

PRESS RELEASE

UGF – quarterly report approved

Consolidated profit at €123m

**Profit pertaining to the Group
growing by 16.2% to €116m**

Non-Life income from insurance business at €1,039m, +3.8%

Life business recorded remarkable growth in income from Pension Funds (+294%); reduction in premiums following different timing in bancassurance sale campaigns

Unipol Banca gross operating income at €76m (+10%)

Good result in financial income for €280m (+5%) after adjustments in structured products portfolio

The Board of Directors of Unipol Gruppo Finanziario, held today, approved the consolidated quarterly report as at 31 March 2008.

In **insurance business** Non-Life gross direct written premiums were €1,039m (+3.8% over the first quarter 2007), €631m of which in Motor business (+3.6%) and €407m in Non-Life Non-Motor business (+4.2%). With respect to Non-Life technical trends, Group combined ratio was 94.1%, improving compared with 94.6% in the first quarter 2007¹.

Life gross direct written premiums were €644m (-64.2% over the first quarter 2007).

The decrease in income for the period, as expected in the budget, reflected first of all a different timing in the distribution of BNL Vita products, which was mostly concentrated in the first quarter 2007 (when 46% of total premiums for the financial year were collected).

Furthermore, portfolio restructuring continued with the reduction in capitalization policies (-52%), the incidence of which decreased to 10% on the total. Moreover,

¹ This indicator is the sum of 72.0% loss ratio net of outward reinsurance (resulting from the incidence of net claims charges on net premiums) and 22.1% expense ratio (resulting from the ratio of total operating expenses, net of investment management charges, to net written premiums).



Quadrifoglio Vita ceased operations (€150m in the first quarter 2007), being it sold in March 2008.

On the other hand, the notable 294% growth in premium income from pension funds is worth highlighting (€89m in the first quarter 2008 compared with €23m in the same period 2007), with incidence on total Life business rising to 14% from 1%. To mention is the excellent result in closed-end pensions funds with guarantee, linked to the reform in supplementary pension schemes. In this respect, in February 2008 the pension fund of the Banche di Credito Cooperativo (BCC) voted to entrust management of its assets amounting to €120m to the subsidiary Unipol SGR.

Overall consolidated earned premiums, net of outward reinsurance, were €1,614m (-21.4%), €988m of which in Non-Life business (+5%) and €626m in Life business (-43.8%)².

The financial management result (financial income/charges from financial assets/liabilities) stood at €280m (+5%). Review of structured products portfolio continued, showing a balance of €3.6bn at the end of March compared with €4bn at 2007 year-end and including further growth in plain vanilla products with predictable coupon (€1.7bn at the end of March compared with €585m at 2007 year-end). Restructuring charges linked to these products for €19.4m were wholly booked in the first quarter income statement. Income from restructured products is expected to be €41.4m in the current financial year.

As at 31 March 2008 income from shareholdings in subsidiaries, associates and joint ventures included €27m relating to the capital gain on the sale of Quadrifoglio Vita. In the first quarter 2007 net income from financial assets available for sale included €19m capital gain after termination of the total return equity swap agreement on BPI shares.

As at 31 March 2008 the equity reserve relating to profits or losses on financial assets available for sale was -€873m (-€680m on 31/12/2007). This variation is due to the negative trend in stock markets occurred during the quarter (EURO STOXX 50, -17.5%), the effects of which have been limited by the management policies adopted by the Company.

In **banking business** Unipol Banca continued to pursue its policy of opening new branches in accordance with the Supervisory Authority's permissions. In relation thereto, 65 authorisations are still available to be used partly in 2008 and partly in the first half 2009. As at 31 March 2008 Unipol Banca sales network was made up of 283 branches, 168 of which co-located with insurance agencies. During the quarter the 'UGF Points' – fully automated outlets, utmost innovative in the banking market – have been trialled and 9 of them are already operating.

