

# **2001 Consolidated Annual Accounts**

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## GROUP HIGHLIGHTS

	(ITLbn)			(€m)		
	2001	2000	1999	2001	2000	1999
<b>Gross premiums</b>	9,571.1	6,265.2	3,585.0	4,943.1	3,235.7	1,851.5
<i>% increase</i>	52.8	74.8	17.1	52.8	74.8	17.1
<b>% of direct business market</b>	6.5	4.7	2.9	6.5	4.7	2.9
<b>Technical provisions</b>	28,320.5	24,207.5	9,412.7	14,626.3	12,502.1	4,861.3
<i>% increase</i>	17.0	157.2	19.4	17.0	157.2	19.4
<b>Technical provisions-to-premiums ratio</b>	295.9	258.2	262.6	295.9	258.2	262.6
<b>Investments, cash and cash equivalents</b>	28,694.1	24,152.2	9,948.8	14,819.3	12,473.6	5,138.1
<i>% increase</i>	18.8	142.8	20.5	18.8	142.8	20.5
<b>Net investment income and capital gains (1)</b>	1,126.8	904.4	480.0	581.9	467.1	247.9
<i>% increase</i>	24.6	88.4	-6.2	24.6	88.4	-6.2
<b>Payments (claims, amounts due out of maturity, surrender, annuity)</b>	4,657.1	3,548.3	1,908.5	2,405.2	1,832.5	985.7
<i>% increase</i>	31.2	85.9	9.6	31.2	85.9	9.6
<b>Loss ratio - Non-Life business</b>	78.3	83.2	83.3	78.3	83.2	83.3
<b>Operating expenses</b>	1,119.1	971.1	518.3	578.0	501.5	267.7
<i>% increase</i>	15.2	87.4	2.0	15.2	87.4	2.0
<b>Expense ratio</b>	11.7	15.5	14.5	11.7	15.5	14.5
<b>Capital &amp; reserves - Group</b>	2,173.7	2,126.5	1,271.9	1,122.6	1,098.2	656.9
<i>% increase</i>	2.2	67.2	10.7	2.2	67.2	10.7
<b>Profit before taxation</b>	267.3	183.3	135.7	138.0	94.7	70.1
<i>% increase</i>	45.8	35.1	14.4	45.8	35.1	14.4
<b>Group net profit</b>	120.7	83.9	73.4	62.3	43.3	37.9
<i>% increase</i>	43.9	14.3	17.9	43.9	14.3	17.9
<b>Net profit-to-premiums ratio</b>	1.26	1.34	2.0	1.26	1.34	2.0
<b>Staff number</b>	2,697	2,607	1,545			

(1) Except for Class D net investment income

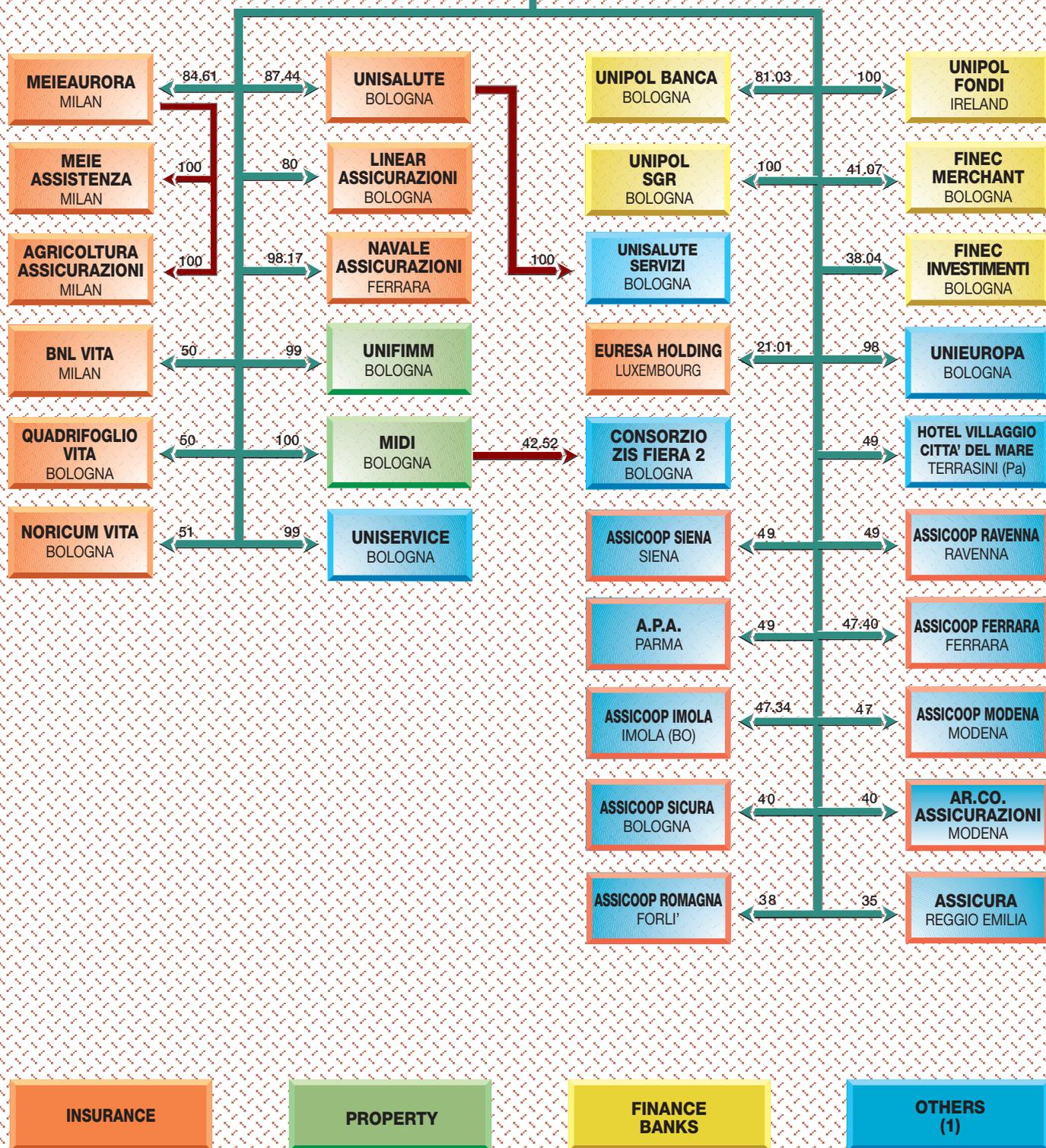
Please notice that as at 31 December 2001 BNL Vita was fully included in the basis of consolidation. As the company was acquired on 28 December 2000, only its assets and liabilities had been included in Unipol's 2000 consolidated accounts.

# BASIS OF CONSOLIDATION AS AT 31 DECEMBER, 2001



## LINE-BY-LINE

## EQUITY METHOD



(1) Mainly service companies linked to insurance and property businesses; in orange: companies acting as Unipol agencies

# Board Report

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# The Group

## The market

In the year just ended the Italian insurance market recorded premium income of ITL145,000bn, a rise over 2000 of approximately 10.6%, which confirmed the trends that had already become evident in the previous financial year: a limited rate of growth in Non-Life business and a livelier rate in Life business, in which bancassurance, while showing further progress, was nevertheless much less dynamic than in the late '90s. In Life business the preponderance of the traditional networks was confirmed, whilst direct and internet sales, although expanding rapidly, do not yet cover a significant proportion of the market.

From the structural point of view, fresh attempts at mergers, involving large insurance groups, showed that the pressure on the sector to amalgamate has not yet eased. In addition the principal insurance groups in the managed savings sector are continuing to consolidate, with a view to offering comprehensive packages likely to fulfil all the requirements that clients may have relating to allocation of savings.

## The Group

In this context the Unipol Group continues to pursue the strategies already laid down in the 2000 - 2003 business plan:

- an increase in the size of the domestic market;
- specialization by distribution channel and by product;
- diversification and expansion in banking and managed savings business by, inter alia, developing relations with major national financial concerns.

In this context, during 2001 the Group attained

an interest of approximately 2% in Banca Monte dei Paschi di Siena, which in turn has an interest in Finsoe spa (25.6%), and increased to 5% its interest in Hopa spa. It belongs to the shareholders' agreement controlling Hopa along with Fingruppo (the holding company in which entrepreneurs from Brescia have a participating interest), Banca Monte dei Paschi di Siena and Banca Popolare di Lodi.

## Expansion

Expansion took place in 2000 through the purchase of controlling interests in insurance companies (Meie Group, Aurora, Navale and BNL Vita). The 2001 financial year was therefore characterized by the specific commitment to integrate the structure and operations of these purchases within the Group. Therefore the Parent Company made the organizational changes needed to promote the processes of coordinating and controlling the companies in the Group and to encourage optimum synergies amongst the various operational structures.

First of all the plan for merging the companies having registered offices in Milan was implemented by incorporating Aurora and Meie Vita into Meie Assicurazioni, which then changed its name to 'Meieaurora spa'. At the same time the sales network was restructured and rationalized by closing and merging agencies in order to reduce the number of them.

Some management functions were centralized under the Parent Company. In particular:

- financial and property management relating to Meieaurora and Navale;
- extending Unipol Assicurazioni's office and peripheral IT system (using the host

processor and the operational software) to Meieaurora, with the agencies linked up on-line to the system already in use by the Parent Company;

- developing the service of handling Group claims by telephone (Sertel), which was extended to Meieaurora as from January 2002 for the purpose of recording incoming claims (but during the year it will also start settling them);
- centralizing the management of Group purchases in Unipol Assicurazioni.

2001 saw increased internal growth too, the companies in the Group achieving an average rate of growth of 14.1%, and total direct premium income touched ITL9,500bn. The domestic market share (6.3% in 2000, including BNL Vita) increased further. At the end of 2001 the Group ranked fourth among the main Insurance Groups operating in Italy.

### **Specialization by distribution channel and by product line**

As regards the strategy of specialization by distribution channel and by product line, it should be recalled that the Group consists of:

- Composite companies  
These are the Parent Company Unipol Assicurazioni and Meieaurora, both of which operate over the whole country and in all Life and Non-Life business via a network of exclusive agencies consisting of approximately 1,132 agencies and a similar number of sub-agencies. In 2001 these Companies had direct premium income of ITL5,194bn (+6.4% compared with 2000 upon the same basis of consolidation), 71% of which was from Non-Life business and 29% from Life business. Composite companies represented 55% of the Group premium income.
- Companies specializing in Non-Life business  
There were mainly three companies/product, with their own brands and independent commercial channels. Specifically, Linear sells motor-vehicle products by telephone and over the Internet, Unisalute sells health

care products mainly through directly-managed group agreements, whilst Navale, specializing in marine and tourism, operates through brokers and non-exclusive agencies. In 2001 these companies achieved total direct premium income of ITL428bn, an increase of 43% over 2000. The specialist companies, including Meie Assistenza and Agricoltura sm, represented almost 5% of the Group premium income.

- Bancassurance companies, in which Noricum Vita (via the 183 outlets of Carisbo and the 132 branches of the Banca Popolare dell'Adriatico), Quadrifoglio Vita (via the 286 outlets of the Banca Agricola Mantovana) and BNL Vita (BNL network consisting of approximately 700 outlets and 1,175 financial advisers).  
In 2001 bancassurance companies had premium income of ITL3,859bn, an increase of 23.8%, probably greater than the growth recorded by their competitors. Bancassurance companies represented approximately 41% of Group premium income.

### **The strategy of diversification and expansion in the banking and managed savings business**

This strategy is focused on developing Unipol Banca. After the incorporation, at the beginning of the year, of the business of managing the assets of third parties previously carried out by Unipol SGR, in the second part of 2001 Unipol Banca's distribution network was strengthened through the purchase of 51 outlets from Banca IntesaBci. At the end of the year the number of branches had thus reached 95 (as against 36 at the end of 2000), plus 60 finance shops and 370 financial advisers. The sales network is supplemented by Unipol Assicurazioni's network of agencies, with which it collaborates. Also operating in the sector are Unipol Fondi, which manages the multi-portfolio umbrella fund 'Unipol Funds' and the participating interest Finec Merchant, the activity of which is geared to backing fresh entrepreneurial initiatives and development projects.

# Key aspects of the Group's business

In the financial year 2001 the Group achieved higher profits in all business areas and as at 31 December 2001 it consisted of ten insurance companies, two property companies and a service company, all fully consolidated. Twenty companies have been valued using the net equity method.

To sum up, the most significant items in the **consolidated accounts** are the following (in ITLbn):

	2001	2000	Var. % 2001/00
<b>Gross premiums</b>	<b>9,571.1</b>	<b>6,265.2</b>	<b>+52.8</b>
Net premiums	9,052.8	5,811.2	+55.8
Net investment income and net capital gains	1,126.8	904.4	+24.6
Net income (charges) from class D investments	(242.3)	(58.3)	+315.6
Gross technical provisions	28,320.5	24,207.5	+17.0
Net technical provisions	26,665.4	22,637.4	+17.8
Claims paid	4,657.1	3,548.3	+31.2
Operating expenses	1,119.1	971.1	+15.2
Depreciation of goodwill:			
- fully consolidated			
- valued using the net equity method	50.9	18.2	+179.7
	4.2	3.4	+23.5
Investments / liquid assets	28,694.1	24,152.2	+18.8
Relevant net assets	2,173.7	2,126.5	+2.2
<b>Gross profit:</b>			
Balance on the technical account	68.0	-92.1	
Ordinary operating profit	106.1	101.4	+4.6
Pre-tax profit	267.3	183.3	+45.8
<b>Net profit for the year</b>	<b>120.7</b>	<b>83.9</b>	<b>+43.9</b>

Amongst the key aspects of the Group's business the following should be mentioned:

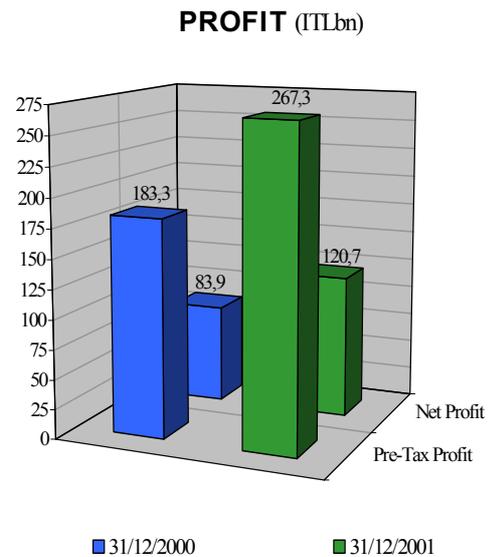
- gross premium income reached ITL9,571bn (56.4% of which was in Life business), an increase of 52.8%. In consistent terms, excluding the premiums relating to BNL Vita (ITL2,588.7bn), which was consolidated into the profit and loss account in 2001, the increase in premium income was 11.4%

compared with the premiums recorded as at 31 December 2000;

- the result of insurance business was positive to the amount of ITL68bn (negative to the amount of ITL92bn as at 31/12/2000) and shows a marked improvement in Non-Life business. In Life business, however, the technical result was adversely affected by significant value adjustments to the securities portfolio;
- the total amount of the technical provisions amounted to ITL28,320.5bn (+17%) and to ITL26,665.4bn net of the reinsurers' share (+17.8%);
- the level of investments and liquid assets reached ITL28,694.1bn, an increase of ITL4,542bn over the position as at 31 December 2000 (+18.8%);
- net investment income for the period and net profits from disposals and trading increased from ITL904.4bn as at 31 December 2000 to ITL1,126.8bn (ITL273bn of which related to BNL Vita). Investments relating to benefits linked to investment funds and market indices and pension funds (class D) recorded a net drop in value of ITL242.3bn (-ITL58.3bn at 31/12/2000) owing to the significant capital losses recorded at the end of the financial year;
- the net value adjustments recorded at the end of the financial year, caused by the downward trend in the financial markets, amounted to ITL286.9bn (ITL147.8bn at 31/12/2000), partly falling to Life business segregated accounts;
- net operating expenses, totalling ITL976.5bn, were 10.9% of the relevant premiums (14.5% at 31/12/2000);
- the result of ordinary business for the period amounts to ITL106.1bn (+4.6%) but this result does not take account of depreciation

relating to the consolidation differences of ITL55.1bn (ITL21.6bn in 2000);

- the total gross profit amounted to ITL267.3bn (ITL183.3bn at 31/12/2000). Net of tax, the Group profit was ITL120.7bn (ITL83.9bn at 31/12/2000), an increase of 43.9% over 2000.



The principal economic data, compared with those of the previous financial year, are set out below:

### SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(ITLbn)

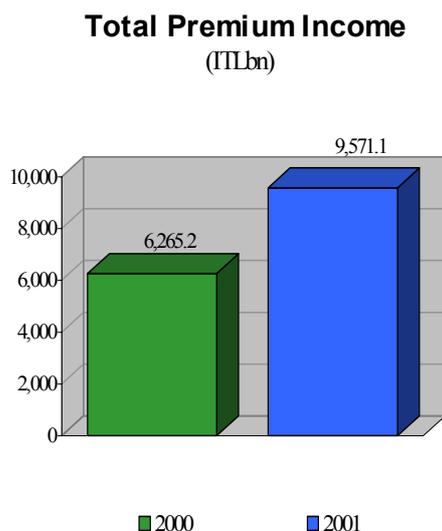
	as at 31 December 2001			as at 31 December 2000		
	Life	Non-Life	Total	Life	Non-Life	Total
<b>TECHNICAL ACCOUNT</b>						
<b>net of reinsurance cessions</b>						
Life written premiums and Non-Life earned premiums	5,312.4	3,638.2	8,950.7	2,261.9	3,518.6	5,780.5
Charges for claims and benefits, variations in Life technical provisions, Non-Life provisions for outstanding claims	(5,333.6)	(2,848.4)	(8,182.0)	(2,391.1)	(2,926.7)	(5,317.9)
Operating expenses	(217.8)	(758.7)	(976.5)	(113.8)	(726.0)	(839.9)
Sundry technical income and charges	13.3	(21.6)	(8.2)	(1.7)	(40.0)	(41.7)
Net income (charges) from investments in Class D	(242.3)		(242.3)	(58.3)		(58.3)
Net investment income allocated to the technical account of Life business	526.4		526.4	385.1		385.1
<b>Balance on the technical account</b>	<b>58.5</b>	<b>9.5<sup>(1)</sup></b>	<b>68.0</b>	<b>82.1</b>	<b>(174.2)<sup>(1)</sup></b>	<b>(92.1)</b>
<b>NON-TECHNICAL ACCOUNT</b>						
Net investment income <sup>(2)</sup>			415.3			376.4
Net value adjustments			(286.9)			(147.8)
Balance on sundry income/charges			(90.3)			(35.1)
<b>Balance on ordinary activities</b>			<b>106.1</b>			<b>101.4</b>
Extraordinary income			240.9			125.1
Extraordinary charges			(79.7)			(43.2)
<b>Profit before taxation</b>			<b>267.3</b>			<b>183.3</b>
Tax on profit			(127.0)			(99.5)
Profit (loss) for the year -minority interests			19.6			(0.1)
<b>PROFIT FOR THE YEAR - GROUP</b>			<b>120.7</b>			<b>83.9</b>

(1) The layout of the consolidated accounts does not anticipate the transfer of income from the non-technical account for Non-life business

(2) Net of the share transferred to the technical account of Life business

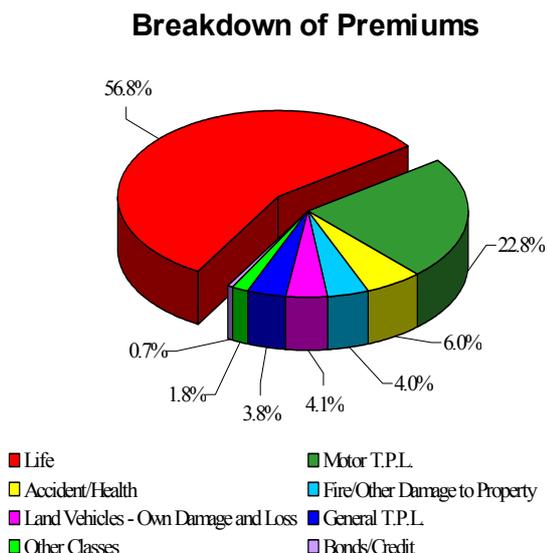
## Insurance business

Total gross premium income for the Group, amounted to ITL9.571.1bn, an increase of 52.8% to which BNL Vita, which was consolidated in 2001, made a substantial contribution.



The rate of development, upon the same basis of consolidation, was 11.4% (+5.9% for Non-Life business, +20.8% for Life business).

