

Compagnia Assicuratrice Unipol

Stock Company

Registered and Head Offices – Via Stalingrado 45 – 40128 Bologna – Share capital €906,206,320 fully paid-up.

Tax Code and Company Register in Bologna 00284160371 – R.E.A. 160304

Authorized to provide insurance services by M.D. 28 December 1962 (O.J. 15/18.1.63) and M.D. 29 April 1981 (O.J. 135/19.5.81)

Consolidated Quarterly Report as at 30 September 2003

(in conformity with Consob Ruling 11971 of 14 May 1999, Article 82)

Bologna, 27 October 2003



Company's Boards and Principal Officials

HONORARY CHAIRMAN

Enea Mazzoli

BOARD OF DIRECTORS

CHAIRMAN
MANAGING DIRECTOR

Giovanni Consorte

VICE CHAIRMAN
MANAGING DIRECTOR

Ivano Sacchetti

BOARD MEMBERS

Antonio Silvano Andriani / Jean Dominique Antoni
Francesco Bocchetti / Rocco Carannante / Claudio Casini
Piero Collina / Pier Luigi Fabrizi / Jacques Forest
Vanes Galanti / Fabrizio Gillone / Emilio Gnutti
Claudio Levorato / Ermanno Lorenzani / Enrico Migliavacca
Massimo Pacetti / Gian Carlo Sangalli / Leone Sibani
Aldo Soldi / Giuseppe Solinas / Pierluigi Stefanini
Graziano Trere' / Marco Giuseppe Venturi / Mario Zucchelli

BOARD OF STATUTORY AUDITORS

Umberto Melloni, Chairman
Omer Caffagni / Lorenzo Roffinella
Diego Bassini / Roberto Chiusoli (Alternate Members)

PRINCIPAL OFFICIALS

GENERAL AREA MANAGER

Franco Migliorini, *Personnel, Organisation and External Relations*

JOINT GENERAL MANAGERS

Carmelo De Marco, *Insurance Business*
Carlo Cimbri, *Investments, Property, Shareholdings and Control*
Riccardo Laurora, *IT Systems*

CENTRAL MANAGERS

Domenico Brighi / Giancarlo Brunello / Stefano Dall'Aglio
Salvatore Petrillo

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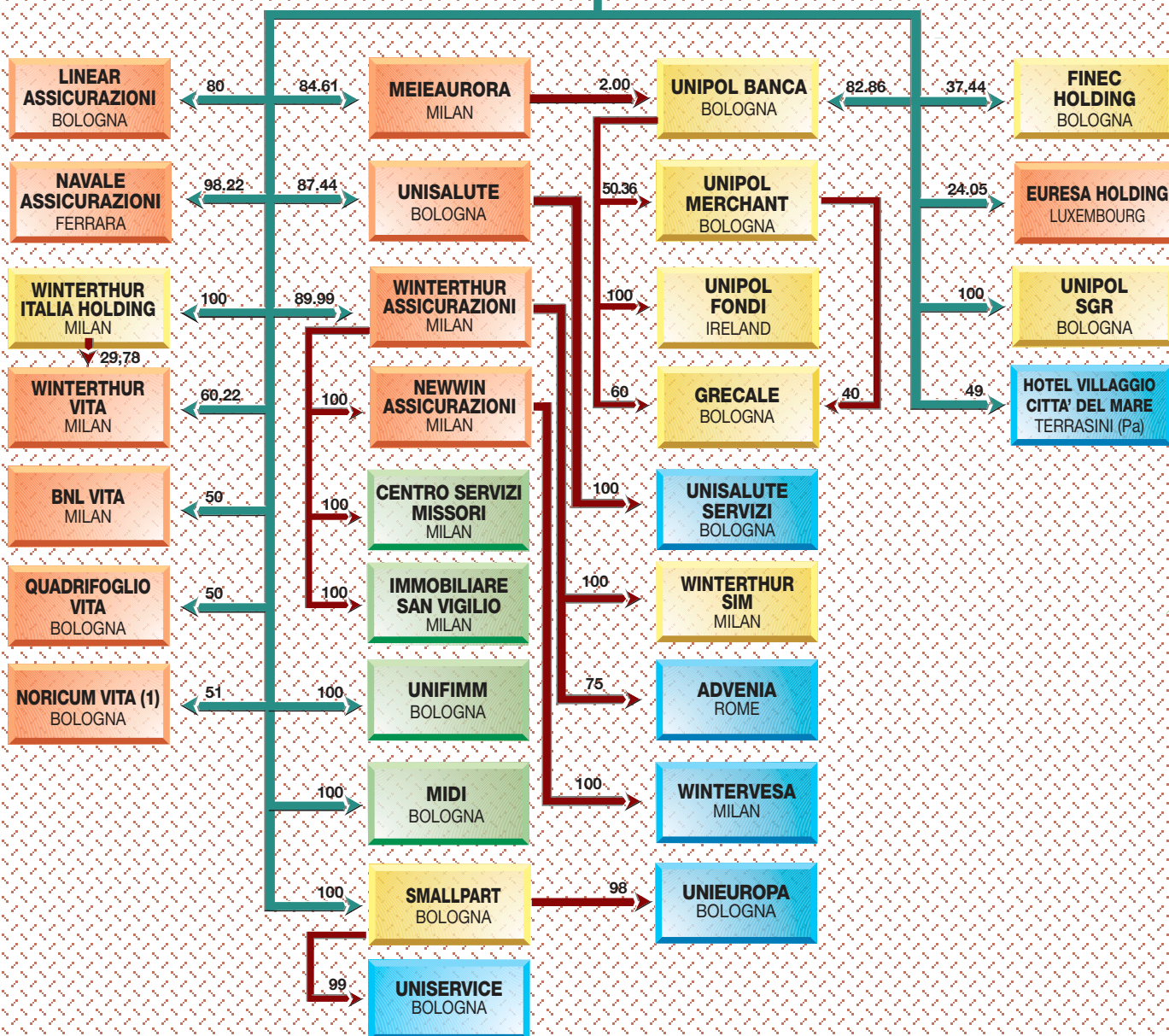
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BASIS OF CONSOLIDATION AS AT 30 SEPTEMBER 2003



LINE-BY-LINE

EQUITY METHOD



INSURANCE COMPANIES
INSURANCE HOLDINGS

PROPERTY

FINANCIAL SERVICES
BANKS

OTHERS (*)

(*) Mainly service companies strictly related to insurance and property business.

(1) The agreement with Sanpaolo Imi Group for the sale of Noricum Vita was executed by Unipol Assicurazioni on 2 July 2003.

N.B. As regards the companies in the Winterthur Italia Group, which were acquired on 26 September 2003, as at 30 September 2003 only balance sheet items were consolidated on a line-by-line basis.

INTRODUCTION

The estimates for Italian GDP in the third quarter of 2003 indicate that it has grown by 0.4% over the same period in 2002 (a slight increase compared with the second quarter of 2003), compared with an EU average of +0.3%.

Inflation in Italy during 2003 stabilized at +2.7% but rose to +2.8% in September (compared with +2.5% in 2002), increasing the gap between Italy and the European Union, which has a consumer price index of approximately +2.0% (+2.3% in 2002).

