

Ras spa

2004 annual report
and financial statements



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Board of Directors, Board of Statutory Auditors and General Management

(as at 1st May 2005)

Board of Directors

Giuseppe Vita
Chairman

Michael Diekmann
Deputy Chairman

Paolo Vagnone
Chief Executive Officer

Paolo Biasi
Detlev Bremkamp
Carlo Buora
Vittorio Colao
Nicola Costa
Rodolfo De Benedetti
Klaus Dührkop
Pietro Ferrero
Francesco Micheli
Salvatore Orlando
Helmut Perlet
Giampiero Pesenti
Andrea Pininfarina
Gianfelice Rocca
Carlo Salvatori
Directors

Giuseppe Vita
Michael Diekmann
Paolo Vagnone
Detlev Bremkamp
Pietro Ferrero
Gianfelice Rocca
Executive Committee

Aldo Andreoni
Secretary to the Board

Board of Statutory Auditors

Pietro Manzonetto
Chairman

Giorgio Stroppiana
Paolo Pascot
Standing Auditors

Michele Carpaneda
Luigi Gaspari
Alternate Auditors

General Management

Pierluigi Riches
Alessandro Scarfò
Paolo Vagnone
General Managers

Daniele D'Abramo
Maurizio Devescovi
Deputy General Managers

Valter Albini
Luca Allievi
Camillo Candia
Michele Colio
Diego Fumagalli
Claudia Motta
Roberto Notarbartolo di Villarosa
Mauro Re
Guido Sommella
Pierluigi Verderosa
Central Managers

Independent Auditors

KPMG spa

Savings shareholders' representative

Gianfranco Negri Clementi

Ordinary and Extraordinary Shareholders' Meeting

29 April/2 May 2005 at 10 am

Agenda

Ordinary session

1. Financial statements as at and for the year to 31 December 2004; Directors' report on operations and Statutory Auditors' report; resolutions arising;
2. Re-composition of the Board of Directors after determination of the number of directors, and determination of remuneration of the Board of Directors; resolutions arising;
3. Authorisation for the purchase and sale of own shares pursuant to articles 2357 and following of the Italian Civil Code and to article 132 of Legislative Decree no. 58 of 24 February 1998; resolutions arising;

Extraordinary session

1. Proposed amendment to articles 7, 31 and 32 of the Articles of Association; resolutions arising;
2. Proposal to vest the Board of Directors with powers to raise share capital and issue bonds, pursuant to articles 2443 and 2420 ter of the Italian Civil Code.

Ordinary section

Report on operations

Ras in the last three years (thousands of euro)

Total premiums	2002	2003	2004
Non-Life business	2,830,301	2,874,910	2,953,052
Life business	1,250,858	1,373,619	1,343,222
Total	4,081,159	4,248,529	4,296,274

Claims, maturities, annuities and surrenders	2002	2003	2004
Non-Life business	1,985,103	2,039,405	2,042,656
Life business	775,219	825,436	833,577
Total	2,760,322	2,864,841	2,042,656

Technical reserves	2002	2003	2004
Non-Life business	4,775,337	4,772,471	4,861,419
Life business	6,769,824	7,403,360	8,046,944
Total	11,545,161	12,175,831	12,908,363

Shareholders' equity	2002	2003	2004
Share capital	437,77	403,336	403,336
Equity reserves	3,703,582	3,701,861	3,755,962
Net profit for the year	1,059,121	456,787	607,224
Total	5,200,473	4,561,984	4,766,522

Solvency margins	2002	2003	2004
Required by law	729,147	754,401	785,211
Actual margin	4,803,709	4,094,478	4,161,450

To the shareholders,

A number of major natural disasters and serious terrorist acts took place in 2004, in an international situation that remains troubled. The prolonged tension fuelled by these events did not, however, appear to have a decisive impact on the world economies during 2004.

The year saw strong widespread growth in GDP and trading, despite high oil prices. Expansion was driven largely by the economic progress of the Asian continent, the US economic recovery and a return to stronger growth rates in Latin America and the other emerging countries. Growth was slower in Europe, due to falling exports (caused by the strong rise in the euro) and slow domestic demand.

On the Italian insurance market, premium growth was modest in 2004. Progress slowed in the Life sector compared with previous years. The downturn was particularly notable in individual policies, where the rise in traditional products was offset by a sharp decrease in volumes of linked policies.

During the year, a decree law was approved introducing the principle whereby severance indemnities reserves are invested in supplementary pension plans, on a silence = consent basis. This may foster the development of a second- and third-pillar pension system, although much will depend on the executive decrees issued during 2005. In 2004 new production on the individual and group pension plans market was slower than in 2003. The Motor business slowed too, with growth rates half those of 2003. Key factors were, on one hand, the continuing focus on tariff containment, which began in 2003; on the other, limited growth in new vehicle registrations, with a preference for low-end and mid-range models. Trends in the other Non-Life lines of business were stronger, with growth in line with 2003. Property and Health (Accidents and Medical) achieved modest growth, while General Liability premiums increased, driven by stronger demand and higher tariffs. In the asset management business, asset growth slackened in 2004. This was due to the downturn in mutual funds placed by Italian brokers, who reported modest asset growth and negative net inflows.

Against this sluggish market scenario, the Ras Group reported improvements in its main profitability ratios, despite a slight reduction in premium income. There was significant growth in assets



under management, in part as a result of the merger of Banca Bnl Investimenti with RasBank. In greater detail, gross insurance premiums written amounted to more than 16.1 billion euro, a decrease of 2.8 per cent on 2003 caused chiefly by falling Life production in the bank channel in Italy (-16 per cent). Nevertheless, the channel made a strong recovery in the fourth quarter (+19 per cent on the year-earlier period). Vice versa, new Life premiums for higher added value products distributed by the Italian proprietary channels (agents and financial advisors) rose by 26 per cent on 2003, to reach a record 845 million euro. Completing the picture in the Life business, aggregate consolidated gross premiums amounted to more than 8.8 billion euro (down 7.5 per cent on 2003), of which almost 7 billion in Italy (-8.7 per cent) and 1.8 abroad (-2.9 per cent). In the Non-Life sector, consolidated premiums hit 7.3 billion euro (up by 3.9 per cent), with more than 3.9 billion in Italy (+4.1 per cent) and 3.3 billion abroad (+3.7 per cent). Growth in Italy was 5.1 per cent in the non-Motor lines (1,472 million euro) and 3.6 per cent in the Motor business (2,448 million euro).

In Personal Financial Services, RasBank successfully completed the merger with Banca Bnl Investimenti to create the third largest financial advisors network in Italy in terms of number of professionals and assets under management. Partly as a result of the merger, year-end stock (assets under management, administration and Life reserves) was more than 20.7 billion euro (+37 per cent on 2003), with a rise of 25 per cent in average assets per financial advisor. Specifically, assets under management totalled more than 14.6 billion euro and assets under administration over 2.8 billion euro. Aggregate net inflows were 940 million euro, down by 24 per cent on 2003.

High quality Life premiums, especially in Italy, and the improvements introduced both in and outside Italy generated growth of more than 20 per cent in net consolidated profitability compared with the previous year (691 million euro, against 554 million in 2003).

The Group also maintained its commitment to Corporate Social Responsibility, where traditional financial and business issues are combined with social and environmental concerns. In 2004, this commitment was confirmed by the publication of the Group's first Social Report, for a multi-stakeholder readership. Ras' commitment in this area was recognised with its entry into the Dow Jones Sustainability Index World in 2004.

Accordingly, Ras spa is pleased to announce a net profit of 607 million euro and to propose payment of a dividend of 0.80 euro to ordinary shares and 0.82 euro to savings shares, in the knowledge that, beyond these figures, it has also contributed to the creation of greater social value. ■

Ras in 2004

The schedules in the statutory financial statements have been prepared in euro, omitting decimals. The amounts in the Notes to the financial statements are shown in thousands of euro.

Profit and Loss Account

The Profit and Loss Account has been drawn up in accordance with ISVAP and Consob rulings. The accounting policies adopted for the 2003 statutory financial statements were used, with the exception of capitalisation of acquisition commissions on long-term Life policies paid in advance at the contract date. The new policy generated a gain, gross of tax, of approximately 10.5 million euro. Full details are provided in the Notes (Part A) to the financial statements.

In compliance with the company law reform introduced with Legislative Decree no. 6 of 17 January 2003 (the Vietti reform), the following changes were applied:

- reversal of accumulated depreciation on real estate used by third parties (approximately 31.3 million euro); for the current year and in future years, no depreciation will be charged. The effect, net of deferred tax of approximately 12 million euro, was approximately 19.3 million euro;
- reversal of the provision for exchange rate fluctuations, generating extraordinary income of 12.9 million euro. At year-end, the balance on exchange rate gains and losses on foreign currency items in the Non-Life business was a net loss of 1.7 million euro, which was taken to profit and loss. A net exchange rate gain of 1.5 million euro arose on foreign currency items in the Life business, which was also taken to profit and loss. The item will be recognised under equity reserves (Reserve for exchange rate fluctuations) by an allocation of net profit approved by the Shareholders' Meeting.

Under the tax laws governing dividends on equity investments introduced with Legislative Decree no. 344 of 12 December 2003, tax credit is no longer envisaged. Consequently, financial income and accruals to the tax provision both decreased by approximately 94 million euro.

Beginning in the 2004 financial statements, accounting treatment of inwards reinsurance is similar to that applied to direct business. The impact of application of the new principle was virtually zero for the Non-Life business, and approximately 8.3 million euro for the Life business.

Profit of ordinary business amounted to 666 million euro (590 million in 2003). The improvement (+12.9 per cent) arose mainly thanks to strong progress in income transferred to the technical account (from 547 to 653 million euro). Pre-tax profit was 754 million euro (653 million in 2003), while net profit was 607 million euro (457 million in 2003). Ordinary investment income reflected the upturn on the financial markets to rise from 736 to 829 million euro (+23.9 per cent).



Profit and Loss Account (millions of euro)

	2004	2003
Premium income from Non-Life business	2,953	2,875
Outwards reinsurance	-298	-287
Net retained premiums	2,655	2,588
Change in premium reserves	-38	-29
Claims	-1,857	-1,844
Change in claims reserves	-91	-56
Commissions, acquisition costs, other administrative costs (°)	-629	-610
Other technical income and charges	-20	-17
Income transferred to the technical account	233	193
Technical result of the Non-Life business	253	225
Premium income from Life business	1,343	1,374
Outwards reinsurance	-60	-66
Net retained premiums	1,284	1,307
Claims, maturities, annuities and surrenders	-740	-670
Change in the claims and actuarial reserves	-693	-806
Commissions, acquisition costs, other administrative costs (°)	-138	-120
Other technical income and charges	10	32
Income transferred to the technical account – class C	386	326
Income transferred to the technical account – class D	34	28
Technical result of the Life business	143	96
Other ordinary income and expense (°)	10	30
Ordinary investment income	829	736
Income transferred to the technical account	-653	-547
Net profit on the sale of short-term investments	70	39
Operating profit of ordinary business	652	580
Write-backs and write-downs	14	10
Profit of ordinary business	666	590
Net profit on the sale of real estate	–	–
Net profit on the sale of long-lived investments	39	77
Other extraordinary items	48	-14
Pre-tax profit	754	653
Income tax	-147	-196
Net profit	607	457

(*) The reclassification takes account of intragroup recoveries.

Premiums

Premiums are analysed by line of business in the following table. Direct business premiums totalled 4,123 million euro, of which 2,880 million in Non-Life lines (+2.9 per cent) and 1,243 in Life lines (-4.5 per cent). The aggregate increase was 0.5 per cent.

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

Line of business	Direct business	Indirect business	Total
Personal Accident	226,135	3,623	229,758
Health	121,930	1,915	123,846
Motor vehicle hulls	294,664	4,788	299,451
Railway truck hulls	24	-1	23
Aviation hulls	6,403	138	6,541
Watercraft hulls	10,905	215	11,120
Cargo	15,487	330	15,817
Fire and natural events	218,103	38,444	256,547
Miscellaneous damage to property	205,159	2,454	207,613
Third-party motor liability	1,434,188	15,273	1,449,461
Third-party aviation liability	3,008	0	3,008
Third-party watercraft liability	2,864	0	2,864
General liability	274,192	4,565	278,757
Credit	1,019	0	1,019
Bonds	25,653	906	26,558
Pecuniary loss	13,576	95	13,671
Legal protection	3,806	47	3,853
Assistance	23,143	0	23,143
Total Non-Life business	2,880,260	72,792	2,953,052
Life and capitalisation	1,242,628	100,595	1,343,222
Grand total	4,122,888	173,387	4,296,274
% increase on 2003	0.53%	17.56%	1.12%
Outwards reinsurance premiums	288,219	69,758	357,976
Net retained premiums	3,834,669	103,629	3,938,298

tab. 1

Claims

Overall, direct insurance technical payments in the Life business increased to 751.5 million euro (-2.5 per cent). Payments increased for claims (30.2 million euro, +8.4 per cent) and for annuities (9.5 million euro, +15.3 per cent). Settlement costs decreased to 577 million euro (+31.8 per cent). There was a decrease in payments for surrenders and contractual profit sharing, from 347.2 to 344 million euro (-0.9 per cent), and for maturities, from 386.6 to 367.2 million euro (-5 per cent).

In the Non-Life business, 1,100,650 claims were reported in 2004, a decrease of 3.8 per cent, for a total of 1,711.9 million euro (1,715.6 million euro in 2003). The claims settlement rate reached 82.2 per cent from 83.3 per cent in 2003. In Third-Party Motor Liability, settled and on-payment claims accounted for 76.2 per cent (78.7 per cent in 2003) and the percentage of claims settled to claims provided for was 70.2 per cent (73.7 per cent in 2003).

Technical reserves

Gross technical reserves increased 6 per cent, from 12,176 million euro in 2003 to 12,908 million euro in 2004. In the Non-Life business, the aggregate premium reserve grew from 1,130 to 1,170 million euro, an increase arising almost entirely from the reserve for unearned premiums. The claims reserve rose from 3,620 million euro in 2003 to 3,665 million euro in 2004 (+1.2 per cent). The Life business reserves expanded from 7,404 million euro in 2003 to 8,047 million in 2004 (+8.7 per cent). Technical reserves where the investment risk is borne by policyholders, and reserves relating to pension fund management, totalled 896 million euro, compared with 737 million euro in 2003.

Commissions, acquisition costs and other administrative costs, other technical items

Acquisition commissions rose from 402.1 to 435.9 million euro. The impact on net retained premiums was 11.1 per cent (10.3 per cent in 2003).

Acquisition costs and other administrative costs, net of recoveries on services to Group companies, decreased from 273 to 267.4 million euro (-2.1 per cent), with an impact of 6.8 per cent on net retained premiums (7.1 per cent in 2003).

Other technical items amounted to -11 million euro (16 million in 2003), of which 10 million euro in the Life business and -21 million euro in the Non-Life business.

Products and commercial activities

Life business: business development and new products

In a macroeconomic scenario characterised by a modest recovery on the financial markets, consumers confirmed a propensity already noted in 2003 for traditional investment solutions offering protection of capital and, above all, a guaranteed return, especially for single-premium products. Variable policies accounted for 90 per cent of premiums in 2004. Among unit-linked solutions, the most successful product was *Quota Massima*, a protected-capital unit-linked solution. As far as new products were concerned, 2004 saw a review of the entire Life catalogue with the launch of *Progetti di Vita*, a new annual-premium platform, and *Solidità*, a new single-premium variable solution. The *Progetti di Vita* product family targets specific client needs and offers high flexibility, important insurance guarantees and innovative financial management for simultaneous investment of premiums in the Vitariv segregated fund and in Ras insurance funds. The initial results indicate an appreciative response from the market. Likewise, the new *Solidità* product, with an ad hoc version for affluent clients, has already obtained a positive reception.

Non-Life business: business development and new products

The overall improvement in the Non-Life business arose from strong production progress in the lines relating to retail and industrial operations (real estate), and in the General Third Party Liability line. There was a significant recovery in Personal Accident where, Motor lines of business apart, growth was sustained by the launch of the *Sistema Persona* product in the Personal Accident and Health lines. In the Motor business, 2004 saw continued growth by the *Instrada* product, which currently accounts for more than 53 per cent of the portfolio, and consolidation of *Generazione Sicurezza*, a policy for people up to the age of 26. In 2004, Ras launched *Instrada Lavoro & Affari*, for small-medium businesses and professionals, and a new version of the "pay by use" product now marketed under the name *Guida su Misura*. A variety of sales support initiatives were organised for key products, and portfolio restructuring continued, with a special focus on the Home, Retail and Health lines.

Agency support activities

Marketing and communication

To provide agencies with more frequent opportunities for contact with clients, a number of marketing campaigns were organised in 2004 with the aim of boosting cross-selling, value enhancement and loyalty. The campaigns involved more than 350,000 clients and provided support for products in the Home, Personal Accident/Health and Life businesses. They were publicised on the Ras web site and the main Italian portals. The review of below the line materials for the Ras insurance offer launched in 2003 continued throughout 2004. With more than 30 communication projects set up during the year, Ras completed a wide-ranging renewal, thanks to which every product communication item now has a high-impact profile for instant recognition and memorability. The review also included merchandising, to give communication tools greater visibility in Ras agencies and stimulate new opportunities for client contact.

Training and recruitment

The activities of the Ras Business School in 2004 focused on the need to balance the network's growing training requirement with support for the wide range of sales and marketing initiatives. Consequently, the training offer introduced a series of "real time" activities such as product launch workshops or meetings for agents planned and presented by professional figures from the technical Divisions. The central role of the Ras Business School in the development of

agency professionals was confirmed by ISVAP circular no. 533 of 2004, which requires that training must be provided for all insurance broker resources recruited after 1 October 2004. The third edition of the 9-month Professione Agente Master was completed in January 2005 by 35 future agency managers.

One of the priorities in 2004 was the placement of agency team managers to develop the sales organisation. During the year, 110 team managers were placed. Another important figure is the insurance consultant, particularly in the Life business. 942 consultants were placed in 2004. A total of 1,598 new production resources were set up in 2004, taking the number of agency consultants to 9,225 consultants.

The Internet and online communication

Important changes took place in online communication for the sales network in 2004. The dedicated agency portal was redesigned to enable product- and service-based browsing. A weekly e-newsletter for the agencies dealing with key commercial issues was launched in October 2004. For clients, the website is a showcase with a wealth of constantly updated content and services. The number of online quotes and contact request emails sent to the agencies more than doubled compared with the 2003 figures. A special web advertising campaign now offers clients the possibility to obtain an online quote and contact a Ras agency immediately to underwrite the policy and enjoy any discounts.

Sales organisation

The agency network re-organisation and consolidation continued in 2004. At 31 December 2004 the Ras sales organisation had 847 agencies, run by 1,408 agents and 4,629 subagents.

Litigation

Antitrust

Following the Council of State's confirmation of the Antitrust sanctions against 17 insurance companies including Ras, which were based on the assumption that the companies had created a cartel for higher Third-Party Motor Liability tariffs, as from June 2002, as recommended by the consumer associations, increasing numbers of policyholders have been filing claims with justices of the peace for reimbursement of a portion of premiums (on various grounds: compensation of damages, unjust enrichment, action for restitution, etc.), in the belief that they had paid third-party motor liability premiums for an extra amount of approximately 20 per cent from 1995 to 2000, the period in which the alleged misconduct took place. The large majority of suits for reimbursement are in the Italian regions of Campania and Calabria, especially the provinces of Naples, Salerno and Catanzaro. At 31 December 2004 Ras has received 10,521 summons and had lost 3,663 cases and won 765. Following the introduction of the law providing for emergency measures on equity-based rulings, the phenomenon had slackened to a certain extent at 31 December 2004, with a modest decrease in lawsuits, at least in central and northern Italy. The law requires that these suits be decided on the grounds of law rather than equity, with the result that appeals are now heard by the civil courts and no longer by the Court of Cassation. Six appeals filed by Ras are still pending at the Supreme Court with regard to cases on which equity-based rulings were issued. As a result of the new legislation, judges are required to ascertain the existence of tangible damage (a higher premium) as a specific effect of the information exchange alleged by the Antitrust. At 31 December, application of this principle had led to pronouncements in favour of Ras and others against Ras, with the latter outnumbering the former. At the same date Ras had filed 270 appeals. Ruling no. 2207 of 4 February 2005 of a joint sitting of the Court of Cassation on a lawsuit by a company supported by the industry association upheld the competence of the Court of Appeal, pursuant to art. 33 of fair trading regulations, for suits by policyholders in respect of the Antitrust sanctions. Ras believes this ruling will bring a significant decrease in the number of lawsuits.

Tax inspections

Following receipt of a notice of assessment from the Trieste tax authorities in early 2003 in

respect of 1996 income, a sentence was issued in favour of the company on 18 November 2003 and deposited on 16 December 2003. The tax authorities appealed on 16 February 2005; the President of the Tax Commission adjourned the hearing to 13 April and asked the Commission (CTU) to appoint an assessor. On 15 December 2003, Ras received a notice of assessment from the Trieste tax authorities in respect of 1997 and 1998 income. An initial favourable ruling was issued on 14 December 2004, in line with the previous finding, except on a minor point, due to a simple material error, against which the company will appeal in due course. On 29 June 2004 Ras received an identical notice of assessment in respect of income for the years 1999-2001. The first hearing was held on 10 January 2005. At this hearing, the Commission proposed that an expert should be appointed for the Commission; the appointment was made at the hearing on 22 February 2005.

The disputed amounts are significant, but the company believes its conduct to have been correct; consequently, it reserves the right to appeal; nevertheless, it has prudently recorded accruals to the provisions for legal defence fees and any contingent liabilities.

Tax amnesty

During 2003 the company applied for the tax amnesty under Law no. 289 of 27 December 2002. It integrated and settled prior-year direct taxes for the period 1997-2001 and automatically settled all prior-year indirect taxes for the period 1998-2001. Decree Law no. 269/2003 (converted into Law no. 326 of 24 November 2003) extended the terms of the tax amnesty to 2002, for both types of tax; Ras took advantage of the extension in 2004, within the prescribed term.

Policies issued before and during World War II

The International Commission on Holocaust Era Insurance Claims (ICHEIC) continued its work regarding requests for compensation in respect of policies issued before and during World War II. Since October 2002, the Commission has worked in collaboration with the German Foundation and the GDV association of German insurance companies. At November 2004 (the month to which the most recent figures refer) the ICHEIC had forwarded 77,747 compensation claims to the companies. It still has to examine and forward to the companies approximately 2,200 claims received prior to expiry of the claims filing deadline on 31 December 2003. At 31 December 2004 Ras had received 48,234 claims; it had examined 45,239 and made offers totalling 10,412,685.21 US dollars in respect of 910 policies. To date, the claimants have accepted the offers in respect of 801 policies, for an amount of 8,961,839.54 dollars. Since May 2003, by virtue of the agreement between the German Foundation, the ICHEIC and the GDV, all payments to claimants are made on behalf of the "German Companies" – including Ras – by the GDV, using funds provided by the German Foundation in accordance with the ICHEIC. To date Allianz ag has made contributions on behalf of the entire Group to the German Foundation; it then charges Ras for the relevant portion. Based on a sample of 340 cases between April and May 2004, the auditors on behalf of the ICHEIC (Price WaterhouseCoopers) verified that Ras had consistently complied with all the rules and procedures established by the Commission, and issued a favourable draft report at the beginning of October. Formal approval of the report by the ICHEIC is pending. As a result of the audit compliance statement obtained at the beginning of 2003, Ras decisions on claims are now definitive and may be appealed through recourse to the independent bodies set up by the ICHEIC and the German Foundation. At 31 December 2004, 325 appeals had been filed against Ras decisions, and rulings had been issued on 306 appeals; the rulings found for the company's initial decision in 168 cases, and for the claimants in the other 138 cases, involving formulation of an offer of payment based on mere allegations and purely circumstantial evidence. With regard to US litigation, the legal peace ensured by the German Foundation's agreement still stands and therefore Ras has no litigation pending at this time.

Privacy

In line with the code on personal data protection, Ras maintains an updated policy document on security.

Share capital and stock market capitalisation

Ras share capital stands at 403,336,202.40 euro, represented by:

- 670,886,994 ordinary shares;
- 1,340,010 savings shares;

for a total of 672,227,004 shares, each with a nominal value of 0.60 euro.

At 31 December 2004 shareholders' equity stood at 4,766,522,164 euro. Ras stock market capitalisation on the last trading day of the year, on the Milan Stock Exchange official price list, was 11,186.7 million euro.

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

Ras is directly controlled by Acif (Allianz Compagnia Italiana Finanziamenti) spa of Milan, the holding owned by Allianz ag, based in Munich (Germany) and listed on the New York Stock Exchange. Allianz ag heads one of the world's largest insurance and asset management groups. At 31 December 2004 Allianz ag indirectly controlled Ras with approximately 55.51 per cent of its ordinary share capital. During 2004 Ras conducted normal group transactions with its subsidiaries and associated companies (and with affiliated companies that are also associated companies) and with the direct parent Acif, including provision of services charged on an arm's length basis. Other transactions with these companies or with other related companies were concerned with real estate rents, securities brokerage, current account and financing transactions and, with the insurance companies, with reinsurance and coinsurance activities. All transactions were conducted on an arm's length basis. Ras relations with the Allianz Group are also largely reinsurance transactions on an arm's length basis, in compliance with Consob resolution no. 11971 of 14 May 1999 and subsequent amendments on dealings with related parties.

Ras has real estate lease contracts in place with individuals, under the conditions envisaged for employees and retired employees. Receivables and payables at 31 December 2004 with the parents Allianz ag and Acif, and with other Group companies and associated companies are set out in the Notes to the financial statements (Part B – Section 15). Annex 16, which is included among the schedules required by the supervisory authorities, sets out assets and liabilities for these companies, grouped by category; details about cost and revenue items are provided in Annex 30.

Sarbanes-Oxley Act

The Ras Group has implemented a review of its corporate governance system based on the latest international best practice. Specifically, it applies the criteria of the Co.S.O. Report, an authoritative international reference and the model for a number of corporate governance regulations issued in Italy by ISVAP and Borsa Italiana. In applying these criteria, Ras also adopts the innovative and more stringent guidelines published in March 2004 by the US Public Company Accounting Oversight Board created by the Sarbanes-Oxley Act of July 2002. In this way, Ras follows international best practice in fulfilling the requirement for regular assessment of internal control. Application of these best practices as recommended by the Sarbanes-Oxley Act – which is also adopted by Allianz ag as a company listed on the New York Stock Exchange – provides Ras with stronger mechanisms to ensure transparency and risk management and reflects the company's commitment to international compliance and maximum client and market perception.

Investments held by directors, statutory auditors and general managers

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

Social commitment – Umana Mente

Ras is a founder member of Umana Mente. In addition to providing premises and operating equipment, it makes a yearly endowment, for a maximum tax-deductible amount not exceeding 2 per cent of its declared business income. As in 2003, in 2004 Ras provided the foundation with funding of approximately 5.3 million euro, for social and non-profit initiatives. ■

Lines of business

Life business

Premiums totalled 1,343.2 million euro, a decrease of 2.2 per cent.

The technical reserves increased 8 per cent to 8,046.9 million euro and insured capital and annuities totalled 19.3 billion euro (18.3 billion in 2003).

The result was largely due to a significant 30 per cent reduction in capitalisation premiums arising almost entirely in group insurance policies (-25.1 per cent) and unit-linked policies (-16.3 per cent), which the growth in traditional policies (+10.4 per cent) failed to offset. Results were positive in open-end pension funds and health insurance policies.

Breakdown of Life business premiums and technical payments

Premiums (thousands of euro)	2004	2003	% increase	% distrib. 2004	% distrib. 2003
Direct business Italy					
<i>Individual policies</i>					
First-year premiums	80,171	68,305	17.4	6.0	5.0
Subsequent-year premiums	480,732	473,080	1.6	35.8	34.4
Single premiums	274,808	217,856	26.1	20.5	15.9
Total	835,711	759,241	10.1	62.2	55.3
Group policies	402,884	537,780	-25.1	30.0	39.2
Personal accident complementary insurance	4,033	4,062	-0.7	0.3	0.3
Total	1,242,628	1,301,083	-4.5	92.5	94.7
<i>Indirect business Italy</i>	12,797	7,516	70.3	1.0	0.5
Total Italy	1,255,425	1,308,599	-4.1	93.5	95.3
<i>Direct business – Foreign</i>	0	0	n/s	0.0	0.0
<i>Indirect business – Foreign</i>	87,797	65,020	35.0	6.5	4.7
Total Foreign	87,797	65,020	35.0	6.5	4.7
Grand total	1,343,222	1,373,619	-2.2	100.0	100.0

tab. 2

Technical payments (thousands of euro)					
Direct business Italy					
Claims	30,250	27,918	8.4	3.6	3.4
Surrenders and contractual profit sharing	344,017	347,200	-0.9	41.3	42.1
Maturities	367,199	386,609	-5	44.1	46.8
Annuities	9,452	8,200	15.3	1.1	1
Settlement costs	577	846	-31.8	0.1	0,1
Total	751,495	770,773	-2.5	90.2	93.4
<i>Direct business – Foreign</i>		101	-100	0	0
Total direct business	751,495	770,875	-2.5	90.2	93.4
<i>Indirect business</i>	82,082	54,561	50.4	9.8	6.6
Total	833,577	825,436	1.0	100.0	100.0

Analysis of the portfolio shows an increase in the proportion of traditional policies (from 53.9 per cent in 2003 to 60.9 per cent); the percentage of capitalisation policies decreased (to 18.4 per cent, compared with 25.8 per cent previously). Unit-linked policies also decreased, to 11.5 per cent, compared with 13.4 per cent. The impact of premiums from the other lines of business was largely unchanged.

New individual production showed strong growth in traditional annual premium policies and traditional single premium policies (+37.5 per cent and +93.5 per cent respectively), accompanied by a sharp reduction in single premium capitalisation contracts (-54.3 per cent) and unit-linked annual premium policies and unit-linked single premium policies (-18.2 per cent and -83.7 per cent respectively). These trends reflected continuing uncertainty over the growth prospects of the financial markets and the consequent focus by the sales network on solutions offering guaranteed returns and consolidated long-term results.

Acquisition costs totalled 74.8 million euro, a decrease of approximately 6.5 million from 2003, representing 6 per cent of direct premium income in Italy, a reduction on the 2003 figure (6.3 per cent, for 81.9 million euro). Specifically, acquisition commissions rose (10.1 per cent); premium collection commissions decreased (-6.7 per cent). This was the combined effect of two factors, the first tied to new production, which rose significantly on annual premium policies (+15 per cent), the second tied to network remuneration policies, which favour acquisition commissions rather than collection commissions. Other acquisition costs increased (+9.6 per cent). Other administrative costs decreased (-2 per cent).

Life business technical performance was also positive for policyholders: yields on segregated funds grew in 2004 and will be retroceded as benefits to policyholders in accordance with contract conditions. Insurance policies without revaluation clauses benefited from traditional free capital increases.

Non-Life business

The technical result of the individual lines of business is stated before reinsurance but net of the income transfers envisaged by the Profit and Loss Account model.

Personal accident

Direct business premiums totalled 226.1 million euro (+4.3 per cent). There were 59,231 reported claims, for 174.9 million euro (+7.9 per cent).

Premium growth arose as a result of placement of the new *Sistema Persona product*. The performance of the *Guido Io* policy covering drivers against accidents in their own cars was positive, and offset the decrease in supplementary Motor driver accident coverage.

The technical result was 30.3 million euro (36.4 million in 2003). The reduction was largely due to the downturn in the claims rate.

Health

Direct insurance premiums amounted to 121.9 million euro (+1.1 per cent). There were 349,437 reported claims, for 99.6 million euro (-0.2 per cent).

The introduction in July 2004 of two new products, *Codice Salute* and *Sistema Persona*, helped to increase premium income, together with policies offering cumulative medical expense reimbursement (health and assistance bodies). The overall claims rate increased, despite a slight reduction in the average cost of claims.

The gross technical result decreased due to the higher claims rate and a slight rise in management costs, from -3 to -20.9 million euro.

Motor vehicle hulls

Direct premiums reached 294.7 million euro (+1.5 per cent). There were 97,819 reported claims for 129.4 million euro (-24.9 per cent).

Premium income was stable in supplementary Motor coverage. This was due to the limited growth of new vehicle registrations in Italy. During the year, several important contracts were distributed through another Group company.

The gross technical result improved from 97 to 100.7 million euro, largely by virtue of a stronger claims rate.

Fire and natural events

Direct premiums were 218.1 million euro (+3.5 per cent). There were 49,544 reported claims for 98.9 million euro (-18.3 per cent).

Growth was reported for the Fire line, reflecting the results obtained on both the well-established *Full Casa* product and the new product for retailers, *Orario Continuato*. Performance on the house insurance policy, which accounts for approximately half of premiums written, was positive. Margins improved also thanks to the results on covers for civil buildings and business activities. In the Small and Medium Business segment, Fire coverage was marketed primarily through traditional mono-guarantee policies, although the *Attiva* and *Universo Impresa* multi-guarantee products for artisans and small businesses in the manufacturing, building construction and tertiary sectors also performed well.

