

Compagnia Assicuratrice Unipol

Stock Company

Registered Offices in 40128 Bologna - Via Stalingrado 45 – Share capital € 504,142,992 fully paid-up

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

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

Consolidated Quarterly Report as at 30 September 2002

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

Bologna, 8 November 2002



Company Boards and Principal Officials

HONORARY CHAIRMAN

Enea Mazzoli

BOARD OF DIRECTORS

CHAIRMAN

MANAGING DIRECTOR

Giovanni Consorte

VICE-CHAIRMAN

MANAGING DIRECTOR

Ivano Sacchetti

BOARD MEMBERS

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

BOARD OF AUDITORS

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

PRINCIPAL OFFICIALS

GENERAL AREA MANAGERS

Maria Bettazzoni, *Administration, Accounting and Auditing*
Valter Cacciari, *Information Technology*
Franco Migliorini, *Human Resources, Organization and External Relations*

JOINT GENERAL MANAGER

Carmelo De Marco, *Non-Life Insurance Business*

CHIEF MANAGERS

Domenico Brighi / Giancarlo Brunello / Carlo Cimbri
Riccardo Laurora / Salvatore Petrillo

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INTRODUCTION

The world economy is recovering from the recession more slowly and more tentatively than was forecast. This is in part due to the threat of a war with Iraq.

The repercussions of the worsening economic situation, which has forced economists to revise downwards their estimates of economic growth in major countries, did not spare Italy, which in the first half of 2002 recorded a rate of growth of scarcely 0.1%, lower than the average for countries in the European Union (+0.4%). Similarly to what happened in other countries in the Eurozone, inflation in Italy accelerated during the Summer, rising to +2.6% in September (+2.7% by October according to initial estimates). The difficulties with which the economy is grappling and various well-known financial scandals continued to depress equity markets,

with more emphasis being placed on bonds, prices of which continued to increase during the third quarter of 2002.

Over the next few months it will be hard to detect much of an improvement in the international economic situation, so no short-term consolidation in the recovery is expected in Italy. In fact the weakness of domestic demand and the widening of the inflationary differential with the average in the European Union give rise to estimates of an average rate of growth in Italian GDP for 2002 of around +0.5%. The growing number of unfavourable events and the disasters affecting some parts of the country are also cause for concern.

The weakness and slowness of the recovery, together with fears that war will be declared in the Middle East, make the trend in the equity markets very uncertain.

THE UNIPOL GROUP

During the third quarter of 2002 no significant changes were made to the Group's structure compared with the situation as at 31 December 2001.

However, it should be noted that:

- on 17 July 2002 the split between the affiliated company Finec Merchant spa and Finec Holding spa was finalized. As a result of this operation and following a subsequent increase in Finec Holding's share capital not
- subscribed by the Parent Company, Unipol Assicurazioni's holdings were 42.54% in Finec Merchant (which changed its name to Unipol Merchant on 30/10/2002) and 34.85% in Finec Holding;
- on 23 September 2002 Unipol Banca acquired 3,515,600 shares in Finec Merchant, which correspond to 5% of the share capital, for a total countervalue of €3.9m.

GENERAL DRAFTING CRITERIA AND BASIS OF CONSOLIDATION

Unipol Group's quarterly report as at 30 September 2002 was drawn up in accordance with Consob Ruling 11971 of 14 May 1999 (Article 82 and Annex 3D).

The general valuation criteria adopted when drawing up the consolidated figures for the period in question are consistent with those used for drawing up the consolidated accounts as at 31 December 2001.

However, given that these are interim figures, drawn up immediately after the period to which they refer, certain items have been estimated (using

available business figures and company statistics), although substantially in keeping with the principles adopted for the end-of-year accounts and reports.

The report provides information concerning the economic and financial position of the Group, which consists of eight insurance companies, two property companies and a service company, all consolidated on a line-by-line basis. In addition twenty companies were evaluated using the net equity method.

The table below lists those subsidiaries that fall within the basis of consolidation.

COMPANIES INCLUDED ON A LINE-BY-LINE BASIS

Company - Registered Office	Business - Share capital	% Holding		Group share
		direct	indirect	
Compagnia Assicuratrice Unipol spa Bologna	Insurance and reinsurance €503,868,376			
Bnl Vita spa Milan	Insurance and reinsurance €110,000,000	50.00		50.00
Compagnia Assicuratrice Linear spa Bologna	Insurance and reinsurance €16,000,000	80.00		80.00
Meieaurora spa Milan	Insurance and reinsurance €190,777,009	84.61		84.61
Navale Assicurazioni spa Ferrara	Insurance and reinsurance €10,500,000	98.18		98.18
Noricum Vita spa Bologna	Insurance and reinsurance €16,000,000	51.00		51.00
Quadrifoglio Vita spa Bologna	Insurance and reinsurance €22,500,000	50.00		50.00
Unisalute spa Bologna	Insurance and reinsurance €17,500,000	87.44		87.44
Midi srl Bologna	Property company €72,000,000	100.00		100.00
Unifimm srl Bologna	Property company €43,350,000	99.00		99.00
Uniservice spa Bologna	Data transmission services €104,000	99.00		99.00

