



PRESS RELEASE

UNIPOL GROUP – Consolidated quarterly report as at 30 September 2003

Consolidated premium income rose to €5,578m (+38%), the result of ordinary business reached €174.7m (+46%) and the consolidated net profit rose to €102.4m (+44%), €83.3m (+35%) of which pertaining to the Group, net of consolidation adjustments of €75m (+134%). These results do not include the newly-acquired Winterthur Italia Group.

The process of integrating the Milan-based subsidiaries – Meieaurora, Winterthur Assicurazioni and Winterthur Vita – was initiated.

Bologna, 27 October 2003. Meeting today in Bologna under the chairmanship of Giovanni Consorte, **Unipol Assicurazioni's** Board of Directors approved the **consolidated quarterly report** as at 30 September 2003, which ended with an overall net result of €102.4m (+44% compared with 30/9/02), €83.3m (+35%) of which pertaining to the Group. This result is affected by consolidation adjustments of €75m (+134% compared with 30/9/02).

In view of the date on which the acquisition of the companies in the Winterthur Italia Group was finalized (26 September 2003) only their balance sheet items have been consolidated, whilst in the case of Noricum Vita, currently being sold, only profit and loss account items have been consolidated.

Gross premium income for the Group rose to €5,578m in the first nine months of the financial year, up 38% compared with 30 September 2002, €3,870m of which was in Life business (+60%) and €1,709m in Non-Life business (+6%).

Group **premium income** from **direct business** was €5,551m (+39% compared with 30/9/02), €1,729m of which related to the Parent Company Unipol Assicurazioni (+44%) and €3,822m to the subsidiaries (+37%). The pro-forma consolidated premium income would amount to €6,619m (+65% compared with 30/9/02) including premiums written as at 30 September 2003 by the Winterthur Italia Group and excluding premiums relating to Noricum Vita.

Technical results improved considerably, with a positive balance at the end of the period of €146.2m (+104% compared with 30/9/02), €91.7m of which related to Non-Life business (+60%) and €54.5m to Life business (+278%).

The **net loss ratio** in Non-Life business was 74.2% (76.7% as at 30/9/02) and the combined ratio (the incidence of claims and net operating expenses on net earned premiums) fell further, to 93.9% (compared with 96% as at 30/9/02).

The net **technical provisions** rose to €24,068m (+45% compared with 31/12/02, or +20% upon the same basis of consolidation).

Group **investments and liquid assets** rose to €25,764m (+46% compared with 31/12/02, or +20% upon the same basis of consolidation).

Net **capital gains and investment income** were €481.3m (+13% compared with 30/9/02). Net income from investments relating to unit-linked and index-linked benefits rose to €274.1m compared with a negative result of €119.4m as at 30 September 2002.

Operating expenses of €420.7m were 7.8% of earned premiums (down from 9.6% as at 30/9/02).

The **ordinary result**, which was affected by net value adjustments of €69.7m (€159.7m as at 30/9/02), rose to €174.7m (+46% compared with 30/9/02).

The **consolidation adjustments** rose to €75m (+134% compared with 30/9/02).

Net profit rose to €102.4m (+44% compared with 30/9/02), €83.3m of which pertaining to the Group (+35% compared with 30/9/02).

Work continued in close cooperation with the Group's insurance agencies to develop and strengthen **Unipol Banca**'s distribution network, which as at 30 September 2003 consisted of 182 branches, 54 finance shops and 428 financial advisers. By 30 September 2003 direct customer deposits had risen to €2,021m whilst customer funds exceeded €10,500m (€1,100m of which was from managed savings). As from September, having obtained from the relevant authorities permission to carry out banking activities, **Unipol Merchant – Banca per le Imprese** also became part of the Unipol Banca Banking Group, within which it will constitute the point of reference for products and services in the corporate sector.

Provided there are no exceptional or unusual adverse events, the outlook for Group profits in 2003, including, in the fourth quarter, the newly-acquired Winterthur Italia Group, is positive and in line with expectations.

The Board of Directors also initiated the process of **integrating the Milan-based companies** – Meieaurora, Winterthur Assicurazioni and Winterthur Vita.

This operation will give rise to the third-largest Italian composite (Non-Life and Life) company with pro-forma premium income for 2003 expected to exceed €3.1bn, more than 2400 employees and 2500 sales outlets. It will offer its services to more than 3 million customers (50% in the north of Italy and 50% in the centre and south).

The operation is part of the Unipol Group's three-year plan introduced in July and is aimed at being more and more incisive in pursuing the objectives of profitability, growth and creating value for shareholders by taking advantage of considerable synergies of professional skills, customers, costs and investments.

As part of this operation the procedures for migrating the IT systems of the companies in the Winterthur Group into the systems of the Unipol Parent Company have already begun and the process of centralizing Group activities relating to claims settlement, finance and property into Unipol Assicurazioni is already underway.

The summary Consolidated Profit and Loss Account in millions of Euro is attached.

Compagnia Assicuratrice Unipol
(www.unipol.it)

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT (€ million)

	as at 30/9/2003			as at 30/9/2002			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	3.834,1	1.583,7	5.417,8	2.397,4	1.486,6	3.884,0	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	(4.276,2)	(1.175,7)	(5.451,9)	(2.353,8)	(1.139,9)	(3.493,7)	(3.722,0)	(1.542,1)	(5.264,1)
Operating expenses	(109,0)	(311,7)	(420,7)	(85,6)	(286,4)	(372,0)	(135,1)	(407,0)	(542,1)
Other technical income and charges	17,2	(4,6)	12,6	14,9	(3,0)	11,9	20,1	(4,9)	15,2
Net income (charges) from Class D investments (1)	274,1		274,1	(119,4)		(119,4)	(73,8)		(73,8)
Net investment income allocated to the technical account of Life business	314,3		314,3	160,9		160,9	269,0		269,0
Balance on the technical account	54,5	91,7⁽²⁾	146,2	14,4	57,3⁽²⁾	71,7	36,8	83,8⁽²⁾	120,6
NON-TECHNICAL ACCOUNT									
Net investment income (3)			144,1			250,2			266,9
Balance on other income/charges			(45,9)			(42,9)			(45,5)
Operating result			244,4			279,0			342,1
Net value adjustments			(69,7)			(159,7)			(149,6)
Balance on ordinary activities			174,7			119,4			192,4
Extraordinary income			24,0			18,4			50,3
Extraordinary charges			(9,8)			(5,3)			(14,1)
Profit before taxation			188,9			132,6			228,6
Tax on profit			(86,5)			(61,6)			(107,6)
Profit (loss) - minority interests			19,1			9,2			18,9
PROFIT (LOSS) - GROUP			83,3			61,8			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 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.