

Compagnia Assicuratrice Unipol

Stock Company

Registered Offices – Via Stalingrado 45 – 40128 Bologna – Share capital €906,159,402 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)

www.unipol.it

Unipol Assicurazioni Half-Yearly Report as at 30 June 2003 and Consolidated Half-Yearly Report

Bologna, 12 September 2003

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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 Boccetti / 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 MANAGERS

Maria Bettazzoni, *Administration, Accounting and Auditing*
Franco Migliorini, *Personnel, Organization 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

Introduction

The macroeconomic scenario in the first half of 2003 continued to be characterized by a slowdown in economic activity.

This general weakness can be ascribed to the uncertainties linked to the negative trend in investments and consumption and to the worsening situation in the job market (both in Europe and in the United States), which undermined consumer confidence and consequently the prospects for consumption.

The slowdown in European exports, caused by the rise in the Euro compared with the dollar (+9.6% since the beginning of the year), had a negative effect on companies' finances, on investments, on employment and, finally, on the indices relating to the confidence felt by families, causing 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 hand, gradually to diverge.

The end of the war in Iraq led to a drop in the cost of oil, which was reflected in the prices paid by the consumer.

In the Eurozone, inflation in June was in line with the forecast (+2%) and substantially in line with the target for 2003, whilst in Italy it was still above the European average, although at 2.6% it was slightly lower than in the first few months of 2003.

Despite the precarious economic situation, the uncertainty deriving from the international situation and fears of reduced profits, share markets managed to show positive half-yearly performances thanks to the upward trend that began in the middle of March. Stock Exchanges recorded rises as follows: 5% in Italy, 11.3% in Germany, 2.3% in the UK, 7.7% in the United States and 5.9% in Japan.

In the last few months the ECB has applied an expansionary monetary policy, intervening twice by reducing the European base rate on 6 March from its level of 2.75% at the beginning of the year to 2.50% 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 second half of 2003 seem to indicate positive, albeit more modest, yields in the share market. In the bond market rates are expected to be

relatively stable with the possibility of a steeper curve, whilst international operators are forecasting a further slight weakening of the dollar.

The final data for 2002 show that the insurance market in Italy experienced a substantial rise in premium income compared with the previous year of +15% (+12.7% in 2001).

Overall growth was largely attributable to growth in Life business (+19.4%), which rose to €55.3bn, growth in Non-Life business being lower (+8.3%) but higher than the rate of +7.4% achieved in 2001.

The incidence of Life business on total premium income therefore rose from 60.8% in 2001 to 63% in 2002 owing to savers' prudent attitude, against the background of great uncertainty in the financial markets, towards taking out Life policies and neglecting other managed savings products.

In Non-Life business (premium income of approximately €32.4bn) Motor Vehicle business, with premium income of €19.6bn, was up by 8%, whilst the other types of business were up by 8.8%.

In the first quarter of 2003 premium income amounted to €23.5bn, an increase of 13.9% compared with the corresponding period of 2002.

Life premiums, which were €15.1bn, an increase of 17.1% over the first quarter of 2002, continued to make the greatest contribution to the increase in total premium income (64.3% of the total portfolio, 62.5% in the first quarter of 2002), whilst Non-Life premiums, which amounted to €8.4bn, grew by 8.6% and constituted 35.7% of the total (37.5% in the first three months of 2002).

There was a continuation in the process determined by the climate of uncertainty in the financial markets that starting in 2001 led to the change in the composition of the Life business portfolio. There was also a continuation in the importance of premium income from products in Class I 'Life Assurance' (€6.9bn, +16.4% on the first quarter of 2002) and capital redemption operations (€2.3bn, +114.6%), which accounted for 45.3% and 15.3% of total Life business respectively (45.7% and 8.3% in the first quarter of 2002), whilst the incidence of investment products in Class III (€5.9bn, almost unchanged over the first three months of 2002) fell to 38.9% (45.4% in the first quarter of 2002).

The incidence of Class VI (open-end pension funds and personal pension plans) on total Life premium income was once again minimal.

As regards distribution of Life products through the various channels, there was a further rise in the proportion of premium income obtained via banks and post offices (60.8% of the Life portfolio compared with 59.5% in the first quarter of 2002). Next were private agencies (16.3% compared with 18.6%) and directly-owned agencies (11.3% compared with 8.1%).

As regards Non-Life business, Motor T.P.L., with premium income of €4.4bn and an incidence on the total of 52.4%, recorded a further slowdown compared with previous trends. As at 31 March 2003 other Non-Life business recorded growth of 9.7% over the same period of 2002.

The information available about market trends in the first half year showed a continuing good rate of growth in Life business, which was still linked to the continuing uncertainties about the economic upturn and the stabilization of the financial markets.

There were also some changes in legislation affecting the sector:

- in accordance with the Decree issued by the Ministry of Production on 10 January 2003 there was a further reduction in the contribution payable by companies to the Guarantee Fund for the Victims of Road Accidents (FGVS) from 3% to 2.5%, which affected all Motor T.P.L. premiums collected as from 1 January 2003;*
- as regards applications from policyholders for reimbursement of Motor T.P.L. premiums for the period 1995-2000, on 8 February 2003 the Government issued Decree Law 18 (which passed into Law on 2 April 2003), under which the level at which Justices of the Peace could pass judgement according to equity was raised to €1,100 and disputes initiated as from 10 February 2003 relating to 'mass' policies were excluded from judgements passed according to equity.*

The enactment of this Decree slowed down the trend in applications and court cases, in view of the fact that the decision in law allows companies to put forward their own reasons and to appeal to the courts against any decisions made against them.

At the end of February, on the other hand, the Court of Justice heard the appeal submitted by the European

Commission against the freeze on Motor T.P.L. tariffs introduced by the Italian State in Decree Law 70/2000 (which became Law 137/2000), since it was judged to be contrary to the principles of tariff freedom;

- on 15 April 2003 the database set up by the ISVAP in accordance with the provisions of the Law reforming Motor T.P.L. (Law 273 of 12/12/2002) became operative. It contains the information relating to claims incurred during the year that companies have been transmitting to it monthly since January 2001. The database can be accessed electronically (after the Institute has issued a password) by companies, magistrates and the police in order to obtain information on road accidents and is a valid weapon in the fight against the cheating and fraud that plague the sector;*
- on 1 May the reform of the legislation on Motor T.P.L. (Law 273 of 12/12/2002) came into effect. It introduced such important measures as anti-fraud provisions, advertising tariffs on the Internet, the duty to submit invoices when claiming compensation for losses, streamlining cancellation procedures and measures to promote the protection of the consumers of insurance services;*
- on 5 May a Memorandum of Understanding relating to Motor T.P.L. was signed by ANIA, the Government and the Consumers' Associations. Consequently almost all the insurance companies (more than 97% of the market) undertook to restrict price rises this year and to reveal how they apply tariffs, which will be of particular benefit to young people and families.*

Unipol supports the provisions of the Memorandum and therefore undertook, inter alia, not to increase tariffs until the end of 2003 and (starting in July) to grant a discount of 5% to both new and existing policyholders between the ages of 18 and 21;

- on 30 June changes to the Road Code came into effect, which include the introduction of new speed limits and a penalty points system for driving licences. This reform should also make a positive contribution to the trend in tariffs, as seems to be shown by the initial data relating to particularly large claims, which appear to have fallen.*

In the hope that the measures adopted will be applied rigorously and that the benefits of them will not be cancelled out by more 'tolerant' amendments, the companies submitted, through ANIA, a proposal

for a social pact for road safety, with the aim of creating the conditions for a tariff freeze policy to continue to be financially viable for the time being.

Finally it should be noted that the 2003 Finance Act (Law 289 of 27/12/2002) granted taxpayers the possibility of making up any outstanding annual payments, that is those subject to inspection by the tax authorities, by taking advantage of various tax amnesties.



The half-yearly report on Unipol Assicurazioni's business performance and the consolidated half-yearly report have been drawn up in accordance with relevant provisions issued by Isvap and by Consob and have been partially audited by the auditors KPMG spa, who also have the task of certifying the accounts for the three-year period 2003/2005.

At the end of the half year the Unipol Group had achieved premium income of €4,193m (+43.4%) and a net profit of €66.7m, which is a significant increase over the corresponding period of the preceding financial year (+41.9%).

The Parent Company Unipol Assicurazioni achieved total premium income of €1,328m (+44.5%), with net profit for the period of €90.5m (+70.4%).

The following reports contain the most important information relating to the half year both for Unipol Assicurazioni and for the Group.

COMPANY HIGHLIGHTS

(€ million)

	30 June 2003	31 December 2002	30 June 2002	31 December 2001
Gross premiums	1,327.6	1,901.7	918.8	1,720.3
<i>variation %</i>	44.5 (1)	10.5 (2)	7.7 (1)	9.1
Technical provisions	5,747.6	5,122.0	4,907.7	4,735.4
<i>variation %</i>	12.2 (2)	8.2 (2)	3.6 (2)	8.6
Technical provisions-to-premiums ratio				
- Non-Life		147.2		152.4
- Life		520.4		542.1
- Non-Life+Life		269.3		275.3
Investments, cash and cash equivalents	7,045.4	6,474.3	6,050.8	5,986.3
<i>variation %</i>	8.8 (2)	8.2 (2)	1.1 (2)	13.6
Net investment income and capital gains				
-excluding Class 'D' and value adjustments	200.3	261.7	163.5	274.0
<i>variation %</i>	22.5 (1)	-4.5 (2)	22.4 (1)	-0.5
-excluding Class 'D', including value adjustments	194.7	197.2	117.0	200.1
<i>variation %</i>	66.5	-1.4	7.6	-13.7
Payments (claims, amounts due out of maturity, surrender, annuity)	592.0	1,199.9	592.5	1,104.0
<i>variation %</i>	-0.1 (1)	8.7 (2)	9.4 (1)	11.0
Loss ratio - Non-Life business	75.6	71.9	75.9	75.1
Operating expenses	169.6	313.0	154.2	296.3
<i>variation %</i>	10.0 (1)	5.6 (2)	4.2 (1)	6.3
Expense ratio	12.8	16.5	16.8	17.2
Capital and reserves	1,430.4	1,387.7	1,331.0	1,170.9
<i>variation %</i>	3.1 (2)	18.5 (2)	13.7 (2)	4.0
Profit before taxation	146.9	175.0	84.3	134.9
<i>variation %</i>	74.3 (1)	29.7 (2)	19.8 (1)	29.1
Net profit	90.5	103.1	53.1	83.2
<i>variation %</i>	70.4 (1)	23.9 (2)	23.1 (1)	39.6
Net profit-to-premiums ratio	6.8	5.4	5.8	4.8
Total dividends		56.9		48.8
<i>variation %</i>		16.6		27.7
Dividend per ordinary share		0.1100		0.0950
Dividend per preference share		0.1152		0.1002
No. agents as at 30.06	776	768	773	760
No. sub-agents as at 30.06	1,119	1,135	1,139	1,132
No. staff as at 30.06 (excluding salespersons) (3)	1,407	1,419	1,313	1,301

(1) variation on the first half-year of the previous financial year (%)

(2) variation on 31/12 of the previous financial year (%)

(3) number of salespersons as at 30/06/03: 23

GROUP HIGHLIGHTS

(€ million)

	30 June 2003	31 December 2002	30 June 2002	31 December 2001
Gross premiums	4,193.2	6,045.8	2,923.4	4,943.1
<i>variation %</i>	43.4 (1)	22.3	22.9 (1)	52.8
% of direct business market		6.8		6.4
Technical provisions	18,766.8	17,353.1	15,837.3	14,626.3
<i>variation %</i>	8.1 (2)	18.6	8.3 (2)	17.0
Technical provisions-to-premiums ratio				
- Non-Life		165.9		168.9
- Life		362.7		394.2
- Non-Life+Life		287.0		295.9
Investments, cash and cash equivalents	19,098.0	17,686.0	15,976.0	14,819.3
<i>variation %</i>	8.0 (2)	19.3	7.8 (2)	18.8
Net investment income and capital gains				
-excluding Class 'D' and value adjustments	324.6	579.1	305.0	581.9
<i>variation %</i>	6.5 (1)	-0.5	4.2 (1)	24.6
-excluding Class 'D', including value adjustments	311.5	429.5	195.9	433.8
<i>variation %</i>	59.0 (1)	-1.0	1.1 (1)	11.0
Payments (claims, amounts due out of maturity, surrender, annuity)	1,586.8	2,804.4	1,346.4	2,405.2
<i>variation %</i>	17.9 (1)	16.6	18.3 (1)	31.2
Loss ratio - Non-Life business	75.1	75.7	76.7	78.3
Operating expenses	345.4	623.3	300.4	578.0
<i>variation %</i>	15.0 (1)	7.8	3.8 (1)	15.2
Expense ratio	8.2	10.3	10.3	11.7
Combined ratio % (3)	95.8	95.7	96.9	99.1
Capital and reserves - Group	1,290.7	1,236.4	1,229.6	1,060.3
<i>variation %</i>	4.4 (2)	16.6	16.0 (2)	0.5
Profit before taxation	144.3	228.6	90.4	138.1
<i>variation %</i>	59.6 (1)	65.5	48.2 (1)	45.9
Group net profit	66.7	102.1	47.0	62.3
<i>variation %</i>	41.9 (1)	63.8	113.2 (1)	43.9
Net profit-to-premiums ratio	1.6	1.7	1.6	1.3
Staff number (4)	2,941	2,895	2,762	2,697

(1) variation on the first half-year of the previous financial year (%)

(2) variation on 31/12 of the previous financial year (%) (pending its sale, figures as at 30/6/2003 do not include Noricum Vita)

(3) net loss ratio and net operating expenses on Non-Life earned premiums

(4) staff number of undertakings consolidated on a line-by-line basis

Unipol Assicurazioni
Half-Yearly Report as at 30 June 2003

BALANCE

ASSETS	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
A. Subscribed share capital unpaid	1 0 ⁷⁵	0 ¹⁴⁹	0
B. Intangible assets			
1. Deferred acquisition costs	2 33,586 ⁷⁶	35,134 ¹⁵⁰	33,668
2. Other assets	3 6,382 ⁷⁷	4,202 ¹⁵¹	3,763
Total	4 39,968 ⁷⁸	39,336 ¹⁵²	37,431
C. Investments			
I - Land and buildings	5 328,318 ⁷⁹	408,615 ¹⁵³	340,062
II - Investments in Group undertakings and other participating interests			
1. Stocks and shares	6 2,098,738 ⁸⁰	1,810,304 ¹⁵⁴	1,878,305
2. Debt securities	7 30,658 ⁸¹	26,978 ¹⁵⁵	31,721
3. Corporate financing	8 2,114 ⁸²	6,525 ¹⁵⁶	1,253
Total	9 2,131,509 ⁸³	1,843,807 ¹⁵⁷	1,911,279
III - Other financial investments			
1. Stocks and shares	10 250,717 ⁸⁴	185,166 ¹⁵⁸	183,954
2. Units and shares in investment funds	11 103,549 ⁸⁵	124,224 ¹⁵⁹	111,076
3. Bonds and other fixed-income securities	12 3,096,020 ⁸⁶	2,654,688 ¹⁶⁰	2,431,902
4. Loans	13 55,787 ⁸⁷	53,890 ¹⁶¹	55,567
5. Other financial investments	14 319,300 ⁸⁸	172,024 ¹⁶²	502,685
Total	15 3,825,374 ⁸⁹	3,189,992 ¹⁶³	3,285,185
IV - Deposits with ceding undertakings	16 25,188 ⁹⁰	23,653 ¹⁶⁴	25,701
Total	17 6,310,390 ⁹¹	5,466,068 ¹⁶⁵	5,562,227
D. Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management			
I - Investments relating to benefits linked to investment funds and market indices	18 506,688 ⁹²	421,287 ¹⁶⁶	450,500
II - Investments arising out of pension fund management	19 54,249 ⁹³	37,055 ¹⁶⁷	43,481
Total	20 560,937 ⁹⁴	458,342 ¹⁶⁸	493,982
D. bis Technical provisions - reinsurers' share			
I - Technical provisions - Non-Life business	21 101,270 ⁹⁵	90,606 ¹⁶⁹	103,500
II - Technical provisions - Life business (except those at item III)	22 2,293 ⁹⁶	114,512 ¹⁷⁰	32,841
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	23 0 ⁹⁷	0 ¹⁷¹	0
Total	24 103,563 ⁹⁸	205,119 ¹⁷²	136,341
E. Debtors			
I - Debtors arising out of direct insurance operations	25 266,785 ⁹⁹	286,935 ¹⁷³	262,993
II - Debtors arising out of reinsurance operations	26 26,397 ¹⁰⁰	109,957 ¹⁷⁴	38,573
III - Other debtors	27 214,807 ¹⁰¹	87,036 ¹⁷⁵	84,681
Total	28 507,989 ¹⁰²	483,928 ¹⁷⁶	386,247
F. Other assets			
I - Tangible assets and stocks	29 13,604 ¹⁰³	6,182 ¹⁷⁷	6,659
II - Cash at bank and in hand	30 174,084 ¹⁰⁴	126,420 ¹⁷⁸	410,771
III - Own shares	31 0 ¹⁰⁵	0 ¹⁷⁹	7,313
IV - Other assets	32 141,048 ¹⁰⁶	40,986 ¹⁸⁰	58,476
Total	33 328,736 ¹⁰⁷	173,588 ¹⁸¹	483,219
G. Prepayments and accrued income	34 59,120 ¹⁰⁸	55,423 ¹⁸²	43,815
TOTAL ASSETS	35 7,910,702 ¹⁰⁹	6,881,803 ¹⁸³	7,143,262

SHEET

(Amounts in €K)

LIABILITIES	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
A. Capital and reserves			
I - Subscribed share capital or equivalent funds	36 508,792	110 503,574	184 505,696
II - Share premium reserve	37 495,394	111 482,220	185 487,901
III - Legal reserve	38 53,684	112 43,377	186 43,377
IV - Other reserves	39 282,029	113 248,688	187 247,660
V - Profit (loss) brought forward	40 0	114 0	188 0
VI - Profit (loss) for the period	41 90,465	115 53,104	189 103,075
Total	42 1,430,364	116 1,330,962	190 1,387,709
B. Subordinated liabilities	43 300,000	117 300,000	191 300,000
C. Technical provisions			
I - Non-Life business			
1. Provision for unearned premiums	44 471,510	118 436,230	192 458,322
2. Provision for claims outstanding	45 1,500,767	119 1,406,076	193 1,421,729
3. Sundry technical provisions	46 1,107	120 1,250	194 1,997
4. Equalization provisions	47 779	121 658	195 668
Total - Non-Life business	48 1,974,162	122 1,844,214	196 1,882,716
II - Life business			
1. Mathematical provisions	49 3,164,342	123 2,561,155	197 2,699,033
2. Provision for amounts payable	50 14,555	124 13,372	198 14,880
3. Sundry technical provisions	51 33,599	125 30,644	199 31,426
Total - Life business	52 3,212,495	126 2,605,171	200 2,745,339
Grand total	53 5,186,657	127 4,449,385	201 4,628,055
D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions			
I - Technical provisions for policies whose benefits are linked to investment funds and market indices	54 506,688	128 421,287	202 450,500
II - Pension fund management provisions	55 54,249	129 37,055	203 43,481
Total	56 560,937	130 458,342	204 493,982
E. Provisions for other risks and charges	57 18,499	131 23,968	205 17,193
F. Deposits received from reinsurers	58 38,504	132 64,316	206 68,842
G. Creditors and other liabilities			
I - Creditors arising out of direct insurance operations	59 17,268	133 17,338	207 14,967
II - Creditors arising out of reinsurance operations	60 19,316	134 21,328	208 15,313
III - Debenture loans	61 0	135 0	209 0
IV - Amounts owed to credit institutions	62 0	136 4,601	210 0
V - Sundry borrowings and creditors	63 92,025	137 87,034	211 68,876
VI - Staff leaving indemnity	64 25,305	138 25,272	212 24,800
VII - Other liabilities	65 211,661	139 86,762	213 101,612
Total	66 365,575	140 242,335	214 225,568
H. Accruals and deferred income	67 10,166	141 12,495	215 21,914
TOTALE LIABILITIES	68 7,910,702	142 6,881,803	216 7,143,262

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I - Guarantees issued by the Company	69 984,420	143 2,286	217 11,280
II - Guarantees issued by third parties, including in favour of the Company	70 1,334,010	144 46,423	218 71,413
III - Commitments	71 3,799,430	145 2,117,190	219 2,460,360
IV - Pension fund assets managed on behalf of third parties	72 214,338	146 137,281	220 179,525
V - Other memorandum accounts	73 6,248,641	147 5,434,708	221 5,408,450
TOTAL MEMORANDUM ACCOUNTS	74 12,580,838	148 7,737,888	222 8,131,027

PROFIT AND

	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance	1 604,875 ⁵⁷	564,953 ¹¹³	1,141,080
2. (+) Allocated investment return transferred from the non-technical account (item III.6)	2 43,958 ⁵⁸	42,270 ¹¹⁴	47,509
3. Other technical income, net of reinsurance	3 55 ⁵⁹	808 ¹¹⁵	886
4. Claims incurred, net of sums recoverable and reinsurance	4 457,150 ⁶⁰	428,666 ¹¹⁶	820,434
5. Changes in other technical provisions, net of reinsurance	5 -12 ⁶¹	-58 ¹¹⁷	-89
6. Bonuses and rebates, net of reinsurance	6 -230 ⁶²	-85 ¹¹⁸	1,464
7. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	7 84,306 ⁶³	78,125 ¹¹⁹	159,402
b) Administrative expenses	8 42,176 ⁶⁴	37,025 ¹²⁰	72,064
Total	9 126,482 ⁶⁵	115,150 ¹²¹	231,466
8. Other technical charges, net of reinsurance	10 530 ⁶⁶	253 ¹²²	1,677
9. Change in the equalization provisions	11 111 ⁶⁷	93 ¹²³	103
10. Balance on the technical account for Non-Life insurance business	12 64,857 ⁶⁸	64,013 ¹²⁴	134,420
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS			
1. Written premiums, net of reinsurance	13 653,270 ⁶⁹	288,883 ¹²⁵	616,467
2. Investment income			
a) Income from investments	14 103,135 ⁷⁰	88,467 ¹²⁶	154,183
b) Value re-adjustments on investments	15 4,924 ⁷¹	1,044 ¹²⁷	1,998
c) Realized gains on investments	16 27,505 ⁷²	5,264 ¹²⁸	23,576
Total	17 135,564 ⁷³	94,775 ¹²⁹	179,757
3. Investment income and unrealized gains on investments for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	18 21,278 ⁷⁴	3,679 ¹³⁰	12,665
4. Other technical income, net of reinsurance	19 2,743 ⁷⁵	2,622 ¹³¹	5,998
5. Claims incurred, net of reinsurance	20 181,007 ⁷⁶	167,707 ¹³²	351,203
6. Change in the mathematical provision and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	21 469,308 ⁷⁷	91,773 ¹³³	231,798
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	22 66,462 ⁷⁸	39,246 ¹³⁴	74,958
Total	23 535,770 ⁷⁹	131,019 ¹³⁵	306,756
7. Bonuses and rebates, net of reinsurance	24 616 ⁸⁰	1,713 ¹³⁶	1,934
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	25 12,490 ⁸¹	9,925 ¹³⁷	21,223
b) Administrative expenses	26 10,614 ⁸²	8,973 ¹³⁸	19,663
Total	27 23,104 ⁸³	18,898 ¹³⁹	40,887

LOSS ACCOUNT

(Amounts in €K)

	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
9. Investment charges:			
a) Investment management charges, including interest payable	28 4,909 ⁸⁴	17,927 ¹⁴⁰	24,515
b) Value adjustments on investments	29 5,536 ⁸⁵	28,727 ¹⁴¹	36,581
c) Realized losses on investments	30 2,715 ⁸⁶	1,073 ¹⁴²	7,438
Total	31 13,161 ⁸⁷	47,728 ¹⁴³	68,534
10. Investment charges and unrealized losses on investments for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	32 3,774 ⁸⁸	20,855 ¹⁴⁴	33,230
11. Other technical charges, net of reinsurance	33 1,213 ⁸⁹	507 ¹⁴⁵	7,569
12. (-) Allocated investment return transferred to the non-technical account (item III. 4)	34 23,611 ⁹⁰	0 ¹⁴⁶	0
13. Balance on the technical account for Life assurance business	35 30,600 ⁹¹	1,533 ¹⁴⁷	4,775
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for Non-Life business (item I.10)	36 64,857 ⁹²	64,013 ¹⁴⁸	134,420
2. Balance on the technical account for Life business (item II.13)	37 30,600 ⁹³	1,533 ¹⁴⁹	4,775
3. Investment income - Non-Life insurance business			
a) Income from investments	38 73,243 ⁹⁴	84,677 ¹⁵⁰	108,849
b) Value re-adjustments on investments	39 349 ⁹⁵	3,342 ¹⁵¹	546
c) Realized gains on investments	40 5,784 ⁹⁶	4,272 ¹⁵²	9,004
Total	41 79,376 ⁹⁷	92,291 ¹⁵³	118,399
4. (-) Allocated investment return transferred from Life assurance technical account (item II. 12)	42 23,611 ⁹⁸	0 ¹⁵⁴	0
5. Investment charges - Non-Life insurance business			
a) Investment management charges, including interest payable	43 5,409 ⁹⁹	6,026 ¹⁵⁵	13,556
b) Value adjustments on investments	44 5,293 ¹⁰⁰	22,140 ¹⁵⁶	30,415
c) Realized losses on investments	45 612 ¹⁰¹	113 ¹⁵⁷	2,072
Total	46 11,314 ¹⁰²	28,280 ¹⁵⁸	46,043
6. (-) Allocated investment return transferred to Non-Life insurance technical account (item I. 2)	47 43,958 ¹⁰³	42,270 ¹⁵⁹	47,509
7. Other income	48 31,067 ¹⁰⁴	20,880 ¹⁶⁰	42,143
8. Other charges	49 31,851 ¹⁰⁵	34,197 ¹⁶¹	51,510
9. Balance on ordinary activities	50 142,388 ¹⁰⁶	73,969 ¹⁶²	154,675
10. Extraordinary income	51 6,058 ¹⁰⁷	11,678 ¹⁶³	28,439
11. Extraordinary charges	52 1,518 ¹⁰⁸	1,355 ¹⁶⁴	8,104
12. Balance on extraordinary activities	53 4,540 ¹⁰⁹	10,324 ¹⁶⁵	20,335
13. Profit before taxation	54 146,929 ¹¹⁰	84,292 ¹⁶⁶	175,010
14. Tax on profit	55 56,464 ¹¹¹	31,188 ¹⁶⁷	71,935
15. Profit (loss) for the period	56 90,465 ¹¹²	53,104 ¹⁶⁸	103,075

Business Interim Report

During the first half of 2003 there were significant events relating to the expansion of Unipol Assicurazioni and of the Group, and the Company's result for this period showed significant growth compared with the previous financial year.

