

2003 Consolidated Accounts

GROUP HIGHLIGHTS

(€m)

	2003	2002	2001
Premium income	7,492.3	6,045.8	4,943.1
<i>% variation</i>	23.9	22.3	52.8
% of direct business market	7.7	6.8	6.4
Technical provisions	25,669.0	17,353.1	14,626.3
<i>% variation</i>	47.9	18.6	17.0
Technical provisions-to-premiums ratio (1)			
-Non-Life	164.7	165.9	168.9
-Life	353.1	362.7	394.2
-Life and Non-Life	285.8	287.0	295.9
Investments, cash and cash equivalents	26,385.2	17,686.0	14,819.3
<i>% variation</i>	49.2	19.3	18.8
Net investment income and capital gains			
-Class D and value adjustments excluded	693.0	579.1	581.9
<i>% variation</i>	19.7	-0.5	24.6
-Class D excluded, value adjustments included	591.2	429.5	433.8
<i>% variation</i>	37.7	-1.0	11.0
Payments (claims, amounts due out of maturity, surrender, annuity)	3,651.0	2,804.4	2,405.2
<i>% variation</i>	30.2	16.6	31.2
Loss ratio - Non-Life business	73.0	75.7	78.3
Operating expenses	782.1	623.3	578.0
<i>% variation</i>	25.5	7.8	15.2
Expense ratio	10.4	10.3	15.5
Combined ratio (2)	94.6	95.7	99.1
Capital & reserves - Group	2,493.8	1,338.5	1,122.6
<i>% variation</i>	86.3	19.2	2.2
Profit before taxation	303.3	228.6	138.1
<i>% variation</i>	32.7	65.5	45.9
Group net profit	147.5	102.1	62.3
<i>% variation</i>	44.4	63.8	43.9
Net profit-to-premiums ratio	2.0	1.7	1.3
Staff number (3)	4,503	2,895	2,697

(1) This ratio does not include newly-acquired companies..

(2) Net loss ratio and net operating expenses on Non-Life earned premiums.

(3) Staff number of undertakings consolidated on a line-by-line basis.

As the Winterthur Italia Group companies were acquired on 26/09/2003, assets and liabilities were consolidated as at 31/12/2003 and profits and losses for the quarter 01/10/2003 - 31/12/2003. The following homogenous variations would result from the application of the same basis of consolidation, i.e. excluding both newly-acquired companies and Noricum Vita:

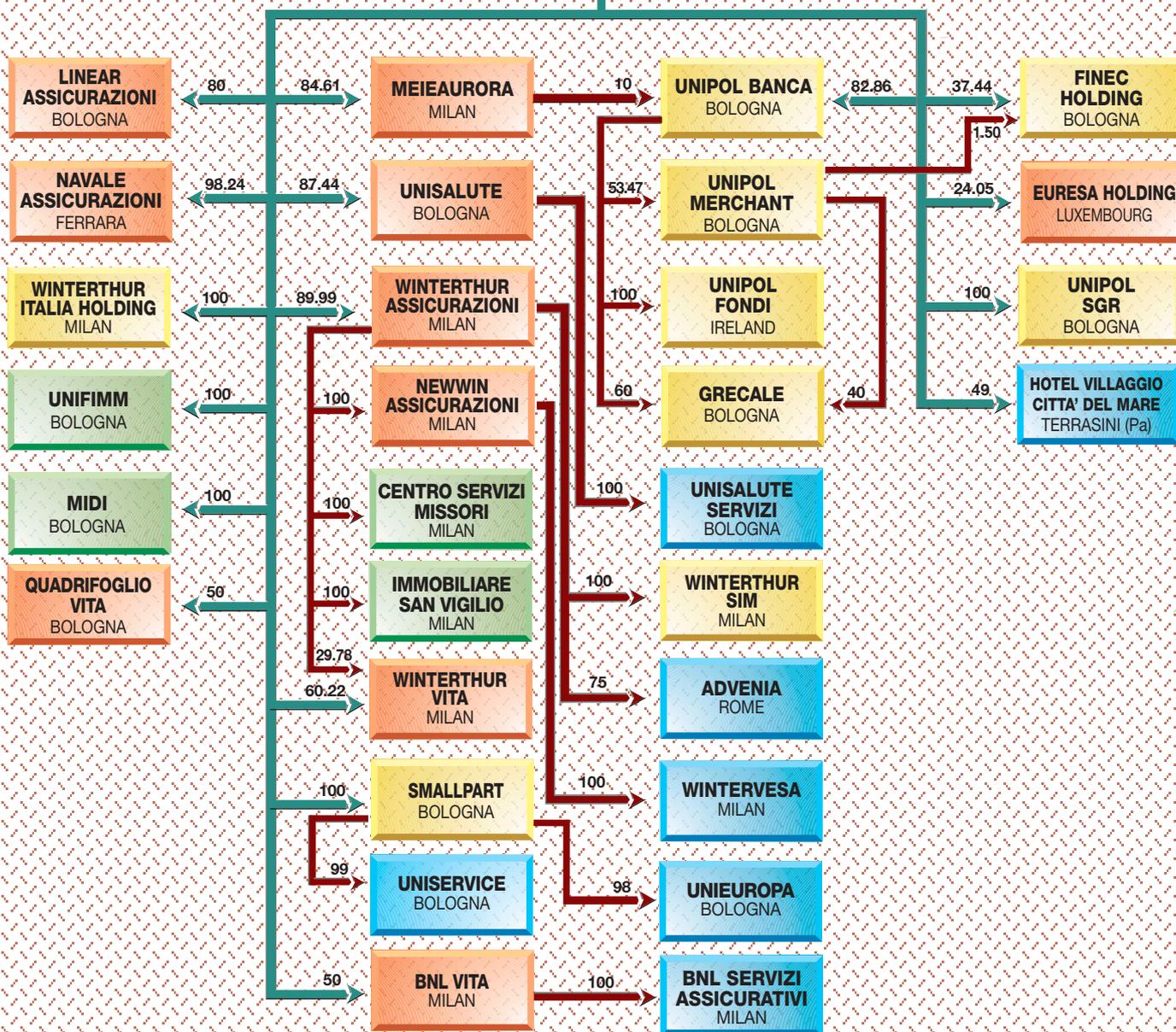
Premium income	20.8%
Technical provisions	22.2%
Investments, cash and cash equivalents	30.8%
Operating expenses	12.2%
Staff number	2,975

BASIS OF CONSOLIDATION AS AT 31 DECEMBER 2003



LINE-BY-LINE

EQUITY METHOD



INSURANCE COMPANIES
INSURANCE HOLDINGS

PROPERTY

FINANCIAL SERVICES
BANKS

OTHERS (*)

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

N.B. As regards the companies in the Winterthur Italia Group, which were acquired on 26/09/2003, balance sheet items were consolidated on a line-by-line basis as at 31/12/2003 and profit and loss items were consolidated for the period 01/10/2003-31/12/2003.

Board Report

The Group

The Unipol Group

The year just ended was particularly important for our Group both as regards strategy and in terms of results achieved. As regards the strategic profile the main features of 2003 were the following events:

- the acquisition of the Winterthur Italia Group and the consequent strengthening of the **insurance sector**;
- the launch of the plan to merge the Companies acquired and Meieaurora;
- further growth in **banking** and **merchant banking** business, in synergy with the insurance distribution network, which now includes medium-term credit operations.

In the insurance sector, with the acquisition of the Winterthur Italia Group, which in 2003 had premium income of approximately €2bn, the Unipol Group consolidated its position as the fourth largest insurance group operating in Italy with a pro-forma market share of around 9% and a pro-forma premium income of €9bn.

As already described in Unipol Assicurazioni's Board Report, the acquisition was financed by means of a capital increase of a total of €1,054m and the issue of a subordinated loan of €300m for a term of twenty years. The capital increase was fully subscribed and Finsoe retained control of the majority of Unipol Assicurazioni's ordinary shares, thus continuing to provide stability as the controlling shareholder. The subordinated loan was subscribed by institutional investors and listed in Luxembourg.

This acquisition also enabled the Unipol Group to expand its presence in the Centre and North

of Italy and, in particular, in Milan where it already had a presence with Meieaurora, thus providing the opportunity for synergies between the Companies in Milan and between them and the Parent Company. In fact the process of integrating Meieaurora and the companies in the Winterthur Italia Group is already underway. The first stage in the process, now being completed, will involve the incorporation of Meieaurora into Winterthur Assicurazioni. The new company, which will be called **Aurora Assicurazioni**, will have premium income exceeding €3bn, making it the third largest composite insurance company operating in Italy. Its registered office will be in Milan and it will have 2,400 employees and 2,500 sales outlets and will offer its services to approximately 3 million customers.

With this acquisition the Group considers that its strategy for growth for external lines in the insurance sector is largely complete, this strategy having been launched when the previous acquisitions (Meieaurora, Navale and BNL Vita) were made during 2000. The size reached in the insurance sector and the concentration around the two poles (Bologna and Milan) will enable substantial economies of scale to be made in costs and in investments, and these will be maximized once integration is complete.

The Group now intends to strengthen its commitment to its strategy of growth in the banking sector in order to raise it to the levels achieved by the insurance sector. In fact the rise in the number of customers in the insurance sector, now approximately 6 million, will provide a considerable impetus for the banking sector to grow, since its original growth model is closely linked to the potential

for customer synergies with the insurance sector.

Another feature of the year just ended for the Unipol Group, apart from increased size, was the achievement of high income, shown by consolidated net profits totalling €147.5m, a rise of 44.4% compared with 2002 despite the limited contribution of the companies in the Winterthur Italia Group, the profits of which, in accordance with accounting principles relating to acquisitions, were not consolidated until the final quarter of 2003. In addition it should be emphasized that the increase in profits enabled the ROE (8.4%) to be kept more or less stable despite the significant increase in Group's equity. In the light of the trends recorded throughout 2003 and so far in 2004 the Unipol Group is still on target to achieve the goals laid out in its 2004-2006 three-year plan presented to the financial community in July 2003. In particular, the target of a ROE of 11.5% in 2006 is still in place.

Insurance and bancassurance

During **2003** the Unipol Group substantially increased its direct **insurance premium income**, achieving a total of **€7,463m (+24.3%** compared with the figure of €6,006m for 2002). A major contribution to this result was made by the acquisition of the Winterthur Italia Group (with the premium income for the final quarter, amounting to approximately €541m, now being consolidated), but a contribution to the result was also made by the high rate of growth in Life business that was common to all the companies in the Group. On the other hand during 2003 the holding in Noricum Vita (with premium income of approximately €300m) was sold to the San Paolo IMI Group, but this had only a limited affect on total premium income obtained via the Group's banking channels because of the high levels of Life business recorded by Unipol Banca (which almost quadrupled its income to approximately €126m) and by the bancassurance companies Quadrifoglio Vita and BNL Vita (+18% overall

compared with 2002).

To be more specific, direct premium income for Life business was approximately €4,650m, +25.1% compared with 2002, whilst for Non-Life business direct premium income totalled €2,813m, +22.9% compared with 2002. The incidence of Life premium income on the total was 62.3%, in line with that recorded the previous year, whilst the incidence of Non-Life premium income was 37.7%. If the premium income of the Winterthur Italia Group for the full year is taken into account the proportions work out at 43% for Non-Life and 57% for Life.

Direct premium income deriving from networks belonging to the Group, composite companies (Unipol, Meieaurora and Winterthur) and specialist companies (Linear, Unisalute and Navale) totalled €4,500m (+40.5% compared with 2002), which is a rise as a proportion of total premium income (from 53% in 2002 to 60% in 2003). The direct premium income of the bancassurance companies almost reached €3,000m (+5.7% compared with 2002 despite the sale of Noricum Vita) equal to 40% of total premium income (47% in 2002).

If the whole of the premium income of the Winterthur Group had been consolidated the estimated direct premium income for the Group would have been €8,853m (+47% compared with 2002).

The results achieved in the technical trend in the Group Non-Life loss ratio were positive, in particular thanks to a further reduction in the claims frequency for Motor TPL which made up for the rise in average costs, whilst the cost of reinsurance rose because of the more onerous terms imposed by world reinsurance markets. Satisfactory growth in Group Non-Life business was shown by the fact that at the end of year the combined ratio of Group aggregate direct business was 93.2% (95.5% in 2002).

Investment management policies were characterized by prudence and hence aimed at low-risk cash investments, the return on which was maximized by operating in options with a

non-speculative content, thus enabling the continuing volatility in the interest rates recorded in the period to be translated into profit. The absolute value of operations in share markets continued to be kept down against a background of uncertainty about the reversal of the downward trend recorded in the two-year period 2001-2002.

Work on reorganizing the Group carried out during 2003 included the completion of the unification of the Unipol, Meieaurora and Linear claims-handling systems into a single Group Claims-Handling Department with a single network of offices throughout the country and of external associates. The individual Companies continued to deal direct with major claims (e.g. claims involving serious injury, professional TPL) and claims that are handled in strict correlation with the underwriting stage. It should be remembered that this integration completed the process of centralizing operational activities within the Parent Company (telephone and Internet claims-handling, property and financial management) and sharing IT systems (the use of Unipol Assicurazioni's mainframe and application packages) that had already been carried out in the previous few years.

As from the second half of 2003 procedures for synergetic integration have been underway in the Winterthur Italia Group based on the example of what has already been done at Meieaurora. As regards individual companies, April 2004 will see the completion of the merger of Meieaurora with Winterthur Assicurazioni, which will then be known as Aurora Assicurazioni, whilst in the second half of the year the intention is to move Meieaurora and Winterthur, now spread over 10 offices, into the new single office at San Donato recently acquired by Unipol Assicurazioni.

The Group has set itself the target for 2004 of completing the centralization within the Parent Company of the following operations and of sharing IT systems. It is expected that once these activities are up and running there will be substantial economies of scale, viz:

- sharing Unipol Assicurazioni's IT systems with the companies acquired. It is expected

that the transfer of Winterthur's Non-Life portfolio to Unipol's system (with on-line links to the agencies) will have been completed by the end of the first half of 2004. Subsequently the Life portfolio will also be transferred. In the second half of 2004 the claims portfolio will also be transferred to the Unipol system;

- the current Group claims-handling model, which today covers Unipol, Meieaurora and Linear, will be extended to cover Winterthur. Consequently more than 500 Winterthur employees will be transferred to the Group Claims-Handling Department, which at the end of year will employ more than 1,300 staff. Winterthur's current call centre will be reorganized and will become an integral part of the Group's telephone and Internet claims-handling system (Sertel);
- centralization within Unipol Assicurazioni of Winterthur Group property and financial management, which is already at an advanced stage;
- centralization within Unipol Assicurazioni of goods and services procurement.

Plans are also being made to reorganize Meieaurora-Winterthur's network of agencies and to draw up the new list of products.

Group synergies will begin to make themselves felt during 2004, though they will be limited and will not become really obvious until 2005. The merger between Meieaurora and the Winterthur Italia Group will also have considerable tax advantages. Overall these savings will be partly offset by the teething problems inherent in any merger.

Banking and merchant banking

In the banking and asset management sectors, Unipol Banca continued to develop its distribution network during 2003 and by the end of year had 185 branches (plus another seven about to open) compared with 173 at the end of 2002. There were 81 branches integrated with an insurance agency, 53 finance shops and 425 financial advisers. There were also 200 insurance sales outlets authorized to sell standard banking products. Operational procedures carried out in 2003 continued to be based on the retail and corporate customer synergies of the Companies in the Group. The number of customers reached approximately 200,000 and brought in direct customer deposits of slightly less than €2,600m, +20% over 2002, whilst loans exceeded €1,900m (+18.2%). Assets under management reached €1.2bn, an increase of 17.5%. Particularly impressive was the growth of Unipol Fondi, which reached a total of assets managed of €529m (+95%) as a result of the targeted fund-raising activities carried out by Unipol Banca's sales network.

The recent acquisition of Winterthur Assicurazioni, with the concomitant increase in the number of insurance sales outlets throughout the country and in the number of Group customers, gave a fresh impetus to the Bank's commercial set-up and led to renewed interest in the distribution model known as the 'star' model under which the banking outlet operates as a centre of gravity for several insurance agencies in the area.

The Group therefore intends to reinforce the impetus for growth in the banking sector's distribution network by operating on internal lines, and, if the concentration and rationalization processes that are currently underway in the

banking sector make it feasible, by acquiring branches. It should be recalled that the geographical distribution of the branches of Unipol Banca, both in the case of new openings and in the case of acquisitions, is planned in relation to the zones where the insurance sector has penetrated the furthest.

The expected growth in the distribution network and in cross-selling with the Group's insurance sector will lead to a further increase in volumes of business activity and results.

In the **merchant banking sector**, at the end of September 2003 Unipol Merchant – Banca per le Imprese, which is controlled by Unipol Banca, obtained authorization from the Banca d'Italia to operate in the business of medium- and long-term credit. It has reorganized on this basis and now operates in the following sectors:

- Loans (ordinary loans, facilitated credit and services);
- Merchant Banking (Investment Banking, Corporate Financial Advice, M&A, Financial Intermediation);
- Administration, Control and Organization.

Unipol Merchant's business activity is very synergetic in relation to that of Unipol Banca and is aimed at offering a complete range of products and services in the corporate sector, operating throughout the country via Unipol Banca's network of branches and its own representation offices (in Milan, Rome and Brescia). In particular the group of 'captive' customers targeted by the company includes enterprises that are insurance customers (in particular in Bond business) and the small and medium-sized enterprises with which the Unipol Group already has good relationships.

Key aspects of the Group's business

In the 2003 financial year the Group achieved very positive results in all areas of business, making a consolidated net profit of €147.5m, a substantial improvement over the figure as at 31 December 2002 (+44.4%).

The Group consisted of ten insurance companies, four property companies, two holding companies and a service company, all consolidated on a line-by-line basis. Twenty-six companies were valued using the equity method.

It will be recalled that the Winterthur Italia Group (six companies consolidated on a line-by-line basis and three companies valued using the equity method) was acquired at the end of September 2003, therefore the consolidation of profit and loss items is limited to the fourth quarter of 2003. In addition, the holding in the bancassurance company Noricum Vita was sold in December 2003.