During the fourth quarter premium income was ITL2,714bn (an increase of 50% compared with the fourth quarter of 2000 and +20.8% upon the same basis of consolidation).



Premiums as at 31 December 2001 are made up as follows (in ITLbn):

	2001	Comp. %	Var. % compared with 2000
Direct business –			
Non-Life business	4,097.8	43.2	+6.4
-Life business	5,383.6	56.8	+132.9
	<b>9,481.4</b>	<b>100.0</b>	<b>+53.8</b>
Inward reinsurance –			
Non-Life business	79.7	88.8	-12.7
-Life business	10.0	11.2	+11.1
	<b>89.7</b>	<b>100.0</b>	<b>-10.6</b>
<b>Overall total</b>	<b>9,571.1</b>		<b>+52.8</b>
Premiums ceded	518.3		+14.1
<b>Premiums retained</b>	<b>9,052.8</b>		<b>+55.8</b>

The net retention rate in 2001 was 94.6%.

### LIFE business and Pension Funds

Life premiums, giving an income of ITL5,393.6bn,

represented 56.4% of the total and showed an increase of 132.4%. During 2001 the Parent Company achieved a total turnover of ITL1,050.3bn, significantly up on the previous financial year (+19.4%).

The trend was positive both for personal, single-premium policies and for group policies, which recorded a considerable rise in the number of capital redemption policies issued.

Bancassurance companies (BNL Vita, Noricum Vita and Quadrifoglio Vita) recorded sustained growth, especially in the second half of the year, with premium income of ITL3,858.7bn and an average increase of +23.8%.

Payments for claims, matured policies, surrendered policies and annuities amounted to ITL1,816.3bn (+21.8% upon the same basis of consolidation).

The technical provisions (including those in class D) reached ITL21,264.2bn, an increase of ITL3,539bn compared with the position as at 31 December 2000 (+20%).

The operating expenses incurred in the

financial year, which include the acquisition and renewal commissions and the other acquisition and administrative expenses, net of commissions received from reinsurers, totalled ITL217.8bn. The corresponding incidence on earned premiums was 4.1% and 5.3% upon the same basis of consolidation (5% in 2000).

### ***Pension Funds***

As regards closed industry pension fund business, the Parent Company, in joint venture with the Citibank Group, maintained its presence in the sector, obtaining four new pension funds during 2001 which are operational as from 2002 in addition to the five already operational at the end of 2001.

Assets managed at the end of the year totalled ITL243.4bn.

As regards the open-end pension funds, the products of 'Unipol Futuro', 'Unipol Previdenza' and 'Unipol Insieme' were distributed through the networks of the preferred banks, through Unipol's local agencies and by direct sales.

As at 31 December 2001 the total combined assets of the three funds came to ITL37.3bn (+ITL17.9bn compared with the position at 31/12/2000), representing a total of 5,188 subscribers.

### **NON-LIFE business**

Non-Life premium income reached ITL4,177.5bn, an increase of 5.9% compared with the position as at 31 December 2000.

The Parent Company had total premium income of ITL2,280.6bn, an increase of 4.9% over 31 December 2000 (7.4% in direct business).

Growth of Non-Life business was sustained by premium income from both the Personal and Commercial sectors.

Motor T.P.L. recorded a substantial increase (+8.1%), linked with the end of the freeze on tariffs which resulted in Unipol seeing a rise in the number of applications for new policies and greater customer loyalty.

The specialist companies Linear and Unisalute

showed considerable growth. Unisalute, with ITL81.5bn in direct premiums (+38.1%), is now one of the top ten companies in the Health branch, whilst Linear, with premium income of ITL129.4bn, grew by 70.6% and maintained a market share estimated at around 16%, an increase over the previous financial year.

In the case of Meieaurora, direct premium income was ITL1,518bn (-1.3%). This slight fall can be attributed to the effects of a more selective underwriting policy together with rigorous assessment of the quality of premium income.

The foreign portfolio is very limited (ITL62.5bn, arising from inward reinsurance).

Net retention of premiums written was 89.5% (90% in 2000).

Charges relating to claims totalled ITL2,840.8bn (+5.3%).

Total allocations to the provision for unearned premiums and outstanding claims rose at the end of the year to ITL7,056.3bn (+8.9%).

The technical results showed a considerable improvement, with a positive balance of ITL9.5bn, compared with a negative balance of ITL174.2bn in 2000, owing to a drop in the average loss ratio of almost 5 basis points. In fact by the end of the financial year the loss ratio, including handling expenses and net of outward reinsurance, had fallen to 78.3% of earned premiums (83.2% at the end of 2000).

Operating expenses, which included acquisition and renewal commissions and other acquisition and administrative expenses, net of commissions received from reinsurers, totalled ITL758.7bn. Their incidence on premiums retained was 20.3% (20.5% in 2000).

### **Products and sales**

During the financial year the Group undertook a considerable review of its list of products and introduced new ones, offering flexible solutions in order to improve the service offered to its

clients.

In Non-Life business, Unipol adjusted the products and guarantees offered under third-party liability business to the current changes in regulations, a change which involves more commitments on the part of entrepreneurs.

In the case of Meieaurora, the list of products was fully revised and brought up to date in order to fulfil the diverse and multiple requirements of the market, thus bringing products sold by the merged companies into line with one another and making it easier to adopt the Parent Company's on-line IT system.

During 2001 Unisalute, which specializes in health-care business, concentrated its own efforts at increasing sales on group Health products but also began to sell new health-care products and, in collaboration with a major European reinsurer, to sell LTC (Long Term Care) products. These are new products offering guaranteed cover in the event of policy-holders not being able to look after themselves and have the advantage that the premiums are tax-deductible. Another innovation was the introduction of marketing personal products by telephone, through a call centre and over the internet ([www.unisalute.it](http://www.unisalute.it)). This initiative was backed up by an advertising campaign in the national and local press.

Linear's marketing strategy was focused both on retaining existing clients and on attracting new clients with a good risk profile. Targeted advertising campaigns were run for this purpose. At the end of the financial year the company had 185,000 clients.

Navale continued to reinforce its strategy of specializing in marine and tourism business.

In Life business, the Parent Company Unipol concentrated new business in particular on traditional products with a pre-determined yield and on new products in the 'Uninvest' range (Unit-Linked products that make use of nine funds). In the second part of the year Uninvest policies offering the possibility of taking out a P.A.C. ('Piano di Accumulo Capitali', Capital

Accumulation Plan) were also marketed.

Life business in the former Aurora network was able to benefit from the marketing of Unit and Index-Linked investment products, previously not offered, which were very successful. Meieaurora business focussed both on Index and Unit-Linked investment products and on traditional single-premium products. In particular, towards the end of the first half of the year, Meieaurora launched two new guaranteed investment products (Unit-Linked 'Alte Vette' with capital guaranteed at the end of the 5<sup>th</sup> year and Index-Linked 2001 with a guaranteed minimum income at the end of the 4<sup>th</sup> year of 14% of the premium paid). In addition, at the end of June new types of temporary Life assurance were issued to replace the previous types.

In bancassurance business premium income during the 2001 financial year focused in particular on products giving a guaranteed income and protection of the capital invested, in response to the growing demand for security that was a feature of the investment market last year. BNL Vita, in particular, implemented a specific policy of intervention over the full range of products offered by revising existing tariffs and introducing new products onto the market including four new Index-Linked tariffs a special feature of which was a product structure with an annual dividend and a new Unit-Linked guaranteed-capital tariff known as 'BNL Unit Garantita'. The marketing activities of the subsidiaries Noricum Vita and Quadrifoglio Vita were also focused in particular on offering guaranteed Unit-Linked products, but traditional policies in class I, in particular fixed-income policies, also produced a good level of premium income.

In the category of supplementary pension schemes, in the second half-year the Parent Company began to sell 'Unipol Insieme', a new open Pension Fund, distinguished by having two guaranteed lines and a balanced ethical line among its investment areas.

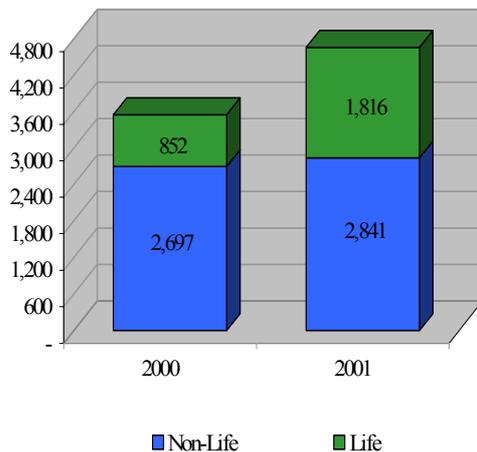
As regards the activities of Unipol Banca, mention must be made of the launch of

initiatives to develop mortgage loans (six new products launched) backed up by an advertising campaign.

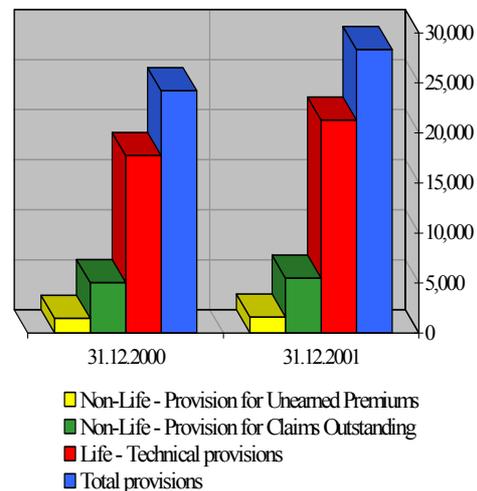
A campaign to gain customer loyalty for Group

products such as asset management, unit trusts (those of Unipol Fondi), Life policies and open-end pension funds was also launched.

**Claims Paid (ITLbn)**



**Technical Provisions (ITLbn)**



### *The sales network*

2001 saw work on strengthening and reorganizing the sales network for the purpose of managing the channels and the distribution networks efficiently, and in order to guarantee a high level of service by harmonizing marketing systems.

The sales network consists of 563 Unipol agencies, with 760 agents and 1,132 subagents, added to which are Meieaurora's 569 exclusive agencies, which were rationalized from the point of view of numbers and geographical distribution. Closures, mergers and liberalization of portfolios reduced the number by 149 compared with the number at the end of 2000. The sales network of the bancassurance sector makes use of 286 outlets of the Banca Agricola Mantovana, through which Quadrifoglio Vita sells its products, of 315 outlets that sell the products of Noricum Vita (183 belonging to the Cassa di Risparmio in Bologna and 132 to the Banca Popolare dell'Adriatico), of 700 outlets belonging to the BNL Group and of 1,175 advisers of BNL Investimenti.

In the motor-vehicle sector Linear is continuing

to expand the direct sales by telephone (through a call centre with 136 advisers) and over the Internet. In 2001 the Internet was responsible for approximately 25% of the premiums written but exceeded the telephone in terms of the number of quotes given. In the health services sector Unisalute, which operates mainly by negotiating large group policies direct, set up its Internet site in order to develop personal policies. On the other hand Navale operates through brokers and non-exclusive agencies.

In the banking field, as at 31 December 2001 Unipol Banca had 95 branches (34 of which were incorporated into insurance agencies belonging to Unipol Assicurazioni), 60 finance shops and 370 financial advisers. The company also availed itself of direct sales channels (telephone banking) and the main agencies of Unipol, which sell standardized banking products.

## Property and financial management

### Investments and liquid assets

At the end of the financial year the volume of investments and liquid assets had reached ITL28,694.1bn, an increase of ITL1,462bn

compared with the situation at 30 September 2001 and of ITL4,542bn compared with the situation at 31 December 2000 (+18.8%).

The investment structure and the variations over the previous year are shown in the following table.

INVESTMENTS AND LIQUID ASSETS					
<i>(ITLm)</i>					
	2001		2000		Var. %
	Fin. Year	%	Fin. Year	%	2001/2000
<b>Land and buildings</b>	<b>1,218,354</b>	<b>4.2</b>	<b>1,223,514</b>	<b>5.1</b>	<b>-0.4</b>
<b>Investments in Group undertakings and other participating interests</b>					
- Stocks and shares	1,629,186	5.7	968,892	4.0	68.1
- Debt securities	0	0.0	960	0.0	-100.0
- Corporate financing	0	0.0	7,209	0.0	-100.0
<b>Total</b>	<b>1,629,186</b>	<b>5.7</b>	<b>977,060</b>	<b>4.0</b>	<b>66.7</b>
<b>Other financial investments</b>					
- Stocks and shares	474,257	1.7	845,408	3.5	-43.9
- Units and shares in investment funds	277,768	1.0	342,835	1.4	-19.0
- Bonds and other fixed-income securities	15,173,286	52.9	14,288,634	59.2	6.2
- Loans	129,000	0.4	120,775	0.5	6.8
- Sundry financial investments (1)	994,999	3.5	713,104	3.0	39.5
<b>Total</b>	<b>17,049,309</b>	<b>59.4</b>	<b>16,310,757</b>	<b>67.5</b>	<b>4.5</b>
<b>Deposits with ceding undertakings</b>	<b>53,201</b>	<b>0.2</b>	<b>49,136</b>	<b>0.2</b>	<b>8.3</b>
<b>Investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management</b>					
- Investment funds and market indices	7,641,111	26.6	4,963,523	20.6	53.9
- Pension funds	50,772	0.2	32,754	0.1	55.0
<b>Total</b>	<b>7,691,883</b>	<b>26.8</b>	<b>4,996,276</b>	<b>20.7</b>	<b>54.0</b>
<b>Other assets</b>					
- Bank and postal deposits, cash	1,045,954	3.6	588,207	2.4	77.8
- Own shares	6,248	0.0	7,226	0.0	-13.5
<b>Total</b>	<b>1,052,202</b>	<b>3.7</b>	<b>595,433</b>	<b>2.5</b>	<b>76.7</b>
<b>TOTAL INVESTMENTS AND LIQUID ASSETS</b>	<b>28,694,135</b>	<b>100.0</b>	<b>24,152,177</b>	<b>100.0</b>	<b>18.8</b>

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

### Investments in Group undertakings and in other participating interests

At the end of the financial year, these totalled ITL1,629.2bn of which ITL945.1bn relates to the class 'other participating interests', which went up by ITL337.7bn.

The net increase related to the Parent Company's participating interests and mainly concerned the movements carried out in investments in Bell, Olivetti, Hopa and Banca Monte dei Paschi di Siena.

### Other financial investments

As at 31 December 2001 investments in this type of business amounted to ITL17,049.3bn, an increase of ITL738.5bn over the previous financial year (+4.5%).

Bonds made up 89% of the total, stocks and shares 2.8%, sundry financial investments 5.8%, units and shares in investment funds 1.6% and loans 0.8%.

The increase in this item derived substantially from an increase in bonds and sundry financial

investments of ITL1,166.5bn and a decrease in units and shares in investment funds of ITL436.2bn.

The considerable reduction in investments in equities and the increase in investments in fixed-income securities and in cash was brought about by the instability of the financial markets. During the year the Group invested in the sector of subordinated and corporate bonds mainly with a view to trading in them, with the exception of those used to guarantee guaranteed-income policies.

In conformity with Consob rulings it should be noted that the Group had only marginal exposure in the geographic areas recently affected by economic crises.

As regards the risk deriving from the choice of issuing bodies, the Group operated principally in bonds issued by sovereign states, by supranational entities (European Investment Bank, World Bank) and by banking institutions, all with a minimum rating of AA-, with the exception of 'Italian Banking Institutes', for which a lower rating was accepted.

Where a bond investment is expressed in a non-Euro currency, the foreign exchange risk is generally hedged.

### **Investments for the benefit of policy-holders who bear the risk thereof and investments arising out of pension fund management**

Investments covering Life assurance and capitalization policies with benefits directly linked to investment funds or to market indices are reported separately.

At the end of the financial year these investments are valued at their current value, in strict correlation with the value of the relevant liabilities (technical provisions).

At the end of 2001 the amount in question was ITL7,641.1bn (+53.9%), divided up as follows (in ITLbn):

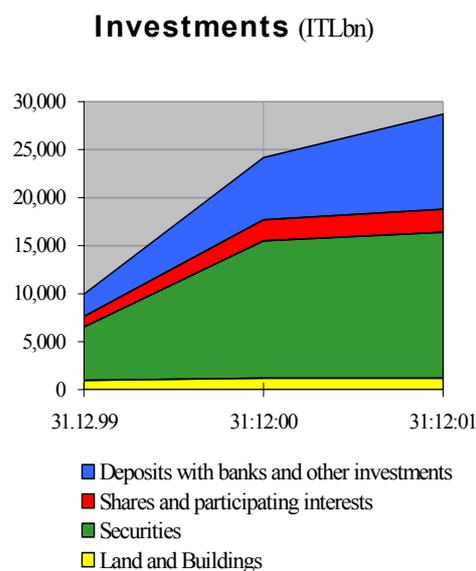
- Index-Linked policies 4,620.5
- Unit-Linked policies 3,020.6

Investments deriving from pension fund management cover subscriptions to units in open-end funds offered by the Parent Company and in closed guaranteed funds managed by the Parent Company.

The total of these investments as at 31 December 2001 was ITL50.8bn (+55%).

### **Liquid assets**

At the end of the financial year cash at bank and in hand represented liquid assets of ITL1,046bn, an increase of ITL457.7bn compared with the balance as at 31 December 2000 (+77.8%), as a result of the policy of increased liquidity adopted by the Group.



### **Capital gains and investment income**

As at 31 December 2001 income from investments and liquid assets, net of investment charges, totalled ITL822.5bn (ITL566.2bn in 2000), an increase of 45.3%, to which BNL Vita (consolidated in 2001) contributed ITL229bn.

The net gains realized on sales of property and deriving from trading in stocks and shares, fixed-income securities and other financial investments totalled ITL304.3bn (ITL338.2bn at the end of the previous financial year) of

which ITL164.2bn related to long-term investments (ITL111.6bn in 2000).

Therefore as at 31 December 2001 net capital gains and investment income amounted to ITL1,126.8bn (ITL904.4bn in 2000).

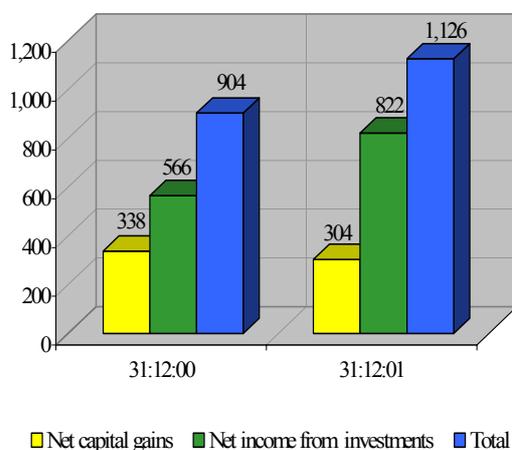
The net average rate of return on investments was 5.6%.

Value adjustments, net of value re-adjustments, rose from ITL147.8bn at 31 December 2000 to ITL286.9bn at 31 December 2001. Some of these capital losses, if realized, would fall to policy-holders, since they also relate to assets that belong to the segregated Life accounts.

Overall, therefore, net ordinary and extraordinary investment income, including net value adjustments on investments, totalled ITL839.9bn (ITL756.6bn in 2000).

Income and charges relating to benefits linked with investment funds and market indices and pension funds (class D) showed a negative balance of ITL242.3bn (-58.3 at 31/12/2000), owing to book losses recorded at the end of the financial year.

**Investment Income**  
(ITLbn)



## Shareholders' equity

At the end of 2001 the shareholders' equity pertaining to the Group stood at ITL2,173.7bn compared with ITL2,126.5bn as at 31 December 2000.

The portion of shareholders' equity relating to third parties was ITL288.7bn (ITL362.2bn at the end of 2000).

As at 31 December 2001 the Parent Company Unipol Assicurazioni held 974,000 of its own ordinary shares with a total face value of ITL1,886m, equal to 0.22% of the share capital. On the same date the other subsidiaries in the Group did not own any shares in the Parent Company.

## Summary of the activities carried out by the companies (Parent Company, major subsidiaries and participating interests)

### Composite companies

**UNIPOL  
ASSICURAZIONI**

#### Compagnia Assicuratrice Unipol spa

The salient points concerning the business carried out by the Parent Company in 2001 are as follows:

- premium income ITL3,330.9bn, an increase of 9.1%. Direct premiums reached ITL3,190bn, ITL2,151.3bn of which was for Non-Life business and ITL1,038.7bn for Life business. The rate of growth for direct business was 11.1% (+7.4% for Non-Life business and +19.8% for Life business);
- significant improvement in the technical result, deriving from a drop in the loss ratio for Non-Life business;
- reduction in the incidence of operating expenses on premium income (17.2% as against 17.7% in 2000);
- growth in investments and in liquid assets of 13.6% and in related net current income (+11%). However owing to the negative trends in the financial markets the net capital

gains realized were lower (-17.8%) and the net value adjustments weighed more heavily on investments;

- ordinary result up on the previous year (+47%) and extraordinary result remaining substantially the same (+3.4%).