Business performance

The main features of business performance, which ended showing net profits of €90.5m as against €53.1m as at 30 June 2002, were:

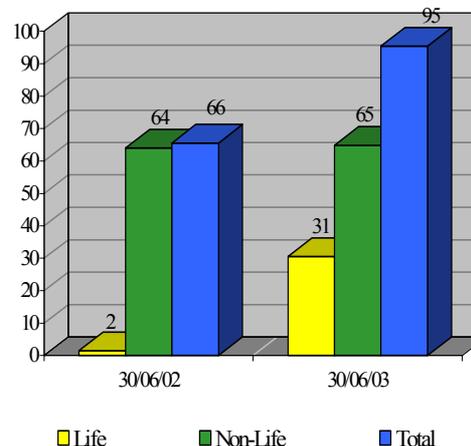
- rate of growth of premium income for direct business of 48.8% (total premiums +44.5%), divided up as follows:

Premium income (€ million)	Non-Life	Life	Total	Var.%
Direct business	640.3	651.3	1,291.6	+48.8
Inward reinsurance	32.9	3.2	36.1	-28.8
	673.2	654.5	1,327.6	+44.5
Ceded premiums	55.3	1.2	56.5	-5.3
Retained premiums	617.9	653.3	1,271.2	+48.0
Composition %	48.6	51.4	100.0	

The high rate of growth is due to Life business, which grew enormously (+126.7%), but this is exceptional and is unlikely to be repeated since it was a result of large policies being taken out in the corporate sector;

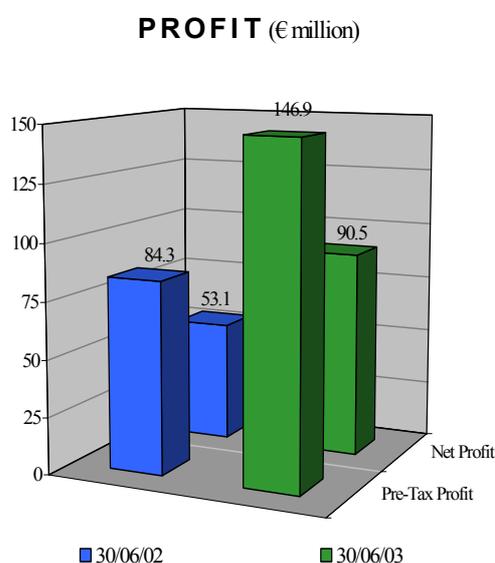
- a positive result for technical insurance business of €95.5m, compared with €65.5m as at 30 June 2002, this significant growth being almost entirely due to a rise in the balance on Life business (+€29.1m) and to the continuing positive result for Non-Life business (+€0.8m);

Balance on the Technical Account
(€ million)



- a significant reduction in the incidence of operating expenses on premium income (12.8% compared with 16.8%, owing to the substantial increase in Life premiums);
- an increase in investments and liquid assets, which reached €7,045.4m (net of value adjustments), an increase of €571.1m compared with 31 December 2002 (+8.8%) and of €994.6m compared with 30 June 2002 (+16.4%);
- net investment income for the period of €165.6m (+14.6% compared with 30/6/2002), whilst net gains from disposals and trading amounted to €34.7m (€18.9m as at 30/6/2002) and net value adjustments to -€5.6m (-€46.5m as at 30/6/2002). Investments for the benefit of policyholders who bear the risk thereof and investments deriving from pension fund management (class D) recorded a net profit of €17.5m (-€17.2m as at 30/6/2002);
- a balance on ordinary business of €142.4m, a considerable increase compared with the position as at 30 June 2002 (+92.5%); a result for extraordinary business falling from €10.3m to €4.5m (-56%);

- pre-tax profits of €146.9m (+74.3%) and net profits for the period of €90.5m (+70.4%).



To summarize, the balance sheet data and the profit and loss account data for the half-year period, together with relative comparisons with the previous financial year, are set out in the reports on the following pages. However, it must be remembered that the results for the period express business trends to be seen in relation to seasonal phenomena connected with the Company's insurance activities, with underwriting policies and tariff adjustments adopted and with the trend in the financial markets.

Acquisition of interests in insurance companies

On 21 June 2003, continuing to apply the strategies for growth introduced in 2000, Unipol signed a contract to purchase from Winterthur Swiss Insurance Company and Winterthur Life (subject to obtaining the necessary legal authorization) the following interests in companies in Italy:

- 89.99% of Winterthur Assicurazioni and indirectly the interests in NewWin spa and Winterthur SIM spa wholly owned by Winterthur Assicurazioni;
- 60.22% of Winterthur Vita;
- 100% of Winterthur Italia Holding, which in turn owned 29.78% of Winterthur Vita.

The remaining shares will be acquired by the holding company Finsoe spa.

In particular, 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. Winterthur Italia Holding is a holding company which owns 29.78% of Winterthur Vita.

During the 2002 financial year the companies being acquired had consolidated premium income of €2,042m (€1,320m in Non-Life business and €722m in Life business) and achieved a total net profit of €94.5m.

In order to finance this operation, which cost a total of €1,319.2m, Unipol resolved to increase capital by €1,054.3m and to issue a subordinated callable notes of €300m for a term of twenty years as described below.

As a result of these operations the Group consolidated its position as the fourth-largest insurance group operating in Italy, at the same time opening the way for substantial synergies in costs, investments, technology and growth.

Operation to increase the share capital

On 21 June 2003 the Board of Directors, using the powers granted to it by the Extraordinary Meeting of Shareholders held on 30 April 2003, resolved to increase the share capital for a price above par by issuing 252,829,824 ordinary shares and 144,241,617 preference shares, all with a nominal value of €1, cum coupon and having the same characteristics as those in circulation, to be offered as an option to shareholders at the ratio of 39 ordinary and/or preference shares for every 50 shares in the same category held at a price of €3.40 per ordinary share, €2.40 of which was the price above par, and €1.35 per preference share, €0.35 of which was the price above par, for a total countervalue of €1,054,347,584.55.

During the same meeting, likewise using the powers granted to it by the Extraordinary Meeting of Shareholders, the Board voted to

issue subordinated callable notes for a total nominal amount of €300m, to mature in twenty years, aimed at institutional investors.

These operations were carried out during the current quarter and culminated in the increase in the share capital and the bonded loan being fully subscribed and paid up, as shown in the section dealing with events following 30 June 2003.

UNIPOL ASSICURAZIONI - RECLASSIFIED BALANCE SHEET

(€ thousand)

	30 June 2003	30 June 2002	31 December 2002
ASSETS			
Intangible assets	39,968	39,336	37,431
Investments and liquid assets			
Land and buildings	328,318	408,615	340,062
Investments in Group undertakings and other participating interests	2,131,509	1,843,807	1,911,279
Debt securities	3,096,020	2,654,688	2,431,902
Other financial investments	729,354	535,304	853,283
Deposits with ceding undertakings	25,188	23,653	25,701
Cash at bank and in hand	174,084	126,420	410,771
Company's own shares	0	0	7,313
Total investments and liquid assets	6,484,474	5,592,488	5,980,311
Class 'D' investments	560,937	458,342	493,982
Debtors			
Arising out of direct insurance and reinsurance operations	293,182	396,892	301,566
Other debtors	214,807	87,036	84,681
Total debtors	507,989	483,928	386,247
Other assets	113,544	93,159	108,950
TOTAL ASSETS	7,706,911	6,667,254	7,006,921
LIABILITIES			
Paid-up share capital and free reserves	1,339,899	1,277,858	1,284,634
Net profit (loss) for the half-year	90,465	53,104	103,075
Subordinated liabilities	300,000	300,000	300,000
Net technical provisions			
Non-Life	1,872,892	1,753,608	1,779,216
Life	3,210,202	2,490,659	2,712,497
Total technical provisions	5,083,095	4,244,267	4,491,713
Class 'D' net technical provisions	560,937	458,342	493,982
Provisions for other risks and charges	18,499	23,968	17,193
Creditors and other liabilities			
Arising out of direct insurance and reinsurance operations	75,088	102,982	99,122
Sundry borrowings and other financial creditors	16,290	18,090	11,779
Provision for staff leaving indemnity	25,305	25,272	24,800
Other creditors	75,735	73,545	57,097
Other liabilities	121,599	89,826	123,525
Total creditors and other liabilities	314,017	309,715	316,323
TOTAL LIABILITIES	7,706,911	6,667,254	7,006,921

UNIPOL ASSICURAZIONI - RECLASSIFIED PROFIT AND LOSS ACCOUNT
(€ thousand)

	30 June 2003			30 June 2002			31 December 2002		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
Gross direct business									
(+) Written premiums	651,317	640,255	1,291,572	287,360	580,825	868,185	616,830	1,211,927	1,828,756
(-) Change in technical provisions and prov. for unearned premiums	536,804	13,743	550,547	127,253	6,981	134,234	303,739	31,248	334,987
(-) Claims paid	178,947	458,670	637,618	172,871	421,704	594,575	357,795	841,134	1,198,929
(+) Balance on other technical items	197	(473)	(276)	861	555	1,416	2,387	(806)	1,581
(-) Operating expenses	22,528	137,451	159,978	19,083	122,623	141,706	41,408	251,809	293,217
(+) Net investment income excluding Class 'D' (1)	100,210	43,958	144,168	48,300	42,270	90,570	113,990	47,509	161,499
(+) Class 'D' net investment income (2)	17,504		17,504	(17,176)		(17,176)	(20,565)		(20,565)
Balance on gross direct business	30,949	73,875	104,825	138	72,343	72,480	9,700	134,439	144,139
Balance on outward reinsurance	(472)	(9,410)	(9,882)	878	(5,430)	(4,552)	(5,510)	2,627	(2,882)
Balance on net indirect business	123	392	515	517	(2,900)	(2,383)	584	(2,647)	(2,062)
Balance on the technical account	30,600	64,857	95,457	1,533	64,013	65,545	4,775	134,420	139,195
NON-TECHNICAL ACCOUNT									
(+) Investment income (3)			47,715			21,740			24,847
(+) Other income			31,067			20,880			42,143
(-) Other charges			31,851			34,197			51,510
Balance on ordinary activities			142,388			73,969			154,675
(+) Extraordinary income			6,058			11,678			28,439
(-) Extraordinary charges			1,518			1,355			8,104
Profit before taxation			146,929			84,292			175,010
(-) Tax on profit			56,464			31,188			71,935
NET PROFIT (LOSS)			90,465			53,104			103,075

(1) Investment income for Life business: after transfers to the non-technical account. Investment income for Non-Life business: after transfers from the non-technical account.

(2) 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.

(3) Investment income for Life business: after transfers from the technical account. Investment income for Non-Life business: after transfers to the non-technical account.

Insurance Business

Premium income

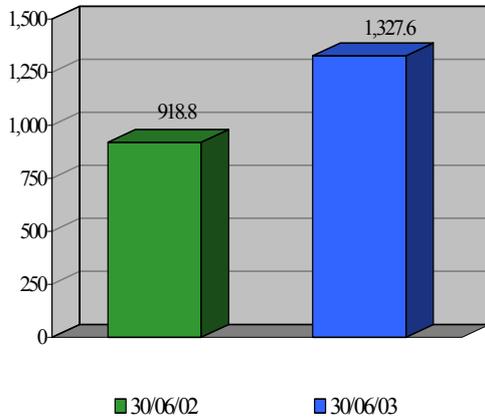
Premiums written as at 30 June 2003 totalled €1,327.6m, reflecting growth of €408.8m

(+44.5%) compared with premium income in the first half of 2002. The breakdown of premiums according to class of business, the composition indices and the changes compared with the same period of the previous financial year are given in the table below.

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS								
<i>(€ thousand)</i>								
No.	30 June	comp.	30 June	comp.	var. 31 December	comp.		
	2003	%	2002	%	%	2002	%	
DIRECT ITALIAN INSURANCE BUSINESS								
Non-Life insurance business								
1	Accident	55,386	4.3	49,477	5.7	11.9	105,804	5.8
2	Health	21,518	1.7	18,616	2.1	15.6	48,146	2.6
3	Land vehicles - Own damage or loss	58,446	4.5	54,693	6.3	6.9	114,765	6.3
4	Railway rolling stock	529	0.0	455	0.1	16.3	496	0.0
5	Aircraft - Hull	0	0.0	1	0.0	-100.0	24	0.0
6	Marine - Hull	586	0.0	420	0.0	39.7	783	0.0
7	Goods in transit	3,793	0.3	3,808	0.4	-0.4	6,733	0.4
8	Fire and natural forces	23,063	1.8	21,023	2.4	9.7	46,822	2.6
9	Other damage to property	39,914	3.1	36,642	4.2	8.9	69,850	3.8
10	Land vehicles - T.P.L.	347,829	26.9	312,246	36.0	11.4	645,728	35.3
11	Aircraft - T.P.L.	6	0.0	7	0.0	-12.4	65	0.0
12	Marine - T.P.L.	399	0.0	362	0.0	10.1	672	0.0
13	General T.P.L.	64,135	5.0	59,649	6.9	7.5	124,331	6.8
14	Credit	111	0.0	116	0.0	-3.6	235	0.0
15	Bond	10,790	0.8	10,469	1.2	3.1	20,474	1.1
16	Pecuniary losses	6,581	0.5	6,200	0.7	6.1	12,955	0.7
17	Legal protection	4,225	0.3	3,868	0.4	9.2	8,469	0.5
18	Assistance	2,943	0.2	2,774	0.3	6.1	5,575	0.3
Total Non-Life insurance business		640,255	49.6	580,825	66.9	10.2	1,211,927	66.3
Life assurance business								
I	Life assurance	162,365	12.6	145,992	16.8	11.2	324,937	17.8
III	Assurance linked to inv. funds/market indices	55,745	4.3	53,645	6.2	3.9	112,012	6.1
V	Capital redemption operations	422,725	32.7	74,693	8.6	466.0	158,882	8.7
VI	Pension funds	10,482	0.8	13,029	1.5	-19.6	20,999	1.1
Total Life assurance business		651,317	50.4	287,360	33.1	126.7	616,830	33.7
Total direct insurance business		1,291,572	100.0	868,185	100.0	48.8	1,828,756	100.0
INWARD REINSURANCE								
Non-Life insurance business								
		32,905	91.2	45,405	89.7	-27.5	67,258	92.3
Life assurance business								
		3,171	8.8	5,235	10.3	-39.4	5,637	7.7
Total inward reinsurance		36,077	100.0	50,640	100.0	-28.8	72,895	100.0
TOTAL PREMIUM INCOME		1,327,649		918,826		44.5	1,901,651	

All amounts are net of taxes on premiums and contributions paid to the NHS

Total Premium Income (€million)



Sales network and new products

During the first half of 2003 several major marketing campaigns were initiated, aimed at families, which involved a million insurance items.

Apart from improving agencies' efficiency and their operational and marketing effectiveness and extending the range of products offered, Company structures were targeted at improving decision-making abilities, providing training in specific professional skills and fostering the growth in the insurance portfolio.

All the marketing mix incentives were brought into play – from innovative product solutions to a real effort on tariffs, from training and boosting the network to sending out a considerable number of targeted communications. Some examples of operations carried out are the 'price freeze' on accident insurance, 'first risk' (with genuine discounts of up to 43% for household insurance), 'it's time to grow' relating to insurance covering land vehicles – own damage or losses, in order to offer better cover and at the same time promote safe driving and the prevention of road accidents.

A main feature of these initiatives was

communication using a specific name (Uninsieme) and a house style for graphics. Help was provided in order to achieve the targets of supporting the range of insurance products suitable for the family, of making clients aware of the extraordinary nature of the proposed terms and of making the job of the networks easier, while putting the contribution and the personal skills of agency staff to good use.

As regards improving working methods and making marketing more effective, the agencies were involved in a computerization scheme which will continue throughout 2003.

The widespread use in all the agencies of the most advanced web technology will enable the network to eliminate any red tape that might otherwise hinder flows of information and business between Head Office and the agencies and will enable them to be more customer-friendly via the new channels of communication, which respond more rapidly and efficiently to customers' requirements.

As regards core business, on the other hand, it will be possible to make full use of resources and skills existing in the agencies and to use them in developing sales and assessing the range of products on offer.

With regard to the sales network there were 776 agents at the end of the half year (768 at the end of 2002), plus 1,119 full-time subagents (1,135 at the end of 2002).

In the first half of 2003 the relationship between the Unipol agencies and the network of Unipol Banca branches was further consolidated and extended, as regards both the integrated points of sale and the introduction of new ways of working that allow the proximity of points of sale to be put to good use.

As at 30 June 2003 there were:

- 56 finance shops each in an agency;
- 67 agencies each integrated with a branch of Unipol Banca;
- 380 financial advisers operating within Unipol agencies.

To these must be added another 112 traditional branches of Unipol Banca (including the 60 branches acquired from Capitalia at the end of 2002).

Implementing the development plan for Unipol Banca involved the participation of the agents and constituted a major factor in improving the competitive position of these insurance structures from the operational, the financial and the image points of view.

This is a novel way of working, and the significant results achieved, which are also attributable to the work done by the agents and their employees, send out a clear signal that the decision was the right one, one that will ensure that Unipol Banca grows strongly for several years to come, with the gradual involvement of other Unipol agencies but also with that of the other traditional companies in the Group.

As regards product development, the principal novelties in the first half of the year were in Life business, where the situation in the financial markets continued to influence the choices made by savers, who were looking for safer and more prudent types of investment. Two new tariffs, known as 'T 340' and 'T 341', were introduced in response to this requirement. These are products with sum insured and return guaranteed and also represent a short-term investment solution in that early redemption is allowed with no penalty.

During the half year the two tariffs brought in total premium income of €34m.

In April tariff 541 was introduced, relating to Class V capital redemption, with sum insured guaranteed, a fixed return of 3.60% and a term of 6 years. By the end of the half year this new tariff had brought in premium income of €27.2m.

To the products described above must be added 'Uninvest 9CENTRO', an Index-Linked type of insurance fund, the object of which is to pay annual interest (of a total value of 9% of the sum invested over the 5-year term of the investment), to protect the capital invested and on maturity to pay a bonus based on the trend of a basket of 15 securities. The launch of this product was backed up by marketing tools

aimed at attracting a high level of premium income especially at the pre-placement stage. During the half year premium income amounted to €23.9m.

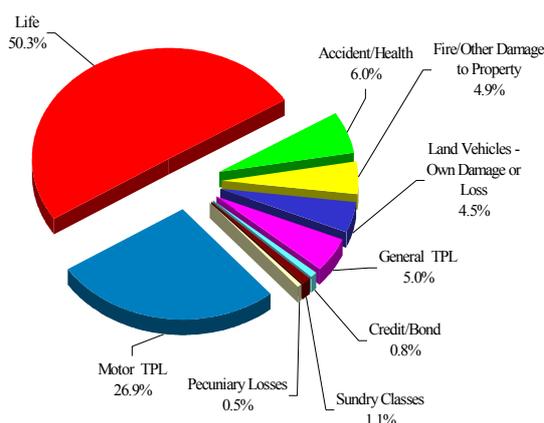
Still with Life business, the new Temporary Life Assurance policies were issued with discounts on tariffs of up to 20% for non-smokers.

In Non-Life business Unipol agencies were granted greater underwriting autonomy for the Merloni Law T.P.L. policy in order to provide insured undertakings with a service that is suitable for their needs in terms of both quality and efficiency.

Reform of the Fire/Theft portfolio also began and is to continue throughout 2003 and 2004.

Finally it should be noted that in April an experiment began to install a device in motor vehicles known as *Unibox Strada Sicura*, which can transmit information about the vehicle and its position to a 24-hour call-centre and can send a breakdown vehicle or an ambulance direct to the scene of a breakdown or accident.

Breakdown of premiums



There follows a brief report on the trends in the main lines of business during the first part of the financial year.

Life and pension funds

In the first six months of the year the Company achieved premium income of €654.5m, an increase compared with the first half of 2002 of 123.7%.

This exceptional growth was mainly due to the issuing of capital redemption policies (Class V) for particularly high amounts.

Products that guaranteed a minimum return and the consolidation of benefits continued to be particularly popular with savers. In Class I the tariffs for guaranteed savings achieved premium income of €34m, an increase of 40%, whilst in Class V tariff 222 brought in more than €100m in premium income.

In the sector of individual policies growth in recurrent-premium policies remained high (+67%), continuing the demand for instruments that guaranteed a fixed yield. There was also evidence of clients' satisfaction with the new Index-Linked product (tariff 212), which brought in €23.9m in premiums.

Direct premiums written during the half-year totalled €651.3m and recorded an increase of 126.7% over the corresponding period of 2002.

Direct premium income from individual policies amounted to €171.6m (+8.9%), broken down as follows:

	30/06/03	30/06/02	Var. %
Class I	117.0	105.0	11.5
Class III	54.6	52.6	3.8
Total	171.6	157.5	8.9

Direct premium income from Pension Funds, including Class VI, amounted to €10.5m (€13m as at 30/6/2002).

Direct premium income from group policies amounted to €46.5m (+10.4%), €45.3m of which was for Class I (+10.5%) and €1.1m for Class III.

Direct premium income from capital redemption operations (Class V) amounted to €422.7m (€74.7m as at 30/6/2002).

Direct first-year premium income amounted to

€16.6m (€2.8m as at 30/6/2002), almost entirely from Class I, whilst single premiums amounted to €568.8m (€216.5m as at 30/6/2002), broken down as follows:

	30/06/03	30/06/02	Var. %
Class I	80.3	75.6	6.2
Class III	55.3	53.2	3.9
Class V	422.7	74.7	466.0
Class VI	10.5	13.0	-19.6
Total	568.8	216.5	162.7

Taking inward reinsurance into consideration too, premium income reached a total of €654.5m (+123.7%).

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €23.1m (+22.3% compared with 30/6/2002), the incidence on retained premiums being €3.5% (6.5% as at 30/6/2002).

The amounts paid for direct business reached €178.8m, an increase of 3.3% compared with the position as at 30 June 2002, broken down as follows (amounts in € million):

	30/06/03	30/06/02	Var. %
Expired policies and annuities	80.2	110.6	-27.5
Surrenders and advance payments	94.0	58.5	60.8
Claims paid	4.0	3.5	15.5
Claims settlement fees	0.6	0.4	33.1
Total	178.8	173.0	3.3

As regards new regulations, the following should be noted:

- ISVAP Circular 506/D of 10 June 2003, which lays down the reference rate to be used in projections to be given to potential policyholders for Life and capital redemption policies that are subject to revaluation;
- ISVAP Circular 507/D of 10 June 2003, which lays down provisions relating to the parameters to be used in Class III policies, with particular reference to loan derivatives and to securities deriving from securitization.

Pension Funds

During the first half of 2003 the processes of selecting investment managers led to a considerable increase in occupational pension fund business. Five calls for bids were put out in the half year, three of which related to major sectors in terms of numbers of employees (rubber/plastic, paper and printing, farming cooperatives) and one of which was for the first renewal of management mandates (Fondenergia – ENI Group).

Unipol continued to participate actively in the processes of selecting investment managers, with results that were in line with expectations. After the acquisition of Fon.Te. (trade and commerce employees), the Eurofer (State Railways Group) and Fondo Gomma Plastica mandates were officially awarded in July.

We should also mention the launch of a new partnership with J.P. Morgan Fleming Asset Management, one of the largest investment managers in the world. The purpose of the partnership was to develop pension fund business and to give more support to trade-union organizations and trade associations in order to promote membership of pension funds to members and employees in the various sectors.

The Company continued to manage existing mandates – Fonchim (chemicals and pharmaceuticals), Fondo Pensione Bayer Italia, Fondo Pensione Dipendenti B.A.M., Fondo Solidarietà Veneto (employees of industrial companies in the Veneto region), Cooperlavoro (members and employees of workers' cooperatives), Fundum (Confesercenti entrepreneurs) and Previcoper (employees of consumer cooperatives). In April the Arco mandate (wood, furniture and bricks) was activated.

The assets of pension funds managed in the name of and on behalf of third parties at the end of the half year amounted to €214.3m (€179.5m as at 31/12/2002), to which must be added the shares of the assets of two guaranteed pension funds – 'Fondo Pensione dei dipendenti della Banca Agricola Mantovana' (pension fund for employees of the Banca Agricola Mantovana) and 'Fundum' –, which amounted to €10.3 and €1.3m respectively.

These amounts have been transferred and included in Class D.II on the Balance Sheet as required by law.

As regards open-end pension funds, group corporate policies managed by the Head Office showed satisfactory results, as against a downturn in the retail sector compared with the first half of 2002. During the first half of the year five new company agreements were activated and fresh negotiations were begun, some of which also envisaged the transfer of sizeable reserves.

Finally it should be mentioned that the continuing uncertainty in the markets made policyholders transfer their preferences to less risky types of investment and, in particular, to those with a minimum guaranteed yield.

As at 30 June 2003 the three open-end funds had total assets of €42.7m (€33.5m as at 31/12/2002), with a total of 7,140 members (6,736 as at 31/12/2002).

Non-Life business

Direct premiums as at 30 June 2003 totalled €640.3m, an increase of 10.2% compared with the 2002 half-yearly figures. If we add indirect premiums, overall premium income was €673.2m (+7.5%).

All types of personal lines insurance made a major contribution to the growth in Non-Life business.

MV business continued to grow as it had done in the previous financial year for both third-party liability cover and the additional guarantees linked to motor vehicles.

As for insurance business carried out under 'freedom to provide insurance services', during the first half of 2003 premiums were booked for a value of €0.8m, mainly from non-EU countries, an increase of 11% compared with 30 June 2002.

During the half-year 182,225 claims were reported, an increase of 8.5% over the number received in the same period of 2002.

The rise in the number of claims reported was mainly due to personal lines policies and should tend to level out over the next half year since it

was linked to both delays in the leading companies reporting claims and to claims relating to new group policies taken out in the second half of the previous financial year. There was a further slight drop in the frequency of Motor T.P.L. claims compared with the previous half year, in line with expectations.

Payments for claims incurred during the financial year and during previous financial years totalled €353.5m (net of the coinsurers' share and of sums recovered, including loss adjusters' fees), in line with the first half of 2002.

During the first half of the year the Group Claims-Handling Centres were opened. These operate on behalf of Unipol, Meieaurora and Linear and are intended to rationalize management procedures, improve the service to users and keep operating costs down. In addition the *Sertel* call centre has been in operation at Group level since 2002.

As for Unipol, in the first half of 2003 *Sertel* increased its activity, dealing with 137,109 new claims (+16.8% over 2002) and paying 34,237 claims direct.

At the end of the half-year the provision for outstanding claims (direct business) had risen to €1,463m (+6% compared with the position as at 31/12/2002).

The following table, which relates to Italian direct business, shows the speed of claim settlements for the main business lines at the end of the first half-year and a comparison with the position as at 30 June 2002. The figures are obtained by comparing the number of claims paid with the number of claims reported during the half year or outstanding at the end of 2002, net of those written off as without follow-up (percentage values shown).

Class	Claims incurred during the period		Claims incurred in previous periods	
	06/02	06/03	06/02	06/03
	Accident	47.8	44.5	46.9
Health	78.7	78.5	70.9	65.4
Land vehicles – own damage or loss	70.3	69.7	63.6	63.8
Fire	41.5	43.7	56.6	57.4
Other Damage to Property	52.0	50.5	62.0	64.0
Land Vehicles - T.P.L.	50.2	49.0	45.1	44.6
General T.P.L.	36.1	36.2	26.2	26.1

The average loss ratio, including settlement expenses and net of outward reinsurance, was 75.6% (75.9% as at 30/6/2002). For direct business the loss ratio fell to 73.2% (73.5% as at 30/6/2002) and the combined ratio, which also includes operating expenses, was 94.7% (94.6% as at 30/6/2002).

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €126.5m, as against €115.2m at the end of the same period in 2002.

The incidence on net premiums retained was 20.5%, (20.2% as at 30/6/2002).

The result of the technical account showed a return of €64.9m (€64m as at 30/6/2002).

Accident

Direct premiums: €55.4m (+11.9%);

Number of claims reported: 25,890 (+14.5%);

Claims paid: €26.7m (+10.4%).

At the end of the first half of the year premium income had grown and showed an improvement over the figures recorded at the close of the previous financial year.

This result was affected by the increase in travel policies, which are particularly welcomed by the market and are sold together with MV cover, and by the positive effects of the work on restructuring the portfolio carried out during the year.

Acquisition of new risks in the public and private sectors also continued.

The rise in the number of claims was strongly affected by precautionary claims, by and large unlikely to be followed up, relating to some major group policies covering schoolchildren and school staff on a regional level.

The total costs of claims paid showed a rise, largely owing to the payment of claims relating to previous financial years.

Health

Direct premiums: €21.5m (+15.6%);

Number of claims reported: 14,533 (+44.5%);

Claims paid: €14.4m (+25.1%).

The steady growth recorded at the end of the previous financial year continued during the

first half of 2003. This result was due to an offer aimed both at individuals and families, but also at large groups of policyholders.

It was also due to the successful work of integrating the various types of product.

The growth in the portfolio, both individual and group, together with work on restructuring group policies that have a positive technical trend, for which broader guarantees had been introduced, led to an expected increase in the number of claims reported and in the cost of claims paid. The reporting of claims under coinsured policies by the leading insurers, incurred during the last few months, also had an effect.

However, these aspects are exceptional, and it is expected that the loss ratio will gradually fall during the second half of the year.

Land Vehicles – Own Damage or Loss

Direct premiums: €58.4m (+6.9%);

Number of claims reported: 15,906 (+2.7%);

Claims paid: €23.3m (-1.9%).

The tariff policy applied and the consequent growth in productivity in Motor T.P.L. acted as a stimulus and encouraged the demand for additional types of cover.

The slight rise in the number of claims and the slight drop in amounts paid are an indication of the improvement achieved in this class.

Fire

Direct premiums: €23.1m (+9.7%);

Number of claims reported: 1,768 (+48.4%);

Claims paid: €10.9m (-11.3%).