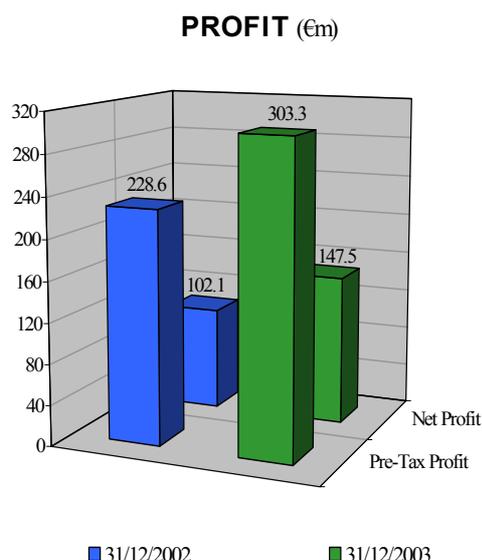
To sum up, the most significant items in the **consolidated accounts** are the following (in €m):

	2003	2002	% var. 2003/02
Gross premiums	7,492.3	6,045.8	+23.9
Net premiums	7,176.9	5,753.7	+24.7
Net investment income and net capital gains	693.0	579.1	+19.7
Net income (charges) from Class D investments	314.3	(73.8)	
Gross technical provisions	25,669.0	17,353.1	+47.9
Net technical provisions	24,780.2	16,591.7	+49.4
Claims paid	3,651.0	2,804.4	+30.2
Net operating expenses	695.4	542.1	+28.3
Depreciation of goodwill:			
- fully consolidated companies	34.9	26.3	+32.8
- companies valued using the net equity method	2.1	2.3	-8.8
Investments/liquid assets	26,385.2	17,686.0	+49.2
Relevant net assets	2,493.8	1,338.5	+86.3
Results:			
Balance on the technical	170.0	120.6	+40.9
Ordinary operating profit	252.5	192.4	+31.2
Extraordinary operating	50.8	36.2	+40.3
Pre-tax profit	303.3	228.6	+32.7
Net profit for the year	147.5	102.1	+44.4

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

- premium income (gross of the reinsurers' share) reached €7,492.3m (62.1% of which was in Life business), an increase of 23.9%. On the same basis of consolidation, excluding premiums relating to the newly-acquired companies (amounting to €540.8m) and those relating to Noricum Vita for 2002, the rise in premium income was 20.8%, a significant contribution to which was made by Life business (+30.3%);
- the technical result of insurance business was positive to the tune of €170m (€120.6m as at 31/12/2002) and showed a marked improvement in Non-life business in particular;
- total technical provisions amounted to €25,669m (+47.9%), +22.2% on the same basis of consolidation, and to €24,780.2m net of the reinsurers' share (+49.4%);
- the level of investments and liquid assets reached €26,385.2m, an increase of €8,699.1m compared with 31 December 2002 (+49.2%), +30.8% on the same basis of consolidation;
- net investment income for the period and net profits from disposals and trading totalled €693m (€579.1m as at 31/12/2002), whilst net value adjustments recorded at the end of the financial year amounted to €101.8m (€149.6m as at 31/12/2002). Investments relating to benefits linked to investment funds, market indices and pension funds (Class D) recorded a positive net result of €314.3m (-€73.8m as at 31/12/2002);
- net operating expenses, totalling €695.4m, were 9.8% of earned premiums (9.5% as at 31/12/2002), or 9.2% on the same basis of consolidation;
- the result of ordinary business for the period amounted to €252.5m compared with €192.4m in 2002 (+31.2%) and the contribution made by extraordinary business was €50.8m (+40.3%);

- the total gross pre-tax profit rose to €303.3m (+32.7%) and the net profit for the year was €147.5m, well up on the result achieved in 2002 (+44.4%).



Profit and loss highlights, compared with those for the previous financial year, are set out below:

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
(€m)

	as at 31 December 2003			as at 31 December 2002		
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
net of reinsurance cessions						
Life written premiums and Non-Life earned premiums	4,601.8	2,480.0	7,081.8	3,678.6	2,037.8	5,716.4
Charges for claims and benefits, variations in Life technical provisions, Non-Life provisions for outstanding claims	(5,143.9)	(1,809.5)	(6,953.4)	(3,722.0)	(1,542.1)	(5,264.1)
Operating expenses	(159.3)	(536.0)	(695.4)	(135.1)	(407.0)	(542.1)
Sundry technical income and charges	22.3	1.9	24.2	20.1	(4.9)	15.2
Net income (charges) from Class D investments (1)	314.3		314.3	(73.8)		(73.8)
Net investment income allocated to the technical account of Life business	398.6		398.6	269.0		269.0
Balance on the technical account	33.6	136.3⁽²⁾	170.0	36.8	83.8⁽²⁾	120.6
NON-TECHNICAL ACCOUNT						
Net investment income (3)			239.1			266.9
Balance on sundry income/charges			(54.8)			(45.5)
Operating profit			354.3			342.1
Net value adjustments			(101.8)			(149.6)
Balance on ordinary activities			252.5			192.4
Extraordinary income			72.2			50.3
Extraordinary charges			(21.4)			(14.1)
Profit before taxation			303.3			228.6
Tax on profit			(125.9)			(107.6)
Profit (loss) for the year -minority interests			29.9			18.9
PROFIT FOR THE YEAR - GROUP			147.5			102.1

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

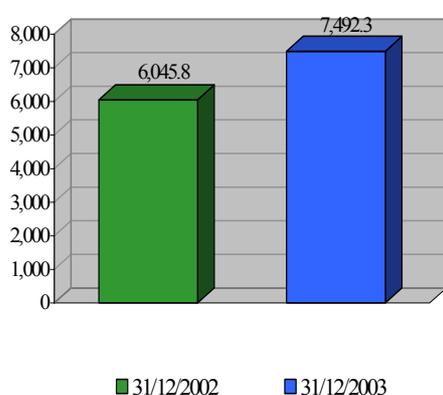
Total gross premium income for the Group, gross of the reinsurers' share, amounted to €7,492.3m, an increase of 23.9%, almost entirely (99.6%) from Italian direct business.

On the same basis of consolidation, that is excluding premiums relating to the newly-acquired companies (amounting to a total, in the final quarter, of €540.8m) and those relating

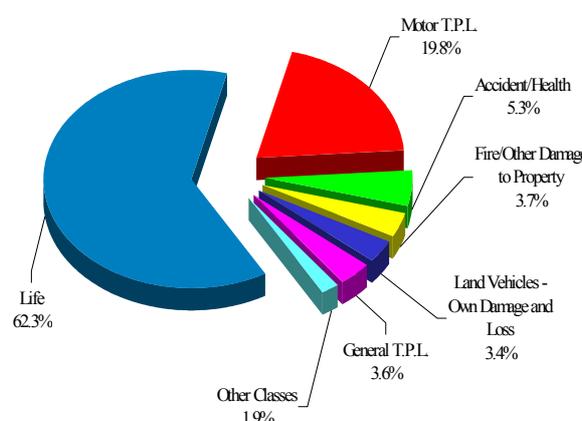
to Noricum Vita, the rate of growth was 20.8% (+6.8% for Non-Life business and +30.3% for Life business).

During the fourth quarter premium income was €1,914.4m (€540.8 of which related to the Winterthur Italia Group), a drop of 4.6% compared with the fourth quarter of 2002 during which it had risen by 43.2% compared with the same period of the previous year (-31.6% on the same basis of consolidation).

Total Premium Income
(€m)



Breakdown of Direct Premium Income



Premiums as at 31 December 2003 were made up as follows (in €m):

	2003	Comp. %	% var. compared with 2002
Direct business –			
– Non-Life business	2,813.2	37.7	22.9
– Life business	4,649.6	62.3	25.1
	7,462.8	100.0	24.3
Inward reinsurance			
– Non-Life business	25.6	86.9	(25.2)
– Life business	3.9	13.1	(25.9)
	29.5	100.0	(25.3)
Overall total	7,492.3		23.9
Premiums ceded	315.4		8.0
Premiums retained	7,176.9		24.7

The retention ratio in 2003 was 95.8% (95.1% in 2002).

LIFE business and pension funds

Life premiums, giving an income of €4,653.5m, represented 62.1% of the total and showed an increase of 25%. On the same basis of consolidation, that is, excluding Winterthur Vita in 2003 and Noricum Assicurazioni in 2002, the increase was 30.3%, considerably above the market average. During 2003 the Parent Company achieved total premium income of €1,080.3m, significantly up on the previous financial year (+73.5%) mainly owing to the sale of group capital redemption policies, whilst premiums acquired from Meieaurora reached €425m (+44.4%), the increase in this case also being attributable to the sale of some high-value corporate capital redemption policies. Premium income achieved by Winterthur Vita in the fourth quarter of 2003 amounted to €184.4m.

The companies operating via bancassurance channels (BNL Vita and Quadrifoglio Vita) closed the financial year with total premium income of €2,964.1m, recording growth of 5.7%.

In the preceding financial year the premium income of bancassurance companies amounted to €2,805.4m, €293m of which was made by Noricum Vita. On the same basis of consolidation, without taking the business done by Noricum Vita in 2002 into account, the increase was 18%.

Payments for claims, matured policies, surrendered policies and annuities amounted to €1,773.3m (+42.7%).

The technical provisions (including those in Class D) reached €19,228.9m (€3,448.5m of which related to Winterthur Vita), an increase of 42.5%, or +27.2% on the same basis of consolidation.

The operating expenses incurred in the financial year, which included the acquisition and renewal commissions and the other acquisition and administrative expenses, net of commissions received from reinsurers, totalled €159.3m.

The corresponding incidence on earned premiums was 3.5%, or 3.4% on the same basis of consolidation (3.7% in 2002).

Pension funds

In general the market in pension funds in 2003 was substantially the same as in the previous year since there was no change in the elements of uncertainty that had put a brake on growth.

In 2003 business in the sector of occupational pension funds, carried out by the Parent Company in partnership with J.P. Morgan Fleming, was marked by the award of the management mandates for two major funds (Eurofer – for employees of the state railways, and Fondo GommaPlastica – covering rubber, plastic and cables) and the renewal of the mandate for the Fondo Pensione Bayer Italia. Business relating to the funds already administered proceeded normally. As from April these included the Arco fund (wood,

furniture and bricks).

Assets managed reached €250.7m by the end of the year.

As regards open-end pension funds, both Unipol and Winterthur Vita operate in this segment.

With reference to the Parent Company, in 2003 the business activities carried out by the head office relating to group and negotiated policies continued to be of key importance for the acquisition of new customers given the modest contribution made by retail customers from the network of preferred banks and the network of Unipol agencies.

Overall Unipol succeeded in retaining its share of the market, consolidating its position as one of the leading companies in the market, in particular amongst insurers.

By the end of the year the total combined assets of the three funds promoted by Unipol (Unipol Futuro, Unipol Previdenza and Unipol Insieme) had reached €49.4m.

Winterthur Vita had a single open-end pension fund known as PreWidenza. As at 31 December 2003 the assets under management amounted to €6.1m.

NON-LIFE business

Non-Life premium income rose to €2,838.8m, an increase of 22.2% (+€6.8 excluding the premiums of Winterthur Assicurazioni and those of NewWin Assicurazioni, which came to a total of €356m in the final quarter).

The Parent Company had total premium income of €1,373.9m, an increase of 7.4% compared with the position as at 31 December 2002 (+9.2% in direct business).

The specialist companies Linear and Unisalute continued to record considerable growth. Unisalute, with premium income of €64.8m (+20.8%), improved its position in the Health sector, whilst Linear, with premium income of €130.2m, grew by €32.9% and thus retained a market share that last year amounted to 17%. Navale had premium income of €127.8m, slightly down on 2002 (-0.6%) owing to the continuing application of the policies of rationalizing the portfolio and reducing risks.

Meieaurora recorded premium income of €814m, an increase of 1.9% over the previous year. The growth in non-motor business was 9%, whilst MV business recorded a drop of 1.4% as a result of the application of a selective underwriting policy and reform of the portfolio with the aim of consolidating the technical improvement recorded during the preceding financial years.

In the fourth quarter of 2003 Winterthur Assicurazioni had premium income of €356m, to which was added the amount of €385K achieved by the subsidiary NewWin Assicurazioni.

The foreign portfolio was very limited (€21.5m, arising from inward reinsurance).

Net retention of premiums written was 90.7%. On the same basis of consolidation retention rose from 89.3% at the end of December 2002 to 89.7% at the end of 2003.

Payments relating to claims reached €1,877.7m (+20.2%).

By the end of the year total allocations to the provisions for unearned premiums and outstanding claims had risen to €6,440.1m (€2,351m of which related to Winterthur), an increase of 67%, or +6% on the same basis of consolidation.

The technical results showed a considerable improvement, with a positive balance of €136.3m as against €83.8m in 2002, mainly owing to a drop in the average loss ratio. In fact by the end of the financial year the loss ratio, including claims-handling expenses and net of outward reinsurance, had fallen to 73% of earned premiums (75.7% at the end of 2002) and the combined ratio (which also included the net operating expenses) had fallen to 94.6% (95.7% in 2002).

Operating expenses, which included acquisition and renewal commissions and other acquisition and administrative expenses, net of commissions received from reinsurers, totalled €536m. Their incidence on earned premiums was 21.6%, or 21.1% on the same basis of consolidation (20%

in 2002).

Litigation

Compulsory cessions

As regards the legal dispute with CONSAP, it should be noted that Quadrifoglio Vita also came to an agreement with CONSAP over the long-running dispute relating to compulsory cessions on Life policies, in accordance with the terms of the framework agreement signed on 12 October 2001 by ANIA and CONSAP, as the Parent Company Unipol and BNL Vita had already done, whilst Meieaurora is still at an advanced stage of negotiation.

In line with the other companies in the Group Winterthur Vita also decided to try negotiating a solution and at the end of January 2004 provided the information requested by CONSAP in order to get the discussion off the ground and to reach a settlement of the current dispute.

Motor TPL refunds

As a result of the well-known dispute over the fine imposed by the Antitrust Authority, the Parent Company continued to receive numerous applications during 2003 for refund of 20% of the Motor TPL premiums paid between 1995 and 2000. In 2003 487 judgements were handed down in favour of the company and 1,307 against, at a total cost of approximately €1.1m.

In the case of Winterthur Assicurazioni, in 2003 102 judgements were handed down in favour of the company and 590 against, at a total cost of €336K. It should be noted that the number of applications fell substantially when Decree Law 18 of 8 February 2003, which obliged Justices of the Peace to base their decisions on law and not on equity, came into force, owing to the fact that decisions based on law allow the companies involved to challenge any rulings that go against them in the courts.

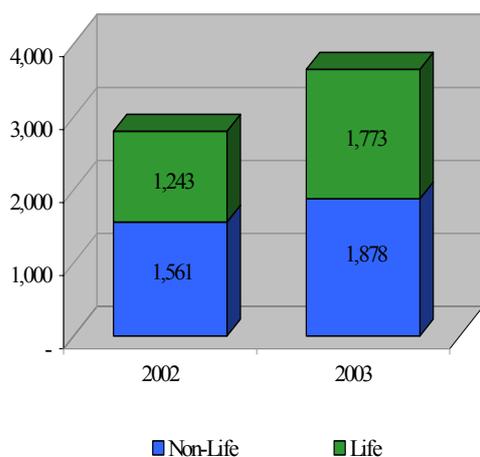
In the case of Meieaurora, which had the fine imposed on it cancelled, it should be noted that the number of applications for refunds made during 2003 was very low.

Dispute between Unipol and the Antitrust Authority relating to insurance policies taken out by Public Bodies in Emilia Romagna

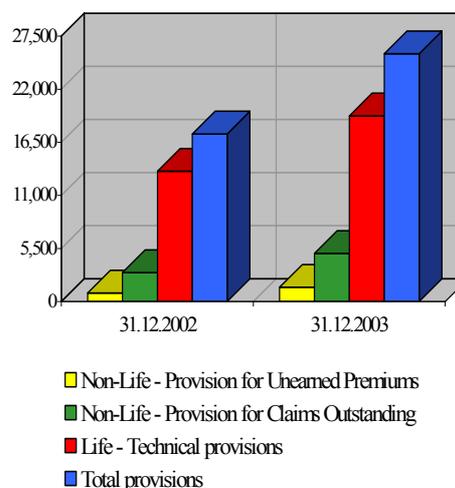
As regards the dispute with the Antitrust Authority relating to the agreement alleged to have been made between Unipol and other leading insurance companies relating to

insurance policies taken out by public bodies in Emilia Romagna, it should be noted that the hearing took place on 28 January 2004. The Lazio Regional Administrative Court rejected the appeal submitted by Unipol, which therefore reserved the right to consider the possibility of appealing to the Council of State against the decision.

Claims Paid (€m)



Technical Provisions (€m)



Products and sales

During 2003 the guidelines followed by the Unipol Group were aimed at enlarging and broadening the range of products and services and at enhancing the marketing support given to the sales network, with the intention of further raising the quality of goods and services offered and of retaining the Group's competitive edge.

In **Life business** the continuing uncertainty in the outlook for the economy and continuing low yields in the financial market meant that preferences were still, as in the previous year, for types of insurance with protection of capital invested. This favoured the sale of 'traditional' policies with minimum guaranteed or fixed returns. In addition, the network of agencies achieved substantial volumes in placing capital redemption policies with both retail customers

and in the corporate segment, where enterprises were looking for a way of diversifying their investments or making short-term investments of cash.

Most Group premium income from investment-type policies was from Index-Linked policies, with a fall in the number of Unit-Linked policies.

In the case of the **Parent Company Unipol Assicurazioni** the main product developments concerned the offer of traditional types of instrument able to guarantee that customers' capital sum would be maintained or offering a fixed yield. Work began on marketing new single-premium policies with terminal bonus known as 'T340', 'T341' and 'T342', which fulfil the requirements of more prudent savers since it is clear when they are taken out what the benefit will be on maturity. These policies also represent a short-term investment solution

in that early redemption of the appreciated capital is allowed with no penalty.

During the year new capital redemption policies were also placed, aimed at both individuals and businesses. These included a single-premium product that allowed any number of additional payments to be made at any time.

A term Life product was also marketed, limited to customers having mortgages with Unipol Banca.

