



*Report and Accounts*  
*Consolidated Accounts*  
*Financial Year 2003*

# FIVE YEARS IN BRIEF

## COMPANY ACCOUNTS

(Thousand Euro)

	1999		2000		2001		2002		2003	
<b>GROSS PREMIUMS</b>										
MOTOR TPL	1.041.340	45,17%	1.223.193	48,74%	1.388.045	48,30%	2.228.778	47,64%	2.303.226	46,99%
OTHER THAN MOTOR TPL	787.697	34,16%	818.547	32,62%	880.584	30,65%	1.516.642	32,42%	1.550.396	31,63%
LIFE	476.534	20,67%	467.643	18,64%	604.774	21,05%	932.462	19,93%	1.048.100	21,38%
<b>Total</b>	<b>2.305.571</b>	<b>100%</b>	<b>2.509.383</b>	<b>100%</b>	<b>2.873.403</b>	<b>100%</b>	<b>4.677.882</b>	<b>100%</b>	<b>4.901.722</b>	<b>100%</b>
<b>CLAIMS PAID</b> and related charges	1.595.587		1.672.796		1.873.988		3.321.717		3.312.062	
<b>GROSS TECHNICAL RESERVES</b>										
UNEARNED PREMIUMS	682.616		718.403		775.878		1.302.490		1.301.395	
UNSETTLED CLAIMS	2.283.060		2.524.433		2.846.859		4.956.791		5.124.933	
OTHER NON-LIFE	5.888		7.545		8.463		13.186		18.732	
LIFE TECHNICAL RESERVES	3.048.682		3.357.291		3.711.288		6.513.730		6.900.147	
<b>Total</b>	<b>6.020.246</b>		<b>6.607.672</b>		<b>7.342.488</b>		<b>12.786.197</b>		<b>13.345.207</b>	
<b>TECHNICAL RESERVES/PREMIUMS</b>	261,1%		263,3%		255,53%		273,33%		272,26%	
<b>NET EQUITY</b>										
SHAREHOLDERS' CAPITAL AND RESERVES	895.538		939.903		957.974		2.159.848		2.186.526	
NET PROFIT FOR THE YEAR	75.492		48.339		120.292		72.373		133.060	
<b>Total</b>	<b>971.030</b>		<b>988.242</b>		<b>1.078.266</b>		<b>2.232.221</b>		<b>2.319.586</b>	
<b>INVESTMENTS</b>										
LAND AND BUILDINGS	651.772	10,09%	661.253	9,44%	722.655	9,10%	1.573.724	10,72%	1.315.002	8,91%
SECURITIES AND REPO	5.408.515	83,73%	5.772.624	82,40%	5.903.877	74,39%	11.578.037	78,83%	12.073.403	81,77%
CORPORATE FINANCING	26.778	0,41%	29.142	0,42%	28.456	0,36%	455.448	3,10%	153.799	1,04%
DEPOSITS WITH CEDING UNDERTAKINGS	265.353	4,11%	290.861	4,15%	353.317	4,45%	409.630	2,79%	432.416	2,93%
DEPOSITS WITH CREDIT INSTITUTIONS	15.284	0,24%	109.662	1,57%	770.915	9,71%	191.964	1,31%	184.443	1,25%
INVEST. IN CLASS "D"	91.915	1,42%	141.475	2,02%	158.070	1,99%	477.697	3,25%	606.842	4,11%
<b>Total</b>	<b>6.459.617</b>	<b>100%</b>	<b>7.005.017</b>	<b>100%</b>	<b>7.937.290</b>	<b>100%</b>	<b>14.686.500</b>	<b>100%</b>	<b>14.765.905</b>	<b>100%</b>
<b>EMPLOYEES IN THE INSURANCE SECTOR</b>	2.237		2.214		2.193		2.961		2.806	

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# REPORT AND ACCOUNTS

## FOR THE FINANCIAL YEAR 2003

### **FONDIARIA-SAI S.p.A.**

FONDIARIA-SAI S.p.A. - HEAD OFFICE IN FLORENCE - P.ZA DELLA LIBERTA' 6 - HEAD OFFICE IN TURIN - CORSO G. GALILEI, 12 -  
SHARE CAPITAL €170,537,093 FULLY PAID-UP - TAX CODE, VAT REGISTRATION NUMBER AND NUMBER UNDER WHICH THE  
COMPANY IS REGISTERED WITH THE COMPANIES REGISTER OF FLORENCE 00818570012 - AUTHORISED TO OPERATE AS AN  
INSURANCE COMPANY BY ARTICLE 65 OF THE ROYAL DECREE LAW NO. 966 OF 29 APRIL 1923, CONVERTED INTO LAW NO.  
473 OF 17 APRIL 1925

## BOARD OF DIRECTORS

Salvatore Ligresti	<i>Honorary Chairman</i>
Jonella Ligresti	<i>Chairman</i>
Giulia Maria Ligresti*	<i>Vice Chairman</i>
Massimo Pini*	<i>Vice Chairman</i>
Antonio Talarico*	<i>Vice Chairman</i>
Fausto Marchionni*	<i>Managing Director and Chief Executive Officer</i>
Andrea Brogginì	
Carmelo Caruso	
Mariella Cerutti Marocco	
Carlo d'Urso	
Vincenzo La Russa*	
Gioacchino Paolo Ligresti*	
Lia Lo Vecchio	
Siro Lombardini	
Enzo Mei	
Giuseppe Morbidelli	
Cosimo Rucellai	
Oreste Severgnini	
Salvatore Spiniello	
Oscar Zannoni	
Alberto Marras	<i>Secretary to the Board and to the Executive Committee</i>

*\* Members of the Executive Committee*

The Chairman of the Board of Directors, each of the Vice Chairmen and the Managing Director shall be vested with all the powers referred to in Article 21 of the Company's Bylaws.

Pursuant to Article 19 of the Company's Bylaws, the Board of Directors has delegated to the Executive Committee all the powers vested in the Board, save those expressly reserved to the said Board by law and without prejudice to the exclusive competence of the latter with regard to any resolution concerning transactions with related parties, as identified by the Board of Directors. The Board of Directors was appointed by the General Shareholders' Meeting of 29 April 2003.

The term of the Board will expire, at the same time as the term of the Board of Auditors, on the occasion of the General Shareholders' Meeting to approve the accounts for the financial year 2005.

## **BOARD OF STATUTORY AUDITORS**

Benito Giovanni Marino  
*Chairman*

Giancarlo Mantovani  
*Statutory auditor*

Marco Spadacini  
*Statutory auditor*

Sergio Castellini  
*Alternate auditor*

Giorgio Di Giuliomaria  
*Alternate auditor*

Maria Luisa Mosconi  
*Alternate auditor*

## **INDEPENDENT AUDITORS**

*DELOITTE & TOUCHE S.p.A.*

## **JOINT REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS**

Sandro Quagliotti

## **GENERAL MANAGEMENT**

Fausto Marchionni

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# NOTICE OF ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

Dear Shareholders, you are hereby called to attend an Ordinary and Extraordinary Shareholders' Meeting at 11:00 hours on 2 April 2004, in first call, at the offices of Fondiaria-SAI in Florence, via Lorenzo il Magnifico no. 13, with your presence being required once again on 28 April 2004, at the same time, in second call, at the Palazzo dei Congressi in Florence, Piazza Adua no. 1, in order to discuss and decide on the following

## AGENDA

### Ordinary Section:

1. Accounts as at 31 December 2003. Board of Directors Report on activities. Report by the Board of Auditors in accordance with Article 153 of legislative decree no. 58/1998 and Report by the external Auditing Firm. Related and consequent resolutions
2. Resolutions regarding own shares in accordance with Articles 2357 and 2357b of the Civil Code.
3. Resolutions regarding the shares of the holding company Premafin Finanziaria Società per Azioni - Holding di Partecipazioni in accordance with Article 2359a of the Civil Code.

### Extraordinary section:

1. Extension of the period for exercising the "Fondiaria-SAI 1992-2004 Warrants" by a further two years, namely until 31 August 2006, and consequent amendments of the Regulations governing the said warrants and of Article 5 of the Company's Bylaws. Related and consequent resolutions
2. Proposed amendment of Articles 4, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 and 23 of the Company's Bylaws, together with the deletion of Article 6 and the insertion of two new articles, with the consequent renumbering of articles, including as an update of the Decree with the Force of Law no. 6/2003 reforming company law. Conferring of powers for the purposes of passing the related resolutions.

Shareholders holding ordinary shares and in possession of a certificate issued pursuant to Article 34 of the CONSOB resolution no.11768 of 23 December 1998 by an intermediary adhering to the centralised management system of Monte Titoli S.p.A. may attend the General Shareholders' Meeting.

Holders of FONDIARIA-SAI S.p.A. ordinary shares not centralised with Monte Titoli S.p.A. are reminded that the rights relating to the said securities may be exercised only after the securities have been delivered to an intermediary for admission into the centralised management system.

The documentation relating to the agenda will be made available to the public within the time periods and subject to the procedures provided for by current regulations. Shareholders shall be entitled to receive a copy of this.

# **MANAGEMENT REPORT AS AT DECEMBER 2003**

*Dear Shareholders.*

The 2003 financial year was the first to bring appreciable results from the industrial and corporate integration between the Groups SAI and Fondiaria, an important step completed during the course of 2002. These results confirm the leadership position of your Group within the domestic insurance market, with the planned development and profitability objectives having been attained despite the critical status of the reference economic and financial scenario.

The difficult operating environment required a huge effort on the part of all the internal and external structures of the Group to implement the organisational integration and to attain the ambitious objectives set forth in the business plan.

A year after the legal merger of SAI and Fondiaria, the objectives of efficiency, profitability and solvency set at that time have not only been achieved but have even been exceeded. Thus, the Fondiaria-SAI Group has demonstrated that it has all the qualifications required to consolidate and certainly to improve its own position within the insurance and financial market.

## **The insurance market in 2003**

The insurance market premium income in the first nine months of 2003 was around €70bn, having grown by 11.9% over and above the same period of the previous financial year.

Based on projections, we may reckon with a premium income in 2003 of around €100bn, which corresponds to a growth rate of 11.1%.

This points to a slowing down in the rate of growth of the entire insurance market as compared to the last two-year period (2001/2000: 12.7%; 2002/2001: 15.1%; 2003/2002: 11.1%).

Non-Life business contributed around €34bn to the 2003 result, representing an increase of 5.7%, whilst the contribution from Life business was 66bn, revealing 14.3% growth.

With special reference to motor T.P.L. business, the 4.4% increase in premium income was influenced on the one hand by the tariff increases introduced before the companies adopted a policy of keeping tariffs down and, on the other hand, by the increase in the number of insured vehicles (estimated to be +2% in 2003), which meant that the increase in the price of motor T.P.L. could be kept down to a value compatible with the trend of the general rate of inflation.

The current slowdown in developments in the motor classes has not even been turned around by the fact that insurance has been made compulsory for all pleasure boats (Law 172/2003). In fact the expansion of the policyholder base should not, even in the near future, have such an impact on volumes as to reverse the falling trend expected for premium income from this business since, as has emerged, the said phenomenon is marginal. Based on the most recent ANIA data available in relation to 2002, of the 24,500,000 vehicles in circulation, there were 207,000 boats for private use and 500 for public use, with an incidence of 0.85% on the entire Italian vehicle fleet.

Turning to the non-life, non-motor classes, for the year that has just ended, the growth seen in Accident, Health and General T.P.L. has been in line with the growth registered in 2002, whilst for Fire and Other Damage to Property the year saw a fall in the rate of growth as compared to the previous year.

In the meantime, an as yet unexpressed potential is being sensed, particularly in Health, owing to current growth rates (around 6%).

With regard to the other Non-Life Non-Motor Classes, we might mention Assistance and Legal protection, which offer good growth potential over the medium-long term, and which will moreover result in improved profitability margins for the companies.

Concerning the mix of channels available, we would point out that 84% of the Non-life premium income in 2003 was earned by authorised agencies, 8% by brokers, 4% by other forms of direct sales (internet, phone, call centres), 3% by specialist finance and management agencies, and 1% by banking outlets.

Turning to the Life assurance market, premium income for 2003 (€63.2bn, var.: 14.3%) included a 90.2% contribution from Individual Life business and a 9.5% contribution from Group Life business, whilst the contribution from Class VI° Pension funds continues to have a decidedly low incidence on total life premium income (0.3%).

Growth trends differed for the above-mentioned sectors, notably between the two main areas of business: in particular, whilst individual life business has registered a growth rate close to 10%, group life business has registered a positively sparkling rate of growth of +85.9%. The positive trend in Group Life is due principally to the strong boost from capitalisation policies.

In terms of the mix of Individual Life products, traditional policies are at the forefront with a share of around 33%, followed by Unit Linked products with an incidence of around 33%, then Index Linked products, 18%, and then capitalisation products with a share of 7%, whilst the contribution from pure risk products continues to be marginal.

In terms of distribution channels, the year just ended witnessed a drop in the inflow of premiums from products distributed through financial advisers; the corresponding reduction in the share of total life premium income from 14% in 2002 to 10% in 2003 is the result of a more cautious attitude on the part of families and savers.

On the rise is the percentage incidence of the banking channel (52%) and of premium income from products marketed over post office counters (around 7%). The incidence of the traditional channel (authorised agencies, specialist finance and management agencies, brokers and other forms of direct sales) was around 31% of overall premium income.

As far as the Managed Savings market is concerned, even in the absence of official final data, it is estimated that growth in 2003 will reach 11.6%. This growth must be put into context with the increase in the total assets under management in liquidity funds, which is the only investment alternative to other forms of investment more exposed to rate and counterparty risks.

Also positive was the contribution from the technical provisions of the life assurance market, which had grown by 18%.

Asset management contributed positively towards the expansion of the securities component of the overall market, driven mainly by demand from institutional investors. Fund management benefited from the increases in prices, but returned a practically zero result in terms of new premium income.

In 2003, the types of financial instruments in which Italian families placed their savings did not change much compared to the previous year. The upturn in the stock markets, which kicked in with effect from the second quarter of 2003, has not resulted in a clear return to the market by savers since, in assessing the risk associated with these investments, the latter have become very wary. The positive effect of the revaluation of assets invested in share products contributed to the growth in financial wealth, +6%, positive for the first time in 2003, following two years of shrinkage.

Analysts are persuaded that the savings behaviour of families will continue to be characterised by caution even over the course of the next three years.

It was noted that, with regard to the share of the Italian families' portfolio taken up by unit trusts, this showed signs of recovery as early as the second half of 2003, boosted mainly by the positive momentum of the prices of share funds present in the portfolio. The last few months of the year witnessed moreover a cautious replacement of bond and liquidity funds with share funds. This phenomenon is expected to intensify even more over the course of the next few years.

## ACCOUNTS FOR THE FINANCIAL YEAR 2003

The Company's 82nd financial year shows a net profit of €133,060K, which may be broken down as follows:

	2003	2002	Variation
Result of the Non-Life technical account	295,177	244,356	50,821
Result of the Life technical account	8,375	1,884	6,491
<b>TOTAL</b>	<b>303,552</b>	<b>246,240</b>	<b>57,312</b>
Net investment income Non-Life business	(90,913)	(175,590)	(84,677)
Shares transferred from the Life technical account	19,818	0	19,818
Sundry income and charges balance	(127,739)	(81,059)	(46,680)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>104,718</b>	<b>(10,409)</b>	<b>115,127</b>
Extraordinary income and charges balance	146,541	162,679	(16,138)
<b>PRE-TAX PROFIT</b>	<b>251,259</b>	<b>152,270</b>	<b>98,989</b>
Corporation tax for the financial year	(118,199)	(79,897)	(38,302)
<b>NET PROFIT FOR THE YEAR</b>	<b>133,060</b>	<b>72,373</b>	<b>60,687</b>
of which Non-Life	128,696	62,547	66,149
of which Life	4,364	9,826	(5,462)

The result for the financial year, which is more than satisfactory, is the first tangible confirmation of the validity of the measures taken, aimed both at improving core management and at keeping costs down in an environment that was without doubt subject to the continuing negative trend of the financial markets and to the copious efforts that were being made in order to fully implement the technical and organisational integration that followed the merger with La Fondiaria Assicurazioni S.p.A.

Thanks to the contribution from Motor Business, the improvement in Non-Life business insurance activities continues and is being consolidated: in Motor T.P.L. business in particular, we see the achievement of the technical equilibrium confirmed, thanks to the favourable trend in the claims incurred during the year and to a reduction in underwriting, management and settlement costs. However, the problems related to increases in the average cost of the payout above the rate of inflation and to the still significant negative effect of the phenomenon of personal injuries remain. Equally positive is the technical balance for Land Vehicles – Own damage or loss, even though characterised by a lower increase in premiums than in the past.

There has been a marked improvement in the non-marine branches too thanks to the consolidation of action plans where action had already been taken in previous years in order to rebalance the portfolio, and to the reduction in major claims ascribable to atmospheric phenomena. Health and General TPL remain critical areas of concern: the first owing to the rise in costs in the health sector, whilst the second, even though there is a significant improvement in the technical balance as compared to 2002, still proves to be highly exposed to the phenomenon of IBNR claims. In this context, given the improvement in the technical balances for direct business, there is a clear

increase in the result in favour of reinsurers, whilst inward reinsurance is still heavily conditioned by the negative trends of the business of some subsidiaries, in particular in Motor T.P.L.

Particularly significant is the result of the technical account for Life business. In fact, the financial year 2003 has been marked by the final conclusion on an amicable basis of the litigation that had been instituted against CONSAP with regard to compulsory cessions. This had a negative impact to the tune of more than €17m, to be allocated in its entirety to the technical account, having taken into account the fact that the loss on receivables net of accounts already paid of more than €18m is balanced out by the corresponding use of the provisions for risks and charges for the shares already allocated in previous financial years.

Thus the overall loss linked to the INA-CONSAP dispute is around €35m, a figure subsequently increased by failures to recognise part of the revenue from the provisions transferred, which had already been allocated to the profit and loss account of previous years.

Notwithstanding these developments, the technical account for Life business has improved on 2002 thanks to a significant inflow of premium income, geared towards forms of insurance with a limited risk profile and with protection of the capital invested.

The reduction in overall operating costs continues, with these reaching €908m (€883m in 2002), and representing 18.5% of the premiums (18.9% in 2002), the rate of growth being in any event slower than the rate at which premiums are rising.

Total technical provisions amount to €13,345m (€12,786m in 2002), of which €6,445m are in Non-Life business (€6,272m in 2002) and €6,900m in Life business (€6,514m in 2002). The provisions for Non-Life business have also been validated using well-known statistical and actuarial methods and they point to a ratio in relation to premiums which remains basically unchanged from the previous financial year (167.2% as against 167.5% in 2002).

Ordinary income from investments shows a growth of more than 4.5%, reaching €447m as against €428m in 2002. The main contributory factor as far as this result is concerned was the disappearance of the financial costs associated with the management of the Fondiaria-SAI operation; on the other hand, the drop in revenue from compulsory insurance business, which is supplemented by a basically unchanged flow of dividends from participating interests, continued. The profit and loss account benefited by more than €66m (€11m in 2002) as a result of the net profits from stocks and shares, including fixed asset items.

Again in this financial year the profit and loss account is conditioned by heavy capital losses as the result of the evaluation of stocks and shares, in particular in share business.

The total of capital losses recorded in relation to class C investments, net of statutory write-ups on securities, reached €298m: of this, more than €75m relate to shareholdings in subsidiaries and are the result of permanent losses in value, whilst more than €207m relate to shareholdings in listed companies.

It is however pointed out that, in order to optimise the tax burden for the financial year, a value adjustment was made on the Capitalia shares in the portfolio, thereby seizing the opportunities arising from the application of current regulations.

In particular, the Capitalia shares in the portfolio were subject to an initial value adjustment of around €32m, which reduced the individual book value to €3.5; this value was indicated as being a reasonable and credible level of fair value for the security by special analyses acquired from specialist, independent, third party experts. The Capitalia shares were then value adjusted taking the average price over the last six months of the 2003 financial year; the subsequent impact on the profit and loss account was around €69m.

The value and strategic nature of the shareholding in Capitalia remains however unchanged, and the fact that the Company recently signed up to the Shareholders Syndicate Agreement is evidence of this.

The result for ordinary business (€105m as against the negative result of €10m for 2002) remains fairly positive, even after deducting depreciation allowances on intangible assets of more than €107m, of which €48m is for goodwill.

The extraordinary items were affected by the significant capital gains (more than €75m) that resulted from the sizeable real estate spin-off operation concluded during the course of 2003: this operation, which is better illustrated further on in this report, allowed the Company to rebalance its investments by generating a cashflow that could be invested in low-risk activities with a view to strengthening the asset base.

The tax burden still remains high, even if partly attenuated by the reduction in the IRPEG rate for the 2003 financial year. The incidence of corporation taxes on the pre-tax profit moreover lessens the effect of any reduction ascribable to the fact that positive income components associated with the deferred taxation system were entered amongst the extraordinary items, this inter alia as the result of the reformed corporation tax regime coming into force with effect from the 2004 financial year.



## Premium Income

Overall, premiums written amounted to €4,901,722K as against a premium income in 2002 of €4,677,882K, an increase of 4.79%.

Premium income from direct business amounted to €4,726,680K, having increased by 4.87%.

The premiums produced in 2003 within the various sectors are summarised in the following table:

(€K)	31/12/2003	31/12/2002	% Variation
<u>DIRECT BUSINESS</u>			
Motor Business	2,676,685	2,605,533	2.73
Other Non-Life Business	1,108,866	1,067,176	3.91
Total Non-life Business	3,785,551	3,672,709	3.07
Life business	941,129	834,528	12.77
TOTAL DIRECT BUSINESS	4,726,680	4,507,237	4.87
<u>INWARD REINSURANCE</u>	175,042	170,645	2.58
OVERALL TOTAL	4,901,722	4,677,882	4.79
of which:			
Non-Life Business	3,853,622	3,745,420	2.89
Life business	1,048,100	932,462	12.40

## **Non-life insurance activities**

## PREMIUM INCOME

Overall, premiums written amounted to €3,853,622K, an increase of 2.89% over the figure recorded for 2002, namely €3,745,420K.

Premium income from direct business amounted to €3,785,551K, having increased by 3.07%.

More specifically, premium income was distributed as follows:

				% Distr.	
(€K)	2003	2002	Var. %	2003	2002
DIRECT BUSINESS					
Accident	227,389	221,763	2.54	5.90	5.92
Health	166,682	165,768	0.55	4.33	4.43
Land vehicles – Own damage or loss	412,919	418,189	(1.26)	10.72	11.17
Railway rolling stock	32	4	700.00	0.00	0.00
Aircraft - Hull	1,858	1,478	25.71	0.05	0.04
Marine - Hull					
Goods in transit	20,202	23,201	(12.93)	0.52	0.62
Fire and natural forces	187,139	174,078	7.50	4.86	4.65
Other damage to property	188,129	179,898	4.58	4.88	4.80
Motor T.P.L.	2,260,737	2,184,485	3.49	58.67	58.32
T.P.L. Aircraft	526	402	30.85	0.01	0.01
Marine T.P.L.	3,029	2,860	5.91	0.08	0.08
General T.P.L.	254,715	239,483	6.36	6.61	6.39
Credit	2,648	2,601	1.81	0.07	0.07
Bonds	29,454	30,489	(3.39)	0.76	0.81
Pecuniary losses	9,923	8,812	12.61	0.26	0.24
Legal protection	6,744	6,217	8.48	0.18	0.17
Assistance	9,413	9,066	3.83	0.24	0.24
TOTAL	3,785,551	3,672,709	3.07	98.23	98.06
INWARD REINSURANCE	68,071	72,711	(6.38)	1.77	1.94
of which:					
Italian business	52,838	53,945	(2.05)	1.37	1.44
Overseas business	15,233	18,766	(18.83)	0.40	0.50
OVERALL TOTAL	3,853,622	3,745,420	2.89	100.00	100.00

## CLAIMS PAID AND REPORTED

Claims paid, including recoveries from reinsurers, totalled €2,186,408K, an increase of 2.23% compared with the figure for 2002.

The following table summarises the claims trends in Italian direct non-life business, including reinsurance:

	Claims paid (in thousands of Euro )			Claims reported (1) (Number)		
	2003	2002	% variation	2003	2002	% variation
Accident	111,889	115,266	(2.93)	52,727	56,026	(5.89)
Health	128,962	131,821	(2.17)	153,308	166,059	(7.68)
Land vehicles						
Own damage or loss	172,813	174,787	(1.13)	139,563	143,912	(3.02)
Aircraft - Hull	309	302	2.32	9	6	50.00
Marine - Hull						
	2,095	2,384	(12.12)	254	259	(1.93)
Goods in transit	8,948	9,893	(9.55)	2,471	3,664	(32.56)
Fire and						
Natural Forces	119,584	88,755	34.73	35,417	38,432	(7.85)
Other damage						
to Property	89,313	95,886	(6.86)	72,366	82,959	(12.77)
Aircraft T.P.L.	56	4	1300.00	9	9	0.00
Marine T.P.L.						
	1,916	2,041	(6.12)	407	398	2.26
General T.P.L.	134,345	121,705	10.39	57,244	58,146	(1.55)
Credit	1,611	1,675	(3.82)	602	337	78.64
Bonds	16,383	26,352	(37.83)	619	610	1.48
Pec. Losses Cess. V	2,152	1,259	70.93	2,793	389	617.99
Legal protection	710	486	46.09	1,007	753	33.73
Assistance	3,099	2,567	20.72	19,687	17,748	10.93
<b>TOTAL</b>	<b>794,185</b>	<b>775,183</b>	<b>2.45</b>	<b>538,483</b>	<b>569,707</b>	<b>(5.48)</b>
Motor T.P.L.	1,392,223	1,363,472	2.11	538,118	577,968	(6.89)
<b>TOTAL NON-LIFE BUSINESS</b>	<b>2,186,408</b>	<b>2,138,655</b>	<b>2.23</b>	<b>1,076,601</b>	<b>1,147,675</b>	<b>(6.19)</b>

(1) Excluding claims on coinsurance policies issued by other companies, which number 211,861 (2002: 262,842), a decrease of 19.4%.

## **MOTOR THIRD PARTY LIABILITY - LAND VEHICLES**

### **MARINE THIRD PARTY LIABILITY**

#### **Premium income**

In Motor T.P.L. business, premiums recorded amounted to €2,261m, an increase of 3.5% as compared to the 2002 financial year. In Marine T.P.L. business, premiums recorded amounted to €3m, an increase of 5.91% as compared to the 2002 figure.

The increase in the premiums was influenced above all by the tariff changes made in 2002 to both the ex Fondiaria portfolio and the ex SAI portfolio, and by the adjustments made during the year 2003 within the context of the tariff unification programme implemented by both Divisions, the purpose of this programme being to produce a single motor product and a single tariff, to be brought out onto the market in 2005. It should be pointed out that these adjustments were prepared bearing in mind the general tariff reduction provided for by the Memorandum of Understanding on Motor Liability Insurance between the Government, ANIA, and the Consumers Association, signed on 5 May 2003.

Premium growth for the Company in Motor business was moreover 2.7%, a rate largely in line with inflation.

Of the remaining 43 million vehicles in circulation, the Fondiaria-SAI Group as a whole has a 21.5% share, whilst the share held by Fondiaria-SAI alone is 11.7%; as far as the size of the portfolio of policies is concerned, there was a slight fall (2.62%); the reason for this was a more focused campaign of giving notice of cancellation on those policies in the portfolio affected by several claims, and a greater tailoring of tariffs to reflect individual circumstances, the latter aimed at improving the quality level of the portfolio. For these reasons too, there was a 4.9% reduction in claims frequency.

#### **Claims**

Initial market results for the year just ended show a sizeable reduction in claims frequency (-4.8%), which was however offset by the increase in the average claims settlement costs incurred by the Companies.

This phenomenon partly defeats the positive effects of the reduction in frequency, since the increase in the average cost makes it harder to meet the technical requirements of this class. Given this context, the Company's final position is as follows:

#### **Ex SAI portfolio:**

The number of claims reported fell by 8.47% (in 2002: -0.67 %).

The speed at which claims were settled and the rate at which incurred claims were eliminated is unchanged from 2002.

The reduction in the number of claims reported was offset by an 11.80% increase in the average cost of the claims inclusive of costs, and there are several possible reasons for this:

sizeable reduction in the number of claims reported where the claim related to minor material damage, - increase in the cost of the various components of the material damage claim,

- slight reduction in claims involving personal injuries (-1.9%), which does not however follow the trend in terms of claims reduction, which means that the incidence of personal injury claims on the total number of claims reported is on the increase.

Since this type of claim has a higher average cost than claims involving material damage only, and since the average costs of those claims have increased further compared to 2002, this meant that the overall payments were

also negatively affected by this phenomenon.

Claims incurred in 2003 totalled €1,255m; the variation on claims incurred in 2002 is 3.44% (the increase in claims incurred in 2002 as compared to 2001 was 8.17%).

After taking into account the costs of resisting and settling claims, the loss ratio was 78.15% (80.62% in 2002). The number of claims incurred and settled during the year was 268,863, representing 69.08% of the number of claims reported (69.17% in 2002).

The situation as regards claims still outstanding at the end of 2003 compared with the number of claims reported over the various years is as follows:

Year incurred	Claims reported*	No. of claims outstanding	% of claims reported
1995	419,315	548	0.13
1996	433,553	1,093	0.25
1997	413,395	1,523	0.37
1998	419,791	2,977	0.71
1999	431,427	6,288	1.46
2000	435,996	13,813	3.17
2001	427,068	22,484	5.26
2002	424,063	49,789	11.74
2003	389,199(**)	120,336	30.92

(\*) Excluding claims reported under the Direct Indemnity Agreement - Mandatory Insurer's<sup>1</sup> Claims

(\*\*) Excluding 44,700 late reported claims, assessed in accordance with Article 70 of the Regulations for the enforcement of the law on compulsory insurance. These late reported claims were taken into account when establishing the provision for outstanding claims

The number of claims reported to SAI under the Direct Indemnity Agreement was 182,841; the incidence of these claims on the total number of T.P.L. claims reported was 38.61%, a slight reduction as compared with the figure of 39.55% for 2002.

The ratio of Mandatory Insurer's Claims/Responsible Insurer's Claims was 94.52%.

### **Ex Fondiaria portfolio:**

The number of claims reported fell by 3.50% (2002: -6.5%).

This reduction was however offset by a 3.40% increase in the average cost due, inter alia, to the increased incidence of personal injury claims on the total claims

Claims incurred during the year amounted to €502m (€488m in 2002). The loss ratio based on claims incurred during the year, inclusive of costs, proved to be 76.43% (78.2% in 2002). The number of claims incurred and settled during the year was 106,994, representing 71.17% of the total number of claims reported (64.2% in 2002).

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<sup>1</sup> According to ANIA's description of the direct indemnity agreement, the Mandatory Insurer is the claimant's own insurer (i.e. the insurer of the party who is not responsible for the accident), and the Responsible Insurer is the insurer of the party at fault) – it is clearly a form of “no-fault insurance” where each party claims from their own insurer in the first instance.

The situation as regards claims still outstanding as at 31 December 2003, compared with claims reported, is shown in the following table:

Year incurred	Claims reported	No. of claims outstanding	% of claims reported
1995	230,239	260	0.11
1996	224,546	330	0.15
1997	215,182	501	0.23
1998	175,730	673	0.38
1999	164,305	1,103	0.67
2000	177,259	2,138	1.21
2001	162,782	3,597	2.21
2002	154,157	8,255	5.35
2003	150,249	43,305	28.82

The number of claims reported under the Direct Indemnity Agreement was 82,802, the incidence of these claims on the total number of claims being 55.10%. The ratio of Mandatory Insurer's Claims/Responsible Insurer's Claims was 100.58%.

The result obtained shows that both Divisions benefit from continually striving for maximum efficiency in claims handling and settlement, this in order to cope with the steady rise in the average cost of the claims; rigorous criteria have moreover been maintained when settling claims outstanding at the close of the financial year, given that average costs are on the increase.

As part of the process of integration of the Fondiaria and SAI Divisions, over the last few months of the financial year a start was made on centralising the technical support service for commercial motor business provided to the Fondiaria sales network. The Turin office was chosen as the central office, with the same procedures being applied as those already implemented as part of the service supplied to the SAI Agencies. Again in 2003, the Actuarial Service was further developed with the addition of two actuaries, this both in order to meet all the requirements of the Companies in the Group and with a view to establishing the figure of the appointed actuary for motor liability insurance, in implementation of Article 20 of Law no. 273 of 12 December 2002.

As far as the main regulatory changes of the year just ended are concerned, we would point out that the Decree Law 190/2003 came into force on 9 August 2003; this Decree transposes the European Directive 2000/26/EC, the purpose of which is to ensure equivalent treatment, irrespective of the country of the EU where the incident took place, providing for prompt compensation for the losses or damage suffered.

The measure is aimed at facilitating and speeding up the claims settlement process for claims arising from the circulation of vehicles and occurring in States other than the state of residence of the injured party. The Directive provides for each insurance company to appoint an authorised representative for the settlement of claims in each Member State of the European Union.

The Ministerial Decree of 22 July 2003 provided for the annual updating of compensation amounts for personal injuries for the so-called minor permanent disabilities (Law 57/2001). The provision for updating applies to claims having occurred as from the first of April 2003 and provides for €650.49 for the first percentage point of permanent disability and €37.95 for each day of absolute incapacity.

## **LAND VEHICLES – OWN DAMAGE OR LOSS**

Trends have been positive for all coverages included under the heading of this class. In particular, the number of claims reported fell by 2.2%.

The average cost of claims incurred and settled during the period increased by around 6%; the speed with which claims were settled had fallen slightly compared to 2002, from 82.6% to 80.8%. The technical balance was maintained owing to extremely satisfactory underlying values, confirming the high quality level of the portfolio; this level was achieved by adhering to selective underwriting policies and as a result of the favourable market trends that continue to characterise this class of business, despite being marked also by lower premium growth than in the past.

## **OTHER NON-LIFE BUSINESS**

Premium income from Italian direct business amounted to €1,109m, an increase of 3.9% over the figure recorded for 2002. Taking into account the fact that the change in the consumer price index was +2.3%, the real growth rate was actually +1.6%.

The trend for the financial year was particularly satisfactory, with a technical balance that had improved by more than €70m compared to 2002.

The action taken in order to re-balance the portfolio, for which further progress has been made over the last few years, and the reduction in catastrophe claims resulting from atmospheric events have both contributed to the positive result for the 2003 financial year.

During the course of 2003 we undertook the task of harmonising the underwriting policies of the two Divisions; this also with a view to the production and launch of various new Group products, designed above all for the Retail Sector, the marketing of which will take place in 2004. In February 2004, the first two new products had already been distributed by the Sales Networks: Health Protection and Accident Protection; this concerns products designed for the primary insurance needs of broad population bands.

In 2004 two new products will be marketed, designed for Professionals, as well as other products to complete the range of coverages offered in relation to the risks of Accident and Health. Whilst the underwriting policy in the 2003 financial year was geared towards sales development in the more profitable sectors, we were nevertheless extremely careful to rigorously monitor the technical balance in those classes of business that had showed signs of being in a critical condition.

With regard to the main classes of business, we would point out as follows:

**ACCIDENT:** the technical balance was particularly positive, confirming the trend recorded over the last few years on account of a rigorous underwriting policy and our continued practice of selling policies that provide for an excess. The number of claims reported fell by around 6%. With reference to the claims incurred during the year, it was noted that there was an increase in the speed with which claims were settled. As compared to the 2002 financial year, the average costs of claims paid and claims outstanding have stabilised. We are also seeing signs of an increased speed of settlement of claims incurred during previous years, whilst the average costs of claims outstanding is reducing by around 6%.



HEALTH: the result of this class remains heavily negative. There had been signs of improvement in 2002, but this was not confirmed in 2003 where, despite a reduction in the number of claims, there was a steep rise in medical costs, greatly exceeding inflation.

Despite the implementation of specific technical rebalancing measures, the portfolio of individual policies of the SAI Division continued to show such negative trends as to compromise the entire class; this will induce us to make even more strenuous efforts to prune the portfolio in 2004. The benefits of the reduction in the number of claims reported (-7.7%) and the increased speed of claims settlement are completely eroded by the increases in the average cost of claims paid and claims outstanding both for claims incurred in the current year and for those incurred in earlier years.

GOODS IN TRANSIT: the technical balance for this class remains positive, even if it has deteriorated compared to the previous financial year due to the combined effect of a reduction in premiums, balanced out notably by a minor saving in the provisions for outstanding claims from previous years.

FIRE AND NATURAL EVENTS: premiums have increased considerably, helped also by a positive trend in the market, which recorded a general improvement in technical conditions; alongside this, claims were reduced, also as the result of the reduced number of catastrophe claims reported and the reduction in claims due to atmospheric events; the technical balance thus improved considerably. In this class, technical rebalancing measures were implemented; these were targeted at the most critical types of risk and were accompanied by a sales strategy that provided for development in profitable sectors; these policies will continue throughout 2004.

OTHER DAMAGE TO PROPERTY: the result for the 2003 financial year was very positive; there was an increase in premiums combined with a parallel decrease in claims, with provisions being maintained at the same level. Developments were positive for the Hail coverage.

GENERAL T.P.L: the technical balance for this class has substantially improved in 2003, although it remains negative. In terms of the market for this class, there are some significant critical issues affecting many sectors (the medical sector, the professional sector and the sector related to workers compensation).

The increase in premiums remained modest, despite considerable demand, and fell short of the closing forecasts of the market; this was due to the continued pursuit of a selective policy in 2003, again for technical rebalancing reasons, to the renewal of the portfolio and to prudent underwriting, all of which moreover led to an improvement in the technical balance. We can confirm that the same underwriting policies will apply in 2004 also. Both the loss ratio for claims incurred during the year and the overall loss ratio reveal a significant improvement despite the fact that the fall in the number of claims reported was limited to 1.6%. We saw an increase in the speed of settlement of claims incurred in previous years, whilst the rate at which claims incurred during the year were settled stabilised.

BONDS: the reduction in premiums and the increase in the loss ratio, partly due to claims for large amounts, led to a net reduction in the positive result shown for the technical balance. This class did not however suffer significant losses in connection with the Parmalat affair.

## ***Approach to Reinsurance***

It is important to note that, as a result of the merger that occurred on 31 December 2002, the reinsurance programmes of the two divisions now differ even more from each other:

### ***Outward Reinsurance Ex Fondiaria Portfolio:***

Once again in 2003, all outward reinsurance business to be placed in the international market was placed through the intermediary of the subsidiary The Lawrence Re, Dublin.

The Company's approach to reinsurance was characterised by outward reinsurance on a non-proportional basis for the protection of individual risks or accumulations of risks arising from one and the same event in the classes of Fire, Theft, Accident, General T.P.L, Motor T.P.L. Land Vehicles, whilst reinsurance placement was on a proportional basis for the classes of: Bonds, Credit and Technological risks.

As far as the marine classes of business are concerned, the mixed structure was confirmed, based on proportional treaties and excess of loss protections.

Finally, as far as the class of hail is concerned, coverage was available on a stop loss basis.

### ***Outward Reinsurance Ex SAI Portfolio:***

With regard to the result for the outward reinsurance business, a largely favourable balance was recorded for our reinsurers in view of the positive performance of policies written under the heading of direct business and the absence of exceptional claims and/or atmospheric events.

Prudential considerations marked the Company's approach to reinsurance, such considerations being taken into account in the selection of both programmes and Reinsurers.

In 2003, reinsurance coverage was obtained for the classes of Motor T.P.L., General T.P.L, Accident, and Land Vehicles – Own Damage or Loss in the form of non-proportional treaties, whilst outward reinsurance continued to be arranged on a proportional basis for the classes of Fire, Bonds-Credit, Marine Hull, Aircraft Hull, Goods in transit, as well as part of the Other Damage to Property portfolio.

For 2004, as has been the case so far for the ex Fondiaria Division, outward reinsurance will be placed in the international market through the intermediary of The Lawrence Re.

### ***Inward Reinsurance Ex Fondiaria portfolio:***

Gathered together in the 2003 Accounts is all the technical data for the 2003 financial year covering all facultative business and business accepted by companies in the group whilst the data as at 31 December 2002, covering all non-Group business, has also been included.

The volume of premiums written was €15,898K net of retrocession, the figure having increased compared to the last financial year as the result of acceptances by companies in the Group. The overall technical balance net of retrocession shows a profit of €6,433K, a distinct improvement compared with the loss of the last financial year; this was largely owing to the improved performance of the treaty entered into with Italia Assicurazioni and to a balanced result for the run-off of business accepted from the market.

### ***Inward Reinsurance Ex SAI Portfolio:***

Gathered together in the 2003 Accounts is all the technical data for the 2003 financial year covering all business accepted by the Companies in the Group whilst the 2002 data, covering all acceptances from the market, has also been included. The premium volume was €49,590K net of retrocession.

The overall technical result points to a significant loss, linked to the unsatisfactory performance of some acceptances of companies in the group and to a prudent reserving approach in the case of some acceptances from the market.

## **Litigation Non-Life insurance**

Claims litigation in relation to the 2003 financial year reveals a steadily rising trend in terms of the percentage increase over and above previous years. In the class of Motor TPL, this increase is also attributable to the greater incidence of claims involving injuries that lead to minor permanent disabilities. With regard to this category of claims, we have noted an increase in at times objectively unfounded claims from customers, which are subsequently settled during litigation. The number of cases (motor and non-motor) settled during 2003 was 21,345. 91.1% of these were in the class of Motor TPL.

Claims litigation as at 31/12/2003 concerns some 56,751 civil cases. 84.3% of these were in the class of Motor TPL. Motor TPL claims in litigation as at 31/12/2003 represent 16.9% of claims outstanding as at that date. In 2003, the cost of legal expenses for claims litigation was €60,915K

## **Life Activities, Pension Funds and Managed Savings**

## PREMIUM INCOME

Overall, premiums written amounted to €1,048,100,000, an increase of 12.40% over the figure recorded for 2002, which was €932,462K.

Premium income from direct business amounted to €941,129K, having increased by 12.77%.

	2003	2002	Var. %	% distribution	
(€K)				2003	2002
DIRECT BUSINESS					
I – Life Assurance	554,018	540,280	2.54	52.86	57.94
III - Life assurance linked to investment funds	129,168	84,663	52.57	12.33	9.08
IV - Health insurance	47	27	74.07	0.00	0.00
V - Capitalisation operations	240,136	192,447	24.78	22.91	20.64
VI - Pension fund management operations	17,760	17,111	3.79	1.70	1.84
TOTAL	941,129	834,528	12.77	89.80	89.50
INWARD REINSURANCE	106,971	97,934	9.23	10.20	10.50
of which:					
- Italian business	105,890	95,405	10.99	10.10	10.23
- Overseas business	1,081	2,529	(57.26)	0.10	0.27
OVERALL TOTAL	1,048,100	932,462	12.40	100.00	100.00

The premiums from direct business are made up as follows:

- € 661,610K from Individual policies +14.77%
- “ 261,760K from Group policies +8.63%
- “ 17,759K from Open-End Pension Funds +3.79%

## SUMS PAID AND RELATED CHARGES

Payments made under the heading of direct business totalled some €733,097K, which included the change in the provisions for amounts payable.

A comparison with similar data from the previous year (€733,520K) reveals an almost stable trend.

(€K)	31/12/2003	31/12/2002	Variation %
<b>CLASS I</b>			
Claims	17,599	18,353	(4.1)
Sums assured and matured annuities	380,772	401,030	(5.1)
Surrendered policies	180,928	153,712	17.7
Settlement costs	545	531	2.5
TOTAL	579,844	573,626	1.1
Change in provision	2,119	(12,803)	(116.5)
TOTAL	581,963	560,824	3.8
<b>CLASS III</b>			
Claims	1,667	408	308.8
Sums assured and matured annuities	11,698	1,443	710.9
Surrendered policies	7,080	5,458	29.7
Settlement costs	62	7	787.8
TOTAL	20,507	7,315	180.3
Change in provision	824	258	219.5
TOTAL	21,331	7,573	181.7
<b>CLASS V</b>			
Claims	456	640	(28.8)
Sums assured and matured annuities	32,059	26,469	21.1
Surrendered policies	92,637	139,131	(33.4)
Settlement costs	77	102	(24.1)
TOTAL	125,229	166,342	(24.7)
Change in provision	3,127	(2,347)	(233.2)
TOTAL	128,356	163,995	(21.7)
<b>CLASS VI</b>			
Claims	-	1,080	(100.00)
Surrendered policies	1,439	48	2,897.3
Settlement costs	9	-	-
TOTAL	1,448	1,128	28.3
Change in provision	-	-	-
TOTAL	1,448	1,128	28.3
<b>TOTAL FOR ALL CLASSES</b>			
Claims	19,722	20,481	(3.7)
Sums assured and matured annuities	424,529	428,941	(1.0)
Surrendered policies	282,084	298,349	(5.5)
Settlement costs	693	640	8.2
TOTAL	727,028	748,412	(2.9)
Change in provision	6,069	(14,892)	(140.8)
OVERALL TOTAL	733,097	733,520	(0.1)

Turning to the retail sector, the trend that had already begun in previous years continued in 2003; this trend was characterised by a high demand for guaranteed insurance products and/or insurance products with a guaranteed sum assured, linked to a market scenario in which even greater attention was being paid to the safety features of savings and investment products.

This situation is moreover consistent with the findings at a national level, in which the portfolio choices of savers are mainly geared towards cash products or products offering protection of the capital invested.

In terms of production, premium income was therefore mainly derived from products linked to Segregated Accounts.

Some Index Linked products were launched during the year. In particular, the last quarter saw the marketing of the Index Start Up 4 product, which provides for an annual coupon linked to the performance of a basket of 20 shares. It should also be noted that during the last quarter a tranche of Index Linked products from the Ex Fondiaria portfolio, which were linked to the DAX index and which put in a remarkable performance, reached maturity.

Throughout the financial year, attention continued to be paid to the redemption of maturing capital amounts under traditional life policies and capitalisation products, with the focus being on providing support to the Sales Offices and on defining products to be made available on an ad hoc basis.

The distribution relationships with some Banks that had been established over the past few years by the ex Fondiaria Division continued to prosper and were consolidated.

As far as the Companies in the Group were concerned, in 2003 the Life Division pursued its own activity of "product manufacture", reinforcing the range of products offered to the sales networks of the subsidiaries.

With regard to the Corporate sector, the measures taken in order to consolidate and develop the customer portfolio were again implemented, and even intensified in 2003, with attention being focused both on the redemption of capital securities and on the adjustments to existing policies. At the same time, a specific range of products was offered, products geared towards managing the liquid assets of corporate policyholders through highly tailored capitalisation products. In March 2003 SAI the Open Corporate product (single premium and supplementary premium capitalisation), with features similar to the corresponding product Conto Aperto already marketed by the ex Fondiaria network, was presented to the ex SAI network.

Essentially, this meant that the portfolio of joint policies of the traditional kind (employee pension plans and end of service allowance/directors retirement allowance) was maintained, whilst there was nevertheless a sizeable increase in the number of capitalisation policies, accompanied by a more than 30% increase in the related premiums, the latter thanks also to the acquisition of significant contracts from institutional customers.

In relation to pure risk coverages (temporary group coverages for death and disability), the acquisition of group customers proceeded positively; part of the reason for this was the coordination of the offer across the distribution networks and through the brokers, a process which, thanks to the synergies present within the Group, implied the creation of a unified tariff: this equated to an increase in premiums of around 20%

Throughout 2003, efforts continued to be made to create group products for the Companies in the Group.

Finally it is worth noting that the now completed integration of the computer systems housing the information on the portfolios of the surviving entity and of the merged entity will enable us to achieve further processing and product synergies.

The financial returns generated throughout the year by the Segregated Accounts Fondivita and Fondicoli proved to be 4.51% and 4.54% respectively; this in turn permitted a re-evaluation of the corresponding policies, providing for, amongst other things, a minimum retrocession corresponding to 80% of the returns generated.

The returns from the segregated accounts Press 2000 and Nuova Press 2000 were positive, corresponding to 4.02% and 4.53% respectively.

Of special note is the yield from the segregated account Nuova Press 2000, which despite the negative trend of the financial markets in 2002, has definitely increased in value.

## **PENSION FUNDS**

With regard to Pension Funds and to Personal Pension Schemes, the market was again in this financial year characterised by a demand that still fell short of expectations. Against a background marked therefore by regulatory uncertainty both in terms of the future setup of the public pension system and in terms of the development of the supplementary pension system, during the course of the financial year the Company continued its policy of securing investors, via its own Agency network, for the Open-End Pension Funds managed by it. By 31 December 2003, 2,363 people had become members of the SAI Open-End Pension Fund. The new members paid in contributions, via the agency network, totalling some €3m, bringing the total assets under the management of the Fund to €14m. The Fondiaria Previdente Open-End Pension Fund had 6,923 members as at the same date. The contributions collected through the intermediary of the agents of the Companies in the Group, who had been given a special assignment based on the indications made by the ISVAP, amounted to € 12m. Apart from this, placement agreements are in operation with Effe Investimenti Sim, with some credit institutions and with one Broker (Europa Benefits S.r.l.). The Fund assets exceeded €35m.

The Conto Previdenza Open-End Pension Fund is on the other hand reserved for placement by banking outlets. The banks currently entrusted with the placement of this Fund are Banca della Campania, Banca Alpi Marittime Credito Cooperativo Carrù, Cassa di Risparmio della Provincia dell'Aquila, Bancapulia and Cassa di Risparmio di Rimini. As at 31 December 2003, the said Fund had 786 members, an income in terms of contributions exceeding €2m, and assets under management of €17m.

## **COMPROMISE AGREEMENTS WITH CONSAP**

In 2003 two compromise agreements were reached with CONSAP, one relating to the portfolio of the SAI division and the other relating to the portfolio of the Fondiaria division; these were in settlement of the litigation that had arisen some time before out of the definitive abolition, with effect from 1st January 1994, of the obligation on the part of Companies practising life assurance towards the so-called "compulsory cession" in favour of the INA of a share of the risks accepted, with CONSAP consequently taking over from INA, as from the said date, the obligations already held by the latter towards the ceding Companies.

In March 1994 litigation proceedings had been initiated by the life Companies of the Italian market; this litigation had been brought against INA, CONSAP and the Ministry of the Treasury (jointly and severally liable with CONSAP) and was aimed at obtaining full reimbursement of the technical provisions ceded at that time to INA, plus the related interest; in order to reach a compromise solution for this litigation, back in 2001 ANIA had drawn



up a framework agreement with CONSAP.

With specific regard to the Company, the compromise agreements reached to this end in 2003, which were in accordance with the aforesaid CONSAP/ANIA framework agreement, led to the payment by CONSAP of an overall amount of €164m; €104m of this related to the SAI division portfolio and €60m to the Fondiaria division portfolio.

In both cases, Fondiaria-SAI waived its right to bring any claim before the courts as a resumption of lawsuits against CONSAP and the other parties. The financial repercussions of reaching the aforesaid compromise are fully illustrated in other parts of the report, as well as in the Notes to the Accounts.

## **MANAGED SAVINGS**

The business activity in the Managed Savings sector is conducted through the intermediary of the specialised companies of the Group, namely BancaSai, Effe Gestioni SGR, Effe Investimenti Sim, Sai Investimenti SGR and Sai Sim.

The project proposing the complete redesign of the operational structure of these companies is at the advanced stage; this project will be implemented both by means of company transformations and integrations and as the result of the companies strategically repositioning themselves on the market in such a manner as to capitalise on the investments made and to gradually develop the Assets Under Management, taking advantage of the insurance customer base of the Group and reinforcing both the capacity and distribution skills of the networks of Agents and Financial Promoters.

Within the scope of this project, the joint and individual savings management service provided to the public was centralised at the subsidiary Effe Gestioni SGR; similarly, from 1st July last, the Finance Division of Fondiaria-SAI has been providing a portfolio management service covering the portfolios of stocks of the Companies and of companies in the Group, in addition to the management service covering the Open-End Pension Funds set up by the Company. In particular, the project consisting in the partial split of Sai Investimenti SGR (100% Fondiaria-SAI) into Effe Gestioni SGR was launched with effect from 1 December 2003, this through transfer of the line of business designed to provide the joint savings management service. Furthermore, with effect from 1 January 2004, SAI Gestioni Sim (100% Fondiaria-SAI) transferred, again in favour of Effe Gestioni SGR, the line of business related to the individual management of investment portfolios on behalf of third parties.

Again with a view to rationalising business activities within the managed savings sector, we are examining the possibility of the integration, based on technical and legal requirements yet to be defined, of Effe Investimenti Sim (100% Fondiaria-SAI) into BancaSai S.p.A. (70% Fondiaria-SAI, 30% Société Generale). Effe Investimenti Sim is the company entrusted with the placement, via the intermediary of its own network of financial promoters, of financial and insurance products and instruments from companies from the former Fondiaria Group (amongst which, in particular, unit trusts managed by Effe Gestioni SGR) and from product companies outside the Group with whom specific agreements are in place. The idea therefore is to concentrate the network of financial promoters of the Group into just one company - namely BancaSai.

It is moreover planned, subject to its obtaining the prescribed authorisations from the competent authorities, that the subsidiary Sai Investimenti SGR will set up and manage two closed-end unit trusts reserved for institutional investors, one of which will be a kind of private equity fund, whilst the other will invest shareholders' equity in real property.

Finally, we are looking at the possibility of a merger by incorporation of the company Co.Fi.Mo. Sim S.p.A., a 100% owned subsidiary of Sai Gestioni Sim, into the latter company.

## ***Approach to Reinsurance***

### ***Outward Reinsurance***

The structure of the reinsurance programme remained unchanged in 2003, with criteria of prudence continuing to be applied. The portfolio of individual policies is protected by a surplus treaty that allows peak risks which might unbalance the portfolio to be ceded to reinsurers. The overall result is favourable for reinsurers.

