

Compagnia Assicuratrice Unipol

Stock Company

Registered Offices in 40128 Bologna - Via Stalingrado 45 – Share capital €508,535,307 fully paid-up

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

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

Consolidated Quarterly Report as at 31 March 2003

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

Bologna, 30 April 2003

Company's Boards and Senior Officials

HONORARY CHAIRMAN

Enea Mazzoli

BOARD OF OF DIRECTORS

CHAIRMAN

MANAGING DIRECTOR

Giovanni Consorte

VICE-CHAIRMAN

MANAGING DIRECTOR

Ivano Sacchetti

BOARD MEMBERS

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

BOARD OF STATUTORY AUDITORS

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

MANAGEMENT

GENERAL AREA MANAGERS

Maria Bettazzoni, *Administration, Accounts and Auditing*
Franco Migliorini, *Personnel, Organization and External Relations*

JOINT GENERAL MANAGERS

Carmelo De Marco, *Insurance Business*
Carlo Cimbri, *Group Finance, Property, Shareholdings and Control*
Riccardo Laurora, *Group IT Systems*

CHIEF MANAGERS

Domenico Brighi / Giancarlo Brunello / Stefano Dall'Aglio /
Salvatore Petrillo

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INTRODUCTION

During these first few months of 2003 the world macroeconomic scenario has been characterized by a general slowdown in economic activity, which has been particularly affected by the geopolitical tensions relating to the Iraq problem and the consequent conflict.

The first indicators are of a lack of alignment between the US economy, which has made a slight recovery, and the European and Japanese economies, which are less dynamic.

In the first three months of the year inflation in the Eurozone was slightly up (+ 2.4%); in Italy the rise in the consumer price index was 2.7% (2.8% in April). The increase in the price of oil, which was linked to the events in the Middle East, drove up the price of crude, which rose as far as USD35 per barrel only to come back down as a

result of the end of the war in Iraq.

The uncertainty arising from the international situation and fears of a drop in company profits were manifested in a generally negative trend in equity markets: at the end of March the Italian Stock Exchange recorded a drop of 8%, with a high degree of day-to-day volatility.

The trend in bond markets recorded a further drop in rates; on 6 March the ECB intervened, reducing the European refinancing rate to 2.50%.

In 2003 too the continuing uncertainty in the US economy and the continuing tense international situation kept the brakes on a world-wide recovery, which at the end of the year could be lower than originally expected. As far as Italy is concerned the growth in GDP is expected to be around 1%, the average for the EU countries.

THE UNIPOL GROUP

During the first quarter of 2003 no significant changes were made to the Group's structure compared with the situation as at 31 December 2002.

However it should be noted that on 14 March

2003 as part of the process of rationalizing its holdings the Parent Company Unipol Assicurazioni sold its holdings in Unieuropa (98%) and in Assicoop Ferrara (47.40%) to the subsidiary Smallpart at their book value.

GENERAL DRAFTING CRITERIA AND BASIS OF CONSOLIDATION

Unipol Group's quarterly report as at 31 March 2003 was drawn up in accordance with Consob Ruling 11971 of 14 May 1999 (Article 82 and Annex 3D).

The general valuation criteria adopted when drawing up the consolidated figures for the period in question are consistent with those used for drawing up the annual and consolidated accounts as at 31 December 2002.

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

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

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

The table below lists the subsidiary companies that fall within the basis of consolidation.

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

Company name - Registered offices	Type of business - Share capital <i>(Amounts in €)</i>	% holding direct	% holding indirect	% Group
Compagnia Assicuratrice Unipol spa Bologna	Insurance and reinsurance € 507,651,510			
Bnl Vita spa Milan	Insurance and reinsurance € 110,000,000	50.00		50.00
Compagnia Assicuratrice Linear spa Bologna	Insurance and reinsurance € 16,000,000	80.00		80.00
Meieaurora spa Milan	Insurance and reinsurance € 190,777,009	84.61		84.61
Navale Assicurazioni spa Ferrara	Insurance and reinsurance € 10,500,000	98.22		98.22
Noricum Vita spa Bologna	Insurance and reinsurance € 16,000,000	51.00		51.00
Quadrifoglio Vita spa Bologna	Insurance and reinsurance € 22,500,000	50.00		50.00
Unisalute spa Bologna	Insurance and reinsurance € 17,500,000	87.44		87.44
Midi srl Bologna	Property € 72,000,000	100.00		100.00
Unifimm srl Bologna	Property € 43,350,000	99.00		99.00
Smallpart spa Bologna	Holding company € 12,000,000	100.00		100.00
Uniservice spa Bologna	Data transmission services € 104,000		99.00 (Smallpart)	99.00

