

# **Compagnia Assicuratrice Unipol**

Stock Company

*Registered offices - Via Stalingrado 45 – 40128 Bologna – Share Capital € 451,242,739 fully paid-up  
Tax code and Company Register in Bologna No. 00284160371 - R.E.A. No. 160304 – Authorized to  
provide insurance services by M.D. 28.12.62 (O.J. 18.1.63 No. 15) and M.D. 29.4.81 (O.J. 19.5.81 No. 135)*

## **Unipol Assicurazioni Half-Yearly Report as at 30 June 2001 and Consolidated Half-Yearly Report**

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Bologna, 10 September 2001

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## **Unipol Assicurazioni Half-Yearly Report as at 30 June 2001**

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**Translation from the original Italian text.**

# 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 / Roger Belot  
Francesco Boccetti / Rocco Carannante / Claudio Casini  
Piero Collina / Pier Luigi Fabrizi / Giulia Franciosi  
Vanes Galanti / Fabrizio Gillone / Emilio Gnutti  
Claudio Levorato / Ermanno Lorenzani  
Enrico Migliavacca / Gian Carlo Sangalli / Leone Sibani  
Jean Simonnet / Aldo Soldi / Giuseppe Solinas  
Pierluigi Stefanini / Graziano Trere'  
Marco Giuseppe Venturi / Mario Zucchelli

**BOARD OF STATUTORY  
AUDITORS**

Umberto Melloni, Chairman  
Omer Caffagni / Lorenzo Roffinella (Members)  
Diego Bassini / Giorgio Raggi (Alternate members)

## PRINCIPAL OFFICIALS

AREA GENERAL MANAGERS

Maria Bettazzoni, *Administration, Accounting and Auditing*  
Valter Cacciari, *Information Technology*  
Franco Migliorini, *Personnel, Organisation and External Relations*

JOINT GENERAL MANAGERS

Giancarlo Berti, *Associated and Directly-Managed Agencies*  
Carmelo De Marco, *Insurance Business*

CENTRAL MANAGERS

Giancarlo Brunello / Riccardo Laurora  
Salvatore Petrillo

## COMPANY HIGHLIGHTS

	(ITLbn)				(EUROm)			
	June 30, 2001	December 31, 2000	June 30, 2000	December 31, 1999	June 30, 2001	December 31, 2000	June 30, 2000	December 31, 1999
<b>Gross premiums</b>	1,652.6	3,053.6	1,542.1	2,752.3	853.5	1,577.1	796.4	1,421.5
<i>% increase</i>	7.2 (1)	10.9 (2)	14.2 (1)	6.6 (2)	7.2	10.9	14.2	6.6
<b>Technical provisions</b>	8,864.9	8,443.8	8,145.6	7,635.8	4,578.3	4,360.9	4,206.8	3,943.6
<i>% increase</i>	5.0 (2)	10.6 (2)	6.7 (2)	4.7 (2)	5.0	10.6	6.7	4.7
<b>Technical provisions-to-premiums ratio</b>		276.5		277.4		276.5		277.4
<b>Investments, cash and cash equivalents</b>	11,143.2	10,207.7	10,026.1	8,199.7	5,755.0	5,271.8	5,178.1	4,234.8
<i>% increase</i>	9.2 (2)	24.5 (2)	22.3 (2)	5.0 (2)	9.2	24.5	22.3	5.0
<b>Net investment income and capital gains</b>	260.6	547.6	263.3	422.8	134.6	282.8	136.0	218.3
<i>% increase</i>	-1.0 (1)	29.5 (2)	18.3 (1)	-11.3 (2)	-1.0	29.5	18.3	-11.3
<b>Payments (claims, amounts due out of maturity, surrender, annuity)</b>	1,048.9	1,925.7	899.4	1,805.4	541.7	994.5	464.5	932.4
<i>% increase</i>	16.6 (1)	6.7 (2)	-1.0 (1)	6.1 (2)	16.6	6.7	-1.0	6.1
<b>Loss ratio - Non-Life business</b>	78.2	80.0	78.8	83.3	78.2	80.0	78.8	83.3
<b>Operating expenses</b>	286.7	539.6	266.0	502.5	148.1	278.7	137.4	259.5
<i>% increase</i>	7.8 (1)	7.4 (2)	4.0 (1)	1.4 (2)	7.8	7.4	4.0	1.4
<b>Expense ratio</b>	17.3	17.7	17.2	18.3	17.3	17.7	17.2	18.3
<b>Capital and reserves</b>	2,189.5	2,179.7	1,298.4	1,293.7	1,130.8	1,125.7	670.6	668.1
<i>% increase</i>	0.4 (2)	68.5 (2)	0.4 (2)	10.7 (2)	0.4	68.5	0.4	10.7
<b>Profit before taxation</b>	136.2	202.4	90.1	130.6	70.3	104.5	46.5	67.4
<i>% increase</i>	51.2 (1)	55.0 (2)	50.0 (1)	17.9 (2)	51.2	55.0	50.0	17.9
<b>Net profit</b>	83.5	115.4	50.9	76.0	43.1	59.6	26.3	39.3
<i>% increase</i>	64.0 (1)	51.8 (2)	57.0 (1)	30.0 (2)	64.0	51.8	57.0	30.0
<b>Net profit-to-premiums ratio</b>	5.1	3.8	3.3	2.8	5.1	3.8	3.3	2.8
<b>Total dividends</b>		74.0		46.2		38.2		23.9
<i>% increase</i>		60.2		16.4		60.2		16.4
<b>Dividend per ordinary share (ITL/€)</b>		160		160		0.08		0.08
<b>Dividend per preference share (ITL/€)</b>		170		170		0.09		0.09
<b>No. agents as at 30.06</b>	765	766	784	768				
<b>No. sub-agents as at 30.06</b>	1,122	1,107	1,044	1,094				
<b>No. staff as at 30.06 (excluding salespersons)</b>	1,292	1,288	1,319	1,305				
<b>No. salespersons on permanent staff</b>	24	24	27	29				

(1) Variation on 30/06/2000 (%)

(2) Variation on 31/12/2000 (%)

# **Unipol Assicurazioni Half-Yearly Report as at 30 June 2001**

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*The Italian economic cycle has entered a slowdown phase, reflected in the general situation in the Euro Zone. It has been influenced by the negative trend of the US economy and by the consistently high level of oil prices.*

*Italy's recent economic trend also seems to be justified by the increase in inflation (+3% against 2.7% in June 2000 and 2.5% in December 2000), which has weakened internal demand and consumption.*

*On 10 May, the European Central Bank intervened on the main refinancing rate, reducing it from 4.75% to 4.5%.*

*Three-month rates fell from 4.85% on 29/12/2000 to 4.44% on 30/6/2001 and ten-year government bonds fell by 15 basis points compared to the average for the previous year.*

*At the end of June, all international stock exchanges had suffered negative trends from the start of the year: -13.8% for the Italian Mibtel index, -5.5% for the Tokyo stock exchange and -2.6% for the Dow Jones. The markets were characterised by particularly high volatility, an indication of the great tension present at the time, particularly during March, April and May.*

*The new technological stock markets also contributed to this negative situation: from the start of the year 2001 the Italian Numtel fell by 30%, against a 43.4% and a 44% fall respectively in Germany and France, a 11.7% fall of the Nasdaq and a 37.7% fall of the FTSE. Only the new Japanese market registered an upturn of +3.2%.*

*During the year 2000, the Italian insurance market collected premiums of ITL130,931bn, registering an increase of 9.3% compared to 1999.*

*The sharp slowdown in growth was mainly due to the trend in Life business, which was unable to maintain the advance of previous years, registering a growth rate of 11.6% (against +34.5% in 1999). Non-Life business grew by 6.3%, against growth of +7.1% in 1999.*

*For the first time in the last 20 years, during the first quarter of the year 2001 the Italian insurance market registered a downturn in terms of volumes. Total premium income registered ITL31,856bn, a fall of 1.1% compared to the corresponding period in the previous year. The turnaround in this trend is attributable to the reduction in Life business premium income (-4.4%) and to reduced growth of the Non-Life portfolio.*

*Non-Life business, in fact, shows an increase of 3.5% (+9.8% during the first quarter of the year 2000). During this period, premiums amounting to ITL13,908bn were collected, of which 52.1% related to Motor T.P.L. (Third Party Liability) insurance business.*

*The premiums from Life business reduced their weight in the overall portfolio, going from 58.3% during the first 2000 quarter to 56.3% during the first 2001 quarter. A reduction in Class-III policies (-10.2%) played an important role on the Life market. This reduction is attributable to the climate of uncertainty involving financial markets and to changes in the fiscal treatment of insurance contracts.*

*Since 1 January 2001, Legislative Decree No. 47/2000 has come into force, in compliance with Article 3 of Law 133/99. Among other things, this provision sets out individual pension structures (through open pension funds and Life assurance contracts), it substantially modifies the taxation system for supplementary and individual pension schemes (closed and open pension funds) and it reforms life insurance contract rules. In relation to policies underwritten or renewed after the 1<sup>st</sup> of January 2001: premiums are no longer subject to the 2.5% insurance tax; the deductibility of premiums remains for contracts covering the risk of death, permanent invalidity equal to or above 5% due to any cause, and/or the risk of not being self-sufficient (Long Term Care - LTC); premiums paid to pension funds are deductible for an amount not exceeding 12% of overall income, with an upper limit of ITL10m per year.*

*On 11/5/2001, the long-awaited corrective Decree (Legislative Decree No. 168 of 12/4/2001) was published, which completed the above-mentioned reform.*

*During the month of April, the provision that froze Motor T.P.L. insurance rates expired. Therefore, the system of decontrolling rates has been reinstated.*

*On 4 April 2001, Law No. 57 of 5 March 2001 (Provisions for the opening and regulation of insurance markets) came into force. This law introduced substantial alterations, both of an underwriting and of a settlement nature, to compulsory Motor T.P.L. insurance legislation. This regulation was a*



*disappointment and will not bring any economic benefit as regards the cost of claims.*

*Finally, through Legislative Decree No. 239 of 17 April 2001, the directive 98/78/CE was implemented. This directive relates to the supplementary supervision of insurance companies belonging to a group. It is a provision aimed at reinforcing financial guarantees, through the obligation for insurance companies belonging to a group to create a global solvency margin ("adjusted solvency"). In particular, this directive provides for the elimination of distortions and double gearing in relation to the evaluation of own funds deriving from participating interests.*



*The half-yearly report of Unipol Assicurazioni is drawn up in conformity with the appropriate provisions issued by Isvap, in compliance with the regulation included in Legislative Decree No. 173 of 26 May 1997 (annual and consolidated insurance company accounts). Furthermore, it is submitted for a limited audit to the audit firm KPMG, which is also entrusted with producing the auditor's report for the three-year period 2000-2002.*

*The consolidated half-yearly report has also been prepared, as required both by the relevant Consob regulations and by the provision issued by Isvap on this subject.*

*The statements that follow represent the balance sheet and the profit and loss account for the half-year, according to Annexes I and II of the ISVAP Instruction No. 1207-G of 6 July 1999.*

**BALANCE**

ASSETS	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Subscribed share capital unpaid</b>	0 <sup>75</sup>	0 <sup>149</sup>	0
<b>B. Intangible assets</b>			
1. Deferred acquisition costs	74,711 <sup>76</sup>	72,653 <sup>150</sup>	77,575
2. Other assets	9,984 <sup>77</sup>	12,488 <sup>151</sup>	11,079
Total	84,695 <sup>78</sup>	85,140 <sup>152</sup>	88,655
<b>C. Investments</b>			
I - Land and buildings	684,581 <sup>79</sup>	699,167 <sup>153</sup>	692,966
II - Investments in group undertakings and other participating interests			
1. Stocks and shares	3,167,803 <sup>80</sup>	2,693,008 <sup>154</sup>	2,740,742
2. Debt securities	0 <sup>81</sup>	960 <sup>155</sup>	960
3. Corporate financing	10,500 <sup>82</sup>	7,389 <sup>156</sup>	7,209
Total	3,178,303 <sup>83</sup>	2,701,357 <sup>157</sup>	2,748,911
III - Other financial investments			
1. Stocks and shares	535,137 <sup>84</sup>	186,226 <sup>158</sup>	334,823
2. Units in investment funds	272,585 <sup>85</sup>	145,826 <sup>159</sup>	282,707
3. Bonds and other fixed-income securities	4,769,508 <sup>86</sup>	5,295,574 <sup>160</sup>	4,888,080
4. Loans	96,735 <sup>87</sup>	83,078 <sup>161</sup>	92,535
5. Other financial investments	574,509 <sup>88</sup>	220,450 <sup>162</sup>	339,538
Total	6,248,474 <sup>89</sup>	5,931,154 <sup>163</sup>	5,937,684
IV - Deposits with ceding undertakings	81,218 <sup>90</sup>	78,760 <sup>164</sup>	75,914
Total	10,192,576 <sup>91</sup>	9,410,438 <sup>165</sup>	9,455,475
<b>D. Investments for the benefit of life-assurance policyholders who bear the risk thereof and arising out of pension fund management</b>			
I - Investments relating to benefits linked to investment funds and market indices	710,845 <sup>92</sup>	370,561 <sup>166</sup>	460,114
II - Investments arising out of pension fund management	38,719 <sup>93</sup>	9,836 <sup>167</sup>	32,754
Total	749,564 <sup>94</sup>	380,397 <sup>168</sup>	492,868
<b>D. bis Technical provisions - reinsurers' share</b>			
I - Technical provisions - Non-Life business	168,342 <sup>95</sup>	172,587 <sup>169</sup>	169,189
II - Technical provisions - Life business (except those at item III)	260,043 <sup>96</sup>	286,735 <sup>170</sup>	277,416
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	0 <sup>97</sup>	0 <sup>171</sup>	0
Total	428,385 <sup>98</sup>	459,322 <sup>172</sup>	446,605
<b>E. Debtors</b>			
I - Debtors arising out of direct insurance operations	541,877 <sup>99</sup>	440,697 <sup>173</sup>	497,507
II - Debtors arising out of reinsurance operations	171,941 <sup>100</sup>	169,007 <sup>174</sup>	179,040
III - Other debtors	157,394 <sup>101</sup>	67,641 <sup>175</sup>	98,182
Total	871,212 <sup>102</sup>	677,345 <sup>176</sup>	774,729
<b>F. Other assets</b>			
I - Tangible assets and stocks	11,973 <sup>103</sup>	9,985 <sup>177</sup>	10,794
II - Cash at bank and in hand	201,098 <sup>104</sup>	235,314 <sup>178</sup>	252,086
III - Own shares	0 <sup>105</sup>	0 <sup>179</sup>	7,226
IV - Other assets	41,832 <sup>106</sup>	393,599 <sup>180</sup>	92,860
Total	254,903 <sup>107</sup>	638,897 <sup>181</sup>	362,965
<b>G. Prepayments and accrued income</b>	107,056 <sup>108</sup>	102,605 <sup>182</sup>	91,703
<b>TOTAL ASSETS</b>	<b>12,688,390<sup>109</sup></b>	<b>11,754,144<sup>183</sup></b>	<b>11,713,000</b>

## SHEET

(Amounts in ITL million)

LIABILITIES	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Capital and reserves</b>			
I - Subscribed share capital or equivalent funds	36 873,695	110 281,729	184 451,147
II - Share premium reserve	37 626,320	111 569,544	185 1,216,993
III - Legal reserve	38 67,884	112 56,346	186 56,346
IV - Other reserves	39 538,105	113 339,853	187 339,852
V - Profit (loss) brought forward	40 0	114 0	188 0
VI - Profit (loss) for the period	41 83,506	115 50,910	189 115,384
Total	42 2,189,511	116 1,298,381	190 2,179,722
<b>B. Subordinated liabilities</b>	43 580,881	117 0	191 0
<b>C. Technical provisions</b>			
I - Non-Life business			
1. Provision for unearned premiums	44 787,482	118 735,355	192 768,899
2. Provision for claims outstanding	45 2,558,399	119 2,368,233	193 2,473,403
3. Sundry technical provisions	46 2,564	120 2,208	194 4,264
4. Equalization provisions	47 1,052	121 897	195 928
Total technical provisions - Non-Life business	48 3,349,497	122 3,106,693	196 3,247,494
II - Life business			
1. Mathematical provisions	49 4,681,887	123 4,581,649	197 4,622,974
2. Provision for amounts payable	50 20,390	124 17,117	198 23,112
3. Sundry technical provisions	51 63,582	125 59,731	199 57,370
Total technical provisions - Life business	52 4,765,859	126 4,658,497	200 4,703,456
Total	53 8,115,356	127 7,765,191	201 7,950,950
<b>D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions</b>			
I - Technical provisions for policies with benefits linked to investment funds and market indices	54 710,845	128 370,560	202 460,114
II - Pension fund management provision	55 38,719	129 9,836	203 32,754
Total	56 749,564	130 380,397	204 492,868
<b>E. Provisions for other risks and charges</b>	57 36,726	131 12,990	205 29,634
<b>F. Deposits received from reinsurers</b>	58 143,543	132 150,822	206 145,029
<b>G. Creditors and other liabilities</b>			
I - Creditors arising out of direct insurance operations	59 14,868	133 16,717	207 21,287
II - Creditors arising out of reinsurance operations	60 31,694	134 31,069	208 26,460
III - Debenture loans	61 407,557	135 0	209 407,557
IV - Amounts owed to credit institutions	62 3,869	136 803,868	210 300
V - Sundry borrowings and creditors	63 154,907	137 702,458	211 194,138
VI - Staff leaving indemnity	64 47,114	138 45,559	212 45,943
VII - Other liabilities	65 188,860	139 523,939	213 194,808
Total	66 848,869	140 2,123,611	214 890,493
<b>H. Accruals and deferred income</b>	67 23,940	141 22,753	215 24,304
<b>TOTALE LIABILITIES</b>	68 12,688,390	142 11,754,144	216 11,713,000

## GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I. Guarantees by the Company	69 2,200	143 2,758	217 2,200
II. Guarantees by third parties, including in favour of the Company	70 70,964	144 264,298	218 71,731
III. Commitments	71 3,226,149	145 2,951,693	219 2,802,399
IV. Pension fund assets managed on behalf of third parties	72 171,316	146 116,001	220 141,511
V. Other memorandum accounts	73 9,428,532	147 8,892,328	221 8,884,353
<b>TOTAL MEMORANDUM ACCOUNTS</b>	74 12,899,161	148 12,227,078	222 11,902,193

**PROFIT AND**

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>I. TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>			
1. Earned premiums, net of reinsurance	1 1,003,911	57 984,129	113 1,956,181
2. (+) Allocated investment return transferred from the non-technical account (item III.6)	2 45,523	58 21,577	114 35,777
3. Other technical income, net of reinsurance	3 1,484	59 1,718	115 3,412
4. Claims incurred, net of sums recoverable and reinsurance	4 785,544	60 775,802	116 1,565,173
5. Changes in other technical provisions, net of reinsurance	5 -40	61 -1	117 -34
6. Bonuses and rebates, net of reinsurance	6 -150	62 -147	118 3,061
7. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	7 135,986	63 135,845	119 270,916
b) Administration expenses	8 67,725	64 61,198	120 123,846
Total	9 203,711	65 197,044	121 394,762
8. Other technical charges, net of reinsurance	10 812	66 1,669	122 2,993
9. Change in the equalization provision	11 124	67 106	123 137
10. Balance on the technical account for non-life insurance business	12 60,916	68 32,952	124 29,277
<b>II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>			
1. Written premiums, net of reinsurance	13 524,601	69 457,807	125 865,034
2. Investment income			
a) Income from investments	14 147,051	70 141,674	126 282,313
b) Value re-adjustments on investments	15 2,704	71 652	127 992
c) Realized gains on investments	16 19,569	72 78,477	128 101,423
Total	17 169,324	73 220,802	129 384,728
3. Investment income and unrealized gains on investments for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	18 9,221	74 10,548	130 21,621
4. Other technical income, net of reinsurance	19 5,645	75 2,388	131 8,904
5. Claims incurred, net of reinsurance	20 240,436	76 181,629	132 439,823
6. Change in the mathematical provision and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	21 70,608	77 206,730	133 284,655
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	22 255,622	78 174,997	134 285,072
Total	23 326,230	79 381,727	135 569,726
7. Bonuses and rebates, net of reinsurance	24 883	80 373	136 692
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	25 26,045	81 17,741	137 44,664
b) Administrative expenses	26 16,630	82 16,003	138 33,231
Total	27 42,675	83 33,744	139 77,895

## LOSS ACCOUNT

(Amounts in ITL million)

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>9. Investment charges:</b>			
a) Investment management charges, including interest	28 15,960	84 28,634	140 62,807
b) Value adjustments on investments	29 34,858	85 17,505	141 44,263
c) Realized losses on investments	30 161	86 1,094	142 2,231
Total	31 50,978	87 47,234	143 109,301
<b>10. Investment charges and unrealized losses on investments for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management</b>	32 7,256	88 2,245	144 5,367
<b>11. Other technical charges, net of reinsurance</b>	33 6,123	89 5,501	145 13,531
<b>12. (-) Allocated investment return transferred to the non-technical account (item III. 4)</b>	34 3,886	90 12,068	146 25,034
<b>13. Balance on the technical account for life assurance business</b>	35 30,325	91 27,023	147 38,918
<b>III. NON-TECHNICAL ACCOUNT</b>			
<b>1. Balance on the technical account for non-life business (item I.10)</b>	36 60,916	92 32,952	148 29,277
<b>2. Balance on the technical account for life business (item II.13)</b>	37 30,325	93 27,023	149 38,918
<b>3. Investment income - Non-life insurance business</b>			
a) Income from investments	38 80,512	94 57,657	150 115,215
b) Value re-adjustments on investments	39 2,774	95 111	151 119
c) Realized gains on investments	40 15,447	96 9,887	152 14,167
Total	41 98,733	97 67,656	153 129,502
<b>4. (-) Allocated investment return transferred from Life assurance technical account (item II. 12)</b>	42 3,886	98 12,068	154 25,034
<b>5. Investment charges - Non-Life insurance business</b>			
a) Investment management charges, including interest	43 13,887	99 17,450	155 38,623
b) Value adjustments on investments	44 18,741	100 22,477	156 40,765
c) Realized losses on investments	45 763	101 877	157 2,716
Total	46 33,391	102 40,804	158 82,105
<b>6. (-) Allocated investment return transferred to Non-Life insurance technical account (item I. 2)</b>	47 45,523	103 21,577	159 35,777
<b>7. Other income</b>	48 29,091	104 16,895	160 43,092
<b>8. Other charges</b>	49 21,797	105 8,194	161 28,516
<b>9. Balance on ordinary activities</b>	50 122,239	106 86,019	162 119,425
<b>10. Extraordinary income</b>	51 17,652	107 4,778	163 110,194
<b>11. Extraordinary charges</b>	52 3,683	108 715	164 27,269
<b>12. Balance on extraordinary activities</b>	53 13,969	109 4,063	165 82,925
<b>13. Profit before taxation</b>	54 136,208	110 90,082	166 202,351
<b>14. Tax on profit</b>	55 52,702	111 39,172	167 86,967
<b>15. Profit (loss) for the half-year</b>	56 83,506	112 50,910	168 115,384

# Business Interim Report

During the first part of the financial year 2001, Unipol Assicurazioni's activities registered a very positive overall growth and significant results.

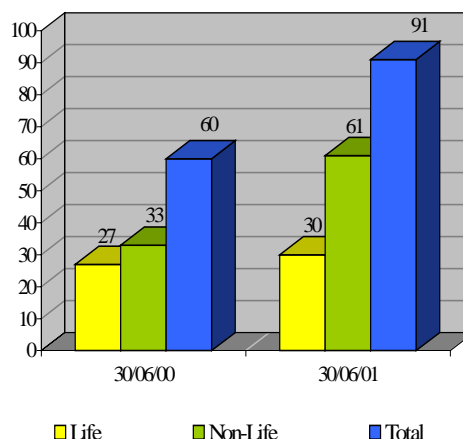
Among the important business aspects of Unipol Assicurazioni as at 30 June 2001, the following are worthy of note:

- premium income, which showed satisfactory growth in Life business (+14.1%), recorded ITL1,652.6bn (+7.2% compared to 30/6/2000);
- the balance on insurance technical accounts was positive, showing a profit of ITL91.2bn, compared to ITL60bn as at 30/6/2000; in Non-Life business, in particular, a positive technical balance of ITL60.9bn was registered, against the equivalent figure of ITL33bn as at 30/6/2000;
- the amount of investments and liquid assets reached ITL11,143.2bn (net of value adjustments), an increase of ITL935.6bn compared to 31 December 2000 (+9.2%);
- net investment income for the period amounted to ITL209.7bn (+21.6% compared to 30/6/2000), while net profits from sales and trading reached ITL50.9bn (ITL90.9bn as at 30/6/2000). Value adjustments (including the amortisation of buildings) amounted to ITL48.1bn (ITL39.2bn as at 30/6/2000), of which 39.5bn for book capital losses on the equity portfolio and on shares in investment funds;
- operating expenses showed an increase, compared to 30/6/2000, of 7.8%, while the relative incidence on premium income remained substantially unchanged;
- the balance on ordinary activities for the period amounted to ITL122.2bn, against ITL86bn during the first part of the financial year 2000 (+42.1%). Including extraordinary income and charges, the pre-tax result is ITL136.2bn (ITL90.1bn as at 30/6/2000)

and the net half-yearly profit is ITL83.5bn (+64%).

To summarise, the balance sheet data and the profit and loss account data for the half-year period, together with relative comparisons with the previous financial year, are set out in the statements below. Moreover, it must be emphasised that the results for the period express business trends to be seen in relation to seasonal phenomena connected with the Company's activities, with underwriting policies and tariff adjustments adopted and with the trend of the financial markets.

**Balance on the Technical Account**  
(ITLbn)

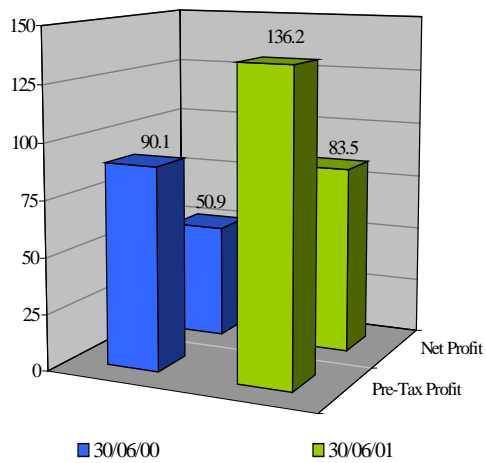


On 26 March 2001, the Unipol Assicurazioni Board of Directors (availing themselves of the mandate conferred on the Board at the Extraordinary Shareholders' Meeting of 28 April 2000, according to Article 2420ter of the Civil Code), decided to issue subordinate callable notes for an overall maximum nominal value of €300m, to be offered to Italian and foreign institutional investors. The loan is due in 2021, but can be redeemed at the option of the Issuer from 15 June 2011. The loan was issued to give the Company the financial flexibility necessary to allow greater investment

capacity, in order to take advantage of potential business opportunities, and also in view of the alliance strategies that have already been developed.

The loan, which is listed on the Luxembourg Stock Exchange, was fully subscribed with currency value as at 15 June 2001.

### PROFIT (ITLbn)



## UNIPOL RECLASSIFIED BALANCE SHEET

*Amounts in ITL million*

	June 30, 2001	June 30, 2000	December 31, 2000
<b>ASSETS</b>			
<b>Intangible assets</b>	<b>84,695</b>	<b>85,140</b>	<b>88,655</b>
<b>Investments and liquid assets</b>			
Land and buildings	684,581	699,167	692,966
Investments in group undertakings and other participating interests	3,178,303	2,701,357	2,748,911
Debt securities	4,769,508	5,295,574	4,888,080
Other financial investments	1,478,966	635,580	1,049,603
Deposits with ceding undertakings	81,218	78,760	75,914
Cash at bank and in hand	201,098	235,314	252,086
Company's own shares	0	0	7,226
<b>Total investments and liquid assets</b>	<b>10,393,674</b>	<b>9,645,752</b>	<b>9,714,786</b>
<b>Investments of class "D"</b>	<b>749,564</b>	<b>380,397</b>	<b>492,868</b>
<b>Debtors</b>			
Arising out of direct insurance and reinsurance operations	713,817	609,704	676,547
Other debtors	157,394	67,641	98,182
<b>Total debtors</b>	<b>871,212</b>	<b>677,345</b>	<b>774,729</b>
<b>Other assets</b>	<b>160,861</b>	<b>506,188</b>	<b>195,357</b>
<b>TOTAL ASSETS</b>	<b>12,260,005</b>	<b>11,294,822</b>	<b>11,266,395</b>
<b>LIABILITIES</b>			
<b>Paid-up share capital and free reserves</b>	<b>2,106,005</b>	<b>1,247,471</b>	<b>2,064,338</b>
<b>Net profit (loss) for the half-year</b>	<b>83,506</b>	<b>50,910</b>	<b>115,384</b>
<b>Subordinated liabilities</b>	<b>580,881</b>	<b>0</b>	<b>0</b>
<b>Net technical provisions</b>			
Non-Life	3,181,155	2,934,106	3,078,305
Life	4,505,816	4,371,762	4,426,039
<b>Total technical provisions</b>	<b>7,686,971</b>	<b>7,305,868</b>	<b>7,504,345</b>
<b>Net technical provisions of class "D"</b>	<b>749,564</b>	<b>380,397</b>	<b>492,868</b>
<b>Provisions for other risks and charges</b>	<b>36,726</b>	<b>12,990</b>	<b>29,634</b>
<b>Creditors and other liabilities</b>			
Arising out of direct insurance and reinsurance operations	190,105	198,608	192,776
Sundry borrowings and other financial creditors	431,403	829,774	430,777
Provision for staff leaving indemnity	47,114	45,559	45,943
Other creditors	134,930	676,552	171,218
Other liabilities	212,800	546,692	219,113
<b>Total creditors and other liabilities</b>	<b>1,016,352</b>	<b>2,297,185</b>	<b>1,059,827</b>
<b>TOTAL LIABILITIES</b>	<b>12,260,005</b>	<b>11,294,822</b>	<b>11,266,395</b>



## UNIPOL RECLASSIFIED PROFIT AND LOSS ACCOUNT

*Amounts in ITL million*

	June 30, 2001			June 30, 2000			December 31, 2000		
	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
<b>TECHNICAL ACCOUNT</b>									
<b>Gross direct business</b>									
(+) Written premiums	520,883	1,028,269	1,549,152	455,767	972,424	1,428,191	867,264	2,003,111	2,870,376
(-) Change in techn. provisions and prov. for unearned premiums	317,884	20,141	338,026	376,745	(11,010)	365,735	561,793	23,469	585,262
(-) Claims paid	257,718	762,152	1,019,870	193,693	762,096	955,790	469,546	1,558,602	2,028,148
(+) Balance on other technical items	946	401	1,347	(710)	(2)	(713)	377	96	473
(-) Operating expenses	41,148	217,709	258,857	33,116	203,034	236,150	78,000	414,593	492,592
(+) Net investment income (1)	118,446	45,523	163,969	169,803	21,577	191,379	267,500	35,777	303,277
<b>Balance on gross direct business</b>	<b>23,525</b>	<b>74,190</b>	<b>97,715</b>	<b>21,304</b>	<b>39,878</b>	<b>61,183</b>	<b>25,803</b>	<b>42,320</b>	<b>68,123</b>
<b>Balance on outward reinsurance</b>	7,322	(10,448)	(3,126)	6,590	(1,483)	5,108	14,847	(6,644)	8,203
<b>Balance on net indirect business</b>	(522)	(2,826)	(3,348)	(872)	(5,444)	(6,316)	(1,732)	(6,399)	(8,131)
<b>Balance on the technical account</b>	<b>30,325</b>	<b>60,916</b>	<b>91,241</b>	<b>27,023</b>	<b>32,952</b>	<b>59,975</b>	<b>38,918</b>	<b>29,277</b>	<b>68,195</b>
<b>NON-TECHNICAL ACCOUNT</b>									
(+) Investment income (2)			23,705			17,343			36,654
(+) Other income			29,090			16,895			43,092
(-) Other charges			21,797			8,194			28,516
<b>Balance on ordinary activities</b>			<b>122,239</b>			<b>86,019</b>			<b>119,425</b>
(+) Extraordinary income			17,652			4,778			110,194
(-) Extraordinary charges			3,683			715			27,269
<b>Profit before taxation</b>			<b>136,208</b>			<b>90,082</b>			<b>202,351</b>
(-) Tax on profit			52,702			39,172			86,967
<b>NET PROFIT (OR LOSS)</b>			<b>83,506</b>			<b>50,910</b>			<b>115,384</b>

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

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

## Development of the Insurance Portfolio

### Premiums

Premiums written as at 30 June 2001 totalled ITL1,652.6bn, reflecting a growth of

ITL110.5bn (+7.2%) compared to premiums written in the first half of the year 2000. The breakdown of premiums per class of business, the composition indices and changes compared to the same period of the previous financial year are given in the table below.

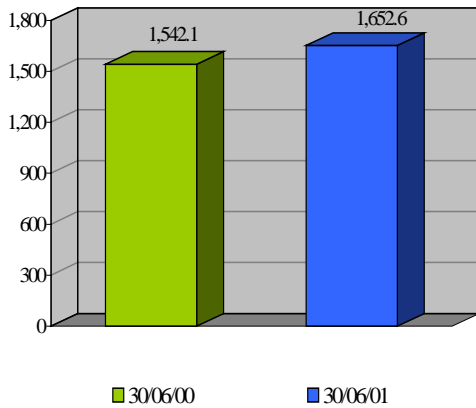
BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS								
<i>(Amounts in ITL million)</i>								
No.		June 30, 2001	comp. %	June 30, 2000	comp. %	var. %	December 31, 2000	comp. %
<b>DIRECT ITALIAN INSURANCE BUSINESS</b>								
<b>Non-life insurance business</b>								
1	Accident	90,793	5.9	85,875	6.0	5.7	182,874	6.4
2	Health	32,990	2.1	28,225	2.0	16.9	77,712	2.7
3	Land vehicles - Own damage or loss	95,148	6.1	88,032	6.2	8.1	186,554	6.5
4	Railway rolling stock	370	0.0	261	0.0	41.7	631	0.0
5	Aircraft- Hull	19	0.0	41	0.0	-54.4	51	0.0
6	Marine - Hull	839	0.1	719	0.1	16.6	1,291	0.0
7	Goods in transit	7,374	0.5	7,021	0.5	5.0	12,503	0.4
8	Fire and natural forces	37,371	2.4	36,723	2.6	1.8	82,824	2.9
9	Other damage to property	66,828	4.3	61,736	4.3	8.2	118,008	4.1
10	Land vehicles -T.P.L.	541,284	34.9	516,997	36.2	4.7	1,043,137	36.3
11	Aircraft- T.P.L.	22	0.0	28	0.0	-20.2	21	0.0
12	Marine- T.P.L.	648	0.0	577	0.0	12.2	1,055	0.0
13	General T.P.L.	106,839	6.9	102,466	7.2	4.3	212,480	7.4
14	Credit	437	0.0	195	0.0	124.1	266	0.0
15	Bonds	23,731	1.5	20,605	1.4	15.2	36,944	1.3
16	Pecuniary losses	11,736	0.8	11,660	0.8	0.7	23,947	0.8
17	Legal protection	6,659	0.4	6,729	0.5	-1.0	13,432	0.5
18	Assistance	5,182	0.3	4,533	0.3	14.3	9,381	0.3
	<b>Total non-life insurance business</b>	<b>1,028,269</b>	<b>66.4</b>	<b>972,424</b>	<b>68.1</b>	<b>5.7</b>	<b>2,003,111</b>	<b>69.8</b>
<b>Life assurance business</b>								
I	Life assurance	229,348	14.8	246,767	17.3	-7.1	527,096	18.4
III	Assurance linked to investment funds/market indi	231,275	14.9	175,208	12.3	32.0	276,982	9.6
V	Capital redemption operations	52,032	3.4	31,460	2.2	65.4	39,932	1.4
VI	Pension funds	8,228	0.5	2,332	0.2	252.9	23,255	0.8
	<b>Total life assurance business</b>	<b>520,883</b>	<b>33.6</b>	<b>455,767</b>	<b>31.9</b>	<b>14.3</b>	<b>867,264</b>	<b>30.2</b>
	<b>Total direct insurance business</b>	<b>1,549,152</b>	<b>100.0</b>	<b>1,428,191</b>	<b>100.0</b>	<b>8.5</b>	<b>2,870,376</b>	<b>100.0</b>
<b>INWARD REINSURANCE</b>								
	Non.life business	93,026	89.9	104,181	91.5	-10.7	171,140	93.4
	Life assurance business	10,433	10.1	9,695	8.5	7.6	12,107	6.6
	<b>Total inward reinsurance</b>	<b>103,459</b>	<b>100.0</b>	<b>113,876</b>	<b>100.0</b>	<b>-9.1</b>	<b>183,247</b>	<b>100.0</b>
	<b>TOTAL PREMIUM INCOME</b>	<b>1,652,611</b>		<b>1,542,067</b>		<b>7.2</b>	<b>3,053,622</b>	

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

By the end of the half-year period, at Group level, premiums written came to ITL4,525bn in terms of direct business and ITL4,604.6bn in terms of consolidated premiums (+39.2%), of which ITL2,085.1bn related to Non-Life (+2.8%) and ITL2,519.5bn to Life (+97.1%).