The gross technical result improved, to 41.6 million euro (5.3 million euro in 2003), thanks to improvements in the claims rate and management costs.



Miscellaneous damage to property

Direct premiums were 205.1 million euro (+1.4 per cent). There were 84,997 reported claims for 130.7 million euro (-10.3 per cent).

Premium income benefited chiefly from performance in the Theft line; the other lines also performed well. The claims rate weakened, largely on water damage cover. Growth in the Large Accounts segment was driven by the start-up of several major infrastructures and from larger business volumes, in small and medium Technological risks.

The aggregate gross technical result decreased from 28.8 to 17.6 million euro, largely as a result of the claims rate.

Third-party motor liability

Direct insurance premiums totalled 1,434.2 million euro, up from 1,407.7 million in 2003 (+1.9 per cent). There were 346,995 reported claims for 824 million euro (+7.2 per cent).

During 2004, growth in this line of business was contained, mainly due to stability in tariffs during the year. The number of claims continued to fall, as did the claims rate, in all segments (Cars, Trucks, Two-Wheelers). Claims reported for personal injury increased, a trend justified in part by the extension, since June 2004, of knock-for-knock agreements to claims with physical injury to the driver and passengers of the insured vehicle. During the year Ras adopted a tariff containment policy, combined with intensive promotion of products offering greater personalisation to meet the needs of the various market segments.

The gross technical result decreased, from -19.8 to 52.7 million euro, largely as a result of the claims rate.

General liability

Direct business premiums reached 274.2 million euro (+8.4 per cent). There were 62,829 reported claims, for 209.6 million euro (+10.5 per cent).

The positive result reflected strong performance on the *Full Casa* multi-guarantee home product and the new policy for retailers, *Orario Continuato*, as well as the greater focus on risk coverage for the self-employed. Conversely, premiums on civil building policies decreased. In the Small and medium business segment, premiums on policies for businesses in the manufacturing, building construction and services sectors performed well, through the *Universo Impresa and Attiva* multi-guarantee products.

The gross technical result passed from -40.1 to -44 million euro, with the strong premium trend more than offset by the claims rate trend and management costs.

Assistance

Direct business premiums amounted to 23.1 million euro (+14.9 per cent). There were 35,011 reported claims for 4.6 million euro (+19.3 per cent).

Premium growth was achieved through the success of the policies providing home risk coverage, although supplementary motor coverage continued to account for the bulk of business.

The gross technical result was stable, rising from 10.3 to 10.9 million euro.

Bonds

Direct insurance premiums amounted to 25.7 million euro (+4.9 per cent). There were 445 reported claims for 11.8 million euro (-22.4 per cent).

Premium growth was accompanied by the careful underwriting policy adopted by Ras over the last few years, to avoid peaks in the claims rate triggered by corporate insolvency.

The gross technical result increased to 17 million euro (7 million euro in 2003), largely as a result of the positive claims rate trend.

Watercraft hulls

Direct insurance premiums totalled 10.9 million euro (+38 per cent). There were 709 reported claims, for 8.5 million euro (-12.4 per cent).

The gross technical result made significant progress, from -4.9 to 14.1 million euro, as a result of the positive claims rate trend and premium growth.

Cargo

Direct insurance premiums reached 15.5 million euro (-18 per cent). There were 4,944 reported claims, for 9.4 million euro (-28.2 per cent).

The gross technical result decreased, from 10.3 to 6.9 million euro, largely due to the downturn in premiums.

Pecuniary loss

Direct insurance premiums reached 13.6 million euro (+52.8 per cent). There were 6,442 reported claims for 3.9 million euro (-30.4 per cent).

The gross technical result increased from 6.2 to 7.8 million euro.

Minor lines of business

The Aviation hulls line reported premiums totalling 6.4 million euro, the Credit line had premiums of 1 million euro, the Third-party Aviation liability line had premiums of 3 million euro and the Legal Protection line had premiums of 3.8 million euro.

Inwards and outwards reinsurance

The 2004 results benefited from the elimination of the *décalage* mechanism, whereby recognition of inwards reinsurance premiums is deferred to the following year if information is incomplete. Since Ras possessed full information with regard to the indirect accounts ceded in 2004, there was no need to defer recognition of reinsurance premiums until the following year. Consequently, the indirect business reflects income and cost items for two financial years (2003 and 2004). The effects are illustrated in greater detail in the comments on the technical result of the Non-Life and Life inwards reinsurance business.

Inwards reinsurance

Non-Life business

Inwards reinsurance premiums amounted to 73 million euro (75 million in 2003). The above-mentioned change in accounting policy in the 2004 financial statements highlighted the effect on premiums of containment of inwards reinsurance as a result of mandatory treaties with Group foreign companies. The result was adversely affected by the technical results on inwards contracts currently being run-off. There were no *décalage* effects.

Life business

Inwards reinsurance premiums totalled 101 million euro (73 million in 2003). The increase arose as a result of the change in accounting policy described above. Premiums transferred from Group companies amounted to 46 million euro. Treaties from non-Group companies have been cancelled since 1998, but continued to have an impact, of 28 million euro. Retrocessions accepted by the Allianz group totalled 26 million euro. The reinsurance business showed a profit of 21.6 million euro, of which 8.3 million euro for 2004 reinsurance.



Outwards reinsurance

Outwards reinsurance protects Ras from exceptional rises in claims rates and from catastrophic risks arising from the direct business, at the best conditions available on the market. Use of outwards reinsurance effectively reduces use of proprietors' capital and stabilises business and financial results. Once again, proportional and non-proportional reinsurance treaties proved in 2004 to be suited to the need to diversify risk. The reinsurers used by Ras have proven financial stability, and are monitored constantly.

Non-Life business

The company is protected by non-proportional treaties, supplemented by proportional treaties for covers relating to Fire and Natural events, Technological risks, Bonds, Transport and Aviation, and by optional contracts for special risks. Outwards reinsurance premiums totalled 298 million euro. There were no claims for catastrophes or particularly large individual claims.

Life business

The company is protected by a proportional structure, supplemented by a non-proportional programme providing protection against possible risk accumulation following catastrophic events. Outwards reinsurance premiums totalled 60 million euro (66 million in 2003). 75 per cent of outwards premiums related to the run-off of the Vitariv treaty, which had a negative impact on the technical result.

Finance and real estate

The securities market

During 2004 the major international economies with the exception of the euro area achieved sustained growth. After a very strong first half, a slowdown emerged in the second half of the year. Projections for 2005 remain positive for the USA and the UK, while results will be flatter in the euro area and Japan. In Asia, the Chinese economy reported another strong rise in GDP in 2004 (+9.5 per cent), despite a prudent economic policy to contain growth parameters. In the euro area, after a largely positive first half, GDP growth was contained, at around 1.8 per cent, which was certainly slower than the other main international economies. Growth in the region was hampered above all by weak internal demand. On the currency markets, the euro continued to strengthen against the dollar, reaching a record high of 1.36. The dollar was weakened by the widening US trade deficit, which, given the high tax deficit, meant the USA was dependent on foreign capital inflows. Among the other main currencies, the euro gained ground against the yen and was unchanged against the pound.

2004 was a positive year on the equities markets, especially in the second half. Despite rising oil prices, the Eurostoxx index rose by 9.9 per cent, while the US stock market grew approximately 9 per cent. Italy was one of the strongest markets, turning in a performance of 14.9 per cent. On the bond markets, there was a slight flattening of the curve, both in the USA and in the euro area.

The investment policy for the Ras securities portfolio in 2004 focused on risk control in the various asset classes, as follows:

- in the Non-Life business, the bond portfolio maintained a balanced financial average term (in view of the upward trend in interest rates), with diversification on a select group of corporate issuers; a contained increase was also pursued in equities, especially those with interesting dividend levels;
- in the Life business, and in the Vitariv fund portfolio in particular, the average term of the bond portfolio was extended and adequate diversification was maintained in select corporate bonds, with a slight increase in equities exposure in the second half, as above.

Investments and income from investments

Real estate

During 2004, as part of ordinary management of its real estate portfolio (mainly for business use), Ras carried out ordinary and extraordinary maintenance work for approximately 760,000 euro, and

improvements involving capitalised costs for an additional amount of approximately 550,000 euro. No real estate disposals took place, although a disposals plan for a number of buildings was assigned to an external company. With regard to its long-term investment policy, together with Generali Properties (Generali group), Progestim (Fondiarria-Sai group), Lamaro group and Lar Desarrollos Residenciales group, Ras is a shareholder of CityLife srl, a venture set up to present a development project for the Milan Fair area put up for sale by the Fair Authority. On 2 July 2004 CityLife was awarded the contract put out for tender by the Fondazione Ente Autonomo Fiera Internazionale di Milano for the purchase and redevelopment of Milan's historic trade fair district. Following the award, Ras and its partners signed a preliminary purchase contract for a price of 523 million euro. The executive phase will be effected over the next ten years. Maintenance work on the real estate portfolio held by the Ras Immobiliare srl subsidiary also continued, and important refurbishments and enhancements were made on a number of prestigious properties. During the year, Ras Immobiliare created its own operating structure, with a new real estate asset management and advisory division; for the moment, the division provides services exclusively for the Ras Group, although it may begin addressing the non-captive market at a future date. To this end, in connection with the formation of the first closed-end real estate fund by Ras Asset Management sgr, Ras Immobiliare was engaged as consultant for investment analysis, asset management and property management co-ordination for the fund. Compared with 2003, the net book value of the real estate assets held by Ras decreased by 1.9 million euro. This reflected:

- increases in capitalised costs of approximately 0.6 million euro, relating mainly to the renovation and improvement of buildings in Milan (Corso Italia), Trieste (Piazza della Repubblica), Rome (Piazza S. Silvestro);
- depreciation totalling 2.5 million euro.

Bonds

Total long-lived and short-term investments in bonds stood at 9,620 million euro at year-end, an increase of 320 million euro on the year-opening figure. The total carrying amount of the category includes 1.2 million euro of write-downs and 1.1 million of write-backs. Unrealised net capital gains on bonds amounted to 455.6 million euro. Long-lived bonds at the end of 2004 stood at 5,765 million euro. Gross income on ordinary bonds increased 4.4 per cent from 2003 to 404.9 million euro.

Investments in Group companies and other related companies

Total investments in this category at the end of 2004 were 4,172 million euro, an increase of 182 million euro. The main transactions are listed below:

- increase of 107.4 million euro in the investment in RasBank, following the merger with Bnl Investimenti;
- subscription of the Rb Vita share capital increase, for 61.6 million euro;
- subscription of the Darta Saving Life Assurance share capital increase, for 6 million euro;
- value adjustments on the investment in Genialloyd, for 3.5 million euro;
- purchase of a stake in CityLife and payments to future share capital increases, for 1.4 million euro.

Ordinary income from investments in subsidiary and associated companies and in other related companies amounted to 308 million euro, against 241 million in 2003. Unrealised net capital gains determined on average share prices for the last six months – the December mean price for working capital – were virtually zero for subsidiary and associated companies, and 384.5 million euro for other investments, primarily the investment in UniCredito.

Mutual funds

Total mutual funds amounted to 116 million euro, a decrease of 4 million from 2003, including write-downs of 2.4 million euro and write-backs of 3.3 million euro. Investments were primarily in bond funds and, to a lesser extent, private equity funds, while returns were on equity funds. Unrealised net capital gains totalled 0.6 million euro. Net trading profit was 1.9 million euro.

Other financial investments in risk capital

Total investments amounted to 670 million euro, an increase of 12.4 per cent on 2003. The category included:

1. voting trust shares for 131 million euro, with unrealised net capital losses (on average prices for the last six months) of –4.9 million euro. Ordinary income amounted to 3.9 million euro;
2. trading shares for 552 million euro, an increase of approximately 154 million from 2003. This includes 92.3 million on withdrawal from the Mediobanca voting trust and write-downs of 1.9 million euro. Unrealised capital gains (based on average prices in the last month) totalled 90.5 million euro, trading income was 75.5 million. Dividends received amounted to 42.9 million euro;
3. other shares held for investment for 17 million euro, a decrease of 9 million on 2003. Dividends received amounted to 0.7 million euro.

Other financial investments

Other financial investments increased from 725 to 1,327 million euro. The increase arose from the repayment of loans and a 19-month securities loan transacted with a leading counter-party to optimise profitability on this investment category.

Investments where risk is borne by policyholders and pension funds

Total investments in this category at the end of 2004 amounted to 895.7 million euro, as follows:

- in respect of placement of the 20 unit-linked product lines, investments were 713.9 million euro;
- in respect of placement of 6 index-linked product lines and management pursuant to art. 30, investments were 107.1 million euro;
- in respect of subscription of the 8 lines of the 2 open-end pension funds, investments totalled 74.7 million euro.

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

Other loans increased from 26 to 31 million euro. Deposits with ceding companies amounted to 278 million euro (295 million in 2003). Deposits from reinsurers reached 391 million euro (439 million in 2003). Loans to Group companies amounted to 16 million euro (14 million in 2003).

Transactions involving derivative instruments

During the year, Ras purchased derivatives for hedging purposes, in accordance with the Regulation on derivatives transactions adopted by the Board of Directors on 14 November 2003. Full details are provided in section 17, Part B of the Notes to the financial statements.

Own shares

During 2004, through a series of separate transactions, Ras purchased 2,204,276 ordinary own shares, for an outlay of 32.9 million euro, and sold 2,497,276 shares, for proceeds of 35.2 million euro. It also sold 220 savings shares, for proceeds of approximately 3,000 euro.

Income from investments

Net investments at year-end stood at 16,016.8 million euro, an increase of 8.4 per cent on 2003. Net ordinary income from these investments improved as a result of better market conditions, to reach 878.8 million euro (+16.3 per cent on the previous year).

Breakdown of investments (thousands of euro)

	2004	% of total	2003	% of total
Real estate, net of accumulated depreciation	167,528	1.0	138,196	0.9
Bonds	9,619,967	60.2	9,300,182	62.9
Investments in Group companies and in other related companies	4,172,491	26.1	3,990,396	27
Mutual funds	116,284	0.7	120,438	0.8
Other financial investments in risk capital	670,485	4.2	596,539	4
Other financial investments	1,327,396	8.3	725,008	4.9
Other loans, net deposits with insurance companies	-65,253	-0.4	-104,430	-0.7
Own shares	7,870	0.0	10,178	0.1
Total investments	16,016,768	100	14,776,507	100

tab. 3

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

	2004	% of total	2003	% of total
Real estate, net of accumulated depreciation	5,822	0.7	4,76	0,6
Bonds	404,856	46.1	387,822	51.3
Investments in Group companies and other related companies	307,317	35.0	240,195	31.8
Other financial investments in risk capital	46,109	5.2	75,608	10
Mutual funds	3,152	0.4	2,703	0.4
Other investments	27,486	3.1	-3,521	-0.5
Write-backs and write-downs	14,371	1.6	9,6	1.3
Net profit from sale of short-term investments	69,705	7.9	38,729	5.1
Net ordinary income	878,818	100.0	755,896	100.0

NOTES
(*) Figures do not include amounts for class D.I and D.II assets

tab. 4

Post-balance sheet events

No significant events took place after closure of the balance sheet.

Ras Group

At 31 December 2004 Ras controlled 81 companies directly or indirectly. The Group business breakdown was as follows: 28 insurance companies, 28 companies operating in financial, trust, banking and asset management services, 25 companies involved in real estate, farming and other services. In geographical terms, 31 companies were headquartered in Italy, 31 in other European Union countries, 17 in other European countries and 2 in non-European countries.

Holding and financial companies

Ras International nv

The company's authorised share capital at 31 December 2004 was 453,781,000 euro, of which 342,650,000 were paid up. Shareholders' equity at 31 December 2004 totalled 2,364.3 million euro, from 2,394.5 million at the end of 2003. No material changes took place in the investment portfolio during the year.

Agf Ras Holding bv, Amsterdam

The company's authorised share capital amounts to 500 million euro. At 31 December 2004 subscribed and paid-up share capital totalled 236,450,544 euro and was held 50 per cent by Ras International nv and 50 per cent by other companies in the Agf Group. The company controls the Spanish operations of the Ras Group and the Agf Group. It holds 96.46 per cent of the share capital of Allianz Seguros y Reaseguros, 51 per cent of Eurovida and 49 per cent of Europensiones. Shareholders' equity at 31 December 2004 totalled 1,254.5 million euro, from 1,249.5 million at the end of 2003. No material changes took place in the investment portfolio during the year.

Holding and financial companies (thousands)

tab. 5

Business name	Registered office	Local currency	Total income	% increase	Shareholders' equity (*)	Net profit (loss) for the year
Bernese Assicurazioni Finanziaria (**)	Rome	Euro	346	17.211.8	3,978,0	276
Investitori Holding	Milan	Euro	6	-50.0	12,487,0	-319
Agf Ras Holding bv ⁽¹⁾	Amsterdam	Euro	41,805	18.5	627,231	42,492
Allianz Inversiones ⁽¹⁾	Madrid	Euro	724	-55.6	2,680	28
Allianz Investmentbank	Vienna	Euro	14,13	25.9	22,869	-
Allvor (ex-Elfitas)	Zurich	Swiss franc	300	-	99	-10
Amaya	Berne	Swiss franc	-	-	98	-1
El Fénix Español (***)	Madrid	Euro	-	-	-	-
Elmonda ⁽²⁾	Zurich ⁽²⁾	Swiss franc	14,437	-15.7	211,939	12,296
Empresa de Inversiones	Lima	New sol	-	-	62	-4
Nereus ⁽¹⁾ (****)	Munich	Euro	-	-	-	-
Organización Goa	Lima	New sol	-	-	-1	-4
Pallas ⁽²⁾ (****)	Munich	Euro	-	-	-	-
Ras International nv	Amsterdam	Euro	127,693	126.6	2,365,268	130,798
Société Financière du Lèman (****)	Lausanne	Swiss franc	-	-	-	-

(*) Including net profit (loss) for the year.
(**) During the year, the financial year was changed from 01/08-31/07 to 01/01-31/12. The Profit and Loss Account figures reflect the totals of the amounts for the two periods; shareholders' equity is at 31/12/04.
(***) Wound up.
(****) Winding up.
(1) Figures are proportionate to the percentage of ownership.
(2) Figures are proportionate to the percentage of ownership (50 per cent). Through the Elvia Reise group (including the US group World Access Inc.) and the Sacnas group, Elmonda controls 53 companies, which are included in the Ras spa consolidation.

Insurance companies

The table below sets out the key figures for each of the main Group companies: premiums, investments, income from assets and net profit (loss) for the year. Group aggregate premiums totalled 16,228 million euro, of which 4,296 million for the parent company, compared with 16,667 million euro in 2003. Further details on the results of the main Italian insurance companies are provided in the consolidated financial statements.

Insurance companies (thousands)

Business name	Registered office	Local currency	Gross premiums	% increase	Investments	Income from assets	Net profit (loss) for the year	tab. 6
Allianz Subalpina	Turin	Euro	1,124,825	14.3	2,772,338	124,513	56,561	
Bernese Assicurazioni	Rome	Euro	91,594	6.2	107,902	6,155	63	
Bernese Vita	Rome	Euro	35,452	49.4	149,746	5,772	1,942	
CreditRas Assicurazioni	Milan	Euro	50,289	10.7	54,881	1,252	5,016	
CreditRas Vita	Milan	Euro	4,510,568	-15.2	3,358,331	155,790	14,195	
Genialloyd	Milan	Euro	202,914	19.3	343,284,3	9,240	11,962	
L'Assicuratrice Italiana Danni	Milan	Euro	11,285	2.574.2	8,399,9	127	-110	
L'Assicuratrice Italiana Vita	Milan	Euro	49,290	-24.8	221,389,7	10,167	712	
Ras Tutela Giudiziaria	Milan	Euro	33,450	7.4	32,099,7	796	3,614	
RB Vita	Milan	Euro	418,681	14.0	3,451,528,2	151,327	27,947	
Alba Allgemeine Versicherung	Basel	Swiss franc	110,683	4.6	311,424,1	8,810,8	1,000	
Allianz Elementar Lebensversicherung	Vienna	Euro	368,527	5.2	2,469,899,7	138,440,6	-	
Allianz Elementar Versicherung	Vienna	Euro	926,160	2.2	1,587,705,5	90,809,5	41,659	
Allianz Pensionskasse	Vienna	Euro	29,531	-19.3	9,737,8	568,3	1	
Allianz Portugal	Lisbon	Euro	400,064	1.6	808,203,0	41,625,3	21,366	
Allianz Suisse Lebensversicherung	Zurich	Swiss franc	1,593,250	-9.8	11,746,252,2	414,330,2	75,396	
Allianz Suisse Versicherung	Zurich	Swiss franc	1,746,228	2.8	4,605,368,2	151,095,0	125,570	
Allianz, Compañía de Seguros y Reaseguros ⁽¹⁾	Madrid	Euro	1,106,072	8.7	2,777,791,5	166,528,1	91,566	
Amaya, Compañía de Seguros y Reaseguros	Madrid	Euro	6,695	-1.8	103,794,0	5,524,3	4,173	
CAP Protection Juridique	Zug	Swiss franc	41,297	8.3	90,365,5	2,662,7	2,338	
Darta Saving Life Assurance	Dublin	Euro	204,281	9.7	7,761,0	294,0	-1,304	
Eurovida ⁽¹⁾	Madrid	Euro	29,301	-20.9	125,658,6	7,191,6	4,793	
Fénix Directo ⁽¹⁾	Madrid	Euro	15,969	-14.1	54,537,5	7,522,7	5,035	
Phénix Compagnie d'Assurances	Lausanne	Swiss franc	42,856	9.9	61,227,2	2,027,7	862	
Phénix Compagnie d'Assurances sur la Vie	Lausanne	Swiss franc	40,880	-5.0	249,702,3	8,437,5	2,270	
Unipensão	Lisbon	Euro	220	-0.5	1,037,6	46,4	44	

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

Financial service companies

The RasBank banking group had total assets worth 20.7 billion euro at the end of 2004 and ranked as Italy's third-largest financial advisors network. RasBank net inflows in 2004 amounted to 940 million euro. Total inflows on assets under management (net of intragroup double-counting) were 190 million euro. Net inflows for assets under administration amounted to 388 million euro, a decrease of 38 per cent on 2003. This reflected the strategy followed during the year to reduce structured issues in favour of products with higher profitability, notably Life products. At year-end, current accounts had risen 7 per cent from the end of 2003, to approximately 143,000. At the end of the year, RasBank had more than 500,000 clients. Ras provides private banking services through Investitori sgr. Today, this company has 10 private bankers and reported total inflows of 132 million euro in 2004. At the end of 2004, Group financial services were managing assets totalling 20,715 million euro for retail clients, an improvement of 37 per cent on 31 December 2003. At constant size, that is, excluding the acquisition of Bnl Investimenti, growth would have been 9 per cent, a figure that reflects the positive organic progress achieved in this area.

Financial service companies (thousands)

Business name	Registered office	Local currency	Total income	% increase	Shareholders' equity (*)	Net profit (loss) for the year
Investitori Sgr	Milan	Euro	4,546	39.3	14,125,0	-198
RasBank	Milan	Euro	386,324	22.4	179,831,0	-6,190
Ras Asset Management Sgr	Milan	Euro	182,765	12.3	31,287,0	14,640
Allianz Asset Management	Zurich	Swiss franc	9,133	17.7	1,370	439
Allianz FinInvest Beratung (ex Allianz Finanzinvest Beratung)	Vienna	Euro	189	266.1	60	0
Allianz Gestion ⁽¹⁾	Madrid	Euro	860	-56.2	1,391	314
Allianz Invest Kapitalanlage	Vienna	Euro	1,554	30.9	2,549	-
Investitori Suisse ^(**)	Lugano	Swiss franc	-	-	-	-
Ras Asset Management Lux ^(**)	Luxembourg	US dollar	-	-	-	-
Ras Private Bank (Suisse) (ex RasBank Suisse)	Lugano	Swiss franc	1,589	-2.0	18,291	7,115

(*) Including net profit (loss) for the year.
 (***) Sold to ADAM Deutschland GmbH (Allianz Group).
 (****) Winding up.
 (1) Figures are proportionate to the percentage of ownership.

Real estate, farming, services and other companies

The table sets out key data (income, shareholders' equity and net profit (loss) for the year) of the main Group companies in real estate, farming, services and other areas.

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

Business name office	Registered currency	Local income	Total increase	%	Shareholders' equity (*)	Net profit (loss) for the year	tab. 8
Agricola S. Felice	Milan	Euro	14,734	-3.8	33,255	273	
Agrigest	Milan	Euro	57	34.6	161	–	
Assimediass	Milan	Euro	4,214	14.3	33	3	
Borgo S. Felice	Siena	Euro	3,153	-4.0	1,11	-149	
Solvat	Milan	Euro	22	95.5	1,554	-92	
Ge.S.I.	Milan	Euro	132,392	7.2	15,817	47	
Intermediass	Milan	Euro	631	33.5	36	1	
Prevint	Milan	Euro	1,277	74.8	693	-125	
Preindustria	Milan	Euro	82	5.1	526	–	
Ras Immobiliare	Milan	Euro	11,708	1.5	152,374	26,888	
Ras Service	Milan	Euro	112,462	7.5	220	16	
Villa La Pagliaia	Siena	Euro	2,010	-41.2	750	-370	
Allianz Agencia de Seguros ⁽¹⁾	Madrid	Euro	1,014	-14.7	10	-473	
Allianz Elementar Werkküchenbetriebs	Vienna	Euro	1,502	6.8	183	67	
Topversicherungsservice (ex-Allianz Kundenservice)	Vienna	Euro	44,834	10.8	17,731	–	
Risikomanagement und Softwareentwicklung (ex-Allianz Risiko Service)	Vienna	Euro	3,467	53.2	15,042	–	
Allianz Suisse Immobilien	Volketswil	Swiss franc	3,765	-4.5	26,442	8,285	
Allianz Suisse Personal Financial Services	Zurich	Swiss franc	2,588	16.9	1,824	-38	
Braun & Co.	Vienna	Euro	783	-1.6	5,625	–	
Eurotax Garantie (***)	Pfäffikon	Swiss franc	3,965	–	1,194	925	
Gesellschaft für Vorsorgeberatung	Berne	Swiss franc	1,924	-41.1	1,214	182	
Allianz Servicios Técnicos (**)	Barcelona	Euro	610	–	29	–	
Informática y Servicios Financieros ⁽¹⁾	Madrid	Euro	145	-16.4	263	42	
ITB Immobilientreuhand	Vienna	Euro	1,276	2.5	36	–	
Logistikwerkstatt Assistance	Vienna	Euro	4,366	71.6	25,035	–	
MVK Datenmanagement ⁽²⁾	Vienna	Euro	0	-100.0	0	–	
Operring-Hof-Bau und Betriebs	Vienna	Euro	1,644	-49.2	3,141	–	
Pemse ⁽¹⁾	Madrid	Euro	0	–	2,671	107	
SHA Seminarhotel	Unterägeri	Swiss franc	7,234	6.2	543	188	

(*) Including net profit (loss) for the year.

(**) First year of operation.

(***) Associated company in 2003.

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

(2) Associated company since 2004.

Net profit for the year

The net profit for 2004 was 607,223,857 euro, and arose as follows:

– Life business net profit	251,720,436
– Non-Life business net profit	355,503,422
which we propose be allocated as follows:	
Net profit for the year of	607.223.857
Allocation to take the Legal Reserve to one fifth of share capital	
Legal Reserve Life business	0
Legal Reserve Non-Life business	0
Residual amount	607.223.857
Accrual to the Unavailable Reserve for Translation Gains Non-Life business	0
Accrual to the Unavailable Reserve for Translation Gains Life business	1.485.774
Residual amount	605.738.084
Preferred per-share dividend of 0.03 euro to all 1,340,010 (°) savings shares, for the equivalent of 5 per cent of their face value	40.200
Residual amount	605.697.883
Per-share dividend of 0.80 euro to all 670,801,994 (°) ordinary shares	536.641.595
Additional per-share dividend of 0.79 euro to all 1,340,010 (°) savings shares	1.058.608
Residual amount	67.997.680
Allocated to the Extraordinary Reserve	
Life business	27.318.110
Non-Life business	40.679.570

(°) In compliance with current laws, own shares were excluded from the calculation of shares eligible for dividend. At the coupon detachment date, should the number of own shares be higher or lower than the current number, dividend distribution will be recalculated by withdrawing/allocating the relevant amount from/to the Extraordinary Reserve.

If you agree with the above proposal, we invite you to approve the Report on Operations, the Financial Statements (consisting of the Balance Sheet, the Profit and Loss Account and the Notes), and the proposal for the allocation of the net profit for the year. We also propose that you schedule the starting date of dividend payment for 26 May 2005 and the coupon detachment date for 23 May 2005.

Milan, 10 March 2005
THE BOARD OF DIRECTORS



Investments held by directors, statutory auditors and general managers (pursuant to article 79 of Consob Resolution 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 purchased	Number of shares sold	Number of shares held at the end of the current year
Vita Giuseppe		0	0	0	0
Diekmann Michael		0	0	0	0
Greco Mario	Ras spa (ordinary)	230	¹ 91,650	¹ 80,000	11,880
Arcelli Mario		0	0	0	0
Barilla Guido Maria		0	0	0	0
Bremkamp Detlev		0	0	0	0
Buora Carlo Orazio		0	0	0	0
Colao Vittorio		0	0	0	0
Costa Nicola		0	0	0	0
De Benedetti Rodolfo	Ras spa (ordinary)	² 10,000	0	0	10,000
De Bortoli Ferruccio		0	0	0	0
Dührkop Klaus		0	0	0	0
Ferrero Pietro		0	0	0	0
Marchiò Angelo		0	0	0	0
Micheli Francesco		0	0	0	0
Orlando Salvatore		0	0	0	0
Perlet Helmut		0	0	0	0
Pesenti Giampiero		0	0	0	0
Pininfarina Andrea		0	0	0	0
Rocca Gianfelice		0	0	0	0
Salvatori Carlo Sante Antonio		0	0	0	0
Manzonetto Pietro		0	0	0	0
Pascot Paolo		0	0	0	0
Stroppiana Giorgio		0	0	0	0
Arrighi Massimo	Ras spa (ordinary)	230	¹ 46,200	¹ 40,000	6,430
Militello Salvatore	Ras spa (ordinary)	30,831	0	0	³ 30,831
Riches Pierluigi	Ras spa (ordinary)	12,980	¹ 42,212	¹ 40,000	15,192
Vagnone Paolo	Ras spa (ordinary)	23,030	⁴ 40,000	⁴ 40,000	⁵ 192

In compliance with Borsa Italiana spa internal dealing regulations, the schedule does not consider shares issued as part of individual portfolio management in which investors do not have the power to give investment instructions.

1. The number shown includes shares that, on exercise of the Ras 2002 stock option plan, were traded, with reinvestment of the net gain in Ras ordinary shares.
2. Shares held at the time of appointment to the Ras Board of Directors.
3. Shares held at termination of the post of Ras general manager.
4. The number shown refers to shares traded on exercise of the Ras 2002 stock option plan.
5. During the year the party put shares in an individual portfolio management product, without the power to give investment instructions.

Other reports of the board of directors to the ordinary shareholders' meeting

Re-composition of the Board of Directors

To the shareholders,

In the wake of new responsibilities at the Il Sole 24 Ore group, which are incompatible with directorships in other companies, Ferruccio De Bortoli has resigned from the Ras Board of Directors. His resignation took effect from 1 January 2005.

At a meeting on 31 January 2005, the Board extended its best wishes to Mr De Bortoli for his future career and, on a recommendation of the Advisory Committee for the Appointment of Directors, co-opted Paolo Biasi to the Board. Mr Biasi was born in Verona on 14 June 1938. He is a well-known industrialist and chairman of the Fondazione Cassa di Risparmio di Verona Vicenza Belluno e Ancona.

Pursuant to art. 2386 of the Italian Civil Code, the co-opted director lapses with this shareholders' meeting. He may be re-elected, for a term of office that may be set to expire on the expiry of the three-year term of office of the entire Board of Directors (shareholders' meeting to approve the financial statements at 31 December 2002).

Therefore you are invited to approve the re-composition of the Board of Directors after determining the number of company directors and to adopt resolutions arising, including the remuneration of the Board of Directors.

Milan, 10 March 2005
THE BOARD OF DIRECTORS



Authorisation to purchase and dispose of own shares

To the shareholders,

The power conferred by the Shareholders' Meeting of 28 April 2004 authorising the Board of Directors to purchase a maximum of 60,000,000 own shares expires on 28 October 2005.

We believe it is in the company's interest that such authorisation be renewed, under the same terms, to enable Ras to continue for the following 18 months to exercise a power that could prove beneficial for the management and enhancement of corporate value. The authorisation that we are requesting includes the power to allocate own shares in portfolio to service stock option plans for managers of Ras and its Italian companies.

