

Ras spa

annual report
& financial statements 2002



2002 directors' report and statutory financial statements

Ras spa

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Board of directors, statutory auditors and general management appointed by the Shareholders' Meeting hold on 30 April 2003

Board of directors**

Giuseppe Vita*
Chairman

Michael Diekmann*
Deputy chairman

Mario Greco*
Chief executive officer

Mario Arcelli
Guido Maria Barilla
Detlev Bremkamp*
Carlo Buora
Vittorio Colao
Nicola Costa
Klaus Dührkop
Alberto Falck*
Pietro Ferrero
Angelo Marchiò*
Francesco Micheli
Luigi Orlando
Helmut Perlet
Giampiero Pesenti
Gianfelice Rocca
Carlo Salvatori
Directors

Aldo Andreoni
Secretary to the board of directors

Board of statutory auditors

Pietro Manzonetto
Chairman

Adolf Hällmayr
Giorgio Stroppiana
Standing auditors

Emilio Aguzzi de Villeneuve
Michele Carpaneda
Alternate auditors

General management

Massimo Arrighi
Mario Greco
Salvatore Militello
Pierluigi Riches
Paolo Vagnone
General managers

Daniele D'Abramo
Maurizio Devescovi
Diego Fumagalli
Mauro Montagnini
Claudia Motta
Roberto Notarbartolo di Villarosa
Alessandro Scarfò
Carlo Spasiano
Central managers

Independent auditors

KPMG spa

Savings shareholders' representative

Gianfranco Negri Clementi

* *Members of the Executive Committee.*

** *As regards the office and powers vested on individual directors and the Executive Committee, see the specific section on Corporate Governance included in the consolidated financial statements.*

Ordinary Shareholders' Meeting

30 April – 5 May 2003, 10 am

Agenda

1. Financial statements as at and for the year ended 31 December 2002, directors' report and statutory auditors' report. Resolutions relating thereto.
2. Fixing the number and appointment of directors for the three-year period 2003, 2004 and 2005. Resolutions relating thereto. Establishing the remuneration of the Board of Directors.
3. Appointment of the statutory auditors for the three-year period 2003, 2004 and 2005. Establishing their remuneration.
4. Appointment of the independent auditors for the audit of the statutory and consolidated financial statements as at and for the three-year ending 31 December 2003, 2004 and 2005 and for the review of the half-year reports as at and for the six-month periods ending 30 June 2003, 2004 and 2005 and for the other activities required by article 155 of Legislative Decree no. 58 of 24 February 1998.
5. Authorisation to acquire and sell the company's own shares pursuant to articles 2357 and following and article 2359 bis of the Italian Civil Code, as well as article 132 of Legislative Decree no. 58 of 24 February 1998.

Ras in the last three years (thousands of Euro)

Total premiums	2000	2001	2002
Non-life business	2,447,751	2,630,309	2,830,301
Life business	988,326	1,002,751	1,250,858
Total	3,436,077	3,633,060	4,081,159

Claims, maturities, annuities and surrenders	2000	2001	2002
Non-life business	1,822,562	1,987,564	1,985,103
Life business	589,568	709,387	775,219
Total	2,412,130	2,696,951	2,760,322

Technical reserves	2000	2001	2002
Non-life business	4,192,227	4,548,203	4,775,337
Life business	6,030,207	6,340,045	6,769,824
Total	10,222,434	10,888,248	11,545,161

Shareholders' equity	2000	2001	2002
Share capital	376,410	376,567	437,770
Equity reserves	3,370,635	3,451,950	3,703,582
Net profit for the year	307,364	581,135	1,059,121
Total	4,054,409	4,409,652	5,200,473

Solvency margins	2000	2001	2002
Required by law	608,051	672,378	729,147
Actually held	3,820,850	4,123,974	4,803,709

Directors' report

Dear shareholders,

2002 was another difficult year for the global economy, especially in leading industrialized countries. Although consumer spending remained high in the United States, the stagnation in the investment cycle did not turn round, stifling growth in the gross domestic product. For the third year in a row, stock markets performed badly. Uncertainties surrounding the upswing in companies' profitability, the possibility of war in the Middle East and the recent serious corporate governance scandals of certain US companies in the Spring have worn away American investors' confidence in the stock market.

In Europe, confidence remained extremely low, with a very small increase in the GDP, currently estimated at approximately 0.7%. After adopting the new common currency from 1 January 2002 by majority vote, the European Union was unable to develop independently of the international economic scenario, also as a result of strict agreements limiting the regulations governing the economic policies of each member. Accordingly, the Italian economic trend showed GDP growth estimated at approximately 0.4%. This is the result of a low propensity to expenditure, both in terms of consumption and investments.

In 2002, the domestic insurance industry saw a significant growth in overall premium income, although presenting different reasons and characteristics for each line of business. With respect to the third-party motor liability line of business, pending the positive effects of the change in legislation implemented in December 2002, premium income continued to increase, although at a slower rate as the year went on. The other non-life lines of business were generally more dynamic. The industrial risks and marine businesses, particularly the hulls and third-party liability categories, showed the greatest growth rates.

With regard to life business, 2002 brought with it further significant growth in gross premium income, alongside an increase in the demand mainly for traditional policies, which usually have capital protection and where performance is less tied to market fluctuations. The year ended with a modest income from pension-related products, both from the individual and group policies, as the necessary legislative reform was again postponed.

Financial services continued to be negatively affected by the market volatility, with a reduction in assets for the third year in a row. Savers turned towards more liquid products. However, the offer and portfolio transfer towards monetary funds only partly offset the outflows from higher risk products.

2002 saw considerable changes for Ras with regard to its corporate culture and Group image. The Ras logo was reviewed and updated, and a wide scale advertising campaign was launched to present the market with the new image of a company increasingly committed to insurance and finance, a new orientation which had already been created within the company.

In terms of business results, this new image was the basis for fast growth in the life business, especially for Ras Italy, where life business as a percentage of total premiums has now reached 61% and its market share has nearly doubled since 1999. Total Ras consolidated life premiums amount to Euro 8,343 million, outperforming the target set for 2003 in the business plan, which foresaw premiums of Euro 7,440 million. Furthermore, with regard to new business in Italy, both the agent and financial advisor network (+42%) and the bank channel (+37%) performed very well.

Non-life business shows less striking growth (+8.4%) in premiums, even net of certain changes in the consolidation area and method. However, this increase was accompanied by an improved technical result for the third year in a row. The direct sales channel, represented by Genialloyd, market leader in on-line policies sold, not only recorded significant growth in premiums (+60%), but also broke even before forecasts, becoming one of the few success stories of the New Economy start-ups.



In terms of retail financial services, after Dival Ras Sim network merged into Rasbank in 2001, the latter's retail operations grew further with the integration of a portion of Rasfin Sim business (the company now focuses exclusively on corporate finance) and the Ras Investimenti Sim financial advisor network, backing insurance agencies. With 2,164 full-time financial advisors, Rasbank has the third largest network operating with a single brand. Overall, 2002 was a year of growth, with net inflows up 19% on the previous year. This was mainly a result of the contribution of products relating to assets under administration and current accounts, while assets under management and administration fell slightly, primarily following the performance of stock markets.

2002 was also a year for extraordinary transactions geared towards increasing profitability, freeing excess capital and improving efficiency. In addition to those mentioned above aimed at strengthening Rasbank, in January, operations began at Ras Service, a company dedicated to non-life business claims settlement for the Group's Italian companies. Moreover, the conclusion of a tender led to the sale of Group real estate not used in the business for approximately Euro 1.7 billion. Finally, the buy back of own shares through a public purchase offer was another success. Ras spa ended 2002 with a net profit of Euro 1,059 million, up 82.3% on the Euro 581 million of 2001. The company has had the pleasure to announce the distribution of a Euro 0.44 dividend per ordinary share and Euro 0.46 per savings share in a slow year for the world economy. ■

Ras in 2002

The schedules of the statutory financial statements have been prepared in Euro, omitting decimals, while the notes to the financial statements have been prepared in thousands of Euro. The schedules of the consolidated financial statements have been prepared in thousands of Euro, as have the notes to the consolidated financial statements.

Profit and loss account

The profit of ordinary business fell 53% from Euro 684 million in 2001 to Euro 321 million in the year just ended. The pre-tax profit rose 85.8% to Euro 1,410 million, while the net profit for the year was up 82.3% from Euro 581 million to Euro 1,059 million. This growth over 2001 is mainly due to the net profits on the sale of long-term investments, up from Euro 74 million to Euro 1,109 million following the spin-off of real estate. Such transaction was finalised during the year through the contribution of most of the Group's real estate not used in the business, which had been concentrated in Proprietà Immobiliari. The latter was then sold. In the bearish context of financial markets, income from investments dropped from Euro 927 million to Euro 610 million.

Profit and loss account (millions of Euro)

	2002	2001
Premium income from life business	1,251	1,003
Premium income from non-life business	2,830	2,630
Total premium income	4,081	3,633
Outwards reinsurance	-347	-293
Net retained premiums	3,734	3,340
Change in premium reserves	-50	-29
Net earned premiums	3,684	3,311
Claims, maturities, annuities and surrenders	-2,400	-2,309
Change in claims and actuarial reserves	-712	-643
Commissions, acquisition costs and other administrative costs (°)	-747	-628
Income transferred to the technical account	318	633
Technical operating result	143	364
Other ordinary income and expense (°)(°°)	1	16
Ordinary income from investments	610	927
Write-backs and write-downs	-151	-68
Net profit from the sale of short-term investments	36	78
Income transferred to the technical account	-318	-633
Profit of ordinary business	321	684
Net profit from the sale of real estate	-	1
Net profit from the sale of long-term investments	1,109	74
Other extraordinary items (°°)	-20	-
Pre-tax profit	1,410	759
Income taxes	-351	-178
Net profit for the year	1,059	581

(°) Items reclassified taking into account intercompany recoveries.
 (°°) Items reclassified reallocating the accrual to the provision for risks relating to policies issued before and during World War II (Euro 20 million) from ordinary charges to extraordinary charges.

Premiums

Life and non-life premiums are analysed by line of business in the following table. Premiums relating to direct insurance increased 12.9% to Euro 3,907 million, with non-life business making up for Euro 2,733 million and life business for Euro 1,174 million. This increase was specifically due to growth of 27.6% in the life business and 7.6% in the non-life business.

tab. 1

Premium income by line of business in Italy and abroad (thousands of Euro)

	Direct business	Indirect business	Total
Personal accident	218,963	4,324	223,287
Health	129,702	151	129,853
Motor vehicle hulls	290,194	4,329	294,523
Railway truck hulls	2	48	50
Aviation hulls	7,929	332	8,261
Watercraft hulls	12,706	-2,189	10,517
Cargo	22,443	1,945	24,388
Fire and natural events	206,687	54,127	260,814
Miscellaneous damage to property	196,647	11,450	208,097
Third-party motor liability	1,358,829	13,352	1,372,181
Third-party aviation liability	4,192	-	4,192
Third party watercraft liability	2,499	-	2,499
General liability	224,209	6,345	230,554
Credit	2,388	-	2,388
Bonds	23,448	727	24,175
Pecuniary loss	12,020	2,286	14,306
Legal protection	1,959	129	2,088
Assistance	18,128	-	18,128
Total non-life business	2,732,945	97,356	2,830,301
Life business and capitalisation	1,173,656	77,202	1,250,858
Total non-life	3,906,601	174,558	4,081,159
% increase over 2001	12.91%	0.76%	12.33%
Outwards reinsurance premiums	304,654	42,519	347,173
Net retained premiums	3,601,947	132,039	3,733,986

Claims

Overall, direct insurance technical payments of the life business increased 10.6% to Euro 723 million. In particular, this involved growth in payments for surrenders and contractual profit participation (up Euro 262 million, or 12.9%), maturities (up Euro 423 million, or 9.1%) and claims (up Euro 31 million, or 10.6%). Payments for annuities also rose slightly (up Euro 6 million, or 11%), as did settlement costs, from Euro 0.5 million in 2001 to Euro 0.8 million.

1,278,179 claims were reported in relation to non-life business during the year, down 0.6%. Such claims totalled Euro 1,753 million, down on the Euro 1,791 million of 2001. The claims settlement rate reached 83%, against 78.8% in the previous year. With regard to the third party motor liability line of business, settled and no-payment claims were equal to 77.8% in 2002, compared to 74.9% in 2001 and the percentage of claims settled against claims provided for was 80%, against 77.7% in 2001.

Technical reserves

Gross technical reserves rose 6% from Euro 10,888 million in 2001 to Euro 11,545 million. The overall non-life business premium reserve grew from Euro 1,045 million to Euro 1,103 million. It is composed of the reserve for unearned premiums of Euro 1,091 million (2001: Euro 1,016 million) and the reserve for unexpired risks of Euro 12 million (2001: Euro 28 million).

The claims reserve increased 4.8% from Euro 3,486 million in 2001 to Euro 3,652 million.

Life business reserves rose 6.8% from Euro 6,340 million in 2001 to Euro 6,770 million in 2002. The technical reserves where investment risk is borne by policyholders and the reserves relating to pension fund management amounted to Euro 520 million, up on the Euro 376 million of the previous year.

Commissions, acquisition costs and other administrative costs

Commissions and profit participation rose slightly from Euro 441 million to Euro 443 million, 11.9% of net retained premiums.

Acquisition costs and other administrative costs, net of services to Group companies, increased 13.8% from Euro 246 million to Euro 280 million in 2002, with an impact of 7.5% on net premiums.

Products and commercial activities

Life business - sales development and new products

Uncertainty in stock markets and downward, recessionist trends on all markets characterised 2002. This combination led investors to favour short-term forms of investment with capital protection clauses, creating a change in the mix of premiums. The slowdown in the growth of unit-linked products and a revival of those with guaranteed returns, trends seen in 2001, continued during the year, especially in single premium policies. To face this new market situation, Ras developed new products and reinforced its sales network support. As for products, three new types were launched in 2002: *Rassicura Plan*, an annual premium policy with traditional financial support and guaranteed return; for single premium policies, the *Unit-linked Quota Massima* was revised, with its innovative financial structure and invested capital protection. Lastly, there were four index-linked issues, which the sales network met with great satisfaction. The company continued its close monitoring of life policies due to mature. To this end, new monitoring tools were created and the agencies were provided with new sales tools to encourage investors to reinvest upon maturity.

Non-life business - sales development and new products

Growth was seen in almost all areas. With regard to the Individuals sector, the company implemented more careful risk underwriting policies in the motor line of business, increasing checks on the technical performance of the portfolio to increase profitability. In terms of sales, the portfolio was oriented towards the new product, *Instrada*, which features a high degree of personalisation and innovative assistance services. In 2002, the *Pronto Ras* service was relaunched, offering customers and agencies advantages, to increase the channelling of complaints to the call centre and repairs of damaged vehicles to specific garages with which the company has agreements. Within the range of personal accident and health policies, two new products were unveiled in September, designed to broaden the Health offering: *Mia* and *Dual*. Furthermore, support and promotion activities continued during the year in relation to *Full Casa*, with cross-selling actions and the transformation of the existing portfolio. The product has had a positive impact on the overall development of the home sector. The small and medium-sized companies segment has undergone intense reorganisation and portfolio development.

Banking and Finance

Actions taken to make agencies operate more like banks continued during the year, involving approximately 332 agencies, destined for intensive measures to give them an image of centres for the global management of customers' investment and savings needs. To sustain the growth in assets under management, 243 new financial advisors joined the Ras agencies and the sales structure was revised following the integration with Rasbank. Overall, a total of 1,640 agents and financial advisors were operating at agencies at 31 December 2002.

Agency support activities

Marketing

During 2002, the global customer management concept translated into the creation of a direct marketing campaign using both traditional channels (mailings and telemarketing) and new channels (e-mail marketing to on-line Twistras customer service users), for retail operations and small and medium-sized companies. To support agencies, each campaign has seen the development of customer segmentation models and customer contact tools. The agencies were delegated to oversee the operational management of these marketing initiatives, and they have been provided with

a new IT system for campaign management to monitor the activities and resources involved. As for the Internet, 2002 served to confirm the public's interest in the company's website. Specifically, the Ras website has recorded approximately 130,000 hits on the free quotation service for InStrada third party motor liability policies. More than 645,000 free quotations have been given on the site overall, for third party liability and other motor covers. Moreover, in December 2002, the Ras interactive offer was expanded to provide for on-line calculations of *Full Casa* policies, the top product for the home.

Information and motivation

Ras Tv was created in 2002. It is a company television channel for the sales network which can be accessed over the Ras intranet. The content is geared towards the promotion and presentation of sales tools, as well as training and spreading of the company's corporate culture. Various weekly programmes provide information on markets, products and company initiatives.

Training and education

Ras Business School activities, aimed at training Ras agencies, ended its second year with positive results. Catalogue courses grew, as did the number of participants and interest in such a useful tool for the professional development of the sales network. In addition, *Master Professione Agente*, a training project to prepare future agency managers, began.

Structure

The reorganisation and streamlining of the agency network continued during the year. At 31 December 2002, Ras sales structure counted 918 agencies, 1,483 agents and 4,200 sub agents.

Current lawsuits

Anti-trust – Claims for third-party motor liability premiums reimbursement

With its ruling of 26 February 2002, registered on 23 April 2002, the Council of State resolved on the appeals lodged by 37 insurance companies, including Ras, for the annulment of the fine imposed by the Anti-trust Authority for breach of paragraph 2, article 2, of Law no. 287/90 due to the alleged unlawful exchange of information on third-party motor liability tariffs between insurance companies. The Council of State confirmed the measure taken by the Anti-trust Authority against 17 insurance companies, including Ras, but annulled the fine imposed on another group of insurance companies, as it deemed their conduct not serious. Ras had already paid the fine of Euro 49.7 million, including interest, in 2001. From June 2002, following the request of the Consumers' Rights Association, an increasingly large number of contracting parties began claiming reimbursement for a portion of premiums before Justices of the Peace, in the form of compensation for damage, unjustified enrichment, actions for money had and received, etc.. They claimed to have paid higher amounts by 20% on third party motor liability policies from 1995 to 2000, the period in which such exchange of information, for which the companies were fined, took place. Their claims were made on the basis of the incorrect assumption that the insurance companies had created a cartel to set third party motor liability tariffs at higher prices. This phenomenon affected the year ended 31 December 2002 (and continues to do so) mostly in the Campania and Calabria regions of Italy, and especially in the areas surrounding Salerno and Catanzaro, where approximately 75% of the claims were made. At 31 December 2002, Ras received 866 summons, while to date, there have been 4,304. Ras has presently lost 100 cases and had won 14. Law decree no. 18 of 8 February 2003 (*Disposizioni urgenti in materia di giudizio necessario secondo equità*; "Urgent measures on judgement necessary for fairness") provided that the pending lawsuits be decided on the basis of the law rather than fairness. This means that the Justices will have to set damage (the increase of the premium) as a specific consequence of the aforementioned exchange of information. There have been no unfavourable judgements in which the above has been proven to date. The investigation of the third party motor liability market undertaken by the Anti-trust Authority in July 1996 has not yet been concluded,

Third party motor liability tariff freeze

At year-end, the European Court of Justice was still examining the motion lodged by the European Commission against Italy for its failure to comply with directives for insurance prohibiting member

states from imposing contractual terms on companies and setting insurance tariffs. The EU Advocate General agreed with the Commission's reprimanding of Italy. A similar motion put forth by Ras, was decided with Ordinance dated 24 October 2002. The court decided that in the specific case, the principle by which "a directive cannot, in and of itself, impose obligations on an individual and therefore cannot be considered valid against an individual" applied. In the wake of this principle, the Court did not pronounce its decision on the queries made at the preliminary referral hearing by the European Commission.

Tax inspection

To date, the company has received a notice of assessment for 1996 and a preliminary assessment report for 1997-2001. The amounts in dispute are significant, but the company's conduct in the past is considered to have been correct. Accordingly, the company reserves the right to lodge the appropriate appeals with the relevant bodies. Nonetheless, it has prudently accrued the costs for legal advice and defence and any potential contingent liabilities.

Compulsory cessions

Ania has been in discussion with Consap for some time to reach an agreement on the complex legal dispute which has arisen regarding legal compulsory cessions of life policies. The aim is to identify the criteria which companies should apply when settling with Consap. The discussions ended with a master agreement in October 2001. This agreement was the basis for the settlements made by the individual companies. Those which do not reach an agreement for settlement with Consap retain their right to bring the case before the first level court by 4 October 2002. With regard to ministerial authorisation under paragraph 63, article 145 of Law no. 388 of 23 December 2000, despite repeated requests from Ania, it has not yet been possible to obtain confirmation from the Ministry of the Economy of the fact that one single approval of the Ania-Consap master agreement suffices, or if a series of separate approvals for each settlement is necessary. As a result, to date, the only choice such companies have is to settle individually, subject to specific approval by the relevant authorities. Assessments show that the pending transactions with Consap are in line with the receivables accrued.

Policies issued before and during World War II

The International Commission on Holocaust Era Insurance Claims (ICHEIC) continued its work regarding requests for settlement of policies issued before and during World War II. It has been focused on Ras since October with the collaboration of the German Foundation. At 31 December 2002, Ras received 36,445 requests, examined 29,283 and resolved to offer \$ 4,032,000.53 for 415 positions, paying \$ 3,229,841.42 to 323 of them, following the acceptance of the applicants. This amount, which Ras has paid in advance, will be recovered by Allianz ag (which has contributed on behalf of all of Ras Group, including Ras, to the funds of the *German Foundation*) from the Foundation. At 2002 year-end, ICHEIC had received 89,001 requests for damages, sending 51,926 of them to insurance companies. As mentioned in the introduction, in implementation of the institutional agreement of the German Foundation, an agreement was signed on 16 October 2002 between ICHEIC, the German Foundation and G.D.V. (Association of German insurance companies), introducing an additional code of conduct with consequences on Ras as well. In the future, Ras will have to manage claims not only with ICHEIC, but with G.D.V. as well. Further to such agreement, Ras will be subject to a third audit stage on its approach to managing requests for payment. On the basis of the agreements reached, Ras will provide ICHEIC with lists of a portion of its records (relating to Eastern European policies) which the company still has. Such documents will be published on the ICHEIC website soon. Operating details are yet to be announced.

Share capital and stock market capitalisation

With effect from 1 January 2002, the company's share capital was converted into Euro 437,769,478.80 through the conversion of the nominal value of the shares worth Lit 1,000 each to Euro 0.60 each. On 29 April 2002, in accordance with the powers given to it by the shareholders, the Board of directors resolved on a bonus issue for a maximum of Euro 450,000 through a first issue of 750,000 shares with a nominal value of Euro 0.60 each to be assigned to employees of Ras and its Italian subsidiaries by 30 June 2003, in accordance with the methods, terms and conditions



set forth by the Chief executive officer. The extraordinary shareholders' meeting of 28 October 2002 resolved, pursuant to article 2445 of the Civil Code, to reduce the share capital by a maximum nominal value of Euro 34,666,990.80 through the cancellation of a maximum of 57,778,318 ordinary and savings shares, in accordance with the terms and methods of the same resolution. At 31 December 2002, the share capital of Ras amounted to Euro 437,769,748.80, composed of:

- 719,981,309 ordinary shares;
- 9,634,939 savings shares;

with a nominal value of Euro 0.60 each.

At 31 December 2002, shareholders' equity amounted to Euro 5,200,472,759 and the stock market capitalisation of Ras shares on the last trading day of the year totalled Euro 8,492.1 million, as per the official price list of the Milan Stock Exchange.

Relationships with subsidiary, affiliated, associated and parent companies and with related parties

Ras is directly controlled by Acif (Allianz Compagnia Italiana Finanziamenti) spa of Milan, a financial holding company in turn controlled by Allianz ag, based in Munich and listed on the New York Stock Exchange. Allianz ag heads one of the leading insurance and asset management groups in the world. At 31 December 2002, Allianz ag indirectly controlled Ras with approximately 51.73% of its ordinary shares. Ras carried out normal group relationships during the year with its subsidiaries and associated companies (as well as its affiliated companies, which are also associated companies) and with its parent company Acif. Such relations comprised of, inter alia, the provision of services on an arm's length basis. Other transactions with such companies and related parties included real estate leases, securities brokerage, current accounts and loans. Further transactions with insurance companies involved reinsurance and coinsurance transactions on an arm's length basis. In addition, Ras transactions with Allianz Group related to reinsurance activities, again carried out on an arm's length basis. With regard to transactions with related individuals, Ras has entered into certain real estate lease contracts at special terms provided for current and retired employees.

Receivables and payables at 31 December 2002 due from and to the parent companies Allianz ag and Acif and other Group companies and associated companies, are set out in the section in the notes to the financial statements (Part B - Section 15). Furthermore, Annex 16, which is included in the supervisory forms accompanying the financial statements, details assets and liabilities relating to such companies, grouped by category.

Investments held by directors, statutory auditors and general managers

In accordance with Consob Resolution no. 11971 of 14 May 1999, at the end of this report there is a list of investments held by directors, statutory auditors and general managers, their spouses (unless legally separated) and minor children in Ras and its subsidiaries, directly or through subsidiary companies, trusts or nominees, as per the shareholders' ledger, communications received or other information received from the parties concerned. ■

Lines of business

Life Business

Premiums totalled Euro 1,251 million, up 24.7%.

The technical reserves increased 6.8% to Euro 6,770 million, and insured capital and annuities amounted to Euro 21 million (2001: Euro 20 million).

This increase is connected to the trend in premiums in relation to capitalisation policies and traditional policies, partly offset by the reduction in premiums on unit-linked policies (class III), which underwent a drop of approximately 24 percentage points. Open pension funds met with positive results (class VI).

The composition of the portfolio has changed. Traditional products accounted for only 58.5% of the overall portfolio, compared to 68.4% in the previous year. Similarly, unit-linked policies, made up for 12.5% of the portfolio, down from 21.0% in 2001. Moreover, the percentage of capitalisation policies has increased to more than 20%, rising from 9.1% to 27.4%, also due to the effect of the finalisation of certain significant transactions involving Group policies. The incidence of gross premium income related to other lines of business has remained substantially stable.

Breakdown of life business premiums and technical payments

tab. 2

Premiums (thousands of Euro)	2002	2001	% increase	% distribut. 2002	% distribut. 2001
<i>Direct business - Italy</i>					
<i>Individual policies</i>					
first year premiums	68,194	121,634	-43.9	5.5	12.1
subsequent years' premiums	490,930	470,967	4.2	39.2	47.0
single premiums	194,484	102,524	89.7	15.5	10.2
Total	753,608	695,125	8.4		69.3
Group policies	415,283	220,445	88.4	33.2	22.0
<i>Personal accident complementary insurance</i>					
	4,765	4,455	7.0	0.4	0.4
Total	1,173,656	920,025	27.6	33.6	91.7
Indirect business - Italy	7,938	9,648	-17.7	0.6	1.1
Total Italy	1,181,594	929,673	27.1	0.6	92.8
Direct business - Foreign	0	78	-100.0	0.0	0.01
Indirect business - Foreign	69,264	73,000	-5.1	5.5	7.3
Total Foreign	69,264	73,078	-5.2	5.5	7.3
Total	1,250,858	1,002,751	24.7	100.0	100.0

Technical payments (thousands of Euro)

<i>Direct business - Italy</i>					
Claims	30,945	27,979	10.6	4.0	3.9
<i>Surrenders and contractual profit participation</i>					
	262,207	232,332	12.9	33.8	32.8
Maturities	422,875	387,630	9.1	54.5	54.6
Annuities	6,420	5,781	11.1	0.8	0.8
Settlement costs	814	482	68.9	0.1	0.1
Total	723,261	654,204	10.6	93.0	92.2
<i>Direct business - Foreign</i>					
	175	192	-8.9	0.0	0.03
Total direct business	723,436	654,396	10.6	93.0	92.2
<i>Indirect business</i>					
	51,783	54,991	-5.8	6.7	7.8
Total	775,219	709,387	9.3	100.0	100.0

With regard to new business, insurance policies offering financial guarantees have, first and foremost, recovered. Revaluable policies are up 70% (new annual premium production and new single premium production up 97% and 55%, respectively), with an increase in single premium capitalisation policies of 355%, both for index-linked policies (none in 2001) and guaranteed unit-linked policies. On the other hand, "pure" unit-linked insurance policies have fallen 53.5% on 2001, between new annual premium production and new single premium production. This decrease was seen mainly in single premium policies (-79%), while the sale of annual premium policies slipped 14.5% (with average premiums unchanged for the most part).

Acquisition costs of Euro 90.8 million rose approximately Euro 1 million on the previous year, representing 7.7% of premiums, down 20% on that figure in 2001 (9.7%, Euro 89.3 million). In detail, premium collection commissions increased 15.3%, while acquisition commissions dropped 18.6%. This was due to the change in the new business mix, with a shift towards single premium products. Other acquisition costs are up 26.4%, whereas other administrative costs decreased 3% (Euro 1.2 million), falling from 5.2% to 3.9% as a percentage of premiums.

The technical performance of this line of business was also positive for policyholders: special separately-managed businesses recorded excellent returns in 2002, which will be retroceded as benefits to policyholders to the extent indicated in the specific contractual terms. Insurance policies without revaluation clauses have benefited from the traditional free capital increases.

Non-life business

The technical result of each line of business is given net of the transfer of income provided for by the current structure of the profit and loss account.

Personal accident

Direct insurance premiums rose 4.3% to Euro 219 million. 69,112 claims were reported for a total of Euro 171 million (down 1.9%).

Premiums accounted for increased on the previous year despite the downward trend in the industry. This growth was due to significant portfolio restructuring, especially in the corporations and major accounts segments. To drive up the individuals line of business, in the second half of the year, the company launched new products (*Mia* and *Dual*).

The technical result, up on the previous year in all segments (individuals, small and medium-sized companies, corporations and major accounts), reached Euro 47.2 million against Euro 28.7 million in 2001.

