

Compagnia Assicuratrice Unipol

Stock Company

Registered and Head Offices in Bologna - Via Stalingrado 45 – Share capital € 911,580,733 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 2004

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

Bologna, 29 April 2004



Translation from the original Italian text.

Company's Boards and Officials

HONORARY CHAIRMAN

Enea Mazzoli

BOARD OF DIRECTORS

CHAIRMAN

MANAGING DIRECTOR

Giovanni Consorte

VICE CHAIRMAN

MANAGING DIRECTOR

Ivano Sacchetti

BOARD MEMBERS

Antonio Silvano Andriani / Jean Dominique Antoni
Francesco Boccetti / Rocco Carannante / Claudio Casini
Piero Collina / Bruno Cordazzo / Pier Luigi Fabrizi
Jacques Forest / Vanes Galanti / Emilio Gnutti
Claudio Levorato / Ivan Malavasi / Riccardo Margheriti
Enrico Migliavacca / Massimo Pacetti / Marco Pedroni
Aldo Soldi / Giuseppe Solinas / Pierluigi Stefanini
Graziano 'Trere' / Marco Giuseppe Venturi / Mario Zucchelli

BOARD OF STATUTORY AUDITORS

Umberto Melloni, Chairman
Carlo Cassamagnaghi / Luigi Capè
Marco Baccani / Roberto Chiusoli (Alternate Members)

PRINCIPAL OFFICIALS

AREA GENERAL MANAGER

Franco Migliorini, *Personnel, Organisation and External Relations*

JOINT GENERAL MANAGERS

Carlo Cimbri, *Investments, Property, Shareholdings and Control*
Carmelo De Marco, *Insurance Business*
Riccardo Laurora, *IT Systems*
Salvatore Petrillo, *Administration and Accounting*

CENTRAL MANAGERS

Domenico Brighi / Giancarlo Brunello / Federico Corradini
Stefano Dall'Aglio / Francesco Montebugnoli / Stefano Scavo

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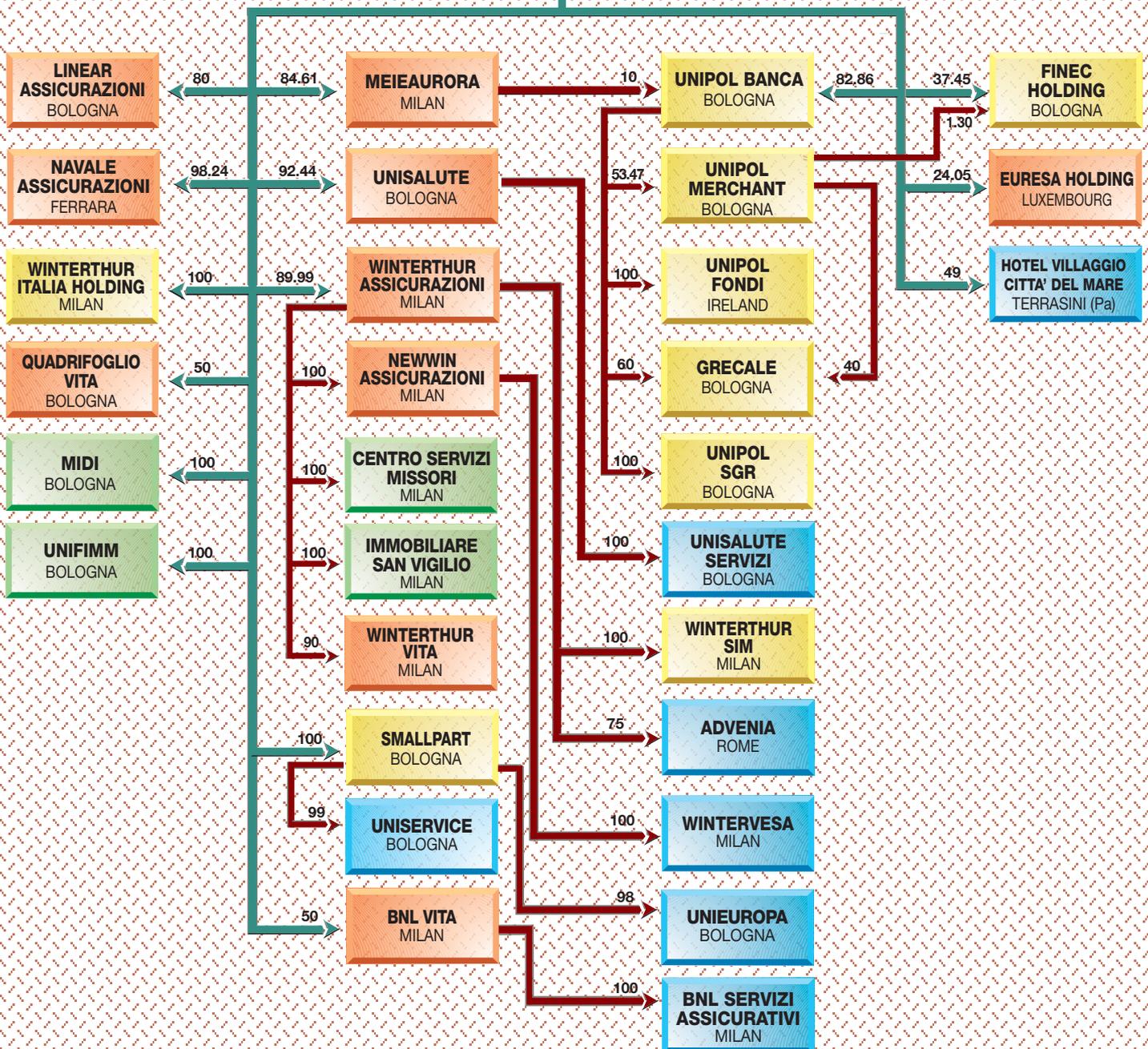
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BASIS OF CONSOLIDATION AS AT 31 MARCH 2004



LINE-BY-LINE

EQUITY METHOD



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

INTRODUCTION

During these first few months of 2004 the macroeconomic scenario has been characterized by less optimism regarding the growth forecasts for the current year.

There are many areas of uncertainty arising from the international tensions which have resulted from a worsening of the Iraqi situation and the resumption of wide-ranging terrorist activities, but also due to the United States' political-economic cycle, especially in relation to November's election result.

Estimates relating to GDP were revised downwards and, in this first quarter of 2004, it is also clear that the reasonably steady performance of the American economy is not in line with the notable difficulties still encountered by the European economies, particularly Italy's, where GDP growth of around 1% is currently forecast for 2004.