Compared to equivalent figures as at 30 June 2000, leaving out the premiums brought to the Life side of the business by BNL Vita, whose controlling interest was purchased at the end of the financial year 2000, there was an increment of 1.2%.

**Total Premium Income**  
(ITLbn)



## Products and sales

During the first half of the year, new products were developed in the areas of Non-Life and Life and supplementary pension schemes business.

As regards Non-Life business, due to the insurance cover obligations imposed by the Merloni Law and related regulations, although the legal framework has not yet been fully defined, three new products were set up to ensure that policyholders receive a complete offer:

- product 6025 – temporary and definitive guarantees (bond insurance);
- product 5025 – damage to works during execution and the subsequent ten years;
- product 2030 – letter of commitment and executive planner policy.

In view of insurance obligations which impose on businesses new, activity-related responsibilities, modifications have been made to product 3021 Modular, specifically for the T.P.L. guarantee sector.

The main guarantee extensions relate to:

- adherence to the new INAIL regulations (Legislative Decree No. 38/2000 of 23/2/2000), which include compulsory insurance for “biological damage”, executive

staff, the risk of accidents on the way to/from work, the recognition of new professional figures such as atypical and semi-independent and temporary agency workers;

- employers’ T.P.L. deriving from the risks connected with occupational diseases recognised by INAIL and/or by the Courts;
- extension of liability guarantees for policyholders in their capacity as contractors of works (Legislative Decree No. 494/96 – safety in building sites);
- extension of liability guarantees for policyholders as a result of the erroneous processing of third party personal data (Law No. 675 of 31/12/96 – privacy law);
- extension of liability guarantees for policyholders for damage caused and/or suffered by temporary workers who are not employed by policyholders but by supplying companies (Law No. 196 of 24/6/97).

Furthermore, a new upper limit of ITL5bn was established for T.P.L.

The following new products were marketed on the Life side of the business:

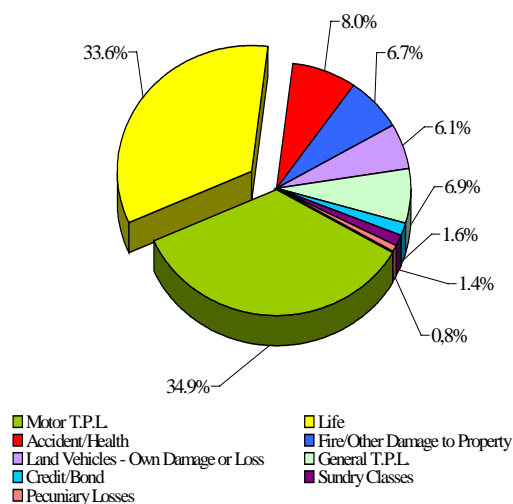
- 1) “Tariff 338 – Single Premium Mixed Insurance with Terminal Bonus”.  
The tariff was marketed as from 25 June 2001 and has the following features: a 5.4% reference rate, a six-year fixed term and a minimum premium of ITL10m. The Terminal Bonus consists of an increase in capital (3.78%) guaranteed at the end of the contract term.
- 2) “Tariff 305 Uninvest”.  
All Unit-Linked style tariffs were formally renewed through tariff No. 305, which uses nine Funds. The most recent of these, which was introduced in May 2001, is called “GrandeVita” and makes use of an ad hoc investment fund under French law, which will not charge management fees until 1 July 2009.  
Tariff No. 305 requires a minimum initial payment of ITL2,500,000. Any further

payment must be at least equal to ITL1,000,000.

Since the launch of the above tariff on 30 June 2001, it has realised an overall value of premiums written of ITL154.7bn, which represents over 60% of single premiums written at that date.

As regards commercial organisations, during the half-year period the sales network consisted of 765 agents and 1,122 subagents (respectively 766 e 1107 at the end of the year 2000).

### Breakdown of Premiums



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

### Life and pension funds

The first half of the year 2001 was marked by considerable growth in production (+14.1%), which assumes particular importance in view of the substantial increase (+40.6%) realised in the corresponding period in the previous financial year. The increase realised in the year 2001 was mainly determined by the launch of individual Unit-Linked policies, first through Tariff 304 and then, since May, through Tariff 305. In particular, the above-mentioned new fund with guarantee "GrandeVita" was introduced. This widened the range of Unit-Linked policies

offered and was immediately well-received by the sales network and by clients.

Overall, direct premiums written during the half-year totalled ITL520.9bn, an increase of 14.3% compared to the corresponding period in the year 2000.

The breakdown of direct premiums between individual and group policies and between first year premiums, subsequent year premiums and single premiums is given in the tables below (amounts in ITL billion):

	30.06.01	30.06.00	Var. %
<b>Individual policies</b>			
Class I	157.2	180.8	-13.1
Class III	231.0	175.2	31.9
Class VI	8.2	2.3	252.9
	<b>396.4</b>	<b>358.3</b>	<b>10.6</b>
<b>Group policies</b>			
Class I	72.2	66.0	9.4
Class III	0.3		
Class V	52.0	31.5	65.4
	<b>124.5</b>	<b>97.4</b>	<b>27.8</b>

	30.06.01	30.06.00	Var. %
<b>First year premiums</b>			
Class I	23.7	29.6	-19.8
	<b>23.7</b>	<b>29.6</b>	<b>-19.8</b>
<b>Subsequent years premiums</b>			
Class I	124.9	133.6	-6.5
	<b>124.9</b>	<b>133.6</b>	<b>-6.5</b>
<b>Single premiums</b>			
Class I	80.7	83.6	-3.5
Class III	231.3	175.2	32.0
Class V	52.0	31.5	65.4
Class VI	8.2	2.3	252.9
	<b>372.2</b>	<b>292.6</b>	<b>27.2</b>

Including indirect business, total premium income came to a total of ITL531.3bn (+14.1%).

Altogether, operating expenses (including net acquisition expenses and administrative expenses), totalled ITL42.7bn, with an incidence of 8.1% on retained premiums (7.4% as at 30/6/2000).

In direct business, the amounts paid reached ITL259.9bn, which reflects an increase of

31.7% compared to 30/6/2000. This figure can be broken down as follows (in ITL billion):

	<b>30 June 2001</b>	<b>Variation %</b>
Expired policies	141.6	57.8
Surrenders, advance sums paid on pension funds and sums paid on group policies	110.9	11.9
Claims	7.1	(14.2)
Annuities	0.3	2.0
<b>Total</b>	<b>259.9</b>	<b>31.7</b>

The events which had a bearing on life assurance business during the first few months of the year 2001 can be summed up as follows:

- On 1 January 2001, the above-mentioned Legislative Decree No. 47/2000, relating to the reform of the tax system for supplementary pension schemes and life assurance policies, came into force. This Decree introduced significant changes in relation to the fiscal treatment of pension-related and Life assurance contracts. It subdivided Life products into pension-related products (supplementary pension schemes/individual pension products), pure risk insurance products (in case of death, permanent invalidity due to illness, LTC policies) and financial insurance products (Index-Linked, Unit-Linked, capitalisation, etc.). On 20 March 2001, explanatory Circular 29/E was issued by the Ministry of Finance, to supplement the Decree: "Changes to supplementary pension schemes, insurance contracts and staff-leaving indemnity. Regulation of individual pension-related products. Legislative Decree No. 47 of 18 February 2000 and subsequent amendments and additions".
- On 12 February 2001, ISVAP Circular No. 434 D was issued, which defined the contract features necessary for life assurance policies to be used in individual pension-related schemes ("FIP").
- On 24 July 2001, ISVAP Instruction No. 451/D was issued. This Circular sets out instructions relating to the choice of equity indices, the transparency of contract

documents and the solidity of assets covering technical provisions. It also sets out instructions relating to the setting up of the solvency margin on policies whose benefits are directly linked to an equity index.

### ***Pension funds***

In the first half of the year 2001 Unipol was assigned jointly with Citibank the investment management of three occupational Pension Funds, of which two on a single-class basis: Previcoper (a pension fund for the employees of distribution co-operatives), and Fundum (a pension fund for those practising commercial activities), for which Unipol is currently the only investment manager. Its portfolio is mainly made up of bonds with a minimum performance guarantee. There is also Fondartigiani (a pension fund for craftsmen and small/medium sized enterprises), of which Unipol manages the sub-fund with guaranteed return.

Funds already under management (Fonchim, Bayer Italia pension fund and B.A.M. Employee Pension Fund) are doing well, and we are awaiting approval from the Supervisory Body (COVIP) for the agreements for the "Solidarietà Veneto" and "Cooperlavoro" funds.

As usual, Unipol does not limit itself to merely managing the assets of these funds, but continues to offer support to trade unions and trade organisations in order to promote subscription to the fund amongst associates and employees in the sector.

Assets under management at the end of the half-year period totalled ITL171.3bn (against ITL141.5bn as at 31/12/2000), consisting of a quota of the assets of Fonchim and the Bayer Italia Fund.

To this is added a share of assets held in the pension fund for the employees of Banca Agricola Mantovana, amounting to ITL13.1bn. As this comes under the category of management with guarantee and therefore requires the transfer of assets, the total is included in Class D.II of the balance sheet.

As regards Open Pension Funds, authorisation has been obtained for the new fund “Unipol Insieme”. This fund is characterised by its greater diversification in terms of investment lines (a line dedicated to ethical investments has been introduced for the first time in this market) and by its potential to become the supplementary pension schemes of those sectors that have no access to the major occupational pension funds.

The two open funds “Unipol Futuro” and “Unipol Previdenza”, which have been on the market since May 1999, at 30/6/2001 had an overall asset value of ITL25.6bn (against ITL19.4bn as at 31/12/2000) and over 4,200 subscribers.

Management performance for this half-year period was affected by the dullness of the financial markets and showed negative growth, especially in balanced lines. However, seen over a longer period (the two year life span of the products), performance remains broadly positive, both in absolute terms and when compared to respective benchmarks.

As with the overall market, fund subscription remained rather sluggish. As in previous years, however, recovery can be expected in the second half of the year, as individual subscriptions appear to be strongly seasonal. As far as negotiated group subscriptions are concerned, we expect a positive contribution from the new “Unipol Insieme” fund. In the second half of the year, the call for tenders for certain important occupational pension funds should be published.

### **Non-Life business**

Direct premiums as at 30 June 2001 totalled ITL1,028.3bn, reflecting a 5.7% increase compared to the 2000 half-yearly data. If we add indirect premiums, overall premium income is ITL1,121.3bn (+4.2%).

As to insurance business under “freedom to provide insurance services”, during the first half of the year 2001 premiums were booked for a value of ITL953m, mainly from non-EU countries. This was an increase of 37.7% compared to 30/6/2000.

The average loss ratio, including settlement expenses and net of outward reinsurance, was 78.2% (78.8% as at 30/6/2000).

During the half-year, 172,685 claims were reported, a fall of 3.4% compared to the same period for the year 2000.

Payments for claims incurred in 2001 and in previous financial years totalled ITL652.1bn (net of co-insurers’ share and of sums recovered, including loss adjusters’ fees). This figure is ITL73.2bn higher than that for the first half of 2000, a +12.7% increase.

The increase in payments in 2001 was influenced by the slowdown, during the first half of 2000, in settlement activities due to the implementation of the Decree Law of 29/3/2000 relating to inflation curbing measures for the insurance sector. This Decree (which was not converted into Law in time and so lapsed), introduced a lower amount for minor injuries and for the first time obliged insurers to pay legal representative fees directly and upon receipt of invoice.

At the end of the half-year, the provision for outstanding claims (direct business) increased to ITL2,469bn (+2.8% compared to the figure as at 31/12/2000).

During the first half of 2001, through the call centre Sertel, 101,656 claims were opened, reflecting a 6.7% increase in claims reported compared to 30/6/2000. Claims settled numbered 29,233 (+8.5%).

The following table, which relates to Italian direct business, shows the speed of claim settlements for the main business lines and a comparison with the previous financial year. The figures are obtained by comparing the number of claims paid during the half-year to the number of claims reported during 2001 or outstanding at the end of 2000, net of those written-off as without follow-up (percentage values shown).

Ramo	Claims incurred in 2001		Claims incurred in previous years	
	06/01	06/00	06/01	06/00
Accident	49.2	49.1	50.4	51.4
Health	80.0	80.3	75.7	78.0
Land vehicles - Own damage or loss	70.6	72.1	67.2	69.1
Fire and natural perils	44.1	43.7	59.1	60.8
Other damage to property	48.8	41.3	63.5	62.0
Land vehicles -T.P.L.	51.8	52.3	48.0	48.6
General T.P.L.	38.4	38.8	29.2	33.0

Operating expenses (inclusive of net acquisition costs and administrative expenses) total ITL203.7bn, compared to ITL197bn at the end of the corresponding half of 2000.

The incidence on retained net premiums is 20.1%, which is unchanged from 30/6/2000.

### **Accident**

*Direct premiums: ITL90.8bn (+5.7%)*

*Number of claims reported: 22,140 (-7%)*

*Claims paid: ITL52bn (+4.2%)*

At the end of the first half of the year 2001, the positive trend registered at the end of the previous financial year was confirmed, together with a growth in premiums.

This acceleration can be attributed to various factors, of which the most important is the increased commitment by the agency network to selling accident insurance.

The marketing of accident insurance products was further promoted and stimulated by special initiatives and campaigns aimed at specific client sectors (professionals, shopkeepers and craftsmen), including particularly extensive, complete and personalised insurance cover at reduced and competitive rates.

There was also a positive impact on premium income as a result of the acquisition, through tenders, of substantial group insurance contracts with public and private Bodies and from the activation of synergies, in the context of Group companies, between the banking and the insurance sector.

We continue to register a marked decrease in the number of claims reported, which confirms the effectiveness of the reforms carried out on group policies which, in the past, always used to register a large number of claims. The measures

implemented in order to prevent and eliminate fraudulent claims and modifications of the regulatory conditions of line products also contributed to this positive result.

The reduction in claims reported does not, however, translate into a reduction in the cost of claims paid which, indeed, tends to worsen. This is determined mainly by claim payments relating to previous financial years, whereas the cost of 2001 claims shows no significant deviations and basically confirms the data from the first half of 2000.

The combined effect of the above elements should give a positive final result and a possible improvement in the technical trend compared to the previous financial year.

### **Health**

*Direct premiums: ITL33bn (+16.9%)*

*Number of claims reported: 9,839 (+19.5%)*

*Claims paid: ITL23.8bn (+22.5%)*

In line with data for the close of the previous financial year, the Health line of business continued to show a trend of constant growth during the first half of 2001. This was due to the integration between various types of products on offer, be they insurance cover of risks for individuals and their families or insurance cover for large groups of policyholders. In this respect, there was a significant increase in the sale of standard products compared to the same period in the previous financial year. As far as groups of policyholders are concerned, the activities of this line of business mainly lay in the acquisition of new group contracts. In addition, various major new products aimed at a mass market throughout Italy are at an advanced stage of development.

The combined effect of the development of individual and group portfolios and the reforms carried out on group contracts with a positive technical trend, where new guarantees were introduced, means that the number of claims reported is expected to increase.

The substantial increase in the cost of claims paid during the half-year was strongly influenced by claims incurred in previous

financial years.

In terms of the financial year-end result, the trend should be positive, in line with the previous year.

### ***Land Vehicles – Own Damage or Loss***

*Direct premiums: ITL95.1bn (+8.1%)*

*Number of claims reported: 14,901 (-2.3%)*

*Claims paid: ITL45.2bn (-4.1%)*

In terms of premiums written, during the first half of the year there was a positive trend inversion, probably due, in part, to a lower increase in Motor T.P.L. tariffs, which left room for an increase in the range of guarantees. The data relating to claims reported show a marked reduction in both partial and total theft and in own damage claims. On the other hand, there has been an increase in claims for natural perils and for damage to windscreens.

Overall, at the end of the year 2001 we expect the positive result recorded in the year 2000 to remain basically the same.

### ***Fire***

*Direct premiums: ITL37.4bn (+1.8%)*

*Number of claims reported: 1,264 (-20.4%)*

*Claims paid: ITL26.1bn (+48.1%)*

The sales of multi-guarantee products aimed at specific sectors, such as craftsmen, farmers and the family unit, have been maintained at an acceptable level.

The premiums increased modestly, but were influenced by the cancellation of a major contract. Furthermore, we can confirm that, for 2001 too, there has been a reduction in rates in the public body sector and in the industrial risk sector.

During the year, adjustments to insured capital and portfolio reforms continued as part of our client services.

Greater attention was given to the development of guarantees for natural perils, and deductibles and tariff rates were increased.

Advisory services to clients, in terms of safety at work, and incentivitation to install prevention systems for the highest risks also continued.

Furthermore, we are continuing with the

reform of multi-claim contracts and of agencies that perform negatively in certain sectors.

During the first half of the year, claims in this sector reduced significantly, due to a favourable trend in natural perils and to the reforms carried out on the high claim portfolio.

The growth in claims paid was caused by the settlement of claims due to floods during the last few months of last year.

### ***Other Damage to Property***

*Direct premiums: ITL66.8bn (+8.2%)*

*Number of claims reported: 11,610 (-7.1%)*

*Claims paid: ITL26bn (+4.1%)*

The line of business known as **Other Damage to Property** includes guarantees in relation to:

#### ***Fire: additional guarantees***

*Direct premiums: ITL20.5bn (+2.8%)*

*Number of claims reported: 7,636 (-1.9%)*

*Claims paid: ITL10bn (+13.6%)*

As these are guarantees included in the fire sector, activities carried out and results achieved are the same as those already set out in the Fire section.

#### ***Theft***

*Direct premiums: ITL20.7bn (+11.1%);*

*Number of claims reported: 1,711 (-14.4%);*

*Claims paid: ITL10.9bn (-3.5%).*

The development of premiums enjoyed a positive trend inversion due to, amongst other things, a review of the “free” product (created in July 2000) and of the commercial line policy (created in March 2001), where new guarantees, new upper limits and increased underwriting limits were inserted and tariffs adjusted.

This growth in premiums is now continuing and particular attention is being paid to keeping it so.

Underwriting policies are still characterised by prudence and by the accurate selection and evaluation of risks.

Furthermore, we are involved in a series of consultancy operations with client firms in relation to prevention and to the measures that can be taken to minimise risks.

The cost of claims paid is falling. This



reduction relates to claims incurred in both this and previous financial years. Furthermore, claims reported at the end of the half-year period also fell, both in terms of numbers and of amounts.

At present, there is nothing to indicate that there will be substantial changes to the current trends in the second half of 2001. Therefore, for the end of the year we can forecast a more favourable loss ratio.

#### Hail

*Direct premiums: ITL14.3bn (+11.7%)*

*Number of claims reported: 1,092 (-27.4%)*

*Claims paid: ITL0.3bn (-75%)*

The substantial increase in premium income was due to an increase in tariffs, which was amply justified by the negative technical trends recorded during the last few financial years. By contrast, the number of contracts and capital insured fell, due to prudent new business underwriting policies, which were in turn due to climatic changes that make the calculation of technical tariffs problematic.

The loss ratio during the first half of the year fell substantially compared to the same period in the previous financial year.

#### Technological risks

*Direct premiums: ITL10.2bn (+10.5%)*

*Number of claims reported: 840 (-4.8%)*

*Claims paid: ITL4.5bn (+9.8%)*

Premium growth in this sector has been quite good, mainly due to the great use of leasing in small/medium sized industries.

The coming into force of the Merloni Law has also had a strong influence on the increase. This law allows many policies to be issued, although average premiums may be modest. In order to facilitate the issue of these policies, a special computer program was written that allowed the insurance products to be managed in compliance with the law.

Furthermore, we continued to review multi-claim policies.

The loss ratio improved thanks both to the above review and to a favourable trend in severe weather claims.

#### ***Land Vehicles - Motor T.P.L.***

*Direct Premiums: ITL541.3bn (+4.7%)*

*Number of claims reported: 79,395 (-8%)*

*Claims paid: ITL383bn (+10.6%)*

The first half of the year 2001 was characterised by a first quarter was still burdened by the tariffs freeze imposed by the Government in March 2000 and by a second quarter when the free setting of tariffs by Companies was reinstated.

When the Company issued its new tariffs it differentiated between new and existing clients. For new clients, tariffs were increased to slightly higher than before the freeze, in order to cover the cost of inflation during 2000 and 2001. For existing clients, the increases were very limited in cases where no claims had been reported in the period of cover.

This was appreciated by clients and led to both a reduction in the percentage of contracts cancelled (and, therefore, in greater client retention) and an increase in applications for new cover due to Unipol's competitive rates when compared to the rest of the market.

These favourable rates were also accompanied by a further reduction in claim frequency (an 8% fall compared to the same period in the previous financial year).

In any case, the selection of risks resulting from the tariff structure made for the acquisition of risks in lower-to-medium claim frequency bands.

However, the incidence of bodily injuries in claims reported increased, particularly in certain areas of the country.

In view of this data, an analysis was made of attempted frauds, together with the Antifraud Office and the Auditing Office.

Two sorts of measure have been adopted: technical motor data and the truthfulness of declarations made by policyholders when taking out policies are checked; in addition, checks are carried out to ensure that accidents claimed for actually took place and, in particular, as to the extent of injuries reported by claimants.

If the fall in claims frequency experienced so far continues, the end of the year 2001 could show an improvement.

### **General T.P.L.**

*Direct premiums: ITL106.8bn (+4.3%)*

*Number of claims reported: 17,324 (+6.6%)*

*Claims paid: ITL65.4bn (+6.1%)*

Following the cancellation of certain contracts, some with substantial premiums, which thus reduced the amount of business conducted with the public sector, the trend in this business line showed good growth during the first half of 2001 (+4.3%).

The results were good in the professional persons cover, in terms of premiums written and number of policyholders. This was due, among other things, to the contribution of the "Inarcassa" agreement.

The new product "Company T.P.L." is also very successful with the sales network: in approximately six months of business, a portfolio of approximately ITL3.8bn has been built up.

During the first half-year, the new product "Professional T.P.L. of the executive planner – Merloni Law" came out, and was well received by the agency network.

During the second half of the year, the new tariffs relating to professional activities in the health sector will be issued and significant premium adjustments are scheduled, with a view to improving the technical results.

Growth in the cost of claims for injury remains, however, a critical variable for this line of business, particularly in the health sector where the growing awareness of "civic" rights leads to a continual increase in claims for compensation.

The cost of claims for physical injuries is strongly influenced by the legal stance on assessing responsibility and on calculating damages and by the phenomenon of "IBNR" claims deriving from the contract structure of old policies which, though cancelled, continue to give rise to claims.

The critical state of this line of business, therefore, is confirmed and so reform of the portfolio will continue.

### **Credit and Bond**

*Direct premiums: ITL24.2bn (+16.2%)*

*Number of claims reported: 261 (+16%)*

*Claims paid: ITL18.8bn (ITL1.3bn at 30/6/2000)*

Bond premium income increased by 15.2%, mainly due to the issue of surety bond policies required for entry visas into Italy. During the second half of the year we expect a re-scaling of this increase, as new regulations on public works have not yet led to the expected recovery.

As far as claims are concerned, there has been an increase in terms of numbers but not in terms of absolute value.

The payment figure is substantial, due to a settlement following litigation settled out of court during 2000.

Credit premium income (ITL437m) was entirely made up of commercial credit.

Payments, net of recoveries, totalled ITL14.6m.

### **Sundry Pecuniary Losses**

*Direct premiums: ITL11.7bn (+0.7%)*

*Number of claims reported: 7,979 (+16.4%)*

*Claims paid: ITL4bn (+12.5%)*

This business line, which mainly involves risks connected with motor vehicles such as supplementary guarantees and loss of driving licence, showed moderate growth.

Notwithstanding the increase in the number of claims reported, the technical result should remain clearly positive.

### **Legal Protection**

*Direct premiums: ITL6.7bn (-1%)*

*Number of claims reported: 1,150 (+14.4%)*

*Claims paid: ITL1.7bn (+55.3%)*

The reduction in premiums relates to guarantees connected with motor vehicles, whereas guarantees connected with T.P.L. continue to grow.

The technical performance of this line of business should remain positive.

## Assistance

Direct premiums: ITL5.2bn (+14.3%)

Number of claims reported: 5,668 (+5%)

Claims paid: 1.1bn (-22.1%)

In this line of business too, the growth in premiums is connected with the overall growth of guarantees connected with motor vehicles. The number of claims has also grown, but their average cost has decreased.

Analysing these factors, we believe that this year's performance will be very positive for this line of business.

## Marine, Aviation and Goods in Transit

Direct premiums: ITL9.3bn (+7.2%)

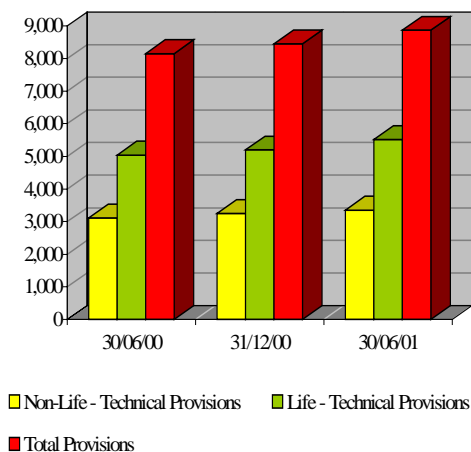
Number of claims reported: 1,154 (-8.9%)

Claims paid: ITL4.9bn (+13.7%)

Premium income in this line of business was positive during the first half-year period. This was characterised, on the one hand, by a substantial increase in rates and deductibles on marine insurance – partly due to the similar stance taken by reinsurers – and, on the other, by the continued erosion of rates for Goods in transit (a sector in which our Company is particularly active) due to consistently high levels of competition.

The trend in loss ratio during the first half-year confirms the positive result of the previous financial year.

## Technical Provisions (ITLbn)



## Reinsurance

### Inward reinsurance

Premium income from inward reinsurance of Life and Non-Life lines of business went from ITL113.9bn at 30 June 2000 to ITL103.5bn at 30 June 2001, registering a fall of 9.1%.

Non-Life premiums went from ITL104.2bn to ITL93bn, a fall of 10.7%. This was mainly due to the reduced volume of premiums from the subsidiary Linear, following the end, as at 31/12/2000, of its quota-share cessions for the "Land Vehicles - Motor T.P.L" and "Land Vehicles - Own Damage or Loss" branches.

Overall, the premiums relating to cessions by subsidiaries are as follows: ITL19.1bn from Unisalute, ITL5.6bn from MeieAurora, ITL2.6bn from Linear and ITL159m from Navale.

Non-Life business result, net of retrocessions, showed an improvement compared to the same period in the last financial year.

Life business premiums rose from ITL9.7bn at 30 June 2000 to ITL10.4bn at 30 June 2001, an increase of 7.6% even with a reduction in premiums from the subsidiaries Noricum Vita, which fell from ITL1.3bn to ITL798m.

### Outward reinsurance

Total direct premiums ceded in Non-Life business went from ITL79.2bn at 30 June 2000 to ITL85.1bn at 30 June 2001, an increase of 7.5%.

The retention rate was 91.7% compared to 91.9% at 30 June 2000.

In 2001 reinsurance maintained the stability achieved in previous financial years. It continued to be based mainly on proportional treaties for nearly all lines of business subject to reinsurance cessions and on non-proportional reinsurance schemes for Hail and T.P.L. lines of business (both Motor and General).

Furthermore, non-proportional reinsurance schemes were created to cover the risks retained by the Company in the following lines

of business: Fire, Accident, Land Vehicles – Own Damage or Loss and Marine.

In relation to catastrophe risks, reinsurance protection was further increased compared to previous financial years.

Overall cessions carried out in the Non-Life lines of business showed a positive result for our reinsurers, who will also benefit from the improved technical margins achieved by the Company during this half-year.

Total direct Life premiums ceded fell from ITL5.7bn at 30 June 2000 to ITL4.5bn at 30 June 2001.

## **Litigation**

On 28 March 2001, the Lazio Regional Administrative Court confirmed the sentence to pay the fine imposed by the Antitrust Authority on 38 insurance companies at the end of July 2000. This sentence was passed because of the alleged existence of a cartel aimed at raising the prices of Motor T.P.L. policies.

The fine of ITL33bn was paid at the end of April in order not to incur penalties. This sum was recorded under “Other debtors”, as Unipol intends to appeal against the above sentence to the Council of State, due to having had nothing to do with the supposed violation of regulations as per Law No. 287/90. Furthermore, in the 31/12/2000 annual accounts Unipol had made appropriate provisions to the risk fund in relation to the above penalty.

As to litigation relating to former compulsory cessions on Life assurance policies up to the end of 1993, established against Consap and Ina to obtain the restitution of technical provisions, inclusive of appropriate interest accrued, the dispute is still open at the Rome Court.

## **Operating expenses**

Operating expenses incurred in the half-year,

which include acquisition and renewal commissions as well as all other acquisition and administrative expenses, totalled ITL286.7bn as against ITL266bn at 30/6/2000 (respectively ITL246.4bn and ITL230.8bn net of commissions received from reinsurers).

The above expenses showed an increase of 7.8% compared to 30/6/2000, mainly due to an increase in IT costs in relation to process development. Relative incidence on premium income remained basically stable (17.3% compared to 17.2% the previous year).

Claim settlement expenses totalled ITL23.8bn, a slight increase compared to the first half of 2000 (ITL23.2bn).

Employee expenses, gross of recoveries from subsidiaries and other companies (for a total of ITL3,8bn), amounted to ITL56.2bn for salaries, social security contributions and staff-leaving indemnity, and to ITL7.4bn for travel expenses, training and other related expenses, with an overall increase of 2.8% compared to the first half of 2000.

At 30 June 2001, the Company staff numbered 1,316 employees, of which 24 were salespersons, an overall increase of 4 compared to 31 December 2000.

39 employees stopped working for the Company during the first half of 2001, while 43 new employees were hired.

During the first half of the year, training of the sales network was more intensive and widespread than in the past.

Traditional training areas are aimed at reinforcing agents’ subagents’ and salespersons skills in terms of consultancy and sale of insurance and financial products. In addition to these areas, intensive training was offered to privately-run agencies concerning, on the one hand, technical/commercial updates of Non-Life Non-Motor products for individuals or families, and, on the other, approaching the client on a communicative basis. At the same time, with the support of a qualified consultant, a structured skills development program was set up for the heads of associated agencies concerning commercial planning and agency

work-flow management. This activity will be further developed during the second half of the year.

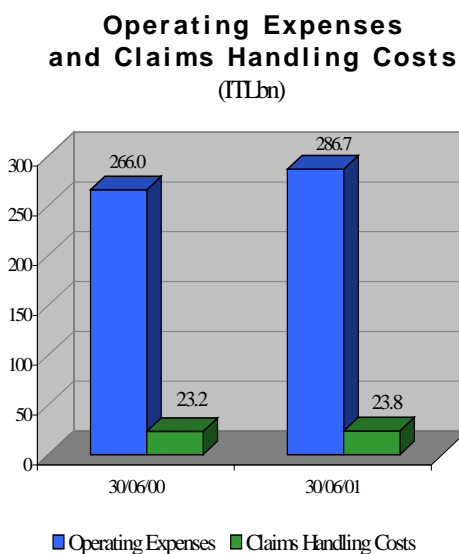
Overall, over 350 people were involved in the above initiatives.

As far as employee training is concerned, the major initiatives were the creation of a new course for call centre advisers (Sertel) and the launch of a proper information/training scheme on the Euro. Over 70 members of the Technical Area attended the seminars, which were specially organised with the help of a consultant.

Almost 180 employees were involved in the training activities, with computer training as the most common.

As regards a smooth transition to the Euro, the stages of analysing, programming and testing procedures by the various Company departments are now either completed or at an advanced stage of development. All these stages should be completed by October 2001. In November/December, tests will be completed with the direct involvement of the users of the computer programs.

The costs incurred in the first half of the year 2001 and recorded on the profit and loss account totalled approximately ITL1bn.



## Property and Financial Management

### Investments and liquid assets

At 30 June 2001, investments and liquid assets, taking account of value adjustments, were ITL11,143.2bn overall.

This amounted to an increase of ITL935.6bn

(+9.2%) compared with 31 December 2000, and ITL1,117.1bn compared with 30 June 2000 (+11.1%).

The investment structure, the variations on the previous half year and compared with 31/12/2000, are set out in the table which follows.

INVESTMENTS AND LIQUID ASSETS								
<i>(Amounts in ITLm)</i>								
	30.06.01	comp.	30.06.00	comp.	var.%	31.12.00	comp.	var.%
	(a)	%	(b)	%	(a/b)	(c)	%	(a/c)
<b>Land and buildings</b>	<b>684,581</b>	<b>6.1</b>	<b>699,167</b>	<b>7.0</b>	<b>-2.1</b>	<b>692,966</b>	<b>6.8</b>	<b>-1.2</b>
<b>Investments in group undertakings and other participating interests</b>								
-Stocks and shares	3,167,803	28.4	2,693,008	26.9	17.6	2,740,742	26.8	15.6
-Debt securities	0	0.0	960	0.0	-100.0	960	0.0	-100.0
-Corporate financing	10,500	0.1	7,389	0.1	42.1	7,209	0.1	45.7
<b>Total</b>	<b>3,178,303</b>	<b>28.5</b>	<b>2,701,357</b>	<b>26.9</b>	<b>17.7</b>	<b>2,748,911</b>	<b>26.9</b>	<b>15.6</b>
<b>Other financial investments</b>								
-Stocks and shares	535,137	4.8	186,226	1.9	187.4	334,823	3.3	59.8
-Units and shares in investment funds	272,585	2.4	145,826	1.5	86.9	282,707	2.8	-3.6
-Bonds and other fixed-income securities	4,769,508	42.8	5,295,574	52.8	-9.9	4,888,080	47.9	-2.4
-Financing	96,735	0.9	83,078	0.8	16.4	92,535	0.9	4.5
-Sundry financial investments (1)	574,509	5.2	220,450	2.2	160.6	339,538	3.3	69.2
<b>Total</b>	<b>6,248,474</b>	<b>56.1</b>	<b>5,931,154</b>	<b>59.2</b>	<b>5.4</b>	<b>5,937,684</b>	<b>58.2</b>	<b>5.2</b>
<b>Deposits with ceding undertakings</b>	<b>81,218</b>	<b>0.7</b>	<b>78,760</b>	<b>0.8</b>	<b>3.1</b>	<b>75,914</b>	<b>0.7</b>	<b>7.0</b>
<b>Investments for the benefit of life assurance policyholders who bear the risk thereof and arising out of pension fund management</b>								
-Investment funds and market indexes	710,845	6.4	370,561	3.7	91.8	460,114	4.5	54.5
-Pension funds	38,719	0.3	9,836	0.1	293.6	32,754	0.3	18.2
<b>Total</b>	<b>749,564</b>	<b>6.7</b>	<b>380,397</b>	<b>3.8</b>	<b>97.0</b>	<b>492,868</b>	<b>4.8</b>	<b>52.1</b>
<b>Other assets</b>								
-Bank and postal deposits, cash	201,098	1.8	235,314	2.3	-14.5	252,086	2.5	-20.2
-Company's own shares	0	0.0	0	0.0		7,226	0.1	-100.0
<b>Total</b>	<b>201,098</b>	<b>1.8</b>	<b>235,314</b>	<b>2.3</b>	<b>-14.5</b>	<b>259,311</b>	<b>2.5</b>	<b>-22.4</b>
<b>TOTAL INVESTMENTS AND LIQUID ASSETS</b>	<b>11,143,238</b>	<b>100.0</b>	<b>10,026,149</b>	<b>100.0</b>	<b>11.1</b>	<b>10,207,654</b>	<b>100.0</b>	<b>9.2</b>

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

### Land and buildings

At 30 June 2001, the Company's property assets amounted to ITL684,6bn, showing a net decrease compared with 31 December 2000 of 1.2%; the sell-offs completed during the period, ITL24bn overall, led to capital gains of ITL3.3bn.

