Unipol Gruppo Finanziario S.p.A.

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

Interim Group Business Report as at 31 March 2009

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

Bologna, 14 May 2009

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COMPANY'S BOARDS AND OFFICIALS

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Board of Directors	**Chairman**	Pierluigi Stefanini
	Vice Chairman	Vanes Galanti
	Chief Executive Officer	Carlo Salvatori
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	Sergio Betti	Massimo Masotti
	Rocco Carannante	Enrico Migliavacca
	Pier Luigi Celli	Pier Luigi Morara
	Gilberto Coffari	Sergio Nasi
	Piero Collina	Marco Pedroni
	Bruno Cordazzo	Giuseppe Politi
	Sergio Costalli	Francesco Vella
	Jacques Forest	Marco Giuseppe Venturi
	Fabrizio Gillone	Luca Zaccherini
	Claudio Levorato	Mario Zucchelli
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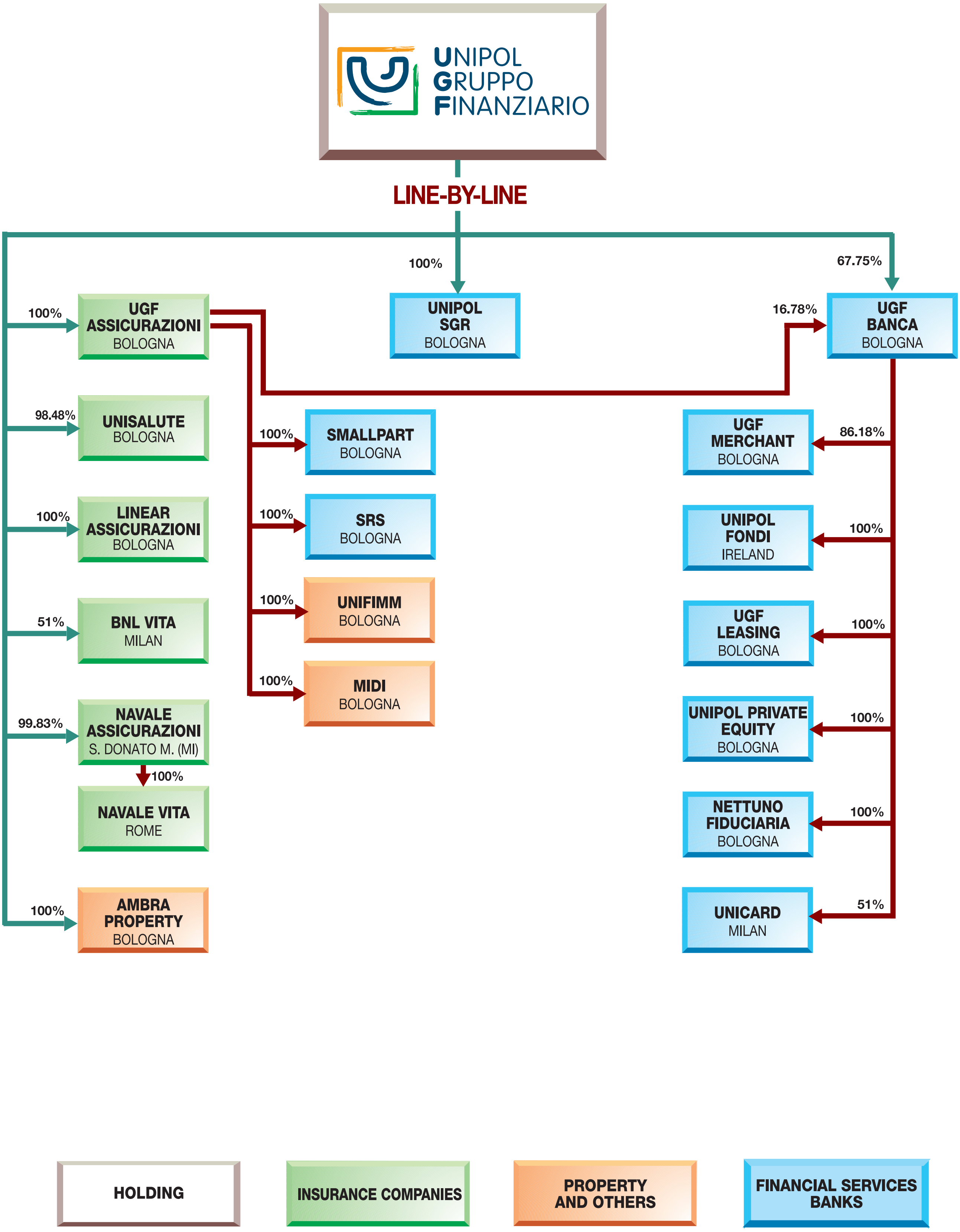
General Manager		Carlo Cimbri
Board of Statutory Auditors	**Chairman**	Roberto Chiusoli
	Statutory Auditors	Giorgio Picone Domenico Livio Trombone
	Alternate Auditors	Cristiano Cerchiai Giovanni Battista Graziosi
External Auditors		KPMG spa

BASIS OF CONSOLIDATION AS AT 31 MARCH 2009



INTRODUCTION

Macroeconomic background

The outlook for the advanced economies still appears to be critical and it will be difficult to provide an accurate forecast before the end of the Summer. One indication of the gravity of the situation is the cost of credit default swaps, which is still extremely high.

When the World Economic Outlook was published in April, the International Monetary Fund updated its estimate of the potential losses for the financial system, increasing it to approximately four trillion dollars. It also published its forecasts for 2009: for the first time for 60 years worldwide GDP is expected to shrink by 1.3%. These figures may be revised downwards if protectionist measures, which have already been decided on by various countries, become generalised.