UNDERTAKINGS INCLUDED BY THE EQUITY METHOD

SUBSIDIARIES				
Unipol Banca spa Bologna	Bank € 426,300,000	81.07		81.07
Unipol Fondi Ltd Dublin	Unit trust management € 125,001		100.00 (Unipol Banca)	81.07
Grecale srl Bologna	Loan securitization € 10,000		60,00 (Unipol Banca) 40,00 (Unipol Merchant)	67.36
Unipol Sgr spa Bologna	Financial brokerage € 2,000,000	100.00		100.00
Unieuropa srl Bologna	Market analysis and research € 510,000		98.00 (Smallpart)	98.00
Unisalute Servizi srl Bologna	Healthcare services € 52,000		100.00 (Unisalute)	87.44

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

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

INFORMATION ON THE ECONOMIC AND FINANCIAL POSITION OF THE GROUP

In the first quarter of 2003 business in Group undertakings continued to be positive, in line with the targets of further growth in terms of both turnover and results.

The important features of business to 31 March include the following:

- The Group's premium income, gross of reinsurance cessions, amounted to €2,162m (+67% compared with 31 March 2002) and to €2,055.6m net of reinsurance cessions and of the balance on provisions for unearned premiums for the period (€1,209m as at 31/3/2002); growth in Life business was exceptional and unlikely to be repeated;
- the improvement in the results of core insurance business (€48m compared with €38.2m as at 31/03/2002), as a result of the positive trend in both Life and Non-Life business, continued;
- the total amount of net technical provisions was €17,920m, an increase of €1,328m compared with 31 December 2002 (+8%);
- investments and liquid assets amounted to €19,224m, an increase of €1,538m compared with 31 December 2002 (+8.7%);
- net investment income and capital gains and net trading profits for the period amounted to €157.5m (€124.3m as at 31 March 2002), whereas net value adjustments amounted to €50.6m (€51m as at 31/03/2002).

Investments relating to benefits linked to investment funds and market indices and pension funds (Class D) resulted in net income of €33.2m (net charges of €9.7m as at 31/03/2002);

- net operating expenses, a total of €144.2m, represented 7% of earned premiums (compared with 10.3% as at 31 March 2002) as a result of the extraordinary growth in Life business;
- the consolidated result of ordinary business, after account is taken of the relevant potential value adjustments to investments (€50.6m) and the depreciation relating to the consolidation differences (€7.1m), was €48.5m (€41.1m as at 31/03/2002), an increase of 18% compared with the first quarter of 2002;
- the total gross result amounted to €55.9m (€48.8m as at 31/03/2002). At the end of March net profits pertaining to the Group were €23.8m (+7.7%).

It should be stressed that interim results represent a trend, which must be seen in relation to seasonal factors that affect insurance business, underwriting policies and tariff adjustments adopted, the launch of new products and the trends in the financial market and the overall economic picture. Lastly, these results may be influenced in various ways by extraordinary non-recurrent events.

On the next page is a summary of the profit and loss account at the end of March compared with that for the corresponding period of the preceding financial year and with that for the end of the financial year.

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amounts in €m)

	as at 31/03/2003			as at 31/03/2002			as at 31/12/2002		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
net of reinsurance cessions									
Life written premiums and Non-Life earned premiums	1,549.6	506.0	2,055.6	723.4	485.5	1,209.0	3,678.6	2,037.8	5,716.4
Charges for claims and benefits paid, variations in Life technical provisions and Non-Life provisions for outstanding claims	(1,619.6)	(365.4)	(1,985.1)	(736.3)	(355.0)	(1,091.3)	(3,722.0)	(1,542.1)	(5,264.1)
Operating expenses	(39.5)	(104.7)	(144.2)	(25.3)	(98.7)	(124.0)	(135.1)	(407.0)	(542.1)
Other technical income and charges	4.2	(1.9)	2.3	4.0	(0.7)	3.4	20.1	(4.9)	15.2
Net income (charges) from Class D investments (1)	33.2		33.2	(9.7)		(9.7)	(73.8)		(73.8)
Net investment income allocated to the technical account of Life business	86.2		86.2	50.8		50.8	269.0		269.0
Balance on the technical account	14.0	34.0 ⁽²⁾	48.0	7.1	31.1 ⁽²⁾	38.2	36.8	83.8 ⁽²⁾	120.6
NON-TECHNICAL ACCOUNT									
Net investment income (3)			60.7			65.7			266.9
Balance on other income/charges			(9.5)			(11.8)			(45.5)
Operating result			99.1			92.1			342.1
Net value adjustments			(50.6)			(51.0)			(149.6)
Balance on ordinary activities			48.5			41.1			192.4
Extraordinary income			8.4			8.3			50.3
Extraordinary charges			(1.0)			(0.6)			(14.1)
Profit before taxation			55.9			48.8			228.6
Tax on profit			(27.9)			(23.1)			(107.6)
Profit (loss) - minority interests			4.1			3.6			18.9
PROFIT (LOSS) - GROUP			23.8			22.1			102.1