### ***Inward Reinsurance***

Within the Group, underwriting activities continue to be pursued mainly in order to meet the requirements of the individual Companies.

Premiums written have seen an increase of around 11%, this thanks also to the significant contribution from Novara Vita.

The risks accepted by the Milan Companies, and relating to both the Maa Vita and the Sasa Vita portfolios, are further protected by a retrocession.

## **Asset and financial management**

## INVESTMENTS

As at 31 December 2003, the volume of investments reached €14,159m, against the €14,209m entered in the accounts as at 31 December; hence a decrease of 0.35%. The decrease is due to the repayment of the corporate financing provided to the Company by the subsidiary Fondiaria Nederland; this repayment occurred in April 2003 as the result of the exercise of the repayment option by the subscribers of the convertible loan stock issued by the subsidiary.

The overall investment structure, excluding class D, has changed as follows:

(€K)	31/12/2003	Breakdown %	31/12/2002	Breakdown %
- Real estate (1)	1,315,002	9.29	1,573,724	11.07
- Bonds and other fixed-income securities	7,762,761	54.83	6,977,872	49.11
- Shareholdings and Investment funds	4,310,487	30.44	4,439,976	31.25
- Corporate financing	153,799	1.09	455,448	3.21
- Deposits with Credit Institutions (2)	184,443	1.30	191,964	1.35
- Deposits with transferor companies	432,416	3.05	409,630	2.88
- Sundry financial investments	155	0.00	160,189	1.13
<b>TOTAL</b>	<b>14,159,063</b>	<b>100.00</b>	<b>14,208,803</b>	<b>100.00</b>

(1) Including provisions for depreciation (2003: €146,520K; 2002: €154,719K).

(2) Also includes the amounts referred to under class F of the assets.

The following table provides a breakdown of the class D investments by type:

## CLASS D INVESTMENTS

(€K)	31/12/2003	Breakdown %	31/12/2002	Breakdown %
- Fixed-income securities	431,822	71.2	341,467	71.5
- Stocks and shares	165,212	27.2	130,713	27.4
- Liquid assets	5,512	0.9	3,412	0.7
- Other business	4,296	0.7	2,105	0.4
<b>TOTAL</b>	<b>606,842</b>	<b>100.00</b>	<b>477,697</b>	<b>100.00</b>

The following table, which compares similar data from the last two year period, shows the results of the financial and property management activities (excluding income derived from investments referred to as class D investments):

(€K)	2003	2002	Variation
Income from stocks and shares (*)	87,925	59,242	28,683
Income from land and buildings	65,384	60,575	4,809
Income from other investments	344,404	353,822	(9,418)
TOTAL GROSS INCOME	497,713	473,639	24,074
Management fees	50,518	89,243	(38,725)
TOTAL NET INCOME	447,195	384,396	62,799
Net profits realised on land and buildings	75,108	104,169	(29,061)
Net profits on activities related to investments for short-term periods	16,361	14,345	2,016
Net profits realised on other long-term investments	45,549	1,532	44,017
	584,213	504,442	79,771

(\*) It should be noted that in 2002 dividends were recorded under the heading of Extraordinary Items in the amount of €43,453K, and this by virtue of the change in the accounting principle for recording the dividends of subsidiaries.

For further details please refer to the information provided in the Notes to the Accounts.

## FINANCIAL MANAGEMENT

During 2003, the international economic situation began to show signs of recovery and this recovery consolidated, little by little, in the 3rd and 4th quarter. The United States was the driving force behind a recovery that, even if only to a minor extent, also affected the other two major economic areas of Japan and Europe, raising the possibility of a new phase of synchronised expansion.

The turnaround, preceded and followed by a great many signs of optimism in the financial markets, seems to be a fait accompli for the United States at least: the exceptional rate of growth recorded in the 3rd quarter, +8.2%, is the highest for 19 years. Even if the figure in itself may be somewhat misleading, in that the data is annualised according to the methodology in use in the United States, the road to recovery has begun and the expansion, as revealed by the disaggregated GDP data, seems to rest on broader bases: it is no longer consumers alone who are behind the sustained rate of growth, but also private investments and stocks. The slowdown recorded in the 4th quarter (+4%) was expected, yet some doubt remained concerning the sustainability of the growth once tax and monetary incentives had been exhausted (in June the Fed subsequently loosened the monetary reins, raising the rate on Federal Funds to 1% owing to the fear of the deflationary risk). The major uncertainty lies in the labour market and in the for now only marginal reduction in unemployment, leading the current recovery phase to be defined as one in which "employment is not created". For this reason, and given the abundance of unused resources that might offset the effect of the depreciation of the dollar in the absence of inflationary pressures, it is thought that the Fed will adopt a wait-and-see policy and will leave the rates unchanged for some time yet, despite strong growth.

In Europe too, the economic situation begun to show timid signs of recovery as from the second half of the year, supported by the accommodating policy maintained by the Central Bank (the ECB reduced the cost of money twice, in March and in June, bringing the rate down to 2% from 2.75% at the start of the year). The economies at the forefront of the recovery process were Spain and the United Kingdom, whilst the others continued to show a persistent weakness. The current appreciation of the euro represents a risk factor for a recovery that has only just begun and that is being undermined by the structural rigidities that characterise the Old Continent.

The positive surprises this year were Japan and the emerging markets of the Far East. Having set aside the Sars problem, the Asiatic countries, in particular China, have revealed impressive growth rates; China above all proved to be the real motive force for the area (+9.9% the increase in GDP at constant prices). Japan too seems to have begun a new phase of expansion, even if the deflationary risk has not yet been fully overcome.

The simultaneous recovery of the main world economies, a phenomenon that has not been repeated since '94, was reflected in a shares performance that was now finally positive after 3 years. The world stock markets have gone through a phase marked by an upward trend which, having started in March, has continued almost uninterruptedly thanks also to the abundant liquidity and to the prospects of stability in rates. The American stock exchanges above all have distinguished themselves, with the S&P500 index, which showed a more than 26% improvement, and NASDAQ, which closed the year with a gain of 50%. The results of the Japanese stock exchange were very positive (Nikkei +51.5%), as were those of the emerging countries (MSCI Emerging Markets Free in USD +51.5%); the rises experienced by the European stock exchanges were generally more limited: the DJ EuroStoxx50 index gained 15.68%, whilst the Italian stock exchange closed the year, despite the recent Parmalat scandal, with a gain of 15%. Amongst the main European stock exchanges, the best proved to be Frankfurt, with an appreciation of 37%, followed by Madrid, with a 28% appreciation; the last proved to be Amsterdam, at 4.6%. On the other hand, in the second part of the year, the same factors that had favoured the stock markets penalised the bonds sector, which alternated between moments of growth and moments in which there was a fall in yields. In Italy the yields on two-

year government bonds fell from 2.7% at the start of the year to a low of 1.9% in June, only to then rise back up again to 2.5% by the end of the year; the 10-year rates on the other hand, after hitting a low of 3.6% in June owing to deflationary fears inspired by the comments of Greenspan and the Monetary Fund, finished the year at 4.43%.

Faced with rates at historically low levels, in their search for yield investors were forced to turn towards more risky securities, leading to a notable appreciation in corporate bonds from the emerging countries: the EMBI index, which measures the performance of bonds issued by emerging countries, recorded a performance ratio of 25%, whilst the spread of corporate bonds as compared to government bonds was notably reduced for each rating level and for each sector; the sole exception being unrated Italian corporate bonds, which suffered as a result of the Parmalat affair.

From a currency point of view, the weakening of the dollar against the euro, a process that had begun at the end of 2002, persisted, causing the euro/dollar cross to rise from the low of 1.036 at the start of the year to 1.26 by the end of December; hence a more than 21% revaluation of the euro, certainly significant even when taking into account the softening of the Stability Pact that actually took place. Despite the solid intervention by the BOJ in the exchange markets, the dollar weakened against the yen also: the dollar/yen cross fell to a low of 107, the lowest value for more than 3 years. The main causes for the steady and progressive weakening of the dollar are the budget deficit and the trade deficit; however the compliant attitude shown by the United States political and monetary authorities also plays a part, in addition to the existing differentials between the rates in American and European areas, the latter contributing towards the push by investors to acquire assets in the euro area.

Financial management in 2003 was heavily characterised by the integration of the assets relating to the companies Fondiaria and SAI and by the consequent process of rationalisation of the portfolios in order to ensure uniformity of management activities.

As the result of the extremely volatile performance of the bonds market, which can be exemplified by the performance of the Bund futures, the latter having gone up from 110 in the month of January 2003 to 119 in the month of June and having fallen again to 111 in the month of November, there was a good deal of movement in the portfolio, which led to the realisation of significant capital gains.

Given this scenario, no significant lasting changes were made, and a limited risk profile was maintained.

The portfolio duration of the bonds business, which represents more than 70% of the portfolio, is below 3.60.

By analysing the individual classes of business, we can see how non-life business, on account of its structural features, had a prudent asset allocation characterised by a basic balance between the fixed-rate component (around 60%) and the variable-rate one (around 40%), with a limited duration. Life business, with more "long-term" liabilities, shows a slightly more aggressive asset allocation (70% fixed-rate and 30% variable-rate) with a duration above 4.

At a strategic level, the preference was for investment in government stocks, which represent around 75% of the portfolio, not forgetting however the corporate market (around 25%), which looked particularly attractive when set against a background of relatively low rates.

Share business represents an important component of the investments of Fondiaria-SAI, weighing in at more than 20% of the portfolio.

More generally, there have been some significant operations in this sector, such as the increase in the shareholding in Capitalia, with the Company consequently signing up to the Shareholders Syndicate Agreement, the sale of the Swiss Life Rentenanstalt shareholding, the sale of Credit Suisse shares, and the subscription of the Pirelli & C, Meliobanca and Fiat capital increases.

In particular, with regard to the latter operation, we subsequently managed to lighten the weight on the stock.

There was a steady monitoring of financial risks using the V.a.R. (Value at Risk) technique; in the case of Life business, this was accompanied by periodic valuations of the asset portfolio compared with the liability portfolio (ALM - Asset Liability Management).

The use of the V.a.R. methodology is in accordance with national and international standards.

## **Transfer of the holding in the company Swiss Life Rentenanstalt**

In execution of the agreements signed on 2 December 2003, on 30 December 2003 Fondiaria-SAI and Milano Assicurazioni transferred to Swiss Life Holding their entire holding in the company Swiss Life Rentenanstalt, the said holding being equal to 5.14% of the capital of the latter, 1.98% of which was held by Fondiaria-SAI and 3.15% by Milano Assicurazioni.

As a result of the recent restructuring of the Helvetic insurance group, which is still in progress, Swiss Life Rentenanstalt had in fact taken on the role of operating company of the said group, essentially remaining a private company owned 92.50% by Swiss Life Holding; consequently Swiss Life Rentenanstalt had applied for, and had obtained with effect from the month of September last, cancellation of the listing at the Zurich Stock Exchange.

The total price of the transfer, determined in accordance with criteria specified further on in this report, amounted to around €137m, of which €53m was in favour of Fondiaria-SAI and €84m was in favour of Milano Assicurazioni, payment of which was made in cash with a value date of 30 December 2003.

As far as the respective book values of the shareholding were concerned, the transfer implied, in terms of the said book values, a capital gain of around €17m for Fondiaria-SAI and a capital loss of around €32m for Milano Assicurazioni, to which must be added €8m of exchange rate losses. Swiss Life Holding had in fact made its willingness to acquire the shareholding in Swiss Life Rentenanstalt conditional on the fact that the acquisition would involve the entire holding of the Fondiaria-SAI Group.

The operation must be viewed in the context of the rationalisation of the strategic holdings of the Fondiaria-SAI Group; it does not in any way alter the strategic nature of the holding in Swiss Life Holding, which, it should be kept in mind, is the listed parent company, which the Fondiaria-SAI Group remains the leading shareholder of, with a total holding of about 10%.

With regard to the market value of the shares of the holding company Swiss Life Holding, a listed company whose principal asset is itself constituted by the shareholding in Swiss Life Rentenanstalt, if we compare the stock exchange performance of the Swiss Life Holding and Swiss Life Rentenanstalt stocks prior to the delisting of the latter (a performance that reveals a considerable correlation between the price of the shares of the holding company and the price of the shares of the operating company), the agreed price for the transfer of the Swiss Life Rentenanstalt shares was CHF 351.33 per share, about 1.5 times the market value of the Swiss Life Holding stock on the day that the agreements were signed (2 December 2003), namely CHF 232.

This ratio is higher than the one (1.3/1.4) that results from the comparative analysis of the stock exchange prices of the Swiss Life Holding and Swiss Life Rentenanstalt stocks from the date of incorporation of the holding company (November 2002) to the date of the delisting of Swiss Life Rentenanstalt (September 2003); However, the aforesaid ratio of about 1.5 takes into account the positive performance of the Swiss Life Holding stock over the last few weeks (following the delisting) preceding the formalisation of the agreements when, at the start of November, the maximum price reached in respect of the stock in question was CHF 236.

It should be recalled that the Fondiaria-SAI Group acquired this shareholding as the result of the aforesaid subsidiaries subscribing to the public offer of exchange of the Swiss Life Rentenanstalt shares already owned by the former for Swiss Life Holding shares and of the successive subscription by Fondiaria Nederland and Milano Assicurazioni to the capital increase of Swiss Life Holding



These operations took place, respectively, in the months of November and December 2002.

We are still examining the possibility of a strategic alliance with Swiss Life Holding in the life sector, which could result in the establishment of a joint venture in Italy in which the business activities and distribution capacity of the Fondiaria-SAI Group are combined with the products and different capacities of the Swiss Life Group in this field.

### **Merger by incorporation of Nuova Maa Assicurazioni S.p.A. and Maa Vita Assicurazioni S.p.A. into Milano Assicurazioni S.p.A.**

On 17 December 2003, having obtained the prior authorisations required by law from the ISVAP, the deed was drawn up for the merger by incorporation of Nuova Maa Assicurazioni S.p.A. and Maa Vita Assicurazioni S.p.A. into Milano Assicurazioni S.p.A.

The legal effects of the Milano/Nuova Maa/Maa Vita merger were felt with effect from 31 December 2003 whilst, for accounting and tax purposes, the effective date of the merger was 1st January 2003.

Through a decision of the companies involved and given the opportunity afforded by the planned merger, the incorporation of SIS S.p.A. has been deferred to the 2004 financial year.

### **Capitalia Shareholders Syndicate Agreement**

Fondiaria-SAI and Milano Assicurazioni are parties to the Capitalia Shareholders Syndicate Agreement with an overall share of 3.01% of the ordinary capital. This percentage rises to 10.18% when weighted over all of the syndicated shares. The duration of the Agreement is three years, expiring on 22 October 2006. The syndicate members have undertaken not to transfer the shares allocated to the Agreement, even partially; this does not apply however to the transfer of syndicated shares within the Group.

Each syndicate member has moreover undertaken not to increase its shareholding or voting rights in Capitalia either directly or indirectly. This prohibition does not extend to trading in Capitalia shares provided this remains within certain limits, notwithstanding the fact that the takeover bid threshold ex Articles 106 and 109 of the Consolidated Finance Act must not be exceeded. The new Capitalia governance provides for members of the General Meeting of Shareholders who are party to the Agreement, and the President, to be called upon to decide on matters of strategic relevance only when such matters exceed a certain threshold, which has been set at €350m.

As far as the management of the Agreement is concerned, the Fondiaria-SAI Group has its own representative for this.

## ***Own shares, shares in the holding company and shares in companies that are subsidiaries of the latter***

During the 2003 financial year, a total of 4,543,798 own ordinary shares were purchased for an outlay of €56,041 K; in terms of ordinary shares sold, the total was 692,086, realising a net capital gain of €2,148 K

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In addition to this, 594,857 savings shares were sold, realising a capital gain of €1,977 K. Thus, at the closure of the 2003 financial year, there were 3,851,712 ordinary shares in the portfolio, equating to 2.992% of the ordinary share capital.

Following the closure of the financial year, 600,000 ordinary shares were purchased for an outlay of €11,382K; At 17/03/2004, there were 4,451,712 ordinary shares in the portfolio, equating to 3.458% of the ordinary share capital; the subsidiary Saifin-Saifinanziaria S.p.A. holds a further 218,500 ordinary shares, equating to 0.17% of the ordinary share capital, and the subsidiary Milan Assicurazioni S.p.A. owns a further 3,611,557, equating to 2.806% of the ordinary share capital.

Shares of the holding company:

During the 2003 financial year, 924,610 ordinary shares of the holding company Premafin Finanziaria S.p.A. were purchased for an outlay of €748 K.

As at 31/12/2003, your Company owns 17,512,527 shares of the holding company, equating to 5.631% of the share capital.

Following the closure of the financial year, no buying and selling operations took place; So, as at 17/03/2004, the situation remains unchanged, albeit that the subsidiary Saifin-Saifinanziaria S.p.A. owns a further 66,588 ordinary shares equating to 0.021 % of the share capital and the subsidiary Milano Assicurazioni owns a further 869,700 ordinary shares, equating to 0.28% shares equating to 0.021 % of the share capital.

## REAL ESTATE MANAGEMENT

2003 was marked by the continuation of the positive trend that had begun in 1998, albeit with a rate of growth in prices below that of 2001 and 2002.

The rise in residential business was marked by a combined increase in prices and in buying and selling activity.

Demand has focused on the semi-central and peripheral areas of the large urban centres, with three-roomed and two-roomed properties being more sought after; the reasons why families buy houses have also changed, and the share of people who choose a house as an investment asset is becoming ever more consistent. In 2003, we saw a notable growth in property managed by Closed-End Real Estate Funds, thanks also to the approval of new regulations concerning Savings Management Companies, contribution funds and "open-end" funds.

By December 2003, the competitive procedure aimed at increasing the value of part of the non-core property assets of the Company and of the Group, initiated back in March 2003, had been completed. With reference to the informative note already provided in the half-yearly report as at 30 June 2003 and in the quarterly report as at 30 September 2003, and referring you for more detail to the informative document on the transaction drawn up jointly with Milano Assicurazioni under the terms of Article 71 of the CONSOB Regulation 11971/99 and made available to the public on 7 January 2004, you are reminded that, on 16 July 2003, having examined the in-depth technical analysis conducted by the advisers Lazard and being of the same opinion in terms of what was being proposed, the Boards of Directors of Fondiaria-SAI and of the subsidiary Milano Assicurazioni decided to accept the offer from the Pirelli Real Estate-Morgan Stanley Real Estate Funds Consortium, having deemed this to be, from amongst those presented, the most suitable in terms of the assessment of the property portfolio to which the transaction related.

The 87 buildings involved represent less than one third of the entire property assets of the Group and, given the total price offered of €980m, the transaction implied the realisation of capital gains equal to around €305m. Of this, 70m related to Fondiaria-SAI, €225m to the subsidiary Milano Assicurazioni, whilst €10m was allocated to Nuova Maa Assicurazioni (now merged by incorporation into Milano Assicurazioni) and Progestim.

The agreement provided for the calculation of a further consideration for the sellers in the event that a certain level of return was reached for the buyers and it reserved a preemptive right, in favour of the said sellers, with respect to some properties of particular value.

On 30 July 2003, the preliminary contracts were signed for the sale of the properties to the vehicle companies specially singled out for this purpose (Ganimede S.r.l. and Giugno Due 87 S.r.l.); this was done in order to concentrate the properties that formed the subject matter of the transaction into these companies.

Based on the mechanism of silence=consent provided for by current regulations, in its statement of 29 September 2003 ISVAP indicated that it was in favour of the transaction as far as the aspects that fall within its remit were concerned. We therefore proceeded with the transfer of the fixed assets in favour of the aforesaid vehicle companies.

The transaction was completed on 31 October 2003, when Fondiaria-SAI and Milano Assicurazioni transferred the shares of the vehicle companies. The sellers received on that date, apart from the €1.6m for the net worth of the two vehicle companies, a total of €674m, €270m of which went to Fondiaria-SAI and €343m to Milano Assicurazioni, plus €39m for Progestim and €22m for Nuova Maa.

The Pirelli Real Estate-Morgan Stanley Real Estate Funds Consortium identified the company Dolcetto S.r.l. as being the purchaser of the shares of the vehicle company Ganimede S.r.l. and the company Noal S.r.l. as being the purchaser of the shares of the vehicle company Giugno Due 87 S.r.l..

Amongst the properties transferred to the vehicle company Ganimede, which is owned by Milano Assicurazioni, there was one property located in Milan, Via Pantano no. 26, for which a lawsuit, now pending before the Court of Milan, has been registered; this lawsuit has been brought by the liquidators of the company SIDA (Società Italiana di Assicurazioni), from whom the Company had bought the property at that time, and is aimed at securing the annulment of the sale, thereby returning possession to the aforementioned seller.

In view of the fact that it had not been possible to find an amicable solution whereby agreement might be reached with the other party to the legal proceedings with regard to the current dispute affecting the property in question, Milano Assicurazioni repurchased the said property at the price of €44.2m (the same as the transfer price).

Furthermore, whilst re-examining the agreements between the Pirelli Real Estate-Morgan Stanley Real Estate Funds Consortium and Milano Assicurazioni in relation to some disputes that had arisen as the result of the purchasers having redefined the strategies for increasing the value of the property mix subject matter of the transfer, it was agreed by way of a compromise that the said Milano Assicurazioni would pay Ganimede, under the heading of damages, the amount of €6.8m.

The transaction was completed in the second half of December 2003 as hereinafter indicated:

- between 15 and 22 December 2003, Ganimede proceeded to repay the debt owed to Fondiaria-SAI and Milano in the amounts of €71.8m and €204.2m respectively;
- with regard to the other vehicle company Giugno Due, on 19 December 2003 it proceeded to pay off the balance of the remaining debt owed to Fondiaria-SAI and Milano, in the amounts of €5.2m and €14.8m respectively;
- on 15 December 2003, at the request of Ganimede and under the terms of the contract, Milano and Fondiaria-SAI provided a "mezzanine" financing for the said Ganimede in the total agreed amount of €80m, divided pro rata between Fondiaria-SAI (€33.6m) and Milano Assicurazioni (€46.4m). This financing is secured by the registration of a 2nd rank mortgage on all the properties transferred to Ganimede.

As a result of the completion of the procedures described above, the parties fulfilled all the obligations provided for in the final contracts entered into on 31 October 2003.

The transaction represented a value-creation opportunity for the Fondiaria-SAI Group, with a view both to the positive performance of the property market and the interest shown by national and international investors in the characteristics of value, rate of return, geographic location and intended use of the properties subject-matter of the transaction, and ultimately to the synergy potentials arising from the complementary nature of the property portfolios of Fondiaria-SAI and Milano Assicurazioni.

The transaction forms part of the asset allocation strategy that is implemented at Group level; this strategy provides for, amongst other things, measures aimed at reducing the burden that properties might represent by profiting, *inter alia*, from the opportunity that arises when the market moves into a positive phase and investing the resultant cash flow in activities with a low risk profile.

Given the above and taking into consideration also the usual *modus operandi*, the property transactions completed by the Parent Company during the financial year may be summarised as follows:

(€K)

purchases	21,258
increased costs	36,232
disposals	(316,179)
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With a decrease of	(258,689)

During 2003 two sets of premises were purchased: a hotel complex in Milan, via Filzi no. 25/b, through early surrender of a real estate leasing contract and a property for residential use at Pino Torinese (To), via delle Viole no. 5.

With regard to disposals, the total revenue in 2003 was €360,007K, with the realisation of capital gains in the sum of €74,418K.

Entire properties were disposed of in Bergamo, Florence, Genoa, Milan, Padua, Rome, Turin, Belluno, Brescia, Bologna, Cesena, Pescara, Ravenna, Trieste, Pisa, Varese, Reggio Emilia, Cremona, Palermo and Vimodrone (Mi) as well as condominium units in Milan, Turin, Pescara, Venice, Ravenna, Palermo, Cesena, Bergamo, Genoa, Bologna and Belluno.

During August, having received the prior authorisation of ISVAP, the Company proceeded with the purchase of the subsidiary Mercantile Leasing S.p.A.; this was subject to the prior cancellation of the leasing agreement in existence between the latter and Fondiaria-SAI (lessee) in respect of a property situated in Milan and leased to third parties for use as a hotel. The price paid, net of VAT, was €19.8m. The market value of the property, as established by a special survey drawn up for this purpose by third parties, is around €31.5m; taking into account the purchase price, the property will have an annual yield of around 5.3%.

On 18 December 2003 purchase-sale contracts were concluded with Cassa di Risparmio di Firenze covering the following:

- on the one hand, the transfer to the Cassa of the Company's entire holding in the company Nocciolo S.r.L., owners of a property complex in the municipality of Florence, consisting of land on which the former industrial plant Carapelli used to be located, and which is the subject of a land recovery project approved by the Municipal Administration;
- on the other hand, the purchase of four properties owned by the Cassa, or, to be more precise, four entire buildings, three of which are located in Florence and the other in Scandicci (FI); the buildings are either fully or partly occupied by offices of the said Cassa di Risparmio di Firenze, and are in a good or optimum state of maintenance; likewise, the simultaneous conclusion of leases in favour of the said Cassa in respect of the properties concerned.

The related preliminary contracts had been signed in February 2002 and an informative note had been provided in this regard in the report attached to the accounts as at 31 December 2001 and in the half-yearly report as at 30 June 2002 of the merged company Fondiaria Assicurazioni S.p.A.

With regard to the property complex owned by the company Il Nocciolo, this concerns a recovered area with building permission, which is around 37,000 sq m in size and for which the application for variance zoning for the realisation of the new head office of the Cassa di Risparmio di Firenze was approved in December 2003. The agreed price was €19,748K, whilst the value of the area based on the survey drawn up by the company commissioned for this purpose was around €15.5m, as against a book value of around €13.6m.

With regard to the four buildings that were transferred by the Cassa di Risparmio, the total price paid was €22,827K; this was the same as the market value of the properties in question as revealed by the special surveys drawn up for this purpose by the company commissioned by the said Company. With regard to these properties, it seemed expedient that a company that was a 100% subsidiary of Fondiaria-SAI should purchase them in place of the latter; with this in mind, the Company set up a new company, the so-called Meridiano Risparmio S.r.L., which, it was intended, would purchase the fixed assets in question.

This company, which had an initial share capital of €10,000, was provided with the necessary capital resources, the value date of the same being the day of the transaction, in the form of a payment to the capital account.

Still on 18 December 2003, leases were concluded in favour of the said Cassa di Risparmio di Firenze in respect of rooms located inside the said buildings subject matter of the purchase-sale transaction. The agreed leasing fees are such as to ensure annual yields, for each property, that are equal to at least 5.4% of the purchase price.

The property assets rationalisation programme implemented by Fondiaria-SAI will continue, with the disposal of property units in condominiums and with the purchase, where necessary, of properties used for the business of the company.

Progestim S.p.A., a fully-owned subsidiary, continues to manage the property assets of the Group: on 1 October 2003 it took over from Stimma S.r.L., a company that had originated from the merged entity Fondiaria S.p.A.

The said Progestim will be asked to engage in any other real estate activities of the Fondiaria-SAI Group that might possibly be required, such as taking part in tenders for the purchase of property assets of privatised companies or public bodies; this would be done in order to ensure that there is coordination and unitary control of the business in this sector.

So as to render the real estate management operation even more efficient, in 2003 a new proprietary software application was implemented, the so-called "Immo-web", designed entirely to the requirements of the Fondiaria-SAI Group. "Immo-web" adopts a web-based technical solution independent of third party hardware instruments and software products, having been developed 100% in the Java language. It is also worth pointing out that this application was developed in order to interface with the accounting system of the Group as well as with other computer applications.

## DEBTS

As at 31/12/2003, the debt situation of Fondiaria-SAI S.p.A. was as follows:

(€K)	31/12/2003	31/12/2002	Variation
Subordinated loan	400,000	400,000	-
Sundry loans and other financial payables	558,211	1,166,765	(608,554)
Total debts	958,211	1,566,765	(608,554)

On 12 December 2002, the surviving entity SAI had entered into a financing agreement with MEDIOBANCA, based on which the latter had made available to the Company the sum of €400m, this in order to bolster its solvency and thus improve the solvency margin.

Thus, based on the understandings reached with Mediobanca and subject to the prior authorisation of ISVAP, in July 2003 Fondiaria-SAI acquired new subordinated financing for the same amount, at the same time proceeding with the early repayment of the existing financing. The features of the financing that had changed were, in particular:

- the term of the loan, increased to 20 years compared to the 10 years provided for previously;
- the fact that the option of early repayment of the loan could be exercised, subject to the approval of the ISVAP, 10 years after the conclusion of the contract, compared to the 2 years provided for previously; the option for the Company to defer payment of the interest even if the General Shareholders' Meeting convened to approve the accounts should decide not to distribute dividends; provision for an annual interest rate equal to the Euribor rate plus 310 basis points, compared to the 180 under the previous agreement. Furthermore, whilst the previous agreement provided for a step-up of 100 basis points after 24 months, the new agreement provided for a step-up of 80 basis points with effect from the eleventh year. In the event therefore that Mediobanca singles out other Institutions with which it might "syndicate" the financing, the spread when set against the Euribor rate would reduce by 10 basis points.

The features of the new subordinated loan form part of the asset elements that can be used to determine the rating level in accordance with the methodology of calculation used by Standard & Poor's.

In agreeing the changes to the existing agreement, it was moreover thought that the early repayment option, which may only be exercised after 10 years and no longer after 2 as before, would contribute to the increased stability of the structure of the subordinated debt, above all when taken together with the extended term of the loan, from 10 to 20 years. For the purposes of the calculation of interest, the Company opted, for the first 10 years, for the variable rate based on the Euribor rate plus 310 basis points.

With regard to the interest rate, the increased charges arising out of the new agreement amount to a maximum of € 5.2m on an annual basis gross of tax and, as from the third year (having taken into account the step-up provided for by the previous agreement), to a maximum of around €1.2m, to which must be added the new placement costs.

Recorded under the item "Sundry loans and other financial payables" are €465,461K relating to financings received from the subsidiary Sainternational S.A. and €30,813K relating to financings received from the subsidiary Fondiaria Nederland B.V. These financings are referable to the liquid assets emanating from the convertible loan stock issued respectively by Sainternational S.A. and Fondiaria Nederland B.V. in 2001; the amount entered in respect of the financing received from Fondiaria Nederland B.V., net of the amounts paid off in the first half of the year, was €507,302K. During the same period, a financing in the sum of €41,941K provided by Saifin-Saifinanziaria S.p.A. was moreover paid off and access was granted to a financing from the subsidiary Italiberia S.A. in the sum of €480K. The maturity of securities loan transactions covering Generali S.p.A., Banca Monte dei Paschi di Siena S.p.A., Pirelli S.p.A. and Fiat S.p.A. shares in the sum of €57,166K was moreover recorded.

Finally, it should be noted that the loan granted by the subsidiary Sainternational in the amount of €465m will mature in 2004: this maturity is related to the maturity of the convertible loan stock issued by the subsidiary. It follows that the debts of the Parent Company will reduce significantly in 2004 compared with the situation as at 31 December 2003.



## **Other information**

## STRUCTURE OF SALES ORGANISATION AND CLAIMS SETTLEMENT

As far as the structure of the ex SAI network is concerned, the sales organisation is divided up territorially into two Sales Offices: the North Sales Office, located in Turin, which is responsible for the Sold Zones of the previous Northeast and Northwest Operating Divisions, and the South Central Sales Office, located in Rome, which is responsible for the Sold Zones of the previous Central and South Operating Divisions.

The company's sub-offices are as follows: MILAN (Via Senigallia 18/2), NAPLES (Via Tommaseo 4), PADUA (P.za De Gasperi, 65), ROME (Via Colombo 70).

The territorial distribution of the Fondiaria SAI Agencies as at 31/12/03 was as follows:

	<b>SAI Authority</b>	<b>Fondiaria Authority</b>	<b>Total as at 31/12/03</b>	<b>Total as at 31/12/02</b>
North	456	267	723	733
Central	208	142	350	359
South	179	174	353	355
<b>TOTAL</b>	<b>843</b>	<b>583</b>	<b>1,426</b>	<b>1,447</b>

The number of SAI Authorised agencies is 843, made up of 242 Town agencies and 601 General agencies; the number of Agents is 923 (General agents and Town agents). With reference to the Fondiaria Assicurazioni S.p.A. authorised agencies, it should be noted that on 31 December 2003 the management agencies of Milan, Rome and Vicenza were added to the existing agencies under contract.

The average portfolio of the SAI authorised agencies in 2003 was around €3,880,000; that of the La Fondiaria authorised agencies was around €2,852,000.

On 23 December 2003, the New National Agreement concerning Agents came into force; this contains provisions that, for the first time, regulate the tasks entrusted to agency companies.

The main changes introduced as a result of the agreement concern:

- exclusive agency and the creation of a joint body for the identification of new distribution arrangements;
- regulations governing possible forms of cancellation at the initiative of the company (just cause, with reasons being given, without reasons being given);
- new limits in terms of pensionable age (raised to 68 years of age);
- the new pensions scheme (increase in contributions payable to Pension funds).

As a result of the redevelopment of the architecture of the computer systems linked to agency business, in the first few months of 2004 a new agreement was signed relating to the computerization of the ex SAI Division.

Under this agreement, the agencies agreed to implement the computer system supplied by the Company; the software package, the so-called "Pacchetto delta", thus became the property of the Company, whilst the agents are allowed access to all the files and the data contained in them. To ensure the effective and efficient transfer of information, in the financial years 2004 and 2005 Fondiaria-SAI will grant a contribution for the upgrading of the current network to ADSL technology; it will likewise be bound to provide hardware support to guarantee the proper functioning of the "Pacchetto Delta".

With a view to achieving the strategic objectives identified by the company, a new corporate agreement was signed with the Sai Agents' Executive Committee on 8 January 2004. As a matter of principle, the structure of the previous agreement in terms of the underlying provisions was maintained, with the introduction however of the following changes of note: - provision for reductions in TPL and Miscellaneous Risks commissions, including recovery mechanisms

- introduction of an additional Miscellaneous Risks commission in the form of an override, linked to the loss ratio of the individual Agency
- 20% increase in the non-motor claims contributions
- introduction of social security contributions
- encouragement of family members to become successors in title to the agency
- introduction of a contribution for agencies who open new sub-agencies

Finally, as a result of the creation of a second Corporate Agents Group during the last few months of 2003, in February 2004 an agreement was drawn up with these representatives, which maintained the same terms as those agreed under the Agreement with the SAI Agents Executive Committee, but made allowance for a fixed amount for each TPL policy in CIP [*Interdepartmental Committee on Prices*] classes 1a to 9a, with the provision for the hardware required for the operation of the agency to be owned by the Company.

The claims handling service is run within the corporate framework with, as is customary, the cooperation of outside loss adjusters. At the Management Office, responsibility for directing and monitoring the claims-handling policy has been assigned to the Claims Division.

The main feature of the claims handling process is the multitude of channels through which a claim file can be opened; thanks to this, claim files can be opened as a consequence of the claim being reported either to the Agencies or other claims networks or via the call centre, which brings together and implements all of the procedures to be followed and ensures the precise allocation of claims based on the characteristics of the same, identifiable as from the moment the claim is reported. Finally, a diversified settlement process is activated, with the file being passed on to a number of different people at once, the number of people concerned being dependent on the complexity of the claim. There are moreover a few central claims monitoring units, with specific authority for particular claims.

During the period March-April 2003, the Fondiaria-SAI Group formed a working party, "Cantiere Sinistri" ("The Claims Taskforce"), with the aim of commencing the process of integration of the three claims management networks (SAI, Fondiaria and Milano). The team began by examining the activities of the three networks of the Group; they then identified the guidelines for integration, which were broken down into four main project threads:

- operating model, which maps the structures and processes of the companies;
- network control methods, in which, for each company, the processes of planning, monitoring and technical supervision are analysed;
- third parties and agreements with same, in which the processes of selection, management and control of trusted collaborators of companies in the Group are analysed;
- ICT, in which the differences between the claims systems in use in the various networks are analysed.

During the period May-June 2003, the Claims Taskforce focused on the task of defining the model and structure of the new Integrated Claims Division, having regard to each one of the project threads; in so doing, they selected the "best practices" based on the previous experiences of the various companies.

The aim of this was to establish a single claims management network and a single organisational management structure, both supported by a single IT platform.

During the second half of the year, therefore, they proceeded with the preparation of the overall work plan and the implementation of the priority activities necessary for the integration; these included the finalisation of arrangements for the head office and local/regional office headquarters, to be launched on 1st January 2004, the finalisation of the planning processes and of the Network control systems, the integration of the Milano - Nuova MAA central claims monitoring units through the establishment of a plan for the merger of the said units, the start-up of the "Rapid Settlement through expert appraisal" procedure within Fondiaria and Milano, and the setting into motion of the "Machinery of Change" across the network. This last project provides for a series of communication measures and training activities, which, once implemented, will update the skills and the organisational approach of all the members of the new single integrated network.

In order to stretch the capacity of the claims-handling structure locally, the overall structure will be organised into 12 zones, with more than 1000 claims-handling units in each zone.

During 2003 we also saw the new IES SAI claims computer system being gradually rolled out to the various SAI claims-settlement units, with the work that had already begun being completed over the last few days of the year. The rollout of the new claims computer system to the Fondiaria and Milano networks is scheduled for 2005.

## **MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES**

As at 31/12/2003, the Company employed 2,806 staff (2,997 staff as at 31/12/2002), of which 66 managers, 2,717 insurance officers and clerks and 23 people assigned to the caretakers' lodges of the buildings owned by the Company, whose employment is regulated by the caretakers' contract.

Of these, 1,843 are employees of the surviving entity (2,028 staff as at 31/12/2002), whilst 963 staff (969 staff as at 31/12/2002) come from the merged entity.

During 2003, the implementation of the voluntary redundancy scheme was given a further boost; this scheme was directed towards staff who were in possession of the necessary requirements for entitlement to seniority pension [based on contribution years]/old age pension, and it enabled the number of insurance employees to be reduced from 2,961 staff as at 31/12/2002 to 2,783 as at 31/12/2003 (not including 45 employees hired by companies in the Group) and to 2,775 as at 31/1/2004.

Personnel costs increased to € 198,378,000, € 197,446,000 of which related to insurance personnel, an increase of around 11.5%.

For all three categories mentioned above, the related Industry-Wide Agreements were renewed in 2003.

The section of the Industry-Wide Agreement for managers containing the financial terms only was renewed on 23.10.2003; this was done in line with the inflation indices forecasted for the two-year period 2002/2003 and included recovery of the real and forecasted inflation differential of the previous four-year period owing to the fact that the negotiations for renewal had been prolonged.

The Industry-Wide Agreement for officers and clerks was renewed on 18/07/2003. There are no significant changes to the new agreement in terms of introducing brand new terms and conditions. Of note is the introduction of a long-term care benefit for all employees, which is financed through a standard 0.20% contribution, payable by the Company. In financial terms, 2003 saw an increase in the salary scales, which were 6.31% higher than those as at 31.12.01; this was in line with the inflation forecasted for the two-year period 2002/2003 and the recovery of the differential between real and forecasted inflation from the previous two-year period.

For the years 2004 and 2005, the estimated cost increase at sector level is, with reference to the situation as at 31/12/2003, 0.68% and 0.90% respectively, net of the adjustments to the salary scales based on the inflation forecasted for the two-year period 2004/2005.

The Industry-Wide Agreement for employees of owners of buildings was renewed on 01/12/2003. We would refer in particular to the fact that the working week was adapted to the current provisions of the law (Legislative Decree no. 66/2003), being reduced to 48 hours per week. In financial terms, the wage increase is that of the rate of inflation forecasted for future years.

The qualifying projects that have characterised the training activities during 2003 were as follows:

#### **Completion of the IES Roll Out**

The training route designed to be followed by personnel from the entire ex SAI claims-handling structure and intended to support the launch of the new IES claims computer system has been completed.

#### **Integration taskforce**

The first training projects, the purpose of which is to support the operations relating to professional re-qualification for which provision was made by the integration taskforces of the Fondiaria-SAI Group (Management/Claims Division), have been implemented.

In particular, with regard to the Motor sector, all the training activities that involved the integration of the technical support systems into the agency network have been devised and implemented throughout the entire Group.

#### **Continuous professional development**

Generally, a few training projects were implemented under this heading, covering specialised technical aspects involving non-life non-motor technical support, the internal audit, and the entire ex SAI claims-handling network (particularly with regard to law 57/01).

#### **Managerial training routes**

A managerial training route was designed for Managers, Heads of Departments and Professionals.

For part of this, financing was requested and obtained from the Lombardy Region: work had already begun on the provision of 4 financed courses by December 2003.

As always, all the corporate members fully met our expectations, making a specific contribution in professional terms and in terms of commitment, which it is only right and proper to formally acknowledge by taking this opportunity to warmly thank the entire staff. Such thanks and appreciation are likewise extended to the agency network, which contributed through a constructive spirit of cooperation towards the achievement of the company's results.

## **DEALINGS WITH COMPANIES IN THE GROUP**

Your Company has had dealings of a financial nature and dealings related to insurance and the provision of services with the majority of the companies in its Group.

It should be noted that dealings with companies in the Group fall within the scope of the usual coordination activity of the Company and are moreover subject to the specific supervisory regime of the ISVAP. No transactions have been realised the characteristics of which are atypical compared to the normal business of the undertaking. The main intra-group transactions, governed by market prices, cover reinsurance transactions, the process of handling Non-Life claims, the IT service, administration, the management of property assets and moveable assets, and the granting of financings and guarantees.

The provision of services to companies in the group has ensured the rationalisation of functions and the use of existent synergies within the Group, which has led to greater overall profitability. For further details on the intra-group transactions, we would refer you to the annexes to the accounts - Section C - Notes to the Accounts.

## **COMPUTER SYSTEMS INTEGRATION**

Indicated below are the principal activities that have been carried out and that are being carried out, as the result of the merger operation that took place last year, in order to standardise and rationalise computer activities at Group level. This concerned in particular:

- Unification and integration of the organisational structures, by beginning the process of rationalising the operating modes (operating processes and procedures) ;
- Unification of the geographical network of telecommunications (WAN), by activating high-speed infrastructures between Divisional Headquarters;
- Centralisation of MAINFRAME data processing resources at the TURIN nucleus (with simultaneous closure of the MILAN ASSAGO nucleus for the MAINFRAME technology);
- Rationalisation of the Florence operations nucleus (server consolidation);
- Beginning of the process of rationalisation of the Milan operations nucleus with a view to migration to the Bruzzano district (server consolidation);
- Rationalisation of the infrastructural component of the Nuova MAA and Milano Central claims monitoring units;
- Definition of development scenarios for infrastructural platforms for the Group Intranet;
- Completion of the operational launch of the relevant part of the new (IES) Claims system.

## **DISCHARGE OF OBLIGATIONS CONCERNING MATTERS OF PRIVACY (Legislative Decree no. 196/2003)**

Bearing in mind what is provided for in point 26 of the "Technical regulations governing security measures", Annex B) to the Legislative Decree no. 196 of 30/6/2003, Fondiaria-SAI S.p.A. declares that it has drawn up the Document relating to the Programme of Security for the year 2003 in compliance with the Presidential Decree no. 318 of 28/7/1999 " Regulations establishing rules for the identification of minimum measures of security for the processing of personal data in accordance with Article 15, sub-section 2, of law no. 675 of 31 December 1996". By 30 June 2004, Fondiaria-SAI S.p.A. will have proceeded with the updating of the Document relating to the Programme of Security for 2004 in accordance with the provisions introduced following Legislative Decree no. 196 coming into force on 30/6/2003, as well as the related technical Regulations provided for in the aforementioned Annex B).

## **FONDIARIA-SAI WARRANTS 1992-2004**

In a measure announced on 28 November 2003, the Italian Stock Exchange ordered the admission to the official Stock Exchange listing of the "Fonditalia-SAI Warrants 1992-2004", which, as you are aware, provide an entitlement to subscribe to savings shares only.

Since there was no prior objection by CONSOB to the publication of the related prospectus, the Italian Stock Exchange thus ordered the trading in the Warrants to commence at the Stock Exchange with effect from 9 December 2003.

Given that the undertaking assumed at that time was in order, the Board of Directors of the Company will propose to the General Shareholders' Meeting for the approval of the 2003 accounts that the time period in which the "Fonditalia-SAI Warrants 1992-2004" may be exercised be extended for a two-year period, that is to say, up until 31 August 2006.

## **RATING, DEALINGS WITH THE MARKET AND WITH INSTITUTIONAL INVESTORS**

In October last, the agency Standard & Poor's confirmed the rating of the Group as being BBB-, at the same time raising the outlook from negative to stable. This decision on the part of the prestigious agency, a decision that was taken a few months after the merger, reflects the fact that the new Group has already obtained concrete results in terms of improvement in financial strength, optimisation of the technical performance and the determination on the part of the management to complete the process of operational integration.

Such evidence of trust can only represent a further boost to the achievement in full of the objectives clearly set out in the business plan.

In fact on 3 April 2003, during a meeting held with the international financial community that had been organised in Milan, the aforesaid plan was presented; it has ambitious targets both in terms of insurance and from a financial point of view. In line with the intentions of the Company, this meeting represents the first in a series of regular rendezvous with all stakeholders; this in order to ensure that the Group is given the visibility that it deserves and at the same time to immediately meet the just demands for information now made more and more by the market. The response from investors was certainly positive, to such an extent that the price of the Fonditalia-SAI listed security grew by more than 80%.

## **SUPPORT MEASURES IMPLEMENTED WITHIN THE SOCIAL AND CULTURAL SPHERE AND IN ORDER TO MAINTAIN THE COMPANY'S IMAGE**

In 2003 considerable resources were devoted to focusing on the Group's new position in the industry, on the brand architecture, on the reference values and on the system for ensuring visual recognition of the Group, concepts which are indispensable when it comes to creating a distinctive identity, one that will mark the Group out from the rest, in a market that communicates and creates value.

It is a long and laborious task, which translates into the definition of a new brand that might give coherent expression to the corporate identity.

The new trademark of the Parent Company is a graphic mark, which contains within it the rich and composite world of the original two realities and which, whilst keeping intact the "square" system of the trademark, affords it strength and stability.

The finished product is proportionate to the visibility of the SAI brand in the market: from Eurisko surveys it has emerged that 25% of those interviewed spontaneously mention SAI whenever they are asked to indicate the names of well-known insurance Companies. This is remarkable if compared to brand awareness for our principal competitors, who have heavily invested in advertising.

But the desire to keep the square feature of the trademark unaltered serves a dual purpose: on the one hand, to capitalise on the strong association with the "blue square" that exists in the mind of the market, and on the other hand to be able to retain the rectangular form typical of the Fondiaria trademark. In other words, continuity in growth.

All of this is in concrete response to a market that is becoming more and more competitive, and in which the strength and notoriety of a brand are key factors in attracting and securing the loyalty of customers and in optimising the effectiveness of investments in communications.

The design stages for the Group Intranet and Internet sites were completed in the second half of the year; following this, the first Non-Marine products from the new Group range were launched across all of the agency networks, with provision being made for those measures and tools that might meet the commercial objectives of the project of Portfolio Reform to be implemented.

With the production of the newsletter NEWS and of the house organ TEAM, designed to be circulated to all the employees of the Group and the distribution networks, one of the first goals of the project for the integration of the different Fondiaria and Sai business cultures was finally achieved.

Strategic sponsorship activities, designed to reinforce the message that there is a new business reality, were also pursued; these consisted in highly visible initiatives as well as measures directed more towards the geographical poles of major interest.

In particular, we wished to continue to make a significant commitment to social responsibility, and so we maintained our involvement, for the second year in a row, with Telefono Azzurro [*a 24-hour helpline for children and young people*]; this resulted in Fondiaria-SAI being one of the major supporters of the Fiori d'Azzurro event, which took place in all major Italian piazzas in April 2003.

In the sports arena, the sponsorship of the Maxi Yacht Idea proved to be of vital significance; this led our brand to be the winning brand at the most important regattas of the Mediterranean, featuring in the main sports headlines with a high degree of visibility, as well as in magazines aimed at people in the sailing world. Moreover, given the success that we have had, once approval had been obtained the Company renewed its commitment to athletics and golf respectively with the Fondiaria-SAI Progetto Atletica and Fondiaria-SAI Swing Cup.



Fondiaria-SAI are also the official sponsors for AC Fiorentina: the Company's trademark stands out on the team's jerseys, supporting the rebirth of Florentine football.

Finally, the official appointment of Fondiaria-SAI as a private member of the Maggio Musicale Fiorentino [*Florentine May Musical Event*] Foundation and the Company's significant contribution towards the preparations for the prestigious first catalogue of the Galleria Palatina [*Palatine Gallery*] bear witness once again to the desire on the part of the Company to be a patron of art, an active player at the highest-level on the artistic and cultural scene, as well as its willingness to create a solid link with the town of Florence, by actively participating in the work done for several years now in the subalpine provincial capital in cooperation with the Council and the Teatro Regio di Torino [*Turin Royal Theatre*] Foundation.

The External Relations and Communications Divisions have moreover, as a result of their activities, assured the institutional services customarily provided by Media Relations, Customer Service and Internal Communications. For this last activity, in particular, a multi-year strategic plan was drawn up, a plan that identifies a series of measures aimed both at Fondiaria-SAI and Milano Assicurazioni (in its guiding principles for management, for directly employed staff and for the sales networks), and at the various companies in the Group; so that it might service all of the aforesaid companies, the plan has been devised in such a way as to constitute both the cornerstone of communication, ensuring communication flows throughout the entire Fondiaria-SAI world, and the basis for building a common culture.

Support for the business strategy indicated in the business plan for 2003-2006 will continue to be provided in 2004, this as a response to the company mission " to be a leader in the non-life Italian market both in terms of size and profitability" and to supply all the tools that might serve to endorse the new Company and the new brand as prominent players on the insurance and financial horizon.

## INFORMATION CONCERNING SHAREHOLDINGS HELD BY DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS

The chart below shows the shareholdings held by Directors, Statutory Auditors and General Managers pursuant to Article 79 of the CONSOB Resolution no. 11971 of 14/5/99, containing the by-law to implement the Legislative Decree no. 58 of 24/2/98 incorporating regulations governing listed companies.

Shareholdings held by spouses not legally separated and by children who are minors, either directly or through subsidiaries, trust companies or persons acting as intermediaries, have also been taken into consideration.

Surname and first name	Participating interest	No. of shares owned as at 31 December 2002	No. of shares purchased	No. of shares sold	No. of shares owned as at 31/12/2003
		Nominal value €1			Nominal value €1

### GENERAL MANAGERS

MARCHIONNI Fausto	Fondiarria-SAI	625 a)	ord.		625 ord.
		282 a)	sav.		282 sav.

### BOARD OF DIRECTORS

CARUSO Carmelo	Fondiarria-SAI	394 a)	ord.		394 ord.
	Fondiarria-SAI	115 a)	sav.		115 sav.
LIGRESTI Giulia Maria	Fondiarria-SAI	1,500 b)	ord.		1,500 ord.
PINI Massimo	Fondiarria-SAI	1,500 a)	ord.		1,500 ord.
TALARICO Antonio	Fondiarria-SAI	9,360 a)	ord.	25	9,385 ord.
	Fondiarria-SAI	3,120 a)	sav.	2,080	5,200 sav.
	Fondiarria-SAI	1,800 b)	ord.		1,800 ord.
	Fondiarria-SAI	600 b)	sav.	400	1,000 sav.
ZANNONI Oscar	Fondiarria-SAI	29,000 c)	ord.		29,000 ord.

### STATUTORY AUDITORS

MANTOVANI Giancarlo	Fondiarria-SAI	1 a)	ord.		1 ord.
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### LISTED SUBSIDIARIES

Surname and First name	Participating interest	No. of shares owned as at December 2002	No. of shares purchased	No. of shares sold	No. of shares owned as at 31/12/2003
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### BOARD OF DIRECTORS

		Nominal value €1		Nominal value €1	
TALARICO Antonio	Milano Ass.ni	100	ord.		100 ord.
RUCCELLAI Cosimo	Milano Ass.ni	8,694 a)	ord.		8,694 ord.
ZANNONI Oscar	Milano Ass.ni	188,000 a)	ord.	88,000	100,000 ord.
	Milano Ass.ni	93,000 b)	ord.		93,000 ord.
	Milano Ass.ni	111,000 c)	ord.		111,000 ord.

(a) shares owned directly

(b) shares owned directly by spouse

(c) shares owned through a subsidiary

## CURRENT DISPUTES

Whilst now somewhat reduced, the flow of litigation created by civil action brought by the Company's policyholders continues; they are seeking a partial refund of the Motor TPL premium due to the anti-competition activities allegedly pursued by your Company, in agreement with the other leading Companies in the insurance sector, in Motor T.P.L. business. There was a drop in litigation following Decree Law no. 18 coming into force on 8/2/2003, converted into Law no. 63 of 7/4/2003, which made this type of dispute subject to the due process of law.

Almost all of the cases are concentrated into three Regions and are due to come up before Justices of the Peace in isolated areas who establish jurisprudence in favour of the claimants. The writs flowing in both directions have been held up in the districts of Justices of Peace whose jurisprudence is in favour of the Companies. To go into the matter in more detail, for both portfolios, SAI and Fondiaria, the number of cases pending is respectively 7,702; the amount paid out to date by the Company on all judgements is around €2,200,000 (around €620 per case).

The fact that Justices of the Peace must base their decisions on law and not on the rules of equity, an obligation introduced by the aforesaid Decree Law 18/2003, means that the Companies can now challenge unfavourable decisions before the Courts and not, as happened previously, before the Court of Cassation, whose jurisdiction is limited. This fact has had a moderately dissuasive effect on policyholders.