As regards policies with a mainly financial content two Index-Linked products were issued, known as 'Univest 9CENTRO' (a policy with capital sum assured providing a flow of coupons and on maturity paying a bonus based on the trend in a basket of 15 securities) and 'Univest BASE11' (which offers capital protection on maturity and the payment of two coupons in the first two years of the investment). The launch of these two products was backed up by training for the whole of the sales network and by targeted marketing campaigns.

Particularly popular with **Meieaurora's** customers were traditional types of product with capital sum guaranteed or fixed yield (mainly the policies known as 'No Limits' and '*Doppio segno positivo*' (*double plus*). Considerable success was achieved by the launch of a Unit-Linked tariff with capital guaranteed known as 'Unietic', the share-related assets of which are invested in units in an ethical fund (Sustainability Index Fund) which selects its investments from businesses that work within a strict set of social, environmental and financial guidelines.

Finally mention must be made of the issuing of the first personal pension plans with a product known as 'PreviOggi'.

New products sold by **Winterthur Vita** were mainly traditional policies, work being done on restyling products already in the portfolio, but customers were also offered investment-type products, amongst which was an Index-Linked product known as 'Windex Ethic 7.5%', with a term of six years, characterized by an annual flow of coupons and based on a basket of securities selected according to ethical criteria.

As regards bancassurance business,

Quadrifoglio Vita had considerable success with the new traditional products offering a fixed yield or linked to segregated accounts aimed at the retail segment and with the new capital redemption tariffs for the corporate segment. As for investment-type products, during the year there were five issues of Index-Linked tariffs with terms of between five and six years, and these proved to be very popular with customers as witnessed by the speed at which placement concluded, which was generally well in advance of the deadline.

During 2003 **BNL Vita** extended its range of fixed-yield traditional products, which were by far the most popular types of product for new business, 'Conto Sicuro Cedola' in particular turning out to be the best-selling product in the range. In collaboration with the private banking section of BNL, the company sold ad hoc products, both traditional and Unit-Linked (for example 'Top Performance Unit BNL', the product that guarantees the sum paid and concentrates on investing in companies selected according to their ethical criteria and sound financial position). However several tranches of Index-Linked products were placed in order to provide support for customer deposits from investment-type policies. A plan to sell policies through the e-banking channel known as '*E-family*', which is already in existence, was being studied.

In **Non-Life business**, it should be pointed out that the Companies in the Unipol Group (including Winterthur Assicurazioni) are complying with the Memorandum of Understanding on Motor TPL, signed on 5 May 2003 by ANIA, the Government and the Consumers' Associations, undertaking in particular not to increase tariffs during 2003 and to grant special terms and/or discounts to young people and families.

In this regard we must also point out that in the first half of 2004 Unipol Assicurazioni announced that as from April 2004 policyholders living in the region of Campania who have already earned the maximum no-claims bonus and who have not made any claims in the past five years will be granted a further discount of 5%.

Still in Non-Life business, during 2003 the **Parent Company Unipol** launched a series of marketing initiatives targeted at families (under the name 'Uninsieme') aimed at increasing the range of policies on offer and linked with intensive work on improving the efficiency of the agency network (through providing specific training and incentives and laying down the aims and the remuneration for the sales network). In the second half of the year a start was made on restructuring those Accident policies that were the most unsatisfactory, in particular policies that had been in the portfolio for many years, by suggesting to customers that the sums assured be adjusted.

Meieaurora completed its work on restructuring the non-motor portfolio begun in 2002 with the dual aim of adapting customers' insurance cover to suit their changed requirements for insurance and of standardizing the list of products deriving from the two sales networks (formerly Meie and Aurora). Mention must also be made of the launch of several new products, including 'NaviBlu' aimed at the leisure sailing market. Finally work was completed on new products aimed at small and medium-sized enterprises and new products in the Health sector, due to be launched in 2004.

During the year **Winterthur Assicurazioni** continued working on measures aimed at further improving profitability, in Accident, Health and General TPL in particular, by being more selective with the portfolio even if this meant lower volumes. There was a favourable outcome to the campaign to carry out customer service training within the network, shown by the considerable growth in the Assistance and Legal Protection portfolio linked to the sale of motor policies.

Unisalute, which specializes in Health and Health-Care, 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). New types of cover were introduced with exclusive benefits ('second opinion', psychotherapy) that could be sold to individuals or to groups, and 'Critical Illness' policies, which the market is beginning to ask

for. Finally work continued on marketing strategies to stimulate interest in the two new product lines, Health-Care and Long-Term-Care, which are expected to make a major contribution to the growth of the company.

In 2003 **Linear** continued its advertising campaign using testimonials but updated the images and the messages aimed at attracting fresh customers with a good risk profile. By the end of the year the number of policies exceeded 315,000 (+26%) partly thanks to a high rate of renewals (more than 85%) which was evidence for the quality and competitiveness of the products offered.

Navale, which operates in all Non-life business, applied even more stringent portfolio selection policies in the sector of large industrial risks and in some sectors relating to agricultural activities.

Unipol Banca's marketing activity during the year was aimed in particular at developing initiatives in synergy with the insurance sector, in order to increase the number of customers and therefore assets deposited and managed. A positive result was obtained when placing asset management products, including switching from third-party funds to Unipol Fondi funds. Mention must be made of the excellent results achieved in the mortgage loans sector thanks to products that were recommended by the specialized press, and when placing Unipol Assicurazioni's Life policies in the first full year of operation.

In the merchant banking sector, on obtaining authorization from the Banca d'Italia to operate in medium-term credit **Unipol Merchant – Banca per le Imprese** combined the operations previously carried out in the field of merchant banking and investment banking with providing medium- and long-term credit to businesses, thus becoming the bank in the Unipol Banca Banking Group that specializes in the corporate segment.

Lending operations actually began in November 2003 and the first loans were granted in December.

In the fields of business consultancy and investment and capital markets services, one of

the most important tasks was acting as lead manager for the major listings carried out in Italy in 2003 – for Hera (for which the company also acted as financial adviser) and for Meta. In addition Unipol Merchant acted as financial adviser alongside Mediobanca for the Winterthur deal and provided financial advice to Immobiliare Grande Distribuzione (IGD) when it was applying to be listed on the Stock Exchange.

The sales network

With the acquisition of the Winterthur Italia Group the Group agency network expanded considerably during 2003 with the result that by the end of year it consisted of approximately 4,200 sales outlets (agencies and sub-agencies) offering services to approximately 5 million customers.

Especially important is the fact that the 573 agencies of Unipol Assicurazioni and the 502 agencies of Meieaurora were joined by the approximately 800 agencies belonging to the Winterthur Italia Group. The integration currently taking place of Meieaurora and the Winterthur Group will involve reorganizing and streamlining the sales network but it has not yet been decided how this will be done.

It should be recalled that Unipol Assicurazioni also markets its Life products through Unipol Banca (with premium income in 2003 of approximately €126m), whilst Winterthur Vita uses Crédit Suisse's financial advisers as a distribution channel, which in 2003 contributed premium income of more than €200m although this was down because in 2002 it had benefited from the 'tax shield'.

In 2004 premium income from Aurora's Life products (Aurora being the company that will result from the merger between Meieaurora and Winterthur Assicurazioni) will also benefit from the business carried out by the more than 400 branches of the banks controlled by Reti Bancarie Holding (BPL Group) which have already begun operating.

In the bancassurance sector **Quadrifoglio Vita** placed its products through the sales network of

the Banca Agricola Mantovana (286 outlets) belonging to the Monte Paschi banking group. **BNL Vita** used 698 outlets belonging to the BNL Group. Throughout 2003 the company also distributed its products through the network of financial advisers of BNL Investimenti. The contribution made by this channel, which was below that made by the bank's outlets (approximately 8% of new business in 2003), will come to an end as from current year since the BNL recently entered into an agreement with the RAS Group to sell BNL Investimenti.

In motor vehicle business **Linear** continued to expand direct sales by telephone and over the Internet. During the year work was carried out on expanding and restructuring the call centre, which at the end of 2003 was staffed by 204 operators, enabling it to be better run and a better service to be offered to customers. Another channel that contributed considerably more was the Internet, which in 2003 brought in approximately 45% of the premiums written compared with 33% in 2002.

In the health services sector **Unisalute** operated mainly by negotiating large group policies direct and through brokers and, in the case of personal policies, via the telephone and internet and through Unipol Assicurazioni's agency network. Still on the subject of personal policies and small group policies, marketing agreements are being concluded with banking distribution networks or finance companies.

Navale operated through non-exclusive agencies and through brokers.

In the banking field by the end of 2003 **Unipol Banca** could rely on a network of 185 branches plus seven more branches already authorized by the Supervisory Body and due to open in the first half of 2004 (173 branches at the end of 2002). 81 branches were incorporated into a Group insurance agency. The company also had 53 finance shops and 425 financial advisers in addition to direct sales channels (telephone and Internet banking) and the main agencies of Unipol Assicurazioni, which sell standardized banking products.

Property and Financial Management

Investments and liquid assets

At the end of the financial year the volume of investments and liquid assets had reached €26,385.2m, an increase of €621.2m compared with the situation as at 30 September 2003 and of €8,699.1m compared with the situation as at

31 December 2002 (+49.2%), or +30.8% using the same basis of consolidation.

This growth was closely linked to two factors – the rise in the level of technical provisions and the acquisition of the Winterthur Italia Group.

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

INVESTMENTS AND LIQUID ASSETS					
<i>(Amounts in €K)</i>					
	2003		2002		Var. %
	Fin. Year	%	Fin. Year	%	2003/2002
Land and buildings	647,586	2.5	520,991	2.9	24.3
Investments in Group undertakings and other participating interests					
- Stocks and shares	1,372,986	5.2	921,105	5.2	49.1
- Debt securities	49,383	0.2	32,761	0.2	50.7
Total	1,422,369	5.4	953,866	5.4	49.1
Other financial investments					
- Stocks and shares	469,796	1.8	316,542	1.8	48.4
- Units and shares in investment funds	115,122	0.4	131,257	0.7	-12.3
- Bonds and other fixed-income securities	16,787,292	63.6	8,502,181	48.1	97.4
- Financing	86,832	0.3	71,235	0.4	21.9
- Sundry financial investments (1)	590,382	2.2	1,183,265	6.7	-50.1
Total	18,049,424	68.4	10,204,479	57.7	76.9
Deposits with ceding undertakings	26,110	0.1	27,431	0.2	-4.8
Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management					
- Unit-Linked and Index-Linked	5,493,638	20.8	5,118,241	28.9	7.3
- Pension funds	68,033	0.3	43,481	0.2	56.5
Total	5,561,672	21.1	5,161,723	29.2	7.7
Cash and cash equivalents					
- Bank and postal deposits, cash	677,992	2.6	810,234	4.6	-16.3
- Own shares	0	0.0	7,313	0.0	-100.0
Total	677,992	2.6	817,547	4.6	-17.1
TOTAL INVESTMENTS AND LIQUID ASSETS	26,385,151	100.0	17,686,036	100.0	49.2

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

Land and buildings

At the end of the year investments in land and buildings amounted to €647.6m, a net increase compared with 2002 of €126.6m (+24.3%). Unipol Assicurazioni, Meieaurora and Navale sold properties during the year whilst the companies in the Winterthur Group (consolidated in 2003) contributed property with a net value of €166.3m.

Investments in Group undertakings and in other participating interests

At the end of the financial year resources invested in stocks and shares in Group undertaking and other participating interests totalled €1,373m, a net increase of €451.9m (+49.1%) compared with the situation as at 31 December 2002, mainly because of investments made by the Parent Company

Unipol and by Meieaurora. Unipol subscribed a capital increase in Unipol Banca of €149.8m to be used for the acquisition of Capitalia's banking outlets. Meieaurora acquired a 10% share in Unipol Banca for €67.2m and, at the end of December 2003, a holding of 8%, for a countervalue of €173.4m, in BPL Retail spa, now Reti Bancarie Holding spa, a banking sub-holding company in the BPL Group which controls eight banks in Northern and Central Italy and has a distribution network consisting of more than 400 branches. This holding, which is now 8.01%, is subject to the signing of a commercial agreement between Meieaurora spa and Reti Bancarie under which Meieaurora Life products will continue to be distributed exclusively through the above-mentioned branches. If this agreement is not finalized, the company will have the right to sell this holding at the price it paid for it.

As at 31 December 2003 there were also bonds issued by participating interests amounting to €49.4m (€32.8m at the end of 2002).

Other financial investments

Against the background of worldwide economic uncertainty over the timetable for recovery and over the trend in the principal financial variables, the guidelines for asset management during 2003 continued to be aimed at short-term low-risk cash investments and trading activity on the bond market intended to take advantage of the opportunities offered by the volatility in interest rates recorded during the period.

The effects of this policy involved restructuring the portfolio of financial holdings, with an increase in the proportion of cash holdings and variable-rate Government bonds.

As at 31 December 2003 financial investments amounted to €18,049.4m, an increase of €7,844.9m compared with the previous year (+76.9%), or +31.7% using the same basis of consolidation.

The new companies contributed investments totalling €5,310.4m.

Bonds made up 93% of the total, stocks and shares 2.6%, sundry financial investments (mainly repo contracts) 3.3%, units and shares

in investment funds 0.6% and corporate financing 0.5%.

The net increase in this item derived substantially from an increase in bonds (+€8,285.1m mainly due to the contribution made by the Winterthur Italia Group) whilst there was a decrease in sundry financial investments (-€592.9m).

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 'Istituti Bancari Italiani', for which a lower rating was accepted.

Where a bond investment was 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 no exposure in the geographical areas recently affected by economic crises.

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

Investments matching 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 2003 the amount in question was €5,493.6m (+7.3%), divided up as follows (in €m):

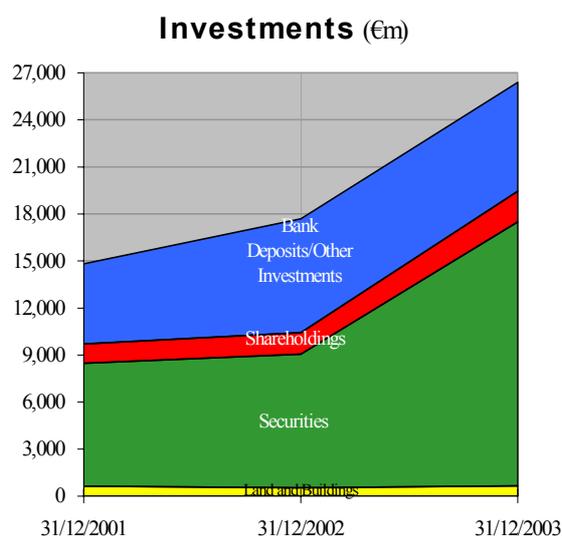
- Index-Linked policies €2,957.3
- Unit-Linked policies €2,536.3

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

As at 31 December 2003 these investments totalled €68m (+56.5%).

Liquid assets

At the end of the financial year cash at bank and in hand amounted to €678m, a decrease of €132.2m compared with the balance as at 31 December 2002 (-16.3%).



Investment income

As at 31 December 2003 income from investments, including investment of liquid assets, net of investment charges, totalled €481.8m (€478.6m in 2002), an increase of 0.7%. The net gains realized on sales of property and deriving from trading in stocks and shares, fixed-income securities and other financial investments totalled €211.2m (€100.5m at the end of the previous financial year), €59.4m of which related to long-term investments (€37.2 in 2002) and €28.6m of that was on the sale of Noricum Vita.

Therefore as at 31 December 2003 net investment income and net trading profits amounted to €693m (€579.1m in 2002).

The net rate of return on investments averaged 4.8% (5% in 2002).

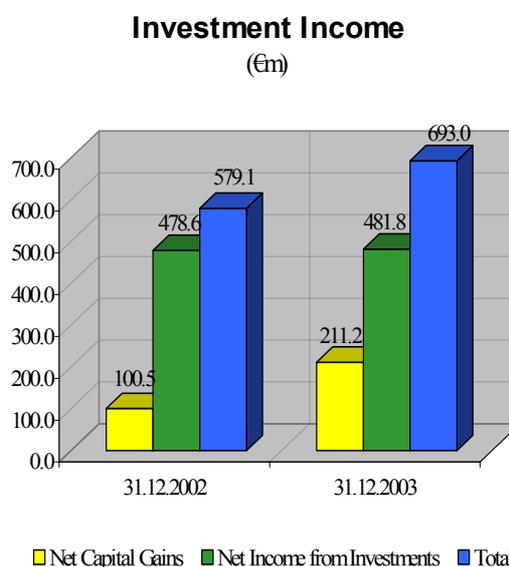
Value adjustments, net of value readjustments, totalled €101.8m (€149.6 as at 31/12/2002). Some of these capital losses, if realized, would

fall to policyholders, since they also relate to assets that belong to Life segregated accounts.

Overall, net ordinary and extraordinary income, including net value adjustments on investments, amounted to €591.2m (€429.5m in 2002).

Income and charges relating to benefits linked with investment funds, market indices and pension funds (Class D) showed a net positive result of €314.3m (-€73.8m as at 31/12/2002).

This result was offset by a change in the technical provisions and therefore had no effect on the profits.



Shareholders' Equity

At the end of 2003 the shareholders' equity pertaining to the Group stood at €2,493.8m compared with €1,338.5m as at 31 December 2002, an increase of €1,155.3m, almost all of it as a result of the operation to increase the Parent Company's capital.

The portion of shareholders' net equity pertaining to minority interests amounted to €229.9m (€163.3m at the end of 2002). The variation was due to the change in the basis of consolidation.

As at 31 December 2003 the Parent Company Unipol Assicurazioni held none of its own shares. 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 and Major Subsidiaries)

Insurance sector

Composite Companies



Compagnia Assicuratrice Unipol spa

The salient points concerning the business carried out by the Parent Company in 2003 are as follows:

- premium income of €2,454.2m, an increase of 29.1%. Direct premium income reached €2,399.3m, €1,323.1m of which was for Non-life business and €1,076.2m for Life business. The rate of growth for direct business was 31.2% (+9.2% for Non-Life business and +74.5% for Life business);
- a positive technical result in insurance business of €125.0m (€139.2m as at 31/12/2002);
- a reduction in the incidence of operating expenses on premium income (14.1% compared with 16.5% in 2002);
- a rise in investments and in liquid assets (+36.9%), in the relevant current net income (+8.4%) and in net capital gains (+100.9%), whilst net value adjustments had less effect on total investments (-21.8%);
- the ordinary result up on the previous year (+9.3%) and an even greater increase in the extraordinary result (+97.2%).