The net profit for the financial year was ITL161.1bn (ITL115.4bn in 2000), an increase of 39.6%.



### **Meieaurora spa - Milan**

*Share capital: € 190.8 million*

*Holding: 84.61%*

2001 saw the completion of the process of incorporating Aurora and Meie Vita into Meie Assicurazioni, which was then renamed Meieaurora spa. The Parent Company also centralized its management activities (investment and property management) and those of sharing IT systems (going over to Unipol's central processor, with the agencies being linked on line to the system, general ledger, etc.) in order to make significant economies of scale.

In 2001 the direct premium income of the Company amounted to ITL2,004bn, which was in line with the aggregate result obtained in 2000. The trend recorded was influenced by the razionalization of the sales network that took place following the merger, which was accompanied by a technical recovery. This operation involved the closure or merger of 149 agencies (the number of which fell from 718 on 31/12/00 to 569 at the end of 2001). The number of policies in the portfolio fell, resulting in a slight drop in Non-Life premium income. Some of this fall was the result of the more selective underwriting policies adopted. Life business, with income of approximately ITL486bn (+3% compared with 2000), benefited from the training and marketing initiatives implemented in favour of the network of agencies which, combined with the launch of

new products, enabled catching up from the first part of the year.

There was a significant improvement in the technical trend for Non-Life business. The loss ratio of direct business fell from 90.4% in 2000 (on aggregate) to 84.7% in 2001.

At the end of the financial year the volume of investments and liquid assets amounted to ITL4,775bn (ITL4,387bn on aggregate at 31/12/2000), an increase of 8.8%. Ordinary and extraordinary investment income, net of charges, value adjustments and excluding income from Class III Life business, amounted to ITL204.8bn.

Total operating expenses were ITL383.8bn (ITL391.8bn at 31/12/2000) and the incidence on direct premiums was 19.1% compared with 19.4% in 2000. At the end of the year the company employed 863 staff (874 at the end of 2000).

The company ended the financial year with a net profit of ITL21.4bn compared with a loss (in consistent terms) of ITL25.3bn recorded in 2000.

### **Specialist companies**



### **Compagnia Assicuratrice Linear spa - Bologna**

*Share capital: € 12 million*

*Holding: 80%*

Linear operates in the area of direct sales (especially motor-vehicle insurance), mainly by telesales and via the Internet.

Even the year that has just ended was characterized by all the attention paid by the media to the problem of the cost of Motor T.P.L. insurance. The direct sales market benefited from this situation, which allowed companies operating in this sector to obtain a total market share currently estimated at around 2.5%, indicating further growth. Against this background Linear continued with its strategy of growth,

focused both on the technical result and on keeping operating expenses down. In 2001 Linear had premium income of ITL129.4bn, an increase of 70.6% over the previous year.

The company's growth was also nurtured by the significant contribution of the Internet as a sales outlet, which with more than ITL32bn in premiums took 25% of the total income (15% in 2000).

As at 31 December 2001 the loss/earned premium ratio for direct business was 82.4%, an increase over the previous year (79.8%), mainly because of the increase in the cost of claims for personal injury.

At 31 December 2001 the value of investments and liquid assets was ITL165.2bn (ITL83bn in 2000).

The incidence of the operating expenses on direct premiums was 13.7% (18.3% in the previous financial year), which is deemed to be positive since it is below the average market values. As at 31 December 2001 the company had 176 employees, 136 of which were call-centre advisers (in 2000 there were 129 employees, 96 of whom were call-centre advisers)

The financial year closed with a positive net result of ITL5.5bn, a net increase over the previous year (ITL1.0bn).

**UNISALUTE**

#### **Unisalute spa - Bologna**

*Share capital: € 17.5 million*

*Holding: 87.44%*

In 2001 Unisalute, a company specializing in the Health and Assistance classes of business, generated direct premium income of ITL81.5bn (+38.1% compared with 2000). This result should put the company among the top ten companies operating in the Health sector, with a market share exceeding 3%. The number of policyholders rose to approximately 550,000 individuals (350,000 at 31/12/2000).

Growth achieved during 2001 mainly occurred

in group managed-care health policies (direct management of the relationship between the company and medical facilities). For the sale of personal policies Unisalute has a network consisting of Unipol agencies and Unipol Banca sales outlets. It has also started selling over the Internet.

During the financial year two new product lines were launched: the 'health-care' line and the 'long-term care' line, which offers cover against the risk of non-self-sufficiency.

The loss ratio, net of reinsurance, was 80%, which was in line with the previous year, whilst net operating expenses showed an incidence on premiums of 10.6%, further down despite the launch of a major investment scheme intended to adapt operating systems to the greater volumes of business.

At 31 December 2001 investments and liquid assets were ITL78.7bn (compared with ITL69bn at 31/12/2000) and net income was ITL3bn (compared with ITL2.6bn in 2000).

The number of people employed by the Company rose to 121 (compared with 95 at the end of 2000).

At 31 December 2001 the accounts closed with a net profit of ITL3.1bn (compared with ITL2.1bn in 2000).

**NAVALE ASSICURAZIONI SpA** 

#### **Navale Assicurazioni spa - Ferrara**

*Share capital: € 10.5 million*

*Holding: 98.17%*

This company has been drawing up its accounts in Euros since the 2000 financial year. It operates in all Non-Life business, though it is continuing its policy of specializing more and more in marine and tourism.

Direct premium income for the financial year amounted to €112.3m (ITL217.4bn), an increase of 31.7% compared with 2000, helped by price increases which in particular affected marine guarantees and third-party liability. The loss ratio, net of reinsurance, was 86%, which was in line with the result obtained in the previous year.

Operating expenses, gross of reinsurance, of €23.8m (ITL46.1bn), were 20.6% of premiums compared with 21.5% recorded in the previous year.

At the end of 2001 the company had 99 employees (90 at the end of 2000).

The volume of investments and liquid assets, amounting to €113m (ITL219bn), was an increase of 14.4% over the previous year and generated ordinary and extraordinary income, net of the relevant charges, of €7m (ITL13.6bn), a rise of 21.6% compared with 2000.

The accounts for the financial year closed with a net profit of €647,000 (ITL1,253m), an increase of 76% compared with 2000.

## Bancassurance Companies



### Noricum Vita spa - Bologna

*Share capital: € 16 million*

*Holding: 51%*

In the financial year 2001 this company, which mainly uses the sales network made up of the 183 branches of the Cassa di Risparmio in Bologna and of the 132 branches of the Banca Popolare dell'Adriatico, recorded premium income of ITL568.3bn (+20% compared with 2000), whilst premiums for new business amounted to ITL512bn (+20.6% compared with 2000) and showed a consistent rise in the average premium.

85% of the new business (ITL436bn) related to products in Class III (Unit-Linked), most of which consisted of products with guaranteed capital.

Investments and liquid assets rose from ITL1,364bn as at 31 December 2000 to ITL1,787.5bn, an increase of 31%. Ordinary and extraordinary investment income, net of the related charges and excluding Class III,

amounted to ITL44.1bn (+17.5%).

Operating expenses, although remaining low, showed an increase in the incidence on direct premiums, rising from 2.4% in 2000 to 3.0% in 2001, which was due to an increase in commissions and to IT costs.

The result for 2001, which was hit by a charge resulting from the early termination of a reinsurance agreement, was positive to the tune of ITL6.5bn, compared with ITL8bn realized in 2000.



### Quadrifoglio Vita spa - Bologna

*Share capital: € 22.5 million*

*Holding: 50% (jointly controlled by Unipol Assicurazioni and Banca Agricola Mantovana)*

In the financial year 2001 this company, which operates in the bancassurance sector and markets its products via the branches of Banca Agricola Mantovana, recorded premium income of ITL701.6bn, an increase of 40.7% over the previous financial year. The high increase recorded can be attributed to the success enjoyed by its guaranteed Unit-Linked products and its traditional single-premium fixed-income product.

29% of premiums for new business, amounting to ITL669bn (+41% compared with 2000), derive from products in Class I and 71% from products in Class III (almost all Unit-Linked).

The volume of investments and liquid assets at the end of the financial year amounted to ITL1,800bn (ITL1,198bn at 31/12/2000), an increase of 50%.

Investment income, net of the related charges and excluding Class III, amounted to ITL29.1bn (ITL21.6bn in 2000).

Operating expenses showed a low incidence on premiums of 1.7%, compared with 1.8% in the previous financial year.

The profit for the financial year, net of tax, was ITL6.6bn (+44% compared with 2000).



## **BNL Vita spa - Milano**

*Share capital: ITL220bn (jointly controlled by Unipol Assicurazioni and BNL)*

*Holding: 50%*

BNL Vita sells its Life products through approximately 700 outlets of BNL, the financial advisers of BNL Investimenti Sim and Artigiancassa.

Premium income in 2001 amounted to ITL2,588.7bn (+20.7% compared with 2000), whilst premiums for new business amounted to ITL2,196bn (+23%). This was a good result bearing in mind both the trend in the bancassurance market and the loss of the premiums formerly collected through Banco Napoli (more than ITL300bn in premium income in the first half of 2000) and shows that the commercial decisions taken by the Company were successful and largely appreciated by customers.

Premium income for Class III, which benefited from the success enjoyed by the new Index-Linked products with periodic dividends and the new Unit-Linked guaranteed products, amounted to ITL1,847bn and represented 71% of the total premium income (compared with 67% in 2000).

Net operating expenses amounted to ITL72bn, with an incidence on premiums of 2.8% compared with 4.2% in 2000. By the end of the year the number of employees had risen to 85 (from 80 at the end of 2000).

Investments and liquid assets rose from ITL8,155bn in 2000 to ITL9,922bn in 2001 (+21.7%).

The net profit for the period was ITL17.3bn (compared with ITL39.5bn in 2000), which was heavily influenced by the net value adjustments (ITL78.3bn) made to investments, determined by the negative trends in the financial markets during 2001.

## **Banking and managed savings sector**



## **Unipol Banca spa - Bologna**

*Share capital: € 284.2 million*

*Holding: 81.03%*

For Unipol Banca the financial year 2001 was a year of profound change. In May it acquired from Unipol SGR the business of personal asset management for third parties. Subsequently, in July, it began operating in the 51 banking outlets acquired from the Banca IntesaBci Group. Thanks to this operation and to the internal growth achieved, as at 31 December 2001 the sales network reached a total of 95 branches (only 36 at the end of 2000), 34 of which were incorporated into agencies of Unipol Assicurazioni, and 60 finance shops (17 in 2000). At the same date the number of financial advisers rose to approximately 370, around 100 more than there had been as at 31 December 2000.

In the second part of the year the Bank's activity was focussed on incorporating the outlets acquired in order to implement the plans both for extending the use of IT and for perfecting operational processes. At the end of the financial year the Bank was managing approximately 65,000 current accounts for more than 100,000 clients. The number of employees reached 665, 459 of whom worked in the branches and 206 at Head Office, an increase of 378 compared with the end of the financial year 2000.

In order to sustain this growth, in June the Bank's own funds were strengthened by increasing the share capital by ITL300bn and by launching a subordinated loan with a face value of €50m.

Finally, in November an operation was launched to securitize 'performing' mortgage loans for a total countervalue of approximately ITL350bn.

At the end of the financial year Unipol Banca's direct fund-raising from clients (deposits) had

risen to €1,121m (€483.4m in 2000), whilst indirect fund-raising totalled €6,276m, €513m of which was from managed savings. These volumes, to which the income from the outlets acquired contributed in no small way, allowed a brokerage margin of more than ITL107bn to be attained (+116% compared with 2000).

The net profit for the financial year 2001 amounted to ITL3bn (ITL313m in 2000), after account was taken of amortisation of ITL9.5bn for the goodwill of the branches acquired and of ITL13.5bn for value adjustments and other appropriations (as against ITL6.5bn in 2000).

### **Unipol SGR spa - Bologna**

*Share capital: € 2 million*

*Holding: 100%*

In May 2001, under a broader programme of rationalizing Group business, this company, which operates in the sector of managed savings, sold the personal asset management side of the business to Unipol Banca. In August 2001 the share capital was reduced from €10.3m to €2m in implementation of the resolution passed at the General Shareholders' Meeting held in April 2001.

Until October activities focussed on managing the assets of the funds under the laws of Ireland set up by Unipol Fondi Ltd and on a few residual individual management mandates on behalf of companies in the Group. At the end of the year the company had temporarily ceased operating.

The financial year 2001 closed with a profit of €25,700, which corresponds to approximately ITL50m.

### **Unipol Fondi Ltd – Dublin (Ireland)**

*Share capital: € 125,000*

*Holding: 100%*

This company was set up in Dublin in 1999 and manages 'Unipol Funds', a multi-portfolio umbrella fund. During 2001 it continued to distribute shares in Italy to institutional

investors and to the public through Unipol Banca's sales network (which it began doing in September 2000).

As at 31 December 2001 the value of assets managed by the Company was approximately €148m (ITL286bn) compared with €111m (ITL215bn) at the end of 2000.

The net profit for 2001 made by the Company amounted to €36,700 (ITL71.1m).

### **Finec Merchant spa - Bologna**

*Share capital: € 175.8 million*

*Holding: 41.07%*

In the financial year 30 June 2000 - 30 June 2001 this company, which operates in the field of merchant banking, carried out investment operations with a total value of ITL91bn and disinvestments valued at ITL62bn.

The company provided business consultancy and investment and property services to 36 companies, by carrying out corporate financing and capital operations with a total value of approximately ITL400bn, bringing the total funds channelled in the last three years to approximately ITL1,400bn.

In 2001 Finec Merchant further strengthened its own investment capacity by increasing its capital from ITL200bn to ITL340bn. This operation was approved in June and completed in September.

During the financial year the company also obtained permission from the Bank of Italy to act as joint lead managers of financial instruments.

During the financial year ordinary operating proceeds amounted to ITL25bn (+ITL9 compared with 30/6/2000).

The net profit for the financial year ended 30 June 2001 was ITL6bn, as against ITL3bn in the previous financial year (+100%).

### **Property Companies**

At 31 December 2001 the two property subsidiaries had building land on their books valued at a total of ITL114.7bn. Down payments of ITL41bn had also been made on future purchases.

## **Intra-Group Transactions**

At the end of the financial year, under a scheme of corporate reorganization, the control of Finsoe (the direct holding company of Unipol Assicurazioni) was transferred to Holmo spa, which therefore became the indirect holding company of Unipol Assicurazioni.

Within the Group, the transactions amongst the various companies were carried out for the sole purpose of maximizing synergies and making savings and were carried out at prices and on terms that substantially reflected market trends.

As shown in the Report of the Board of Directors of the Parent Company, in accordance with the Consob ruling of 27 February 1998 regarding disclosure of information relating to intra-group transactions, it is confirmed that there were no transactions amongst the companies belonging to the Group that were atypical or unusual compared with the normal activities carried out by the companies.

## **Euros**

During 2001 work continued on facilitating the change-over to the Euro, which took place at the beginning of 2002.

The expenses incurred by the Parent Company in 2001 totalled approximately ITL2.2bn (all allocated to the profit and loss account) and were for the IT system used by the whole Group.

## **Significant events after the end of the financial year**

In the first few months of 2002 tentative signs of a recovery in the world economy were noticed, which, according to some observers, could take on greater significance in the second part of the year. Much will depend on the speed

with which the economic cycle in the USA goes into reverse.

As to the trend in the financial markets in the Eurozone during the first two months of the year, both short-term and long-term interest rates remained substantially stable. At the end of this period the principal international stock exchanges registered values not far off what they were at the beginning of the year.

As for the insurance sector in particular, in December 2001 the Enabling Act relating to pensions was passed. This made it compulsory and automatic both for current employees and for new recruits to transfer their staff leaving indemnity to pension funds. Under the current version of the Act employees will be able to choose whether to allocate their staff leaving indemnity to their own trade fund or to an open-end pension fund. Encouragement to transfer future flows of staff leaving indemnity to the various supplementary pension schemes (open-end pension funds, personal pension plans and closed funds) should have a significant effect on premium income. However it is thought unlikely that this reform of pensions will have any substantial effect on the market before 2003.

Measures intended to modify the standards regulating Motor T.P.L. also continued, with the approval by the Chamber of Deputies on 13 February 2002 of the schedule to the Finance Act on 'private initiative and development of competition'. However the removal of several important articles relating to the extension of the Direct Indemnity Agreement procedure to include personal injury, to the use of preferred car-repairers and to the introduction of the offence of insurance fraud limits the contribution made by this reform. Still in the Motor T.P.L. sector mention should be made of the reduction from 4% to 3% of the fee on Motor T.P.L. premiums in favour of the Road Victims Fund, and of the decision of the Council of State, made at the end of February 2002, to confirm the fines imposed by the Antitrust Authority on 17 insurance companies (the largest ones) in July 2000. Amongst these companies were Unipol

Assicurazioni but not Meie, now Meieaurora, on which the Antitrust Authority had imposed a fine of ITL12bn.

Of particular importance for the insurance sector is ISVAP Instruction 2050 of 26 February 2002, which lay down rules for calculating the adjusted solvency of insurance companies and for checking the solvency of their holding companies. It was a long-awaited instruction to implement Legislative Decree 239 dated 17 April 2001 on the supplementary supervision of insurance undertakings in an insurance group. This instruction came into effect starting with the 2001 accounts. The relevant statements must be submitted by 30 September 2002.

As regards the operations involving the Unipol Group direct, we should point out that during the first two months of 2002 Finsoe and other shareholders of Unipol Assicurazioni converted to ordinary and preference shares the warrants they held as a result of the capital increase launched by Unipol Assicurazioni in June 2000. This operation allowed the Parent Company to increase its equity by €155m (ITL301bn).

ITL328m in both ordinary and preference warrants with an expiry date of June 2005 are still in circulation. If they are converted Unipol Assicurazioni's equity will increase by €138m (ITL267bn).

Following the increase in the company's own funds, Unipol Assicurazioni decided to repay (at the nominal value) as from 11 March 2002, before scheduled maturity of 30 June 2005, the two senior debenture loans, Unipol 2.25% and Unipol 3.75%, issued in July 2000 as part of the operation to increase capital, for a total value of €210m (ITL407bn).

During the first few months of 2002 a further considerable impetus was given to developing operational synergies thanks to the extension to Meieaurora of Sertel, the telephone claims-handling service, which as from January 2002 has dealt with incoming claims and during the year is also to begin to settle small claims. Also underway was the reorganization of the sales network, which should be completed during the first half of 2002.

We should also like to point out that Meieaurora spa's Board of Directors resolved to submit to the General Meeting of Shareholders a motion to merge by incorporation the wholly-owned subsidiaries Meie Assistenza spa and Agricoltura sm. These operations will complete the corporate reorganization and rationalization of the companies recently acquired.

Work on strengthening Unipol Banca's distribution network also continued. The number of branches reached 100 and commercial synergies with the insurance companies in the Group were further developed. It should also be pointed out that in February 2002 Unipol Banca acquired Fidicoop spa's customer credit business.

## Business outlook

During the first two months of 2002 the trend for the Group was positive as regards premium income for Non-Life business and strongly upwards for Life business, thanks to the continued updating and broadening of the range of both traditional and investment products offered to clients.

Also positive was the trend in the loss ratio, which for both the Parent Company and Meieaurora was for a fall in claims received. The trend in property and financial management and in operating expenses was in line with expectations.

On the whole business in the first few months of 2002 showed a favourable trend and was in line with the end-of-year targets, which were for further growth in premium income, overall business and Group profits.