The trend in Italy has to be seen against a somewhat problematical international background, since even the international macroeconomic forecasts are characterized by a downward revision of the estimates of growth in GDP.

The slowdown in European exports, caused by the rise in value of the Euro against the dollar (+11.1% between the beginning of the year and 30 September 2003), had a negative effect on business activity, on investment, on employment and, finally, on the indices relating to confidence felt by families, thus causing a gradual divergence between the trend in the European and Japanese economies on the one hand and those of the United States and the UK, which were slightly up, on the other. In addition, consumer prices rose faster than had been expected at the start of the year.

Between the start of the year and 30 September, despite the precarious economic situation and fears of reduced profits, share markets managed to perform positively thanks to the upward trend that began in the middle of March. Stock Exchanges

recorded rises as follows: 5.5% in Italy, 12.6% in Germany, 3.8% in the UK, 11.2% in the United States and 19.1% in Japan.

In the last few months the ECB has applied an expansionist monetary policy, intervening twice to reduce the European base rate, on 6 March from its level of 2.75% at the beginning of the year to 2.5% and on 5 June reducing it further to 2%. On 25 June the Fed too intervened in US rates, reducing them from 1.25% to 1%.

Expectations for the end of the year seem to indicate positive, albeit more modest, yields in the share market. In the bond market rates are expected to remain stable in the short term and to rise in the medium-long term, whilst the dollar's current weakness is expected to continue.

Information on the Italian insurance market relating to the first six months of 2003 shows that total premium income was €48.3bn, 10.1% higher than during the corresponding period of 2002. The contribution made by Life business was substantial (+11.9%), the uncertainty in the economic situation promoting growth in this sector and steering demand towards types of insurance with restricted risk profiles thus leading to considerable growth for products in Classes I and V (capital redemption operations).

As regards Non-Life business, Motor T.P.L. recorded a rise in premium income of 7.4%, a slowdown compared with previous trends (+8.8% as at 30/6/2002, +8.5% as at 31/12/2002). Other Non-Life types of business recorded a rise of 6.4% over 30 June 2002.

THE UNIPOL GROUP

During the third quarter the Parent Company Unipol Assicurazioni concluded the major strategic operations it had launched during the preceding period.

On 26 September 2003, legal authorization having been obtained, the acquisition of the companies in the Winterthur Italia Group, resolved by the Board of Directors on 21 June 2003, was finalized.

90% of the shares were acquired by Unipol Assicurazioni and the remaining 10% by the holding company Finsoe.

The total amount paid was €1,465m, €1,319.2m of which by Unipol Assicurazioni.

As a result of this operation the Unipol Group became a more important player within the insurance sector and also strengthened its competitive position in the Italian market, consolidating its status as the fourth-

largest insurance group operating in Italy.

In particular it took control (direct and indirect) of the following interests in companies in Italy:

- 89.99% of Winterthur Assicurazioni spa
- 100% of NewWin Assicurazioni spa
- 100% of Wintervesa srl (a direct subsidiary of NewWin Assicurazioni)
- 100% of Winterthur SIM spa
- 100% of Centro Servizi Missori srl
- 100% of Immobiliare San Vigilio spa
- 75% of Advenia srl (direct subsidiaries of Winterthur Assicurazioni)
- 60.22% of Winterthur Vita
- 100% of Winterthur Italia Holding (an

investment company which owns 29.78% of Winterthur Vita).

Winterthur Assicurazioni's business purpose is to carry out all Non-Life insurance and reinsurance business both in Italy and abroad. Winterthur Vita's business purpose is to carry out Life assurance and reinsurance business both in Italy and abroad, including capital redemption operations, and pension fund management.

The process of integrating the Winterthur Italia Group began as soon as its acquisition had been finalized. This is expected to lead to significant synergies in administration (costs), in clients (income) and in professional skills, both between the companies based in Milan (Winterthur and Meieaurora) and between these, Unipol Banca and the Parent Company Unipol Assicurazioni.

In order to finance this operation Unipol Assicurazioni resolved to increase capital by €1,054.3m and to issue subordinated callable notes of €300m for a term of twenty years.

These operations took place during the current

quarter and concluded with the increase in the share capital and the subordinated callable notes being fully subscribed and paid up.

On 2 July 2003 Unipol Assicurazioni signed an agreement to sell to the Sanpaolo IMI Group its entire holding (51%) in Noricum Vita for €40.3m, which will mean net capital gains for the Parent Company of approximately €20m. The operation cannot be finalized until the necessary legal authorization has been obtained.

Finally, in September, the Banca d'Italia authorized Unipol Merchant – Banca per le Imprese spa (which evolved out of Unipol Merchant, a company in which the Group was already the majority shareholder and which operated exclusively in the field of merchant banking) to carry out credit business. On 29 September Unipol Assicurazioni sold its entire holding (42.54%) to its subsidiary Unipol Banca for a countervalue of €32.9m. However the capital gain on this was written off since it was a profit and loss item within the Group.

GENERAL DRAFTING CRITERIA AND BASIS OF CONSOLIDATION

Consolidation criteria

Unipol Group's quarterly report as at 30 September 2003 was drawn up in accordance with Consob Ruling 11971 of 14 May 1999 (Article 82 and Annex 3D).

The general valuation criteria adopted when drawing up the consolidated figures for the period in question are consistent with those used for drawing up the consolidated accounts as at 31 December 2002.

However, given that these are interim figures drawn up immediately after the period to which they refer, certain items have been estimated (using available business figures and company statistics), substantially in keeping, nevertheless, with the principles adopted for the end-of-year accounts and reports.

It should also be noted that:

- as far as the newly-acquired subsidiaries are concerned (Winterthur Italia Group), in view of the date on which they were acquired (26 September 2003) only their assets and

liabilities were consolidated on a line-by-line basis as at 30 September 2003;

- as far as Noricum Vita, the subsidiary insurance company currently being sold, is concerned, only the profit and loss account was consolidated.

Basis of consolidation

During the third quarter, that is since 30 June 2003, 9 companies in the Winterthur Italia Group (3 insurance companies, 2 property companies, 1 holding company, 1 financial brokerage and 2 insurance brokerages) entered the basis of consolidation.

Therefore as at 30 September 2003 the Unipol Group consisted of 11 insurance companies, 4 property companies, 2 holding companies and a service company, all consolidated on a line-by-line basis apart from the exceptions already mentioned, the companies in the Winterthur Italia Group and Noricum Vita. In addition twenty-four companies were valued by the equity method.

The table below lists the subsidiary companies that fall within the basis of consolidation.

