*	*-77.5 (1)*
Pre-tax profit (loss)	24	72	-973
% variation	*-67.1 (1)*	*-58.2 (1)*	
Profit (loss)	1	41	-769
% variation	*-97.5 (1)*	*-66.8 (1)*	
Profit (loss) attributable to owners of the Parent	-7	39	-772
% variation			
Comprehensive income (expense)	62	-135	218
Investments and cash and cash equivalents	41,783	36,873	40,531
% variation	*3.1 (2)*	*1.6 (2)*	*11.7 (2)*
Technical provisions	28,957	26,075	28,286
% variation	*2.4 (2)*	*3.1 (2)*	*11.8 (2)*
Financial liabilities	12,219	10,596	12,198
% variation	*0.2 (2)*	*-2.7 (2)*	*12.0 (2)*
Equity attributable to owners of the Parent	3,636	3,273	3,585
% variation	*1.4 (2)*	*-4.7 (2)*	*4.4 (2)*

(1) % variation compared with the corresponding period of the previous year

(2) % variation compared with 31/12 of the previous year

Alternative performance indicators

These indicators (APE, loss ratio, expense ratio and combined ratio) are not laid down in the accounting standards but are calculated in accordance with economic and financial procedure.

Annual Premium Equivalent

The new Life production expressed in APE is a measurement of the volume of business relating to new policies and is expressed by the sum of periodic premiums of new production practices and one tenth of single premiums. This type of indicator is used to assess business jointly with the Life in-force value and the new business value of the Group.

Amounts in €m	31/03/2010	31/03/2009
Recurring annual premiums	9	6
Single premiums	788	1,036
Total new production - Life	797	1,041
Pro quota APE	87	109

Loss ratio (direct business and gross of reinsurance)

This is the principal indicator of the profitability of an insurance company's operations. It is the ratio between the cost of direct claims for the period and direct premiums for the period.

Amounts in €m	31/03/2010	31/03/2009
Direct premiums (gross of reinsurance)	1,014	1,050
Direct claims (gross of reinsurance)	841	807
Loss ratio	83%	76.9%

Expense ratio (direct business and gross of reinsurance)

Percentage indicator for the ratio between operating expenses (excluding commissions from indirect insurance business) and direct premiums.

Amounts in €m	31/03/2010	31/03/2009
Direct premiums (gross of reinsurance)	984	1,022
Direct operating expenses (gross of reinsurance)	216	232
Expense ratio	22%	22.7%

Combined ratio (direct business and gross of reinsurance)

This indicator measures the balance of Non-Life technical account and is made up of the sum of the expense ratio and the loss ratio.

	31/03/2010	31/03/2009
Loss ratio	83%	76.9%
Expense ratio	22%	22.7%
Combined ratio	105%	99.6%

Management report

The first part of 2010 saw the group especially committed to the preparation of the 2010-2012 Business Plan which, subsequent to the approval of the UGF S.p.A. Board of Directors, shall be presented to the financial community, Group employees and the network of agencies.
As already communicated to the market, the Shareholders' Meeting on 29 April has renewed the Company's Board of Directors, which has in turn nominated Pierluigi Stefanini as Chairman, Piero Collina as Vice Chairman and Carlo Cimbri as General Manager of the company.
The Plan, which defines the strategic guidelines for the next years, has been drafted using a bottom-up procedure with direct participation from management and other consultants in defining and proposing measures following the guidelines indicated by Senior Management.

> The starting point has been the group's mission defined by Senior Management:
>
> *"…to assure sustainable growth over a long period accompanied by adequate profitability, via an equal relationship with all stakeholders: shareholders, clients, agents, employees and suppliers…"*.

Below are the guidelines which have characterised the Business Plan:

- Profitability: to pursue the objective of sustainable profitability growth specifically owing to Non-Life technical marginality recovery, product innovation and the consolidation of insurance-bank integration.
- Positioning: focus on retail clients and small-medium enterprises, carrying out of the multi-channel and segmentation approach and bid differentiation in relation to different markets/territories, consolidation and widening of industrial and strategic alliances.
- Operational efficiency: simplification of organisational arrangement and assessment of human resources capital, focus on innovation and efficacy in customer service, rationalisation and cost control.
- Financial solidity: solid net capital base to sustain business development and operational decisions measured on the profitability of the absorbed capital.

The chosen approach is therefore directed towards a series of initiatives and staff actions in support of profitability via products and processes innovation, while paying greater attention to the role of the client, with a view to defining net capital and reserves and the financial and economic sustainable growth path.
The Plan objectives include the Arca Vita development forecasts and those of the companies controlled by it, whose control by UGF, following an agreement signed on 24 December 2009, will become effective once the related authorisations from the relevant Supervisory Authorities have been obtained.
The exit from the Group of BNL Vita has been provided for in the plan as the bancassurance partnership with BNP Paribas, communicated in December 2009, expires in 2011.
An integral part of the plan's objectives is, as already recalled, the maintenance of a solid capital structure and high financial flexibility. To attain such an objective, an increase in share capital is foreseen, for an entire maximum amount of €500m, approved by the Extraordinary Shareholders' Meeting of UGF S.p.A. on 29 April. The Meeting has given a mandate to the Board of Directors to establish the methods, terms and conditions for the share capital increase, therein including the share subscription price, the number of shares to be issued and the related optional ratio.

As far as **the group's operations** in the first quarter of 2010 are concerned the **Non-Life insurance business** has started to record the positive effects of numerous actions finalised to cope with the worsening in the claims rate starting from 2008, within the context of a highly negative sector situation which continued into 2009.
The underwriting policy undertaken, which aims to reform the portfolio and review prices, is causing an expected reduction in the policies portfolio, reflecting on direct Life business premiums in the first quarter of 2010 of €984m, a drop of 3.7% compared with the first quarter of 2009.
The motor vehicle (MV) sector in particular registered a fall of 2.6% and the non-MV sectors 5.5%, the reason for the latter being targeted policy transfers as well as the current financial crisis.
On the other hand, the effects of action undertaken have produced a decisive inversion in the trend of accidents being reported which shows a slight retraction compared with the corresponding period of the previous year. Specifically, a drop in claims of 8% was recorded in the motor vehicle third-party liability (MV TPL) sector in the first three months of 2010.
In this context, the Group recorded a direct business premiums / claims ratio in the first quarter of 2010 of 83% compared with 86% at the end of 2009.
The direct business expense ratio is 22% and fell compared with the 22.7% from the first quarter of 2009 and aligned to 22% at the end of 2009.
Therefore, the Group recorded a combined ratio (direct business) of 105% in the quarter, a reduction compared with the data at the end of 2009 (108%) bearing witness to the positive effects of measures undertaken to carry forward the sector's industrial performance into profitability.

As far as the **Life sector** is concerned, premiums dropped to 28.2%. This was affected by the fall in BNL Vita production (-36.8%), which was to be expected, as the first part of 2009 saw exceptional growth (+160%).
The Group's channels are also in decline, even if the variation is less marked, equal to 6.8%, which it is intended to recover considering, even in this case, the comparison with the exceptional first quarter of 2009, the launch of the new products portfolio expected during the second quarter of the current year and the negative effects of migration on computer systems networks operations.
Taking into account the aforementioned, the volume of new business in terms of APE also shows a drop in the first quarter of 2010 of 19.9% (€87m) compared with the first quarter of 2009.

In the **banking sector**, action to consolidate existing branches is being carried out. The sector's performance in the first three months of 2010 saw a further increase in banking activities in terms of customer current accounts. Despite the current financial crisis and the contained market interest rates, the sector made a profit after two years (2008 and 2009), influenced by economic effects originating from the growth of non-performing loans.

In terms of **financial income and expense** the first quarter of 2010 was influenced by the heightening of tensions as regards the debt of peripheral Eurozone countries and Greece in particular, which caused growth in the governmental rates of these countries and a depreciation of the Euro. In a context still characterised by uncertainty, the Group's investment policies remain cautious, prepared to maintain an adequate balance between risk and profit and to guarantee coherence between the assets and liabilities assumed regarding insured parties. In this perspective, the Group maintained a high level of liquidity in the first quarter of 2010, reduced exposure to risks of fluctuations in share prices and hedged itself against the risk of increased interest rates.
Financial income (expense) has discounted in the period negative effects of €33m relating to impairment losses on shares.

The UGF Group closed the first quarter of 2010 with a **comprehensive income of €62m** and a consolidated profit of €1m.

Salient aspects of business operations

The consolidated Interim Financial Report at 31 March 2010 closed with **€62m** (expense of €135m for the corresponding period of 2009) **of comprehensive income**, of which €1m related to the statement (€41m for the corresponding period of 2009) and €61m related to other profit for the period of comprehensive income (other comprehensive expense of -€176m for the corresponding period of 2009).

Amongst the most important aspects that characterised Group performance, the following are worthy of note:

- **direct business premiums**, gross of outwards reinsurance, were €2,177m (€2,683m for the corresponding period of 2009, -18.9%), €5m of which related to Life investment products (unchanged compared with 31/3/2009); direct Non-LIfe premiums amounted to €984m (-3.7%) and Life premiums €1,193m (-28.2%);
- **premiums earned**, net of outwards reinsurance, amounted to €2,182m, €996m of which was from Non-Life business (€1,034m for the corresponding period of 2009) and €1,185m from Life business (€1,654m for the corresponding period of 2009);
- **bank customer deposits** amounted to €9,253m (-3% compared with 31/12/2009);
- **net charges relating to claims**, net of outwards reinsurance, amounted to €2,143m, €841m of which was from Non-Life business (€808m for the corresponding period of 2009) and €1,302m from Life business (€1,744m as at 31/3/2009), and included €69m of net gains on financial assets and liabilities designated at fair value (net losses of €22m for the corresponding period of 2009);
- the **net loss ratio** in Non-Life business was 83% (76.9% for the corresponding period of 2009);
- **operating expenses**, net of commissions received from reinsurers, amounted to €317m (€326m for the corresponding period of 2009); in Non-Life business they amounted to €217m (€232m for the corresponding period of 2009), in Life business they were €31m (€24m for the corresponding period of 2009) and in banking business they were €63m (€61m for the corresponding period of 2009);
- **investments and cash and cash equivalents** amounted to €41,783m (€40,531m as at 31/12/2009);
- **technical provisions** and **financial liabilities** amounted to €41,176m, compared to €40,485m at 31 December 2009;
- **net income on investments and financial income** from financial assets and liabilities (excluding those at fair value) amounted to €288m during the period (€259m for the corresponding period of 2009);
- the **pre-tax profit** amounted to €24m (€72m at 31/3/2009). Net of tax for the period of €23m and of the profit attributable to non-controlling interests of €8m, the **loss for the period attributable to the owners** was -€7m (profit of €39m for the corresponding period of 2009);
- **comprehensive income** is €62m compared with expense of €135m for the period ended 31 March 2009, due in particular to the improvement of €73m net gains on available-for-sale financial assets (expense of €175m for the corresponding period of 2009).

On the following page is a summary of the consolidated income statement for the three months ended 31 March 2010 broken down by business segment: insurance (Non-Life and Life), banking and holding and services compared with the figures for the corresponding period of 2009.

Condensed income statement broken down by business segment

Amounts in €m

	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE SECTOR			BANKING SECTOR			Holding and Services SECTOR			Intersegment eliminations		CONSOLIDATED TOTAL		
	mar-10	mar-09	var. %	mar-10	mar-09	var. %	mar-10	mar-09	var. %	mar-10	mar-09	var. %	mar-10	mar-09	var. %	mar-10	mar-09	mar-10	mar-09	var. %
Net premiums	996	1,034	*-3.6*	1,185	1,654	*-28.3*	2,182	2,687	*-18.8*	0	0		0	0		0	0	2,182	2,687	*-18.8*
Net commissions	0	0		0	0		0	0		29	18	*63.1*	0	0		-4	-1	24	17	*44.8*
Financial income/expense (excl.assets/liabilities at fair value)	53	61	*-13.6*	232	156	*49.3*	285	217	*31.5*	40	52	*-24.1*	-3	-1	*96.4*	-2	-2	320	266	*20.5*
Net interest	*31*	*44*		*146*	*137*		*177*	*180*		*53*	*63*		*-7*	*-14*		*0*	*0*	*223*	*229*	
Other income and expense	*8*	*21*		*3*	*0*		*11*	*21*		*0*	*1*		*0*	*11*		*-2*	*-2*	*9*	*30*	
Realised gains and losses	*26*	*-3*		*80*	*-15*		*106*	*-18*		*2*	*5*		*4*	*1*		*0*	*0*	*113*	*-12*	
Unrealised gains (excluding impairment on AFS shares)	*-12*	*0*		*3*	*34*		*-9*	*33*		*-15*	*-16*		*0*	*1*		*0*	*0*	*-24*	*19*	
Impairment of AFS equities	-23	-2		-9	-4		-32	-6		-1				0				-33	-7	
Net charges relating to claims	-841	-808	*4.1*	-1,302	-1,744	*-25.4*	-2,143	-2,552	*-16.0*	0	0		0	0		0	0	-2,143	-2,552	*-16.0*
Operating expenses	-217	-232	*-6.8*	-31	-24	*27.0*	-247	-256	*-3.6*	-63	-61	*3.5*	-19	-39	*-51.9*	13	31	-317	-326	*-2.8*
Commissions and other acquisition costs	*-184*	*-195*		*-19*	*-14*		*-203*	*-210*		*0*	*0*		*0*	*0*		*0*	*0*	*-203*	*-209*	
Other expenses	-32	-37		-12	-10		-44	-47		-63	-61		-19	-39		13	31	-114	-116	
Other income/expense	-6	-4	*62.0*	-8	-10	*-21.7*	-15	-14	*1.2*	1	0	*-765.3*	10	29	*-65.9*	-6	-28	-10	-14	*-25.8*
Pre-tax profit (loss)	-38	48		69	27		30	75		5	8		-12	-12		0	0	24	72	*-67.1*
Income taxes																		-23	-31	
Consolidated profit (loss)																		1	41	
attributable to owners of the Parent																		*-7*	*39*	
attributable to non-controlling interests																		*8*	*2*	
Comprehensive income (expense)																		61	-176	
Total comprehensive income (expense)																		62	-135	
attributable to owners of the Parent																		*51*	*-159*	
attributable to non-controlling interests																		*11*	*25*	

Insurance business

Premiums and investment products

Total premiums (premiums and investment products) for the period amounted to €2,192m, a decrease of 18.7% compared with the corresponding period of 2009. Life business recorded a decrease of 28.2%, whilst Non-Life business fell by 3.5%.

