UNIPOL ASSICURAZIONI

PRESS RELEASE

Unipol Group
preliminary results as at 31 December 2004
outline of the 2005 budget

UNIPOL GROUP

Consolidated premium income exceeded €9.5bn (+28%), 60% of which related to Life business (+23%) and 40% to Non-Life business (+38%).

Investments and consolidated available cash exceeded €28.5bn (+8%).

The Group combined ratio is estimated to be around 94%.

There was significant growth in banking business with customer deposits of more than €4bn (+54% compared with 2003).

The Group consolidated net result is expected to be more than 40% up on 2003.

UNIPOL ASSICURAZIONI

The premium income of the Parent Company Unipol Assicurazioni was almost €2.6bn (+8%), €1.2bn of which was from Life business (+11%) and €1.4bn from Non-Life business (+6%).

Investments and available cash were almost €10bn.

The combined ratio for direct business amounted to 92.8%.

The Parent Company's net profit is estimated to be around 30% higher than in 2003.

Unipol Assicurazioni's Board of Directors, meeting today under the chairmanship of Giovanni Consorte, examined the **preliminary figures for the 2004 financial year and the outline of the 2005 budget for the Unipol Group.**

The trend during the year just ended followed the guidelines of the Group's three-year plan, which was launched when the Winterthur Group was acquired in 2003, and recorded positive outcome, in terms of technical and bottom-line results, both in insurance and banking businesses, in line with the goals stated.

In particular:

- the merger of Meieaurora and the companies in the Winterthur Italia Group, which gave rise to Aurora Assicurazioni, the third-largest composite company in the Italian market as far as premium income is concerned, was completed during the year. Integration work involving organization, IT and logistics was completed in preparation for the launch of the initiatives to keep costs down that were provided for in the three-year plan, the effects of which would make themselves felt in full as from 2005;

- work was begun on the project for the strategic repositioning of Navale Assicurazioni within the UNIPOL Group's sales strategy, which will make it the company within the group that specializes mainly in the multifirm agents sales channel;

- the agreement with the Mutuelles du Mans group to acquire two Italian subsidiaries, MMI Danni and MMI Assicurazioni, was concluded. This will contribute premium income of approximately €150m and 170 insurance agencies to the Group. This operation, already authorized by ISVAP and the Antitrust Authority, will be formalized by February;

- the entire property assets of the Group were reorganized and upgraded through the implementation of a project that resulted in spending €290m on property to fulfil the Group's logistical and organizational requirements in line with its new structure and selling, for more than €400m, property deemed not to be strategic, in particular residential property and property that was split up and scattered throughout the country;

- 2004 was the first full year of operation for the Unipol Banca Banking Group, which continued to expand its sales network (221 branches as at 31 December 2004) by opening 36 new branches (including 22 acquired from other credit institutions) and preparing to open 12 more branches, which have already been authorized and will be up and running by February. The inspection carried out by the Banca d'Italia during the year went off successfully with no sanctions taken against the bank and its directors. The subsidiary Unipol Merchant – Banca per le Imprese began to operate in medium-term credit and consolidated its activities in the merchant banking sector whilst Unipol SGR, which took over the Unipol Fondi Ltd portfolio, was reactivated.

Unipol Group's preliminary results for 2004

Compared with 2003 Unipol Group's basis of consolidation reflects the fact that the former Winterthur Italia Group companies were fully consolidated throughout the whole twelve months whereas in the previous year were not included until the fourth quarter.

In **insurance business**, Group consolidated direct premium income rose by approximately €2bn to exceed €9.5bn (+28% compared with 2003), €5.7bn of which was in Life business (+23% compared with 2003) and €3.9bn in Non-Life business (+38% compared with 2003). Growth in consolidated direct premium income was considerable even when compared with the 2003 proforma result (including Winterthur for the entire year), having increased by 8.3%.

Overall, direct premium income achieved by the composite companies (Unipol, Aurora), plus premium income generated by the specialist companies (Linear, Navale, Unisalute) rose to approximately €6.2bn (+38% compared with 2003) and represented 65% of Group premium income.

The companies in the bancassurance sector generated Life premium income of approximately €3.4bn (+14% compared with 2003), representing 35% of Group premium income.

Life business in particular benefited from the amount contributed by Unipol Banca (€265m), and the new sales agreement between Aurora and Reti Bancarie Holding (BPL Group) generated premium income of €233m in 8 months of operation. The bancassurance sector (BNL Vita and Quadrifoglio Vita) also continued to grow at a faster rate than the market.

In **Non-Life business** premium income rose at a faster rate than the market, confirming the Group's positive technical results. In particular, the combined ratio for Group direct business is estimated to be around 94%.

The Group's **total market share** in 2004 is expected to be around 9.3% compared with 7.7% in 2003.

Consolidated investments and available cash rose to €28.5bn (+8% compared with 2003), €22.5bn of which was net of investments the risk of which is borne by the policyholders (index- and unit-linked policies and pension funds) which generated income of more than €1bn (+6.8% compared with 2003).

In **banking business and assets under management** Unipol Banca resolutely continued to implement its plan to expand and strengthen its sales network internally (14 new branches opened) and externally (22 branches acquired during 2004), with the result that by the end of the year it consisted of 221 branches (116 of which were integrated with insurance agencies) plus 12 branches already authorized and about to open. In addition there were 48 finance shops and 447 financial advisers.

Customer deposits exceeded €4bn (+54% compared with 2003), whilst **loans** rose to almost €3.6bn (€2.6bn net of securitization), an increase of 57%. **Assets under management** exceeded €1.6bn, an increase of 31% compared with the previous year. **Funds under custody** reached €14.2bn, an increase of 38%.

Unipol Merchant – Banca per le Imprese granted a series of **loans** amounting to more than €130m and consolidated its activity in the merchant banking sector.

Despite the strong growth recorded in this sector, it is clear that lending policy continued to be in line with the consolidated policies of the banking group, maintaining a level of net doubtful loans of 0.7% on lending, clearly lower than the market average of more than 2%.

Unipol Banca's net profit is expected to have risen by approximately 20% compared with 2003, and the increase in the EBITDA (+70%) is expected to be even more significant.

On the basis of first estimates at the end of the 2004 financial year the **Group's results** are expected to be positive and much better than in 2003, the Group's consolidated net result being estimated to have risen by approximately **40%** and the Parent Company's net result by approximately 30%.

All the results for the 2004 financial year, those relating to both the company accounts and the Group consolidated accounts, are expected to be examined at the Board meeting to be held on 24 March 2005, earlier than the date of 25 March 2005 previously announced.

In 2005 the Group is setting itself the aim, using the same accounting criteria, of exceeding €10bn of insurance premium income, maintaining a rate of growth in line with the market and thus confirming its market share. The Group's profits are expected to improve further. Similar progress is expected to result from expanding the banking sector, in which work will continue on expanding the sales network and on achieving increased levels of customer deposits, loans and assets under management as part of the action to consolidate the synergies with the Group's insurance customers.

Bologna, 28 January 2005

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