UNIPOL ASSICURAZIONI

Unipol Group – results of the first quarter of 2005 approved today

Consolidated net profit was €80.5m.
Group net profit increased to €70.6m (up 40.4% compared to the first quarter of 2004).

Gross premium income was €2,115.2m[1], of which €955.9m was from Non-Life business and €1,159.4m from Life business.

The combined ratio for direct business was 93.1%.

Investments and liquid assets rose to €30,607.7m.

Net profit for the Unipol Banca Banking Group rose to €6.8m (+118% compared to the first quarter of 2004).

Bologna, 13 May 2005

The Board of Directors of **Unipol Assicurazioni**, under the chairmanship of Giovanni Consorte, approved today the results of the first quarter of 2005.

Group strategic guidelines - consolidation of the insurance business and growth of the banking business – were further implemented during the first quarter of 2005.

Insurance business

In insurance business, where the merger of Meieaurora and the insurance companies that belonged to the former Winterthur Italia Group was completed during 2004, the newborn company Aurora Assicurazioni initiated its first full financial year of operation in the new headquarters in San Donato Milanese. The staff relocation into only one building and the sharing with the Parent Company of some operating activities, especially IT and claims settlement, are generating cost and investment synergies as planned.

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[1] Part of this result related to the consolidation, for the first time, of the companies of the MMI Italia Group, that recorded premium income of €36.8m, which corresponds to 1.7 % of Unipol Group's total premium income.

Last February Navale Assicurazioni, having obtained the necessary authorizations required by law, finalized the acquisition of the Italian insurance companies of the Mutuelles du Mans Group, at a price corresponding to the companies' adjusted shareholders' equity as at 31 December 2004. This acquisition contributes to the project for the strategic repositioning of Navale Assicurazioni, which is going to become the company within the Group that specializes in the non-exclusive agents and small brokers sales channel. In 2004 the acquired companies recorded premium income of €140m through approximately 170 insurance agencies and, for the first time, they were consolidated in the Unipol Group accounts as at 31 March 2005.

As regards financial figures, gross **premium income** as at 31 March 2005 totalled €2,115.2m (-12.5% compared to the first quarter of 2004), of which €955.9m was from Non-Life business (-1.3%) and €1,159.4m from Life business (-20%), whilst premium income from direct business was €2,102.5m (-12.2%), of which €945m from Non-Life business (stable) and €1,157.5m from Life business (-20%). Such trend was essentially linked to Life business, that recorded a formal but not substantial decrease by 20% attributable to a different timing in the booking of premiums for over €200m which, although collected, have been booked only in the first days of April and to the fact that some major corporate agreements have been postponed to the second quarter of the year. As at 30 April 2005 the decrease in Life premium income was already –8.4%. Non-Life premium income took account of both stability in current Motor TPL tariffs and strict underwriting policies adopted by all the Group companies.
In consideration of the current trend, the Group's target for the whole 2005 financial year to achieve consolidated premium income of over €10bn (€9.6bn in 2004) is therefore confirmed.
There was a considerable increase in **Non-Life technical result** which was €59.2m (+82% compared to €32.5m in the first quarter of 2004), as a consequence of both positive technical trends and a policy of greater premiums retention. The loss ratio for direct business was 70.2% (70.6% in the first quarter of 2004), whereas *combined ratio* for direct business was 93.1% (93% in the first quarter of 2004). **Life technical result**, negative for €2.7m (+€43.1m in the first quarter of 2004), was affected by book write-downs on securities (mostly debt securities) for €38.6m (compared to value re-adjustments of €36.5m in the first quarter of 2004), substantially linked to an increase in interest rates occurred in March 2005, which then fell back in April.
Investments and liquid assets were €30,608m (up 4.1% compared to €27,795m at the end of 2004, also thanks to the consolidation of the companies of the MMI Group).
Net technical provisions totalled €28,532m (+3.2% compared to 31/12/2004), of which €6,598m related to Non-Life business, €5,941m were the so-called 'Class D provisions' and €15,993m the remaining Life business provisions.
Net **investment income** for the period and net **capital gains** from disposals and trading amounted to €269.6m (€206.1m as at 31/3/2004), whilst net value adjustments on investments were negative for €41.2m (they were positive for €28.4m as at 31/3/2004).

Banking and Asset Management business

Unipol Banca developed further its sales network, by opening branches in line with authorizations obtained from the Supervisory Authority. By the end of March it had thus reached 228 branches (233 at the end of April, of which 119 co-located with insurance agencies), 46 financial counters and 441 financial advisers.
The sales business aimed at increasing the incidence of families and SMEs, while focussing utmost attention on *corporate* customers (maintaining the development of this segment within the most widely known undertakings which are already customers of the insurance segment).

In the *merchant banking* area, Unipol Merchant - Banca per le Imprese developed business synergies with the holding company, Unipol Banca. Significant mandates were managed in the field of business consultancy services, such as acting as *Co-Global Coordinator* and *Co-Sponsor* for the listing of IGD Immobiliare Grande Distribuzione S.p.A. on the Stock Exchange.