COMPANIES INCLUDED BY THE EQUITY METHOD

SUBSIDIARIES (transacting business other than insurance)				
Unipol Banca spa Bologna	Bank €284,200,000	81.07		81.07
Unipol Fondi Ltd Dublin	Investment fund management €125,001		100.00 (Unipol Banca)	81.07
Grecale srl Bologna	Credit securitization €10,000		60.00 (Unipol Banca) 40.00 (Unipol Merchant)	65.66
Unipol Sgr spa Bologna	Financial intermediary €2,000,000	100.00		100.00
Unieuropa srl Bologna	Market analysis and research €510,000	98.00		98.00
Unisalute Servizi srl Bologna	Healthcare services €52,000		100.00 (Unisalute)	87.44

The other associated and affiliated companies included by the equity method are as follows: Hotel Villaggio Città del Mare spa, Unipol Merchant spa, Finec Holding spa, A.P.A. spa, AR.CO. Assicurazioni spa, Assicoop Ferrara spa,

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

INFORMATION ON THE ECONOMIC AND FINANCIAL SITUATION OF THE GROUP

The activity of the undertakings in the Group showed a positive trend, in line with the objectives of developing and improving the expected results, despite the weakness of the economy and an overall picture dominated by uncertainty.

Measures aimed at optimizing synergies and rationalizing operating procedures continued.

Turning to the principal business aspects as at 30 September, the following should be noted:

- the Group's premium income, gross of reinsurance cessions, amounted to €4,038m (+14% compared with 30/09/2001) and to €3,884m net of reinsurance cessions and of the balance on provisions for unearned premiums for the period (€3,394m as at 30/09/2001);
- the improvement in the results of technical insurance business (€71.7m compared with €22.4m as at 30/09/2001), as a result of the positive trend in Non-Life business, continued;
- the total amount of net technical provisions was €15,421m, an increase of €1,649m compared with 31 December 2001 (+12%) and of €436m compared with 30 June 2002 (+2.9%);
- investments and liquid assets amounted to €16,504m, an increase of €1,685m compared with 31 December 2001 (+11.4%) and of €528m compared with 30 June 2002 (+3.3%);
- net investment income and capital gains and net trading profits for the period amounted to €427.4m (€412.5m as at 30/09/2001), whereas investments relating to benefits linked to investment funds, market indices and pension funds ('D' line) resulted in net charges of €119.4m (-€243m as at 30/09/2001);
- net operating expenses, a total of €372m, represented 9.6% of earned premiums (10.7% as at 30/09/2001);

- the operating result for the period (before value adjustments to investments) amounted to €279m (€185.6m as at 30/09/2001);
- net value adjustments, determined by the unfavourable trend in the equity markets, amounted to €159.7m (€133.8m as at 30/09/2001);
- the result of ordinary business for the period, after account is taken of the relevant potential value adjustments to investments and the amortization relating to the consolidation differences (€21.3m), was €119.4m (€51.8m as at 30/09/2001), an increase of 130.5% compared with the third quarter of 2001;
- the total gross result amounted to €132.6m (€75.2m as at 30/09/2001). At the end of September net profits pertaining to the Group were €61.8m (+123.1%).

The tables on the following page show:

- key figures from the profit and loss account as at 30 September 2002, compared with that of the corresponding period of the previous financial year and with that as at 31 December 2001;
- the ordinary business results during the period July/September 2002 compared with the corresponding period of 2001.

It should be stressed that interim results represent only the trend, and this must be taken into consideration together with the seasonal factors that affect insurance business, with the underwriting policies and the tariff adjustments adopted, with the launch of the new products and with the trends in the financial market and the overall economic picture. Lastly, these results may be influenced in various ways by extraordinary non-recurrent events.

PROFIT AND LOSS ACCOUNT AS AT 30 SEPTEMBER 2002 - KEY FIGURES (amounts in millions of €)