The increase in premium income recorded in the previous financial year continued in the first half of 2003.

In particular production increased in multi-cover products aimed at specific sectors – craftsmen, commerce, hotels and families.

With a view to providing better customer service and maintaining productivity, work continued on adjusting sums insured and on restructuring the portfolio.

The rise in the number of claims is due to a greater incidence in the first few months of the year of claims for atmospheric events. The rise was also affected by a different attribution of the cause of the event, which meant that several hundred claims previously classified as Other Damage to Property fell within this Class.

Work also continued on restructuring multi-claim policies and on agencies that had made losses in certain sectors.

The recovery of claims paid was helped by the favourable trend in the loss ratio in the final few months of last year.

The cost of claims for the year will be affected by the occurrence of a major claim in July, which, however, was amply reinsured.

Other Damage to Property

Direct premiums: €39.9m (+8.9%);

Number of claims reported: 12,451 (+4.2%);

Claims paid: €15.7m (+18.5%).

In the class **Other Damage to Property** the principal guarantees related to:

Fire – additional guarantees

Direct premiums: €12.7m (+9.4%);

Number of claims reported: 8,100 (-0.01%);

Claims paid: €6.2m (+14.9%).

As these are guarantees added to fire policies, the steps taken are similar to those already described for the Fire class.

The rise in the cost of claims is mainly due to the increase in the average cost of claims linked to piped water and to electricity.

Theft

Direct premiums: €11.2m (+9%);

Number of claims reported: 1,851 (+6.2%);

Claims paid: €6.5m (+25.8%).

The significant increase in premium income

reversed the trend recorded in the previous financial year and in particular confirmed that the actions carried out in the last few months were correct:

- agencies were allowed greater flexibility in underwriting risks in the small-business sector;
- existing portfolio restructured.

However underwriting policies continued to be characterized by prudence and by the accurate selection and evaluation of risks, in particular in potentially risky sectors.

The rise in the cost of claims paid was due to a major claim occurring in previous financial years. Great attention continued to be paid to policies on which claims were made, with work continuing on restructuring and, in particular, on reinforcing both active and passive preventive measures.

Hail

Direct premiums: €8.7m (+1.8%);

Number of claims reported: 1,225 (+50.9%);

Claims paid: €0.1m.

The limited growth in premium income can be put down to the spring frosts, which affected the whole of Italy to a greater or lesser extent and obviously had negative repercussions on sums insured and hence on premiums, and to the ceiling on the State contribution to insurance cover, which discouraged farmers from taking out policies.

The loss ratio in the first half of the year rose steadily, both in respect of the number of claims reported and of the relative total cost, but it should be remembered that the trend in the first half of 2002 was exceptionally favourable. Hail affected the whole country to a greater or lesser extent but was particularly damaging in some areas of Emilia Romagna.

Technological risks

Direct premiums: €6.6m (+20%);

Number of claims reported: 958 (-2.3%);

Claims paid: €2.7m (+8.5%).

Premium income for this Class continued to rise. The building sector in particular continued to record strong growth, both in contracts for public works (Merloni Law) and in contracts for private work, the latter promoted by the extension of tax relief to rebuilding work.

As regards the insurance obligations specified in the Merloni Law, it must be pointed out that the Company's scheme for issuing policies was extremely effective. This innovative way of working allowed agencies to offer clients a rapid and punctual service.

A substantial rise was recorded in the electronics sector too as a result of greater competitiveness amongst public bodies.

Finally, the rise in the number of applications for leasing cover from small and medium-sized businesses continued.

The rise in the cost of claims is due both to the rise in the average cost of small claims and to the increase in the number of claims paid.

Work on restructuring the multi-claim portfolio continued.

Land Vehicles – Motor T.P.L.

Direct premiums: €347.8m (+11.4%);

Number of claims reported: 76,328 (+3%);

Claims paid: €212m (-4.2%).

The rate of growth of premium income recorded in the first half of 2002 and at the end of the financial year continued in the first half of 2003. Once again the result was attributable to the new policies in the Company's portfolio, given the market's satisfaction with the tariff policy applied, which was intended not to exceed the rate of inflation and subsequently became more attractive to clients with the signing of the 'Memorandum of Understanding on Motor T.P.L. insurance between the Government, ANIA and the Consumers' Associations' and the consequent commitment not to alter tariffs before 31 December 2003. This aspect was all

the more important owing to the greater ease of access to the range of insurance policies already existing on the market via the Companies' Internet sites, set up as provided for in Law 273 of 12 December 2002 and subsequently expanded in accordance with ISVAP Circular 502/D of 25 March 2003. Customer loyalty, as proved by a further drop in non-renewals, actually increased.

The average cost of claims continued to rise in first half of the financial year (+6%). It is still too soon to be able to assess the effects of Law 273/2002 reforming Motor T.P.L., in particular as regards the criminalization of 'insurance fraud' and the duty imposed on the party who has suffered the loss to submit invoices for repairs to material damage.

The fall in the claims frequency continued, though this was not as marked as in the previous financial year. As regards claims paid, the drop was due to claims reported in previous financial years (-7.3%), which benefited from substantial partial payments made during 2002, whilst payments relating to claims reported in 2003 recorded a rise of 8.3%.

Overall, the positive result achieved in 2002 is expected to continue.

General T.P.L.

Direct premiums: €64.1m (+7.5%);

Number of claims reported: 16,899 (+0.1%);

Claims paid: €41.9m (+5.3%).

Productivity was well up, confirming that the products are commercially viable and that customers are particularly interested in third-party insurance cover.

Work continued both on restructuring and cancelling policies that showed a negative trend and on expanding the portfolio in preferred risk sectors such as technical professionals and companies, with the aim of steering the portfolio mix towards sectors that produce a better technical result.

Claims reported were on the same level as in the previous year despite the increase in the

size of the portfolio. This confirms the usefulness of the restructuring work carried out over the last few years, which should further contribute to improving the result for this Class.

Credit and Bond

Direct premiums: €10.9m (+3%);

Number of claims reported: 216 (+8.5%);

Claims paid: €2.4m (+48.8%).

Premium income in the Bond class rose (+3.1%) as a result of substantial growth in typical sectors (guarantees for contracts, repayment of VAT credit, building permits, advance payment of tax).

If the present underwriting policy is maintained a further improvement is expected in the second half of the year.

The number of claims rose, but there was a reduction in the individual absolute values.

The increase in claims paid was attributable to final settlements of four claims pertaining to previous years (1987-88-89).

Premium income in the Credit class consisted entirely of commercial credit. In the second half of the year a substantial rise in receipts is expected as a result of an extraordinary operation relating to mortgage lending.

Sundry Pecuniary Losses

Direct premiums: €6.6m (+6.1%);

Number of claims reported: 9,577 (+12.4%);

Claims paid: €2.5m (+1.5%).

This class, which mainly covers risks linked to Motor policies such as supplementary guarantees and loss of driving licence, grew in line with the other guarantees linked to motor vehicles. The number of claims reported continued to rise but costs were only slightly up. The technical result for the class continued to be very positive.

Legal Protection

Direct premiums: €4.2m (+9.2%);

Number of claims reported: 1,439 (+22.3%);

Claims paid: €0.9m (-0.4%).

The rise in premium income was largely attributable to the growth in guarantees linked to Motor policies, but guarantees linked to General Third-Party Liability also continued to grow. The rise in the number of claims reported should not affect the positive result achieved in this class.

Assistance

Direct premiums: €2.9m (+6.1%);

Number of claims reported: 6,430 (+36.4%);

Claims paid €1m (+95%).

This class mainly covers guarantees linked to Motor policies and growth was in line with that for other guarantees in this sector. The increase in the number of claims reported and paid was in part attributable to an administrative delay which should be cleared over the next few months, so the technical result for 2003 should once again be positive.

Marine, Aviation and Goods in Transit

Direct premiums: €5.3m (+5.2%);

Number of claims reported: 788 (-23.3%);

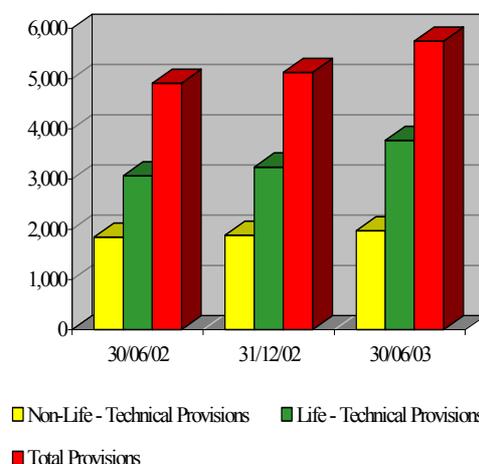
Claims paid: €1.7m (-2.8%).

Productivity was affected by competition, which continued to be particularly fierce in the sector of goods transported by road, whilst the taxation of Marine Hull insurance, after two years of substantial increases, showed the first signs of a reversal of the trend.

The loss ratio for the first half-year continued to be favourable.

Technical Provisions

(€million)



Reinsurance

Inward reinsurance

Premium income from inward reinsurance of Life and Non-Life lines of business fell from €50.6m as at 30 June 2002 to €36.1m as at 30 June 2003, a drop of €28.8%.

Non-Life premiums fell from €45.4m to €32.9m, a drop of 27.5%, as a result of the termination of a series of reinsurance schemes that were no longer placed by the original ceding insurers.

Premium income from subsidiaries is broken down as follows (in €K):

Company	Premiums	% variation compared with 30/6/02
Unisalute	10,363	-10.4
Linear	850	+40.9
Navale	5	-89
Meicaurora	--	-100

The overall result for policies in the Non-Life classes, net of retrocessions, was positive and was markedly better than in the first half of the previous financial year.

Life business premiums fell from €5.2m as at 30 June 2002 to €3.2m as at 30 June 2003, a drop of 39.4%.

Premium income from subsidiaries included €158K from BNL Vita (+17.1%) and €62K from Meieaurora (€1,042 as at 30/6/02).

The overall result for policies in the Life classes, net of retrocessions, continued to be positive.

Outward reinsurance

Total direct premiums ceded in Non-Life business rose from €50.4m as at 30 June 2002 to €53m as at 30 June 2003, an increase of 5.1%.

The retention rate at the end of the half year was 91.7% compared with 91.3% as at 30 June 2002.

The reinsurance scheme for the 2003 financial year continued to be based mainly on proportional types of cover for almost all the classes that were subject to reinsurance cessions.

Non-proportional types of cover for Motor T.P.L., General T.P.L. and Hail risks were also set up for the current financial year.

In addition, non-proportional reinsurance schemes were set up to cover the risks retained by the Company in Fire, Accident, Land Vehicles – Own Damage and Loss, and Marine, Aviation and Goods in Transit.

At the half-year point the overall result of cessions carried out in Non-Life business showed a positive balance for our reinsurers, but this result is expected to worsen as a result of a huge Fire claim occurring in July.

Total direct Life premiums ceded fell from €2.7m as at 30 June 2002 to €1.1m as at 30 June 2003.

The result for our reinsurers was positive.

Litigation

In the claims-settlement sector, the main

objective remained that of limiting litigation as far as possible, partly in order to limit the expense of going to court.

This approach was further strengthened by the coming into force, in 2001, of Law 57 reforming Motor T.P.L., in 2002 with the introduction of Justices of the Peace for criminal proceedings and with Law 273 of 12 December 2002 which introduced further reforms for Motor T.P.L..

Thus in 2003 once again any pending disputes were re-examined and compromise solutions were sought, and close attention was paid to assessing new cases.

As regards criminal law, the Company worked with ANIA in order to strengthen the prevention and counteracting of fraud, both at the payment stage and at the underwriting stage, including filing numerous complaints with the judicial authorities.

As regards litigation initiated in 2003, in some areas there was an increase in the number of actions owing to the Company making a firmer stance directly linked to intensifying its activities for the purpose of preventing fraud.

In April 2002 the Council of State confirmed the fine imposed in 2000 by the Antitrust Authority on the major companies in the sector, including Unipol. Unipol and other companies fined appealed against this decision for reasons of jurisdiction. As a consequence of these events, during 2002 and 2003 around 4,000 policyholders applied to Justices of the Peace for a refund of 20% of the Motor T.P.L. premiums they had paid between 1995 and 2000. Unipol deemed the applications to be without foundation since the tariff increases had been based on the rise in the cost of claims and therefore decided to take the matter to the courts.

In 2002-2003 some 350 judgements were made in our favour and 650 against, at a total cost of approximately €500,000.

The number of applications and of cases fell to almost zero when Decree Law 18 of 8 February 2003, which obliged Justices of the Peace to base their decisions on law and not on equity, came into force, owing to the fact that decisions based on law would allow the companies involved to

challenge any rulings that went against them in the courts.

Finally, as regards the dispute with the Antitrust Authority regarding the appeal before the Lazio Regional Administrative Court on the ruling relating to an agreement alleged to have been made between Unipol and other leading insurance companies relating to insurance policies taken out by public bodies in Emilia Romagna, it should be noted that the date for the hearing has been fixed for 28 January 2004.

Operating expenses

Operating expenses incurred in the half year, which include acquisition and renewal commissions and other acquisition and administrative expenses, totalled €169.6m compared with €154.2m as at 30 June 2002 (€149.6m and €134m respectively net of commissions received from reinsurers), an increase of 10% compared with the figures as at 30 June 2002.

The relative incidence on premium income fell from 16.8% to 12.8% as a result of the exceptional growth in premium income recorded in Life business.

Claims-handling expenses amounted to €14.3m, slightly up on the first half year of 2002 (€13.5m). Staff costs, gross of recoveries from subsidiaries and other companies, amounted to €33.7m for salaries, social security contributions and staff leaving indemnity, and to €4.9m for mission expenses, training costs and all other related costs, a total increase of 11.2% over the first half of 2002. Staff costs recovered from subsidiaries and other companies amounted to €7.4m, whilst charges made by Meieaurora spa for staff seconded to the Group Claims-Handling Centres and for other services rendered to the Parent Company amounted to €5.4m and are classed as miscellaneous services.

As at 30 June 2003 the Company had 1,430 employees, including 23 salespersons, 12 fewer than on 31 December 2002.

Whilst 52 employees left the company, during the first half of 2003 there were 40 new recruits, 20 of whom were for the *Sertel* call centre.

On 18 July 2003 a draft agreement was signed between ANIA and trade unions 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, which the parties were expected to ratify by 30 September 2003, is basically a continuation of the previous agreement from both the regulatory and the financial points of view, since increases are in line with those provided for in the agreement of July 1993 between the Government and the Social Partners.

The costs for the Company were correctly forecast and recorded.

During the half year 90 training courses, equivalent to 10,367 training hours, were organized for employees. There were 1,593 participants, but some employees took part in more than one course. Particular mention should be made of the professional development courses for Sertel call-centre operators, aimed particularly at supervisors and assistants, and the continuing initiatives to keep staff working at Head Office and the operators working in the Claims-Handling Centres up to date with the use of information technology.

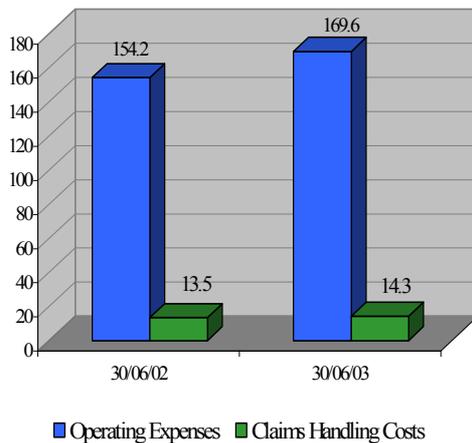
During the period in question training geared towards the sales network, amounting to 99 days in the classroom and some 1,213 training days, involved 1,042 participants.

Amongst the courses run were those for agents on giving advice to small and medium-sized enterprises and refresher courses in technical and commercial matters, both of which are useful for promoting sales campaigns, whilst for affiliated agencies training courses for middle management in the various sales channels and a team-building scheme for managers were launched.

Finally work continued on modernizing the agencies' and Claims-Handling Centres' communications networks in order to provide the peripheral units, already linked on-line to the central system, with the latest technological infrastructure, which is required to optimize communications between Head Office and the periphery.

Investment in the new infrastructure is offset by the benefits to the Company's administrative procedures provided by the technological innovations introduced.

**Operating Expenses
and Claims Handling Costs**
(€million)



Property and Financial Management

Investments and liquid assets

As at 30 June 2003 investments and liquid assets, taking account of value adjustments, were €7,045.4m overall. This amounted to a

16.4% increase compared with 30 June 2002 and 8.8% compared with 31 December 2002.

The investment structure and the variations on the previous half year and compared with 31 December 2002 are set out in the table below.

INVESTMENTS AND LIQUID ASSETS								
<i>(€ thousand)</i>								
	30/06/03	comp.	30/06/02	comp.	var.%	31/12/02	comp.	var.%
	(a)	%	(b)	%	(a/b)	(c)	%	(a/c)
Land and buildings	328,318	4.7	408,615	6.8	-19.7	340,062	5.3	-3.5
Investments in Group undertakings and other participating interests								
-Stocks and shares	2,098,738	29.8	1,810,304	29.9	15.9	1,878,305	29.0	11.7
-Debt securities	30,658	0.4	26,978	0.4	13.6	31,721	0.5	-3.4
-Corporate financing	2,114	0.0	6,525	0.1	-67.6	1,253	0.0	68.7
Total	2,131,509	30.3	1,843,807	30.5	15.6	1,911,279	29.5	11.5
Other financial investments								
-Stocks and shares	250,717	3.6	185,166	3.1	35.4	183,954	2.8	36.3
-Units and shares in investment funds	103,549	1.5	124,224	2.1	-16.6	111,076	1.7	-6.8
-Bonds and other fixed-income securities	3,096,020	43.9	2,654,688	43.9	16.6	2,431,902	37.6	27.3
-Financing	55,787	0.8	53,890	0.9	3.5	55,567	0.9	0.4
-Sundry financial investments (1)	319,300	4.5	172,024	2.8	85.6	502,685	7.8	-36.5
Total	3,825,374	54.3	3,189,992	52.7	19.9	3,285,185	50.7	16.4
Deposits with ceding undertakings	25,188	0.4	23,653	0.4	6.5	25,701	0.4	-2.0
Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management								
-Investment funds and market indices	506,688	7.2	421,287	7.0	20.3	450,500	7.0	12.5
-Pension funds	54,249	0.8	37,055	0.6	46.4	43,481	0.7	24.8
Total	560,937	8.0	458,342	7.6	22.4	493,982	7.6	13.6
Other assets								
-Bank and postal deposits, cash	174,084	2.5	126,420	2.1	37.7	410,771	6.3	-57.6
-Company's own shares	0	0.0	0	0.0		7,313	0.1	-100.0
Total	174,084	2.5	126,420	2.1	37.7	418,084	6.5	-58.4
TOTAL INVESTMENTS AND LIQUID ASSETS	7,045,411	100.0	6,050,831	100.0	16.4	6,474,293	100.0	8.8

(1) Including repo securities and premiums for derivative operations.

Land and buildings

The Company's assets in land and buildings as at 30 June 2003 amounted to €328.3m, a net decrease compared with the position as at 31 December 2002 of 3.5%. Disposals made during the period, for a total book value of €10.8m, provided capital gains of €0.5m. Also ascribable to the first half-year are promises to sell with a book value of €5.6m, €4.1m of which relate to residential property, including

sales of various premises in Rome, Bologna, Milan and Livorno still under negotiation and €1.5m for office units or buildings.

Investments in Group undertakings and other participating interests

As at 30 June 2003 participating interests had risen from €1,878.3m to €2,098.7m, a net increase of €220.4m compared with 31 December 2002 (+11.7%).

The table below and Annex 1 show the list of shareholdings as at 30 June 2003.

Own shares and holding-company shares

During the first half-year all the 1,834,195 own shares in the portfolio as at 31 December 2002 were sold for a total amount of €7.5m, approximately in line with their book value.

No operations were carried out during the first half-year on shares in the holding company Finsoe spa and therefore as at 30 June 2003 there were no Finsoe shares in the portfolio.

The General Shareholders' Meeting passed no resolution in accordance with Article 2359/bis of the Civil Code relating to shares in the indirect holding company Holmo spa and consequently no operations were carried out.

LIST OF SHAREHOLDINGS AS AT 30 JUNE 2003 (€ thousand)

Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
ITALIAN SUBSIDIARIES					
BNL Vita S.p.A.	Insurance and reinsurance	110,000	50.00		140,353
Compangia Assicuratrice Linear S.p.A.	Insurance and reinsurance	16,000	80.00		17,546
Meieaurora S.p.A.	Insurance and reinsurance	190,777	84.61		623,223
Navale Assicurazioni S.p.A.	Insurance and reinsurance	10,500	98.22		47,562
Noricum Vita S.p.A.	Insurance and reinsurance	16,000	51.00		10,788
Quadrifoglio Vita S.p.A.	Insurance and reinsurance	24,200	50.00		19,400
Unisalute S.p.A.	Insurance and reinsurance	17,500	87.44		24,429
Grecale S.r.l.	Credit securitization	10		60.00	
Smallpart S.p.A.	Holding company	12,000	100.00		12,000
Midi S.r.l.	Property company	72,000	100.00		55,973
Unifimm S.r.l.	Property company	43,350	100.00		31,465
Unipol SGR S.p.A.	Financial intermediation	2,000	100.00		2,351
Unipol Banca S.p.A.	Bank	426,300	82.86	2.00	410,399
Unisalute Servizi S.r.l.	Healthcare services	52		100.00	
Uniservice S.p.A.	Data transmission services	104		99.00	
Unieuropa S.r.l.	Market analysis and research	510		98.00	
TOTAL ITALIAN SUBSIDIARIES					1,395,488
FOREIGN SUBSIDIARIES					
Unipol Fondi Ltd	Unit trust management	125		100.00	
ITALIAN ASSOCIATED UNDERTAKINGS					
Hotel Villaggio Città del Mare S.p.A.	Tourism/hotels	4,000	49.00		1,985

Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
ITALIAN AFFILIATED UNDERTAKINGS					
Assicoop Genova S.p.A. - in liquidation	Insurance agency	260	49.00		61
Unipol Merchant S.p.A.	Merchant bank	70,312	42.54	5.32	29,891
Finec Holding S.p.A.	Holding company	128,730	37.44		48,292
TOTAL ITALIAN AFFILIATED UNDERTAKINGS					78,244
FOREIGN AFFILIATED UNDERTAKINGS					
Euresa Holding S.a.	Holding company	12,558	24.05		2,086
OTHER SHAREHOLDINGS					
Bios S.p.A.	Holding company	143,000	7.31	2.41	30,953
Hopa S.p.A.	Holding company	709,800	6.71		244,488
P & V Holding S.a.	Holding company	345,050	2.39		8,241
Banca Monte dei Paschi di Siena S.p.A.	Bank	1,935,273	1.98		235,838
Sanpaolo Imi S.p.A.	Bank	5,144,065	0.48		92,065
Other Italian shareholdings					3,041
Other foreign shareholdings					6,307
TOTAL OTHER SHAREHOLDINGS					620,934
GRAND TOTAL					2,098,738

Other financial investments

Operations relating to asset management continued, as in the previous financial year, in actions aimed at giving preference to keeping a substantial proportion of investments in cash and not taking on any major commitments in equities, partly because of the continuing volatility in share dealings and because of uncertainties relating to the upturn in the economy in Europe and the rest of the world.

In order to pursue the specific objectives relating to annual performance, advantage was taken of the opportunities offered by the volatility in interest rates during the period by operating in State securities, thus improving the yield on risk-free cash investments. This policy enabled a satisfactory performance in bonds to be achieved without altering the risk profile of the investments.

As at 30 June 2003 the item 'Other financial investments' amounted to €3,825.4m (€3,285.2m as at 31/12/2002, +16.4%).

Comparison of the information at the end of 2002 and at the end of the half-year shows an increase in bond investments, which rose from €2,431.9m to €3,096m (+€664.1m) and in share investments, which rose from €184m to €250.7m, (+€66.8m). On the other hand there

was a drop in sundry financial investments, which fell from €502.7m to €319.3m (-€183.4m). In particular there was a drop in operations on repo contracts, the countervalue of which as at 30 June 2003 amounted to €299.5m whilst at the end of 2002 it had been €482.7m (-€183.3m).

It can be noted that fixed-income securities amounted to 57.3% of the bond portfolio whilst variable-coupon securities accounted for the remaining 42.7%. Considering operations with derivative financial products, through which the earning profile of some securities was modified (from fixed income to variable income and vice versa), the composition of the bond portfolio was 52% fixed coupon and 48% variable coupon (46.3% and 53.7% respectively as at 31/12/2002). Turning to the breakdown between Government bonds and debt securities, a decrease in the incidence of debt securities can be noted, compared with 31 December 2002, from 76.7% to 62.3%, whilst Government bonds rose from 23.3% to 37.7%.

As regards the risk deriving from the choice of issuing bodies, it can be seen that almost the entire portfolio of the Company was made up of bonds issued by Sovereign States and by banks and of a smaller number of corporate bonds with minimum investment-grade rating (up to BBB).

As regards the breakdown of the bond portfolio among the various foreign currencies, securities from the Eurozone accounted for 97.9% of the entire portfolio whilst non-Euro securities (dollars and Swedish krone) accounted for the remaining 2.1%. Where a bond investment is expressed in a non-Eurozone currency, the foreign exchange risk is hedged.

The total amount invested in other diversified activities at the end of June 2003 amounted to €458.5m (€397.8m at the end of 2002), €95.3m of which was for Non-Life business and €363.2m for Life business, and included the following types of investment: collateralized bond obligations (CBOs), collateralized loan obligations (CLOs), reverse convertible bonds, index-linked bonds, funds of funds and subordinated bonds (these last for a total countervalue of €316m).

At the end of the first half-year the duration on the fixed-rate portfolio was 7.5 years (6.1 years in 2002).

The overall duration (both of the fixed-income and of the variable-income portfolio) was 4.4 years (4.2 in 2002).

Overall duration on the bond portfolio allocated to segregated Life accounts (with the exception of those bonds the yield of which is tied to Stock-Exchange indices or individual stock indices, securities tied to the return from investment funds and CBO/CLOs) came to 4.5 years, whilst that allocated to Non-Life insurance business and Life assurance business was 6 years, which comes down to 3.6 years if account is taken of repo contracts and liquid assets.

The average duration of the portfolio for the first half-year was 10.4 years compared with 9.8 years in 2002.

As at 30 June 2003 there was a positive balance on the debt securities' portfolio between unrealized capital gains and losses of €37.6m (€1.3m at the end of 2002), made up of net capital gains on debt securities of €45.6m and of net capital losses on derivatives linked to these debt securities of €8m.

This situation came about as a result of the fall in rates.

There were unrealized net capital losses on investments in 'stocks and shares in investment funds' of €23.9m (€23.4m as at 31/12/2002), deriving almost entirely from stocks in credit institutions classified as long-term investments.

Investments for the benefit of policyholders who bear the risk thereof, and investments arising out of pension fund management

The total amount of these investments as at 30 June 2003 was €560.9m, an increase of 13.6% compared with 31 December 2002, €506.7m of which consisted of investments relating to Index-Linked and Unit-Linked policies and €54.2m of investments arising from pension fund management. These investments are assessed at their current market value, strictly correlated with the valuation of matching liabilities.

The amount of €506.7m is made up as follows:

Assets matching index-linked policies	
-bonds	66.5
-bank deposits	10.6
-sundry financial investments	0.5
-Total	77.6
Assets matching unit-linked policies	
-units and shares in investment funds	393.8
-bonds	34.2
-cash and items to be settled	1.0
-Total	429.1
	506.7

Investments arising out of pension fund management refer to investments against subscription to open-end pension funds promoted by Unipol and against closed-end pension funds with guarantee managed by the Company.

