

2002

annual report &

consolidated financial statements
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DI CERTEZZE.

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Ras is a leading Italian group in the insurance and financial markets, with approximately 5 million customers. Its offer includes not only insurance and pension services, but also asset management and banking services.

At year end, its sales network consisted of 1,999 insurance agents, 2,164 financial advisors and, thanks to bankinsurance agreements, 2,740 branches of partner banks. Genialloyd was confirmed as the Italian leader in on-line sales of insurance policies.

Ras is listed on the Milan Stock Exchange. Allianz, one of the international financial and insurance giants, holds 55.55% of the Ras share capital.

Ras at

Group financial highlights		2000	2001	2002
Non-life	Gross premium income (in millions of Euro)	5,751	6,174	6,696
	- of which in Italy (in millions of Euro)	3,097	3,373	3,640
	Gross technical reserves (in millions of Euro)	9,517	9,990	11,285
	Net reserve ratio (%)	159.5	155.8	165.5
	Technical result (in millions of Euro)	-432	-268	-283
	Net combined ratio (%)	106.8	105.6	104.7
Life	Gross premium income (in millions of Euro)	5,111	6,631	8,343
	- of which in Italy (in millions of Euro)	3,714	4,997	6,477
	Gross technical reserves (in millions of Euro)	22,735	26,679	34,737
	Class D technical reserves (in millions of Euro)	2,598	5,462	8,309
	Technical result (in millions of Euro)	179	105	118
	New business value (in millions of Euro)	172	90	119
	Life in-force value (in millions of Euro)	1,307	1,285	1,383
Financial services	Assets under management at 31 December (in millions of Euro)	11,032	10,525	9,502
	Assets under administration at 31 December (in millions of Euro)	769	877	1,208
	Net inflows of assets under management and administration (in millions of Euro)	1,142 ¹	786	936
	New business value (in millions of Euro)	58	21	13
	Asset management in-force value (in millions of Euro)	330	302	224
Ordinary result (in millions of Euro)		589	634	137
Net profit for the year (in millions of Euro)		383	402	911
Shareholders' equity including net profit (in millions of Euro)		4,162	4,352	4,974
R.O.E. (%)		9.4	9.4	19.5
Investments (in millions of Euro)		31,184	32,502	39,041
Unrealised capital gains on listed securities (in millions of Euro)		2,869	1,774	1,806
Number of employees at 31 December		14,337	13,931	12,758

¹ the 2000 figure relates only to assets under management.

Share performance	2000	2001	2002	28/02/2003
Total number of shares (at year/period end)	728,832,394	729,136,305	729,616,248	671,837,930
Number of ordinary shares (at year/period end)	719,197,455	719,501,366	719,981,309	670,497,920
Number of savings shares (at year/period end)	9,634,939	9,634,939	9,634,939	1,340,010
Ordinary share price (€)				
- high	17.04	16.46	15.33	12.34
- low	7.05	10.84	9.84	10.36
- average	11.58	14.04	12.83	11.35
- at year/period end	16.78	13.22	11.61	11.45
Ordinary share performance from 30 December 1999 (%)				
Annual ordinary share performance (%)	97	55.2	36.3	34.5
Annual performance DJ Europe Insurance (%)	21.2	-28.4	-51.7	-11.8 ¹
Consolidated earnings per share (€)	0.53 ²	0.55	1.25	1.36
Dividend per ordinary share (€)	0.31 ²	0.37	- ³	0.44 ³
Pay out on consolidated earnings (%)	0.59	0.67	0.32	0.32
Consolidated shareholders' equity per share at year/period end (€)	5.71 ²	5.97	6.82	6.21
Market capitalization at year/period end (€)	12,189,116,435	9,614,355,556	8,492,114,228	7,695,292,798

¹ 30 December 2002-28 February 2003.

² Adjusted to keep into account the share capital increase occurred during the year.

³ Dividend distributed on the basis of the number of shares existing after the cancellation, as shown in the 28/02/2003 column.

a glance

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ain 2002 events for Ras in Italy

Capital optimisation and Group reorganisation

- Ras sells Proprietà Immobiliari (real estate leased to third parties)
- Ras launches an own share buy back through a Public Offer
- The financial brokerage operations of Rasfin and the financial advisors network of Ras Investimenti Sim are transferred to Rasbank
- DuerreVita merges with CreditRas Vita

Social responsibility, corporate governance and corporate image

- Ras provides for out-of-court settlement of disputes involving motor insurance policyholders
- Genialloyd and RasService obtain claim settlement quality certification
- The Umana Mente foundation starts to operate in non profit activities
- Ras opens a day-care centre for children of employees based in Milan
- Ras issues its internal dealing rules, which are even more stringent than those set by authorities
- Ras creates a new logo and launches a new corporate advertising campaign

New insurance and financial products

- *Mia* accident policy and *Dual* accident/health policy
- *ASquola* policy (for schools) and *Attiva* policy (for artisans and small businesses)
- Index-linked life policies: *Ras Index World 110*, *Ras Index World 110 II*, *Ras Index World 110 II bis*, *Ras Equity World 112*
- *Quota Massima 2002* unit-linked policy
- *Piano Alto MultiMix* life policy
- Structured bonds: *Rasbank Global 110* and *Rasbank Cedola Più*

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The Annual Report and accompanying documents (consolidated financial statements, etc.) represent the English translation of the Italian Annual Report and accompanying documents prepared for use in Italy. The consolidated financial statements were prepared using accounting principles, procedures and reporting practices generally accepted in Italy and are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Italy. The standards, procedures and practices utilized are those generally accepted and applied in Italy.

board of directors, statutory auditors and general management of Ras spa

as appointed by the Shareholders' Meeting of 30 April 2003

Board of Directors

Giuseppe Vita*
Chairman

Michael Diekmann*
Deputy Chairman

Mario Greco*
Chief Executive Officer

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

Aldo Andreoni
Secretary to the Board of Directors

* members of the Executive Committee

Board of Statutory Auditors

Pietro Manzonetto
Chairman

Giorgio Stroppiana
Paolo Pascot
Standing Auditors

Emilio Aguzzi de Villeneuve
Michele Carpaneda
Franco Dalla Sega
Alternate Auditors

General Management

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

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

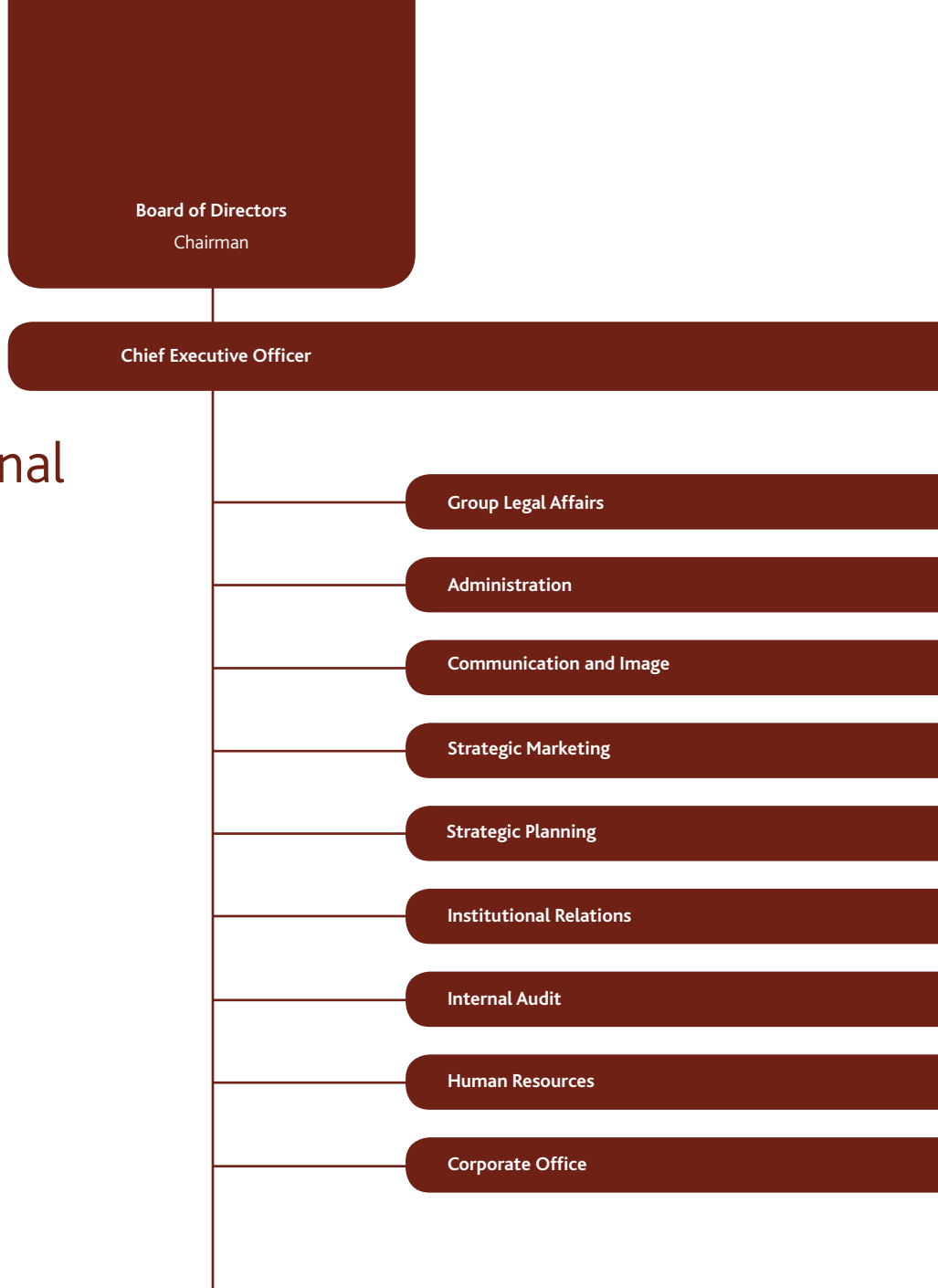
Independent Auditors

Kpmg spa

Savings Shareholders' Representative

Gianfranco Negri Clementi

group organisational structure in Italy



Note:
 Subsidiaries with special business missions not included.
 For the complete structure of the Group, refer to pages 98-99:
 Last update: 30 April 2003.





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corporate overnance

Since the second half of the 1990s, Ras has shown a particular commitment to corporate governance issues, which include all the rules under which the company is managed and controlled. This commitment has led Ras to adopt internal conduct rules which are consistent with the structure, size and organisation of the Group and are often stricter than those generally accepted.

Such rules (The Code of Ethics, Corporate Governance Code, Rules for Employees Operating in Highly Sensitive Areas and Internal Dealing Rules) are posted on the Ras website/Press Office & Investor Relations, under Corporate Governance / Ras Codes, which also comprise the company's Articles of Association and Rules of Procedure for Shareholders' Meetings. The internal Compliance Department is responsible for fulfilling all the obligations required by internal rules. Its duties include spreading awareness of the Codes within the Group and fostering the application of such rules.

Code of Ethics

Ras implemented its Code of Ethics in January 2000. This includes fundamental personal and interpersonal conduct rules to be followed by all Ras Group personnel. First and foremost, the Code of Ethics focuses on the general principles of honesty and integrity, compliance with the law and avoidance of any conflicts of interest with the company. More specifically, the Code deals with working or financial relationships with third parties (with reference to loyalty obligation), misuse of confidential information (with reference to insider trading), free gifts or services offered to/by third parties, contributions granted for political or social purposes, safeguarding of the company's assets, misuse of confidential information to the detriment of legislation governing the protection of personal data and internal and external communications. Finally, two articles set forth non-discrimination policies and corporate hierarchical relationships. The first article rules out any kind of unequal treatment (for reasons of sex, race, language, religion, belonging to a political party or trade unions), while, according to the second article, supervisors should exercise their powers objectively, prudently and fairly, ensuring that their staff's dignity be preserved and that they be granted a suitable professional growth. A special committee monitors that the Code is applied consistently.

Corporate Governance Code and Rules for Employees Operating in Highly Sensitive Areas

In addition to the Code of Ethics, in September 2000, Ras adopted a series of internal rules in a Corporate Governance Code. By incorporating and broadening the scope of the so-called Preda Code, recently revised, these rules clearly set out and make the Ras Group corporate governance model binding, with the main purpose of increasing value for shareholders. As detailed in the following chapters, the Corporate Governance Code highlights the central role of the Board of Directors within the company. Strict rules have been introduced for the processing of confidential or price sensitive information, i.e. information which, according to legislation governing insider trading issues, might have an impact on Ras share prices if made public. Finally, Ras has adopted, since January 2000, "Conduct Rules for Employees Operating in Highly Sensitive Areas" with a view to building the Group's reliability and credibility in both domestic and international financial markets. These rules focus on high professional moral standards and safeguarding the company's assets, especially when operating in highly sensitive areas, such as the financial area, dealing with external customers, and those areas requiring access to confidential information and subject to risks of insider trading.

Internal Dealing Rules

Following new regulations implemented in the Italian Stock Exchange, in 2002, Ras added specific Internal Dealing Rules to its corporate governance system. These rules require disclosure of the transactions involving Ras securities carried out by company Directors, Statutory Auditors, top management (General and Central Managers) and staff working in highly sensitive areas, as described above. In this respect, Ras has adopted even stricter rules than those provided for by Italian Stock Exchange regulations. For example, Ras has halved the threshold set by the Italian Stock Exchange for transactions carried out by Directors, Statutory Auditors or top management involving company's securities over which disclosure to Stock Exchange authorities, and hence to the market, is required (from Euro 50,000 to Euro 25,000 quarterly). In addition, any such transactions are

to be disclosed within five trading days, rather than quarterly. Each transaction carried out by such relevant persons is posted on the Ras website/Press Office & Investor Relations, under Corporate Governance / Internal Dealing. These rules took effect on 1 November 2002, two months before the deadline set by the Italian Stock Exchange (1 January 2003).

Rules for Transactions with Related Parties

Ras adopted the "Code of Conduct for Transactions with Related Parties" in November 2002, in accordance with rules issued by Consob (Italian Commission for Listed Companies and the Stock Exchange) and Italian Stock Exchange guidelines. This code integrates the rules already provided for by the Ras Corporate Governance Code. The new code sets out rules to be followed when approving and performing transactions of an extraordinary or non-standard nature involving:

- companies belonging to the Ras Group with the parent company or companies controlled by or associated to Ras;
- companies belonging to the Ras Group with Allianz Ag or companies controlled by or associated to Allianz Ag;
- Ras with its Directors, Statutory Auditors, General Managers, their close relatives or companies controlled by them.

The code requires that the Board of Directors be informed of such transactions, including details on underlying relationships and the transaction characteristics, terms and conditions (including financial), appraisals and approach. If such transactions are relevant to Ras from a financial, economic and organisational viewpoint, they are to be submitted to the Board of Directors for its prior approval. In particular, also in accordance with relevant legislation, the Board of Directors' prior approval is required for transactions which, due to their scope, fees, performance approach or timing, may have an impact on the safeguarding of company's assets or on the completeness and accuracy of information, including accounting, on Ras. Such transactions are to be disclosed to the market within the timeframe and according to the rules set by applicable legislation.

Corporate bodies and management

Shareholders' meeting

The shareholders' Meeting is called and resolves on an ordinary and extraordinary basis in accordance with the law and the Articles of Association. With respect to how meetings are run, on 27 April 2001, the Shareholders Meeting approved specific Rules of Procedure in line with the Corporate Governance Code (article 21). The Corporate Governance Code states that, should the total capitalisation value, shareholding structure and number of shareholders change significantly, the Board of Directors is to consider whether to propose shareholders changes to the Articles of Association with respect to the percentages required for implementing actions and exercising rights protecting minority interests.

Board of directors

The Ras corporate governance system gives the Board of Directors a central role. In accordance with article 1 of the Corporate Governance Code, the Board is to meet at least five times per year and is responsible for all the most significant issues, including:

- setting out company and Group corporate governance rules;
- approving company strategies and performance forecasts;
- monitoring overall performance, especially with regard to operations highly impacting on the profit and loss account and balance sheet, particularly those which might lead to a conflict of interest, including transactions with related parties;
- assigning and revoking management powers.

Reasonably in advance with respect to the meeting date, the company is to provide Directors with the information necessary to effectively participate in the Board meeting as far as particularly important resolutions are to be adopted (article 7 of the Corporate Governance Code). The Executive Committee, Chief Executive Officer and other executive Directors are to report their activities to the Board of Directors and Board of Statutory Auditors on a timely basis (usually when meetings are held and, however, at least quarterly). Reporting is to include all operations with a significant impact on the balance sheet and profit and loss account carried out by the company and its subsidiaries, especially those which might lead to a conflict of interest, including those with related parties (articles 1, 3, 6, 9 of the Corporate Governance Code).

Ras Directors, including independent Directors, attended all Board meetings on a regular basis in 2002, thus ensuring the necessary quorum. The Board of Directors met five times in 2002 and is expected to do so also in 2003. All Directors meet the experience and integrity requirements set by the relevant sectors in which the Group operates (insurance, banking, financial, fund management and asset brokerage).

A large majority of Directors on the Board (listed on the first page of this booklet) are non-executive (i.e. without management powers) and independent (i.e. they do not hold, either directly or indirectly, controlling interests in the Company nor have they any financial relationships with the Company, its subsidiaries or parent companies which might affect their independent judgement as per articles 4 and 5 of the Corporate Governance Code). During its regular meetings, the Board of Directors assesses whether its members are independent, taking into account the information provided by each Director and, should any change arise with respect to previous information, discloses the results of its assessment. In this respect, it is to be noted that Directors Henning Schulte-Noelle (Deputy Chairman), Detlev Bremkamp, Klaus Duhrop and Helmut Perlet belong to the parent company Allianz ag. Pursuant to article 1 of the Corporate Governance Code, this booklet ends with a list of positions held by current Directors in other publicly listed companies, including companies listed abroad, or in financial companies, banks and insurance companies or in companies of a significant size. The terms of office of these Directors expire with the shareholders' meeting approving the financial statements at 31 December 2002.

Management powers

The Board of Directors has granted powers of general management for corporate affairs (within stated limits) to the Executive Committee and Chief Executive Officer. The Chief Executive Officer can exercise his powers solely with the joint signature of the Chairman or the Deputy Chairman or one of the General Managers or any other company manager. The Chairman and Deputy Chairman have no management powers.

Appointment and remuneration of directors

As regards the appointment of Directors, proposals of the Board of Directors to the Shareholders' Meeting, if any, are filed with the Ras registered office at least ten days before the date scheduled for the shareholders' meeting and is to include personal and professional details of the candidates (article 2 of the Corporate Governance Code), which are also used to evaluate their independence. To replace Directors who have died or resigned and to resolve on any candidates proposed by the Board of Directors or shareholders' meeting, the Board takes its decisions after consulting the Committee for the Nomination of Directors (article 17 of the Corporate Governance Code). It is normal practice that the shareholders' meeting convened to resolve on the appointment of Directors is provided with the curriculum vitae of each candidate which is to include any information useful to assess them and, especially, their independence.

The Shareholders Meeting determines the remuneration of Directors. The Board of Directors, after hearing the Board of Statutory Auditors, determines the remuneration of the Chairman, Chief Executive Officer and other Directors holding special positions, including possible stock option plans (article 8 of the Corporate Governance Code). The Board of Directors has stated that the remuneration of the Chief Executive Officer (as well as that of General Managers) includes a variable portion (article 8 of the Corporate Governance Code). This variable portion is related to the Group performance and is based on the achievement of goals, both of a quantitative (e.g. economic value added) and qualitative nature. The Board decides on remuneration after examining the proposal presented by the Committee for the Remuneration of Directors and General Managers (article 18 of the Corporate Governance Code).

The stock option exercise price is determined in accordance with tax legislation. Accordingly, the price equals the arithmetic average price of Ras ordinary shares in the period ending the day on which the option is assigned and beginning the same day of the previous calendar month. With respect to the 2003 plan, this period falls between 31 December 2002 and 31 January 2003. After a vesting period (24 months for the 2003 plan and 18 months for the 2001 and 2002 plans), the options may be exercised during a five-year period (for the 2003 plan, from 1 February 2005 to 31 January 2010), subject to the following conditions:

- that the Ras ordinary share performance of the year in which the options are allocated exceeds the stock exchange index of the Italian insurance sector for the same period (net of the impact of any extraordinary transactions, such as share capital increases, public offers, distributions of reserves, mergers, demergers, etc.);
- that, when the options are exercised by each beneficiary, the price of Ras ordinary shares is at least 20% higher than the option exercise price.

The remuneration of Directors, Statutory Auditors and General Managers for positions held in 2002 are detailed

in a table of the Notes to the Ras spa financial statements, as required by relevant regulations. Such Notes also include a table detailing the stock options assigned to general managers in 2002. For ease of reading purposes, both tables are also included at the end of this booklet.

Advisory committees

The following advisory committees collaborate with the Board of Directors when it is to resolve on highly important matters:

- Committee for the Nomination of Directors (formed by members of the Executive Committee): it proposes candidates to the Board of Directors to replace one or more Directors who have died or resigned or when the Board is to present candidates to the Shareholders' Meeting or when it is to resolve on the members of the boards of important subsidiaries or other companies in which Ras has an investment (article 17 of the Corporate Governance Code).
- Committee for the Remuneration of Directors and General Managers (formed by members of the Executive Committee): it proposes to the Board of Directors the remuneration of Directors holding a special position and, when instructed by the Chief Executive Officer, the remuneration of General Managers, including stock option plans (article 18 of the Corporate Governance Code). Members involved in the remuneration proposal cannot discuss or vote.
- Internal Audit Committee (formed by the Chairman, Mr. Vita, and the independent non-executive Directors Messrs. Falck, Ferrero and Marchiò): it advises and makes proposals to the Board of Directors on internal audit issues; Statutory Auditors and relevant company managers participate in the meetings of this Committee (article 19 of the Corporate Governance Code).
- Corporate Governance Committee (formed by members of the Executive Committee): it makes proposals to the Board of Directors on corporate governance issues, the set of rules under which the company is managed and controlled (article 19 of the Corporate Governance Code).

Most of the members of the above committees are non-executive Directors, without management powers. Usually, the committees meet when there are Board of Directors' meetings called to resolve on issues for which the committees' advice is required. Specifically, in 2002, the Internal Audit and Corporate Governance committees met before each of the five meetings of the Board of Directors. The resolutions of the advisory committees are notified to the Board of Directors (article 16 of the Corporate Governance Code).

General management

The Board of Directors has appointed five General Managers (including the Chief Executive Officer) to manage ordinary business and implement the resolutions of company boards. Each General Manager has specific duties:

- Massimo Arrighi - Strategic Coordination of Group Networks and Banking Activities
- Mario Greco - Retail
- Salvatore Militello - Bank Life Business and Group Technical-actuarial Activities, IT activities
- Pierluigi Riches - Finance and Investments
- Paolo Vagnone - Corporate

The General Management includes eight "Central" Managers.

- Daniele D'Abramo - Sales and Marketing
- Maurizio Devescovi - Human Resources
- Diego Fumagalli - Administration
- Mauro Montagnini - Risk Underwriting: Individuals
- Claudia Motta - Strategic Planning
- Roberto Notarbartolo di Villarosa - Corporate Finance
- Alessandro Scarfò - Life Business: Agents and Financial Advisors
- Carlo Spasiano - Small and Medium-sized Businesses, Special Risks

Internal audit

In accordance with regulations issued by Isvap (the Italian Supervising Authority for Insurance Companies), the Ras Internal Audit system is aimed at ensuring effectiveness and efficiency of company processes, reliability and integrity of the information system, protection of the company's assets and the compliance of company operations with the legislation in force and corporate resolutions and procedures (article 11 of the Corporate Governance Code). The Board of Directors and the Internal Control Committee assess whether the system is adequate. The Internal Audit manager is responsible for the Internal Audit system. He is independent of the

various operating managers and reports to the Chief Executive Officer and Internal Audit Committee (article 11 of the Corporate Governance Code).

In 2002, during their regular meetings, the Internal Audit Committee and the Board of Directors were provided with precise information on the Internal Audit system and found it adequate.

Processing of confidential information

The Chief Executive Officer controls the processing and disclosure of price sensitive events (i.e. events unknown to the market, involving Ras and its subsidiaries, which may have a considerable impact on Ras share prices if made public (article 14 of the Corporate Governance Code). Usually, disclosure to relevant authorities is made through the Corporate Office - Compliance Department, while the Communication and Image Department and Shareholders Office respectively inform the market and shareholders. The Investor Relations Department and Shareholders Office manage relations with institutional investors and private shareholders, respectively, under the supervision of the Chief Executive Officer.

Board of statutory auditors

In accordance with the law, the Board of Statutory Auditors supervises the following issues: compliance with legislation and the company's Articles of Association, fair management practices, adequacy of the organisational structure, Internal Audit system and administrative-accounting system, appropriateness of the parent company's instructions to its subsidiaries for the reporting of price sensitive events. The Board of Statutory Auditors is informed on a timely basis (usually when Board of Directors' meeting is held and, however, at least on a quarterly basis) of the activities carried out by the Executive Committee, Chief Executive Officer and other executive Directors, as well as of transactions with a significant impact on the balance sheet and profit and loss account, carried out either by the parent company or its subsidiaries, especially those transactions which might lead to a conflict of interest, including those with related parties (article 22 of the Articles of Association and articles 1, 3, 6, 9 of the Corporate Governance Code).

In accordance with the Articles of Association, Statutory Auditors are elected using the listing vote system. Proposals for candidates are to be filed with the company's registered office at least ten days before the day on which the shareholders' meeting is held. They are to include each candidate's curriculum vitae and a statement that legal requirements are met (article 28 of the Articles of Association). The current Statutory Auditors, with terms of office expiring when the ordinary Shareholders' Meeting approving the financial statements at 31 December 2002 is held, are as follows:

Chairman:

– Pietro Manzonetto (since 11 June 1997)

Standing Auditors:

– Adolf Hällmayr (since 25 June 1985)

– Giorgio Stroppiana (since 11 June 1997)

Alternate Auditors:

– Emilio Aguzzi di Villeneuve (since 11 June 1998)

– Michele Carpaneda (since 25 June 1995)

Investments directly or indirectly held by directors, statutory auditors and general managers

Investments in Ras or in companies controlled by Ras, which are directly or indirectly held by Ras Directors, Statutory Auditors and General Managers are disclosed every year in the Ras spa financial statements under the Directors' report, as required by relevant legislation. For ease of reading purposes, such list is also included at the end of this chapter. As already mentioned in the section on Internal Dealing Rules, the company's website is updated, on a timely basis, with any transactions involving Ras securities carried out by the above mentioned people.

Independent auditors

The Italian law requires that Independent Auditors check that the company's accounting records are correctly kept, that each transaction and event is correctly reflected in the accounting records and that the Ras spa and Ras Group consolidated financial statements are consistent with the accounting records and procedures

carried out by them. They also check that such financial statements comply with legislation governing their preparation. At year end, the Independent Auditors express their opinion on the Ras spa and Ras Group consolidated financial statements. The Independent Auditors are engaged for a three-year period and the audit engagement can be renewed only twice. KPMG spa has been auditing the Company's financial statements since the 2000 financial statements. Its first three-year audit engagement expires when the ordinary shareholders' meeting that is to approve the 2002 financial statements is held.

Savings shareholders' representative

In accordance with the law, the Savings Shareholders' Representative is elected to safeguard the common interests of these shareholders and implements the resolutions of their special meeting. According to the Articles of Association, the representative should be informed on a timely basis of all operations with a significant impact on the balance sheet and profit and loss account carried out by the company and its subsidiaries, so that the representative be adequately aware of any operations which might have an impact on the savings share price. The current Savings Shareholders' Representative is Mr. Gianfranco Negri Clementi.

Relationships with the majority shareholder and Ras subsidiaries

Relationships with Allianz, the majority shareholder, are carried out with transparency and in line with corporate governance policies, on the basis of the principles set out in this chapter. Within the year, three meetings are held during which the Ras management presents to the Allianz management the conditions of the market in which the Group operates, identifies the Group current and expected strategic positioning and discusses short and medium term business plans. Relationships with foreign subsidiaries are carried out on a similar basis, through structured discussions between the Ras and the local management. In addition, various meetings of the Ras/Allianz financial committee are held during the year to ensure a common global view of financial market trends and adequate investment policies.

Remuneration of directors, statutory auditors and general managers

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

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

(1) Member of the Executive Committee.

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

(3) Paid to Pirelli & C. sapa.

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

Stock options assigned to directors and general managers

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

Name	Date of allotment	Option to purchase Ras ordinary shares			Ordinary shares due to free allotment (b)	
		Number of shares available for purchase or subscription	Option exercise price	Option exercise period	Date of share allocation	No. of shares allocated
Mario Greco (CEO - GM)	31.1.2001	73,000	€ 15.35	1.8.02 - 31.7.07 1.8.03 - 31.7.08	2001	37
	30.1.2002	80,000	€ 12.93 (a)			
Massimo Arrighi (GM)	31.1.2001	36,000	€ 15.35	1.8.02 - 31.7.07 1.8.03 - 31.7.08	2001	37
	30.1.2002	40,000	€ 12.93 (a)			
Salvatore Militello (GM)	31.1.2001	22,000	€ 15.35	1.8.02 - 31.7.07 1.8.03 - 31.7.08	2001	37
	30.1.2002	25,000	€ 12.93 (a)			
Pierluigi Riches (GM)	31.1.2001	36,000	€ 15.35	1.8.02 - 31.7.07 1.8.03 - 31.7.08	2001	37
	30.1.2002	40,000	€ 12.93 (a)			
Paolo Vagnone (GM)	31.1.2001	29,000	€ 15.35	1.8.02 - 31.7.07 1.8.03 - 31.7.08	2001	37
	30.1.2002	40,000	€ 12.93 (a)			

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

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

NOTE: The following purchasing options were assigned in January 2003. Their exercise is subject to the condition that 2003 Ras ordinary share performance exceeds the stock exchange index of the Italian insurance sector for the same period and that the share price exceeds the option exercise price by 20%. These options may be exercised from 1 February 2005 to 31 January 2010 at a price of € 11.51: Greco 90,000; Arrighi 45,000; Militello 27,000; Riches 45,000; Vagnone 45,000.

Given the Ras share price at 31 December 2002, no provision for share allocation was effected.

Investments held by directors, statutory auditors and general managers

(pursuant to article 79 of Consob resolution no. 1999 of 14 May 1999)

Name	Investment	No. of shares held at the end of the previous fiscal year	No. of shares purchased	No. of shares sold	No. of shares held at the end of the current fiscal year
Ciuseppe Vita		0	0	0	0
Henning Schulte-Noelle		0	0	0	0
Mario Greco	Ras spa (ordinary)	39,075	80 (1)	39,000 (2)	155
Mario Arcelli		0	0	0	0
Guido Maria Barilla		0	0	0	0
Carlo Orazio Buora		0	0	0	0
Detlev Bremkamp		0	0	0	0
Nicola Costa		0	0	0	0
Leonardo Del Vecchio		0	0	0	0
Klaus Dührkop		0	0	0	0
Alberto Falck		0	0	0	0
Pietro Ferrero		0	0	0	0
Angelo Marchiò		0	0	0	0
Francesco Micheli		0	0	0	0
Luigi Orlando		0	0	0	0
Helmut Perlet		0	0	0	0
Giampiero Pesenti		0	0	0	0
Gianfelice Rocca		0	0	0	0
Lucio Rondelli		0	0	0	0
Alberto Santa Maria		0	0	0	0
Marco Tronchetti Provera		0	0	0	0
Pietro Manzonetto		0	0	0	0
Adolf Hällmayr		0	0	0	0
Giorgio Stroppiana	Ras spa (ordinary)	8,400	0	8,400	0
Massimo Arrighi	Ras spa (ordinary)	75	80 (1)	0	155
Salvatore Militello	Ras spa (ordinary)	36,075	80 (1)	0	36,155
Pierluigi Riches	Ras spa (ordinary)	33,075	80 (1)	18,000	15,155
Paolo Vagnone	Ras spa (ordinary)	22,875	80 (1)	0	22,955

(1) the amount indicated refers to Ras ordinary shares deriving from the free allotment plan addressed to all Italian employees of the Ras Group in Italy, executed on 22 July 2002 for a total of no. 479,943 ordinary shares.