Health

Direct insurance premiums fell 3.5% to Euro 129.7 million. Claims reported decreased 3.8% to 389,614, for a total of Euro 105 million.

During the year, health insurance policies decreased in the individuals segment, as a result of the market's low interest in individual health policies, at a time when demand for Group policies was high (health, sickness and social welfare funds). In the small and medium-sized companies and corporations and major accounts segments, the increase in premiums was limited by continued measures to restructure portfolios and to eliminate positions with high claims rates.

The overall technical result of this line of business improved from the negative Euro 19 million of 2001, although it is still negative by Euro 3.8 million.

Motor vehicle hulls

Direct insurance premiums rose 9.4% to Euro 290.2 million. 85,846 claims were reported for a total of Euro 149 million (+13.6%).

This growth is due to both the increase in individual policies and the good performance of new business in the business segment, which confirmed its potential for growth.

The technical performance was decidedly positive at Euro 91.4 million, compared to Euro 86.2 million in 2001.

Fire and natural events

Direct insurance premiums rose 10.6% to Euro 206.7 million. 58,641 claims were reported for a total of Euro 161 million (down 14.3%).

Individual products aimed at protecting families' assets and small artisans and shopkeepers continued to do well on the market. The growth of the small and medium-sized companies segment was boosted by the multi-guarantee product *Universo Impresa*. In the corporations segment, the risk selection and portfolio rebalancing policy stifled an increase in premiums, which remained stable. Reorganisation actions in the major accounts sector to increase the average premiums of policies led to a perceptible increase therein. With regard to the claims rate, in the individual, small and medium-sized companies and corporations sectors, the natural disasters which occurred in Italy, in addition to certain fires of significant size, had a negative impact on the performance of the line of business, generating a rise in the number of claims and their average cost. In the major accounts segments, the reorganisation and lack of catastrophic claims gave rise to a positive claims/premiums ratio, up on the previous year.

The technical performance of this line of business worsened, mainly due to the trend in reinsurance business. The technical result was a negative Euro 21.1 million, compared to a negative Euro 7 million in 2001.

Miscellaneous damage to property

Direct insurance premiums rose 7.2% to Euro 196.6 million. 70,436 claims were reported for a total of Euro 151 million (down 2.2%).

With regard to the theft component, growth in premiums was limited in the individuals sector. In the small and medium-sized companies segment, there was a slight decrease due to actions taken to restructure the portfolio and the trend among companies to continuously reduce coverage. In the major customer sector, premiums fell mainly as a result of banks, which are increasingly turning to forms of self-insurance. The engineering component recorded growth especially in "assembly" and "car" risk premiums. The hail segment gave rise to a good increase in premiums accounted for.

Overall, this line of business recorded a positive technical result of Euro 8.8 million, up on the negative Euro 6.4 million of 2001.

Third-party motor liability

Direct insurance premiums rose 10.3% to Euro 1,358.8 million. 477,828 claims were reported for a total of Euro 745 million (up 0.2%).

The growth in premiums written in the mandatory third party motor liability insurance is due to the positive performance of the "company policies" sector, which rose 50.7%. Similarly, with regard to the individual segment, the success of the new product *Instrada* led to good results, with an increase in the number of customers. The underwriting and tariff policy continued, in accordance with guidelines, to select new entries to the portfolio on the basis of a lower claims rate. However, despite the reduction therein, the average cost rose. The two-fold aim of keeping the cost of claims for damage to property in check and providing customers with a complete service, has led the company to promote initiatives geared towards offering incentives for the channelling of vehicle repairs at its network of specific garages with which it has agreements.

The technical result remained negative by Euro 94.2 million (2001: -Euro 31.5 million), mainly due to the poor performance of the claims rate.

General liability

Direct insurance premiums fell 0.1% to Euro 224.2 million. Claims reported decreased 1.8% to 77,837, for a total of Euro 217 million.



Premium income was for the most part stable. The company pursued a careful risk underwriting policy in the sectors with the highest claims rates (professionals, health structures, public bodies and construction companies). Premiums increased in the individuals and small and medium-sized companies sectors. The corporation sector recorded limited growth, mainly due to the portfolio restructuring, along with the increase in average premiums. As regards major accounts and coverage of health structures and public bodies, premiums fell due to the elimination of various positions with too high claims rates, only partially offset by adjustments to premiums in the policies which were kept in the portfolio.

Despite efforts to improve the portfolio, the technical performance worsened, due to the high number of claims reported, often with years of delay, in relation to policies cancelled in previous years (this is an especially common occurrence in the health and professional sectors). The technical result fell from a negative Euro 96.3 million in 2001 to a negative Euro 118 million.

Assistance

Direct insurance premiums rose 6.6% to Euro 18.1 million. 29,302 claims were reported for a total of Euro 4 million (down 9.9%).

The growth in this line of business is due as much to the sale of the *Full Casa* product (global home product) as to the sale of third party motor liability policies which include assistance as a complementary guarantee. In view of increasing the integration of insurance coverage and assistance services, the company has included full coverage of the individual from the risk of permanent disablement in the new *Dual* product.

Also as a result of the poor performance of reinsurance business, the technical result dropped from Euro 1.5 million in 2001 to a negative Euro 0.8 million.

Bonds

Direct insurance premiums fell 2.5% to Euro 23.4 million. 559 claims were reported for a total of Euro 12 million (up 28.1%).

Premiums fell slightly, as they did not benefit from the expected positive effect still to be seen of the Merloni law. The company continued to pursue its careful risk underwriting policy, which enabled it to keep the technical result at very positive levels.

The technical result amounted to Euro 8.4 million, compared to Euro 8.8 million in 2001.

Watercraft hulls

Direct insurance premiums dropped 18.1% to Euro 12.7 million. 824 claims were reported for a total of Euro 9 million (down 44.6%).

The decrease in premiums was concentrated in the non-recreational watercraft hulls, due to the stringent underwriting policy aimed at excluding coverage of non-Italian watercraft. Premiums increased for recreational watercraft.

The technical performance improved, having almost broken even (2001: -Euro 1.7 million).

Cargo

Direct insurance premiums rose 4.6% to Euro 22.4 million. 9,344 claims were reported for a total of Euro 15 million (down 39.3%).

Premiums increased despite a careful risk underwriting policy. The technical performance has improved a lot, with a technical result of Euro 7.2 million (2001: -Euro 1.8 million).

Pecuniary loss

Direct insurance premiums rose 7.9% to Euro 12.0 million. 7,031 claims were reported for a total of Euro 9 million (down 4.8%).

Again in 2002, the growth was recorded especially in "indirect damage due to fire" policies. The technical result remained positive at Euro 1.3 million (2001: Euro 3 million).

Minor lines of business

The aviation hulls line of business recorded premiums of Euro 8 million, credit insurance Euro 2 million, third party aviation liability Euro 4 million and legal protection Euro 2 million.

Inwards and outwards reinsurance

Inwards reinsurance

Non-life business

Inwards reinsurance premiums totalled Euro 97 million (2001: Euro 90 million). The growth was accompanied by a careful underwriting policy implemented while the market underwent a difficult period. The negative technical result was due to individual events with far-reaching consequences and the worsening of technical results of inwards contracts concluded in previous years as well as persistently high claims rates in the fire segment in many foreign countries.

Life business

Inwards premiums decreased to Euro 77 million from Euro 83 million in 2001. Those transferred from Group companies amounted to Euro 32 million while those from third parties totalled Euro 45 million.

The positive technical result was mainly driven by the satisfactory outcome of the running off of a treaty from a third party company.

Outwards reinsurance

Outwards reinsurance protects Ras from exceptional increases in claims rates and risks of a catastrophic nature arising from both direct insurance and inwards reinsurance, at best market conditions. The proportional and non-proportional reinsurance treaties applied proved to be suited to the company's needs also in 2002. Reinsurers used had proven financial stability, which is constantly monitored.

Non-life business

The company is protected by non-proportional treaties, supplemented with proportional treaties for covers relating to fire and natural events, technological risks, bonds, hail, permanent disablement caused by illness and related to accident policies, as well as optional policies for special risks. Outwards reinsurance premiums totalled Euro 273 million. The claims reported in central-eastern Europe and, partly, in Italy had a limited impact on Ras. Again in 2002, the reinsurance programme enabled net claims to be kept at a minimum.

Life business

The company is protected by a proportional structure that is supplemented by a non-proportional programme aimed at protecting against possible accumulation risks. Outwards reinsurance premiums totalled Euro 55 million against Euro 68 million in 2001. 85% of such premiums (Euro 47 million) related to the run-off of the Vitariv treaty.

Finance and real estate

The securities market

The good US economic performance, the weak European one, first recovery signs in Japan and the weakening of the dollar against the Euro characterised the international scenario in 2002. The crisis in Argentina, which exploded in December 2001, worsened in 2002. In November 2002, the government decided not to repay matured bonds. This together with the international tensions, the expected war in Iraq and the possibility of a new cyclic slowdown in 2003 caused a the decrease in returns of bond markets both in Europe and the United States. The US ten-yearly rate was at its all-time low of the last 40 years in 2002. For the third year in a row, the equity markets recorded bear-



ish trends and the main western share indices reached the lowest point of the last five years, while Nikkei recorded the lowest point of the last 20 years.

The currency market was characterised by the strong appreciation of the Euro against the dollar, which was penalised, despite the continuous international tensions, by the deficit in the US trade balance, where there was an increase in the federal deficit, and especially by the decreased foreign investments in the US market. From its lowest point at the beginning of February, the Euro appreciated by more than 21%, peaking at the end of 2002.

The modest cyclical upturn recorded by Euroland countries in 2002 was mainly driven by the foreign channel. Consumption remained limited due to the weakness of the labour market and high inflation rates perceived following the introduction of the new currency, however not supported by official statistic data which reported an average increase in prices of 2.2% in 2002.

Investments and income from investments

Real estate

A real estate spin-off transaction was carried out during the year and the majority of Ras real estate was transferred to Proprietà Immobiliari srl. The latter was then sold to Aida srl, which is indirectly controlled by Morgan Stanley Real Estate Fund (75%) and Pirelli Real Estate (25%). On 31 May 2002, Ras sold its investment in Proprietà Immobiliari for Euro 1,705 million. Ordinary real estate operations included extraordinary maintenance and renovation, specifically for buildings to be used as headquarters and by certain agencies. Ras also sold certain buildings of minor interest.

The book value of the remaining real estate decreased by approximately Euro 10.4 million from the beginning of the year, as follows:

- real estate contributions (Euro 4.8 million);
- increases due to capitalised costs (Euro 0.2 million), mainly relating to the renovation and improvement work on certain buildings principally in Milan (Corso Italia and Piazza Velasca) and Trieste (Piazza della Repubblica);
- sale of certain small buildings and building units, of minor strategic importance, with a book value totalling Euro 0.3 million;
- depreciation totalling Euro 5.5 million.

Sales of the year gave rise to capital gains of approximately Euro 0.5 million.

Bonds

Investments in bonds increased considerably following the real estate spin-off transaction. The average financial duration increased in the life business while it decreased considerably in the non-life business. The diversification portion in corporate bonds of the life business portfolio showed a slight increase, while it decreased in the life business portfolio. Investments mainly focused on the Euroland.

Total investments in bonds, both long and short-term, amounted to Euro 9,153 million at year end, an increase of Euro 1,716 million over the beginning of the year, taking into account write-downs of Euro 4.9 million and write-backs of Euro 4.1 million. Unrealised capital gains on bonds totalled Euro 249 million. Investment bonds amounted to Euro 2,436 million at year end. The directors resolved to reallocate a bond from the short-term to the long-term portfolio for a total amount of Euro 8 million, and to reclassify bonds totalling Euro 102 million from the long-term to the short-term portfolio. As required by ISVAP circular no. 475/D of 27 February 2002, the related details are disclosed in the notes.

Gross income from ordinary bonds increased 5.3% to Euro 420 million.

Investments in Group and other companies

At year end, total investments in this category amounted to Euro 3,881 million, down Euro 543 million mainly due to the above-mentioned sale of Proprietà Immobiliari spa. Moreover, the following transactions were carried out:

1. increase in the investment in Unicredito Italiano by Euro 129.6 million, following the merger of Rolo Banca 1473;
2. subscription of the share capital increase of Rasbank (Euro 42.4 million);
3. subscription of the share capital increase of CreditRas Vita (Euro 42 million);
4. increase in the value of the investment in Ras Immobiliare srl, following the contribution of real estate (Euro 36.7 million);
5. acquisition of an investment in R.It. from Finmatic (Euro 8.5 million);
6. partial subscription of the share capital increase of Genialpoint (Euro 4.7 million);
7. acquisition of shares in Allianz Subalpina following a residual shares tender offer (Euro 4.5 million).

Ordinary income from investments in subsidiary, associated companies and other related companies (including tax credits) decreased to Euro 201 million from Euro 475 million in 2001. Unrealised net capital gains calculated on the basis of average prices over the last six months - average December price for assets forming part of working capital - amounted to nearly zero for subsidiary and associated companies and Euro 400 million for other investments, mainly in Unicredito.

Mutual funds

Mutual funds fell Euro 55 million to Euro 165 million, after write-downs of Euro 30 million. Higher returns were recorded by the fund specifically operating in Europe and America, while investments mainly related to monetary funds and the fund specifically operating in America. Unrealised net capital gains amounted to Euro 3 million. The net trading loss totalled Euro 5.7 million.

Other financial investments in risk capital

Total investments decreased by 18.8% to Euro 534 million. This category included the following:

1. shares assigned to a voting trust amounting to Euro 153 million. Net unrealised capital gains (on the basis of the average price over the last six months) totalled Euro 8 million. Ordinary income, including tax credits, amounted to Euro 7 million;
2. trading shares amounting to Euro 351 million, down approximately Euro 127 million over 2001, after write-downs of Euro 88 million. Unrealised capital gains (on the basis of the average price of the last month) totalled Euro 45 million. Trading income totalled Euro 31 million. Dividends received amounted to Euro 50 million;
3. other shares held for investment totalling Euro 30 million, down Euro 15 million over 2001. Dividends received amounted to Euro 6 million.

Investments where risk is borne by policyholders and related to pension funds

This category totalled Euro 520 million at year end, as follows:

1. investments in respect of placement of the 18 unit-linked product lines (Euro 433 million);
2. investments in respect of placement of the four index-linked product lines (Euro 49 million);

3. investments in respect of subscriptions of the eight lines of the two open pension funds (Euro 38 million).

Loans to Group companies, other loans and net deposits with companies

Other loans increased from Euro 22 million to Euro 25 million. Deposits with ceding companies decreased to Euro 311 million from Euro 321 million in 2001. Deposits from reinsurer fell to Euro 533 million from Euro 583 million in 2001. Loans to Group companies decreased to Euro 26 million from Euro 27 million in 2001.

Transactions involving derivative instruments

Trading in put and call options totalled Euro 71.6 million in both acquisitions and sales. The transaction was carried out to hedge part of Unicredito shares (Euro 153.9 million) held for investment purposes.

Own shares

In compliance with the authorisation granted to Ras to repurchase and sell its own shares by the shareholders' meeting held on 28 April 2000, 6,848,500 Ras ordinary shares were repurchased in a series of separate transactions over the year at a cost of almost Euro 88 million. Some of these shares were resold for approximately Euro 1 million. Similarly, 98,300 Ras savings shares were repurchased at a cost of Euro 1 million, 4,300 of which were resold for approximately Euro 47 thousand.

Income from investments

Net investments totalled Euro 13,806 million at year end, up 8.8% over the previous year. As a result of the bearish market conditions, related net ordinary income plummeted 41% to Euro 568 million.

tab. 3

Breakdown of investments (thousands of Euro)

	2002	% of total	2001	% of total
Real estate, net of depreciation	143,238	1.0	153,673	1.2
Bonds	9,152,927	66.3	7,436,862	58.6
Investments in Group and other companies	3,880,888	28.1	4,423,906	34.9
Mutual funds	164,644	1.2	220,244	1.7
Other financial investments in risk capital	534,376	3.9	658,435	5.2
Other loans and net deposits with companies	-171,016	-1.2	-213,390	-1.7
Own shares	100,461	0.7	13,415	0.1
Total investments	13,805,518	100	12,693,145	100

tab. 4

Ordinary income from investments net of related charges (thousands of Euro)

	2002	% of total	2001	% of total
Real estate	3,815	0.7	43,803	4.6
Bonds	395,239	69.5	379,387	39.3
Investments in group and other companies	200,305	35.2	474,790	49.2
Other financial investments in risk capital	61,716	10.9	49,556	5.1
Mutual funds	464	0.1	924	0.1
Other investments	6,370	1.1	5,754	0.6
Write-backs and write-downs	-151,270	-26.6	-67,949	-7.0
Net profit from the sale of short-term investments	51,836	9.1	77,975	8.1
Net ordinary income	568,476	100	964,240	100

NOTE

(*) Figures do not include amounts relating to classes D.I and D.II of the balance sheet assets.

Post balance sheet events

After the very positive performance in 2002, the growth in the life business should gradually reduce its pace due to the progressive decrease in assets to be reallocated from more risky investments. A growth is expected in premiums from traditional products or products with guarantee, since, despite the expected recovery of the financial markets, customers will require time for the markets to consolidate before showing new confidence. The indicators related to the performance of the non-life business and lines involved in the reinsurance policy are stable.

On 17 February 2003, the share capital decrease resolved by shareholders on 28 October 2002 was made by cancelling the following own shares:

49,483,389 ordinary shares;

8,294,929 savings shares.

Accordingly, Ras share capital amounts to Euro 403,102,758.00, split into

670,497,920 ordinary shares

1,340,010 savings shares;

with a nominal value of Euro 0.60 each.

With respect to the third party motor liability price freeze issue discussed in the section on current lawsuits, on 25 February 2003 the European Court of Justice censured the Italian government decree which imposed such freeze in Italy, judging it was detrimental not only to Italian companies but also to those operating on a permanent establishment or freedom to provide services basis. ■

Ras Group

Companies either directly or indirectly controlled by Ras numbered 85 at year end (the 53 Elmonda group companies have been considered as a single entity). The Group was made up as follows: 26 insurance companies, 28 companies operating in finance, trust, banking and asset management services and 32 companies involved in real estate, farming and various services. In terms of geographical location, 34 companies were based in Italy, 36 in other EU countries, 13 in other European countries and three in countries outside Europe.

Holding and financial companies

Ras International nv

At 31 December 2002, the company's approved share capital amounted to Euro 453,781,000, Euro 342,650,000 of which subscribed and paid-up. Shareholders' equity totalled Euro 2,427 million against Euro 2,333 million at 2001 year end. The main changes in the Ras International nv investment portfolio were as follows. In May, the Group operations in Switzerland were restructured with retroactive effect as from 1 January 2002. As part of this transaction, Ras International nv transferred its 100% investment in Allianz Lebensversicherung (Schweiz) ag and its 57.06% stake (to which a further 4.02% was subsequently added) in Allianz Versicherung Schweiz ag to Allianz Suisse Versicherungs-Gesellschaft (formerly Elvia Schweizerische Versicherungs-Gesellschaft). At the same time, Ras International nv acquired a 50% investment in Elmonda. Subsequently, Allianz Versicherungs Schweiz ag was merged into Allianz Suisse Versicherungs-Gesellschaft. Ras International nv then sold its residual 38.92% stake in Allianz Versicherungs (Schweiz) ag to Allianz Suisse Versicherungs-Gesellschaft, in exchange for 78,400 shares of Allianz Suisse, reaching an investment therein of 99.99%. The third stage involved the merger of Berner Versicherungen, controlled by Allianz ag, into Allianz Suisse Versicherungs-Gesellschaft. Accordingly, Ras International nv's stake therein decreased from 99.99% to 68.67%. Finally, on 16 December 2002, Ras International nv acquired a further 1.13% investment in Allianz Suisse, making its current stake 69.8%. On 13 May 2002, Ras International nv acquired 8,870,369 shares of BPI (Banco Portugues de Investimento sa) at a cost of Euro 15.5 million, increasing its investment therein to 8.64%.

Holding and financial companies (thousands of Euro)

tab. 5

Company	Registered offices	Local currency	Total income	% increase	Shareholders' equity (*)	Net profit (loss) for the year
Bernese Assicurazioni Finanziaria	Rome	Euro	2	-64.9	3,764	-27
Investitori Holding	Milan	Euro	12,941	114,027.2	13,631	12,785
Agf Ras Holding bv ⁽¹⁾	Amsterdam	Euro	33,756	14.7	626,234	35,108
Allianz Inversiones ⁽¹⁾	Madrid	Euro	2,934	–	2,414	1,687
Allianz Investmentbank	Vienna	Euro	12,957	12.6	21,098	–
Amaya	Berne	Swiss franc	–	n.s.	99	-1
El Fénix Español ⁽¹⁾	Madrid	Euro	20	-50.5	778	22
Elfitas	Zurich	Swiss franc	–	-100.0	108	-2
Elmonda ⁽²⁾	Zurich	Swiss franc	932	-83.0	205,066	219
Empresa de Inversiones	Lima	New Sol	–	–	62	-4
Nereus ⁽²⁾	Munich	Euro	1	-68.7	20	–
Organisacion Goa	Lima	New Sol	–	–	-1	-4
Pallas ⁽²⁾	Munich	Euro	–	-53.1	16	–
Ras International nv	Amsterdam	Euro	95,002	-34.0	2,427,015	94,101
Sabesac Investimentos	Sao Paolo	Real	–	-11.0	7	-17
Société Financière du Leman	Lausanne	Swiss franc	18	-10.8	674	-62

(*) including the profit for the year.

(1) Figures are proportionate to the percentage of ownership.

(2) Figures are proportionate to the percentage of ownership (50%). Through Elvia Reise (including the US group, World Access Inc.) and Sacnas Groups, Elmonda controls 53 companies included in the consolidation of Ras.

Agf Ras Holding bv, Amsterdam

The company's authorised share capital amounts to Euro 500 million. The subscribed and paid-up share capital totalled Euro 236,450,544 at year end, held on a 50/50 basis by Ras International nv and certain Agf group companies. The company controls the Spanish operations of both Ras and Agf groups. It holds 96.46% of the share capital of Allianz Seguros y Reaseguros.

Insurance companies

The following table shows the key figures for each Group company: premiums, investments, income from assets and net profit/loss for the year. Group aggregated premiums totalled Euro 15,149 million, including Euro 4,081 million relating to the parent company, against Euro 12,918 million in 2001. Reference should be made to the consolidated financial statements for greater details on the results of the main Italian insurance companies.

Insurance companies (thousands of Euro)

tab. 6

Company	Registered offices	Local currency	Gross premiums	% increase	Investments	Income from investments	Net profit (loss) for the year
Allianz Subalpina	Turin	Euro	913,835	14.5	2,172,103	89,918	27,532
Bernese Assicurazioni	Rome	Euro	77,464	22.7	81,297	3,476	13
Bernese Vita	Rome	Euro	16,846	3.8	127,092	3,141	-336
CreditRas Assicurazioni	Milan	Euro	30,332	35.6	25,260	997	1,461
CreditRas Vita ^(**)	Milan	Euro	4,375,761	57.2	3,234,277	111,204	18,221
Genialloyd ^(*)	Milan	Euro	110,665	59.9	130,328	4,613	600
L'Assicuratrice Italiana Danni	Milan	Euro	51	-1.9	5,384	207	128
L'Assicuratrice Italiana Vita	Milan	Euro	116,615	-39.8	221,698	11,027	-1,274
Ras Tutela Giudiziaria	Milan	Euro	27,394	26.4	16,769	555	2,200
RB Vita	Milan	Euro	461,170	-1.4	2,701,191	114,572	1,574
Alba Allgemeine Versicherung ^(***)	Basil	SwFr	101,411	100.0	258,061	1,612	1,500
Allianz Elementar Lebensversicherung	Vienna	Euro	349,393	1.4	2,297,933	96,909	-
Allianz Elementar Versicherung	Vienna	Euro	853,491	1.1	1,389,103	27,280	968
Allianz Pensionskasse	Vienna	Euro	20,113	7.1	8,367	-551	-
Allianz Portugal	Lisbon	Euro	335,392	11.0	695,735	9,439	-3,801
Allianz Suisse Lebensversicherung ^(*)	Zurich	SwFr	1,710,673	81.7	12,154,747	117,244	543
Allianz Suisse Versicherung ^(**)	Zurich	SwFr	1,656,662	90.1	4,325,157	12,420	-172,105
Allianz, Compañía de Seguros y Reaseguros ⁽¹⁾	Madrid	Euro	907,248	-6.4	2,216,018	113,228	38,561
Amaya, Compañía de Seguros y Reaseguros ^(***)	Madrid	Euro	7,332	100.0	88,743	3,764	2,770
CAP Protection Juridique	Zug	SwFr	36,969	17.3	73,390	-36	593
Eurovida ⁽¹⁾	Madrid	Euro	32,452	-24.0	93,120	4,709	3,229
Fénix Directo ⁽¹⁾	Madrid	Euro	17,487	0.7	43,230	823	-709
Unipensao	Lisbon	Euro	236	28.4	1,000	45	30

(1) Figures are proportionate to the percentage of ownership.
(*) Formerly "Lloyd 1885".
(**) "DuerreVita" and "Casse e Assicurazioni Vita" merged into it.
(***) First year of activity.

Financial service companies

The strong uncertainty and volatility which dominated the financial markets in 2002 had a negative impact on the asset management sector. Assets under management as mutual funds in Italy decreased by 9.5% over the previous year to Euro 469,914 million. To the very negative result of net inflows (-Euro 6,501 million) equity funds contributed for -Euro 9,771.5 million, balanced funds for -Euro 11,960.2 million and bond funds for a considerable -Euro 8,446.5 million. Funds of funds invested in third party OEICs recorded negative inflows of -Euro 100 million. Only flexible funds and monetary funds recorded positive inflows of Euro 3,966.6 million and Euro 29,810.6 million respectively. The latter figure confirms the prudent conduct of investors who prefer to make short-term investments in the hope of a market turnaround.

Total net inflows of the Group mutual funds totalled Euro 210.3 million, mainly arising from monetary and bond funds. Total assets managed by Ras Group in mutual funds reached Euro 8,601 million at year end while the Group market share amounted to 1.8%.

Financial service companies (thousands of Euro)

Company	Registered offices	Local currency	Total income	% increase	Shareholders' equity (*)	Net profit (loss) for the year
Investitori SGR	Milan	Euro	2,679	n.s.	14,748	-533
Ras Investimenti Sim	Milan	Euro	8,858	-31.5	1,294	-8,064
Rasbank	Milan	Euro	281,887	63.4	161,276	496
Allianz Asset Management	Zurich	SwFr	6,731	13.8	562	321
Allianz Finanzinvest Beratungs	Vienna	Euro	43	-12.0	64	-
Allianz Gestion ⁽¹⁾	Madrid	Euro	2,642	184.1	1,969	943
Allianz Invest Kapitalanlage	Vienna	Euro	1,107	19.7	829	-
Investitori Suisse	Lugano	Euro	-	-	1,469	-81
Ras Asset Management Lux	Luxembourg	US \$	3,244	-15.2	3,005	658
Ras Asset Management Sgr	Milan	Euro	157,044	-7.7	24,436	7,138

(*) including the profit for the year.
(1) Figures are proportionate to the percentage of ownership.

Real estate, farming, services and other companies

The following table sets out the key figures (income, net equity and net profit/loss for the year) of the main Group companies operating in these sectors.



tab. 8

Real estate, farming, services and other companies (thousands of Euro)

Company	Registered offices	Local currency	Total income	% increase	Shareholders' equity (*)	Net profit (loss) for the year
Agricola S. Felice	Milan	Euro	14,454	8.1	28,747	1,462
Agrigest	Milan	Euro	35	775.0	161	–
Assimediass	Milan	Euro	5,462	-3.4	30	–
Azienda Agricola Perolla	Milan	Euro	1,582	25.1	4,200	-140
Borgo S. Felice	Siena	Euro	3,509	-2.7	1,330	78
Finmatic	Milan	Euro	3,180	-76.0	2,540	-296
Ge.Si.	Milan	Euro	124,438	29.6	4,531	24
Intermediass	Milan	Euro	84	-41.7	26	1
Prevint	Milan	Euro	1,068	-4.0	650	-415
Ras Immobiliare	Milan	Euro	11,371	1,494.8	127,590	2,215
Ras Service (**)	Milan	Euro	85,671	n.s.	238	38
Villa La Pagliaia	Siena	Euro	3,936	29.5	1,242	156
Allianz Agencia de Seguros ⁽¹⁾	Madrid	Euro	1,359	-4.4	-473	-956
Allianz Elementar Werkkuchenbetriebs	Vienna	Euro	1,401	18.0	106	1
Allianz Kundenservice	Vienna	Euro	33,382	2.4	17,731	–
Allianz Risiko Service	Vienna	Euro	1,223	12.5	15,042	–
Allianz Suisse Immobilien ⁽²⁾	Volketswil	SwFr	4,392	-2.8	15,898	2,498
Allianz Suisse Personal Financial Services ⁽³⁾	Zurich	SwFr	1,265	3,413.9	1,474	-900
Braun & Co.	Vienna	Euro	768	-23.9	5,625	–
Gesellschaft für Vorsorgeberatung (**)	Berne	SwFr	959	n.s.	547	11
Informatica Y Ser. Fin. ⁽¹⁾	Madrid	Euro	264	-18.1	380	158
Inmobiliaria Inverfénix ⁽¹⁾	Madrid	Euro	5,999	100.6	34,863	15,592
ITB Immobilientreuhand	Vienna	Euro	1,275	5.2	36	–
Logistikwerkstatt Assistance	Vienna	Euro	–	n.s.	25,035	–
MVK Datenmanagement	Vienna	Euro	–	n.s.	32	-3
Opernring-Hof-Bau und Betriebs	Vienna	Euro	3,684	57.8	8,705	115
Pemse ⁽¹⁾	Madrid	Euro	–	–	2,495	63
Providentia Vermögens	Vienna	Euro	259	25,820.9	10,308	232
Ras Hellas	Athens	Euro	4	-93.5	1,365	4
SHA Seminarhotel	Unterägeri	SwFr	6,707	380.4	282	79

(*) including the profit for the year.