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

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

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

PREMIUM INCOME

Premiums written as at 31 March 2003 amounted to €2,162m, an increase of 67% compared with 31 March 2002, mainly as a result of the growth achieved in Life business (+113.7% in direct

business).

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

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS

(Amounts in €m)

	31 March comp.		31 March comp.		Var. %	31 December comp.	
	2003	%	2002	%	2003/2002	2002	%
DIRECT ITALIAN INSURANCE BUSINESS							
Non-Life Business							
Accident and Health (classes 1 and 2)	88	4.1	82	6.4	8.1	328	5.5
Land Vehicles - Motor T.P.L. (class 10)	306	14.3	282	22.2	8.5	1,204	20.1
Land Vehicles - Own Damage or Loss (class 3)	53	2.5	50	3.9	5.3	210	3.5
Marine, Aviation and Transport (classes 4, 5, 6, 7, 11 and 12)	10	0.5	9	0.7	9.5	40	0.7
Fire and Other Damage to Property (classes 8 and 9)	50	2.3	49	3.9	1.4	220	3.7
General T.P.L. (class 13)	56	2.6	48	3.8	17.8	207	3.4
Credit and Bonds (classes 14 and 15)	8	0.4	8	0.6	-2.4	30	0.5
Miscellaneous pecuniary losses (class 16)	5	0.2	4	0.3	18.3	22	0.4
Legal Protection (class 17)	3	0.1	2	0.2	11.5	11	0.2
Assistance (class 18)	5	0.2	4	0.3	13.4	19	0.3
Total Non-Life Assurance Business	582	27.2	538	42.4	8.3	2,290	38.1
Life Assurance Business							
I - Life assurance, annuities	640	29.9	276	21.8	131.5	1,652	27.5
III - Ass. linked to investment funds/market indices	392	18.3	406	32.0	-3.4	1,572	26.2
V - Capitalisation operations	522	24.4	39	3.1	1,247.8	471	7.8
VI - Pension funds	6	0.3	9	0.7	-37.0	21	0.3
Total Life Assurance Business	1,560	72.8	730	57.6	113.7	3,717	61.9
Total Direct Italian Business	2,143	100.0	1,268	100.0	69.0	6,006	100.0
INWARD REINSURANCE							
Non-Life Business	17	88.3	23	87.6	-26.1	34	86.7
Life Business	2	11.7	3	12.4	-31.2	5	13.3
Total Inward Reinsurance	20	100.0	27	100.0	-26.8	40	100.0
TOTAL PREMIUM INCOME	2,162		1,295		67.0	6,046	

As at 31 March 2003 premiums ceded totalled €75.5m (€70.8m as at 31/03/2002), a retention rate of 96.5% (94.5% as at 31/03/2002).

Booked premiums were underwritten almost

exclusively in Italy.

As at 31 March 2003 direct premium income for Unipol Assicurazioni and its subsidiaries was as follows (in €m):

Direct premiums	Non-Life	Var.% 2003/2002	Life	Var.% 2003/2002	Total	Var.% 2003/2002	Comp. in %
Unipol Assicurazioni	310	12.2	393	214.3	703	75.2	32.8
Subsidiaries	272	4.1	1,167	92.9	1,439	66.1	67.2
TOTAL DIRECT PREMIUMS	582	8.3	1,560	113.7	2,143	69.0	100.0

The sales network and commercial activity

As at 31 March 2003 the **sales network** consisted of 1,091 exclusive agencies (568 of which were Unipol Assicurazioni agencies and 523 Meieaurora agencies) and of over 1,700 sub-agents.

In Meieaurora, in which work on rationalizing the network of agencies is being finalized (also because of the merger that has taken place between Meie and Aurora), work continued on strengthening the commercial set-up at Head Office in order to direct the growth in the potentials of the sales network.

