2002 Consolidated Accounts

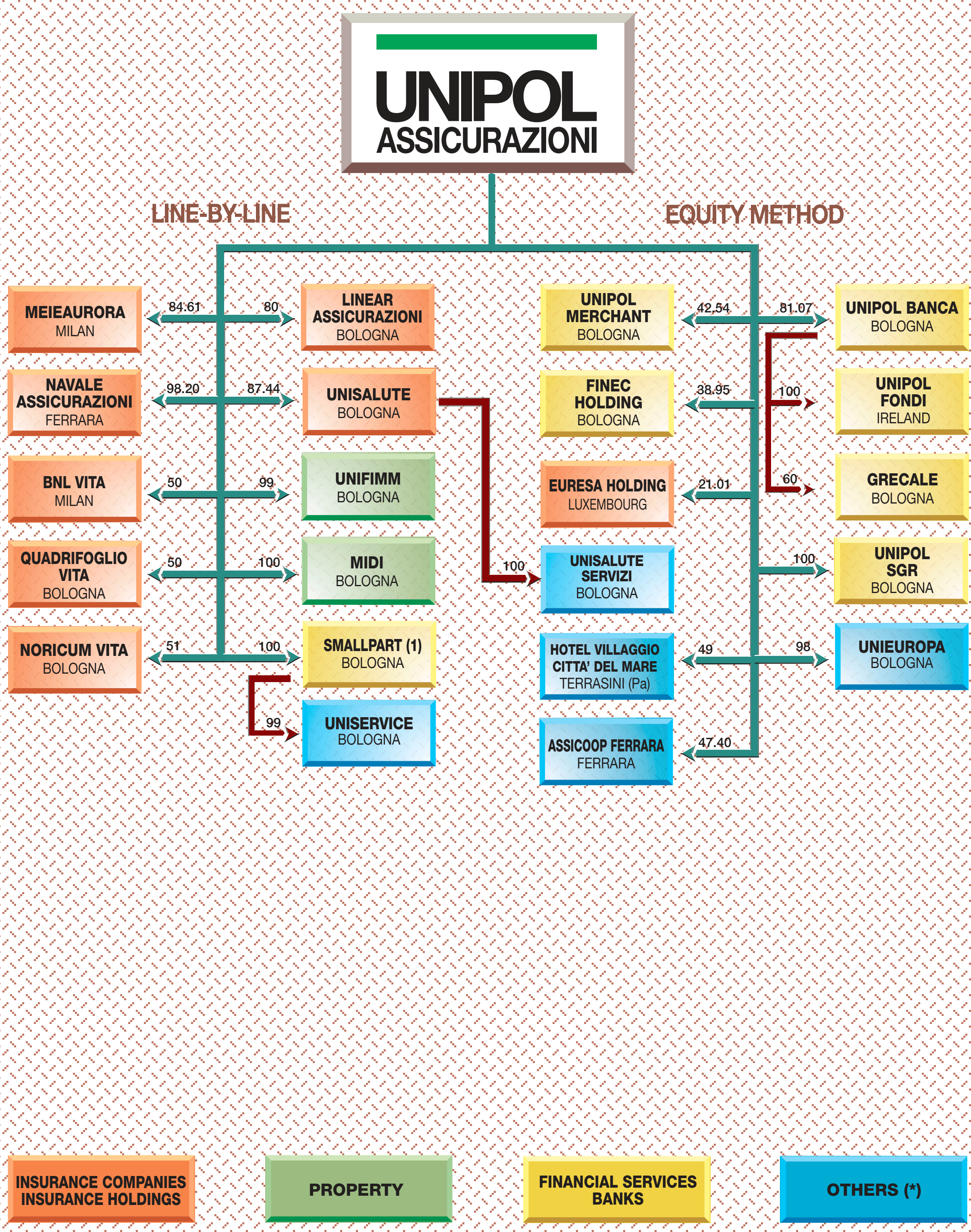
GROUP HIGHLIGHTS
(€m)

	2002	2001	2000
Gross premiums	**6,045.8**	**4,943.1**	**3,235.7**
% variation	*22.3*	*52.8*	*74.8*
% of direct business market	**6,8**	**6.4**	**4.7**
Technical provisions	**17,353.1**	**14,626.3**	**12,502.1**
% variation	*18.6*	*17.0*	*157.2*
Technical provisions-to-premiums ratio			
-Non-Life	**165.9**	**168.9**	**164.3**
-Life	**362.7**	**394.2**	**417.6**
-Life and Non-Life	**287.0**	**295.9**	**258.2**
Investments, cash and cash equivalents	**17,686.0**	**14,819.3**	**12,473.6**
% variation	*19.3*	*18.8*	*142.8*
Net investment income and capital gains			
-Class D and value adjustments excluded	**579.1**	**581.9**	**467.1**
% variation	*-0.5*	*24.6*	*88.4*
-Class D excluded, value adjustments included	**429.5**	**433.8**	**390.7**
% variation	*-1.0*	*11.0*	*70.5*
Payments (claims, amounts due out of maturity, surrender, annuity)	**2,804.4**	**2,405.2**	**1,832.5**
% variation	*16.6*	*31.2*	*85.9*
Loss ratio - Non-Life business	**75.7**	**78.3**	**83.2**
Operating expenses	**623.3**	**578.0**	**501.5**
% variation	*7.8*	*15.2*	*87.4*
Expense ratio	**10.3**	**11.7**	**15.5**
Combined ratio (1)	**95.7**	**99.1**	**103.8**
Capital & reserves - Group	**1,338.5**	**1,122.6**	**1,098.2**
% variation	*19.2*	*2.2*	*67.2*
Profit before taxation	**228.6**	**138.1**	**94.7**
% variation	*65.5*	*45.9*	*35.1*
Group net profit	**102.1**	**62.3**	**43.3**
% variation	*63.8*	*43.9*	*14.3*
Net profit-to-premiums ratio	**1.7**	**1.3**	**1.3**
Staff number (2)	**2,895**	**2,697**	**2,607**

(1) Net loss ratio and net operating expenses on Non-Life earned premiums.
(2) Staff number of undertakings consolidated on a line-by-line basis.

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, 2002



(*) Mainly service companies linked to insurance and property businesses.

(1) On 20 December 2002 Unipol Assicurazioni ceded to Smallpart the following participating interests: Uniservice (consolidated on a line-by-line basis), A.P.A., AR.CO. Assicurazioni, Assicoop Imola, Assicoop Modena, Assicoop Ravenna, Assicoop Romagna, Assicoop Sicura, Assicoop Siena, Assicura (consolidated by the equity method).

Board Report

The Group

The market

During the year just ended the Italian insurance market should have grown by around 15% (about €88,000m of premium income). Growth was higher than the 12.7% recorded in 2001, mainly because of the high rate of growth in Life business (+20%, compared with 8% in Non-Life business), owing to the success recorded by products with sum insured or rate of return guaranteed. In a situation characterized by very volatile financial markets, these products were particularly attractive to clients, performing well whether sold through the traditional sales networks or through banks.
In Non-Life business the traditional networks (agencies and brokers) continued to dominate, although telephone and Internet sales were up (about 3% of Motor Vehicle business).
From the structural point of view there was a further concentration in the sector, in which the top five groups control more than 65% of the Non-Life market and about 55% of the total domestic market (Non-Life + Life). The main insurance groups also continued to expand their managed savings business with a view to increasing their portfolio of financial products and services able to fulfil all their clients' investment requirements.

The Group

In this context the activities carried out by the **Unipol Group** in the year just ended continued to grow in accordance with strategies providing for:

- further consolidation of the high ranking achieved in the insurance sector;
- a substantial increase in growth in the banking sector, in synergy with the insurance distribution network and the growth in merchant banking.

The Group paid great attention to the evolution of the processes of concentration and rationalization taking place in the insurance and banking sectors, since these processes could highlight fresh opportunities that could fit in with its own growth targets.
In order to put its own strategies into effect the Unipol Group also aimed at strengthening its relationships with major national financial concerns. In this context the Parent Company maintained an interest of approximately 2% in Banca Monte dei Paschi di Siena and increased from 5.71% to 6.71% 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. In February 2003 the Monte dei Paschi di Siena Group increased its share in the capital of Finsoe (Unipol Assicurazioni's holding company) from 25.6% to 39%, thus strengthening the links between the two Groups.

Details of the features of the year just ended were:

- **in the insurance sector**, a significant increase in premium income, accompanied by a further reduction in the loss ratio and in operating expenses, and by further technological and organizational integration within the group;
- **in the banking and merchant banking sector**, further growth in Unipol Banca, achieved both through internal lines and by the acquisition of 60 outlets belonging to

the Capitalia Group, and the launch of the Unipol Merchant project.

The insurance sector

In 2002 the Group's insurance sector achieved direct premium income exceeding €6bn (+22.7% on 2001), €3.7bn of which was from Life business (+33.7% on 2001) and €2.3bn from Non-Life business (+8.2% on 2001). The incidence of Life premium income on the total increased from 56.8% in 2001 to 61.9% in 2002, whilst Non-Life premium income fell from 43.2% in 2001 to 38.1% in 2002. The market share (6.4% in 2001) subsequently increased. At the end of 2002 the Group ranked fourth among the main Insurance Groups operating in Italy.

Specifically, the premium income of the composite companies (Unipol and Meieaurora), together with the premium income of the specialist companies (Linear, Unisalute and Navale), amounted to some €3.2bn (+10.2% on 2001), equal to 53% of Group premiums, whilst the premium income of the bancassurance companies exceeded €2.8bn (+40.8% on 2001), equal to 47% of total premium income.
The results achieved in the technical trend of the Non-Life loss ratio and in management charges were very positive, achieving a 'combined ratio' for the Group of 95.7% (99.1% in 2001).
Asset management concentrated on investments in the cash and short-term bond sectors. This limited the negative effects of the substantial turbulence that was a feature of the financial markets. The return on investments achieved by the various companies in the Group was in line with that achieved in the previous financial year.
As far as organizational growth was concerned, after a year that had been characterized by management activities (in particular asset and property management) being centralized within the Parent Company and IT systems (use of the host mainframe and Unipol Assicurazioni operational software) being shared, 2002 saw the system of handling claims over the telephone and via the Internet being extended to Meieaurora. This service covered the recording of incoming claims and was gradually extended to cover the settling of claims for small amounts. In addition, February 2003 saw the introduction of a unified system for settling claims, bringing Unipol, Meieaurora and Linear under a single Group claims-handling department, with a shared network of local offices and external experts. The intention is, however, that the Companies should continue to deal direct with claims exceeding specified sums (for example those relating to serious physical injury), claims relating to professional indemnity for ASLs (Aziende Sanitarie Locali – local health bodies) and those that are handled with strict reference to the underwriting stage.
During 2002, apart from reducing costs by making organizational changes and rationalizing the IT system, a further impetus was given to client synergies with the intention of promoting marketing in the banking sector.

The banking sector and merchant banking

In the banking and managed savings sectors Unipol Banca continued to implement its development plan, which, with the end-of-year acquisition of 60 banking outlets belonging to the Capitalia Group, made significant progress. Including this acquisition, at the end of the year the Bank had a network of 173 branches (183 at the time of writing), compared with 95 at the end of 2001, 57 finance shops and more than 400 financial advisers. The network of banking outlets now covers 15 of Italy's regions, compared with 11 at the end of 2001. The expansion of the Bank's commercial network was reflected in the growth in volumes, as was proved by the fact that direct premium income reached €2.2bn, twice what it was in 2001 (€1.1bn). The strengthening of Unipol Banca, the original model for the growth of which was closely linked to the potential offered by the consolidated basket of Unipol Group's insurance clients, played an important role in the Group's strategies for growth, both in terms of creating value in the specific business sector and for generating operational and economic synergies

between the insurance and banking elements.
In fact, both in opening new outlets and in acquiring points of sale, the geographical distribution of the branches of Unipol Banca was planned with due regard to the areas where the Group's insurance business has penetrated the furthest, in accordance with a logistical model that sees bank branches integrated with insurance agencies, finance shops each in an insurance agency and bank branches within easy reach of clients holding insurance policies.
As regards merchant banking business, Unipol Merchant, born when Finec Merchant split up in July 2002, was intended to represent the Group's centre of excellence for merchant banking activities and for services in the corporate sector. When it obtains authorization to operate in the business of medium-term credit, which it has already requested from the Banca d'Italia, the company is to be renamed 'Unipol Merchant-Banca per le Imprese' and in addition to this a change in the company's ownership structure is planned, with the entry of fresh shareholders and control in the hands of Unipol Banca, the Credit Group to which it will belong.

Key aspects of the Group's business

In the 2002 financial year the Group achieved very positive results in all areas of business, making a consolidated net profit of €102.1m, a substantial improvement over the figure as at 31 December 2001 (+63.8%).
The Group consisted of eight insurance companies, two property companies, a holding company and a service company, all fully consolidated. Twenty-one companies have been valued using the net equity method.

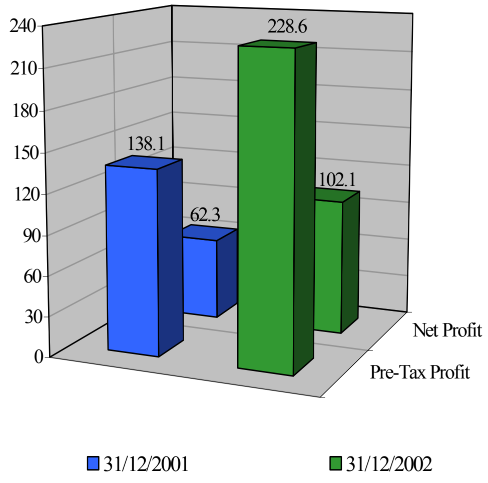
To sum up, the most significant items in the **consolidated accounts** are the following (in €m):

	2002	2001	Var. % 2002/01
Gross premiums	6,045.8	4,943.1	+22.3
Net premiums	5,753.7	4,675.4	+23.1
Net investment income and net capital gains	579.1	581.9	-0.5
Net income (charges) from Class D investments	(73.8)	(125.1)	-41.0
Gross technical provisions	17,353.1	14,626.3	+18.6
Net technical provisions	16,591.7	13,771.5	+20.5
Claims paid	2,804.4	2,405.2	+16.6
Net operating expenses	542.1	504.3	+7.5
Depreciation of goodwill:			
- fully consolidated companies	26.3	26.3	-
- companies valued using the net equity method	2.3	2.2	+5.6
Investments/liquid assets	17,686.0	14,819.3	+19.3
Relevant net assets	1,338.5	1,122.6	+19.2
Gross profit:			
Balance on the technical	120.6	35.1	+243.2
Ordinary operating profit	192.4	54.8	+251.2
Extraordinary operating profit	36.2	83.3	-56.5
Pre-tax profit	228.6	138.1	+65.5
Net profit for the year	**102.1**	**62.3**	**+63.8**

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

- gross premium income reached €6,045.8m (61.6% of which was in Life business), an increase of 22.3%;
- the technical result of insurance business was positive to the amount of €120.6m (€35.1m as at 31/12/2001) and shows a marked improvement in Non-Life business in particular;
- the total amount of the technical provisions amounted to €17,353.1m (+18.6%) and to €16,591.7m net of the reinsurers' share (+20.5%);
- the level of investments and liquid assets reached €17,686m, an increase of €2,866.8m over the position as at 31 December 2001 (+19.3%);
- net capital gains and investment income for the period and net profits from disposals and trading were €579.1m (€581.9m as at 31/12/2001), whilst the net value adjustments recorded at the end of the financial year amounted to €149.6m (€148.2m as at 31/12/2001).
  Investments relating to benefits linked to investment funds, market indices and pension funds (Class D) made a loss of €73.8m (-€125.1m as at 31/12/2001), mainly because of the trend in equity markets;
- net operating expenses, totalling €542.1m, were 9.5% of the relevant premiums (10.9% as at 31/12/2001);
- the result of ordinary business for the period amounted to €192.4m, as against €54.8m in 2001 (+251.2%), and the contribution made by extraordinary business was €36.2m (-56.5%);
- the total gross pre-tax profit rose to €228.6m (+65.5%) and the net profit for the financial year was €102.1m, well up on the result achieved in 2001 (+63.8%).