The net profit for the year amounted to €134.1m, an increase of 30.1% compared with the previous year.

The logo for Winterthur, featuring the word "winterthur" in a bold, black, lowercase sans-serif font. A thick black horizontal bar is positioned above the text, and a thick orange horizontal bar is positioned below it.

Winterthur Assicurazioni spa – Milan

Share capital: €129.5m

Shareholding: 89.99%

In 2003 the company had direct premium income from Non-Life business of €1,333m (€1,317m in 2002), an increase of 1.2% over the previous year. This limited growth was linked to a Motor TPL tariff policy that was in line with the Memorandum of Understanding signed by ANIA, the Ministry of Production and the Consumers' Associations, to greater underwriting selectivity in the Accidents and Health sectors and to the alterations made to the criteria for recording premiums to make them conform to those of the Unipol Group.

There was a considerable improvement in the loss ratio for direct business, which fell from 70.9% in 2002 to 68% in 2003.

Direct operating expenses, which came to a total of €316m, fell by 3.4% compared with their level of €327m in 2002 because of the introduction of policies to keep costs down, and their incidence on direct premium income fell from 24.8% in 2002 to 23.7%. At the end of 2003 the company had 1,398 employees.

The technical result was well up, rising from €99.7m to €155.4m.

Total investments and liquid assets amounted to €2,511m (€2,338m at the end of 2002), an increase of 7.4%. The result of asset management, including net ordinary and extraordinary income, totalled €100.2m compared with €88.1m in the previous year (+13.8%).

The gross profit for 2003 was €138.1m, up 25% from the amount of €110.5m achieved in 2002, and the net profit amounted to €75.5m compared with €86.8m in the previous year, the drop being due to the fact that the company did not benefit from prior years' tax losses as in the preceding financial year.

The net profit for the fourth quarter of 2003 included in the Unipol Group consolidated accounts came to approximately €21.0m.

winterthur



Winterthur Vita spa – Milan

Share capital: €117m

Shareholdings: Unipol Assicurazioni: 60.22%

Winterthur Assicurazioni: 29.78%

In 2003 the company had Life premium income of €596m, a fall of 17.4% compared with the previous year (€722m). This decrease was linked to the drop in business recorded by the Crédit Suisse network of advisers, which in 2002 had benefited from the extraordinary effects linked to the 'tax shield'. Traditional-type policies (Class I) made up 67.6% of the portfolio.

Operating expenses amounted to €31m (€30.3m as at 31/12/2002, +2.3%). The incidence on direct premium income rose from 4.2% in 2002 to 5.2% because of the reduction in premiums and the restructuring of the portfolio. At the end of the year the company employed 125 staff (132 at the end of 2002).

The technical result improved enormously, rising from €8m in 2002 to €25.8m as at 31 December 2003, mainly owing to the major contribution made by asset management.

Investments, including those the risk of which was borne by policyholders, amounted to €3,460m (+13.5% compared with €3,049m at the end of 2002). Ordinary and extraordinary investment income, net of the relative charges and excluding the income and charges in Class III, also benefited from more advantageous market conditions and amounted to €170.1m compared with €144.6m in the previous year (+17.7%).

The company ended the financial year with a net result of €18.8m, well up on the result of €10.4m achieved in 2002.

The net profit for the fourth quarter of 2003, which was included in the Unipol Group consolidated accounts, came to approximately €2.9m.

Meieaurora spa – Milan

Share capital: €190.8m

Shareholding: 84.61%

In 2003 the company had direct premium income of €1,238m, an increase of 13.3% over the previous year (€1,092m).

There was considerable growth in Life business (+44.4%) as a result of both the positive contribution made by the agency network and the contribution made by several major capital redemption policies in the corporate segment. Non-Life business recorded an improvement of +1.9%, a consequence of the selective underwriting policy adopted by the company for Non-Life classes, which focused on growth in non-motor business (+9%) and on consolidating the portfolio for the motor vehicle classes (-1.4%), in which underwriting selectivity remained a priority. The policies adopted led to a further considerable improvement in the technical ratio for direct business, which fell to 73.3% (-6.4 points compared with 79.7% in 2002).

The operating expenses came to a total of €198.5m (€195.4m as at 31/12/2002) and the incidence on direct premium income was 16% compared with 18% in 2002.

At the end of the year the company had 841 employees (861 at the end of 2002).

The positive technical trend in Non-Life business enabled a combined ratio of 95.6% to be achieved (102% in 2002).

The technical result for Non-Life and Life business rose from €26m in 2002 to €43.5m in 2003 (+67%), a figure that indicates the success of the strategy of integrating the company into the Unipol Group that was pursued from the moment it was acquired. (In 2000 the result on the pro-forma technical account showed a negative balance of €18.4m.)

At the end of the financial year the level of investments and liquid assets stood at €3,101m (€2,682m at the end of 2002), an increase of 15.6%.

During the year the company acquired a holding of 10% of the capital of Unipol Banca (for a countervalue of €67.2m) as part of the plan, already implemented within the Parent Company Unipol, for synergetic growth between the company's agency network and the bank's distribution network.

At the end of 2003 a holding of 8% was acquired, for a countervalue of €173.4m, in BPL Retail spa – now Reti Bancarie Holding spa (BPL Group) – which controls eight banks in Northern and Central Italy and has a distribution network consisting of more than 400 branches. This holding, which is now 8.01%, is subject to the signing of a commercial agreement under which Meieaurora Life products will be distributed through the branches of the banks.

As at 31 December 2003 income from investments, including investment of available cash, net of the relative charges, totalled €103.7m (€116.5m as at 31/12/2002), a decrease of €12.7m (-10.9%) as a result of the realization of smaller amounts of capital gains from the sale of property, net of which growth would have been 8%.

The company ended the financial year with a net profit of €38.3m, a substantial improvement over the €30.2m achieved in 2002 (+26.8%).

Specialist Companies



Compagnia Assicuratrice Linear spa – Bologna

Share capital: €19.3m

Shareholding: 80%

Linear distributes motor vehicle insurance products by telesales and via the Internet.

In 2003 the company had premium income of €130m, an increase of 33% over the previous

year, growth being once again enhanced by customers being attracted by low costs and the quality of the products and services on offer.

Linear's growth was also nurtured by the growing contribution made by the internet as a sales channel, which, with premium income in excess of €48m, contributed 37% of the total (32% in 2002).

Against this background Linear continued to pursue its strategy of growth, concentrating in particular on improving the technical results and on keeping operating expenses down whilst maintaining a high level of service.

This strong rate of growth 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, at a price above par, of approximately €5m, which was fully subscribed and paid up by the shareholders.

The trend in the loss ratio was in line with expectations, with a ratio of claims to earned premiums for direct business of 77.4%, slightly lower than in the previous year (77.8%).

The incidence of operating expenses on direct premium income was 13.4%, in line with the previous year, despite the expense of expansion. As at 31 December 2003 the company employed 265 staff, 180 of whom were call-centre operators (220 in 2002, this figure including 164 call-centre operators).

The result on the technical account rose from €7.8m to €15m (+92%).

The value of investments and liquid assets was €184m (€134m in 2002) and the total of ordinary and extraordinary net investment income was €6.1m, well up on the €4.5m achieved in 2002.

The 2003 financial year closed with a positive net result of €10.3m, almost twice the net profit of €5.2m recorded in 2002.



Unisalute spa – Bologna

Share capital: €17.5m

Shareholding: 87.44%

In 2003 Unisalute, which specializes in Health

and Health-Care, achieved direct premium income of €64.4m (+21% compared with 2002), which strengthened the company's position in the Health sector with a market share of almost 4%. This result was particularly important against a macroeconomic background that was not favourable towards growth in the sector.

At the end of 2003 insurance policies in the sector of Health and that of Health-Care (which has a dedicated internal set-up) covered more than 800,000 individuals.

The ratio of claims to premium income for direct business was 70.9%, slightly better than in the previous year (71.6%) and still well below the market average.

The incidence of operating expenses on premium income was 16.6% (17.9% in 2002) and the combined ratio was 87.5% (89.5% in 2002). The number of staff employed by the company reached 208 (161 at the end of 2002), 120 of whom worked in the call centre.

As at 31 December 2003 the value of investments and liquid assets was €44.9m (€44.8m as at 31/12/2002) and net ordinary and extraordinary investment income reached €1.7m (€1.5m in 2002).

As at 31 December 2003 the accounts closed with a net profit of €3.8m, an improvement over the result of €3.5m achieved in 2002.



Navale Assicurazioni spa – Ferrara

Share capital: €10.5m

Shareholding: 98.24%

2003 was a particularly difficult year for the company. The policies of restructuring the portfolio led to a slowdown in business, especially in the most risky sectors. The company's underwriting policy was increasingly geared towards restructuring the existing portfolio and lowering the risk profile of policies underwritten, Transport and Tourism being retained as specialist and growth sectors albeit with greater selectivity in the case of Marine-Hulls, the results for which show a high

degree of volatility. Direct premium income amounted to €126.1m, a decrease of 1.8% over 2002.

The loss ratio was badly affected by several major claims, including a particularly large fire claim for €9.3m and several major damage to ships which made the result of direct business negative. The loss ratio of direct business was 83.9% (74.2% in 2002), partly owing to the continuing rise in the level of provisions for losses incurred during previous years, in particular in the third-party liability classes. During 2003 handling with losses incurred prior to 2000 was largely entrusted to the Generali Group since these losses were covered by a guarantee given by Generali to the Parent Company Unipol Assicurazioni under the agreement to sell Navale that Generali and Unipol Assicurazioni entered into on 7 April 2000. On the basis of the information provided by Generali, an additional amount of approximately €5m was allocated to provisions in respect of these losses.

The financial year was also severely affected by the losses incurred by the reinsurers in previous years which had an adverse effect on the costs and the terms of reinsurance coverage negotiated at the end of 2002. In fact, despite these extensive losses, the technical balance of outward reinsurance was negative to the tune of €4.8m.

During the last few months of the year in-depth analysis was carried out, with the help of an external company, of the company's receivables from policyholders and reinsurers which brought to light some that were irrecoverable and others that were unlikely to be recoverable. These were written down and had funds set aside to cover them.

Operating expenses, gross of reinsurance, amounted to €25.2m (€25.8m in 2002), and were 20.0% of premiums compared with 20.1% in the previous year. At the end of 2003 the company had 102 employees (98 at the end of 2002).

The volume of investments and liquid assets amounted to €145m, an increase of 20% compared with 2002 as a result of a capital increase of €5m carried out in July. Investments

generated net ordinary and extraordinary income of €8.8m (+13.5%).

As a consequence of the foregoing the company made a net loss of €9.4m.

In the light of the result for the year, on 23 March 2004, in order to provide the company with a more solid financial base on which to carry out its business activities, the Parent Company Unipol Assicurazioni made a payment towards a future capital increase of €20m, which followed the €5m paid on 22 July 2003, thus raising the company's equity to approximately €32m.

During the second half of 2003 work began on analysing and revising operational, underwriting and claims-handling procedures. It is hoped that this work, which is not yet complete, will begin to show benefits in 2004. At the same time plans are underway to find a fresh strategic position for the company that will fit in with Unipol Group's plans for expansion.

Bancassurance Companies



Quadrifoglio Vita spa – Bologna

Share capital: €27.2m

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

In 2003 this company, which distributes Life policies mainly through the branches of the Banca Agricola Mantovana, recorded premium income of €887m (€820.3m in 2002). This increase of 8.1% is important since it is in contrast to a really remarkable increase in the previous year (+126.4%).

77% of premiums from new business, amounting to €876m (€806m in 2002), derive from traditional products and 23% from investment products (most of them Index-Linked).

Operating expenses showed an incidence on premiums of 2.4%, (1.7% in 2002), the increase over the previous year being essentially due to

adjusting commission charges and the costs of outsourced services to comply with the conditions in the market. The increase in technical provisions, which rose from €1,627m in 2002 to €2,438m at the end of 2003, meant that it was necessary to increase the company's equity required to cover the solvency margin, and this took place by means of two increases in share capital at a price above par for a total amount of €28.2m and the issue of a subordinated loan for €6m.

At the end of the year the volume of investments and liquid assets, including those where the risk was borne by the policyholder, amounted to €2,492m (€1,665m as at 31/12/2002), an increase of €49.7%.

Ordinary and extraordinary investment income, net of the relative charges and excluding income and charges in Class III, amounted to €49.6m (€25.5m in 2002).

The net profit for the year, amounting to €7.3m (€9.1m in 2002), was affected by the increase in acquisition and operating expenses and by higher net value adjustments on investments.



BNL Vita spa – Milan

Share capital: €110m

Shareholding: 50% (controlled jointly with Banca BNL)

BNL Vita sells its products through the approximately 700 outlets of BNL.

Premium income in 2003 amounted to €2,077m, an increase of 22.8% compared with 2002, which continued the positive trend in premium income of the last few years. Premium income for new business reached €1,925m, an increase of 29%. Approximately 70% of business in 2003 was from traditional products and 30% from investment products, the mix having changed in favour of a considerable prevalence of Index-Linked products.

During the final quarter of 2003, because of the sustained growth in business recorded by the company, a subordinated bonded loan for

€28m was issued order to increase the company's equity to cover the solvency margin. Operating expenses amounted to €79.5m and had an incidence on premiums of 3.8%, in line with the figures for the previous year. At the end of the year the number of employees was 85 (the same as at 31/12/2002).

Investments and liquid assets, including those where the risk was borne by the policyholder, rose from €6,297m in 2002 to €7,714m in 2003, an increase of 22.5%.

Ordinary and extraordinary investment income, net of the relative charges and excluding income and charges in Class III, amounted to €154.1m, an increase of 87.4% compared with €82.2m in 2002 which was badly affected by the high level of capital losses recorded on securities (€57.8m in 2002 compared with €12.1m in 2003).

The net profit for the year was €31.4m, well up on the figure of €12.3m for the previous year.

Banking, Asset Management and Merchant Banking

UNIPOL BANCA

Unipol Banca spa – Bologna

Share capital: €426.3m

Shareholdings: Unipol Assicurazioni: 82.86%

Meieaurora: 10%

Activity during 2003 was particularly aimed at developing marketing initiatives in synergy with the insurance sector in order to increase the number of customers and, as a result, the amount of funds received and managed.

Work on integrating the 60 branches acquired at the end of 2002 from the Capitalia Group was completed during the year.

Work also continued on the expansion of the sales network for internal lines, which reached a total of 185 branches (compared with 173 at the end of 2002), 81 of which were combined with a Group insurance agency, 53 finance shops and 425 financial advisers. In addition at the end of 2003 seven more branches had

already been authorized by the Supervisory Body and were due to open, thus bringing the total number of branches to 192.

At the end of 2003 Unipol Banca recorded direct customer deposits of approximately €2.6bn (€2.2bn at the end of 2002) and customer funds of approximately €11.5bn, €1.2bn of which was assets under management compared with €1bn at the end of 2002. The value of Unipol Assicurazioni Life policies placed (approximately €126m) continued to grow. Loans to customers amounted to approximately €1.9bn (+18.2% compared with 2002). The increase was mainly in medium- to long-term mortgages, mortgage loans exceeding €522m being granted during the year. The proportion of net doubtful loans was 0.6%, the same as in 2002 and well below the market average.

In December 2003 a further operation to securitize 'performing' mortgage loans was launched for a total countervalue of approximately €333m.

As at 31 December 2003 Unipol Banca employed 1,180 staff, an increase of 47 compared with the number at the end of the 2002 financial year. 24.3% worked at Head Office, a lower percentage than the average for the banking system as a whole.

In the final period of the year Unipol Banca acquired control of Unipol Merchant – Banca per le Imprese SpA, which recently obtained authorization to carry out credit business. The investment of approximately €54.6m was made entirely with own funds.

Analysis of the main items in the profit and loss account shows that the gross operating income increased by 80% to €150.8m, allowing EBITDA (earnings before interest, tax, depreciation and amortization) of €46.6m to be achieved.

The profit for the year, net of €7.8m of tax and after depreciation and allocations of approximately €24m are taken into account, was €15.1m, which was almost three times the net profit achieved in the previous year (€5.3m).

At the end of 2003 the subsidiary Unipol Fondi Ltd, a company registered in Ireland that

manages unit trusts, achieved assets under management of €529m, an increase of €257m compared with the figure at the end of 2002. This substantial growth (+95%) was due to the forceful marketing style of Unipol Banca's sales network. The net profit for 2003 rose to €811K (€38K at the end of 2002).

Unipol Merchant – Banca per le Imprese spa – Bologna

Share capital: €99.6m

Unipol Banca shareholding: 53.47%

In September 2003 Unipol Merchant obtained authorization from the Banca d'Italia to carry out credit operations and therefore adopted the new company name of 'Unipol Merchant – Banca per le Imprese S.p.A.'. The company thus combined the operations it already carried out in the field of merchant banking and investment banking with the granting of medium-term and long-term loans to businesses, becoming the bank within the Unipol Banca Banking Group that specializes in the corporate segment and coming under the direct control of the Bank, which currently holds 53.47% of the shares.

In December 2003, in order to have the resources required to carry out its business plan, Unipol Merchant – Banca per le Imprese implemented part of the capital increase (up to €105.4m) approved by the Extraordinary Meeting of Shareholders held on 30 October 2002, the share capital as at 31 December 2003 thus rising from €70.3m to €99.6m.

During the year, all the various departments of Unipol Merchant – Banca per le Imprese, were heavily involved in the implementation of the new IT system and in the decisions made relating to products and procedures suitable for carrying out banking activities. As at 31 December 2003 40 staff were employed.

It was not possible to commence carrying out lending activities until November 2003, and the first loans were granted in December. 2003 closed with loans granted to customers totalling €31m.

In the fields of business consultancy and

investment and capital markets services 58 mandates were managed and lines of credit brokered and/or organized on behalf of client enterprises during the year for a total amount of approximately €182m.