	as at 30/09/2002			as at 30/09/2001			as at 31/12/2001		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
net of reinsurance cessions									
Life written premiums and Non-Life earned premiums	2,397.4	1,486.6	3,884.0	2,011.4	1,382.2	3,393.6	2,743.6	1,879.0	4,622.6
Charges for claims and benefits paid, variations in Life technical provisions and Non-Life provisions for outstanding claims	(2,353.8)	(1,139.9)	(3,493.7)	(1,857.0)	(1,084.6)	(2,941.6)	(2,754.6)	(1,471.1)	(4,225.6)
Operating expenses	(85.6)	(286.4)	(372.0)	(83.6)	(278.4)	(362.0)	(112.5)	(391.9)	(504.3)
Other technical income and charges	14.9	(3.0)	11.9	0.5	(10.2)	(9.7)	6.9	(11.1)	(4.3)
Net income (charges) from Class D investments	(119.4)		(119.4)	(243.0)		(243.0)	(125.1)		(125.1)
Net investment income allocated to the technical account of Life business	160.9		160.9	185.1		185.1	271.9		271.9
Balance on the technical account	14.4	57.3 ⁽¹⁾	71.7	13.4	9.0 ⁽¹⁾	22.4	30.2	4.9 ⁽¹⁾	35.1
NON-TECHNICAL ACCOUNT									
Net investment income (2)			250.2			188.2			214.5
Balance on other income/charges			(42.9)			(24.9)			(46.6)
Operating result			279.0			185.6			203.0
Net value adjustments			(159.7)			(133.8)			(148.2)
Balance on ordinary activities			119.4			51.8			54.8
Extraordinary income			18.4			31.4			124.4
Extraordinary charges			(5.3)			(8.0)			(41.1)
Profit before taxation			132.6			75.2			138.1
Tax on profit			(61.6)			(43.6)			(65.6)
Profit (loss) - minority interests			9.2			3.9			10.1
PROFIT (LOSS) - GROUP			61.8			27.7			62.3

The economic trend for the period July-September is shown in the table below:

BALANCE ON ORDINARY ACTIVITIES IN THE THIRD QUARTER 2002 - KEY FIGURES (amounts in millions of €)

	Third quarter 2002			Third quarter 2001		
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
net of reinsurance cessions						
Life written premiums and Non-Life earned premiums	636.0	492.1	1,128.1	728.2	439.8	1,168.0
Charges for claims and benefits paid, variations in Life technical provisions and in Non-Life provisions for outstanding claims	(671.4)	(376.7)	(1,048.1)	(582.9)	(341.3)	(924.1)
Operating expenses	(26.2)	(85.3)	(111.5)	(25.8)	(82.6)	(108.5)
Other technical income and charges	7.7	(1.9)	5.8	(0.8)	(1.3)	(2.1)
Net income (charges) from Class D investments	7.5		7.5	(181.6)		(181.6)
Net investment income allocated to the technical account of Life business	49.0		49.0	62.4		62.4
Balance on the technical account	2.6	28.3 ⁽¹⁾	30.9	(0.4)	14.6 ⁽¹⁾	14.2
NON-TECHNICAL ACCOUNT						
Net investment income (2)			66.0			50.5
Balance on other income/charges			(7.3)			(17.1)
Operating result			89.6			47.6
Net value adjustments			(50.7)			(35.0)
Balance on ordinary activities			39.0			12.6

(1) No transfer of investment income from the non-technical account in the consolidated profit and loss account of Non-Life business.

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

PREMIUM INCOME

Premiums written as at 30 September 2002 amounted to €4,038m (€1,115m in the quarter July-September), an increase of 14% compared with 30 September 2001.

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

BREAKDOWN OF WRITTEN PREMIUMS PER LINE OF BUSINESS								
<i>(Amounts in millions of €)</i>								
	30 September 2002		comp. 30 September 2001		Var. % 2002/2001	31 December 2001		comp.
	2002	%	2001	%	2002/2001	2001	%	
DIRECT ITALIAN INSURANCE BUSINESS								
Non-Life business								
Accident and Health (lines 1 and 2)	213	5.3	196	5.6	8.8	295	6.0	
Land vehicles Motor TPL (line 10)	858	21.5	794	22.7	8.1	1,117	22.8	
Motor vehicles, other business (line 3)	147	3.7	143	4.1	3.1	202	4.1	
Marine, aircraft and goods in transit (lines 4, 5, 6, 7, 11 and 12)	26	0.7	21	0.6	23.0	35	0.7	
Fire and other damage to property (lines 8 and 9)	144	3.6	131	3.7	10.1	198	4.0	
General TPL (line 13)	134	3.4	123	3.5	9.2	188	3.8	
Credit and Bonds (lines 14 and 15)	22	0.6	27	0.8	-17.4	32	0.7	
Sundry pecuniary losses (line 16)	15	0.4	14	0.4	8.6	22	0.5	
Legal protection (line 17)	7	0.2	6	0.2	8.5	10	0.2	
Assistance (line 18)	13	0.3	12	0.3	14.4	17	0.3	
Total Non-Life insurance business	1,581	39.5	1,466	41.9	7.8	2,116	43.2	
Life business								
I - Life assurance	1,129	28.2	610	17.4	85.2	918	18.7	
III - Assurance linked to investment funds/market indices	1,046	26.1	1,299	37.1	-19.5	1,652	33.7	
V - Capital redemption operations	229	5.7	117	3.4	95.1	202	4.1	
VI - Pension funds	16	0.4	6	0.2	166.8	9	0.2	
Total Life assurance business	2,420	60.5	2,032	58.1	19.1	2,780	56.8	
Total direct insurance business	4,000	100.0	3,499	100.0	14.3	4,897	100.0	
INWARD REINSURANCE								
Non-Life business	32	86.0	37	87.8	-13.8	41	88.8	
Life business	5	14.0	5	12.2	1.2	5	11.2	
Total inward reinsurance	37	100.0	42	100.0	-11.9	46	100.0	
TOTAL PREMIUM INCOME	4,038		3,541		14.0	4,943		