Currently, the Company has filed some appeals to the Court of Cassation in accordance with the legislation that was previously in force, and it is awaiting the court's decision.

In this regard we would refer to the decree (of 3/7/2003) of Section III of the Court of Cassation which, in contrast to another decision made by Section I of the said Court, referred the matter of jurisdiction to the Joint Sections.

According to Section III of the Court, it is not in fact the Justices of the Peace who are competent to decide on the aforesaid cases, but rather the Courts of Appeal, and this in execution of Article 33 of Law 287/1990.

The decision of the Joint Sections will definitely have an effect on the litigation and on the flow of writs back and forth.

We would moreover remind you that the appeal against the judgement of the Council of State of 23/4/2002 that the Company lodged with the United Sections of the Court of Cassation, as did some other leading Companies too, is still pending; the aforesaid judgement had confirmed the penalty imposed on 17 Companies, amongst which your own Company, by the Antitrust Authority due to the exchange of sensitive information via the intermediary of the Company RC LOG.

By passing judgement on the issue of quantum, during the 2003 financial year the Court of Milan finally ruled on the court case that had followed the merger through incorporation of the Company Latina Assicurazioni S.p.A. into La Fondiaria Assicurazioni S.p.A., which took place in 1995.

You will in fact recall that, following the aforesaid merger, some shareholders had brought a suit before the Court of Milan requesting that the surviving entity be sentenced to make good the damage that the said shareholders allegedly suffered as a consequence of the merger.

As a result of the aforesaid suit being brought, in a judgement that was not final and that was delivered in 2000, the Court of Milan had ruled on the possibility of there being some liability on the part of the surviving entity Fondiaria Assicurazioni and, whilst acknowledging the adequacy of the valuation criteria and methods used by the Directors of Fondiaria Assicurazioni and Latina Assicurazioni in order to determine the exchange ratio (done, *inter alia*, on the basis of an estimated report drawn up by a specially assigned company), had nevertheless noted the failure to properly apply the pre-selected valuation criteria to some aspects of the valuation, with repercussions for the exchange ratio; the Court had thought therefore that the Latina shareholders had received a lower volume of Fondiaria shares than what was due to them in return for each Latina share. The variance from the exchange ratio that had been decided upon had

been quantified as 2.8%. Consequently, having ascertained liability in the determination of the exchange ratio, the Court had, without prejudice to the full validity of the merger, held the Company to be obliged to indemnify the shareholders with respect to the damages consequently suffered and, in a separate ruling, had ordered that the case be referred for investigation for the purposes of determining the damage suffered by the claimants.

The Company had challenged solely the *an debeatur* aspect of the aforesaid ruling at the Milan Court of Appeal; these proceedings were also concluded in the 2003 financial year following the issue of an articulated judgement in May, in which the judges re-examining the case confirmed the possibility of there being some liability (this time however of a contractual and not of an objective nature, as had been maintained by the Court) ascribable to the surviving entity, as well as the existence of the aforesaid variance in the exchange ratio. During the last few months of 2003, the Court finally issued the judgement on the quantum: the judges of the court of first instance, having taken into due consideration the indications of the Official/Court-Appointed Technical Consultant, valued the compensation due to the claimants in the amount of €1,735,000 inclusive of interest, any write-up and fees.

The special provision for risks and charges entered in the accounts shall also cover the sums necessary to fund any payments in connection with the court case.

During 2003 six summonses were served on the Company, five before the Court of Milan and one before the Court of Florence; the object of these summonses, which were served by some shareholders of the merged entity La Fondiaria Ass.ni S.p.A., was to ensure that our Company met our alleged takeover bid obligations, obligations whose existence had been confirmed, according to the claimants, also by CONSOB, as demonstrated in the press release from the latter dated 18 December 2002.

Apart from your Company, Mediobanca and, with the exception of one of them, Premafin, are also involved in the proceedings in progress, being held to be jointly and severally obliged together with Fondiaria-SAI.

In one of the aforesaid proceedings on the other hand, although your Company has been summonsed, no claims for compensation have been made against it.

In the summonses it is maintained that the claimants suffered damage in that the Companies summonsed, in execution of an agreement made between them and also through the intermediary of some investors who took on the role of second/interpositioning broker, acquired control of La Fondiaria Ass.ni S.p.A. by evading their takeover bid obligations.

The damage is quantified by the various counterparties, who have applied numerous, and somewhat questionable, criteria even though, essentially, the amount of damage in their opinion is represented, in short, by the difference between the value of the share based on the price of the takeover bid and the price which the share had following the events deemed to be of relevance by the claimant. The total compensation claimed from the Company, in its capacity as joint defendant with the other Companies summonsed in the proceedings, amounts, per capital sum, to around € 103,000,000.

The Company duly appeared before the court to challenge the reconstruction of the facts and the legal theories. Apart from disputing the existence of the agreement with Mediobanca and the fact that the investors who purchased the Fondiaria shares from Montedison had acted in the capacity of a second broker, the defence documents show that, had the necessity for the takeover bid been identified, the Company would not have had as its sole solution that of launching the said bid, since current legislation provides, as an alternative, for the sale of shares exceeding 30% within a year of purchase and the freezing in the meantime of the voting rights.

Furthermore, industry legislation and the consequent necessity to obtain authorisation from the ISVAP, who had moreover already refused, and from the Banca d'Italia, made the takeover bid a route that would be difficult to follow. Supported also by these considerations, the committee of lawyers that had been entrusted with the defence of the Company held the claims from the claimants to be unfounded and regarded the risks of losing the case to be remote.

## **SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR**

The Fondiaria-SAI Group, a leader in the Non-life insurance market has decided, in line with its own policy of markedly tailored and unified tariffs and having taken into account the requests from the Ministry of Productive Activity in this regard, to reduce the Motor TPL tariffs in favour of those policyholders with a good claims record, even if resident in areas with a high claims frequency.

In particular, as of 1 May 2004, the following reductions will be made:

- 10% reduction in favour of all new Fondiaria-SAI and Milano Assicurazioni motor policyholders for all the provinces of Campania and for a further 26 provinces in south-central Italy, amongst which Rome, Bari, Palermo, Potenza and Reggio Calabria;
- reductions of up to 14% for motorcycle owner policyholders of La Fondiaria, Milano Assicurazioni and SAI, resident in 62 provinces, amongst which Naples, Benevento and Caserta.

Such concessions are in addition to other concessions that are already being made at companies in the Group, such as the SAI campaign *Clienti NUOVI PIU* (NEW PREMIER Customers), launched at the start of 2004, which provides for new customers to be assigned to the top category in the merit system and for the application of a 9% discount in the absence of any claims. For customers from the Fondiaria division and from the subsidiary Milano Assicurazioni that are in a similar category, the discount is 8.2%. All of these measures confirm the attention paid by the Fondiaria-SAI Group to customer requirements and market developments, as well as the consideration given to Government initiatives aimed at reducing the number of claims and at rewarding good, careful drivers who respect the highway code.

## **BUSINESS OUTLOOK**

During 2004, we will firmly continue the measures aimed at implementing the guidelines already set out in the business plan 2003-2006. In particular, the process of consolidating leadership in Non-Life business and achieving even more growth in Life business and Managed Savings by combining the two objectives of size and profit. The measures planned for the achievement of these objectives are, as far as Non-Life business is concerned, improving risk selection skills, offering customers a tariff policy centred on tariffs tailored to their requirements and continuing to implement the portfolio pruning and development measures. In Life and in Managed Savings, the investments made will enable the expansion and re-balancing of the portfolio through a return to traditional products as part of a long-term business logic. In this context, the task of heavily limiting the cost dynamics has a significant role to play if we are to achieve and possibly improve on the objectives of efficiency set at that time. In fact the reorganisation process, which will also involve some of the corporate structures of the Group and is aimed at supporting the objectives of the business plan with a correspondingly appropriate structure and dimension, is now at the advanced stage. Further efforts will be made to strengthen the asset base and financial position of the Group, and we shall continue to implement the measures, tangible evidence of the implementation of which can already be seen for 2003, aimed at seeking a greater degree of diversification and a re-balancing of the mix of investments, by favouring low-risk assets and reducing debts.

Assago, 26 March 2004

On behalf of the Board of Directors  
The Chairman

JONELLA LIGRESTI

## **REPORT ON CORPORATE GOVERNANCE**

### **Section one - The Company's governance structure: general principles**

Information is provided below on the company's governance structure and on the implementation of the principles and recommendations contained in the Code of Self-Regulation for listed companies, prepared by the Corporate Governance Committee set up for such purpose at the initiative of the Italian Stock Exchange (hereinafter referred to as the "Code"), as reviewed in July 2002.

#### **Board of Directors and Executive Committee**

The functions and responsibility of the Board of Directors are as follows: responsibility for the strategic and organisational approaches of the Company and of the Group, and for verifying that the necessary controls are in place in order to monitor the performance of the Company and of its own subsidiaries.

Directors cannot be appointed for a period of more than three financial years but may be re-elected. The list voting system shall not be used for the appointment of directors. They must be in possession of the requisites prescribed in order to hold such an office, these having been established by special legislation applicable to insurance companies (Ministerial Decree no. 186/1997). The Board of Directors has delegated its own powers to the Executive Committee, apart from those powers for which the Executive Committee has retained exclusive competence and those which by law may not be delegated.

The Chairman of the Board of Directors, each of the Vice Chairmen and the Managing Director shall be vested with all the powers referred to in Article 21 of the Company's Bylaws. Please refer moreover in this regard to what is stated further on in section two.

The functions, powers and responsibility of the Board of Directors, of the Executive Committee and of the Chairman are described in section two of this report.

#### **Board of Statutory Auditors**

The Board of Statutory Auditors performs the tasks assigned to it by the Legislative Decree no. 58/98 (hereinafter also referred to as the "Consolidated Finance Act").

The Statutory auditors stay in office for three financial years. The procedure for their appointment is designed, in accordance with the law and statute, in such a way that one statutory member and one alternate member may be elected by the minority. The requirements of honourableness and professional competence of the statutory auditors are those established by the Ministerial Decree no. 162/2000 in implementation of the Legislative Decree no. 58/98, and by the Company's Bylaws, which have moreover set limits on the number of offices concurrently held by statutory auditors. In particular, in accordance with the Company's Bylaws, anyone whose circumstances are such as to render them inadmissible under the law or according to the Bylaws, as well as anyone who holds the office of statutory auditor at more than five companies issuing financial instruments and listed in the Italian regulated markets, with the exclusion of holding companies, their subsidiaries and subsidiaries of Fondiaria-SAI, may not be appointed as Statutory auditors and, if elected, shall forfeit their office.

#### **General Shareholders' Meeting and capital participation**

The General Shareholders' Meeting is held at least once a year, this in order to approve the accounts for the financial year and to decide on all the other matters referred to it for approval by the Board of Directors in accordance with the law.

The share capital consists of ordinary shares and savings shares, and the rights of the shareholders are as provided for by the Company's Bylaws; the capital is controlled by Premafin Finanziaria Holding di Partecipazioni S.p.A. pursuant to Article 2359, sub-section 1, no. 2) of the Civil Code.

Fondiaria-SAI is not aware of any parasocial agreements relating to the capital participation of the said Company.

### **Management and coordination**

The Company is not subject to management and coordination by others pursuant to Article 2497 et seq. of the Civil Code. It does on the other hand carry out management and coordination activities pursuant to the aforementioned regulation in relation to its own subsidiaries, including Milano Assicurazioni and its direct subsidiaries.

The Company has moreover applied rules of conduct to companies controlled by it; this is to ensure that the tasks of coordination and control of the companies in the Group are completed, and that the obligations of transparency and public disclosure imposed on listed issuers by current legislation are met. Such rules of conduct provide, inter alia, for special resolutions by the Board of Directors or the Executive Committee of Fondiaria-SAI with regard to some transactions relating to the subsidiaries that are deemed to be significant based on the nature of the transaction or on the amount of the same.

### **Section two - information on the implementation of the provisions contained in the Code of Self-Regulation**

We present below the organisational solutions applied and, where these are different to the ones recommended by the Code, the reasons for the choices made.

#### **Role of the Board of Directors and composition of the same**

In addition to exercising the powers and performing the duties provided for by the Civil Code, the Board of Directors fulfils the following functions on an exclusive basis in accordance with the law and/or corporate practice:

- a) it examines and approves the strategic, business and financial plans of the Company and of the Group that controls the latter. Whilst respecting the competences of the administrative bodies of the individual subsidiaries, the Board of Directors decides on the business strategies of the Group, which are proposed to it by the Managing Director;
- b) it assigns and revokes powers of attorney to directors and to the Executive Committee, defining the limits of the said powers of attorney and the procedures for exercising the same;
- c) based on information and reports received from the designated bodies, it evaluates the adequacy of the organisational, administrative and accounting situation of the company and its general management performance;
- d) it determines, subject to the favourable opinion of the Board of Statutory Auditors, the remuneration of the managing directors and of those who hold special positions, as well as the sub-division of the total fees payable to the Board of Directors and to the Executive Committee.

With regard to the functions fulfilled by the Board of Directors on an exclusive basis, we would refer you moreover to what is indicated further on in this report with reference to significant transactions with related parties.

In accordance with Article 19 of the Company's Bylaws, the Board of Directors has delegated its own powers to an Executive Committee, currently made up of 7 members; this with the exception of those which by law cannot be delegated and without prejudice moreover to the exclusive competence of the Board with respect to any resolution regarding significant transactions with related parties as specified further on in this report. The Board of Statutory Auditors is summoned to attend meetings of the Executive Committee.

The Board of Directors and the Executive Committee examine and approve beforehand transactions that are of economic and financial significance to the Company and its own subsidiaries, or that might significantly affect their equity.

The composition of the Board of Directors, being unchanged as at today's date compared with the situation as at 31 December 2003, with the Board being made up of 19 members, is indicated elsewhere in this booklet. The current mandate will expire on the occasion of the General Shareholders' Meeting to approve the accounts as at 31 December 2005. We would remind you that the number of directors was increased from 15 to 19, the maximum number permitted by the Company's Bylaws, by the General Shareholders' Meeting of 29 April 2003. The General Shareholders' Meeting decided on the appointment of the Directors at the proposal of the majority shareholder.



We would remind you moreover that the Board of Directors appointed Eng. Salvatore Ligresti Honorary Chairman of the Company, inviting him to attend all the meetings of the said Board and of the Executive Committee.

As indicated elsewhere in the accounts booklet, the Executive Committee is currently made up of 7 members, amongst whom the Chairman, the three Vice Chairmen and the Managing Director, in addition to 2 non-executive directors. The current composition is unchanged compared with the situation as at 31 December 2003.

The Chairman, the Vice Chairmen and the Managing Director are statutorily bound to represent the Company; in addition to this, severally, they have all the powers to which they are entitled pursuant to Article 21 of the Company's Bylaws. Each one of the legal representatives in office has moreover waived the possibility of issuing in favour of third parties guarantees that are not insurance guarantees. On the occasion of the General Shareholders' Meeting to approve the 2003 accounts, the amendment of Article 21 of the Company's Bylaws will be proposed during an extraordinary meeting to the General Shareholders' Meeting; the purpose of this is to reserve for the Board the possibility of establishing precise managerial powers and responsibilities for the Chairman, Vice Chairmen and Managing Director. The delegated persons are directly responsible for acts committed by them in the exercise of the powers of attorney; the Board of Directors as a whole however has greater power of guidance and control over all the various parts of the company's activities, with each director being bound at all events to act in an informed manner.

At every meeting, the delegated persons report to the Executive Committee or to the Board of Directors on the exercise of the powers of authority assigned to them in accordance with the above.

At all events, on the occasion of individual meetings, the Board receives from the Executive Committee or from the executive directors an informative report on the most important transactions, in terms of the size or characteristics of the same, realised by the company or by its subsidiaries. Such designated bodies report moreover, in accordance with the renewed Article 2381 of the Civil Code, on the general management performance and on its expected development. This same information is provided to statutory auditors too, in accordance with Article 150 of the Consolidated Finance Act, on the occasion of Board meetings; this includes information with regard to transactions in which the directors have an interest. In addition to this, the designated bodies (Executive Directors and Executive Committee) provide the Board of Directors and the Statutory auditors, at each meeting of the Board, with adequate information on transactions that are atypical, unusual or with related parties and the examination or approval of which is not reserved for the Board of Directors.

It should moreover be noted that, according to the provisions of specific industry legislation in regard to insurance companies, intra-group transactions, where significant, must in any event be notified to the ISVAP and shall only be realised following authorisation, including through silence=consent as expressly provided for by industry legislation, on the part of the said supervisory body.

We would inform you that during 2003:  
the Board of Directors met on 12 occasions;  
the Executive Committee met on 2 occasions.

A similar frequency of meetings is foreseeable for the 2004 financial year.

Directors other than the Chairman, the Vice Chairmen and the Managing Director are all to be regarded as non-executive, in that they are not vested with managerial powers and/or leadership functions within the corporate framework. Other than to provide a numerical presence, non-executive directors are there, due to their authority, to ensure their opinion provides a significant weighting on decisions taken by the Board; thus they bring their specific competences to bear by contributing towards the decision-making process in line with the company's interests. The contribution of the non-executive directors proves to be especially useful in cases in which the interests of the executive directors and the more general interests of shareholders might not coincide. In fact a non-executive member of the Board can have a greater degree of detachment when assessing the proposals and course of action to be taken by the managing directors.

In accordance always with the definitions contained in the Code, the independent non-executive directors are: Mr. Andrea Broggin, lawyer, Mr. Carmelo Caruso, lawyer, Dr. Mariella Cerutti Marocco, Prof. Siro Lombardini, Dr. Enzo Mei, Prof. Giuseppe Morbidelli, Mr. Cosimo Rucellai, lawyer, Dr. Oreste Severgnini, Dr. Salvatore Spiniello, Eng. Oscar Zannoni. The said directors do not in fact have, either directly, indirectly or on behalf of third parties, nor have they recently had, financial dealings with the Company, with its subsidiaries, with the executive directors and/or with the controlling shareholder which are of such significance as to interfere with the exercise of their independent judgement, nor do they have shareholdings, either directly, indirectly or on behalf of third parties, the size of which is such as to permit them to exercise control or considerable influence over the Company, nor do they participate in parasocial agreements with the aim of controlling the latter, nor are they close relatives of executive directors of the Company or of persons who find themselves in the situation indicated above.

The number of independent directors is such as to counterbalance the number of other directors in the Board. The Board of Directors has checked the independence of its own non-executive members by referring to the indications made in writing by each director, at the Company's specific request, based on the definition contained in the Code.

Generally, the directors accept the post whenever they feel that they are able to devote the time necessary for the diligent performance of their tasks, having taken into account also the offices held by them at other companies. The directors are obliged to be familiar with the tasks and responsibilities attendant to the post held by them. The Chairman and the Managing Director do their best to ensure that the Board is kept informed of the principal legislative and regulatory developments affecting the company and the corporate bodies.

We are pleased to show below, in accordance with the code of self-regulation of listed companies, the list of the posts of Director or Statutory Auditor held by the Company's directors as at 26 March 2004 at other companies listed in regulated markets, including foreign ones, namely financial companies, banks, insurance companies or, in any event, sizeable corporates:

#### **Jonella LIGRESTI**

Chairman of:	SAI Holding Italia S.p.A.
Vice Chairman of:	Premafin Finanziaria S.p.A.
	Atahotels S.p.A.
Member of the Board of:	Capitalia S.p.A.
	Finadin Finanziaria di Investimenti S.p.A.
	Mediobanca S.p.A.
	Milano Assicurazioni S.p.A.

#### **Giulia Maria LIGRESTI**

Chairman of:	Premafin Finanziaria S.p.A.
Managing Director of:	SAI Holding S.p.A.
	Saifin Saifinanziaria S.p.A.
Member of the Board of:	Milano Assicurazioni S.p.A.
	Pirelli & C. S.p.A.
	Telecom Italia Media S.p.A.
	Finadin Finanziaria di Investimenti S.p.A.
	Sailux S.A.
	Sainternational S.p.A.

**Massimo PINI**

Vice Chairman of:

SASA Assicurazioni S.p.A.

Member of the Board of:

Progestim S.p.A.

Finadin Finanziaria di Investimenti S.p.A.

Finmeccanica S.p.A.

Milano Assicurazioni S.p.A.

**Antonio TALARICO**

Chairman of:

Atahotels S.p.A.

Finadin Finanziaria di Investimenti S.p.A.

Nit S.r.l.

Saiagricola S.p.A.

Managing Director of:

Progestim S.p.A.

Member of the Board of:

Milano Assicurazioni S.p.A.

Ferrovie Nord Milano S.p.A.

Autostrada Torino-Milano S.p.A.

Sina S.p.A.

**Fausto MARCHIONNI**

Chairman and Managing

Director of:

Milano Assicurazioni S.p.A.

Siat S.p.A.

Chairman of:

Sasa S.p.A.

Azzurra Assicurazioni S.p.A.

Banca SAI S.p.A.

Haag S.p.A.

My Fin S.p.A.

Pronto Assistance Servizi S.p.A.

Sai Sistemi Assicurativi S.r.l.

Technical Motor Division – ANIA

Sai Investimenti SGR S.p.A.

Vice Chairman of:

Novara Vita S.p.A.

Bim Vita S.p.A.

Member of the Board of:

Irsa

**Andrea BROGGINI**

Member of the Board of:

Banca Euromobiliare (Suisse)

Generali (Schweiz) Holding

**Carmelo CARUSO**

Chairman of:

Saifin Saifinanziaria S.p.A.

**Mariella CERUTTI**

He does not currently hold posts at other listed companies, or at banks, financial companies or insurance companies.

**Carlo d'URSO**

Chairman of: Sade Finanziaria S.p.A.  
Vice Chairman of: Immsi S.p.A.  
Member of the Board of: BancaSai S.p.A.  
Stilo Immobiliare Finanziaria S.r.l.  
Premafin Finanziaria S.p.A.  
Piaggio Holding Netherlands B.V.  
Micos Banca S.p.A.  
Sirti S.p.A.  
Banca BSI Italia S.p.A.  
F.C. Internazionale Milano S.p.A.  
Statutory Auditor for: Credit Agr. Indosuez Private Banking Italia S.p.A.  
Credit Agr. Indosuez Cheuvreux Italia SIM S.p.A.

**Vincenzo LA RUSSA**

Member of the Board of : Azzurra Assicurazioni S.p.A.  
Chairman of the Board  
of Statutory Auditors of: Innovazione Italia S.p.A.

**Gioacchino Paolo LIGRESTI**

Chairman of: SRP Asset Management S.A.  
Vice Chairman of: Milano Assicurazioni S.p.A.  
Atahotels S.p.A.  
BancaSai S.p.A.  
Saiagricola S.p.A.  
Premafin Finanziaria S.p.A.  
Member of the Board of: Meliorbanca S.p.A.  
Progestim S.p.A.  
Tim S.p.A.  
Sailux S.A.  
Finsai International S.A.

**Lia LO VECCHIO**

Chairman of: Tour Executive S.p.A.  
Member of the Board of: Milano Assicurazioni S.p.A.  
Atahotels S.p.A.  
Saiagricola S.p.A.  
Siat S.p.A.

**Siro LOMBARDINI**

Vice Chairman of: Banco Popolare di Verona e Novara

**Enzo MEI**

Chairman of: Società Gestione Capannelle S.p.A.  
Vice Chairman of: Credito Industriale Sanmarinese S.A.  
Managing Director of: General Service Italia S.p.A.  
Member of the Board of: Finantia S.A.  
Data Service S.p.A.  
Banca Galileo S.p.A.

**Giuseppe MORBIDELLI**

Member of the board of: Cassa di Risparmio di Firenze S.p.A.  
Cassa di Risparmio Pistoia e Pescia S.p.A.  
Salvatore Ferragamo S.p.A.

**Cosimo RUCELLAI**

Vice Chairman of: Milano Assicurazioni S.p.A.

**Oreste SEVERGNINI**

Vice Chairman of: SO.F.I.S.T. S.p.A.  
BPU Banca International S.A.  
Member of the Board of: Ratti S.p.A.  
TC Sistema S.p.A.  
Camperio SIM S.p.A.  
Banca Popolare Commercio e Industria S.p.A.  
Ali S.p.A.  
Aster Associate Termointerimpianti S.p.A.  
Giochi Preziosi S.p.A.  
Sidi S.p.A.  
Chairman of the Board  
of Statutory Auditors of: Camuzzi - Gazometri S.p.A.  
Sadi S.p.A.  
Techint - Compagnia tecnica internazionale S.p.A.  
Statutory Auditor for: Recordati S.p.A.

**Salvatore SPINIELLO**

Chairman of the Board

of Statutory Auditors of: Azzurra Assicurazioni S.p.A.  
BancaSai S.p.A.  
Co.fi.mo. S.p.A.  
Finadin Finanziaria di Investimenti S.p.A.  
Immobiliare Lombarda S.p.A.  
Sasa Vita S.p.A.  
Sasa Assicurazioni S.p.A.

Statutory Auditor for: Adalya Banca S.p.A.  
Caffaro Energia S.p.A.  
Edison S.p.A.  
Emittenti Titoli S.p.A.  
Olivetti S.p.A.  
Pirelli Property Management S.p.A.  
Telecom Italia S.p.A.  
Unicredit Banca S.p.A.

**Oscar ZANNONI**

Chairman of: Gruppo Ceramiche Ricchetti S.p.A.  
Arca S.p.A.  
Fincisa S.p.A.

Member of the Board of: Meliorbanca S.p.A.  
Afin S.p.A.  
Fin-Anz S.p.A.  
Finanziaria Nordica S.p.A.  
Hermes Investimenti S.p.A.  
Il Duomo Assicurazioni e Riassicurazioni S.p.A.  
Sic S.p.A.

Shown below are the posts of director or auditor held by the statutory members of the Board of Statutory Auditors at other companies listed in Italian regulated markets:

**Marco SPADACINI**

Member of the Board of: A. Mondadori Editore S.p.A.

Chairman of the Board

of Statutory Auditors of: Sorin S.p.A.

Statutory Auditor for: Autostrade S.p.A.  
Immsi S.p.A.  
Snia S.p.A.

The Chairman of the Board of Statutory Auditors Dr. Benito Giovanni MARINO and the Statutory auditor Dr. Giancarlo MANTOVANI do not currently hold posts at other listed companies.

### **Chairman of the Board of Directors**

The Chairman of the Board of Directors convenes meetings of the Board of Directors and of the Executive Committee, and is responsible for directing the proceedings. The Chairman does his best to ensure that the directors and the members of the Committee are provided, in advance of the meeting, with the necessary documentation and information, save cases of necessity and urgency with reference to the nature of the decisions to be made, to any possible requirements for confidentiality and to the timeliness with which the Board or the Executive Committee has to take certain decisions. The Chairman may invite persons to attend meetings of the Board or of the Executive Committee, with the agreement of those who have taken part in such meetings, who are not members of such bodies, either as listeners and/or in an advisory capacity. The Chairman of the Board of Directors, moreover, presides over and directs the General Shareholders' Meeting. Apart from this, as has been stated, he has the powers referred to in the Company's Bylaws.

### **Treatment of confidential information**

Some time ago the Company adopted a practice, which has now been consolidated, that provides for rules of conduct for the management and treatment of confidential information and for the external communication of documents and information of a corporate nature, with particular regard for so-called price-sensitive information.

Generally, the management of confidential information concerning the Company and its own subsidiaries is entrusted to the Managing Director. Managers and employees of the Company and of its own subsidiaries are under an obligation of secrecy with regard to information of a confidential nature that they have become aware of.

Any dealings with the press and other means of mass communication (or with financial analysts and professional investors) for the purposes of the disclosure of documents and information of a corporate nature must be expressly authorised by the Managing Director. The Company belongs to the Network Information System, which is organised and managed by the Italian Stock Exchange for the tele-transmission of information to be made available to the market. In each case, the procedure is so designed as to prevent the possibility of such communications being made on a selective basis (favouring some recipients to the detriment of others), in an untimely manner or in an incomplete or inappropriate form.

Under the terms of the regulatory provisions issued by the Italian Stock Exchange, the Company has adopted a special code of conduct in relation to so-called internal dealing, this in order to regulate the obligations of disclosure in respect of transactions concerning financial instruments realised by so-called "relevant persons", the latter being understood to be anyone who, for the purposes of the office held, has access to relevant information. The Company has moreover ensured that the relevant persons are informed of their obligations and responsibilities with reference to the transactions to which the code of conduct refers. This code is available for viewing on the Company's website.

### **Appointment of Directors**

During the 2003 financial year it was still thought not to be expedient to set up within the Board a special committee for proposals for appointment to the post of director, given that the ownership of the Company is sufficiently concentrated so that there has never been any difficulty on the part of the reference shareholder in preparing such proposals for nomination, after being provided with a prior selection of candidates. On the occasion of the appointment of directors, the shareholders who intend to put names forward are recommended to submit the curriculum vitae of each candidate to the registered office prior to the General Shareholders' Meeting. The list voting mechanism shall not be used for the appointment of directors.

### **Remuneration of Directors and senior management**

In the 2003 financial year the Board of Directors again did not set up within the Board a specific committee for the remuneration of directors who hold special positions. The fees payable to directors were determined in accordance with Article 2389 of the Civil Code, having obtained the favourable opinion of the Board of Statutory Auditors, with the abstention of the party concerned.

The Board has as a rule determined the fee payable to directors to whom special positions are assigned at the time of their appointment. This fee has been determined as a fixed amount, without any incentive component, in that the fee relates to the performance of ordinary activities connected with the office held. Where the Board has then decided to confer on these same directors, or on other directors, the task of handling and/or completing particular transactions, the Board has assessed the results achieved, as a rule ex post, and has where necessary determined, after obtaining the favourable opinion of the Board of Statutory Auditors, a special fee in a fixed amount commensurate with the relevance of the transaction and of the results obtained.

Fees allocated to directors under any heading whatsoever during the course of 2003 are shown in a special statement contained in the Notes to the Accounts.

The Company has not as yet set up a special independent committee to determine the criteria of remuneration for the Company's senior management. To date, in fact, no particular procedures have been defined for the remuneration of the Company's senior management, nor have stock option schemes pertaining to shares of the Company or of the subsidiary Milano Assicurazioni been introduced.

### **Internal control**

Current legislation imposes on insurance companies the obligation to adopt adequate internal control procedures. Through a special instruction, ISVAP has in turn defined the system of internal control of the companies and the related operating procedures. The internal control system is made up of rules, procedures and organisational structures designed to ensure the proper functioning and the smooth running of the business.

Within the Fondiaria-SAI Group, as part of the conduct of the business activities and the related procedures there is provision for control by the individual operating units (so-called "regular control") as well as by those in charge of the said units.

Responsibility for verifying the adequacy, effectiveness and efficiency of the procedures adopted and of the internal control system in general forms part of the function of the Group Internal Audit Division; this operates under the remit of the Legal, Corporate and Audit Division of the Parent Company Fondiaria-SAI, whose activities are directed towards the identification of business risks and the content of such risks. The activities of the Internal Audit Division are therefore extended to include all the business processes of Fondiaria-SAI and of the companies in the Group; the Division indicates what corrective action is thought to be necessary and it is moreover responsible for following this up in order to ensure that the corrective measures have been implemented and to check on the effectiveness of the changes made to the system. The Board of Directors is responsible for the Company's internal control system and periodically checks on the adequacy and effective functioning of the system, assisted in this by the Internal Control Committee. The Managing Director has the task of establishing the policy guidelines for the internal control system, of identifying the business risks and of taking care of the planning, management and monitoring of the internal control system, appointing the persons to be in charge of the said system.

The Board of Directors annually approves the work plan that sets out the function of the Group Internal Audit Division. This latter Division is provided with the appropriate resources to carry out its activities in an autonomous and independent manner; the manager in charge of this Division does not report to persons in charge of operational areas. This function is moreover coordinated in collaboration with the Board of Statutory Auditors and the Company's external auditing company.



In order for the Internal Audit Division to properly function, the managers in charge of the operational areas of the company must ensure freedom of access to all documentation relating to the business area forming the subject of the audit. In terms of its function, the Internal Audit Division has organic links with all the offices of the Company and of the companies in the Group, and the manager in charge of the said Division is equipped with the necessary authority to guarantee the independence of the same. In particular, as a result of the assignment to a special Internal Control Committee (of which more later) of the functions which the Code provides for the latter to assume and which are specified further on in this report, and bearing in mind the fact that, included amongst the said functions are those of assessing the work plans prepared as part of the function of the Group Internal Audit Division and of receiving periodic reports from the latter, the Division in question has prepared these reports and referred them for examination to the Internal Control Committee. Having regard to the approval by the Board of Directors of the half-yearly report as at 30 June 2003, the aforesaid Committee has provided the Board with its own opinion regarding the work plan that sets out the function of the Group Internal Audit Division and regarding the adequacy of the internal control system. The manager responsible for the functioning of the Group Internal Audit Division has moreover reported to the Managing Director at the conclusion of each individual activity performed.

### **Internal control committee**

With regard to the internal control system described above, on 13 May 2003 the Board of Directors did furthermore set up within the Board, as has been alluded to above, a special Internal Control Committee in order to support the said Board of Directors; this Committee was entrusted with the task of analysing problems relevant to the control of business activities, its being assigned in this regard specific functions in which moreover its members act in a purely advisory capacity, merely making proposals, with each resolution regarding such matters remaining the exclusive competence of the Board of Directors.

The Internal Control Committee is currently made up of three non-executive, independent members, namely Dr. Enzo Mei, Mr. Cosimo Rucellai, lawyer, and Dr. Salvatore Spiniello. All statutory auditors are invited to attend meetings of the Internal Control Committee. The Internal Control Committee is in particular given the task of:

- a) assisting the Board with the periodic checking of the adequacy and effective functioning of the internal control system;
- b) assessing the work plan prepared by those in charge of internal control and receiving periodic reports from the latter;
- c) assessing in conjunction with the administrative managers of the company and the external auditors the adequacy of the accounting principles used, and their uniformity, for the purposes of drawing up the consolidated accounts;
- d) evaluating the proposals made by the external auditing company in its bid to secure the related assignment, as well as the work plan drawn up for the audit and the outcomes set out in the report and in any letter of proposal that might possibly be submitted;
- e) of reporting to the Board at least every half-year, on the occasion of the approval of the accounts and of the half-yearly report, on the activities performed and on the adequacy of the internal control system;
- f) of monitoring the observance and periodic updating of the rules of corporate governance adopted by the Company and by its own subsidiaries

The Committee has an active role, and a role in which it merely makes proposals, in the assessment of the work plan that sets out the function of the Internal Audit Division and the periodic reports from the same.

During 2003 the Committee met three times in order to fulfil the functions in question. In particular, on the occasion of the meeting preceding the meeting of the Board of Directors called in order to approve the half-yearly report as at 30 June 2003, the Committee indicated its positive assessment of the plan setting out the function of the Internal Audit Division and stated its belief that the Company's current internal control system was for the time being adequate.

**Transactions with related parties**

The Board of Directors reserves for itself the right to have exclusive competence over each resolution concerning transactions with related parties, as defined by the CONSOB communication no. DEM/2064231 of 30 September 2002, where such transactions, on account of their subject matter, countervalue, procedures for or times for realisation of may have an effect on the safeguarding of the business assets or on the completeness or accuracy of information, including accounting information, relating to the issuer, with the exclusion of transactions realised between subsidiaries and by subsidiaries with affiliated companies.

The subsidiaries are issued with instructions to ensure that they notify the Company's Board of Directors in good time of the most significant transactions realised between the said subsidiaries if such transactions have not been submitted for prior approval on the part of the said Board.

All transactions realised with related parties must comply with criteria of substantial accuracy and of procedural accuracy.

Where the nature, size and characteristics of the transaction so dictate, the Board of Directors ensures that the transaction is completed with the assistance of independent experts; fairness and/or legal opinions are then acquired from the latter for the purposes of evaluating the assets and the financial, legal or technical advice received.

Directors who have an interest in the transaction must inform the Board of Directors in good time of the existence of the said interest and of the circumstances under which the interest has arisen, providing the Board with exhaustive information in this regard; the directors must assess, on a case by case basis, the advisability of keeping away from the Board meeting at the time that the resolution is passed or of abstaining from the vote. If it concerns the Managing Director, he shall refrain from completing the transaction.

In the cases referred to in the paragraph above, the decisions of the Board of Directors adequately justify the reasons for the transaction and its benefit to the company.

The Board of Directors assesses what is the most appropriate decision to be taken in the event that the keeping away of directors at the time that the resolution is passed might be considered prejudicial to the existence of the necessary constitutive quorum.

**Dealings with institutional investors and with other members**

The Company has always been careful to attach importance to establishing an on-going dialogue with the majority of shareholders, and particularly with institutional investors, based on a mutual understanding of the reciprocal roles of each; this includes, moreover, the observance of internal procedures for the external communication of documents and information concerning the Business, an aspect that we have already examined earlier on in this report. The Chairman and Managing Director act accordingly.

The Company has identified the Group Investor Relations Division as the structure charged with maintaining an active dialogue with institutional investors, and it is aided in this task by the various Group divisions and business divisions involved. The Group Investor Relations Divisions is moreover charged with maintaining an active dialogue with the majority of members, and it is aided in this task by the members Office.

The Investor Relations Division is responsible for providing the on-line information supplied through the Company's website, for the circulation of press releases, comments relating to market rumours, and forecasted information; it is the division that has dealings with the Rating Agencies and that generally deals with the institutional investors. The Investor Relations Division can be contacted at the telephone number +39 011 6657 642 and/or the email address [investorrelations@fondiaria-sai.it](mailto:investorrelations@fondiaria-sai.it).

To promote further dialogue with shareholders, the Group's internet site has moreover been set up and is operative.

### **General meetings**

Notwithstanding the high degree of diversification in terms of the available means of communication with members, the Board of Directors regards the General Shareholders' Meeting as an important time in which there can be fruitful dialogue between directors and shareholders, with moreover respect for the regulations concerning so-called price sensitive information. All directors attend the General meetings as a rule.

This having been said, it has not been thought necessary to adopt specific regulations in respect of shareholders' meetings, in view of the fact that the provisions currently contained in the Company's Bylaws, which confer on the Chairman the power to direct the General Shareholders' Meeting and contain moreover some specific provisions designed to define some of the modus operandi of the same, are thought to be such as to permit the said General Shareholders' Meeting to proceed in an ordered and functional manner. Thus, in exercising the powers of management and coordination of tasks relating to shareholders' meetings conferred on him by the Company's Bylaws, the Chairman informs the General Shareholders' Meeting, at the opening of the meeting, of the principles which he intends to abide by in the fulfilment of his statutory functions, establishing ex ante the rules for the completion of tasks relating to shareholders' meetings.

### **Statutory auditors**

The statutory changes to the procedure for the appointment of statutory auditors introduced as a result of the Consolidated Finance Act have assured the transparency of this procedure, designed to permit one statutory member of the Board of Statutory Auditors to be elected by the minority.

The current Board of Statutory Auditors is made up of three statutory auditors and three alternate ones, whose names are indicated elsewhere in this booklet. They were appointed by the General Shareholders' Meeting of 29 April 2003, on the occasion of which the shareholders submitted two lists for consideration.

With reference to the current composition of the Board of Statutory Auditors, it should be noted that Dr. Marco Spadacini and Dr. Sergio Castellini were elected at the aforesaid General Shareholders' Meeting as statutory Auditor and alternate Auditor respectively from the list that proved to be the second one based on the number of votes.

Again in accordance with the Code, it should be noted that the minimum share of capital required in order to submit lists for the appointment of Statutory Auditors was deemed adequate by the directors.

It is recommended that shareholders who intend to submit a list for the appointment of statutory auditors in accordance with the Company's Bylaws provide adequate prior information on the background of the candidates through the submission of a curriculum vita for each candidate.

Three tables that summarise the procedures for the adoption of the principal recommendations of the Code are attached hereto:

- the first table sums up the structure of the Board of Directors and of the Internal Committees;
- the second table summarises the characteristics of the Board of Statutory Auditors;
- the third and final table sums up the degree of conformity with the other provisions of the Code in matters relating to the power of attorney system, transactions with related parties, appointment procedures, general meetings, internal control and investor relations.

## Board of Directors

Position	Members	executive	non-executive	independent	****	Number of other offices held **	Internal Control Committee		Remuneration Committee ♦		Possible Nomination Committee ◇		Executive Committee	
							***	****	***	****	***	****	***	****
Chairman	Ligresti Jonella	X		--	92%	7							X	100%
Vice Chairman	Ligresti Giulia Maria	X		--	83%	9							X	100%
Vice Chairman	Pini Massimo	X		--	100%	5							X	100%
Vice Chairman	Talarico Antonio	X		--	100%	9							X	100%
Managing Director	Marchionni Fausto	X		--	100%	14							X	100%
Director	Broggini Andrea		X	X	62%	2								
Director	Caruso Carmelo		X	X	25%	1								
Director	Cerutti Mariella		X	X	58%	--								
Director	D'Urso Carlo		X		92%	12								
Director	La Russa Vincenzo		X		92%	2							X	100%
Director	Ligresti Gioacchino Paolo		X		100%	11							X	100%
Director	Lombardini Siro		X	X	75%	1								
Director	Lo Vecchio Lia		X		83%	5								
Director	Mei Enzo		X	X	87%	6	X	67%						
Director	Morbidelli Giuseppe		X	X	87%	3								
Director	Rucellai Cosimo		X	X	100%	1	X	100%						
Director	Severghini Oreste		X	X	42%	14								
Director	Spiniello Salvatore		X	X	75%	15	X	67%						
Director	Zannoni Oscar		X	X	50%	10								

### ♦ Summary of the reasons for there being no Committee:

*During the 2003 financial year, the Board of Directors did not set up a specific committee within the Board for the remuneration of directors holding special positions. The Board dealt with this directly, acting as a body of members, or else gave the directors the authority to do so, in any event subject to the favourable opinion of the Board of Statutory Auditors.*

### ◇ Summary of the reasons for there being no Committee:

*The ownership of the Company is sufficiently concentrated, and there has never been any difficulty on the part of the reference shareholder in preparing proposals for nomination.*

Number of meetings held during the reference year		Board of Directors: 12	Internal Control Committee: 3	Executive Committee: 2	
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**N.B.**

\* The presence of an asterisk indicates the fact that the director was appointed based on lists presented by the minority.

\*\* Indicated in this column is the number of offices that the person concerned holds as director or auditor at other companies listed in regulated markets, including foreign ones, at finance companies, banks, insurance companies or large-size companies. In the Report on *corporate governance* more detailed information is provided with regard to the office held.

\*\*\* An "X" in this column indicates the fact that the member of the Board of Directors is a member of the corresponding Committee.

\*\*\*\* Indicated in this column is the percentage attendance of the directors at meetings of the Board of Directors and of the Committees respectively.

**TABLE 2: BOARD OF STATUTORY AUDITORS**

Chairman	Marino Benito Giovanni	100%	--
Position	Members	Percentage attendance at meetings of the Board	Number of other offices held**
<b>Statutory auditor</b>			
<b>Statutory auditor*</b> (from 29.4.03 to 31.12.03)	Mantovani Giancarlo	100%	--
<b>Statutory auditor</b> (from 1.1.03 to 29.4.03)	Spadacini Marco	78%	5
<b>Alternate auditor</b>	Spiniello Salvatore	100%	
<b>Alternate auditor</b>	Di Giuliomaria Giorgio		
<b>Alternate auditor</b>	Mosconi Maria Luisa		
<b>Alternate auditor*</b>	Castellini Sergio		
<b>Number of meetings held during the reference year: 19</b>			
<b>Indicate the quorum required for the submission of lists on the part the minority for the purposes of electing one or more statutory members (ex Article 148 of the Consolidated Finance Act): 3%</b>			

**N.B.**

\*The asterisk indicates the fact that the auditor was appointed based lists presented by the minority.

\*\* Indicated in this column is the number of offices that the person concerned holds as director or auditor at other companies listed in Italian regulated markets. In the Report on *corporate governance* more detailed information is provided with regard to the office held.

**TABLE 3: OTHER PROVISIONS OF THE CODE OF SELF-REGULATION**

<b>System of powers of control and financial control of the company</b>				
	YES	NO		Summary of the reasons for an eventual deviation from the recommendations of the Code
Has the Board of Directors assigned powers of attorney and, if so, has it defined:				
a) the limits of such powers	X			
b) the procedures for exercising such powers	X			
c) and the frequency of the briefings in respect of the same?	X			
Has the Board of Directors reserved the right to examine and approve transactions that are of economic and financial significance or that might significantly affect the company's equity (including transactions with related parties)?	X			
Has the Board of Directors defined guidelines and criteria for the identification of "significant" transactions?	X			
Are the aforesaid guidelines and criteria described in the report?	X			
Has the Board of Directors defined special procedures for the examination and approval of transactions with related parties?	X			
Are the procedures for the approval of transactions with related parties described in the report?	X			
Did the submission of the candidatures for the post of director take place at least ten days beforehand?		X		Just one proposal was submitted by the shareholders on the day of the General Shareholders' Meeting; this was accompanied by the curriculum vitae of the candidates, which were distributed to the attendees.
Were the candidatures for the post of director accompanied by exhaustive information?	X			
Were the candidatures for the post of director accompanied by an indication of their suitability to qualify as independent members?		X		Acting as a body of members, the Board assessed the independence of its own non-executive members on the basis of special statements issued by the latter and, in some cases, by looking at the situation of the persons concerned on a case by case basis.
Did the submission of the candidatures for the post of auditor take place at least ten days beforehand?	X			
Were the candidatures for the post of auditor accompanied by exhaustive information?	X			

<b>General Shareholders' Meetings</b>					
Has the company approved Regulations in respect of General Shareholders' Meetings?			X		The provisions of the Company's Bylaws, which confer on the Chairman the power to direct the discussion and also define some of the modus operandi of the General Shareholders' Meeting, are thought to be such as to permit the said General Shareholders' Meeting to proceed in an ordered and functional manner.
Are the Regulations attached to the report (or is there an indication of where they might be obtained?)					
<b>Internal control</b>					
Has the company nominated the persons in charge of internal control?		X			
Are such persons hierarchically independent of persons in charge of operational areas?		X			
Organisational unit responsible for internal control (ex Article 9.3 of the Code)		X			
					Legal, Corporate and Audit Division
<b>Investor relations</b>					
Has the company nominated a person who is responsible for investor relations?		X			
Organisational unit and references (address/telephone/fax/e-mail) of the person responsible for investor relations		X			Investor Relations Division – Corso G. Galilei, 12 TURIN Tel.: 011-6657642 e-mail: <a href="mailto:investorrelations@fondiaria-sai.it">investorrelations@fondiaria-sai.it</a>



## **Proposals to the Ordinary and Extraordinary Shareholders' Meeting**

## *Distribution of net profit for the year*

Dear Shareholders.

Having regard to the management report and to the report by the Board of Statutory Auditors, the contents of which are regulated by the Legislative Decree no. 58/98, having regard moreover to the report from the external auditing company (all of which are available to be viewed by members at the registered office, together with the accounts, in accordance with the law), we now submit for your approval, in addition to the accounts, the following proposal for the distribution of the net profit for the year of €133,060,134.72; this net profit is made up of the sum of the net profit for Life business of €4,364,338.26 and the net profit for Non-Life business of €128,695,796.46, which includes, after making the allocations due in accordance with the law and statute, the distribution of a gross dividend of €0.40 for each ordinary share entitled to the dividend and €0.452 for each savings share entitled to the dividend.

Net profit for the year	€	133,060,134.72
To the Life business legal reserve	€	2,266,227.76
To the Non-Life business legal reserve	€	4,386,778.98
to 41,811,951 savings shares (1): dividend of €0.065 gross, equal to 6.50% of their nominal value	€	<u>2,717,776.82</u>
	€	123,689,351.16
to 124,278,180 ordinary shares (1): dividend of €0.40 gross, equal to 40% of their nominal value	€	49,711,272.00
to 41,811,951 savings shares (1): last dividend €0.3870 gross,, and thus in total €0.452 equal to 45.20% of their nominal value	€	<u>16,181,225.04</u>
	€	57,796,854.12
to the Life business extraordinary reserve	€	0.00
to the Non-Life business extraordinary reserve	€	57,796,854.12

(1) Proposal drawn up on the basis of the shares that make up the share capital net of own shares in the portfolio.

This proposal is made without prejudice to the right of the General Shareholders' Meeting to decide on the distribution of profits to members in accordance with sub-section 1° of Article 2433 of the Civil Code.

It should be noted that the net profit that will be distributed will provide an entitlement, where due, to the full tax credit.

If you agree with this proposal then, in accordance with the regulations established in this regard by the Italian Stock Exchange, we would invite you to declare the dividend with effect from 27 May 2004.

## ***Resolutions regarding own shares in accordance with Articles 2357 and 2357b of the Civil Code***

In compliance with previous resolutions on your part, your Company holds as at the date of this report 4,451,712 own ordinary shares, equal to 3.458% of the ordinary capital and 2.61% of the entire share capital; it does not on the other hand hold own savings shares. In addition to this, and still as at the date of this report, a further 3,611,557 of the Company's ordinary shares are held by the subsidiary Milano Assicurazioni S.p.A., equal to 2.806% of the ordinary capital and 2.118% of the entire share capital. In the coming month of October, the eighteen-month deadline set on 29 April 2003 by the General Shareholders' Meeting of Fondiaria-SAI for the purchase of own shares will expire.

Taking into account the short space of time still remaining and in view of the fact that the objective is to achieve positive economic differentials from trading, we propose to you that the resolution in question be revoked in respect of the unused share; then, with respect to the resultant amount that will have emerged by the date of the General Shareholders' Meeting, we propose that the reserve for own shares to be purchased be set to zero and that the aforementioned amount be allocated to the extraordinary reserve; we further propose that, in accordance with Articles 2357 and 2357b of the Civil Code, you once again authorise the purchase, in one or more instalments and over a period of twelve months as from the date of the resolution, of own ordinary and/or savings shares of a nominal value of €1 each, up to the maximum amount of €7m; we suggest that no maximum limit be set on the number of shares to be purchased, this being subsequently determined based on the purchase costs; and this in order to be in a better position to seize the opportunities offered by the market. We propose to you moreover that you authorise the transfer of own shares currently in the portfolio and of those purchased on the basis of this resolution.

For this purpose, we propose to you that each purchase be made for a unit consideration of no more than 5% (five percent) of the average reference price registered in the telematic system of the Italian Stock Exchange during the three sessions preceding each individual transaction and that the transfers be made at a price which should be no less than 5% (five percent) of the average reference price registered in the telematic system of the Italian Stock Exchange during the three sessions preceding each individual transaction. In any event, and in compliance with what is provided for by Article 2357, sub-section 3, of the Civil Code, the total nominal value of own shares, taking into account moreover those already purchased in accordance with previous resolutions of general meetings and those that might possibly be owned by subsidiaries, will not exceed one tenth of the share capital. All purchase and/or sale transactions will moreover be realised in compliance with any other applicable supervisory provision.

In order to realise the aforesaid purchases, we propose to you that an amount of €75m be set aside for allocation to the "reserve for own shares to be purchased" using funds drawn from the "Extraordinary reserve"; we further propose to you that the amounts necessary be drawn from this same reserve in order to replenish the reserve ex Article 2357b of the Civil Code, which provides for write-ups of own shares following eventual write-downs of the same. If you approve the proposal, we must inform you that, based on the provisions of Article 132 of the Legislative Decree no. 58/98 and of the related bylaw implementing the same, issued by the Italian Stock Exchange, we will follow the procedures agreed with the Italian Stock Exchange for the purchase and sale of own shares in the market, and it will therefore be done in such a way as to ensure parity of treatment between shareholders.

We invite you furthermore to establish any related terms and procedures.

## ***Resolutions concerning the shares of the holding company Premafin Finanziaria Società per Azioni - Holding di Partecipazioni in accordance with Article 2359a of the Civil Code***

We would firstly remind you that the General Shareholders' Meeting of the surviving entity SAI held on 22 April 2004 resolved to provide the authorisation to purchase and sell shares of the holding company Premafin Finanziaria S.p.A. - Holding di Partecipazioni (hereinafter referred to as: Premafin). This authorisation, the duration of which was twelve months, expired in October 2003.

As at the date of this report, your Company holds 17,512,527 Premafin ordinary shares, equating to 5.631% of the share capital.

To continue to permit the Company to actively trade in shares of the holding company Premafin and to obtain positive results where possible, taking into account the liquidity of the security from time to time and the performance of the said security and of the market, we propose to you that, in accordance with Article 2359a of the Civil Code, you authorise the purchase of such shares, each of a nominal value of €1, up to the maximum amount of €15m, and this in one or more instalments and over a period of twelve months as from the date of the resolution by the General Shareholders' Meeting; we suggest further that no maximum limit be set on the number of shares to be purchased, this being subsequently determined based on the purchase costs and taking into account the fact that the limits provided for in Article 2359a of the Civil Code, as referred to further on in this report, must be complied with. We propose to you moreover that you authorise the transfer, where appropriate, of shares of the holding company Premafin already held, and of shares purchased on the basis of this resolution.

For this purpose, we propose to you that each purchase be made for a unit consideration of no more than 5% (five percent) of the average reference price registered in the telematic system of the Italian Stock Exchange during the three sessions preceding each individual transaction and that the transfers be made at a price which should be no less than 5% (five percent) of the average reference price registered in the telematic system of the Italian Stock Exchange during the three sessions preceding each individual transaction.

In any event, and in compliance with what is provided for by Article 2359a, sub-section 3, of the Civil Code, the total nominal value of the shares of the holding company, taking into account moreover those that might possibly be owned by the said company and by subsidiaries of the same, will not exceed one tenth of the share capital of the said holding company. All purchase and/or sale transactions will moreover be realised in compliance with any other applicable supervisory provision.