(2) Shares given into a private portfolio, managed on a totally discretionary basis, and later sold by the asset management company.

Main positions held by Ras directors

- Chairman: Mr. Giuseppe Vita (Director since 28 April 2000 and Chairman since 27 April 2001). He is the current Chairman of Ras International nv, Chairman of the Supervisory Boards of Schering ag, Hugo Boss ag and Axel Springer ag; member of the Supervisory Boards of Allianz Lebensversicherung ag, Bewag ag, Degussa ag, Vattenfall Europe; Director of Techosp spa;
- Deputy Chairman: Mr. Henning Schulte-Noelle (since 26 September 1991). He is the current Chairman of Vorstand of Allianz ag; Chairman of Allianz Versicherungs ag, Allianz Lebensversicherungs ag, Dresdner Bank ag; Director of Assurances Générales de France; member of the Supervisory Boards of Basf ag, E.ON ag, Linde ag, Siemens ag, Thyssen Krupp ag;
- Chief Executive Officer: Mr. Mario Greco (since 11 June 1998). He holds positions in many Italian and foreign subsidiaries of Ras, including Allianz Subalpina, CreditRas Assicurazioni, CreditRas Vita, L'Assicuratrice Italiana Vita, Genialloyd, Mondial Assistance Italia, Ras Asset Management Sgr, Rasbank, Rasfin Sim, Investitori Holding, Investitori Sgr, Agf Ras Holding bv, Ras International nv; Allianz Compañía de Seguros y Reaseguros, Allianz Suisse Versicherungs, Allianz Suisse Lebensversicherungs. He is also a Director of Unicredito Italiano, Fastweb, e.Biscom, Ifil, Mediobanca, Pirelli, Gim-Generale Industrie Metallurgiche;
- Mr. Mario Arcelli (since 29 June 1994). He is the current Chairman of Rasbank; Director of Italcementi and Bonifiche Ferraresi;
- Mr. Guido Maria Barilla (since 28 April 2000). He is the current Chairman of Guido Maria Barilla F.lli spa, Barilla G. e R. F.lli spa, Barilla Alimentare spa, S.E.G.E.A. spa; Director of Unione Industriali di Parma, Buongiorno spa, FIN.BA spa, Magic spa; member of the Supervisory Boards of Kamps and Harry's;
- Mr. Detlev Bremkamp (since 11 June 1997). He is a member of the Vorstand of Allianz ag and holds various positions in Allianz Compañía de Seguros y Reaseguros sa, Elmonda Assistance, International Reinsurance Co. sa; Allianz General Insurance Company sa, Allianz Global Risks Ruckversicherungs ag, Allianz Life Insurance Company, Allianz Portugal sa, Assurances Generales de France, Lloyd Adriatico, Royal Nederland Verzekeringsgroep nv, Zwolsche Algemeene nv; member of the Supervisory Boards of Asea Brown Boveri ag and Hochtief ag;
- Mr. Carlo Buora (since 10 September 2002). He is the current Chief Executive Officer of Pirelli spa, Olivetti spa and Telecom Italia spa; Chairman of the Board of Directors of Tim spa; member of the Boards of Directors of Olimpia spa, Olivetti Tecnost spa, Pirelli & C. Real Estate, HDP spa, F.C. Internazionale spa and Mediobanca spa;
- Mr. Nicola Costa, (since 29 June 1994). He is the current Chairman of Costa Edutainment spa, Liguria Costruzioni spa; Director of Costa Crociere Bioparco. He is also the liquidator of It.Co.-Italiana Costruzioni spa in liquidation and Cos.Int.- Costruzioni Internazionali spa in liquidation;
- Mr. Klaus Dührkop (since 28 April 2000). He is a Director of Allianz Subalpina, Banco Portugues de Investimento, Allianz Portugal, Allianz Life Insurance Company sa, Allianz General Insurance Company sa, Koç Allianz Sigorta as, Koç Allianz Hayat Sigorta as, Lloyd Adriatico;
- Mr. Alberto Falck (since 28 May 1984). He is the current Chairman of Falck spa, Actelios spa, Vallemeria spa; member of the Board of Directors and Executive Committee of Italcementi spa; member of the Board of Directors of Pirelli spa, Milano Assicurazioni spa, Camfin spa, RCS Editori spa;
- Mr. Pietro Ferrero (since 28 April 2000). He is the current Chairman of Ferrero spa, Soremartec sa, Ferrero Ardennes sa, Soremartec Italia srl; lay Chairman of Ferrero nv/sa; Deputy Chairman of P. Ferrero & C.; C.E.O. of Ferrero International sa; Director of Ferrero France sa; member of the Advisory Committee of Deutsche Bank spa;
- Mr. Angelo Marchiò (since 27 June 1991). He is the current Chairman of Allianz Subalpina;
- Mr. Francesco Micheli (since 25 June 1985). He is the current Chairman of e.Biscom, Francesco Micheli Associati, Deputy Chairman of Fastweb; Director and member of the Executive Committee of Interbanca, Director of Casa Editrice Corbaccio, Reset, Longanesi & C., Ponte alle Grazie, Adriano Salani Editore, Vidas, Fondazione musicale Umberto Micheli, Fondazione Mazzotta, Fondazione Milano per la Scala, Fondazione Aretè, Accademia Pianistica di Imola, O.C.I. - Orchestra da Camera Italiana, Orchestra Filarmonica della Scala, Orchestra Filarmonica del Conservatorio, Brain;
- Mr. Luigi Orlando (since 29 June 1988). He is the current Chairman of SMI, Gim, Chairman of the Board of active partners of Orlando & C., Honorary Chairman of Europe Metalli, Deputy Chairman of the

- Supervisory Board of KM Europe Metal ag, Director of Pirelli spa;
- Mr. Helmut Perlet (since 27 April 2001). He is a member of the Vorstand of Allianz ag, Dresdner Bank ag, Firemans's Fund Insurance Co., Lloyd Adriatico;
 - Mr. Giampiero Pesenti, (since 27 June 1972). He is the current Chairman and CEO of Italmobiliare, CEO of Italcementi, Deputy Chairman of Ciments Français, Fincomind ag, Director of Ciments Français, Ciments du Maroc, Compagnie Monegasque de Banque, Credit Mobilier de Monaco, Finter Bank Zurich, Finter Holding company sa Luxembourg, Finter Bank France, Gim, Mittel, Pirelli;
 - Mr. Gianfelice Rocca (since 21 June 1996). He is the current Chairman of Techint Group of Companies, Techosp, Deputy Chairman of Siemens Italia and Sirti, Director of Tenaris, Cliniche Gavazzeni, Zucchi, Dalmine, Camfin;
 - Mr. Lucio Rondelli (since 29 June 1988). He is the current Honorary Chairman of Centrosim spa; Director and member of the Executive Committee of Istituto Europeo di Oncologia, Luxottica; Iveco, Spafid, F & P, Ispi;
 - Mr. Alberto Santa Maria (since 11 June 1997). He is professor of International Law at the Law Faculty of Università degli Studi di Milano; lawyer in Milan; Chairman of S. Carlo Immobiliare Trieste; Director of Brafina, Bracco, Bracco Usa, Corner Bank and Esaote.

Note

After the draft of this report, the Shareholders' Meeting of 30 April 2003 appointed the Board of Director and the Board of Statutory Auditors for the three-year period 2003-2005.

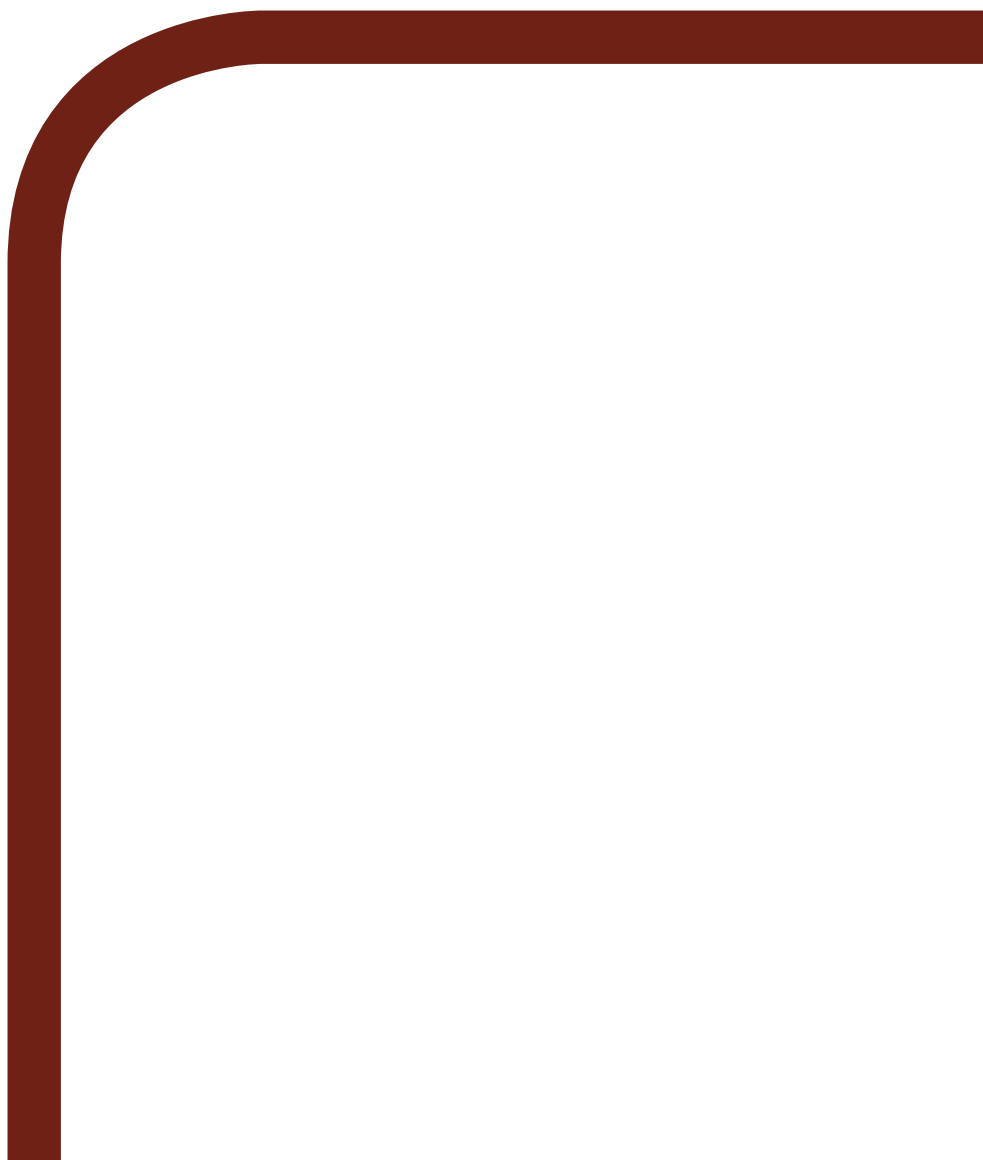
The Shareholders' Meeting resolved to confirm the Directors in office save for Messrs. Henning Schulte-Noelle, Lucio Rondelli and Alberto Santa Maria, who had asked not to be proposed again. The following new members were appointed:

- *Mr Vittorio Colao. Managing director of Vodafone Omnitel nv, responsible of the Vodafone Group for South Europe, Chairman of AssoTelecomunicazioni, Director of Finmeccanica and member of the Executive Committee of the Aspen Institute Italy;*
- *Mr. Michael Diekmann. Chairman of Allianz ag since 29th April 2003. He joined the Allianz Group in 1998 and became a member of the Allianz Vorstand in 1998, as responsible for Asia-Pacific. Since 2002, responsible for Americas and Group Human Resources. He holds various positions in many companies of the Allianz Group;*
- *Mr. Carlo Salvatori. Chairman of the Unicredito Italiano Group since May 2002. Chairman of CreditRas Vita and CrediRas Assicurazioni, Deputy Chairman of Mediobanca spa and ISPI, Director of ABI.*

The Shareholders Meeting resolved to confirm the Statutory Auditors in office, with the replacement of Standing Auditor Adolf Hällmayr and Alternate Auditor Emilio Aguzzi de Villeneuve. The following new members of the Board of Statutory Auditors were appointed:

- *Mr. Paolo Pascot (Standing Auditor)*
- *Mr. Franco Dalla Sega (Alternate Auditor)*

The Shareholders' Meeting also resolved to confirm Kpmg spa for the same three-year period as the independent auditors of the Ras statutory and consolidated Report and Accounts.





i

nterview with the ceo

nter

view

Mario Greco, 43, CEO of Ras since 2000, joined the company in 1995 as Head of the Claims Division. He was appointed General Manager in 1996 and Managing Director in 1998. In this interview, Greco talks about the company's market position and strategies, and details the three-year plan launched in February 2001 and now underway in a scenario radically different from the original context.

In February 2001, Ras first three-year plan was unveiled to the financial community. The plan had ambitious targets for 2003. In light of today's difficult economic and financial situation, will the original forecasts be revised?

It's true, we've ended up operating in a very different situation from the one we'd planned for, a situation influenced by extraordinary, unpredictable events. We need only think of how the September 2001 terrorist attacks, the Enron and WorldCom cases in 2002 and the recent conflict in Iraq have all impacted on the market. Nonetheless, we feel that we'll be able to keep to the goals we set. In actual fact we've already achieved, and even exceeded, some of them; we think we can achieve the others too, albeit with a different combination of tools and with different contributions from the various business sectors, compared to what we originally reckoned on.

How would you sum up the situation in the different sectors RAS operates in and what path will be taken to achieve the targets?

In the Non-life sector, the market has seen rising rates, in particular on industrial risks, and a gradual reduction in claims; of course it is only natural that these trends should occur in a negative economic situation. In this context, Ras has continued the careful "clean up" operation on its existing portfolio, especially with regard to the Third Party Motor Liability and Other Liabilities sectors, and the attentive selection of risks at the underwriting stage, as shown by the improvements in the combined ratio. We will continue along this path, working to obtain targeted growth in the most profitable sectors and to further eliminate the highest-risk areas.

And what about the Life sector?

In Life, we have seen strong growth in volumes, partly as a reaction to uncertainty in the financial markets. In this scenario, single premium policies with guaranteed capital have been the driving force. The shift towards shorter maturity periods is also a clear sign that investors currently prefer to immobilise their capital for shorter periods, without long term commitment. Thanks to strong growth in products sold by agents and financial promoters, we have, until now, managed to keep Life sector profitability at reasonable levels.

Personal Financial Services, the sector that appeared most promising in 2000, has been the biggest disappointment and several small to medium-sized operators have had to raise the white flag...

The asset management sector has clearly not shone in recent years. Being a solid player with a large critical mass is the key to surviving the toughest times and it will constitute a significant advantage when the market finally starts to recover. As far as we are concerned, we can count on the RasBank network, ranking third in Italy for number of financial promoters. Furthermore, in terms of managed and administered assets, we rank second among all non-banking operators. Even in a difficult year like 2002 our overall net flows increased significantly. Plus, financially speaking, we can reap the benefits of our great wealth of insurance customers.

Some observers assert that the insurance market today offers limited opportunities for growth. Do you share that view?

I don't agree. When we presented our three-year plan, in a bull market, some deemed us overly cautious. Now, in a bear market, they consider us too optimistic. In reality, our view of the market has not changed much since then: for another two years or so, the Non-life sector cycle will remain favourable and the Life sector will continue to show double-digit growth, especially where products with pension content are concerned. The trend seeing families shift savings from direct investments, especially government securities, to the Life and Pension sector is clear and will continue over the next few years.

Where does Ras fit into this overall market context?

Our strength is based on three elements: our continually expanding presence in multiple business sectors; a multi-channel sales model (agents and financial advisors, bancassurance, telephone and the Internet) that continues to gain ever-larger market shares; a well known brand name, strengthened in 2002 by the creation of a new corporate identity and a new image. With this solid foundation, we are ready for both internal and external growth.

Could you expand on the issue of growth?

Again, for growth, we will continue to pursue the creation of value for our shareholders; in particular, we will be carefully watching the returns that any new initiatives might have in industrial terms. I want to stress that even the most innovative initiatives that we have taken up until now were always subject to close scrutiny based on the strictest financial criteria. One example is the launch, a few years ago, of the Genialloyd direct insurance company, which reached break-even in 2002.

You mentioned the creation of value: what, in general, are the levers Ras plans to use to meet this fundamental commitment to its shareholders?

In a nutshell, these are our guidelines for 2003: in Non-life, to increase profitability through selective growth and optimising risk capital; in Life, to increase embedded value by expanding volume and protecting margins; in financial services, to increase market share on managed assets. Then there's also the broader issue of capital management, which in 2002 enabled us to return to shareholders part of the capital not strictly necessary to running the business. We have a team entirely devoted to this task, which I believe is unique in the market. The actions carried out over the last few years have been of great importance and value, such as the sale of part of our Italian real estate holdings and buying back our own shares through a public purchase offer, which enabled us to return some 800 million euros to our minority shareholders.

Value: apart from economic and financial value, many assert that a company should also uphold higher values regarding not just shareholders, but the entire collectivity, all the various stakeholders the company deals with.

I think the two things are closely linked. To create value for shareholders, you need to have the consensus and co-operation of all interested parties, be they customers, employees, the financial market or society in general. Hence our commitment to social responsibility, transparency, good corporate governance, as stated in two new chapters in this consolidated annual report. It is no coincidence that, alongside "dynamism" and "growth", our company values include "care" and "responsibility": the first two represent our "economic" side, whereas the second two reflect the more "human" side of the same corporate entity.



b business development

International macro-economic scenario

2002 was another difficult year for the global economy, especially in leading industrialized countries. Stability in consumer spending allowed the United States to overcome the recessive phase, but, due to stagnation in the investment cycle, the US economy developed at a considerably slower pace than the expected average annual growth rate. For the third year in a row, stock markets slumped. Despite the significant fall in share prices, doubts persist as to an upturn in 2003. In fact the scenario is affected by uncertainties regarding the possibility of an upswing in corporate profits in the short-term as well as by the prospect of war in the Middle East. In Europe, confidence remained extremely low, with a very small increase in GDP, currently estimated at approximately 0.7%. Given this international scenario, the European Union was unable to sustain an independent course, also as a result of strict agreements limiting the budget policies of each member. However, the situation varied in each country: the economy in Germany, for example, was especially weak, with a decrease in domestic demand, mainly due to shrinking investments. The Italian economy was one of the worst in Europe, with growth in GDP currently estimated at approximately 0.4%. This was the result of a low spending propensity, both in terms of consumption and investments. During the year, investments in machinery and equipment were reduced, while investments in construction increased less than in 2001. Consumer spending slowed down, while the propensity to save increased, as a consequence of the necessity to offset capital losses arising from investments in equities. Family income continued to shrink in 2002. However, the extent of the phenomenon in 2002 was less than that of the previous year, mainly due to a change in the portfolio mix, which reduced exposure to market volatility.

Domestic market

In 2002, the insurance industry in Italy was characterised by significant growth in total premium income. However, the reasons underlying such result differed in each line of business. In the **third-party motor liability** business, pending the effects of the change in legislation implemented in December 2002, premium income continued to increase steadily, but the growth rate gradually decreased during the year. First quarter growth was affected by the price freeze which concerned the same period of the previous year. During the following three quarters, tariff growth was still positive albeit at decreasing rates. This trend accompanied developments on the automotive market, where car registrations decreased, despite the upturn recorded in the last few months of the year, whilst cylinder capacity increased on average, thereby reflecting an improvement in quality. Also from a technical viewpoint, the motor line of business performed well in 2002, as a result of a reduction in the frequency of claims.

The **other non-life lines of business** were generally more dynamic. The industrial risks and marine businesses, particularly the hulls and third-party liability categories, showed the greatest growth rates. As in 2001, the tariff policies implemented as a result of reinsurance market conditions, exacerbated by a number of natural disasters involving various European countries in 2002, were the main growth driver. The broadening of coverage demand continued in 2002, especially in the third-party liability sector.

Life business trends already evident in 2001 became more marked in 2002. Total premium income rose considerably (current estimates indicate a 20% market growth in new business), although growth rates decreased during the year. 2001 had seen a gradual acceleration in the growth rate. The persistent volatility of the stock markets led to a further increase in the demand for traditional policies, which usually feature minimum guaranteed returns and a performance which is less linked to market fluctuations. Growth was particularly significant in single premium policies which tapped the considerable consumer liquidity. This penalised "linked" solutions, with the exception of those offering capital protection. 2002 closed with a modest income from pension-related products, both from individual and group policies, given that the necessary legislative reform was postponed again.

Financial services continued to be negatively affected by market volatility, with a reduction in assets for the third year in a row. Savers turned towards more liquid products. However, the offer and portfolio shift towards monetary funds only partly offset outflows from higher risk products. Moreover, performance differed considerably on the basis of the characteristics of each player. In mutual funds, as in 2001, banks and mixed players recorded net negative inflows for Euro 8,012.5 million, while financial advisors achieved an overall positive result (Euro 1,511 million, with different growth levels for the various players). Bank

products, which include assets under administration, issues of structured products and current accounts, performed better. Finally, 2002 saw the beginning of a consolidation process in financial advisor networks involving both small and large players.

Ras Group non-life business

Consolidated premium income increased by 8.4% to Euro 6,696 million from Euro 6,174 million in 2001. In 2002, the consolidation area changed as a result of the merger of Ras Swiss subsidiaries with the Berner Group companies controlled by Allianz ag as well as the exclusion of Mondial Group from consolidation. Using the same basis, ie, including the premiums relating to Berner Group companies and excluding those relating to Mondial Group companies, the 2001 premium income would have amounted to Euro 6,312 million, with an increase of 6.1% in 2002 over the previous year.

The technical performance led to a Group combined ratio of 104.7%, net of reinsurance (2001: 105.6%). This result is even more remarkable, if the 2002 accruals to the technical reserves are considered. This increased the reserve ratio to 165.5% against 155.8% in 2001. Another extraordinary item affecting the overall technical result were claims relating to the floods in Austria which amounted to Euro 15.3 million.

In **Italy**, the Group ranks third in non-life business where, with the Ras, Allianz Subalpina, CreditRas and Genialloyd brands, it has a market share of 10.8%. Premiums totalled Euro 3,640 million, up 7.9%. The overall combined ratio improved to 103.3% from 105.3% in 2001, while the reserve ratio went from 156.4% in 2001 to 158.7% in 2002. In particular, premiums from the **motor lines of business** (third-party motor liability and motor vehicle hulls) rose 10.3% to Euro 2,243 million. Growth in this important sector was supported by a more careful risk underwriting policy which led to a constant decrease in the third party liability claims rate (8.1% in 2002). The highly profitable motor vehicle hulls line of business (theft, hail, windscreen, fire, etc.) continued to grow. As a percentage of the total number of motor policies, this line of business increased from 31.6% to 33.2%. The performance of Genialloyd, the Group company which sells insurance policies exclusively over the phone and on-line, was particularly excellent. Genialloyd 2002 premium income totalled Euro 110.7 million for 268,578 policies, 37% of which were written on line. This company reached the break-even point in 2002, prior to Group expectations.

Performance of the **non-motor lines of business** was generally good from a technical viewpoint. However, it varied significantly according to the type of customers, as follows:

- the Individuals sector, which is usually highly profitable, totalled premiums of Euro 435 million, up 4%. New business focused on multi-cover policies, including the new *Full Casa* (for the home) and *Attiva* (for artisans and small businesses) policies;
- the Small and medium-sized businesses sector (again highly profitable, with turnover up to Euro 5 million), recorded premium income of Euro 162 million, up 6% over the previous year. A newly-launched multi-cover product, *Universo Impresa*, customised according to the requirements of each business, boosted sales. This product recorded premiums worth Euro 21 million in 2002;
- premiums from Corporate and Major Accounts totalled Euro 486 million, up 3%. In the general third party liability line, which is the less profitable within this sector, in 2002 Ras continued the portfolio restructuring process begun in the previous year. This involved limiting risk underwriting to particular risk categories and revising all contracts. It led to a 21% decline in general third party liability insurance premiums within this sector.

In **Austria**, where the Group is the market leader with a market share of 11.8% in non-life business, premiums rose 1.1% totalling Euro 850 million. The ordinary technical result improved as planned, with a combined ratio of 108.4%, excluding the effect of the floods of the Summer of 2002 (2001: 110.6%). As a result of the extraordinary effect of the floods (Euro 15.3 million, net of reinsurance), the combined ratio reached 110.3%. The improvement in the overall portfolio quality was possible mainly due to the restructuring of the motor lines of business begun at the end of 2000. Thanks to a more selective underwriting policy, the claims rate decreased to 8.6% at year end.

In **Switzerland**, Elvia, Allianz Versicherung and Berner were merged into the newco Allianz Suisse, in which Ras has a 70% stake. This operation, detailed in the section relating to the holding company Ras International nv, allowed the Group to complete the operating integration of the three Swiss companies. Synergies in terms of product development and sales and sales network are expected therefrom. The newco is the third market leader in non-life business, with an estimated market share approximating 9%. Recorded premiums totalled Euro 1,223 million, with an increase of 10.3% due to the new consolidation area. Using the same consolidation basis, premiums would have decreased by 1.8%. The gross technical performance,

net of reinsurance, was a negative Euro 102 million against a negative Euro 51 million in 2001. The combined ratio went from 105.1% in 2001 to 108.2% in 2002.

In **Spain**, Ras, via Agf-Ras Holding (held jointly with equal stakes by Ras and Agf), is the second market leader in non-life business, with an estimated market share approximating 7%. Both premiums and technical result continued to grow, with premium volumes at Euro 720 million, up 16.9%. The combined ratio remained unchanged at 98.6%.

Ras Group life business

The Ras Group performed extremely well in life business in 2002. Premium income jumped 25.8% to Euro 8,343 million, reaching 55.5% of total Group premiums. This greater percentage is mostly due to the rise in premium income reached in Italy. Using the same consolidation basis as in 2001 (ie, including premiums relating to Berner Group companies), 2002 premium income would have amounted to Euro 7,030 million, up 18.7% over the previous year.

In **Italy**, where Ras is the second market leader in life business, with an estimated market share between 11% and 11.5%, the overall increase in gross premiums was 29.6%, reaching Euro 6,477 million. All distribution channels contributed to this result, notably:

- the **agent and financial advisor channel**, which, with 1,999 agents and 2,164 financial advisors, totalled premiums of Euro 1,849 million, up 17% over the previous year. In individual policies, new business recorded Euro 491 million in premiums against Euro 345 million in 2001 (up 42%). All products recorded satisfactory growth: those with annual and recurring premiums went up 30% to Euro 136 million while those with single premiums totalled Euro 355 million (up 48%). The good performance of products with recurring premiums was driven by pension-related policies (FIP) which, although still limited in volume, rose 59%. The offer of single premium products was focused on solutions with guarantees. In particular, unit-linked products with guaranteed capital, (for example, *Quota Massima*, *Quota Dinamica*, *Ras Equity World 112*, *Ras Index World 110* and *RB Index World 110*) were offered in addition to traditional products and generated premium income of Euro 85 million. Unit-linked products with guaranteed capital are managed using the Constant Proportion Portfolio Insurance system, while index-linked products are managed by acquiring stock index derivative instruments and traditional products by using adequate Assets-Liabilities Matching policies. Each product category confirmed the margin levels recorded in 2001. The overall margin was affected by the increasing impact of single premiums, especially by the introduction of index-linked policies.
- the **bank channel**, mainly composed of branches of the Unicredito Italiano Group - which alone recorded premium income of Euro 4,376 million - grew 35%, with direct insurance premiums amounting to Euro 4,628 million. The good performance was driven by new business which increased 37% over the previous year to Euro 4,268 million. In particular, annual and recurring premium policies accounted for Euro 144 million with a very satisfactory growth rate (47%). Single premium products recorded Euro 4,124 million, up 36% over 2001. The best performance was achieved with *Unistar* (single premium unit-linked policy) and *Unireddito* (traditional single premium policy with guaranteed returns). From an operating standpoint, following the integration of Unicredito Italiano Group branches under a single brand, Cassa Assicuratrice Vita and Duerrevita were merged into Creditras Vita during 2002. The latter is now the only Ras joint venture with the Unicredito Italiano Group in life business. The overall margin remained unchanged with respect to the previous year.

	2002	2001	Change %
Agents	379	269	41%
Annual premiums	102	75	36%
Single premiums	276	194	43%
Financial advisors	112	77	47%
Annual premiums	34	30	15%
Single premiums	78	47	67%
Banks	4,268	3,125	37%
Annual premiums	144	98	47%
Single premiums	4,124	3,027	36%
Total	4,759	3,470	37%
Annual premiums	280	203	38%
Single premiums	4,479	3,267	37%

New business premiums - life business
(thousands of Euro)

In **Austria**, where Ras is ranked seventh in terms of life premium income, with an estimated market share of 6.1%, premiums grew 1.7% to Euro 369 million. Operations in this country focused on offering traditional products using traditional distribution channels.

In **Switzerland**, where the subsidiary Allianz Suisse Lebensversicherungs ranks sixth in life business, with an estimated market share of 5%, recorded premiums of Euro 1,178 million, up 49.1%, affected by the change in the consolidation area. Using the same consolidation basis as 2001, premium income would have remained substantially unchanged. In detail, premiums from individual policies grew 15% to Euro 410 million, while premiums from group policies fell 6% to Euro 768 million. As far as the latter are concerned, legislation governing guaranteed returns has changed from a flat rate of 4% to one index-linked to market rates. Accordingly, from 2003 the guaranteed return rate will be 3.25% and this will have an impact on the entire existing portfolio.

In **Spain**, the Ras Group, via Agf-Ras Holding (held jointly with equal stakes by Ras and Agf), ranks 14th in life business, with an estimated market share of 2%. Premiums slumped 40.5% to Euro 245 million. In detail, Allianz Seguros achieved life premiums amounting to Euro 205 million, down 44.5% as a result of lower premiums relating to pension-related policies. Eurovida, the joint venture with Banco Popular Español, totalled premiums of Euro 33 million, down 22.7% on the previous year.

Ras Group financial services

At year end, Rasbank financial advisors numbered 2,164, up 7% over 2001, including the 743 advisors working with agencies. This is the third largest network operating with a single brand. Despite the weakness of financial markets, 2002 closed with growing volumes, recording net inflows of assets under management and administration at Euro 936 million, up 19% over the previous year. At 2002 year end, the Rasbank market share, in terms of mutual fund net inflows, accounted for 13% of the total inflows recorded by Italian networks. Net inflows from products relating to assets under administration and current accounts jumped 59% to Euro 439 million from Euro 276 million in 2001. The significant growth was driven by the issue of new structured bonds, which recorded Euro 111 million, and by the introduction of the new current account *€easyRasbank*, which captured flows of Euro 122 million. Current accounts at year-end numbered 103,710, up 32% over the previous year.

These positive results were achieved by boosting cross-selling actions on the 4.5 million Ras customers. A fundamental step forward in cross-selling was achieved by transferring to Rasbank Ras Investimenti Sim's financial advisors operating in insurance agencies. This operation further strengthened the Group banking sector. *Investitori sgr*, the Group company launched in July 2001 and dedicated to private customers, also contributed largely to the overall result. The company, which comprised seven private bankers at year end, took advantage of the new law governing capital repatriation ("tax shield").