PROFIT (€m)



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

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
(€m)

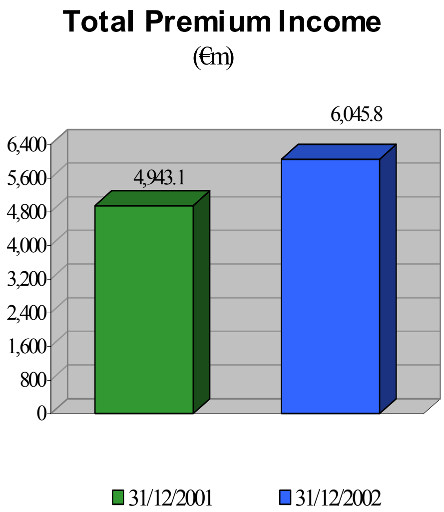
	as at 31 December 2002			as at 31 December 2001		
	Life	**Non-Life**	**Total**	**Life**	**Non-Life**	**Total**
TECHNICAL ACCOUNT						
net of reinsurance cessions						
Life written premiums and Non-Life earned premiums	3,678.6	2,037.8	5,716.4	2,743.6	1,879.0	4,622.6
Charges for claims and benefits, variations in Life technical provisions, Non-Life provisions for outstanding claims	(3,722.0)	(1,542.1)	(5,264.1)	(2,754.6)	(1,471.1)	(4,225.6)
Operating expenses	(135.1)	(407.0)	(542.1)	(112.5)	(391.9)	(504.3)
Sundry technical income and charges	20.1	(4.9)	15.2	6.9	(11.1)	(4.3)
Net income (charges) from investments in Class D (1)	(73.8)		(73.8)	(125.1)		(125.1)
Net investment income allocated to the technical account of Life business	269.0		269.0	271.9		271.9
Balance on the technical account	**36.8**	**83.8** (2)	**120.6**	**30.2**	**4.9** (2)	**35.1**
NON-TECHNICAL ACCOUNT						
Net investment income (3)			266.9			214.5
Balance on sundry income/charges			(45.5)			(46.6)
Operating profit			**342.1**			**203.0**
Net value adjustments			(149.6)			(148.2)
Balance on ordinary activities			**192.4**			**54.8**
Extraordinary income			50.3			124.4
Extraordinary charges			(14.1)			(41.1)
Profit before taxation			**228.6**			**138.1**
Tax on profit			(107.6)			(65.6)
Profit (loss) for the year -minority interests			18.9			10.1
PROFIT FOR THE YEAR - GROUP			**102.1**			**62.3**

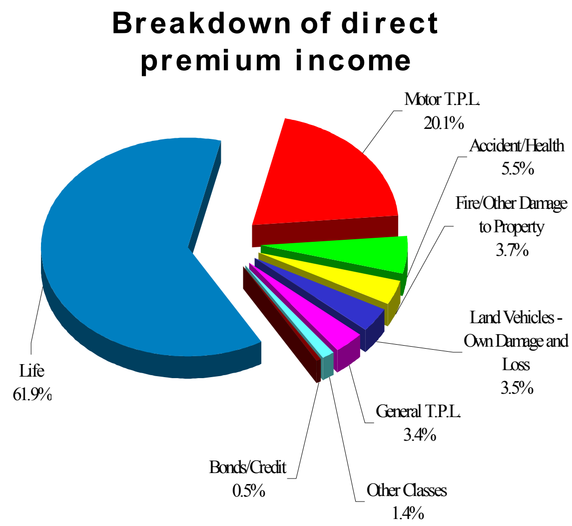
(1) Income from investments the risk of which is borne by policyholders. It is matched by a corresponding variation in technical provisions and therefore does not affect the profit for the financial year.
(2) The layout of the consolidated accounts does not require the transfer of income from the non-technical account for Non-life business
(3) Net of the share transferred to the technical account of Life business

Insurance business

Total gross premium income for the Group amounted to €6,045.8m, an increase of 22.3%, almost all (99.3%) from direct business in Italy.

During the fourth quarter premium income was €2,007.8m, an increase of 43.2% over the fourth quarter of 2001, whilst in the previous nine months the increase had been 14%.





Premiums as at 31 December 2002 were made up as follows (in €m):

	2002	Comp. %	Var. % compared with 2001
Direct business: - - Non-Life business	2,289.7	38.1	+8.2
-Life business	3,716.5	61.9	+33.7
	6,006.2	**100.0**	**+22.7**
Inward reinsurance – Non-Life business	34.3	86.7	-16.7
-Life business	5.2	13.3	+1.0
	39.5	**100.0**	
Overall total	**6,045.8**		**+22.3**
Premiums ceded	292.1		+9.1
Premiums retained	**5,753.7**		**+23.1**

The net retention rate in 2002 was 95.1% (94.6% in 2001).

LIFE business and Pension funds

Life premiums, giving an income of €3,721.8m, represented 61.6% of the total and showed an increase of 33.6%. During 2002 the Parent Company achieved a total premium income of €622.1m, significantly up on the previous financial year (+14.8%), whilst premiums acquired from Meieaurora reached €294.3m (+17.2%).

The bancassurance companies (BNL Vita, Noricum Vita and Quadrifoglio Vita) closed the financial year with a total premium income of €2,805.4m, recording growth of 40.8%.

Particular mention should be made of Quadrifoglio Vita, which recorded an increase of 126.4% over the previous financial year.

Payments for claims, matured policies, surrendered policies and annuities amounted to €1,242.9m (+32.5%).

The technical provisions (including those in Class D) reached €13,497.2m, an increase of €2,515.2m compared with the position as at 31 December 2001 (+22.9%).

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 €135.1m.

The corresponding incidence on earned premiums was 3.7% (4.1% in 2001).

Pension funds

In 2002 occupational pension funds underwent a considerable slowdown in activity, with the consequent postponement both of the implementation of mandates already granted and of the publication of new calls for tenders. The Parent Company continued to manage the five mandates already in force at the beginning of the year; in the second half of the year two new funds, 'Previcooper' and 'Fundum', were also launched.
Assets managed at the end of the year reached €189.4m.
Open-end pension funds continued to be distributed by the preferred banks and by the Unipol agencies.
The best results were from business in group membership carried out by the Parent Company. As at 31 December 2002 the total combined assets of the three funds promoted by the Parent Company ('Unipol Previdenza', 'Unipol Futuro' and 'Unipol Insieme') came to €33.5m, representing a total of 6,736 members.

NON-LIFE business

Non-Life premium income rose to €2,324m, an increase of 7.7% compared with the position as at 31 December 2001.
The Parent Company had total premium income of €1,279.2m, an increase of 8.6% compared with the position as at 31 December 2001 (9.1% in direct business).
The specialist companies Linear and Unisalute recorded considerable growth. Unisalute, with direct premium income of €53.2m (+26.4%), consolidated its position in the Health sector, whilst Linear, with premium income of €98m, grew by 46.5% and thus maintained a market share estimated at around 17%, an increase over the previous financial year.
Meieaurora recorded direct premium income of €798.1m (+1.8%), the low rise being attributable to the portfolio's selective underwriting policy.

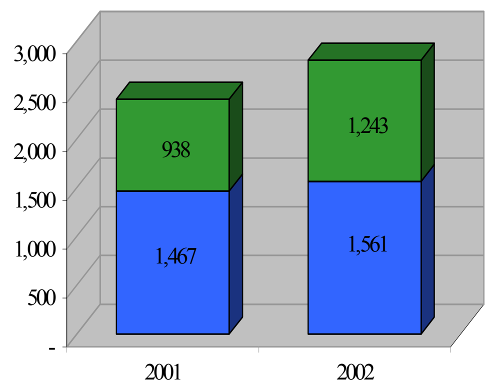
The foreign portfolio is very small (€25.5m, arising from inward reinsurance).

Net retention of premiums written was 89.3% (89.5% in 2001).

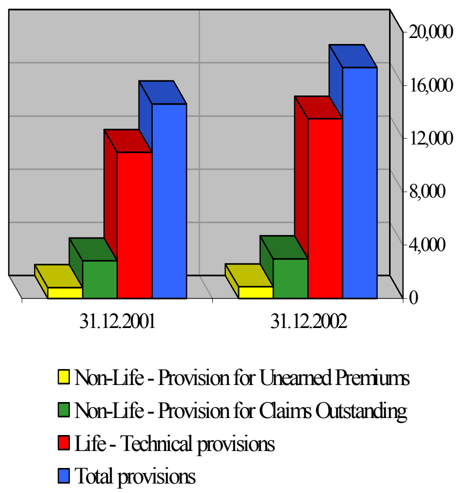
Charges relating to claims rose to €1,561.5m (+6.4%).
Total allocations to the provisions for unearned premiums and outstanding claims rose at the end of the year to €3,855.9m (+5.8%).
The technical results showed a considerable improvement, with a positive balance of €83.8m as against €4.9m in 2001, mainly owing to a drop in the average loss ratio. In fact by the end of the financial year the loss ratio, including handling expenses and net of outward reinsurance, had fallen to 75.7% of earned premiums (78.3% at the end of 2001) and the 'combined ratio' (which also includes the net operating expenses) had fallen to 95.7% (99.1% in 2001).

Operating expenses, which included acquisition and renewal commissions and other acquisition and administrative expenses, net of commissions received from reinsurers, totalled €407m. Their incidence on earned premiums was 20% (20.8% in 2001).

Claims Paid (€m)



Technical Provisions (€m)



Products and sales

During the financial year the Group continued to update its list of products and introduced new ones, offering flexible solutions in order to satisfy the new and increasing requirements of its clients.

In Life business, the continuation of a financial market producing low yields and with an as yet uncertain economic outlook favoured traditional insurance policies (which made a strong recovery), whilst the premium income from investment products was still geared towards products offering guaranteed returns or protection of capital invested. There was also a rise in the demand for capital redemption products in the *corporate* sector for the purpose either of diversifying investments or of investing cash.

The Parent Company Unipol Assicurazioni started marketing personal pension plans (PPP) in addition to its provision of supplementary pension schemes (open-end funds and closed funds). Most of the premium income came from traditional individual and group products and from new capital redemption products. Good results were also obtained from two new unit-linked products named 'Grande 7' and 'Otto&mezzo', which are intended to provide a flow of coupons.

In the case of Meieaurora, too, the premium income came mainly from traditional products, whilst investment products were slightly down, despite the introduction of new index-linked products with sums insured guaranteed and the review of unit-linked products. There was also considerable demand for group policies and capital redemption contracts.

In bancassurance business, BNL Vita launched a personal pension plan that can be adapted to clients' different requirements and offers the possibility of selecting an accumulation plan with returns linked either to a segregated account or to a unit-linked type of solution. The company also revamped its traditional products by introducing a tariff with a coupon, which has been very successful (producing premium income of some €347m). Also marketed were index-linked and unit-linked products formulated so as to use the latest investment techniques.
As regards Quadrifoglio Vita, which more than doubled its premium income, the requirements of the bank through which its products are sold, which was aiming more and more at offering its clients a diversified range of products, were duly met by products containing innovative elements, including index-linked products related to investment plans, unit-linked products with guaranteed returns offering a choice of intermediate or final maturity, and capital

redemption policies offering the client a great degree of flexibility.

Noricum Vita achieved considerable success with traditional fixed-yield products and a new single-premium product with yield linked to a segregated account and with no charges but with an annual management fee.

As regards *Non-Life* products, taking account of the general adjustments made to conditions and tariffs in the previous financial year in preparation for the introduction of the euro, the main thing that Unipol Assicurazioni did was to renew the agreement for covering Professional Indemnity with the 'Cassa di Previdenza di Ingegneri ed Architetti' and, in collaboration with Unisalute, to renew cover for major operations and healthcare.

Meieaurora reformed its basic portfolio, in particular policies for individuals, introducing composite products that offer cover corresponding to the requirements of the market. As regards commercial lines of business, a specific unit was set up with the aim of promoting sales to small- and medium-sized enterprises. Marketing initiatives were also aimed at specific segments of the market such as boats, camper vans and vintage cars.

Unisalute, which specializes in Health and Healthcare, continued to promote sales of group policies operated as *managed care* (care of the policyholder and active management of the relationships between the company and health organizations) and, as from 2001, it began to market individual products to supplement group cover and LTC (*Long Term Care*) products, which can also be purchased via the Internet. During the financial year the healthcare call centre was launched in order to market a new product which is intended to be tailored on the needs of the elderly and which has already been bought by various municipalities. Towards the end of 2002, in collaboration with the American company Best Doctors, the company launched a new product called 'Senza Confini', which provides for the possibility, in the event of serious illness, of obtaining a second opinion from the best doctors in the country and abroad and of specifying a limit for treating the illness to be taken either as a lump sum or as repayment of expenses incurred.

Linear's marketing strategy was focused not only on obtaining new clients but also on retaining existing clients (numbering over 200,000), using initiatives aimed at improving the quality of service by improving the efficiency of and reorganizing the call centre and setting up a customer care system to deal with clients' problems. Advertising campaigns aimed at attracting fresh clients with a good risk profile also continued.