UNDERTAKINGS INCLUDED ON A LINE-BY-LINE BASIS

Company name - Registered offices	Type of business - Share capital (€)	% holding		% Group
		direct	indirect	
Compagnia Assicuratrice Unipol spa Bologna	Insurance and reinsurance € 906,166,785			
Bnl Vita spa Milan	Insurance and reinsurance € 110,000,000	50.00		50.00
Compagnia Assicuratrice Linear spa Bologna	Insurance and reinsurance € 16,000,000	80.00		80.00
Meieaurora spa Milan	Insurance and reinsurance € 190,777,009	84.61		84.61
Navale Assicurazioni spa Ferrara	Insurance and reinsurance € 10,500,000	98.22		98.22
New Win Assicurazioni spa Milan	Insurance and reinsurance € 5,200,000		100.00 (Winterthur Assic.)	89.99
Noricum Vita spa Bologna	Insurance and reinsurance € 16,000,000	51.00		51.00
Quadrifoglio Vita spa Bologna	Insurance and reinsurance € 24,200,000	50.00		50.00
Unisalute spa Bologna	Insurance and reinsurance € 17,500,000	87.44		87.44
Winterthur Assicurazioni spa Milan	Insurance and reinsurance € 129,455,236	89.99		89.99
Winterthur Vita spa Milan	Insurance and reinsurance € 117,000,000	60.22	29.78 (Wint. Italia Hol.)	90.00
Centro Servizi Missori srl Milan	Property company € 26,000		100.00 (Winterthur Assic.)	89.99
Immobiliare San Vigilio spa Milan	Property company € 6,713,980		100.00 (Winterthur Assic.)	89.99
Midi srl Bologna	Property company € 72,000,000	100.00		100.00
Unifimm srl Bologna	Property company € 43,350,000	100.00		100.00
Winterthur Italia Holding spa Milan	Holding company € 132,600,000	100.00		100.00
Smallpart spa Bologna	Holding company € 12,000,000	100.00		100.00
Uniservice spa Bologna	Data transmission services € 104,000		99.00 (Smallpart)	99.00

UNDERTAKINGS INCLUDED BY THE EQUITY METHOD

SUBSIDIARIES				
Unipol Banca spa Bologna	Bank € 426,300,000	82.86	2.00 (Meieaurora)	84.55
Unipol Fondi Ltd Dublin	Unit trust management € 125,001		100.00 (Unipol Banca)	84.55
Unipol Merchant - Banca per le Imprese spa Bologna	Bank € 70,312,005		50.36 (Unipol Banca)	42.58
Winterthur Sim spa Milan	Financial brokerage € 2,582,000		100.00 (Winterthur Assic.)	89.99
Grecalle srl Bologna	Loan securitization € 10,000		60.00 (Unipol Banca) 40.00 (Unipol Merchant)	67.76
Unipol Sgr spa Bologna	Financial brokerage € 2,000,000	100.00		100.00
Unieuropa srl Bologna	Market analysis and research € 510,000		98.00 (Smallpart)	98.00
Unisalute Servizi srl Bologna	Healthcare services € 52,000		100.00 (Unisalute)	87.44
Advenia srl Rome	Insurance agency € 100,000		75.00 (Winterthur Assic.)	67.49
Wintervesa srl Milan	Insurance agency € 100,000		100.00 (NewWin Assic.)	89.99

Associated and affiliated undertakings valued by the equity method are as follows: Hotel Villaggio Città del Mare spa, Finec Holding spa, A.P.A. spa, AR.CO. Assicurazioni spa, Assicoop Ferrara spa,

Assicoop Imola spa, Assicoop Modena spa, Assicoop Ravenna spa, Assicoop Romagna spa, Assicoop Sicura srl, Assicoop Siena spa, Assicura spa, Consorzio ZIS Fiera 2, Euresa Holding sa.

INFORMATION ON THE ECONOMIC AND FINANCIAL POSITION OF THE GROUP

The results achieved as at 30 September 2003 are significantly better than those achieved as at 30 September 2002 and are in line with the targets for growth laid down for the financial year as a whole.

The important features of business to 30 September include the following:

- the Group's premium income, gross of reinsurance cessions, amounted to €5,578m (+38.1% compared with 30/9/2002) and to €5,417.8m net of reinsurance cessions and of the balance on provisions for unearned premiums for the period (€3,884m as at 30/9/2002). This increase is largely due to the growth achieved in Life business, helped by policies in the corporate sector that are very valuable but are exceptional and will not recur;
- the results of core insurance business increased considerably (€146.2m compared with €71.7m as at 30/9/2002);
- the total amount of net technical provisions was €24,068m, an increase of €7,476m compared with 31 December 2002 (+45.1%) and of €6,024m compared with 30 June 2003 (+33.4%), which would have corresponded to +19.6% and +2.7% respectively if the basis of consolidation had not changed;
- investments and liquid assets amounted to €25,764m, an increase of €8,078m compared with 31 December 2002 (+45.7%) and of €6,666m compared with 30 June 2003 (+34.9%), which would have corresponded to +19.6% and +3.8% respectively if the basis of consolidation had not changed;

- net investment income and capital gains and net profits from trading for the period amounted to €481.3m (€427.4m as at 30/9/2002), whereas net value adjustments amounted to €69.7m (€159.7m as at 30/9/2002);

Investments relating to Unit- and Index-linked benefits and to pension fund management (Class D) resulted in net income of €274.1m (net charges of €119.4m as at 30/9/2002);

- net operating expenses, a total of €420.7m, represented 7.8% of earned premiums (compared with 9.6% as at 30/9/2002), as a result of the remarkable growth of Life business;
- the result of ordinary business for the period, after deduction of potential value adjustments (€69.7m) and depreciation relating to the consolidation differences (€21.9m), was €174.7m compared with €119.4m as at 30 September 2002 (+46.3%);
- the total gross result amounted to €188.9m (€132.6m as at 30/9/2002). At the end of September net profits pertaining to the Group were €83.3m (€61.8m as at 30/9/2002), an increase of 34.7%.

The tables on the following pages contain:

- a summary of the profit and loss account at the end of September 2003 compared with the situation as at 30 September 2002 and as at 31 December 2002;
- the results for the period July/September 2003 compared with those for the corresponding period in 2002.

It should, however, be stressed that interim results represent a trend that must be looked at in the light of seasonal factors affecting insurance business, underwriting policies and tariff adjustments

adopted, the launch of new products and the trends in the financial market and in the overall economic picture. Lastly, these results may be influenced in various ways by extraordinary non-recurrent events.

SUMMARY OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (*€ million*)

	as at 30/9/2003			as at 30/9/2002			as at 31/12/2002		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
net of reinsurance cessions									
Life written premiums and Non-Life earned premiums	3,834.1	1,583.7	5,417.8	2,397.4	1,486.6	3,884.0	3,678.6	2,037.8	5,716.4
Charges for claims and benefits paid, variations in Life technical provisions and Non-Life provisions for outstanding claims	(4,276.2)	(1,175.7)	(5,451.9)	(2,353.8)	(1,139.9)	(3,493.7)	(3,722.0)	(1,542.1)	(5,264.1)
Operating expenses	(109.0)	(311.7)	(420.7)	(85.6)	(286.4)	(372.0)	(135.1)	(407.0)	(542.1)
Other technical income and charges	17.2	(4.6)	12.6	14.9	(3.0)	11.9	20.1	(4.9)	15.2
Net income (charges) from Class D investments (1)	274.1		274.1	(119.4)		(119.4)	(73.8)		(73.8)
Net investment income allocated to the technical account of Life business	314.3		314.3	160.9		160.9	269.0		269.0
Balance on the technical account	54.5	91.7⁽²⁾	146.2	14.4	57.3⁽²⁾	71.7	36.8	83.8⁽²⁾	120.6
NON-TECHNICAL ACCOUNT									
Net investment income (3)			144.1			250.2			266.9
Balance on other income/charges			(45.9)			(42.9)			(45.5)
Operating result			244.4			279.0			342.1
Net value adjustments			(69.7)			(159.7)			(149.6)
Balance on ordinary activities			174.7			119.4			192.4
Extraordinary income			24.0			18.4			50.3
Extraordinary charges			(9.8)			(5.3)			(14.1)
Profit before taxation			188.9			132.6			228.6
Tax on profit			(86.5)			(61.6)			(107.6)
Profit (loss) - minority interests			19.1			9.2			18.9
PROFIT (LOSS) - GROUP			83.3			61.8			102.1

(1) Income from investments the risk of which is borne by policyholders. It is matched by a corresponding variation in technical provisions and therefore does not affect the profit for the period.

