

An aerial photograph of a city, likely Rome, showing a dense urban landscape with various buildings and green spaces. A prominent feature is a multi-lane highway bridge supported by tall concrete pillars, crossing over a wooded area. In the background, a large ship is visible on the sea under a clear blue sky.

UNIPOL GRUPPO FINANZIARIO

2010

ANNUAL REPORT



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UNIPOL
GRUPPO FINANZIARIO

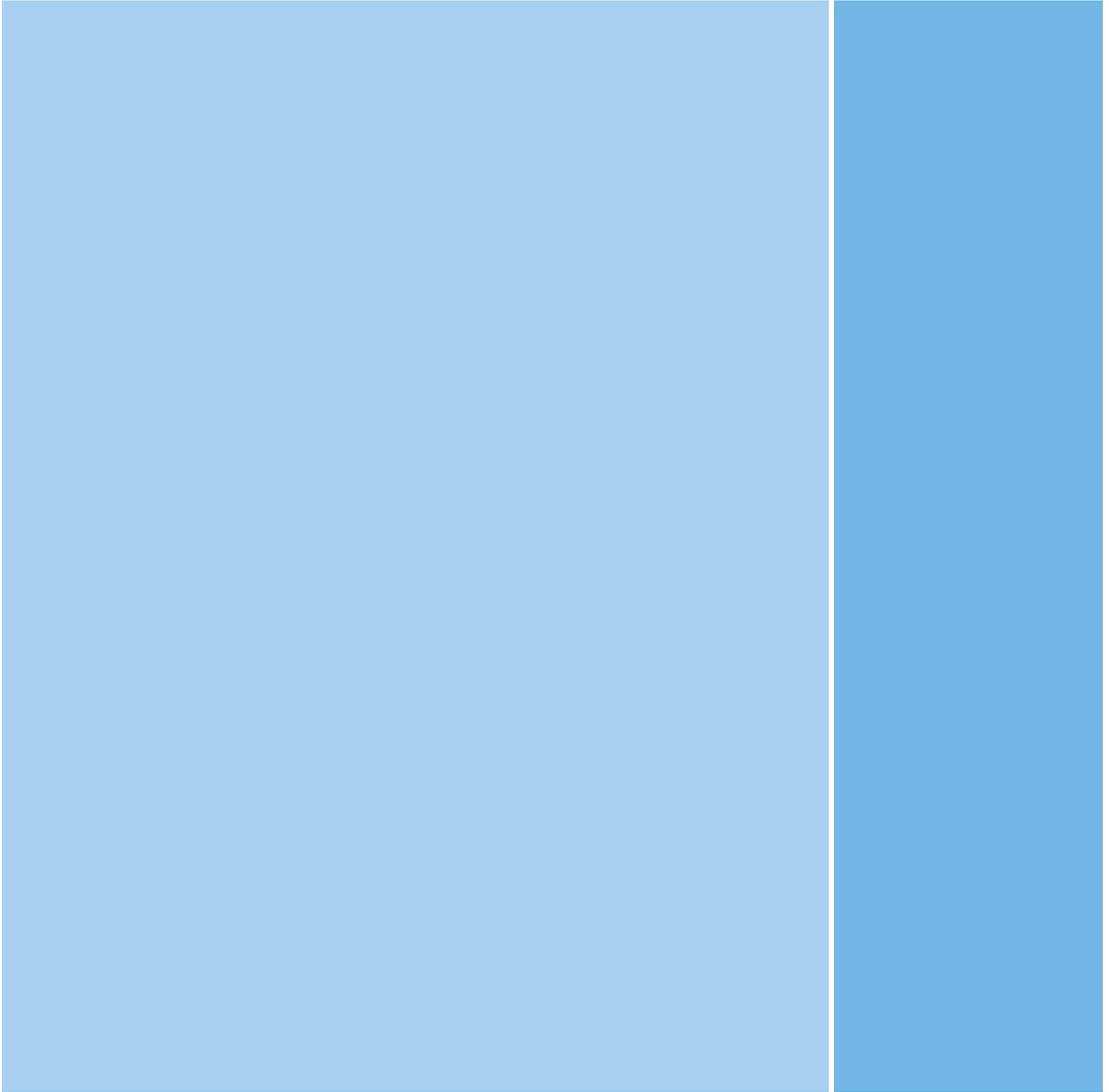
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ANNUAL REPORT



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COMPANY BODIES

BOARD OF DIRECTORS

HONORARY CHAIRMAN	Enea Mazzoli	
CHAIRMAN	Pierluigi Stefanini	
VICE CHAIRMAN	Piero Collina	
CHIEF EXECUTIVE OFFICER GENERAL MANAGER	Carlo Cimbri	
MEMBERS OF THE BOARD	Francesco Berardini Sergio Betti Rocco Carannante Pier Luigi Celli Gilberto Coffari Sergio Costalli Ernesto Dalle Rive Jacques Forest Vanes Galanti Roger Iseli Claudio Levorato	Ivan Malavasi Massimo Masotti Enrico Migliavacca Pier Luigi Morara Milo Pacchioni Marco Pedroni Giuseppe Politi Francesco Vella Marco Giuseppe Venturi Luca Zaccherini 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	
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INDEPENDENT AUDITORS

	KPMG SpA	
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INTRODUCTION

Macroeconomic background

The main phenomenon during 2010 was, without doubt, the turmoil over the sovereign debts of the weakest economies in the European Union. The first wave came in late Spring, after the real level of Greece's public deficit had been revealed. Then, at the end of November, there was a second shock as a result of the Irish government's decision to step in to assist the national banking system, overburdened by large amounts of debts of doubtful quality.

However, under the circumstances the intervention of the European Union, culminating in the setting up of, inter alia, the European Financial Stability Facility (EFSF) with funds of €440bn, turned out to be muddled and not very timely, partly as a result of disagreements between the partners. This affected the credibility of the single currency and led to its sharp depreciation. In fact for the whole of 2010 the currencies of the principal emerging economies showed signs of recovery and the dollar fell, partly as a result of the unconventional monetary policy implemented by the FED.

In the meantime the recession that had been feared did not materialize. The global economy reacted well and international trade began to increase at rates exceeding 10%. It is thought that global gross domestic product may have been close to 5% in 2010.

The most sizeable contribution to growth was made by the emerging economies. In the January update of its *World Economic Outlook* the International Monetary Fund estimated that China's GDP may have risen by 10.3%. The United States' economy performed less well (+2.8%) whilst Japan would seem to show a robust upturn (+3.9%). The Eurozone as a whole is reckoned to have grown by 1.8%, led by Germany, which grew 3.6% thanks to demand from the Emerging Countries. Italy was near the bottom of the list with its increase in GDP a modest 1.3%.

The central banks of the countries with advanced economies kept interest rates at an all-time low. However a difference of opinions emerged between the ECB, which since the beginning of the Summer had begun to drain liquidity, and the FED, which, on the other hand, launched a massive new quantitative easing initiative (\$600bn) just in the last few months of 2010. According to various observers the liquidity thus generated by the central US bank was largely responsible for the influx of capital into the Emerging Countries and for the increase in prices of raw materials and commodities. In 2010 the price of oil was almost back down to a hundred dollars per barrel. Eurostat announced that average inflation in the European Union rose to 2.2% in December 2010 and was likely to rise still further in 2011.

The tensions over the public debt of the weakest countries in the Eurozone persuaded the Italian Government to keep a firm hand on the tiller of the public accounts. Istat estimated the budget deficit to be 4.6% of GDP in 2010. In these circumstances Italian public borrowing was reckoned to be 119% of GDP.

Employment remained one of the most critical variables of the moment. Istat announced that the number of people in work in December 2010 was unchanged compared with twelve months earlier, whilst the youth un-employment rate was almost 29%. The INPS (Istituto Nazionale Previdenza Sociale – National Institute for Social Welfare) authorised more than 1.2 billion hours to be paid out of the cassa integrazione wages guarantee fund in 2010, though the amount actually used in the first ten months was no more than half of the number of hours authorised.

A further reason for apprehension was the balance of trade. Istat calculated that Italian exports rose by 15.7% in 2010 compared with the previous year whilst imports rocketed 22.6%. The result was a trade deficit of €27.3bn compared with €5.9bn in the same period of 2009. Moreover this occurred against a background in which domestic demand, especially consumer demand, remained largely stagnant because of both the difficulties in the jobs market and the drop in individuals' disposable incomes.

Financial markets

The second half of 2010 closed with a generally positive balance on the international stock markets, the main help for the growth of which was the acceleration in the global economy.

To be specific, the US economy grew almost 3% year on year, but the improvement in the economy in general was not sufficient to persuade the Federal Reserve to modify its expansionary monetary policy of keeping interest rates very low both in the short and in the medium to long term, the latter objective being pursued by the acquisition on the secondary market of government bonds issued by the US Treasury (quantitative easing). This situation enabled Standard & Poor's 500 index to rise 22% in the second half of 2010, which brought the balance for the year to growth of 12.8%.

The GDP of the emerging economies continued to grow much faster than that of the so-called developed countries. This led to the Chinese central bank being very apprehensive about the possible inflationary implications of excessive economic growth. Therefore at the end of 2010 the People's Bank of China further tightened the restrictive monetary policies introduced during the year, and this was the main reason why the stock markets of the emerging markets, though positive, performed much worse than the United States over the final quarter (+5% on the MSCI Emerging Markets index).

There was also a spurt in economic growth in the Eurozone as a whole, especially at the centre as opposed to the edge, which continued to suffer from the crisis of the sovereign debts issued by the countries in this area, including, in the fourth quarter, even Belgium and Italy. Therefore the yield differentials between German government bonds and the corresponding securities issued by other EMU countries continued to widen in the final quarter of 2010.

All of these factors meant that the performances of the stock markets in the Eurozone as a whole remained some of the worst on the whole international scene, with the half-yearly increase of 8.53% being nowhere near enough to return the balance at the beginning of the year (-5.81%) into the black.

The rise in share prices had a positive effect on the corporate bond market: the iTraxx index, representing the average spread at which companies belonging to the financial sector that have a high credit rating issue bonds, went from 128.74 basis points at the beginning of June to 105.03 by the end of the year.

Individual savings

The financial wealth of individuals is reckoned to have remained the same as it was at the end of 2009, mainly because of the fall in the prices of public debt securities. However, new saving fell during 2010 because of the drop in individuals' disposable incomes, disposable income also being a factor in the increase in the propensity to consume. Last year the indebtedness of Italian households rose by more than two percentage points to 65% of disposable income. The reason for this can be found in the upturn in the demand for mortgage loans.

The sovereign-debt crisis had a profound effect on savers' behaviour, leading to a substantial increase in the amount of their liquid assets, to 30.5% of the total. The situation meant that interest once again focused on managed savings. On the demand side uncertainty and volatility in the financial markets coupled with the search for higher yields induced individuals to consult professional investment advisers, who were better able to grasp investment opportunities in such a tumultuous situation. On the supply side the search for profitability meant that banks pointed their customers towards instruments such as investment funds and Life policies in particular. As a result, at the end of 2010 the amount of total financial wealth accounted for by unit trusts increased by 0.2% to 5.4% whilst technical insurance provisions amounted to 18.6%, an increase on 2009 of almost one percentage point. The latest Banca d'Italia figures for the net income of managed funds showed that it was positive to the tune of more than €3.7bn for the period January – September 2010, even though there was an outflow of funds of approximately €3.5bn in the third quarter.

Insurance business

The period that started with the sovereign-debt crisis contained further problems for insurers. The increase in the perception of risk linked to the public securities of the weakest economies in the Eurozone led to a fall in their value, which was reflected in companies' securities portfolios, traditionally well stocked with these financial instruments.

The effects of the recession on sales growth were such that insurance companies were faced with a reduction in insurable volumes and therefore with stagnant premiums. In core business there was an increase in the number of claims, some associated with customer fraud.

Against this difficult background insurers did their utmost to rebalance the income statement of the principal Non-Life class, MV Third-Party Liability, not only by introducing more selective underwriting policies but also by simultaneously adjusting tariffs, after years in which competition had pushed the average premium for this type of business down. The first indications are that this class grew by more than 4% compared with 2009. The situation with Land vehicles – Own damage or loss was different. The disappointing trend in the motorvehicle market in 2010 (-9.5% compared with 2009) affected income in this class, as did the sale of cut-price cover by car dealers. Land vehicles – Own damage or loss is likely to record a fall in premiums of around 1.2%, similar to the performance for the third quarter (-3.9%).

The corporate segment of Non-Life non-MV insurance business is largely dependent on the state of the economy. The modest progress made during 2010 was only partially reflected in insurers' turnover. In individual business, given the insecurity linked to the jobs situation and the drop in individuals' disposable incomes, Italians' already low propensity to take out insurance made it difficult to expand the insurance base. At the same time businesses with commitments on other fronts restricted the amount of resources allocated to financing supplementary health funds. The phenomena described above crystallised into the underinsurance situation typical of Italy.

The situation with Life income was very different: it performed even better in 2010 than during the exceptional year of 2009 owing to savers looking for investments that were low risk but produced higher yields than government bonds. However, the uncertainty in the financial markets, the problems involved in offering guaranteed yields on a lot of traditional Life products and the imminent

coming into force of Solvency II led to more prudent underwriting policies. In fact as from August new individual Life policy business began to fall off systematically compared with the same months of the previous year as a result of the gradual disengagement of the sales networks. Despite the slowdown in the second half of the year it is reckoned that total premiums will have grown by more than 11% year on year, excluding cross-border activity. Leading this growth are Class III products (+58.3% according to ANIA's preliminary figures), in particular unit-linked policies. Premiums from Class I products rose by 4.8%, more than making up for a fall in the second half of the year, partly owing to prudent underwriting policies, which took account of the commitment required to maintain guaranteed yields against a background of rising interest rates. Direct flows into Class VI (+9%) indicate that growth was below the average for Life business. From what can be deduced from the performance of new business, 2010 saw an upturn in the traditional channels and good service by the Bank branches and post office, whilst financial advisers had already begun to restrict the types of product they sold and thus performed worse, including year on year.

Banking and assets under management

In the Summer of 2010 stress tests were carried out on the main European banks. The excellent results of these tests were hardly confirmed a few months later when the Irish government had to intervene, for the umpteenth time, to shore up the national lending system, which was weighed down by a significant volume of impaired loans. According to a study carried out by the Boston Consulting Group the European banks needed to increase their capital by a total of approximately €275bn in order to comply with the capital requirements of the new Basel 3 legislation.

In the January issue of its Economic Bulletin the Banca d'Italia indicated that in August the increase in bank lending to the non-financial private sector had risen slightly over the previous twelve months, to 1.8%. It continued to be a good time to lend to individuals for house purchase, whilst the rate of increase in lending to non-financial companies remained positive, though only just. This was because of the level of industrial output. A glimpse at the behaviour of banks according to size reveals that the reduction in lending by the five leading Italian groups was more than offset by the increase in lending by the smaller banks.

The cost of fixed-rate loans was largely stable (4.4%), whilst the cost of floating-rate loans was slightly up at approximately 2.4%. Rates on short-term lending to businesses were down (3.5% in August, two tenths of a point less than in May).

In the second quarter of 2010 the flow of new adjusted defaults as a proportion of loans (1.7%), though down compared with the first quarter (2%), continued to be high in comparison with the average figure for the two-year period 2007-2008 (1.1%). Banca d'Italia also revealed that banks' exposure to debtors in default for the first time rose in the two months July-August compared with the same period of 2009. The deterioration in the quality of loans applied to all types of client: finance companies, individuals and businesses in the service sector. In the case of lending to non-financial undertakings, other types of impaired loans (substandard, restructured and past due loans or those over the limit) also occurred widely (7.8% of loans granted in August), which suggests that doubtful bank lending may continue to increase in the subsequent months.

In August Italian banks' total premiums were substantially the same as twelve months earlier (+0.1%). In contrast to the fall in bond issues (-1%) the increase in deposits made by residents of Italy merely slowed down (2.1%). In particular, though still sustained by the low level of rates on alternative assets, growth in current accounts was significantly down, from 7.7% in May to 4.7% in August. Following the trend in market rates, yields on banking bonds rose between May and August by approximately half a percentage point, to 2.9% and 2.3% for fixed-rate and floating-rate issues respectively.

The consolidated reports of the five leading Italian banking groups reveal that profitability was down again in the first six months of 2010. The return on capital and reserves (ROE) dropped to 4% year on year, approximately one percentage point down on the previous year. The ABI (Italian Banking Association) estimates that the entire Italian banking segment suffered a 3.4% drop in net interest

income in 2010. The expected increase in other revenue will not be enough to offset this drop, with the result that, according to the ABI, gross operating income will have fallen 0.3% compared with 2009. The reduction in operating costs (-0.9%) will give rise to a slight increase in the gross operating profit (+0.6%). The increase in adjustments to take account of the deterioration of debts (+2.8%) will have little effect on the profit for the year (-0.3%). The ROE for the Italian banking system as a whole is expected to be 2.4%, the same as in 2009.

Pension funds market

The market for the various types of supplementary pension scheme – occupational funds, open-ended funds and Individual Pension Plans – almost came to a standstill in 2010. The number of members of all types of supplementary pension scheme grew by scarcely 270,000, a rise of 5.4% since December 2009. More than 60% of this increase was ascribable to Individual Pension Plans. At the level of individual funds there was a slight drop in the number of members of occupational funds during the year (-1.4%), mainly owing to the negative repercussions on jobs of the slowdown in the economy, modest growth in the number of members of open-ended funds (+3.4%) and a substantial increase in the number of members of Individual Pension Plans (+29.8%).

The various parties involved are now even more convinced that the number of members of supplementary pension schemes will not rise unless there is new legislation or unless one of the aspects on which the current system hinges, the fact that membership is voluntary, is changed to make it compulsory, with only employers making contributions, albeit at a reduced level.

Despite this lull, the total assets of the supplementary pension schemes (including the preexisting funds) recorded a significant increase. In fact assets under management reached approximately €82bn at the end of 2010 (+12.3% compared with 2009), more than €22bn of it in occupational funds (+19.2%), approximately €7.5bn in open-ended funds (+19.3%), more than €5bn in Individual Pension Plans (+48%) and more than €40bn in pre-existing funds (+3.9%).

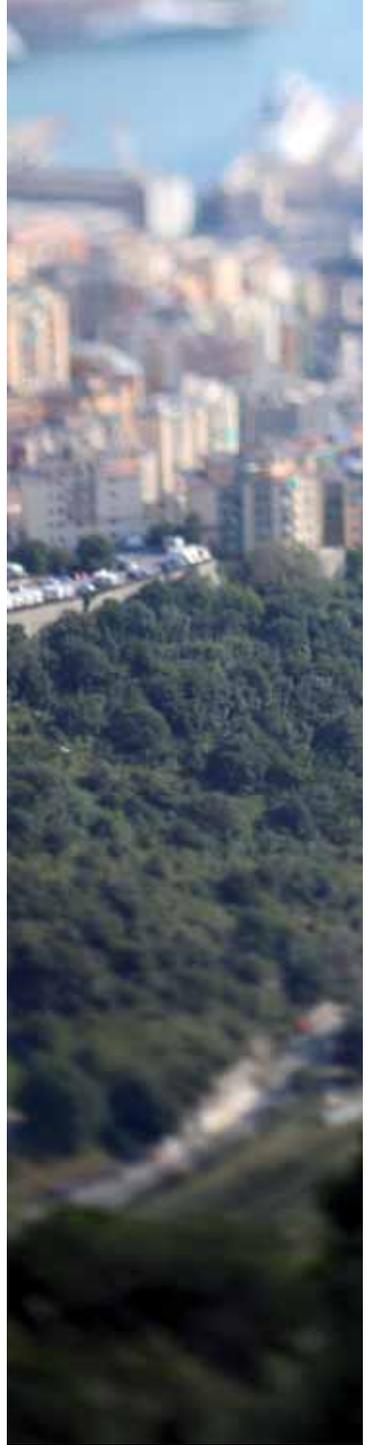
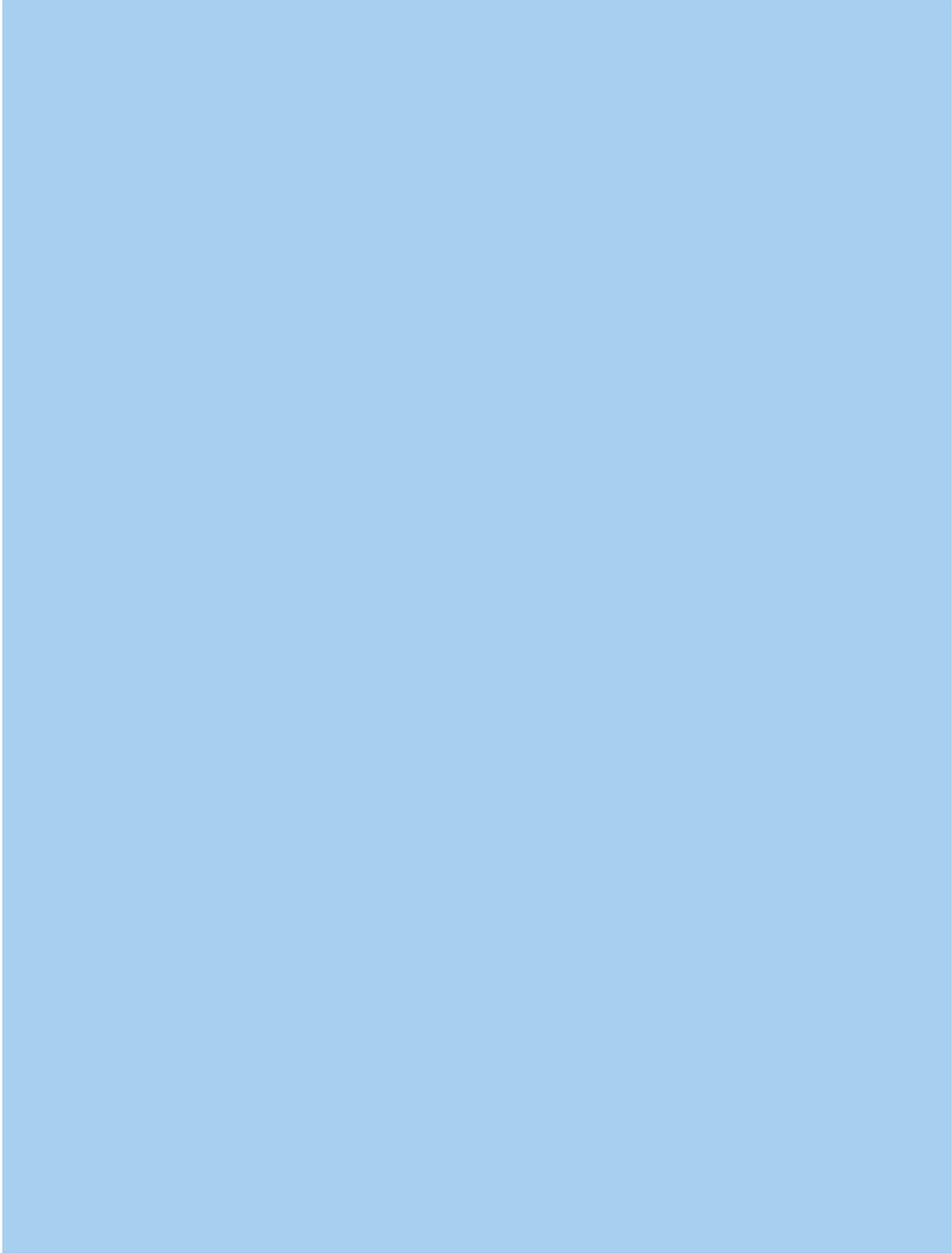
The weighted average yield of pension funds in 2010 was substantially in line with market performance. In particular the yield of occupational pension funds was 3% whilst the weighted average yield of open-ended pension funds was 4.2%.

The guaranteed sectors of occupational pension funds performed less well than other classes, partly because of the portfolios having less share exposure but mainly because of the tension over public debt securities in the Eurozone.

Principal new legislation

In its ruling 17221 of 12 March 2010 CONSOB approved the Regulation covering provisions relating to transactions with related parties. The Regulation, issued after a long period of consultation, enforces three distinct duties contained in the Italian Civil Code (Article 2391-bis) and in the Consolidated Finance Act (Articles 114 and 154-ter). This legislation lays down the procedure and degree of transparency to which Italian companies with shares that are listed or freely available to the public must adhere when carrying out transactions with related parties.

On 23 June 2010 CONSOB issued Ruling 17389, which made some limited formal amendments to the Regulation that postponed the deadlines for implementing the scheme: the procedures for carrying out transactions with related parties had to be adopted by 1 December 2010 and the transparency of operations deemed to be of major relevance had to be guaranteed as from the same date. However, issuers had until 1 January 2011 to apply the procedures and to implement the scheme for the transparency of transactions that exceed the relevance threshold only if taken all together.



MANAGEMENT REPORT



PERFORMANCE OF SECURITIES

Information on the performance of securities

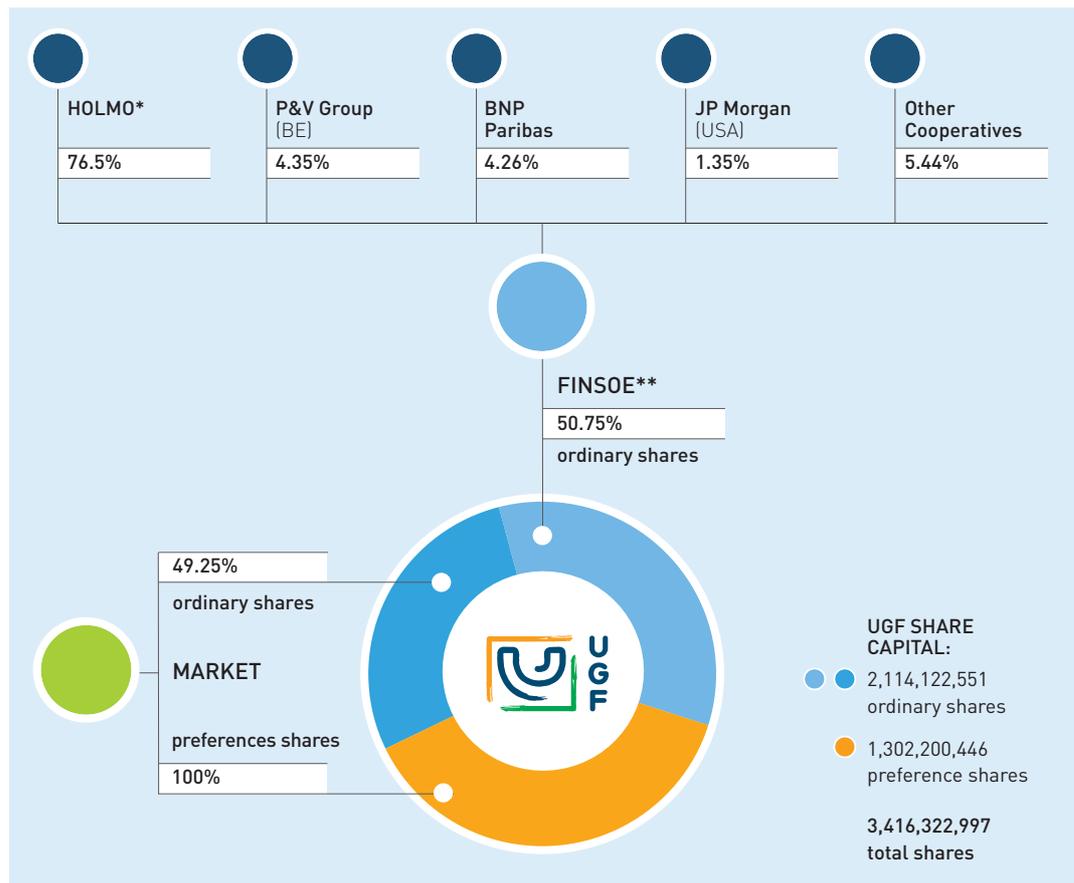
At the end of December 2010 Unipol ordinary shares were priced at €0.462, a fall of 45.58% over the year compared with an 11.49% fall in the general FTSE Italia all-share index, 13.23% in the FTSEMIB index and 25.72% in the FTSE Insurance all-share index. Unipol preference shares fell 35.04% over the year.

Capitalisation

At the end of December total capitalisation amounted to €1,444m (€1,982m at 31/12/2009), of which €976m related to ordinary shares and €486m related to preference shares.

SHAREHOLDING STRUCTURE

Under Article 2359 para. 1, 1) of the Italian Civil Code the company is controlled by Finsoe S.p.A., which in turn is controlled by Holmo S.p.A.. The shareholding structure at 31 December 2010 is shown in the graphic below:

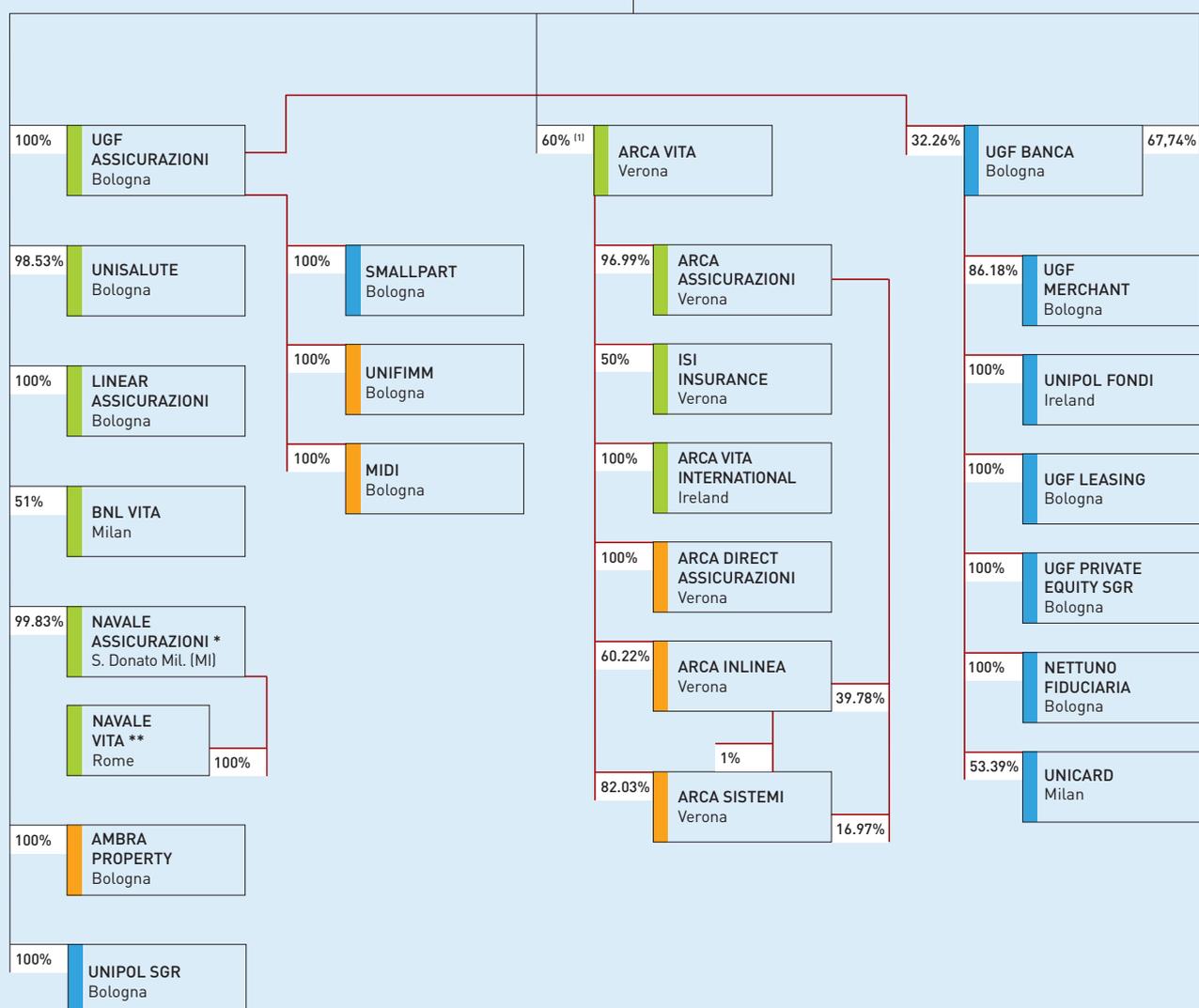


* HOLMO is a financial company made up of the leading national cooperatives.

** holding treasury shares for 8.11% of the capital.

GROUP STRUCTURE

AT 31 DECEMBER 2010



HOLDING

INSURANCE
COMPANIESPROPERTY
AND OTHERSFINANCIAL SERVICES
AND BANKS

⁽¹⁾ Including treasury shares in the portfolio held by Arca Vita Spa the percentage is 61.17%.

* The contribution of the insurance company Navale Assicurazioni Spa in favour of UGF Assicurazioni Spa and the merger of Navale Assicurazioni, following the contribution, into UGF Spa took effect for legal, accounting and tax purposes as from 1 January 2011.

** With effect from 1 January 2011 Navale Vita Spa changed its name to Linear Life Spa and moved its registered office from Rome to Bologna.

BUSINESS PERFORMANCE

Dear Shareholders,

The financial year just ended was characterised by a number of major innovations, of which the markets have already been notified.

The Board of Directors approved the **2010-2012 Business Plan** on 13 May 2010 and it is available on the website – www.unipolgf.it – under Investor Relations/Presentations. It was drawn up by more than 500 employees during the course of more than 160 workshops. The plan established the guidelines for the operations of the various businesses in the Group over the next three years, the aim being to pursue the sustainable growth of profitability and financial strength, with the results obtained being constantly monitored.

The starting point has been the group's mission defined by the Board of Directors:

“...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.

Several major operations were carried out during 2010 that affected the Group's scope of consolidation, its sales strategy and its capital structure:

- the merger of Navale Assicurazioni into UGF Assicurazioni;
- the acquisition of a majority holding in Arca Vita SpA ('Arca Group');
- a share capital increase.

Merger of Navale Assicurazioni into UGF Assicurazioni

ISVAP having authorised the Merger Project, the deed to hive off Navale Assicurazioni's insurance business to UGF Assicurazioni and the deed to merge Navale Assicurazioni into UGF once the contribution had been completed were signed on 21 December. The contribution and the merger

took effect for legal, accounting and tax purposes as from 1 January 2011.

Therefore since the beginning of 2011 Navale has been part of UGF Assicurazioni, becoming its third operating Division after Unipol and Aurora, in line with the 2010-2012 Business Plan, one of the aims of which was to consolidate the insurance business carried out through agencies into a single major company, thus achieving the financial benefits of operating more efficiently.

Acquisition of the Arca Group

On 22 June 2010, permits having been obtained from the Supervisory Authority, UGF acquired control of Arca Vita and entered into a ten-year agreement with the vendors for developing a strategic partnership covering Life and Non-Life bancassurance business, following the previous agreement signed in December 2009. The operation establishes the new platform for the UGF Group's bancassurance business in view of the expected departure from the Group of BNL Vita when the current partnership with BNP Paribas expires in 2011. Arca Vita controls two companies operating in Non-Life business (Arca Assicurazioni and Isi International), a company operating in Life business (Arca Vita International, which is registered in Ireland) and several companies that provide services for the Arca Group.

To be specific, UGF acquired 60% of Arca Vita's share capital from companies in the Banca Popolare dell'Emilia Romagna Banking Group (BPER) and the Banca Popolare di Sondrio (BPSO) for €269.8m, plus €5.9m of additional charges incurred in 2009. Also on 22 June 2010 Arca Vita acquired a further 31.56% of the subsidiary Arca Assicurazioni from companies in the BPER Group and from BPSO, and on 30 June 2010 from other shareholders who had exercised the right to withdraw (Banca Popolare di Marostica, Credito Siciliano and Banca Popolare di Sant'Angelo), for €46.8m, bringing the total controlled to 95.64%.

The Arca Group distributes its insurance products through 2,159 branches of more than 30 approved banks, mainly mutuals (the main ones, with approximately 1,600 branches, being BPER and BPSO), and through its network of 206 insurance agencies at 31 December 2010. The partnership will enable the UGF Group to expand both its Life and Non-Life bancassurance business in line with the 2010-2012 Business Plan by entering into a long-term relationship with some of the leading Italian banks, with which it shares values and a market.

Share capital increase

On 17 June 2010, under the powers vested in it by the Shareholders in their Meeting held on 29 April 2010, UGF S.p.A.'s Board of Directors approved the definitive terms for the option offer to shareholders and listing on the Italian stock exchange organised and managed by Borsa Italiana S.p.A., of Unipol ordinary shares with free 'Unipol 2010-2013 Ordinary Share Warrants' and Unipol preference shares with free 'Unipol 2010-2013 Preference Share Warrants' at a ratio of one Unipol 2010-2013 Ordinary Share Warrant and one Unipol 2010-2013 Preference Share Warrant respectively for each ordinary share and preference share subscribed. This was done in order to maintain a firm equity structure and a high degree of financial flexibility.

Despite the unfavourable phase in the financial markets the offer closed in July with the share capital increase being fully subscribed by the market for €399.4m, without the need for the underwriting syndicate to intervene. The success of the operation showed that shareholders continued to have confidence in the Group's prospects for growth.

Your Company continued to carry out in full its role of holding and service company for the UGF insurance and banking Group during 2010.

Below we describe the performance of the various types of business in which the Group operates.

In Group **insurance business** consolidated direct premiums fell to €8,976m in 2010 (- 5.5% compared with 2009).

In **Non-Life business** the very selective underwriting policy led to the expected decrease in the UGF Assicurazioni and Navale Assicurazioni policy portfolios, with total premiums falling to €4,243m (-0.4% compared with 2009), €2,553m in MV classes (+1.1%) and €1,690m in non-MV classes (-2.6%). On the same basis of consolidation, that is without taking into account the Arca Group's contribution of €107m, which was consolidated as from 1 July 2010, income amounted to €4,136m (-2.9% compared with 2009).

However, as expected, Unisalute (€177m, +14.1%) and Linear (€171m, +6.6%), which specialise in Health and direct MV insurance (telephone/Internet) respectively, continued to grow.

Analysis of the trend in the loss ratio shows that during 2010 the Group's Non-Life business felt the positive effects of the various measures taken to counteract the erosion of the margin for this type of business that had occurred in the previous few years when the climate in the sector was very negative. The improvement in MV business was also linked to the effects of the reform of the portfolio, which had begun during 2009 and had a major impact in terms of both increased and restructured premiums. Work on restructuring/derecognising badly performing contracts also continued, particularly in the company vehicles segment. These measures led to a complete reversal of the trend in claims reported which, on the same basis of consolidation, recorded a fall of 14% and a significant decrease in frequency in the MV TPL class.

