

**Unipol Assicurazioni S.p.A. and Unipol Group 2004 results approved today by the Board of Directors.**

**Consolidated premiums were €9,623.7m (+28.4% compared with €7,492.3m in 2003) of which €5,721m in Life business (+22.9%) and €3,902.7m in Non-Life business (+37.5%)<sup>1</sup>.**

**The *combined ratio* for direct business was stable at 93.2% (same figure as in 2003).**

**Net property and financial income rose to €851.9m (+44.1% compared to €591.2m in 2003).**

**Investments and liquid assets rose to €29,402m (+11.4% compared with €26,385m as at 31 December 2003).**

**Consolidated net profit was €272.9m (up 53.8% compared with €177.4m in 2003).**

**A proposed unitary dividend of €0.1452 for each preference share (+11.5% compared with €0.1302 in 2003) and of €0.14 for each ordinary share (+12% compared with €0.1250 in 2003), with the coupon to be detached as from 16 May 2005.**

Bologna, 24 March 2005.

The Board of Directors of **Unipol Assicurazioni**, under the chairmanship of Giovanni Consorte, has today approved the draft accounts of the Parent Company, Unipol Assicurazioni, and the consolidated accounts of the Unipol Group, for the financial year 2004.

2004 was a particularly intense and positive as regards the Unipol Group and it was characterized by the following events:

- the merger of Meieaurora and the Winterthur Italia Group, which gave rise to Aurora Assicurazioni, which has become the third largest composite company in the Italian market as far as premium income is concerned and which is now the Milanese pole of the Unipol Group. Integration work involving organization, IT and logistics was completed within the set deadline, whilst the actions to keep costs down, according to the three-year plan, have been started. The completion of such actions has already allowed the first cost and investment synergies, the effects of which are expected to make themselves felt in full as from 2005;
- work was begun on the project for the strategic repositioning of Navale Assicurazioni, which will make it the company within the Group that specializes in the non-exclusive agents and small *brokers* sales channel. The acquisition of the

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<sup>1</sup> In the 2004 Annual Accounts the consolidation of the Profit and Loss account figures relating to the companies that belonged to the former Winterthur Italia Group (in the 2003 Unipol Group consolidated Profit and Loss Account such figures were included only for the fourth quarter) was carried out. Against an overall increase of 28.4% in premiums, around 20.1% were due to the above change in the basis of consolidation.

Italian companies of the Mutuelles du Mans Group contributes to said project with premium income of approximately €150m and 170 insurance agencies;

- the entire property assets of the Group were reorganized and upgraded through the implementation of a project that resulted in spending €298m on buildings for own use, among which the building in San Donato Milanese - now headquarter of Aurora Assicurazioni – and selling, for €410m, property deemed not to be functional to the organization and operating needs of the Group and that was split up and scattered throughout the territory;
- the first full year of operation for the Unipol Banca Banking Group ended, which continued to expand and strengthen the sales network of the parent company Unipol Banca. Unipol Merchant – Banca per le Imprese began to operate in medium-term credit and consolidated its activities in the merchant banking sector. Furthermore, Unipol SGR reactivated its development process.

Within this context the Unipol Group achieved significant results, both in terms of volumes and profitability, as follows:

### Consolidated accounts

For **insurance business**, the total premium income for 2004 rose to €9,623.7m, with a growth rate of 28.4% (compared with €7,492.3m in 2003), of which €5,721m was from Life business (+22.9%) and €3,902.7m from Non-Life business (+37.5%). Part of this increase related to the consolidation, for the first time concerning the whole financial year, of the companies which belonged to the former Winterthur Italia Group (from which only premiums relating to the fourth quarter were consolidated in 2003 and which now have been merged into Aurora Assicurazioni). On a like for like basis, including premiums relating to the new companies acquired for the whole financial year 2003, the growth rate would have been 8.3% (+2.2% in Non-Life business, +12.9% in Life business).