Navale, which operates in all Non-Life business, continued to implement its strategy of specializing in transport and tourism.

Finally, in 2002 Unipol Banca's marketing activity was aimed in particular at developing initiatives in synergy with the insurance sector, in order to increase the number of clients and therefore deposits and assets under management. Steps were also taken to switch to the funds of Unipol Fondi and to develop some products, amongst which should be mentioned the excellent results achieved in the mortgage loans sector (around €180m granted). Finally mention should be made of the initial premium income, in May, from Unipol Assicurazioni's Life policies, which by the end of the financial year exceeded €34m.

The sales network

Work continued on increasing the efficiency of the Group's sales network, with a view to implementing the strategy of multichannel distribution and reinforcing the synergies between the insurance and banking sectors.

As at 31 December 2002 the network of agents consisted of 1,109 exclusive agencies, 569 belonging to Unipol Assicurazioni (with 768 agents and 1,135 subagents) and 540 belonging to Meieaurora (with 766 agents and 590 subagents).

The sales network of the bancassurance sector made use of 286 outlets of the Banca Agricola Mantovana, through which Quadrifoglio Vita sells its products, 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) and 700 outlets belonging to the BNL Group (to which are added 1,170 BNL Investimenti advisers) with which BNL Vita operates.

In the Motor-Vehicle sector Linear continued to expand direct sales by telephone (through a *call centre* with 164 advisers) and over the Internet. In 2002 the Internet was responsible for approximately 32% of the premiums written, compared with 25% in 2001, but exceeded the telephone in terms of the number of quotes given.
In the health services sector Unisalute operated mainly by negotiating large group policies direct and, in the case of personal policies, via the telephone and Internet direct, as well as through Unipol Assicurazioni's network of agencies.

Navale operated through brokers and non-exclusive agencies.

In the banking field, as at 31 December 2002, with the opening of 20 new branches and with the outlets acquired at the end of the year from the Capitalia Group, Unipol Banca had a network of 173 branches (60 of which were integrated into insurance agencies), as compared with 95 branches at the end of 2001. The company also had 57 finance shops, around 400 financial advisers, direct sales channels (telephone banking) and the main agencies of Unipol Assicurazioni, which sell standardized banking products.

Disputes

Compulsory cessions

As regards the current legal dispute relating to the formerly compulsory cessions on Life policies (terminated at the end of 1993), during 2002 the Group took steps to come to an agreement with CONSAP on the sums due from the latter, in accordance with the terms of the framework agreement signed on 12 October 2001 by ANIA and CONSAP.
Towards the end of the financial year the Parent Company Unipol Assicurazioni, BNL Vita and Noricum Vita signed the documents relating to the settlement with CONSAP, under which this dispute was brought to an end once and for all.
The sum agreed in settlement of the net receivables arising from these cessions totalled €173.7m, €141m of which was paid out during the financial year and €32.7m in January 2003.

Motor T.P.L. refunds

Following the decision made by the Council of State relating to confirmation of the penalty imposed in 2000 by the Antitrust Authority on the major undertakings in the sector, including Unipol (the fine imposed on Meieaurora having been cancelled), about 1,580 policyholders (1,500 of whom were with Unipol) applied for a refund of 20% of the Motor T.P.L. premiums they had paid between 1995 and 2000. Deeming the applications to be totally unfounded (since the tariff increases were based on the rise in the cost of claims), Unipol and Meieaurora decided to take the matter to court.
At the beginning of 2003 the number of applications for refunds and the number of cases taken by policyholders to various courts rose substantially (in Unipol's case) as a result of considerable media coverage. The number of applications and of cases fell when Decree Law 18, which forced Justices of the Peace to base their decisions on law and not on equity, was passed on 8 February 2003, owing to the fact that decisions based on law would allow the companies involved to challenge any rulings that went against them in the courts.

Property and financial management

Investments and liquid assets

At the end of the financial year the volume of investments and liquid assets had reached €17,686m, an increase of €1,182m compared with the situation at 30 September 2002 and an increase of €2,866.8m compared with the situation as at 31 December 2001 (+19.3%). This growth is closely linked with the level of technical provisions, which rose from €14,626m to €17,353m (+€2,727m) during the financial year.

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

INVESTMENTS AND LIQUID ASSETS
(Amounts in €K)

	2002 Fin. Year	%	2001 Fin. Year	%	Var.% 2002/2001
Land and buildings	**520,991**	**2.9**	**629,227**	**4.2**	***-17.2***
Investments in Group undertakings and other participating interests					
- Stocks and shares	921,105	5.2	841,404	5.7	*9.5*
- Debt securities	32,761	0.2	0	0.0	
Total	**953,866**	**5.4**	**841,404**	**5.7**	***13.4***
Other financial investments					
- Stocks and shares	316,542	1.8	244,933	1.7	*29.2*
- Units and shares in investment funds	131,257	0.7	143,455	1.0	*-8.5*
- Bonds and other fixed-income securities	8,502,181	48.1	7,836,348	52.9	*8.5*
- Loans	71,235	0.4	66,623	0.4	*6.9*
- Sundry financial investments (1)	1,183,265	6.7	513,874	3.5	*130.3*
Total	**10,204,479**	**57.7**	**8,805,234**	**59.4**	***15.9***
Deposits with ceding undertakings	**27,431**	**0.2**	**27,476**	**0.2**	***-0.2***
Investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management					
- Investment funds and market indices	5,118,241	28.9	3,946,304	26.6	*29.7*
- Pension funds	43,481	0.2	26,222	0.2	*65.8*
Total	**5,161,723**	**29.2**	**3,972,526**	**26.8**	***29.9***
Other assets					
- Bank and postal deposits, cash	810,234	4.6	540,190	3.6	*50.0*
- Own shares	7,313	0.0	3,227	0.0	*126.6*
Total	**817,547**	**4.6**	**543,417**	**3.7**	***50.4***
TOTAL INVESTMENTS AND LIQUID ASSETS	**17,686,036**	**100.0**	**14,819,284**	**100.0**	***19.3***

(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, resources invested in stocks and shares in Group undertakings and other participating interests totalled €921.1m, a net increase of €79.7m (+9.5%) compared with the situation as at 31 December 2001, mainly because of investments made by the Parent Company Unipol principally in shareholdings in Hopa and Bios.

As at 31 December 2002 there were also debt securities issued by participating interests amounting to €32.8m, which were not on the books at the end of the previous financial year.

Other financial investments

During the year, investment management guidelines gave preference to investments in the cash and short-term bond sectors and did not provide for growth in operations in equity

trading. These policies limited the negative effects of the turbulence that was a feature of the financial markets.
As at 31 December 2002 financial investments amounted to €10,204.5m, an increase of €1,399.2m compared with the previous financial year (+15.9%).
Bonds made up 83.3% of the total, stocks and shares 3.1%, sundry financial investments (mainly repo contracts) 11.6%, units and shares in investment funds 1.3% and loans 0.7%.
The net increase in this item derived substantially from an increase in bonds (+€665.8m) and in sundry financial investments (+€669.4m).

As regards the risk deriving from the choice of issuing bodies, the Group operated principally in bonds issued by sovereign states 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.
The Group also operated in bank bonds at the first level of subordination, with a minimum rating of A.

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

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

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

Investments covering life assurance and capital redemption policies with benefits directly linked to investment funds or to market indices are recorded separately.
These investments are always valued at their current value, in strict correlation with the value of the relevant liabilities (technical provisions).
At the end of 2002 the amount in question was €5,118.2m (+29.7%), divided up as follows (in €m):

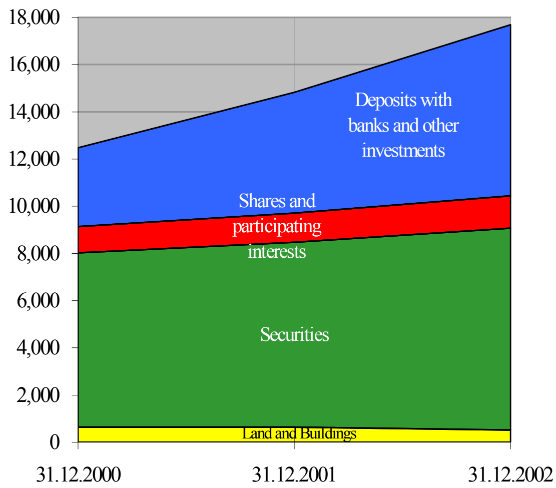
- index-linked policies 2,264.8
- unit-linked policies 2,853.4

Investments deriving from pension fund management cover subscriptions to units in open-end funds offered by the Parent Company and to closed guaranteed funds managed by the Parent Company.
The total of these investments as at 31 December 2002 was €43.5m (+65.8%).

Liquid assets

At the end of the financial year cash at bank and in hand represented liquid assets of €810.2m, an increase of €270m compared with the balance as at 31 December 2001 (+50%), as a result of the policy of increased liquidity that the Group continued to follow in 2002.

Investments (€m)



Capital gains and investment income

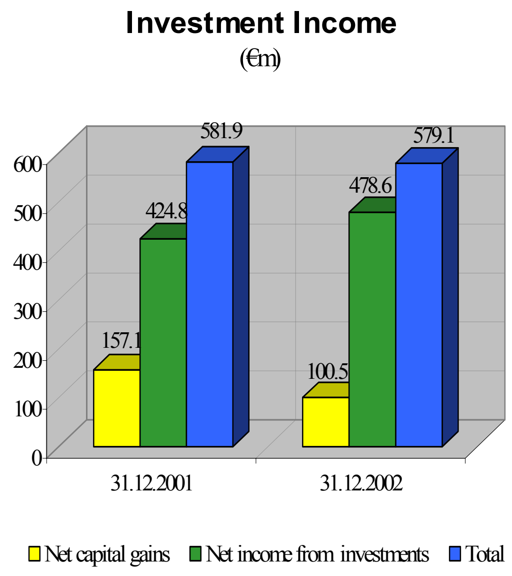
As at 31 December 2002 income from investments and liquid assets, net of investment charges, totalled €478.6m (€424.8m in 2001), an increase of 12.7%.
The net gains realized on sales of property and deriving from trading in stocks and shares, fixed-income securities and other financial investments totalled €100.5m (€157.1m at the end of the previous financial year), €37.2m of which related to long-term investments (€85m in 2001).

Therefore as at 31 December 2002 net gains and profits from asset management amounted to €579.1m (€581.9m in 2001).
The net rate of return on investments averaged 5% (5.6% in 2001).

Value adjustments, net of value readjustments, totalled €149.6m (€148.2 as at 31/12/2001). Some of these capital losses, if realized, would fall to policyholders, since they also relate to assets that belong to the segregated Life accounts.

Overall net ordinary and extraordinary income, including net value adjustments on investments, came to €429.5m (€433.8m in 2001).

Income and charges relating to benefits linked to investment funds, market indices and pension funds (Class D) showed a negative balance of €73.8m (-€125.1m as at 31/12/2001), mainly owing to the trend in the equity markets.



Shareholders' equity

At the end of 2002 the shareholders' equity pertaining to the Group stood at €1,338.5m, compared with €1,122.6m as at 31 December 2001.
The portion of shareholders' net equity relating to third parties was €163.3m (€149.1m at the end of 2001).
As at 31 December 2002 the Parent Company Unipol Assicurazioni held 1,834,195 of its own ordinary shares with a total face value of €1.8m, equal to 0.36% 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 2002 are as follows:

- premium income up 10.5% to €1,901.7m. Direct premiums rose to €1,828.8m, €1,211.9m of which was for Non-Life business and €616.8m for Life business. The rate of growth for direct business was 11% (+9.1% for Non-Life business and +15% for Life business);
- a significant improvement in the technical result for Non-Life business;
- a fall in the incidence of operating expenses on premium income (16.5% as against 17.2% in 2001);
- growth in investments and in liquid assets (+8.2%) and in related net current income (+19.7%); however net capital gains, which in the previous financial year had benefited from particularly good results, were down (-53.8%) as were net value adjustments on investments (-12,8%);
- the ordinary result well up on the previous year (+70.6%) and the extraordinary result down (-54.1%).

The net profit for the financial year was €103.1m, an increase of 23.9% compared with the previous financial year.

Specialist companies

Meieaurora spa - Milan
Share capital: €190.8m
Shareholding: 84.61%

In 2002 the company had direct premium income of €1,092.5m, an increase of 5.5% over the previous financial year. There was considerable growth in Life business (+17.2%), whilst Non-Life business (+1.8%) suffered the effects of the process of rationalizing the sales network (540 agencies, a decrease of 29 sales outlets compared with the number at the end of 2001) and of the more selective underwriting policy, which led to a fall in the number of policies in the portfolio. The policies adopted led to a further improvement in the loss ratio (claims /premiums) for direct business, which fell from 84.7% in 2001 to 79.7% in 2002.
At the end of the financial year the volume of investments and liquid assets amounted to €2,682m (€2,468.8m at the end of 2001), an increase of 8.6%. Capital gains and investment income and gains on the realization of investments, net of charges and value adjustments and excluding net income from Class III Life business, amounted to €116.5m (+11.2% compared with 2001).
After centralization within the Parent Company of some management activities (investment and property management, sharing IT systems), in 2002 the system of handling claims by telephone and over the Internet (Sertel) was also extended to Meieaurora, in particular for recording incoming claims and, gradually, for settling Non-Life claims for material damage of small amounts direct.
Total operating expenses were €195.6m (€198.2m as at 31/12/2001) and the incidence on direct premiums was 17.9% (19.1% in 2001).
At the end of the year the company employed 861 people (863 at the end of 2001).
The company ended the financial year with a net profit of €30.2m, a substantial improvement (+173%) over the €11m made in 2001.

Compagnia Assicuratrice Linear spa - Bologna
Share capital: €16m
Shareholding: 80%

Direct sales of motor vehicle products by telephone and via the Internet rose once again in 2002 owing to the considerable attention paid by the media to the cost of Motor T.P.L. insurance. Against this background Linear continued with its strategy of growth, concentrating in particular on improving the technical results and on keeping operating expenses down whilst maintaining the high level of service provided.
In 2002 the company had premium income of €98m, an increase of 46.5% 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 €31m in premiums took some 32% of the total premium income (25% in 2001).
Growth occurring over the previous few years meant that there was a need to increase the company's equity to cover the solvency margin; therefore in September there was an increase in the share capital of €6m, which was fully subscribed and paid up.
The trend in the loss ratio was positive, with a claims/earned premiums ratio of 77.8%, considerably lower than in the previous financial year (82.4%).
As at 31 December 2002 the value of investments and liquid assets was €134m (€85.3m in 2001) and the total of ordinary and extraordinary net investment income was €4.5m (€2.3m in 2001).
As at 31 December 2002 the company employed 220 people, 164 of whom were call-centre advisers (176 in 2001, 136 of whom were call-centre advisers). The incidence of general expenses on direct premiums was 12.8%, an improvement over 2001 (13.7%) despite the expenses of transferring and expanding the head office.