In non-MV classes the combined benefits of the divestment of poorly performing contracts and of the selective underwriting policy in some areas of business led to fewer claims than in the previous year for weather damage and natural disasters and for individual claims for large amounts.

The Group recorded an overall loss ratio for direct business of 80% compared with 86% at the end of 2009, thus showing a net improvement. Despite lower premiums the expense ratio for direct business remained at 22.1%, in line with the previous year (22%), thanks to the continuous attention paid to and rationalisation of general costs. Therefore at the end of 2010 the Group had a combined ratio (direct business) of 102.1%, in line with the objectives of the three-year business plan, compared with 108% at the end of 2009.

In **Life business** direct insurance premiums were €4,734m, down 9.7% on 2009. The drop was mainly in bancassurance business, where BNL Vita's income of €2,475m fell, albeit as expected (-18.9%), though this was partially offset by the excellent results achieved by Arca Vita and Arca Vita International which, in the twelve months of 2010, had Life premiums of €888m (+86%), €350m of which were in the second half of the year and therefore consolidated by the UGF Group.

Although UGF Assicurazioni's Life premiums were down 12.8% this was partly due to the fact that the 2009 figures included a huge contract (€204m) which did not recur in 2010. Net of this contract the fall was much less (-4%) and was due to an overhaul of the product portfolio and the consequent emphasis on quality rather than quantity, as shown by the increase in the proportion of annual and recurring premiums.

As a result the UGF Group's new business in terms of APE (Annual Premium Equivalent), which amounted to €358m, was 1% up compared with 2009 (€354m) excluding the effects of approximately €20m in terms of APE of the non-recurring contract mentioned above.

The **asset management** markets were affected during 2010 by the growing tensions over the indebtedness of the countries on the edge of the Eurozone. The result, especially towards the end of the year, was a widening of the spreads on the debt securities of these countries, including Italy, and in general of the loan spreads compared with the Euribor. The stock markets in the Eurozone also performed badly owing to the fragility of the economic upturn. Against this background the Group's investment policies continued to be prudent, the aim being to maintain an appropriate balance between risk and yield and between assets and liabilities to policyholders. Activity in bonds focused on Italian government bonds and exposure to the share risk fell.

⁽¹⁾ The percentage variation included the contribution of the Arca Group, which was consolidated on 1 July 2010.

The **increase in banking** business was mainly in retail and small and medium enterprises, both segments being characterised by a risk/profitability profile in line with lending policy and the guidelines for strategic growth. The UGF Banca Group recorded customer deposits, net of securitisation operations, of €8,680m, in line with the figures for 2009 but including growth of more than 7% in third-party customer deposits (€7,100m). In turn lending, also net of securitisation operations, amounted to approximately €7,817m compared with €6,891m in 2009, an increase of €926m, more than 80% of it to retail customers (mainly mortgage loans) and small businesses. Despite the climate in the sector still being difficult because of the financial crisis and the low rates of interest that penalised net interest income, UGF Banca achieved a net profit of €6.5m and the Banking Group returned to profit (€6.1m).

Work on consolidating and rationalising the network of branches continued and by the end of the year there were 303.

Unipol Gruppo Finanziario's financial statements as at and for the year ended 31 December 2010, which we are submitting for your examination and approval, ended with a **loss for the year of €63.7m** (profit of €128.8m in 2009), mainly because of the negative performance of the financial markets, which were affected by the growing tensions over the indebtedness of the countries on the edge of the Eurozone. These tensions led to major impairment losses in the short-term bond portfolios of all the companies in the Group, with disastrous consequences for their results. The principal subsidiary, UGF Assicurazioni, ended with a loss for the year of €91.9m compared with a profit of €137.9m in 2009.

SALIENT ASPECTS OF BUSINESS OPERATIONS

Unipol Gruppo Finanziario ended 2010 with a loss of €63.7m compared with a profit in 2009 of €128.8m, mainly owing to lower dividends from subsidiaries of €12.4m in 2010 compared with €154.2m in 2009.

UGF's financial results and those of its subsidiaries were particularly affected by the fall in value of government bonds, which became worse in the second half of 2010 and led to major value adjustments, compared with just the opposite situation in the previous year, when short-term securities showed a significant rise in value.

The figures that best illustrate business performance are as follows:

- A. The UGF Group's revenue from its core business as a holding and service company amounted to €17.5m (€48.3m in 2009). The decrease in this item was due both to the contribution of insurance services, which produced effects as from February 2009, and to the further Group reorganisation during 2010, which also led to a reduction in operating costs.
- B. Other revenue and income amounted to €15.7m and were almost exclusively related to costs recovered for staff seconded to Group companies (€16m in 2009).
- C. Production cost amounted to €80.7m and included all the operating costs arising out of core holding company business carried out in 2010 (€121.1m in 2009).
- D. Income from investments amounted to €19m and included dividends from investments, both those of strategic importance and those held for trading (€158.5m in 2009). The part of this item relating to subsidiaries included €12.4m (€140m in 2009).
- E. Net ordinary financial expense totalled -€14.7m (-€7.7m in 2009).
- F. Adjustments to financial assets were negative to the tune of €36.8m and related to the adjustment to market values of the company's share and bond portfolio (positive to the tune of €26.5m in 2009).
- G. The result of ordinary business was a loss of €80m (a profit of €120.4m in 2009).
- H. The result of non-recurring business was a loss of €6.5m (-€1.1m in 2009), mainly because of €9.8m of accruals to provision for tax audits, €7.5m of it attributable to the former Aurora Assicurazioni, which was merged in 2007.
- I. Pre-tax loss was €86.5m (a profit of €119.3m in 2009).
- J. Income taxes had a positive impact of €22.8m on the income statement (€9.5m in 2009).

The Company's equity at 31 December 2010, including the profit for the year, amounted to €4,696.1m (€4,459.7m at 31/12/2009). The increase of €236.4m was due to a combination of the following effects:

- an increase of €400.4m for the share capital increase that took place during the year, €1m of it (net of tax) being income received for unopted rights;
- a decrease of €100.4m for distribution of dividends;
- a decrease of €63.7m for the loss for 2010.

ASSET AND FINANCIAL MANAGEMENT

Financial operations

In order to strike a balance between risk and yield in the medium term, financial management guidelines in 2010 focused on debt securities.

The approach to the portfolio risk was very selective and preference was given to investing in corporate securities and, to a greater extent, in Eurozone government securities.

The quality of the share portfolio was improved by means of sales of securities deemed to be basically of poor quality and reinvestment in securities characterised by expectations of good results and strong cash flow and thus the ability to maintain generous dividends in the long run. The portfolio was largely made up of investments in cash and government bonds. Trading activity in the bond and stock market has been completely in line with profitability objectives.

Tangible and intangible fixed assets

During 2010 tangible and intangible fixed assets, net of depreciation/amortisation, rose from €11.8m to €27.0m, an increase compared with the previous year of €15.2m.

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

TANGIBLE AND INTANGIBLE FIXED ASSETS	31/12/2010	31/12/2009	Variations	
			value	%
Amounts in €m				
Tangible fixed assets				
Plant and machinery	0.0	0.1	(0.0)	(46.1)
Other assets	1.0	0.6	0.4	70.2
Total	1.1	0.7	0.4	62.9
Intangible fixed assets				
Start-up and capital costs	8.4	0.0	8.4	
Research, development and advertising costs	12.1	9.6	2.5	25.7
Assets under development and payments on account	4.6	1.0	3.6	360.7
Other	0.8	0.5	0.3	59.2
Total	25.9	11.1	14.7	132.6
Total tangible and intangible fixed assets	27.0	11.8	15.2	128.7

The cost of the share capital increase was €8.4m (net of €0.8m of amortisation for the year) to be amortised over five years starting in July 2010.

€12.1m (net of €4.2m of amortisation for the period) was for the company advertising campaign launched in the final quarter of 2009 and continued during 2010. The Board of Statutory Auditors agreed that the advertising costs could be capitalised and amortised over three years.

This item also included approximately €4.6m of current fixed assets for the new IT system for the Solvency II project.

Financial fixed assets

Financial fixed assets rose from €4,385.2m to €4,620.2m, an increase of €235.0m compared with the previous year. This variation was due to:

- an increase of €275.7m for the acquisition of Arca Vita S.p.A. (consideration €269.8m plus €5.9m of additional costs for the purchase, which took place on 22/06/2010);
- an increase of €229.5m for capital injections in favour of subsidiaries;
- a decrease of €269.4m owing to the reclassification of the investment in BNL Vita under Financial assets that do not constitute fixed assets, in accordance with the provisions of OIC 20, since the investment is due to be sold in 2011.

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

FINANCIAL FIXED ASSETS		31/12/2010	31/12/2009	Variations	
				value	%
Amounts in €m					
Financial fixed assets					
Investments					
<i>Subsidiaries</i>		4,522.2	4,286.4	235.9	5.5
Total		4,522.2	4,286.4	235.9	5.5
Receivables					
<i>Other</i>		98.0	98.0	(0.5)	(0.5)
Total		98.0	98.5	(0.5)	(0.5)
Other securities		0.0	0.4	(0.4)	(100.0)
Own shares		-	-	-	
TOTAL FINANCIAL FIXED ASSETS		4,620.2	4,385.2	235.0	5.4

Details of investments are shown in a table in the notes to the financial statements (appendix 7).

The breakdown of investments according to type of business and the changes compared with the previous year were as follows (in €m):

		Variations	
		2010	compared with 2009
Amounts in €m			
Insurance		3,694.5	235.0
Banks and financial services		806.4	0.0
Other investments		21.4	0.9
		4,522.2	235.9

Investments varied as follows during the year:

Acquisition of shares or quotas

- Acquisition of 60% of Arca Vita S.p.A.'s share capital on 22 June 2010 by means of the following transactions:
 - purchase from the Banca Popolare di Sondrio S.p.A. of 3,750,000 shares in Arca Vita S.p.A. or 25% of the share capital for €93.3m;
 - purchase from EM.RO Popolare S.p.A. of 4,320,550 shares in Arca Vita S.p.A. or 28.80% of the share capital for €145.3m;
 - purchase from Meliorbanca S.p.A. of 929,450 shares in Arca Vita S.p.A. or 6.2% of the share capital for €31.3m.
- 8,750 shares in Unisalute S.p.A. and 1,236 shares in Navale Assicurazioni S.p.A. were purchased on 28 and 29 December 2010 respectively for a total of €46K..

Capital injections for future share capital increase in subsidiaries

- €95m to Navale Assicurazioni S.p.A.;
- €0.9m to Ambra Property S.p.A.;
- €100m to UGF Assicurazioni S.p.A. (reclassified in January 2011 as a capital injection);
- €33.6m to Arca Vita S.p.A.

Divestments

There were no divestments during the year.

Own shares and shares of parents

The 47,561 own shares in the portfolio at 31 December 2009 were no longer there by 31 December 2010, having been sold during 2010 before dividends were paid. In accordance with Article 2359-bis of the Italian Civil Code the Shareholders' Meeting held on 29 April 2010 voted to top up the reserve for the purchase of own shares by €99.9m and to authorise the Board of Directors to use the reserve to purchase shares.

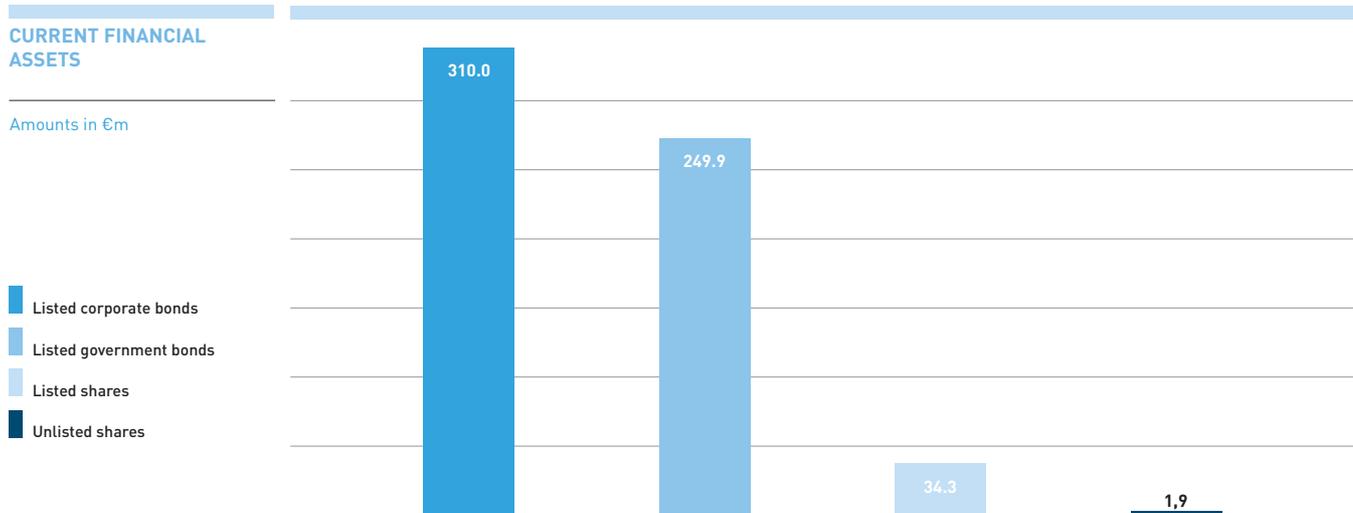
As for shares in the holding company Finsoe, in accordance with Article 2359-bis of the Italian Civil Code the Shareholders in their Meeting held on 29 April 2010 voted to top up the reserve for the purchase of these shares by €45m and to authorise the Board of Directors to use the reserve to purchase shares. The company held no shares in the holding company Finsoe at 31 December 2010. The Shareholders' Meeting did not pass any resolutions relating to shares of the indirect parent Holmo S.p.A. under Article 2359-bis of the Italian Civil Code.

Apart from those reported above, no own shares or shares in the parents were bought or sold during the year.

Current financial assets

This item amounted to €865.5m, an increase of €592.8m compared with the previous year, €269.4m of it for the reclassification of the investment in the subsidiary BNL Vita S.p.A. from financial fixed assets since it is due to be sold in 2011.

The breakdown of Other investments and Other securities is shown in the chart below (in €m):



Liquid funds

Bank deposits and cash in hand at 31 December 2010 amounted to €326.5m, a decrease of €208.3m compared with the balance at 31 December 2009.

SHARE CAPITAL INCREASE

On 17 June 2010, after having obtained the required permits from the relevant authorities, the Company's Board of Directors, under the powers vested in it by the Shareholders in their Meeting held on 29 April 2010, voted, inter alia, to issue:

- a maximum of 634,236,765 new ordinary shares to be offered as an option to ordinary shareholders at a unit price of €0.445, at a ratio of three new ordinary shares for every seven ordinary shares owned, and a maximum of 97,574,886 ordinary conversion shares for the purpose of exercising a maximum of 634,236,765 Unipol 2010-2013 Ordinary Share Warrants at a ratio of two ordinary conversion shares for every thirteen Unipol 2010-2013 Ordinary Share Warrants exercised, at a unit price of €0.720, and
- a maximum of 390,660,132 new preference shares to be offered as an option to preference shareholders at a unit price of €0.300, at a ratio of three new preference shares for every seven preference shares owned, and a maximum of 60,101,558 preference conversion shares for the purpose of exercising a maximum of 390,660,132 Unipol 2010-2013 Preference Share Warrants at a ratio of two preference conversion shares for every thirteen Unipol 2010-2013 Preference Share Warrants exercised, at a unit price of €0.480.

In determining the offer price for the ordinary and preference shares the Board of Directors took account, inter alia, of the list prices of the Company's ordinary and preference shares, the market terms and the market procedures for similar operations.

The share capital increase concluded in July with the 634,236,765 new Unipol ordinary shares and 390,660,192 new Unipol preference shares, totalling 30% of the new share capital, being fully subscribed for a total of €399,433,400.03, plus €1m, net of tax, for the sale of unopted rights recorded in the share premium reserve.

Unipol Gruppo Finanziario's share capital after the increase was €2,698,895,169.10 and was represented by 3,416,322,997 shares with no nominal amount, 2,114,122,551 of which were Unipol ordinary shares and 1,302,200,446 Unipol preference shares, and 634,236,765 Unipol 2010-2013 Ordinary Share Warrants and 390,660,132 Unipol 2010-2013 Preference Share Warrants were outstanding.

INDEBTEDNESS

Bond loans issued by UGF amounted to €925m at 31 December 2010 (the same amount as in 2009) and were made up of:

- unlisted senior bond loan with a nominal amount of €175m issued in July 2009 for a three-year term (maturing in July 2012), with a fixed interest rate of 5.25%;
- senior bond loan with a nominal amount of €750m issued in December 2009, listed on the Luxembourg Stock Exchange, for a seven-year term (maturing in January 2017), with a fixed interest rate of 5%.

This item also included €268.8m of loans to the subsidiary UGF Assicurazioni (€305.8m in 2009), repayable, in whole or in part, at sight upon request of UGF Assicurazioni, remunerated at the three-month Euribor rate plus 100 basis points.

RISK MANAGEMENT POLICY (ARTICLE 2428 OF THE ITALIAN CIVIL CODE)

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

The interest rate risk was managed by adjusting the assets to the liabilities and managing them jointly. The duration of the portfolio investment, which is an indicator of exposure to the interest rate risk, was 2.42 years at 31 December 2010.

As regards the credit risk, 82% of the securities portfolio was concentrated in the investment grade segment (BBB or higher according to Standard & Poor's). To be specific, 2.47% of the debt securities were rated double A, 76.47% single A and 3% triple B.

As for the share risk, excluding investments, the indicator of sensitivity to the Eurozone share market (Beta coefficient) was 0.80.

The liquidity risk was limited because almost the entire portfolio (86.2% in the case of bonds and 95.07% in the case of shares) consisted of listed securities.

HUMAN RESOURCES

At 31 December 2010 the Company had 280 employees.
The number of full time equivalent (FTE) employees was 276.

NUMBER OF STAFF	31/12/2010			31/12/2009		
	Average	Final	FTE	Average	Final	FTE
Full-time	343	280	276	584	416	
Temporary	1			1	1	
Total	344	280	276	585	417	410

The decrease since 31 December 2009 was due to staff being transferred to the subsidiary UGF Assicurazioni S.p.A. during the year.

Training for all the companies in the Group was organised by the Parent and by 31 December 2010 had covered a total of 25,529 participant days (199,675 participant hours), 9,115 in insurance and 16,414 in banking business.

Training courses run in 2010 provided specific responses to the requirements revealed by the assessments of expertise and knowledge and the subsequent appraisals and at the time covered the training required under the Business Plan, plans already implemented or reorganisation measures. Below is a summary of the main projects already carried out or in progress and indications of their size.

Insurance and banking business

- Train the Trainer' – a course specifically for staff dealing with training within the Group, which involved 4 bank staff and 13 insurance staff. Five sessions were held between March and September involving 10 days in the classroom.
- Third UGF Executive Master course at LUISS (Libera Università Internazionale degli Studi Sociali – International Free University for Social Studies), involving 16 high-flying executives and senior managers.
- 'Expertise in Action 2010', a course for heads of operational units at head office, split into two days in the classroom plus one follow-up day.

Insurance business

- Numerous training initiatives were set up for insurance business, covering Claims, IT Services, Life Business, Non-Life Business and Marketing. In the case of Claims not only did expertise from outside the Group (specialist colleges) continue to be used but a team of trainers consisting of approximately 70 specialists from within the company was set up with the help of the Claims-handling Department.
- Solvency II training project, split into two stages, one mainly for the staff in the Risk Management Department and a second stage aimed at a broader range of staff from all the insurance companies and covering the legal, technical and technological aspects of the requirements of the new Directive.
- Training course on supplementary pension schemes for Group staff who deal with the administration of supplementary pension schemes at all levels to enable them to acquire the professional qualifications laid down in Ministry of Employment Decree 79 of 15 May 2007.
- Training course for increasing the effectiveness of the call centres, involving 19 days in the classroom and attended by 45 team leaders from the Group's three call centres (Linear, Unisalute and Sertel) and 5 supervisors.

Banking business

- Courses based on current ISVAP provisions continued to provide training and CPD for bank staff in marketing and selling insurance products and services. (847 staff were authorised to carry out this work and were engaged in it on 31/12/2010.)
- The second session of the Professional Top Management Course concluded; it had involved 16 high-profile staff and the aim was to increase the number of potential Deputy Branch Managers by recruiting them internally.
- The new training course for Network Managers was launched. 66 staff (including HR Managers) attended 4 training days covering topics such as reinforcing the sense of belonging, analysing and sharing best practices for developing effective managerial procedures and strengthening strategic and leadership skills.
- The training scheme that concentrated on bank lending and risk management came to an end; it had begun in 2009 and involved 793 UGF Banca employees. The course was financed by the FBA fund.
- A course on analysing creditworthiness was coming to an end, the aim being to improve expertise in this aspect of the Bank's work. The project involved 69 Branch Managers.
- Training days on combating money-laundering were held throughout the country and were attended by 440 staff.

INFORMATION SYSTEMS

In this section we describe the main operations carried out within the UGF Group.

Insurance Business

Under the 2010-2012 Business Plan two main types of IT Services were provided:

- 1) support for putting into practice the initiatives relating to the business lines laid down in the Business Plan;
- 2) support for updating Group IT systems and using new technology.

This work was mainly carried out by:

- developing new solutions and technology in order to improve operational efficiency and increase the availability and quality of customer service and
- updating and rationalising hardware and software, the aim being to maintain technological progress while at the same time keeping costs down.

Some of the main IT work carried out during 2010 to support the initiatives laid down in the Plan for the various business lines is described below:

- In Non-Life business work focused on developing new 'unified' products for the Unipol and Aurora networks, rationalising issue procedures and introducing new estimating procedures based on new codification methods intended to improve the process of designing new products.
- The new MV product KM Sicuri (Safe Miles) was introduced, which uses a black box installed in vehicles and offers customers a new tariff per kilometre (pay as you go). New procedures were developed for taking out basic policies that enabled the number of signatures required to be reduced and the collection of information on the customer to be improved in the case of most of the products in the portfolio.
- Work continued on developing the Group's new Life website, which is already used for issuing new group and individual policies. One of the new products was 'UGF Assiconto', which offers both a bank current account and a policy with guaranteed minimum yield and for the first time links insurance and banking, including their IT systems.
- In Marketing, the new Group CRM system was launched in the network of company agencies (Assicoop); a series of operational improvements based on the returns obtained was made and in

- June 2010 they led to the launch of the first Assicoop automated marketing campaigns and in the final quarter to the launch of a group of pilot agencies operating in private networks.
- In Claims, possible solutions and technologies for implementing the new Group Claims System were analysed.
 - The new IT system that will carry out the work required for compliance with Solvency II was installed in 2010; it will enable a package for calculating the risk-capital requirements in accordance with the Standard Formula and the Internal Model to be developed. The new package will make it easier to calculate capital requirements; some of the software for calculating the internal models was installed and configured during the year and the Standard Formula is being automated to comply with the latest changes in legislation (QIS5).

Some of the developments in the Group IT systems aimed at increasing the availability and quality of services are listed below:

- The work of reconfiguring all the Group's Contact Centres (Sertel, Unisalute, Linear and UGF Banca) into a new single platform for the whole Group, which had begun in Autumn 2009, was completed in April. The new joint platform made it possible to reduce the technology gaps in the old solutions and overcome operational problems, thus improving the quality of service and at the same time reducing operating costs.
- The new Disaster Recovery system of the insurance companies in the Group was trialled in December, thus enabling the Group to use state-of-the-art technology and minimise the risks of down-time, in line with the Business Continuity Management Plan.

When IT services were updated account was taken not only of the technological and business requirements but also of social and environmental responsibility, by means of various measures specifically targeted at reducing the environmental impact and operating costs resulting from the reduction in the consumption of electricity for operating and cooling the equipment. Account was also taken of the need to dispose of obsolete equipment and to minimise travel between the Group's various offices.

Banking Business

A lot of reorganisation took place in 2010 and involved all areas:

- The most difficult project was transferring the IT system to the new outsourcer, Cedacri. The whole sales network and head office began to use the new system on 4 January 2010;
- A new costing process was introduced. The new procedure calculates Other Administrative Expenses precisely and puts purchase requests through a structured authorisation process with the aim of paying systematic attention to efficiency by keeping costs down commensurate with business growth;
- Major work was carried out on the system of making payments by telephone and over the Internet after Legislative Decree 11/2010 came into force, which incorporated the EU Payment Services Directive. Payment services, for which adjustments to procedures and the way contracts were drawn up were made, were transfers and the main receipt and payments services (unaccepted trade bills, direct debit, advice of payment, etc).
- Software for monitoring receivables (doubtful and performing) was introduced. Under the ICC project (Iter Controllo Crediti – Credit Monitoring Procedure) the credit management procedure was revised, with the focus on the internal monitoring procedure and action on performing loans. The ICC is an automated program that assists with credit control. It targets performing customers who present anomalies and customers already classified as 'under control' or on the list of persistent defaulters.
- The CRM project (Customer Relationship Management) was launched in the first half of 2010. The CRM project was set up to implement an integrated and comprehensive system of promoting and strengthening the Bank's marketing activities, focusing on the customer. The computerised marketing system (Sim Web and CRM3) assists the entire sales process:
 - planning and monitoring the work of marketing
 - selecting target markets

-
- identifying potential customers
 - preparing to contact customers
 - recording results.

The software was introduced into all the Business Centres and all the Branches.

- The annual disaster recovery and business continuity tests required by legislation were carried out in December. They tested the Bank's ability to deal with an emergency, the effectiveness of its crisis management procedure and response times.

INTERNET

UGF S.p.A.'s site, www.unipolgf.it, enables users to access the sites of the various Companies in the Group as well as to obtain information on UGF.

RESEARCH AND DEVELOPMENT

Unipol Gruppo Finanziario did not carry out any research and development during 2010.

DATA PROTECTION (LEGISLATIVE DECREE 196/2003)

In accordance with the provisions of Legislative Decree 196/2003 – the Data Protection Act – (hereinafter referred to as the 'Act') Unipol Gruppo Finanziario updated its Data Protection Document within the statutory time limit.

This document covers the security measures provided for in Appendix B to the Data Protection Act and contains the following information:

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

REPORT ON THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE IN ACCORDANCE WITH ARTICLE 123-BIS OF LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998

The information required by Article 123-bis of Legislative Decree 58 of 24 February 1998 and amended by Article 5 of Legislative Decree 173 of 3 November 2008, is contained in the annual report on the corporate governance, which has been approved by the Board of Directors and published, together with the management report, in accordance with Article 89-bis of the Regulation adopted by CONSOB in its ruling 11971 of 14 May 1999 and with Section IA.2.6. Guidelines on the Regulation Governing Markets Organised and Managed by the Borsa Italiana S.p.A..

The annual report on the corporate governance is in the Corporate Governance section on the Company's website (www.unipolgf.it).

INTERNAL COMMUNICATIONS

Various measures were taken during the first half of 2010 to promote the 2010-2012 Business Plan within the company:

- The meeting held to present the Business Plan 2013 – IL FUTURO, INSIEME (The Future, Together) took place at the Bologna Exhibition Centre on 15 and 17 May 2010 and was attended by all the Group's employees and agents.
- During June special meetings were held in the various Departments in order to illustrate the contents of the Plan, providing more detail and targeting the individual units.
- In line with the objectives laid down in the Business Plan, the 2010 – 2012 Internal Communications Plan was drawn up and presented to senior managers along with information about the background, communications objectives and strategy, procedure, instruments and schedules.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

UGF's Corporate Mission Statement, laid down in both its Charter of Values and its Code of Ethics, is as follows:

CORPORATE MISSION

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

The Group's entrepreneurial strategy is effective, profitable and sustainable and is based on the contribution made by its employees and the value that they add.

Therefore during the year the Group operated in accordance with its Mission and values (Charter of Values and Code of Ethics) and endeavoured to incorporate them into its daily processes and procedures, including its products and services. In fact sustainability was one of the key elements of the organisation's identity and ethos, together with the close attention it pays to the world of work: employees, craftsmen, shopkeepers, farmers, cooperatives, small and medium enterprises.

In order to make further progress towards sustainability, in parallel with the 2010-2012 Business Plan the Company drew up a three-year Sustainability Plan during 2010 with the involvement of all the managers and many senior executives (see www.unipolgf.it). The correlation between the two Plans showed a targeted strategic approach to incorporating sustainability into the business, making it the driver of decision-making and operational processes.

The Sustainability Plan, which the Board of Directors adopted on 13 May 2010 and which was presented to the public during the usual meetings held in every region of Italy to present the 2009 Sustainability Report, represented the guideline for developing new projects and products but also for consolidating existing policies.

A quarterly monitoring system was put in place for each objective laid down in the Plan in order to ensure that it would be implemented. At the same time this monitoring system, which will be introduced in 2011, will be an invaluable instrument for gradually reinforcing the culture of sustainability.

The Sustainability Plan is the basis for the Sustainability Budget, which is divided into three stages: two budgets for company use, one focused on the principal activities (products and services) and the main indicators (2011) and one based on specific performance indicators compared with the objectives (2012), followed by the first budget for external use, to be published in 2013 together with the actual figures for 2012.

The Group published its second annual Sustainability Report in 2010 (see www.unipolgf.it), containing information on the long-term sustainability of its entrepreneurial strategy, based on a strategy of bringing economic and profitability/corporate stability objectives ever closer both to social objectives of protecting and valuing individuals and to environmental objectives of reducing energy consumption and safeguarding natural resources, the focus being on balancing the interests of the various stakeholders.

Finally, 2010 was the first full year of operation of the Code of Ethics: with the help of the Ethics Committee the Head of Ethics dealt with information received and drew up the Ethics Report, which was approved by the Board of Directors and published in full as part of the Sustainability Report. In addition, after initial meetings with the senior executives, a training course on sustainability was devised and will involve all Group employees and agents during 2011.

RELATIONS WITH COMPANIES IN THE GROUP AND TRANSACTIONS WITH RELATED PARTIES

Unipol Gruppo Finanziario S.p.A., a holding and service company, carries out management and coordination activities in accordance with Article 2497 et seq. of the Italian Civil Code. Finsoe S.p.A. held 50.75% of UGF S.p.A.'s ordinary share capital at 31 December 2010, whilst Holmo S.p.A., UGF's indirect holding company, held 76.50% of Finsoe S.p.A.'s share capital.

None of UGF S.p.A.'s shareholders carried out any management and coordination activity, in accordance with Article 2497 et seq. of the Italian Civil Code. Finsoe S.p.A., which holds a controlling investment in UGF S.p.A. as defined in Article 2359, para. 1, 1, of the Italian Civil Code, does not manage or coordinate it either in technical or financial terms.

As part of the operation to increase UGF's share capital carried out in July 2010, in accordance with its commitment made under the offer the majority shareholder, Finsoe, subscribed 321,865,485 new Unipol ordinary shares, or 50.748% of the ordinary shares offered, and 6,675 new Unipol preference shares, or 0.002% of the preference shares offered, for a total of €143,232,143.33. Once the share capital increase was fully subscribed and the operation completed, Finsoe held 50.748% of UGF's ordinary share capital, 0.002% of its preference share capital and 31.405% of the total share capital.

Unipol Gruppo Finanziario provided the following services during 2010:

- Communications and Training;
- Staffing and organisation (human resources);
- Management planning and control;
- Legal (legal services);
- Governance (internal controls, risk management and compliance with relevant legislation);
- Commercial (strategic marketing, planning, commercial communication etc.).

UGF Assicurazioni provides the Group companies, including UGF S.p.A, with services in the following areas:

- Non-Life and Life management accounts;
- Legal affairs and data protection;
- IT services;

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- Health and safety at work;
 - Technical training and Organisation;
 - Sales network management and training;
 - Administrative (bookkeeping, tax, administrative and accounting services);
 - Property, purchases and auxiliary services;
 - Claims management and settlement;
 - Complaints management;
 - Marketing;
 - Reinsurance;
 - Finance.

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

- normal reinsurance and coinsurance transactions;
- renting property;
- agency mandates.

Both UGF and UGF Assicurazioni seconded staff to the companies in the Group.

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 them-selves, 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:

- staffing costs;
- operating costs (logistics etc.);
- general costs (IT, consultancy etc.).

For centralised services the operating companies are charged a mark-up to take account of the allocated cost.

Financial and commercial relations between the companies in the banking group and the other companies in the Group, including UGF, were the usual types of transaction carried out by a group split into different companies and related to services, deposit accounts or corporate financing and lease agreements. Agreements were also entered into for the sale and/or management of banking and investment products and/or services and for the provision of auxiliary banking services in general. The financial effects of these transactions were governed by the market terms applied to major customers.

The above transactions are not atypical or unusual.

UGF S.p.A opted to join Finsoe S.p.A.'s national consolidated tax scheme for the three-year period 2010-2011-2012 and signed an agreement governing the resulting financial relations.

Transactions with related parties

As regards the report referred to in CONSOB Ruling 17221 of 12 March 2010, which came into force on 1 December 2010, no transactions with related parties 'of major relevance' took place during the period and neither did any transactions that, according to Article 2427, para. 2, of the Italian Civil Code, had any significant effect on UGF's financial position and results of operations.

As provided for in Article 4, para. 7, of this Regulation the Company adopted the 'Procedure for carrying out transactions with related parties', which was approved by the Board of Directors on 11 November 2010 and published in the Corporate Governance Section of UGF's website (www.unipolgf.it).

The Procedure lays down the rules, procedures and standards for ensuring the transparency and the substantial and procedural accuracy of transactions with related parties carried out by UGF direct or through subsidiaries.

For the report required by IAS 24 and CONSOB Communication DEM/6064293/2006 you are referred to the paragraph on transactions with related parties in the notes to the financial statements.

RELATIONS WITH THE REVENUE AGENCY

The work of checking the accounts of the former Aurora Assicurazioni, which was merged into UGF in September 2007 after the contribution of its insurance business, was completed on 30 September 2010 with the issuing of a Formal Notice of Assessment. The work was begun on 12 January 2010 by officials from the Lombardy Major Taxpayers Office, covered the 2006 tax year and was later broadened to cover some cost items in 2005. In some cases the Notice of Assessment gave rise to jurisdictional pleas and in others it was a matter of interpretation of the regulations, including those relating to book-keeping.

The company had already received the tax demand for the 2005 tax year and, assisted by its tax advisers, had already appealed to the Provincial Tax Commission in Milan. A similar procedure was to be followed on receipt of the tax demand for the 2006 tax year.

The tax advisers assisted with the analysis of all the comments in the Formal Notice of Assessment and as a result appropriate amounts were added to the provision for risks.

The work of checking the accounts for the 2007 tax year, begun on 11 February 2010 by officials from the Emilia Romagna Major Taxpayers Office, was completed on 22 December 2010 with the issue of a Formal Notice of Assessment. In some cases the problem arose because the matter had been dealt with by a different tax office and in others it was a matter of the interpretation of the regulations on the tax deductibility of some costs.

The Regional Office was contacted so that the Company could put forward its views on the tax deductibility of several disputed costs.

The tax advisers helped to analyse all the comments in the Formal Notice of Assessment and as a result appropriate amounts were added to the provision for risks.

During December 2010 the company was sent several tax demands relating to two property sales carried out in 2005, disputing the capital gain, which was alleged to be higher than declared. These documents were analysed with the assistance of the company's tax advisers, the demands made by the Emilia Romagna Regional Office were deemed to be unfounded, in accordance with the law the documents were to be contested in the courts and consequently no amounts were set aside.

PERFORMANCE OF COMPANIES CONTROLLED DIRECTLY

UGF
ASSICURAZIONI S.P.A.

Registered Office: Bologna
Share capital: €150,300K
Book value: €3,036,345K
Percentage owned: 100% direct

The company is authorised to carry out Non-Life and Life insurance and reinsurance and capitalisation business and may also set up and manage open-ended pension funds. UGF Assicurazioni ended 2010 with a loss of €91.9m after having absorbed €307m of net impairment losses on securities.

The major features of business performance during the year ended 31 December 2010 are shown below:

- 3.8% decrease in Non-Life premiums (direct business); in Life business premiums were down 12.8%; total direct premiums down 7.2%. Premiums by the end of 2010 had reached €5,473.6m, €5,445.5m of which was from direct business, broken down as follows (in €m):

PREMIUMS

Amounts in €m

	Non-Life	Life	Total	Var. %
Direct business	3,538.4	1,907.1	5,445.5	(7.2)
Indirect business	25.0	3.1	28.1	(5.2)
	3,563.4	1,910.2	5,473.6	(7.1)
Ceded premiums	108.3	14.2	122.5	4.0
Retained premiums	3,455.1	1,896.1	5,351.2	(7.4)
% breakdown	64.6	35.4	100.0	

The net retention of premiums written was 97.8%, down on the previous year (98.0%).

- The loss ratio for direct business was 77.7% compared with 85.7% at 31 December 2009.
- The results of the technical account, which also included operating expenses and the relevant losses on investments, was €54.5m (profit of €172.0m in 2009), -€65.7m of it from Life business and €11.2m from Non-Life business.
- Operating expenses (which included acquisition and purchase commissions and other acquisition and administrative expenses) amounted to a total of €905.1m (-0.9%) and accounted for 16.5% of premiums (Non-life and Life) (15.5% in 2009). Net of commissions from reinsurers, operating expenses amounted to €879.2m (-1.7%).
- By the end of 2010 technical provisions set aside for Life and Non-Life business had reached a total of €18,917.4m (+1.7%) and €18,569.6m (+1.9%) net of the reinsurers' share. The ratio of technical provisions to premiums was 176.4% in Non-Life business (179.1% in 2009) and 661.2% in Life business (546.0% in 2009).

The company's equity, including the operating performance, amounted to €1,225.4m.

UGF Assicurazioni S.p.A. owned all the share capital of the property companies **Midi S.r.l.** and **Unifimm S.r.l.**, which owned the sites in Via Stalingrado and Via Larga respectively. Both property companies continued in 2010 to manage the various construction sites on the land they owned. Midi S.r.l. completed work on the first site, to be used as Group offices and now occupied by the administrative departments, and was continuing work on the second site, also to be used by the Group directly, which will be completed in the first half of 2011. It also awarded contracts for building two additional units (a restaurant and an auditorium), which are expected to be completed during 2011.

Unifimm S.r.l. continued building a tower for third-party use next to Bologna's inner ring road, which was expected to be completed during the first half of 2012, whilst during 2010, as part of the same project, contracts were awarded for a 150-room hotel and an area of approximately 6,000 square

metres for small shops and services, which were expected to be completed by the end of 2012. It is hoped that the tower under construction, the final height of which was to be 125 metres, will be awarded the 'gold' certification of the prestigious LEED (Leadership in Energy and Environmental Design) international environmental sustainability scheme.

The most significant aspects of the two companies' financial statements for the year ended 31 December 2010 are listed below.