Group direct premium income in 2004 was €9,583.1m (+28.4% compared with €7,462.8m in 2003). The *composite* companies (Unipol Assicurazioni and Aurora Assicurazioni) brought in direct premiums of €5,866.3m (up 40.4% compared to 2003) and achieved a combined net profit of around €320.9m (+64.4%). In particular, Aurora Assicurazioni ended the financial year with a net profit of €145.3m (+11.8%) over the 2003 proforma figure, which corresponds to a ROE of 15.1% and a ROI for Unipol Assicurazioni of 7.6%, confirming, also in terms of profitability, that the acquisition of the Winterthur Italia Group, occurred in 2003, was a sound transaction. The specialist companies (Linear, Navale and Unisalute) had direct premium income of €325.3m (+1.4%) and achieved profits of €3.6m (-23.4%); said results were affected by the costs related to the above-mentioned reorganizing and strategic repositioning process of Navale Assicurazioni. The *bancassurance* companies (BNL Vita and Quadrifoglio Vita) had direct premium income of €3,391.5m (+14.4%) and achieved profits of €80m (+106.8%).

The technical result of the Group for **insurance business** was €275.4m, a net improvement (+62.1%), compared to 2003 (€170m). Part of this result related to the Non-Life business for €204.1m (+49.7%), thanks to a further decrease in claims frequency, and to the Life business for €71.4m (+112.2%), which benefited from the contribution given by former Winterthur Vita, and from the decrease in book write-downs linked to the investment policies adopted and to the bond market trends. The aggregated *combined ratio* for direct business was 93.2% - although stable compared to 2003 - it marked an improvement compared with what was expected according to the provisional figures (around 94%), thanks to the further decrease in claims frequency. Gross technical provisions reached €28,388m, up 10.6% compared to €25,669m at the end of 2003, whilst investments and liquid assets reached €29,402m (up 11.4% compared to €26,385m at the end of 2003).

Property and financial management was positive again. Income from investments and cash flow, net of investment charges, amounted to €922.9m (+33.2%), whilst net value adjustments recorded at the end of the financial year were €71.1m (-30.2%). As a consequence, net property and financial income rose to €851.9m (up 44.1% compared to €591.2m in 2003). Income from and charges on investments of which policyholders bear the risk amounted to €305.4m (-2.8%).

In the **banking business** Unipol Banca ended the financial year with a net profit of €18.1m (+20% compared to €15.1m in 2003), net of depreciation and set asides of around €34m. EBITDA (earning before taxation, depreciations and allocations) was equal to €66m (+42%). Direct customer deposits totalled €4.3bn (+64.4%), customer funds were €15.9bn (+38.9%), including assets under management of €1.7bn (+44.9%), whilst loans came to €3.6bn (€2.6bn, or +34.1%, net of the securitizations that were carried out). The incidence of net doubtful loans on customer receivables was of 0.87%, thus confirming the good quality of loans granted. At the end of 2004 the distribution network was composed of 221 branches (of which 109 were co-located with insurance agencies), 48 financial counters and 448 financial advisers.

With the above mentioned positive management trends, the **balance on the Group's ordinary activities** was €354.7m (+40.5% compared to €252.5m in 2003). **Consolidated net profit**, including the portion pertaining to minority interests, was €272.9m (+53.8% compared to €177.4m in 2003), having also benefited from the positive extraordinary management (that saw the sale of the BNL Vita portfolio generated by the financial advisers of Banca BNL Investimenti to the RAS Group for around €1bn). **Group consolidated net profit** amounted to €211.3m (+43.3% compared to €147.5m in 2003) and net ROE 8.7% (8.4% in 2003). The Group consolidated profit before depreciation of goodwill would be €268.7m (+45.6%) and the related ROE would be 11%.

At the end of 2004 the Unipol Group **ranked 4<sup>th</sup>** on the list on major insurance groups operating in Italy, with a premium income very close to that of the group in 3<sup>rd</sup> position and an estimated market share of 9.4% (10.8% in Non-Life business and 8.7% in Life business).

## **Annual Accounts of the Parent Company Unipol Assicurazioni**

During its 42<sup>nd</sup> financial year Unipol Assicurazioni's **gross premium income** totalled €2,648.7m (+7.9% compared to €2,454.2m in 2003), €1,448.7m out of which in Non-Life business (+5.4%) and €1,200m in Life business (+11.1%).

**Insurance business<sup>2</sup>** continued to be very positive, with the balance on the technical account standing at €127.1m (+1.6%). The *combined ratio* for direct business fell to 92.2% (92.4% in 2003) confirming its excellent performance.