The 2002 financial year closed with a positive net result of €5.2m, a considerable increase (+84%) over 2001 (€2.8m).

UNISALUTE

Unisalute spa - Bologna
Share capital: €17.5m
Shareholding: 87.44%

In 2002 Unisalute generated direct premium income of €53.2m (+26.4% compared with 2001), which result consolidated the company's position in the Health sector, with a market share close to 3.5% and about 475,000 policyholders.
As well as its group health product, the company launched new products and services, in particular in the healthcare sector, setting up a dedicated unit for this purpose. The net loss ratio was 76%, a further improvement over the previous year (80%). The number of employees rose to 161 (121 at the end of 2001), 69 of whom worked in the call centre. Operating expenses showed an incidence on direct premiums of 17.9%, in line with the previous year despite the organizational changes made and the enlargement of the office.
As at 31 December 2002 the value of investments and liquid assets was €44.8m (€40.6m as at 31/12/2001) and net investment income was €1.9m (€1.5m in 2001).
As at 31 December 2002 the accounts closed with a net profit of €3.5m, more than twice that of 31 December 2001 (€1.6m).

NAVALE ASSICURAZIONI SpA

Navale Assicurazioni spa - Ferrara
Share capital: €10.5m
Shareholding: 98.20%

The company operates in all Non-Life business, though it continued its policy of specializing in transport and tourism.

Direct premiums written in 2002 totalled €128.4m, an increase of 14.4% over 2001. Most of this, about 67% of total premiums, came from brokers, whilst the remaining 33% came from non-exclusive agencies and from direct response business.
Work on rebalancing the portfolio from the technical point of view, with increases in premiums, in particular in Transport and T.P.L., together with the reduction in exposure for covering major industrial risks, led to an improvement in the net loss ratio, which fell from 86% in 2001 to 84.6% in 2002 despite the rise in reinsurance charges.
Operating expenses, which totalled €25.9m (€23.8m in 2001), were 20.2% of premiums compared with 20.6% in the previous year.
At the end of 2002 the company had 98 employees, one fewer than at the end of 2001.
The volume of investments and liquid assets, amounting to €121m, was an increase of 7% over 2001 and generated net ordinary income of €7.9m (+13%).
The accounts for the financial year closed with a pre-tax profit of €1.4m, whilst the net profit was €0.5m (€0.6m in 2001).

Bancassurance Companies

NORICUM VITA

Noricum Vita spa - Bologna
Share capital: €16m
Shareholding: 51%

In the 2002 financial year this company, which mainly uses the sales network made up of the banking outlets of the Cassa di Risparmio in Bologna and of the Banca Popolare dell'Adriatico, recorded premium income of €293m (-0.2% compared with 2001). New business, equivalent to about €268m, recorded a rise in the proportion of traditional products in Class I (which rose from 15% in 2001 to 65% in 2002) to the detriment of investment products (index- and unit-linked).

In September the company issued a subordinated loan for €5m in order to cover the solvency margin.
Investments and liquid assets rose from €923m as at 31 December 2001 to €1,122m as at 31 December 2002, an increase of 21.5%. Ordinary and extraordinary investment income, net of the related charges and excluding Class III, amounted to €26.7m (+17.4% over 2001).
Operating expenses continued to be low and showed an incidence on direct premiums of 3%, largely unchanged over the position in 2001.
The net profit for 2002 was €4.4m, 31.1% up on the figure for 2001 (€3.3m).

Quadrifoglio Vita spa - Bologna
Share capital: €22.5m
Shareholding: 50% (jointly controlled by Unipol Assicurazioni and Banca Agricola Mantovana)

In the 2002 financial year, this company, which markets its products mainly via the branches of Banca Agricola Mantovana, recorded premium income of €820.3m (€362.4m in 2001). This very considerable increase (+126.4%) can be attributed to the diligence of the bank through which its products were sold, its flexible products, with sum insured or return guaranteed, being particularly attractive to clients in the current economic situation of turbulent financial markets.
44% of premiums for new business, amounting to €806m (+133% compared with 2001), derive from traditional or capital redemption products and 56% from investment products (most of them unit-linked).
This growth gave rise to the need to strengthen the company's equity to cover the solvency margin; therefore in September the company issued a subordinated loan for an amount of €10m.
The volume of investments and liquid assets at the end of the financial year amounted to €1,665m (€929.6m as at 31/12/2001), an increase of 79%.
Ordinary and extraordinary investment income, net of the related charges and excluding Class III, exceeded €25.5m (€15m in 2001).
Operating expenses showed a low incidence on premiums of 1.7%, almost the same as in the previous financial year.
The net profit for the financial year was €9.1m, an increase of 169% over 2001 (€3.4m).

BNL Vita spa - Milan
Share capital: €110m
Shareholding: 50% (jointly controlled by Unipol Assicurazioni and BNL)

BNL Vita sells its products through the approximately 700 outlets of BNL, and the financial advisers of BNL Investimenti and Artigiancassa.
Premium income in 2002 amounted to €1,692m, an increase of 26.6% over 2001, whilst premiums for new business amounted to €1,498m, up 32%. This rise in premium income was helped by the broadening of the range of both traditional and investment products offered.
The mix of products was different from what it had been in the previous year, premium income from traditional products rising to approximately 46% as against 25% in 2001, but this trend was noted throughout the market.
In September a subordinated loan for €22m was issued in order to increase the equity to cover the solvency margin.
Net operating expenses amounted to €56.3m, with an incidence on premiums of 3.3%, a slight increase over 2001. At the end of the year the number of employees was 85, the same as in 2001.
Investments and liquid assets rose from €5,124m in 2001 to €6,297m in 2002, an increase of 22.9%.
The net profit for the year was €12.3m, substantially up on the €8.9m of 2001, although still heavily influenced by net value adjustments made to investments (€57.8m).

Banking and managed savings sector

UNIPOL BANCA

Unipol Banca spa - Bologna
Share capital: €426.3m (€284.2m as at 31/12/2002)
Shareholding: 81.07%

Activity during 2002 was particularly aimed at developing marketing initiatives in synergy with the insurance sector in order to increase the number of clients and, as a result, the amount of funds received and managed. Steps were also taken to improve the return on savings managed and administered and to develop certain products. Particular mention should be made of the excellent results obtained in mortgage loans business (around €180m granted) and in selling Unipol Assicurazioni's Life policies (more than €34m in eight months).
Work continued on expanding the marketing network which, with the opening of 20 branches and the acquisition, at the end of the year, of 60 branches from the Capitalia Group, reached a total of 173 branches (compared with 95 at the end of 2001), 57 finance shops and 408 financial advisers.
As at 31 December 2002 Unipol Banca had 736 employees, an increase of 71 since the end of the 2001 financial year. Including the staff working in the branches acquired from Capitalia, the number of employees rose to 1,133, 22% of whom worked at Head Office, a lower percentage than the average for the banking system as a whole.
At the end of the financial year Unipol Banca's direct customer deposits, including deposits with newly-acquired branches, were around €2.2bn (€1.1bn at the end of 2001) and customer funds were about €7bn, €1bn of which was from managed savings. Loans to clients amounted to about €1.6bn. The proportion of net doubtful loans was 0.60%, which is less than the figure for 2001 (0.76%).
In November 2002 an operation was launched to securitize 'performing' mortgage loans for a total countervalue of €188m.
Analysis of the main items in the profit and loss account shows that the gross operating income increased by 51%, to €83.7m, allowing EBITDA of €24.1m to be achieved and giving rise to a profit for the financial year, net of €3.1m of tax and after depreciation and allocations of more than €15m are taken into account, of €5.3m, which is a substantial increase compared with the net profit for the previous financial year (€1.5m).
In January 2003, in order to finance the purchase of the Capitalia outlets and in order to have the resources required to gain control of Unipol Merchant, the capital was increased by €184.7m (including the price above par) and was fully subscribed by the members. The Bank's shareholders' equity thus rose to €477m.

At the beginning of the year the subsidiary **Unipol Fondi Ltd**, a company registered in Eire which manages a unit trust authorised as a UCITS, was acquired from Unipol Assicurazioni and by the end of 2002 had achieved assets under management of some €272m, an increase of €125m compared with the figure at the end of 2001. This substantial growth (+84%) was due to the incisive actions of Unipol Banca's commercial network in its efforts to increase customer deposits and funds.
The net profit for 2002 was €38K (€37K at the end of 2001).

Unipol Merchant spa - Bologna
Share capital: €70.3m
Shareholding: Unipol Assicurazioni: 42.54%
Unipol Banca: 5.25%

The split took place in July in favour of Finec Holding, which was granted the part of the business concerning long-term shareholdings. In the second half of 2002 Finec Merchant, thereafter renamed Unipol Merchant, launched the project to extend its field of activity to include medium- and long-term credit, thus becoming a bank specializing in the corporate sector. On 9 December 2002 it submitted its business plan to the Banca d'Italia and is awaiting the necessary authorization. When it is obtained Unipol Merchant will change its name to 'Unipol Merchant-Banca per le Imprese spa'.

On 30 June 2002 Finec Merchant closed its accounts for the period 30 June 2001 – 30 June 2002 with a net profit for the year of €8.4m, compared with €3.1m for the previous financial year. On 30 October 2002 the Extraordinary Meeting of Shareholders resolved both to change the name to Unipol Merchant and to alter the company's financial year to coincide with the calendar year. Therefore on 31 December 2002 Unipol Merchant closed its accounts for the period 1 July 2002 – 31 December 2002 with a profit of €1.1m.

Finec Holding spa - Bologna
Share capital: €128.7m
Shareholding: 38.95%

The financial year ended on 31 December 2002 was the first business period after Finec Holding, as a result of the split from the former Finec Merchant, which took place in July 2002, acquired the part of the business mainly consisting of investments in shareholdings not intended to be traded.
As a result of this operation and of the subsequent acquisitions made, Finec Holding took on all the tasks involved in owning shareholdings in companies operating in various sectors.
As at 31 December 2002 investments in shareholdings amounted to €81.5m and loans to participating interests to €47m. The net result for the financial year was €0.3m.

Property Companies
As at 31 December 2002 the two property companies (Midi and Unifimm) had building land on their books valued at a total of €60.7m. Down payments of €22.2m. had also been made on future purchases.

Intra-Group Transactions

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 largely 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 transactions with related parties, 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.
It should also be noted that in October Unipol Banca subscribed 50% of the three bonded loans each issued by a company in the Group. Unipol's current accounts and accounts in which securities are deposited, and those of some of the other companies in the Group, are normally held with Unipol Banca.

Significant events after the end of the financial year

In the first few months of 2003 marketing and operational synergies among Group undertakings were broadened; in particular Unipol's, Meieaurora's and Linear's systems for paying claims were combined by sharing claims-handling units and having a single network of local offices and external experts.

In the banking sector work continued on strengthening Unipol Banca's sales network, which finally totalled 183 branches.
In January 2003, Unipol Banca increased its capital by €184.7m (including the price above par), which was fully subscribed by members. This increase in equity financed the acquisition of the Capitalia outlets and created the preconditions for the acquisition of the controlling share in Unipol Merchant.

Business outlook

During the first quarter of 2003 the trend for the Group was positive as regards premium income for Non-Life business and still very good for Life business in which some

companies in the Group were also affected by encashments of large sums relating to capital redemptions.
Also positive was the trend in the loss ratio, which was in line with the growth in the insurance portfolios of the companies in the Group. In the present climate of great uncertainty operating expenses and investment income were in line with expectations.
Overall, business in the first few months of 2003 is progressing favourably and in line with the targets for the end of the year of further growth in terms both of turnover and of Group profits.

Bologna, 28 March 2003

The Board of Directors

Consolidated Accounts

Annex IV

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

CONSOLIDATED ACCOUNTS

Balance Sheet

2002 Financial Year

(Amounts in €K)

CONSOLIDATED BALANCE SHEET

ASSETS

as at 31 December 2002

A. SUBSCRIBED SHARE CAPITAL UNPAID				1 0
of which called-up capital		2 0		
B. INTANGIBLE ASSETS				
1. Deferred acquisition commissions		3 61,784		
2. Other acquisition costs		4 2,570		
3. Goodwill		5 6,063		
4. Other intangible assets		6 15,582		
5. Differences arising from consolidation		7 393,367		8 479,366
C. INVESTMENTS				
I - Land and buildings			9 520,991	
II - Investments in affiliated undertakings and participating interests:				
1. Shares and participating interests in:				
a) holding companies	10 0			
b) subsidiaries	11 248,370			
c) associated undertakings	12 1,875			
d) affiliated undertakings	13 94,461			
e) other undertakings	14 576,399	15 921,105		
2. Debt securities		16 32,761		
3. Corporate financing		17 0	18 953,866	
III - Other financial investments				
1. Shares and participating interests		19 316,542		
2. Units and shares in investment funds		20 131,257		
3. Bonds and other fixed-income securities		21 8,502,181		
4. Loans		22 71,235		
5. Participation in investment pools		23 0		
6. Deposits with credit institutions		24 0		
7. Sundry financial investments		25 1,183,265	26 10,204,480	
IV - Deposits with ceding undertakings			27 27,431	28 11,706,768
D. INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT				29 5,161,723
		to carry forward		17,347,857

as at 31 December 2001

						101	0
		102	0				
		103	58,882				
		104	2,166				
		105	7,230				
		106	18,872				
		107	419,665			108	506,815
				109	629,227		
110	0						
111	247,261						
112	1,556						
113	104,503						
114	488,084	115	841,404				
		116	0				
		117	0	118	841,404		
		119	244,933				
		120	143,455				
		121	7,836,348				
		122	66,623				
		123	0				
		124	0				
		125	513,874	126	8,805,233		
				127	27,476	128	10,303,340
						129	3,972,526
		to carry forward					14,782,681