The amount of these investments as at 30 June 2003 was €54.2m, made up as follows:

Stocks and shares	7.3
Debt securities	33.9
Units and shares in investment funds	9.1
Cash and items to be settled	3.9
	54.2

CURRENT INVESTMENT INCOME							
CAPITAL GAINS AND LOSSES FROM TRADING							
<i>(€ thousand)</i>							
	30/06/03	comp.	30/06/02	comp.	var. %	31-Dec	comp.
	(a)	%	(b)	%	(a/b)	2002	%
NET INVESTMENT INCOME							
Land and buildings	3,780	2.3	4,193	2.9	-9.9	8,586	3.9
Stocks and shares	95,250	57.5	78,489	54.3	21.4	83,963	38.2
Debt securities	64,311	38.8	70,326	48.7	-8.6	138,543	63.0
Units and shares in investment funds	0	0.0	0	0.0		0	0.0
Financing	1,298	0.8	1,364	0.9	-4.8	2,751	1.3
Bank and postal deposits	7,493	4.5	6,044	4.2	24.0	13,764	6.3
Sundry financial investments	4,164	2.5	-1,788	-1.2	-332.9	-1,419	-0.6
Balance on reinsurance deposits	-77	0.0	-766	-0.5	-90.0	-2,051	-0.9
Interest on debenture and subordinated loans	-10,593	-6.4	-13,337	-9.2	-20.6	-24,118	-11.0
Total (a)	165,626	100.0	144,525	100.0	14.6	220,019	100.0
Capital gains (losses)							
Land and buildings	546	1.6	7,520	39.7	-92.7	10,125	24.3
Stocks and shares	199	0.6	6,260	33.1	-96.8	6,435	15.4
Debt securities	27,688	79.9	4,568	24.1	506.1	20,886	50.1
Sundry financial investments	6,225	18.0	592	3.1	952.5	4,230	10.1
Total (b)	34,658	100.0	18,940	100.0	83.0	41,675	100.0
Total (a+b)	200,284		163,465		22.5	261,694	
Net value adjustments on investments							
Land and buildings	-2,758	49.6	-2,822	6.1	-2.3	-5,516	8.6
Stocks and shares	-1,691	30.4	-27,506	59.2	-93.9	-38,104	59.1
Debt securities	-3,325	59.8	-10,652	22.9	-68.8	-8,053	12.5
Other financial investments	2,218	-39.9	-5,501	11.8	-140.3	-12,778	19.8
Total (c)	-5,556	100.0	-46,481	100.0	-88.0	-64,451	100.0
TOTAL (a-b+c)	194,728		116,984		66.5	197,243	
Net income from Class D investments							
-Investment funds and market indices	16,323		-16,003		-202.0	-18,946	
-Pension funds	1,181		-1,172		-200.7	-1,619	
Total Class D	17,504		-17,176		-201.9	-20,565	
GRAND TOTAL	212,232		99,808		112.6	176,678	

Investment income

Capital gains and losses from trading

Details of investment income and capital gains and losses from trading are shown in the table above, with the net income from investments for the benefit of policyholders who bear the risk thereof and arising out of pension-fund management (Class D) shown separately.

Income from investments and from cash investments, net of investment charges, amounted to €165.6m (+14.6% compared with 30/6/2002).

Net capital gains realized totalled €34.7m

(€18.9m at the end of the previous half-year), €4.7m of which were for long-term investments. The contribution of bonds in particular amounted to €27.7m (€4.6m as at 30/6/2002).

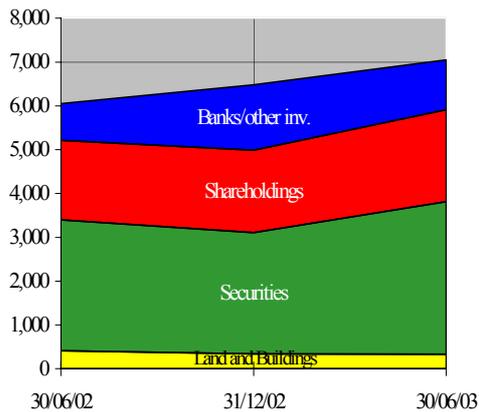
Overall, net investment income and capital gains therefore totalled €200.3m as at 30 June 2003 (compared with €163.5m as at 30/6/2002). The net return on assets invested averaged 6.4% compared with 5.8% as at 30 June 2002.

Net value adjustments on investments (including depreciation) decreased from €-46.5m as at 30 June 2002 to €-5.6m as at 30 June 2003 as a result of a slight upturn in the financial markets.

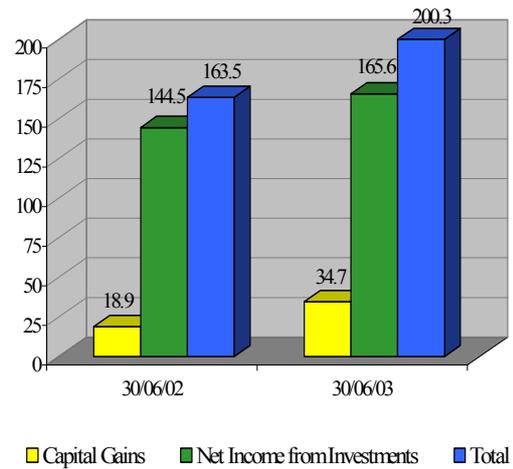
Overall, net ordinary and extraordinary income for the half-year period, including value adjustments on investments, totalled €194.7m, compared with €117m in the first six months of 2002 (+66.5%).

Investments for the benefit of policyholders who bear the risk thereof and investments arising out of pension fund management (Class D) recorded a positive net result of €17.5m (-€17.2m as at 30/6/2002).

Investments (€million)



Investment Income (€million)



Transactions with Group undertakings and related parties

With reference to Consob communications 97001574 of 20 February 1997 and 98015375 of 27 February 1998 concerning information pertaining to transactions with related parties, and in accordance with Isvap decision 1207-G of 6 July 1999, it is hereby pointed out that Unipol has normal relations of coordination with the other companies within the Group as well as of:

- reinsurance and coinsurance with subsidiaries that carry out insurance activities;
- building and company rental (holiday village);
- agency mandates;
- financial loans;
- supply of staff and provision of management and claims-settlement services;
- leasing IT systems;
- asset management and subscription to units or shares in investment funds;
- current-account banking services;
- internal auditing services (Isvap Circular 366/D/1999).

These business relations, which do not include any atypical or unusual operations, are governed by normal market conditions, with the exception of supply of staff and the provision of services which are invoiced on the basis of actual cost.

The terms of current contracts with corporate agencies are substantially the same as those for the whole network of agencies.

In addition these services enable the undertakings concerned to operate more rationally and to provide better levels of service.

The amount and nature of assets, liabilities, guarantees and other memorandum accounts pertaining to the major relationships with Group undertakings are detailed in the comment on the Balance Sheet.

Furthermore, during the first half of 2003 the following operations were carried out with Group undertakings in the interests of the Company and in conformity with Article 15 of Law 20 of 9 January 1991:

- Purchase, by the holding company Finsoe

spa, of 7,642,016 shares in Unipol Banca spa, corresponding to 1.79% of the share capital, for a total of €12m;

- Sale to the subsidiary Smallpart spa of the entire holding in Assicoop Ferrara spa, Unieuropa srl, Cooptecnital scarl and Autonomia scarl, at their respective book prices, for a total of €0.6m;
- Purchase, by the subsidiary Finec Holding spa, of 850,000 shares in Unifimm srl, corresponding to 1% of the share capital, for a total of €0.3m.

Significant events after 30 June 2003 and business outlook

The operation to increase the share capital resolved by Unipol Assicurazioni's Board of Directors on 21 June was carried out between 14 July and 1 August. By the date the period for exercising the option right expired 243,247,056 new ordinary shares and 142,037,688 new preference shares had been subscribed, that is 96.21% and 98.47% respectively of those offered and 97.03% of the total.

The rights relating to the 9,582,768 new ordinary shares and 2,203,929 new preference shares not subscribed were offered on the Stock Exchange (in accordance with Article 2441 (3) of the Civil Code) on 25, 26, 27, 28 and 29 August 2003. At the conclusion of the offer all the preference shares and 4,548,024 ordinary shares had been subscribed. The remaining rights not exercised after being offered on the Stock Exchange were subscribed by the underwriting syndicate. Thus the operation to increase the capital was concluded successfully, with total revenue of €1,054.3m.

The stock-exchange capitalization of Unipol shares as at 11 September 2003 amounted to €2,443m.

It should also be noted that Unipol shares are to be quoted on the Dow Jones Stoxx 600, which includes the top 600 European countries for floating capitalization.

The subordinated callable notes for a face value of €300m (with a fixed annual rate of 5.66% for the first 10 years and a variable rate thereafter), the issue of which was resolved on 21 June 2003, was fully subscribed on 28 July and was quoted

on the Luxembourg Stock Exchange for the first time on 1 August.

Finally, amongst significant events occurring after the end of the half year, the following operations should be noted:

- On 2 July 2003 Unipol Assicurazioni reached an agreement to sell its entire holding (51%) in Noricum Vita to the Sanpaolo IMI Group for a total of €40.3m;
- On 18 July the capital increase of Finec Holding spa from €128.7m to €153.7m was subscribed. 9,359,333 shares were subscribed, for a total countervalue of €9.4m;
- On 22 July a payment of €5m was made to the subsidiary Navale Assicurazioni spa for a future increase in share capital.

The trend in premium income was in line with

the trend in the first half of the year in both Non-Life and Life business. The latter in particular continued to be characterized by substantial income from capital redemption policies. On the whole the technical trend in Non-Life business continued to be as positive as in the first half of the year despite recording the occurrence in July of a particularly large fire claim, the financial impact of which on the Company's accounts will, however, be minor since it is covered by reinsurance.

The trend in acquisition and management costs was normal, and the same was true for investment income which, however, was affected by the uncertainties about the upturn in the American and European economies.

In the absence of future extraordinary or abnormal events, profit expectations for the current financial year are very positive.

Accounting Criteria

The accounting criteria used in drawing up the half-year figures are the same as those used in drawing up the previous annual accounts.

However when calculating half-year figures greater use is made of statistical methods, particularly for quantifying the claims that have been made and not yet settled and in assessing additional agency commissions ('rappels').

Claims outstanding at the end of the first part of the current year were valued on the basis of up-to-date analytical data ('ongoing provision') and appropriate technically-prudential estimates. Motor T.P.L. claims reported in the first six months of 2003 are an exception and were calculated using the criterion of average cost for groups of similar claims (material damage and personal injury).

The amounts set aside for claims incurred but not reported were estimated on the basis of experience gained regarding claims reported late to the Company and how they developed over time.

With regard to inward reinsurance and associated retrocessions, the half-year accounts, like those in the six-month report to 30 June 2002, include the results reported by ceding undertakings for the previous financial year received by July, whilst the results for inward reinsurance from subsidiaries reflect the trend recorded in the first part of the current year.

Exchange rates used

The exchange rates applied for converting the main currencies into Euro are as follows:

Currencies	30/06/03	30/06/02	31/12/02
US Dollar	1.1427	0.9975	1.0487
Pound Sterling	0.6932	0.6498	0.6505
Swiss Franc	1.5544	1.4721	1.4524
Canadian Dollar	1.5506	1.5005	1.6550
Swedish Krone	9.2488	9.1015	9.1528

Information on the Balance Sheet

The amount and the type of assets, liabilities, guarantees, commitments and other memorandum accounts relating to transactions with Group undertakings and other participating interests are set out in the following table. In particular receivables and other assets relate mainly to bank deposits with the subsidiary Unipol Banca, whilst the other memorandum accounts are made up of securities deposited with companies in the Group:

Information on relations with Group undertakings and other participating interests						
<i>(€ thousand)</i>						
	Holding companies	Subsidiaries	Associated undertakings	Affiliated undertakings	Other undertakings	Total
I: Assets						
Stocks and shares		1,395,488	1,985	80,330	620,934	2,098,737
Debt securities					30,658	30,658
Corporate financing		2,114				2,114
Deposits with ceding undertakings		1,255			773	2,029
Investments relating to unit-linked and index-linked benefits		711				711
Investments arising out of pension fund management					430	430
Debtors and other assets	7	76,183	203	1	6,542	82,936
Total	7	1,475,751	2,188	80,331	659,337	2,217,615
of which subordinated assets						
II: Liabilities						
Other creditors and other liabilities	2	17,073	4	18	1,175	18,271
Total	2	17,073	4	18	1,175	18,271
III: Guarantees, commitments and other memorandum accounts						
Guarantees received or issued by third parties in favour of the Company		9,357				9,357
Commitments		15,400				15,400
Other memorandum accounts		3,819,764	314	17,032	265,697	4,102,806
Total		3,844,520	314	17,032	265,697	4,127,563

Balance Sheet – Assets

C – Investments

C.I – Land and buildings

As at 30 June 2003 the Company's direct property assets, net of depreciation, amounted to €328.3m, a net decrease of €11.7m compared with 31 December 2002 (-3.5%).

There were disposals of €10.8m, which were for parts of ten residential buildings (€7.1m) and three buildings or parts of buildings used as offices (€3.7m), including the building in Milan – Viale Ortles (€3.2m).

Net capital gains totalled €0.5m.

No advance payments for purchases were recorded as at 30 June, whilst advances received for sales amounted to €0.8m.

The movements that took place during the half-year are summarized in the following table:

Gross value of buildings as at 31/12/2002	377,408
Additions/improvements as part of extraordinary maintenance	1,774
Disposals	(10,760)
Gross value of buildings as at 30/6/2003	368,422
Depreciation fund for the previous fin. year	(37,346)
Depreciation charge - 1 st half 2003	(2,758)
Depreciation fund as at 30/6/2003	(40,104)
Net value of buildings as at 30/6/2003	328,318

C.II – Investments in Group undertakings and other participating interests

The total amount of investments in Group undertakings and other participating interests as at 30 June 2003 was €2,131.5m, an increase of €220.2m compared with 31 December 2002 (+11.5%).

As at 30 June 2003 Italian and foreign holdings, all classified as long-term assets, amounted to €2,098.7m (item C.II.1), an increase of €220.4m (+11.7%) compared with the total as at 31 December 2002.

The main transactions carried out and the events that occurred during the half-year period related to:

- **Unipol Banca spa**

Subscription of the increase in the subsidiary's share capital from €284.2 to €426.3m, resolved in order to finance the acquisition of the Capitalia outlets and in order to have the resources required to purchase 51% of Unipol Merchant.

115,203,875 shares were subscribed (5,953 of which were not exercised) for a total countervalue of €149.8m (€34.6m of which was the price above par).

Purchase of 7,642,016 more shares, corresponding to 1.79% of the share capital, for a total of €12m.

The holding in the company thus rose to 82.86%.

- **Quadrifoglio Vita spa**

Subscription of the increase in the subsidiary's share capital from €22.5m to €24.2m.

850,000 shares were subscribed for a total countervalue of €5.1m (€4.25m of which was the price above par).

- **Unifimm srl**

Purchase of 850,000 shares, corresponding to 1% of the share capital, for a total of €314.6K.

The holding in the company thus rose to 100%.

- **Hotel Villaggio CDM spa**

Subscription of the increase in the associated

company's share capital to €4m, with payment of €310K.

- **Hopa spa**

Purchase of 13,650,000 shares, corresponding to 1% of the share capital, for a total countervalue of €35.3m. The holding in the company thus rose to 6.71%.

- **Banca Monte dei Paschi di Siena spa**

Purchase during the half year of 8,246,046 shares, for a total countervalue of €22m.

As regards divestments, it should be noted that 1,943,000 shares in the affiliated company Finec Holding were sold at a total price of €1.9m. The holding in the company thus fell to 37.44%.

The shares held in Assicoop Ferrara spa, Unieuropa srl, Cooptecnital scarl and Autonomia scarl were also sold to the subsidiary Smallpart spa at their respective book values for a total of €0.6m.

Finally it should be noted that the share capital of Euresa Holding Sa was reduced from €14.4 to €12.6m following the withdrawal of two partners. As a result of this operation the holding in the company rose to 24.05%.

Value adjustments of €1.9m were made to holdings during the half-year, all of them in Fincooper Scrl in liquidation.

Debt securities issued by other participating interests (item C.II.2.) amounted to €30.7m (€31.7m as at 31/12/2002), €30m of which were classified as short-term investments.

As at 30 June 2003 financing to subsidiaries (item C.II.3.) totalled €2.1m (€1.3m as at 31/12/2002).

A list of undertakings in which participating interests are held showing the book value for the half-year period and the share held, directly and indirectly, is set out in Annex 1.

The amount and the nature of the increases and decreases in the investments in Group undertakings and other participating interests, subdivided into stocks and shares on the one hand and bonds and loans on the other, are set out in Annex 2.

C.III – Other financial investments

The total amount of other financial investments as at 30 June 2003 was €3,825.4m, an increase of €540.2m compared with 31 December 2002 (+16.4%).

Item C.III.1 – Stocks and shares showed a balance of €250.7m, an increase of €66.8m compared with 31 December 2002.

Item C.III.3 – Bonds and other fixed-income securities showed a balance of €3,096m (+27.3% compared with 31/12/2002), 98.1% of which was in quoted securities.

In the period under consideration there were purchases valued at €3,787m, sales valued at €3,130m and transfers from Class D valued at €0.7m. The value of the portfolio also included €10.3m relating to capital write-ups, net issue and trading spreads during the period, the alignment to market values of freely-traded securities (€4m) and value readjustments on securities written down in previous financial years (€0.8m).

Item C.III.5, relating to other financial investments, amounted to €319.3m (-36.5% compared with 31/12/2002) and was made up as follows:

- €299.5m of repo contracts;
- €19.8m corresponding to the premiums paid for contracts on derivative instruments (cap and floor interest rate options, swap options and call options purchased).

The breakdown of the other financial investments into long-term and short-term (items C.III.1, 2, 3 and 5) is set out in Annex 3.

As regards the classification of the securities portfolio and in particular the operations relating to long-term investments (regarding which we refer to ISVAP rulings contained in Instruction 893 G dated 18 June 1998 and in Circular 475/D dated 27 February 2002) carried out during the first half of 2003, it should be noted that on 18 July 2003 the Board was provided with full information as it had instructed.

On 16 July 1999, in order to guarantee the conservation of freely-negotiable investments, the Board established a maximum limit for long-term investments of 60% of the total of the Company's investments. This total includes both equity and debt securities but excludes investments deemed to be strategic, all investments within Class D (Lines III and VI) and those covering defined-benefit policies.

Total investments as at 30 June 2003, calculated as set out above, were made up as follows (in millions of €):

Stocks and shares	250.7
Units and shares in investment funds	103.5
Bonds and other fixed-income securities	2,860.2
Securities - repurchase agreements	299.5
Total	3,513.9

Total long-term investments as at 30 June 2003, amounting to €1,134.8m, made up 32.3% of the Company's total financial investments.

E – Debtors

The balance of the debtors set out in item E, totalling €508m, showed a net increase of €121.7m compared with the balance as at 31 December 2002 (+31.5%) and was made up as follows:

- debtors arising out of direct insurance operations totalling €266.8m (+€3.8m compared with 31/12/2002);
- debtors arising out of reinsurance operations totalling €26.4m (-€12.2m compared with 31/12/2002);
- other debtors of €214.8m (+€130.1m compared with 31/12/2002), mainly made up of the advance payment made for the acquisition, which was still being finalized, of the companies in the Winterthur Italia Group (€90m), by receivables from the Treasury for substitute tax on the mathematical provision introduced by Decree Law 209 of 25 September 2002 (€13.9m), of the tax credit on dividends (€34.4m), of receivables from customers and for property sales (€38m), and of advance payments made for tax on income for 2003 (€19.5m).

Item E.I – Debtors arising out of direct insurance operations, which amounted to €266.8m, consisted of receivables from policyholders of €109.9m (€89.8m Non-Life and €20m Life), receivables from insurance intermediaries of €108.8m (€91.8m Non-Life and €17m Life), receivables from insurance companies of €27.6m and receivables from policyholders and third parties out of sums to be recovered of €20.6m.

Amounts receivable from policyholders recorded in the accounts as at 31 December 2002 amounted to €160.4m (€142.4m for Non-Life and €17.9m for Life). Corresponding receipts during the first six months of 2003 amounted to €146.4m (€138m for Non-Life and €8.4m for Life).

The balance on debtors as at 30 June 2003, shown net of overall write-downs, amounted to €3.5m (€3.3m for Non-Life).

F – Other assets

This item showed a total balance of €328.7m, a net decrease of €154.5m compared with 31 December 2002 (-32%) mainly accounted for by the decrease in liquid assets (-€236.7m).

'Other assets' (item F.IV) showed a balance of €141m (+€82.6m compared with 31/12/2002) and consisted mainly of the balance on the deferred reinsurance accounts of €2m (-€8.4m compared with 31/12/2002), the balance on the internal liaison account between Life and Non-Life business, which amounted to €100.2m in favour of Life business (€18.8m as at 31/12/2002 in favour of Life business), the contra of the valuations of and adjustments to operations in derivatives in existence as at 30 June 2003 amounting to €5.6m (€7.8m as at 31/12/2002) and deferred taxes to be received of €16.7m (€17.7m as at 31/12/2002).

Balance Sheet – Liabilities

A – Capital and reserves

Capital and reserves as at 30 June 2003, excluding the result for the period, amounted to €1,339.9m, an increase of €55.3m compared with 31 December 2002 owing to the increase in the free reserves as a result of the allocation

of the net profit for 2002 (€46.2m) and to the conversion of the warrants (€9.1m).

During the first half of 2003, in fact, bearers of the warrants attached to the shares and bonds issued in July 2000 continued to exercise the right to subscribe to new ordinary and preference shares (which will end on 20 June 2005).

As a result of these subscriptions the share capital rose by €3.1m compared with 31 December 2002.

As at 30 June 2003 the share capital amounted to €508,791,939 fully paid-up and consisted of 508,791,939 shares, each with a face value of €1, subdivided as follows:

- 323,901,818 ordinary shares, 60.29% of which were owned by the holding company, Finsoe spa;
- 184,890,121 preference shares.

B – Subordinated liabilities

This item amounts to €300m and is entirely composed of the face value of the subordinated callable notes issued by the Company at the end of May 2001.

This subordinated loan, which is listed on the Luxembourg Stock Exchange, is due after 20 years but can be redeemed at the option of the issuer from the tenth year.

The level of subordination is comparable with Tier II.

The 7% annual interest rate is fixed until the date the advance reimbursement clause is exercised, followed by a variable rate up until expiry. Interest accrued in the first half of 2002 amounted to €10.4m.

C/D – Technical provisions

As at 30 June 2003 the technical provisions in Non-Life insurance business amounted to €1,974.2m (+4.9% compared with 31/12/2002). The item 'sundry technical provisions' (item C.I.3), amounting to €1.1m, is made up as follows:

- the provision for bonuses and rebates, amounting to €0.7m;
- the provision for increasing age, amounting to €0.4m.

At the end of the period the technical provisions for Life business totalled €3,773.4m (+16.5% over 31/12/2002), €506.7m of which related to Index- and Unit-Linked policies – Line III – (€450.5m as at 31/12/2002) and €54.2m related to pension fund management (€43.5m as at 31/12/2002).

As at 30 June 2003 'sundry technical provisions' (Item C.II.3) amounted to €33.6m. This item relates almost entirely to sums set aside for operating expenses and is divided by lines of business as follows:

- Line I, €20.5m;
- Line III, €8.3m;
- Line V, €4.8m.

G – Creditors and other liabilities

As at 30 June 2003 creditors and other liabilities amounted to €365.6m, an increase of €140m compared with 31 December 2002 (+62.1%).

Item G.I – Creditors arising out of direct insurance operations, amounting to €17.3m, showed an increase of €2.3m compared with the balance as at 31 December 2002 and consisted of €3.6m of payables to insurance intermediaries, €2.8m of which related to Non-Life business and €0.8m to Life business, €9.2m of payables to insurance companies, €1.3m of payables to policyholders for deposits and premiums and €3.1m of payables to guarantee funds.

'Sundry creditors and borrowings' (item G.V) amounted to €92m, a net increase of €23.1m compared with 31 December 2002 (+33.6%).

This item includes:

- creditors with a lien on property of €3.1m which recorded a drop of €0.3m compared with the balance as at 31 December 2002 and relate almost entirely to a senior facilitated mortgage loan for renovating the tourism complex at Terrasini (Palermo), which matures in December 2007;
- sundry borrowings and other creditors amounting to €13.2m;
- policyholders' tax due of €38.3m;
- sundry taxes of €3.7m;

- loans to welfare and pensions bodies of €4.9m;
- sundry creditors amounting to €28.8m, including €12.3m payable to suppliers.

Item G.VII – Other liabilities rose from €101.6m as at 31 December 2002 to €211.7m as at 30 June 2003, a net increase of €110m (+108.3%).

This item mainly consisted of:

- taxes for the half-year of €56.6m (Irpeg and Irpeg);
- the amount of additional commissions ('rappels') of €17.3m;
- provisions for premiums currently being collected of €13.2m;
- deferred reinsurance accounts of €7.5m;
- the balance on the internal liaison account between Life and Non-Life business, a debit to Non-Life business of €100.2m, as already mentioned.

Guarantees, commitments and other memorandum accounts

As at 30 June 2003 memorandum accounts amounted to €12,580.8m (€8,131m as at 31/12/2002) and were made up as shown in the following table (in thousands of €).

Guarantees issued: surety bonds	2,057
Guarantees issued: collateral securities	982,355
Guarantees issued: other guarantees	8
Guarantees received: surety bonds	68,277
Guarantees received: collateral securities	19,171
Guarantees received: other guarantees	60
Guarantees issued by third parties in favour of the Company	1,246,502
Commitments	3,799,430
Third party assets held in deposit	2,018
Assets pertaining to pension funds managed on behalf of third parties	214,338
Securities deposited with third parties	6,239,245
Other memorandum accounts	7,378
Total	12,580,838

The 'Commitments' account is composed mainly of the underlying capital of the commitments on derivative operations being carried out at the end of the period.

Information on derivatives

In accordance with the instructions issued by ISVAP (Instruction 297 of 19/7/96) and following the policy guidelines laid down by the Company's Board of Directors on 13 December 1996, derivatives were used during the first half of 2003 purely to hedge the risk in the securities position and the exchange rate risk, or in order to optimize portfolio management, and were not used for purely speculative purposes.

This was achieved by using the derivatives specified in the Board decision and applied to securities included in the portfolio.

All the operations were carried out with banking or similar institutions of proven trustworthiness.

The positions of derivatives as at 30 June 2003 are shown in the following tables:

A. Derivative contracts involving forward capital swaps

The value attributed is made up of the settlement price for the contracts in thousands of Euro. For operations in other currencies the agreed forward exchange rate was used:

Type of transaction	No of transactions	Overall exposure
Currency resale agreements	7	105,683
Currency repurchase agreements	1	10,218
Sales of put options	2	141,622
Purchases/sales of call options	11	475,190
Cross currency swaps	1	11,572
Total	22	744,285

B. Derivative contracts not involving forward capital swaps

The value attributed consists of the face value of the underlying capital in thousands of Euro. The exchange rate on 30 June 2003 was used for operations in other currencies:

Type of transaction	No of transactions	Overall exposure
Purchases/sales of cap interest rates	10	450,823
Purchases/sales of floor interest rates	4	210,000
Asset swaps	4	151,563
Interest rate swaps	10	345,672
Purchases of swap options	2	250,000
Total	30	1,408,058

The above operations were carried out in Euro, US Dollars and Swedish Krone.

As regards the results achieved on derivative operations during the period concerned, the following should be noted:

- net premiums received on unexercised options amounted to €5,290K;
- net capital gains on trading linked to options sold/acquired on bond/share securities and exercised on maturity amounted to €2,473K;
- net income from operations to hedge the exchange risk was €672K and consisted entirely of swap points accrued on forward purchases/sales of US dollars;
- net charges from interest rate swap operations amounted to €1,270K;
- net charges from cap/floor options amounted to €243K;
- a premium of €780K was received as a result of the restructuring of an interest rate swap.

It should be noted that the overall return on the Company's investments (including value adjustments and income/charges from the use of derivatives) was 6.6% and that within the portfolio exchange rate risks are largely covered and rate risks are reduced.

* * *

The table below sets out the balances (in millions of €) of debtors and creditors, entered in items C and E under assets and in item G under liabilities, showing separately those due after 30 June of the following year for each category.

Item F in liabilities (Deposits received from reinsurers) relates to deposits established as guarantees with ceding undertakings in relation to reinsurance risks accepted, the movements of which (setting up and reimbursement) take place at annual or shorter intervals. The actual duration largely depends on the specific nature of the underlying insurance guarantees and the effective duration of the reinsurance agreements, the renewal of which is dealt with at the end of each year. These amounts are therefore to be considered due by 30 June of the following year.