**Gross technical provisions** rose to €7,077.2m (+16.2%).

The value of **investments** and liquid assets stood at €9,885.4m (+11.5%).

Income from investments and cash flow (net of investment charges, and excluding investments for the benefit of policyholders who bear the risk thereof and investments deriving from class D pensions funds) amounted to €245.2m (+2.8%).

The balance on ordinary activities was €176.2m (+4.2%), whilst the **net profit** was €175.6m (+30.9% compared to €134.1m in 2003).

**Net shareholders' funds**, including the profit for the financial year, amounted to €2,602.9m (+2.9%).

## **Life embedded value and value on new Life business**

Life *embedded value*<sup>3</sup> as at 31 December 2004 stood at €1,455.3m (up 28.2% compared to €1,135.4m in 2003), €444.2m out of which related to In Force Value (+2.8% compared to €432.2m in 2003) and €1,011.1m to Life adjusted shareholders' equity (up 43.8% compared to €703.2m in 2003).

The value of new Life business stood at €89.9m (up 6.2% compared to €84.7m in 2003).

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<sup>2</sup> The implementation of the tax reform in accordance with the provisions of Legislative Decree no. 344/2003 as from 1/1/2004, above all for what concerns the dividend taxation limited to 1.65% (33% of 5%) of the pertaining amount and the abolition of the tax credit on said dividends, does not allow comparison of all results and balances that included such items in 2003. The incidence of tax on dividends, including tax credit, was €32.9m as at 31/12/2003 (34%) whilst tax credit was equal to €34.6m at the same date.

<sup>3</sup> Life embedded value and the value of new Life business were calculated with the support of the Advisory and Actuarial Auditors G.Ottaviani & Partners, that assist Unipol Assicurazioni since 2002.

## Significant events after the end of the financial year and expected business outlook

During **the first two months of 2005**, according to first estimates, the performance of the Group's insurance business shows premium income from Non-Life business increasing slightly in comparison with the first two months of 2004, influenced by the further slowing down in Motor TPL tariffs, whilst premium income from Life business shows a stronger increase. The loss ratio trend remains positive, thanks largely to the Motor TPL claims frequency management. Operating expenses show a regular trend; for the current financial year the synergies deriving from the organizational, IT and logistic integration of Aurora are expected to produce further considerable cost savings. Property and financial management recorded a positive trend.

As from May 2005, Unipol Assicurazioni and Aurora Assicurazioni will launch on the market two innovative Motor TPL products, both able to combine considerable cost savings regarding Motor TPL and Fire/Theft tariffs with greater safety for drivers, in terms of assistance too:

- the first product (called **Unibox** for Unipol Assicurazioni and **Aurobox** for Aurora Assicurazioni), by benefiting from satellite technology, will allow greater control of the claims, higher efficiency in the fight against fraud, more rapid assistance to Customers following a road accident and the development of new customized tariffs. Customers that agree to install the system in their motor vehicle will be granted significant discounts on Motor TPL and Theft tariffs;
- the second product, called **franchigia fruttuosa** (interest-bearing deductible), thanks to an agreement between the Company and Unipol Banca, will allow customers to obtain a discount on the Motor TPL tariff, benefiting at the same time from the interests accrued on the sum deposited in advance, in order to recover part of the amount due for any claims caused; all this without any extra expense.

With these two new products, Unipol Assicurazioni and Aurora Assicurazioni broaden the range of tariffs available to their customers and the public.

As part of the reorganization and rationalization plan concerning the Group properties, launched during 2004 by subscribing preliminary purchase agreements, **properties were sold** for a total amount of €157m, with capital gains of over €40m in early 2005.

As the industrial and synergic grounds for Unipol's shareholding in **Finec Holding** do not exist any longer, today the whole shareholding held by the Unipol Group (29.35%) was sold to the co-operatives which already held participating interests in it, for a total of €58m.

In order to provide the subsidiary **Navale Assicurazioni Spa** with the necessary funds to acquire the companies of the Group MMI Italia, on 15 February 2005, Unipol Assicurazioni subscribed an increase in share capital from €26.25m to €96.25m, resolved on 30 November 2004.

The total amount paid by Unipol was €69.5m, €20m of which was paid in December 2004 as an advance for the future capital increase.