There is no lack of bad news as far as Italy is concerned: in February the ISTAT index of retail sales fell by 3.1% and retail prices (+1.4% in March) are substantially down, reflecting the movement in manufacturing prices, which fell by 3.3% in February. In the light of this trend there is still the risk of the advanced economies going into a deflationary spiral. The recession was aggravated by the 19.2% fall in the industrial index in the first two months of 2009. In summary, GDP has fallen, led by a drop in individual consumption and plummeting investments.

The level of public borrowing sets a limit on the measures the Italian Government can put in place to tackle the crisis. Despite the reduction of 25 basis points implemented by the European Central Bank on 8 April, monetary policy in the Eurozone is proving to be less successful than elsewhere in stimulating the economy. Interest rates are down, the 3-month Euribor falling from 2.86% at the beginning of January to 1.37% at the end of April. Longer-term rates are going in the other direction: the 20-year IRS rate rose by approximately 4 basis points between the beginning of the year and 28 April whilst the 30-year IRS rate rose by almost 21 cents during the same period.

Financial markets

The first quarter of 2009 was characterised by the continuing negativity in the financial markets that began during 2008.

Share markets experienced a further heavy loss of value with the US stock exchange index (S&P500) falling 11.67% during the quarter, the Eurostoxx50 down by 15.38% (with the Italian index losing 18.42%) and the Japanese Nikkei 225 down by 8.47%. The only area that showed signs of holding its own was Asia, with the relevant Morgan Stanley index down only -0.18% during the quarter, thus confirming the tenacity of the economies in this area compared with the negative performance of the industrialised economies.

One of the main reasons for the steeper fall in share prices was the negative growth in the fourth quarter of last year in the principal industrialised economies, with US GDP down 0.8%, the Eurozone falling 1.4% and Japanese GDP shrinking by as much as 4.3%.

In addition, the publication of these figures coincided with record losses in the fourth quarter of 2008 in the securities portfolios of the main banks and insurance companies and with estimates of much lower growth in the profits of businesses belonging to the industrial sector.

In general government bonds continued to enjoy their reputation as a safe haven despite investors continuing to distinguish between states characterised by the firm financial footing of both their public accounts and their internal banking system and less virtuous states which could have greater problems in intervening to support domestic banks. One of the countries belonging to the former category is Germany, whose two-year rate fell from 1.75% to 1.24% and ten-year rate rose from 2.96% and 2.99% during the quarter. Italy continues to be perceived by investors as belonging to the category of less virtuous countries. Nevertheless, although the two-year rate fell from 3.11% to 1.95%, the ten-year rate continued to be much better than for German securities, with yields rising from 4.38% to 4.39% (1.40% more than German securities).

Since the end of the quarter conditions in the financial markets have much improved thanks to the stabilisation of the macroeconomic situation which, whilst not indicating a complete turnaround in the short-term, has made it less likely that the global recession will become even deeper.

Hope has also been kindled in the markets by the positive results achieved in the first quarter of the year by the leading American banks, which in some cases considerably exceeded financial analysts' expectations.

Insurance business
2008 ended with a great deal of stagnation in the Italian insurance market. Total Non-Life business was down 0.6% compared with 2007 owing to a significant drop in MV classes (-3.2%) which was only partially offset by growth in non-MV Classes (+2.8%). Life business was well down with income falling by 11.2%. Positive results were achieved by Class I products (+15.7%) and in the supplementary pension sector (where Class VI was up 88.3%), indicating the popularity with savers of the pension element of these categories of policy. Against this negative background agencies performed adequately (-0.5%) whilst banking outlets encountered greater difficulties (-19.5%).
A fairly positive figure emerged in the first two months of 2009 from new individual Life business, which was 7.3% higher than in the same period last year. This result was largely determined by Class I policies (+93.9%) and the success of the banking channel (+23.4%). This confirms the opinions expressed previously on the potential for growth inherent in the pension features of Life products.

Banking and asset management
As was reasonable to expect, in the light of the current liquidity crisis in the banking system worldwide the banks are doing their utmost to increase the supply from ordinary customers. The process of deleveraging, which had already been well under way during 2008, also continued in the first two months of 2009: compared with the figure of twelve months earlier, Italian banks' direct income (deposits and bonds) rose by 10.9% compared with a modest rise (+3.9%) in lending to customers. It should be noted that domestic income also has to make up for a fall in income from abroad and the level of securitisation operations carried out for the purpose of obtaining loans from the European Central Bank.
The brake on lending to customers stems both from a drop in demand for corporate financing as a result of the state of the economy in general and from lenders' more acute perception of risk. This situation is having a greater impact on the medium- to long-term element of lending to customers. Individuals' demand for credit is similarly affected, the determining factors being the slump in the property market and the drop in the propensity to consume.
This phase in the economic cycle will involve a considerable increase in doubtful debts, mainly affecting borrowers operating in the property market and undertakings most exposed to the effects of the recession.
The broadening of the scope of monetary policy is reflected in a generalised reduction in bank rates. The increase in the mark-up in the first few months of 2009 was more than offset by a fall in the mark-down and the consequent reduction in the bank rate spread will have a negative effect on lenders' net interest income.

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The UGF Group's Interim Management Report as at 31 March 2009 was drawn up in accordance with Article 154-ter of Legislative Decree 58/1998 (TUF).

The unit of account used is the Euro and amounts are expressed in €m.

In comparison with 31 December 2008 there were no changes in the basis of consolidation.