(**) First year of activity.

(1) Figures are proportionate to the percentage of ownership.

(2) Formerly Deggo.

(3) Formerly Elvimo.

Net profit for the year

The net profit for the year totalled Euro 1,059,121,039 and may be broken down as follows:

– Life business net profit	276,114,741
– Non-life business net profit	783,006,298
which we propose be allocated as follows:	
Net profit for the year of	1,059,121,039
Allocation to the legal reserve until it reaches one-fifth of the share capital	
Legal reserve of life business	3,060,113
Legal reserve of non-life business	9,180,340
Residual	1,046,880,585
Preferred dividend of Euro 0.03 to each of the 1,340,010 ^(*) savings shares, equal to 5% of their face value	40,200
Residual	1,046,840,385
Dividend of Euro 0.44 to each of the 669,704,920 ^(*) ordinary shares	294,670,165
An additional dividend of Euro 0.43 to each of the 1,340,010 ^(*) savings shares	576,204
Residual	751,594,017
To be allocated to the extraordinary reserve	
Life business	196,035,945
Non-life business	555,558,072

(*) In compliance with relevant legislation, shares held by the company on 18 March 2003 were excluded from the calculation of shares with rights to dividends. Where, on the date on which the coupon is detached, the number of own shares held by the company is higher or lower than the current number, dividend distribution will be recalculated with the appropriate allocation to or withdrawal from the extraordinary reserve.

A full tax exemption is attributed to the dividends shown above.

If you agree with our proposal, we invite you to approve the directors' report, the financial statements (consisting of a balance sheet, profit and loss account and notes thereto) and the proposal for the allocation of the net profit for the year. We also propose that you schedule the start date for dividend payments for 22 May 2003, with coupon detachment on 19 May 2003.

Milan, 18 March 2003

The Board of Directors

Investments held by directors, statutory auditors and general managers
(pursuant to article 79 of Consob resolution no. 11971 of 14 May 1999)

Name	Company in which shares are held	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year
Giuseppe Vita		0	0	0	0
Henning Schulte-Noelle		0	0	0	0
Mario Greco	Ras spa (ordinary)	39,075	80 ⁽¹⁾	39,000 ⁽²⁾	155
Mario Arcelli		0	0	0	0
Guido Maria Barilla		0	0	0	0
Carlo Orazio Buora		0	0	0	0
Detlev Bremkamp		0	0	0	0
Nicola Costa		0	0	0	0
Leonardo Del Vecchio		0	0	0	0
Klaus Dührkop		0	0	0	0
Alberto Falck		0	0	0	0
Pietro Ferrero		0	0	0	0
Angelo Marchiò		0	0	0	0
Francesco Micheli		0	0	0	0
Luigi Orlando		0	0	0	0
Helmut Perlet		0	0	0	0
Giampiero Pesenti		0	0	0	0
Gianfelice Rocca		0	0	0	0
Lucio Rondelli		0	0	0	0
Alberto Santa Maria		0	0	0	0
Marco Tronchetti Provera		0	0	0	0
Pietro Manzonetto		0	0	0	0
Adolf Haellmayr		0	0	0	0
Giorgio Stroppiana	Ras spa (ordinary)	8,400	0	8,400	0
Massimo Arrighi	Ras spa (ordinary)	75	80 ⁽¹⁾	0	155
Salvatore Militello	Ras spa (ordinary)	36,075	80 ⁽¹⁾	0	36,155
Pierluigi Riches	Ras spa (ordinary)	33,075	80 ⁽¹⁾	18,000	15,155
Paolo Vagnone	Ras spa (ordinary)	22,875	80 ⁽¹⁾	0	22,955

(1) This figure relates to Ras ordinary shares allocated through free allotment plan for Ras ordinary shares involving all Italian employees of Ras and its subsidiaries carried out on 22 July 2002 and involving a total of 479,943 of ordinary shares.

(2) Shares allocated to individual investment portfolio management (without the power to give instructions) and sold thereby.

Company bodies

Dear Shareholders,

The three-year term of office of the Ras Board of Directors has expired. You are, therefore, invited to decide the number of directors, appoint them and establish their remuneration.

The three-year term of office of the Ras Board of Statutory Auditors has also expired. You are, therefore, invited to appoint the statutory auditors and the chairperson, pursuant to article 28 of the company's by-laws, as well as to establish their remuneration.

Appointment of independent auditors

Dear Shareholders,

The 2000-2002 engagement conferred on KPMG S.p.A., Milan to audit the Ras statutory and consolidated financial statements and to review its half year reports has expired with the issue of KPMG audit report on the financial statements as at and for the year ended 31 December 2002.

Accordingly, pursuant to Legislative decree no. 58 of 24 February 1998, Legislative decrees no. 174 and 175 of 17 March 1995 and ISVAP regulation no. 1207 G of July 1999, you are called to resolve on the appointment of the independent auditors for the audit of the statutory and consolidated financial statements as at and for the years ending 31 December 2003, 2004 and 2005 and the review of the half year reports as at and for the six months ending 30 June 2003, 2004 and 2005 and the other activities required by article 155 of Legislative decree no. 58 of 24 February 1998.

We propose to renew the engagement to KPMG, which has proposed the following annual fees, calculated considering the criteria established by Consob:

- audit of the statutory financial statements: Euro 390,000 (4,200 hours);
- audit of the consolidated financial statements: Euro 23,000 (250 hours);
- review of the half year report of Ras and Ras group: Euro 69,000 (750 hours).

The above figures do not include out-of-pocket expenses and secretarial costs, the supervisory contributions required by Consob and VAT.

The above fees may increase on 1 July of each year starting from July 2003 in line with the cost of living index published by ISTAT.

Any exceptional or unforeseeable events which may arise will be previously discussed between the parties in order to agree, where necessary, an increase in the proposed fees. On the other hand, should the time required be less than that shown above, the fees will be reduced accordingly.

In accordance with relevant legislation, KPMG spa will avail itself of the services of an independent actuary, whose fees will be calculated on the basis of the minimum fees established by the Actuary Committee. Such fees will be adjusted yearly, on the same basis as that indicated for the fees of independent auditors.

That being said, we propose the following:

- to engage KPMG spa, Milan for the audit of the statutory and consolidated financial statements as at and for the years ending 31 December 2003, 2004 and 2005, the review of the half year reports as at and for the six months ending 30 June 2003, 2004 and 2005 and the other activities required by article 155 of Legislative decree no. 58 of 24 February 1998, at the terms and conditions described above;

- to grant the chairperson of the board of directors, deputy chairperson and chief executive officer all necessary powers to enable them, jointly and severally, to sign the operating agreements with the audit company appointed on the basis of the above, with the power to reach all additional agreements and deals which are deemed to be necessary and adequate.

Authorisation to repurchase and sell own shares

Dear Shareholders,

We would like to take the opportunity to remind you that the power of the Board of Directors, granted by the shareholders' meeting on 29 April 2002, to repurchase a maximum of 60,000,000 own shares, will expire on 28 October 2003.

We believe it is in the company's best interests to renew this authorisation, in the same quantities, in order to allow the company to retain – also over the next eighteen months – this power, which is useful for its operations and helps enhance its value.

The authorisation that you are being asked to resolve upon also includes granting the company the power to use its own shares to implement stock option plans to be offered to directors and managers of Ras, as well as its Group in Italy.


The following resolution is thus submitted for your approval:

resolution

Having taken into consideration the proposal presented by the Board of Directors, on 30 April 2003, the shareholders of "Riunione Adriatica di Sicurtà Società per Azioni",

resolve

- to revoke, in respect of the unutilised portion, the authorisation to repurchase and sell Ras own shares we granted the Board of Directors on 29 April 2002, pursuant to article 2357 and following of the Italian Civil Code;
- pursuant to article 2357 and following and article 2359 bis of the Italian Civil Code, as well as article 132 of Legislative Decree no. 58 of 24 February 1998, to authorise the Board of Directors to repurchase Ras own ordinary and/or savings shares, up to a maximum of 60,000,000 shares, with a face value of Euro 0.60 each, through public offering or from the market within the next eighteen months, in accordance with the procedures to be agreed upon with Borsa Italiana spa. In accordance with article 2357 of the Italian Civil Code, the overall face value of repurchased shares may not in any event exceed one-tenth of the share capital of Ras, taking into account any shares owned by subsidiary companies. Pursuant to article 2357 ter of the Italian Civil Code, the company shall increase its current unavailable reserve, the "Reserve for own shares", by the amount of own shares repurchased, transferring such amount from the available "Share premium reserve" as shown in the financial statements at 31 December 2002, the latest approved, which currently amounts to Euro 1,203 million. Where the company chooses to repurchase shares on the Stock Exchange, the unit price payable for each share repurchase transaction (for both ordinary and savings shares) shall not be 10% greater or lower than the benchmark price recorded by shares of a related category during the trading session preceding each individual transaction;
- pursuant to article 2357 bis of the Italian Civil Code, to authorise the Board of Directors to sell some or all of the repurchased shares, on one or more occasions, whether the purchases have been completed or not. In the event that some or all of the repurchase shares are sold, the unavailable reserve set up as per article 2357 ter of the Italian Civil Code shall be partly or wholly transferred back to the available "Share premium reserve". The Board of Directors is also authorised to transfer shares to employees, directors and/or consultants of Ras and its sub-

- 
- ▶ subsidiaries in Italy in the scope of current or future stock option plans resolved by the Board of Directors.
 - to vest the chairperson, deputy chairperson and chief executive officer, who may act jointly or separately for such purposes, with the widest possible powers in order to carry out repurchases and sales and, in any case, to implement the above resolutions, also through power of attorney, fulfilling any requirements of the relevant authorities. ■

**Balance sheet and profit and loss account
as at and for the year ended 31 December 2002**

31 December 2002

A. Receivables from shareholders for subscribed share capital not yet paid-up									
	of which: called up			2	0				1 0
B. Intangible assets									
1. Acquisition commissions to be amortised									
	a) life business	3	0						
	b) non-life business	4	0	5	0				
2. Other acquisition costs				6	0				
3. Start-up and expansion costs				7	1,014,289				
4. Goodwill				8	0				
5. Other deferred costs				9	0			10	1,014,289
C. Investments									
I - Land and buildings									
1. Real estate used in the business				11	57,613,036				
2. Real estate used by third parties				12	74,552,421				
3. Other real estate				13	11,072,878				
4. Other property rights				14	0				
5. Assets under construction and payments on account				15	0	16	143,238,335		
II - Investments in group and other companies									
1. Equity investments:									
	a) parent companies	17	0						
	b) subsidiary companies	18	3,090,381,390						
	c) affiliated companies	19	0						
	d) associated companies	20	4,346,951						
	e) other	21	786,159,589	22	3,880,887,930				
2. Bonds:									
	a) parent companies	23	0						
	b) subsidiary companies	24	0						
	c) affiliated companies	25	506,28						
	d) associated companies	26	0						
	e) other	27	72,381,156	28	72,887,436				
3. Loans:									
	a) parent companies	29	0						
	b) subsidiary companies	30	25,927,519						
	c) affiliated companies	31	0						
	d) associated companies	32	0						
	e) other	33	0	34	25,927,519	35	3,979,702,885		

to be carried forward

1,014,289

31 December 2002

			brought forward		<u>15,899,550,318</u>
E. Receivables					
I - Receivables relating to direct insurance business,					
due from:					
1. Policyholders					
a) premiums of the year	71	450,396,452			
b) premiums of previous years	72	11,130,079	73	461,526,531	
2. Insurance brokers and agents			74	338,663,819	
3. Current company companies			75	61,364,512	
4. Amounts to be recovered from policyholders and third parties			76	15,979,242	77
					<u>877,534,104</u>
II - Receivables relating to reinsurance					
business, due from:					
1. Insurance and reinsurance companies			78	215,853,590	
2. Reinsurance brokers and agents			79	30,833,449	80
					<u>246,687,039</u>
III - Other receivables					81
					<u>383,570,480</u>
					<u>82</u>
					<u>1,507,791,623</u>
F. Other assets					
I - Tangible assets and stock:					
1. Office furniture, machines and internal transport systems			83	16,742,158	
2. Vehicles entered in public registers			84	243,2	
3. Plant and equipment			85	568,938	
4. Stock and other assets			86	1,748,243	87
					<u>19,302,539</u>
II - Cash and cash equivalents					
1. Bank and postal current accounts			88	455,382,203	
2. Cheques and cash balances			89	69,909	90
					<u>455,452,112</u>
III - Own shares					91
					<u>100,460,459</u>
IV - Sundry assets					
1. Reinsurance suspense accounts			92	47,632,743	
2. Other assets			93	279,179,936	94
					<u>326,812,679</u>
					<u>95</u>
					<u>902,027,789</u>
G. Accrued income and prepaid expenses					
1. Interest				96	146,576,268
2. Rent				97	18,574
3. Other accrued income and prepaid expenses				98	180,326
					<u>146,775,168</u>
					<u>99</u>

TOTAL ASSETS

100 18,456,144,898

brought forward

14,872,313,391

<u>251</u>	<u>471,347,422</u>			
<u>252</u>	<u>10,802,368</u>			
		<u>253</u>	<u>482,149,790</u>	
		<u>254</u>	<u>369,145,553</u>	
		<u>255</u>	<u>49,993,582</u>	
		<u>256</u>	<u>11,147,461</u>	
		<u>257</u>	<u>912,436,386</u>	
		<u>258</u>	<u>200,082,177</u>	
		<u>259</u>	<u>31,133,643</u>	
		<u>260</u>	<u>231,215,820</u>	
		<u>261</u>	<u>335,219,961</u>	<u>262</u>
				<u>1,478,872,167</u>
		<u>263</u>	<u>19,146,419</u>	
		<u>264</u>	<u>477,951</u>	
		<u>265</u>	<u>845,743</u>	
		<u>266</u>	<u>1,660,497</u>	
		<u>267</u>	<u>22,130,610</u>	
		<u>268</u>	<u>245,650,868</u>	
		<u>269</u>	<u>37,752</u>	
		<u>270</u>	<u>245,688,620</u>	
		<u>271</u>	<u>13,414,897</u>	
		<u>272</u>	<u>46,052,218</u>	
		<u>273</u>	<u>213,670,177</u>	
		<u>274</u>	<u>259,722,395</u>	<u>275</u>
				<u>540,956,522</u>
		<u>276</u>	<u>133,855,684</u>	
		<u>277</u>	<u>338,912</u>	
		<u>278</u>	<u>333,985</u>	
		<u>279</u>	<u>134,528,581</u>	

31 December 2002

A. Shareholders' equity

I - Subscribed share capital or equivalent fund	101	437,769,749		
II - Share premium reserve	102	1,877,771,258		
III - Revaluation reserves	103	377,189,243		
IV - Legal reserve	104	75,313,496		
V - Statutory reserves	105	0		
VI - Reserves for own shares and shares of parent company	106	100,460,459		
VII - Other reserves	107	1,272,847,515		
VIII - Retained earnings/(losses) carried forward	108			
IX - Net profit (loss) for the year	109	1,059,121,039	110	5,200,472,759

B. Subordinated liabilities

111 0

C. Technical reserves**I - Non-life business**

1. Premium reserve	112	1,102,795,467		
2. Claims reserve	113	3,652,335,082		
3. Profit participation and reversal reserve	114	0		
4. Other technical reserves	115	913,397		
5. Equalisation reserves	116	19,292,717	117	4,775,336,663

II - Life business

1. Actuarial reserves	118	5,984,320,655		
2. Complementary insurance premium reserve	119	1,896,109		
3. Reserve for amounts payable	120	199,153,829		
4. Profit participation and reversal reserve	121	9,281,499		
5. Other technical reserves	122	55,274,834	123	6,249,926,926
			124	11,025,263,589

D. Technical reserves where investment risk is borne

by policyholders and reserves relating to pension fund management

I - Reserves relating to unit-linked and index-linked policies	125	481,661,122		
II - Reserves relating to pension fund management	126	38,236,301	127	519,897,423

to be carried forward

16,745,633,771

	<u>281</u>	376,567,475		
	<u>282</u>	2,025,731,127		
	<u>283</u>	377,391,476		
	<u>284</u>	75,282,104		
	<u>285</u>	0		
	<u>286</u>	13,414,897		
	<u>287</u>	959,898,743		
	<u>288</u>	231058		
	<u>289</u>	581,135,434	<u>290</u>	4,409,652,314
			<u>291</u>	0
<u>292</u>		1,044,549,393		
<u>293</u>		3,486,286,709		
<u>294</u>		0		
<u>295</u>		1,054,460		
<u>296</u>		16,312,468	<u>297</u>	4,548,203,030
<u>298</u>		5,670,701,439		
<u>299</u>		1,842,590		
<u>300</u>		235,329,122		
<u>301</u>		8,783,642		
<u>302</u>		47,444,835	<u>303</u>	5,964,101,628
			<u>304</u>	10,512,304,658
			<u>305</u>	346,705,178
			<u>306</u>	29,238,235
			<u>307</u>	375,943,413

to be carried forward

15,297,900,385

31 December 2002

				brought forward		16,745,633,771
E. Provisions for risks and charges						
1. Staff pension and similar obligations			128	7,564,778		
2. Tax provisions			129	409,053,004		
3. Other provisions			130	86,714,756	131	503,332,538
F. Deposits from reinsurers					132	532,874,755
G. Payables and other liabilities						
I - Payables relating to direct insurance business, due to:						
1. Insurance brokers and agents		133		26,048,808		
2. Current company companies		134		18,170,904		
3. Deposits and premiums paid by policyholders		135		10,547,822		
4. Guarantee funds in favour of policyholders		136		6,348,357	137	61,115,891
II - Payables relating to reinsurance business, due to:						
1. Insurance and reinsurance companies		138		69,012,206		
2. Reinsurance brokers and agents		139		2,968,095	140	71,980,301
III - Bond issues					141	0
IV - Payables to banks and financial institutions					142	0
V - Secured debts					143	0
VI - Sundry loans and other financial payables					144	71,650,500
VII - Staff severance indemnity					145	31,700,649
VIII - Other payables						
1. Policyholders' tax due		146		51,649,758		
2. Other taxes due		147		19,942,064		
3. Due to social security and welfare institutions		148		11,465,688		
4. Sundry payables		149		67,753,103	150	150,810,613
IX - Other liabilities						
1. Reinsurance suspense accounts		151		44,522,631		
2. Commissions on collectable premiums		152		56,637,340		
3. Sundry liabilities		153		185,819,028	154	286,978,999
					155	674,236,953

to be carried forward

18,456,078,017

brought forward		<u>15,297,900,385</u>	
	<u>308</u>	<u>7,532,655</u>	
	<u>309</u>	<u>236,286,342</u>	
	<u>310</u>	<u>55,026,094</u>	<u>311</u> <u>298,845,091</u>
			<u>312</u> <u>583,087,198</u>
<u>313</u>	<u>56,084,864</u>		
<u>314</u>	<u>22,450,767</u>		
<u>315</u>	<u>9,732,698</u>		
<u>316</u>	<u>5,341,294</u>	<u>317</u> <u>93,609,623</u>	
<u>318</u>	<u>61,438,658</u>		
<u>319</u>	<u>7,185,870</u>	<u>320</u> <u>68,624,528</u>	
		<u>321</u> <u>0</u>	
		<u>322</u> <u>0</u>	
		<u>323</u> <u>0</u>	
		<u>324</u> <u>231,520</u>	
		<u>325</u> <u>40,493,286</u>	
<u>326</u>	<u>50,931,454</u>		
<u>327</u>	<u>4,058,521</u>		
<u>328</u>	<u>9,739,738</u>		
<u>329</u>	<u>79,832,205</u>	<u>330</u> <u>144,561,918</u>	
<u>331</u>	<u>72,489,192</u>		
<u>332</u>	<u>57,710,838</u>		
<u>333</u>	<u>368,965,581</u>	<u>334</u> <u>499,165,611</u>	<u>335</u> <u>846,686,486</u>

to be carried forward

17,026,519,160

31 December 2002

		brought forward	<u>18,456,078,017</u>
H. Accrued liabilities and deferred income			
1. Interest	156	0	
2. Rent	157	<u>66,881</u>	
3. Other accrued liabilities and deferred income	158	0	<u>66,881</u>
			159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			<u>160 18,456,144,898</u>

Guarantees, commitments and other memorandum accounts

31 December 2002

Guarantees, commitments and other memorandum accounts

I - Guarantees provided			
1. Sureties	161	<u>1,754,547</u>	
2. Endorsements	162	0	
3. Other personal guarantees	163	0	
4. Collateral	164	<u>47,291,596</u>	
II - Guarantees received			
1. Sureties	165	<u>268,170</u>	
2. Endorsements	166	0	
3. Other personal guarantees	167	0	
4. Collateral	168	0	
III - Guarantees provided by third parties on behalf of the company	169	<u>66,334,115</u>	
IV - Commitments	170	<u>2,768,535,439</u>	
V - Third party assets	171	<u>595,924</u>	
VI - Pension fund assets managed on behalf of third parties	172	<u>8,679,822</u>	
VII - Securities deposited with third parties	173	<u>13,537,208,919</u>	
VIII - Other memorandum accounts	174	<u>2,180,539</u>	

brought forward

17,026,519,160

336	<u>0</u>	
337	<u>150,997</u>	
338	<u>504</u>	339 <u>151,501</u>
		340 <u>17,026,670,661</u>

341	<u>1,706,459</u>
342	<u>0</u>
343	<u>50000</u>
344	<u>51,483,425</u>
345	<u>379,314</u>
346	<u>0</u>
347	<u>0</u>
348	<u>0</u>
349	<u>87,181,489</u>
350	<u>37,656,500</u>
351	<u>656,078</u>
352	<u>0</u>
353	<u>11,834,382,768</u>
354	<u>2,602,189</u>

2002

I. Non-life business technical account

1. Premiums, net of outwards reinsurance				
a) Gross premiums accounted for		1	2,830,301,172	
b) (-) Outwards reinsurance premiums		2	273,520,301	
c) Change in gross premium reserve		3	57,414,100	
d) Change in reinsurer premium reserve		4	9,912,530	5
				<u>2,509,279,301</u>
2. (+) Income from investments transferred from the non-technical account (item III.6)				6
				<u>141,385,124</u>
3. Other technical income, net of outwards reinsurance				7
				<u>4,010,029</u>
4. Charges relating to claims, net of recoveries and outwards reinsurance				
a) Amounts paid				
aa) Gross amount	8		1,985,103,016	
bb) (-) reinsurers' share	9		205,143,767	10
				<u>1,779,959,249</u>
b) Change in recoveries, net of reinsurers' share				
aa) Gross amount	11		34,584,159	
bb) (-) reinsurers' share	12		2,505,199	13
				<u>32,078,960</u>
c) Change in claims reserve				
aa) Gross amount	14		164,603,372	
bb) (-) reinsurers' share	15		-34,167,217	16
				<u>198,770,589</u>
				17
				<u>1,946,650,878</u>
5. Change in other technical reserves, net of outwards reinsurance				18
				<u>-141,063</u>
6. Reversals and profit participation, net of outwards reinsurance				19
				<u>0</u>
7. Operating costs:				
a) Acquisition commissions		20	346,739,492	
b) Other acquisition costs		21	116,291,674	
c) Change in commissions and other acquisition costs to be amortised		22	0	
d) Premium collection commissions		23	86,717,255	
e) Other administrative costs		24	120,253,847	
f) (-) Profit participation and other commissions received from reinsurers		25	47,148,447	26
				<u>622,853,821</u>
8. Other technical charges, net of outwards reinsurance				27
				<u>29,574,516</u>
9. Change in equalisation reserves				28
				<u>2,980,248</u>
10. Result of non-life business technical account (item III.1)				w
				<u>52,756,054</u>

	<u>111</u>	2,630,308,565		
	<u>112</u>	208,282,433		
	<u>113</u>	42,087,393		
	<u>114</u>	14,564,939	<u>115</u>	2,394,503,678
			<u>116</u>	265,632,744
			<u>117</u>	79,069,786
<u>118</u>	1,987,564,415			
<u>119</u>	218,675,009	<u>120</u>	1,768,889,406	
<u>121</u>	35,802,013			
<u>122</u>	1,516,950	<u>123</u>	34,285,063	
<u>124</u>	310,013,058			
<u>125</u>	54,078,082	<u>126</u>	255,934,976	<u>127</u>
				1,990,539,319
			<u>128</u>	-307,009
			<u>129</u>	0
		<u>130</u>	332,275,191	
		<u>131</u>	91,928,109	
		<u>132</u>	0	
		<u>133</u>	81,134,644	
		<u>134</u>	112,418,309	
		<u>135</u>	38,621,616	<u>136</u>
				579,134,637
			<u>137</u>	21,889,159
			<u>138</u>	2,282,103
			<u>139</u>	145,667,999

2002

II. Life business technical account

1. Premiums, net of outwards reinsurance:

a) Gross premiums accounted for		30	1,250,858,252	
b) (-) outwards reinsurance premiums		31	73,653,168	32
				1,177,205,084

2. Income from investments:

a) Income from equity investments				33
	(including group companies	34	100,361,453)	127,980,043

b) Income from other investments:

aa) land and buildings	35	8,147,823		
bb) other	36	280,751,384		37
			38	288,899,207
	(including group companies		13,801,125)	

c) Write-backs of investments

39 1,055,142

d) Profit on sale of investments

40 38,140,647

(including group companies

41 1,151)

42 456,075,039

3. Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments arising from pension fund management

43 19,865,232

4. Other technical income, net of outwards reinsurance

44 6,143,928

5. Charges relating to claims, net of outwards reinsurance:

a) Amounts paid

aa) Gross amount 45 775,219,382

bb) (-) Reinsurers' share 46 122,272,401 47 652,946,981

b) Change in reserve for amounts payable

aa) Gross amount 48 -26,468,811

bb) (-) Reinsurers' share 49 6,705,476 50 -33,174,287 51 619,772,694

6. Change in actuarial reserves and other technical reserves, net of outwards reinsurance

a) Actuarial reserves:

aa) Gross amount 52 316,701,188

bb) (-) Reinsurers' share 53 -76,211,394 54 392,912,582

b) Complementary insurance premium reserve:

aa) Gross amount 55 53,519

bb) (-) Reinsurers' share 56 0 57 53,519

c) Other technical reserves

aa) Gross amount 58 7,832,704

bb) (-) Reinsurers' share 59 0 60 7,832,704

d) Technical reserves where investment risk is borne

by policyholders and reserves relating to pension fund management

aa) Gross amount 61 143,954,010

bb) (-) Reinsurers' share 62 -16,500 63 143,970,510 64 544,769,315

		<u>140</u>	1,002,751,508		
		<u>141</u>	84,869,400	<u>142</u>	917,882,108
		<u>143</u>	264,371,549		
(including group companies		<u>144</u>	236,137,244)		
	<u>145</u>		27,491,366		
	<u>146</u>		273,065,088	<u>147</u>	300,556,454
(including group companies		<u>148</u>	13,123,921)		
		<u>149</u>	2,937,769		
		<u>150</u>	91,572,252		
(including group companies		<u>151</u>	12,343)	<u>152</u>	659,438,024
				<u>153</u>	6,633,987
				<u>154</u>	3,736,236
	<u>155</u>		709,387,128		
	<u>156</u>		135,232,854	<u>157</u>	574,154,274
	<u>158</u>		35,396,135		
	<u>159</u>		31,353,983	<u>160</u>	4,042,152
		<u>161</u>			578,196,426
	<u>162</u>		136,666,371		
	<u>163</u>		-96,030,294	<u>164</u>	232,696,665
	<u>165</u>		10,306		
	<u>166</u>		0	<u>167</u>	10,306
	<u>168</u>		6,600,766		
	<u>169</u>		0	<u>170</u>	6,600,766
	<u>171</u>		136,290,725		
	<u>172</u>		-37,766	<u>173</u>	136,328,491
		<u>174</u>			375,636,228

2002

7. Reversals and profit participation, net of outwards reinsurance				65	<u>1,049,682</u>
8. Operating costs:					
a) Acquisition commissions		66	<u>45,047,794</u>		
b) Other acquisition costs		67	<u>36,911,711</u>		
c) Change in commissions and other acquisition costs to be amortised		68	<u>0</u>		
d) Premium collection commissions		69	<u>20,563,981</u>		
e) Other administrative costs		70	<u>46,822,861</u>		
f) (-) Profit participation and other commissions received from reinsurers		71	<u>9,408,176</u>	72	<u>139,938,171</u>
9. Capital and financial charges:					
a) Investment management charges and interest payable		73	<u>24,362,830</u>		
b) Write-downs of investments		74	<u>87,429,679</u>		
c) Loss on sale of investments		75	<u>24,964,362</u>	76	<u>136,756,871</u>
10. Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and investments arising from pension fund management				77	<u>93,613,616</u>
11. Other technical charges, net of outwards reinsurance				78	<u>4,349,722</u>
12. (-) Income from investments transferred to the non-technical account (item III.4)				79	<u>68,101,599</u>
13. Result of life business technical account (Item III.2)				80	<u>50,937,613</u>
III. NON-TECHNICAL ACCOUNT					
1. Result of non-life business technical account (item I.10)				81	<u>52,756,054</u>
2. Result of life business technical account (item II.13)				82	<u>50,937,613</u>
3. Income from investments in non-life business:					
a) Income from equity investments		83	<u>135,982,108</u>		
(including group companies		84	<u>77,579,719</u>		
a) Income from other investments:					
aa) land and buildings	85	<u>6,492,482</u>			
bb) other	86	<u>152,680,017</u>	87	<u>159,172,499</u>	
(including group companies			88	<u>5,080,080</u>	
c) Write-backs of investments		89	<u>3,304,246</u>		
d) Profit on sale of investments		90	<u>82,660,400</u>		
(including group companies		91	<u>22,486</u>	92	<u>381,119,253</u>

			<u>175</u>	<u>7,391,790</u>
	<u>176</u>	<u>57,739,631</u>		
	<u>177</u>	<u>29,195,635</u>		
	<u>178</u>	<u>0</u>		
	<u>179</u>	<u>18,146,224</u>		
	<u>180</u>	<u>48,060,543</u>		
	<u>181</u>	<u>10,644,571</u>	<u>182</u>	<u>142,497,462</u>
	<u>183</u>	<u>29,299,541</u>		
	<u>184</u>	<u>54,603,357</u>		
	<u>185</u>	<u>62,950,182</u>	<u>186</u>	<u>146,853,080</u>
			<u>187</u>	<u>33,889,543</u>
			<u>188</u>	<u>1,692,762</u>
			<u>189</u>	<u>118,452,896</u>
			<u>190</u>	<u>183,080,168</u>
			<u>191</u>	<u>145,667,999</u>
			<u>192</u>	<u>183,080,168</u>
	<u>193</u>	<u>261,793,479</u>		
(including group companies	<u>194</u>	<u>239,173,160</u>)		
	<u>195</u>	<u>49,220,665</u>		
	<u>196</u>	<u>140,642,360</u>	<u>197</u>	<u>189,863,025</u>
(including group companies	<u>198</u>	<u>4,347,233</u>)		
	<u>199</u>	<u>30,518,676</u>		
	<u>200</u>	<u>78,355,834</u>		
(including group companies	<u>201</u>	<u>0</u>)	<u>202</u>	<u>560,531,014</u>

2002

4. (+) Income from investments transferred from the life business technical account (item II.12)		<u>93</u>	<u>68,101,599</u>
5. Non-life business capital and financial charges:			
a) Investment management charges and interest payable	<u>94</u>		<u>19,760,934</u>
b) Write-downs of investments	<u>95</u>		<u>68,200,219</u>
c) Loss on sale of investments	<u>96</u>	<u>97</u>	<u>131,960,914</u>
6. (-) Income from investments transferred to the non-life business technical account (item I.2)		<u>98</u>	<u>141,385,124</u>
7. Other income		<u>99</u>	<u>162,838,263</u>
8. Other charges		<u>100</u>	<u>141,571,989</u>
9. Profit (loss) of ordinary business		<u>101</u>	<u>300,834,755</u>
10. Extraordinary income		<u>102</u>	<u>1,119,212,517</u>
11. Extraordinary charges		<u>103</u>	<u>10,212,083</u>
12. Net extraordinary income/(charges)		<u>104</u>	<u>1,109,000,434</u>
13. Result before taxes		<u>105</u>	<u>1,409,835,189</u>
14. Income taxes for the year		<u>106</u>	<u>350,714,150</u>
15. Net profit/(loss) for the year		<u>107</u>	<u>1,059,121,039</u>

		<u>203</u>	<u>118,452,896</u>
<u>204</u>	<u>33,070,648</u>		
<u>205</u>	<u>46,802,432</u>		
<u>206</u>	<u>29,003,189</u>	<u>207</u>	<u>108,876,269</u>
		<u>208</u>	<u>265,632,744</u>
		<u>209</u>	<u>158,548,351</u>
		<u>210</u>	<u>108,088,957</u>
		<u>211</u>	<u>683,682,458</u>
		<u>212</u>	<u>77,170,222</u>
		<u>213</u>	<u>2,044,032</u>
		<u>214</u>	<u>75,126,190</u>
		<u>215</u>	<u>758,808,648</u>
		<u>216</u>	<u>177,673,214</u>
		<u>217</u>	<u>581,135,434</u>

Notes to the financial statements

Part A – Valuation criteria

Part A – Valuation criteria

Section 1 – Presentation of the valuation criteria

The valuation criteria comply with the provisions promulgated by the relevant supervisory bodies.