Premiums at 31 March 2010 may be broken down as follows:

- Non-Life premiums 45.5% (38.3% at 31/3/2009)
- Life premiums 54.3% (61.5% at 31/3/2009)
- Life investment products 0.2% (unchanged compared with 31/3/2009).

In compliance with the requirements of IFRS 4 (presence of a significant insurance risk), all the Non-Life premiums of the companies in the Group were classified as insurance premiums.

As regards Life business, investment products as at 31 March 2010 related to Class III - Unit- and index-linked policies and Class VI - Pension funds.

Premiums
Amounts in €m

	31/3/2010	comp. %	31/3/2009	comp. %	var. %
Non-Life direct premiums	984		1,022		-3.7
Non-Life indirect business	13		11		20.7
Total Non-Life premiums	997	45.5	1,033	38.3	-3.5
Life direct premiums	1,188		1,656		-28.2
Life indirect business	2		3		-31.1
Total Life premiums	1,191	54.3	1,659	61.5	-28.2
Total Life investment products	5	0.2	5	0.2	-0.6
Total premiums from Life business	1,195	54.5	1,664	61.7	-28.2
Total premiums	2,192	100.0	2,697	100.0	-18.7

Almost all the policies issued were signed in Italy.
Direct business amounted to €2,177m (-18.9% for the corresponding period of 2009), €2,172m of which was premiums (€2,678m for the corresponding period of 2009) and €5m investment products (unchanged compared with the corresponding period of 2009), while indirect business premiums were was €15m (€14m for the corresponding period of 2009).

Income breakdown per class of business, with the breakdown indices and the variation compared with the corresponding period of the previous year, is set out in the following table:

Breakdown of premiums per business segment *Amounts in €m*					
	31/3/2010	*comp. %*	31/3/2009	*comp. %*	*var. %*
DIRECT ITALIAN BUSINESS					
Non-Life business premiums					
Accident and Health (classes 1 and 2)	183	*8.4*	180	*6.7*	*1.4*
Motor vehicles - TPL (class 10)	512	*23.6*	526	*19.6*	*-2.6*
Motor vehicles - Property damage (class 3)	81	*3.7*	83	*3.1*	*-2.5*
Marine, Aviation and Transport insurance (classes 4, 5, 6, 7, 11 and 12)	5	*0.2*	6	*0.2*	*-27.2*
Fire and Miscellaneous damages (classes 8 and 9)	87	*4.0*	94	*3.5*	*-7.5*
General third-party liability (class 13)	74	*3.4*	89	*3.3*	*-17.2*
Credit and Bond (classes 14 and 15)	9	*0.4*	9	*0.3*	*-1.9*
Pecuniary losses (class 16)	14	*0.7*	14	*0.5*	*2.4*
Legal protection (class 17)	6	*0.3*	7	*0.3*	*-14.0*
Support and assistance (class 18)	12	*0.6*	13	*0.5*	*-2.3*
Total Non-Life business	984	*45.3*	1,022	*38.2*	*-3.7*
Life business premiums					
I - Whole and term life insurance	878	*40.4*	1,429	*53.4*	*-38.5*
III - Unit-linked/index-linked policies	111	*5.1*	58	*2.2*	*91.7*
V - Capitalisation insurance	84	*3.9*	60	*2.2*	*41.2*
VI - Pension funds	115	*5.3*	109	*4.1*	*4.8*
Total Life business	1,188	*54.7*	1,656	*61.8*	*-28.2*
Total Life and Non-Life direct premiums	2,172	*100.0*	2,678	*100.0*	*-18.9*
Life investment products					
III - Unit-linked/index-linked policies	0	*0.0*	1	*0.0*	*-22.3*
VI - Pension funds	4	*0.2*	4	*0.2*	*2.6*
Total Life investment products	5	*0.2*	5	*0.2*	*-0.6*
Life direct premiums					
I - Whole and term life insurance	878	*40.4*	1,429	*53.3*	*-38.5*
III - Unit-linked/index-linked policies	111	*5.1*	58	*2.2*	*90.6*
V - Capitalisation insurance	84	*3.9*	60	*2.2*	*41.2*
VI - Pension funds	119	*5.5*	114	*4.2*	*4.7*
Total Life direct premiums	1,193	*54.8*	1,661	*61.9*	*-28.2*
Total direct premiums	2,177	*100.0*	2,683	*100.0*	*-18.9*
INDIRECT BUSINESS					
Non-Life premiums	13	*86.7*	11	*78.8*	*20.7*
Life premiums	2	*13.3*	3	*21.2*	*-31.1*
Total indirect business	15	*100.0*	14	*100.0*	*9.7*
TOTAL REVENUE	2,192		2,697		*-18.7*

The classification of premiums by class set out above complies with the provisions of Article 2 of Legislative Decree 209 of 7 September 2005 - Insurance Code (para. 1 in the case of Life business and para. 3 in the case of Non- Life business).

The following table below shows direct business premiums as at 31 March 2010, broken down according to sector and separated into Non-Life premiums, Life premiums and investment (in €m):

Direct income *Amounts in €m*							
	Non-Life premiums	Life premiums	Total	*comp. %*	Investment products	Total income	*comp. %*
Traditional composite companies	821	460	1,281	*59.0*	5	1,286	*59.1*
Non-Life specialist companies	163	0	163	*7.5*	0	163	*7.5*
Bancassurance companies	0	728	728	*33.5*	0	728	*33.5*
Total direct business premiums	984	1,188	2,172	*100.0*	5	2,177	*100.0*

Life business

Life business premiums for the first quarter of 2010 totalled €1,195m, down 28.2% compared with the corresponding period of 2009.
Direct business premiums amounted to €1,193m (-28.2% for the corresponding period of 2009). Class I – traditional policies were down (-38.5%) whilst Class III – index- and unit-linked policies saw an increase (+90.6%), as did Class V – capitalisation policies (+41.2%) and Class VI - pension funds (+4.7%).
Direct Life business premiums amounted to €1,189m for the first quarter of 2010 whilst investment products amounted to €5m. For the first quarter of 2009 Life premiums had been €1,656m and investment products €5m.

New business in terms of APE, net of non-controlling interests, amounted to €87m in the first quarter of 2010, a decrease of 19.9% compared with the first quarter of 2009.

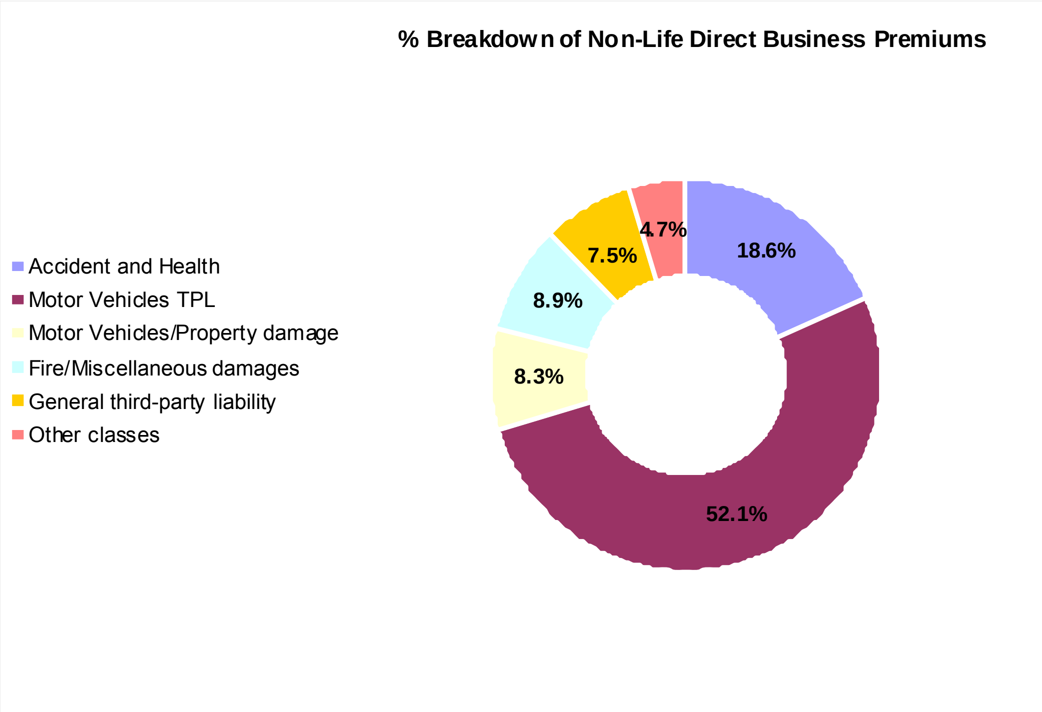
As far as the Group's occupational pension fund business is concerned, compared with the situation at the end of 2009, it was re-awarded the mandate for the Rubber-Plastic Pension fund; furthermore, in conjunction with the periodic management mandates renewal, UGF Assicurazioni were able to reconfirm guaranteed sector management (Security Division) of the Cometa Pension Fund until 2020.
Asset management continued as normal and for the first quarter there was a total of 26 occupational pension funds mandates (15 of which were for 'with guaranteed principal and/or minimum return'). At 31 March 2010 total assets under management amounted to €2,117m.
In open-ended pension funds business Unipol Futuro, Unipol Previdenza, Unipol Insieme, Aurora Previdenza and BNL Pensione Sicura had assets of €226m and 21,538 members.
Total premiums are in line with budget objectives.

The **traditional composite company UGF Assicurazioni** achieved Life direct premiums of €465m, a decrease of 8.6% compared with the first quarter of 2009. Life premiums amounted to €460m (€503m for the corresponding period of 2009), while investment products amounted to €5m, unchanged compared with the corresponding period of 2009. In particular there was an increase in Class V – capitalisation policies (+71.2%) and Class VI – pension funds (+4.7%), while the other classes (Class I – traditional policies -23.5% and Class III – unit- and index-linked policies -17.8%) registered a fall.
Life policies production achieved via UGF Banca branches was €41m at 31 March 2010 (€60m for the corresponding period of 2009).

The **bancassurance company BNL Vita** achieved total premiums of €728m compared with €1,152m for the corresponding period of 2009 (-36.8%). There was a considerable rise in the number of Class III – index- and unit-linked policies (+91.8%) whilst Class I – traditional policies (-43.4%) and Class V – capitalisation policies (-62.5%) were down.

Non-Life business

Total premiums business in the Non-Life portfolio amounted to €997m for the period (-3.5% compared with the corresponding period of 2009).
Direct premiums alone amounted to €984m (-3.7% compared with the corresponding period of 2009). Indirect business premiums amounted to €13m (+20.7% compared with the corresponding period of 2009).
All the main classes (MV TPL -2.6%, Motor Vehicles -2.5%, Fire and Miscellaneous Damages -7.5% and General TPL -17.2%) are down, particularly as a result of the steps taken to reform the portfolio and greater selection in terms of the risks underwritten in order to return to profitability. Accident and Health is up (+1.4%).



UGF Assicurazioni achieved direct premiums of €821m (-5.7%). Particular mention should be made of the decrease in MV TPL (-4%) and Motor Vehicles (-3.6%) as a result of the ongoing crisis in the automobile market as well as the reduction in the number of policies in the portfolio owing to tariff increases in place and the disposal of policies relating to company fleets of vehicles, aimed at making a return to profitability. Among the other classes mention should be made of the increase in Health (+8%), while there were decreases in almost all the other classes (Accident -12.4%, Fire -12.3%, Miscellaneous Damages -4.4%, General TPL -14.4).

The specialist companies (Navale Assicurazioni, Linear and Unisalute) recorded direct premiums of €163m (+7.7%).
Navale Assicurazioni achieved direct premiums of €60m for the period (+2.6%). There was a large increase in motor vehicle (MV) business (+16.2%), while the other classes showed an overall downturn of 17.5%.
Linear achieved direct premiums of €41m, in line with the corresponding period of the previous year (-0.2%).
Unisalute achieved direct premiums of €61m, recording a growth of 19.9%.

Reinsurance

Inwards reinsurance

Total Non-Life and Life inwards reinsurance premiums amounted to €15m for the period, an increase of 9.7% compared with the corresponding period of 2009 and were made up of €13m of premiums from the Non-Life business and €2m from the Life business.

Outwards reinsurance

In the case of risks underwritten in Non-Life business the reinsurance strategy to protect the companies in the Group was put in place for technical risks in the Bond, Credit and Property classes. This is an automatic cover plan using proportional types of cession. Other non-proportional types of cover were adopted to protect exposures arising out of the portfolios retained in the following classes: Motor Vehicle and General Third-Party Liability, Motor vehicles, Accident, Transport and Miscellaneous damages caused by hail.
A specific non-proportional type of cover was arranged to reduce the Group's net exposure to the risks retained in the Fire class, including natural disasters.
In the case of risks underwritten in Life business the reinsurance strategy to protect the companies in the Group was taken out adopting automatic proportional types of cover.
In order to reduce the counterpart risk to a minimum, the reinsurance was placed with leading professional reinsurers rated very sound by the world's leading rating agencies.

In the first quarter of 2010, proportional types of cover generated an overall profit for the reinsurers. Non-proportional types of cover were not affected during the quarter by claims.