CONSOLIDATED BALANCE SHEET

ASSETS

as at 31 December 2002

carried forward			17,347,857
D. bis TECHNICAL PROVISIONS - REINSURERS' SHARE			
I - NON-LIFE INSURANCE BUSINESS			
1. Provision for unearned premiums	30 91,695		
2. Provision for outstanding claims	31 359,474		
3. Other technical provisions	32 401	33 451,570	
II - LIFE ASSURANCE BUSINESS			
1. Mathematical provisions	34 305,525		
2. Provision for amounts payable	35 4,160		
3. Other technical provisions	36 133		
4. Technical provisions for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	37 0	38 309,818	39 761,388
E. DEBTORS			
I - Debtors arising out of direct insurance operations		40 520,249	
II - Debtors arising out of reinsurance operations		41 143,793	
III - Other debtors		42 236,056	43 900,098
F. OTHER ASSETS			
I - Tangible assets and stocks		44 16,199	
II - Cash at bank and in hand		45 810,234	
III - Own shares		46 7,313	
IV - Other assets		47 49,000	48 882,746
G. PREPAYMENTS AND ACCRUED INCOME			49 120,910
TOTAL ASSETS			50 **20,012,999**

as at 31 December 2001

carried forward		14,782,681
130 91,954		
131 349,307		
132 401	133 441,662	
134 408,514		
135 4,514		
136 119		
137 0	138 413,147	139 854,809
	140 514,424	
	141 169,845	
	142 141,436	143 825,705
	144 16,209	
	145 540,190	
	146 3,227	
	147 50,336	148 609,962
		149 122,434
		150 **17,195,591**

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2002

A. CAPITAL AND RESERVES			
I - Capital and reserves - Group			
1. Subscribed share capital or equivalent funds	51 505,696		
2. Free reserves	52 770,369		
3. Consolidation reserve	53 -46,445		
4. Reserve for valuation differences on unconsolidated shareholdings	54 -503		
5. Exchange risk reserve	55 0		
6. Reserves for own shares and holding company's shares	56 7,313		
7. Profit (loss) for the financial year	57 102,116	58 1,338,546	
II - Capital and reserves - minority interests			
1. Capital and reserves - minority interests	59 144,360		
2. Profit (loss) for the year - minority interests	60 18,922	61 163,282	62 1,501,828
B. SUBORDINATED LIABILITIES			63 337,000
C. TECHNICAL PROVISIONS			
I - NON-LIFE INSURANCE BUSINESS			
1. Provision for unearned premiums	64 858,603		
2. Provision for outstanding claims	65 2,987,276		
3. Equalization provision	66 7,821		
4. Other technical provisions	67 2,167	68 3,855,867	
II - LIFE ASSURANCE BUSINESS			
1. Mathematical provisions	69 8,058,794		
2. Provision for amounts payable	70 105,950		
3. Other technical provisions	71 172,676	72 8,337,420	73 12,193,287
D. TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT			74 5,159,784
E. PROVISIONS FOR OTHER RISKS AND CHARGES			
1. Provisions for pensions and similar obligations		75 0	
2. Provision for taxation		76 19,918	
3. Contingent consolidation provision		77 0	
4. Other provisions		78 22,046	79 41,964
to carry forward			19,233,863

as at 31 December 2001

151 451,273		
152 631,420		
153 -23,847		
154 -1,765		
155 0		
156 3,227		
157 62,339	158 1,122,647	
159 138,958		
160 10,130	161 149,088	162 1,271,735
		163 300,000
164 807,876		
165 2,826,723		
166 7,391		
167 2,297	168 3,644,287	
169 6,785,192		
170 65,149		
171 161,940	172 7,012,281	173 10,656,568
		174 3,969,758
	175 0	
	176 13,285	
	177 0	
	178 19,413	179 32,698
to carry forward		16,230,759

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2002

carried forward				19,233,863
F. DEPOSITS RECEIVED FROM REINSURERS			80	342,451
G. CREDITORS AND OTHER LIABILITIES				
I - Creditors arising out of direct insurance operations	81	46,463		
II - Creditors arising out of reinsurance operations	82	40,600		
III - Debenture loans	83	0		
IV - Amounts owed to credit institutions	84	0		
V - Debts secured by a lien on property	85	3,421		
VI - Sundry debts and other financial debts	86	14,301		
VII - Staff leaving indemnity	87	40,797		
VIII - Other creditors	88	127,309		
IX - Other liabilities	89	127,171	90	400,062
H. ACCRUALS AND DEFERRED INCOME			91	36,623
TOTAL LIABILITIES			92	**20,012,999**

CONSOLIDATED BALANCE SHEET

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

as at 31 December 2002

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS				
I - Guarantees issued by the Company			93	32,185
II - Guarantees received from third parties			94	96,071
III - Guarantees issued by third parties in favour of consolidated undertakings			95	18,543
IV - Commitments			96	3,561,157
V - Third parties' assets held in deposit			97	5,681
VI - Pension fund assets managed on behalf of third parties			98	179,525
VII - Securities deposited with third parties			99	16,755,421
VIII - Other memorandum accounts			100	35,326

as at 31 December 2001

carried forward		16,230,759
		180 322,725
	181 29,618	
	182 35,949	
	183 210,486	
	184 29	
	185 3,706	
	186 7,469	
	187 40,862	
	188 112,563	
	189 160,568	190 601,250
		191 40,857
		192 **17,195,591**

as at 31 December 2001

		193 23,921
		194 81,277
		195 18,136
		196 1,869,317
		197 3,659
		198 118,809
		199 14,312,737
		200 210,114

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

The Company legal representatives (*)

The Chairman .... (**)

Giovanni Consorte .... (**)

.... (**)

The Statutory Auditors

U. Melloni ....

O. Caffagni ....

L. Roffinella ....

For internal use of the Company Register
Date of receipt

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

(**) Please indicate the functions of the signatory

Annex V

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

CONSOLIDATED ACCOUNTS

Profit and Loss Account

2002 Financial Year

(Amounts in €K)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS

1.	EARNED PREMIUMS, NET OF REINSURANCE			
	a) Gross premiums written		1 2,323,953	
	b) (-) Outward reinsurance premiums		2 248,842	
	c) Change in the provision for unearned gross premiums		3 52,579	
	d) Change in the provision for unearned premiums, reinsurers' share		4 15,293	5 2,037,825
2.	OTHER TECHNICAL INCOME, NET OF REINSURANCE			7 3,876
3.	CLAIMS INCURRED, NET OF SUMS RECOVERABLE AND REINSURANCE			
	a) Claims paid			
	aa) Gross amount	8 1,561,483		
	bb) (-) Reinsurers' share	9 139,166		
	cc) change in the sums recoverable, net of reinsurers' share	10 36,226	11 1,386,091	
	b) Change in the provision for outstanding claims			
	aa) Gross amount	12 167,032		
	bb) (-) Reinsurers' share	13 11,012	14 156,020	15 1,542,111
4.	CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE			16 -86
5.	BONUSES AND REBATES, NET OF REINSURANCE			17 1,464
6.	OPERATING EXPENSES:			
	a) Acquisition commissions		18 302,890	
	b) Other acquisition costs		19 67,295	
	c) Change in deferred acquisition commissions and costs		20 7,273	
	d) Renewal commissions		21 44,373	
	e) Administrative expenses		22 71,801	
	f) (-) Reinsurance commissions and profit sharing		23 72,100	24 406,986
7.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			25 6,969
8.	CHANGE IN THE EQUALIZATION PROVISIONS			26 430
9.	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III.1)			27 83,827

for the year ended 31 December 2001

		111	2,157,496		
		112	225,707		
		113	63,330		
		114	10,539	115	1,878,998
				117	9,474
118	1,467,175				
119	143,607				
120	42,610	121	1,280,958		
122	232,818				
123	42,692	124	190,126	125	1,471,084
				126	152
				127	1,489
		128	278,393		
		129	60,281		
		130	-2,348		
		131	42,063		
		132	76,562		
		133	67,786	134	391,861
				135	18,443
				136	529
				137	4,914

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS

1. WRITTEN PREMIUMS, NET OF REINSURANCE				
a) Gross premiums written		28 3,721,799		
b) (-) outward reinsurance premiums		29 43,248	30	3,678,551
2. (+) ALLOCATED INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (Item III.5)			40	269,038
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	184,823
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE			42	49,411
5. CLAIMS INCURRED, NET OF REINSURANCE				
a) Claims paid				
aa) Gross amount	43 1,242,882			
bb) (-) Reinsurers' share	44 32,955	45 1,209,927		
b) Change in the provision for claims				
aa) Gross amount	46 40,803			
bb) (-) Reinsurers' share	47 204	48 40,599	49	1,250,526
6. CHANGE IN THE MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				
a) Mathematical provisions				
aa) Gross amount	50 1,271,849			
bb) (-) Reinsurers' share	51 8,657	52 1,263,192		
b) Other technical provisions				
aa) Gross amount	56 18,174			
bb) (-) Reinsurers' share	57 23	58 18,151		
c) Technical provisions for life assurance policies where investment risk is borne by polichyholders and arising out of pension fund management				
aa) Gross amount	59 1,190,148			
bb) (-) Reinsurers' share	60 0	61 1,190,148	62	2,471,491
7. BONUSES AND REBATES, NET OF REINSURANCE			63	2,054
8. OPERATING EXPENSES				
a) Acquisition commissions		64 76,899		
b) Other acquisition costs		65 25,753		
c) Change in deferred acquisition commissions and costs		66 -3,677		
d) Renewal commissions		67 13,411		
e) Administrative expenses		68 24,520		
f) (-) Reinsurance commissions and profit sharing		69 9,124	70	135,136
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	258,593
10. OTHER TECHNICAL CHARGES, NET OF REINSURANCE			76	27,254
11. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item III.2)			78	36,769

for the year ended 31 December 2001

		138	2,785,586		
		139	41,958	140	2,743,628
				150	271,863
				151	93,746
				152	23,061
153	938,019				
154	44,791	155	893,228		
156	11,659				
157	1,719	158	9,940	159	903,168
160	460,070				
161	4,218	162	455,852		
166	8,066				
167	-24	168	8,090		
169	1,387,451				
170	0	171	1,387,451	172	1,851,393
				173	2,766
		174	55,727		
		175	21,303		
		176	-3,858		
		177	12,966		
		178	24,488		
		179	5,876	180	112,466
				185	218,868
				186	13,415
				188	30,222

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

III. NON-TECHNICAL ACCOUNT

1. BALANCE ON THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS (Item I.9)			79 83,827
2. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item II.11)			80 36,769
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 6,287		
bb) other income	82 76,081	83 82,368	
b) Income from other investments:			
aa) income from land and buildings	84 22,615		
bb) income from other investments	85 434,629	86 457,244	
c) Value re-adjustments on investments		87 3,315	
d) Capital gains on investments		88 95,703	89 638,630
4. INVESTMENT CHARGES			
a) Investment management charges, including interest payable		90 67,051	
b) Value adjustments on investments		91 152,952	
c) Capital losses on investments		92 32,307	93 252,310
5. (-) ALLOCATED INVESTMENT RETURNS TRANSFERRED TO THE LIFE ASSURANCE TECHNICAL ACCOUNT (Item II.2)			94 269,038
6. OTHER INCOME			95 65,375
7. OTHER CHARGES			
a) Interest on financial debts		96 25,290	
b) Sundry charges		97 85,546	98 110,836
8. BALANCE ON ORDINARY ACTIVITIES			99 192,417
9. EXTRAORDINARY INCOME			100 50,311
10. EXTRAORDINARY CHARGES			101 14,119
11. BALANCE ON EXTRAORDINARY ACTIVITIES			102 36,192
12. PROFIT BEFORE TAXATION			103 228,609
13. TAX ON PROFIT			104 107,571
14. CONSOLIDATED PROFIT			105 121,038
15. PROFIT (LOSS) FOR THE FINANCIAL YEAR - MINORITY INTERESTS			106 18,922
16. PROFIT (LOSS) FOR THE FINANCIAL YEAR - GROUP			107 102,116

for the year ended 31 December 2001

		189 4,914
		190 30,222
191 2,805		
192 23,149	193 25,954	
194 23,626		
195 429,256	196 452,882	
	197 5,512	
	198 109,261	199 593,609
	200 64,700	
	201 153,703	
	202 37,044	203 255,447
		204 271,863
		205 56,735
	206 18,773	
	207 84,602	208 103,375
		209 54,795
		210 124,412
		211 41,140
		212 83,272
		213 138,067
		214 65,598
		215 72,469
		216 10,130
		217 62,339

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

The Company legal representatives (*)

The Chairman .... (**)

Giovanni Consorte .... (**)

.... (**)

The Statutory Auditors

U. Melloni ....

O. Caffagni ....

L. Roffinella ....

For internal use of the Company Register
Date of receipt

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

(**) Please indicate the functions of the signatory

Notes to the Accounts

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 Ruling 735 of 1 December 1997 relating to the layout of the accounts and incorporate the relevant guidance issued by the Supervisory Authority.
In accordance with ISVAP Ruling 1008-G of 5 October 1998, the 2002 consolidated accounts and the Notes to the Accounts have been drawn up in thousands of euro (€K).

Basis of consolidation

The consolidated accounts for the Unipol Group are produced by amalgamating the accounts of the Parent Company, Unipol Assicurazioni, 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, and BNL Vita, 50% of which is owned by Banca Nazionale del Lavoro, have been consolidated on a line-by-line basis because of its insurance activities and by virtue of agreements between the partners.

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

Changes to the basis of consolidation

The following operations were carried out during the course of the financial year 2002:

- sale by Unipol Assicurazioni of its entire shareholding (100%) in Unipol Fondi Ltd to its subsidiary Unipol Banca;
- acquisition by Unipol Banca:

  of 60% of Grecale srl (the remaining 40% was acquired by Unipol Merchant) and 5.25% of Unipol Merchant;
- merger by incorporation of Agricoltura Assicurazioni spa and Meie Assistenza spa into Meieaurora spa;
- split of the affiliated company Finec Merchant spa in favour of Finec Holding spa. As a result of this operation Unipol Assicurazioni's shareholding in Finec Merchant (which changed its name to Unipol Merchant on 30/10/2002) is now 42.54%, whilst its shareholding in Finec Holding fell from 41.82% to 38.95% at the end of the year following further operations;
- acquisition on 20 December 2002 by Unipol Assicurazioni of Smallpart spa, following which the Parent Company sold the

following participating interests at their book value:

Uniservice spa	99.00%
A.P.A. spa	46.50%
AR.CO Assicurazioni spa	40.00%
Assicoop Imola spa	47.34%
Assicoop Modena spa	47.00%
Assicoop Ravenna spa	49.00%
Assicoop Romagna spa	38.00%
Assicoop Siena spa	49.00%
Assicura spa	35.00%
Assicoop Sicura srl	40.00%

Smallpart is now consolidated on a line-by-line basis.

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

- Navale Assicurazioni spa from 98.17% to 98.20%
- Unipol Banca spa from 81.03% to 81.07%

Subsequent to their sale the following companies are no longer included in the consolidated accounts:

- Finec Investimenti spa – share held 38.04%;
- Commerfin scpa – share held 20%;
- Sofimer spa (in liquidation) – share held 20%.