Securities portfolio

2002 classification criteria

In compliance with ISVAP regulation no. 893 G of 18 June 1998, as integrated by circular no. 475/D of 27 February 2002, "Requirements relating to the classification and valuation of the securities portfolio", on 30 January 2002, the company's board of directors adopted a resolution establishing the general criteria for identification of the two classes of investments, "long-term investments" and "short-term investments". This resolution replaced the previous one of 24 September 1998.

These criteria, adopted from the 1998 financial statements, essentially implement the criteria for the allocation of securities, whether long or short-term, and may be summarised as follows:

A. Long-term investments

Unless specified otherwise, the long-term nature of investments is identified in the relationships with the company/body issuing the equity and debt securities. Such companies, both listed and unlisted, should perform insurance-related activities or be considered strategic regardless of the holding percentage. This classification also includes fixed-income securities up to 65% of the investment portfolio and equities and OEIC units up to 15% of the investment portfolio. The investment portfolio does not include strategic equity investments and those belonging to Classes D.I and D.II.

B. Short-term investments

This category is identified on a secondary basis and includes all securities which, regardless of their allocation to the separately-managed businesses linked to life policies, are not of a long-term nature and are therefore available for trading. The trading portfolio does not include securities relating to classes D.I and D.II.

Any transfer of securities from one category to the other is made in compliance with ISVAP regulation no. 893 G. More specifically, transfers are made on the basis of the securities' book value at the time of the transfer. The value is determined according to the criteria of the category to which the securities belong. Following transfer, securities are stated using the criteria of the category they are assigned to. In accordance with the board's resolution of 30 January 2002, systematic sales and purchase transactions involving the "investment portfolio" are forbidden. Only temporary divestments are allowed, such as "repurchase agreements" or "securities lending" transactions.

Valuation criteria

A. Long-term investments

Equity investments

Investments in subsidiaries and associated companies and other investments as well as other equity investments classified as "long-term investments" are stated at the book value recorded at 31 December 1992 if already held at that date, or at acquisition cost where acquired at a later date.

Where investments incur permanent impairment in value, the lower value is recorded as provided for by paragraph 3, article 16 of Legislative decree no.173/97. Any such write-downs will be written-back in the year in which the reasons for the write-down cease to exist.

Other securities

Fixed-income bonds classified as "long-term investments" are carried at the book value recorded at



the end of the previous year. Investments acquired at a later date are stated at cost. The book value of all such securities is calculated using the continuous average cost method.

Pursuant to the provisions of Law no. 503 of 8 August 1994, accrued trading premiums and discounts are included in (or deducted from) the book value of bonds and other fixed-income securities.

Where investments incur permanent impairment in value, the lower value is recorded as provided for by paragraph 3, article 16 of Legislative decree no.173/97. Any such write-downs will be written-back in the year in which the reasons for the write-down cease to exist, should the securities still be classified as "long-term". To this end, the book value is compared with the market value, the latter being the average price of the last six months.

B. Short-term investments

All equities, bonds and fixed-income securities classified as "short-term investments" are stated at the book value recorded at the end of the previous year. Subsequent acquisitions thereof are carried at cost. The book value of all such securities is calculated using the continuous average cost method.

These securities are valued at the lower of book and market value, the latter being the average price of the previous month. Equities not traded on regulated markets are written down to reflect the financial position of the related invested company.

Pursuant to the provisions of Law no. 349 of 8 August 1995, accrued issue premiums and discounts are included in (or deducted from) the book value of bonds and other fixed-income securities.

Write-downs of short-term investments in previous years are written-back in the year in which the reasons for the initial write-down cease to exist.

Intangible assets

Intangible assets entirely consist of long-term costs comprised of charges in respect of share capital increases, which are amortised over five years on a straight-line basis, beginning from the year in which they are incurred.

Land and buildings

Real estate is stated at cost, adjusted by compulsory and voluntary revaluations. New acquisitions and improvements are stated at cost.

Real estate used in the business is depreciated in accordance with its useful life on a straight-line basis (3%).

Real estate used by third parties (both operating and residential) is subject to ordinary maintenance and restoration; the related costs are equally allocated over time through the adoption of established action plans that prolong the useful lives of the assets and keep their value constant (which is nevertheless lower than market value).

As depreciation applied to operating real estate used by third parties is tax deductible, it was applied using the ordinary depreciation rates permitted by tax legislation.

In compliance with ISVAP circular no.438/D of 5 March 2001, depreciation of land and buildings is charged to items II.9.b) and III.5.b) "Write-downs of investments".

Investments benefiting life policyholders bearing the risk and investments arising from pension fund management

This class of assets is split into two categories. The first includes investments forming part of the assets of unit-linked policies as well as units of mutual funds related to life policies as per article 30 of Legislative decree no.174/1995. The second consists of investments pertaining to open pension funds

managed by the company. The company manages two open pension funds (PreviRas and Insieme); the related financial statements are attached to these notes in compliance with relevant legislation.

At year end, investments included in both categories were mainly made up of cash (Euro), mutual fund units and listed fixed-income securities. Securities are stated at market value on the last trading day. Any difference over their book value is taken to the profit and loss account.

Other assets

Receivables

They are stated at their estimated realisation value. Specifically, write-downs of premiums receivable are performed taking into account the trend of collections over the year recorded for each line of business.

Tangible assets and stock

Office furniture and machines, as well as chattels entered in public registers are stated at cost.

Depreciation is calculated by taking into account the ordinary and accelerated depreciation rates permitted by tax legislation, which are considered to be in line with the expected useful life of each category of asset, as follows:

- sundry equipment 12%
- office furniture and machines 12%
- electronic machines and computers 40%
- motor vehicles 25%-50%.

Rates are halved for the first year in which assets are used.

Depreciation in respect of assets abroad is calculated with different rates, in line with the expected useful lives of the assets concerned.

Accrued income and prepaid expenses, accrued liabilities and deferred income

These are calculated on an accruals basis, as per paragraph 5 of article 2424 bis of the Italian Civil Code.

Conversion into Euro

Conversion of transactions in non-Euroland currencies

In view of the considerable fluctuations of currencies, investments in subsidiaries and associated companies are kept at the exchange rates prevailing at acquisition, without stating the net difference that would have emerged by converting them at current exchange rates, except in the event of losses and taking into account the actual value of the asset concerned.

Exchange rate gains or losses realised during the year are taken to the profit and loss account. The net positive differences arising from the conversion of the opening balances of foreign currency assets and liabilities have been allocated to the provision for exchange rate fluctuations, broken down into life and non-life business.

Negative balances exceeding the provision set up for this purpose are charged to the profit and loss account.

Premiums and related charges

In accordance with article 45 of Legislative decree no. 173/1997, premiums are recorded on an accruals basis by charging the premium reserve. They are stated net of any technical write-offs relating to premiums written during the year.

Acquisition costs incurred in underwriting life insurance contracts pertaining to the Italian direct insurance portfolio are charged directly to the profit and loss account. Those in respect of contracts

underwritten directly abroad are deferred through the zillimerisation of actuarial reserves, where provided for by local legislation. Costs in respect of inwards reinsurance business are deferred through zillimerisation whenever this method is adopted by the ceding company.

Acquisition commissions relating to non-life insurance policies are charged in the year in which they are incurred and are deferred, in proportion to the related premiums, through the premium reserve.

Inwards reinsurance

The effects of inwards reinsurance on the profit and loss account are recognised in the year after that in which they arise, given that all the necessary information is not available at the date of preparation of the financial statements, with the exception of inwards reinsurance relating to indirectly generated hail and legal protection insurance, as well as those written by the subsidiary RB Vita, in respect of treaties regarding the life business.

The recognition of profit is suspended by setting up suspense reinsurance accounts that act as counter-entries to the financial balances recorded in the accounts opened for ceding companies; expected losses are provided for in the year to which they arise.

Technical reserves

Technical reserves of the direct non-life and life businesses, gross of outwards reinsurance and computed on the basis of current legal requirements, adequately enable the company to meet its prudently-estimated obligations (to an extent that is reasonably foreseeable) arising from insurance policies. The valuation criteria applied to each technical reserve are summarised below.

Actuarial reserves

These are calculated using appropriate actuarial assumptions with regard to mortality rates and technical interest which may lead to accruals that take possible unfavourable variations into account. The actuarial reserve is always equal to or greater than the surrender value.

The reinsurers' share is computed by adopting the same criteria. Inwards reinsurance reserves are computed in line with those reported by the ceding companies, calculated in accordance with their tariffs. Profit participation allocated to policyholders is accrued under technical reserves.

Reserve for amounts payable in the life business

Reserves for amounts payable consist of the amounts necessary to pay matured sums insured and annuities, surrenders and claims, including related settlement costs. The reinsurers' share is calculated using the same criteria as those applied for the direct business while inwards reinsurance reserves are calculated in accordance with the information communicated by the ceding companies.

Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management

Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management are calculated using appropriate actuarial assumptions, considering the value of the mutual fund units to which the benefits are linked.

Non-life business premium reserve

The premium reserve of the non-life business includes accruals for unexpired risks of the domestic portfolio and is composed of the reserve for unearned premiums and the reserve for unexpired risks.

The reserve for unearned premiums is made up of gross premiums written pertaining to subsequent years. It is calculated on a pro rata temporis basis by line of business, excluding the acquisition commissions as per article 51 of Legislative decree 173/1997 and the other directly attributable costs acquisition costs as per article 52 of the same decree.

For certain lines of business (insignificant, however, in relation to the overall level of premiums),

depending on the degree of risk, the reserve for unearned premiums includes an additional accrual calculated in accordance with the prudent criteria established by law or by ISVAP regulations.

The reserve for unexpired risks covers impending risks after the balance sheet date, specifically all compensations and expenses arising from insurance contracts agreed prior to year end, insofar as the amount exceeds the reserve for unearned premiums and premiums due under the terms of the contracts. It is calculated by line of business on the basis of the loss ratio of the current generation and also considering the ratios recorded for previous years.

The premium reserves for the inwards reinsurance business are stated in accordance with the information provided by the ceding companies, with appropriate adjustments in order to cover commitments undertaken. Premium reserves for the ceded and retroceded businesses are computed by adopting the same criteria applied for the direct business.

Non-life business claims reserve

The claims reserves for direct business which represent commitments in respect of reported or unreported claims that have not been partially or totally settled at the balance sheet date, are calculated on a case basis. This estimate has been supplemented, in relation to the special features of each line of business, by also taking into account any objective factors known at the time of the valuation, any foreseeable increases in costs during the settlement process and any directly attributable settlement costs (the "ultimate cost" method). Claims settlement costs which are not directly attributable and are originally included in a separate account, have been allocated to the lines of business in accordance with circular of the Ministry of Industry, Trade and Craft Industry no. 296/1970.

For third-party motor liability and general liability insurance, considering the longer settlement period, the valuation of the reserve is accompanied by a statistical-actuarial method to support the estimate made.

Inwards reinsurance claims reserves are those advised by the ceding companies and are adjusted, where necessary, based on experience to take into account claims incurred but not yet reported.

Claims reserves for ceded or retroceded business are computed by adopting the same criteria used for the direct business and inwards reinsurance.

Other technical reserves

These comprise the ageing reserve as per article 25 of Legislative decree no. 175/95.

Equalisation reserves

They include all sums provided for in accordance with current legislation, in order to equalise future fluctuations in the claims rate and to cover special risks. They comprise the equalisation reserve of the credit insurance business as per article 24 of Legislative decree 175/1995 and subsequent modifications and the equalisation reserve for natural disasters as per article 12 of Legislative decree no. 691 of 19 December 1994, converted - with modifications - into Law no. 35 of 16 February 1995.

Other technical charges

They are taken to the profit and loss account net of outwards reinsurance. Those of the non-life business include year-end write-downs of irrecoverable premiums written in the year, write-downs of premiums receivable relating to previous years and write-offs of premiums relating to previous years for the portion exceeding the specific provision. Those of the life business include year-end write-downs of irrecoverable first year premiums receivable relating to the year, write-downs of first year premiums receivable relating to previous years and write-offs of first year premiums receivable relating to previous years, for the portion exceeding the specific provision.

For write-downs of bad debts and, specifically, the criteria applied for their calculation as well as amounts broken down by line of business, reference should be made to section 5 of Part B.



Other technical income

Non-life technical income includes prior year revenues due to previous years' premiums receivable written-down in the past. Life technical income includes prior year revenues in respect of previous years' first year premiums receivable previously written down or written off.

Staff severance indemnity

This item, which is part of "Payables and other liabilities", consists of the company's accruals against staff severance indemnities, in compliance with legal provisions and contractual requirements.

Provisions for risks and charges

Provision for staff pension and similar obligations

This item comprises accruals for the staff pension due to directors, in compliance with paragraph 3, article 70 of Presidential Decree no. 917/86. It also includes the "provision for agents' termination indemnity", set-up to cover indemnities arising from the termination of agency contracts for the portion without recourse, in accordance with ISVAP regulation no. 735 of 1 December 1997.

Tax provision

This provision includes accruals for current taxes (as per calculations based on prudent estimates) as well as deferred taxes. In application of Accounting Principle 25 of the Italian Accounting Profession, deferred tax assets and liabilities are recorded in respect of temporary differences arising during the year.

Other provisions

Risk provision

This provision is accrued against the company's complex relationships with employees, agents, brokers, reinsurance and co-insurance companies and government bodies, and is considered to adequately cover specific potential risks.

Provision for exchange rate fluctuations

Positive differences arising from the conversion of assets and liabilities denominated in foreign currency at year-end exchange rates are allocated to this provision, on a separate basis for the life and non-life businesses.

Income taxes for the year

These are calculated on the basis of current tax legislation and are charged to the profit and loss account in the year to which they pertain.

They consist of the following:

- accruals to be settled for the year;
- the amount of deferred tax assets or liabilities in relation to temporary differences, arising or written off during the year.

For further information on deferred taxes, reference should be made to the relevant paragraph in Section 21 of Part B in these notes.

Transactions involving derivative instruments

In compliance with the ISVAP regulation of 19 July 1996, the transactions involving derivatives instruments and approved by the board of directors on 21 October 1996, may not be carried out for speculative purposes, but strictly with a view to reducing the risk related to investments in the various categories.

Realised foreign exchange gains or losses on foreign currency swaps are taken to the profit and loss account. Cash flows arising from forward and swap transactions are recorded as changes to item F.II/1 ("Other assets: bank and postal current accounts"). Transactions involving specific financial

instruments, such as "structured products", are stated under C.III.3 ("Other financial investments: bonds and other fixed-income securities"). Cash flows arising from trading in put and call options are recorded under items C.III.7 "Other financial investments" and G.VI "Sundry loans and other financial payables", respectively. Changes in commitments relating to traded options are recorded under the memorandum accounts.

The memorandum accounts include commitments arising from contracts open at year end, stated at the amount of capital to be paid or withdrawn at maturity.

Section 2 - Fiscally-driven adjustments and provisions

Real estate used by third parties

As depreciation applied to operating real estate used by third parties is tax deductible, it was applied using the ordinary depreciation rates permitted by tax legislation (3%) totalling Euro 3,098 thousand. At 31 December 2002, the related accumulated depreciation amounted to Euro 28,967 thousand.

Part B - Notes to the balance sheet and profit and loss account

Information regarding the changes in the individual items of the balance sheet and profit and loss account at 31 December 2002 is provided below, together with the necessary attachments as provided for by Legislative decree no. 173/1997.

All figures are in thousands of Euro pursuant to ISVAP regulation no. 1008 G of 5 October 1998.

Balance sheet - Assets

Non-life and life business balance sheets are attached as Annexes 1 and 2, respectively. A breakdown of the result for the year by non-life and life business is given in Annex 3.

SECTION 1 – Intangible assets (Item B) 1,014

The only item under category B refers to start-up and expansion costs (item 3). They are entirely composed of share capital increase costs to be amortised. Changes in intangible assets (Item B) are set out in Annex 4.

SEZIONE 2 – Investments (Item C) 14,237,933

Land and buildings - Item C.I - Annex 4 143,238

They are made up as follows:

	Real estate used by the company	Real estate used by third parties	Farming businesses	Total
Gross opening balance:	84,889	105,689	11,060	201,638
Increases:				
Improvement costs	186	31	13	230
Reclassifications		4,143		4,143
Decreases:				
Sale		-483		-483
Transfer (1)		-5,859		-5,859
Reclassifications	-4,143			-4,143
Gross closing balance	80,932	103,521	11,073	195,526
Depreciation				
Opening balance	21,686	26,279	0	47,965
Withdrawals for assets sold		-138		-138
Transfer (1)		-1,065		-1,065
Reclassifications	-795	795		0
Depreciation	2,428	3,098		5,526
Closing balance	23,319	28,969	0	52,288
Book value	57,613	74,552	11,073	143,238
Current value at 31.12.2002				264,204

(1) It refers to the transfer of real estate buildings to Proprietà Immobiliari, the effects of which are discussed in the directors' report.

In accordance with paragraph 5, article 18 of Legislative decree no.173 of 26 May 1997, from 2000, the current value of land and buildings is indicated. In compliance with ISVAP regulation no. 1915 G of 20 July 2001, this value is based on an independent appraisal and is calculated using the following criteria:

- market or comparative method (applied to all buildings);
- income capitalisation method (applied only to buildings that are not primarily residential).

Where there is a difference of less than 10% between the two values determined using the above methods, the value attributed to the asset is the average of the two.

Where, on the other hand, the difference is more than 10%, the weighted average of the two values is applied to the asset. The weighting coefficients are chosen on the basis of the building's features.

Changes in land and buildings (item C.I) are set out in Annex 4.

A table showing the breakdown of all properties and related revaluations is provided at the end of these notes.

Annexes 5, 6 and 7 include details on Group and other companies and related changes.

These are composed as follows:

	Equity investments C.II.1	Bonds C.II.2	Loans C.II.3	Total
Opening balance:	4,423,906	60,146	26,509	4,510,561
Increases:				
- acquisitions	111,946	20,744	3,150	135,840
- write-backs	219			219
- other increases	222,799	14,498	1,015	238,312
Decreases:				
- sales or redemptions	-589,676	-8,014	-4,746	-602,436
- write-downs	-20,990			-20,990
- other decreases	-267,316	-14,487		-281,803
Closing balance	3,880,888	72,887	25,928	3,979,703
Current value	6,762,204	74,576	25,928	6,862,708
Net capital gains	2,881,316	1,689	0	2,883,005

Current values are calculated using the following criteria:

Investments traded on regulated markets: the average price of the last month (trading portfolio) and of the last six months (investment portfolio).

Unlisted securities: a prudent estimate of the likely realisation value was used. In particular, the current value of investments in subsidiaries, affiliated and associated companies was estimated considering the total shareholders' equity, including the result for the year, and taking into account unrealised net capital gains on securities and real estate (net of the expected tax effects, for the different countries) as well as goodwill where applicable. Goodwill in respect of insurance companies mainly refers to the value of the portfolio and was determined by applying different rates for the non-life and life businesses, while goodwill for financial service companies was calculated mainly on the basis of net inflows and the organisational structure.

These investments are classified as either "long-term investments" or "short-term investments" in accordance with the guidelines established by the board of directors with its resolution of 30 January 2002.

With regard to item C.II.2, bonds issued by UniCredito Italiano for a face value of Euro 57,998 thousand are not classified under "long-term investments" as they were not issued by Group companies.

Pursuant to the provisions of paragraph 4, article 16 of Legislative decree no. 173/1997, we note that investments in the following subsidiaries and associated companies were kept at their book value, which exceeds, by the amount shown below, the corresponding portion of shareholders' equity carried in the last financial statements, taking into account any loss for the year.

- Ras T.G. Euro 5,516 thousand; Ram sgr Euro 313 thousand; Allianz Subalpina Euro 147,515 thousand; Genialloyd Euro 1 thousand; Koc Allianz Sigorta Euro 104 thousand: these are companies that generate profits;
- Emittenti Titoli Euro 12 thousand: this is a company that will generate future profits;
- Azienda Agricola Perolla Euro 3,230 thousand: this is a company that own assets with values higher than their book value;
- Ras Immobiliare Euro 9,360 thousand; Investitori sgr Euro 14,210 thousand; Carisma Euro 3,736 thousand; Equinox Investment Company Euro 388 thousand: these are recently incorporated/acquired/start-up companies;
- CreditRas Vita Euro 11,837 thousand; L'Assicuratrice Italiana Vita Euro 756 thousand; CreditRas Assicurazioni Euro 1,723 thousand: these are well-established companies which are growing rapidly.
- Cestar Euro 437; GE.SI. Gestione Sistemi Informatici Euro 10: no write-downs were made due to immateriality of the figures involved.

The most important transactions involving long-term assets under C.II.1 are as follows:

Acquisitions, disbursements:

- acquisition of Allianz Subalpina from the market (Euro 4,477 thousands)
- subscription of the share capital increase of CreditRas Vita (Euro 42,075 thousand)
- subscription of the share capital increase of Rasbank (Euro 42,429 thousand)
- subscription of the share capital increase of Ras Investimenti Sim (Euro 8,460 thousand)
- acquisition of 27.45% of R.I.T. from Finmatic (Euro 8,525 thousand)
- acquisition of 0.50% of Genialpoint from Genialloyd (Euro 89 thousand) and partial subscription of its share capital increase (Euro 4,776 thousand)
- subscription of RAS Alternative Investment SGR for incorporation of the company (Euro 995 thousand)

- subscription of the share capital increase of Rasservice (Euro 67 thousand)
- subscription of the share capital increase of Koc Allianz Hayat Sigorta (Euro 35 thousand)
- subscription of the share capital increase of Finr@s S.r.l. (Euro 16 thousand)
- subscription of G.I. AZS Srl for incorporation of the company (Euro 2 thousand)

Sales, redemptions:

- sale of Proprietà Immobiliari to third parties (Euro 589,532 thousand)
- sale of Rolo Banca 1473 to third parties on the market (Euro 141 thousand)
- sale of the entire stake in G.I. Srl to Allianz Subalpina (Euro 2 thousand)
- sale of Consulenza Previdenziale to RB Vita (Euro 1 thousand)

Other increases and decreases:

- increase and related decrease in the value of Unicredito due to the conversion of Rolo Banca 1473 shares following its merger (Euro 129,599 thousand)
- increase and related decrease in the value of Ras Immobiliare S.r.l. following the transfer of buildings from Proprietà Immobiliari (Euro 36,710 thousand)
- increase and related decrease in the value of Rasbank due to the contribution of the R.I.S. business line (Euro 2,024 thousand)
- increase and related decrease in the value of Finmatic S.r.l. following the transfer of the investment in Finmatic 2 and Finr@s S.r.l. (Euro 159 thousand)
- payment to the legal reserve of Ras Investimenti Sim (Euro 61 thousand)
- payment to cover losses of Preindustria (Euro 18 thousand)
- transfer of the value of Duerrevita to CreditRas Vita due to the merger (Euro 54,228 thousand)
- transfer of the value of R.I.T. to Rasbank due to the contribution of the entire stake (Euro 27,431 thousand)
- transfer of the value of Rasfin Sim to Rasbank due to the contribution of the entire stake (Euro 14,822 thousand)
- write-off of the value of Genialpoint due to the zeroing of the investment (Euro 2,168 thousand)
- transfer of the value of RB Fiduciaria to Rasbank due to the contribution of the entire stake (Euro 175 thousand)

As laid down in article 10 of Law no. 72 of 19 March 1983, a breakdown of securities and related monetary revaluations carried out pursuant to law is provided at the end of these notes.

"Bonds issued by companies" and "Loans to companies" showing the issuer and beneficiary respectively are detailed in the following table:

Bonds - Item C.II.2	Issuer	Amount
Credito Italiano 5% 27.11.2001-11	Unicredito	28,557
Credito Italiano TV 27.11.2001-11	Unicredito	28,542
Credito Italiano TF 1996-2011	Unicredito	578
Credito Italiano bonds TF 1996-2016	Unicredito	219
Unicredito Italiano 6.10% 28.2.2002-2012	Unicredito	14,485
Allianz Finance 5% 25.3.1998-08	Allianz Finance	506
Total		72,887

Loans - Item C.II.3	Maturity	Amount
Ge.SI.	2004	22,771
Finmatic	2003	1,504
Investitori Holding	2004	1,653
Total		25,928

Changes are analysed as follows:

- repayment of the loan granted to BIS;
- increase in the loan granted to Investitori Holding;
- capitalisation of accrued interest.

Changes during the year are summarised in the table below:

	Equity investments C.III.1	Mutual fund units C.III.2	Bonds C.III.3	Loans C.III.4	Other financial investments C.III.7
Opening balance	658,435	220,244	7,376,716	22,392	-
Increases:					
- acquisitions, disbursements	868,820	16,251	5,143,600	11,750	509,667
- write-backs	81		4,059		
- other decreases					
Decreases:					
- sales, redemptions	-898,818	-41,763	-3,770,834	-8,986	-138,842
- write-downs	-94,142	-30,088	-4,883		
- other decreases	-39,442				
Closing balance	534,376	164,644	8,709,216	25,156	370,825
Current value	587,755	167,706	8,956,682	25,156	370,825
Net capital gains	53,379	3,062	247,466	-	-

Current values are calculated using the same criteria detailed in the section on investments in Group and other companies.

Other decreases (Euro 39,442 thousand) relate to the transfer of securities allocated to hedge index-linked policies (namely "Ras Index World 110", "Ras Index World 110 II" and "Ras Equity World 112") to class DI.