Bologna, 27 March 2002

**The Board of Directors**

# **Consolidated Annual Accounts**

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Company **COMPAGNIA ASSICURATRICE UNIPOL - Società per Azioni**

**CONSOLIDATED ACCOUNTS**

**Balance Sheet**

2001 Financial Year

(Amounts in ITL million)



as at 31 December 2000

			101	0
	102	0		
	103	127,730		
	104	3,055		
	105	16,274		
	106	39,503		
	107	837,428	108	1,023,989
			109	1,223,514
110	25,445			
111	236,101			
112	2,175			
113	97,857			
114	607,313	115	968,892	
	116	960		
	117	7,209	118	977,060
	119	845,408		
	120	342,835		
	121	14,288,634		
	122	120,775		
	123	0		
	124	0		
	125	713,104	126	16,310,757
			127	49,136
			128	18,560,468
			129	4,996,276
	to carry forward			24,580,733

CONSOLIDATED BALANCE SHEET

ASSETS

as at 31 December 2001

	carried forward		28,623,265
D. bis	TECHNICAL PROVISIONS - REINSURERS' SHARE		
	I - NON-LIFE INSURANCE BUSINESS		
	1. Provision for unearned premiums	30 178,048	
	2. Provision for outstanding claims	31 676,353	
	3. Other technical provisions	32 776	33 855,177
	II - LIFE ASSURANCE BUSINESS		
	1. Mathematical provisions	34 790,994	
	2. Provision for amounts payable	35 8,741	
	3. Other technical provisions	36 231	
	4. Technical provisions for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	37 0	38 799,967 39 1,655,144
E.	DEBTORS		
	I - Debtors arising out of direct insurance operations	40 996,063	
	II - Debtors arising out of reinsurance operations	41 328,867	
	III - Other debtors	42 273,857	43 1,598,787
F.	OTHER ASSETS		
	I - Tangible assets and stocks	44 31,385	
	II - Cash at bank and in hand	45 1,045,954	
	III - Own shares	46 6,248	
	IV - Other assets	47 97,456	48 1,181,043
G.	PREPAYMENTS AND ACCRUED INCOME		49 237,065
	<b>TOTAL ASSETS</b>		50 <b>33,295,303</b>

as at 31 December 2000

carried forward			24,580,733
130	154,584		
131	599,306		
132	675	133	754,564
134	809,846		
135	5,413		
136	280		
137	0	138	815,538
		139	1,570,103
		140	875,442
		141	294,818
		142	329,285
		143	1,499,544
		144	30,169
		145	588,207
		146	7,226
		147	117,161
		148	742,763
		149	218,776
		150	<b>28,611,919</b>

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2001

A. CAPITAL AND RESERVES			
I - Capital and reserves - Group			
1. Subscribed share capital or equivalent funds	51	873,787	
2. Free reserves	52	1,222,599	
3. Consolidation reserve	53	-46,175	
4. Reserve for valuation differences on unconsolidated shareholdings	54	-3,418	
5. Exchange risk reserve	55	0	
6. Reserves for own shares and holding company's shares	56	6,248	
7. Profit (loss) for the financial year	57	120,704	58 2,173,746
II - Capital and reserves - minority interests			
1. Capital and reserves - minority interests	59	269,059	
2. Profit (loss) for the year - minority interests	60	19,615	61 288,674 62 2,462,420
B. SUBORDINATED LIABILITIES			63 580,881
C. TECHNICAL PROVISIONS			
I - NON-LIFE INSURANCE BUSINESS			
1. Provision for unearned premiums	64	1,564,266	
2. Provision for outstanding claims	65	5,473,299	
3. Equalization provision	66	14,311	
4. Other technical provisions	67	4,448	68 7,056,324
II - LIFE ASSURANCE BUSINESS			
1. Mathematical provisions	69	13,137,963	
2. Provision for amounts payable	70	126,146	
3. Other technical provisions	71	313,560	72 13,577,669 73 20,633,993
D. TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT			74 7,686,523
E. PROVISIONS FOR OTHER RISKS AND CHARGES			
1. Provisions for pensions and similar obligations			75 0
2. Provision for taxation			76 25,723
3. Contingent consolidation provision			77 0
4. Other provisions			78 37,589 79 63,312
		to carry forward	31,427,129

as at 31 December 2000

151	451,147		
152	1,576,898		
153	-16,799		
154	-1,330		
155	0		
156	32,671		
157	83,877	158	2,126,464
159	362,371		
160	-130	161	362,242
		162	2,488,706
		163	0
164	1,446,978		
165	5,017,826		
166	13,186		
167	4,292	168	6,482,283
169	12,334,363		
170	103,565		
171	293,005	172	12,730,932
		173	19,213,215
		174	-4,994,246
		175	0
		176	12,418
		177	0
		178	38,072
		179	50,490
to carry forward			26,746,657

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2001

	carried forward		31,427,129
F. DEPOSITS RECEIVED FROM REINSURERS			80 624,883
G. CREDITORS AND OTHER LIABILITIES			
I - Creditors arising out of direct insurance operations	81	57,349	
II - Creditors arising out of reinsurance operations	82	69,606	
III - Debenture loans	83	407,557	
IV - Amounts owed to credit institutions	84	56	
V - Debts secured by a lien on property	85	7,176	
VI - Sundry debts and other financial debts	86	14,462	
VII - Staff leaving indemnity	87	79,120	
VIII - Other creditors	88	217,951	
IX - Other liabilities	89	310,902	90 1,164,180
H. ACCRUALS AND DEFERRED INCOME			91 79,111
<b>TOTAL LIABILITIES</b>			92 <b>33,295,303</b>

CONSOLIDATED BALANCE SHEET

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

as at 31 December 2001

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees by the Company			93 46,317
II - Guarantees received from third parties			94 157,375
III - Guarantees by third parties in favour of consolidated undertakings			95 35,116
IV - Commitments			96 3,619,503
V - Third parties' assets held in deposit			97 7,084
VI - Pension fund assets managed on behalf of third parties			98 230,046
VII - Securities deposited with third parties			99 27,713,324
VIII - Other memorandum accounts			100 406,838

as at 31 December 2000

carried forward		26,746,657
		180 596,887
	181	54,312
	182	60,874
	183	407,557
	184	325
	185	21,133
	186	50,750
	187	75,738
	188	311,721
	189	246,014
		190 1,228,424
		191 39,951
		192 <b>28,611,919</b>

as at 31 December 2000

		193 41,612
		194 165,962
		195 26,071
		196 3,342,943
		197 8,529
		198 141,511
		199 23,266,345
		200 225,977

The undersigned declare that the financial statements are free from irregularity or error

The Company legal representatives (\*)

The Chairman ..... (\*\*)

*Giovanni Consorte* ..... (\*\*)

..... (\*\*)

The Members of the Board of Statutory Auditors

U. Melloni .....

O. Caffagni .....

L. Roffinella .....

For internal use of the Company Register

(\*) In case of foreign undertakings - signature by the general representative in Italy

(\*\*) Please indicate the functions of the signatory

Company **COMPAGNIA ASSICURATRICE UNIPOL - Società per Azioni**

**CONSOLIDATED ACCOUNTS**

**Profit and Loss Account**

2001 Financial Year

(Amounts in ITL million)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

<b>I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>			
1.	EARNED PREMIUMS, NET OF REINSURANCE		
a)	Gross premiums written	1	4,177,496
b)	(-) Outward reinsurance premiums	2	437,029
c)	Change in the provision for unearned gross premiums	3	122,624
d)	Change in the provision for unearned premiums, reinsurers' share	4	20,407
		5	3,638,249
2.	OTHER TECHNICAL INCOME, NET OF REINSURANCE		7
			18,344
3.	CLAIMS INCURRED, NET OF SUMS RECOVERABLE AND REINSURANCE		
a)	Claims paid		
aa)	Gross amount	8	2,840,847
bb)	(-) Reinsurers' share	9	278,061
cc)	change in the sums recoverable, net of reinsurers' share	10	82,505
		11	2,480,281
b)	Change in the provision for outstanding claims		
aa)	Gross amount	12	450,799
bb)	(-) Reinsurers' share	13	82,663
		14	368,136
		15	2,848,417
4.	CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE		16
			294
5.	BONUSES AND REBATES, NET OF REINSURANCE		17
			2,883
6.	OPERATING EXPENSES:		
a)	Acquisition commissions	18	539,043
b)	Other acquisition costs	19	116,720
c)	Change in deferred acquisition commissions and costs	20	-4,547
d)	Renewal commissions	21	81,444
e)	Administrative expenses	22	148,246
f)	(-) Reinsurance commissions and profit sharing	23	131,251
		24	758,749
7.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		25
			35,710
8.	CHANGE IN THE EQUALIZATION PROVISIONS		26
			1,023
9.	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III.1)		27
			9,518

for the year ended 31 December 2000

		111	3,944,206			
		112	394,912			
		113	43,863			
		114	13,127	115	3,518,558	
				117	14,912	
	118	2,696,670				
	119	235,910				
	120	84,838	121	2,375,923		
	122	662,399				
	123	111,589	124	550,809	125	2,926,732
				126	-35	
				127	3,061	
		128	509,917			
		129	86,057			
		130	1,696			
		131	78,269			
		132	166,242			
		133	112,743	134	726,047	
				135	51,444	
				136	432	
				137	-174,211	

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

<b>II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>					
1. WRITTEN PREMIUMS, NET OF REINSURANCE					
a) Gross premiums written	28	5,393,648			
b) (-) outward reinsurance premiums	29	81,242	30	5,312,406	
2. (+) ALLOCATED INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (Item III.5)				40	526,400
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				41	181,518
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE				42	44,653
5. CLAIMS INCURRED, NET OF REINSURANCE					
a) Claims paid					
aa) Gross amount	43	1,816,259			
bb) (-) Reinsurers' share	44	86,727	45	1,729,532	
b) Change in the provision for claims					
aa) Gross amount	46	22,576			
bb) (-) Reinsurers' share	47	3,329	48	19,247	
49				1,748,779	
6. CHANGE IN THE MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE					
a) Mathematical provisions					
aa) Gross amount	50	890,819			
bb) (-) Reinsurers' share	51	8,166	52	882,653	
b) Other technical provisions					
aa) Gross amount	56	15,619			
bb) (-) Reinsurers' share	57	-47	58	15,666	
c) Technical provisions for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management					
aa) Gross amount	59	2,686,479			
bb) (-) Reinsurers' share	60	0	61	2,686,479	
62				3,584,798	
7. BONUSES AND REBATES, NET OF REINSURANCE				63	5,356
8. OPERATING EXPENSES					
a) Acquisition commissions	64	107,902			
b) Other acquisition costs	65	41,249			
c) Change in deferred acquisition commissions and costs	66	-7,470			
d) Renewal commissions	67	25,107			
e) Administrative expenses	68	47,416			
f) (-) Reinsurance commissions and profit sharing	69	11,378	70	217,765	
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				75	423,788
10. OTHER TECHNICAL CHARGES, NET OF REINSURANCE				76	25,975
11. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item III.2)				78	58,518



CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

<b>III. NON-TECHNICAL ACCOUNT</b>			
1. BALANCE ON THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS (Item I.9)			79 9,518
2. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item II.11)			80 58,518
3. INVESTMENT INCOME			
a) Income from shares and participating interests			
aa) share of profit (loss) for the year of shareholdings included by the equity method	81 5,431		
bb) other income	82 44,822	83 50,253	
b) Income from other investments			
aa) income from land and buildings	84 45,746		
bb) income from other investments	85 831,156	86 876,902	
c) Value re-adjustments on investments		87 10,673	
d) Realized gains on investments		88 211,558	89 1,149,386
4. INVESTMENT CHARGES			
a) Investment management charges, including interest		90 125,276	
b) Value adjustments on investments		91 297,610	
c) Realized losses on investments		92 71,728	93 494,614
5. (-) ALLOCATED INVESTMENT RETURNS TRANSFERRED TO THE LIFE ASSURANCE TECHNICAL ACCOUNT (Item II.2)			94 526,400
6. OTHER INCOME			95 109,854
7. OTHER CHARGES			
a) Interest on financial debts		96 36,351	
b) Sundry charges		97 163,813	98 200,163
8. BALANCE ON ORDINARY ACTIVITIES			99 106,100
9. EXTRAORDINARY INCOME			100 240,894
10. EXTRAORDINARY CHARGES			101 79,659
11. BALANCE ON EXTRAORDINARY ACTIVITIES			102 161,235
12. PROFIT BEFORE TAXATION			103 267,335
13. TAX ON PROFIT			104 127,016
14. CONSOLIDATED PROFIT			105 140,319
15. PROFIT (LOSS) FOR THE FINANCIAL YEAR - MINORITY INTERESTS			106 19,615
16. PROFIT (LOSS) FOR THE FINANCIAL YEAR - GROUP			107 120,704

for the year ended 31 December 2000

			189	-174,211
			190	82,091
191	1,512			
192	25,361	193		26,873
194	46,814			
195	599,012	196		645,827
		197		3,817
		198		266,506
			199	943,022
		200		137,813
		201		151,615
		202		39,881
			203	329,309
			204	385,103
			205	76,764
		206		8,924
		207		102,917
			208	111,841
			209	101,412
			210	125,126
			211	43,242
			212	81,883
			213	183,296
			214	99,549
			215	83,747
			216	-130
			217	83,877

The undersigned declare that the financial statements are free from irregularity or error

The Company legal representatives (\*)

The Chairman ..... (\*\*)

*Giovanni Consorte* ..... (\*\*)

..... (\*\*)

The Members of the Board of Statutory Auditors

U. Melloni .....

O. Caffagni .....

L. Roffinella .....

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Company **COMPAGNIA ASSICURATRICE UNIPOL - Società per Azioni**

**CONSOLIDATED ACCOUNTS**

**Balance Sheet**

2001 Financial Year

(Amounts in Euro '000)

CONSOLIDATED BALANCE SHEET

ASSETS

as at 31 December 2001

A. SUBSCRIBED SHARE CAPITAL UNPAID				1	0	
of which called-up capital	2	0				
B. INTANGIBLE ASSETS						
1. Deferred acquisition commissions	3	58,882				
2. Other acquisition costs	4	2,166				
3. Goodwill	5	7,230				
4. Other intangible assets	6	18,872				
5. Differences arising from consolidation	7	419,665		8	506,816	
C. INVESTMENTS						
I - Land and buildings			9	629,227		
II - Investments in affiliated undertakings and participating interests:						
1. Shares and participating interests in:						
a) holding companies	10	0				
b) subsidiaries	11	247,261				
c) associated undertakings	12	1,556				
d) affiliated undertakings	13	104,503				
e) other undertakings	14	488,084	15	841,404		
2. Debt securities	16	0				
3. Corporate financing	17	0	18	841,404		
III - Other financial investments						
1. Shares and participating interests	19	244,933				
2. Units and shares in investment funds	20	143,455				
3. Bonds and other fixed-income securities	21	7,836,348				
4. Loans	22	66,623				
5. Participation in investment pools	23	0				
6. Deposits with credit institutions	24	0				
7. Sundry financial investments	25	513,874	26	8,805,234		
IV - Deposits with ceding undertakings			27	27,476	28	10,303,341
D. INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT					29	3,972,526
to carry forward						14,782,682

as at 31 December 2000

			101	0
	102	0		
	103	65,967		
	104	1,578		
	105	8,405		
	106	20,402		
	107	432,495	108	528,846
			109	631,892
110	13,141			
111	121,936			
112	1,123			
113	50,539			
114	313,651	115	500,391	
	116	496		
	117	3,723	118	504,610
	119	436,617		
	120	177,060		
	121	7,379,464		
	122	62,375		
	123	0		
	124	0		
	125	368,288	126	8,423,803
			127	25,377
			128	9,585,682
			129	2,580,361
	to carry forward			12,694,889

CONSOLIDATED BALANCE SHEET

ASSETS

as at 31 December 2001

	carried forward		14,782,682
D. bis TECHNICAL PROVISIONS - REINSURERS' SHARE			
I - NON-LIFE INSURANCE BUSINESS			
1. Provision for unearned premiums	30 91,954		
2. Provision for outstanding claims	31 349,307		
3. Other technical provisions	32 401	33 441,662	
II - LIFE ASSURANCE BUSINESS			
1. Mathematical provisions	34 408,514		
2. Provision for amounts payable	35 4,514		
3. Other technical provisions	36 119		
4. Technical provisions for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	37 0	38 413,148	39 854,810
E. DEBTORS			
I - Debtors arising out of direct insurance operations		40 514,424	
II - Debtors arising out of reinsurance operations		41 169,845	
III - Other debtors		42 141,436	43 825,704
F. OTHER ASSETS			
I - Tangible assets and stocks		44 16,209	
II - Cash at bank and in hand		45 540,190	
III - Own shares		46 3,227	
IV - Other assets		47 50,332	48 609,958
G. PREPAYMENTS AND ACCRUED INCOME			49 122,434
<b>TOTAL ASSETS</b>			50 <b>17,195,589</b>

as at 31 December 2000

carried forward			12,694,889
130	79,836		
131	309,516		
132	348	133	389,700
134	418,250		
135	2,796		
136	145		
137	0	138	421,190
		139	810,890
		140	452,128
		141	152,261
		142	170,061
		143	774,450
		144	15,581
		145	303,784
		146	3,732
		147	60,509
		148	383,605
		149	112,988
		150	<b>14,776,823</b>

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2001

A. CAPITAL AND RESERVES			
I - Capital and reserves - Group			
1. Subscribed share capital or equivalent funds	51	451,273	
2. Free reserves	52	631,420	
3. Consolidation reserve	53	-23,847	
4. Reserve for valuation differences on unconsolidated shareholdings	54	-1,765	
5. Exchange risk reserve	55	0	
6. Reserves for own shares and holding company's shares	56	3,227	
7. Profit (loss) for the financial year	57	62,339	58 1,122,646
II - Capital and reserves - minority interests			
1. Capital and reserves - minority interests	59	138,958	
2. Profit (loss) for the year - minority interests	60	10,130	61 149,088 62 1,271,734
B. SUBORDINATED LIABILITIES			63 300,000
C. TECHNICAL PROVISIONS			
I - NON-LIFE INSURANCE BUSINESS			
1. Provision for unearned premiums	64	807,876	
2. Provision for outstanding claims	65	2,826,723	
3. Equalization provision	66	7,391	
4. Other technical provisions	67	2,297	68 3,644,287
II - LIFE ASSURANCE BUSINESS			
1. Mathematical provisions	69	6,785,192	
2. Provision for amounts payable	70	65,149	
3. Other technical provisions	71	161,940	72 7,012,281 73 10,656,568
D. TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT			74 3,969,758
E. PROVISIONS FOR OTHER RISKS AND CHARGES			
1. Provisions for pensions and similar obligations			75 0
2. Provision for taxation			76 13,285
3. Contingent consolidation provision			77 0
4. Other provisions			78 19,413 79 32,698
		to carry forward	16,230,758

as at 31 December 2000

151	232,998		
152	814,400		
153	-8,676		
154	-687		
155	0		
156	16,873		
157	43,319	158	1,098,227
159	187,149		
160	-67	161	187,082
		162	1,285,309
		163	0
164	747,302		
165	2,591,491		
166	6,810		
167	2,217	168	3,347,820
169	6,370,167		
170	53,487		
171	151,324	172	6,574,978
		173	9,922,797
		174	2,579,313
		175	0
		176	6,413
		177	0
		178	19,663
		179	26,076
to carry forward			13,813,495

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2001

	carried forward		16,230,758
F. DEPOSITS RECEIVED FROM REINSURERS			80 322,725
G. CREDITORS AND OTHER LIABILITIES			
I - Creditors arising out of direct insurance operations	81	29,618	
II - Creditors arising out of reinsurance operations	82	35,949	
III - Debenture loans	83	210,486	
IV - Amounts owed to credit institutions	84	29	
V - Debts secured by a lien on property	85	3,706	
VI - Sundry debts and other financial debts	86	7,469	
VII - Staff leaving indemnity	87	40,862	
VIII - Other creditors	88	112,563	
IX - Other liabilities	89	160,568	90 601,249
H. ACCRUALS AND DEFERRED INCOME			91 40,857
<b>TOTAL LIABILITIES</b>			92 <b>17,195,589</b>

CONSOLIDATED BALANCE SHEET

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

as at 31 December 2001

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees by the Company			93 23,921
II - Guarantees received from third parties			94 81,277
III - Guarantees by third parties in favour of consolidated undertakings			95 18,136
IV - Commitments			96 1,869,317
V - Third parties' assets held in deposit			97 3,659
VI - Pension fund assets managed on behalf of third parties			98 118,809
VII - Securities deposited with third parties			99 14,312,737
VIII - Other memorandum accounts			100 210,114

as at 31 December 2000

carried forward		13,813,495
		180 308,266
	181	28,050
	182	31,439
	183	210,486
	184	168
	185	10,914
	186	26,210
	187	39,115
	188	160,990
	189	127,055
		190 634,428
		191 20,633
		192 <b>14,776,823</b>

as at 31 December 2000

		193 21,491
		194 85,712
		195 13,465
		196 1,726,486
		197 4,405
		198 73,084
		199 12,016,065
		200 116,708

The undersigned declare that the financial statements are free from irregularity or error

The Company legal representatives (\*)

The Chairman ..... (\*\*)

*Giovanni Consorte* ..... (\*\*)

..... (\*\*)