Midi S.r.l. Unisoggettiva (quota capital €107m):

- Tangible fixed assets of €104.9m (€84.5m in 2009), Land and buildings amounting to €43.1m (€42.5m in 2009) and assets under construction and payments on account of €61.7m (€42m in 2009);
- Production revenues of €2.5m (€1.2m in 2009);
- Production costs of €2.3m (€1.5m in 2009), €1.1m of it depreciation/amortisation (€0.7m in 2009);
- Operating profit of €0.1m (€0.2m in 2009);
- Gross operating profit at 31 December 2010 of €1m (€0.5m in 2009).

Unifimm S.r.l. Unisoggettiva (quota capital €94.8m):

- Tangible fixed assets of €98.9m (€64.8m in 2009), Land and buildings amounting to €0.4m (€0.4m in 2009) and assets under construction and payments on account of €98.5m (€64.3m in 2009);
- Production revenue of €32K (€3K in 2009);
- Production costs of €0.6m (€0.4m in 2009);
- Operating loss of €0.6m (€0.3m in 2009);
- Gross operating profit at 31 December 2010 of €0.4m (€0.1m in 2009).

NAVALE
ASSICURAZIONI S.P.A.

Registered Office: Milan
Share capital: €96,250K
Book value: €271,679K
Percentage owned: 99.83% direct

The company is authorised to carry out Non-Life insurance and reinsurance business. The company recorded a net loss for the year of €73.8m compared with a net loss of €36m for 2009. The major features of business performance during the year ended 31 December 2010 are shown below:

- Premiums from direct business are 6.6% lower than in the previous year. Premiums totalled €250.1m at the end of the year (€239.0m net of the part sold for reinsurance purposes). The net retention of premiums written was 95.4%, up on the previous year (96.3%).
- The loss ratio for direct business was 113.2% compared with 98.3% at 31 December 2009.
- The result of the technical account, which also included operating expenses was -€107.1m (-€50.2m in 2009).
- Net of work ceded administrative expenses amounted to €58.9m (€66.3m at 31/12/2009).
- Gross technical provisions set aside totalled €671.2m at the end of 2010 (€635.5m at 31/12/2009), €608.3m net of amounts borne by reinsurers (€557.8m at 31/12/2009). The ratio of technical provisions to premiums was 268% (237.3% in 2009).

The company's equity, including the operating loss, amounted to €116.8m.

**COMPAGNIA
ASSICURATRICE
LINEAR S.P.A.**

Registered Office: Bologna
Share capital: €19,300K
Book value: €45,507K
Percentage owned: 100% direct

The company is authorised to carry out Non-Life insurance business and mostly sells MV products directly using alternative channels such as the telephone and the Internet.

The company recorded a net profit for the year of €5.6m compared with €14.2m at 31 December 2009.

The major features of business performance during the year ended 31 December 2010 are shown below:

- Direct premiums are 6.6% higher than in the previous year. Premiums totalled €170.6m at 31 December 2010 (€160.0m at 31/12/2009). The net retention of premiums written was 99.9% (96.3% at 31/12/2009).
- The loss ratio for direct business was 79.2% compared with 79.7% at 31 December 2009.
- The results of the technical account, which also included operating expenses and returns on the relevant investments, was €5.8m (€18.9m in 2009).
- Operating expenses (which included acquisition and purchase commissions and other acquisition and administrative expenses) amounted to a total of €28.1m (€27.8m at 31/12/2009) and accounted for 16.5% of premiums (17.4% in 2009).
- Gross technical provisions set aside totalled €237.7m at the end of 2010 (€234.5m at 31/12/2009), €237.6m net of amounts borne by reinsurers (€234.2m at 31/12/2009).

The ratio of technical provisions to premiums was 139.3% (146.6% in 2009).

The company's equity, including the operating results, amounted to €43.6m.

UNISALUTE S.P.A.

Registered Office: Bologna
Share capital: €17,500K
Book value: €31,613K
Percentage owned: 98.53% direct

The company is authorised to carry out Non-Life insurance business and specialises in Health insurance.

The company recorded a net profit for the year of €9.2m compared with €9.9m in 2009.

The major features of business performance during the year ended 31 December 2010 are shown below:

- Direct premiums are 14.1% higher than in the previous year. Premiums totalled €182m at 31 December 2010 (€160.4m at 31/12/2009). The net retention of premiums written was 99.9%, almost unchanged since the previous year (99.8%).
- The loss ratio for direct business was 78.3% compared with 78.2% at 31 December 2009.
- The results of the technical account, which also included operating expenses and returns on the relevant investments, was €15.7m (€13.6m in 2009).
- Operating expenses (which included acquisition and purchase commissions and other acquisition and administrative expenses) amounted to a total of €24.3m (€23.6m at 31/12/2009) and accounted for 13.4% of premiums (15% in 2009).
- Gross technical provisions set aside totalled €135.5m at the end of 2010 (€128.9m at 31/12/2009), €135.1m net of amounts borne by reinsurers (€128.4m at 31/12/2009).

The ratio of technical provisions to premiums was 74.5% (80.4% in 2009).

The company's equity, including the operating results, amounted to €42.3m.

BNL VITA S.P.A.

Registered Office: Milan
Share capital: €250,000K
Book value: €269,394K
Percentage owned: 51%

The company is authorised to carry out Life insurance business.

The Company recorded a net profit for the year of €2.2m compared with €132.8m in 2009.

The major features of business performance during the year ended 31 December 2010 are shown below:

- Direct premiums are 18.9% lower than in the previous year. Premiums totalled €2,475.2m at 31 December 2010 (€3,050.8m at 31/12/2009). The net retention of premiums written was 99.9%, almost unchanged since the previous year.
- The results of the technical account, which also included operating expenses and returns on the relevant investments, was -€8.3m (+€174m in 2009).
- Operating expenses (which included acquisition and purchase commissions and other acquisition and administrative expenses) amounted to a total of €29.9m (€23.5m at 31/12/2009) and accounted for 1.2% of premiums (0.8% in 2009).
- Gross technical provisions set aside totalled €11,652.5m at the end of 2010 (€11,172.7m at 31/12/2009), €11,638.4m net of amounts borne by reinsurers (€11,157.1m at 31/12/2009). The ratio of technical provisions to premiums was 470.8% (366.2% in 2009).

The company's equity, including the operating results, amounted to €413m.

ARCA VITA S.P.A.

Registered Office: Verona
Share capital: €90,000K
Book value: €309,308K
Percentage owned: 60% direct

The company is authorised to carry out Life insurance business.

The company recorded a net loss for the year of €3.4m compared with a net profit of €15.5m in 2009.

The major features of business performance during the year ended 31 December 2010 are shown below:

- Increase in premiums, in terms of gross premiums recorded, 61.6% up on the previous year. Premiums totalled €720.8m at 31 December 2010 (€446.1m at 31/12/2009). The net retention of premiums written was 99%, almost unchanged since the previous year (98.7%).
- The results of the technical account, which also included operating expenses and returns on the relevant investments, was -€5.5m (positive to the tune of €11.5m in 2009).
- Operating expenses (which included acquisition and purchase commissions and other acquisition and administrative expenses) amounted to a total of €16.8m (€19.5m at 31/12/2009) and accounted for 2.3% of premiums (4.4% in 2009).
- Gross technical provisions set aside totalled €2,711m at the end of 2010 (€2,385m at 31/12/2009), €2,700m net of amounts borne by reinsurers (€2,375m at 31/12/2009). The ratio of technical provisions to premiums was 376.1% (534.7% in 2009).

The company's equity, including the operating results, amounted to €208.9m.

Arca Vita S.p.A. owned 96.99% of **Arca Assicurazioni S.p.A.**, which was authorised to operate in Non-Life insurance and reinsurance. Arca Assicurazioni recorded a loss of €13.2m at 31 December 2010 compared with a loss of €3.3m in 2009. Some of the major features of business performance during 2010 were:

- Direct premiums, in terms of gross premiums recorded, 29.83% up on the previous year. Gross premiums recorded totalled €220.9m at 31 December 2010 (€170.2m at 31/12/2009). The net retention of premiums written was 88.8%, up on the previous year (74%).
- The total loss ratio for direct business was 80.7% compared with 79.9% at 31 December 2009. If account is also taken of the effect of unexpired risks this ratio fell from 84.2% in 2009 to 81.3% in 2010.

- The results of the technical insurance account, which also included operating expenses and returns on investments, was -€17m [-€6.3m in 2009].
- Operating expenses (which included acquisition and purchase commissions and other acquisition and administrative expenses) amounted to a total of €45.1m (€36.7m at 31/12/2009) and accounted for 20.4% of premiums (21.6% in 2009). Net of work ceded administrative expenses amounted to €34.6m.
- Gross technical provisions set aside totalled €359.5m at the end of 2010 (€277.3m at 31/12/2009), €321m net of amounts borne by reinsurers (€230.8m at 31/12/2009). The ratio of technical provisions to premiums was 162.8% (162.8% in 2009).

The company's equity, including the operating results, amounted to €38.3m.

UGF BANCA S.P.A.

Registered Office: Bologna
Share capital: €904,500K
Book value: €800,841K
Percentage owned: 100% (*)

The company recorded a net profit for the year of €6.5m compared with a net profit of €5.7m for 2009. The major features of business performance during the year ended 31 December 2010 are shown below:

- Customer deposits amounted to €9.3bn, a decrease of 2.5% compared with 31 December 2009 (€9.5bn) whilst lending to customers amounted to €9.7bn, an increase of 5.6% compared with 31 December of the previous year (€9.2bn).
- Net non-performing loans amounted to €251.9m (€194m in 2009), an incidence of 2.6% on lending (2.1% in 2009).
- Indirect customer deposits amounted to €23.5bn (€21.7bn in 2009), €1.8bn of which were assets under management and €21.6bn funds under custody.
- Gross income reached €323.8m (-2.3% compared with 2009).
- Operating costs of €250.6m are in line with those in 2009 (-1.8% compared with 2009).
- Impairment losses on receivables and other financial assets amounted to €51.8m (€55.9m in 2009).

The company's equity, including the operating results, amounted to €1,037.6m.

Work on reducing exposure to the property and construction sector continued in 2010. UGF Banca's current mortgage liens covered its credit risks on most debts classified as 'under observation', substandard or restructured. Work on rescheduling doubtful debts in order to help customers to divest continued during 2010. This reduced total exposure by 13.9% compared with the beginning of the year. The bank is continuing to monitor the performance of the main items carefully during the first few months of this year.

^(*) direct holding of 67.74% and indirect holding of 32.26% of the ordinary share capital

UNIPOL SGR S.P.A.

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

The company managed the assets of Unipol Funds, a composite fund registered in Ireland, on behalf of Unipol Fondi Limited (Dublin), a company wholly owned by UGF Banca.

The company largely broke even during the year, having made a net profit of €0.1m in 2009.

The major features of business performance during the year ended 31 December 2010 are shown below:

- Net commissions were 65% down on the previous year. Commission income amounted to €0.6m at 31 December 2010 (€1.6m in 2009).
- Administrative expenses amounted to €0.5m (€1.4m at 31/12/2009), an incidence of 82% on commission income (44.3% at 31/12/2009).
- Pre-tax operating result fell from €0.2m in 2009 to break-even point at 31 December 2010
- Financial assets held for trading amounted to €5.0m (substantially unchanged since 31/12/2009).

The company's equity, including the operating results, amounted to €6m.

AMBRA PROPERTY S.P.A.

Registered Office: Bologna
Share capital: €100K
Book value: €21,395K
Percentage owned: 100% direct

The company ran the UNA WAY Hotel Bologna Fiera at Piazza della Costituzione 1, Bologna.

The company recorded a net profit for the year of €0.1m compared with a net loss of €0.1m in 2009.

The following were the major features of business performance for the year ended 31 December 2010:

- Production revenues were €3.9m compared with €4m at 31 December 2009.
- Production costs were €3.7m compared with €4.1m at 31 December 2009.
- €4.9m of tangible fixed assets (€4.3m at 31/12/2009) for the property in which the UNAWAY Hotel Bologna Fiera is situated. The increase was attributable to the renovations that the company was carrying out on the property (recorded as assets under construction).

The company's equity, including the operating results, amounted to €5.2m.

INVESTMENTS HELD BY THE BOARDS OF DIRECTORS AND STATUTORY AUDITORS, THE GENERAL MANAGER AND THE KEY MANAGERS

In accordance with the provisions of Article 79 of CONSOB Ruling 11971 of 14 May 1999 (the Issuer Regulation), the investments held in the Company by the Directors, Statutory Auditors, General Manager and key managers, including those held by spouses from whom they are not legally separated and by minor children, direct or through subsidiaries, trust companies or an intermediary, as shown in the register of members and ascertained from communications received and other information obtained from these directors, statutory auditors and key managers, are listed below. The following table also shows the shares allocated.

None of them held shares in subsidiaries.

Beneficiary First name and surname	Company	Category of shares	No. shares owned at the start of the year	Purchased in 2010	Sold in 2010	No. shares owned at the end of the year
Betti Sergio	Unipol Gruppo Finanziario	Pref	6,000		6,000	0
Carannante Rocco	Unipol Gruppo Finanziario	Pref	22,400	9,600		32,000
Cimbri Carlo	Unipol Gruppo Finanziario	Ord	694	297		991
Coffari Gilberto	Unipol Gruppo Finanziario	Ord	4,020	1,722		5,742
Malavasi Ivan	Unipol Gruppo Finanziario	Ord	10,000	21,426		31,426
Politi Giuseppe	Unipol Gruppo Finanziario	Ord	500			500
Zaccherini Luca	Unipol Gruppo Finanziario	Ord	10,000	4,284		14,284
Salvatori Carlo ⁽¹⁾	Unipol Gruppo Finanziario	Ord	200,000	100,000		300,000
Graziosi Giovanni Battista ^{(1) (2)}	Unipol Gruppo Finanziario	Ord	10,872			10,872
Key Managers ⁽³⁾	Unipol Gruppo Finanziario	Ord	10,205	114,595	991	123,809
	Unipol Gruppo Finanziario	Pref	5,000	2,142		7,142

⁽¹⁾ The number of shares refers to the period 01/01/2010 – 29/04/2010 (the date he stepped down).

⁽²⁾ Number of shares owned through spouse.

⁽³⁾ Total.

This table also includes free shares allocated to the General Manager and to key managers during 2007. The three-year lock-up period for these shares had expired.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

As already shown under Business Performance, the contribution of Navale Assicurazioni's insurance business to UGF Assicurazioni and the merger of Navale Assicurazioni into UGF took effect for legal, accounting and tax purposes on 1 January 2011.

Thus Navale became part of UGF Assicurazioni and its third operating Division after Unipol and Aurora.

As a result of the completion of the merger of Navale Assicurazioni into UGF, since 1 January 2011 UGF's share capital, which is fully subscribed and paid up, has amounted to €2,699,066,930.11. It is divided into 3,416,540,416 shares, 2,114,257,106 of which are ordinary shares and 1,302,283,310 preference shares.

Navale Vita's Board of Directors voted on 15 February 2010 to move Navale Vita into selling Life policies directly online for strategic purposes, in line with the growth targets for Life business identified by the UGF Group. For the purpose of this move and in order to focus on synergies with Linear, Navale Vita changed its name to Linear Life SpA on 1 January 2011 and moved its registered office from Rome to Bologna.

As Navale Assicurazioni's holding in Navale Vita was not included in the contribution, its controlling interest in Navale Vita, now Linear Life SpA, was transferred when it was incorporated into UGF.

During February 2011 UGF Banca acquired the minority investments in UGF Merchant, representing 13.82% of the share capital, making it the sole owner of UGF Merchant's share capital.

In February – as part of the criminal proceedings in the Milan Court relating to the attempted takeover by the then Banca Popolare di Lodi of the Banca Antonveneta S.p.A., during which, under Legislative Decree 231 of 8 June 2001 as amended and supplemented, UGF's administrative liability for these companies was disputed as a result of the question of whether the Company's then Chairman and Vice Chairman had manipulated the market and prevented the supervisory authorities from acting – the Public Prosecutor concluded by asking the Milan Court to fine the Company €1.1m and to confiscate €39.6m as 'the proceeds of crime'. The latter sum corresponds exactly to the capital gain actually made by UGF as a result of the sale to ABN-Amro on 16 March 2006 of its entire investment in Antonveneta's share capital. According to the Company's defence counsel there were valid and objective legal arguments for opposing the Prosecutor's request since, quite apart from the fact that in this case there was no direct correlation between the gain and the offence of which the former directors were accused, the Public Prosecutor's request related to the entire capital gain and gave no separate indication of which acquisitions had given rise to it: in fact deducting the profit made on the investment acquired by UGF in the two-year period 2002 – 2004 from the 'final' capital gain reveals that when the Company sold the shares it had purchased during the charging period (November 2004 – May 2005) it made a loss and not a capital gain.

The macroeconomic situation continues to be critical in 2011 and is characterised by unexpected political instability in various north African countries. These events are causing Italy's energy bill to rise since we are more exposed to energy imports than other economies, and this is weakening the prospects for an upturn in the Italian economy.

The recent catastrophes in Japan are also affecting the performance of the world's main financial markets, which are concerned by the impact that these events are having on the entire Japanese economy and by the high costs that will have to be incurred for restoring the country's infrastructure and cleaning up the environment.

Against this background the Group's investment policies are based on the maximum prudence and include maintaining a high level of liquidity commensurate with the lower profile of liabilities, rigorously assessing the creditworthiness of new investments and maintaining hedging strategies that can cope with the rise in interest rates.

The performance of the Group's **insurance business** during the period immediately following the

closure of the 2010 accounts showed an upturn in UGF Assicurazioni's Life income and in bancassurance income thanks to the contribution made by the Arca Group, which had not been consolidated in the first half of 2010.

Non-Life underwriting policies remain very rigorous, which continues to have a positive effect by further reducing MV TPL claims reported and improving claims frequency.

It is therefore reasonable to expect that the effectiveness of the various measures taken will be strengthened in 2011, with insurance business continuing to perform well and thus trust in the Company's ability to return to profit being renewed.

RESOLUTIONS TO BE PUT TO THE ORDINARY SHAREHOLDERS' MEETING

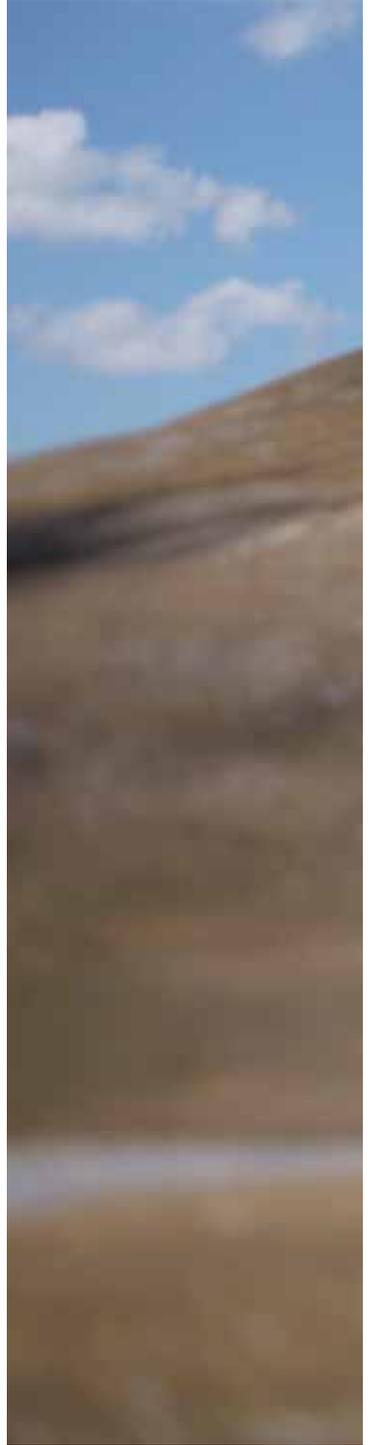
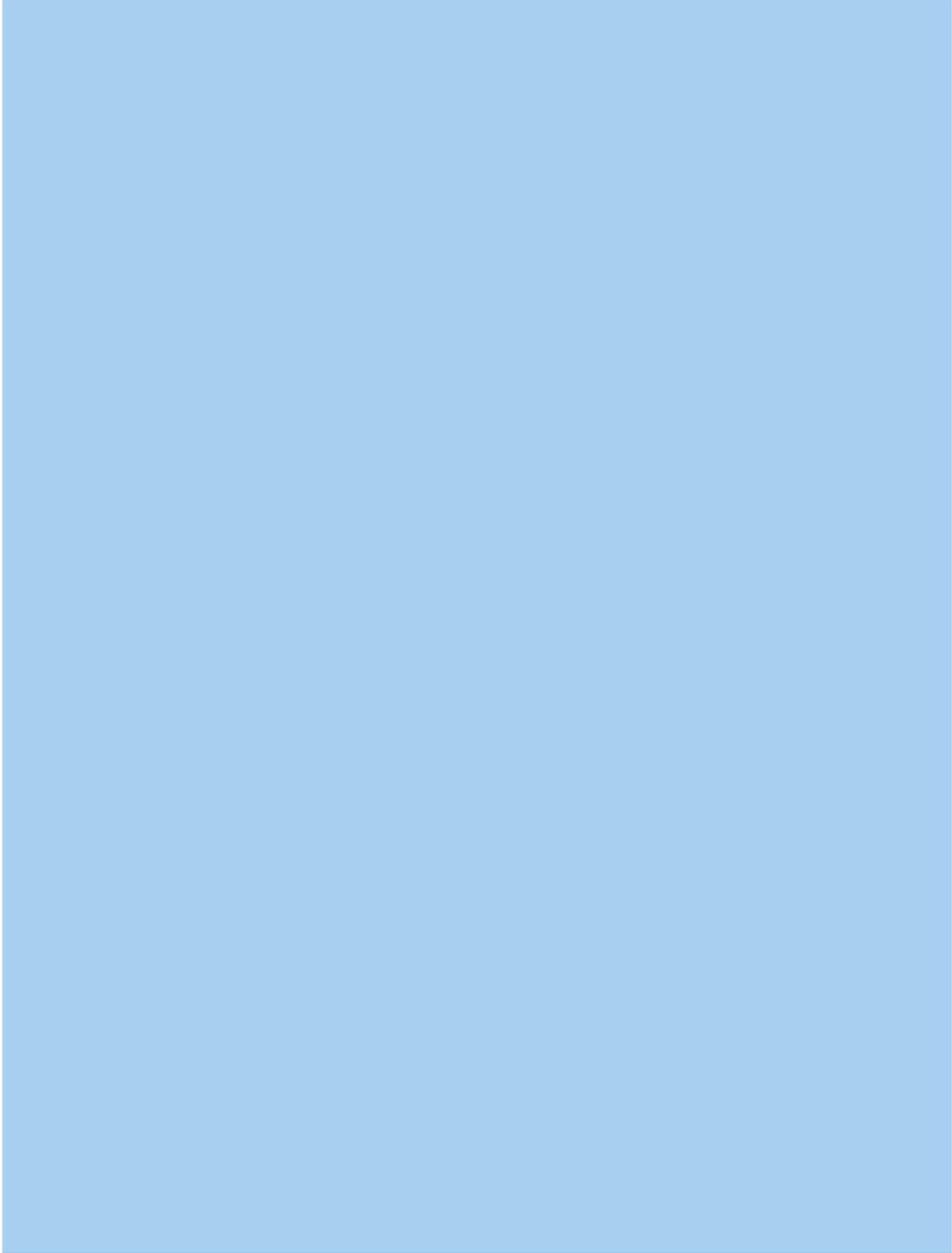
Dear Shareholders,

In submitting the Financial Statements for 2010 and the Management Report for your approval we should like to make the following proposals regarding the result for year:

- (i) to approve the Financial Statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2010, together with the Management Report, which showed a loss for the year of € 63,653,452.00;
- (ii) to cover the loss for the year of €63,653,452.00 by drawing the same amount on the Extraordinary Reserve, an available equity reserve.

Bologna, 24 March 2011

The Board of Directors



FINANCIAL STATEMENTS

BALANCE SHEET AND
INCOME STATEMENT



**BALANCE SHEET
ASSETS**

31/12/2010

31/12/2009

Amounts in €

A) SHARE CAPITAL PROCEEDS TO BE RECEIVED	0	0
B) FIXED ASSETS		
I-Intangible fixed assets		
1) Start-up and capital costs	8,415,886	32,002
2) Research, development and advertising costs	12,061,451	9,594,527
4) Concessions, licences, trademarks and similar rights	1,486	1,656
6) Assets under development and payments on accounts	4,600,229	998,500
7) Other	790,111	496,421
Total	25,869,163	11,123,106
II-Tangible fixed assets		
1) Land and buildings	28,405	-
2) Plant and machinery	35,374	65,597
4) Other assets	1,017,537	598,015
Total	1,081,316	663,612
III-Financial fixed assets		
1) Investments in:		
a) subsidiaries	4,522,237,653	4,286,378,109
Total investments	4,522,237,653	4,286,378,109
2) Financial receivables:		
d) from others	98,008,733	98,480,205
- of which due within 12 months	867,832	379,148
Total financial receivables	98,008,733	98,480,205
3) Other securities	-	369,441
Total	4,620,246,386	4,385,227,755
TOTAL FIXED ASSETS	4,647,196,865	4,397,014,473

BALANCE SHEET
ASSETS

(continued)

31/12/2010

31/12/2009

Amounts in €

	31/12/2010	31/12/2009
C) CURRENT ASSETS		
II-Receivables		
1) trade receivables	997,932	1,353,389
2) from subsidiaries	21,289,429	444,791,881
3) from associates	-	3,050
4) from parents	93,801,515	71,364,605
4 bis) tax receivables	6,199,917	11,046,979
- of which due after 12 months	1,326,678	1,213,532
4 ter) deferred tax assets	6,827,826	9,805,298
- of which due after 12 months	6,827,826	-
5) from others	5,353,787	9,183,064
- of which due after 12 months	913,620	601,077
Total	134,470,406	547,548,266
III-Current financial assets		
1) Investments in subsidiaries	269,394,357	-
4) Other investments	36,156,796	60,115,055
5) Own shares	-	43,670
6) Other securities	559,906,814	212,495,111
Total	865,457,967	272,653,836
IV-Liquid funds		
1) Bank and postal accounts	326,446,605	534,739,168
- of which from subsidiaries	326,440,400	532,831,856
3) Cash-in-hand and cash equivalents	11,191	16,236
Total	326,457,796	534,755,404
TOTAL CURRENT ASSETS	1,326,386,169	1,354,957,506
D) PREPAYMENTS AND ACCRUED INCOME		
1) Accrued income	6,883,405	2,302,355
2) Prepayments	4,120,764	10,491,420
3) Discount on loans	4,379,612	5,105,240
TOTAL PREPAYMENTS AND ACCRUED INCOME	15,383,781	17,899,015
TOTAL ASSETS	5,988,966,815	5,769,870,994

**BALANCE SHEET
LIABILITIES**

31/12/2010

31/12/2009

Amounts in €

A) EQUITY		
I Share capital	2,698,895,169	2,391,426,100
II Share premium reserve	1,144,834,025	1,051,879,236
III Revaluation reserves	20,700,874	20,700,874
IV Legal reserve	478,285,220	478,285,220
VI Reserve for own shares in portfolio	-	43,670
VII Other reserves	417,023,542	388,557,620
- Extraordinary reserve	251,133,876	222,659,830
- Reserve for own shares/Parents' shares	144,948,206	144,956,330
- Share exchange reserve	20,941,460	20,941,460
IX Profit (loss) for the year	(63,653,452)	128,819,303
TOTAL EQUITY	4,696,085,378	4,459,712,023
B) PROVISIONS FOR RISKS AND CHARGES		
2) Tax provisions, incl. deferred tax liabilities	168,574	2,072,845
3) Other provisions	16,619,742	9,129,296
TOTAL PROVISIONS FOR RISKS AND CHARGES	16,788,316	11,202,141
C) EMPLOYEES' LEAVING ENTITLEMENT	2,297,459	3,973,708
D) PAYABLES		
1) Bonds	925,000,000	925,000,000
- of which due after 12 months	925,000,000	925,000,000
3) Shareholder loan	9,751,852	12,856,225
7) Trade payables	12,767,723	24,059,692
9) Payables to subsidiaries	271,335,882	315,149,015
10) Payables to associates	-	4,769
12) Tax payables	1,385,615	2,400,267
13) Social security charges payable	1,191,423	1,967,184
14) Other payables	6,905,342	6,661,327
TOTAL PAYABLES	1,228,337,837	1,288,098,479
E) ACCRUED EXPENSES AND DEFERRED INCOME		
1) Accrued expenses	45,457,825	6,884,643
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	45,457,825	6,884,643
TOTAL LIABILITIES	5,988,966,815	5,769,870,994

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

31/12/2010

31/12/2009

Amounts in €

I - GUARANTEES GIVEN		
1) Sureties		
- to third parties	51,150	448,994
3) Other personal guarantees		
- to subsidiaries	561,689,000	561,689,000
TOTAL GUARANTEES GIVEN	561,740,150	562,137,994
II - OTHER MEMORANDUM ACCOUNTS		
1) Commitments	500,048,204	756,015,490
2) Third parties' assets	5,525,322	2,453,663
3) Securities with third parties	2,350,011,294	1,663,193,000
4) Others	2,584,753	4,131,565
TOTAL OTHER MEMORANDUM ACCOUNTS	2,858,169,573	2,425,793,718
TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	3,419,909,723	2,987,931,712

INCOME STATEMENT

Amounts in €	31/12/2010	31/12/2009
A) PRODUCTION REVENUES		
1) Turnover from sales and services	17,465,760	48,274,431
5) Other revenues and income:		
b) sundry income	15,730,340	15,971,544
Total other revenues and income	15,730,340	15,971,544
TOTAL PRODUCTION REVENUES	33,196,100	64,245,975
B) PRODUCTION COST		
7) Services	22,541,606	36,143,225
8) Use of third party assets	3,053,154	5,440,041
9) Personnel expenses:		
a) wages and salaries	27,670,946	37,817,494
b) social security contributions	7,507,338	10,627,872
c) employees' leaving entitlement	2,057,168	2,637,500
e) other costs	6,594,412	7,468,266
Total staff	43,829,864	58,551,132
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	5,294,348	13,894,519
b) depreciation of tangible fixed assets	101,803	1,199,848
Total amortisation, depreciation and write-downs	5,396,151	15,094,367
13) Other provisions	134,987	775,270
14) Other operating costs	5,709,841	5,099,936
TOTAL PRODUCTION COST	80,665,603	121,103,971
OPERATING LOSS (A-B)	(47,469,503)	(56,857,996)
C) FINANCIAL INCOME AND CHARGES		
15) Income from investments:		
a) in subsidiaries	12,370,057	154,237,709
c) in other companies	6,665,056	4,251,638
Total income from investments	19,035,113	158,489,347
16) Other financial income:		
a) from receivables classified as fixed assets	8,718,931	8,772,146
4) from other companies	8,718,931	8,772,146
c) from securities classified as current assets	30,347,827	17,880,122
d) other income	5,966,556	33,603,442
1) from subsidiaries	3,577,879	3,391,529
4) from others	2,388,677	30,211,913
Total other financial income	45,033,314	60,255,710
17) Interest and other financial charges:		
a) subsidiaries	6,558,236	1,201,817
c) parents	6,699,084	3,618,477
d) other	46,191,150	63,112,280
Total interest and other financial charges	59,448,470	67,932,574
17-bis) Exchange rate gains/(losses)	(271,310)	(28,764)
NET FINANCIAL INCOME	4,348,647	150,783,719

INCOME STATEMENT

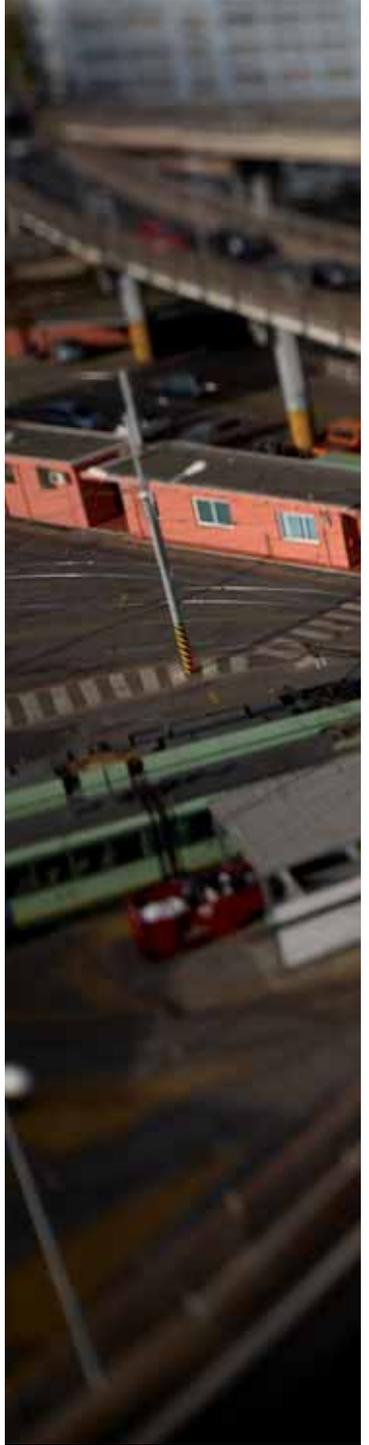
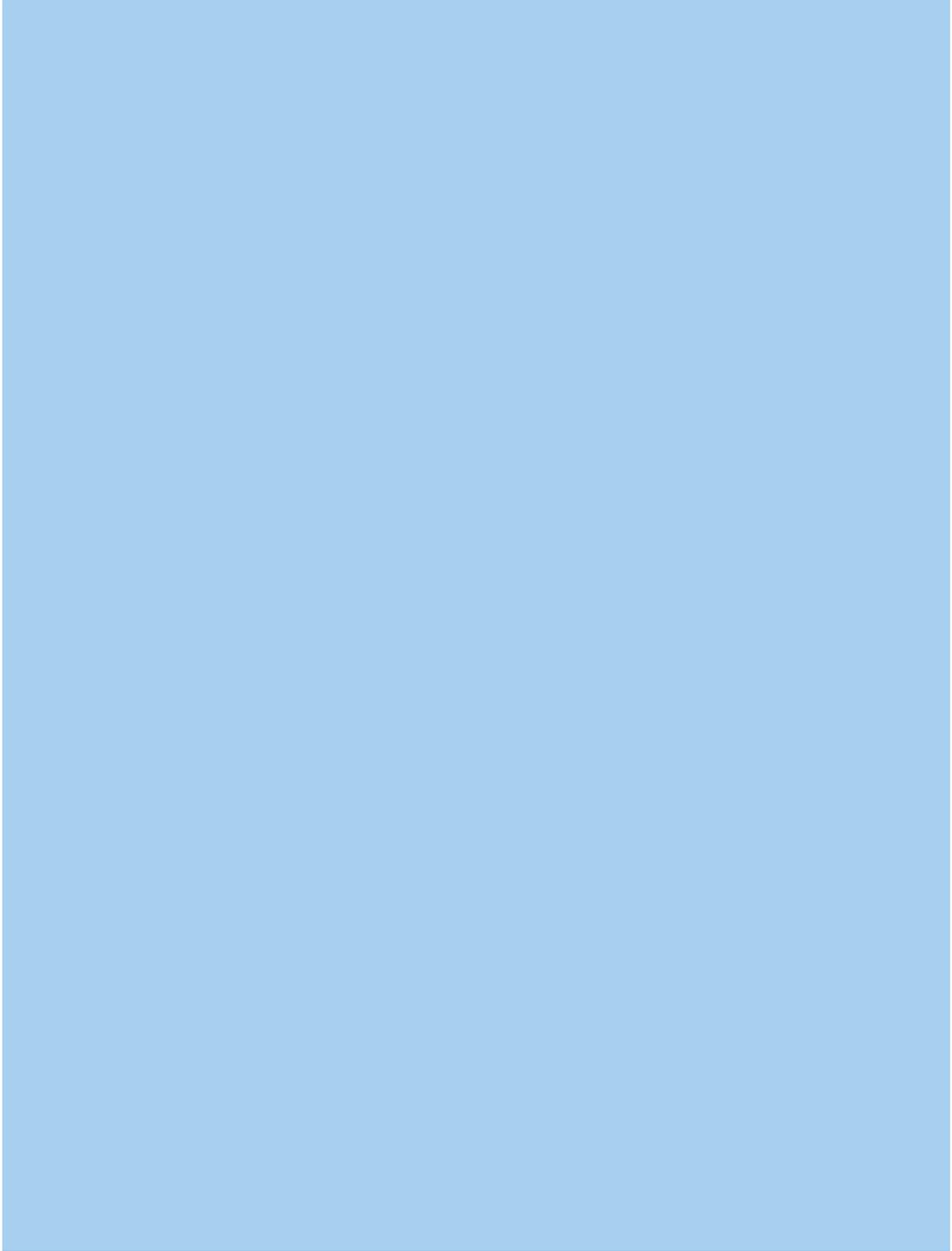
(continued)

31/12/2010

31/12/2009

Amounts in €

D) ADJUSTMENTS TO FINANCIAL ASSETS			
18) Write-backs:			
a) investments	75,663		8,208,801
c) securities classified as current assets	9,064,601		23,802,021
Total write-backs		9,140,264	32,010,822
19) Write-downs:			
a) investments	2,375,947		602,375
c) securities classified as current assets	43,610,720		4,940,973
Total write-downs		45,986,667	5,543,348
TOTAL ADJUSTMENTS		(36,846,403)	26,467,474
E) EXTRAORDINARY INCOME AND EXPENSE			
20) Income:			
a) Gains on sales of assets	22,685		22,389
b) Other income	3,970,268		9,199,152
Total income		3,992,953	9,221,541
21) Expense:			
a) Losses on sales of assets	-		149,384
b) Taxation from previous year	9,800,000		-
c) Other expense	714,302		10,190,090
Total expense		10,514,302	10,339,474
NET EXTRAORDINARY INCOME/(EXPENSE)		(6,521,349)	(1,117,933)
PROFIT (LOSS) BEFORE TAXATION		(86,488,608)	119,275,264
22) Current and deferred income taxes			
a) current income tax	(27,444,471)		(5,808,038)
b) deferred tax expense	(1,904,271)		(6,083,821)
c) deferred tax income	6,513,586		2,347,820
Total income taxes		(22,835,156)	(9,544,039)
NET PROFIT (LOSS) FOR THE YEAR		(63,653,452)	128,819,303



NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

Unipol Gruppo Finanziario S.p.A.'s 2010 financial statements are drawn up in accordance with the provisions of the Italian Civil Code and the national accounting standards approved by the Italian Accounting Standard Setter (OIC). In fact, being an insurance holding company under Article 1 para. 1aa) of Legislative Decree 209/2005 (Insurance Code), Unipol Gruppo Finanziario must draw up its consolidated financial statements in accordance with IFRS but cannot apply these same international standards to the Company's separate financial statements under Article 4 of Legislative Decree 38/2005.