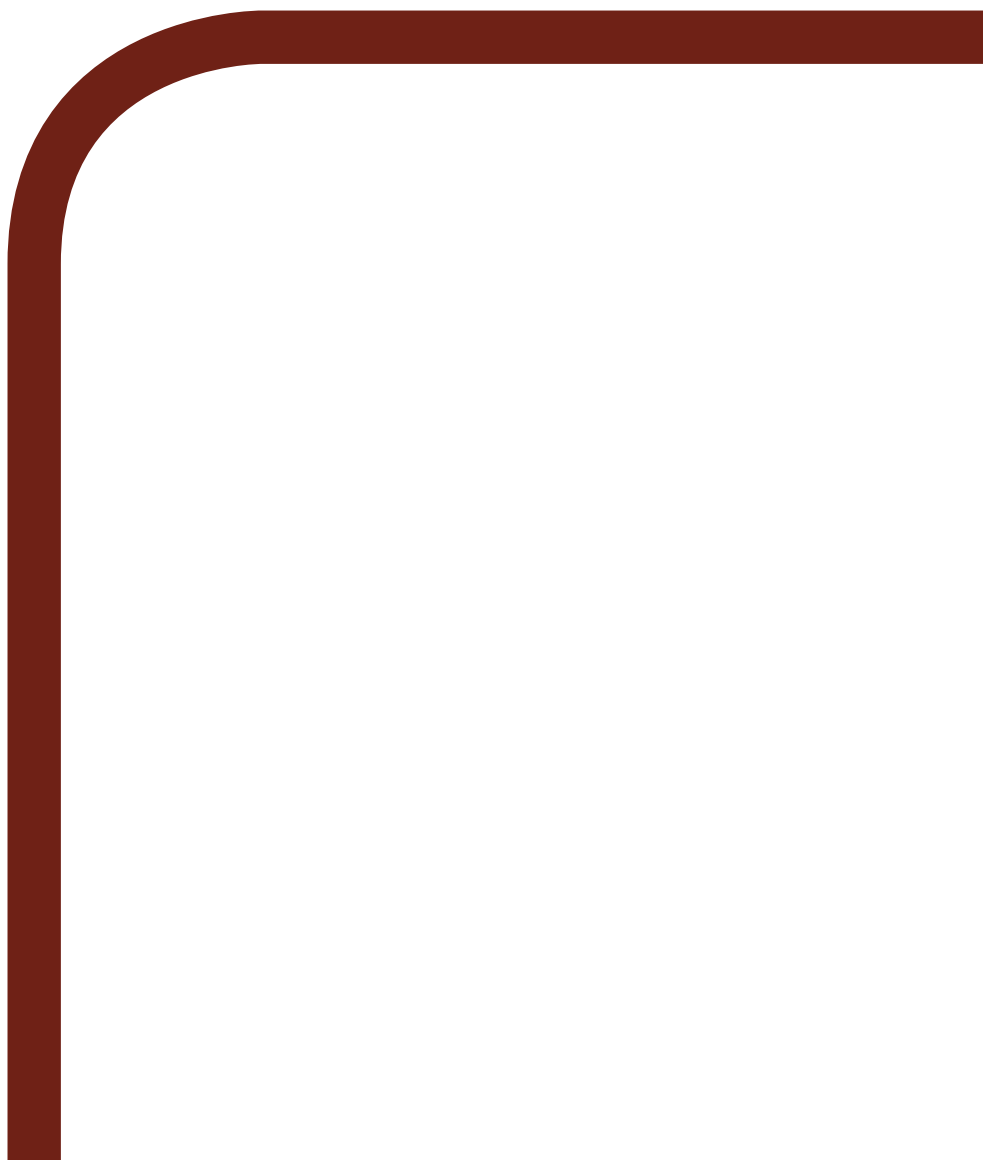
At year end, assets under management and administration of retail customers alone decreased 6% to Euro 10,706 million from Euro 11,402 million in 2001. The negative performance of financial markets accounted for 14.7% of such decrease.

Breakdown of net and gross inflows (thousands of Euro)

	Net inflows		Gross inflows		Total assets	
	2002	2001	2002	2001	2002	2001
Assets under management	497	511	3,434	3,713	10,525	9,498
Assets under administration (securities)	339	162	666	522	551	773
Current accounts	100	113			326	435
Total	936	786	4,100	4,235	11,402	10,706

Breakdown of mutual funds (%)

	Ras Group		Market	
	2002	2001	2002	2001
Equity	42.7%	52.0%	24.7%	31.8%
Balanced	7.6%	8.2%	8.9%	11.7%
Bond	32.1%	26.1%	48.5%	46.5%
Monetary	17.6%	13.7%	17.9%	10.0%
Total	100%	100%	100%	100%





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Ras Group results

The consolidated profit and loss account for the year ended 31 December 2002 shows a net profit of Euro 911 million, against Euro 402 million in 2001. This extremely positive result includes the income from the sale of Proprietà Immobiliari, the company in which the Group's real estate leased to third parties converged. Capital gains of Euro 1,091 million (Euro 874 million net of taxes) were realised on this transaction. Accordingly, 2002 ROE (return on equity) reached 19.5% (2001: 9.4%).

	2002	2001	
Premium income from life business	8,343	6,631	Profit and loss account (millions of Euro)
Premium income from non-life business	6,696	6,174	
Total premium income	15,039	12,805	
Outwards reinsurance	-770	-627	
Net retained premiums	14,269	12,178	
Change in premium reserves	-108	-94	
Claims, maturities, annuities and surrenders	-7,771	-6,675	
Change in claims and actuarial reserves	-4,806	-4,363	
Commissions, acquisition costs and other administrative costs	-2,108	-2,012	
Other technical income and charges	107	248	
Income transferred to the technical account	252	555	
Technical operating result	-165	-163	
Other ordinary income and expense	16	9	
Ordinary income from investments, net of income transferred to the technical account	810	779	
Net profit from the sale of short-term investments	151	255	
Write-backs and write-downs of investments	-675	-246	
Profit of ordinary business	137	634	
Net profit from the sale of long-term investments	1,094	27	
Other extraordinary items	-2	-11	
Pre-tax profit	1,229	650	
Income taxes	-375	-234	
Consolidated net profit for the year	854	416	
(-) Net profit / (+) loss attributable to minority interests	57	-14	
Group net profit	911	402	

In order to give a fairer view and better comparison of figures of various periods, the reclassified profit and loss account includes the following changes:

- the release of the provisions for securities fluctuations of the Swiss companies (Euro 31 million) has been reclassified under "write-backs and write-downs of investments";
- the costs incurred for the sale of Proprietà Immobiliari spa (Euro 9 million) have been reclassified from "Other income and charges" to "Net profit from the sale of long-term investments";
- the accrual to the provision for risk of life business relating to policies issued before and during World War II (Euro 20 million) have been reclassified from "Other income and charges" to "Other extraordinary items".

Consolidated gross premiums increased by 17% from Euro 12,805 million in 2001 to Euro 15,039 in 2002. Net of the effect of the above-mentioned change in consolidation area, the overall increase would have been 13%. The premium retention ratio was 94.9% against 95.1% in 2001. As already mentioned in the "Business development" section, life business premiums amounted to Euro 8,343 million, up 25.8% (up 19% net of the change in consolidation area), with a major contribution from Italy. Non-life business premiums totalled Euro 6,696 million, up 8.4% (up 6% net of the change in consolidation area). All countries in which the Group operates contributed to this result, especially Italy.

**Premiums
(millions of Euro)**

Country	2002	2001	2002	2001	2002	2001
	Life business		Non-life business		Total	
Italy	6,477	4,997	3,640	3,373	10,117	8,370
Austria	369	363	850	841	1,219	1,204
Portugal	74	69	263	235	337	304
Spain	245	412	720	616	965	1,028
Switzerland	1,178	790	1,223	1,109	2,401	1,899
Total	8,343	6,631	6,696	6,174	15,039	12,805

The technical operating result was a negative Euro 165 million, substantially unchanged compared to the negative Euro 163 million of 2001. In detail, it was Euro 118 million in life business (2001: Euro 105 million) and a negative Euro 283 million in non-life business (2001: negative Euro 68 million). The operating result, net of write-backs and write-downs resulting from market fluctuations, totalled Euro 812 million (2001: Euro 880 million). Net of profit on sale of assets, the result reached Euro 661 million, up 5.8% over the Euro 625 million of the previous year. Extraordinary income rose significantly, mainly due to the income from the sale of part of the real estate leased to third parties through the sale of Proprietà Immobiliari. Net technical reserves increased by Euro 9,288 million to Euro 43,832 million from Euro 34,544 million in 2001. Consolidated shareholders' equity attributable to the Group was Euro 4,974 million at year end, up 14.3% on the Euro 4,352 million of 2001 year end.

Non-life business

Profitability of non-life business improved in all countries but Switzerland, the result of which had an impact on the total technical result which was a negative Euro 283 million compared to a negative Euro 268 million in 2001. The combined ratio improved to 104.7% from 105.6% in 2001 (as adjusted to account for the change in the "Reserve for current risks" of Euro 46 million; gross of such adjustment, it would be 104.8%).

Despite the increase in reserves, almost all countries achieved an improvement in the technical performance, as shown in the following table. Indeed, the reserve ratio rose from 155.8% in 2001 to 165.5% in 2002. In Italy, the technical result improved from a negative Euro 140 million to a negative Euro 110 million, despite an Euro 372 million increase in reserves. The fall in the Swiss technical result from a negative Euro 51 million in 2001 to a negative Euro 102 million in 2002 and the increase in reserves (up Euro 748 million) are partly due to the change in the consolidation area. In Austria, the improvement in the technical result (negative Euro 76 million) was partly offset by the effects of the country's floods, which accounted for Euro 15.3 million (net of reinsurance).

**Technical reserves and technical result
non-life business (millions of Euro)**

Country	Net technical reserves		Net technical result	
	2002	2001	2002	2001
Italy	5,326	4,954	-110	-140
Austria	924	944	-76	-79
Portugal	344	336	-5	-5
Spain	680	602	10	7
Switzerland	2,763	2,015	-102	-51
Total	10,037	8,851	-283	-268

The total cost of claims in non-life business increased by Euro 143 million to Euro 4,272 million (2001: Euro 4,129 million). Acquisition costs remained constant at Euro 1,123 million (2001: Euro 1,119 million), while general expenses decreased to Euro 358 million (2001: Euro 398 million).

Life business

The technical performance of life business improved 12.4% to Euro 118 million (2001: Euro 105 million). The change in reserves reflected the increase in premiums from policies relating to special management and unit-linked and index-linked policies, the latter mainly involving Italy. Italy, Spain and Portugal contributed to the positive performance, while Austria and Switzerland recorded a slight worsening. The strong increase in Swiss reserves is a result of the change in the consolidation area. As in previous years, commissions relating to long-term policies were fully expensed during the year.

Country	Net technical reserves		Reserves relating to investments benefiting policyholders bearing the risk		Net technical result		Technical reserves and technical result life business (millions of Euro)
	2002	2001	2002	2001	2002	2001	
	Italy	13,269	11,303	8,091	5,250	98	
Austria	2,399	2,329	91	71	9	11	
Portugal	319	305	0	0	11	4	
Spain	1,719	1,513	54	68	17	14	
Switzerland	7,780	4,781	73	73	-17	-11	
Total	25,486	20,231	8,309	5,462	118	105	

Technical payments of life business grew 37.4% to Euro 3,499 million (2001: Euro 2,546 million). Acquisition costs totalled Euro 485 million, up 32.2% on the Euro 367 million of the previous year. Total acquisition costs and general expenses amounted to Euro 627 million, up 26.7% over 2001.

Investment income transferred to technical accounts amounted to Euro 252 million (2001: Euro 555 million), as follows:

- financial income on traditional products (Euro 997 million against Euro 880 million in 2001);
- losses on contracts with investments benefiting policyholders bearing the risk and arising from pension fund management (a negative Euro 745 million against a loss of Euro 325 million in 2001).

Finance

Investments totalled Euro 39,041 million at year end, up 20.1%. The increase is partly a result of the change in the consolidation area. The main lines of the investment policy in the securities market involved an increase in investments in bonds and a reduction in investments in trading equities. In particular, in Italy, investments in trading equities and equity funds reached 4.4% while in Switzerland they decreased to 8.4%.

	2002	Mix %	2001	Mix %	Investments (millions of Euro)
Land and buildings	2,785	7.1%	2,895	8.9%	
Other financial investments:					
Equity investments	1,793	4.6%	2,340	7.2%	
Mutual fund units	2,339	6.0%	2,498	7.7%	
Bonds and other fixed-income securities	26,092	66.8%	20,737	63.8%	
Loans	2,857	7.3%	2,138	6.6%	
Other	994	2.5%	482	1.5%	
Total	36,860	94.4%	31,090	95.7%	
Investments in Group companies:					
Equity investments	1,398	3.6%	1,331	4.1%	
Bonds and other fixed-income securities	93	0.2%	79	0.2%	
Loans	690	1.8%	2	0.0%	
Total	2,181	5.6%	1,412	4.3%	
Total	39,041	100.0%	32,502	100.0%	

The item "Investments in Group companies" includes strategic investments, like those in Unicredito Italiano, Banco Portugues de Investimento and Banco Popular Español and other companies consolidated using the equity method, mostly comprising companies of the financial services sector and companies stated at cost.

Ordinary income from investments, net of related charges, rose 9% to Euro 1,807 million (2001: Euro 1,660 million). Overall ordinary income fell mainly as a result of the decrease in income of the real estate sector following the sale of Proprietà Immobiliari, as well as the decrease in rates recorded in 2002 due to significant write-downs.

Income from investments (millions of Euro)	2002	2001	Change %
Income from real estate operations	130	164	-20.7%
Other financial investments:			
Equity investments	258	246	4.9%
Mutual fund units	0	0	n.s.
Fixed-income securities	1,184	1,016	16.5%
Loans	126	120	5.0%
Other	84	90	-6.7%
Share of net profit of companies held	25	23	8.7%
Total	1,807	1,659	8.9%
Write-downs	-706	-403	75.2%
Net profit on the sale of short-term investments	151	255	-40.8%
Total	1,252	1,511	-17.1%

Net profits of companies held include those of companies consolidated using the equity method. Net profit from the sale of short-term investments decreased to Euro 151 million from Euro 255 million in 2001. The drop is partly due to a capital gain retention policy adopted especially in Italy, and partly to capital losses realised in Switzerland following the decision to decrease exposure on the stock market. The change in income on the sale of bonds (Euro 211 million) is partly due to the strategy to decrease the portfolio duration implemented on the non-life portfolio in Italy, while, as described in the section on "Capital management and value creation for shareholders", the duration of the life portfolio has been extended with related positive effects on unrealised capital gains at year end.

Net profit from the sale of short-term investments (millions of Euro)	2002	2001	Change %
Fixed-income securities	211	35	502.9%
Equity investments	-60	220	-127.3%
Total	151	255	-40.8%

Write-downs in the equity segment totalled Euro 650 million against Euro 387 million in 2001. Switzerland recorded net capital losses of Euro 276 million, equal to 39% of total write-downs.

Write-downs (millions of Euro)	2002	2001	Change %
Capital losses on fixed-income securities	-58	-14	314.3%
Capital losses equities, mutual funds and other	-648	-389	66.6%
Total	-706	-403	75.2%

Total unrealised capital gains on listed securities reached Euro 1,806 million against Euro 1,774 million in 2001 (Euro 1,782 million and Euro 1,919 million in June and September 2002, respectively). Those on bonds increased to Euro 1,016 million against Euro 473 million in the previous year. Unrealised capital gains on trading equities, mutual funds and other shares in Group companies fell from Euro 1,301 million to Euro 790 million as a result of the stock market performance and the overall decrease in exposure.

Unrealised capital gains (millions of Euro)	2002	2001	Change %
Equity investments	122	454	-73.1%
Mutual fund units	65	92	-29.3%
Bonds and fixed-income securities	1,016	473	114.8%
Other shares of group companies	603	755	-20.1%
Total	1,806	1,774	1.8%

Financial services

This sector was characterised by the concentration in Rasbank of the Group financial and banking activities, as detailed in the following.

Gross profit of financial services amounted to Euro 20 million, down 41.2% on the Euro 34 million of the previous year. This is mostly the result of the decrease in assets under management following the bearish market conditions. Commissions on mutual funds and institutional customer assets decreased by 6.8% to Euro 165 million. The actions implemented to closely control costs gave their first results, with total ordinary expenses at Euro 144 million, in line with the previous year. This trend is in accordance with the cost ratio improvement plan. As part of the plan, since 2003 Rasbank has outsourced its IT and back-office activities.

Extraordinary corporate and capital restructuring operations

In 2002, the Group carried out the following extraordinary operations:

- Concentration of the Group banking and financial activities in Rasbank: with effect from 1 October 2002, Ras transferred its full controlling investments in Rasfin Sim, RB Fiduciaria and R.It. - Services per l'Information Technology to Rasbank. On the same date, the business lines of Ras Investimenti Sim (financial advisor network) and Rasfin Sim (stock brokerage) were spun off and transferred to Rasbank. Following such transaction, Rasbank became a banking group.
- Merger of Swiss companies: on 13 May 2002, the streamlining process involving the Swiss insurance investments of Ras and Allianz ag was completed. Reference should be made to the section on the holding company Ras International nv. for further details.
- Merger of Duerrevita and Casse e Assicurazioni Vita into CreditRas Vita: following the restructuring plan implemented by Unicredito Italiano Group, there are no longer any reasons for having different companies operate within the framework of the bankinsurance agreement between Ras and Unicredito Italiano. As a result, Casse e Assicurazioni Vita and Duerrevita merged into CreditRas Vita on 1 December and 31 December 2002, respectively. No share exchange transactions were carried out since all companies involved in the merger were jointly held with equal stakes by Ras and Unicredito groups.
- Sale of Proprietà Immobiliari: this transaction (as detailed in the section on "Capital management and enhancement of value for shareholders") was carried out in two stages. The first stage involved the transfer of part of the business unit of Ras including non-operating buildings owned in Italy (excluding those of Allianz Subalpina) to a real estate subsidiary, which then changed its name to Proprietà Immobiliari. The second stage ended with the sale of Proprietà Immobiliari on 31 May 2002, upon the execution of a tender procedure commenced at the end of 2001.
- Cancellation of own shares following buy-back transaction through Public Offer: reference should be made to the section on "Capital management and value creation for shareholders".

Capital management and value creation for shareholders

Since 2000, one of Ras objectives has been increasing value for shareholders also by optimising capital allocation and rationalising the Group capital structure. To this end, and to assess strategic opportunities more effectively, during 2001 Ras developed its own risk capital model and implemented a capital management plan aimed at reducing absorption of capital by business activities and at using excess capital more efficiently.

Model adopted and allocation by line of business

The Ras model links the concepts of capital and risk. The capital is intended as financial resources taken as a whole which enable the company to cover unexpected losses or changes in profitability. This vision revolutionises the concept of margin set aside to protect the policyholders' interest, which is the solvency margin required by law. Ras created this model in collaboration with Alef - Laboratorio di economia finanziaria. The model is based on an asset and liability management logic and takes into consideration the impact of the various financial and actuarial risk sources on assets and liabilities. It also considers the relationships between the various Group business lines by estimating the benefit arising from diversification.

The required capital is allocated by line of business as follows:

Capital allocation (millions of Euro)

	2002	2001	Change
Non-life	2,570	2,412	7%
Life	985	1,538	-36%
PFS	104	128	-19%
Total	3,659	4,078	-10%

The 2001-2002 change arises from actions implemented by Ras in the last few years, aimed at progressively reducing the capital absorbed by its business, i.e. its risk capital. The final aim is to combine the company growth with an efficient use of capital, in order to enhance value for shareholders while achieving the same results. Capital allocated to non-life business increased by 7% against an 8.4% increase in premiums of this business and 13.4% in reserves. The risk capital of life business decreased while premiums and reserves increased by 25.8% and 26%, respectively.

The above results were mainly driven by the following:

- in **non-life** business, the overall reduction in the exposure to risks of a catastrophic nature, thanks to a careful traditional reinsurance strategy and the restructuring of certain non-performing portfolios, i.e. the general third party liability business, which presented a risk level (and, hence, absorption of capital) not in line with the business' expected profitability;
- in **life** business:
 - an investment management policy which takes into account the characteristics of liabilities. In Italy, with its most indicative segregated fund *Vitariv* (mathematical reserves equal to Euro 5,587 million), Ras achieved the best matching between the duration of technical commitments (6.6 years) and the duration of investments (6.2 years), with a strong increase in the latter (2001: 4 years);
 - a continuous monitoring of the credit risk within the bond portfolio. The strategy was not to weight the bond portfolio corporate component down which, again with Ras *Vitariv* was limited to 17.15% of the bond portfolio. A low percentage (1% of the total) of speculative-grade (below BBB) securities clearly demonstrates the good credit quality;
 - the contextual decrease in the equity component, reducing the volatility of returns on investments backing technical reserves to 5.40% for Ras *Vitariv* in Italy (against 10.20% at the end of 2001) and to 5.30% for Switzerland (against 17.30% at the end of 2001).

At the same time, the volatility of returns on investments was reduced, in both non-life business and strategic investments. The impact of the equity portfolio was mitigated by both divesting and using hedging financial instruments which, with the current market situation, enabled Ras to protect the Group's most strategic investments at no cost.

The actions carried out during the last few years have allowed Ras to compensate for the financial market volatility while safeguarding the company's capital and profitability.

Management of excess capital

Management of excess capital required a parallel progressive action plan. When the risk capital was assessed for the first time, excess capital was almost entirely invested in fixed assets, with low liquidity. Accordingly, the first step was to change part of such fixed assets into liquidity.

Accordingly, the subsidiary Proprietà Immobiliari, in which Ras had concentrated its non-instrumental real estate leased to third parties, was sold. The sale was carried out with the assistance of qualified independent advisors during 2002 through a tender procedure commenced with the utmost transparency in October 2001, aimed at gaining an understanding of market trends. The Board of Directors decided that it was profitable for Ras to sell Proprietà Immobiliari and, also considering the advisors' opinion, resolved to conclude a sale agreement with Aida srl, as its Euro 1.7 billion offer was the most attractive. Capital gains of Euro 874 million, net of taxes, arose from the transaction. The 19% tax rate was extremely favourable.

Ras used part of the liquidity deriving from the sale to repurchase own shares through a Public Offer, carried out between 9 December 2002 and 10 January 2003, for a consideration of Euro 14 per share, a total value of Euro 709.1 million being involved.

On 17 February 2003, implementing the shareholders' resolution of 28 October 2002 and after the legally-required lapse of time, Ras decreased its excess capital also by cancelling 57,778,318 own shares, worth roughly Euro 800 million, including 49,483,389 ordinary and 8,294,929 savings shares for a nominal value of Euro 34,666,990.80.

Of the shares cancelled, 42,676,389 ordinary and 7,973,929 savings shares had been repurchased through the Public Offer. At the Offer inception date, Ras already held the remaining cancelled shares (6,807,000 ordinary and 321,000 savings shares). Following the transaction, the Ras share capital amounted to Euro 403,102,758, split into 670,497,920 ordinary and 1,340,010 savings shares, each with a nominal value of Euro 0.60.

As confirmed by leading credit rating agencies, Ras financial soundness remained at a high level despite the Euro 800 million decrease in its share capital.

Credit ratings

The leading credit rating agencies specialised in the insurance-financial sector, namely Standard & Poor's, AM Best and Moody's, have been assessing Ras for the last few years. Such ratings are part of the assessment process of the entire Allianz Group, to which Ras belongs, and are performed through the following steps:

- analysis of the annual and interim figures of the company, with particular reference to profitability, efficiency and financial soundness indicators;
- annual meetings with top management to discuss the company's results, objectives and expectations for the future, both in the short and medium to long term;
- regular monitoring of the company's market, competitors and development.

The information gathered during the above steps is summarised in a report which includes the company's rating and reasons therefor. This report, together with those of the other main companies of the Allianz Group, forms the basis for the expression of the overall Group rating.

In 2002, Ras was assigned ratings which place it among the soundest companies in the Italian market.

Ratings:

- Standard & Poor's: AA - (very strong financial security characteristics); negative outlook
- AM Best: A++ (Superior: Assigned to companies which have, on balance, superior financial strength, operating performance and market profile when compared to the standards established by the A.M. Best Company. These companies, in A.M. Best's opinion, have a very strong ability to meet their ongoing obligations to policyholders)
- Moody's: Aa2 for financial insurance soundness; negative outlook.

group

C O M P A N I E S

ompanies

Insurance

Italy

In 2002, the aggregated premium income of the Ras Group totalled Euro 10,212 million, up 20.8% over the Euro 8,452 million of 2001. The parent company, Ras spa, recorded premium income amounting to Euro 4,081 million (up 12.3%), while the other Italian companies Euro 6,131 million (up 27.2%). The overall domestic consolidated technical result of life business increased from Euro 87 million in 2001 to Euro 98 million in 2002. In non-life business, the technical performance improved from a negative Euro 140 million in 2001 to a negative Euro 110 million in 2002.

Allianz Subalpina, Turin

Total premiums grew 14.5% to Euro 913.8 million. Premiums from non-life business increased 1.8%, exceeding Euro 628.2 million. The motor line of business recorded Euro 426.8 million in premiums, accounting for 67.9% of total premiums of non-life business, an increase of 0.7% over the previous year. Premiums from the non-motor lines of business totalled Euro 201.5 million, up 4.4% over 2001; in particular, the growth involved the fire (up 7.5%) and miscellaneous damage to property (up 4.8%) lines of business. Life business recorded Euro 285.6 million in premiums, a 57.4% increase over the previous year. Agencies achieved premiums of Euro 149.9 million (up 23.1%); new business accounted for Euro 76.1 million, including Euro 15 million in annual premiums. Premiums collected through the banking channel totalled Euro 135.7 million, with new business amounting to Euro 126.7 million, comprising exclusively single premiums. The technical performance of non-life business improved while, due to continued bearish market conditions, write-downs of Euro 35 million were necessary (Euro 23.3 million in 2001). Capital gains of Euro 27.5 million arose following the sale of buildings and of Euro 11.5 million from the transfer of buildings not directly used by the company to G.I. AZS srl. The net profit for the year increased to Euro 27.6 million from Euro 8.8 million in 2001.

CreditRas Vita, Milan

This bankinsurance company, owned on a 50-50 basis with UniCredito Italiano, recorded premiums of Euro 4,376 million, an increase of 57.2% over the Euro 2,784 million of 2001. The net profit for the year amounted to Euro 18.2 million.

CreditRas Assicurazioni, Milan

This bankinsurance company, owned on a 50-50 basis with UniCredito Italiano and operating in non-life business, achieved premiums of Euro 30.3 million, compared to Euro 22.4 million in 2001. The net profit for the year amounted to Euro 1.5 million (2001: Euro 4.1 million).

RB Vita, Milan

The company operates through Rasbank's financial advisors. Premium income decreased to Euro 461 million from Euro 467.9 million in 2001. The net profit for the year amounted to Euro 1.6 million (2001: Euro 18.6 million).

Genialloyd, Milan

The direct sales company of the Ras Group recorded approximately Euro 110 million in premiums, up 59.4% over 2001, underwriting roughly 268,500 policies. Activities focused on the following lines of business: third party motor liability, motor vehicle hulls, assistance, legal protection, personal accidents and third party liability for individuals. The Internet distribution channel crossed the threshold of 100,000 policies, with roughly 102,500 policies written on-line in 2002 (38% of total policies), bringing in more than Euro 41.5 million in premium income, up 73% over the previous year. Genialloyd is the Italian leader in the sale of insurance policies on the Web. Furthermore, Genialloyd recorded a net profit for the first time in 2002, well in advance of its business plans which forecast the operating break-even in 2003. The net profit for the year amounted to Euro 600,000. Genialloyd is confident that results for 2003 will improve considerably.

Ras Tutela Giudiziaria, Milan

In 2002, this company, which operates in the legal protection and pecuniary losses lines of business, increased its premium income to Euro 27.4, from Euro 20.5 million in 2001. The net profit for the year decreased from Euro 3.1 million in 2001 to Euro 2.2 million in 2002.

L'Assicuratrice Italiana Danni, Milan

This company recorded premiums of Euro 51,000 (2001: Euro 52,000). Its net profit for the year fell from Euro 0.2 million to Euro 0.1 million.

L'Assicuratrice Italiana Vita, Milan

Premium income totalled Euro 116.6 million (2001: Euro 193.7 million). This company recorded a net loss for the year of Euro 1.3 million (2001: net profit of Euro 3.9 million).

Bernese Vita, Rome

This company underwrote premiums of Euro 16.8 million (2001: Euro 16.2 million) and recorded a net loss for the year of Euro 0.3 million.

Bernese Assicurazioni, Rome

Premiums of this company increased to Euro 77.5 million from Euro 63.1 million in 2001. The net profit for the year amounted to Euro 13 thousand (2001: Euro 117 thousand).

Foreign operations

Combined gross premiums from foreign insurance subsidiaries grew 10.5% to Euro 4,937 million, including Euro 1,866 million from life business (up 14.1%) and Euro 3,071 million from non-life business (up 8.5%). Premium income amounted to Euro 2,414 million in Switzerland, Euro 1,223 million in Austria, Euro 965 million in Spain and Euro 335 million in Portugal.

Switzerland

On 13 May 2002, the restructuring process for the combination and integration of Allianz/Ras Groups commenced in the previous few years was completed also from a corporate viewpoint, as detailed in the section on the holding company Ras International nv. Ras incurred no charges as a consequence of the merger, the accounting effects of which started from 1 January 2002. The new insurance Group employs over 3,200 people, excluding Mondial Group and, in terms of premium income, ranks third and sixth in the Swiss non-life and life business, respectively. Excluding Mondial Assistance Group, premium income from the Swiss market jumped 51.4% to SwFr 3,505.7 million (Euro 2,413.7 million). Non-life business performed better, increasing 56.9% to SwFr 1,795 million (Euro 1,235.9 million), while life business rose 46% to SwFr 1,710.7 million (Euro 1,177.8 million). Using the same basis, premium income would have decreased by 2.8% (down 3.3% and 2.4% in non-life and life business, respectively).

Alba Allgemeine Versicherung, Basle

This company operates in non-life business. It is wholly-owned by Allianz Suisse Versicherung, which acquired control thereof following the merger of Berner Allgemeine Versicherung. Premium income for 2002 amounted to SwFr 101.4 million (Euro 69.8 million). It mainly related to the motor lines of business which accounted for more than 50% of total premiums. The technical performance, gross of reinsurance, resulted in a loss of SwFr 2 million (Euro 1.4 million). Net of reinsurance, it was a positive SwFr 0.8 million (Euro 0.5 million). The net profit for the year amounted to SwFr 1.5 million (Euro 1 million).

Allianz Suisse Lebensversicherung, Zurich

This company acquired Allianz Lebensversicherung (Schweiz) from Ras International nv and Berner Lebensversicherung from Berner Allgemeine Versicherung (Allianz Group). Both companies were subsequently merged into it. Premium income reached SwFr 1,710.7 million (Euro 1,177.8 million). Single premiums

accounted for 48.1% of total premium income. The technical result, gross of reinsurance, was a loss of SwFr 27.5 million (Euro 19 million). The technical result, net of reinsurance, was a negative SwFr 25 million (Euro 17.2 million). Income from financial transactions was negatively affected by both unrealised and realised capital losses. The company received an extraordinary capital injection of SwFr 230 million (Euro 158.4 million) from its parent, Allianz Suisse Versicherung of Zurich. It achieved a net profit for the year of SwFr 0.5 million (Euro 0.4 million).

