

PRESS RELEASE

Unipol Group: results as at 31 December 2003

- *Consolidated premiums of €7,492.3m (+23.9%, of which +25% for Life business and +22.2% for Non-Life business); consolidated pro-forma premiums (including premiums written by the Winterthur Italia Group for the whole of 2003) of €8,882.6m.*
- *Consolidated net profit of €177.4m, strongly up (+46.6%); net profit for the Group of €147.5m (+44.4%).*
- *Net profit for the Parent Company Unipol Assicurazioni of €134.1m (+30.1%).*
- *A proposed dividend distribution of €115.2m (+102.5%): unitary dividends of €0.1302 for preference shares (+12.6% and the number of shares up to 330.9m, compared to 184.9m paid out on from the 2002 dividend) and €0.1250 for ordinary shares (+13.2% and the number of shares up to 577.2m, compared to 321.8m paid out on from the 2002 dividend).*

Bologna, 26 March 2004. 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 2003.

Consolidated accounts

For **insurance business**, the total premium income for 2003 rose to €7,492.3m, with a growth rate of 23.9%, of which €4,653.5m (+25%), equal to 62.1% of the income, was from Life business and €2,838.8m (+22.2%) from Non-Life business. Part of this result related to the acquisition of the Winterthur Italia Group, from which only premiums relating to the fourth quarter were consolidated, equal to around €540.8m, of which €356.4m related to Non-Life business and €184.4m to Life business. On a like for like basis, excluding premiums relating to the new companies acquired and those relating to Noricum Vita (sold during the year) for 2002, the increase in income was 20.8%.

In particular, the *composite* companies (Unipol Assicurazioni, Meicaurora and the Winterthur Italia Group) brought in premiums of €4,205.8m (an increase of 42.1% compared to 2002, +23.8% on a like for like basis, not including the premium income of the Winterthur Italia Group for the fourth quarter of 2003) and achieved a combined net profit equal to around €195m (compared to €133.2m in 2002). The *specialist* companies (Linear, Navale and Unisalute) had premium income of €322.5m (up by 15.3% compared to 2002) and achieved profits of €4.6m (compared to €9.3m in 2002). The *bancassurance* companies (BNL Vita and Quadrifoglio Vita) had premium income of €2,964.1m (up by 5.7% compared to 2002, +18% on a like for like basis, not including the premium income of Noricum Vita in 2002) and achieved profits of €38.7m (€25.8m in 2002, €21.4m excluding Noricum Vita).

The technical result of the Group for **insurance business** was of €170m, compared to €120.6m for 2002 (+41%) and, in particular, showed a net improvement in Non-Life business. The aggregated *combined ratio* for direct business was 93.2%, against 95.5% for 2002. Payments made for claims, matured policies, surrenders and annuities (including claims handling costs) by the Unipol Group amounted to a total of €3,651.0m (+30.2%). Technical provisions reached €25,669m, an increase of 47.9% compared to the end of 2002 (+22.2% on a like for like basis),

whilst investments and liquid assets reached €26,385.2m, an increase of 49.2% compared to 2002 (+30.8% on a like for like basis).

Asset and property management was particularly positive. Net income and gains from investments amounted to €693m against €579.1m in 2002 (+19.7%), whilst net value adjustments recorded at the end of the financial year were equal to €101.8m (€149.6m in 2002, -32%). Income and gains from investments on which policyholders bear the risk amounted to €314.3m (-€73.8m in 2002).

In the **banking business** Unipol Banca ended the financial year with a net profit of €15.1m (almost triple the €5.3m for 2002), net of depreciation and set asides of around €24m. The profit before tax, depreciation and set asides was in fact equal to €46.6m. Direct customer deposits totalled €2,693m (+18% compared to 2002); customer funds were €11,461m (+64.2% compared to 2002), including managed savings of €1,174m (+17.4%), whilst loans came to €1,946m (+18.2% compared to 2002), a strong rise, but the incidence of net doubtful loans on stable customer receivables remained at 0.61%. At the end of 2003 the distribution network was composed of 185 branches (of which 81 were combined with insurance agencies), 53 finance shops and 425 financial advisers, as well as a further 7 branches being opened.

The balance on the Group's ordinary activities was €252.5m (€192.4m in 2002, +31.2%), whilst **the gross consolidated profit, including the portion pertaining to minority interests**, reached €177.4m, an increase of 46.6% compared to €121m in 2002. Consolidated Group profit amounted to €147.5m against €102.1m for 2002 (+44.4%), while the net ROE stood at 8.4%. The gross consolidated profit before depreciation of goodwill would be equal to €184.5m (+41.1% compared to 2002) and the related ROE would be 10.5%. Premiums written by the Winterthur Italia Group were included only for the fourth quarter of 2003.