In order to realise the aforesaid purchases, we propose to you that an amount of €15m be set aside for allocation to the "Reserve for shares of holding company to be purchased" using funds drawn from the "Extraordinary reserve"; we further propose to you that the amounts necessary be drawn from this same reserve in order to replenish the reserve ex Article 2357b of the Civil Code, which provides for write-ups of shares of the holding company following eventual write-downs of the same.

If you approve the proposal, we must inform you that, based on the provisions of Article 132 of the Legislative Decree no. 58/98 and of the related bylaw implementing the same, issued by the Italian Stock Exchange, we will follow the procedures agreed with the Italian Stock Exchange for the purchase and sale of the shares of the holding company in the market, and it will therefore be done in such a way as to ensure parity of treatment between shareholders. We invite you furthermore to establish any related terms and procedures.

## ***Proposals to the Extraordinary General Meeting***

Dear Shareholders.

1. Extension of the period for exercising the "Fonditaria-SAI 1992-2004 Warrants" by a further two years, namely until 31 August 2006, and consequent amendments of the Regulations governing the said warrants and of Article 5 of the Company's Bylaws. Related and consequent resolutions

2. Proposed amendment of Articles 4, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 and 23 of the Company's Bylaws, together with the deletion of Article 6 and the insertion of two new articles, with the consequent renumbering of articles, including as an update of the Decree with the Force of Law no. 6/2003 reforming company law. Conferring of powers for the purposes of passing the related resolutions.

The Directors' report prepared for the General Shareholders' Meeting and relating to the aforesaid items on the agenda is contained in a separate booklet.

Assago, 26 March 2004

On behalf of the Board of Directors  
The Chairman  
JONELLA LIGRESTI

# List of direct and indirect shareholdings in unlisted companies exceeding 10% of the share capital held as at 31/12/2003

(Attachment to the Board of Directors Report on activities)

(In accordance with Articles 125-126 of the CONSOB Resolution no. 11971 OF 14/5/1999)

## FONDIARIA-SAI S.p.A. HAS OWNERSHIP AS AT 31/12/2003 OF THE FOLLOWING ORDINARY SHARES/SHARES WITH VOTING RIGHT

Name of the company - Registered office	Shareholding company	Voting shares owned	% Share holding	% Total
AGRISAI S.r.l. ITALY	SAIFIN SAIFINANZIARIA S.p.A. SAIAGRICOLA S.p.A.	610 60,390	1.000 99.000	100.000
ANALISI MEDICHE E IMMUNOEMATOLOGICHE DONATELLO S.r.l. ITALY	CASA DI CURA VILLA DONATELLO S.p.A.	80,000	100.000	100.000
ASSI CAPITAL S.r.l. Turin - ITALY	FONDIARIA-SAI S.p.A. SAIFIN SAIFINANZIARIA S.p.A.	470,250 4,750	99.000 1.000	100.000
ATHENA PRIVATE EQUITY S.A. LUXEMBOURG	SAINTERNATIONAL S.A.	2,911,647	11.647	11.647
AZIENDA AGRICOLA RIMA S.p.A. ITALY	SAIAGRICOLA S.p.A.	6,000,000	100.000	100.000
AZZURRA ASSICURAZIONI S.p.A. ITALY	HOLDING ASS. AFF. GROUP S.p.A. FONDIARIA-SAI S.p.A.	2,000,000 3,000,000	40.000 60.000	100.000
AZZURRASI S.p.A. ITALY	SAI HOLDING ITALIA S.p.A.	10,329,000	100.000	100.000
BANCA SAI S.p.A. ITALY	FONDIARIA-SAI S.p.A.	25,823,000	70.000	70.000
BIM VITA S.p.A. ITALY	FONDIARIA-SAI S.p.A.	3,750,000	50.000	50.000
BORSETTO S.r.l. ITALY	PROGESTIM SGI S.p.A.	320,203	31.000	31.000
CASA di CURA VILLA DONATELLO S.p.A. ITALY	FONDIARIA-SAI S.p.A.	70,000	100.000	100.000
CASA di CURA VILLANOVA S.r.l. ITALY	FONDIARIA-SAI S.p.A.	350,000	100.000	100.000
CASCINE TRENNO S.r.l. ITALY	PROGESTIM S.p.A.	10,000	100.000	100.000
CESTAR CENTRO STUDI AUTO RIP. S.r.l. ITALY	FONDIARIA-SAI S.p.A. MILANO ASS. S.p.A. SASA ASS. RIASS. S.p.A. SYSTEMA COMPAGNIA di ASS. S.p.A.	586,575 453,835 248 4	14.664 11.346 0.006 0.000	26.017

Name of the company - Registered office	Shareholding company	Voting shares <u>owned</u>	% Share <u>holding</u>	% <u>Total</u>
COFIMO SIM S.p.A.				
ITALY COLPETRONE S.r.l.	SAI GEST.SOC. di INTERM. MOB. S.p.A.	12,000,000	100.000	100.000
ITALY COMPAGNIA TIRRENA DI ASSICURAZIONI S.p.A.	SAIAGRICOLA S.p.A.	52,000	100.000	100.000
in compulsory administrative liquidation				
ITALY COMPANIA DE SEGUROS Y REASEGUROS KAIROS SA IN LIQ.	MILANO ASS. S.p.A.	3,900,000	11.143	11.143
SPAGNA CONSORZIO CASTELLO	EUROSAI FIN. DI PARTEC. S.r.l.	48,815	11.486	11.486
ITALY CONSULENZA AZIENDALE PER L'INFORMATICA - SCAI S.p.A.	NUOVE INIZIATIVE TOSC. S.r.l.	99,660	99.660	99.660
ITALY DELTAPRIME S.r.l.	FONDIARIA-SAI S.p.A.	601,400	30.070	30.070
ITALY DIALOGO ASS. S.p.A.	SCAI S.p.A.	12,500	51.020	51.020
ITALY DOMINION INSURANCE HOLDING Ltd	MILANO ASS. S.p.A.	6,603,714	99.797	99.797
G.B. EFFE FINANZIARIA S.p.A.	FONDIARIA-SAI S.p.A.	50,780,304	100.00	100.00
ITALY EFFE GESTIONI SGR S.p.A.	THE LAWRENCE RE IRELAND Ltd	10,000	100.00	100.00
ITALY EFFE INVESTIMENTI SIM S.p.A.	FONDIARIA-SAI S.p.A.	500,000	100.00	100.00
ITALY EFFE SERVIZI S.r.l.	FONDIARIA-SAI S.p.A.	40,000	100.00	100.00
ITALY	FONDIARIA-SAI S.p.A.	54,000	60.000	
	MILANO ASS. S.p.A.	36,000	40.000	
				100.00
EFFE VITA COMPAGNIA ASS. sulla VITA S.p.A.				
ITALY EUROPA TUTELA GIUDIZIARIA S.p.A.	FONDIARIA-SAI S.p.A.	12,000,000	100.00	100.00
ITALY	FONDIARIA-SAI S.p.A.	2,000,000	100.00	100.00
EUROSAI FIN. di PARTECIP. S.r.l.	SAIFIN SAIFINANZIARIA S.p.A.	13,056	1.000	
ITALY	SAINTERNATIONAL S.A.	1,292,544	99.000	
				100.000
FINADIN S.p.A. FINANZIARIA di INVESTIMENTI				
ITALY	SAIFIN SAIFINANZIARIA S.p.A.	20,000,000	40.000	40.000
FINANZA & PREVIDENZA S.p.A.				
ITALY	SAI HOLDING S.p.A.	11,000,000	100.000	100.000
FINANZIARIA dell' ARTIGIANATO VENETO S.p.A.				
ITALY	FONDIARIA-SAI S.p.A.	34,500	40.588	40.588
FINANZIARIA EUROPEA DI ASSICURAZIONI S.p.A.				
ITALY	FONDIARIA-SAI S.p.A.	14,280,000	51.000	51.000
FINBANCHE D' ABRUZZO S.p.A.				
ITALY	FONDIARIA-SAI S.p.A.	335,700	15.399	15.399
FINTALIA S.p.A.				
ITALY	FONDIARIA-SAI S.p.A.	4,700,000	40.000	
	MILANO ASS. S.p.A.	7,050,000	60.000	
				100.00

Name of the company - Registered office	Shareholding company	Voting shares owned	% Share holding	% Total
FIN.PRIV. S.r.l. ITALY	FONDIARIA-SAI S.p.A.	5,714	28.571	28.571
FINSAI INTERNATIONAL HOLDING S.A. LUXEMBOURG	FONDIARIA-SAI S.p.A. SAILUX S.A.	80,000 127,650	38.526 61.474	100.000
FIRST LIFE S.p.A. ITALY	SAI HOLDING ITALIA S.p.A.	10,329,000	100.000	100.000
FONDIARIA NEDERLAND BV OLANDA FONDI PREV. S.p.A.	FONDIARIA-SAI S.p.A.	1,907	100.000	100.000
ITALY	FONDIARIA-SAI S.p.A. MILANO ASS. S.p.A.	4,800,000 7,200,000	40.000 60.000	100.000
GIULIO CESARE S.r.l. ITALY	PROGESTIM S.p.A.	2,400	24.000	24.000
HOLDING ASSICURAZIONI AFFINITY GROUP S.p.A. ITALY IDTEL S.p.A.	FONDIARIA-SAI S.p.A.	4,131,000	100.000	100.000
ITALY IENA PRESBOURG S.A.	FONDIARIA-SAI S.p.A.	2,000	100.000	100.000
FRANCE	SIMETOILE S.A.	3,992	99.800	99.800
INFOMEDIA ITALIA IMI S.r.l. ITALY	SCAI S.p.A.	10,400	20.000	20.000
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. S.p.A. ITALY	PROGESTIM S.p.A.	500,000	100.000	100.000
INTERNATIONAL STRATEGY S.r.l. ITALY I.S. S.r.l.	PROGESTIM S.p.A.	26,000	100.000	100.000
ITALY ISTITUTO EUROPEO DI ONCOLOGIA S.r.l.	INTERNATIONAL STRAT. S.r.l.	10,000	100.000	100.000
ITALY	FONDIARIA-SAI S.p.A.	13,666,292	12.832	12.832
ITALIBERIA C.I.A. ESP. DE SEG. SA in liquidation SPAGNA	FONDIARIA-SAI S.p.A.	70,000	100.000	100.000
LAWRENCE LIFE AG LIECHTENSTEIN	THE LAWRENCE LIFE ASS. COMP. Ltd	999	99.900	99.900
LOGISTIQUE, CONSEILS, SERVICES S.A. FRANCE	SIAT S.p.A.	2,373	94.920	94.920
MAA FINANZIARIA S.p.A. ITALY	MILANO ASS. S.p.A.	150,000	100.00	100.000
MB VENTURE CAPITAL FUND I PARTECIP. COMPANY D NV OLANDA	FONDIARIA-SAI S.p.A.	15,000	30.000	30.000
MERCANTILE LEASING S.p.A. ITALY	FONDIARIA-SAI S.p.A. MILANO ASS.NI S.p.A.	47,526,241 4,700,397	91.000 9.000	100.000
MERIDIANO AURORA S.r.l. ITALY	FONDIARIA S.p.A.	10,000	100.00	100.000
MERIDIANO BELLARMINO S.r.l. ITALY	PROGESTIM S.p.A.	10,000	100.00	100.000



Name of the company - Registered office	Shareholding company	Voting shares owned	% Share holding %	% Total
MERIDIANO BRUZZANO S.r.L.				
ITALY	PROGESTIM S.p.A.	10,000	100.00	100.000
MERIDIANO EUR S.r.L.				
ITALY	MILANO ASS. S.p.A.	10,000	100.000	100.000
MERIDIANO ORIZZONTI S.r.L.				
ITALY	MILANO ASS. S.p.A.	10,000	100.000	100.000
MERIDIANO PRIMO S.r.L.				
ITALY	PROGESTIM S.p.A.	10,000	100.000	100.000
MERIDIANO RISPARMIO S.r.L.				
ITALY	FONDIARIA-SAI S.p.A.	10,000	100.000	100.000
MERIDIANO SECONDO S.r.L.				
ITALY	PROGESTIM S.p.A.	10,000	100.000	100.000
MY FIN S.p.A.				
ITALY	SAIFIN SAIFINANZIARIA S.p.A.	8,756,500	50.000	50.000
NOVARA VITA S.p.A.				
ITALY	FINANZIARIA EUROPEA DI ASS. S.p.A.	23,142,858	42.857	
	SAI HOLDING ITALIA S.p.A.	3,857,142	7.143	
				50.000
NUOVE INIZIATIVE TOSCANE S.r.L.				
ITALY	FONDIARIA-SAI S.p.A.	48,440,000	96.880	
	MILANO ASS.NI S.p.A.	1,560,000	3.120	
				100.000
PO VITA COMPAGNIA DI ASSICURAZIONI S.p.A.				
ITALY	SAI HOLDING ITALIA S.p.A.	35,000,000	50.000	50.000
PORTOFINO VETTA S.r.L.				
ITALY	FONDIARIA-SAI S.p.A.	20,000	100.000	100.000
P.R.I.M. SISTEMI S.r.l.				
ITALY	SCAI S.p.A.	50,490	51.000	51.000
PROFILO LIFE S.p.A.				
ITALY	FONDIARIA-SAI S.p.A.	3,000,000	50.000	50.000
PROGESTIM -SOCIETA' DI GESTIONE IMMOBILIARE S.p.A.				
ITALY	FONDIARIA-SAI S.p.A.	266,000,000	100.000	100.000
PRONTO ASSISTANCE SERVIZI S.p.A.				
ITALY	PRONTO ASSISTANCE S.p.A.	309,600	60.000	
	SAIFIN SAIFINANZIARIA S.p.A.	206,400	40.000	
				100.000
PRONTO ASSISTANCE S.p.A.				
ITALY	FONDIARIA-SAI S.p.A.	2,500,000	100.000	100.000
PRONTO TUTELA GIUDIZIARIA S.p.A.				
ITALY	PRONTO ASSISTANCE S.p.A.	1,500,000	100.000	100.000
RITA S.r.l. ITALY				
	FONDIARIA-SAI S.p.A.	1,787,540	16.250	
	MILANO ASS.NI S.p.A.	941,694	8.561	
	PRONTO TUTELA GIUD. S.p.A.	2,621	0.024	
	SASA ASS.NI RIASS.NI S.p.A.	12,959	0.118	
	SIAT S.p.A.	26,936	0.245	
	SYSTEMA COMP. ASS.NI S.p.A.	4,091	0.037	
				25.235

Name of the company – Registered office	Shareholding company	Voting shares owned	% Share holding	% Total
SAI GESTIONI SOC. DI INTERMED. MOBIL. S.p.A. ITALY	FONDIARIA-SAI S.p.A.	20,000,000	100.000	100.000
SAI HOLDING ITALIA S.p.A. ITALY	FONDIARIA-SAI S.p.A.	143,100,000	100.000	100.000
SAI INVESTIMENTI SGR S.p.A. ITALY	FONDIARIA-SAI S.p.A.	3,913,588	100.000	100.000
SAI SISTEMI ASSICURATIVI S.r.l. ITALY	FONDIARIA-SAI S.p.A. SAIFIN SAIFINANZIARIA S.p.A.	50,490 510	99.000 1.000	100.000
SAIAGRICOLA S.p.A. ITALY	FONDIARIA-SAI S.p.A. MILANO ASS.NI S.p.A. PRONTO ASSISTANCE S.p.A.	46,002,093 3,402,001 595,906	92.004 6.804 1.192	100.000
SAIFIN SAIFINANZIARIA S.p.A. ITALY	FONDIARIA-SAI S.p.A.	102,258,000	100.000	100.000
SAILUX S.A. LUXEMBOURG	FINSAI INT. HOLDING S.A. SAIFIN SAIFINANZIARIA S.p.A.	10 9,387,800	0.000 99.999	100.000
SAINTERNATIONAL S.A. LUXEMBOURG	FONDIARIA-SAI S.p.A.	15,399,997	99.999	99.999
SAISICAV S.A. LUXEMBOURG	SAINTERNATIONAL S.A.	1,503,990	89.252	89.252
SALEVOX S.r.l. ITALY	STARVOX S.p.A.	45,000	90.000	90.000
SANTA MARIA DEL FICO S.r.l. ITALY	SAIAGRICOLA S.p.A.	78,000	100.000	100.000
SASA ASS. RIASS. S.p.A. ITALY	FONDIARIA-SAI S.p.A.	46,165,323	88.779	88.779
SASA VITA S.p.A. ITALY	FONDIARIA-SAI S.p.A. SASA ASS. RIASS. S.p.A.	3,750,000 3,750,000	50.000 50.000	100.000
SCONTOFIN S.A. LUXEMBOURG	SAILUX S.A.	950	19.000	19.000
SELEZIONE SECONDA S.r.l. ITALY	PROGESTIM SOC. GEST. IMM. S.p.A.	10,400	100.000	100.000
SERVICE GRUPPO FONDIARIA SAI S.r.l. ITALY	FONDIARIA-SAI S.p.A. MILANO ASS. S.p.A.	140,000 60,000	70.00 30.00	100.00
SERVICE VOX S.r.l. ITALY	STARVOX S.p.A.	5,100	51.00	51.00
SERVIZI IMM. MARTINELLI S.p.A. ITALY	PROGESTIM S.p.A.	200	20.000	20.000
SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. ITALY	SAI HOLDING ITALIA S.p.A.	33,370,128	87.816	87.816
SIM DEFENSE S.A. FRANCE	IENA PRESBOURG S.A. SIM ETOILE S.A.	1 1,602,494	0.000 99.999	99.999
SIM ETOILE S.A. FRANCE	FONDIARIA-SAI S.p.A.	200,000	100.000	100.000
SIS COMPAGNIA DI ASS. S.p.A. ITALY	MILANO ASS.NI S.p.A.	15,000,000	100.000	100.000

Name of the company – Registered office	Shareholding company	Voting shares owned	Share holding %%	% Total
SISTEMI SANITARI S.p.A. ITALY	FONDIARIA-SAI S.p.A. MILANO ASS. NI S.p.A.	811,283 925,415	22.536 25.706	48.242
SOA IMPIANTI-ORGANISMI di ATTEST. S.p.A. ITALY	FONDIARIA-SAI S.p.A.	129,250	20.000	20.000
SOCIETA' FINANZIARIA PER LE GESTIONI ASSICURATIVE S.r.l. in LIQ. ITALY	FONDIARIA-SAI S.p.A. MILANO ASS. NI S.p.A.	13,931,807 7,012,859	14.907 7.504	22.410
SOC. FUNIVIE DEL PICCOLO S. BERNARDO S.p.A. ITALY	PROGESTIM SOC. GEST. IMM. S.p.A.	1,441,691	27.384	27.384
SOFINPA S.p.A. ITALY	SAIFIN SAIFINANZIARIA S.p.A.	2,400,000	30.000	30.000
SOGEINT S.r.l. ITALY	MILANO ASS. S.p.A.	10,000	100.000	100.000
SRP ASSET MANAGEMENT S.A. SWITZERLAND	SAINTERNATIONAL S.A.	99,700	99.700	99.700
STARVOX S.p.A. ITALY	FONDIARIA-SAI S.p.A.	258,000	100.000	100.00
STIMMA S.r.L. ITALY	FONDIARIA-SAI S.p.A.	1,000,000	100.000	100.000
SWISS LIFE HOLDING SWITZERLAND	FONDIARIA NEDERLEND BV MILANO ASS. NI S.p.A.	1,644,580 711,532	7.586 3.282	10.868
SYSTEMA COMP di ASS. NI S.p.A. ITALY	MILANO ASS. NI S.p.A.	10,000	100.000	100.000
TARO S.r.L. ITALY	FONDIARIA-SAI S.p.A.	20,000	100.000	100.000
TELVOX S.r.l. ITALY	SCAI S.p.A.	150,000	100.000	100.000
THE LAWRENCE LIFE ASS. COMP. Ltd IRELAND	FONDIARIA NEDERLAND BV	802,886	100.000	100.000
THE LAWRENCE RE IRELAND Ltd IRELAND	FONDIARIA NEDERLAND BV	125,000	100.000	100.000
TRENNO OVEST S.r.L. ITALY	PROGESTIM S.p.A.	10,000	100.000	100.000

Name of the company – Registered office	Shareholding company	Voting shares owned	Share holding %	% Total
UFFICIO CENTRALE ITALIANO S.r.l. ITALY	AZZURRA ASS. S.p.A.	1	0.000	
	DIALOGO ASS. S.p.A.	1	0.000	
	FONDIARIA-SAI S.p.A.	141,362	14.136	
	MILANO ASS.NI S.p.A.	103,913	10.391	
	SASA ASS.NI S.p.A.	1	0.000	
	SIAT S.p.A.	948	0.095	
	SIS S.p.A.	152	0.015	
	SYSTEMA COMP. ASS.NI Sp.A.	2	0.000	
				24.638
UNISERVIZI GRUPPO FONDIARIA S.c.r.l. ITALY	DIALOGO ASS. S.p.A.	10,000	0.100	
	EFFE GESTIONI SGR S.p.A.	10,000	0.100	
	EFFE INVESTIMENTI SIM. S.p.A.	10,000	0.100	
	EFFE VITA S.p.A.	100,000	1.000	
	EUROPA TUTELA GIUD. S.p.A.	10,000	0.100	
	FINITALIA S.p.A.	10,000	0.100	
	FONDIARIA-SAI S.p.A.	3,840,000	38.400	
	MERCANTILE LEASING S.p.A.	10,000	0.100	
	MILANO ASS.NI Sp.A.	5,680,000	56.800	
	STIMMA S.r.L.	100,000	1.000	
	SYSTEMA ASS.NI S.p.A.	100,000	1.000	
	THE LAWRENCE LIFE ASS. COMP. Ltd	10,000	0.100	
	THE LAWRENCE RE IRELAND Ltd	10,000	0.100	
				99.000
VILLA RAGIONIERI S.r.L. ITALY	FONDIARIA-SAI S.p.A.	150,000	100.000	100.000
WEBB@TI S.p.A. ITALY	FONDIARIA-SAI S.p.A.	600,000	60.000	60.000

## **2003 ACCOUNTS**

## Annex I

Company **FONDIARIA - SAI S.p.A.**

Share capital subscribed      E. 170541843      Paid      E. 170541843

Registered office      FLORENCE

Court      FLORENCE

### ANNUAL ACCOUNTS

#### Balance sheet

Financial year      **2003**

(amounts in Euro)

## BALANCE SHEET

## ASSETS

amounts for the year

A. RECEIVABLES FROM SHAREHOLDERS FOR SHARE CAPITAL SUBSCRIBED BUT NOT PAID UP					1
of which called-up capital	2				
B. INTANGIBLE ASSETS					
1. Deferred acquisition commissions					
a) Life business	3	5.264.000			
b) Non-Life business	4		5	5.264.000	
2. Other acquisition expenses			6		
3. Formation and expansion costs			7	36.971.691	
4. Goodwill			8	509.626.688	
5. Other multiyear costs			9	57.353.587	10
					609.215.966
C. INVESTMENTS					
I - Land & buildings					
1. Property for use in the business			11	129.188.105	
2. Property for the use of third parties			12	1.029.790.436	
3. Other property			13	4.620.944	
4. Other property rights			14	2.279.472	
5. Capital investments currently being carried out and instalments			15	2.602.943	16
				1.168.481.900	
II - Investments in Group undertakings and in other participating interests					
1. Stocks and shares in					
a) holding companies	17	15.635.184			
b) subsidiary companies	18	2.620.329.761			
c) associated companies	19				
d) affiliated companies	20	37.109.020			
e) other companies	21	94.909.438	22	2.767.983.403	
2. Bonds issued by:					
a) holding companies	23				
b) subsidiary companies	24	78.182			
c) associated companies	25				
d) affiliated companies	26				
e) other companies	27		28	78.182	
3. Corporate financing to:					
a) holding companies	29				
b) subsidiary companies	30	79.518.787			
c) associated companies	31				
d) affiliated companies	32				
e) other companies	33		34	79.518.787	35
				2.847.580.372	
			carried forward		609.215.966

## Amounts for the preceding year

				181
	182			
183	6.878.000			
184	9.737.556	185	16.615.556	
		186		
		187	42.600.320	
		188	558.283.540	
		189	60.435.349	190 677.934.765
		191	138.618.346	
		192	1.273.656.605	
		193	4.415.680	
		194	2.314.445	
		195	1.419.005.076	
197	12.167.237			
198	2.572.567.974			
199				
200	35.476.020			
201	93.942.383	202	2.714.153.614	
203				
204	77.676			
205				
206				
207		208	77.676	
209	5.000.000			
210	408.321.312			
211				
212				
213		214	413.321.312	215 3.127.552.602
	carried forward			677.934.765



BALANCE SHEET  
SHEET

				amounts for the year	
brought forward					609.215.966
C. INVESTMENTS (cont.)					
III - Other financial investments					
1. stocks and shares					
a) listed shares	36	1.417.591.239			
b) listed shares	37	27.385.976			
c) units	38		39	1.444.977.215	
2. units in investment funds			40	97.526.548	
3. Bonds and other fixed-yield securities					
a) listed	41	7.301.619.950			
b) unlisted	42	433.618.669			
c) convertible bonds	43	27.443.843	44	7.762.682.462	
4. Loans					
a) loans with a lien on property	45	32.322.191			
b) loans on policies	46	36.867.691			
c) other loans	47	5.090.582	48	74.280.464	
5. Shares in joint investments			49		
6. Deposits with credit bodies			50	11.907.537	
7. Sundry financial investments	51	154.980	52	9.391.529.206	
IV - Deposits with ceding undertakings			53	432.415.522	54 13.840.007.000
D. INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS WHO BEAR THE RISK AND ARISING OUT OF PENSION FUND MANAGEMENT					
I - Investments relating to benefits linked to investment funds and market indices			55	539.920.454	
II - Investments arising out of pension fund management			56	66.921.384	57 606.841.838
D bis. TECHNICAL PROVISIONS BORNE BY REINSURERS					
I - NON-LIFE BUSINESS					
1. Provision for unearned premiums	58	54.012.579			
2. Provision for outstanding claims	59	361.849.324			
3. Provision for rebates and bonuses	60				
4. Other technical provisions	61		62	415.861.903	
II - LIFE BUSINESS					
1. Mathematical provisions	63	72.078.409			
2. Provision for unearned premiums for additional insurance	64				
3. Provision for outstanding payments	65	2.613.793			
4. Provision for rebates and bonuses	66				
5. Other technical provisions	67				
6. Technical provisions where the risk of the investment is borne by the policyholder and provisions arising out of pension fund management	68		69	74.692.202	70 490.554.105
carried forward					15.546.618.909

Amounts for the preceding year			
brought forward			677.934.765
216	1.614.462.480		
217	26.152.976		
218		219	1.640.615.456
		220	85.207.044
221	6.430.121.952		
222	520.709.633		
223	26.962.332	224	6.977.793.917
225	269.953		
226	36.631.106		
227	5.226.049	228	42.127.108
		229	
		230	5.192.925
		231	160.189.173
		232	8.911.125.623
		233	409.629.677
		234	13.867.312.978
		235	429.554.647
		236	48.142.065
		237	477.696.712
		238	59.368.815
		239	374.217.033
		240	
		241	
		242	433.585.848
		243	156.723.030
		244	
		245	2.266.198
		246	
		247	
		248	907.273
		249	159.896.501
		250	593.482.349
	carried forward		15.616.426.804

## BALANCE SHEET

## ASSETS

				amounts for the year	
brought forward					15.546.618.909
<b>E. RECEIVABLES</b>					
I -Receivables arising out of direct insurance business, relating to:					
1. Policyholders					
a) for premiums for the year	71	396.621.256			
b) for premiums for previous years	72	26.348.826	73	422.970.082	
2. Insurance intermediaries			74	454.546.617	
3. Current account companies			75	179.884.013	
4. policyholders and third parties for sums to be recuperated			76	41.075.097	77 1.098.475.809
II -Receivables arising out of reinsurance operations, relating to:					
1. insurance and reinsurance companies			78	11.530.732	
2. Reinsurance intermediaries			79	62.351	80 11.593.083
III - Other receivables				81 523.524.799	82 1.633.593.691
<b>F. OTHER ASSETS</b>					
I - Tangible assets and stocks:					
1. Furniture, office equipment and internal vehicles			83	17.477.680	
2. Movables recorded in public registers			84	21.452	
3. Fixtures and fittings			85	2.043.108	
4. Stocks and sundry items			86	2.923.531	87 22.465.771
II - Available cash					
1. Bank deposits and postal current accounts			88	172.535.581	
2. Cheques and cash in hand			89	202.550	90 172.738.131
III - Own stocks and shares				91 49.192.440	
IV - Other assets					
1. Deferred reinsurance accounts receivable			92	6.803.571	
2. Sundry assets			93	472.873.495	94 479.677.066 95 724.073.408
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>					
1. interest				96 96.370.989	
2. rent				97 531	
3. other prepayments and accrued income				98 4.605.472	99 100.976.992
<b>TOTAL ASSETS</b>					100 18.005.263.000

Amounts for the preceding year					
brought forward				15.616.426,804	
251	402.937.881				
252	20.406.640	253	423.344.521		
		254	460.067.811		
		255	105.646.572		
		256	42.807.354	257	1.031.866.258
		258	134.577.600		
		259	7.778.219	260	142.355.819
				261	422.768.483
				262	1.596.990.560
		263	18.363.982		
		264	38.101		
		265	2.581.655		
		266	2.923.531	267	23.907.269
		268	186.771.367		
		269	205.604	270	186.976.971
				271	2.860.072
		272	8.972.453		
		273	562.566.130	274	571.538.583
				275	785.282.895
				276	96.848.858
				277	32.727
				278	4.721.635
				279	101.603.220
				280	18.100.303.479

TOTAL ASSETS  
LIABILITIES AND NET EQUITY

		amounts for the year			
A. NET EQUITY					
I	- Share capital subscribed or equivalent fund	101	170.520.093		
II	- Provision for share issue premium	102	190.284.752		
III	- Provisions for write-ups	103	200.024.934		
IV	- Equity reserves	104	27.017.529		
V	- Mandatory reserves	105			
VI	- provisions for own shares and holding company shares	106	64.827.625		
VII	-Other provisions	107	1.533.851.269		
VII	- Net profit (loss) carried forward	108			
IX	- Net profit (loss) for the year	109	133.060.135	110	2.319.586.337
B. SUBORDINATE LIABILITIES				111	400.000.000
C. TECHNICAL PROVISIONS					
I - NON-LIFE BUSINESS					
1.	Provision for unearned premiums	112	1.301.394.853		
2.	Provision for outstanding claims	113	5.124.933.161		
3.	Provision for rebates and bonuses	114	3.825.909		
4.	Other technical provisions	115	8.589.949		
5.	Equalization provisions	116	6.316.077	117	6.445.059.949
II - LIFE BUSINESS					
1.	Mathematical provisions	118	6.163.150.249		
2.	Provision for unearned premiums for additional insurance	119	892.420		
3.	Provision for outstanding payments	120	62.191.475		
4.	Provision for rebates and bonuses	121	5.622.424		
5.	Other technical provisions	122	62.663.399	123	6.294.519.967
D. TECHNICAL PROVISIONS WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDER AND PROVISIONS ARISING OUT OF PENSION FUND MANAGEMENT				124	12.739.579.916
I	- provisions relating to policies the benefits of which are linked to investment funds and market indices	125	538.605.806		
II	- provisions arising out of pension fund management	126	66.921.375	127	605.527.181
	carried forward			16.064.693.434	

Amounts for the preceding year

		281	170.517.093		
		282	190.262.972		
		283	200.024.934		
		284	23.398.857		
		285			
		286	15.027.310		
		287	1.560.616.547		
		288			
		289	72.373.446	290	2.232.221.159
				291	400.000.000
292	1.302.490.444				
293	4.956.790.487				
294					
295	8.799.007				
296	4.386.639	297	6.272.466.577		
298	5.910.971.650				
299	964.896				
300	56.360.252				
301	5.239.504				
302	62.704.555	303	6.036.240.857	304	12.308.707.434
		305	429.346.988		
		306	48.142.041	307	477.489.029
	carried forward				15.418.417.622

BALANCE SHEET  
LIABILITIES AND NET EQUITY

		amounts for the year	
	brought forward		16.064.693.434
E. PROVISIONS FOR RISKS AND CHARGES			
1. Provision for retirement pensions and similar liabilities		128 2.872.247	
2. Provision for taxation		129 289.125.235	
3. Other amounts set aside		130 76.729.004	131 368.726.486
F. DEPOSITS RECEIVED FROM REINSURERS			
			132 152.916.306
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising out of direct insurance operations, relating to:			
1.insurance intermediaries	133 56.159.462		
2.Current account companies	134 27.293.803		
3. policyholders for sureties and premiums	135 6.614.188		
4. Guarantee funds in favour of policyholders	136 8.266.993	137 98.334.446	
II -Payables arising out of reinsurance operations, relating to:			
1. insurance and reinsurance companies	138 26.221.332		
2. reinsurance intermediaries	139 816.708	140 27.038.040	
III - Bonded loans			
		141	
IV - Payables to banks and financial institutions			
		142	
V - Payables with a lien on property			
		143	
VI - Sundry loans and other financial payables			
		144 558.211.061	
VII - Staff leaving indemnity			
		145 56.013.461	
VII -Other payables			
1.For tax borne by the policyholder	146 70.862.698		
2. For sundry tax charges	147 30.357.452		
3. To welfare and pension bodies	148 5.477.304		
4.Sundry payables	149 100.372.831	150 207.070.285	
IX - Other liabilities			
1. Deferred reinsurance accounts payable	151 4.346.675		
2. Commissions for premiums currently being collected	152 66.159.902		
3.Sundry liabilities	153 374.710.296	154 445.216.873	155 1.391.884.166
	carried forward		17.978.220.392

## Amounts for the preceding year

brought forward		15.418.417.622
	308 3.061.857	
	309 285.071.149	
	310 75.392.484	311 363.525.490
		312 128.072.841
313 103.665.540		
314 9.780.006		
315 6.032.953		
316 13.777.493	317 133.255.992	
318 61.925.758		
319 3.001.046	320 64.926.804	
	321	
	322	
	323	
	324 1.166.765.744	
	325 57.927.510	
326 69.176.383		
327 32.115.520		
328 5.653.045		
329 88.646.200	330 195.591.148	
331 9.004.695		
332 47.290.652		
333 476.706.157	334 533.001.504	335 2.151.468.702
carried forward		18.061.484.655



BALANCE SHEET  
LIABILITIES AND NET EQUITY

		amounts for the year	
	brought forward		17.978.220.392
H. ACCRUALS AND DEFERRED INCOME			
1. interest	156	5.281.810	
2. rent	157	38.501	
3. Other accruals and deferred income	158	21.722.297	159 27.042.608
<b>TOTAL LIABILITIES AND NET EQUITY</b>			160 18.005.263.000

BALANCE SHEET  
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

		amounts for the year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees given			
1. Sureties		161	41.589.520
2. Endorsements		162	
3. Other personal guarantees		163	25.804.204
4. Guarantees with a lien on property		164	4.800.115
II - Guarantees received			
1. Sureties		165	92.756.381
2. Endorsements		166	
3. Other personal guarantees		167	49.488.586
4. Guarantees with a lien on property		168	35.286.412
III - Guarantees given by third parties in the interest of the company		169	21.163.825
IV - Commitments		170	1.202.884.139
V - Property belonging to third parties		171	7.467.875
VI - Assets pertaining to pension funds managed in the name of and on behalf of third parties		172	
VII - Securities deposited with third parties		173	11.352.314.027
VII - Other memorandum accounts		174	27.698.246

## Amounts for the preceding year

brought forward		18.061.484.655
	336 25.465.824	
	337 107.343	
	338 13.245.657	339 38.818.824
		340 18.100.303.479

## Amounts for the preceding year

		341 751.493.333
		342
		343 605.061.754
		344 2.825.375
		345 253.066.194
		346
		347 284.199
		348
		349 38.173.242
		350 2.276.160.872
		351 19.700.445
		352
		353 10.649.221.291
		354 10.813.116



## Annex II

Company **FONDIARIA - SAI S.p.A.**

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Share capital subscribed E. 170541843 Paid up E. 170541843

Registered office FLORENCE

Court FLORENCE

### ANNUAL ACCOUNTS

#### Profit and Loss Account

Financial year 2003

(amounts in €)

PROFIT AND LOSS ACCOUNT

amounts for the year

I. NON-LIFE TECHNICAL ACCOUNT					
1. EARNED PREMIUMS, NET OF REINSURANCE CESSIONS					
a) Gross premiums recorded	1	3.853.622.442			
b) (-) Premiums ceded in reinsurance	2	156.952.954			
c) Variation in the gross amount of the provision for unearned premiums	3	688.968			
d) Variation in the provision for unearned premiums borne by reinsurers	4	-3.116.890			
				5	3.692.863.630
2. (+) PORTION OF THE RETURN ON INVESTMENTS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (ITEM III.6)				6	
3. OTHER TECHNICAL INCOME, NET OF REINSURANCE CESSIONS				7	40.481.109
4. CHARGES RELATING TO CLAIMS, NET OF RECOVERIES AND REINSURANCE CESSIONS					
a) Amounts paid					
aa) gross amount	8	2.503.128.262			
bb) (-) reinsurers' share	9	101.154.935	10	2.401.973.327	
b) variation in recoveries net of reinsurers' share					
aa) gross amount	11	45.971.166			
bb) (-) reinsurers' share	12	581.049	13	45.390.117	
c) Variation in the provision for outstanding claims					
aa) gross amount	14	187.446.775			
bb) (-) reinsurers' share	15	-21.600.602	16	209.047.377	
				17	2.565.630.587
5. VARIATIONS IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE CESSIONS				18	-209.058
6. REBATES AND BONUSSES, NET OF REINSURANCE CESSIONS				19	3.825.909
7. OPERATING EXPENSES:					
a) Acquisition commissions	20	584.404.038			
b) Other acquisition expenses	21	72.547.347			
c) Variation in commissions and other deferred acquisition expenses	22	-9.737.556			
d) Renewal commissions	23	29.326.282			
e) Other administrative expenses	24	119.670.088			
f) (-) Commissions and bonuses received from reinsurers	25	33.435.892			
				26	782.249.419
8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE CESSIONS				27	84.741.474
9. VARIATION IN THE EQUALIZATION PROVISION				28	1.929.438
10. RESULT OF THE NON-LIFE TECHNICAL ACCOUNT (Item III.1)				29	295.176.970

Amounts for the preceding year

[illegible]

PROFIT AND LOSS ACCOUNT

amounts for the year

II. LIFE TECHNICAL ACCOUNT						
1. PREMIUMS FOR THE YEAR, NET OF REINSURANCE CESSIONS:						
a) Gross premiums recorded	30	1.048.099.608				
b) (-)Premiums ceded in reinsurance	31	22.853.404		32	1.025.246.204	
2. RETURN ON INVESTMENTS:						
a) income arising out of stocks and shares	33	18.471.497				
(including income from Group undertakings	34	11.308.038 )				
b) income arising out of other investments:						
aa) land and buildings	35	2.124.032				
bb) other investments	36	268.662.848	37	270.786.880		
(including income from Group undertakings	38	13.437.548 )				
c) Value readjustments carried out on investments	39	16.903.894				
d) Gains on investments realized	40	26.216.829				
(including income from Group undertakings	41		42	332.379.100		
3. INCOME AND UNREALIZED CAPITAL GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT						
				43	35.044.647	
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE CESSIONS						
				44	1.514.912	
5. CHARGES RELATING TO CLAIMS, NET OF REINSURANCE CESSIONS:						
a) Sums paid out						
aa) gross amount	45	808.933.640				
bb) (-) reinsurers' share	46	7.561.500	47	801.372.140		
b) Variation in the provision for outstanding payments						
aa)gross amount	48	5.902.497				
bb) (-) reinsurers' share	49	347.595	50	5.554.902	51	806.927.042
6. VARIATION IN THE MATHEMATICAL PROVISIONS AND IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE CESSIONS						
a) Mathematical provisions:						
aa)gross amount	52	251.701.875				
bb) (-) reinsurers' share	53	-9.477.181	54	261.179.056		
b) Provision for unearned premiums for additional insurance:						
aa) gross amount	55	-72.476				
bb) (-) reinsurers' share	56		57	-72.476		
c) Other technical provisions						
aa) gross amount	58	341.765				
bb) (-) reinsurers' share	59		60	341.765		
d) Technical provisions where the investment risk is borne by the policyholder and arising out of pension fund management						
aa) gross amount	61	128.089.504				
bb) (-) reinsurers' share	62	-907.273	63	128.996.777	64	390.445.122

## Amounts for the preceding year

			Amounts for the preceding year				
			140	932.462.328			
			141	21.935.853	142	910.526.475	
			143	20.578.622			
including income from Group undertakings			144	11.724.170	)		
	145	5.578.256					
	146	260.094.363	147	265.672.619			
including income from Group undertakings			148	15.869.514	)		
			149	10.851.802			
			150	27.134.614			
including income from Group undertakings			151		)	152	324.237.657
						153	26.165.183
						154	2.673.920
	155	840.217.195					
	156	30.206.473	157	810.010.722			
	158	-15.531.932					
	159	138.685	160	-15.670.617		161	794.340.105
	162	181.054.606					
	163	-10.066.219	164	191.120.825			
	165	-64.590					
	166		167	-64.590			
	168	-2.218.067					
	169		170	-2.218.067			
	171	71.026.785					
	172	-91.288	173	71.118.073		174	259.956.241



PROFIT AND LOSS ACCOUNT

				amounts for the year	
7.	REBATES AND BONUSES, NET OF REINSURANCE CESSIONS			65	2294066
8.	OPERATING EXPENSES:				
	a) Acquisition commissions	66	27.017.185		
	b) Other acquisition expenses	67	23.767.211		
	c) Variation in commissions and in other deferred acquisition expenses	68	-1.614.000		
	d) Renewal commissions	69	11.240.721		
	e) Other administrative expenses	70	28.410.996		
	f) (-) Commissions and bonuses received from reinsurers	71	4.798.539	72	87.251.574
9.	INVESTMENT CHARGES:				
	a) Investment management charges and interest payable	73	16.185.524		
	b) value adjustments carried out on investments	74	47.487.802		
	c) losses on investments realized	75	2.731.364	76	66.404.690
10.	INVESTMENT CHARGES AND UNREALIZED CAPITAL LOSSES ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT			77	7.168.120
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE CESSIONS			78	5.501.449
12.	(-) PORTION OF THE RETURN ON INVESTMENTS TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (Item III. 4)			79	19.817.721
13.	RESULT OF THE LIFE TECHNICAL ACCOUNT (Item III. 2)			80	8.375.079
<b>III NON-TECHNICAL ACCOUNT</b>					
1.	RESULT OF THE NON-LIFE TECHNICAL ACCOUNT (Item I. 10)			81	295.176.970
2.	RESULT OF THE LIFE TECHNICAL ACCOUNT (Item II. 13)			82	8.375.079
3.	RETURN ON INVESTMENTS – NON-LIFE BUSINESS:				
	a) Income from stocks and shares	83	69.453.711		
	(including income from Group undertakings	84	53.967.973 )		
	b) Return on other investments:				
	aa) land and buildings	85	63.260.384		
	bb) other investments	86	75.741.244	87	139.001.628
	((including income from Group undertakings	88	4.787.967 )		
	c) Value readjustments carried out on investments	89	7.645.017		
	d) Gains on investments realized	90	10.065.594		
	((including income from Group undertakings	91		92	226.165.950

Amounts for the preceding year			
			175 1.569.635
	176 23.211.848		
	177 22.466.251		
	178 -1.535.326		
	179 11.311.442		
	180 30.299.553		
	181 5.314.581	182 83.509.839	
	183 28.882.336		
	184 57.780.420		
	185 3.854.305	186 90.517.061	
		187 26.807.534	
		188 5.018.690	
		189	
		190 1.884.130	
		191 104.768.077	
		192 1.884.130	
	193 82.116.798		
including income from Group undertakings	194 50.797.192 )		
	195 54.997.057		
	196 93.727.211	197 148.724.268	
including income from Group undertakings	198 2.030.253 )		
	199 1.254.769		
	200 17.584.830		
including income from Group undertakings	201 )	202 249.680.665	

PROFIT AND LOSS ACCOUNT

		amounts for the year	
4. (+) PORTION OF THE RETURN ON INVESTMENTS TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (Item II. 12)		93	19.817.721
5. INVESTMENT CHARGES – NON-LIFE BUSINESS:			
a) Investment management charges and interest payable	94	34.332.549	
b) Value adjustments carried out on investments	95	275.308.446	
c) losses on investments realized	96	7.438.488	
6. (-)PORTION OF THE RETURN ON INVESTMENTS TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (Item I. 2)		97	317.079.483
7. OTHER INCOME		98	
8. OTHER CHARGES		99	145.847.211
9. RESULT OF ORDINARY BUSINESS		100	273.585.751
10. EXTRAORDINARY INCOME		101	104.717.697
11. EXTRAORDINARY CHARGES		102	158.313.937
12. RESULT OF EXTRAORDINARY BUSINESS		103	11.772.872
13. PRE-TAX RESULT		104	146.541.065
14. CORPORATION TAX FOR THE YEAR		105	251.258.762
15. NET OPERATING PROFIT (LOSS)		106	118.198.627
		107	133.060.135

## Amounts for the preceding year

		203	
204	60.360.743		
205	338.389.147		
206	26.520.632	207	425.270.522
		208	-139.587.747
		209	203.166.473
		210	284.225.174
		211	-10.408.604
		212	215.140.012
		213	52.460.717
		214	162.679.295
		215	152.270.691
		216	79.897.245
		217	72.373.446

## **NOTES TO THE ACCOUNTS**

The accounts for the financial year ended 31 December 2003:

- follow the mandatory layout prescribed by the Legislative Decree no. 173 of 26/5/1997
- adopt general regulations for the drafting of accounts and apply the valuation criteria established in Articles 16 et seq. of the aforesaid Decree;
- are made up, ex Article 2423 of the Civil Code, of the Balance Sheet, of the Profit and Loss Account and of these Notes to the Accounts; are accompanied by the Directors' Report on the performance of the business as a whole, this information having been provided earlier on.

The Balance Sheet and Profit and Loss Account have been drawn up in conformity with the layouts contained in annexes I and II respectively of the Legislative Decree 173/1997.

The Notes to the Accounts, which provide the information and indications referred to in annex III that follows, are subdivided into the following parts:

- Part A - Valuation criteria
- Part B - Information on the Balance Sheet and on the Profit and Loss Account together with the related annexes
- Part C - Other information

The following tables are moreover attached:

- Statement of income
- Changes in the shareholders' equity accounts
- List of assets still forming part of the shareholders equity, for which there has been a monetary revaluation or a departure from the valuation criteria based on Article 2425, sub-section 3, of the Civil Code now replaced ex Legislative Decree 127/91 (in accordance with Article 10 of law no. 72 of 19/3/1983)
- List of buildings showing changes during the financial year
- List of buildings showing the situation as at 31/12/2003.

The accounts have been audited by the external auditing company Deloitte & Touche S.p.A. in accordance with Article 155, sub-section 2 of the Legislative Decree 58/98, with Article 62 of the Legislative Decree no. 174 of 17/3/1995 and with Article 73 of the Legislative Decree no. 175 of 17/3/1995, as amended by Articles 79 and 80 of the Legislative Decree no. 173 of 26/3/1997; this in execution of the resolution by the General Shareholders'

## **Part A**

### **Valuation Criteria of of balance sheet items**

## SECTION 1 – ILLUSTRATION OF VALUATION CRITERIA

The valuation criteria adopted, unchanged compared to the previous year, comply with current legislation and refer, for the purposes of interpretation, to the accounting principles issued by the National Councils of Professional Accountants and Bookkeepers.

### **Intangible assets**

The pre-calculated commissions payable to intermediaries for the acquisition of multi-year policies are fully charged to the profit and loss account for the financial year; this principle has been adopted since the 2002 financial year to apply to policies written by the ex La Fondiaria S.p.A. too.

The acquisition commissions relating to the ex La Fondiaria portfolio, which were already being depreciated at the start of the year, follow the original depreciation plan; this provides for the depreciation to be equal to the effective term of the policies and within the limits of the loadings for life business and, in any event, for a period of no more than 10 years, whilst for Non-Life business, this term is prudentially estimated at 3 years.

Any other charge incurred for the acquisition of risks relating to multi-year policies, as well as for the management of such risks, is shown in the profit and loss account of the financial year in which the charge is incurred.

The “capital and development costs” and the “other multi-year costs”, all considered to be long-term, are entered at acquisition cost and are depreciated with reference to the residual possibility of use.

The goodwill purchased for a consideration is entered in the assets and systematically depreciated over a limited period, held to be fair considering the period of use and having taken into account the prospective return from the business structures to which the goodwill refers; in particular, the amount of €276,592K entered under the item of goodwill relates to the remainder of the deficit from the elimination of the shareholding in La Fondiaria S.p.A., net of the portion allocated to the increase in value of the real estate and of the controlling shareholdings. The depreciation allowance for the year equal to €15,366K is calculated on the basis of a period of depreciation of 20 years, determined with reference to the period of use of such asset, also taking into account the fact that in its determination certain factors take priority, such as the value and size of the premium portfolio acquired as a result of the merger and the market position of the merged entity.

### **Land and Buildings**

Buildings are shown in the accounts at acquisition or construction cost increased by ancillary expenses and increased costs other than as a result of any write-ups that might possibly have been done, including during allocation of merger deficits, and net of the related depreciation funds and of the write-downs applied in previous financial years.

The depreciation relates to buildings used for the business of the company and those used by third parties; Buildings for residential use are not subject to depreciation; for these, however, the allocations to the buildings maintenance Fund ensure that maintenance work designed to restore original quality of use is performed.

In the main, the maximum ordinary tax rate of 3% is applied, this being deemed to be the most prudential course of action, in particular given the specific intended use of the business operating assets based on the nature of the same.



### **Long-term financial investments**

Italian and foreign shareholdings and bonds defined as “long-term” stable are valued, ex Article 16 p.3 of the Legislative Decree no. 173/1997, at the lesser value of the acquisition cost, possibly adjusted in previous financial years, and the cost that on a long-term basis proves to be below this as at the date of closure of the financial year. Debt securities and capital securities, if originating from the long-term portfolio, are valued at the value that results from the application, at the time of the transfer, of the related valuation criterion. The reductions in value are recovered in successive accounts, if the reasons for the adjustments made do not exist any more.

To obtain the acquisition cost, we take the cost determined using the continuous weighted average method, adjusted as a result of the computation of the issue and trading spreads and, in the event of earlier adjustments, write-ups of the original cost and allocations of merger deficits.

For securities issued or acquired without coupons, the original acquisition cost is increased pro rata, based on the annual fees, by the difference between the acquisition cost and the nominal value encashable on maturity, net of any advance withholding tax that might possibly be due.

For the value as at the date of closure of the financial year, we take:

- in the case of listed fixed-income securities, the value that results from the arithmetic mean of the exchange prices of the last six months of the financial year;
- in the case of listed shareholdings, the value that results from analyses done for the purposes of determining the recoverable value of the same, even if not short-term.
- in the case of unlisted shareholdings, the normal value, determined by also taking into account, on a pro rata basis, the asset reductions resulting from the most recent accounts;
- in the case of unlisted bonds, the normal value, determined with reference to the price of securities with similar features or based on other objective elements.

### **Short-term financial investments**

Italian and foreign shareholdings and bonds that constitute “short-term” investments are entered, ex Article 16 p.6 of the Legislative Decree 173/1997, at the acquisition cost, possibly adjusted in previous financial years, or else at the salvage value inferable from market trends, if this is less. The reductions in value are not maintained in successive accounts if the reasons for these do not exist any more. To obtain the acquisition cost, we take the cost determined using the continuous weighted average method, adjusted in the event of an earlier adjustment or write-up of the original cost. The original acquisition cost is moreover adjusted, on a pro-rata temporis basis and net of any advance withholding tax that might possibly be due, by the issue spreads, and by the differences between the acquisition cost and the nominal value encashable on maturity for securities with an implicit interest rate.

For the salvage value, we take:

- in the case of listed shareholdings and bonds, as well as for own shares, the value that results from the arithmetic mean of the exchange prices from the last month of the financial year;
- in the case of unlisted shareholdings, the normal value, determined by taking into account, on a pro rata basis, the asset reductions resulting from the most recent accounts;
- in the case of unlisted debt securities, and for unit trusts, the normal value, determined with reference to the price of securities with similar features or based on other objective elements.

**Investments for the benefit of Life assurance policyholders who bear the risk of such investments and investments deriving from the management of pension funds**

Such investments, related to index-linked and unit-linked products, as well as to assets forming part of the “SAI QUOTA” separate Life business Segregated account, are entered at current value ex Article 16 p. 8 of the Legislative Decree 173/1997. Similar criteria are adopted for recording investments deriving from the management of pension funds.

**Spot against forward transactions**

The countervalue of securities acquired during a “spot” transaction, with a repurchase obligation on the part of the seller, is recorded under sundry financial investments, whilst the countervalue of securities sold during a “spot” transaction is recorded under Creditors and Other Liabilities. The interest and the differences between the “spot” and “forward” countervalue are recorded in the “Income from Other Investments” and in the “Investment management fees and interest payable” respectively; for any transactions that might possibly be ongoing at the end of the year, the income is allocated using the pro-rata temporis method.

**Derivative contracts**

Premiums received and paid-for options on securities and currencies are entered under Creditors and Other Liabilities and Investments respectively.

