

PRESS RELEASE

**UNIPOL GROUP - APPROVED THE CONSOLIDATED RESULTS OF THE FIRST
QUARTER OF 2006
GROWTH IN INSURANCE INCOME OF 20.2% AND
IN NET PROFIT OF 17.4%**

Aggregate income from insurance business reached €2,526m (+20.2% compared with 31 March 2005), €972m of which were from Non-Life business (+2.8%) and €1,554m from Life business and Investment Products (+34.3%)

IAS/IFRS-compliant consolidated direct premium income was €2,101m (+20.9% compared with 31 March 2005), €972m of which related to Non-Life business (+2.8%) and €1,129m to Life business (+42.4%)

Customer deposits in banking business reached €8,635m (+24.2% compared with 31 December 2005) and customer funds €26,876m (+13.7%)

Investments and liquid assets rose to €36,809m (+2.5% compared with 31 December 2005)

Consolidated net profit stood at €118m (+21.4%) and profit for the Group at €104m (+17.4%)

The Board of Directors of Unipol Assicurazioni, held today under the chairmanship of Pierluigi Stefanini, approved the consolidated quarterly report for the Unipol Group as at 31 March 2006.

In **insurance business** aggregate income for the companies of the Group amounted to €2,526m (+20.2% compared with €2,103m as at 31 March 2005), €972m of which were from Non-Life business (+2.8%) and €1,554m from Life business and Investment Products (+34.3%).

IAS/IFRS-compliant consolidated direct premium income was €2,101m (+20.9% over the first quarter of 2005), €1,129m of which related to Life business (+42.4%) and €972m to Non-Life business (+2.8%).

During the first quarter of 2006, the composite companies (Unipol Assicurazioni and Aurora Assicurazioni) recorded income from insurance business of €1,563m (€850m of which in Non-Life business and €713m in Life business and Investment Products), Non-Life specialist companies (Linear, Navale and Unisalute) €122m and the bancassurance companies (BNL Vita and Quadrifoglio Vita) €841m.

As at 31 March 2006 the Unipol Group distribution network was made up of 1,737 insurance agencies, split into 579 Unipol Assicurazioni agencies and 1,158 Aurora Assicurazioni agencies.

On the whole, insurance business impacted on the Group net economic result for €146m, €27m of which related to Life business and €119m to Non-Life business. Overall Life and Non-

Life operating expenses incurred as at 31 March 2006 (acquisition commissions, renewal commissions and other acquisition and administrative expenses), net of reinsurance commissions, totalled €228m. The corresponding incidence on net premiums for the period was 11.2%, 21.8% of which in Non-Life business and 2.7% in Life business.

The first quarter 2006 closed with loss ratio, net of reinsurance, of 73.7%, slightly worsening compared with the figure recorded at 2005 year-end (71.2%), as it was affected by seasonal phenomena, some major claims and an increase in the number of claims reported (which then slowed down, as recent figures show).

Motor T.P.L. business line was impacted by substantially stable tariffs to customers, notwithstanding a growing trend in average costs.

Combined ratio for direct and indirect business (net of reinsurance) was 95.4% as at 31 March 2006.

On 31 March 2006 the Group **investments** and liquid assets totalled €36,809m, an increase of €884m compared with 31 December 2005. Namely:

- 'financial assets available for sale' amounted to €12,261m (+26.1% compared with 31/12/2005);
- 'financial assets at fair value through profit and loss' were €13,246m (+1.2% compared with 31/12/2005), €4,149m of which were assets where investment risk is borne by policyholders and €9,098m trading assets;
- 'investments held to maturity' were €958m (+0.9% compared with 31/12/2005);
- 'loans and receivables' totalled €9,432m (-13.7% compared with 31/12/2005);
- the Group investment property amounted to €358m (+1.6% compared with 31/12/2005). Including buildings used for corporate purposes of €313m, classified as tangible assets, the Group property assets as at 31 March 2006 amounted to €671m.

Amongst the operations carried out during the first quarter 2006, worth highlighting is the sale on 16 March 2006 of the stake held in Antonveneta to ABN AMRO N.V., at a unit price of €26.5. The operation had a positive impact on the Consolidated Accounts for €46m.

In this respect, it is hereby clarified that the quarter taken into account did not benefit from any capital gains resulting from the disposal of portions of the property assets. In the same period of the last financial year, on the contrary, capital gains from the disposal of property amounted to €47.2m.

Companies in **banking business** impacted on the Group economic pre-tax result for €12.6m (€6m as at 31/03/2005). More specifically, customer deposits amounted to €8,635m (+24.2% compared with 31/12/2005), customer funds (assets under management and funds under custody) to €26,876m (+13.7%), whilst loans to customers were €5,876m (+6.7%).

Unipol Banca distribution network at the end of the first quarter of 2006 was made up of 250 banking branches (129 of which co-located with insurance agencies), 44 financial counters and 431 financial advisors.