We therefore submit the following draft resolution:

At the ordinary meeting of 29 April 2005, the shareholders of "Riunione Adriatica di Sicurtà Società per Azioni", having examined the proposal submitted by the Board of Directors, resolves to:

- *revoke the unexercised portion of the authorisation to purchase own shares conferred on the Board of Directors, pursuant to arts. 2357 and following of the Italian Civil Code by the shareholders at the ordinary meeting of 28 April 2004;*
- *authorise, pursuant to arts. 2357 and following of the Italian Civil Code and to art. 132 of Legislative Decree no. 58 of 24 February 1998, the purchase, within the next 18 months, through a public offer or on the stock exchange, under the terms to be agreed with Borsa Italiana S.p.A., of not more than 60,000,000 own ordinary and/or savings shares. In compliance with art. 2357 of the Italian Civil, the nominal value of the purchased shares shall not in any case exceed one tenth of Ras share capital, also considering any shares held by subsidiaries. In compliance with art. 2357 ter of the Italian Civil Code, the company shall increase the current unavailable "Reserve for own shares" by the amount of the shares acquired, by withdrawing such amount from the available "Share premium reserve" carried in the balance sheet at 31 December 2004, which is the most recently approved balance sheet, at 1.2 million euro. The per-share consideration for each purchase of ordinary and savings shares on the stock exchange shall not be more than 10 per cent above or below the reference price listed for the shares of the same category on the last trading session before each transaction;*
- *authorise the Board of Directors, pursuant to art. 2357 ter of the Italian Civil Code, to dispose, at any time, and even before the purchases have been completed, of all or some of the securities in portfolio, on one or more occasions, including for service of any convertible bonds issued by the company. In the event of disposal of some or all of the purchased own shares, the unavailable reserve formed pursuant to art. 2357 ter of the Italian Civil Code shall return, in whole or in part, to the available "Share premium reserve". The Board of Directors is also authorised, at any time, to transfer shares to employees and/or directors and/or consultants of Ras and its subsidiaries in Italy, in connection with present and future stock option plans approved by the Board of Directors;*
- *confer on the Chairman, the Deputy Chairman and the Chief Executive jointly and severally full powers to arrange purchases and sales and to implement the above resolutions, directly or through proxies, and in compliance with the requirements of the relevant authorities.*

Milan, 10 March 2005
THE BOARD OF DIRECTORS



Extraordinary section

Reports of the board of directors to the extraordinary shareholders' meeting

Amendments to the Articles of Association

To the shareholders,

You are asked to approve the amendments to the Articles of Association illustrated below.

The amendment to art. 7 of the Articles of Association is proposed as a means to clarify and gradually update corporate information on the extent to which the Share Capital and the Reserves are assigned to the Life business and the Non-Life business, and is compliant with current transparency requirements.

The amendments to articles 31 and 32 of the Articles of Association refer to the introduction, in the company management hierarchy and associated powers of signature, of the new ranks of Joint General Manager and Deputy General Manager, which may be useful in the future to ensure maximum flexibility and efficiency in the internal organisation.

If you agree with the above, we submit the following draft resolution for your approval:

Having heard and approved the report of the Board of Directors, the extraordinary meeting of the shareholders of "Riunione Adriatica di Sicurtà Società per Azioni" resolves:

- *to amend articles 7, 31 and 32 of the Articles of Association as follows:*

RAS ARTICLES OF ASSOCIATION CURRENT TEXT	RAS ARTICLES OF ASSOCIATION PROPOSED TEXT
<p style="text-align: center;">Art. 7</p> <p>1. The corporate share capital is allocated as follows:</p> <ul style="list-style-type: none">a) <u>One quarter to direct and indirect Life business;</u>b) <u>Three-quarters to direct and indirect Non-Life business.</u> <p>2. <u>Reserves will be allocated to Life and Non-Life business according to current regulations.</u></p>	<p style="text-align: center;">Art. 7</p> <p>1. The corporate share capital is allocated as follows:</p> <ul style="list-style-type: none">• Euro 100.834.050,60 in respect of the Life insurance business;• Euro 302.502.151,80 in respect of Non-Life insurance business. <p>2. Reserves are allocated as follows: the Share Premium Reserve is allocated as follows:</p> <ul style="list-style-type: none">• Euro 301.493.231,09 in respect of the Life insurance business;• Euro 903.546.793,71 in respect of Non-Life insurance business; <p>Revaluation Reserves are allocated as follows:</p> <ul style="list-style-type: none">• Euro 160.359.178,55 in respect of the Life insurance business;• Euro 216.830.064,54 in respect of Non-Life insurance business; <p>the Goodwill is allocated as follows:</p> <ul style="list-style-type: none">• Euro 15.159.289,78 in respect of the Life insurance business;• Euro 26.165.251,77 in respect of Non-Life insurance business. <p>The Legal Reserve is allocated separately in respect of each line of business for an amount equal to 5% of the profit deriving from each line of business, up</p>

3. The corporate share capital may be either increased or decreased according to the law.
4. The reduction of the corporate share capital due to losses does not imply any cut in the par value of savings shares except for the part of the loss exceeding the total par value of other shares.
5. Resolutions relating to the reduction and refunding of the corporate share capital shall ensure the equivalence of the par value of shares by means of the necessary share groupings or splittings.

Art. 31

1. The following persons shall have the legal representation of the Company, to be exercised according to the procedures and within the limits prescribed by the following art. 32:
 - a) the Chairman;
 - b) the Deputy Chairman or Chairmen;
 - c) the Managing Director or Directors;
 - d) the General Managers;
 - e) the Central Managers;
 - f) all other Managers.
2. The legal representation is exercised by joint signature of any two of the above mentioned persons, under the printed, imprinted or handwritten name of the Company.

Art. 32

1. The Chairman, the Deputy Chairman or Chairmen, the Managing Director or Directors, the General Managers has the general representation in respect of all business of the Company and may sign by joint signature between themselves or between each of them with one of the Central Managers under letter e) of the preceding article.

to reaching the limit prescribed by Art. 2430 of the Italian Civil Code.

Other Reserves are allocated separately in respect of each line of business on the basis of specific resolutions of the Ordinary General Meeting of Shareholders.

3. The corporate share capital may be either increased or decreased according to the law.
4. The reduction of the corporate share capital due to losses does not imply any cut in the par value of savings shares except for the part of the loss exceeding the total par value of other shares.
5. Resolutions relating to the reduction and refunding of the corporate share capital shall ensure the equivalence of the par value of shares by means of the necessary share groupings or splittings.

Art. 31

1. The following persons shall have the legal representation of the Company, to be exercised according to the procedures and within the limits prescribed by the following art. 32:
 - a) the Chairman;
 - b) the Deputy Chairman or Chairmen;
 - c) the Managing Director or Directors;
 - d) the General Managers;
 - e) the Co-General Managers;**
 - f) the Deputy General Managers;**
 - g) the Central Managers;
 - h) other Managers.
2. The legal representation is exercised by joint signature of any two of the above mentioned persons, under the printed, imprinted or handwritten name of the Company.

Art. 32

1. The Chairman, the Deputy Chairman or Chairmen, the Managing Director or Directors, the General Managers has the general representation in respect of all business of the Company and may sign by joint signature between themselves or between each of them with one of the **persons under letters e), f), g)** of the preceding article.

2. Central Managers, by joint signature between themselves or between each of them with one attorney duly empowered also according to the following paragraph 4, may sign in respect of the ordinary business of the Company. All other Managers under letter **f)** of the preceding article, by joint signature between each of them with one the persons under letters c), d), e) of the preceding article, may sign in respect of the ordinary business of the Company relating to the Department/Unit to which they belong. Managers under letter **f)** of the preceding article, by joint signature between themselves or between each of them with one attorney duly empowered also according to the following paragraph 4, may sign in respect of the ordinary business of the Company relating to the Department/Unit to which they belong.

3. Powers in respect of the ordinary business of the Company cover the following capacities:

- 3.1) to represent the Company before courts for all legal purposes and, therefore, to file both judicial and administrative proceedings and petitions at all judicial levels, including appeal and cancellation suits, and to defend the Company in suits that may be filed against it, and to appoint attorneys at law to this end; to settle disputes by arbitration or friendly settlements; to compose litigations;
- 3.2) to carry out any kind of collection, withdrawal, as well as deposit, conversion and redemption of securities and values with the National Debt Administration, the Deposit and Loan Bank ("Cassa Depositi e Prestiti"), the Revenue Office, the Post Office, the Rail Transport and any state or local Administration, private bodies or institutions as well as enterprises or individuals;
- 3.3) to consent to and accept registrations, cancellations and annotations of mortgages;
- 3.4) to buy and sell motor vehicles.

4. The powers of the Managing Director or Directors include the capacity to confer:

2. **Co-General Managers, Deputy General Managers**, Central Managers, by joint signature between themselves or between each of them with one attorney duly empowered also according to the following paragraph 4, may sign in respect of the ordinary business of the Company. Other Managers under letter **h)** of the preceding article, by joint signature between each of them with one the persons under letters c), d), e), **f), g)** of the preceding article, may sign in respect of the ordinary business of the Company relating to the Department/Unit to which they belong. Managers under letter **h)** of the preceding article, by joint signature between themselves or between each of them with one attorney duly empowered also according to the following paragraph 4, may sign in respect of the ordinary business of the Company relating to the Department/Unit to which they belong.

3. Powers in respect of the ordinary business of the Company cover the following capacities:

- 3.1) to represent the Company before courts for all legal purposes and, therefore, to file both judicial and administrative proceedings and petitions at all judicial levels, including appeal and cancellation suits, and to defend the Company in suits that may be filed against it, and to appoint attorneys at law to this end; to settle disputes by arbitration or friendly settlements; to compose litigations;
- 3.2) to carry out any kind of collection, withdrawal, as well as deposit, conversion and redemption of securities and values with the National Debt Administration, the Deposit and Loan Bank ("Cassa Depositi e Prestiti"), the Revenue Office, the Post Office, the Rail Transport and any state or local Administration, private bodies or institutions as well as enterprises or individuals;
- 3.3) to consent to and accept registrations, cancellations and annotations of mortgages;
- 3.4) to buy and sell motor vehicles.

4. The powers of the Managing Director or Directors include the capacity to confer:



- a) delegation of powers and powers of representation of the Company, in respect of single acts or categories of acts, general and special powers of attorney to employees of the Company and third parties, including the power of subdelegation. Procedures for the exercise of such powers and the use of the Company signature shall be indicated in the power of attorney;
- b) the representation with single signature to Managers and/or officers, limited to the Department/Unit to which they belong, in respect of those acts of ordinary correspondence which do not bind economically nor juridically the Company. The powers of attorney will detail procedures and operations which the use of the single signature is allowed for.

The above mentioned powers of attorney shall be conferred by the Managing Director or Directors by joint signature with one of the persons indicated in the preceding Art. 31.

5. The power to represent the Company in the General Meeting of Shareholders of other Companies, Institutions or Bodies may be exercised also disjointly by the persons specified under the previous article.
6. The Board of Directors shall decide how the representation powers are exercised by other Management offices, branches and representative offices also abroad, whenever necessary.

- *to confer on the Chairman, the Deputy Chairman and the CEO, jointly or disjointly, all necessary powers to make formal changes, eliminations and additions to these resolutions, as required by the relevant authorities pursuant to law.*

- a) delegation of powers and powers of representation of the Company, in respect of single acts or categories of acts, general and special powers of attorney to employees of the Company and third parties, including the power of subdelegation. Procedures for the exercise of such powers and the use of the Company signature shall be indicated in the power of attorney;
- b) the representation with single signature to Managers and/or officers, limited to the Department/Unit to which they belong, in respect of those acts of ordinary correspondence which do not bind economically nor juridically the Company. The powers of attorney will detail procedures and operations which the use of the single signature is allowed for.

The above mentioned powers of attorney shall be conferred by the Managing Director or Directors by joint signature with one of the persons indicated in the preceding Art. 31.

5. The power to represent the Company in the General Meeting of Shareholders of other Companies, Institutions or Bodies may be exercised also disjointly by the persons specified under the previous article.
6. The Board of Directors shall decide how the representation powers are exercised by other Management offices, branches and representative offices also abroad, whenever necessary.

Milan, 10 March 2005
THE BOARD OF DIRECTORS



Attribution to the Board of Directors of powers to raise the share capital and issue bonds

To the shareholders,

The powers conferred by the Shareholders' Meeting of 28 April 2000 authorising the Board of Directors to arrange, over the following five years, share capital increases and bond issues, within pre-specified amounts within the limits set by law will expire shortly.

At the Shareholders' Meeting, we are submitting a proposal for a renewal of the above authorisation of the Board of Directors for the reasons and on the new terms illustrated below.

The reasons for the proposed renewal of the authorisation relate to the advisability of the governance body retaining a power that permits flexibility and timeliness in strengthening the financial resources that may be necessary to support the development of the Group and make any strategic investments that may be deemed appropriate on a timely basis.

The authorisation requested includes – in addition to the power to make increases in share capital pursuant to art. 2443 of the Italian Civil Code, also to service stock option plans in compliance with current laws – the power to issue bonds convertible into Ras shares being issued pursuant to art. 2420 ter of the Italian Civil Code.

This authorisation will complete the powers attributed by the Reform of the laws governing joint stock companies (Legislative Decree no. 6 of 17 January 2003, as subsequently amended) and by the Articles of Association whereby the Board of Directors may decide to issue non-convertible bonds as well as bonds convertible into existing own shares or other companies' shares.

In this way, the Board of Directors will have use of a tool that will enable it, in the most timely manner, to take advantage of the best market opportunities to optimise third-party funds, on the basis of prudent management criteria.

In greater detail, we submit a proposal to attribute to the Board of Directors the power to increase the share capital, on one or more occasions, within a five-year period, pursuant to art. 2443 of the Italian Civil Code, up to a maximum nominal amount of 516,456,000 euro and also to issue convertible bonds pursuant to art. 2420 of the Italian Civil Code, for an amount not exceeding 1,200,000,000 euro, in compliance with the legal limits in force from time to time.

If you agree with the above, we submit the following draft resolution for your approval:

At the extraordinary meeting, the shareholders of "Riunione Adriatica di Sicurtà Società per Azioni" having heard and approved the report of the Board of Directors and noted the declaration of the Board of Statutory Auditors that the share capital of 403,336,202.40 is fully paid up, resolves:

- *to attribute to the Board of Directors, pursuant to articles 2443 and 2420 ter of the Italian Civil Code, for a period of 5 years as from the date of this resolution, the power to:*
 - a) *increase, in one or more instalments, also free, the corporate share capital up to a maximum of nominal Euro 516,456,000 (five hundred and sixteen million, four hundred and fifty-six thousand), allocating the said increase to the service of the exercise of warrants, options or similar instruments also issued by third parties, with the power to reserve issued shares to the Company and/or its controlled subsidiaries' employees, all in accordance with Art. 2441, paragraph 1,2,3 and 8 of the Italian Civil Code and, for the free share capital increase, with Art. 2442 of the Italian Civil Code;*
 - b) *issue, in one or more instalments, bonds convertible into newly issued Ras shares, in accordance with Art. 2420 ter of the Italian Civil Code, up to a maximum amount of Euro 1,200,000,000 (one billion and two hundred million), within the limits established by current*

regulations at the time of each issue. The Board of Directors shall have the power to reserve the said convertible bonds to be issued to employees of Ras and/or its controlled subsidiaries, in accordance with Art. 2441, paragraph 8 of the Italian Civil Code;

- to establish that the Board of Directors, in exercising the above-mentioned powers, shall be able to issue ordinary and/or savings shares with the same characteristics as outstanding shares, and shall have the power to determine, from time to time, the issue price of the shares and the convertible bonds, the conditions and rate of conversion, the conditions and exercise price of the warrants, the dividend entitlement of the shares and the convertible bonds, the interest rate, the maturity and the procedure for redemption and/or early redemption of the convertible bonds, using for any scrip issues the Revaluation Reserves, to the extent of 60% of each existing reserve, and the Extraordinary Reserve, with reference to the amount reflected in the most recently approved financial statements at the date of the resolution and, more generally, to determine the procedures, terms and conditions of the share capital increases or of the bond and warrant issues, with the power to draft the related regulations and to amend art. 6 of the Articles of Association accordingly;
- to modify art. 6 of the Articles of Association accordingly with the insertion, after revocation of the current last paragraph, of the following new last paragraph:
- By the terms of Art. 2443 and Art. 2420 ter of the Italian Civil Code, the Extraordinary General Meeting of Shareholders of 29th April 2005 vested the Board of Directors for a period of five years from the date of the resolution with the following powers:
 - a. to increase, in one or more instalments, also free, the corporate share capital up to a maximum of nominal Euro 516,456,000 (five hundred and sixteen million, four hundred and fifty-six thousand), allocating the said increase to the service of the exercise of warrants, options or similar instruments also issued by third parties, with the power to reserve issued shares to the Company and/or its controlled subsidiaries' employees, all in accordance with Art. 2441, paragraph 1, 2, 3 and 8 of the Italian Civil Code and, for the free share capital increase, with Art. 2442 of the Italian Civil Code;
 - b. to issue, in one or more instalments, bonds convertible into newly issued Ras shares, in accordance with Art. 2420 ter of the Italian Civil Code, up to a maximum amount of Euro 1,200,000,000 (one billion and two hundred million), within the limits established by current regulations at the time of each issue. The Board of Directors shall have the power to reserve the said convertible bonds to be issued to employees of Ras and/or its controlled subsidiaries, in accordance with Art. 2441, paragraph 8 of the Italian Civil Code.
All with the powers as set forth in the resolution."
- to confer on the Chairman, the Deputy Chairman and the CEO, jointly or disjointly, all necessary powers to make formal changes, eliminations and additions to this resolution, as required by the relevant authorities.

Milan, 10 March 2005
THE BOARD OF DIRECTORS



Balance Sheet as at 31 December 2004 and
Profit and Loss Account for financial year 2004

31 December 2004

A. Receivables from shareholders

for subscribed share capital not paid up			1	0
of which called up	2	0		

B. Intangible assets

1. Acquisition commissions to be amortised				
a) Life business	3	10,526,474		
b) Non-Life business	4	0	5	10,526,474
2. Other acquisition costs			6	0
3. Start-up and expansion costs			7	72,200
4. Goodwill			8	0
5. Other deferred costs			9	0
			10	10,598,674

C. Investments**I - Land and buildings**

1. Real estate used in the business			11	54,815,496
2. Real estate used by third parties			12	101,639,362
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	167,527,736

II - Investments in Group companies and other companies

1. Equities:				
a) Parent companies	17	0		
b) Subsidiary companies	18	3,287,461,532		
c) Affiliated companies	19	0		
d) Associated companies	20	5,786,372		
e) Other	21	879,243,271	22	4,172,491,175
2. Bonds:				
a) Parent companies	23	265,328,373		
b) Subsidiary companies	24	20,000,000		
c) Affiliated companies	25	508,197		
d) Associated companies	26	0		
e) Other	27	69,230,129	28	355,066,699
3. Loans:				
a) Parent companies	29	0		
b) Subsidiary companies	30	16,487,209		
c) Affiliated companies	31	0		
d) Associated companies	32	0		
e) Other	33	0	34	16,487,209
			35	4,544,045,083

to be carried forward

10,598,674

31 December 2004

			brought forward		<u>10,598,674</u>
C. Investments (continued)					
III - Other financial investments					
1. Equities					
a) Listed shares	36	<u>653,201,487</u>			
b) Unlisted shares	37	<u>12,431,795</u>			
c) Quotas	38	<u>4,851,602</u>	39	<u>670,484,884</u>	
2. Mutual fund units			40	<u>116,283,926</u>	
3. Bonds and other fixed-income securities					
a) Listed	41	<u>9,208,948,867</u>			
b) Unlisted	42	<u>55,951,723</u>			
c) Convertible bonds	43	<u>0</u>	44	<u>9,264,900,590</u>	
4. Loans					
a) Secured loans	45	<u>34,824</u>			
b) Loans on policies	46	<u>30,030,976</u>			
c) Other loans	47	<u>1,107,845</u>	48	<u>31,173,645</u>	
5. Shares of investment pools			49	<u>0</u>	
6. Deposits with banks			50	<u>0</u>	
7. Other financial investments			51	<u>1,327,396,029</u>	52 <u>11,410,239,074</u>
IV - Deposits with ceding companies					53 <u>278,421,116</u> 54 <u>16,400,233,009</u>
D. Investments benefiting Life policyholders bearing the risk thereof and investments arising from pension fund management					
I - Investments relating to unit-linked and index-linked policies					55 <u>820,926,778</u>
II - Investments arising from pension fund management					56 <u>74,744,149</u> 57 <u>895,670,927</u>
D bis. Reinsurers' share of technical reserves					
I - Non-Life business					
1. Premium reserve			58	<u>109,975,323</u>	
2. Claims reserve			59	<u>355,412,316</u>	
3. Profit sharing and reversal reserve			60	<u>0</u>	
4. Other technical reserves			61	<u>0</u>	62 <u>465,387,639</u>
II - Life business					
1. Actuarial reserves			63	<u>356,572,792</u>	
2. Complementary insurance premium reserve			64	<u>0</u>	
3. Reserve for amounts payable			65	<u>17,638,440</u>	
4. Profit sharing and reversal reserve			66	<u>329,378</u>	
5. Other technical reserves			67	<u>0</u>	
6. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management			68	<u>0</u>	69 <u>374,540,610</u> 70 <u>839,928,249</u>

to be carried forward

18,146,430,859

31 December 2004

			brought forward		<u>18,146,430,859</u>
E. Receivables					
I - Receivables, relating to direct insurance business, due from					
1. Policyholders					
a) Current premiums	<u>71</u>	<u>432,468,563</u>			
b) Prior-year premiums	<u>72</u>	<u>7,843,291</u>	<u>73</u>	<u>440,311,854</u>	
2. Insurance brokers and agents			<u>74</u>	<u>395,304,075</u>	
3. Current account companies			<u>75</u>	<u>39,766,969</u>	
4. Amounts to be recovered from policyholders and third parties			<u>76</u>	<u>18,410,580</u>	<u>77</u> <u>893,793,478</u>
II - Receivables, relating to reinsurance business, due from					
1. Insurance and reinsurance companies			<u>78</u>	<u>54,567,441</u>	
2. Reinsurance brokers and agents			<u>79</u>	<u>17,711,981</u>	<u>80</u> <u>72,279,422</u>
III - Other receivables					<u>81</u> <u>535,651,980</u> <u>82</u> <u>1,501,724,880</u>
F. Other assets					
I - Tangible assets and stock					
1. Office furniture, machines and internal transport systems			<u>83</u>	<u>13,390,810</u>	
2. Chattels entered in public registers			<u>84</u>	<u>261,518</u>	
3. Plant and equipment			<u>85</u>	<u>263,760</u>	
4. Stock and other assets			<u>86</u>	<u>1,773,256</u>	<u>87</u> <u>15,689,344</u>
II - Cash and cash equivalents					
1. Bank deposits and postal current accounts			<u>88</u>	<u>46,704,195</u>	
2. Cheques and cash balances			<u>89</u>	<u>46,768</u>	<u>90</u> <u>46,750,963</u>
III - Own shares					<u>91</u> <u>7,869,511</u>
IV - Other assets					
1. Reinsurance suspense accounts			<u>92</u>	<u>1</u>	
2. Other assets			<u>93</u>	<u>242,590,379</u>	<u>94</u> <u>242,590,380</u> <u>95</u> <u>312,900,198</u>
G. Accrued income and prepaid expenses					
1. Interest				<u>96</u> <u>173,634,157</u>	
2. Rent				<u>97</u> <u>272,823</u>	
3. Other accrued income and prepaid expenses				<u>98</u> <u>172,498</u>	<u>99</u> <u>174,079,478</u>

TOTAL ASSETS

100 20,135,135,415

brought forward

16,865,815,853

251	<u>456,109,019</u>			
252	<u>12,216,929</u>			
		253	<u>468,325,948</u>	
		254	<u>381,667,768</u>	
		255	<u>60,144,245</u>	
		256	<u>12,748,564</u>	
		257	<u>922,886,525</u>	
		258	<u>59,872,682</u>	
		259	<u>23,365,883</u>	
		260	<u>83,238,565</u>	
		261	<u>364,094,150</u>	262
				<u>1,370,219,240</u>
		263	<u>15,323,920</u>	
		264	<u>228,547</u>	
		265	<u>423,808</u>	
		266	<u>1,719,355</u>	
		267	<u>17,695,630</u>	
		268	<u>66,458,009</u>	
		269	<u>26,791</u>	
		270	<u>66,484,800</u>	
		271	<u>10,178,184</u>	
		272	<u>37,585,286</u>	
		273	<u>254,759,064</u>	
		274	<u>292,344,350</u>	275
				<u>386,702,964</u>
		276	<u>165,699,624</u>	
		277	<u>85,763</u>	
		278	<u>205,989</u>	
		279	<u>165,991,376</u>	

31 December 2004

A. Shareholders' equity					
I - Subscribed share capital or equivalent fund		101	403,336,202		
II - Share premium reserve		102	1,205,040,025		
III - Revaluation reserves		103	377,189,243		
IV - Legal reserve		104	87,553,950		
V - Statutory reserves		105	0		
VI - Reserves for own shares and parent company shares		106	7,869,511		
VII - Other reserves		107	2,078,309,376		
VIII - Retained earnings (accrued losses)		108	0		
IX - Net profit (loss) for the year		109	607,223,857	110	4,766,522,164
B. Subordinated liabilities					
				111	0
C. Technical reserves					
I - Non-Life business					
1. Premium reserve	112	1,170,047,007			
2. Claims reserve	113	3,665,048,030			
3. Profit sharing and reversal reserve	114	0			
4. Other technical reserves	115	893,507			
5. Equalisation reserves	116	25,430,978	117	4,861,419,522	
II - Life business					
1. Actuarial reserves	118	6,911,143,725			
2. Complementary insurance premium reserve	119	1,705,887			
3. Reserve for amounts payable	120	167,555,020			
4. Profit sharing and reversal reserve	121	5,387,272			
5. Other technical reserves	122	65,480,945	123	7,151,272,849	124 12,012,692,371
D. Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management					
I - Reserves relating to unit-linked and index-linked policies					
			125	820,926,778	
II - Reserves arising from pension fund management					
			126	74,743,582	127 895,670,360

to be carried forward

17,674,884,895

	<u>281</u>	403,336,202		
	<u>282</u>	1,202,731,352		
	<u>283</u>	377,189,243		
	<u>284</u>	87,553,950		
	<u>285</u>	0		
	<u>286</u>	10,178,184		
	<u>287</u>	2,024,208,086		
	<u>288</u>	0		
	<u>289</u>	456,786,892	<u>290</u>	4,561,983,909
			<u>291</u>	0
<u>292</u>		1,129,868,018		
<u>293</u>		3,619,726,881		
<u>294</u>		0		
<u>295</u>		897,647		
<u>296</u>		22,258,734	<u>297</u>	4,772,751,280
<u>298</u>		6,413,930,676		
<u>299</u>		1,786,809		
<u>300</u>		183,405,128		
<u>301</u>		5,958,469		
<u>302</u>		61,583,608	<u>303</u>	6,666,664,690
			<u>304</u>	11,439,415,970
			<u>305</u>	680,256,186
			<u>306</u>	56,438,840
			<u>307</u>	736,695,026

31 December 2004

				brought forward		<u>17,674,884,895</u>
E. Provisions for risks and charges						
1. Staff pensions and similar obligations			128	7,493,193		
2. Tax provision			129	274,585,181		
3. Other provisions			130	49,616,068	131	<u>331,694,442</u>
F. Deposits from reinsurers					132	<u>391,334,993</u>
G. Payables and other liabilities						
I - Payables relating to direct insurance business						
1. Insurance brokers and agents		133		17,782,862		
2. Current account companies		134		15,053,761		
3. Policyholders for deposits and premiums		135		2,973,318		
4. Guarantee funds in favour of policyholders		136		1,898,336	137	<u>37,708,277</u>
II - Payables relating to reinsurance business						
1. Insurance and reinsurance companies		138		71,286,987		
2. Reinsurance brokers and agents		139		2,195,422	140	<u>73,482,409</u>
III - Bond issues					141	<u>0</u>
IV - Payables to banks and financial institutions					142	<u>0</u>
V - Secured debt					143	<u>0</u>
VI - Sundry loans and other financial payables					144	<u>1,225,000,000</u>
VII - Staff severance indemnities					145	<u>32,037,213</u>
VIII - Other payables						
1. Tax payable by policyholders		146		27,531,652		
2. Other tax		147		6,598,384		
3. Due to social security and pension authorities		148		11,406,621		
4. Sundry payables		149		81,851,149	150	<u>127,387,806</u>
IX - Other liabilities						
1. Reinsurance suspense accounts		151		0		
2. Commissions on collectable premiums		152		60,876,558		
3. Sundry liabilities		153		178,779,273	154	<u>239,655,831</u>
					155	<u>1,735,271,536</u>

to be carried forward

20,133,185,866

brought forward		<u>16,738,094,905</u>	
	<u>308</u>	<u>7,594,719</u>	
	<u>309</u>	<u>250,889,204</u>	
	<u>310</u>	<u>62,879,708</u>	<u>311</u> <u>321,363,631</u>
			<u>312</u> <u>439,496,755</u>
<u>313</u>	<u>24,288,174</u>		
<u>314</u>	<u>14,918,608</u>		
<u>315</u>	<u>10,234,927</u>		
<u>316</u>	<u>4,414,280</u>	<u>317</u> <u>53,855,989</u>	
<u>318</u>	<u>69,717,231</u>		
<u>319</u>	<u>1,570,629</u>	<u>320</u> <u>71,287,860</u>	
		<u>321</u> <u>0</u>	
		<u>322</u> <u>0</u>	
		<u>323</u> <u>0</u>	
		<u>324</u> <u>725,000,000</u>	
		<u>325</u> <u>31,855,726</u>	
<u>326</u>	<u>52,330,025</u>		
<u>327</u>	<u>15,381,094</u>		
<u>328</u>	<u>12,299,240</u>		
<u>329</u>	<u>70,939,680</u>	<u>330</u> <u>150,950,039</u>	
<u>331</u>	<u>33,327,287</u>		
<u>332</u>	<u>58,220,341</u>		
<u>333</u>	<u>163,574,104</u>	<u>334</u> <u>255,121,732</u>	<u>335</u> <u>1,288,071,346</u>

to be carried forward

18,787,026,637

31 December 2004

		brought forward	<u>20,133,185,866</u>
H. Accrued liabilities and deferred income			
1. Interest	156	<u>0</u>	
2. Rent	157	<u>225,019</u>	
3. Other accrued liabilities and deferred income	158	<u>1,724,530</u>	<u>1,949,549</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			<u>160 20,135,135,415</u>

Guarantees, commitments and other memorandum accounts

31 December 2004

Guarantees, commitments and other memorandum accounts

I - Guarantees provided			
1. Sureties	161	<u>3,277,772</u>	
2. Endorsements	162	<u>0</u>	
3. Other personal guarantees	163	<u>0</u>	
4. Collateral	164	<u>65,177,893</u>	
II - Guarantees received			
1. Sureties	165	<u>295,284</u>	
2. Endorsements	166	<u>0</u>	
3. Other personal guarantees	167	<u>0</u>	
4. Collateral	168	<u>77,299,637</u>	
III - Guarantees provided by third parties on behalf of the company	169	<u>103,761,072</u>	
IV - Commitments	170	<u>194,566,824</u>	
V - Third-party assets	171	<u>13,304,271</u>	
VI - Pension fund assets managed on behalf of third parties	172	<u>185,443,201</u>	
VII - Securities deposited with third parties	173	<u>14,206,545,065</u>	
VIII - Other memorandum accounts	174	<u>1,108,931,044</u>	

brought forward

18,787,026,637

<u>336</u>	<u>0</u>	
<u>337</u>	<u>56,861</u>	
<u>338</u>	<u>1,645,935</u>	<u>339</u> <u>1,702,796</u>
		<u>340</u> <u>18,788,729,433</u>

<u>341</u>	<u>3,970,815</u>
<u>342</u>	<u>0</u>
<u>343</u>	<u>0</u>
<u>344</u>	<u>53,320,152</u>
<u>345</u>	<u>317,525</u>
<u>346</u>	<u>0</u>
<u>347</u>	<u>0</u>
<u>348</u>	<u>0</u>
<u>349</u>	<u>60,814,692</u>
<u>350</u>	<u>107,209,007</u>
<u>351</u>	<u>17,557,312</u>
<u>352</u>	<u>51,739,067</u>
<u>353</u>	<u>13,971,610,722</u>
<u>354</u>	<u>340,591,959</u>