On 16 February 2005 Navale Assicurazioni, having obtained the necessary authorizations required by law, finalized the contracts to acquire MMI Danni, MMI Assicurazioni and MMI Vita from the French group Mutuelles du Mans Assurances and on 18 February 2005 it acquired from Unipol Merchant – Banca per le Imprese 9.99% of MMI Danni and 7.99% of MMI Assicurazioni, for a total amount of €5.5m.

It is worth mentioning that, as from 21 March 2005, Unipol ordinary shares are once more in the **Midex**, the index calculated by the Italian Stock Exchange for average capitalization listed companies.

As regards the banking business, during the first months of 2005 **Unipol Banca** opened 12 further branches, of which 10 co-located with insurance agencies. Operating branches now total 233. The bank continues to widen its customer basis, thanks to synergies with the Group insurance network. In this respect, specific advertising campaigns are currently being developed, involving both product and brand. Next April the bank will finalize its program to securitize residential loans by placing two classes of securities to international investors for an amount of over €600m.

On the whole, in the first months of 2005 business activities show a positive trend in line with the **targets for the year end** that aim, on the same accounting basis, at further growth both in terms of business volumes and of Group results.

## **Dividends**

In view of the excellent results achieved, a proposal will be put to Shareholders of Unipol Assicurazioni at Ordinary and Extraordinary meetings to be held on 28 and 29 April 2005 (first and second call) for a dividend distribution of €131.8m (+13.9%), with a *payout* of 75% (on the unconsolidated profit). The unitary dividends proposed amount to **€0.1452 for each preference share** (+11.5% compared to €0.1302 in 2003) and to **€0.14 for each ordinary share** (+12% compared to €0.1250 in 2003), with coupon to be detached as from 16 May 2005 and payments as from 19 May 2005.

## **Transition to IAS/IFRS**

With reference to CONSOB note No. DME/5015175 of 10 March 2005 concerning information on implementation of accounting systems and procedures for the application of the IAS/IFRS, it is hereby notified that, at the end of 2003, Unipol Assicurazioni started transition to international accounting standards, IAS/IFRS. Peculiar attention was paid to the assessment of goodwill, the new rules of classification and assessment of the financial instruments, the Life business and the issues linked to the adjustment of IT systems and accounting processes. Implementation of the procedures and processes involved in adoption of new accounting standards will continue throughout 2005.

Further information on the effects deriving from the first application of the IAS/IFRS may be disclosed during the financial year 2005, when the interim reports are published, this will also take into account any further decision from the Supervisory Authorities.

## **Other resolutions of the Board of Directors**

In this respect, it is hereby notified that the Board of Directors of Unipol Assicurazioni will invite the Ordinary Shareholders' Meeting to resolve on the renewal of the authorization to purchase and/or dispose, in one or several times, of own shares both ordinary and preference, and/or of shares of the holding company Finsoe, for a period of 12 months from the meeting's resolution. The proposed reserve for the purchase of such shares is set at €100m for own shares and at €45m (less against €74m set at present) for shares of the holding company.

**As of today Unipol Assicurazioni does not hold, either directly or through its subsidiaries, any own shares, not shares of Finsoe.**

At an extraordinary meeting the Shareholders will also be called upon to approve the amendment of Articles 6 (Shares) and 8 (Calling of Meetings) of the **Company By-laws**; specifically these amendments concern the regulation - in accordance with Article 147 (4), of the TUF (Consolidated Finance Act) - of the ways to inform the common Representative of the preference shareholders and of the redemption, within a given amount, of possible expenses incurred in protecting the common interests of such shareholders.

The Board of Directors also convened, for 27 April 2005 in first call, and 28 and 29 April respectively in second and third call, the **Special Meeting of Preference Shareholders**

in order to appoint the common Representative and to set up the fund for expenses incurred in protecting their interests.

Finally, the Board of Directors of Unipol Assicurazioni has taken steps to establish the necessary **independence** of Board members. Given that the company focuses its attention particularly on the "substantial" independence, thus interpreting in an extensive way what required by the Code of Self-Regulation, this assessment of independence excluded a priori any Board Members: (i) who hold office on company bodies of the direct holding company Finsoe and/or of the indirect holding company Holmo; and (ii) who hold office in company bodies of entities party to shareholders' agreements for the control of the Company or that in any way contain clauses whose object is the composition of the Board of Directors of the Company, or of companies controlled by these entities according to Article 2359 (1), of the Civil Code. According to these assessment criteria, the following Directors of the Company have been defined as independent: Jean Dominique Antoni, Rocco Carannante, Ivan Malavasi, Enrico Migliavacca, Massimo Pacetti, Giuseppe Solinas, Graziano Treré and Marco Giuseppe Venturi.