At the end of the half-year, the property assets (net of depreciation funds) of the subsidiaries which operate in this specific sector amount in accounting terms to ITL185.6bn, with a

decrease of ITL13.3bn compared with 31 December 2000.

### Investments in Group companies and other participating interests

At 30 June 2001, total investment grew from ITL2,740.7bn to ITL3,167.8bn, a net increase of ITL427.1bn compared with 31 December 2000 (+15.6%).

The main operations during the six month

period included the purchase of shares in Meie Assicurazioni, following the take-over bid made by Unipol at the end of the previous year, with an overall counter-value of ITL144.6bn.

During the same period, the following subscriptions were also made at the time of the increase in the share capital of the subsidiaries: Unipol Banca (ITL243.2bn), Bell s.a. (ITL52.7bn) and Hopa (ITL3bn).

Annex 1 shows the list of holdings at 30 June 2001.

### ***Own shares and holding company shares***

During the first half year, 3,394,000 ordinary shares were purchased for a total of ITL22.2bn, with the subsequent sale of all 4,486,000 own shares in the portfolio (of which 1,092,000 shares in the portfolio at 31 December 2000), for an overall sum of ITL29.6bn, yielding capital gains of ITL200m.

No operations were carried out on holding company shares during the first half year.

Therefore, at 30 June 2001, there were 22,566,600 ordinary shares in the portfolio for an overall counter-value of ITL25.4bn, or 1.99% of share capital.

### **Other financial investments**

The item, "Other financial investments" amounted to ITL6,248.5bn at 30 June 2001 (ITL5,937.7bn at 31 December 2000, +5.2%).

A comparison between the figure for the end of 2000 and that for the half year, shows on the one hand, a drop in investments in bonds, which fell from ITL4,888.1bn to ITL4,769.5bn (-ITL118.6bn), and on the other hand an increase in sundry financial investments, which rose from ITL339.5bn to ITL574.5bn (+ITL235bn). In particular, there was an increase in repo contracts, the counter-value of which at 30 June 2001 amounted to ITL537.2bn, while at the end of 2000 it was ITL320.4bn (+ ITL216.8bn).

Investments in stocks also increased from ITL334.8bn to ITL535.1bn, (+ITL200.3bn) compared with 31 December 2000. This increase was due to the further purchase of

shares in Monte dei Paschi, for ITL198.3bn, while the remaining ITL2bn was the result of normal trading activities.

A slight decrease can also be seen in the item "units in investment funds" which stood at ITL272.6bn at 30 June 2001 (-ITL10.1bn compared with the end of 2000).

With reference to the bond portfolio, investments continued to be made in the subordinated and corporate debt securities sector, though for trading purposes. At 30 June 2001, the subordinated securities in the portfolio amounted to ITL341bn (ITL421bn at 31/12/2000), while corporate debt securities totalled ITL195bn (ITL36bn at the end of 2000).

As far as the composition of the bond portfolio is concerned, it can be noted that the fixed-income securities amounted to 57.7%, while variable coupon securities accounted for the remaining 42.3%. Considering operations with derivative financial products, through which the earning profile of some securities was modified (from fixed income to variable income and vice versa), the composition of the bond portfolio is as follows: 61.6% fixed income and 38.4% variable coupon (respectively 65.5% and 34.5% at 31 December 2000).

Passing to the breakdown between Government bonds and debt securities, a slight drop in the incidence of debt securities can be noted, from 75% to 73%, while Government bonds increased from 25% to 27%.

As regards the risk pertaining to the choice of issuing bodies, the Company worked only with bonds issued by Sovereign States, supranational Bodies (EIB, World Bank) and by Banks, all with at least AA- rating, except for the "Istituti Bancari Italiani" and some corporate debt securities, amounting to ITL84.6bn, for which a lower rating was accepted.

Within the framework of the breakdown of the bond portfolio among the various foreign currencies, securities from the Euro area account for 92% of the entire portfolio, while non-Euro securities (dollars and Swedish krone) accounted for the remaining 8%. Where a bond investment is expressed in a non-Euro



area currency, the foreign exchange risk is generally hedged.

At the end of the first half-year, the duration on the fixed rate portfolio was 8.5 years (against 8.6 years in 2000).

The overall duration (both of the fixed income and variable income portfolio) was 5.3 years (5.9 in 2000).

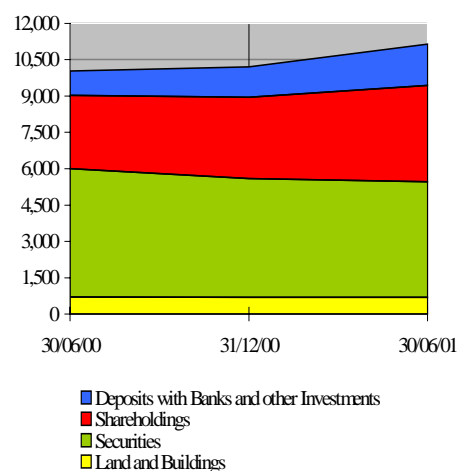
Overall duration on the bond portfolio allocated to segregated Life accounts (with the exception of those bonds whose yield is tied to Stock Exchange indices or individual stock indices, securities tied to the return from investment funds and CBO/CLOs) came to 6.2 years, while that allocated to Non-Life insurance business and Life assurance business was 6 years, which comes down to 4 years if account is taken of repo contracts.

The average duration of the portfolio for the first half year was 11.8 years compared to 12.6 years in 2000.

At 30 June 2001, taking account of derivatives and net of the withholdings for non-possession and reinstatements, the bond portfolio showed a negative balance between unrealised capital gains and losses of ITL157.8bn (ITL163bn at the end of 2000).

Unrealised capital losses deriving from equities and units in investment funds amounted to ITL30bn, prevalently determined by Monte dei Paschi shares in the portfolio at 30 June 2001.

### Investments (ITLbn)



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

The overall amount of these investments was ITL749.5bn at 30 June 2001, an increase of 52.1% compared to 31/12/2000, made up of investments for ITL710.8bn in index-linked and unit-linked investments and ITL38.7 in investments arising out of pension fund management. These investments are assessed at their current market value, strictly correlated with the valuation of the associated liabilities.

The sum of ITL710.8bn consisted of ITL116.9bn covering index-linked policies (bonds amounting to ITL94.3bn and bank deposits to ITL22.6bn) and ITL593.9bn for unit-linked policies (ITL590.3bn in investment funds and liquid assets, net of items to be settled, amounting to ITL3.6bn).

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

At 30/06/2001, these investments amounted to ITL38.7bn, of which ITL25.4bn in bonds, ITL5.6bn in units in investment funds,



ITL4.9bn in shares, and various net items and liquid assets, net of items to be settled, amounting to ITL2.8bn.

## **Current investment income Capital gains and losses from trading**

Details of current investment income and of capital gains and losses from trading are given in the table overleaf.

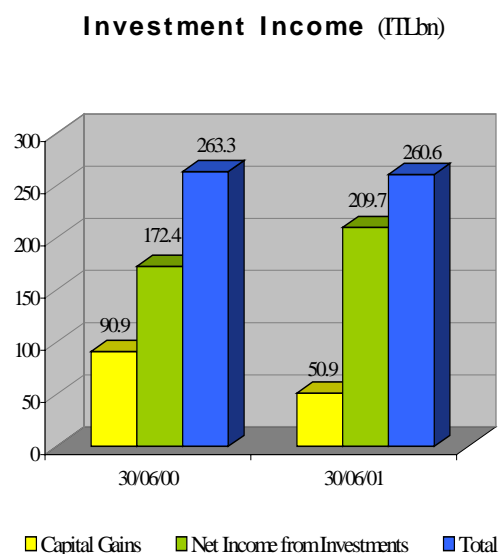
At 30 June 2001, net investment income and profits from property and financial management amounted overall to ITL260.6bn (1% down compared with 30/6/2000), of which net property and financial income totalled ITL209.7bn (21.6% up on 30/6/2000).

The rate of return on assets invested, net of value adjustments, averaged 5.3% for the half-year (excluding net income from investments for the benefit of insured parties who bear the risk thereof and arising out of pension fund management), compared with 6% in 2000.

Net capital gains on the sale of property and deriving from trading in stocks and shares, fixed income securities and other financial investments amounted overall to ITL50.9bn (ITL90.9bn at the end of the previous half-year), of which ITL34.3bn refers to short-term investments and ITL16.6bn to long-term ones.

Investment charges totalled ITL44.1bn (ITL47.9bn at 30/6/2000); value adjustments on investments (including depreciation) grew from ITL39.2bn at 30/6/2000 to ITL48.1bn at 30/6/2001, of which ITL4bn for potential net capital losses in the bond portfolio (ITL16bn at 30/6/2000) and ITL39.5bn in the equity and units in investment fund portfolios (ITL19.8bn at 30/6/2000).

Overall, net ordinary and extraordinary income, for the half-year period, including value adjustments on investments, totalled ITL212.5bn, compared with ITL224.1bn in the first six months of 2000 (down -5.2%).



**INVESTMENT INCOME**  
**CAPITAL GAINS AND LOSSES FROM TRADING**

(Amounts in ITLm)

	30.06.01	comp.	30.06.00	comp.	var.%	31.12.00	comp.
	(a)	%	(b)	%	(a/b)	2000	%
<b>INVESTMENT INCOME</b>							
Land and buildings	14,686	5.8	15,221	6.9	-3.5	32,284	7.2
Stocks and shares	61,833	24.4	12,730	5.8	385.7	17,730	4.0
Debt securities	134,344	52.9	145,392	66.0	-7.6	303,802	68.0
Units and shares in investment funds	5,485	2.2	2,368	1.1	131.6	2,506	0.6
Financing	3,000	1.2	2,605	1.2	15.2	5,273	1.2
Deposits with credit institutions (1)	0	0.0	0	0.0		0	0.0
Bank and postal deposits	13,512	5.3	9,750	4.4	38.6	25,057	5.6
Sundry financial investments	9,393	3.7	19,208	8.7	-51.1	34,427	7.7
Deposits with ceding undertakings	2,296	0.9	2,457	1.1	-6.5	3,833	0.9
Investment income for the benefit of policyholders who bear the risk thereof and arising out of pension fund management							
- Investment funds and market indices	7,829	3.1	9,813	4.5	-20.2	20,429	4.6
- Pension funds	1,392	0.5	735	0.3	89.6	1,192	0.3
<b>Total (a)</b>	<b>253,770</b>	<b>100.0</b>	<b>220,279</b>	<b>100.0</b>	<b>15.2</b>	<b>446,533</b>	<b>100.0</b>
<b>INVESTMENT CHARGES</b>							
Land and buildings	6,092	13.8	8,907	18.6	-31.6	16,333	14.7
Stocks and shares	944	2.1	392	0.8	140.9	1,071	1.0
Debt securities	2,887	6.6	2,798	5.8	3.2	11,196	10.1
Units and shares in investment funds	0	0.0	0	0.0		0	0.0
Sundry financial investments	15,696	35.6	29,484	61.6	-46.8	63,918	57.4
Deposits received from reinsurers	3,867	8.8	4,059	8.5	-4.7	7,971	7.2
Interest on debenture loans	7,337	16.6	0	0.0		5,464	4.9
Charges on investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management							
- Investment funds and market indices	5,644	12.8	1,880	3.9	200.3	4,364	3.9
- Pension funds	1,612	3.7	365	0.8	341.2	1,003	0.9
<b>Total (b)</b>	<b>44,080</b>	<b>100.0</b>	<b>47,884</b>	<b>100.0</b>	<b>-7.9</b>	<b>111,319</b>	<b>100.0</b>
<b>Total (a-b)</b>	<b>209,690</b>		<b>172,395</b>		<b>21.6</b>	<b>335,214</b>	
<b>Capital gains (losses) on short-term investments</b>							
Land and buildings	212	0.6	342	0.4	-38.2	607	0.5
Stocks and shares	8,287	24.2	82,260	94.3	-89.9	87,464	78.4
Debt securities	22,147	64.6	3,853	4.4	474.8	19,738	17.7
Sundry financial investments	3,647	10.6	732	0.8	398.6	3,803	3.4
<b>Total (c1)</b>	<b>34,292</b>	<b>100.0</b>	<b>87,187</b>	<b>100.0</b>	<b>-60.7</b>	<b>111,612</b>	<b>100.0</b>
<b>Capital gains (losses) on long-term investments</b>							
Land and buildings	3,125	18.8	2,917	78.0	7.1	14,486	14.4
Stocks and shares	10,736	64.5	575	15.4	1767.1	79,645	79.1
Debt securities	2,755	16.6	105	2.8	2526.0	6,453	6.4
Sundry financial investments	22	0.1	145	3.9	-85.0	145	0.1
<b>Total (c2)</b>	<b>16,638</b>	<b>100.0</b>	<b>3,742</b>	<b>100.0</b>	<b>344.6</b>	<b>100,728</b>	<b>100.0</b>
<b>TOTAL (a-b+c1+c2)</b>	<b>260,621</b>		<b>263,324</b>		<b>-1.0</b>	<b>547,554</b>	
<b>Value adjustments on investments (3)</b>							
Land and buildings	-4,077	8.5	-3,634	9.3	12.2	-7,701	9.2
Stocks and shares	-18,101	37.6	-19,721	50.3	-8.2	-43,946	52.4
Debt securities	-4,002	8.3	-15,951	40.7	-74.9	-12,074	14.4
Other financial investments	-21,940	45.6	87	-0.2	-25280.4	-20,195	24.1
<b>Total (d)</b>	<b>-48,121</b>	<b>100.0</b>	<b>-39,220</b>	<b>100.0</b>	<b>22.7</b>	<b>-83,917</b>	<b>100.0</b>
<b>TOTAL (a-b+c1+c2+d)</b>	<b>212,500</b>		<b>224,105</b>		<b>-5.2</b>	<b>463,637</b>	

(1) Including interest on deposits subject to access restrictions of over 15 days

(2) Listed in the accounts under extraordinary income (charges)

(3) Net of value re-adjustments

**LIST OF SHAREHOLDINGS AS AT 30 JUNE 2001 (\*)**

Name	Type of business	Share capital	% holding direct	indirect	Book value
<b>HOLDING COMPANY</b>					
Finsoe S.p.A.	2-Finance company	850,646	1.99		<b>25,445</b>
<b>ITALIAN SUBSIDIARIES</b>					
Agricoltura Assicurazioni Soc. Mutua	1-Insurance and Reinsurance	1,500		100.00	
BNL Vita S.p.A.	1-Insurance and Reinsurance	220,000	50.00		271,761
Linear Assicurazioni S.p.A.	1-Insurance and Reinsurance	Euro 12,000	80.00		24,679
MeieAurora S.p.A.	1-Insurance and Reinsurance	68,689	82.82		1,032,987
Meie Assistenza S.p.A.	1-Insurance and Reinsurance	1,500		87.14	
Meie Vita S.p.A.	1-Insurance and Reinsurance	24,500	51.02	48.98	172,942
Navale Assicurazioni S.p.A.	1-Insurance and Reinsurance	Euro 10,500	98.17		92,064
Noricum Vita S.p.A.	1-Insurance and Reinsurance	Euro 16,000	51.00		20,888
Quadrifoglio Vita S.p.A.	1-Insurance and Reinsurance	Euro 22,500	50.00		27,690
Unisalute S.p.A.	1-Insurance and Reinsurance	Euro 17,500	87.44		47,301
Unipol Banca S.p.A.	3-Bank	550,275	81.03		481,196
Unipol SGR S.p.A.	2-Financial intermediary	Euro 10,320	100.00		20,662
Unintesa S.p.A. - in liquidation	2-Finance company	3,917	97.43		1,098
Immobiliare Pietramellara S.r.l.	4-Property company	1,000		100.00	
Midi S.r.l.	4-Property company	50,000	99.00		48,266
Pioquartosei S.r.l.	4-Property company	50,000	100.00		78,578
Sofircoop S.r.l. - in liquidation	4-Property company	5,000	100.00		3,908
Unifimm S.r.l.	4-Property company	85,000	99.00		76,295
Lavoro e Previdenza Service S.p.A.	2-Finance company	4,000	100.00		4,000
Meie Servizi S.r.l. - in liquidation	9-Pension fund administration	100		100.00	
Promoass S.r.l.	9-Insurance agency	20		100.00	
Unieuropa S.r.l.	9-Market analysis/research	1,000	98.00		784
Uniservice S.p.A.	9-Data transmission services	200	99.00		495
<b>TOTAL ITALIAN SUBSIDIARIES</b>					<b>2,405,593</b>
<b>FOREIGN SUBSIDIARIES</b>					
Unipol Fondi Ltd	6-Unit trust management	250	100.00		<b>250</b>
<b>ITALIAN ASSOCIATED UNDERTAKINGS</b>					
Hotel Villaggio Città del Mare S.p.A.	9-Tourism/Hotels	3,383	49.00		<b>1,707</b>
<b>ITALIAN AFFILIATED UNDERTAKINGS</b>					
A.P.A. S.p.A.	9-Insurance agency	1,000	49.00		490
AR.CO. Assicurazioni S.p.A.	9-Insurance agency	Euro 250	40.00		194
Assicoop Ferrara S.p.A.	9-Insurance agency	600	46.73		280
Assicoop Genova S.p.A. - in liquidation	9-Insurance agency	500	49.00		119
Assicoop Imola S.p.A.	9-Insurance agency	Euro 520	47.34		484
Assicoop Modena S.p.A.	9-Insurance agency	4,000	47.00		1,881
Assicoop Ravenna S.p.A.	9-Insurance agency	7,000	49.00		3,430
Assicoop Romagna S.p.A.	9-Insurance agency	Euro 775	38.00		570
Assicoop Sicura S.r.l.	9-Insurance agency	390	40.00		8,024
Assicoop Siena S.p.A.	9-Insurance agency	1,400	49.00		686
Assicura S.p.A.	9-Insurance agency	2,000	35.00		700
Commerfin S.c.p.a.	2-Finance company	1,141	20.00		275
Finec Merchant S.p.A.	2-Finance company	200,000	39.27		78,595
Sofimer S.p.A. - in liquidation	2-Finance company	10,000	20.00		1,035
<b>TOTAL ITALIAN AFFILIATED UNDERTAKINGS</b>					<b>96,763</b>
<b>FOREIGN AFFILIATED UNDERTAKINGS</b>					
Euresa Holding s.a.	2-Holding company	Euro 14,374	21.01		4,040
<b>TOTAL FOREIGN AFFILIATED UNDERTAKINGS</b>					<b>4,040</b>

Name	Type of business	Share capital	% holding direct	indirect	Book value
<b>OTHER SHAREHOLDINGS</b>					
Italiana Assicurazioni S.p.A.	1-Insurance and reinsurance	78,369	1.84		12,783
Olivetti S.p.A.	2-Holding company	Euro 7,282,118	0.31		165,081
Hopa S.p.A.	2-Holding company	Euro 458,369	1.75		49,113
Bell s.a.	2-Holding company	63,560	3.52		162,936
P & V Holding s.a.	2-Holding company	BEF13,918,488	4.51		30,120
Cardine Banca S.p.A.	3-Bank holding company	2,749,113	1.80		178,262
Fincooper soc.coop a r.l.	7-Financial consortium	31,087	23.04	0.69	7,163
Other Italian shareholdings					16,294
Other foreign shareholdings					12,253
<b>TOTAL OTHER SHAREHOLDINGS</b>					<b>634,005</b>
<b>GRAND TOTAL</b>					<b>3,167,803</b>

(\*) The amounts under "share capital" are expressed in millions of Italian lire or in thousands of Euros or foreign currency; the amounts under "book value" are expressed in millions of Italian lire.

## Subsidiaries

We shall now briefly describe the business carried out during the first half of the year by our main subsidiaries.



### **B.N.L. Vita – Milan**

*Share capital: ITL220,000m*

*Shareholding: 50% (jointly controlled with Banca BNL)*

BNL Vita operates exclusively in the Life assurance sector and sells its products through the branches of BNL, Artigiancassa and the financial advisers of BNL Investimenti Sim.

Premium income in the first six months of 2001 amounted to ITL1,256.3bn, in line with the volumes sold in the first half of 2000 when, however, the products were also being sold through Banco di Napoli branches. There was a confirmation of the trend, common to the entire bancassurance market, towards single-premium contract forms, including the increasing incidence of Class III products (Index and Unit-Linked) also thanks to the marketing of new products. More specifically, the first six months of 2001 featured decisive action on the range of products offered, with restyling of existing tariffs and the launch of innovative products including four new index-linked rates featuring a product structure with

an annual coupon and a new Unit-Linked tariff with guaranteed capital named «BNL Unit Garantita».

In the first half of the year, newly generated premiums amounted to some ITL1,149bn, an increase of 4.7% over June 2000 (+45% on a like for like distribution network basis). Premium income from Class III amounted to ITL828.2bn, or 65.9% of entire production for the half-year.

Gross technical provisions at 30 June 2001 amounted to ITL8,891bn, (up 18.9% on 30/06/2000) while investments and liquid assets amounted to ITL9,087bn (+18%).

The result before tax, conditioned by net value adjustments on investments of ITL65bn, was ITL2.9bn; the net profit was ITL2.2bn.



### **Linear Assicurazioni S.p.A. - Bologna**

*Share capital: €12,000,000 (ITL23,235m)*

*Shareholding: 80%*

Linear Assicurazioni operates in the area of direct insurance sales (especially Motor business), mainly by telesales and the Internet. There was further development in direct sales through these channels during the first six months of 2001, especially for motor products, partly fuelled by the spotlight focussed on

insurance costs by the media following expiry of the Motor T.P.L. tariffs freeze (introduced by Decree Law 70/2000).

In the first six months of 2001 the Company's premium income amounted to ITL61.6bn, an increase of 67.4% compared with the same period of the previous year (ITL36.8bn in the first six months of 2000). This was partly the result of a great increase in income from Internet sales, which reached ITL14.2bn, up more than 200% on the same period in 2000.

The deterioration in the Motor T.P.L. loss ratio was mainly determined by the increase in the incidence of accidents with personal injuries with respect to total claims and by several claims with high unit costs, the economic impact of which was largely absorbed by company reinsurance schemes.

Investments and liquid assets came to ITL136.2bn (ITL75.8bn in the first half of 2000 and ITL83bn at the end of 2000).

The net result for the half-year was ITL957.5m (ITL43m in the first half of 2000).



### **MeieAurora spa - Milan**

*Share capital: ITL68,689m*

*Shareholding: 82.82%*

The deed of merger by which Meie Assicurazioni S.p.A. incorporated Aurora Assicurazioni S.p.A., assuming the new name of «MEIEAURORA S.p.A» was registered in the Company Register of Milan on 29 June 2001. The figures given below were recalculated in homogeneous form, summing the results obtained by the two merged companies for the first half of 2000.

Overall direct and indirect premium income for the first half-year, amounting to ITL871.5bn, showed a downturn of 3.4%, principally due to a drop of ITL36.8bn in direct premiums in the Motor sector and ITL7bn in other Non-Life classes. On the other hand, with direct

premium income of ITL70.1bn, the Life sector was up 35.1%. Several factors had an impact on the Non-Life sector, the main ones being associated with the powerful boost given to the process of rationalisation of sales outlets which, through closures, mergers and liberalisation reduced the number of agencies by 76 (from 717 at the end of 2000 to 641 at 30 June 2001). Despite the tariff changes which led to an average increase of 10% from 1 April 2001, the price freeze still in place for the first three months of the year and a more selective underwriting policy influenced the Motor sector, where there was a drop of about 50,000 policies in the portfolio. The increase recorded in the Life sector was due to the marketing of financial type products (former Aurora network) not previously present in the list of products.

Loss ratio trends improved over the half-year period, principally in the Motor T.P.L. sector, with a notable drop in the number of claims reported (-14.2%).

Operating expenses, which included acquisition and renewal commissions, and other acquisition and administrative costs before reinsurance cessions, amounted to ITL184.4bn (ITL188.4bn on 30/06/2000) while their incidence on the premium income was 21.1% (20.9% at 30/6/2000).

Investments and liquid assets at the end of the period amounted overall to ITL3,067bn (ITL2,868bn at 30/06/2000 and ITL3,001bn at the end of 2000).

Investment income for the period, net of charges and net of value adjustments, amounted to ITL26.8bn (ITL91.6bn at 30/06/2000).

The balance on extraordinary activities amounted to ITL40.6bn (-ITL0.8bn at 30/06/2000), largely due to the already planned disposal of property not strategic for the company.

The half-year period closed with a pre-tax

profit of ITL20bn (ITL4.7bn at 30/06/2000) and a net profit of ITL10.8bn (ITL0.9bn at 30/06/2000).



### **Meie Vita spa – Milan**

*Share capital: ITL24,500m*

*Direct shareholding: 51.02%, indirect 48.98%*

Premium income during the first half year amounted to ITL123.9bn, down 24.6% on 30/06/2000. This result was influenced by various factors, including the advance to the financial year 2000 of about ITL14bn in premium income for group policies and the crisis in the financial markets which negatively influenced the sale of Unit-Linked products without guaranteed minimum yield and Index-Linked products with the guarantee limited to the premium paid only.

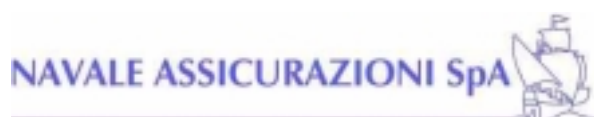
To overcome the development difficulties encountered by the network, various initiatives were taken during the first half-year such as training courses, incentives and special marketing activities; these, together with the launch of new financial products that will better meet public demand, should make it possible to recover in the remainder of the year the fall recorded during the first six months.

Operating expenses, which include acquisition and renewal commission, and other acquisition and administrative costs, amounted to ITL11.8bn (ITL13.5 at 30/06/2000) while their incidence on premiums written was 9.5% (8.2% at 30/6/2000). This greater incidence is connected to the above-mentioned advance of group policy income to 2000 and the lower incidence of Index-Linked policies with low commission rate.

Investments and liquid assets at the end of the period totalled ITL1,465bn (ITL1,304bn at 30/06/2000 and ITL1,397bn at the end of 2000).

The half-year period closed with a pre-tax profit of ITL3.1bn (ITL2.4bn at 30/06/2000) and a net profit of ITL2.1bn (ITL1.4bn at 30/06/2000).

Meeting on 29 June 2001, the Board of Directors initiated the process of merger by incorporation of Meie Vita S.p.A. into MeieAurora S.p.A.; the process should be completed by the end of the current year.



### **Navale Assicurazioni spa – Ferrara**

*Share capital: €10,500,000 (ITL20,331m)*

*Shareholding: 98.17%*

The Company, which had already drawn up its annual accounts in Euros in 2000, operates in all the Non-Life lines of business and specialises in the Marine, Goods in Transit and Tourist Assistance lines of business.

Premium income in the first half of 2001 amounted to €6.1m (ITL89.2bn) with an increase of 26% compared with the same period last year. There were significant increases in the sectors of Marine-Hull (+77%), Accident (+50%) and General T.P.L. (+40%). 59% of income came from brokers and 41% from non-exclusive agencies.

Investments and liquid assets totalled €109m (ITL211bn), an increase of 8.2% on 31/12/2000. Investment income, net of charges, amounted to €3.3m (ITL6.4bn).

Pre-tax profits amounted to €17 thousand (ITL1,582m), while the net result was €357 thousand (ITL691m), €490 thousand at 30/06/2000 (ITL949m).



### **Noricum Vita spa – Bologna**

*Share capital: €16,000,000 (ITL30,980m)*

*Shareholding: 51%*

This company sells mainly its products through



the outlets of two banks: the Cassa di Risparmio in Bologna (171 outlets), and the Banca Popolare dell'Adriatico (129 outlets).

Premiums sold in the first six months of 2001 amounted to ITL201bn, a drop of 31.6% compared with the same period the year before. This was in fact the result of a delay for reasons of a technical nature and was made up from July onwards with the closure of the subscription period to a new Unit-Linked product which had particularly good sales.

82% of the new sales (amounting to ITL181bn) derived from Class III products (Unit-Linked). In particular, the high volatility of the financial market led savers to turn towards capital-guaranteed products.

Investments and liquid assets at the end of the period amounted to ITL1,510bn (ITL1,257bn at 30/06/2000 and ITL1,364bn on 31/12/2000). Net investment income for the period, before investment value adjustments and excluding Class III, amounted to ITL23.8bn (ITL16.9bn at 30/06/2000).

The first half-year closed with a net profit of ITL3.6bn (ITL3.4bn in the first half of 2000).



#### **Quadrifoglio Vita spa – Bologna**

*Share capital: €22,500,000 (ITL43,566m)*

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

Premium income amounted to ITL338bn in the first six months of 2001, up 11% over the same period the previous year.

Sales during the half-year were largely in products with guaranteed results, both in Class I and Class III, with 98.7% coming from single-premium products.

Total investments and liquid assets exceeded ITL1,483bn (ITL1,066bn at 30/06/2000 and ITL1,198bn at 31/12/2000).

Net income, before value adjustments and net of the variations coming from the assets covering Class III, at 30/06/2001 was ITL21bn

(ITL15.3bn at 30/06/2000 and ITL31.6bn at 31/12/2000).

Operating expenses showed an incidence on premiums of 1.9% (1.6% at 30/06/2000 and 1.8% at 31/12/2000) because of an increased incidence of commissions associated with the different type of premiums written.

Profits for the period, net of taxes, totalled ITL3.1bn (ITL3.3bn at 30/06/2000).

## **UNISALUTE**

#### **Unisalute spa – Bologna**

*Share capital: €17,500,000 (ITL33,885m)*

*Shareholding: 87.44%*

Unisalute, which specialises in the Health and Assistance areas, closed the first six months of 2001 with direct and indirect premium income of ITL39.4bn, compared with ITL28.5bn during the same period in 2000, an increase of 38%, thanks to a strong growth in Health premiums from group schemes for companies and associations. The total number of clients with health insurance was 380,000 (261,000 in the first six months of 2000).

The advertising campaign in the press (national and local) to promote individual policies continued during the period and the Internet site was upgraded to provide on-line policy estimates from July 2000 ([www.Unisalute.it](http://www.Unisalute.it)).

The sale of LTC (Long Term Care) policies started in January, within the Health insurance sector, providing cover for periods of incapacity. Such innovative products should show good return in the medium-term, with the support of a leading European reinsurer.

Overall, commission costs were kept below the 8% threshold, with a reduction of about half a percentage point compared with the first half of 2000, due to a reduction in the Assistance portfolio, where commissions and reinsurance costs were higher.

Trends in loss ratio, though in line with those for the first six months of 2000, were negatively affected by the seasonal nature of the Health sector, in which trends are worse in the first half and better in the second.

Total investments and liquid assets were ITL78bn (ITL69bn at 31/12/2000).

Unisalute closed the first half of 2001 with a net profit of ITL603m (up 43% compared with ITL422m at 30/06/2000).



### **Unipol Banca S.p.A. – Bologna**

*Share capital: ITL550,275m*

*Shareholding 81.03%*

Expansion of the sales network continued during the first half-year with the opening of 6 new bank branches and 25 financial shops, taking both types of sales outlets to 42. At the same date, there were 328 financial advisers, 58 more than at 31/12/2000. Action was taken to integrate the 51 branches acquired from the IntesaBci Group, starting from 01/07/2001. When this integration was completed in July, the number of Unipol Banca branches in operation rose to 93 and the Bank extended its presence throughout Italy to 11 regions.

An ITL300.1bn share capital increase was completed at the start of June to support the investment deriving from the above-mentioned acquisition, combined with the launch of a subordinated debenture loan with a face value of €50m, of which ITL21.2bn had been placed at 30 June 2001.

On 1 May 2001, Unipol Banca took over Unipol SGR's third party individual asset management sector. The transfer was made within the framework of the strategic decision to concentrate the distribution of investment services to the public and to retail customers in the Bank.

Internet and phone banking became fully operative during the period and managed about 12,000 hits with the activation of 351 current accounts.

The sums administered during the period rose above the ITL10,000bn threshold, and then increased by over ITL1,800bn thanks to the branches acquired. Specifically, deposits totalled ITL1,102bn.

The brokerage margin increased by 39.5% compared with the same period of the previous year, amounting to ITL31bn and making for a net profit for the period of ITL458m (ITL153m at 30/06/2000), after depreciation and allocations amounting to over ITL4bn.

### **Unipol SGR S.p.A. – Bologna**

*Share capital: €10,320,000 (ITL19,982m)*

*Shareholding 100%*

During the first half of 2001, the Company, which has operated for years in the savings management sector, transferred its third party individual asset management sector to Unipol Banca Spa. Therefore, Unipol SGR's business is currently that of investment manager of the umbrella unit trust established by Unipol Fondi Ltd under Irish law. It also still retains some individual asset management mandates on behalf of group companies.

Total assets managed therefore showed a significant drop compared with the previous year, amounting to ITL365bn at 30/06/2001 down from ITL3,032bn at 31/12/2000.

Returns for management fees, calculated on average volumes for the period, fell by 36% compared with the first half of the previous year, from ITL1,541m to ITL991m.

The first half of 2001, which benefited from the extraordinary income from the transfer to Unipol Banca, closed with a net profit for the period of €22 thousand (ITL430m), compared with €108 thousand (ITL209m) in the first half of 2000.

The General Shareholders' Meeting in April 2001 voted to reduce the share capital from €10,320,000 to €2,000,000. The decision was implemented the following August.

### **Uniservice S.p.A. - Bologna**

*Share capital: ITL200m*

*Shareholding 99%*

This company provides Unipol Assicurazioni



and some of its subsidiaries with data transmission services to the agency network, main sub-agencies and the claims handling centres, through the leasing of computer and telematic systems.

It also furnishes Unipol Banca S.p.A. with a service linking head office with some of its branches.

Returns for the half-year amounted to ITL3.2bn (ITL3.2bn at 30/6/2000).

Profits for the six months amounted to ITL58.1m (ITL65.1m at 30/6/2000).

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

*Share Capital ITL250m*

*Shareholding 100%*

This company was set up in Dublin in 1999 and is the manager of “Unipol Funds” – an umbrella unit trust. After an initial period of operation aimed exclusively at institutional investors, once the necessary permits had been obtained, it also started placing units in Italy through the Unipol Banca sales network at the end of September 2000.