ITEM C	Loans	Balance as at 30/6/2003	Amounts due after 30/6/2004
C.II.3	Corporate financing to Group undertakings and other participating interests	2,114	1,541
C.III.4	Other loans	55,787	44,604
	Total	57,901	46,145
ITEM E	Debtors		
E.I	Debtors arising out of direct insurance operations	266,785	39,093
E.II	Debtors arising out of reinsurance operations	26,397	-
E.III	Other debtors	214,807	17,527
	Total	507,989	56,620
ITEM G	Creditors		
G.I	Creditors arising out of direct insurance operations	17,268	-
G.II	Creditors arising out of reinsurance operations	19,316	-
G.V	Sundry borrowings and creditors	92,025	4,406
G.VII	Other liabilities	211,661	-
	Total	340,270	4,406

Information on the Profit and Loss Account

Further information, in addition to that previously set out in the 'Business Interim Report' section, is given below.

As at 30 June 2003 gross premiums written amounted to €1,327.6m (€673.2m for Non-Life and €654.5m for Life).

Premiums ceded in reinsurance amounted to €56.5m (€55.3m relating to Non-Life business and €1.2m to Life business).

The breakdown of premiums written per class of business is given in the first section of this report ('Business Interim Report').

At the end of the period the provision for unearned premiums for Non-Life business amounted to €471.5m (€0.8m of which was for unexpired risks) and, allowing for portfolio movements, showed an increase of €13.9m over 31 December 2002. (€0.9m was the variation in the reinsurers' share.)

The Non-Life business provision for outstanding claims, which amounted to €1,500.8m as at 30 June 2003, showed an increase, allowing for portfolio movements, of €78.9m compared with 31 December 2002 (a drop of €0.9m in the reinsurers' share).

With regard to Life business, the mathematical provisions and other technical provisions (including those in Class D) amounted to €3,758.9m, a net variation of €535.8m

compared with 31 December 2002. The provision for sums payable, amounting to €14.6m, showed a net drop of €0.2m.

Claims paid in Non-Life business amounted to €410.6m (the reinsurers' share totalling €26m). The variation in sums recovered, net of the reinsurers' share, amounted to €7.2m.

Sums paid in Life business amounted to €181.4m, €0.6m of which was the reinsurers' share.

The item 'other income', amounting to €31.1m, consists mainly of recovery of administrative expenses totalling €15.3m, interest receivable amounting to €8.4m and exchange differences of €4.3m.

The item 'other charges', amounting to €31.9m, consists of third-party charges of €13.6m, interest payable (mainly related to the subordinated callable notes) of €11.4m, exchange-rate differences of €3.8m, allocation to the provision for exchange-rate fluctuations of €0.5m and other losses and charges of €2.6m.

The table below shows investment income and charges (separately for land and buildings), investments in Group undertakings and other participating interests, and other financial investments as at 30 June 2003:

BREAKDOWN OF INVESTMENT INCOME AND CHARGES

(€ thousand)

	Non-Life business	Life business	Total
Investment income from land and buildings	7,319		7,319
Investment charges from land and buildings	6,181		6,181
Total (A)	1,139		1,139
Investment income from Group undertakings and other participating interests	49,484	34,803	84,287
Investment charges from Group undertakings and other participating interests	1,975	42	2,017
Total (B)	47,509	34,761	82,270
Income from other financial investments	22,573	100,761	123,334
Charges from other financial investments	3,158	13,119	16,277
Total (C)	19,414	87,642	107,057
TOTAL (A+B+C)	68,062	122,404	190,465

Class D investment income and charges, bank interest and interest on subordinated callable notes are not included.

Extraordinary income as at 30 June 2003 amounted to €6.1m (€0.5m of which related to capital gains on disposals of buildings, €4.3m to capital gains from trading in securities and shareholdings, €1.0m to amounts released from the provision for future charges and €0.3m to contingent profits).

Extraordinary charges showed a balance of €1.5m, consisting of charges related to several tax amnesties on direct taxes, VAT and Invim in accordance with Law 289/2002 (€1.0m), contingent losses (€0.3m) and sundry charges (€0.2m).

Other Information

Solvency margin

In view of the expected development of business, the solvency margin to be set up at the end of 2003 will amount to about €350m, €205m for Non-Life business and €145m for Life business. Both are amply covered by their respective elements.

Furthermore the relevant assets that make up the solvency margin provided for at Group level by Legislative Decree 239 of 17 April 2001 ('adjusted solvency') exceed the amount required, including the new acquisitions from the Winterthur Italia Group.

These assets belong to asset categories identified in the relevant Isvap Instructions.

Bologna, 12 September 2003

The Board of Directors

The Board of Statutory Auditors, having checked the accounts as required by law, made no remarks on the Report.

Assets matching technical provisions

As regards Non-Life provisions, the sum to be covered as at 30 June 2003 was €1,930,545K and the relative matching assets can be subdivided as follows:

Debt securities and similar securities	667,707
Mortgages and secured loans	17,087
Equities and similar securities	482,636
Land and buildings	391,897
Debtors and other assets	371,218
Total matching assets	1,930,545

As for Life provisions (excluding those referred to in Article 30 of Legislative Decree 174/95 and pension funds, which are matched by the assets in Class D on the balance sheet), the amount to be matched as at 30 June 2003 was €3,198,166K.

Matching assets can be broken down as follows:

Debt securities and similar securities	2,821,192
Equities and similar securities	324,660
Debtors and other assets	52,314
Total matching assets	3,198,166

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2003

(€ thousand)

No	Type	Listed or unlisted (2)	Type of business (3)	Name of company and registered office	Currency	Share capital		(6) NL/L	Value (5)		% holding held (7)	
						Amount (4)	No. of shares		Amount		Direct %	Indirect %
2	b	UL	1	Compagnia Assicuratrice Linear Spa - Bologna	EUR	16,000	16,000,000	NL	17,546	80.00	80.00	80.00
3	b	UL	1	Noricum Vita Spa - Bologna	EUR	16,000	16,000,000	L	10,788	51.00	51.00	51.00
4	b	UL	1	Quadrifoglio Vita Spa - Bologna	EUR	24,200	24,200,000	L	19,400	50.00	50.00	50.00
5	b	UL	1	Unisalute Spa - Bologna	EUR	17,500	17,500,000	NL	24,429	87.44	87.44	87.44
7	b	UL	2	Unipol SGR Spa - Bologna	EUR	2,000	2,000,000	L	2,351	100.00	100.00	100.00
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	426,300	426,300,000	NL	205,199	41.43	43.43	43.43
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	426,300	426,300,000	L	205,199	41.43	41.43	41.43
10	b	UL	4	Midi Srl - Bologna	EUR	72,000	72,000,000	NL	55,973	100.00	100.00	100.00
13	b	UL	4	Unifimm Srl - Bologna	EUR	43,350	85,000,000	NL	31,465	100.00	100.00	100.00
18	c	UL	9	Hotel Villaggio CDM Spa - Terrasini (PA)	EUR	4,000	4,000,000	NL	1,985	49.00	49.00	49.00
23	d	UL	2	Euresa Holding Sa - Lussemburgo	EUR	12,558	502,337	NL	2,086	24.05	24.05	24.05
24	d	UL	2	Unipol Merchant Spa - Bologna	EUR	70,312	70,312,005	L	14,945	21.27	21.27	21.27
24	d	UL	2	Unipol Merchant Spa - Bologna	EUR	70,312	70,312,005	NL	14,945	21.27	26.59	26.59
29	d	UL	9	Assicoop Genova Spa (in liquidazione) - Genova	EUR	260	260,000	L	31	24.50	24.50	24.50
29	d	UL	9	Assicoop Genova Spa (in liquidazione) - Genova	EUR	260	260,000	NL	31	24.50	24.50	24.50
36	e	UL	1	Acteldirect sa - Bruxelles (Belgio)	EUR	11,800	296,224	NL	63	0.34	0.34	0.34
37	e	UL	1	Atlantis Sa - Barcellona (Spagna)	EUR	15,025	303,542	NL	2,100	10.30	10.30	10.30
39	e	UL	1	Sagres Sa - Lisbona (Portogallo)	EUR	14,906	298,900	NL	234	3.66	3.66	3.66
41	e	UL	2	P & V Holding Sa - Bruxelles (Belgio)	EUR	345,050	13,918,488	NL	8,241	2.39	2.39	2.39
42	e	UL	1	Syneteristiki Insurance Sa - Atene (Grecia)	EUR	4,332	14,440,000	NL	1,045	16.39	16.39	16.39
43	e	UL	2	Artigianfin Spa (in liquidazione) - Roma	EUR	109	1,212,400	NL	37	19.01	19.01	19.01
44	e	UL	2	Sofigea Srl (in liquidazione) - Roma	EUR	47,665	93,460,000	NL		5.27	5.27	5.27

(*) Please indicate Group undertakings, as well as undertakings where participating interests are directly held, including through fiduciary companies or third persons

- (1) Type
a = Holding companies
b = Subsidiaries
c = Associated undertakings
d = Affiliated undertakings
e = Other undertakings
- (2) Please indicate L for securities listed in regulated markets and UL in all other cases
- (3) Type of business
1 = Insurance company
2 = Finance company
3 = Bank
4 = Property company
5 = Fiduciary company
6 = Manager or distributor for investment funds
7 = Consortium
8 = Industrial undertaking
9 = Other company or entity
- (4) Full amounts in original currency (thousand)
(5) Value indicated in the half-yearly report
(6) Please indicate:
NL if investments are allocated to Non-Life business (item C.II.1)
L if investments are allocated to Life business (item C.II.1)
L1 if investments are allocated to Life business (item D.1)
L2 if investments are allocated to Life business (item D.2)
Please give the same No. to shareholdings split between Life and Non-Life businesses
(7) Please indicate the total % held

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2003

(€ thousand)

No	Type	Listed or unlisted	Type of business	Name of company and registered office	Currency	Share capital		Value (5)			% holding held (7)		
						Amount (4)	No. of shares	(6)	Amount	Direct %	Indirect %	Total %	
45	e	UL	2	Sofincoop Spa - Genova	EUR	1,300	25,492	NL	3	0.23		0.23	
46	e	UL	2	The Co-operators Group Sa - Guelph (Canada)	CAD	27,797	277,966	NL	1,290	7.20		7.20	
48	e	UL	2	Union Capital Srl (in liquidazione) - Milano	EUR	100	100,000	NL	28	5.00		5.00	
50	e	UL	3	Banca di Bologna Scarl - Bologna	EUR	10,211	197,738	NL	50	0.48		0.48	
58	e	UL	7	Fincooper Scarl (in liquidazione) - Bologna	EUR	16,360		NL	197	1.20	0.18	1.38	
60	e	UL	9	Coop Libera Stampa Scarl - Roma	EUR	388		NL	1	0.27		0.27	
62	e	UL	9	Allnations Sa Ord - Ohio (USA)	USD	693	12,227	NL	1	0.18		0.18	
63	e	UL	9	Allnations Sa Priv - Ohio (USA)	USD	1,466		NL	44	3.41		3.41	
65	e	UL	9	Cestar Srl - Pero (MI)	EUR	2,040	4,000,000	NL	76	3.68		3.68	
66	e	UL	3	Banca Popolare Etica Scarl - Padova	EUR	11,270	218,234	NL	52	0.46		0.46	
68	e	UL	9	Fondazione CESAR - Bologna	EUR	258		NL	258	100.00		100.00	
70	e	UL	9	Infocoop Scarl - Roma	EUR	835		NL	22	2.63		2.63	
77	e	UL	9	UCI - Milano	EUR	510	1,000,000	NL	22	4.25		4.25	
79	e	UL	1	Atlantis Vida Sa - Barcellona (Spagna)	EUR	9,616	96,162	L	1,203	12.50		12.50	
81	e	UL	2	Hopa Spa - Brescia	EUR	709,800	1,365,000,000	NL	244,488	6.71		6.71	
84	e	UL	9	Consorzio R54A - Bologna	EUR	10		NL	3	30.56		30.56	
87	b	UL	1	Navale Assicurazioni Spa - Ferrara	EUR	10,500	10,500,000	NL	47,562	98.22		98.22	
89	b	UL	1	Meiteaurora Spa - Milano	EUR	190,777	381,554,018	NL	373,485	50.70		50.70	
89	b	UL	1	Meiteaurora Spa - Milano	EUR	190,777	381,554,018	L	249,737	33.90		33.90	
95	e	UL	7	Consorzio Energia Fiera District - Bologna	EUR	12	8	NL	2	12.50		12.50	
97	b	UL	1	BNL Vita Spa - Milano	EUR	110,000	22,000,000	L	56,141	20.00		20.00	
97	b	UL	1	BNL Vita Spa - Milano	EUR	110,000	22,000,000	NL	84,212	30.00		30.00	
104	e	UL	9	Previnet Spa - Mogliano V. (TV)	EUR	5,165	10,000	L	2,171	14.00		14.00	
105	e	UL	2	Partisagres SGPS Sa - Lisbona (Portogallo)	EUR	6,500	1,300,000	NL	328	4.87		4.87	
106	e	L	3	Banca Monte dei Paschi di Siena Spa - Siena	EUR	1,935,273	3,023,863,800	L	134,056	0.94		0.94	
106	e	L	3	Banca Monte dei Paschi di Siena Spa - Siena	EUR	1,935,273	3,023,863,800	NL	101,782	1.04		1.04	
107	e	UL	9	Inarcheck Spa - Milano	EUR	780	7,800	NL	120	15.38		15.38	
108	e	UL	9	Bios Spa - Milano	EUR	143,000	143,000,000	NL	30,953	7.31	2.41	9.72	
109	e	L	3	Sanpaolo Imi Spa - Torino	EUR	5,144,065	1,837,166,000	L	33,208	0.17		0.17	
109	e	L	3	Sanpaolo Imi Spa - Torino	EUR	5,144,065	1,837,166,000	NL	58,857	0.31		0.31	
109	e	L	3	Sanpaolo Imi Spa - Torino	EUR	5,144,065	1,837,166,000	L2	41				

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2003

(€ thousand)

No	Type (1)	Listed or unlisted (2)	Type of business (3)	Name of company and registered office	Currency	Share capital		Value (5)		% holding held (7)		
						Amount (4)	No. of shares	(6) NL/L	Amount	Direct %	Indirect %	Total %
110	d	UL	2	Finec Holding Spa - Bologna	EUR	128,730	128,729,994	NL	24,146	18.72		18.72
110	d	UL	2	Finec Holding Spa - Bologna	EUR	128,730	128,729,994	L	24,146	18.72		18.72
111	b	UL	2	Smallpart Spa - Bologna	EUR	12,000	12,000,000	NL	6,000	50.00		50.00
111	b	UL	2	Smallpart Spa - Bologna	EUR	12,000	12,000,000	L	6,000	50.00		50.00

**Changes in investments in Group undertakings and participating interests:
stocks and shares (item C.II.1), debt securities (item C.II.2) and corporate financing (item C.II.3)**

These data refer to the first six months of 2003

(€ thousand)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	1,225,779 ²¹	5,604 ⁴¹	1,253
Increases in the period	+ 2	116,913 ²²	0 ⁴²	3,093
through: purchase, subscription or financing ...	3	116,831 ²³	0 ⁴³	3,093
value re-adjustments	4	0 ²⁴	0 ⁴⁴	0
write-ups.....	5	1		
other changes	6	81 ²⁶	0 ⁴⁶	0
Decreases in the period:	- 7	3,332 ²⁷	62 ⁴⁷	2,232
through: sale or redemption	8	1,478 ²⁸	12 ⁴⁸	2,232
write-downs	9	1,850 ²⁹	50 ⁴⁹	0
other changes	10	4 ³⁰	0 ⁵⁰	0
Total	11	1,339,360³¹	5,542⁵¹	2,114
Market value	12	1,636,075 ³²	5,638 ⁵²	0
Total write-ups	13	262		
Total write-downs	14	23,502 ³⁴	50 ⁵⁴	0

(*) NL = table relating to Non-Life business

L = table relating to Life business

**Changes in investments in Group undertakings and participating interests:
stocks and shares (item C.II.1), debt securities (item C.II.2) and corporate financing (item C.II.3)**

These data refer to the first six months of 2003

(€ thousand)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	652,527 ²¹	26,117 ⁴¹	0
Increases in the period	+ 2	107,934 ²²	0 ⁴²	0
through: purchase, subscription or financing ...	3	107,934 ²³	0 ⁴³	0
value re-adjustments	4	0 ²⁴	0 ⁴⁴	0
write-ups.....	5	0		
other changes	6	0 ²⁶	0 ⁴⁶	0
Decreases in the period:	- 7	1,084 ²⁷	1,001 ⁴⁷	0
through: sale or redemption	8	1,084 ²⁸	1,001 ⁴⁸	0
write-downs	9	0 ²⁹	0 ⁴⁹	0
other changes	10	0 ³⁰	0 ⁵⁰	0
Total	11	759,377³¹	25,116⁵¹	0
Market value	12	1,003,723 ³²	25,738 ⁵²	0
Total write-ups	13	0		
Total write-downs	14	1,311 ³⁴	0 ⁵⁴	0

(*) NL = table relating to Non-Life business

L = table relating to Life business

Breakdown of other financial investments into: stocks and shares in undertakings, units and shares in investment funds, bonds and other fixed-income securities, sundry financial investments (items C.III.1, 2, 3, 5) (*)

These data refer to the first six months of 2003

I - Non-Life business

(€ thousand)

	Long-term portfolio		Short-term portfolio		Total							
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value						
1. Stocks and shares in undertakings:	1	182,581	13	165,154	25	5,859	37	5,965	49	188,440	61	171,119
a) listed stocks	2	182,581	14	165,154	26	5,859	38	5,965	50	188,440	62	171,119
b) unlisted stocks	3	0	15	0	27	0	39	0	51	0	63	0
c) shares	4	0	16	0	28	0	40	0	52	0	64	0
2. Units and shares in investment funds	5	3,326	17	2,273	29	44,131	41	44,359	53	47,457	65	46,632
3. Bonds and other fixed-income securities	6	128,355	18	131,806	30	366,464	42	370,747	54	494,819	66	502,553
a1) listed Government bonds	7	20,733	19	21,834	31	147,560	43	148,192	55	168,293	67	170,026
a2) other listed securities	8	94,146	20	96,258	32	216,799	44	220,401	56	310,945	68	316,659
b1) unlisted Government bonds	9	6,123	21	6,123	33	0	45	0	57	6,123	69	6,123
b2) other unlisted securities	10	7,353	22	7,591	34	2,105	46	2,154	58	9,458	70	9,745
c) convertible bonds	11	0	23	0	35	0	47	0	59	0	71	0
5. Other investments (2)	12	0	24	0	36	119,909	48	119,842	60	119,909	72	119,842

II - Life business

	Long-term portfolio		Short-term portfolio		Total							
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value						
1. Stocks and shares in undertakings:	73	45,031	85	40,793	97	17,246	109	17,295	121	62,277	133	58,088
a) listed stocks	74	45,031	86	40,793	98	17,246	110	17,295	122	62,277	134	58,088
b) unlisted stocks	75	0	87	0	99	0	111	0	123	0	135	0
c) shares	76	0	88	0	100	0	112	0	124	0	136	0
2. Units and shares in investment funds	77	11,519	89	9,921	101	44,573	113	44,573	125	56,092	137	54,494
3. Bonds and other fixed-income securities	78	999,853	90	1,023,957	102	1,601,348	114	1,614,839	126	2,601,201	138	2,638,796
a1) listed Government bonds	79	170,300	91	171,268	103	870,750	115	875,943	127	1,041,050	139	1,047,211
a2) other listed securities	80	787,939	92	810,581	104	697,480	116	705,687	128	1,485,419	140	1,516,268
b1) unlisted Government bonds	81	9,943	93	9,943	105	0	117	0	129	9,943	141	9,943
b2) other unlisted securities	82	31,671	94	32,165	106	2,518	118	2,609	130	34,189	142	34,774
c) convertible bonds	83	0	95	0	107	30,600	119	30,600	131	30,600	143	30,600
5. Other investments (2)	84	8,019	96	6,346	108	191,373	120	192,588	132	199,392	144	198,934

(1) Value indicated in the half-yearly accounts

(2) Including premiums for options purchased which, as they are valued based on underlying assets/liabilities, may not be aligned to market values

(*) Deposits with credit institutions are not included in item C.III.5

**STATEMENT OF SHAREHOLDINGS OF OVER 10% AS AT 30 JUNE 2003
ACCORDING TO CONSOB CIRC. 11971 OF 14 MAY 1999, ARTICLE 126**

Name	Registered office	% Holding			Total % Holding (*)
		Dir.	Ind.	Through	
Smallpart S.p.A.	Bologna	100.00%			100.00%
Unipol Fondi LTD	Ireland		100.00%	Unipol Banca S.p.A.	100.00%
Unipol SGR S.p.A.	Bologna	100.00%			100.00%
Midi S.r.l.	Bologna	100.00%			100.00%
Unisalute Servizi S.r.l.	Bologna		100.00%	Unisalute S.p.A.	100.00%
Unifimm S.r.l.	Bologna	100.00%			100.00%
Uniservice S.p.A.	Bologna		99.00%	Smallpart S.p.A.	99.00%
Navale Assicurazioni S.p.A.	Ferrara	98.22%			98.22%
Unieuropa S.r.l.	Bologna		98.00%	Smallpart S.p.A.	98.00%
Unisalute S.p.A.	Bologna	87.44%			87.44%
Unipol Banca S.p.A.	Bologna	82.86%	2%	Meieaurora S.p.A.	84.86%
Meieaurora S.p.A.	Milan	84.61%			84.61%
Compagnia Assicuratrice Linear S.p.A.	Bologna	80.00%			80.00%
Grecale S.r.l.	Bologna		60.00%	Unipol Banca S.p.A.	60.00%
Noricum Vita S.p.A.	Bologna	51.00%			51.00%
BNL Vita S.p.A.	Milan	50.00%			50.00%
Quadrifoglio Vita S.p.A.	Bologna	50.00%			50.00%
Hotel Villaggio Cdm S.p.A.	Terrasini (PA)	49.00%			49.00%
Assicoop Genova S.p.A. in liq.	Genoa	49.00%			49.00%
Assicoop Siena S.p.A.	Siena		49.00%	Smallpart S.p.A.	49.00%
Assicoop Ravenna S.p.A.	Ravenna		49.00%	Smallpart S.p.A.	49.00%
Assicoop Romagna S.p.A.	Forlì		48.00%	Smallpart S.p.A.	48.00%
Unipol Merchant S.p.A.	Bologna	42.54%	5.32%	Unipol Banca S.p.A.	47.86%
Assicoop Ferrara S.p.A.	Ferrara		47.40%	Smallpart S.p.A.	47.40%
Assicoop Imola S.p.A.	Imola (BO)		47.34%	Smallpart S.p.A.	47.34%
Assicoop Modena S.p.A.	Modena		47.00%	Smallpart S.p.A.	47.00%
A.P.A. S.p.A.	Parma		46.50%	Smallpart S.p.A.	46.50%
Assicoop Sicura S.r.l.	Bologna		40.00%	Smallpart S.p.A.	40.00%
AR.CO. Assicurazioni S.p.A.	Modena		40.00%	Smallpart S.p.A.	40.00%
Finec Holding S.p.A.	Bologna	37.44%			37.44%
Assicura S.p.A.	Reggio Emilia		35.00%	Smallpart S.p.A.	35.00%
Euresa Holding s.a.	Luxembourg	24.05%			24.05%
Agefin S.p.A.	Bologna		19.90%	Unipol Banca S.p.A.	19.90%
Artigianfin S.p.A. in liq.	Rome	19.01%			19.01%
Syneteristiki Insurance s.a.	Greece	16.39%			16.39%
Inarcheck S.p.A.	Milan	15.38%			15.38%
Previnet S.p.A.	Mogliano V. (TV)	14.00%			14.00%
Atlantis Vida s.a.	Spain	12.50%			12.50%
Protos SOA S.p.A.	Rome		10.59%	Smallpart S.p.A.	10.59%
Atlantis s.a.	Spain	10.30%			10.30%

(*) All shareholdings are owned with full rights.

Consolidated Half-Yearly Report as at 30 June 2003

CONSOLIDATED

ASSETS	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
A. Subscribed share capital unpaid	0 ⁷⁷	0 ¹⁵³	0
B. Intangible assets			
1. Deferred acquisition costs	67 ⁷⁸	63 ¹⁵⁴	64
2. Other assets	22 ⁷⁹	25 ¹⁵⁵	22
3. Differences arising from consolidation	380 ⁸⁰	407 ¹⁵⁶	393
Total	470 ⁸¹	494 ¹⁵⁷	479
C. Investments			
I - Land and buildings	491 ⁸²	628 ¹⁵⁸	521
II - Investments in Group undertakings and other participating interests			
1. Stocks and shares	1,167 ⁸³	855 ¹⁵⁹	921
2. Debt securities	33 ⁸⁴	27 ¹⁶⁰	33
3. Corporate financing	0 ⁸⁵	0 ¹⁶¹	0
Total	1,199 ⁸⁶	882 ¹⁶²	954
III - Other financial investments			
1. Stocks and shares	409 ⁸⁷	345 ¹⁶³	317
2. Units and shares in investment funds	122 ⁸⁸	148 ¹⁶⁴	131
3. Bonds and other fixed-income securities	10,771 ⁸⁹	8,705 ¹⁶⁵	8,502
4. Loans	72 ⁹⁰	69 ¹⁶⁶	71
5. Other financial investments	362 ⁹¹	229 ¹⁶⁷	1,183
Total	11,737 ⁹²	9,496 ¹⁶⁸	10,204
IV - Deposits with ceding undertakings	28 ⁹³	25 ¹⁶⁹	27
Total	13,455 ⁹⁴	11,031 ¹⁷⁰	11,707
D. Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management	5,097 ⁹⁵	4,537 ¹⁷¹	5,162
D. bis Technical provisions - reinsurers' share			
I - Technical provisions - Non-Life business	430 ⁹⁶	442 ¹⁷²	452
II - Technical provisions - Life business (except those at item III)	293 ⁹⁷	410 ¹⁷³	310
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	0 ⁹⁸	0 ¹⁷⁴	0
Total	723 ⁹⁹	852 ¹⁷⁵	761
E. Debtors			
I - Debtors arising out of direct insurance operations	502 ¹⁰⁰	493 ¹⁷⁶	520
II - Debtors arising out of reinsurance operations	129 ¹⁰¹	191 ¹⁷⁷	144
III - Other debtors	373 ¹⁰²	206 ¹⁷⁸	236
Total	1,004 ¹⁰³	890 ¹⁷⁹	900
F. Other assets			
I - Tangible assets and stocks	22 ¹⁰⁴	15 ¹⁸⁰	16
II - Cash at bank and in hand	546 ¹⁰⁵	408 ¹⁸¹	810
III - Own shares	0 ¹⁰⁶	0 ¹⁸²	7
IV - Other assets	51 ¹⁰⁷	59 ¹⁸³	49
Total	620 ¹⁰⁸	483 ¹⁸⁴	883
G. Prepayments and accrued income	130 ¹⁰⁹	131 ¹⁸⁵	121
TOTAL ASSETS	21,499 ¹¹⁰	18,417 ¹⁸⁶	20,013

BALANCE SHEET

(Amounts in €m)

LIABILITIES	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
A. Capital and reserves			
I - Capital and reserves - Group			
1. Subscribed share capital or equivalent funds	35 509	111 504	187 506
2. Free reserves	36 830	112 773	188 770
3. Consolidation reserve	37 -48	113 -46	189 -46
4. Reserve for valuation differences on unconsolidated shareholdings	38 1	114 -1	190 -1
5. Exchange risk reserve	39 0	115 0	191 0
6. Reserve for own shares and holding company's shares	40 0	116 0	192 7
7. Profit (loss) for the period	41 67	117 47	193 102
Total - Group	42 1,357	118 1,277	194 1,339
II - Capital and reserves - minority interests			
1. Capital and reserves - minority interests	43 140	119 143	195 144
2. Profit (loss) for the period - minority interests	44 13	120 4	196 19
Total - minority interests	45 153	121 147	197 163
Grand total	46 1,511	122 1,424	198 1,502
B. Subordinated liabilities	47 332	123 300	199 337
C. Technical provisions			
I - Non-Life business			
1. Provision for unearned premiums	48 891	124 831	200 859
2. Provision for claims outstanding	49 3,083	125 2,929	201 2,987
3. Equalization provisions	50 8	126 8	202 8
4. Other provisions	51 1	127 1	203 2
Total - Non-Life business	52 3,984	128 3,769	204 3,856
II - Life business			
1. Mathematical provisions	53 9,400	129 7,298	205 8,059
2. Provision for amounts payable	54 120	130 67	206 106
3. Other technical provisions	55 176	131 164	207 173
Total - Life business	56 9,696	132 7,529	208 8,337
Grand total	57 13,679	133 11,298	209 12,193
D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions	58 5,088	134 4,539	210 5,160
E. Provisions for other risks and charges	59 44	135 47	211 42
F. Deposits received from reinsurers	60 314	136 329	212 342
G. Creditors and other liabilities			
I - Creditors arising out of direct insurance operations	61 42	137 37	213 46
II - Creditors arising out of reinsurance operations	62 55	138 52	214 41
III - Debenture loans	63 0	139 0	215 0
IV - Amounts owed to credit institutions	64 0	140 5	216 0
V - Sundry borrowings and creditors	65 197	141 161	217 145
VI - Staff leaving indemnity	66 41	142 41	218 41
VII - Other liabilities	67 175	143 157	219 127
Total	68 510	144 453	220 400
H. Accruals and deferred income	69 22	145 27	221 37
TOTAL LIABILITIES	70 21,499	146 18,417	222 20,013