Ceded Non-Life direct business premiums amounted to €25m at 31 March 2010 (€27m for the corresponding period of 2009).
The Non-Life retention index for the quarter was 97.5% (97.4% for the corresponding period of 2009).
Ceded Life direct business premiums amounted to €5m at 31 March 2010 (unchanged compared with the corresponding period of 2009). The Life retention index at the reporting date was 99.6% (99.7% for the corresponding period of 2009).
The overall retention ratio (Non-Life and Life) decreased slightly to 98.6% compared with 98.8% at 31 March 2009.

Performance of the insurance business

The Group's insurance business contributed a total of €30m to the pre-tax profit, €69m of which pertained to Life business (€27m for the corresponding period of 2009) and -€38m to Non-Life business (€48m for the corresponding period of 2009).

Total operating expenses incurred for the period (acquisition and collection commissions and other acquisition costs, asset management and administrative expenses), net of commissions received from reinsurers, totalled €247m (-3.6% compared with the corresponding period of 2009).
The expense ratio for Non-Life direct business, that is the ratio of operating expenses including commissions received from reinsurers and investment management expenses to direct premiums, was slightly down (22% compared with 22.7% as at 31/3/2009 and 22% as at 31/12/2009).
The loss ratio for Non-Life direct business (i.e. the ratio of charges relating to claims for direct business to the relevant direct premiums) was 83% compared with 76.9% for the corresponding period of 2009 and 86% at 31 December 2009.

The positive trend in technical performance compared with that recorded for 2009 is also seen in the decrease in the number of claims reported in the main classes (MV TPL -8%, Motor Vehicles -5%, Accident -2.7%, Fire -12%, General TPL -17.5%), reflecting the initial results of the measures taken in terms of tariff increases and selection of risks.

In MV business in particular, the positive effects of the reform and discontinuation initiatives taken for policies relating to company vehicles and the reduction in the number of individual policies, as well as a small number of claims caused by bad weather and sociopolitical events can be seen.
The total number of direct claims, excluding MV TPL, was 528,915, an increase of 33.3%, mainly in the Health class (+54.9%), but this figure must be seen in the context of both the expansion of Unisalute's portfolio, which was characterised by group policies that gave rise to a large number of small claims, and contractual improvements made in UGF Assicurazioni national integrated health funds, which generated a increased number of claims relating to repayments of limited-value medical expenses.
Excluding the Health and Assistance classes, the decrease in claims reported was 4.6%.

As regards MV TPL the Group recorded 119,871 'passive' claims (total non-CARD and debtor CARD claims) for the first quarter of 2010, a fall of 8.3% compared with the 'passive' claims reported during the same period of 2009.
99,297 of the claims came under the knock-for-knock agreement (debtor CARD claims) and accounted for approximately 83% of the total (debtor CARD + non-CARD).
Approximately 99,042 Operational DIA claims were settled. The overall rate of settlement for CARD claims dealt with by the UGF Group (excluding claims where there was contributory negligence, which were partially dealt with the counterpart companies) was 48% and the average cost of claims paid recorded an increase of 2%, slightly down on expectations.

The **combined ratio**, based on direct business, was 105% at 31 March 2010 (99.6% for the corresponding period of 2009 and 108% at 31/12/2009). The indicator is derived from the sum of the loss ratio (83%) and expense ratio (22%).

Banking business

The banking sector was made up of the UGF Banca Group and Unipol SGR, whose figures for the period ended 31 March 2010 were not significant.

During the first quarter of 2010 the UGF Banca Banking Group continued its normal business, in particular, the commercial activity of the Parent.
The situation in the macroeconomic market which continued to characterise the first few months of 2010 certainly influenced the results for the first quarter, with factors such as the quality of credit and the level of interest rates involved.
The new credit policy introduced in the second half of 2009 resulted in a contraction of new lending transactions, permitting an overall improvement in the quality of the portfolio; the limits set out in the new internal regulations guaranteed suitable diversification of the portfolio which would enable any critical situations affecting the specific sectors to be better managed.
For information on credit risk, the Group is highly exposed in respect of several customers mainly operating in the property and construction sectors. In the case of these loans and borrowings, many classified as sub-standard, the Banking Group also has mortgages currently capable of covering the Group's credit risk. However, in view of the state of the market in these sectors the Group also began to monitor the credit risk of this exposure more closely by 'actively managing' agreements and continuously monitoring the value of the guarantees.

Total customer deposits amounted to €9.3bn (€9.5bn at 31/12/2009), of which €6.5 billion related to ordinary customers, €1.9 billion to UGF Group companies and €0.9 billion to securitised notes.
Customer funds under management amounted to €21.4 billion at 31 March 2010 (€21.7 billion at 31/12/2009), €19.6 billion of which were assets under administration (-1.8%) and €1.8 billion funds under management (+1.5%) compared with the balance at the end of 2009.
Lending to customers amounted to €9.9 billion at the end of the first quarter of 2010, a net increase of €69m (+0.7%) compared with figures at the end of 2009. Net of depreciation on securitised mortgage loans, lending to customers rose to 5.2% compared with 31 December 2009.

The period ended with a pre-tax profit of €5m (pre-tax profit of €8m for the corresponding period of 2009). The following table shows the principal items in the income statement for banking business, set out in accordance with the layout specified for banks.

Banking business *Amounts in €m*		31/3/2010	31/3/2009	*var. %*
Net interest income		52	63	*-16.3*
Net commission income		29	18	*63.4*
Other net financial income		3	5	*-44.7*
Total income		84	85	*-1.4*
Net impairment losses on financial assets		-16	-15	*-6.0*
Net financial income		68	70	*-3.0*
Operating expenses		63	62	*1.7*
of which: accruals to provisions for risks and charges		*0*	*2*	
	Cost/income	74.8%	70.8%	*5.7*
Pre-tax profit		5	8	*-38.1*

Net interest income is €52m, a contraction of 16.3%, owing to considerable modification in the rates (the 3-month Euribor in the first quarter of 2010 was equal to 0.674%, compared to the 3-month Euribor in the first quarter of 2009, which was 2.087%). Net commission income contributed positively, with €29m (+63.4% compared to the first quarter of 2009), which was attributed to both the commercialisation of new products (Credit Protection cover and Personal Loans) and the introduction of the new commission on credit services (CSA).
Total income reached €84m, a decrease of 1.4%.
Operating expenses in the first quarter of 2010 recorded a growth of 1.7%, essentially attributed to the personnel required for the overall expansion process, such personnel being required to work on Company reorganisation projects.
The cost/income ratio is equal to 74.8%, compared to 70.8% in the first quarter of 2009.
Net impairment losses on loans and receivables and financial assets adds up to €16m, which is in line with the impairment losses recorded in the first quarter of 2009.

Holding and Services business

Holding and Services business was carried out by the holding company UGF and (to a not particularly significant extent) by the subsidiary Ambra Property, which owns and manages the UNA Way Bologna Fiera hotel.

The pre-tax result for the period for Holding and Services business was negative to the tune of €12m (-€12m for the corresponding period of 2009).
With respect to revenue from services and operating expenses it should be noted that UGF provided the insurance group companies with additional services up until 31 January 2009. These companies were contributed to the subsidiary UGF Assicurazioni on 1 February 2009.

The major figures were as follows:
- core business revenue from services, income recouped by off-site personnel and other revenue totalling €13m (€30m for the corresponding period of 2009);
- €22m of personnel expense and other operating costs for holding company business (€40m for the corresponding period of 2009);
- €10m of net gains from financial assets (€20m for the corresponding period of 2009).
- €13m of interest expense and other expenses on bond issues and financing (€22m the corresponding period of 2009).

Investments and cash and cash equivalents in Holding and Services business amounted to €5,601m at 31 March 2010 (€5,613m at 31/12/2009), €4,422m of which related to investments in subsidiaries, which had risen by €45m owing to payments to subsidiaries for share capital increases.

Financial liabilities included €930m for bonds issued in 2009 (€922m at 31/12/2009) and €307m of financing from UGF Assicurazioni (€306m at 31/12/2009).

Intersector eliminations

Intersector eliminations related to the derecognition of income and costs between Group companies belonging to different sectors.

Group property and financial management

Investments and cash and cash equivalents

In the first quarter of 2010, markets were affected by heightened debt tension in countries on the outskirts of the Eurozone, in particular Greece, which had already been noted at the end of the previous year. The political difficulty in immediately providing Greece with a support plan was echoed in the vulnerability of the European single currency which depreciated against the main currencies. The ambiguity and poor consistency of such a plan has also generated the prospect of a prolonged period of economic stagnation in the Eurozone, different to the one experienced by emerging markets, within a worldwide situation of sustained economic recovery.
The fragility of recovery, together with still-increasing unemployment rates (10% in the Eurozone) has meant that the moderate inflation rises brought about by the increase in raw material prices have been confined.
In addition to the above, the following have been noted in the Eurozone:

- marginal decrease in interest rates (the 10-year swap rate went from 3.58% to 3.28%);
- increasing difference between the core countries and outlying countries;
- underperformance of European stock exchanges when compared to other markets.

Standard & Poor's 500 index, representing the US Stock Exchange, ended the first quarter, up 4.87%, the Eurostoxx50 index, representing stock markets in the Eurozone, was down 1.15% whilst the Japanese Nikkei 225 was up 5.15%.
Short-term rates remained pinned down at extremely low values. The 3-month Euribor fell slightly (from 0.70% at the end of 2009 to 0.63%).
The corporate bonds market consolidated the marvellous performance registered throughout 2009 and does not display any significant changes when compared to the beginning of the year.

During the quarter in question, the Group's investment policies (with the exception of the bank sector which, not taking into account the item bank customer loans and borrowings and interbank loans, only represents 1.1% of total investments) were focused on maintaining an appropriate balance between risk and return in the bond sector.
Operations to guarantee investment consistency along with the development of liabilities in terms of cover were initiated.
Government bond activity was concentrated mainly on bonds of the countries in which the Group operates and, in part, on foreign bonds within countries of the European Union.
In addition, this offers a perfect opportunity to stress that, considering the unprecedented containment of interest rates during the first quarter, portfolio risk factors were reduced in light of the possible risk of rates rising again by means of cap options. This risk cover, a cost of approximately €10m during the current year, was put in place in the Life class portfolio, characterised by significantly increased duration profiles.
The partial hedging of interest rate risk signified a shortening in terms of the Group's portfolio duration from 3.82 (at 31/12/2009) to 3.67 (at 31/03/2010).
No significant changes have been noted in bond portfolio structure, either quantitative or qualitative.
Fixed rate and floating rate component of the bond portfolio remain stable; respectively at 67% and 33%.
Treasury bonds constitute approximately 54% of the bond portfolio, supplemented by 46% corporate bonds, split across financial credit at 42% and industrial credit at 4%.
Issuer quality (Standard & Poor rating) confirms the increase in the portfolio's credit standing, consisting of 70% of bonds with a rating equal to or better than A+, 17% of bonds in the range between A and A- and 13% bonds with a BBB+ rating.

A good level of liquidity of approximately €1.5bn was maintained in the Group portfolio as at 31 March 2010, most of it deposited with UGF Banca, with a view to managing assets prudently.
Management of equity portfolios has consisted mainly of defensive policies that have led to a gradual reduction of the asset class, in particular within the Non-Life division. Liquidity has predominantly been reinvested in debt instruments.
Within the Life division, gradual recovery of equity quality has been noted via the sale of securities deemed unappealing according to important guidelines and the reinvestment in securities which show potential and are expected to achieve good results, significant cashflow and, consequently, the ability to maintain significant dividends over time.
The equity 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 on the various markets in the Eurozone, where investment is predominantly hedged from currency risk, appears marginal.
Trading activity in the bond and equity markets has been completely in line with profitability objectives.

In summary, the portfolio is made up as follows:

- debt instruments: €21.1 billion or 86.5%;
- equities: €1.8 billion or 7.3%;
- liquidity (including term deposits exceeding 15 days and deposits at UGF Banca): €1.5 billion or 6.2%;

At 31 March 2010, the level of the Group's investments and cash and cash equivalents reached a total of €41,783m, an increase of €1,252m compared with the position at 31 December 2009 (+3.1%).
Investments and cash and cash equivalents in the insurance sector amounted to €32,647m (€31,614m at 31/12/2009) and accounted for 78.1% of total investments (78% at 31/12/2009), whilst those in the banking sector amounted to €10,568m (€10,512m at 31/12/2009). Investments in the Holding and Services sector amounted to €5,601m (€5,613m at 31/12/2009). The above-mentioned values are gross of intragroup eliminations totalling €7,032m (€7,208m at 31/12/2009).

The Group's investments subdivided according to type and comparisons with the position at 31 December 2009 are set out in the following table:

Investments and cash and cash equivalents *Amounts in €m*					
	31/3/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Property (*)	746	*1.8*	741	*1.8*	*0.6*
Investments in subsidiaries and associates and interests in joint ventures	44	*0.1*	44	*0.1*	*-0.4*
Held-to-maturity investments	1,769	*4.2*	1,780	*4.4*	*-0.6*
Loans and receivables	14,911	*35.7*	14,786	*36.5*	*0.8*
Debt instruments	4,509	*10.8*	4,443	*11.0*	*1.5*
Loans and receivables from bank customers	9,859	*23.6*	9,786	*24.1*	*0.8*
Interbank loans and receivables	359	*0.9*	371	*0.9*	*-3.5*
Deposits held at ceding companies	19	*0.0*	22	*0.1*	*-9.8*
Other loans and receivables	165	*0.4*	164	*0.4*	*0.9*
Available-for-sale financial assets	16,331	*39.1*	15,314	*37.8*	*6.6*
Financial assets at fair value through profit or loss	7,777	*18.6*	7,645	*18.9*	*1.7*
held for trading	566	*1.4*	465	*1.1*	*21.8*
at fair value through profit or loss	7,211	*17.3*	7,180	*17.7*	*0.4*
Cash and cash equivalents	206	*0.5*	221	*0.5*	*-6.9*
Total investments and cash and cash equivalents	41,783	*100.0*	40,531	*100.0*	*3.1*

(*) including property for own use and property held for sale (IFRS 5)

The Group's **property**, including property for own use and property held for sale, amounted to €746m (€741m at 31/12/2009).