As regards product development, the principal novelties in the first quarter as far as the **Parent Company** is concerned relate to Life business, in which the situation in the financial markets continues to influence the choices made by savers, who are looking for safer and more prudent types of investment. Two new tariffs, known as 'T 340' and 'T 341', have been introduced in response to this requirement: these are products with capital sum and yield guaranteed and also represent a short-term investment solution since early redemption is allowed with no penalty.

In Non-Life business Unipol agencies have been granted greater underwriting autonomy for the 'Merloni Law T.P.L.' policy in order to provide insured undertakings with a service that is suitable for their needs in terms of both quality and efficiency.

Finally it should be noted that at the end of the quarter the Parent Company began experimenting with installing a device in motor vehicles known as '*Unibox Strada Sicura*', which can transmit information about the vehicle and its position to a 24-hour call-centre and can send a breakdown van or an ambulance direct to the scene of a breakdown or accident.

In individual Life business **Meieaurora** has placed emphasis on the products known as 'Doppio Segno Positivo' (with guaranteed yield) and 'No limits' (with yield linked to the results of the Company's segregated accounts) and has achieved a large increase in results.

In Non-Life business the research stage on some Accident and Health products, to be marketed as from the second quarter of the year, has been completed. The company is continuing its marketing initiatives in the pleasure boats sector and those aimed at specific segments of the market such as families and small and medium enterprises.

In Motor business, **Linear** continues to retain

existing clients and to acquire new clients by using advertising campaigns to attract the best risk profiles and by pursuing a pricing policy that differentiates among types of client. The company uses direct channels of collecting premiums by telephone (via a call centre with around 200 operators) and over the Internet. In the first quarter of 2003 the company obtained approximately 46% of its new business via the Internet (36% of total premium income since the beginning of the year).

In the Health sector, **Unisalute** has continued to increase premium income by selling group 'managed care' policies. The company is also promoting the sale of individual policies to supplement group cover, of welfare products and, via the Internet, of Long Term Care policies.

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

Turning to the **bancassurance sector**, it should be noted that the sales network consists of 316 outlets (belonging to the Cassa di Risparmio in Bologna and the Banca Popolare dell'Adriatico) marketing Noricum Vita's products, 289 outlets belonging to the Banca Agricola Mantovana marketing Quadrifoglio Vita's products, 700 outlets belonging to the BNL Group and approximately 1,200 financial advisers belonging to BNL Investimenti, who make up BNL Vita's sales network.

In bancassurance too, the continuing uncertainty and volatility in the financial markets has continued to favour a marketing strategy aimed at a great degree of personalization and flexibility in the range of products in order to target the different types of client. The traditional products in Class I have been particularly appreciated, both those with guaranteed yield and those linked to the results of segregated accounts. The range of investment products (unit- and index-linked) offered has been mainly concentrated on guaranteed products and, in the case of BNL Vita, on those characterized by a coupon flow.

Finally, in the **banking sector**, **Unipol Banca** is continuing to consolidate its presence locally, with, as at 31 March 2003, 176 branches (63 of which are integrated with Unipol Assicurazioni insurance agencies). The sales network also includes 57 finance shops and 420 financial advisers.

The company also uses direct sales channels (teleshopping) and the major Unipol agencies (which during 2003 will be gradually joined by Meieaurora's agencies), which market standardized

banking products. Unipol Banca's marketing policy continues to be characterized by the development of marketing initiatives intended to take advantage of client synergies provided by the Group's insurance business. Work is also continuing on marketing Unipol Assicurazioni Life policies, which began in May 2002 (premium income of around €21m in the first quarter of 2003).

Life business and pension funds

Premiums written in the quarter under review amounted to a total of €1,562.4m, an increase of 113% over 31 March 2002, a substantial contribution to this being made by Class V (capital redemption operations), which rose from €39m to €522m (+€483m), and by Class I, which rose from €276m to €640m (+€364m).

These results, which were exceptional, were mainly due to lack of confidence on the financial markets, which in fact favoured Life business (in particular products with a low risk content), and to the acquisition of some major one-off contracts in Class V (€177m for the Parent Company alone).

A further contribution to growth in the first quarter of 2003 was provided by the launch of new products, which were popular with clients. Special mention must be made of the success achieved by a tranche of €244m issued by the subsidiary BNL Vita in index-linked business, which was fully subscribed within a few days.

The Parent Company had total premium income of €395.4m, an increase of 208% compared with the same period of the previous financial year, while premiums written by Meieaurora rose to €144.4m (+171.5%).

The total premium income of €1,022.6m of the three bancassurance companies showed an increase of 85.3% compared with the situation as at 31 March 2002.