(2) Investment returns are not allocated to the Non-Life insurance technical account in the consolidated profit and loss account.

(3) Net of investment returns allocated to the Life assurance technical account.

The table below shows the profit and loss account for the period July-September 2003:

THIRD QUARTER - SUMMARY OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (€ million)						
	Third quarter 2003			Third quarter 2002		
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
net of reinsurance cessions						
Life written premiums and Non-Life earned premiums	883.4	526.0	1,409.4	636.0	492.1	1,128.1
Charges for claims and benefits paid, variations in Life technical provisions and Non-Life provisions for outstanding claims	(964.2)	(381.7)	(1,345.9)	(671.4)	(376.7)	(1,048.1)
Operating expenses	(27.4)	(92.7)	(120.1)	(26.2)	(85.3)	(111.5)
Other technical income and charges	5.5	(0.6)	4.9	7.7	(1.9)	5.8
Net income (charges) from Class D investments (1)	14.8		14.8	7.5		7.5
Net investment income allocated to the technical account of Life business	89.9		89.9	49.0		49.0
Balance on the technical account	2.1	51.0 ⁽²⁾	53.1	2.6	28.3 ⁽²⁾	30.9
NON-TECHNICAL ACCOUNT						
Net investment income (3)			65.4			66.0
Balance on other income/charges			(18.6)			(7.3)
Operating result			99.8			89.6
Net value adjustments			(56.7)			(50.7)
Balance on ordinary activities			43.1			39.0
Extraordinary income			3.2			6.2
Extraordinary charges			(1.6)			(3.0)
Profit before taxation			44.6			42.2
Tax on profit			(22.2)			(22.4)
Profit (loss) - minority interests			5.8			5.0
PROFIT (LOSS) - GROUP			16.6			14.8

(1) Income from investments the risk of which is borne by policyholders. It is matched by a corresponding variation in technical provisions and therefore does not affect the profit for the period.

(2) Investment returns are not allocated to the Non-Life insurance technical account in the consolidated profit and loss account.

(3) Net of investment returns allocated to the Life assurance technical account.

PREMIUM INCOME

Premiums written as at 30 September 2003 amounted to €5,578m, an increase of 38.1% compared with 30 September 2002, mainly as a result of the growth in Life business (+59.7% in direct business).

If premiums written by the Winterthur Italia Group were consolidated as from 1 January 2003 and premiums written by Noricum Vita were excluded,

the premium income as at 30 September 2003 would amount to €6,646m (+64.6% over 30/9/2002), €2,687m of which would be in Non-Life business (+66.6%) and €3,959m in Life business (+63.3%).

The premium breakdown, the composition indices and the variations compared with the same period last year are set out in the following table:

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS

(Amounts in €m)

	30 September 2003		30 September 2002		Var. % 2003/2002	31 December 2002	
	comp. %		comp. %			comp. %	
DIRECT ITALIAN INSURANCE BUSINESS							
Non-Life Business							
Accident and Health (classes 1 and 2)	229	4.1	213	5.3	7.4	328	5.5
Land vehicles - T.P.L. (class 10)	919	16.6	858	21.5	7.1	1,204	20.1
Land vehicles - Own damage or loss (class 3)	150	2.7	147	3.7	2.2	210	3.5
Marine, Aviation and Goods in transit (classes 4, 5, 6, 7, 11 and 12)	30	0.5	26	0.7	15.4	40	0.7
Fire and Other damage to property (classes 8 and 9)	145	2.6	144	3.6	0.5	220	3.7
General T.P.L. (class 13)	151	2.7	134	3.4	12.3	207	3.4
Credit and Bond (classes 14 and 15)	23	0.4	22	0.6	4.2	30	0.5
Miscellaneous pecuniary losses (class 16)	16	0.3	15	0.4	4.1	22	0.4
Legal protection (class 17)	8	0.1	7	0.2	14.0	11	0.2
Assistance (class 18)	14	0.3	13	0.3	5.0	19	0.3
Total Non-Life insurance business	1,685	30.4	1,581	39.5	6.6	2,290	38.1
Life assurance business							
I - Life assurance, annuities	2,197	39.6	1,129	28.2	94.7	1,652	27.5
III - Ass. linked to investment funds/market indices	660	11.9	1,046	26.1	-36.9	1,572	26.2
V - Capitalisation operations	995	17.9	229	5.7	334.0	471	7.8
VI - Pension funds	14	0.2	16	0.4	-15.7	21	0.3
Total Life assurance business	3,866	69.6	2,420	60.5	59.7	3,717	61.9
Total direct Italian business	5,551	100.0	4,000	100.0	38.8	6,006	100.0
INWARD REINSURANCE							
Non-Life business	24	87.2	32	86.0	-25.6	34	86.7
Life business	4	12.8	5	14.0	-32.9	5	13.3
Total inward reinsurance	27	100.0	37	100.0	-26.6	40	100.0
TOTAL PREMIUM INCOME	5,578		4,038		38.1	6,046	

Premiums ceded as at 30 September 2003 totalled €213.6m (€207.7m as at 30/9/2002), a retention rate of 96.2% (94.9% as at 30/9/2002).

Booked premiums were underwritten almost exclusively in Italy.

As at 30 September 2003 direct premium income for Unipol Assicurazioni and its subsidiaries (excluding the Winterthur Italia Group) was as follows (in millions of €):

Direct premiums	Non-Life	Var. % 2003/2002	Life	Var. % 2003/2002	Total	Var. % 2003/2002	Comp. in %
Unipol Assicurazioni	900.2	9.8	828.5	116.2	1,728.7	43.7	31.1
Subsidiaries	784.9	3.2	3,037.0	49.1	3,821.9	36.6	68.9
TOTAL DIRECT PREMIUMS	1,685.1	6.6	3,865.5	59.7	5,550.6	38.8	100.0

Sales network and new products

With the acquisition of the Winterthur Italia Group, finalized on 26 September 2003, the number of Unipol Group agencies rose considerably and now consists of some **4,200 sales outlets**, consisting of the agencies (approximately 1,900) and sub-agencies (approximately 2,300) of **Unipol Assicurazioni, Meieaurora and Winterthur**, which cover the whole country.

The insurance and banking products and services of the companies in the Group are now provided to 6.3 million clients.