The financial statements consist of the Balance Sheet, the Income Statement and these Notes. They are also accompanied by the Management Report.

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

The Company's financial statements were drawn up clearly and give a true and fair view of the company's financial position and results of operations of the year.

The valuation criteria were adopted on a going concern assumption, in accordance with the criteria of accruals, relevance and significance of the accounting information.

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

As an addition to the information provided by the mandatory layouts mentioned above, the figures in the income statement are restated in the attached reclassification schedule and are accompanied by the statement of changes in equity and by the statement of cash flows.

The financial statements are set out in a form comparable to the corresponding figures of the previous year.

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

VALUATION CRITERIA

The valuation criteria used to draw up the financial statements at 31 December 2010, of which the main ones are listed below, are the same as those used to draw up the financial statements for the previous year.

Intangible fixed assets

Intangible fixed assets are recorded at the original cost of acquisition or production, including additional charges, and are amortised on the basis of their residual income generating potential (3-5-10 years). Amortisation of assets under development is suspended and runs from the year in which they are first used.

Start-up and capital costs are amortised over five years on a straight-line basis, as from the actual date of the operation for which they were incurred.

Other long-term expenses are amortised on the basis of their estimated useful life. Long-term advertising costs are capitalised with the consent of the Board of Statutory Auditors and amortised over three years. Intangible fixed assets that have no future use are written down in the income statement.

Tangible fixed assets

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

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

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

Financial fixed assets

These are mainly represented by controlling investments.

These investments are recorded in the financial statements at the cost of acquisition or of subscription or at a value below cost in cases in which the companies have recorded impairment losses.

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

The original value is reinstated in whole or in part in subsequent years if the reasons for the impairment losses no longer apply.

Receivables

These are recorded at their estimated realisable value.

Current financial assets

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

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

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

Impairment losses recorded in previous years are not maintained if the rationale for them no longer applies.

Derivatives

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

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

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

When the option matures:

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

Prepayments and accrued income, accrued expenses and deferred income

Prepayments and accrued income, as well as accrued expenses and deferred income, are calculated on an accruals and matching basis.

Provisions for risks and charges

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

Employees' leaving entitlement

Employees' leaving entitlement reflects liabilities to employees accrued at the end of the year, net of amounts allocated to supplementary pension schemes and to the INPS fund (the Italian National Social Security Institute), in accordance with current legislation.

Payables

Payables are recorded at their nominal amount.

Guarantees, commitments and other memorandum accounts

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

Dividends

Dividends are recorded in the year in which they are received (on a cash basis), except dividends from subsidiaries, which are recorded on maturity.

Costs and revenues

Costs and revenues are recorded in accordance with the principles of prudence and accruals.

Income taxes

As a consolidated company and in accordance with Article 117 et seq. of Presidential Decree 917/1986 and the Ministerial Decree of 9 June 2004, the company opted for the Group consolidated taxation system for the years 2010-2011-2012 (for the purposes of IRES). The parent company for taxation purposes is Finsoe S.p.A. UGF signed an agreement with Finsoe covering the economic and financial aspects of the option in question.

The charges/income linked to the transfer to the parent company of the results subject to IRES, calculated in accordance with legislation (account being taken of the relevant exemptions and the tax credits due) and with the terms of the agreement with the parent company, are recorded under Taxation in the income statement.

IRAP for the year is also recorded under taxation.

Finally, deferred taxes, calculated on the temporary differences between financial statements figures and those calculated for tax purposes (that have arisen or been deducted during the year), which affect the provision for deferred taxes and the provision for taxation respectively, are recorded under Taxation.

Deferred tax assets are recorded only if it is reasonably certain that they can be recovered in future years. Deferred tax liabilities are always recorded.

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

The information referred to in Article 2427 para. 1.14 of the Italian Civil Code, together with the table reconciling the theoretical and effective tax charge, is recorded under 'Income statement – Current and deferred income taxes'.

Conversion of balances in foreign currencies

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

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

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

Exchange rates used

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

	31/12/2010	31/12/2009
US dollar	1.3362	1.4406
Pound sterling	0.8608	0.8881
Swiss franc	1.2504	1.4836
Japanese yen	108.6500	133.1600
Danish krona	7.4535	7.4418
Czech koruna	25.0610	26.4730
Swedish krona	8.9655	10.2520

Waivers under Article 2423, para. 4, of the Italian Civil Code

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

INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT

BALANCE SHEET – ASSETS

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

B. FIXED ASSETS

B) I - Intangible fixed assets

At 31 December 2010 intangible fixed assets amounted to €25,869K, an increase of €14,746K compared with the previous year (+132.6%), and was made up as follows:

- €8,416K of 'Start-up and capital costs' (€32K at 31/12/2009), the increase being attributable to the capitalisation of costs linked to the share capital increase of July 2010;
- €12,061K of 'Research, development and advertising costs' (€9,595K at 31/12/2009) for the advertising campaign launched by the Company from September 2009 and continued during 2010;
- €4,600K of 'Asset under development and payments on account' (€999K at 31/12/2009) for expenses incurred for consultancy, acquisition of licences and personalisation of the software for the IT package linked to the Solvency II project, which has not yet produced any financial benefits for the Company and therefore has not yet been written down;
- €790K of 'Other' costs (€496K at 31/12/2009), consisting of software user licences and the relative consultancy fees.

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

B) II - Tangible fixed assets

Tangible fixed assets amounted to €1,081K at 31 December 2010 (€664K at 31/12/2009) and mainly consisted of €1,018K of equipment, hardware, works of art and company cars (€598K at 31/12/2009).

Changes in tangible and intangible fixed assets and in their accumulated depreciation/amortisation are shown in appendices 5 and 6 of these Notes.

B) III - Financial fixed assets

1) Investments

The total amount of investments at 31 December 2010 was €4,522,238K, compared with €4,286,378K at the end of the previous year, an increase of €235,860K (+5.5%).

Details are shown in the following table (amounts in €K):

Company	Type of business	Share/quota capital	% holding		Book value
			direct	indirect	
Italian Subsidiaries					
UGF Assicurazioni S.p.A.	Insurance and reinsurance	150,300	100.00		3,036,344
Compagnia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	100.00		45,507
Navale Assicurazioni S.p.A.	Insurance and reinsurance	96,250	99.83		271,679
Unisalute S.p.A.	Insurance and reinsurance	17,500	98.53		31,613
Arca Vita S.p.A.	Insurance and reinsurance	90,000	60.00		309,308
UGF Banca S.p.A.	Credit institution	904,500	67.74	32.26	800,841
Unipol SGR S.p.A.	Financial brokerage	5,000	100.00		5,550
Ambra Property S.r.l.	Hotel business	100	100.00		21,395
Overall total					4,522,238

Amounts in €K

Changes in item B) III 1) 'Investments' are summarised in the following table (details of these transactions are recorded in appendix 7 to these Notes):

Amounts in €K

At 1/1/2010	4,286,378
Purchases and subscriptions	275,744
Other increases	229,510
Other decreases	(269,394)
At 31/12/2010	4,522,238

To be specific the other decreases are attributable to the transfer of the investment in BNL Vita S.p.A. from Financial Fixed Assets to Current Financial Assets. The transfer was carried out in line with the scheduled sale of the investment during 2011, in compliance with the OIC 20 Italian accountancy standard.

Other significant transactions completed and events occurring during 2010 related to:

• Arca Group

On 22 June 2010 UGF S.p.A. acquired 60% of the share capital of Arca Vita S.p.A. as a result of the following operations:

- acquisition from the Banca Popolare di Sondrio of 3,750,000 shares in Arca Vita S.p.A. or 25% of the share capital for €93,261K;
- acquisition from EM.RO Popolare S.p.A. of 4,320,550 shares in Arca Vita S.p.A. or 28.8% of the share capital for €145,307K;
- acquisition from Meliorbanca S.p.A. of 929,450 shares in Arca Vita S.p.A. or 6.20% of the share capital for €31,259K.

Arca Vita controls the following companies: Arca Assicurazioni, Arca Inlinea, Arca Sistemi, Arca Vita International, Arca Direct Assicurazioni, Isi Insurance, Isi Insurance Direct, Omega 2004 in liquidation and B&A Brokers.

On 5 October 2010 in their Extraordinary Meeting, Arca Vita shareholders voted to increase the share capital from €90m to €144m and UGF S.p.A. subscribed 5,400,000 shares for €32,400K and paid €1,210K for 201,669 shares that remained unopted. Therefore, after acquiring a total of 5,601,669 shares in Arca Vita for a total outlay of €33,610K, at 31 December 2010 UGF S.p.A. held a total of 14,601,014 shares, or 60.8403% of the share capital. As the Chamber of Commerce was not informed and Arca Vita's register of members was not updated until 4 January 2011, Arca Vita's share capital at 31 December 2010 was still €90m and the holding was still 60%.

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

During 2010 UGF S.p.A. made the following payments into a future capital increase account:

- €1,000K on 23 March 2010;
- €44,000K on 30 March 2010;
- €20,000K on 29 November 2010;
- €30,000K on 30 December 2010;

On 29 December 2010 UGF S.p.A. purchased 1,236 shares for a total of €2,892.24 from the Navale Assicurazioni shareholders who had not exercised their option rights under the merger with UGF S.p.A. The holding did not change significantly and was 99.83% at 31 December 2010.

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

On 16 April 2010 and 16 July 2010 amounts of €500K and €400K respectively, i.e. a total of €900K, were paid into a future capital increase account.

- **UGF Assicurazioni S.p.A.**

On 22 December 2010 €100,000K was paid into a future capital increase account and in January 2011 it was reclassified as capital injection.

- **Unisalute S.p.A.**

On 28 December 2010 UGF S.p.A. acquired 8,750 shares at a unit price of €4.92. As a result, the investment rose from 98.48% to 98.53%.

The following table contains a list of the subsidiaries and shows their book value and amount of equity calculated on the basis of the investee's net equity based on the most recent financial statements.

If the book value is higher than the corresponding fraction of equity, the difference is attributable to the company's financial and strategic value together with its likely profitability. With regard to this last element, each subsidiary drew up and approved its own five-year development plan. In view of the contribution and merger operation it should be mentioned that UGF Assicurazioni S.p.A. (Non-Life) and Navale Assicurazioni S.p.A. were analysed jointly.

The net results of these plans were therefore used as the basis for the DDM valuation method (Dividend Discount Model) for the Non-Life companies, DCF (Discounted Cash Flow) for the Life companies, except for Arca Vita, for which the Appraisal Value method was used, and discounted income flow in the case of the bank. These valuations indicated that the total value of each individual subsidiary, appropriately discounted using market parameters, exceeded the book value in the table below.

No indication is provided of the value of the investees determined in accordance with the equity method since the consolidated financial statements were drawn up in accordance with the IFRS.

	Book value	% held	Equity	Corresponding equity
Amounts in €K				
UGF Assicurazioni S.p.A.	3,036,345	100.00	1,225,390	1,225,390
Arca Vita S.p.A.	309,308	60.00	208,902	125,341
Compagnia Assicuratrice Linear S.p.A.	45,507	100.00	43,583	43,583
Unisalute S.p.A.	31,613	98.53	42,304	41,682
UGF Banca S.p.A.	800,841	67.74	1,037,644	702,900
Navale Assicurazioni S.p.A.	271,679	99.83	116,761	116,562
Unipol SGR S.p.A.	5,550	100.00	5,843	5,843
Ambra Property S.r.l.	21,395	100.00	5,212	5,212
Total	4,522,238		2,685,639	2,266,514

All the insurance and banking subsidiaries met the solvency requirements of the relevant legislation.

For further information on the performance of the subsidiaries you are referred to the management report and the financial statements schedules of the individual investees appended to these financial statements.

2) Financial receivables

Financial receivables recorded under fixed assets amounted to €98,009K compared with €98,480K at 31 December 2009. This item, which consisted entirely of Receivables from others, includes:

- €95,000K relating to a subordinated bond loan granted to P&V Assurances on 30 December 2008. The loan is for an indefinite period and has a rate of 9%, with interest paid twice a year. The interest accrued during the year amounted to €8,669K;
- €2,364K of loans assisted by collateral;
- €387K of loans granted to employees in accordance with the terms and conditions set out in the current Group Labour Agreement and guaranteed by the group Life policy provided for by the Agreement or by individual Life policies;
- €258K relating to a subordinated bond loan granted to Unintesa S.r.l. in liquidation.

The amounts due after 31 December 2011 totalled €97,141K, €95,535K of it after 31 December 2015.

3) Other securities

Item B III 3) Other securities was written off at 31 December 2010 (€369K at 31/12/2009) as a result of the sale of the single security in the portfolio.

C. CURRENT ASSETS

II Receivables

The balance on this item at 31 December 2010 was €134,470K, a decrease of €413,078K compared with 31 December 2009. The breakdown and variations over the previous year are summarised in the table below:

	31/12/2010	31/12/2009
Amounts in €K		
1) Trade receivables	998	1,353
2) Receivables from subsidiaries	21,289	444,792
3) Receivables from associates	-	3
4) Receivables from parents	93,802	71,365
4 bis) Tax receivables	6,200	11,047
4 ter) Deferred tax assets	6,828	9,805
5) Receivables from others	5,354	9,183
Total	134,470	547,548

All receivables were due within 12 months, except for Tax receivables, €1,327K of which is due after 31 December 2011, deferred tax assets, all of which is due after 31 December 2011, and Receivables from others, €914K of which is due after 31 December 2011, €71K of it being due after 31 December 2015.

Receivables from subsidiaries amounted to €21,289K and included €12,260K of Unisalute and Linear dividends recorded since last year on the basis of the criterion of financial matching and fees for the services that Unipol Gruppo Finanziario S.p.A. provided to Group companies. The previous year had included €300,000K for a term deposit with the subsidiary UGF Banca.

Receivables from parents rose from €71,365K at 31 December 2009 to €93,802K at 31 December 2010 and were made up as follows:

- €47,255K for IRES tax losses (arising during the year and in the previous two years) transferred to Finsoe S.p.A.'s consolidated tax scheme, receivables that will become due when tax is due under the consolidated tax scheme;
- €44,227K of receivables for instalments paid and amounts withheld, transferred to Finsoe S.p.A.'s consolidated tax scheme;
- €2,310K for IRES paid in excess through Finsoe S.p.A. for the period 2004-2007 inclusive, as a result of IRAP being deductible from corporation tax under Article 6 of Decree Law 185 of 29 November 2008.

Tax receivables amounted to €6,200K and mainly consisted of:

- €519K of receivables for Group VAT;
- €1,092K of receivables from the Inland Revenue for a 10% refund of IRAP;
- €4,299K of receivables for IRAP for previous years.

The balance of deferred tax assets at 31 December 2010 of €6,828K, fell by €2,977K compared with 31 December 2009 [-30.4%].

The variation in deferred tax assets during the year is summarised in the following table:

DEFERRED TAX ASSETS	
Amounts in €K	
At 1 January 2010	9,805
Increases during the year	5,133
Utilisation during the year	(8,110)
Final balance at 31/12/2010	6,828

Further information relating to deferred tax assets is given in the table (drawn up in accordance with Article 2427, para. 1.14, of the Italian Civil Code) in appendix 10 of these Notes.

The most significant amounts of Trade receivables under current assets relate to:

- €3,030K of receivables for payment of a fine imposed by CONSOB on 16 April 2009 in relation to events linked to the project to acquire BNL. In December 2009 the Bologna Court of Appeal cancelled the fine imposed by CONSOB and the Company was reimbursed in February 2011;
- €490K of receivables from the tax authorities of other countries;
- €600K of receivables from former directors for penalties under Article 193 and Article 195 of the Consolidated Finance Act;
- €512K of receivables from the Region of Sicily for regional contributions relating to a mortgage loan paid off in previous years;
- €191K of receivables for utility guarantee deposits;
- €111K of miscellaneous receivables from employees.

This item is recorded net of provisions bad debts.

III Current financial assets

This item amounted to €865,458K at 31 December 2010, and was broken down as follows:

	31/12/2010	31/12/2009
Amounts in €K		
Investments in subsidiaries	269,394	-
Other investments	36,157	60,115
Own shares	-	44
Other securities	559,907	212,495
Total	865,458	272,654

Investments in subsidiaries included the investment in BNL Vita S.p.A., which is to be sold during 2011.

There were no longer any own shares in the portfolio at 31 December 2010 since they had been sold during 2010 before the coupons had been detached.

Other securities consisted of €310,034K of listed bonds and €249,872K of government bonds. (Details of investments and securities recorded under current assets are set out in appendix 9.)

IV Liquid funds

Liquid funds, which amounted to €326,458K at 31 December 2010 (€534,755K at 31/12/2009), included €11K of cash in hand (€16K at 31/12/2009) and €326,447K of bank and postal deposits, €326,440K of it deposited with the subsidiary UGF Banca (€534,739 at 31/12/2009, €532,832K of it with UGF Banca).

D. PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income amounted to €15,384K at 31 December 2010 (€17,899K at 31/12/2009), and is broken down as follows:

	31/12/2010	31/12/2009
Amounts in €K		
Accrued income	6,883	2,302
Prepayments	4,121	10,491
Discount on loans	4,380	5,105
Total	15,384	17,899

Accrued income was almost entirely made up of interest on securities (€6,867K).

€3,592K of prepayments was issue expenses for the two bond loans that the Company had issued during 2009.

Discount on loans related to the senior bond loan with a nominal amount of €750m issued by the Company during 2009 at a price of €99,314.

BALANCE SHEET- LIABILITIES

A. EQUITY

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

Also appended is the table showing the usage and availability of the equity reserves, as required by Article 2427, para. 1, item 7bis of the Italian Civil Code (appendix 3).

The share capital and equity reserves totalled €4,759,739K at 31 December 2010 (€4,330,893K at 31/12/2009), an increase compared with the previous year of €428,846K and which was mainly the result of a share capital increase in July 2010.

The share capital amounted to €2,698,895K, was fully paid-up and was made up of 3,416,322,997 shares, subdivided as follows:

- 2,114,122,551 ordinary shares;
- 1,302,200,446 preference shares.

Details of the equity reserves, which at 31 December 2010 amounted to €2,060,844K, are set out in the following table, along with the amounts for the previous year:

	31/12/2010	31/12/2009
Amounts in €K		
A.II Share premium reserve	1,144,834	1,051,879
A.III Revaluation reserve under Law 413/1991	14,762	14,762
Provision for revaluation of land and buildings	5,939	5,939
A.IV Legal reserve	478,285	478,285
A.VI Reserve for own shares in the portfolio	-	44
A.VII Extraordinary reserve	251,134	222,660
Reserve for the acquisition of own shares	99,948	99,956
Reserve for the acquisition of shares in the Parent	45,000	45,000
Share exchange reserve	20,941	20,941
	2,060,844	1,939,467

B. PROVISIONS FOR RISKS AND CHARGES

This item totalled €16,788K at 31 December 2010 and was made up as follows:

- Tax provision including for deferred tax liabilities worth €169K (€2,073K at 31/12/2009);
- Other provisions worth €16,620K (€9,129K at 31/12/2009).

The following table summarises variations during the year in the Tax provision including deferred tax liabilities and in the individual provisions that constitute Other provisions:

	31/12/2009	Increases Accruals	Decreases		31/12/2010
			Utilisation	Other	
Amounts in €K					
Provision for misc. risks and charges	3,725	135	(477)	(570)	2,814
Provision for donations	95	404	(246)	(253)	-
Early retirement provision	5,309		(1,273)	(30)	4,006
Tax provision, including deferred tax liabilities	2,073	169	(2,073)		169
Tax provision - previous years		9,800			9,800
	11,202	707	(4,068)	(853)	16,788

The Provision for miscellaneous risks and charges was made up mainly of amounts set aside for staff disputes.

The Tax provision - previous years included amounts set aside for tax assessments by the Revenue Agency, carried out by the Emilia Romagna Regional Office on 2007 in the case of UGF S.p.A. and by the Lombardy Regional Office on 2005 and 2006 in the case of the former Aurora Assicurazioni, which was merged into UGF on 1 September 2007 after the contribution of its insurance business. Information on the contingent liabilities arising out of the litigation with the Revenue Agency is contained in the paragraph Relations with Revenue Agency in the Management Report.

C. EMPLOYEES' LEAVING ENTITLEMENT

The amount of the provision at 31 December 2010 was €2,297K, down €1,676K on the previous year. This reduction was attributable to transfers of staff from UGF S.p.A. to UGF Assicurazioni during 2010 and to transfers to the pension fund.

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

Amounts in €K	At 1/1/2010	3,974
	Increases in the year	
	Amounts accrued in the year	1,904
	Other increases	91
	Decreases in the year	
	Advances paid in the year	(183)
	Transfer to pension fund	(1,504)
	Transfer to INPS Treasury	(99)
	Payments in the year	(266)
	Other decreases	(1,619)
	Final balance at 31/12/2010	2,297

€1,619K of Other decreases related to the transfer of the Employees' Leaving Entitlement, the contract for which had been assigned to the subsidiary UGF Assicurazioni as a result of Group reorganisation.

D. PAYABLES

The balance on this item at 31 December 2010 was €1,228,338K, a decrease of €59,761K (-4.6%) since 31 December 2009.

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

	31/12/2010	31/12/2009
Amounts in €K		
Bonds	925,000	925,000
Shareholder loan	9,752	12,856
Trade payables	12,768	24,060
Payables to subsidiaries	271,336	315,149
Payables to associates	-	5
Tax payables	1,386	2,400
Social security charges payable	1,191	1,967
Other payables	6,905	6,661
Total	1,228,338	1,288,098

All the amounts are due within 12 months, except for those relating to two bond loans, which are payable in 2012, for €175,000K and in 2017, for €750,000K respectively.

Bonds amounted to €925,000K (unchanged compared with the previous year) and was entirely made up of the nominal amount of the two senior bond loans issued by the company during 2009. Below are the main features of existing loans:

- €175,000K – unlisted senior bond loan issued in July 2009 for a three-year term (maturing in July 2012), with a fixed interest rate of 5.25%. Interest for the year amounted to €9,187K;
- €750,000K – senior bond loan, which is listed on the Luxembourg Stock Exchange, is for seven years (maturing in January 2017) and pays fixed interest of 5%. The security was issued in December 2009 for a maximum of €2bn under the Euro Medium Term Notes (EMTN) scheme and matured on 3 December 2010 with no further issues being made. No 'events of default', i.e. events that could have led to a default such that the Company would immediately have had to repay the outstanding amount owing to creditors, were recorded for this bond loan during 2010. Interest payable for the year amounted to €37,500K.

Shareholder loan amounted to €9,752K at 31 December 2010 (€12,856K at 31/12/2009) and consisted of dividends due to shareholders approved in previous years and not yet paid.

Trade payables fell from €24,060K at 31 December 2009 to €12,768K at 31 December 2010.

Payables to subsidiaries showed a balance of €271,336K at 31 December 2010 (€315,149K at 31/12/2009), most of it, €268,785K, being two loans raised in 2009 with the subsidiary UGF Assicurazioni (€305,785K at 31/12/2009). The loans, which are repayable at sight in whole or in part at the request of UGF Assicurazioni, are remunerated at the three-month Euribor rate plus 100 basis points. €5,282K of interest payable accrued during 2010.

The balance of Tax payables amounted to €1,386K at 31 December 2010, a decrease of €1,015K compared with the previous year, mainly due to the decrease in withholding taxes to be paid.

The balance of Social security charges payable amounted to €1,191K at 31 December 2010 (€1,967K at 31/12/2009). This item related to employer and employee contributions for December due to pension and social security funds and outstanding at the end of the year.

The balance of Other payables at 31 December 2010 amounted to €6,905K, an increase compared with the previous year of €244K. The balance mainly consisted of:

- €4,235K of accruals for remuneration incentives for staff;
- €1,554K of liabilities for accrued holidays (€1,741K at 31/12/2009);
- €670K of liabilities for renewing the Unipol Labour Agreement, which had lapsed at the end of 2008.

E. ACCRUED EXPENSES AND DEFERRED INCOME

The balance of Accrued expenses and deferred income at 31 December 2010 was €45,458K (€6,885K at 31/12/2009), almost all of it accrued interest on the two senior bond loans issued.

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Details of Guarantees, commitments and other memorandum accounts at 31 December 2010 of €3,419,910K (€2,987,932K at 31/12/2009) are set out in the following table:

	31/12/2010	31/12/2009
Guarantees given		
Sureties and endorsements given to third parties	51	449
Other personal guarantees given to subsidiaries	561,689	561,689
Total	561,740	562,138
Commitments		
Other commitments	500,048	756,015
Total	500,048	756,015
Third parties' assets		
Leased vehicles	1,015	-
Staff-owned shares	4,150	2,183
Assets held by UGF Assicurazioni	360	270
Total	5,525	2,454
Securities with third parties	2,350,011	1,663,193
Other memorandum accounts		
Other personal guarantees received from third parties	-	25
Collateral received from third parties	887	1,884
Guarantees issued by third parties in favour of the company	1,666	1,911
Other memorandum accounts	32	312
Total	2,585	4,132
TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	3,419,910	2,987,932

Guarantees given included those provided on behalf of the subsidiary UGF Assicurazioni S.p.A. for the subordinated bond loans originally issued by UGF but taken over by UGF Assicurazioni during 2009: UGF 7% maturing in 2021 (€300,000K) and UGF 5.66% maturing in 2023 (€261,689K).

Other commitments included:

- €182,907K for the acquisition of call options;
- €280,500K for an agreement with BNP Paribas for the sale of a call option, as described in the paragraph 'Information on financial derivatives' below.

Securities with third parties included in particular €2,258,114K of securities deposited with Group companies.

INFORMATION ON FINANCIAL DERIVATIVES

Under the guidelines voted by the Company's Board of Directors on 6 August 2009, the only two objectives of operating in financial derivatives during the year were reduction of the investment risk (coverage) or efficient management of the portfolio and excluded purely speculative purposes. These ends were achieved by using the derivatives specified in the resolution passed by the Board of Directors and applied to securities included in the portfolio at the time the contract concerned was entered into and throughout its entire term.

All the transactions were carried out with banking or similar establishments.

Derivatives at the end of the year, with three counterparties and with the underlying assets split from a minimum of €2.3m and a maximum of €280.5m, are shown in the tables below.

A. Derivative contracts involving forward capital swaps

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

	Description of the transaction	No. of transactions	Notional amount at 31/12/2010
Amounts in €K	Acquisition of call options	2	182,907
	Sales of call options	1	280,500
	Acquisition of put options	1	270,300
	Sale of put options	1	33,229
	Forward currency sale agreements	1	2,260
	Total		

€149,678K of derivative contracts for acquiring call options related to an option on the S&P GSCI Index and €33,229K to an option with 30,646,000 shares in the parent Finsoe S.p.A., i.e. 1.43% of its share capital, to which a contract for the sale of a put option with the same features and notional amount was linked. These contracts, which lapsed during 2010, were renewed until January 2012 and gave rise to €3,000K of charges during 2010.

The €270,300K of derivative contracts with the BNP Paribas Group for acquiring a put option and €280,500K for selling a call option had the 51% of BNL Vita's share capital held by Unipol Gruppo Finanziario as underlying assets and came under the bancassurance partnership agreements between the two Groups. Both options may be exercised in July 2011.

The forward currency sale agreements related to a single transaction in US Dollars.

B. Derivative contracts not involving forward capital swaps

The Company held no contracts of this type at 31 December 2010.

Net income on call options not exercised was €779K during 2010.

INFORMATION ON FINANCE LEASES

As laid down in Italian law, leases, including finance leases, are recognised as rental agreements. However, the additional information required by Article 2427 para. 22 of the Italian Civil Code and by the OIC 12 Italian accounting standard is provided.

43 finance leases with the subsidiary UGF Leasing for company cars allocated to managers were in force at 31 December 2010.

The following table summarises the differences that there would have been in the assets, the liabilities and the income statement if the leased assets had been recorded in accordance with IAS 17. Figures are shown in €K.

Assets	
Amounts in €K	
Assets under finance lease at 31/12/2009	952
Accumulated depreciation of leased assets at 31/12/2009	(165)
Leased assets acquired in 2010	400
Depreciation in 2010	(172)
Total leased assets at 31/12/2010	1,015
Tax effect (deferred taxes)	1
Total assets	1,016
Liabilities	
Residual debt at 31/12/2009	(795)
Lease payables in 2010	(400)
Amount repaid during 2010	168
Residual debt at 31/12/2010	(1,026)
Effect on equity (including the effect on the operating results)	10
Total liabilities	(1,016)
2010 Income Statement	
Lease payments recorded monthly	(216)
Financial charges	48
Depreciation in 2010	172
Deferred taxes	(1)
Net effect through profit or loss in 2010	2

INCOME STATEMENT

The income statement was drawn up in accordance with the provisions of Article 2425 of the Italian Civil Code; costs and revenues are recorded separately, with no items being offset.

A. PRODUCTION REVENUES

Production revenues for 2010 amounted to €33,196K, compared with €64,246K in 2009.

A.1. Turnover from sales and services

Turnover from sales and services was €17,466K in 2010 (€48,274K in 31/12/2009), and consisted mainly of services relating to the core business of acting as a holding company for companies in the Group, as follows:

	31/12/2010	31/12/2009
Amounts in €K		
Parents	29	21
Subsidiaries	17,364	48,187
UGF Assicurazioni S.p.A.	13,285	40,078
BNL Vita S.p.A.	15	15
Linear Assicurazioni S.p.A.	749	1,489
Navale Assicurazioni S.p.A.	930	2,716
Unisalute S.p.A.	817	1,072
Unipol SGR S.p.A.	21	241
Unipol Banca S.p.A.	1,418	2,386
Unipol Merchant S.p.A.	56	89
Other subsidiaries	73	103
Associates	0	2
Third parties	3	4
Other income	70	61
Total	17,466	48,274

The decrease in this item compared with the previous year was due both to the contribution, which produced effects as from February 2009, and to the further reorganisation of Group services in 2010, which also led to a reduction in production cost.

A.5. Other revenues and income

Other revenues and income was €15,730K in 2010 (€15,972K in 31/12/2009), and consisted mainly of amounts recovered for the costs of the services of UGF staff seconded to Group companies.

B. PRODUCTION COST

Total production cost amounted to €80,666K in 2010, compared with €121,104K in 2009.

B.7 Services

The item amounted to €22,542K in 2010 (€36,143K in 2009) and was made up as follows:

	31/12/2010	31/12/2009
Amounts in €K		
IT costs	92	2,215
Technical, legal and administrative consultancy services	6,804	6,784
Electricity, heating and cleaning	1,471	2,539
Corporate bodies	3,334	4,522
Services of seconded staff	302	1,053
Postal and telephone expenses	415	1,242
Sundry costs	579	2,032
Corporate fees and shareholders' meetings	558	152
Advertising	755	2,146
Maintenance and repairs	428	1,009
Porterage	24	67
Printed matter and publications	231	388
Audit fees and other attestation services	211	122
Conferences and meetings	1,127	4,173
Subsidiary services	6,211	7,699
Total	22,542	36,143

B.8 Use of third party assets

The item amounted to €3,053K in 2010 (€5,440K in 2009) and was made up of rent and lease costs. The decrease in this item was attributable to the transfer of the claims-handling centres (for which rent was paid) from the holding company to the subsidiary UGF Assicurazioni, which took place on 1 February 2009.

B.9 Personnel expenses

Personnel expenses amounted to €43,830K in 2010, compared with €58,551K in the previous year.

The number of employees fell from 417 at 31 December 2009 to 280 at 31 December 2010, as follows:

	31/12/2009	Hired	Resigned	31/12/2010
Administrative - permanent	416	46	(182)	280
Total permanent staff	416	46	(182)	280
Administrative - temporary	1	1	(2)	0
Total temporary staff	1	1	(2)	0
TOTAL	417	47	(184)	280

Decreases in the number of staff during the year included employees transferred to UGF Assicurazioni during 2010 as a result of further Group reorganisation.

The average number of permanent employees was as follows:

	2010	2009
Managers	75	78
White collars	269	507
Totale	344	585

B.10 Amortisation, depreciation and write-downs

The balance of this item, which in 2010 was €5,396K (€15,094K in 31/12/2009), can be broken down as follows:

- amortisation of intangible fixed assets of €5,294K;
- depreciation of tangible fixed assets of €102K.

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

B.13 Other provisions

Other provisions totalled €135K in 2010, all of it for legal disputes.

B.14 Other operating costs

This item amounted to €5,710K in 2010 (€5,100K in 2009) and referred mainly to:

- €2,976K for contributions to supervisory bodies and other associations;
- €1,389K for donations, €1,088K of which to the Unipolis Foundation;
- €878K for company expenses and the cost of shareholders' meetings;
- €274K for tax charges other than direct taxes.

C. FINANCIAL INCOME AND CHARGES

C.15 Income from investments

The item amounted to €19,035K in 2010 (€158,489K in 31/12/2009) and consisted of €12,370K of income from subsidiaries (€154,238K in 2009), and €6,665K of income from other companies.

Dividends from subsidiaries relate to the following companies:

	31/12/2010	31/12/2009
UGFAssicurazioni S.p.A.	-	120,240
Linear Assicurazioni S.p.A.	5,018	16,405
Unisalute S.p.A.	7,242	13,443
Unipol SGR S.p.A.	110	4,150
TOTAL	12,370	154,238

Amounts in €K

C.16 Other financial income

The breakdown of this item, which amounted to €45,033K (€60,256K in 2009), is summarised in the following table:

Amounts in €K	31/12/2010	31/12/2009
A) From receivables classified as fixed assets		
4. From others	8,719	8,772
Total	8,719	8,772
C) From securities classified as current assets	30,348	17,880
D) Other income		
1. From subsidiaries	3,578	3,392
4. From others	2,389	30,212
Total	5,967	33,603
TOTAL	45,033	60,256

Almost all the other income from receivables classified as fixed assets was interest on the P&V Assurances 9% subordinated bond loan (€8,669K).

€30,348K of income from securities classified as current assets was mainly from sales of securities (€11,940K) and interest on securities (€17,439K).

Most of the €5,967K of income from others consisted of:

- €3,578K of bank interest income from subsidiaries;
- €2,138K of income arising out of derivative transactions.

C.17 Interest and other financial charges – C.17.bis Exchange rate gains/(losses)

Interest and other financial charges showed a balance of €59,448K in 2010 (€67,933K in 2009), whilst Exchange rate gains/(losses) were -€271K (-€29K in 2009).

Amounts in €K	31/12/2010	31/12/2009
Interest and other financial charges		
a. subsidiaries	(6,558)	(1,202)
c. parents	(6,699)	(3,618)
d. others	(46,191)	(63,112)
Total	(59,448)	(67,933)
Exchange rate gains/(losses)	(271)	(29)
TOTAL	(59,720)	(67,961)

The €6,558K of Interest and financial charges from subsidiaries (€1,202K in 2009), included interest, commission and charges paid to banks and companies in the Group. The increase was mainly due to the interest on the loan from UGF Assicurazioni, taken out in 2009.

Most of the €46,191K of Interest and other financial charges consisted of:

- €39,989K of interest expense on bond loans;
- €4,359K of charges arising from transactions in derivatives;
- €1,320K of charges arising from issuing the bond loans;
- €362K of capital losses resulting from trading in shares and bonds.

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

	31/12/2010	31/12/2009
Amounts in €K		
Positive issue spreads	825	447
Negative issue spreads	(62)	(1)
Positive trading spreads	-	3
Value adjustments on zero coupons	16	2

D. ADJUSTMENTS TO FINANCIAL ASSETS

This item showed a negative balance of €36,846K in 2010 compared with a positive balance of €26,467K in 2009 and mainly related to:

- €76K of write-backs of shares recorded under current assets;
- €9,065K of write-backs of bonds recorded under current assets;
- €2,376K of write-downs of shares recorded under current assets;
- €42,498K of write-downs of other securities recorded under current assets;
- €1,113K of negative value adjustments on derivatives.

E. EXTRAORDINARY INCOME AND EXPENSE

This item showed a negative balance of €6,521K in 2010 (negative to the tune of €1,118K in 2009) and related to the following items:

	31/12/2010	31/12/2009
Amounts in €K		
E.20) Income		
Gains on sale of assets	23	22
Other extraordinary income		
- Prior year items	3,970	9,199
Total	3,993	9,222
E.21) Expense		
Losses on sale of assets	0	(149)
Taxation from previous years	(9,800)	-
Other extraordinary expense		
- Group reorganisation project	(214)	(5,256)
- Prior year items	(496)	(1,670)
- Other extraordinary expenses	(4)	(3,264)
Total	(10,514)	(10,339)
Net extraordinary income/(expense)	(6,521)	(1,118)

Gains on sale of assets related to sales of company vehicles, office equipment and office furniture. The major prior year item was for derecognising €2,011K of liabilities for dividends approved in previous years by the former Aurora Assicurazioni (merged into UGF S.p.A. in 2007) but not collected by the deadlines.

Most of the extraordinary expense was €9,800K set aside for tax assessments by the Revenue Agency, carried out by the Emilia Romagna Regional Office on 2007 in the case of UGF S.p.A. and by the Lombardy Regional Office on 2005 and 2006 in the case of the former Aurora Assicurazioni, which was merged into UGF on 1 September 2007 after the contribution of its insurance business.

CURRENT AND DEFERRED INCOME TAXES

Taxes for the year amounted to €22,835K (positive to the tune of €9,544K in 2009), net of €4,609K of deferred taxation, as shown in the following table:

	IRES	IRAP	Total
Current taxation	27,444	-	27,444
Deferred taxation:			
- usage of deferred tax income	(8,106)	(4)	(8,110)
- usage of deferred tax expense	2,052	21	2,073
- amounts accrued for deferred tax income	1,597	-	1,597
- amounts accrued for deferred tax expense	(169)	-	(169)
Total	22,818	17	22,835

Amounts in €K

The table reconciling the theoretical rate of IRES and the effective rate is shown below. The IRAP reconciliation table is omitted since it is not significant.

	2010	2009
Ordinary rate of IRES applicable on the 2010 loss	(27.5%)	27.5%
Effect of increases/decreases in the ordinary rate:		
Excluding dividends	(4.31%)	(34.47%)
Interest expense	0.63%	0.36%
Dividend washing	1.50%	-
Amounts set aside for litigation	3.12%	-
Other permanent variations	0.16%	(0.58%)
Effective rate	(26.40%)	(7.19%)

TABLE RECONCILING THE THEORETICAL RATE OF IRES AND THE EFFECTIVE RATE

The table containing the temporary differences that led to deferred taxes being recorded (Article 2427 para. 1.14 of the Italian Civil Code) is in appendix 10 to these Notes.