31 December 2004

I. Non-Life business technical account

1. Premiums for the year, net of outwards reinsurance				
a) Gross premiums written		1	2,953,051,969	
b) (-) Outwards reinsurance premiums		2	298,371,513	
c) Change in gross premium reserve		3	41,840,311	
d) Change in reinsurers' premium reserve		4	7,436,674	5
				<u>2,620,276,819</u>
2. (+) Income from investments transferred from the non-technical account (item III.6)				6
				<u>233,052,696</u>
3. Other technical income, net of outwards reinsurance				7
				<u>5,334,027</u>
4. Charges relating to claims, net of recoveries and outwards reinsurance				
a) Amounts paid				
aa) Gross amount	8	2,042,655,597		
bb) (-) Reinsurers' share	9	152,052,415	10	1,890,603,182
b) Change in recoveries, net of reinsurers' share				
aa) Gross amount	11	39,252,813		
bb) (-) Reinsurers' share	12	5,610,030	13	33,642,783
c) Change in claims reserve				
aa) Gross amount	14	52,059,815		
bb) (-) Reinsurers' share	15	-38,760,449	16	90,820,264
				17
				<u>1,947,780,663</u>
5. Change in other technical reserves, net of outwards reinsurance				18
				<u>-4,140</u>
6. Reversals and profit sharing, net of outwards reinsurance				19
				<u>0</u>
7. Operating costs				
a) Acquisition commissions		20	364,950,588	
b) Other acquisition costs		21	102,467,150	
c) Change in commissions and other acquisition costs to be amortised		22	0	
d) Premium collection commissions		23	93,379,444	
e) Other administrative costs		24	144,066,467	
f) (-) Commissions and profit sharing received from reinsurers		25	48,334,304	26
				<u>656,529,345</u>
8. Other technical charges, net of outwards reinsurance				27
				<u>25,745,309</u>
9. Change in equalisation reserves				28
				<u>3,172,244</u>
10. Result of Non-Life business technical account (item III.1)				29
				<u>225,440,121</u>

	<u>111</u>	2,874,910,263				
	<u>112</u>	287,163,835				
	<u>113</u>	29,998,975				
	<u>114</u>	3,877,500		<u>115</u>	2,561,624,953	
				<u>116</u>	192,686,966	
				<u>117</u>	8,932,979	
	<u>118</u>	2,039,405,208				
	<u>119</u>	176,105,581	<u>120</u>	1,863,299,627		
	<u>121</u>	22,005,176				
	<u>122</u>	2,326,965	<u>123</u>	19,678,211		
	<u>124</u>	7,980,033				
	<u>125</u>	-48,099,633	<u>126</u>	56,079,666	<u>127</u>	1,899,701,082
					<u>128</u>	-15,750
				<u>129</u>	0	
			<u>130</u>	352,481,638		
			<u>131</u>	107,160,838		
			<u>132</u>	0		
			<u>133</u>	88,749,075		
			<u>134</u>	126,440,556		
			<u>135</u>	44,427,688	<u>136</u>	630,404,419
					<u>137</u>	25,451,084
					<u>138</u>	2,966,018
					<u>139</u>	204,738,045

31 December 2004

II. Life business technical account

1. Premiums for the year, net of outwards reinsurance				
a) Gross premiums written		30	1,343,222,432	
b) (-) Outwards reinsurance premiums		31	59,604,653	32 1,283,617,779
2. Income from investments:				
a) Income from equities				33 149,045,860
	(of which: from Group companies	34	133,022,410)	
b) Income from other investments:				
aa) land and buildings		35	0	
bb) other investments		36	322,968,256	37 322,968,256
	(of which: from Group companies	38	19,081,210)	
c) Write-backs of investments		39	14,019,125	
d) Profit on sale of investments		40	34,720,359	
	(of which: from Group companies	41	866,450)	42 520,753,600
3. Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk thereof and investments arising from pension fund management				43 54,646,599
4. Other technical income, net of outwards reinsurance				44 16,937,149
5. Charges relating to claims, net of recoveries and outwards reinsurance				
a) Amounts paid				
aa) Gross amount		45	833,576,680	
bb) (-) Reinsurers' share		46	93,549,109	47 740,027,571
b) Change in reserve for amounts payable				
aa) Gross amount		48	-14,724,544	
bb) (-) Reinsurers' share		49	-9,799,770	50 -4,924,774
		51		735,102,797
6. Change in actuarial reserves and other technical reserves, net of outwards reinsurance				
a) Actuarial reserves				
aa) Gross amount		52	499,287,363	
bb) (-) Reinsurers' share		53	-35,948,571	54 535,235,934
b) Complementary insurance premium reserve				
aa) Gross amount		55	-80,921	
bb) (-) Reinsurers' share		56	0	57 -80,921
c) Other technical reserves				
aa) Gross amount		58	3,898,674	
bb) (-) Reinsurers' share		59	0	60 3,898,674
d) Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management				
aa) Gross amount		61	158,975,335	
bb) (-) Reinsurers' share		62	0	63 158,975,335
		64		698,029,022

	<u>140</u>	1,373,619,267		
	<u>141</u>	66,462,275	<u>142</u>	1,307,156,992
	<u>143</u>	114,397,160		
(of which: from Group companies	<u>144</u>	101,149,256)		
	<u>145</u>	7,915,060		
	<u>146</u>	299,896,122	<u>147</u>	307,811,182
(of which: from Group companies	<u>148</u>	11,742,168)		
	<u>149</u>	19,968,731		
	<u>150</u>	33,786,499		
(of which: from Group companies	<u>151</u>	129,151)	<u>152</u>	475,963,572
			<u>153</u>	44.436.396
			<u>154</u>	33,511,392
	<u>155</u>	825,436,092		
	<u>156</u>	154,926,209	<u>157</u>	670,509,883
	<u>158</u>	-12,873,098		
	<u>159</u>	-49,382,102	<u>160</u>	36,509,004
			<u>161</u>	707,018,887
	<u>162</u>	451,288,258		
	<u>163</u>	-98,393,313	<u>164</u>	549,681,571
	<u>165</u>	-109,300		
	<u>166</u>	0	<u>167</u>	-109,300
	<u>168</u>	6,320,124		
	<u>169</u>	0	<u>170</u>	6,320,124
	<u>171</u>	216,797,602		
	<u>172</u>	0	<u>173</u>	216,797,602
			<u>174</u>	772,689,997

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7. Reversals and profit sharing, net of outwards reinsurance				65	-526,514
8. Operating costs					
a) Acquisition commissions		66	70,956,389		
b) Other acquisition costs		67	26,536,063		
c) Change in commissions and other acquisition costs to be amortised		68	10,526,474		
d) Premium collection commissions		69	20,970,261		
e) Other administrative costs		70	60,388,688		
f) (-) Commissions and profit sharing received from reinsurers		71	7,601,984	72	160,722,943
9. Capital and financial charges:					
a) Investment management changes and interest expense		73	24,854,407		
b) Write-downs on investments		74	3,303,705		
c) Losses on sale of investments		75	5,002,448	76	33,160,560
10. Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk thereof and investments arising from pension fund management				77	20,550,229
11. Other technical charges, net of outwards reinsurance				78	6,596,603
12. (-) Income from investments transferred to the non-technical account (item III.4)				79	102,029,819
13. Result of Life business technical account (item III.2)				80	120,289,668
III. Non-technical account					
1. Result of Non-Life business technical account (item I.10)				81	225,440,121
2. Result of Life business technical account (item II.13)				82	120,289,668
3. Income from investments in Non-Life business:					
a) Income from equities		83	206,469,105		
(of which: from Group companies		84	174,904,109)		
b) Income from other investments:					
aa) land and buildings	85	15,916,361			
bb) other investments	86	595,080,501	87	610,996,862	
(of which: from Group companies			88	11,919,546)	
c) Write-backs of investments		89	9,882,780		
d) Profit on sale of investments		90	65,422,160		
(of which: from Group companies		91	210,414)	92	892,770,907

			<u>175</u>	<u>-2,972,173</u>
	<u>176</u>	<u>49,576,130</u>		
	<u>177</u>	<u>24,200,623</u>		
	<u>178</u>	<u>0</u>		
	<u>179</u>	<u>19,188,937</u>		
	<u>180</u>	<u>61,595,564</u>		
	<u>181</u>	<u>9,353,456</u>	<u>182</u>	<u>145,207,798</u>
	<u>183</u>	<u>27,468,232</u>		
	<u>184</u>	<u>16,833,032</u>		
	<u>185</u>	<u>11,847,053</u>	<u>186</u>	<u>56,148,317</u>
			<u>187</u>	<u>16,020,815</u>
			<u>188</u>	<u>1,990,169</u>
			<u>189</u>	<u>94,256,543</u>
			<u>190</u>	<u>70,707,999</u>
			<u>191</u>	<u>204,738,045</u>
			<u>192</u>	<u>70,707,999</u>
	<u>193</u>	<u>203,071,089</u>		
(of which: from Group companies	<u>194</u>	<u>139,903,526</u>		
	<u>195</u>	<u>7,023,063</u>		
	<u>196</u>	<u>203,870,301</u>	<u>197</u>	<u>210,893,364</u>
(of which: from Group companies	<u>198</u>	<u>4,306,544</u>		
	<u>199</u>	<u>12,287,885</u>		
	<u>200</u>	<u>88,174,474</u>		
(of which: from Group companies	<u>201</u>	<u>76,681</u>	<u>202</u>	<u>514,426,812</u>

31 December 2004

4. (+) Income from investments transferred from the Life business technical account (item II.12)		<u>93</u>	<u>102,029,819</u>
5. Non-Life business capital and financial charges:			
a) Investment management charges and interest expense	<u>94</u>	<u>469,883,613</u>	
b) Write-backs of investments	<u>95</u>	<u>6,226,724</u>	
c) Losses on sale of investments	<u>96</u>	<u>25,435,370</u>	<u>97</u> <u>501,545,707</u>
6. (-) Income from investments transferred to the Non-Life business technical account (item I.2)		<u>98</u>	<u>233,052,696</u>
7. Other income		<u>99</u>	<u>89,240,324</u>
8. Other charges		<u>100</u>	<u>28,819,074</u>
9. Profit (loss) of ordinary business		<u>101</u>	<u>666,353,362</u>
10. Extraordinary income		<u>102</u>	<u>96,292,727</u>
11. Extraordinary charges		<u>103</u>	<u>8,774,982</u>
12. Net extraordinary income (charge)		<u>104</u>	<u>87,517,745</u>
13. Result before tax		<u>105</u>	<u>753,871,107</u>
14. Income tax for the year		<u>106</u>	<u>146,647,250</u>
15. Net profit (loss) for the year		<u>107</u>	<u>607,223,857</u>

		<u>203</u>	<u>94,256,543</u>
<u>204</u>	<u>101,137,128</u>		
<u>205</u>	<u>5,824,013</u>		
<u>206</u>	<u>71,385,201</u>	<u>207</u>	<u>178,346,342</u>
		<u>208</u>	<u>192,686,966</u>
		<u>209</u>	<u>132,662,844</u>
		<u>210</u>	<u>56,220,749</u>
		<u>211</u>	<u>589,538,186</u>
		<u>212</u>	<u>113,177,138</u>
		<u>213</u>	<u>50,086,858</u>
		<u>214</u>	<u>63,090,280</u>
		<u>215</u>	<u>652,628,466</u>
		<u>216</u>	<u>195,841,574</u>
		<u>217</u>	<u>456,786,892</u>

Notes to the financial statements

Part A - Measurement Criteria

Section 1 – Presentation of measurement criteria

The financial statements consist of the Balance Sheet, the Profit and Loss Account and these Notes and annexes, together with the Report on Operations drawn up by the Board of Directors. They have been prepared in compliance with Legislative Decree 173/1997, with ISVAP ruling no. 735 of 1 December 1997 on the chart of accounts of insurance companies, and with Legislative Decree no. 6 (the "Vietti reform") of 17 January 2003. The Cash Flow Statement is also presented, to supplement the information provided in the mandatory schedules mentioned above.

The measurement criteria are consistent with those used in the financial statements of the previous financial year, with the exception of the accounting policy applied to long-term charges. Additional changes became necessary following the introduction of the aforementioned Vietti reform on measurement of key financial statement items. These changes are described in detail below and comply with the instructions issued by the authorities concerned.

Securities portfolio

Measurement criteria for the securities portfolio

In compliance with ISVAP ruling no. 893 G. of 18 June 1998, as supplemented by circular no. 475/D of 27 February 2002, "Instructions for the classification and measurement of the securities portfolio", on 30 January 2002 the company Board of Directors adopted a resolution establishing the general criteria for identification of the two categories of investments: Long-lived investments and Short-term investments. The resolution replaced the previous resolution of 24 September 1998.

The criteria, first adopted in the 1998 financial statements, essentially classify securities according to their function – long-lived or short-term – as described below.

A. Long-lived investments

Unless otherwise specified, classification of securities as long-lived is based on the relationship with the issuer of the equity and/or debt securities. It is required that the issuer, which may or may not be listed, conduct insurance-related activities or be considered strategic irrespective of the holding percentage. Long-lived investments also include fixed-income securities with a residual maturity of more than 5 years at the time of purchase, up to a maximum of 65 per cent of the investment portfolio, and equities and OEIC units up to 15 per cent of the investment portfolio. The investment portfolio does not include strategic equities and class D.I. and D.II. investments.

B. Short-term investments

This residual category includes all securities that, irrespective of their attribution to segregated funds linked to Life policies, do not qualify for recognition as long-lived investments and are therefore held for trading. Class D.I and D.II securities are not included in this category.

Transfers of securities from one category to the other are effected in compliance with the above-mentioned ISVAP ruling. Specifically, transfers are based on the security carrying amount at the transaction date, which is determined using the criteria adopted for the source category. After transfer, securities are measured using the criteria of the new category. In accordance with the resolution of 30 January 2002, systematic sales and purchases of securities classified as Long-lived investments are prohibited (only temporary disinvestments for repurchase transactions or securities lending transactions are allowed).

Measurement criteria

A. Long-lived investments

Equities

Investments in subsidiary and associated companies, other investments and equity investments classified as long-lived investments are stated at their carrying amount at 31 December 1992, if already held at that date, or at cost if purchased at a later date.

Equities are written down to reflect permanent impairments in value, as per art. 16, paragraph 3 of Legislative Decree 173/97; the losses are reversed when the reasons for the write-downs no longer exist.

Other securities

Fixed-income bonds classified as long-lived investments are stated at their carrying amount at the end of the previous year. Subsequent acquisitions are stated at cost. The carrying amount for all securities is determined with the continuous average cost method, including any trading discounts and premiums that have accrued. Securities are written down to reflect permanent impairments in value, as per art.16, paragraph 3 of Legislative Decree 173/97; the losses are reversed when the reasons for the write-downs no longer exist, if the security is still classified as a long-lived investment. To this end, the carrying amount is compared with fair value, calculated as the mean price of the last six months. For non-listed securities, reference is made to the prices of listed securities with similar characteristics or, otherwise, to estimated recoverable amount.

B. Short-term investments

All equities, bonds and fixed-income securities classified as Short-term investments are stated at carrying amount at the end of the previous year. Securities purchased subsequently are stated at cost. The carrying amount of all securities is determined with the continuous average cost method. These securities are stated at the lower of carrying amount and fair value, determined as the mean price of the last month. Equities that are not traded on regulated markets are written down to reflect the financial position of the related company. Under Law no. 349 of 8 August 1995, n. 349, any issue premiums and discounts that have accrued are included in or subtracted from the carrying amount of bonds and fixed-income securities. Prior-year write-downs on securities already classified as short-term investments are reversed when the reasons for which they were applied no longer exist. For non-listed securities, reference is made to the prices of listed securities with similar characteristics or, otherwise, to estimated recoverable amount.

Transfer of shares of income

Transfers of shares of income on investments from the Life Technical account to the Non-Technical account and from the Non-Technical Account to the Non-Life Technical account are effected pursuant to ISVAP ruling no. 1140/G of 8 March 1999.

Transactions involving derivatives

Transactions involving derivative instruments approved by the Board of Directors on 21 October 1996 in compliance with ISVAP ruling of 19 July 1996, and subsequently replaced with the Internal Regulation on Derivatives Transactions adopted by the Board on 14 November 2003, and with the Operating Manual drawn up by the Financial Division in compliance with the above-mentioned Internal Regulation in November 2004, are performed strictly for the purpose of hedging investment risk in the various financial asset categories and/or for efficient portfolio management.

If derivatives are used for hedging purposes, gains and losses arising on valuation of both the security and the derivative are recognised in the Profit and Loss Account; no valuation gains or losses are recognised on securities held as short-term investments. If derivatives are used for the purpose of raising profitability, within the limits of prudent asset management, they are stated at fair value, and changes in value are recognised in the Profit and Loss Account. Depending on the type of financial instrument, appropriate information is provided in the memorandum accounts on the value and/or commitments in respect of derivatives, in compliance with the ISVAP ruling on the chart of accounts of insurance companies.

Intangible assets

Beginning in financial year 2004, charges for acquisition commissions on long-term Life policies paid in advance at the contract date are capitalised, and recognised in balance sheet item B.1.a) - "Acquisition commissions to be amortised – Life business", rather than charged in full to profit and loss item II.8.a) "Acquisition commissions". The commissions in question are amortised, contract by contract, over the term of the contracts, for a maximum of ten years. The change in policy meets

the need to reflect the dynamic nature of the current portfolio: the new policy ensures a progressively more consistent representation of the cost-revenue match with regard both to the parent company and to the main insurance subsidiary companies. In compliance with accounting policy 29, which governs changes in accounting policies, application of the new policy is prospective, given that the retrospective effect of the new policy cannot be reasonably estimated. The change of policy generated a gain, gross of tax, of approximately 10.5 million euro.

Other intangible assets are long-term costs relating to charges for share capital increases, which are amortised on a straight-line basis over five years, beginning from the year in which they were incurred.

Land and buildings

Real estate is stated at cost, and adjusted for mandatory and voluntary revaluations. New acquisitions and improvements are stated at cost. Real estate used in the conduct of the company's business is depreciated over useful life on a straight-line basis (3 per cent). Real estate used by third parties (operating and residential) is subject to ordinary maintenance and restoration, the costs of which are allocated in equal portions over time by means of pre-planned programmes that prolong the useful lives of the assets and keep their value constant (albeit lower than market value). In accordance with ISVAP circular no. 438/D of 5 March 2001, depreciation of land and buildings is charged to the items relating to "Write-downs of investments".

Investments benefiting Life policyholders who bear the risk thereof and investments arising from pension fund management

This class of assets consists of two categories. The first comprises investments forming part of the assets of unit-linked insurance funds and investments in unit-linked policies. The second comprises investments pertaining to the open-end pension funds managed by Ras.

These assets are stated at fair value, which, in the case of securities traded on regulated markets, is market value on the last trading day of the year; differences in respect of carrying amount are recognised directly in profit and loss. For unlisted securities, differences are calculated on the basis of deemed fair value with reference to similar listed securities or to recoverable amount.

Other assets

Receivables

These assets are stated at estimated recoverable amount. Write-downs on premiums receivable are based on historical collection trends 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 using the ordinary and accelerated rates permitted under tax laws that are deemed consistent with the expected useful life of each category of assets, as set out below.

Category	Ordinary rate	Rate in 1 st year
Furniture and fixtures under 500 euro	100.00	0.00
Plant, telephone equipment and sundry equipment	50.00	25.00
Office machines and IT materials	40.00	20.00
Canteen equipment	15.00	7.50
Furniture and fixtures, sundry office machines	12.00	6.00
Used motor vehicles	7.50	3.75
Used furniture and fixtures	6.00	3.00

Accrued income and prepaid expenses, accrued liabilities and deferred income

These assets and liabilities are recognised on an accruals basis, pursuant to art. 2424 bis, paragraph 5, of the Italian Civil Code.



Translation into euro

Translation of transactions in currencies of non-EMU countries

Investments in subsidiaries and associated companies are translated at the original exchange rates without recognition of net differences that would arise from application of current exchange rates, with the exception of permanent impairments of value and taking account of actual asset value. Gains or losses on exchange rate differences or on valuation are recognised in the Profit and Loss Account. Treatment of net balances arising from the translation of the opening balances of foreign currency assets and liabilities is illustrated in the sections in Part A on Other provisions – Provision for Exchange Rate Fluctuations, and Equity Reserves – Reserve for Exchange Rate Fluctuations.

Premiums and related charges

In accordance with art. 45 of Legislative Decree 173/1997, premiums are recognised in the premium reserve on an accruals basis, net of technical write-offs relating to securities issued during the year. Acquisition costs incurred in underwriting contracts pertaining to the direct Life business are recognised as illustrated in the note on Intangible assets; acquisition costs in respect of contracts underwritten directly abroad are deferred through zillmerisation of actuarial reserves, where allowed by local laws. Costs in respect of inwards reinsurance are deferred through zillmerisation when this method is adopted by the ceding company. Acquisition commissions relating to Non-Life lines of business are charged to the year in which they are incurred, in proportion to the related premiums, through the premium reserve.

Inwards reinsurance

Data reflected in respect of premiums, claims and commission expense on inwards reinsurance risks is provided by the ceding companies. The inwards reinsurance claims reserve are as disclosed by the ceding companies, adjusted for delayed claims as appropriate and based on experience. The effects of inwards reinsurance on the Profit and Loss Account are recognised the year after the year in which they arise, when the information received from ceding companies is not sufficient for correct representation at the balance sheet date.

Technical reserves

The technical reserves of the direct Non-Life and Life businesses, gross of outwards reinsurance and formed in accordance with current laws, are sufficient to enable the company to meet its obligations, determined on a prudent basis, in respect of the insurance policies it underwrites. The measurement criteria adopted for each technical reserve are summarised below.

Actuarial reserves

The actuarial reserves are calculated using appropriate actuarial assumptions with regard to mortality rates and technical interest, which generate accruals that take account of possible unfavourable changes. The actuarial reserve is always equal to or greater than the surrender value. The reinsurer's share is calculated using the criteria applied for the direct business. Inwards reinsurance reserves are computed on the basis of the reserves reported by the ceding companies, which calculate their reserves in accordance with their own tariffs. Amounts due to policyholders for profit-sharing are accrued under technical reserves. In accordance with art. 25 paragraph 12 of Legislative Decree no. 174/95 and ISVAP ruling no. 1801/G of 21 February 2001, the actuarial reserves are supplemented, where necessary, with a specific amount covering possible discrepancies between the foreseeable rates of return on the assets covering the reserves and obligations assumed in respect of policyholders. As required by Legislative Decree no. 174/95, the actuary's report certifies the principles and technical procedures used to calculate the reserves and ensure that they are sufficient.

Reserve for amounts payable in the Life business

Reserves for amounts payable reflect the total sum required to pay matured sums insured and annuities, surrenders and claims, including related settlement costs. The reinsurer's share is calculated using the criteria applied for the direct business, while inwards reinsurance reserves are calculated on the basis of the information provided by the ceding companies.

Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management

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

Non-Life business premium reserve

The Non-Life business premium reserve for outstanding risks on the Italian portfolio is composed of the reserve for unearned premiums and the reserve for unexpired risks. The reserve for unearned premiums reflects gross premiums written pertaining to subsequent years. It is calculated pro rata temporis for each line of business, net of acquisition commissions as per art. 51 of Legislative Decree 173/1997 and other acquisition costs as per art. 52 of the same decree, limited to directly attributable costs. For certain lines of business and depending on the degree of risk, the reserve for unearned premiums includes an additional accrual determined 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 compensation and expense arising from insurance contracts drawn up before that date, to the extent that the amount exceeds the reserve for unearned premiums and premiums due under the terms of the contracts. The reserve is calculated by line of business based on the loss ratio of the current generation, and also considering the ratios of previous years. The premium reserves for ceded and retroceded business are computed with the criteria used for the direct business.

Non-Life business claims reserve

The direct business claims reserves represent commitments in respect of reported and unreported claims that have been settled in full or in part at the balance sheet date. They are determined on a claim-by-claim basis (using the so-called inventory method, with analysis of each claim). The estimate also takes account, depending on the specific characteristics of each line of business, of objective factors known at the time of the estimate, of foreseeable increases in costs during the settlement process and any directly attributable settlement costs. Claims settlement costs that are not directly attributable, which are recognised as a specific item, are calculated on an estimated lump-sum basis, taking account of the impact of settlement costs on the individual lines of business. With regard to definition of ultimate cost, the company uses a statistical-actuarial method to supplement the inventory claims reserve estimated by the settlement departments, particularly with regard to the lines with longer settlement processes (third-party motor liability and general liability). The claims reserves for ceded and retroceded business are computed with the criteria used for the direct business and inwards reinsurance.

Other technical reserves

These comprise the ageing reserve as per art. 25 of Legislative Decree 175/95, in respect of Health insurance policies taken out on a long-term basis or with compulsory renewal on expiration. Other reserves for the Life business consist solely of the Reserve for management expense.

Equalisation reserves

These reserves represent all sums provided in accordance with current legislation in order to equalise future fluctuations in the claims rate or to cover specific risks. They consist of the equalisation reserve for the Credit line of business as per art. 24 of Legislative Decree 175/1995 and subsequent amendments, and the equalisation reserve for natural disasters as per art. 12 of Decree Law no. 691 of 19 December 1994, converted with amendments into Law no. 35 of 16 February 1995.

Other technical charges

Other technical charges are stated in the Profit and Loss Account net of outwards reinsurance. Non-Life charges include, inter alia: year-end write-downs on unrecoverable premium receivables for the year, write-downs on prior-year premium receivables and write-offs of prior-year premium receivables for the portion exceeding the specific provision. Life charges include, inter alia: year-end write-downs on unrecoverable first-year premium receivables for the year, write-downs on prior-year

first-year premium receivables and write-offs on prior-year premium receivables for the portion exceeding the specific provision.

Other technical income

Non-Life other technical income includes, inter alia, prior-year income on previously written down premium receivables relating to earlier years. Life other technical income includes, inter alia, prior-year income on previously written down or written-off premium receivables.

Staff severance indemnity

This item is classified under Payables and other liabilities and reflects accruals to the provision for staff severance indemnities, in accordance with current laws and contractual requirements.

Provisions for risks and charges

Provision for staff pensions and similar obligations

The provision reflects accruals for staff pensions due to directors, in compliance with art. 70, paragraph 3, of Presidential Decree 917/86. It also includes the Provision for agents, formed to cover indemnities arising from the termination of agency contracts for the portion without recourse.

Tax provision

The tax provision reflects accruals for current tax (determined on the basis of prudent estimates) and deferred tax. In compliance with Accounting Principle no. 25 of the Italian Accounting Profession, deferred tax assets and liabilities are recorded for the year. In accordance with Legislative Decree no. 344 of 12 December 2003, and the Decrees of the Ministry of the Economy & Finance of 9 June 2004 and 23 April 2004, the company has elected the domestic tax consolidation and transparency systems for the three years 2004-2006, whereby:

- IRES tax payables of the companies included in the tax consolidation are transferred to the consolidating company;
- the IRES-taxable income of the CreditRas Vita spa and CreditRas Assicurazioni spa "transparent" companies has been transferred to the parents (Ras and UniCredit Banca) proportionately to their respective shares of profits.

Other provisions

Risk provision

This provision is formed in respect of the company's relationships with employees, agents, brokers, policyholders, reinsurance and coinsurance company and government agencies, and is deemed adequate in relation to the specific potential risks.

Provision for exchange rate fluctuations

In compliance with the regulations governing accounting treatment of foreign currency items and balances, the Provision for exchange rate fluctuations has been reversed with a balancing entry in "Extraordinary income". At year-end, translation gains and losses on foreign currency items are recognised in the Profit and Loss Account.

Equity reserves

Reserve for translation gains

At year-end, an amount equivalent to the net translation gain arising from exchange rate fluctuations on foreign currency items is accrued to a Reserve for translation gains, from the net profit allocations approved by the Shareholders' Meeting. On initial recognition, the reserve is not available for distribution to shareholders. In subsequent periods, the reserve will reflect movements in translation gains on the underlying assets.

Tax

Tax is calculated in accordance with current tax laws and charged to the Profit and Loss Account for the period to which it pertains. It represents:

- accruals to be settled for the year;
- deferred tax assets and liabilities arising on temporary differences or eliminated during the year;
- positive and negative amounts arising in connection with the tax transparency system adopted for the insurance joint ventures.

Section 2 – Fiscally driven adjustments and provisions

Real estate used by third parties

In compliance with the recommendations of Legislative Decree no. 6 of 17 January 2003 (Vietti reform) regarding derecognition of fiscally driven adjustments, accumulated depreciation on real estate used by third parties was reversed. No depreciation will be charged this year or in future years.

The effects of the reversal on net profit for the year are set out below:

	2004 Net profit for the year	2003 Net profit for the year	Capital and reserves
Amounts before derecognition	587,898	456,787	4,105,197
Fiscal postings, gross of deferred tax:			
- Accumulated depreciation on real estate	31,297	3,030	28,267
Total gross postings	31,297	3,030	28,267
- Related deferred tax	-11,971	-1,159	-10,812
Total postings net of deferred tax	19,326	1,871	17,455
Amounts after derecognition	607,224	458,658	4,122,652

Part B - Notes to the Balance Sheet and the Profit and Loss Account

Information regarding the changes in the individual items of the Balance Sheet and the Profit and Loss Account for the financial year to 31 December 2004 is provided below, together with the annexes required by Legislative Decree 173/1997.

All amounts are in thousands of euro, in accordance with ISVAP ruling no. 1008 G of 5 October 1998.

Balance Sheet – Assets

The Non-Life and Life business balance sheets are set out in Annexes 1 and 2 respectively. A breakdown of the result for the year by Non-Life and Life business is provided in Annex 3.

SECTION 1 – Intangible assets (ITEM B) 10,599

Intangible assets are as follows:

1 - Acquisition commissions to be amortised	10,526
3 - Start-up and expansion costs	72

As a result of a change in accounting policy, illustrated in detail in Part A – Measurement Criteria, beginning this year intangible assets include acquisition costs to be amortised, for an amount of 10,526 thousand euro. These costs refer to acquisition commissions settled in advance when the contract is underwritten, for the most part on traditional policies with annual premiums. The costs are amortised contract by contract over the life of the contracts, for a maximum of 10 years.

Start-up and expansion costs amount to 72 thousand euro, and consist entirely of share capital increase costs to be amortised.

Changes in intangible assets (item B) are set out in Annex 4.

SECTION 2 – Investments (ITEM C) 16,400,233

<i>Land and buildings - ITEM C.I - Annex 4</i>	167,528
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These assets are as follows:

	Real estate used in the business	Real estate used by third parties	Farming businesses	Total
Gross opening balance:	83,705	101,247	11,073	196,025
Increases:				
Improvement costs	160	391		551
Reclassifications		1		1
Decreases:				
Reclassifications	-1			-1
Gross closing balance	83,864	101,639	11,073	196,576
Accumulated depreciation				
Opening balance	26,533	31,296	–	57,829
Reclassifications				–
Accruals for the year for use of assets	2,515			2,515
Reversal of accumulated depreciation on real estate used by third parties		-31,296		-31,296
Closing balance	29,048	–	–	29,048
Book value	54,816	101,639	11,073	167,528
Fair value at 31.12.2004				264,310

In accordance with art. 18 paragraph 5 of Decree Law no. 173 of 26 May 1997, from 2000 the fair value of land and buildings is indicated.

In compliance with ISVAP ruling no. 1915 G of 20 July 2001, this value is based on an independent valuation performed in March 2002, using the following criteria:

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

Where there is a difference of less than 10 per cent between the two amounts determined using the above methods, the deemed asset value is the average of the two amounts.

Where there is a difference of more than 10 per cent, the deemed asset value is the weighted average of the two amounts. The choice of weighting coefficients is based on the characteristics of the asset.

The changes in Land and buildings (item C.I) are set out in Annex 4.

A table listing all properties and setting out revaluations is provided at the end of these Notes.

In compliance with the company law reform introduced with Legislative Decree no. 6 of 17 January 2003 (Vietti reform), accumulated depreciation for real estate used by third parties has been reversed.

<i>Investments in Group companies and other companies - ITEM C.II Annexes 5 - 6 - 7</i>	4,544,045
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Annexes 5, 6 and 7 provide details on Group companies and other companies and related movements.

A summary of movements is set out below:

	Equities C.II.1	Bonds C.II.2	Loans C.II.3	Total
Opening balance:	3,990,396	286,605	13,886	4,290,887
Increases:				
acquisitions	119,546	71,794		191,340
write-backs	3,462	-		3,462
other increases	162,006	103	2,601	164,359
Decreases:				
sales or redemptions	-3	-3,276		-3,279
write-downs	-506	-		-506
other decreases	-102,410	-159		-102,218
Closing balance	4,172,491	355,067	16,487	4,544,045
Fair value	6,822,194	368,014	16,487	7,206,695
Net capital gains	2,649,703	12,947	-	2,662,650

Fair value is calculated using the following criteria:

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

Unlisted securities: a prudent estimate of recoverable amount; the fair value of investments in subsidiaries, affiliated and associated companies is based on shareholders' equity including net profit (loss) for the year and taking into account unrealised net capital gains on securities and real estate (net of the expected tax effects in the various countries), as well as goodwill, where applicable. Goodwill in respect of insurance companies refers essentially to portfolio value and is determined by applying separate rates for the Life and Non-Life businesses; goodwill for financial services companies is calculated mainly on the basis of net inflows and organisational structure.

Investments are classified as either long-lived or short-term investments, in accordance with the guidelines established by the Board of Directors' resolution of 30 January 2002.

With regard to item C.II.2, bonds issued by UniCredito Italiano for a nominal amount of 54,817 thousand euro are not classified as long-lived investments, since they are not issued by Group companies. The item also includes a subordinated bond of 20,000 thousand euro, which is described at the end of these Notes.