In order to market its bancassurance products the Group makes use of 286 outlets of the Banca Agricola Mantovana, which places **Quadrifoglio Vita's** products, of some 700 BNL Group outlets and of around 1,000 financial advisers of Banca BNL Investimenti, which make up the sales network of **BNL Vita**. Group Life premium income at the end of the quarter also included the contribution made by more than 300 outlets (belonging to the Cassa di Risparmio in Bologna and the Banca Popolare dell'Adriatico) that distributed the products of Noricum Vita (currently being sold).

In Motor business, **Linear** continued to increase the proportion of its direct premium income obtained by telephone and via the Internet. In the third quarter of 2003 the Internet accounted for approximately half of new premiums written, thus continuing to exceed the telephone in terms of number of quotes issued. The company has a call centre with more than 200 operators.

In the Health sector, **Unisalute** operated mainly in the sale of group policies to companies, clubs and local authorities, conducting negotiations using internal accounts. The Company also worked with brokers and with some Unipol agencies and, in the case of individual policies, mainly used the Internet, although it is starting to operate via banking outlets and through the financial advisers of major banks, with which it has recently signed marketing agreements.

Navale operated through brokers and multi-firm agencies.

Unipol Banca continued to consolidate its presence by opening 3 new branches during the quarter, bringing the number of banking outlets to 182. It had 54 finance shops and the number of its financial advisers rose to 428. The company also

used direct sales channels (telebanking) and the major Unipol Assicurazioni agencies, which, starting in the second half of 2003, were gradually being joined by Meieaurora's agencies.

As regards **marketing policies**, during the third quarter work continued on adapting and expanding the range of products and services in order to make further improvements to the quality of what the Group offered and to its competitiveness.

In Non-Life business, attention is drawn to the fact that the Companies in the Unipol Group (including Winterthur Assicurazioni) agreed to be bound by the Memorandum of Understanding on Motor T.P.L., which was signed on 5 May by ANIA, the Government and the Consumers' Associations. In particular the Companies in the Group undertook not to raise tariffs before the end of the year and to grant special terms and/or discounts to young people and families.

Still with Non-Life business, in the third quarter the Parent Company **Unipol** began to reform Accident policies that gave insufficient maximum cover, in particular those that had been in the portfolio for many years. One specific initiative concerned Driver Accident policies, intended to provide policyholders with cover round the clock, not only when driving.

In non-motor business, **Meieaurora** continued to steer long-standing policyholders towards new multirisk products. They were also finalizing new products aimed at small and medium-sized enterprises and new products in the Health sector.

Winterthur Assicurazioni was working on marketing campaigns aimed at sustaining growth in the Accident and Health sectors. In June it also launched the 'Assist Vincenti' campaign in order to expand the Assistance and Land Vehicles – Own Damage or Loss portfolio, with promotions and incentives for agents and their staff.

Navale further strengthened its portfolio selection policies in the sector of large industrial risks and in some sectors relating to agricultural activities. Alongside this, the company set itself the goal of growth in the portfolio made up of group risks.

In Unisalute, alongside the traditional premium income from group policies, work continued on promoting the sale of the two new products, healthcare and long-term care, which are expected to make a gradual but major contribution to the Company's growth over the next few years.

Linear continued its advertising campaigns aimed at attracting new clients with a good risk profile.

In the third quarter of 2003, in **Life business**,

Unipol Assicurazioni began to market 'T 342', a new single-premium product with a terminal bonus, which fulfils the requirements of the most prudent savers as benefits on maturity are known since inception of the policy. New types of capital redemption policy were also distributed, aimed both at individuals and at the corporate sector, among which was a single-premium product allowing the possibility of making an unlimited number of additional payments and with no fixed maturity dates. Also in the third quarter a temporary life assurance product was marketed, limited to holders of Unipol Banca mortgages.

In **Meieaurora** the trend of growth of traditional single-premium products continued but good results were also recorded as a result of marketing 'UniEtic', a Unit-Linked product with guaranteed capital sum, the share part of the assets of which are invested by selecting businesses that in carrying out their manufacturing activities comply with a range of social, environmental and financial parameters.

Winterthur Vita was feeling the effect of a fall in premium income obtained through Credit Suisse Italia's *Personal Banker*, which, during 2002, had benefited from the 'tax shield' effect. New business showed a prevalence of traditional types of product, but the range offered to clients also included investment products amongst which have been, since July, 'Windex Ethic 7.5%', an Index-Linked product maturing in 6 years, characterized by an annual coupon flow and based on a basket of securities selected according to ethical criteria.

During 2003 a new IT system was developed, enabling the network of agencies to communicate with the Company online.

As regards **bancassurance**, as for the rest of the market the main element in income growth continued to derive from traditional products with guaranteed minimum or fixed yield. As far as investment products were concerned premium income was sustained primarily by the sale of Index-Linked products, whilst the contribution made by Unit-Linked products was less.

In particular, in September **Quadrifoglio** began to market 'Quadrifoglio Stellar', a new Index-Linked product, and launched an incentive campaign in order to sustain income from Unit-Linked products in the last few months of the year.

The majority of **BNL Vita**'s income in the third quarter came from traditional products. In particular 'Conto Sicuro Cedola' was the principal product in the range. Investment products were down on last year, in particular guaranteed Unit-Linked products, and this was only partially offset

by the excellent results of placing tranches of Index-Linked products, the majority of which were sold through financial advisers. In the remaining part of the year Bnl Private Banking will offer 'Top Performance Unit Bnl', a Unit-Linked tariff that guarantees protection of 85% of the capital paid and concentrates on investing in companies selected according to ethical criteria and sound financial position. There are also plans to sell a new Index-Linked product via the banking network and Banca BNL Investimenti's financial advisers.

Life business and pension funds

Premiums written in the third quarter (which do not include premiums written by Winterthur Vita) amounted to €893.5m (+39% compared with the third quarter of 2002) and totalled €3,870m as at 30 September 2003 (+59.5% over 30/9/2002), mainly thanks to Class I, which rose from €1,129 to €2,197m (+€1,068m), and Class V (capital redemption operations), which rose from €229 to €995m (+€766m).

To be specific, at the beginning of the year the Parent Company finalized major policies and obtained good results from the new capital redemption tariffs whilst Meieaurora recorded extraordinary income of €160m in corporate business.

Unipol Assicurazioni had total premium income of €832m as at 30 September 2003, an increase of 114.2% compared with the same period of the previous financial year. (Direct premium income from Class V rose by 439%.)

In addition, as far as individual policies were concerned, policies with recurrent premiums, which continued to be some of the most popular products with clients, grew by 61% over the same period of the previous year.

Guaranteed savings products also continued to be popular with clients, those in Class I achieving premium income of €38m (+16.7%). Thanks to the good performance of tariffs 541, 542 and 543, premium income in Class V from individual policies exceeded €39m.

Premiums written by **Meieaurora** reached €337m (+86.1%). This growth was helped not only by premium income in Class V but also by new business in the Individual segment, which was up 23.1% (€69.9m compared with €56.7 in 2002).

The trend of growth continued in traditional types of single-premium product linked to segregated accounts ('No Limits') and to Zero Coupon Bonds ('Doppio Segno Positivo'). Annual premium products were

down, whilst a good result was recorded by 'UniEtic', the new guaranteed capital sum unit. It must be mentioned that the first policies for personal pension plans were issued.