OTHER INFORMATION

Consolidated financial statements

UGF Group's consolidated financial statements at 31 December 2010 were drawn up in accordance with Article 154-ter of Legislative Decree 58/1998 (TUF) and ISVAP Ruling 7 of 13 July 2007, and they conform to the IFRS issued by the IASB and endorsed by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of EC Regulation 1606/2002 in force at the reporting date.

As the company is an insurance holding company under Article 1 para. 1 aa) of Legislative Decree 209/2005 (Insurance Code), the layout complies with the provisions of Chapter III of ISVAP Ruling 7 of 13 July 2007, as amended, relating to the layout of the consolidated financial statements of insurance and reinsurance companies that must use IAS/IFRS.

Audit fees and fees for services other than auditing

In accordance with Article 149-duodecies of the CONSOB Issuer Regulation, the following table shows (in €K) the fees that the companies in the UGF Group paid to the independent auditors, or to the company to which the independent auditors belong, for audit and other services, with each type or category shown separately.

	Types of service	Service provider	Recipient	Fee (*)
Amounts in €K	Audit	KPMG SpA	UGF S.p.A.	157
	Attestation services	KPMG SpA	UGF S.p.A.	3
	Other services: limited review and issuing comfort letters	KPMG SpA	UGF S.p.A.	1,101
	Other services: consultancy	KPMG Advisory SpA	UGF S.p.A.	23
	Other services: consultancy	Nolan, Norton Italia Srl	UGF S.p.A.	305
	Totale Unipol Gruppo Finanziario			1,589
	Audit	KPMG SpA	Subsidiary	1,197
	Attestation services	KPMG SpA	Subsidiary	308
	Other services: consultancy	KPMG Advisory SpA	Subsidiary	103
	Total subsidiaries			1,608
	Overall total			3,197

^(*) Fees do not include recharged costs and any non-deductible VAT

Related party transactions

As part of the operation to increase UGF's share capital, in accordance with its commitment made under the offer the majority shareholder, Finsoe, paid a total of €143,232,143.33 for 321,865,485 new Unipol ordinary shares, or 50.748% of the ordinary shares offered, and 6,675 new Unipol preference shares, or 0.002% of the preference shares offered. Once the share capital increase was fully subscribed and the operation completed, Finsoe held 50.748% of UGF's ordinary share capital, 0.002% of its preference share capital and 31.405% of its total share capital.

During 2010 UGF S.p.A. repaid UGF Assicurazioni €37m for the two loans taken out during 2009 as a result of the subsidiary UGF Assicurazioni taking over as issuer of the UGF 7% and UGF 5.66% subordinated bond loans. The balance of these loans was €268,785K at 31 December 2010 (€305,785K at 31/12/2009).

During November 2010 Holmo S.p.A. sold its share (nominal amount €68.6m) of the senior bond loan issued by UGF S.p.A. during 2009 to third parties for €175m. Finsoe S.p.A. held €70m of this loan on 31 December 2010.

To supplement the information provided in the previous paragraphs of these Notes, the table below shows the amount and the type of the assets, liabilities, income and expense relating to transactions with related parties:

	Parents	Subsidiaries	Associates	Related companies	Total	Incidence	
Amounts in €K							
Shares and quotas		4,522,238			4,522,238	75.5% ⁽¹⁾	513.3% ⁽³⁾
Other receivables	93,802	21,289			115,091	1.9% ⁽¹⁾	13.1% ⁽³⁾
Bank deposits		326,440			326,440	5.5% ⁽¹⁾	37.1% ⁽³⁾
Short-term shares and quotas		269,394			269,394	4.5% ⁽¹⁾	30.6% ⁽³⁾
TOTAL ASSETS	93,802	5,139,362	-	-	4,963,769	82.9%⁽¹⁾	563.4%⁽³⁾
Other loans and other financial payables	71,828				71,828	1.2% ⁽¹⁾	8.2% ⁽³⁾
Sundry payables		271,336			271,336	4.5% ⁽¹⁾	30.8% ⁽³⁾
TOTAL LIABILITIES	71,828	271,336	-	-	343,163	5.7%⁽¹⁾	38.9%⁽³⁾
Turnover from sales and services	29	17,364			17,393	(20.1%) ⁽²⁾	2.0% ⁽³⁾
Turnover from land and buildings		87			87	(0.1%) ⁽²⁾	0.0% ⁽³⁾
Dividends and other income from shares and quotas		12,370			12,370	(14.3%) ⁽²⁾	1.4% ⁽³⁾
Other financial income		3,578			3,578	(4.1%) ⁽²⁾	0.4% ⁽³⁾
Other income	22	14,008	2	156	14,188	(16.4%) ⁽²⁾	1.6% ⁽³⁾
TOTAL REVENUES AND INCOME	51	47,406	2	156	47,616	(55.1%)⁽²⁾	5.4%⁽³⁾
Interest and financial charges	6,699	6,558			13,257	(15.3%) ⁽²⁾	1.5% ⁽³⁾
Services	84	7,341			7,425	(8.6%) ⁽²⁾	0.8% ⁽³⁾
Use of third party assets		2,258			2,258	(2.6%) ⁽²⁾	0.3% ⁽³⁾
TOTAL EXPENSE	6,783	16,157	-	-	22,940	(26.5%)⁽²⁾	2.6%⁽³⁾

⁽¹⁾ Incidence based on the total assets in the balance sheet

⁽²⁾ Incidence based on the pre-tax profit/(loss)

⁽³⁾ Incidence based on all sources in the statement of cash flows

Non-recurring significant transactions during the year

Share capital increase

On 17 June 2010, having obtained the required permits from the relevant authorities, under the powers vested in it by the Shareholders in their Meeting of 29 April 2010 the Company's Board of Directors approved the definitive terms for the option offer to shareholders and listing on the Mercato Telematico Azionario, the stock exchange organised and managed by Borsa Italiana SpA, of Unipol ordinary shares with free 'Unipol 2010-2013 ordinary share warrants' and Unipol preference shares with free 'Unipol 2010-2013 preference share warrants' at a ratio of one Unipol 2010-2013 Ordinary Share Warrant and one Unipol 2010-2013 Preference Share Warrant respectively for each ordinary share and each preference share subscribed (the 'Offer').

The Company's Board of Directors voted, inter alia, to issue:

- a) a maximum of 634,236,765 new ordinary shares to be offered as an option to ordinary shareholders at a unit price of €0.445, at a ratio of three new ordinary shares for every seven ordinary shares owned, and a maximum of 97,574,886 ordinary shares for the purpose of exercising a maximum of 634,236,765 Unipol 2010-2013 Ordinary Share Warrants at a ratio of two ordinary shares for every 13 Unipol 2010-2013 Ordinary Share Warrants exercised, at a unit price of €0.720; and
- b) a maximum of 390,660,132 new preference shares to be offered as an option to preference shareholders at a unit price of €0.300, at a ratio of three new preference shares for every seven preference shares owned, and a maximum of 60,101,558 preference shares for the purpose of exercising a maximum of 390,660,132 Unipol 2010-2013 Preference Share Warrants at a ratio of two preference conversion shares for every thirteen Unipol 2010-2013 Preference Share Warrants exercised, at a unit price of €0.480.

In determining the offer price for the ordinary and preference shares the Board of Directors, took account, inter alia, of the list prices of the Company's ordinary and preference shares, the market terms and the market procedures for similar operations.

The share capital increase concluded in July with the 634,236,765 new Unipol ordinary shares and 390,660,192 new Unipol preference shares, totalling 30% of the new share capital, being fully subscribed for a total of €399,433,400.03, plus €1m, net of tax, for the sale of unopted rights recorded in the share premium reserve.

Unipol Gruppo Finanziario's share capital after the increase was €2,698,895,169.10 and was represented by 3,416,322,997 shares with no nominal amount, 2,114,122,551 of which were Unipol ordinary shares and 1,302,200,446 Unipol preference shares, and 634,236,765 Unipol 2010-2013 Ordinary Share Warrants and 390,660,132 Unipol 2010-2013 Preference Share Warrants were outstanding.

Acquisition of 60% of the Arca Group

On 22 June 2010 UGF S.p.A. acquired 60% of Arca Vita S.p.A.'s share capital from companies in the BPER Banking Group and from BPSO for €275,698K (including additional charges of €5,870K) and in turn Arca Vita acquired from the BPER Group and BPSO, and from other shareholders who had exercised their right to withdraw, a further 31.56% of Arca Assicurazioni S.p.A.'s share capital, 64.08% of which it already held, for €46.8m.

For further information see B) III – Financial Fixed Assets in these Notes.

The market was notified of this transaction by means of press releases issued at the appropriate time.

Atypical and/or unusual transactions during the year

No atypical and/or unusual transactions were carried out during the year ended 31 December 2010.

Fees paid to the members of the Boards of Directors and Statutory Auditors, to the General Manager and to key managers

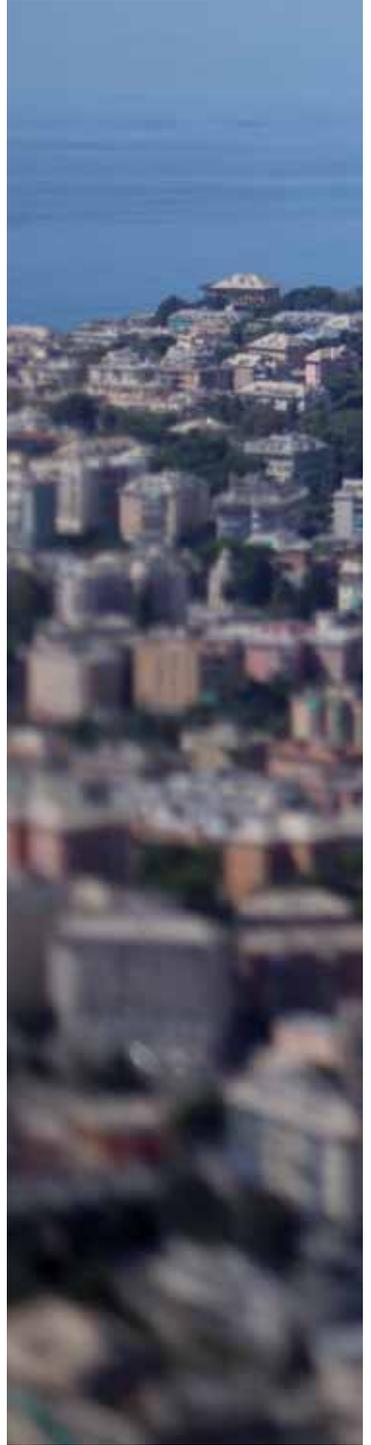
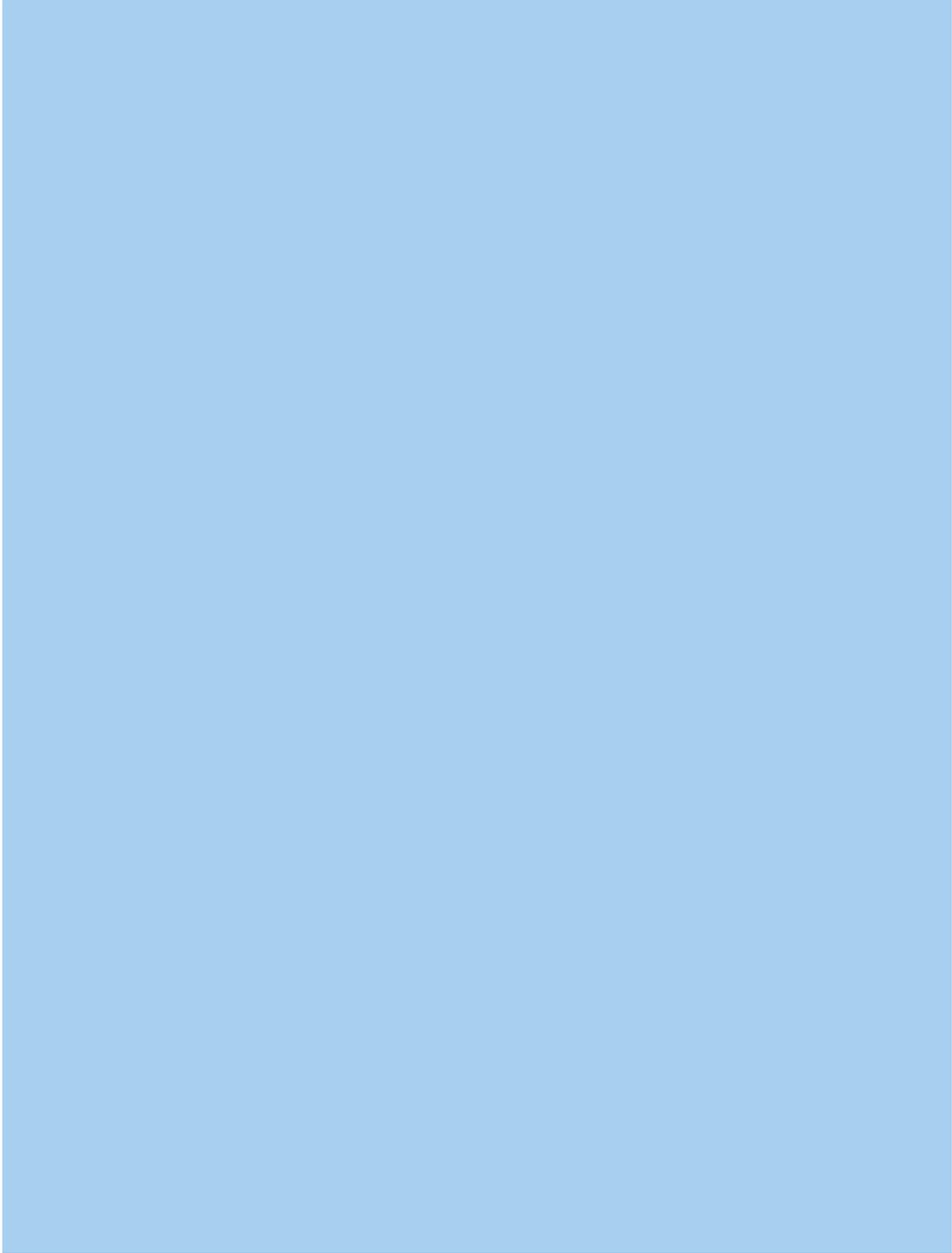
Under the provisions of Article 78 of the Regulation implementing Legislative Decree 58 of 24 February 1998 relating to issuers adopted by CONSOB in its Ruling 11971 of 14 May 1999 as amended and supplemented, the fees paid to each Director, Statutory Auditor and General Manager (for whatever reason and in whatever way, including by subsidiaries) and the total amount paid to key managers are shown below.

	Subject		Description of post		Fees			
	first name and surname	post held	period post held	post expir.	fees for post held	non-monetary benefits	bonuses and other incentives	other fees
Amounts in €	Stefanini Pierluigi	Chairman	1/1-31/12/10	2012	727,000 ^[1]			
	Collina Piero	Vice Chairman Director	29/4-31/12/10 1/1-31/12/10	2012	140,171 ^[2]			33,582 ^[3]
	Cimbri Carlo	CEO General Manager	29/4-31/12/10 1/1-31/12/10	2012	187,178 ^[4]	1,621		1,530,395 ^[5]
	Berardini Francesco	Director	1/1-31/12/10	2012	68,000			70,473 ^[6]
	Betti Sergio	Director	1/1-31/12/10	2012	66,500 ^[7]			
	Carannante Rocco	Director	1/1-31/12/10	2012	92,000 ^[8]			
	Celli Pier Luigi	Director	1/1-31/12/10	2012	66,500 ^[9]			
	Coffari Piero	Director	1/1-31/12/10	2012	69,500 ^[10]			76,267 ^[11]
	Costalli Sergio	Director	1/1-31/12/10	2012	68,000 ^[12]			62,873 ^[13]
	Dalle Rive Ernesto	Director	29/4-31/12/10	2012	47,336 ^[14]			22,884 ^[15]
	Forest Jacques	Director	1/1-31/12/10	2012	66,500 ^[16]			
	Galanti Vanes	Director Vice Chairman	1/1-31/12/10 1/1-29/04/10	2012	108,103 ^[17]			108,295 ^[18]
	Iseli Roger	Director	29/4-31/12/10	2012	44,336			
	Levorato Claudio	Director	1/1-31/12/10	2012	62,000 ^[19]			9,699 ^[20]
	Malavasi Ivan	Director	1/1-31/12/10	2012	60,500 ^[21]			
	Masotti Massimo	Director	1/1-31/12/10	2012	98,500 ^[22]			
	Migliavacca Enrico	Director	1/1-31/12/10	2012	69,500 ^[23]			23,384 ^[24]
	Morara Pier Luigi	Director	1/1-31/12/10	2012	68,000 ^[25]			
	Pacchioni Milo	Director	29/4-31/12/10	2012	51,836 ^[26]			11,901 ^[27]
	Pedroni Marco	Director	1/1-31/12/10	2012	71,000 ^[28]			31,082 ^[29]
	Politi Giuseppe	Director	1/1-31/12/10	2012	62,000			35,500 ^[30]
	Vella Francesco	Director	1/1-31/12/10	2012	77,000 ^[31]			
	Venturi Marco Giuseppe	Director	1/1-31/12/10	2012	69,500 ^[32]			35,500 ^[33]
	Zaccherini Luca	Director	1/1-31/12/10	2012	89,000 ^[34]			
	Zucchelli Mario	Director	1/1-31/12/10	2012	72,500 ^[35]			20,384 ^[36]
	Chiusoli Roberto	Chair. Board Stat. Auditors	1/1-31/12/10	2012	75,000			51,500 ^[37]
	Picone Giorgio	Statutory Auditor	1/1-31/12/10	2012	50,000			17,281 ^[38]
	Trombone Domenico	Statutory Auditor	1/1-31/12/10	2012	50,000			86,193 ^[39]
	Cassamagnaghi Carlo	Alternate Auditor	29/4-31/12/10	2012				55,459 ^[40]
	Cerchiai Cristiano	Alternate Auditor	1/1-31/12/10	2012				62,744 ^[41]
	Salvatori Carlo	CEO	1/1-29/04/10			571,397 ^[42]		31,102 ^[43]
	Antoni Jean Dominique	Director	1/1-29/04/10			22,301 ^[44]		
	Gillone Fabrizio	Director	1/1-29/04/10			23,801 ^[45]		63,249 ^[46]
Nasi Sergio	Director	1/1-29/04/10			16,301 ^[47]			
Graziosi Giovanni Battista	Alternate Auditor	1/1-29/04/10					75,498 ^[48]	
KEY MANAGERS (aggregated data)		1/1-31/12/10				48,637	3,369,832 ^[49]	

- ⁽¹⁾ Includes fees for the post of Chairman (gross annual fee €650,000) and for the post of Chairman of the Management Committee (€9,000).
- ⁽²⁾ Includes fees for the post of Vice Chairman (gross annual fee €100,000) and for membership of the Management Committee (€7,500).
- ⁽³⁾ Includes fees for the posts held in UGF Banca S.p.A. and UGF Assicurazioni S.p.A.
- ⁽⁴⁾ Includes fees for the post of Chief Executive Officer (gross annual fee €200,000) and for membership of the Management Committee (€4,500).
- ⁽⁵⁾ Includes salary, retention bonus of €100,000 and fees for the post of Chief Executive Officer of UGF Assicurazioni S.p.A. (gross annual fee €500,000).
- ⁽⁶⁾ Fees for the posts of Director and Vice Chairman (gross annual fee €50,000) of UGF Assicurazioni S.p.A.
- ⁽⁷⁾ Includes €1,500 for membership of the Fees Committee.
- ⁽⁸⁾ Includes €9,000 for membership of the Internal Audit Committee and €15,000 for membership of the Supervisory Body.
- ⁽⁹⁾ Includes €4,500 for membership of the Committee for Social Responsibility.
- ⁽¹⁰⁾ Includes €3,000 for membership of the Management Committee, not drawn but paid to Coop Adriatica S.c.a.r.l.
- ⁽¹¹⁾ Includes fees for the posts held in UGF Banca S.p.A. and UGF Assicurazioni S.p.A., not drawn but paid to Coop Adriatica S.c.a.r.l.
- ⁽¹²⁾ Includes €4,500 for membership of the Management Committee, not drawn but paid to Unicoop Tirreno S.c.a.r.l.
- ⁽¹³⁾ Includes fees for the posts held in UGF Merchant S.p.A., UGF Banca S.p.A. and UGF Assicurazioni S.p.A., not drawn but paid to Unicoop Tirreno S.c.a.r.l.
- ⁽¹⁴⁾ Includes €3,000 for membership of the Management Committee.
- ⁽¹⁵⁾ Fees for the post held in UGF Assicurazioni S.p.A.
- ⁽¹⁶⁾ Includes €1,500 for membership of the Fees Committee, not drawn but paid to P&V Assurance Sa (Belgium).
- ⁽¹⁷⁾ Includes fees for the post of Vice Chairman (gross annual fee €100,000) and for membership of the Management Committee (€9,000).
- ⁽¹⁸⁾ Fees for the posts of Director and Chairman (gross annual fee €100,000) of UGF Assicurazioni S.p.A.
- ⁽¹⁹⁾ Not drawn but paid to Manutencoop S.c.a.r.l.
- ⁽²⁰⁾ Fees for the post held in UGF Banca S.p.A., not drawn but paid to Manutencoop S.c.a.r.l.
- ⁽²¹⁾ Includes €1,500 for membership of the Fees Committee.
- ⁽²²⁾ Includes €9,000 for membership of the Internal Audit Committee, €1,500 for membership of the Committee on Transactions with Related Parties and €20,000 for the post of Chairman of the Supervisory Body.
- ⁽²³⁾ Includes €1,500 for membership of the Fees Committee.
- ⁽²⁴⁾ Fees for the post held in UGF Assicurazioni S.p.A.
- ⁽²⁵⁾ Includes €1,500 for membership of the Committee for Transactions with Related Parties.
- ⁽²⁶⁾ Includes €4,500 for membership of the Management Committee, not drawn but paid to Cooperare S.p.A.
- ⁽²⁷⁾ Fees for the post held in UGF Merchant S.p.A., not drawn but paid to Finpro Soc. Coop.
- ⁽²⁸⁾ Includes €6,000 for membership of the Management Committee, not drawn but paid to Coop Consumatori Nordest S.c.a.r.l.
- ⁽²⁹⁾ Includes fees for the posts held in UGF Banca S.p.A. and UGF Assicurazioni S.p.A., not drawn but paid to Coop Consumatori Nordest S.c.a.r.l.
- ⁽³⁰⁾ Fees for the post held in UGF Banca S.p.A.
- ⁽³¹⁾ Includes €9,000 for membership of the Committee for Social Responsibility and €1,500 for membership of the Committee for Transactions with Related Parties.
- ⁽³²⁾ Includes €6,000 for membership of the Committee for Social Responsibility.
- ⁽³³⁾ Fees for the post held in UGF Banca S.p.A.
- ⁽³⁴⁾ Includes €9,000 for membership of the Internal Audit Committee, not drawn but paid to CEFLA S.c.a.r.l.; also includes €15,000 for membership of the Supervisory Body.
- ⁽³⁵⁾ Includes €9,000 for membership of the Management Committee.
- ⁽³⁶⁾ Fees for the post held in UGF Assicurazioni S.p.A..
- ⁽³⁷⁾ Fees for the post of Chairman of the Board of Statutory Auditors of UGF Banca S.p.A.
- ⁽³⁸⁾ Includes fees for the posts of Chairman of the Board of Statutory Auditors and of the Supervisory Body of UGF Merchant S.p.A.
- ⁽³⁹⁾ Includes fees for the post of Chairman of UGF Assicurazioni S.p.A.'s Board of Statutory Auditors and, though not yet drawn, for the posts of Statutory Auditor of Arca Vita S.p.A. and Arca Assicurazioni S.p.A.
- ⁽⁴⁰⁾ Includes fees for the posts held in Unisalute S.p.A., UGF Merchant S.p.A., Linear Assicurazioni S.p.A. and BNL Vita S.p.A.
- ⁽⁴¹⁾ Includes fees for the posts held in Unisalute S.p.A., UGF Assicurazioni S.p.A., Navale Assicurazioni S.p.A., Navale Vita S.p.A. and BNL Vita S.p.A.
- ⁽⁴²⁾ Includes fees for the post of Chief Executive Officer (gross annual fee €1,675,000) and €4,500 for membership of the Management Committee.
- ⁽⁴³⁾ Reimbursement of expenses incurred in the post held in UGF.
- ⁽⁴⁴⁾ Includes €3,000 for membership of the Committee for Social Responsibility, not drawn but paid to IMA G.I.E. (France).
- ⁽⁴⁵⁾ Includes €3,000 for membership of the Internal Audit Committee.
- ⁽⁴⁶⁾ Includes fees for posts held in UGF Merchant S.p.A., UGF Assicurazioni S.p.A. and UGF Banca S.p.A.; also includes €5,770 for membership of the Supervisory Body of UGF Assicurazioni S.p.A.
- ⁽⁴⁷⁾ Fees not drawn but paid to Coopfond S.p.A.
- ⁽⁴⁸⁾ Includes fees for posts held in Nettuno Fiduciaria S.p.A., Ambra Property S.r.l., UGF Banca S.p.A., Navale Assicurazioni S.p.A., Navale Vita S.p.A., Unifimm S.r.l., Midi S.r.l., Smallpart S.p.A. and UGF Private Equity S.p.A.; also includes €1,552 for the post of Chairman of the Supervisory Body of Navale Assicurazioni S.p.A.
- ⁽⁴⁹⁾ Includes salary of €3,354,832.

During 2010 the companies in the UGF Group paid Unipol Gruppo Finanziario S.p.A. a total of €1,036,311 as a fee for the posts held in them by the Chairman, the Chief Executive Officer, the General Manager and the key managers.

In line with best practice in the financial markets and taking account of the company's and the Group's core activities, in their Meeting held on 29 April 2010 the Shareholders voted to authorise that a D&O insurance policy be taken out to cover any third-party liability that members of UGF's corporate bodies (Board of Directors, Board of Statutory Auditors) should incur should they fail to carry out the duties arising out of their posts properly. The cost of the policy for 2010 was €81,790.



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RECLASSIFIED
INCOME STATEMENT

31/12/2010

31/12/2009

Amounts in €K

1) Income from investments:			
subsidiaries	12,370		154,238
other companies	6,665		4,252
Total income from investments	19,035		158,489
2) Other financial income:			
a) from receivables classified as fixed assets		8,719	8,772
from other companies	8,719		8,772
c) from securities classified as current assets			
which are not equity investments		30,348	17,880
d) other income		5,967	33,603
from subsidiaries	3,578		3,392
from others	2,389		30,212
Total other financial income	45,033		60,256
3) Interest and other financial charges:			
subsidiaries	(6,558)		(1,202)
parents	(6,699)		(3,618)
other companies	(46,191)		(63,112)
Total interest and other financial charges	(59,448)		(67,933)
Exchange rate gains (losses)		(271)	(29)
NET FINANCIAL INCOME	4,349		150,784
4) Write-backs:			
a) investments	76		8,209
c) securities classified as current assets			
which are not equity investments	9,065		23,802
Total write-backs	9,140		32,011
5) Write-downs:			
a) investments	(2,376)		(602)
c) securities classified as current assets			
which are not equity investments	(43,611)		(4,941)
Total write-downs	(45,987)		(5,543)
TOTAL ADJUSTMENTS	(36,846)		26,467
6) Other operating income	33,196		64,246
TOTAL OTHER OPERATING INCOME	33,196		64,246
7) Non-financial services	(22,542)		(36,143)
8) Use of third party assets	(3,053)		(5,440)
9) Personnel expenses	(43,830)		(58,551)
10) Amortisation, depreciation and write-downs	(5,396)		(15,094)
12) Other provisions	(135)		(775)
13) Other operating costs	(5,710)		(5,100)
TOTAL OTHER OPERATING COSTS	(80,666)		(121,104)
OPERATING PROFIT/(LOSS)	(79,967)		120,393
14) Extraordinary income:			
a) Gains on sale of assets	23		22
b) Other income	3,970		9,199
Total extraordinary income	3,993		9,222
15) Extraordinary expense:			
a) Losses on sale of assets	-		(149)
b) Taxation from previous years	(9,800)		-
c) Other expense	(714)		(10,190)
Total extraordinary charges	(10,514)		(10,339)
NET EXTRAORDINARY INCOME (EXPENSE)	(6,521)		(1,118)
PRE-TAX PROFIT/(LOSS)	(86,489)		119,275
16) Income taxes	22,835		9,544
17) NET PROFIT/(LOSS) FOR THE YEAR	(63,653)		128,819

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009 AND 2010

Amounts in €K	Share capital	Equity reserves and retained earnings							Profit (loss) for the year	Total
		Share premium reserve	Revaluation reserve	Legal reserve	Own and parent shares	Reserve for own shares in portfolio	Extraordinary reserve	Other reserves		
BALANCES AT 31 DECEMBER 2008	2,391,426	1,051,879	20,701	478,285	144,948	52	222,660	23,815	(2,873)	4,330,893
Resolutions passed by the Shareholders' Meeting of 22/04/2009:										
Loss coverage for 2008										
- reserve as per former Article 2426, 8 bis of the Italian Civil Code	-	-	-					(2,106)	2,106	-
- reserve as per Regional Law 46 of 12/04/1967, Sicily								(326)	326	-
- merger reserve								(22)	22	-
- conversion warrant reserve								(314)	314	-
- share exchange reserve								(106)	106	-
Reserve for own shares/ Parents' shares in portfolio					8	(8)				-
Profit (loss) for 2009	-								128,819	128,819
BALANCES AT 31 DECEMBER 2009	2,391,426	1,051,879	20,701	478,285	144,956	44	222,660	20,941	128,820	4,459,712
Resolutions passed by the Shareholders' Meeting of 29/04/2010:										
Profit allocation for 2009										
- extraordinary reserve	-	-	-				28,422		(28,422)	-
- shareholders' dividends									(100,397)	(100,397)
Increase in share capital	307,469	92,955							-	400,424
Reserve for own shares/ Parent's shares in portfolio					(8)	(44)	52			-
Profit (loss) for 2010	-								(63,653)	(63,653)
BALANCES AT 31 DECEMBER 2010	2,698,895	1,144,834	20,701	478,285	144,948	-	251,135	20,941	(63,653)	4,696,086

STATEMENT OF USAGE AND AVAILABILITY
OF EQUITY RESERVES

Amounts in €K

Type/description	Amount	Possible use ⁽¹⁾	Available portion	Use in the past three years	
				to cover losses	for other reasons
Equity-related reserves					
Revaluation reserve	1,144,834	A, B	1,144,834 ^(a)		815,715 ⁽¹⁾
Legal reserve	365,499 ^(b)	B	0		
Extraordinary reserve	222,712 ^(b)	A, B	222,712		
Reserve for the acquisition of own shares	99,948 ^(b)	A, B	99,948		
Reserve for the acquisition of shares in the parent	45,000 ^(b)	A, B	45,000		
Revaluation reserve under Law 413/1991	14,762	A, B, C	14,762 ^(c)		
Reserve for property revaluation	5,939	A, B, C	5,939 ^(c)		
Share exchange reserve (former revaluation under Law 413/91)	18,316	A, B, C	18,316 ^(c)		
Share exchange reserve	1,160 ^(b)	A, B	1,160		
Share exchange reserve	1,466	A, B, C	1,466 ^(c)	106 ⁽²⁾	
Reserve as per Regional Law 46 of 12/04/1967, Sicily	0			326 ⁽²⁾	
Merger reserve	0			22 ⁽²⁾	
Conversion warrant reserve	0			314 ⁽²⁾	
Income-related reserves					
Legal reserve	112,787	B	0		
Extraordinary reserve	28,422	A, B, C	28,422		
Reserve under Article 2426 of the Italian Civil Code, 8 bis	0			2,106 ⁽²⁾	
Total	2,060,844		1,582,559		
Non-distributable portion			81,971 ^(d)		
Distributable portion			1,500,588		

⁽¹⁾ A: for share capital increase
B: to cover losses
C: dividends

^(a) To be distributed only when the legal reserve reaches the limit provided for by Article 2430 of the Italian Civil Code

^(b) Transfer from the share premium reserve

^(c) Taxable in the event of distribution within the company and to shareholders

^(d) Represents start-up and capital costs and advertising not yet amortised and the remaining accruals to the legal reserves up to one fifth of the share capital as provided for by Article 2430 of the Italian Civil Code

⁽¹⁾ Distribution of supplementary dividend in 2007

⁽²⁾ To cover loss in 2008

STATEMENT OF CASH FLOWS
FOR 2010

2010

2009

Amounts in €K

	2010	2009
SOURCE OF FUNDS		
Cash flow from operating activities		
Net profit (loss) for the year	(63,653)	128,819
Depreciation/amortisation of tangible and intangible fixed assets	5,396	15,089
Adjustments to other financial assets	36,846	(28,301)
Increase (decrease) in net tax payables	(1,015)	(1,654)
Increase (decrease) in net deferred tax liabilities	1,073	(3,883)
Accruals to the provision for risks and charges	9,486	4,693
Increase (decrease) in employees' leaving entitlement	(1,676)	(0)
Decrease (increase) in prepayments and accrued income	2,515	(16,877)
Increase (decrease) in accrued expenses and deferred income	38,573	(10,459)
Other items	(2,028)	0
Total cash flow from operating activities	25,518	87,427
Other source of funds		
Disposal of tangible and intangible fixed assets	26	38
Disposal of investments classified under fixed assets	-	0
Disposal and repayment of other financial fixed assets	857	26,379
Decrease in receivables classified under current assets	432,537	474
Decrease in financial assets recorded under current assets	21,702	41,766
Increase in payables	-	504,659
Share capital increase	400,424	-
Total other source of funds	855,546	573,316
TOTAL SOURCES	881,065	660,743
APPLICATION OF FUNDS		
Increase in tangible and intangible fixed assets	20,586	17,250
Increase in investments classified under fixed assets	505,254	201,783
Increase in other financial fixed assets	-	0
Increase in receivables classified under current assets	22,437	319,116
Increase in financial assets classified under current assets	381,958	2,089
Use of provision for risks and charges	1,996	2,157
Other application of funds	-	355
Liquidity contributed	-	131
Decrease in payables	56,735	-
Dividends paid	100,397	-
TOTAL APPLICATION OF FUNDS	1,089,362	542,882
Increase (decrease) in liquid funds	(208,298)	117,861
TOTAL	881,065	660,743
Liquid funds at the start of the year	534,755	416,894
Liquid funds at the end of the year	326,458	534,755

STATEMENT OF CHANGES
IN INTANGIBLE FIXED ASSETS

Amounts in €K

	At 1 January		
	Historic cost	Amortisation charge	Net book value at 31/12/2009
Start-up and capital costs	67,834	(67,802)	32
Research, development and advertising costs	10,475	(880)	9,595
Concessions, licences, trademarks and similar rights	2	(0)	2
Assets under development and payments on account	999		999
Other	1,629	(1,132)	496
TOTAL	80,937	(69,814)	11,123

STATEMENT OF CHANGES
IN TANGIBLE FIXED ASSETS

Amounts in €K

	At 1 January		
	Historical cost	Accumulated depreciation	Net book value at 31/12/2009
Land and buildings			
Plant and machinery	841	(776)	66
Other assets	880	(282)	598
TOTAL	1,721	(1,058)	664

APPENDIX 5

Movements during the year						At 31 December		
Historical cost			Accumulated amortisation			Historical cost	Amortisation charge	Net book value at 31/12/2010
Increases	Decreases		Increases	Decreases				
Purchases	Sales	Contribution	Per annum	Sales	Contribution			
9,218		(67,834)	(834)		67,834	9,218	(802)	8,416
6,678			(4,211)			17,153	(5,091)	12,061
			(0)			2	(0)	1
3,602						4,600		4,600
542		(1,088)	(249)		1,088	1,083	(292)	790
20,040		(68,922)	(5,294)		68,922	32,055	(6,186)	25,869

APPENDIX 6

Movements during the year								At 31 December		
Historical cost				Accumulated depreciation				Historical cost	Accumulated depreciation	Net book value at 31/12/2010
Increases	Decreases			Increases	Decreases					
Purchases	Other incoming transfers	Sales	Other outgoing transfers	Per annum	Other incoming transfers	Sales	Other outgoing transfers			
28								28		28
25		(25)	(801)	(31)	777	24		41	(5)	35
493	801	(114)		(70)		87	(777)	2,060	(1,042)	1,018
546	801	(138)	(801)	(102)		112		2,129	(1,048)	1,081

STATEMENTS OF CHANGES IN INVESTMENTS IN GROUP COMPANIES
AND OTHER INVESTMENTS: SHARES AND QUOTAS

Amounts in €K

Company name	Book value at 31/12/2009	
	Quantity	Value
UGF Assicurazioni S.p.A.	150,300,000	2,936,345
Arca Vita S.p.A.		
Compagnia Assicuratrice Linear S.p.A.	19,300,000	45,507
Unipol Sgr S.p.A.	5,000,000	5,550
Navale Assicurazioni S.p.A.	96,089,716	176,676
Unisalute S.p.A.	17,234,243	31,570
UGF Banca S.p.A.	612,748,217	800,841
BNL Vita S.p.A.	16,320,000	269,394
Ambra Property S.r.l.	1	20,495
Total subsidiaries	916,992,177	4,286,378
TOTAL B.III.1)	916,992,177	4,286,378

Increases during the year				Decreases during the year				Book value at 31/12/2010	
For purchases		Other		For sales		Other		Quantity	Value
Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
			100,000					150,300,000	3,036,345
9,000,000	275,698		33,610					9,000,000	309,308
								19,300,000	45,507
								5,000,000	5,550
1,236	3		95,000					96,090,952	271,679
8,750	43							17,242,993	31,613
								612,748,217	800,841
						(16,320,000)	(269,394)		
			900					1	21,395
9,009,986	275,744		229,510			(16,320,000)	(269,394)	909,682,163	4,522,237
9,009,986	275,744		229,510			(16,320,000)	(269,394)	909,682,163	4,522,237

[in accordance with Article 126
of CONSOB Resolution 11971
of 14/5/1999]

STATEMENT OF INVESTMENTS EXCEEDING 10% AT 31 DECEMBER 2010

Company name	Registered office	Held			Total % held ^[2]
		Dir.	Ind.	Through	
UGF Assicurazioni S.p.A. Compagnia Assicuratrice	Bologna	100.00%			100.00%
Linear S.p.A.	Bologna	100.00%			100.00%
Unipol SGR S.p.A.	Bologna	100.00%			100.00%
Ambra Property S.r.l.	Bologna	100.00%			100.00%
Navale Assicurazioni S.p.A.	Milan	99.83%			99.83%
Unisalute S.p.A.	Bologna	98.53%			98.53%
UGF Banca S.p.A.	Bologna	67.74%	32.26%	UGF Assicurazioni S.p.A.	100.00%
Arca Vita S.p.A.	Verona	60.00% ^[1]			60.00%
BNL Vita S.p.A.	Milan	51.00%			51.00%
A.P.A. S.p.A.	Parma		46.50%	Smallpart S.p.A.	46.50%
Acacia 2000 S.r.l.	Milan		15.00%	UGF Assicurazioni S.p.A.	15.00%
Agefin S.p.A.	Bologna		19.90%	UGF Banca S.p.A.	19.90%
Arca Assicurazioni S.p.A.	Verona		96.99%	Arca Vita S.p.A.	96.99%
Arca Direct Assicurazioni S.r.l.	Verona		100.00%	Arca Vita S.p.A.	100.00%
Arca Inlinea S.c.a.r.l.	Verona		60.22%	Arca Vita S.p.A.	
			39.78%	Arca Assicurazioni S.p.A.	100.00%
Arca Sistemi S.c.a.r.l.	Verona		82.03%	Arca Vita S.p.A.	
			16.97%	Arca Assicurazioni S.p.A.	
			1.00%	Arca Inlinea Scarl	
Arca Vita International Ltd	Ireland		100.00%	Arca Vita S.p.A.	100.00%
Assicoop Ferrara S.p.A.	Ferrara		47.40%	Smallpart S.p.A.	47.40%
Assicoop Firenze S.p.A.	Florence		44.00%	Smallpart S.p.A.	44.00%
Assicoop Imola S.p.A.	Imola (BO)		47.33%	Smallpart S.p.A.	47.33%
Assicoop Modena S.p.A.	Modena		43.32%	Smallpart S.p.A.	43.32%
Assicoop Ravenna S.p.A.	Ravenna		49.00%	Smallpart S.p.A.	49.00%
Assicoop Romagna S.p.A.	Forlì		49.00%	Smallpart S.p.A.	49.00%
Assicoop Sicura S.p.A.	Bologna		40.21%	Smallpart S.p.A.	40.21%
Assicoop Siena S.p.A.	Siena		49.00%	Smallpart S.p.A.	49.00%
Assicura S.p.A.	Reggio Emilia		35.00%	Smallpart S.p.A.	35.00%
Atlantis Vida s.a.	Spain		12.50%	UGF Assicurazioni S.p.A.	12.50%
B&A Broker S.p.A.	Milan		28.57%	Arca Vita S.p.A.	28.57%
Campuscertosa S.r.l.	Milan		49.02%	UGF Banca S.p.A.	49.02%
Euresa Holding s.a.	Luxembourg		25.00%	UGF Assicurazioni S.p.A.	25.00%
Euromilano S.p.A.	Milan		20.00%	UGF Assicurazioni S.p.A.	20.00%
F.im.par.co. S.p.A.	Carpi (MO)		27.32%	UGF Merchant S.p.A.	27.32%
Fl.BO. Finanziaria Bolognese S.p.A.	Bologna		18.95%	Smallpart S.p.A.	18.95%
Finabita S.p.A.	Rome		14.96%	UGF Merchant S.p.A.	14.96%
Holcoa S.p.A.	Rome		20.00%	UGF Merchant S.p.A.	20.00%
Hotel Villaggio Città del Mare S.p.A. in liquidazione	Terrasini (PA)		49.00%	UGF Assicurazioni S.p.A.	49.00%
ISI Insurance S.p.A.	Verona		50.00%	Arca Vita S.p.A.	50.00%
ISI Insurance Direct S.r.l.	Rome		100.00%	ISI Insurance S.p.A.	100.00%
Midi S.r.l.	Bologna		100.00%	UGF Assicurazioni S.p.A.	100.00%
Navale Vita S.p.A.	Rome		100.00%	Navale Assicurazioni S.p.A.	100.00%
Nettuno Fiduciaria S.r.l.	Bologna		100.00%	UGF Banca S.p.A.	100.00%
Omega 2004 S.p.A. in liquidazione	Verona		90.00%	Arca Vita S.p.A.	90.00%
Pegaso Finanziaria S.p.A.	Bologna		45.00%	Smallpart S.p.A.	45.00%
Promorest S.r.l.	Castenaso (BO)		48.92%	UGF Merchant S.p.A.	48.92%
Protos SOA S.p.A.	Rome		10.59%	Smallpart S.p.A.	10.59%
SCS Azioninova S.p.A.	Bologna		40.00%	UGF Merchant S.p.A.	40.00%
Smallpart S.p.A.	Bologna		100.00%	UGF Assicurazioni S.p.A.	100.00%
Syneteristiki Insurance s.a.	Greece		16.89%	UGF Assicurazioni S.p.A.	16.89%
Uci S.c.a.r.l.	Milan		12.45%	UGF Assicurazioni S.p.A.	
			1.29%	Navale Assicurazioni S.p.A.	13.74%
UGF Merchant S.p.A.	Bologna		86.18%	UGF Banca S.p.A.	86.18%
UGF Assistance S.r.l.	Bologna		100.00%	Unisalute S.p.A.	100.00%
UGF Leasing S.p.A.	Bologna		100.00%	UGF Banca S.p.A.	100.00%
UGF Private Equity SGR S.p.A.	Bologna		100.00%	UGF Banca S.p.A.	100.00%
Unagro S.p.A.	Ravenna		35.71%	UGF Merchant S.p.A.	35.71%
Unicard S.p.A.	Milan		53.39%	UGF Banca S.p.A.	53.39%
Unifimm S.r.l.	Bologna		100.00%	UGF Assicurazioni S.p.A.	100.00%
Unipol Fondi LTD	Ireland		100.00%	UGF Banca S.p.A.	100.00%
Vivium S.A.	Belgium		13.88%	UGF Assicurazioni S.p.A.	13.88%

^[1] Arca Vita S.p.A. holds 1.91%
of treasury shares.