On maturity of the option, if the option is not exercised, the premium is charged to Income from Investments or Investment Charges, whilst the premiums levied in case of the purchase or sale of the underlying assets, adjust the book value or sale price of the same; otherwise they are charged to Income from Investments or Investment Charges in the case of the financial adjustment of the liability. Options still in existence at the end of the year are valued taking into account the underlying assets in the form of securities or currencies and with reference to their recoverable value, even if not recoverable in the short term, in the case of long-term assets, or to the respective exchange prices in the case of short-term assets. In this latter case, in the absence of an exchange price, the valuation is based on a prudent calculation of their presumed break-up value. There is a prudential allocation of any capital losses that might possibly arise from the valuation of existing contracts to the Provisions for risks and charges.

Transactions in derivatives aimed at covering investments and loans are valued consistently with the respective underlying liabilities.

**Income from securities**

The interest income that has accrued, the issue spreads and the differences between acquisition cost and nominal value encashable on maturity are recorded in the profit and loss account based on the principle of annual accrual.

Dividends and the related tax credit are posted to the financial year in which they are made payable. Dividends from subsidiaries are posted on the basis of the “accrual” principle, namely to the financial year in which the profits are made by the subsidiary company.

Capital gains or capital losses arising from the trading of securities present in the company’s portfolio are registered to the profit and loss account of the financial year in which the related sales contracts are concluded.

The positive result of eventual forward sales of debt securities can be seen at the time of the financial adjustment.

**Premium for the financial year**

In accordance with Article 45 of the Legislative Decree 173/97, the gross premiums recorded include the sums that have accrued during the financial year under insurance policies.

**Material assets**

Such assets are shown in the accounts at acquisition cost, depreciated on the basis of their residual possibility of use; the depreciation rates applied correspond to the maximum rates set by tax legislation that are thought to reflect the actual deterioration of the assets.

**Receivables**

Amounts receivable from policyholders in the form of premiums are entered based on the presumed break-up value, net of write-downs done in accordance with analytical methods and on a presumptive basis with reference both to the individual classes and to premium income development; the said value is then shown for similar categories of such receivables. Other debtors are entered at the presumed break-up value.

**Technical provisions for direct business**

The general regulations governing technical provisions described in Article 31 of the Legislative Decree 173/97 sanction the principle by which the amount of the provisions must always be sufficient to permit the companies to cover, as far as is reasonably possible, the liabilities assumed under insurance policies. The following accounting principles ensue:

**Provision for unearned premiums Non-Life business**

Article 32 of the Legislative Decree 173/97 imposes the obligation, when entering the provision for unearned premiums, to break it down into two components: the “provision for premium instalments” and the “provision for unexpired risks”.

- Provision for premium instalments

This is calculated for all classes of business by applying the pro-rata temporis method, based on the gross premiums recorded, net of the acquisition expenses as identified by Articles 51 and 52 of the aforesaid Decree. For risks arising from hail and nuclear energy, the calculation applied was in accordance with what is established by the Ministerial Decree of 23/5/1981.

In the class of credit, the provisions of the Ministerial Decree of 22/6/82 were also applied to policies written or renewed before 31/12/1991.

In the classes of other damage to property, fire, accident and goods in transit, further provisions were set aside for natural disaster risks, proceeding in accordance with what is established by the Ministerial Decree of 15/6/84. In the class of surety, the integration provided for by the ISVAP Instruction no. 1978/2001 was completed.

- Provision for unexpired risks

According to what is laid down by Article 32 of the Legislative Decree 173/97, this component of the provision for unearned premiums is there to cover risks incumbent on the company following the closure of the financial year, and should meet all costs arising from claims that might affect policies which have given rise to the creation of the provisions for premium instalments. The calculation method used in order to set aside sums under this provision reflects the empirical method suggested by the Supervisory Authority [ISVAP] in its circular no. 360/D of 21/1/99, applied separately for each class and, within some of these, for each type of risk included. The loss ratio used was valued by also taking into account a retrospective time span with regard to the individual classes.

**Provision for outstanding claims Non-Life business**

The provision for outstanding claims represents the total amount of the sums which, based on a prudent valuation based on objective elements, prove to be necessary to cover the payment of claims outstanding at the end of the year, as well as of the related settlement costs.

The provision for outstanding claims was valued in accordance with the provisions of sub-section 2 of Article 33 of the Legislative Decree 173/97, taking the final cost as the criterion of calculation for this so that all future

foreseeable charges might be taken into account, based on historic data and forecasted data. This also includes the estimate relating to claims incurred but not reported as at the date of closure of the financial year.

The provision for outstanding claims entered in the accounts represents the result of an overall multi-stage technical valuation, for which an initial valuation done through the analytical examination of the individual outstanding items forms the basis; this is then followed by the process, entrusted to the company's managerial structures, whereby statistical and actuarial methods are used in order to determine the extent of the final cost of the claims.

In particular:

- Land vehicles Motor TPL

For portfolios that do not have, for claims incurred in the year of the accounts, an analytical inventory that is actually representative of the charge for claims, this provision is valued by applying the average cost criteria for groups of similar and sufficiently numerous claims, the projection model for which takes into account the management experience gained over the last five years. The cost of incurred claims is determined using five different statistical methods (paid in the first year, average value of incurred claims, incidence of the amount paid in the first year on the cost of incurred claims, development of the costs of incurred claims, and an analytical method that takes account of the territorial zone, the tariff sector and the type of claims outstanding), averaging out the results obtained from each one.

Vice versa for portfolios the accounts for which are made up on an ongoing basis; here, claims incurred during the year are represented by the analytical recording of the settlement structure, possibly supplemented by the valuation of the management structures, the determining factors for which take particular account of claims the average costs of which exceed the market average for specific phenomena (physical loss/damage and other catastrophe damage).

Claims incurred during previous years are observed after the analytical recording of the settlement structure has been done, permitting us to check whether the estimates were adequate. With regard to the ex-SAI portfolio of claims, on the settlement structure of which an analytical audit was performed according to rotating criteria, the amounts of the provisions for claims incurred during previous years are used as input data for a projection model used to define the final cost of the claims; this projection model takes into account, amongst other things, the adequacy/inadequacy of the said provisions, the percentage incidence of the "dropped" provision for payments, the incidence on the provision for portfolio entries of the balance between risks eliminated as a result of the fact of "file closed" and "file re-opened", and finally any write-ups.

Lastly, for the determination and final valuation of the ultimate cost of the claims, statistical and actuarial methodologies are applied to the developments in the cost of the claims based both on their historical and forecasted elements, such methodologies being suitably adapted to the specific characteristics of the company (methods referable to the FisherLange methodology): in particular, for the determination of the future growth in the cost of the outstanding claims, projected inflation and the specific dynamics of insurance industry costs were taken into account.

- Other non-life business

Valuations are done by the settlement structures analytically, on a claim by claim basis. Such valuations might possibly have been adjusted by the managerial structures based on the results of special valuation models that take into account past experience with regard to the downward revaluation of outstanding claims.

**Other technical provisions**

These include, in compliance with what is provided for by Article 25 of the Legislative Decree 175 of 17/3/1995, the provision for increasing age set up in respect of multi-year health insurance policies for which the company has waived the right of withdrawal; the provision was calculated in accordance with the provisions set out in sub-section 3 of the aforesaid Article.

**Equalization provisions**

These contain the sums set aside in implementation of Article 12, sub-section 1 of the Decree Law no. 691 of 19/12/1994, concerning the procedure for creating an equilibrium provision for natural disaster risks. With reference to policies with the features referred to in Article 1 of the bylaw implementing ex Ministerial Decree no. 705 of 19/9/96, the provision was created in accordance with what is provided for by legislation. These include, inter alia, the offsetting provision in respect of the class of Credit referred to in Article 24 of the Legislative Decree no.175/95.

**Technical provisions Life business**

The actuarial reserve for direct insurances relating to Life business is calculated analytically for each policy, based on pure liabilities with no deductions for the costs of acquiring the policies and with reference to the actuarial assumptions made (technical interest rates, demographic assumptions of elimination of risks on account of death or disability, and operating costs) for the purposes of calculating the premiums relating to existing policies. In any event the actuarial reserves shall not be lower than the surrender values. The amount carried forward for premiums, which relates to the portions of annual premiums pertaining to the subsequent financial year, is included in the technical provisions.

The actuarial reserves incorporate moreover the additional reserve on policies whose benefits are subject to revaluation, as provided for by the ISVAP Instruction 1801-G of 21/02/2001 and indicated by Article 25 sub-section 12 of the Legislative Decree 174/95; they also incorporate the additional reserve for technical bases to take into account the greater burden which the company will have to bear as the result of the difference that exists between the interest rate allowed to policyholders and the trends in returns that might be expected from the segregated accounts over the next four years.

**Technical provisions where the investment risk is borne by policyholders and provisions arising out of pension fund management**

The provisions relating to all products with the features indicated in Article 30, sub-sections 1 and 2 of the Legislative Decree 174/95 fall into this category; the calculation of these provisions, given that it is analytical and by policy, follows the general procedures prescribed in respect of other Life business technical provisions. Such provisions represent, with the maximum possible approximation, the underlying assets.

**Technical provisions to be debited to reinsurers**

The provisions to be debited to reinsurers include the amounts for the period in question, determined in accordance with the contractual reinsurance agreements, based on the gross amounts of the technical provisions.

In particular, with regard to the provision for unearned premiums on proportional cessions, this is calculated based on what is provided for by Article 32 of the Legislative Decree 173/97 in respect of the gross provision for unearned premiums.

**Inward reinsurance**

For risks assumed by way of reinsurance, the premiums and costs already notified by cedants, apart from Companies forming part of the Group and any portfolios that might possibly be managed by your Company, are recorded in part in the asset accounts and charged to the profit and loss account of the subsequent financial year; this time lag in recording the items for the period is due to the fact that it is impossible to have all the data available in time to draw up the accounts. The technical provisions are entered in the accounts based on information received from the ceding companies. This information is subject, based on what is provided for by sub-section 2 of Article 39 of the Legislative Decree 173/97, to careful scrutiny and an independent evaluation and, in case past experience reveals that there are sums that might possibly fall short of what is required, the due adjustments are made so as to ensure the adequacy of the sums allocated.

**Provisions for risks and charges**

This is created to cover risks of a non-technical insurance nature, the amount of which or the date of occurrence of which has not been determined.

**Long-service bonuses ex Article 30 of the Industry-Wide Agreement**

This fund is created for all employees who have completed 20 and 30 years of active service with the Company by the end of the year; it is based on the annual salary as at 31/12/2003 and is in proportion to the premium that may accrue in the 25<sup>th</sup> and 35<sup>th</sup> year of actual service. The fund is used for premium income purposes and is re-calculated at the close of each financial year.

**Building maintenance fund**

This fund covers costs, pertaining to the current year and to previous years, that have not yet been incurred because the related works are done, for reasons of a technical nature and in order to keep labour costs down, at periodic intervals. With respect to the global adjustment of the fund, which is survey-based, this is done solely for buildings for residential use.

There are no plans to set aside sums either for buildings the disposal or complete renovation of which is planned prior to the completion of the normal maintenance cycle or for individual property units in condominiums, which, taken as a whole, present annual maintenance costs that are uniformly distributed over time.

**End of service allowance for staff in subordinate employment**

Sums are allocated to this fund based on the number of employment contracts in force and according to criteria provided for by Article 5 of Law no. 297 of 29/5/1982, which regulates the end of service allowance.

The charge deriving from renewals of the contracts, with retroactive effect, is recorded when such agreements come into force.

**Active and passive accruals and deferrals**

The active and passive accruals and deferrals are calculated on a temporal basis so as to reflect the accrual principle in the accounts.

**Guarantees, commitments and other memorandum accounts**

These are entered in the accounts at the countervalue of the commitments assumed or of the guarantees afforded or received.

**Corporation tax**

Corporation tax is determined based on the assessment of the current and deferred fiscal charge for the year. Direct taxes for the period are calculated based on current tax legislation. However, whenever there are temporary differences between the operating result and the taxable income, the temporarily deferred tax is calculated by taking into account the nominal tax rate and making suitable adjustments in case of a change in the rate for the current year. Taxes paid in advance are entered in the accounts only if their recovery proves to be reasonably certain, given the volume of the expected taxable income.

Liabilities arising from deferred taxes are however entered in the accounts if they have originated from taxable temporary differences. As a precaution, sums have been set aside for deferred taxes relating to higher values that are not fiscally recognised, for write-ups of investments made to cover the allocation of the fiscally non-chargeable merger deficit originating from the incorporation of Fondiaria Assicurazioni S.p.A., where it is likely that such higher values would generate higher taxable income.

No sums have been set aside for taxes and allocated to net equity reserves that are taxable in the event of distribution, given that the said distribution is unlikely to take place.

Deferred taxes are recorded under corporation tax and find their balance sheet equivalent in “Other assets” or else in “Provision for taxation”.

**Transactions in foreign currency**

Transactions denominated in foreign currency are recorded in the accounts using the multi-monetary accounting system. Thus, accounts balances expressed in foreign currency are shown in the accounts after being converted into euro by applying the rates of exchange in force at the close of the financial year. The effects of this are charged to the profit and loss account under the heading of the items “Other income”, if positive, or “Other charges”, if negative. Only those shareholdings deemed to be long-term are kept at the historic rate of exchange.

**Distribution of settlement costs for claims not directly chargeable to a specific line of business**

Based on the evidence of the analytical accounting system, the settlement costs are distributed between the “Motor” sector and the “Other Non-Life Business” sector.

The distribution to each class of business is done in proportion to the arithmetic mean of the percentage incidences of the numbers of claims settled and of the related amounts, with events of particular gravity having been filtered out of the latter.

All the values shown in the annexes to the accounts are expressed in euro. The data hereinafter shown in the Notes to the Accounts is expressed in euro, with a precise indication in those cases in which values have been adopted in thousands or millions of euro, with the customary rounding off.

## **SECTION 2 – Tax adjustments and provisions**

During the year, value adjustments in the total amount of €83,924K have been charged to the profit and loss account; these adjustments were done solely in application of tax regulations.

This concerns, with regard to the amount of €15,207K, the depreciation on buildings used by third parties that have the requisites of being, based on their nature, business operating assets as defined by sub-section two of Article 40 of the Consolidated Finance Act No. 917/1986. The rest, equal to €68,717K, refers to the aforementioned value adjustment on Capitalia shares. The effect of the aforesaid adjustments on the profit and loss account for the year amounts, net of current and deferred taxation, amounts to €55,293K; further payments on adjustments previously made moreover amount to €20m and these refer to disposals of property made during the financial year. The effect of these further payments, taking into account the higher taxes for the period, amounts to €13m.

Overall, the adjustments made, including those done in previous financial years, amount to around €122m as at 31/12/2003 before taking into account the corresponding effect of tax, whilst the net effect proves to be around €77m.

As a result of the provisions contained in the Legislative Decree 6/2003, which made profound changes to the provisions governing company law in respect of joint-stock companies, these adjustments, given that they are of relevance solely for tax purposes, will be subject to presumed “repayment” in the next financial year if and to the extent that such repayment is provided for in the special industry regulations and does not generate taxable matter as provided for by the Legislative Decree 344/2003.



## **Part B**

### **Information on the Balance Sheet**

### **and on the Profit and Loss Account**

# Balance Sheet – Assets

The Balance Sheet values are analysed below, comparing them with the corresponding amounts from the 2002 financial year.

Where the items from the previous financial year were not comparable with those of the current financial year, the necessary adjustments were made. The adjustment that might have been made, the lack of comparability, or the fact that neither adjustment nor comparison is possible is however shown in the comment applicable to the individual items.

## SECTION 1

### INTANGIBLE ASSETS – (Item B)

The intangible assets, all of which are deemed to be long-term, amount to €609,216K, net of the depreciation allowances.

The intangible fixed assets are systematically depreciated in relation to their residual possibility of use. During the course of the year, no situations have emerged that are likely to lead to write-downs on account of long-term losses of value.

The movements of the financial year are summarised in annex 4, to which we refer.

(€K)	31/12/2003	31/12/2002	Variation
Acq. Commissions to be depreciated:			
Life business	5,264	6,878	(1,614)
Non-Life Business	0	9,738	(9,738)
Capital and development costs	36,972	42,600	(5,628)
Goodwill	509,627	558,284	(48,657)
Other multi-year costs	57,353	60,435	(3,082)
	609,216	677,935	(68,719)

### Acquisition commissions to be depreciated

This item relates entirely to the ex La Fondiaria portfolio and follows the original depreciation plan. During the course of this financial year the remaining third of the ex Fondiaria multi-year commissions relating to Non-Life business, equal to €9,738K, was charged to the profit and loss account. The multi-year commissions earned during the year were fully charged to the profit and loss account.

## Capital and development costs

The item “Capital and development costs” includes:

- €29,729K relating to the costs associated with the merger through incorporation of La Fondiaria S.p.A. into SAI S.p.A., depreciated over 5 years;
- €5,638K relating to the charges incurred for the raising of the subordinated loan, depreciated over 5 years;
- €1,585K relating to the cost of the financing granted by the subsidiary Sainternational SA;
- €20K relating to commissions and issue costs for financings granted by the subsidiary Fondiaria Nederland.

In particular, during the course of the year the following amounts were charged to the profit and loss account: € 4.6m relating to commissions and issue costs for financings granted by the subsidiary Fondiaria Nederland as the result of the partial repayment of the financing; € 5.7m relating to the charges incurred on account of the subordinated loan granted in December 2002 and repaid in July 2003 together with the simultaneous issue of the new subordinated loan, already commented on in the management report.

The further placement costs and commissions relating to the subordinated loan amount to around €7m.

## Goodwill

The item “Goodwill” is made up of:

- €276,592K resulting from the cancellation deficit that emerged from the merger through incorporation of La Fondiaria S.p.A. into Fondiaria-SAI S.p.A. net of the share charged to land, buildings and shareholdings: these costs are depreciated over 20 years;
- € 162,684K resulting from the goodwill originating from the merged entity Fondiaria Assicurazioni and relating to the 1990 business allocation operation, depreciated over 20 years;
- €65,488K resulting from the cancellation deficit consequent upon the merger of Fondiaria Assicurazioni that occurred in 1995, depreciated over 16 years;
- €4,863K for the transfer of the portfolio of insurance policies from the subsidiaries Profilo Life and BIM Vita, the cost of which is depreciated over 10 years.

## Other multi-year costs

The “Other multi-year costs” prove to be made up as follows:

(€K)	31/12/2003	31/12/2002	Variations
- Research and development costs	54,495		
- Licences of use granted in respect of computer products	2,838	3,517	(679)
- Commissions on compulsory cessions	0	476	(476)
- Improvements to third party assets (claims settlement centres and agencies)	0	8	(8)
- Trade-marks	20	0	20
	57,353	60,435	(3,082)

Research and development costs have decreased by €1.9m as the result of the capitalisation of the direct costs incurred in 2003 in order to prepare the technological and support application infrastructures for the projects relating to the New Group Claims System and in order to complete the phase in the process of IT integration between SAI and Fondiaria; this process had already begun and was rendered necessary as the result of the merger.

The costs capitalised during the year amount to €28m, whilst the depreciation allowance for the period is €29.9m.

The other research and development costs concern specific projects relating to the improvement in the company's IT procedures; these are aimed at the optimisation of costs and at costs savings in data processing or at the complete re-engineering of the said costs.

These costs are depreciated over three years in the case of projects having already commenced in previous financial years, whilst the projects relating to the New Claims System, together with the other projects commenced during the year, are depreciated over five years. The capitalisation of these amounts is based on the future benefit that it is thought might be gained from the aforesaid activities. The residual value of the research and development costs entered in the assets permits the distribution of dividends, since sufficient available net equity reserves remain to cover the total amount of the costs that are not depreciated.

As already stated elsewhere in the accounts, in 2003 the Company reached an amicable settlement with CONSAP concerning the litigation that had been instituted in respect of compulsory cessions in Life business. Consequently, the residual amount of the pre-calculated commissions, which were at that time acknowledged as being due to CONSAP under the heading of the portfolio ceded, has been fully charged to the profit and loss account for the year.

All the other multi-year costs were entered in the assets, taking into consideration their multi-year benefit, and are depreciated over three years in the case of licences of use granted in respect of computer products and over five years in the case of improvements to third party assets.

Finally it should be noted that during 2003 the Company purchased the trademark “Principi di Piemonte”, the depreciation profile for which will be ten years with effect from the financial year in which the economic use of the said trademark commences.

## SECTION 2

### INVESTMENTS – (Item C)

#### Land and buildings

(€K)	31/12/2003	31/12/2002	
Buildings used for the business of the company	175,519	184,332	(8,813)
Building used by third parties	1,132,580	1,382,661	(250,081)
Other buildings	4,625	4,416	209
Other property rights	2,279	2,315	(36)
Total gross amount	1,315,003	1,573,724	(258,721)
Provisions for depreciation	(146,521)	(154,719)	8,199
Net total	1,168,482	1,419,005	(250,523)

The item "Other Buildings" includes the Montepulciano Agricultural Holding and some land in Turin (Corso Giulio Cesare), in Florence, Via S. Leonardo 38-40-42 and Sanremo, as well as buildings in Modena V. Buonarroto and in Rome Tor Carbone.

The item "Buildings used by third parties" also includes fixed assets in progress.

The item "Other property rights" includes some car parking places in Florence.

The decrease in assets of €259m, including the depreciation funds, as compared with the figure as at 31/12/2002 has originated from:

	€m
- purchases	21
- increased costs and improvements	36
- sales	-316
	<hr/> 259

With regard to buying and selling operations, and in particular real estate spin-off, we refer to what is shown analytically in the management report.

In implementation of what is provided for by Article 18 of the Legislative Decree 173/97 and by the ISVAP Instruction no. 1915-G of 20 July 2001, the Company has determined the current value of land and buildings based on independent estimate surveys.

The market value was determined through the separate valuation of each asset, applying balance sheet type methodologies, supplemented by elements that take account of the return on the same, consistent with the recommendations of the Supervisory Body.

Overall, the current value of the buildings exceeds €289m approximately, based on the accounting value of the same.

The gross capital gains amount to 305m, whilst the capital losses equal €16m. Shown in an attachment to the Notes to the Accounts, separately for fully owned buildings and as a combined amount for units in condominiums, is the amount of the current value. The negative differences between book value and current value in relation to some buildings owned by the Company were not deemed to represent a long-term loss of value.

The capital gains realised during the year, before deduction of the sales costs on the disposal of real estate, amount to €75m.

The real estate assets concerned are deemed to be long-term.

Annex 4 shows the breakdown of the changes during the financial year.

## Investments in Group companies and other participating interests

(€K)	31/12/2003	31/12/2002	Variation
Stocks and shares of companies	2,767,983	2,714,153	53,830
Bonds issued by companies	78	78	0
Financing granted to companies	79,519	413,321	(333,802)
	2,847,580	3,127,552	(279,972)

Included under class C. II. of the Balance Sheet are short-term listed assets, represented by the shareholding in the holding company Premafin Finanziaria S.p.A. - Holding di Partecipazioni.

### Stocks and shares of companies

The shareholdings shown under item C.II.1 of the Balance Sheet come to a total of €2,767,983K; this is after the write-downs done in the amount of €75,678K, wholly related to shareholdings classified under “other long-term assets”, and the value adjustment in the amount of €2,720K relating to the holding company Premafin Finanziaria S.p.A. and classified under “short-term assets”.

This item is broken down as follows:

(€K)	31/12/2003	31/12/2002	Variation
Holding company	15,635	12,167	3,468
Subsidiaries	2,620,330	2,572,568	47,762
Affiliated undertakings	37,109	35,476	1,633
Others	94,909	93,942	967
	2,767,983	2,714,153	53,830

The balance sheet value of listed companies shown under item C.II.1 of the Balance Sheet is €274,491K higher than the market value determined on the basis of the arithmetic mean of the list prices over the last six months of 2003; this difference is wholly related to the subsidiary company Milano Assicurazioni S.p.A., and is not deemed to be a long-term loss of value.

The other detailed information relating to the shareholdings referred to under item C.II.1 of the Balance Sheet is shown in annexes 5-6-7 to these Notes to the Accounts.

In accordance with what is laid down in Article 16, sub-paragraph 4 of the Legislative Decree no. 173/97, the following table is provided below; this relates to shareholdings in subsidiaries and affiliated companies, classified as "long-term", the book value of which proves to be higher than the net equity, calculated by applying the methodology referred to in the successive sub-paragraph 5 of the aforesaid article:

	% shareholding	Balance sheet values	Valuation according to the net equity method	Difference
(€K)				
Subsidiaries:				
EFFE VITA S.p.A.	100.00	18,902	9,681	9,221
MILANO ASSICURAZIONI S.p.A.	60.10	968,914	815,671	153,243
NUOVE INIZIATIVE TOSCANE S.r.l.	96.88	156,395	148,070	8,325

These differences are solely referable to losses from shareholdings not deemed to be long-term (Effe Vita), to capital gains existing on assets owned by the company (Nuove Iniziative Toscane) and to goodwill paid at the time of purchase (Milano Assicurazioni).

It should be noted that, with respect to the previous financial year, the differences relating to BancaSai and Effe Investimenti were deemed to be permanent losses of value, with the said differences being charged accordingly to the profit and loss account. The negative effect, included in the result for the financial year, amounted to more than €50m.

#### **Bonds issued by companies**

The fixed-income securities shown under item C.II.2 come to a total of €78K and are not listed in regulated markets.

This item is broken down as follows:

(€K)	31/12/2003	31/12/2002	Variation
Subsidiaries			
	78	78	-
	78	78	-

There have not been any movements in this item, which relates to bonds issued by the subsidiary SCAI S.p.A., during the financial year.

## Financing granted to companies

The situation concerning "Financings granted to Group companies and to other participating interests" is as follows as far as the beneficiary entities are concerned:

(€K)	31/12/2003	31/12/2002	Variation
Holding Company	-	5,000	(5,000)
Subsidiaries	79,519	408,321	(328,802)
	79,519	413,321	(333,802)

The breakdown of the financings issued is shown below (€K):

Sasa S.p.A.	10,000
Sim Etoile S.A.	5,575
Villanova S.r.l.	1,402
Consorzio Castello S.r.L.	1,325
Taro S.r.L.	1,168
	-----
Total	19,470

The loan relating to Sasa S.p.A. was issued so as to permit the company to bolster its solvency and thus improve the subsidiary's solvency margin. The said subordinated loan provides for a ten-year maturity, with the option of repayment, including in part, with effect from the twenty-fourth month. Interest was set at a rate equal to six months Euribor plus a spread of 280 basis points, to be paid in half-yearly instalments.

The spot against forward transactions for financing have reduced from €401m to €60m as the result of the maturity of transactions entered into in 2002 with the subsidiary BancaSai for the temporary use of liquidity incoming from the subordinated loan. Existing transactions as at 31/12/2003 still have BancaSai as the counterparty.

The variation is shown in annex 5.



## Other financial investments

(€K)	31/12/2003	31/12/2002	Variation
Stocks and shares	1,444,977	1,640,616	(195,639)
Units and shares in investment funds	97,527	85,207	12,320
Bonds and other fixed-income securities	7,762,682	6,977,794	784,888
Corporate financing	74,280	42,127	32,153
Deposits with credit institutions	11,908	5,193	6,715
Other financial investments	155	160,189	(160,034)
	9,391,529	8,911,126	480,403

## Stocks and shares included in Other financial investments

This item is broken down as follows:

(€K)	31/12/2003	31/12/2002	Variation
Listed shares	1,417,591	1,614,463	(196,872)
Unlisted shares	27,386	26,153	1,233
	1,444,977	1,640,616	(195,639)

The shareholdings recorded capital losses due to write-downs; these amounted to €207,152K, and were wholly related to shareholdings in listed companies. The write-ups amount to €11,319K; of this, the amount of €10,086K relates to listed shareholdings and the amount of €1,233K to unlisted shareholdings. As already illustrated in the management report, the Capitalia security has undergone a value adjustment in the sum of €69m solely for tax purposes. This adjustment is in addition to the one originating from the fair value valuation of the security, in the amount of €32m.

The balance sheet value of listed companies is €152,882K higher than the market value determined on the basis of the arithmetic mean of the list prices over the last six months of 2003 for shareholdings classified under "long-term assets", and of the arithmetic mean of the list prices for the month of December 2003 for shareholdings classified under "short-term assets", and of the year-end exchange rates. The most significant transactions affecting item C.III.1 were as follows:

BANCA POPOLARE DI LODI: purchase of 1,358,495 shares for an outlay of €13,612K, and sale of 894,602 shares, realising a net capital loss of €719K. The percentage of direct shareholding is 0.326%.

BIM: underwriting of a share capital increase, 276,005 shares for an outlay of €1,104K. The percentage of direct shareholding is 2.125%

BANCA POPOLARE EMILIA ROMAGNA: sale of 332,275 shares, realising a capital gain of €1,384K.

CAPITALIA: as the result of buying and selling operations, capital gains were realised in the amount of €840K. After signing up to the Shareholders Syndicate Agreement, 4,804,462 shares were purchased for an outlay of €10,259K. The percentage of direct shareholding is 2.248%

CASSA DI RISPARMIO DI FIRENZE: Purchase of 2,998,750 shares for an outlay of €3,370K. The percentage of direct shareholding is 0.276%

CREDIT SUISSE GROUP-REG CHF: sale of 596,649 shares, realising a capital loss of €4,621K.

MELIORBANCA: underwriting of a share capital increase, 640,300 shares for an outlay of € 2,561K. The percentage of direct shareholding is 4.99%

MILANO ASSICURAZIONI: Purchase of 2,563,777 shares for an outlay of €4,410K. As a result of the merger through incorporation of the company Nuova Maa Assicurazioni, 70,200,000 new shares were assigned. The percentage of direct shareholding is 64.411%

PIRELLI & C REAL ESTATE: sale of 421,229 shares, realising a capital gain of €1,675K.

PIRELLI & C: underwriting of a share capital increase, 104,205,138 shares for an outlay of € 51,344K. The percentage of direct shareholding is 4.222%

SCHW LEBENSV & RETENANST-RE (SWISS LIFE): sale of 232,844 shares, realising a capital gain of € 16,932K

#### **Units and shares in investment funds**

These increased by €12,320K (€97,527K as at 31/12/03 and €85,207K as at 31/12/02). The capital losses recorded due to adjustment amount to €102K whilst the write-ups amount to €3,688K.

## Bonds and other fixed-income securities

(€K)	31/12/2003	31/12/2002	Variation
Listed	7,301,620	6,430,122	871,498
Unlisted	433,618	520,710	(87,092)
Convertible bonds	27,444	26,962	482
	7,762,682	6,977,794	784,888

During the course of the year an amount of €23,414K, for issue spreads and updates, was charged to the profit and loss account, with a net positive impact on the same; a further €1,437K for trading spreads was charged to the profit and loss account, again with a positive impact on the same.

The capital loss due to adjustments to market values below the write-downs recorded in the profit and loss account, amounts to €16,718K; the obligatory increases in value amount to €6,821K. The listed securities are entered in the accounts with a total value €122,565K less than the market value determined on the basis of the arithmetic mean of the list prices over the last six months of 2003 for securities classified under "long-term assets", and of the arithmetic mean of the list prices for the month of December 2003 for securities classified under "short-term assets", and of the year-end exchange rates.

Shown below are the items of a significant amount, broken down by issuing entity:

	€K
Italian State	5,336,164
Banca D'Italia	307,156
German State	130,736
Monte Paschi	93,748
Enel	91,959
Bei Banca Europea Investimenti	69,905
Mediobanca Spa	54,195
France Telecom	50,511
Inps	50,088
General Electric Capital Corporation	46,662
Irfis	43,840
Enel Investment Holding	43,487
Centrobanca	42,498
Finnish State	42,085
Unicredito	40,746
Ford Motor Credit	40,442
Commerzbank	36,363
Banca Intesa	36,048
Hellenic Republic	34,814
Interbanca	32,029
Olivetti Finance	30,885
Societa' Per La Cart. Cred. Prov. Pubb.	27,482
Dutch State	27,433

Aventis	26,970
Imi Spa	26,633
French State	25,948
Mediobanca Int	25,000
Bnp Paribas	24,421
Eurohypo Ag	24,068
Birs	24,001
Pearl Finance Plc	22,685
?USA	20,400
Bayer Hypo-Vereinsbank	20,386
Ote	19,948
Cassa Di Risparmio Di Firenze	19,880
Capitalia	19,146
Credit Suisse First Boston Inc	18,234
Pirelli Spa	18,220
Credito Fondiario	17,652
Depfa	17,267
Bmw	17,193
S. Paolo Imi	16,513
Lottomatica	15,957
Fiat Finance & Trade	15,908
Bouygues	15,892
Banca Popolare Vicenza	15,726
Pirelli & C Luxembourg Sa	15,671
Bnl	15,334
Daimler Chrysler	14,997
Generali Finance Bv	14,956
Sogerim	14,401
Banca Popolare Dell'Emilia	14,007
Tecnost	13,657
Edf Electricite' De France	13,498
Morgan Stanley	13,370
General Motors Accept Corp	13,205

In the portfolio as at 31/12/2003 are the following items relating to securities with subordination clauses:

- XS0112299051 Unicredito 14/06/2000 - 14/06/2010 Variable Rate - €2,495,919.55 (there is the option of early repayment on the part of the issuer)
- XS0054850531 Credit Suisse 20/12/1994 - 20/12/2014 Zero Coupon - €17,218,921.83
- XS0094351151 Bayer Hypo Vereinsbank 02/02/1999 - 21/07/2006 Zero Coupon - €20,385,828.33
- IT0001444360 B.Pop.Lodi 20/03/2000 - 01/06/2010 Convertible - 4.75% - €3,243,494.61 (there is the option of early repayment on the part of the issuer)
- IT0001387965 Montepaschivita 01/12/1999 - 01/12/2009 Variable Rate - €17,150,000.00 (there is the option of early repayment on the part of the issuer)
- XS0114165276 Assicurazioni Generali 20/07/2000 - 20/07/2022 - 6.9% Convertible - €2,500,000.00 (there is the option of early repayment on the part of the issuer)
- XS0152286521 Harbourmaster 07/08/2002 - 15/07/2014 Series 3 Class D - €975,000.00 (there is the option of

early repayment at the request of the purchaser)

- IT0001282133 Monte dei Paschi 01/12/1998 - 01/12/2005 4.75% - €6,909,012.03

- IT0001282117 Monte dei Paschi 30/11/1998 - 01/12/2005 Variable Rate - €2,575,828.78

- IT0001426151 B. Pop.Emilia 31/03/2000 - 31/12/2005 Convertible - 4% - €507,277.96 (there is the option of early repayment on the part of the issuer)

- IT0003184758 Vittoria Assicurazioni 12/11/2001 - 01/01/2016 Convertible - 5.5% - €18,089.58 (there is the option of early repayment on the part of the issuer)

- XS0119298189 Royal KPN 24/11/2000 - 24/11/2005 Convertible - 3.5% - €4,850,000.00 (there is the option of early repayment on the part of the issuer)

In case of the liquidation of the issuer, the bonds will only be repaid once the other creditors who are not equally subordinated have been paid out, and only subject to the prior payment of all other payables existing as at the date of liquidation.

### Corporate financing

This item is broken down as follows:

(€K)	31/12/2003	31/12/2002	Variation
Loans secured by liens on property	32,322	270	32,052
Loans on policies	36,868	36,631	237
Other loans	5,090	5,226	(136)
	74,280	42,127	32,153

Loans secured by a lien on property relate to a so-called mezzanine financing granted to Ganimede S.r.L. for the purposes of the operation to increase the value of part of the company's property assets, commented on earlier; this is a mortgage-backed financing, secured by a 2nd rank mortgage on the properties transferred to Ganimede; the repayment of the capital and of the related interest is conditional upon fulfilment of the payment obligations of the debtor under the terms of the "senior" financing acquired by the latter, again in relation to the operation described above; the term is seven years as from the date of issue, thus maturing in December 2010; provision is made moreover for partial early repayments in line with the plan for divestment on the part of the debtor of the buildings to which the operation relates; furthermore, the debtor shall have the option to at any time proceed with the full or partial early repayment of the financing.

The interest rate is 8%. It is currently thought, based on the available information, that there are no risks as regards the recoverability of the aforesaid financing.

The "Loans on life assurance policies" have increased by €237K compared with the figure in the 2002 accounts as the result of new loans in the amount of €13,260K and of repayments in the amount of €13,023K. The item "Other loans" is mainly made up new loans to employees in respect of which no guarantees have been issued.

### Deposits with credit institutions

These increased by €6,716K, with the figure rising from €5,192K in the 2002 accounts to €11,908K. The amount includes only those bank deposits the withdrawal of which is subject to more than 15 days' notice.

Annex 10 shows the variation during the financial year of financings and of deposits with credit institutions.

### Other financial investments

The decrease is due to the maturity of spot against forward transactions realised during 2002. The modest balance is represented by options purchased in the 2003 financial year.

### Long-term assets

In its Instruction no. 893 of 18 June 1998, the ISVAP issued regulations concerning the classification and valuation of the securities portfolio of insurance companies, in particular with regard to the identification of the essential characteristics, in qualitative and quantitative terms, of long-term Investments and of short-term Investments sectors.

The assets for which it is intended, ex Article 15 of the Legislative Decree 173/97, that they be kept as part of the business assets given that they are a stable investment are allocated to the section "Long-term assets".

This concerns Investments from classes B "Intangible assets", and C.I "Land and buildings" as well as "Securities" from classes C.II and C.III, the latter within the limits of the "draft resolution" approved by the Board of Directors on 24 September 1998 and shown in the Notes to the Accounts - Part B of the Accounts for the 1998 financial year, as amended by the Board of Directors on 29 September 1999 to extend the possibility of allocation to "long-term" business to those securities added to the Life business Segregated Accounts for which the intention is that they should remain in the portfolio until their natural maturity.

During 2003 we reassigned those bonds that it was intended to sell or that were available for sale to the category of "short-term" assets. This mainly concerns securities originating from the merged entity for which, during 2003, within the context of a more general reexamination of the intended functional use of the company's moveable assets, it was deemed advisable to reclassify them into the short-term category of business.

Long-term assets represented by securities and shareholdings amounted to € 5,965,740K as at 31/12/2003, corresponding to 49.17% of the company's portfolio of securities (classes C.II and C.III), divided up as follows:

(€K)	31/12/2003	31/12/2002	Variation
Shareholdings and funds	4,039,936	4,192,273	(152,337)
Fixed-income securities	1,925,804	2,800,919	(875,115)
	5,965,740	6,993,192	(1,027,452)

The comparison between the balance sheet value of listed securities included under the category of long-term assets and their market value determined on the basis of the arithmetic mean of the list prices over the last six months of 2003 reveals hidden net capital losses in the amount of €390,225K, €451,025K of which relates to net capital losses on shareholdings and €60,800K to net capital gains on fixed-income securities.

In particular, shareholdings in the following listed companies are included amongst the long-term assets:

Banca Intesa	42,129,012	shares
Banca Profilo	5,570,000	shares
Bim	2,959,500	shares
Capitalia	49,615,187	shares
Gemina	10,932,000	shares
Generali	15,761,100	shares
Mediobanca	25,438,686	shares
Meliorbanca	4,686,175	shares
Milano Assicurazioni	275,708,904	shares
Monte dei Paschi	59,705,250	shares
Pirelli & C.	138,740,184	shares
Rcs Mediagroup	14,187,627	shares

Overall, long-term assets led to capital losses being recorded due to adjustment, which resulted in the amount of € 281,298K being charged to the profit and loss account: of this amount, €75,311 relates to shareholdings in unlisted subsidiaries, €367K relates to shareholdings in unlisted affiliated undertakings, and €205,620K relates to other shareholdings in listed companies, which were subject to write-down given that the capital loss entered was deemed to be long-term. This capital loss relates to shareholdings in Assicurazioni Generali in the amount of €44,434K, Capitalia in the amount of €100,698K, Monte dei Paschi di Siena in the amount of €28,665K, Banca Profilo in the amount of €14,103K, Bim in the amount of €7,560K, Rcs Mediagroup in the amount of €6,640K, and Meliorbanca in the amount of €3,520K. The value entered in the accounts following the aforesaid write-downs was deemed to be fair based on in-depth valuations performed both within the company and by resorting to specialist, independent third parties for support; in particular, in making these valuations, analytical methodologies were applied aimed more at the definition of the recoverable value of the individual companies than at mere reference to market prices. The variations during the year in the long-term assets included under items C.III.1, C.II.2, C.III.3 and C.III.7 are shown in annexes 8 and 9.

In summary, the main variations between long-term investments as at 31/12/2002 and those as at 31/12/2003 are the result of the following operations, done in accordance with approved guidelines:

€K

- purchases	201,770
- updates	21,040
- capital transactions	188,656
- transfers from Class D	282
- sales	(741,764)
- reclassifications to "Short-term assets"	(419,934)
- value adjustments	(277,502)
	<hr/>
	(1,027,452)

## **Deposits with transferor companies**

These increased by € 22,786K, with the figure rising from € 409,630K as at 31/12/2002 to € 432,416K as at 31/12/2003: of this, €352m relates to the subsidiary Novara Vita S.p.A.

During the year, there were no significant economic or financial repercussions from transactions in derivatives.

## **SECTION 3**

### **INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE RISK OF SUCH INVESTMENTS AND INVESTMENTS DERIVING FROM THE MANAGEMENT OF PENSION FUNDS - (Item D)**

These come to a total of €606,842K, €539,921K of which relates to Class D.I. Investments and €66,921K to Class D.II. Investments (€477,697K as at 31/12/2002, €429,555K of which related to Class D.I.).

In accordance with what is provided for in the ISVAP Circular no. 360/D of 21/1/1999, investments were transferred from Class D to Class C for an overall amount of €6,708K; these transfers were done on account of payments under policies surrendered early and policies cancelled.

During the year funds were shifted between Class C and Class D in the amount of €103,282K; the reason for this was the issue of new policies the benefits to be afforded under which proved to be covered by securities already held in the portfolio.

Annex 11 shows, separately for each type of Class D.I. product, the breakdown by nature of the investments in question.

The investments deriving from the management of SAI Open-End Pension Funds are indicated in Annex 12. Shown below in summary form is the breakdown of the same, and we would refer you for greater detail to the specific Reports attached to the accounts.



## SAI Open-End Pension Fund

Management lines	Previ-mix	Previ-gest	Previ-bond	Previ-capital	Previ-europa	Previ-global
Stocks and shares	7,156	1,540 845	570	24	24	24
Bonds and Fixed-income securities	1,902	224	252			
Other assets	915		113	17	15	4
	9,973	2,609	935	41	39	28

## Fondiaria Previdente Pension Fund

Management lines	line shares	line balance sheet	bonds	line monetary	line mon. gar.
Stocks and shares	17,703	11,196	2,582	1,027	751
Other assets	1,561	823	280	61	71
	19,264	12,019	2,862	1,088	822

## Conto Previdenza Pension Fund

Management lines	line shares	line balance sheet	line bonds	line monet. gar.
Stocks and shares	2,223	7,617	2,020	4,719
Other assets	137	386	40	99
	2,360	8,003	2,060	4,818

## SECTION 4

### REINSURERS' SHARE OF TECHNICAL PROVISIONS -(Item D a)

Reinsurers' share of the technical provisions decreased by €102,928K in total, as shown in the table below:

(€K)	31/12/2003	31/12/2002	Variation
<b>NON-LIFE BUSINESS</b>			
- Provision for unearned premiums	54,013	59,369	(5,356)
- Provision for outstanding claims	361,849	374,217	(12,3)
	415,862	433,586	(17,7)
<b>LIFE BUSINESS</b>			
Actuarial reserves	72,078	156,723	(84,645)
Provision for sums payable	2,614	2,266	348
Technical provisions where the investment risk is borne by policyholders and provisions arising out of pension fund management	0	907	(907)
	74,692	159,896	(85,2)
<b>OVERALL TOTAL</b>	<b>490,554</b>	<b>593,482</b>	<b>(102,92)</b>

As the result of the acceptance on the part of the Company of the proposal for an amicable settlement made by Consap S.p.a., subject to the prior authorisation of the Ministry of the Economy and Finance, Treasury Division, any right to credit arising from compulsory cessions in relation to the Life Technical Provisions is no longer represented in the Accounts.

This explains the significant decrease in reinsurers' share of the provisions for Life business.

As far as the other aspects of the agreement are concerned, we would refer you to what is stated in the Management Report.

Reinsurers' share of the provisions for unearned premiums for Non-Life business is recorded analytically for facultative and excess of loss treaties whilst, for proportional treaties, the same criterion is used for the determination of the provision for unearned premiums from direct business.

## SECTION 5

### RECEIVABLES - (Item E)

(€K)	31/12/2003	31/12/2002	Variation
Receivables arising from direct insurance operations	1,098,476	1,031,866	66,610
Receivables arising from reinsurance operations	11,593	142,356	(130,763)
Other receivables	523,525	422,769	100,756
	1,633,594	1,596,991	36,603

### Receivables arising from direct insurance operations

(€K)	31/12/2003	31/12/2002	Variation
Premiums receivable from policyholders	422,970	423,344	(374)
Insurance intermediaries	454,547	460,068	(5,521)
Company receivables – current accounts	179,884	105,647	74,237
Policyholders and third parties - amounts receivable	41,075	42,807	(1,732)
	1,098,476	1,031,866	66,610

In view of the total gross amount of €478,758K representing premiums receivable from policyholders (€433,934K of which relates to premiums for the year and €44,824K relates to premiums from previous years), a total of €55,788K was set aside (€37,313K for premiums for the year and €18,475K for premiums for previous years) in the Provision for the Write-Down of Receivables for possible defaults on the part of policyholders as a counter-entry to the item “Other technical charges”.

Shown below is the distribution of the aforesaid Provision for the Write-Down of Receivables, covering possible cancellations and defaults on the part of the policyholders in those classes of business mainly affected by this phenomenon:

Motor TPL	€K	18,655
Health	“	9,349
Accident	“	5,221
Fire	“	5,580
General T.P.L	“	6,992
Bonds	“	3,056
Land Vehicles – Own damage or loss		3,309
Other damage to property	“	4,046

Receivables from intermediaries were for the most part paid in January. In view of the gross amount of €467,596K,

as a precaution, the amount of €13,049K was entered in respect of receivables which it might not be possible to collect from brokers and ex agents.

The current accounts include items related to coinsurance, the Direct Indemnity Agreement, claims payments on behalf of foreign companies and on behalf of the Fund for Road Accident Victims, and active invoices.

### Receivables arising from reinsurance operations

(€K)	31/12/2003	31/12/2002
Insurance and reinsurance companies	11,531	134,578 (123,047)
Reinsurance intermediaries	62	7,778 (7,716)
	11,593	142,356 (130,763)

As a precaution, the gross figure for receivables arising from reinsurance operations, equal to €18,593K, was adjusted by the amount of €7,000K, which was entered in the Provision for the Write-Down of Receivables to cover the losses that might possibly affect some foreign reinsurers.

As the result of the acceptance on the part of the Company of the proposal for an amicable settlement made by Consap S.p.a., subject to the prior authorisation of the Ministry of the Economy and Finance, Treasury Division, any right to credit arising from compulsory cessions is no longer represented in the Accounts.

This explains the size of the consistent reduction in the receivables from insurance and reinsurance companies.

### Other Receivables

As a precaution, the figure for “Other Receivables”, equal to €523.525K (€422,769K in 2002), has already been adjusted by the amount of €12,783K, which was entered in the Provision for the Write-Down of Receivables to cover the possible losses arising from the non-collectibility of some items of a commercial nature. Entered under “Other receivables” are amounts receivable from the inland revenue on account of advance withholding taxes, tax advances on actuarial reserves Decree Law 209/2002 paid, and receivables repayment of which has been requested, together with the related interest in the amount of €296,933K.

Shown below are the most relevant components of the other items that go to make up the balance of Other Receivables, gross of the related provision for write-downs:

- Government Tax Administration	€K	296,933
- Receivables from INA CONSAP (amicable settlement agreement)	“	59,700
- Rentals and costs currently being recovered	“	13,256
- Customers	“	13,163

## SECTION 6

### OTHER ASSETS - (Item F)

These are subdivided as follows:

(€K)	31/12/2003	31/12/2002	Variation
Tangible assets and stocks	22,466	23,907	(1,44)
Cash at bank and in hand	172,738	186,977	(14,239)
Shares or own shares	49,192	2,860	46,332
Other assets	479,677	571,539	(91,862)
	724,073	785,283	(61,210)

### Tangible assets and stocks

(€K)	31/12/2003	31/12/2002	Variation
Furniture, office equipment and internal means of transport	17,478	18,364	(886)
Moveable assets recorded in public registers	21	38	(17)
Fixtures, fittings and equipment	2,043	2,582	(539)
Stocks and sundry assets	2,924	2,923	1
	22,466	23,907	(1,44)

Total assets prove to have been depreciated at the following rates:

- Furniture, office equipment, internal means of transport	depreciated share	82.80%
- Moveable assets recorded in public registers	“	94.48%
- Fixtures, fittings and equipment	“	88.43%

Such amounts are deemed to be long-term assets and, during the course of the year, they were subject to the following movement, gross of the provision for depreciation.

Balance as at 31/12/2002	€K	120,218
Purchases	“	5,312
Sales and divestments	“	(2,928)
		<hr/>
Balance as at 31/12/2003	“	122,602
		<hr/>

The related provision for depreciation equal to €100,136K (€96,311K in 2002) has increased by €3,825K: the depreciation for the year amounts to €6,701K, whilst the use of the fund covering the effect of sales and divestments was €2,876K.

### Cash at bank and in hand

(€K)	31/12/2003	31/12/2002	
Deposits with banks + post offices	172,535	186,771	(14,236)
Cheques and cash on hand	203	206	(3)
	172,738	186,977	(14,239)

Deposits with banks and post offices include the credit balances of accounts for which access to the funds is not subject to notice of more than fifteen days.

During the year charges accrued in the amount of €6,404K.

The total deposits with banks come to an amount of €81,751K, housed in 9 current accounts held with the subsidiary BancaSai S.p.A.

### Shares or own shares

As at 31/12/2003, 3,851,712 Fondiaria-SAI S.p.A. ordinary shares were held, for a total amount of €49,192K. During the year, a total of 4,543,798 Fondiaria-SAI S.p.A. ordinary shares were purchased for a total outlay of €56,041K whilst 692,086 Fondiaria-SAI S.p.A. ordinary shares were sold, realising a net capital gain of €2,148K. During the year 594,857 Fondiaria-SAI S.p.A. bearer savings shares were moreover sold, realising a net capital gains of €1,977K.

## Breakdown of receivables entered under items C.IV and E of the assets, listed separately by maturity and by type

The following table was drawn up as a supplement to the items previously shown in the assets and based on the provisions contained in section 16 of the Legislative Decree no. 173 of 26/5/1997.

(€K)	Premiums receivable from policyholders	Other receivables arising from direct insurance operations	Receivables arising from reinsurance operations	Other receivables and Corporate financing	Total
Term 1 year	422,970	580,728	444,008	418,381	1,866,008
Term 2 to 5 years		37,907		116,800	154,707
Term exceeding 5 years		56,871		62,624	119,495
	422,970	675,506	444,008	597,805	2,140,290

Receivables with a term exceeding one year are made up of €138,399K from receivables from the inland revenue and, for the rest, receivables with a residual term of more than one year are mainly represented by receivables from agents for recovery instalments and by financing both in respect of loans on Life policies and loans granted to employees.

The aforesaid receivables are all interest bearing.

## Other assets

(€K)	31/12/2003	31/12/2002	Variation
Deferred reinsurance accounts payable	6,804	8,973	(2,169)
Sundry assets	472,873	562,566	(89,693)
	479,677	571,539	(91,862)

The deferred accounts payable cover the negative income values of a technical nature for direct and retroceded business; such values are by way of a counter-entry to transactions entered in accounts made out to reinsurance companies, the recording of which in the technical account is deferred to the next financial year due to the lack of necessary information required in order to fully determine the corresponding result.

"Sundry assets" include the "internal liaison account" between Life business and Non-life business, which shows a credit balance for Life business of €79,304K.

"Sundry assets" include moreover "assets due to taxes paid in advance", which are computed by applying to the nominal values of tax deductible temporary differences the tax rates that are in force at the time that the "reversals" of these same temporary differences take place. The amount shown at year-end is €236,351K; €132,172K of this derives from assets that have been created during the year, of which €126,797K relates to this financial year and € 5,375K to previous financial years. This last variation is linked to the extending of the time period taken into consideration for the repayment of amounts due as the result of temporary tax changes that cause

the said taxes to arise and with respect to which we would refer to what is stated as a comment under the item “corporation tax” in these Notes to the Accounts.

On the other hand, repayments of pre-paid taxes set aside during previous years amount to €63,816K.

Shown below is the breakdown of the main "sundry assets" (in €K):

Non-life /Life liaison account	79,304
Assets in respect of deferred taxes receivable	236,351
Assessment of credit items for the year	47,845
Head Office/Operating divisions liaison account	27,260
Tax on actuarial reserves Decree Law 209/02	10,313

The credit items for the year mainly include assessments of cost recoveries for services provided to companies in the Group.

Item F.IV.2 “sundry assets” includes €1 of rounding off done in accordance with Article 1, sub-section 3 of the ISVAP Instruction no. 1008-G of 5 October 1998.

## SECTION 7

### ACTIVE ACCRUALS AND DEFERRALS - (Item G)

(€K)	31/12/2003	31/12/2002	Variation
Due to interest	96,371	96,849	(478)
Due to rentals	1	33	(32)
Other accruals and deferrals	4,605	4,721	(116)
	100,977	101,603	(626)

The split between accruals and deferrals proves to be as follows:

(€K)	Accruals	Deferrals	Total
Due to interest	96,371	-	96,371
Due to rentals	-	1	1
Other accruals and deferrals	1,315	3,290	4,605
	97,686	3,291	100,977

There are no multi-year accruals and deferrals.