As at 31 March 2008 Unipol Banca third parties' deposits (excluding securitization notes) were €4,249m (+3%). Because of the partial reimbursement of securitization notes and the reduction in infra-group income, total customer deposits decreased to €8,221m (-9.5%). Loans to customers were €7,567m (+1.8%), thanks to the positive results achieved in mortgage loans. Customer

² Variation in Life business would be -63.5% on a like-for-like basis, i.e. factoring in the total consolidation of BNL Vita for the first quarter 2007 as well.



funds (assets under management and funds under custody) were €22,320m, in line with 2007 year-end. Gross operating income rose to €76m (+10.1%) and net profit was €12.4m, in line with the first quarter 2007.

In January 2008, authorisation having been obtained from the Supervisory Authority, the new company Unipol Private Equity SGR S.p.A. was set up with share capital of €2m wholly owned by Unipol Banca. It will operate in the field of closed private equity unit trusts.

In the first quarter 2008 Unipol Gruppo Finanziario consolidated profit including minorities reached €123m (+0.2%). Profit pertaining to the Group rose to €116m (+16.2%).

Provided no exceptional or unusual events occur, the Group business outlook for the current year is in line with expectations.

Resignation of a Board Member

Mr Fabio Borghi resigned today from the Board of Directors of Unipol Gruppo Finanziario. Mr Borghi, who was neither an executive nor an independent Board Member, was part of the Corporate Social Responsibility Committee. According to the information available to the Company, the resigning Board Member does not own any shareholdings in Unipol Gruppo Finanziario share capital. The Board of Directors, having taken note of the aforesaid, will resolve on the replacement of the resigned Member and the integration of the above mentioned Committee during the next Board Meeting to be held on 26 June 2008.

Launch of the programme for the purchase of own shares to service the stock granting plan destined to the employees of the former Aurora Assicurazioni S.p.A.

The Board of Directors also voted to launch the programme for the purchase of own shares to service the free granting of Unipol ordinary shares to the employees of the former company Aurora Assicurazioni S.p.A. (incorporated into Unipol Gruppo Finanziario with effect from 1 September 2007), as approved by the Ordinary Shareholders' Meeting of 24 April 2008.

Adoption of the programme was authorized by the aforementioned Meeting, which entrusted to the Board of Directors the task of purchasing and/or disposing, in one or several times, of own shares for a period of 18 months from the Meeting's resolution, within the threshold of the €100m reserve amount for the purchase of own shares, in order to, *inter alia*, use said shares to service any stock incentive plans destined to the Company's Board members and/or employees and/or independent workers.

In light of the Meeting's resolutions, the Board of Directors set the following terms and conditions for the implementation of the programme:

- purchases shall be carried out for maximum €890,000 and up to 352,000 Unipol ordinary shares;
- purchases shall be carried out on the Italian Equity Market as per Article 144-bis (b) of the Regulation on Issuers and Article 2.6.7. of the Regulation



on the Markets Organized and Managed by Borsa Italiana and pursuant to the provisions laid down by the national and EC applicable law;

- the programme will be implemented from 20 to 31 May 2008, so as to allow the stock granting on 1 June 2008.

As at today Unipol Gruppo Finanziario does not hold any own shares.

Presentation to the financial community

Unipol Gruppo Finanziario first quarter results will be disclosed to the financial community today at 6 p.m. CET via conference call and webcasting. To attend the presentation please dial + 39 02 802 09 11 (from Italy) and + 44 208 7929 750 (from foreign countries). Further technicalities to access the event are available on the website www.unipolgf.it, section Focus on.

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Maurizio Castellina, the Senior Executive Responsible for drawing up the corporate accounts, declares – in accordance with Article 154-bis (2) of the Testo Unico della Finanza [the 'Single Financial Services Act'] – that the accounting information included in this press release corresponds to the documentary results, the books and the accounting records available as at today.