GROUP HIGHLIGHTS *(amounts in €m)*	31/03/2009	31/03/2008	31/12/2008
Income from Non-Life insurance premiums	1,022	1,039	4,357
% variation	*-1.6 (1)*	*3.8 (1)*	*1.6 (1)*
Income from Life assurance premiums	1,661	638	3,519
% variation	*160.3 (1)*	*-42.9 (1)*	*-1.2 (1)*
including income from Life investment products	*5*	*5*	*20*
Total insurance business - Direct income	**2,683**	**1,677**	**7,876**
% variation	*60.0 (1)*	*-20.8 (1)*	*0.3 (1)*
Annual Premium Equivalent (APE) Life business - Group share	**109**	**56**	**273**
% variation	*95.0 (1)*	*-45.9 (1)*	*-7.9 (1)*
Loss ratio Non-Life business - direct business	**76.9%**	**71.2%**	**76.3%**
Combined ratio - direct business	**99.6%**	**93.6%**	**98.6%**
Net income from financial assets and liabilities (excl. assets/liabs recorded at fair value)	**259**	**280**	**651**
% variation	*-7.3 (1)*	*5.0 (1)*	*-43.5 (1)*
Banking business - direct customer deposits	**8,527**	**8,221**	**8,728**
% variation	*-2.3 (2)*	*-9.6 (2)*	*-4.1 (2)*
Investments and liquid assets	**36,873**	**38,420**	**36,285**
% variation	*1.6 (2)*	*-3.4 (2)*	*-8.8 (2)*
Technical provisions	**26,075**	**25,788**	**25,298**
% variation	*3.1 (2)*	*-1.1 (2)*	*-3.0 (2)*
Financial liabilities	**10,596**	**10,629**	**10,895**
% variation	*-2.7 (2)*	*-10.0 (2)*	*-7.8 (2)*
Shareholders' equity pertaining to the Group	**3,273**	**4,911**	**3,433**
% variation	*-4.7 (2)*	*-1.5 (2)*	*-31.2 (2)*

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

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

Annual Premium Equivalent	New Life business expressed in APE is a measure of the turnover of new policies and is the sum of the regular premiums from new business and a tenth of the single premiums. This indicator is not a measure defined by accounting rules but is calculated in accordance with economic-financial procedure and used for evaluating business together with the in-force value and the Group's new Life business value.
Loss ratio (direct business)	This is the principal indicator of the profitability of an insurance company's operations. It is the ratio between the cost of direct claims for the period and direct income for the period.
Combined ratio (direct business)	This indicator measures the balance of Non-Life core business and is made up of the sum of the expense ratio (the ratio of total operating expenses to direct income) and the loss ratio.

BUSINESS OVERVIEW

2009 began with completion of the UGF Group reorganisation process.

With effect from 1 February 2009, the necessary authorisation having been obtained, Aurora Assicurazioni S.p.A. was incorporated into Unipol Assicurazioni S.p.A., both wholly owned subsidiaries of the holding company UGF, which gave rise to a single large insurance company – the third largest on the Italian market – which took the name of '**UGF Assicurazioni S.p.A**.' The new company will continue to benefit from the commercial strength of the brand names Unipol and Aurora since the sales networks will remain distinct and independent, the additional aims of this being to continue to ensure an optimum presence throughout the country and to provide effective customer service.

On the same date the insurance business of the Parent Company Unipol Gruppo Finanziario S.p.A. was hived off to UGF Assicurazioni. Neither the hive-off nor the merger have any effect on UGF's consolidated equity, profits and investments.

It is expected that rationalising the way the Group is organised in order to draw a distinction between holding company business and the work carried out by each individual company will lead to integration between the various areas of business and between the insurance and banking sales networks, as well as greater economies of scale and of expertise, and thus to greater efficacy and determination in facing up to the increasingly difficult market context.

In order to integrate better with the networks of insurance agencies, which are keeping the old Unipol and Aurora brand names, in February 2009 Unipol Banca changed its name to UGF Banca.

The UGF Assicurazioni sales networks were also reorganised to create six geographical areas provided with both insurance and banking resources and expertise in order to meet all the requirements of customers living in those areas. National advertising campaigns have been set up to promote the new brand names and to focus on the UGF Group as a supplier of integrated insurance and financial services that can fulfil the diverse requirements of its customers.

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

As regards **business performance**, direct **Life** insurance income rose substantially in the first quarter of 2009, from €638m in the first quarter of 2008 to €1,661m (+160%). A substantial portion of this was contributed by the subsidiary BNL Vita, which in the first three months of the year achieved income of €1,152m (+645.2%). The UGF Assicurazioni and UGF Banca networks of agencies also continued to perform well (+10% and +109% respectively) thanks to the marketing of products that were popular with customers in search of protection for their investments against the turbulence in the financial markets and to the strength of the sales network.

New business in terms of APE for the Group as a whole amounted to €109m in the first quarter of 2009, a significant increase of +95% compared with the first quarter of 2008 (net of Quadrifoglio Vita, which was sold during 2008). To be specific, BNL Vita recorded an increase in APE from €15m to €116m (+651.5%), €59m of which pertained to the Group, but UGF Assicurazioni also made a positive contribution of €50m to the Group figure (+4%).

As regards **Non-Life** business performance, direct income was slightly down (-1.6%), as was expected with a strategy that in view of the negative climate in the economy as a whole and the sector emphasised a very selective underwriting policy aimed at reforming the portfolio and reviewing prices.

To be specific, MV income was down 3.4%, whilst the contribution made by the other classes continued to be positive (+1.2%).