One of the most significant mandates was acting as lead manager for the major listings carried out in Italy – Hera (for which the company also acted as financial adviser) and Meta. Unipol Merchant also acted as financial adviser alongside Mediobanca for the Winterthur deal and provided financial advice to Immobiliare Grande Distribution (IGD) when it was applying to be listed on the Stock Exchange.

The period ending 31 December 2003 closed with a net profit of €2m.

Property Companies

As at 31 December 2003 the four property companies (Midi, Unifimm and the two recently-acquired companies Centro Services Missori and Immobiliare San Vigilio) had buildings and building land on their books valued at a total of €88.1m.

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 those pertaining in the market.

As shown in the Report of the Parent Company's Board of Directors, 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 two bonded loans each issued by a company in the Group. Unipol's current accounts and accounts in which its securities and those of some of the other Companies in the Group are deposited are normally held with Unipol Banca.

Transition to IAS/IFRS

In accordance with CONSOB's recommendation contained in its press release of 30 December 2003, which covers the request made by the CESR (Committee of European Securities Regulators), of which CONSOB is a member, the measures Unipol Assicurazioni is putting into effect to prepare for the transition to the IFRS are described below.

The first accounting document drawn up on the basis of the IAS/IFRS should be the Consolidated Report for the period ending 31 March 2005, which should show the comparative figures for the corresponding period of the preceding financial year, laid out in accordance with the new standards.

Representatives of the Parent Company and of some of the subsidiaries are active members of the various working groups set up by ANIA to analyse accounting and financial issues.

At the end of 2003 the Parent Company Unipol Assicurazioni set up a project to make the transition to the IAS/IFRS in collaboration with a major firm of business consultants and with the assistance of the company that currently has the task of auditing and certifying the accounts.

A unit was also set up for this purpose within the Joint DG 'Administration, Accounting and Group Consolidated Accounts'.

Systems, processes and bookkeeping and accounting models to be reviewed in order to conform to the new standards at company level (Parent Company and subsidiaries) are being analysed in detail. The business areas most affected by the new accounting system are general bookkeeping, finance and shareholdings, Life technical, property and IT.

The main differences ascertained so far are expected to relate to:

- the Life technical account, where financial products will no longer be classified as insurance policies but will have to be recorded as investment contracts, thus leading to a reduction in premium income for Life business;
- finance, where , because of the new rules

on classification and valuation, the current categories of long-term and short-term investments will be replaced by the following four categories:

- financial assets and liabilities held for trading,
 - investments held to maturity,
 - loans and receivables,
 - financial assets available for sale;
- listed strategic holdings of less than 20% that can no longer be maintained at cost but only at the fair value;
 - some multiyear costs (e.g. costs of advertising, fixtures and fittings and expansion, training and increases in share capital) that can no longer be capitalized;
 - the goodwill paid to acquire controlling interests, which can no longer be depreciated using the current criteria but will have to be subject to a test, at least annually, to ascertain whether it is holding its value (*impairment test*);
 - the proportional consolidation of jointly-controlled bancassurance companies, which are currently consolidated on a line-by-line basis (Quadrifoglio Vita and BNL Vita). This will lead to the proportion of all the consolidated items not relating to the Group (50%) being eliminated from the assets, the liabilities and the profit and loss account (including premiums);
 - the consolidation on a line-by-line basis of the companies that carry out different types of business activity (Unipol Banca Group), currently valued by the equity method.

Significant Events after the End of the Financial Year

On 27 January 2004 the Shareholders' Meetings of Meieaurora, Winterthur Assicurazioni and NewWin approved the plan to merge Meieaurora and the Winterthur Italia Group, which will give rise to 'Aurora Assicurazioni S.p.A.', the third largest composite insurance company operating in Italy with premium income of €3.2bn (pro-forma figures for 2003).

The merger is divided into the following operations:

- acquisition by Winterthur Assicurazioni of 90% of the capital in Winterthur Vita, 29.78% of which had already been acquired by Winterthur Italia Holding on 30 December 2003 and the remaining 60.22% by Unipol Assicurazioni on 22 January 2004;
- a free increase in the share capital by increasing the nominal value of each share from €5.16 to €5.67 and splitting their nominal value to €0.27 in order to align the nominal values of the shares of the companies that are involved in the conferment and merger operation, thus simplifying conversion operations by eliminating remainders and fractions;
- conferment on Winterthur Assicurazioni by Unipol Assicurazioni of a controlling share of 54% of Meieaurora's share capital by means of a reserved capital increase at a price above par;
- merger by incorporation of Meieaurora, with the allocation of one Winterthur ordinary share for each Meieaurora share, by an increase in the share capital of Winterthur Assicurazioni allotted to Meieaurora shareholders other than Winterthur Assicurazioni;
- merger by incorporation of NewWin Assicurazioni, 100% controlled by Winterthur Assicurazioni.

These operations form an integral part of Unipol Group's three-year plan presented to the financial community in July 2003 and are aimed at the ever more forceful pursuit of the goals of achieving higher income and growth and creating value for shareholders by making substantial economies of scale and cost-savings in addition to achieving marketing synergies amongst all the companies involved in the project. As already described above, a start has already been made on the synergetic work of merging the companies in the Winterthur Italia Group, in particular by unifying Group claims-handling procedures, sharing IT and communications systems and centralizing financial and property management within the Parent Company. Work is also underway on preparing Aurora's new range of products.

As far as logistics are concerned a major contribution to the Meieaurora – Winterthur Italia Group merger will come from the agreement entered into on 6 February 2004 by Unipol Assicurazioni and the Fondo Immobiliare Whitehall, managed by Goldman Sachs, relating to the acquisition by Unipol Assicurazioni of the building complex known as the 'E Tower' in San Donato Milanese (Milan). The building will house the single registered office of Aurora Assicurazioni. Under this agreement Unipol Assicurazioni S.p.A. will also sell a property in Milan. The operation will involve a total investment of €129.1m, financed from available funds.

On 23 January Unipol Assicurazioni subscribed the share pertaining to it of the capital increase in the affiliated company Finec Holding spa, from €153.7 to €177.7m, for a countervalue of €9m.

On 29 January Unipol Assicurazioni sold its entire holding in Unipol SGR to Unipol Banca for €2.4m. As from April 2004 Unipol SGR will manage the financial resources of Unipol Fondi. Also being studied are plans to set up two closed funds during 2004, one for property and one for stocks and shares.

At the end of 2003 BNL signed an agreement with the RAS Group for the sale of the subsidiary bank BNL Investimenti. In 2003 BNL Investimenti's network of financial advisers made some contribution to BNL Vita's income (approximately 8.3% of new business). Therefore up to the present time no fall in the company's premium income is expected for 2004 even though this source of business is expected to dry up within a short space of time.

In January 2004 Winterthur Vita was inspected by the Antitrust Authority. The purpose of the investigation, which was carried out into several major companies, was to check the use of a database set up by a well-known market research company. At the moment no potential liabilities for the company are expected.

On 23 March 2004 Unipol Assicurazioni made a payment of €20m to Navale Assicurazioni for a future increase in its share capital in order to provide the company with more funds with which to carry out its business activities.

Business Outlook

According to the first estimates, during the first quarter of 2004 the trend in insurance business for the Group showed a considerable rise in Non-Life premium income compared with the first quarter of 2003 as a result of the change in the basis of consolidation. Excluding the contribution made by the Winterthur Italia Group the growth recorded in Non-Life business was in line with the expectations of a slowdown in the rate of growth as a result, in particular, of the Companies within the Group complying with the Memorandum of Understanding signed by the Government, by ANIA and by the Consumers' Associations relating to a freeze on increases in Motor TPL tariffs. In Life business there was a downturn because of the departure of Noricum Vita since the contribution it had made during the quarter was not offset by that made by the new arrival, Winterthur Vita, and because bancassurance business, despite having achieved particularly high increases in the first quarter of 2003, made a much lower contribution in the first quarter of 2004.

The trend in the loss ratio continued to be in line with the positive trend recorded in the previous year. The trend in operating costs was normal. As already described, the initial effects of synergies arising from the Meieaurora – Winterthur Italia Group merger are expected to emerge during the current year although some of the procedures required for the reorganization may involve extraordinary expenditure in the short term.

The trend in property and financial management was positive, in line with expectations.

As far as the banking sector is concerned, during the first quarter of 2004 five new branches integrated with an existing insurance agency were opened. During February Unipol

Banca submitted its updated long-term development plan to the Banca d'Italia in order to obtain fresh authorization to expand its network of branches throughout the country. In March the Supervisory Body authorized the acquisition of a fiduciary company, which had already been set up but was not operative. This operation, due to be executed in April, will allow the Bank to offer this particular asset management instrument to its customers.

Overall, business in the first few months of 2004 made favourably progress and was on target for further growth in the consolidated Group result in terms of both turnover and higher consolidated net profit.

Bologna, 26 March 2004

The Board of Directors

2003 Consolidated Accounts

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

CONSOLIDATED ACCOUNTS

Balance Sheet

2003 Financial Year

(Amounts in €K)

CONSOLIDATED BALANCE SHEET

ASSETS

as at 31 December 2003

A. SUBSCRIBED SHARE CAPITAL UNPAID			1	0
of which called-up capital	2	0		
B. INTANGIBLE ASSETS				
1. Deferred acquisition commissions	3	76,203		
2. Other acquisition costs	4	887		
3. Goodwill	5	16,890		
4. Other intangible assets	6	49,556		
5. Differences arising from consolidation	7	1,069,698	8	1,213,234
C. INVESTMENTS				
I - Land and buildings			9	647,586
II - Investments in Group undertakings and participating interests:				
1. Shares and participating interests in:				
a) holding companies	10	0		
b) subsidiaries	11	479,281		
c) associated undertakings	12	0		
d) affiliated undertakings	13	72,466		
e) other undertakings	14	821,239	15	1,372,986
2. Debt securities	16	49,383		
3. Corporate financing	17	0	18	1,422,369
III - Other financial investments				
1. Shares and participating interests	19	469,796		
2. Units and shares in investment funds	20	115,122		
3. Bonds and other fixed-income securities	21	16,787,292		
4. Loans	22	86,832		
5. Participation in investment pools	23	0		
6. Deposits with credit institutions	24	0		
7. Sundry financial investments	25	590,382	26	18,049,424
IV - Deposits with ceding undertakings			27	26,110
D. INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK THEREOF AND INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT			28	20,145,489
			29	5,561,672
to carry forward				26,920,395

as at 31 December 2002

			101	0
	102	0		
	103	61,784		
	104	2,570		
	105	6,063		
	106	15,582		
	107	393,367	108	479,366
			109	520,991
110	0			
111	248,370			
112	1,875			
113	94,461			
114	576,399	115	921,105	
	116	32,761		
	117	0	118	953,866
	119	316,542		
	120	131,257		
	121	8,502,181		
	122	71,235		
	123	0		
	124	0		
	125	1,183,265	126	10,204,480
			127	27,431
			128	11,706,768
			129	5,161,723
	to carry forward			17,347,857

CONSOLIDATED BALANCE SHEET

ASSETS

as at 31 December 2003

	carried forward		26,920,395
D. bis	TECHNICAL PROVISIONS - REINSURERS' SHARE		
	I - NON-LIFE INSURANCE BUSINESS		
	1. Provision for unearned premiums	30 103,485	
	2. Provision for outstanding claims	31 399,416	
	3. Other technical provisions	32 402	33 503,303
	II - LIFE ASSURANCE BUSINESS		
	1. Mathematical provisions	34 379,799	
	2. Provision for amounts payable	35 5,591	
	3. Other technical provisions	36 114	
	4. Technical provisions for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	37 0	38 385,504
			39 888,807
E.	DEBTORS		
	I - Debtors arising out of direct insurance operations	40 865,018	
	II - Debtors arising out of reinsurance operations	41 182,260	
	III - Other debtors	42 297,580	43 1,344,858
F.	OTHER ASSETS		
	I - Tangible assets and stocks	44 28,552	
	II - Cash at bank and in hand	45 677,992	
	III - Own shares	46 0	
	IV - Other assets	47 93,919	48 800,463
G.	PREPAYMENTS AND ACCRUED INCOME		49 212,097
	TOTAL ASSETS		50 30,166,620

as at 31 December 2002

carried forward			17,347,857
130	91,695		
131	359,474		
132	401	133	451,570
134	305,525		
135	4,160		
136	133		
137	0	138	309,818
		139	761,388
		140	520,249
		141	143,793
		142	236,056
		143	900,098
		144	16,199
		145	810,234
		146	7,313
		147	49,000
		148	882,746
		149	120,910
		150	20,012,999

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2003

A. CAPITAL AND RESERVES			
I - Capital and reserves - Group			
1. Subscribed share capital or equivalent funds	51 906,230		
2. Free reserves	52 1,487,663		
3. Consolidation reserve	53 -48,331		
4. Reserve for valuation differences			
on unconsolidated participating interests	54 778		
5. Exchange risk reserve	55 0		
6. Reserves for own shares and holding company's shares	56 0		
7. Profit (loss) for the financial year	57 147,456	58 2,493,796	
II - Capital and reserves - minority interests			
1. Capital and reserves - minority interests	59 199,937		
2. Profit (loss) for the year - minority interests	60 29,934	61 229,871	62 2,723,667
B. SUBORDINATED LIABILITIES			63 666,000
C. TECHNICAL PROVISIONS			
I - NON-LIFE INSURANCE BUSINESS			
1. Provision for unearned premiums	64 1,455,877		
2. Provision for outstanding claims	65 4,973,166		
3. Equalization provision	66 5,865		
4. Other technical provisions	67 5,175	68 6,440,083	
II - LIFE ASSURANCE BUSINESS			
1. Mathematical provisions	69 13,329,133		
2. Provision for amounts payable	70 129,815		
3. Other technical provisions	71 208,742	72 13,667,690	73 20,107,773
D. TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND ARISING OUT OF PENSION FUND MANAGEMENT			74 5,561,192
E. PROVISIONS FOR OTHER RISKS AND CHARGES			
1. Provisions for pensions and similar obligations		75 0	
2. Provision for taxation		76 17,636	
3. Contingent consolidation provision		77 0	
4. Other provisions		78 29,177	79 46,813
	to carry forward		29,105,445

as at 31 December 2002

151	505,696		
152	770,369		
153	-46,445		
154	-503		
155	0		
156	7,313		
157	102,116	158	1,338,546
159	144,360		
160	18,922	161	163,282
		162	1,501,828
		163	337,000
164	858,603		
165	2,987,276		
166	7,821		
167	2,167	168	3,855,867
169	8,058,794		
170	105,950		
171	172,676	172	8,337,420
		173	12,193,287
		174	5,159,784
		175	0
		176	19,918
		177	0
		178	22,046
		179	41,964
to carry forward			19,233,863

CONSOLIDATED BALANCE SHEET

LIABILITIES

as at 31 December 2003

	carried forward		29,105,445
F. DEPOSITS RECEIVED FROM REINSURERS			80 405,217
G. CREDITORS AND OTHER LIABILITIES			
I - Creditors arising out of direct insurance operations	81	65,972	
II - Creditors arising out of reinsurance operations	82	65,871	
III - Debenture loans	83	0	
IV - Amounts owed to credit institutions	84	1	
V - Debts secured by a lien on property	85	2,790	
VI - Sundry debts and other financial debts	86	8,458	
VII - Staff leaving indemnity	87	64,367	
VIII - Other creditors	88	212,274	
IX - Other liabilities	89	198,352	90 618,085
H. ACCRUALS AND DEFERRED INCOME			91 37,873
TOTAL LIABILITIES			92 30,166,620

CONSOLIDATED BALANCE SHEET

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

as at 31 December 2003

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees issued by the Company			93 33,516
II - Guarantees received from third parties			94 185,527
III - Guarantees issued by third parties in favour of consolidated undertakings			95 36,250
IV - Commitments			96 2,488,301
V - Third parties' assets held in deposit			97 5,881
VI - Pension fund assets managed on behalf of third parties			98 238,183
VII - Securities deposited with third parties			99 26,843,328
VIII - Other memorandum accounts			100 213,651

as at 31 December 2002

carried forward		19,233,863
		180 342,451
	181	46,463
	182	40,600
	183	0
	184	0
	185	3,421
	186	14,301
	187	40,797
	188	127,309
	189	127,171
		190 400,062
		191 36,623
		192 20,012,999

as at 31 December 2002

		193 32,185
		194 96,071
		195 18,543
		196 3,561,157
		197 5,681
		198 179,525
		199 16,755,421
		200 35,326

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

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

CONSOLIDATED ACCOUNTS

Profit and Loss Account

2003 Financial Year

(Amounts in €K)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS				
1. EARNED PREMIUMS, NET OF REINSURANCE				
a) Gross premiums written		1	2,838,821	
b) (-) Outward reinsurance premiums		2	263,687	
c) Change in the provision for unearned gross premiums		3	92,122	
d) Change in the provision for unearned premiums, reinsurers' share		4	-3,023	5 2,479,989
				7 6,742
2. OTHER TECHNICAL INCOME, NET OF REINSURANCE				
3. CLAIMS INCURRED, NET OF SUMS RECOVERABLE AND REINSURANCE				
a) Claims paid				
aa) Gross amount	8	1,877,741		
bb) (-) Reinsurers' share	9	168,630		
cc) change in the sums recoverable, net of reinsurers' share	10	36,572	11 1,672,539	
b) Change in the provision for outstanding claims				
aa) Gross amount	12	133,410		
bb) (-) Reinsurers' share	13	-3,549	14 136,959	15 1,809,498
				16 -476
4. CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				
5. BONUSES AND REBATES, NET OF REINSURANCE				
				17 1,540
6. OPERATING EXPENSES:				
a) Acquisition commissions		18	351,367	
b) Other acquisition costs		19	81,169	
c) Change in deferred acquisition commissions and costs		20	-171	
d) Renewal commissions		21	70,796	
e) Administrative expenses		22	103,572	
f) (-) Reinsurance commissions and profit sharing		23	71,042	24 536,033
				25 8,535
7. OTHER TECHNICAL CHARGES, NET OF REINSURANCE				
				26 -4,740
8. CHANGE IN THE EQUALIZATION PROVISIONS				
				27 136,341
9. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS (Item III.1)				

for the year ended 31 December 2002

		111	2,323,953			
		112	248,842			
		113	52,579			
		114	15,293	115	2,037,825	
				117	3,876	
	118	1,561,483				
	119	139,166				
	120	36,226	121	1,386,091		
	122	167,032				
	123	11,012	124	156,020	125	1,542,111
				126	-86	
				127	1,464	
		128	302,890			
		129	67,295			
		130	7,273			
		131	44,373			
		132	71,801			
		133	72,100	134	406,986	
				135	6,969	
				136	430	
				137	83,827	