Allianz Suisse Versicherung, Zurich

This company acquired Allianz Versicherung (Schweiz) from Ras International nv and Berner Allgemeine Versicherung from Allianz Group. Both companies were subsequently merged into it. Premium income reached SwFr 1,656.7 million (Euro 1,140.6 million). The motor lines of business accounted for 36.5% of direct business. The technical result, gross of reinsurance, was a negative SwFr 100.1 million (Euro 68.9 million). Net of reinsurance, the technical loss grew to SwFr 139.7 million (Euro 96.2 million). Income from financial transactions was affected by write-downs of investments and an extraordinary capital injection of SwFr 230 million (Euro 158.4 million) paid to the subsidiary Allianz Suisse Lebensversicherung. The company recorded a net loss for the year of SwFr 172.1 million (Euro 118.5 million).

CAP Compagnie d'Assurance de Protection Juridique, Zug

Previsa, based in Lausanne, fully acquired in July 2000, was merged into this company during year, with effect from 1 January 2002. This company recorded premiums of SwFr 37 million (Euro 25.5 million), a 25.5% increase over the previous year. Using the same basis, the increase would have been 9.9%. The technical result remained positive despite a slight decrease. Income from financial transactions reduced mainly due to capital losses on investments, both unrealised and realised. The net profit for the year decreased to SwFr 0.6 million (Euro 0.4 million) from SwFr 2.5 million in 2001, to which SwFr 241 thousand relating to the merged company Previsa should be added.

Austria

Total premiums from Austrian companies totalled Euro 1,223 million, a 1.3% rise over the Euro 1,207.2 million recorded in 2001. Life business performed better increasing 1.7%, while non-life business rose 1.1%.

Allianz Elementar Versicherungs, Vienna

Gross premiums written in non-life business went up 1.1% to Euro 853.5 million. Premium income from direct insurance rose 0.9% from Euro 822.7 million to Euro 829.7 million. The percentage relating to the motor lines of business remained unchanged at 43.4%. The negative trend in the claims rate had an impact on the technical performance (the loss ratio, gross of reinsurance, grew from 80.8% to 82.7%; net of reinsurance, it went from 81.3% to 81.7%). This trend was largely due to certain natural events, like the floods in Austria and other central European countries. The increase in the loss ratio was more than offset by a cost reduction and transfers from the equalisation reserves. Income from investments, net of related charges, fell almost 26%, involving all assets. At the same time, net capital gains totalling Euro 42 million were realised on short-term investments, partly offsetting the negative financial performance. The net profit for the year totalled Euro 1 million (2001: Euro 13.5 million).

Allianz Elementar Lebensversicherung, Vienna

Premium income from life business rose 1.4% to Euro 349.4 million from Euro 344.5 million in the previous year. Direct insurance premiums totalled Euro 348.8 million (up 1.4%), 27.5% of which relating to single premiums (2001: 28.4%). Technical payments reduced by 6.6%, mainly as a result of the decrease in payments upon maturity (down 8.4%). The relevant claims rate improved from 97.4% to 90.8% of premiums. The accruals to the technical reserves were partly compensated by lower payments for reversals and profit participation. The rise in costs is due to the increase in trading charges while general expenses recorded a further drop. The technical result, gross of reinsurance, fell from Euro 12.6 million to Euro 10.8 million. Net of reinsurance, it decreased from Euro 9.6 million to Euro 8.1 million. Income from financial transactions accounted for a 5.5% decrease in net income and net write-downs of investments of Euro 114.1 million (2001: Euro 35 million). Net capital gains on the sale of short-term investments rocketed from Euro 11 million to Euro 80.5 million. The company broke even at year end (2001: net profit of Euro 2 million).

Spain

Premium income pertaining to Ras decreased 6.3% to Euro 964.5 million, including Euro 720.1 million from non-life business (up 16.8%) and Euro 244.4 million from life business (down 40.7%). Allianz Seguros (down 44.5%) and Eurovida (down 24.0%) were responsible for the poor performance of life business which is due to the significant slow down in pension funds and, to a lesser extent, in unit-linked policies.

Allianz Seguros y Reaseguros, Madrid

This company recorded premiums of Euro 1,878 million against Euro 2,006 million in 2001 (down 6.4%). Gross premium income from non-life business rose 17.1% to Euro 1,453 million, including Euro 20 million relating to indirect insurance. The motor line of business rose 15.5% reaching Euro 972 million and accounting for 67% of the portfolio. The technical result improved considerably due to a reduction in the claims rate as well as a lower percentage of total costs, especially general expenses. Gross of reinsurance, it increased from Euro 43.5 million to Euro 73.4 million, while net of reinsurance, it went from a negative Euro 2.5 million to a positive Euro 21.8 million. Premiums from life business totalled Euro 424.7 million (down 44.5% over 2001). The fall is due to a 77.9% reduction in the pension fund sector from Euro 493.4 million to Euro 109.1 million. Non-pension products increased 15.5% from Euro 191.3 million to Euro 220.9 million. Premiums relating to unit-linked policies rose 17.1% from Euro 80.9 million to Euro 94.7 million. Despite a slight rise in technical payments and overall costs, the limited accruals to the technical reserves, in line with the reduction in premiums, led to an improvement in the technical result of life business, from Euro 21.6 million to Euro 22.8 million. The overall technical result, including non-life business, reached Euro 44.6 million (2001: Euro 19.1 million). Despite significant unrealised capital losses on investments, income from financial transactions had a positive impact on the net profit for the year which grew to Euro 79.8 million from Euro 73.7 million in 2001.

Fénix Directo, Madrid

Fénix Directo sells motor insurance products over the phone and recorded premiums of Euro 36.2 million, in line with 2001 (Euro 35.9 million). The technical result, gross of reinsurance, was a negative Euro 1.6 million against a negative Euro 1.8 million in 2001. Net of reinsurance, it was a negative Euro 1.3 million against a negative Euro 3.6 million in 2001. Income from financial transactions suffered from the write-downs of investments. Despite a tax repayment of Euro 0.8 million, the company recorded a net loss for the year of Euro 1.5 million (2001: net profit of Euro 2.1 million).

Eurovida, Madrid

Total premium income fell 24% from Euro 167.5 million to Euro 127.3 million, as a result of a 31.4% decrease in pension funds (whose premiums plummeted from Euro 87 million to Euro 59.7 million) and a 58.9% decrease in unit-linked policies (whose premiums dropped from Euro 42.3 million to Euro 17.4 million). Traditional products jumped 32.1% from Euro 38 million to Euro 50.2 million. Overall costs as a percentage of net premiums increased, mainly due to a decrease in total premiums, while technical payments fell from Euro 95.4 million to Euro 82.8 million. Income from financial transactions totalled Euro 18.5 million (2001: Euro 18.3 million); the net profit for the year amounted to Euro 12.7 million (2001: Euro 12.6 million).

Portugal

Allianz Portugal, Companhia de Seguros, Lisbon

The positive effects of a series of actions commenced in the previous year arose during 2002. Such actions were aimed at improving the profitability of the motor sector and reorganising the operating structures of the sales force. Premiums rose 11% to Euro 335.4 million from Euro 302 million in 2001. Non-life business accounted for Euro 261.8 million against Euro 233.3 million in the previous year (up 12.2%), while life business Euro 73.6 million against Euro 68.8 million in 2001 (up 7%). All three distribution channels (agents, bank branches and brokers) used by the company contributed to the increase in non-life business. Despite the negative economic situation, life business grew significantly. The claims rate of non-life business improved. Costs as a percentage of premiums fell 3.4% mainly as a result of a decrease in administrative expenses. The technical result, both gross and net of reinsurance, improved considerably, from Euro 7.5 million and a negative Euro 2.5 million in 2001, to Euro 17.9 million and Euro 3 million in 2002, respectively. The net return on investments was in line with the previous year while income from financial transactions decreased slightly due to the negative performance of financial markets. The company recorded a net loss for the year of Euro 3.8 million (2001: a net profit of Euro 7.2 million).

million), mainly attributable to the extraordinary charges relating to the ongoing restructuring process.

Financial services

Ras Asset Management Sgr, Milan

During 2002, Ras Asset Management faced significant difficulties in the asset management sector, as a result of the bearish trend of stock markets recorded for the third year in a row. Accordingly, total assets under management fell from Euro 25.5 billion to Euro 23.8 billion, composed of Euro 8.3 billion invested in mutual funds and Euro 15.5 billion in other management services. However, the company was awarded three new mandates from external institutional investors and pension funds and seven mandates relating to new unit-linked policies, four of which with capital protection. It also obtained the authorisation for two new reserved closed-end funds, specialised in the private equity sector. One has been operative since late 2002. Net commission income decreased as a result of the negative market performance. Despite actions implemented to control costs, this has had a negative impact on the net profit for the year which plummeted to Euro 7.1 million from Euro 20.8 million in the previous year.

RasBank, Milan

In 2002, RasBank concluded the shareholding transactions necessary to create a new banking Group. The Group has commenced the procedures necessary for joining the specific register. Rasfin Sim spa, RB Fiduciaria spa and R.It Servizi per l'Information Technology spa belong to this Group. These transactions have enabled the bank to enjoy an operating structure capable of offering a wide range of financial and banking services to its customers. Thanks to the transfer of Ras Investimenti Sim's sales network to RasBank, full-time financial advisors numbered 2,164 at year end (2001: 1,344). Its distribution structure also comprised 52 financial shops (2001: 41), four bank branches already operative and two under preparation (2001: two). Despite the unfavourable market performance, the net inflows from assets under management exceeded Euro 166 million. New life business rose 47% to more than Euro 112 million. Inflows from direct and indirect retail operations exceeded Euro 1,200 million. The bank's involvement in collection and payment transactions for the Ras Group and its activities as depository bank continued to provide a sound source of revenues. Costs reflected the bank's significant commitment to advertising its brand and reorganising its sales network, as well as the shareholding transactions referred to above. The net profit for the year totalled Euro 0.5 million (2001: Euro 0.4 million).

Rasfin Sim, Milan

The business combination of the trading desks into RasBank was formalised on 1 October 2002. Accordingly, from the fourth quarter of 2002, the company only operated in the Capital Market, Corporate Finance and Advisory sectors, and provided assistance in the organisation of the new *Private Equity Raspep* fund of funds. The company's operations in 2002 were affected by a negative economic and financial trend. In the primary market, the company participated in eight equity placements, for a total of Euro 26 million (2001: 24 placements for Euro 35 million). It also participated in six capital increases involving a total underwritten amount of Euro 43 million (2001: three operations for Euro 73 million). It organised a finance bill plan worth Euro 200 million and, with respect to bond placements, it headed four private placement operations, listed on the Luxembourg Stock Exchange, for a total of Euro 280 million. Finally, it participated in three transactions organised by third parties for Euro 46 million (2001: eight transactions for Euro 29 million). The company also acted as the sponsor for the stock market listing of shares arising from the spin-off of a listed company. It also continued to provide corporate finance services. On the public offers front, the company participated in seven deals raising a total of Euro 112 million (2001: six deals for Euro 6 million). The net profit for the year amounted to Euro 0.9 million (2001: Euro 0.4 million).

Financial holding companies

Ras International nv, Amsterdam

The company's authorised share capital amounted to Euro 453,781,000 at year end, including Euro 342,650,000 paid-up. Shareholders' equity at 31 December 2002 increased to Euro 2,427 million from Euro 2,333 million at the end of 2001. The main changes in the Ras International nv investment portfolio were as follows:

- in May, the Group operations in Switzerland were restructured with retroactive effect as from 1 January 2002. Ras International nv transferred its 100% investment in Allianz Lebensversicherung Schweiz ag and its 57.06% stake (to which a further 4.02% was subsequently added) in Allianz Versicherung Schweiz ag to Allianz Suisse Versicherungs-Gesellschaft (formerly Elvia Schweizerische Versicherungs-Gesellschaft). At the same time, Ras International nv acquired a 50% investment in Elmonda;
- subsequently, Allianz Versicherungs Schweiz ag was merged into Allianz Suisse Versicherungs-Gesellschaft. Ras International nv then sold its residual 38.92% stake in Allianz Versicherungs Schweiz ag to Allianz Suisse Versicherungs-Gesellschaft, in exchange for 78,400 shares of Allianz Suisse, reaching an investment therein of 99.99%;
- in a third stage, Berner Versicherungen, controlled by Allianz ag, was merged into Allianz Suisse Versicherungs-Gesellschaft. Accordingly, Ras International nv's stake therein decreased from 99.99% to 68.67%. Finally, on 16 December 2002, Ras International nv acquired a further 1.13% investment in Allianz Suisse, making its current stake 69.8%. On 13 May 2002, Ras International nv acquired 8,870,369 shares of Banco Portugues de Investimento sa at a cost of Euro 15.5 million, increasing its investment therein to 8.64%.

Agf Ras Holding bv, Amsterdam

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

Affiliated and associated companies

Koç Allianz Hayat Sigorta, Istanbul

Gross premiums written reached TL 153,757 billion (Euro 88.5 million), with a nominal increase of 59.1% over the previous year (the annual Turkish inflation rate was 29.7% at year end). The net profit for the year rose from TL 7,470 billion to TL 16,069 billion (Euro 9.2 million).

Koç Allianz Sigorta, Istanbul

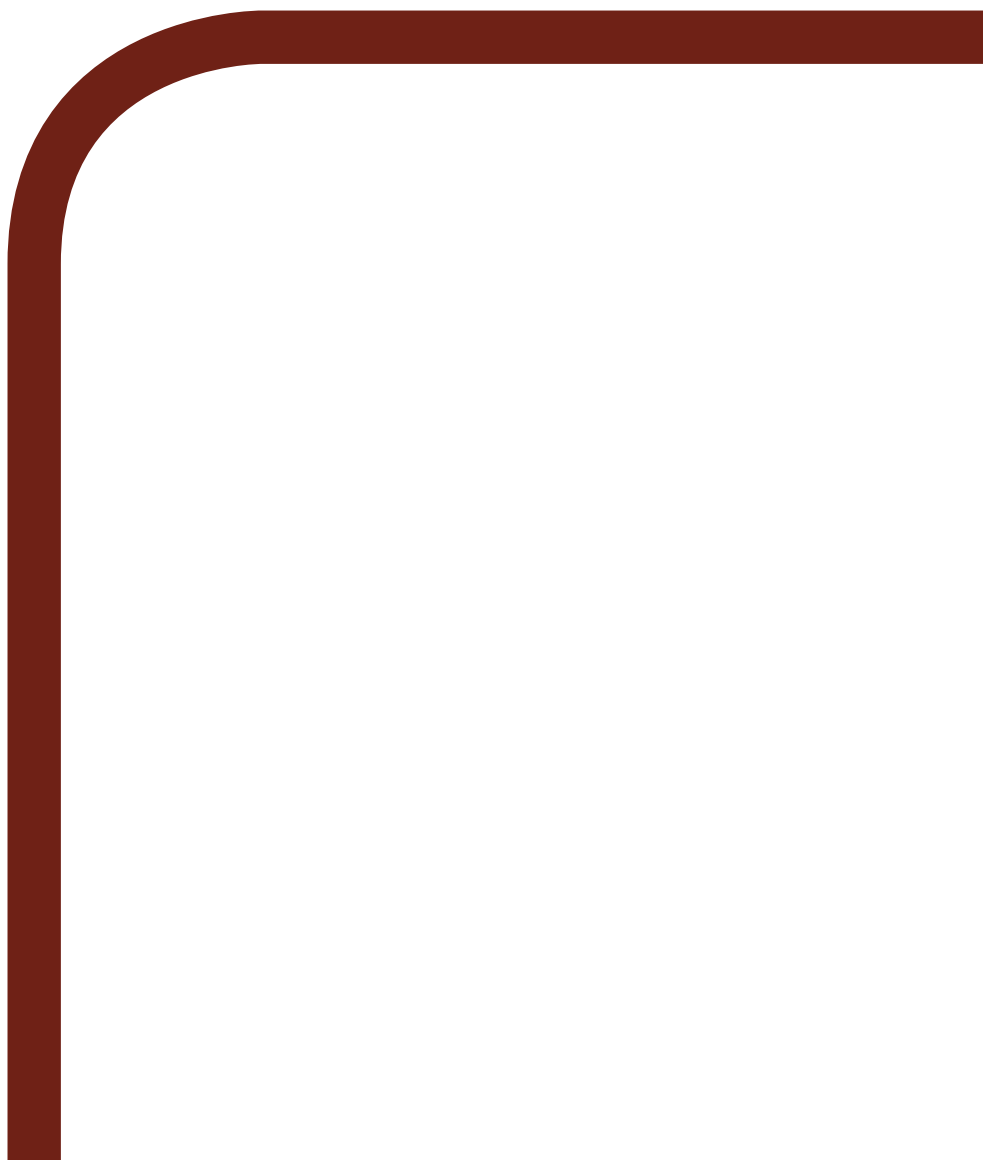
This company recorded gross premiums of TL 259,254 billion (Euro 149.2 million), with a nominal increase of 36.3% over the previous year (the annual Turkish inflation rate was 29.7% at year end). The net profit for the year fell to TL 7,654 billion (Euro 4.4 million) from TL 13,359 billion of the previous year.

SK Versicherung, Vienna

This company operates in the motor lines of business and underwrote Euro 13.2 million in premiums, a 27.4% increase over 2001. The company broke even at year end.

Post balance sheet events

There are no significant post balance sheet events to report, other than those already reported in the sections above.



social

responsibility

resp

The commitment of Ras to social responsibility coincides with the creation of a new Group identity in 2001, defining the Group's mission, vision and values. Among the latter, care and responsibility, in their many facets, are the values which most clearly encompass the concept of social responsibility.

Since July 2002, the "Sustainable Development" section on the Ras/Press Office & Investor Relations website not only publishes documents prepared in the field of social responsibility but also serves as an on-line reference for all those looking to understand the company's viewpoints and programmes in this respect.

Ras social responsibility activities are coordinated with those of the Allianz Group. A general manager and a professional represent Ras on the Allianz International Strategy Team for Sustainable Development and the Allianz International Strategy Support Team for Sustainable Development, respectively.

Additionally, Ras is considered in a number of social responsibility indices, including the FTSE4Good Europe Index and the Humanix 175 Europe Index. In 2002, for the first time, Ras applied for admission in the Dow Jones Sustainability Index World, qualifying as the only Italian insurance company "in line for selection should another company be deleted from the index". From 2000 to the end of 2002, Ras filled in questionnaires and replied to social responsibility surveys from Avanzi, Eiris, Triodos Research, Humanix, Ekom Research, Varma-Sampo and E.Capital Partners.

Mission, vision and values

In 2001, Ras developed a new corporate identity and shared it with all personnel at all levels, clearly defining its corporate mission, vision and values.

The Ras mission is to "Work together to create well-being and security over time, constantly striving for excellence".

The Ras vision is to "Create a new way of being: a company that knows how best to manage risks, funds and services for its clientele in an integrated way".

Ras values are:

- Dynamism
 - Commitment
 - Ability to take decisions and put them in practice quickly
 - Innovation and initiative
 - Teamwork, integration of expertise
 - Continuous improvement in customer services
 - Readiness to take advantage of market opportunities
- Care
 - Attention to and respect for all individuals
 - Deep understanding of customer needs
 - Encouragement and recognition of professional growth
 - Compliance with the very highest ethical and moral rules and standards
 - Social responsibility
- Responsibility
 - High quality of work
 - Professionalism, expertise and commitment
 - Experience sharing
 - Pinpointing problems and solving them, constructive attitude
 - Going beyond expectations
- Growth
 - Financial success and business growth
 - Increasing activities to best serve customers
 - Desire to learn and improve
 - Development of individuals' qualities

The new Ras logo and "Builders of certainties" slogan

In 2002, Ras created a new logo and launched a new television and press advertising campaign to share its new corporate identity with the market.

The decision to change the Ras logo stems from the awareness that a company's trademark is much more than a mere visual entity - it is that company's signature, a symbol of the products and services it offers, the single element that embraces all corporate values. In light of its market repositioning over the last few years with the company's growth in financial services, Ras has redesigned its logo to encompass both traditional principles, such as authority and solidity, and new elements, such as rounded edges, white letters lined up on a blue background, to suggest clarity, transparency and orientation towards individuals.

To protect the Ras trademark and supervise correct use thereof both inside and outside the company, Ras has prepared an "Image coordination manual" including examples of all work tools (letters, facsimiles, business cards, badges, memoranda, etc.) displaying the Ras logo. The manual is divided into five sections for Ras, Rasbank, agents, financial advisors and operating companies. The widespread application of the new logo also entailed a review of signs and information in branches, as well as the large signs in large cities.

The slogan "Builders of certainties", which appeared for the first time in the 2002 advertising campaign, was thought up for its profound meaning both within the company and beyond. On the one hand, "Builders of certainties" implies the role that all Ras employees, agents or financial advisors should play when interacting with their colleagues and the public, while on the other, it is the promise Ras makes to its customers. The promise that the Group seeks to offer top service quality along with a wide range of insurance and financial products.

Employee orientation

The very first corporate climate survey in the history of Ras was carried out in autumn 2001, involving all Group employees in Italy. One of its aims was to gauge job satisfaction. The results of the survey were published in the Ras corporate magazine and discussed during meetings held with Group managers and supervisors.

After having considered the results of the survey, the Company decided to implement a series of internal communications initiatives during 2002 to encourage increased employee participation and involvement in the company. The Human Resources Department also focussed on broadening the range of training programmes and development activities offered. One of the steps it took was to implement a new performance assessment tool for all employees.

Internal communication programme

The Ras internal communications programme was introduced in 2001 and further implemented during 2002. It will also continue in 2003. The main steps are:

- Sharing the new corporate identity: during 2001 and 2002, employees were involved in discussions on the new company values and application thereof in day-to-day business at all levels through cascade meetings.
- "Builders of certainties" convention: on 15 March 2002, a convention was held at the Forum in Assago, in which, for the first time ever, the entire sales force and all Ras employees participated. During the convention, the new corporate identity, new logo and new advertising campaign were unveiled. Overall, 7,000 people attended, including employees, agents and financial advisors.
- "Open house": in Milan, on 7 and 14 June 2002, the Ras offices in Corso Italia and the Ge.S.I. offices in Viale Brenta opened their doors to employees' children, so that they could see where their parents work. The day also included a special entertainment programme for the smaller children.
- Management meetings: at the end of 2002, Ras launched new discussion formats, specifically targeted to managers (approximately 220 people). The meetings focussed on the performance of the various lines of business and the most important Group issues. In 2003, this format was expanded to include all Group supervisors and junior managers (approximately 900 people).

Equal opportunities and relations with trade unions

The Italian law prohibits discrimination based on race, sex, political or religious beliefs and membership in trade unions, pursuant to article 3 of the Constitution. This is explicitly recalled in the Ras Group Code of Ethics under article 10. Specifically, Ras and the unions have formed a joint commission to oversee equal opportunities for men and women. Moreover, the last Ras contract integrating the national insurance contract provides for a joint position between Ras and the trade unions against mobbing in the workplace, despite the lack of legislation in this respect.

With regard to labour relations, the Italian law provides for a particularly important regulation protecting the rights of employees and trade unions. On average, approximately 50% of Ras employees are trade union

members. During 2002, strike hours to renew labour contracts amounted to 0.19% of working hours, on a total of 220 working days. Moreover, the Ras Group primarily operates in countries not at risk in terms of human or workers' rights (Austria, Switzerland, Spain, Portugal).

The Purchasing Department, which oversees general overheads, began reviewing the general terms of contracts agreed with suppliers at the end of 2002. A new clause was included for contract termination in the event of suppliers' discriminatory policies or violations of workers' rights.

Recruitment, assessment and performance management

Again in 2002, Ras organised its recruitment of human resources through direct contacts with major Italian universities. Meetings were held in Rome (LUISS and La Sapienza), Milan (Bocconi, Cattolica, Politecnico and Bicocca), Piacenza (Università Cattolica) and at the universities of Catania, Bari and Modena. Additionally, two workshops were also held for the first time at headquarters in Milan with students from Università Bocconi and Università Cattolica, who were also asked to work on social responsibility issues. The purpose of these programmes was to recruit high-growth potential resources.

Job and internship opportunities are listed on the www.ras.it website. Applicants may send their *curricula vitae*. The recruitment process for high school and university graduates begins with an initial interview followed by behavioural testing. Once applicants have passed this phase, they undergo assessment sessions to evaluate their professional potential. Similar assessments are conducted on resources already working at the company. In 2002, Ras received approximately 32,000 *curricula vitae* and conducted approximately 3,000 interviews and 64 assessment sessions (including 52 with new job applicants). During 2002, the parent company Ras spa hired 159 new resources under open-ended contracts (131 clerks, 19 supervisors, 9 managers). Promotions led to the appointment of 30 new supervisors and 7 managers. Lastly, internship programmes were offered to 55 young high school and university students and graduates to give them their first taste of life in the working world.

During the year, Ras introduced a new performance assessment system geared towards all employees regardless of their role. Its purposes are manifold: improve individual performance to reach company results; orient personal behaviour towards the common corporate values; encourage improvement in superior/subordinate relationships by focussing on clear communication of expectations and by sharing merit-based criteria and performance valuation on individual results; consistently manage all training and personal management measures in view of enhancing and developing resources. In 2002, a growing number of managers was involved in the MBO (management by objectives) programme, by which the company awards benefits upon achievement of goals set out at the beginning of the year. A second level MBO is in the trial stage, involving 150 people to be rewarded for having achieved objectives set by their department and on the basis of their performance assessments.

Employee benefits

In addition to the traditional benefits offered by the national or company contracts for insurance sector employees or their family members (hospital and medical insurance, life insurance, pension scheme, accident insurance, third party motor liability insurance, tenders for the rental of Ras-owned flats, mortgage loans to finance the purchase of employees' first homes), in 2002 Ras offered employees the *Quota Massima* unit-linked policy with capital protection, RasBank structured bonds and the new *RasUnico* current account under privileged terms. Since November 2002, the new *Mutuo Unico* mortgage loan is also available to all employees under extremely privileged terms with respect to market rates.

Since September 2002, the "Bimbingjoco" day-care centre is available for children of employees based in Milan offices. The centre is just a few steps away from the Ras headquarters in Corso Italia. It offers three different time brackets from 8 am to 7 pm and can take up to about 50 children aged one to three, at a cost lower than that of other similar private centres in Milan. The centre spans 400 square metres and has been designed in line with the principles of bio-architecture. Exclusively organic food is served. The caregivers are all university-educated in teaching or child psychology and the caregiver/child ratio is higher than the market average. The educational process is based on the listening therapy, which aims at developing children's autonomy.

Hygiene, safety and health

Ras Group companies in Italy scrupulously abide by legislation on safety and health in the workplace (arising specifically from Law no. 626/94), comprising activities such as evacuating the buildings, specific training for emergency fire protection squads and medical check-ups. In addition to legislation, the company-level

contracts for insurance employees provide for a series of free preventative medical exams for employees. Benefits also include privileged accident and medical expenses insurance policies. In addition to legislation and contracts, Ras has taken measures to improve the quality and hygiene of its work environments. Such measures include temperature, humidity and air ventilation checks, disinfecting and cleaning hardware and telephones, sample tests on food prepared in the canteens and on products sold in automatic dispensers, checks on office cleaning.

Sports

In July 2002, Ras was assigned the task of organising the fourth edition of the Allianz Olympic Games in Milan, featuring 13 different sport events with the participation of 1,650 people from the 35 countries in which Allianz operates. Approximately 170 Ras organisers planned and oversaw the logistics of the event, which was geared primarily towards strengthening intercompany relations and cooperation. The 108 athletes and seven team managers representing Ras won eight gold medals, five silver medals and eight bronze medals.

Training and education

In 2002, Ras invested in training for a total of 21,000 man/days. During the year, the Ras Training Centre (RTC) ran training activities for all Ras companies, including RasBank, Ras Asset Management and Allianz Subalpina. It introduced a new range of courses designed for groups of employees called "professional families". The range includes 84 courses of which 48 are specialised, 20 behavioural and 16 institutional. All employees have access to the course catalogue on the Intranet.

English language learning activities also continued during the year, including CD-Rom based learning. In addition, Ras conducted its first experiment in e-learning on the Intranet for all resources who handle personal and anti-money laundering information. In 2002, Ras launched an intercompany project for the development of managerial capabilities of especially promising individuals. A number of sessions are held in English.

Activities oriented towards recruiting and securing the best human resources also continued. To this regard, during 2002, another 12 employees registered for their first year of the master programme "Net Business Administration" (NBA), the first Italian two-year on-line master's degree designed by Poliedra - Politecnico di Milano and by Sfera of Enel Group. The 12 students who began in 2001 also continued their studies. Activities for the development of managerial capabilities screened during the assessment sessions also continued.

Employee number, role, turnover, seniority and age

At the end of 2002 the human resources of the Group consisted of 12,758 people, while at the end of 2001 they were 13,931. In particular, in Italy personnel increased by 135 people, in Austria by ca. 400; in Portugal on the contrary the number decreased by ca. 100. The most significant change regards Switzerland, but it is mostly due to a variation of the consolidation perimeter. Against an increase by ca. 1,700 Berner and Alba employees, formerly belonging to the Allianz Group, a decrease by 2,950 people of the Mondial Assistance Group was recorded merely because such group was consolidated using the equity method.

Human resources by category (Ras Group)

	31.12.2001				31.12.2002			
	Managers	Supervisors and clerks	Sales staff and other	Total	Managers	Supervisors and clerks	Sales staff and other	Total
Italy	165	4,080	240	4,485	158	4,327	135	4,620
Switzerland*	59	4,592	252	4,903	9	2,973	333	3,315
Austria	6	878	1,606	2,490	5	1,170	1,714	2,889
Spain	55	930	135	1,120	55	958	93	1,106
Portugal	47	638	246	931	43	576	207	826
Netherlands	1	1	0	2	1	1	0	2
Total	333	11,119	2,479	13,931	271	10,005	2,482	12,758

* including Mondial Assistance Group (with 50 managers) at 31/12/2001

At year end 2002, Ras spa counted 2,104 employees, with a substantial drop of approximately 800 over the previous year. The yearly average headcount was 2,108. This decrease is due to the creation of RasService, to which 940 Ras employees working in claim settlement were transferred. The low turnover rate of Ras spa,

at 1.95%, has a direct impact on seniority figures. Indeed, the average length of time employees spend with the company currently amounts to 16 years, higher than the 13-year average of all Italian Ras companies. Moreover, the company continues its process of seeking out young talents. The average age dropped to 42 years at the end of 2002, just slightly higher than the average for all Italian Ras companies (40.1 years).

Role	31.12.2001	31.12.2002	Change	Human resources by category (Ras spa)
Managers	122	99	-23	
Supervisors	396	331	-65	
Clerks	2,361	1,648	-713	
Sales staff	28	26	-2	
Total insurance sector	2,907	2,104	-803	
Farming businesses	11	12	1	
Janitors	18	3	-15	
Grand total	2,936	2,119	-817	

	31.12.2001	%	31.12.2002	%	Human resources by seniority (Ras spa)
Up to ten years	1,069	37	731	35	
From 11 to 20 years	905	31	663	31	
From 21 to 30 years	575	20	400	19	
Over 30 years	358	12	310	15	
Total	2,907	100	2,104	100	

	31.12.2001	%	31.12.2002	%	Human resources by age (Ras spa)
Up to 30 years	385	13	302	14	
From 31 to 40 years	1,035	36	706	34	
From 41 to 50 years	783	27	571	27	
Over 50 years	704	24	525	25	
Total	2,907	100	2,104	100	

Customer orientation

Care and quality in its relationships with customers is a fundamental value for Ras. In recent years, the company has set up programmes aimed at improving customer care and has renewed its commitment to transparency. The first agreement on the rights of policyholders signed with various consumer organisations falls into this framework, as do out-of-court settlement committees appointed for disputes, quality certification for claim settlement services and the on line availability of tariffs and quotations.