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I - Guarantees issued by the Company	71 1,004	147 25	223 32
II - Guarantees issued by third parties, including in favour of the Company	72 1,436	148 90	224 115
III - Commitments	73 5,834	149 2,946	225 3,561
IV - Pension fund assets managed on behalf of third parties	74 214	150 137	226 180
V - Other memorandum accounts	75 18,288	151 16,241	227 16,796
TOTAL MEMORANDUM ACCOUNTS	76 26,776	152 19,440	228 20,684

CONSOLIDATED

	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance	1 1,058 ⁴⁹	994 ⁹⁷	2,038
2. Other technical income, net of reinsurance	2 2 ⁵⁰	2 ⁹⁸	4
3. Claims incurred, net of sums recoverable and reinsurance	3 794 ⁵¹	763 ⁹⁹	1,542
4. Changes in other technical provisions, net of reinsurance	4 0 ⁵²	0 ¹⁰⁰	0
5. Bonuses and rebates, net of reinsurance	5 0 ⁵³	0 ¹⁰¹	1
6. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	6 150 ⁵⁴	137 ¹⁰²	291
b) Administrative expenses	7 69 ⁵⁵	64 ¹⁰³	116
Total	8 219 ⁵⁶	201 ¹⁰⁴	407
7. Other technical charges, net of reinsurance	9 6 ⁵⁷	3 ¹⁰⁵	7
8. Change in the equalization provisions	10 0 ⁵⁸	0 ¹⁰⁶	0
9. Balance on the technical account for Non-Life insurance business	11 41 ⁵⁹	29 ¹⁰⁷	84
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS			
1. Written premiums, net of reinsurance	12 2,951 ⁶⁰	1,761 ¹⁰⁸	3,679
2. (+) Allocated investment returns transferred from the non-technical account (item III.5)	13 224 ⁶¹	112 ¹⁰⁹	269
3. Investment income and unrealized gains on investments for Life Investments for the benefit of Life assurance policyholders who bear and arising out of pension fund management	14 292 ⁶²	61 ¹¹⁰	185
4. Other technical income, net of reinsurance	15 21 ⁶³	17 ¹¹¹	49
5. Claims incurred, net of reinsurance	16 838 ⁶⁴	602 ¹¹²	1,251
6. Changes in mathematical provisions and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	17 1,959 ⁶⁵	511 ¹¹³	1,281
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	18 515 ⁶⁶	570 ¹¹⁴	1,190
Total	19 2,474 ⁶⁷	1,080 ¹¹⁵	2,471
7. Bonuses and rebates, net of reinsurance	20 1 ⁶⁸	2 ¹¹⁶	2
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	21 62 ⁶⁹	41 ¹¹⁷	97
b) Administrative expenses	22 19 ⁷⁰	19 ¹¹⁸	38
Total	23 82 ⁷¹	59 ¹¹⁹	135

PROFIT AND LOSS ACCOUNT

(Amounts in €m)

	As at 30 June 2003	As at 30 June 2002	As at 31 December 2002
9. Investment charges and unrealized losses on investments for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	24 33 ₇₂	188 ₁₂₀	259
10. Other technical charges, net of reinsurance	25 8 ₇₃	8 ₁₂₁	27
11. Balance on the technical account for Life assurance business	26 52 ₇₄	12 ₁₂₂	37
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for Non-Life business (item I.9)	27 41 ₇₅	29 ₁₂₃	84
2. Balance on the technical account for Life business (item II.11)	28 52 ₇₆	12 ₁₂₄	37
3. Investment income			
a) Income from investments	29 266 ₇₇	303 ₁₂₅	540
b) Value re-adjustments on investments	30 15 ₇₈	7 ₁₂₆	3
c) Realized gains on investments	31 108 ₇₉	36 ₁₂₇	96
Total	32 389 ₈₀	346 ₁₂₈	639
4. Investment charges			
a) Investment management charges, including interest payable	33 28 ₈₁	37 ₁₂₉	67
b) Value adjustments on investments	34 28 ₈₂	116 ₁₃₀	153
c) Realized losses on investments	35 43 ₈₃	6 ₁₃₁	32
Total	36 99 ₈₄	159 ₁₃₂	252
5. (-) Allocated investment returns transferred to Life assurance technical account (item II. 2)	37 224 ₈₅	112 ₁₃₃	269
6. Other income	38 30 ₈₆	27 ₁₃₄	65
7. Other charges	39 58 ₈₇	62 ₁₃₅	111
8. Balance on ordinary activities	40 132 ₈₈	80 ₁₃₆	192
9. Extraordinary income	41 21 ₈₉	12 ₁₃₇	50
10. Extraordinary charges	42 8 ₉₀	2 ₁₃₈	14
11. Balance on extraordinary activities	43 13 ₉₁	10 ₁₃₉	36
12. Profit before taxation	44 144 ₉₂	90 ₁₄₀	229
13. Tax on profit	45 64 ₉₃	39 ₁₄₁	108
14. Consolidated profit (loss)	46 80 ₉₄	51 ₁₄₂	121
15. Profit (loss) for the period - minority interests	47 13 ₉₅	4 ₁₄₃	19
16. Profit (loss) for the period - Group	48 67 ₉₆	47 ₁₄₄	102

Business Interim Report

Situation of the Group undertakings and overall business outlook

Group strategy

During the first half year there was good growth in the companies in the Unipol Group, both in terms of premium income and financial results achieved.

The most significant event took place on 21 June, when Unipol signed a contract with Winterthur Swiss Insurance Company and Winterthur Life to acquire their insurance business in Italy represented by Winterthur Assicurazioni and Winterthur Vita.

The acquisition, for a total value of €1,465m, subject to obtaining the authorizations required by law, was voted for on 21 June 2003 by the Boards of Directors of Unipol Assicurazioni spa and of the direct Holding Company Finsoe spa. (Unipol Assicurazioni will acquire 90% of the two companies and Finsoe 10%).

Subsequently, on 2 July 2003, Unipol Assicurazioni signed an agreement for the sale to the Sanpaolo IMI Group of its holding (of 51%) in Noricum Vita for €40.3m, which will involve a net capital gain of approx. €20m. The acquisition of the control of Noricum Vita, in which it already held a 44% share via Cardine Finanziaria spa, is part of the process of rationalizing the activities of the Sanpaolo IMI Group after the merger with Cardine Banca. As regards the Unipol Group, thanks to the increased marketing of Unipol life assurance products by Unipol Banca, it is expected that the sale of Noricum Vita will not involve significant variations in the overall volume of premiums collected through the banking networks.

This operation is also subject to obtaining the authorizations from the Supervisory Bodies required by law.

With this acquisition the Unipol Group is

expanding considerably in the insurance sector, which was planned as early as 2000 with the purchase of Meie Assicurazioni spa, Meie Vita spa and Aurora Assicurazioni spa (subsequently merged into one company – Meieaurora), Navale Assicurazioni and the participating interest in BNL Vita.

In 2002 the companies in the Winterthur Italia Group, with a market share of 2.3%, represented the eighth largest Italian insurance group. Premium income was €2,042m (€1,320m of which was from Non-Life business and €722m from Life business), consolidated net profit amounted to €94.5m and the consolidated ROE was 20.2%. Assets managed exceeded €5,300m.

With this acquisition Unipol strengthened its own competitive position on the Italian market, consolidating its ranking as the fourth largest of the major insurance groups with premium income exceeding €8,000m (pro-forma figures for 2002) and more than 6 million customers. The Group's market share rose from 6.8% in 2002 to more than 9% (11% Non-Life and 8% Life) and the proportion of premium income deriving from its own networks rose compared with that from bancassurance agreements. The Group also expanded its presence in the centre and north, in particular in the Milan market, where it already operated with Meieaurora, creating the conditions for further synergies between the companies in Milan and between these and the Parent Company Unipol.

The expansion in the insurance sector will provide a new impetus for the strategy of developing in the banking sector by means of the potential customer synergies with Unipol Banca.

In order to finance these acquisitions Unipol Assicurazioni carried out a capital increase and issued subordinated callable notes, both of which have already been mentioned in Unipol Assicurazioni's half-yearly report ('Operation to increase the share capital' and 'Events after 30 June 2003'). The capital increase, for a total

countervalue of €1,054.3m, has already been successfully completed and the subordinated callable notes, for a nominal amount of €300m, maturing in 20 years and with a fixed rate for the first 10 years, quoted on the Luxembourg Stock Exchange, was fully subscribed by institutional investors. The Unipol Group used Mediobanca and Unipol Merchant as financial advisers.

As regards the trend in the first six months in the companies in the Group, on which the operations described had only marginal effects and did not affect the basis of consolidation, in the **insurance sector** the main feature of the composite companies (Unipol Assicurazioni and Meieaurora) was strong growth, with Unipol Assicurazioni's direct premium income up by 48.8% and Meieaurora's by 33.3%. Both companies recorded considerable growth in Life business, since the scenario in the financial markets affected the choices made by customers, including corporate customers, all of whom were looking for safer types of investment. Unipol also benefited from premium income of approximately €67m from Unipol Banca. The technical trend in Unipol's Non-Life business continued to be excellent, whilst Meieaurora recorded a further improvement. There was also progress in the trend recorded by the specialist companies, and bancassurance business was also well up (+48.1%), well above the rate of growth recorded by the reference market (which at the half-year point was estimated to be around +15%).

Despite the fall in both short- and long-term interest rates, which was a feature of the financial markets in the first half of the year, the results of asset and financial management achieved by the various insurance businesses in the Group were positive, having benefited from a policy of investment allocation the aim of which was to place the emphasis on keeping a significant proportion of investments in cash and on restricting the acceptance of items in the share portfolio. In order to pursue the targets for annual earning capacity, advantage was taken of the opportunities offered by the volatility in interest rates during the period concerned by

operating in government securities, thus improving the return on cash investments. This policy enabled a satisfactory rate of return to be obtained from bonds without altering the risk profile of the investments.

In the sectors of **banking activities, managed savings and merchant banking**, Unipol Banca continued to expand its network, which totalled 179 branches by the end of the half year (173 at the end of 2002). The Bank's activity in the first half of the year was mainly focused on integrating the outlets acquired from the Capitalia Group as part of the strategic distribution project, and on working on the individual marketing projects launched in 2002 for promoting increases in cross-selling with the insurance companies. Customer deposits and funds exceeded €11bn (+20.3% compared with 31/12/2002). In the case of Unipol Merchant, activity in the field of merchant banking continued to be particularly intense during the half year. In the capital markets in particular Unipol Merchant acted with Mediobanca as co-lead manager in the only listing operations carried out in Italy in 2003 – Hera (for which the company also acted as financial adviser) and Meta.

Business trends

As at 30 June 2003 the Unipol Group was made up of eight insurance companies, two property companies, a holding company and a service company, all fully consolidated with the exception of the subsidiary Noricum Vita. As the company was in the course of being sold only the profit and loss account was consolidated.

Twenty-one companies were valued using the equity method.

During the half year all sectors of the Group's business grew. The consolidated net profit rose to €66.7m, an increase of 41.9% over 30 June 2002.

Amongst the most important aspects that characterized the trend within the Group, the following are worthy of note:

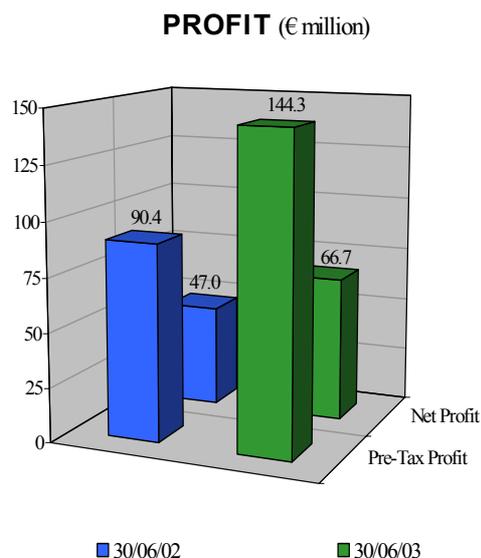
- Premium income gross of reinsurance amounted to €4,193.2m (71% of which was from Life assurance business), a growth rate

for direct business of 44.3%; growth achieved in Life business was exceptional and unlikely to be repeated (+67.4%);

- The technical result of insurance business was positive to the tune of €93.1m (€40.8m as at 30/6/2002) and showed a considerable improvement;
- The total amount of the technical provisions was €18,766.8m (+8.1%), or €18,044m net of reinsurance;
- Investments and liquid assets amounted to €19,097.8m, an increase of 8% compared with 31 December 2002;
- Net investment income for the half-year and net profits from sales and trading were €324.6m (€305m as at 30/6/2002), whereas net value adjustments decreased from €109m as at 30/6/2002 to €13m as at 30/6/2003 due to a slight upturn in the financial markets. Investments related to benefits linked to investment funds, market indices and pension funds (Class D) achieved a positive net result of €259.3m (-€126.9m as at 30/6/2002);
- Net operating expenses, totalling €300.6m, represented 7.5% of earned premiums (9.5% as at 30/6/2002) determined by the exceptional growth in Life business;
- The balance on ordinary activities for the half-year rose to €131.6m (+63.7%) after deduction of depreciation on goodwill of €14.5m (€13m for the companies consolidated

on a line-by-line basis and €1.5m for those valued using the equity method);

- Gross overall profit totalled €144.3m (€90.4m as at 30/6/2002). Net of taxes the profit for the half-year pertaining to the Group came to €66.7m as against €47m as at 30 June 2002 (+41.9%).



To summarize, the main profit and loss data for the half-year are presented in the table below, together with the figures as at 30 June 2002 and at the previous year-end:

CONSOLIDATED PROFIT AND LOSS ACCOUNT - SUMMARY

(€ million)

	30 June 2003			30 June 2002			31 December 2002		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
net of reinsurance									
Life written premiums and Non-Life earned premiums	2,950.7	1,057.7	4,008.4	1,761.4	994.5	2,755.9	3,678.6	2,037.8	5,716.4
Claims and sums paid, changes in Life mathematical provisions and Non-Life provision for outstanding claims	(3,312.0)	(794.0)	(4,106.0)	(1,682.4)	(763.2)	(2,445.6)	(3,722.0)	(1,542.1)	(5,264.1)
Operating expenses	(81.6)	(219.0)	(300.6)	(59.4)	(201.1)	(260.5)	(135.1)	(407.0)	(542.1)
Other technical income and charges	11.7	(4.0)	7.7	7.2	(1.2)	6.1	20.1	(4.9)	15.2
Net income (charges) from Class D investments ⁽¹⁾	259.3		259.3	(126.9)		(126.9)	(73.8)		(73.8)
Net investment income allocated to the technical account of Life business	224.3		224.3	111.9		111.9	269.0		269.0
Balance on the technical account	52.4	40.7 ⁽²⁾	93.1	11.8	29.0 ⁽²⁾	40.8	36.8	83.8 ⁽²⁾	120.6
NON-TECHNICAL ACCOUNT									
Net investment income ⁽³⁾			78.8			184.2			266.9
Balance on other income/other charges			(27.2)			(35.6)			(45.5)
Operating profit			144.6			189.4			342.1
Net value adjustments			(13.0)			(109.0)			(149.6)
Balance on ordinary activities			131.6			80.4			192.4
Extraordinary income			20.9			12.2			50.3
Extraordinary charges			(8.2)			(2.3)			(14.1)
Profit before taxation			144.3			90.4			228.6
Tax on profit			(64.3)			(39.2)			(107.6)
Profit (loss) - minority interests			13.2			4.2			18.9
PROFIT (LOSS) - GROUP			66.7			47.0			102.1

(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, no allocation of investment returns from the non-technical account is made in the consolidated profit and loss account.

It must be emphasized that interim figures represent only a trend and must be seen in relation to the seasonal phenomena correlated with insurance activities, with underwriting policies and rate adjustments adopted, with the launch of new products and with the trends on the financial markets and in the economy in general.

Net premium income and net profits for the half-year under analysis were as follows during the first two quarters (in € million):

	Net premiums	Net profits
First quarter	2,055.6	23.8
Second quarter	1,952.8	42.9
As at 30/6/2003	4,008.4	66.7

Insurance Business

Premiums

Overall, premiums written as at 30 June 2003 totalled €4,193.2m, an increase of 43.4% compared with the first half of the year 2002,

mainly from Life assurance business (+67.4% for direct business). The breakdown of premiums by line of business, together with the composition as a percentage and changes compared with the same period in the previous financial year, are set out in the following table:

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS

(€ million)

	30 June 2003	comp. %	30 June 2002	comp. %	var. %	31 December 2002	comp. %
DIRECT ITALIAN BUSINESS							
Non-Life insurance business							
Accident and Health (classes 1 and 2)	165	3.9	152	5.3	8.2	328	5.5
Land vehicles - T.P.L. (class 10)	640	15.4	595	20.6	7.6	1,204	20.1
Land vehicles - Own damage or loss (class 3)	106	2.5	104	3.6	2.0	210	3.5
Marine, Aviation and Goods in Transit (classes 4, 5, 6, 7, 11 and 12)	21	0.5	17	0.6	21.5	40	0.7
Fire and Other damage to property (classes 8 and 9)	108	2.6	106	3.7	2.0	220	3.7
General T.P.L. (class 13)	113	2.7	98	3.4	15.6	207	3.4
Credit and Bond (classes 14 and 15)	15	0.4	15	0.5	1.7	30	0.5
Miscellaneous pecuniary losses (class 16)	11	0.3	10	0.4	6.4	22	0.4
Legal protection (class 17)	6	0.1	5	0.2	15.8	11	0.2
Assistance (class 18)	10	0.2	9	0.3	5.6	19	0.3
Total Non-Life insurance business	1,194	28.6	1,111	38.5	7.5	2,290	38.1
Life assurance business							
I - Life assurance, annuities	1,599	38.4	771	26.7	107.4	1,652	27.5
III - Ass. linked to investment funds/market indices	547	13.1	844	29.2	-35.2	1,572	26.2
V - Capitalisation operations	816	19.6	148	5.1	450.3	471	7.8
VI - Pension funds	10	0.3	13	0.5	-19.6	21	0.3
Total Life assurance business	2,974	71.4	1,777	61.5	67.4	3,717	61.9
Total direct Italian business	4,167	100.0	2,887	100.0	44.3	6,006	100.0
INWARD REINSURANCE							
Non-Life insurance business							
Accident and Health (classes 1 and 2)	1	4.4	4	10.1	-68.6	4	9.1
Land vehicles - T.P.L. (class 10)	6	24.3	5	12.8	36.3	5	12.0
Land vehicles - Own damage or loss (class 3)	0	1.0	0	0.6	14.4	0	0.5
Marine, Aviation and Goods in Transit (classes 4, 5, 6, 7, 11 and 12)	2	6.0	1	3.0	43.7	1	3.4
Fire and Other damage to property (classes 8 and 9)	12	46.4	20	54.8	-39.4	22	56.1
General T.P.L. (class 13)	1	4.2	1	1.9	62.0	1	2.7
Credit and Bond (classes 14 and 15)	1	2.3	1	2.7	-39.0	1	2.9
Total indirect Non-Life business	23	88.6	31	85.9	-26.1	34	86.7
Life assurance business							
I - Life assurance, annuities	3	11.4	5	14.1	-42.1	5	13.3
Total indirect Life business	3	11.4	5	14.1	-42.1	5	13.3
Total inward reinsurance	26	100.0	36	100.0	-28.4	40	100.0
OVERALL PREMIUM INCOME	4,193		2,923		43.4	6,046	

Premium income was underwritten almost exclusively in Italy.

Direct premium income as at 30 June 2003 relating to Unipol Assicurazioni and its subsidiaries was as follows (in € million):

Direct premium income	Non-Life	% var. 2003/2002	Life	% var. 2003/2002	Total	% var. 2003/2002	comp. %
Unipol Assicurazioni	640	10.2	651	126.7	1,291	48.8	31.0
Subsidiaries	554	4.5	2,322	55.9	2,876	42.4	69.0
TOTAL DIRECT PREMIUM INCOME	1,194	7.5	2,974	67.4	4,167	44.3	100.0

Life business and pension funds

Direct and indirect premiums from Life assurance business, amounting to €2,976.5m, represented 71% of total premium income and increased by 67.1% over 30 June 2002. This exceptional growth was mainly due to the issuing of capital redemption policies (Class V), which grew from €148m to €816m (+€668m), and to Class I, which grew from €771m to €1,599m (+€828m).

These exceptional results were mainly helped by the uncertainties in the financial markets, which in fact favoured Life business (in particular products with a low-risk content), and by some one-off major policies taken out in the corporate segment both with the Parent Company and with Meieaurora.

In particular the Parent Company, with premium income of €654.3m, achieved growth of 123.7% and Meieaurora also grew substantially, with premium income of €281.5m (+153.5%).

The companies that operate through the bancassurance channel (Noricum Vita, Quadrifoglio Vita and BNL Vita) closed the half-year with a premium income of €2,040.78m, a growth of 48.1%.

Pension funds

The main feature of the Parent Company's activity in the sector of occupational pension funds was its participation in the procedures for selecting the managers, which enabled it to achieve good results. After Fon.Te. (trade and commerce employees), mandates were officially awarded in July for Eurofer (State Railways Group) and Fondo Gomma Plastica.

We should also mention the successful launch

of the new partnership with J.P. Morgan Fleming Asset Management, one of the largest fund managers in the world. The purpose of the partnership is to develop pension fund business.

The Parent Company continued to administer existing mandates. By the end of the half year total assets managed amounted to €225.9m (€189.4m as at 31/12/2002).

As regards open-end pension funds, the three funds 'Unipol Futuro', 'Unipol Previdenza' and 'Unipol Insieme' reached total assets of €42.7m as at 30 June 2003 (€33.5m as at 31/12/2002), totalling 7,140 subscribers.

Non-Life business

Premium income from Non-Life business was €1,216.7m, an increase of 6.6% compared with the first half of the year 2002 (+7.5% in direct business).

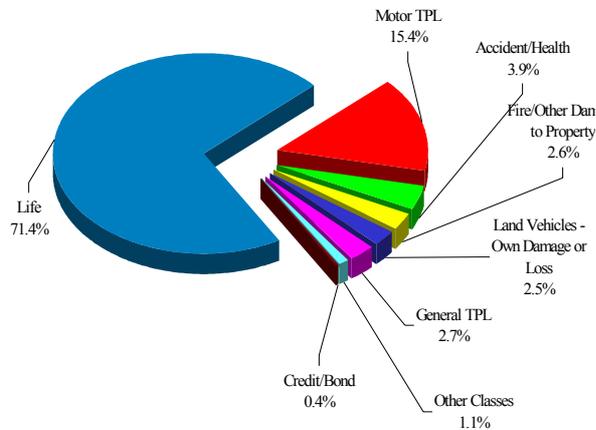
The Parent Company's premium income from direct business and inward reinsurance amounted to €673.2m, recording growth of 7.5% (+10.2% in direct business).

Meieaurora's premium income from direct business was €410.6m (+0.6%) and continued to be affected by the policy of careful review of the portfolio.

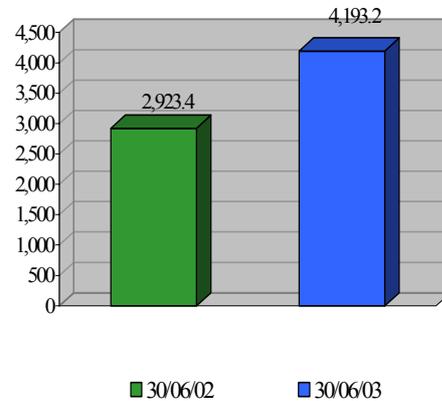
The three specialist companies (Linear, Unisalute and Navale) recorded growth of 17.5%. In particular Linear recorded growth of 35.5%.

The foreign portfolio was very small (€20.3m, deriving from inward reinsurance).

Breakdown of premiums Direct business



Total Premium Income (€million)



Products and marketing activities

In the half-year under review further work took place on adapting and extending the range of products and services offered in order to enhance their quality and strengthen the Group's competitive position.

In Non-Life business, the companies in the Unipol Group subscribed to the Memorandum of Understanding on Motor T.P.L. signed on 5 May by ANIA, the Government and Consumers' Associations. In particular the Unipol Group undertook not to increase tariffs before 31 December 2003 and to grant discounts and/or favourable terms to young people and to families.

Still in Non-Life business, in the first half of the year the Parent Company Unipol launched major marketing campaigns (under the name 'Uninsieme') aimed at maintaining the range of insurance products suitable for families, under which innovative product solutions were worked out and the professional and personal skills of the sales network were put to good use. Meieaurora continued its campaign of reforming the portfolio of non-motor business in favour of the new and more complete list of products. At the same time it marketed new products, including 'NaviBlu', aimed at the

niche leisure boats market, and planned new products aimed at small and medium-sized businesses and new Health products.

During the half year in question Unisalute, a company that specializes in the health services sector, began selling a policy covering health benefits for mental illness, which is normally excluded from insurance cover. For the time being this product, called 'Serenamente', can be bought only via the Internet, but in view of the interest it has aroused on the market it may well also be marketed through other channels in the future.

Linear saw growth in sales activity via the telephone and the Internet, which now contribute equally to premium income from new business. The company has a call centre with more than 200 operators.

Navale continued to operate in its very specialized sectors of transport and tourism and is arranging retail policies in order to improve its sales network via multi-firm agencies.

In Life business, in the first half of the year the principal novelty for the Parent Company Unipol as far as the development of new products was concerned was the introduction of two new tariffs, known as 'T 340' and 'T 341', with sum insured and return guaranteed, which also represent a short-term investment

solution in that early redemption is allowed with no penalty. There was also a new investment product, 'Uninvest 9CENTRO', an index-linked type of insurance fund, the object of which is to pay annual interest (of a total of 9% of the sum invested over the 5-year term), to protect the capital invested and on maturity to pay a bonus based on the performance of a basket of 15 securities.

Meieaurora's customers showed a particular predilection for traditional-type products with sum insured and return guaranteed. A particularly successful investment-type product is 'Unietic', a unit-linked tariff. Its assets are converted into shares in an internal fund which invests in both bonds and shares; as regards the latter, investments are made in the SAM Sustainability Index Fund, the investment strategies of which are based on the concept of business sustainability. Therefore businesses selected are those whose productive activities are within a series of parameters relating to their impact on society, the environment and the economy.

As regards bancassurance business, there was a continuation of last year's trend that saw an increase in the proportion of premium income from traditional products characterized by minimum guaranteed or fixed returns. As far as investment products are concerned, mention should be made of the BNL Vita network placing a tranche of €244m of index-linked policies, a feature of which is a coupon flow, which was fully subscribed within a few days.

Sales network

As regards the organizational structure, work continued on strengthening the competitiveness of the Group's sales network with a view to introducing a multi-channel distribution strategy. The acquisition of the Winterthur Italia Group (for which authorization is awaited) will strengthen the Unipol Group's own distribution network in particular. The network will thus have some 3,000 points of sale made up of agencies and sub-agencies belonging to Unipol Assicurazioni, Meieaurora and Winterthur.

As at 30 June 2003, the agency network was made up of 1,086 exclusive agencies, 572 of which belonged to Unipol Assicurazioni (with 776 agents and 1,119 sub-agents) and 514 to Meieaurora (with 744 agents and 591 sub-agents).

As regards the improvement in operating efficiency and marketing effectiveness, the IT and telecommunications systems available to Unipol's network of agencies are currently being updated.