Item C.III.3 comprises subordinated securities totalling Euro 359,137 thousand, as follows:

Issuer	Currency	Book value	Maturity date	Tier of subordination	Interest rate	Early repayment
Banca Intesa	Euro	45,107	10/04/08	Upper Tier 2	Euribor 3m + 62.5	no
Banca Agrileasing	Euro	7,400	18/04/12	Lower Tier 2	Euribor 3m + 110	18-Apr-07
Banca Carige	Euro	6,445	28/09/11	Lower Tier 2	Euribor 3m + 80	28-Sep-06
Banca Fideuram	Euro	4,890	01/10/09	Lower Tier 2	Euribor 6m + 50	no
Banca Lombarda	Euro	9,464	10/12/12	Lower Tier 2	Euribor 3m + 100	10-Dec-07
Monte Paschi	Euro	9,565	21/12/10	Lower Tier 2	0.06	21-Dec-05
Monte Paschi	Euro	5,392	04/03/04	Tier 3	Euribor 3m + 55	no
Banca Pop. Milano	Euro	9,000	30/06/03	Tier 3	Euribor 3m + 85	no
Barclays	Euro	18,324	25/03/08	Lower Tier 2	Euribor 3m + 25	25-Mar-03
Banca Pop. Bergamo	Euro	15,149	15/11/10	Lower Tier 2	Euribor 3m + 105	15-Nov-05
BCI	Euro	15,190	15/10/49	Tier 1	Euribor 3m + 160	15-Jul-08
Banco Santander	Euro	15,001	05/07/10	Lower Tier 2	0.06375	no
Cgnu	Euro	5,944	14/11/21	Lower Tier 2	0.0575	14-Nov-11
Unicredito Italiano H.k.	Euro	96	24/09/03		5.75% - 10.00%	no
Assicurazioni Generali	Euro	25,266	28/05/19		0.050625	28-May-09
San Paolo	Euro	26,959	06/04/10	Lower Tier 2	0.06375	no
Banca Intesa	Euro	22,743	30/06/49	Tier 1	Euribor 3m + 175	30-Jun-08
Royal Bank Scotl	Euro	692	21/01/10	Lower Tier 2	0.06	no
Nordea Bank	Euro	1,300	26/03/14	Lower Tier 2	0.0575	26-Mar-09
Royal Bank Scotl	Euro	16,406	26/03/09	Lower Tier 2	0.04875	no
Unicredito Italiano	Euro	28,556	27/11/11	Lower Tier 2	0.05	27-Nov-06
Unicredito Italiano	Euro	14,485	28/02/12	Upper Tier 2	0.061	no
Unicredito Italiano	Euro	28,542	27/11/11	Lower Tier 2	Euribor 3m + 70	27-Nov-06
Woolwich/Barclays	Euro	4,522	08/07/11	Lower Tier 2	0.0525	no
Banca Pop. Bergamo	Euro	22,700	02/08/12	Tier 2	Euribor 3m+75	02-Aug-07
Total	Euro	359,137				

Approximately 83.15% of the bonds included in item C.III.3 were issued or are guaranteed by governments or international associations. Significant investments (exceeding Euro 20,658 thousand) in corporate bonds are summarised below.

Issuers - Guarantors	
SCIP	115,402
Gruppo Banca Intesa - CARIPLO	81,668
Unicredit Banca	72,381
Olivetti	61,477
Sanpaolo-IMI	53,891
IFIL	52,400
Deutsche Telekom	50,137
Generali	47,680
ENI	39,023
Allgemeine Hypoteken Bank	38,403
Banca Popolare di Bergamo	37,849
MEDIOBANCA	25,191

A breakdown of the assets included in equity investments (C.III.1), mutual fund units (C.III.2), bonds and other fixed-income securities (C.III.3), shares of investment pools (C.III.5) and other financial investments (C.III.7) split into short- and long-term is given in Annex 8.

Item C.III.1 classified as long-term includes investments in companies held for strategic purposes (Consortium S.r.l., A.D. Taverna, Banca d'Italia, Banca Popolare di Trieste and Revisione) and, accordingly, stated at book value.

Annex 9 details changes in the long-term portfolio, which may be analysed as follows:

The Euro 69 thousand decrease in item C.III.1 relates to:

- Mediocredito Fondiario Centraitalia SpA (sale to third parties for Euro 128 thousand with an accounting profit of Euro 82 thousand);
- SpA Ricerche ed Education Srl (net equity repayment, proportionate to Ras 4% investment therein, due to liquidation of the company for Euro 22 thousand, with an accounting loss of Euro 3 thousand).

Changes in long-term securities under item C.III.3 relate to the sale of 6.375%30/03/2010 Marconi bonds with a face value of Euro 11,965 thousand for Euro 1,870 thousand (with an accounting loss of Euro 4,764 thousand) and the sale of 4.375% 17/02/2009 Alcatel Alsthom bonds with a face value of Euro 6,000 thousand for Euro 4,335 thousand (with an accounting loss of Euro 1,873 thousand).

- Transfers to the short-term portfolio relate to:

- 4.75% 27.5.1999-2009 Vodafone Finance securities (Euro 21,871 thousand), transferred to class D and allocated to hedge the "Ras Index World 110 II"-linked policy;
- 5% 25.10.2000-2016 France securities (Euro 80,612 thousand), sold for a modest profit; this transaction and related replacement with securities with greater returns, was made to achieve better profitability of the investment portfolio.

Transfers from the long-term portfolio relate to:

- 7.50% 20/5/1998-2013 Greece securities (Euro 7,891 thousand), transferred to assets forming part of working capital to cover the technical reserves in item C.

Issue and trading discounts and premiums recorded during the year are as follows:

	Premiums	Discounts	Total
Issue	6,033	-3,261	2,772
Trading	1,762	-2,870	-1,108
Total	7,795	-6,131	1,664

Annex 10 sets out changes in loans (item C.III.4) and deposits (item C.III.6) during the year. There are no deposits with banks in this class.

Item C.III.7 "Other financial investments" includes "Repurchase agreements" and acquisitions of options, as follows:

Counterparty/start - maturity/nominal amount and underlying security	
RASBANK 27.12.02-15.01.03 on nominal Euro 168.7 million CTZ 20.3.2002-31.3.04	163,151
RASBANK 27.12.02-15.01.03 on nominal Euro 56 million CCT 1.4.1996-03	56,152
RASBANK 27.12.02-15.01.03 on nominal Euro 53.7 million CTZ 2.1.2002-31.12.03	52,283
RASBANK 27.12.02-15.01.03 on nominal Euro 27.5 million CCT 1.5.1996-03	27,589
Total repurchase agreements	299,175
Acquisition of call options on Unicredito shares with a nominal value of Euro 153.9 million	64,027
Acquisition of put options on Unicredito shares with a nominal value of Euro 153.9 million	7,623
Total	71,650
<i>Deposits with ceding companies - Item C.IV</i>	310,775

The caption at 31 December 2001 amounted to: 320,797
The decrease over the previous year was 10,022

Our credit balance with Group and other companies was: 246,967
Section 15 of these notes includes a breakdown by company.

SECTION 3 – Investments benefiting life policyholders bearing the risk and arising from pension fund management (Item D)	519,896
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Annex 11 analyses assets relating to unit-linked (within the company) and index-linked policies (Item D.I) by product type.

Annex 12 provides a schedule of assets arising from pension fund management (item D.II).

The following table sets out changes during the year:

	Investments relating to unit-linked and index-linked policies	Investments arising from pension fund management
Opening balance:	346,705	29,239
Increases:		
acquisitions and subscriptions	425,063	39,138
write-backs and revaluations	8,562	484
issue premiums	104	–
Decreases:		
sales	-219,874	-23,735
reclassifications (1)	-346	–
change in other net assets	-6,262	-402
write-downs	-72,275	-6,489
issue discounts	-16	–
Closing balance	481,661	38,235

Note 1: refers to investments transferred from class D to class C in accordance with the instructions of ISVAP circular no. 360/D of 21 January 1999, as they exceeded underlying technical commitments.

Balances with Group and other companies are set out below. A breakdown by company is provided in Section 15 of these notes.

Investments class D.I	12,548
Investments class D.II	1,372

SECTION 4- Reinsurers' share of technical reserves (Item D bis)	1,140,707
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<i>Non-life business - Item D bis I</i>	565,918
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A breakdown of this item is given below.

	Reinsurance	Retroceded	2002	2001	Change
Premium reserve	98,255	915	99,170	87,765	11,405
Claims reserve	355,195	111,553	466,748	510,350	-43,602
Total	453,450	112,468	565,918	598,115	-32,197

The premium and claims reserves are broken down by line of business below, showing the reinsurance and retroceded business and the company's Italian portfolio and foreign portfolio separately.

Premium reserve	Reinsurance		Retroceded	Total
	Unearned premiums	Unexpired risks	Unearned premium	
Personal accident	1,085			1,085
Health	1,675		19	1,694
Motor vehicle hulls	4,016			4,016
Aviation hulls	1,576			1,576
Watercraft hulls	1,653		1	1,654
Cargo	367			367
Fire	30,484			30,484
Miscellaneous damage to property	20,109	1,450	60	21,619
Third-party motor liability	5			5
Third party aviation liability	1,229			1,229
General liability	5,267	137		5,404
Credit	1,224		1	1,225
Bonds	21,031		78	21,109
Pecuniary loss	2,031			2,031
Legal protection	410			410
Assistance	4,505			4,505
Total - Italy	96,668	1,587	159	98,414
Total - Foreign	-	-	756	756
Total	96,668	1,587	915	99,170

Claims reserve	Reinsurance	Retroceded	Total
Personal accident	4,972	7	4,979
Health	4,140	147	4,287
Motor vehicle hulls	281		281
Railway truck hulls		36	36
Aviation hulls	2,002	72	2,074
Watercraft hulls	23,196	2,436	25,632
Cargo	8,941	1	8,942
Fire and natural events	94,467	2392	96,859
Miscellaneous damage to property	79,974	597	80,571
Third-party motor liability	27,745	10,146	37,891
Third party aviation liability	1,982		1,982
Third party watercraft liability	2		2
General liability	54,072	2,427	56,499
Credit	3,723	4	3,727
Bonds	19,957	41	19,998
Pecuniary loss	25,928		25,928
Legal protection	466		466
Assistance	450		450
Total - Italy	352,298	18,306	370,604
Total - Foreign	2,897	93,247	96,144
Total	355,195	111,553	466,748

Life business - Item D bis II

574,789

A breakdown of this item is given below.

	Reinsurance	Retroceded	2002	2001	Change
Actuarial reserves	445,019	51,987	497,006	561,805	-64,799
Amounts payable	72,406	4,570	76,976	69,642	7,334
Profit participation	780	3	783	788	-5
Reserves - classes DI and DII	24	24	41	-17	
Total	518,229	56,560	574,789	632,276	-57,487

The total recorded at 31 December 2002 may be broken down into Italian and foreign portfolio as follows:

	Italy	Foreign	Total
Reinsurance business	518,229	—	518,229
Retroceded business	30,911	25,649	56,560

Receivables from CONSAP in respect of the actuarial reserves and amounts paid by the company for terminated policies have been prudently recalculated in accordance with ISVAP Circular no. 357/D of 12 January 1999: for the period prior to settlement, the annual rates of return calculated under the decrees issued by the Ministry of Industry, Trade and Craft Industry of 2 October 1998, 3 October 1998, 7 March 2001 and 18 April 2002 were applied. A prudent rate was used for 2001 and 2002 which considers the unsettled litigation. These receivables increased as a result of interest on delayed payment, which were calculated at the legal interest rate. The company's rights, however, remain unprejudiced.

SECTION 5- Receivables (Item E)

1,507,792

This caption may be analysed as follows:

	2002	2001	Change
I Receivables relating to direct insurance business			
1 - Policyholders	461,527	482,150	-20,623
2 - Insurance brokers and agents	338,664	369,145	-30,481
3 - Current account companies	61,365	49,994	11,371
4 - Amounts to be recovered from policyholders and third parties	15,979	11,147	4,832
II Receivables relating to reinsurance business			
1 - Insurance and reinsurance companies	215,854	200,082	15,772
2 - Reinsurance brokers and agents	30,833	31,134	-301
III Other receivables	383,570	335,220	48,350
Total	1,507,792	1,478,872	28,920

Balances with Group and other companies are set out below. A breakdown by company is provided in Section 15 of these notes.

Receivables relating to direct insurance business	19,847
Receivables relating to reinsurance business	26,678
Other receivables	27,147

Receivables relating to direct insurance business - Item E.I

877,534

Amounts receivable from policyholders in respect of premiums pertaining to the year as well as to previous years have been written-down for each line of business, on a lump-sum basis and in line with historical trends of the amounts collected in previous years.

Their book value is made up as follows:

Gross balance at year-end	487,588
Provision for bad debts, of which:	26,061
- Opening balance	21,705
- Utilisation during the year	-21,705
- Write-off of receivables due to insolvency	-21,705
- Accrual for the year	26,061
Book value	461,527

A breakdown of write-downs by line of business is provided below.

	Gross closing balance	Write-downs	Net closing balance
Personal accident	39,228	3,771	35,457
Health	19,916	1,613	18,303
Motor vehicle hulls	34,741	1,256	33,485
Aviation hulls	4,311	98	4,213
Watercraft hulls	4,736	136	4,600
Cargo	4,854	166	4,688
Fire and natural events	50,985	4,525	46,460
Miscellaneous damage to property	32,658	2,265	30,393
Third-party motor liability	90,865	7,513	83,352
Third-party aviation liability	2,868	148	2,720
Third-party watercraft liability	94	12	82
General liability	50,380	2,918	47,462
Credit	840		840
Bonds	10,257	241	10,016
Pecuniary loss	4,244	219	4,025
Legal protection	163	9	154
Assistance	977	94	883
Total non-life business	352,117	24,984	327,133
Total life business	135,470	1,077	134,393

The item "Receivables: current account companies" mainly comprises receivables in respect of co-insurance transactions and the provision of services.

The item "Amounts to be recovered from policyholders and third parties" refers to claims.

<i>Other receivables - Item E.III</i>	383,570
This item may be analysed as follows:	
Bills in portfolio	172
Tax receivables	222,218
Deferred tax assets	73,706
Outstanding rent	2,513
Sundry loans and advances	2,793
Accrued interest and dividends receivable	168
Receivables from customers	18,531
Receivables from CONSAP for advanced compensation paid on behalf of the guarantee fund for road casualties	15,810
Current accounts with insurance companies	201
Current accounts with non-insurance companies	1,676
Sundry receivables	45,782

Receivables in respect of deferred tax assets of Euro 73,706 thousand may be analysed as follows:

Opening balance	39,970
Increase of the year	49,964
Utilisation during the year	-16,228
Closing balance	73,706

SECTION 6 - Other assets (Item F)**902,028**

This caption may be analysed as follows:

	2002	2001	Change
I Tangible assets and stock	19,303	22,131	-2,828
II Cash and cash equivalents	455,452	245,689	209,763
III Own shares	100,460	13,415	87,045
IV Other assets	326,813	259,722	67,091
Total	902,028	540,957	361,071

Balances with Group and other companies are set out below. A breakdown by company is provided in Section 15 of these notes.

Cash and cash equivalents	422,068
Other assets	1,346

<i>Tangible assets and stock - Item F.I</i>	19,303
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The following table sets out changes during the year and gives a breakdown of the balance:

Gross opening balance	85,699
- Change during the year	
- Cost of goods and services purchased during the year	10,339
- Deduction of cost of goods sold during the year	-9,039
- Change in livestock and agricultural products	
Gross closing balance	86,999
Accumulated depreciation	67,696
- Opening balance	63,568
- Withdrawal for assets sold	-6,520
- Depreciation	10,648
Book value	19,303
<i>Cash and cash equivalents - Item F.II</i>	455,452
1 Bank and postal current accounts	455,382
2 Cheques and cash-in-hand	70

The balance is composed of domestic currency deposits totalling Euro 216,644 thousand and balances in foreign currency accounts related to the company's international business, amounting to Euro 29,007 thousand.

<i>Own shares - Item F.III</i>	100,460
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In compliance with the shareholders' resolution of 29 April 2002, the company traded its own shares during the year.

At year-end, the company held 321,000 savings shares totalling Euro 3,482 thousand and 7,600,000 ordinary shares totalling Euro 96,978 thousand.

<i>Other assets - Item F.IV</i>	326,813
1 Reinsurance suspense accounts	47,633
2 Other assets	279,180

Suspense accounts serve as balancing entries to the first components of inwards reinsurance conducted in 2002, which are incomplete in terms of their technical make-up and will therefore, be taken to the 2003 profit and loss account as is the company's usual practice

Other assets are mainly due to:

Claims suspense accounts	34,147
Sundry suspense accounts	42,587
Aging indemnity insurance policies	42
Receivables on deposit to reinsurance companies for deferred premiums	1,242
Receivables on deposit to reinsurance companies for claims paid in cash	589
Premiums verified at year-end	148,978
Balancing entry - taxes to be paid on actuarial reserves as per Legislative Decree no. 209/2002	13,981
Other	37,614

SECTION 7- Accrued income and prepaid expenses (Item G)	146,775
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A breakdown of this item is given below.

	2002	2001	Change
1 Interest	146,576	133,856	12,720
2 Rent	19	339	-320
3 Other accrued income and prepaid expenses	180	334	-154
Total	146,775	134,529	12,246

Accrued income and prepaid expenses are shown separately below.

	Accrued income	Prepaid expenses
Sundry interest	146,576	-
Rent	5	13
Other prepaid expenses:		
- agricultural advances	-	108
- advertising costs	-	1
- other	-	72
Total	146,581	194

Balance sheet - Liabilities and shareholders' equity

SECTION 8 – Shareholders' equity

5,200,472

Changes in this item are as follows:

	Share capital	Reserves	Net profit	Retained earnings	Total
at 31 December 2001	376,567	3,451,719	581,135	231	4,409,652
Allocation of 2001 net profit:					
to the legal reserve		31	-31		0
dividend distribution			-268,100		-268,100
to the extraordinary reserve		253,536	-253,536		0
to the contribution reserve		59,468	-59,468		0
Allocation of retained earnings				-231	-231
Bonus issue:					
from the extraordinary reserve	288	-288			0
from the share premium reserve	60,914	-60,914			0
Set-up of reserve for own shares:					
from the share premium reserve		-87,046			-87,046
to the reserve for own shares		87,046			87,046
Revaluation provision pursuant to article 83 of Law no. 295/78					
Reversal from provision for deferred taxes to real estate sold		30			30
Utilisation for sale of real estate		-232			-232
Special reserve:					
Reversal of revaluations on real estate sold		232			232
Net profit for 2002			1,059,121		1,059,121
at 31 December 2002	437,769	3,703,582	1,059,121	0	5,200,472

As provided for by article 8 of the company's by-laws, the share capital is split by 1/4 and 3/4 between the life and non-life businesses, respectively.

Subscribed and fully paid-up share capital amounts to Euro 437,769,748.80 (Euro 437,769 thousand). It is composed of 719,981,309 ordinary shares and 9,634,939 savings shares, each with a nominal value of Euro 0.60.

Share capital increase

On 29 April 2002, on the basis of the power granted to it by the extraordinary shareholders' meeting held on 28 April 2000, the board of directors resolved a bonus issue reserved to Ras employees and employees of its Italian subsidiaries. The issues should involve a maximum of Euro 450,000 and 750,000 ordinary shares of a nominal value of Euro 0.60 each, to be allocated - before 30 June 2003 - according to the terms and conditions which will be established by the chief executive officer.

The revaluation reserves (Item A.III) are made up as follows:

special reserve pursuant to Law no. 576 of 2.12.75	1,121
revaluation reserve pursuant to Law no. 576 of 10.06.78, article 83	11,889
special reserve pursuant to Law no. 72 of 19.03.83	107,192
revaluation reserve pursuant to Law no. 413 of 30.12.91	256,987
Total	377,189

Other reserves (Item A.VII) may be analysed as follows:

extraordinary reserve	941,089
taxed reserve pursuant to Law no. 823 of 19.12.73	4,666
special reserve	142,503
reserve for exchange rate and securities fluctuation	58,816
goodwill reserve pursuant to article 16, Pres. Decree no. 598/73 and article 123, Pres. Decree no. 917/86	41,325
reserve for prior year income pursuant to article 55, Pres. Decree no. 917/86	676
contribution reserve pursuant to Law no. 358/97	83,773
Total	1,272,848

SECTION 9 – Subordinated liabilities (Item B)

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There are no subordinated liabilities.

SECTION 10 – Technical reserves (Item C)

11,025,264

Annex 13 sets out the changes during the year in the components of the premium reserve (item C.I.1) and of the claims reserve (C.I.2) in respect of the non-life business.

<i>Non-life business - Item C.I</i>	4,775,337
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A breakdown of this item is given below.

	Direct	Indirect	2002	2001	Change
Premium reserve	1,084,138	18,658	1,102,796	1,044,549	58,247
Claims reserve	3,412,174	240,161	3,652,335	3,486,287	166,048
Other technical reserves	913	0	913	1,054	-141
Equalisation reserves	19,293	0	19,293	16,313	2,980
Total	4,516,518	258,819	4,775,337	4,548,203	227,134

The premium and claims reserves are broken down by line of business below, showing the direct and indirect business and the company's Italian and foreign portfolio separately.

Premium reserve	Direct		Indirect	Total
	Unearned premiums	Unexpired risks	Unearned premiums	
Personal accident	88,062			88,062
Health	47,348		64	47,412
Motor vehicle hulls	100,894			100,894
Railway truck hulls	0	56		56
Aviation hulls	5,145			5,145
Watercraft hulls	4,659		73	4,732
Cargo	3,672	33	15	3,720
Fire	108,849	24	3,050	111,923
Miscellaneous damage to property	103,386	4,308	254	107,948
Third-party motor liability	468,740	60		468,800
Third-party aviation liability	1,536			1,536
Third-party watercraft liability	1,037			1,037
General liability	92,294	6,829	1,038	100,161
Credit	1,603			1,603
Bonds	33,117		1,418	34,535
Pecuniary loss	4,958	412		5,370
Legal protection	696			696
Assistance	6,420			6,420
Total - Italy	1,072,416	11,722	5,912	1,090,050
Total - Foreign	0	0	12,745	12,745
Total	1,072,416	11,722	18,657	1,102,795

The reserve for unearned premiums relating to bonds insurance, calculated on a pro rata temporis basis, has been supplemented in accordance with ISVAP regulation no. 1978 of 4 December 2001.

The "Reserve for unexpired risks" has been calculated in accordance with the methods described in Part A - Section 1 of these notes. The accrual for the year is largely due to the following lines of business:

- Miscellaneous damage to property: the worsening in the current claims rate is mainly due to the fire policy portfolio, a sector affected by natural events that occurred in Italy during the year. Moreover, certain extremely serious fires had a negative impact on the performance of this business, especially on the number and average cost of claims settled.
- General liability: the claims rate remained at high levels mainly due to the significant impact of claims in respect of specific professional categories, thus confirming the need for an increase in the reserve for unearned premiums.

Claims reserve	Direct	Indirect	Total
Personal accident	141,812	46	141,858
Health	56,178	155	56,332
Motor vehicle hulls	46,418	35	46,453
Railway truck hulls	145	68	213
Aviation hulls	2,478	2,322	4,800
Watercraft hulls	38,051	3,470	41,521
Cargo	25,613	125	25,738
Fire and natural events	199,308	2,749	202,058
Miscellaneous damage to property	160,018	1,363	161,381
Third-party motor liability	1,701,136	14,680	1,715,817
Third-party aviation liability	2,155		2,155
Third-party watercraft liability	4,748		4,748
General liability	931,879	7,431	939,310
Credit	7,274	324	7,598
Bonds	40,521	1,805	42,326
Pecuniary loss	29,893	-35	29,857
Legal protection	1,156	91	1,247
Assistance	588		588
Total - Italy	3,389,370	34,628	3,423,998
Total - Foreign	22,804	205,533	228,337
Total	3,412,174	240,161	3,652,335

Item C.I.4 - Other technical reserves refers to the ageing premium reserve, calculated on a lump-sum basis (10%) on health insurance policies forming part of the Italian portfolio that have a long-term duration or one-year policies that the insurer is obliged to renew at maturity when premiums are determined over the entire duration of the policy, in relation to the age of the policyholder at the time the policy is agreed, pursuant to Legislative decree no. 175 of 17 March 1995.

Equalisation reserves include the equalisation reserve for natural disasters as per article 12 of Legislative decree no. 691 of 19 December 1994, converted - with modifications - into Law no. 35 of 16 February 1995 and the equalisation reserve of the credit insurance business as per article 24 of Legislative decree no. 175 of 17 March 1995 as substituted by letter b) of article 80 of Legislative decree no. 173 of 26 May 1997.

Amounts may be broken down by line of business as follows:

Equalisation reserve	
Personal accident	4,632
Health	2,437
Motor vehicle hulls	5,056
Aviation hulls	121
Watercraft hulls	619
Cargo	303
Fire and natural events	4,372
Miscellaneous damage to property	1,522
Third-party motor liability	71
Credit	6
Pecuniary loss	154
Total	19,293

Annex 13 sets out the changes during the year in the components of the premium reserve (item C.I.1) and claims reserve (C.I.2).

Life business - Item C.II

6,249,927

A breakdown of this item is given below.

	Direct	Indirect	2002	2001	Change
Actuarial reserves	5,716,425	267,896	5,984,321	5,670,701	313,620
Complementary insurance	1,896		1,896	1,843	53
Amounts payable	161,236	37,918	199,154	235,329	-36,175
Profit participation		9,281	9,281	8,784	497
Other technical reserves	55,275		55,275	47,445	7,830
Total	5,934,832	315,095	6,249,927	5,964,102	285,825

The total recorded at 31 December 2002 may be broken down between Italian and foreign portfolio as follows:

	Italy	Foreign	Total
Direct insurance business	5,934,306	525	5,934,831
Indirect insurance business	72,049	243,047	315,096

Other technical reserves only refer to the accrual for future operating costs.

A breakdown by line of business is as follows:

I Whole and term life insurance	41,291
III Insurance included in point I and linked to mutual funds	7,822
V Capitalisation transactions	5,779
VI Management transactions of investment pools set up to provide services in the event of death, life, or the termination nor reduction of work activities	383

Annex 14 sets out the changes during the year in the components of the actuarial reserves (item C.II.1) and profit participation and reversal reserve (C.II.4).

The following table sets out the breakdown of the main reserves and the most important actuarial assumptions in respect of direct business in Italy.

2002 life business (in thousands of Euro)

Policy category	Amount of capital or decupled annuities	Amount of reserves	Year of first issue	Financial basis	Demographic basis
Ordinary					
Traditional	4,153,350	43,000	1968	4%	SIM51
			1978	4%	SIM61
			1989	4%	SIM81
			1996	4%	SIM92 F/NF
			1999	3%	SIM92
			1999	4%	SIM92
Adjustable	12,714	10,111	1969	3-6%	SIM51
Revaluable in Euro	6,476,286	3,689,243	1980	3%	SIM51
			1988	3%	SIM71
			1988	3%	SIM71PS
			1990	3%	SIM81
			1991	4%	SIM71
			1995	0%	SIM81
			1999	3%	RG48 C
			1999	2.5%	RG48 C
			1999	2.5%	SIM92
Revaluable in CHF, JPY, USD	52,171	35,741	1989	3%	SIM51
			1990	3%	SIM71
			1990	3%	SIM71PS
			1990	3%	SIM81
			1997	0%	SIM71
			1997	0%	SIM71PS
			1997	0%	SIM81
			1999	0%	SIM92
			1999	0%	SIM92
Unit-linked	495,828	492,636	1998	0%	SIM81
			1999	0%	SIM92
			2001	0%	SIM/F 92 RP
Other	73,273	62,695			
Total ordinary policies	11,263,622	4,333,426			
Group policies					
Revaluable	1,949,449	1,901,323	1980	0-4%	SIM51
			1988	3%	SIM71
			1988	3%	SIM71PS
			1990	3%	SIM81
			1991	4%	SIM71
			1999	0%	SIM81
			1999	3%	RG48
			1999	2.5%	SIM71
			1999	4%	SIM81
			1999	0%	SIM92
			1999	3%	SIM92
			1999	2.5%	SIM92
			Pension funds	40,045	38,694
Other	8,074,658	17,628			
Total group policies	10,064,153	1,957,645			
Total life business	21,327,775	6,291,071			

SECTION 11 – Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management (Item D)

519,897

A breakdown of this item is given below.

	2002	2001	Change
Reserves - class D.I	481,661	346,705	134,956
Reserves - class D.II	38,236	29,238	8,998
Total	519,897	375,943	143,954

A breakdown by product is provided below for classes D.I and D.II:

Ras Europa bonds	5,583
Ras Plus Europa bonds	23,741
Ras Europa balanced	28,536
Ras Europa equity	31,845
Ras Globale balanced	66,067
Ras Globale equity	69,992
Ras technology & research	6,207
Ras commodity	7,436
Ras America	7,986
Ras Europa	31,410
Ras Oriente	1,335
Ras balanced	58,616
Ras Obbligazionario Protetto	3,354
Ras Quota Protetta	20,997
Ras Exclusive 1	2,116
Ras Quota Dinamica	59,183
Ras Globale	3,535
Ras Obbligazionario	2,319
GESTIVITA	454
Index World 110 RAS	11,124
Index World 110 RAS - 2	22,979
Index World 110 RAS - 3	6,661
Ras Equity World 112	10,160
Total CLASS D.I	481,636

The following investment lines are used for the Previras and Insieme defined contribution open pension funds:

Line 1 - bonds with guaranteed returns	3,305
Line 2 - mixed bonds with capital refund guarantee	2,980
Line 3 - balanced	11,576
Line 4 - international equities	19,933
Total Previras	37,794
Sicura line - bonds with minimum guaranteed returns	162
Tranquilla line - mixed bonds	83
Serena line - balanced	119
Dinamica line - international equities	78
Total	442
Total CLASS D.II	38,236

Annex 15 sets out the changes during the year in the provisions for risks and charges.

	2002	2001	Change
1 Pension and similar provisions	7,565	7,533	32
2 Tax provision	409,053	236,286	172,767
3 Other provisions	86,715	55,026	31,689
Total	503,333	298,845	204,488

<i>Pension and similar provisions - Item E.1</i>	7,565
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This item includes the provision for agents' termination indemnity, set-up to cover indemnities arising from the termination of agency contracts for the portion without recourse, and the provision for pensions relating to consultants with contracts that require such accrual.

<i>Tax provision - Item E.2</i>	409,053
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The tax provision fully covers the income tax charge accrued at 31 December 2002.