In compliance with art. 16, paragraph 4 of Legislative Decree 173/1997, the investments in the following subsidiaries and associated companies are stated at their carrying amounts, which exceed, by the amounts set out below, the corresponding portion of shareholders' equity reflected in the last financial statements taking account of any loss for the year:

- Ras T.G. 5,414 thousand euro; Ram Sgr 965 thousand euro; Allianz Subalpina 138,410 thousand euro; Rb Vita 11,556 thousand euro; Carisma 2,967 thousand euro; Villa la Pagliaia 2 thousand euro; CreditRas Vita 10,813 thousand euro; L'Assicuratrice Italiana Vita 615 thousand euro. These companies generate profits;
- Investitori Sgr 14,199 thousand euro; Investitori Holding 11,930 thousand euro; RasBank 76,491 thousand euro; Equinox Investment Company 733 thousand euro; L'Assicuratrice Italiana Danni 94 thousand euro; Ras Immobiliare 9,248 thousand euro; Emittenti Titoli 3 thousand euro. These companies are expected to generate profits in the future;

- Darta Saving Assurance 1,254 thousand euro; Citylife 279 thousand euro; Ras Alternative Investments 10 thousand euro. These are recently established/acquired/start-up companies.

The most important transactions involving long-lived assets in class C.II.1 are as follows:

Acquisitions, disbursements:

- acquisition from third parties UniCredito Italiano (920 thousand euro);
- acquisition from third parties Citylife (48 thousand euro);
- subscription of the share capital increase at Darta Saving Life Assurance (2,000 thousand euro);
- subscription of the share capital increase at RB Vita (15,600 thousand euro);
- acquisition from third parties and subscription of the share capital increase at Darta Investment Fund PLC (300 thousand euro);
- subscription for acquisition of new investment in Banca Bnl Investimenti (100,577 thousand euro);
- acquisition from third parties Emittenti Titoli (101 thousand euro).

Sales, redemptions:

- sale to third parties Investitori Holding (2 thousand euro);
- sale of Ge.S.I. to Ras Immobiliare e Investitori Holding (1 thousand euro).

Other increases and decreases:

- capital injection for future share capital increase at RB Vita (46,000 thousand euro);
- recognition of value of Banca Bnl Investimenti following merger with RasBank (107,410 thousand euro);
- capital contribution to Darta Saving Life Assurance (4,000 thousand euro);
- extraordinary payment for acquisition of Banca Bnl Investimenti (1,833 thousand euro);
- capital injection for future share capital increase at CreditRas Assicurazioni (1,400 thousand euro);
- capital injection for future share capital increase at Citylife (1,173 thousand euro);
- payment to cover losses at Borgo San Felice (190 thousand euro);
- deduction of value of Banca Bnl Investimenti following merger with RasBank (102,410 thousand euro).

Pursuant to art. 10 of Law 72 of 19 March 1983, a list of securities and related monetary revaluations applied pursuant to law is provided at the end of these Notes.

"Bonds issued by companies" and "Loans to companies" showing, respectively, the issuer and the beneficiary are set out below.

Bonds issued by companies - ITEM C.II.2	Issuer	2004	2003	Change
Allianz AG 4.1% 19.12.2003-21.12.2009	Allianz AG	105,144	105,173	-29
Allianz AG 4.7% 11.12.2003-2013	Allianz AG	88,741	88,712	29
Allianz AG 3.75% 8.7.2004-2008	Allianz AG	47,236	–	47,236
Allianz AG 4.50% 8.7.2004-2012	Allianz AG	24,208	–	24,208
Allianz Finance 5% 25.3.1998-2008	Allianz Finance	508	507	1
CreditRas TV 30.12.2003-2049	CreditRas Vita	20,000	20,000	–
Credito Italiano TV 27.11.2001-2111	UniCredito	28,555	28,548	7
Credito Italiano 5% 27.11.2001-2111	UniCredito	25,569	28,561	-2,992
UniCredito Italiano 6.1% 28.2.2002-2012	UniCredito	14,489	14,487	2
Credito Italiano 5% 1996-2011	UniCredito	398	398	–
Credito Italiano 5% 1996-2016	UniCredito	219	219	–
Total		355,067	286,605	68,462

The change of 68,462 thousand euro largely refers to the purchase, at the market price, of bonds issued by Allianz AG for a face amount of 71 million euro.

Loans to companies - ITEM C.II.3	Maturity	2004	2003	Change
Ge.S.I.	2005	12,488	12,185	303
Investitori Holding	2005	3,999	1,701	2,298
Total		16,487	13,886	2,601

The change in respect of 2003 arose as follows:

- capitalisation of accrued interest;
- addition of 2,250 thousand euro to the loan to Investitori Holding.

<i>Other financial investments – ITEM C. III – Annexes 8 and 9</i>	<i>11,410,239</i>
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The movements on this heading are set out below:

	Equities C.III.1	Mutual fund units C.III.2	Bonds C.III.3	Loans C.III.4	Other financial investments C.III.7	Total
Opening balance	596,539	120,439	9,013,577	25,748	725,008	10,481,311
Increases:						
acquisitions, disbursements	806,366	139,735	3,493,065	15,254	619,378	5,073,798
write-backs	15,968	3,336	1,133		2	20,439
transfers from class D portfolio	–	133	–		–	133
other changes	34,164	6,768	8,936		–	49,868
Decreases:						
sales, redemptions	-763,966	-144,301	-3,225,055	-9,828	-16,989	-4,160,139
write-downs	-2,895	-2,454	-1,157		-3	-6,509
other decreases	-15,691	-7,372	-25,599		–	-48,662
Closing balance	670,485	116,284	9,264,900	31,174	1,327,396	11,410,239
Fair value	756,087	116,932	9,707,601	31,174	1,327,396	11,939,190
Net capital gains	85,602	648	442,701	–	–	528,951

Fair value is calculated using the criteria described in the section on investments in Group companies and in other companies.

Annex 8 provides a long-lived/short-term breakdown of the assets included in: Equities (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), Other financial investments (C.III.7).

Long-lived assets in Item C.III.1 include, inter alia, investments in companies held for strategic purposes (A.D. Taverna, Banca d'Italia, Revisione), which are stated at book value.

Annex 9 details changes in the long-lived portfolio, which are shown below:

Acquisitions of 7,683 thousand euro, under item C.III.1:

- Pirelli & C. spa ord.: acquisition from third parties (7,101 thousand euro);
- Pirelli 2004-2006 warrants: acquisition from third parties (582 thousand euro).

The other increases, totalling 20,727 thousand euro, related to:

- Pirelli & C. spa ord.: increase in equity investment following exercise of warrants (13,076 thousand euro);
- Città Studi spa: increase in equity investment following merger between Città Studi Biella and Texillia (3 thousand euro);
- Consortue srl: incorporation of new company through partial spin-off of Consortium (7,648 thousand euro).

Sales of 50,168 thousand euro, under item C.III.1:

- Mediobanca spa: sale to third parties (49,225 thousand euro) and sale to RasBank (943 thousand euro).

The other decreases, totalling 15,300 thousand euro, related to:

- Consortium srl: deduction of equity investment following spin-off (7,648 thousand euro);
- Consortue srl: deduction of equity investment following early wind-up and liquidation (7,649 thousand euro);
- Città Studi Biella spa: deduction of equity investment following merger (3 thousand euro).

List of subordinated securities (thousands of Euro)

Item C.III.3 includes subordinated securities totalling 366,003 thousand euro, as detailed below.

Section	Beneficiary	Currency	Book value	Nominal value	Maturity	Tier of subordination	Interest rate	Early repayment
C.III.3	BANCA FIDEURAM	Euro	4,890	5,000	01-10-09	Lower Tier 2	Euribor 6m + 50	no
C.III.3	BCI US FUNDING TRUST II	Euro	15,394	15,500	Perpetual	Tier 1	Euribor 3m + 160	15 July 08
C.III.3	B.CA INTESA OVERSEAS	Euro	34,416	34,603	10-04-08	Upper Tier 2	Euribor 3m + 62,5	no
C.III.3	INTESA PREFERRED SECS	Euro	22,743	22,800	Perpetual	Tier 1	Euribor 3m + 175	30 June 08
C.III.3	ROYAL BANK OF SCOTLAND GROUP	Euro	12,411	12,500	26-03-09	Lower Tier 2	4,875%	no
C.III.3	GENERALI FINANCE BV	Euro	25,271	28,500	28-05-19	Other clauses	5,0625%	28 May 09
C.III.3	BANCA AGRILEASING	Euro	17,955	18,000	21-10-14	Tier 2	Euribor 3m + 50	21 July 14
C.III.3	BANCA POPOLARE VERONA E NOVARA	Euro	2,295	2,294	20-06-13	Tier 2	Euribor 3m + 75	20 June 08
C.III.3	ROYAL BANK OF SCOTLAND GROUP	Euro	694	700	21-01-10	Lower Tier 2	6,00%	no
C.III.3	SANTANDER CENTR HISP ISSUANCES	Euro	9,699	9,700	05-07-10	Lower Tier 2	6,375%	no
C.III.3	SAN PAOLO DI TORINO	Euro	16,981	17,000	06-04-10	Lower Tier 2	6,375%	no
C.III.3	BANCHE POPOLARI UNITE SCRL	Euro	15,156	15,180	15-11-10	Lower Tier 2	Euribor 3m + 105	15 Nov 05
C.III.3	BANCA POPOLARE DI MILANO	Euro	6,564	6,500	13-12-10	Lower Tier 2	Euribor 3m + 100	13 Dec 05
C.III.3	BANCA MONTE PASCHI SIENA	Euro	9,571	9,600	21-12-10	Lower Tier 2	6%	21 Dec 05
C.III.3	BANCA CARIGE	Euro	6,473	6,500	28-09-11	Lower Tier 2	Euribor 3m + 80	28 Sept 11
C.III.3	CGNU	Euro	5,944	5,950	14-11-21	Lower Tier 2	5,75%	14 Nov 11
C.III.3	UNICREDITO ITALIANO	Euro	28,555	28,600	27-11-11	Lower Tier 2	Euribor 3m + 70	27 Nov 06
C.III.3	UNICREDITO ITALIANO	Euro	25,569	25,600	27-11-11	Lower Tier 2	5%	27 Nov 06
C.III.3	BANCA POPOLARE VERONA E NOVARA	Euro	24,956	25,000	04-06-14	Tier 2	Euribor 3m + 45	4 June 09
C.III.3	BANCA LOMBARDA	Euro	2,014	2,000	28-12-11	Lower Tier 2	Euribor 3m + 90	28 Dec 06
C.III.3	UNICREDITO ITALIANO	Euro	14,489	14,500	28-02-12	Upper Tier 2	6,1%	no
C.III.3	NORDEA BANK FINLAND PLC	Euro	1,300	1,300	26-03-14	Lower Tier 2	5,750%	26 Mar 09
C.III.3	BANCA AGRILEASING	Euro	7,400	7,400	18-04-12	Lower Tier 2	Euribor 3m + 110	18 April 07
C.III.3	BANCHE POPOLARI UNITE SCRL	Euro	22,700	22,700	02-08-12	Tier 2	Euribor 3m + 75	2 Aug 07
C.III.3	BANCA LOMBARDA	Euro	9,490	9,500	10-12-12	Lower Tier 2	Euribor 3m + 100	10 Dec 07
C.III.3	BANCA ANTONVENETA SPA	Euro	6,992	7,000	23-04-13	Lower Tier 2	Euribor 3m + 90	23 April 08
C.III.3	SKANDINAVISKA ENSKILDA	Euro	9,995	10,000	28-05-15	Lower Tier 2	4,125%	28 May 10
C.III.3	CASSA DI RISPARMIO DI FIRENZE	Euro	6,086	6,100	15-12-14	Tier 2	2,574%	15 Dec 09
Total C.III.3			366,003	370,027				
C.II.2	CREDITRAS VITA	Euro	20,000	20,000	Perpetuo	Other clauses	Euribor 6m + 140	yes
Total C.II.2			20,000	20,000				
D.I	BANCA LOMBARDA	Euro	102	100	10-12-12	Lower Tier 2	Euribor 3m + 100	10 Dec 07
D.I	VENETO BANCA	Euro	130	130	12-11-14	Other clauses	Euribor 3m + 60	12 Nov 09
Total D.I			232	230				
Total			386,235	390,257				

The majority of bonds shown in item C.III.3 were issued or are guaranteed by governments and international bodies (79 per cent). Significant investments (exceeding 25,500 thousand euro) in corporate bonds are summarised below.

Issuers - Guarantors	
Kredit Wieder	97,382
Telecom Italia	92,952
DB Vanquish	72,500
Bank of England	71,008
Freddie MAC	54,818
IFIL	54,250
SCIP	52,505
Bank Neder. Gem.	51,417
Generali Finance	47,700
Banca Intesa - Cariplo Group	44,836
S.N.C.F.	39,426
Allgemeine HBK	38,587
Banche Popolari Unite	37,856
San Paolo - IMI	36,767
SCCI	36,400
Infrastrutture	32,487
ENEL	31,471
ENI Coordination Center	31,138
Poste Italiane	29,892
Banco Popolare Verona	27,251
BT PLC	25,954
Total	1,006,597

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

	Positive	Negative	Total
Issue	4,914	-3,036	1,878
Trading	2,261	-13,168	-10,907
Total	7,175	-16,204	-9,029

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

Item C.III.7 "Other financial investments" includes the following transactions:

Other financial investments	
Securities loan without collateral on a nominal value of 1,225 million euro	1,225,000
Unipol capitalisation contract	102,391
Purchase of World 112 exotic option on a nominal value of 0.3 million euro	5

The amount of 1,225 million euro, with a balancing entry in liabilities under "Sundry loans and other financial payables" refers to an 18-month securities loan without collateral with a leading counter-party.

Under a specific securities lending contract, Ras has borrowed bonds issued by a British company controlled by a leading banking group (Deutsche Bank) until 30 March 2005 (1st tranche for 725 million euro) and 30 December 2005 (2nd tranche for 500 million euro), without pledging collateral with the bond lender.

The counter-party on the securities loan is a British company controlled by Deutsche Bank.

Ras may withdraw from the contract after six months from the contract date, at each quarterly coupon maturity, by sending written notice in accordance with the terms of the loan contract.

Ras has assumed no credit risk on this transaction, since its only obligation is to return the securities and related rights, free of any encumbrances.

The amount of 102,39 million euro refers to credit assigned by Unipol Banca in respect of a single-premium capitalisation contract underwritten with Compagnia Assicuratrice Unipol spa. The amount consists of the principal (99.95 million euro) and the revaluation (2.44 million euro).

<i>Deposits with ceding companies – ITEM C.IV</i>	278,421
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The balance at 31 December 2003 was:	295,431
The decrease from the previous year is:	17,010

Ras' credit balance with Group companies and other companies is:	264,419
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Section 15 of the Notes provides a breakdown by company.

SECTION 3 – Investments benefiting Life policyholders bearing the risk thereof and investments arising from pension fund management (ITEM D)	895,671
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For each type of product, Annex 11 analyses assets relating to unit-linked policies (in respect of internal funds) and index-linked policies (D.I).

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:	680,256	56,440
Increases:		
acquisitions and subscriptions	583,872	64,769
write-backs and upward revaluations	20,351	1,462
transfers from class C portfolio	–	–
change in other net assets	303	–
issue premiums	78	–
Decreases:		
sales	-456,231	-46,011
write-downs and downward revaluations	-7,517	-462
transfers to class C portfolio ⁽¹⁾	-133	–
change in other net assets	–	-1,454
issue discounts	-52	–
Closing balance	820,927	74,744

Note (1): The amount refers to investments transferred from class D to class C in relation to a transfer of excess Ras Obbligazionario investment fund units. Class DI includes 2 subordinated securities for 232 thousand euro, which are described at the end of these Notes.

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

• Investments class D.I	10,555
• Investments class D.II	2,603

SECTION 4 – Reinsurers' share of technical reserves (ITEM D BIS)

839,928

Non-Life Business – ITEM D bis I

465,388

A full breakdown of the item is set out below.

	Reinsurance	Retroceded	2004	2003	Change
Premium reserve	108,208	1,767	109,975	104,113	5,862
Claims reserve	288,012	67,401	355,413	397,280	-41,867
Total	396,220	69,168	465,388	501,393	-36,005

A breakdown by line of business of the premium and the claims reserves is set out below, showing reinsurance and retroceded business and the company's Italian and foreign portfolio separately.

Premium reserve	Reinsurance Unearned premiums	Unexpired risks	Retroceded Unearned premiums	Total
Personal accident	1,049		–	1,049
Health	679		–	679
Motor vehicle hulls	1,286		–	1,286
Railway truck hulls	11		–	11
Aviation hulls	1,419		–	1,419
Watercraft hulls	1,578		–	1,578
Cargo	203		–	203
Fire	32,461		355	32,816
Miscellaneous damage to property	28,990		94	29,084
Third-party motor liability	16		–	16
Third-party aviation liability	710		–	710
General liability	11,166		–	11,166
Credit	262		–	262
Bonds	19,365		3	19,368
Pecuniary loss	2,404		–	2,404
Legal protection	1,036		–	1,036
Assistance	5,573		–	5,573
Total Italy	108,208	–	452	108,660
Total Foreign	–	–	1,315	1,315
Total	108,208	–	1,767	109,975

Claims reserve	Reinsurance	Retroceded	Total
Personal accident	3,833	70	3,903
Health	3,441	34	3,475
Motor vehicle hulls	614	–	614
Railway truck hulls	–	15	15
Aviation hulls	4,371	117	4,488
Watercraft hulls	11,121	1,845	12,966
Cargo	1,256	0	1,256
Fire and natural events	57,765	5,068	62,833
Miscellaneous damage to property	76,656	296	76,952
Third-party motor liability	28,730	10,579	39,309
Third-party aviation liability	2,865	–	2,865
Third-party watercraft liability	2	–	2
General liability	64,911	3,380	68,291
Credit	1,355	–	1,355
Bonds	20,600	33	20,633
Pecuniary loss	3,405	–	3,405
Legal protection	1,232	–	1,232
Assistance	717	–	717
Total Italy	282,874	21,437	304,311
Total Foreign	5,138	45,964	51,102
Total	288,012	67,401	355,413
<i>Life Business - ITEM D bis II</i>			374,540

A full breakdown of the item is set out below.

	Reinsurance	Retroceded	2004	2003	Change
Actuarial reserves	304,548	52,025	356,573	393,508	-36,935
Amounts payable	13,379	4,259	17,638	27,465	-9,827
Profit sharing	–	329	329	387	-58
Reserves classes DI and DII	–	–	–	–	–
Total	317,927	56,613	374,540	421,360	-46,820

A breakdown of the Italian portfolio and foreign portfolio at 31 December 2004 is set out below:

	Italy	Foreign	Total
Reinsurance business	317,927		317,927
Retroceded business	30,829	25,784	56,613

SECTION 5 – Receivables (ITEM E)

The balance and movements on this heading are set out below:

	2004	2003	Change
I Receivables relating to direct insurance business			
1 - Policyholders	440,312	468,326	-28,014
2 - Insurance brokers and agents	395,304	381,668	13,636
3 - Current account companies	39,767	60,144	-20,377
4 - Amounts to be recovered from policyholders and third parties	18,411	12,748	5,663
II Receivables relating to reinsurance business			
1 - Insurance and reinsurance companies	54,567	59,873	-5,306
2 - Reinsurance brokers and agents	17,712	23,366	-5,654
III Other receivables	535,652	364,094	171,558
Total	1,501,725	1,370,219	131,506

Balances with Group companies 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	5,423
Receivables relating to reinsurance business	10,111
Other receivables	85,372

<i>Receivables relating to direct insurance business - ITEM E.I</i>	893,793
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Amounts receivable from policyholders in respect of current and prior-year premiums have been written down for line of business on a lump-sum basis, based on statistical collection trends.

Book value is as follows:

Gross balance at year-end	464.362
Provision for bad debts, of which:	24,050
- Opening balance	24,500
- Uses during the year	-24,500
Write-off of receivables due to insolvency	-24,224
Prior-year income on previously written down policyholder receivables	-276
- Accrual for the year	24,050
Book value	440,312

A breakdown of write-downs by line of business is set out below:

	Gross closing balance	Write-downs	Net closing balance
Personal accident	35,448	3,266	32,182
Health	24,592	1,315	23,277
Motor vehicle hulls	29,669	967	28,702
Railway truck hulls	35	0	35
Aviation hulls	2,013	20	1,993
Watercraft hulls	2,181	31	2,150
Cargo	1,853	22	1,831
Fire and natural events	49,239	2,792	46,447
Miscellaneous damage to property	33,225	2,038	31,187
Third-party motor liability	92,769	8,500	84,269
Third-party aviation liability	1,015	3	1,012
Third-party watercraft liability	74	8	66
General liability	63,283	2,974	60,309
Credit	1,259	0	1,259
Bonds	10,257	521	9,736
Pecuniary loss	4,582	96	4,486
Legal protection	227	17	210
Assistance	1,275	129	1,146
Total Non-Life business	352,996	22,699	330,297
Total Life business	111,366	1,351	110,015

"Receivables relating to current account companies" consists largely of receivables in respect of co-insurance transactions and provision of services.

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

<i>Other receivables – ITEM E.III</i>	535,652
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A breakdown of the item is set out below:

Bills in portfolio	371
Tax receivables	190,354
Tax credit - as per Decree Law 209/2002	53,413
Deferred tax assets	76,117
Outstanding rent	2,495
Sundry loans and advances	2,777
Accrued interest and dividends	459
Receivables from clients	10,335
Receivables from Consap for compensation paid in advance on behalf of the Road Victims Fund	62,235
Current accounts with insurance companies	221
Current accounts with non-insurance companies	1,653
Cheques not yet collected awaiting credit	5,612
Receivables from internal agencies	11,193
Receivables in respect of tax consolidation	67,056
Sundry receivables	51,361

Deferred tax assets of 76,117 thousand euro are analysed below:

Opening balance	78,117
Current deferred tax assets	38,488
Other increases	2,070
Prior-year deferred tax assets	-38,256
Other decreases	-4,302
Closing balance	76,117

Temporary changes are analysed below:

	2004 Temporary difference	Tax effect	2003 Temporary difference	Tax effect
Temporary changes arising from:				
Deferred IRES assets 33%:				
Limitation on deductibility of value adjustments	127,079	41,937	118,133	38,984
Deferred deductibility of charges and expense	64,993	21,448	77,800	25,674
Cost deductibility on cash basis	9,546	3,150	13,050	4,307
Total deferred IRES assets	201,618	66,535	208,983	68,965
Deferred IRAP assets 5,25%:				
Limitation on deductibility of value adjustments	126,424	6,637	118,133	6,202
Deferred deductibility of charges and expenses	56,104	2,945	56,191	2,950
Total deferred IRAP assets	182,528	9,582	174,324	9,152
Total deferred tax assets	384,146	76,117	383,307	78,117

SECTION 6 – Other assets (ITEM F)

312,900

The balance and movements on this heading are set out below:

	2004	2003	Change
I Tangible assets and stock	15,689	17,696	-2,007
II Cash and cash equivalents	46,751	66,485	-19,734
III Own shares	7,870	10,178	-2,308
IV Other assets	242,590	292,344	-49,754
Total	312,900	386,703	-73,803

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

Cash and cash equivalents	46,324
Other assets	123

<i>Tangible assets and stock – ITEM F.I</i>	15,689
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The balance and movements on the heading are set out below:

Gross opening balance	74,643
Change during the year	
Cost of goods and services purchased during the year	2,034
Deduction at cost of goods sold during the year	-1,169
Other changes	1,853
Gross closing balance	77,361
Accumulated depreciation	61,672
Opening balance	56,947
Withdrawals for sold assets	-1,136
Current depreciation	5,861
Book value	15,689
<i>Cash and cash equivalents – ITEM F.II</i>	46,751

	2004	2003	Change
1 Bank deposits and postal current accounts	46,704	66,458	-19,754
2 Cheques and cash balances	47	27	20

Cash balances consist of domestic currency deposits for 38,602 thousand euro, and balances on foreign currency accounts related to the company's international business for 8,149 thousand euro.

<i>Own shares – ITEM F.III</i>	7,870
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In compliance with the Shareholders' resolution of 30 April 2003, the company traded its own shares during the year. Own shares in portfolio may be used to service stock options plans for directors and managers, as illustrated in the attached schedule "Stock options attributed to directors and general managers". At year end, the company held 500,000 ordinary shares for the equivalent of 7,870 thousand euro.

<i>Other assets – VOCE F.IV</i>			242.590
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	2004	2003	Variazione
1 Reinsurance suspense accounts	–	37,585	-37,585
2 Other assets	242,590	254,759	-12,169

Reinsurance suspense accounts reflect cost and revenue amounts in respect of reinsurance transactions about which information at year-end is incomplete (décalage); recognition in the Profit and Loss Account of such inwards reinsurance is taken forward to the following year. Since inwards reinsurance in 2004 arose almost entirely within the Group, use of suspense accounts was not necessary. The impact on the Profit and Loss Account is approximately 8.3 million euro.

Other assets are as follows:

Premiums verified at year end	167,273
Sundry suspense accounts	37,435
Other assets	27,995
Claims suspense accounts	4,831
Inter-business linking account	2,978
Balancing entry – tax to be paid on actuarial reserves - as per Decree law 209/2002	1,693
Receivables on deposit from reinsurance companies for claims paid in cash	220
Receivables on deposit from reinsurance companies for deferred premiums	123
Ageing indemnity insurance policies	42

SECTION 7 – Accrued income and prepaid expenses (ITEM G)	174,079
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A full breakdown of the item is provided below:

	2004	2003	Change
1 Interest	173,634	165,699	7,935
2 Rent	273	86	187
3 Other accrued income and prepaid expenses	172	206	-34
Total	174,079	165,991	8,088

The table below shows accrued income and prepaid expenses separately.

	Accrued income	Prepaid expenses
Sundry interest income	173,634	
Rent	83	190
Other prepaid expenses:		
- agricultural advances		100
- advertising costs		1
- other		71
Total	173,717	362

Balance Sheet – Liabilities and Shareholders' Equity

SECTION 8 – Shareholders' equity

4,766,522

Changes on this heading are set out below:

In accordance with art. 7 of the Articles of Association, share capital is split 1/4 and 3/4 between the Life and the Non-Life businesses respectively.

	Share capital	Reserves	Net profit	Total
at 31 December 2002	437,769	3,703,582	1,059,121	5,200,472
Allocation of 2002 net profit:				
to the legal reserve		12,240	-12,240	–
dividend pay-out			-295,287	-295,287
to the extraordinary reserve		751,594	-751,594	–
Bonus issue:				
from the extraordinary reserve	233	-233		–
Formation of reserve for own shares:				
from the share premium reserve		-709,104		-709,104
from the share conversion reserve		-602		-602
to the reserve for own shares		709,706		709,706
Cancellation of own shares:				
reduction of share capital	-34,666			-34,666
reduction of reserve for own shares		-765,322		-765,322
from the reserve for own shares		-34,666		-34,666
to the share premium reserve		34,666		34,666
Net profit for 2003			456,787	456,787
at 31 December 2003	403,336	3,701,861	456,787	4,561,984
Allocation of 2003 net profit:				
to the legal reserve				–
dividend pay-out			-402,686	-402,686
to the extraordinary reserve		54,101	-54,101	–
Replenishment of the reserve for own shares:				
from the reserve for own shares		-2,309		-2,309
to the share premium reserve		2,309		2,309
Net profit for 2004			607,224	607,224
at 31 December 2004	403,336	3,755,962	607,224	4,766,522

Subscribed and fully paid-up share capital totals 403,336,202 euro, and is represented by 670,886,994 ordinary shares and 1,340,010 savings shares with a nominal value of 0.60 euro each.

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

Special reserve as per law no. 576 of 2.12.75	1,121
Revaluation provision as per art. 83 law no. 295 of 10.06.78	11,889
Special reserve as per law no. 72 of 19.03.83	107,192
Revaluation provision as per law no. 413 of 30.12.91	256,987
Total	377,189

Other reserves (ITEM A.VII) are as follows:

Extraordinary reserve	1,746,551
Taxable reserve as per law no. 823 of 19.12.73	4,667
Special reserve	142,503
Reserve for exchange rate and securities fluctuations	58,815
Goodwill reserve as per art. 16 Presidential Decree 598/73 and art. 123 Presidential Decree 917/86	41,325
Reserve for prior-year income as per art. 55 Presidential Decree 917/86	676
Contribution reserve Law 358/97	83,774
Total	2,078,309

As required by art. 2427 no. 7-bis, the schedule below sets out possible use and distribution, as well as prior-year use, of the components of Shareholders' Equity:

Nature/description	Amount	Possible use ^(*)	Available amount	Use in three previous financial years	
				Coverage of losses	Other
Capital	403,336				26,925
Capital reserves:					
reserve for own shares	7,870	–	–		7,758
share premium reserve	1,205,040	A, B, C	1,205,040		-833,993
revaluation reserves	377,189	A, B, C	377,189		-24,680
contribution reserves	83,773	A, B, C	83,773		24,306
other capital reserves	189,243	A, B, C	189,243		374
Earnings reserves:					
legal reserve	87,554	B	6,887		0
extraordinary reserve	1,746,479	A, B, C	1,746,479		-678
reserve for exchange rate and securities fluctuations	58,815	A, B, C	58,815		0
Retained earnings	0	A, B, C	0		0
Total	4,159,299		3,667,426		
Unavailable amount			72		
Residual available amount			3,667,354		

Legend possible use: A for share capital increases; B to cover losses; C for distribution to shareholders.

Use in prior periods refers to:

- the buy-back on 17 February 2003 pursuant to the resolution of 28 October 2002;
- other transactions on shareholders' equity, for example the euro conversion share capital increase and the transactions relating to the buy-back, which simply involved changes within items. In these cases, the amounts involved are also included.

The unavailable amount reflects the portion covering long-term costs to be amortised, as per art. 2426 no. 5.

SECTION 9 – Subordinated liabilities (ITEM B)

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The company does not hold any subordinated liabilities.

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

<i>Non-Life Business– ITEM C.I)</i>	4,861,419
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A full breakdown of this item is set out below.

	Direct	Indirect	2004	2003	Change
Premium reserve	1,161,679	8,368	1,170,047	1,129,868	40,179
Claims reserve	3,511,211	153,837	3,665,048	3,619,727	45,321
Other technical reserves	893		893	898	-5
Equalisation reserves	25,431		25,431	22,258	3,173
Total	4,699,214	162,205	4,861,419	4,772,751	88,668

Breakdowns of the premium and the claims reserves by line of business and by direct and indirect business are set out below, also showing the company's Italian and foreign portfolios separately.

Premium reserve	Direct Unearned premiums	Unexpired risks	Indirect Unearned premiums	Total
Personal accident	91,271		1	91,272
Health	46,478			46,478
Motor vehicle hulls	110,287			110,287
Railway truck hulls	6			6
Aviation hulls	2,339		1	2,340
Watercraft hulls	4,912		1	4,913
Cargo	1,295		3	1,298
Fire	125,767		2,429	128,196
Miscellaneous damage to property	118,375		166	118,541
Third-party motor liability	493,681			493,681
Third-party aviation liability	579			579
Third-party watercraft liability	1,300			1,300
General liability	111,886		1,009	112,895
Credit	1,341			1,341
Bonds	35,462		1,299	36,761
Pecuniary loss	6,947		2	6,949
Legal protection	1,440			1,440
Assistance	8,313			8,313
Total Italy	1,161,679	–	4,911	1,166,590
Total Foreign	–	–	3,457	3,457
Total	1,161,679	–	8,368	1,170,047

The unearned premiums reserve for the Bonds line of business, calculated on a pro rata temporis basis, has been supplemented in compliance with ISVAP ruling no. 1978 of 4 December 2001.

Claims reserve	Direct	Indirect	Total
Personal accident	148,366	8	148,374
Health	47,705	69	47,774
Motor vehicle hulls	44,765	4	44,769
Railway truck hulls	2	–	2
Aviation hulls	5,211	1,653	6,864
Watercraft hulls	21,989	2,415	24,404
Cargo	13,027	117	13,144
Fire and natural events	151,340	5,322	156,662
Miscellaneous damage to property	161,821	426	162,247
Third-party motor liability	1,856,534	19,213	1,875,747
Third-party aviation liability	3,260	–	3,260
Third-party watercraft liability	4,744	–	4,744
General liability	977,783	8,395	986,178
Credit	3,920	255	4,175
Bonds	40,072	2,528	42,600
Pecuniary loss	6,619	-37	6,582
Legal protection	1,927	414	2,341
Assistance	983	–	983
Total Italy	3,490,068	40,781	3,530,849
Total Foreign	21,143	113,056	134,199
Total	3,511,211	153,838	3,665,048

The amount reflected at item C.I.4 "Other technical reserves" refers to the ageing premium reserve. This is calculated on a lump-sum basis (10 per cent) on medical insurance policies in the Italian portfolio that have a long-term duration or are one-year policies that the insurer is required to renew on expiration, when premiums are determined, for the entire duration of the policy, in relation to the age of the policyholder when the contract is signed, pursuant to Legislative Decree no. 175 of 17 March 1995.