Investments in subsidiaries and associates and interests in joint ventures totalled €44m, almost exclusively in associates, unchanged compared with 31 December 2009.

Held-to-maturity investments amounted to €1,769m (€1,780m at 31/12/2009).

Loans and receivables amounted to €14,911m compared with €14,786m at 31 December 2009. The main contributor to this item was the banking business, with €9,859m of customer loans and borrowings (€9,786m at 31/12/2009) and €359m of interbank loans (€371m at 31/12/2009).
Debt instruments amounted to €4,509m (€4,443m at 31/12/2009).

Available-for-sale financial assets amounted to €16,331m (€15,314m at 31/12/2009). The compulsory provision for profits or losses on assets available for sale (Group amount) was negative to the tune of €323m (-€393m at 31/12/2009).

Financial assets at fair value through profit or loss amounted to €7,777m (€7,645m at 31/12/2009).
They were made up of €566m of assets held for trading (€465m at 31/12/2009) and €7,211m of assets at fair value, where the investment risk is borne by the policyholder (€7,180m at 31/12/2009).

Cash and cash equivalents amounted to €206m (€221m at 31/12/2009).

Net capital gains and investment income

Details of net capital gains and investment income are set out in the following table:

Net gains on investment and net financial income *Amounts in €m*	31/3/2010	*comp. %*	31/3/2009	*comp. %*	*var. %*
Investment property	4	*1.0*	11	*3.3*	
Gains (losses) on investments in subsidiaries and associates and interests in joint ventures	0	*-0.1*	0	*0.2*	
Net gains on held-to-maturity investments	18	*5.4*	19	*5.7*	
Net gains on loans and receivables	111	*32.6*	158	*47.8*	
Net gains on available-for-sale financial assets	252	*74.3*	113	*34.2*	
Net gains (losses) on financial assets held for trading	-44	*-13.1*	28	*8.5*	
Balance on cash and cash equivalents	-1	*-0.2*	1	*0.3*	
Total net gains on financial assets, cash and cash equivalents	340	*100.0*	330	*100.0*	*3.0*
Net gains (losses) on financial liabilities held for trading	-1		3		
Net losses on other financial liabilities	-51		-73		
Total net losses on financial liabilities	-52		-70		*-26.1*
Total net gains (excluding instruments at fair value)	288		259		*10.9*
Net gains (losses) on financial assets at fair value	139		-1		
Net losses on financial liabilities at fair value	-70		-21		
Total net gains (losses) on financial instruments at fair value	69		-22		*-408.6*
Total net gains on investments and net financial income	357		237		*50.7*

Net gains (excluding those deriving from assets and liabilities on financial instruments at fair value) amounted to €288m (€259m at 31/3/2009, +10.9%).
Net gains on financial instruments at fair value came to €69m (net loss of €22m at 31/3/2009).

It should be mentioned that for the first quarter of 2010 impairment losses on equities classified as available-for-sale assets of €33m were recorded, €22m of which for equities already impaired at 31 December 2009 and €11m impairment from the application of the Group policy (securities which at 31/3/2010 show impairment exceeding 20% of their carrying amount). At 31 March 2009 the impaired losses amounted to €6.5m.

Equity

Equity, including the profit for the period, amounted to €3,636m at 31 March 2010 (€3,585m at 31/12/2009).
The increase was mainly due to the higher net gain on available-for-sale financial assets, from -€393m at 31 December 2009 to -€323m at 31 March 2010.
Equity attributable to non-controlling interests amounted to €252m (€241m at 31/12/2009).

At 31 March 2010 the Parent's share capital was €2,391,426,100 and was made up of 1,479,885,786 ordinary shares and 911,540,314 preference shares.

There were 86,642 treasury shares with a value of €138,239.34 at 31 March 2010, unchanged since the previous year.

Technical provisions and financial liabilities

Technical provisions and financial liabilities *Amounts in €m*	31/3/2010	31/12/2009	*var. %*
Non-Life technical provisions	7,508	7,518	*-0.1*
Life technical provisions	21,449	20,768	*3.3*
Total technical provisions	28,957	28,286	*2.4*
Financial liabilities at fair value	2,070	2,104	*-1.6*
Investment contracts - insurance companies	1,906	1,987	*-4.1*
Other	164	117	*40.0*
Other financial liabilities	10,149	10,094	*0.5*
Investment contracts - insurance companies	45	52	*-13.5*
Subordinated loans	1,626	1,612	*0.8*
Payables to bank customers	5,020	5,122	*-2.0*
Interbank payables	562	422	*33.3*
Other	2,895	2,886	*0.3*
Total financial liabilities	12,219	12,198	*0.2*

At 31 March 2010 technical provisions amounted to €28,957m, an increase of 2.4% compared with 31 December 2009 and was made up of €7,508m in Non-Life technical provisions (-0.1%) and €21,449m of Life technical provisions (+3.3%).

Total financial liabilities amounted to €12,219m (+0.2% compared with 31/12/2009).
Financial liabilities recorded at fair value through profit or loss amounted to €2,070m (-1.6%) and mainly consisted of investment contracts issued by insurance companies where the investment risk was borne by the policyholders (€1,906m, -4.1%).
Other financial liabilities amounted to €10,149m (+0.5%) and consisted of payables to banking customers of €5,020m (-2%), subordinated loans of €1,626m (+0.8%), investment policies issued by insurance companies totalling €45m (-13.5%), interbank payables of €562m (+33.3%) and other liabilities amounting to €2,895m (+0.3%).
Other liabilities included two senior bond issues worth €750m and €175m respectively, issued by UGF and UGF Banca securitised notes worth €838m (€882m at 31/12/2009).

Subsequent events and business outlook for the current year

In addition to what has already been reported in the first part of the present Interim Management Report, subsequent events include the share capital, approved by UGF S.p.A's Shareholder's Extraordinary Meeting, held on 29 April last year, for a total maximum amount of €500m aimed at maintaining a solid financial structure and increased financial flexibility, factors which are objectives of the 2010-2012 Business Plan which will be approved by the Board of Directors on 13 May 2010.

The macroeconomic situation in 2010 still proves critical in terms of economic recovery and the well-documented unemployment rate. In addition, in the period following the first quarter, tension on the financial markets, triggered by the debt of some outlying countries in the Eurozone, Greece in particular, was considerably heightened by delays in establishing policies to provide an appropriate support plan. Delayed action and the concern that the Greek crisis sparked in the eyes of other European countries have led to financial market tension, resulting in speculative attacks.

With regard to the performance of the Group's insurance division, in the period following this quarter, results were essentially in line with quarterly data.
In the Non-Life division, premiums demonstrated similar results to those achieved in the quarter and the decline trend of claims seen by the third-party liability class confirms the incisive effects of actions taken to recover profitability in this class.
In the Life division, premiums continued to be lower when compared to the previous year, mostly due to the expected downturn experienced by BNL Vita. As from May, UGF Assicurazioni's sales network will be provided with the new product list which should allow for an upward trend.

As already stated, we are awaiting finalisation of the authorisation procedures for the acquisition of the Insurance Group, Arca. In the event of successful authorisation procedures, the consolidation of the Non- Life business and the Life business beginning from the second quarter in 2010 is likely. We should not forget that the Arca Group, made up of Arca Vita (active in the Life insurance business) and Arca Assicurazioni (active in the Non-Life insurance business), obtained premiums totalling approximately €650m in 2009 and distributes its own insurance products via 2,000 counters in numerous banks, predominantly via the principal establishments (the main ones among which, with approximately 1,600 counters, are BPER and BPSO), in addition to a specific agency channel, represented by approximately 160 insurance agencies.

The development of UGF Group's correct solvency will feel the effects, throughout the course of the rest of 2010, of the utilisation of capital linked to the planned acquisition of the Arca Group and, on a positive note, of the share capital increase approved by the Shareholder's Extraordinary Meeting, held on 29 April last year. By the end of the year, excluding any effects of the abnormal troubles of the financial markets, a solvency level in line with 2009 is likely.

Based on this quarter's data, the Group confirms its objective to return to achieving positive results in 2010 thanks to the contribution of numerous actions put into operation, in particular in the Non-Life business. This objective is based on the hypothesis that strong tensions in the financial markets will be provided with appropriate solutions in the coming weeks in order that market trends can be analysed in a more ordered environment.

Bologna, 13 May 2010

The Board of Directors

Condensed Interim Consolidated Financial Statements at and for the three months ended 31 March 2010

Condensed Interim Consolidated Financial Statements

- Statement of financial position
- Income statement and statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows

Statement of financial position - Assets

Amounts in €m

		31/3/2010	31/12/2009
1	INTANGIBLE ASSETS	1,913.2	1,916.6
1.1	Goodwill	1,853.0	1,853.0
1.2	Other intangible assets	60.3	63.6
2	PROPERTY, PLANT AND EQUIPMENT	598.1	595.8
2.1	Property	550.5	544.3
2.2	Other property, plant and equipment	47.6	51.5
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	457.2	457.1
4	INVESTMENTS	41,026.3	39,765.0
4.1	Investment property	195.1	196.8
4.2	Investments in subsidiaries and associates and interests in joint ventures	43.6	43.8
4.3	Held-to-maturity investments	1,769.1	1,779.7
4.4	Loans and receivables	14,911.2	14,785.8
4.5	Available-for-sale financial assets	16,330.6	15,313.8
4.6	Financial assets at fair value through profit or loss	7,776.7	7,645.1
5	SUNDRY RECEIVABLES	1,577.7	1,803.2
5.1	Receivables relating to direct insurance business	833.4	1,018.9
5.2	Receivables relating to reinsurance business	60.3	74.6
5.3	Other receivables	683.9	709.6
6	OTHER ASSETS	945.0	901.7
6.1	Non-current assets or assets of a disposal group held for sale	0.0	0.4
6.2	Deferred acquisition costs	25.6	26.3
6.3	Deferred tax assets	535.1	549.1
6.4	Current tax assets	78.1	85.5
6.5	Other assets	306.2	240.4
7	CASH AND CASH EQUIVALENTS	206.2	221.5
	TOTAL ASSETS	46,723.9	45,660.8

Statement of financial position - Equity and liabilities

Amounts in €m

		31/3/2010	31/12/2009
1	EQUITY	3,887.9	3,826.2
1.1	attributable to owners of the Parent	3,635.8	3,585.3
1.1.1	Share capital	2,391.4	2,391.4
1.1.2	Other equity instruments	0.0	0.0
1.1.3	Equity-related reserves	1,419.6	1,419.6
1.1.4	Income-related and other reserves	157.1	929.1
1.1.5	(Treasury shares)	-0.1	-0.1
1.1.6	Translation reserve	0.0	0.0
1.1.7	Gains or losses on available-for-sale financial assets	-323.5	-393.4
1.1.8	Other gains or losses recognised directly in the equity	-1.7	10.7
1.1.9	Loss for the year attributable to the owners of the Parent	-7.0	-771.9
1.2	attributable to non-controlling interests	252.1	240.9
1.2.1	Share capital and reserves attributable to non-controlling interests	243.4	240.0
1.2.2	Gains or losses recognised directly in the equity	0.6	-2.5
1.2.3	Profit for the year attributable to non-controlling interests	8.0	3.3
2	PROVISIONS	97.1	101.1
3	TECHNICAL PROVISIONS	28,957.4	28,286.4
4	FINANCIAL LIABILITIES	12,219.0	12,198.4
4.1	Financial liabilities at fair value through profit or loss	2,070.4	2,104.5
4.2	Other financial liabilities	10,148.6	10,093.9
5	PAYABLES	440.1	415.2
5.1	Payables from direct insurance business	43.1	55.4
5.2	Payables from reinsurance business	58.5	22.5
5.3	Other payables	338.5	337.3
6	OTHER LIABILITIES	1,122.3	833.4
6.1	Liabilities associated with disposal groups	0.0	0.0
6.2	Deferred tax liabilities	192.2	204.7
6.3	Current tax liabilities	127.1	116.9
6.4	Other liabilities	803.0	511.9
	TOTAL EQUITY AND LIABILITIES	46,723.9	45,660.8

Income Statement

Amounts in €m

		31/3/2010	31/3/2009
1.1	Net premiums	2,181.7	2,687.3
1.1.1	*Gross premiums*	*2,216.6*	*2,724.5*
1.1.2	*Ceded premiums*	*-34.9*	*-37.2*
1.2	Commission income	34.1	22.5
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	24.1	8.1
1.4	Gains on investments subsidiaries and associates and interests in joint ventures	0.0	0.5
1.5	Gains on other financial instruments and investment property	457.0	333.6
1.5.1	*Interest income*	*269.7*	*298.9*
1.5.2	*Other gains*	*16.2*	*4.8*
1.5.3	*Realised gains*	*140.8*	*27.6*
1.5.4	*Fair value gains*	*30.3*	*2.2*
1.6	Other income	46.2	24.6
1	TOTAL REVENUE	2,743.1	3,076.5
2.1	Net charges relating to claims	2,212.4	2,529.2
2.1.1	*Amounts paid and changes in technical provisions*	*2,227.2*	*2,546.1*
2.1.2	*Reinsurers' share*	*-14.8*	*-16.9*
2.2	Commission expense	9.8	5.7
2.3	Losses on investments subsidiaries and associates and interests in joint ventures	0.2	0.0
2.4	Losses on other financial instruments and investment property	124.0	105.4
2.4.1	*Interest expense*	*51.8*	*74.7*
2.4.2	*Other expense*	*1.9*	*0.8*
2.4.3	*Losses realised*	*21.3*	*6.5*
2.4.4	*Fair value losses*	*48.9*	*23.4*
2.5	Operating expenses	316.6	325.9
2.5.1	*Commissions and other acquisition costs*	*202.9*	*209.5*
2.5.2	*Investment management expenses*	*2.0*	*4.0*
2.5.3	*Other administrative expenses*	*111.7*	*112.4*
2.6	Other costs	56.4	38.4
2	TOTAL COSTS AND EXPENSES	2,719.4	3,004.6
	PRE-TAX PROFIT (LOSS) FOR THE PERIOD	23.7	71.9
3	Income tax	22.7	31.3
	POST-TAX PROFIT (LOSS) FOR THE PERIOD	1.0	40.7
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0.0	0.0
	PROFIT FOR THE PERIOD	1.0	40.7
	attributable to owners of the Parent	-7.0	38.7
	attributable to non-controlling interests	8.0	1.9