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS			
1. WRITTEN PREMIUMS, NET OF REINSURANCE			
a) Gross premiums written		28	4,653,519
b) (-) outward reinsurance premiums		29	51,723
			30
			4,601,796
2. (+) ALLOCATED INVESTMENT RETURNS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (Item III.5)			
			40
			398,570
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
			359,345
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE			
			42
			36,373
5. CLAIMS INCURRED, NET OF REINSURANCE			
a) Claims paid			
aa) Gross amount	43	1,773,267	
bb) (-) Reinsurers' share	44	26,508	45
			1,746,759
b) Change in the provision for claims			
aa) Gross amount	46	12,609	
bb) (-) Reinsurers' share	47	93	48
			12,516
			49
			1,759,275
6. CHANGE IN THE MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE			
a) Mathematical provisions			
aa) Gross amount	50	2,743,749	
bb) (-) Reinsurers' share	51	15,907	52
			2,727,842
b) Other technical provisions			
aa) Gross amount	56	15,271	
bb) (-) Reinsurers' share	57	-18	58
			15,289
c) Technical provisions for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management			
aa) Gross amount	59	641,542	
bb) (-) Reinsurers' share	60	0	61
			641,542
			62
			3,384,673
7. BONUSSES AND REBATES, NET OF REINSURANCE			
			63
			688
8. OPERATING EXPENSES			
a) Acquisition commissions		64	97,230
b) Other acquisition costs		65	28,215
c) Change in deferred acquisition commissions and costs		66	-4,174
d) Renewal commissions		67	15,244
e) Administrative expenses		68	30,138
f) (-) Reinsurance commissions and profit sharing		69	15,664
			70
			159,337
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
			45,074
10. OTHER TECHNICAL CHARGES, NET OF REINSURANCE			
			76
			13,418
11. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item III.2)			
			78
			33,619

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

III. NON-TECHNICAL ACCOUNT			
1.	BALANCE ON THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS (Item I.9)		79 136,341
2.	BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (Item II.11)		80 33,619
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 12,172	
	bb) other income	82 37,286	83 49,458
	b) Income from other investments:		
	aa) income from land and buildings	84 18,515	
	bb) income from other investments	85 481,656	86 500,171
	c) Value re-adjustments on investments		87 23,963
	d) Capital gains on investments		88 238,952
			89 812,544
4.	INVESTMENT CHARGES		
	a) Investment management charges, including interest payable		90 63,788
	b) Value adjustments on investments		91 125,735
	c) Capital losses on investments		92 87,142
			93 276,665
5.	(-) ALLOCATED INVESTMENT RETURNS TRANSFERRED TO THE LIFE ASSURANCE TECHNICAL ACCOUNT (Item II.2)		94 398,570
6.	OTHER INCOME		95 67,115
7.	OTHER CHARGES		
	a) Interest on financial debts	96 31,176	
	b) Sundry charges	97 90,716	98 121,892
8.	BALANCE ON ORDINARY ACTIVITIES		99 252,492
9.	EXTRAORDINARY INCOME		100 72,219
10.	EXTRAORDINARY CHARGES		101 21,435
11.	BALANCE ON EXTRAORDINARY ACTIVITIES		102 50,784
12.	PROFIT BEFORE TAXATION		103 303,276
13.	TAX ON PROFIT		104 125,886
14.	CONSOLIDATED PROFIT		105 177,390
15.	PROFIT (LOSS) FOR THE FINANCIAL YEAR - MINORITY INTERESTS		106 29,934
16.	PROFIT (LOSS) FOR THE FINANCIAL YEAR - GROUP		107 147,456

for the year ended 31 December 2002

			189	83,827
			190	36,769
191	6,287			
192	76,081	193	82,368	
194	22,615			
195	434,629	196	457,244	
		197	3,315	
		198	95,703	
			199	638,630
		200	67,051	
		201	152,952	
		202	32,307	
			203	252,310
			204	269,038
			205	65,375
		206	25,290	
		207	85,546	
			208	110,836
			209	192,417
			210	50,311
			211	14,119
			212	36,192
			213	228,609
			214	107,571
			215	121,038
			216	18,922
			217	102,116

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

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L. Roffinella

For internal use of the Company Register

Date of receipt

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(**) 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 2003 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 out 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

Since 31 December 2002 eleven companies (nine of which were part of the Winterthur Italia Group) have been included in the basis of consolidation and one has left.

On 26 September 2003 Unipol Assicurazioni acquired:

- Winterthur Assicurazioni spa, a company operating in Non-Life business, holding acquired 89.99%;
- Winterthur Vita spa, a company operating in Life business, holding acquired 60.22%;
- Winterthur Italia Holding spa, holding acquired 100%, a holding company which used to hold 29.78% of Winterthur Vita and then sold its holding to Winterthur Assicurazioni on 30 December 2003;
- NewWin Assicurazioni spa, a company operating in Non-Life business, wholly controlled by Winterthur Assicurazioni;
- Wintervesa srl, an insurance intermediation company, wholly owned by NewWin Assicurazioni;
- Centro Servizi Missori srl, a property company, wholly owned by Winterthur Assicurazioni;
- Immobiliare San Vigilio spa, a property

company, wholly owned by Winterthur Assicurazioni;

- Winterthur Sim spa, wholly owned by Winterthur Assicurazioni;
- Advenia srl, an insurance intermediation company, 75% controlled by Winterthur Assicurazioni.

The other operations carried out relate to:

- the acquisition by Meieaurora of a 10% holding in Unipol Banca;
- the acquisition by BNL Vita of the remaining 90% in BNL Servizi Assicurativi srl, an insurance intermediation company, its holding thus rising to 100%;
- the acquisition by Smallpart, as part of the process of setting up the company, of 44% in Assicoop Firenze spa, a Unipol insurance agency;
- the sale (at their book value) by Unipol Assicurazioni of its holdings in Unieuropa (98%) and in Assicoop Ferrara (47.4%) to the subsidiary Smallpart;
- the sale by Unipol Assicurazioni of its entire holding in Unipol Merchant (42.54%) to the subsidiary Unipol Banca, which then had a majority shareholding of 53.47%.

As a result of the sale by Unipol Assicurazioni of its 51% holding in Noricum Vita, the latter company left the basis of consolidation.

There were also the following changes in holdings:

of the Parent Company:

- Unipol Banca spa from 81.07 to 82.86%
- Unifimm spa from 99.00 to 100.00%
- Navale spa from 98.20 to 98.24%
- Finec Holding spa from 38.95 to 37.44%
- Euresa Holding spa from 21.01 to 24.05%

of Smallpart spa

- Assicoop Romagna spa from 38.00 to 48.00%

Car Flash spa (a company specializing in repairing motor vehicles and 40% owned by Winterthur Assicurazioni) and the recently-founded company Mediss Health Care Services spa (a company providing health services and advice and 20% owned by Winterthur Assicurazioni) have been

maintained at their book value, based on the criterion of significance, it being deemed that they had no effect on the figures in the consolidated accounts.

Reporting date

The reporting date for the consolidated accounts is 31 December 2003, 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 Finec Holding spa, which ended its financial year on 30 June 2003 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 eleven companies (listed in the following pages), 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.

It should also be pointed out that in view of the date they were acquired (26 September 2003) the statements of assets and liabilities of the recently-acquired companies (Winterthur Italia Group) were fully consolidated as at 31 December 2003, whilst their profit and loss accounts were consolidated for the three-month period 1 October to 31 December 2003.

As these are insurance companies, and in view of the size of the portfolios concerned, goodwill was subject to depreciation for the duration of their presumed useful life, estimated to be an average period of twenty years.

In line with this, the consolidation difference relating to these companies was depreciated for a period of only three months.

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 2003 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 ON A LINE-BY-LINE BASIS

Company name - Registered offices	Type of business - Share capital (€)	% holding		% Group
		direct	indirect	
Compagnia Assicuratrice Unipol spa Bologna	Insurance and reinsurance € 906,230,131			
Bnl Vita spa Milan	Insurance and reinsurance € 110,000,000	50.00		50.00
Compagnia Assicuratrice Linear spa Bologna	Insurance and reinsurance € 19,300,000	80.00		80.00
Meieaurora spa Milan	Insurance and reinsurance € 190,777,009	84.61		84.61
Navale Assicurazioni spa Ferrara	Insurance and reinsurance € 10,500,000	98.24		98.24
NewWin Assicurazioni spa Milano	Insurance and reinsurance € 5,200,000		100.00 (Winterthur Assic.)	89.99
Quadrifoglio Vita spa Bologna	Insurance and reinsurance € 27,200,000	50.00		50.00
Unisalute spa Bologna	Insurance and reinsurance € 17,500,000	87.44		87.44
Winterthur Assicurazioni spa Milan	Insurance and reinsurance € 129,455,236	89.99		89.99
Winterthur Vita spa Milan	Insurance and reinsurance € 117,000,000	60.22	29.78 (Winterthur Assic.)	87.02
Centro Servizi Missori srl Milan	Property company € 26,000		100.00 (Winterthur Assic.)	89.99
Immobiliare San Vigilio spa Milan	Property company € 6,713,980		100.00 (Winterthur Assic.)	89.99
Midi srl Bologna	Property company € 72,000,000	100.00		100.00
Unifimm srl Bologna	Property company € 43,350,000	100.00		100.00
Winterthur Italia Holding spa Milan	Holding company € 132,600,000	100.00		100.00
Smallpart spa Bologna	Holding company € 12,000,000	100.00		100.00
Uniservice spa Bologna	Data transmission services € 104,000		99.00 (Smallpart)	99.00
UNDERTAKINGS INCLUDED BY THE EQUITY METHOD				
SUBSIDIARIES				
Unipol Banca spa Bologna	Bank € 426,300,000	82.86	10.00 (Meieaurora)	91.32
Unipol Fondi Ltd Dublin	Unit trust management € 125,001		100.00 (Unipol Banca)	91.32
Unipol Merchant - Banca per le Imprese spa Bologna	Bank € 99,613,806		53.47 (Unipol Banca)	48.83
Winterthur Sim spa Milan	Financial brokerage € 2,582,000		100.00 (Winterthur Assic.)	89.99
Grecale srl Bologna	Loan securitization € 10,000		60,00 (Unipol Banca) 40,00 (Unipol Merchant)	74.32
Unipol Sgr spa Bologna	Financial brokerage € 2,000,000	100.00		100.00
Unieuropa srl Bologna	Market analysis and research € 510,000		98.00 (Smallpart)	98.00
Unisalute Servizi srl Bologna	Healthcare services € 52,000		100.00 (Unisalute)	87.44
Advenia srl Rome	Insurance agency € 100,000		75.00 (Winterthur Assic.)	67.49
Wintervesa srl Milan	Insurance agency € 100,000		100.00 (NewWin Assic.)	89.99
Bnl Servizi Assicurativi srl Milan	Insurance agency € 10,400		100.00 (Bnl Vita)	50.00

Company name - Registered offices	Type of business - Share capital (€)	% holding		% Group
		direct	indirect	
AFFILIATED				
Hotel Villaggio Città del Mare spa Terrasini (Pa)	Tourism/hotels € 4,000,000	49.00		49.00
Finec Holding spa Bologna	Holding company € 153,729,994	37.44	1.50 (Unipol Merchant)	38.17
A.P.A. spa Parma	Insurance agency € 1,000,000		46.50 (Smallpart)	46.50
AR.CO. Assicurazioni spa Modena	Insurance agency € 250,000		40.00 (Smallpart)	40.00
Assicoop Ferrara spa Ferrara	Insurance agency € 459,000		47.40 (Smallpart)	47.40
Assicoop Imola spa Imola (Bo)	Insurance agency € 1,000,000		47.34 (Smallpart)	47.34
Assicoop Modena spa Modena	Insurance agency € 2,080,000		47.00 (Smallpart)	47.00
Assicoop Ravenna spa Ravenna	Insurance agency € 3,640,000		49.00 (Smallpart)	49.00
Assicoop Romagna spa Forli	Insurance agency € 774,700		48.00 (Smallpart)	48.00
Assicoop Sicura srl Bologna	Insurance agency € 202,800		40.00 (Smallpart)	40.00
Assicoop Siena spa Siena	Insurance agency € 510,000		49.00 (Smallpart)	49.00
Assicura spa Reggio Emilia	Insurance agency € 1,040,000		35.00 (Smallpart)	35.00
Assicoop Firenze spa (*) Florence	Insurance agency € 1,000,000		44.00 (Smallpart)	44.00
Consorzio ZIS Fiera 2 Bologna	Urbanization works € 600,000		41.39 (Midi)	41.39
Euresa Holding sa Luxembourg	Holding company € 10,000,000	24.05		24.05
OTHER SHAREHOLDINGS IN AFFILIATED UNDERTAKINGS AT THEIR BOOK VALUE				
Assicoop Genova spa in liquidation - Genoa	Insurance agency € 260,000	49.00		49.00
CarFlash spa Milan	Industrial car repair shop € 250,000		40.00 (Winterthur Assic.)	36.00
Mediss Health Care Services spa Milan	Healthcare services € 875,000		20.00 (Winterthur Assic.)	18.00

(*) First financial year: 1/1 - 31/12/2004

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.

In the case of Winterthur Vita's pre-paid acquisition commissions, which in the company's accounts are all allocated to the profit and loss account, the accounting principle mentioned above was adjusted to comply with the one used by the Group.

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.

In particular, in the case of the differences arising from consolidation relating to the insurance companies acquired in 2003 (Winterthur Assicurazioni and Winterthur Vita), goodwill was to be depreciated over 20 years.

In view of the fact that the acquisitions took place on 26 September the amount of depreciation applied to the goodwill was 3/12 of the annual amount.

It should also be pointed out that, as a result of Meieaurora paying for goodwill when it acquired 10% of Unipol Banca in 2003 and as a result of the profits arising from the fact that targets for growth were constantly reached, the Company's original depreciation schedule was revised and a new useful life of nine years was set as from 1 January 2003 (the remaining life at this date being 5.5 years). The revised schedule is linked to Unipol Banca's greater potential for growth following the acquisition of the business of the Intesa Group (in 2001) and the Capitalia Group in 2002.

As a result of this change Group equity and net profit as at 31 December 2003 were down by €1,084K.

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 719/94 mentioned earlier. For securities held as fixed assets the accrued difference between the repayment value and the book value is included. Dividends are recorded in the financial year in which they are received, together with the relevant tax credit.

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

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

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

Receivables

These are recorded at their presumed disposal value.

Other assets

Tangible assets and stocks

Assets (furniture, office machinery, equipment

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

Prepayments and accrued income, accruals and deferred income

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

Technical provisions Non-life business

Provision for unearned premiums

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

Where necessitated by the expected loss ratio, the provision for unearned premiums also includes a provision for unexpired risks in accordance with the provisions of Article 32 (3) of Legislative Decree 173/97. This has been estimated using the simplified method laid down in Isvap Ruling 360D/99, 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 175/95.

Provision for outstanding claims

The provision for outstanding claims for direct business is determined analytically by valuing all claims outstanding at the end of the financial year and is based on technically-prudential estimates arrived at by applying objective factors which, as prescribed in Article 33 of Legislative Decree 173/97, 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 the financial year, 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 treaties or contractual arrangements.

Technical provisions Life business

The amount recorded in the accounts has been calculated in accordance with the provisions of Articles 24 and 25 of Legislative Decree 174/95 and as specified by the Ministerial Decree of 2 July 1987 regarding the minimum level of provisions for 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 173/97, technical provisions set up to cover liabilities deriving from assurance policies on which the benefit is determined on the basis of investments or indices for which the policyholder bears the risk, and provisions arising out of pension fund management, have been calculated by reference to commitments made under these contracts and to the provisions of Article 30 of Legislative Decree 174/95 and subsequent Isvap rulings. As provided for by Article 38 (3) of Legislative Decree 173/97, 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 174/95, guaranteeing a benefit should the insured party die during the term of the contract. The mathematical provision also includes an adjustment provision, in accordance

with Article 25 (12) of Legislative Decree 174/95. 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 173/97, the provision for sums payable includes the total amount needed to cover payment of benefits that have fallen due but not so far been paid.

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

As for Meieaurora and Winterthur Vita, which are still in dispute with CONSAP over formerly compulsory cessions, the amount of the technical provisions has been set (in accordance with Law 626/96) by adopting the annual base

rates already laid down for the 1994-2001 financial years and provisional rates for the 2002 and 2003 financial years.

Current and deferred taxes

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

Deferred tax assets and liabilities have also been recorded, calculated on temporary differences between the unconsolidated profits and the taxable profits of individual consolidated companies and on 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 173/97. 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.

Section 2 – Adjustments and tax appropriations

In the consolidated accounts adjustments were carried out on items shown in the company accounts purely for tax purposes.

In particular, depreciation on the property of one subsidiary company was eliminated from the consolidated accounts until 2002 since the amounts concerned appeared in the company's accounts exclusively for tax purposes. This elimination had a net effect of €348K on the consolidation reserve.

In addition, write-downs on listed shareholdings carried out by the Parent Company exclusively in accordance with tax legislation in order to take advantage of tax

benefits that otherwise it would not have been possible to obtain were written off. This operation had a net effect of €12m on the Group's profit for the year.

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 €76,203K (+€14,419K) and are subdivided as follows:

- Non-life business €42,173K (+€11,027K)
- Life business €34,030K (+€3,392K).

The increase was due to the change in the basis of consolidation.

Goodwill (B.3)

€4,183K of this item, which totals €16,890K (+€10,827K compared with 2002), relates to the remaining proportion of goodwill paid by Quadrifoglio Vita for the acquisition of Arca Vita's business, and €11,994K of it relates to the recently-acquired companies.