As for performance in Non-Life core business, the preliminary figures for 2009 issued by the

leading insurance groups indicate a general worsening of the loss ratio.
In this unfavourable market context the Group's performance in the first quarter of 2009 was similar to that recorded in the second half of 2008. The loss ratio for direct business was 76.9% compared with 76.3% at the end of 2008, with several inclusive MV TPL and Health policies, already partly written off, continuing to performing unsatisfactorily in the first quarter and continuing losses caused by bad weather, which had already seriously affected the second half of 2008.
The Group acted in the case of tariffs and agencies that had performed badly as well as implementing a selective underwriting policy, the positive effects of which on the loss ratio are expected over the next few months.
The expense ratio for direct business was 22.7% and was slightly up on the 22.4% for the first quarter of 2008 and for the whole of last year owing to the reduction in premiums and the mix being more geared to classes providing higher rates of commission.
Nevertheless the Group recorded a combined ratio (direct business) for the quarter of 99.6%, slightly higher than the 98.6% recorded at the end of 2008 and much higher than the 93.6% for the first quarter of 2008 when the negative effects on the loss ratio recorded in the second half of the previous financial year had still not been felt in full.

In **banking business** work continued on redirecting the bank's expansion, the focus in the very difficult economic climate being on consolidating existing branches. The recent changes in top management form part of the strategic plan to make further improvements to the business synergies between UGF Banca and the insurance companies in the Group. The first three months of 2009 saw a further expansion of banking activity in terms of increases in the amounts retail customers had in their current accounts and in ordinary customer deposits (+3%).
Credit policy was subjected to careful review but the current economic crisis, which is expected to last throughout 2009, meant that the incidence of net doubtful debts on lending to customers continued to be significant, although not to the extent of preventing banking business from returning to profit (€8m before taxation) after the loss for 2008 as a result of extraordinary amounts being set aside on several items.

As for **asset management**, in view of the current recession and the further deterioration in the financial markets in the first quarter of 2009, the Group continued with its prudent investment policies aimed at safeguarding the portfolio, compatibility with liabilities to policyholders and solvency. Therefore a considerable level of liquidity was maintained and the share risk was hedged.

The UGF Group ended the first quarter of 2009 with a **net consolidated profit of €41m.**

INSURANCE BUSINESS

Premium income and investment products

Total income (premiums and investment products) as at 31 March 2009 amounted to €2,697m, an increase of 59.4% compared with the situation as at 31 March 2008, thanks to the extraordinary increase in life income of +159.4%, which was entirely attributable to the bancassurance channel (BNL Vita). Non-Life income fell 1.6% during the period.

Income as at 31 March 2009 is broken down as follows:

- Non-Life premium income 38.3% (62.1% as at 31/3/2008)
- Life premium income 61.5% (37.6% as at 31/3/2008)
- Life investment products 0.2% (0.3% as at 31/3/2008).

In compliance with the requirements of IFRS 4 (presence of a significant insurance risk) all the Non-Life income of the companies in the Group was classified as insurance premiums.
As regards Life business, investment products as at 31 March 2009 related to Class III (unit- and index-linked policies) and Class VI (pension funds).

CONSOLIDATED INCOME
(amounts in €m)

	31/3/2009	comp. %	31/3/2008	comp. %	Var. %	31/12/08	comp. %
Non-Life direct premium income	1,022		1,039		-1.6	4,357	
Non-Life inward reinsurance	11		11		-2.6	24	
Total Non-Life premium income	**1,033**	**38.3**	**1,050**	**62.1**	**-1.6**	**4,381**	**55.4**
Life direct premium income	1,656		633		161.5	3,499	
Life inward reinsurance	3		3		-13.0	4	
Total Life premium income	**1,659**	**61.5**	**637**	**37.6**	**160.5**	**3,503**	**44.3**
Total Life investment products	5	0.2	5	0.3	0.0	20	0.3
Total income from Life business	**1,664**	**61.7**	**642**	**37.9**	**159.4**	**3,523**	**44.6**
OVERALL INCOME	2,697	100.0	1,692	100.0	59.4	7,904	100.0

Almost all the policies issued were subscribed in Italy.

Direct income amounted to €2,683m (+60% compared with 31/3/2008), €2,678m of which was premium income and €5m investment products.

The income breakdown according to class (Non-Life premium income, Life premium income and investment products) and the breakdown indices are set out in the following table:

BREAKDOWN OF CONSOLIDATED INCOME BY CLASS OF BUSINESS (amounts in €m)	31/3/2009	comp. %	31/3/2008	comp. %	Var. %	31/12/2008	comp. %
DIRECT ITALIAN BUSINESS							
Non-Life premium income							
Accident and Health (classes 1 and 2)	180	6.7	176	10.5	2.8	681	8.6
Land vehicles - TPL (class 10)	526	19.6	542	32.4	-3.0	2,260	28.7
Land vehicles - own damage or loss (class 3)	83	3.1	88	5.3	-5.3	361	4.6
Marine, Aviation and Goods in transit (classes 4, 5, 6, 7, 11 and 12)	6	0.2	8	0.5	-21.5	32	0.4
Fire and Other damage to property (classes 8 and 9)	94	3.5	89	5.3	6.5	446	5.7
General TPL (class 13)	89	3.3	91	5.4	-2.2	394	5.0
Credit and Bond (classes 14 and 15)	9	0.3	12	0.7	-23.8	42	0.5
Miscellaneous pecuniary losses (class 16)	14	0.5	13	0.8	4.2	56	0.7
Legal protection (class 17)	7	0.3	7	0.4	4.5	32	0.4
Assistance (class 18)	13	0.5	13	0.8	-3.1	52	0.7
Total Non-Life business	**1,022**	**38.1**	**1,039**	**61.9**	**-1.6**	**4,357**	**55.3**
Life premium income							
I - Life assurance, annuities	1,429	53.3	399	23.8	258.4	1,993	25.3
III - Unit-linked/index-linked products	58	2.2	86	5.1	-32.4	870	11.1
V - Capitalisation operations	60	2.2	64	3.8	-6.4	229	2.9
VI - Pension funds	109	4.1	85	5.1	28.2	406	5.2
Total Life business	**1,656**	**61.7**	**633**	**37.8**	**161.5**	**3,499**	**44.4**
Total Life and Non-Life direct premium income	**2,678**	**99.8**	**1,672**	**99.7**	**60.2**	**7,856**	**99.7**
Life investment products							
III - Unit-linked/index-linked products	1	0.0	1	0.1	-39.7	7	0.1
VI - Pension funds	4	0.2	4	0.2	10.5	13	0.2
Total Life investment products	**5**	**0.2**	**5**	**0.3**	**0.0**	**20**	**0.3**
Life direct income							
I - Life assurance, annuities	1,429	53.3	399	23.8	258.4	1,993	25.3
III - Unit-linked/index-linked products	58	2.2	87	5.2	-32.5	877	11.1
V - Capitalisation operations	60	2.2	64	3.8	-6.4	229	2.9
VI - Pension funds	114	4.2	89	5.3	27.5	419	5.3
Total Life direct income	**1,661**	**61.9**	**638**	**38.1**	**160.3**	**3,519**	**44.7**
Total direct income	**2,683**	**100.0**	**1,677**	**100.0**	**60.0**	**7,876**	**100.0**
INWARD REINSURANCE							
Non-Life premium income	11	78.8	11	76.9	-2.6	24	84.7
Life premium income	3	21.2	3	23.1	-13.0	4	15.3
Total inward reinsurance	**14**	**100.0**	**15**	**100.0**	**-5.0**	**28**	**100.0**
OVERALL CONSOLIDATED INCOME	**2,697**		**1,692**		**59.4**	**7,904**	

