

PRESS RELEASE

Unipol Group: results as at 31 December 2002

- *Consolidated net profit well up at € 102.1 m (+63.8%).*
- *Consolidated premiums: € 6,046 m (+22.3%); Life business +33.6% and Non-Life +7.7%.*
- *Distinct improvement in the result of typical activity.*
- *Parent company profit up at € 103.1 m from € 83.2 m in 2001.*
- *Proposed dividend of € 0.1152 on preference shares and € 0.1100 on ordinary shares (+15%).*
- *Extraordinary general meeting called to review the powers already granted to the Board in accordance with articles 2443 and 2420 c of the Civil Code.*

Bologna, 28 March 2003. **Unipol Assicurazioni's** Board of Directors, which met today under the chairmanship of Giovanni Consorte, approved the Parent Company's accounts and the consolidated accounts for the 2002 financial year.

Consolidated accounts. In 2002 total **premium income** rose to **€ 6,045.8 m**, an increase of 22.3%, € 3,721.8 m of which (+33.6%), corresponding to 61.6%, was for Life business and € 2,324 m (+7.7%) was for Non-Life business.

The result for **technical accounts** (showing a balance of € 120.6 m) recorded a substantial increase over the previous year (€ 35.1 m), thanks to a **"combined ratio"** (a ratio that includes the loss ratio and the incidence of operating expenses) in Non-Life business that amounted to 95.7% of the earned premiums (99.1% in 2001).

During the financial year, technological and organizational integration of the companies in the Group continued, enabling procedures and structures to be rationalized and operating expenses to be kept down.

Payments made for claims, matured policies, surrenders and annuities (including claims handling costs) totalled € 2,804.4 m (+16.6%).

Technical provisions, which rose by 18.6%, amounted to € 17,353.1 m (€ 14,626.3 m in 2001) and **investments** and liquid assets reached € 17,686 m (+19.3%), € 5,161.7 m of which related to investments where the risk is borne by the policyholders (+29.9%).

Despite the worsening economic situation and the downturn in the financial markets, the results of **property and financial management** were approximately the same as in the previous financial year. Net income and profits from investments amounted to € 579.1 m compared with € 581.9 m in 2001, whilst net value adjustments recorded at the end of the financial year were € 149.6 m (€ 148.2 m in 2001). As regards gains and charges relating to those investments the risk of which is borne by the policyholders, the result was negative to the tune of € 73.8 m (€ -125.1 m in 2001), mainly because of the trend in the share markets.

The result of ordinary activity reached € 192.4 m (€ 54.8 m in 2001), whilst **the consolidated net profit** was **€ 102.1 m**, an increase of **63.8%** compared with 2001 and the ROE rose from 5.8% to 8.7%.

At the end of 2002 the **Unipol Group** was **ranked 4th** among the leading Insurance Groups in Italy.

Parent Company accounts. Unipol Assicurazioni ended the 2002 financial year (the 40th since it was founded) with a **net profit of € 103.1 m**, compared with € 83.2 m at the end of 2001 (+23.9%).

Premiums written totalled **€ 1,901.7 m** (+10.5%), € 1,828.8 m of which were from direct business (+11%) and € 72.9 m from indirect business. Direct premium income for Life business was € 616.8 m (+15%) and for Non-life business € 1,211.9 m (+9.1%).

Core insurance business also improved in 2002, the technical result rising to € 139.2 m (€ 84 m in 2001) as a result of the drop in the loss ratio for Non-Life business (down from 74.4% to 70.9%) and of the fall in the **“combined ratio”** (down from 96% to 92.1%), which also benefited from the fact that operating expenses were kept down.

Payments made for the claims, matured policies, surrenders and annuities, including claims handling costs, amounted to € 1,199.9 m (+8.7%). **Technical provisions** rose to € 5,122 m (+8.2%), € 494 m of which related to investments where the risk is borne by the policyholders (+17.9%).

Investments and liquid assets totalled € 6,474.3 m (+8.2%).