Iso 9001 Vision 2000 quality certification

In December 2001, the Ras claim settlement division was the first organisational unit in the Ras Group to obtain Iso 9001 Vision 2000 certification for the design and provision of the claims settlement service. The certification was subsequently awarded to RasService, resulting from the integration of the Ras and Allianz Subalpina claims areas. RasService was created in 2002 as a fully autonomous entity dedicated to the settlement of damages on behalf of Ras and Allianz Subalpina. Subsequently, in January 2002, Genialloyd was also certified.

Carta dei Servizi and out-of-court settlement procedures

In 2001, in collaboration with major consumer organisations, Ras was the first Italian insurer to launch the Carta dei Servizi, a commitment to inform and protect policyholders. The Carta, which will be included in all Ras insurance policies, was first integrated into *InStrada* motor policies. In 2003, it was extended to *Quota Massima* 2003 life policies as well. One of its more important features is an out-of-court settlement procedure for disputes.

Customer satisfaction surveys

Ras is committed to gauging customer satisfaction and the quality of services provided by the various Group companies.

In 2002, RasService, as part of its quality certification procedures, conducted 6,989 telephone interviews with policyholders who had made claims through the company's settlement service. 89.2% of those interviewed said they were satisfied with the services offered and 88.3% planned to renew their policies. Only 3.3% of policyholders said they did not plan on renewing their policies upon expiration. In October, RasService commissioned a quality survey to best meet the increasingly demanding expectations of customers in terms of information and post-sales services provided through the call centre.

RasBank long ago began monitoring customer satisfaction through its "Marketing observatory", which also analyses socio-demographic features and financial behaviour. The observatory focuses on subscribers of mutual funds, asked to rate the service offered by financial advisors. In 2002, telephone interviews were conducted on a sample of 1,000 subscribers and 500 former subscribers (i.e. those who settled their positions between 1 January and 31 December 2001). On average, those interviewed gave high scores, in line with previous years. On a scale of one to ten, the average score was 7.6, slightly up on the 2001 average of 7.4, despite the downward trend of financial markets which may have influenced the scoring. In the future, customer satisfaction analyses will extend to RasBank call centre services as well.

In 2002, for the second year in a row, Genialloyd won the Databank award for the insurance company with the highest customer satisfaction. The satisfaction rate, taken from a sample representing over 4,000 heads of families holding third party motor liability policies, was 94.9%, up on the market average of 90.1%. The company's strengths were clarity, correctness and timeliness in responding to customers as well as its claim settlement rate.

In autumn 2002, Ras began a similar customer satisfaction survey with regard to products and marketing issues.

Customer care

Customer care is available by telephone at the Pronto Ras toll free number, as well as by fax and e-mail directly from the www.ras.it website. In 2002, Ras customer care handled more than 76,400 requests for various types of enquiries and complaints from customers and damaged parties, including 26,060 in relation to non-life business, 18,366 relating to the sales area, 7,747 to claims and 7,125 to life business.

On-line customer service

Ras uses the Internet not just as a sales channel (www.genialloyd.it) and banking tool (www.rasbank.it), but also as a preferential channel for interactive communications with customers, offering one-to-one customised services. In 1999, the company launched the TwistRas service (www.ras.it), the first of its kind in Europe. TwistRas enables policyholders to monitor their insurance and financial position (policies, claims, payment due dates, Ram mutual fund portfolios, mutual fund performance) 24 hours a day. In 2002, more than 41,000 customers had signed up for this service and a total of 73,000 had visited the service at least once. The same services are available through Raswap for customers with mobile phones featuring Wap.

RasBank and RasBankOnLine offered customers the same service to track their investments and life policies. Registered users numbered 12,200 with over 75,000 contacts in 2002.

Ras has also been the first Italian insurance company to give policyholders the possibility of filing motor claims on-line at www.ras.it, with 4,365 claims in 2002 alone. Additionally, the site recorded approximately 130,000 visits for customised motor quotations, for a total of more than 645,000 quotations in 2002.

Social orientation

Umana Mente foundation

"It is the duty of a company like ours to help improve the society in which it operates", announced Mario Greco, chief executive officer of Ras in an interview published in the 2001 consolidated annual report. It was precisely in view of this social duty that in 2001 Ras set up Umana Mente, a foundation through which the Group supports non-profit organisations through a selective and rigorous process. Indeed, Umana Mente evaluates and carefully selects projects proposed by non-profit associations on the basis of their feasibility and validity. It does not only

fund them, but also watches over their growth. The target areas change from year to year and include assisting disabled persons, the elderly who are no longer autonomous, troubled youths and drug addicts.

Umana Mente is set up as a partnership foundation, to encourage new partners to contribute funds. In fact, one of its aims is to involve other Italian businesses in the industrial and financial world. The foundation has four internal bodies: the steering committee (which evaluates the objectives and results of programmes in accordance with general guidelines), the management board (which selects the projects most deserving of financial support), the secretary general (the legal representative of the foundation, directly involved in operations) and the board of statutory auditors (which offers accounting advice and checks the financial statements).

The Board of directors of Ras resolved that the foundation's yearly endowment would be proportionate to the statutory net profit for the year, but not exceed Euro 4.5-5 million. In 2002, its first year of operations, the foundation received Euro 3.5 million. Since its creation, Umana Mente has evaluated approximately 60 projects and approved nine. Funding for six of those projects has been recorded in 2002 for over Euro 2,873,000. The remaining three will be funded in 2003 for more than Euro 946,000. The projects funded in 2002 concern assisting children who are victims of abuse and rehabilitating individuals with hereditary mental disorders.

Child abuse:

- "Tiama" (Protection of abused children and teenagers) is a project developed by Associazione La Strada and Asilo Mariuccia of Milan and funded by Umana Mente with Euro 546,000. The project provides for the creation of a "second level centre" with integrated services ranging from initial psychological diagnosis to continuing support through therapy. In two years, Tiama will reach out to 100 children from the two associations and then extend to the rest of society.
- "Formare per accogliere e crescere insieme" ("Teach to shelter and grow together") of the social cooperative Casa del Giovane, and "Assicuriamo un futuro di eccellenza" ("Let's guarantee a future of excellence"), promoted by a network of bodies related to Caritas Ambrosiana. Both projects, which received funding of over Euro 1.7 million, aim to directly intervene in the community around minors and provide real care in situations of abuse. The final purpose is to understand the phenomenon of child abuse, identify the causes and face it as early as possible to save the lives of children affected.

Hereditary mental disorders:

- "Gabbiano 2000" provides for the construction of a new day centre for the "Il Gabbiano-Noi come gli altri" ("The Seagull-We are like others") association in Baggio (Milan) to expand and improve upon already existing services, such as rehabilitation and social integration. The centre will welcome twice as many patients with mental disorders, from 25 to 50. The funding for the new day centre amounts to more than Euro 200,000.
- "Diffusione del metodo MOVE" ("Spreading the MOVE method"), promoted by the "La Nostra Famiglia" ("Our family") association, aims to promote the MOVE (Mobility opportunities via education) programme all over Italy through courses and seminars. MOVE is an integrated, alternative solution to traditional rehabilitation methods for mental disorders with impaired motor skills. Expected funding amounts to Euro 29,000.
- "Riqualificazione dell'Istituto Villa Maria" ("Renovating the Villa Maria Institute"), developed by Cooperativa Sociale Solidarietà SSE (Solidarity cooperative for socio-educational services), provides for the creation of a centre to care for and rehabilitate autistic and mentally retarded children in Tavernerio (Como), at the Istituto Villa Maria, with integrated rehabilitation services. The funding amounts to Euro 200,000.
- The "Cascina Rossago" project aims at supporting individuals affected by medium to serious forms of autism who are partially autonomous. For this purpose, the Fondazione Genitori per l'Autismo (Parents for Autism foundation) has planned the creation of the first Italian farm community in Oltrepò Pavese. The farm will operate as a rehabilitation and residential centre in which agricultural and athletic (swimming, hiking) activities will be organised along with music therapy, painting, weaving and carpentry. Umana Mente will contribute to the start up with Euro 140,000.
- "Polo per l'età adulta" ("Pole for adulthood"), promoted by AIPD (Italian association for individuals affected by the Down syndrome) of Rome, provides for the creation of a service in Rome offering adults with the Down syndrome empowerment through psychological support, work orientation and daytime activities. Umana Mente is helping out with more than Euro 443,000 over two years.

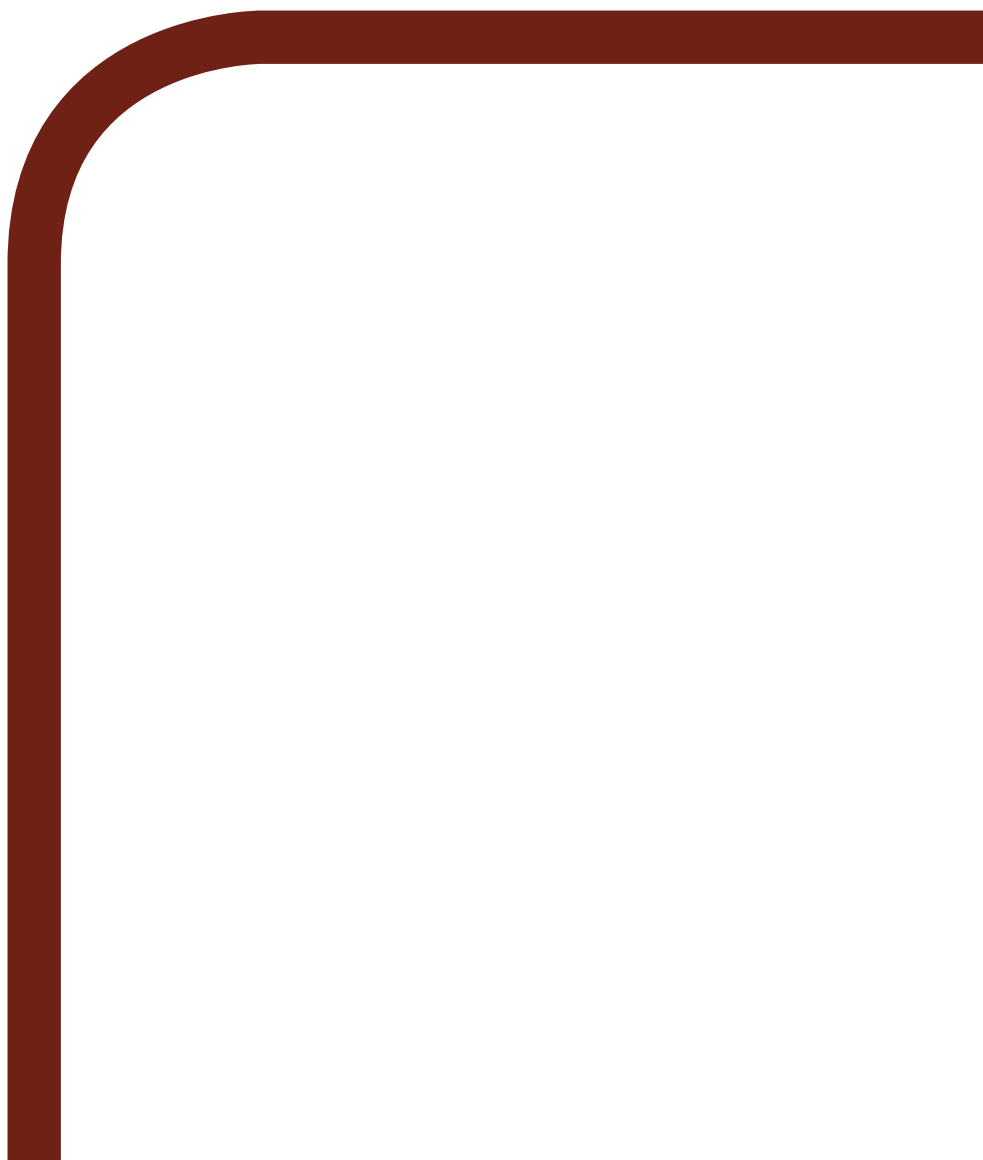
- The "Superability" project aims at reinforcing rehabilitation activities in the ceramics, gardening and information laboratories of Fondazione Istituto Sacra Famiglia. The purpose is to help disabled adults develop basic abilities and skills, personal autonomy and interpersonal skills and, where possible, teach them to read, write and do basic maths. Umana Mente is providing more than Euro 310,000 over two years.

Other social initiatives

Ras, as founding member of Assoetica, has sponsored a seminar organised by the association in November 2002 on "Business: between ethics and profit". Ras is also a member of Sodalitas, an association set up in 1995 by Assolombarda, made up of companies and volunteer consultants committed to bridging the gap between the business world and non-profit sector.

Milan, 18 March 2003

The Board of Directors



consolidated

b

balance sheet and profit

balance sheet and profit

Balance

and loss account

31 December 2002

A. Receivables from shareholders for subscribed share capital not yet paid-up									1	0	
of which: called up				2	0						
B. Intangible assets											
1. Acquisition commissions to be amortised				3	0						
2. Other acquisition costs				4	0						
3. Goodwill				5	40,904						
4. Other intangible assets				6	78,391						
5. Goodwill arising on consolidation				7	363,436				8	482,731	
C. Investments											
I - Land and buildings								9	2,785,545		
II - Investments in Group and other companies											
1. Equity investments:											
a) parent companies	10	0									
b) subsidiary companies	11	281,983									
c) affiliated companies	12	133,567									
d) associated companies	13	22,230									
e) other	14	960,643		15	1,398,423						
2. Bonds				16	93,097						
3. Loans				17	690,020			18	2,181,540		
III - Other financial investments											
1. Equity investments				19	1,792,833						
2. Mutual fund units				20	2,339,568						
3. Bonds and other fixed-income securities				21	26,092,076						
4. Loans				22	2,856,762						
5. Shares of investment pools				23	0						
6. Deposits with banks				24	314,697						
7. Other financial investments				25	517,542			26	33,913,478		
IV - Deposits with ceding companies								27	160,831	28	39,041,394
D. Investments benefiting life policyholders bearing the risk and investments arising from pension fund management										29	8,309,443

to be carried forward

47,833,568

31 December 2002

	brought forward			
			<u>47,833,568</u>	
D bis. Reinsurers' share of technical reserves				
I - Non-life business				
1. Premium reserve	30	156,734		
2. Claims reserve	31	1,091,239		
3. Other	32	0	33	1,247,973
II - Life business				
1. Actuarial reserves	34	861,476		
2. Reserve for amounts payable	35	80,358		
3. Other	36	787		
4. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	37	29	38	942,650
			39	2,190,623
E. Receivables				
I - Receivables relating to direct insurance business			40	1,561,569
II - Receivables relating to reinsurance business			41	586,566
III - Other receivables			42	985,757
			43	3,133,892
F. Other assets				
I - Tangible assets and stock			44	127,875
II - Cash and cash equivalents			45	1,354,711
III - Own shares			46	100,460
IV - Other assets			47	645,976
			48	2,229,022
G. Accrued income and prepaid expenses			49	405,068

TOTAL ASSETS

50 55,792,173

brought forward

38,430,544130 124,844131 1,014,425132 0133 1,139,269134 899,948135 85,658136 791137 62138 986,459139 2,125,728140 1,586,971141 477,187142 734,773143 2,798,931144 132,516145 878,306146 13,415147 470,974148 1,495,211149 420,984150 45,271,398

31 December 2002

A. Shareholders' equity**I - Group shareholders' equity**

1. Subscribed share capital or equivalent fund	51	437,770		
2. Equity reserves	52	3,603,121		
3. Consolidation reserve	53	-76,314		
4. Reserve for differences arising from valuation of unconsolidated investments	54	56,467		
5. Reserve for conversion differences	55	-57,898		
6. Reserve for own shares and shares of parent company	56	100,460		
7. Net profit (loss) for the year	57	910,817	58	4,974,423

II - Minority interests

1. Capital and reserves attributable to minority interests	59	615,743		
2. Net profit (loss) for the year attributable to minority interests	60	-57,121	61	558,622
			62	5,533,045

B. Subordinated liabilities

63 0

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

1. Premium reserve	64	2,075,419		
2. Claims reserve	65	8,905,998		
3. Equalisation reserve	66	49,388		
4. Other	67	254,625	68	11,285,430

II - Life business

1. Actuarial reserves	69	25,415,263		
2. Reserve for amounts payable	70	406,063		
3. Other	71	607,081	72	26,428,407
			73	37,713,837

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

74 8,308,710

E. Provisions for risks and charges

1. Staff pension and similar obligations			75	171,503
2. Tax provisions			76	514,083
3. Consolidation provision for future risks and charges			77	0
4. Other provisions			78	313,918
			79	999,504

to be carried forward

52,555,096

151	376,567		
152	3,438,534		
153	183,810		
154	8,879		
155	-71,443		
156	13,415		
157	401,863	158	4,351,625
159	365,281		
160	14,372	161	379,653
		162	4,731,278
		163	0
164	1,989,123		
165	7,711,662		
166	63,268		
167	226,418	168	9,990,471
169	20,393,096		
170	471,206		
171	353,117	172	21,217,419
		173	31,207,890
		174	5,462,112
		175	178,150
		176	323,814
		177	0
		178	293,889
		179	795,853

to be carried forward

42,197,133

31 December 2002

	brought forward		<u>52,555,096</u>
F. Deposits from reinsurers			80 867,088
G. Payables and other liabilities			
I - Payables relating to direct insurance business	81	582,636	
II - Payables relating to reinsurance business	82	290,908	
III - Bond issues	83	0	
IV - Payables to banks and financial institutions	84	42,115	
V - Secured debts	85	612	
VI - Sundry loans and other financial payables	86	72,624	
VII - Staff severance indemnity	87	108,203	
VIII - Other payables	88	443,538	
IX - Other liabilities	89	759,936	90 2,300,572
H. Accrued liabilities and deferred income			91 69,417
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			<u>92 55,792,173</u>

31 December 2002

I - Guarantees provided	93	64,092
II - Guarantees received	94	5,065
III - Guarantees provided by third parties in the interest of consolidated companies	95	67,625
IV - Commitments	96	2,749,670
V - Third party assets	97	689,142
VI - Pension fund assets managed on behalf of third parties	98	36,522
VII - Securities deposited with third parties	99	29,414,614
VIII - Other memorandum accounts	100	94,180

brought forward

42,197,133180 870,898181 303,093182 230,602183 0184 12,309185 9,543186 5,617187 97,538188 561,869189 908,484190 2,129,055191 74,312192 45,271,398193 125,533194 9,088195 88,473196 84,275197 687198 22,340199 21,294,774200 66,697

2002

I. Non-life business technical account

1. Premiums, net of outwards reinsurance				
a) gross premiums accounted for		1	6,696,130	
b) (-) outwards reinsurance premiums		2	635,281	
c) Change in gross premium reserve		3	130,712	
d) Change in reinsurer premium reserve		4	22,382	5 5,952,519
2. Other technical income, net of outwards reinsurance				7 7,507
3. Charges relating to claims, net of recoveries and outwards reinsurance				
a) Amounts paid				
aa) Gross amount paid	8	4,775,872		
bb) (-) reinsurers' share	9	449,738		
cc) Change in recoveries, net of reinsurers' share	10	54,632	11 4,271,502	
b) Change in claims reserve				
aa) Gross amount	12	336,074		
bb) (-) Reinsurers' share	13	-61,770	14 397,844	15 4,669,346
4. Change in other technical reserves, net of outwards reinsurance				16 11,037
5. Reversals and profit participation, net of outwards reinsurance				17 29,281
6. Operating costs				
a) Acquisition commissions		18	747,099	
b) Other acquisition costs		19	369,582	
c) Change in commissions and other acquisition costs to be amortised		20	0	
d) Premium collection commissions		21	116,962	
e) Other administrative costs		22	358,232	
f) (-) Commissions and profit participation received from reinsurers		23	110,685	24 1,481,190
7. Other technical charges, net of outwards reinsurance				25 56,426
8. Change in equalisation reserves				26 -4,753
9. Result of non-life business technical account (item III.1)				27 -282,501

2002

II. Life business technical account

1. Premiums, net of outwards reinsurance				
a) Gross premiums accounted for		28	8,342,821	
b) (-) Outwards reinsurance premiums		29	135,200	30 8,207,621
2. (+) Income from investments transferred from the non-technical account (item III.5)				40 996,719
3. Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments arising from pension fund management				41 360,934
4. Other technical income, net of outwards reinsurance				42 200,651
5. Charges relating to claims, net of outwards reinsurance				
a) Amounts paid				
aa) Gross amount paid	43	3,668,312		
bb) (-) Reinsurers' share	44	172,284	45 3,496,028	
b) Change in reserve for amounts payable				
aa) Gross amount	46	13,356		
bb) (-) Reinsurers' share	47	10,044	48 3,312	49 3,499,340
6. Change in actuarial reserves and other technical reserves, net of outwards reinsurance				
a) Actuarial reserves				
aa) Gross amount	50	2,180,768		
bb) (-) Reinsurers' share	51	-72,916	52 2,253,684	
b) Other technical reserves				
aa) Gross amount	56	3,414		
bb) (-) Reinsurers' share	57	1	58 3,413	
c) Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management				
aa) Gross amount	59	2,039,666		
bb) (-) Reinsurers' share	60	-7,264	61 2,046,930	62 4,304,027
7. Reversals and profit participation, net of outwards reinsurance				63 68,591
8. Operating costs:				
a) Acquisition commissions		64	356,692	
b) Other acquisition costs		65	66,365	
c) Change in commissions and other acquisition costs to be amortised		66	0	
d) Premium collection commissions		67	78,523	
e) Other administrative costs		68	141,175	
f) (-) Commissions and profit participation received from reinsurers		69	16,015	70 626,740
9. Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and investments arising from pension fund management				75 1,105,328
10. Other technical charges, net of outwards reinsurance				76 43,899
11. Result of life business technical account (Item III.2)				78 118,000

		138	6,631,052		
		139	134,263	140	6,496,789
				150	880,694
				151	136,332
				152	127,653
153	2,675,766				
154	175,632	155	2,500,134		
156	84,046				
157	38,240	158	45,806	159	2,545,940
160	903,027				
161	-95,108	162	998,135		
166	20,649				
167	-135	168	20,784		
169	2,858,882				
170	-82	171	2,858,964	172	3,877,883
				173	121,713
		174	260,601		
		175	83,509		
		176	0		
		177	35,646		
		178	128,106		
		179	12,942	180	494,920
				185	461,793
				186	34,505
				188	104,714

2002

III. Non-technical account

1. Result of non-life business technical account (item I. 9)				79	-282,501	
2. Result of life business technical account (item II.11)				80	118,000	
3. Income from investments						
a) Income from equity investments						
aa) Share of year's results of investments stated using the equity method	81	24,655				
bb) Other	82	259,430	83	284,085		
b) Income from other investments						
aa) Land and buildings	84	169,744				
bb) Other	85	1,476,539	86	1,646,283		
c) Write-backs of investments			87	56,698		
d) Profit on sale of investments			88	634,472	89	2,621,538
4. Capital and financial charges						
a) Investment management charges and interest payable			90	123,974		
b) Write-downs of investments			91	762,500		
c) Loss on sale of investments			92	483,055	93	1,369,529
5. (-) Income from investments transferred to the life business technical account (Item II.2)					94	996,719
6. Other income					95	339,004
7. Other charges						
a) Interest on financial payables			96	15,437		
b) Sundry charges			97	306,593	98	322,030
8. Profit (loss) of ordinary business					99	107,763
9. Extraordinary income					100	1,179,742
10. Extraordinary charges					101	58,602
11. Net extraordinary income/(charges)					102	1,121,140
12. Result before taxes					103	1,228,903
13. Income taxes for the year					104	375,207
14. Consolidated net profit (loss) for the year					105	853,696
15. Net profit (loss) for the year attributable to minority interests					106	-57,121
16. Net profit (loss) for the year attributable to the Group					107	910,817

				189	-268,180
				190	104,714
191	22,633				
192	252,757	193	275,390		
194	218,925				
195	1,314,249	196	1,533,174		
		197	59,485		
		198	425,156	199	2,293,205
		200	148,996		
		201	462,340		
		202	170,357	203	781,693
				204	880,694
				205	464,193
		206	26,235		
		207	271,476	208	297,711
				209	633,834
				210	44,873
				211	28,202
				212	16,671
				213	650,505
				214	234,270
				215	416,235
				216	14,372
				217	401,863

notes

otes to the consolidated financial statements

Part A - General accounting policies and consolidation area

The consolidated financial statements and comparative prior year figures have been drawn up in accordance with Legislative decree no. 173/97, which implements EEC directive no. 91/674.

Consolidation policies

The line-by-line method is used for companies consolidated pursuant to article 63 of Legislative decree no. 173/97. In particular:

- all financial statements items are stated at their full amount;
- minority shareholders are attributed their portion of shareholders' equity and net profit (loss) for the year;
- the book value of investments is written off against their shareholders' equity;
- any surplus in the book value of investments over shareholders' equity values is allocated as follows:
 1. if the prerequisites are met, to the specific asset to which the surplus refers;
 2. as a decrease to the consolidation reserve;
 3. to goodwill arising on consolidation, to be amortised over the following years;
- any surplus in shareholders' equity of investments over the relevant book value is allocated to the consolidation reserve;
- all intercompany transactions are eliminated;
- consolidation differences arise from the elimination of reinsurance intercompany transactions due to the general practice of deferring the effects of inwards reinsurance on the profit and loss account of the following year. These differences are considered in determining shareholders' equity and the net profit (loss) for the year.

The statutory financial statements of the individual Group companies, whether approved or in the process of being approved by the relevant shareholders, are used to draw up the consolidated financial statements. Certain items are reclassified or adjusted in order for them to be in compliance with the accounting policies adopted by the parent company.

Companies consolidated on a proportional basis pursuant to article 70 of Legislative decree no. 173/97 are consolidated as follows:

- all financial statements items are stated in proportion to the holding percentage;
- minority interests in equity or in the net profit (loss) for the year are not assigned to the other reference shareholder;
- all other procedures are the same as those used for line-by-line consolidation method.

Unconsolidated investments pursuant to article 71 of Legislative decree no. 173/97 are stated using the equity method.

Any surplus in the book value of investments over the relevant shareholders' equity, not including the net profit (loss) for the year, is taken as a decrease to the reserve for differences arising from valuation of unconsolidated investments.

Any surplus in shareholders' equity, not including the net profit (loss) for the year, over the book value of investments is allocated to the same reserve.

Changes in value from one year to the next due to profits or losses are taken to the profit and loss account.

Part C of the notes includes a table listing investments stated using the equity method.

Consolidation area

During the first half of 2002, the restructuring process involving the Swiss operations of Allianz and Ras Groups was completed with the creation of the new Allianz Suisse Group, approximately 70% controlled by Ras. As a result of such restructuring process and considering that the Agf Group, which controls the remaining 50%, is in charge of the operating management, starting from these financial statements, the shareholders' equity of the Swiss holding company, Elmonda, holding the Mondial Assistance Group, is stated using the equity method.

Ras and its subsidiaries number 140, of which 37 are consolidated on a line-by-line basis, six on a proportional basis, 27 using the equity method, 17 at cost and 53 belonging to the Elmonda Group.

**Group companies consolidated
on a line-by-line or proportional basis**

	2002	2001	Change
Insurance companies	25	72	-47
Holding/financial holding companies	8	16	-8
Real estate, farming and other	10	10	0
Total	43	98	-55

In accordance with article 63 of Legislative decree no. 173/97, the 43 subsidiaries active in the insurance business or related areas (holding, real estate and farming companies) are consolidated using the line-by-line or proportional methods.

Subsidiaries operating in other sectors are stated using the equity method. Of the 43 companies consolidated on a line-by-line or proportional basis, 20 are based in Italy and 23 abroad.

A breakdown by business area is shown in the table above.

Changes in the year were as follows:

a) insurance companies:

inclusions:

1. inclusion of Alba Allgemeine Versicherungs ag (Basel), previously controlled by Berner Allgemeine Versicherungs, merged into Allianz Suisse Versicherungs ag (Zurich);
2. inclusion of Amaya Compañía de Seguros y Reaseguros sa (Madrid), previously controlled by Berner Allgemeine Versicherungs, merged into Allianz Suisse Versicherungs ag (Zurich);

exclusions:

1. exclusion of Allianz Lebensversicherungs (Schweiz) ag (Zurich) and Allianz Versicherungs (Schweiz) ag (Zurich) merged into Allianz Suisse Lebensversicherungs ag (Zurich) and Allianz Suisse Versicherungs ag (Zurich), respectively;
2. exclusion of Previsa sa (Lausanne) merged into CAP Compagnie d'Assurance de Protection Juridique sa (Zug);
3. exclusion of the 45 companies belonging to the Mondial Assistance Group (including one Italian, 24 EU and five non-European companies) as controlled by Elmonda (Zurich);
4. exclusion of Duerrevita spa (Bologna) merged into CreditRas Vita spa (Milan).

b) holding companies:

inclusions:

1. inclusion of Amaya ag (Berna), previously controlled by Berner Allgemeine Versicherungs, merged into Allianz Suisse Versicherungs ag (Zurich);

exclusions:

1. exclusion of Elmonda (Zurich) stated using the equity method rather than consolidated on a proportional basis as in previous years;
2. exclusion of eight companies belonging to the Mondial Assistance Group (including one Italian, five EU and two non-European companies) as controlled by Elmonda (Zurich), which is stated using the equity method;

c) real estate and other companies:

inclusions:

1. inclusion of RasService Gestione e Liquidazione Danni scpa (Milan) previously dormant and thus stated at cost;
2. inclusion of Allianz Kundenservice gmbh (Vienna) previously stated using the equity method;
3. inclusion of GI.AZS srl (Turin), incorporated during the year.

exclusions:

1. exclusion of Proprietà Immobiliari S.p.A. (Milan) sold during the year;
2. exclusion of BIS Beni Immobili Strumentali srl (Milan) and Gaggiano srl (Milan) merged into Ras Immobiliare srl (Milan).

Although CreditRas Assicurazioni and CreditRas are 50% owned by Ras, they have been consolidated on a line-by-line basis as a result of shareholders' agreements.

During the year, Casse e Assicurazioni Vita spa (Verona) was merged into CreditRas Vita spa (Milan).

Part B - Valuation criteria

Section 1 - Presentation of valuation criteria

Intangible assets

Intangible assets consist of long term costs, which are amortised over their useful life from the year in which they were incurred.

Tangible assets

Tangible assets are stated at purchase or construction cost, net of depreciation, except for assets revalued for monetary adjustment or as required by law, and assets stated at market value as determined by assessments performed for extraordinary transactions, e.g. mergers and changes to the legal structure of foreign permanent establishments; positive balances arising from revaluations are taken to the equity reserves.

They are stated at an overall value lower than market value.

Investments

Investments are divided into three categories:

- investments in unconsolidated subsidiary companies stated using the equity method. These are companies not engaged in insurance or related activities;
- investments in affiliated and associated companies stated using the equity method;
- other investments:

a) long-term investments in other companies, the book value of which is written down to reflect any permanent impairment in market value;

b) other investments, which are stated at the lower of book or market value, or, for unlisted investments, on the basis of the relevant shareholders' equity as per the latest financial statements.

Annual adjustments to the value of each investment in subsidiary and associated companies arising from the application of the equity method are taken to the profit and loss account, for the portion relating to profits or losses.

Investments in subsidiary and associated companies are listed in Part C of these notes, with details on their registered office, share capital, directly or indirectly held percentage and business activities.

Bonds

Trading fixed-income bonds are stated at the lower of cost (mainly calculated using the average cost method) or market value. They are written down to reflect any permanent impairment in value. Cost includes the unamortised portion of issue discounts.

Fixed-income bonds held for investment are stated at cost (mainly calculated using the average cost method). Cost includes the unamortised trading discounts accrued.

Equities and mutual fund units

Trading equities, own shares and mutual fund units are stated at the lower of cost or market value.

Equities and mutual fund units held for investment are stated at cost, written down to reflect any permanent impairment in value.