### **Specification concerning the news published by the press**

Referring to some news published in the last days on the press concerning relationships between Unipol Assicurazioni and Banca Nazionale del Lavoro S.p.A., it is hereby specified that:

- (i) no hypothesis of share capital increase was discussed by the company's bodies of Unipol Assicurazioni S.p.A and of its holding company Finsoe S.p.A.;
- (ii) since Unipol Assicurazioni holds 50% of the share capital of BNL Vita S.p.A. (bancassurance *joint venture* with BNL) it is obvious that the Company monitors closely the development of the corporate events that involve the BNL Group.

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**(Attached are the reclassified Profit and Loss Account, the reclassified Balance Sheet and the reclassified Cash Flow Statement as at 31/12/2004 for the Unipol Group and Unipol Assicurazioni).**

Compagnia Assicuratrice Unipol

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## SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amounts in €m)

	31/12/04			31/12/03		
	Life	Non-Life	Total	Life	Non-Life	Total
<b>TECHNICAL ACCOUNT</b>						
Gross premiums	5,721.0	3,902.7	9,623.7	4,653.5	2,838.8	7,492.3
Outward reinsurance premiums	(50.0)	(422.0)	(472.0)	(51.7)	(263.7)	(315.4)
Net change in the provision for unearned premiums		(40.8)	(40.8)		(95.1)	(95.1)
Total Life premiums and earned Non-Life premiums	5,670.9	3,439.9	9,110.9	4,601.8	2,480.0	7,081.8
Claims and sums paid and changes in Life mathematical provisions and Non-Life provision for outstanding claims	(6,347.6)	(2,470.7)	(8,818.3)	(5,143.9)	(1,809.5)	(6,953.4)
Operating expenses	(191.3)	(753.9)	(945.2)	(159.3)	(536.0)	(695.4)
Other technical income and charges	23.5	(11.3)	12.2	22.3	1.9	24.2
Net income (charges) from Class D investments (1)	305.4		305.4	314.3		314.3
Net income from investments allocated to the technical account of Life business	610.4		610.4	398.6		398.6
<b>Balance on the technical account (2)</b>	<b>71.4</b>	<b>204.1</b>	<b>275.4</b>	<b>33.6</b>	<b>136.3</b>	<b>170.0</b>
<b>NON-TECHNICAL ACCOUNT</b>						
Net income from investments (3)			239.9			239.1
Net value adjustments			(71.1)			(101.8)
Amortization "difference arising from consolidation"			(44.5)			(34.9)
Balance on other income/other charges			(45.1)			(19.9)
<b>Balance on ordinary activities</b>			<b>354.7</b>			<b>252.5</b>
Extraordinary income			135.6			72.2
Extraordinary charges			(28.5)			(21.4)
<b>Profit before taxation</b>			<b>461.9</b>			<b>303.3</b>
Income tax for the year			(188.9)			(125.9)
<b>Consolidated profit</b>			<b>272.9</b>			<b>177.4</b>
Profit (loss) for the year - minority interests			61.6			29.9
<b>PROFIT (LOSS) FOR THE YEAR - GROUP</b>			<b>211.3</b>			<b>147.5</b>

(1) Income from investments the risk of which is borne by policyholders, matched by a corresponding variation in technical provisions. The economic result is consequently not affected.

(2) As regards Non-Life business, consolidated accounts do not require the transfer of investment income from the non-technical account

(3) Net of investment income transferred to the technical account for Life business and of the goodwill amortization of the companies valued with the equity method (€3.5m).