Finally, the three Companies operating in bancassurance had total premium income of €2,700m, an increase of 45.5% compared with 30 September 2002.

Turning to benefits, as at 30 September 2003 payments for matured policies, surrenders and claims for all the companies in the Group for direct business reached a total of €1,219.5m (+42.2% compared with 30/9/2002).

The ratio of operating expenses to earned premiums was 2.8% (3.6% as at 30/9/2002).

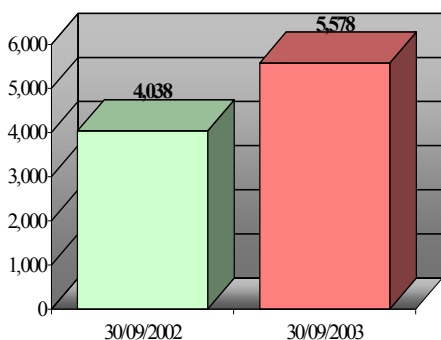
Pension funds

The general upturn in supplementary pension schemes, which was a feature of the first half year, slowed down for a time during the summer months. It is expected that the final months of the year will see activities intensifying, but this will also depend on Government decisions on pensions. There were no major changes during the quarter in the Parent Company's business relating to industrial pension funds.

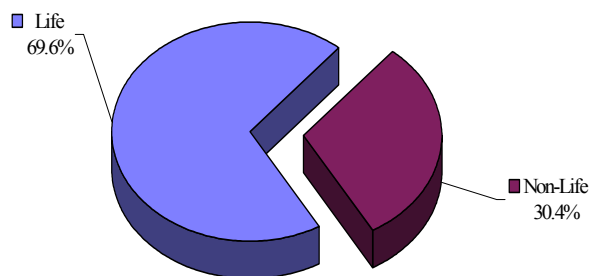
At the end of the quarter assets under management totalled €226.1m.

As regards open-end pension funds, at the end of September the assets of the three funds 'Unipol Futuro', 'Unipol Previdenza' and 'Unipol Insieme' totalled €45m and the funds had 7,248 members.

Total Premium income
(€m)



Premium Income Direct Business



Non-Life business

Premiums written in the third quarter (which did not include premiums written by Winterthur Assicurazioni) amounted to €492.2m (+4.5% compared with third quarter of 2002) and totalled €1,708.9m as at 30 September 2003 (+6% compared with 30/9/2002; +6.6% in direct business).

As at 30 September 2003 premium income from direct business of **Unipol Assicurazioni** totalled €900.2m, an increase of 9.8% compared with the third quarter of 2002. The growth in Non-Life business was similar to that of the first half year.

Premium income from Motor T.P.L. in particular grew by 10.9%, which was slightly lower than the position in June. In the most recent quarter business continued to be geared towards clients with a low risk profile and to encouraging policyholders to remain with us, which contributes to the increase in the number of our clients and to growth in other guarantees linked to Motor business.

Good growth in income was also achieved by other Non-Life branches, which continued to be characterized by selective underwriting policies and the safeguarding of the technical result, which affects all segments of activity. Commercial lines picked up compared with the first half year.

Meieaurora achieved direct premium income of €581.4m, in line with the figure as at 30 September 2002.

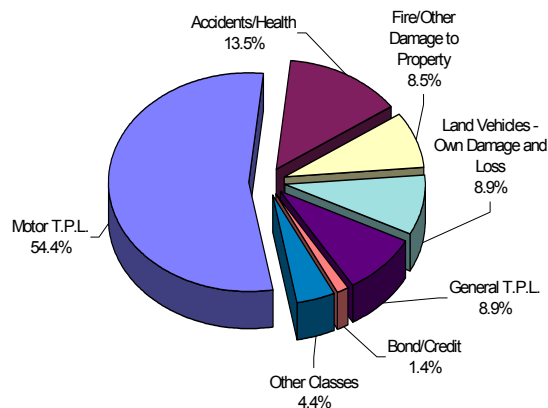
The three specialist companies (Linear, Unisalute and Navale) had premium income of €203.5m (+13.3%).

As regards new legislation during the quarter, it should be noted that a Decree was passed to regulate the parameters for medico-legal assessment of personal injury covering permanent disablement up to 9%. This should enable a better assessment to be made of this type of loss.

On 30 June the new Road Code came into effect. This legislation introduced a penalty points system for driving licences, which during the short period it has been in force seems to have brought about a reduction in serious accidents. Consolidation of these first results, which require the new rules to be strictly enforced, could lead to a reduction in the cost of the largest claims.

Following the frequent cases of attacks by dogs belonging to potentially dangerous breeds, the Ministry of Health issued an order compelling the owners of these dogs to take out third-party insurance, with limits and durations that will have to be set by the Ministry of Production. We shall have to wait for the order to be published before we can evaluate the extent of this new obligation to take out insurance.

Non - Life Business Direct Premium Income



Technical performance in Non-Life business and reinsurance

Non-Life business produced a positive technical balance of €91.7m as at 30 September 2003, compared with €57.3m as at 30 September 2002.

The net loss ratio, including settlement costs, was 74.2% (76.7% as at 30/9/2002).

Claims paid for direct business, net of sums recovered, were €997.4m (+4.9% compared with 30/9/2002).

As at 30 September 2003 the number of direct claims reported was up overall on the corresponding figure as at 30 September 2002. In particular there was a continuation of the trends recorded on 30 June 2003 relating both to considerable increases in Personal Lines (as a result of major corporate and sectoral policies characterized by a large number of claims for a very low average cost) and to the downward trend in Motor T.P.L.

The ratio of operating expenses to earned premiums was 19.7% (19.3% as at 30/9/2002).

As at 30 September the combined ratio (ratio of claims and net operating expenses to net earned premiums) was 93.9% (96% as at 30/9/2002).

Outward reinsurance schemes did not alter

significantly compared with the previous financial year. However, during the quarter the result of proportional types of reinsurance cover was affected by a particularly severe fire claim occurring in July, which had a considerable impact on reinsurance.

The other non-proportional types of cover were not affected by a particularly high loss ratio during the period.

TECHNICAL PROVISIONS

As at 30 September 2003, the total amount of net technical provisions was €24,068m, an increase of €7,476m compared with 31 December 2002 and of €6,024m compared with 30 June 2003.

They are made up as follows (in millions of €):

	30/9/2003	30/6/2003	31/12/2002
Life business	12,803	9,402	8,028
Class 'D' provisions (*)	5,436	5,088	5,160
Non-life business	5,829	3,554	3,404
Total	24,068	18,044	16,592

(*) *Classes III and VI of Life business*

Total technical provisions as at 30 September 2003 included the provisions relating to the Winterthur

Italia Group (€5,535.5m) and did not include those relating to Noricum Vita, which is currently being sold (€1,363.1m). On the same basis of consolidation the increase in provisions compared with 31 December 2002 was 19.6% and 2.7% compared with 30 June 2003.

It should be noted that, unlike the technical provisions in Class D, technical liabilities relating to contracts the benefits of which are linked to segregated Life accounts do not reflect the value adjustments made to the matching assets, which are taken into account only if and when they are disposed of.