Turning to benefits, as at 31 March 2003 payments for matured policies, surrenders and claims for all the companies in the Group for direct business reached a total of €413.1m (+45.6% compared with 31/03/2002).

The incidence of management costs on the relevant premiums was 2.6% (3.5% as at 31 March 2002).

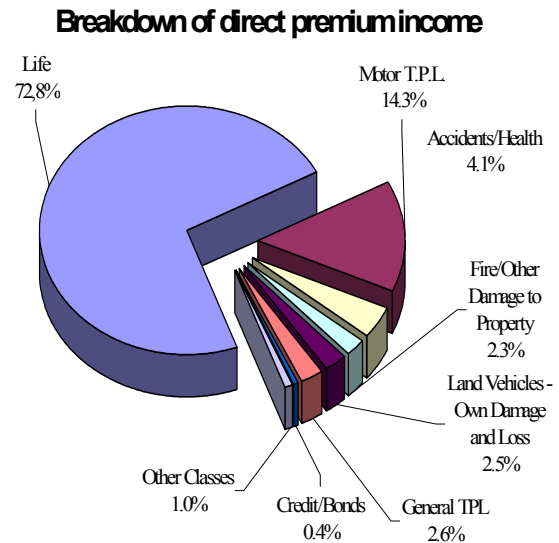
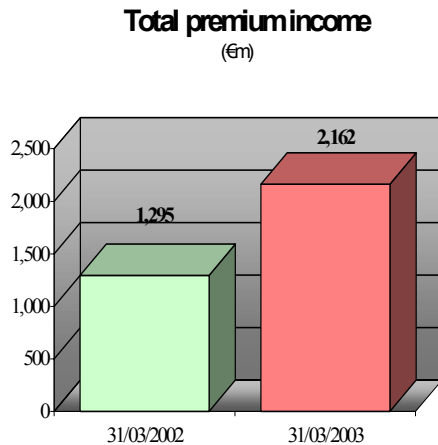
Pension funds

The first few months of 2003 have seen a general upturn in business in the supplementary pensions sector with the publication of new calls for tenders (for the selection of administrators, custodians and investment managers) and with the organization of seminars and public lectures on the subject of pensions.

As regards occupational pension funds, Unipol Assicurazioni is continuing to manage mandates already in force and, in addition, the agreement with the 'Fondo Arco' is currently being evaluated by COVIP, the 'Fon.Te'. and 'Fondartigiani' agreements are still being drawn up and the outcomes of the last two bids ('Eurofer' and 'Fondo Gomma Plastica') are currently awaited.

At the end of the quarter total resources managed amounted to €199.2m.

As regards open-end pension funds, at the end of March the assets of the three funds 'Unipol Futuro', 'Unipol Previdenza' and 'Unipol Insieme' totalled €38m and approximately 7,000 members. The overall trend in new membership can be considered to be positive. Satisfactory results have been obtained particularly from preferred group memberships, managed by specialist departments at Head Office; in the first quarter, in particular, two new contracts were concluded and new negotiations began, some of which involve the transfer of sizable provisions from other investment managers.



Non-Life business

Premium income during the first quarter amounted to €599.7m (+6.8% compared with the first quarter of 2002; +8.3% in direct business).

The trend in income growth recorded in the previous financial year continued, covered all types of business and continued to be characterized by selective underwriting policies designed to safeguard the technical result. In the case of Motor T.P.L., the dynamics that formed the basis for income growth in the previous financial year continued and were characterized by greater demand for insurance cover, as were the additional guarantees linked to Motor cover, and by a greater level of client retention.

In particular, growth in premium income from direct business for the Parent Company, which amounted to €310.1m, was an increase of 12.2% compared with the same period in the previous financial year.

Meieaurora collected premium income of €201.9m (-1.1%) from direct business, which continues to be affected by the policy of carefully reviewing the portfolio.

The three specialist companies (Linear, Unisalute and Navale) had premium income of €70.5m (+22.7%).

As regards new regulations introduced during the first quarter of 2003, those that are of greatest relevance for the sector are mentioned below.

The Decree issued by the Ministry of Production on 10 January 2003 provided for a reduction in the

contribution due from companies to the Guarantee Fund for the Victims of Road Accidents (Fondo di Garanzia per le Vittime della Strada – FGVS) from 3% to 2.5%, which affects all Motor T.P.L. premiums received as from 1 January 2003. Once again Unipol and the other undertakings in the Group have passed on the full benefit to their policyholders.