At 30/06/2001, the amount managed by the Company totalled €53.3m (ITL296.8bn). The Company's net profits for the half-year amounted to €62,275 (ITL120.6m).

### **Property companies**

The figures for investments in building land and buildings are given below, net of depreciation funds, for the subsidiaries transacting property business at 30 June 2001 (in ITLbn):

	<b>Investments</b>
Midi S.r.l.	38.5
Pioquartosei S.r.l.	70.9
Unifimm S.r.l.	76.2
<b>Total</b>	<b>185.6</b>

Income from leased buildings for the period amounted to ITL1,006m (up ITL472m on 30/06/2000).

It should also be noted that Pioquartosei S.r.l. was incorporated into Unipol Assicurazioni by deed of merger on 2 July 2001.

## **Transactions with Group undertakings and related parties**

With reference to Consob communications No. 97001574 of 28/2/97 and No. 98015375 of 27/2/1998 concerning information pertaining to transactions with related parties, and in accordance with Isvap decision No. 1207-G of 6/7/99, it is hereby pointed out that Unipol has normal business transactions with the other companies within the Group regarding:

- reinsurance and coinsurance with subsidiaries and affiliated companies which carry out insurance activities;
- building and company rental (holiday village);
- agency mandates;
- financial loans;
- supply of staff and provision of services;
- leasing IT systems;
- asset management and subscription to units or shares in investment funds;
- management of current accounts;
- internal auditing (Isvap circular 336/D).

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

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

During the first half of 2001, furthermore, the following operations were carried out with Group undertakings in the interests of the Company and in conformity with Article 15 of Law 20 of 9/1/1991:

- transfer at book value of holdings to an associated undertaking (Hotel Villaggio Città del Mare) for ITL22m;
- purchase of holdings from an affiliated undertaking (Finec Merchant) for ITL821m.

During the period, associated company agencies (holders of Unipol agency mandates) recorded premiums written amounting to ITL371.2bn (ITL309.2bn at 30/06/2000). The contractual conditions are the same as those in force for the entire branch network.

### **Significant events after 30 June 2001 and business outlook**

The substantial stabilisation of oil prices during the summer gives substance to the hypothesis of a possible containment of inflationary forces in Europe.

There are signs that inflation has been contained in Italy, with a current rate of 2.8%, in line with forecasts for the end of the year.

Growth in gross domestic product is expected to settle at around 2% in December, compared with 2.9% in 2000, as signals of recovery in the international economic picture are still weak.

On 30/08/2001 the European Central Bank adjusted the main refinancing rate downwards from 4.5% to 4.25%; there has therefore been a fall in the 3-month rate of 19 basis points since 29/06/01 and that on 10-year government bonds is also down (-35 points over the same period). A further small drop in the bank discount rate is expected by the end of the year. As of today, trends in the international stock exchanges are negative compared with the scenario at the end of June.

As regards the insurance sector, in a sentence delivered on 28 March, published on 5 July 2001, the Regional Administrative Court of Lazio rejected an appeal by the companies against a decision by the Antitrust Authority to fine 38 insurance companies operating in the Italian market for an alleged illegal exchange of sensitive commercial information. The companies will appeal against the aforesaid decision to the Council of State within the permitted term.

An agreement was reached between Ania and the consumers association on 24 July for a rapid solution to Motor T.P.L. insurance

disputes. The conciliation procedure proposed provides means for preventing litigation.

On 29 July 2001, as widely reported in the media, Bell S.A., pivot shareholder of the Olivetti-Telecom Group, transferred its entire parcel of Olivetti shares, as well as the Warrants in its portfolio. Execution of the operation, which will include the transfer to a company specially established by the purchasers, Pirelli-Benetton, named "Olimpia", is expected to be completed this month, after the necessary authorisation has been obtained.

On 31 July, Unipol Assicurazioni, which on that date held a 3.22% shareholding in Bell S.A. and was also present in Hopa Spa (the Bell holding company) sold to Bell 36,500,000 Olivetti shares, priced at €3.01, as they were no longer of strategic value, for a total of €109,865,000 (ITL213bn).

The net proceeds from the above-mentioned operations are expected to amount to a total of ITL80bn.

As regards the other strategic holdings, the main events which occurred after the end of the half-year concerned:

- **Finec Merchant S.p.A. – Bologna**  
Subscription, on 16 July 2001, of 54,978,700 shares, at a price of ITL55bn, of the share capital increase from ITL200bn to ITL340bn, decided on 26 June 2001.
- **Finec Investimenti S.p.A. – Bologna**  
Subscription, on 25 July 2001, of 18,075,991 shares, equivalent to 38.04% of share capital, amounting to ITL35bn overall.
- **Italiana Assicurazioni – Milan**  
Acceptance on 25 July 2001 of the Reale Mutua take-over bid for the shares of Italiana Assicurazioni and consequent sale of the entire holding possessed (480,150 shares), for a total of €6.6m (ITL12.8bn).
- **Midi S.r.l. – Bologna**  
Purchase on 11/07/2001, of 500,000 shares, equivalent to 1% of share capital, for a total of ITL515m.  
This brought the holding to 100%.  
On 18 July 2001, in order to fund the company, which is currently completing a

major property investment in Bologna (Trade Fair area), a subscription of ITL46.8bn was made to increase the share capital to €50m, with conversion of the face value of the shares to €1 each; a further increase in capital to €72m with payment of 3/10, amounting to €6m (ITL12.8bn).

- **P & V Holding s.a. – Brussels**

Transfer, on 08 August 2001, of 295,051 company shares (2.12%) for a total of BEF312.7m, (ITL15bn), making for capital gains of ITL847m.

- **Unipol SGR S.p.A. – Bologna**

Following the reduction (decided on 24 April 2001) of the share capital in excess from €10,320,000 to €2,000,000, €8,320,000 (ITL16.1bn) was collected on 11/08/2001.

As regards company business, it should be noted that the rate of growth in premium income has remained at the same level as in the first half in the Non-Life sector, while there was a 17% rise in the Life sector by the end of August.

The technical trend in the Non-Life sector confirmed the positive trends recorded during the first half, especially in the claims frequency in the Motor T.P.L. sector.

The trend for acquisition and operating expenses is in line with the previous period, as is also the case for ordinary property and financial management.

In the absence of exceptional or abnormal events, the outlook for the current year is very positive and growing with respect to the previous year.

# Accounting Criteria

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

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

The valuation of claims still outstanding at the end of the first part of the current year was made on the basis of up-to-date analytical data (“ongoing provision”) and appropriate technical prudential estimates. Motor T.P.L. claims reported in the first six months of 2001 only are an exception, and were calculated using the criterion of average cost for groups of similar claims (material damage and personal injuries).

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

With regard to inward reinsurance relationships and associated retrocessions, the half-year accounts, like those in the six-month report at 30/6/2000, include the results reported by the ceding undertakings for the previous financial year, received by last July, while, with regard to inward reinsurance from subsidiaries, the results reflect the trend recorded in the first part of the current year.

## Exchange rates used

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

<b>Currencies</b>	<b>30.06.01</b>	<b>31.12.00</b>
US Dollar	2,283.330	2,080.890
Pound Sterling	3,210.520	3,102.490
Swiss Franc	1,271.510	1,271.180

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

# Information on the Balance Sheet

The amount and the type of assets, liabilities, guarantees, commitments and other memorandum accounts regarding transactions with Group undertakings and other participating interests are set out in the following table:

Information on relations with group undertakings and other participating interests						
<i>(Amounts in ITL million)</i>						
	Holding	Subsidiaries	Associated	Affiliated	Other	Total
	companies		undertakings	undertakings	undertakings	
<b>I: Assets</b>						
Stocks and shares	25,445	2,405,843	1,707	100,803	634,005	3,167,803
Corporate financing		10,500				10,500
Deposits with ceding undertakings		35,458			15,360	50,818
Investments relating to benefits linked to investment funds and market indices		4,042				4,042
Investments arising out of pension funds management					412	412
Debtors and other assets	2	151,033	12	76,507	4,284	231,838
<b>Total</b>	<b>25,447</b>	<b>2,606,876</b>	<b>1,719</b>	<b>177,310</b>	<b>654,061</b>	<b>3,465,413</b>
of which subordinated assets		500				500
<b>II: Liabilities</b>						
Deposits received from reinsurers					6	6
Amounts owed to credit institutions					610	610
Other creditors and other liabilities	3	10,804	5	3,425	1,772	16,009
<b>Total</b>	<b>3</b>	<b>10,804</b>	<b>5</b>	<b>3,425</b>	<b>2,388</b>	<b>16,625</b>
<b>III: Guarantees, commitments and other memorandum accounts</b>						
Guarantees by third parties, including in favour of the Company					75	75
Other memorandum accounts	25,445	4,284,004		7,735	59,957	4,377,141
<b>Total</b>	<b>25,445</b>	<b>4,284,004</b>		<b>7,735</b>	<b>60,032</b>	<b>4,377,216</b>

## Balance Sheet - Assets

### C – Investments

#### C.I – Land and buildings

At 30 June 2001, the Company's direct property assets, net of depreciation, amounted to ITL684,581m, with a net drop of ITL8,385m compared with 31 December 2000 (-1.2%).

Only one new investment was made in the first half of 2001; this was for part of a building in Bologna (Via Stalingrado), formerly the Coop Adriatica head office. ITL17,800m was paid, net of an advance of ITL4,500m, paid in the previous financial year.

Increases in and improvements made to the property portfolio for extraordinary maintenance work amounted to ITL1,926m during the period.

Divestments amounting to ITL24,108m were also made and regarded parts of 14 buildings in the residential sector and 6 buildings or parts of buildings in the office sector. The latter included buildings in Rome in Via Guattani 13 (book value ITL9,542m) and in Via Cesalpino (book value ITL5,686m).

Net overall capital gains totalled ITL3,337m. No advance payments for purchases were recorded as at 30 June while advances received for sales amounted to ITL2.5bn.

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

At 30 June 2001, total Italian and foreign shareholdings, virtually all classified as assets for long-term use, amounted to ITL3,167,803m (item C.II.1), an increase of ITL427,061m (+15.6%), on the total at 31 December 2000.

The main transactions carried out and the events which occurred during the half-year period concerned:

- **MeieAurora S.p.A. – Milan**  
The purchase of the shares deriving from the closure of the take-over bid by Unipol for Meie Assicurazioni was completed on 12 January. The overall cost was for a total of ITL144.6bn, corresponding to 53,016,162 shares, or 23.02% of the share capital. The total shareholding therefore rose to 74.38%. On 29 June 2001 the merger of Aurora Assicurazioni with Meie Assicurazioni became effective. As a result of the rate of exchange, of 5 Meie shares for every 4 Aurora shares held, Unipol's shareholding in the company, which took the name of MeieAurora, is now 284,430,611 shares, or 82.82% of the share capital.
- **Unisalute S.p.A. – Bologna**  
Acquisition, on 27 March 2001, of 3,465,000 shares, corresponding to 9.9% of the share capital, for a total of ITL5.5bn.
- **Linear Assicurazioni S.p.A. – Bologna**  
Acquisition, on 27 March 2001, of 4,800,000 shares, corresponding to 20% of the share capital, for a total of ITL6.7bn.
- **Previnet S.p.A. – Mogliano Veneto (TV)**  
Acquisition, on 06 March 2001, of 1,400 shares, equivalent to 14% of the share capital, for a total of ITL4.2bn.
- **Quadrifoglio Vita S.p.A. – Bologna**  
Payment of ITL2.5bn of the residual 5/10 of the increase in share capital decided on 13/12/1999.
- **Lavoro e Previdenza Service S.p.A. – Bologna**  
Acquisition, during February 2001, of 8,980,000 shares, corresponding to 44.9% of the share capital, for a total of ITL9bn. As an effect of the above-mentioned

acquisitions, the shareholding has risen to 100%.

In view of the planned restructuring of the Company, on 29 March 2001, the Extraordinary Shareholders' Meeting decided to reduce the capital stock to balance losses and to reduce the excess; as a result, the share capital was reduced from ITL20bn to ITL4bn. On 20 July 2001, the shareholding, which was no longer strategic, was transferred at the residual book value of ITL4bn.

- **Pioquartosei S.r.l. – (Bologna)**  
Acquisition, on 16 February 2001, of 500,000 shares, corresponding to 1% of the capital stock, for a total of ITL821m. The shareholding rose to 100% for the purpose of completing the merger of the same by incorporation (which took place on 2 July 2001).
- **Unipol Banca S.p.A. – Bologna**  
Subscription of 422,958,037 shares, at a price of ITL243.2bn, of the share capital increase from ITL250.1bn to ITL550.3bn, decided on 26 April 2001.
- **Bell s.a. – Luxembourg**  
Acquisition, during the half-year, of 18,979 shares, in the context of the share capital increase, for a total of ITL52.7bn.
- **Hopa S.p.A. – Brescia**  
Subscription, on 30 March 2001, of 745,053 shares, in the context of the share capital increase, for a total of ITL3bn.  
Acquisition, on 27 April 2001, of a further 4,245,000 shares, for a total of ITL21.2bn.
- **Olivetti S.p.A. – Ivrea**  
Subscription on 09 March 2001, of 1,435,680 shares in the context of the increase in share capital, decided on 18/12/2000, for a total of ITL7.2bn.  
Transfer, on 29 June 2001, of 7,500,000 shares, at a price of €3 per share, for a total of ITL43.6bn.

The following divestments are worthy of note:

- **Euresa Life – Luxembourg**  
Transfer, on 17 January 2001, of the company's entire shareholding (10%) for a

total of €1.1m (ITL7.9bn), making for capital gains of ITL6.2bn.

- **Bnl Vita S.p.A. – Milan**  
Transfer, on 02 May 2001, of 220,000 shares, equivalent to 1% of the share capital, for a total of ITL5.4bn. This brought the holding down to 50%.
- **Humanitas Mirasole S.p.A. – Rozzano (MI)**  
Transfer, on 16 March 2001, of the company's entire shareholding (2%) for a total of ITL2bn, making capital gains of ITL1.5bn.
- **Immobiliare Mirasole S.p.A. – Turin**  
Transfer, on 16 March 2001, of the company's entire shareholding (7.46%) for a total of ITL8.7bn, making capital gains of ITL2.2bn.

During the half-year, adjustments were made to the value of shareholdings, amounting to ITL4,993m (ITL3,197m for Italiana Assicurazioni and ITL1,796m for Lavoro e Previdenza Service).

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

The amount and the nature of the increases and decreases in the investments in Group undertakings and other participating interests, split into stocks and shares, and bonds and loans, is set out in Annex 2.

### **C.III – Other financial investments**

The overall sum for other financial investments at 30 June 2001 amounted to ITL6,248,474m, a rise of ITL310,790m compared with 31 December 2000 (+5.2%).

The balance for Item C.III.1 – Stocks and Shares, was ITL535,137m, up ITL200,314m on 31/12/2000, (+59.8%), mainly deriving from further purchases of Monte dei Paschi shares in the first six months of 2001.

ITL316,754m of the balance at 30/06/2001 consisted of frozen assets, of which ITL302,977m refers to the Monte dei Paschi shares; these shares, allocated to Life assurance segregated accounts, showed latent overall capital losses of ITL36.9bn of 30/06/2001.

The balance for item C.III.3 – Bonds and other fixed income securities, was ITL4,769,508m (+2.4% on 31/12/2000), and 96.5% consists of listed securities.

Purchases amounting to ITL2,315bn were made during the period considered, with sales of ITL2,451bn, transfers of Class D securities totalling ITL1.7bn and conversions of bonds into shares to a value of ITL38.5bn. The value of the portfolio also includes ITL27.5bn relating to capital write-ups, net issue and trading spreads during the period, the alignment to free market values of freely traded securities (ITL6.5bn) and value re-adjustments on securities written down in previous years (ITL2.5bn).

Item C.III.5 – Other financial investments, amounting to ITL574,509m (+69.2% compared with 31/12/2000), is made up as follows:

- ITL537,206m for securities – repo contracts
- ITL37,303m corresponding to the premiums paid for contracts on derivative financial instruments (cap and floor interest rate options, swap option receiver).

The breakdown of the other financial investments (items C.III.1,2,3,5) is set out in Annex No. 3 on the basis of long-term and short-term use.

### **Information in accordance with ISVAP Instruction 893.G of 18/6/1998, Article 4 “Classification and valuation of insurance companies’ securities portfolios”**

In compliance with the provisions of the above-mentioned Instruction, the Board of Directors, at its meetings on 25/9/98 and



16/7/99, established the criteria to be used for subdividing investments between long-term and short-term use as well as for notification to the Board itself regarding large long-term securities operations.

The value of disposals and transfers during the first half of 2001 totalled ITL273.8bn overall, corresponding to 9.4% of long-term investments.

To guarantee the conservation of freely negotiable investments, on 16/7/99 the Board established a maximum limit of 60% for investments for long-term use, calculated on the total of the Company's investments, which total comprises both capital and debt securities, excluding investments considered strategic, investments within Class D (Classes III and VI) and those covering policies with predefined benefits.

The total investments at 30/06/2001, calculated as set out above, were made up as follows:

	<b>30/6/2001</b>
Stocks and shares	535,137
Units and shares in investment funds	272,585
Bonds and other fixed-income securities	4,377,898
Securities – repo contracts	537,206
<b>Total</b>	<b>5,722,826</b>

The total for long-term investments at 30/6/2001, amounting to ITL2,911,506m, made up 51% of the Company's total financial investments.

## **E – Debtors**

The balance of the debtors set out in item E, totalling ITL871,212m, showed a net increase of ITL96,483m compared with the balance at 31/12/2000 (+12.5%) and was made up as follows:

- Debtors arising out of direct insurance operations totalling ITL541,877m (+ITL44,370m compared with 31/12/2000);
- debtors arising out of reinsurance operations totalling ITL171,941m (-ITL7,099m compared with 31/12/2000);
- other debtors, amounting to ITL157,394m

(+ITL59,212m with respect to 31/12/2000) mainly consisting of the fine imposed by the Antitrust Authority (ITL33,561m), for which the legal proceedings have not yet been concluded, advance tax payments referring to the year 2001 (ITL25,545m for IRPEG, ITL4,532m for IRAP) and of tax credits on dividends (ITL22,802m).

Item E1 – Debtors arising out of direct insurance operations, which amounted to ITL541,877m, principally consists of sums owed by policyholders totalling ITL187,726m (ITL158,271m Non-Life and ITL29,455m Life) and sums owed by insurance intermediaries amounting to 268,051m (ITL263,857m Non-Life and ITL4,194m Life).

Amounts receivable from policyholders entered in the accounts as at 31/12/2000 amounted to ITL283,838m (ITL261,522m for Non-Life and ITL22,316m for Life); relative receipts during the first six months of 2001 amounted to ITL257,365m (ITL248,071m for Non-Life and ITL9,294m for Life).

Amounts receivable from insurance intermediaries showed an increase of ITL123,762m against 31/12/2000 (+85.8%), as an effect of the substantial receipts recorded by agencies in the last 10 days of June 2001, but financially settled in the first 10 days of July.

The balance on debtors as at 30/06/2001, shown net of overall devaluation amounted to ITL5,491m (ITL5,067m for Non-Life and ITL424m for Life).

## **F – Other assets**

The overall balance for the item was ITL254,903m, with a net decrease of ITL108,062m compared with 31/12/2000 (-29.8%), mainly as a result of the decrease in liquid assets (-ITL50,988m), in the balance on deferred reinsurance accounts receivable (-ITL29,286m) and in sundry assets (-ITL21,742m). The latter two include the balance on the internal liaison account between Life and Non-Life business which, on the reference date, showed ITL19,105m to the credit of Non-Life business (ITL23,631m at 31/12/2000).



## **Balance Sheet - Liabilities**

### **A – Capital and reserves**

Capital and reserves at 30/06/2001, with the exclusion of the profit for the period, amounted to ITL2,106,005m, an increase of ITL41,667m, compared with 31/12/2000, due to the increase in the reserves following distribution of the profit for the year 2000 (amounting to ITL41,408m) and to the conversion of the Warrants (ITL259m).

During the first half of 2001, the right of holders of "Unipol 2000-2005 ordinary share warrants" and of "Unipol 2000-2005 preference share warrants" to subscribe to new ordinary and preference shares continued to be exercised.

This right, which will lapse on 20 June 2005, makes it possible to subscribe to one new ordinary or preference Unipol share for every five ordinary or preference warrants held, at a price of ITL6,200 and ITL2,700 per share respectively.

Following the above subscriptions, the share capital rose by ITL84m compared with 31 December 2000, and a further ITL32m during July and August 2001.

At 14 August 2001, 358,579,668 "Unipol 2000-2005 ordinary share warrants" and 230,664,507 "Unipol 2000-2005 preference share warrants" remained to be exercised.

#### Conversion of the share capital into euros

In compliance with the provisions of Legislative Decree No. 213/98, as later amended by Legislative Decree No. 206/98, and bearing in mind the value of the capital and reserves, the Extraordinary Shareholders' Meeting on 27 April 2001 proceeded with the redenomination of the share capital in euros:

1. free increase of capital by means of an increase in the face value of the shares from ITL1,000 to ITL1,936.27 using the sum of ITL422.5bn from the share premium reserve for this purpose;
2. conversion of the new face value of the shares into euros, applying the fixed conversion rate and thereby obtaining a unit face value of €1;

3. establishment of a reserve of ITL26.4bn irrevocably destined, as a free increase, for the increase in the maximum share capital decided by the Board of Directors on 12/05/2000 (availing itself of the power delegated to it by the General Shareholders' Meeting on 28/04/2000 in accordance with Article 2443 of the Civil Code) and leaving a face value of ITL28.2bn;
4. establishment of a reserve of ITL142bn irrevocably destined, as free increase, to increase the share capital deriving from the maximum exercise of the warrant rights decided by the Board itself and leaving a face value of ITL151.7bn;
5. the reserves referred to in points 3) and 4) shall be established by means of the share premium reserve and shall remain irrevocably locked up until the final term of the respective expiries.

At 30 June 2001, therefore, the share capital amounted to €51,226,045 (ITL873,695,454,152) fully paid-up and composed of No. 451,226,045 shares with a face value of €1 each, subdivided as follows:

- 273,329,500 ordinary shares, 56.87% of which are owned by the holding company, Finsoe S.p.A.;
- 177,896,545 preference shares.

### **B - Subordinated liabilities**

This newly established item amounts to ITL580,881m (corresponding to €300,000,000) and is entirely composed of the face value of the subordinated callable notes decided by the Board of Directors of 26 March 2001 (availing of the mandate conferred by the Extraordinary Shareholders' Meeting of 28 April 2000 under Article 2420ter of the Civil Code), issued by the Company at the end of May and entirely subscribed as at 15 June 2001.

This subordinated loan, which is listed on the Luxembourg Stock Exchange, is due on 15/06/2021, but can be redeemed at the option of the issuer from 15/06/2011.

Its level of subordination corresponds to Tier II

The issue of the bonds took place at a price of 100.925; the annual interest rate 7% fixed until the date of exercise of the advance reimbursement clause, followed by a variable rate up until expiry. The amount of interest attributable to the six-month period is ITL1,671m.

### **C/D – Technical provisions**

The technical provisions in Non-Life insurance business amounted at 30/06/2001 to ITL3,349,497m (+3.1% compared with 31/12/2000).

The item, "sundry technical provisions" (item C.I.3), amounting to ITL2,564m, is made up as follows:

- the provision for bonuses and rebates amounting to ITL1,660m;
- ITL904m for the provision for increasing age.

At the end of the period, the technical provisions for Life business totalled ITL5,515,423m (+6.1% over 31/12/2000), of which ITL710,845m relating to Index and Unit-Linked policies – Class III – (ITL460,114m at 31 December 2000) and ITL38,719m arising out of the management of pension funds (ITL32,754m at 31/12/2000).

At 30/06/2001, the item "sundry technical provisions" (Item C.II.3) amounted to ITL63,582m; it refers almost entirely to sums set aside for operating expenses and is divided by class as follows (in ITLm):

- class I, ITL37,546m;
- class III, ITL19,528m;
- class V, ITL6,508m.

### **G – Creditors and other liabilities**

At 30/06/2001, creditors and other liabilities amounted to ITL848,869m, a decrease of ITL41,624m compared with 31/12/2000 (-4.7%).

Item G.I – Creditors arising out of direct insurance operations, amounting to ITL14,868m,

showed a drop of ITL6,419m compared with the balance at 31/12/2000 and comprises ITL4,257 of liabilities to insurance intermediaries, of which ITL3,645m relating to Non-Life business and ITL612m relating to Life business.

Item G.III – "Debenture loans", amounting to ITL407,557m, unchanged with respect to 31/12/2000, refers to the two listed debenture loans backed by warrants, issued by Unipol Assicurazioni as part of the capital increase operation carried out in 2000.

Debt securities (ordinary and preference) will be reimbursed at par, in a single payment on 30 June 2005, though the issuing company reserves the right to reimburse in advance with one month's prior notice.

The gross annual interest rate has been set at 3.75% for preference debt securities and 2.25% for ordinary ones; the interest will be payable on 30 June each year from 2001 to 2005.

The interest matured in the first half of 2001 amounted to ITL5,216m.

The item "Amounts owed to credit institutions" (item G.IV) amounted to ITL3,869m, associated entirely with Non-Life business (ITL300m at 31/12/2000), the balance being composed of temporary current account negative balances.

The "Sundry borrowings and creditors" (item G.V), amounted to ITL154,907m, a net decrease of ITL39,231m compared with 31/12/2000 (-20.2%).

There was an overall drop of ITL13,591m in Debts secured by a lien on property (included in item G.V) compared with the balance at 31/12/2000, ITL13,251m of which was due to advance repayment of a mortgage on a building and ITL340m to repayments of a facilitated mortgage for the restructuring of the tourist complex at Terrasini (Palermo), maturing in December 2007.

The item G.VII – Other liabilities fell from ITL194,808m at 31 December 2000 to ITL188,860m at 30 June 2001, a net drop of

ITL5,948m (-3.1%). The item comprises taxes for the period amounting to ITL52,702m (ITL46,654m for Irpeg and ITL6,048m for Irap), ITL25,650m for alignments of derivative financial instrument operations in existence as at 30 June 2001, the total of ITL24,548m for the applicable additional commissions (rappels), and the balance on the internal liaison account between Life and Non-Life business, which showed ITL19,105m (ITL23,631m at 31/12/2000) to the debit of Life business.

## Guarantees, commitments and other memorandum accounts

At 30/06/2001, memorandum accounts amounted to ITL12,899,161m (ITL11,902,193m at 31/12/2000) and were made up as specified in the following table (ITLm):

Guarantees issued: surety bonds	2,184
Guarantees issued: other personal guarantees	16
Guarantees received: surety bonds	42,292
Guarantees received other personal guarantees	0
Guarantees received: collateral securities	8,659
Guarantees issued by third parties in favour of the Company	20,014
Commitments	3,226,149
Third parties' assets held in deposit	416
Assets pertaining to pension funds managed on behalf of third parties	171,316
Securities deposited with third parties	9,416,280
Other memorandum accounts	11,836
<b>Total</b>	<b>12,899,161</b>

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

## Information on financial derivatives

In accordance with the instructions issued by ISVAP (Instruction No. 297 of 19/7/96) and following the policy guidelines laid down by the Company's Board of Directors on 13 December 1996, financial derivatives were used during the first half of 2001 purely to hedge the risk in the securities position and the exchange

rate risk, or in order to optimize portfolio management, and were not used for speculative purposes.

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

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

The positions of derivatives at 30 June 2001 are shown in the following tables:

### A. Derivative contracts involving forward capital swaps

The value attributed is made up of the settlement price for the contracts in millions of ITL. For the options in other currencies the agreed exchange rate was used:

Type of transaction	No. Transactions	Overall exposure
Currency resale agreement	8	386,732
Cross currency swaps	2	58,427
<b>Total</b>	<b>10</b>	<b>445,159</b>

### B. Derivative contracts not involving forward capital swaps

The value attributed consists of the face value of the relevant capital in millions of ITL; the exchange rate on 30 June 2001 was used for operations in other currencies:

Type of transaction	No. transactions	Overall exposure
Purchase/sale cap interest rates	12	795.413
Purchase/sale floor interest rates	9	708.650
Asset swaps	6	376.622
Interest rate swaps	3	172.000
Purchase/sale swap options	3	90.088
<b>Total</b>	<b>33</b>	<b>2.142.773</b>

The above operations were carried out in the following currencies: Italian lire, Euros, US Dollars and Swedish krone.

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

- net premiums received on unexercised options and on futures amounted to ITL255m;
- net capital gains from trading on securities linked to options sold, totalled ITL109m;
- net charges incurred on operations hedging the exchange rate risk amounted to ITL2,917m;
- net charges from interest rate swap operations amounted to ITL7,350m;
- net proceeds from other operations amounted to ITL437m.

It is to be noted that the overall return on the Company's financial investments (excluding property and shareholdings), including income and charges from the use of derivatives, amounted to 5.13% net of write-downs and that within the portfolio exchange rate risks are largely covered and rate risks are reduced.

\* \* \*

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

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

ITEM		Balance as at 30/6/2001	Amounts due after 30/6/2002
<b>ITEM C</b>	<b>Financing</b>		
C.II.3	Corporate financing to Group undertakings and other participating interests	10,500	--
C.III.4	Loans	96,735	83,218
<b>ITEM E</b>	<b>Debtors</b>		
E.I.	Debtors arising out of direct insurance operations	541,877	71,137
E.II	Debtors arising out of reinsurance operations	171,941	--
E.III	Other debtors	157,394	1,553
<b>ITEM G</b>	<b>Creditors</b>		
G.I	Creditors arising out of direct insurance operations	14,868	--
G.II	Creditors arising out of reinsurance operations	31,694	--
G.III	Debenture loans	407,557	407,557
G.IV	Amounts owed to credit institutions	3,869	--
G.V	Sundry loans and creditors	154,907	8,592
G.VII	Other liabilities	188,860	--

# Information on the Profit and Loss Account

Apart from what has been commented on above regarding the "Business interim report", the following additional information is given.

At 30/06/2001, gross premiums written amounted to ITL1,652,611m (ITL1,121,295m Non-Life, ITL531,316m Life).

Premiums ceded in reinsurance amounted to ITL112,168m (ITL105,453m relating to Non-Life business and 6,715m to Life business).

The breakdown of written premiums per class of business is illustrated in the first part of this report.

At the end of the period, the provision for unearned premiums for Non-Life business amounted to ITL787,482m (of which ITL13,926m for unexpired risks) and, allowing for portfolio movements, shows an increase of ITL18,075m over 31/12/2000 (an increase in the reinsurers' share of ITL6,143m).

The Non-Life business provision for outstanding claims, which amounted to ITL2,558,399m at 30/06/2001, showed an increase, allowing for portfolio movements, of ITL83,596m compared with 31/12/2000 (a ITL10,578m drop in the reinsurers' share).

With regard to Life business, the mathematical provisions and other technical provisions

(including those in Class D) amounted to ITL5,495,033m, a net variation of ITL326,230m compared with 31/12/2000; the provision for sums payable, amounting to ITL20,390m showed a net drop of ITL3,036m.

Claims paid in Non-Life business amounted to ITL781,182m; the reinsurers' share totalled ITL62,969m.

Sums paid in Life business amounted to ITL267,762m, of which the share of the reinsurers and of Consap amounted to ITL24,290m.

The "other income" item, amounting to ITL29,091m, includes recovery of administrative expenses totalling ITL4,175m, interest receivable amounting to ITL15,357m and exchange differences of ITL8,889m.

The "other charges" item, amounting to ITL21,797m, includes interest payable of ITL8,975m, exchange differences of ITL9,611m, and other losses and expenses of ITL3,211m.

Investment income and charges are listed separately in the table below for land and buildings, investments in Group undertakings and other participating interests, and other financial investments as at 30/06/2001:

<b>INVESTMENT INCOME AND CHARGES IN DETAIL (*)</b>			
<i>(Amounts in ITL million)</i>			
	<b>Non-Life business</b>	<b>Life business</b>	<b>Total</b>
Investment income from land and buildings	14,897		14,897
Investment charges from land and buildings	10,169		10,169
<b>Total (A)</b>	<b>4,728</b>		<b>4,728</b>
Investment income from group undertakings and other participating interests	25,295	20,120	45,415
Investment charges from group undertakings and other participating interests	3,972	1,853	5,825
<b>Total (B)</b>	<b>21,323</b>	<b>18,267</b>	<b>39,590</b>
Income from other financial investments	58,541	149,204	207,745
Charges from other financial investments	19,249	49,124	68,373
<b>Total (C)</b>	<b>39,292</b>	<b>100,080</b>	<b>139,372</b>
<b>TOTAL (A+B+C)</b>	<b>65,343</b>	<b>118,347</b>	<b>183,690</b>

(\*) *Not including Class D income and charges, bank interest and interest on debenture loans.*

Extraordinary income at 30 June 2001 amounted to ITL17,652m (ITL12,624m of which refers to capital gains from trading in securities and holdings and ITL3,253m to capital gains from the sale of buildings).

The extraordinary charges show a balance of ITL3,683m , ITL3bn of which consists of sums allocated to the provision for future charges arising from litigation in progress.

# Other Information

## Solvency margin

In view of the expected development of business and on the basis of the regulations in force at the end of the year 2000, the solvency margin to set up at the end of 2001 will amount to about ITL600bn, ITL370bn of which for Non-Life business and ITL230bn for Life business. Both are amply covered by the respective items, the excess of which will also make it possible to meet the new solvency margin calculation criteria, "adjusted solvency", provided for by Legislative Decree No. 239 of 17 April 2001; instructions from the Supervisory Authority as to the application of the criteria are awaited.

## Covering technical provisions

With regard to Non-Life provisions, the sum to be covered at 30/06/2001 was ITL3,246,689m and the relative cover was subdivided as follows:

Fixed-income securities	1,160,651
Loans and mortgage loans	36,441
Equities	912,002
Land and buildings	659,695
Debtors and other assets	477,900
<b>Total assets</b>	<b>3,246,689</b>

As regards Life provisions (excluding those referred to in Article 30 of Legislative Decree No. 174/95 and pension funds, which are covered with the activities specified in Class D of the balance sheet), the sum to cover at 30/06/2001 was ITL4,523,676m.

The relative cover breaks down as follows:

Fixed-income securities	4,005,989
Equities	517,687
<b>Total assets</b>	<b>4,523,676</b>

The above-mentioned assets belong to the categories of assets identified in Isvap provisions Nos. 147 and 148 of 30 January 1996.