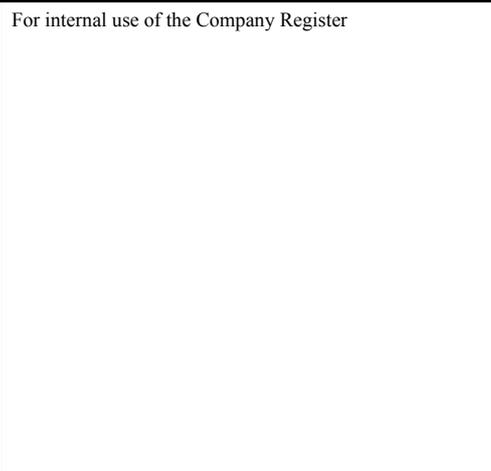
The members of the Board of Statutory Auditors

U. Melloni .....

O. Caffagni .....

L. Roffinella .....

For internal use of the Company Register



(\*) In case of foreign undertakings - signature by the general representative in Italy

(\*\*) Please indicate the functions of the signatory

Company **COMPAGNIA ASSICURATRICE UNIPOL - Società per Azioni**

**CONSOLIDATED ACCOUNTS**

**Profit and Loss Account**

2001 Financial Year

(Amounts in Euro '000)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

<b>I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>				
<b>1. EARNED PREMIUMS, NET OF REINSURANCE</b>				
a) Gross premiums written		1	2,157,496	
b) (-) Outward reinsurance premiums		2	225,707	
c) Change in the provision for unearned gross premiums		3	63,330	
d) Change in the provision for unearned premiums, reinsurers' share		4	10,539	5
				1,878,999
<b>2. OTHER TECHNICAL INCOME, NET OF REINSURANCE</b>				
				7
				9,474
<b>3. CLAIMS INCURRED, NET OF SUMS RECOVERABLE AND REINSURANCE</b>				
a) Claims paid				
aa) Gross amount	8	1,467,175		
bb) (-) Reinsurers' share	9	143,607		
cc) change in the sums recoverable, net of reinsurers' share	10	42,610	11	1,280,958
b) Change in the provision for outstanding claims				
aa) Gross amount	12	232,818		
bb) (-) Reinsurers' share	13	42,692	14	190,126
				15
				1,471,085
<b>4. CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE</b>				
				16
				152
<b>5. BONUSES AND REBATES, NET OF REINSURANCE</b>				
				17
				1,489
<b>6. OPERATING EXPENSES:</b>				
a) Acquisition commissions		18	278,393	
b) Other acquisition costs		19	60,281	
c) Change in deferred acquisition commissions and costs		20	-2,348	
d) Renewal commissions		21	42,063	
e) Administrative expenses		22	76,562	
f) (-) Reinsurance commissions and profit sharing		23	67,786	24
				391,861
<b>7. OTHER TECHNICAL CHARGES, NET OF REINSURANCE</b>				
				25
				18,443
<b>8. CHANGE IN THE EQUALIZATION PROVISIONS</b>				
				26
				529
<b>9. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III.1)</b>				
				27
				4,916

for the year ended 31 December 2000

		111	2,037,012			
		112	203,955			
		113	22,653			
		114	6,780	115	1,817,184	
				117	7,701	
	118	1,392,714				
	119	121,837				
	120	43,815	121	1,227,062		
	122	342,100				
	123	57,631	124	284,469	125	1,511,531
				126	-18	
				127	1,581	
		128	263,350			
		129	44,445			
		130	876			
		131	40,423			
		132	85,857			
		133	58,227	134	374,972	
				135	26,569	
				136	223	
				137	-89,972	

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

<b>II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>				
1. WRITTEN PREMIUMS, NET OF REINSURANCE				
a) Gross premiums written	28	2,785,586		
b) (-) outward reinsurance premiums	29	41,958	30	2,743,629
2. (+) ALLOCATED INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (Item III.5)				40
				271,863
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				41
				93,746
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE				42
				23,061
5. CLAIMS INCURRED, NET OF REINSURANCE				
a) Claims paid				
aa) Gross amount	43	938,019		
bb) (-) Reinsurers' share	44	44,791	45	893,229
b) Change in the provision for claims				
aa) Gross amount	46	11,659		
bb) (-) Reinsurers' share	47	1,719	48	9,940
				49
				903,169
6. CHANGE IN THE MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				
a) Mathematical provisions				
aa) Gross amount	50	460,070		
bb) (-) Reinsurers' share	51	4,218	52	455,852
b) Other technical provisions				
aa) Gross amount	56	8,066		
bb) (-) Reinsurers' share	57	-24	58	8,091
c) Technical provisions for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management				
aa) Gross amount	59	1,387,451		
bb) (-) Reinsurers' share	60	0	61	1,387,451
				62
				1,851,393
7. BONUSES AND REBATES, NET OF REINSURANCE				63
				2,766
8. OPERATING EXPENSES				
a) Acquisition commissions	64	55,727		
b) Other acquisition costs	65	21,303		
c) Change in deferred acquisition commissions and costs	66	-3,858		
d) Renewal commissions	67	12,966		
e) Administrative expenses	68	24,488		
f) (-) Reinsurance commissions and profit sharing	69	5,876	70	112,466
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				75
				218,868
10. OTHER TECHNICAL CHARGES, NET OF REINSURANCE				76
				13,415
11. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item III.2)				78
				30,222

for the year ended 31 December 2000

		138	1,198,719		
		139	30,533	140	1,168,186
				150	198,889
				151	31,668
				152	9,307
153	439,807				
154	31,602	155	408,205		
156	562				
157	-226	158	788	159	408,993
160	273,045				
161	10,747	162	262,298		
166	10,633				
167	147	168	10,486		
169	553,141				
170	0	171	553,141	172	825,924
				173	571
		174	36,437		
		175	10,356		
		176	4,802		
		177	10,478		
		178	15,875		
		179	9,565	180	58,778
				185	61,759
				186	9,630
				188	42,396

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

<b>III. NON-TECHNICAL ACCOUNT</b>			
1. BALANCE ON THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS (Item I.9)			79 4,916
2. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item II.11)			80 30,222
3. INVESTMENT INCOME			
a) Income from shares and participating interests			
aa) share of profit (loss) for the year of shareholdings included by the equity method	81 2,805		
bb) other income	82 23,149	83 25,953	
b) Income from other investments			
aa) income from land and buildings	84 23,626		
bb) income from other investments	85 429,256	86 452,882	
c) Value re-adjustments on investments		87 5,512	
d) Realized gains on investments		88 109,261	89 593,609
4. INVESTMENT CHARGES			
a) Investment management charges, including interest		90 64,700	
b) Value adjustments on investments		91 153,703	
c) Realized losses on investments		92 37,044	93 255,447
5. (-) ALLOCATED INVESTMENT RETURNS TRANSFERRED TO THE LIFE ASSURANCE TECHNICAL ACCOUNT (Item II.2)			94 271,863
6. OTHER INCOME			95 56,735
7. OTHER CHARGES			
a) Interest on financial debts		96 18,773	
b) Sundry charges		97 84,602	98 103,376
8. BALANCE ON ORDINARY ACTIVITIES			99 54,796
9. EXTRAORDINARY INCOME			100 124,411
10. EXTRAORDINARY CHARGES			101 41,140
11. BALANCE ON EXTRAORDINARY ACTIVITIES			102 83,271
12. PROFIT BEFORE TAXATION			103 138,067
13. TAX ON PROFIT			104 65,598
14. CONSOLIDATED PROFIT			105 72,469
15. PROFIT (LOSS) FOR THE FINANCIAL YEAR - MINORITY INTERESTS			106 10,130
16. PROFIT (LOSS) FOR THE FINANCIAL YEAR - GROUP			107 62,339

for the year ended 31 December 2000

			189	-89,972
			190	42,396
191	781			
192	13,098	193		13,879
194	24,177			
195	309,364	196		333,542
		197		1,971
		198		137,639
			199	487,030
		200		71,174
		201		78,303
		202		20,597
			203	170,074
			204	198,889
			205	39,645
		206		4,609
		207		53,152
			208	57,761
			209	52,375
			210	64,622
			211	22,333
			212	42,289
			213	94,664
			214	51,413
			215	43,252
			216	-67
			217	43,319

The undersigned declare that the financial statements are free from irregularity or error

The Company legal representatives (\*)

The Chairman ..... (\*\*)

*Giovanni Consorte* ..... (\*\*)

..... (\*\*)

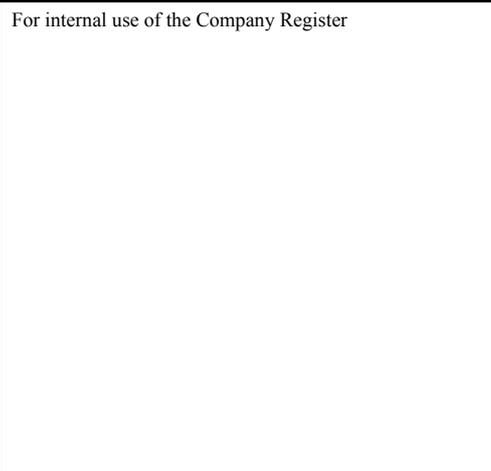
The members of the Board of Statutory Auditors

U. Melloni .....

O. Caffagni .....

L. Roffinella .....

For internal use of the Company Register



(\*) In case of foreign undertakings - signature by the general representative in Italy

(\*\*) Please indicate the functions of the signatory

## **Notes to the Accounts**

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# Part A: General drafting criteria and basis of consolidation

The consolidated financial accounts have been drawn up in accordance with the layout and instructions prescribed by Legislative Decree 173 dated 26 May 1997. They also comply with ISVAP Instruction 735 of 1 December 1997 relating to the layout of the accounts and incorporate the relevant guidance issued by the Supervisory Authority.

## Basis of consolidation

The consolidated accounts for Unipol Assicurazioni are produced by amalgamating its own accounts with those of its subsidiaries operating in the insurance sector or the business activities of which fall within the scope of those carried on by the insurance companies in the context of their own institutional investment activities.

Investments in affiliated companies, with holdings ranging from 20% to 50%, are valued on the relevant proportion of equity, including the result for the financial year, less dividends received and after adjustments required under the guidelines for producing the consolidated accounts.

Quadrifoglio Vita, 50% of which is owned by Banca Agricola Mantovana, has been consolidated on a line-by-line basis because of its insurance activities and by virtue of agreements between the partners.

A list of companies included in the consolidation is given on the following pages.

## Changes to the basis of consolidation

The following operations were carried out during the course of the financial year:

- finalization of the purchase of shares in Meie Assicurazioni, amounting to 23.14% of share capital, following the closure of the takeover bid launched by Unipol in November 2000;
- merger by incorporation of Aurora Assicurazioni spa into Meie Assicurazioni spa, the new company being renamed Meieaurora Assicurazioni spa;
- merger by incorporation of Meie Vita spa and Promoass srl into Meieaurora spa;
- merger by incorporation of the property company Pioquartosei srl into Unipol Assicurazioni;
- acquisition by Unisalute of 100% of Meie Servizi srl (previously under the total control of Meie Vita), which at an extraordinary shareholders' meeting on 3 December 2001 voted for a change in the company's name to Unisalute Servizi srl, as well as a change in its corporate purpose;
- acquisition, at the time of incorporation, of a 38% shareholding in the company Assicoop Romagna spa, a Unipol agency holder;
- acquisition of a 38.04% share in Finec Investimenti spa.

Deleted from the basis of consolidation are:

- Lavoro e Previdenza Service, following the sale thereof on 20 July 2001 (during the first half-year the said shareholding had risen from 55.1 % to 100%);

- Immobiliare Pietramellara srl (an 81.03% indirect shareholding held), following the sale thereof on 13 December 2001;
- Unintesa spa (in liquidation) following the sale thereof on 27 December 2001.

In December 2001 the voluntary liquidation of the subsidiary property company Sofircoop srl was finalised.

The following changes to shareholdings of the Parent Company have also occurred:

- Linear Ass.ni spa from 60.00 to 80.00%
- Unisalute spa from 77.54 to 87.44%
- Midi srl from 99.00 to 100.00%
- BNL Vita spa from 51.00 to 50.00%
- Finec Merchant spa from 39.27 to 41.07%
- Assicoop Ferrara spa from 46.73 to 47.40%

The shareholding in Commerfin (20%), due for sale, has been maintained at book value.

As regards BNL Vita, from financial year 2001 the profit and loss account has also been consolidated (in the 2000 annual accounts only assets were consolidated as the company had been purchased on 28 December 2000).

## Reporting date

The reporting date for the consolidated accounts is 31 December 2001, the closing date for the annual accounts of Unipol Assicurazioni. All the companies included in the basis of consolidation close their accounts on 31 December, with the exception of the affiliated company Finec Merchant spa, which ends its financial year on 30 June and for which interim accounts have been used, based on the date of the consolidated accounts. For the purposes of drawing up the consolidated accounts, the accounts approved by the respective companies' Shareholders' Meetings have been used. If the accounts have not so far been approved, the draft accounts approved by the various Boards of Directors have been consolidated.

## Consolidation criteria

### Companies included on a line-by-line basis

This method provides for the assets, liabilities, income and expenses of the consolidated companies to be fully amalgamated, the book value of the investment being eliminated from the balance sheet of Unipol Assicurazioni and, in the case of part-ownership, disclosing the share of net capital and of the profit for the financial year attributable to minority shareholders. The net amount of capital relating to minority shareholders is shown under 'Capital and reserves minority interests', whilst the relevant share of the consolidated profit or loss is shown under the heading 'Profit (loss) for the financial year - minority interests'.

The accounts of the subsidiaries are fully consolidated, except in the case of Unipol Banca spa, Unipol Sgr spa, Unipol Fondi Ltd, Unieuropa srl, Unisalute Servizi srl, where the equity method has been used, given that the nature of the business activities makes it inappropriate to use the line-by-line method.

### Companies included by proportionate consolidation

This method provides for assets, liabilities, income and expenses of the consolidated companies to be incorporated in proportion to the holding, with the book value of the shareholding being eliminated.

As at 31 December 2001 no shareholding was included by proportionate consolidation.

### Companies included by the equity method

With this method, the value of the interest is adjusted to the corresponding fraction of equity, including the result for the financial year but making all the adjustments required for consolidation.

### Consolidation difference

If the difference arising from offsetting the book value of the shareholding against the

corresponding fraction of the equity of the subsidiary is due to under or over-valuation of asset or liability items in the subsidiary's accounts, it is posted as an adjustment to the individual items, within the limits allowed for correct financial/technical valuations in force on the date the holding is acquired.

Where some or all of the difference cannot be imputed to individual items, if negative, it is credited to the equity item 'Consolidation reserve' or 'Reserve for valuation difference' in the case of companies included by the equity method; if positive, it is entered under 'Consolidation difference', to the extent that it represents the value of goodwill at the time the holding was acquired and is financially valid at the date of consolidation.

### **Elimination of intra-group transactions**

In drawing up the consolidated accounts, credits and debits flowing between the companies included in the consolidation are eliminated, as are income and charges relating to transactions carried out between these companies and profits and losses arising from transactions carried out between these companies and not yet realized with third parties outside the group.

**UNDERTAKINGS INCLUDED IN THE CONSOLIDATED ACCOUNTS ON A LINE-BY-LINE BASIS**

Company - Registered Office	Type of business - Share capital	% holding		Book value
		direct	indirect	
<b>Compagnia Assicuratrice Unipol spa</b> Bologna	Insurance and reinsurance Euro 451,273,476			
<b>Agricoltura Assicurazioni s.m.</b> Milan	Insurance and reinsurance Euro 774,000		100.00 (Meieaurora)	84.61
<b>Bnl Vita spa</b> Milan	Insurance and reinsurance L. 220,000,000,000	50.00		50.00
<b>Compagnia Assicuratrice Linear spa</b> Bologna	Insurance and reinsurance Euro 12,000,000	80.00		80.00
<b>Meieaurora Assicurazioni spa</b> Milan	Insurance and reinsurance Euro 190,777,009	84.61		84.61
<b>Meie Assistenza spa</b> Milan	Insurance and reinsurance Euro 774,000		100.00 (Meieaurora)	84.61
<b>Navale Assicurazioni spa</b> Ferrara	Insurance and reinsurance Euro 10,500,000	98.17		98.17
<b>Noricum Vita spa</b> Bologna	Insurance and reinsurance Euro 16,000,000	51.00		51.00
<b>Quadrifoglio Vita spa</b> Bologna	Insurance and reinsurance Euro 22,500,000	50.00		50.00
<b>Unisalute spa</b> Bologna	Insurance and reinsurance Euro 17,500,000	87.44		87.44
<b>Midi srl</b> Bologna	Property Euro 72,000,000	100.00		100.00
<b>Unifimm srl</b> Bologna	Property Euro 43,350,000	99.00		99.00
<b>Uniservice spa</b> Bologna	Data transmission services Euro 104,000	99.00		99.00

**UNDERTAKINGS INCLUDED BY THE EQUITY METHOD**

SUBSIDIARIES (applying the principle of consistency)				
<b>Unipol Banca spa</b> Bologna	Banking Euro 284,200,000	81.03		81.03
<b>Unipol Fondi Ltd</b> Dublin	Unit trust management Euro 125,001	100.00		100.00
<b>Unipol Sgr spa</b> Bologna	Financial brokerage Euro 2,000,000	100.00		100.00
<b>Unieuropa srl</b> Bologna	Market analysis and research Euro 510,000	98.00		98.00
<b>Unisalute Servizi srl</b> Bologna	Healthcare services Euro 52,000		100.00 (Unisalute)	87.44
ASSOCIATED				
<b>Hotel Villaggio Città del Mare spa</b> Terrasini (Pa)	Tourism/hotels Euro 2,367,000	49.00		49.00
AFFILIATED				
<b>Finec Merchant spa</b> Bologna	Finance company Euro 175,780,000	41.07		41.07
<b>Finec Investimenti spa</b> Bologna	Holding company Euro 47,514,033	38.04		38.04
<b>A.P.A. spa</b> Parma	Insurance agency Euro 510,000	49.00		49.00
<b>AR.CO. Assicurazioni spa</b> Modena	Insurance agency Euro 250,000	40.00		40.00
<b>Assicoop Ferrara spa</b> Ferrara	Insurance agency Euro 459,000	47.40		47.40

Company - Registered Office	Type of business - Share capital	% holding		Book value
		direct	indirect	
<b>Assicoop Imola spa</b> Imola (Bo)	Insurance agency Euro 520,000	47.34		47.34
<b>Assicoop Modena spa</b> Modena	Insurance agency Euro 2,080,000	47.00		47.00
<b>Assicoop Ravenna spa</b> Ravenna	Insurance agency Euro 3,640,000	49.00		49.00
<b>Assicoop Romagna spa</b> Forli	Insurance agency Euro 774,700	38.00		38.00
<b>Assicoop Sicura srl</b> Bologna	Insurance agency Euro 202,800	40.00		40.00
<b>Assicoop Siena spa</b> Siena	Insurance agency Euro 714,000	49.00		49.00
<b>Assicura spa</b> Reggio Emilia	Insurance agency Euro 1,040,000	35.00		35.00
<b>Consorzio ZIS Fiera 2</b> Bologna	Urbanization works Euro 540,399		42.52 (Midi)	42.52
<b>Euresa Holding sa</b> Luxembourg	Holding company Euro 14,374,500	21.01		21.01
<b>OTHER SHAREHOLDINGS IN AFFILIATED UNDERTAKINGS AT THEIR BOOK VALUE</b>				
<b>Assicoop Genova spa</b> in liquidation - Genoa	Insurance agency Euro 260,000	49.00		49.00
<b>Sofimer Soc. Fin. Meridionale spa</b> in liquidation - Naples	Finance company Euro 5,100,000	20.00		20.00
<b>Commerfin scpa</b> Rome	Finance company Euro 581,910	20.00		20.00

# Part B: Valuation criteria

## Section 1 - Illustration of valuation criteria

The most significant criteria used in producing the consolidated accounts are given below, together with any changes compared to those previously adopted. These criteria are consistent with those adopted by the Parent Company for its year-end accounts .

### Intangible assets

#### *Deferred acquisition commissions*

Pre-paid acquisition commissions on multi-year policies relating to Non-life business are deferred and amortised on a straight-line basis over a period of three years, beginning in the year in which the costs are incurred. For Life business these commissions are attributed on the basis of the period of validity of policies, up to the limit of the expenses charged on them, but for a period not exceeding 10 years. This complies with tax regulations and prudential considerations relating also to financial matching. Any other expenses incurred in the acquisition of risks relating to multi-year policies and in managing them are reflected in the profit and loss account for the year in which they are incurred.