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

Life business

Life income as at 31 March 2009 totalled €1,664m, up 159.4% compared with 31 March 2008. Direct income amounted to €1,661m (+160.3% compared with 31/3/2008). There was significant growth in Class I – traditional policies (+258.4%) and in Class VI – pension funds (+27.5%) whilst Class III – index- and unit-linked policies (-32.5%) and Class V – capital redemption policies (-6.4%) were down.
Direct Life premium income amounted to €1,656m as at 31 March 2009, whilst investment products amounted to €5m. As at 31 March 2008 Life premium income had been €633m and investment products €5m.

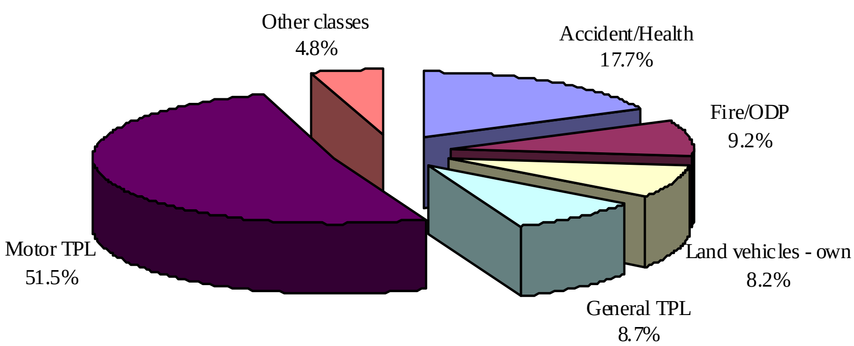
New business in the first quarter of 2009 in terms of Annual Premium Equivalent – APE, net of the proportion pertaining to minority interests, was €109m, a significant increase (+95% compared with the first quarter of 2008) thanks to the contribution made by the BNL Vita network (which had recorded a sharp drop in 2008).

The traditional composite company UGF Assicurazioni achieved Life direct income of €508m, an increase of 6.3% compared with 31 March 2008. Life premium income amounted to €503m (€473m as at 31/3/2008) whilst investment products amounted to €5m, the same as on 31 March 2008. There was a particularly large increase in Class I – traditional policies (+44.7%) and in Class VI – pension funds (+27.7%), whilst Class III – unit- and index-linked policies fell by 99.3% and Class V – capital redemption policies by 26%.
Income from Life policies achieved via UGF Banca banking outlets was €60m as at 31 March 2009 (€29m as at 31/3/2008).
The **bancassurance company BNL Vita** achieved total income of €1,152m compared with €155m as at 31 March 2008. Income was up in all classes with the exception of Class VI – pension funds, which continued to be of limited significance.

Non-Life business

Total premium income in the Non-Life portfolio amounted to €1,033m as at 31 March 2009 (-1.6% compared with 31/3/2008).
Direct premium income alone amounted to €1,022m (-1.6% compared with 31/3/2008). Premium income from inward reinsurance amounted to €11m (largely unchanged compared with 31/3/2008).
MV TPL fell by 3% because of the crisis in the car market, which had immediate repercussions on the number of new policies, and as a result of the reduction in the average premium because of the continuing strong competition in the market.
General TPL was down 2.2% and the classes linked to additional MV cover by 5.3%. On the other hand Accident and Health and Fire were up by 2.8% and 6.5% respectively.

% breakdown of Non-Life direct premium income



The **composite company UGF Assicurazioni** had direct premium income of €871m (-2.1%). Particular mention should be made of the drop in MV TPL (-4.2%) and Land vehicles – own damage or loss (-5.8%), whilst other Non-Life classes grew by 1.8%.
The **specialist companies** (Navale Assicurazioni, Linear and Unisalute) wrote direct premiums of €151m (+1.6%).

Navale Assicurazioni achieved direct premium income of €58m as at 31 March 2009 (+1.7%). MV classes grew by 15% whilst the other classes were down (-13.4%).
Linear had direct premium income of €41m, a drop of 2.4% largely due to the reduction in the average premium, with an increase of 1.1% in the number of policies in the portfolio compared with 31 March 2008.
UniSalute achieved direct premium income of €51m, an increase of 4.8%.