At the end of 2003 the Unipol Group **ranked 4th** on the list of major insurance groups operating in Italy, with a combined premium income very close to that of the group in 3rd position.

Annual Accounts of the Parent Company

Unipol Assicurazioni ended the 2003 financial year (its **41st** since the launch of activities) with a **net profit of €134.1m**, against €103.1m at the end of 2002 (+30.1%), after supplementary, tax-related write-downs for an additional €12m.

Premiums written amounted to **€2,454.2m** (+29.1%), of which €2,399.3m from direct business (+31.2%) and €54.8m from inward reinsurance. In Life business direct premium income reached €1,076.2m (+74.5%), a strong increase due in particular to business channelled through Unipol Banca (premiums of €126m) and to the successful sale of capitalisation policies. In Non-Life business, direct premiums amounted to €1,323.1m (+9.2%).

Insurance business continued to be very positive, with the balance on the technical account standing at €125m. The *combined ratio* for direct business stood at 92.4% (91.9% in 2002), confirming its excellent performance.

Payments made for claims, matured policies, surrenders and annuities (including claims handling costs), amounted to €1,230.3m (+2.5%). **Technical provisions** rose to €6,091.5m (+18.9%), of which €597.2m related to investments on which policyholders bear the risk.

The value of **investments** and liquid assets stood at €8,865.9m (+36.9%), the increase being partly due to liquidity acquired from the capital increase (€1,054.3m) and the issue of subordinated callable notes (€300m), transactions associated with funding the acquisition of the companies of the Winterthur Italia Group which took place during 2003.

Net income and gains from **investments** amounted to €322.3m (+23.2%). Net income from investments on which policyholders bear the risk was of €29.6m (-€20.6m in 2002).

Net value adjustments, including depreciations, amounted to €50.4m (€64.5m in 2002).

The balance on ordinary activities was equal to €169m (+9.3% compared to 2002), whilst the net profit reached €134.1m.

Net shareholders' funds, including the profit for the financial year, amounted to **€2,529.5m** (€1,387.7m at the end of 2002), after the capital increase of €1,054.3m effected last summer.

During **the first quarter of 2004**, according to first estimates, the performance of the Group's insurance business shows premium income from Non-Life business growing noticeably due to the changed basis of consolidation compared to first quarter 2003. Excluding premiums written by the Winterthur Italia Group, the Non-Life business is expanding in line with expectations of a slowdown in growth dynamics, due in particular to the adherence of the Group's companies to the Memorandum of Understanding signed by the Government, by ANIA [the national association of insurance companies] and by the Consumers' associations, in relation to damping down Motor T.P.L. rate dynamics. Life business recorded a fall due firstly to the removal of Noricum Vita from the basis of consolidation, its premium income not being compensated for during the quarter by the consolidation of Winterthur Vita, and secondly, due to a lower premium income from bancassurance business, which in the first quarter of 2003 had achieved increases which were particularly significant, even compared to those which then occurred during the nine following months.

Dividend. 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 2004 (first and second call) for a dividend distribution of €115.2m (+102.5%), with a *payout* of 85.9% (against 55.2% of 2002). These dividends will apply to 908.1m shares (of which 330.9m preference shares and 577.2m ordinary shares), a substantial increase due to the capital increase of July 2003, compared to 506.7m shares (of which 184.9m preference shares and 321.8m ordinary shares) paid out on from the 2002 dividend. The unitary dividends proposed amount to **€0.1302** (+12.6% compared to €0.1156 for the financial year 2002) for **preference** shares and **€0.1250** for **ordinary** shares (+13.2% compared to €0.1104 in 2002), payable from 20 May 2004 (coupon to be detached on 17 May 2004).

In **ordinary session** the Meeting will also be called upon to (i) nominate the Board for the financial years 2004-2005-2006, having previously determined the number of members and established the related remuneration; (ii) nominate the statutory auditors for the financial years 2004-2005-2006 and determine their related remuneration; (iii) deliberate in accordance with articles 2357, 2357 *ter* and 2359 *bis* of the Civil Code (purchase of own shares and shares of the holding company).

In **extraordinary session**, the Meeting will be called upon to deliberate in relation to a number of changes to the text of the current by-laws, proposed by the administrative body and intended to be a first step towards conformity with the new regulations introduced by Legislative Decree 6 of 17 January 2003 and by Legislative Decree 37 of 6 February 2004, and to the partial review of the aforesaid text, largely on a formal level.