Reporting date

The reporting date for the consolidated accounts is 31 December 2002, the closing date for the annual accounts of the Parent Company, Unipol Assicurazioni. All the companies included in the basis of consolidation close their accounts on 31 December, with the exception of the affiliated company Unipol Merchant spa, which ends its financial year on 30 June 2002 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 as from the acquisition date, the book value of the investment being eliminated from the balance sheet of the Parent Company and, in the case of part-ownership, disclosing the share of net shareholders' equity 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 consolidated on a line-by-line basis, except in the case of six companies (Unipol Banca spa, Unipol Sgr spa, Unipol Fondi Ltd, Unieuropa srl, Unisalute Servizi srl and Grecale 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 2002 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 participating interest is acquired.
Where some or all of the difference cannot be imputed to individual items, if it is 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 it is positive it is entered under 'Consolidation difference' to the extent that it represents the value of goodwill at the time the shareholding 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 name - Registered Offices	**Type of business - Share capital €**	**% holding direct**	**% holding indirect**	**% Group**
Compagnia Assicuratrice Unipol spa Bologna	Insurance and reinsurance € 508,696,063			
Bnl Vita spa Milan	Insurance and reinsurance £110,000,000	50.00		50.00
Compagnia Assicuratrice Linear spa Bologna	Insurance and reinsurance € 16,000,000	80.00		80.00
Meieaurora Assicurazioni spa Milan	Insurance and reinsurance € 190,777,009	84.61		84.61
Navale Assicurazioni spa Ferrara	Insurance and reinsurance € 10,500,000	98.20		98.20
Noricum Vita spa Bologna	Insurance and reinsurance € 16,000,000	51.00		51.00
Quadrifoglio Vita spa Bologna	Insurance and reinsurance € 22,500,000	50.00		50.00
Unisalute spa Bologna	Insurance and reinsurance € 17,500,000	87.44		87.44
Midi srl Bologna	Property € 72,000,000	100.00		100.00
Unifimm srl Bologna	Property € 43,350,000	99.00		99.00
Smallpart spa Bologna	Holding company € 12,000,000	100.00		100.00
Uniservice spa Bologna	Data transmission services € 104,000		99.00 (Smallpart)	99.00

UNDERTAKINGS INCLUDED BY THE EQUITY METHOD

SUBSIDIARIES				
Unipol Banca spa Bologna	Bank € 284,200,000	81.07		81.07
Unipol Fondi Ltd Dublin	Unit trust management € 125,001		100.00 (Unipol Banca)	81.07
Grecale srl Bologna	Loan securitization € 10,000		60.00 (Unipol Banca) 40.00 (Unipol Merchant)	67.36
Unipol Sgr spa Bologna	Financial brokerage € 2,000,000	100.00		100.00
Unieuropa srl Bologna	Market analysis and research € 510,000	98.00		98.00
Unisalute Servizi srl Bologna	Healthcare services € 52,000		100.00 (Unisalute)	87.44
ASSOCIATED				
Hotel Villaggio Città del Mare spa Terrasini (Pa)	Tourism/hotels € 3,367,000	49.00		49.00
AFFILIATED				
Unipol Merchant spa Bologna	Merchant bank € 70,312,005	42.54	5.25 (Unipol Banca)	46.80
Finec Holding spa Bologna	Holding company € 128,729,994	38.95		38.95
A.P.A. spa Parma	Insurance agency € 510,000		46.50 (Smallpart)	46.50
AR.CO. Assicurazioni spa Modena	Insurance agency € 250,000		40.00 (Smallpart)	40.00
Assicoop Ferrara spa Ferrara	Insurance agency € 459,000	47.40		47.40

Company name - Registered Offices	Type of business - Share capital €	% holding direct	% holding indirect	% Group
Assicoop Imola spa Imola (Bo)	Insurance agency € 520,000		47.34 (Smallpart)	47.34
Assicoop Modena spa Modena	Insurance agency € 2,080,000		47.00 (Smallpart)	47.00
Assicoop Ravenna spa Ravenna	Insurance agency € 3,640,000		49.00 (Smallpart)	49.00
Assicoop Romagna spa Forlì	Insurance agency € 774,700		38.00 (Smallpart)	38.00
Assicoop Sicura srl Bologna	Insurance agency € 202,800		40.00 (Smallpart)	40.00
Assicoop Siena spa Siena	Insurance agency € 510,000		49.00 (Smallpart)	49.00
Assicura spa Reggio Emilia	Insurance agency € 1,040,000		35.00 (Smallpart)	35.00
Consorzio ZIS Fiera 2 Bologna	Urbanization works € 600,000		41.39 (Midi)	41.39
Euresa Holding sa Luxembourg	Holding company € 14,374,500	21.01		21.01
OTHER SHAREHOLDINGS IN AFFILIATED UNDERTAKINGS AT THEIR BOOK VALUE				
Assicoop Genova spa in liquidation - Genoa	Insurance agency € 260,000	49.00		49.00

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 with 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 amortized 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 amortization, 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 amortization for the period in which it is estimated that it can produce utility, valued over an average period of 20 years, whilst in the case of BNL Vita the goodwill paid will be subject to amortization 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 appropriate.

Improvement and transformation costs are capitalized if they translate into an increment in the useful life of the assets and their productivity.

Buildings to be used by the company are depreciated at constant rates according to the expected period of use.

Other buildings are not usually depreciated, given that constant maintenance is carried out in order to prolong their useful life and to keep up their value.

However, depreciation is recorded for the holiday complexes 'Città del Mare' (Terrasini - Pa) and 'Pianeta Maratea' (Maratea - Pz), the complex housing Rome's Jolly Hotel (Via Pio IV), supermarkets, factories and a building in Milan, given their particular nature and use.

Properties showing lasting losses in value have

been written down accordingly. The market value is calculated in accordance with ISVAP Ruling 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 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 that have been put into liquidation, account has been taken of expected payback at the end of liquidation.
Investments in securities of other participating interests (both those intended for trading purposes and those intended as long-term assets) are valued at the average cost of purchase or subscription in accordance with the criteria mentioned below for other financial investments.

Other financial investments
Stocks and shares in investment funds
Shares that do not constitute fixed assets, own shares and 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 accrued 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 27/12/1994 and Law 349 of 8/8/1995). 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 accrued.
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 Ruling 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. 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 'Realized 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 December 1994 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 173/1997.

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 (3) of Legislative Decree 173/1997. This has been

estimated using the simplified method laid down in ISVAP Ruling 360D/1999, which is a forecast based on the loss ratio for claims incurred during the year.
For Credit business the flat-rate method provided for in the Ministerial Decree of 23 May 1981 for premiums written before 1992 has been applied, whilst for policies issued from 1992 onwards the pro-rata temporis method has been applied.
For Bond business as from 2002 the provision for unearned premiums has been calculated using the pro-rata temporis method, supplemented by the criteria laid down in ISVAP Ruling 1978 of 4 December 2001.
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 proportions of risk 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 175/1995.

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 2002, 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 an allocation 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 Ruling 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 agreements 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 174/1995 and as specified by the Ministerial Decree of 2 July 1987 regarding the minimum level of provisions for additional health- and work-related 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 of 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 173/1997, 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 174/1995 and subsequent ISVAP Rulings. As provided for by Article 38 (3) of Legislative Decree 173/1997, the mathematical provision includes the provisions set up to cover the mortality risk in insurance contracts from Class III of Table A attached to Legislative Decree 174/1995, 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 (12) of Legislative Decree 174/1995. 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 Ruling 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.
In addition, in accordance with the provisions of ISVAP Ruling 1801-G of 21 February 2001 and with the '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 an item covering any difference between the forecast rate of returns from assets covering the technical provisions and the liabilities underwritten, with regard to the levels of financial cover and the dynamics of adjustment of the benefits contractually provided for.
As laid down in Article 34 of Legislative Decree 173/1997, 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.

As for Quadrifoglio Vita and Meieaurora, which are still in dispute with CONSAP over formerly compulsory cessions, the amount of the technical provisions has been set (in accordance with Law 626/1996) by adopting the annual base rates already laid down for the 1994-2000 financial years and provisional rates for the 2001 and 2002 financial years.

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

Portions of investment income are allocated to the technical account of Life business in accordance with the relevant ISVAP Ruling 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 receivable/payable) 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 end-of-year exchange rates in accordance with multi-currency accounting standards. Any surplus arising from the conversion into Euro 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 Eurozone are converted into Euro by applying the end-of-year 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 Euro are as follows:

Currencies	31.12.02	31.12.01
US dollar	1.0487	0.8813
Pound sterling	0.6505	0.6085
Swiss franc	1.4524	1.4829
Canadian dollar	1.6550	1.4077
Swedish krona	9.1528	9.3012

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 €233K as regards the past quota and has affected group profits by €115K 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 the 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 €61,784K (+€2,902K) and are subdivided as follows:

- Non-life business €31,146K (+€6,868K)
- Life business €30,638K (-€3,966K).

Goodwill (B.3)

This item, to the amount of €6,063K (-€1,167K compared with 2001), consists mainly of the residual portion of goodwill paid by Quadrifoglio Vita in acquiring the business from Arca Vita (€5,113K).

Other intangible assets (B.4)

This item, amounting to €15,582K (-€3,290K in 2001), includes €2,449K of residual costs relating to capital increases and €13,133K of sundry multi-year costs mainly incurred in purchasing software (€7,497K).

Consolidation difference (B.5)

The item 'Consolidation difference', net of amortization, amounts to €393,367K.
This sum mainly consists of the goodwill paid for the purchase of Meieaurora, Navale and BNL Vita carried out during 2000. Amortization of this difference consists of constant quotas calculated over a period of twenty years, with the exception of BNL Vita where amortization is calculated over a ten-year period.
This item has fallen by €26,307K compared with 2001 as a result of the quota of depreciation for the year.

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 2002 (in €K):

	Land and buildings	Reserve for depreciation	Book value
Buildings used for corporate business	99,474	37,177	62,297
Buildings leased to third parties	370,606	27,789	342,817
Land	2,297		2,297
Property companies	60,680		60,680
Work in progress/payments on account	29,414		29,414
Total recorded in the accounts of consolidated undertakings	**562,471**	**64,966**	**497,505**
Consolidation adjustments: Consolidation difference allocated to buildings used for corporate business			10,781
Consolidation difference allocated to buildings leased to third parties			16,689
Elimination of amortization for tax purposes			183
Other consolidation adjustments			(4,167)
Total			**520,991** **(-17.2%)**

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

Land and buildings as at 31 December 2001	658,926
New investments made during the financial year	22,597
Additions and improvements	10,652
Disposals	(129,704)
Land and buildings as at 31 December 2002	**562,471**

During 2002 the Group's land and buildings recorded a net decrease of €108,236K, mainly as a result of sales of property by Unipol Assicurazioni and Meieaurora.
It should also be noted 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 2002 amounts to €248,370K, a net increase of €1,109K over 2001.
The details are given below:

Company - Registered offices - Share capital	Group share%	Value (€K)
Unipol Banca spa – Bologna – €284,200,000	81.07	245,775
Unipol Sgr spa – Bologna – €2,000,000	100.00	2,095
Unipol Fondi Ltd – Dublin – €125,001	81.07	31
Unieuropa srl – Bologna – €510,000	98.00	383
Unisalute Servizi srl – Bologna – €52,000	87.44	86
Grecale srl – Bologna – €10,000	67.36	0.2
Total		**248,370**

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 offices – Share capital	Group share %	Value (€K)
Unipol Merchant spa – Bologna – €70,312,005	46.80	31,702
Finec Holding spa – Bologna – €128,729,994	38.95	50,307
Euresa Holding sa – Luxembourg – €14,374,500	21.01	3,467
Assicoop Sicura srl – Bologna – €202,800	40.00	2,958
Assicoop Ravenna spa – Ravenna – €3,640,000	49.00	2,041
Assicoop Modena spa – Modena – €2,080,000	47.00	1,448
Hotel Villaggio Città del Mare spa – Terrasini (Pa) – €3,367,000	49.00	1,875
Assicoop Siena spa – Siena – €510,000	49.00	265
Assicura spa – Reggio Emilia – €1,040,000	35.00	780
AR.CO. Assicurazioni spa – Modena – €250,000	40.00	160
A.P.A. spa – Parma – €510,000	46.50	253
Assicoop Romagna spa – Forlì – €774,700	38.00	265
Assicoop Ferrara spa – Ferrara – €459,000	47.40	243
Assicoop Imola spa – Imola (Bo) – €520,000	47.34	324
Consorzio ZIS Fiera 2 – Bologna – €600,000	41.39	248
Total		**96,336**

Shareholdings in foreign companies amount to €3,467K and those in Italian companies to €92,869K.

Stocks and shares in other undertakings (C.II.1.e)
This item, amounting to €576,399K, shows an increase of €88,315K over 2001. The net increase refers to the Parent Company and relates largely to movements in the investments in Hopa and Bios.
Of the total amount, €61K relates to shareholdings in affiliated companies held at book value that are in the process of liquidation (Assicoop Genova spa). The balance (€576,338K) relates to the companies and entities listed below:

Company – Registered offices – Share capital (€/currency)	% holding		Group share %
	direct	indirect	
Banca Monte dei Paschi di Siena spa – Siena – €1,675,023,207	1.61		1.61
Hopa spa – Brescia – €709,800,000	5.71		5.71
San Paolo Imi spa – Turin – €5,144,064,800	0.48		0.48
Bios spa – Milan – €143,000,000	7.31	2.41 (1)	9.35
P & V Holding sa – Brussels (Belgium) – €345,050,000	2.39		2.39
Previnet spa – Mogliano V. (TV) – €5,164,600	14.00		14.00
Atlantis sa - Barcelona (Spain) – €15,025,329	10.30		10.30
Fincooper scarl (in liquidation) – Bologna – €16,361,063	12.51	0.18 (2)	12.67
The Co-Operators Group sa – Guelph (Canada) – Cad27,796,600	7.20		7.20
Atlantis Vida sa – Barcelona (Spain) – €9,616,200	12.50		12.50
Syneteristiki Insurance sa – Athens (Greece) – €4,332,000	16.39		16.39
Partisagres SGPS sa – Lisbon (Portugal) – €6,500,000	4.87		4.87
Fondazione Cesar – Bologna – €258,230	100.00		100.00
Sagres sa – Lisbon (Portugal) – €14,906,143	3.66		3.66
Inarcheck spa – Milan – €780,000	15.38		15.38
Cestar srl – Pero (Milan) – €2,040,000	3.68		3.68
Acteldirect sa – Brussels (Belgium) – €11,800,000	0.34		0.34
Banca Popolare Etica scarl – Padua – €11,269,604	0.46		0.46
Banca di Bologna scarl – Bologna – €8,779,936	0.54		0.54
Allnations sa – Ohio (U.S.A.) – USD 2,158,447	2.37		2.37
Artigianfin spa (in liquidation) – Rome – €109,116	19.01		19.01
Inforcoop scarl – Rome – €835,157	2.63		2.63
Uci – Milan – €510,000	4.25		4.25
Union Capital srl (in liquidation) – Milan – €100,000	5.00		5.00
Autonomia scarl – Palermo – €136,412	6.81		6.81
Consorzio R54A – Bologna – €10,329	30.56		30.56
Sofincoop spa – Genoa – €1,300,092	0.23		0.23
Cooptecnical scarl – Rome – €109,908	2.35		2.35
Consorzio E.F. District – Bologna – €12,000	12.50		12.50
Coop Libera Stampa scarl – Rome – €388,304	0.27		0.27

(1)Through Meieaurora

(2)Through Unisalute

Debt securities (C.II.2)

This new item amounts to €32,761K and relates to bonds issued by companies where participating interests are held and, in particular, by Banca Monte dei Paschi di Siena (totalling €30m).