The item can be analysed as follows:

	Total	Current	Deferred
Balance at 31 December 2001	236,286	224,735	11,551
Decreases:			
Withdrawal for IRPEG payment	-156,113	-156,113	
Withdrawal for IRAP payment	-11,591	-11,591	
Transfer to revaluations reserve pursuant to art. no.83/295	-30		-30
Utilisation of tax accrual of previous years	-43,949	-43,949	
Utilisation of deferred IRPEG	-7,542		-7,542
Utilisation of deferred IRAP	-143		-143
Increases:			
Accrual for IRPEG	377,991	377,991	
Accrual for IRAP	13,679	13,679	
Accrual for deferred IRPEG	409		409
Accrual for deferred IRAP	56		56
Balance at 31 December 2002	409,053	404,752	4,301

The reconciliation of the theoretical tax burden and accruals for IRPEG and IRAP purposes as well as accruals for deferred tax liabilities are detailed in the relevant paragraph in Section 21, Part C of these notes.

<i>Other provisions - Item E.3</i>	86,715
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This item may be analysed as follows:

Provision for exchange rate fluctuations	9,681
Provision for accruals pursuant to article 7, Law no. 738/78	4,226
Risk provision	72,808

The increase of approximately Euro 32 million relates to:

- a prudent accrual to the Risk provision (Euro 40 million) based on an updated valuation of potential charges, including related costs, arising from all legal disputes in which the company is involved, especially those against Consap and the company's share of the Allianz obligation to the German Foundation;
- utilisation of the Provision for exchange rate fluctuations (Euro 8 million) due to exchange rate losses arising from the conversion of assets and liabilities denominated in foreign currency.

This caption may be analysed as follows:

	2002	2001	Change
I Payables relating to direct insurance business:			
1 - Insurance brokers and agents	26,049	56,085	-30,036
2 - Current account companies	18,171	22,451	-4,280
3 - Deposits and premiums paid by policyholders	10,548	9,733	815
4 - Guarantee funds in favour of policyholders	6,348	5,341	1,007
II Payables relating to reinsurance business:			
1 - Insurance and reinsurance companies	69,012	61,439	7,573
2 - Reinsurance brokers and agents	2,968	7,186	-4,218
V Secured debts			0
VI Sundry loans and other financial payables	71,650	232	71,418
VII Staff severance indemnity	31,701	40,493	-8,792
VIII Other payables	150,811	144,562	6,249
IX Other liabilities	286,979	499,165	-212,186
Total	674,237	846,687	-172,450

Balances with Group and other companies are set out below. A breakdown by company is provided in Section 15 of these notes.

Payables relating to direct insurance business	827
Payables relating to reinsurance	47,390
Other payables	25,933
Other liabilities	28,710

The item *Sundry loans and other financial payables* refers to premiums in respect of options sold but not yet exercised, as follows:

Sale of call options on Unicredito shares with a nominal value of Euro 153.9 million	64,027
Sale of put options on Unicredito shares with a nominal value of Euro 153.9 million	7,623
Total	71,650

The item *Staff severance indemnity* fully covers entitlements accrued by employees at year end. Changes recorded during the year are shown in Annex 15.

<i>Other payables - Item G.VIII</i>	150,811
1 Policyholders' tax due	51,650
2 Other taxes due	19,942
3 Due to social security and welfare institutions	11,466
4 Sundry payables	67,753

From this year, "Other taxes due" include Euro 13,981 thousand relating to taxes on actuarial reserves calculated pursuant to decree Law no. 209/2002. They represent a tax credit which can be used from 2005 to pay the withholding applied in accordance with article 6 of Law no. 482/85 and article 26-ter of the same law. The balancing entry in the balance sheet is included under "Other assets".

The item *Sundry payables* includes several entries of an ordinary nature.

It is mainly made up as follows:

Guarantee deposits	2,964
Payables to suppliers	11,815
Invoices from suppliers paid in the subsequent year	32
Internal agencies' payables	12,518
Amounts to be recovered from reinsurers	115
Dividends payable to shareholders	138
Payables to non-insurance companies	189
Other sundry payables	39,982
<i>Other liabilities - Item G.IX</i>	<i>286,979</i>
1 Reinsurance suspense accounts	44,523
2 Commissions on collectable premiums	56,637
3 Sundry liabilities	185,819

The item *Suspense accounts* serves as a balancing entry against the first components of inwards reinsurance business conducted in 2002, which are incomplete in terms of their technical make-up and will therefore be taken to the 2003 profit and loss account, as is the company's usual practice.

The item *Sundry liabilities* is made up of several entries of an ordinary nature.

It is mainly made up as follows:

Sundry suspense accounts	90,427
Premiums collected on policies subject to approval	48,923
Claims suspense accounts	9,147
Payables on deposit to reinsurance companies for deferred premiums	2,051
Other sundry liabilities	35,271

Sundry suspense accounts include costs which arose when closing the financial statements and items to be settled in the following year in respect of bank transactions.

SECTION 14 – Accrued liabilities and deferred income

67

A breakdown of this item is given below.

	2002	2001	Change
1 Interest			0
2 Rent	67	151	-84
3 Other accrued liabilities and deferred income		1	-1
Total	67	152	-85

Accrued liabilities and deferred income are shown separately below.

	Accrued liabilities	Deferred income
1 Interest		–
2 Rent	–	67
3 Other accrued liabilities and deferred income		
Total	0	67

Other accrued liabilities and deferred income refer to the accrued liability in respect of the Vescovado estate and to deferred rent instalments.

SECTION 15 – Assets and liabilities relating to Group and other related companies

Annex 16 sets out a breakdown of assets and liabilities relating to Group and other related companies.

A breakdown of assets and liabilities of a significant amount by company is as follows:

<i>Group equity investments</i>	3,880,888
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Annex 7 to these notes shows a breakdown by investment.

<i>Bonds</i>	72,887
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Broken down as follows:

affiliated companies	506
other related companies	72,381

A breakdown by company is as follows:

<i>AFFILIATED COMPANIES</i>	
Allianz Finance	506
<i>OTHER RELATED COMPANIES</i>	
Unicredito	72,381
<i>Deposits with Group ceding companies</i>	246,967

Broken down as follows:

parent company	19,104
subsidiary companies	172,783
affiliated companies	50,630
associated companies	4,450

A breakdown by company is as follows:

<i>PARENT COMPANY</i>	
Allianz Holding	19,104
<i>SUBSIDIARY COMPANIES</i>	
Allianz Elementar Lebensversicherung	122,414
RB Vita	28,420
Allianz Subalpina	10,228
Eurovida	3,592
Allianz Portugal Compania de Seguros	3,229
Allianz Suisse	1,804
Allianz Spagna Compania de Seguros Reasegurus	2,310
Other	786
<i>AFFILIATED COMPANIES</i>	
Allianz Atene	34,768
Allianz Leben AG Stuttg	13,385
cornh Ins PLC London	1,271
Ass. Gen. de France Iart	1,190
Ass. Gen. de France	10
Euler siac Rom	4
Adriatica de seguros	2
<i>ASSOCIATED COMPANIES</i>	
Koç Allianz Hayat Sigorta	4,415
Koç Allianz Sigorta	35
<i>Investments - class D.I</i>	<i>12,025</i>

Broken down as follows:

subsidiary companies 12,025

A breakdown by company is as follows:

<i>SUBSIDIARY COMPANIES</i>	
Rasbank	12,025
<i>Investments - class D.II</i>	<i>1,372</i>

Broken down as follows:

subsidiary companies 1,372

A breakdown by company is as follows:

<i>SUBSIDIARY COMPANIES</i>	
Rasbank	1,324
Ras Asset Management	48
<i>Receivables relating to direct insurance business</i>	<i>19,847</i>

Broken down as follows:

parent company 87
subsidiary companies 12,083
affiliated companies 7,677

A breakdown by company is as follows:

<i>PARENT COMPANY</i>	
Allianz Holding	87
<i>SUBSIDIARY COMPANIES</i>	
RB Vita SpA	5,923
Elvia Reiseve Gesellschaft AG	1,593
Allianz SA Agencia Seguros	896
Genialloyd	512
Allianz Elementar Versicherung AG	330
Allianz Subalpina SpA	214
Creditras Vita SpA	214
Mondial Assistance Italia	87
Ras Tutela Giudiziaria SpA	67
Allianz Portugal Comp. Seguros	49
Creditras Assicurazioni SpA	22
Assicuratrice Italiana Danni SpA	7
Other	2,169
<i>AFFILIATED COMPANIES</i>	
Hungary	3,610
Assurances General de France Iart	2,102
Lloyd Adriatico	811
AGF Belgium Insurance	547
AGF La Lilloise Paris	522
Other	85
<i>Receivables relating to reinsurance business</i>	<i>26,678</i>

Broken down as follows:

subsidiary companies	3,904
affiliated companies	21,911
associated companies	863

A breakdown by company is as follows:

<i>SUBSIDIARY COMPANIES</i>	
Allianz Subalpina	2,125
Compania de Seguros Allianz PT	1,108
Allianz Compania Seguros Reaseguros SA	652
Allianz Suisse Lebensversicherung AG	10
Fenix Directo SA	8
<i>AFFILIATED COMPANIES</i>	
Allianz Re Dublin Ltd	11,564
Allianz General Ins Athen	7,610
Cornhill Insurance PLC London	1,870
Assurances Genenerale De France Iart	491
AZ Marine & Aviation France	177
A.G.F. Belgium Insurance	43
Assurances Genenerale De France Vie	16
Hungaria	6
Other	134
<i>ASSOCIATED COMPANIES</i>	
Koç Allianz Hayat Sigorta AS	667
Koç Allianz Sigorta AS	196

<i>Other receivables</i>	27,147
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Broken down as follows:

parent company	115
subsidiary companies	26,860
affiliated companies	40
associated companies	132

A breakdown by company is as follows:

<i>PARENT COMPANY</i>	
Allianz ag	115
<i>SUBSIDIARY COMPANIES</i>	
GE.SI.	15,968
CreditRas Vita	2,923
RB Vita	2,545
Ras Asset Management	1,138
Rasservice	1,016
Allianz Subalpina	766
CreditRas Assicurazioni	745
Rasbank	514
Ras Tutela Giudiziaria	263
Mondial Assistance Italia	196
Ras Immobiliare	153
Prevint	133
Assicuratrice Italiana Vita	110
Bernese	107
Rasfin Sim SpA	106
Other	177
<i>AFFILIATED COMPANIES</i>	
Assurance Gen. De France	37
Allianz Versicherung AG	2
Other	1
<i>ASSOCIATED COMPANIES</i>	
Previndustria	127
Agrigest	5
<i>Bank and postal current accounts</i>	422,068

Broken down as follows:

subsidiary companies	413,353
other related companies	8,715

A breakdown by company is as follows:

<i>SUBSIDIARY COMPANIES</i>	
Rasbank	413,353
<i>OTHER RELATED COMPANIES</i>	
Unicredito Italiano	8,605
Rolo Banca 1473	110

<i>Other assets</i>		1,346
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Broken down as follows:

parent company	1,174
subsidiary companies	72
affiliated companies	15
associated companies	85

A breakdown by company is as follows:

<i>PARENT COMPANY</i>	
Allianz Holding	1,174
<i>SUBSIDIARY COMPANIES</i>	
Allianz Elementar Versicherung AG	72
<i>AFFILIATED COMPANIES</i>	
Ass. Gen. de France Iart	15
<i>ASSOCIATED COMPANIES</i>	
Koç Az Sigorta AS	85
<i>Deposits from reinsurers</i>	19,542

Broken down as follows:

parent company	13,907
subsidiary companies	4,811
affiliated companies	824

A breakdown by company is as follows:

<i>PARENT COMPANY</i>	
Allianz Holding	13,907
<i>SUBSIDIARY COMPANIES</i>	
Mondial	4,804
Allianz Compania Seguroe e Reaseguros SA	7
<i>AFFILIATED COMPANIES</i>	
Euler Siac	560
Allianz Leben AG Stuttg	102
Other	162
<i>Payables relating to direct insurance business</i>	826

Broken down as follows:

subsidiary companies	647
affiliated companies	179

A breakdown by company is as follows:

<i>SUBSIDIARY COMPANIES</i>	
Creditras Vita SpA	385
CreditRas Assicurazioni	78
L'Assicuratrice Italiana Vita SpA	66
Genialloyd	55
Allianz Subalpina	30
Bernese Assicurazioni	25
Other	8
<i>AFFILIATED COMPANIES</i>	
Lloyd Adriatico	115
Euler Siac	63
Antoniana Veneta	1
<i>Payables relating to reinsurance business</i>	<i>47,390</i>

Broken down as follows:

parent company	21,462
subsidiary companies	6,012
affiliated companies	19,916

A breakdown by company is as follows:

<i>PARENT COMPANY</i>	
Allianz Holding	21,462
<i>SUBSIDIARY COMPANIES</i>	
Mondial Assistance Italia spa	3,603
Allianz Suisse Versicherung	1,086
Allianz Subalpina	637
Allianz Ras Tutela Giudiziaria SpA	413
RB Vita	100
Allianz Portugal Companhia de Seg.	84
Allianz Elementar Versicherung AG	42
Allianz C.ia De Seguros Y Reaseguros sa	33
Other	14
<i>AFFILIATED COMPANIES</i>	
Allianz Risk Transfer ag	13,731
Allianz Marine & Aviation Versicherung	2,629
Assurance Generale Iart - Paris	1,553
Cornhill Insurance plc	716
Allianz Marine & Aviation France	433
Euler Siac	175
Assurance Generale de France	146
Adriatica de Seguros - Caracas	118
Other	500
<i>Sundry payables</i>	<i>26,010</i>

Broken down as follows:

subsidiary companies	26,010
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A breakdown by company is as follows:

<i>SUBSIDIARY COMPANIES</i>	
Proprietà Immobiliari	
GE.SI. - Gestione Sistemi Informatici	14,338
Rasservice	4,421
CreditRas Vita	2,601
Allianz Subalpina	538
Ram	2,282
CreditRas Assicurazioni	501
Prevint	604
Other	725
<i>Sundry liabilities</i>	<i>1,093</i>

Broken down as follows:

parent company	26
affiliated companies	1,067

A breakdown by company is as follows:

<i>PARENT COMPANY</i>	
Allianz Holding	26
<i>AFFILIATED COMPANIES</i>	
Allianz Marine & Aviation Versicherung	1,067

SECTION 16 – Receivables and payables

Reference should be made to Section 2 of these notes for information on “Loans to Group companies” (C.II.3).

The item “Secured loans” (C.III.4 a) refers to portions of principal to be collected on mortgages for the sale of buildings totalling Euro 154 thousand. They comprise Euro 56 thousand due within one year, Euro 94 thousand due within five years and Euro 4 thousand due after more than five years.

The item “Receivables relating to direct insurance business” includes compensation due from agents totalling Euro 53,285 thousand, Euro 13,325 thousand of which due within one year and Euro 39,960 thousand due within five years.

“Other receivables” include tax receivables totalling Euro 39,970 thousand, Euro 16,159 of which due within one year, Euro 16,845 thousand due within five years and Euro 6,966 thousand due after more than five years.

There are no payables due after one year.

Guarantees provided and received and commitments are detailed in Annex 17.

<i>Guarantees provided (Item I)</i>	49,047
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"Guarantees provided" include personal savings books for limits made available to third parties for claims amounting to Euro 47,292 thousand (down Euro 4,192 thousand). This item also includes payment obligations taken on on behalf of Immobiliare USA S.r.l., Gaggiano s.r.l. and Bis in favour of the tax authorities - VAT office to guarantee credit surpluses offset in Group settlements totalling Euro 1,755 thousand (up Euro 48 thousand).

<i>Guarantees received (Item II)</i>	268
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"Guarantees received" mainly relate to sureties issued by different banks for tenant guarantee deposits and amount to Euro 176 thousand and Euro 92 thousand in respect of the life and non-life businesses respectively. They also comprise sureties provided by agents as collateral, totalling Euro 111 thousand (down Euro 18 thousand over the previous year) from the former L'Italica.

<i>Guarantees provided by third parties in the interest of the company (Item III)</i>	66,334
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This item includes letters of credit issued by various banks in place of reinsurance deposits amounting to Euro 48,189 thousand and Euro 6,957 thousand in respect of the life and non-life businesses respectively (Euro 6,219 thousand of which relating to Unicredito Italiano). It also includes further letters of credits totalling Euro 427 thousand and sureties provided to the company by Unicredito Italiano for the C.I.D. (direct compensation agreement) to guarantee obligations and charges amounting to Euro 10,761 thousand.

<i>Commitments (Item IV)</i>	2,768,535
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Commitments comprise securities trading transactions carried out in 2002 which will be settled in 2003 amounting to Euro 1,378 thousand and acquisition of a financial bill, the repayment of which (Euro 9,989 thousand) will be recorded in 2003. The item also includes options on shares totalling Euro 2,457,760 thousand (life business: Euro 678,983 thousand; non-life business: Euro 1,778,777 thousand), which includes Euro 2,410,267 thousand relating to hedging transactions on Unicredito Italiano S.p.A. ordinary shares and fixed-income securities repurchase agreements still unsettled at year end (Euro 299,408 thousand).

<i>Third party assets (Item V)</i>	596
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This item comprises deposits to guarantee bonds provided for credit and bond insurance policies amounting to Euro 596 thousand.

<i>Pension fund assets managed on behalf of third parties (Item VI)</i>	8,680
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This item includes the net assets managed by the company relating to the Negoziale Foncer pension fund (Euro 8,680 thousand).

<i>Securities deposited with third parties (Item VII)</i>	13,537,209
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This item includes securities owned by the company and deposited with banks amounting to Euro 11,490,763 thousand (life business: Euro 6,559,405 thousand; non-life business: Euro 4,931,358 thousand) and with issuers amounting to Euro 2,046,446 thousand (life business: Euro 612,857 thousand; non-life business: Euro 1,433,589 thousand). The item includes Euro 11,836,600 thousand relating to subsidiaries, as follows: Rasbank Euro 9,793,668 thousand; Ras International nv Euro 2,006,910 thousand, Banco Portugues de Investimento Euro 36,020 thousand and Comp. De Seguros Allianz Portugal Euro 1 thousand.

<i>Other memorandum accounts (Item VIII)</i>	2,181
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Other memorandum accounts include pension fund contributions under collection (Euro 2,181 thousand) and shares in portfolio with nil values.

DERIVATIVE FINANCIAL INSTRUMENTS

Annex 18 shows commitments for transactions in derivatives.

In accordance with paragraph 3 of article 7 of ISVAP Regulation no. 297 of 19 July 1996, we note the following.

During the year, the company carried out 351 transactions using derivative instruments, summarised in the following table, in accordance with the guidelines of the Board of directors which prohibit speculative transactions:

Products	
Options on shares	348
Options on indices	3

There were no unsettled forward currency transactions at year end.

At year end, unsettled transactions were as follows: 192 involving options on shares (Euro 1,392,103 thousand) and 3 involving options on indices (Euro 47,494 thousand) included in the memorandum accounts and in Annex 18 to these notes.

Furthermore, in 2002, the company made 15 acquisitions of bonds included under structured products totalling Euro 76,324 thousand and 19 sales totalling Euro 119,079 thousand.

The accounting treatment applied to these transactions is discussed in the relevant paragraph in Part A of these notes.

Profit and loss account

The profit and loss account items and breakdowns thereof are provided in the annexes to these notes. All figures are shown in thousands of Euro. The directors' report provides additional breakdowns.

SECTION 18 – Notes to the non-life business technical account

<i>Premiums, net of outwards reinsurance</i>			2,509,279
	2002	2001	Change
Direct premiums	2,732,945	2,539,717	193,228
Indirect premiums	97,356	90,592	6,764
Gross premiums accounted for	2,830,301	2,630,309	199,992
Outwards reinsurance	-273,520	-208,282	-65,238
Change in gross premium reserve	-57,414	-42,087	-15,327
Change in reinsurers' share of premium reserve	9,912	14,564	-4,652
Total non-life premiums	2,509,279	2,394,504	114,775

A breakdown of gross premiums by line of business, showing direct, indirect, Italian and foreign business separately, is as follows:

	Direct business	Indirect business	Total
Personal accident	218,963	682	219,646
Health	129,702	129	129,831
Motor vehicle hulls	290,194	642	290,836
Railway truck hulls	2	48	50
Aviation hulls	7,929	182	8,112
Watercraft hulls	12,706	24	12,729
Cargo	22,443	136	22,580
Fire and natural events	206,687	2,516	209,204
Miscellaneous damage to property	196,647	5,212	201,859
Third-party motor liability	1,358,829	6,170	1,364,999
Third-party aviation liability	4,192	0	4,192
Third-party watercraft liability	2,499	0	2,499
General liability	224,209	2,133	226,342
Credit	2,388	0	2,388
Bonds	23,448	711	24,159
Pecuniary loss	12,020	11	12,031
Legal protection	1,959	129	2,088
Assistance	18,128	0	18,128
Total Italy	2,732,945	18,726	2,751,672
Total foreign	0	78,629	78,629
Total	2,732,945	97,355	2,830,301

The non-life business technical account, both Italian and foreign business, is summarised in Annex 19.

<i>Income from investments transferred from the non-technical account</i>	141,385
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The allocation of income from investments to the technical account (Euro 141,385 thousand) has been calculated in accordance with ISVAP regulation no. 1140 G of 8 March 1999.

<i>Other technical income, net of outwards reinsurance</i>	4,010
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This item may be analysed as follows:

Write-off of outwards reinsurance premiums	3,310
Prior year income for collections of premiums previously written down	496
Direct compensation agreement	204
Total	4,010

<i>Charges relating to claims, net of recoveries and outwards reinsurance</i>	1,946,651
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	2002	2001	Change
Gross amounts paid	1,985,103	1,987,564	-2,461
Reinsurers' share	-205,144	-218,675	13,531
Change in gross recoveries	-34,584	-35,802	1,218
Reinsurers' share	2,505	1,517	988
Change in gross claims reserve	164,604	310,013	-145,409
Reinsurers' share	34,167	-54,078	88,245
Net amounts paid	1,946,651	1,990,539	-43,888

Gross amounts paid may be summarised as follows:

	2002	2001	Change
Compensations and direct expenses	1,837,992	1,839,517	-1,525
Contribution to the guarantee fund for road casualties	37,293	44,796	-7,503
Paid settlement costs	109,818	103,251	6,567

Result of claims reserve run-off

The difference between the opening claims reserve and the total of payments relating to previous years and made in 2002 plus the closing claims reserve is a negative Euro 57 million, equal to 2% of claims reserves.

These figures may be analysed as follows:

	Gross	Ceded	Net
Claims reserve at the beginning of the year	3,471,268	-501,505	2,969,763
Settlement paid in the year for claims which arose in previous years	1,264,578	166,131	-1,098,447
Claims reserve at year-end	-2,303,101	356,032	-1,947,069
Balance of changes in the portfolio	18,029	591	18,620
Result of claims reserve run-off	-78,382	21,249	-57,133
Percentage of reserve at the beginning of the year	-2.3%	-4.2%	-1.9%

No "Reversals and profit participation" have been allocated to policyholders or other beneficiaries.

<i>Operating costs</i>	622,854
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This item may be analysed as follows:

	2002	2001	Change
Acquisition commissions	346,739	332,275	14,464
Other acquisition costs	116,292	91,929	24,363
Premium collection commissions	86,717	81,135	5,582
Other administrative costs	120,254	112,418	7,836
Profit participation and other commissions received from reinsurers	47,148	-38,622	-8,526
Total operating costs	622,854	579,135	43,719

<i>Profit participation and other commissions received from reinsurers</i>	47,148
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This item may be broken down as follows:

	Reinsurance	Retroceded	2002	2001	Change
Commissions	43,724	1,422	45,146	38,178	6,968
Profit participation	2,002		2,002	444	1,558
Total	45,726	1,422	47,148	38,622	8,526

<i>Other technical charges, net of outwards reinsurance</i>	29,574
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This item may be analysed as follows:

Write-downs of premiums receivable in arrears	24,984
Write-offs of premiums receivable in arrears	3,554
Reversal of commissions relating to cancellations of ceded premiums	521
ANIA negative adjustments	421
Direct compensation agreement	88
Contribution to the guarantee fund for hunting casualties	6
Total	29,574

<i>Change in equalisation reserves</i>	2,980
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A breakdown of equalisation reserves by line of business and related accruals mad during the year is as follows:

	Opening reserve	Share of the year	Closing reserve
Personal accident	3,975	657	4,632
Health	2,048	389	2,437
Motor vehicle hulls	4,211	845	5,056
Aviation hulls	97	24	121
Watercraft hulls	592	27	619
Cargo	242	61	303
Fire and natural events	3,753	619	4,372
Miscellaneous damage to property	1,223	300	1,523
Third-party motor liability	54	17	71
Credit		6	6
Pecuniary loss	118	35	153
Total	16,313	2,980	19,293

SECTION 19 – Notes to the life business technical account

<i>Premiums, net of outwards reinsurance</i>	1,177,205
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	2002	2001	Change
Direct premiums	1,173,656	920,103	253,553
Indirect premiums	77,202	82,648	-5,446
Gross premiums accounted for	1,250,858	1,002,751	248,107
Outwards reinsurance	-73,653	-84,869	11,216
Net premiums of the year	1,177,205	917,882	259,323

A breakdown of gross premiums by line of business, showing direct, indirect, Italian and foreign business separately, is as follows:

	Direct	Indirect	Total
Whole and term life insurance	691,368	7,938	699,306
Previous unit-linked insurance	146,124		146,124
Health insurance in accordance with article 1	32		32
Capitalisation transactions	321,021		321,021
Pension fund management	15,111		15,111
Total business - Italy	1,173,656	7,938	1,181,594
Total business - Foreign		69,264	69,264
Total	1,173,656	77,202	1,250,858

Annex 20 provides a summary of life businesses and related premiums as well as the reinsurance balance.

<i>Income from investments</i>	456,075
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Income from investments is summarised in Annex 21.

<i>Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments arising from pension fund management</i>	19,865
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Income and unrealised capital gains relating to investments benefiting life policyholders bearing the risk and investments arising from pension fund management are shown in Annex 22.

<i>Other technical income, net of outwards reinsurance</i>	6,144
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This item may be analysed as follows:

Previas fund management commissions	492
Unit-linked fund management commissions	5,218
Total	5,710

<i>Charges relating to claims, net of recoveries and outwards reinsurance</i>	619,773
---	---------

	2002	2001	Change
Gross amounts paid	775,219	709,387	65,832
Reinsurers' share	-122,272	-135,233	12,961
Change in reserve for amounts payable	-26,469	35,396	-61,865
Reinsurers' share	-6,705	-31,354	24,649
Net amounts paid	619,773	578,196	41,577

Gross amounts paid may be summarised as follows:

	2002	2001	Change
Claims	73,169	73,063	106
Surrenders and profit participation	265,650	235,696	29,954
Maturities	428,950	394,129	34,821
Capital and annuities	6,637	6,017	620
Paid settlement costs	814	482	332
<i>Result of reserve for amounts payable run-off</i>			14,337

With reference to the reserve for amounts payable of the net direct business, there is a positive difference between the opening reserve and the total of payments to the beneficiaries of the policies made in 2002 for claims reported in previous years plus the closing reserve.

These figures may be analysed as follows:

	Gross	Ceded	Net
Reserve for amounts payable at the beginning of the year	172,422	-65,655	106,767
Settlement paid in the year for claims arisen in previous years	-112,538	21,716	-90,822
Reserve for amounts payable at the beginning of the year	-45,547	43,285	-2,262
Result of run-off	14,337	-654	13,683
Percentage of reserve at the beginning of the year	8.32%	1.00%	12.82%
<i>Reversals and profit participation, net of outwards reinsurance</i>			1,050

The item relates only to profit participation.

<i>Operating costs</i>	139,938
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This item may be broken down as follows:

	2002	2001	Change
Acquisition commissions	45,048	57,740	-12,692
Other acquisition costs	36,911	29,196	7,715
Premium collection commissions	20,564	18,146	2,418
Other administrative costs	46,823	48,060	-1,237
Profit participation and other commissions received from reinsurers	-9,408	-10,645	1,237
Total operating costs	139,938	142,497	-2,559

<i>Profit participation and other commissions received from reinsurers</i>	9,408
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This item may be broken down as follows:

	Reinsurance	Retroceded	Total
Commissions	5,670	1,422	7,092
Profit participation	627	1,689	2,316
Total	6,297	3,111	9,408

<i>Capital and financial charges</i>	136,757
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Capital and financial charges are detailed in Annex 23.

With reference to "Land and buildings", as required by ISVAP regulation no. 735 of 1 December 1997, capital charges include taxes, maintenance and repair costs which do not increase the real estate value, as well as building common expenses. Write-downs only relate to depreciation charges.

<i>Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and investments arising from pension fund management</i>	93,614
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This item is analysed in Annex 24.

<i>Other technical charges, net of outwards reinsurance</i>	4,350
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This item may be analysed as follows:

Write-downs of premiums receivable in arrears	1,077
Write-offs of bad debts	1,584
Other	1,689
Total	4,350

<i>Income from investments transferred to the non-technical account</i>	68,102
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The allocation of income from investments to the non-technical account (Euro 68,102 thousand) has been calculated in accordance with ISVAP regulation no. 1140 G of 8 March 1999.

SECTION 20 – Changes in technical items

Non-life insurance

Annexes 25 and 26 provide details on changes in technical items of the Italian portfolio by line of business and total, respectively.

Life insurance

Annexes 27 and 28 provide details on changes in technical items of the Italian portfolio by line of business and total, respectively.

Non-life and life insurance

A schedule summarising the technical accounts of all foreign non-life and life lines of business is provided as Annex 29.

Allocation criteria of common entries to each line of business

Both life and non-life business common entries have been allocated to each line of business on the basis of the volume of the items – premiums and claims – to which they refer. Volume is intended in terms of either book value or number of transactions, depending on which is of greater significance to the entry.

SECTION 21 – Notes to the non-technical account

With reference to "Land and buildings", in accordance with ISVAP regulation no. 735 of 1 December 1997, capital charges include taxes, maintenance and repair costs which do not increase the real estate value, as well as building common expenses. Write-downs only relate to depreciation charges.