Statement of comprehensive income - net amounts

Amounts in €m

		31/3/2010	31/3/2009
	CONSOLIDATED PROFIT FOR THE PERIOD	1.0	40.7
	Variations in translation reserve		
	Gains or losses on available-for-sale financial assets	73.0	-175.4
	Gains or losses on cash flow hedges	-12.4	-0.2
	Gains or losses on hedges of net investment in foreign operations		
	Variation in equity of investees		
	Variation in the reserve for intangible assets		
	Variation in the reserve for property, plant and equipment		
	Gains or losses on non-current assets held for sale or disposal group		
	Actuarial gains and losses and adjustments relating to defined benefit plans		
	Other items		
	TOTAL OTHER COMPREHENSIVE INCOME	60.6	-175.6
	TOTAL COMPREHENSIVE INCOME (EXPENSE)	61.7	-134.9
	attributable to owners of the Parent	*50.5*	*-159.4*
	attributable to non-controlling interests	*11.1*	*24.5*

STATEMENT OF CHANGES IN EQUITY

Amounts in €m

		At 31/12/2008	Changes to closing balances	Amounts allocated	Reclassification to the Income Statement	Transfers	At 31/03/2009	At 31/12/2009	Changes to closing balances	Amounts allocated	Reclassification to the Income Statement	Transfers	At 31/03/2010
Equity attributable to owners of the Parent	Share capital	2,391.4					2,391.4	2,391.4					2,391.4
	Other equity instruments						0.0						
	Equity-related reserves	1,419.7					1,419.7	1,419.6					1,419.6
	Incomre-related and other reserves	833.2		92.5			925.7	929.1		-772.0			157.1
	(Treasury shares)	-0.1					-0.1	-0.1					-0.1
	Profit (loss) for the period	92.6		38.7		-92.6	38.7	-771.9		-7.0		771.9	-7.0
	Other comprehensive income	-1,304.1		-202.6	3.8		-1,502.9	-382.7		59.6	-2.0		-325.1
	Total attributable to owners of the Parent	3,432.7		-71.3	3.8	-92.6	3,272.5	3,585.3		-719.4	-2.0	771.9	3,635.8
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interest	326.0		29.5			355.5	240.0		3.4			243.4
	Profit (loss) for the period	14.7		1.9		-14.7	1.9	3.3		8.0		-3.3	8.0
	Other comprehensive income	-67.9		20.8	1.2		-46.0	-2.5		-6.3	9.4		0.6
	Total attributable to non-controlling interests	272.8		52.1	1.2	-14.7	311.4	240.9		5.2	9.4	-3.3	252.1
Total		3,705.5		-19.2	5.0	-107.3	3,584.0	3,826.2		-714.2	7.3	768.6	3,887.9

Statement of cash flows (indirect method)

Amounts in €m

	31/3/2010	31/3/2009
Pre-tax profit (loss) for the year	23.7	71.9
Change in non-monetary items	813.7	870.3
Change in Non-Life premium provision	-26.4	-37.0
Change in claims provision and other Non-Life technical provisions	16.6	73.3
Change in mathematical provisions and in other Life technical provisions	680.7	790.2
Change in deferred acquisition costs	0.6	3.2
Change in provisions	-4.0	1.9
Non-monetary gains and losses on financial instruments, investment property and investments	12.3	45.2
Other changes	134.0	-6.6
Change in receivables and payables generated by operating activities	250.4	146.6
Change in receivables and payables relating to direct insurance and reinsurance operating activities	223.5	-111.1
Change in other receivables and payables	26.9	257.7
Taxes paid	0.0	0.0
Cash flows generated by/used for monetary items from investing and financing	-215.5	179.8
Liabilities from financial contracts issued by insurance companies	-157.7	-92.5
Payables to bank and interbank customers	39.0	-308.9
Loans and receivables from bank and interbank customers	-75.7	99.2
Other financial instruments at fair value through profit or loss	-21.1	481.9
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	872.3	1,268.7
Net cash flow generated by/used for investment property	1.3	13.8
Net cash flow generated by/used for investments in subsidiaries and associates and interests in joint ventures	0.2	-0.3
Net cash flow generated by/used for corporate investments and receivables	-56.2	-137.5
Net cash flow generated by/used for held-to-maturity investments	21.1	2.2
Net cash flow generated by/used for available-for-sale financial assets	-859.5	-1,267.8
Net cash flow generated by/used for property, plant & equipment and intangible assets	-6.0	10.7
Other net cash flows generated by/used for investment property	0.4	0.0
TOTAL NET CASH FLOWS GENERATED BY/USED FOR INVESTING ACTIVITIES	-898.8	-1,378.9
Net cash flow generated by/used for equity instruments attributable to owners of the Parent	0.0	0.0
Net cash flow generated by/used for by treasury shares	0.0	0.0
Distribution of dividends attributable to owners of the Parent	0.0	0.0
Net cash flow generated by/used for capital and reserves attributable to non-controlling interests	0.0	14.7
Net cash flow generated by/used for subordinated liabilities and equity instruments	1.8	-0.6
Net cash flow generated by/used for other financial liabilities	9.5	96.7
TOTAL NET CASH FLOWS GENERATED BY/USED FOR CORPORATE FINANCING ACTIVITIES	11.3	110.7
Effect of exchange rate gains/losses on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT 1 JANUARY	221.5	344.6
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-15.3	0.6
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	206.2	345.1

Notes to the Condensed Interim Consolidated Financial Statements

1. BASIS OF PRESENTATION

These condensed interim quarterly consolidated financial statements of the UGF Group are drawn up in accordance with IAS 34 and the provisions of Article 154-*ter* of Legislative Decree 58/1998 (Consolidated Finance Act).
They do not include all the information required for the annual financial statements and must be read in conjunction with Consolidated Financial Statements at and for the year ended 31 December 2009.
The layout (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows, statement of financial position and income statement by business segment) conforms with the provisions of ISVAP Ruling 7 of 13 July 2007.
The accounting standards used, the recognition and measurement criteria and the scope of consolidation applied when drawing up the condensed interim quarterly consolidated financial statements at 31 March 2010 comply with those adopted for the Consolidated Financial Statements at and for the year ended 31 December 2009 to which you are referred and which are deemed to be an integral part of these notes. This indicates moreover that, following publication of the Joint Banca d'Italia, CONSOB and ISVAP Document on 3 March 2010 and in compliance with the procedural instructions in it drawn up in the wake of the document published by IFRIC in July 2009, the Group amended its applicable impairment policy relating to listed equity instruments classified as 'Available-for-sale financial assets' which had already been adopted, eliminating from its previous policy qualitative valuations that were used in addition to first-level quantitative analysis based on thresholds of 'significance' or 'permanence'. The Consolidated Financial Statements at and for the year ended 31 December 2009 were therefore the first accounting document to take into account the change made to the Group's impairment policy mentioned above.

It should be mentioned that the enaction of the accounting standards applicable from 1 January 2010 (including amendments to IFRS 3 and IAS 27) has not had any impact on these condensed interim consolidated financial statements at and for the three months ended 31 March 2010.

As the condensed interim quarterly consolidated financial statements form part of an interim financial report, more use has had to be made of judgements, estimates and assumptions and these affect how the accounting policies are applied and the carrying amounts of assets, liabilities, revenue and expense. However, it should be noted that as these are estimates the results obtained will not necessarily be the same as those shown here. These estimates and assumptions are regularly reviewed. Any variations revealed as a result of reviewing the estimates are recorded during the period in which the review is carried out and in relevant subsequent periods.

The presentation currency used is the Euro and amounts are expressed in €m except where specifically indicated.

Basis of Consolidation

The Group's condensed interim quarterly consolidated financial statements at and for the three months ended 31 March 2010 have been drawn up by combining the figures of the Parent UGF and those of all the subsidiaries, both direct and indirect (IAS 27). Subsidiaries deemed to be too small to be of relevance are excluded.
Under IAS 31, there are no jointly controlled interests measured using the proportionate method.
Associates, in which the investment percentage ranges between 20% and 50%, and subsidiaries considered not to be significant, are measured using the equity method (IAS 28).

Changes in the scope of consolidation compared with 31 December 2009

With regard to 31 December 2009, no other variations took place in the scope of consolidation, either regarding investments consolidated on a line-by-line basis or those consolidated using the equity method (subsidiaries not considered to be of relevance and associates).

Share Capital operations carried out during the first quarter of 2010 that did not affect the scope of consolidation are listed below:

– €45m was paid by UGF to the subsidiary Navale Assicurazioni for a future share capital increase;
– a share capital increase of €10m was paid by UGF Assicurazioni to the subsidiary Midi ;
– a share capital increase of €32m was paid by UGF Assicurazioni to the subsidiary Unifimm, using injections for a future capital increase of €30m.

Segment reporting

Segment reporting is based on the major types of business in which the Group operates:

- Non-Life Business
- Life Business
- Banking Business
- Holding and Services Business and other activities.

No segment reporting based on geographical areas has been produced since the Group operates mainly on a national level and there appears to be no significant difference in the risks and benefits, according to the type of business activity carried out, that can be correlated with the economic situation in the individual regions.

2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

Comments and further information on the items on the statement of financial position and the variations that took place compared with 31 December of the previous year are given below. (The numbering of the notes relates to the mandatory layout for the preparation of the statement of financial position).

ASSETS

1. Intangible assets

1.1 Goodwill

This item amounted to €1,853m (unchanged compared with 31/12/2009) and was made up of:

- €1,335.6m of goodwill recognised as a result of business acquisitions (unchanged compared with 31/12/2009):
  - €1,132.8m for UGF Assicurazioni;
  - €126.3m for the UGF Banca Group;
  - €17.1m for Compagnia Assicuratrice Linear;
  - €3.9m for Unisalute;
  - €47.4m for BNL Vita;
  - €8m for Navale Assicurazioni.
- Other goodwill amounting to €517.3m (unchanged compared with 31/12/2009):
  - €97.8m of goodwill arising from merger;
  - goodwill of €418.9m generated by the acquisition of bank branches;
  - other goodwill with a finite useful life (Life portfolios) worth €0.6m.

There were no other new elements during the quarter as against 31 December 2009 to indicate the possibility that this goodwill could be impaired ('trigger event'), therefore it was not thought necessary to repeat the impairment test at 31 March 2010.

1.2 Other intangible assets

This item, totalling €60.3m (€63.6m at 31/12/2009), was made up of expenses for leasehold improvements and costs incurred for the acquisition of software, licences, consultancy and personalisation of software.

2. Property, plant & equipment

At 31 March 2010 property, plant & equipment, net of depreciation, amounted to €598.1m (€595.8m at 31/12/2009), €550.5m of which was owner-occupied (€544.3m at 31/12/2009) and €47.6m was other assets (€51.5m at 31/12/2009).

3. Technical provisions – Reinsurers' share

The balance of the item amounts to €457.2m (€457.1m at 31/12/2009).

4. Investments

At 31 March 2010, total investments (investment property, equity investments and financial investments) amounted to €41,026.3m (€39,765m at 31/12/2009).

4.1 Investment property
At 31 March 2010, investment property amounted to €195.1m (€196.8m at 31/12/2009).

4.2 Investments in subsidiaries and associates and interests in joint ventures
At 31 March 2010 investments in subsidiaries and associates and interests in joint ventures amounted to €43.6m (€43.8m at 31/12/2009).

Financial assets (items 4.3, 4.4, 4.5 and 4.6)

At 31 March 2010 financial assets amounted to €40,787.6m (€39,524.4m at 31/12/2009).

4.3 Held-to-maturity investments
This category mainly consists of fixed-yield bonds acquired to cover Life special tariffs, which the Group can and intends to hold to maturity. At 31 March 2010 these amounted to €1,769.1m (€1,779.7m at 31/12/2009).
Held-to-maturity investments accounted for 4.3% of the Investments item.
The fair value of held-to-maturity investments at 31 March 2010 amounted to €1,832.4m.

4.4 Loans and receivables
These amounted to €14,911.2m (€14,785.8m at 31/12/2009) and were subdivided as follows:

Loans and receivables *Amounts in €m*	31/03/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Debt instruments	4,508.5	*30.2*	4,443.0	*30.0*	*1.5*
Loans and receivables from bank customers	9,859.2	*66.1*	9,785.8	*66.2*	*0.8*
Interbank loans and receivables	358.5	*2.4*	371.4	*2.5*	*-3.5*
Deposits with ceding companies	19.4	*0.1*	21.5	*0.1*	*-9.8*
Other loans and receivables and other financial assets	165.5	*1.1*	164.0	*1.1*	*0.9*
Total loans and receivables	14,911.2	*100.0*	14,785.8	*100.0*	*0.8*

Other loans and receivables included loans and credit facilities granted to employees and other bodies, loans on Life insurance policies, receivables from agents for portfolio recharges, repo contracts and term deposits exceeding 15 days.
The fair value of Loans and receivables at 31 March 2010 was €14,836.2m.

Loans and receivables accounted for 36.3% of the Investments item.

4.5 Available-for-sale financial assets
Available-for-sale financial assets amounted to €16,330.6m at 31 March 2010 (€15,313.8m at 31/12/2009) and were made up as follows:

Available-for-sale financial assets *Amounts in €m*					
	31/3/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Equity instruments at cost	197.4	*1.2*	197.5	*1.3*	*0.0*
Listed equity instruments at fair value	1,576.9	*9.7*	1,837.0	*12.0*	*-14.2*
Unlisted equity instruments at fair value	1.0	*0.0*	1.0	*0.0*	*3.4*
Debt instruments	14,361.5	*87.9*	13,082.7	*85.4*	*9.8*
OEIC units	193.8	*1.2*	195.6	*1.3*	*-1.0*
Total available-for-sale financial assets	16,330.6	*100.0*	15,313.8	*100.0*	*6.6*

Available-for-sale financial assets accounted for 39.8% of the Investments item.