Premiums ceded as at 30 September 2002 totalled €207.7m (€176.2m as at 30/09/2001), a rate of retention of 94.9%. Booked premiums were underwritten almost

exclusively in Italy. As at 30 September 2002 direct business premiums for Unipol Assicurazioni and its subsidiaries are as follows (in millions of €):

Direct premiums	Non-Life	var. % 2002/2001	Life	var. % 2002/2001	Total	var. % 2002/2001	comp. in %
Unipol Assicurazioni	820	10.0	383	7.4	1,203	9.2	30.1
Subsidiaries	761	5.5	2,037	21.5	2,797	16.7	69.9
TOTAL DIRECT PREMIUMS	1,581	7.8	2,420	19.1	4,000	14.3	100

The sales network and commercial activity

As at 30 September 2002 the sales network consisted of 1,113 agencies, 567 of which were Unipol Assicurazioni agencies and 546 Meieaurora agencies, and of 1,300 sub-agents.

In the bancassurance sector Noricum Vita sold its own products through 315 bank outlets (183 of the Cassa di Risparmio in Bologna and 132 of the Banca Popolare dell'Adriatico), Quadrifoglio Vita operated via the 288 outlets of the Banca Agricola Mantovana, whilst BNL Vita marketed its own products through the 698 outlets of the BNL Group, together with 1,170 BNL Investimenti financial advisers.

In the field of banking, Unipol Banca continued to consolidate its presence, with 108 branches as at 30 September 2002 (46 of which were combined with Unipol Assicurazioni insurance agencies), 54 finance shops and 396 financial advisers. The Bank also makes use of direct sales channels (telebanking) and of Unipol's main insurance agencies, which distribute standardized banking products. During the current year the Bank's marketing policy has been particularly geared towards developing marketing initiatives intended to take advantage of the client synergies offered by the Group's insurance business.

As regards product development, the principal novelties in this quarter, as far as the **Parent Company** was concerned, were Life business, under which various new products were marketed, including (as from 24 July) a deferred capital tariff with fixed annual premiums (tariff 671/681), with counter-insurance and (as from 30 September) tariff 45D, endowment insurance with fixed annual premiums and capital subject to revaluation, with the capital doubled in the event of the death of the policyholder.

As from 23 September, a new product was also released as 'personal' or 'top-up' pension scheme, known as 'Futuro Presente'. The policyholder is free to choose either a product which will provide capital revaluation and a guaranteed annuity when the policy is paid out, or a financial-type Unit-Linked formula, which guarantees the coefficient for conversion of the accrued capital into an annuity.

The fact that the phase of uncertainty and volatility in the financial markets persisted also led the other companies in the Group to examine and market guaranteed products. In particular, new solutions are still being worked out, as for example the new Unit-Linked fund known as 'Quadrifoglio 7+7'

marketed by **Quadrifoglio Vita**, which offers increasing capital protection guarantees and minimum yield. In September **BNL Vita** introduced a new Index-Linked product available exclusively through the network of BNL bank outlets, which is characterized by an annual coupon flow for an amount linked to the trend in European consumer prices.

Meieaurora continued work on adjusting the Non-life portfolio, with the aim of trying to steer long-standing clients, in particular those with multirisk policies covering the requirements of families, towards the products on the new list. Tailor-made Motor TPL tariffs were also reviewed, new risk factors allowing the individual policyholder's level of risk to be evaluated more accurately being introduced.

In Life business, in line with the dynamics of the market, Meieaurora recorded an upturn in traditional and capitalization products and a slowdown in financial products in Line III. In order to support the sales network, training courses were run and new financial products, which will be marketed during the last quarter, were created.

In the Motor sector, **Linear** collects premiums directly by telephone (via a call centre with 174 advisors) and over the Internet. As at 30 September 2002 approximately 45% of premiums for new business were collected over the Internet, bringing to 33% the overall percentage of premiums collected in this way.

In the Health sector, **Unisalute**'s main premium income was increasingly from the sale of 'managed care' group policies. It also continued to sell supplementary individual products, assistance products and, via the Internet, Long-Term Care products. The company continued to place great emphasis on special promotions: during the third quarter a great deal of interest was shown in a brochure on NHS and the private health market, written in collaboration with Bloomberg Investimenti.

Navale, which operates through brokers and multi-firm agencies, continued its strategy of specializing in transport and tourism.

Life business and pension funds

Premiums written in the quarter under review amounted to a total of €643m, and as at 30 September 2002 overall premiums written came to €2,425m, an increase of 19% over 30 September

2001.