In Europe, inflation is slowing down (+1.7% in March); Italy, where it has remained at +2.3% for several months, is above the European average.

Raw material costs are showing a definite upward trend owing to increases in energy prices; oil in particular has risen to more than USD34 a barrel.

There has also been uncertainty on the financial markets, owing to economic fundamentals and the international context.

The events of the last month have led to a weakening in the main international stock markets such that a general downward trend was recorded in March; in Italy the variation since the start of the year remains positive (+ 2.2%).

The performance of the European bond markets has shown positive indications of progress towards lower rates.

To date there have been no interventions by the Central Banks; the expectations are for a rise in medium and long-term rates for 2004, with further deterioration in 2005. An increase in short-term rates is forecast for the final part of the current year.

THE UNIPOL GROUP

During the first quarter of 2004, the plan to integrate the Winterthur Italia Group companies and Meieaurora was launched, establishing 'Aurora Assicurazioni', the third multi-branch Italian insurance company, with pro-forma premium income for 2003 of around €3.2bn.

This plan, approved by the Shareholders' Meetings of Winterthur Assicurazioni, NewWin Assicurazioni and Meieaurora, consisted of the following operations, for which the necessary authorizations were obtained from the Supervisory Bodies:

- Purchase by Winterthur Assicurazioni of 60.22% of the capital of Winterthur Vita from Unipol Assicurazioni, of which it already held 29.78% purchased from Winterthur Italia Holding in December 2003. The transaction was executed on 22 January 2004;
- Free capital increase for Winterthur Assicurazioni by means of an increase in the nominal unitary value of shares from €5.16 to €5.67, with a subsequent split to €0.27 to bring the nominal values of the shares of those companies involved in the conferment and merger operation more into line, as shown below. The capital increase was effective from 30 March 2004;
- conferment on Winterthur Assicurazioni by

Unipol Assicurazioni, of a 54% controlling stake of Meieaurora's capital, by means of a reserved capital increase with premium, executed on 14 April 2004;

- merger by incorporation of Meieaurora and NewWin Assicurazioni into Winterthur Assicurazioni, which simultaneously changed its company name to Aurora Assicurazioni. The merger came into legal effect from 19 April ult., whereas it was effective for accounting and tax purposes from 1 January 2004.

The final stage of the plan described above will be the incorporation of Winterthur Vita into Aurora Assicurazioni spa, which came into being on 20 April last.

On 26 February 2004 Unipol Assicurazioni signed a preliminary agreement with Fondo Immobiliare Whitehall for the purchase of a real estate complex located in San Donato Milanese (MI) and known as 'E Tower', which is intended to house the single registered office of Aurora Assicurazioni.

The other more significant events which characterized the quarter which has just ended concern the following changes to shareholdings and subscriptions to capital increases:

- on 23 January 2004 Unipol Assicurazioni subscribed €9m to Finec Holding's capital increase, retaining its own shareholding unchanged. At Group level the total shareholding fell to 38.08%;
- on 29 January 2004 Unipol Assicurazioni ceded to Unipol Banca its entire 100% holding in Unipol Sgr, realizing a capital gain of around €15K.
- on 23 March 2004 Unipol Assicurazioni made a payment of €20m into Navale Assicurazioni, in relation to a future increase in share capital;
- on 30 March 2004 the Board of Directors of Navale Assicurazioni, under the mandate conferred on it by the Extraordinary Meeting of 5 September 2003, resolved on an increase in share capital from €10.5m to €26.25m, by issuing 15,750,000 shares each having a nominal value of €1, at a price of €1.60 each;
- on 29 March 2004 Unipol Assicurazioni acquired the 5% share in Unisalute held by the company Reale Mutua di Assicurazioni, taking its holding from 87.44% to 92.44%, at a cost of €3.2m.

GENERAL DRAFTING CRITERIA AND BASIS OF CONSOLIDATION

Consolidation criteria

Unipol Group's quarterly report as at 31 March 2004 was drawn up in accordance with Consob Ruling 11971 of 14 May 1999 (Article 82 and Annex 3D).

The valuation criteria adopted when drawing up the consolidated figures for the period in question are consistent with those used for drawing up the consolidated accounts as at 31 December 2003.

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.

Basis of consolidation

No changes have been made to the basis of consolidation compared to 31 December 2003, so as at 31 March 2004 the Unipol Group is composed of 10 insurance companies, 4 real estate companies, 2 financial holding companies and one service company, all consolidated on a line-by-line basis. Twenty-six companies, in addition, were valued by the equity method.

It can also be seen that, with regard to the structure of the Group as it stood as at 31 March 2003, the basis of consolidation included 9 companies relating to the Winterthur Italia Group (acquired by Unipol Assicurazioni in September 2003), whilst one had left (Noricum Vita, sold in December 2003).

The following table lists the subsidiary companies included in the basis of consolidation.

UNDERTAKINGS INCLUDED ON A LINE-BY-LINE BASIS

Company name - Registered offices	Type of business - Share capital (€)	% holding direct	% holding indirect	% Group
Compagnia Assicuratrice Unipol spa Bologna	Insurance and reinsurance € 908,102,691			
Bnl Vita spa Milan	Insurance and reinsurance € 110,000,000	50.00		50.00
Compagnia Assicuratrice Linear spa Bologna	Insurance and reinsurance € 19,300,000	80.00		80.00
Meieaurora spa Milan	Insurance and reinsurance € 190,777,009	84.61		84.61
Navale Assicurazioni spa Ferrara	Insurance and reinsurance € 10,500,000	98.24		98.24
NewWin Assicurazioni spa Milan	Insurance and reinsurance € 5,200,000		100.00 (Winterthur Assic.)	89.99
Quadrifoglio Vita spa Bologna	Insurance and reinsurance € 27,200,000	50.00		50.00
Unisalute spa Bologna	Insurance and reinsurance € 17,500,000	92.44		92.44
Winterthur Assicurazioni spa Milan	Insurance and reinsurance € 142,250,230	89.99		89.99
Winterthur Vita spa Milan	Insurance and reinsurance € 117,000,000		90.00 (Winterthur Assic.)	80.99
Centro Servizi Missori srl Milan	Property company € 26,000		100.00 (Winterthur Assic.)	89.99
Immobiliare San Vigilio spa Milan	Property company € 6,713,980		100.00 (Winterthur Assic.)	89.99
Midi srl Bologna	Property company € 72,000,000	100.00		100.00
Unifimm srl Bologna	Property company € 43,350,000	100.00		100.00
Winterthur Italia Holding spa Milan	Holding company € 132,600,000	100.00		100.00
Smallpart spa Bologna	Holding company € 12,000,000	100.00		100.00
Uniservice spa Bologna	Data transmission services € 104,000		99.00 (Smallpart)	99.00