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

This class of assets is split into two categories. The first includes investments forming part of the assets of unit-linked policies as well as the mutual fund units linked to life policies. The second consists of investments pertaining to open pension funds.

At year end, investments included in both classes were mainly made up of cash (Euro), mutual fund units and

listed fixed-income securities. Securities are stated at market value on the last trading day of the year. Any difference over their book value is taken to the profit and loss account.

Receivables

They are stated at their estimated realisation value, by writing down their nominal value where necessary.

Tangible assets and stock

Operating assets are stated at cost and depreciated at rates that reflect the estimated useful life of each asset.

Accrued income and prepaid expenses, accrued liabilities and deferred income

They are calculated on an accruals basis.

Premiums and related charges

Premiums written, net of any write-offs, are recorded on an accruals basis by charging the premium reserve. Acquisition costs are recorded using the same method.

Acquisition commissions on long-term life insurance policies are charged to the profit and loss account when incurred, except for foreign countries where local law permits commissions to be deferred through zillimerisation of actuarial reserves.

Technical reserves

Technical reserves of the life business include actuarial reserves, premiums carried forward, profits allocated to policyholders and all other pertinent technical reserves. They are calculated using appropriate actuarial assumptions. Technical reserves where the investment risk is borne by policyholders and reserves relating to pension fund management are calculated using appropriate actuarial assumptions, considering the value of the mutual fund units to which the benefits are linked.

The premium reserve of the non-life business includes accruals for unexpired risks at year end and is composed of the reserve for unearned premiums and the reserve for current risks. The reserve for unearned premiums is mainly calculated on a pro rata temporis basis. For certain lines of business, depending on the degree of risk, extremely prudent criteria are adopted. The reserve for current risks covers impending risks after the balance sheet date, specifically all compensations and expenses arising from insurance contracts agreed prior to year end, insofar as the amount exceeds the reserve for unearned premiums and premiums due under the fractioning terms of the relevant contracts. The claims reserves, which are commitments in respect of reported or unreported claims which have not yet been settled or paid, are calculated (usually on an analytical basis) by considering objective factors known at the time of valuation and historical trends. Criteria adopted comply with relevant supervisory regulations applicable to private insurance companies in the various countries. Equalisation reserves include all sums provided for in accordance with current legislation, in order to equalise future fluctuations in the claims rate and to cover special risks.

Pursuant to paragraph 3 of article 72 of Legislative decree no. 173/97, the technical reserves of the individual consolidated companies are calculated in accordance with legislation ruling in the relevant country.

Provisions for risks and charges

Provision for staff pension and similar obligations

For the countries that so require, all staff pension-related entitlements and similar obligations are provided for.

Tax provision

The tax provision covers the estimated tax liabilities for the year and deferred tax liabilities.

Other provisions

They cover complex relationships with third parties or the risk of exceptional events relating to the insurance business. As indicated in the statutory financial statements of the parent company, also in these consolidated financial statements the opening balances of the individual companies, arising from the conversion at current exchange rates of assets and liabilities denominated in currencies other than the reporting currency, are allocated to a specific provision for exchange rate fluctuations.

Income taxes for the year

Income taxes, including those on approved dividends, are charged to the profit and loss account. Deferred taxes on retained earnings are recorded if the earnings are expected to be used in such a way that would be taxable and if the tax treaties between Italian and the relevant foreign country do not provide for the elimination of dual tax on dividends. This item also includes deferred tax liabilities calculated by each company in accordance with relevant legislation.

Adjustments to valuation criteria

Adjustments are made to the financial statements of a number of consolidated companies in order for them to comply with the accounting policies of the parent company.

Specifically such adjustments regard:

- capitalised commissions relating to long-term policies which are fully expensed when incurred in the financial statements of the parent company;
- write-off of the net profit (loss) for the year allocated or charged to the equity reserves where made prior to the approval by the relevant shareholders;
- write-off of realised capital gains allocated to equity reserves;
- other transfers to the equity reserves;
- reinstatement of the book value of investments (not benefiting life policyholders) stated at market value, in accordance with the parent company's accounting policies;
- unrealised exchange rate gains;
- write-off of depreciation of operating buildings used by third parties;
- deferred tax assets and liabilities.

Adjustments made to the financial statements of certain consolidated companies in order for them to comply with the parent company's accounting policies

The following adjustments have an impact on the financial statements of consolidated companies:

(thousands of Euro)	Net profit (loss) for the year	Shareholders' equity
Previous years' adjustments	–	39,479
Current year adjustments	51,787	23,812
Total	51,787	63,291

Financial statements items expressed in currency other than the reporting currency are converted using year-end exchange rates.

In accordance with Legislative decree no. 213/98, the main exchange rates applied in 2002 and 2001 are listed in the following table:

	2002	2001	Exchange rates adopted for principal currencies
US dollar	1.04870	0.88130	
Swiss franc	1.45240	1.48290	

Exchange rate differences arising from the conversion of the shareholders' equity of consolidated companies are taken to the "Reserve for conversion differences" as disclosed in Part C of these notes.

Exchange rate differences arising from the conversion of the shareholders' equity of companies stated using the equity method are taken to the "Reserve for differences arising from valuation of unconsolidated investments."

Section 2 - Fiscally-driven adjustments and provisions

Any fiscally-driven adjustments made to the statutory balance sheet assets of consolidated companies are eliminated, as indicated in Section 1. There are no fiscally-driven provisions.

List of consolidated companies

Subsidiary companies consolidated using the line-by-line method

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)
Europe					
Italy					
Riunione Adriatica di Sicurtà spa - Milan Share capital: Euro 437,769,749	Insurance				
Agricola San Felice spa - Milan Share capital: Euro 21,052,800	Farming	100.00			100.00
Allianz Subalpina spa - Turin Share capital: Euro 21,294,325	Insurance	97.94			97.94
Azienda Agricola Perolla srl - Milan Quota capital: Euro 4,648,000	Farming	99.50	0.50	L'Assic.ItalianaDanni	100.00
Bernese Assicurazioni spa - Rome Share capital: Euro 7,252,000	Insurance		71.67 27.87	Allianz Suisse Vers. Bernese Ass.Fin.	99.54
Bernese Assicuraz. Finanziaria spa - Rome Share capital: Euro 4,000,000	Holding company		100.00	Allianz Suisse Versicherungs	100.00
Bernese Vita spa - Rome Share capital: Euro 5,180,000	Insurance		83.92 12.33 3.75	Allianz Suisse Vers. Bernese Ass.Fin. Bernese Assicuraz.	100.00
CreditRas Assicurazioni spa - Milan Share capital: Euro 5,200,000	Insurance	50.00			50.00
CreditRas Vita spa - Milan Share capital: Euro 96,900,000	Insurance	50.00			50.00
Genialloyd spa (formerly Lloyd 1885 spa) - Milan Share capital: Euro 30,975,000	Insurance	99.99			99.99
Ge.S.I. Gestione Sist. Inform. scpa - Milan Share capital: Euro 4,450,260	IT services	51.00	48.99 0.01	Allianz Subalpina Other subsidiary companies	100.00
G.I. AZS srl - Turin Quota capital: Euro 3,600,000	Real estate		100.00	Allianz Subalpina	100.00
Investitori Holding spa - Milan Share capital: Euro 1,000,000	Holding company	100.00			100.00
L'Assicuratrice Italiana Danni spa - Milan Share capital: Euro 5,200,000	Insurance	100.00			100.00
L'Assicuratrice Italiana Vita spa - Milan Share capital: Euro 10,920,000	Insurance	100.00			100.00
Prevint Gestione Servizi Previdenziali spa Milan - Share capital: Euro 850,000	Pension fund management	100.00			100.00
Ras Immobiliare srl - Milan Quota capital: Euro 516,400	Real estate	100.00			100.00
RasService Gestione e Liquidazione Danni scpa - Milan Share capitalEuro 200,000	Services	83.55	16.4 0.03 0.02	Allianz Subalpina L'Assic.Ital.Danni RB Vita	100.00
Ras Tutela Giudiziaria spa - Milan Share capital: Euro 2,575,000	Insurance	100.00			100.00
RB Vita spa - Milan Share capital: Euro 114,400,000	Insurance	100.00			100.00

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)
Other EU countries					
Allianz Elementar Lebensversicherungs ag Vienna - Share capital: Euro 9,084,104	Insurance		99.00	Allianz Elem. Vers.	99.00
Allianz Elementar Versicherungs ag - Vienna Share capital: Euro 45,935,568	Insurance		50.10	Ras International nv	50.10
Allianz Kundenservice gmbh - Vienna Share capital: Euro 70,000	Services		100.00	Allianz Elem. Vers.	100.00
Allianz Pensionskasse ag - Vienna Share capital: Euro 5,086,900	Pension fund management		74.00	Allianz Elem. Vers.	74.00
Amaya, Compañía de Seguros y de Reaseguros sa - Madrid Share capital: Euro 18,030,000	Insurance		100.00	Amaya ag	100.00
Companhia de Seguros Allianz Portugal sa Lisbon - Share capital: Euro 39,545,400	Insurance	38.70	26.15	Ras International nv	64.85
Operrng - Hof Bau und Betriebs ag Vienna - Share capital: Euro 654,056	Real estate		99 1.00	Providentia Allianz Elem.Vers.	100.00
Providentia Vermögensverwaltungs Betriebs gmbh - Vienna Share capital: Euro 327,028	Holding company		100.00	Allianz Elem. Vers.	100.00
Ras International nv - Amsterdam Share capital: Euro 342,650,000	Holding company	100.00			100.00
Unipensao Soc.Gestora de Fundos de Pensoes - Lisbon Share capital: Euro 1,000,000	Pension fund management		81.40	Allianz Portugal	81.40
Non-EU European countries					
Alba Allgemeine Versicherungs ag Basle - Share capital: SwFr 10,000,000	Insurance		100.00	Allianz Suisse Versicherungs	100.00
Allianz Suisse Immobilien ag (formerly Deggo ag) Volketswil (CH) - Share capital: SwFr 9,000,000	Real estate		100.00	Allianz Suisse Versicherungs	100.00
Allianz Suisse Lebensversicherungs ag Zurich - Share capital: SwFr 100,000,000	Insurance		99.98	Allianz Suisse Versicherungs	99.98
Allianz Suisse Versicherungs ag Zurich - Share capital: SwFr 100,000,000	Insurance		69.80	Ras International nv	69.80
Amaya ag - Berna Share capital: SwFr 100,000	Holding company		100.00	Allianz Suisse Versicherungs	100.00
CAP Compagnie d'Assurance de Protection Juridique sa - Zug (CH) Share capital: SwFr3,000,000	Insurance		100.00	Allianz Suisse Versicherungs	100.00
Non European countries					
Sabesac Investments S/C Ltda - Sao Paolo Share capital: Real 114,236.33	Holding company		99.99 0.01	Ras International nv Allianz Suisse Vers.	100.00

Subsidiary companies consolidated on a proportional basis

The total percentage held by the Ras Group is shown, rather than the pro-rata stake for investments indirectly owned by holding companies, that are in turn jointly owned by Ras and the Agf Group.

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)
Other EU countries					
Agf Ras Holding bv - Amsterdam Share capital: Euro 236,450,544	Holding company		50.00	Ras International nv	50.00
Allianz Compañía de Seguros y Reaseguros sa - Madrid - Share capital: Euro 47,379,811.01	Insurance		96.46 0.16	Ag Ras Holding Own shares	96.62
El Fénix Español sa - Madrid Share capital: Euro 192,000	Holding company		99.99	AZ Comp.Seguros	99.99
Eurovida sa Compañía de Seguros y Reaseg. Madrid - Share capital: Euro 9,015,300	Insurance		51.00	Ag Ras Holding	51.00
Fénix Directo sa - Madrid Share capital: Euro 14,424,000	Insurance		98 2.00	AZ Comp.Seguros El Fénix Español	100.00
Inmobiliaria Inverfenix - Madrid Share capital: Euro 9,015,000	Real estate		99.9 0.10	AZ Comp.Seguros Fénix Directo	100.00

The voting rights assigned to Ras at the general shareholders' meetings of both companies consolidated using the line-by-line method and those consolidated on a proportional basis are equal to the total investment percentage in the above list.

Companies stated at cost

Companies stated at cost are listed below:

The following companies have been stated at cost:

Company	% held	Reason
Finmatic srl	100.00	in liquidation
Ras Alternative Investments Sgr spa	100.00	dormant
Rasfin Sim spa	100.00	owned by company stated using the equity method
Ras Investimenti Sim spa	100.00	currently being sold
RB Fiduciaria spa	100.00	owned by company stated using the equity method
R.It. - Servizi per l'Information Technology spa	100.00	owned by company stated using the equity method
Allianz Invest Kapitalanlage gmbh	100.00	owned by company stated using the equity method
Domus Forsikringsaktieselskabet	100.00	immaterial
ITB Immobilienreuhand gmbh	100.00	owned by company stated using the equity method
MVK Datenmanagement gmbh	100.00	dormant
Nereus gmbh	100.00	dormant
Pallas gmbh	100.00	dormant
Pemse sa	100.00	immaterial
Ras Hellas sa	99.99	currently being sold
Sofiras sa	99.87	in liquidation
Empresa de Inversiones sa	99.94	in liquidation
Organizacion Goa sa	99.95	in liquidation

The following companies have been excluded from proportional-based consolidation in 2002 since owned by Elmonda which has been consolidated using the equity method:

Company	% held
Elvia Service srl	100.00
Mondial Assistance Italia spa	100.00
Permatel spa	100.00
SIAS Società Italiana di Assicurazioni e Riass. spa	90.00
Assistance and Services Corp. of Ireland	100.00
Bourbon Services et Assistance sa	99.99
Elucydée sa	99.96
Mondial Assistance bv (formerly Elvia Assistance bv)	100.00
Elvia Assistance gmbh	100.00
Elviassist - Serviços de Assistência 24 Horas lda	100.00
Elviaseg sa	100.00
Elvia Travel Ins. International nv	100.00
France Secours Internat. Assistance sa	85.99
Gestion de Télésecurité et de Service sa	99.98
Mondial Assistance France sa	93.25
Mondial Assistance Germany gmbh	100.00
Mondial Assistance Holding Germany ag	50.00
Mondial Assistance United Kingdom ltd	100.00
Mondial Assistance sas	99.99
Mondial Service Germany gmbh (formerly Mondial Serv.Gesell.für P.)	100.00
Poly Assistance & Services A.E.	51.00
Sacnas Développement sa	99.99
Sacnas International sa	99.99
Sacnas Re	100.00
SAGE sarl (formerly SAGE)	100.00
Sociedad Mundial de Asistencia sa	100.00
Société Belge d'Assistance Internationale sa	94.15
Société Belge de Services Téléphoniques sa	100.00
Société de Services Communs "SSC" sas	100.00

Società	% held
SEPSAD sa	56.00
SFDS sa	99.99
World Access Europe Ltd	100.00
Elvia Assistance KFT Ltd	100.00
Elvia Assistance sro	100.00
Elvia Reiseversicherungs - Gesellschaft ag	100.00
Elvia S.p.zoo	100.00
Sat as	96.00
AS 24 AS Nijuyon k.k.ltd	90.00
Compañia de Asistencia Sudamericana sa	99.99
ETI Australia Pty Ltd (formerly Elvia Travel Insurance Australia Pty Ltd)	100.00
ISAAF - Mondial Assistance sa	79.98
Mascareignes Services Assistance Ltd	60.00
Mercosul Assistance Argentine sa	100.00
Mercosul Assistance Participacoes Ltda	99.99
Mondial Assistance Australia Holding Pty Ltd	100.00
Sociedad Corredora de Reaseguros CAS Brokers sa	99.98
Travel Care Inc.	100.00
World Access (Asia) Pte. Ltd	100.00
World Access Canada Inc.	100.00
World Access Health Care Services Inc.	100.00
World Access Incorporated	100.00
World Access Insurance Broker Ltd	100.00
World Access Service Corporation	100.00

Part C - Notes to the consolidated balance sheet and profit and loss account

Balance sheet - Assets

Section 1 - Intangible assets (Item B)

Other intangible assets - Item B.4

They are made up as follows:

(thousands of Euro)	2002	2001
Goodwill	40,904	-
Total	40,904	-

This item may be analysed as follows:

- Euro 1,314 thousand relates to Ras Immobiliare and arose from the merger with Gaggiano and Bis;
- Euro 39,590 thousand relates to CreditRas Vita and arose from the merger with Casse e Assicurazioni Vita and DuerreVita.

They are made up as follows:

(thousands of Euro)	2002	2001
Start-up and capital costs	157	403
Share capital increase costs	1,244	3,325
Research and development costs	1,167	1,844
Advertising costs	3	220
Other intangible assets	75,820	54,965
Total	78,391	60,757

Goodwill arising on consolidation - Item B.5

Euro 363,436 thousand

Goodwill arising on consolidation relates to Allianz Suisse (Euro 266,395 thousand) and Allianz Subalpina (Euro 97,041 thousand).

Goodwill arising from the consolidation of Allianz Suisse is amortised on a straight-line basis over twenty years,

in consideration of the Group's market share and contract duration as well as the income generating potential of the restructuring and rationalisation plans which have already been implemented and will produce benefits over a significant number of future years.

Similarly, goodwill arising on the consolidation of Allianz Subalpina, recorded following the conclusion of a public offer which increased the controlling interest to 97.94%, is amortised over 20 years.

Section 2 - Investments (Item C)

Land and buildings - Item C.I

They may be broken down by geographical area as follows:

(thousands of Euro)	2002		2001	
Assets used for operations				
Europe				
Italy	92,609	92,609	107,154	107,154
Other EU countries				
Austria	31,380		36,424	
Denmark	-		-	
Spain	17,187		11,671	
Portugal	40,725	89,292	41,269	89,364
Non-EU European countries				
Switzerland	186,494	186,494	95,420	95,420
Assets used by third parties				
Europe				
Italy	334,573	334,573	1,021,380	1,021,380
Other EU countries				
Austria	419,164		409,608	
Denmark	-		-	
Spain	174,274		167,570	
Portugal	43,253	636,691	40,705	617,883
Non-EU European countries				
Switzerland	1,445,886	1,445,886	964,059	964,059
Leased assets	-	-		
Total		2,785,545		2,895,260

Real estate used for operations includes farming land and businesses totalling Euro 30,657 thousand.

Real estate used by third parties includes buildings under construction and payments on account for Euro 4,764 thousand.

Part of the surplus (Euro 243,005 thousand) in the book value of investments over shareholders' equity values was allocated to the relevant buildings.

The large decrease in domestic real estate used by third parties is due to the sale of the investment in Proprietà Immobiliari, in which part of the non-operating real estate of the Group was concentrated.

Investments in Group and other companies - Item C.II

Investments in subsidiary companies

Twenty-two companies that were not eligible for consolidation on a line-by-line or proportional basis were stated using the equity method while 17 were stated at cost. Current and prior year figures are as follows:

Investment valuation	(thousands of Euro)	2002	2001
Subsidiary companies stated using the equity method::			
Borgo S.Felice srl - Siena		1,330	1,252
Finmatic srl - Milan (1)		0	2,483
Genialpoint spa - Milan (2)		0	9,846
Gestias srl - Turin (3)		32	0
Investitori Sgr spa - Milan		14,689	15,332
Ras Asset Management Sgr spa - Milan		24,252	38,157
Ras Investimenti Sim spa - Milan (4)		0	2,753

(thousands of Euro)	2002	2001
Rasbank spa - Milan	159,967	112,945
Rasfin Sim spa - Milan (5)	0	20,130
R.I.T. Servizi per l'Information Technology spa - Milan (5)	0	18,934
Villa La Pagliaia srl. - Siena	1,242	1,085
Allianz Investmentbank ag (AIB) - Vienna	21,098	21,124
Allianz Kundenservice gmbh - Vienna (6)	0	17,731
Braun & Co. gmbh - Vienna	4,219	4,219
Logistikwerkstatt Assistance gmbh (7)	24,915	0
Ras Asset Management Lux sa - Luxembourg	2,865	3,735
Ras Hellas sa - Athens (4)	0	1,361
Allianz Suisse Personal Financial Services ag - Zurich (3)	1,015	0
Elfitas ag - Zug (CH) (3)	75	0
Gesellschaft für Vorsorgeberatung - Berna (8)	377	0
Investitori Suisse sa - Lugano (3)	1,012	0
Allianz Risiko Service gmbh - Vienna	15,042	42
Other	1,271	826
Total	273,401	271,953
Other companies stated at cost	8,582	77,216
TOTAL	281,983	349,169

Companies stated at cost and the reasons therefor are listed in Part A.

(1) Stated at cost in 2002, as currently in liquidation.

(2) Liquidated in 2002.

(3) Stated at cost in 2001, as dormant.

(4) Stated at cost in 2002, as currently being sold.

(5) Excluded from consolidation in 2002, as controlled by company stated using the equity method.

(6) Consolidated on a line-by-line basis in 2002.

(7) Incorporated in 2002.

(8) Acquired in 2002.

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)	List of investments
Europe						
Italy						
Assimediass srl - Milan Share capital: Euro 25,800	Insurance agent	1.00	99.00	L'Assic.ItalianaDanni	100.00	
Borgo S.Felice srl - Castelnuovo Berardenga (SI) - Quota capital: Euro 944,000	Agric. tourism	99.50	0.50	L'Assic.ItalianaDanni	100.00	
Gestiass srl - Turin Share capital: Euro 10,400	Insurance agent		100.00	Allianz Subalpina	100.00	
Intermediass srl - Milan Share capital: Euro 10,300	Insurance agent	1.00	99.00	L'Assic.ItalianaDanni	100.00	
Investitori Sgr spa - Milan Share capital: Euro 1,010,000	Fund management	5.94	94.06	Investitori Holding	100.00	
Ras Asset Management Sgr spa - Milan Share capital: Euro 12,900,000	Fund management	100.00			100.00	
Rasbank spa - Milan Share capital: Euro 95,000,000	Bank	100.00			100.00	
Villa La Pagliaia srl - Castelnuovo Berardenga (SI) - Quota capital: Euro 1,032,000	Agricultural production and sale	0.50	99.50	Agricola San Felice	100.00	
Other EU countries						
Allianz Elementar Werkkichenbetriebs gmbh - Vienna - Share capital: Euro 36,336	Canteen management		100.00	Allianz Elem. Vers.	100.00	
Allianz Finanzinvest Beratungs gmbh - Vienna Share capital: Euro 60,000	Financial services		100.00	Allianz Elem. Leben	100.00	
Allianz Investmentbank ag (AIB) - Vienna Share capital: Euro 4,360,370	Asset management		66.67 33.33	Allianz Elem.Vers. Allianz Elem. Leben	100.00	
Allianz Risiko Service gmbh - Vienna Share capital: Euro 36,336	Insurance advice		100.00	Allianz Elem. Vers.	100.00	
Braun & Co. gmbh - Vienna Share capital: Euro 1,744,148	Hotel management for training courses		75.00	Allianz Elem. Vers.	75.00	
Logistikwerkstatt Assistance gmbh Vienna - Share capital: Euro 35,000	Services		100.00	Allianz Elem. Vers.	100.00	
Ras Asset Management Lux sa - Luxembourg Share capital: US\$ 2,000,000	Asset management		99.99	Ras International nv	99.99	

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)
Non-EU European countries					
Allianz Asset Management ag - Zurich Share capital: SwFr 100,000	Financial services management		100.00	Allianz Suisse Vers.	100.00
Allianz Suisse Personal Financial Services ag Zurich - Share capital: SwFr 500,000	Services		100.00	Allianz Suisse Vers.	100.00
Elfitas ag - Dättwil (CH) Share capital: SwFr 100,000	Stock brokerage		100.00	Allianz Suisse Vers.	100.00
Gesellschaft für Vorsorgeberatung - Berna Share capital: SwFr 500,000	Services		100.00	Allianz Suisse Leben	100.00
Investitori Suisse sa - Lugano Share capital: SwFr 500,000	Stock brokerage		100.00	Investitori Holding	100.00
S.H.A. SeminarHotel ag - Unteraegeri (CH) Share capital: SwFr 100,000	Hotel management for training courses		100.00	Allianz Suisse Vers.	100.00
Société Financière du Léman sa - Losanna Share capital: SwFr 500,000	Financial services management		80.00 20.00	Ras International nv Allianz Suisse Vers.	100.00

Affiliated companies stated using the equity method

Investment valuation	(thousands of Euro)	2002	2001
Agf Atlantico sa - Madrid		1,304	1,257
Allianz Gestion sa - Madrid		1,969	1,305
Allianz Inversiones, Sociedad de Valores sa - Madrid (1)		2,414	0
Elmonda - Zurich (2)		117,103	0
Europensiones sa - Madrid		8,372	8,607
Minicentrales Hidroeléctricas sa - Madrid (3)		0	1,857
Bawag Allianz Mitarbeitervorsorgekasse ag - Vienna (4)		2,284	0
Other		121	377
Total		133,567	13,402

(1) Stated at cost in 2001, as dormant.

(2) Consolidated on a proportional basis in 2001.

(3) No longer part of the Group.

(4) Incorporated in 2002.

List of investments

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)
Europe					
Other EU countries					
Agf Atlantico Entidad Gestora de Fondos de Pensiones sa - Madrid Share capital: Euro 1,800,000	Pension fund management		50.00	AZ Comp.Seguros	50.00
Allianz sa Agencia de Seguros Madrid - Share capital: Euro 1,000,000	Insurance agent		100.00	AZ Comp.Seguros	100.00
Allianz Gestion sa - Madrid Share capital: Euro 1,500,000	Asset management		100.00	AZ Comp.Seguros	100.00
Allianz Inversiones, Sociedad de Valores sa Share capital: Euro 4,508,000	Financial company		100.00	AZ Comp.Seguros	100.00
Bawag Allianz Mitarbeitervorsorgekasse ag Vienna - Share capital: Euro 1,500,000	Pension fund management		50.00	Allianz Elem. Vers.	50.00
Europensiones sa Entidad Gestora de Fondos de Pensiones - Madrid Share capital: Euro 15,626,000	Pension fund management		49.00	Agf Ras Holding	49.00
Informatica y Servicios Financieros sa (Insesa) - Madrid - Share capital: Euro 60,200	Services		100.00	AZ Comp.Seguros	100.00
IPC International Pension & Comp.Consultants gmbh - Vienna Share capital: Euro 36,500	Services		40.00	Allianz Elem.Leben	40.00
Non-EU European countries					
Elmonda - Zurich Share capital: SwFr 40,000,000	Holding company		50.00	Ras International nv	50.00

The voting rights assigned to Ras at the general shareholders' meetings of both companies consolidated using the line-by-line method and those consolidated on a proportional basis are equal to the total investment percentage in the above list.

Investments in associated companies stated using the equity method

The following minority interests, held directly or indirectly via Ras subsidiaries, representing more than 20%, or 10% in the case of listed companies, were stated using the equity method.

(thousands of Euro)	2002	2001	Investment valuation
Agrigest spa - Rome	80	80	
CreditRas Previdenza Sim spa - Milan	1,406	1,470	
Bawag Versicherungs ag - Vienna (1)	0	4,061	
SK Versicherung ag - Vienna	1,571	1,575	
Wiener Allianz Leasing gmbh & Co.KG - Vienna (2)	0	4,467	
Koç Allianz Hayat Sigorta as - Istanbul	5,946	5,358	
Koç Allianz Sigorta as - Istanbul	10,747	12,573	
Other	646	521	
Total	20,396	30,105	
Other companies stated at cost:	1,834	0	
TOTAL	22,230	30,105	

(3) No longer part of the Group.

(2) Stated at cost in 2002, as currently being sold.

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)	List of investments
Europe						
Italy						
Agrigest spa - Rome Share capital: Euro 160,000	Services	50.00			50.00	
CreditRas Previdenza Sim spa - Milan Share capital: Euro 2,600,000	Stock brokerage	50.00			50.00	
Previndustria spa - Milan Share capital: Euro 108,360	Pension scheme management	28.57			28.57	
Other EU countries						
Ovd Versicherungsdienst gmbh - Vienna Share capital: Euro 36,336	Insurance brokerage		40.00	Allianz Elem. Vers.	40.00	
SK Versicherung ag - Vienna Share capital: Euro 3,633,500	Insurance		25.82	Allianz Elem. Vers.	25.82	
Non-EU European countries						
Eurotax Garantie - Freienbach (CH) Share capital: SwFr 100,000	Services		48.50	Allianz Suisse Vers.	48.50	
Koç Allianz Hayat Sigorta as - Istanbul Share capital: TL 10,000,000,000,000	Pension fund management	33.00	1.00	RB Vita	34.00	
Koç Allianz Sigorta as - Istanbul Share capital: TL 12,000,000,000,000	Insurance	33.75			33.75	

Other companies stated at cost:

(thousands of Euro)	2002	2001	Investment valuation
Emittenti titoli spa - Milan	256	256	
Rete Italiana Telematica Assicurativa - Milan	747	747	
Rolo Banca 1473 - Bologna (1)	0	129,739	
Sofigea srl - Rome	4,739	4,740	
Unicredito Italiano spa - Genoa	781,993	652,394	
Banco Popular Español - Madrid	68,819	64,429	
Banco Portugues de Investments - Porto	103,816	85,938	
Castil Parque Sociedad Exploradora sa - Lisboa	273	267	
Total	960,643	938,509	

(1) Merged into Unicredito Italiano spa in 2002.

List of investments

Company	Business	Ras invest. (%)	Indirect invest. (%)	Held by:	Total invest. (%)
Europe Italy					
Emittenti Titoli spa - Milan Share capital: Euro 4,264,000	Financial company	5.00			5.00
Rete Italiana Telematica Assicurativa srl - Milan Share capital: Euro 5,720,000	Services	11.15	1.7 0.18 0.09 0.02	Allianz Subalpina Bernese Assicuraz. RB Vita Bernese Vita	13.14
Sofigea srl - Rome Share capital: Euro 47,664,600	Financial company	9.65	2.21 0.33	Allianz Subalpina Bernese Assicuraz.	12.19
Unicredito Italiano spa - Genoa Share capital: Euro 3,148,070,110	Credit	4.90	0.02 0.01	Allianz Subalpina RB Vita	4.93
Other EU countries					
Banco Popular Español - Madrid Share capital: Euro 108,577,058	Credit		2.21 0.94	Ras International nv AZ Comp. Seguros	3.15
Banco Portugues de Investments - Porto Share capital: Euro 760,000,000	Financial holding company		8.64 0.22	Ras International nv Allianz Portugal	8.86
Castil Parque Sociedade Exploradora sa Lisbon - Share capital: Euro 55,000	Services		18.18	Allianz Portugal	18.18

Bonds - Item C.II.2

Euro 93,097 thousand

They may be broken down as follows:

UniCredito bonds	Euro 72,381 thousand
Banco Portugues de Investimento bonds	Euro 20,716 thousand

Loans - Item C.II.3

Loans amounted to Euro 690,020 thousand (2001: Euro 1,555 thousand).

The significant rise is due to a loan that Allianz Suisse Leben granted to Allianz ag Munich. The loan earns interest based on the average interest rate on Swiss treasury bills plus 95 base points (3.25% for the first year). Allianz Suisse Leben received a number of shares of Allianz Leben Stuttgart worth SwFr 1 billion (Euro 688,516 thousand) as a guarantee for the loan. The shares were recorded in the memorandum accounts under third party assets.

Other financial investments - Item C.III.3

Fixed-income securities grew 25.82%. They may be broken down as follows:

Bonds and other fixed-income securities

(thousands of Euro)	2002	2001	Change
Fixed-income securities of domestic companies	17,060,277	14,024,394	3,035,883
Fixed-income securities of foreign companies	8,953,504	6,690,402	2,263,102
Convertible bonds	78,295	22,530	55,765
Total	26,092,076	20,737,326	5,354,750

Loans - Item C.III.4

They are made up as follows:

(thousands of Euro)	2002	2001	Change
Secured loans	1,132,021	837,707	294,314
Loans on life policies	144,062	93,519	50,543
Other secured loans	1,571,113	1,099,007	472,106
Other unsecured loans	9,566	107,651	-98,085
Total	2,856,762	2,137,884	718,878

The increase is mainly due to the Swiss companies.