#### *Consolidation difference*

The consolidation difference is subject to amortisation, calculated using the straight-line method, as from the time the subsidiary is acquired. Depending on the expected period of recovery of the individual components of the item the useful life of this item is estimated as 10 or 20 years. In particular, in the case of the consolidation differences relating to the insurance companies Meieaurora and Navale, in view of the size of the portfolios concerned, the goodwill has been subject to amortisation for the period in which it is estimated that it can produce utility, valued over an average period of twenty years, whilst in the case of BNL Vita the

goodwill paid will be subject to amortisation for a period of 10 years starting from the 2001 financial year, since as from that financial year the profit and loss account will also be consolidated.

### Investments

#### *Land and buildings*

Except for some premises intended for sale and recorded as short-term investments, property is included with fixed assets and recorded in the accounts at the cost of acquisition or construction or at incorporation value in the case of buildings previously owned by incorporated companies. The book value of these assets includes ancillary expenses and write-ups performed in previous financial years under the provisions of specific legislation and, to a lesser extent, following voluntary write-ups.

In addition, the consolidated property companies include in the book value investment expenses incurred for capital borrowed specifically for purchasing and rebuilding fixed assets, where necessary.

Improvement and transformation costs are capitalized if they translate into an increment in the useful life of the assets and their productivity. Those buildings to be used by the company are depreciated at constant rates according to the envisaged period of use.

Other buildings are not usually depreciated, given that constant maintenance is carried out in order to prolong their useful life and that they are long-term investments primarily intended as a hedge against liabilities to policyholders.

However, depreciation is recorded for the holiday complexes 'Città del Mare', situated at Terrasini (Pa) and 'Pianeta Maratea', situated at Maratea (Pz), purchased by incorporation in 1999, the complex housing Rome's Jolly Hotel in Via Pioquarto (purchased by incorporation in 2001), supermarkets, factories and a building in Milan, given their particular nature and use.

Those properties showing lasting losses in value have been accordingly written down. The market value is calculated in accordance with ISVAP Instruction 1915-G of 20 July 2001.

Based on the relevant accounting principles, the consolidated accounts exclude depreciation on buildings for the use of third parties if the amounts concerned appear in the unconsolidated accounts exclusively for tax purposes.

In the case of the buildings of certain recently acquired companies, book values include part of the allocation of consolidation differences arising at the time of acquisition.

### ***Investments in Group undertakings and participating interests***

These mainly consist of long-term investments such as controlling shareholdings, shareholdings in affiliated companies and in other undertakings. Shareholdings in affiliated companies and subsidiaries the activities of which are not consistent with the insurance sector are included by the equity method; those in other companies are valued at acquisition or subscription cost or at a value below cost in cases where there has been permanent loss of value.

In the case of participating interests which have been put into liquidation, account has been taken of expected payback at the end of liquidation.

Where securities in other entities are held for trading purposes, they are valued at the lesser of the average acquisition cost and the current value based on the market rate at the end of the financial year.

### ***Other financial investments***

#### ***Stocks and shares in investment funds***

Shares that do not constitute fixed assets, own shares, units and shares in investment funds are recorded at the lesser of the average acquisition cost and the market value, which for listed shares corresponds to the average stock exchange price in the final month of the financial year and, for unlisted shares, is based on a prudent estimate of their presumed disposal value.

Units and shares in investment funds that are classified as long-term assets are held at acquisition cost, adjusted where applicable by write-downs

deriving from losses in value deemed to be long term.

#### ***Bonds and other fixed-income securities***

Securities intended to be held long-term by the company are valued at the average purchase or subscription cost, adjusted by or combined with an amount equal to the proportion of the negative or positive difference between repayment value and acquisition cost that has matured at the end of the financial year. The relevant proportion relating to any issue spread is recorded separately (Article 8 of Legislative Decree 719 of 27/12/94 and Law 349 of 8/8/95). They are written down only in the event of verified long-term loss of value.

For securities with an implicit rate (such as zero coupon bonds) an adjustment is made for the appropriate proportion of capital that has already matured.

Securities used as short-term investments are adjusted to the lesser of average cost, increased or reduced by matured issue spreads and the market value; for listed securities the market value is computed from the average of prices recorded in the month of December and for those that are not listed from the presumed disposal value as at 31 December, determined on the basis of the current value of securities traded on regulated markets that have similar characteristics.

Reductions in value applied in previous financial years are not retained if the rationale for them no longer applies.

#### ***Loans***

These are recorded at their nominal value, which also corresponds to their presumed disposal value.

#### ***Derivatives***

Derivatives, as defined in ISVAP Instruction 297 of 19 July 1996, are used exclusively for hedging purposes, to reduce the risk profile of the hedged assets and liabilities or to optimize their risk/return profile. Those derivative contracts in existence at the end of the period are evaluated in accordance with the hedged assets/liabilities.

The current value of derivative contracts is determined by the 'substitution cost' method, using the prices and rates prevailing at the end of the financial year for equal maturities and comparing these with the contractual ones.

Premiums received or paid for options on securities, shares, currencies or rates in existence at the end of the period are recorded in G.VI 'Sundry borrowings and other financial payables' and C.III.7 'Sundry financial investments' respectively.

When the option matures:

- if it is exercised, the premium is applied as an adjustment to the purchase or sale price of the underlying asset;
- if it is not exercised, the premium is recorded under 'Realised gains/losses on investments'.

#### *Income from securities*

Accrued interest receivable is recorded in the profit and loss account in accordance with the matching concept, as is the accrued difference between the repayment value and the issue price of bonds and similar securities, as set out in Article 8 of Legislative Decree 719 dated 27/12/94 mentioned earlier. For securities held as fixed assets the accrued difference between the repayment value and the book value is included.

Dividends are recorded in the financial year in which they are received, together with the relevant tax credit.

Gains and losses deriving from trading fixed income securities and shares are shown in the profit and loss account according to the date on which they are made.

#### **Investments for the benefit of Life- assurance policyholders who bear the risk thereof and investments arising out of pension fund management**

These are recorded at current value, as stipulated in Articles 17 and 19 of Legislative Decree 173/97.

#### **Receivables**

These are recorded at their presumed disposal value.

#### **Other assets**

##### ***Tangible assets and stocks***

Assets (furniture, office machinery, equipment and movable goods recorded in the public registers), included with fixed assets, are shown on the balance sheet at purchase cost or at their conferment values and depreciated on the basis of their presumed useful life. On assets that came into use during the financial year 50% of the relevant depreciation rates has been applied, which by and large corresponds to their period of use. Assets having a low unit value are depreciated in full in the year of acquisition, on account of their limited useful life.

##### **Prepayments and accrued income, accruals and deferred income**

Prepayments and accrued income, as well as accruals and deferred income, are calculated in accordance with the principle of financial and temporal matching.

##### **Technical provisions - Non-life business**

###### ***Provision for unearned premiums***

The provision for unearned premiums for direct insurance business is determined analytically for each policy according to the pro-rata temporis method, based on gross premiums booked less acquisition commissions and other directly-attributable acquisition costs. For multi-year policies the depreciation allowance relating to the financial year is deducted.

Where necessitated by the expected loss ratio, the provision for unearned premiums also includes a provision for unexpired risks in accordance with the provisions of Article 32 of Legislative Decree 173/1997, 3rd indent. This has been estimated using the simplified method laid down in ISVAP Instruction 360D/1999, which is a forecast based on the loss ratio for claims incurred during the year.

For bond and credit business the flat-rate method provided for in the Ministerial Decree of 23/5/81 has been applied.

The provision for unearned premiums also includes components required under specific

legal provisions for classes and risks of a particular nature (Credit, Hail, Atomic Risks, Natural Forces).

The total amount allocated to the provision is expected to meet costs arising from risk portions pertaining to subsequent financial years.

The reinsurers' share of the provision for unearned premiums is calculated by applying to the premiums ceded the same criteria as those used to calculate the provision for unearned premiums for direct business.

#### ***Provision for increasing age***

The provision for increasing age is calculated at a flat rate of 10% on policies in the Health portfolio having the characteristics described in Article 25 of Legislative Decree 175/95.

#### ***Provision for outstanding claims***

The provision for outstanding claims for direct business is determined analytically by valuing all claims outstanding at the end of the financial year and is based on technically-prudential estimates arrived at by applying objective factors which, as prescribed in Article 33 of Legislative Decree 173/1997, ensure that the global amount of the provision is sufficient to meet claims to be paid and the related direct and claims handling costs. As to Motor T.P.L. claims reported in 2001, the estimate of the provision was based on the criterion of average cost for groups of similar claims (material damage and personal injury) in sufficiently large numbers and supported by historical data and specific forecasts made by the various companies.

The provision for outstanding claims also includes a set-aside for claims incurred but not reported, estimated on the basis of experience gained regarding claims reported late in previous years, in accordance with the criteria established by the ISVAP Instruction of 4 December 1998.

The reinsurers' share of the provision for outstanding claims reflects the amount recoverable from them as laid down in either specific treaties or contractual arrangements.

#### **Technical provisions - Life business**

The amount recorded in the accounts has been calculated in accordance with the provisions of Articles 24 and 25 of Legislative Decree 174/95 and as specified by the Ministerial Decree of 2 July 1987 regarding the minimum level of provisions for supplementary health and professional premiums and the provision for administrative charges.

The mathematical provision for direct Life assurance is calculated analytically for each contract on the basis of pure premiums, with no deductions for policy acquisition costs, and by reference to the actuarial assumptions (technical interest rates, demographic models by death or disability) used to calculate the premiums relating to existing contracts. The mathematical provision includes the proportion of pure premiums in relation to the premiums accrued during the financial year; it also includes all write-ups made by virtue of the contractual terms and is always greater than the redemption value. In compliance with the provisions of Article 38 of Legislative Decree 173/97, technical provisions set up to cover liabilities deriving from assurance policies on which the benefit is determined on the basis of investments or indices for which the policyholder bears the risk, and provisions arising out of pension fund management, have been calculated by reference to commitments made under these contracts and to the provisions of Article 30 of Legislative Decree 174/95 and subsequent ISVAP instructions. As provided for by Article 38 of Legislative Decree 173/97, 3rd indent, the mathematical provision includes those provisions set up to cover the mortality risk in insurance contracts from Class III of Table A attached to Legislative Decree 174/95, guaranteeing a benefit should the insured party die during the term of the contract. The mathematical provision also includes an adjustment provision, in accordance with Article 25 of Legislative Decree 174/95, 12th indent. Under the terms of this, when a difference has been identified between the demographic bases used to calculate the constituent capital for life annuities and the latest figures from the General

State Accounting Department, the provision to be established must include an adjustment to cover liabilities to policyholders, also complying with ISVAP Instruction No 01380-G of 21 December 1999 and with the 'Regulations on actuarial principles to be applied when calculating the supplementary provision for annuity assurance policies', issued by the National Order of Actuaries and recognized by ISVAP.

Moreover, in accordance with the provisions of ISVAP Instruction 1801-G of 21 February 2001, and with 'Guidelines for the evaluation of the adequacy of the supplementary provision for interest rates' issued by the National Order of Actuaries, the mathematical provision has been supplemented by a posting covering any difference between the forecast rate of returns from assets covering the technical provisions and those liabilities underwritten, with regard to the levels of financial cover and the dynamics of adjustment of those benefits contractually provided for.

As laid down in Article 34 of Legislative Decree 173/97, the provision for sums payable includes the total amount needed to cover payment of benefits that have fallen due but not so far been paid.

The provision for bonuses and rebates is set aside to cover the Company's commitment to allocate, under partial reimbursement of premiums on certain policies on a temporary group tariff in the event of death and/or disability, sums accruing in the financial year as technical profits arising from the yield on individual contracts.

The level of technical provisions borne by Consap, which has taken the place of the I.N.A., with the Treasury having joint and several liability, is calculated on the basis of liabilities transferred as 'compulsory cessions' and applying prudential criteria, but also taking into account the relevant recommendations made by ISVAP and using the annual rates of return already fixed for the financial years 1994 to 1999 (contained in the Ministerial Decrees of 2/10/1998, 4/6/1999, 21/12/1999 and

7/3/2001) and the prudential rates estimated for the financial years 2000 and 2001.

### **Current and deferred taxation**

Taxes for the financial year are posted as applicable, amongst sundry taxes, according to the estimated taxable income.

Positive and negative deferred taxation has also been registered, calculated from the temporary differences between the unconsolidated profits and the taxable profits of individual consolidated companies and from the consolidation adjustments.

### **Provision for staff-leaving indemnity**

The provision for staff-leaving indemnity reflects the accrued liability to employees, in accordance with current legislation and collective labour agreements.

### **Earned premiums**

Premiums are booked by reference to their due dates and in accordance with the provisions of Article 45 of Legislative Decree 173/1997. Taking these in conjunction with the provision for unearned premiums gives the earned premiums.

### **Allocated investment return transferred from the non-technical account**

Allocation of portions of investment income to the technical account of the Life business is made in accordance with the relevant ISVAP Instruction dated 8 March 1999.

### **Inward reinsurance**

In the case of risks accepted as reinsurance, the premiums and the costs for claims and commissions already passed on by the ceding undertakings and relating to the financial year are generally recorded in specific asset or liability accounts (deferred reinsurance accounts

receivables/payables) and posted to the profit and loss account for the following financial year; this deferred application, which also applies to the associated retrocessions, arises because of the impossibility of obtaining all the data at the proper time and in full.

The provisions for inward reinsurance risks are those passed on by the ceding undertakings, possibly adjusted to take account of any subsequently predictable losses.

### **Conversion of balances in foreign currencies**

Transactions expressed in foreign currency not arising from the consolidation of foreign companies are shown in the accounts at the year-end exchange rates in accordance with multi-currency accounting standards. Any surplus arising from the conversion into ITL is offset by an allocation to an appropriate fund and any shortfall arising is balanced by a release from the same fund.

### **Conversion differences**

Amounts expressed in currencies outside the Euro area are converted into Italian Lire by applying the year-end exchange rates to the entries in the balance sheet and the profit and loss account.

Differences arising from application of the aforesaid exchange rates are credited or debited to the 'Exchange risk reserve' item in the consolidated shareholders' equity.

### ***Exchange rates used***

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

<b>Currencies</b>	<b>2001</b>	<b>2000</b>
US dollar	2,197.061	2,080.890
Pound sterling	3,182.037	3,102.490
Swiss franc	1,305.732	1,271.180
Canadian dollar	1,375.485	1,386.516
Swedish Krona	208,174	219,251

For currencies belonging to the Euro the fixed and irrevocable exchange rates established between the Euro and each of the aforesaid currencies have been used.

## **Section 2 – Adjustments and tax appropriations**

With reference to a consolidated subsidiary, the consolidated accounts exclude depreciation on buildings since the relative amounts are shown in the company's unconsolidated accounts solely for tax purposes. This exclusion has affected the consolidation reserve by ITL227m as regards the past quota and has affected group profits by ITL224m as regards the quota pertaining to the financial year resulting from the write-off of depreciation registered by the company during the course of the year and from the calculation of deferred taxation on those adjustments made.

# **Part C: Information on the consolidated balance sheet and profit and loss account**

## **Balance sheet - Assets**

There follows a commentary on the balance sheet items and the way their composition has varied in comparison with the previous financial year, together with the information required by current regulations.

## **Section 1 - Intangible assets (item B)**

### **Deferred acquisition commissions (B.1)**

These amount to ITL114,011m (-ITL13,719m) and are subdivided as follows:

- Non-life business ITL47,007m (-ITL5,687m)
- Life business ITL67,004m (-ITL8,032m).

### Goodwill (B.3)

This item, to the amount of ITL14,000m (-ITL2,274m compared with 2000), consists mainly of the residual portion of goodwill paid by Quadrifoglio Vita in acquiring the business from Arca Vita (ITL11,700m).

### Other intangible assets (B.4)

This item, amounting to ITL36,542m (-ITL2,961m on 2000), includes ITL6,576m of residual costs relating to capital increases and ITL29,966m of sundry multi-year costs mainly incurred in purchasing software (ITL20,280m).

### Consolidation difference (B.5)

The item 'Consolidation difference', net of amortisation, amounts to ITL812,585m (-ITL24,843 compared with 2000).

This sum is mainly constituted by the goodwill paid for the purchase of companies in the Meie Group – Aurora, Navale and BNL Vita – made during the course of 2000. Amortisation of this difference consists of constant quotas calculated

over a period of twenty years, with the exception of BNL Vita where amortisation is calculated over a ten-year period.

With regard to Meieaurora and Navale, in 2001 amortisation was registered for the entire annual quota (compared with 50% in 2000), as for BNL Vita (for which amortisation had not been calculated in 2000).

The most important changes made during the course of the financial year include the increase due to the purchase of further shares in Meie Assicurazioni (following closure of the takeover bid launched by Unipol in November 2000), as well as a reduction in the amortisation quotas for the financial year 2001.

## Section 2 - Investments (item C)

### Land and buildings (C.I)

Land and buildings, net of the relevant depreciation, were made up as follows as at 31 December 2001 (in millions of ITL):

	Land and buildings	Reserve for depreciation	Book value
Buildings for operational use	191,499	64,244	127,255
Buildings for use by third parties	917,331	63,512	853,819
Land	4,450		4,450
Property companies	114,656		114,656
Fixed assets/ advance payments	47,923		47,923
<b>Total recorded in the accounts of the consolidated companies</b>	<b>1,275,859</b>	<b>127,756</b>	<b>1,148,103</b>
Consolidation adjustments:			
Consolidation difference allocated to buildings for Company's own use			21,973
Consolidation difference allocated to buildings for use by third parties			56,631
Elimination of amortisation for tax purposes			356
Other consolidation adjustments			(8,709)
<b>Total</b>			<b>1,218,354</b> <b>(-0.4%)</b>

The variations that have occurred in the composition of land and buildings, before depreciation, are as follows (in millions of ITL):

Land and buildings as at 31 December 2000	1,341,1933
New investments made during the financial year	83,692
Additions and improvements	14,630
Disposals	(93,405)
<b>Land and buildings as at 31 December 2001</b>	<b>1,346,110</b>

It is also pointed out that no property is leased out.

## Investments in Group undertakings and other participating interests (C.II)

### *Stocks and shares in subsidiary undertakings (C.II.1.b)*

Stocks and shares owned relate to subsidiaries which transact business other than insurance business and therefore have been valued by the equity method.

The total as at 31 December 2001 amounts to ITL478,764m, a net increase of ITL242,663m over 2000, which is mainly due to Unipol Banca.

The details are given below:

Company – Registered office – Share capital (Euro)	Group share %	Value (ITLm)
Unipol Banca spa – Bologna – Euro 284,200,000	81.03	473,670
Unipol Sgr spa – Bologna – Euro 2,000,000	100.00	4,035
Unipol Fondi Ltd – Dublin – Euro 125,001	100.00	321
Unieuropa srl – Bologna – Euro 510,000	98.00	574
Unisalute Servizi srl – Bologna – Euro 52,000	87.44	164
<b>Total</b>		<b>478,764</b>

### *Stocks and shares in associated and affiliated undertakings (C.II.1.c.d)*

These relate to affiliated and associated companies valued using the equity method, as listed in the table below:

Company – Registered office – Share capital (Euro)	Group share %	Value (ITLm)
Finec Merchant spa – Bologna – Euro 175,780,000	41.07	143,031
Finec Investimenti spa – Bologna – Euro 47,514,033	38.04	35,569
Euresa Holding sa – Luxembourg – Euro 14,374,500	21.01	7,116
Assicoop Sicura srl – Bologna – Euro 202,800	40.00	6,222
Assicoop Ravenna spa – Ravenna – Euro 3,640,000	49.00	3,831
Assicoop Modena spa – Modena – Euro 2,080,000	47.00	2,523
Hotel Villaggio Città del Mare spa – Terrasini (Pa) – Euro 2,367,000	49.00	3,013
Assicoop Siena spa – Siena – Euro 714,000	49.00	726
Assicura spa – Reggio Emilia – Euro 1,040,000	35.00	762
AR.CO. Assicurazioni spa – Modena – Euro 250,000	40.00	285
A.P.A. spa – Parma – Euro 510,000	49.00	428
Assicoop Romagna spa – Forlì – Euro 774,700	38.00	443
Assicoop Ferrara spa – Ferrara – Euro 459,000	47.40	457
Assicoop Imola spa – Imola (Bo) – Euro 520,000	47.34	509
Consorzio ZIS Fiera 2 – Bologna – Euro 540,399	42.52	445
<b>Total</b>		<b>205,360</b>

Shareholdings in foreign companies amount to ITL7,116m (+ITL568m) and those in Italian companies to ITL198,244m (+ITL104,760m).