UNDERTAKINGS INCLUDED BY THE EQUITY METHOD

SUBSIDIARIES				
Unipol Banca spa Bologna	Bank € 426,300,000	82.86	10.00 (Meieaurora)	91.32
Unipol Fondi Ltd Dublin	Unit trust management € 125,001		100.00 (Unipol Banca)	91.32
Unipol Merchant - Banca per le Imprese spa Bologna	Bank € 99,613,806		53.47 (Unipol Banca)	48.83
Winterthur Sim spa Milan	Financial brokerage € 2,582,000		100.00 (Winterthur Assic.)	89.99
Grecale srl Bologna	Loan securitization € 10,000		60,00 (Unipol Banca) 40,00 (Unipol Merchant)	74.32
Unipol Sgr spa Bologna	Financial brokerage € 5,000,000		100.00 (Unipol Banca)	91.32
Unieurospa srl Bologna	Market analysis and research € 510,000		98.00 (Smallpart)	98.00
Unisalute Servizi srl Bologna	Healthcare services € 52,000		100.00 (Unisalute)	92.44
Advenia srl Rome	Insurance agency € 100,000		75.00 (Winterthur Assic.)	67.49
Wintervesa srl Milan	Insurance agency € 100,000		100.00 (NewWin Assic.)	89.99
Bnl Servizi Assicurativi srl Milan	Insurance agency € 10,400		100.00 (Bnl Vita)	50.00

The other associated and affiliated companies, included by the equity method, are as follows: Hotel Villaggio Città del Mare spa, Finec Holding spa, A.P.A. spa, AR.CO. Assicurazioni spa, Assicoop Ferrara spa, Assicoop Firenze 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 2004 Group undertakings continued their positive trend, in line with growth targets.

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

- The Group's premium income, gross of reinsurance cessions, amounted to €2,418m (+11.8% compared with 31/3/2003; -3.2% on the same basis of consolidation, due to the strong, non-repeatable growth which occurred in the bancassurance sector during the first quarter of 2003) and to €2,285.3m net of reinsurance cessions and of the balance on provisions for unearned premiums for the period (€2,055.6m as at 31/3/2003);
- The result on the technical account for insurance business amounted to €75.6m (€48m as at 31/3/2003);
- the total amount of net technical provisions was €25,772m, an increase of €992m compared with 31 December 2003 (+4%);
- investments and liquid assets amounted to €27,795m, an increase of €1,410m compared with 31 December 2003 (+5.3%);
- net investment income for the period and net profits from disposals and trading amounted to €206.1m (€157.5m as at 31/3/2003), net value adjustments on investments were a positive amount of €28.4m as a result of the steady price recovery enjoyed by the bond sector. As at 31 March 2003 these adjustments were a negative amount of €50.6m.

Investments relating to benefits linked to investment funds, market indices and pension funds (Class D) resulted in net income of €134.6m (€33.2m as at 31/3/2003);

- net operating expenses, amounting to €230.3m, in total, showed a net incidence on relevant premiums of 10.1% (7% as at 31/3/2003, the incidence being determined by the greater percentage weighting of Life business in the first quarter of 2003);
- the consolidated result of ordinary business, after account is taken of the relevant positive value adjustments on investments (€28.4m) and the depreciation relating to consolidation differences (€16.2m), was €118.5m (€48.5m as at 31/3/2003);
- the total gross result amounted to €117.8m (€55.9m as at 31/3/2003). At the end of March, net profits pertaining to the Group were €50.3m (€23.8m as at 31/3/2003), +111.5%.

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 financial market trends in the overall economic picture. Lastly, these results may be influenced in various ways by extraordinary non-repeatable 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 preceding financial year and with that for the end of the financial year.

SUMMARY OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ million)

	31 March 2004			31 March 2003			31 December 2003		
	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	1,436.7	848.5	2,285.3	1,549.6	506.0	2,055.6	4,601.8	2,480.0	7,081.8
Charges for claims and benefits paid, variations in Life technical provisions and Non-Life provisions for outstanding claims	(1,650.9)	(624.0)	(2,274.9)	(1,619.6)	(365.4)	(1,985.1)	(5,143.9)	(1,809.5)	(6,953.4)
Operating expenses	(43.2)	(187.2)	(230.3)	(39.5)	(104.7)	(144.2)	(159.3)	(536.0)	(695.4)
Other technical income and charges	0.6	(4.9)	(4.2)	4.2	(1.9)	2.3	22.3	1.9	24.2
Net income (charges) from Class D investments (1)	134.6		134.6	33.2		33.2	314.3		314.3
Net investment income allocated to the technical account of Life business	165.3		165.3	86.2		86.2	398.6		398.6
Balance on the technical account (2)	43.1	32.5	75.6	14.0	34.0	48.0	33.6	136.3	170.0
NON-TECHNICAL ACCOUNT									
Net investment income (3)			39.6			60.7			239.1
Balance on other income/charges			(25.1)			(9.5)			(54.8)
Net value adjustments			28.4			(50.6)			(101.8)
Balance on ordinary activities			118.5			48.5			252.5
Extraordinary income			5.6			8.4			72.2
Extraordinary charges			(6.3)			(1.0)			(21.4)
Profit before taxation			117.8			55.9			303.3
Tax on profit			(53.9)			(27.9)			(125.9)
Profit (loss) - minority interests			13.6			4.1			29.9
PROFIT (LOSS) - GROUP			50.3			23.8			147.5

(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 period.

(2) Investment returns are not allocated to the Non-Life insurance technical account in the consolidated profit and loss account.

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

PREMIUM INCOME

Premiums written as at 31 March 2004 amounted to €2,418m, an increase of 11.8% compared with 31 March 2003.