With reference to the events linked to policyholders' applications for repayment of Motor T.P.L. premiums, the Government issued Decree Law 18 on 8 February 2003 (which became law on 2 April 2003), under which the competence of Justices of the Peace to pass judgement according to equity has been raised to €1,100 and disputes initiated as from 10 February 2003 relating to 'group' policies have been excluded from judgement according to equity. Since this Decree came into effect the trend in applications and in the number of cases has slowed down in view of the fact that the decision in law allows companies to put forward their own reasons and to appeal to the Court against any judgements that go against them.

On 25 March 2003 ISVAP issued Circular 502/D 'Provisions relating to compulsory Motor T.P.L. insurance', under which it intends to improve transparency in the market and relations between insurers and policyholders by means of a series of measures covering the key points of the reform of the sector approved in November 2002 (which is due to come into effect on 1 May 2003).

Technical performance in Non-Life business and reinsurance

Non-Life business produced a positive technical balance of €34m as at 31 March 2003, compared with €31.1m as at 31 March 2002.

The net loss ratio, including settlement costs, was 72.2% (73.1% as at 31 March 2002).

Claims paid for direct business, net of sums recovered, were €327.6m (+24.7% compared with 31/03/2002).

The number of direct claims made as at 31 March 2003 was slightly up overall on the corresponding figure for 31 March 2002.

In particular the increases for the Parent Company were higher for personal cover, as a result of major industrial and sector policies and of new group policies with public and private bodies characterized

by a high loss ratio with low average costs. As regards Motor policies, the loss ratio still shows a slightly downward overall trend.

The ratio of operating expenses to earned premiums was 20.7% (20.3% as at 31/03/2002).

As at 31 March 2003 the combined ratio (ratio of claims and net operating expenses to net earned premiums) was 92.9% (93.4% as at 31/03/2002).

Outward reinsurance schemes did not alter significantly compared with the previous financial year. The favourable technical trend produced a positive result for the quarter for reinsurers of proportional types of cover. In the case of non-proportional types of cover, excess of loss cover for Motor T.P.L., General T.P.L. and Motor risks other than T.P.L. were marginally affected. The remaining types of non-proportional cover were not affected by specific loss ratios.

TECHNICAL PROVISIONS

As at 31 March 2003, the total amount of net technical provisions was €17,920m, an increase of €1,328m compared with 31 December 2002 (+8%). They are made up as follows (in millions of €):

	31/3/2003	31/3/2002	31/12/2002
Life business	9,008	6,723	8,028
'D' Line provisions''(*)	5,440	4,308	5,160
Non-Life business	3,472	3,284	3,404
Total	17,920	14,315	16,592

(*) Lines III and VI of Life business

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

OPERATING EXPENSES

Net operating expenses as at 31 March 2003, which include acquisition and renewal commissions and other acquisition and administrative expenses, amounted to a total of €144.2m (€124m as at 31/03/2002).

They represented 7% of overall earned premiums (10.3% as at 31/03/2002 and 9.5% as at 31/12/2002), considerably down as a result of the increasing contribution made by Life business in overall Group management.

As at 31 March 2003 the insurance companies in the Group had 2,908 employees, a net increase of

13 compared with the situation as at 31 December 2002. The number of people employed by Unipol Banca on the same date was 1,148.

During the first quarter of 2003, training continued both for the call-centre and head office staff, as well as for the sales forces.

Finally it should be noted that during the quarter, after the changes to the operating systems carried out in 2002, joint Claims-Handling Centres for Unipol, Meieaurora and Linear were introduced with the aim of rationalizing procedures for handling claims, improving the service to users and keeping costs down.

INVESTMENTS AND LIQUID ASSETS

As at 31 March 2003 the Group's investments and liquid assets, net of depreciation on property and net value adjustments on securities arising from trends in regulated markets, reached a total of €19,224m, an increase of €1,538m (+8.7%) compared with the situation as at 31 December

2002 and an increase of €3,838m compared with the situation as at 31 March 2002 (+24.9%).

Types of investment and variations compared with 31 December 2002 and with 31 March 2002 are shown in the following table.