Bologna, 10 September 2001

**The Board of Directors**

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

**INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (\*)**

These data refer to the first six months of 2001

(Amounts in ITL million)

No	Type	Listed or unlisted	Type of business	Name of company and registered office	Currency	Share capital		Value (5)		% holding held(7)		
						Amount	No. of shares	(6) NL/L	Amount	Direct %	Indirect %	Total %
	(1)	(2)	(3)			(4)						
1	a	UL	2	Finsoe Spa - Bologna	ITL	850,646,056,647	1,134,000,000	NL	25,445	1.99		1.99
2	b	UL	1	Linear Assicurazioni Spa - Bologna	EUR	12,000,000	12,000,000	NL	24,679	80.00		80.00
3	b	UL	1	Noricum Vita Spa - Bologna	EUR	16,000,000	16,000,000	L	20,888	51.00		51.00
4	b	UL	1	Quadrifoglio Vita Spa - Bologna	EUR	22,500,000	22,500,000	L	27,690	50.00		50.00
5	b	UL	1	Unisalute Spa - Bologna	EUR	17,500,000	17,500,000	NL	47,301	87.44		87.44
6	b	UL	2	Unintesa Spa (in liquidation) - Bologna	ITL	3,917,400,000	3,917,400	NL	1,098	97.43		97.43
7	b	UL	2	Unipol SGR Spa - Bologna	EUR	10,320,000	2,000,000	L	20,662	100.00		100.00
8	b	UL	3	Unipol Banca Spa - Bologna	ITL	550,275,000,000	957,000,000	NL	240,598	40.51		40.51
8	b	UL	3	Unipol Banca Spa - Bologna	ITL	550,275,000,000	957,000,000	L	240,598	40.51		40.51
10	b	UL	4	Midi Srl - Bologna	ITL	50,000,000,000	50,000,000	NL	48,266	99.00		99.00
11	b	UL	4	Pioquartosei Srl - Bologna	ITL	50,000,000,000	50,000,000	NL	78,578	100.00		100.00
12	b	UL	4	Sofircoop Srl (in liquidazione) - Bologna	ITL	5,000,000,000	5,000,000	NL	3,908	100.00		100.00
13	b	UL	4	Unifimm Srl - Bologna	ITL	85,000,000,000	85,000,000	NL	76,295	99.00		99.00
15	b	UL	9	Unieuropa Srl - Bologna	ITL	1,000,000,000	1,000,000	NL	784	98.00		98.00
16	b	UL	9	Uniservice Spa - Bologna	ITL	200,000,000	200,000	NL	495	99.00		99.00
17	c	UL	9	Ctamar Viaggi Srl - Terrasini (PA)	ITL			NL				
18	c	UL	9	Hotel Villaggio CDM Spa - Terrasini (PA)	ITL	3,382,579,200	650,496	NL	1,707	49.00		49.00
22	d	UL	2	Commerfin Scpa - Rome	ITL	1,141,000,000	1,141,000	NL	275	20.00		20.00
23	d	UL	2	Euresa Holding Sa - Luxembourg	EUR	14,374,500	574,980	NL	4,040	21.01		21.01
24	d	UL	2	Finec Merchant Spa - Bologna	ITL	200,000,000,000	200,000,000	NL	39,298	19.64		19.64
24	d	UL	2	Finec Merchant Spa - Bologna	ITL	200,000,000,000	200,000,000	L	39,298	19.64		19.64
25	d	UL	2	Sofimer Spa (in liquidation) - Naples	ITL	10,000,000,000	10,000,000	NL	1,035	20.00		20.00

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

(1) Type

- a = Holding companies
- b = Subsidiaries
- c = Associated undertakings
- d = Affiliated undertakings
- e = Other undertakings

(3) Type of business

- 1 = Insurance company
- 2 = Finance company
- 3 = Credit institution
- 4 = Real estate company
- 5 = Fiduciary company
- 6 = Manager or distributor for investment funds
- 7 = Consortium
- 8 = Industrial undertaking
- 9 = Other company or entity

(2) Please indicate L for securities listed in regulated markets and UL in all other cases

(4) Full amounts in original currency

(5) Value indicated in the half-yearly report

(6) Please indicate:

- NL if investments are allocated to Non-Life business (item C.II.1)
- L if investments are allocated to Life business (item C.II.1)
- L1 if investments are allocated to Life business (item D.1)
- L2 if investments are allocated to Life business (item D.2)

Please give the same No. to shareholdings split between Life and Non-Life businesses

(7) Please indicate the total % held



## INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (\*)

These data refer to the first six months of 2001

(Amounts in ITL million)

No	Type	Listed or unlisted	Type of business	Name of company and registered office	Currency	Share capital		Value (5)		% holding held(7)		
						Amount (4)	No. of shares	(6) NL/L	Amount	Direct %	Indirect %	Total %
27	d	UL	9	A.P.A. Spa - Parma	ITL	1,000,000,000	1,000,000	L	245	24.50		24.50
27	d	UL	9	A.P.A. Spa - Parma	ITL	1,000,000,000	1,000,000	NL	245	24.50		24.50
28	d	UL	9	Assicoop Ferrara Spa - Ferrara	ITL	600,000,000	600,000	NL	140	23.37		23.37
28	d	UL	9	Assicoop Ferrara Spa - Ferrara	ITL	600,000,000	600,000	L	140	23.37		23.37
29	d	UL	9	Assicoop Genova Spa (in liquidation) - Genoa	ITL	500,000,000	500,000	L	59	24.50		24.50
29	d	UL	9	Assicoop Genova Spa (in liquidation) - Genoa	ITL	500,000,000	500,000	NL	59	24.50		24.50
30	d	UL	9	Assicoop Modena Spa - Modena	ITL	4,000,000,000	4,000,000	NL	940	23.50		23.50
30	d	UL	9	Assicoop Modena Spa - Modena	ITL	4,000,000,000	4,000,000	L	940	23.50		23.50
31	d	UL	9	Assicoop Ravenna Spa - Ravenna	ITL	7,000,000,000	7,000,000	NL	1,715	24.50		24.50
31	d	UL	9	Assicoop Ravenna Spa - Ravenna	ITL	7,000,000,000	7,000,000	L	1,715	24.50		24.50
32	d	UL	9	Assicoop Sicura Srl - Bologna	ITL	390,000,000	390,000	L	4,012	20.00		20.00
32	d	UL	9	Assicoop Sicura Srl - Bologna	ITL	390,000,000	390,000	NL	4,012	20.00		20.00
33	d	UL	9	Assicoop Siena Spa - Siena	ITL	1,400,000,000	1,400,000	L	343	24.50		24.50
33	d	UL	9	Assicoop Siena Spa - Siena	ITL	1,400,000,000	1,400,000	NL	343	24.50		24.50
34	d	UL	9	Assicura Spa - Reggio Emilia	ITL	2,000,000,000	2,000,000	NL	350	17.50		17.50
34	d	UL	9	Assicura Spa - Reggio Emilia	ITL	2,000,000,000	2,000,000	L	350	17.50		17.50
35	b	UL	2	Lavoro e Previdenza Service Spa - Bologna	ITL	4,000,000,000	4,000,000	L	4,000	100.00		100.00
37	e	UL	1	Atlantis Sa - Barcelone (Spain)	EUR	15,025,329	303,542	NL	4,067	10.30		10.30
38	e	UL	1	Euresa Life Sa - Luxembourg	EUR			L				
39	e	UL	1	Euresap Sa - Lisbon (Portugal)	PTE	2,000,100,000	200,010	NL	722	9.60		9.60
40	e	L	1	Italiana Assicurazioni Spa - Milan	EUR	78,369,000,000	26,123,000	NL	12,783	1.84		1.84
41	e	UL	2	P & V Holding Sa - Bruxelles (Belgium)	BEF	13,918,488,000	13,918,488	NL	30,120	4.51		4.51
42	e	UL	1	Syneteristiki Insurance Sa - Athens (Greece)	GRD	1,444,000,000	14,440,000	NL	2,024	16.39		16.39
43	e	UL	2	Artigianfin Spa - Rome	ITL	200,046,000	1,212,400	NL	71	19.01		19.01
44	e	UL	2	Sofigea Srl (in liquidazione) - Rome	ITL	93,460,000,000	93,460,000	NL		5.27		5.27
45	e	UL	2	Sofincoop Spa - Genoa	ITL	200,000,000	2,000	NL	7	3.70		3.70
46	e	UL	2	The Co-operators Group Sa - Guelph (Canada)	CAD	27,796,600	277,966	NL	2,996	7.20		7.20
48	e	UL	2	Union Capital Spa (in liquidation) - Milan	ITL	8,285,000,000	828,500	NL	164	5.00		5.00
49	e	L	3	B. Agricola Mantovana Spa - Mantoue	EUR	346,498,592	134,301,780	NL	2,872	0.09		0.09
50	e	UL	3	Banca di Bologna Scarl - Bologna	ITL	13,390,500,000	133,905	NL	91	0.65		0.65
51	e	UL	3	Cardine Banca Spa - Bologna	ITL	2,749,113,320,000	274,911,332	L	64,300	0.65		0.65

**INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (\*)**

These data refer to the first six months of 2001

(Amounts in ITL million)

No	Type	Listed or unlisted	Type of business	Name of company and registered office	Currency	Share capital		Value (5)		% holding held(7)		
						Amount (4)	No. of shares	(6) NL/L	Amount	Direct %	Indirect %	Total %
51	e	UL	3	Cardine Banca Spa - Bologna	ITL	2,749,113,320,000	274,911,332	D	113,962	1.15		1.15
57	e	UL	4	Immobiliare Mirasole Spa - Turin	ITL			D				
58	e	UL	7	Fincooper Scarl - Bologna	ITL	31,086,977,288		D	7,163	23.04	0.69	23.73
59	e	UL	7	Rita Scarl - Milan	ITL	11,000,000,000		D	500	4.54		4.54
60	e	UL	9	Coop Libera Stampa Scarl - Rome	ITL	720,952,442		D	2	0.28		0.28
62	e	UL	9	Allnations Sa Ord - Ohio (USA)	USD	689,530	12,166	D	2	0.19		0.19
63	e	UL	9	Allnations Sa Priv - Ohio (USA)	USD	1,465,882	1,466	D	114	3.41		3.41
64	e	UL	9	Autonomia Scarl - Palermo	ITL	265,060,000	13,253	D	18	6.79		6.79
65	e	UL	9	Cestar Srl - Pero (MI)	ITL	4,000,000,000	4,000,000	D	147	3.68		3.68
66	e	UL	3	Banca Popolare Etica Scarl - Padua	ITL	19,090,400,000	190,904	D	100	0.52		0.52
67	e	UL	9	Cooptecnital Scarl - Rome	LIT	196,000,000	196	D	5	2.55		2.55
68	e	UL	9	Fondazione CESAR - Bologna	ITL	150,000,000		D	150	100.00		100.00
69	e	UL	9	Humanitas Mirasole Spa - Milan	ITL			D				
70	e	UL	9	Inforcoop Scarl - Rome	ITL	1,359,750,000		D	43	3.13		3.13
71	e	UL	9	Interporto Spa - Bologna	EUR	13,743,928	26,584	D	380	1.43		1.43
75	e	UL	9	SSN Napoli Scarl (in liquidation) - Naples	LIT	1,820,000,000	1,820,000	D	15	6.67		6.67
76	e	UL	9	Tecnoexport Scarl (in liquidation) - Modena	LIT	5,231,000		D		6.70		6.70
77	e	UL	9	UCI - Milan	LIT	1,000,000,000	1,000,000	D	42	4.25		4.25
78	b	UL	6	Unipol Fondi Ltd - Dublin (Ireland)	LIT	250,000,000	250,000	L	250	100.00		100.00
79	e	UL	1	Atlantis Vida Sa - Barcelone (Spain)	EUR	9,616,200	96,162	L	2,329	12.50		12.50
80	e	UL	2	Bell Sa - Luxembourg	LIT	63,559,680,000	1,059,328	D	162,936	3.52		3.52
81	e	UL	2	Hopa Spa - Brescia	EUR	458,388,824	881,516,969	D	49,113	1.75		1.75
82	e	L	2	Olivetti Spa - Ivrea (TO)	EUR	7,282,118,241	7,282,118,241	D	136,294	0.24		0.24
82	e	L	2	Olivetti Spa - Ivrea (TO)	EUR	7,282,118,241	7,282,118,241	L	28,787	0.07		0.07
82	e	L	2	Olivetti Spa - Ivrea (TO)	EUR	7,282,118,241	7,282,118,241	L2	23			
83	d	UL	9	Assicoop Imola Spa - Imola (BO)	EUR	520,000	520,000	L	242	23.67		23.67
83	d	UL	9	Assicoop Imola Spa - Imola (BO)	EUR	520,000	520,000	D	242	23.67		23.67
84	e	UL	9	Consorzio R54A - Bologna	ITL	20,000,000		D	6	30.56		30.56
85	e	L	3	B. Agricola Mantovana Spa cum put - Mantua	EUR	346,498,592	134,301,780	D	2,872	0.09		0.09
86	b	UL	1	Aurora Assicurazioni Spa - Naples	ITL			L				
86	b	UL	1	Aurora Assicurazioni Spa - Naples	ITL			D				

**INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (\*)**

These data refer to the first six months of 2001

(Amounts in ITL million)

No	Type	Listed or unlisted	Type of business	Name of company and registered office	Currency	Share capital		Value (5)		% holding held(7)		
						Amount	No. of shares	(6) NL/L	Amount	Direct %	Indirect %	Total %
	(1)	(2)	(3)			(4)						
87	b	UL	1	Navale Assicurazioni Spa - Ferrara	EUR	10,500,000	10,500,000	NL	92,064	98.17		98.17
88	d	UL	9	AR.CO. Assicurazioni S.p.A. - Modena	EUR	250,000	250,000	L	97	20.00		20.00
88	d	UL	9	AR.CO. Assicurazioni S.p.A. - Modena	EUR	250,000	250,000	NL	97	20.00		20.00
89	b	UL	1	MeieAurora Spa - Milan	ITL	68,688,852,400	343,444,262	L	310,617	24.90		24.90
89	b	UL	1	MeieAurora Spa - Milan	ITL	68,688,852,400	343,444,262	NL	722,369	57.92		57.92
90	b	UL	1	Meie Vita Spa - Milan	ITL	24,500,000,000	2,450,000	L	172,942	51.02		51.02
95	e	UL	7	Consorzio Energia Fiera District - Bologna	EUR	9,000	9,000	NL	3	16.67		16.67
96	e	L	8	Engineering SpA - Rome	EUR	31,875,000	12,500,000	NL	3,971	0.40		0.40
97	b	UL	1	BNL Vita SpA - Milan	ITL	220,000,000,000	22,000,000	L	108,704	20.00		20.00
97	b	UL	1	BNL Vita SpA - Milan	ITL	220,000,000,000	22,000,000	NL	163,057	30.00		30.00
99	e	UL	9	Previnet SpA - Mogliano V. (TV)	ITL	10,000,000,000	10,000	L	4,204	14.00		14.00
100	d	UL	9	Assicoop Romagna SpA - Forli	EUR	774,700	774,700	NL	285	19.00		19.00
100	d	UL	9	Assicoop Romagna SpA - Forli	EUR	774,700	774,700	L	285	19.00		19.00
101	e	UL	9	Nomisma SpA - Bologna	EUR	3,611,218	9,760,049	NL	450	6.44		6.44
102	e	UL	9	Protos SOA SpA - Rome	ITL	1,677,000,000	1,677,000	NL	180	10.73		10.73
103	e	UL	9	Mefop SpA - Rome	EUR	104,000	200,000	L		0.50		0.50

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

These data refer to the first six months of 2001

(Amounts in ITL million)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January .....	+ 1	1,768,245 <sup>21</sup>	0 <sup>41</sup>	7,209
Increases in the period .....	+ 2	439,283 <sup>22</sup>	0 <sup>42</sup>	23,605
through: purchase, subscription or financing ...	3	361,396 <sup>23</sup>	0 <sup>43</sup>	23,605
value re-adjustments .....	4	0 <sup>24</sup>	0 <sup>44</sup>	0
write-ups.....	5	0		
other changes .....	6	77,887 <sup>26</sup>	0 <sup>46</sup>	0
Decreases in the year: .....	- 7	93,424 <sup>27</sup>	0 <sup>47</sup>	20,314
through: sale or redemption .....	8	12,573 <sup>28</sup>	0 <sup>48</sup>	20,314
write-downs .....	9	3,197 <sup>29</sup>	0 <sup>49</sup>	0
other changes .....	10	77,654 <sup>30</sup>	0 <sup>50</sup>	0
<b>Total .....</b>	11	<b>2,114,104<sup>31</sup></b>	<b>0<sup>51</sup></b>	<b>10,500</b>
Market value .....	12	2,296,179 <sup>32</sup>	0 <sup>52</sup>	10,500
Total write-ups .....	13	501		
Total write-downs .....	14	54,996 <sup>34</sup>	0 <sup>54</sup>	0

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

L = table relating to Life business

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

These data refer to the first six months of 2001

(Amounts in ITL million)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January .....	+ 1	972,497 <sup>21</sup>	960 <sup>41</sup>	0
Increases in the period .....	+ 2	451,260 <sup>22</sup>	0 <sup>42</sup>	0
through: purchase, subscription or financing ...	3	140,643 <sup>23</sup>	0 <sup>43</sup>	0
value re-adjustments .....	4	0 <sup>24</sup>	0 <sup>44</sup>	0
write-ups.....	5	0		
other changes .....	6	310,617 <sup>26</sup>	0 <sup>46</sup>	0
Decreases in the year: .....	- 7	370,059 <sup>27</sup>	960 <sup>47</sup>	0
through: sale or redemption .....	8	57,633 <sup>28</sup>	960 <sup>48</sup>	0
write-downs .....	9	1,808 <sup>29</sup>	0 <sup>49</sup>	0
other changes .....	10	310,618 <sup>30</sup>	0 <sup>50</sup>	0
<b>Total .....</b>	11	<b>1,053,698</b> <sup>31</sup>	<b>0</b> <sup>51</sup>	<b>0</b>
Market value .....	12	1,304,823 <sup>32</sup>	0 <sup>52</sup>	0
Total write-ups .....	13	0		
Total write-downs .....	14	6,306 <sup>34</sup>	0 <sup>54</sup>	0

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

L = table relating to Life business

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

These data refer to the first six months of 2001

I - Non-Life business

(Amounts in ITL million)

	Long-term portfolio		Short-term portfolio		Total							
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value						
1. Stocks and shares in undertakings:	1	85,915	13	84,910	25	201,626	37	205,495	49	287,541	61	290,405
a) listed stocks	2	85,915	14	84,910	26	201,626	38	205,495	50	287,541	62	290,405
b) unlisted stocks	3	0	15	0	27	0	39	0	51	0	63	0
c) shares	4	0	16	0	28	0	40	0	52	0	64	0
2. Units in investment funds	5	3,931	17	3,655	29	58,109	41	58,109	53	62,040	65	61,764
3. Bonds and other fixed-income securities	6	506,923	18	477,675	30	236,881	42	237,080	54	743,804	66	714,755
a1) listed state bonds	7	364,618	19	339,819	31	739	43	739	55	365,357	67	340,558
a2) other listed securities	8	92,165	20	87,519	32	230,521	44	230,698	56	322,686	68	318,217
b1) unlisted state bonds	9	34,856	21	34,856	33	0	45	0	57	34,856	69	34,856
b2) other unlisted securities	10	15,284	22	15,481	34	5,621	46	5,643	58	20,905	70	21,124
c) convertible bonds	11	0	23	0	35	0	47	0	59	0	71	0
5. Other investments (2)	12	494	24	550	36	406,085	48	405,923	60	406,579	72	406,473

II - Life business

	Long-term portfolio		Short-term portfolio		Total							
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value						
1. Stocks and shares in undertakings:	73	230,839	85	195,480	97	16,756	109	16,758	121	247,595	133	212,238
a) listed stocks	74	230,839	86	195,480	98	16,756	110	16,758	122	247,595	134	212,238
b) unlisted stocks	75	0	87	0	99	0	111	0	123	0	135	0
c) shares	76	0	88	0	100	0	112	0	124	0	136	0
2. Units in investment funds	77	11,756	89	11,756	101	198,790	113	198,789	125	210,546	137	210,545
3. Bonds and other fixed-income securities	78	2,463,752	90	2,342,700	102	1,561,952	114	1,565,879	126	4,025,704	138	3,908,579
a1) listed state bonds	79	1,116,338	91	1,011,223	103	85,768	115	85,822	127	1,202,106	139	1,097,045
a2) other listed securities	80	1,208,059	92	1,188,971	104	1,442,215	116	1,446,088	128	2,650,274	140	2,635,059
b1) unlisted state bonds	81	22,167	93	22,167	105	0	117	0	129	22,167	141	22,167
b2) other unlisted securities	82	82,649	94	85,800	106	6,158	118	6,158	130	88,807	142	91,958
c) convertible bonds	83	34,539	95	34,539	107	27,811	119	27,811	131	62,350	143	62,350
5. Other investments (2)	84	23,828	96	19,553	108	144,102	120	142,171	132	167,930	144	161,724

(1) Value indicated in the half-yearly accounts

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

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

**STATEMENT OF SHAREHOLDINGS OF OVER 10% AS AT 30 JUNE 2001  
ACCORDING TO CONSOB CIRC. 11971 OF 14 MAY 1999, ARTICLE 126**

Name	Registered office	% Holding			Total % Holding (*)
		Dir.	Ind.	Through	
Sofircoop S.r.l. in liq.	Bologna	100.00%			100.00%
Immobiliare Pietramellara S.r.l.	Bologna		100.00%	Unipol Banca SpA	100.00%
Unipol Fondi LTD	Ireland	100.00%			100.00%
Meie Vita S.p.A.	Milan	51.02%	48.98%	MeieAurora S.p.A.	100.00%
Meie Servizi S.r.l. in liq.	Milan		100.00%	Meie Vita S.p.A.	100.00%
Promoass S.r.l.	Milan		90.00%	MeieAurora S.p.A.	
			10.00%	Meie Vita S.p.A.	100.00%
Unipol SGR S.p.A.	Bologna	100.00%			100.00%
Agricoltura Assicurazioni Società Mutua	Milan		100.00%	MeieAurora S.p.A. (1)	100.00%
Pioquartosei S.r.l.	Bologna	100.00%			100.00%
Lavoro e Previdenza Service S.p.A.	Bologna	100.00%			100.00%
Midi S.r.l.	Bologna	99.00%			99.00%
Unifimm S.r.l.	Bologna	99.00%			99.00%
Uniservice S.p.A.	Bologna	99.00%			99.00%
Navale Assicurazioni S.p.A.	Ferrara	98.17%			98.17%
Unieuropa S.r.l.	Bologna	98.00%			98.00%
Unintesa S.p.A. in liq.	Bologna	97.43%			97.43%
Unisalute S.p.A.	Bologna	87.44%			87.44%
Meie Assistenza S.p.A.	Milan		87.14%	MeieAurora S.p.A.	87.14%
MeieAurora S.p.A.	Milan	82.82%			82.82%
Unipol Banca S.p.A.	Bologna	81.03%			81.03%
Linear Assicurazioni S.p.A.	Bologna	80.00%			80.00%
Noricum Vita S.p.A.	Bologna	51.00%			51.00%
BNL Vita S.p.A.	Milan	50.00%			50.00%
Quadrifoglio Vita S.p.A.	Bologna	50.00%			50.00%
Hotel Villaggio Cdm S.p.A.	Terrasini (PA)	49.00%			49.00%
A.P.A. S.p.A.	Parma	49.00%			49.00%
Assicoop Genova S.p.A. in liq.	Genoa	49.00%			49.00%
Assicoop Siena S.p.A.	Siena	49.00%			49.00%
Assicoop Ravenna S.p.A.	Ravenna	49.00%			49.00%
Assicoop Imola S.p.A.	Imola (BO)	47.34%			47.34%
Assicoop Modena S.p.A.	Modena	47.00%			47.00%
Assicoop Ferrara S.p.A.	Ferrara	46.73%			46.73%
Assicoop Sicura S.r.l.	Bologna	40.00%			40.00%
AR.CO. Assicurazioni S.p.A.	Modena	40.00%			40.00%
Finec Merchant S.p.A.	Bologna	39.27%			39.27%
Assicoop Romagna S.p.A.	Forlì	38.00%			38.00%
Assicura S.p.A.	Reggio Emilia	35.00%			35.00%
Fincooper Scarl	Bologna	23.04%	0.33%	Noricum Vita SpA	
			0.02%	Quadrifoglio Vita SpA	
			0.34%	Unisalute SpA	23.73%
Euresa Holding s.a.	Luxembourg	21.01%			21.01%
Commerfin S.c.p.a.	Rome	20.00%			20.00%
Sofimer S.p.A. in liq.	Naples	20.00%			20.00%
Artigianfin S.p.A.	Rome	19.01%			19.01%
Syneteristiki Insurance s.a.	Greece	16.39%			16.39%
Previnet S.p.A.	Mogliano V. (TV)	14.00%			14.00%
Atlantis Vida s.a.	Spain	12.50%			12.50%
Protos SOA S.p.A.	Rome	10.73%			10.73%
Atlantis s.a.	Spain	10.30%			10.30%

(\*) All shareholdings are owned with full rights

(1) Only financial member

## BALANCE

ASSETS	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Subscribed share capital unpaid</b>	1 0 <sup>75</sup>	0 <sup>149</sup>	0
<b>B. Intangible assets</b>			
1. Deferred acquisition costs	2 38,585 <sup>76</sup>	37,522 <sup>150</sup>	40,064
2. Other assets	3 5,157 <sup>77</sup>	6,449 <sup>151</sup>	5,722
Total	4 43,741 <sup>78</sup>	43,971 <sup>152</sup>	45,786
<b>C. Investments</b>			
I - Land and buildings	5 353,557 <sup>79</sup>	361,090 <sup>153</sup>	357,887
II - Investments in group undertakings and other participating interests			
1. Stocks and shares	6 1,636,034 <sup>80</sup>	1,390,823 <sup>154</sup>	1,415,475
2. Debt securities	7 0 <sup>81</sup>	496 <sup>155</sup>	496
3. Corporate financing	8 5,423 <sup>82</sup>	3,816 <sup>156</sup>	3,723
Total	9 1,641,456 <sup>83</sup>	1,395,135 <sup>157</sup>	1,419,694
III - Other financial investments			
1. Stocks and shares	10 276,375 <sup>84</sup>	96,177 <sup>158</sup>	172,922
2. Units in investment funds	11 140,778 <sup>85</sup>	75,313 <sup>159</sup>	146,006
3. Bonds and other fixed-income securities	12 2,463,245 <sup>86</sup>	2,734,936 <sup>160</sup>	2,524,483
4. Loans	13 49,960 <sup>87</sup>	42,906 <sup>161</sup>	47,790
5. Other financial investments	14 296,709 <sup>88</sup>	113,853 <sup>162</sup>	175,357
Total	15 3,227,068 <sup>89</sup>	3,063,185 <sup>163</sup>	3,066,558
IV - Deposits with ceding undertakings	16 41,945 <sup>90</sup>	40,676 <sup>164</sup>	39,206
Total	17 5,264,026 <sup>91</sup>	4,860,086 <sup>165</sup>	4,883,345
<b>D. Investments for the benefit of life-assurance policyholders who bear the risk thereof and arising out of pension fund management</b>			
I - Investments relating to benefits linked to investment funds and market indices	18 367,121 <sup>92</sup>	191,379 <sup>166</sup>	237,629
II - Investments arising out of pension fund management	19 19,997 <sup>93</sup>	5,080 <sup>167</sup>	16,916
Total	20 387,118 <sup>94</sup>	196,459 <sup>168</sup>	254,545
<b>D. bis Technical provisions - reinsurers' share</b>			
I - Technical provisions - Non-Life business	21 86,941 <sup>95</sup>	89,134 <sup>169</sup>	87,379
II - Technical provisions - Life business (except those at item III)	22 134,301 <sup>96</sup>	148,086 <sup>170</sup>	143,274
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	23 0 <sup>97</sup>	0 <sup>171</sup>	0
Total	24 221,242 <sup>98</sup>	237,220 <sup>172</sup>	230,652
<b>E. Debtors</b>			
I - Debtors arising out of direct insurance operations	25 279,856 <sup>99</sup>	227,601 <sup>173</sup>	256,941
II - Debtors arising out of reinsurance operations	26 88,800 <sup>100</sup>	87,285 <sup>174</sup>	92,467
III - Other debtors	27 81,287 <sup>101</sup>	34,933 <sup>175</sup>	50,707
Total	28 449,943 <sup>102</sup>	349,819 <sup>176</sup>	400,114
<b>F. Other assets</b>			
I - Tangible assets and stocks	29 6,183 <sup>103</sup>	5,157 <sup>177</sup>	5,574
II - Cash at bank and in hand	30 103,858 <sup>104</sup>	121,529 <sup>178</sup>	130,191
III - Own shares	31 0 <sup>105</sup>	0 <sup>179</sup>	3,732
IV - Other assets	32 21,604 <sup>106</sup>	203,277 <sup>180</sup>	47,958
Total	33 131,646 <sup>107</sup>	329,963 <sup>181</sup>	187,456
<b>G. Prepayments and accrued income</b>	34 55,290 <sup>108</sup>	52,991 <sup>182</sup>	47,361
<b>TOTAL ASSETS</b>	35 <b>6,553,007</b> <sup>109</sup>	<b>6,070,509</b> <sup>183</sup>	<b>6,049,260</b>



## SHEET

(Amounts in €'000)

LIABILITIES	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Capital and reserves</b>			
I - Subscribed share capital or equivalent funds	36 451,226	110 145,501	184 232,998
II - Share premium reserve	37 323,467	111 294,145	185 628,525
III - Legal reserve	38 35,059	112 29,100	186 29,100
IV - Other reserves	39 277,908	113 175,519	187 175,519
V - Profit (loss) brought forward	40 0	114 0	188 0
VI - Profit (loss) for the period	41 43,127	115 26,293	189 59,591
Total	42 1,130,788	116 670,558	190 1,125,732
<b>B. Subordinated liabilities</b>	43 300,000	117 0	191 0
<b>C. Technical provisions</b>			
I - Non-Life business			
1. Provision for unearned premiums	44 406,700	118 379,779	192 397,103
2. Provision for claims outstanding	45 1,321,303	119 1,223,090	193 1,277,406
3. Sundry technical provisions	46 1,324	120 1,140	194 2,202
4. Equalization provisions	47 543	121 463	195 479
Total technical provisions - Non-Life business	48 1,729,871	122 1,604,473	196 1,677,191
II - Life business			
1. Mathematical provisions	49 2,417,993	123 2,366,224	197 2,387,567
2. Provision for amounts payable	50 10,531	124 8,840	198 11,936
3. Sundry technical provisions	51 32,837	125 30,848	199 29,629
Total technical provisions - Life business	52 2,461,361	126 2,405,913	200 2,429,132
Total	53 4,191,232	127 4,010,386	201 4,106,323
<b>D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions</b>			
I - Technical provisions for policies with benefits linked to investment funds and market indices	54 367,121	128 191,379	202 237,629
II - Pension fund management provision	55 19,997	129 5,080	203 16,916
Total	56 387,118	130 196,459	204 254,545
<b>E. Provisions for other risks and charges</b>	57 18,967	131 6,709	205 15,305
<b>F. Deposits received from reinsurers</b>	58 74,134	132 77,893	206 74,901
<b>G. Creditors and other liabilities</b>			
I - Creditors arising out of direct insurance operations	59 7,678	133 8,634	207 10,994
II - Creditors arising out of reinsurance operations	60 16,369	134 16,046	208 13,665
III - Debenture loans	61 210,486	135 0	209 210,486
IV - Amounts owed to credit institutions	62 1,998	136 415,163	210 155
V - Sundry borrowings and creditors	63 80,003	137 362,790	211 100,264
VI - Staff leaving indemnity	64 24,332	138 23,529	212 23,728
VII - Other liabilities	65 97,538	139 270,592	213 100,610
Total	66 438,404	140 1,096,753	214 459,901
<b>H. Accruals and deferred income</b>	67 12,364	141 11,751	215 12,552
<b>TOTALE LIABILITIES</b>	68 <b>6,553,007</b>	142 <b>6,070,509</b>	216 <b>6,049,260</b>

## GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I. Guarantees by the Company	69 1,136	143 1,425	217 1,136
II. Guarantees by third parties, including in favour of the Company	70 36,650	144 136,498	218 37,046
III. Commitments	71 1,666,167	145 1,524,422	219 1,447,318
IV. Pension fund assets managed on behalf of third parties	72 88,477	146 59,910	220 73,084
V. Other memorandum accounts	73 4,869,430	147 4,592,504	221 4,588,385
<b>TOTAL MEMORANDUM ACCOUNTS</b>	74 <b>6,661,861</b>	148 <b>6,314,759</b>	222 <b>6,146,970</b>

**PROFIT AND**

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>I. TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>			
1. Earned premiums, net of reinsurance	1 518,477 <sup>57</sup>	508,260	1 <sup>113</sup> 1,010,283
2. (+) Allocated investment return transferred from the non-technical account (item III.6)	2 23,511 <sup>58</sup>	11,143	1 <sup>114</sup> 18,477
3. Other technical income, net of reinsurance	3 766 <sup>59</sup>	887	1 <sup>115</sup> 1,762
4. Claims incurred, net of sums recoverable and reinsurance	4 405,700 <sup>60</sup>	400,668	1 <sup>116</sup> 808,344
5. Changes in other technical provisions, net of reinsurance	5 -20 <sup>61</sup>	-1	1 <sup>117</sup> -17
6. Bonuses and rebates, net of reinsurance	6 -77 <sup>62</sup>	-76	1 <sup>118</sup> 1,581
7. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	7 70,231 <sup>63</sup>	70,158	1 <sup>119</sup> 139,917
b) Administration expenses	8 34,977 <sup>64</sup>	31,606	1 <sup>120</sup> 63,961
Total	9 105,208 <sup>65</sup>	101,765	1 <sup>121</sup> 203,878
8. Other technical charges, net of reinsurance	10 420 <sup>66</sup>	862	1 <sup>122</sup> 1,546
9. Change in the equalization provision	11 64 <sup>67</sup>	55	1 <sup>123</sup> 71
10. Balance on the technical account for non-life insurance business	12 31,461 <sup>68</sup>	17,018	1 <sup>124</sup> 15,120
<b>II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>			
1. Written premiums, net of reinsurance	13 270,934 <sup>69</sup>	236,437	1 <sup>125</sup> 446,753
2. Investment income			
a) Income from investments	14 75,946 <sup>70</sup>	73,168	1 <sup>126</sup> 145,802
b) Value re-adjustments on investments	15 1,396 <sup>71</sup>	337	1 <sup>127</sup> 513
c) Realized gains on investments	16 10,107 <sup>72</sup>	40,530	1 <sup>128</sup> 52,381
Total	17 87,449 <sup>73</sup>	114,035	1 <sup>129</sup> 198,696
3. Investment income and unrealized gains on investments for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	18 4,762 <sup>74</sup>	5,447	1 <sup>130</sup> 11,166
4. Other technical income, net of reinsurance	19 2,916 <sup>75</sup>	1,233	1 <sup>131</sup> 4,599
5. Claims incurred, net of reinsurance	20 124,175 <sup>76</sup>	93,803	1 <sup>132</sup> 227,149
6. Change in the mathematical provision and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	21 36,466 <sup>77</sup>	106,767	1 <sup>133</sup> 147,012
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	22 132,018 <sup>78</sup>	90,378	1 <sup>134</sup> 147,227
Total	23 168,484 <sup>79</sup>	197,146	1 <sup>135</sup> 294,239
7. Bonuses and rebates, net of reinsurance	24 456 <sup>80</sup>	193	1 <sup>136</sup> 357
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	25 13,451 <sup>81</sup>	9,162	1 <sup>137</sup> 23,067
b) Administrative expenses	26 8,589 <sup>82</sup>	8,265	1 <sup>138</sup> 17,162
Total	27 22,040 <sup>83</sup>	17,427	1 <sup>139</sup> 40,229

## LOSS ACCOUNT

(Amounts in €'000)