Using the same basis of consolidation to compare to 31 March 2003, hence excluding premiums relating to Noricum Vita (sold on 3/12/2003) and those relating to the new companies purchased

during 2003 (amounting to €438.6m), there would have been a decline of 3.2% in premium income (+4.1% for Non-Life business and -6.3% for Life 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.	
	2004	%	2003	%	2004/2003	2003	%
DIRECT ITALIAN INSURANCE BUSINESS							
Non-Life Business							
Accident and Health (classes 1 and 2)	127	5.3	88	4.1	44.2	395	5.3
Land vehicles - T.P.L. (class 10)	509	21.3	306	14.3	66.6	1,476	19.8
Land vehicles - Own damage or loss (class 3)	90	3.8	53	2.5	71.8	254	3.4
Marine, Aviation and Goods in transit (classes 4, 5, 6, 7, 11 and 12)	14	0.6	10	0.5	36.6	43	0.6
Fire and Other damage to property (classes 8 and 9)	85	3.5	50	2.3	70.8	279	3.7
General T.P.L. (class 13)	89	3.7	56	2.6	59.3	270	3.6
Credit and Bond (classes 14 and 15)	12	0.5	8	0.4	49.6	34	0.5
Miscellaneous pecuniary losses (class 16)	7	0.3	5	0.2	30.4	24	0.3
Legal protection (class 17)	5	0.2	3	0.1	83.1	15	0.2
Assistance (class 18)	8	0.3	5	0.2	71.8	23	0.3
Total Non-Life insurance business	946	39.5	582	27.2	62.4	2,813	37.7
Life assurance business							
I - Life assurance, annuities	623	26.0	640	29.9	-2.7	2,520	33.8
III - Ass. linked to investment funds/market indices	283	11.8	392	18.3	-27.9	956	12.8
V - Capitalisation operations	534	22.3	522	24.4	2.2	1,153	15.5
VI - Pension funds	8	0.3	6	0.3	36.6	20	0.3
Total Life assurance business	1,447	60.5	1,560	72.8	-7.2	4,650	62.3
Total direct Italian business	2,393	100.0	2,143	100.0	11.7	7,463	100.0
INWARD REINSURANCE							
Non-Life business	22	91.1	17	88.3	28.9	26	86.9
Life business	2	8.9	2	11.7	-5.0	4	13.1
Total inward reinsurance	24	100.0	20	100.0	24.9	30	100.0
TOTAL PREMIUM INCOME	2,418		2,162		11.8	7,492	

As at 31 March 2004 premiums ceded totalled €114.6m (€75.5m as at 31/3/2003), a retention ratio of 95.3% (96.5% as at 31/3/2003).

Booked premiums were underwritten almost

exclusively in Italy.

As at 31 March 2004, direct premium income for Unipol Assicurazioni and its subsidiaries was as follows (in €m):

Direct premiums	Non-Life	Var.% 2004/2003	Life	Var.% 2004/2003	Total	Var.% 2004/2003	Comp. in %
Unipol Assicurazioni	333	7.3	403	2.5	736	4.6	30.7
Subsidiaries	613	125.2	1,044	-10.5	1,657	15.2	69.3
TOTAL DIRECT PREMIUMS	946	62.4	1,447	-7.2	2,393	11.7	100.0

The sales network and commercial activity

The Unipol Group offers a full range of insurance, banking and asset management products through a diversified commercial network which covers the entire national territory, comprising agency networks, bank branches, finance shops, financial advisers, online channels (internet and call centres) and direct sales channels.

The composite companies in the Group enjoy an agency network which comprised more than 1,800 agencies as at 31 March 2004 (573 Unipol Assicurazioni agencies, 480 Meieaurora agencies and 796 Winterthur agencies); including the sub-agencies the number of sales outlets comes to around 4,200 units.

Integration and optimization of the Meieaurora and Winterthur Italia Group sales networks is underway following the company merger which brought Aurora Assicurazioni into existence from April 2004. To this end an agreement was reached with the sales network during the first quarter, concerning what the arrangements would be under the new Aurora mandate.

At the same time, and based on experience gained with the Unipol Assicurazioni agency network, Aurora is moving forward with Unipol Banca to develop cross-selling policies with the insurance customerele.

In the area of product development, for the Parent Company **Unipol Assicurazioni** the main innovations for first quarter of 2004 relate to Life business, where the state of the financial markets continues to determine choices made by savers, who are looking for investment products which protect invested capital.

Unipol has launched a new index-linked policy called 'Uninvest 6inCrescita', which aims to guarantee a minimum return and capital refund on maturity. The objective of 'Uninvest 6inCrescita', which has a six year life (except for early redemption), is in fact to pay a fixed 'coupon' for the first two years, being 3% and 4% of the sum invested respectively, then, for the next four years, annual 'coupons' varying with the performance of a basket of 20 international-level securities, and to protect capital upon maturity of the investment.

Two new single-premium capital redemption products have also been marketed (one tariff aimed at individuals and one for corporates) which allow an unlimited number of additional payments and have no requirement for fixed maturity dates, but with a limit on their total amount. Under both tariffs amounts are revalued based on the results

obtained by the Vitattiva segregated account, with a guaranteed maximum of 2%, and the possibility of redeeming the revalued capital after one year.

In Non-Life business, following the meeting which took place between representatives of the Government and ANIA on 5 February 2004 to discuss issues relating to Motor TPL, Unipol Assicurazioni, welcoming an invitation from the Association to 'motivate virtuous policyholders in Campania', decided to agree a reduction in the tariff for the more prudent policyholders in the Region. Thus all Unipol policyholders in the region who are included in the maximum discount group and who have declared no accidents in the last five years will, from April, enjoy a 5% reduction in their Motor TPL.

A product known as 'A Regola d'Arte' (*Well made*) has also been introduced, exclusive to members of Inarcassa and their family members, which extends insurance cover and services for members to include a new range of personal lines covers, in addition to Professional TPL and Merloni TPL.

With regard to the **Meieaurora and Winterthur Italia Group** companies (now Aurora Assicurazioni), during the first three months of the year commercial activity has been concentrated on harmonizing the product offers of the two companies and on organizational and management issues.

Since April 2004 Aurora has had a unified Motor TPL tariff with a high degree of customization, aiming at technical selection, both for the existing portfolio and for new customers, and at the same time permitting highly competitive pricing for the chosen profiles within the target market.

The tariffs for other Motor guarantees have also been updated in order to increase protection for the existing portfolio. In Non-Motor business, steps have been taken to integrate the global offer with six new Accident and Health products and with partial changes to existing products.

In Life Business, Meieaurora launched two new products during the first quarter. The first, called 'Doppio Segno Positivo - 2004' (*Double Plus*) (a new version of the product successfully sold in both 2002 and 2003), is a whole life product which for the first 6 years offers a fixed revaluation rate guaranteed by the Company. At the end of the sixth year, after payment of a bonus, the customer has the option of leaving the accrued capital sum to be managed, with an annual revaluation based on the gross return achieved by the 'Futuro Concreto' investment fund, less one percent which is retained by the Company.

The second is an index-linked product, now also being marketed during the quarter by the Winterthur Vita network, having a single premium and a six year life, which on maturity provides for payment of 106% of the net capital invested, the value of the reference basket of funds upon maturity and 80% of the maximum value reached by the basket during the life of the policy, whichever is greater.