The Parent Company had total premium income of €388.4m, an increase of 7.3% compared with the same period of the previous financial year, while premiums written by Meieaurora rose to €181.1m (+18.7%).

The total premium income of €1,855.4m of the three bancassurance companies showed an increase of 21.8% compared with the situation as at 30 September 2001, with Quadrifoglio Vita's performance remaining particularly outstanding (+117%).

Pension funds

In the third quarter of 2002, despite the enduring nature of the uncertainties that were a feature of the whole supplementary pension schemes sector, occupational pension arrangements showed some signs of picking up, amongst which was the call by Eurofer (employees of the Italian State Railway) for tenders for asset managers, for which Unipol put in a bid. The growing attention to more prudent management can be seen in the case of the Fondo Solidarietà Veneto (a pension fund covering all categories of employees in industrial companies in the Veneto region); from the various options available for transition to multi-portfolios, the members showed a distinct preference for the line with a higher content of bonds. As this line is

managed by Unipol, a consequent doubling of the resources allocated to the Parent Company was recorded.

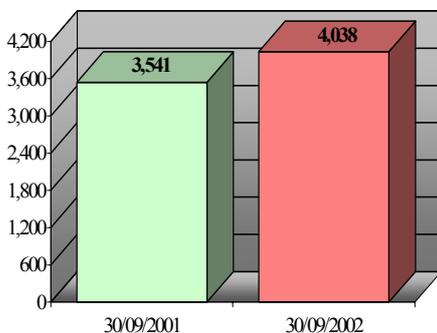
The other funds already managed continued their business regularly, i.e. Fonchim, Fondo Pensione Bayer Italia and Cooperlavoro. On 10 July Unipol also began to manage Previcoper's assets, and at the beginning of September the asset management agreement with Fundum was approved by COVIP. At the end of the quarter total assets under management amounted to €159.6m.

At the beginning of October the result of the Fon.Te. selection process was published, Unipol being one of the four asset managers selected. In addition, the Arco agreement is close to being signed.

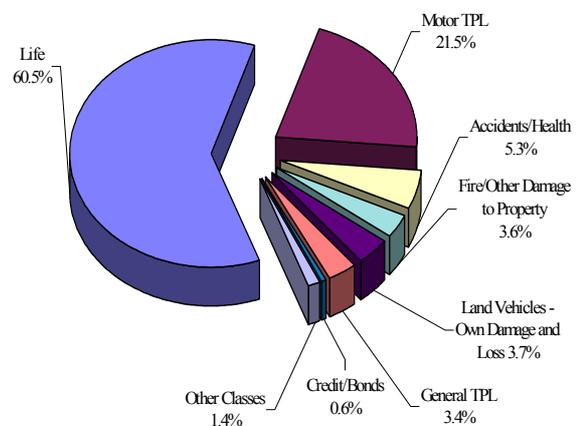
As regards Open Pension Funds, as at 30 September 2002 the total assets of 'Unipol Futuro', 'Unipol Previdenza' and 'Unipol Insieme' amounted to €30.4m (with a total of 6,498 members on that date), to which were added the assets of the pension fund of the employees of the Banca Agricola Mantovana of €8.2m, for a total of €38.6m.

Turning to benefits, as at 30 September 2002 payments for matured policies, surrenders and claims for all the companies in the Group for direct business reached a total of €857.3m (+38.4% compared with 30/09/2001).

Total premium income
(in millions of €)



Breakdown of direct premium income



Non-Life business

Premium income during the third quarter amounted to €471m (+10.4% compared with the third quarter of 2001).

As at 30 September 2002 the overall premium income came to €1,613m, an increase of 7.3% compared with the corresponding period of 2001.

In particular, growth in premium income from direct business for the Parent Company, which amounted to €819.9m, was an increase of 10% compared with the same period in the last financial year.

Meieaurora collected premium income from direct business of €581.2m (-0.8%) and the three specialist companies (Linear, Unisalute and Navale) had premium income of €179.6m (+32.5%).

Premium income for Motor TPL business grew by 8.1% compared with the position as at 30 September 2001. This trend is the result of the business upturn, in particular of business deriving from clients with a low risk profile, and of greater client stability arising from the favourable tariff treatment reserved for policyholders who did not make any claims during the period under review. Other types of cover linked to motor vehicles are also still being developed.

As regards new legislation relating to this type of business, it should be noted that the Italian Senate approved the reform of the Law on Motor TPL but inserted an amendment which, if approved by the Chamber of Deputies, would affect all policyholders who have benefited from the maximum no-claims discount for two years and could have a very negative effect on the congruity of the relevant tariffs currently in force, as the personalization parameter reflecting the area where these policyholders live would be suppressed.

The terse way in which this article is worded leaves ample scope for uncertainty in the implementation criteria to be adopted and poses questions of legality in distinct contrast to the freedom of companies to set tariffs, which has been repeatedly reaffirmed by the European Community, in cases of this specific kind.

Until the final text is available, it is impossible to assess its impact on premium income or what adjustments may be necessary in order to maintain the technical balance of tariffs.