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>9. Investment charges:</b>			
a) Investment management charges, including interest	28 8,242 <sup>84</sup>	14,788 <sup>140</sup>	32,437
b) Value adjustments on investments	29 18,003 <sup>85</sup>	9,041 <sup>141</sup>	22,860
c) Realized losses on investments	30 83 <sup>86</sup>	565 <sup>142</sup>	1,152
Total	31 26,328 <sup>87</sup>	24,394 <sup>143</sup>	56,449
<b>10. Investment charges and unrealized losses on investments for life assurance policies where investment risk is borne by policyholders and arising out of pension fund management</b>	32 3,747 <sup>88</sup>	1,159 <sup>144</sup>	2,772
<b>11. Other technical charges, net of reinsurance</b>	33 3,162 <sup>89</sup>	2,841 <sup>145</sup>	6,988
<b>12. (-) Allocated investment return transferred to the non-technical account (item III. 4)</b>	34 2,007 <sup>90</sup>	6,233 <sup>146</sup>	12,929
<b>13. Balance on the technical account for life assurance business</b>	35 15,661 <sup>91</sup>	13,956 <sup>147</sup>	20,100
<b>III. NON-TECHNICAL ACCOUNT</b>			
<b>1. Balance on the technical account for non-life business (item I.10)</b>	36 31,461 <sup>92</sup>	17,018 <sup>148</sup>	15,120
<b>2. Balance on the technical account for life business (item II.13)</b>	37 15,661 <sup>93</sup>	13,956 <sup>149</sup>	20,100
<b>3. Investment income - Non-life insurance business</b>			
a) Income from investments	38 41,581 <sup>94</sup>	29,778 <sup>150</sup>	59,504
b) Value re-adjustments on investments	39 1,433 <sup>95</sup>	57 <sup>151</sup>	62
c) Realized gains on investments	40 7,977 <sup>96</sup>	5,106 <sup>152</sup>	7,317
Total	41 50,991 <sup>97</sup>	34,941 <sup>153</sup>	66,882
<b>4. (-) Allocated investment return transferred from Life assurance technical account (item II. 12)</b>	42 2,007 <sup>98</sup>	6,233 <sup>154</sup>	12,929
<b>5. Investment charges - Non-Life insurance business</b>			
a) Investment management charges, including interest	43 7,172 <sup>99</sup>	9,012 <sup>155</sup>	19,947
b) Value adjustments on investments	44 9,679 <sup>100</sup>	11,609 <sup>156</sup>	21,054
c) Realized losses on investments	45 394 <sup>101</sup>	453 <sup>157</sup>	1,403
Total	46 17,245 <sup>102</sup>	21,074 <sup>158</sup>	42,403
<b>6. (-) Allocated investment return transferred to Non-Life insurance technical account (item I. 2)</b>	47 23,511 <sup>103</sup>	11,143 <sup>159</sup>	18,477
<b>7. Other income</b>	48 15,024 <sup>104</sup>	8,725 <sup>160</sup>	22,255
<b>8. Other charges</b>	49 11,257 <sup>105</sup>	4,232 <sup>161</sup>	14,727
<b>9. Balance on ordinary activities</b>	50 63,131 <sup>106</sup>	44,425 <sup>162</sup>	61,678
<b>10. Extraordinary income</b>	51 9,116 <sup>107</sup>	2,468 <sup>163</sup>	56,911
<b>11. Extraordinary charges</b>	52 1,902 <sup>108</sup>	369 <sup>164</sup>	14,083
<b>12. Balance on extraordinary activities</b>	53 7,214 <sup>109</sup>	2,098 <sup>165</sup>	42,827
<b>13. Profit before taxation</b>	54 70,345 <sup>110</sup>	46,523 <sup>166</sup>	104,505
<b>14. Tax on profit</b>	55 27,218 <sup>111</sup>	20,231 <sup>167</sup>	44,915
<b>15. Profit (loss) for the half-year</b>	56 43,127 <sup>112</sup>	26,293 <sup>168</sup>	59,591

## GROUP HIGHLIGHTS

	(ITLbn)				(€m)			
	June 30, 2001	December 31, 2000	June 30, 2000	December 31, 1999	June 30, 2001	December 31, 2000	June 30, 2000	December 31, 1999
<b>Gross premiums</b>	<b>4,604.6</b>	<b>6,265.2</b>	<b>3,307.2</b>	<b>3,585.0</b>	<b>2,378.1</b>	<b>3,235.7</b>	<b>1,708.0</b>	<b>1,851.5</b>
<i>% increase</i>	39.2 (1)	74.8 (2)	87.3 (1)	17.1 (2)	39.2	74.8	87.3	17.1
<b>% of direct business market</b>		<b>4.6</b>		<b>2.9</b>		<b>4.6</b>		<b>2.9</b>
<b>Technical provisions</b>	<b>26,161.6</b>	<b>24,207.5</b>	<b>15,300.1</b>	<b>9,412.7</b>	<b>13,511.3</b>	<b>12,502.1</b>	<b>7,901.8</b>	<b>4,861.3</b>
<i>% increase</i>	8.1 (2)	157.2 (2)		19.4 (2)	8.1	157.2		19.4
<b>Technical provisions-to-premiums ratio (1)</b>		<b>258.2</b>		<b>262.6</b>		<b>258.2</b>		<b>262.6</b>
<b>Investments, cash and cash equivalents</b>	<b>26,491.1</b>	<b>24,152.2</b>	<b>15,625.0</b>	<b>9,948.8</b>	<b>13,681.5</b>	<b>12,473.6</b>	<b>8,069.6</b>	<b>5,138.1</b>
<i>% increase</i>	9.7 (2)	142.8 (2)	57.1 (2)	20.5 (2)	9.7	142.8	57.1	20.5
<b>Net investment income and capital gains</b>	<b>447.5</b>	<b>846.1</b>	<b>433.5</b>	<b>502.9</b>	<b>231.1</b>	<b>437.0</b>	<b>223.9</b>	<b>259.7</b>
<i>% increase</i>	3.2 (1)	68.2 (2)		-7.4 (2)	3.2	68.2		-7.4
<b>Payments (claims, amounts due out of maturity, surrender, annuity)</b>	<b>2,204.5</b>	<b>3,548.3</b>	<b>1,628.5</b>	<b>1,908.5</b>	<b>1,138.5</b>	<b>1,832.5</b>	<b>841.1</b>	<b>985.7</b>
<i>% increase</i>	35.4 (1)	85.9 (2)		9.6 (2)	35.4	85.9		9.6
<b>Loss ratio - Non-Life business</b>	<b>78.9</b>	<b>83.2</b>	<b>81.6</b>	<b>83.3</b>	<b>78.9</b>	<b>83.2</b>	<b>81.6</b>	<b>83.3</b>
<b>Operating expenses</b>	<b>560.1</b>	<b>971.1</b>	<b>490.8</b>	<b>518.3</b>	<b>289.3</b>	<b>501.5</b>	<b>253.5</b>	<b>267.7</b>
<i>% increase</i>	14.1 (1)	87.4 (2)		2.0 (2)	14.1	87.4		2.0
<b>Expense ratio</b>	<b>12.2</b>	<b>15.5</b>	<b>14.8</b>	<b>14.5</b>	<b>12.2</b>	<b>15.5</b>	<b>14.8</b>	<b>14.5</b>
<b>Capital and reserves - Group</b>	<b>2,052.8</b>	<b>2,042.6</b>	<b>1,226.6</b>	<b>1,198.5</b>	<b>1,060.2</b>	<b>1,054.9</b>	<b>633.5</b>	<b>619.0</b>
<i>% increase</i>	0.5 (2)	70.4 (2)		10.7 (2)	0.5	70.4		10.7
<b>Profit before taxation</b>	<b>118.1</b>	<b>183.3</b>	<b>105.9</b>	<b>135.7</b>	<b>61.0</b>	<b>94.7</b>	<b>54.7</b>	<b>70.1</b>
<i>% increase</i>	11.5 (1)	35.1 (2)		14.4 (2)	11.5	35.1		14.4
<b>Group net profit</b>	<b>42.7</b>	<b>83.9</b>	<b>51.4</b>	<b>73.4</b>	<b>22.1</b>	<b>43.3</b>	<b>26.5</b>	<b>37.9</b>
<i>% increase</i>	-16.9 (1)	14.3 (2)		17.9 (2)	-16.9	14.3		17.9
<b>Net profit-to-premiums ratio</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>2.0</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>2.0</b>
<b>Staff number</b>	<b>2,646</b>	<b>2,607</b>	<b>2,528</b>	<b>1,545</b>				

(1) Variation on 30/06/2000 (%)

(2) Variation on 31/12/2000 (%)

\* Please note that as at 30/06/2001 the consolidation area includes BNL Vita, which was acquired on 28 December 2000; only its balance sheet was included in the consolidated accounts for the financial year 2000

# **Consolidated Half-Yearly Report as at 30 June 2001**

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(in compliance with Consob Regulation No. 11971 of 14 May 1999, as amended and supplemented by Resolution No. 12475 of 6 April 2000, and with Isvap Instruction No. 1207-G of 6 July 1999)

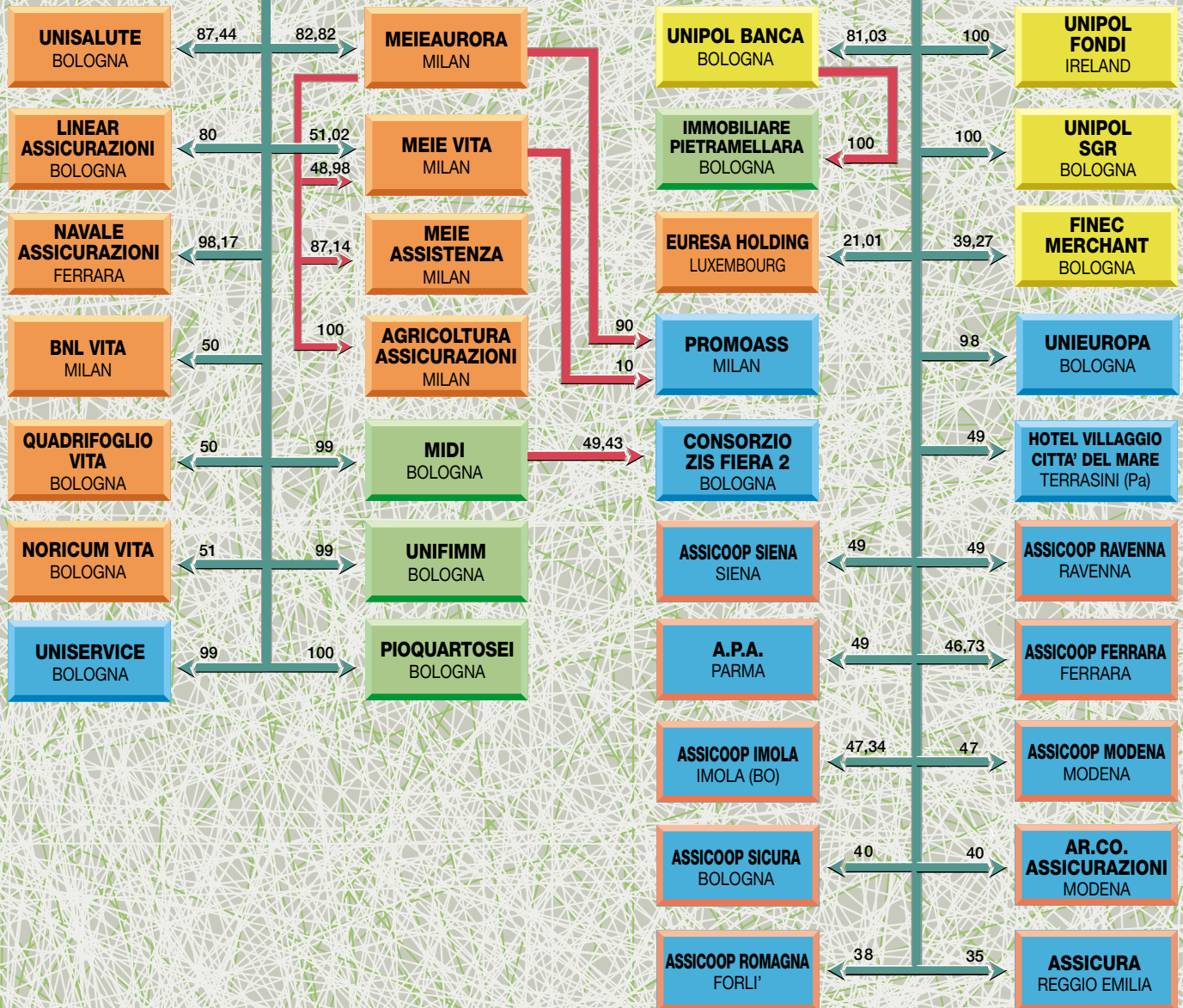


# UNIPOL ASSICURAZIONI

## BASIS OF CONSOLIDATION AS AT 30 JUNE, 2001

LINE-BY-LINE

EQUITY METHOD



INSURANCE

PROPERTY

FINANCE BANKS

OTHERS (1)

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

**CONSOLIDATED**

ASSETS	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Subscribed share capital unpaid</b>	0 <sup>77</sup>	0 <sup>153</sup>	0
<b>B. Intangible assets</b>			
1. Deferred acquisition costs	127 <sup>78</sup>	123 <sup>154</sup>	131
2. Other assets	51 <sup>79</sup>	57 <sup>155</sup>	56
3. Differences arising from consolidation	865 <sup>80</sup>	728 <sup>156</sup>	837
Total	1,043 <sup>81</sup>	908 <sup>157</sup>	1,024
<b>C. Investments</b>			
I - Land and buildings	1,173 <sup>82</sup>	1,258 <sup>158</sup>	1,224
II - Investments in group undertakings and other participating interests			
1. Stocks and shares	1,246 <sup>83</sup>	1,167 <sup>159</sup>	969
2. Debt securities	37 <sup>84</sup>	1 <sup>160</sup>	1
3. Corporate financing	1 <sup>85</sup>	7 <sup>161</sup>	7
Total	1,283 <sup>86</sup>	1,175 <sup>162</sup>	977
III - Other financial investments			
1. Stocks and shares	995 <sup>87</sup>	452 <sup>163</sup>	845
2. Units in investment funds	321 <sup>88</sup>	392 <sup>164</sup>	343
3. Bonds and other fixed-income securities	14,961 <sup>89</sup>	9,867 <sup>165</sup>	14,289
4. Loans	127 <sup>90</sup>	107 <sup>166</sup>	121
5. Other financial investments	711 <sup>91</sup>	319 <sup>167</sup>	713
Total	17,114 <sup>92</sup>	11,137 <sup>168</sup>	16,311
IV - Deposits with ceding undertakings	54 <sup>93</sup>	50 <sup>169</sup>	49
Total	19,624 <sup>94</sup>	13,620 <sup>170</sup>	18,560
<b>D. Investments for the benefit of life-assurance policyholders who bear the risk thereof and arising out of pension fund management</b>	6,244 <sup>95</sup>	1,679 <sup>171</sup>	4,996
<b>D. bis Technical provisions - reinsurers' share</b>			
I - Technical provisions - Non-Life business	776 <sup>96</sup>	709 <sup>172</sup>	755
II - Technical provisions - Life business (except those at item III)	810 <sup>97</sup>	566 <sup>173</sup>	816
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	0 <sup>98</sup>	0 <sup>174</sup>	0
Total	1,586 <sup>99</sup>	1,274 <sup>175</sup>	1,570
<b>E. Debtors</b>			
I - Debtors arising out of direct insurance operations	898 <sup>100</sup>	721 <sup>176</sup>	875
II - Debtors arising out of reinsurance operations	303 <sup>101</sup>	246 <sup>177</sup>	295
III - Other debtors	377 <sup>102</sup>	256 <sup>178</sup>	329
Total	1,578 <sup>103</sup>	1,222 <sup>179</sup>	1,500
<b>F. Other assets</b>			
I - Tangible assets and stocks	29 <sup>104</sup>	29 <sup>180</sup>	30
II - Cash at bank and in hand	623 <sup>105</sup>	326 <sup>181</sup>	588
III - Own shares	0 <sup>106</sup>	0 <sup>182</sup>	7
IV - Other assets	106 <sup>107</sup>	94 <sup>183</sup>	117
Total	758 <sup>108</sup>	448 <sup>184</sup>	743
<b>G. Prepayments and accrued income</b>	266 <sup>109</sup>	169 <sup>185</sup>	219
<b>TOTAL ASSETS</b>	31,099 <sup>110</sup>	19,321 <sup>186</sup>	28,612



**BALANCE SHEET**

(Amounts in ITL billion)

LIABILITIES	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Capital and reserves</b>			
I - Capital and reserves - Group			
1. Subscribed share capital or equivalent funds	35 874	111 282	187 451
2. Free reserves	36 1,203	112 939	188 1,577
3. Consolidation reserve	37 -46	113 -20	189 -17
4. Reserve for valuation differences on unconsolidated shareholdings	38 -3	114 -1	190 -1
5. Exchange risk reserve	39 0	115 0	191 0
6. Reserve for own shares and holding company's shares	40 25	116 25	192 33
7. Profit (loss) for the period	41 43	117 51	193 84
Total - Group	42 2,096	118 1,278	194 2,126
II - Capital and reserves - minority interests			
1. Capital and reserves - minority interests	43 270	119 217	195 362
2. Profit (loss) for the period - minority interests	44 7	120 4	196 0
Total - minority interests	45 276	121 221	197 362
Grand total	46 2,372	122 1,498	198 2,489
<b>B. Subordinated liabilities</b>	47 581	123 0	199 0
<b>C. Technical provisions</b>			
I - Non-Life business			
1. Provision for unearned premiums	48 1,509	124 1,454	200 1,447
2. Provision for claims outstanding	49 5,218	125 4,702	201 5,018
3. Equalization provisions	50 14	126 13	202 13
4. Other provisions	51 3	127 2	203 4
Total - Non-Life business	52 6,744	128 6,171	204 6,482
II - Life business			
1. Mathematical provisions	53 12,792	129 7,301	205 12,334
2. Provision for amounts payable	54 85	130 31	206 104
3. Other technical provisions	55 316	131 118	207 293
Total - Life business	56 13,194	132 7,450	208 12,731
Grand total	57 19,938	133 13,621	209 19,213
<b>D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions</b>	58 6,224	134 1,679	210 4,994
<b>E. Provisions for other risks and charges</b>	59 56	135 19	211 50
<b>F. Deposits received from reinsurers</b>	60 610	136 399	212 597
<b>G. Creditors and other liabilities</b>			
I - Creditors arising out of direct insurance operations	61 40	137 39	213 54
II - Creditors arising out of reinsurance operations	62 77	138 65	214 61
III - Debenture loans	63 408	139 0	215 408
IV - Amounts owed to credit institutions	64 19	140 804	216 0
V - Sundry borrowings and creditors	65 269	141 835	217 384
VI - Staff leaving indemnity	66 77	142 76	218 76
VII - Other liabilities	67 388	143 245	219 246
Total	68 1,278	144 2,064	220 1,228
<b>H. Accruals and deferred income</b>	69 40	145 42	221 40
<b>TOTALE LIABILITIES</b>	70 31,099	146 19,321	222 28,612

**GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS**

I. Guarantees by the Company	71 38	147 36	223 42
II. Guarantees by third parties, including in favour of the Company	72 194	148 376	224 192
III. Commitments	73 3,854	149 3,309	225 3,343
IV. Pension fund assets managed on behalf of third parties	74 171	150 116	226 142
V. Other memorandum accounts	75 25,307	151 15,188	227 23,501
<b>TOTAL MEMORANDUM ACCOUNTS</b>	76 29,564	152 19,024	228 27,219



**CONSOLIDATED**

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>I. TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>			
1. Earned premiums, net of reinsurance	1 1,825 <sup>49</sup>	1,777 <sup>97</sup>	3,519
2. Other technical income, net of reinsurance	2 11 <sup>50</sup>	8 <sup>98</sup>	15
3. Claims incurred, net of sums recoverable and reinsurance	3 1,439 <sup>51</sup>	1,451 <sup>99</sup>	2,927
4. Changes in other technical provisions, net of reinsurance	4 0 <sup>52</sup>	0 <sup>100</sup>	0
5. Bonuses and rebates, net of reinsurance	5 0 <sup>53</sup>	0 <sup>101</sup>	3
6. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	6 264 <sup>54</sup>	235 <sup>102</sup>	482
b) Administration expenses	7 115 <sup>55</sup>	128 <sup>103</sup>	245
Total	8 379 <sup>56</sup>	363 <sup>104</sup>	726
7. Other technical charges, net of reinsurance	9 28 <sup>57</sup>	32 <sup>105</sup>	51
8. Change in the equalization provision	10 0 <sup>58</sup>	0 <sup>106</sup>	0
9. Balance on the technical account for non-life insurance business	11 -11 <sup>59</sup>	-61 <sup>107</sup>	-174
<b>II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>			
1. Written premiums, net of reinsurance	12 2,485 <sup>60</sup>	1,251 <sup>108</sup>	2,262
2. (+) Allocated investment return transferred from the non-technical account (item III.5)	13 238 <sup>61</sup>	228 <sup>109</sup>	385
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	14 77 <sup>62</sup>	36 <sup>110</sup>	61
4. Other technical income, net of reinsurance	15 17 <sup>63</sup>	6 <sup>111</sup>	18
5. Claims incurred, net of reinsurance	16 761 <sup>64</sup>	335 <sup>112</sup>	792
6. Change in the mathematical provision and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	17 477 <sup>65</sup>	356 <sup>113</sup>	528
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	18 1,229 <sup>66</sup>	670 <sup>114</sup>	1,071
Total	19 1,706 <sup>67</sup>	1,026 <sup>115</sup>	1,599
7. Bonuses and rebates, net of reinsurance	20 1 <sup>68</sup>	1 <sup>116</sup>	1
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	21 77 <sup>69</sup>	31 <sup>117</sup>	63
b) Administrative expenses	22 35 <sup>70</sup>	25 <sup>118</sup>	51
Total	23 112 <sup>71</sup>	56 <sup>119</sup>	114

**PROFIT AND LOSS ACCOUNT**

(Amounts in ITL billion)

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>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</b>	24 196 <sup>72</sup>	50 <sup>120</sup>	120
<b>10. Other technical charges, net of reinsurance</b>	25 13 <sup>73</sup>	10 <sup>121</sup>	19
<b>11. Balance on the technical account for life assurance business</b>	26 27 <sup>74</sup>	43 <sup>122</sup>	82
<b>III. NON-TECHNICAL ACCOUNT</b>			
<b>1. Balance on the technical account for non-life business (item I.9)</b>	27 -11 <sup>75</sup>	-61 <sup>123</sup>	-174
<b>2. Balance on the technical account for life business (item II.11)</b>	28 27 <sup>76</sup>	43 <sup>124</sup>	82
<b>3. Investment income - Non-life insurance business</b>			
a) Income from investments	29 483 <sup>77</sup>	330 <sup>125</sup>	673
b) Value re-adjustments on investments	30 22 <sup>78</sup>	2 <sup>126</sup>	4
c) Realized gains on investments	31 86 <sup>79</sup>	188 <sup>127</sup>	267
Total	32 590 <sup>80</sup>	519 <sup>128</sup>	943
<b>4. Investment charges - Non-Life insurance business</b>			
a) Investment management charges, including interest	33 61 <sup>81</sup>	67 <sup>129</sup>	138
b) Value adjustments on investments	34 213 <sup>82</sup>	80 <sup>130</sup>	152
c) Realized losses on investments	35 3 <sup>83</sup>	19 <sup>131</sup>	40
Total	36 278 <sup>84</sup>	167 <sup>132</sup>	329
<b>5. (-) Allocated investment return transferred to Life assurance technical account (item II. 2)</b>	37 238 <sup>85</sup>	228 <sup>133</sup>	385
<b>6. Other income</b>	38 67 <sup>86</sup>	26 <sup>134</sup>	77
<b>7. Other charges</b>	39 83 <sup>87</sup>	29 <sup>135</sup>	112
<b>8. Balance on ordinary activities</b>	40 76 <sup>88</sup>	104 <sup>136</sup>	101
<b>9. Extraordinary income</b>	41 49 <sup>89</sup>	7 <sup>137</sup>	125
<b>10. Extraordinary charges</b>	42 6 <sup>90</sup>	4 <sup>138</sup>	43
<b>11. Balance on extraordinary activities</b>	43 42 <sup>91</sup>	2 <sup>139</sup>	82
<b>12. Profit before taxation</b>	44 118 <sup>92</sup>	106 <sup>140</sup>	183
<b>13. Tax on profit</b>	45 69 <sup>93</sup>	50 <sup>141</sup>	100
<b>14. Consolidated profit (loss)</b>	46 49 <sup>94</sup>	55 <sup>142</sup>	84
<b>15. Profit (loss) for the period - minority interests</b>	47 7 <sup>95</sup>	4 <sup>143</sup>	0
<b>16. Profit (loss) for the period - Group</b>	48 43 <sup>96</sup>	51 <sup>144</sup>	84

# Business Interim Report

## **Situation of the Group undertakings and overall business outlook**

During the first part of the financial year 2001, the Unipol Assicurazioni Group continued with its strategic program, launched in the previous financial year, aimed at enhancing its competitiveness and profitability.

In particular, amongst the activities carried out as part of the synergetic integration plan of the insurance companies based in Milan, we highlight the incorporation of Aurora Assicurazioni into Meie Assicurazioni, now called "MeieAurora SpA". This incorporation, decided upon at Extraordinary Shareholders' Meetings held by both Companies on the 27<sup>th</sup> of April 2001, was completed at the end of the half-year and will allow considerable economies of scale.

In relation to development strategies in the banking and managed savings sector, the subsidiary Unipol Banca purchased 51 bank outlets from the IntesaBci SpA Group. These have been operational since the 1<sup>st</sup> of July and are situated in ten Italian regions.

This purchase, which required a total investment of approximately ITL350bn, is part of a plan for substantial and dynamic growth, characterised by an innovative and multi-channelled distribution network supported by appropriate advanced technological systems.

The alliance project, at both industrial and commercial levels, signed on the 15<sup>th</sup> of February between the Unipol Group and Monte dei Paschi di Siena Group, is also worthy of note.

The objective of this alliance is to create an insurance/banking partnership aimed at promoting greater competitiveness on national markets and at amplifying the distribution potential of both commercial networks, thus creating a pole of productive excellence.

As regards company and commercial activities that will continue to develop throughout the current year, Unipol has increased its shareholding in Monte Paschi to approximately 2%, and, in July, Monte Paschi held 25.6% of Finsoe SpA's capital.

Lastly, in May, the Parent Company, Unipol Assicurazioni, issued subordinate callable notes in order to allow the implementation of the planned initiatives.

The loan, issued for a maximum overall nominal value of €300m and listed on the Luxembourg Stock Exchange, was entirely subscribed at currency value as at 15 June 2001. It is due on 15/06/2021 but can be redeemed at the option of the issuer on 15/06/2011.

As set out in the statement and attached chart, at 30/6/2001 the basis of consolidation comprised of eleven insurance companies, three property companies and one service company, all of which were fully consolidated. Twenty companies were evaluated using the equity method.

It should be noted that, compared to the Group structure at 30/06/2000, the basis of consolidation now includes BNL Vita, 51% of which was purchased by Unipol on 28 December 2000. Subsequently, on 2 May 2001, Unipol transferred 1% of the company to Banca Nazionale del Lavoro, which already owned the remaining 49%.

The report on Unipol Group's activities as at 30/06/2001 was drawn up following the outline and regulations provided by ISVAP Instruction No. 1207-G of 6 July 1999 and in accordance with Consob regulations on the subject. The report was also submitted for a limited audit by KPMG SpA, which is also charged with certifying the consolidated annual accounts for the three-year period 2000-2002.

Balance sheet and profit and loss account data for the half-year are compared to those for the same period in the previous financial year and with the results as at 31 December 2000.

During the first six months of the year 2001, notwithstanding the unfavourable trend in financial markets, the Group obtained a satisfactory consolidated result. After amortisation operations were carried out on differences due to consolidation for an amount equal to ITL27.5bn, profit totalled ITL118bn before taxation and ITL43bn net of appropriate fiscal charges for the period. The net half-yearly profit figure as at 30/6/2000 had been ITL51bn, but the incidence of amortisation operations was at that stage very restrained (ITL2.1bn).

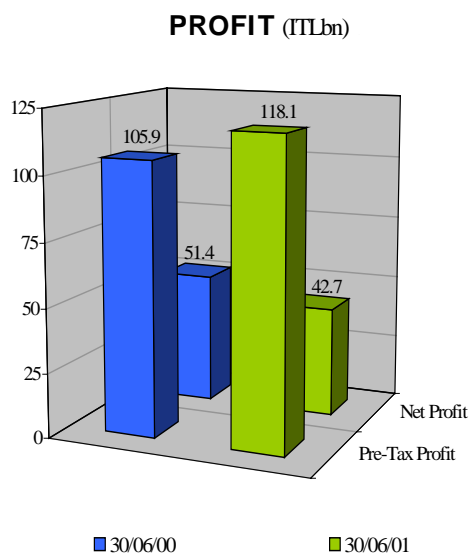
The Parent Company closed the half-year with a net profit equal to ITL83.5bn, a 64% increase compared to the corresponding figure as at 30/6/2000.

Outstanding aspects of Group activities as at 30 June 2001 are:

- Gross premiums written amounted to ITL4,604.6bn (of which 55% came from life insurance business), a growth rate of 39.2%. Compared to equivalent figures as at 30/6/2000, excluding premiums from BNL Vita (equal to ITL1,256.3bn), the increase in premium income was 1.2%;
- Profit from insurance business was +ITL16bn (-ITL18.3bn as at 30/6/2000). Furthermore, the basis of consolidation being equal, the technical profit for the half-year would be +ITL24.5bn, which shows a significant improvement in Non-Life business. In Life business, the technical profit for the half-year was penalised by substantial value adjustments on the securities portfolio pertaining to segregated accounts;
- Investments and liquid assets amounted to ITL26,491bn, an increase of ITL2,339bn compared to 31 December 2000 (+9.7%);
- Net investment income for the half-year and

net profits from sales and trading were ITL566.5bn (ITL447.7bn at 30 June 2000), whereas investments which are related to benefits linked to investment funds and market indices (Class D) suffered a net fall of ITL119bn (-ITL14.2bn at 30/6/2000);

- Net value adjustments recorded at the end of the half-year totalled ITL191.3bn (ITL78.5bn at 30/6/2000);
- Net operating expenses, totalling ITL490.9bn, had an 11.4% incidence on premiums for the half-year (13.8% at 30/6/2000);
- The balance on ordinary activities for the half-year equals ITL75.9bn. This result reflects amortisation operations on differences due to consolidation for an amount equal to ITL27.5bn;
- Gross overall profit totalled ITL118.1bn (ITL105.9bn at 30/6/2000). Net of taxes, the profit for the half-year came to ITL42.7bn (ITL51.4bn at 30/6/2000).



To summarise, the main profit and loss data for the half-year are presented in the table below, together with the equivalent and year-end figures from the previous financial year:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT - SUMMARY

(ITLbn)

	30 June 2001			30 June 2000			31 December 2000		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
<b>TECHNICAL ACCOUNT</b>									
<b>net of reinsurance</b>									
Life written premiums and Non-Life earned premiums	2,484.7	1,824.6	4,309.3	1,251.1	1,777.0	3,028.1	2,261.9	3,518.6	5,780.5
Paid claims and benefits; changes in Life business technical provisions and Non-Life business provision for outstanding claims	(2,467.1)	(1,439.2)	(3,906.4)	(1,360.7)	(1,450.8)	(2,811.5)	(2,391.1)	(2,926.7)	(5,317.8)
Operating expenses	(111.9)	(379.0)	(490.9)	(56.3)	(362.7)	(419.0)	(113.8)	(726.1)	(839.9)
Other technical income and charges	2.5	(17.3)	(14.8)	(4.9)	(24.7)	(29.6)	(1.7)	(40.0)	(41.7)
Net investment income allocated to the technical account and capital losses/gains of Class D	118.6	0	118.6	213.7	0	213.7	326.8	0	326.8
<b>Balance on the technical account</b>	<b>26.9</b>	<b>(10.9)</b> <sup>(1)</sup>	<b>16.0</b>	<b>42.8</b>	<b>(61.2)</b> <sup>(1)</sup>	<b>(18.3)</b>	<b>82.1</b>	<b>(174.2)</b> <sup>(1)</sup>	<b>(92.1)</b>
<b>NON-TECHNICAL ACCOUNT</b>									
Net investment income <sup>(2)</sup>			266.5			203.4			376.4
Net value adjustments			(191.3)			(78.5)			(147.8)
Balance other income/other charges			(15.2)			(2.9)			(35.1)
<b>Balance on ordinary activities</b>			<b>75.9</b>			<b>103.6</b>			<b>101.4</b>
Extraordinary income			48.7			6.7			125.1
Extraordinary charges			(6.5)			(4.4)			(43.2)
<b>Profit before taxation</b>			<b>118.1</b>			<b>105.9</b>			<b>183.3</b>
Tax on profit			(68.7)			(50.4)			(99.5)
Profit (loss) - minority interests			(6.6)			(4.0)			0.1
<b>PROFIT (LOSS) GROUP</b>			<b>42.7</b>			<b>51.4</b>			<b>83.9</b>

(1) As regards Non-Life business, the consolidated profit and loss account does not require the transfer of investment income from the non-technical account.

(2) Net of allocated investment returns transferred to the Life assurance technical account.

It must be emphasised that interim figures only represent a trend, and that they must be seen in relation to the seasonal phenomena correlated with insurance activities, with underwriting policies and rate adjustments adopted, and with the performance and trends of the financial markets.

The operational result for the half-year under analysis was as follows during the first two quarters (in ITL billion):

	Net premiums	Operational result
First quarter	2.160	44,6
Second quarter	2.149	31,3
<b>At 30/6/2001</b>	<b>4.309</b>	<b>75,9</b>

This result was affected by the net capital losses registered when evaluating the securities portfolio, as a result of the unfavourable trend in financial markets.

## Insurance activities

### Premiums

Overall, premiums written at 30 June 2001 totalled ITL4,604.6bn, a growth of ITL1,297.4bn (+39.2%) compared to premiums

written in the first half of the year 2000 (+1.2%, the basis of consolidation being equal). The breakdown of premiums by line of business, together with composition percentage and changes compared to the same period in the previous financial year, are set out in the following table.

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

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

	June 30, 2001	comp. %	June 30, 2000	comp. %	var. %	December 31, 2000	comp. %
<b>DIRECT ITALIAN BUSINESS</b>							
<b>Non-Life Business</b>							
Accident and Health (classes 1 and 2)	283	6.3	255	7.9	11.1	527	8.5
Land Vehicles - Motor T.P.L. (class 10)	1,063	23.5	1,051	32.6	1.1	2,045	33.2
Land Vehicles - Own Damage or Loss (class 3)	196	4.3	191	5.9	2.8	382	6.2
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	29	0.6	23	0.7	24.1	50	0.8
Fire and Other Damage to Property (classes 8 and 9)	187	4.1	194	6.0	-3.7	369	6.0
General T.P.L. (class 13)	179	3.9	170	5.3	5.0	338	5.5
Credit and Bonds (classes 14 and 15)	37	0.8	33	1.0	9.9	59	1.0
Miscellaneous pecuniary loss (class 16)	18	0.4	17	0.5	6.4	40	0.6
Legal Protection (class 17)	9	0.2	9	0.3	1.4	18	0.3
Assistance (class 18)	15	0.3	12	0.4	24.0	25	0.4
<b>Total Non-Life Business</b>	<b>2,015</b>	<b>44.5</b>	<b>1,955</b>	<b>60.6</b>	<b>3.1</b>	<b>3,853</b>	<b>62.5</b>
<b>Life Assurance Business</b>							
I - Life assurance, annuities	862	19.1	438	13.6	97.0	912	14.8
III - Ass. linked to investment funds/market indexes	1,465	32.4	747	23.2	96.1	1,217	19.7
V - Capitalisation operations	175	3.9	83	2.6	110.9	160	2.6
VI - Pension funds	8	0.2	2	0.1	252.9	23	0.4
<b>Total Life Assurance Business</b>	<b>2,510</b>	<b>55.5</b>	<b>1,270</b>	<b>39.4</b>	<b>97.6</b>	<b>2,312</b>	<b>37.5</b>
<b>Total Direct Italian Business</b>	<b>4,525</b>	<b>100.0</b>	<b>3,225</b>	<b>100.0</b>	<b>40.3</b>	<b>6,165</b>	<b>100.0</b>
<b>INWARD REINSURANCE</b>							
<b>Indirect Non-Life Business</b>							
Accident and Health (classes 1 and 2)	8	9.7	8	9.7	-3.3	8	8.0
Land Vehicles - Motor T.P.L. (class 10)	13	16.8	18	21.3	-23.7	22	22.3
Land Vehicles - Own Damage or Loss (class 3)	1	1.3	2	2.8	-54.9	2	2.3
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	3	4.3	6	6.9	-40.1	11	10.6
Fire and Other Damage to Property (classes 8 and 9)	39	48.6	35	42.6	10.1	41	40.6
General T.P.L. (class 13)	4	4.6	3	3.7	19.8	4	4.4
Credit and Bonds (classes 14 and 15)	2	2.7	2	2.6	-1.1	3	2.7
Miscellaneous pecuniary loss (class 16)	0	0.0	0	0.1	-100.0	0	0.1
<b>Total Indirect Non-Life Business</b>	<b>70</b>	<b>87.9</b>	<b>74</b>	<b>89.8</b>	<b>-5.3</b>	<b>91</b>	<b>91.0</b>
<b>Indirect Life Assurance Business</b>							
I - Life assurance, annuities	10	12.1	8	10.2	14.1	9	9.0
<b>Total Indirect Life Assurance Business</b>	<b>10</b>	<b>12.1</b>	<b>8</b>	<b>10.2</b>	<b>14.1</b>	<b>9</b>	<b>9.0</b>
<b>Total Inward Reinsurance</b>	<b>80</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>-3.3</b>	<b>100</b>	<b>100.0</b>
<b>TOTAL PREMIUM INCOME</b>	<b>4,605</b>		<b>3,307</b>		<b>39.2</b>	<b>6,265</b>	

Total premiums written, 35.3% of which relate to the Parent Company, were underwritten almost exclusively in Italy.