Net income and profits from **property and financial management** amounted to € 261.7 m (€ 274 m in 2001). The net result of those investments the risk of which is borne by the policyholders, was negative to the tune of € 20.6 m (€ -20.5 m in 2001).

Net value adjustments, including depreciation, amounted to € 64.5 m (€ 73.9 m in 2001).

The result for ordinary activity, which rose to € 154.7 m (+70.6%), reflected the improvement achieved in core business; on the other hand, the result for extraordinary activity was lower.

Shareholders' equity, including the profit for the year, amounted to **€ 1,387.7 m** (€ 1,170.9 m at the end of 2001), to which the advanced conversion of Warrants also contributed to the tune of € 162.5 m.

In the **first quarter of 2003** the trend in premium income for both Unipol and for the Group showed a rate of growth that was considerably better than that recorded in the first few months of 2002, mainly thanks to Life business, which also recorded exceptional income resulting from the writing of several large policies.

Dividend. Unipol Assicurazioni Shareholders – convened for Ordinary and Extraordinary General Meetings on 29 and 30 April (in first and second call) will be offered the distribution of a **dividend of € 0.1152** for each **preference** share and of **€ 0.1100** for each **ordinary** share (€ 0.1002 and € 0.0950 respectively in the previous financial year), to be paid from 22 May 2003 (ex-dividend on 19 May 2003). The amount of dividends will thus rise to € 56.8 m (+16.4%).

During the **ordinary session** the Meeting will also be asked to renew the authorization to purchase own shares and Parent Company shares and to integrate the Board of Directors.

During the **extraordinary session** there will be a proposal to extend the powers already granted to the Board of Directors by the General Meeting held on 30 April 2002, in accordance with articles 2443 and 2420 c of the Civil Code.

The proposal is to increase to a nominal amount of € 400 m and € 500 m respectively the maximum granted to the Board for the purpose of increasing the share capital (free and/or for payment) and for issuing bonds, within a period of 5 years. The proposal is intended to sustain the Group's development programmes with the necessary flexibility and to strengthen further its competitive position both in the insurance sector and in the banking and merchant banking sector.

Internal dealing. In order to comply with recent guidelines issued by Borsa Italiana, some adjustments were made to the Company's Code of Conduct, concerning (i) the deadline for communication of Transactions carried out by the Relevant Persons to the Appointed Office (reduced from the 3rd to the 2nd open market day); (ii) the deadline by which the Appointed Office must notify the market of the completion of Transactions above the relevant threshold (reduced from the 4th to the 1st open market day).

(The reclassified Balance Sheet and Profit and Loss Account as at 31/12/2002 for Unipol Assicurazioni and for the Group are attached).

Bologna, 28 March 2003

Compagnia Assicuratrice Unipol

www.unipol.it

RECLASSIFIED BALANCE SHEET
YEARS ENDED 31 DECEMBER 2002 AND 2001

(Amounts in EURO '000)