As regards non-motor business, there was a welcome growth in all lines of business with both

individuals and professionals and with companies. Underwriting policies adopted generally turned out to be excellent at selecting risks and safeguarding the technical result.

Technical performance in Non-Life business and reinsurance

Non-Life business produced a positive technical balance of €57.3m as at 30 September 2002 against €9m as at 30 September 2001.

The net loss ratio, including settlement costs, was 76.7% (78.5% as at 30/09/2001 and 78.3% at the end of 2001).

Claims paid for direct business, net of sums recovered, were €950.7m (+6.3% compared with 30/09/2001).

The trend in the number of claims reported continued to improve, particularly for Motor TPL, whilst the trend in the average cost of claims continued steadily upwards. By the end of the third quarter 591,940 direct claims had been received (-1%).

The ratio of operating expenses to premiums retained was 19.3% (20.1% as at 30/09/2001).

The combined ratio (ratio of claims and operating expenses to earned premiums) was 96% as at 30 September (98.6% as at 30/09/2001).

Outward reinsurance schemes did not alter significantly compared with the previous financial year 2001 and the first half-year of 2002. During the quarter proportional types of cover were not affected by particular losses, with the exception of Aircraft TPL business, where a claim for a considerable amount was recorded. As regards non-proportional Non-Life covers, reinsurers' results worsened due to excess of loss treaties for Motor TPL and General TPL lines of business. The remaining types of cover were not affected by particularly heavy losses.

Measures aimed at reinforcing both the careful selection of direct risks and the strictness of the underwriting policy continued, in order to reduce the Group's dependence on the volatility of prices and of the capacity of the reinsurance market, which could become more pronounced over the next few financial years.

TECHNICAL PROVISIONS

As at 30 September, the total amount of net technical provisions was €15,421m, an increase of €1,649m compared with 31 December 2001 (+12%). They are made up as follows (in millions of €):

	30/09/2002	30/06/2002	31/12/2001
Life business	7,383	7,119	6,599
Non-Life business	3,325	3,327	3,203
'D' line provisions (*)	4,713	4,539	3,970
Total	15,421	14,985	13,772

(*) Lines III and VI of Life business

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

OPERATING EXPENSES

Net operating expenses as at 30 September 2002 (which include acquisition and renewal commissions and other acquisition and administrative expenses) amounted to a total of €372m (€362m as at 30/09/2001, €504.3m at the end of 2001).

They constituted 9.6% of overall earned premiums (10.7% as at 30/09/2001 and 10.9% as at 31/12/2001), confirming the downward trend also caused by the gradual sharing and rationalization of operating procedures within the Group.

For Life business these figures stood at 3.6% and for Non-Life business at 19.3%.

As at 30 September 2002 the insurance companies in the Group had 2,878 employees, a net increase of 116 compared with the situation as at 30 June 2002, including 100 advisers for the specialist call centres of Unipol Assicurazioni, Unisalute and Linear.

The number of people employed by Unipol Banca on the same date was 721, an increase of 7 compared with 30 June 2002.

During the quarter, training continued both for the call-centre and head-office staff as well as for the sales forces.

INVESTMENTS AND LIQUID ASSETS

As at 30 September 2002 the Group's investments and liquid assets, net of depreciation on property and net value adjustments on securities arising from trends in regulated markets, reached a total of €16,504m, an increase of €1,685m (+11.4%) compared with the situation as at 31 December 2001

and an increase of €528m compared with the situation as at 30 June 2002 (+3.3%).

Types of investment and variations compared with 31 December 2001 and with 30 June 2002 are shown in the following table:

INVESTMENTS AND LIQUID ASSETS								
<i>(Amounts in millions of €)</i>								
	30/09/2002	comp.	30/06/2002	comp.	var. 31/12/2001	comp.	var.	
	(a)	%	(b)	%	%	(c)	%	%
					(a/b)			(a/c)
Land and buildings	621	3.8	628	3.9	-1.0	629	4.2	-1.3
Investments in Group undertakings and other participating interests								
-Stocks and shares	856	5.2	855	5.4	0.1	841	5.7	1.7
-Bonds	41	0.2	27	0.2	52.0	0	0.0	
Total	897	5.4	882	5.5	1.7	841	5.7	6.6
Other financial investments								
-Stocks and shares	314	1.9	345	2.2	-8.9	245	1.7	28.2
-Units and shares in investment funds	135	0.8	148	0.9	-9.2	143	1.0	-6.2
-Bonds and other fixed-income securities	8,560	51.9	8,705	54.5	-1.7	7,836	52.9	9.2
-Corporate financing	70	0.4	69	0.4	1.1	67	0.4	4.6
-Sundry financial investments (1)	529	3.2	229	1.4	130.8	514	3.5	2.9
Total	9,607	58.2	9,496	59.4	1.2	8,805	59.4	9.1
Deposits with ceding undertakings	28	0.2	25	0.2	12.7	27	0.2	2.9
Investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management								
-Investment funds and market indices	4,662	28.3	4,500	28.2	3.6	3,946	26.6	18.1
-Pension funds	39	0.2	37	0.2	4.2	26	0.2	47.2
Total	4,701	28.5	4,537	28.4	3.6	3,973	26.8	18.3
Other assets								
-Bank and postal deposits, cash	642	3.9	408	2.6	57.4	540	3.6	18.9
-Own shares	7	0.0	0	0.0	0.0	3	0.0	127.6
Total	650	3.9	408	2.6	59.2	543	3.7	19.6
TOTAL INVESTMENTS AND LIQUID ASSETS	16,504	100.0	15,976	100.0	3.3	14,819	100.0	11.4