4.6 Financial assets at fair value through profit or loss

These amounted to €7,776.7m at 31 March 2010 (€7,645.1m at 31/12/2009). €566.1m of them were assets held for trading (€464.9m at 31/12/2009) and €7,210.6m were assets designated by the Group to be measured at fair value (€7,180.3m at 31/12/2009). This second category included financial assets matching insurance or investment policies issued by the Group where the investment risk is borne by the policyholders and arising from pension fund management.

Financial assets at fair value through profit or loss *Amounts in €m*					
	31/3/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Financial assets held for trading:					
Listed equity instruments at fair value	42.3	*7.5*	0.2	*0.1*	
Debt instruments	397.5	*70.2*	364.6	*78.4*	*9.0*
OEIC units	83.2	*14.7*	90.3	*19.4*	*-7.9*
Derivatives	43.1	*7.6*	9.7	*2.1*	*342.9*
Total	566.1	*100.0*	464.9	*100.0*	*21.8*
Financial assets at fair value through profit or loss:					
Listed equity instruments at fair value	32.8	*0.5*	24.5	*0.3*	*33.9*
Debt instruments	5,830.0	*80.9*	5,867.7	*81.7*	*-0.6*
OEIC units	1,235.7	*17.1*	1,204.0	*16.8*	*2.6*
Derivatives	37.0	*0.5*	42.8	*0.6*	*-13.6*
Other financial assets	75.1	*1.0*	41.2	*0.6*	*82.4*
Total	7,210.6	*100.0*	7,180.3	*100.0*	*0.4*
Total financial assets at fair value	7,776.7		7,645.1		*1.7*

Financial assets at fair value through profit or loss accounted for 19% of the Investments item.

5. Sundry receivables

Sundry receivables amounted to €1,577.7m (€1,803.2m at 31/12/2009) and were made up as follows:

Sundry receivables *Amounts in €m*					
	31/3/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Receivables relating to direct insurance business	833.4	*52.8*	1,018.9	*56.5*	*-18.2*
Receivables relating to reinsurance business	60.3	*3.8*	74.6	*4.1*	*-19.2*
Other receivables	683.9	*43.4*	709.6	*39.4*	*-3.6*
Total sundry receivables	1,577.7	*100.0*	1,803.2	*100.0*	*-12.5*

Other receivables included receivables from the ultimate Parent for tax purposes, Finsoe, of €197.9m (€213.6m at 31/12/2009).

6. Other assets

Other assets amounted to €945m (€901.7m at 31/12/2009) and were made up as follows:

Other assets *Amounts in €m*					
	31/3/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Non-current assets held for sale	0.0	*0.0*	0.4	*0.0*	*-100.0*
Deferred acquisition costs	25.6	*2.7*	26.3	*2.9*	*-2.4*
Deferred tax assets	535.1	*56.6*	549.1	*60.9*	*-2.5*
Current tax assets	78.1	*8.3*	85.5	*9.5*	*-8.7*
Other assets	306.2	*32.4*	240.4	*26.7*	*27.3*
Total other assets	945.0	*100.0*	901.7	*100.0*	*4.8*

Other assets include deferred commission expense, prepayments and accrued income and miscellaneous items to be settled.

7. Cash and cash equivalents

At the reporting date, this item amounted to €206.2m (€221.5 compared with 31/12/2009).

LIABILITIES

1. Equity

1.1 Equity attributable to the owners of the Parent

Equity, excluding the amounts attributable to non-controlling interests, is divided up as follows:

Equity attributable to owners of the Parent *Amounts in €m*	31/3/2010	31/12/2009	*var. amount*
	(a)	(b)	(a-b)
Share capital	2,391.4	2,391.4	*0.0*
Other equity instruments	0.0	0.0	*0.0*
Equity-related reserves	1,419.6	1,419.6	*0.0*
Income-related and other reserves	157.1	929.1	*-772.0*
(Treasury shares)	-0.1	-0.1	*0.0*
Translation reserve	0.0	0.0	*0.0*
Net losses on available-for-sale financial assets	-323.5	-393.4	*69.9*
Other gains and losses recognised directly in equity	-1.7	10.7	*-12.4*
Profit (loss) for the period	-7.0	-771.9	*764.9*
Total equity attributable to owners of the Parent	3,635.8	3,585.3	*50.5*

At 31 March 2010, the fully paid up share capital of the Parent Unipol Gruppo Finanziario amounted to €2,391.4m and was made up of 1,479,885,786 ordinary shares and 911,540,314 prefered shares.

The movements recorded during the period compared with 31 December 2009 are set out in the attached statement of changes in equity. The principal variations relate to:

- an increase of €69.9m in the Gains and losses on available-for-sale financial assets.
- a decrease in Income-related and other reserves of €772m, due in particular to the allocation of the loss for the previous year.

Income-related earnings and other reserves include the differences arising from offsetting the carrying amount of the investments against the corresponding fraction of the equity of the consolidated companies, after allocations to these companies' assets and to goodwill. This item also includes the consolidation adjustments made in accordance with the Parent's accounting policies and as a result of the elimination of intragroup dividends.

Treasury shares or quotas
UGF and UGF Assicurazioni held a total of 83,693 UGF ordinary shares at 31 March 2010.

2. Provisions

Provisions totalled €97.1m at 31 March 2010 (€101.1m at 31/12/2009).

With regard to contingent liabilities no variations took place compared to those reported in the Consolidated Financial Statements at 31 December 2009.

3. Technical provisions

These amounted in full to €28,957.4m (€28,286.4m at 31/12/2009). The breakdown and relative variations are shown in the following table:

Technical provisions *Amounts in €m*	31/3/2010	comp. %	31/12/2009	comp. %	var. %
Provisions for Non-Life premiums	1,503.9	*20.0*	1,534.5	*20.4*	
Provisions for Non-Life claims	5,977.7	*79.6*	5,957.9	*79.2*	
Other Non-Life technical provisions	26.5	*0.4*	25.5	*0.3*	
Total Non-Life provisions	7,508.1	*100.0*	7,517.9	*100.0*	*-0.1*
Life mathematical provisions	16,120.2	*75.2*	15,631.6	*75.3*	
Provisions for payable amounts (Life business)	112.7	*0.5*	116.0	*0.6*	
Tech. provisions where the investment risk is borne by policyholders and arising from pension fund management	5,347.5	*24.9*	5,227.5	*25.2*	
Other Life technical provisions	-131.1	*-0.6*	-206.6	*-1.0*	
Total Life provisions	21,449.3	*100.0*	20,768.5	*100.0*	*3.3*
Total technical provisions	28,957.4		28,286.4		*2.4*

4. Financial liabilities

Financial liabilities amounted to €12,219m (€12,198.4m at 31/12/2009).

4.1 Financial liabilities at fair value through profit or loss

This item, which totalled €2,070.4m (€2,104.5m at 31/12/2009), was subdivided into €164.1m of financial liabilities from trading (€117.2m at 31/12/2009) and €1,906.3m of financial liabilities to be recognised at fair value through profit or loss (€1,987.3m at 31/12/2009). The latter category included investment policies issued by insurance companies where the investment risk was borne by the policyholders and the insurance risk borne by the Group did not exceed 10% (several types of Class III, Class V and Class VI policy).

4.2 Other financial liabilities

Details are set out in the table below:

Other financial liabilities *Amounts in €m*	31/3/2010	comp. %	31/12/2009	comp. %	var. %
Subordinated liabilities	1,625.8	*16.0*	1,612.5	*16.0*	*0.8*
Liabilities from financial contracts issued by insurance companies	45.2	*0.4*	52.3	*0.5*	*-13.5*
Deposits received from reinsurers	143.5	*1.4*	178.3	*1.8*	*-19.5*
Debt securities issued	2,751.9	*27.1*	2,707.6	*26.8*	*1.6*
Payables to banks	5,020.5	*49.5*	5,121.7	*50.7*	*-2.0*
Interbank payables	561.8	*5.5*	421.6	*4.2*	*33.3*
Total other financial liabilities	10,148.6	*100.0*	10,093.9	*100.0*	*0.5*

There were €1,625.8m of <u>subordinated loans</u> issued by Group companies at 31 March 2010

(€1,612.5m at 31/12/2009), a nominal €1,000m of which had been issued by UGF Assicurazioni, a nominal €38m repurchased and a nominal €654m issued by UGF Banca, of which €641.3m is in circulation (€639.5m in circulation at 31/12/2009).
There have been no variations in the issue of subordinated liabilities by the Group companies compared with 31 December 2009.

The debt instruments issued amounted to €2,751.9m (€ 2,707.6m at 31/12/2009) and included the two bond issues during 2009 by UGF with a nominal amount of €925m.
This also included €838m of securitisation bonds from UGF Banca (at 31/12/2009 the securitisation bonds amounted to €882m). During the quarter debt instruments worth €119.1m were issued by UGF Banca, while €25m were redeemed at maturity.

5. Payables

Payables totalled €440.1m (€415.2m at 31/12/2009) and was made up of €43.1m of Payables from direct insurance business (€55.4m at 31/12/2009), €58.5m of Payables from reinsurance business (€22.5m at 31/12/2009) and €338.5m of Other payables (€337.3m at 31/12/2009), details of which are shown in the following table:

Other payables
Amounts in €m

	31/3/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Policyholders - tax due	62.9	*18.6*	77.8	*23.1*	*-19.1*
Sundry tax liabilities	59.3	*17.5*	58.6	*17.4*	*1.2*
Trade payables	79.1	*23.4*	69.7	*20.7*	*13.5*
Post-employment benefits	56.2	*16.6*	56.7	*16.8*	*-0.9*
Social security charges payable	8.6	*2.5*	17.9	*5.3*	*-51.9*
Sundry payables	72.4	*21.4*	56.6	*16.8*	*27.9*
Total other payables	338.5	*100.0*	337.3	*100.0*	*0.4*

6. Other liabilities

Amounts due totalled €1,122.3m (€833.4m at 31/12/2009).

Other liabilities
Amounts in €m

	31/3/2010	*comp. %*	31/12/2009	*comp. %*	*var. %*
Current tax liabilities	127.1	*11.3*	116.9	*14.0*	*8.7*
Deferred tax liabilities	192.2	*17.1*	204.7	*24.6*	*-6.1*
Commissions on premiums under collection	39.3	*3.5*	64.6	*7.8*	*-39.2*
Deferred commission income	18.8	*1.7*	23.4	*2.8*	*-19.5*
Accrued expenses and deferred income	3.6	*0.3*	3.5	*0.4*	*3.4*
Other liabilities	741.3	*66.1*	420.5	*50.4*	*76.3*
Total other liabilities	1,122.3	*100.0*	833.4	*100.0*	*34.7*

Other liabilities include €166.1m of miscellaneous payables relating to the banking business and €103.5m set aside for rappels.

3 NOTES TO THE INCOME STATEMENT

Comments and further information on the items in the income statement and the variations that took place compared with the first quarter of the previous year are given below. (The numbering of the notes relates to the mandatory layout for the preparation of the income statement.)

INCOME

1.1 Net premiums

Net premiums for the period were €2,181.7m, a decrease of 18.8% compared with the first quarter of the previous year.
Gross premiums amounted to €2,216.6m (-18.6% compared with the corresponding period of 2009).

Net income *Amounts in €m*	31/3/2010	31/3/2009	*var. %*
Non-Life business - premiums	1,026.1	1,065.3	*-3.7*
Non-Life business - recognised premiums	997.2	1,033.2	*-3.5*
Non-Life business - changes in provision for premiums	28.9	32.1	*-9.9*
Life business - recognised premiums	1,190.5	1,659.2	*-28.2*
Gross premiums	2,216.6	2,724.5	*-18.6*
Non-Life business - ceded premiums	-29.7	-31.7	*-6.4*
Non-Life business - ceded premiums	-24.8	-26.5	*-6.3*
Non-Life business - changes in the provision - reinsurers' share	-4.9	-5.2	*-6.6*
Life business - ceded premiums	-5.2	-5.5	*-5.4*
Ceded premiums	-34.9	-37.2	*-6.2*
Total net premiums	2,181.7	2,687.3	*-18.8*

1.2 Commissions income

Commission income for the period amounted to €34.1m (€22.5m for the corresponding period of 2009) and consisted in particular of commissions relating to the banking business carried out by the Group banking companies of €27.5m (€18.8m for the corresponding period of 2009) and commissions relating to investment policies issued by Group insurance companies (loadings) of €2.5m (€2.9m for the corresponding period of 2009).

1.3 Gains and losses on remeasurement of financial instruments at fair value through profit or loss

These amounted to €24.1m (€8.1m at 31/3//2009) and were made up as follows:

Net gains from financial instruments at fair value through profit or loss *Amounts in €m*			
	31/3/2010	31/3/2009	*var. amount*
	(a)	(b)	(a-b)
From financial assets held for trading:			
Net interest income	5.0	4.7	*0.3*
Realised gains/losses	-6.9	-21.0	*14.1*
Unrealised gains/losses	-37.3	19.0	*-56.2*
Other gains and losses	-5.3	25.3	*-30.5*
Total	-44.4	27.9	*-72.3*
From financial assets at fair value through profit or loss:			
Net interest income	22.2	32.4	*-10.2*
Realised gains/losses	3.6	2.5	*1.0*
Unrealised gains/losses	114.2	-36.3	*150.5*
Other gains and losses	-1.0	0.0	*-1.0*
Total	139.0	-1.3	*140.3*
From financial liabilities held for trading:			
Realised gains/losses	0.0	-11.9	11.9
Unrealised gains/losses	-0.9	14.5	-15.4
Total	-0.9	2.6	-3.5
From financial assets at fair value through profit or loss:			
Unrealised gains/losses	-69.6	-21.2	-48.5
Total	-69.6	-21.2	-48.5
Total net income - item 130	24.1	8.1	16.0

Unrealised losses on financial assets held for trading include €21.5m relating to losses on financial derivatives hedging purposes fair value variations of bonds classified as available-for-sale assets, for which the hedge efficacy has been verified.