(Attached are the reclassified Balance Sheet and the reclassified Profit and Loss Account as at 31/12/2003 for the Unipol Group and Unipol Assicurazioni).

Bologna, 26 March 2004

Compagnia Assicuratrice Unipol

www.unipol.it

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

Amounts in €m

	31.12.2003			31.12.2002		
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
net of reinsurance						
Life written premiums and Non-Life earned premiums	4,601.8	2,480.0	7,081.8	3,678.6	2,037.8	5,716.4
Claims and sums paid and changes in Life mathematical provision and Non-Life provision for outstanding claims	(5,143.9)	(1,809.5)	(6,953.4)	(3,722.0)	(1,542.1)	(5,264.1)
Operating expenses	(159.3)	(536.0)	(695.4)	(135.1)	(407.0)	(542.1)
Other technical income and charges	22.3	1.9	24.2	20.1	(4.9)	15.2
Net income (charges) from Class D investments ⁽¹⁾	314.3		314.3	(73.8)		(73.8)
Net income from investments allocated to the technical account of Life business	398.6		398.6	269.0		269.0
Balance on the technical account	33.6	136.3 ⁽²⁾	170.0	36.8	83.8 ⁽²⁾	120.6
NON-TECHNICAL ACCOUNT						
Net income from investments ⁽³⁾			239.1			266.9
Balance on other income/other charges			(54.8)			(45.5)
Operating result			354.3			342.1
Net value adjustments			(101.8)			(149.6)
Balance on ordinary activities			252.5			192.4
Extraordinary income			72.2			50.3
Extraordinary charges			(21.4)			(14.1)
Profit before taxation			303.3			228.6
Income tax for the year			(125.9)			(107.6)
Profit (loss) for the year - minority interests			29.9			18.9
PROFIT (LOSS) FOR THE YEAR - GROUP			147.5			102.1

(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 (KPMG S.p.A.).

UNIPOL GROUP
SUMMARY OF CONSOLIDATED BALANCE SHEET

Amounts in €m

	31/12/03	31/12/02
ASSETS		
Intangible assets	1,213.2	479.4
Investments		
Land and buildings	647.6	521.0
Investments in Group undertakings and other participating interests	1,422.4	953.9
Other financial investments	18,049.4	10,204.5
Deposits with ceding undertakings	26.1	27.4
Total investments	20,145.5	11,706.8
Investments for the benefit of life assurance policyholders who bear the risk thereof and arising out of pension funds under management	5,561.7	5,161.7
Technical provisions - reinsurers' share		
Non-Life insurance business	503.3	451.6
Life assurance business	385.5	309.8
Total technical provisions - reinsurers' share	888.8	761.4
Debtors	1,344.9	900.1
Other assets	800.5	882.7
Prepayments and accrued income	212.1	120.9
TOTAL ASSETS	30,166.6	20,013.0
LIABILITIES		
Capital and reserves		
Share capital	906.2	505.7
Free reserves	1,487.7	777.7
Consolidation reserve	(48.3)	(46.4)
Reserve for valuation differences on unconsolidated shareholdings	0.8	(0.5)
Profit (loss) for the financial year	147.5	102.1
Capital and reserves - minority interests	229.9	163.3
Total capital and reserves	2,723.7	1,501.8
Subordinated liabilities	666.0	337.0
Technical provisions		
Non-Life insurance business	6,440.1	3,855.9
Life assurance business	13,667.7	8,337.4
Total technical provisions	20,107.8	12,193.3
Technical provisions where investment risk is borne by policyholders and provisions arising out of pension funds under management	5,561.2	5,159.8
Provisions for other risks and charges	46.8	42.0
Deposits received from reinsurers	405.2	342.5
Creditors and other liabilities	618.1	400.1
Accruals and deferred income	37.9	36.6
TOTAL LIABILITIES	30,166.6	20,013.0

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.)

Unipol Assicurazioni S.p.A.
RECLASSIFIED PROFIT AND LOSS ACCOUNT
(Amounts in €K)