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Attached are summaries of the consolidated Balance Sheet and Income Statement and of the consolidated Income Statement by Business Sectors as at 31 March 2008

Bologna, 8 May 2008

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Please note that the original press release is in Italian. In case of doubt, the Italian version prevails.

CONSOLIDATED BALANCE SHEET

ASSETS

€/m		31/03/2008	31/12/2007
1	INTANGIBLE ASSETS	1,811	1,812
1.1	Goodwill	1,773	1,775
1.2	Other intangible assets	38	36
2	TANGIBLE ASSETS	455	435
2.1	Property	402	380
2.2	Other tangible assets	53	55
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	593	593
4	INVESTMENTS	37,639	39,040
4.1	Investments in property	296	315
4.2	Shareholdings in subsidiaries, associates and joint ventures	25	28
4.3	Investments held to maturity	1,842	1,796
4.4	Loans and receivables	10,748	11,375
4.5	Financial assets available for sale	14,491	14,837
4.6	Financial assets at fair value through profit or loss	10,236	10,689
5	SUNDRY RECEIVABLES	1,326	1,430
5.1	Receivables relating to direct insurance operations	728	941
5.2	Receivables relating to reinsurance operations	191	141
5.3	Other receivables	408	348
6	OTHER ASSETS	966	2,524
6.1	Non-current assets or assets of a disposal group held for sale	5	1,689
6.2	Deferred acquisition costs	59	61
6.3	Deferred tax assets	561	431
6.4	Current tax assets	48	46
6.5	Other assets	293	298
7	CASH AND CASH EQUIVALENTS	379	364
	TOTAL ASSETS	43,169	46,199

LIABILITIES AND SHAREHOLDERS' EQUITY

€/m		31/03/2008	31/12/2007
1	SHAREHOLDERS' EQUITY	5,193	5,274
1.1	Pertaining to the Group	4,911	4,988
1.1.1	Capital	2,391	2,391
1.1.2	Other equity	0	0
1.1.3	Capital reserve	2,235	2,235
1.1.4	Accumulated earnings and other reserves	1,018	630
1.1.5	(Own shares)	0	0
1.1.6	Provision for net exchange rate differences	0	0
1.1.7	Profits or losses on financial assets available for sale	-873	-680
1.1.8	Other profits or losses recorded in the equity direct	23	21
1.1.9	Profit (loss) for the year pertaining to the Group	116	389
1.2	pertaining to minority interests	282	287
1.2.1	Capital and reserves pertaining to minority interests	334	302
1.2.2	Profits or losses recorded in the equity direct	-58	-48
1.2.3	Profit (loss) for the year pertaining to minority interests	6	32
2	AMOUNTS SET ASIDE	52	56
3	TECHNICAL PROVISIONS	25,788	26,074
4	FINANCIAL LIABILITIES	10,629	11,810
4.1	Financial liabilities recorded at fair value through profit or loss	3,257	3,454
4.2	Other financial liabilities	7,372	8,357
5	PAYABLES	498	424
5.1	Payables arising out of direct insurance operations	74	78
5.2	Payables arising out of reinsurance operations	28	10
5.3	Other payables	396	336
6	OTHER LIABILITIES	1,009	2,561
6.1	Liabilities of a disposal group held for sale	0	1,652
6.2	Deferred tax liabilities	328	220
6.3	Current tax liabilities	109	98
6.4	Other liabilities	572	591
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	43,169	46,199