Active accruals due to interest are almost exclusively referable to debt securities in the portfolio.



# Balance Sheet – Liabilities

## SECTION 8

### NET EQUITY - (Item A)

(€K)	31/12/2003	31/12/2002	Variation
Share capital	170,520	170,517	3
Share premium reserve	190,285	190,263	22
Provisions for write-ups	200,025	200,025	0
Legal reserve	27,017	23,399	3,618
Provisions for own shares and shares of the holding company	64,828	15,027	49,801
Other provisions	1,533,851	1,560,617	(26,766)
	2,186,526	2,159,848	26,678

According to current legislation, part of the Company's share capital and equity reserves must be used for the fulfilment of obligations arising from the practice of life assurance and from capitalisation operations.

The share capital, which is wholly paid-up, is made up of 128,729,892 ordinary shares and 41,790,201 savings shares, each of a nominal value of €1.

The share capital and the equity reserves are assigned to the two types of insurance business as follows (in €):

	Life Business	Non-Life Business	Total
Share capital made up of ordinary shares	42,054,747	86,675,145	128,729,892
Share capital made up of savings shares	16,029,873	25,760,328	41,790,201
Share capital	58,084,620	112,435,473	170,520,093
Equity reserves	803,910,382	1,212,095,725	2,016,006,107
TOTAL	861,995,002	1,324,531,198	2,186,526,200

Overall, the net equity of the company has increased by €26,678K.

The share capital compared with the figure as at 31 December 2002 has increased by €3K, this as the result of the conversion of 24,000 SAI Warrants 1992-2004.

The share premium reserve has increased by €22K as a result of the aforesaid conversion, whilst the €3,618K increase in the legal reserve is entirely due to the allocation of the profit for the year 2002.

The breakdown of the provisions for write-ups, based on the sources from which they originate, is as follows:

(€K)	31/12/2003	31/12/2002		
Special reserve ex Article 26				
Law no. 413 of 30/12/1991	96,837	96,837	-	-
Provision for write-ups				
movable assets	58,029	58,029	-	-
Provision for write-ups				
Law no. 72 of 19/3/1983	38,215	38,215	-	-
Reserve ex Article 10				
Law no. 904 of 16/12/1997	6,944	6,944	-	-
	200,025	200,025	-	-

As a whole, there has not been any movement in the provisions for write-ups during the financial year.

The provision for write-ups in respect of movable assets was set up on a voluntary basis.

The reserve for own shares and for shares of the holding company equal to €64,828 is made up as follows: €49,192K of it is made up by the unavailable reserve for own shares provided for by Article 2357b of the Civil Code, a value representing the cost of the own shares held in the company's portfolio as at 31/12/2003 (€2,860K in 2002), whilst the remaining €15,636K is equal to the cost of the shares of the holding company held in the company's portfolio as at the same date (€12,167K in 2002) and complies with the provisions laid down by Article 2359a of the Civil Code, as renewed by the Legislative Decree 315/94.

The unavailable reserve for own shares has increased by €46,332K; €56,041K was for purchase of shares, net of €9,709K for sales of own shares during the year. The same amounts prove to have been debited respectively, as far as concerns purchases, to the reserve for own shares to be purchased and, as far as concerns sales, through the further crediting of the extraordinary reserve.

The unavailable reserve for shares of the holding company has increased by €3,468K: of this, €748K is attributable to purchases of shares of the holding company during the year and €2,720K to the write-ups in value experienced by market prices in the month of December 2003. The same amounts prove to have been drawn respectively, as far as concerns purchases, from the provision for shares of the holding company to be purchased and, as far as concerns sales, through the further crediting of the extraordinary reserve and, as far as concerns value, through the further debiting of the extraordinary reserve.

The breakdown of other provisions is as follows:

(€K)	31/12/2003	31/12/2002	Variation
Extraordinary reserve	430,219	401,855	28,364
Reserve for own shares to be purchased	48,888	75,000	(26,112)
Provision for the purchase of shares of the holding company	0	29,115	(29,115)
Reserve in accordance with Legislative Decree 124/93	97	56	41
Share premium reserve for transfer of option rights not exercised	4,294	4,294	0
Dividend equalisation reserve	2,852	2,852	0
Reserve for capital gains from merger	422	422	0
Reserve ex Article 20 sub-section 2 of the Legislative Decree 173/97	123	123)	0
Reserve ex Law 742/1986	113,213	113,213	0
Merger surplus from exchange rate	933,686	933,687	0
Shares subscribed on capital increases in progress	57	0	57
	1,533,851	1,560,617	(26,766)

The extraordinary reserve has increased by a total of €28,364K as the result of the operations described below:

- increase of €22,937K as the result of the appropriation decided on by the General Shareholders' Meeting of 29 April 2003;
- decrease of €75,000K, with a transfer to the reserve for own shares to be purchased in accordance with what was decided on by the General Shareholders' Meeting of 29 April 2003. The same reserve was simultaneously credited with the amount of €45,071K, this same resolution having revoked the previous one of 22 April 2002.
- debiting of €2,720K as the result of the write-up of the shares of the holding company done at year-end.
- credit of €28,367K as the result of the writing-off of the provision for shares of the holding company to be purchased.
- credit of €9,709K as the result of the sale of own shares.

The reserve for own shares to be purchased has increased by €26,112K; this was due to the aforesaid allocation of €75,000K decided upon on 29 April 2003, the concurrent writing-off of the balance in the amount of €45,071K, and the successive transfer for purchases in the amount of €56,041K to the unavailable reserve for own shares.

The provision for the purchase of shares of the holding company was written off as a result of the purchases of shares of the holding company that took place during the year in the amount of €748K and of the expiry of the resolution of 22 April 2002 and the consequent transfer of the balance from the extraordinary reserve.

The reserve provided for by the Legislative Decree 124/93 is based on what is laid down by Article 70 sub-section 2a of the Presidential Decree 917/86; this reserve receives 3% of the annual quotas set aside for the end of service allowance, to be used for supplementary pension schemes.

The reserve provided for by Article 20, sub-section two of the Legislative Decree 173/97 has not increased and is matched by the higher current value compared with the accounting charge of the securities subject to transfer in previous financial years from class C to class D of the assets.

The merger surplus reserve was generated during the previous financial year as the result of the incorporation of La Fondiaria S.p.A.

The "reserve for shares subscribed on capital increases in progress" covers the capital increases subscribed but with regard to which the shares have not yet been distributed, and in particular the effect of the request for conversion of 55,000 Fondiaria-Sai warrants 1992-2004 relating to the month of December 2003, which the issue of 6,875 savings shares gave rise to during the month of January 2004.

It should finally be noted, again in relation to what is provided for by point 18 of Article 2427 of the Civil Code, that the share capital is made up as follows:

	Ordinary shares	Savings shares	Total
<b>Paid up subscribed capital</b>	<b>128,729,892</b>	<b>41,790,201</b>	<b>170,520,093</b>
Remaining warrants 92/2004 to be issued		1,523,000	1,523,000
Remaining warrants 02/2008 to be issued	7,074,215		7,074,215
Capital based on resolutions passed by shareholders meetings	7,074,215	1,523,000	8,597,215

With regard to the capital based on resolutions passed by shareholders meetings, it should be noted that:

Your company issued 15,600,000 "SAI warrants 1992-1996", as decided on by the Extraordinary General Meeting of 10 September 1992.

These warrants, the period for exercising which was extended for 4 years by the General Shareholders' Meeting of 27/6/1996, taking it up to 31 August 2000, and by a further 4 years, up to 31 August 2004, by the General Shareholders' Meeting of 27/4/2004, assign to the holders of such warrants the right to subscribe SAI (now Fondiaria-SAI) savings shares, up to 31 August 2004, at the rate of one share of a nominal value of €1 for every eight warrants presented in respect of the financial year (no! correct as in note 2 below) at the price of €8.26, €7.26 of which would be under the heading of share premium.

For the purposes of listing the warrants at the Italian Stock Exchange, which took place with effect from 9 December 2003, the Board of Directors made some amendments to the regulations governing the warrants in order to adapt the content of the same to the regulatory provisions of the Italian Stock Exchange. In particular, we would refer to the introduction of the option to exercise the warrants on an ongoing, monthly basis; the extension of the term of the warrants up to 31 August 2006 shall be subject to the approval of the next Ordinary Shareholders' Meeting. As at 31 December 2003, there were still a maximum of 12,129,000 Fondiaria-SAI warrants 1992-2004 to be exercised as a result of the merger that took place in the previous year 28,296,857 "Fondiaria-SAI warrants 2002-2008 were issued..

These warrants assign the right to subscribe 1 Fondiaria-SAI ordinary share in the ratio of 1 ordinary share for every 4 warrants presented in respect of the financial year at the price of €2.08.

The corresponding applications will have to be filed as from 30 June 2005 up to 30 June 2008.

## **SUBORDINATED LIABILITIES - (Item B)**

These amount to €400,000K. This figure is unchanged compared to the previous financial year, despite the acquisition of a new subordinated loan, which was subject to the concurrent early repayment of the loan in existence as at 31/12/2002. The characteristics of the new subordinated loan are described in the management report, to which we would refer.

## SECTION 10

### TECHNICAL PROVISIONS - (Item C)

Overall, these have increased by €430,873K compared to the 2002 figure and without deducting reinsurers' shares; of this, €258,279K refers to Life business and €172,594K to Non-Life business, as can be seen in the following table:

(€K)missing translation "NON –LIFE BUSSINESS)	31/12/2003	31/12/2002	Variation
- Provision for unearned premiums	1,301,395	1,302,490	(1,095)
- Provision for outstanding claims	5,124,933	4,956,790	168,143
- Provision for profit sharing and rebates	3,826	0	3,826
- Other technical provisions	8,590	8,799	(209)
- Equalization provisions	6,316	4,387	1,929
	6,445,060	6,272,466	172,594
<b>LIFE BUSINESS</b>			
- Actuarial reserves	6,163,150	5,910,972	252,178
- Provision for unearned premiums under additional insurances	892	965	(73)
- Provisions for sums payable	62,192	56,360	5,832
- Provision for profit sharing and rebates	5,623	5,239	384
Other technical provisions	62,663	62,705	(42)
	6,294,520	6,036,241	258,279
<b>OVERALL TOTAL</b>	<b>12,739,580</b>	<b>12,308,707</b>	<b>430,873</b>

The provisions for unearned premiums for Non-Life business include both the provision for premium instalments and the provision for unexpired risks; the related criterion of calculation is illustrated in these Notes to the Accounts - Part A.

The provision for unearned premiums from Italian direct business is represented solely by the provision for premium instalments. The favourable trend in both classes in terms of claims incurred during the year meant that it was not necessary to enter the provision for unexpired risks; this can on the other hand be evidenced from the business accepted by cedants.

For Motor TPL Land Vehicles business, no sums were allocated to the provision for unexpired risks since the forecasted loss ratio in respect of claims incurred, audited on the basis of the results of previous years, revealed the sums set aside with just the one component of the pro rata provision to be adequate, given the anticipated loss ratio. In the other Non-Life classes, the positive trend in terms of claims incurred during the year confirmed the adequacy of the sums that had been set aside with just the one pro-rata component of the provision for unearned premiums. The following table shows the distribution by class of the two components of the provision for unearned premiums:

Balance sheet classes (€K)	Direct business		Total	Inward reinsurance		Total
	Premium instalments	Unexpired risks		Premium instalments	Unexpired risks	
Accident	77,810		77,810	448		448
Health	64,133		64,133	36	27	63
Land vehicles – Own damage or loss	122,598		122,598	460		460
Railway rolling stock	16		16	0		0
Aircraft – Hull	950		950	41		41
Marine – Hull	1,548		1,548	263		263
Goods in transit	3,763		3,763	0		0
Fire and natural forces	104,626		104,626	2,267	83	2,350
Other damage to property	79,254		79,254	119		119
Land vehicles - Motor T.P.L	681,367		681,367	7,142	3,690	10,832
Aircraft - T.P.L.	100		100	0		0
Marine - T.P.L.	404		404	0		0
General T.P.L	90,797		90,797	1,045		1,045
Credit	1,612		1,612	89		89
Bonds	45,600		45,600	2,593		2,593
Pecuniary losses	3,844		3,844	0		0
Legal protection	2,179		2,179	0		0
Assistance	2,491		2,491	0		0
	1,283,092		1,283,092	14,503	3,800	18,303

The other technical provisions for Non-Life business include only the provision for old age referred to in Article 25 of the Legislative Decree 175/98; this is equal to €8,590K and is referable to the class of Health.

The component of the provision for unearned premiums relating to unexpired risks from inward reinsurance is the result of intra-group acceptances of business.

The equalization provisions include the equilibrium provision for natural disaster risks provided for by the Decree of the Ministry of Industry, Trade and Handicraft no. 705 of 19/11/96, and the offsetting provision in respect of the class of credit in the amount of €88K

The amount set aside comes to €6,316K in total and is distributed as follows over the balance sheet classes:

(€K)	31/12/2003	31/12/2002	Variation
Accident	174	85	89
Land vehicles – Own damage or loss	1,186	816	370
Aircraft – Hull	72	67	5
Marine – Hull	219	209	10
Goods in transit	565	507	58
Fire and natural forces	3,574	2,396	1,178
Other damage to property	390	292	98
Land vehicles - Motor T.P.L	12	6	6
Credit	88	0	88
Aircraft - T.P.L.	3	1	2
General T.P.L	9	4	5
Pecuniary losses	24	4	20
Total	6,316	4,387	1,929

The provisions for outstanding claims for Non-Life business also include the provision for settlement costs and for claims incurred but not reported.

The various components of the provision for unearned premiums and the provision for outstanding claims are shown in Annex 13.

The actuarial reserves were established as at 31 December 2003 in accordance with the following more significant technical bases:

a) annual compound interest rate of 4% for the majority of existing coverages (newly issued policies provide for an annual compound interest rate of 2.5%); as a result of the contractually guaranteed revaluation, for 2003, these technical rates rose as high as 4.28% for products that were adjustable based on the trends in the cost of living index, 4% for the PRESS - Previdenza Speciale SAI products, and 4.36% for NUOVA PRESS-2000;

The financial returns realised during the year on the Segregated Accounts Fondivita and Fondicol proved to be 4.51% and 4.54% respectively.

b) demographic assumptions based principally on the Italian statistical mortality tables for 1951, 1961, 1971, 1981 and 1993, as well as 1971 projected and selected, RG48 and RG48 selected.

They include moreover the additional provision for the financial risk equal to €40,590K, as indicated in the ISVAP Instruction no. 1801-G of 21/2/2001, and already regulated by Article 25 sub-section 12 of the Legislative Decree 174/95.

The various components of the actuarial reserve are shown in annex 14.



Shown below is the breakdown per class of the “Other technical provisions” for Life business.

Class I	41,840
Class III	9,190
Class V	11,599
Class VI	34
	<hr/>
Total	62,663

They are made up entirely of provisions for future costs.

#### SECTION 11

### **TECHNICAL PROVISIONS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PROVISIONS ARISING OUT OF PENSION FUND MANAGEMENT (Item D)**

These amount to €128,038K, having increased by €128,038K. They are represented by liabilities arising from Life assurance business, where the return is dependent on investments for which the policyholder bears the risk or on an index, as well as liabilities arising from pension fund management.

Shown below is the breakdown of the provisions by type of product in the portfolio:

(€K)	31/12/2003	31/12/2002	Variation
- linked to the value of an investment fund	132,837	118,972	13,865
- linked to the value of a share index or other reference value	405,769	310,375	95,394
- arising out of pension fund management	66,921	48,142	18,779
<hr/> TOTAL	<hr/> 605,527	<hr/> 477,489	<hr/> 128,038

With regard to Open-End Pension Funds, the figure referred to above is broken down into the following sub-funds (€K):

**SAI Open-End Pension Fund:**

- Previ-bond	935
- Previ-gest	2,609
- Previ-mix	9,973
- Previ-europa	39
- Previ-global	28
- Previ-capital	41

**Fondiaria Previdente Pension Fund:**

- shares line	19,264
- balance sheet line	12,019
- bonds line	2,862
- monetary line	1,088
- guaranteed monetary line	822

**Conto Previdenza Pension Fund:**

- shares line	2,360
- balance sheet line	8,003
- bonds line	2,060
- guaranteed monetary line	4,818

TOTAL	<u>66,921</u>
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## SECTION 12

### PROVISIONS FOR RISKS AND CHARGES – (Item E)

(€K)	31/12/2003	31/12/2002	Variation
Provisions for retirement pensions and similar commitments	2,872	3,062	(190)
Provision for taxation	289,125	285,071	4,054
Other amounts set aside	76,729	75,392	1,337
	368,726	363,525	5,201

Appendix 15 records the variations during the year.

Provisions for retirement pensions and similar commitments include amounts set aside in previous years to supplement the staff leaving indemnity for employees. Other amounts set aside are broken down as follows:

(€K)	31/12/2003	31/12/2002	Variations
Provision for future risks and charges	66,986	65,152	1,834
Provision in accordance with Art. 7 of Law 738/1978	5,154	5,154	0
Provision for long-service bonuses in accordance with Art. 30 of the CCNL	2,364	3,015	(651)
Provision for maintenance of land and buildings	2,225	2,071	154
	76,729	75,392	1,317

#### a) Provision for future risks and charges

This provision has increase compared with figures for the previous year by €1,834K as a result of amounts set aside of €31,833K and withdrawals of €29,999K. In particular the amounts set aside are allocated in order to meet outstanding disputes with policyholders, insurers and intermediaries, to meet future staffing expenses and to meet future negative trends in unlisted participating interests. The provision includes the effect of the valuation of derivatives in existence at the end of the year. The provision also includes the amount prudently set aside as a result of the claim for compensation for losses made against the former Fondiaria by several minority shareholders and by the joint representative of the savings shareholders of Latina Assicurazioni S.p.A., which was incorporated by Fondiaria in 1995.

The provision also includes charges relating to the holding company of approximately € 1m, ascertained during 2004, and also any charges linked to outstanding disputes at work.

As regards drawings, as well as the sums used for staffing costs the sums withdrawn in order to settle the INA CONSAP dispute are recorded, as has already been mentioned in the Management Report.

Finally the total provision for risks and charges set aside is also deemed to be sufficient to cover amounts that may be recorded in the Profit and Loss Account for 2004 if the Company takes advantage of the recent tax amnesty referred to in Law 289/2002.

**b) Provision for long-service bonuses in accordance with Art. 30 of the CCNL**

This provision fell by €651K as a result of amounts set aside during the year of €345K and drawings of € 996K for bonuses paid or otherwise no longer due to employees.

**b) Provision for maintenance of land and buildings**

The increase of €154K is the result of sums set aside during the year amounting to €854K and withdrawals for maintenance work on buildings and fixtures and fittings carried out during the year amounting to €700K, but only on residential property.

**Composition of subitem – E 2) – ‘Provisions for Taxation’**

Provisions for taxation include the amount set aside for corporation tax (IRPEG and IRAP) for the year. Current taxation is allocated to the provision since it is not yet certain how much will be payable to the Treasury as a result of the self-assessment procedures to be followed for the purposes of the next declaration of income. Provisions for taxation also include the liability for deferred taxes payable arising out of the deferment of the assessment of positive items of income that contributed to determining the result for the year or for previous years, net of those paid during the year, and the taxes set aside when the merger deficit was allocated to cover book profits, not recognised for tax purposes, allocated to property and shareholdings in the previous year.

The composition of the balance at the end of the year is as follows:

(€K)	31/12/2003	31/12/2002	Variation
Provisions for current taxation	176,000	147,708	28,292
Provisions for deferred taxes payable	113,125	137,363	(24,238)
Other taxes	0	0	0
	289,125	285,071	4,054

The variation in the provision for current taxation compared with the previous year is due to the withdrawal from the provision of €146,708K to pay the IRPEG and IRAP (corporation taxes) for 2002 compared with an increase in the provision of €175,000K set aside in order to pay the taxes for the year just ended.

The variations in deferred taxation compared with the initial amount are due to the increase in tax arising during the year of €25,811K and to the simultaneous decrease in the tax paid of €19,631K. Both variations mainly relate to the deferment of assessment of capital gains tax provided for in Art. 54 of Presidential Decree 917/1986 (now Art. 87 as amended by Legislative Decree 344/2003), which includes the very important effect for 2003 of the capital gains realized as a result of the property spin-off operation.

The provision for deferred taxation set aside when the merger deficit was allocated was also reviewed because of the numerous and substantial changes introduced when the 'IRES reform' was approved.

This reform, which came into effect on 1 January 2004, introduced a scheme whereby tax does not have to be paid on capital gains realized on shareholdings deemed to be long-term investments on which the new tax regulations impose several restrictions. On the other hand the new IRES abolishes the entitlement to opt for the 19% substitute tax to be applied, instead of the normal rate of tax, to capital gains realized on the disposal of controlling or minority interests as previously allowed under Legislative Decree 358 of 10 October 1997.

Consequently it became necessary to cancel the taxes set aside for book profits allocated to the shareholdings which, if sold, will not be assessed for tax, and also to review the taxes set aside on book profits allocated to property from the incorporated Company Fondiaria Assicurazioni S.p.A. on the basis of the new rate of IRES of 33%.

The total amount of taxes written off by drawings from the provision and offset by extraordinary income was € 27,636K and includes taxes written off as a result of the property spin-off operation concluded during the year.

Finally, the provision fell by €2,782K because the deferred taxation, which was higher than the payments forecast for future years, was written off. This final variation can be mainly put down to the drop in the basic rate of IRES compared with the rate of IRPEG in force during the years in which these taxes arose.

## **DEPOSITS RECEIVED FROM REINSURERS – (Item F)**

These have increased by €24,843K (€128,073K in 2002 and €152,916K in 2003).

## SECTION 13

### PAYABLES AND OTHER LIABILITIES – (Item G)

These are made up as follows:

(€K)	31/12/2003	31/12/2002	Variation
Payables arising out of direct insurance business	98,334	133,256	(34,922)
Payables arising out of reinsurance operations	27,038	64,927	(37,889)
Sundry loans and other financial payables	558,211	1,166,766	(608,555)
Staff leaving indemnity	56,014	57,927	(1,913)
Other payables	207,070	195,591	11,479
Other liabilities	445,217	533,002	(87,785)
	1,391,884	2,151,469	(759,585)

### Payables arising out of direct insurance business

(€K)	31/12/2003	31/12/2002	Variation
Insurance intermediaries	56,159	103,666	(47,507)
Company current accounts	27,294	9,780	17,514
Policyholders for financial guarantees and premiums	6,614	6,033	581
Guarantees in favour of policyholders	8,267	13,777	(5,510)
	98,334	133,256	(34,922)

Guarantees include €8,086K of payables to the Fund for the Victims of Road Accidents and €181K to the Fund for the Victims of Hunting Accidents.

## Payables arising out of reinsurance business

(€K)	31/12/2003	31/12/2002	Variation
Insurance and reinsurance companies	26,221	61,926	(35,705)
Reinsurance intermediaries	817	3,001	(2,184)
	27,038	64,927	(37,889)

## Sundry loans and other financial payables

Sundry payables and loans amount to €558,211K and are mainly made up of the loan granted by the subsidiary Company Sainternational S.A. totalling €465,461K (€279,277K relating to Non-Life business and €186,184K relating to Life business). The terms of this loan that relate to the rate of interest and the repayment of capital are the same as those of the convertible bonded loan issued by Sainternational S.A., with a spread in favour of the subsidiary Company of 0.125%.

This item also includes the loan granted by the subsidiary Fondiaria Nederland B.V. totalling €30,813K which matured on 20 April 2004. This loan is linked to the convertible bonded loan issued by Fondiaria Nederland. The annual rate of interest on the loan linked to the convertible tranches in Generali and Capitalia of €5,943K is 1.4116%, whilst the rate of interest on the loan linked to the convertible tranche in Monte Paschi di Siena of €24,870K is 1.338%.

This item also includes loans granted by the subsidiary companies – €12,229K by Iena Presbourg S.A., €24,310K by Sim Defense S.A., €21,476K by Sainternational S.A. and €490K by Italiberia S.A. (this last raised during the first half of 2003). The increase in this figure for these loans for the period is due to the fact that the interest has been capitalized. They mature on 31 December 2004 and the rate of interest is calculated as the Euribor monthly average during the period between the month in which the loans were granted and the month before they mature or are repaid in advance and is loaded by a spread of 0.50%.

The balance also includes €3,335K of options sold, which were not for hedging.

Your attention is also drawn to the fact that during 2003 a loan of €41,941K granted by the subsidiary Company Saifin was repaid and repo operations on loans with Banca Monte Paschi di Siena S.p.A., Pirelli S.p.A. and Fiat S.p.A. totalling €57,166K expired.

## Staff leaving indemnity

This amounts to €56,014K (€57,927K in 2002).

The total decrease of €1,913K is due to amounts set aside and other increases of €14,480K and withdrawals for making payments and advance payments of €16,393K.

## Other payables

(€K)	31/12/2003	31/12/2002	Variation
For taxes payable by policyholders	70,863	69,177	1,686
For sundry tax charges	30,357	32,115	(1,758)
To welfare and pension bodies	5,477	5,653	(176)
Sundry payables	100,373	88,646	11,727
	207,070	195,591	11,479

‘Payables for taxes payable by policyholders’ include €21,504K for the contribution to the National Health Service. Payables for sundry tax charges include an amount of €10,313K for the instalment of tax on Life mathematical provisions as provided for in Art. 1, paras 2 and 2a of Legislative Decree 209/2002 (converted into Law 265/2002).

Sundry payables include:

- Suppliers	€K	18,565
- Guarantee deposits	‘	7,792
- Payables for substitute tax on fixed-contribution pension funds	‘	1,813



## Details of payables broken down according to type and maturity date

The following table shows further details of the items mentioned earlier under liabilities and has been drawn up in accordance with the provisions of section 16 of Legislative Decree 173 of 26 May 1997.

	Payables arising out of direct insurance business and reinsurance	Payables with a lien on property	Sundry loans and other financial payables	Staff leaving indemnity and other payables	Total
(€K)					
Due within 1 year	278,289	-	558,211	263,084	1,099,584
Due between 2 and 5 years	-	-	-	-	-
Due beyond 5 years	-	-	-	-	-
	278,289	-	558,211	263,084	1,099,584

## Other liabilities

(€K)	31/12/2003	31/12/2002	Variation
Deferred reinsurance accounts payable	4,347	9,005	(4,658)
Commissions for premiums currently being collected	66,160	47,291	18,869
Sundry liabilities	374,710	476,706	(101,996)
	445,217	533,002	(87,785)

Deferred reinsurance accounts payable include the positive technical income figures for inward reinsurance and retrocessions, as a counterpart for operations recorded in the accounts in the name of the reinsurance companies, which are not recorded in the technical account until the following financial year because there is insufficient information available to determine the result. Sundry liabilities include debit balances in the liaison accounts between the head office and the local offices of €93,272K, debits on Non-Life business in the liaison accounts between Life and Non-Life business of €79,304K, estimates of expenses of €70,542K, payables to policyholders for cross-fired cheques of €40,957K, assessments of items due to reinsurers of €19,795K and assessments of production expenses of €18,431K.

## SECTION 14

### ACCRUALS AND DEFERRED INCOME – (Item H)

(€K)	31/12/2003	31/12/2002	Variation
For interest	5,282	25,466	(20,184)
For rent	39	107	(68)
Other accruals and deferred income	21,722	13,246	8,476
<b>TOTAL</b>	<b>27,043</b>	<b>38,819</b>	<b>(11,776)</b>

The table below shows the breakdown between accruals and deferred income for 2003:

(€K)	accruals	deferred income	Total
For interest	5,282	-	5,282
For rent	-	39	39
Other accruals and deferred income	21,542	180	21,722
<b>TOTAL</b>	<b>26,824</b>	<b>219</b>	<b>27,043</b>

Accruals for interest relate to the portion of the explicit investment charge on the loan granted by Sainternational S.A. to SAI pertaining to the financial year, whilst the item other accruals relates to the portion of the call premium of the loan calculated using the pro-rata temporis method pertaining to the financial year.

These last are the only accruals covering more than one year and are linked to the duration of the loan granted by Sainternational S.A. to Fondiaria-SAI.

## SECTION 17

### Guarantees, Commitments and other Memorandum accounts

These amount to €12,861,253K (€14,606,799K in 2002)

(€K)	31/12/2003	31/12/2002	Variation
Guarantees given	72,194	1,359,380	(1,287,186)
Guarantees received	177,531	253,350	(75,819)
Guarantees given by third parties in the interest of the undertaking	21,164	38,173	(17,009)
Commitments	1,202,884	2,276,161	(1,073,277)
Property belonging to third parties	7,468	19,701	(12,233)
Securities deposited with third parties	11,352,314	10,649,221	703,093
Other memorandum accounts	27,698	10,813	16,885
	12,861,253	14,606,799	(1,745,546)

The guarantees given include:

(€K)	31/12/2003	31/12/2002	Variation
Sureties	41,590	751,493	(709,903)
Endorsements	-	-	-
Other personal guarantees	25,804	605,062	(579,258)
Guarantees with a lien on property	4,800	2,825	1,975
	72,194	1,359,380	1,287,186

€41,590K of the item Sureties relates to the guarantees given for the convertible bonded loan issued by the subsidiary Company Fondiaria Nederland in April 2001. The reduction of €579,258K in the item Other personal guarantees includes a decrease of €570,869K since as from this financial year 'light' letters of patronage issued in the interest of subsidiaries are no longer recorded as memorandum accounts since these letters do not contain commitments affecting company assets nor do they involve any potential risks.

Guarantees received include:

(€K)	31/12/2003	31/12/2002	Variation
Sureties	92,756	253,066	(160,310)
Endorsements	-	-	-
Other personal guarantees	49,489	284	49,205
Guarantees with a lien on property	35,286	-	35,286
	177,531	253,350	(75,819)

Sureties relate to guarantees given by tenants for tenancy agreements and to the guarantee received by Milano Assicurazioni S.p.A. for the bonded loan mentioned previously.

Liabilities mainly include €465,461K for shares in Banca Intesa, Capitalia and Assicurazioni Generali to service the convertible bonded loan in these securities issued by the subsidiary Sainternational S.A. (known as indirect conversion), €30,810K for shares in Capitalia, Assicurazioni Generali and Banca MPS to service the convertible bonded loan in these securities issued by the subsidiary Fondiaria Nederland, €60,150K for repo investment operations with Banca SAI, €57,052K for call spreads on ordinary Fondiaria-SAI shares, €62,602K for the sale of put options on Generali shares and €48,594K relating to the acquisition of call options on Capitalia.

- €103,291K relates to the acquisition of two interest rate floors for a total of €51,646K and to the sale of two interest rate caps for the same basic amount. This option structure gives a floor rate of 6% and cap rates of 9.06% and 9.37% respectively linked to the Libor 6 month rate during the period 2000-2004 and its purpose is to hedge the investments in the Life segregated accounts. To offset these operations income of €1,746K accrued during the year.
- €30,813K was recorded for the cross currency swap operations entered into with Lehman Brothers Finance, partly in order to limit the cost of the loans received from the subsidiary Fondiaria Nederland, as already mentioned in the note to the item sundry loans and other payables.
- €331,507K was recorded for forward sales of debt securities, recorded by the Company at a value lower than the selling price.

Appendix 17 contains details of guarantees given and received and of commitments.

Property belonging to third parties includes the face value of the Fondiaria-SAI shares owned by employees and held in safe custody.

Securities deposited with third parties include the book value of the securities owned by the Company and deposited for safe custody with credit institutions and with others. €10,406,232K is deposited with credit institutions and €916,168K with issuing bodies, which are the main depositaries, including €832,106K with subsidiary companies, €29,840K with affiliated companies, €54,222K with other participating interests and €29,913K with other depositaries.

# Profit and Loss Account

Below there is an analysis of the figures for the Profit and Loss Account compared with the corresponding amounts for 2002.

The necessary adjustments have been made in cases where there previous year's items are not comparable with those of the current year. However instances where items are not comparable, any adjustments or instances where it is impossible to make any adjustments are shown in the notes to the individual items.

## SECTION 18

### INFORMATION RELATING TO THE TECHNICAL ACCOUNT – NON-LIFE BUSINESS UNEARNED PREMIUMS NET OF REINSURANCE CESSIONS

(€K)	2003	2002	Variation
Premium income from direct business	3,785,551	3,672,709	112,842
Premium income from inward reinsurance	68,071	72,711	(4,640)
Gross premium income recorded	3,853,622	3,745,420	108,202
Premiums ceded and withdrawn in reinsurance	(156,953)	(154,219)	(2,734)
Variation in the gross amount of the provision for unearned premiums	(688)	(42,250)	41,562
Variation in the provision borne by the reinsurers	(3,117)	(1,228)	(1,889)
Total unearned premiums	3,692,864	3,547,723	145,141

The item 'Variation in the gross amount of the provision for unearned premiums' includes €(2,767)K relating to the variation in the provision for premium portions and €2,079K relating to the provision for unexpired risks, notes on which appear at the foot of the corresponding items in the Statement of Liabilities.

## PORTION OF THE RETURN ON INVESTMENTS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT

No portion of return on investments in the technical account has been transferred since net capital gains for Non-Life business are negative.

## OTHER TECHNICAL INCOME NET OF REINSURANCE CESSIONS

(€K)	2003	2002	Variation
Other technical income gross of reinsurance	40,407	12,589	27,819
Other technical income ceded and withdrawn	74	2,906	(2,832)
	40,481	15,495	24,986

Other technical income amounts to €40,481K and includes €942K for CID adjustments receivable, €9,109K for contingent items for premiums cancelled in previous years and €27,951K relating to drawings from the provision for bad debts for premiums currently being collected.

## CHARGES RELATING TO CLAIMS, NET OF RECOVERIES AND OF REINSURANCE CESSIONS

(€K)	2003	2002	Variation
Gross amounts paid	(2,503,128)	(2,481,500)	(21,628)
Of which Reinsurers' share	101,155	92,479	8,676
Variation in gross recoveries	45,971	42,278	3,693
Of which Reinsurers' share	(581)	21	(602)
Variation in the gross amount of the provision for Outstanding claims	(187,447)	(180,801)	(6,646)
Of which Reinsurers' share	(21,601)	16,654	(38,255)
	(2,565,631)	(2,510,869)	(54,762)

Gross amounts paid include, in brief:

- Claims paid for the current year	(747,456)	(744,746)	(2,710)
- Claims paid for previous years	(1,489,962)	(1,472,150)	(17,812)
- Contribution to the Fund for the Victims of Road Accidents	(52,669)	(60,364)	7,695
- Direct expenses and claims-handling expenses	(213,041)	(204,240)	(8,801)
	(2,503,128)	(2,481,500)	(21,628)

The variation in gross recoveries includes €13,440K of recoveries for the year and €32,531K of adjustments for previous years.

The variation in the gross amount of the provision for outstanding claims is broken down as follows:

(€K)	2003	2002	Variation
Provision at the beginning of the year	4,956,606	4,791,675	164,931
Effect of exchange rates	(9,784)	(10,467)	683
Provision for the year	(1,845,492)	(1,781,117)	(64,375)
Provision for previous years	(3,279,288)	(3,175,673)	(103,615)
Balance of movements in the portfolio	(9,489)	(5,219)	(4,270)
	(187,447)	(180,801)	(6,646)

In the case of direct business, the provision for claims in existence at the beginning of the year totalled (showed , on the whole, a positive redundancy of €57.2 m corresponding) €57.2m, corresponding to approximately 1% of the initial provision, as the following table shows:

	2003	2002
Provision for outstanding claims in existence at the beginning of the year	4,697,961	4,503,901
Claims paid during the year, net of recoveries	1,567,586	1,513,256
Movement in the claims portfolio	-	(1)
Provision for outstanding claims at the end of the year	3,073,192	2,947,945
Difference	57,183	42,699

Approximately €30m of this positive adjustment to claims for previous years is ascribable to MV TPL.

## VARIATION IN OTHER TECHNICAL PROVISIONS NET OF REINSURANCE CESSIONS

(€K)

Other gross technical charges

(€K)	2003	2002	Variation
Provision for ageing	209	1,026	(817)

The variation in the other technical provisions of €209K is ascribable solely to the provision for ageing referred to in Art. 25 of Legislative Decree 175/1995, determined in accordance with the analytical criteria provided for in Art. 25 para. 3 of this Decree.

## OPERATING EXPENSES

(€K)	2003	2002	Variation
Acquisition commissions	(584,404)	(552,839)	(31,565)
Other acquisition expenses	(72,547)	(70,568)	(1,979)
Variation in commissions and other acq. costs to be written down	(9,738)	(18,984)	9,246
Collection commissions	(29,326)	(32,985)	3,659
Other administrative expenses	(119,670)	(119,316)	(354)
Reinsurance commissions and profit-sharing	33,436	36,869	(3,433)
	(782,249)	(757,823)	(24,426)

Acquisition commissions include acquisition charges on multiyear policies amounting to €73,615K, all of which is allocated, for reasons of prudence, to the Profit and Loss Account for the year. To these amounts is added the sum of €9,738K for the final portion of the commissions prepaid by the incorporated company, which originally were capitalized.

Acquisition commissions include the costs of the sales network as laid down in Art. 51 Legislative Decree 173/97.

Most of the other acquisition expenses can be put down to the local sales structure.

Other administrative expenses include depreciation on movables amounting to €5,618K (€5,745K in 2002) and the other amounts laid down in Art. 53 of Legislative Decree 173/97.



## OTHER TECHNICAL CHARGES NET OF REINSURANCE CESSIONS

	2003	2002	Variation
Other technical charges	84,702	48,118	36,584
Other technical charges ceded to and withdrawn from reinsurers	39	2,650	(2,611)
	84,741	50,768	33,973

These amount to €84,741K and include the cancellation of premiums issued in previous years that cannot be recovered at the end of the year or that are cancelled because they were issued as a result of a technical error, and the amount of the write-down of policyholders' bad debts for premiums for the year and for previous years amounting to a total of €49,685K.

## EQUALIZATION PROVISIONS – AMOUNTS SET ASIDE AND SUMS WITHDRAWN

The net variation amounts to €-1,929K.

The following tables shows the variation broken down according to type of business:

(€K)	2003	2002
<b>Provision for risks arising out of natural disasters (direct business)</b>		
Other damage to property	(98)	(49)
Aircraft – hull	(6)	(2)
Land vehicles	(370)	(119)
Fire	(1,177)	(359)
Accident	(88)	6
Goods in transit	(59)	(48)
Water transport (marine, lakes & river) – hull	(11)	(7)
General TPL	(5)	1
Monetary losses	(20)	1
Carriers' TPL	(6)	0
Aircraft TPL	(1)	0
	(1,841)	(576)
Equalization provision for credit business	(88)	147
	(1,929)	(429)

Appendix 19 contains a summary of the Non-Life technical account according to type of business.

## SECTION 19

### INFORMATION RELATING TO THE TECHNICAL ACCOUNT – LIFE BUSINESS

#### PREMIUM INCOME FOR THE YEAR, NET OF REINSURANCE CESSIONS

(€K)	2003	2002	Variation
Premium income from direct business	941,129	834,528	106,601
Premium income from inward reinsurance	106,971	97,934	9,037
Gross premium income recorded	1,048,100	932,462	115,638
Premiums ceded and withdrawn in reinsurance	(22,854)	(21,936)	(918)
Premium income for the year net of reinsurance cessions	1,025,246	910,526	114,720

The composition of the premium income from direct business and inward reinsurance is recorded in Appendix 20, together with the balance of reinsurance.

In accordance with ISVAP Ruling 735 of 1 December 1997 the item ‘gross premium income recorded’ does not include first-year technical cancellations issued during previous years, which have been allocated to ‘Other technical charges’.

#### INCOME FROM INVESTMENTS

In accordance with the provisions of Art. 54 of Legislative Decree 173/97, all the investment income and charges connected with investments in Life business are shown in the appropriate technical account.

(€K)	2003	2002	Variation
Income arising out of units and shares	18,471	20,579	(2,108)
Income arising out of other investments	270,787	265,673	5,114
Value readjustments carried out on investments	16,904	10,852	6,052
Gains on investments realized	26,217	27,134	(917)
TOTAL	332,379	324,238	8,141

Income from units and shares includes € 10,349K for dividends approved by the subsidiary Company Milano Assicurazioni S.p.A.

‘Gains on investments realized’ includes capital gains of €9,997K realized on long-term securities allocated to this item in line with the allocation of these assets to segregated accounts. This operation enables the balance on the technical account to be ascertained correctly.

Details of income from investments are shown in Appendix 21, as are corresponding figures in the non-technical account linked with investments in Non-Life business.

## **INCOME AND UNREALIZED CAPITAL GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT**

### **Income in class D.I.**

(€K)	2003	2002	Variation
Gross income			
Gains on investments realized	15,975	9,660	6,315
Unrealized capital gains	1,061	1,606	(545)
	13,189	12,153	1,036
<b>TOTAL</b>	<b>30,225</b>	<b>23,419</b>	<b>6,806</b>

€ 5,139K of the amounts of unrealized capital gains relate to unit-linked policies and € 8,050K to index-linked products. The highest levels of capital gains are € 1,783K relating to the SAI Wap Safe Unit and € 1,105K relating to the Index Dexia 15-10-07.

### **Income in class D.II.**

(€K)	2003	2002	Variation
Gross income			
Gains on investments realized	228	1,245	(1,017)
Unrealized capital gains	2,028	361	1,667
	2,564	1,140	1,424
<b>TOTAL</b>	<b>4,820</b>	<b>2,746</b>	<b>2,074</b>

Income in class D.II. relates to the ‘SAI Open-End Pension Fund’, to the ‘Fondiarria Previdente Open-End Pension Fund’ and to the ‘Conto Previdenza Open-End Pension Fund’. Appendix 22 shows the details of income in class D.

## OTHER TECHNICAL INCOME NET OF REINSURANCE CESSIONS

	2003	2002	Variation
other technical income gross of reinsurance	1,515	2,674	(1,159)
	1,515	2,674	(1,159)

This item includes commissions received from coinsurers amounting to €584 K.

## CHARGES RELATING TO CLAIMS, NET OF REINSURANCE CESSIONS

(€K)	2003	2002	Variation
Gross sums paid,	(808,934)	(840,217)	31,283
of which Reinsurers' share	7,561	30,206	(22,645)
Gross variation in the provision for sums to be paid,	(5,902)	15,532	(21,434)
of which Reinsurers' share	348	139	209
	(806,927)	(794,340)	(12,587)

The gross variation in the provision for sums to be paid for direct business is affected by the reclassification of the sums to be paid for claims already settled which, as from 31 December 2002, have been recorded in technical provisions and not in other liabilities.

Gross sums paid include:

(€K)	2003	2002	Variation
- for claims	19,722	20,481	(759)
- for matured policies	420,657	425,669	(5,012)
- for surrendered policies	282,084	298,349	(16,265)
- for annuities	3,872	3,272	600
- claims-handling expenses	693	640	53
-for risks accepted in reinsurance	81,906	91,806	(9,900)
	808,934	840,217	(31,283)

## VARIATION IN THE MATHEMATICAL PROVISIONS AND IN THE OTHER TECHNICAL PROVISIONS NET OF REINSURANCE CESSIONS

(€K)	2003	2002	Variation
Variation in the gross amount of the mathematical provision,	(251,702)	(181,055)	(70,647)
of which Reinsurers' share	(9,477)	(10,066)	589
Variation in the gross amount of the provision for unearned premiums for additional types of insurance,	72	65	(724)
of which Reinsurers' share	-	-	-
Variation in the gross amount of the other technical provisions,	(342)	2,218	(2,560)
of which Reinsurers' share	-	-	-
Variation in the gross amount of the technical provisions in class D,	(128,089)	(71,027)	(57,062)
of which Reinsurers' share	( 907)	(91)	(816)
<b>TOTAL</b>	<b>(390,445)</b>	<b>(259,956)</b>	<b>(130,489)</b>

## BONUSES AND REBATE ITEMS GRANTED TO POLICYHOLDERS OR TO OTHER BENEFICIARIES

These are made up as follows:

(€K)	2003	2002	Variation
Net rebates	(2,294)	(1,570)	(724)
Bonuses net of reinsurance	0	0	0
	(2,294)	(1,570)	(724)

Rebates refer entirely to direct group policies, both ours and those of others.

## OPERATING EXPENSES

(€K)	2003	2002	Variation
Acquisition commissions	(27,017)	(23,212)	(3,805)
Other acquisition expenses	(23,767)	(22,466)	(1,301)
Variation in acquisition commissions and expenses to be written down	(1,614)	(1,535)	(79)
Collection commissions	(11,241)	(11,311)	70
Other administrative expenses	(28,411)	(30,300)	1,889
Reinsurance commissions and profit-sharing	4,798	5,315	(517)
	(87,252)	(83,510)	(3,742)

Acquisition commissions include acquisition charges on multiyear policies of €2,806K (€3,177K in 2002). The variation in acquisition commissions to be written down, amounting to €1,614K, includes the portion of the incorporated Company's prepaid commissions for the year that comply with the original depreciation schedule. Other acquisition expenses include not only the expenses incurred by the underwriting sections of the Operational Offices but also the costs incurred by the Market and Marketing Unit and the ICT expenses relating to the new policies written.

## INVESTMENT CHARGES

(€K)	2003	2002	Variation
Investment management charges and interest payable	(16,186)	(28,882)	12,696
Value adjustments carried out on investments	(47,488)	(57,781)	10,293
Losses on investments realized	(2,731)	(3,854)	1,123
TOTAL	(66,405)	(90,517)	24,112

Appendix 23 records the level of investment management charges for Life business.

Investment management charges include taxes amounting to €305K, €269K of which is for property tax (ICI).

The huge drop in investment management charges and interest payable, which amounts to more than €12m, is because of the absence during the current financial year of the charges originally incurred for completing the acquisition of Fondiaria Assicurazioni.

Value adjustments on investments include depreciation of land and buildings of €488K and write-downs on shareholdings and units in investment funds of €35,999K and on fixed-yield securities of €10,970K.

'Losses on investments realized' include capital losses of €263K on long-term securities realized that have been allocated to this item in line with the allocation of the related securities in the segregated accounts. This operation enables the balance on the technical account to be ascertained accurately.

## ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT

### Charges in class D.I.

(€K)	2003	2002	Variation
Investment management charges	(2,354)	(322)	(2,032)
Losses on investments realized	(910)	(3,433)	2,523
Unrealized capital losses	(2,714)	(15,568)	12,854
<b>TOTAL</b>	<b>(5,978)</b>	<b>(19,323)</b>	<b>13,345</b>

€121K of unrealized capital losses relates to unit-linked products and €2,593K to index-linked and other products in accordance with Art.30 of Legislative Decree 174/95.

### Charges in class D.II.

(€K)	2003	2002	Variation
Investment management charges	(18)	(502)	484
Losses on investments realized	(1,001)	(924)	(77)
Unrealized capital losses	(171)	(6,059)	5,888
<b>TOTAL</b>	<b>(1,190)</b>	<b>(7,485)</b>	<b>6,295</b>

The charges in class D.II relate to the 'SAI Open-End Pension Fund', to the 'Fondiarria Previdente Pension Fund' and to the 'Conto Previdenza Pension Fund'.  
Appendix 24 shows details of the charges in question.

## OTHER TECHNICAL CHARGES NET OF REINSURANCE CESSIONS

(€K)	2003	2002	Variation
Other gross technical charges	(5,501)	(4,639)	(862)
Other technical charges ceded to and withdrawn from reinsurers	-	(379)	379
	(5,501)	(5,018)	(483)

Other gross technical charges relate entirely to losses on receivables for first-year premiums and single premiums.

## PORTION OF THE RETURN ON INVESTMENTS TRANSFERRED TO THE NON-TECHNICAL ACCOUNT

The sum transferred amounts to €19,818K.

As provided for in ISVAP ruling 1140-G Art. 6, the portion of the return on investments must not be less than the amount of the return on investments contractually granted to policyholders during the year.

Therefore the portion has been written down to this lower value.

## SECTION 20

## SEGMENTAL INFORMATION ON TECHNICAL ITEMS

Appendix 25 contains a summary of the technical accounts in the Italian portfolio according to Non-Life class.

Appendix 27 contains a summary of the technical accounts in the Italian portfolio according to Life class.

In Non-Life classes items common to several classes are represented by part of the operating expenses and by the share of the return on investments transferred from the non-technical account, and in Life classes the items common to several classes are represented by part of the operating expenses and by the income from investments net of the portion transferred to the non-technical account.

The criteria used for splitting the items common to several classes are as follows:

-

Other acquisition expenses: To these are allocated the costs of the Sales Offices and the [Customer] Help Centres which are allocated direct to the various cost centres. The remaining expenses are allocated using tables compiled from statistical information gathered from a sample of the sales staff. The costs of the Market and Marketing Unit are allocated according to the work actually carried out;

- Claims expenses: These are allocated to the cost centres of the Local Claims Offices and of the Claims Office and of the costs of the ICT claims procedure.

Expenses that cannot be ascribed direct to individual classes are allocated on the basis of the average number of claims settled and the average amount paid out by the relevant staff.



- Other administrative expenses: All the other costs that do not fit into the above categories are recorded as other administrative expenses and are costs incurred at head office. In most cases they are allocated according to the premiums adjusted but for some sections the criterion used is the activity actually carried out.
- For the share of the return on investments please refer to the method of calculation referred to in ISVAP Ruling 1140-G.

Further summaries of segmental information on the technical items in Non-Life and Life business, in both the Italian and the foreign portfolios, are contained in Appendices 26, 28 and 29.

## SECTION 21

### INFORMATION RELATING TO THE NON-TECHNICAL ACCOUNT

#### RETURN ON INVESTMENTS IN NON-LIFE CLASSES

As well as income from Life business Appendix 21 shows details of investment income.

Income from units and shares includes €51,026K for dividends approved by the subsidiaries Milano Assicurazioni S.p.A., Finitalia and Mercantile Leasing.

(€K)	2003	2002	Variation
Income arising out of units and shares	69,454	82,117	(12,663)
Income arising out of other investments	139,002	148,724	(9,722)
Value readjustments carried out on investments	7,645	1,255	6,390
Gains on investments realized	10,065	17,585	(7,520)
	226,166	249,681	(23,515)

#### SHARE OF THE RETURN ON INVESTMENTS TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT

Please refer to the note in the relevant section of the Life technical account.

## INVESTMENT CHARGES IN NON-LIFE CLASSES

(€K)	2003	2002	Variation
Investment management charges and interest payable	(34,333)	(60,361)	26,028
Value adjustments carried out on investments	(275,308)	(338,389)	63,081
Losses on investments realized	(7,438)	(26,521)	19,083
	(317,079)	(425,271)	108,192

Investment management charges include taxes of €6,412K, €5,945K of which is for property tax (ICI).

The huge drop in investment management charges and interest payable, which amounts to more than €26m, is partly because of the absence during the current financial year of the charges originally incurred in completing the acquisition of Fondiaria Assicurazioni.

Value adjustments carried out on investments include depreciation of land and buildings of €22,627K and write-downs on shareholdings and units in investment funds of €246,933K and on fixed-yield securities of €5,748K.

Write-downs on shareholdings include €75,678K relating to subsidiary Companies. Appendix 23 shows details of investment charges, including those relating to Life business.

## SHARE OF THE RETURN ON INVESTMENTS TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT

No transfer has been carried out because of the fact that Non-Life net capital gains are negative as a result of the level of value adjustments carried out.

## OTHER INCOME

This amounts to €145,847K (€203,166K in 2002) and is broken down as follows:

(€K)	2003	2002	Variation
Interest on bank current accounts (not time deposits)	6,404	18,412	(12,008)
Interest on company current accounts	1,637	2,683	(1,046)
Interest on other receivables	5,920	26,842	(20,922)
Sums withdrawn from the provision for risks and charges	37,670	11,034	26,636
Recoveries from third parties of administrative expenses and charges	38,677	58,915	(20,238)
Miscellaneous income	52,609	61,166	(8,557)
Exchange differences	2,930	24,114	(21,184)
	145,847	203,166	(57,319)

Sums withdrawn from provisions for risks and charges include the drawings from the provision for bad debts of

€5,867K and the drawings from the provision for property maintenance of €700K.

€29,999K was also withdrawn from the provision for risks and charges. €18m of this amount relates to the settlement with CONSAP already mentioned whilst the remainder is for expenses already allocated in previous financial years.

'Miscellaneous income' includes €32,752K for the tax credit on dividends and on the sale and valuation of units in investment funds relating to dividends that were mainly approved before 30 September 2003. The remaining miscellaneous income, amounting to €19,857K, mainly relates to the provision of services to Group undertakings, these amounts being added to those that are merely costs recovered and mainly recoveries from third parties of administrative expenses and charges.

Recoveries from third parties of administrative expenses and charges, which are offset under other charges, therefore essentially relate to charges to Group undertakings for the costs incurred by the departments that are unified at Group level split according to objective criteria.

## OTHER CHARGES

These amount to €273,586K (€284,225K in 2002) and include:

(€K)	2003	2002	Variation
Third-party administrative charges and expenses	(37,809)	(58,353)	20,544
Interest on company current account payables	(2,383)	(3,693)	1,310
Sundry charges to lending bodies	(425)	(150)	(275)
Interest on other payables	(395)	(7,628)	7,233
Portions allocated to the provisions for risks and charges	(35,106)	(42,997)	7,891
Losses on receivables	(23,211)	(1,214)	(21,997)
Portions of depreciation of other intangible assets	(58,690)	(49,418)	(9,272)
Depreciation of goodwill	(48,657)	(48,657)	0
Interest on loans	(11,900)	(14,174)	2,274
Interest on subordinate liabilities	(19,699)	-	(19,699)
Sainternational loan call premium	(8,572)	(8,592)	20
Exchange differences	(18,661)	(27,114)	8,453
Other	(8,078)	(22,235)	14,157
	(273,586)	(284,225)	10,639

€31,833K of the portions allocated to the provisions for risks and charges relates to the portions set aside for the provision for future risks and charges to meet, inter alia, several outstanding disputes with policyholders, with insurers and reinsurers and with intermediaries. The amounts set aside also relate to future staff expenses that may be incurred and to the charges presumed to arise from closing several items in existence in derivatives.