The **loss ratio** for direct Non-Life business was 76.9% compared with 71.2% as at 31 March 2008, the increase being mainly due to the negative performance of several inclusive MV TPL policies and to claims linked to cover for bad weather.
Direct claims, excluding MV TPL, were up 19.7%.
The positive effects on core business of reforms, in particular of inclusive MV TPL policies, should start to make themselves felt in the second half of the current year.

The **combined ratio**, based on direct business, was 99.6% as at 31 March 2009 (93.6% as at 31/3/2008).
This indicator is derived from the sum of two ratios, the first being the loss ratio (76.9%) derived from the incidence of the charges for the period relating to claims on direct earned premiums and the second (22.7%) being derived from the ratio of total operating expenses net of investment management expenses to direct written premiums. As at 31 March 2008 the expense ratio was 22.4%.

There were **pre-tax profits** in the insurance sector of €75m as at 31 March 2009 (€138m as at 31/3/2008), of which €48m related to the Non-Life sector and €27m to the Life sector (€135m and €4m respectively as at 31/3/2008).

BANKING BUSINESS

Ordinary direct customer deposits recorded an increase of 3%, which contrasted with a reduction in cash deposited with UGF Banca by the companies in the UGF Group (-12.5%). Thus total direct income as at 31 March 2009 amounted to €8,527m, down 2.3% compared with 31 December 2008. Inward reinsurance (assets under administration and management) amounted to €19,619m, a drop compared with 31 December 2008 (-2.6%). The reduction was mainly due to the tensions in the financial markets in the last few months, which induced customers to get out of highly volatile investments and into safer forms of investment such as bonds issued by UGF Banca or Class I Life policies. UGF Assicurazioni had placed Life policies worth €60m as at 31 March 2009 (+110% compared with the same period of 2008).
Lending to customers was slightly down (€9,058m, -0.8%) although medium- to long-term lending continued to perform well (+4.2%).

The first quarter of the year provided a net pre-tax profit of €8m (€20m at 31/3/2008), helped by gross operating income of €85m (+5.1%), adjustments for deterioration of financial assets of €15m (€7m as at 31/3/2008) and operating costs of €62m (+15.5%).

GROUP PROPERTY AND FINANCIAL MANAGEMENT

Investments and liquid assets

International economies experienced the worst recession of the post-war years in the first quarter of 2009. Against this background financial markets recorded a further deterioration, which was much worse in share markets in western countries and in the credit market. Similar phenomena were also experienced in the market for 'peripheral' government bonds in EMU countries. Fiscal and monetary measures implemented by governments and central banks in an attempt to kick-start the economy have not yet produced any significant results. The nature and the magnitude of these support measures lead one to expect that the effects will gradually make themselves felt over the next few months. The pronounced drop in the price of raw materials, accompanied by the considerable economic slowdown, led to a fall in the rate of inflation to under 1%, with the possibility of a short period of deflation in the Summer. This climate induced the ECB and other principal central banks to continue to ease monetary policy, which they had begun to do last Autumn, by slashing interest rates to 1.25%, the lowest they had been since the introduction of the Euro.

Group investment policies in the **bond sector** in the first few months of 2009 were based on strategies aimed at:
- protecting the portfolio in a climate of extremely volatile and cash-starved markets;
- keeping it in line with liabilities to policyholders.

Fixed-rate corporate bonds were acquired during the period, mainly with terms of between two and five years, the criteria for selection being diversification of the risk and the quality of the issuer. Where market terms were suitable a process of reducing concentration on some issuers was begun.
The increased exposure to the credit market was the result of limiting proportions and was concentrated on Life portfolios.
Operating in government bonds was focused on reducing the proportion of variable rate securities and on acquiring fixed rate securities, mainly Italian, with terms of between three and ten years. This work concentrated on Life portfolios, the aim being to improve the monitoring of liabilities to policyholders in terms of guaranteed minimum rates. By the end of the quarter there was a gap in duration between liabilities and assets in Life portfolios of approximately one year. Overall the portfolio duration was slightly longer than at the end of 2008.
Cautious investment policies meant that a good level of liquidity was maintained in the Group portfolio of approximately €2bn at the end of the quarter, mainly deposited with the Group's bank.

Management of the **share portfolios** was based on defensive strategies carried out by selling options in order to take advantage of the high level of volatility in the markets and by gradually hedging the market risk. This made it possible to limit the negative effects of the drop in share prices. The share portfolio was mainly made up of securities belonging to the Eurostoxx50 or to the main European indices, which were characterised by a high level of liquidity and a good profitability profile, albeit not as good as it had been, represented by the dividends expected.
Exposure in markets other than those in the Eurozone was marginal, with most of the exchange rate risk being hedged.

As at 31 March 2009 the level of the Group's investments and liquid assets reached a total of €36,873m, an increase of €588m compared with the position as at 31 December 2008 (+1.6%).

