
PRESS RELEASE

START OF THE BANKING & INSURANCE PARTNERSHIP BETWEEN THE CATTOLICA AND BANCA POPOLARE DI VICENZA GROUPS

Signature today of a memorandum of understanding for a long-term business partnership in insurance, banking, and financial services

Verona - Vicenza, January 26th 2007. Today **Cattolica Assicurazioni** and **Banca Popolare di Vicenza** signed a memorandum of understanding (MOU) designed to create a strategic partnership in the sector of personal insurance, banking and financial services based on an innovative model of co-operation and development. This model, whilst respecting their reciprocal autonomy, enables the two Groups, with development of synergies in some common areas, to focus on their strategic core-business objectives. This will take place according to a business model that exploits expertise leadership and the benefits of scale.

The partnership between the two groups – both over 100 years old and both of the Veneto region and also sharing common ethical roots – which will also feature acquisition of a series of strategic cross-shareholdings, is in fact designed to strengthen and integrate their respective spheres of activity in the banking and insurance sectors, operating in a co-ordinated manner as regards their respective sales networks.

For the **Banca Popolare di Vicenza Group** the agreement permits acceleration of growth in insurance services for its customers based on fuller technical support thanks to the experience of Cattolica – leader in the sector of life and P&C bancassurance services for regional banking partners. It also enables the Group to access the Cattolica Group's insurance sales network. The latter, with the strength given by over 1,500 agencies located throughout Italy, is the third largest Italian network in terms of sales networks and serves over 2 million customers.

For **Cattolica Assicurazioni** the new alliance strengthens a bancassurance model featuring, in particular, greater strategic and long-term content. It is also a further opportunity for growth in the life and P&C business, which fits very well with other existing bancassurance agreements.

In this respect, the partnership with the Banca Popolare di Vicenza Group – which enables Cattolica to access the network of 528 branches of the new banking partner (which plans to have over 620 branches in 2008) – is a decisive step towards implementation of the 2007-2010 business plan, which is currently being fine-tuned.

The MOU envisages that the business partnership between the two Groups – with an initial duration of five years, automatically renewable for another five years – be achieved by sharing, also via the acquisition and exchange of equity interests, their respective specialist skills in (1) the life insurance and pension-planning business, (2) the P&C business, (3) asset management services for institutional and retail customers, and (4) sale of banking products.

1. LIFE AND PENSION BANCASSURANCE

The MOU envisages Cattolica's entry with a 50% interest into the Banca Popolare di Vicenza Group's life insurance companies **Berica Vita SpA** and **Vicenza Life Ltd.**, incorporated respectively in Italy and Ireland.

Prior to stipulation of the Master Agreement, the financial advisors – aided by an actuarial valuer jointly appointed by the parties, who will apply the usual and already agreed market valuation criteria for similar transactions will take a Production Plan into account – will determine the price for acquisition of the equity interest in Berica Vita and Vicenza Life.

In 2005 the two companies achieved gross premiums of close to € 400 million and have over € 1 billion of mathematical reserves.

The two Groups will sign shareholders' agreements such as to ensure, for Cattolica, management of the two companies and their consequent full line-by-line consolidation.

The two companies will develop – based on an exclusive commercial agreement with the Banca Popolare di Vicenza Group with the same duration as the partnership – life bancassurance business in the Banca Popolare di Vicenza Group's sales channels.

Vicenza Life, appropriately renamed, will sell its products on the basis of the EU Free Provision of Services principle for types of products that cannot be produced by other Italian product factories in the Cattolica Group. It will do so via the over 1,500 agencies of the Cattolica Group and possibly also via the networks of the other medium-small bank partners of the Cattolica Group interested in the Irish company's offering.

As regards **supplementary pension schemes**, the agreement envisages rapid development of major business synergies.

More specifically, the open-ended pension fund "Cattolica Gestione Previdenza" will be marketed via the Banca Popolare di Vicenza Group's networks.

In addition, as regards the individual pension plan product – "Piano di previdenza individuale" – Cattolica will make available to the Banca Popolare di Vicenza Group its tools with all necessary operating and commercial support. These have already been defined and prepared for the banks forming part of the Group's bancassurance network.

2. P&C BANCASSURANCE

In the shared vision of the potential of the property & casualty insurance business and in order to share, as a common factor, an insurance factory serving the Banca Popolare di Vicenza Group's networks, Cattolica Assicurazioni will sell 50% of **ABC Assicura SpA** to

the Bank. The latter does not have a dedicated P&C insurance company today and operates on the basis of various commercial agreements.

Prior to stipulation of the Master Agreement, the financial advisors, who will apply the usual and already agreed market valuation criteria for similar transactions, will determine the price for acquisition of the equity interest in ABC Assicura.

The two Groups will sign shareholders' agreements such as to ensure, for Cattolica, management of the company and its consequent full line-by-line consolidation.