Other income and charges

"Other income" (item III.7) and "Other charges" (item III.8) may be analysed as follows:

	2002	2001	Change
Other income	162,838	158,549	4,289
Other charges	141,572	108,089	33,483

Other income is composed as follows:

From receivables relating to direct insurance business	672
From receivables relating to reinsurance business	4,069
From other receivables	3,242
From other assets	16,555
Recoveries of administrative costs and charges	626
Recoveries of service costs and other changes by group companies	40,064
Exchange rate gains on the revaluation of opening balances	8,710
Realised exchange rate gains	3,516
Utilisation of the provision for exchange rate fluctuations	17,022
Other income and recoveries	68,362

Other charges are composed as follows:

From payables relating to direct insurance business	841
From payables relating to reinsurance	198
From payables to banks and financial institutions	23
Write-downs of own shares	607
From other payables and other liabilities	1,492
Third party administrative costs and charges	629
Commissions for third party guarantees	4
Losses and write-downs of receivables	34,224
Amortisation of intangible assets	2,146
Accrual to the provision for exchange rate fluctuations	8,710
Accrual to the risk provision	40,000
Accrual to the provision for pensions	243
Realised exchange rate losses	4,589
Exchange rates losses on revaluations	24,449
Other charges	23,417

Extraordinary income and charges

"Extraordinary income" (item III.10) and "Extraordinary charges" (item III.11) are made up as follows:

	2002	2001	Change
Extraordinary income	1,119,212	77,170	1,042,042
Extraordinary charges	10,212	2,044	8,168

Extraordinary income is composed as follows:

Capital gains arising from the disposal of long-term investments in:	
Assets	225
Land and buildings	454
Own shares	18
Gains on the sale of investments	1,115,277
Prior year income and rounding-ups	3,239

Gains on the sale of investments mainly relate to the sale of Proprietà Immobiliari.

Extraordinary charges are composed as follows:

Capital losses arising from the disposal of long-term investments in:	
Assets	41
Losses on the sale of long-term bonds	6,637
Losses on the sale of investments	3
Capital losses from trading in own shares	6
Prior year charges and rounding-downs	2,824
Taxes relative to previous years	24
Extraordinary INVIM tax	677

DEFERRED TAXES

The main temporary differences in the profit and loss account leading to the recognition of deferred tax assets and liabilities relate to:

Deferred tax liabilities

Realised capital gains on fixed assets

Deferred tax assets

Commissions on long-term non-life business policies
Write-downs of premiums due from policyholders
Remuneration of directors and statutory auditors
Audit costs
Change in the long-term portion of the non-life business claims reserve
Unrealised capital losses on long-term equity investments
LIFO adjustment
Recovery of taxes paid abroad

Deferred tax assets and liabilities recorded in the financial statements have been calculated on a prudent basis, where their future realisation is reasonably certain.

The tax provision is detailed in Section 12 of Part B of these notes.

Reference should be made to Section 2 of Part A of these notes for information on fiscally-driven accruals and adjustments and their impact on the results for the year.

INCOME TAXES

They total Euro 350,715 thousand, broken down as follows:

IRPEG	340,874
IRAP	9,841

They may be further analysed as follows:

	IRPEG	IRAP	Total
Current taxes	377,991	13,679	391,670
Deferred taxes:			
utilisation of deferred tax assets	14,259	1,970	16,229
utilisation of deferred tax liabilities	-7,542	-143	-7,685
deferred tax charge of the year	409	56	465
deferred tax income of the year	-44,243	-5,721	-49,964
Total	340,874	9,841	350,715

A reconciliation of the tax charge recorded in the financial statements and the theoretical tax charge is as follows:

IRPEG	Amount	Rate	Taxes
	1,161,869	19%	220,755
	257,964	36%	92,867
Profit before taxes	1,419,833		
Theoretical tax charge			313,622
Temporary differences taxable in future years	-1,168		
Temporary differences deductible in future years	126,409		
Temporary differences from previous years	-20,411		
Permanent differences	73,974		
Taxable profit	1,598,637		
	1,161,869	19%	220,755
	436,767	36%	157,236
Current income taxes	1,598,636		377,991

IRAP	Amount	Taxes
Difference between production revenues and cost	16,606	
Non-taxable costs for IRAP purposes	128,122	
Total	144,728	
Theoretical tax charge	5.75%	8,322
Temporary differences taxable in future years	-982	
Temporary differences deductible in future years	99,499	
Temporary differences from previous years	-38,508	
Permanent differences	33,155	
Taxable profit	237,892	
Current income taxes	5.75%	13,679

SECTION 22 – Other information on the profit and loss account

Relationships with Group and other related companies are analysed in Annex 30.

Direct insurance premiums are summarised in Annex 31.

Charges relating to staff, directors and statutory auditors are shown in Annex 32.

The following information is provided at the end of these notes:

- a schedule listing remuneration of directors, statutory auditors and general managers, pursuant to article 32 of the Regulation implementing Legislative decree no. 58/98 regulating issuers (Consob resolution no. 11520 of 1 July 1998);
- a schedule listing the stock options assigned to directors and general managers, pursuant to Consob resolution no. 11971 of 14 May 1999.

Remuneration of directors, statutory auditors and general managers

(pursuant to article 78 of Consob resolution no. 11971 of 14 May 1999
and Consob communication no. DIS/98098107 of 28 December 1998)

Name	Office	Term of office	Fees	Non-cash benefits ⁽²⁾
Giuseppe Vita	Ras chairman ⁽¹⁾	1.1 -31.12.2002	76,870	1,094
Henning Schulte-Noelle	Deputy chairman ⁽¹⁾	1.1 -31.12.2002	62,068	1,094
Mario Greco	Ras CEO ⁽¹⁾	1.1 -31.12.2002	183,288	1,094
	Ras general manager	1.1 -31.12.2002	679,766	5,366
	Executive duties within the group	1.1 -31.12.2002	19,452	17,101
Mario Arcelli	Ras director	1.1 -31.12.2002	31,497	1,094
	Executive duties within the group	1.1 -31.12.2002	52,917	621
Guido Maria Barilla	Ras director	1.1 -31.12.2002	31,497	1,094
Detlev Bremkamp	Ras director ⁽¹⁾	1.1 -31.12.2002	46,310	1,094
	Executive duties within the group	1.1 -31.12.2002	23,975	
Carlo Orazio Buora ⁽²⁾	Ras director	10.9-31.12.2002	⁽³⁾ 10,388	1,094
Nicola Costa	Ras director	1.1 -31.12.2002	31,489	1,094
Leonardo Del Vecchio ⁽⁴⁾	Ras director	1.1- 18.7.2002	17,313	1,094
Klaus Dührkop	Ras director	1.1 -31.12.2002	31,030	1,094
	Executive duties within the group	1.1 -31.12.2002	16,655	1,094
Alberto Falck	Ras director ⁽¹⁾	1.1 -31.12.2002	46,788	1,094
Pietro Ferrero	Ras director	1.1 -31.12.2002	31,030	1,094
Angelo Marchiò	Ras director ⁽¹⁾	1.1 -31.12.2002	⁽⁴⁾ 46,788	1,094
	Executive duties within the group	1.1 -31.12.2002	32,640	4,716
Francesco Micheli	Ras director	1.1 -31.12.2002	31,508	1,094
Luigi Orlando	Ras director	1.1 -31.12.2002	31,500	1,094
Helmut Perlet	Ras director	1.1- 31.12.2002	31,030	1,094
Giampiero Pesenti	Ras director	1.1 -31.12.2002	31,527	1,094
Gianfelice Rocca	Ras director	1.1 -31.12.2002	31,508	1,094
Lucio Rondelli	Ras director	1.1 -31.12.2002	31,508	1,094
Alberto Santa Maria	Ras director	1.1 -31.12.2002	31,508	1,094
Marco Tronchetti Provera	Ras director	1.1 -29.4.2002	⁽³⁾ 9,622	
Pietro Manzonetto	Chairman of Ras statutory auditors	1.1 - 31.12.2002	62,922	1,094
	Audit duties within group companies	1.1 - 31.12.2002	77,969	3,788
Adolf Haellmayr	Ras standing auditor	1.1 - 31.12.2002	41,786	1,094
	Audit duties within group companies	1.1 - 31.12.2002	8,319	2,657
Giorgio Stroppiana	Ras standing auditor	1.1 - 31.12.2002	42,283	1,094
	Audit duties within group companies	1.1 - 31.12.2002	147,433	10,899
Massimo Arrighi	Ras general manager	1.1 - 31.12.2002	493,102	2,745
	Executive duties within the group	1.1 - 31.12.2002	15,888	15,140
Salvatore Militello	Ras general manager	1.1 - 31.12.2002	390,596	2,607
	Executive duties within group companies	1.1 - 31.12.2002	9,352	9,373
Pierluigi Riches	Ras general manager	1.1 - 31.12.2002	498,372	3,372
	Executive duties within group companies	1.1 - 31.12.2002	22,183	18,082
Paolo Vagnone	Ras general manager	1.1 - 31.12.2002	381,278	3,159
	Executive duties within group companies	1.1 - 31.12.2002	10,572	10,940

(1) Member of the Executive Committee.

(2) In particular, they include the use of a company car and third party liability insurance as resolved by the shareholders' meeting of 29 April 2002.

(3) Paid to Pirelli & C. Sapa.

(4) Excluding deferred payment of Euro 107,268, as described in the notes to the financial statements at 31 December 2000.

Stock options assigned to directors and general managers

(pursuant to Consob resolution no. 11971 of 14 May 1999)

Name	Allotment of options to purchase Ras ordinary shares				Free allotment of Ras ordinary shares (b)	
	Date of allotment of options	Number of shares available for purchase or subscription	Price per share to exercise options	Exercise period	Date of allotment of shares	Number of shares allotted
Mario Greco (CEO - GM)	31.1.2001	73,000	€ 15.35	1.8.02 - 31.7.07	2001	37
	30.1.2002	80,000	€ 12.93	(a) 1.8.03 - 31.7.08	2002	80
Massimo Arrighi (GM)	31.1.2001	36,000	€ 15.35	1.8.02 - 31.7.07	2001	37
	30.1.2002	40,000	€ 12.93	(a) 1.8.03 - 31.7.08	2002	80
Salvatore Militello (GM)	31.1.2001	22,000	€ 15.35	1.8.02 - 31.7.07	2001	37
	30.1.2002	25,000	€ 12.93	(a) 1.8.03 - 31.7.08	2002	80
Pierluigi Riches (GM)	31.1.2001	36,000	€ 15.35	1.8.02 - 31.7.07	2001	37
	30.1.2002	40,000	€ 12.93	(a) 1.8.03 - 31.7.08	2002	80
Paolo Vagnone (GM)	31.1.2001	29,000	€ 15.35	1.8.02 - 31.7.07	2001	37
	30.1.2002	40,000	€ 12.93	(a) 1.8.03 - 31.7.08	2002	80

a) The exercise of the option is subject to the condition that the share price exceeds the option exercise price by 20%.

b) Shares allocated through free allotment plans for Ras ordinary shares involving all Italian employees of Ras Group.

NOTE: The following purchase options were assigned in January 2003, the exercise of which is subject to the condition that 2003 Ras ordinary share performance exceeds the index of listed Italian insurance companies for the same period and that the share price exceeds the option exercise price by 20%. The options may be exercised from 1 February 2005 to 31 January 2010 at a cost of Euro 11.51: Greco 90,000, Arrighi 45,000, Militello 27,000, Riches 45,000 and Vagnone 45,000. Considering Ras share price at 31 December 2002, no accrual has been made.

Part C - Other information

Solvency margin

The solvency margins are shown in the table below, split into non-life and life businesses. They exceed the mandatory solvency margin by Euro 4,074,562 thousand.

Solvency margins	Life business	Non-life business
Non-life business (Legislative decree no. 175 of 17 March 1995)	–	452,113
Life business (Legislative decree no. 174 of 17 March 1995)	277,034	–
Components	1,654,533	3,149,176
Excess in relation to legal requirements	1,377,499	2,697,063

Schedules detailing the solvency margin are provided at the end of these notes.

Technical reserves and related allocated assets

The technical reserves requiring coverage, split into non-life and life business, are as follows at year end:

	Non-life	Life
Premiums reserves	1,084,138	
Equalisation reserves	19,293	
Other technical reserves	913	
Claims and settlement costs reserve	3,389,370	
Actuarial reserves, net of compulsory transfers		5,714,688
Amounts payable		161,236
Net technical reserves - CLASSES D.I and D.II		519,872
Total	4,493,714	6,395,796

Assets allocated to cover technical reserves, as shown in the schedules attached at the end of these notes, amount to:

	Non-life	Life
A - Investments	3,854,036	5,474,505
B - Receivables	639,678	396,419
C - Other assets	–	–
D - Bank deposits	–	–
E - Other asset categories	–	5,000
Assets allocated to reserves - CLASSES D.I and D.II	–	519,872
Total	4,493,714	6,395,796

Cash flow statement

A cash flow statement for the year ended 31 December 2002 with prior year comparative figures is provided below:

Cash flow statement

(thousands of Euro)

	2002	2001
Source of funds		
Cash flows generated by operations for the year:		
Net profit for the year	1,059,121	581,135
Increase in technical reserves	746,597	664,980
Amortisation and depreciation of land, buildings, intangible and tangible assets	12,180	22,535
Increase (decrease) in provisions for risks and charges	204,487	-88,142
Increase (decrease) in staff severance indemnity	-8,793	-884
Write-downs	150,710	86,966
Write-backs	-4,359	-33,456
Write-downs of mutual fund units	69,715	26,151
Increase (decrease) in receivables and other assets, net of other payables and liabilities	-283,566	18,690
Net issue/trading discounts on fixed-income securities	-1,752	-5,461
Cash flows generated by operations	1,944,340	1,272,514
Application of funds		
Change in net investments:		
bonds and fixed-income securities	1,517,487	659,172
equity investments and other financial investments	-129,809	265,369
own shares	87,651	11,442
land and buildings	-253	309
loans	2,183	29,069
Total	1,477,259	965,361
Dividends distributed	268,318	225,911
Change in tangible and other assets	-11,000	5,569
Repayment of mortgage loans	-	-1
Total application of funds	1,734,577	1,196,840
Change in cash and cash equivalents	209,763	75,674
	1,944,340	1,272,514
Bank accounts and cash and cash equivalents		
Opening balance*	245,689	170,015
Closing balance**	455,452	245,689
Change in cash and cash equivalents	209,763	75,674

* Excluding exchange rate fluctuations for amounts in foreign currencies.

** Excluding bank deposits benefiting life policyholders.

Revaluations of equity investments (In thousands of Euro)

Name	Book value	Monetary revaluations pursuant to		Total
		Law no. 72 of 19.3.1983	Other previous laws	
Italy				
Shares				
Allianz Subalpina spa	330,190	952	14	966
Rasbank	154,147	28	41	69
Sao Paolo - IMI spa	12,047	–	254	254
Previndustria - Fid. Prev. Imprenditori spa	106	10	–	10
Quotas				
Bank of Italy	1,441	–	11	11
Total - Italy	497,931	990	320	1,310
Foreign				
Shares				
Koç Allianz Sigorta as	113	30	7	37
Total - Foreign	113	30	7	37
Total	498,044	1,020	327	1,347

Real estate

Urban and farming real estate (Euro)

		Book value	Monetary revaluations		Total	Other non-monetary revaluations
			pursuant to Law no. 413 of 30.12.1991	pursuant to previous laws		
Italy						
Biella	Via De Marchi 5	84,314.93	14,081.89		14,081.89	
Cosenza	Via A. Arabia, 7	78,186.15	45,792.48	5,478.83	51,271.31	9,553.16
Genoa	Pza Della Vittoria 11/A	337,946.29	113.56		113.56	
Imperia	Via Schiva, 51	100,113.65	69,442.08	7,483.46	76,925.54	4,416.74
Lecco	Via Cavour - corner of Via Volta	144,272.22	66,181.2	31,267.45	97,448.65	15,815.67
Magenta	Via Rome - corner of Via Beretta	67,069.89	21,771.42	15,463.68	37,235.10	16,524.27
Milan	Corso Italy, 21/23/25/27A	72,895,818.81	19,728,105.54	4,255,545.74	23,983,651.28	4,274,895.01
Milan	Corso Porta Romana, 13	10,556,204.17			0.00	
Milan	Piazza Ercolea, 13/15	20,742,721.74	4,202,667.54	2,095,447.74	6,298,115.28	75,880.95
Milan	Piazza Velasca, 7/9	11,850,076.44			0	
Milan	Via E. Filiberto	4,879,602.07	70,828.71		70,828.71	
Milan	Via Molino delle Armi, 3	543,342.82	25,344.93	11,250.36	36,595.29	62,439.93
Milan	Via S.Sofia 27	746,500.70	460,295.91	119,670.25	579,966.16	22,338.37
Milan	Viale Monza, 2	19,856,134.89	1,887,215.36	3,786,936.74	5,674,152.10	90,007.59
Monfalcone	Corso San Marco - corner of Via Matteotti	157,377.51	67,016.99	13,635.01	80,652.00	11,253.75
Ostiglia	Via Vittorio Veneto, 22	28,467.01	9,100.46	5,536.54	14,637.00	2,176.92
Poggibonsi	Galleria V.Veneto	151,029.25	7,232.98		7,232.98	
Ravenna	Via Rasponi 11	44,444.85	19,048.88	9,933.51	28,982.39	
Rho	Via Meda 11	24,623.19	15,803.33	4,265.32	20,068.65	
Rome	Piazza S. Silvestro, 13 - Via del Corso, 184	33,426,458.89	8,003,717.19	4,258,535.42	12,262,252.61	5,997,647.07
San Donà di Piave	Via Martiri 13	20,050.15	12,259.71	4,355.14	16,614.85	
Sassari	Piazza Castello	47,972.09	26,788.26	7,887.57	34,675.83	6,909.26
Sassari	Via Dei Mille 13	37,543.32			0.00	
Trieste	Piazza della Repubblica	7,478,953.70	874,633.35	1,405,831.07	2,280,464.42	1,835,886.52
Viareggio	Piazza Shelley, 7	122,393.03	55,898.37	10,833.20	66,731.57	4,778.78
Vigevano	Cso Garibaldi 33	32,016.59	23,924.95	3,068.32	26,993.27	
Total		184,453,634.35	35,707,265.09	16,052,425.35	51,759,690.44	12,430,523.99
Farming businesses in Italy						
Grosseto	Pineta di Marina di Grosseto	89,655.22	10,141.87	43,182.97	53,324.84	
Gubbio (PG)	Tenuta Scheggia	3,553,415.58				1,215,073.34
Lugnano in Teverina (TR)	Tenuta Lugnano	7,429,807.20				
Total		11,072,878.00	10,141.87	43,182.97	53,324.84	1,215,073.34
Total		195,526,512.35	35,717,406.96	16,095,608.32	51,813,015.28	13,645,597.33
Summary	Total	195,526,512.35	including: Life business	134,633,608.36	Non-life business	60,892,903.99

List of direct and indirect equity investments exceeding 10%

(pursuant to article 126 of Consob resolution no. 11971 of 14 May 1999)

With regard to investments indirectly owned by holding companies, that are in turn jointly owned with the Agf Group (namely Elmonda and Agf RasHolding), the total percentage held by the Ras Group is shown, rather than the pro-rata stake.

Company	Business	Currency	Share/quota capital	Direct owner	Shares/quotas held	%	Ras Group
Italy							
AGRICOLA SAN FELICE S.p.A. Corso Italia, 23 - 20122 Milan	Farming	Euro	21,052,800	- RAS	4,080,000	100.00%	100.00%
AGRIGEST S.P.A. Corso Vittorio Emanuele, 101 - Rome	Services	Euro	160,000	- RAS	80,000	50.00%	50.00%
ALLIANZ SUBALPINA S.p.A. Via Alfieri, 22 - Turin	Insurance	Euro	21,294,325	- RAS	40,105,486	97.936%	97.936%
ASSIMEDIASS S.r.l. Corso Italia, 23 - 20122 Milan	Insurance agent	Euro	25,800	- L'Ass. Italiana Danni - RAS	25,542 258	99.00% 1.00%	100.00%
AZIENDA AGRICOLA PEROLLA S.r.l. Corso Italia, 23 - 20122 Milan	Farming	Euro	4,648,000	- L'Ass. Italiana Danni - RAS	23,240 4,624,760	0.50% 99.50%	100.00%
BERNESE ASSICURAZIONI FINANZIARIA S.p.A. Via Tolmino, 6 - Rome	Insurance	Euro	4,000,000	- Allianz Suisse Vers.	80,000	100.00%	100.00%
BERNESE ASSICURAZIONI Compagnia Italo Svizzera di Assicurazioni Via Tolmino, 6 - Rome	Insurance	Euro	7,252,000	- Bernese Finanziaria - Allianz Suisse Vers.	390,175 1,003,322	27.87% 71.67%	99.54%
BERNESE VITA S.P.A. Via Tolmino, 6 - Rome	Insurance	Euro	5,180,000	- Bernese Finanziaria - Bernese Ass.ni - Allianz Suisse Vers.	123,250 37,500 839,250	12.33% 3.75% 83.93%	100.00%
BORGIO SAN FELICE S.R.L. Castelnuovo Berardenga (SI)	Farming	Euro	944,000	- L'Ass. Italiana Danni - RAS	4,720 939,280	0.50% 99.50%	100.00%
CREDITRAS ASSICURAZIONI S.p.A. Corso Italia, 23 - 20122 Milan	Insurance	Euro	5,200,000	- RAS	5,000,000	50.00%	50.00%
CREDITRAS PREVIDENZA SIM S.p.A. Galleria Pattari, 2 - 20122 Milan	Securities management	Euro	2,600,000	- RAS	2,500,000	50.00%	50.00%
CREDITRAS VITA S.p.A. Corso Italia, 23 - 20122 Milan	Insurance	Euro	96,900,000	- RAS	95,000,000	50.00%	50.00%
FINMATIC S.r.l. Piazza Velasca, 7/9 - 20122 Milan	Administrative service management	Euro	2,723,000	- RAS	2,723,000	100.00%	100.00%
G.I.AZS. S.r.l. Via Vittorio Alfieri, 22 - Turin	Real estate	Euro	3,600,000	- Allianz Subalpina	90,000	100.00%	100.00%
GE.SI.-Gestione Sistemi Informatici Corso Italia, 23 - 20122 Milan	Data processing	Euro	4,450,260	- RAS - Allianz Subalpina - RAS Tutela Giudiziaria - L'Ass. Italiana Danni - RB Vita - L'Ass. Italiana Vita - Genialloyd - Intermediass - Assimediass - Prevint - RAS Asset Management - Rasbank - R.I.T. - Gestias - RasService	4,450,060 4,274,640 100 100 100 100 100 100 100 100 100 100 100 100 100 100	51.00% 48.99% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%	100.00%

Company	Business	Currency	Share/quota capital	Direct owner	Shares/quotas held	%	Ras Group
GENIALLOYD Società per Azioni di assicurazioni Viale Monza, 2 - 20122 Milan	Insurance	Euro	30,975,000	- RAS	3,749,628	99.99%	99.99%
GENIALPOINT - in liquidazione Corso Italia, 23 - 20122 Milan	Insurance	Euro	17,805,120	- RAS	34,912,000	100.00%	100.00%
GESTIASS S.r.l. Via Alfieri, 22 - Turin	Insurance agent	Euro	10,400	- Allianz Subalpina	20,000	100.00%	100.00%
INTERMEDIASS S.r.l. Via Santa Sofia, 18 - 20122 Milan	Insurance agent	Euro	10,300	- L'Ass. Italiana Danni - RAS	10,197 103	99.00% 1.00%	100.00%
INVESTITORI HOLDING S.p.A. Corso Italia, 23 - 20122 Milan	Financial	Euro	1,000,000	- RAS	1,000,000	100.00%	100.00%
INVESTITORI SGR S.p.A. Corso Italia, 23 - 20122 Milan	Fund management	Euro	1,010,000	- Investitori Holding - RAS	950,000 60,000	94.06% 5.94%	100.00%
L'ASSICURATRICE ITALIANA DANNI Corso Italia, 23 - 20122 Milan	Insurance	Euro	5,200,000	- RAS	10,000,000	100.00%	100.00%
L'ASSICURATRICE ITALIANA VITA S.p.A. Corso Italia, 23 - 20122 Milan	Insurance	Euro	10,920,000	- RAS	21,000,000	100.00%	100.00%
PREVINDUSTRIA S.p.A. Piazza Velasca, 7/9 - Milan	Pension plan management	Euro	108,360	- RAS	6,000	28.57%	28.57%
PREVINT Gestione Servizi Previdenziali S.p.A. Corso Italia, 23 - 20122 Milan	Pension plan management	Euro	850,000	- RAS	170,000	100.00%	100.00%
RAS ALTERNATIVE INVESTMENTS SGR S.P.A. Piazza Velasca, 7/9 - Milan	Fund management	Euro	1,000,000	- RAS - L'Ass. Italiana Danni	1,990 10	99.50% 0,50%	100.00%
RAS ASSET MANAGEMENT SGR S.p.A. Piazza Velasca, 7/9 - Milan	Fund management	Euro	12,900,000	- RAS	2,500,000	100.00%	100.00%
RASBANK S.p.A. Piazza Erculea, 15 - Milan	Bank	Euro	95,000,000	- RAS	190,000	100.00%	100.00%
RASFIN SIM S.p.A. Corso Italia, 23 - Milan	Securities trading and brokerage	Euro	4,043,376	- Rasbank	783,600	100.00%	100.00%
RAS IMMOBILIARE S.R.L. Corso Italia, 23 - 20122 Milan	Real estate	Euro	516,400	- RAS	516,400	100.00%	100.00%
RAS INVESTIMENTI SIM S.p.A. Corso Italia, 23 - 20122 Milan	Stock brokerage	Euro	1,000,000	- RAS	2,000	100.00%	100.00%
RAS TUTELA GIUDIZIARIA S.p.A. Compagnia di Assicurazioni Corso Italia, 23 - 20122 Milan	Insurance	Euro	2,575,000	- RAS	2,500,000	100.00%	100.00%
RASSERVICE Gestione e Liquidazione Danni Soc. Consortile per Azioni Corso Italia, 23 - 20122 Milan	Services	Euro	200,000	- RAS - L'Ass. Italiana Danni - Allianz Subalpina - RB Vita	167,100 50 32,800 50	83.55% 0.03% 16.40% 0.03%	100.00%
RB FIDUCIARIA S.p.A. Corso di Porta Romana, 13 - Milan	Trust	Euro	159,600	- Rasbank	60,000	100.00%	100.00%
RB VITA S.p.A. Corso Italia, 23 - Milan	Insurance	Euro	114,400,000	- RAS	220,000,000	100.00%	100.00%
R.I.T.- Servizi per l'Information Technology S.p.A. Via Oglio, 12 - 20122 Milan	Services	Euro	23,000,000	- Rasbank	23,000	100.00%	100.00%
R.I.T.A. Rete Italiana Telematica Assicurativa Piazza San Babila, 1 - Milan	Services	Euro	5,720,000	- RAS - RB Vita - Bernese Ass.ni - Bernese Vita - Allianz Subalpina	1,226,397 10,034 19,903 2,706 186,827	11.15% 0.09% 0.18% 0.02% 1.70%	13.14%

Company	Business	Currency	Share/quota capital	Direct owner	Shares/quotas held	%	Ras Group
SOFIGEA S.r.l. (in liquidation) Via del Plebiscito 102 - Rome	Financial	Euro	47,664,600	- RAS - Allianz Subalpina - Bernese Ass.ni	4,599,265 1,052,381 158,958	9.65% 2.21% 0.33%	12.19%
VILLA LA PAGLIAIA S.r.l. Località La Pagliaia - Castelnuovo Berardenga (SI)	Farming product Conversion and distribution	Euro	1,032,000	- Agr. San Felice - RAS	1,026,840 5,160	99.50% 0.50%	100.00%
Europe							
Austria							
ALLIANZ ELEMENTAR VERSICHERUNGS AG Hietzinger Kai 101/105 - Vienna	Insurance	ATS	574,194,600	- Ras International	2,877,000	50.10%	50.10%
ALLIANZ ELEMENTAR LEBENSVERSICHER. AG Hietzinger Kai 101/105 - Vienna	Insurance	ATS	125,000,000	- Allianz El. Versich.	123,750	99.00%	99.00%
ALLIANZ ELEMENTAR WERKKUCHENBETRIEBS-GmbH Hietzinger Kai 101/105 - Vienna	Canteen management	ATS	500,000	- Allianz El. Versich.	500,000	100.00%	100.00%
ALLIANZ FINANZINVEST BERATUNGS GmbH Hietzinger Kai 101/105 - Vienna	Financial services	Euro	60,000	- Allianz El. Leben.	60,000	100.00%	100.00%
ALLIANZ INVEST. Kapitalanlagegesellschaft mbH Hietzinger Kai 101/105 - Vienna	Mutual fund management	Euro	726,728,34	- AIB	726,728,34	100.00%	100.00%
ALLIANZ INVESTMENTBANK AG (AIB) Hietzinger Kai 101/103 - A 1130 Vienna	Asset management	ATS	60,000,000	- Allianz El. Lebens - Allianz El. Versich.	20,000 40,000	33.33% 66.67%	100.00%
ALLIANZ KUNDENSERVICE GmbH Hietzinger Kai 101/105 - Vienna	Services	Euro	70,000	- Allianz El. Versich.	70,000	100.00%	100.00%
ALLIANZ PENSIONSKASSE AG Hietzinger Kai 101/105 - Vienna	Pension funds	ATS	70,000,000	- Allianz El. Versich.	51,800	74.00%	74.00%
ALLIANZ RISIKO SERVICE GmbH Hietzinger Kai 101/105 - Vienna	Insurance advice	ATS	500,000	- Allianz El. Versich.	500,000	100.00%	100.00%
BAWAG ALLIANZ MITARBEITER-VORSORGEKASSE AG Hietzinger Kai 101/105 - A 1130 Vienna	Services	Euro	1,500,000	- Allianz El. Versich.	7,500	50.00%	50.00%
BRAUN & CO GmbH Hietzinger Kai 101/105 - Vienna	Hotel management for training courses	ATS	24,000,000	- Allianz El. Versich.	18,000,000	75.00%	75.00%
IPC International Pension Consultants GmbH Traungasse, 14 - Vienna	Services	ATS	500,000	- Allianz El. Lebens	200	40.00%	40.00%
ITB IMMOBILIENTREUHAND GmbH Hietzinger Kai 101/105 - Vienna	Real estate	ATS	500,000	- AIB	500,000	100.00%	100.00%
LOGISTIKWERKSTATT ASSISTANCE GmbH Hietzinger Kai 101/105 - Vienna	Services	Euro	35,000	- Allianz El. Versich.	35,000	100.00%	100.00%
MVK DATENMANAGEMENT GmbH Hietzinger Kai 101/105 - Vienna	Services	Euro	35,000	- Allianz Kundenservice	35,000	100.00%	100.00%
OPERNRING-HOF BAU- UND BETRIEBS-AG Hietzinger Kai 101/105 - Vienna	Real estate	ATS	9,000,000	- Providentia - Allianz Pensionsk.	8,910 90	99.00% 1.00%	100.00%
OVD VERSICHERUNGSDIENST GmbH Schönbrunner Schlosstrasse 38/40 - Vienna	Insurance brokerage	ATS	500,000	- Allianz El. Versich.	200,000	40.00%	40.00%
PROVIDENTIA Vermoögensverwaltungs BetriebsGmbH Hietzinger Kai 101/105 - Vienna	Asset management	ATS	4,500,000	- Allianz El. Versich.	4,500,000	100.00%	100.00%
SK VERSICHERUNG AG Praterstrasse 1-7 - Vienna	Insurance	ATS	50,000,000	- Allianz El. Versich.	12,912	25.82%	25.82%
WIENER ALLIANZ LEASING GmbH Hietzinger Kai 101/105 - Vienna	Financial holding	ATS	500,000	- Allianz El. Versich.	250,000	50.00%	50.00%
WIENER ALLIANZ LEASING GmbH & CO KG Hietzinger Kai 101/105 - Vienna	Leasing	ATS	50,000,000	- Allianz El. Versich.	24,980,000	49.96%	49.96%