OPERATING EXPENSES

As at 30 September 2003 net operating expenses for Life and Non-Life business (which include acquisition and renewal commissions and other acquisition and administrative expenses) amounted to a total of €420.7m (€372m as at 30/9/2002).

They represented 7.8% of earned premiums for the period (9.6% as at 30/9/2002 and 9.5% as at 31/12/2002), considerably down as a result of the exceptional performance of Life business, as has already been mentioned.

As at 30 September 2003 the insurance companies in the Group (excluding the companies in the Winterthur Italia Group) had 2,972 employees, a net increase of 31 compared with the situation as at 30 June 2003, 19 of whom were *Sertel* call centre operators who changed from fixed-term contracts to open-end contracts.

As at 30 September 2003 the companies in the Winterthur Italia Group had a staff of 1,563 employees, a net decrease of 12 compared with the situation as at 30 June 2003.

The number of people employed by Unipol Banca on the same date was 1,151, 895 of whom worked in local branches and 256 at the Head Office.

On 18 July 2003 a draft agreement was signed by ANIA and various trade organizations to renew the CCNL (National Labour Agreement), which governs relationships between insurance companies and non-managerial staff and had lapsed on 31 December 2001. The agreement was ratified by the parties at the beginning of October, and in accordance with the procedures laid down in the agreement the adjustments will be carried out according to the scales and the relative arrears paid at the end of October.

During the third quarter of 2003 work was completed on renovating the network of claims handling offices (C.L.G.), which operate on behalf of the Non-Life companies in the Group and which now have new technology to enable administrative procedures to be carried out more efficiently and more swiftly.

Similarly, work has almost finished on installing new terminals in the points of sale of Unipol Assicurazioni's network of agencies and, most importantly, on installing broadband, which will guarantee better and more secure communication between the distribution network and Head Office.

INVESTMENTS AND LIQUID ASSETS

As at 30 September 2003 the Group's investments and liquid assets, net of depreciation on property and net value adjustments on securities arising from trends in regulated markets, reached a total of €25,764m, an increase of €8,078m (+45.7%) compared with 31 December 2002 and an increase of €6,666m compared with 30 June 2003 (+34.9%). This total of investments as at 30 September 2003 includes investments made by the Winterthur Italia

Group (€5,947.8m) and excludes investments made by Noricum Vita (€1,380m). If the basis of consolidation had not changed, investments would have increased by 19.6% compared with 31 December 2002 and by 3.8% compared with 30 June 2003.

Types of investment and variations compared with 31 December 2002 and with 30 June 2003 are shown in the following table:

INVESTMENTS AND LIQUID ASSETS								
<i>(Amounts in €m)</i>								
	30/09/2003	comp.	30/06/2003	comp.	var.	31/12/2002	comp.	var.
	(a)	%	(b)	%	%	(c)	%	%
					(a/b)			(a/c)
Land and buildings	653	2.5	491	2.6	33.1	521	2.9	25.4
Investments in Group undertakings and other participating interests								
- Stocks and shares	1,163	4.5	1,167	6.1	-0.3	921	5.2	26.3
- Debt securities	33	0.1	33	0.2	0.1	33	0.2	-0.2
Total	1,196	4.6	1,199	6.3	-0.3	954	5.4	25.4
Other financial investments								
- Stocks and shares	576	2.2	409	2.1	40.6	317	1.8	81.9
- Units and shares in investment funds	111	0.4	122	0.6	-9.0	131	0.7	-15.1
- Bonds and other fixed-income securities	16,625	64.5	10,771	56.4	54.3	8,502	48.1	95.5
- Loans	86	0.3	72	0.4	20.0	71	0.4	21.3
- Deposits with credit institutions (1)	6	0.0	18	0.1	-67.8	0	0.0	0.0
- Sundry financial investments (2)	448	1.7	344	1.8	30.3	1,183	6.7	-62.1
Total	17,852	69.3	11,737	61.5	52.1	10,204	57.7	74.9
Deposits with ceding undertakings	29	0.1	28	0.1	1.7	27	0.2	4.5
Investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management								
- Investment funds and market indices	5,384	20.9	5,042	26.4	6.8	5,118	28.9	5.2
- Pension funds	62	0.2	54	0.3	14.4	43	0.2	42.7
Total	5,446	21.1	5,097	26.7	6.9	5,162	29.2	5.5
Other assets								
- Bank and postal deposits, cash	588	2.3	546	2.9	7.7	810	4.6	-27.4
- Own shares	0	0.0	0	0.0	0.0	7	0.0	-100.0
Total	588	2.3	546	2.9	7.7	818	4.6	-28.1
TOTAL INVESTMENTS AND LIQUID ASSETS	25,764	100.0	19,098	100.0	34.9	17,686	100.0	45.7
<i>(1) Time deposits subject to access restrictions over 15 days.</i>								
<i>(2) Including repo securities and premiums for transactions on derivatives.</i>								

Land and buildings

As at 30 September 2003 the value of the Group's property amounted to €653m, a net increase of €162m (+33.1%) compared with 30 June 2003, almost entirely made up of the contribution resulting from the inclusion of the Winterthur Group in the basis of consolidation.

Investments in Group undertakings and other participating interests

At the end of the third quarter assets invested in stocks and shares of Group undertakings and other participating interests totalled €1,196m, a net decrease of €3m compared with 30 June 2003, owing to changes in participating interests held by the Parent Company and by Meieaurora. The value of the holdings in the Winterthur Italia Group (consolidated on a line-by-line basis) was eliminated from the total of investments in Group undertakings.

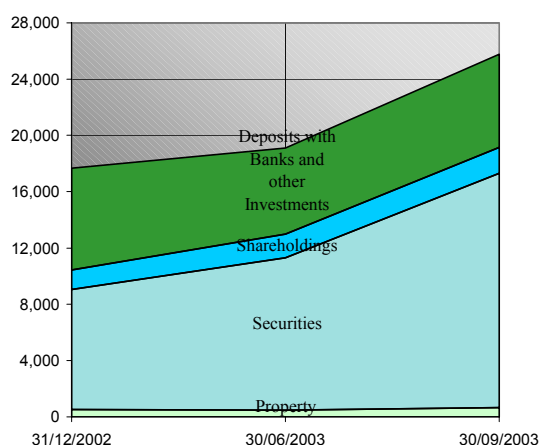
Own shares and shares in the Holding Company

As regards own shares and shares in the Holding Company Finsoe spa, during the third quarter of 2003 no operations on shares were carried out and therefore as at 30 September 2003 no such shares were held in the portfolio.

Other financial investments

As at 30 September 2003 financial investments (net of potential value adjustments) amounted to €17,852m, a net increase of €6,115m compared with 30 June 2003 (+52.1%, or +6.1% if the basis of consolidation had not changed), mainly thanks to the increase recorded in bonds and other fixed-income securities (+€5,854m).

Investments (€m)



Investments for the benefit of policyholders who bear the risk thereof and those arising out of pension fund management (Class D)

These investments totalled €5,446m, as against €5,097m as at 30 June 2003 (+6.9%). If the basis of consolidation had not changed these investments would have totalled €5,103.6m (+0.1%).