In the health service sector, **Unisalute** operates through direct sales of group policies under the managed care approach. Its commercial structures have recently been strengthened by the addition of an operational unit in the Milan area, with specific regional medical aids.

For the sale of individual policies, the Company makes use of the agency network (63 agencies having a Unisalute mandate) and the internet route, though which it sells Long Term Care products and the 'Piano Sanitario Completo' product (*complete health plan*) in particular.

Unisalute is continuing with its marketing initiatives, which have enabled the Company, with the help of a health column in a Mondadori Group magazine, to move to introduce a new insurance product aimed at the female market. This is a highly innovative product with insurance routes which the lady can choose directly, creating her ideal policy, including specific elements such as beauty, maternity, prevention. Actual sales of this product will begin this May.

From 2004, Unisalute has joined the international association CareBridges International, whose members currently include health insurers from 7 countries and whose objective is to offer policyholders direct cover which is also available to them abroad for complete support, from health information to booking services, from information on approved organizations to direct payment for services without any advance payment by the policyholder.

In the Motor business, **Linear** continues to successfully increase the number of policyholders using telephone and the internet. Linear has recently started a newsletter sent to customers of 'Club Sapiens' in paper/e-mail format. This initiative is part of a marketing strategy which in 2004 will see the introduction of agreements exclusive to the best customers and a global review of external communications.

The company **Navale**, which operates through brokers and multi-mandate agencies, continues with its ongoing policy of careful risk selection and

portfolio restructuring, retaining transport and tourism business as its specialist sector.

Moving on to the **bancassurance** sector, Quadrifoglio makes use of the network comprising 289 Banca Agricola Mantovana outlets (MPS Group), whilst BNL Vita markets its own products through around 700 BNL Group outlets.

During the first months of 2004 **Quadrifoglio** has taken steps to inject its entire product range with greater commercial appeal, in order to maintain its outstanding capacity to respond to the demands of the market and those of the distributing bank.

Specifically, the revaluable life product known as 'Crescita' (*Growth*) has been revised, with the introduction of the cumulative plan, and two new capital products launched, aimed at the mass market and affluent segments. In terms of unit-linked products, two product lines have been promoted, with varying levels of capital protection, featuring innovative management of the associated funds by the guarantor Company.

BNL Vita, during the first quarter, effected placement of an index-linked tranche with outstanding commercial success (premiums of around €200m). The Company is also preparing two ad hoc products for the corporate market, one being in Class I and one in Class V, with different investment time horizons; for the retail market, it is planning to market a new unit-linked type product with protected capital.

With regard to the banking business, during the first quarter of the 2004 financial year **Unipol Banca** launched operations in 5 new branches, each integrated with an insurance agency. The territorial presence of Unipol Banca as at 31 March 2004 thus amounts to 190 branches (95 of these integrated with Unipol Assicurazioni insurance agencies); alongside these are 50 finance shops and 447 financial advisers.

The Company also has the use of direct sales channels (telesales) and Unipol's principal agencies (which will gradually be joined by the Aurora agencies during 2004), distributing standardized banking products.

The commercial strategy of Unipol Banca continues to feature the development of commercial initiatives designed to exploit the customer synergies offered by the Group's insurance business. Sales of Unipol Assicurazioni's Life policies also continue to show satisfactory results (over €28m in income in the first quarter of 2004, +33% compared to the first quarter of 2003). In March the Supervisory Body authorized Unipol

Banca to acquire total control of a fiduciary company; this will allow the Unipol Banca banking group to meet all its customer requirements through its own companies.

Since the second part of 2003, **Unipol Merchant – Banca per le Imprese**, a subsidiary of Unipol Banca, has integrated its merchant banking and investment banking operations with its medium and long term lending activities aimed at corporates, thus becoming the specialist bank for the corporate segment of the Unipol Banca banking group for the medium term.

The integrated and complementary operation of the two banks is assured by Unipol Banca's branch network, which constitutes the main sales channel for the products/services of Unipol Merchant in respect of corporate customers, and by some management services supplied by the Parent Company.

Life business and pension funds

Premiums written in the first quarter of 2004 amounted to a total of €1,449.5m (-7.2% compared with 31/3/2003). Assuming the same basis of consolidation (excluding Noricum Vita's output for the first quarter of 2003 and that of Winterthur Vita to 31/3/2004) there is a fall of 6.3% attributable to the bancassurance sector (especially Class III) which during the same quarter of the previous financial year achieved particularly sustained growth.

Unipol Assicurazioni achieved direct premium income as at 31 March 2004 of €403m, an increase of 2.5% compared with the same period in the previous year, which in its turn was an increase of 208%, owing in particular to significant volumes of capital redemption policies which were also repeated to a large extent during the first quarter of 2004 (€272m compared with €287m in the first quarter of 2003).

There is an evident shift in premium income from individual Class I products towards capital redemption products marketed to retail customers (products 225 and 227), products having a return linked to the performance of the Vitattiva special management product; in fact during the quarter this product line recorded total income of €31.5m. Policies with recurrent premiums are still showing strong growth trends with an increase of 134.9% compared to the same period in the previous year. Individual Class III policies are still being affected by a general aversion on the part of customers to high risk investment products.

The group policies sector has seen a pronounced surge during the period, which is attributable to the execution at the start of the year of one particularly high-value contract.

Premiums written by **Meieaurora** reached €190.6m (+32%); this income is largely attributable to the income from high value corporate policies (Class V), which for the first quarter of 2004 totalled €151m (+40.4%).

Winterthur Vita achieved direct premiums of €94.5m, of which €79.7m were in Class I. Compared to first quarter of 2003 there is a 50% decrease in premiums, due to a fall in new business from Credit Suisse financial advisers.

Finally, the companies operating through the **bancassurance** channel, with total income of €759m, recorded a negative variation in premium income of 25.8%; using the same basis of consolidation (thus excluding Noricum Vita for 2003) the decrease is 16.2%, due to different planning for new product launches compared to the previous financial year.

Moving on to benefits paid, as at 31 March 2004 payments for maturities, surrenders and claims reached a total amount of €814.4m for all the Group companies.

The incidence of operating expenses on earned premiums was 3% (2.6% as at 31/3/2003).

Pension funds

In the first few months of 2004 the occupational pension funds moved towards selecting suppliers of administrative management services, bank deposit services and financial management services. However, there has been no significant news about progress on approval of the Welfare proposals.