INVESTMENTS AND LIQUID ASSETS								
<i>(Amounts in €m)</i>								
	31/03/2003	comp.	31/03/2002	comp.	var.	31/12/2002	comp.	var.
	(a)	%	(b)	%	%	(c)	%	%
					(a/b)			(a/c)
Land and buildings	495	2.6	620	4.0	-20.1	521	2.9	-5.0
Investments in Group undertakings and other participating interests								
- Stocks and shares	1,108	5.8	844	5.5	31.2	921	5.2	20.2
- Debt securities	36	0.2	0	0.0		33	0.2	10.1
Total	1,144	5.9	844	5.5	35.5	954	5.4	19.9
Other financial investments								
- Stocks and shares	487	2.5	303	2.0	60.9	317	1.8	53.9
- Units and shares in investment funds	110	0.6	144	0.9	-23.6	131	0.7	-16.0
- Bonds and other fixed-income securities	9,980	51.9	8,395	54.6	18.9	8,502	48.1	17.4
- Loans	71	0.4	68	0.4	5.6	71	0.4	0.3
- Sundry financial investments (1)	667	3.5	357	2.3	86.8	1,183	6.7	-43.6
Total	11,317	58.9	9,267	60.2	22.1	10,204	57.7	10.9
Deposits with ceding undertakings	27	0.1	25	0.2	8.1	27	0.2	0.1
Investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management								
- Investment funds and market indices	5,397	28.1	4,273	27.8	26.3	5,118	28.9	5.4
- Pension funds	48	0.3	35	0.2	36.6	43	0.2	11.3
Total	5,445	28.3	4,309	28.0	26.4	5,162	29.2	5.5
Other assets								
- Bank and postal deposits, cash	786	4.1	321	2.1	144.9	810	4.6	-2.9
- Own shares	10	0.1	0	0.0		7	0.0	34.1
Total	796	4.1	321	2.1	147.9	818	4.6	-2.6
TOTAL INVESTMENTS AND LIQUID ASSETS	19,224	100.0	15,386	100.0	24.9	17,686	100.0	8.7

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

Land and buildings

As at 31 March 2003 the Group's property amounted to €495m, a net decrease of €26m (-5%) compared with 31 December 2002, mainly as a result of disposals of buildings by Meieaurora.

Investments in Group undertakings and other participating interests

At the end of the quarter, resources invested in stocks and shares of Group undertakings and other participating interests totalled €1,108m, a net increase of €187m compared with the position as at 31 December 2002, owing to the investments made

by the Parent Company Unipol, mainly in the participating interests Unipol Banca (subscription of the increase in share capital for a total of €149.8m) and Hopa (acquisition of 1% of the share capital for €35.3m).

Own shares and shares in the Holding Company

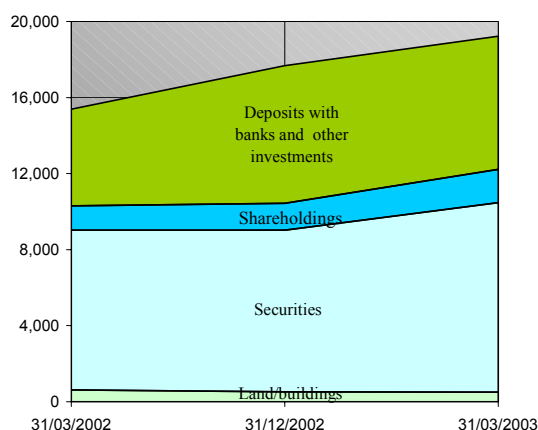
The balance of own shares was €10m and corresponds to 1,834,195 ordinary shares with a nominal value of €1,834K owned by the Parent Company and to 1,495,825 preference shares with a nominal value of €1,496K owned by subsidiary companies.

As regards the Holding Company Finsoe spa, during the first quarter of 2003 no operations on shares were made and therefore as at 31 March 2003 no shares were held in this company.

Other financial investments

As at 31 March 2003 financial investments (net of potential value adjustments) amounted to €11,317m, a net increase of €1,113m compared with 31 December 2002 (+10.9%), mainly thanks to the increase recorded in bonds and fixed-income securities (+€1,478m) and to the decrease (-€516m) in sundry financial investments, almost entirely made up of repo transactions.

Investments (€m)



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

These investments totalled €5,445m, as against €5,162m as at 31 December 2002 (+5.5%), and reflect the growth during this period in unit-linked

and index-linked Life products marketed by the Parent Company and by subsidiaries operating in Life businesses. These investments, which are mainly made up of units and shares in investment funds and bonds, are valued at their current value, in strict correlation with the valuation of the relative liabilities (technical provisions).

Assets managed on behalf of pension funds amounted to €48m, compared with €43m as at 31 December 2002 (+11.3%).

Other assets

At the end of the first quarter the Group's deposits with banks amounted to €786m, as against €810m as at 31 December 2002 (-2.9%).