### *Stocks and shares in other undertakings (C.II.1.e)*

This item, amounting to ITL945,062m, shows an increase of ITL337,749m over 2000. This increase refers to the Parent Company and relates largely to movements in the investments in Bell, Olivetti, Hopa and Banca Monte dei Paschi di Siena.

Of the total amount, ITL1,146m relates to shareholdings in affiliated companies held at book value that are in the process of liquidation and sale, as detailed below:

<b>Company – Registered office – Share capital</b> <i>(Euro)</i>	<b>Group share %</b>	<b>Value</b> <i>(ITLm)</i>
Assicoop Genova spa (in liquidation) – Genoa – Euro 260,000	49.00	118
Sofimer spa (in liquidation) – Naples – Euro 5,100,000	20.00	800
Commerfin scpa (in the process of being sold) – Rome – Euro 581,910	20.00	228
<b>Total</b>		<b>1,146</b>

The balance (ITL943,916m) relates to the various companies and entities listed below:

<b>Company – Registered office – Share capital</b> <i>(Euro/currency)</i>	<b>% holding</b>		<b>Group share %</b>
	<b>direct</b>	<b>indirect</b>	
Banca Monte dei Paschi di Siena spa – Siena – Euro 1,345,284,001	1.99		1.99
Hopa spa – Brescia – Euro 585,611,669	5.19		5.19
Cardine Banca spa – Bologna – Euro 1,429,536,597	1.80		1.80
Bell sa – Luxembourg – Euro 33,735,810	3.31		3.31
P & V Holding sa – Bruxelles (Belgium) – Euro 345,050,000	2.39		2.39
Fincooper scarl – Bologna – Euro 16,439,746	22.50	<sup>(1)</sup>	22.94
Atlantis sa – Barcelona (Spain) – Euro 15,025,329	10.30		10.30
Syneteristiki Insurance sa – Athens(Greece) – Grd 1,444,000,000	16.39		16.39
The Co-Operators Group sa – Guelph (Canada) – Cad 27,796,600	7.20		7.20
Atlantis Vida sa – Barcelona (Spain) – Euro 9,616,200	12.50		12.50
Partisagres SGPS sa – Lisbon (Portugal) – Euro 6,500,000	4.87		4.87
Sagres sa – Lisbon (Portugal) – PTE 2,800,100,000	3.91		3.91
Previnet spa – Mogliano V. (TV) – ITL 10,000,000,000	14.00		14.00
Rita srl – Milano – Euro 5,720,000	4.54		4.54
Union Capital spa (in liquidation) – Milan – Euro 100,000	5.00		5.00
Interporto spa – Bologna – Euro 13,743,928	1.43		1.43
Fondazione Cesar – Bologna – ITL 150,000,000	100.00		100.00
Cestar srl – Pero (Milan) – Euro 2,040,000	3.68		3.68
Banca Popolare Etica Scarl – Padua – Euro 10,952,483	0.47		0.47
Banca di Bologna Scarl – Bologna – Euro 7,638,795	0.61		0.61
Allnations sa – Ohio (U.S.A.) – USD 2,157,371	2.37		2.37
Artigianfin spa – Rome – ITL 200,046,000	19.01		19.01
Inforcoop Scarl – Rome – Euro 835,157	2.63		2.63
Sofincoop spa – Genoa – Euro 1,656,888	0.23		0.23
Uci – Milan – Euro 510,000	4.25		4.25
Nomisma spa – Bologna – Euro 5,345,328	4.35		4.35
Autonomia Scarl – Palermo – ITL 265,060,000	6.79		6.79
Consorzio R54A – Bologna – ITL 20,000,000	30.56		30.56
Cooptechnical Scarl – Rome – Euro 71,787	3.59		3.59
Coop Libera Stampa Scarl – Rome – ITL 751,861,442	0.27		0.27
Consorzio E.F. District – Bologna – Euro 12,000	12.50		12.50
Acteldirect sa – Bruxelles (Belgium) – Euro 11,800,000	0.34		0.34
Mefop spa – Rome – Euro 104,000	0.50		0.50
Protos SOA spa – Rome – Euro 877,975	10.59		10.59

<sup>(1)</sup> Through Noricum Vita 0.32% and Unisalute 0.33%.

### **Debt securities (C.II.2)**

As at 31 December 2001 there are no debt securities of participating interests, compared with a figure of ITL960m at the end of 2000.

### **Corporate financing (C.II.3)**

As at 31 December 2001 this item stands at zero, a decrease of ITL7,209m compared with the year 2000.

### **Other financial investments (C.III)**

The total balance for this item amounts to ITL17,049,309m, an increase of ITL738,552m over the previous financial year.

The components are (in millions of ITL):

	2001	Variations compared with 2000
1. Stocks and shares	474,257	(371,151)
2. Units and shares in investment funds	277,768	(65,067)
3. Bonds and other fixed-income securities	15,173,286	884,652
4. Loans	129,000	8,225
7. Sundry financial investments	994,999	281,895
<b>Total</b>	<b>17,049,309</b>	<b>738,552 (+4.5%)</b>

### **Bonds and other fixed-income securities (C.III.3)**

Bonds and other fixed-income securities amount to ITL15,173,286m and are made up as follows (in millions of ITL):

	2001	Variations compared with 2000
Securities issued by Governments, public bodies and international organisations	9,968,545	368,341
Convertible bonds	197,942	116,186
Other listed securities	4,679,628	552,709
Other unlisted securities	327,171	(152,584)
<b>Total</b>	<b>15,173,286</b>	<b>884,652 (+6.2%)</b>

The figures for long-term investments (mainly relating to Life business segregated accounts) and short-term investments are ITL6,488.5bn and ITL8,684.8bn respectively. For the securities portfolio, comparison with market prices,

taking into account corrections for the effect of derivatives (-ITL10,761m), net of tax withheld for non-possession, gives a negative balance between unrealized capital gains and losses amounting to ITL168.3bn (a negative balance of ITL272bn as at 31/12/2000), largely from long-term investments.

Item C.III.3 includes ITL441,901m relating to subordinated debt securities (ITL531,128m as at 31/12/2000).

These debentures, issued by leading financial institutions, are only a minor part of the Group's investments.

### **Loans (C.III.4)**

These amount to ITL129,000m (+ITL8,225m) and are broken down as follows (in millions of ITL):

	2001	Variations compared with 2000
Secured loans	47,438	2,509
Loans on policies	75,727	5,744
Other loans	5,835	(28)
<b>Total</b>	<b>129,000</b>	<b>8,225 (+6.8%)</b>

It should be noted that receivables due beyond the next financial year and over five years amount to ITL89,600m and ITL61,598m respectively.

### **Sundry financial investments (C.III.7)**

The amount of ITL994,999m is an increase of ITL281,895m compared with 2000 and is made up as follows (in millions of ITL):

	2001	Variations compared with 2000
Repo securities	957,807	269,881
Premiums paid on Cap-Floor/Swap options acquired	30,747	12,322
Premiums paid for other options	-	(753)
Other (capitalization policy)	6,445	445
<b>Total</b>	<b>994,999</b>	<b>281,895 (+39.5%)</b>

The increase in repo securities was mainly due to the increase registered by the Parent Company. Major items, with a balance exceeding ITL100bn, which make up 55.6% of the total

amount, relate to repo securities and are shown below (in millions of ITL):

Security	Counterparty	Amount
BTP 1/11/93-23 9%	Cassa di Risparmio di Torino	230,539
BTP 1/11/97-27 6.5%	Banca Agricola Mantovana	120,388
BOT 15/11/01-02	Banco di Napoli	101,695
BTP 3% 15/4/99-02	Cassa di Risparmio di Parma e Piacenza	100,112
		<b>552,734</b>

It should be noted that those positions (Others) payable beyond the following financial year amount to ITL6,445m.

### Deposits with ceding undertakings (C.IV)

These amount to ITL53,201m, an increase of ITL4,065m over 2000.

These are deposits placed with ceding undertakings in respect of inward reinsurance risks; movements (placements and repayments) take place on an annual or within-year schedule. Their respective terms are largely dependent on the specific nature of the underlying insurance guarantees and on the actual term of the reinsurance treaties, renewal of which is renegotiated at the end of each year.

### Section 3 - Other asset items (D-Dbis-E-F-G)

#### Investments for the benefit of Life assurance policyholders who bear the risk thereof and investments arising out of pension fund management (D)

The total amount of these investments reached ITL7,691,883m as at 31 December 2001, an increase of ITL2,695,607m compared with the position as at 31 December 2000. Of this, ITL7,641,111m represent investments relating to Index-Linked and Unit-Linked policies (+ITL2,677,589m compared with 2000), divided up as follows (in millions of ITL):

- Index-Linked policies 4,620,479
- Unit-Linked policies 3,020,632

The remaining ITL50,772m (+55% compared with the position as at 31/12/2000), refers to those investments deriving from the management of three open-end, fixed contribution pension

funds ('Unipol Previdenza', 'Unipol Futuro' and 'Unipol Insieme'), set up and managed by the Parent Company (in accordance with Legislative Decree 124 of 21/4/93), and to a negotiable pension fund ('BAM employees') which Unipol manages assisted by a warranty. Pension funds assets are separate from and independent of the assets of Unipol. Two open-end funds ('Unipol Previdenza' and 'Unipol Futuro' are split into four sub-funds with differing investment methodologies, the third open-end fund ('Unipol Insieme') is split into five sub-funds and the closed fund has a single sub-fund.

### Reinsurers' share of technical provisions (Dbis)

The balance of this item is ITL1,655,144m and is an increase of ITL85,041m over 2000.

### Debtors (E)

The amount of debtors, totalling ITL1,598,787m, is an increase of ITL99,243m over 2000 and is detailed below (in millions of ITL):

	2001	Variations compared with 2000
<b>Debtors arising out of direct insurance operations (E.I)</b>		
Premiums receivable from policyholders	529,965	65,826
Receivables from intermediaries	376,239	62,746
Receivables from insurance Policyholders and third parties	45,670	(4,552)
amounts recoverable	44,189	(3,399)
	<b>996,063</b>	<b>120,621</b>
		<b>(+13.8%)</b>
<b>Debtors arising out of reinsurance operations (E.II)</b>		
Current account balances	328,867	34,049
		<b>(+11.5%)</b>
<b>Other debtors (E.III)</b>		
Inland Revenue - receivables	200,000	(21,679)
Sundry receivables	73,857	(33,749)
	<b>273,857</b>	<b>(55,428)</b>
		<b>(-16.8%)</b>
<b>Total</b>	<b>1,598,787</b>	<b>99,243</b>
		<b>(+6.6%)</b>

It should be noted that receivables due beyond the next financial year and over five years amount to ITL88,766m and ITL31,322m respectively.

## Other assets (F)

### *Tangible assets and stocks (F.I)*

These consist of furniture, office machinery, electronic machines, motor vehicles, plant and equipment to the value of ITL174,568m, of which ITL143,183m is depreciation, thus giving a net book value of ITL31,385m (+ITL1,216m over 2000).

### *Cash at bank and in hand (F.II)*

At the end of the year this item amounted to ITL1,045,954m (+ITL457,747m compared to the position as at 31/12/2000) and reflects the Group's policy of high liquidity in 2001.

### *Own shares (F.III)*

The amount of ITL6,248m (-ITL978m) is made up of own shares present at the end of the financial year in the portfolio of the Parent Company.

### *Other assets (F.IV)*

These stand at ITL97,456m, a decrease over 2000 of ITL19,705m, and relate to (in millions of ITL):

	2001	Variations compared with 2000
Deferred reinsurance accounts receivable	32,200	(3,478)
Derivatives	1,752	(28,930)
Other assets	63,504	12,703
<b>Total</b>	<b>97,456</b>	<b>(19,705)</b> <b>(-16.8%)</b>

## Prepayments and accrued income (G)

These amount to ITL237,065m, an increase of ITL18,289m. They are made up of ITL205,801m in accrued income on securities, ITL2,122m in accrued income on derivatives and ITL29,142m in other prepayments and accrued income.

## Balance Sheet – Liabilities

### Section 4 – Capital, reserves and subordinated liabilities (items A-B)

#### Capital and reserves of the Group (A.I)

The shareholders' equity, excluding shares pertaining to minority interests, is divided up as shown (in millions of ITL):

	2001	Variations compared with 2000
Share capital	873,787	422,640
Legal reserves	1,222,599	(354,299)
Consolidation reserve	(46,175)	(29,376)
Reserve for valuation differences on non-consolidated interests	(3,418)	(2,088)
Reserve for own shares and holding company's shares	6,248	(26,423)
Profit for the financial year	120,704	36,827
<b>Total</b>	<b>2,173,746</b>	<b>47,282</b> <b>(+2.2%)</b>

With regard to the Parent Company's share capital, during the course of 2001 the exercising of the right to underwrite new ordinary and preference shares continued on the part of holders of 'Unipol 2000/2005 ordinary share warrants' and of 'Unipol 2000/2005 preference share warrants'.

This right, which will cease on the 20 June 2005, allows new ordinary and preference shares to be subscribed to at the ratio of one for every 5 ordinary or preference warrants submitted, at a price of ITL6,200 and ITL2,700 per share respectively.

As a result of this exercising of Warrants, the Parent Company's assets increased by a further ITL428m, of which ITL126m as share capital, and ITL302m as share premium.

The item 'Consolidation reserve' contains the differences arising from off-setting the book value of participating interests against the corresponding portion of the shareholders' equity of the consolidated companies, after allocations to the asset lines of such undertakings and to the consolidation difference (goodwill). It also takes account of consolidation adjustments as a result of applying the accounting principles

of the Parent Company and elimination of intra-group dividends.

The item 'Reserve for valuation differences on non-consolidated interests' contains valuation differences arising from application of the equity method, except for the part that derives from profits/losses for the financial year that is applied to the Profit and Loss account on the item 'Share of profit for the year of shareholdings included by the equity method'.

The reconciliation table between the unconsolidated capital, reserves and profit for the year, and consolidated capital, reserves and profit for the year is attached.

### **Subordinated liabilities (B)**

This item, which was not present in the previous year's accounts, amounted to ITL580,881m (€300m), and consists entirely of the face value of subordinated callable notes issued by the Unipol Parent Company at the end of May and fully subscribed by 15 June 2001.

These are twenty-year subordinated callable notes, offering the option of early repayment as of the tenth year, and is quoted on the Luxembourg Stock Exchange.

The degree of subordination is assimilable to Tier II (supplementary capital consisting of second-level capital items).

The issue took place at a price of 100.925; the annual rate of interest is a fixed rate of 7% until the day on which the early repayment clause may be exercised, and a variable rate thereafter, until maturity. Interest due for 2001 amounted to ITL22,169m.

## **Section 5 – Technical provisions and other provisions (items C-D-E)**

### **Technical provisions (C)**

These amounted to a total of ITL20,633,993m, an increase of ITL1,420,778m over 2000 and consisted of ITL13,577,669m in technical provisions and provisions for amounts payable

for Life business (+ITL846,737m) and ITL7,056,324m of provision for unearned premiums, provision for outstanding claims and other Non-Life provisions (+ITL574,041m).

### **Technical provisions where the investment risk is borne by the policyholders and provisions arising out of pension fund management (D)**

These amount to ITL7,686,523m (+ITL2,692,277m over 2000). Of this, ITL7,635,751m represents technical provisions established to cover liabilities arising from life assurance contracts where the return is linked to investments or indices of which the policyholder bears the risk (Class III of Table A appended to Legislative Decree 174/95).

The technical provisions arising from management of the three open-end pension funds and of the closed pension fund amount to ITL50,772m.

In compliance with the provisions of Article 38 of Legislative Decree 173/97, the aforesaid provisions have been calculated by reference to the liabilities arising from the policies and are based as closely as possible on the matching assets, in accordance with the provisions of Article 30 of Legislative Decree 174/95 and subsequent ISVAP instructions. In the case of contracts in Class III, additional technical provisions have been established to cover mortality risks.

### **Provisions for other risks and charges (E)**

These amount to ITL63,312m, an increase of ITL12,822m, and relate to (in millions of ITL):

	2001	Variations compared with 2000
Provision for taxation	25,723	13,305
Provision for future charges	33,096	(3,011)
Provision for exchange rate fluctuations	2,820	2,257
Others	1,673	271
<b>Total</b>	<b>63,312</b>	<b>12,822 (+25.4%)</b>

The most important variations in the provision for future charges were:

- The release of ITL26,500m (ITL20,000m for the Parent Company and ITL6,500m for Meieaurora) set aside in 2000 for any eventual fines imposed by the Antitrust Authority on the two companies.
- The allocation of ITL13,000m by the property subsidiary Unifimm for any adverse occurrences connected to the building of a large-scale business centre.
- The allocation of ITL10,489m by the Parent Company and other participating interests for future capital charges.

## **Section 6 - Creditors and other liability items (items F-G-H)**

### **Deposits received from reinsurers (F)**

These have risen from ITL596,887m to ITL624,883m as at 31 December 2001, an increase of ITL27,996m (+4.7%).

They represent deposits made as surety in relation to ceded and retroceded risks, their maturity reflecting that of the corresponding receivables.

### **Creditors and other liabilities (G)**

This item, a total of ITL1,164,180m, shows an increase of ITL64,244m over 2000, its components being described below.

#### ***Creditors arising out of direct insurance operations (G.I)***

These amount to ITL57,349m (+ITL3,037m) and mainly relate to payables to agents and other intermediaries amounting to ITL17,306m and current account payables to companies amounting to ITL22,380m.

#### ***Creditors arising out of reinsurance operations (G.II)***

The balance amounts to ITL69,606m, an increase of ITL8,732m over 2000.

#### ***Debenture loans (G.III)***

This item, amounting to ITL407,557m, unchanged compared to 31 December 2000, refers to the value of the two quoted debenture loans accompanied by warrants issued by Unipol Assicurazioni during the course of the capital increase operation carried out in the previous financial year.

Both ordinary and preference debt securities, maturing on 30 June 2005, were repaid in advance from 11 March 2002 (up to 12/04/2002), as a result of the exercise of the option provided for on issue.

#### ***Amounts owed to credit institutions (G.IV)***

Their value as at 31 December 2001 is ITL56m, a decrease of ITL269m compared with the position as at 31 December 2000.

#### ***Debts secured by a lien on property (G.V)***

They amount to ITL7,176m, a decrease of ITL13,957m compared with the position as at 31 December 2000; this variation can be subdivided as follows: ITL13,251m is accounted for by the early repayment of a mortgage loan, while ITL706m is accounted for by the repayment during the financial year of the one remaining mortgage loan.

It should be noted that the amounts of payables beyond the next financial year and beyond five years total ITL6,339m and ITL1,649m respectively.

It should also be noted that the secured guarantees relating to this loan consist of mortgages on land and buildings.

#### ***Sundry borrowings and other financial payables (G.VI)***

This item, amounting to ITL14,462m (-ITL36,288m over 2000), consists of entries relating to derivatives.

#### ***Other creditors (G.VIII)***

These are down by ITL93,770m over the previous year and consist of (in millions of ITL):

	2001	Variations compared with 2000
Payables for tax liabilities of policyholders	76,326	(253)
Payables - sundry taxes	45,132	(105,686)
Payables to suppliers	47,185	11,745
Payables to welfare bodies	14,370	(503)
Sundry payables	34,938	927
<b>Total</b>	<b>217,951</b>	<b>(93,770)</b> <b>(-30.1%)</b>

‘Payables – sundry taxes’ includes sums payable to the Inland Revenue (net of advance payments made) for income tax due in the following financial year amounting to ITL26,749m. ‘Sundry payables’ includes liabilities payable beyond the following financial year, and beyond a five-year period, amounting to ITL3,203m and ITL231m respectively.

#### **Other liabilities (G.IX)**

These show an increase of ITL64,888m over 2000 and are made up as follows (in millions of ITL):

	2001	Variations compared with 2000
Deferred reinsurance accounts payable	59,272	(4,285)
Commissions for premiums being collected and rappels	131,539	15,246
Derivatives	16,728	4,432
Other liabilities	103,363	49,495
<b>Total</b>	<b>310,902</b>	<b>64,888</b> <b>(+26.4%)</b>

The amount relating to ‘derivates’ refers to the offset to valuations and alignments of transactions outstanding as at 31 December 2001.

#### **Accruals and deferred income (H)**

They have risen from ITL39,951m in 2000 to ITL79,111m (+ITL39,160m). They mainly refer to interest on debt securities by the Parent Company to the amount of ITL32,551m (including ITL5,080m of issue premium), to accruals on derivatives to the amount of ITL9,771m, and to deferred interest on portfolio compensation and financing to agents amounting to ITL8,872m.

## **Section 7 - Guarantees, commitments and other memorandum accounts**

These total ITL32,215,603m (ITL27,713,324m of which is for securities deposited with third parties), an increase of ITL4,996,653m over 2000.