**N.B.:** Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors (KPMG S.p.A.).



## SUMMARY OF CONSOLIDATED BALANCE SHEET

(Amounts in €m)

	31/12/2004	31/12/2003
<b>ASSETS</b>		
<b>Intangible assets</b>	1,153.7	1,213.2
<b>Investments</b>		
Land and buildings	894.7	647.6
Investments in Group undertakings and other participating interests	1,453.9	1,422.4
Other financial investments	19,954.4	18,049.4
Deposits with ceding undertakings	25.1	26.1
<b>Total investments</b>	<b>22,328.1</b>	<b>20,145.5</b>
<b>Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension funds under management</b>	<b>5,986.0</b>	<b>5,561.7</b>
<b>Technical provisions - reinsurers' share</b>		
Non-Life insurance business	567.5	503.3
Life assurance business	171.2	385.5
<b>Total technical provisions - reinsurers' share</b>	<b>738.7</b>	<b>888.8</b>
<b>Debtors</b>	1,349.3	1,344.9
<b>Other assets</b>	1,205.6	800.5
<b>Prepayments and accrued income</b>	177.9	212.1
<b>TOTAL ASSETS</b>	<b>32,939.3</b>	<b>30,166.6</b>
<b>LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	916.5	906.2
Free reserves	1,521.3	1,487.7
Consolidation reserve	(54.7)	(48.3)
Reserve for valuation differences on unconsolidated shareholdings	8.5	0.8
Profit (loss) for the financial year	211.3	147.5
Capital and reserves - minority interests	298.5	229.9
<b>Total capital and reserves</b>	<b>2,901.4</b>	<b>2,723.7</b>
<b>Subordinated liabilities</b>	674.0	666.0
<b>Technical provisions</b>		
Non-Life insurance business	6,801.6	6,440.1
Life assurance business	15,602.6	13,667.7
<b>Total technical provisions</b>	<b>22,404.2</b>	<b>20,107.8</b>
<b>Technical provisions where the investment risk is borne by policyholders and provisions arising out of pension funds under management</b>	5,983.8	5,561.2
<b>Provisions for other risks and charges</b>	63.8	46.8
<b>Deposits received from reinsurers</b>	247.0	405.2
<b>Creditors and other liabilities</b>	625.0	618.1
<b>Accruals and deferred income</b>	40.1	37.9
<b>TOTAL LIABILITIES</b>	<b>32,939.3</b>	<b>30,166.6</b>

*N.B.: Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors (KPMG S.p.A.).*

## CONSOLIDATED CASH FLOW STATEMENT

(Amounts in €m)

	31/12/2004	31/12/2003
<b>CASH INFLOW</b>		
CASH INFLOW FROM OPERATING ACTIVITIES		
Net profit for the year	211.3	147.5
Net increase in technical provisions	2,869.1	8,188.5
Write-downs of securities and shareholdings	88.4	116.9
Increase (decrease) in investment funds	17.9	100.4
Decrease in loans	1.8	(15.6)
(Increase) decrease in receivables and other assets, net of payables and other liabilities	(116.2)	12.4
OTHER CASH INFLOW		
Paid-up capital increase	13.5	1,064.6
Changes in equity reserves	0.0	0.1
Increase (decrease) in minority interests	68.6	66.6
<b>TOTAL CASH INFLOW</b>	<b>3,154.5</b>	<b>9,681.4</b>
<b>CASH INFLOWS WERE INVESTED AS FOLLOWS:</b>		
Increase in investments in securities	918.7	8,402.3
Increase in investments in shareholdings	354.2	579.9
Increase in investments in buildings	245.5	162.4
Increase in Class D investments	424.3	399.9
Write-ups of securities and shareholdings	27.6	24.0
Other cash investments	658.3	188.2
Dividends paid	115.7	56.9
<b>TOTAL CASH FLOW INVESTED</b>	<b>2,744.4</b>	<b>9,813.6</b>
Increase (decrease) in cash at bank and in hand	410.1	(132.2)
<b>TOTAL</b>	<b>3,154.5</b>	<b>9,681.4</b>
<b>Cash at bank and in hand as at 1 January</b>	<b>678.0</b>	<b>810.2</b>
<b>Cash at bank and in hand as at 31 December</b>	<b>1,088.1</b>	<b>678.0</b>