Debenture loans

As at 31 March 2003 there were four subordinated debenture loans totalling €337m (corresponding to the nominal value) issued by the following companies (in €m):

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

€300m related to the subordinated callable notes issued by the Parent Company in May 2001. These subordinated callable notes, which are listed on the Luxembourg Stock Exchange, are due on 15 June 2021 but can be repaid at the option of the issuer from 15 June 2011.

Loans issued by the other companies are not listed and are for a period of five years.

The total amount of interest for the first quarter was €5.8m.

INVESTMENT INCOME

As at 31 March 2003 net investment income and capital gains for the period amounted to €157.5m (€124.3m as at 31 March 2002), €7.5m of which was extraordinary income (€7.7m as at 31/03/2002). The net results of investments relating to internal

funds (Class D investments) were positive to the tune of €33.2m (-€9.7m as at 31/03/2002).

Net value adjustments on investments (including depreciation) brought down the result for the period by €50.6m (€51m as at 31/03/2002).

SHAREHOLDERS' EQUITY

As at 31 March 2003 capital and reserves pertaining to the Group, including the profit for the period net of the share of the profits for the 2002 financial year allocated to dividends, amounted to €1,311.7m.

Capital and reserves pertaining to minority interests amounted to €167.4m.

As regards Unipol Assicurazioni's capital and reserves, during the first quarter of 2003 subscription rights (which will cease on 20 June 2005) for new ordinary and preference shares continued to be exercised by holders of warrants linked to shares and bonds issued in July 2000.

Following these subscriptions shareholders' equity

levels rose by €6.2m compared with 31 December 2002, corresponding to 1,941,100 ordinary shares and 14,347 preference shares.

The share capital as at 31 March 2003 therefore amounted to €507,651,510, consisting of 323,201,414 ordinary shares and 184,450,096 preference shares.

Up to the same date 109,239,898 ordinary share warrants and 197,960,422 preference share warrants had not been exercised.

As at 28 April 2003 the stock exchange market value of Unipol Assicurazioni shares was €1,675m (€1,586m as at 31/12/2002).

BANKING / SAVINGS MANAGEMENT / MERCHANT BANKING

Unipol Banca

Unipol Banca's distribution network was further strengthened during the quarter with the opening of 3 new branches, bringing the number of bank outlets to 176 (173 at the end of 2002), whilst another 6 branches are in the process of being opened. As at 31 March 2003 there were 57 finance shops and the number of financial advisers rose to 420.

The main activity carried out in the first quarter of the financial year was transferring the database held by the 60 outlets acquired from the Capitalia Group at the end of 2002 and beginning work on reorganizing this database as part of the scheme to extend Unipol Banca's IT system and to perfect operational procedures in order to increase productivity. The acquisition of the outlets in question was financed by an increase in capital of €184.7m, which was completed during January 2003 and fully subscribed by shareholders.

The marketing network continued to cooperate with the Group's insurance sector with the aim of increasing the volumes of deposits and investments. As at 31 March 2003 direct customer deposits had risen to €2,057m (€1,077m as at 31/3/2002) and assets under administration exceeded €8,800m, €1,104m of which was from managed savings (€6,600m as at 31/3/2002, €530m of which was from managed savings). These volumes, up on the 1st quarter of 2002

largely owing to customer deposits with the 60 outlets acquired at the end of 2002, allowed Unipol Banca to reach a gross operating income of €30.7m at the end of the period under review, compared with €19.3m as at 31 March 2002 (+59%).

Unipol Fondi

During the quarter substantial numbers of units continued to be distributed for Unipol Fondi through Unipol Banca's sales network (bank outlets and financial advisers).

As at 31 March 2003 assets under management rose to €356m, compared with €272m at the end of 2002 (+31%).

Unipol Merchant

The usual merchant banking activities continued during the quarter. The Company expects that the procedure for authorizing it to carry out banking business, currently being evaluated by the Banca d'Italia, will soon be completed. In the meantime the necessary adjustments have been made to the organisational structure by setting up a *Credit Section*, drawing up a marketing scheme (in cooperation with Unipol Banca's *corporate* branches) and developing products to be offered to *corporate* clients.

SIGNIFICANT EVENTS AFTER 31 MARCH 2003 AND BUSINESS OUTLOOK FOR THE CURRENT FINANCIAL YEAR

There were no significant events during the period following the end of the quarter and the activities of the Parent Company and of the other companies proceeded as normal.

The outlook for the Group's income for the current year is positive and is mainly based on the improvements achieved in core business.

The results for the first quarter are in line with progress expected at the end of the financial year.

Bologna, 30 April 2003

The Board of Directors