Other financial investments (C.III)

The total balance for this item amounts to €10,204,480K, an increase of €1,399,247 over the previous financial year.
The components are (in €K):

	2002	Variations compared with 2001
1. Stocks and shares	316,542	71,609
2. Units and shares in investment funds	131,257	(12,198)
3. Bonds and other fixed-income securities	8,502,181	665,833
4. Loans	71,235	4,612
7. Sundry financial investments	1,183,265	669,391
Total	**10,204,480**	**1,399,247 (+15.9%)**

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

Bonds and other fixed-income securities amount to €8,502,181 and are made up as follows (in €K):

	2002	Variations compared with 2001
Securities issued by Governments, public bodies and international organizations	5,090,546	(57,777)
Convertible bonds	69,374	(32,855)
Other listed securities	3,225,129	808,303
Other unlisted securities	117,132	(51,838)
Total	**8,502,181**	**665,833 (+8.5%)**

The figures for long-term investments (mainly relating to Life business segregated accounts) and short-term investments are €2,937.4m and €5,564.8m respectively.
During the financial year equity and debt securities totalling €267,038K were transferred from short-term to long-term business, with the valuation rules of the business of origin being applied (as required by ISVAP). This involved making value adjustments of €29.4m.
For the securities portfolio, comparison with market prices, taking into account corrections for the effect of derivatives (-€4,099K), net of tax withheld for non-possession, gives a positive balance between unrealized capital gains and losses amounting to €41.6m (a negative balance of €86.9m as at 31/12/2001).
Item C.III.3 includes €365,828K relating to subordinated debt securities (€228,223K as at 31/12/2001).
These debentures, issued by leading financial institutions, are only a minor part of the Group's investments.

Loans (C.III.4)

These amount to €71,235K (+€4,612K) and are subdivided as follows:

	2002	Variations compared with 2001
Secured loans	22,556	(1,944)
Loans on policies	44,330	5,220
Other loans	4,349	1,336
Total	**71,235**	**4,612 (+6.9%)**

It should be noted that receivables due beyond the next financial year and over five years amount to €55,297K and €31,441K respectively.

Sundry financial investments (C.III.7)

The amount of €1,183,265K is an increase of €669,391K compared with 2001 and is made up as follows (in €K):

	2002	Variations compared with 2001
Repo securities	1,158,664	663,998
Premiums paid on Cap/Floor/Swap options acquired	20,755	4,875
Other (capitalization policy)	3,846	518
Total	**1,183,265**	**669,391 (+130.3%)**

The increase in repo securities was mainly due to the increase registered by Meieaurora. Major items, with a balance exceeding €60m, which make up 68.7% of the total amount, relate to repo securities and are shown below (in €K):

Security	Counterparty	Amount
BTP 4%- 1/03/05	Banca Agricola Mantovana	162,253
BTP 15/10/03	Banca Agricola Mantovana	103,041
BTP 4.5%- 1/05/98-09	Banca Popolare di Novara	100,085
BTP 4.75%- 15/4/00-03	Banca Popolare di Novara	60,004
BTP 9.50%- 1/2/96-06	Unipol Banca	97,102
CTZ- 31/12/03	Unipol Banca	100,111
BTP 6.50%-1/11/97-27	Monte Paschi di Siena	66,707
BTP 8.5%- 1/4/94	Unipol Banca	106,657
		795,960

Items due beyond the following financial year amount to €3,846K.

Deposits with ceding undertakings (C.IV)

These amount to €27,431K, a decrease of €45K over 2001.
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 agreements, renewal of which is negotiated 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 €5,161,723K as at 31 December 2002, an increase of €1,189,197K compared with the position as at 31 December 2001. Of this, €5,118,242K represents investments relating to Index-Linked and Unit-Linked policies (+€1,171,938K compared with 2001), divided up as follows (in €K):

- Index-Linked policies 2,264,888
- Unit-Linked policies 2,853,354

The remaining €43,481K (+65.8% compared with the position as at 31/12/2001) refers to the 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 of two capital-guaranteed occupational pension funds ('BAM employees' and 'Fundum') which Unipol manages. 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 two closed funds have a single sub-fund.

Reinsurers' share of technical provisions (Dbis)

The balance of this item is €761,388K and is a decrease of €93,421K over 2001.
The variation mainly relates to Life business and reflects the reduction of items charged to CONSAP as a result of transactions carried out by Unipol Assicurazioni, BNL Vita and Noricum Vita.

Debtors (E)

The amount of debtors, totalling €900,098K, is an increase of €74,393K over 2001 and is detailed below (in €K):

	2002	Variations compared with 2001
Debtors arising out of direct insurance business (E.I)		
Premiums receivable from policyholders	299,547	25,843
Receivables from intermediaries	165,128	(29,183)
Insurance undertakings, amounts receivable	25,493	1,906
Policyholders and third parties amounts recoverable	30,081	7,259
	520,249	**5,825 (+1.1%)**
Debtors arising out of reinsurance business (E.II) Account balances	**143,793**	**(26,052) (-15.3%)**
Other debtors (E.III)		
Inland Revenue, receivables	106,468	3,177
Sundry receivables	129,588	91,444
	236,056	**94,620 (+66.9%)**
Total	**900,098**	**74,393 (+9%)**

'Receivables from the Inland Revenue' include €25.2m for prepayments made in November for substitute tax on mathematical provisions, introduced by Decree Law 209 of 25 September 2002.
'Sundry receivables' include receivables from clients and for sales of property amounting to €105,796K.

It should be noted that receivables due beyond the next financial year and over five years amount to €48,934K and €15,305K 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 €83,240K, of which €67,041K is depreciation, thus giving a net book value of €16,199K (-€10K compared with 2001).

Cash at bank and in hand (F.II)

At the end of the year this item amounted to €810,234K (+€270,044K compared with the position as at 31/12/2001) and reflects the Group's policy of high liquidity in 2002.

Own shares (F.III)

The amount of €7,313K (+€4,086K) 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)

The amount of €49,000K is a decrease of €1,336K compared with 2001 and is made up as follows (in €K):

	2002	**Variations compared with 2001**
Deferred reinsurance accounts receivable	10,434	(6,198)
Derivatives	7,812	6,907
Other assets	30,754	(2,045)
Total	**49,000**	**(1,336) (-2.7%)**

Prepayments and accrued income (G)

These amount to €120,910K, a decrease of €1,524K. They are made up of €106,043K in accrued income on securities, €5,627K in multi-year prepayments on issue expenses for subordinated debenture loans and €9,240K 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 €K):

	2002	**Variations compared with 2001**
Share capital	505,696	54,423
Free reserves	770,369	138,949
Consolidation reserve	(46,445)	(22,598)
Reserve for valuation differences on non-consolidated interests	(503)	1,262
Reserve for own shares and holding company's shares	7,313	4,086
Profit for the financial year	102,116	39,777
Total	**1,338,546**	**215,899 (+19.2%)**

With regard to the Parent Company's share capital, during the course of 2002 holders of 'warrants' linked to equity and debt securities issued in July 2000 continued to exercise the right to underwrite new ordinary and preference shares. This right will cease on 20 June 2005.
As a result of this exercising of warrants, the shareholders' equity of the Parent Company increased by a further €162,507K, €54,423K of which was share capital and €108,084K share premium.
The item 'Consolidation reserve' contains the differences arising from offsetting 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 table showing the reconciliation between the unconsolidated capital, reserves and profit for the year and consolidated capital, reserves and profit for the year is attached, together with the statement of changes in consolidated shareholders' equity.

Subordinated liabilities (B)

The amount of this item is €337,000K (+€37,000K compared with 2001) and relates to loans issued by the following companies (in €K):

• Unipol Assicurazioni	300,000
• BNL Vita	22,000
• Quadrifoglio Vita	10,000
• Noricum Vita	5,000

This item, which amounts to €300,000K, consists entirely of the face value of subordinated callable notes issued by the Parent Company at the end of May 2001 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 are quoted on the Luxembourg Stock Exchange.
The degree of subordination is similar to Tier II (supplementary capital consisting of second-level capital items).
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 2002 amounted to €21,000K.

In 2002 the above-mentioned companies also issued debenture loans for nominal values of €37,000K. These loans, which are not listed, are for five years and 50% of them were taken out by Unipol Banca.
The degree of subordination is similar to Tier II.

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

Technical provisions (C)

These amounted to a total of €12,193,287K, an increase of €1,536,719K over 2001 and consisted of €8,337,420K in technical provisions and provisions for amounts payable for Life business (+€1,325,139K) and €3,855,867K in provision for unearned premiums, provision for outstanding claims and other Non-Life provisions (+€211,580K).

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

These amount to €5,159,784K (+€1,190,026K over 2001). Of this, €5,116,303K 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 open-end pension funds and closed pension funds (with capital guaranteed) amount to €43,481K.
In compliance with the provisions of Article 38 of Legislative Decree 173/1997, 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 174/1995 and subsequent ISVAP Rulings. 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 €41,964K, an increase of €9,266K over 2001, and include (in €K):

	2002	Variations compared with 2001
Provision for taxation	19,918	6,633
Provision for future charges	16,869	(223)
Provision for exchange rate fluctuations	4,303	2,847
Others	874	9
Total	**41,964**	**9,266 (+28.3%)**

'Provision for taxation' relates to deferred taxes payable; the net increase is mainly due to spreading capital gains made on the sale of property for tax purposes.
'Provision for future charges' is set up to meet any investment charges, which are considered to be likely, including those attributable to current disputes.

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

Deposits received from reinsurers (F)

These have risen from €322,725K to €342,451K as at 31 December 2002, an increase of €19,726K (+6.1%).
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 €400,062K, shows a decrease of €201,188K over 2001, its components being described below.

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

These amount to €46,463K (+€16,845K) and mainly relate to payables to agents and other intermediaries amounting to €23,709K and current account payables to companies amounting to €12,783K.

Creditors arising out of reinsurance operations (G.II)

The balance amounts to €40,600K, an increase of €4,651K over 2001.

Debenture loans (G.III)

As at 31 December 2001 item G.III referred 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 2000.
Both ordinary and preference debt securities, maturing on 30 June 2005, were repaid in advance (from 11 March up to 12 April 2002) as a result of the exercise of the option provided for on issue.
Interest accruing until repayment and residual issue expenses totalled €2.8m.

Amounts owed to credit institutions (G.IV)

As at 31 December 2002 there were no amounts owed to banks and financial institutions (€29K as at 31/12/2001).

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

These amount to €3,421K (-€285K compared with 2001) and relate to two mortgage loans on property belonging to the Parent Company.
It should be noted that payables due beyond the next financial year amount to €2,790K.

Sundry borrowings and other financial payables (G.VI)

This item, amounting to €14,301K (+€6,832K over 2001), consists entirely of entries relating to derivatives.

Other creditors (G.VIII)

These are down by €14,746K over the previous financial year and consist of (in €K):

	2002	Variations compared with 2001
Payables for policyholders' tax liabilities	41,813	2,394
Payables – sundry taxes	28,435	5,126
Payables to suppliers	25,442	1,073
Payables to welfare bodies	6,806	(615)
Sundry payables	24,813	6,768
Total	**127,309**	**14,746 (+13.1%)**

'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 €14,845K. 'Sundry payables' includes liabilities payable beyond the following financial year amounting to €1,830K.

Other liabilities (G.IX)

These are down by €33,397K over 2001 and consist of (in €K):

	2002	Variations compared with 2001
Deferred reinsurance accounts payable	16,515	(14,096)
Commissions on uncollected premiums and incentives ('rappels')	75,759	7,825
Derivatives	2,248	(6,391)
Other liabilities	32,649	(20,735)
Total	**127,171**	**(33,397) (-20.8%)**

The amount relating to 'derivates' refers to the offset to valuations and alignments of transactions outstanding as at 31 December 2002.

Accruals and deferred income (H)

As at 31 December 2002 these amount to €36,623K, a decrease of €4,234K. They mainly refer to interest on debt securities to the amount of €14,136K (including €2,346K of issue premium), to accruals on derivatives to the amount of €5,329K and to deferred interest on portfolio compensation and loans to agents amounting to €4,122K.

Section 7 Guarantees, commitments and other memorandum accounts

These total €20,683,909K (€16,755,421K of which is for securities deposited with third parties), an increase of €4,045,939K over 2001.

Guarantees (I, II, III)

I. Guarantees given: €32,185K.
These are mainly guarantees given in relation to property transactions.

II. Guarantees received: €96,071K.
These are guarantees received in connection with carrying out insurance business and include €33,015K in surety on Agents' bond policies.

III. Guarantees given by third parties in favour of consolidated undertakings: €18,543K.
The larger amount results from CID surety for commitments assumed by the undertakings (€10,772K).