Consolidated net profit stood at €118m (+21.4% over 31/03/2005), whilst profit for the Group, net of minority interests for €14m, was €104m (+17.4%).

Significant events following 31 March 2006 and expected business outlook

In the period following the end of the quarter, the **Group insurance business** recorded still growing premium income, with growth in Non-Life business in line with the quarter and a more moderate increase i.r.o. Life business. Trend in loss ratio improved in comparison with 31 March, mainly owing to a slowdown in the increase of claims reported. Operating expenses showed a regular trend.

Property and financial management was positive, in line with expectations.

As disclosed to the market on 3 April 2006, after completing the necessary authorization procedures, Unipol Assicurazioni and Aurora Assicurazioni sold their BNL shares to BNP Paribas S.A., at a price of €2.925 per share, totalling a capital gain of €80m, or €40m for each company.

In April 2006 **Unipol Banca** opened another 3 branches co-located with insurance agencies (thus totalling 253 branches), and set out the procedure with the Bank of Italy to obtain authorization for the opening of further 20 branches.

Presentation to the market of an innovative securitisation operation (asset-backed securities) is also currently being carried out for a total of €1.5bn covered by a portfolio mainly made up of commercial and residential mortgage loans and loans granted to public bodies. The operation is coordinated by Abn Amro, acting as lead manager, and Unipol Merchant-Banca per le Imprese and Nomura as joint arrangers.

Provided no exceptional or unusual events occur, the **Group business outlook** for the present year is positive and increasing, compared with the results achieved in the previous financial year, and substantially in line with expectations.

Annexed are summaries of the consolidated Profit and Loss Account and the consolidated Balance Sheet as at 31 March 2006.

Bologna, 12 May 2006

Unipol Assicurazioni S.p.A.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amounts in €m)

	31/03/2006	31/03/2005	var. %
INCOME			
Net premium income	2,029	1,701	19.3
Fees and commissions receivable	28	28	(1.0)
Net income from financial instruments at fair value	127	129	(1.6)
Income from shareholdings in subsidiaries, affiliated companies and joint ventures	0	13	(97.8)
Income from other financial instruments and investment property	249	202	23.6
Other income	16	19	(13.9)
Total income	2,450	2,091	17.1
CHARGES			
Net claims charges	1,919	1,589	20.8
Fees and commissions payable	11	9	22.5
Charges from other financial instruments and investment property	57	53	9.0
Operating expenses	266	257	3.5
Other charges	37	39	(3.6)
Total charges	2,291	1,946	17.7
Profit (loss) before taxation	159	145	9.6
Taxation	41	48	(14.2)
Consolidated profit (loss)	118	97	21.4
Profit (loss) - Minority interests	14	8	64.3
Profit (loss) - Group	104	88	17.4

RECLASSIFIED PROFIT AND LOSS ACCOUNT

BREAKDOWN PER BUSINESS

(Amounts in €m)

	<i>Insurance business</i>			<i>Banking business</i>	<i>interbusiness eliminations</i>	<i>Total Group</i>
	<i>Non-Life</i>	<i>Life</i>	<i>Total</i>			
	<i>as at 31/03/2006</i>					
Net premium income	906	1,123	2,029			2,029
Net commissions	(0)	(0)	(0)	20	(2)	17
Financial income/charges	98	190	287	33	(1)	319
Net claims charges	(667)	(1,252)	(1,919)			(1,919)
Operating expenses	(197)	(30)	(228)	(42)	3	(266)
Other income/charges	(20)	(3)	(23)	2		(21)
Profit (loss) before taxation	119	27	146	13		159
Taxation						41
Consolidated profit (loss)						118
Profit (loss) - Minority interests						14
Profit (loss) - Group						104

CONSOLIDATED BALANCE SHEET

(Amounts in €m)

	31/03/2006	31/12/2005	var. %	31/03/2005
ASSETS				
Intangible assets	1,440	1,443	(0.2)	1,618
Tangible assets	367	371	(1.3)	354
Technical provisions - reinsurers' share	699	678	3.1	689
Investments	36,282	35,064	3.5	29,425
Sundry receivables	1,051	1,143	(8.0)	1,085
Other assets	859	535	60.6	500
Cash and cash equivalents	527	861	(38.8)	224
Total assets	41,225	40,096	2.8	33,895
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital and reserves	6,124	6,043	1.3	3,049
- Group	5,595	5,552		2,830
- Minority interests	529	491		219
Provisions	37	38	(3.4)	32
Technical provisions	22,920	22,249	3.0	19,711
Financial liabilities	10,380	10,436	(0.5)	9,971
Payables	549	411	33.7	397
Other liabilities	1,214	918	32.2	734
Total liabilities and shareholders' equity	41,225	40,096	2.8	33,895