^[2] All investments listed above are
held as owners.

LIST OF SHARES AND SECURITIES INCLUDED
IN CURRENT ASSETS AT 31/12/2010

Amounts in €K

ISIN Code	Description	Number of share/quotas at 31/12/2010	Book value at 31/12/2010	Present value at 31/12/2010	Write- downs	Type
IT0003506190	Atlantia Autostrade Spa ord	420,000	6,434	6,434	(719)	Listed Italian shares
GB0007980591	Bp Plc Com	200,000	1,073	1,073	(36)	Listed foreign shares
DE000ENAG999	E.on (ex Veba)	300,000	6,789	6,789	(1,450)	Listed foreign shares
NL0000009082	Kpn Koninklijke Nv ord	150,000	1,648	1,648	(170)	Listed foreign shares
IT0003990402	Lottomatica Spa ord.	475,000	4,457	4,457	(1)	Listed Italian shares
FR0000120271	Total ord.	350,000	13,859	13,859	-	Listed foreign shares
	Total listed shares	1,895,000	34,259	34,259	(2,376)	
unipwcs9215	Banca di Rimini	1	0	0	-	Unlisted Italian shares
unipwcs13500	Equinox Two S.C.A. A shares	20	15	15	(0)	Unlisted foreign shares
unipwcs13501	Equinox Two S.C.A. R shares	1,415	1,883	1,883	(0)	Unlisted foreign shares
	Total unlisted shares and funds	1,436	1,898	1,898	(0)	
ISIN Code	Description	Nominal amount at 31/12/2010	Book value at 31/12/2010	Present value at 31/12/2010	Write- downs	Type
XS0298329516	MONTE PASCHI FRN 09/05/14	5,000,000	4,736	4,736	(144)	Other listed debt securities
XS0291642154	AIG 4.875% 15/03/17-67	10,000,000	7,802	7,802	-	Other listed debt securities
XS0542522692	ATLANTIA 3.375% 18/09/2017	2,000,000	1,892	1,892	(98)	Other listed debt securities
XS0222841933	B POP MILANO 29/06/10-15 FRN	4,000,000	3,749	3,749	(238)	Other listed debt securities
PTBERLOM0017	B.CO ESPIRITO SANTO 08/05/13 FRN	4,000,000	3,168	3,168	(718)	Other listed debt securities
XS0548105559	BAA FUNDING LTD 4.125% 12/10/2016	1,500,000	1,477	1,477	(21)	Other listed debt securities
XS0545597048	BANCA POP VICENZA FRN 05/10/2012	5,000,000	4,961	4,961	(39)	Other listed debt securities
XS0272309385	BANCA POP VR NO 15/11/21 CMS	85,000,000	64,972	64,972	(12,200)	Other listed debt securities
ES0213770011	BANCO PASTOR 11/06/14-49 FRN	1,800,000	1,130	1,130	-	Other listed debt securities
XS0555834984	BANCO POPOLARE 6% 05/11/2020	2,000,000	1,862	1,862	(131)	Other listed debt securities
XS0530879658	BANK OF AMERICA 4.625% 07/08/2017	3,000,000	2,858	2,858	(128)	Other listed debt securities
XS0531068897	BBVA SENIOR FINANCE 3.875% 06/08/2015	4,000,000	3,850	3,850	(146)	Other listed debt securities
XS0563730984	BFCM 3.75% 26/01/2018	3,000,000	2,907	2,907	(90)	Other listed debt securities
FR0010921544	BPCE 3.75& 21/07/2017	5,000,000	4,924	4,924	(71)	Other listed debt securities
XS0563159184	CITIGROUP 4% 26/11/2015	3,000,000	2,964	2,964	(20)	Other listed debt securities
FR0010941484	CNP ASSURANCES VAR 14/09/20-40	2,500,000	2,362	2,362	(138)	Other listed debt securities
DE000CZ226Y9	COMMERZBANK AG 3.875% 22/03/2017	3,000,000	2,981	2,993	-	Other listed debt securities
XS0559434351	DELTA LLOYD 4.25% 17/11/2017	2,500,000	2,444	2,444	(48)	Other listed debt securities
XS0253995368	FIAT 5.625% 15/11/11	2,000,000	2,037	2,040	-	Other listed debt securities
XS0300975306	GOLDMAN S 18/05/15 FRN	2,000,000	1,852	1,852	-	Other listed debt securities
XS0284728465	GOLDMAN S 30/01/17 FRN	15,000,000	13,522	13,522	-	Other listed debt securities
XS0494996043	GOLDMAN SACHS 4.375% 16/03/2017	2,000,000	1,972	1,972	(17)	Other listed debt securities
XS0541620901	HANNOVER FIN. 5.75% 14/09/20-40	1,000,000	935	935	(65)	Other listed debt securities
XS0221011454	HANNOVER RE 5% 01/06/15-49	7,587,000	6,556	6,556	-	Other listed debt securities
XS0292269544	HBOS 21/03/12-17 FRN	1,000,000	832	832	-	Other listed debt securities
XS0526606537	HSBC BANK 4% 15/01/2021	3,500,000	3,405	3,405	(92)	Other listed debt securities
USG4672JAA81	HUTCH WHA FIN 10 VAR 15-49 PERP/CALL	3,000,000	2,215	2,215	(30)	Other listed debt securities
XS0548801207	IBERDROLA FIN SA 3.5% 13/10/2016	3,000,000	2,867	2,867	(129)	Other listed debt securities
XS0300196879	INTESA SAN PAOLO FRN 18/05/17	4,000,000	3,632	3,632	(202)	Other listed debt securities
XS0527072937	KBC IFIMA FRN 19/07/2013	4,000,000	4,000	4,020	-	Other listed debt securities
XS0459090931	LBG CAPITAL LLOYDS FLOAT 12/03/20	12,000,000	8,520	8,520	-	Other listed debt securities
XS0287044969	LEHMAN 4.625% 14/03/14-19	7,500,000	-	-	-	Other listed debt securities
XS0550541691	LLOYDS TSB BANK 3.375% 20/04/2015	3,000,000	2,878	2,878	(117)	Other listed debt securities
XS0497187640	LLOYDS TSB BANK 6.5% 24/03/2020	1,000,000	930	930	(67)	Other listed debt securities
XS0543111768	MACQUARIE BK 6% 21/09/2020	3,000,000	2,717	2,717	(276)	Other listed debt securities
XS0394518327	MEDIOBANCA FRN 22/10/10-15	10,000,000	9,810	9,876	-	Other listed debt securities
XS0281902550	MERRILL L 30/01/17 FRN	10,000,000	9,098	9,098	-	Other listed debt securities
XS0267827169	MERRILL L 14/09/18 FRN	15,000,000	11,455	11,455	(609)	Other listed debt securities
XS0302633598	MERRILL LYNCH 05/14	9,000,000	8,286	8,286	-	Other listed debt securities
XS0503326083	MONTE DEI PASCHI 5% 21/04/2020	2,000,000	1,867	1,867	(88)	Other listed debt securities
XS0250971222	MORGAN ST 13/04/16 FRN	4,600,000	4,135	4,135	-	Other listed debt securities
XS0531922465	MORGAN STANLEY 5.375% 10/08/2020	3,000,000	2,868	2,868	(127)	Other listed debt securities
XS0540544912	MPS 5.6% 09/09/2020	6,000,000	5,878	5,878	(64)	Other listed debt securities
XS0550862063	MPS FRN 19/10/2012	4,000,000	3,943	3,943	(50)	Other listed debt securities

LIST OF SHARES AND SECURITIES INCLUDED IN CURRENT ASSETS AT 31/12/2010

(continued)

Amounts in €K

ISIN Code	Description	Nominal amount at 31/12/2010	Book value at 31/12/2010	Present value at 31/12/2010	Write-downs	Type
XS0527239221	NATIONWIDE BLDG 6.75% 22/07/2020	4,000,000	3,767	3,767	(208)	Other listed debt securities
FR0010239400	NATIXIS 21/01/11-16	5,000,000	4,838	4,881	-	Other listed debt securities
XS0480724961	NOMURA BANK INT VAR 16/02/2017	8,000,000	7,923	8,176	-	Other listed debt securities
FR0010956771	ODDO & CIE 4.125% 29/10/2013	2,000,000	1,997	1,997	(0)	Other listed debt securities
XS0540216669	POHJOLA BANK PLC 3% 08/09/2017	3,000,000	2,867	2,867	(121)	Other listed debt securities
XS0545097742	RED ELECTRICA 3.5% 07/10/2016	1,000,000	979	979	(15)	Other listed debt securities
XS0195231526	ROYAL BK OF SCOTLAND 03/07/14-49 FRN	10,600,000	7,337	7,337	-	Other listed debt securities
XS0531257193	SANTANDER INTL 3.50% 12/08/2014	4,000,000	3,849	3,849	(144)	Other listed debt securities
XS0552177858	SANTANDER INTNL FRN 27/10/2013	2,000,000	1,950	1,950	(50)	Other listed debt securities
XS0552743048	SNS BANK 6.25% 26/10/2020	5,000,000	4,348	4,348	(624)	Other listed debt securities
XS0205875395	SOC LLOYDS 5.625% 17/11/14-24	5,000,000	4,910	4,910	-	Other listed debt securities
XS0551556409	SPAREBANK1 SR 3.5% 21/04/2016	1,000,000	982	982	(15)	Other listed debt securities
XS0276889937	STANDARD CHARTERED 28/03/13-18 FRN	8,500,000	7,927	7,927	-	Other listed debt securities
XS0486101024	TELECOM ITALIA 5.25% 10/02/2022	1,250,000	1,204	1,204	(38)	Other listed debt securities
XS0556404837	UBI BANCA FRN 05/11/2012	5,000,000	4,951	4,951	(40)	Other listed debt securities
XS0526073290	UBS AG LONDON 3.5% 15/07/2015	3,500,000	3,487	3,509	-	Other listed debt securities
XS0527624059	UNICREDIT INTL BANK 9.375% 21/07/20-49	6,000,000	5,759	5,759	(241)	Other listed debt securities
XS0231436238	UNICREDITO 4.028% 27/10/15-49	5,000,000	3,710	3,710	-	Other listed debt securities
Total listed debt securities		364,337,000	310,034	310,453	(17,662)	
IT0004604671	BTP 2.1% 15/09/2021 Inf/L	10,000,000	9,409	9,409	(454)	Listed Italian government bonds
IT0004634132	BTP 3.75% 01/03/2021	55,000,000	51,440	51,440	(3,485)	Listed Italian government bonds
IT0004644735	BTP 4.5% 01/03/2026	35,000,000	33,568	33,568	(1,833)	Listed Italian government bonds
IT0004623036	CASSA DEP PREST FRN 13/07/2012	18,000,000	17,916	17,916	(84)	Listed Italian government bonds
IT0004652175	CCT 15/10/2010-2017	30,000,000	29,032	29,032	(906)	Listed Italian government bonds
IT0004620305	CCT 15/12/2015	30,000,000	29,574	29,574	(458)	Listed Italian government bonds
GR0338002547	HELLENIC REP. 2.30% 25/07/2030 Inf/L	25,000,000	13,186	13,186	(6,119)	Listed Italian government bonds
IE00B28HXX02	IRISH GOVT 4.50% 18/10/2018	5,000,000	3,963	3,963	(1,062)	Listed Italian government bonds
IE00B60Z6194	IRISH GOVT 5% 18/10/2020	5,000,000	3,872	3,872	(1,118)	Listed Italian government bonds
IE00B4TV0D44	IRISH GOVT 5.4% 13/03/2025	30,000,000	22,437	22,437	(7,147)	Listed Italian government bonds
PTOTE6OE0006	PORTUGAL OTMP 4.20% 15/10/16	25,000,000	23,059	23,059	(1,554)	Listed Italian government bonds
PTOTE0OE0017	PORTUGAL OTMP 3.60% 15/10/14	10,000,000	9,455	9,455	(566)	Listed Italian government bonds
XS0210314299	REP. OF POLAND 4.2% 15/04/2020	3,000,000	2,960	2,960	(50)	Listed Italian government bonds
Total listed government bonds		281,000,000	249,872	249,872	(24,836)	
TOTAL CURRENT SHARES AND SECURITIES		647,233,436	596,063	596,481	(44,874)	

STATEMENT OF TEMPORARY DIFFERENCES
THAT LED TO DEFERRED TAXES BEING RECORDED

Amounts in €K

ASSETS	2009			Increases		Decreases		2010		
	Taxable amount	Fiscal effect	Tax rate	Taxable amount	Fiscal effect ⁽¹⁾	Taxable amount	Fiscal effect ⁽¹⁾	Taxable amount	Fiscal effect ⁽¹⁾	Tax rate ⁽¹⁾
Unrealised losses on investments under current assets until 2007	21,475	5,906	27.50%	18,627	5,123	25,619	7,045	14,484	3,983	27.50%
Excess amortisation/depreciation	936	257	27.50%	42	12	972	267	7	2	27.50%
Unpaid professional fees	467	128	27.50%			467	128			
Accruals for personnel expenses	8,684	2,388	27.50%	280	77	1,902	523	7,062	1,942	27.50%
Provision for bad debts	216	59	27.50%					216	59	27.50%
Provision for future charges	3,496	962	27.50%	228	63	821	226	2,903	798	27.50%
Entertainment expenses	198	54	27.50%	108	30	159	44	147	41	27.50%
Other	0	0	27.50%	825	227	825	227			
Unrealised losses on investments under current assets until 2007	9	0	4.82%			9	0			
Excess amortisation/depreciation	935	45	4.82%			919	44	15	1	4.82%
Entertainment expense	107	5	4.82%			68	3	39	2	4.82%
TOTAL	36,522	9,805		20,111	5,531	31,760	8,508	24,873	6,828	

LIABILITIES	2009			Increases		Decreases		2010		
	Taxable amount	Fiscal effect	Tax rate	Taxable amount	Fiscal effect ⁽¹⁾	Taxable amount	Fiscal effect ⁽¹⁾	Taxable amount	Fiscal effect ⁽¹⁾	Tax rate ⁽¹⁾
5-year instalments of gains on investments residential dwellings	22	6	27.50%			22	6			
property for own use	438	120	27.50%			438	120			
Dividends for the period	7,001	1,925	27.50%	613	169	7,001	1,925	613	169	27.50%
5-year instalments of gains on property for own use	438	21	4.82%			438	21			
TOTAL	7,898	2,073		613	169	7,898	2,073	613	169	

⁽¹⁾ 27.5% IRES and 4.82% IRAP.

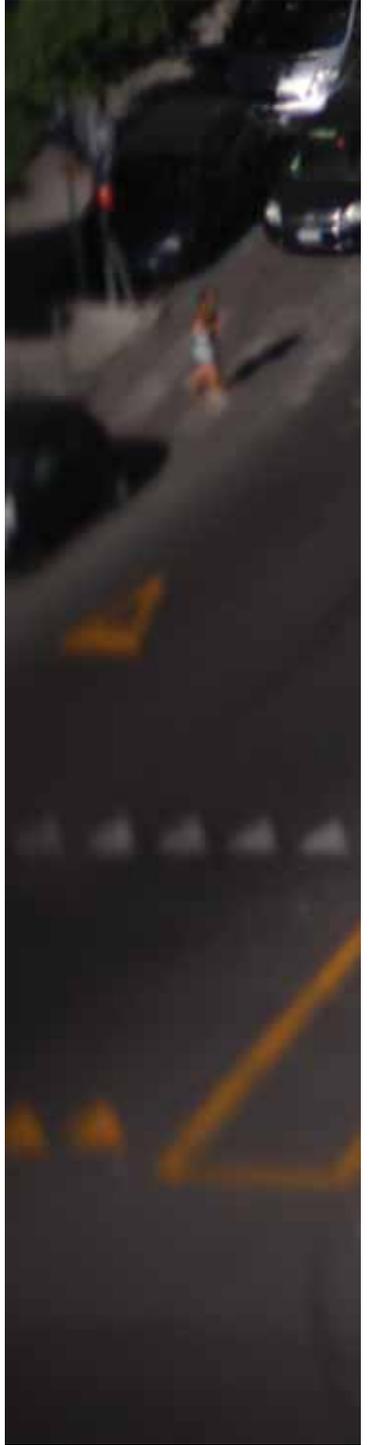
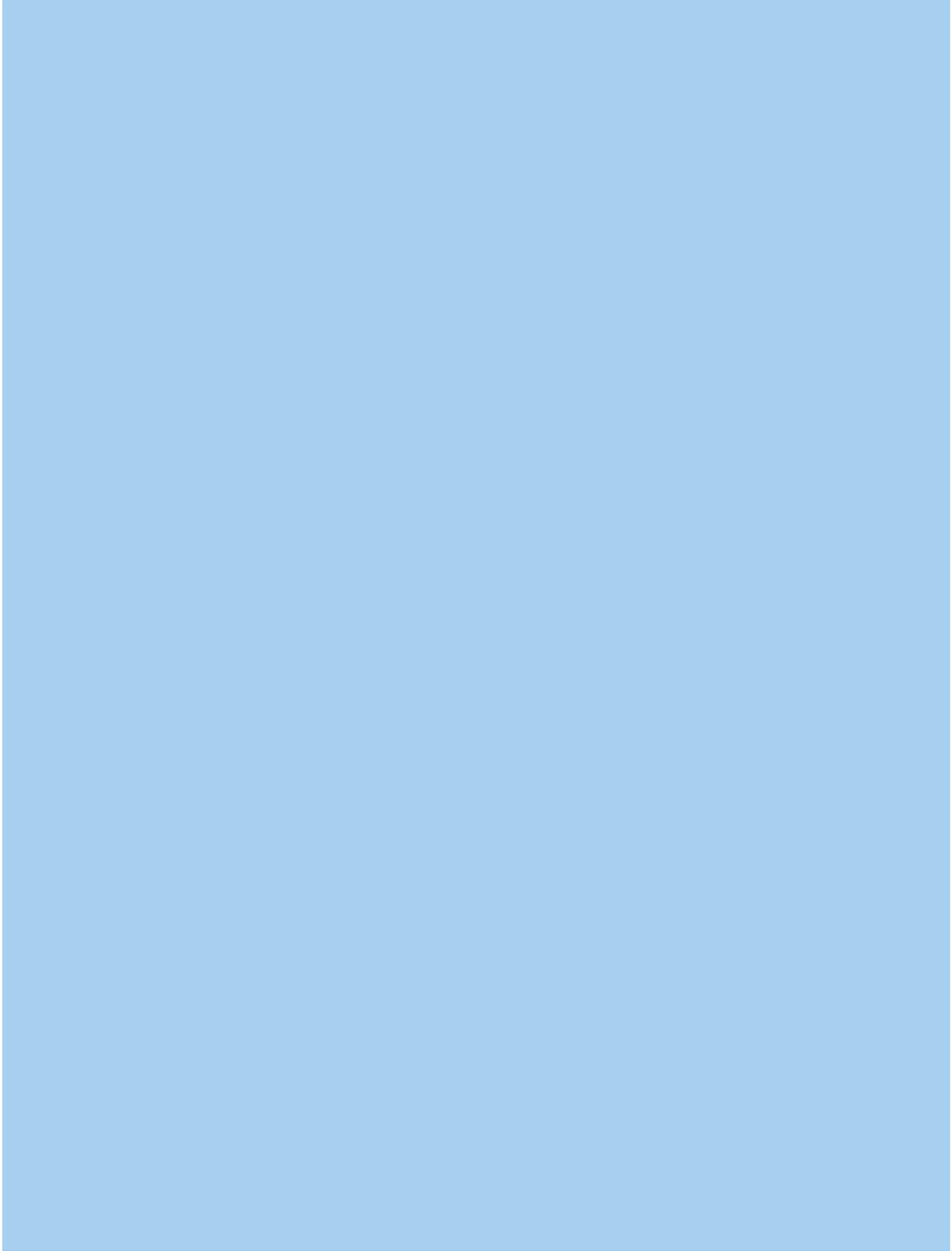
**INFORMATION ON INDEBTEDNESS:
SHORT, MEDIUM AND LONG TERM**

31/12/2010

31/12/2009

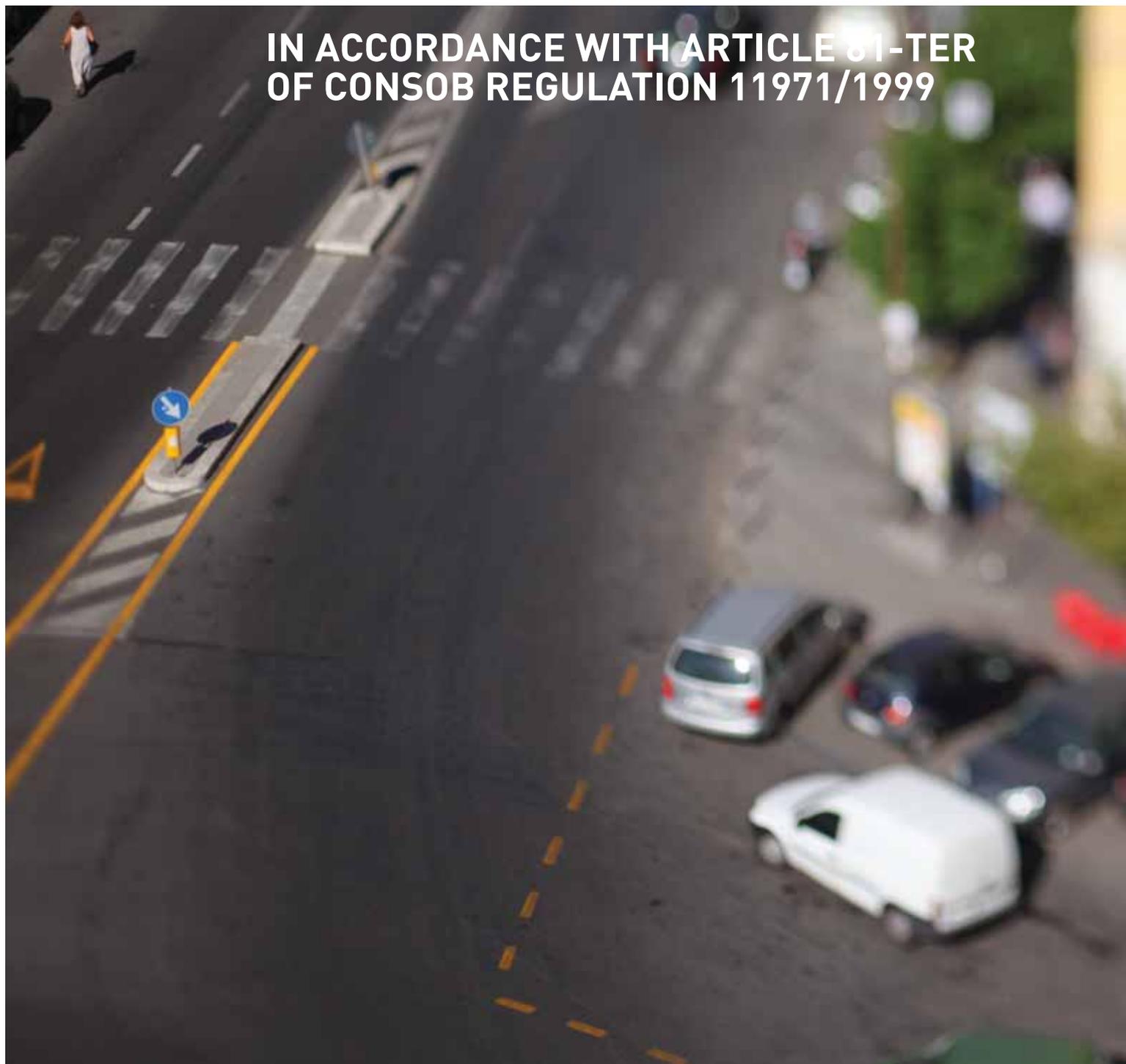
Amounts in €K

A Cash		11		16
B Other liquid funds		326,447		534,739
- including subsidiaries	326,440		532,832	
- including others	6		1,907	
C Securities held for trading		872,325		274,808
D Liquid assets (A) + (B) + (C)		1,198,783		809,563
E Current financial receivables				300,000
G Current portion of non-current indebtedness		(44,124)		(6,873)
H Other current financial payables		(268,785)		(305,785)
I Current financial indebtedness (F) + (G) + (H)		(312,909)		(312,658)
J Net current financial indebtedness (I) - (E) - (D)		885,873		796,905
L Bonds issued		(925,000)		(925,000)
N Non-current financial indebtedness (K) + (L) + (M)		(925,000)		(925,000)
O Net financial indebtedness (J) + (N)		(39,127)		(128,095)



STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS

**IN ACCORDANCE WITH ARTICLE 81-TER
OF CONSOB REGULATION 11971/1999**





**STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS
IN ACCORDANCE WITH ARTICLE 81-ter OF CONSOB REGULATION 11971 OF 14
MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS**

1. The undersigned Carlo Cimbri, in his capacity as Chief Executive Officer, and Maurizio Castellina, in his capacity as Manager in charge of financial reporting of Unipol Gruppo Finanziario S.p.A., hereby declare that, under the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998, the administrative and accounting procedures applied in drawing up the 2010 financial statements
 - were appropriate for the type of business concerned and
 - were properly applied.
2. The suitability of the administrative and accounting procedures for drawing up the consolidated financial statements at 31 December 2010 was assessed using a process laid down by Unipol Gruppo Finanziario S.p.A. that is based on the COSO Framework (Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organisations of the Tradedway Commission), which is unanimously recognised as the standard for the implementation and assessment of internal control systems.
3. They also represent that:
 - 3.1. the financial statements for the year ended 31 December 2010:
 - were drawn up in conformity with the provisions of the Italian Civil Code and the national accounting standards approved by the Italian Accountancy Organisation (OIC).
 - correspond to the information recorded in the books and accounting records;
 - give a true and fair view of the financial position and operations of the issuer;
 - 3.2. the management report includes a reliable analysis of the performance, the results and the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Bologna, 24 March 2011

The Chief Executive Officer

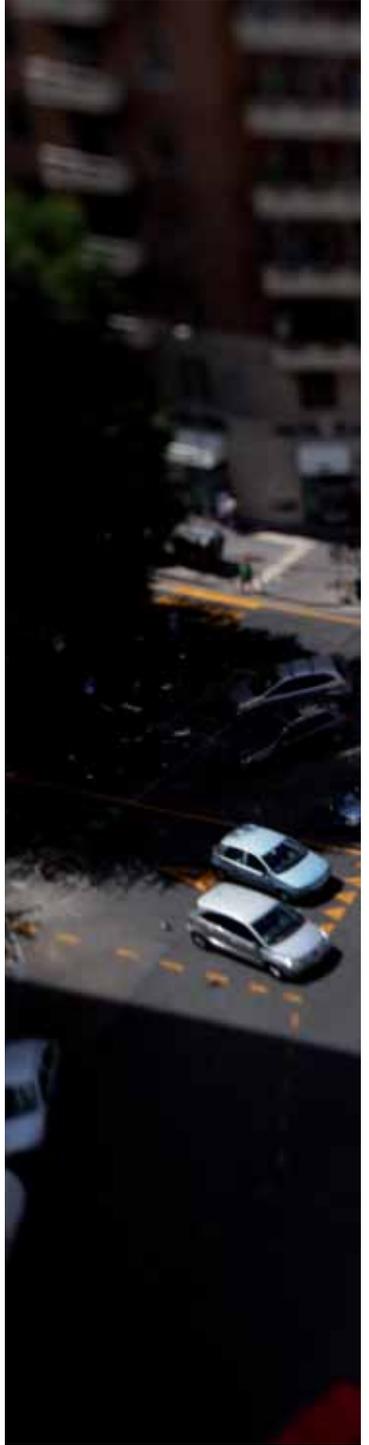
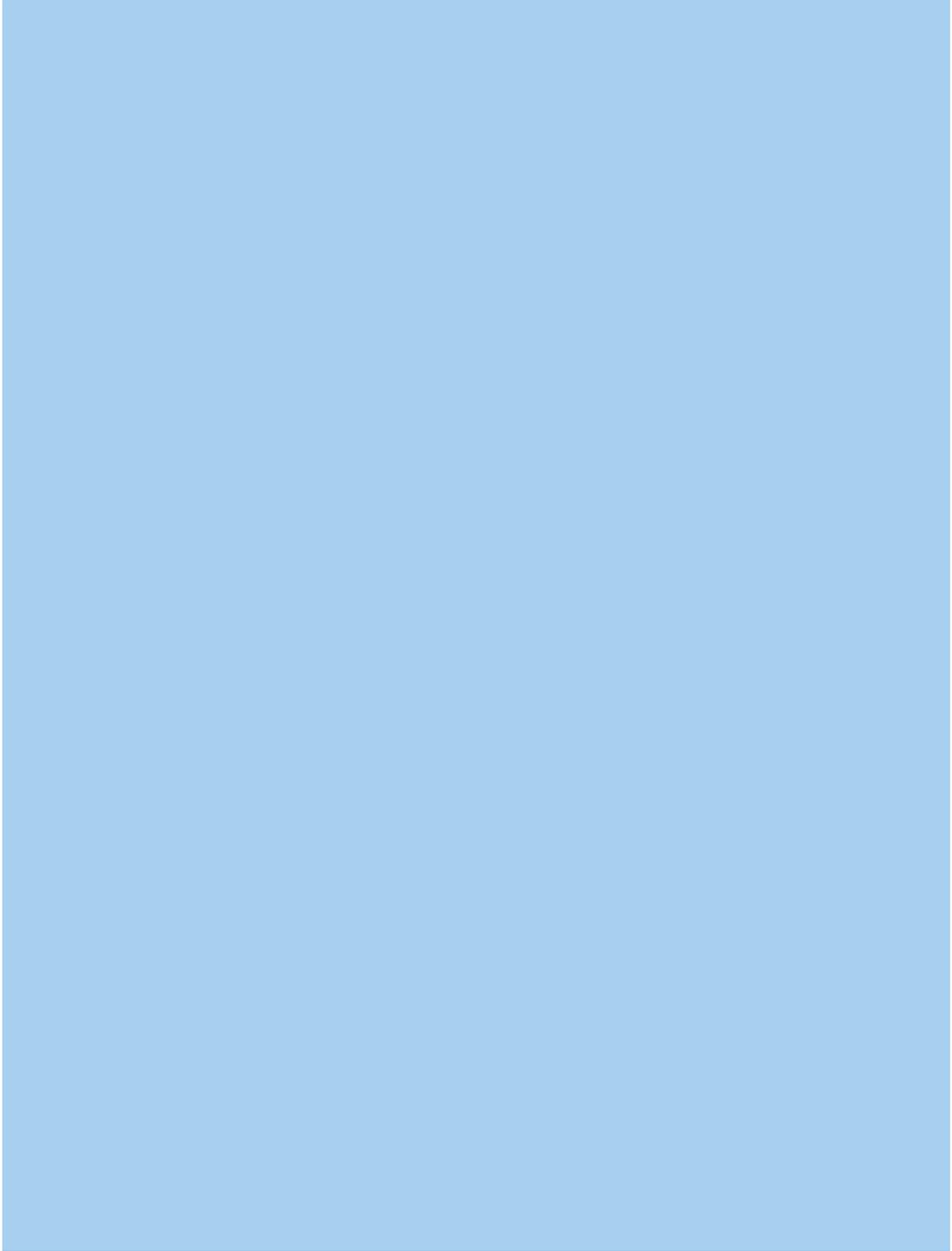
Carlo Cimbri

(signed on the original)

The Manager in charge of
financial reporting

Maurizio Castellina

(signed on the original)



BOARD OF STATUTORY AUDITORS' REPORT



BOARD OF STATUTORY AUDITORS' REPORT

TO THE SHAREHOLDERS' MEETING IN ACCORDANCE WITH ARTICLE 153 OF LEGISLATIVE DECREE 58 OF 24/2/1998

Dear Shareholders,

During the year ended 31 December 2010 we carried out our supervisory duties laid down in law, in accordance with the code of conduct for Boards of Statutory Auditors recommended by the Italian Accounting Profession.

In particular, in compliance with the guidelines provided by CONSOB in Communication 1025564 of 6 April 2001, in accordance with Article 153 para. 1 of Legislative Decree 58 of 24 February 1998 ('Legislative Decree 58/98' or 'TUF') we hereby report the following:

First of all, the Board of Statutory Auditors wishes to point out that in drawing up this report waived the deadlines referred to in para. 1-ter of Article 154-ter of Legislative Decree 58 of 24 February 1998.

I. Legislation governing drawing up Unipol Gruppo Finanziario S.p.A.'s financial statements at 31 December 2010.

The Board of Statutory Auditors wishes to point out first of all that Unipol Gruppo Finanziario S.p.A.'s 2010 financial statements (and those for 2009, 2008 and 2007) have been drawn up in accordance with the provisions of the Italian Civil Code and the Italian Accounting Standards approved by the Italian Accounting Standard Setter (OIC).

Under Article 1 para. 1aa) of Legislative Decree 209/2005 (Insurance Code) Unipol Gruppo Finanziario S.p.A. is deemed to be an insurance holding company and as such is required to draw up its consolidated financial statements in accordance with IFRS, but under Article 4 of Legislative Decree 38/2005 it cannot apply the same IFRS to the separate company financial statements (i.e. the annual financial statements submitted for your approval).