1.4 Gains on investments in subsidiaries and associates and interests in joint ventures

There were no significant gains for the period compared with the first quarter of 2009.

1.5 Gains on other financial instruments and investment property

These totalled €457m (€333.6m for the corresponding period of 2009) and are made up of:

Gains on other financial instruments and investment property *Amounts in €m*					
	31/3/2010	*comp. %*	31/3/2009	*comp. %*	*var. amount*
	(a)		(b)		(a-b)
Interest	269.7	*59.0*	298.9	*89.6*	*-29.2*
from held-to-maturity investments	18.3		18.9		*-0.6*
from loans and receivables	124.6		173.0		*-48.5*
from available-for-sale financial assets	126.3		105.0		*21.3*
from sundry receivables	1.2		1.1		*0.1*
from cash and cash equivalents	-0.6		0.9		*-1.5*
Other gains	16.2	*3.5*	4.8	*1.4*	*11.4*
from investment property	3.1		3.8		*-0.7*
from available-for-sale financial assets	13.2		1.0		*12.1*
from held-to-maturity investments	0.0		0.0		*0.0*
Realised gains	140.8	*30.8*	27.6	*8.3*	*113.2*
from investment property	1.5		7.7		*-6.2*
from loans and receivables	0.6		0.3		*0.3*
from available-for-sale financial assets	137.9		19.7		*118.2*
from other financial liabilities	0.8		0.0		*0.8*
Unrealised gains and reversals of impairment losses:	30.3	*6.6*	2.2	*0.7*	*28.1*
from available-for-sale financial assets	30.3		2.2		*28.1*
from other financial assets and liabilities	0.0		0.0		*0.0*
Total	457.0	*100.0*	333.6	*100.0*	*123.4*

Unrealised gains on available-for-sale financial assets included €24.5m owing to the effect of hedge accounting, therefore the unrealised gains on variations in fair value of bonds hedged with financial derivatives were recognised in profit or loss.

1.6 Other income

These totalled €46.2m (€24.6m for the corresponding period of 2009). This included €12.5m in core income and €18.8m in exchange rate gains.

COSTS AND EXPENSES

2.1 Net charges relating to claims

These amounted in full to €2,212.4m (€2,529.2m for the corresponding period of 2009) and were made up as follows:

Net charges relating to claims *Amounts in €m*	31/3/2010	31/3/2009	*var. %*
Amounts paid and changes in technical provisions:	2,227.2	2,546.1	*-12.5*
Non-Life business - amounts paid	838.6	817.5	
Non-Life business - changes in provision for claims	21.3	13.6	
Non-Life business - changes in recoveries	-9.6	-12.1	
Non-Life business - changes in other technical provisions	1.9	-0.3	
Life business - amounts paid	759.6	883.5	
Life business - changes in payable amounts	-6.5	-24.4	
Life business - changes in mathematical provisions	486.0	946.7	
Life business - changes in other technical provisions	24.0	-38.2	
Changes in provisions where the investment risk is borne by policyholders and arising from pension fund management	111.8	-40.1	
Reinsurers' share:	-14.8	-16.9	*-12.2*
Non-Life business - amounts paid	-5.4	-13.8	
Non-Life business - changes in provision for claims	-5.1	3.2	
Non-Life business - changes in recoveries	-0.3	0.0	
Life business - amounts paid	-3.8	-4.5	
Life business - changes in payable amounts	0.1	0.1	
Life business - changes in mathematical provisions	-0.7	0.1	
Life business - changes in other technical provisions	0.5	-2.0	
Total	2,212.4	2,529.2	*-12.5*

2.2 Commissions expense

This item amounted to €9.8m (€5.7m for the corresponding period of 2009) and consisted in particular of commission expense relating to the banking business carried out by the Group bank companies of €3.5m (€2.9m for the corresponding period of 2009) and in acquisition costs relating to investment policies issued by Group insurance companies of €2.3m (€2.8m for the corresponding period of 2009).

2.3 Losses on investments in subsidiaries and associates and interests in joint ventures

This item amounted to €0.2m (immaterial for the corresponding period of 2009).

2.4 Losses on other financial instruments and investment property

These totalled €124m (€105.4m for the corresponding period of 2009) and are made up of:

Losses on other financial instruments and investment property *Amounts in €m*					
	2010	*comp. %*	2009	*comp. %*	*var. %*
Interest:	51.8	*41.8*	74.7	*70.9*	*-30.6*
from other financial liabilities	51.4		73.0		*-29.5*
from payables	0.4		1.7		*-77.7*
Other charges:	1.9	*1.6*	0.8	*0.8*	*132.9*
from investment property	0.6		0.6		*-7.7*
from loans and receivables	0.0		0.1		*-98.7*
from available-for-sale financial assets	0.8		0.1		*954.8*
from other financial liabilities	0.5		0.0		*0.0*
Realised losses:	21.3	*17.2*	6.5	*6.1*	*228.9*
from held-to-maturity investments	0.0		0.0		*0.0*
from loans and receivables	0.0		0.0		*79.8*
from available-for-sale financial assets	21.3		6.5		*229.4*
Unrealised losses and impairment losses:	48.9	*39.5*	23.4	*22.2*	*109.1*
from investment property	0.4		0.0		*0.0*
from held-to-maturity investments	0.0		0.0		*0.0*
from loans and receivables	15.2		14.9		*1.7*
from available-for-sale financial assets	33.3		8.5		*292.5*
Total	124.0	*100.0*	105.4	*100.0*	*17.6*

Unrealised losses on loans and receivables related to banking business, where analysis of the loan portfolio at 31 March 2010 led to a net figure of €15.2m being set aside for impairment of loans to bank customers (€14.9m for the corresponding period of 2009).

The unrealised losses and impairment losses on available-for-sale financial assets is €33.3m, €22.3m of which relates to impairment losses on shares already impaired in previous years, €10.5m of which relates to impairment losses on a further 5 shares which had undergone impairment of more than 20% compared with their carrying amounts from when the Group introduced its policy and €0.5m which relates to unrealised losses due to exchange rate differences. At 31 March 2009 the impairment losses amounted to €6.5m.

No further impairment losses were recognised during the quarter on the Lehman Brothers securities in the portfolio.

2.5 Operating expenses

These totalled €316.6m (€325.9m for the corresponding period of 2009).
Operating expenses in the insurance sector amounted to €247.2m (€256.5m for the corresponding period of 2009) and were made up of:

Operating expenses insurance business *Amounts in €m*									
	NON-LIFE		*var.*	LIFE		*var.*	TOTAL		*var.*
	mar-10	mar-09	*%*	mar-10	mar-09	*%*	mar-10	mar-09	*%*
Acquisition commissions	131.8	141.5	*-6.8*	9.8	3.8	*160.7*	141.6	145.2	*-2.5*
Other acquisition costs	34.2	31.8	*7.4*	8.0	8.4	*-4.1*	42.2	40.2	*5.0*
Changes in deferred acquisition costs	0.4	2.2	*-81.0*	0.2	0.8	*-70.7*	0.7	3.0	*-78.3*
Collection commissions	23.4	24.7	*-5.2*	1.9	2.4	*-21.7*	25.3	27.1	*-6.6*
Profit participation and other commissions received from insurers	-5.4	-5.0	*8.4*	-1.4	-0.9	*57.3*	-6.8	-5.9	*15.6*
Investment management expenses	2.4	1.4	*65.8*	3.8	1.7	*120.1*	6.2	3.1	*95.4*
Other administrative expenses	30.0	35.9	*-16.4*	8.2	7.9	*3.8*	38.2	43.8	*-12.8*
Total	216.7	232.4	*-6.8*	30.6	24.1	*27.0*	247.2	256.5	*-3.6*

Operating expenses relating to Banking business amounted to €63.5m (€61.3m for the corresponding period of 2009) and those in the Holding and Services sector amounted to €18.6m (€38.7m for the corresponding period of 2009). Intersegment eliminations amounted to €12.7m (€30.7m for the corresponding period of 2009).

2.6 Other costs

These amounted to €56.4m (€38.4m for the corresponding period of 2009) and included technical charges of €23.6m and €15.7m of exchange rate losses.

3. Income tax

Income tax was €22.7m, particularly high if considered in terms of the pre-tax result, showing the effects of both the increase in taxable income following application of Article 109 para. 3-bis of the Consolidated Income Tax Act (known as dividend washing*)* on shares sold during the period and IRAP.

4. OTHER INFORMATION

Related party transactions

The Parent UGF and the subsidiary UGF Assicurazioni provide services to the companies in the Group.

The services supplied by the Parent UGF that did not affect the competitiveness of the individual operating companies, covered the following areas:

- staff and organisation (human resources);
- management planning and control;
- legal (legal services, internal controls, risk management and compliance with regulations/legislation);
- communications.

UGF Assicurazioni provided services relating to the areas:

- Non-Life and Life management accounts;
- Legal affairs and data protection;
- IT services;
- Development of Non-Life projects and alternative channels;
- Administrative (bookkeeping, tax, administrative and financial reporting services);
- Property, purchases and auxiliary services;
- Claims management and settlement;
- Budget and sales planning;
- Finance.

UGF Assicurazioni also carried out with the companies in the Group:

- normal reinsurance and coinsurance transactions;
- renting property;
- agency mandates;
- secondment of staff;

Fees paid to UGF and UGF Assicurazioni are based on external costs incurred, for example for products and services acquired from their suppliers, and on the costs arising out of the activities of the companies themselves, i.e. generated by their own staff, and taking account of:

- the performance objectives that provision of the service to the Company must achieve;
- the strategic investments to be implemented in order to ensure the levels of service agreed;
- the requirement for the service provided to be largely in line with market terms.

The following elements are specifically taken into consideration:

- personnel expense;
- operating costs (IT, logistics etc.);
- general costs (consultancy, legal fees etc.).

For centralised services the operating companies are charged a mark-up to take account of the breakdown cost.
The fees are paid annually and the related services are tacitly renewed.

The financial and commercial relations between UGF Banca and the other companies in the Group came under the usual business of a group split into different companies and, as far as banking was concerned, related to cash pooling and treasury services. Agreements were entered into relating to the distribution and/or management of banking and financial products and/or services and in general the provision of banking-related services. The effects connected to the aforementioned relations are normally governed by market conditions applied to the primary customer.

The above transactions are not atypical or unusual.

The Parent UGF is controlled by Finsoe S.p.A., which holds 50.75% of the ordinary share capital, and indirectly by Holmo S.p.A., which holds 80.90% of Finsoe S.p.A.'s share capital.
It should also be noted that, in accordance with Article 2497 et seq. of the Civil Code, none of the shareholders of the Parent UGF S.p.A. manage or coordinate it.
It should be mentioned that Finsoe S.p.A., which holds a controlling investment in UGF S.p.A. as defined in Article 2359, para. 1, 1, of the Civil Code, does not manage or coordinate it either in technical or financial terms.

The following table shows related party transactions (parents, associates, related and other companies) carried out during the first quarter of 2010.
Transactions with subsidiaries have not been recognised since in drawing up the consolidated accounts operations among companies consolidated using the line-by-line method have been eliminated as part of the normal consolidation process.

Related party transactions
Amounts in €m

		Direct control	Indirect control	Associates	other (3)	Total	*inc. % (1)*	*inc. % (2)*
4.4	Loans and receivables	21.1	10.7	27.3		59.1	*0.1*	*6.8*
5.1	Receivables from direct insurance business	0.0	0.0	0.1		0.1	*0.0*	*0.0*
5.3	Other receivables	197.9	0.0	0.0		197.9	*0.4*	*22.7*
	TOTAL ASSETS	219.0	10.7	27.4	0.0	257.1	*0.6*	*29.5*
4.1	Financial liabilities at fair value through profit or loss	0.0	0.0	0.9		0.9	*0.0*	*0.1*
4.2	Other financial liabilities	70.9	69.5	15.4		155.8	*0.3*	*17.9*
6.4	Other liabilities	1.3	0.0	0.0		1.3	*0.0*	*0.2*
	TOTAL LIABILITIES	72.3	69.5	16.3	0.0	158.0	*0.3*	*18.1*
1.5	Gains on other financial instruments and investment property	0.1	0.1	0.2		0.4	*n.s.*	*0.0*
1.6	Other income	0.0	0.0	0.1		0.1	*n.s.*	*0.0*
	TOTAL INCOME	0.1	0.1	0.3	0.0	0.5	*n.s.*	*0.1*
2.4	Losses on other financial instruments and investments property	0.9	0.9	0.0		1.8	*n.s.*	*0.2*
2.5	Operating expenses	0.0	0.1	18.0		18.0	*n.s.*	*2.1*
2.6	Other costs	0.0	0.0	0.2		0.2	*n.s.*	*0.0*
	TOTAL EXPENSES	0.9	0.9	18.1	0.0	20.0	*n.s.*	*2.3*

(1) Percentage based on total assets in the consolidated Statement of Financial Position.
In terms of the profit and loss items the percentage based on the consolidated profit for the period is not deemed significant.
(2) Percentage based on total net cash flows from operating activities of cash flows.
(3) The column 'Other' includes related companies and individuals identified as related parties (directors, statutory auditors, general managers, key managers and their family members).

Information relating to directors, statutory auditors, general managers and key managers does not include remuneration and fees for their positions and/or activities carried out.