The Group's investments subdivided according to type and comparisons with the position as at 31 December 2008 are set out in the following table:

INVESTMENTS AND LIQUID ASSETS (amounts in €m)	31/03/2009	comp. %	31/12/2008	comp. %	var. %
Buildings (*)	723	2.0	742	2.0	-2.6
Shareholdings in subsidiaries, associates and joint ventures	40	0.1	39	0.1	0.8
Investments held to maturity	1,811	4.9	1,813	5.0	-0.1
Loans and receivables	13,735	37.2	13,712	37.8	0.2
-Loans and receivables i.r.o. banking customers	*9,033*	*24.5*	*9,009*	*24.8*	*0.3*
-Interbanking loans and receivables	*137*	*0.4*	*275*	*0.8*	*-50.1*
-Debt securities	*4,411*	*12.0*	*4,151*	*11.4*	*6.3*
-Other loans and receivables	*153*	*0.4*	*276*	*0.8*	*-44.4*
Financial assets available for sale	12,673	34.4	11,588	31.9	9.4
Financial assets at fair value through profit or loss	7,546	20.5	8,046	22.2	-6.2
- held for trading	*398*	*1.1*	*869*	*2.4*	*-54.2*
- recorded at fair value through profit or loss	*7,148*	*19.4*	*7,177*	*19.8*	*-0.4*
Cash and cash equivalents	345	0.9	345	0.9	0.2
TOTAL INVESTMENTS AND LIQUID ASSETS	**36,873**	*100.0*	**36,285**	***100.0***	***1.6***

(*) includes owner-occupied property and property held for sale (IFRS 5)

Loans and receivables amounted to €13,735m compared with €13,712m as at 31 December 2008 (+0.2%).
The main contribution to this item was from banking business, with €9,033m of loans to customers (+0.3% compared with 31/12/2008) and €137m of receivables from banks (-50.1% compared with 31/12/2008).
Debt securities amounted to €4,411m, an increase of €260m compared with 31 December 2008. Assets worth €273m were transferred to Loans and receivables during the quarter from the Financial assets recorded at fair value through profit or loss category. The securities were reclassified with effect from the date of the transfer.

Financial assets available for sale amounted to €12,673m (+9.4% compared with 31/12/2008). The compulsory provision for profits or losses on assets available for sale (Group share) was negative to the tune of €1,524m as at 31 March 2009 (-€1,325m as at 31/12/2008).

Financial assets recorded at fair value through profit or loss as at 31 March 2009 amounted to €7,546m (-6.2% compared with 31/12/2008).
They were made up of €398m of assets held for trading (-54.2%) and €7,148m of assets recorded at fair value, where the investment risk is borne by the policyholder (-0.4%).
Assets worth €273m were transferred to Loans and receivables during the quarter. The securities were reclassified with effect from the date of the transfer. If this reclassification had not taken place another €29m of inventory losses would have been recorded through profit or loss.

Net capital gains and investment income

Net income (excluding that arising out of assets and liabilities on financial instruments recorded at fair value) amounted to €259m (€280m as at 31/3/2008, -7.3%). It should be mentioned that a capital gain of €27m was made in the same period of last year as a result of the sale of Quadrifoglio Vita.
Net income from financial instruments recorded at fair value was negative to the tune of €22m (-€109m as at 31/3/2008).
It should be mentioned that €6.5m of write-downs for losses of value of the share securities subject to impairment as at 31 December 2008 were classified in the profit and loss account as Assets available for sale as at 31 March 2009.

The application of Group policy revealed no objective evidence of impairment of other share securities.

BUSINESS OUTLOOK FOR THE CURRENT FINANCIAL YEAR

Group insurance and banking business has continued to perform much as during the first quarter of the year.
In Life business the extraordinary increase in income recorded in the first quarter by BNL Vita has decelerated only slightly, whilst growth achieved by the Group's own sales channels has continued to accelerate.

The dreadful earthquake that struck Abruzzo on 6 April damaged and destroyed buildings, causing terrible human suffering.
The UGF Group decided to express its support for the community through concrete actions such as allocating up to €20m in the form of soft loans in order to help our own customers in the zones affected by the earthquake, whether individuals, families or companies, to rebuild houses, workshops and business premises. In addition extensions were granted for paying premiums on policies and instalments on loans with companies in our Group in advance of the recent Government decree. Losses reported by our customers are still being evaluated but, on the basis of the exposure of our policy portfolio in the zone most affected by the earthquake, the effect on the profit and loss account is expected to be limited.

In banking business UGF Banca is about to conclude an operation to securitise approximately €600m of performing mortgage loans on residential property, which will make more cash available.
UGF's Executive Body has voted to strengthen the asset base by increasing the share capital by €200m and issuing instruments for gearing overall capital levels up to a maximum of €300m. These operations have been submitted to the Supervisory Board for approval.

The UGF Group's solvency at the end of the quarter continued to be well above the regulatory requirements despite the increase, in the shareholders' equity, of the provision for securities classified as available for sale, which was negative to the tune of €1,569m (€45m of it pertaining to minority interests). Available capital has subsequently benefited from the considerable upturn in the financial markets, which has allowed the values of the provision for securities AFS recorded at the end of 2008 to recover, thus raising the level of consolidated solvency to 1.3 times the regulatory requirements.

The continuing negative aspects of the overall economic climate, both in Italy and worldwide, with the consequent uncertain outlook, and the volatility that is still affecting the financial markets, albeit with a few glimpses of green shoots, make it impossible to provide a forecast for the current financial year. The Group's current initiatives are mainly aimed at maintaining strong capital adequacy in the medium-long term. It is starting from a position of strength but this must be further reinforced through a careful underwriting policy and the prudent management of investments.