The Board of Statutory Auditors reports that the valuation criteria used to draw up the financial statements at 31 December 2010 are the same as those used to draw up the financial statements for the previous year.

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

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

1. We ensured that the law and the memorandum of association were observed.
2. We received reports from the Directors on the business activity carried out and on the transactions carried out by the company that had a major impact on the balance sheet and income statement and we can reasonably state that the activities decided on and carried out complied with the law and with the by-laws and do not appear to have been imprudent, risky, in conflict with the resolutions passed by the Shareholders' Meeting nor such as to compromise the integrity of the company's assets. In addition, transactions likely to give rise to a conflict of interest were approved in accordance with the law and the codes of conduct adopted. Below we report on the transactions mentioned above.

- 2.1. Transactions that had a major impact on the balance sheet and income statement carried out by the company during 2010.

Business Plan.

On 13 May 2010 the Board of Directors approved the 2010-2012 Business Plan, drawn up with the help of more than 500 employees during the course of more than 160 workshops. The plan established the guidelines for the operations of the various businesses in the Group over the next three years, the aim being to pursue the sustainable growth of profitability and financial strength, with the results obtained being constantly monitored. The guidelines for the Business Plan are contained in the Management Report.

Acquisition of the Arca Group

On 22 June 2010, permits having been obtained from the Supervisory Authority, UGF S.p.A. acquired control of Arca Vita and entered into a ten-year agreement with the vendors for developing a strategic partnership covering Life and Non-Life bancassurance business, following the previous agreement signed in December 2009. This operation established the new platform for the UGF Group's bancassurance business in view of the expected departure from the Group of BNL Vita when the current partnership with BNP Paribas expires in 2011. Arca Vita controls two companies operating in Non-Life business (Arca Assicurazioni and Isi International), one company operating in Life business (Arca Vita International, which is registered in Ireland) and several companies that provide services for the Arca Group. To be specific UGF S.p.A. acquired 60% of Arca Vita's share capital from companies in the Banca Popolare dell'Emilia Romagna Banking Group (BPER) and the Banca Popolare di Sondrio (BPSO) for €269.8m, plus €5.9m of additional charges incurred in 2009. Also on 22 June 2010 Arca Vita acquired a further 31.56% of the subsidiary Arca Assicurazioni from companies in the BPER Group and from BPSO, and on 30 June 2010 from other shareholders who had exercised the right to withdraw (Banca Popolare di Marostica, Credito Siciliano and Banca Popolare di Sant'Angelo), for €46.8m, bringing the total controlled to 95.64%. Your Directors are pleased to announce that the partnership will enable the UGF Group to expand both its Life and Non-Life bancassurance business in line with the 2010-2012 Business Plan by entering into a long-term relationship with some of the leading Italian banks, with which it shares values and a market. On 5 October 2010, in their Extraordinary Meeting, Arca Vita Shareholders resolved to increase the share capital from €90m to €144m and UGF S.p.A. subscribed 5,400,000 shares for €32,400K and also subscribed 201,669 unopted shares for €1,210K. Therefore, after acquiring a total of 5,601,669 shares in Arca Vita for a total outlay of €33,610K, UGF S.p.A. held a total of 14,601,014 shares, or 60.8403% of the share capital. As the Chamber of Commerce was not informed and Arca Vita's register of members was not updated until 4 January 2011, Arca Vita's share capital on 31 December 2010 was still €90m and UGF S.p.A.'s holding was still 60%.

Share capital Increase

On 17 June 2010, under the powers vested in it by the Shareholders' Meeting held on 29 April 2010, UGF S.p.A.'s Board of Directors approved the definitive terms for the option offer to shareholders and listing on the Mercato Telematico Azionario, the stock exchange organised and managed by Borsa Italiana S.p.A., of Unipol ordinary shares with free 'Unipol 2010-2013 Ordinary Share Warrants' and Unipol preference shares with free 'Unipol 2010-2013 Preference Share Warrants' at a ratio of one Unipol 2010-2013 Ordinary Share Warrant and one Unipol 2010-2013 Preference Share Warrant respectively for each ordinary share and preference share subscribed. This was done in order to maintain a firm equity structure and a high degree of financial flexibility. The offer closed in July with the share capital increase being fully subscribed by the market for €399.4m, without the need for the underwriting syndicate to intervene.

Integration of Navale Assicurazioni into UGF Assicurazioni

ISVAP having authorised the Merger Project, the deed to hive off Navale Assicurazioni's insurance business to UGF Assicurazioni and the deed to merge Navale Assicurazioni into UGF S.p.A. once the hive-off had been made were signed on 21 December 2010. Both deeds took

effect for legal, accounting and tax purposes on 1 January 2011, therefore the effects are not reflected in the financial statements submitted for your approval.

Your Directors are pleased to announce that since the beginning of 2011 Navale has been part of UGF Assicurazioni, becoming its third operating Division after Unipol and Aurora, in line with the 2010-2012 Business Plan, one of the aims of which was to consolidate the insurance business carried out through agencies into a single major company, thus achieving the financial benefits of operating more efficiently.

3. By collecting information from departmental heads and holding meetings with the independent auditors for the purpose of exchanging relevant figures and information, the Board of Statutory Auditors was able to look at the company's organisational structure to ensure that it was properly administered and that the information requested from the company in its capacity as holding company was sufficient and timely enough to enable the provisions of Article 114, para. 1, of Legislative Decree 58/1998 to be fulfilled, and there are no particular observations to make in that respect.
4. By looking at the information obtained from the heads of the various departments, examining company records and analysing the results of the work carried out by the independent Auditors and those responsible for internal control, we ensured that the internal control system and the accounting/administrative system were appropriate and that the accounting system could be relied on to give an accurate representation of business operations. By examining the work carried out by the various departments (Internal Audit, Compliance and Risk Management) and by the Manager in charge of financial reporting, and by at least one of the members of the Board of Statutory Auditors, normally the Chairman, attending the meetings of the Internal Control Committee, we were able to check that it was done properly and evaluate the effectiveness of the entire internal control system. On the basis of the findings made while carrying out its supervisory duties, the Board of Statutory Auditors expresses a positive opinion of the internal control system. The Board of Statutory Auditors is also of the opinion that the Internal Audit, Compliance and Risk Management departments and the Manager in charge of financial reporting carried out their work in such a professional manner that the internal control system was effective and efficient.
5. As regards implementation of the Organisational and Management Model set up in accordance with Legislative Decree 231/2001, the Board of Statutory Auditors ascertained that during 2010 the Supervisory Body had continued to monitor the schedule revised by the Board of Directors on 17 December 2009.
6. Transactions with related parties Unipol Gruppo Finanziario S.p.A., a holding and service company, carries out management and coordination activities in accordance with Article 2497 et seq. of the Italian Civil Code.
Finsoe S.p.A. held 50.75% of UGF S.p.A.'s ordinary share capital at 31 December 2010, whilst Holmo S.p.A., UGF's indirect holding company, held 76.50% of Finsoe S.p.A.'s share capital. None of UGF S.p.A.'s shareholders carried out any management and coordination activity, in accordance with Article 2497 et seq. of the Italian Civil Code. 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 Italian Civil Code, does not manage or coordinate it either in technical or financial terms. As part of the operation to increase UGF's share capital carried out in July 2010, in accordance with its commitment made under the offer, the majority shareholder, Finsoe, subscribed 321,865,485 new Unipol ordinary shares, or 50.748% of the ordinary shares offered, and 6,675 new Unipol preference shares, or 0.002% of the preference shares offered, for a total of €143,232,143.33. Once the entire capital increase was subscribed and the operation completed, Finsoe held 50.748% of UGF S.p.A's ordinary share capital, 0.002% of the preference share capital and 31.405% of the total share capital.
Unipol Gruppo Finanziario provided the following services during 2010:
 - Communications and Training;
 - Staffing and organisation (human resources);

- Planning and management accounts;
- Legislation (legal services);
- Governance (internal controls, risk management and compliance with relevant legislation);
- Commercial (strategic marketing, planning, commercial communication etc.).

UGF Assicurazioni provides the Group companies, including UGF S.p.A, with services in the following areas:

- Non-Life and Life management accounts;
- Legal affairs and data protection;
- IT services;
- Health and safety at work;
- Technical training and Organisation;
- Sales network management and training;
- Administrative (bookkeeping, tax, administrative and accounting services);
- Property, purchasing and auxiliary services;
- Claims management and settlement;
- Complaints management;
- Marketing;
- Reinsurance;
- Finance.

Both UGF S.p.A. and UGF Assicurazioni seconded staff to the companies in the Group.

Fees paid to UGF S.p.A 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:

- staffing costs;
- operating costs (logistics etc.);
- general costs (IT, consultancy etc.).

For centralised services the operating companies are charged a mark-up to take account of the allocated cost.

Financial and commercial relations between the companies in the banking group and the other companies in the Group, including UGF S.p.A., were the usual types of transaction carried out by a group split into different companies and related to services, deposit accounts or corporate financing and leases.

Agreements were also entered into for the sale and/or management of banking and financial products and/or services and for the provision of auxiliary banking services in general. The financial effects of these transactions were governed by the market terms applied to major customers.

UGF S.p.A opted to join Finsoe S.p.A.'s national consolidated tax scheme for the three-year period 2010-2011-2012 and signed an agreement governing the resulting financial transactions.

The Board of Statutory Auditors ascertained that the aims of all the transactions with the related parties mentioned above were rationalisation and profitability and that there were no atypical or unusual transactions that could give rise to doubts about the accuracy and the completeness of the information, conflicts of interest, safeguarding the company assets and the protection of non-controlling interests. The Management Report and the Notes to the Financial Statements provide detailed and adequate information on the amount and type of the assets, liabilities, income and expenditure involved in transactions with related parties during 2010.

The Board of Statutory Auditors also ascertained that none of these transactions with related parties included any atypical and/or unusual transactions within the Group nor with third parties.

Regarding the Procedure for transactions with related parties, the Board of Statutory Auditors states that:

1. on 5 August 2010 UGF S.p.A.'s Board of Directors set up the Committee of Independent Directors (the 'Committee') to advise on adopting the procedures for transactions with related parties in accordance with Article 4, para. 3, of the Regulation adopted by CONSOB ruling 17221 of 12 March 2010 (as amended by CONSOB ruling 17389 of 23/6/2010: the Regulation) and appointing as members Messrs Pierluigi Morara (with the role of Chairman), Massimo Masotti, Francesco Vella and Luca Zaccherini, all directors recognised by the company as independent in accordance with the Code of Corporate Governance recommended by Borsa Italiana S.p.A.;
2. on 8 November 2010 the Committee examined and approved the 'Procedure for carrying out transactions with related parties' (the 'Procedure');
3. on 11 November 2010, in view of the fact that the Committee had approved it, UGF S.p.A.'s Board of Directors voted to adopt the Procedure as from 1 January 2011, except for the Provisions relating to transparency, which came into effect on 1 December 2010;
4. on the same date, 11 November 2010, in view of the fact that in accordance with the Regulation Article 4 of the Procedure provides for the setting up of a Committee for Transactions with Related Parties made up of four independent Directors, i.e. Directors recognised by the company as independent under the Code of Corporate Governance recommended by Borsa Italiana S.p.A., UGF S.p.A.'s Board of Directors appointed the Directors already belonging to the Board of Independent Directors set up on 5 August 2010, viz. Messrs Massimo Masotti, Pierluigi Morara, Francesco Vella and Luca Zaccherini.
5. On 11 November 2010, having been informed of the above, the Board of Statutory Auditors evaluated the 'Procedure for transactions with related parties', which had been adopted by resolution of the company's Board of Directors on 11 November 2010 in accordance with the Regulation and, in the light of the organisational and proprietary structure of the Company and of the Group, and found it suitable for ensuring that transactions with related parties would be properly carried out and that the associated duties of transparency and reporting would be fulfilled.

As regards the report referred to in CONSOB Ruling 17221 of 12 March 2010, which came into force on 1 December 2010, the Directors state in the Management Report that no transactions with related parties 'of major relevance' took place during the period and neither did any transactions that, according to Article 2427, para. 2, of the Italian Civil Code, had any significant effect on UGF S.p.A.'s financial position and results of operations.

7. The Board held meetings with representatives of the Independent Auditors, in accordance with Article 150, para. 3, of Legislative Decree 58/1998, and no figures or information relating to the financial statements at 31 December 2010 that need to be mentioned in this report emerged. The Independent Auditors KPMG S.p.A. issued an unqualified report on the financial statements at 31 December 2010.
8. In accordance with Article 19, para. 1, of Legislative Decree 39 of 27 January 2010, the Board of Statutory Auditors certifies that it supervised:
 - the audit of the annual and consolidated financial statements;
 - the independence of the Independent Auditors, in particular relating to the provision of services not connected with auditing.
9. During the year the Independent Auditors KPMG S.p.A. were entrusted with the following additional tasks:
 - checking (ISAE 3400) the provisional figures in the prospectus for the increase in UGF S.p.A.'s share capital carried out during 2010, for a fee of €500,000;
 - examining the financial statements and the explanatory Notes thereto on the acquisition of the Arca Vita Group, for a fee of €140,000;
 - carrying out a limited review for the quarter ended 31 March 2010, for a fee of €198,000;

-
- issuing 'comfort letters' and 'bring down letters' relating to the prospectus for the increase in UGF S.p.A.'s share capital carried out during 2010, for a fee of €140,000;
 - ISAE 3000 report, Irish tax legislation, for a fee of €1,000;
 - checking UGF S.p.A.'s Unified Tax Return (Modello Unico) 2010 and 770 Tax Form, for a fee of €3,220.
10. During the year Nolan Norton Italia S.r.l., which belongs to KPMG S.p.A.'s network, was given the task of running the 'Project Office' under the Solvency II project (for a fee of €305,000).
11. We checked that, in accordance with the provisions of Legislative Decree 196/2003, the 'Data Protection Act', which came into effect in January 2004, the Data Protection Document had been updated in accordance with the legal requirements.
12. The Board of Statutory Auditors issued the following opinions during 2010:
1. on 25 March 2010: in favour of the proposal to increase UGF S.p.A.'s share capital;
 2. on 25 March 2010: in favour of the proposal, drawn up by KPMG S.p.A., to extend the procedures required as a result of changes to legislation and therefore to increase the fees for auditing the separate and consolidated financial statements for 2009-2011. In fact, starting from 2009, the new wording of Article 123-bis of Legislative Decree 58/98 introduced by Legislative Decree 173 of 3 November 2008 makes it obligatory for the Independent Auditors to express an opinion on whether the financial statements are consistent with certain information in the 'Report on the corporate governance and ownership structure';
 3. on 13 May 2010: in favour of the proposal to confirm Mr Castellina as UGF S.p.A.'s Manager in charge of financial reporting;
 4. on 13 May 2010: in favour of the proposal to fix the fees to be paid to the Chairman, the Vice Chairman and the Chief Executive Officer as provided for in Article 2389, para. 3, of the Italian Civil Code;
 5. on 13 May 2010: in favour of the proposal to fix the fees to be paid to the members of the Advisory Committees as provided for in Article 2389, para. 3, of the Italian Civil Code;
 6. on 24 June 2010: as part of the project to merge Navale Assicurazioni into UGF S.p.A., in favour of the proposal on the selling price for the Navale Assicurazioni shares owned by non-controlling interests as provided for by Article 2505-bis and Article 2437-ter, of the Italian Civil Code;
 7. on 11 November 2010: in favour of the proposal to fix the fees to be paid to the members of the Committee for Transactions with Related Parties, which was appointed by the BoD during the same meeting (11/11/2010), as provided for in Article 2389, para. 3, of the Italian Civil Code;
 8. on 11 November 2010: the Board of Statutory Auditors expressed its opinion that the 'Procedure for transactions with related parties' (adopted by resolution of the company's Board of Directors on 11/11/2010) complied with the Regulation adopted by CONSOB ruling 17221 of 12 March 2010 (as amended by CONSOB ruling 17389 of 23/6/2010) and, in the light of the organisational and proprietary structure of the Company and of the Group, was suitable for ensuring that transactions with related parties would be properly carried out and that the associated duties relating to transparency and reporting would be fulfilled.
13. The Independent Auditors, KPMG S.p.A., expressed the following opinions during 2010:
1. opinion expressed at the meeting of the Board of Directors held on 24 June 2010 on the criteria for fixing the selling price of the Navale shares owned by non-controlling interests, as provided for by Article 2505-bis and Article 2437-ter, of the Italian Civil Code as part of project to merge Navale Assicurazioni into UGF S.p.A.
 2. opinion, as required by law, on the pro-forma consolidated figures for the effects of the acquisition of the Arca Group on the year ended 31 December 2009, for the purpose of including them in the Prospectus for UGF S.p.A.'s share capital increase. The Independent Auditors were

required to express an opinion on the reasonableness of the basic assumptions used for drawing them up, the correct application of the procedure used and the accuracy of the standards.

14. The Board of Statutory Auditors received no complaints under Article 2408 of the Italian Civil Code, nor were any complaints received from third parties.
15. We checked that the financial statements and the Management Report had been drawn up in accordance with current legislation and in a thorough manner. We should like to point out that in accordance with the provisions of Article 14 of Legislative Decree 39 of 27 January 2010, it is the decision of the Independent Auditors as to whether the Management Report is consistent with the financial statements. The Report on the financial statements at 31 December 2010 issued by the Independent Auditors was unqualified with respect to comments on the above matter.
16. We approved the recording of €8,415,886 and €12,061,451 respectively of start-up and capital costs and advertising costs that cover several years as Intangible Fixed Assets in the balance sheet.
17. We checked that transactions in financial derivatives carried out during the year were in line with the Investment Policy approved by the Board of Directors on 6 August 2010.
18. The Board of Statutory Auditors reports that the company adheres to the Code of Conduct issued by Borsa Italiana S.p.A. and drew up the 'Annual report on the corporate governance and ownership structure'. The Board of Statutory Auditors evaluated this Report to the best of its ability and had no observations to make. The new wording of Article 123-bis of Legislative Decree 58 of 24 February 1998 introduced by Legislative Decree 173 of 3 November 2008 provides that the Independent Auditors express their opinion on whether some information in the 'Report on the corporate governance and ownership structure' is consistent with the financial statements. This information, relating to corporate governance, ownership and the risk-management and internal control system, may be included in the management report or be the subject of a separate report to be published together with the former report. UGF S.p.A. decided to record this information in the 'Annual report on the corporate governance and ownership structure', which was approved by the Board of Directors on 24 March 2011. The Board of Statutory Auditors reports that the Independent Auditors' Report was unqualified with the matter mentioned above.
19. On 13 May 2010 and 24 March 2011 your company's Board of Directors evaluated the independence of the non-executive Directors, in accordance with Article 3 of the Code of Conduct for listed companies and Article 147-ter, para. 4, of Legislative Decree 58 of 24 February 1998. As part of its duties the Board of Statutory Auditors checked that the evaluation criteria and procedures were correctly applied.
20. In accordance with the provisions of Article 144-quinquiesdecies of the Regulation implementing Legislative Decree 58 of 24 February 1998 relating to issuers, which was adopted by CONSOB in its ruling 11971 of 14 May 1999 as amended, an appendix to this Report contains a list of the offices held by each of the members of UGF S.p.A.'s Board of Statutory Auditors on 4 April 2011 in companies referred to in Volume V, Chapter V, Items V, VI and VII, of the Italian Civil Code.
21. As an insurance holding company under Article 1, para. 1aa) of Legislative Decree 209/2005 (Insurance Code) your company is required to draw up its consolidated financial statements in accordance with IFRS. The Board of Statutory Auditors refers you to its Report on UGF's consolidated financial statements at 31 December 2010, issued today.

The Board of Statutory Auditors met 18 times and was represented at all 11 meetings of the Board of Directors.

During the course of the supervisory work and on the basis of the information obtained from the Independent Auditors, no omissions, mistakes, irregularities nor any significant facts came to light such as to require the supervisory bodies to be notified nor to require a mention in this report on the financial statements at 31 December 2010.

Therefore the Board of Statutory Auditors considers that you may approve the financial statements at 31 December 2010, as presented to you by the Board of Directors, and states that it is in favour of the proposal drawn up by the Board of Directors concerning covering the loss for the year of €63,653,452.

Bologna, 4 April 2011

For the Board of Statutory Auditors

THE CHAIRMAN
Roberto Chiusoli

Signed on the original

ANNEX TO THE REPORT OF THE BOARD OF STATUTORY AUDITORS

OF UNIPOL GRUPPO FINANZIARIO S.P.A. ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

In compliance with provisions of Article 144-quinquiesdecies of the Rules implementing Legislative Decree 58 of 24 February 1998 relating to issuers, adopted by CONSOB in its Ruling 11971 of 14 May 1999 as amended, below is a list of the offices held by each of the members of UGF S.p.A.'s Board of Statutory Auditors in companies referred to in Volume V, Chapter V, Items V, VI and VII of the Italian Civil Code at 4 April 2011 (the date on which the Board of Statutory Auditors issued its Report in accordance with Article 153, para. 1, of Legislative Decree 58/1998).

Dott. Roberto Chiusoli

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

declare

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

Company	Type of Role	Appointed until	Type of Company ¹	Weighting (See note 1)
Unipol Gruppo Finanziario S.p.A.	Chairman of the Board of Statutory Auditors	April 2013	Issuer	1
Immobiliare Grande Distribuzione S.p.A.	Standing Auditor	April 2012	Issuer	1
UGF Banca S.p.A.	Chairman of the Board of Statutory Auditors	April 2013	Public Interest ²	0.45
Granarolo S.p.A.	Chairman of the Board of Statutory Auditors	April 2012	Large	0.40
Manutencoop Facility Management S.p.A.	Member of the Supervisory Board	May 2011	Large	0.40
HPS S.p.A.	Standing Auditor	May 2011	Medium	0.20
Iniziativa Bologna Nord S.r.l.	Chairman of the Board of Statutory Auditors	April 2011	Small	0

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

⁽²⁾ Subsidiary of Unipol Gruppo Finanziario S.p.A.

Totals Dr. Roberto Chiusoli

Total posts: 7

Total posts with Issuers: 2

Total accumulated weighting: 3.45

Dott. Domenico Livio Trombone

Il the undersigned Domenico Livio Trombone, in my capacity as standing auditor of the Board of Statutory Auditors of Unipol Gruppo Finanziario S.p.A., hereby

declare

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

Company	Type of Role	Appointed until	Type of Company ¹	Weighting (See note 3)
Unipol Gruppo Finanziario S.p.A.	Standing Auditor	April 2013	Issuer	1
UGF Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors	April 2013	Public interest ⁴	0.45
Cassa di Risparmio di Cento	Chairman of the Board of Statutory Auditors	April 2013	Issuer	1
Holding Strategie e Sviluppo dei territori Modenesi S.p.A.	Chairman of the Board of Statutory Auditors	October 2012	Medium	0.40
Arca Impresa Gestioni Sgr	Chairman of the Board of Statutory Auditors	April 2012	Public interest	0.75
Carimonte Holding Spa	CEO	April 2012	Medium	0.20
Acacia 2000 Srl	Standing Auditor	April 2011	Medium	0.20
Cooperativa Immobiliare Modenese Società Cooperativa	Chairman of the Board of Statutory Auditors	April 2011	Small	0
Cambiamo S.p.A.	Chairman of the Board of Statutory Auditors	April 2012	Small	0
Cooperare S.p.A.	Standing Auditor	April 2012	Small	0
Arca Vita S.p.A.	Standing Auditor	April 2013	Public interest	0.45
Arca Assicurazioni S.p.A.	Standing Auditor	April 2013	Public interest	0.45
Funivie Folgarida Marilleva S.p.A.	Director	April 2014	Medium	0.10
Valli di Sole, Pejo e Rabbi S.p.A.	Director	April 2014	Small	0
Torre Guiducci Srl	Sole Director	Until termination of contract or resignation	Small	0
Gitani Srl	Director	Until termination of contract or resignation	Small	0
Compagnia Italiana Esercizi Commerciali C.I.E.C. Srl	Sole Director	Until termination of contract or resignation	Small	0
Vignoladue Srl	Sole Director	Until termination of contract or resignation	Small	0

¹³⁾ Taken from Appendix 5-bis to the 'Issuer Regulation', in application of Article 148-bis, para. 1 of Legislative Decree 58/1998.

¹⁴⁾ Subsidiary of Unipol Gruppo Finanziario S.p.A.

Total Dr. Domenico Livio Trombone

Total posts: 18

Total Posts with Issuers: 2

Total accumulated weighting: 5.0

Dott. Giorgio Picone

I the undersigned Giorgio Picone, in my capacity as standing auditor of the Board of Statutory Auditors of Unipol Gruppo Finanziario S.p.A., hereby

declare

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

Company	Type of Role	Appointed until	Type of Company ¹	Weighting (See note 5)
Unipol Gruppo Finanziario S.p.A.	Standing Auditor	April 2013	Issuer	1
Bolzoni S.p.A.	Chairman of the Board of Statutory Auditors	April 2013	Issuer	1
UGF Merchant - Banca per le Imprese S.p.A.	Chairman of the Board of Statutory Auditors	April 2012	Public Interest ⁶	0.45
Salumi Boschi F.lli S.p.A.	Standing Auditor	April 2012	Medium	0.40
Mineralbirra S.r.l.	Chairman of the Board of Statutory Auditors	April 2012	Medium	0.40
Meverin S.r.l.	Chairman of the Board of Statutory Auditors	April 2013	Medium	0.40
Goccia di Carnia S.p.A.	Standing Auditor	April 2013	Medium	0.40
Opem S.p.A.	Standing Auditor	April 2012	Medium	0.40
S.A.C.I. S.r.l.	Standing Auditor	April 2013	Small	0
Sacifin S.r.l.	Chairman of the Board of Statutory Auditors	April 2011	Small	0
Soc. Agricola Santa Teresa S.r.l.	Standing Auditor	April 2011	Small	0
Santa Caterina S.r.l.	Chairman of the Board of Statutory Auditors	Until termination of contract or resignation	Small	0
Penta Holding S.p.A.	Standing Auditor	April 2012	Small	0
Impresa Edile Casino di Marore S.r.l.	Chairman of the Board of Statutory Auditors	April 2012	Small	0
Milltex S.p.A.	Standing Auditor	April 2013	Small	0
Altogarda Parcheggi e Mobilità S.p.A.	Standing Auditor	April 2012	Small	0

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

⁽⁶⁾ Subsidiary of Unipol Gruppo Finanziario S.p.A.

Totals Dr. Giorgio Picone

Total posts: 16

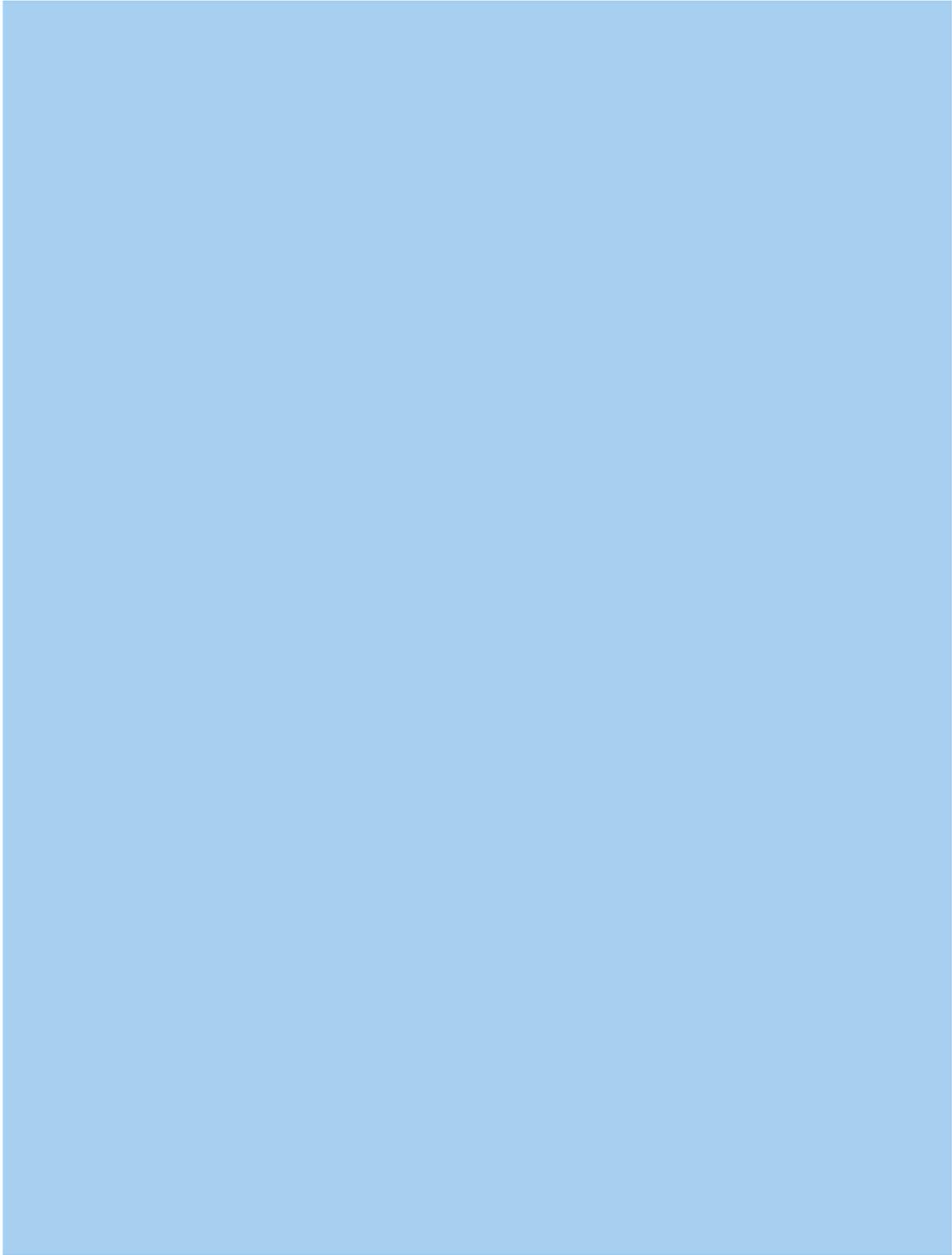
Total Posts with Issuers: 2

Total accumulated weighting: 4.45

Bologna, 4 April 2011

For the Board of Statutory Auditors

CHAIRMAN
Roberto Chiusoli
(signed on the original)



AUDITORS' REPORT





KPMG S.p.A.
Revisione e organizzazione contabile
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 40134 BOLOGNA BO

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 Telefax +39 051 4392599
 e-mail it-fmauditaly@kpmg.it

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

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

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

- 1 We have audited the financial statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2010. The company's directors are responsible for drawing up these financial statements in accordance with the Italian regulations governing their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 9 April 2010 for our opinion on the prior year financial statements, which included the corresponding figures presented for comparative purposes as required by law.

- 3 In our opinion, the financial statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2010 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of operations of the company as at and for the year ended 31 December 2010.
- 4 The directors of Unipol Gruppo Finanziario S.p.A. are responsible for the preparation of a management report on the financial statements and an "Annual report on corporate governance and ownership", published in the Corporate Governance section of Unipol Gruppo Finanziario S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the management report and the information required by article 123-bis.1.c/d/l/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the "Annual report on corporate governance and ownership" with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the management report and the information required by



Unipol Gruppo Finanziario S.p.A.
Report of the auditors
31 December 2010

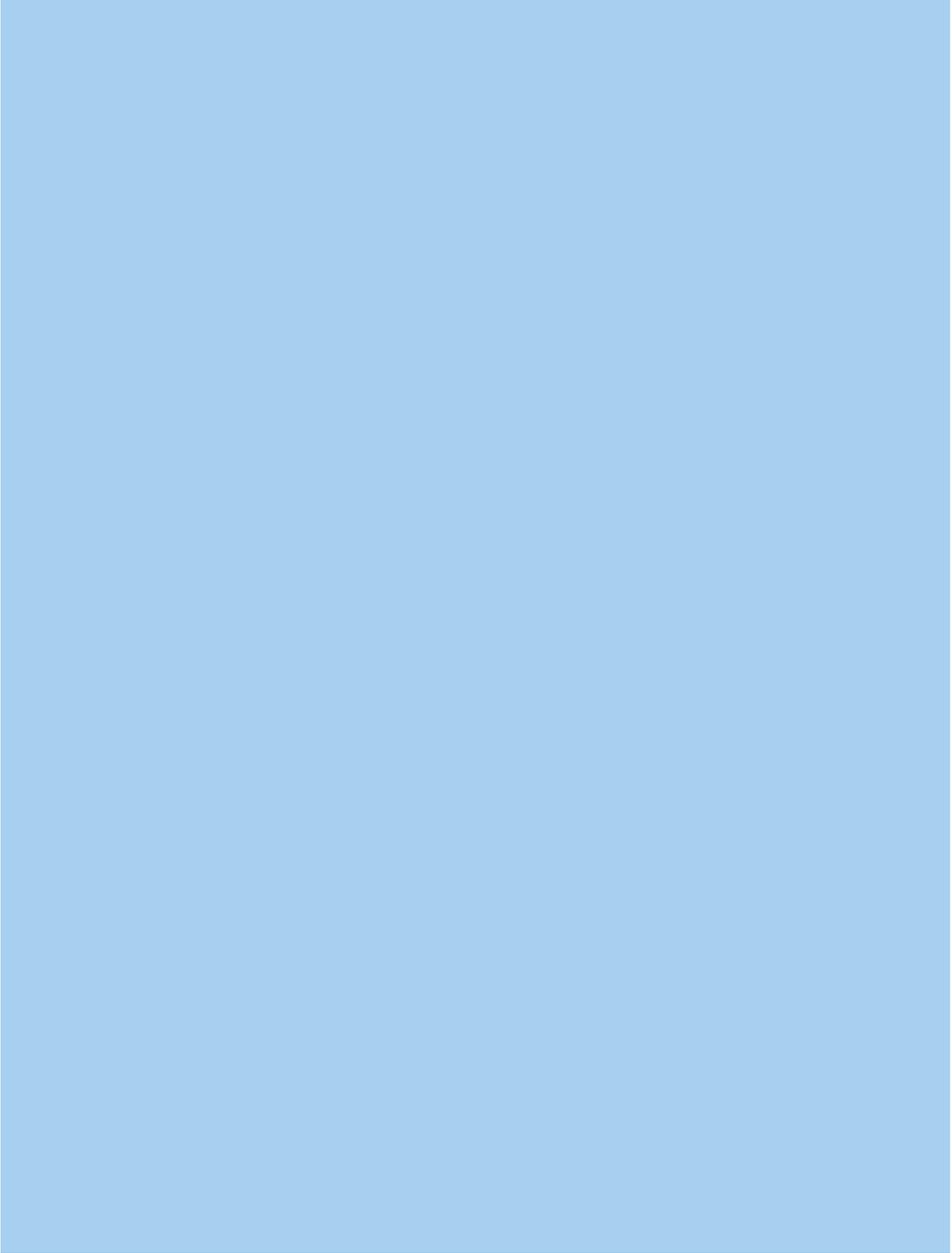
article 123-bis.1.c/d/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the "Annual report on corporate governance and ownership" are consistent with the financial statements of Unipol Gruppo Finanziario S.p.A. as at and for the year ended 31 December 2010.

Bologna, 4 April 2011

KPMG S.p.A.

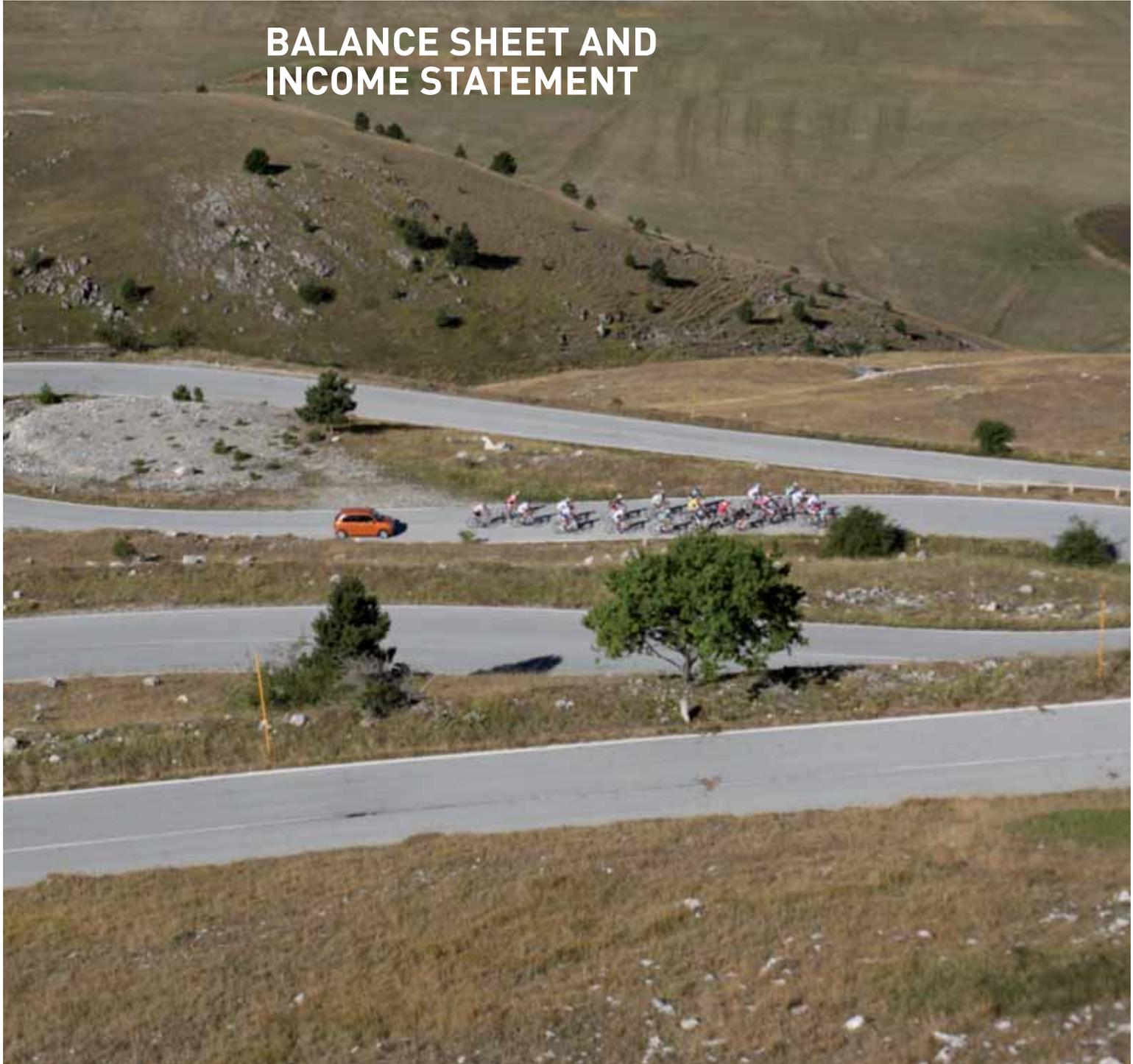
(signed on the original)

Luca Ferranti
Director



SUBSIDIARIES' FINANCIAL STATEMENTS

**BALANCE SHEET AND
INCOME STATEMENT**



UGF
ASSICURAZIONI S.P.A.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Bologna
share capital €150,300,000
Direct shareholding 100%

Amounts in €

	31/12/2010	31/12/2009
ASSETS		
Share capital proceeds to be received	-	-
Intangible fixed assets	254,902,682	272,381,832
Investments	16,603,648,184	16,165,152,711
I- Land and buildings	678,481,342	683,148,058
II- Investments in Group companies and other investees	1,612,410,458	1,535,289,624
III- Other financial investments	14,293,953,477	13,925,830,988
IV- Deposits with ceding companies	18,802,907	20,884,041
Investments for the benefit of Life policyholders who bear the risk thereof and arising from pension fund management provisions	2,366,889,875	2,253,012,535
Technical provisions - reinsurers' share	347,804,389	363,990,190
Receivables	1,441,759,568	1,302,734,680
I- Direct insurance	859,848,498	909,572,566
II- Reinsurance	19,477,468	32,054,963
III- Other receivables	562,433,602	361,107,151
Other assets	674,635,256	1,120,960,294
I- Tangible assets and inventory	20,339,157	23,980,060
II- Liquid funds	367,607,368	730,978,658
IV- Other assets	286,688,731	366,001,576
Prepayments and accrued income	223,311,160	199,697,689
TOTAL ASSETS	21,912,951,114	21,677,929,931
LIABILITIES AND EQUITY		
EQUITY	1,225,389,669	1,337,527,861
I- Subscribed share capital or equivalent fund	150,300,000	150,300,000
II- Share premium reserve	503,411,369	503,411,369
III- Revaluation reserves	97,000,000	97,000,000
IV- Legal reserve	6,870,821	-
VI- Reserves for own shares and those of the parent	-	33,175
VII- Other reserves	559,705,672	449,366,901
IX- Profit (loss) for the year	(91,898,193)	137,416,416
Subordinated liabilities	961,689,000	961,689,000
Non-Life technical provisions	6,286,374,034	6,630,972,075
Life technical provisions	10,264,178,266	9,712,267,504
Technical provisions where investment risk is borne by policyholders and pension fund management provisions	2,366,889,876	2,253,012,535
Provisions for risks and charges	55,818,035	54,390,468
Deposits from reinsurers	158,933,741	165,169,405
Payables and other liabilities	552,938,210	531,124,338
I- Direct insurance	32,320,478	32,024,847
II- Reinsurance	18,011,046	17,575,169
VII- Employees' leaving entitlement	40,754,444	41,115,530
VIII- Other payables	163,879,359	155,948,272
IX- Other liabilities	297,972,883	284,460,520
Accrued expenses and deferred income	40,740,283	31,776,745
TOTAL LIABILITIES AND EQUITY	21,912,951,114	21,677,929,931
MEMORANDUM ACCOUNTS	26,858,515,243	23,340,528,245

UGF
ASSICURAZIONI S.P.A.