As regards the bancassurance sector, the sales network uses 289 Banca Agricola Mantovana outlets through which Quadrifoglio Vita sells its own products, 698 outlets belonging to the BNL Group and 1,016 BNL Investimenti financial advisers representing the BNL Vita sales network. During the first half of the year premium income from Life business included a further 322 outlets (188 belonging to the Cassa di Risparmio in Bologna and 134 to the Banca Popolare dell'Adriatico), which distributed the products of Noricum Vita, the company sold to the Sanpaolo IMI Group in July.

In Motor Vehicle business, Linear continued its growth by direct response (by telephone and via the Internet). Half of the premiums written in the first part of 2003 were made via the Internet, but the Internet overtook the call centre in terms of number of quotes issued.

In the field of health services Unisalute developed premium income mainly by selling group policies to businesses, associations and local authorities, and therefore all the negotiations were carried out and managed internally. There was also active collaboration with brokers and with some Unipol agencies. Growth in the sector of individual policies, which also includes LTC (long-term care) products, was mainly achieved via the Internet, and this will be joined during the second half of the year by distribution through banking outlets and the financial advisers of major credit institutions, with which the company is developing marketing agreements.

Navale operated through brokers and around 40 multi-firm agencies.

In the banking field, as at 30 June 2003 Unipol Banca had 179 branches (67 of which were combined with Unipol Assicurazioni insurance agencies), 56 finance shops and 427 financial advisers (380 working in Unipol agencies and 47 in Meieaurora agencies). The company also made use of direct sales channels (telephone and Internet banking) and the main Unipol agencies, which distributed standardized banking products. They will gradually be joined in this by Meieaurora agencies.

The first half of the 2003 financial year was mainly devoted to migrating the IT systems of the outlets acquired from the three banks in the Capitalia Group (Banca di Roma, Banco di Sicilia and Bipop-Carire), and to reorganizing these new outlets to conform to the model adopted by the Bank in order to standardize procedures in these new branches too and to adapt their ethos to that of the Group.

Trends in claims and settlements

Overall, as at 30 June 2003 payments for claims relating to Non-Life business and settlements relating to Life business totalled €1,586.8m.

In particular the amounts paid for Life business totalled €826m (+32.9%).

Payments for Non-Life business, net of amounts recovered, totalled €760.8m (+4.9% compared with 30/6/2002).

The average loss ratio in Non-Life business , inclusive of claims-handling expenses and net of reinsurance, fell to 75.1% (76.7% as at 30/6/2002).

The combined ratio (the incidence of claims and net operating expenses on the relevant net premiums) as at 30 June was 95.8% (96.9% as at 30/6/2002).

In Motor T.P.L. there was a further slight drop in the claims frequency but a rise in the average settlement cost, partly owing to the continued rise in the incidence of personal injury claims. Overall the other Non-Life lines of business showed a satisfactory technical result, in line with expectations.

Technical provisions

By the end of the half-year technical provisions totalled €18,766.8m, an increase of €1,413.7m (+8.1% compared with 31/12/2002) and were made up as follows (in € million):

	30/6/03	30/6/02	31/12/02
Life business	9,695.6	7,529.0	8,337.4
Class D provisions (*)	5,087.7	4,539.3	5,159.8
Non-Life business	3,983.5	3,769.0	3,855.9
Total	18,766.8	15,837.3	17,353.1

(*) Classes III and VI of Life business

Net of the reinsurers' share, technical provisions were made up as follows (in € million):

	30/6/03	30/6/02	31/12/02
Life business	9,402.5	7,118.6	8,027.6
Class D provisions	5,087.7	4,539.3	5,159.8
Non-Life business	3,553.8	3,327.2	3,404.3
Total	18,044.0	14,985.1	16,591.7

The figure for total technical provisions for Life business as at 30 June 2003 does not include provisions of €1,281.5m (€1,280.6m net of the reinsurers' share) relating to Noricum Vita, the company currently being sold.

Reinsurance

Inward reinsurance

Premiums accepted in Non-Life lines of business amounted to €23m, a drop of 26.1%. Life premiums for inward reinsurance amounted to €3m (-42.1%).

Outward reinsurance

Premiums ceded totalled €150m, €124.2m of which was from Non-Life lines of business and €25.8m from Life business. The retention rate was 96.4% (95.1% as at 30/6/2002).

The reinsurance structure adopted by the Parent Company (and by the subsidiaries) maintained the stability already achieved in previous financial years and continued to be based largely on proportional reinsurance schemes in almost all the reinsured lines of business and non-proportional protection schemes in the case of Motor T.P.L., General T.P.L. and Hail risks.

Furthermore, non-proportional protection schemes were created to cover risks retained in the Fire, Accident, Land Vehicles – Own Damage or Loss

and Marine and Cargo lines of business.

'In excess' reinsurance covers operated in Life business for insured sums exceeding the retention levels of individual companies.

Operating expenses

Operating expenses incurred in the half-year, which included acquisition and renewal commissions as well as all other acquisition and administrative expenses, net of commissions

received from reinsurers, totalled €300.6m (€219m of which related to Non-Life business and €81.6m to Life business). The relative incidence on earned premiums was 7.5% (9.5% as at 30/6/2002), a remarkable fall which was due to the growing contribution of Life business to the Group's total business.

In particular, for Non-Life business the incidence on earned premiums was 20.7% (20.2% as at 30/6/2002), whilst for Life business it was 2.8% (3.4% as at 30/6/2002).

Property and financial management

Investments and liquid assets

At the end of the half-year investments and liquid assets totalled €19,097.8m, an increase of €1,411.8m compared with Group investments as at 31 December 2002 (+8%) and an increase of €3,121.8m compared with 30 June 2002.

It should be pointed out that the figure for total investments as at 30 June 2003 does not include investments of €1,305m relating to Noricum Vita. Investments by type and comparisons with the position as at 31 December 2002 and as at 30 June 2002 are set out in the table below:

INVESTMENTS AND LIQUID ASSETS								
<i>(€ million)</i>								
	30/06/2003	comp.	30/06/2002	comp.	var.	31/12/2002	comp.	var.
	(a)	%	(b)	%	%	(c)	%	%
					(a/b)			(a/c)
Land and buildings	491	2.6	628	3.9	-21.8	521	2.9	-5.8
Investments in Group undertakings and other participating interests								
- Stocks and shares	1,167	6.1	855	5.4	36.4	921	5.2	26.7
- Debt securities	33	0.2	27	0.2	21.1	33	0.2	-0.3
Total	1,199	6.3	882	5.5	35.9	954	5.4	25.7
Other financial investments								
- Stocks and shares	409	2.1	345	2.2	18.8	317	1.8	29.3
- Units and shares in investment funds	122	0.6	148	0.9	-17.4	131	0.7	-6.7
- Bonds and other fixed-income securities	10,771	56.4	8,705	54.5	23.7	8,502	48.1	26.7
- Loans	72	0.4	69	0.4	4.5	71	0.4	1.1
- Deposits with credit institutions (1)	18	0.1	0	0.0	0.0	0	0.0	0.0
- Sundry financial investments (2)	344	1.8	229	1.4	50.1	1,183	6.7	-70.9
Total	11,737	61.5	9,496	59.4	23.6	10,204	57.7	15.0
Deposits with ceding undertakings	28	0.1	25	0.2	12.3	27	0.2	2.7
Investments for the benefit of policyholders who bear the risk thereof and arising from pension fund management								
- Unit-linked and index-linked benefits	5,042	26.4	4,500	28.2	12.0	5,118	28.9	-1.5
- Pension funds	54	0.3	37	0.2	46.4	43	0.2	24.8
Total	5,097	26.7	4,537	28.4	12.3	5,162	29.2	-1.3
Other assets								
- Bank and postal deposits, cash	546	2.9	408	2.6	33.8	810	4.6	-32.6
- Company's own shares	0	0.0	0	0.0	0.0	7	0.0	-100.0
Total	546	2.9	408	2.6	33.8	818	4.6	-33.2
TOTAL INVESTMENTS AND LIQUID ASSETS	19,098	100.0	15,976	100.0	19.5	17,686	100.0	8.0

(1) Time deposits subject to access restrictions over 15 days.

(2) Including repo securities and premiums for transactions on derivatives.

Land and buildings

As at 30 June the Group's property assets totalled €491m, which reflects a net reduction compared with 31 December 2002 of €30m owing to disposals carried out by Unipol Assicurazioni and Meieaurora.

Investments in Group undertakings and other participating interests

At the end of the half year resources invested in stocks and shares in Group undertakings and other participating interests totalled €1,166.6m, a net increase of €245.5m compared with the position as at 31 December 2002 as a result of the investments made by the Parent Company Unipol, mainly in Unipol Banca (€161.8m), Hopa (€35.3m) and Banca Monte dei Paschi di Siena (€22m).

As at 30 June 2003 there were also bonds issued by participating interests for €32.7m on the books (almost the same amount as at 31/12/2002).

Other financial investments

As at 30 June 2003 the amount of the item 'Other financial investments' was €11,736.7m, a net increase of €1,532.2m compared with 31 December 2002 (+15%), mainly as a result of an increase in bond business, which rose from €8,502m to €10,771m (+26.7%), whilst there was a fall in 'other financial investments' from €1.183m as at 31 December 2002 to €344m as at 30 June 2003 (-70.9%), particularly in the area of repurchase agreements.

As regards the risk deriving from the choice of issuing bodies, the Group operated mainly in bonds issued by sovereign states and by banks, all with a minimum investment grade rating. Operations were also carried out in debt securities issued by banks at the first level of subordination, with a minimum investment grade rating.

Where bond investments were expressed in non-Eurozone currency, the foreign exchange risk was hedged.

In compliance with Consob regulations, it must be emphasized that the Group was only marginally exposed in the geographical areas recently affected by economic crises.

As at 30 June 2003, taking account of market prices and adjustments due to derivatives (-€9m), net of tax for non-possession, there was a positive balance on the bond portfolio between potential capital gains and losses of €103m (a positive balance of €41.6m as at 31/12/2002).

Investments for the benefit of policyholders who bear the risk thereof and investments arising out of pension fund management

The overall total of these investments as at 30 June 2003 was €5,096.6m and was made up of €5,042.4m from index- and unit-linked policy investments and of €54.2m for investments arising out of pension fund management. It should be noted that the figures for total investments were down by €65.2m compared with 31 December 2002 since they do not include Noricum Vita investments (€588m).

These investments were assessed at market value, in strict correlation with the valuation of matching liabilities.

Investment income

As at 30 June 2003 income from investments and from cash investments, net of investment charges, amounted to €242.3m (€265m as at 30/6/2002).

Net capital gains totalled €82.3m (€40m as at 30/6/2002), €17.1m of which related to long-term investments.

Overall, net investment income and capital gains therefore totalled €324.6m as at 30 June 2003 (+6.5% compared with 30/6/2002).

During the half-year period the return on assets invested averaged 4.8%.

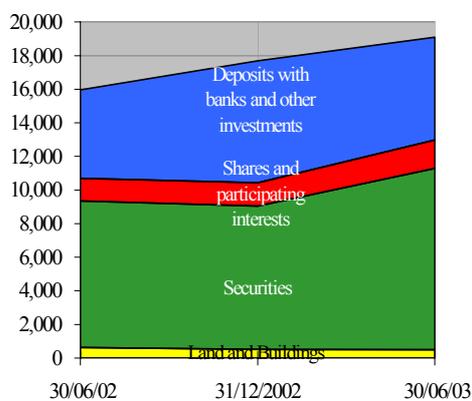
Value adjustments, net of value re-adjustments, rose from €109m as at 30 June 2002 to €13m as at 30 June 2003.

Overall, therefore, ordinary and extraordinary

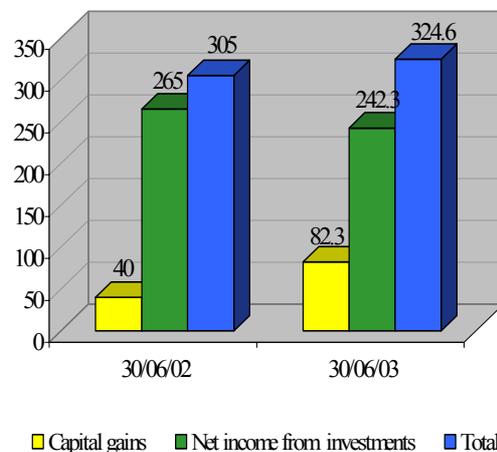
investment income, net of relevant charges and inclusive of net value adjustments on investments, totalled €311.5m (+59%).

Investment income and charges relating to unit-linked and index-linked benefits and to pension funds (Class D) showed a positive net result of €259.3m (-€126.9m as at 30/6/2002).

Investments (€ million)



Investment Income (€ million)



Summary of activities carried out by the Parent Company and its subsidiaries

Composite insurance companies



Compagnia Assicuratrice Unipol spa

The Parent Company's business activity, fully illustrated in the half-yearly company accounts quoted here, was characterized by the following features:

- Premium income €1,327.6m, an increase of 44.5%. Direct premiums reached €1,291.6m, €640.3m of which was for Non-Life business and €651.3m for Life business. The rate of growth for direct business was 48.8%;
- A positive result in technical insurance business of €95.5m, compared with €65.5m as at 30 June 2002. This considerable growth is almost entirely attributable to the increase in the balance on Life business (+€29.1m) and to the continuing positive result in Non-Life business (+€0.8m);
- A significant reduction in the incidence of operating expenses on premium income (12.8% as against 16.8%) owing to the substantial increase in Life premium income;
- Investments and liquid assets rose to €7,045.4m (net of value adjustments), an increase of €571.1m compared with 31 December 2002 (+8.8%) and of €994.6m compared with 30 June 2002 (+16.4%);
- Investment income for the period, net of relevant charges, was €165.6m (+14.6% compared with 30/6/2002), whilst net capital gains from sales and trading rose to €34.7m (€18.9m as at 30/6/2002) and net value adjustments amounted to -€5.6m (-€46.5m as at 30/6/2002).

Investments for the benefit of policyholders who bear the risk thereof and investments arising out of pension fund management

(Class D) recorded a positive net result of €17.5m (-€17.2m as at 30/6/2002);

- A result in ordinary business of €142.4m, well up on the position as at 30 June 2002 (+92.5%), and a result in extraordinary activities down from €10.3m to €4.5m (-56%).

The net profit for the half-year was €90.5m, (€53.1m as at 30/6/2002), an increase of 70.4%.



Meieaurora spa – Milan

Share capital: €190.8m

Shareholding: 84.61%

In the first half of the year the company's direct premium income amounted to €692.1m, an increase of 33.3% compared with the same period of 2002. This high rate of growth was helped by several major corporate policies in Class V of Life business ("capital redemption operations"). Non-Life business growth of 0.6% was affected by the continuing work on rationalizing the sales network (26 agencies closed or merged during the half year) and to continuing strict underwriting policies.

The ratio of claims to total premium income showed a further improvement mainly thanks to the continuing fall in the number of Motor T.P.L. claims (approximately -10% during the half year). At the beginning of the year, after work was completed on expanding Sertel, the Group telephone claims-handling service, work began on setting up a Group Claims-Handling Department, with a shared network of offices throughout the country and of external consultants. This will help to keep the loss ratio under control, to streamline and speed up payment procedures and to bring about significant synergies of cost with the Parent Company.

Operating expenses, which include acquisition and renewal commissions and other acquisition and administrative expenses, gross of reinsurance,

amounted to €103.7m (€99.8m as at 30/6/2002) and had an incidence on premium income of 15% compared with 19.2% in the first half of 2002, the change in the product mix being linked to the strong growth in Life premium income.

Investments and liquid assets at the end of the half-year totalled €3,023m (€2,682m at the end of 2002).

Ordinary and extraordinary investment income, net of relevant charges and excluding income/charges deriving from assets to match Life Class III, amounted to €67.4m, a considerable increase compared with the amount of €36.4m recorded as at 30 June 2002, which was affected by significant value adjustments on investments.

The first half-year closed with pre-tax profits of €35.8m (€18m as at 30/6/2002) and net profits of €21.3m, almost twice the figure of €10.9m for the first half of 2002.

Specialist companies



Compagnia Assicuratrice Linear spa – Bologna

Share capital: €16m

Shareholding: 80%

This company specializes in the direct sale of motor insurance products over the Internet and via the call-centre. In the first six months of 2003 the company had premium income of €65.2m, an increase of 35.5% compared with the same period of the previous year (€48.1m in the first half of 2002). These two channels now make equal contributions to new business, but almost two thirds of quotes are requested via the Internet.

The loss ratio, which mirrored the good levels achieved at the end of the previous year, showed an improvement over the same half of 2002.

The incidence of operating expenses on premiums, gross of commissions recovered from reinsurers, was 11.4% compared with 12.2% in the first half of the previous financial year despite recruiting more staff in order to deal with growth in premium income (204 call-centre operators as at 30/6/2003, 34 of whom were on fixed term contracts).

Investments and liquid assets totalled €158.7m (€133.8m at the end of 2002). Net ordinary and extraordinary income from investments amounted to €3.5m (€1.7m as at 30/6/2002).

The net profit for the period of €4.1m was more than twice the result achieved in the first half of 2002 (€1.5m).

UNISALUTE

Unisalute spa – Bologna

Share capital: €17.5m

Shareholding: 87.44%

The company had premium income during the half year of €25.7m compared with €23.3m in the first half of 2002 (+10.4%).

Growth of premium income was still largely linked to group healthcare products, but also long-term individual policies, which show a good technical trend, are of great interest. The latter is a sector to which the company is paying increasing attention by introducing targeted products and using non-traditional sales channels such as the Internet and banking outlets.

The trend in the loss ratio in the first half-year, although historically more significant than that in the second half-year because of the seasonal character of the health class, was positive and slightly better than in the same half of the previous financial year.

The incidence of operating expenses on premium income, which include general costs and commissions, was 18.8% gross of reinsurance cessions as against 16.8% in the first half of 2002, a rise that was mainly due to the work done on strengthening the company's infrastructure.

Investments and liquid assets totalled €49.3m (€44.8m at the end of 2002). Ordinary and extraordinary investment income, net of relevant charges, amounted to €1.1m (€0.9m as at 30/6/2002).

Unisalute closed the first half-year with a net profit of €1.7m, up (+31%) on the amount of €1.3m recorded as at 30 June 2002.



Navale Assicurazioni spa – Ferrara

Share capital: €10.5m

Shareholding: 98.22%

The company operates in Non-Life business and specializes in the fields of marine and cargo and tourist assistance.

Direct premium income as at 30 June 2003 amounted to €52.2m, substantially the same as for the same period last year (+3.5%). In this regard it must be pointed out that the company had introduced a more rigorous portfolio selection policy. The greatest contribution to business came from brokers, with approximately 67% of total premiums, whilst the remaining 33% came from multi-firm agencies and from direct response. The loss ratio was in line with that of the previous half year despite two major claims, the burden of which, however, will largely fall on the reinsurers.

Operating expenses incurred in the half-year, gross of commissions recovered from reinsurers, totalled €11.2m and had an incidence on premiums of 20.9% (20.8% as at 30/6/2002).

The volume of investments and liquid assets totalled €132.4m (€121m as at 31/12/2002) and generated ordinary and extraordinary income, net of relevant charges, of €3.7m (€2.7m as at 30/6/2002).

The net profit for the period amounted to €31K (€194K as at 30/6/2002).

Bancassurance companies



Noricum Vita spa – Bologna

Share capital: €16m

Shareholding: 51%

On 2 July 2003 the contract of sale to the Sanpaolo IMI Group of Unipol Assicurazioni's holding in Noricum Vita was signed. The sale is subject to obtaining the authorizations required by law.

The company had premium income during the half year of €213m (€124m as at 30/6/02, an increase of 71.6%), collected through the distribution network consisting of the banking outlets of the Cassa di Risparmio in Bologna and the Banca Popolare dell'Adriatico.

This considerable growth, which exceeded initial expectations, was mainly due to the sale of traditional Class I products (which represented 81.6 % of new business during the half year) with benefits guaranteed or linked to the yields from segregated accounts. The proportion of capital redemption policies, aimed at corporate customers looking for ways in which to diversify their cash investments, also rose.

The incidence of operating expenses on premiums, gross of reinsurance, was 2%, slightly down compared with figures for the first half of 2002 (3.3%).

Technical provisions gross of the reinsurers' share reached €1,281.5m (€1,092m as at 31/12/2002).

The amount of investments and of liquid assets was €1,305m (€1,122m as at 31/12/2002), €588m of which related to Class III. Ordinary and extraordinary investment income, net of relevant charges, excluding Class III, amounted to €18.9m (€11m as at 30/6/2002).

The first half-year closed with a net profit of €1.8m, slightly up compared with the result obtained in the first half of 2002 (€1.7m, +6.3%).



Quadrifoglio Vita spa – Bologna

Share capital: €24.2m

Shareholding: 50% (controlled jointly with Banca Agricola Mantovana)

Premium income in the first half of 2003 reached €615.2m, an increase of 30.7%, which is all the more significant in view of the fact that growth of 170% had already been recorded during the corresponding period of 2002. The product mix had been altered considerably since the first half of 2002, with a net preponderance of products in Classes I and V relating to products with an investment content such as unit-linked policies. As at 30 June 2003 unit-linked policies represented 7.3% of premium income compared with 55% in the first half of 2002. In April 2003 the company increased its share capital by issuing 1,700,000 shares for a total countervalue of €10.2m (€8.5m of which was the price above par) in order to cover the solvency margin. Further capital increases are planned for the second half of the year as a consequence of the continuing growth of business.

The incidence of operating expenses on premiums of 2.2% and in line with estimates increased compared with the figure for the first half of 2002 (1.8%).

Technical provisions, including reinsurers' shares, amounted to €2,202m (€1,627m as at 31/12/2002).

The volume of investments and liquid assets amounted to €2,235m (€1,665m as at 31/12/2002), €1,021m of which related to Class III. Ordinary and extraordinary investment income, net of relevant charges and excluding income/charges deriving from assets matching

Class III, amounted to €28.8m as at 30 June 2003 (€12.5m as at 30/6/2002).

The profit for the period, net of taxes, was €4.7m, almost twice the figure of €2.4m for the first half of 2002.



BNL Vita spa – Milan

Share capital: €110m

Shareholding: 50% (controlled jointly with BNL)

In the first half of 2003 the company had premium income of €1,212.7m, an increase of 54.8% compared with the first half of 2002. New business amounted to €1,141m (+64% over 30/6/2002) and was largely due to the sale of traditional products with a guaranteed minimum return and the sale of a tranche of index-linked policies for €244m at the beginning of the year.

The incidence of gross operating expenses on premium income was 3.4% compared with 3.3% in the first half of 2002.

Gross technical provisions amounted to €7,187.2m (€6,203.5m as at 31/12/2002), whilst investments and available cash totalled €7,303.4m (€6,297m as at 31/12/2002), €3,363m of which related to Class III. Ordinary and extraordinary investment income, net of relevant charges, excluding income/charges from assets matching Class III, amounted to €68.8m (€32.6m as at 30/6/2002).

The net profit for the period was €13.2m, as against the profit of €143K recorded in the first half of 2002, which was adversely affected by significant book capital losses on the securities portfolio.

Banking activities and managed savings



Unipol Banca spa – Bologna

Share capital: €426.3m

Shareholding: Unipol Assicurazioni 82.86%
Meieaurora 2%

The Bank's activity in the first half of the year was mainly focused on integrating the outlets acquired from the Capitalia Group and on developing the individual marketing projects launched in 2002 to increase cross-selling with the insurance sector, the results of which are already significant and on which a substantial return is expected even in the short term. Work also continued on strengthening the sales network for internal lines by increasing the number of branches to 179 (173 at the end of 2002).

As at 30 June 2002 customer deposits had risen to €1,828m (€1,086m as at 30/6/2002, +68%), whilst loans to customers rose to €1,620m (€934m as at 30/6/2002, +73%). This steady growth was mainly due to the acquisition of outlets, to which must be added a rise in the actual number of customers.

Customer funds totalled €9,245m, +35.5% compared with 30 June 2002. The increase was in both assets under administration and assets under management (+36.8% and +6.6% respectively compared with 31/12/2002). In the case of the latter there was considerable growth in the managed portfolio of the subsidiary Unipol Fondi Ltd as a result of the marketing boost provided by the Bank's sales networks. As at 30 June 2003 this had reached €489m (+79.6% compared with 31 December 2002).

There were also good sales of the Parent Company's life policies (approximately €67m) and of mortgage loans (approximately €219m).

The gross operating income for the half-year was €65.7m, +71.6% compared with 30 June 2002, and enabled a net profit for the period of €4m (€799K in the first half of 2002) after deduction of depreciation and allocations to provisions of approximately €11m.

Unipol Merchant spa – Bologna

Share capital: €70.3m

Shareholding: Unipol Assicurazioni 42.54%
Unipol Banca 5.32%

Activity in the field of merchant banking continued to be particularly intense in the half year in question. The company carried out investment operations in participating interests totalling €4.7m and divestments of €15.6m, making capital gains on sales of €2m. In the field of business consultancy and investment and property services and in capital markets 30 mandates were managed, lines of credit brokered and/or organized on behalf of client enterprises for a total amount of some €57m. Amongst the most significant mandates were those arising from taking part in the listing of Meta spa and of Hera spa for which Unipol Merchant acted as co-lead-manager of the Institutional Underwriting Syndicate and, when Hera spa was applying for listing, also acted as the company's financial adviser. Unipol Merchant also gave financial advice to Compagnia Assicuratrice Unipol spa when it was negotiating to acquire the Winterthur Italia Group, acting as co-adviser with Mediobanca spa.

The company is still waiting for the process of obtaining authorization to carry out medium-term lending activity, which is still being considered by the Banca d'Italia. In the meantime work has started on making the necessary administrative adjustments by setting up a Loans Area, drawing up a marketing plan in conjunction with the corporate branches of Unipol Banca and developing medium-term products to be offered to the business sector.

Once this authorization has been obtained there will be a capital increase, which will bring the company's share capital up from €70.3m at present to €105.5m.

On the basis of the provisional half-year figures profit expectations are positive.

Finec Holding spa – Bologna

Share capital: €128.7m

Shareholding: 37.44%

This company, which came into existence in 2002 when it split from the former Finec Merchant, grants loans for buying participating interests in companies operating in various sectors of activity.

The half-year position as at 30 June 2003 coincides with the company's financial year. Investments in shareholdings at the end of the half year totalled €123.6m whilst loans to participating interests amounted to €15.1m.

Based on the provisional figures profit expectations for the period of only six months ended on 30 June 2003 are positive.

Property companies

As at 30 June 2003 the two property subsidiaries had buildings and building land on their books valued at a total of €85.3m.

Intra-Group Transactions

As already mentioned in the Parent Company's Half-Yearly Report, it should be noted that the relationships among the various companies in the Group were aimed exclusively at maximizing synergies and economies of scale and were governed by prices and terms that substantially reflect the market. It should also be noted that no operations were carried out amongst the undertakings belonging to the Group that were unusual or atypical of the normal running of the companies.

As regards the most significant relationships concerning capital and resources with unconsolidated Group undertakings, it should be noted that Unipol Banca had custody of Unipol Assicurazioni securities and those of some subsidiaries and that current accounts were usually held with Unipol Banca.

Significant events after 30 June 2003 and business outlook

Business carried out by the Group during the current quarter has proceeded normally.

The operation to increase Unipol Assicurazioni's share capital, which included a rights issue that started on 14 July, ended positively with total receipts of €1,054.3m.

In addition, on 28 July the 20-year subordinated callable notes with a nominal value of €300m issued by Unipol Assicurazioni was fully subscribed.

On 1 August this loan was listed on the Luxembourg Stock Exchange.

As already mentioned, on 2 July Unipol Assicurazioni signed an agreement for the sale of its entire holding (amounting to 51% of the share capital) in Noricum Vita to the Sanpaolo IMI Group for a total price of €40.3m. The sale is subject to obtaining the authorizations required by law and will involve a net capital gain of approximately €20m.

As regards the activity of the companies in the Group, the rate of growth in premium income remained high because of the contribution from Life business.

The technical trend of Non-Life business continued to be positive as it had been in the first half of the year, especially as regards claim frequency in Motor T.P.L..

However, mention should be made of the occurrence in July of a particularly large fire claim, the financial impact of which on the Group's accounts will, however, be minor since it is covered by reinsurance.

The trend in operating expenses is consistent with figures for the previous period, and the same is true for property and financial management which, however, is affected by uncertainties about the upturn in the American and European economies.