These investments, which are mainly made up of units and shares in investment funds and debt securities, are valued at their current value, in strict correlation with the valuation of the matching liabilities (technical provisions).

Assets managed on behalf of pension funds amounted to €62m, against €54m as at 30 June 2003 (+14.4%).

Other assets

At the end of the third quarter the Group's deposits with banks amounted to €588m, as against €546m as at 30 June 2003.

Debenture loans

As at 30 September 2003 there were subordinated debenture loans totalling €632m (corresponding to the nominal value) issued by the following companies (in €m):

• Unipol Assicurazioni	600
• BNL Vita	22
• Quadrifoglio Vita	10

€600m related to subordinated callable notes issued by the Parent Company in 2001 and 2003. Each issue has a nominal value of €300m, is listed on the Luxembourg Stock Exchange and is due after twenty years.

The first subordinated callable notes were issued in May 2001 and have an annual interest rate of 7%, which is fixed up to 15 June 2011 and is variable after that date, i.e. from when the early redemption right can be exercised.

The second subordinated callable notes were fully subscribed by institutional investors on 28 July 2003 and have an annual interest rate of 5.66%, which is fixed up to 2013 and is variable after that date.

Loans issued by the other companies are not quoted and mature after five years.

The total amount of interest for the third quarter was €8.6m (€19.8m as at 30/9/2003).

INVESTMENT INCOME

As at 30 September 2003 net investment income and capital gains and net trading profits amounted to €481.3m (€427.4m as at 30/9/2002), €18.7m of which was extraordinary income (€13.7m as at 30/9/2002).

The net results of investments relating to internal

funds (Class D) were positive to the tune of €274.1m (-€119.4m as at 30/9/2002).

Net value adjustments on investments (including depreciation) brought down the result for the period by €69.7m (by €159.7m as at 30/9/2002).

SHAREHOLDERS' EQUITY

As at 30 September 2003 capital and reserves pertaining to the Group, including the profit for the period, amounted to €2,429.5m, an increase of €1,072m compared with 30 June 2003, almost entirely as a result of the Parent Company's capital increase.

Capital and reserves pertaining to minority interests amounted to €219.5m, an increase of €66.2m compared with 30 June 2003, which takes into account the entry of the Winterthur Italia Group into the basis of consolidation.

As regards Unipol Assicurazioni, the operation to increase its capital, resolved by the Board of Directors on 21 June in accordance with the powers conferred on it under Article 2443 of the Civil Code by the Extraordinary Meeting of Shareholders held on 30 April 2003, took place between 14 July and 1 August. The rights relating to the new shares that were not taken up were offered on the Stock Exchange (in accordance with Article 2441, para. 3, of the Civil Code) between 25 and 29 August 2003. When the offer closed all the preference shares had been subscribed whilst the remaining rights relating to the ordinary shares (approximately €5m) not exercised after being

offered on the Stock Exchange were subscribed by the underwriting syndicate.

Thus the operation to increase the capital came to a satisfactory conclusion, with total receipts of €1,054.3m.

However, during the quarter holders of the warrants relating to the shares and bonds issued in July 2000 continued to exercise their right (which will cease on 20 June 2005) to subscribe to new ordinary and preference shares.

Following these subscriptions shareholders' equity levels rose by €0.9m compared with 30 June 2003, corresponding to 245,182 ordinary shares and 58,223 preference shares.

The Parent Company's share capital as at 30 September 2003 therefore amounted to €906,166,785, consisting of 576,976,824 ordinary shares and 329,189,961 preference shares.

Up to the same date 104,511,968 ordinary share warrants and 195,469,182 preference share warrants had not been exercised.

As at 24 October 2003 the stock exchange market value of Unipol Assicurazioni shares was €2,443m.

BANKING / MANAGED SAVINGS / MERCHANT BANKING

Unipol Banca

Apart from consolidating the distribution network already described, Unipol Banca concentrated on developing marketing projects (already launched in 2002) in order to increase cross-selling with the insurance sector, with the aim of increasing premium income and volume of investments. Initial results looked promising and are providing important guidelines. The banking branches continued to market Unipol Assicurazioni Life policies, with considerable success. Mention should be made of the endeavours to market mortgage loans, which as at 30 September exceeded €334m. The Bank offered various types of mortgage, which

met clients' requirements and proved to be very competitive on the market.

As at 30 September 2003 direct customer deposits amounted to €2,021m (€1,313m as at 30/9/2002) and customer funds exceeded €10,500m, €1,100m of which were managed savings (€6,344m as at 30/9/2002, €456m of which were managed savings). These volumes, which increased considerably over the third quarter of 2002 thanks to funds raised by the 60 outlets acquired at the end of 2002, allowed Unipol Banca to reach a gross operating income of €95.8m at the end of the third quarter of 2003 compared with €57.6m as at 30 September 2002 (+66%).

During the quarter the subsidiary **Unipol Fondi Ltd**, the manager of Unipol Funds, a unit trust under the laws of Ireland, continued to achieve good levels of income from units sold through the distribution network (branches and advisers) of Unipol Banca.

As at 30 September 2003 assets under management rose to around €521m, almost twice the amount of €272m reached at the end of 2002.

Unipol Merchant – Banca per le Imprese

During September Unipol Merchant obtained authorization from the Banca d'Italia to carry out banking activities and consequently came under the control of Unipol Banca (with 50.36% of the shares) and changed its name to Unipol Merchant – Banca per le Imprese, thus becoming the bank in the Unipol Banca banking Group that specializes in the corporate segment, combining the activity currently carried out in the field of merchant banking and investment banking with lending activities focussed on providing businesses with medium- and long-term credit facilities. This activity will be launched during the final quarter of 2003, the company having made the necessary administrative changes in the first part of the year

by setting up a Loans Department, drawing up a marketing plan in cooperation with Unipol Banca's corporate branches and developing medium-term products to be offered to businesses.

During 2003, Unipol Merchant carried out important tasks, amongst which should be mentioned participating in the underwriting syndicates for Meta spa and Hera spa and providing financial advice to Unipol Assicurazioni for the acquisition of Winterthur Italia Group, acting as co-adviser together with Mediobanca spa. Amongst operations currently taking place we should mention acting as financial adviser to a syndicate of companies coordinated by CAMST in the tendering process announced by BolognaFiere for identifying new private members and to Meta Modena under the tendering process for the privatization of Agea Ferrara.

Before the end of the current year Unipol Merchant – Banca per le Imprese will increase its share capital in order to enable it to tackle its exacting plan for future activity. This will bring the Company's capital and reserves up from €74.2 to €112.9m.

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2003 AND BUSINESS OUTLOOK FOR THE CURRENT FINANCIAL YEAR

There were no significant events during the period following the end of the quarter and the activities of the Parent Company and those of the other undertakings proceeded as normal.

In addition, the process of consolidating the newly-acquired companies began.

In view of the fact, inter alia, that the final quarter of 2003 will benefit from the consolidation of profit and loss items of the Winterthur Italia

Group, in the absence of extraordinary or abnormal events, profit expectations for the Group are positive and in line with progress expected at the end of the financial year.

Bologna, 27 October 2003

The Board of Directors

Translated from the original Italian by SEL, the translation company owned by the University of Salford, Manchester, UK