"Equalisation reserves" include the equalisation reserve for natural disasters pursuant to art. 12 of Decree Law no. 691 of 19 December 1994, converted with amendments into Law no. 35 of 16 February 1995, and the equalisation reserve of the Credit line of business as per art. 24 of Legislative Decree no. 175 of 17 March 1995 as replaced by art. 80, letter b of Legislative Decree no. 173 of 26 May 1997.

Amounts by line of business are as follows.

Equalisation reserve	
Personal accident	5,960
Health	3,165
Motor vehicle hulls	6,777
Aviation hulls	166
Watercraft hulls	631
Cargo	403
Fire and natural events	5,659
Miscellaneous damage to property	2,182
Third-party motor liability	106
Credit	162
Pecuniary loss	220
Total	25,431

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

A full breakdown of this item is provided below:

	Direct	Indirect	2004	2003	Change
Actuarial reserves	6,664,577	246,567	6,911,144	6,413,931	497,213
Complementary insurance	1,706		1,706	1,787	-81
Amounts payable	131,457	36,098	167,555	183,405	-15,850
Profit sharing		5,387	5,387	5,958	-571
Other technical reserves	65,481		65,481	61,583	3,898
Total	6,863,221	288,052	7,151,273	6,666,664	484,609

The breakdown of the total at 31 December 2004 between the Italian and the foreign portfolio is set out below:

	Italy	Foreign	Total
Direct business	6,863,221		6,863,221
Indirect business	64,370	223,682	288,052

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

A breakdown by line of business is set out below:

I Whole and term life insurance	43,484
III Unit-linked insurance in line I	13,026
V Capitalisation transactions	8,224
VI Management transactions on investment pools set up to provide services in the event of death, life or termination or reduction of work activities	747

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

The table below sets out a breakdown of the main reserves and key actuarial assumptions in respect of direct business in Italy.

Bilancio Vita 2004 (thousands of euro)

Policy category	Amount of capital or decupled annuities	Amount of reserves	Year of first issue	Financial bases	Demographic bases			
Ordinary								
Traditional	4,968,313	40,004	1968	4%	SIM51			
			1978	4%	SIM61			
			1989	4%	SIM81			
			1996	4%	SIM92 F/NF			
			1999	3%	SIM92			
			1999	4%	SIM92			
Adjustable	8,891	7,171	1971	3-6%	SIM51			
Variable in euro	6,253,042	4,067,658	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			
			2004	2.0%	SIM92			
Variable in CHF, JPY, USD	34,515	27,272	1989	3%	SIM51			
			1990	3%	SIM71			
			1990	3%	SIM71PS			
			1990	3%	SIM81			
			1997	0%	SIM71			
			1997	0%	SIM71PS			
			1997	0%	SIM81			
			1999	0%	SIM92			
			Unit-linked	848,400	792,188	1998	0%	SIM81
						1999	0%	SIM92
2001	0%	SIM/F 92 RP						
Other	110,131	109,332						
Total ordinary	12,223,292	5,043,625						
Group policies								
Variable	2,245,053	2,487,753	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	74,744	75,674						
Other	4,712,310	18,677						
Total group policies	7,032,107	2,582,104						
Total Life business	19,255,399	7,625,729						

SECTION 11 – Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management (ITEM D)

895,670

A full breakdown of the item is set out below:

	2004	2003	Change
Reserves – class D.I	820,927	680,256	140,671
Reserves – class D.II	74,743	56,439	18,304
Total	895,670	736,695	158,975

A breakdown by product of classes D.I and D.II is set out below:

Ras Obbligazionario Europa	9,232
Ras Obbligazionario Plus Europa	36,140
Ras Bilanciato Europa	26,516
Ras Azionario Europa	37,837
Ras Bilanciato Globale	131,977
Ras Azionario Globale	142,367
Ras Technology & Research	6,579
Ras Commodity	6,546
Ras America	13,107
Ras Europa	52,002
Ras Oriente	1,986
Ras Equilibrato	67,850
Ras Obbligazionario Protetto	15,877
Ras Quota Protetta	20,892
Ras Exclusive	2,246
Ras Quota Dinamica	53,772
Ras Globale	23,189
Ras Obbligazionario	16,496
Ras Formula Dinamica	43,110
Ras Gestione Attiva	17,798
Gestivita	85
Index World 110 Ras	12,392
Index World 110 Ras	23,785
Index World 110 Ras	7,177
Ras Equity World 112	11,488
Ras Equity World 110	26,403
Ras Equity World 112 New	14,076
Total CLASS D.I	820,927

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

Line 1 bonds with minimum guaranteed return	6,046
Line 2 mixed bonds with guaranteed capital refund	7,278
Line 3 balanced	20,946
Line 4 international equities	36,190
Total Previras	70,460
Sicura line bonds with minimum guaranteed return	1,463
Tranquilla line mixed bonds	1,017
Serena line balanced	971
Dinamica line international equities	832
Total Insieme	4,283
Total CLASS D,II	74,743

SECTION 12 – Provisions for risks and charges (ITEM E) 331,694

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

	2004	2003	Change
1 Staff pensions and similar obligations	7,493	7,595	-102
2 Tax provision	274,585	250,889	23,696
3 Other provisions	49,616	62,880	-13,264
Total	331,694	321,364	10,330

Staff pensions and similar obligations – ITEM E.1 7,493

The item includes the provision for agent termination indemnities on termination of agency contracts for the portion without recourse and the provision for pensions relating to consultants with contracts that require such accruals.

Tax provision – ITEM E. 2 274,585

The tax provision covers the full income tax charge accrued at 31 December 2004.

The changes during the year are set out below:

	Total	Current	Deferred
Opening balance at 31 December 2003	250,889	221,033	29,856
Decreases:			
Withdrawal for IRPEG payment	-163,678	-163,678	
Withdrawal for IRAP payment	-16,862	-16,862	
Payment for tax amnesty	-1,274	-1,274	
Use of deferred IRES	-5,269		-5,269
Use of deferred IRAP	-9		-9
Other changes	-9,196		-9,196
Increases:			
Accrual for IRES	113,646	113,646	
Accrual for IRAP	19,910	19,910	
Accrual for deferred IRES	16,077		16,077
Accrual for deferred IRAP	2,524		2,524
Accrual for IRES from consolidated companies	62,933	62,933	
Other changes	4,894	4,894	
Balance at 31 December 2004	274,585	240,602	33,983

Temporary differences generated during the year are set out below:

	2004 Temporary differences	Tax effect	2003 Temporary differences	Tax effect
Temporary differences arising from:				
Deferred IRES 33%:				
Postponement of taxation of positive income components	60,865	20,085	90,317	29,804
Deduction of negative income components as allowed by law	34,338	11,332	0	0
Total deferred IRES	95,203	31,417	90,317	29,804
Deferred IRAP 5,25%:				
Postponement of taxation of positive income components	14,524	763	995	52
Deduction of negative income components as allowed by law	34,338	1,803	0	0
Total deferred IRAP	48,862	2,566	995	52
Total deferred tax liabilities	144,065	33,983	91,312	29,856

As a result of election of domestic tax consolidation, Ras has recognised the current IRES payable in respect of all the companies included in the consolidation. With regard to investee companies with tax profits, Ras has recognised the corresponding receivable disclosed in section 5; with regard to investee companies with tax losses, Ras has recognised the corresponding payable disclosed in section 13.

The reconciliation of the theoretical tax burden with the accruals booked for IRES and IRAP and with the accruals for deferred tax, are set out in the relevant paragraph of Section 21 Part C of these Notes.

<i>Other provisions – ITEM E.3</i>	49,616
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The main components are set out below:

Provision for accruals as per art. 7 Law 738/78	4.226
Provision for risks	45.390

The decrease of approximately 13 million euro in Other provisions arose almost entirely on the Provision for exchange rate fluctuations.

In compliance with Legislative Decree no. 6 of 17 January 2003 governing accounting treatment of foreign currency items and balances, the provision for exchange rate fluctuations has been reversed, as disclosed in Part A of these Notes. The reversal generated extraordinary income of 12.9 million euro. Total accruals to the provision for risks are consistent with the estimated charges in respect of all pending litigation in which the company is involved, as described in the Report on Operations.

SECTION 13 – Payables and other liabilities (ITEM G) 1,735,271

The balance and the movements on the items under this heading are detailed below:

	2004	2003	Change
I Payables relating to direct insurance business:			
1 - Insurance brokers and agents	17,783	24,288	-6,505
2 - Current account companies	15,054	14,918	136
3 - Policyholders for deposits and premiums	2,973	10,235	-7,262
4 - Guarantee funds in favour of policyholders	1,898	4,414	-2,516
II Payables relating to reinsurance business:			
1 - Insurance and reinsurance companies	71,287	69,717	1,570
2 - Reinsurance brokers and agents	2,195	1,571	624
V Secured debt			0
VI Sundry loans and other financial payables	1,225,000	725,000	500,000
VII Staff severance indemnities	32,037	31,856	181
VIII Other payables	127,388	150,950	-23,562
IX Other liabilities	239,656	255,122	-15,466
Total	1,735,271	1,288,071	447,200

Balances in respect of Group companies 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	8,357
Payables relating to reinsurance business	41,756
Other payables	38,029
Other liabilities	590

"Sundry loans and other financial payables" reflects the balancing entry for the securities loan recorded in assets under item C.III.7 "Other financial investments". The transaction is illustrated in full in the notes on that item.

"Staff severance indemnities" covers all entitlements accrued by employees at 31 December 2004; the changes during the year are set out in Annex 15.

<i>Other payables – ITEM G.VIII</i>				127,388
	2004	2003	Change	
1 Tax payable by policyholders	27,532	52,330	-24,798	
2 Other tax	6,598	15,381	-8,783	
3 Due to social security and pension authorities	11,407	12,299	-892	
4 Sundry payables	81,851	70,940	10,911	

"Other tax" includes 1,693 thousand euro for the tax balance on actuarial reserves determined pursuant to Decree Law 209/2002. The balancing entry is classified under "Other assets" and will constitute a tax credit that may be used from 2005 to pay the withholding applied in accordance with art. 6 Law 482/85 and art. 26-ter Law 482/85.

"Sundry payables" includes a variety of entries of an ordinary nature.

The most significant components are shown below:

Guarantee deposits	730
Amounts due to suppliers	12.369
Supplier invoices paid in the following year	353
Amounts due by internal agencies	10.343
Reinsurer amounts to be recovered	576
Dividends payable to shareholders	190
Amounts due to non-insurance companies	5
Amounts due in respect of tax consolidation	4.123
Amounts due to transparent company	12.737
Sundry services paid in the following year	28.616
Other sundry payables	11.809
<i>Other liabilities – ITEM G.IX</i>	239,656

	2004	2003	Change
1 Reinsurance suspense accounts	–	33,327	-33,327
2 Commissions on collectable premiums	60,877	58,220	2,657
3 Sundry liabilities	178,779	163,574	15,205

As explained in greater detail in the note on "Other assets", reinsurance suspense accounts are zero, owing to non-activation of the décalage mechanism.

"Sundry liabilities" includes a variety of entries of an ordinary nature.

The most significant components are shown below:

Sundry suspense accounts	91,613
Premium collection on policies subject to approval	26,556
Inter-business linking account	2,977
Claims suspense accounts	6,251
Payables on deposit to reinsurance companies for deferred premiums	1,456
Other sundry liabilities	49,926

The item "Sundry suspense accounts" includes costs that arose during closure of the financial statements, and items to be settled next year in respect of bank transactions.

SECTION 14 – Accrued liabilities and deferred income	1,949
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A full breakdown of the item is set out below.

	2004	2003	Change
1 Interest			
2 Rent	225	57	168
3 Other accrued liabilities and deferred income	1,724	1,646	78
Total	1,949	1,703	246

Accrued liabilities and deferred income are shown separately below.

	Accrued liabilities	Deferred income
Interest		
Rent		225
Other accrued liabilities and deferred income	1,724	
Total	1,724	225

"Other accrued liabilities and deferred income" refers to the accrued liability in respect of the unsecured securities loan.

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

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

A breakdown by company of significant assets and liabilities is set out below.

<i>Group equities</i>	4,172,491
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Annex 7 provides a breakdown by investment.

<i>Bonds</i>	355,066
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as detailed below:

parent company	265,328
subsidiary companies	20,000
affiliated companies	508
other related companies	69,230

A breakdown by company is provided below:

<i>PARENT COMPANY</i>	
Allianz Holding	265,328
<i>SUBSIDIARY COMPANIES</i>	
CreditRas Vita	20,000
<i>AFFILIATED COMPANIES</i>	
Allianz Finance	508
<i>OTHER RELATED COMPANIES</i>	
UniCredito	69,230
<i>Deposits with Group ceding companies</i>	264,418

as detailed below:

parent company	20,612
subsidiary companies	198,912
affiliated companies	39,853
associated companies	5,041

A breakdown by company is set out below.

<i>PARENT COMPANY</i>	
Allianz Holding	20,612
<i>SUBSIDIARY COMPANIES</i>	
Allianz Elementar Lebensversicherung	128,805
RB Vita	61,523
Eurovida	3,024
Bernese Vita	1,775
Allianz Subalpina	1,132
Allianz Spagna Compañía de Seguros y Reaseguros	1,091
Allianz Portugal Companhia de Seguros	841
Other	721
<i>AFFILIATED COMPANIES</i>	
Allianz Life Ins Atene	38,716
Cornhill Ins PLC London	777
Assurances Générales de France Iart	357
Euler Siac	2
Colseguros Generales Bogotá	1
<i>ASSOCIATED COMPANIES</i>	
Koç Allianz Hayat Sigorta	3,436
Koç Allianz Sigorta	1,605
<i>Investments – Class D.I</i>	<i>10,555</i>

as detailed below:

subsidiary companies 10,555

A breakdown by company is provided below.

<i>SUBSIDIARY COMPANIES</i>	
RasBank	10,555
<i>Investments – Class D.II</i>	<i>2,603</i>

as detailed below:

subsidiary companies 2,603

A breakdown by company is provided below.

<i>SUBSIDIARY COMPANIES</i>	
RasBank	77
Ras Asset Management	2,526
<i>Receivables relating to direct insurance business</i>	<i>10,282</i>

as detailed below:

parent company 206
subsidiary companies 3,644
affiliated companies 6,432

A breakdown by company is provided below.

<i>PARENT COMPANY</i>	
Allianz Holding	206
<i>SUBSIDIARY COMPANIES</i>	
RB Vita spa	377
CreditRas Vita	77
Allianz Subalpina	294
Genialloyd	193
Allianz Suisse Versicherung	1,682
Companhia de Seguros Allianz PT	118
Bernese Assicurazioni	42
Allianz Elementar Versicherung AG	241
Allianz sa Agencia Seguros	615
Other	5
<i>AFFILIATED COMPANIES</i>	
Assurances Générales de France Iart	2,364
AGF Belgium Insurance	662
AGF La Lilloise Paris	792
Calypso Paris	5
Allianz Generales Ins Athen	47
Allianz Hungária	1,511
Antoniana Veneta Popolare Assicurazioni	20
Fireman's Fund Insurance Co,	110
Lloyd Adriatico	921
<i>Receivables relating to reinsurance business</i>	<i>10,111</i>

as detailed below:

subsidiary companies	4,378
affiliated companies	5,733

A breakdown by company is provided below.

<i>SUBSIDIARY COMPANIES</i>	
Allianz Subalpina	2,933
RB Vita	1,012
Allianz Suisse	150
CreditRas Assicurazioni	102
L'Assicuratrice Italiana Vita	70
L'Assicuratrice Italiana Danni	53
Allianz Comp, Seg, Reaseguros sa	48
CreditRas Vita	10
<i>AFFILIATED COMPANIES</i>	
Allianz General Ins Athen	4,855
Assurances Générales de France Iart	230
Az Insurance Comp Burbank	197
TU Allianz Polska SA	100
AGF La Lilloise Paris	93
AGF Allianz Argentina	60
Az Mexico S.A. Comp. de Seguros	39
AZ Marine & Aviation France	49
Az Australia Ins.	24
Allianz Risk Consult	19
Allianz Hungária	15
Slovenská	14
Other	38

<i>Other receivables</i>	91,674
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as detailed below:

parent company	260
subsidiary companies	91,373
affiliated companies	34
associated companies	7

A breakdown by company is provided below.

<i>PARENT COMPANY</i>	
Allianz Holding	208
Acif	52
<i>SUBSIDIARY COMPANIES</i>	
Allianz Subalpina	40,925
Ge.S.I.	10,794
Ras Asset Management	8,757
Genialloyd	7,953
RB Vita	6,186
CreditRas Vita	4,336
Ras Tutela Giudiziaria	2,140
RasBank	2,027
Rasservice	3,487
CreditRas Assicurazioni	1,744
Ras Immobiliare	1,624
L'Assicuratrice Italiana Vita	790
Mondial Assistance Italia	157
Rasfin Sim	101
Previndustria	77
Elvia Service	55
Prevint	50
Investitori Holding	38
Assimediass	27
L'Assicuratrice Italiana Danni	19
Bernese Assicurazioni	16
Intermediass	16
Allianz Elementar Versicherung AG	13
Solvvet	15
Gestiass	8
Other	18
<i>AFFILIATED COMPANIES</i>	
Assurances Générales de France Iart	32
Az International Ltd., London	2
<i>ASSOCIATED COMPANIES</i>	
Agrigest	7

<i>Bank and postal current accounts</i>	46,324
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as detailed below:

subsidiary companies	46,324
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A breakdown by company is provided below.

<i>SUBSIDIARY COMPANIES</i>	
RasBank	46,324

<i>Other assets</i>	123
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as detailed below:

parent company	122
associated companies	1

A breakdown by company is provided below.

<i>PARENT COMPANY</i>	
Allianz Holding	122

<i>ASSOCIATED COMPANIES</i>	
Koç Az Sigorta AS	1

<i>Deposits from reinsurers</i>	22,305
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as detailed below:

parent company	15,897
subsidiary companies	5,816
affiliated companies	592

A breakdown by company is provided below.

<i>PARENT COMPANY</i>	
Allianz Holding	15,897

<i>SUBSIDIARY COMPANIES</i>	
Mondial Assistance Italia	5,706
Allianz Swiss	105
Allianz Spagna Compañía de Seguros y Reaseguros	5

<i>AFFILIATED COMPANIES</i>	
Euler Siac	469
Assurances Générales de France Vie	115
Cornhill Ins PLC London	6
Assurances Générales de France Iart	2
<i>Payables relating to direct insurance business</i>	8,357

as detailed below:

subsidiary companies	8,295
affiliated companies	62

A breakdown by company is provided below.

<i>SUBSIDIARY COMPANIES</i>	
RB Vita	7,576
CreditRas Assicurazioni	425
Allianz Subalpina	218
Mondial Assistance	57
Ras Tutela Giudiziaria	19
<i>AFFILIATED COMPANIES</i>	
Euler Siac	62
<i>Payables relating to reinsurance business</i>	41,756

as detailed below:

parent company	20,289
subsidiary companies	8,865
affiliated companies	12,273
associated companies	329

A breakdown by company is provided below.

<i>PARENT COMPANY</i>	
Allianz Holding	20,289
<i>SUBSIDIARY COMPANIES</i>	
Mondial Assistance	3,550
Allianz Suisse	1,800
Allianz Elementar Versicherung AG	1,181
Genialloyd	1,139
Ras Tutela Giudiziaria	861
Allianz Portugal Companhia de Seguros	176
Allianz Spagna Compañía de Seguros y Reaseguros	87
Bernese Vita	35
Allianz Subalpina	26
Other	10
<i>AFFILIATED COMPANIES</i>	
Allianz Global Risk	9,207
Allianz Marine & Aviation Versicherung	1,897
Cornhill Ins PLC London	635
Assurances Générales de France Iart	128
Euler Siac	80
Allianz Insurance Company Burbank	80
Allianz Australia	45
Ost-West Insurance	43
AGF Belgium Insurance	33
Other	125
<i>ASSOCIATED COMPANIES</i>	
Koç Allianz Sigorta	219
Koç Allianz Hayat Sigorta	110

<i>Sundry payables</i>	46,391
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as detailed below:

subsidiary companies	46,391
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A breakdown by company is provided below.

<i>SUBSIDIARY COMPANIES</i>	
CreditRas Vita	12,153
RasService	9,890
Ge.S.I.	16,371
RasBank	4,020
Ram	2,632
CreditRas Assicurazioni	584
Prevint	296
Allianz Subalpina	161
Rb Fiduciaria	70
Solvvet	53
Genialloyd	31
L'Assicuratrice Italiana Danni	36
Mondial Assistance	37
Ras Immobiliare	32
Ras Tutela Giudiziaria	8
Other	17
<i>Sundry liabilities</i>	590

as detailed below:

parent company	45
affiliated companies	545

A breakdown by company is provided below.

<i>PARENT COMPANY</i>	
Allianz Holding	45
<i>AFFILIATED COMPANIES</i>	
Allianz Marine & Aviation Versicherung	545

SECTION 16 – Receivables and payables

Reference should be made to section 2 of the Notes for information on “Loans to Group companies” (C.II.3).

“Secured loans” (C.III.4 a) refers to portions of principal to be collected on mortgages for the sale of buildings, for amounts totalling 35 thousand euro, of which 25 thousand euro due within one year and 10 thousand euro due within 5 years.

“Receivables relating to direct insurance business” includes compensation due from agents totalling 73,423 thousand euro, of which 10,790 due within one year, 42,129 due within 5 years and 20,504 due after 5 years.

“Other receivables” includes deferred tax assets amounting to 76,117 thousand euro, of which 36,890 due within one year, 27,338 due within 5 years and 11,808 due after 5 years.

“Sundry loans and other financial payables” of 1,225,000 thousand euro refers to the balancing entry for the unsecured securities loan, due within 5 years.

SECTION 17 – Guarantees, commitments and other memorandum accounts

15,958,602

Annex 17 sets out guarantees provided and receivables, and commitments.

<i>Guarantees provided (ITEM I)</i>	68,456
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Guarantees provided include personal savings books for limits made available to third parties for claims amounting to 65,178 thousand euro (an increase of 11,858 thousand euro). They also include payment obligations undertaken on behalf of Gaggiano srl and Bis in favour of the VAT tax authorities to guarantee credit surpluses offset in Group settlements totalling 1,070 thousand euro (a decrease of 693 thousand euro following retirement of an Immobiliare Usa payment obligation). Ras has also undertaken a payment obligation on behalf of Genialpoint to the tax authorities, for 2,206 thousand euro. Lastly, a surety was provided in favour of the Milan regional office for 2,000 euro.

<i>Guarantees received (ITEM II)</i>	77,595
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Guarantees received relate to a pledge for 77,300 thousand euro received from the Consorzio Alta Velocità Torino – Milano and sureties received from banks for tenant guarantee deposits amounting to 176 thousand euro for the Life business and 119 thousand euro for the Non-Life business.

<i>Guarantees provided by third parties on behalf of the company (ITEM III)</i>	103,761
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This item includes letters of credit issued by UniCredito Italiano in place of reinsurance deposits for an amount of 33,520 thousand euro in the Life business and 4,910 thousand euro in the Non-Life business, other letters of credit for a total amount of 717 thousand euro, and sureties provided by UniCredito Italiano in favour of the direct compensation agreement to guarantee obligations and charges amounting to 12,314 thousand euro. The item also includes a surety in favour of the Fiera agency for amounts in respect of the Non-Life business totalling 52,300 thousand euro.

<i>Commitments (ITEM IV)</i>	194,567
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Commitments comprise securities trading transactions conducted in 2004 to be settled in 2005 totalling 48,260 thousand euro; they also include put options sold on fixed-income securities totalling 52,872 thousand euro (Life business) and future coupons to be transferred to counter-parties in respect of swap agreements for 37,902 thousand euro. The item also includes rights assigned and not exercised for 3,232 thousand euro. An amount of 52,300 thousand euro refers to an indemnity agreement with Mediobanca.

<i>Third-party assets (ITEM V)</i>	13,304
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This item includes deposits to guarantee bonds provided for credit and bond insurance policies for an amount of 562 thousand euro, RasBank current account 198884 “10 January” for 10,481 thousand euro and rights assigned and not exercised for 2,261 thousand euro.

<i>Pension fund assets managed on behalf of third parties (ITEM VI)</i>	185,443
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The amount reflects pension fund net assets managed by Ras, specifically Foncer for 16,055 thousand euro, Cooperlavoro for 21,213 thousand euro, Mediafond for 7,538 thousand euro, Previp for 19,749 thousand euro, Fondenergia for 9,304 thousand euro, Fon.Te for 23,986 thousand euro, Telemaco for 32,104 thousand euro, Eurofer for 21,686 thousand euro, Previvolo for 33,808 thousand euro.

*Securities deposited with third parties (ITEM VII)*14,206,545

This item includes securities owned by Ras and deposited with banks, for 12,174,568 thousand euro (of which 7,863,173 thousand euro for the Life business and 4,311,395 thousand euro for the Non-Life business), and with issuers, for 2,031,977 thousand euro (of which 598,711 thousand euro for the Life business and 1,433,266 thousand euro for the Non-Life business). Of these amounts, 12,670,878 thousand euro refer to subsidiary companies, specifically: RasBank 10,627,647 thousand euro, Ras International nv 2,006,910 thousand euro, Banco Português de Investimento 36,021 thousand euro and Dart Investment Fund plc 300 thousand euro.

*Other memorandum accounts (ITEM VIII)*1,108,931

Other memorandum accounts includes securities pledged by letters of credit (321,047 thousand euro), future coupons to be collected from counterparties for swap agreements (50,518 thousand euro), exotic options acquired (450,060 thousand euro), open swap positions (285,703 thousand euro) and pension fund contributions under collection (1,603 thousand euro).

DERIVATIVE FINANCIAL INSTRUMENTS

Annex 18 shows commitments in respect of transactions in derivatives.

With reference to art. 7 paragraph 3 of ISVAP ruling no. 297 of 19 July 1996, during 2004 Ras carried out one subscription and purchase of bonds included under structured products, for an amount of 18,085 thousand euro; it also conducted one sale on positions in this category for an amount of 3,167 thousand euro in respect of a carrying amount of 2,996 thousand euro; at 31 December 2004 it had 28 open positions. Of these, two are reflected in part in the net assets of the *Ras Obbligazionario Protetto* unit-linked bond and one is reflected in part in the *Ras Equity World 110* index-linked bond, and consequently are classified in section D.I of the financial statements; the remaining positions are included in the class C.III portfolio.

At year-end the carrying amount of the above securities was 15,217 thousand euro in class D and 254,608 thousand euro in class C.

There were no movements on the positions already in place in section D at 31 December 2003.

At 31 December 2004, the following positions were open: in section D, six exotic options for a global carrying amount of 4,495 thousand euro, eight swaps for a carrying amount of 1,443 thousand euro and five put options purchased for a nominal value of 52,872 thousand euro and a carrying amount of 13 thousand euro; in section C, one exotic option for a carrying amount of 5 thousand euro, two swaps for a carrying amount of 11 thousand euro and five put options sold for a nominal amount of 52,872 thousand euro. Ras also purchased a recouping swap to hedge the Vitariv portfolio against rises in interests rates by matching asset duration with liability duration.

In the Life business, the position for the *Piano Alto Multimix* product in place at 31 December 2003 was still open at year-end, with a nominal value of 6,508 thousand euro, and a zero carrying amount.

In accordance with the investment policy guidelines set by the Board of Directors, Ras hedged strategic securities against negative fluctuations in stock market prices.

Extensive hedging was put in place on the investment in UniCredito Italiano. It was attributed to both the Non-Life and the Life businesses, proportionately to the allocation of the investment.

In July 2004 Ras opened options on UniCredito shares: it purchased eight put options and simultaneously sold eight call options and eight put options. Shares in portfolio for 76,500 thousand euro were hedged through these transactions. On maturity, none of the options were exercised by Ras or by the counter-party, thus no costs or revenue were generated for Ras.

Ras also traded other options on shares: it purchased seven put options and sold seven call options, on a notional amount of 1,965,000 San Paolo-Imi shares; it purchased three put options and sold three call options on a notional amount of 10,000,000 Eni shares; it purchased three put options and sold three call options, on a notional amount of 33,000,000 Enel shares; the underlying assets were purchased on the market prior to trading of the options; the counter-party exercised some of the call options, while Ras exercised some of the put options; overall, and including dividends received, the transaction generated a positive inflow of 10,348 thousand euro.

The following positions were open at year-end:

Section	Type of derivative	No. positions	Nominal value	Carrying amount
D.I	Exotic options on indices	6	94,600	4,495
D.I	Swaps	8	78,962	1,443
D.I	Put options on bonds - purchased	5	52,872	13
C	Exotic optics on indices	1	307	5
C	Put options on bonds - sold	5	52,872	–
C	Swaps	2	6,741	11
C	Recouponng swp	1	200,000	–

Ras did not carry out any other transactions on derivative financial instruments and had no positions open at year-end other than those listed above.

The accounting treatment of the above transactions is illustrated in the paragraph in Part A of these Notes.

Profit and loss account

Breakdowns of the Profit and Loss Account items are set out in the Annexes to these Notes. All amounts are expressed in thousands of euro. Further analyses are provided in the Report on operations.

SECTION 18 – Information on the Non-Life business technical account

Premiums for the year net of outwards reinsurance 2,620,277

	2004	2003	Change
Direct premiums	2,880,260	2,799,957	80,304
Indirect premiums	72,792	74,954	-2,162
Gross premiums written	2,953,052	2,874,910	78,142
Outwards reinsurance	-298,372	-287,164	-11,208
Change in gross premium reserve	-41,840	-29,999	-11,841
Change in reinsurers' premium reserve	7,437	3,878	3,559
Total Non-Life premiums	2,620,277	2,561,625	58,652

A breakdown of gross premiums written by line of business is set out below, showing direct, indirect, Italian and foreign business separately.

	Direct business	Indirect business	Total
Personal accident	226,135	2,600	228,735
Health	121,930	94	122,024
Motor vehicle hulls	294,664	1,899	296,563
Railway truck hulls	24	-1	23
Aviation hulls	6,403	109	6,512
Watercraft hulls	10,905	-15	10,890
Cargo	15,487	204	15,691
Fire and natural events	218,103	17,084	235,187
Miscellaneous damage to property	205,159	1,492	206,651
Third-party motor liability	1,434,188	10,669	1,444,857
Third-party aviation liability	3,008	–	3,008
Third-party watercraft liability	2,864	–	2,864
General liability	274,192	2,788	276,980
Credit	1,019	–	1,019
Bonds	25,653	901	26,554
Pecuniary loss	13,577	46	13,623
Legal protection	3,806	47	3,853
Assistance	23,143	–	23,143
Total Italy	2,880,260	37,917	2,918,177
Total abroad	–	34,875	34,875
Total	2,880,260	72,792	2,953,052

A summary of the Non-Life technical account for Italian and foreign business is provided in Annex 19.

<i>Income from investments transferred from the non-technical account</i>	233,053
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Income from investments transferred to the technical account amounted to 233,053 thousand euro, calculated in accordance with ISVAP ruling no. 1140 G of 8 March 1999.

<i>Other technical income, net of outwards reinsurance</i>	5,334
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The main components are detailed below:

	2004	2003	Change
Write-off of outwards reinsurance	420	5,069	-4,649
Prior-year income for collection of premiums that were previously written down	4,914	3,864	1,050
Total	5,334	8,933	-3,599

<i>Charges relating to claims, net of recoveries and outwards reinsurance</i>	1,947,781
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	2004	2003	Change
Gross amounts paid	2,042,656	2,039,405	3,251
Reinsurers' share	-152,052	-176,106	24,054
Change in gross recoveries	-39,253	-22,005	-17,248
Reinsurers' share	5,610	2,327	3,283
Change in gross claims reserve	52,060	7,980	44,080
Reinsurers' share	38,760	48,100	-9,340
Net amounts paid	1,947,781	1,899,701	48,080

Gross amounts paid may be summarised as follows:

	2004	2003	Change
Settlement and direct expenses	1,887,412	1,891,153	-3,741
Contribution to Road Victims Fund	33,310	32,560	750
Paid settlement costs	121,934	115,692	6,242

<i>Result of claims reserve run-off</i>	15,752
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The difference between the opening claims reserve and total payments relating to previous years made in 2004 plus the closing claims reserve is a surplus of 16 million euro, equal to 0.5 per cent of the claims reserves.

Details are provided in the table below:

	Gross	Ceded	Net
Opening claims reserve	3,614,496	-394,360	3,220,137
Settlements paid during the year for prior-year claims	-1,275,121	125,019	-1,150,102
Closing claims reserve	-2,308,141	255,180	-2,052,961
Balance of portfolio movements	-1,508	187	-1,321
Run-off result	29,726	-13,974	15,752
% on opening reserve	0.8%	3.5%	0.5%

No "Reversals and profit sharing" were allocated to policyholders or other beneficiaries.