Other financial investments - Item C.III.7 **Euro 517,542 thousand**

Including:

Italy	Euro 372,128 thousand
Spain	Euro 145,414 thousand

Deposits with ceding companies - Item C.IV **Euro 160,831 thousand**

Relationships with unconsolidated Group companies include:

Koç Allianz Hayat Sigorta	Euro 4,415 thousand
Koç Allianz Sigorta	Euro 34 thousand

Section 3 - Other assets (Items D - D.bis - E - F - G)**Investments benefiting life policyholders bearing the risk and investments arising from pension fund management - Item D**

(thousands of Euro)	2002	2001	Change
Investments relating to unit-linked and index-linked policies	8,180,789	5,360,742	2,820,047
Investments arising from pension fund management	128,654	103,329	25,325
Total	8,309,443	5,464,071	2,845,372

The increase was mainly recorded in Italy

Receivables - Item E **Euro 3,133,892 thousand****Receivables relating to direct insurance business - Item E.I** **Euro 1,561,569 thousand**

Receivables from unconsolidated Group companies include Euro 1,381 thousand due from Allianz Agencia de Seguros.

Other receivables - Item E.III

(thousands of Euro)	2002	2001	Change
Rents	13,347	61,221	-47,874
Coupons	140,159	60,736	79,423
Tax receivables	646,488	406,851	239,637
Current accounts with non-insurance companies	4,566	4,794	-228
Other	181,197	201,171	-19,974
Total	985,757	734,773	250,984

The increase of Euro 250,984 thousand was mainly recorded in Italy (Euro 107,823 thousand) and Switzerland (Euro 124,147 thousand).

The increase in tax receivables of Euro 239,637 thousand relates to Italy (Euro 118,434 thousand) and deferred tax assets recognised by Swiss companies (Euro 114,088 thousand).

The item "Other" includes the following receivables due from unconsolidated Group companies:

Ras Asset Management Sgr	Euro 1,915 thousand
Rasbank	Euro 1,173 thousand

Other assets - Item F
Other assets - Item F.IV

(thousands of Euro)	2002	2001	Change
Reinsurance suspense accounts	25,811	38,753	-12,942
Sundry suspense accounts	115,220	102,597	12,623
Claims suspense accounts	41,084	84,008	-42,924
Sundry assets	463,861	245,616	218,245
Total	645,976	470,974	175,002

The increase of Euro 218,245 relates entirely to Italy.

Accrued income and prepaid expenses - Item G

Accrued income and prepaid expenses fell 3.8%. They are made up as follows:

(thousands of Euro)	2002	2001	Change
Interest	387,150	385,327	1,823
Rent	435	971	-536
Other	17,483	34,686	-17,203
Total	405,068	420,984	-15,916

There are no assets with underlying subordination clauses.

Investments and Receivables
Residual duration

(thousands of Euro)	Residual duration 1 year	Residual duration from 1 to 5 years	Residual duration over 5 years	Total
Bonds and other fixed-income securities	2,666,449	7,816,001	15,609,626	26,092,076
Loans	76,362	2,198,685	581,715	2,856,762
Other financial investments	509,730	7,035	777	517,542
Receivables relating to direct insurance business	1,323,807	55,390	16,389	1,395,586
Current account companies	119,111	14,789	0	133,900
Receivables relating to reinsurance business	557,748	28,818	0	586,566
Other receivables	865,525	102,095	18,137	985,757

No financial charges were capitalised.

Balance sheet - Liabilities and shareholders' equity

Section 4 - Shareholders' equity and subordinated liabilities (Items A - B)

Reconciliation of shareholders' equity and net profit for the year of the parent company with consolidated figures

(thousands of Euro)	Group shareholders' equity (excl. net profit for the year)	Minority interests (excl. net profit for the year)	Group net profit for the year	Net profit attributable to minority interests
Parent company	4,141,352	0	1,059,121	0
Statutory net profits for the year of companies consolidated on a line-by-line basis	0	0	162,506	-23,839
Intercompany dividends	202,799	3,020	-202,799	-3,020
Adjustments to goodwill arising on consolidation (article 69 of Legislative decree no. 173)	-900,978	557,976	0	0
Equity method	56,467	1,146	0	0
Statutory net profits for the year of companies stated using the equity method	0	0	25,070	-415
Application of different accounting policies	63,291	64,556	51,787	-29,847
Elimination of intercompany transactions	108,885	-10,955	-156,515	0
Goodwill arising on consolidation	391,790	0	-28,353	0
Total	4,063,606	615,743	910,817	-57,121

Changes in shareholders' equity

(thousand of Euro)	Share capital	Equity reserves	Reserve for own shares of parent company	Consolidation reserve	Reserve for differences arising from valuation of unconsolidated investments	Reserve for conversion differences	Net profit for the year	Group shareholders' equity	Minority interests	Total
At 31 December 2001	376,567	3,438,534	13,415	183,810	8,879	-71,443	401,863	4,351,625	379,653	4,731,278
Allocation of 2001 net profit:										
to dividends and remuneration to directors							-268,331	-268,331	-14,625	-282,956
to reserve		312,835						312,835		312,835
Share capital increase	61,203	-61,203								
change in reserve for own shares		-87,045	87,045							
change in consolidation reserve, reserve for conversion differences and other reserves				-260,124	47,588	13,545	-133,532	-332,523	250,715	-81,808
Net profit for 2002							910,817	910,817	-57,121	853,696
At 31 December 2002	437,770	3,603,121	100,460	-76,314	56,467	-57,898	910,817	4,974,423	558,622	5,533,045

The increase in the reserve for own shares is due to the buy back transaction of 2003.

Section 5 - Technical reserves and other provisions (Items C - D - E)

Net technical reserves - Item C

Non-life business technical reserves, net of reinsurance and retroceded business, amounted to Euro 10,037,457 thousand compared to Euro 8,851,202 thousand in 2001.

The increase of Euro 1,186,255 thousand relates to Italy for Euro 372,400 thousand and abroad for Euro 813,855 thousand.

I - Non-life business

Reserves are made up as follows:

(thousands of Euro)	2002	2001	Change
Premium reserve	1,918,685	1,864,279	54,406
Claims reserve	7,814,759	6,697,237	1,117,522
Equalisation and other reserves	304,013	289,686	14,327
Total	10,037,457	8,851,202	1,186,255

Life business technical reserves, net of reinsurance and retroceded business, amounted to Euro 25,485,786 thousand compared to Euro 20,231,022 thousand in 2001.

The increase of Euro 5,254,764 thousand relates to Italy for Euro 1,966,818 thousand and abroad for Euro 3,287,946 thousand.

II - Life business

Reserves are made up as follows:

(thousands of Euro)	2002	2001	Change
Actuarial reserves	24,553,787	19,493,148	5,060,639
Reserve for amounts payable and other reserves	931,999	737,874	194,125
Total	25,485,786	20,231,022	5,254,764

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

(thousands of Euro)	2002	2001	Change
Reserves relating to unit-linked and index-linked policies	8,180,026	5,358,805	2,821,221
Reserves relating to pension fund management	128,655	103,245	25,410
Total	8,308,681	5,462,050	2,846,631

The increase of 2,864,631 thousand is entirely due to increases in the reserves of Italian insurance companies.

Provisions for risks and charges - Item E

They are made up as follows:

(thousands of Euro)	2002	2001	Change
Staff pension and similar obligations	171,503	178,150	-6,647
Tax provisions	514,083	323,814	190,269
Other provisions **	313,918	293,889	20,029
Total	999,504	795,853	203,651

** This item also includes provisions for risks and charges of Euro 99,543 thousand (of which Euro 75,745 thousand in Italy and Euro 23,798 thousand abroad), the provision for bad debts (Euro 44,557 thousand) and other provisions (Euro 155,548 thousand). It also includes a provision for exchange rate fluctuations arising from the valuation at current exchange rates of the balance sheet items calculated by each Group company. This provision amounted to Euro 14,270 thousand and entirely related to Italian insurance companies.

Section 6 - Payables and other liabilities (Items F - G - H)

Deposits from reinsurers - Item F

(thousands of Euro)	2002	2001	Change
Deposits from reinsurers	867,088	870,898	-3,810
Total	867,088	870,898	-3,810

The overall decrease of Euro 3,810 thousand arose from a decrease in Italy of Euro 32,573 thousand and an increase abroad of Euro 28,763 thousand.

Payables and other liabilities - Item G

(thousands of Euro)	2002	2001	Change
Payables relating to direct insurance business	582,636	303,093	279,543
Payables relating to reinsurance business	290,908	230,602	60,306
Payables to banks and financial institutions	42,115	12,309	29,806
Secured debts	612	9,543	-8,931
Sundry loans and other financial payables	72,624	5,617	67,007
Staff severance indemnity	108,203	97,538	10,665
Other payables	443,538	561,869	-118,331
Other liabilities	759,936	908,484	-148,548
Total	2,300,572	2,129,055	171,517

The increase of Euro 171,517 thousand arose from a decrease in Italy of Euro 272,957 thousand and an increase abroad of Euro 444,474 thousand.

The increase of Euro 279,543 thousand in payables relating to direct insurance business, of Euro 60,306 thousand in payables relating to the reinsurance business and of Euro 29,806 thousand in payables to banks and financial institutions were almost entirely due to Swiss insurance companies.

The decrease in secured debts was recorded in Italy.

The Euro 67,007 thousand increase in sundry loans and other financial payables arose from an increase in Italy of Euro 71,442 thousand and a decrease in Switzerland of Euro 4,435 thousand.

More than 64% of the Euro 118,331 thousand decrease in other payables related to the Swiss companies.

The decrease in other liabilities of Euro 148,548 thousand arose from a decrease in Italy of Euro 293,239 thousand and an increase of Euro 144,691 mainly due to the Swiss and Austrian companies.

Accrued liabilities and deferred income - Item H

Accrued liabilities and deferred income are made up as follows:

(thousands of Euro)	2002	2001	Change
Interest	91	175	-84
Rent	7,125	7,033	92
Other	62,201	67,104	-4,903
Total	69,417	74,312	-4,895

They amounted to Euro 74,312 thousand in 2001, with a decrease of Euro 4,895 thousand (a decrease in Italy of Euro 5,531 thousand and an increase abroad of Euro 636 thousand).

(thousands of Euro)	Residual duration 1 year	Residual duration from 1 to 5 years	Residual duration over 5 years	Total	Payables - Residual duration
Payables relating to reinsurance deposits	657,964	209,124	-	867,088	
Payables relating to direct insurance business	574,163	8,473	-	582,636	
Payables relating to reinsurance business	289,180	977	751	290,908	
Unsecured bank debts	42,115	-	-	42,115	
Secured loans	501	111	-	612	
Other loans	72,624	-	-	72,624	
Staff severance indemnity	97,148	19	11,036	108,203	
Other payables*	425,592	17,831	-	443,423	

* Excluding "amounts to be recovered" totalling Euro 115 thousand.

Section 7 - Guarantees, commitments and other memorandum accounts

(thousands of Euro)	2002
I Guarantees provided	64,092
- Sureties	3,844
- Collateral	60,248
II Guarantees received	5,065
- Sureties	5,065
- Collateral	0
III Guarantees provided by third parties in the interest of consolidated companies	67,625
IV Commitments	2,749,670
V Third party assets	689,142
VI Pension fund assets managed on behalf of third parties	36,522
VII Securities deposited with third parties	29,414,614
VIII Other memorandum accounts	94,180
Total current year	33,120,910

Section 8 - Information on technical accounts

Gross premiums accounted for - breakdown by line of business (8.1) Euro 15,038,951 thousand

Gross premiums accounted for relating to the life business totalled Euro 8,342,821 thousand. They may be broken down as follows:

(thousands of Euro)	Direct business	Indirect business	Total
I Whole and term life insurance	2,431,518	48,774	2,480,292
II Marriage and birth insurance	-	-	0
III Insurance included in points I and II linked to mutual funds	3,392,020	-	3,392,020
IV Health insurance as per letter d), number 1, article 1 of EEC directive no. 79/267 of 5 March 1979	11,016	-	11,016
V Capitalisation transactions as per article 40 of Legislative decree no. 174 of 17 March 1995	1,655,102	-	1,655,102
VI Management transactions of investment pools set up against payment of sums related to whole or term life insurance, labour termination or reduction insurance	804,391	-	804,391
Total life business	8,294,047	48,774	8,342,821
Total life business premiums as per 2001 financial statements	6,579,856	51,196	6,631,052
Percentage increase	26.1	-4.7	25.8

Of the overall increase of Euro 1,711,769 thousand, Euro 1,110,972 thousand related to class V for capitalisation transactions of CreditRasVita.

Gross premiums accounted for relating to the non-life business totalled 6,696,130 thousand. They may be broken down as follows:

(thousands of Euro)	Direct business	Indirect business	Total
Personal accident and health	958,237	18,351	976,588
Third-party motor liability	2,758,442	5,283	2,763,725
Other motor	890,068	1,363	891,431
Marine, aviation and transport	115,149	8,114	123,263
Fire and miscellaneous damage to property	986,425	87,186	1,073,611
General liability	481,940	5,829	487,769
Credit and bonds	31,307	712	32,019
Pecuniary loss	226,476	5,318	231,794
Legal protection	92,303	3	92,306
Assistance	23,624	-	23,624
Total non-life business	6,563,971	132,159	6,696,130
Total non-life business premiums as per 2001 financial statements	6,039,982	134,466	6,174,448
Percentage increase	8.7	-1.7	8.4

Gross premiums accounted for - breakdown by geographical area (8.2)

(thousands of Euro)	Life business	Non-life business	2002 total	2001 total
Italy	6,477,314	3,639,689	10,117,003	8,369,444
Other EU countries:				
Austria	369,310	850,396	1,219,706	1,204,141
Portugal	73,944	263,278	337,222	304,266
Spain	244,428	719,636	964,064	1,028,997
Other non EU countries:				
Switzerland	1,177,825	1,223,131	2,400,956	1,898,652
Total	8,342,821	6,696,130	15,038,951	12,805,500

Income from investments transferred to the life business technical account (8.3)

Each company active in the life business stated the amount of net income from investments covering the life business, which, in accordance with local legislation, has been transferred to the life business technical account. The overall amount increased to Euro 996,719 thousand against Euro 880,694 thousand in 2001.

Other technical income and charges, net of outwards reinsurance (8.4)

The balance of this caption is a net income of Euro 107,833 thousand (2001: Euro 247,168 thousand). It is made up as follows:

(thousands of Euro)	Life business	Non-life business	Total
Write-offs of premiums receivable of previous years, net of related commissions	-2,024	-3,654	-5,678
Write-downs of premiums receivable in arrears, net of related commissions	-2,408	-27,829	-30,237
Knock for knock agreements (CID) and UCI	-	115	115
Other	161,184	-17,551	143,633
Total	156,752	-48,919	107,833

Section 9 - Information on the non-technical account

Income from other investments (9.1)

It rose 12.3% to Euro 1,476,539 thousand and may be analysed as follows:

Income from:

(thousands of Euro)	2002	2001
Mutual fund units	93,367	91,886
Bonds and other fixed-income securities	1,225,160	1,065,449
Loans	118,519	117,702
Deposits with banks	11,133	14,677
Other financial investments	28,360	24,535
Total	1,476,539	1,314,249

Write-backs of write-downs of investments and profit on sale of investments (9.2)

Write-backs of write-downs of investments fell from Euro 59,485 thousand in 2001 to Euro 56,698 thousand in 2002. They mainly related to revaluations of bonds and fixed-income securities of 18,714 thousand (Euro 7,042 thousand in Italy and Euro 11,672 thousand abroad).

Profit on the sale of short-term investments increased 49.2% to Euro 634,472 thousand from Euro 425,156 thousand in 2001. The table below provides a breakdown of this item by type of investment:

Profit on sale of:

(thousands of Euro)	2002	2001
Equity investments	218,465	361,723
Bonds and fixed-income securities	256,292	52,040
Other	159,715	11,393
Total	634,472	425,156

Investment management charges and interest payable (9.3)

(thousands of Euro)	2002	2001
Taxes other than income taxes	1,257	8,517
Administrative general expenses	10,314	10,984
Charges for land and buildings	36,456	48,220
Charges for equity investments	1,829	6,372
Interest and redemption charges for bonds and fixed-income securities	26,491	33,015
Charges for issue discounts	13,742	10,235
Interest expense on deposits	8,319	9,337
Depreciation/amortisation not allocated to the technical accounts	14,031	6,013
Other interest and charges	11,535	13,004
Other depreciation/amortisation	0	3,299
Total	123,974	148,996

Write-downs of investments and loss on sale of investments (9.4)

Write-downs of investments went up from Euro 462,340 thousand in 2001 to Euro 762,500 thousand in 2002. They may be analysed as follows:

Write-downs of:

(thousands of Euro)	2002	2001
Real estate	11,590	6,254
Equity investments	417,312	308,002
Bonds and fixed-income securities	77,353	65,485
Mutual fund units	256,244	81,042
Other investments	1	1,557
Total	762,500	462,340

The 2002 loss on the sale of short-term investments totalled Euro 483,055 thousand (2001: Euro 170,357 thousand).

Loss on the sale of:

(thousands of Euro)	2002	2001
Equity investments	360,264	142,053
Bonds and fixed-income securities	45,218	16,135
Other investments	77,573	12,169
Total	483,055	170,357

Other income (9.5)

Other income decreased by Euro 125,189 thousand from Euro 464,193 thousand in 2001 to Euro 339,004 thousand in 2002. It is made up as follows:

(thousands of Euro)	2002	2001
Interest on receivables relating to direct insurance business	148	10,903
Interest on other receivables relating to insurance business	7,509	7,897
Interest on tax receivables	674	678
Interest on cash and cash equivalents	26,445	24,967
Interest on other receivables and assets	11,535	9,818
Revenues and closing stock of farming businesses	14,096	12,687
Withdrawals from provisions for risks and charges	2,005	101,617
Withdrawals from other provisions	85,102	215,777
Other income	191,490	79,849
Total	339,004	464,193

The item "withdrawals from other provisions" mainly related to the provision for securities fluctuations (Euro 48,213 thousand)

Interest on financial payables and other charges (9.6)

Interest on financial payables charged to the 2002 profit and loss account decreased by Euro 10,798 thousand to Euro 15,437 thousand.

(thousands of Euro)	2002	2001
Interest on payables to banks	4,015	6,976
Interest on other loans	1,876	16,815
Interest on other liabilities	9,546	2,444
Total	15,437	26,235

Other charges totalled Euro 306,593 thousand, as follows:

(thousands of Euro)	2002	2001
Charges and opening stock of farming businesses	10,780	10,177
Accrual to tax provisions	1,809	14,306
Accrual to provisions for risks and charges	71,938	44,076
Accruals to other provisions	2,075	55,442
Losses on and write-downs of receivables due from parties other than policyholders	170	2,575
Amortisation of intangible assets	40,830	22,102
Amortisation of goodwill	28,353	29,633
Other taxes	5,486	6,365
Other charges	145,152	86,800
Total	306,593	271,476

The increase in amortisation of intangible assets is mainly due to CreditRas Vita (Euro 4,626 thousand), GE.SI (Euro 7,655 thousand) and Allianz Kundenservice (Euro 4,343 thousand).

Extraordinary income and charges (9.7)

Extraordinary income and charges amounted to Euro 1,179,742 thousand and Euro 58,602 thousand, respectively. They mainly arose from the sale of long-term investments and are made up as follows:

(thousands of Euro)	2002	2001	Extraordinary income
Profit from the sale of:			
Tangible assets and stock:	285	38	
Real estate	9,910	18,035	
Investments in Group companies sold to third parties	1,099,244	11,208	
Equity investments	-	181	
Bonds and other fixed-income securities	4,014	-	
Other:			
Prior year items	65,622	11,032	
Other extraordinary income	667	4,379	
Total	1,179,742	44,873	

The increase in extraordinary income in 2002 is mainly due to the sale by Ras of Proprietà Immobiliari and deferred tax assets of Euro 56,469 thousand on losses carried forward by the Swiss companies.

(thousands of Euro)	2002	2001	Extraordinary charges
Loss from the sale of:			
Tangible assets and stock:	107	7	
Real estate	1,158	1,979	
Investments in Group companies sold to third parties	61	37	
Equity investments	-	198	
Bonds and other fixed-income securities	9,414	7	
Other:			
Prior year items	26,708	12,696	
Other extraordinary charges	21,154	13,278	
Total	58,602	28,202	

Other extraordinary charges includes income taxes of Euro 21,153 thousand paid in 2002 and related to previous years.

Income taxes for the year (9.8)

Income taxes for the year totalled Euro 375 million, including Euro 412 million relating to the Italian companies. They were offset by the deferred tax assets on 2002 losses carried forward by the Swiss companies and amounting to Euro 41 million.

Part D - Other information

Number of employees

The number of employees of the consolidated companies decreased by 1,243. Such fall is mainly related to Switzerland, as a net result of:

- the increase in employees of the former Berner and Alba;
- the exclusion from consolidation of Mondial Group.

The average number of employees may be broken down by category as follows:

	2002	2001	difference
Managers	273	325	-52
Supervisors and clerks	11,871	13,294	-1,423
Other	509	277	232
Total	12,653	13,896	-1,243

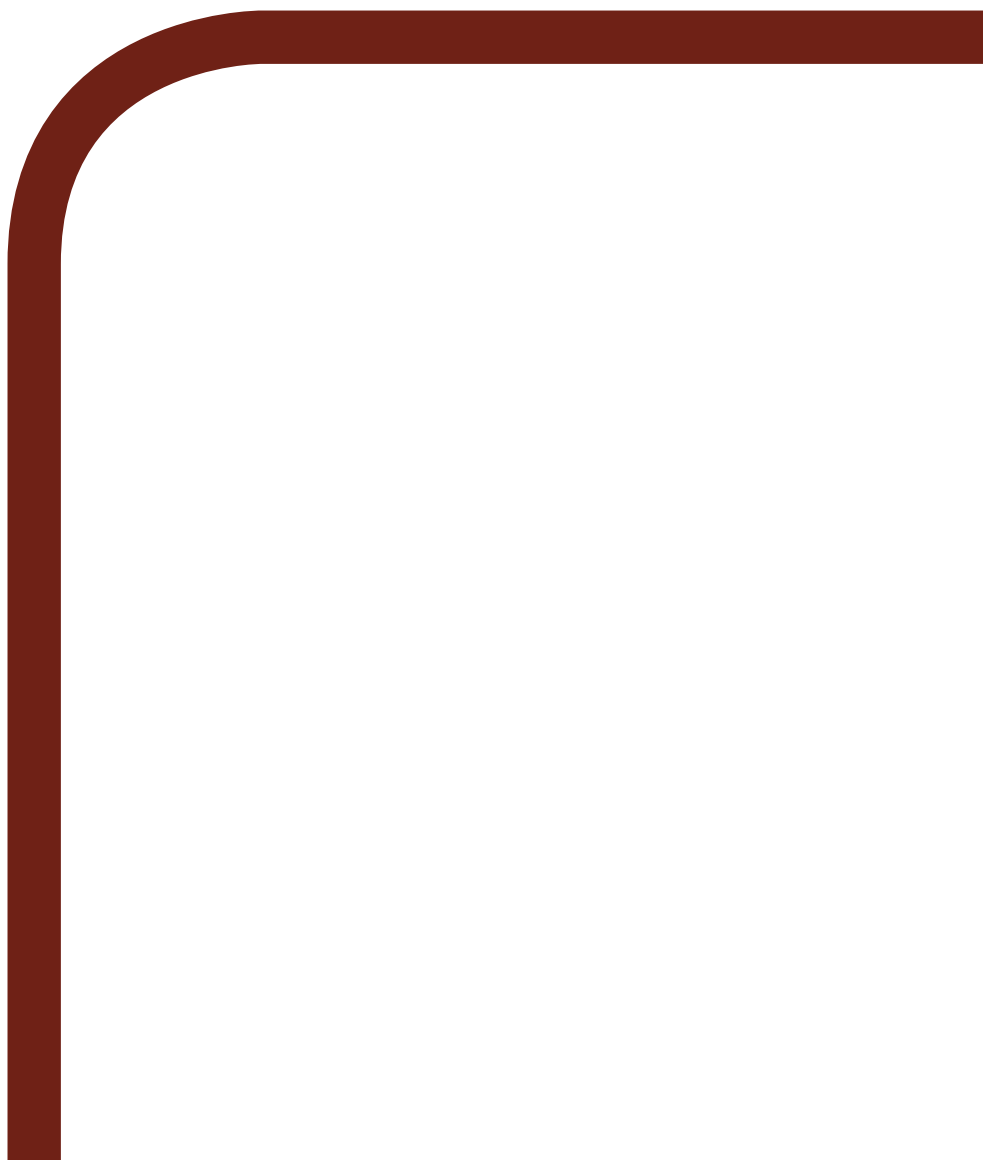
Remuneration of directors and statutory auditors

Remuneration to directors and statutory auditors of Ras, in respect of duties performed also for the other consolidated companies, amounted to Euro 3,639 thousand, gross, for members of the Board of Directors and Euro 401 thousand for statutory auditors.

Group solvency margin

In accordance with Legislative decree no. 239 of 17 April 2001 and ISVAP circular no. 456/D of 6 November 1991, which implements EEC directive no. 98/78, Ras calculated the Group's adjusted solvency margin using the consolidated financial statements method.

(thousands of Euro)	2002	2001
Adjusted minimum solvency margin to be set up	2,303,402	1,927,224
Total adjusted solvency margin components	4,506,123	3,741,013
Surplus (deficit)	2,202,721	1,813,789



consolidated cash

f flow

low statement

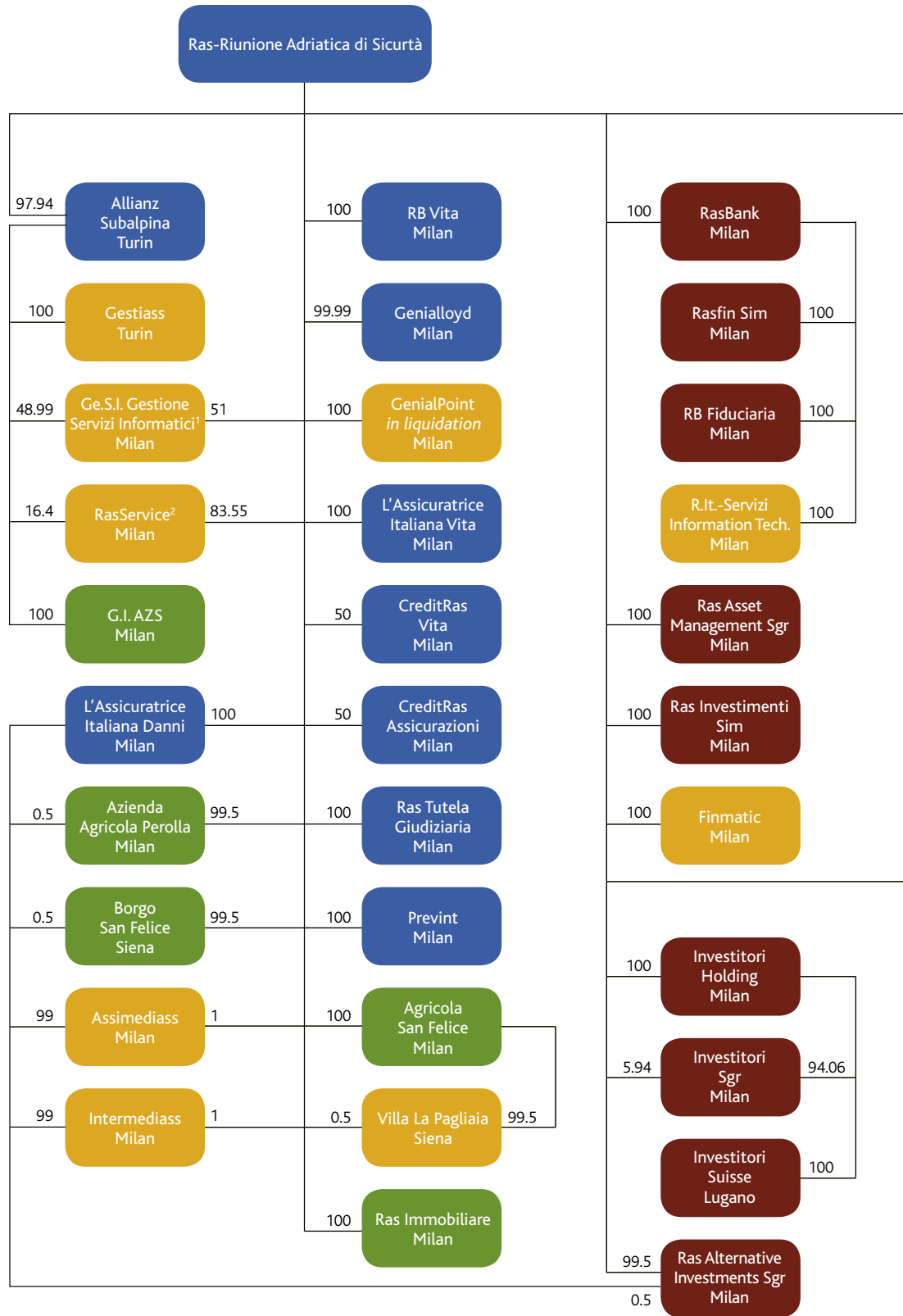
	2002	2001	Source of funds (thousands of Euro)
Cash flows generated by operations for the year:			
• Net profit for the year	910,817	401,863	
• Increase in net technical reserves	9,287,650	4,431,267	
• Depreciation of land, buildings and tangible assets	37,094	32,678	
• Increase (decrease) in provisions for risks and charges (including staff severance indemnity)	203,651	-262,334	
• Write-downs	762,499	460,783	
• Write-backs of securities	-67,286	-67,237	
• Write-downs of mutual fund units	-93,169	-89,803	
• (Increase) decrease in receivables and other assets, net of payables and other liabilities	-541,717	21,156	
• Net issue discounts on fixed-income securities	-1,287	-4,470	
Other changes in shareholders' equity	-19,688	13,355	
Cash flows generated by operations	10,478,564	4,937,258	
Increase (decrease) in minority interests	178,969	52,699	
Total cash flows generated	10,657,533	4,989,957	

	2002	2001	Application of funds (thousands of Euro)
Increase in net investments:			
• bonds and other fixed-income securities	5,798,582	1,682,746	
• equity investments	2,230,111	2,829,039	
• land and buildings	-198,390	179,854	
• loans and other investments	1,898,498	-243,710	
Total	9,728,801	4,447,929	
Dividends distributed:			
• parent company	268,318	225,911	
• subsidiaries	14,625	7,805	
Increase in tangible and other assets	87,660	57,964	
Repurchase of own shares	87,045	10,994	
Total application of funds	10,186,449	4,750,603	
Change in cash and cash equivalents	471,084	239,354	
	10,657,533	4,989,957	

	2002	2001	Cash and cash equivalents (thousands of Euro)
Opening balance (*)	883,627	638,952	
Closing balance	1,354,711	878,306	
Change in cash and cash equivalents	471,084	239,354	

(*) Including exchange rate fluctuations for amounts in foreign currencies

group structure



¹ The residual 0.01% is held by wholly-owned companies.