ASSETS			LIABILITIES		
	2002	2001		2002	2001
B. Intangible assets			Capital and reserves		
Deferred acquisition costs	33,668	36,147	Paid-up share capital	505,696	451,273
Formation expenses, goodwill and other pluriennial costs	3,763	4,686	Reserves and undistributed profits	778,938	636,474
Total intangible assets	37,431	40,833	Profit (loss) for the financial year	103,075	83,178
C. Investments and liquid assets			Total capital and reserves	1,387,709	1,170,925
I Land and buildings	340,062	410,136	Subordinated liabilities	300,000	300,000
II Investments in group undertakings and other participating interests:			Technical provisions, net of reinsurers' share		
Shares and participating interests	1,878,305	1,802,085	Non-Life business: provision for unearned premiums	431,008	406,596
Debt securities	31,721	0	Non-Life business: provision for claims outstanding	1,345,542	1,290,495
Corporate financing	1,253	6,226	Non-Life business: other provisions	2,665	2,695
III Other financial investments:			Life business: mathematical provisions	2,666,900	2,357,351
Shares and participating interests	183,954	48,001	Life business: prov. for mature policies, surrenders and annuities	14,186	12,538
Units and shares in investment funds	111,076	121,464	Life business: other provisions	31,411	30,507
Debt securities	2,431,902	2,424,248	Total technical provisions	4,491,713	4,100,182
Loans	55,567	52,539	Net technical provisions where the investment risk is borne by the policyholders		
Sundry financial investments	502,685	473,834	Contracts with unit- and index-linked benefits	450,500	392,925
IV Deposits with ceding undertakings	25,701	30,835	Pension funds	43,481	26,222
V Cash at bank and in hand	410,771	194,522	Total	493,982	419,146
VI Company's own shares	7,313	3,227	Provisions for other risks and charges		
Total investments and liquid assets	5,980,311	5,567,115	Provisions for taxation	7,985	6,864
D. Investments for the benefit of life assurance policyholders who bear the investment risk thereof			Other provisions	9,209	5,587
Relating to unit- and index-linked benefits	450,500	392,925	Total provisions for other risks and charges	17,193	12,450
(2) Inc Relating to pension funds	43,481	26,222	Creditors and other liabilities		
Total	493,982	419,146	I Arising out of direct insurance and reinsurance operations:		
E. Debtors			Intermediaries	1,929	4,059
I Debtors arising out of direct insurance and reinsurance operations:			Amounts payable to insurance and reinsurance undertakings	24,079	19,781
Premiums payable by policyholders	160,362	157,020	Deposits received from insurance and reinsurance undertakings	68,842	64,938
Intermediaries	62,081	95,154	Sundry creditors	4,272	3,906
Insurance and reinsurance undertakings	58,485	119,388	II Sundry borrowings and other financial creditors	11,779	221,455
Amounts recoverable from policyholders and third parties	20,638	20,225	III Provision for staff leaving indemnity	24,800	24,552
II Other debtors	84,681	20,946	IV Other creditors:		
Total debtors	386,247	412,732	Policyholders' tax due	23,876	21,279
F. Other assets			Sundry taxes	7,603	10,431
Tangible assets and stocks	6,659	6,771	Sundry creditors	25,618	23,771
Other assets	102,290	77,733	V Other liabilities	123,525	127,455
Total other assets	108,950	84,503	Total creditors and other liabilities	316,323	521,626
TOTAL ASSETS	7,006,921	6,524,330	TOTAL LIABILITIES	7,006,921	6,524,330

N.B.: Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors.

RECLASSIFIED PROFIT AND LOSS ACCOUNT

(Amounts in EURO '000)

	Year 2002			Year 2001		
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
Gross direct business						
(+) Written premiums	616,830	1,211,927	1,828,756	536,442	1,111,074	1,647,516
(-) Change in math. provisions and prov. for unearned premiums	303,739	31,248	334,987	269,890	34,711	304,600
(-) Claims paid	357,795	841,134	1,198,929	310,444	794,714	1,105,158
(+) Balance on other technical items	2,387	(806)	1,581	1,467	(225)	1,243
(-) Operating expenses	41,408	251,809	293,217	41,751	236,047	277,798
(+) Net income from inv. other than Class D investments ⁽¹⁾	113,990	47,509	161,499	117,406	21,591	138,997
(+) Net income from Class D investments ⁽²⁾	(20,565)		(20,565)	(20,485)		(20,485)
Balance on gross direct business	9,700	134,439	144,139	12,746	66,968	79,714
Balance on outward reinsurance	(5,510)	2,627	(2,882)	7,255	2,644	9,898
Balance on net indirect business	584	(2,647)	(2,062)	242	(5,880)	(5,638)
Balance on the technical account	4,775	134,420	139,195	20,243	63,731	83,974
NON-TECHNICAL ACCOUNT						
(+) Investment income ⁽³⁾			24,847			9,789
(+) Other income			42,143			28,255
(-) Other charges			51,510			31,349
Balance on ordinary activities			154,675			90,669
(+) Extraordinary income			28,439			81,443
(-) Extraordinary charges			8,104			37,166
Profit before taxation			175,010			134,946
(-) Tax on profit			71,935			51,768
NET PROFIT (OR LOSS)			103,075			83,178
<i>(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</i>						
<i>(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.</i>						
<i>(2) Investment income for Life business: after transfers from the technical account Investment income for Non-Life business: after transfers to the technical account</i>						

N.B.: Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors.