Earnings per share

Earnings per share:	31/3/2010	31/3/2009
Earnings (loss) allocated to ordinary shares (€m)	-4.3	21.0
Weighted average of ordinary shares in circulation during the year (m)	1,479.8	1,479.8
Basic earnings per share (€ per share)	0.00	0.01

Dividends

Given the profit of €128,8m for 2009 for the Parent UGF S.p,A. (resulting from the separate financial statements prepared under Italian GAAP), the Shareholders' Meeting of UGF S.p.A., held on 29 April 2010, approved the distribution of a dividend of €0.04 per Ordinary Share and €0.0452 per Preference Share for a total amount of €100.4m, with an ex-dividend date of 24 May 2010 and the payment date of 27 May 2010.

Items or transactions arising from atypical and/or unusual transactions and significant non-recurring events and transactions

It should be noted that there were no atypical and/or unusual transactions that, because of their significance or importance, the nature of the counterparties or the procedures for determining the price or because they occurred close to the end of the period, could give rise to doubts relating to: the accuracy and completeness of the information in this condensed interim consolidated financial statements, a conflict in interest, the safeguarding of the equity or the protection of non-controlling shareholders.

There were no significant non-recurring events and transactions.

Bologna, 13 May 2010

The Board of Directors

Tables attached to the Notes to the Condensed Interim Consolidated Financial Statements

Statement of financial position by business segment

Amounts in €m

		Non-Life		Life		Banks		Holding and Services		Intersegment eliminations		Total	
		31/3/2010	31/12/2009	31/3/2010	31/12/2009	31/3/2010	31/12/2009	31/3/2010	31/12/2009	31/3/2010	31/12/2009	31/3/2010	31/12/2009
1	INTANGIBLE ASSETS	198.0	199.9	137.8	138.0	456.0	457.6	2.0	1.6	1,119.5	1,119.5	1,913.2	1,916.6
2	PROPERTY, PLANT AND EQUIPMENT	555.0	550.6	0.4	0.4	23.3	25.0	20.0	20.3	-0.5	-0.5	598.1	595.8
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	332.5	332.6	124.7	124.5							457.2	457.1
4	INVESTMENTS	6,926.8	6,701.8	24,279.0	23,504.6	10,474.0	10,393.4	5,287.4	5,059.0	-5,940.7	-5,893.8	41,026.3	39,765.0
4.1	Investment property	197.0	198.7	0.1	0.1			0.0		-2.0	-2.0	195.1	196.8
4.2	Investments in subsidiaries and associates and interests in joint ventures	493.4	493.5	73.4	73.4	6.0	6.0	4,421.7	4,376.7	-4,950.8	-4,905.8	43.6	43.8
4.3	Held-to-maturity investments	689.7	690.0	1,451.3	1,414.5					-371.9	-324.8	1,769.1	1,779.7
4.4	Loans and receivables	1,512.8	1,523.5	3,224.2	3,175.8	10,297.8	10,258.3	487.2	484.2	-610.8	-656.1	14,911.2	14,785.8
4.5	Available-for-sale assets	3,940.5	3,706.8	11,869.9	11,294.7	149.6	123.2	375.8	194.3	-5.2	-5.1	16,330.6	15,313.8
4.6	Financial assets at fair value through profit or loss	93.3	89.4	7,660.2	7,546.1	20.6	5.9	2.7	3.8			7,776.7	7,645.1
5	SUNDRY RECEIVABLES	1,154.4	1,325.2	239.4	298.5	97.8	102.4	92.7	93.8	-6.6	-16.7	1,577.7	1,803.2
6	OTHER ASSETS	448.3	397.7	225.3	264.1	247.1	218.0	24.1	26.9	0.2	-5.0	945.0	901.7
6.1	Deferred acquisition costs	9.0	9.4	14.7	14.3					1.9	2.5	25.6	26.3
6.2	Other assets	439.3	388.3	210.6	249.8	247.1	218.0	24.1	26.9	-1.8	-7.5	919.4	875.4
7	CASH AND CASH EQUIVALENTS	321.1	345.8	588.6	537.4	92.2	117.1	295.3	535.1	-1,091.0	-1,313.9	206.2	221.5
	TOTAL ASSETS	9,936.0	9,853.6	25,595.2	24,867.5	11,390.5	11,313.6	5,721.4	5,736.6	-5,919.2	-6,110.4	46,723.9	45,660.8
1	EQUITY											3,887.9	3,826.2
2	PROVISIONS	67.9	70.8	1.3	1.9	18.9	19.4	8.9	9.1			97.1	101.1
3	TECHNICAL PROVISIONS	7,508.1	7,517.9	21,449.3	20,768.5							28,957.4	28,286.4
4	FINANCIAL LIABILITIES	694.3	711.6	2,540.2	2,591.9	9,823.6	9,965.8	1,237.0	1,229.2	-2,076.2	-2,300.1	12,219.0	12,198.4
4.1	Financial liabilities at fair value through profit or loss	17.0	5.7	2,044.0	2,094.0	9.0	3.8	0.5	1.0			2,070.4	2,104.5
4.2	Other financial liabilities	677.3	705.9	496.3	497.9	9,814.7	9,962.0	1,236.5	1,228.2	-2,076.2	-2,300.1	10,148.6	10,093.9
5	PAYABLES	271.9	233.6	78.8	66.8	67.0	96.2	28.8	34.7	-6.4	-16.1	440.1	415.2
6	OTHER LIABILITIES	360.3	328.1	290.4	273.0	448.7	199.8	27.6	40.8	-4.7	-8.2	1,122.3	833.4
	TOTAL EQUITY AND LIABILITIES											46,723.9	45,660.8

Income statement by business segment

Amounts in €m

		Non-Life		Life		Banks		Holding and Services		Intersegment eliminations		Total	
		31/3/2010	31/3/2009	31/3/2010	31/3/2009	31/3/2010	31/3/2009	31/3/2010	31/3/2009	31/3/2010	31/3/2009	31/3/2010	31/3/2009
1.1	Net premiums	996.4	1,033.6	1,185.3	1,653.7							2,181.7	2,687.3
1.1.1	*Gross premiums*	*1,026.1*	*1,065.3*	*1,190.5*	*1,659.2*							*2,216.6*	*2,724.5*
1.1.2	*Ceded premiums*	*-29.7*	*-31.7*	*-5.2*	*-5.5*							*-34.9*	*-37.2*
1.2	Commissions and income	3.3	0.6	3.3	3.1	32.0	20.4			-4.5	-1.7	34.1	22.5
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	-18.8	1.0	42.7	-8.4	0.4	2.7	-0.2	12.7			24.1	8.1
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures		0.5			0.0	0.0						0.5
1.5	Gains on other financial instruments and investment property	92.5	65.7	275.1	153.2	87.6	120.8	10.7	8.3	-8.9	-14.4	457.0	333.6
1.6	Other income	20.2	11.3	20.8	13.7	3.0	3.2	12.7	30.0	-10.5	-33.6	46.2	24.6
	TOTAL REVENUE	1,093.5	1,112.7	1,527.1	1,815.2	123.1	147.2	23.3	51.0	-23.9	-49.6	2,743.1	3,076.5
2.1	Net charges relating to claims	841.5	808.2	1,370.9	1,721.3						-0.3	2,212.4	2,529.2
2.1.1	*Amounts paid and changes in technical provisions*	*852.3*	*818.8*	*1,374.9*	*1,727.6*						*-0.3*	*2,227.2*	*2,546.1*
2.1.2	*Reinsurers' share*	*-10.8*	*-10.6*	*-4.0*	*-6.3*							*-14.8*	*-16.9*
2.2	Commission expense	3.3	0.6	3.1	2.8	3.5	2.9				-0.6	9.8	5.7
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	0.2			0.0	0.0						0.2	0.0
2.4	Losses on other financial instruments and investments in property	43.7	8.0	25.1	15.9	49.0	71.2	13.3	22.6	-7.0	-12.3	124.0	105.4
2.5	Operating expenses	216.7	232.4	30.6	24.1	63.5	61.3	18.6	38.8	-12.7	-30.7	316.6	325.9
2.6	Other costs	26.6	15.3	28.9	24.1	2.0	3.4	2.9	1.3	-4.1	-5.6	56.4	38.4
2	TOTAL COSTS AND EXPENSES	1,131.8	1,064.5	1,458.6	1,788.1	117.9	138.8	34.8	62.7	-23.8	-49.5	2,719.4	3,004.6
	PRE-TAX PROFIT (LOSS) FOR THE PERIOD	-38.4	48.2	68.5	27.1	5.2	8.4	-11.6	-11.6	-0.1	-0.1	23.7	71.9

Declaration of the Manager in charge of Financial Reporting pursuant to Article154-bis of Legislative Decree 58/1998

**DECLARATION OF THE MANAGER IN CHARGE
OF FINANCIAL REPORTING**

RE: **Interim Financial Report of Unipol Gruppo Finanziario S.p.A. at and for the three months ended 31 March 2010**

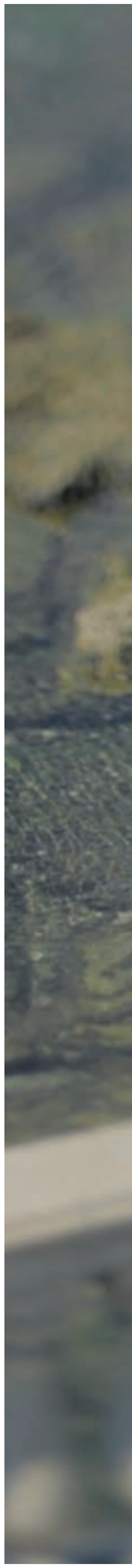
The undersigned Maurizio Castellina, the Manager in charge of Unipol Gruppo Finanziario S.p.A.'s financial reporting

DECLARES

in accordance with Article 154-bis, para. 2, of the 'Consolidated law on financial intermediation' that the Interim Financial Report at and for the three months ended 31 March 2010 is consistent with the accounting records, ledgers and documents.

Bologna, 13 May 2010

The Senior Executive Responsible for
drawing up the company accounts
Maurizio Castellina
(signed on the original)



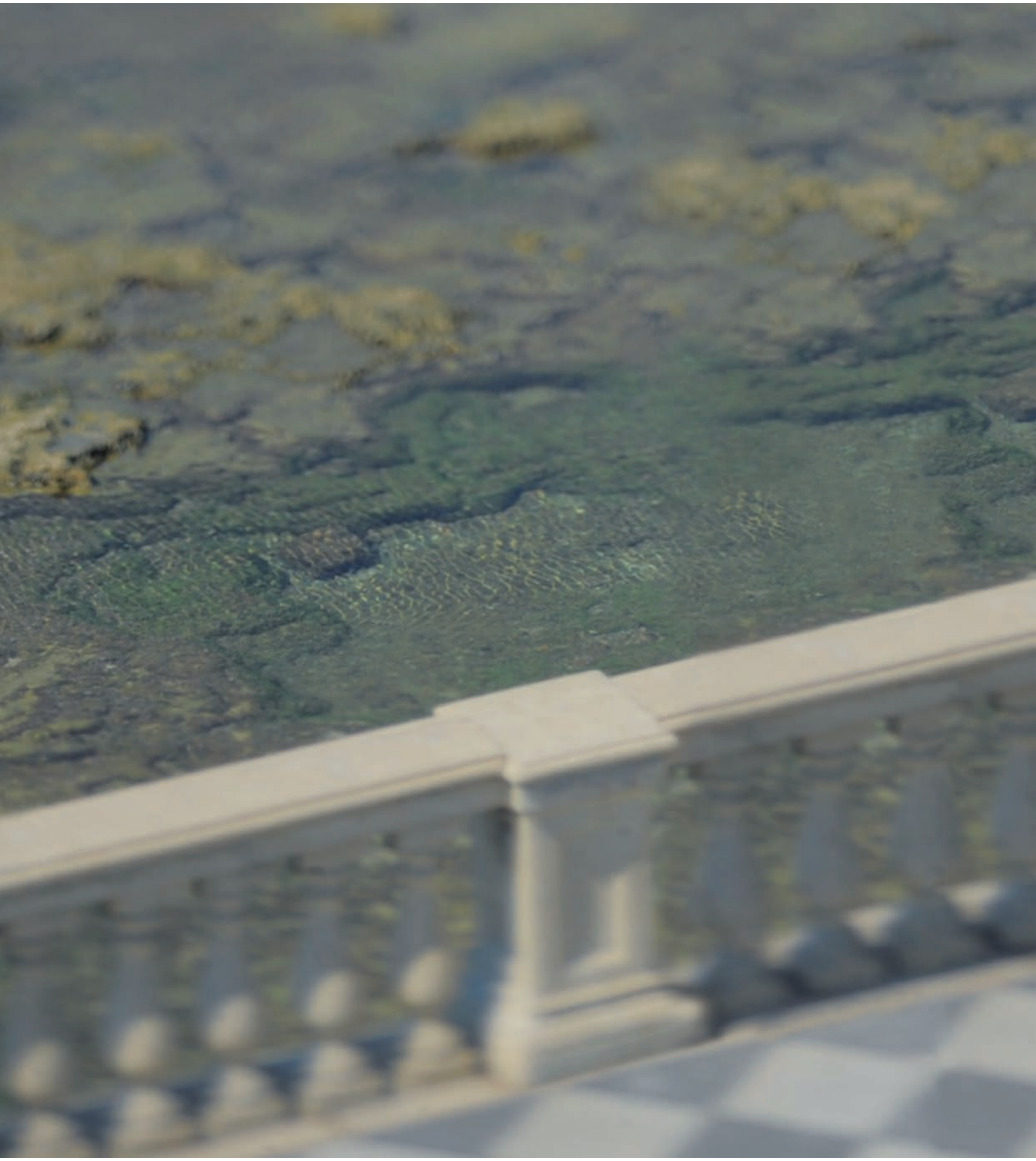
UNIPOL GRUPPO FINANZIARIO S.P.A.

REGISTERED AND HEAD OFFICES
via Stalingrado, 45
40128 Bologna

Share capital
€ 2,391,426,100.00 fully paid-up

Tax Code and Bologna Company
Registration No. 00284160371
R.E.A. No.160304

Entry in special section in accordance
with Article 113 T.U.B. 40069



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