Direct premiums as at 30/06/2001, relating to Unipol Assicurazioni and its subsidiaries, are as follows (in ITL billion):

Direct premium income	Non-Life	Var. % 2001/2000	Life	Var. % 2001/2000	Total	Var. % 2001/2000
Unipol Assicurazioni	1,028.3	5.7	520.9	14.3	1,549.2	8.5
Subsidiaries	986.5	0.4	1,989.0	-3.8	2,975.5	-2.5
<b>TOTAL DIRECT PREMIUM INCOME</b>	<b>2,014.8</b>	<b>3.1</b>	<b>2,509.9</b>	<b>-0.5</b>	<b>4,524.7</b>	<b>1.0</b>

### Life business and pension funds

Premiums from Life assurance business, amounting to ITL2,519.5bn, represented 54.7% of total premiums and increased by 97.1% (-1.2%, not including premiums worth ITL1,256.3bn written by BNL Vita, a company that was acquired at the end of the year 2000).

Premium income by the Parent Company, amounting to ITL531.3bn, grew significantly (+14.1%), mainly due to the launch of individual Unit-Linked policies.

The companies that operate through the bancassurance channel (Noricum Vita, Quadrifoglio Vita and BNL Vita) closed the half-year with a turnover of ITL1,795bn, an average change in premium income of -3.1%.

#### **Pension funds**

In terms of our Parent Company's activities in the pension fund sector, the first half of the year saw the assignment, in partnership with Citibank, of the investment management of three occupational Pension Funds:

- Fundum (a pension fund for those practising commercial activities);
- Fondartigiani (a pension fund for craftsmen and small/medium sized businesses);
- Previcoper (a pension fund for the employees of distribution co-operatives).

Funds already under management (Fonchim, Bayer Italia pension fund and B.A.M. employee pension fund) are proceeding regularly.

At the end of the half-year, assets under management totalled ITL184.4bn (ITL154.9bn at 31/12/2000).

As regards open pension funds, the authorisation process for the new fund "Unipol Insieme" has been completed. This fund is

characterised by its greater diversification in terms of investment lines (for the first time in this market, a line dedicated to ethical investments has been introduced).

The two open funds "Unipol Futuro" and "Unipol Previdenza", which have been on the market since May 1999, at 30/6/2001 achieved an overall asset value of ITL25.6bn (against ITL19.4bn as at 31/12/2000) and over 4,200 subscribers.

#### **Non-Life business**

Premium income in Non-Life business was ITL2,085.1bn, an increase of 2.8% compared to the first half of the year 2000.

The Parent Company acquired premiums for an overall value of ITL1,121.3bn, recording an increase of 4.2% compared to 30/6/2000.

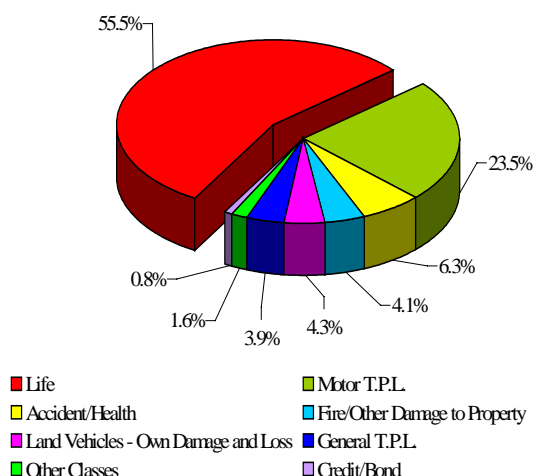
During the first quarter, production growth in the Motor T.P.L. (Third Party Liability) line of business was still affected by the tariff block imposed by the Government in March 2000, whereas the other lines of business developed well.

The specialised companies Linear and Unisalute achieved greatly increased levels of premium income, with direct premiums up respectively by 67.4% and 39.5%.

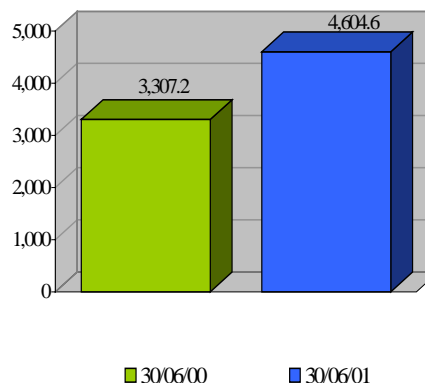
In relation to the Health line of business, Unisalute has promoted LTC policies (Long Term Care), which are innovative products providing cover for non self-sufficiency and which should prove very profitable in the medium term.

The foreign portfolio was extremely contained (ITL57.8bn, deriving from indirect business).

**Breakdown of Premiums**



**Total Premium Income (ITLbn)**



### Products and commercial activities

In order to complete the current range of products on offer, the Group broadened its product line during the first half of the year.

As regards Non-Life business, due to the insurance coverage obligations specified by the Merloni Law and by related regulations, even though the legal framework has not yet been fully defined, the Parent Company has set up three new products to offer policyholders a complete and up-to-date service. Furthermore, in view of the growing responsibilities weighing on businesses, guarantee extensions have been defined for the “Modular” product.

Throughout the half-year, Unisalute carried out a promotional campaign in the press (both national and local) aimed at developing individual policies.

At MeieAurora, the need to harmonise the products sold by the two networks after the merger and the adoption of the Parent Company’s online information system created an opportunity to fully review the product range and update it to meet the many and various demands of the market. This range will come into force in the second half of the year as MeieAurora agencies are gradually equipped with new IT systems.

As regards Life business, premiums written by the Parent Company Unipol as new business

came mainly from the new “Uninvest tariffs”, that is, Unit-Linked type products which use nine Funds. Among these funds, “GrandeVita”, launched in May 2001, has been particularly successful.

As regards companies acquired during the last financial year, the former Aurora network benefited from the launch of Unit and Index-Linked financial products, which have been particularly successful. In the final part of the half-year period, Meie Vita launched two new financial products with guarantee (Unit-Linked Alte Vette and Index-Linked 2001). The impact of these products on premium income should be more noticeable in the second half of the financial year. Furthermore, at the end of June new term insurance products covering the risk of death were issued to replace the previous products.

In the bancassurance sector, premium income in the first half of the year concentrated in particular on products with guaranteed performance. In particular, BNL Vita thoroughly overhauled its range of products. This resulted in the re-styling of existing tariffs and the introduction onto the market of innovative products, including four new Index-Linked tariffs characterised by a product structure with annual coupon, and a new Unit-Linked tariff with guaranteed capital, called «Guaranteed BNL Unit» (BNL Unit Garantita).



### **Commercial network**

Throughout 2001, the policy of commercial reinforcement and reorganisation continued, with the setting up of integrated systems of offer, with the aim of achieving effective management of distribution channels and networks.

At 30 June 2001, the traditional network was made up of 561 Unipol agencies, with 765 agents and 1,122 subagents. To these must be added 641 MeieAurora exclusive agencies, which were then rationalised through the closure or grouping of sales outlets.

As regards the bancassurance sector, the commercial network uses 291 Banca Agricola Mantovana bank outlets through which Quadrifoglio Vita sells its own products, 300 outlets which distribute Noricum Vita products (171 belonging to Cassa di Risparmio in Bologna and 129 to Banca Popolare dell'Adriatico), 672 outlets belonging to the BNL Group and 1,081 BNL Investimenti promoters.

As regards the motor sector, Linear continued to develop its direct sales activities via the telephone and Internet (approximately 23% of premiums written). In the Health services sector, instead, Unisalute, which operates mainly through direct negotiation of large group policies, improved its Internet site in order to issue policy quotations online for individual policies.

In the field of banking, at 30 June Unipol Banca had 42 branches (of which 27 are integrated with Unipol Assicurazioni agencies), 42 financial shops and 328 financial advisers. Since the 1<sup>st</sup> of July, however, the commercial network has been further strengthened with the 51 outlets purchased from IntesaBci coming into operation.

### **Trends in claims and settlements**

Overall, at 30 June 2001, payments for claims in relation to Non-Life business and settlements in relation to Life business totalled ITL2,204.5bn.

The amounts paid in Life business totalled ITL819.5bn (+27.2%, on a homogeneous basis).

Charges in relation to claims in Non-Life business, net of recovered amounts, totalled ITL1,385bn (+10% compared to 30/6/2000).

The average loss ratio, inclusive of claims handling expenses and net of reinsurance, was 78.9% (81.6% at 30/6/2000).

In the Motor T.P.L. line of business, all the Group undertakings followed a careful underwriting policy, which has seen a reduction in claims frequency.

The average cost of claims was influenced by the greater incidence of bodily injuries.

Overall, the other Non-Life lines of business showed a satisfying technical result, in line with expectations.

### **Technical provisions**

By the end of the half-year, technical provisions (inclusive of those from Class D) totalled ITL26,162bn, an increase of ITL1,955bn compared to 31/12/2000. They were made up as follows (in ITL billion):

	<b>30/6/2001</b>	<b>31/12/2000</b>
Life business	19,418	17,725
Non-Life business	6,744	6,482
<b>Total</b>	<b>26,162</b>	<b>24,207</b>

Net of the reinsurers' share, technical provisions are made up as follows (in ITL billion):

	<b>30/6/2001</b>	<b>31/12/2000</b>
Life business	18,608	16,909
Non-Life business	5,968	5,728
<b>Total</b>	<b>24,576</b>	<b>22,637</b>

### **Reinsurance**

#### **Inward reinsurance**

Premiums accepted in Non-Life lines of business amounted to ITL70.3bn, a 5.3% fall. Life assurance premiums from indirect business totalled ITL9.6bn (+14.1%).

## **Outward reinsurance**

Premiums ceded totalled ITL239.9bn, of which ITL205.1bn from Non-Life lines of business and ITL34.8bn from Life business. The retention ratio was 94.8% (92.6% at 30/6/2000).

The reinsurance structure adopted by the Parent Company for the financial year 2001 maintained the stability already achieved in previous financial years and continued to be based largely on proportional reinsurance schemes in almost all the reinsured lines of business and non-proportional protection schemes for Motor T.P.L., General T.P.L. and Hail risks.

Furthermore, non-proportional protection schemes were created to cover risks retained in the Fire, Accident, Land Vehicles–Own Damage or Loss and Goods in Transit lines of business.

“In excess” reinsurance cover operates in Life business for insured capital exceeding the retention level of individual companies.

## **Litigation**

On 28 March 2001, the Lazio Regional Administrative Court confirmed the sentence to pay the fine imposed by the Antitrust Authority on 38 insurance companies, in a sentence issued at the end of July 2000. This sentence was passed for the alleged existence of a cartel aimed at raising the price level of Motor T.P.L. policies.

The fine was paid at the end of April in order not to incur penalties, and totalled ITL33bn for the Parent Company Unipol Assicurazioni and ITL12.1bn for Meie Assicurazioni. These sums were recorded under “Other debtors” as the Unipol Group intends to appeal against the above sentence to the Council of State, due to its non-involvement in the alleged violation of regulations as per Law 287/90. Furthermore, in the annual accounts closed at 31 December 2000 both Unipol and Meie had made appropriate provisions to the risk fund in relation to the above sanction.

Still pending at the Court of Rome is a legal action relating to former compulsory cessions (up to the end of 1993) established by Group undertakings operating in life insurance together with other Companies, against Consap and Ina, in order to obtain the restitution of technical provisions relating to the above cessions, inclusive of appropriate interest accrued.

## **Operating expenses**

Operating expenses incurred in the half-year, which include acquisition and renewal commissions as well as all other administrative expenses, net of commissions received from reinsurers, totalled ITL490.9bn. The relative incidence on earned premiums was 11.4% (13.8% at 30 June 2000).

## Property and financial management

### Investments and liquid assets

At the end of the half-year, investments and liquid assets totalled ITL26,491bn, an increase

of ITL2,339bn compared to Group investments as at 31/12/2000 (+9.7%) and of ITL10,866bn compared to 30/6/2000 (+ITL2,051bn, the basis of consolidation being equal).

INVESTMENTS AND LIQUID ASSETS								
<i>(ITLbn)</i>								
	30/06/01	comp.	30/06/00	comp.	var.	31/12/00	comp.	var.
	(a)	%	(b)	%	%	(c)	%	%
					(a/b)			(a/c)
<b>Land and buildings</b>	<b>1,173</b>	<b>4.4</b>	<b>1,258</b>	<b>8.1</b>	<b>-6.7</b>	<b>1,224</b>	<b>5.1</b>	<b>-4.1</b>
<b>Investments in group undertakings and other participating interests</b>								
- Stocks and shares	1,246	4.7	1,167	7.5	6.8	969	4.0	28.6
- Debt securities	37	0.1	1	0.0	3,721.0	1	0.0	3,721.0
- Corporate financing	1	0.0	7	0.0	-93.2	7	0.0	-93.1
<b>Total</b>	<b>1,283</b>	<b>4.8</b>	<b>1,175</b>	<b>7.5</b>	<b>9.2</b>	<b>977</b>	<b>4.0</b>	<b>31.3</b>
<b>Other financial investments</b>								
- Stocks and shares	995	3.8	452	2.9	120.1	845	3.5	17.7
- Units and shares in investment funds	321	1.2	392	2.5	-18.1	343	1.4	-6.4
- Bonds and other fixed-income securities	14,961	56.5	9,867	63.1	51.6	14,289	59.2	4.7
- Loans	127	0.5	107	0.7	18.8	121	0.5	5.0
- Sundry financial investments (1)	711	2.7	319	2.0	122.6	713	3.0	-0.3
<b>Total</b>	<b>17,114</b>	<b>64.6</b>	<b>11,137</b>	<b>71.3</b>	<b>53.7</b>	<b>16,311</b>	<b>67.5</b>	<b>4.9</b>
<b>Deposits with ceding undertakings</b>	<b>54</b>	<b>0.2</b>	<b>50</b>	<b>0.3</b>	<b>7.0</b>	<b>49</b>	<b>0.2</b>	<b>9.0</b>
<b>Investments for the benefit of policyholders who bear the risk thereof and arising from pension fund management</b>								
- Investment funds and market indices	6,205	23.4	1,669	10.7	271.8	4,964	20.6	25.0
- Pension funds	39	0.1	10	0.1	293.6	33	0.1	18.2
<b>Total</b>	<b>6,244</b>	<b>23.6</b>	<b>1,679</b>	<b>10.7</b>	<b>271.9</b>	<b>4,996</b>	<b>20.7</b>	<b>25.0</b>
<b>Other assets</b>								
- Bank and postal deposits, cash	623	2.4	326	2.1	91.3	588	2.4	5.9
- Company's own shares	0	0.0	0	0.0	0.0	7	0.0	-100.0
<b>Total</b>	<b>623</b>	<b>2.4</b>	<b>326</b>	<b>2.1</b>	<b>91.3</b>	<b>595</b>	<b>2.5</b>	<b>4.6</b>
<b>TOTAL INVESTMENTS AND LIQUID ASSETS</b>	<b>26,491</b>	<b>100.0</b>	<b>15,625</b>	<b>100.0</b>	<b>69.5</b>	<b>24,152</b>	<b>100.0</b>	<b>9.7</b>

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

### Land and buildings

At 30 June, the Group's property assets totalled ITL1,173.4bn, which reflects a net reduction of ITL50.1bn compared to 31/12/2000 (-4.1%).

### Investments in Group undertakings and other participating interests

At the end of the half-year, these totalled ITL1,283bn, an increase of ITL306bn compared to 31/12/2000, mostly due to the subsidiary Unipol Banca.

### Other financial investments

In "Other Financial Investments" (+ITL803bn compared to 31/12/2000), bond investments increased by ITL672bn, growing from ITL14,289bn to ITL14,961bn (+4.7%).

During the half-year, the Parent Company continued to invest in the subordinate and corporate bond sector, always with a view to trading in mind, while MeieAurora started to operate in the banking subordinate bond sector.

In compliance with Consob regulations, the Group is only marginally exposed in the geographical areas recently affected by economic crises.

Including derivative products, net of deductions for non-possession and of reinstatements, at 30 June 2001 the bond securities portfolio recorded a negative balance between latent capital gains and losses of ITL280.7bn.

It must be noted that, during the half-year, in the “stocks and shares” section further net purchases of Monte dei Paschi shares were made for ITL200bn. Excluding these purchases, the balance of the section as at 30/6/2001 would have shown a fall of ITL50bn compared to 31/12/2000.

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

The overall total of these investments as at 30 June 2001 was ITL6,244bn (+ITL1,247.8bn compared to 31/12/2000) and is made up of ITL6,205.3bn from Index and Unit-Linked policy investments and of ITL38.7bn for investments arising out of pension fund management. These investments were evaluated at market value, in strict correlation with the evaluation of associated liabilities.

#### **Investment income**

At 30 June 2001, net investment income for the half-year and net profits from sales and trading came to ITL566.5bn (ITL447.7bn as at 30 June 2000). Investments relating to benefits linked to investment funds and market indices (Class D), on the other hand, fell by a net value of ITL119bn (-ITL14.2bn as at 30/6/2000).

During the half-year period, the profitability of assets invested, net of value adjustments, was on average 5.8% (excluding net income from investments for the benefit of policyholders who bear the risk thereof, and investments arising out of pension fund management). Value adjustments, net of re-adjustments, went

from ITL78.5bn at 30/6/2000 to ITL191.3bn at 30/6/2001.

Overall, therefore, net ordinary and extraordinary investment income, inclusive of net value adjustments on investments, totalled ITL256.2bn.

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

#### **Compagnia Assicuratrice Unipol - Bologna**

Among the most important aspects of this Company's activities during the first half of 2001, are the following:

- Premium income, which showed good growth in Life business (+14.%), amounted to ITL1,652.6bn (+7.2% compared to 30/6/2000);
- The result of insurance technical activities was positive, for a total of ITL91.2bn, compared to ITL60bn at 30/6/2000. In Non-Life business, in particular, a positive technical balance of ITL60.9bn was recorded, against ITL33bn at 30/6/2000;
- Investments and liquid assets (net of value adjustments) came to ITL11,143.2bn, an increase of ITL935.6bn compared to 31 December 2000 (+9.2%);
- Net investment income for the half-year was ITL209.7bn (+21.6% compared to 30/6/2000), whereas net profits from disposals and trading was ITL50.9bn (ITL90.9bn at 30/6/2000). Value adjustments (inclusive of property amortisation) totalled ITL48.1bn (ITL39.2bn at 30/6/2000), of which ITL39.5bn was due to book capital losses on the equity portfolio and on units or shares in investment funds;
- The net result for the half-year was ITL83.5bn (+64% compared to 30/6/2000).

#### **BNL Vita SpA - Milan**

BNL Vita operates exclusively in life assurance and sells its products through BNL and Artigiancassa outlets and through BNL

Investimenti Sim financial advisers.

Premiums written in the first half of the year 2001 totalled ITL1,256.3bn, in line with the volumes produced during the first half of the year 2000 when, however, there was still a contribution to premium income from Banco di Napoli branches. Furthermore, the trend for single premium contracts, common to the entire bancassurance market, has been confirmed. Among this type of product, we have recorded a growing incidence of Class III products (Index and Unit-Linked), thanks, amongst other things, to the launch of new products.

The net result, which was affected by net value adjustments on investments for ITL65bn, totalled ITL2.2bn.

#### **Linear Assicurazioni SpA - Bologna**

The company distributes insurance products (particularly motor products) directly, mainly via the telephone and Internet.

During the first half of the year 2001, the premiums written by the company amounted to ITL61.6bn, an increase of 67.4% compared to the same period in the previous year (ITL36.8bn in the first half of the year 2000).

The net half-yearly result was ITL957.5m (ITL43m during the first half of the year 2000).

#### **MeieAurora SpA - Milan**

On 29 June 2001 the deed of merger, by which Meie Assicurazioni incorporated Aurora Assicurazioni SpA and adopted the new company name «MEIEAURORA S.p.A.», was registered with the Milan Company Register.

Total premiums, both direct and indirect, written during the first half of the year amounted to ITL871.5bn. In this period, premium income was characterised by a 3.4% fall, on a homogeneous basis, mainly due to a fall in direct motor insurance premiums, of ITL36.8bn, and in other Non-Life lines of business of ITL7bn. Life business, however, with a direct premium income of ITL70.1bn grew by 35.1%. Motor insurance, notwithstanding the tariff changes which, as from 1 April 2001, resulted in an average 10% increase, was affected by the tariff block still in force during the first quarter of the year and by

a more selective underwriting policy. The latter resulted in a fall in the portfolio of approximately 50,000 policies. In Life business, the increase experienced can be linked to the launch of new financial products (former Aurora network).

The positive trend in the loss ratio achieved in the first half of the year and capital gains realised by the sale of some properties, compensated for the reduced contribution from financial proceeds, due to book capital losses on the securities portfolio. Therefore, the first half of the year closed with a pre-tax profit of ITL20bn (ITL4.7bn as at 30/06/2000) and a net profit of ITL10.8bn (ITL0.9bn as at 30/06/2000).

#### **Meie Vita SpA - Milan**

At the end of the first half of 2001, this company, which specialises in life insurance, collected premiums amounting to ITL123.9bn, a 24.6% fall compared to 30/6/2000. This result was influenced by various factors, including the bringing forward to the financial year 2000 of approximately ITL14bn of premiums from group policies, the changes in tax regulations for life assurance contracts and the uncertainty of financial markets. New initiatives were launched in order to make up for underwriting delays.

The net profit for the half-year was ITL2.1bn (ITL1.4bn as at 30/6/2000).

#### **Navale Assicurazioni SpA - Ferrara**

During the first half of 2001, premiums written by this company, which is particularly active in Marine, Goods in Transit and Tourist Assistance, amounted to €46.1m (ITL89.2bn), +26% compared to 30/6/2000.

The net profit for the half-year totalled €57,000 (ITL691m), compared to €190,000 at 30/6/2000 (ITL949m).

#### **Noricum Vita SpA - Bologna**

During the first half of the year, premiums written by this company, which distributes its products largely through Cassa di Risparmio bank outlets in Bologna and Banca Popolare dell'Adriatico bank outlets, amounted to

ITL201bn, a 31.6% fall compared to the corresponding period in the previous year. This fall was caused by the launch of a new Unit-Linked product whose premiums were banked during the first ten days in July. The sales of the new product were particularly positive. The net result for the half-year was ITL3.6bn (ITL3.4bn as at 30/6/2000).

#### **Quadrifoglio Vita SpA - Bologna**

The first half of the year 2001 saw premiums written, through Banca Agricola Mantovana bank outlets, for over ITL338bn, an 11% increase compared to the corresponding period in the previous financial year.

The net profit for the half-year totalled ITL3.1bn (ITL3.3bn as at 30/6/2000).

#### **Unisalute SpA - Bologna**

This company, which specialises in Health and Assistance insurance, closed the first half of the year 2001 with direct premium income of ITL38.9bn (ITL27.9bn in the first half of last year, a 39,5% increase). This was due to the strong growth in Health premiums from corporate and association group products.

The net profit for the half-year totalled ITL603m (ITL422m as at 30/6/2000).

#### **Unipol Banca SpA - Bologna**

During the first half of the year, the sales network was further strengthened with the opening of 6 new bank branches and 25 financial shops, bringing both types of sale venues to 42 units. At the same time, the number of financial advisers increased to 328, an increase of 58 compared to 31/12/2000. During the half-year period, the necessary steps were taken to integrate the 51 branches purchased from the IntesaBci Group, starting from 1/7/2001. Integration was fully completed in July, with operational Unipol Banca branches increased to 93. The Bank is now present in 11 regions throughout Italy.

At the start of June, share capital was increased by ITL300.1bn, in order to sustain the investment involved in the above purchase. At the same time, a subordinate bond loan was launched with nominal value of €50m, of which ITL21.2bn had been placed at 30 June 2001.

In the first half of the year, assets under administration exceeded the ITL10,000bn threshold and were further increased by over ITL1,800bn thanks to the outlets purchased. In particular, deposits totalled ITL1,102bn.

The net profit for the half-year totalled ITL458m (ITL153m as at 30/6/2000).

#### **Unipol SGR SpA - Bologna**

During the first half of 2001, the company, which has operated in the managed savings sector for years, transferred the line of business relating to individual third-party asset management to Unipol Banca SpA. As a result of the transfer, Unipol SGR's activities currently consist of management, on behalf of clients, of assets from Irish unit trusts set up by Unipol Fondi Ltd. There are also still certain individual asset management mandates on behalf of Group undertakings.

The overall total of assets under management, therefore, fell to ITL365bn at 30 June 2001.

The first half of the year 2001, which benefited from the extraordinary income realised through the transfer of a company line of business to Unipol Banca, closed with a net profit for the half-year of €22,000 (ITL430m), compared to €108,000 (ITL209m) for the first half of 2000.

#### **Unipol Fondi Limited - Dublin (Ireland)**

This company, set up in Dublin in 1999, manages the umbrella unit trust «Unipol Funds». After an initial period of operation aimed exclusively at institutional investors and having obtained the necessary authorisations, as from September 2000 the company also started selling units to the Italian public, through Unipol Banca's commercial network.

At 30/6/2001, the total amount of assets managed by the company was €153.3m (ITL296.8bn). The net half-yearly profit realised by the company was €6,275 (ITL120.6m).

### **The changeover to the Euro**

Throughout the half-year period, the Parent Company Unipol Assicurazioni and the insurance subsidiaries Linear, Navale, Noricum



Vita, Quadrifoglio Vita and Unisalute proceeded to transform their share capital into Euros at their respective Extraordinary Shareholders' Meetings.

The software is being updated to manage the changeover to the Euro, which is due to come into force on 1 January 2002.

Overall costs incurred in the half-year by the Parent Company totalled approximately ITL1bn. Further expenses for the same amount, relating to the Group IT system, are expected for the financial year 2001.

### **Transactions with Group undertakings**

As specifically set out in the Parent Company's Half-Yearly Report, it should be noted that the usual exchange of goods and services took place between the undertakings belonging to the Group at prices and conditions that largely reflect market conditions. No atypical or unusual operations took place in relation to the normal management of the companies.

As regards the most significant profit and loss/financial statement transactions with Group undertakings not included in the basis of consolidation, it should be noted that "Amounts owed to credit institutions", are include two temporary credit lines granted by the subsidiary Unipol Banca to two property subsidiaries, for an overall value of ITL15.5bn. Furthermore, Unipol securities, as well as certain subsidiary securities, are deposited in custody with Unipol Banca.

### **Significant events after 30 June 2001 and business outlook**

The stabilisation of oil prices during the summer months encourages the idea that inflationary pressures in Europe have been contained.

In Italy, inflation, currently 2.8% and in line with end of year expectations, is giving signs of being curbed.

The growth in gross national product is

expected to stop in December at around 2%, compared to 2.9% in 2000, due to still weak signs of recovery in international economic trends.

As regards tariffs, on 30 August 2001 the European Central Bank reduced the main refinancing rate from 4.5% to 4.25%.

Currently, international stock exchanges are showing signs of worsening compared to the situation at the end of June.

On 24 July 2001, an agreement was reached between Ania and consumer associations in order to find a rapid solution to disputes in Motor T.P.L. insurance. The settlement procedure suggested aims to avoid litigation.

The Group's activities in the current quarter are proceeding as normal.

On 29 July 2001, as was widely reported in the media, Bell S.A., the leading shareholder in the Olivetti-Telecom Group, sold all its Olivetti shares, as well as the Warrants in the portfolio. The transaction involves selling to Olimpia, a company expressly set up for the purpose by the buyers Pirelli-Benetton, and will be completed once the necessary authorisations are granted, which is expected to be by the end of the current month.

On 31 July 2001, Unipol Assicurazioni, which at that date held a 3.22% shareholding in Bell S.A. and also a shareholding in Hopa SpA (Bell's holding company), sold 36,500,000 Olivetti shares to Bell itself, as they had lost their strategic value. The shares were sold at €3.01, for a total counter-value of €109,865,000 (ITL213bn).

A net capital gain of approximately ITL80bn is expected for the Parent Company from the above transactions.

As regards other strategic shareholdings, the main events affecting the Parent Company after the end of the half-year period concerned:

- Finec Merchant SpA – Bologna  
Subscription, at 16 July 2001, of 54,978,700 shares, for a total of ITL55bn, on the capital increase from ITL200bn to ITL340bn,

approved on 26 June 2001.

- Finec Investimenti SpA – Bologna  
Subscription, at 25 July 2001, of 18,075,991 shares, equal to 38.04% of company share capital, for a total of ITL35bn
- Italiana Assicurazioni – Milan  
Approval, on 25 July 2001, of the take-over bid made by Reale Mutua for Italiana Assicurazioni shares and subsequent divestment of all shares held (480,150 shares), for a total of €6.6m (ITL12.8bn)
- P & V Holding S.A. – Brussels  
Sale, on 8 August 2001, of 295,051 company shares (2.12%), for a total of BEF312.7m (ITL15bn)

On 5 September 2001, the Boards of Directors of MeieAurora Assicurazioni and Meie Vita Assicurazioni decided to submit a proposal of merger of the two companies, through the incorporation of Meie Vita into MeieAurora, for approval at their respective Shareholders' Meetings.

As regards Group undertakings, the growth rate of premiums written has become more stable, in both Life and Non-Life business.

The technical trend of Non-Life business confirmed the positive trend of the first half of the year, especially as regards claim frequency in Motor T.P.L.

The trend in operating expenses is consistent with figures for the previous period and the same is true for ordinary investment activities.

In the absence of extraordinary or abnormal events or of a significant worsening in the already critical state of financial markets, profit expectations for the current financial year are positive and greater than for the previous financial year.



# General Drafting Criteria and Basis of Consolidation

The consolidation principles applied in drawing up the consolidated half-yearly report are consistent with those used in the consolidated annual accounts closed at 31 December 2000. The basis of consolidation was also identified with reference to the same criteria used in the 2000 financial year.

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

The consolidated undertakings are listed on the following pages.

## Changes in the basis of consolidation

During the first half of the year 2001 there were no significant changes in the basis of consolidation compared to the situation as at 31/12/2000. Operations carried out concerned:

- the incorporation of Aurora Assicurazioni SpA into Meie Assicurazioni SpA, which has taken on the new company name of MeieAurora SpA;
- the acquisition of a 38% share in the newly set-up Assicoop Romagna SpA, holder of a Unipol agency mandate.

Furthermore, the following modifications in the Parent Company's shareholdings took place:

- Linear Ass.ni SpA from 60.00 to 80.00%
- Unisalute SpA from 77.54 to 87.44%
- Pioquartosei Srl from 99.00 to 100.00%
- BNL Vita SpA from 51.00 to 50.00%

The following are no longer in the basis of consolidation:

- Lavoro e Previdenza Service, following its sale on 20 July 2001 (in the first half of the year the level of shareholding had increased from 55.10% to 100%);
- Meie Servizi (company controlled by Meie Vita), following its being put into liquidation, as decided on 9 April 2001 at an Extraordinary Shareholders' Meeting.

Shares held at 30/6/2001 in Lavoro e Previdenza Service and in Meie Servizi were written at book value, as were those in Commerfin, which is to be disposed of.

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

Name - Registered Office	Type of Business - Share Capital	% holding		Group share
		direct	indirect	
<b>Compagnia Assicuratrice Unipol spa</b> Bologna	Insurance and Reinsurance € 451,226,045			
<b>Agricoltura Assicurazioni s.m.</b> Milan	Insurance and Reinsurance ITL 1,500,000,000		100.00 (MeieAurora)	82.82
<b>Bnl Vita spa</b> Milan	Insurance and Reinsurance ITL 220,000,000,000	50.00		50.00
<b>Compagnia Assicuratrice Linear spa</b> Bologna	Insurance and Reinsurance € 12,000,000	80.00		80.00
<b>MeieAurora spa</b> Milan	Insurance and Reinsurance ITL 68,688,852,400	82.82		82.82
<b>Meie Assistenza spa</b> Milan	Insurance and Reinsurance ITL 1,500,000,000		87.14 (MeieAurora)	72.17
<b>Meie Vita spa</b> Milan	Insurance and Reinsurance ITL 24,500,000,000	51.02	48.98 (MeieAurora)	91.58
<b>Navale Assicurazioni spa</b> Ferrara	Insurance and Reinsurance € 10,500,000	98.17		98.17
<b>Noricum Vita spa</b> Bologna	Insurance and Reinsurance € 16,000,000	51.00		51.00
<b>Quadrifoglio Vita spa</b> Bologna	Insurance and Reinsurance € 22,500,000	50.00		50.00
<b>Unisalute spa</b> Bologna	Insurance and Reinsurance € 17,500,000	87.44		87.44
<b>Midi srl</b> Bologna	Property company ITL 50,000,000,000	99.00		99.00
<b>Pioquartosei srl</b> Bologna	Property company ITL 50,000,000,000	100.00		100.00
<b>Unifimm srl</b> Bologna	Property company ITL 85,000,000,000	99.00		99.00
<b>Uniservice spa</b> Bologna	Data transmission services ITL 200,000,000	99.00		99.00

**UNDERTAKINGS INCLUDED BY THE EQUITY METHOD**

SUBSIDIARIES (not transacting insurance business)				
<b>Unipol Banca spa</b> Bologna	Credit institution ITL 550,275,000,000	81.03		81.03
<b>Unipol Fondi Ltd</b> Dublin	Investment fund management ITL 250,000,000	100.00		100.00
<b>Unipol Sgr spa</b> Bologna	Financial intermediary € 10,320,000	100.00		100.00
<b>Unieuropa srl</b> Bologna	Market analysis / Research ITL 1,000,000,000	98.00		98.00
<b>Immobiliare Pietramellara srl</b> Bologna	Property company ITL 1,000,000,000		100.00 (Unipol Banca)	81.03
<b>Promoass srl</b> Milan	Insurance agency ITL 20,000,000		90.00 (MeieAurora) 10.00 (Meie Vita)	83.70
ASSOCIATED				
<b>Hotel Villaggio Città del Mare spa</b> Terrasini (Pa)	Tourism / Hotels ITL 3,382,579,200	49.00		49.00
AFFILIATED				
<b>Finec Merchant spa</b> Bologna	Merchant banking ITL 200,000,000,000	39.27		39.27

Name - Registered Office	Type of Business - Share Capital	% holding		Group share
		direct	indirect	
<b>A.P.A. spa</b> Parma	Insurance agency ITL 1,000,000,000	49.00		49.00
<b>Ar.Co. Assicurazioni spa</b> Modena	Insurance agency € 250,000	40.00		40.00
<b>Assicoop Ferrara spa</b> Ferrara	Insurance agency ITL 600,000,000	46.73		46.73
<b>Assicoop Imola spa</b> Imola (Bo)	Insurance agency € 520,000	47.34		47.34
<b>Assicoop Modena spa</b> Modena	Insurance agency ITL 4,000,000,000	47.00		47.00
<b>Assicoop Ravenna spa</b> Ravenna	Insurance agency ITL 7,000,000,000	49.00		49.00
<b>Assicoop Romagna spa</b> Forlì	Insurance agency € 774,700	38.00		38.00
<b>Assicoop Sicura srl</b> Bologna	Insurance agency ITL 390,000,000	40.00		40.00
<b>Assicoop Siena spa</b> Siena	Insurance agency ITL 1,400,000,000	49.00		49.00
<b>Assicura spa</b> Reggio Emilia	Insurance agency ITL 2,000,000,000	35.00		35.00
<b>Consorzio ZIS Fiera 2</b> Bologna	Urbanization works ITL 900,000,000		49.43 (Midi)	48.93
<b>Euresa Holding sa</b> Luxembourg	Holding company € 14,374,500	21.01		21.01
<b>OTHER SHAREHOLDINGS IN SUBSIDIARY AND AFFILIATED UNDERTAKINGS AT THEIR BOOK VALUE</b>				
<b>Lavoro e Previdenza Service spa</b> Bologna	Finance company ITL 4,000,000,000	100.00		100.00
<b>Sofircoop srl - in liquidation</b> Bologna	Property company ITL 5,000,000,000	100.00		100.00
<b>Unintesa spa - in liquidation</b> Bologna	Finance company ITL 3,917,400,000	97.43		97.43
<b>Meie Servizi srl - in liquidation</b> Milan	Pension fund management ITL 100,000,000		100.00 (Meie Vita)	91.58
<b>Assicoop Genova spa - in liquidation</b> Genoa	Insurance agency ITL 500,000,000	49.00		49.00
<b>Sofimer Soc. Fin. Meridionale spa</b> in liquidation - Naples	Finance company ITL 10,000,000,000	20.00		20.00
<b>Commerfin scpa</b> Rome	Finance company ITL 1,141,000,000	20.00		20.00

# Accounting Criteria

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

As this is mid-year information, there has been more need greater use of appropriate estimate methods, which are, however, substantially in line with the principles adopted at the end of the financial year, and will guarantee homogeneousness and comparability of data.