€2,074K of the rest relates to the provision for bad debts, €854K to the property maintenance fund and €345K to amounts set aside for long-service bonuses.

Losses on receivables include €18,105K arising out of the allocation to the Profit and Loss Account of the portion of the receivables from CONSAP not paid when the dispute was settled. For information on the portion of depreciation of goodwill please refer to the note to the item 'Intangible assets'.

The portions of depreciation of other intangible assets relate to assets other than commissions to be written down and consist mainly of €29,890K for depreciation of research and development costs, €3,852K for software user licences and €3,798K for the portion for the year of the capitalized costs of the loan granted by the subsidiary Sainternational S.A. A further amount of €5,673K relates to the remaining charges incurred for the subordinated loan granted in December 2002 and repaid in July 2003, whilst €1,410K relates to the fees and costs for the new subordinated loan issued at the same time as the previous loan was repaid.

Finally €9,092K relates to depreciation of the merger costs.

Interest on loans includes €8,264K relating to the loan granted by the subsidiary Sainternational and investment charges linked to the loan received from the subsidiary Fondiaria Nederland.

The item 'Sainternational loan call premium' relates to the portion of the call premium pertaining in the event that investors do not exercise their conversion right. Interest on subordinate liabilities relates entirely to the subordinated loan granted by Mediobanca.

## EXTRAORDINARY INCOME

This amounts to €158,314K and is broken down as follows:

(€K)	2003	2002	Variation
Capital gains on sales of land and buildings	77,418	121,312	(43,894)
Capital gains from the sale of investments in long-term securities	35,962	18,675	17,287
Dividends from subsidiary companies	0	43,453	(43,453)
Other extraordinary income	44,934	31,700	13,234
	158,314	215,140	(56,826)

Capital gains on sales of land and buildings are the result of the property spin-off operation carried out during 2003. Capital gains from the sale of investments include approximately €17m arising out of the sale of the holding in Swiss Life Rentenanstalt and €3m arising out of the sale of the subsidiary Il Nocciolo. The rest relates to capital gains linked to the sale of debt securities.

Other extraordinary income includes contingent profits of €4,670K and gains from the sale of own shares of €4,125K. This item also includes €35,793K accounted for partly by the taxes paid in advance for previous years and partly by the absence of deferred taxes payable already set aside to meet taxable income that has become non-taxable.

Finally it should be recalled that in the last financial year there was a change to the accounting principle applied when recording dividends. Therefore for the sake of consistency as from the current financial year the dividends of subsidiary Companies are shown in the item Capital gains and investment income.

The item 'Extraordinary income' includes €1 for rounding carried out in accordance with Art. 1, para. 3 of ISVAP Ruling 1008-G of 5 October 1998.

## EXTRAORDINARY CHARGES

These amount to €11,773K and are broken down as follows:

(€K)	2003	2002	Variation
Expenses arising out of the sale of land and buildings	4,030	3,056	974
Capital losses on the sale of land and buildings	2,309	0	2,309
Capital losses on the sale of investments in long-term securities	165	17,143	(16,978)
Investment charges and capital losses on own shares	63	17,793	(17,730)
Other extraordinary charges	5,206	14,469	(9,263)
	11,773	52,461	(40,688)

Other extraordinary charges include Contingent losses of €3,889K.

## CORPORATION TAXES

These amount to €118,199K (€79,897K in 2002) and are broken down as follows:

(€K)	2003	2002	Variation
Taxes paid	(146,708)	(34,702)	(112,006)
Drawings from the provision for taxation	146,708	34,702	112,006
Tax deducted at source	0	(504)	504
Current taxation allocated to the provision for taxation	(175,000)	(152,324)	(22,676)
Net deferred taxation	56,801	72,931	(16,130)
TOTAL	(118,199)	(79,897)	(38,302)

Corporation taxes paid include the IRPEG and IRAP for 2002 which were covered by drawing from the provision concerned. It should be pointed out in this regard that the corresponding decrease compared with the previous year was only for the taxes paid by the incorporating company since the taxes paid by the incorporated company were paid by drawing from the item tax payables.

The portions set aside in 2003 include IRPEG and IRAP for the current financial year estimated in accordance with tax legislation and by applying the rates of 34% and 4.25% respectively. In calculating the IRAP for the year account has also been taken of the higher rate set by some Regions for taxes payable to them based on the geographical breakdown of the basis of assessment.

These amounts were allocated to the reserves and not to payables for tax charges since at the time the accounts were drawn up the tax declaration for the year had not been completed. The application of the accounting principles that relate to the recording of corporation taxes revealed a total amount of net deferred taxation of €56,801K.

Deferred taxes showed the following variations during the year:

(€K)	2003	2002	Variation
Deferred taxes payable arising	(25,811)	(38,592)	12,781
Deferred taxes payable cancelled	19,631	16,756	2,875
Deferred taxes receivable arising	126,797	115,623	(11,174)
Deferred taxes receivable cancelled	(63,816)	(20,856)	(42,960)
	56,801	72,931	(16,130)

The movements in the deferred taxes payable are mainly the result of the splitting of capital gains made on tangible assets and long-term investments which include the particularly significant capital gains made in 2003 as a result of the property spin-off operation.

On the other hand the recording of taxes paid in advance is the result of indicating temporary differences to be deducted in future years and has led to the occurrence of taxes paid in advance amounting to €126,797K, mainly owing to the deductibility of write-downs carried out on long-term shareholdings in accordance with Art. 1 of Legislative Decree 209/2002 being deferred and to policyholders' bad debts for premiums exceeding the portion that may be deducted in accordance with Art. 71, para. 3, of Presidential Decree 917/1986 being deducted over nine years. Other aspects that should be pointed out are the deduction over three years of the commissions for the acquisition of multiyear Non-Life insurance policies and finally the deduction over the following nine years of 10% of the variation in the long-term component of the provision for outstanding claims (estimated to be 50%) as provided for in Legislative Decree 209/2002. On the other hand, the payment of prepaid taxes recorded in previous years has generated a tax increase of €63,816K. This payment is linked almost exclusively to the same temporary variations, arising in previous financial years, that have generated prepaid taxes during the year.

In ascertaining the impact of deferred taxation account has also been taken of variations in the rate introduced for 2004 and subsequent years by Legislative Decree 344/2003, and the temporary variations that will presumably be paid by the ninth financial year following the year in which they arose are used as a basis. This lengthening of the reference period compared with the five years used during the previous year is deemed to give a true and accurate representation of the tax burden for the year under the changed, and potentially more stable, tax system introduced as a result of IRES being approved, under which a basic rate of tax of 33% is laid down as from 2004.

## SECTION 22

### **OTHER INFORMATION RELATING TO THE PROFIT AND LOSS ACCOUNT**

Attached are Appendix 30, the statement on transactions with Group undertakings and other participating interests, and Appendix 31, the summary of premium income recorded for direct business. The statement of costs relating to staff, directors and auditors appears in Appendix 32.

### **EXCHANGE RATES**

The table below shows the exchange rates for the main foreign currencies used for converting the items in the accounts:

US dollar	1.263
Pound sterling	0.7048
Japanese yen	135.05
Swiss franc	1.5579

In accordance with Art. 78 of CONSOB Ruling 11971 of 14 May 1999 and as issuers of shares, we list below the names of the directors, the auditors and the managing directors and, in accordance with the criteria laid down in Appendix 3C, the emoluments paid to them for whatever purpose and in whatever form, including those paid by subsidiary Companies:

(in Euro)

Surname and forename	Post held (1)	Description of post					
		Period	Emoluments for the post	Non-monetary benefits (2)	Bonus and other incentives	Other emoluments Emoluments for posts held	other
Ligresti Jonella	Chairman – Director – EC	1/1-31/12/2003	610,408	4,485	2,600,000	443,151	a
Ligresti Giulia Maria	Vice Chairman	29/4-31/12/2003	198,682			645,886	b
Ligresti Paolo	Vice Chairman-	1/1-29/4/2003	142,573		350,000	1,643,708	
	Director – EC	1/1-31/12/2003					
Pini Massimo	Vice Chairman-	29/4-31/12/2003	179,018			139,484	
	Director	27/3-31/12/2003					
	EC	29/4-31/12/2003					
Talarico Antonio	Vice Chairman – Director – EC	1/1-31/12/2003	250,408	43,502	350,000	1,035,945	
			258,661				
Marchionni Fausto	Managing Director	19/2-31/12/2003		4,265		194,521	c
	Director – Chief Exec.	1/1-31/12/2003					
	EC	19/2-31/12/2003					
Bondi Enrico	Managing Director	1/1-14/02-2003	238,572			10,430	d
	Director – EC						
Broggini Andrea	Director	29/4-31/12/2003	33,836				
Caruso Carmelo	Director	1/1-31/12/2003	56,573			6,271	
	EC	1/1-29/4/2003					
Cerutti Mariella	Director	1/1-31/12/2003	44,916				
D'Urso Carlo	Director	1/1-31/12/2003	44,916			15,000	e.1/e.2
Ferro Luzzi Paolo	Director	1/1-14/2/2003	4,283				f
La Russa Vincenzo	Director – EC	1/1-31/12/2003	90,408			5,165	g.1/g.2
Lo Vecchio Lia	Director	1/1-31/12/2003	44,916			17,248	
Lombardini Siro	Director	1/1-31/12/2003	44,916				
Magnoni Pierangelo	Director	1/1-29/4/2003	11,081				
Mei Enzo	Director	29/4-31/12/2003	33,836				
Morbidelli Giuseppe	Director	27/3-31/12/2003	36,908				h
Rucellai Cosimo	Director	29/4-31/12/2003	33,836			61,813	
Severgnini Oreste	Director	1/1-31/12/2003	44,916				
Spiniello Salvatore	Director	29/4-31/12/2003	33,836			61,632	i.1
	Statutory auditor	1/1/-29/4/2003	22,630				i.2
Zannoni Oscar	Director	29/4-31/12/2003	33,836				
Marino Benito	Chairman Board of Auditors	1/1-31/12/2003	105,000			40,574	
Mantovani Giancarlo	Statutory auditor	1/1-31/12/2003	70,000			74,032	
Spadacini Marco	Statutory auditor	29/4-31/12/2003	47,370				
Mosconi MariaLuisa	Alternate auditor	1/1-31/12/2003	-			133,462	

All the members of the Board of Directors and the Board of Auditors in post as at 31 December 2003 must stand down at the Shareholders' Meeting called to approve the accounts for the 2005 financial year.

(1) The abbreviation 'EC' indicates membership of the Executive Committee. (2) The figure shown is an estimate.

a) premiums for health policies in subsidiary companies: € 2,394

b) premiums for health policies in subsidiary companies: € 1,479

c) salary for employment: €603,788

d) compensation for non-competition agreement: €2,550,000

e1) professional services provided for Fondiaria-SAI S.p.A.: €22,000; e2) professional services provided in favour of subsidiary companies: €16,500

f) professional services provided for Fondiaria-SAI S.p.A.: €1,300,000

g1) professional services provided for Fondiaria-SAI S.p.A.: €166,839; g2) professional services provided in favour of subsidiary companies: €50,596

h) professional services provided by the legal firm of 'Studio legale associato Morbidelli-Bruni-Righi-Traina' for Fondiaria-SAI S.p.A. €8,000

i1) professional services provided for Fondiaria-SAI S.p.A.: €15,000; i2) professional services provided in favour of subsidiary companies: €40,000.



## **Part C**

### **Other information**

## FINANCIAL STATEMENT 2003/2002

(€K)	2003	2002
<b>Sources of finance:</b>		
Net profit for the year	133,060	72,373
Net increase in the technical provisions for Non-Life and Life business	661,840	5,078,712
Variation:		
provisions for risks, provision for staff leaving indemnity, provision for maintenance of land and buildings, provisions for depreciation and other specific provisions	(1,087)	333,918
Write down of securities net of disagio and discounting back	281,964	361,266
Loans raised net of repayments	(608,555)	916,975
	467,222	6,763,244
		353
Increase in share capital for a consideration	82	
<b>Cash investments:</b>		
Increase in investments in securities, repo operations	622,279	6,589,061
Net loans granted	51,624	25,968
Increase in investments in land and buildings	(258,722)	831,268
Increase in investments in other sources of income including goodwill	(66,335)	616,841
Variation in net equity arising out of merger by incorporation	-	(1,119,699)
	348,846	6,943,439
Increase (decrease) in receivables and sundry assets net of payables and sundry liabilities	80,164	360,615
Net profits distributed	45,818	38,471
	474,828	7,342,525
Variations in cash at bank and in hand	(7,524)	(578,928)
Credit bank accounts and available cash at the beginning of the year	192,170	771,098
Credit bank accounts and available cash at the end of the year	184,646	192,170

## **SOLVENCY MARGIN AND THE ITEMS CONTAINED THEREIN**

Attached to the accounts is the statement on the solvency margin, as laid down in ISVAP Ruling 1143-G of 10 March 1999. It shows that the margin needs to amount to €279m for Life business and to €598m for Non-Life business but that the elements contained therein amount to €735m and €1,242m respectively.

## **TECHNICAL PROVISIONS TO BE COVERED AT THE END OF THE YEAR AND THE ASSETS THAT COVER THEM**

The statements of the assets allocated to cover the technical provisions for Life and Non-Life business are attached to the accounts in accordance with the provisions laid down by the Supervisory Authority. The provisions to be covered, which amount to a total of €6,478m for Life business (€5,874m for class C provisions and €604m for class D provisions) and to a total of €6,145m for Non-Life business, are invested in assets allowed by Law.

Assago, 26 March 2004

For the Board of Directors The  
Chairman  
JONELLA LIGRESTI

**REPORT BY  
THE BOARD OF  
AUDITORS**

Dear shareholders,

In accordance with the tasks assigned to the Board of Statutory Auditors by Art. 149 et seq. of Legislative Decree 58 of 24 February 1998, we have, in accordance with the standards required of the Board of Statutory Auditors recommended by the National Councils of Professional and Chartered Accountants, ensured that the standards laid down in legislation, the Articles of Association and regulations governing the operation of the Company's bodies and legislation governing the specific sector of activity have been observed. We have also monitored the Company's relations with institutional and controlling bodies. This report also covers the items mentioned in CONSOB Communication DEM/1025564 of 6 April 2001.

During 2003 your Company initiated and carried out the work of reorganizing and integrating the Company and the Group that had become necessary as a result of the merger by incorporation of La Fondiaria into SAI, which was concluded at the end of the 2002 financial year. In this context the Board of Statutory Auditors paid close attention to the various stages of the integration and reorganization, obtaining the relevant information from those in charge of the functions concerned and, insofar as they fall within its remit, looking further into specific topics and problems.

As part of our duties we examined and monitored the suitability of the organizational structure of the Company and the carrying out of the tasks required by the various standards by means of direct observation, collecting information from those in charge of the specific business functions and by holding meetings with the Company of Auditors, on matters of relevance to it, for the purpose of exchanging relevant figures and information. In particular, there were no figures, facts nor information which emerged as a result of the meetings held with the Company of Auditors such that required to be mentioned in this report or mentioned to the external controlling and supervisory bodies.

Monitoring compliance with the principles of proper administration consisted of checking that management operations conformed with the criteria of economic rationality, but without ever passing judgement on whether the operational decisions made by the Directors were appropriate.

However, we ascertained that neither the Board of Directors nor the Executive Committee carried out any operations that fell outside the Company's corporate purpose, that conflicted with the interests of the Company, that conflicted with the resolutions passed by the Shareholders' Meeting or that were atypical and/or unusual.

As regards the suitability of the Company's organizational structure, which conforms to the scope and nature of its corporate purpose, this Board paid particular attention to the delineation and differentiation of responsibilities within tasks and functions and to the clear definition of the delegation of powers to each function.

We also monitored whether the accounting system could be relied on to represent management operations accurately, to safeguard the Company's assets and to prevent or identify errors and irregularities in time, and we monitored the degree of reliability of the internal audit system for operational requirements and also took part in meetings of the Committee set up for the purpose.

The Board also monitored the suitability, including timeliness, of the instructions given by the Company to the Subsidiary Companies, in accordance with Art. 114, para. 2, of Legislative Decree 58/98 relating to the duty to report provided for by law.

To this end the Board of Statutory Auditors gathered information on the internal and external auditing functions and exchanged information and explanations with the Company of Auditors.

Direct checks were carried out and information obtained from the Company of Auditors in order to ensure that legislation relating to drawing up and laying out accounts and management reports was conformed to.

The accounts, drawn up in accordance with the schemes and the instructions contained in Legislative Decree 173 of 26 May 1997, are accompanied by the Management Report.

The accounts as at 31 December 2003 closed with a net profit of €133,060K which, as explained in the Management Report, included some €77m of capital gains arising out of the sale of property following the completion of the competitive procedure of increasing the value of some of the Company's property assets. The operating result was also affected by the allocation of €48.6m, which was the proportion of depreciation for the year of goodwill recorded, €15.4m of which related to the goodwill arising out of the incorporation of Fondiaria S.p.A. Most of the rest was due to assets already recorded in the equity of the incorporated company.

Your Directors have informed you fully of the disposals and write-downs of major investments occurring during the year.

We have checked that the accounting principles adopted, described in the Notes to the Accounts, are suitable for the

activities and the operations carried out by the Company and that the accounts correspond to the facts and to the information of which the Board of Statutory Auditors is aware as a result of participating in the meetings of the Company's Boards, which has enabled us to acquire adequate information on the operations of greatest economic, financial and capital importance carried out by the Company.

We participated in all the meetings of the Board of Directors and of the Executive Committee, amounting to 12 sessions and 2 sessions respectively during 2003, and at least once a quarter we obtained from the Directors information on the activity carried out and on the operations of greatest economic, financial and capital importance carried out by the Company and by the Subsidiary Companies. Thus we ensured that the actions decided on and put into effect conformed to the law and to the Articles of Association and were not in potential conflict of interest or in conflict with the resolutions passed by the Shareholders' Meeting.

In the section relating to 'Current disputes' the Board of Directors has explained to you in full the events relating to the cases brought by some shareholders of the incorporated company Fondiaria against your Company, and against Mediobanca and Premafin, relating to the loss that they allege they suffered as a result of the failure to carry out the alleged commitment to a take-over bid for the shares of La Fondiaria.

In this regard the specific tasks entrusted to the Board of Statutory Auditors relate to:

- communications relating to the movements of shares,
- observing the instructions for the recycling campaign in accordance with Law 197 of 5 July 1991,
- instructions relating to the use of derivatives,
- instructions relating to the classification and valuation of the securities portfolio,
- internal auditing system, rôle and responsibility of the administrative and auditing bodies,
- checking the accuracy and punctuality of the flow of information that goes into the insurance books and registers,
- checking that the regulations governing coverage of technical provisions were observed with particular reference to the full and free ownership and availability of investments, to the lack of constraints, to observation of the requirement of acceptability and the limits of various kinds provided by the investment criteria, and checking the rules on suitability,
- checking the appropriateness of the accounting procedures adopted by the Company for managing the process of recording the assets intended to cover the technical reserves, and checking the appropriateness of how they are represented in the relevant register, in the statements appended to the operating accounts and in the quarterly reports sent to ISVAP,
- we carried out regular checks on these matters over 19 sessions, revealing that the operations relating to them were carried out properly by the Company.

We should also like to point out, as is adequately illustrated in the report of the Board of Directors and in the relevant appendices to the Notes to the Accounts, that your Company had relations with the Companies in the Group covering finance, insurance and the provision of services.

These operations were carried out in the interests of the Company, were carried out at market prices and did not give rise to conflicts of interest, even potential conflicts of interest.

As regards ISVAP Ruling 893-G of 18 June 1998, 'Provisions relating to the classification and valuation of the securities portfolio of insurance companies', we assure you that we checked that the guidelines laid down in the 'framework resolution' were in line with the reference parameters referred to in para. 2 of Art. 1 of the above-mentioned Ruling, which are compatible with the current and prospective situation of your Company's economic and financial balance. Therefore we should like to inform you that the administrative acts conform to these guidelines.

We can point out that during the year debt and equity securities with a book value of some €420m were transferred from the long-term section to the short- and medium-term section: the reasons for the transfer are illustrated by your Directors in the Notes to the Accounts, to which you are referred. However we must point out that at the time of the transfer the valuation of the section of origin did not include capital losses arising out of valuation.

As regards the internal audit system and in relation to the provisions of ISVAP Circular 366 D of 3 March 1999, we should like to point out that we have constantly monitored the internal audit procedure laid down by the Company, this monitoring process including discussions and exchanges of information with the individuals allocated to the task.

On 10 September 2003 the Board of Directors sent us the report on the trend during the first half of the financial year laid down in Art. 2428 para. 3 of the Civil Code, which was properly filed at the Company's registered office. This Report did not require the Board of Statutory Auditors to make any comments. The half-yearly and quarterly Reports were published as provided for in legislation, whilst the Pension Funds' Management Reports were in line with the provisions issued by the Supervisory Bodies and with the results of the various lines of investment.

We should like to remind you that the following checks are the task of the Company of Auditors: that the Company's books are properly kept, that administrative acts are properly recorded in the accounts, that the operating accounts correspond to the results of the accounts and that the standards laid down by the Civil Code and by the

special legislation for appraising the Company's accounts procedures are observed. We should like to point out that the Company to which you entrusted the task of auditing the accounts (which during the year changed its name to Deloitte & Touche S.p.A.) has not indicated to us that any reason emerged during their work for issuing the judgement referred to in Art. 156 of Legislative Decree 58/98, issued on 08 April 2004.

Furthermore, in accordance with the CONSOB communication of 6 April 2001, as an adjunct to what we have mentioned elsewhere in this report we hereby inform you that:

- the Company's audit system is suitable and effective,
- no complaints or accusations against the Board of Statutory Auditors were made during 2003 by shareholders in accordance with Art. 2408 of the Civil Code,
- the Company did not confer any further tasks on Deloitte & Touche S.p.A., the Company of Auditors entrusted with the task of auditing the company accounts and the consolidated accounts,
- the Company did not confer any tasks of a professional nature on individuals having permanent links with Deloitte & Touche S.p.A.
- the Company has approved the Report on Corporate Governance and on observance of the Self-Disciplinary Code for listed companies. The rules of governance adopted by the Company must, as far as the Board is aware, be deemed to be observed; the report in question was drawn up in line with the recommendations eventually made in this respect by Assonime ed Emittenti Titoli Spa in February and also takes account of the innovations introduced by the reform of company law, giving precise reasons for the choices made where these are different from those recommended by the Self-Disciplinary Code for listed companies. The Management Report contains the Report on Corporate Governance.

We should like to point out that as at 31 December 2003 there were 3,851,712 own shares in the portfolio, all being ordinary shares, with a total book value of €49,122K, whilst at the same date there were no own savings shares in the portfolio. Own shares in the portfolio thus accounted for 2.992% of the Company's ordinary share capital.

All the transactions in own shares were carried out in accordance with the procedures and at the prices laid down by the relevant resolutions and in particular by the resolution passed on 29 April 2003.

We should also like to point out that, during 2003, 924,610 ordinary shares in the holding company Premafin Finanziaria S.p.A. were acquired as a result of the resolution passed on 29 April 2003. The total number of ordinary shares in the holding company as at 31 December 2003, including previous acquisitions, amounted to 17,512,527, accounting for 5.631% of the share capital with a total book value of €15,635K.

We can report that there has been no change in the composition of the Board of Directors since the Shareholders' Meeting held on 29 April 2003.

We should therefore like to conclude our report by inviting you to vote on the allocation of the net operating profit and to set the dividend, as proposed by your Board of Directors, in accordance with the provisions of para. 1, 11 of Art. 16 of Legislative Decree 173/1997.

The second item on the agenda relates to the revocation of the part of the resolution passed by the Shareholders' Meeting held on 29 April 2003 that has not been implemented relating to the acquisition of own shares in accordance with Art. 2357 and Art. 2357 b of the Civil Code and to the authorization for a period of eighteen months from the date of the resolution to acquire, all at once or over a period, own ordinary and/or savings shares up to a maximum amount of €75m, in accordance with the terms and the procedures proposed by the Board of Directors.

We invite you to vote on this matter and to lay down any procedures and terms required in accordance with the second paragraph of Art. 2357 of the Civil Code.

The third item on the agenda relates to the revocation of the part of the resolution passed by the Shareholders' Meeting held on 29 April 2003 that has not been implemented relating to the acquisition of shares in the holding company in accordance with Art. 2359-a of the Civil Code and to the authorization for a period of eighteen months from the date of the resolution to acquire, all at once or over a period, shares in the holding company up to a maximum amount of €15m, in accordance with the terms and the procedures proposed by the Board of Directors.

We invite you to vote on this matter and to lay down any procedures and terms required in accordance with the second paragraph of Art. 2357 of the Civil Code which in turn is referred to in the second paragraph of Art. 2359-a of the Civil Code.

The first item on the extraordinary part of the agenda relates to the extension of the period allowed for exercising the 'Fondiarria-SAI 1992-2004 Warrants' by two years, that is to 31 August 2006, with the consequent amendment to the Warrant Regulation and to Art. 5 of the Articles of Association.

We invite you to vote on this matter.

The second item on the agenda is the proposal to amend Articles 4, 7, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21 and

23 of the Articles of Association, and the proposal to delete Art. 6 and to insert two new articles, in accordance with Legislative Decree 6/2003 relating to reforming company law. We invite you to vote on this matter.

Turin, 8 April 2004

The Board of Statutory Auditors

Dr Benito MARINO

Dr Giancarlo MANTOVANI

Dr Marco SPADACINI





# AUDIT REPORT

**RELAZIONE DELLA SOCIETÀ DI REVISIONE SUL BILANCIO D'ESERCIZIO  
AI SENSI DELL'ART. 156 DEL D.LGS. 24/2/1998, N. 58, DELL'ART. 62 DEL D.LGS. 17/3/1995,  
N. 174 E DELL'ART. 73 DEL D.LGS. 17/3/1995, N. 175**

**Agli Azionisti della  
FONDIARIA - SAI S.p.A.:**

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio della FONDIARIA - SAI S.p.A. chiuso al 31 dicembre 2003. La responsabilità della redazione del bilancio compete agli amministratori della FONDIARIA - SAI S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla CONSOB. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Per l'esame delle voci di bilancio riguardanti le riserve tecniche iscritte nel passivo dello stato patrimoniale, ci siamo avvalsi, ai sensi dell'art. 62 del D. Lgs. n. 174/1995 e dell'art. 73 del D. Lgs. n. 175/1995, della relazione rilasciata da un attuario abilitato, qui allegata. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

La responsabilità dei lavori di revisione contabile dei bilanci di alcune società controllate, per quanto riguarda gli importi delle relative partecipazioni che rappresentano il 43% ed il 6% rispettivamente della voce "Azioni e quote di imprese controllate" e del totale attivo, è di altri revisori.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati a fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione emessa da Deloitte & Touche Italia S.p.A. in data 10 aprile 2003.

3. A nostro giudizio, il bilancio d'esercizio della FONDIARIA - SAI S.p.A. al 31 dicembre 2003 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico della Società.

4. Per una migliore comprensione del bilancio d'esercizio, si richiama l'attenzione sul fatto che, come più ampiamente descritto nella relazione sulla gestione e nella nota integrativa, nell'esercizio 2003 ed in esercizi precedenti la Società ha operato rettifiche di valore esclusivamente in applicazione della normativa fiscale. Gli effetti sul risultato d'esercizio e sul patrimonio netto derivanti dalle suddette rettifiche di valore sono illustrati nella nota integrativa.

DELOITTE & TOUCHE S.p.A.



Mario M. Busso  
Socio



Riccardo Azzali  
Socio

Torino, 8 aprile 2004

**Dott. LUIGI FRANCAVILLA**  
**ATTUARIO**

AI SENSI DELL'ART.62 DEL D.LGS. 17 MARZO 1995 N.174 E  
DELL'ART.73 DEL D.LGS. 17 MARZO 1995 N.175, COME  
SOSTITUITI RISPETTIVAMENTE DALL'ART. 79 LETT. R) E  
DALL'ART.80 LETT.I) DEL D.LGS. 173/1997

*Spett.le Società di Revisione  
Deloitte & Touche S.p.A.  
Galleria San Federico, 54  
10121 Torino*

**Oggetto:** Società Fondiaria – SAI S.p.A.  
Bilancio dell'esercizio 2003

1. In esecuzione dell'incarico conferitomi, ho sottoposto a revisione attuariale le voci relative alle riserve tecniche iscritte nel passivo dello stato patrimoniale del bilancio di esercizio della Società Fondiaria - SAI S.p.A., chiuso al 31 dicembre 2003, al fine di esprimere il mio giudizio in merito alla sufficienza delle suddette riserve tecniche in conformità alle vigenti disposizioni di leggi e regolamentari e a corrette tecniche attuariali nel rispetto dei principi di cui all'art.2 del Provvedimento ISVAP n.845 in data 1 aprile 1998.
2. A mio giudizio, nel loro complesso le riserve tecniche - gestione danni - della Società Fondiaria - SAI S.p.A., al 31 dicembre 2003, sono sufficienti in conformità alle vigenti disposizioni di leggi e regolamentari e a corrette tecniche attuariali nel rispetto dei principi di cui all'art.2 del citato provvedimento ISVAP.
3. A mio giudizio, nel loro complesso le riserve tecniche - gestione vita - della Società Fondiaria - SAI S.p.A., al 31 dicembre 2003, sono sufficienti in conformità alle vigenti disposizioni di leggi e regolamentari e a corrette tecniche attuariali nel rispetto dei principi di cui all'art.2 del citato provvedimento ISVAP.

Roma, 29 marzo 2004

Dott. Luigi Francavilla  


Studio Via Raffaele Aversa, 50 - 00128 Roma - tel. 06/5084722  
P.IVA 06519240581 C.F. FRNLGU48B09H501Y

## **ANNEXES to the ACCOUNTS**

### **Notes to the Accounts part C – Other information**

**TABLE SHOWING THE SOLVENCY MARGIN  
OF THE COMPANIES THAT JOINTLY CARRY OUT  
LIFE ASSURANCE AND NON-LIFE INSURANCE**  
(Art. 61, para. 2, of Legislative Decree 174 of 17 March 1995  
Art. 72, para. 2, of Legislative Decree 175 of 17 March 1995)

(amounts in €K)

Items making up the solvency margin Life business and Non-Life business	Life assurance	Non-Life insurance	Total
Amount of solvency margin to be set up Life business (117); Non-Life business (79)	1 279.248 11	598.049 21	877.297
Items making up the solvency margin			
Life business items A (72); Non-Life business (57)	2 734.393 12	1.242.416 22	1.976.809
Life business items B (75)	3	23	
Total items making up the solvency margin	4 734.393 14	1.242.416 24	1.976.809
Surplus / deficit on items making up the solvency margin in relation to the level of the solvency margin to be set up d = [ (b+c) - a ]	5 455.145 15	644.367 25	1.099.512
Utilization in accordance with Art. 21 para. 3 of Legislative Decree 174 of 17 March 1995 of the explicit items of the solvency margin still available referred to in Art. 33 para. 2a) of Legislative Decree 174/95 and Art. 33 para. 2 of Legislative Decree 175/95			
(e)	6	16	26
f = (d + e)	7 455.145 17	644.367 27	1.099.512

N.B. (e) always ≤ (d)  
(e) always ≤ (b)

Company **FONDIARIA - SAI S.p.A.**

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**TABLE SHOWING THE SOLVENCY MARGIN**  
**(Art. 61, para. 2, of Legislative Decree 174 of 17 March 1995)**

financial year **2003**

**amounts in €K**

*Types of business for which the solvency margin has been ascertained*

I. - Life assurance .....	<input checked="" type="checkbox"/>
II. - Wedding insurance, birth insurance .....	<input type="checkbox"/>
III. - Insurance referred to under I and II linked to investment funds .....	<input checked="" type="checkbox"/>
IV. - Health insurance referred to in Art. I 1d) of EEC Directive 79/267 of 5 March 1979 Capitalization operations referred to in Art. 40 of Legislative Decree 174 of 17 March 1995	<input checked="" type="checkbox"/>
V. - Capitalization operations referred to in Art. 40 of Legislative Decree 174 of 17 March 1995	<input checked="" type="checkbox"/>
VI. - Management of group funds set up to provide death benefits, life benefits and benefits in the event of ceasing or curtailing work.....	<input checked="" type="checkbox"/>
Additional insurance (personal injury risks .....	<input checked="" type="checkbox"/>



# I CRITERIA USED FOR CALCULATING THE SOLVENCY MARGIN FOR YEAR N BASED ON THE ACCOUNTS

<i>Balance sheet items– Life business</i>		
(1) 1 payables to shareholders for share capital subscribed but not paid up .....	(same as item 1) .....	
(2) deferred acquisition commissions .....	(same as item 3) .....	5.264
(3) other intangible assets .....	(same as items 6, 7, 8 e 9) .....	233.564
(4) stocks or shares in holding companies .....	(same as item 17) .....	4.162
(5) own units or shares .....	(same as item 91) .....	16.755
(6) share capital subscribed or equivalent fund .....	(same as item 101) .....	58.085
(7) provision for share issue premium .....	(same as item 102) .....	75.403
(8) provisions for write-ups (1) .....	(included in item 103) .....	27.824
(9) equity reserve .....	(same as item 104) .....	9.203
(10) mandatory reserve .....	(same as item 105) .....	
(11) provision for own shares and shares in the parent company .....	(same as item 106) .....	20.917
(12) Other provisions (2).....		670.440
(13) Losses carried forward .....	(same as item 108 (*) ) .....	
(14) Loss for the year .....	(same as item 109 (*) ) .....	
(15) net profit carried forward.....	(same as item 108) .....	
(16) net profit for the year .....	(same as item 109) .....	4.364
(17) subordinate liabilities (3) .....	(included in item 111) .....	130.000
(18) net profit made in year N.....	If they are used for the purposes of calculating the solvency margin, in accordance with para. 2 b/1 of Art. 33 of Legislative Decree 174/95	
(19) net profit made in year N - 1.....		
(20) net profit made in year N - 2 .....		
(21) net profit made in year N - 3 .....		
(22) net profit made in year N - 4 .....		
(23) average remaining life of policies at the end of year N .....		
(24) Mathematical provision based on the pure premiums .....		
(25) Mathematical provision based on the pure premiums relating to the risks ceded.....		
(26) Mathematical provision based on pure premiums plus the rate of depreciation on the acquisition expense included in the tariff		
(27) Mathematical provision as in (26) relating to reinsurance cessions .....		
(28) Sum of the differences between 'Life' sums insured and the mathematical provisions for all policies for which the payment of premiums has not ceased .....		
GENERAL WARNING: None of the items relating to outward reinsurance contracts includes the amounts borne by CONSAP for compulsory cessions		
(1) Insert the amount of any adjustment fund set up in accordance with Art. 27, para. 4, of Legislative Decree 174/95:		
(2) Insert the other provisions referred to in item 107, excluding, for the first three years, the operating capital referred to in Art. 10 para. 5 of Legislative Decree 174/95, giving details of:		
extraordinary provision		183.993
provision for merger deficit from incorporation of La Fondiaria S.p.A.		425.703
provision arising out of contribution from La Fondiaria		41.265
Other provisions		19.479
(3) Insert the subordinate liabilities referred to in Art. 33 para. 2 a) 7 & 8 of Legislative Decree 174/95, specifying:		
fixed-term loans .....		
loans with no fixed term .....		130.000
securities with no fixed term and other financial instruments .....		

(\*) Give the amount as an absolute figure

**I CRITERIA USED FOR CALCULATING THE SOLVENCY MARGIN FOR YEAR N BASED ON THE ACCOUNTS (cont.)**

<i>I/II - Life assurance, wedding insurance, birth insurance</i>		
(29)	mathematical provisions relating to direct operations .....	4.316.764
(30)	mathematical provisions relating to reinsurance acceptances .....	67.654
(31)	mathematical provisions relating to reinsurance cessions .....	20.342
(32)	non-negative sums insured at risk borne by the company .....	8.447.160
(33)	non-negative sums insured at risk still borne by the company after cession and withdrawal.....	7.862.917
(34)	non-negative sums insured at risk borne by the company for temporary death benefit with a maximum duration of three years .....	3.795.229
(35)	non-negative sums insured at risk borne by the company for temporary death benefit with a minimum duration of three years and a maximum of five years .....	289.762
<i>Additional types of insurance – personal injury risks.</i>		
(36)	gross premiums recorded.....	2.116
(37)	Claims paid in year N: gross amount .....	584
(38)	Claims paid in year N: reinsurers' share.....	
(39)	Variation in provision for outstanding claims in year N: gross amount (same as item 15 of this Annex).....	426
(40)	Variation in provision for outstanding claims in year N: reinsurers' share .....	
(41)	Claims paid in year N - 1: gross amount .....	225
(42)	Variation in provision for outstanding claims in year N - 1: gross amount (same as item 16 of this Annex).....	29
(43)	Claims paid in year N - 2: gross amount .....	1.595
(44)	Variation in provision for outstanding claims in year N - 2: gross amount (same as item 17 of this Annex).....	-50
<i>IV/V - Health insurance and capital redemption operations</i>		
(45)	mathematical provisions relating to direct operations.....	1.505.773
(46)	mathematical provisions relating to reinsurance acceptances.....	352.458
(47)	mathematical provisions relating to reinsurance cessions.....	25.302
<i>III/VI - insurance linked to investment funds and pension fund management operations</i>		
Investment risk accepted:		
(48)	provisions relating to direct operations .....	312.522
(49)	provisions relating to reinsurance acceptances.....	
(50)	provisions relating to reinsurance cessions .....	
Investment risk not accepted provided that the policies specify the amount of the management expenses for a period exceeding five years		
(51)	provisions relating to direct operations .....	235.038
(52)	assets relating to pension funds managed in the name of and on behalf of third parties .....	
Risk of death accepted:		
(53)	53 non-negative sums insured at risk borne by the company .....	35.212
(54)	non-negative sums insured at risk still borne by the company after cession and withdrawal.....	35.212

**II - ITEMS MAKING UP THE SOLVENCY MARGIN**

<i>Items A</i>		
(55) = (6) - (1)	paid-up share capital or equivalent fund .....	58.085
(56)	Half of the subscribed but unpaid portion of the share capital or equivalent fund provided that at least 50% entire subscribed share capital or fund has been paid .....	
provisions not intended to cover specific liabilities or to adjust asset items:		
(57) = (9)	equity reserve .....	9.203
(58)	optional reserves .....	794.584
net profits brought forward:		
(59)	undistributed net profits carried forward (*) .....	
(60)	net profit for the year not distributed (*) .....	2.266

(\*) Only amounts that, in accordance with the resolutions passed by the Shareholders' Meeting, continue to form part of the company's assets for all purposes must be included

## II – ITEMS MAKING UP THE SOLVENCY MARGIN (cont.)

(61)	payables due from the variable-contribution s.m.a.s to the shareholders, within the limits provided for by Art. 33 para. 2 a) 6 of Legislative Decree 174/95.....	
(62)	Total subordinate liabilities (for a total amount not exceeding 50% of the amount referred to in line 117) including :	130.000
(63)	fixed-term loans (for an amount not exceeding 25% of the amount referred to in line 117) .....	
(64)	loans with no fixed term.....	130.000
(65)	securities with no fixed term and other financial instruments .....	
(66)	<i>Total of items (55) to (62) .....</i>	994.138
(67)	deferred acquisition commissions, referred to in Art. 33 para 3 of Legislative Decree 174/95 .....	5.264
(68) = (3)	other intangible assets .....	233.564
(69) = (4) + (5)	own stocks or shares and stocks or shares in holding companies.....	20.917
(70) = (13) + (14)	loss for the year and losses carried forward .....	
(71)	<i>Total of items (67) to (70) .....</i>	259.745
(72)	<i>Total items A = 66 - 71.....</i>	734.393
<b>Items B</b>		
(73)	50% of future net profits .....	
(74)	difference between the amount of the mathematical provision based on the pure premiums resulting from the accounts less the amount of the same provision relating to risks ceded relating to risks ceded..... and the amount of the relevant mathematical provision based on the pure premiums plus the rate of depreciation on the acquisition expenses included in the tariff..... (within the limits referred to in Art. 33 para. 2 b) 2) of Legislative Decree 174/95	
(75)	<i>Total items B) = (73) + (74) .....</i>	
(76)	<i>Total of the items making up the solvency margin corresponding to the company's net equity (including ____ for item ____)</i>	
	<i>Total items A) e B) = (72) + (75) .....</i>	734.393

$$(56) = (1) / 2 \text{ se } (55) \geq (6) / 2; (56) = 0 \text{ se } (55) < (6) / 2$$

$$(58) = (7) + (8) + (10) + (11) + (12)$$

$$(67) = (2) - [(24) - (25) - (26) + (27)] \text{ provided they are positive}$$

$$(73) = [1 / 2] \times \frac{(18) + (19) + (20) + (21) + (22)}{5} \times (23) \text{ where } (23) \leq 10$$

$$(74) = [(24) - (25) - (26) + (27)] - (2) \text{ provided that they are positive and that } [(24) - (25) - (26) + (27)] \leq [3,5 / 100] \times (28)$$

## III - AMOUNT OF THE SOLVENCY MARGIN TO BE SET UP

EURO = L. 1936,27

<b>A) Life assurance, wedding insurance, birth insurance</b>		
(77)	4/100 of the mathematical provisions relating to direct business and to reinsurance acceptances.....	175.377
(78)	retention rate for these provisions (minimum 0.85).....	0,995
(79)	<i>(77) x (78) .....</i>	174.500
policies where the sums insured at risk are not negative (excluding the temporary death benefit referred to below)		
(80)	0.3/100 of the sum insured at risk .....	13.087
policies where the sums insured at risk are not negative (temporary death benefit for a maximum of three years) :		
(81)	0.1/100 of the sums insured at risk .....	3.795
policies where the sums insured at risk are not negative (temporary death benefit for a minimum of three years and a maximum of five years):		
(82)	0,15/100 of the sum insured at risk .....	435
(83)	<i>Total (80) + (81) + (82) .....</i>	17.317
(84)	84 retention rate of the sums insured at risk (minimum 0.50%) .....	0,931
(85)	<i>(83) x (84) .....</i>	16.122
(86)	<i>Margin A), (79) + (85) .....</i>	190.622

$$(77) = [4 / 100] \times [(29) + (30)]$$

$$(78) = [(29) + (30) - (31)] / [(29) + (30)]$$

$$(80) = [0,3 / 100] \times [(32) - (34) - (35)]$$

$$(81) = [0,1 / 100] \times (34)$$

$$(82) = [0,15 / 100] \times (35)$$

$$(84) = (33) / (32)$$

### III – AMOUNT OF THE SOLVENCY MARGIN TO BE SET UP (cont.)

B) additional insurance for personal injury risks (point B in the table referred to in Annex I to Legislative Decree 174/95)					
b1) calculation in relation to the annual amount of premiums and contributions					
(87) = (36)	amount of gross premiums recorded .....			2.116	
	to be split:				
(88)	amount up to and including €0,000,000 = ITL		2.116 x 0,18 =	381	
(89)	amount exceeding €0,000,000 = ITL		x 0,16 =		
(90)	Totale (88) + (89) .....			381	
(91)	retention rate in relation to the relevant claims still borne by the company following reinsurance cessions (minimum 0.50).....		1,000		
(92)	solvency margin , (90) x (91) .....			381	
b2) calculation in relation to the average cost of claims in the last 3 financial years					
(93)	claims paid during the reference period: gross amount .....			2.404	
(94)	variation in the provision for outstanding claims during the reference period: gross amount .....			405	
(95)	cost of claims .....			2.809	
(96)	annual average: 1/3 of 95 .....			936	
	to be split:				
(97)	amount up to and including €7.000.000	= L	936 x 0,26 =	243	
(98)	amount exceeding €7.000.000	= L	x 0,23 =		
(99)	Total (97) + (98) .....			243	
(100)	solvency margin , (99) x (91) .....			243	
(101)	Margin B), (whichever is higher (92) e (100)) .....			381	
C) Health insurance and capital redemption operations					
(102)	4/100 of the mathematical provisions relating to direct business and to reinsurance acceptances .....			74.329	
(103)	retention rate relating to these provisions (minimum 0.85)		0,986		
(104)	Margin C), (102) x (103) .....				73.288
D) Types of insurance linked to investment funds and pension fund management operations					
Investment risk accepted					
(105)	4/100 of the provisions relating to direct business and to reinsurance acceptances.....			12.501	
(106)	retention rate relating to these provisions (minimum 0.85)		1,000		
(107)	(105) x (106) .....			12.501	
Investment risk not accepted provided that the policies specify the amount of the management expenses for a period exceeding five years					
(108)	1/100 of the gross provisions for direct business and for reinsurance acceptances.....			2.350	
Death risk accepted					
(109)	0.3/100 of non-negative sums insured at risk .....			106	
(110)	retention rate of the sums insured at risk (minimum 0.50)		1,000		
(111)	(109) x (110) .....			106	
(112)	Margin D), (107) + (108) + (111) .....				14.957
Level of the solvency margin					
(113)	Total solvency margin to be set up (86) + (101) + (104) + (112) .....				279.248
(114)	guarantee fund: 1/3 di (113)			93.083	
(115)	minimum guarantee fund in accordance with Art. 36 para. 2 of Legislative Decree 174/95			800	
(116)	guarantee fund (114 or 115, whichever is the higher) .....			93.083	
(117)	amount of the margin to be set up (113 or 116, whichever is the higher).....				279.248
(118) = (76)	Total of items making up the margin.....				734.393
(119) = (118) - (117)	Surplus (deficit) .....				455.145

(91) =  $1 - [(38) + (40)] / [(37) + (1 \text{ All.})]$

(93) =  $(37) + (41) + (43)$

(94) =  $(39) + (42) + (44)$

(95) =  $(93) + (94)$

(102) =  $[4 / 100] \times [(45) + (46)]$

(103) =  $[(45) + (46) - (47)] / [(45) + (46)]$

(105) =  $[4 / 100] \times [(48) + (49)]$

(106) =  $[(48) + (49) - (50)] / [(48) + (49)]$

(108) =  $[1 / 100] \times [(51) + (52)]$

(109) =  $[0,3 / 100] \times (53)$

(110) =  $(54) / (53)$

Annex to the table illustrating the solvency margin – additional types of insurance (personal injury risks)

(amounts in €K)

	Esercizi		
	N	N-1	N-2
(1) variation in the provision for outstanding claims: gross amount (included in item 48 in the Profit and Loss Account) .....	426	29	-50
Portfolio movements relating to the provision for outstanding claims for the year and for previous years *:			
-Costs			
(2) - for direct insurance risks .....			
(3) -for cession of direct insurance risks .....			
(4) - for reinsurance risks accepted .....			
(5) - for cession of reinsurance risks accepted .....			
-receipts			
(6) -for direct insurance risks .....			
(7) -for cession of direct insurance risks .....			
(8) - for reinsurance risks accepted .....			
(9) - for cession of reinsurance risks accepted .....			
variations because of exchange difference in provision for outstanding claims at beginning of year			
- direct insurance risks			
(10) -costs.....			
(11) -receipts .....			
-reinsurance risks accepted:			
(12) -cost .....			
(13) -receipts .....			
(14) total variations because of exchange differences.....			

variation in the provision for outstanding claims: gross amount to be used for the purpose of calculating the solvency margin

	Amount	Correspondence with the items in the table illustrating the solvency margin
(15) year N..... (1+6+8+14)	426	item 39 section I
(16) year N-1 .....(1-2-4+6+8+14)	29	item 42 section I
(17) year N-2 .....(1-2-4)	-50	item 44 section I

\* The costs and receipts arising out of portfolio movements relating to the year and to previous years must be shown with no offsetting between them and therefore without ascertaining the balance between withdrawals and cessio

Company FONDIARIA - SAI S.p.A.

**TABLE ILLUSTRATING THE SOLVENCY MARGIN**  
**(Art. 72 para. 2 of Legislative Decree 175 of 17 March 1995)**

Financial year 2003

**(amounts in €K)**

Types of business carried out

TPL covering land vehicles, aircraft, marine, lake & river transport; general TPL; credit; guarantees ☒

Accident; health; land vehicles, railway rolling stock, aircraft – hull, marine, lake & river transport ;  
hull; goods in transit; fire and meteorological risks; sundry pecuniary losses; assistance ..... ☒

Other damage to property; legal protection ..... ☒

(Place a cross in the relevant boxes bearing in mind the provisions of Art. 12 para. 4 of Legislative  
Decree 175/95 relating to types of business carried out.)

# I - CRITERIA USED FOR CALCULATING THE SOLVENCY MARGIN FOR YEAR N BASED ON THE ACCOUNTS

<i>Balance sheet items – Non-Life business</i>	
(1) payables to shareholders for share capital subscribed but not paid up ..... (same as item 1) .....	
(2) deferred acquisition commissions..... (same as item 4) .....	
(3) other intangible assets..... (same as items 6, 7, 8 e 9) .....	370.388
(4) stocks and shares in holding companies ..... (same as item 17) .....	11.473
(5) own stocks or shares ..... (same as item 91) .....	32.438
(6) share capital subscribed or equivalent fund ..... (same as item 101) .....	112.435
(7) provision for share issue premium ..... (same as item 102) .....	114.881
(8) provisions for write-ups .... (1) ..... (same as item 103) .....	172.201
(9) equity reserve ..... (same as item 104) .....	17.814
(10) mandatory reserve ..... (same as item 105) .....	
(11) provisions for own shares and holding company shares ..... (same as item 106) .....	43.911
(12) Other provisions (2) .....	863.289
(13) Losses carried forward ..... (same as item 108 (*) ) .....	
(14) Loss for the year ..... (same as item 109 (*) ) .....	
(15) net profits carried forward ..... (same as item 108 ) .....	
(16) net profit for the year ..... (same as item 109 ) .....	128.696
(17) subordinate liabilities (3) ..... (same as item 111) .....	270.000
<i>Items in the Profit and Loss Account for year N</i>	
(18) gross premiums recorded ..... (same as item 1) .....	3.853.622
(19) Claims paid: gross amount ..... (same as item 8) .....	2.503.128
(20) Claims paid: reinsurers' share ..... (same as item 9) .....	101.155
(21) Variation in recoveries: gross amount ..... (same as item 11) .....	45.971
(22) Variation in recoveries: reinsurers' share..... (same as item 12) .....	581
(23) Variation in the provision for outstanding claims: gross amount ..... (see Annex).....	214.644
(24) Variation in the provision for outstanding claims: reinsurers' share ..... (same as item 15) .....	-21.601
(25) Charges in direct proportion to premiums (4) .....	1.464
(1) Insert the amount of any adjustment fund set up in accordance with Art. 28, para. 4, of Legislative Decree 175/95:	
(2) Insert the other provisions referred to in item 107, excluding, for the first three years, the operating capital referred to in Art. 12 of Legislative Decree 175/95, giving details of:	
extraordinary provision	243.223
provision for merger deficit from incorporation of La Fondiaria S.p.A	507.982
provision arising out of contribution from La Fondiaria	71.948
provision for acquisition of own shares	32.237
dividend equalization provision	2.026
Other provisions	5.873
(3) Insert the subordinate liabilities referred to in Art. 33 para. 2 g) & h) of Legislative Decree 175/95, specifying:	
- fixed-term loans .....	
- loans with no fixed term .....	
- securities with no fixed term and other financial instr .....	
(4) Give details of the following charges:	
Contribution to the Supervisory Bodies	1.415
Contribution to the Fund for the Victims of Road Accidents	49

(\*) Give the amount of the loss as an absolute figure

# **I – CRITERIA USED FOR CALCULATING THE SOLVENCY MARGIN FOR YEAR N BASED ON THE ACCOUNTS (cont.)**

<i>Items in the Profit and Loss Account for years prior to year N</i>		
(26)	Claims paid in year N - 1: gross amount ..... (same as item 8) .....	2.481.500
(27)	Variation in recoveries in year N - 1: gross amount ..... (same as item 11) .....	92.478
(28)	Variation in the provision for outstanding claims in year N - 1: gross amount ..... (see Annex)..	171.754
(29)	Claims paid in year N - 2: gross amount..... (same as item ) .....	2.420.958
(30)	Variation in recoveries in year N - 2: gross amount ..... (same as item 11) .....	69.613
(31)	Variation in the provision for outstanding claims in year N - 2: gross amount ..... (same as item ) .....	292.248
<i>Items to be compiled only by undertakings that operate exclusively or principally in 'specific risks' (**)</i>		
(32)	Claims paid in year N - 3: gross amount ..... (same as item ) .....	
(33)	Variation in the provision for outstanding claims in year N - 3: gross amount ..... (vedi allegato) .....	
(34)	Claims paid in year N - 4: gross amount ..... (same as item 8) .....	
(35)	Variation in the provision for outstanding claims in year N - 4: gross amount ..... (vedi allegato) .....	
(36)	Claims paid in year N - 5: gross amount ..... (same as item 8) .....	
(37)	Variation in the provision for outstanding claims in year N - 5 ..... (vedi allegato) .....	
(38)	Claims paid in year N - 6: gross amount ..... (same as item 8) .....	
(39)	Variation in the provision for outstanding claims in year N - 6 ..... (vedi allegato) .....	