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

Land and buildings

As at 30 September 2002 the Group's property amounted to €621m, a net decrease of €7m (-1%) compared with 30 June 2002, owing to disposals of buildings by the Parent Company.

It should also be noted that at the end of October four transactions took place in which residential complexes belonging to the Parent Company and to Meieaurora were sold for a total countervalue of €62m, resulting in net capital gains of €15.1m which were recorded in the unconsolidated

accounts of both companies.

Investments in Group undertakings and other participating interests

Investments in shareholdings were almost unchanged compared with the situation as at 30 June 2002 (rising from €855m to €856m), whilst investments in bonds issued by companies in which participating interests are held rose from €27m to €41m (+52%).

Own shares and shares in the Parent Company

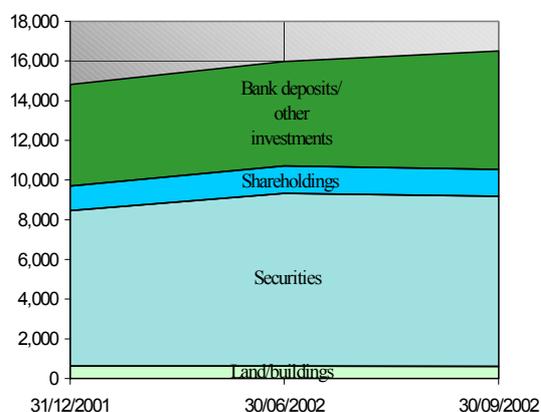
During the third quarter 1,834,195 ordinary shares of the Parent Company were purchased, for a total amount of €7m.

As regards the Holding Company Finsoe spa, during the third quarter of 2002 no operations on shares were made and therefore, as at 30 September 2002 no shares were held in this company.

Other financial investments

As at 30 September 2002 financial investments (net of potential value adjustments) amounted to €9,607m, a net increase of €111m compared with 30 June 2002 (+1.2%), mainly thanks, on the one hand, to the increase (+€300m) recorded in sundry financial investments (almost entirely made up of repo transactions), and on the other to the decrease in bonds and other fixed-income securities (-€145m), the latter amounting to €8,560m at the end of September.

Investments (in millions of €)



INVESTMENT INCOME

As at 30 September 2002 net investment income and capital gains and net trading profits amounted to €427.4m (€412.5m as at 30/09/2001), €13.7m of which was extraordinary income (€29.6m as at 30/09/2001).

The net results of investments relating to internal

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

These investments totalled €4,701m, as against €4,537m as at 30 June 2002 (+3.6%), and reflect the growth during this period in Unit-Linked and Index-Linked Life products marketed by the Parent Company and by subsidiaries operating in Life businesses. These investments, which are mainly made up of units and shares in investment funds and of bonds, are valued at their market value, in strict correlation with the valuation of matching liabilities (technical provisions).

Pension funds amounted to €39m, against €37m as at 30 June 2002 (+4.2%).

Other assets

At the end of the third quarter the Group's deposits with banks amounted to €642m as against €408m as at 30 June 2002 (+57.4%).

Debenture loans

As at 30 September 2002 subordinated callable notes issued by the Parent Company at the end of May 2001 totalled €300m (nominal value). The subordinated callable notes, which are listed on the Luxembourg Stock Exchange, are due on 15 June 2021 but can be redeemed at the option of the issuer from 15 June 2011.

The total amount of interest for the third quarter was €5.3m.

At the end of October the subsidiary companies BNL Vita, Quadrifoglio Vita and Noricum Vita issued subordinated debenture loans (unlisted and with a duration of five years) with a nominal value of €22, €10 and €5m respectively.

50% of these loans were subscribed by Unipol Banca.

funds ('D' line), affected by the unfavourable trend in the financial markets, were negative to the tune of €119.4m (-€243m as at 30/09/01).

Net value adjustments on investments (including depreciation) brought down the result for the period by €159.7m (€133.8m as at 30/09/2001).

SHAREHOLDERS' EQUITY

As at 30 September 2002 capital and reserves pertaining to the Group, excluding the net profit for the period, were €1,230.5m (+€0.9m compared with 30/06/2002, coming from the Parent Company). Capital and reserves pertaining to minority interests, excluding the net profit for the period, amounted to €144.4m (€143.2m as at 30/06/2002).