INCOME STATEMENT

Amounts in €

	31/12/2010	31/12/2009
TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS		
Gross written premiums	3,563,393,881	3,703,203,359
Outwards reinsurance premiums	(108,317,900)	(101,030,910)
Net change in the premium provision	10,071,083	51,705,459
Earned premiums, net of outwards reinsurance	3,465,147,064	3,653,877,908
Income on investments transferred from the non-technical account	55,831,543	267,622,305
Other technical income, net of outwards reinsurance	11,286,745	7,150,564
Charges relating to claims, net of outwards reinsurance	(2,724,683,310)	(3,167,291,880)
Change in other technical provisions, net of outwards reinsurance	703,421	226,085
Reversals and profit participation, net of outwards reinsurance	(1,968,695)	(5,646,641)
Operating expenses	(786,851,969)	(807,965,169)
Other technical charges, net of outwards reinsurance	(7,520,231)	(9,779,685)
Change in equalisation provisions	(764,272)	(670,601)
RESULT OF THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS	11,180,296	(62,477,114)
TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS		
Gross written premiums	1,910,240,222	2,191,460,215
Outwards reinsurance premiums	(14,152,344)	(16,711,880)
Premiums for the year, net of outwards reinsurance	1,896,087,878	2,174,748,335
Income on investments	568,104,383	823,645,999
Class D income and unrealised capital gains	156,448,778	295,321,414
Other technical income, net of outwards reinsurance	5,860,499	5,784,680
Charges relating to claims, net of outwards reinsurance	(1,506,542,217)	(1,740,957,202)
Changes in mathematical provisions and other technical provisions, net of outwards reinsurance	(667,200,436)	(848,735,453)
Reversals and profit participation, net of outwards reinsurance	(780,192)	(334,207)
Operating expenses	(92,315,262)	(85,984,710)
Financial charges	(311,991,071)	(212,668,341)
Class D charges and unrealised capital losses	(100,492,431)	(116,144,631)
Other technical charges, net of outwards reinsurance	(12,848,569)	(12,264,549)
Income on investments transferred to the non-technical account		(47,912,397)
RESULT OF THE TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS	(65,668,640)	234,498,938
NON-TECHNICAL ACCOUNT		
Income on investments - Non-Life business	332,964,891	606,529,773
Investments transferred from the Life technical account	-	47,912,397
Financial charges of Non-Life business	(265,205,109)	(290,191,244)
Income on investments transferred to the Non-Life technical account	(55,831,543)	(267,622,305)
Other income	72,376,746	75,248,346
Other charges	(154,854,022)	(132,116,195)
RESULT OF ORDINARY BUSINESS	(125,037,381)	211,782,596
Extraordinary income	25,585,267	37,847,342
Extraordinary expense	(17,632,894)	(30,030,944)
PRE-TAX PROFIT/(LOSS)	(117,085,008)	219,598,994
INCOME TAX	25,186,815	(82,182,578)
NET PROFIT/(LOSS) FOR THE YEAR	(91,898,193)	137,416,416

NAVALE
ASSICURAZIONI S.P.A.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Milan
Share capital €96,250,000
Direct shareholding 99.83%

Amounts in €

	31/12/2010	31/12/2009
ASSETS		
Share capital proceeds to be received	-	-
Intangible fixed assets	2,895,329	2,550,576
Investments	450,479,781	445,342,520
I- Land and buildings	7,473,566	7,730,485
II- Investments in Group companies and other investees	4,681,930	4,681,930
III- Other financial investments	437,743,322	432,265,004
IV- Deposits with ceding companies	580,963	665,101
Technical provisions - Reinsurers' share	62,872,807	77,652,096
Receivables	194,467,692	201,531,939
I- Direct insurance	56,049,164	73,699,690
II- Reinsurance	30,224,408	40,890,093
III- Other receivables	108,194,120	86,942,156
Other assets	126,013,521	62,814,574
I- Tangible assets and inventory	726,867	1,065,844
II- Liquid funds	84,194,315	25,767,185
IV- Other assets	41,092,339	35,981,545
Prepayments and accrued income	4,950,894	4,968,605
TOTAL ASSETS	841,680,024	794,860,310
LIABILITIES AND EQUITY		
Equity	116,760,758	95,582,023
I- Subscribed share capital or equivalent fund	96,250,000	96,250,000
II- Share premium reserve	-	9,450,000
IV- Legal reserve	332,023	481,265
VII- Other reserves	94,000,000	45,000,000
VIII- Profits (losses) carried forward	-	(19,600,241)
IX- Profit (loss) for the year	(73,821,265)	(35,999,001)
Technical provisions	671,209,875	635,460,909
Provisions for risks and charges	14,486,321	16,705,040
Deposits from reinsurers	8,088,489	10,234,891
Payables and other liabilities	30,301,990	35,876,076
I- Direct insurance	6,549,794	8,624,479
II- Reinsurance	6,087,155	4,129,950
VII- Employees' leaving entitlement	571,448	1,042,124
VIII- Other payables	7,526,549	10,530,302
IX- Other liabilities	9,567,044	11,549,221
Accrued expenses and deferred income	832,591	1,001,371
TOTAL LIABILITIES AND EQUITY	841,680,024	794,860,310
MEMORANDUM ACCOUNTS	518,055,697	495,876,289

NAVALE
ASSICURAZIONI S.P.A.

INCOME STATEMENT

Amounts in €

	31/12/2010	31/12/2009
TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS		
Gross written premiums	250,423,850	267,896,282
Outwards reinsurance premiums	(11,399,288)	(9,806,932)
Net change in then premium provision	10,366,564	(11,105,898)
Earned premiums, net of outwards reinsurance	249,391,126	246,983,452
Income on investments transferred from the non-technical account	3,821,215	22,010,407
Other technical income, net of outwards reinsurance	3,972,882	2,416,165
Charges relating to claims, net of outwards reinsurance	(298,295,845)	(252,381,284)
Change in other technical provisions, net of outwards reinsurance	(2,826)	(50,177)
Operating expenses	(58,957,202)	(66,314,090)
Other technical charges, net of outwards reinsurance	(6,983,087)	(2,753,647)
Change in equalisation provisions	(79,487)	(91,247)
RESULT OF THE TECHNICAL ACCOUNT	(107,133,224)	(50,180,421)
NON-TECHNICAL ACCOUNT		
Investments	24,036,392	28,981,764
Financial charges	(19,519,374)	(2,954,083)
Investments allocated to the technical account	(3,821,215)	(22,010,407)
Other income	11,919,746	10,219,542
Other charges	(12,437,167)	(12,566,350)
RESULT OF ORDINARY BUSINESS	(106,954,842)	(48,509,955)
Extraordinary income	6,458,938	3,977,615
Extraordinary expense	(1,310,076)	(3,436,909)
PRE-TAX PROFIT/(LOSS)	(101,805,980)	(47,969,249)
Income tax	27,984,715	11,970,248
PROFIT/(LOSS) FOR THE YEAR	(73,821,265)	(35,999,001)

ARCA VITA S.P.A.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Verona
Share capital €90,000,000
(€144,000,000 as
at 4 January 2011)
Direct shareholding 60%

Amounts in €

ASSETS	31/12/2010	31/12/2009
Share capital proceeds to be received	-	12,780,000
Intangible fixed assets	285,835	450,302
Investments	2,664,131,826	2,301,632,197
I- Land and buildings	7,478,749	7,787,544
II- Investments in Group companies and other investees	97,685,239	83,548,836
III- Other financial investments	2,558,967,838	2,210,295,817
Investments for the benefit of Life policyholders who bear the risk thereof and arising from pension fund management provisions	601,419,802	632,098,061
Technical provisions - reinsurers' share	11,222,166	9,617,807
Receivables	69,073,048	58,428,269
I- Direct insurance	1,023,292	1,211,298
II- Reinsurance	7,778	12,138
III- Other receivables	68,041,978	57,204,833
Other assets	188,446,570	183,987,777
I- Tangible assets and inventory	295,408	277,598
II- Liquid funds	178,234,946	181,097,273
III- Own shares or quotas	7,027,090	-
IV- Other assets	2,889,126	2,612,906
Prepayments and accrued income	30,763,585	24,805,377
TOTAL ASSETS	3,565,342,832	3,223,799,790
LIABILITIES AND EQUITY		
Equity	208,902,237	165,756,436
I- Subscribed share capital or equivalent fund	90,000,000	90,000,000
II- Share premium reserve	9,399,516	9,399,516
III- Revaluation reserve	-	2,329
IV- Legal reserve	9,792,394	9,015,979
VI- Reserves for own shares and those of the Parent	7,027,090	-
VII- Other reserves	95,983,227	41,810,317
VIII- Profits (losses) carried forward	51,880	-
IX- Profit (loss) for the year	(3,351,870)	15,528,295
Technical provisions	2,710,817,674	2,385,110,811
Technical provisions where investment risk is borne by policyholders and pension fund management provisions	601,418,649	632,096,755
Provisions for risks and charges	1,830,792	224,536
Deposits from reinsurers	11,744,560	9,731,302
Payables and other liabilities	30,488,106	30,736,950
I- Direct insurance	12,036,353	13,142,705
II- Reinsurance	2,114,840	1,578,493
IV- Payables to banks and financial institutions	5,329	2,190
VI- Various loans and other financial payables	340,600	340,600
VII- Employees' leaving entitlement	538,600	590,759
VIII- Other payables	15,438,997	14,886,248
IX- Other liabilities	13,387	195,955
Accrued expenses and deferred income	140,814	143,000
TOTAL LIABILITIES AND EQUITY	3,565,342,832	3,223,799,790
MEMORANDUM ACCOUNTS	3,191,091,256	3,018,750,958

ARCA VITA S.P.A.

INCOME STATEMENT

	31/12/2010	31/12/2009
Amounts in €		
TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS		
Gross written premiums	720,843,139	446,093,902
Outwards reinsurance premiums	(7,409,012)	(5,901,791)
Premiums for the year, net of outwards reinsurance	713,434,127	440,192,111
Income on investments	112,255,049	108,461,622
Income on investments and unrealised capital gains where the investment risk is borne by policyholders and arising from pension fund management	85,529,141	129,012,070
Other technical income, net of outwards reinsurance	1,824,570	1,223,214
Charges relating to claims, net of outwards reinsurance	(539,853,078)	(342,376,385)
Change in mathematical provisions and other technical provisions, net of outwards reinsurance	(285,945,329)	(239,381,931)
Operating expenses	(15,797,836)	(18,275,177)
Financial charges	(46,242,443)	(27,074,402)
Investment charges and unrealised capital losses on investments where the investment risk is borne by policyholders and arising from pension fund management	(13,606,444)	(21,745,773)
Other technical charges, net of outwards reinsurance	(14,798,004)	(13,633,218)
Investments transferred to the non-technical account	(2,298,797)	(4,928,507)
RESULT OF THE TECHNICAL ACCOUNT	(5,499,044)	11,473,624
NON-TECHNICAL ACCOUNT		
Income on investments transferred from the technical account	2,298,797	4,928,507
Other income	1,819,667	7,158,810
Other charges	(3,088,332)	(1,984,477)
RESULT OF ORDINARY BUSINESS	(4,468,912)	21,576,464
Extraordinary income	1,973,536	1,315,065
Extraordinary expense	(786,987)	(860,064)
PRE-TAX PROFIT (LOSS)	(3,282,363)	22,031,465
Income tax	(69,507)	(6,503,170)
PROFIT (LOSS) FOR THE YEAR	(3,351,870)	15,528,295

ARCA
ASSICURAZIONI S.P.A.

BALANCE SHEET

31/12/2010

31/12/2009

Registered office in Milan
Share capital €25,026,000
Direct shareholding 96.99%

Amounts in €

	31/12/2010	31/12/2009
ASSETS		
Share capital proceeds to be received	-	-
Intangible fixed assets	6,783	10,174
Investments	290,139,854	248,498,293
II- Investments in Group companies and other investees	854,540	854,540
III- Other financial investments	289,285,314	247,643,753
Technical provisions - reinsurers' share	38,572,943	46,473,639
Receivables	56,757,141	28,752,564
I- Direct insurance	18,050,412	12,923,728
II- Reinsurance	10,602,569	1,628,828
III- Other receivables	28,104,160	14,200,008
Other assets	37,570,015	31,717,062
I- Tangible assets and inventory	27,959	35,377
II- Liquid funds	33,194,738	29,159,627
IV- Other assets	4,347,318	2,522,058
Prepayments and accrued income	1,134,356	727,215
TOTAL ASSETS	424,181,092	356,178,947
LIABILITIES AND EQUITY		
Equity	38,342,874	51,535,666
I- Subscribed share capital or equivalent fund	25,026,000	25,026,000
IV- Legal reserve	2,087,769	2,087,769
VII- Other reserves	24,421,897	27,671,941
VIII- Profits (losses) carried forward	-	22,408
IX- Profit (loss) for the year	(13,192,792)	(3,272,452)
Technical provisions	359,532,388	277,275,874
Provisions for risks and charges	1,444,910	207,160
Payables and other liabilities	24,860,920	27,160,248
I- Direct insurance	7,878,642	7,787,740
II- Reinsurance	3,331,842	10,663,333
IV- Payables to banks and financial institutions	700	87
VII- Employees' leaving entitlement	360,797	372,647
VIII- Other payables	9,136,956	5,201,664
IX- Other liabilities	4,151,983	3,134,777
Accrued expenses and deferred income	0	0
TOTAL LIABILITIES AND EQUITY	424,181,092	356,178,948
MEMORANDUM ACCOUNTS	293,569,715	249,003,154

ARCA
ASSICURAZIONI S.P.A.

INCOME STATEMENT

Amounts in €

	31/12/2010	31/12/2009
TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS		
Gross written premiums	220,916,293	170,161,342
Outwards reinsurance premiums	(24,769,315)	(44,285,574)
Net change in the premium provision	(14,057,818)	(19,848,640)
Earned premiums, net of outwards reinsurance	182,089,160	106,027,128
Income on investments transferred from the non-technical account	1,890,632	8,777,902
Other technical income, net of outwards reinsurance	5,242,789	3,409,665
Charges relating to claims, net of outwards reinsurance	(161,459,520)	(91,564,218)
Operating expenses	(34,599,784)	(26,146,500)
Other technical charges, net of outwards reinsurance	(10,130,371)	(6,801,111)
Change in equalisation provisions	(55,118)	(37,875)
RESULT OF THE TECHNICAL ACCOUNT	(17,022,212)	(6,335,009)
NON-TECHNICAL ACCOUNT		
Investments	5,738,574	12,059,880
Financial charges	(3,539,969)	(1,012,566)
Investment allocated to the technical account	(1,890,632)	(8,777,902)
Other income	463,459	371,424
Other charges	(1,814,563)	(633,536)
RESULT OF ORDINARY BUSINESS	(18,065,343)	(4,327,709)
Extraordinary income	104,262	184,794
Extraordinary expense	(27,640)	(103,551)
PRE-TAX PROFIT/(LOSS)	(17,988,721)	(4,246,466)
Income tax	4,795,929	974,014
PROFIT/(LOSS) FOR THE YEAR	(13,192,792)	(3,272,452)

COMPAGNIA
ASSICURATRICE
LINEAR S.P.A.Registered offices in Bologna
Share capital €19,300,000
Direct shareholding 100%

Amounts in €

BALANCE SHEET

	31/12/2010	31/12/2009
ASSETS		
Share capital proceeds to be received	-	-
Intangible fixed assets	814,717	302,716
Investments	222,730,147	236,179,911
I- Investments in Group companies and other investees	1	1
III- Other financial investments	222,730,146	236,179,910
Technical provisions - reinsurers' share	141,405	230,151
Receivables	7,618,553	12,131,975
I- Direct insurance	4,672,620	6,969,382
II- Reinsurance	-	465,610
III- Other receivables	2,945,933	4,696,983
Other assets	61,902,869	44,882,741
I- Tangible assets and inventory	240,362	305,493
II- Liquid funds	54,638,022	36,877,976
IV- Other assets	7,024,485	7,699,272
Prepayments and accrued income	2,317,045	2,937,082
TOTAL ASSETS	295,524,736	296,664,576
LIABILITIES AND EQUITY		
Equity	43,583,181	50,529,697
I- Subscribed share capital or equivalent fund	19,300,000	19,300,000
II- Share premium reserve	3,650,000	3,650,000
IV- Legal reserve	3,860,000	3,860,000
VII- Other reserves	11,174,697	9,498,334
IX- Profit (loss) for the year	5,598,484	14,221,363
Technical provisions	237,703,344	234,474,104
Provisions for risks and charges	1,221,747	1,058,267
Payables and other liabilities	13,016,464	10,602,508
I- Direct insurance	2,871,098	1,402,327
II- Reinsurance	764,714	894,735
VII- Employees' leaving entitlement	501,392	514,569
VIII- Other payables	6,304,809	6,168,462
IX- Other liabilities	2,574,451	1,622,415
TOTAL LIABILITIES AND EQUITY	295,524,736	296,664,576
MEMORANDUM ACCOUNTS	237,864,580	243,893,459

COMPAGNIA
ASSICURATRICE
LINEAR S.P.A.

INCOME STATEMENT

Amounts in €

	31/12/2010	31/12/2009
TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS		
Gross written premiums	170,587,478	160,044,483
Outwards reinsurance premiums	(1,709,949)	(1,506,407)
Net change in the premium provision	(7,042,672)	2,195,486
Earned premiums, net of outwards reinsurance	161,834,857	160,733,562
Income on investments transferred from the non-technical account	1,513,788	14,509,581
Other technical income, net of outwards reinsurance	1,612,816	1,625,228
Charges relating to claims, net of outwards reinsurance	(129,453,730)	(128,985,555)
Operating expenses	(28,102,485)	(27,833,859)
Other technical charges, net of reinsurance	(1,604,520)	(1,130,377)
RESULT OF THE TECHNICAL ACCOUNT	5,800,726	18,918,580
NON-TECHNICAL ACCOUNT		
Investments	10,715,073	18,344,460
Financial charges	(8,899,324)	(1,064,039)
Investments allocated to the technical account	(1,513,788)	(14,509,581)
Other income	312,501	387,331
Other charges	(307,229)	(993,675)
RESULT OF ORDINARY BUSINESS	6,107,959	21,083,076
Extraordinary income	3,154,128	982,442
Extraordinary expense	(591,592)	(412,461)
PRE-TAX PROFIT/(LOSS)	8,670,495	21,653,057
Income Tax	(3,072,011)	(7,431,694)
PROFIT/(LOSS) FOR THE YEAR	5,598,484	14,221,363

UNISALUTE S.P.A.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Bologna
Share capital €17,500,000
Direct shareholding 98.53%

Amounts in €

ASSETS	31/12/2010	31/12/2009
Share capital proceeds to be received	-	-
Intangible fixed assets	1,365,180	1,402,495
Investments	107,879,314	118,039,487
II- Investments in Group companies and other investees	99,676	99,676
III- Other financial investments	107,779,638	117,939,811
Technical provisions - reinsurers' share	440,314	465,908
Receivables	58,605,026	37,875,287
I- Direct insurance	53,174,542	35,595,287
II- Reinsurance	317,727	743,617
III- Other receivables	5,112,757	1,536,383
Other assets	18,831,128	22,299,150
I- Tangible assets and inventory	477,565	736,208
II- Liquid funds	9,318,608	13,461,227
IV- Other assets	9,034,955	8,101,715
Prepayments and accrued income	639,482	1,000,008
TOTAL ASSETS	187,760,444	181,082,335
LIABILITIES AND EQUITY		
Equity	42,304,285	40,470,631
I- Subscribed share capital or equivalent fund	17,500,000	17,500,000
II- Share premium reserve	7,746,853	7,746,853
IV- Legal reserve	2,926,672	1,856,096
V- Statutory reserve	-	575,991
VII- Other reserves	4,947,107	2,900,016
IX- Profit (loss) for the year	9,183,653	9,891,675
Technical provisions	135,510,528	128,919,506
Provisions for risks and charges	15,000	-
Deposits from reinsurers	273,140	232,671
Payables and other liabilities	9,657,491	11,304,457
I- Direct insurance	436,609	1,204,989
VII- Employees' leaving entitlement	531,350	494,268
VIII- Other payables	2,511,251	5,203,026
IX- Other liabilities	6,178,281	4,402,174
Accrued expenses and deferred income	-	155,070
TOTAL LIABILITIES AND EQUITY	187,760,444	181,082,335
MEMORANDUM ACCOUNTS	120,808,294	107,344,332

UNISALUTE S.P.A.

INCOME STATEMENT

	31/12/2010	31/12/2009
TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS		
Gross written premiums	181,969,476	160,420,881
Outwards reinsurance premiums	(171,999)	(230,819)
Net change in the premium provision	(1,068,398)	(3,249,782)
Earned premiums, net of outwards reinsurance	180,729,079	156,940,280
Income on investments transferred from the non-technical account	-	4,608,383
Other technical income, net of outwards reinsurance	49,342	30,857
Charges relating to claims, net of outwards reinsurance	(139,834,345)	(120,623,094)
Changes in other technical provisions, net of outwards reinsurance	(408,476)	(302,822)
Reversals and profit participation, net of outwards reinsurance	(405,755)	(3,348,821)
Operating expenses	(24,314,019)	(23,568,726)
Other technical charges, net of outwards reinsurance	(63,018)	(89,707)
RESULT OF THE TECHNICAL ACCOUNT	15,752,808	13,646,350
NON-TECHNICAL ACCOUNT		
Investments	5,416,656	6,800,026
Financial charges	(5,794,511)	(615,804)
Investments allocated to the technical account	-	(4,608,383)
Other income	1,036,656	538,234
Other charges	(1,708,702)	(1,021,500)
RESULT OF ORDINARY BUSINESS	14,702,907	14,738,923
Extraordinary income	91,764	415,799
Extraordinary expense	(356,782)	(73,902)
PRE-TAX PROFIT/(LOSS)	14,437,889	15,080,820
Income Tax	(5,254,236)	(5,189,145)
PROFIT/(LOSS) FOR THE YEAR	9,183,653	9,891,675

Amounts in €

BNL VITA S.P.A.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Milan
Share capital €250,000,000
Direct shareholding 51%

Amounts in €

	31/12/2010	31/12/2009
ASSETS		
Share capital proceeds to be received	-	-
Intangible fixed assets	1,661,502	2,170,592
Investments	7,686,431,191	6,442,252,804
III- Other financial investments	7,686,431,191	6,442,252,804
Investments for the benefit of Life policyholders who bear the risk thereof and arising from pension fund management provisions	4,105,932,202	4,915,672,924
Technical provisions - reinsurers' share	14,115,890	15,550,165
Receivables	194,274,401	156,863,839
I- Direct insurance	813,327	1,832,782
II- Reinsurance	627,287	498,869
III- Other receivables	192,833,787	154,532,188
Other assets	20,340,650	76,156,291
I- Tangible assets and inventory	124,877	134,069
II- Liquid funds	16,859,527	72,592,326
IV- Other assets	3,356,246	3,429,896
Prepayments and accrued income	112,697,902	95,930,562
TOTAL ASSETS	12,135,453,738	11,704,597,177
LIABILITIES AND EQUITY		
Equity	413,033,646	410,866,619
I- Subscribed share capital or equivalent fund	250,000,000	160,000,000
IV- Legal reserve	27,092,804	20,452,373
VII- Other reserves	133,773,815	97,605,635
IX- Profit (loss) for the year	2,167,027	132,808,611
Technical provisions	7,546,594,786	6,257,081,044
Technical provisions where investment risk is borne by policyholders and pension fund management provisions	4,105,932,163	4,915,666,221
Provision for risks and charges	428,001	405,928
Deposits from reinsurers	2,612,485	2,681,100
Payables and other liabilities	66,846,527	117,892,347
I- Direct insurance	15,541,603	14,321,699
II- Reinsurance	-	1,784
VII- Employees' leaving entitlement	1,321,687	1,384,348
VIII- Other payables	46,908,227	90,206,585
IX- Other liabilities	3,075,010	11,977,931
Accrued expenses and deferred income	6,130	3,918
TOTAL LIABILITIES AND EQUITY	12,135,453,738	11,704,597,177
MEMORANDUM ACCOUNTS	11,656,880,217	11,336,924,528

BNL VITA S.P.A.

INCOME STATEMENT

	31/12/2010	31/12/2009
Amounts in €		
TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS		
Gross written premiums	2,475,235,386	3,050,821,375
Outwards reinsurance premiums	[499,357]	[598,953]
Premiums for the year, net of outwards reinsurance	2,474,736,029	3,050,222,422
Income on investments	382,333,890	435,614,812
Income on investments and unrealised capital gains where the investment risk is borne by policyholders and arising from pension fund management	180,114,527	491,152,511
Other technical income, net of outwards reinsurance	32,284,736	31,102,192
Charges relating to claims, net of outwards reinsurance	[2,279,197,039]	[1,998,289,679]
Change in mathematical provision and other technical provisions, net of outwards reinsurance	[445,541,193]	[1,599,552,925]
Reversals and profit participation, net of outward reinsurance	882,988	[1,402,686]
Operating expenses	[29,281,654]	[22,135,980]
Investment charges	[190,140,817]	[102,326,947]
Investment charges and unrealised capital losses on investments where the investment risk is borne by policyholders and arising from pension fund management	[55,293,839]	[33,423,386]
Other technical charges, net of outwards reinsurance	[68,315,831]	[58,267,505]
Investments transferred to the non-technical account	[10,847,295]	[18,658,912]
RESULT OF THE TECHNICAL ACCOUNT	[8,265,498]	174,033,917
NON-TECHNICAL ACCOUNT		
Income on investments transferred from the technical account	10,847,295	18,658,912
Other income	752,482	1,604,017
Other charges	[1,877,592]	[1,672,462]
RESULT OF ORDINARY BUSINESS	1,456,687	192,624,384
Extraordinary income	1,857,808	2,260,884
Extraordinary expense	[2,160,468]	[1,222,657]
PRE-TAX PROFIT/(LOSS)	1,154,027	193,662,611
Income Tax	1,013,000	[60,854,000]
PROFIT/(LOSS) FOR THE YEAR	2,167,027	132,808,611

UGF BANCA S.P.A.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Bologna
Share capital €904,500,000
Direct shareholding 67.74%,
indirect 32.26% through UGF
Assicurazioni S.p.A.

Amounts in €

ASSETS		31/12/2010	31/12/2009
10. Cash and cash equivalents		110,977,354	117,098,499
20. Held-for-trading financial assets		38,032,941	738,792
40. Available-for-sale financial assets		494,263,435	87,816,651
60. Receivables from banks		731,000,896	974,267,790
70. Receivables from customers		9,735,632,700	9,218,297,862
80. Hedge derivatives		5,686,636	-
100. Investments		125,822,802	122,227,943
110. Property, plant and equipment		22,699,821	24,631,630
120. Intangible assets		420,730,424	419,674,026
- incl. goodwill	419,225,718		419,225,718
130. Tax assets		99,431,346	91,542,741
a) current	14,398,387		13,858,924
b) deferred	85,032,959		77,683,817
150. Other assets		256,269,092	238,330,126
TOTAL ASSETS		12,040,547,447	11,294,626,060
LIABILITIES AND EQUITY			
10. Payables to banks		1,268,501,684	420,434,260
20. Payables to customers		7,176,113,435	7,665,478,196
30. Securities outstanding		2,124,167,373	1,873,145,990
40. Held-for-trading financial liabilities		4,471	-
60. Hedge derivatives		8,470,309	3,751,084
80. Tax liabilities		37,908,688	28,081,699
a) current	12,615,431		11,759,386
b) deferred	25,293,257		16,322,313
100. Other liabilities		370,447,804	229,927,510
110. Employees' leaving entitlement		13,851,028	14,932,441
120. Provisions for risks and charges		3,438,624	18,952,252
130. Valuation reserves		(14,457,550)	(5,727,868)
160. Reserves		18,537,662	12,856,123
170. Share premiums		122,612,834	122,612,834
180. Share capital		904,500,000	904,500,000
200. Profit (loss) for the year (+/-)		6,451,085	5,681,539
TOTAL LIABILITIES AND EQUITY		12,040,547,447	11,294,626,060

UGF BANCA S.P.A.

INCOME STATEMENT

	31/12/2010	31/12/2009
Amounts in €		
10. Interest and similar income	343,098,976	376,740,494
20. Interest and similar expense	(145,011,454)	(162,200,956)
30. Net interest income	198,087,522	214,539,538
40. Fee and commission income	130,271,209	108,219,986
50. Fee and commission expense	(19,525,075)	(17,114,370)
60. Net fee and commission income	110,746,134	91,105,616
70. Dividends and similar income	2,002,174	5,386,840
80. Net profits/(losses) on trading	369,920	1,966,841
90. Net profits/(losses) on hedging	195,823	144,975
100. Profit (loss) on disposal/repurchase of:	12,363,021	18,240,165
a) loans	371,430	-
b) available-for-sale financial assets	7,036,147	3,178,303
d) financial liabilities	4,955,444	15,061,862
120. Gross operating income	323,764,594	331,383,975
130. Impairment losses/reversal of impairment losses on:	(51,754,836)	(55,902,011)
a) loans	(51,317,935)	(53,373,361)
b) available-for-sale financial assets	-	(2,880,365)
d) other financial activities	(436,901)	351,715
140. Net financial income	272,009,758	275,481,964
150. Administrative expenses:	(251,729,137)	(256,017,486)
a) personnel expense	(140,742,823)	(133,592,357)
b) other administrative expenses	(110,986,314)	(122,425,129)
160. Provisions for risks and charges	-	(5,323,079)
170. Impairment losses/reversal of impairment losses on property, plant and equipment	(7,079,406)	(6,855,213)
180. Impairment losses/reversal of impairment losses on intangible assets	(799,710)	(361,144)
190. Other operating income/expense	8,958,625	13,302,314
200. Operating expenses	(250,649,628)	(255,254,608)
210. Profits (losses) on investments	-	-
250. Pre-tax profit (loss) on continuing operations	21,360,130	20,227,356
260. Income tax for the year on continuing operations	(14,909,045)	(14,545,817)
270. Profit (loss) on continuing operations, net of tax	6,451,085	5,681,539

MIDI S.R.L.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Bologna
Share capital €107,000,000
(€111,000,000 as
at 24 February 2011)
Indirect shareholding 100%
through UGF Assicurazioni S.p.A.

Amounts in €

	31/12/2010	31/12/2009
ASSETS		
A) SHARE PROCEEDS TO BE RECEIVED	-	-
B) FIXED ASSETS	105,161,111	84,787,072
II Tangible fixed assets	104,910,515	84,535,779
1) land and buildings	43,146,154	42,521,842
4) other assets	17,982	
5) assets under construction and payments on account	61,746,379	42,013,937
III Financial fixed assets	250,596	251,293
1) investments		
d) other	250,316	250,316
2) Financial receivables		
d) from others: due within one year	280	977
C) CURRENT ASSETS	10,669,678	4,018,686
II Receivables		
- due within one year	6,848,707	3,515,423
IV Liquid funds	3,820,971	503,263
D) PREPAYMENTS AND ACCRUED INCOME	1,050	1,096
TOTAL ASSETS	115,831,839	88,806,854
LIABILITIES		
A) EQUITY	108,231,853	78,609,051
I Share capital	107,000,000	77,500,000
IV Legal reserve	130,965	130,965
VII Other reserves: extraordinary reserve	978,086	1,167,345
IX Profit (loss) for the year	122,802	(189,259)
D) PAYABLES	7,599,986	10,197,803
- due within one year	7,599,986	10,197,803
TOTAL LIABILITIES AND EQUITY	115,831,839	88,806,854
MEMORANDUM ACCOUNTS	9,587,403	11,889,804
1) Sureties - to third parties	9,587,403	11,889,804

MIDI S.R.L.

INCOME STATEMENT

	31/12/2010	31/12/2009
Amounts in €		
A) PRODUCTION REVENUES	2,526,691	1,197,226
1) Turnover from sales and services	1,923,142	1,039,391
5) Other revenues and income		
-other revenues and income	603,549	157,835
B) PRODUCTION COST	2,283,884	1,452,605
7) Services	918,321	507,635
10) Amortisation/depreciation and write-downs		
b) depreciation of tangible fixed assets	1,148,044	749,601
14) Other operating costs	217,519	195,369
Operating profit (loss) (A-B)	242,807	(255,379)
C) FINANCIAL INCOME AND CHARGES	4,201	60,572
16) Other financial income		
d) other income: from others	4,201	60,610
17) Interest and other financial charges: other	-	38
E) EXTRAORDINARY INCOME AND EXPENSE	10,163	(196)
20) Income	10,255	-
21) Expense	92	196
Pre-tax profit/(loss)	257,171	(195,003)
22) Income tax on profit, current and deferred		
a) current taxes	134,369	(5,744)
23) NET PROFIT (LOSS) FOR THE YEAR	122,802	(189,259)

UNIFIMM S.R.L.

BALANCE SHEET

31/12/2010

31/12/2009

Registered offices in Bologna
Share capital €94,850,000
(€116,850,000 as
at 28 March 2011)
Indirect shareholding 100%
through UGF Assicurazioni S.p.A.

Amounts in €

	31/12/2010	31/12/2009
ASSETS		
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED	0	0
B) FIXED ASSETS	98,903,336	65,369,446
I Intangible fixed assets	-	594,743
II Tangible fixed assets	98,903,321	64,774,703
III Financial fixed assets	15	-
C) CURRENT ASSETS	7,025,560	1,955,904
II Financial receivables		
-due within one year	5,551,020	1,675,656
IV Liquid funds	1,474,540	280,248
D) PREPAYMENTS AND ACCRUED INCOME	3,168	1,318
TOTAL ASSETS	105,932,064	67,326,668
LIABILITIES		
A) EQUITY	80,294,114	57,384,527
I Share capital	94,850,000	43,350,000
IV Legal reserve	548,836	548,836
VII Other reserves		
- capital injections	-	28,000,000
- others	1	-
VIII Profits (losses) carried forward	(14,514,309)	(14,183,543)
IX Profit (loss) for the year	(590,414)	(330,766)
B) PROVISION FOR RISKS AND CHARGES	6,713,940	6,713,940
D) PAYABLES	18,924,010	3,228,201
- due within one year	18,924,010	3,228,201
TOTAL LIABILITIES AND EQUITY	105,932,064	67,326,668
MEMORANDUM ACCOUNTS	14,230,953	13,997,217
1) Sureties to third parties	14,230,953	13,997,217

UNIFIMM S.R.L.

INCOME STATEMENT

	31/12/2010	31/12/2009
Amounts in €		
A) PRODUCTION REVENUES	32,050	2,621
5) Other revenues and income		
- other revenues and income	32,050	2,621
B) PRODUCTION COST	626,397	350,059
7) Services	390,755	114,651
14) Other operating costs	235,642	235,408
Operating loss (A-B)	(594,347)	(347,438)
C) FINANCIAL INCOME AND CHARGES	3,199	16,673
16) Other financial income		
d) other income		
- from others	3,199	16,673
E) EXTRAORDINARY INCOME AND EXPENSE	734	(1)
20) Income		
- other	734	(1)
Pre-tax profit/(loss)	(590,414)	(330,766)
22) Income tax on profit for the year	-	-
23) Profit (loss) for the year	(590,414)	(330,766)

UNIPOL
GRUPPO FINANZIARIO S.P.A.

Registered and Head Offices
via Stalingrado, 45
40128 Bologna

Share capital
€ 2,699,066,930.11 fully paid-up

Tax Code and Bologna Company
Registration No. 00284160371

R.E.A. No. 160304

UNIPOL
GRUPPO FINANZIARIO S.P.A.

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