Other intangible assets (B.4)

This item, amounting to €49,556K (+€33,974K compared with 2002), includes €5,162K of

residual costs relating to capital increase and €44,394K of sundry multi-year costs mainly incurred in purchasing software (€19,081K). The amount relating to the recently-acquired companies was €29.9m.

Consolidation difference (B.5)

The item 'Difference arising from consolidation', net of depreciation, was €1,069,698K (+€676,331K compared with 31/12/2002).

€366.1m of this amount is for the remaining amounts of goodwill paid for the acquisition of Meieaurora, Navale and BNL Vita carried out in 2000. These differences are being written down over 20 years on a straight-line basis, with the exception of BNL Vita which is being written down over 10 years.

Goodwill paid for the recently-acquired companies (net of depreciation) amounted to €702.4m. Depreciation is being carried out over 20 years on a straight-line basis (3/12 of the annual amount in 2003).

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 2003 (in €K):

	Land and buildings	Reserve for depreciation	Book value
Buildings used for corporate business	166,605	53,714	112,891
Buildings leased to third parties	433,607	45,702	387,905
Land	2,186		2,186
Property companies	89,426	1,354	88,072
Work in progress/payments on account	495		495
Total recorded in the accounts of consolidated undertakings	692,319	100,770	591,549
Consolidation adjustments:			
Consolidation difference allocated to buildings used for corporate business			23,798
Consolidation difference allocated to buildings leased to third parties			36,406
Other consolidation adjustments			(4,167)
Total			647,586 (+24.3%)

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 2002	562,471
New investments made during the financial year	159,586
Additions and improvements	7,533
Disposals	(37,271)
Land and buildings as at 31 December 2003	692,319

Unipol Assicurazioni, Meieaurora and Navale all sold property during 2003.

The net values relating to the companies acquired in 2003 amounted to a total of €166.3m.

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 that transact business other than insurance business and therefore have been valued by the equity method.

The total as at 31 December 2003 amounts to €479,281K, a net increase of €230,911K over 2002, mainly thanks to Unipol Banca.

The details are given below:

Company - Registered offices - Share capital (€)	% holding		Group share %	Value (€K)
	direct	indirect		
Unipol Banca spa - Bologna - €426,300,000	82.86	10.00 (Meieaurora)	91.32	472,801
Unipol Merchant spa - Bologna - €99,613,806		53.47 (Unipol Banca)	48.83	278.6
Unipol Sgr spa - Bologna - €2,000,000	100		100	2,095.1
Unipol Fondi Ltd - Dublin - €125,001		100 (Unipol Banca)	91.32	735.9
Unieuropa srl - Bologna - €510,000		98.00 (Smallpart)	98.00	248.7
Unisalute Servizi srl - Bologna - €52,000		100 (Unisalute)	87.44	106.3
Grecale srl - Bologna - €10,000		60.00 (Unipol Banca) 40.00 (Unipol Merch.)	74.32	1.3
BNL Servizi Assicurativi srl - Milan - €10,400		100 (BNL Vita)	50.00	19.2
Winterthur SIM spa - Milan - €2,582,000		100 (Winterthur Assic.)	89.99	2,585.2
Wintervesa srl - Milan - €100,000		100 (NewWin Assic.)	89.99	418.6
Advenia srl - Rome - €100,000		75.00 (Winterthur Assic.)	67.49	(8.9)
Total				479,281

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

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

Company – Registered offices – Share capital (€)	% holding		Group share % Total	Value (€ K)
	direct	indirect		
Finec Holding spa - Bologna - €153,729,994	37.44	1.50 (Unipol Merchant)	38.17	57,766
Euresa Holding sa - Luxembourg - €10,000,000	24.05		24.05	2,870.2
Assicoop Sicura srl - Bologna - €202,800		40.00 (Smallpart)	40.00	2,694.4
Assicoop Ravenna spa - Ravenna - €3,640,000		49.00 (Smallpart)	49.00	2,093.5
Assicoop Modena spa - Modena - €2,080,000		47.00 (Smallpart)	47.00	1,622.4
Hotel Villaggio Città del Mare spa - Terrasini (Pa) - €4,000,000	49.00		49.00	2,228.9
Assicoop Siena spa - Siena - €510,000		49.00 (Smallpart)	49.00	292.1
Assicura spa - Reggio Emilia - €1,040,000		35.00 (Smallpart)	35.00	865.3
AR.CO. Assicurazioni spa - Modena - €250,000		40.00 (Smallpart)	40.00	183.5
A.P.A. spa - Parma - €1,000,000		46.50 (Smallpart)	46.50	523.1
Assicoop Romagna spa - Forli - €774,700		48.00 (Smallpart)	48.00	487.5
Assicoop Ferrara spa - Ferrara - €459,000		47.40 (Smallpart)	47.40	(26.0)
Assicoop Imola spa - Imola (Bo) - €1,000,000		47.34 (Smallpart)	47.34	484.6
Assicoop Firenze spa - Firenze - €1,000,000		44.00 (Smallpart)	44.00	132.0
Consorzio ZIS Fiera 2 - Bologna - €600,000		41.39 (Midi)	41.39	248.4
Total				72,466

Shareholdings in foreign companies amount to €2,870K and those in Italian companies to €69,596K.

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

This item, amounting to €821,239K, shows an increase of €244,840K over 2002. This net increase was mainly due to the investments carried out by the Parent Company and by Meieaurora. At the end of December 2003 Meieaurora acquired a holding of 8% in Reti Bancarie Holding spa for a countervalue of €173.4m.

Of the total amount, €193K relates to shareholdings in affiliated companies held at book value that are in the process of liquidation (CarFlash spa, Mediss Health Care Services spa, Assicoop Genova spa). The balance (€821,046K) relates to the companies and entities listed below:

Company – Registered offices – Share capital (€/currency)	% holding		Group share % total
	direct	indirect	
Hopa spa - Brescia - €709,800,000	6.71		6.71
Banca Monte dei Paschi di Siena spa - Siena - €1,935,272,832	1.98		1.98
Reti Bancarie Holding spa – Milan - €16,977,000		8.00 (Meieaurora)	6.77
San Paolo Imi spa - Turin - €5,144,064,800	0.48		0.48
Bios spa - Milan - €143,000,000	7.31	2.41 (Meieaurora)	9.35
Earchimede spa – Milan - €4,680,000		7.91 (Meieaurora)	6.69
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) - €41,678,090	2.88		2.88
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
Rita srl – Milan - €5,720,000		4.54 (Smallpart) 0.46 (Navale) 2.82 (Meieaurora)	7.38
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) - €15,434,765	3.54		3.54
Cestar srl – Pero (Milan) - €2,040,000	3.68	3.64 (Meieaurora) 0.02 (Navale)	6.78
Nomisma spa – Bologna - €5,345,328		4.35 (Smallpart)	4.35
Inarcheck spa – Milan - €780,000		15.38 (Smallpart)	15.38

Protos SOA spa – Rome - €877,975	10.59 (Smallpart)	10.59
Banca Popolare Etica scarl – Padua - €11,539,646	0.45	0.45
Banca di Bologna scarl – Bologna - €10,211,190	0.48	0.48

Debt securities (C.II.2)

This item amounts to €49,383K (+€16,622K compared with 2002). The amount mainly pertains to the Parent Company (€44.6m) and relates to bonds issued by companies where participating interests are held and, in particular, by Banca Monte dei Paschi di Siena (totalling €39m).

Other financial investments (C.III)

The total balance for this item amounts to €18,049,424K, an increase of €7,844,944K over the previous financial year.

The components are (in €K):

	2003	Variations compared with 2002
1. Stocks and shares	469,796	153,254
2. Units and shares in investment funds	115,122	(16,135)
3. Bonds and other fixed-income securities	16,787,292	8,285,111
4. Loans	86,832	15,597
7. Sundry financial investments	590,382	(592,883)
Total	18,049,424	7,844,944 (+76.9%)

At the end of the year the amount pertaining to the companies acquired during 2003 was €5,310.4m.

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

Bonds and other fixed-income securities amount to €16,787,292K, €5,210.6m of which relates to the companies acquired during 2003, and are made up as follows (in €K):

	2003	Variations compared with 2002
Securities issued by Governments, public bodies and international organizations	12,893,929	7,803,383
Convertible bonds	36,842	(32,532)
Other listed securities	3,624,645	399,516
Other unlisted securities	231,876	114,744
Total	16,787,292	8,285,111 (+97.4%)

The figures for long-term investments (mainly relating to Life business segregated accounts) and short-term investments are €3,907.3m and €12,880m respectively.

For the securities portfolio, comparison with market prices, taking into account corrections for the effect of derivatives (+€4,318K), net of tax withheld for non-possession, gives a positive balance between unrealized capital gains and losses amounting to €32.9m (compared with a gain of €41.6m as at 31/12/2002).

Item C.III.3 includes €1,644,791K relating to subordinated debt securities issued by leading financial institutions (€365,828K as at 31/12/2002).

Loans (C.III.4)

These amount to €86,832K (+€15,597K) and are subdivided as follows (in €K):

	2003	Variations compared with 2002
Secured loans	20,788	(1,768)
Loans on policies	59,703	15,373
Other loans	6,341	1,992
Total	86,832	15,597 (+21.9%)

The amount relating to the companies acquired in 2003 was €13.2m.

It should be noted that receivables due beyond the next financial year and over five years amount to €58,748K and €30,276K respectively.

Sundry financial investments (C.III.7)

The amount of €590,382K is a drop of €592,883K compared with 2002 and is made up as follows (in €K):

	2003	Variations compared with 2002
Repo securities	566,587	(592,077)
Premiums paid on Cap/Floor/Swap options acquired	19,885	(870)
Other (capitalization policy)	3,910	64
Total	590,382	(592,883) (-50.1%)

The drop in 'Repo securities' mainly relates to Unipol Assicurazioni and Meieaurora. Major items, with a balance exceeding €50m, which make up 91.7% of the total amount, relate to repo securities and are shown below (in €K):

Security	Counterparty	Amount
BTP 5% - 15/10/02-07	Unipol Banca	150,109
BTP 2.75% - 1/9/03-06	B.A.M.	130,095
BTP 4% - 15/7/04	Unipol Banca	127,735
BTP 8.5% - 1/4/04	Unipol Banca	61,755
BTP 10.5% - 1/9/95-05	Banca Popolare di Novara	50,022
		519,716

Items due beyond the following financial year amount to €3,910K.

Deposits with ceding undertakings (C.IV)

These amount to €26,110K, a decrease of €1,321K over 2002.

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 €5,561,672K as at 31 December 2003, an increase of €399,949K compared with the position as at 31 December 2002. Of this, €5,493,638K represents investments relating to Index-Linked and Unit-Linked policies

(+€375,397K compared with 2002), divided up as follows (in €K):

- Index-Linked policies 2,957,309
- Unit-Linked policies 2,536,329

The amount relating to the companies acquired in 2003 was €359.8m, €230.8m of which was for Index-Linked policies and €129m for Unit-Linked policies.

The remaining €68,033K (+€24,552K compared with 31/12/2002) includes investments relating to the Open-End Pension Fund 'Winterthur PreWidenza' (€6,129K) and 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.

The Pension Funds are independent assets separate from those of the Companies. The open-end funds are split into four lines of investment in the case of Winterthur PreWidenza, four lines in the case of 'Unipol Previdenza' and 'Unipol Futuro' and five lines in the case of 'Unipol Insieme', with diversified management features, and each of the two closed funds has a single line.

Reinsurers' share of technical provisions (item D bis)

The balance on this item was €888,807K and was €127,419K higher than in 2002.

The increase can be mainly ascribed to the newly-acquired companies, the figure for which totalled €156.8m.

Debtors (item E)

The amount of debtors, totalling €1,344,858K, is an increase of €444,760K over 2002 and is detailed below (in €K) (€466.7m of the total being ascribable to the new companies):

	2003	Variations compared with 2002
Debtors arising out of direct insurance business (E.I)		
Premiums receivable from policyholders	479,362	179,815
Receivables from intermediaries	291,745	126,617
Insurance undertakings, amounts receivable	40,278	14,785
Policyholders and third parties amounts recoverable	53,633	23,552
	865,018	344,769 (+66.3%)
Debtors arising out of reinsurance business (E.II)		
Account balances	182,260	38,467 (+26.8%)
Other debtors (E.III)		
Inland Revenue, receivables	212,983	106,515
Sundry receivables	84,597	(44,991)
	297,580	61,524 (+26.1%)
Total	1,344,858	444,760 (+49.4%)

'Receivables from the Inland Revenue' include €72.4m for amounts paid 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 €54.2m.

It should be noted that receivables due beyond the next financial year and over five years amount to €146,450K and €26,999K respectively.

Other assets (item F)

Tangible assets and stocks (F.I)

These consist of furniture, office machinery, electronic machines, motor vehicles, plant and equipment to the value of €131,730K, of which €103,178K is depreciation, thus giving a net book value of €28,552K (+€12,353K compared with 2002).

Cash at bank and in hand (F.II)

At the end of the year this item amounted to €677,992K (-€132,242K compared with the position as at 31/12/2002).

The balance includes €173.7m relating to the new companies acquired during the year.

Own shares (F.III)

The balance on own shares as at 31 December 2003 was cleared (€7,313K as at 31/12/2002), since during the year the Parent Company sold both the shares in existence as at 31 December 2002 and those acquired during the year at a price close to their book value.

Other assets (F.IV)

These amounted to €93,919K, an increase compared with 2002 of €44,919K, €28.4m of which related to the newly-acquired companies, and were for (in €K):

	2003	Variations compared with 2002
Deferred reinsurance accounts receivable	8,345	(2,089)
Derivatives	10,625	2,813
Other assets	74,949	44,195
Total	93,919	44,919 (+91.7%)

Prepayments and accrued income (item G)

These amounted to €212,097K, an increase of €91,187K (accruals and deferred income relating to the new companies amounting to €53.4m). They are made up of accruals on income from securities of €195,368K, of multiyear prepayments on the costs of issuing subordinated bonded loans amounting to €5,979K and of other prepayments and accrued income amounting to €10,750K.

Balance Sheet – Liabilities

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

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

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

	2003	Variations compared with 2002
Share capital	906,230	400,534
Free reserves	1,487,663	717,294
Consolidation reserve	(48,331)	(1,886)
Reserve for valuation differences on non-consolidated interests	778	1,281
Reserve for own shares and holding company's shares	0	(7,313)
Profit for the financial year	147,456	45,340
Total	2,493,796	1,155,250 (+86.3%)

As regards Unipol Assicurazioni's equity, between 14 July and 1 August the capital increase approved by Unipol Assicurazioni's Board of Directors on 21 June was carried out in accordance with the powers conferred on it under Art. 2443 of the Civil Code by the Extraordinary Meeting of Shareholders held on 30 April 2003.

This operation to increase the share capital had a positive outcome, concluding with total receipts of €1,054,607K.

In addition, during the year bearers of the warrants linked to the share and bonds issued in July 2000 continued to exercise the right to subscribe to new ordinary and preference shares (which will cease on 20 June 2005).

The level of capital and reserves was €10,031K up on the position as at 31 December 2002 as a result of these subscriptions.

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 (item B)

The amount of this item was €666,000K (a net increase of €329,000K compared with 2002) and related to loans issued by the following companies (in €K):

- Unipol Assicurazioni 600,000
- BNL Vita 50,000
- Quadrifoglio Vita 16,000

The amount of €600m is made up of two subordinated bonded loans issued by the Parent Company. Both loans have a nominal value of €300m, are for twenty years and are listed on the Luxembourg Stock Exchange.

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

The first loan, issued in May 2001, has a fixed interest rate of 7% until the date on which the early repayment clause is exercised (as from the tenth year) and a variable rate thereafter.

The second, which was fully subscribed by institutional investors on 28 July 2003, has a fixed annual interest rate of 5.66% for the first 10 years and a variable rate thereafter.

In addition, in 2003 the subsidiary companies mentioned above issued subordinated bonded loans with nominal values of €34,000K. These loans (like those already issued in 2002) are not listed, are for a period of five years and were 50% subscribed 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 (item C)

These amounted to a total of €20,107,773K, an

increase of €7,914,486K over 2002, and consisted of €13,667,690K in technical provisions and provisions for amounts payable for Life business (€3,082.6m of which related to the recently-acquired companies) and €6,440,083K in provision for unearned premiums, provision for outstanding claims and other Non-Life provisions (€2,351m of which related to the recently-acquired companies).

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

These amount to €5,561,192K (+€401,408K compared with 2002). Of this, €5,493,159K 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 levels of the provisions relating to the recently-acquired companies amounted to €359.8m.

The technical provisions arising from management of open-end pension funds and closed pension funds (with capital guaranteed) amount to €68,033K.

In compliance with the provisions of Article 38 of Legislative Decree 173/97, the aforesaid provisions have been calculated by reference to the liabilities arising from the policies and are based as closely as possible on the matching assets, in accordance with the provisions of Article 30 of Legislative Decree 174/95 and subsequent Isvap 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 (item E)

These amount to €46,813K, an increase of €4,849K, and include (in €K):

	2003	Variations compared with 2002
Provision for taxation	17,636	(2,282)
Provision for future charges	22,552	5,683
Provision for exchange rate fluctuations	5,355	1,052
Others	1,270	396
Total	46,813	4,849 (+11.6)

The 'Provision for taxation' relates to deferred tax liabilities, calculated on capital gains made on fixed assets and divided into instalments in accordance with Art. 54 (4) of Presidential Decree 917/86.

'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 (item F)

These rose from €342,451K to €405,217K as at 31 December 2003, an increase of €62,766K entirely owing to the changes made to the basis of consolidation.

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 (item G)

This item, totalling €618,085K, increased by €218,023K over 2002 and is made up of the elements listed below.

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

These amount to €65,972K (+€19,509K) and mainly relate to payables to agents and other intermediaries amounting to €38,143K and current account payables to companies amounting to €14,244K.

Creditors arising out of reinsurance operations (G.II)

The balance amounts to €65,871K, an increase of €25,271K over 2002.

Amounts owed to credit institutions (G.IV)

As at 31 December 2003 amounts owing to banks and financial institutions totalled €1K whereas as at 31 December 2002 the amount of this item had been zero.