As regards Unipol Assicurazioni's capital and reserves, during the third quarter of 2002 subscription rights (which will cease on 20/06/2005) for new ordinary and preference shares continued to be exercised by holders of warrants attached to shares and bonds issued in July 2000.

Following these subscriptions, the capital increased by €0.9m over that as at 30 June 2002, corresponding to 290,329 ordinary shares and 4,270 preference shares.

The share capital therefore amounted to €503,868,376, consisting of 319,438,658 ordinary shares and 184,429,718 preference shares.

Up to the same date 128,053,678 ordinary share warrants and 198,062,312 preference share warrants had not been exercised.

On the basis of quotations at the end of September, the stock exchange market value of Unipol Assicurazioni shares was €1,570m (€1,586m as at 31/10/2002).

BANKING AND SAVINGS MANAGEMENT

Unipol Banca

Work continued on extending Unipol Banca's distribution network, which as at 30 September had 108 branches (compared with 95 at the end of 2001), 54 finance shops and 396 financial advisers. This was accompanied by a spurt in marketing activity aimed at increasing the number of clients in close collaboration with the insurance agencies in the Group, and by reorganization of the outlets aimed at client segmentation.

As regards assets, as at 30 September 2002 direct customer deposits amounted to €1,313m (€1,121m as at 31/12/2001, +17.1%) whilst lending to clients amounted to €972m (€739m at the end of 2001, +31.5%).

Customer funds amounted to €6,344m, a slight increase compared with the figure at the end of 2001 (€6,276m) thanks to the rise in assets under administration. During the current year the sale of life policies under the Unipol Assicurazioni brand name started, which reached approximately €11m as at 30 September.

These volumes allowed Unipol Banca to reach a gross operating income of €57.6m at the end of the third quarter of 2002, compared with €31.9m as at 30 September 2001 (+80%).

The subsidiary company **Unipol Fondi Ltd**, the manager of a unit trust under Irish law, achieved assets under management of €247.3m, a huge

increase compared with the €148m achieved at the end of 2001.

Unipol Merchant (formerly Finec Merchant)

In a market in which banking/financial players were entering the 'corporate' sector with a continually-expanding range of products and services, Finec Merchant changed tack, deciding to add to its consolidated merchant banking activities medium-/long-term loans to businesses. The first step in implementing this plan took place in July with the formalization of the split in the company, which involved allocating the part of the business consisting of investments in long-term holdings to Finec Holding. The Extraordinary General Meeting of shareholders held on 30 October therefore resolved to alter the business purpose in order to adapt it to this new lending activity, and to initiate the formal procedure with the Banca d'Italia to transform the company into a Medium-Term Bank. The Meeting also resolved to change the company's name to Unipol Merchant spa (which when authorization is obtained to carry out banking activities will become in full Unipol Merchant-Banca per le Imprese) and authorized the Board of Directors to increase the share capital to €150m (current capital €70m) and to issue one or more convertible and/or subordinated debenture loans up to a maximum amount of €80m.

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2002 AND BUSINESS OUTLOOK FOR THE CURRENT FINANCIAL YEAR

Amongst the important operations carried out recently was the subscription, on 4 October 2002, as part of an operation to increase the share capital from €114m to €143m, to 2,119,884 shares in the company Bios spa, a total of €5.9m being paid by the Parent Company Unipol and €1.96m by the subsidiary Meieaurora, which on 2 October had acquired 1,079,988 shares in Bios, corresponding to 0.95% of the share capital.

Following this subscription, Unipol Group's total holding in Bios spa consisted of 13,898,582 shares, corresponding to 9.72% of the share capital.

On 2 October, for the first time, Moody's analysts gave Unipol Assicurazioni the rating of A2 for financial soundness in the field of insurance, corresponding to level A confirmed by Standard & Poor's during the previous month.

In October the Parent Company Unipol Assicurazioni and CONSAP signed the settlement document (as part of the framework agreement signed by CONSAP and ANIA in October 2001), which finally settled the legal dispute relating to compulsory cessions on life policies made up to the end of 1993. The sum agreed for settling the net credits resulting from the aforementioned cessions was €141m.

On 25 September 2002 Decree Law 209 was published. It contained, inter alia, a substantial reduction in the scope of tax facilities (dual income tax) and tax provisions weighing heavily on the insurance sector, in particular with regard to making compulsory technical provisions not fully deductible. This bill is currently still before Parliament, but an amendment has been proposed by one Chamber, which would regulate the mathematical provisions of Life business and the provision for outstanding losses of Non-life business separately, and provide for a less penalising system of mechanisms for advances and taxation than previously proposed.

The outlook for Group result for the financial year 2002 is positive and is better than for the previous financial year, provided there are no major misfortunes or further falls in the financial markets.

Bologna, 8 November 2002

The Board of Directors

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