<i>Operating costs</i>	656,529
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A breakdown of the main components is set out below:

	2004	2003	Change
Acquisition commissions	364,951	352,482	12,469
Other acquisition costs	102,467	107,161	-4,694
Premium collection commissions	93,379	88,749	4,630
Other administrative costs	144,066	126,440	17,626
Commissions and profit sharing received from reinsurers	-48,334	-44,428	-3,906
Total operating costs	656,529	630,404	26,125

<i>Commissions and profit sharing received from reinsurers</i>	48,334
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This item is as follows:

	Reinsured	Retroceded	2004	2003	Change
Commissions	44,474	3,734	48,208	42,666	5,542
Profit sharing	126		126	1,762	-1,636
Total	44,600	3,734	48,334	44,428	3,906

<i>Other technical charges, net of outwards reinsurance</i>	25,745
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A breakdown of the main components is set out below:

	2004	2003	Change
Write-downs of premiums receivable in arrears	22,699	23,216	-517
Write-offs of premiums receivable in arrears	2,093	494	1,599
Reversal of commissions relating to write-offs of ceded premiums	-	1,014	-1,014
ANIA negative adjustments	203	162	41
Direct compensation agreement	326	559	-233
Contribution to Hunting Casualties Fund	6	6	-
Other	418	-	418
Total	25,745	25,451	294

<i>Change in equalisation reserves</i>	3,172
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A breakdown of equalisation reserves by line of business and accruals during the year is set out below:

	Opening reserve	Accrual	Closing reserve
Personal accident	5,282	678	5,960
Health	2,799	366	3,165
Motor vehicle hulls	5,909	867	6,777
Aviation hulls	147	19	166
Watercraft hulls	624	7	631
Cargo	358	45	403
Fire and natural events	5,004	654	5,659
Miscellaneous damage to property	1,839	343	2,182
Third-party motor liability	90	17	106
Credit	27	135	162
Pecuniary loss	180	41	220
Total	22,259	3,172	25,431

SECTION 19 – Information on the Life business technical account

<i>Premiums, net of outwards reinsurance</i>	1,283,618
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	2004	2003	Change
Direct premiums	1,242,628	1,301,083	-58,455
Indirect premiums	100,595	72,536	28,059
Gross premiums written	1,343,223	1,373,619	-30,396
Outwards reinsurance	-59,605	-66,462	6,857
Net retained premiums	1,283,618	1,307,157	-23,539

A breakdown of gross premiums written by line of business is set out below, showing direct, indirect, Italian and foreign business separately.

	Direct	Indirect	Total
Whole and term life insurance	821,223	12,797	834,020
Previous unit-linked insurance	154,339		154,339
Medical insurance in accordance with art. 1	55		55
Capitalisation transactions	247,715		247,715
Pension fund management	19,296		19,296
Total Italy	1,242,628	12,797	1,255,425
Total foreign		87,797	87,797
Total	1,242,628	100,594	1,343,222

Annex 20 provides a summary in respect of the Life business and related premiums and reinsurance balance.

<i>Income from investments</i>	520,754
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Annex 21 provides a summary of income from investments.

<i>Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk thereof and investments arising from pension fund management</i>	54,647
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Annex 22 details income and unrealised capital gains on investments benefiting policyholders who bear the risk thereof and investments arising from pension fund management

<i>Other technical income, net of outwards reinsurance</i>	16,937
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The main components are set out below:

	2004	2003	Change
Pension fund management commissions	1,098	700	398
Unit-linked fund management commissions	9,078	6,803	2,275
Retroceded unit-linked commissions	6,169	–	6,169
Reversal of commissions on write-offs of premiums in arrears	223	–	223
Recovery of costs from Allianz	–	3,814	-3,814
Other	369	22,194	-21,825
Total	16,937	33,511	-16,574

<i>Charges relating to claims, net of recoveries and outwards reinsurance</i>	735,103
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	2004	2003	Change
Gross amounts paid	833,577	825,436	8,141
Reinsurers' share	-93,549	-154,926	61,377
Change in reserve for amounts payable	-14,724	-12,873	-1,851
Reinsurers' share	9,799	49,382	-39,583
Net amount paid	735,103	707,019	28,084

Gross amounts paid may be summarised as follows:

	2004	2003	Change
Claims	94,596	67,069	27,527
Surrenders and profit sharing	349,461	351,595	-2,134
Maturities	379,398	397,568	-18,170
Capital and annuities	9,545	8,358	1,187
Paid settlement costs	577	846	-269

<i>Result of reserve for amounts payable run-off</i>	8,264
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On the reserve for amounts payable in respect of net direct business, a positive difference arose between the opening reserve and the total of payments during the year to beneficiaries for claims reported in previous years plus the closing reserve.

A breakdown is set out below:

	Gross	Ceded	Net
Opening reserve for amounts payable	143,221	-22,972	120,249
Amounts paid during the year for claims reported in previous years	-86,862	19,348	-67,514
Closing reserve for amounts payable	-46,561	2,090	-44,471
Result of run-off	9,798	-1,534	8,264
% on opening reserve	6.84%	6.68%	6.87%

<i>Reversals and profit sharing, net of outwards reinsurance</i>	-526
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The item consists entirely of profit sharing.

<i>Operating costs</i>	160,723
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A breakdown of the item is set out below:

	2004	2003	Change
Acquisition commissions	70,956	49,576	21,380
Other acquisition costs	26,536	24,201	2,335
Premium collection commissions	20,970	19,189	1,781
Other administrative costs	60,389	61,595	-1,206
Acquisition costs to be deferred	-10,526	-	-
Commissions and profit sharing received from reinsurers	-7,602	-9,353	1,751
Total operating costs	160,723	145,208	15,515

<i>Commissions and profit sharing received from reinsurers</i>	7,602
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A breakdown of the item is provided below:

	Reinsured	Retroceded	2004	2003	Change
Commissions	4,165	1,702	5,867	6,923	-1,056
Profit sharing	406	1,329	1,735	2,430	-695
Total	4,571	3,031	7,602	9,353	-1,751

<i>Capital and financial charges</i>	33,161
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Annex 23 sets out details on capital and financial charges.

With regard to "Land and buildings", as required by ISVAP ruling no 735 of 1 December 1997, Life business capital and financial charges include tax, uncapitalised maintenance and repair costs and building common expenses. Write-downs consist only of depreciation charges.

<i>Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk thereof and investments arising from pension fund management</i>	20,550
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The item is analysed in Annex 24.

<i>Other technical charges, net of outwards reinsurance</i>	6,957
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The main components are as follows:

	2004	2003	Change
Write-downs of premiums receivable in arrears	1,351	1,284	67
Write-offs of receivables	88	368	-280
Securities portfolio management commissions	2,464	–	2,464
Investment commissions retroceded to unit-linked	2,536	–	2,536
Sundry charges	158	338	-180
Total	6,597	1,990	4,607

<i>Income from investments transferred to the non-technical account</i>	102,030
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Income from investments allocated to the non-technical account totalled 102,030 thousand euro, and was calculated in accordance with ISVAP ruling no. 1140 G of 8 March.

SECTION 20 – Changes in business technical items

Non-Life insurance

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

Life insurance

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

Non-Life and Life insurance

Schedules summarising the technical accounts of all foreign Non-Life and Life lines of business are set out in Annex 29.

Criteria for allocation of common postings to individual lines of business

Both Life and Non-Life common entries are posted to individual lines of business on the basis of the volumes of the items – premiums and claims – to which they refer. The term volumes signifies either book value or number of transactions, whichever is of greater significance to the individual posting.

SECTION 21 – Information about the non-technical account

With regard to "Land and buildings", in accordance with ISVAP ruling no. 735 of 1 December 1997, Non-Life capital and financial charges include tax, uncapitalised maintenance and repair costs, building common expenses. Write-downs consist only of depreciation charges.

Other income and charges

"Other income" (item III.7) and "Other charges" (item III.8) are detailed below:

	2004	2003	Change
Other income	89,240	132,663	-43,423
Other charges	28,819	56,221	-27,402

A breakdown of "Other income" is set out below:

	2004	2003	Change
From receivables relating to direct insurance business	585	764	-179
From receivables relating to reinsurance business	1,041	386	655
From other receivables	3,743	2,931	812
From other assets	3,404	8,039	-4,635
Write-backs on own shares	36	600	-564
Recovery of administrative costs and charges	1003	194	809
Recovery of service costs from Group companies	50,872	45,963	4,909
Translation gains on opening balance sheet	1,486	3,225	-1,739
Realised translation gains	4,352	2,527	1,825
Retroceded business commissions	852	5,686	-4,834
Recovery of costs for the Road Victims Fund	3,959	3,470	489
Use of the risk provision	3,731	33,560	-29,829
Withdrawal from the tax provision	–	12,500	-12,500
Other income and recoveries	14,176	12,818	1,358

A breakdown of "Other charges" is set out below:

	2004	2003	Change
For payables relating to direct insurance business	774	744	30
For payables relating to reinsurance business	187	219	-32
For amounts due to banks and financial institutions	17	487	-470
For other payables and other liabilities	701	2,841	-2,140
Third-party administrative costs and charges	1,003	197	806
Commissions for third-party guarantees	83	261	-178
Losses and write-downs on receivables	2,932	3,480	-548
Amortisation of intangible assets	468	478	-10
Accrual to the provision for exchange rate fluctuations	–	3,225	-3,225
Net accrual to the risk provision	3,373	6,500	-3,127
Accrual to the pensions provision	121	244	-123
Realised translation losses	3,197	2,293	904
Translation losses on revaluation	1,729	16,929	-15,200
Other charges	14,234	18,323	-4,089

Extraordinary income and charges

"Extraordinary income" (item III.10) and "Extraordinary charges" (item III.11) are analysed below:

	2004	2003	Change
Extraordinary income	96,293	113,177	-16,884
Extraordinary charges	8,775	50,087	-41,312

"Extraordinary income" is detailed below:

	2004	2003	Change
Capital gains from the disposal of long-lived investments:			
assets	44	95	-51
land and buildings	-	-	-
own shares	1,769	-	1,769
Gains on the sale of investments	30,903	108,830	-77,927
Gains on the sale of long-lived bonds	8,305	233	8,072
Reversal of Accumulated depreciation on real estate used by third parties	31,296	-	31,296
Reversal of Provision for exchange rate fluctuations	12,906	-	12,906
Adjustments to deferred tax assets	2,070	-	2,070
Prior-year income and roundings up	9,000	4,019	4,981

"Reversal of Accumulated depreciation on real estate used by third parties" and "Reversal of Provision for exchange rate fluctuations" arose from application of the Vietti Reform, as previously illustrated in the Report on Operations and in Part A – Measurement Criteria.

The prior-year tax income of 2,070 thousand euro arose from the pro quota re-establishment of advance IRES of the companies taking part in the tax transparency system.

Gains realised on investments were as follows:

- sale to third parties of Investitori Holding spa securities (60 thousand euro) and Mediobanca securities (24,411 thousand euro);
- sale to RasBank of Mediobanca securities (465 thousand euro);
- income distributed on liquidation of Consordue srl (5,967 thousand euro).

Gains realised on long-lived bonds arose from the sale to third parties of a 5.25% 1/2/2002 – 1/8/2017 long-term treasury bond.

"Extraordinary charges" are detailed below:

	2004	2003	Change
Capital losses on the sale of long-lived investments:			
assets	29	20	9
Losses on the sale of investments	-	32,441	-32,441
Trading losses on own shares	973	-	973
Prior-year charges and roundings down	1,802	3,758	-1,956
Prior-year tax	17	8,246	-8,229
Extraordinary INVIM tax	-	71	-71
Contributions to sundry institutions and entities	5,954	5,551	403

"Contributions to sundry institutions and entities" includes the contribution of 5.3 million euro to Umana Mente foundation.

Income tax

The deferred tax assets and liabilities recognised in the financial statements were determined on a prudent basis, where their future realisation is reasonably certain.

Information about the tax provision is provided in Section 12 Part B of the Notes.

Since the repeal of paragraph 2 of art. 2426 of the Italian Civil Code, fiscally driven adjustments and accruals are not applied. Information on the impact on net profit for the year of the reversal of fiscally driven items is provided in Section 2 Part A of these Notes.

INCOME TAX

Income tax was as follows:

	2004	2003	Change
IRES	124,653	178,336	-53,683
IRAP	21,994	17,506	4,488
Total	146,647	195,842	-49,195

Details are set out below:

	IRES	IRAP	Total
Current tax	113,646	19,910	133,556
Deferred tax:			
Use of deferred tax assets	33,975	4,281	38,256
use of deferred tax liabilities	-5,269	-9	-5,278
Deferred tax for the year	16,077	2,524	18,601
Deferred tax income for the year	-33,776	-4,712	-38,488
Total	124,653	21,994	146,647

The reconciliation of the current tax charge in the financial statements and the theoretical tax charge is set out below:

IRES	Taxable amount	2004 Tax effect	%	Taxable amount	2003 Tax effect	%
Pre-tax result	753,871			652,634		
Theoretical tax charge		248,777	33.0%		221,896	34.0%
Permanent differences	-376,133	-124,124	-16.5%	-129,330	-43,972	-6.7%
<i>of which:</i>						
- dividends	-337,739	-111,454	-14.8%	-87,348	-29,698	-4.5%
- exempt capital gains	-30,903	-10,198	-1.4%			
- in respect of transparent company	4,235	1,397	0.2%			
- benefit of participation in domestic tax consolidation	-4,236	-1,398	-0.2%			
- other	-7,490	-2,472	-0.3%	-41,982	-14,274	-2.2%
Tax rate adjustment on temporary differences					413	0.1%
Tax on income for the year		124,653	16.5%		178,336	27.40%

IRAP	Taxable amount	2004 Tax effect	%	Taxable amount	2003 Tax effect	%
Total	741,414			644,152		
Theoretical tax charge		38,924	5.25%		33,818	5.25%
Permanent differences	-322,483	-16,930	-2.28%	-310,510	-16,302	-2.53%
<i>of which:</i>						
- dividends	-355,515	-18,664	-2.51%	-317,468	-16,667	-2.59%
- other	33,032	1,734	0.23%	6,958	365	0.06%
Tax rate adjustment on temporary differences					-10	0.00%
Tax on income for the year		21,994	2.97%		17,506	2.72%

SECTION 22 – Sundry information on the Profit and Loss Account

Annex 30 sets out the schedule analysing relationships with Group companies and other related companies.

Annex 31 sets out the schedule summarising direct business premiums written.

Annex 32 sets out charges relating to staff, directors and statutory auditors.

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

- a list of subordinated securities;
- a list showing remuneration paid to directors, statutory auditors and general managers, pursuant to art. 32 of the Regulation implementing Legislative Decree 58/98 governing issuers (Consob Resolution no. 11520 of 1 July 1998);
- a list showing 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)

Surname and first name	Posts' description office	term of office	Remuneration	
			fees ⁽²⁾	no-cash benefits
Vita Giuseppe	Ras Chairman ⁽¹⁾	1.1 - 31.12.2004	132,495	
Diekmann Michael	Ras Deputy Chairman ⁽¹⁾	1.1 - 31.12.2004		
Greco Mario	Ras CEO ⁽¹⁾	1.1 - 31.12.2004	190,042	
	Ras General Manager:	1.1 - 31.12.2004		⁽³⁾ 5,283
	- annual remuneration		477,423	
	- annual bonus		960,000	
	- 2001-2003 three-year loyalty bonus		1,261,040	
	Total		2,698,463	
Arcelli Mario	Ras Director	1.1 - 25.1.2004	2,541	
	Administrative posts with Group companies	1.1 - 18.3.2004	7,747	
Barilla Guido Maria	Ras Director	1.1 - 22.1.2004	2,221	
Bremkamp Detlev	Ras Director ⁽¹⁾	1.1 - 31.12.2004		
Buora Carlo Orazio	Ras Director ⁽¹⁾	1.1 - 31.12.2004	⁽⁴⁾ 52,635	
Colao Vittorio	Ras Director ⁽¹⁾	1.1 - 31.12.2004	58,625	
Costa Nicola	Ras Director	1.1 - 31.12.2004	35,695	
De Benedetti Rodolfo	Ras Director ⁽¹⁾	28.4 - 31.12.2004	45,738	
De Bortoli Ferruccio	Ras Director	28.4 - 31.12.2004	23,716	
Dührkop Klaus	Ras Director	1.1 - 31.12.2004		
	Administrative posts with Group companies	1.1 - 31.12.2004	26,679	
Ferrero Pietro	Ras Director ⁽¹⁾	1.1 - 31.12.2004	58,625	
Marchiò Angelo	Ras Director ⁽¹⁾	1.1 - 28.4.2004	⁽⁵⁾ 17,969	
	Administrative posts with Group companies	1.1 - 26.4.2004	12,857	⁽³⁾ 1,208
Micheli Francesco	Ras Director ⁽¹⁾	1.1 - 31.12.2004	52,635	
Orlando Salvatore	Ras Director	30.1 - 31.12.2004	32,700	
Perlet Helmut	Ras Director ⁽¹⁾	1.1 - 31.12.2004		
Pesenti Giampiero	Ras Director	1.1 - 31.12.2004	35,695	
Pininfarina Andrea	Ras Director	30.1 - 31.12.2004	32,700	
Rocca Gianfelice	Ras Director ⁽¹⁾	1.1 - 31.12.2004	⁽⁶⁾ 63,707	
Salvatori Carlo	Ras Director ⁽¹⁾	1.1 - 31.12.2004	73,871	
Manzonetto Pietro	Chairman Ras Board of Statutory Auditors	1.1 - 31.12.2004	63,283	⁽⁷⁾ 1,597
	Audit duties with Group companies	1.1 - 31.12.2004	86,140	⁽⁷⁾ 9,582
Pascot Paolo	Ras standing auditor	1.1 - 31.12.2004	42,666	⁽⁷⁾ 1,597
	Audit duties with Group companies	1.1 - 31.12.2004	21,020	⁽⁷⁾ 4,791
Stroppiana Giorgio	Ras standing auditor	1.1 - 31.12.2004	42,700	⁽⁷⁾ 1,597
	Audit duties with Group companies	1.1 - 31.12.2004	72,596	⁽⁷⁾ 1,597
Arrighi Massimo	Ras General Manager	1.1 - 31.12.2004		⁽³⁾ 2,598
	- annual remuneration		363,420	
	- annual bonus		420,000	
	Total		783,420	
Militello Salvatore	Ras General Manager	1.1 - 30.4.2004		⁽³⁾ 1,412
	- annual remuneration		⁽⁸⁾ 863,808	
	- annual bonus		283,400	
	Total		1,147,208	
	Administrative posts with Group companies	1.1 - 30.09.2004	300,000	⁽³⁾ 1,765
Riches Pierluigi	Ras General Manager ⁽¹⁾	1.1 - 31.12.2004		⁽³⁾ 2,917
	- annual remuneration		372,451	
	- annual bonus		420,000	
	Total		792,451	
Vagnone Paolo	Ras General Manager	1.1 - 31.12.2004		⁽³⁾ 4,280
	- annual remuneration		366,416	
	- annual bonus		360,000	
	Total		726,416	

(1) Member of the Executive Committee and/or advisory committees.

(2) Directors Bremkamp, Diekmann, Dührkop and Perlet, who are representatives of the ultimate parent company Allianz ag, do not receive fees for their services, as per their request and in compliance with the shareholders' resolution of 20 April 2003.

(3) The amount refers to use of company cars.

(4) Paid to Pirelli S.p.A.

(5) In addition to a deferred payment of 111,245 euro, as illustrated in the Notes to the Financial Statements at 31 December 2000.

(6) Paid to Techint S.p.A.

(7) The amount refers to third-party motor liability cover.

(8) Includes a severance indemnity of 725,000 euro following Mr Militello's resignation on 30 April 2004 on reaching retirement age.

Stock options assigned to directors and general managers (pursuant to Consob Resolution 11971 of 14 May 1999)

Officer	Options for the purchase of Ras ordinary shares				Options exercised during the year		Free assignment of Ras ordinary shares (b)			
Surname e name	Option assignment date	No. of shares available for purchase on option exercise	Option exercise price (€) per share	Option exercise conditions	Option exercise period	No. of shares purchased on option exercise	Share purchased on option exercise	Average market price for year	Date shares assigned	Number of shares assigned
Greco Mario (CEO - GM)	31.1.2001	73.000	15,35		1.8.02 - 31.7.07				30.10.01	37
	30.1.2002	80.000	12,93	Ras share price equal to or more than € 15.516 on exercise (a)	1.8.03 - 31.7.08	80.000	24.9.04	15.489	22.7.02	80
	31.1.2003	90.000	11,51	Ras share price equal to or more than € 13.812 on exercise (a)	1.2.05 - 31.1.10				1.7.03	75
	30.1.2004	100.000	14,32	Ras share price equal to or more than € 17.184 on exercise (a)	1.2.06 - 30.1.11					
Arrighi Massimo (GM)	31.1.2001	36.000	15,35		1.8.02 - 31.7.07				30.10.01	37
	30.1.2002	40.000	12,93	Ras share price equal to or more than € 15.516 on exercise (a)	1.8.03 - 31.7.08	40.000	19.10.04	16.156	22.7.02	80
	31.1.2003	45.000	11,51	Ras share price equal to or more than € 13.812 on exercise (a)	1.2.05 - 31.1.10				1.7.03	75
	30.1.2004	50.000	14,32	Ras share price equal to or more than € 17.184 on exercise (a)	1.2.06 - 30.1.11					
Militello Salvatore (GM)*	31.1.2001	22.000	15,35		1.8.02 - 31.7.07				30.10.01	37
	30.1.2002	25.000	12,93	Ras share price equal to or more than € 15.516 on exercise (a)	1.8.03 - 31.7.08				22.7.02	80
	31.1.2003	27.000	11,51	Ras share price equal to or more than € 13.812 on exercise (a)	1.2.05 - 31.1.10				1.7.03	75
	30.1.2004	27.000	14,32	Ras share price equal to or more than € 17.184 on exercise (a)	1.2.06 - 30.1.11					
Riches Pierluigi (GM)	31.1.2001	36.000	15,35		1.8.02 - 31.7.07				30.10.01	37
	30.1.2002	40.000	12,93	Ras share price equal to or more than € 15.516 on exercise (a)	1.8.03 - 31.7.08	40.000	6.10.04	15.913	22.7.02	80
	31.1.2003	45.000	11,51	Ras share price equal to or more than € 13.812 on exercise (a)	1.2.05 - 31.1.10				1.7.03	75
	30.1.2004	50.000	14,32	Ras share price equal to or more than € 17.184 dell'esercizio (a)	1.2.06 - 30.1.11					
Vagnone Paolo (GM)	31.1.2001	29.000	15,35		1.8.02 - 31.7.07				30.10.01	37
	30.1.2002	40.000	12,93	Ras share price equal to or more than € 15.516 on exercise (a)	1.8.03 - 31.7.08	40.000	29.9.04	15.528	22.7.02	80
	31.1.2003	45.000	11,51	Ras share price equal to or more than € 13.812 on exercise (a)	1.2.05 - 31.1.10				1.7.03	75
	30.1.2004	50.000	14,32	Ras share price equal to or more than € 17.184 on exercise (a)	1.2.06 - 30.1.11					

(a) On exercise, the share price must be 20% higher than the option exercise price.

(b) Shares assigned under free Ras ordinary share assignment plans to all Ras Group employees in Italy.

NOTE: In January 2004 the following Ras ordinary share purchase options were assigned, exercise of which is conditional upon the 2004 Ras ordinary share performance exceeding the stock exchange index of the Italian insurance sector for the same period and that the share price exceeds the option exercise price by at least 20 per cent. The options may be exercised from 1 February 2006 to 31 January 2011 at a price of € 14.32:

• Greco 100,000; Arrighi 50,000; Militello 27,000; Riches 50,000; Vagnone 50,000.

In the interest of full disclosure, stock options exercised by eligible parties from 1 January to 10 March 2005 are shown below. This information has already been made public in compliance with internal dealing regulations:

• on 7 February 2005 General Manager Vagnone purchased 29,000 Ras shares upon exercise of the option assigned on 31 January 2001 and 45,000 Ras shares upon exercise of the option assigned on 31 January 2003.

Parte C – Other information

Solvency margin

The solvency margins are set out in the table below, showing the Non-Life and Life business margins separate: the aggregate surplus in respect of the mandatory solvency margin amounts to 4,074,562 thousand euro.

Solvency margins	Life business	Non-Life business
Non-Life business (Legislative Decree no. 307, 3 November 2003)	–	468,245
Life business (Legislative Decree no. 307, 3 November 2003)	316,966	–
Components	1,490,626	2,670,824
Surplus in respect of legal requirements	1,173,660	2,202,579

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

Technical reserves and assets allocated thereto

The technical reserves requiring coverage at year-end, for the Non-Life and Life businesses respectively, are as follows:

	Non-Life	Life
Premium reserves	1,161,679	–
Equalisation reserves	25,431	–
Other technical reserves	893	–
Claims and settlement costs reserve	3,490,068	–
Actuarial reserves net of compulsory transfers	–	6,731,764
Amounts payable	–	131,457
Net technical reserves - CLASS D.I D.II	–	895,670
Total	4,678,071	7,758,891

The assets allocated to cover the technical reserves, as shown in the schedules at the end of these Notes, amount to:

	Non-Life	Life
A - Investments	4.061,606	6,533,164
B - Receivables	616,465	322,321
C - Other assets	–	6,738
D - Bank deposits	–	998
E - Other asset categories	–	–
Assets covering reserves CLASS D.I D.II	–	895,670
Total	4,678,071	7,758,891

Information on post-balance sheet exchange rate fluctuations

The exchange rate fluctuations between the balance sheet date and the date of approval of the draft financial statements by the Board of Directors did not have a significant impact on Ras shareholders' equity.

Information by geographical area

Pursuant to article 2427 of the Italian Civil Code no. 6 and no. 10, a geographical breakdown of receivables, payables and revenue is set out below.

	Italy	Other UE countries	Rest of Europe	USA	Canada	Other	Total
RECEIVABLES							
Receivables from direct insurance business							
parent companies	0	206	0	0	0	0	206
subsidiary companies	986	2,658	0	0	0	0	3,644
associated companies	0	0	0	0	0	0	0
affiliated companies	941	5,381	0	110	0	0	6,432
other related companies	0	0	0	0	0	0	0
others	879,157	4,064	70	99	0	121	883,511
Total	881,084	12,309	70	209	0	121	893,793
Receivables from reinsurance business							
parent companies	0	0	0	0	0	0	0
subsidiary companies	4,180	48	150	0	0	0	4,378
associated companies	0	0	0	0	0	0	0
affiliated companies	0	5,373	19	197	0	144	5,733
other related companies	0	0	0	0	0	0	0
others	20,855	32,804	2,461	5,565	9	474	62,168
Total	25,035	38,225	2,630	5,762	9	618	72,279
Other receivables							
parent companies	52	208	0	0	0	0	260
subsidiary companies	91,359	13	1	0	0	0	91,373
associated companies	7	0	0	0	0	0	7
affiliated companies	0	34	0	0	0	0	34
other related companies	0	0	0	0	0	0	0
others	443,978	0	0	0	0	0	443,978
Total	535,396	255	1	0	0	0	535,652
TOTAL RECEIVABLES	1,441,515	50,789	2,701	5,971	9	739	1,501,724
PAYABLES							
Payables relating to direct insurance business							
	-37,435	-246	-3	-12	0	-12	-37,708
Payables relating to reinsurance business							
	-25,615	-41,078	-3,340	-2,786	-73	-590	-73,482
Other payables	-127,388	0	0	0	0	0	-127,388
TOTAL PAYABLES	-190,438	-41,324	-3,343	-2,798	-73	-602	-238,578
REVENUE							
Gross premiums							
parent companies	0	21,472	0	0	0	0	21,472
subsidiary companies	38,270	31,787	357	0	0	0	70,414
associated companies	0	0	22,827	0	0	0	22,827
affiliated companies	2	16,238	1,274	711	0	1,007	19,232
other related companies	0	0	0	0	0	0	0
others	4,128,026	12,950	2,382	16,848	1,277	846	4,162,329
TOTAL GROSS PREMIUMS	4,166,298	82,447	26,840	17,559	1,277	1,853	4,296,274

Cash Flow Statement

The Cash Flow Statement for the year ended 31 December 2004 and the comparative prior-year statement is set out below.

(thousands of euro)

	2004	2003
Sources of funds		
Cash flows generated by operations for the year:		
Net profit for the year	607,224	456,787
Increase (decrease) in technical reserves	815,076	848,904
Depreciation tangible assets	5,861	4,276
Amortisation intangible assets	468	478
Depreciation plant and machinery	2,100	–
Depreciation land and buildings	2,517	5,541
Income tax for the year	146,647	195,842
Accrual to staff severance indemnity and other provisions	8,066	7,269
Accrual to specific provisions	3,373	9,725
Net issue discounts/premiums	9,003	4,647
Write-backs, write-downs and exchange rate gains/losses	-99,380	41,176
	1,500,955	1,574,645
Disposal of assets		
Sales of bonds and other financial investments	3,389,621	5,183,609
Sales of investments benefiting policyholders	502,242	394,826
Sales of equities and own shares	799,231	1,980,200
Increase (decrease) in receivables and other assets, net of payables and other liabilities	318,249	699,812
Total sources of funds	6,510,298	9,833,092
Application of funds		
Acquisition commissions to be amortised	12,626	–
Land and buildings	553	499
Tangible assets	3,855	2,669
Bonds and other financial investments	4,323,972	6,138,957
Increase (decrease) in class D.I investments	648,641	555,580
Equities and own shares	958,829	2,034,429
	5,948,476	8,732,134
Utilisation of provisions		
Tax provision	122,951	354,006
Specific provisions	16,637	33,560
Ageing indemnity paid and transferred	7,986	7,084
Reversal accumulated depreciation on buildings used by third parties	31,296	–
	178,870	394,650
Dividends distributed	402,686	295,287
Repayment of share capital	–	799,988
Total application of funds	6,530,032	10,222,059
Change in cash and cash equivalents	-19,734	-388,967
Bank accounts receivable and cash and cash equivalents		
Opening balance *	66,485	455,452
Closing balance **	46,751	66,485
Change in cash and cash equivalents	-19,734	-388,967

* Excluding exchange rate fluctuations on foreign currency amounts.

** Excluding bank deposits benefiting Life policyholders.

Revaluations on equity investments (thousands of euro)

Name	Book value	Monetary revaluations		Total
		pursuant to Lawn. n.72 of 19.3.1983	pursuant to previous laws	
Italian				
Shares				
Allianza Subalpina S.p.A.	330,190	952	14	966
RasBank	261,556	28	41	69
Previndustria – Fid- Prev. Imprenditori S.p.A.	451	10	–	10
Stakes				
Banca d'Italia	1,441	–	11	11
Total Italy	593,638	990	66	1,056
Foreign				
Shares				
Koç Allianz Sigorta as	113	30	7	37
Total foreign	113	30	7	37
Grand total	593,751	1,020	73	1,093

Real estate

Urban and farming real estate (euro)

		Book value	Monetary revaluations		Total	Other
			pursuant to Law n. 413 of 30.12.1991	pursuant to previous laws		non-monetary revaluations
Italy						
Biella	Via De Marchi, 5	84,830.93	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	Piazza Della Vittoria, 11/A	337,946.29	113.56		113.56	
Imperia	Via Schiva, 51	113,942.56	69,442.08	7,483.46	76,925.54	4,416.74
Lecco	Via Cavour - corner Via Volta	144,272.22	66,181.20	31,267.45	97,448.65	15,815.67
Magenta (MI)	Via Roma - corner Via Beretta	67,069.89	21,771.42	15,463.68	37,235.10	16,524.27
Milan	Corso Italia, 21/23/25/27A	73,319,801.83	19,728,105.54	4,255,545.74	23,983,651.28	4,274,895.01
Milan	Corso Porta Romana, 13	10,574,440.57			0.00	
Milan	Piazza Erculea, 13/15	20,844,637.95	4,202,667.54	2,095,447.74	6,298,115.28	75,880.95
Milan	Piazza Velasca, 7/9	11,859,994.44			0.00	
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	20,086,702.07	1,887,215.36	3,786,936.74	5,674,152.10	90,007.59
Monfalcone (GO)	Corso San Marco - corner Via Matteotti	157,377.51	67,016.99	13,635.01	80,652.00	11,253.75
Ostiglia (MN)	Via Vittorio Veneto, 22	28,467.01	9,100.46	5,536.54	14,637.00	2,176.92
Poggibonsi (SI)	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 (MI)	Via Meda, 11	25,139.19	15,803.33	4,265.32	20,068.65	
Rome	Piazza S. Silvestro, 13 - Via del Corso, 184	33,543,777.94	8,003,717.19	4,258,535.42	12,262,252.61	5,997,647.07
San Donà di Piave (VE)	Via Martiri, 13	20,591.95	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	7,611,263.11	874,633.35	1,405,831.07	2,280,464.42	1,835,886.52
Viareggio (LU)	Piazza Shelley, 7	122,393.03	55,898.37	10,833.20	66,731.57	4,778.78
Vigevano (PV)	Corso Garibaldi, 33	32,016.59	23,924.95	3,068.32	26,993.27	
Total		185,503,286.33	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
Grand total		196,576,164.33	35,717,406.96	16,095,608.32	51,813,015.28	13,645,597.33
Summary	Grand total	196,576,164.33	of which: Life business	89,655.22	Non-Life business	196,486,509.11

List of direct and indirect investments exceeding 10%

(pursuant to art. 126 of Consob Resolution 11971 of 14 May 1999)

With regard to indirect investments owned by holding companies controlled jointly with the Agf Group (Elmonda and Agf Ras Holding), the total percentage held by the Ras Group through the holdings is shown, rather than the pro-quota stake.