**RECLASSIFIED PROFIT AND LOSS ACCOUNT OF UNIPOL ASSICURAZIONI S.p.A.**  
(Amounts in €K)

	Financial Year 2004			Financial Year 2003		
	Life	Non-Life	Total	Life	Non-Life	Total
<b>TECHNICAL ACCOUNT</b>						
<b>Gross direct business</b>						
(+) Written premiums	1,195,851	1,394,663	2,590,514	1,076,171	1,323,144	2,399,315
(-) Change in math. provisions and prov. for unearned premiums	836,354	26,788	863,141	827,619	36,012	863,631
(-) Claims paid	511,085	967,594	1,478,679	376,287	915,138	1,291,425
(+) Balance on other technical items	5,440	439	5,880	(1,307)	(1,037)	(2,345)
(-) Operating expenses	48,402	300,804	349,205	48,164	283,157	331,321
(+) Net income from inv. other than Class D investments (1)	167,530	28,135	195,665	152,614	37,666	190,280
(+) Net income from Class D investments (2)	42,963		42,963	29,640		29,640
<b>Balance on gross direct business</b>	<b>15,944</b>	<b>128,052</b>	<b>143,996</b>	<b>5,048</b>	<b>125,466</b>	<b>130,514</b>
<b>Balance on outward reinsurance</b>	(542)	(17,176)	(17,718)	(1,203)	(4,215)	(5,418)
<b>Balance on net indirect business</b>	407	416	823	100	(147)	(47)
<b>Balance on the technical account</b>	<b>15,809</b>	<b>111,292</b>	<b>127,101</b>	<b>3,945</b>	<b>121,103</b>	<b>125,048</b>
<b>NON-TECHNICAL ACCOUNT</b>						
(+) Investment income (3)			74,882			56,115
(+) Other income			71,929			55,377
(-) Other charges			97,758			67,515
<b>Balance on ordinary activities</b>			<b>176,153</b>			<b>169,024</b>
(+) Extraordinary income			39,772			44,258
(-) Extraordinary charges			4,717			4,156
<b>Profit before taxation</b>			<b>211,207</b>			<b>209,127</b>
(-) Tax on profit			35,621			75,020
<b>NET PROFIT (OR LOSS)</b>			<b>175,586</b>			<b>134,107</b>

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

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

(2) Income from investments the risk of which is borne by policyholders, matched by a corresponding variation in technical provisions.  
The economic result is consequently not affected.

(3) Investment income for Life business: after transfers from the technical account.

Investment income for Non-Life business: after transfers to the technical account.

**N.B.:** Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors (KPMG S.p.A.)

**RECLASSIFIED BALANCE SHEET OF UNIPOL ASSICURAZIONI S.p.A.  
FINANCIAL YEARS ENDED 31 DECEMBER 2004 AND 2003**

(Amounts in €K)