Bologna, 14 May 2009

The Board of Directors

SUMMARY OF THE CONSOLIDATED BALANCE SHEET

ASSETS

€m		31/03/2009	31/12/2008
1	**INTANGIBLE ASSETS**	**1,819**	**1,819**
2	**TANGIBLE ASSETS**	**570**	**572**
3	**TECHNICAL PROVISIONS - REINSURERS' SHARE**	**484**	**534**
4	**INVESTMENTS**	**36,007**	**35,422**
4.1	Investments in property	202	224
4.2	Shareholdings in subsidiaries, associates and joint ventures	40	39
4.3	Investments held to maturity	1,811	1,813
4.4	Loans and receivables	13,735	13,712
4.5	Financial assets available for sale	12,673	11,588
4.6	Financial assets recorded at fair value through profit or loss	7,546	8,046
5	**SUNDRY RECEIVABLES**	**1,661**	**1,663**
6	**OTHER ASSETS**	**1,296**	**1,147**
7	**CASH AND CASH EQUIVALENTS**	**345**	**345**
	TOTAL ASSETS	**42,181**	**41,501**

LIABILITIES AND SHAREHOLDERS' EQUITY

€m		31/03/2009	31/12/2008
1	**SHAREHOLDERS' EQUITY**	**3,584**	**3,705**
1.1	**pertaining to the Group**	**3,273**	**3,433**
1.1.1	Capital and reserves	4,758	4,666
1.1.7	Profits or losses on financial assets available for sale	-1,524	-1,325
1.1.9	Profit (loss) for the financial year pertaining to the Group	39	93
1.2	**pertaining to minority interests**	**311**	**273**
2	**AMOUNTS SET ASIDE**	**83**	**81**
3	**TECHNICAL PROVISIONS**	**26,075**	**25,298**
4	**FINANCIAL LIABILITIES**	**10,596**	**10,895**
4.1	Financial liabilities recorded at fair value through profit or loss	2,291	2,377
4.2	Other financial liabilities	8,305	8,517
5	**PAYABLES**	**556**	**412**
6	**OTHER LIABILITIES**	**1,287**	**1,110**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**42,181**	**41,501**

SUMMARY OF THE CONSOLIDATED INCOME STATEMENT

€m		31/03/2009	31/03/2008
1.1	Net earned premiums	2,687	1,614
1.1.1	*Gross earned premiums*	*2,724*	*1,690*
1.1.2	*Earned premiums ceded*	*-37*	*-76*
1.2	Commissions and fees receivable	22	28
1.3	Income and charges arising out of financial instruments recorded at fair value through profit or loss	8	-101
1.4	Income arising out of shareholdings in subsidiaries, associates and joint ventures	1	27
1.5	Income arising out of other financial instruments and investments in property	334	346
1.6	Other income	25	51
1	**TOTAL INCOME AND PROCEEDS**	**3,077**	**1,965**
2.1	Net charges relating to claims	2,529	1,313
2.1.1	*Amounts paid and changes in technical provisions*	*2,546*	*1,358*
2.1.2	*Reinsurers' share*	*-17*	*-45*
2.2	Commissions and fees payable	6	8
2.3	Charges arising out of shareholdings in subsidiaries, associates and joint ventures	0	0
2.4	Charges arising out of other financial instruments and investments in property	105	102
2.5	Operating expenses	326	317
2.6	Other costs	38	52
2	**TOTAL COSTS AND CHARGES**	**3,005**	**1,793**
	PROFIT (LOSS) FOR THE YEAR BEFORE TAXATION	**72**	**172**
3	Taxation	31	49
	CONSOLIDATED PROFIT (LOSS)	**41**	**123**
	pertaining to the Group	**39**	**116**
	pertaining to minority interests	2	6

SUMMARY OF THE CONSOLIDATED INCOME STATEMENT BROKEN DOWN BY BUSINESS SECTOR

(amounts in €)

	NON-LIFE SECTOR			LIFE SECTOR			TOTAL INSURANCE			BANKING SECTOR			Holding/service companies and intersector eliminations			TOTAL CONSOLIDATED		
	mar-09	mar-08	var %	mar-09	mar-08	var %	mar-09	mar-08	var %	mar-09	mar-08	var %	mar-09	mar-08	var %	mar-09	mar-08	var %
Net earned premiums	1,034	988	*4.6*	1,654	626	*164.1*	2,687	1,614	*66.5*							2,687	1,614	*66.5*
Net income from fees and commissions	0	0		0	0		0	0		18	23	*-23.3*	(1)	(3)	*-69.6*	17	19	*-13.5*
Financial income/charges (excl. assets/liabilities recorded at fair value)	59	85	*-30.8*	151	125	*20.9*	211	211	*-0.1*	52	50	*3.9*	(4)	19		259	280	*-7.3*
Net charges relating to claims	(808)	(712)	*13.6*	(1,744)	(713)	*144.6*	(2,552)	(1,424)	*79.2*				0	2	*-83.0*	(2,552)	(1,423)	*79.3*
Operating expenses	(232)	(218)	*6.6*	(24)	(40)	*-39.5*	(256)	(258)	*-0.5*	(61)	(55)	*11.9*	(8)	(4)	*82.9*	(326)	(317)	*2.8*
Other income/charges	(4)	(9)		(10)	5		(14)	(4)		(0)	2		1	1		(14)	(1)	
Profit (loss) before taxation	**48**	**135**	***-64.4***	**27**	**4**	***613.3***	**75**	**138**	***-45.6***	**8**	**20**		**(12)**	**13**		**72**	**172**	***-58.2***
Taxation																(31)	(49)	*-36.7*
Consolidated profit (loss)																**41**	**123**	*-66.8*
Profit (loss) pertaining to minority interests																2	6	*-69.7*
Profit (loss) pertaining to the Group																**39**	**116**	***-66.7***

DECLARATION OF THE SENIOR EXECUTIVE RESPONSIBLE FOR DRAWING UP THE COMPANY ACCOUNTS

RE: Interim Business Report of Unipol Gruppo Finanziario S.p.A. as at 31 March 2009

The undersigned Maurizio Castellina, the Senior Executive responsible for drawing up Unipol Gruppo Finanziario S.p.A.'s accounts

DECLARES

In accordance with Article 154-bis, para. 2, of the 'Single text of the Provisions relating to Financial Brokerage' that the Interim Business Report as at 31 March 2009 corresponds to the documentary results, the books and the accounting records.

Bologna, 14 May 2009

The Senior Executive responsible for
drawing up the company accounts
Maurizio Castellina