For what concerns financial figures, as at 31 March 2005 the **Unipol Banca Banking Group** recorded consolidated net profit of €6.8m, up 118% compared to €3.1m in the first quarter of 2004. In particular, **Unipol Banca** recorded **direct customer deposits** of €3,197m, up 16% compared to 31 March 2004; **loans** to customers were €3,888m which correspond to €2,910m net of securitizations carried out, compared to €1,940m as at 31 March 2004. As regards this last item, the steady increase in mortgage loans is worth underlining, since new mortgage loans exceeding €370m have been granted as at 31 March 2005.
Indirect customer funds (both assets under management and funds under custody) were €21.8bn as at 31 March 2005, up 36.5% compared to 31 December 2004. In particular, the asset management portfolio as at 31 March 2005 was €1,782m (+4.8% compared to 31/12/2004).
The sale of Life policies branded Unipol Assicurazioni is being satisfactorily carried out; premiums written as at 31 March 2005 were over €53m, almost doubling what was placed in the first quarter of 2004.
The business development highlights a considerable improvement in the **gross operating income** that reached €58.5m as at 31 March 2005 (+46.2% compared to the same period of the previous financial year).
Unipol Merchant – Banca per le Imprese improved the financing side of its business, granting a series of medium and long-term loans as at 31 March 2005 amounting to around €166.5m, of which €41.1m relating to no.7 loans granted during the quarter. At the same date sureties given were €10.3m.
The bank adopted a strong risk selection policy: as of today, this allowed to avoid recording items considered as non-performing loans (bad and doubtful loans, substandard loans, loans being restructured and restructured loans).

Group profit

Total gross result was €143.1m (€117.8m as at 31/3/2004). **Consolidated net profit** was €80.5m (€63.9m as at 31/3/2004). **Group net profit**, net of minority interests, was €70.6m at the end of March, up 40.4% compared to €50.3m in the first quarter of 2004.

Significant events recently occurred and expected business outlook for the current financial year.

On 21 April 2005 the merger to incorporate MMI Danni and MMI Assicurazioni into Navale Assicurazioni was approved by the Administrative Bodies of the respective companies. The merger represents the first preliminary step towards the wider plan to redefine and specialize the role of Navale Assicurazioni within the Group's distribution strategy.

The Group's business outlook for the current year, failing extraordinary or anomalous events, is positive and increasing compared to the results of the previous financial year and substantially in line with expectations.

Transition to IAS/IFRS

With reference to CONSOB note No. DME/5015175 of 10 March 2005, Unipol Assicurazioni will disclose the first quantitative information on the implementation of the IAS/IFRS when the consolidated half-yearly report as at 30 June 2005 is published.

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(Attached is the reclassified Profit and Loss Account as at 31/3/2005 for the Unipol Group).

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SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(amounts in €m)

	31 March 2005			31 March 2004		
	Life	**Non-Life**	**Total**	**Life**	**Non-Life**	**Total**
TECHNICAL ACCOUNT						
Gross premiums	1,159.4	955.9	2,115.2	1,449.5	968.2	2,417.7
Outward reinsurance premiums	(10.0)	(61.3)	(71.3)	(12.8)	(101.8)	(114.6)
Net change in the provision for unearned premiums		33.8	33.8		(17.9)	(17.9)
Total Life premiums and Non-Life earned premiums	1,149.4	928.3	2,077.7	1,436.7	848.5	2,285.3
Claims and sums paid and changes in Life mathematical provisions and Non-Life provision for outstanding claims	(1,280.1)	(665.4)	(1,945.5)	(1,650.9)	(624.0)	(2,274.9)
Operating expenses	(38.3)	(199.9)	(238.2)	(43.2)	(187.2)	(230.3)
Other technical income and charges	3.9	(3.8)	0.1	0.6	(4.9)	(4.2)
Net income (charges) from Class D investments (1)	40.3		40.3	134.6		134.6
Net income from investments allocated to the technical account of Life business	160.7		160.7	128.7		128.7
Net value adjustments relating to the technical account	(38.6)		(38.6)	36.5		36.5
Balance on the technical account (2)	**(2.7)**	**59.2**	**56.5**	**43.1**	**32.5**	**75.6**
NON-TECHNICAL ACCOUNT						
Net income from investments (3)			63.7			76.1
Net value adjustments			(2.6)			(8.1)
Amortization 'difference arising from consolidation'			(11.1)			(15.3)
Balance other income/other charges			(9.1)			(9.8)
Balance on ordinary activities			**97.4**			**118.5**
Extraordinary income			48.3			5.6
Extraordinary charges			(2.6)			(6.3)
Profit before taxation			**143.1**			**117.8**
Income tax for the year			(62.6)			(53.9)
Consolidated profit			**80.5**			**63.9**
Profit (loss) for the year - minority interests			9.9			13.6
PROFIT (LOSS) FOR THE YEAR - GROUP			**70.6**			**50.3**

(1) Income from investments the risk of which is borne by policyholders, matched by a corresponding variation in technical provisions. The economic result is consequently not affected.

(2) As regards Non-Life business, consolidated accounts do not require the transfer of investment income from the non-technical account.

(3) Net of investment income transferred to the technical account for Life business and of the goodwill amortization of the companies valued by the equity method.