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

These amounted to €2,790K (-€631K compared with 2002), relate to the mortgage loan on property belonging to the Parent Company and are payable after the end of the next financial year.

Sundry borrowings and other financial payables (G.VI)

This item, amounting to €8,458K (-€5,843K over 2002), consists entirely of entries relating to derivatives.

Other creditors (G.VIII)

These are down by €84,965K over the previous financial year and consist of (in €K):

	2003	Variations compared with 2002
Payables for policyholders' tax liabilities	70,693	28,880
Payables – sundry taxes	83,896	55,461
Payables to suppliers	20,850	(4,592)
Payables to welfare bodies	10,917	4,111
Sundry payables	25,918	1,105
Total	212,274	84,965 (+66.7%)

'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 €64,827K. 'Sundry payables' includes liabilities payable beyond the following financial year amounting to €384K.

Other liabilities (G.IX)

These increased by €71,181K over 2002 and were made up as follows (in €K):

	2003	Variations compared with 2002
Deferred reinsurance accounts payable	15,457	(1,058)
Commissions on uncollected premiums and incentives ('rappels')	108,600	32,841
Derivatives	4,088	1,840
Other liabilities	70,207	37,558
Total	198,352	71,181 (+56%)

The amount relating to 'derivatives' refers to the offset to valuations and alignments of transactions outstanding as at 31 December 2003.

Accruals and deferred income (item H)

These increased by €1,250K, with a balance as at 31 December 2003 of €37,873K. Most relate to interest on bonded loans of €20,829K (including €2,069K for the issue premium), to accruals on derivatives of €1,684K, to deferred income for interest on portfolio recoupments and loans to agents of €3,519K.

Section 7 – Guarantees, commitments and other memorandum accounts

These total €30,044,637K (€26,843,328K of which is for securities deposited with third parties), an increase of €9,360,728K over 2002. The values for the companies acquired in 2003 are €5,836.8m.

Guarantees (I, II, III)

- I. Guarantees given: €33,516K.
These are mainly guarantees given in relation to property transactions.
- II. Guarantees received: €185,527K.
These are guarantees received in connection with carrying out insurance business and include €74,684K in surety on Agents' bond policies.
- III. Guarantees given by third parties in favour of consolidated undertakings: €36,250K.
The larger amount results from CID surety for commitments assumed by the undertakings (€19,912K).

Commitments (IV)

Their value, amounting to €2,488,301K, is down compared with last year, when it amounted to €1,072,856K.

They largely relate to commitments recorded for derivatives outstanding at the end of the year amounting to €1,903,793K (by and large relating to the nominal values of the underlying assets), whilst €534,890K 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 €238,183K and related to the following pension funds:

Fonchim	137,730
Solidarietà Veneto	27,922
Previcooper	19,796
Bayer Italia	18,091
Arco	17,958
Cooperlavoro	15,238
Bayer Prudente	1,448
	238,183

They are made up as follows:

Bonds	208,037
Shares	23,061
Cash at bank and in hand	3,466
Units and shares in investment funds	52
Other net assets	3,566

Profit and Loss Account

Section 8 – Information relating to technical accounts

Premiums for the year

Premiums written reached €7,492,340K in 2003, an increase over the previous financial year of 23.9%.

On the same basis of consolidation, that is excluding the premiums totalling €540.8m

relating to Noricum Vita and to the recently-acquired companies, which were not consolidated until the third quarter of 2003 (Winterthur Assicurazioni, Winterthur Vita and NewWin Assicurazioni), the increase was 20.8% (+6.8% in Non-Life business and +30.3% in Life business). The following table shows the breakdown of premiums per class of business (as per the table appended to Legislative Decrees 174 and 175/95), their composition and their percentage variations compared with 2002:

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS

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

	Financial yr 2003		Financial yr 2002		Variations 2003/2002	
	amount	%	amount	%	amount	in %
DIRECT ITALIAN INSURANCE BUSINESS						
Non-Life insurance business						
Accident and Health (classes 1 and 2)	395,304	5.3	327,785	5.5	67,519	20.6
Land vehicles - T.P.L. (class 10)	1,476,216	19.8	1,204,341	20.1	271,875	22.6
Land vehicles - Own damage or loss (class 3)	254,084	3.4	210,296	3.5	43,788	20.8
Marine, Aviation, Goods in transit (classes 4, 5, 6, 7, 11 and 1)	42,987	0.6	39,959	0.7	3,028	7.6
Fire and Other damage to property (classes 8 and 9)	279,013	3.7	219,651	3.7	59,363	27.0
General T.P.L. (class 13)	269,519	3.6	206,617	3.4	62,903	30.4
Credit and Bonds (classes 14 and 15)	33,663	0.5	30,231	0.5	3,431	11.4
Miscellaneous pecuniary losses (class 16)	24,304	0.3	21,673	0.4	2,631	12.1
Legal protection (class 17)	14,892	0.2	10,615	0.2	4,277	40.3
Assistance (class 18)	23,182	0.3	18,504	0.3	4,678	25.3
Total Non-Life insurance business	2,813,165	37.7	2,289,671	38.1	523,494	22.9
Life assurance business						
I - Life assurance	2,519,917	33.8	1,652,341	27.5	867,576	52.5
III - Unit-linked / Index-linked products	956,473	12.8	1,572,317	26.2	-615,844	-39.2
V - Capitalisation operations	1,153,051	15.5	470,901	7.8	682,149	144.9
VI - Pension funds	20,195	0.3	20,999	0.3	-804	-3.8
Total Life assurance business	4,649,636	62.3	3,716,558	61.9	933,078	25.1
Total direct Italian business	7,462,801	100.0	6,006,229	100.0	1,456,572	24.3
INWARD REINSURANCE						
Indirect Non-Life insurance business						
Accident and Health (classes 1 and 2)	1,215	4.1	3,616	9.1	-2,401	-66.4
Land vehicles - T.P.L. (class 10)	6,348	21.5	4,758	12.0	1,590	33.4
Land vehicles - Own damage or loss (class 3)	249	0.8	217	0.5	31	14.4
Marine, Aviation, Goods in transit (classes 4, 5, 6, 7, 11 and 1)	2,162	7.3	1,325	3.4	837	63.1
Fire and Other damage to property (classes 8 and 9)	12,903	43.7	22,166	56.1	-9,263	-41.8
General T.P.L. (class 13)	2,005	6.8	1,069	2.7	936	87.5
Credit and Bonds (classes 14 and 15)	756	2.6	1,130	2.9	-374	-33.1
Miscellaneous pecuniary losses (class 16)	18	0.1	0	0.0	18	
Total indirect Non-Life insurance business	25,656	86.9	34,282	86.7	-8,626	-25.2
Indirect Life assurance business						
I - Life assurance, annuities	3,883	13.1	5,242	13.3	-1,359	-25.9
Total indirect Life assurance business	3,883	13.1	5,242	13.3	-1,359	-25.9
Total inward reinsurance	29,539	100.0	39,523	100.0	-9,984	-25.3
TOTAL PREMIUM INCOME	7,492,340		6,045,752		1,446,588	23.9

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

	2003 Financial Year			2002 Financial Year		
	Non-Life	Life	Total	Non-Life	Life	Total
Unipol Assicurazioni	1,345,986	1,080,048	2,426,034	1,245,605	622,068	1,867,673
BNL Vita		2,077,169	2,077,169		1,691,989	1,691,989
Linear	130,233		130,233	97,956		97,956
Meieaurora	813,967	425,027	1,238,994	798,633	294,336	1,092,970
Navale Assicurazioni	127,793		127,793	128,542		128,542
NewWin Assicurazioni spa	385		385			
Noricum Vita					293,059	293,059
Quadrifoglio Vita		886,906	886,906		820,347	820,347
Unisalute	64,425		64,425	53,215		53,215
Winterthur Assicurazioni spa	356,033		356,033			
Winterthur Vita spa		184,368	184,368			
TOTAL	2,838,821	4,653,519	7,492,340	2,323,953	3,721,799	6,045,752

In 2003, net earned premiums for Non-Life business amounted to €2,479,989K.

Breakdown of gross premium income by geographical area

Premiums written have been almost entirely written in Italy and 32.4% of them (30.9% in 2002) 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 €398,570K 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 €6,742K for Non-life business (+€2,866K) and to €36,373K for Life business (-€13,038K).

For Non-Life business, this item includes the reversal of commissions relating to cancelled premiums for prior years (€2,167K) and premiums cancelled under reinsurance cessations (€2,021K). 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 (€32,132K).

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

Other technical charges, net of reinsurance cessations, amounted to €8,535K for Non-life business (+€1,566K) and to €13,418K for Life business (-€13,836K).

Other charges are, for Non-Life business, €6,859K for cancellations of receivables from policyholders for prior years' premiums. In the case of Life business the higher amount of €8,308K related to Quadrifoglio Vita management commissions.

Section 9 – Information relating to the non-technical account

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

These are up by €47,027K over 2002 and consist of (in €K):

	2003	Variations compared with 2002
Units and shares in investment funds	244	244
Bonds/fixed-income securities	455,069	42,810
Loans	3,593	818
Sundry financial investments	21,921	3,205
Interest on deposits with ceding undertakings	829	(50)
Total	481,656	47,027 (+10.8%)

Value readjustments on investments (III.3.c)

Value readjustments have been made to the amount of €23,963K (+€20,648K compared with 2002) on investments written down during prior years, €14,682K being for stocks and shares and €9,281K for other financial investments.

Gains made on investments (III.3.d)

These rose by €143,249K compared with 2002. They are represented by (in €K):

	2003	Variations compared with 2002
Capital gains on disposals:		
- bonds/ fixed-income securities	103,957	47,158
- stocks and shares	27,920	7,661
- buildings	993	887
- other financial investments	106,082	87,543
Total	238,952	143,249 (+149.7%)

These are capital gains arising from short-term investments.

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

Investment management charges and other interest paid show a drop of €3,263K and are subdivided into the following items (in €K):

	2003	Variations compared with 2002
Charges, sundry financial	15,790	(11,233)
Charges, shares/bonds	22,929	9,900
Charges, property investments	10,017	(996)
Interest on reinsurers' deposits	14,631	(1,003)
Asset depreciation	421	69
Total	63,788	(3,263) (-4.9%)

Value adjustments on investments (III.4.b)

These amount to €125,735K, a decrease of €27,217K, and relate to:

	2003	Variations compared with 2002
Value adjustments on:		
- bonds/ fixed-income securities	98,497	78,118
- stocks and shares	14,938	(96,176)
- other financial investments	3,509	(10,277)
- property depreciation	8,791	1,118
Total	125,735	(27,217) (-17.8%)

Losses made on investments (III.4.c)

These amount to €87,142K (+€54,835K compared with 2002) and are represented by (in €K):

	2003	Variations compared with 2002
Capital losses on disposals:		
- bonds/ fixed-income securities	14,873	5,724
- stocks and shares	6,117	(1,066)
- other financial investments	66,152	50,177
Total	87,142	54,835 (+169.7%)

Other income (III.6)

This amounts to €67,115K (+€1,740K). The most significant components relate to €26,313K for interest earned on bank deposits and €10,064K 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 €31,176K (+€5,886K) for 'Interest on financial payables', €30,644K relates to interest on and the issue costs for the subordinated bonded loans and €532K to interest on mortgage loans.

Sundry charges (III.7.b)

These amount to €90,716K, an increase of €5,170K over 2002. They include €10,836K for the negative exchange rate differences resulting from the end-of-year currency alignment of entries, €34,931K for the amortization of the difference from consolidation on a line-by-line basis, and €16,529K for the amortization of intangible assets.

Profit from ordinary activities

This amounted to €252,492K, an increase of 31.2% over the previous financial year, mainly as a result of the improvement in the technical result.

Extraordinary income (III.9)

This recorded an increase of €21,908K and is set out in detail in the following table (in €K):

	2003	Variations compared with 2002
Income from disposal of/trading in:		
- property	552	(28,249)
- bonds/fixed-income securities	29,163	16,226
- stocks and shares	29,978	28,055
- extraordinary income	9,580	5,071
- other extraordinary income	2,946	805
Total	72,219	21,908 (+43.6%)

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 amount, which increased by €7,316K during the year, was €21,435K (€8,106K of which related to the recently-acquired companies). It includes capital losses on the sale of long-term investments, contingent liabilities and charges relating to the fact that the companies in the Group have taken advantage of several amnesties on direct and indirect taxes (in accordance with Law 289/2002), offset by drawings on provisions recorded as income. Further charges relating to the tax amnesty for 2002 (in accordance with Law 350/2003) were also recorded.

Part D: Other information

Staff of consolidated undertakings

	Average number for 2003	Number as at 31/12/2003
Unipol Assicurazioni	1,443	1,440
BNL Vita	85	85
Linear Assicurazioni	243	265
Meicaurora	848	841
Navale Assicurazioni	101	102
Noricum Vita	14	14
Quadrifoglio Vita	17	20
Unisalute	191	208
Winterthur Assicurazioni	1,421	1,397
Winterthur Vita	128	125
NewWin Assicurazioni	7	6
Total	4,498	4,503

The average number for 2003 is broken down by category as follows:

Senior officials	134
Junior officials	583
Clerical staff	3,273
Other employees (*)	508
Total	4,498

(*) mainly call centre advisers

Excluding the 1,556 employees of the recently-acquired companies, there was a net increase of 146 in the number of employees compared with the situation on 31 December 2002. The staff of Noricum Vita, which was sold on 3 December 2003, remained on its books as employees until 31 December. On 1 January 2004 they were transferred to the staff of the Parent Company.

Emoluments

Emoluments payable for 2003 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	1,364
Auditors	180
Total	1,544

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 €3,564.5m (€3,176.4m as at 31/12/2002) and shareholders' equity, including the profit for the year, amounted to €492m.

At the end of the year assets under management amounted to €1.2bn (€1bn as at 31/12/2002).

Unipol Fondi Ltd: during the course of 2003 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 €2.6m (0.9m as at 31/12/2002); its shareholders' equity, including the profits for the year, amounted to €0.9m.

At the end of the financial year the assets under management amounted to €529m, as against €272m at the end of 2002 (+95%).

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, 26 March 2004

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	2003 Shareholders' Equity Total	2002 Shareholders' Equity Total
Balances on unconsolidated accounts of Unipol Assicurazioni	2,395,442	134,107	2,529,549	1,387,709
Difference between net book value and capital, reserves and profit for the year of consolidated undertakings:	(1,266,757)	78,853	(1,187,904)	(465,667)
Differences arising from consolidation	1,104,629	(34,931)	1,069,698	393,367
Difference posted to other asset items (buildings)	69,287	(9,082)	60,205	27,653
Valuation of undertakings included by the equity method	897	15,227	16,124	2,811
Elimination of inter-group dividends	43,083	(43,083)	0	0
Inter-group transactions	(6,552)	(2,982)	(9,534)	(6,552)
Application of group accounting criteria	6,311	9,347	15,658	(775)
Balances on consolidated annual accounts - Group	2,346,340	147,456	2,493,796	1,338,546
Minority interests	199,937	29,934	229,871	163,282
Grand total, minority interests included	2,546,277	177,390	2,723,667	1,501,828

The negative difference between the Parent Company's shareholders' equity and the consolidated shareholders' equity pertaining to the Group is mainly due to acquisitions made in 2000.

**STATEMENT OF CHANGES IN CONSOLIDATED CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2003**

(Amounts in €K)

	Share capital	Reserves	Profit / (Loss) for the year	TOTAL
Balances as at 31 December 2002	505,696	730,734	102,116	1,338,546
Allocation of 2002 profit				
-dividends			(56,900)	(56,900)
-reserves		45,216	(45,216)	0
Warrant conversion	3,463	6,568		10,031
Capital increase	397,071	657,536		1,054,607
Changes in other reserves		56		56
Profit for the year 2003			147,456	147,456
Balances as at 31 December 2003	906,230	1,440,110	147,456	2,493,796

CONSOLIDATED CASH FLOW STATEMENT*(Amounts in £K)*

	31/12/2003	31/12/2002
CASH INFLOW		
CASH INFLOW FROM OPERATING ACTIVITIES		
Net profit for the year	147,456	102,116
Net increase in technical provisions	8,188,475	2,820,167
Write-downs of securities and shareholdings	116,944	145,279
Increase (decrease) in unit trusts	100,361	1,280
(Increase) decrease in receivables and other assets, net of payables and other liabilities	12,447	(227,002)
OTHER CASH INFLOW		
Paid-up capital increase	1,064,638	162,507
Changes in equity reserves	56	73
Increase (decrease) in minority interests	66,588	14,195
TOTAL CASH INFLOW	9,696,965	3,018,615
CASH FLOWS WERE INVESTED AS FOLLOWS:		
Increase investments in securities	8,402,291	716,842
Increase investments in shareholdings	579,884	253,546
Increase investments in buildings	162,399	(109,250)
Increase in Class D investments	399,949	1,189,196
Write-ups of securities and shareholdings	23,963	3,315
Increase (decrease) in financing	15,597	4,613
Other cash investments	188,224	641,512
Dividends paid	56,900	48,796
TOTAL CASH FLOW INVESTED	9,829,207	2,748,571
Increase (decrease) in cash and cash equivalents	(132,242)	270,044
TOTAL	9,696,965	3,018,615
Cash at bank and in hand as at 1 January	810,234	540,190
Cash at bank and in hand as at 31 December	677,992	810,234

External Auditors' Report



Revisione e organizzazione contabile

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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 2003. These financial statements are the responsibility of the management of Compagnia Assicuratrice Unipol S.p.A.. 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 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 responsibility for the audit of the financial statements of certain subsidiary and associated companies, representing 29% and 30% of consolidated assets and consolidated gross premiums, respectively, rests with other auditors.

Reference should be made to the report dated 11 April 2003 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 2003 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, 9 April 2004

KPMG S.p.A.

(Signed on the original)

Massimo Tamburini
Director of Audit



KPMG S.p.A. is a member of KPMG International.

Milano Ancona Bari Bergamo Bologna Bolzano
Brescia Catania Como Firenze Foggia Genova Lecce
Napoli Novara Padova Palermo Parma Perugia
Pescara Roma Torino Treviso Trieste Udine Varese Verona

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