In the absence of extraordinary or abnormal events, profit expectations for the Group are positive and greater than for the previous financial year.

As regards the companies currently being acquired (Winterthur Assicurazioni and Winterthur Vita), for which authorization from the Supervisory Authorities is awaited, it is expected that their consolidation will make a positive contribution, but the level of this contribution will depend on the date on which the companies become fully consolidated.

General Drafting Criteria and Basis of Consolidation

The consolidation principles applied in drawing up the consolidated half-yearly report are consistent with those used in the consolidated annual accounts closed on 31 December 2002.

The criteria used to identify the basis of consolidation are also the same as those used in the 2002 financial year.

It should also be pointed out that in the case of the subsidiary insurance company Noricum Vita, currently being sold, only the profit and loss account has been consolidated. Therefore the value of the holding appears on the asset side of the consolidated balance sheet as the amount of the relevant equity, including the net profit for the period.

Quadrifoglio Vita, in which Banca Agricola Mantovana owns 50%, and BNL Vita, in which Banca Nazionale del Lavoro owns 50%, have been consolidated on a line-by-line basis since they carry out insurance business and in compliance with agreements between shareholders.

The companies consolidated on a line-by-line basis and those valued using the equity method or maintained at book value are listed on the following pages.

Changes in the basis of consolidation

During the first half of 2003 operations carried out concerned:

- Sale by Unipol Assicurazioni (at book value) of holdings in Unieuropa (98%) and Assicoop Ferrara (47.4%) to the subsidiary Smallpart;
- Purchase by Meieaurora of a 2% holding in Unipol Banca.

Furthermore, the following changes in shareholdings took place:

Parent Company:

- Unipol Banca spa from 81.07 to 82.86%
- Unifimm spa from 99.00 to 100.00%
- Navale spa from 98.20 to 98.22%
- Finec Holding spa from 38.95 to 37.44%
- Euresa Holding spa from 21.01 to 24.05%

Smallpart spa

- Assicoop Romagna spa from 38.00 to 48.00%

UNDERTAKINGS INCLUDED IN THE CONSOLIDATED ACCOUNTS 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 508,791,939			
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
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
Midi srl Bologna	Property company 72,000,000	100.00		100.00
Unifimm srl Bologna	Property company 43,350,000	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
Grecale srl Bologna	Loan securitization 10,000		60,00 (Unipol Banca) 40,00 (Unipol Merchant)	69.55
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
ASSOCIATED				
Hotel Villaggio Città del Mare spa Terrasini (Pa)	Tourism /hotels 4,000,000	49.00		49.00
AFFILIATED				
Unipol Merchant spa Bologna	Merchant banking 70,312,005	42.54	5.32 (Unipol Banca)	47.04
Finec Holding spa Bologna	Holding company 128,729,994	37.44		37.44

Company name - Registered offices	Type of business - Share capital (€)	% holding		% Group
		direct	indirect	
A.P.A. spa Parma	Insurance agency 510,000		46.50 (Smallpart)	46.50
AR.CO. Assicurazioni spa Modena	Insurance agency 250,000		40.00 (Smallpart)	40.00
Assicoop Ferrara spa Ferrara	Insurance agency 459,000		47.40 (Smallpart)	47.40
Assicoop Imola spa Imola (Bo)	Insurance agency 520,000		47.34 (Smallpart)	47.34
Assicoop Modena spa Modena	Insurance agency 2,080,000		47.00 (Smallpart)	47.00
Assicoop Ravenna spa Ravenna	Insurance agency 3,640,000		49.00 (Smallpart)	49.00
Assicoop Romagna spa Forli	Insurance agency 774,700		48.00 (Smallpart)	48.00
Assicoop Sicura srl Bologna	Insurance agency 202,800		40.00 (Smallpart)	40.00
Assicoop Siena spa Siena	Insurance agency 510,000		49.00 (Smallpart)	49.00
Assicura spa Reggio Emilia	Insurance agency 1,040,000		35.00 (Smallpart)	35.00
Consorzio ZIS Fiera 2 Bologna	Urbanization works 600,000		41.39 (Midi)	41.39
Euresa Holding sa Luxembourg	Holding company 12,558,425	24.05		24.05
OTHER SHAREHOLDINGS IN AFFILIATED UNDERTAKINGS AT THEIR BOOK VALUE				
Assicoop Genova spa in liquidation - Genoa	Insurance agency 260,000	49.00		49.00

Accounting Criteria

The accounting criteria used to draw up the consolidated half-yearly accounts are the same as those used to draw up the last consolidated annual accounts.

As these are interim figures there has been greater use of appropriate estimate methods, which are, however, substantially in line with the principles adopted at the end of the financial year and will guarantee homogeneity and comparability of data. In particular claims from previous years still outstanding at the end of the first part of the current financial year were evaluated on the basis of updated analytical evidence ('ongoing' provision) deduced from management data and on the basis of suitable technically prudent estimates.

Tax adjustments and provisions

Depreciation on the property of one consolidated subsidiary was removed since it is carried out by the company purely for tax purposes. This removal had a net effect on the consolidation reserve for previous years of €0.3m and on the Group's net profit of €60,000.

Information on the Balance Sheet

Balance Sheet – Assets

B – Intangible assets

The breakdown of the item 'Deferred acquisition costs', which totalled €67.1m, is as follows: €36m for deferred commissions in Non-Life business, €28.6m for deferred commissions in Life business and the remaining €2.5m for other acquisition costs.

The item 'Differences arising from consolidation', net of amortizations, was of €380.3m.

Compared with 31 December 2002, the decrease of €13m was due to the proportions of depreciation for the period for companies consolidated on a line-by-line basis.

C – Investments

C.I – Land and buildings

The overall amount as at 30 June 2003 totalled €491m, which reflects a net reduction compared with 31 December 2002 of €30m, owing to

divestments carried out by Unipol Assicurazioni and Meieaurora.

C.II – Investments in Group undertakings and other participating interests

The overall value of this item totalled €1,199.3m, an increase of €245.4m compared with 31 December 2002, and is made up as follows (€ million):

	30/6/2003
1. Stocks and shares	1,166.6
2. Debt securities	32.7
Total	1,199.3

The value of 'Stocks and shares', €1,166.6m, showed a net increase of €245.5m compared with 31 December 2002, mainly owing to movements of participating interests held by the Parent Company.

This item relates to subsidiaries and affiliated undertakings evaluated by the equity method and to other participating interests maintained at their book value, as follows:

Company	% holding		Group share	Value (€ million)
	direct	indirect		
SUBSIDIARIES				
Noricum Vita spa	51.00		51.00	12.5
Unipol Banca spa	82.86	2.00 (Meieaurora)	84.55	423.0
Unipol Fondi Ltd		100.00 (Unipol Banca)	84.55	0.1
Grecale srl		60.00 (Unipol Banca) 40.00 (Unipol Merchant)	69.55	0.001
Unipol Sgr spa	100.00		100.00	2.1
Unieurospa srl		98.00 (Smallpart)	98.00	0.3
Unisalute Servizi srl		100.00 (Unisalute)	87.44	0.1
ASSOCIATED UNDERTAKINGS				
Hotel Villaggio Città del Mare spa	49.00		49.00	2.0

Company	% holding		Group share	Value (€ million)
	direct	indirect		
AFFILIATED UNDERTAKINGS				
Unipol Merchant spa	42.54	5.32 (Unipol Banca)	47.04	32.2
Finec Holding spa	37.44		37.44	49.1
A.P.A. spa		46.50 (Smallpart)	46.50	0.3
AR.CO. Assicurazioni spa		40.00 (Smallpart)	40.00	0.2
Assicoop Ferrara spa		47.40 (Smallpart)	47.40	0.3
Assicoop Imola spa		47.34 (Smallpart)	47.34	0.4
Assicoop Modena spa		47.00 (Smallpart)	47.00	1.4
Assicoop Ravenna spa		49.00 (Smallpart)	49.00	2.1
Assicoop Romagna spa		48.00 (Smallpart)	48.00	0.5
Assicoop Sicura srl		40.00 (Smallpart)	40.00	3.2
Assicoop Siena spa		49.00 (Smallpart)	49.00	0.5
Assicura spa		35.00 (Smallpart)	35.00	0.7
Consorzio ZIS Fiera 2		41.39 (Midi)	41.39	0.2
Euresa Holding sa	24.05		24.05	3.5
OTHER PARTICIPATING INTERESTS				
Banca Monte dei Paschi di Siena spa	1.98		1.98	235.8
Hopa spa	6.71		6.71	244.5
Sanpaolo IMI spa	0.48		0.48	92.1
Bios spa	7.31	2.41 (Meicaurora)	9.35	40.9
P & V Holding sa	2.39		2.39	8.2
Previnet spa	14.00		14.00	2.2
Atlantis sa	10.30		10.30	2.1
The Co-Operators Group sa	7.20		7.20	1.3
Atlantis Vida sa	12.50		12.50	1.2
Syneteristiki Insurance sa	16.39		16.39	1.0
Other undertakings				2.6
TOTAL				1,166.6

The item 'Other undertakings', €2.6m, includes:

Acteldirect sa, Allnations sa, Artigianfin spa, Autonomia scarl, Banca di Bologna scarl, Banca Popolare Etica scarl, Cestar srl, Consorzio Energia Fiera District, Consorzio R54A, Coop Libera Stampa scarl, Cooptecnical scarl, Fincooper scarl (in liquidation), Fondazione Cesar, Grecale abs, Inarcheck spa, Inforcoop scarl, Nomisma spa, Partisagres SGPS sa, Protos SOA spa, Rita srl, Sagres sa, Sofigea srl (in liquidation), Sofincoop spa, Telemedicina Rizzoli spa, Uci, Union Capital srl (in liquidation).

For the amount and nature of the increases and decreases in investments in Group undertakings and other participating interests, broken down into stocks and shares, bonds and corporate financing, see Annex I.

'Debt securities' totalling €32.7m issued by participating interests were almost unchanged since 31 December 2002.

C.III – Other financial investments

The overall balance of the item totalled

€11,736.7m, an increase of €1,532.2m compared with 31 December 2002. The breakdown of this figure is as follows (€ million):

1. Stocks and shares	409.5
2. Units and shares in investment funds	122.4
3. Bonds and other fixed-income securities	10,770.8
4. Corporate financing	72.0
5. Deposits with credit institutions	18.0
6. Other financial investments	344.0
Total	11,736.7

Total corporate financing receivable after 30 June of the next financial year was €62.3m.

For the breakdown of other financial investments between long-term and short-term (items C.III.1, 2, 3 and 5), see Annex II.

D – Investments for the benefit of policyholders who bear the risk thereof and investments arising out of pension fund management

The overall total of these investments as at 30 June 2003 was €5,096.6m and was made up of €5,042.4m from index- and unit-linked policy investments and €54.2m from investments arising out of three defined-contribution open-end pension funds, 'Unipol Previdenza', 'Unipol Futuro' and 'Unipol Insieme', which are issued and managed by the Parent Company, as well as out of two closed pension funds.

It should be pointed out that total investments recorded a fall of €65.2m compared with the position as at 31 December 2002 since they do not include investments of €588m relating to Noricum Vita.

E – Debtors

The amount of debtors in item E, of €1,004.4m, showed a net increase of €104.3m compared with the balance as at 31 December 2002.

The balance is made up as follows:

- Debtors arising out of direct insurance business, €502.5m;
- Debtors arising out of reinsurance business, €129.3m;
- Other debtors, €372.6m.

Item EI – Debtors arising out of direct insurance business, which totalled €502.5m, included amounts receivable from policyholders of €239.8m and amounts receivable from insurance intermediaries of €181.6m.

'Other debtors' include the advance payment (€90m) made by Unipol Assicurazioni for the acquisition, currently being finalized, of the companies in the Winterthur Italia Group.

The amounts receivable after 30 June of the next financial year totalled €104.6m.

F – Other assets

The overall balance on this item was €619.7m, a net decrease of €263m compared with 31 December 2002, mainly as a result of the decrease in liquid assets (-€264m).

Balance Sheet – Liabilities

A – Capital and reserves

As at 30 June 2003 capital and reserves totalled €1,357.4m including profits for the half-year, an increase of €18.9m compared with 31 December 2002 (+€75.8m when the dividend distributed is taken into consideration).

The share of capital and reserves relating to minority interests was €153.3m (€163.3m as at 31/12/2002).

During the first half-year the Parent Company sold all the 1,834,195 own shares in the portfolio as at 31 December 2002. As at 30 June 2003 the other subsidiaries owned no shares in Unipol Assicurazioni.

The reconciliation table between the Parent Company's capital, reserves and profit for the half-year and consolidated capital, reserves and profit for the half-year is given in the Annex.

B – Subordinated liabilities

This item amounted to €332m (-€5m compared with 31/12/2002 relating to Noricum Vita) and was made up of loans issued by the following companies (€ million):

- | | |
|------------------------|-----|
| • Unipol Assicurazioni | 300 |
| • BNL Vita | 22 |
| • Quadrifoglio Vita | 10 |

The subordinated callable notes of €300m issued in 2001 by the Parent Company Unipol, which are listed on the Luxembourg Stock Exchange, are due on 15 June 2021 but can be redeemed at the option of the issuer as from 15 June 2011.

The level of subordination is comparable with Tier II.

The 7% annual interest rate is fixed up to 15 June 2011 and is variable after that date. The amount of interest relating to the half-year amounted to €10.4m.

Loans issued in 2002 by the other companies indicated are not quoted and are for 5 years. The level of subordination is comparable with Tier II.

C – Technical provisions

Technical provisions totalled €13,679.1m (€12,193.3m as at 31/12/2002) and were made up of €3,983.5m for provision for unearned premiums, provision for outstanding claims and other Non-Life provisions, and of €9,695.6m for technical provisions and provisions for sums payable for Life business.

D – Technical provisions where the investment risk is borne by policyholders and provisions arising out of pension fund management

These provisions totalled €5,087.7m (€5,159.8m as at 31/12/2002), €5,033.5m of which was for technical provisions relating to unit-linked and index-linked contracts and €54.2m was for provisions arising out of pension-fund management.

This item recorded a drop of €72.1m compared with the position as at 31 December 2002 since it does not include Noricum Vita's provisions (€588m).

G – Creditors and other liabilities

As at 30 June 2003, creditors and other liabilities totalled €509.8m (+€109.7m compared with 31/12/2002).

'Sundry borrowings and creditors' (item G.V) totalled €196.9m, an increase of €51.9m compared with 31 December 2002. €38.5m of

this increase was due to sundry borrowings and €13.4m to other payables (€3.2m of which will expire after 30 June of the next financial year).

'Debts secured by a lien on property' (included in item G.V) recorded a balance of €3.1m (-€0.3m compared with 31/12/2002) and refer to two mortgage loans of the Parent Company. Payables due after 30 June of the next financial year amount to €2.5m.

Item G.VII – 'Other liabilities' rose from €127.2m as at 31 December 2002 to €174.8m as at 30 June 2003.

Guarantees, commitments and other memorandum accounts

As at 30 June 2003 memorandum accounts totalled €26,776.4m (€20,683.9m as at 31/12/2002).

The 'Commitments' item (€5,834m) was mainly made up of underlying capital for transactions on derivatives in progress at the end of the half-year (€4,152m). €319.7m related to commitments on repo transactions.

The item 'Other memorandum accounts' (€18,288.2m) was mainly made up of securities deposited with third parties (€18,248.1m).

Assets relating to pension funds managed on behalf of third parties amounted to €214.3m.

Information on the Profit and Loss Account

Further information, in addition to that previously set out in the 'Business Interim Report' section, is given below.

As at 30 June 2003 gross premiums recorded were €4,193.2m (€1,216.7m from Non-Life business and €2,976.5m from Life business).

The premiums were underwritten almost exclusively in Italy.

Premiums ceded to reinsurers totalled €150m (€124.2m from Non-Life business and €25.8m from Life business).

The breakdown of premiums written per class of business is given in the first section of this report ('Business Interim Report').

At the end of the half-year Non-Life business provisions for unearned premiums totalled €890.8m which, taking into account portfolio movements, reflected a €33.3m increase compared with 31 December 2002. (The decrease in the reinsurers' share was €1.4m).

As at 30 June 2003 Non-Life business provisions for outstanding claims totalled €3,083.4m which, taking into account portfolio movements,

reflected a €97.3m increase compared with 31 December 2002. (The decrease in the reinsurers' share was €15.4m.)

As for Life business, mathematical provisions and other technical provisions (including those from Class D) totalled €14,783.3m, a net increase of €2,473.8m compared with 31 December 2002.

The amount of claims paid in Non-Life business was €775.8m. The reinsurers' share was €79.5m.

The amounts paid in Life business totalled €826m (+32.9% compared with 30/6/2002), the reinsurers' share being €10.3m.

'Other income' included, in particular, interest receivable on bank deposits of €15.9m, whilst 'Other charges' included €13m for depreciation relating to the consolidation difference of the companies consolidated on a line-by-line basis and €11.3m for interest payable relating to subordinated debenture loans.

The table below shows investment income and charges (shown separately for land and buildings, investments in Group undertakings (net of intra-Group transactions) and other participating interests, and other financial investments) as at 30 June 2003:

BREAKDOWN OF INVESTMENT INCOME AND CHARGES

(€ million)

	Total
Investment income from land and buildings	8.3
Investment charges from land and buildings	7.5
Total (A)	0.8
Investment income from Group undertakings and other participating interests	24.6
Investment charges from Group undertakings and other participating interests	2.0
Total (B)	22.6
Income from other financial investments	356.2
Charges on other financial investments	89.6
Total (C)	266.6
TOTAL (A+B+C)	290.0

Class D investment income and charges, bank interest and interest on debenture loans are not included.

As at 30 June 2003 extraordinary income was €20.9m, mainly made up of €18m from capital gains on trading of securities and participating interests.

Extraordinary charges recorded a balance of €8.2m, which includes capital losses on sales of long-term investments, contingent liabilities, and charges relating to companies in the Group taking advantage of several amnesties on direct and indirect taxes (Law 289/2002), offset by drawings on funds recorded as income.

Other Information

Employees in the consolidated undertakings

	First Half of 2003	
	Average N°	As at 30/6
Unipol Assicurazioni	1,442	1,430
BNL Vita	85	85
Linear Assicurazioni	228	248
Meicaurora	852	847
Navale Assicurazioni	101	102
Noricum Vita	14	14
Quadrifoglio Vita	17	17
Unisalute	177	198
Total	2,916	2,941

As at 30 June the average number of employees was broken down by category as follows:

Senior officials	91
Junior officials	358
Clerical staff	2,085
Other employees (*)	382
Total	2,916

(*) mainly call-centre advisers

Overall the average number of employees in the consolidated companies increased by 120 over the average number in 2002, and 92 of these were operators for the call-centres of Unipol Assicurazioni, Unisalute and Linear.

Solvency margin

On the basis of current legislation for individual insurance companies, the amount of the margin to be set up at the end of the financial year for the Parent Company Unipol is likely to be approximately €350m, amply covered by the relevant assets. The other companies in the Group are also expected to have sufficient cover for their solvency margins at the end of the financial year, taking account of the various operations to increase capital that have already been resolved.

As regards the solvency margin at Group level provided for by Legislative Decree 239 of 17 April 2001 ('adjusted solvency'), including the newly-acquired companies in the Winterthur Italia Group, the relevant covering assets owned by Unipol Assicurazioni exceed the amount required.

Assets matching technical provisions

As regards assets matching the Parent Company Unipol's technical provisions, it should be noted that in the case of Non-Life provisions the amount to be covered as at 30 June 2003 was €1,930.5m. Matching assets can be broken down as follows:

Debt securities and similar securities	667.7
Mortgages and secured loans	17.1
Equities and similar securities	482.6
Land and buildings	391.9
Debtors and other assets	371.2
Total matching assets	1,930.5

As for Life provisions (excluding those referred to in Article 30 of Legislative Decree 174/95, and pension funds matched by the assets referred to in Class D of the balance sheet), the amount to be matched as at 30 June 2003 was €3,198.2m. Matching assets can be broken down as follows:

Debt securities and similar securities	2,821.2
Equities and similar securities	324.7
Debtors and other assets	52.3
Total matching assets	3,198.2

The above assets belong to asset categories identified in Isvap Instructions 147 and 148 of 30 January 1996.

Regarding the other insurance subsidiaries, as at 30 June 2003 there was no shortage of assets to match the increases in technical provisions.

Speed of claim settlements

The following table, which concerns domestic direct business carried out by the Parent Company Unipol, shows the speed of claim settlements at the end of the first half-year for the main lines of business and a comparison with 30 June 2002. The figures are obtained by comparing the number of claims paid with the number of claims reported during the half-year or outstanding at the end of 2002, net of those written off as without follow-up (percentage values).

Lines of business	Occurring in 2003		Occurring in previous years	
	06/02	06/03	06/02	06/03
Accident	47.8	44.5	46.9	49.3
Health	78.7	78.5	70.9	65.4
Land Vehicles – Own				
Damage or Loss	70.3	69.7	63.6	63.8
Fire	41.5	43.7	56.6	57.4
Other damage to property	52.0	50.5	62.0	64.0
Motor T.P.L.	50.2	49.0	45.1	44.6
General T.P.L.	36.1	36.2	26.2	26.1

During the first few months of the financial year the Group Claims-Handling Centres (C.L.G.) began operating for Unipol, Meieaurora and Linear. The objective is to rationalize administrative procedures, improve customer service and keep costs down.

Bologna, 12 September 2003

The Board of Directors

The Board of Statutory Auditors, having checked the accounts as required by law, made no remarks on the Report.

**Changes in investments in Group undertakings and participating interests:
stocks and shares (item C.II.1), debt securities (item C.II.2) and corporate financing (item C.II.3)**

These data refer to the first six months of 2003

(€ million)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	921.1 ²¹	32.8 ⁴¹	
Increases in the period:	+ 2	250.2 ²²	1.0 ⁴²	
through: purchase, subscription or financing	3	233.6 ²³	1.0 ⁴³	
value re-adjustments	4			44
write-ups	5			45
other changes	6	16.6 ²⁶		46
Decreases in the period:	- 7	4.7 ²⁷	1.1 ⁴⁷	
through: sale or redemption	8	2.6 ²⁸	1.0 ⁴⁸	
write-downs	9	1.8 ²⁹	0.1 ⁴⁹	
other changes	10	0.3 ³⁰		50
Total	11	1,166.6³¹	32.7⁵¹	

Breakdown of other financial investments into: stocks and shares in undertakings, units and shares in investment funds, bonds and other fixed-income securities, sundry financial investments (items C.III.1, 2, 3, 5) (*)

These data refer to the first six months of 2003

Life and Non-Life business

(€ million)

	Long-term portfolio		Short-term portfolio		Total	
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value
1. Stocks and shares in undertakings	228 ¹³	206 ²⁵	182 ³⁷	186 ⁴⁹	409 ⁶¹	392 ⁷²
a) listed stocks	228 ¹⁴	206 ²⁶	181 ³⁸	185 ⁵⁰	409 ⁶²	391 ⁷³
b) unlisted stocks						
c) shares	0 ¹⁵	0 ²⁷	1 ³⁹	1 ⁵¹	1 ⁶³	1 ⁷⁴
2. Units in investment funds	15 ¹⁶	12 ²⁸	107 ⁴⁰	107 ⁵²	122 ⁶⁴	120 ⁷⁵
3. Bonds and other fixed-income securities	2,730 ¹⁷	2,813 ²⁹	8,041 ⁴¹	8,069 ⁵³	10,771 ⁶⁵	10,883 ⁷⁶
a1) listed Government bonds	601 ¹⁸	627 ³⁰	6,938 ⁴²	6,952 ⁵⁴	7,539 ⁶⁶	7,579 ⁷⁷
a2) other listed securities	2,015 ¹⁹	2,072 ³¹	1,048 ⁴³	1,062 ⁵⁵	3,062 ⁶⁷	3,135 ⁷⁸
b1) unlisted Government bonds	16 ²⁰	16 ³²			16 ⁵⁶	16 ⁶⁸
b2) other unlisted securities	92 ²¹	93 ³³	17 ⁴⁵	17 ⁵⁷	108 ⁶⁹	110 ⁷⁹
c) convertible bonds	7 ²²	5 ³⁴	38 ⁴⁶	38 ⁵⁸	45 ⁷⁰	43 ⁸⁰
5. Other investments (2)	8 ²³	6 ³⁵	336 ⁴⁷	337 ⁵⁹	344 ⁷¹	343 ⁸¹
	8 ²⁴	6 ³⁶	336 ⁴⁸	337 ⁶⁰	344 ⁷²	343 ⁸²

(1) Value indicated in the half-yearly accounts

(2) Including premiums for options purchased which, as they are valued based on underlying assets/liabilities, may not be aligned to market value

(*) Deposits with credit institutions are not included in item C.III.5

**RECONCILIATION BETWEEN
THE PARENT COMPANY'S CAPITAL, RESERVES AND PROFIT FOR THE PERIOD
AND CONSOLIDATED CAPITAL, RESERVES AND PROFIT FOR THE PERIOD**

(€ million)

	Capital and reserves	Profit for the period	Total shareholders' equity as at 30/06/2003	Total shareholders' equity as at 31/12/2002
Balances on half-yearly accounts of Unipol Assicurazioni	1,339.9	90.5	1,430.4	1,387.7
Difference between net book value and capital, reserves and profit for the period of consolidated undertakings	(506.8)	32.3	(474.5)	(465.7)
Differences arising from consolidation	393.3	(13.0)	380.3	393.3
Difference posted to other asset items (buildings)	27.7	(7.8)	19.9	27.7
Valuation of undertakings included by the equity method	1.6	5.5	7.1	2.8
Elimination of infra-group dividends	42.3	(42.3)	0.0	0.0
Infra-group transactions	(6.5)	0.0	(6.5)	(6.5)
Application of group accounting criteria	(0.8)	1.5	0.7	(0.8)
Balances on consolidated half-yearly accounts - Group	1,290.7	66.7	1,357.4	1,338.5
Minority interests	140.1	13.2	153.3	163.3
Total for the Group, minority interests included	1,430.8	79.9	1,510.7	1,501.8

The negative difference between the Parent Company's shareholders' equity and the Group shareholders' equity is mainly due to shareholdings acquired in 2000.



Revisione e organizzazione contabile

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(Translation from the Italian original which remains the definitive version)

Review report

To the Board of Directors of
Compagnia Assicuratrice Unipol S.p.A.

- 1 We have reviewed the half year report as at and for the six months ended 30 June 2003, comprising the balance sheets, profit and loss accounts and the relative notes, of Compagnia Assicuratrice Unipol S.p.A. both parent company only and consolidated. We have also reviewed that part of the notes describing the activities of the company and the group for the period with the sole objective of verifying consistency with the remainder of the half year report.

As permitted by paragraph 4 of article 81 of Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines approved with resolution no. 11971 dated 14 May 1999 and subsequent modifications and integrations, the parent company has prepared the half year report using the format provided for by ISVAP (the Italian Supervisory Authority for the Insurance Sector) regulation no. 1207-G dated 6 July 1999. Accordingly, the half year report complies with both article 81 of Consob guidelines approved with resolution no. 11971 dated 14 May 1999 and subsequent modifications and integrations and the above-mentioned ISVAP regulation which has supervisory purposes.

- 2 We conducted our review in accordance with Consob guidelines set out in Consob resolution no. 10867 dated 31 July 1997 to which the above-mentioned ISVAP regulation makes reference. The review of the half year reports of certain subsidiaries, representing approximately 8%, 45% and 36% of total assets of the parent company, consolidated assets and consolidated net premiums respectively, has been performed by other auditors who provided us with their reports thereon. The review consisted primarily of the collection of information relating to the financial data and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented. With respect to the examination of technical reserves accounted for under liabilities in the balance sheet of the parent company, we also referred to the report issued by a qualified actuary in accordance with article 8 of ISVAP regulation no. 1207-G dated 6 July 1999. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than a full scope audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our reports on the annual parent company only and consolidated financial statements, we do not express an opinion on the half year report.



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- 3 With regard to the comparative figures relative to the annual financial statements, annual consolidated financial statements and half year report of the previous year, reference should be made to our reports dated 11 April 2003 and 24 September 2002.
- 4 Based on our review, we are not aware of any material modification or integrations that should be made to the balance sheets, profit and loss accounts and relative notes described in paragraph 1 above for them to be in conformity with the guidelines governing the preparation of half year reports described therein.

Bologna, 13 October 2003

KPMG S.p.A.

(Signed on the original)

Massimo Tamburini
Director of Audit

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