With regard to **Unipol Assicurazioni's** activities in the area of occupational pension funds, March saw the launch of management of the Fon.Te fund. (employees of commercial companies) and award of the mandate for the Byblos fund (paper manufacturers and printers).

It continues to perform management activities for mandates already in place; the agreements with the Eurofer and GommaPlastica funds are being considered by COVIP, so it is expected that these management activities will begin shortly.

At the end of the quarter total resources managed amounted to €251m.

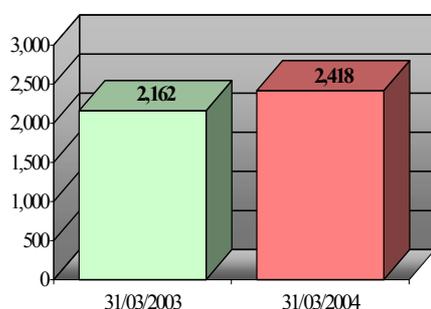
As regards open-end pension funds, at the end of March the assets of the three funds ‘Unipol Futuro’, ‘Unipol Previdenza’ and ‘Unipol Insieme’ totalled €54m and 7,437 members.

During the first quarter three new occupational pension schemes were activated (mandates awarded in 2003), which amount to about 200 new

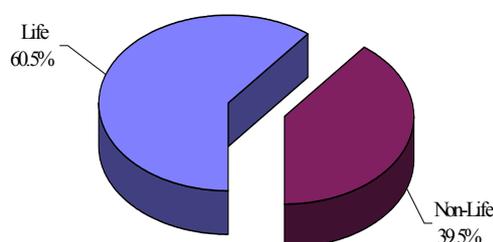
members in total, plus the award of a competitive mandate for management of the pension plan for the employees (around 600) of a major firm operating in the consumer credit sector.

With regard to **Winterthur Vita** there is a single open-end pension fund called Prewidenza. As at 31 March 2004 assets under management amounted to €6.7m.

Total Premium Income
(€m)



Premium Income
Direct Business



Non-Life business

Premium income during the first quarter of 2004 amounted to €968.2m (+61.4% compared with the first quarter of 2003), €946m of which was direct premium income. Using the same basis of consolidation, excluding the premiums of Winterthur Assicurazioni and NewWin Assicurazioni in 2004, which were €344m, there was a 4.1% increase compared with 31 March 2003.

In the first quarter of 2004 direct business premium income for **Unipol Assicurazioni** showed an increase of 7.3% and amounted to €332.6m. The productivity increase affects all segments of the business, but especially those relating to individuals, both by new policies and by portfolio restructuring designed to improve insurance cover for customers.

In Motor TPL as well, growth (+8.2%) was driven by portfolio restructuring: there has been a slight

reduction in demand for new cover but the level of customer loyalty remains high, helped by the Company’s policy of keeping tariffs stable. The steady growth trend for additional Motor risk policies continues, assisted by cross-selling action developed during the second half of 2003 and designed to increase the range of insurance cover.

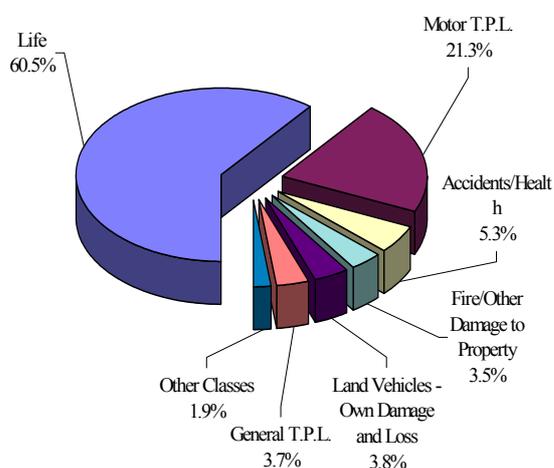
Meieaurora achieved direct income of €193.7m, against €201.9m in the first quarter of 2003 (-4%). The negative variation can be largely attributed to the decline in Motor business, which is still being affected by the policy of taking on business selectively and from portfolio selection, as well as from the Company’s adherence to the agreement with the Italian consumers’ association on restricting tariff increases.

The two new Non-Life companies, **Winterthur Assicurazioni** and **NewWin Assicurazioni**, obtained direct premiums of €344.1m, of which Motor business accounts for 66.1%. As at 1 March

2003 direct income amounted to €331.9m. The increase compared to the previous financial year is attributable to Non-Motor business (+13%), whereas Motor business is broadly unchanged.

The three specialist companies (**Linear, Unisalute and Navale**) wrote premiums of €75.5m (+7.1%). The growth of telephonics company Linear is particularly noticeable, showing an increase of 23.8%, largely due to growth of the internet channel.

**Breakdown
Direct Premium Income**



Technical performance in Non-Life business and reinsurance

Non-Life business produced a positive technical balance of €32.5m as at 31 March 2004 (€34m as at 31/3/2003).

Claims paid amounted to €568.5m.

The net loss ratio, including claims handling costs, was of 73.5% (72.2% as at 31/3/2003), in line with expectations for the first quarter of the year.

As at 31 March 2004 direct claims received totalled 313,849, the net variation being slightly down compared to 31 March 2003, with the Winterthur also being included at that date.

The ratio of operating expenses to earned premiums was 22.1% (20.7% as at 31/3/2003) owing to the consolidation of Winterthur, which has higher management costs than those for the Group; it is expected that these will be brought into line by year end.

The combined ratio as at 31 March (ratio of claims and net operating expenses to net earned premiums) was 95.6% (92.9% as at 31/3/2003).

During the first quarter of 2004 the Group plan for reinsurance cover did not vary significantly in comparison with the previous year.

With regard to **Unipol Assicurazioni** specifically, the strong technical performance produced a positive result for reinsurers with proportional cover. For non-proportional cover, excess General TPL claims cover was slightly hit, whereas the remaining non-proportional cover is not particularly affected by claims.

In relation to companies in the **Winterthur** Group, in view of their integration with Meieaurora, reinsurance agreements were brought into line with Group policy, within a structure which provides for quota-share agreements for the main non-Motor lines of business.

TECHNICAL PROVISIONS

At the end of March, the total amount of net technical provisions was €25,772m, an increase of €992m compared with 31 December 2003 (+4%). They are made up as follows (in €m):

	31/3/2004	31/12/2003	31/3/2003
Life business	14,021	13,282	9,008
Class 'D' provisions (*)	5,729	5,561	5,440
Non-Life business	6,022	5,937	3,472
Total	25,772	24,780	17,920

(*) *Classes 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 for Life and Non-Life business as at 31 March 2004 (which include acquisition and renewal commissions and other acquisition and administrative expenses) amounted to a total of €230.3m (€144.2m as at 31/3/2003). Their relative incidence on earned premiums for the period came to 10.1% (7% as at 31/3/2003, the incidence being determined by the greater percentage weight of Life business in the first quarter of 2003).