Company	Business	Currency	Share/quota capital	Direct owner	Shares/quotas held	%	Ras Group
Denmark							
DOMUS FORSIKRINGSAKTIESELSKABET Banestroget, 21 - Taastrup	Insurance	DKK	3,000,000	- Allianz El. Versich.	3,000,000	100.00%	100.00%
Germany							
NEREUS GmbH Königinstrasse 28 - Munich	Financial holding	Euro	36,000	- AGF RAS Holding	1	100.00%	100.00%
PALLAS GmbH Königinstrasse 28 - Munich	Financial holding	DEM	54,000	- AGF RAS Holding	1	100.00%	100.00%
Greece							
RAS HELLAS SA 124, Kifissias Ave - 11526 Athens	Services	Euro	150,000	- RAS International	49,999	99.99%	99.99%
Luxembourg							
RAS ASSET MANAGEMENT LUX SA 69, Route d'Esch - Luxembourg	Asset management	USD	2,000,000	- RAS International	199,999	99.99%	99.99%
Holland							
AGF RAS HOLDING BV Keizersgracht 484 - Amsterdam	Financial holding	Euro	236,450,544	- RAS International	118,225,272	50.00%	50.00%
RAS INTERNATIONAL NV Keizersgracht 484 - Amsterdam	Financial holding	Euro	342,650,000	- RAS	342,650	100.00%	100.00%
Portugal							
ALLIANZ PORTUGAL SA Companhia de Seguros Rua Andrade Corvo, 32 - Lisbon	Insurance	Euro	39,545,400	- RAS International - RAS	2,068,323 3,060,435	26.151% 38.70%	64.85%
CASTIL PARQUE Sociedade Exploradora de Parques de Estacionamento SA Rua Castilho 39 - Lisbon	Services	Euro	55,000	- Allianz Portugal	200	18.18%	18.18%
UNIPENSAO - Soc. Gestora de fundos de Pensões Rua Duque de Palmela, 30 - Lisbon	Pension funds	Euro	1,000,000	- Allianz Portugal	16,279	81.40%	81.40%
Spain							
AGF ATLANTICO, Ent. Gestora Fondos Pensiones, SA Plaza Santa Maria Soledad Torres Acosta, 2 - Madrid	Pension funds	Euro	1,800,000	- Allianz Seguros	15,000	50.00%	50.00%
ALLIANZ COMPAÑÍA DE SEGUROS Y REASEGUROS SA Paseo de la Castellana, 39 - Madrid	Insurance	Euro	47,379,811,01	- AGF RAS Holding - azioni proprie	15,183,962 25,023	96.462% 0.159%	96.621%
ALLIANZ GESTION SA SGIC Paseo de la Castellana, 39 - Madrid	Mutual fund management	Euro	1,500,000	- Allianz Seguros	10,000	100.00%	100.00%
ALLIANZ INVERSIONES, SOCIEDAD DE VALORES, S.A. Paseo de la Castellana, 39 - Madrid	Asset management	Euro	4,508,000	- Allianz Seguros	1,000	100.00%	100.00%
ALLIANZ SOC. ANONIMA Agencia de Seguros Paseo de la Castellana, 39 - Madrid	Insurance agent	Euro	1,000,000	- Allianz Seguros	1,000	100.00%	100.00%
AMAYA, Compañía de Seguros y Reaseguros, SA Recoletos, 13 - Madrid	Insurance	Euro	18,030,000	- Amaya Berna	3,000,000	100.00%	100.00%
DIEZNET, COMERCIO ELECTRONICO, SA José Ortega y Gasset 29 E-28006 Madrid	Services	Euro	2,000,000	- Allianz Seguros	1,000,000	50.00%	50.00%
EL FÉNIX ESPAÑOL SA Paseo de la Castellana, 39 - Madrid	Financial holding	Euro	192,000	- Allianz Seguros	799,980	99.998%	99.998%
EUROPENSIONES SA José Ortega y Gasset 29 E-28006 Madrid	Pension fund management	Euro	15,626,000	- AGF RAS Holding	1,274,000	49.00%	49.00%

Company	Business	Currency	Share/quota capital	Direct owner	Shares/quotas held	%	Ras Group
EUROVIDA SA Compañía de Seguros y Reaseguros José Ortega y Gasset 29 E-28006 Madrid	Insurance	Euro	9,015,300	- AGF RAS Holding	7,650	51.00%	51.00%
FÉNIX DIRECTO S.A. Albecete 5 - Madrid	Insurance	Euro	14,424,000	- Allianz Seguros - El Fénix Español	2,352,000 48,000	98.00% 2.00%	100.00%
INMOBILIARIA INVERFÉNIX Paseo de la Castellana, 39 - Madrid	Real estate	Euro	9,015,000	- Allianz Seguros - Fénix Directo	74,925 75	99.90% 0.10%	100.00%
INFORMATICA Y SERVICIOS FINANCIEROS SA Paseo de la Castellana, 39 - Madrid	Services	Euro	60,200	- Allianz Seguros	10,000	100.00%	100.00%
PEMSE SA Paseo de la Castellana, 39 - Madrid	Real estate	Euro	4,313,471,01	- Allianz Seguros	188,856	100.00%	100.00%
Switzerland							
ACTIVITA CARE MANAGEMENT AG Zollikon	Services	CHF	300,000	- Allianz Suisse Vers.	17	13.60%	13.60%
ALBA ALLGEMEINE VERSICHERUNGS St. Alban Anlage - Besel	Insurance	CHF	10,000,000	- Allianz Suisse Vers.	10,000	100.00%	100.00%
ALLIANZ ASSET MANAGEMENT AG Bleicherweg 19 - Zurig	Financial services	CHF	100,000	- Allianz Suisse Vers.	100	100.00%	100.00%
CAP Compagnie d'Assurance de Protection Juridique SA Poststrasse 30 - Zug	Insurance	CHF	3,000,000	- Allianz Suisse Vers.	30,000	100.00%	100.00%
ALLIANZ SUISSE IMMOBILIEN AG (formerly Deggo Ag Generalunternehmung) Brunnenstrasse 7 - Volketswil	Real estate	CHF	9,000,000	- Allianz Suisse Vers.	18,000	100.00%	100.00%
ALLIANZ SUISSE VERSICHERUNGS Gesellschaft Bleicherweg 19 - Zurig	Insurance	CHF	100,000,000	- RAS International	558,243	69.78%	69.78%
ALLIANZ SUISSE LEBENSVERSICHERUNGS Gesellschaft Bleicherweg 19 - Zurig	Insurance	CHF	100,000,000	- Allianz Suisse Vers.	1,999,623	99.98%	99.98%
ALLIANZ SUISSE PERSONAL FINANCIAL SERVICES AG Bleicherweg 19 - Zurig	Real estate	CHF	500,000	- Allianz Suisse Vers.	50	100.00%	100.00%
AMAYA AG Laupenstrasse 27 - Bern	Insurance	CHF	100,000	- Allianz Suisse Vers.	100	100.00%	100.00%
ELFITAS AG Poststrasse 30 - CH-6300 Zug	Securities trading and placing	CHF	100,000	- Allianz Suisse Vers.	100	100.00%	100.00%
ELMONDA Hagenholzstr. 85 B - Postfach - CH-8050 Zurig	Financial holding	CHF	40,000,000	- RAS International	200,000	50.00%	50.00%
ELVIA REISENVERSICHERUNGS-Gesellschaft Hagenholzstrasse 85B - CH-8050 Zurig	Insurance	CHF	25,000,000	- Elmonda	25,000	100.00%	100.00%
EUROTAX GARANTIE Wolleraustrasse 11 a - 8807 Freienbach	Services	CHF	100,000	- Allianz Suisse Vers.	48,5	48.50%	48.50%
GESELLSCHAFT FÜR VORSORGEBERATUNG Effingerstrasse 34 - A 3011 Bern	Services	CHF	500,000	- Allianz Suisse Lebensvers.	500	100.00%	100.00%
INVESTITORI SUISSE S.A. Via Serafino Balestra, 22/B - Lugano	Asset management	CHF	500,000	- Investitori Holding	50,000	100.00%	100.00%
QUALITY1 AG Hofwiesenstrasse 6 - 8634 Hombrechtikon	Insurance	CHF	100,000	- Allianz Suisse Vers.	25	25.00%	25.00%
SHA SEMINARHOTEL Seestrasse 10 - Unterägeri	Hotel management	CHF	100,000	- Allianz Suisse Vers.	100	100.00%	100.00%
SOCIÉTÉ FINANCIÈRE DU LEMAN SA Av. Tissot 15 - CH-1006 Lausanne	Financial service management	CHF	500,000	- Allianz Suisse Vers.	100 400	20.00% 80.00%	100.00%

Company	Business	Currency	Share/quota capital	Direct owner	Shares/quotas held	%	Ras Group
Turkey							
KOÇ ALLIANZ HAYAT SIGORTA AS Bağlarbasi, Kisikli Caddesi 18 - Altunizade - Istanbul	Insurance	TRL	20,000,000,000,000	- RAS - RB Vita	66,000,000 2,000,000	33.00% 1.00%	34.00%
KOÇ ALLIANZ SIGORTA AS Bağlarbasi, Kisikli Caddesi 11 - Altunizade - Istanbul	Insurance	TRL	12,000,000,000,000	- RAS - Société Financière du Lemman - Allianz Suisse Vers.	810,044,016 7,992 7,992	33.75% 0.0003% 0.0003%	33.75%
Non-European countries							
Latin America							
EMPRESA DE INVERSIONES SA Av. Republica de Panama 3055, Piso 10, S. Isidro - Lima - Peru	Services	PEN	9,600	- RAS International	9,594	99.94%	99.94%
ORGANIZACIÓN GOA SA Av. Republica de Panama 3055, Piso 10, S. Isidro - Lima - Peru	Financial holding	PEN	3,900	- RAS International	3,898	99.95%	99.95%
SABESAC INVESTIMENTOS S/C LTDA Rua Coriolano 705 Vila Romana Sao Paolo - Brazil	Financial holding	R\$	162,887,63	- RAS International - Allianz Suisse Vers.	16,288,762 1	99.99% 0.01%	100.00%

Statutory auditors' report

Statutory auditors' report pursuant to article 153 of Legislative decree no. 58/1998 and paragraph 3, article 2429 of the Italian Civil Code

To the Ras shareholders' meeting of 30 April 2003

During 2002, we carried out supervisory activities as required by the law, in accordance with the principles of conduct for statutory auditors recommended by the Italian Accounting Profession to which we refer with this report, which has also been drawn up in consideration of the guidelines provided by CONSOB communication no.1025564 of 6 April 2001.

With regard to the methods we used in carrying out our work for the company, we note that:

- we attended all meetings of the shareholders and Board of Directors held during the year and obtained prompt and appropriate information from the directors on the company's activities in accordance with statutory requirements;
- we obtained the information necessary to monitor the degree of adequacy of the company's organisational structure and its compliance with the principles of correct management by direct observation, gathering information from relevant managers and exchanging data and information with the independent auditors;
- as a board and through individual actions we monitored the functioning of the internal audit and administrative-accounting systems to verify that they adequately meet management requirements. We also monitored the reliability of the latter system in representing management data by directly examining company documents, obtaining information from the relevant managers and analysing the results of the work carried out by the independent auditors;
- we verified that the company is compliant with the provisions of the law concerning the preparation, presentation and format of the statutory and consolidated financial statements;
- we verified that the 2002 directors' reports are compliant with current laws and in line with the resolutions adopted by the Board of Directors, as well as with the figures recorded in the statutory and consolidated financial statements. The half-year reports of the company and group do not require the examination of the board of statutory auditors. The half-year and quarterly reports have been published as required by law and regulations. The directors' reports on pension funds are consistent with the rules laid down by the Supervisory Body and with the results of the reports drawn up in respect of the various investment lines.

No significant events emerged during the course of our activities, which we performed in accordance with the methods described above, that would require notification to supervisory bodies. On the basis of direct intervention and the information obtained, the decisions made by the directors appear compliant with the law and the company's by-laws, as well as with the principles of correct management, and are consistent with and appropriate for the company's size and assets.

* * *

The specific information to be provided in this report in accordance with the aforementioned CONSOB communications of 6 April 2001 is listed below.

1. We have obtained adequate information on transactions which have a significant impact on the balance sheet and profit and loss account carried out by the company and its subsidiaries during the year. This information has enabled us to ascertain the company's compliance with the law and its by-laws. Specifically, we note that, in accordance with the resolution of the extraordinary shareholders' meeting of 28 October 2002, on 17 February 2003, the share capital was reduced in accordance with the terms and conditions provided for by article 2425 of the Civil Code by Euro 34,666,990.80, though the cancellation of 57,778,318 shares with a nominal value of Euro 0.60 each. We do not believe these transactions to be of a nature which requires specific comments on our part.
2. We have obtained adequate information on atypical and/or unusual transactions as well as intercompany and related-party transactions and specify the following to this regard:
 - 2.1 during the year, the Board of Directors approved the acquisition by a director of 0.84% of the share capital of one Ras subsidiary at market price. Such price was held to be adequate. The aim of the transaction was to enhance the integration of such subsidiary with its parent company;
 - 2.2 atypical and/or unusual transactions carried out with third parties or Group companies consisted in sales or purchases of investments, mergers and demergers, transfer of business activities within the Group. They have been adequately described in the directors' report and we acknowledge their compliance with the law and the company's deed of incorpora-



- tion, their conformity with the interests of the company and the absence of doubts as per CONSOB communication no.1025564 of 6 April 2001. Specifically, taking into account the amounts involved or the relevance of the transaction, we highlight the following:
- the sale of the investment in Proprietà Immobiliari S.p.A. upon conclusion of the tender procedure commenced in 2001 involving the transfer to such company of most of Ras non-operating real estate and certain real estate companies;
 - the transfer to the subsidiary RasService Gestione e Liquidazione Danni S.C.p.A. of the business activities involved in claims management and settlement on behalf of Ras and the subsidiary Allianz Subalpina. This transaction took effect from 1 February 2002;
 - Rasbank "restructuring" with the consequent creation of a banking group through the execution of contribution and demerger deeds having effect from 1 October 2002;
 - the reorganisation of the Swiss subsidiaries;
- 2.3 ordinary financial and trading transactions carried out within the Group or with related parties are disclosed in the directors' report and in the notes to the statutory and consolidated financial statements and do not require any consideration or comments on our part.
3. We consider the information on atypical and/or unusual transactions and ordinary transactions, in reference to point 2 above, provided by the Directors in the directors' report, pursuant to article 2428 of the Italian Civil Code, to be adequate. We also repeat that such transactions appear compliant with the law and the company's by-laws and that they are in line with the company's interests and have been evaluated, where necessary, by the relevant Advisory Committee. To this regard, we note that, in the directors' report on the consolidated financial statements, the directors have provided full disclosure on Corporate Governance, detailing the composition, duties and activities of the Advisory Committees, created to support the most important resolutions adopted by the Board of Directors.
 4. The independent auditors' report issued by KPMG S.p.A. with today's date is unqualified. We have no comments to make in respect of the usual emphasis paragraph relating to the consolidated financial statements.
 5. No claims were lodged pursuant to article 2408 of the Italian Civil Code.
 6. No petitions were brought against the company.
 7. In addition to those pursuant to the provisions of article 155 of Legislative Decree no. 58/98, in 2002, the independent auditors performed the following engagements and separately invoiced the amounts in brackets (net of out-of-pocket expenses and VAT):
 - audit of the financial statements of the unit-linked internal funds (Euro 93,600);
 - audit of the financial statements of the separately-managed life businesses (Euro 18,648);
 - audit of the financial statements of the defined-contribution open pension funds, namely Previras and Insieme (Euro 38,780);
 - review of the 2002 half-year report and audit of the 2002 annual financial statements of Ras prepared in accordance with Allianz AG, Munich group accounting policies for consolidation purposes (Euro 134,055);
 - audit of the balance sheet of Proprietà Immobiliare S.p.A. as at 31 May 2002 (Euro 150,000).
 8. We found no duties entrusted to individuals bound by continuous relations with the company engaged for the audit.
 9. No opinions pursuant to the provisions of law were issued in 2002.
 10. In 2002, the Board of Directors met five times while the statutory auditors met twelve times.
 11. We have no specific comments to make on the company's compliance with the principles of correct management, with which it appears to have consistently complied.
 12. We have no specific comments to make on the adequacy of the company's organisational structure, which we found adequately satisfied the operating needs of the company.
 13. We found the internal audit department in line with the features of the company's operations as verified over the course of the periodic meetings of the Internal Audit Committee, in which the board of statutory auditors participated. Furthermore, Group Internal Audit managers attended some of our board meetings and completed the report on the methods in which the audits are carried out as well as checks on the results thereof. During the year, we found that the internal control system continued to improve with in-depth analyses, assessments and reviews of the company processes. We also enjoyed the consultancy support given by the Internal Audit department.

14. We have no specific comments to make with regard to the adequacy of the company's administrative-accounting system, or on its reliability in correctly reporting management data.
15. The guidelines issued by company management ensure an adequate and reciprocal flow of information between the parent company and its subsidiaries (also for the purpose of communications required by paragraph 2, article 114 of Legislative decree no. 58/1998). Moreover, the presence of the parent company's top executives in its subsidiaries company bodies further ensures the reciprocal sharing of information. Also, some members of the parent company's statutory auditors monitor group companies by also filling roles in the internal supervisory bodies of these companies.
16. During the periodic meetings held by statutory auditors with the independent auditors pursuant to the provisions of paragraph 2, article 150 of Legislative decree no. 58/1998 and further to the examination of the minutes of the quarterly review procedures carried out by independent auditors, no significant aspects emerged that require comment herein.
17. With the resolution of the Board of Directors' meeting of 10 September 2002, the company adopted a Code of Conduct in compliance with the model proposed by the Committee for Corporate Governance of listed companies. It also adopted an Internal Dealing Code of Conduct in accordance with the provisions of Borsa Italiana S.p.A.. During its meeting of 14 November 2002, the directors approved the Rules for transactions with related parties which include rules to be followed when approving and performing transactions with related parties which might lead to a conflict of interest. The directors' report provides details on the Corporate Governance model that the company has adopted.
18. In 2002, we carried out our supervisory activities regularly and no omissions, censurable events or irregularities arose that require comment herein.
19. As regards the supervisory activities that we performed during the year, we have no proposals to put forth pursuant to the provisions of paragraph 2, article 153 of Legislative decree no. 58/1998 concerning the financial statements, approval thereof or the aspects that fall under our responsibility, as we have no observations to make on the proposal to allocate the net profit for the year nor, more specifically, on the proposal to distribute dividends to the holders of ordinary and savings shares.

Finally, the three-year term of office of directors and statutory auditors expires with the shareholders' meeting called to approve the financial statements as at and for the year ended 31 December 2002. We thank you for the trust you have placed in us and invite you to take the related measures during such meeting.

Milan, 10 April 2003

THE BOARD OF STATUTORY AUDITORS



▶ **Statutory auditors' opinion on the decision to engage KPMG S.p.A. for the audit of the financial statements pursuant to article 159.1 of Legislative decree no. 58/1998**

Considering that the board of directors:

- on 14 November 2002, resolved on engaging KPMG S.p.A., registered with the Registrar provided for by article 161 of Legislative decree no. 58/1998, for the audit of the statutory and consolidated financial statements as at and for the years ending 31 December 2003, 2004 and 2005 and the review of the half year stand-alone and consolidated reports as at and for the six months ending 30 June 2003, 2004 and 2005;
- has called the ordinary shareholders' meeting in order to make the relevant decision as required by article 159.1 of the above decree;

the statutory auditors of Ras S.p.A. have examined the engagement letter presented by KPMG S.p.A. on 14 October 2002, which includes:

- the plan for the audit of the statutory and consolidated financial statements of Ras as at and for the years ending 31 December 2003, 2004 and 2005 which will enable KPMG to express the opinion required by article 156 of Legislative decree no. 58/1998 by issuing specific reports;
- the plan for the review of the half year stand-alone and consolidated reports as at and for the six months ending 30 June 2003, 2004 and 2005;
- the plan for the checks that the accounting records are regularly kept and that all business transactions are recorded therein as required by letters a) and b) of article 155.1 of the above decree.

Moreover, the statutory auditors note that:

- the audit and review plans and the engagement stages and approach are adequate and exhaustive;
- such audit company meets the independence requirements established by law. To date, there are no conflicts of interest. It is adequately organised and has the technical expertise necessary to fulfil this extensive and complex engagement;
- the proposed fees are adequate and are more or less in line with hours and fees applied in the previous three-year period.

Accordingly, pursuant to article 159.1 of Legislative decree no. 58/1998, we are in favour of KPMG S.p.A. being engaged for the audit of the statutory and consolidated financial statements, the review of the half year reports and the checks required by letters a) and b) of article 155.1 of Legislative decree no. 58/1998, for the 2003, 2004 and 2005 three-year period, in accordance with the engagement letter of this audit company dated 14 October 2002.

Milan, 10 April 2003

THE BOARD OF STATUTORY AUDITORS

Independent auditors' report



Revisione e organizzazione contabile

KPMG S.p.A.
Via Vittor Pisani, 25
20124 MILANO MI

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Telefax 02 67632445
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998, article 62 of legislative decree no. 174/95 and article 73 of legislative decree no. 175/95

To the shareholders of
RIUNIONE ADRIATICA DI SICURTÀ S.p.A.

- 1 We have audited the financial statements of RIUNIONE ADRIATICA DI SICURTÀ S.p.A. as at and for the year ended 31 December 2002. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. With respect to the examination of technical reserves accounted for under "liabilities" in the balance sheet, we also referred to the attached report issued by a qualified actuary in accordance with article 73 of legislative decree no. 175/1995 and article 62 of legislative decree no. 174/1995. This report states that the company's technical reserves are sufficient and comply with the provisions of relevant legislation and regulations and correct actuarial techniques. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries and associated companies representing approximately 14% and 3% of the caption "Investments in group companies and other" and total assets respectively, have been audited by other auditors who provided us with their reports thereon. Our opinion, expressed herein, with respect to the figures relating to such companies included in the financial statements is based, inter alia, on the audits performed by the other auditors.

Reference should be made to the report dated 12 April 2002 for our opinion on the prior year figures which are presented for comparative purposes as required by law.



KPMG S.p.A. is a member of KPMG International.

Milano Ancona Bari Bergamo Bologna Bolzano
Brescia Catania Como Firenze Foggia Genova Lecce
Napoli Novara Padova Palermo Parma Perugia
Pescara Roma Torino Treviso Trieste Udine Varese Verona

Società per azioni
Capitale sociale Euro 4.386.923,85 i.v.
Registro Imprese Milano e Codice Fiscale
N. 00709600159
R.E.A. Milano N. 512867
Part. IVA 00709600159
Sede legale: Via Vittor Pisani, 25 - 20124 Milano MI

- 3 In our opinion, the financial statements of RIUNIONE ADRIATICA DI SICURTÀ S.p.A. as at and for the year ended 31 December 2002 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the company.
- 4 The company holds controlling interests in a number of companies and, in accordance with current legislation, has prepared consolidated financial statements. Such statements are presented in addition to its own financial statements in order to furnish adequate information on the financial position and results of both the company and the group. We have audited the consolidated financial statements and these, with our audit report thereon, are presented together with the statutory financial statements.

Milan, 10 April 2003

KPMG S.p.A.

(Signed on the original)

Piero Bianco
Director of Audit

ENZO CIMINELLI
Attuario-Revisore Contabile
Prof. nell'Università di Roma
" La Sapienza "

(Translation from the Italian original which remains the definitive version)

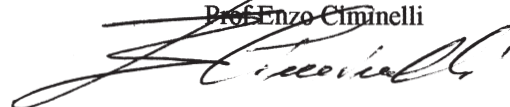
Report of the actuary
in accordance with article 62 of legislative decree no. 174 of 17 March 1995 and article 73 of
legislative decree no. 175 of 17 March 1995, as replaced respectively by letter R) of article 79
and letter I) of article 80 of legislative decree 173/1997

To the auditors KPMG S.p.A.
Via Vittor Pisani, 25
20124 Milan

Object: Riunione Adriatica di Sicurtà S.p.A. - Financial statements as at and for the year ended 31
December 2002

- 1 In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves included in the balance sheet liabilities of the financial statements of Riunione Adriatica di Sicurtà S.p.A. as at and for the year ended 31 December 2002, in order to express my opinion on the sufficiency of the above mentioned technical reserves in accordance with relevant laws and regulations and correct actuarial practices in compliance with the guidelines set out in article 2 of ISVAP's communication no. 845 of 1 April 1998.
- 2.1 In my opinion, the technical reserves - property and liabilities insurance - of Riunione Adriatica di Sicurtà at 31 December 2002 taken as a whole, are sufficient in accordance with relevant laws and regulations and correct actuarial practices in compliance with the guidelines set out in article 2 of the above mentioned ISVAP communication.
- 2.2 In my opinion, the technical reserves - life insurance - of Riunione Adriatica di Sicurtà at 31 December 2002 taken as a whole, are sufficient in accordance with relevant laws and regulations and correct actuarial practices in compliance with the guidelines set out in article 2 of the above ISVAP communication.

Rome, 7 April 2003

The Actuary
Prof. Enzo Ciminelli


Resolutions of the ordinary shareholders' meeting

The shareholders met on 30 April 2003 in Milan and resolved on the following:

- to approve the financial statements as at and for the year ended 31 December 2002 as well as the directors' report thereon;
- to allocate the net profit for the year as proposed by the board of directors; to distribute dividends as from 22 May 2003 with coupon detachment on 19 May 2003;
- to appoint the board of directors for the 2003, 2004 and 2005 three-year period as indicated on page 3, establishing the related remuneration of Euro 665,000 for each of the three years; ⁽¹⁾
- to appoint the board of statutory auditors for the 2003, 2004 and 2005 three-year period as indicated on page 3, establishing the remuneration of Euro 61,900 for the chairman and Euro 41,300 for each standing auditor for each of the three years; ⁽²⁾
- to engage KPMG spa for the audit of the statutory and consolidated financial statements as at and for the years ending 31 December 2003, 2004 and 2005 and the review of the consolidated half year reports as at and for the six months ending 30 June 2003, 2004 and 2005;
- to authorise the acquisition and sale of Ras own shares pursuant to articles 2357 and 2359 bis of the Italian Civil Code, as well as article 132 of Legislative decree no. 58 of 24 February 1998, as proposed by the board of directors.

(1) The shareholders resolved on reinstating the current directors and to replace Messrs. Henning Schulte Noelle, Lucio Rondelli and Albero Santa Maria who requested not to be reinstated. The following new directors have joined the board:

- Mr. Vittorio Colao, current CEO of Vodafone Omnitel nv, in charge of Vodafone Group South-European operations, chairman of AssoTelecomunicazioni, director of Finmeccanica and member of the executive committee of The Aspen Institute Italy;
- Mr. Michael Diekmann, current chairman of Allianz ag. He also holds various positions in Allianz Group companies;
- Mr. Carlo Salvatori, current chairman of Unicredito Italiano, Crediras Vita, Creditras Assicurazioni, deputy chairman of Mediobanca, deputy chairman of ISPI and director of ABI.

(2) The shareholders resolved on reinstating the current statutory auditors, replacing the standing statutory auditor Adolf Haellmayr and the alternate statutory auditor Emilio Aguzzi de Villeneuve. The following statutory auditors have joined the board:

- Mr. Paolo Pascot (standing statutory auditor);
- Mr. Franco Dalla Sega (alternate statutory auditor).