ABC Assicura will develop – based on an exclusive commercial agreement with the Banca Popolare di Vicenza Group with the same duration as the partnership – P&C bancassurance business in the Banca Popolare di Vicenza Group's sales channels.

3. ASSET MANAGEMENT SERVICES FOR INSTITUTIONAL & RETAIL CUSTOMERS

In accordance with the principle of expertise leadership and the quest for benefits of scale, Cattolica and Banca Popolare di Vicenza will proceed – saving any evidence to the contrary emerging from a joint study to be completed by the date of signature of definitive agreements – with the merger of Verona Gestioni SGR, the Cattolica Group's institutional asset management company, and BPVI Fondi SGR, the Banca Popolare di Vicenza Group's asset management company dedicated to individual portfolio management for retail customers.

The merger of the two companies will be undertaken in such a way as to assure even joint ownership by Cattolica (50%) and Banca Popolare di Vicenza (50%) of the post-merger entity.

Verona Gestioni SGR today has over € 3.2 billion of assets under management (AUM) whilst BPVI Fondi SGR has some € 2.7 billion.

Merger of the two factories will therefore lead to an asset-management player with some € 6 billion of AUM focused, thanks to specialised business units, on both the institutional and retail customer segments.

The two Groups will sign shareholders' agreements such as to ensure, for Banca Popolare di Vicenza, management of the post-merger asset management company and its consequent full line-by-line consolidation.

4. NEWCO FOR SALE OF BANKING PRODUCTS

In order to maximise exploitation of the Cattolica Group's extensive sales network of over 1,500 agencies, Cattolica and Banca Popolare di Vicenza will found a newco, of which Cattolica and Banca Popolare di Vicenza will own 50% each, for sale throughout the Cattolica Group's agency network of banking products under the Cattolica brand – in particular loan products – developed by the Banca Popolare di Vicenza Group's organisation.

The two Groups will sign shareholders' agreements such as to ensure, for Banca Popolare di Vicenza, management of the newco and its consequent full line-by-line consolidation.

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To round off and strengthen the business partnership, it is also envisaged that:

- Cattolica's Board of Directors will propose to shareholders, at an extraordinary meeting, a capital increase without right of option, reserved for Banca Popolare di Vicenza and its subsidiaries, to be executed in two tranches.
The first tranche, for 8% of Cattolica's post increase capital, must be subscribed as from filing of shareholder approval of the increase in the Companies' Register. The subscription price for the first tranche will be € 44.87 per share for a total value of some € 185 million.
The second tranche, for a further 4% of capital, can be subscribed as from July 1st 2010. The second tranche's subscription price will be equal to the weighted average of the official prices (as recorded by Borsa Italiana) achieved by Cattolica shares in the six months prior to the start date for subscription of the second tranche.
- Cattolica's Board of Directors will co-opt two members designated by Banca Popolare di Vicenza.

All information not available today will be promptly disclosed to the market when defined at the time of stipulation of definitive agreements.

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The deal, which will be executed during 2007, envisages signature of the definitive agreements by March 15th 2007 and is subject to approval by the Shareholders' Meeting of Cattolica Assicurazioni, as well to issue of approval by the Bank of Italy, the ISVAP (Italian insurance supervisory authority) and by other relevant authorities.

The partnership, governed by the definitive agreements, will have a 5-year duration, automatically renewable for a further 5 years. It is therefore envisaged that all the definitive agreements, and in particular the commercial sales contracts, will have the same duration.

In the case of cessation of the partnership, mechanisms are envisaged for exit from the parties' cross-shareholdings.

The financial advisors for the deal are KPMG Corporate Finance for Cattolica and Citigroup for Banca Popolare di Vicenza. The legal advisors are Studio Legale Rucellai & Raffaelli and Studio Legale Avv. Prof. Mario Cera for Cattolica and Studio Legale Bonelli, Erede e Pappalardo for Banca Popolare di Vicenza.

The **CATTOLICA ASSICURAZIONI GROUP**, consisting of Cattolica Assicurazioni, listed on the Milan stock exchange, and of another 13 insurance companies, is fifth in the ranking of the main Italian insurance companies. The group ended 2005 with consolidated net income of € 139 million and total premiums, including investment contracts, of € 5,188 million. As at September 30th 2006 the group's agencies had reached a total of 1,502. Bank branches selling the group's products numbered 2,991 whilst there were 939 financial advisors and 264 brokers.

BANCA POPOLARE DI VICENZA, founded in 1866 as the Veneto region's first co-operative bank, boasts over a century of experience in the banking industry and in the last few years has achieved ambitious growth objectives in terms of profit and size. It has done so progressively strengthening its nationwide presence in Italy with a number of branches now in excess of 550 and always maintaining strong roots in and special attention for its historical area of establishment. At 2005 year-end Banca Popolare di Vicenza had achieved equity of € 2 billion, customer funds of over € 22 billion, net loans of € 10 billion, and net profit of € 92 million.

SOCIETA' CATTOLICA DI ASSICURAZIONE

BANCA POPOLARE DI VICENZA

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