In particular, as regards claims from previous years, evaluation of those still outstanding at the end of the first part of the current financial year was carried out on the basis of updated analytical evidence (“ongoing” provision), deduced from management data, and of suitable technically prudent estimates.

## Main exchange rates adopted

The exchange rates adopted for conversion into lire from the main currencies are as follows:

Currencies	30.06.01	31.12.00
US Dollar	2,283.330	2,080.890
Pound Sterling	3,210.520	3,102.490
Swiss Franc	1,271.510	1,271.180

In relation to currencies adopting the euro, we used the fixed and irreversible exchange rates set between the euro and each such currency.

## Tax adjustments and provisions

In relation to a consolidated subsidiary, depreciation on property was removed as it is carried out by the company purely for tax purposes. This removal had a net effect on the consolidation reserve relative to previous years of ITL0.2bn and on the Group’s net profit of ITL0.1bn.

# Information on the Balance Sheet

## Balance Sheet - Assets

### B – Intangible assets

The breakdown of the item “Deferred acquisition costs”, which totals ITL126.6bn, is as follows: ITL51.9bn for deferred commissions in Non-Life business; ITL71.3bn for deferred commissions in Life business; the remaining ITL3.4bn for other acquisition costs.

The item “Differences arising from consolidation”, net of amortizations, is equal to ITL865.3bn.

The ITL27.9bn increase compared to 31/12/2000 is mainly due to the completion, on 12/1/2001, of the purchase of further shares (equal to 23.02% of share capital) in Meie Assicurazioni, deriving from the completion of the take-over bid made by Unipol in November 2000.

### C – Investments

#### C.I – Land and buildings

The overall amount at 30 June 2001, of ITL1,173.4bn (ITL1,223.5bn at 31/12/2000),

represents a net fall of ITL50.1bn. This is mainly due to the divestment of property and of a portion of building area carried out by Unipol and by certain subsidiaries.

#### C.II – Investment in Group undertakings and other participating interests

The overall value of this item totalled ITL1,283bn, an increase of ITL306bn compared to 31 December 2000. The item can be broken down as follows (in ITL billion):

	30/06/2001
1. Stocks and shares	1.246
2. Debt securities	37
3. Corporate financing	1
<b>Total</b>	<b>1.283</b>

The value of item “Stocks and shares”, for ITL1,246bn, showed an increase of ITL276.8bn compared to 31/12/2000, mainly due to the affiliated company Unipol Banca. The item relates to the holding company, to subsidiaries and affiliated undertakings evaluated by the equity method and to other participating interests maintained at their book value, as follows:

Name	% holding		Group share	Value (ITLbn)
	direct	indirect		
<b>HOLDING COMPANY</b>				
Finsoe spa	1.99			25.4
<b>SUBSIDIARIES</b>				
Unipol Banca spa	81.03		81.03	447.9
Unipol Fondi Ltd	100.00		100.00	0.7
Unipol Sgr spa	100.00		100.00	20.5
Unieuropa srl	98.00		98.00	0.7
Promoass srl		90,00 (MeieAurora) 10,00 (Meie Vita)	83.70	0.2
<b>ASSOCIATED UNDERTAKINGS</b>				
Hotel Villaggio Città del Mare spa	49.00		49.00	2.2

<b>AFFILIATED UNDERTAKINGS</b>				
Finec Merchant spa	39.27		39.27	81.5
A.P.A. spa	49.00		49.00	0.4
Ar.Co. Assicurazioni spa	40.00		40.00	0.3
Assicoop Ferrara spa	46.73		46.73	0.3
Assicoop Imola spa	47.34		47.34	0.5
Assicoop Modena spa	47.00		47.00	2.3
Assicoop Ravenna spa	49.00		49.00	3.8
Assicoop Romagna spa	38.00		38.00	0.6
Assicoop Sicura srl	40.00		40.00	3.8
Assicoop Siena spa	49.00		49.00	1.1
Assicura spa	35.00		35.00	0.8
Consorzio ZIS Fiera 2		49.43 (Midi)	48.93	0.4
Euresa Holding sa	21.01		21.01	6.8
<b>OTHER PARTICIPATING INTERESTS</b>				
Cardine Banca spa	1.82		1.82	178.3
Olivetti spa	0.33		0.33	165.1
Bell sa	3.52		3.52	162.9
Hopa spa	1.75		1.75	49.1
P & V Holding sa	4.51		4.51	30.1
Italiana Assicurazioni spa	1.84		1.84	12.8
Fincooper scarl	23.04	0.33 (Noricum Vita) 0.02 (Quadrifoglio Vita) 0.34 (Unisalute)	23.51	7.4
Banca Agricola Mantovana spa	0.18		0.18	5.7
Previnet spa	14.00		14.00	4.2
Atlantis sa	10.30		10.30	4.1
Lavoro e Previdenza Service spa	100.00		100.00	4.0
Engineering spa	0.40		0.40	4.0
Sofircoop srl - in liquidation	100.00		100.00	3.9
The Co-Operators Group sa	7.20		7.20	3.0
Atlantis Vida sa	12.50		12.50	2.3
Syneteristiki Insurance sa	16.39		16.39	2.0
Unintesa spa - in liquidation	97.43		97.43	1.1
Sofimer Soc. Fin. Meridionale spa - in liquidation	20.00		20.00	1.0
Other undertakings				4.5
<b>TOTAL</b>				<b>1,245.7</b>

The item "Other companies", for ITL4.5bn, includes:

Euresap SA, Rita Scarl, Nomisma SpA, Union Capital SpA (in liquidation), Interporto SpA, Fondazione Cesar, Cestar Srl, Banca Popolare Etica Scarl, Banca di Bologna Scarl, Allnations SA, Artigianfin SpA, Uci, Inforcoop Scarl, Sofincoop SpA, Sofigea Srl (in liquidation), Telemedicina Rizzoli SpA, Autonomia Scarl, SSN Napoli Scarl (in liquidation), Consorzio R54A, Cooptecnical Scarl, Coop Libera Stampa Scarl, Protos Soa SpA, Commerfin Scpa, Assicoop Genova SpA (in liquidation), Meie Servizi Srl (in liquidation), Consorzio Energia Fiera District.

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

### **C.III – Other financial investments**

The overall balance of the item totalled ITL17,114bn, an increase of ITL803bn compared to 31 December 2000. The breakdown of this figure is as follows (in ITL

billion):

1. Stocks and shares	995
2. Units and shares in investment funds	321
3. Bonds and other fixed-income securities	14,961
4. Corporate financing	127
5. Other financial investments	711
<b>Total</b>	<b>17,114</b>

It is important to note that total corporate financing payable after 30 June of the next financial year is ITL111.3bn.

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

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

At 30 June 2001, the overall value of such investments amounted to ITL6,244bn (+ITL1,247.8bn compared to 31/12/2000). This figure is made up of ITL6,205.3bn in Index and Unit-Linked policy investments and ITL38.7bn in investments deriving from the management of the open, defined contribution pension funds “Unipol Previdenza” and “Unipol Futuro”, promoted by the Parent Company, and of a closed fund.

## **E – Debtors**

The amount of debtors in item E, for ITL1,578bn, showed a net increase of ITL78bn compared to the balance as at 31/12/2000.

The balance is made up as follows:

- Debtors arising out of direct insurance operations, ITL898bn;
- Debtors arising out of reinsurance operations, ITL303bn;
- Other debtors, ITL377bn.

Item EI – Debtors arising out of direct insurance operations, which totals ITL898bn, includes amounts receivable from policyholders of ITL349.6bn and amounts receivable from insurance intermediaries of ITL430.2bn.

It is important to note that the amounts payable after 30 June of the next financial year total ITL74.6bn.

## **F – Other assets**

The overall balance for this item is ITL758.3bn, a net increase of ITL15.5bn compared to 31/12/2000.

## **Balance Sheet - Liabilities**

### **A – Capital and reserves**

At 30/6/2001, capital and reserves excluding profits for the half-year, totalled ITL2,052.8bn, showing an increase of ITL10.2bn compared to 31/12/2000. This increase was mainly due to an increase in reserves following the allocation of profits for 2000.

The share of capital and reserves relating to minority interests was ITL276.3bn (ITL362.2bn at the end of the year 2000). This decrease was mainly due to the increase in the Group's shareholding in MeieAurora.

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

As at 29 June 2001, the market capitalisation of Unipol shares amounted to ITL2,554bn (ITL2,436bn as at 29/12/2000).

### **B – Subordinated liabilities**

This item, which was not included in the previous financial year, is equal to ITL580.9bn (equivalent to €300m) and is entirely made up of the nominal value of the subordinated callable notes issued by the Parent Company Unipol at the end of May and fully underwritten on 15 June 2001.

These subordinated callable notes, which are listed on the Luxembourg Stock Exchange, are due on 15/06/2021, but can be redeemed at

the option of the issuer as from 15/06/2011. The level of subordination is comparable to Tier II (supplementary assets, made up of secondary assets).

The issue of bonds took place at a price of 100.925. The annual interest rate is 7% up to 15/06/2011 and is variable after that date. Interest for the half-year amounts to ITL1.7bn.

### **C – Technical provisions**

These totalled ITL19,937.6bn (+ITL724.4bn compared to 31/12/2000) and were made up of ITL6,743.6bn for provision for unearned premiums, provision for outstanding claims and other Non-Life provisions, and ITL13,194bn for technical provisions and provisions for sums payable for Life business.

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

These provisions totalled ITL6,224.1bn (+ITL1,229.8bn compared to 31/12/2000), of which ITL6,185.4bn was for technical provisions in relation to contracts whose benefits are linked to investment funds and market indices and ITL38.7bn was for provisions deriving from the management of Parent Company open pension funds and of a closed fund.

### **G – Creditors and other liabilities**

At 30/6/2001, creditors and other liabilities totalled ITL1,278.4bn (+ITL50bn compared to 31/12/2000).

The item “Debenture loans” (item G.III) recorded a balance of ITL407.5bn, which is unchanged from 31/12/2000, and refers to the counter-value of the two listed debenture loans backed by Warrants, issued in the year 2000 by the Parent Company (“UNIPOL 2.25% 2000-2005” and “UNIPOL 3.75% 2000-2005”). The ordinary and preference debt securities will

be reimbursed at par, in a single payment, on 30 June 2005, but can be redeemed at the option of the issuer before that date, at a month’s notice.

At the end of the first half of the year, interest payable due was equal to ITL5.2bn.

The item “Amounts owed to credit institutions” (item G.IV) was equal to ITL19.4bn. ITL15.5bn of this figure is for the temporary use of credit lines by two property subsidiaries, and the remaining ITL3.9bn concern the Parent Company.

“Sundry borrowings and creditors” (item G.V) totalled ITL269.1bn, a ITL114.5bn fall compared to 31/12/2000. ITL13.6bn of this was due to debts secured by a lien on property, ITL37.7bn to sundry borrowings and for ITL63.2bn to other debts (of which ITL2.6bn worth will expire after 30 June of the next financial year).

“Debts secured by a lien on property” (included in item G.V) recorded an overall fall of ITL13.6bn compared to the balance as at 31/12/2000. At the end of the half-year, the item was ITL7.5bn. ITL13.3bn of this fall was due to the anticipated repayment of a mortgage loan on a building and ITL0.3bn of it was due to the amounts repaid in relation to the remaining mortgage loan. It is important to note that amounts payable after 30 June of the next year total ITL6.8bn.

The item G.VII – “Other liabilities” went from ITL246bn at 31 December 2000 to ITL388.4bn at 30 June 2001. ITL91.8bn of the increase relates to BNL Vita, as in the last few days in June premiums were written on Unit-Linked products for which it is set out by contract that policies be issued and take effect at a later date .

### **Guarantees, commitments and other memorandum accounts**

At 30/6/2001, memorandum accounts totalled ITL29,564.2bn (ITL27,219bn as at 31/12/2000).



The “Commitments” item (ITL3,854.2bn) was mainly made up of reference capital for transactions on derivative instruments in progress at the end of the half-year (ITL2,884.1bn). ITL862.4bn related to commitments on repo transactions.

The item “Other memorandum accounts” (ITL25,307bn) was mainly made up of securities deposited with third parties (ITL25,047bn).

Assets relating to pension funds managed on behalf of third parties amounted to ITL171.3bn.

# Information on the Profit and Loss Account

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

At 30/6/2001, gross premiums recorded were ITL4,604.6bn (ITL2,085.1bn from Non-Life business and ITL2,519.5bn from Life business).

The premiums were underwritten almost exclusively in Italy.

Premiums ceded to reinsurers totalled ITL239.9bn (ITL205.1bn from Non-Life business and ITL34.8bn from Life business).

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

At the end of the half-year, Non-Life business provisions for unearned premiums totalled ITL1,509.3bn which, taking into account portfolio movements, reflects a ITL60.5bn increase compared to 31/12/2000, (the change in the reinsurers’ share was +ITL5.2bn).

At 30/6/2001, Non-Life business provisions for outstanding claims totalled ITL5,218bn which, taking into account portfolio movements, shows a ITL200.2bn increase

compared to 31/12/2000 (the increase in the reinsurers’ share was ITL4.1bn).

As to Life business, mathematical provisions and other technical provisions (including those from Class D) totalled ITL19,418bn, a net increase of ITL1,705.8bn compared to 31/12/2000.

The amount of claims paid in Non-Life business was ITL1,423.1bn. The reinsurers’ share was ITL142bn.

The sums paid in Life business were ITL819.5bn (ITL470.1bn on a homogeneous basis, +27.2%, compared to 30/6/2000).

As regards “Other income” and “Other charges”, of particular note are the interest received on banking deposits of ITL24.6bn and, among charges, depreciation charges on the differences arising from consolidation of ITL27.5bn.

In the table below are set out investment income and charges (separately for land and buildings), investments in Group undertakings and other participating interests, and other financial investments as at 30/6/2001:

<b>BREAKDOWN OF INVESTMENT INCOME AND CHARGES (*)</b>	
<i>(ITLbn)</i>	
	<b>Total</b>
Investment income from land and buildings	22.0
Investment charges from land and buildings	(20.0)
<b>Total (A)</b>	<b>2.0</b>
Investment income from Group undertakings and other participating interests	30.5
Investment charges from Group undertakings and other participating interests	(5.9)
<b>Total (B)</b>	<b>24.6</b>
Income from other financial investments	537.9
Charges on other financial investments	(251.8)
<b>Total (C)</b>	<b>286.1</b>
<b>TOTAL (A+B+C)</b>	<b>312.7</b>

(\*) Not including investment income and charges relating to Class D, bank interest and interest on debenture loans.

Extraordinary income as at 30 June 2001 was ITL48.7bn, mainly made up as follows: ITL20bn from capital gains on property sales; ITL14.5bn from capital gains on fixed-income bonds / securities; ITL10.7bn from capital gains on stocks and shares.  
Extraordinary expenses recorded a balance of ITL6.5bn.

# Other Information

## Employees in the consolidated undertakings

	1 <sup>st</sup> half-year 2001	
	Average No.	As at 30/6
Unipol Assicurazioni	1,308	1,316
BNL Vita	83	85
Linear Assicurazioni	143	155
MeieAurora	824	824
Meie Vita	28	29
Navale Assicurazioni	96	98
Noricum Vita	14	14
Quadrifoglio Vita	12	12
Unisalute	107	113
<b>Total</b>	<b>2,615</b>	<b>2,646</b>

At 30 June, the average number of employees was divided per category as follows:

Senior officials	89
Junior officials	340
Clerical staff	2,023
Other employees	163
<b>Total</b>	<b>2,615</b>

Overall, the average number of employees in the companies included in the consolidation was 2,615, which was substantially the same as at 31/12/2000 (2,614).

## Solvency margin

Own funds available to the Group and to each participating interest cover the solvency margin to be set up at the end of the current financial year, with a significant surplus at Group and Parent Company level.

In relation to Unipol Assicurazioni, the predicted amount margin to be covered is approximately ITL600bn (of which ITL370bn for Non-Life and ITL230bn for Life). Both are amply covered by relative assets. This surplus will also allow us to manage the new solvency margin calculation criteria ("adjusted solvency") established by Legislative Decree No. 239 of 17

April 2001, in relation to which the associated applicable instructions from the Supervisory Authority are awaited.

## Covering technical provisions

As regards covering the Parent Company Unipol's technical provisions, please note that, for Non-Life provisions, the amount to be covered as at 30/6/2001 is ITL3,246.7bn. Relative covering assets can be broken down as follows:

Fixed-income securities	1,160.7
Loans and mortgage loans	36.4
Equities	912.0
Land and buildings	659.7
Debtors and other assets	477.9
<b>Total assets</b>	<b>3,246.7</b>

As for Life provisions (excluding those as per article 30, Legislative Decree 174/95, and pension funds covered by assets as per Class D of the balance sheet), the amount to be covered as at 30/6/2001 is ITL4,523.7bn.

Relative covering assets can be broken down as follows:

Fixed-income securities	4,006.0
Equities	517.7
<b>Total assets</b>	<b>4,523.7</b>

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

Regarding the other insurance subsidiaries, at 30/6/2001 there was no shortage of assets to cover the increase in technical provisions.

## Speed of settlement

The following table, which concerns Italian direct business carried out by the Parent Company Unipol, shows the speed of claim

settlements for the main lines of business and a comparison with the previous financial year. The figures are obtained by comparing the number of claims paid during the half-year to the number of claims reported during the year 2001 or outstanding at the end of the year 2000, net of those written-off as without follow-up (percentage values).

Lines of business	Occurred in 2001		Occurred in previous years	
	06/01	06/00	06/01	06/00
Accident	49.2	49.1	50.4	51.4
Health	80.0	80.3	75.7	78.0
Land Vehicles- own damage	70.6	72.1	67.2	69.1
Fire	44.1	43.7	59.1	60.8
Other damage to property	48.8	41.3	63.5	62.0
Motor T.P.L.	51.8	52.3	48.0	48.6
General T.P.L.	38.4	38.8	29.2	33.0

Bologna, 10 September 2001

### **The Board of Directors**

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

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

These data refer to the first six months of 2001

(ITLbn)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January .....	+	969 <sup>21</sup>	1 <sup>41</sup>	7
Increases in the period: .....	+	347 <sup>22</sup>	38 <sup>42</sup>	0
through: purchase, subscription or financing .....	3	342 <sup>23</sup>	2 <sup>43</sup>	
value re-adjustments .....	4		44	
write-ups .....	5		45	
other changes .....	6	5 <sup>26</sup>	36 <sup>46</sup>	
Decreases in the year: .....	-	70 <sup>27</sup>	2 <sup>47</sup>	6
through: sale or redemption .....	8	65 <sup>28</sup>	1 <sup>48</sup>	6
write-downs .....	9	5 <sup>29</sup>	1 <sup>49</sup>	
other changes .....	10		50	
<b>Total</b> .....	11	<b>1,246</b> <sup>31</sup>	<b>37</b> <sup>51</sup>	<b>1</b>

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

These data refer to the first six months of 2001

**I - Life and Non-Life business**

(ITLbn)

	Long-term portfolio		Short-term portfolio		Total	
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value
1. Stocks and shares in undertakings	1 330 <sup>13</sup>	294 <sup>25</sup>	665 <sup>37</sup>	691 <sup>49</sup>	995 <sup>61</sup>	985
a) listed stocks	2 328 <sup>14</sup>	292 <sup>26</sup>	663 <sup>38</sup>	689 <sup>50</sup>	991 <sup>62</sup>	981
b) unlisted stocks	3 2 <sup>15</sup>	2 <sup>27</sup>	1 <sup>39</sup>	1 <sup>51</sup>	3 <sup>63</sup>	3
c) shares	4 0 <sup>16</sup>	0 <sup>28</sup>	1 <sup>40</sup>	1 <sup>52</sup>	1 <sup>64</sup>	1
2. Units in investment funds	5 17 <sup>17</sup>	16 <sup>29</sup>	304 <sup>41</sup>	304 <sup>53</sup>	321 <sup>65</sup>	320
3. Bonds and other fixed-income securities	6 7,062 <sup>18</sup>	6,765 <sup>30</sup>	7,899 <sup>42</sup>	7,927 <sup>54</sup>	14,961 <sup>66</sup>	14,691
a1) listed state bonds	7 4,797 <sup>19</sup>	4,526 <sup>31</sup>	5,498 <sup>43</sup>	5,518 <sup>55</sup>	10,296 <sup>67</sup>	10,044
a2) other listed securities	8 1,995 <sup>20</sup>	1,964 <sup>32</sup>	2,203 <sup>44</sup>	2,210 <sup>56</sup>	4,198 <sup>68</sup>	4,174
b1) unlisted state bonds	9 57 <sup>21</sup>	57 <sup>33</sup>	19 <sup>45</sup>	19 <sup>57</sup>	76 <sup>69</sup>	76
b2) other unlisted securities	10 174 <sup>22</sup>	179 <sup>34</sup>	115 <sup>46</sup>	116 <sup>58</sup>	289 <sup>70</sup>	295
c) convertible bonds	11 39 <sup>23</sup>	39 <sup>35</sup>	64 <sup>47</sup>	64 <sup>59</sup>	103 <sup>71</sup>	103
5. Other investments (2)	12 24 <sup>24</sup>	20 <sup>36</sup>	687 <sup>48</sup>	685 <sup>60</sup>	711 <sup>72</sup>	705

(1) Value indicated in the half-yearly accounts

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

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

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

*(ITLbn)*

	Capital and Reserves	Profit for the year	Total shareholders' equity as at 30/06/2001	Total shareholders' equity as at 31/12/2000
<b>Balances on half-yearly accounts of Unipol Assicurazioni</b>	<b>2,106.0</b>	<b>83.5</b>	<b>2,189.5</b>	<b>2,179.7</b>
Difference between the net book value and capital, reserves and profit for the period of the undertakings :				
- included on a line-by-line basis	(61.4)	(23.9)	<b>(85.4)</b>	(42.8)
- included by the equity method	(3.9)	3.0	<b>(0.9)</b>	(3.3)
Elimination of inter-group dividends	19.6	(19.6)	<b>0.0</b>	0.0
Inter-group transactions	(9.9)	(0.1)	<b>(10.1)</b>	(10.0)
Application of group accounting criteria	2.5	(0.1)	<b>2.4</b>	2.9
<b>Balances on consolidated half-yearly accounts - Group</b>	<b>2,052.8</b>	<b>42.7</b>	<b>2,095.5</b>	<b>2,126.5</b>
Minority interests	269.6	6.7	276.3	362.2
<b>Total for the Group, minority interests included</b>	<b>2,322.4</b>	<b>49.4</b>	<b>2,371.8</b>	<b>2,488.7</b>

The negative difference as at 30 June 2001 between the Parent Company's shareholders' equity and the Group shareholders' equity is mainly due to recently-acquired shareholdings



**CONSOLIDATED**

ASSETS	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Subscribed share capital unpaid</b>	0	0	0
<b>B. Intangible assets</b>			
1. Deferred acquisition costs	65	63	68
2. Other assets	26	30	29
3. Differences arising from consolidation	447	376	432
Total	538	469	529
<b>C. Investments</b>			
I - Land and buildings	606	650	632
II - Investments in group undertakings and other participating interests			
1. Stocks and shares	643	603	500
2. Debt securities	19	0	0
3. Corporate financing	0	4	4
Total	663	607	505
III - Other financial investments			
1. Stocks and shares	514	233	437
2. Units in investment funds	166	202	177
3. Bonds and other fixed-income securities	7,727	5,096	7,379
4. Loans	65	55	62
5. Other financial investments	367	165	368
Total	8,839	5,752	8,424
IV - Deposits with ceding undertakings	28	26	25
Total	10,135	7,034	9,586
<b>D. Investments for the benefit of life-assurance policyholders who bear the risk thereof and arising out of pension fund management</b>	3,225	867	2,580
<b>D. bis Technical provisions - reinsurers' share</b>			
I - Technical provisions - Non-Life business	401	366	390
II - Technical provisions - Life business (except those at item III)	418	292	421
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	0	0	0
Total	819	658	811
<b>E. Debtors</b>			
I - Debtors arising out of direct insurance operations	464	372	452
II - Debtors arising out of reinsurance operations	156	127	152
III - Other debtors	195	132	170
Total	815	631	774
<b>F. Other assets</b>			
I - Tangible assets and stocks	15	15	16
II - Cash at bank and in hand	322	168	304
III - Own shares	0	0	4
IV - Other assets	55	48	61
Total	392	231	384
<b>G. Prepayments and accrued income</b>	138	87	113
<b>TOTAL ASSETS</b>	<b>16,061</b>	<b>9,978</b>	<b>14,777</b>

**BALANCE SHEET**

(Amounts in ₹n)

LIABILITIES	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>A. Capital and reserves</b>			
I - Capital and reserves - Group			
1. Subscribed share capital or equivalent funds	35 451	111 146	187 233
2. Free reserves	36 621	112 485	188 814
3. Consolidation reserve	37 -24	113 -10	189 -9
4. Reserve for valuation differences on unconsolidated shareholdings	38 -2	114 0	190 -1
5. Exchange risk reserve	39 0	115 0	191 0
6. Reserve for own shares and holding company's shares	40 13	116 13	192 17
7. Profit (loss) for the period	41 22	117 27	193 43
Total - Group	42 1,082	118 660	194 1,098
II - Capital and reserves - minority interests			
1. Capital and reserves - minority interests	43 139	119 112	195 187
2. Profit (loss) for the period - minority interests	44 3	120 2	196 0
Total - minority interests	45 143	121 114	197 187
Grand total	46 1,225	122 774	198 1,285
<b>B. Subordinated liabilities</b>	47 300	123 0	199 0
<b>C. Technical provisions</b>			
I - Non-Life business			
1. Provision for unearned premiums	48 779	124 751	200 747
2. Provision for claims outstanding	49 2,695	125 2,428	201 2,591
3. Equalization provisions	50 7	126 7	202 7
4. Other provisions	51 1	127 1	203 2
Total - Non-Life business	52 3,483	128 3,187	204 3,348
II - Life business			
1. Mathematical provisions	53 6,607	129 3,771	205 6,370
2. Provision for amounts payable	54 44	130 16	206 53
3. Other technical provisions	55 163	131 61	207 151
Total - Life business	56 6,814	132 3,847	208 6,575
Grand total	57 10,297	133 7,035	209 9,923
<b>D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions</b>	58 3,214	134 867	210 2,579
<b>E. Provisions for other risks and charges</b>	59 29	135 10	211 26
<b>F. Deposits received from reinsurers</b>	60 315	136 206	212 308
<b>G. Creditors and other liabilities</b>			
I - Creditors arising out of direct insurance operations	61 21	137 20	213 28
II - Creditors arising out of reinsurance operations	62 40	138 34	214 31
III - Debenture loans	63 210	139 0	215 210
IV - Amounts owed to credit institutions	64 10	140 415	216 0
V - Sundry borrowings and creditors	65 139	141 431	217 198
VI - Staff leaving indemnity	66 40	142 39	218 39
VII - Other liabilities	67 201	143 126	219 127
Total	68 660	144 1,066	220 634
<b>H. Accruals and deferred income</b>	69 21	145 21	221 21
<b>TOTALE LIABILITIES</b>	70 16,061	146 9,978	222 14,777

**GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS**

I. Guarantees by the Company	71 20	147 18	223 21
II. Guarantees by third parties, including in favour of the Company	72 100	148 194	224 99
III. Commitments	73 1,991	149 1,709	225 1,726
IV. Pension fund assets managed on behalf of third parties	74 88	150 60	226 73
V. Other memorandum accounts	75 13,070	151 7,844	227 12,137
<b>TOTAL MEMORANDUM ACCOUNTS</b>	76 15,269	152 9,825	228 14,057

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>I. TECHNICAL ACCOUNT - NON-LIFE BUSINESS</b>			
1. Earned premiums, net of reinsurance	1 942 <sup>49</sup>	918 <sup>97</sup>	1,817
2. Other technical income, net of reinsurance	2 6 <sup>50</sup>	4 <sup>98</sup>	8
3. Claims incurred, net of sums recoverable and reinsurance	3 743 <sup>51</sup>	749 <sup>99</sup>	1,512
4. Changes in other technical provisions, net of reinsurance	4 0 <sup>52</sup>	0 <sup>100</sup>	0
5. Bonuses and rebates, net of reinsurance	5 0 <sup>53</sup>	0 <sup>101</sup>	2
6. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	6 136 <sup>54</sup>	121 <sup>102</sup>	249
b) Administration expenses	7 59 <sup>55</sup>	66 <sup>103</sup>	126
Total	8 196 <sup>56</sup>	187 <sup>104</sup>	375
7. Other technical charges, net of reinsurance	9 15 <sup>57</sup>	17 <sup>105</sup>	27
8. Change in the equalization provision	10 0 <sup>58</sup>	0 <sup>106</sup>	0
9. Balance on the technical account for non-life insurance business	11 -6 <sup>59</sup>	-32 <sup>107</sup>	-90
<b>II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>			
1. Written premiums, net of reinsurance	12 1,283 <sup>60</sup>	646 <sup>108</sup>	1,168
2. (+) Allocated investment return transferred from the non-technical account (item III.5)	13 123 <sup>61</sup>	118 <sup>109</sup>	199
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	14 40 <sup>62</sup>	19 <sup>110</sup>	32
4. Other technical income, net of reinsurance	15 9 <sup>63</sup>	3 <sup>111</sup>	9
5. Claims incurred, net of reinsurance	16 393 <sup>64</sup>	173 <sup>112</sup>	409
6. Change in the mathematical provision and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	17 246 <sup>65</sup>	184 <sup>113</sup>	273
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	18 635 <sup>66</sup>	346 <sup>114</sup>	553
Total	19 881 <sup>67</sup>	530 <sup>115</sup>	826
7. Bonuses and rebates, net of reinsurance	20 1 <sup>68</sup>	0 <sup>116</sup>	1
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	21 40 <sup>69</sup>	16 <sup>117</sup>	32
b) Administrative expenses	22 18 <sup>70</sup>	13 <sup>118</sup>	26
Total	23 58 <sup>71</sup>	29 <sup>119</sup>	59

**PROFIT AND LOSS**

(Amounts in ₹n)

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
<b>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</b>	24 101	72 26	120 62
<b>10. Other technical charges, net of reinsurance</b>	25 7	73 5	121 10
<b>11. Balance on the technical account for life assurance business</b>	26 14	74 22	122 42
<b>III. NON-TECHNICAL ACCOUNT</b>			
<b>1. Balance on the technical account for non-life business (item I.9)</b>	27 -6	75 -32	123 -90
<b>2. Balance on the technical account for life business (item II.11)</b>	28 14	76 22	124 42
<b>3. Investment income - Non-life insurance business</b>			
a) Income from investments	29 250	77 170	125 347
b) Value re-adjustments on investments	30 11	78 1	126 2
c) Realized gains on investments	31 44	79 97	127 138
Total	32 305	80 268	128 487
<b>4. Investment charges - Non-Life insurance business</b>			
a) Investment management charges, including interest	33 32	81 35	129 71
b) Value adjustments on investments	34 110	82 41	130 78
c) Realized losses on investments	35 2	83 10	131 21
Total	36 143	84 86	132 170
<b>5. (-) Allocated investment return transferred to Life assurance technical account (item II. 2)</b>	37 123	85 118	133 199
<b>6. Other income</b>	38 35	86 14	134 40
<b>7. Other charges</b>	39 43	87 15	135 58
<b>8. Balance on ordinary activities</b>	40 39	88 53	136 52
<b>9. Extraordinary income</b>	41 25	89 3	137 65
<b>10. Extraordinary charges</b>	42 3	90 2	138 22
<b>11. Balance on extraordinary activities</b>	43 22	91 1	139 42
<b>12. Profit before taxation</b>	44 61	92 55	140 95
<b>13. Tax on profit</b>	45 36	93 26	141 51
<b>14. Consolidated profit (loss)</b>	46 26	94 29	142 43
<b>15. Profit (loss) for the period - minority interests</b>	47 3	95 2	143 0
<b>16. Profit (loss) for the period - Group</b>	48 22	96 27	144 43



## Revisione e organizzazione contabile

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

## Review report

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

- 1 We have reviewed the half year report as at and for the six months ended 30 June 2001, comprising the balance sheets, profit and loss accounts and the relative notes, of Compagnia Assicuratrice Unipol S.p.A. both parent company only and consolidated. We have also reviewed that part of the notes describing the activities of the company and the group for the period with the sole objective of verifying consistency with the remainder of the half year report.
- 2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997 and mentioned in ISVAP resolution n. 1207-G dated 6 July 1999. The review of the half year reports of certain subsidiaries, representing approximately 37% and 40% of consolidated assets and consolidated gross premiums respectively, has been performed by other auditors who provided us with their reports thereon. The review consisted primarily of the collection of information relating to the financial data and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than a full scope audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our reports on the annual parent company only and consolidated financial statements, we do not express an opinion on the half year report.
- 3 With regards to the comparative figures relative to the annual financial statements, annual consolidated financial statements and half year report of the previous year, reference should be made to our reports dated 9 April 2001 and 19 October 2000.



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- 4 Based on our review, we are not aware of any material modification or integrations that should be made to the balance sheets, profit and loss accounts and relative notes described in paragraph 1 above for them to be in conformity with Consob guidelines governing preparation of half year reports approved with resolution no. 11971 dated 14 May 1999 and subsequent modifications and integrations, and mentioned in ISVAP resolution n. 1207-G dated 6 July 1999.

Bologna, 12 October 2001

KPMG S.p.A.

(Signed on the original)

Franco Garilli  
*Director of Audit*