CONSOLIDATED INCOME STATEMENT

€/m		31/03/2008	31/03/2007
1.1	Net premium income	1,614	2,054
1.1.1	Gross earned premiums	1,690	2,128
1.1.2	Earned premiums ceded	-76	-74
1.2	Commissions and fees receivable	28	29
1.3	Income and charges arising out of financial instruments recorded at fair value through profit or loss	-101	9
1.4	Income arising out of shareholdings in subsidiaries, associates and joint ventures	27	0
1.5	Income arising out of other financial instruments and investments in property	346	338
1.5.1	Interest receivable	328	276
1.5.2	Other income	6	8
1.5.3	Profits realised	10	53
1.5.4	Unrealised profits	2	0
1.6	Other receipts	51	43
1	TOTAL RECEIPTS AND INCOME	1,965	2,473
2.1	Net charges relating to claims	1,313	1,858
2.1.2	Amounts paid and change in technical provisions	1,358	1,902
2.1.3	Reinsurers' share	-45	-43
2.2	Commissions and fees payable	8	9
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	102	84
2.4.1	Interest payable	74	53
2.4.2	Other charges	1	1
2.4.3	Losses realised	17	24
2.4.4	Unrealised losses	10	6
2.5	Operating expenses	317	301
2.5.1	Commissions and other acquisition expenses	210	199
2.5.2	Investment management expenses	3	5
2.5.3	Other administrative expenses	104	97
2.6	Other charges	52	39
2	TOTAL COSTS AND CHARGES	1,793	2,291
	PROFIT (LOSS) FOR THE YEAR BEFORE TAXATION	172	182
3	Taxation	49	59
	PROFIT (LOSS) FOR THE YEAR NET OF TAX	123	122
4	PROFIT (LOSS) PERTAINING TO DISCONTINUED OPERATIONS		
	CONSOLIDATED PROFIT (LOSS)	123	122
	pertaining to the Group	116	100
	pertaining to minority interests	6	22

CONSOLIDATED INCOME STATEMENT BY BUSINESS SECTOR

(€/m)

	NON-LIFE BUSINESS		var. %	LIFE BUSINESS		var. %	TOTAL INSURANCE		var. %
	31/3/08	31/3/07		31/3/08	31/3/07		31/3/08	31/3/07	
Net premium income	988	941	5.0	626	1,113	-43.8	1,614	2,054	-21.4
Net commissions	0	(0)		0	2		0	2	
Financial income/charges from financial assets/liabilities	86	96	-10.6	125	125	0.3	211	221	-4.5
Fin. income/charges from assets/liabilities at fair value				(109)	(4)		(109)	(4)	
Net claims charges	(712)	(673)	5.7	(603)	(1,185)	-49.1	(1,315)	(1,858)	-29.2
Operating expenses	(218)	(220)	-1.1	(40)	(37)	9.0	(258)	(257)	0.3
Other income/charges	(9)	(1)		5	4	38.7	(4)	2	
Profit (loss) before taxation	135	142	-4.9	4	18	-79.1	139	161	-13.3
	BANKING BUSINESS		var. %	HOLDING & SERVICES		var. %	intersector eliminations		
	31/3/08	31/3/07		31/3/08	31/3/07		31/3/08	31/3/07	
Net premium income									
Net commissions	23	20	12.5				(3)	(2)	
Financial income/charges from financial assets/liabilities	50	46	8.9	25			(7)	(1)	
Fin. income/charges from assets/liabilities at fair value									
Net claims charges							2		
Operating expenses	(55)	(47)	15.7	(72)			68	3	
Other income/charges	2	2	-24.5	60			(59)	(0)	
Profit (loss) before taxation	20	21	-6.1	13			(0)	0	
	TOTAL CONSOLIDATED		var. %						
	31/3/08	31/3/07							
Net premium income	1,614	2,054	-21.4						
Net commissions	19	20	-4.2						
Financial income/charges from financial assets/liabilities	280	266	5.0						
Fin. income/charges from assets/liabilities at fair value	(109)	(4)							
Net claims charges	(1,313)	(1,858)	-29.3						
Operating expenses	(317)	(301)	5.3						
Other income/charges	(1)	4							
Profit (loss) before taxation	172	182	-5.4						
Taxation	(49)	(59)	-16.8						
Consolidated profit (loss)	123	122	0.2						
Profit (loss) minority interests	6	22							
Profit (loss) - Group	116	100	16.2						