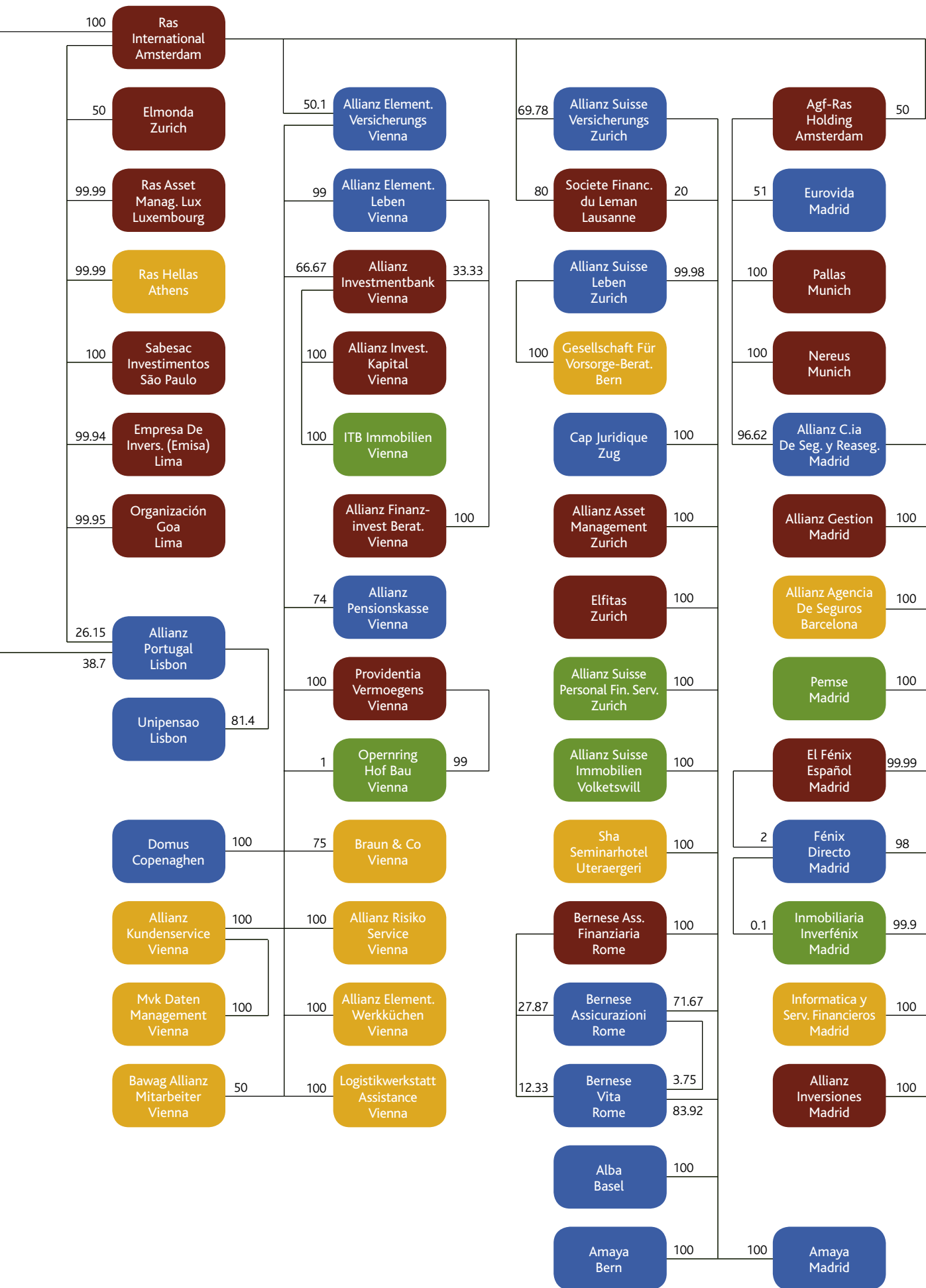
² L'Assicuratrice Italiana Danni and RB Vita each hold a 0.3% stake in the company.

insurance
pension funds

financial
trusts

real estate
farming

services
other



independent

a

uditors' report

aud



Revisione e organizzazione contabile

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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 and article 75 of legislative decree no. 173/97

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

- 1 We have audited the consolidated financial statements of RIUNIONE ADRIATICA DI SICURTÀ Group as at and for the year ended 31 December 2002. These financial statements are the responsibility of the parent 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 consolidated 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. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries and associated companies representing approximately 25% and 36% of consolidated assets and consolidated gross premiums respectively, have been audited by other auditors who provided us with their reports thereon. Our opinion, expressed herein, with respect to the figures relating to such companies included in the consolidated financial statements is based, inter alia, on the audits performed by the other auditors.

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



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

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

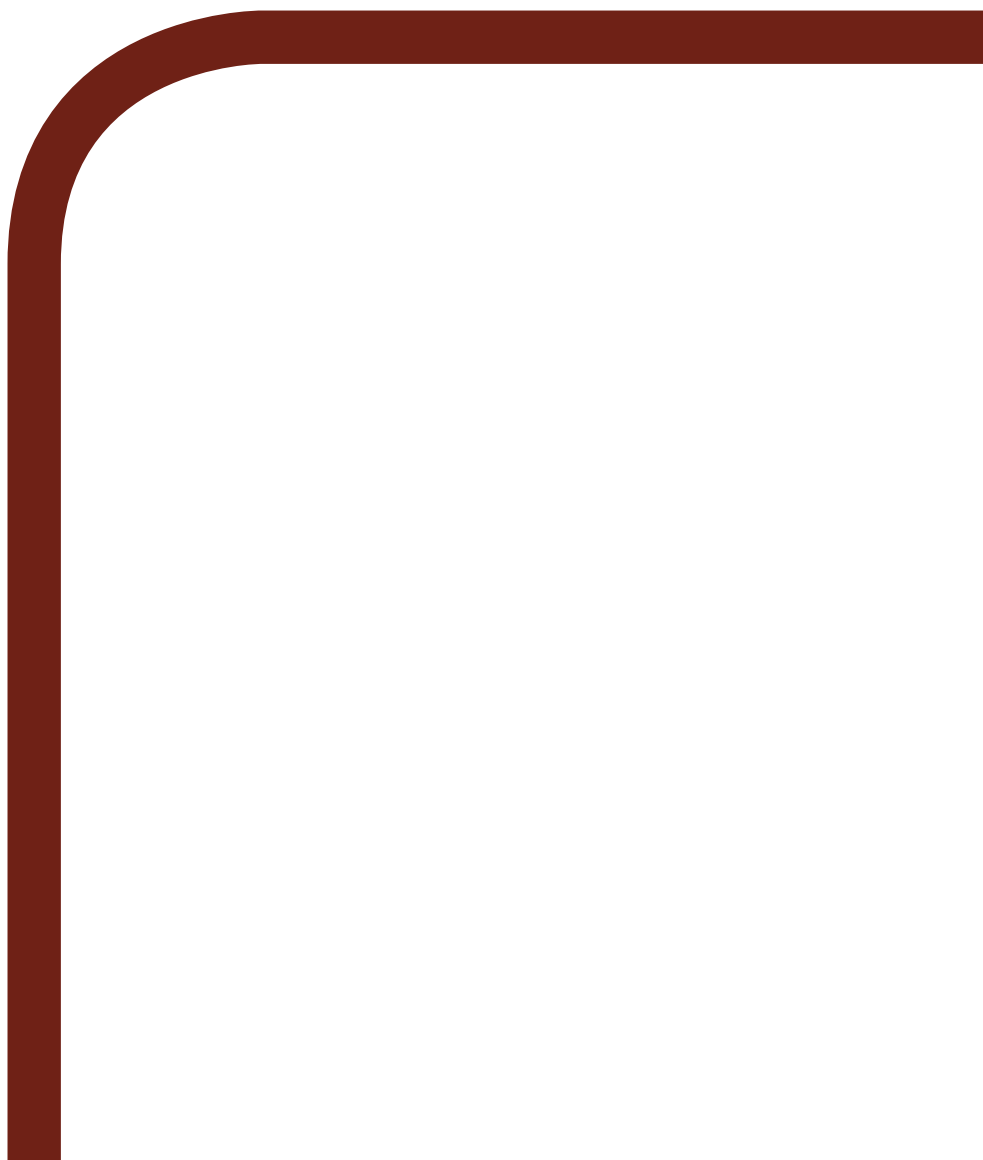
- 3 In our opinion, the consolidated financial statements of RIUNIONE ADRIATICA DI SICURTÀ Group as at and for the year ended 31 December 2002 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the group.

Milan, 10 April 2003

KPMG S.p.A.

(Signed on the original)

Piero Bianco
Director of Audit





embedded value

Supplementary information regarding embedded value of life insurance and Italian retail asset management businesses

Introduction

The Ras Group, like other Italian insurance companies, reports the profits from its life insurance business in its published financial statements on the statutory basis required by Italian regulations. The bases used to report the company's assets and liabilities are principally concerned with the demonstration of the financial strength of the company and this may give rise to implicit profits within the business in force.

An alternative method of reporting the value and determining the performance of a life insurance company is to use embedded value accounting. This method is used by a number of European insurance groups to provide supplementary information to that shown in their published accounts.

Retail asset management business shares many common features with life insurance business, resembling unit-linked business in many ways. Although less often disclosed, the concepts underlying the determination of an embedded value may equally be applied to retail asset management business. A common approach allows comparison on a consistent basis with the life insurance business, which is particularly important if part of the profit streams associated with the life insurance line of business arise in a sister asset management company.

An embedded value is an actuarially determined estimate of the economic value of the company, excluding any value attributable to future new business.

Embedded value earnings can be defined either as the change in the embedded value over a year, after adjustment for any capital movements such as dividends and capital injections, or equal to the sum of the change in the value of in-force business, the change in the value of net asset adjustments, and the after tax profits for the year. The two definitions are equivalent and provide a measure of the company's performance during the year in terms of its ability to generate value.

Given the importance to the Group of both life insurance and retail asset management and the additional insights which this reporting method can provide into the Company's performance, the Ras Group has decided to disclose the embedded value and embedded value earnings of its most significant insurance businesses and of the retail asset management business distributed in Italy. These values have been determined with the assistance of the firm of management consultants and actuaries Tillinghast – Towers Perrin.

The calculation of embedded values requires the use of numerous assumptions with respect to future business, operating and economic conditions and other factors, many of which are beyond the control of the Ras Group. Although the assumptions used represent estimates which the Ras Group and Tillinghast – Towers Perrin consider to be reasonable, actual future operating conditions and actual future experience may vary from that assumed in the calculation of the embedded values, and such variations may be material. Consequently, the inclusion of embedded value information herein should not be regarded as a representation by the Ras Group, Tillinghast – Towers Perrin or any other person, that the stream of future after tax profits used to determine the embedded values will be achieved.

Embedded value

The embedded value of a company comprises the sum of adjusted shareholders' net assets and the value of business in force at the valuation date.

Adjusted shareholders' net assets are based on published net assets adjusted to reflect the market value of the underlying assets. For composite insurance companies such as Ras, it is necessary to undertake a subdivision of the consolidated balance sheet in order to present values solely in respect of the life and retail asset management business under consideration.

The value of in-force life insurance business is the present value of the projected stream of future after-tax profits that are expected to be generated by the policies in force at the valuation date, assuming assets equal to the technical reserves, less a charge for the cost of holding an amount of solvency capital.

The value of in-force asset management business is similarly defined as the present value of the projected stream of future after-tax profits expected to be generated by the mutual fund contracts and asset management mandates in-force at the valuation date.

The stream of future after-tax profits is determined using realistic assumptions for future operating conditions as regards such items as investment returns, inflation, expenses, taxation, lapse, disinvestment, surrender and mortality rates.

The discount rates used to calculate the present values are determined with reference to the prevailing levels of interest rates and include a loading to reflect the risk that the assumptions chosen to project the future profits may not be borne out in practice.

Life insurance undertakings are generally required to maintain a level of capital in excess of technical reserves in order to demonstrate solvency. For the purposes of this disclosure, the Ras Group has determined the cost of solvency capital based on a level of 100% of the EU minimum solvency requirements. Assets backing this solvency capital can be considered as being locked-in and are projected to earn an after-tax rate of investment return, which is less than the risk-adjusted discount rates used in the calculation of the value of in-force business.

The annual charge for the cost of maintaining solvency capital is represented by the difference between the after-tax amount earned on assets backing solvency capital and the amount expected in accordance with the risk adjusted discount rate. The cost of solvency capital is the present value of these annual charges over the outstanding life of the policies in force.

Embedded value of life and Italian asset management business

The Ras Group has calculated embedded values in respect of its most significant life insurance businesses and Italian retail asset management business. The following table shows these values as at 31 December 2000, 2001 and 2002.

Embedded value of life insurance and Italian asset management businesses (millions of Euro)

31 December	2000	2001	2002
Consolidated net assets (Life insurance and Italian asset management)	1,176	1,394	1,496
Adjustments to consolidated net assets	433	493	352
Adjusted net assets of Life and Italian assets management businesses	1,609	1,887	1,848
Value of in-force Life insurance business			
- Italian business	916	925	1,071
- Foreign business	391	360	312
Value of in-force retail Italian asset management business	330	302	224
Value of in-force business	1,637	1,587	1,607
Embedded value of Life insurance and Italian asset management	3,246	3,474	3,455

The values shown above are net of minority interests, taxes and cost of capital. The life consolidated net assets include the life business of Ras, Allianz Subalpina, L'Assicuratrice Italiana Vita, CreditRas Vita and RB Vita; the foreign business includes Allianz Suisse, Allianz Portugal, Allianz Elementar Leben, Allianz Seguros y Reaseguros and Eurovida. The asset management consolidated net assets include Ras Asset Management, Finmatic, Ras Investimenti Sim, Ras Asset Management Lux, Rasbank, R.It., Rasfin Sim, Investitori Sgr and Investitori Holding.

The consolidated net assets of the life insurance and asset management businesses as shown above take account of the following major adjustments from the published life insurance balance sheet of Ras spa: (i) the exclusion of businesses not considered, primarily property casualty companies; (ii) consolidation adjustments to restate life insurance and asset management subsidiaries on a consolidated net asset basis; (iii) the inclusion of the share of life insurance businesses held in the non-life balance sheet of Ras spa.

The merger in Switzerland of Allianz, Elvia and Berner net of the increase in the participation in Allianz Elementar Leben (Austria) and other minor variations resulted in a net reduction in the consolidated net assets included in the valuation of Euro 57 million.

In 2002, Duerre Vita and Casse e Assicurazioni Vita were incorporated into CreditRas Vita and after-tax cost of the goodwill has been included as an adjustment to net assets.

The adjustments to net assets relate to (i) the after-tax effects of marking assets to market, including properties, allowing for shareholders' interests in life insurance policyholder assets; (ii) the immediate and deferred impacts of withholding taxes on remittance of profits from foreign subsidiaries and (iii) the elimination of intangible assets, including goodwill and deferred acquisition costs, and other minor after tax adjustments.

The values of the in-force life insurance and retail asset management businesses are calculated on a consolidated line of business basis, after minority interests, using assumptions considered appropriate at each valuation date.

The risk discount rates for Italian business are 7% as at 31 December 2002 and 7.75% as at 31 December 2001 and 2000 and the discount rates for other territories are set on an economically consistent basis. The value of in-force life insurance business is shown after the cost of holding solvency capital.

The risk discount rate appropriate to an individual shareholder or investor depends upon the investor's own requirements, tax position and perception of the risks associated with the realisation of future profits. To judge the impact of using alternative discount rates, the embedded value at 31 December 2002 has been calculated using discount rates respectively 0.5% higher and lower than the central rate as shown in the table below. In addition, to illustrate the impact of changes in the economic scenario, the embedded value at 31 December 2002 has been estimated using interest rates respectively 0.5% higher and lower than the central rate without changing the discount rate. Fixed interest asset values have been hypothetically revalued to take account of the change in interest rates. The results are shown in the table below.

	+0.5%	Central rate	-0.5%	Sensitivities of embedded value as at 31 December 2002 (millions of Euro)
Sensitivity of embedded value to the discount rate			6	
Embedded value	3,384	3,455	3,532	
Change in %	-2.1%		+2.2%	
Sensitivity of embedded value to the interest rate				
Embedded value	3,647	3,455	3,259	
Change in %	+5.6%		-5.7%	

Embedded value earnings of life and Italian asset management business

The embedded value earnings of the life insurance and Italian retail asset management business of the Ras Group is equal to the sum of the change in the value of in-force business, the change in the value of net asset adjustments and the share of the Group's consolidated after tax profits associated with the businesses in question, as shown in the following table.

	2001	2002	Embedded value earnings in 2001 and 2002 (millions of Euro)
Change in value of in-force life insurance and asset management business	(50)	20	
Change in value of adjustments to consolidated net assets	60	(141)	
Share of consolidated after-tax profits	144	259	
Embedded value earnings	154	138	
equivalent to:			
Change in embedded value	228	(19)	
Purchases and sales of consolidated net assets	(5)	57	
Other capital movements	(69)	100	

The shares of consolidated after-tax profits and the capital movements for 2002 and 2001 include the extraordinary transfers net of minority interests of, respectively, Euro 109 million and Euro 144 million from Allianz Suisse Versicherung to Allianz Suisse Leben.

The breakdown of 2002 embedded value earnings between Italian and foreign life insurance and retail asset management is as follows.

	Italian life	Foreign life	Retail asset mgt	Embedded value earnings in 2002 by line of business (millions of Euro)
Change in value of in-force life insurance and asset management business	146	(48)	(78)	
Change in value of adjustments to consolidated net assets	(125)	3	1	
Share of consolidated after-tax profits	239	26	(6)	
Embedded value earnings	240	(19)	(83)	

The share of consolidated after-tax profits for 2002 includes the extraordinary transfer net of minority interests of Euro 109 million from Allianz Suisse Versicherung to Allianz Suisse Leben.

Embedded value earnings can be divided into three major components:

1. The impact of purchases, sales and mergers of life insurance or asset management businesses;
2. Value added before new business comprising (i) expected profits, based on the assumptions underlying the opening embedded value; (ii) exchange rate variances, (iii) experience variances, resulting from differences between actual experience and the assumptions used at the start of the year, before the impact of new

sales in the year; (iv) the impact of purchases and sale of life insurance or asset management businesses; (iv) changes in assumptions for future operating experience, excluding economic and tax assumptions; (vi) changes in assumptions for future economic conditions, including the risk discount rate; (vii) changes in assumptions for future taxation;

3. The value added by new business in the year, determined initially at the point of sale, and then accumulated at the risk discount rate to the end of the year, taking account of any variances in experience in this period. New life insurance business is defined as new policies issued. New asset management business is defined to be gross retail inflows net of switches within funds and managed asset portfolios for a total of Euro 1,441 million in 2001 and Euro 1,273 million in 2002.

These components for 2001 and 2002 are shown in the following table.

Components of embedded value earnings in 2001 and 2002 (millions of Euro)

	2001	2002
Impact of purchases, sales and mergers	-3	(17)
Value added before new business		
- Expected profits	207	210
- Exchange rate variances	15	4
- Experience variances	(65)	(142)
- Changes in future operating assumptions	(15)	21
- Changes in economic assumptions	(125)	(43)
- Changes in taxation assumptions	23	(27)
Total value added before new business	40	23
Value added by new business	111	132
Embedded value earnings	154	138

A description follows of the significant factors affecting the embedded value earnings in 2002.

The reorganisation of shareholdings in Switzerland, partially offset by the net increase in the participation in Allianz Elementar Leben (Austria) and other minor variations, resulted in a reduction in embedded value earnings of Euro 17 million.

Expected profits, based on the start-year assumptions, amounted to Euro 210 million. The variances from the assumptions used at the start of the year reduced earnings in the year by Euro 142 million in aggregate. Negative variances from investment performance accounted for Euro 233 million. These were the result of negative stock market performance for Euro 90 million in the retail asset management business, for Euro 110 million in the foreign life companies, for Euro 67 million on the Italian insurance portfolio and for Euro 71 million on shareholder equity holdings offset in part by the embedded value gain on the sale of the property portfolio of Euro 105 million. There was an extraordinary transfer for Euro 158 million (Euro 109 million net of minorities) from Allianz Suisse Versicherung to Allianz Suisse Leben to offset lower than expected investment returns. Other minor variances are principally associated with the investments in the banking business.

Operating assumption changes increased earnings by Euro 21 million and are principally the result of a reduction in the distribution to policyholders of profits generated by shareholder assets in the Austrian life business. The changes to economic assumptions reduced earnings by Euro 43 million due to the reduction in future investment returns affecting principally the Swiss life business partially compensated by the reduction in risk discount rate. The introduction of the taxation of insurance reserves in Italy and the revision of Dual Income Tax had a negative impact on earnings of Euro 27 million.

New business in the year added Euro 132 million to embedded value earnings, determined initially at the point of sale, and then accumulated at the risk discount rate to the end of the year.

Value added by new business in 2001 and 2002 (millions of Euro)

New business	2001	2002
Life insurance – Italian business		
- Agents	52	65
- Financial Advisors	8	19
- Banks	27	32
Life insurance – Foreign business	3	3
Retail Asset Management	21	13
Total value added by new business	111	132

To judge the impact of using alternative discount rates, the value added by new business in 2002 has been calculated using discount rates respectively 0.5% higher and lower than the central rate. In addition, to illustrate

the impact of changes in the economic scenario, the value added by new business in 2002 has been estimated using interest rates respectively 0.5% higher and lower than the central rate without changing the discount rate, as shown in the table below.

Sensitivities of value added by new business in 2002 (millions of Euro)

	+0.5%	Central rate	-0.5%
Sensitivity of New Business to the discount rate	123	132	142
Change in %	-6.8%		+7.6%
Sensitivity of New Business to the interest rate	140	132	124
Change in %	+6.1%		-6.1%

Assumptions

Embedded value accounting, in common with any valuation method based on projections of future earnings, necessarily involves a degree of subjectivity when establishing the assumptions to be used. The Ras Group, assisted by Tillinghast – Towers Perrin, has sought to employ appropriate assumptions, in a consistent fashion, for all its lines of business. Following common practice in embedded value reporting, assumptions have been set in a deterministic fashion which does not therefore reflect the consequences of the natural volatility of certain experience assumptions, particularly those for investment returns.

The principal assumptions and bases are given below:

- A risk discount rate for Italian business of 7% was used as at 31 December 2002 (7.75% in 2001 and 2000). Risk discount rates for other territories were set on an economically consistent basis.
- The gross market rate of investment return on benchmark Italian ten-year government bonds was 4.50% for the 2002 valuation (5.25% and 5.20% for 2000 and 2001 respectively); the gross investment return for equities was 7% for the 2002 valuation (7.75% for 2001 and 2000); and equivalent benchmarks were used for other territories.
- The rate of return on assets backing life technical reserves was determined using economically consistent parameters, based on the average actual asset mix. For the Italian segregated funds, the average yield was 5.30% for 2000 and 4.80% for 2001 and 2002. The impact of the emergence of unrealised gains within the Italian segregated funds is considered within the adjustments to net assets. The rates of return, before charges, on unit-linked life insurance, mutual funds and retail asset management portfolios were determined in accordance with the average asset composition of each fund, with average yields for the 2002 valuation of 5.1%, 5.25% and 5.05% respectively.
- Projected profits in Italy have been subject to a tax charge (allowing for the aggregate impact of Irpeg and Irap) for the 2000 valuation at rates of 42% until 2003 and 41% thereafter and for the 2001 and 2002 valuation at 40%. The taxes payable in advance on reserves and the associated loss of interest, as a result of the new Italian tax legislation, have been projected. Projected profits in foreign subsidiaries have been taxed at normal local rates. To determine consolidated results, account has been taken of withholding taxes on profits remitted to Italy.
- Future experience for mortality, lapse, surrender and other exits, including rates of total and partial withdrawals on unit-linked and asset management business have been based on recent analysis of the operating experience of the Ras Group, supplemented by market knowledge where necessary.
- General and administrative expenses associated with the life insurance and Italian asset management business, at the consolidated level, have been subdivided by line of business and fully allocated into investment, acquisition and maintenance expenses. Maintenance expenses expressed as per-policy amounts on Italian business are assumed to increase with inflation at 3%.
- Commissions and other payments to agents, salesmen and financial promoters in respect of life and asset management business have been based on recent Ras Group operating experience, on a consolidated line of business basis.
- Life business contract charges, terms and conditions, including surrender value bases, have been assumed to remain unaltered.
- For Italian life business, policyholder profit participation, management fees and other charges have been assumed to remain unaltered.
- For foreign life business, where discretionality exists regarding policyholder profit participation, the current distribution philosophy has been maintained, consistent with projected economic and operating conditions.
- For Swiss group pensions business, it has been assumed that the business will not be renewed at the next renewal date.
- Commissions and other charges on asset management business have been projected assuming that the prevailing rates at the valuation date are maintained.

- An assumption regarding future performance commissions on asset management business has been based on internal Ras Group analysis.
- The value of in-force life insurance business is shown after the impact of reinsurance outside the Ras Group.
- The cost of solvency capital for life insurance business has been determined on the basis of 100% of the EU minimum requirement assuming that assets backing solvency capital earn an appropriate after-tax investment return, after allowing for the beneficial impact of DIT on Italian business. The average difference between the after-tax amount earned on assets and the risk discount rate is approximately 3.3%. The cost of solvency capital on this basis which has been allowed for in the value of in-force life business is Euro 183 million in 2002 and in the value added by new life business is Euro 22 million.

External advice

Tillinghast – Towers Perrin, management consultants and actuaries, advised the Ras Group on the methodology and assumptions used and on the calculation of embedded values and embedded value earnings. Tillinghast – Towers Perrin has reported to the Ras Group that it believes that the methodology and assumptions used to determine the embedded value are reasonable and in accordance with sound actuarial principles and that the resulting embedded values and embedded value earnings are reasonable. Certain approximations were necessary in the calculation of values for the foreign Life business, but in aggregate these were not considered to be material.

Tillinghast - Towers Perrin

Milan, 17 March 2003

Egregio dottor
Mario Greco
Amministratore Delegato
RAS – Riunione Adriatica di Sicurtà S.p.A.
Corso Italia, 23

20123 MILANO

Dear dottor Greco,

DISCLOSURE OF EMBEDDED VALUE INFORMATION

Tillinghast – Towers Perrin, management consultants and actuaries, has provided advice to the RAS Group regarding the methodology to be used, the derivation of the assumptions and the determination of the embedded values as at 31 December 2001 and 2002, of the 2002 embedded value earnings and value added by new life business written in 2002, for the group's most significant life insurance businesses, and for the retail asset management business distributed in Italy.

EMBEDDED VALUE

The group has calculated values in respect of its consolidated life insurance business, including the value projected to emerge in the group's asset management companies which is directly associated with life insurance in Italy, and in respect of the retail asset management business distributed in Italy. The results are given in Table 1 below:

TABLE 1

Embedded Value as at 31 December 2001 and 2002 (€ millions)

31 December	2001	2002
Central risk discount rate	7.75%	7.00%
Consolidated net assets	1,394	1,496
Adjustments to consolidated net assets	493	352
Value of in-force business	1,587	1,607
Embedded Value	3,474	3,455

EMBEDDED VALUE EARNINGS IN 2002

The embedded value earnings of the life insurance and Italian retail asset management business of the RAS group is equal to the sum of the change in the value of in-force business, the change in the value of net asset adjustments, and the share of the group's consolidated after tax profits associated with the businesses in question. Table 2 shows the derivation of embedded value earnings in 2002.

TABLE 2

Embedded Value Earnings in 2002 (€ millions)

Change in value of in-force life insurance and asset management business	20
Change in value of adjustments to consolidated net assets	(141)
Share of consolidated after-tax profits	259
Embedded value earnings	138

VALUE OF 2002 NEW BUSINESS

The value added by new business in the year was € 132 million, determined initially at the point of sale, and then accumulated at the risk discount rate to the end of the year. New life insurance business is defined as new policies issued. New asset management business is defined to be gross retail inflows net of switches within funds and managed asset portfolios for a total of € 1,273 million.

EXTERNAL OPINION

Tillinghast has reviewed the methodology and assumptions used by the group and has reviewed the resulting values, without, however, undertaking detailed checks of all the calculations. On the basis of the data made available, Tillinghast considers that the methodology and assumptions used are reasonable and in accordance with sound actuarial principles. Although certain approximations were necessary in the calculation of values for the foreign Life business, Tillinghast considers that in aggregate the results are reasonable.

* * * *

In accordance with the provisions of our engagement letter, we hereby agree to the references to Tillinghast – Towers Perrin and our work contained in the analyst presentation and disclosure document attached to this letter.

Yours sincerely



Andrew Milton
Fellow of the Institute of Actuaries



Geoffrey Jones
Fellow of the Institute of Actuaries

glossary

Administered assets

total sum in current accounts and securities trading accounts administered by a company.

Aggregated premiums

total of premiums accounted for in the financial statements by companies of a group.

Annual premiums

total premium that needs to be paid in on a regular basis at the beginning of each insurance period (generally every year) throughout the expected payment period (at most, the duration of the underlying policy).

Bankinsurance (or Bancassurance)

entire group of relationships existing between banks and insurance companies, the purpose of which is to sell insurance products primarily life insurance products via bank branches.

Claims rate

number and/or amount of claims reported in a given year.

Claims reserve

amount allocated by an insurance company to cover the amounts that it expects to pay in the future in respect of claims that have already arisen but have yet to be settled.

Combined ratio

ratio, expressed as a percentage, of net claims, commissions, other charges and net premiums.

Consolidated premiums

total premiums accounted for in the financial statements of companies of a group, net of items eliminated as a result of intergroup transactions.

Gross premiums

total amount of premiums due from a policyholder, plus taxes.

Gross premium income

total premiums from all policyholders.

Group policy

policy agreed by a contracting party (employer) in the interest of several insured persons (company employees or individuals engaged in a profession). Generally speaking, there is therefore a third party in between the insurance company and the insured person, which manages compliance with the agreement and performs some of the administrative duties involved.

Index-linked policy

life policy whose benefit is linked to the performance of an underlying index. In case the result is negative, the invested or a minimum capital, or even a minimum return, may be guaranteed.

Individual policy

policy agreed between two parties, namely the contracting party (who may be the insured person, but not necessarily so) and an insurance company.

Managed assets (or Assets under management)

assets that, at a given date, a company manages on behalf of a third party, which is normally made up of mutual funds, individual portfolio management assets, funds of funds and similar products.

Multimanager

term used to describe a fund of funds or an individual portfolio management plan which diversifies investment on funds of several managers.

Net premium income

total premiums from all policyholders, net of premiums returned.

Premiums from direct business

premiums underwritten by an insurance company, net of those arising from the inward reinsurance business that it may have with other companies.

Premiums from indirect business

premiums arising from inward reinsurance business.

Premiums underwritten

premiums relating to policies taken out during both the current year and previous years, net of premiums annulled due to the cancellation of policies and premiums that are known to be irrecoverable.

Private Banking

asset management services for affluent clients. Apart from individual portfolio management services, it may include advice on alternative investments (e.g. real estate, art works, precious metals) and on tax and inheritance issues.

Recurrent premiums

amount of premium to be paid in accordance with a predefined plan or outside of any such plan. It can normally be considered as a series of lump sum premiums of variable amount that are paid in periodically and on a voluntary basis, i.e. without the obligation typical of annual premiums.

Reserve ratio

ratio of technical reserves to premium income.

Reserves for current risks

amount to be allocated to cover risks of an insurance company at the end of the year, in order to provide for commitments (indemnities) arising from policies taken out before such date.

Single premium

premium paid in as a lump sum when a policy is taken out.

Technical result

specification of the profitability of one or more business lines being considered. This figure is obtained by subtracting costs (i.e. claim payments) from the revenues typically generated by insurance (i.e. premiums).

Unit-linked policy

life policy whose benefit is linked to the performance of the units of an investment fund within or outside of the insurance company, in line with the risk profile of the policy itself.

This Annual Report is available, in Pdf format, at www.ras.it, under the "Press Office & Investor Relations" section

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