Company	Business	Currency	Share capital	Direct owner	Shares/ stakes held	%	Ras Group
Italy							
FARMING SAN FELICE spa Corso Italia, 23 - Milan	Farming	Euro	21,052,800	- Ras	4,080,000	100.00%	100.00%
AGRIGEST spa Services Corso Vittorio Emanuele, 101 - Rome	Services	Euro	160,000	- Ras	80,000	50.00%	50.00%
ALLIANZ SUBALPINA spa Via Alfieri, 22 - Turin	Insurance	Euro	21,294,325	- Ras	40,105,486	97.936%	97.936%
ASSIMEDIASS srl Corso Italia, 23 - Milan	Insurance brokerage	Euro	25,800	- L'Ass. Italiana Danni - Ras	25,542 258	99.00% 1.00%	100.00%
BERNESE ASSICURAZIONI FINANCIAL spa Via Tolmino, 6 - Rome	Financial	Euro	4,000,000	- Allianz Suisse Vers.	80,000	100.00%	100.00%
BERNESE ASSICURAZIONI Compagnia Italo Svizzera Via Tolmino, 6 - Rome	Insurance	Euro	7,252,000	- Bernese Finanziaria - Allianz Suisse Vers.	390,918 1,003,322	27.92% 71.67%	99.59%
BERNESE VITA spa Via Tolmino, 6 - Rome	Insurance	Euro	5,180,000	- Bernese Finanziaria - Bernese Ass.ni	123,250 876,750	12.33% 87.67%	100.00%
BORGIO SAN FELICE srl Castelnuovo Berardenga (SI)	Agric. tourism	Euro	944,000	- L'Ass. Italiana Danni - Ras	4,720 939,280	0.50% 99.50%	100.00%
CITYLIFE srl Piazzetta Bossi, 3 - Milan	Real estate	Euro	10,000	- Ras	2,664	26.64%	26.64%
CREDITRAS ASSICURAZIONI spa Corso Italia, 23 - Milan	Insurance	Euro	8,000,000	- Ras	5,000,000	50.00%	50.00%
CREDITRAS PREVIDENZA SIM spa (in liquidation) Galleria Pattari, 2 - Milan	Securities management	Euro	2,600,000	- Ras	2,500,000	50.00%	50.00%
CREDITRAS VITA spa Corso Italia, 23 - Milan	Insurance	Euro	102,000,000	- Ras	100,000,000	50.00%	50.00%
Ge.S.I. - Gestione Sistemi Informatici Corso Italia, 23 - Milan	EDP	Euro	4,450,260	- Ras - Allianz Subalpina - Ras Tutela Giudiziaria - L'Ass. Italiana Danni - RB Vita - L'Ass. Italiana Vita - Genialloyd - Intermediass - Investitori Sgr - Assimediass - Prevint - Ras Asset Management - RasBank - Gestias - Ras Immobiliare - Rasservice	4,449,860 4,274,640 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100	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% 0.00% 0.00% 0.00% 0.00%	100.00%
GENIALLOYD Viale Monza, 2 - Milan	Insurance	Euro	30,975,000	- Ras	3,749,628	99.99%	99.99%
GESTIAS srl Via Alfieri, 22 - Turin	Insurance brokerage	Euro	10,400	- Allianz Subalpina	20,000	100.00%	100.00%

Company	Business	Currency	Share capital	Direct owner	Shares/ stakes held	%	Ras Group
INTERMEDIASS srl Via Santa Sofia, 18 - Milan	Insurance brokerage	Euro	10,300	- L'Ass. Italiana Danni - Ras	10,197 103	99.00% 1.00%	100.00%
INVESTITORI HOLDING spa Corso Italia, 23 - Milan	Financial	Euro	1,000,000	- Ras	997,500	99.75%	99.75%
INVESTITORI SGR spa Corso Italia, 23 - Milan	Fund management	Euro	1,010,000	- Investitori Holding - Ras	950,000 60,000	94.06% 5.94%	100.00%
L'ASSICURATRICE ITALIANA DANNI spa Corso Italia, 23 - Milan	Insurance	Euro	5,200,000	- Ras	10,000,000	100.00%	100.00%
L'ASSICURATRICE ITALIANA VITA spa Corso Italia, 23 - Milan	Insurance	Euro	10,920,000	- Ras	21,000,000	100.00%	100.00%
PREVINDUSTRIA spa Piazza Velasca, 7/9 - Milan	Pension plan management	Euro	108,360	- Ras	18,000	85.71%	85.71%
PREVINT Gestione Servizi Previdenziali spa Corso Italia, 23 - Milan	Pension fund management	Euro	850,000	- Ras	170,000	100.00%	100.00%
RAS Alternative Investments sgr spa 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 spa Piazza Velasca, 7/9 - Milan	Fund management	Euro	12,900,000	- Ras	2,500,000	100.00%	100.00%
RASBANK spa Piazza Erculea, 15 - Milan	Bank	Euro	95,000,000	- Ras	190,000	100.00%	100.00%
RASFIN SIM spa Corso Italia, 23 - Milan	Securities trading and brokerage	Euro	4,043,376	- RasBank	783,600	100.00%	100.00%
RAS IMMOBILIARE srl Corso Italia, 23 - Milan	Real estate	Euro	516,400	- Ras	516,4	100.00%	100.00%
RAS Tutela Giudiziaria spa Corso Italia, 23 - Milan	Insurance	Euro	4,075,000	- Ras	3,956,311	100.00%	100.00%
RASSERVICE Gestione e Liquidazione Danni scpa Corso Italia, 23 - Milan	Services	Euro	200,000	- Ras - L'Ass. Italiana Danni - Allianz Subalpina - RB Vita	167,100 50 32,8 50	83.55% 0.03% 16.40% 0.03%	100.00%
RB Fiduciaria spa Corso di Porta Romana, 13 - Milan	Trust company	Euro	159,600	- RasBank	60,000	100.00%	100.00%
RB VITA spa Corso Italia, 23 - Milan	Insurance	Euro	175,000,000	- Ras	250,000,000	100.00%	100.00%
R.I.T.A. - Rete Italiana Teleinformatica Insurance 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%
SOFIGEA srl (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%
SOLVET srl Piazza Velasca, 7/9 - Milan	Admin. services management	Euro	1,762,000	- Ras	1,762,000	100.00%	100.00%
VILLA LA PAGLIAIA srl Località La Pagliaia Castelnuovo Berardenga (SI)	Farming	Euro	1,032,000	- Agr. San Felice - Ras	1,026,840 5,160	99.50% 0.50%	100.00%

Company	Business	Currency	Share capital	Direct owner	Shares/ stakes held	%	Ras Group
Europe							
Austria							
ALLIANZ ELEMENTAR VERSICHERUNGS ag Hietzinger Kai, 101/105 - Vienna	Insurance	Euro	45,935,568	- Ras International nv	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 WERKKÜCHENBETRIEBS-gmbh Hietzinger Kai, 101/105 - Vienna	Canteen management	ATS	500,000	- Allianz El. Versich.	500,000	100.00%	100.00%
ALLIANZ FININVEST 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	- Allianz Investmentbank	726,728	100.00%	100.00%
ALLIANZ INVESTMENTBANK ag (AIB) Hietzinger Kai, 101/103 - Vienna	Asset management	ATS	60,000,000	- Allianz El. Leben. - Allianz El. Versich.	20,000 40,000	33.33% 66.67%	100.00%
ALLIANZ PENSIONSKASSE ag Hietzinger Kai, 101/105 - Vienna	Pension funds	Euro	5,086,900	- Allianz El. Versich.	51,800	74.00%	74.00%
BAWAG ALLIANZ MITARBEITER Vorsorgekasse ag Hietzinger Kai, 101/105 - 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%
HEISSMANN CONSULTANTS gmbh Traungasse, 14 - Vienna	Services	ATS	500,000	- Allianz El. Versich.	200	40.00%	40.00%
ITB IMMOBILIENTREUHAND gmbh Hietzinger Kai, 101/105 - Vienna	Real estate	ATS	500,000	- Allianz Investmentbank	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	- Top Versich. service	874	24.97%	24.97%
OPERNRING-HOF BAU-UND BETRIEBS ag Hietzinger Kai, 101/105 - Vienna	Real estate	ATS	9,000,000	- Allianz El. Versich.	9,000,000	100.00%	100.00%
OVD VERSICHERUNGSDIENST gmbh Schönbrunner Schlosstrasse, 38/40 - Vienna	Insurance brokerage	ATS	500,000	- Allianz El. Versich.	200,000	40.00%	40.00%
RISIKOMANAGEMENT UND SOFTWAREENTWICKLUNG Hietzinger Kai, 101/105 - Vienna	Insurance consultancy	ATS	500,000	- Allianz El. Versich.	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%
TOP REPORT Schadensbesichtigungs gmbh Stolbergstrasse, 26 - Vienna	Services	Euro	140,000	- Allianz El. Versich.	35,000	25.00%	25.00%
TOP VERSICHERUNGSSERVICES gmbh Hietzinger Kai, 101/105 - Vienna	Services	Euro	70,000	- Allianz El. Versich.	70,000	100.00%	100.00%
VERSICHERUNGSBÜRO Dr. Ignaz Fiala gmbh Wipplingerstrasse, 29 - Vienna	Insurance brokerage	ATS	1,000,000	- Allianz El. Versich.	333	33.30%	33.30%
Germany							
NEREUS gmbh Königinstrasse, 28 - Munich	Financial holding	Euro	36,000	- Agf Ras Holding	1	100.00%	100.00%

Company	Business	Currency	Share capital	Direct owner	Shares/ stakes held	%	Ras Group
PALLAS gmbh Königinstrasse, 28 - Munich	Financial holding	DEM	54,000	- Agf Ras Holding	1	100.00%	100.00%
Ireland							
DARTA Saving Life Assurance Limited 20D Beckettway, Park West Business Campus, Nangor Road - Dublin	Services	Euro	5,000,000	- Ras	5,000,000	100.00%	100.00%
DARTA INVESTMENT FUND plc 1, Upper Grand Street - Dublin	Fund management	Euro	300,000	- Ras - Rb Vita	299,990 10	99.99% 0.01%	100.00%
Netherlands							
AGF RAS HOLDING bv Keizersgracht, 484 - Amsterdam	Financial holding	Euro	236,450,544	- Ras International nv	118,225,272	50.00%	50.00%
RAS INTERNATIONAL nv Holding Keizersgracht, 484 - Amsterdam	Financial holding	Euro	342,650,000	- Ras	342,650	100.00%	100.00%
Portugal							
Companhia de Seguros ALLIANZ PORTUGAL sa Rua Andrade Corvo, 32 – Lisbon	Insurance	Euro	39,545,400	- Ras International nv - Ras	2,068,323 3,060,435	26.15% 38.70%	64.85%
CASTIL PARQUE Sociedade Exploradora sa Parques de Estacionamento SA Rua Castilho, 39 - Lisbon	Services	Euro	55,000	- Allianz Portugal	200	18.18%	18.18%
UNIPENSAO - Soc. Gestora de fondos de Pensoês Rua Duque de Palmela, 30 - Lisbon	Pension funds	Euro	1,000,000	- Allianz Portugal	16,279	81.40%	81.40%
Spain							
ALLIANZ COMPAÑÍA DE SEGUROS Y REASEGUROS sa Paseo de la Castellana, 39 - Madrid	Insurance	Euro	47,379,811	- Agf Ras Holding - own shares	15,183,962 26,207	96.462% 0.1665%	96.629%
ALLIANZ GESTIÓN sa SGIC Paseo de la Castellana, 39 - Madrid	Mutual fund management	Euro	1,500,000	- Allianz Seguros	10	100.00%	100.00%
ALLIANZ INVERSIONES, SOCIEDAD DE VALORES, sa Paseo de la Castellana, 39 - Madrid	Asset management	Euro	4,508,000	- Allianz Seguros	1,000	100.00%	100.00%
ALLIANZ SERVICIOS TÉCNICOS, aie Tarragona, 109 - Barcelona	Services	Euro	60,000	- Allianz Seguros - Fénix Directo	117 3	97.50% 2.50%	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 - Madrid	Services	Euro	2,000,000	- Allianz Seguros	1,000,000	50.00%	50.00%
EUROPENSIONES sa José Ortega y Gasset, 29 - Madrid	Pension fund management	Euro	15,626,000	- Agf Ras Holding	1,274,000	49.00%	49.00%
EUROVIDA sa Compañía de Seguros y Reaseguros María de Molina, 34 - Madrid	Insurance	Euro	9,015,300	- Agf Ras Holding	7,650	51.00%	51.00%
FÉNIX DIRECTO sa Albecete, 5 - Madrid	Insurance	Euro	14,424,000	- Allianz Seguros - Informatica y Servicios	2,364,000 36,000	98.50% 1.50%	100.00%
INFORMÁTICA Y SERVICIOS FINANCIEROS sa Paseo de la Castellana, 33 - Madrid	Services	Euro	60,200	- Allianz Seguros	10,00	100.00%	100.00%

Company	Business	Currency	Share capital	Direct owner	Shares/ stakes held	%	Ras Group
PEMSE sa Paseo de la Castellana, 39 - Madrid		Euro	4,313,471	- Allianz Seguros	188,856	100.00%	100.00%
Switzerland							
ACTIVITA CARE MANAGEMENT ag Amtsstrasse, 3 - 8610 Uster	Services	CHF	300,000	- Allianz Suisse Vers.	25	20.00%	20.00%
ALBA ALLGEMEINE Versicherungs Gesellschaft St. Alban Anlage - Basel	Insurance	CHF	10,000,000	- Allianz Suisse Vers.	10,000	100.00%	100.00%
ALLIANZ ASSET MANAGEMENT ag Bleicherweg 19 - Zurich	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 Brunnenstrasse 7 - Volketswil	Real estate	CHF	9,000,000	- Allianz Suisse Vers.	18,000	100.00%	100.00%
ALLIANZ SUISSE VERSICHERUNGS Gesellschaft Bleicherweg 19 - Zurich	Insurance	CHF	100,000,000	- Ras International nv	558,325	69.80%	69.80%
ALLIANZ SUISSE LEBENSVERSICHERUNGS Gesellschaft Bleicherweg 19 - Zurich	Insurance	CHF	100,000,000	- Allianz Suisse Vers.	1,999,747	99.98%	99.98%
ALLIANZ SUISSE PERSONAL FINANCIAL SERVICES ag Bleicherweg 19 - Zurich	Real estate	CHF	500,000	- Allianz Suisse Vers.	50	100.00%	100.00%
ALLVOR ag Taefernstrasse 11b - Daettwil	Securities trading and brokerage	CHF	100,000	- Allianz Suisse Vers.	100	100.00%	100.00%
AMAYA ag Laupenstrasse, 27 - Berne	Insurance	CHF	100,000	- Allianz Suisse Vers.	100	100.00%	100.00%
ELMONDA ag Hagenholzstrasse 85 B - Postfach 8050 - Zurich	Financial holding	CHF	40,000,000	- Ras International nv	200,000	50.00%	50.00%
EUROTAX GARANTIE Wolleraustrasse, 11 a - Freienbach	Services	CHF	100,000	Allianz Suisse Vers.	950	95.00%	95.00%
GESELLSCHAFT FÜR VORSORGEBERATUNG Effingerstrasse, 34 - Berne	Services	CHF	500,000	- Allianz Suisse Leben	500	100.00%	100.00%
INVESTITORI SUISSE sa Via Serafino Balestra, 22/B - Lugano	Asset management	CHF	500,000	- Investitori Holding	50,000	100.00%	100.00%
PHENIX Compagnie D'assurance Sur La Vie Avenue de la Gare, 4 - Lausanne	Insurance	CHF	20,000,000	- Allianz Suisse Vers.	20,000	100.00%	100.00%
PHENIX Compagnie D'assurances Avenue de la Gare, 4 - Lausanne	Insurance	CHF	10,000,000	- Allianz Suisse Vers.	10,000	100.00%	100.00%
QUALITY1 ag Hofwiesenstrasse, 6 - Hombrechtikon	Insurance	CHF	100,000	- Allianz Suisse Vers.	25	25.00%	25.00%
RAS PRIVATE BANK (SUISSE) S.A. Via Pretorio, 13 - Lugano	Bank	CHF	20,000,000	- RasBank	20,000	100.00%	100.00%
SHA SEMINARHOTEL Seestrasse 10 - Unterägeri	Gestioni Hotel management	CHF	100,000	- Allianz Suisse Vers.	100	100.00%	100.00%
SOCIÉTÉ FINANCIÈRE DU LÈMAN sa Av. Tissot 15 - Lausanne	Financial service management	CHF	500,000	- Allianz Vers. Schweiz - Ras International nv	100 400	20.00% 80.00%	100.00%
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%

Company	Business	Currency	Share capital	Direct owner	Shares/ stakes held	%	Ras Group
KOÇ ALLIANZ SIGORTA as Baglarbasi, Kisikli Caddesi, 11 - Altunizade - Istanbul	Insurance	TRL	60,000,000,000,000	- Ras - Société Financière du Lèman - Allianz Suisse Vers.	4,050,220,080 36,960 36,960	33.75% 0.0003% 0.0003%	33.75%

Non-European countries

Latin America

EMPRESA DE INVERSIONES sa Av. República De Panamá, 3055 S. Isidro - Lima - Peru	Financial holding	PEN	9,6	- Ras International nv	9,594	99.94%	99.94%
ORGANIZACIÓN GOA sa Av. República De Panamá, 3055 S. Isidro - Lima - Peru	Financial holding	PEN	3,9	- Ras International nv	3,898	99.95%	99.95%

Report of the board of statutory auditors

Report of the board of statutory auditors pursuant to article 153 of Legislative Decree no. 58/1998 and article 2429, paragraph 2, of the Italian Civil Code

To the Ras Shareholders' Meeting of 29 April 2005

During the financial year to 31 December 2004, we carried out the supervisory activities required by the law, in accordance with the principles of conduct for statutory auditors recommended by the Italian Accounting Profession, which provide the basis for this report, together with the guidelines set out in CONSOB Communication no. 1025564 of 6 April 2001.

With regard to the methods we used in executing our institutional responsibilities, we declare that we:

- attended the ordinary Shareholders' Meeting of 28 April 2004 and the extraordinary meeting held on the same day, at which the articles of association were amended to incorporate the recent amendments to company law introduced by Legislative Decree no. 6/2003;
- attended all the meetings of the Board of Directors, the Executive Committee and the Advisory Committees held during the year and obtained from the Directors timely and complete information on activities, as prescribed by law and by the articles of association, thus acquiring the knowledge needed to perform our supervisory duties correctly;
- acquired the information necessary to monitor compliance with the principles of correct management and the adequacy of the company's organisational structure, by direct observation, collection of information from the heads of the functions concerned, exchanges of information and data with the independent auditors;
- supervised the workings of the Internal Audit Committee to ensure that it was adequate in relation to management needs; compliance with the Operating instructions of the Bank of Italy with regard to anti-money laundering procedures, information and training, as per Law no. 197/1991; compliance of worker health and safety procedures with legal requirements (Legislative Decree no 626/1994) and compliance of personal data protection procedures with legal requirements (Legislative Decree no. 196/2003), information about which is also provided in the Report on operations accompanying the statutory financial statements;
- monitored the reliability of the company's administrative and accounting system in providing a true and fair view of operations, by direct inspection, acquisition of information from the heads of the relevant functions, analysis of the results of the work performed by the independent auditors;
- verified compliance with laws regarding the preparation, presentation and format of the statutory and consolidated financial statements;
- ascertained that the Reports on operations in 2004 comply with legal requirements and are consistent with the resolutions adopted by the Board of Directors, and with the figures reflected in the statutory and consolidated financial statements. The half-year statutory and Group consolidated reports do not require examination by the Board of Statutory Auditors. The half-year and quarterly reports were published as required by law and regulations. The Reports on pension fund operations are consistent with the regulations issued by the Supervisory Commission and with the results of the financial statements drawn up for the various investment lines.

Based on our direct activities, the documents acquired and the information obtained, we believe that the resolutions of the Board of Directors and the Executive Committee comply with the law, the articles of association, the principles of correct management and are consistent and compatible with the company's size and assets.

No significant events emerged during the course of our supervisory activities, which we performed as described above, that would require notification to the supervisory bodies. We have no proposals to make with regard to the financial statements, approval thereof or to other matters for which we are responsible.

* * *

The specific information to be provided with this report is set out below, in the order envisaged by the above-mentioned CONSOB Communication of 6 April 2001.


1. We have obtained adequate information on transactions with a significant impact on the balance sheet and the profit and loss account carried out by the company and its subsidiaries, who allowed us to ascertain the compliance thereof with the law and with the articles of association.



2. We have obtained adequate information about atypical and/or unusual transactions, on transactions with Group companies and transactions with related parties, regarding which we provide the indications set out below.
 - 2.1 The company subscribed a subordinated loan issued by CreditRas Vita, for an amount of 45 million euro, which corresponds to its share of equity, for the purpose of covering the solvency margin of the subsidiary. Following and with reference to the authorisation granted by the Board of Directors, in July 2004 two tranches of Allianz ag bonds listed in Luxembourg were purchased, for an amount of approximately 71 million euro. In November 2004 an interest-bearing loan of 1,250,000 euro falling due in one year was granted to the subsidiary Investitori Holding S.p.A., for the purpose of purchasing an immovable capital asset for use for its own operations and those of its subsidiary Investitori Sgr.
 - 2.2 Atypical and/or unusual transactions with third parties or with Group companies are adequately described in the Reports on operations accompanying the statutory and consolidated financial statements and we formally acknowledge their compliance with the law and with the deed of incorporation, their consistency with the interests of the company and the absence of doubts as per CONSOB Communication no. 1025564 of 6 April 2001. The most significant transactions in terms of amount or importance are:
 - a loan of securities for a nominal amount of 500 million euro issued by a British subsidiary of Deutsche Bank;
 - the purchase by RB Vita, a subsidiary of RasBank, of the Life portfolio placed by financial advisors of the former Banca Bnl Investimenti following the acquisition of Banca Bnl Investimenti and its merger with RasBank;
 - the award to CityLife S.r.l., in which Ras holds 24 per cent, of the tender bid for the purchase and redevelopment of the Milan Fiera area organised by the Ente Autonomo Fiera Internazionale di Milano;
 - the sale of the investment held indirectly in Ras Asset Management Luxembourg SA to Allianz Dresdner Asset Management Deutschland GmbH, Munich, a subsidiary of Allianz ag, at a price of 7.95 million euro, for a capital gain of 5.5 million euro, based on an independent assessment;
 - trading of derivative instruments to hedge the investment in UniCredito Italiano. On expiry (December 2004) the options were abandoned by all the counter-parties, with no effects reflected on the Ras profit and loss account;
 - withdrawal from the Mediobanca voting trust and transactions in connection with the formation of Consordue S.p.A., which was subsequently put into liquidation, by the shareholders that withdrew from the trust;
 - the purchase of Pirelli & C. shares and warrants, for a total investment of 20.8 million euro and the subsequent increase in the investment to 4.2 per cent of share capital.
 - 2.3 Ordinary financial and commercial transactions with Group companies and with related parties are disclosed in the Notes to the statutory financial statements and the consolidated financial statements and in the Reports on operations accompanying the statutory and consolidated financial statements. They do not require any comments by the Board of Statutory Auditors.
3. We consider the information on atypical and/or unusual transactions and on ordinary transactions as per point 2 above disclosed by the directors in their Report on operations pursuant to art. 2428 of the Italian Civil Code to be adequate. Furthermore, we repeat that such transactions comply with the law and with the deed of incorporation, are consistent with the interests of the company and have been assessed, where necessary, by the competent Advisory Committee. Given the importance of the company's corporate governance regulations, we draw your attention to the new "Ras Code of Corporate Governance", which is the result of an internal review of the entire body of regulations and introduces a number of rules based on best domestic and international practice, including the Sarbanes Oxley Act, Britain's new Combined Code on Corporate Governance and the EU Market Abuse Directive.
4. The reports of the independent auditors, KPMG S.p.A., issued on 7 April 2005, are unqualified. We have no comments to make in respect of the emphasis paragraphs formulated by the inde-

- pendent auditors with regard to the statutory financial statements and the consolidated financial statements.
5. At present no claims have been filed pursuant to art. 2408 of the Italian Civil Code.
 6. At present, no petitions have been brought against the company.
 7. In addition to their duties as per art. 155 of Legislative Decree no. 58/98, the independent auditors were engaged to carry out the following assignments in 2004, and for each one invoiced the amounts shown (net of out-of-pocket expenses and VAT):
 - audit of the financial statements of the Unit-Linked Internal Funds –124,102 euro;
 - audit of the financial statements of the Life Segregated Funds – 27,405 euro;
 - audit of the financial statements of the Previras and Insieme defined-contribution Open-End Pension Funds– 41,402 euro;
 - review of the Ras half-year report and Ras financial statements at 31 December 2004 prepared in compliance with the accounting policies of the Allianz ag group of Munich for inclusion in the half-year and full-year consolidation of the parent company – 147,168 euro;
 - checks on application of the procedures introduced by the Sarbanes Oxley Act – 546,000 euro.
 8. We found no duties assigned to parties bound by continuous relations with the independent auditors.
 9. No opinions pursuant to the provisions of law were issued in 2004.
 10. In 2004, the Board of Directors held 5 meetings, the Executive Committee held 1 meeting, the Board of Statutory Auditors held 12 meetings.
 11. We have no specific comments to make on the company's compliance with the principles of correct management, which appear to have been consistently applied.
 12. We have no specific comments to make on the adequacy of the company's organisational structure, which we found to satisfy the operating needs of the company.
 13. As confirmed during the regular meetings of the Internal Audit Committee, all of which were attended by the Board of Statutory Auditors, we believe the internal audit system is adequate in respect of the company's operations. Moreover, Group internal audit managers regularly attend the meetings of the Board of Statutory Auditors to provide on-going information about the methods used and the results of the checks performed by the internal audit function. Additionally, during the year the Board of Directors adopted the following resolutions with regard to internal auditing:
 - the creation of a collegial Supervisory Body as required by the Companies Organisation and Management Model of Legislative Decree no. 231/2001;
 - the creation in January 2004 of a Risks Committee to advise the Board of Directors with regard to Risk Management. The 2004 annual Corporate Governance Report provides the names of the members of the Committee, the meetings held and a summary of its activities;
 - promotion of the recognition and self-assessment of the internal audit system, in accordance with best national and international corporate governance practice. In particular, the system applies the criteria of the CoSo Report, which is expressly mentioned by the Ras Code of Corporate Governance, as well as the recommendations issued in March 2004 by the Public Company Accounting Oversight Board (PCAOB) formed by the Sarbanes Oxley Act in July 2002. Recognition and self-assessment envisage, in addition to the resources of the Group internal audit function, the involvement of the independent auditors KPMG S.p.A.
 14. We have no specific comments to make with regard to the adequacy of the company's administrative-accounting system or to its reliability in correctly reporting management data. Specifically, in their Report on operations in the consolidated financial statements, the Directors have provided the necessary information regarding the transition to the IAS/IFRS accounting standards, which must be adopted as from financial year 2005 and, in particular, the effects that first-time adoption of the international accounting standards may have on the items in the financial statements.
 15. The guidelines issued by company management for the entire Group ensure an adequate two-way flow of information between the parent company and the subsidiaries (also with regard to the communications required by art 114.2 of Legislative Decree no. 58/1998).



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- ▶ 16. During the regular meetings held by the Board of Statutory Auditors with the independent auditors pursuant to art.150.2 of Legislative Decree no. 58/1998 and from an examination of the minutes of the quarterly reviews conducted by the independent auditors, no significant matters emerged.
17. The 2004 annual Corporate Governance Report provides a detailed analysis of the system, including the action taken in January 2004 for an internal review of the entire body of regulations in accordance with best domestic and international practice. The Report also provides a full description of the corporate organisation, the curricula of the directors showing their status as executive/non-executive and independent/non-independent directors; the purposes and activities of the Advisory Committees are also illustrated.
18. In 2004 we carried out our supervisory activities regularly and no omissions, censurable events or irregularities emerged that require comment herein.
19. With regard to the supervisory activities performed during the year, we have no proposals to submit, pursuant to articles 2429 of the Italian Civil Code and 153.2 of Legislative Decree no. 58/1998, regarding the financial statements, approval thereof and the matters for which we are responsible, nor do we have observations on the proposed allocation of net profit and, in particular, on the proposal to distribute dividends to the ordinary and savings shares.

Milan, 12 April 2005
THE BOARD OF STATUTORY AUDITORS



Report of the independent auditors



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

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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 SICURTA' S.p.A.

- 1 We have audited the financial statements of RIUNIONE ADRIATICA DI SICURTA' S.p.A. as at and for the year ended 31 December 2004. 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 62 of legislative decree no. 174/1995 and article 73 of legislative decree no. 175/1995. This report states that the company's technical reserves are adequate 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 responsibility for the audit of the financial statements of certain subsidiary and associated companies, representing approximately 13% and 3% of the captions "investments in group and other companies" and "total assets", respectively, rests with other auditors.

Reference should be made to the report dated 8 April 2004 for our opinion on the prior year figures which are presented for comparative purposes as required by law.

- 3 In our opinion, the financial statements of RIUNIONE ADRIATICA DI SICURTA' S.p.A. as at and for the year ended 31 December 2004 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 We draw your attention to the following matters:
- 4.1 The company has changed the accounting treatment for acquisition commissions settled when long-term premium life insurance policies are underwritten, from their full recognition in the profit and loss account of the year in which they are settled to their capitalisation and subsequent amortisation over the term of the relevant contract. The directors have described the reasons for this change and the related effects in the notes to the financial statements.
- 4.2 Following the new regulations governing financial statements introduced by Legislative decree no. 6 of 17 January 2003, the company has eliminated fiscally-driven adjustments and provisions made in previous years which, from 1 January 2004, are no longer allowed. The effects of such change and the related deferred taxation have been taken to the profit and loss account under extraordinary income and income taxes for the year, respectively, and are described in the notes to the financial statements.

Milan, 7 April 2005

KPMG S.p.A.

(Signed on the original)

Piero Bianco
Director of Audit

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

**Report of the actuary in accordance with articles 62 and 73 of
Legislative decree no. 174 of 17 March 1995, as replaced respectively
by letter R) of article 79 and letter I) of article 80 of Legislative decree
no. 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 2004**

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 2004, 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 techniques in compliance with the guidelines set out in article 2 of ISVAP communication no. 845 of 1 April 1998.

In my opinion, the technical reserves of RIUNIONE ADRIATICA DI SICURTÀ at 31 December 2004 taken as a whole, are sufficient in accordance with relevant laws and regulations and correct actuarial techniques in compliance with the guidelines set out in article 2 of the above mentioned ISVAP communication.

Rome, 24 March 2005

(signed on the original)

Gennaro Olivieri
Actuary

Resolutions of the Ordinary and Extraordinary Shareholders' Meeting

The shareholders meeting, held in Milan on 29 April 2004, passed the resolutions that follow.

Ordinary session:

- to approve the financial statements as at and for the year ended 31 December 2004 and the directors' report;
- to allocate the net profit for the year as proposed by the Board of Directors and to distribute dividends from 26 May 2005 with coupon detachment on 23 May 2005;
- to integrate the Board of Directors with the appointment of Paolo Biasi and Paolo Vagnone as new directors. The latter was also confirmed as managing director by the Board of Directors who met successively;
- to authorise the purchase and sale of own shares pursuant to articles 2357 and following, as well as article 132 of Legislative Decree no. 58 of 24 February 1998, as proposed by the Board of Directors.

Extraordinary session:

- to amend articles 7, 31 and 32 of the Articles of Association as proposed by the Board of Directors;
- to attribute to the Board of Directors, as proposed by the same, pursuant to articles 2443 and 2420 ter of the Italian Civil Code, for a period of 5 years as from 29 April 2005, the power to:
 - a) increase, in one or more instalments, also free, the corporate share capital up to a maximum of nominal Euro 516,456,000, allocating the said increase to the service of the exercise of warrants, options or similar instruments also issued by third parties, with the power to reserve issued shares to the Company and/or its controlled subsidiaries' employees, all in accordance with article 2441, paragraph 1,2,3 and 8 of the Italian Civil Code and, for the free share capital increase, with article 2442 of the Italian Civil Code;
 - b) issue, in one or more instalments, bonds convertible into newly issued Ras shares, in accordance with article 2420 ter of the Italian Civil Code, up to a maximum amount of Euro 1,200,000,000, within the limits established by current regulations at the time of each issue. The Board of Directors shall have the power to reserve the said convertible bonds to be issued to employees of Ras and/or its controlled subsidiaries, in accordance with article 2441, paragraph 8 of the Italian Civil Code.



Riunione Adriatica di Sicurtà S.p.A. Established in Trieste in 1838
Registered offices and General Management offices: Corso Italia 23, 20122 Milan
Phone 02.7216.1 - Fax 02.7216.5000 - www.ras.it
Share capital: 403,336,202.40 euro (fully paid-in)
Tax code/Milan Company Register number: 00218610327
Authorised to operate as an insurer by Ministerial Decree dated 26 November 1984