	Year 2003			Year 2002		
	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT						
Gross direct business						
(+) Written premiums	1,076,171	1,323,144	2,399,315	616,830	1,211,927	1,828,756
(-) Change in math. provisions and prov. for unearned premiums	827,619	36,012	863,631	303,739	31,248	334,987
(-) Claims paid	376,287	915,138	1,291,425	357,795	841,134	1,198,929
(+) Balance on other technical items	784	(1,037)	(254)	2,387	(806)	1,581
(-) Operating expenses	48,164	283,157	331,321	41,408	251,809	293,217
(+) Net income from inv. other than Class D investments ⁽¹⁾	150,523	37,666	188,189	113,990	47,509	161,499
(+) Net income from Class D investments ⁽²⁾	29,640		29,640	(20,565)		(20,565)
Balance on gross direct business	5,048	125,466	130,514	9,700	134,439	144,139
Balance on outward reinsurance	(1,203)	(4,215)	(5,418)	(5,510)	2,627	(2,882)
Balance on net indirect business	100	(147)	(47)	584	(2,647)	(2,062)
Balance on the technical account	3,945	121,103	125,048	4,775	134,420	139,195
NON-TECHNICAL ACCOUNT						
(+) Investment income ⁽³⁾			56,115			24,847
(+) Other income			55,377			42,143
(-) Other charges			67,515			51,510
Balance on ordinary activities			169,024			154,675
(+) Extraordinary income			44,258			28,439
(-) Extraordinary charges			4,156			8,104
Profit before taxation			209,127			175,010
(-) Tax on profit			75,020			71,935
NET PROFIT (OR LOSS)			134,107			103,075

(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.)

Unipol Assicurazioni S.p.A.
RECLASSIFIED BALANCE SHEET
YEARS ENDED 31 DECEMBER 2003 AND 2002

(Amounts in €K)

ASSETS			LIABILITIES		
	2003	2002		2003	2002
Intangible assets			Capital and reserves		
Deferred acquisition costs	31,993	33,668	Paid-up share capital	906,230	505,696
Formation expenses, goodwill and other pluriennial costs	10,885	3,763	Reserves and undistributed profits	1,489,212	778,938
Total intangible assets	42,878	37,431	Profit (loss) for the financial year	134,107	103,075
Investments and liquid assets			Total capital and reserves	2,529,549	1,387,709
I Land and buildings	321,716	340,062	Subordinated liabilities	600,000	300,000
II Investments in Group undertakings and other participating interests:			Technical provisions, net of reinsurers' share		
Shares and participating interests	3,400,681	1,878,305	Non-Life business: provision for unearned premiums	464,703	431,008
Debt securities	44,614	31,721	Non-Life business: provision for claims outstanding	1,453,227	1,345,542
Corporate financing	1,872	1,253	Non-Life business: other provisions	2,659	2,665
III Other financial investments:			Life business: mathematical provisions	3,418,676	2,666,900
Shares and participating interests	230,163	183,954	Life business: prov. for matured policies, surrenders and annuities	15,938	14,186
Units and shares in investment funds	84,236	111,076	Life business: other provisions	31,128	31,411
Debt securities	3,476,953	2,431,902	Total technical provisions	5,386,330	4,491,713
Loans	56,737	55,567	Net technical provisions where the investment risk is borne by the policyholders		
Sundry financial investments	349,629	502,685	Contracts with unit- and index-linked benefits	535,327	450,500
IV Deposits with ceding undertakings	23,021	25,701	Pension funds	61,905	43,481
V Cash at bank and in hand	279,074	410,771	Total	597,232	493,982
VI Company's own shares	0	7,313	Provisions for other risks and charges		
Total investments and liquid assets	8,268,697	5,980,311	Provisions for taxation	7,964	7,985
Investments for the benefit of Life assurance policyholders who bear the investment risk thereof			Other provisions	9,292	9,209
Relating to unit- and index-linked benefits	535,327	450,500	Total provisions for other risks and charges	17,256	17,193
Relating to pension funds	61,905	43,481	Creditors and other liabilities		
Total	597,232	493,982	I Arising out of direct insurance and reinsurance operations:		
Debtors			Intermediaries	2,499	1,929
I Debtors arising out of direct insurance and reinsurance operations:			Amounts payable to insurance and reinsurance undertakings	15,590	24,079
Premiums payable by policyholders	169,226	160,362	Deposits received from insurance and reinsurance undertakings	38,504	68,842
Intermediaries	57,496	62,081	Sundry creditors	4,630	4,272
Insurance and reinsurance undertakings	64,622	58,485	II Sundry borrowings and other financial creditors	11,036	11,779
Amounts recoverable from policyholders and third parties	18,701	20,638	III Provision for staff leaving indemnity	24,554	24,800
II Other debtors	59,302	84,681	IV Other creditors:		
Total debtors	369,348	386,247	Policyholders' tax due	25,896	23,876
Other assets			Sundry taxes	6,331	7,603
Tangible assets and stocks	11,421	6,659	Sundry creditors	22,363	25,618
Other assets	113,168	102,290	V Other liabilities	120,974	123,525
Total other assets	124,588	108,950	Total creditors and other liabilities	272,376	316,323
TOTAL ASSETS	9,402,744	7,006,921	TOTAL LIABILITIES	9,402,744	7,006,921

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.).