Commitments (IV)

Their value of €3,561,157K is up on the previous financial year by €1,691,840K.
They largely relate to commitments recorded for derivatives outstanding at the end of the year amounting to €2,337,727K (by and large relating to the nominal values of the underlying assets), whilst €1,153,547K 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 year pension fund assets managed in the name and on behalf of third parties totalled €179,525K and related to the following pension funds:

Fonchim	114,433
Bayer Italia	18,752
Cooperlavoro	10,165
Solidarietà Veneto	22,431
Previcooper	13,744
	179,525

They are made up as follows:

Bonds	156,824
Shares	10,950
Cash at bank and in hand	8,913
Units and shares in investment funds	52
Other net assets	2,787

Section 8 – Information relating to technical accounts

Premiums for the year

Premiums written reached €6,045,752K in 2002, an increase over the previous financial year of 22.3%.
The following table shows the breakdown 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 2001:

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS

(Net of tax on premiums- Amounts in €K)

	Financial yr 2002	%	Financial yr 2001	%	Variations 2002/2001 amount	Variations 2002/2001 in %
DIRECT ITALIAN BUSINESS						
Non-Life Business						
Accident and Health (classes 1 and 2)	327,785	5.5	295,255	6.0	*32,530*	*11.0*
Land Vehicles - Motor T.P.L. (class 10)	1,204,341	20.1	1,117,168	22.8	*87,173*	*7.8*
Land Vehicles - Own Damage or Loss (class 3)	210,296	3.5	202,187	4.1	*8,108*	*4.0*
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	39,959	0.7	34,635	0.7	*5,325*	*15.4*
Fire and Other Damage to Property (classes 8 and 9)	219,651	3.7	198,035	4.0	*21,616*	*10.9*
General T.P.L. (class 13)	206,617	3.4	188,102	3.8	*18,515*	*9.8*
Credit and Bonds (classes 14 and 15)	30,231	0.5	32,310	0.7	*-2,079*	*-6.4*
Miscellaneous pecuniary losses (class 16)	21,673	0.4	22,050	0.5	*-377*	*-1.7*
Legal Protection (class 17)	10,615	0.2	9,904	0.2	*710*	*7.2*
Assistance (class 18)	18,504	0.3	16,695	0.3	*1,809*	*10.8*
Total Non-Life Business	**2,289,671**	**38.1**	**2,116,341**	**43.2**	***173,330***	*8.2*
Life Assurance Business						
I - Life assurance, annuities	1,652,341	27.5	917,667	18.7	*734,674*	*80.1*
III - Ass. linked to investment funds/market indices	1,572,317	26.2	1,652,017	33.7	*-79,701*	*-4.8*
V - Capitalisation operations	470,901	7.8	201,593	4.1	*269,309*	*133.6*
VI - Pension funds	20,999	0.3	9,118	0.2	*11,881*	*130.3*
Total Life Assurance Business	**3,716,558**	**61.9**	**2,780,395**	**56.8**	***936,163***	*33.7*
Total Direct Italian Business	**6,006,229**	**100.0**	**4,896,736**	**100.0**	***1,109,493***	*22.7*
INWARD REINSURANCE						
Indirect Non-Life Business						
Accident and Health (classes 1 and 2)	3,616	9.1	4,122	8.9	*-506*	*-12.3*
Land Vehicles - Motor T.P.L. (class 10)	4,758	12.0	7,594	16.4	*-2,836*	*-37.3*
Land Vehicles - Own Damage or Loss (class 3)	217	0.5	542	1.2	*-325*	*-59.9*
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	1,325	3.4	1,986	4.3	*-661*	*-33.3*
Fire and Other Damage to Property (classes 8 and 9)	22,166	56.1	23,026	49.7	*-861*	*-3.7*
General T.P.L. (class 13)	1,069	2.7	2,711	5.9	*-1,642*	*-60.6*
Credit and Bonds (classes 14 and 15)	1,130	2.9	1,088	2.3	*43*	*3.9*
Miscellaneous pecuniary losses (class 16)	0	0.0	85	0.2	*-85*	*-100.0*
Total Indirect Non-Life Business	**34,282**	**86.7**	**41,155**	**88.8**	***-6,873***	*-16.7*
Indirect Life Assurance Business						
I - Life assurance, annuities	5,242	13.3	5,192	11.2	*50*	*1.0*
Total Indirect Life Assurance Business	**5,242**	**13.3**	**5,192**	**11.2**	***50***	***1.0***
Total Inward Reinsurance	**39,523**	**100.0**	**46,347**	**100.0**	***-6,824***	***-14.7***
TOTAL PREMIUM INCOME	**6,045,752**		**4,943,083**		***1,102,669***	***22.3***

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

	2002 Financial Year			2001 Financial Year		
	Non-Life	Life	Total	Non-Life	Life	Total
Unipol Assicurazioni	1,245,605	622,068	1,867,673	1,147,212	541,630	1,688,843
BNL Vita		1,691,989	1,691,989		1,336,970	1,336,970
Linear	97,956		97,956	66,848		66,848
Meieaurora	798,633	294,336	1,092,970	785,932	251,117	1,037,049
Navale Assicurazioni	128,542		128,542	115,408		115,408
Noricum Vita		293,059	293,059		293,500	293,500
Quadrifoglio Vita		820,347	820,347		362,370	362,370
Unisalute	53,215		53,215	42,095		42,095
TOTAL	**2,323,953**	**3,721,799**	**6,045,752**	**2,157,496**	**2,785,586**	**4,943,083**

In 2002, net earned premiums for Non-Life business amounted to €2,037,825K (+8.5%).

Breakdown of gross premium income by geographical area

Premiums written have been almost entirely written in Italy and 30.9% of them (34.2% in 2001) relate to the Parent Company.

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

It should be noted that, in accordance with ISVAP Ruling 1140-G of 8 March 1999, a share of the investment returns of €269,038K 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 €3,876K for Non-life business (-€5,598K) and to €49,411K for Life business (+€26,350K).
For Non-Life business, this item includes the reversal of commissions relating to cancelled premiums for prior years (€499K) and premiums cancelled under reinsurance cessions (€1,450K). 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 (€46,990K).

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

Other technical charges, net of reinsurance cessions, amounted to €6,969K for Non-life business (-€11,474K) and to €27,254K for Life business (+€13,839K).
Other charges are, for Non-Life business, €2,596K for cancellations of receivables from policyholders for prior years' premiums. In the case of Life business €11,017K relates to charges arising from transactions carried out with CONSAP for formerly compulsory cessions.

Section 9 – Information relating to the non-technical account

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

These are up by €5,373K over 2001 and consist of (in €K):

	2002	Variations compared with 2001
Units and shares in investment funds	-	(2,859)
Bonds/fixed-income securities	412,259	11,224
Loans	2,775	(27)
Sundry financial investments	18,716	(2,892)
Interest on deposits with ceding undertakings	879	(73)
Total	**434,629**	**5,373**

Value readjustments on investments (III.3.c)

Value readjustments have been made to the amount of €3,315K (-€2,197K over 2001) on investments written down during prior years,

€2,131K of this relating to securities, €764K to stocks and shares and €420K to other financial investments.

Gains made on investments (III.3.d)

These show a decrease of €13,558K over 2001. The components are (in €K):

	2002	Variations compared with 2001
Capital gains on divestments:		
- bonds/fixed-income securities	56,799	(12,168)
- stocks and shares	20,259	(14,929)
- buildings	106	(211)
- other financial investments	18,539	13,750
Total	**95,703**	**(13,558)**

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 an increase of €2,351K and are broken down as follows (in €K):

	2002	Variations compared with 2001
Charges, sundry financial investments	27,023	4,037
Charges, shares/bonds	13,029	(914)
Charges, property investments	11,013	173
Interest on reinsurers' deposits	15,634	(44)
Asset depreciation	352	(901)
Total	**67,051**	**2,351**

Value adjustments on investments (III.4.b)

These amount to €152,952K, a decrease of €751K compared with 2001, and relate to:

	2002	Variations compared with 2001
Value adjustments on:		
- buildings	0	(338)
- bonds/fixed-income securities	20,379	(7,574)
- stocks and shares	111,114	13,598
- other financial investments	13,786	(5,002)
- property depreciation	7,673	(1,435)
Total	**152,952**	**(751)**

Losses made on investments (III.4.c)

These amount to €32,307K (-€4,737K compared with 2001) and are represented by (in €K):

	2002	Variations compared with 2001
Capital losses on divestments:		
- bonds/fixed-income securities	9,149	5,257
- stocks and shares	7,183	(25,371)
- other financial investments	15,975	15,377
Total	**32,307**	**(4,737)**

Other income (III.6)

This amounts to €65,375K (+€8,640K). The most significant components relate to €30,447K for interest earned on bank deposits and €15,250K for exchange rate differences arising from the conversion of foreign currency entries at end-of-year exchange rates.

Interest on financial payables (III.7.a)

Of the total amount of €25,290K (+€6,517K) for 'Interest on financial payables', €24,736K relates to interest on and expenses for debenture loans issued and €554K to interest on mortgage loans.

Sundry charges (III.7.b)

These amount to €85,546K, an increase of €944K over 2001. They include €15,203K for the negative exchange rate differences resulting from the end-of-year currency alignment of entries, €26,307K for the amortization of the difference from consolidation on a line-by-line basis, and €8,982K for the amortization of intangible assets.

Profit from ordinary activities

This amounted to €192,417K, an increase of 251.2% over the previous financial year, mainly as a result of the improvement in the technical result.

Extraordinary income (III.9)

These are down by €74,101K compared with 2001 and consist of (in €K):

	2002	Variations compared with 2001
Income from divestment of/trading in:		
- property	28,801	16,665
- bonds/fixed-income securities	12,937	(13,270)
- stocks and shares	1,923	(64,141)
- extraordinary income	4,509	4,066
- other extraordinary income	2,141	(17,421)
Total	**50,311**	**(74,101)**

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

Extraordinary charges (III.10)

This item amounted to €14,119K, a decrease of €27,021K compared with the previous financial year. It included capital losses resulting from the sale of property of €4,518K and contingent losses of €6,441K.

Part D: Other information

Staff of consolidated undertakings

	Average number for 2002	Number as at 31/12/2002
Unipol Assicurazioni	1,375	1,442
BNL Vita	85	85
Linear Assicurazioni	201	220
Meieaurora	864	861
Navale Assicurazioni	98	98
Noricum Vita	15	14
Quadrifoglio Vita	14	14
Unisalute	144	161
Total	**2,796**	**2,895**

The average number for 2002 is broken down by category as follows:

Senior officials	90
Junior officials	349
Clerical staff	2,060
Other employees (*)	297
Total	**2,796**

(*) mainly call centre advisers

Overall, the average number of employees in consolidated undertakings rose by 165 compared with the same figure for 2001, with 129 new advisers in Unipol Assicurazioni, Unisalute and Linear's specialized call centres.
The direct premium income/employee ratio for 2002 was €2,091K (compared with €1,832K in 2001).

Emoluments

Emoluments payable for 2002 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 €K):

Directors	1,108
Auditors	190
Total	**1,298**

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: assets amounted to €3,226.3m (€1,587m as at 31/12/2001) and shareholders' equity, including the profit for the year, amounted to €327.2m.
At the end of the year assets under management amounted to €1bn (€513m as at 31/12/2001).
Unipol Fondi Ltd: during the course of 2002 the Dublin-based company continued placing its units in Italy through Unipol Banca's sales network.
As at 31 December the company's assets amounted to €911.5K (€662.8K as at 31/12/2001); its shareholders' equity, including the profits for the year, amounted to €167.2K.
At the end of the financial year the assets under management amounted to €272m, as against €148m as at 31 December 2001 (+84%).

Further information concerning the above two companies is given in the Board 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, 28 March 2003

The Board of Directors

Notes to the Accounts - Annexes

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

(Amounts in €K)

	Capital and Reserves	Profit for the Year	2002 Equity Total	2001 Shareholders' Equity Total
Balances on unconsolidated accounts of Unipol Assicurazioni	**1,284,634**	**103,075**	**1,387,709**	**1,170,925**
Difference between net book value and capital, reserves and profit for the year of consolidated undertakings:	(512,038)	46,371	**(465,667)**	(504,392)
- Differences arising from consolidation	419,674	(26,307)	**393,367**	419,665
- Difference posted to other asset items (buildings)	40,780	(13,127)	**27,653**	40,779
Valuation of undertakings included by the equity method	(3,921)	6,732	**2,811**	(240)
Elimination of inter-group dividends	11,362	(11,362)	**0**	0
Inter-group transactions	(4,504)	(2,048)	**(6,552)**	(4,533)
Application of group accounting criteria	443	(1,218)	**(775)**	443
Balances on consolidated annual accounts - Group	**1,236,430**	**102,116**	**1,338,546**	**1,122,647**
Minority interests	144,360	18,922	163,282	149,088
Total for the Group, minority interests included	**1,380,790**	**121,038**	**1,501,828**	**1,271,735**

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 2002

(Amounts in €K)

	Share capital	Reserves	Profit / (Loss) for the year	TOTAL
Balances as at 31 December 2001	**451,273**	**609,035**	**62,339**	**1,122,647**
Allocation of 2001 profit				
-dividends			(48,796)	(48,796)
-reserves		13,543	(13,543)	0
Capital increase for payment out of warrant conversion	28,107	134,400		162,507
Free capital increase	26,316	(26,316)		(0)
Changes in other reserves		73		73
Profit for the year 2002			102,116	102,116
Balances as at 31 December 2002	**505,696**	**730,734**	**102,116**	**1,338,546**

CONSOLIDATED CASH FLOW

(Amounts in €K)

	31/12/2002	31/12/2001
CASH INFLOW		
CASH INFLOW FROM OPERATING ACTIVITIES		
Net profit for the year	102,116	62,339
Net increase in technical provisions	2,820,167	2,080,296
Write-downs of securities and shareholdings	145,279	144,258
Increase (decrease) in unit trusts	1,280	18,689
Decrease investments in buildings	109,250	(2,539)
(Increase) decrease in receivables and other assets, net of payables and other liabilities	(227,002)	267,975
OTHER CASH INFLOW		
Paid-up capital increase	162,507	221
Changes in equity reserves	73	64
Increase (decrease) in minority interests	14,195	(37,994)
TOTAL CASH INFLOW	**3,127,865**	**2,533,308**
CASH FLOWS WERE INVESTED AS FOLLOWS:		
Increase investments in securities	716,842	481,270
Increase investments in participating interests	253,546	210,344
Increase in Class D investments	1,189,196	1,392,165
Write-ups of securities and participating interests	3,315	5,512
Increase (decrease) in corporate financing	4,613	525
Other cash investments	641,512	168,881
Dividends paid	48,796	38,205
TOTAL CASH FLOW INVESTED	**2,857,821**	**2,296,901**
Increase (decrease) in cash and cash equivalents	270,044	236,407
TOTAL	**3,127,865**	**2,533,308**
Cash at bank and in hand as at 1 January	**540,190**	**303,784**
Cash at bank and in hand as at 31 December	**810,234**	**540,190**

External Auditors' Report

KPMG

Revisione e organizzazione contabile

KPMG S.p.A.
Via Passarotti, 6
40128 BOLOGNA BO

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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 2002. 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. 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 representing approximately 43% and 37% 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 10 April 2002 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 2002 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, 11 April 2003

KPMG S.p.A.

(Signed on the original)

Massimo Tamburini
Director of Audit

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