As at 31 March 2004 the number of employees at the insurance companies in the Group was 4,452, a fall of 51 compared with 31 December 2003.

The number of people employed by Unipol Banca on the same date was 1,216, 928 of which were employed within the peripheral network and 288 at the head office, a net increase of 36 compared to 31 December 2003.

During the first quarter of 2004 continuous training and updating also continued, focusing on the sales networks and personnel in the call centres and head offices.

It should also be noted that in April, with the start of the process to merge Meieaurora with the Winterthur Group companies, operations began with

regard to integration of claims handling areas, IT systems and property management, with the gradual release of staff concerned.

Also in April the migration of the agencies' IT systems began; this is expected to be completed by the end of July.

With regard to Unipol Assicurazioni's IT systems, during the first quarter of 2004 the area saw its resources mainly employed in specifying, planning and preparing for the migration of the IT systems of Winterthur Assicurazioni.

The plan for the merger of Winterthur and Meieaurora, foreseen for April, in fact required specification of a common application environment, based on the IT resources of the Parent Company and on service logics for the agency and claims handling networks comparable with those adopted for the Unipol Assicurazioni network.

A further significant task which came to the fore during the quarter was a survey of the status of IT systems to assess what the impact on them might be from the imminent adoption of the international accounting standards; in view of the very early deadlines proposed at European and Italian levels, an analysis was begun, involving all the areas of application, and which leads us to anticipate a significant workload in the second half of the year.

INVESTMENTS AND LIQUID ASSETS

As at 31 March 2004 the Group's investments and liquid assets reached a total of €27,795m, an increase of €1,410m compared with 31 December 2003 (+5.3%).

Types of investment and variations compared with 31 March 2003 and with 31 December 2003 are shown in the following table:

INVESTMENTS AND LIQUID ASSETS									
<i>(Amounts in €m)</i>									
	31/03/2004	comp.	31/03/2003	comp.	var.	31/12/2003	comp.	var.	
	(a)	%	(b)	%	%	(c)	%	%	
					(a/b)			(a/c)	
Land and buildings	662	2.4	495	2.6	33.8	648	2.5	2.2	
Investments in Group undertakings and other participating interests									
- Stocks and shares	1,290	4.6	1,108	5.8	16.4	1,373	5.2	-6.1	
- Debt securities	33	0.1	36	0.2	-7.2	49	0.2	-32.3	
Total	1,323	4.8	1,144	5.9	15.7	1,422	5.4	-7.0	
Other financial investments									
- Stocks and shares	561	2.0	487	2.5	15.3	470	1.8	19.5	
- Units and shares in investment funds	129	0.5	110	0.6	16.6	115	0.4	11.7	
- Bonds and other fixed-income securities	17,538	63.1	9,980	51.9	75.7	16,787	63.6	4.5	
- Loans	87	0.3	71	0.4	22.0	87	0.3	0.4	
- Sundry financial investments (1)	879	3.2	667	3.5	31.7	590	2.2	48.8	
Total	19,194	69.1	11,317	58.9	69.6	18,049	68.4	6.3	
Deposits with ceding undertakings	26	0.1	27	0.1	-4.3	26	0.1	0.6	
Investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management									
- Investment funds and market indices	5,654	20.3	5,397	28.1	4.8	5,494	20.8	2.9	
- Pension funds	73	0.3	48	0.3	51.7	68	0.3	7.9	
Total	5,727	20.6	5,445	28.3	5.2	5,562	21.1	3.0	
Other assets									
- Bank and postal deposits, cash	862	3.1	786	4.1	9.6	678	2.6	27.2	
- Own shares	0	0.0	10	0.1	-100.0	0	0.0	0.0	
Total	862	3.1	796	4.1	8.3	678	2.6	27.2	
TOTAL INVESTMENTS AND LIQUID ASSETS	27,795	100.0	19,224	100.0	44.6	26,385	100.0	5.3	

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

Land and buildings

As at 31 March 2004 the Group's property amounted to €662m, a net increase of €14m (+2.2%), largely comprising advance payments by the Parent Company for the purchase of 4 properties.

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 €1,323m, a net decrease of €99m compared with 31 December 2003, to which the transfer of a shareholding into the 'other financial investments' section made a significant contribution.

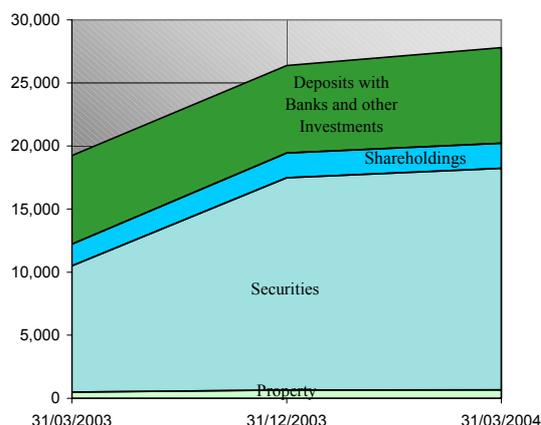
Own shares and shares in the Holding Company

As regards own shares and those of the Holding Company Finsoe spa, during the first quarter no operations on shares were made and therefore as at 31 March 2004 there are no shares in the portfolio which belong to the aforesaid categories.

Other financial investments

As at 31 March 2004 financial investments amounted to €19,194m, a net increase of €1,145m compared with 31 December 2003 (+6.3%).

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 €5,727m, compared with €5,562m as at 31 December 2003 (+3%).

The investments, mainly comprising shares in mutual investment funds and bonds, are valued at current price, in strict correlation with the valuation of the associated commitments (technical provisions).

Pension Fund investments stood at €73m, as against €68m as at 31 December 2003.

Other assets

At the end of the first quarter the Group's deposits with banks amounted to €862m, as against €678m as at 31 December 2003.

Subordinated debenture loans

As at 31 March 2004 there were subordinated debenture loans totalling €666m issued by the following companies (in €m):

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

The amount of €600m is composed of 2 subordinated debenture loans issued by the Parent Company. Both the loans have a nominal value of €300m, a twenty year maturity and are listed on the Luxembourg stock exchange.

The level of subordination is comparable to Tier II (supplementary capital, made up of second rank capital items).

The first loan, issued in May 2001, has a fixed rate of interest of 7% up to the exercise date of the early repayment clause (after the tenth year), then a variable rate thereafter.