SUMMARY OF CONSOLIDATED BALANCE SHEET

Amounts in EUROm

	31/12/2002	31/12/2001
ASSETS		
Subscribed share capital unpaid		
Intangible assets	479.4	506.8
Investments		
Land and buildings	521.0	629.2
Investments in group undertakings and other participating interests	953.9	841.4
Other financial investments	10,204.5	8,805.2
Deposits with ceding undertakings	27.4	27.5
Total investments	11,706.8	10,303.3
Investments for the benefit of life assurance policyholders who bear the risk thereof and arising out of pension funds under management	5,161.7	3,972.5
Technical provisions - reinsurers' share		
Non-Life insurance business	451.6	441.7
Life assurance business	309.8	413.1
Total technical provisions - reinsurers' share	761.4	854.8
Debtors	900.1	825.7
Other assets	882.7	610.0
Prepayments and accrued income	120.9	122.4
TOTAL ASSETS	20,013.0	17,195.6
LIABILITIES		
Capital and reserves		
Share capital	505.7	451.3
Free reserves	777.7	634.6
Consolidation reserve	(46.4)	(23.8)
Reserve for valuation differences on unconsolidated shareholdings	(0.5)	(1.8)
Profit (loss) for the financial year	102.1	62.3
Capital and reserves - minority interests	163.3	149.1
Total capital and reserves	1,501.8	1,271.7
Subordinated liabilities	337.0	300.0
Technical provisions		
Non-Life insurance business	3,855.9	3,644.3
Life assurance business	8,337.4	7,012.3
Total technical provisions	12,193.3	10,656.6
Technical provisions where investment risk is borne by policyholders and provisions arising out of pension funds under management	5,159.8	3,969.8
Provisions for other risks and charges	42.0	32.7
Deposits received from reinsurers	342.5	322.7
Creditors and other liabilities	400.1	601.3
Accruals and deferred income	36.6	40.9
TOTAL LIABILITIES	20,013.0	17,195.6

N.B.: Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors.

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

Amounts in EUROm

	31.12.2002			31.12.2001		
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
net of reinsurance						
Life written premiums and Non-Life earned premiums	3,678.6	2,037.8	5,716.4	2,743.6	1,879.0	4,622.6
Claims and sums paid and changes in Life mathematical provisions and Non-Life provision for outstanding claims	(3,722.0)	(1,542.1)	(5,264.1)	(2,754.6)	(1,471.1)	(4,225.6)
Operating expenses	(135.1)	(407.0)	(542.1)	(112.5)	(391.9)	(504.3)
Other technical income and charges	20.1	(4.9)	15.2	6.9	(11.1)	(4.3)
Net income (charges) from Class D investments ⁽¹⁾	(73.8)		(73.8)	(125.1)		(125.1)
Net income from investments allocated to the technical account of Life business	269.0		269.0	271.9		271.9
Balance on the technical account	36.8	83.8 ⁽²⁾	120.6	30.2	4.9 ⁽²⁾	35.1
NON-TECHNICAL ACCOUNT						
Net income from investments ⁽³⁾			266.9			214.5
Balance on other income/other charges			(45.5)			(46.6)
Operating result			342.1			203.0
Net value adjustments			(149.6)			(148.2)
Balance on ordinary activities			192.4			54.8
Extraordinary income			50.3			124.4
Extraordinary charges			(14.1)			(41.1)
Profit before taxation			228.6			138.1
Income tax for the year			(107.6)			(65.6)
Profit (loss) for the year - minority interests			18.9			10.1
PROFIT (LOSS) FOR THE YEAR - GROUP			102.1			62.3

(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 of Life business.

N.B.: Please note that the accounts will be checked as usual by the Board of Statutory Auditors and audited by the independent Auditors.