#### **Guarantees (I, II, III)**

- I. Guarantees given: ITL46,317m.  
These are mainly guarantees given in relation to property transactions.
- II. Guarantees received: ITL157,375m.  
These are guarantees received in connection with carrying out insurance business and include ITL112bn in surety on Agents' bond policies.
- III. Guarantees given by third parties in favour of consolidated undertakings: ITL35,116m.  
The larger amount results from CID surety for commitments assumed by the undertakings (ITL20,064m).

#### **Commitments (IV)**

Their value as at 31 December 2001 of ITL3,619,503m is up on the previous financial year by ITL276,560m.

They largely relate to commitments recorded for derivatives outstanding at year-end amounting to ITL2,587,592m, whilst ITL917,484m relates to commitments under repo transactions.

#### **Pension fund assets managed in the name of and on behalf of third parties (VI)**

At the end of the financial year pension fund assets managed in the name of and on behalf of third parties totalled ITL230,046m, ITL165,947m for Fonchim fund, ITL33,677m for Bayer fund, ITL11,204m for Cooperlavoro fund and ITL19,218m for Solidarietà Veneto fund.

They are made up as follows:

- bonds ITL208,810m
- shares ITL14,416m
- cash at bank and in hand ITL3,420m.
- units and shares in investment funds ITL100m
- other net assets ITL3,300m

## Profit and Loss Account

### Section 8 - Information relating to technical accounts

#### Premiums for the year

Premiums collected reached ITL9,571,143m in

2001, an increase over the previous financial year of 52.8% (+11.4% upon the same basis of consolidation).

The following table shows the split of premiums per class of business (as per the table appended to Legislative Decrees 174 and 175/1995), their composition and their percentage variations compared with 2000:

#### BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS

(Net of tax on premiums- Amounts in ITL million)

	Financial yr		Financial yr		Variations 2000/1999	
	2001	%	2000	%	absolute	in %
<b>DIRECT ITALIAN BUSINESS</b>						
<b>Non-Life Business</b>						
Accident and Health (classes 1 and 2)	571,694	6.0	526,664	8.5	45,030	8.6
Land Vehicles - Motor T.P.L. (class 10)	2,163,140	22.8	2,045,156	33.2	117,984	5.8
Land Vehicles - Own Damage or Loss (class 3)	391,489	4.1	382,356	6.2	9,133	2.4
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	67,062	0.7	50,118	0.8	16,944	33.8
Fire and Other Damage to Property (classes 8 and 9)	383,448	4.0	369,182	6.0	14,266	3.9
General T.P.L. (class 13)	364,216	3.8	337,538	5.5	26,678	7.9
Credit and Bonds (classes 14 and 15)	62,562	0.7	59,168	1.0	3,394	5.7
Miscellaneous pecuniary loss (class 16)	42,694	0.5	39,743	0.6	2,952	7.4
Legal Protection (class 17)	19,177	0.2	17,587	0.3	1,591	9.0
Assistance (class 18)	32,326	0.3	25,380	0.4	6,946	27.4
<b>Total Non-Life Business</b>	<b>4,097,808</b>	<b>43.2</b>	<b>3,852,892</b>	<b>62.5</b>	<b>244,916</b>	<b>6.4</b>
<b>Life Assurance Business</b>						
I - Life assurance, annuities	1,776,852	18.7	912,365	14.8	864,486	94.8
III - Ass. linked to investment funds/market indexes	3,198,751	33.7	1,216,856	19.7	1,981,896	162.9
V - Capitalisation operations	390,338	4.1	159,522	2.6	230,815	144.7
VI - Fondi pensione	17,654	0.2	23,255	0.4	-5,600	-24.1
<b>Total Life Assurance Business</b>	<b>5,383,595</b>	<b>56.8</b>	<b>2,311,998</b>	<b>37.5</b>	<b>3,071,597</b>	<b>132.9</b>
<b>Total Direct Italian Business</b>	<b>9,481,403</b>	<b>100.0</b>	<b>6,164,890</b>	<b>100.0</b>	<b>3,316,513</b>	<b>53.8</b>
<b>INWARD REINSURANCE</b>						
<b>Indirect Non-Life Business</b>						
Accident and Health (classes 1 and 2)	7,981	8.9	8,051	8.0	-70	-0.9
Land Vehicles - Motor T.P.L. (class 10)	14,704	16.4	22,345	22.3	-7,640	-34.2
Land Vehicles - Own Damage or Loss (class 3)	1,050	1.2	2,331	2.3	-1,281	-55.0
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	3,845	4.3	10,645	10.6	-6,799	-63.9
Fire and Other Damage to Property (classes 8 and 9)	44,585	49.7	40,730	40.6	3,855	9.5
General T.P.L. (class 13)	5,250	5.9	4,459	4.4	791	17.7
Credit and Bonds (classes 14 and 15)	2,106	2.3	2,686	2.7	-581	-21.6
Miscellaneous pecuniary loss (class 16)	166	0.2	67	0.1	99	148.6
<b>Total Indirect Non-Life Business</b>	<b>79,687</b>	<b>88.8</b>	<b>91,314</b>	<b>91.0</b>	<b>-11,627</b>	<b>-12.7</b>
<b>Indirect Life Assurance Business</b>						
I - Life assurance, annuities	10,053	11.2	9,045	9.0	1,008	11.1
<b>Total Indirect Life Assurance Business</b>	<b>10,053</b>	<b>11.2</b>	<b>9,045</b>	<b>9.0</b>	<b>1,008</b>	<b>11.1</b>
<b>Total Inward Reinsurance</b>	<b>89,740</b>	<b>100.0</b>	<b>100,359</b>	<b>100.0</b>	<b>-10,619</b>	<b>-10.6</b>
<b>TOTAL PREMIUM INCOME</b>	<b>9,571,143</b>		<b>6,265,249</b>		<b>3,305,894</b>	<b>52.8</b>

Direct and indirect premiums for the individual companies, net of intra-group transactions, are as follows (in millions of ITL):

	2001 Financial Year			2000 Financial Year		
	Non-Life	Life	Total	Non-Life	Life	Total
Unipol Assicurazioni spa	2,221,313	1,048,742	3,270,055	2,077,630	876,306	2,953,936
Agricoltura sm	0.2		0.2	11,205		11,205
BNL Vita spa		2,588,734	2,588,734			
Linear spa	129,436		129,436	75,862		75,862
Meie Assistenza spa	118		118	252		252
Meieaurora spa	1,521,659	486,230	2,007,889	1,549,949	472,277	2,022,226
Navale Assicurazioni spa	223,462		223,462	170,279		170,279
Noricum Vita spa		568,296	568,296		473,737	473,737
Quadrifoglio Vita spa		701,645	701,645		498,723	498,723
Unisalute spa	81,508		81,508	59,029		59,029
<b>TOTAL</b>	<b>4,177,496</b>	<b>5,393,647</b>	<b>9,571,143</b>	<b>3,944,206</b>	<b>2,321,043</b>	<b>6,265,249</b>

In 2001, net earned premiums of Non-Life business amounted to ITL3,638,249m (+3.4%).

#### **Breakdown of gross premium income by geographic area**

Of premiums written, 34.2% (47.1% in 2000) relate to the Parent Company and have been almost entirely written in Italy.

#### **Investment returns transferred to the technical account of Life business (II.2)**

It should be noted that, in accordance with ISVAP Instruction 1140-G of 8/3/1999, a share of the investment returns of ITL526,400m has been transferred from the non-technical account to the technical account of Life business.

#### **Other technical income (I.2 - II.4)**

Other technical income, net of reinsurance, amounted to ITL18,344m for Non-life business (+ITL3,432m) and to ITL44,653m for Life business (+ITL26,632m).

For Non-Life business, this item includes the reversal of commissions relating to cancelled premiums for prior years (ITL3,822m) and premiums cancelled under reinsurance cessions (ITL8,347m). For Life business, this item

includes management fees for investments relating to benefits linked to investment funds and market indices and for investments arising out of pensions fund management (ITL35,801m) and interest to be paid by Consap on receivables for sums paid in connection with ex compulsory cessions (ITL3,744m).

#### **Other technical charges (I.7 - II.10)**

Other technical charges, net of reinsurance cessions, amounted to ITL35,710m for Non-life business (-ITL15,734m) and to ITL25,975m for Life business (+ITL7,330m).

Other charges are, for Non-Life business, ITL27,044m for cancellations of receivables from policyholders for prior years' premiums. With regard to Life business, ITL11,137m relates to the re-calculation of receivables from Consap for sums paid in connection with ex compulsory cessions (based on annual rates of return established by Ministerial Decree).

### **Section 9 - Information relating to the non-technical account**

#### **Income on other investments (III.3.b)bb)**

These show an increase of ITL232,144m (mainly due to BNL Vita being included in the

basis of consolidation) and are made up as follows (in millions of ITL):

	2001	Variations compared with 2000
Units and shares in investment funds	5,536	(1,208)
Bonds/fixed-income securities	776,512	227,086
Loans	5,425	(467)
Sundry financial investments	41,838	6,719
Interest on deposits with ceding undertakings	1,845	14
<b>Total</b>	<b>831,156</b>	<b>232,144</b>

### Value readjustments on investments (III.3.c)

Value readjustments have been made to the amount of ITL10,673m (+ITL6,856m over 2000) on investments written down during prior years, ITL5,949m of this relating to securities, ITL4,633m to stocks and shares and ITL91m to other financial investments.

### Gains made on investments (III.3.d)

These represent a decrease of ITL54,948m over 2000. They are represented by (in millions of ITL):

	2001	Variations compared with 2000
Capital gains on divestitures:		
- bonds/fixed-income securities	133,539	88,803
- stocks and shares	68,133	(134,574)
- property	614	7
- other financial investments	9,272	(9,184)
<b>Total</b>	<b>211,558</b>	<b>(54,948)</b>

These are capital gains arising from short-term investments.

### Investment management charges and interest paid (III.4.a)

Investment management charges and other interest paid show a decrease of ITL12,537m and are broken down as follows (in millions of ITL):

	2001	Variations compared with 2000
Charges - sundry financial investments	44,507	(21,225)
Charges - shares/bonds	26,998	4,401
Charges - property investments	20,990	(5,156)
Interest on reinsurance deposits	30,356	8,082
Depreciation of assets	2,425	1,361
<b>Total</b>	<b>125,276</b>	<b>(12,537)</b>

### Value adjustments on investments (III.4.b)

These amount to ITL297,610m, an increase of ITL145,995m (of which ITL84.7bn concern BNL Vita) and relate to:

	2001	Variations compared with 2000
Value adjustments on:		
- property	654	654
- bonds/fixed-income securities	54,125	31,256
- stocks/shares	188,818	96,235
- other financial investments	36,378	12,932
- property depreciation	17,635	4,918
<b>Total</b>	<b>297,610</b>	<b>145,995</b>

### Losses made on investments (III.4.c)

These amounted to ITL71,728m (+ITL31,847m over 2000) and are represented by (in millions of ITL):

	2001	Variations compared with 2000
Capital losses on divestitures:		
- bonds/fixed-income securities	7,535	(921)
- stocks and shares	63,035	38,286
- other financial investments	1,158	(5,518)
<b>Total</b>	<b>71,728</b>	<b>31,847</b>

### Other income (III.6)

This amounted to ITL109,854m (+ITL33,090m). The most significant components relate to: ITL54,483m for interest earned on bank deposits and ITL33,166m for exchange rate differences arising from the conversion of foreign currency entries at year-end exchange rates.

### Interest on financial payables (III.7.a)

Of the total amount of ITL36,351m (+ITL27,427m ) for 'Interest on financial payables', ITL34,191m relates to interest on and expenses for debenture loans issued by the Parent Company and ITL2,160m to interest on mortgage loans and financing.

### Sundry charges (III.7.b)

These amounted to ITL163,813m, an increase of ITL60,896m over 2000. They include: ITL31,772m for the negative exchange rate differences resulting from the currency alignment of entries at the end of the financial year; ITL50,950m for the amortisation of the difference from consolidation on a line-by-line basis; and ITL19,704m for the amortisation of intangible assets.

### Profit from ordinary activities

This amounted to ITL106,100m, up 4.6% over the previous financial year.

### Extraordinary income (III.9)

This shows an increase of ITL115,768m and is shown in detail below (in millions of ITL):

	2001	Variations compared with 2000
Income from divestiture/trading of:		
- property	23,499	1,240
- bonds/ fixed-income securities	50,744	41,314
- stocks and shares	19,329	(66,669)
extraordinary dividend Bell sa	108,588	108,588
other extraordinary income	38,734	31,295
<b>Total</b>	<b>240,894</b>	<b>115,768</b>

The capital gains shown above relate to long-term investments and also pertain to investments relating to Life business segregated accounts.

The extraordinary dividend of ITL108,588m was awarded to the Parent Company by Bell s.a. as a result of the proceeds generated by the sale of the shareholding in Olivetti s.p.a.

'Other extraordinary income' includes ITL20,000m

released from the provision for future charges to cover the fine imposed on the Parent Company by the Antitrust Authority, and subsequently upheld by the 'Consiglio di Stato' (the Italian Supreme Administrative Court) on 26 February 2002; a further ITL6,500m was released from the same provision made by Meieaurora, for which the fine imposed by the Antitrust Authority was however annulled.

### Extraordinary charges (III.10)

This item amounted to ITL79,659m, an increase of ITL36,417m over the previous financial year. It includes ITL33bn of the fine imposed by the Antitrust Authority on the Parent Company (and on other important companies within the sector), proportioned to the volume of gross premiums in the Motor T.P.L. and Land Vehicle-Own Damage classes of business in 1999.

# Part D: Other information

## Staff of consolidated undertakings

	Average number for 2001	As at 31/12/2001
Unipol Assicurazioni	1,310	1,325
BNL Vita	84	85
Linear Assicurazioni	145	176
Meicaurora	857	863
Navale Assicurazioni	97	99
Noricum Vita	14	15
Quadrifoglio Vita	12	13
Unisalute	112	121
<b>Total</b>	<b>2,631</b>	<b>2,697</b>

The average number for 2001 is broken down by category as follows:

Senior officials	88
Middle officials	343
Clerical staff	2,030
Others	170
<b>Total</b>	<b>2,631</b>

Overall, the average number of employees in those companies within the consolidation amounted to 2,631, thus representing a net rise of 17 employees compared with the same figure as at 31 December 2000.

## Emoluments

Emoluments payable for 2001 to the Parent Company's Directors and Auditors for carrying out their functions in Unipol Assicurazioni and in other undertakings included in the basis of consolidation, are as follows (in millions of ITL):

Directors	1,658
Auditors	298
<b>Total</b>	<b>1,956</b>

**Information on the volume and type of activity of subsidiaries that manage financial resources belonging to third parties in the context of fiduciary, brokerage or investment fund management activities**

The subsidiaries that manage financial

resources belonging to third parties are Unipol Banca and Unipol Fondi Ltd.

### *Unipol Banca*

In May 2001, Unipol Banca purchased Unipol SGR's branch of business covering the individual management of third-party assets.

As at 31 December, the company's assets amounted to €1,587m; its shareholders' equity, including the year's profits, amounted to €287m.

As at year end, managed savings amounted to €513m.

### *Unipol Fondi Ltd*

During the course of 2001, the Dublin-based company continued placing its units in Italy with institutional investors and the public, through Unipol Banca's sales network.

As at 31 December, the company's assets amounted to €662,800; its shareholders' equity, including the year's profits, amounted to €165,800.

At the end of the financial year the assets under management amounted to €148m, against €111m as at 31 December 2000 (+33%).

Further information concerning the above two companies is given in the Management Report, in the chapter entitled 'Summary of the activities carried out by consolidated companies'.

## Consolidated financial statement

The relevant table appears in the following pages.

Bologna, 27 March 2002

**The Board of Directors**

## **Notes to the Accounts - Annexes**

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

*(ITLm)*

	Capital and Reserves	Profit for the Year	2001 Shareholders' Equity Total	2000 Shareholders' Equity Total
<b>Balances on annual accounts of Unipol Assicurazioni</b>	<b>2,106,173</b>	<b>161,054</b>	<b>2,267,227</b>	<b>2,179,722</b>
Difference between net book value and capital, reserves and profit for the year of consolidated undertakings:				
- Differences arising from consolidation	(1,019,684)	43,043	(976,641)	(959,317)
- Difference posted to other asset items (buildings)	863,535	(50,950)	812,585	807,035
Valuation of undertakings included by the equity method	94,867	(15,907)	78,960	109,456
Elimination of inter-group dividends	(6,482)	6,018	(464)	(3,266)
Inter-group transactions	22,213	(22,213)	0	0
Application of group accounting criteria	(10,085)	1,307	(8,778)	(10,029)
	2,505	(1,648)	857	2,863
<b>Balances on consolidated annual accounts - Group</b>	<b>2,053,042</b>	<b>120,704</b>	<b>2,173,746</b>	<b>2,126,464</b>
Minority interests	269,059	19,615	288,674	362,242
<b>Total for the Group, minority interests included</b>	<b>2,322,101</b>	<b>140,319</b>	<b>2,462,420</b>	<b>2,488,706</b>

The negative difference between the Parent Company's shareholders' equity and the consolidated shareholders' equity pertaining to the Group is mainly due to recently acquired companies.

**STATEMENT OF CHANGES IN CONSOLIDATED CAPITAL AND RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2001**

*(ITLm)*

	Share capital	Reserves	Profit / (Loss) for the year	TOTAL
<b>Balances as at 31 December 2000</b>	<b>451,147</b>	<b>1,591,440</b>	<b>83,877</b>	<b>2,126,464</b>
Allocation of 2000 profit				
-dividends	0	0	(73,974)	(73,974)
-reserves	0	9,903	(9,903)	0
Conversion of the share capital into Euros	422,514	(422,514)	0	0
Conversion of warrants	126	302	0	428
Changes in other reserves	0	124	0	124
Profit for the year 2001	0	0	120,704	120,704
<b>Balances as at 31 December 2001</b>	<b>873,787</b>	<b>1,179,255</b>	<b>120,704</b>	<b>2,173,746</b>

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**CONSOLIDATED CASH FLOW***(ITLm)***31/12/2001****31/12/2000**

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**CASH INFLOW****CASH INFLOW FROM OPERATING ACTIVITIES**

Net profit for the year	120,704	83,877
Net increase in technical provisions	4,028,015	13,688,605
Write-downs of securities and shareholdings	279,322	138,899
Increase (decrease) of unit trusts	36,187	184,273
(Increase) decrease of receivables and other assets, net of payables and other liabilities	518,872	198,883

**OTHER CASH INFLOW**

Paid-up capital increase	428	816,868
Changes in equity reserves	124	6
Increase (decrease) in minority interests	(73,568)	296,288

**TOTAL CASH INFLOW****4,910,084****15,407,697**

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**CASH FLOWS WERE INVESTED AS FOLLOWS:**

Increase in securities	931,868	8,755,960
Increase in shareholdings	407,282	1,159,329
Increase in buildings	4,916	324,482
Increase in class "D" investments	2,695,607	4,085,966
Write-ups of securities and shareholdings	10,673	3,817
Increase (decrease) in corporate financing	1,016	30,756
Other short-term investments	326,999	686,544
Dividends paid	73,974	46,186

**TOTAL CASH FLOW INVESTED****4,452,337****15,093,038**

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Increase (decrease) in cash and cash equivalents

457,747

314,658

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**TOTAL****4,910,084****15,407,697**

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**Cash at bank and in hand as at 1 January****588,207****273,549**

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**Cash at bank and in hand as at 31 December****1,045,954****588,207**

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# **Independent Auditors' Report**

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KPMG Assurance

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

**Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998 and article 75 of legislative decree no. 173/97**

To the shareholders of  
Compagnia Assicuratrice Unipol S.p.A.

- 1 We have audited the consolidated financial statements of Unipol Group as at and for the year ended 31 December 2001. These financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange, integrated, where necessary, in accordance with the specific procedures for the audit of the financial statements of insurance companies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries and associated companies representing approximately 41% and 38% of consolidated assets and consolidated gross premiums respectively, have been audited by other auditors who provided us with their reports thereon. Our opinion, expressed herein, with respect to the figures relating to such companies included in the consolidated financial statements is based, inter alia, on the audits performed by the other auditors.

Reference should be made to the report dated 9 April 2001 for our opinion on the prior year figures which are presented for comparative purposes as required by law.



- 3 In our opinion, the consolidated financial statements of Unipol Group as at and for the year ended 31 December 2001 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the Group.

Bologna, 10 April 2002

KPMG S.p.A.

(Signed on the original)

Franco Garilli  
*Director*