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

Subordinated debenture loans of the other companies in the Group amount to €66m, of which €32m were issued in 2002 and €34m in 2003. They are unquoted and have a five year maturity.

The total amount of interest for the first quarter was €10m (€5.8m as at 31/3/2003).

INVESTMENT INCOME

As at 31 March 2004 net investment income and capital gains for the period amounted to €206.1m (€157.5m as at 31/3/2003), €4.5m of which was extraordinary income (€7.5m as at 31/3/2003).

The net results of investments relating to internal funds (Class D) were positive to the tune of

€134.6m (positive by €33.2m as at 31/3/2003).

Net value adjustments on investments were positive to the tune of €28.4m, owing to the steady price increases from which the bond segment has benefited. As at 31 March 2003 these adjustments were negative to the tune of €50.6m.

SHAREHOLDERS' EQUITY

As at 31 March 2004, the equity pertaining to the Group, including the profit for the period net of the share of the profits for the 2003 financial year allocated to dividends, amounted to €2,431.1m.

The equity pertaining to minority interests amounted to €238.7m.

As regards Unipol Assicurazioni's equity, during the first quarter of 2004 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 €2.7m compared with 31 December 2003, corresponding to 256,433 ordinary shares

and 1,616,127 preference shares.

The share capital for the Parent Company as at 31 March 2004 therefore amounted to €908,102,691, consisting of 577,235,017 ordinary shares and 330,867,674 preference shares.

Up to the same date 103,221,003 ordinary share warrants and 187,080,617 preference share warrants had not been exercised.

As at 27 April the stock exchange market value of Unipol shares was €2,695m (€2,530m as at 31/12/2003).

BANKING/ASSET MANAGEMENT/MERCHANT BANKING

Unipol Banca

As at 31 March 2004 Unipol Banca has fully achieved the integrated branch openings covered by authorizations obtained from the Supervisory Body, attaining 190 sales outlets, of which 95 are integrated with insurance agencies, 50 finance shops and 447 financial advisers.

During the month of February an update of the multi-year development plan for Unipol Banca was submitted to the Bank of Italy, with the aim of obtaining further authorizations to extend the branch network across the country.

As at 31 March 2004 direct customer deposits stood at €2,764m (+5.2% compared with 31/12/2003) whilst loans to customers were €1,940m, largely in line with the figures at the end of 2003.

In terms of loans, we are seeing steady growth in the area of mortgage loans, a product for which the bank has defined various types which have met customer expectations and have proved very competitive on the market; during the quarter new loans of more than €135m have been made.

Customer funds (assets under administration and management) amounted to a €12,386m at the end of March 2004, an increase of 8% compared to the figure as at 31 December 2003. In particular, the portfolio for managed savings on the date in question amounted to around €1,230m, +4% compared with 31 December 2003.

Marketing activities for Life policies from the Unipol Parent Company are proceeding with satisfactory results; income for the first quarter

reached more than €28m (+33% compared with 31/3/2003).

These volumes delivered a gross operating income of more than €40m (€30.7m as at the first quarter of 2003, +30%) at the end of first quarter of 2004.

During January Unipol Banca acquired from Unipol Assicurazioni 100% of **Unipol SGR**, its asset management company, inactive for two years; a plan has been drawn up to relaunch operations by taking over management of Unipol Fondi's investment portfolios. These operations were launched on 1 April 2004 and will make possible a significant recovery of economic synergy for the Banking Group.

With regard to the subsidiary **Unipol Fondi Ltd**, a unit trust management company under Irish law (Unipol Funds), the income brought in by Unipol Banca's distribution network (branches and financial advisers) has enabled total assets of €544m to be achieved as at 31 March 2004, a net increase of €15m compared with 31 December 2003.

Unipol Merchant-Banca per le Imprese

Unipol Merchant – Banca per le Imprese is Unipol Banca Banking Group's specialist bank for the corporate sector.

With specific regard to lending activity undertaken since the second part of 2003, marketing initiatives

directed at the Parent Company's corporate customers have been launched in conjunction with Unipol Banca.

It has also embarked on initiatives designed to strengthen the operational and commercial capacity of Unipol Merchant, by reaching agreements:

- With associations in the sector and underwriting consortia, to develop ordinary and easy terms finance activity, as well as service activity (preliminary activity for lending operations under the terms of easy term laws);
- with specialist intermediaries and consultants, with a view to expanding the commercial network.

In the area of consultancy services (Capital Markets, Mergers & Acquisitions, Corporate Finance Advisory, Brokerage) in addition to the cross-selling initiatives with Unipol Group

customers, a business project is underway aimed at companies identified on the basis of [stock exchange] quotability criteria and contacts have been initiated for the purposes of establishing a network of business relationships with primary private equity operators, professional bodies and business lawyers, as well as at strengthening associate and partnership relationships with AIFI (Italian Association for Institutional Investors in Risk Capital) and the Italian Stock Exchange respectively.

With regard to strengthening the capital structure, we advise that on 30 March 2004 the last tranche was paid of the capital increase approved by the Board of Directors on 5 November 2003, based on the mandate received from the Extraordinary Shareholders' Meeting of 30 October 2002. On 2 April 2004, after recording the operation on the Companies' Register, the share capital increased from €99.6m to €105.5m.

SIGNIFICANT RECENT EVENTS AND BUSINESS OUTLOOK FOR THE CURRENT FINANCIAL YEAR

As indicated already in this report, you are reminded that in the period following quarter-end the merger of Meieaurora and NewWin Assicurazioni into Winterthur Assicurazioni was concluded, and to be specific:

- on 14 April 2004 Unipol Assicurazioni conferred on Winterthur Assicurazioni a controlling shareholding of 54% of Meieaurora's capital, by a corresponding increase in reserved capital;
- on 19 April 2004 the merger by incorporation of Meieaurora and NewWin Assicurazioni into Winterthur Assicurazioni, which on that date changed its company name to Aurora Assicurazioni spa, took legal effect.

The process to integrate Winterthur Vita also commenced.

Processes to integrate the new company Aurora Assicurazioni with the Parent Company are also continuing.

From April 2004 the new unified 'Aurora' Motor TPL tariff has been released. The tariff structure is based on a high level of customization, aiming for technical selection, both for the existing portfolio and for new customers, and at the same time permitting highly competitive pricing for the chosen profiles in comparison to the target market.

In the absence of any events of an exceptional nature which cannot be foreseen at the moment, the overall profit forecasts for the Group for the current financial year are positive and in line with expected developments.

Bologna, 29 April 2004

The Board of Directors

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