ASSETS			LIABILITIES		
	2004	2003		2004	2003
<b>Intangible assets</b>			<b>Capital and reserves</b>		
Deferred acquisition costs	31,168	31,993	Paid-up share capital	916,459	906,230
Formation expenses, goodwill and other pluriennial costs	8,302	10,885	Reserves and undistributed profits	1,510,898	1,489,212
<b>Total intangible assets</b>	<b>39,470</b>	<b>42,878</b>	Profit (loss) for the financial year	175,586	134,107
<b>Investments and liquid assets</b>			<b>Total capital and reserves</b>	<b>2,602,943</b>	<b>2,529,549</b>
I Land and buildings	613,568	321,716	<b>Subordinated liabilities</b>	<b>600,000</b>	<b>600,000</b>
II Investments in Group undertakings and other participating interests:			<b>Technical provisions, net of reinsurers' share</b>		
Shares and participating interests	3,177,945	3,400,681	Non-Life business: provision for unearned premiums	492,041	464,703
Debt securities	54,972	44,614	Non-Life business: provision for claims outstanding	1,573,108	1,453,227
Corporate financing	0	1,872	Non-Life business: other provisions	2,521	2,659
III Other financial investments:			Life business: mathematical provisions	4,154,908	3,418,676
Shares and participating interests	409,743	230,163	Life business: prov. for matured policies, surrenders and annuities	23,623	15,938
Units and shares in investment funds	91,656	84,236	Life business: other provisions	32,676	31,128
Debt securities	4,278,098	3,476,953	<b>Total technical provisions</b>	<b>6,278,878</b>	<b>5,386,330</b>
Loans	54,233	56,737	<b>Net technical provisions where the investment risk is borne by policyholders</b>		
Sundry financial investments	371,970	349,629	Contracts with unit- and index-linked benefits	581,082	535,327
IV Deposits with ceding undertakings	22,815	23,021	Pension funds	111,270	61,905
V Cash at bank and in hand	118,013	279,074	<b>Total</b>	<b>692,352</b>	<b>597,232</b>
VI Company's own shares	0	0	<b>Provisions for other risks and charges</b>		
<b>Total investments and liquid assets</b>	<b>9,193,013</b>	<b>8,268,697</b>	Provisions for taxation	10,923	7,964
<b>Investments for the benefit of Life assurance policyholders who bear the investment risk thereof</b>			Other provisions	7,000	9,292
Relating to unit- and index-linked benefits	581,082	535,327	<b>Total provisions for other risks and charges</b>	<b>17,923</b>	<b>17,256</b>
Relating to pension funds	111,270	61,905	<b>Creditors and other liabilities</b>		
<b>Total</b>	<b>692,352</b>	<b>597,232</b>	I Arising out of direct insurance and reinsurance operations:		
<b>Debtors</b>			Intermediaries	5,359	2,499
I Debtors arising out of direct insurance and reinsurance operations:			Amounts payable to insurance and reinsurance undertakings	16,447	15,590
Premiums payable by policyholders	171,672	169,226	Deposits received from insurance and reinsurance undertakings	39,143	38,504
Intermediaries	111,817	57,496	Sundry creditors	3,936	4,630
Insurance and reinsurance operations	62,563	64,622	II Sundry borrowings and other financial creditors	15,085	11,036
Amounts recoverable from policyholders and third parties	16,794	18,701	III Provision for staff leaving indemnity	24,366	24,554
II Other debtors	100,498	59,302	IV Other creditors:		
<b>Total debtors</b>	<b>463,344</b>	<b>369,348</b>	Policyholders' tax due	27,643	25,896
<b>Other assets</b>			Sundry taxes	8,738	6,331
Tangible assets and stocks	15,331	11,421	Sundry creditors	45,083	22,363
Other assets	89,551	113,168	V Other liabilities	115,165	120,974
<b>Total other assets</b>	<b>104,882</b>	<b>124,588</b>	<b>Total creditors and other liabilities</b>	<b>300,965</b>	<b>272,376</b>
<b>TOTAL ASSETS</b>	<b>10,493,061</b>	<b>9,402,744</b>	<b>TOTAL LIABILITIES</b>	<b>10,493,061</b>	<b>9,402,744</b>

*N.B.: Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors (KPMG S.p.A.)*

**CASH FLOW STATEMENT OF UNIPOL ASSICURAZIONI S.p.A.  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 AND 2003**

(Amounts in €K)

	<b>2004</b>	<b>2003</b>
<b>CASH INFLOW</b>		
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the fin. year	175,586	134,107
Net increase in technical provisions of Life and Non-Life business	987,667	997,868
Write-down of securities and participating interests	38,245	52,127
Increase (decrease) in investment funds	12,395	12,329
Decrease in investments in participating interests	5,882	0
Decrease in investments in buildings	0	12,720
Decrease in loans	4,377	0
(Increase) decrease of receivables and other assets, net of payables and other liabilities	(52,582)	255,547
Decrease in other investments	0	145,411
<b>OTHER CASH INFLOW</b>		
Capital increase in return for payment	13,475	1,064,638
<b>TOTAL CASH INFLOW</b>	<b>1,185,045</b>	<b>2,674,747</b>
<b>CASH FLOWS WERE INVESTED AS FOLLOWS:</b>		
Increase in investments in securities	816,550	1,093,381
Increase in investments in participating interests	0	1,550,006
Increase in investments in buildings	297,396	0
Increase in Class D investments	95,120	103,250
Write-ups of securities and participating interests	3,344	1,116
Increase in loans	0	1,790
Other cash investments	18,013	0
Dividends paid	115,684	56,900
<b>TOTAL CASH FLOW INVESTED</b>	<b>1,346,107</b>	<b>2,806,443</b>
Increase (decrease) in cash at bank and in hand	(161,062)	(131,697)
<b>TOTAL</b>	<b>1,185,045</b>	<b>2,674,747</b>
<b>Cash at bank and in hand as at 1 January</b>	<b>279,074</b>	<b>410,771</b>
<b>Cash at bank and in hand as at 31 December</b>	<b>118,013</b>	<b>279,074</b>