(\*\*) 'Specific risks' are risks relating to credit, storm damage, hail damage and frost damage

## **II - II ITEMS MAKING UP THE SOLVENCY MARGIN**

(40) = (6) - (1)	paid-up share capital or equivalent fund .....	112.435
(41)	Half of the subscribed but unpaid portion of the share capital or equivalent fund provided that at least 50% of the entire share capital or fund subscribed has been paid.....	
provisions not intended to cover specific liabilities or to adjust asset items:		
(42) = (9)	equity reserve .....	17.814
(43)	optional reserves .....	1.194.282
net profits carried forward:		
(44)	undistributed net profits carried for(*) .....	
(45)	net profit for the year not distribute(*) .....	62.184
(46)	payables due from the variable-contribution s.m.a.s to the shareholders within the limits provided for by Art. 33 para. 2 f) of Legislative Decree 175/95 .....	
(47)	Total subordinate liabilities (for a total amount not exceeding 50% of the amount referred to in line 79) .....	270.000
(48)	including fixed-term loans (for an amount not exceeding 25% of the sum referred to in line 79) .....	
(49)	loans with no fixed term .....	270.000
(50)	securities with no fixed term and other financial instruments .....	
(51)	<i>Total of items (40) to (47).....</i>	1.656.715
(52) = 0,4 x (2)	deferred acquisition commissions .....	
(53) = (3)	other intangible assets .....	370.388
(54) = (4) + (5)	own stocks or shares and holding company stocks or shares.....	43.911
(55) = (13) + (14)	loss for the year and losses carried forward .....	
(56)	<i>Total of items (52) to (55).....</i>	414.299
(57) = (51) - (56)	<i>Total of the items making up the solvency margin corresponding to the company's net equity .....</i>	1.242.416

(41) = (1) / 2 se (40) ≥ (6) / 2

(43) = (7) + (8) + (10) + (11) + (12)

(\*) Only amounts that in accordance with the resolutions passed by the Shareholders' Meeting continue to form part of the company's assets for all purposes must be included.



### III - AMOUNT OF THE SOLVENCY MARGIN TO BE SET UP

EURO = L. 1936,27

<i>(A) Calculation in relation to the annual amount of premiums or contri</i>			
(58) = (18) - (25)	amount of gross premiums recorded in the last financial year net of charges that are in direct proportion to premiums .....	3.852.158	
	to be split:		
(59)	amount up to and includir €10,000,000 = ITL $\frac{10.000}{x 0,18} =$	1.800	
(60)	amount exceeding €10,000,000 = ITL $\frac{3.842.158}{x 0,16} =$	614.745	
(61)	<i>Total a), (59) + (60) .....</i>	616.545	
(62)	retention rate (g) in relation to the relevant claims still borne by the company following reinsurance cessions (minimum 0.50) $\frac{0,970}{}$		
(63)	<i>solvency margin a x g, 61 x 62 .....</i>	598.049	
<i>(B) Calculation in relation to the average cost of claims in the last 3 financial years or in the last 7 fin undertakings that operate exclusively or principally in 'specific risks'</i>			
(64)	claims paid during the reference period: gross amount .....	7.405.586	
(65)	variation in the provision for outstanding claims during the reference period: gr	678.646	
(66)	variation in recoveries during the reference period: gross amount .....	208.062	
(67)	cost of claims .....	7.876.170	
(68)	annual average: 1/3 or 1/7 of 67	2.625.390	
	to be split:		
(69)	amount up to and includir €7,000,000 = ITL $\frac{7.000}{x 0,26} =$	1.820	
(70)	amount exceeding €7,000,000 = ITL $\frac{2.618.390}{x 0,23} =$	602.230	
(71)	<i>Total b), (69) + (70)) .....</i>	604.050	
(72)	<i>solvency margin b x g, 62 x 71 .....</i>	585.929	
<i>(C) Level of the solvency margin and of the guarantee fund</i>			
(73) = (63)	Amount of the margin in relation to the annual amount of the premiums or contri	598.049	
(74) = (72)	Amount of the margin in relation to the average cost of claims .....	585.929	
(75)	<i>Result – 73 or 74, whichever is higher .....</i>	598.049	
(76)	guarantee fund: 1/3 of 75.....	199.350	
(77)	guarantee fund in accordance with Art. 39 para. 2, 3, 4 & 5 of Legislative Decre	1.400	
(78)	<i>guarantee fund (76 or 77, whichever is higher).....</i>	199.350	
(79)	<i>amount of the margin to be set up (75 or 78, whichever is higher).....</i>		598.049
(80) = (57)	<i>Total of items making up the solvency margin (part II)...</i>		1.242.416
(81) = (80) - (79)	<i>Surplus (deficit).....</i>		644.367

(62) = 1 - [(20) - (22) + (24)] / [(19) - (21) + (1 All.)]

(64) = (19) + (26) + (29); In the case of companies operating in 'specific risks', items should also be added up: (32) + (34) + (36) + (38)

(65) = (23) + (28) + (31); In the case of companies operating in 'specific risks', items should also be added up: (33) + (35) + (37) + (39)

(66) = (21) + (27) + (30)

(67) = (64) + (65) - (66)

(\*) In the case of companies that have been operating for less than 3 (7) years, the average must be based on actual years of operation

Annex to the table illustrating the solvency margin – Non-Life business

(amounts in €K)

	financial years						
	N	N-1	N-2	N-3	N-4	N-5	N-6
(1) variation in the provision for outstanding claims: gross amount (item 14 in the Profit and Loss Account) .....	187.447	180.801	330.376				
Portfolio movements relating to the provision for outstanding claims for the year and for previous years *:							
- costs	0	1	0				
(2) - for direct insurance risks .....							
(3) - for cession of direct insurance risks .....	731	736	1.934				
(4) - for reinsurance risks accepted .....	40.584	38.289	38.128				
(5) -for cession of reinsurance risks accepted .....	21.961	1.860	19.726				
-receipts							
(6) - for direct insurance risks .....		0	443				
(7) - for cession of direct insurance risks .....	3.504	10.935	1.133				
(8) - for reinsurance risks accepted .....	31.095	33.071	30.380				
(9) - for cession of reinsurance risks accepted .....	4.039	5.409	23.432				
variations because of exchange rate difference in provision							
-for outstanding claims at beginning of year :							
(10) -costs .....	2.145	2.712	1				
(11) -receipts .....	2.090	2.898	1.037				
- for reinsurance risks accepted:							
(12) -costs .....	8.183	7.797	21				
(13) - receipts.....	4.340	3.783	2.948				
(14) total variations because of exchange differences .....	-3.898	-3.828	3.963	0	0	0	0

variation in the provision for outstanding claims: gross amount to be used for the purpose of calculating the solvency margin:

	Amount	Correspondence with the items in the table illustrating the solvency margin
(15) year N .....	214.644	item 23 section . I
(16) year N-1 .....	171.754	item 28 section . I
(17) year N-2 .....	292.248	item 31 section I

\* The costs and receipts for the portfolio movements relating to the year and to previous years must be shown with no offsetting between them and therefore without ascertaining the balance between withdrawals and cessions.

\*\* In the case of 'specific risks' the figures for years N-2, N-3, N-4 & N-5 (items 31, 33, 35 & 37 section I) must also be calculated

\*\*\* In the case of 'specific risks' the figures for year N-6 (item 39 section I) must also be calculated



**Company** Fondiaria-SAI

**TABLE ILLUSTRATING THE ASSETS ALLOCATED  
TO COVER THE TECHNICAL PROVISIONS**

(in accordance with Art. 31 para. 6 of Legislative Decree 174 dated 17 March 1995)

Financial year 2003

amounts in €

TECHNICAL PROVISIONS		At the end of the 2003 financial year		At the close of the previous year	
Technical provisions	(a)	1	5,874,051,280	2	5,642,240,336
Compulsory cessions	(b)	3	0	4	95,008,387
Technical provisions to be covered	(a) - (b)	9	5,874,051,280	10	5,547,231,949

DESCRIPTION OF ASSET	Maximum limits	Level at the end of the 2003 financial year		Level at the close of the previous year	
		Amounts	%	Amounts	%
<b>A INVESTMENTS</b>					
<b>A.1 Debt securities and other similar securities</b>					
A.1.1a 1a Securities that are traded on a regulated market issued or guaranteed by States belonging to zone A, in accordance with EEC Directive 89/647, or issued by local authorities or by public bodies of member States or by international organizations to which one or more member States belong;		4,116,189,940	70.07	3,996,309,858	72.04
		13	14	15	16
A.1.1b 1b Securities that are not traded on a regulated market issued or guaranteed by States belonging to zone A, in accordance with EEC Directive 89/647, or issued by local authorities or by public bodies of member States or by international organizations to which one or more member States belong;		1,275,733	0.02	1,202,978	0.02
		17	18	19	20
A.1.2a Bonds or other similar securities that are traded on a regulated market;		966,323,730	16.45	669,854,134	12.08
		21	22	23	24
A.1.2b Bonds or other similar securities that are not traded on a regulated market issued by companies or credit institutions having their registered office in a State belonging to zone A the accounts of which have been certified by a duly authorized firm of auditors for at least 3 years;		262,760,083	4.47	292,510,432	5.27
		25	26	27	28
A.1.3 Other bonds or similar securities, other than those indicated above, provided that their residual life is less than one year;		0	0.00	0	0.00
		29	30	31	32
A.1.4 Units in bodies making group investments in stocks and shares (OICVM)		0	0.00	0	0.00
		33	34	35	36
A.1.5 Repo operations with an obligation to repurchase and deposit securities with a credit institution;	20%	0	0.00	52,538,456	0.95
		37	38	39	40
A.1.6 Bank acceptances carried out or issued by credit institutions having their registered office in a State belonging to zone A;		0	0.00	0	0.00
		41	42	43	44
A.1.7 Financial bills referred to in Law 43 of 13 January 1994;		0	0.00	0	0.00
		45	46	47	48
Sub total A.1.6 + A.1.7	10%	0	0.00	0	0.00
		49	50	51	52
A.1.8 Accrued income by way of interest on securities suitable for covering technical provisions;		65,466,735	1.11	69,031,325	1.24
		53	54	55	56
Total A.1		5,412,016,221	92.13	5,081,447,183	91.60
		57	58	59	60
carried forward		5,412,016,221	92.13	5,081,447,183	91.60

brought forward			5,412,016,221	92.13	5,081,447,183	91.60
A.2	Interest-bearing loans backed by mortgages or by bank or insurance guarantees, or by other suitable guarantees provided by local authorities;	20%	0	0.00	0	0.00
			61	62	63	64
A.3 <i>Shares traded in a regulated market</i>						
A.3.1.a	Shares traded in a regulated market ;		424,346,693	7.22	402,320,208	7.25
			65	66	67	68
A.3.1b	Units in the Banca d'Italia, units in cooperative companies and shares, not traded in a regulated market, issued by companies having their registered office in a State belonging to zone A the accounts of which have been certified by a duly authorized firm of auditors for at least 3 years;		10,985,157	0.19	8,940,324	0.16
			69	70	71	72
A.3.2	Warrants traded in a regulated market;	3%	0	0.00	0	0.00
			73	74	75	76
A.3.3	Units in bodies making group investments in stocks and shares (OICVM);		8,177,513	0.14	9,059,617	0.16
			77	78	79	80
A.3.4	Units in closed investment funds located in a member State traded in a regulated market;	5%	1,195,000	0.02	0	0.00
			81	82	83	84
Total A.3		35%	444,704,363	7.57	420,320,149	7.58
			85	86	87	88
A.4 <i>Property</i>						
A.4.1	Land, buildings and property rights not backed by mortgages;		17,330,696	0.30	28,464,617	0.51
			89	90	91	92
A.4.2	Property leased out;	10%	0	0.00	0	0.00
			93	94	95	96
A.4.3	Interests in property companies in which the undertaking holds more than 50% of the share capital the sole object of which is the construction or management of non-luxury residential property or property for industrial or commercial or agricultural use, to the amount recorded in the accounts within the limit of the value of the property deemed to be in proportion to the amount of the share capital held net of all the liabilities recorded in the property company's accounts;		0	0.00	0	0.00
			97	98	99	100
A.4.4	Units in closed investment funds where not less than 90% of the property assets are made up of property sold by the State or by public welfare bodies, by regions, by local authorities or associations of them and by companies that are wholly owned by them, even indirectly;		0	0.00	0	0.00
			101	102	103	104
A.4.5	Units in other closed investment funds located in a member State;	5%	0	0.00	0	0.00
			105	106	107	108
Total A.4		40%	17,330,696	0.30	28,464,617	0.51
			109	110	111	112
TOTAL A			5,874,051,280	100.00	5,530,231,949	99.69
			113	114	115	116
B RECEIVABLES						
B.1	Receivables from reinsurers net of debit items, including the reinsurers' share of the technical provisions, duly documented, up to 90% of the amount of them;		0	0.00	0	0.00
			117	118	119	120
B.2	Deposits and receivables net of debit items with the ceding undertakings, duly documented, up to 90% of the amount of them;		0	0.00	0	0.00
			121	122	123	124
carried forward;			5,874,051,280	100.00	5,530,231,949	99.69

	brought forward		5,874,051,280	100.00	5,530,231,949	99.69
B.3.1	Receivables from policyholders net of debit items arising out of direct insurance operations, but only if they have been actually payable for less than 3 months;		0	0.00	10,000,000	0.18
		125		126	127	128
B.3.2	Receivables from intermediaries net of debit items arising out of direct insurance operations and reinsurance operations but only if they have been actually payable for less than 3 months;		0	0.00	7,000,000	0.13
		129		130	131	132
B.4	advances on policies;		0	0.00	0	0.00
		133		134	135	136
B.5	Tax credits definitively assessed or for which the period laid down for assessment has elapsed;	5%	0	0.00	0	0.00
		137		138	139	140
B.6	Receivables from guarantee funds net of debit items;	5%	0	0.00	0	0.00
		141		142	143	144
	TOTAL B		0	0.00	17,000,000	0.31
		145		146	147	148
C	OTHER ASSETS					
C.1	Up to 30% of the book value of tangible capital assets used in the business other than land and buildings, adjusted by the relative accumulated depreciation;		0	0.00	0	0.00
		149		150	151	152
C.2	Up to 10% of the book value of tangible capital assets not used in the business other than land and buildings, duly documented;		0	0.00	0	0.00
		153		154	155	156
	Subtotal C.1 + C.2	5%	0	0.00	0	0.00
		157		158	159	160
C.3	Up to 90% of the amount of deferred acquisition commissions;		0	0.00	0	0.00
		161		162	163	164
C.4	Up to 30% of the amount of accrued income for rent;		0	0.00	0	0.00
		165		166	167	168
C.5	Reversionary interest	5%	0	0.00	0	0.00
		169		170	171	172
	TOTAL C		0	0.00	0	0.00
		173		174	175	176
	Total B + C - C.3	25%	0	0.00	17,000,000	0.31
		177		178	179	180
D	Bank deposits, deposits with other credit bodies or any other institution authorized by the relevant supervisory authority in accordance with the provisions of Legislative Decree 174/95	15%	0	0.00	0	0.00
		181		182	183	184
E	Other types of asset authorized by ISVAP in accordance with Art. 26 para. 5 of Legislative Decree 174/95		0	0.00	0	0.00
		185		186	187	188
	GRAND TOTAL OF COVERING ASSETS		5,874,051,280	100.00	5,547,231,949	100.00
		189		190	191	192
	Subtotal A.1.1b + A.1.2b + A.1.3 + A.3.1b	10%	275,020,973	4.68	302,653,734	5.46
		193		194	195	196





**Assets allocated to cover the technical provisions relating to policies referred to in Art. 23 para. 5 of Legislative Decree 174 of 17 March 1995**

## SECTION 1 – Single-premium policies (1)

(Amounts in €)

[illegible]

## SECTION II – Immediate life annuity policies (1)

Serial n°	Guaranteed rate of interest (2)	Technical provisions (3)	Covering assets at the close of the 2003 financial year (4)	Covering assets at the close of the previous financial year
13	6,30	1,593,274	1,593,274	1,640,228
<b>TOTAL</b>		1,593,274	1,593,274	1,640,228
		5	6	7
<b>GRAND TOTAL (5)</b>		150.447.625	150,447,625	141,480,172
		8	9	10

(1) These relate to the policies referred to in Art. 23 para 5 of Legislative Decree 174/95, for which the company has specific assets to cover the technical provisions for the period during which a rate of interest is guaranteed that exceeds the rate laid down for policies with a financial guarantee in the ruling referred to in Art. 23 para. 1 of Legislative Decree 174/95.

(2) This shows the rate of interest contractually guaranteed by the company, in accordance with the ruling referred to in Art. 23 para. 1 of Legislative Decree 174/95, for the financial guarantees linked to specific assets covering the technical provisions.

(3) This shows the whole amount of the technical provisions for the period during which the rate of interest mentioned in note (2) above is guaranteed. These provisions are included in the amount referred to in item 9 in the annual statement of assets intended to cover the technical provisions.

(4) This shows the amount of the assets, which must not be less than the amount of the technical provisions shown, which enable the rate of interest referred to in note (2) to be guaranteed.  
These assets are included in the amount referred to in item 189 of the quarterly statement of assets intended to cover the technical provisions.

(1) The grand total is the sum of the total amounts shown in both sections.

The undersigned declares that this Annex is a true and is accurate reflexion of the accounts  
The Company's representative



## **FORM 2**

**Company Fondiaria-SAI**

**TABLE ILLUSTRATING THE ASSETS ALLOCATED TO COVER THE TECHNICAL PROVISIONS IN CLASS D.I OF  
THE BALANCE SHEET FOR THE POLICIES REFERRED TO IN ART. 30 paras 1 and 2 OF LEGISLATIVE DECREE  
174 DATED 17 MARCH 1995**

**2003 financial year**

**SECTION I – Policies linked to the value of units in an OICVM (body making group investments in stocks and shares)**

(Amounts in €)

[illegible]

## SECTION II – Policies linked to the value of internal fund units

[illegible]

### SECTION III – Policies linked to share indices or other reference values

Serial n°	Share index or other reference value	At the close of the 2003 financial year		At the close of the previous financial year	
		Technical provisions	Financial instruments for coverage	Technical provisions	Financial instruments for coverage
10	STANDARD & POOR'S 500	6,798,553	7,005,117	6,861,683	7,029,602
11	EUROTOP 100,MIB,SMI,DAX	10,274,792	10,677,861	10,509,926	10,840,359
12	SMI,EUROSTOXX	11,333,832	11,569,127	11,151,713	11,329,091
13	NIKKEI	21,289,211	21,476,467	20,556,958	20,694,339
24	MIB STAR SAI	2,328,697	2,328,698	2,266,038	2,266,038
25	Index BALANCED FUND	4,902,212	4,902,212	4,618,276	4,618,276
33	ONE COUPON BOND	4,103,687	4,103,685	3,950,315	3,950,315
39	02-DAX 30	0	0	8,445,217	8,445,483
40	03-DAX 30	0	0	8,520,666	8,520,668
41	04-DAX 30	11,033,382	11,033,381	10,534,667	10,534,699
42	05-DAX 30	11,819,303	11,819,303	11,182,754	11,182,755
43	06-NIKKEI 225	2,680,810	2,680,810	2,615,189	2,615,189
44	07-NIKKEI 225	1,699,295	1,699,295	1,637,095	1,637,293
45	08-EUROSTOXX 50	12,017,833	12,017,834	11,457,209	11,457,210
46	09-EUROSTOXX50-S&P500-NIKKEI225	6,474,985	6,474,985	6,729,445	6,729,446
47	10-EUROSTOXX50-S&P500-NIKKEI225	5,654,728	5,654,728	6,662,354	6,662,355
48	11-EUROSTOXX50-S&P500-NIKKEI225-SWISS MKT IDX	9,481,583	9,481,583	10,579,750	10,580,364
49	20-MUTUAL FUND	11,415,792	11,415,792	11,313,629	11,314,046
50	21-PHARMA WORLD	3,889,226	3,889,227	4,560,177	4,560,179
51	22-ENERGY WORLD	3,383,576	3,383,577	4,181,911	4,181,914
52	23-INSURANCE WORLD	5,752,551	5,752,551	5,864,569	5,864,571
53	24-BANK WORLD	5,443,774	5,443,774	5,748,924	5,748,923
54	25-EURO PLUS	9,214,280	9,214,280	9,017,859	9,017,860
55	26-MUTUAL FUND II	10,147,528	10,147,528	10,181,314	10,181,312
56	27-MUTUAL FUND III	10,429,418	10,429,418	10,455,623	10,455,625
57	28-DOW JONES EUROSTOXX 50	13,783,915	13,783,915	12,937,377	12,937,378
58	29-WORLD 15	11,168,035	11,168,035	10,372,874	10,372,872
59	30-EUROSTOXX50-S&P500-NIKKEI225-SWISS MKT IDX	19,256,619	19,256,619	18,037,776	18,037,769
60	31-EUROSTOXX50-S&P500-NIKKEI225-SWISS MKT IDX	9,368,742	9,368,742	8,734,702	8,734,702
61	32-WORLD 20	24,237,583	24,237,583	22,330,843	22,330,846
62	33-WORLD G3	22,057,833	22,057,833	18,148,294	18,148,293
63	34-WORLD 15 PERF,	20,102,549	20,102,549	11,419,739	11,419,740
64	35-EXCHANGE	9,052,769	9,052,769	6,283,927	6,283,926
65	36-UNICO WORLD MIX	6,532,430	6,532,430	688,859	688,858
66	37-UNICO WORLD TITANS 50	14,290,933	14,290,934	1,816,957	1,894,547
68	EUROCOUPON	9,867,301	9,867,309	0	0
69	EUROCOUPON 2	7,115,106	7,115,110	0	0
70	38 - UNICO EURO SECTOR 16	12,837,184	12,837,184	0	0
72	INDEX START UP 4	44,528,959	44,528,956	0	0
	<b>TOTAL</b>	405,769,006	406,801,201	310,374,609	311,266,843
		11.	12.	13.	14.
	<b>GRAND TOTAL(2)</b>	538,605,804	539,920,447	428,439,319	429,554,629
		15.	16.	17.	18.

- (1) The total amount of the assets in the corresponding account is shown.  
(2) The grand total is the sum of the total amounts shown in all three sections.

FORM 3

**Company: Fondiaria-SAI**

**TABLE ILLUSTRATING THE INVESTMENTS ARISING OUT OF PENSION FUND MANAGEMENT  
REFERRED TO IN CLASS D.II OF THE BALANCE SHEET**

financial year

**2003**



## SECTION I – Open-end pension funds

Serial no of the fund	Name of the fund	Line of investment (1)	(2)	at the close of the 2003 financial year		at the close of the previous financial year	
				Provisions	Investments (3)	Provisions	Investments (3)
1	Fondo pens.aperto SAI	PREVI-BOND	1	935.259	935.259	691.571	691.571
1	Fondo pens.aperto SAI	PREVI-GEST	2	2.608.974	2.608.974	1.945.420	1.945.420
1	Fondo pens.aperto SAI	PREVI-MIX	3	9.972.692	9.972.692	7.192.133	7.192.133
1	Fondo pens.aperto SAI	PREVI-CAPITAL	4	41.026	41.026	12.666	12.666
1	Fondo pens.aperto SAI	PREVI-EUROPA	5	39.213	39.213	19.231	19.231
1	Fondo pens.aperto SAI	PREVI-GLOBAL	6	28.300	28.300	4.464	4.464
2	Fondiarria Previdente	SHARE	1	19.263.806	19.263.806	12.303.083	12.303.083
2	Fondiarria Previdente	BALANCED	2	12.018.808	12.018.808	8.311.349	8.311.349
2	Fondiarria Previdente	BOND	3	2.862.320	2.862.320	1.524.719	1.524.719
2	Fondiarria Previdente	CASH	4	1.087.546	1.087.546	722.366	722.366
2	Fondiarria Previdente	GUARANTEED CASH.	5	822.044	822.044	379.021	379.021
3	Conto Previdenza	SHARE	1	2.360.229	2.360.229	1.666.759	1.666.759
3	Conto Previdenza	BALANCED	2	8.002.549	8.002.549	7.330.816	7.330.816
3	Conto Previdenza	BOND	3	2.060.519	2.060.519	1.910.257	1.910.257
3	Conto Previdenza	GUARANTEED CASH.	4	4.818.090	4.818.090	4.128.185	4.128.185
TOTAL				<sup>1</sup> 66.921.375	<sup>2</sup> 66.921.375	<sup>3</sup> 48.142.040	<sup>4</sup> 48.142.040

## SECTION II – Closed pension funds

Serial no of the fund	Name of the fund	Line of investment (1)	(2)	at the close of the 2003 financial year		at the close of the previous financial year	
				Provisions	Investments (3)	Provisions	Investments (3)
TOTAL				<sup>5</sup> 0	<sup>6</sup> 0	<sup>7</sup> 0	<sup>8</sup> 0
GRAND TOTAL (4)				<sup>9</sup> 66.921.375	<sup>#</sup> 66.921.375	<sup>#</sup> 48.142.040	<sup>#</sup> 48.142.040

- (1) The amount of the provisions and of the corresponding assets relating to each line of investment must be specified within each fund.
- (2) The serial number allocated to each line of investment within each fund must be quoted (and the same one must be used in subsequent reports).
- (3) Investments must be recorded net of the liabilities relating to the fund
- (4) The grand total is the sum of the total amounts shown in both sections.

**Company** Fondiaria-SAI

**TABLE ILLUSTRATING THE ASSETS ALLOCATED TO COVER THE TECHNICAL PROVISIONS**  
(in accordance with Art. 31 para. 6 of Legislative Decree 175 of 17 March 1995)

Financial year 2003

(amounts in €)

TECHNICAL PROVISIONS	At the end of the 2003 financial year	At the close of the previous year
Technical provisions to be covered	5 6,161,160,163	6 5,992,999,832

DESCRIPTION OF ASSET	Maximum limits	Level at the close of the 2003 financial year		Level at the close of the previous year	
		Amounts	%	Amounts	%
A INVESTMENTS					
A.1 Debt securities and other similar securities					
A.1.1a Securities that are traded on a regulated market issued or guaranteed by States belonging to zone A, in accordance with EEC Directive 89/647, or issued by local authorities or by public bodies of member States or by international organizations to which one or more of these member States belong;		1,883,391,275	30.57	1,249,532,647	20.85
		9	10	11	12
A.1.1b Securities that are not traded on a regulated market issued or guaranteed by States belonging to zone A, in accordance with EEC Directive 89/647, or issued by local authorities or by public bodies of member States or by international organizations to which one or more of these member States belong;		0	0.00	5,697,629	0.10
		13	14	15	16
A.1.2a Bonds or other similar securities that are traded on a regulated market;		339,484,919	5.51	249,840,005	4.17
		17	18	19	20
A.1.2b Bonds or other similar securities that are not traded on a regulated market issued by companies or credit institutions having their registered office in a State belonging to zone A and the accounts of which have been certified by a duly authorized firm of auditors for at least 3 years;		94,079,754	1.53	359,493,490	6.00
		21	22	23	24
A.1.3 Other bonds or similar securities, other than those indicated above, provided that their residual life is less than one year ;		0	0.00	0	0.00
		25	26	27	28
A.1.4 Units in bodies making group investments in stocks and shares (OICVM);		12,203,133	0.20	6,223,963	0.10
		29	30	31	32
A.1.5 Repo operations with an obligation to repurchase and deposit securities with a credit institution;	20%	0	0.00	508,674,860	8.49
		33	34	35	36
A.1.6 Bank acceptances carried out or issued by credit institutions having their registered office in a State belonging to zone A;		0	0.00	0	0.00
		37	38	39	40
A.1.7 Financial bills referred to in Law 43 of 13 January 1994;		0	0.00	0	0.00
		41	42	43	44
Subtotal A.1.6 + A.1.7	10%	0	0.00	0	0.00
		45	46	47	48
A.1.8 Accrued income by way of interest on securities suitable for covering technical provisions;		23,044,395	0.37	20,149,948	0.34
		49	50	51	52
TOTAL A.1	85%	2,352,203,476	38.18	2,399,612,542	40.04
		53	54	55	56
carried forward		2,352,203,476	38.18	2,399,612,542	40.04

brought forward			2,352,203,476	38.18	2,399,612,542	40.04
A.2	Interest-bearing loans backed by mortgages or by bank or insurance guarantees, or by other suitable guarantees provided by local authorities;		0	0.00	0	0.00
		20%	57	58	59	60
A.3	<i>Equity securities and other similar securities</i>					
A.3.1a	Shares traded on a regulated market		1,364,152,384	22.14	766,222,741	12.79
			61	62	63	64
A.3.1b	Units in the Banca d'Italia, units in cooperative companies and shares, not traded on a regulated market, issued by companies having their registered office in a State belonging to zone A and the accounts of which have been certified by a duly authorized firm of auditors for at least 3 years ;		91,090,547	1.48	180,166,648	3.01
			65	66	67	68
A.3.2	Warrants traded on a regulated market;	3%	0	0.00	0	0.00
			69	70	71	72
A.3.3	Units in bodies making group investments in stocks and shares (OICVM);		27,112,803	0.44	25,149,756	0.42
			73	74	75	76
A.3.4	Units in closed investment funds located in a member State, traded on a regulated market;		2,582,285	0.04	0	0.00
		5%	77	78	79	80
	TOTAL A.3	25%	1,484,938,019	24.10	971,539,145	16.21
			81	82	83	84
A.4	<i>Property</i>					
A.4.1	Land, buildings and property rights – amounts free of mortgages;		1,081,881,636	17.56	1,316,336,783	21.96
			85	86	87	88
A.4.2	Property leased out;;	10%	0	0.00	0	0.00
			89	90	91	92
A.4.3	Interests in property companies in which the undertaking holds more than 50% of the share capital and the sole object of which is the construction or management of non-luxury residential property or property for industrial or commercial or agricultural use, of the amount recorded in the accounts within the limit of the financial value of the property deemed to be in proportion to the amount of the share capital held net of all the liabilities recorded in the property company's accounts;		307,997,981	5.00	283,198,434	4.73
			93	94	95	96
A.4.4	Units in closed investment funds located in a member State;	5%	0	0.00	0	0.00
			97	98	99	100
	TOTAL A.4	40%	1,389,879,617	22.56	1,599,535,217	26.69
			101	102	103	104
	TOTAL A		5,227,021,112	84.84	4,970,686,904	82.94
			105	106	107	108
B	<i>RECEIVABLES</i>					
B.1	Up to 90% of the amount of receivables from reinsurers net of debit items, including the reinsurers' share of the technical provisions, duly documented;		190,000,000	3.08	270,000,000	4.51
			109	110	111	112
	carried forward		5,417,021,112	87.92	5,240,686,904	87.45

brought forward			5,417,021,112	87.92	5,240,686,904	87.45
B.2	Deposits and receivables net of debit items with ceding undertakings, duly documented, up to 90% of the amount;		0	0.00	0	0.00
		113		114	115	116
B.3.1	Receivables from policyholders net of debit items arising out of direct insurance operations, but only if they have been actually payable for less than 3 months;		258,551,500	4.20	328,000,000	5.47
		117		118	119	120
B.3.2	Receivables from intermediaries net of debit items arising out of direct insurance operations and reinsurance operations, but only if they have been actually payable for less than 3 months ;		265,000,000	4.30	180,000,000	3.00
		121		122	123	124
B.4	Receivables arising out of bailout or subrogation;	3%	0	0.00	0	0.00
		125		126	127	128
B.5	Tax credits definitively assessed or the period laid down for the assessment of which has elapsed;		53,339,000	0.87	76,157,928	1.27
		5%		130	131	132
B.6	Receivables from guarantee funds net of debit items;	5%	0	0.00	0	0.00
		133		134	135	136
TOTAL B			766,890,500	12.45	854,157,928	14.25
		137		138	139	140
C OTHER ASSETS						
C.1	Up to 30% of the book value of tangible capital assets used in the business other than land and buildings, adjusted by the relative accumulated depreciation;		0	0.00	0	0.00
		141		142	143	144
C.2	Up to 10% of the book value of tangible capital assets not used in the business other than land and buildings, duly documented;		0	0.00	0	0.00
		145		146	147	148
Subtotal C.1 + C.2		5%	0	0.00	0	0.00
		149		150	151	152
C.3	Up to 90% of the amount of deferred acquisition expenses in line with the method used for calculating the technical provisions;		0	0.00	0	0.00
		153		154	155	156
C.4	Up to 30% of the amount of accrued income for rent;		0	0.00	0	0.00
		157		158	159	160
TOTAL C			0	0.00	0	0.00
		161		162	163	164
TOTAL B + C - B1		25%	576,890,500	9.36	584,157,928	9.75
		165		166	167	168
D	Bank deposits, deposits with other credit bodies or any other institution authorized by the relevant supervisory body to receive deposits, net of debit items;	15%	167,248,551	2.71	168,155,000	2.81
		169		170	171	172
E	Other types of asset authorized by ISVAP in accordance with Art. 27 para. 5 of Legislative Decree 175/95;		0	0.00	0	0.00
		173		174	175	176
GRAND TOTAL OF COVERING ASSETS			6,161,160,163	100.00	5,992,999,832	100.00
		177		178	179	180
Subtotal A.1.1b + A.1.2b + A.1.3 + A.3.1b		10%	185,170,301	3.01	545,357,767	9.10
		181		182	183	184

### List of liabilities and covering assets according to currency

(Amount in Euro )

CURRENCY	RATE OF EXCHANGE (1)	TECHNICAL PROVISIONS	COVERING ASSETS
<u>European Union</u>			
EURO	1,000	6.151.087.121	6.121.821.375
Greek drachma		0	0
Danish krone		0	0
Swedish krona	9,080	2.505	0
Pound sterling	0,705	85.192	1.389.645
<u>Non-EU countries</u>			
Norwegian krone	8,414	1.783	0
Swiss franc	1,558	1.739.953	4.389.468
Icelandic króna		0	0
US dollar	1,263	8.227.827	33.559.675
Canadian dollar	1,623	15.782	0
Australian dollar		0	0
New Zealand dollar		0	0
Japanese yen		0	0
Arab riyal		0	0
Turkish lira		0	0
Hong Kong dollar		0	0
Moroccan dirham		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
TOTAL (2)		6.161.160.163	6.161.160.163

- (1) The amounts of the technical provisions and of the covering assets are converted at the rate of exchange at the close of the reference year for the currency mentioned in reports,
- (2) The total amount of technical provisions corresponds to the amount of item 5 in the annual statement of the assets allocated to cover the technical provisions. The total amount of assets corresponds to item 177 in the statement.

## **APPENDICES TO THE NOTES TO THE ACCOUNTS**

Company **FONDIARIA - SAI S.p.A.**

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Share capital subscribed E. 170541843 Paid up E. 170541843

Registered office FLORENCE

Court FLORENCE

#### **Appendices to the Notes to the Accounts**

Financial year **2003**

(amounts in €K)



Compan FONDIARIA - SAI S.p.A.

## BALANCE SHEET – NON-LIFE BUSINESS

## ASSETS

		amounts for the year	
A. RECEIVABLES FROM SHAREHOLDERS FOR SHARE CAPITAL SUBSCRIBED BUT NOT PAID UP			1
called-up capital	2		
B. INTANGIBLE ASSETS			
1. Deferred acquisition commissions	4		
2. Other acquisition expenses	6		
3. Formation and expansion costs	7	19.641	
4. Goodwill	8	302.615	
5. Other multiyear costs	9	47.974	10 370.230
C. INVESTMENTS			
I - Land & buildings			
1. Property for use in the business	11	122.842	
2. Property for the use of third parties	12	1.017.492	
3. Other property	13	4.621	
4. Other property rights	14	2.279	
5. Capital investments currently being carried out and instalment	15	2.603	16 1.149.837
II - Investments in Group undertakings and in other participating interests			
1. stocks and shares in:			
a) holding companies	17	11.473	
b) subsidiary companies	18	2.100.405	
c) associated companies	19		
d) affiliated companies	20	37.109	
e) other companies	21	94.909	22 2.243.896
2. Bonds issued by:			
a) holding companies	23		
b) subsidiary companies	24	78	
c) associated companies	25		
d) affiliated companies	26		
e) other companies	27		28 78
3. Corporate financing to:			
a) holding companies	29		
b) subsidiary companies	30	19.470	
c) associated companies	31		
d) affiliated companies	32		
e) other companies	33		34 19.470
		35 2.263.444	
carried forward			370.230

## Amounts for the preceding year

				181
	182			
	184	9.738		
	186			
	187	25.324		
	188	332.469		
	189	44.616		190 412.147
	191	130.682		
	192	1.251.795		
	193	4.416		
	194	2.314		
	195		196 1.389.207	
197	8.979			
198	2.319.330			
199				
200	35.476			
201	93.942	202 2.457.727		
203				
204	78			
205				
206				
207		208 78		
209	5.000			
210	408.321			
211				
212				
213		214 413.321	215 2.871.126	
	carried forward			412.147

# BALANCE SHEET – NON-LIFE BUSINESS

## ASSETS

				amounts for the year	
				brought forward	370.230
C. INVESTMENTS (cont.)					
III	- Other financial investments				
	1. stocks and shares				
	a) listed shares	36	1.010.837		
	b) unlisted shares	37	27.380		
	c) units	38		39	1.038.217
	2. units in investment funds			40	57.879
	3. Bonds and other fixed-yield securities				
	a) listed	41	2.203.964		
	b) unlisted	42	109.905		
	c) convertible bonds	43	16.181	44	2.330.050
	4. Loans				
	a) loans with a lien on property	45	30.931		
	b) loans on policies	46			
	c) other loans	47	5.091	48	36.022
	5. Units in joint investments			49	
	6. Deposits with credit bodies			50	11.908
	7. Sundry financial investments			51	83
				52	3.474.159
IV	- Deposits with ceding undertakings			53	27.960
				54	6.915.400
D bis. TECHNICAL PROVISIONS BORNE BY REINSURERS					
	I - NON-LIFE BUSINESS				
	1. Provision for unearned premiums			58	54.013
	2. Provision for outstanding claims			59	361.849
	3. Provision for rebates and bonuses			60	
	4. Other technical provisions			61	
				62	415.862
				carried forward	7.701.492

## Amounts for the preceding year

riporto			412.147
216	1.043.635		
217	26.148		
218	219	1.069.783	
	220	44.375	
221	1.720.663		
222	136.045		
223	20.263	224	1.876.971
225	270		
226			
227	5.226	228	5.496
		229	
		230	5.193
		231	107.651
		232	3.109.469
		233	26.055
		234	7.395.857
		238	59.369
		239	374.217
		240	
		241	
		242	433.586
	carried forward		8.241.590

BALANCE SHEET – NON -LIFE BUSINESS

ASSETS

				amounts for the year	
				brought forward	7.701.492
E. RECEIVABLES					
I	- Receivables arising out of direct insurance business, relating to:				
	1. Policyholders				
	a) for premiums for the year	71	338.734		
	b) for premiums for previous years	72	26.098	73	364.832
	2. Insurance intermediaries			74	418.720
	3. Current account companies			75	141.843
	4. policyholders and third parties for sums to be recuperated	76	41.075	77	966.470
II	-Receivables arising out of reinsurance operations, relating to:				
	1. insurance and reinsurance companies	78	8.912		
	2. Reinsurance intermediaries	79	62	80	8.974
III	-Other receivables				
				81	418.856
				82	1.394.300
F. OTHER ASSETS					
I	- Tangible assets and stocks:				
	1. Furniture, office equipment and internal vehicles	83	17.478		
	2. Movables recorded in public registers	84	21		
	3. Fixtures and fittings	85	2.043		
	4. Stocks and sundry items	86	2.924	87	22.466
II	- Available cash				
	1. Bank deposits and postal current accounts	88	169.817		
	2. Cheques and cash in hand	89	203	90	170.020
III	- Own stocks and shares				
				91	32.438
IV	- Other assets				
	1. Deferred reinsurance accounts receivable	92	6.565		
	2. Sundry assets	93	357.028	94	363.593
	including liaison account with Life business	901		95	588.517
G. PREPAYMENTS AND ACCRUED INCOME					
	1. interest			96	25.126
	2. rent			97	1
	3. other prepayments and accrued income			98	4.591
				99	29.718
<b>TOTAL ASSETS</b>					100
					9.714.027

## Amounts for the preceding year

riporto			8.241.590
251	354.609		
252	20.114	253	374.723
		254	418.206
		255	87.254
		256	42.807
		257	922.990
		258	30.046
		259	7.778
		260	37.824
		261	374.298
		262	1.335.112
		263	17.104
		264	38
		265	2.544
		266	2.924
		267	22.610
		268	168.155
		269	207
		270	168.362
		271	
		272	8.296
		273	262.864
		274	271.160
		275	462.132
903			
		276	21.979
		277	33
		278	4.607
		279	26.619
		280	10.065.453

BALANCE SHEET – NON-LIFE BUSINESS  
LIABILITIES AND NET EQUITY

				amounts for the year	
A. NET EQUITY					
I	- Share capital subscribed or equivalent fund			101	112.435
II	- Provision for share issue premium			102	114.881
III	- Provisions for write-ups			103	172.201
IV	- Equity reserves			104	17.814
V	- Mandatory reserves			105	
VI	- Provisions for own shares and holding company shares			106	43.911
VII	- Other provisions			107	863.289
VIII	-Net profit (loss) carried forward			108	
IX	- Net profit (loss) for the year			109	128.696
B. SUBORDINATE LIABILITIES					110 1.453.227
C. TECHNICAL PROVISIONS					
I	- NON-LIFE BUSINESS				
	1. Provision for unearned premiums	112	1.301.395		
	2. Provision for outstanding claims	113	5.124.933		
	3. Provision for rebates and bonuses	114	3.826		
	4. Other technical provisions	115	8.590		
	5. Equalization provisions	116	6.316		
carried forward					117 6.445.060
					8.168.287

## Amounts for the preceding year

	281	112.434	
	282	114.870	
	283	172.201	
	284	17.268	
	285		
	286	8.979	
	287	875.214	
	288		
	289	62.547	290 1.363.513
			291 270.000
292	1.302.490		
293	4.956.790		
294			
295	8.799		
296	4.387		297 6.272.466
carried forward			7.905.979



BALANCE SHEET – NON-LIFE BUSINESS  
LIABILITIES AND NET EQUITY

		amounts for the year	
	brought forward		8.168.287
<b>E. PROVISIONS FOR RISKS AND CHARGES</b>			
1.	Provisions for retirement pensions and similar liabilities	128 2.395	
2.	Provisions for taxation	129 248.671	
3.	Other amounts set aside	130 67.723	131 318.789
<b>F. DEPOSITS RECEIVED FROM REINSURERS</b>			
			132 80.009
<b>G. PAYABLES AND OTHER LIABILITIES</b>			
I	- Payables arising out of direct insurance operations, relating to:		
	1. Insurance intermediaries	133 44.387	
	2. Current account companies	134 22.613	
	3. Policyholders for sureties and premiums	135 6.614	
	4. Guarantee funds in favour of policyholders	136 8.267	137 81.881
II	- Payables arising out of reinsurance operations, relating to:		
	1. insurance and reinsurance companies	138 20.667	
	2. reinsurance intermediaries	139 815	140 21.482
III	- Bonded loans		141
IV	- Payables to banks and financial bodies		142
V	- Payables with a lien on property		143
VI	- Sundry loans and other financial payables		144 449.542
VII	- Staff leaving indemnity		145 47.193
VIII	- Other payables		
	1. For tax borne by the policyholder	146 68.528	
	2. For sundry tax charges	147 14.275	
	3. To welfare and pension bodies	148 4.447	
	4. Sundry payables	149 93.021	150 180.271
IX	- Other liabilities		
	1. Deferred reinsurance accounts payable	151 3.995	
	2. Commissions for premiums currently being collected	152 64.815	
	3. Sundry liabilities	153 280.773	154 349.583
	including liaison account with Life business	902 79.304	155 1.129.952
	carried forward		9.697.037

Amounts for the preceding year		
brought forward		7.905.979
	308	2.485
	309	226.744
	310	50.222
	311	279.451
	312	75.289
313	68.382	
314	4.660	
315	6.032	
316	13.777	317 92.851
318	47.344	
319	2.999	320 50.343
	321	
	322	
	323	
	324	945.705
	325	49.349
326	66.546	
327	13.104	
328	5.208	
329	81.281	330 166.139
331	4.557	
332	46.297	
333	417.341	334 468.195
904	255.323	335 1.772.582
carried forward		10.033.301

BALANCE SHEET – NON-LIFE BUSINESS  
LIABILITIES AND NET EQUITY

		amounts for the year	
	brought forward		9.697.037
H. ACCRUALS AND DEFERRED INCOME			
1. Interest	156	3.848	
2. Rent	157	37	
3. Other accruals and deferred income	158	13.105	159 16.990
<b>TOTAL LIABILITIES AND NET EQUITY</b>			160 9.714.027

BALANCE SHEET – NON-LIFE BUSINESS  
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

		amounts for the year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees given			
1. Sureties		161	41.590
2. Endorsements		162	
3. Other personal guarantees		163	25.804
4. Guarantees with a lien on property		164	4.800
II - Guarantees received			
1. Sureties		165	92.450
2. Endorsements		166	
3. Other personal guarantees		167	48.103
4. Guarantees with a lien on property		168	33.900
III - Guarantees given by third parties in the interest of the company		169	21.164
IV - Commitments		170	640.168
V - Property belonging to third parties		171	7.468
VII - Securities deposited with third parties		173	5.209.430
VIII - Other memorandum accounts		174	16.489

Amounts for the preceding year

brought forward		10.033.301
	336	24.032
	337	105
	338	8.015
	339	32.152
	340	10.065.453

Amounts for the preceding year

		341
		751.493.333
		342
		343
		605.061.754
		344
		2.825.375
		345
		252.750.391
		346
		347
		284.199
		348
		349
		38.173.242
		350
		1.879.350.019
		351
		19.679.787
		353
		4.881.787.250
		354
		2.506.814

Company: FONDIARIA - SAI S.p.A.

## BALANCE SHEET – LIFE BUSINESS

## ASSETS

				amounts for the year	
A. RECEIVABLES FROM SHAREHOLDERS FOR SHARE CAPITAL SUBSCRIBED BUT NOT PAID UP					1
called-up capital	2				
B. INTANGIBLE ASSETS					
1. Deferred acquisition commissions	3	5.264			
2. Other acquisition expenses	6				
3. Formation and expansion costs	7	17.331			
4. Goodwill	8	207.012			
5. Other multiyear costs	9	9.380			
				10	238.987
C. INVESTMENTS					
I - Land & buildings					
1. Property for use in the business	11	6.346			
2. Property for the use of third parties	12	12.298			
3. Other property	13				
4. Other property rights	14				
5. Capital investments currently being carried out and instalments	15		16	18.644	
II - Investments in Group undertakings and in other participating interests					
1. stocks and shares in:					
a) holding companies	17	4.162			
b) subsidiary companies	18	519.925			
c) associated companies	19				
d) affiliated companies	20				
e) other companies	21		22	524.087	
2. Bonds issued by:					
a) holding companies	23				
b) subsidiary companies	24				
c) associated companies	25				
d) affiliated companies	26				
e) other companies	27		28		
3. Corporate financing to :					
a) holding companies	29				
b) subsidiary companies	30	60.049			
c) associated companies	31				
d) affiliated companies	32				
e) other companies	33		34	60.049	35
				584.136	
carried forward					238.987

Amounts for the preceding year

			181
182			
183	6.878		
186			
187	17.276		
188	225.814		
189	15.819	190	265.787
191	7.937		
192	21.862		
193			
194			
195		196	29.799
197	3.188		
198	253.238		
199			
200			
201	202	256.426	
203			
204			
205			
206			
207	208		
209			
210			
211			
212			
213	214	215	256.426
	carried forward		265.787

## BALANCE SHEET – LIFE BUSINESS

## ASSETS

				amounts for the year	
brought forward					238.987
C. INVESTMENTS (cont.)					
III - Other financial investments					
1. stocks and shares					
a) listed shares	36	406.755			
b) unlisted shares	37	5			
c) units	38		39	406.760	
2. units in investment funds			40	39.648	
3. Bonds and other fixed-yield securities:					
a) listed	41	5.097.656			
b) unlisted	42	323.713			
c) convertible bonds	43	11.263	44	5.432.632	
4. Loans					
a) loans with a lien on property	45	1.391			
b) loans on policies	46	36.867			
c) other loans	47		48	38.258	
5. Shares in joint investments			49		
6. Deposits with credit bodies			50		
7. Sundry financial investments			51	72	5.917.370
IV - Deposits with ceding undertakings			53	404.456	54 6.924.606
D. INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS WHO BEAR THE RISK AND ARISING OUT OF PENSION FUND MANAGEMENT					
I - Investments relating to benefits linked to investment funds and market indices			55	539.920	
II - Investments arising out of pension fund management			56	66.921	57 606.841
D bis. TECHNICAL PROVISIONS BORNE BY REINSURERS					
II - LIFE BUSINESS					
1. Mathematical provisions	63	72.078			
2. Provision for unearned premiums for additional insurance	64				
3. Provision for outstanding payments	65	2.614			
4. Provision for rebates and bonuses	66				
5. Other technical provisions	67				
6. Technical provisions where the investment risk is borne by the policyholder and provisions arising out of pension fund management	68				69 74.692
carried forward					7.845.126

Amounts for the preceding year

brought forward			265.787			
216	570.828					
217	5					
218	219	570.833				
	220	40.832				
221	4.709.459					
222	384.665					
223	6.699	224	5.100.823			
225						
226	36.631					
227	228	36.631				
	229					
	230					
	231	52.538	232	5.801.657		
			233	383.575	234	6.471.457
			235	429.555		
			236	48.142	237	477.697
	243	156.723				
	244					
	245	2.266				
	246					
	247					
	248	907			249	159.896
carried forward						7.374.837



## BALANCE SHEET – LIFE BUSINESS

## ASSETS

				amounts for the year	
brought forward					7.845.126
<b>E. RECEIVABLES</b>					
I	- Receivables arising out of direct insurance business, relating to:				
	1. Policyholders				
	a) for premiums for the year	71	57.887		
	b) for premiums for previous years	72	250	73	58.137
	2. Insurance intermediaries			74	35.827
	3. Current account companies			75	38.041
	4. policyholders and third parties for sums to be recuperated			76	
				77	132.005
II	- Receivables arising out of reinsurance operations, relating to:				
	1. insurance and reinsurance companies			78	2.618
	2. Reinsurance intermediaries			79	1
				80	2.619
III	- Other receivables			81	104.669
				82	239.293
<b>F. OTHER ASSETS</b>					
I	- Tangible assets and stocks:				
	1. Furniture, office equipment and internal vehicles			83	
	2. Movables recorded in public registers			84	
	3. Fixtures and fittings			85	
	4. Stocks and sundry items			86	
				87	
II	- Available cash				
	1. Bank deposits and postal current accounts			88	2.719
	2. Cheques and cash in hand			89	
				90	2.719
III	- Own stocks and shares			91	16.755
IV	- Other assets				
	1. Deferred reinsurance accounts receivable			92	239
	2. Sundry assets			93	115.845
	including liaison account with Non-Life business			901	79.304
				94	116.084
				95	135.558
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>					
	1. interest			96	71.245
	2. rent			97	
	3. other prepayments and accrued income			98	14
				99	71.259
<b>TOTAL ASSETS</b>					
				100	8.291.236

Amounts for the preceding year

brought forward			7.374.837
251	48.329		
252	293	253	48.622
		254	41.862
		255	18.393
		256	108.877
		257	
		258	104.531
		259	104.531
		260	48.471
		261	261.879
		262	
		263	1.260
		264	
		265	38
		266	1.298
		267	
		268	18.616
		269	18.616
		270	2.860
		271	
		272	676
		273	299.700
		274	300.376
		275	323.150
		276	
		277	74.869
		278	115
		279	74.984
		280	8.034.850

## BALANCE SHEET – LIFE BUSINESS

## LIABILITIES AND NET EQUITY

				amounts for the year	
A. NET EQUITY					
I	- Share capital subscribed or equivalent fund			101	58.085
II	- Provision for share issue premium			102	75.403
III	- Provisions for write-ups			103	27.824
IV	- Equity reserves			104	9.203
V	- Mandatory reserves			105	
VI	- Provisions for own shares and holding company shares			106	20.917
VII	- Other provisions			107	670.563
VIII	- Net profit (loss) carried forward			108	
IX	- Net profit (loss) for the year			109	4.364
B. SUBORDINATE LIABILITIES					110 866.359
C. TECHNICAL PROVISIONS					
II	- LIFE BUSINESS				111 130.000
	1. Mathematical provisions	118	6.163.150		
	2. Provision for unearned premiums for additional insurance	119	892		
	3. Provision for outstanding payments	120	62.191		
	4. Provision for rebates and bonuses	121	5.622		
	5. Other technical provisions	122	62.663		123 6.294.518
D. TECHNICAL PROVISIONS FOR WHICH THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDER AND PROVISIONS ARISING OUT OF PENSION FUND MANAGEMENT					
I	- Provisions relating to policies the benefits of which are linked to investment funds and market indice			125	538.606
II	- Provisions arising out of pension fund management			126	66.921
	carried forward				127 605.527
					7.896.404

Amounts for the preceding year

	281	58.083	
	282	75.393	
	283	27.824	
	284	6.131	
	285		
	286	6.048	
	287	685.403	
	288		
	289	9.826	290 868.708
			291 130.000
298	5.910.972		
299	965		
300	56.360		
301	5.240		
302	62.705		303 6.036.242
	305	429.347	
	306	48.142	307 477.489
carried forward			7.512.439

BALANCE SHEET —LIFE BUSINESS  
LIABILITIES AND NET EQUITY

		amounts for the year	
	brought forward		7.896.404
<b>E. PROVISIONS FOR RISKS AND CHARGES</b>			
1.	Provisions for retirement pensions and similar liabilities	128 477	
2.	Provisions for taxation	129 40.455	
3.	Other amounts set aside	130 9.006	131 49.938
<b>F. DEPOSITS RECEIVED FROM REINSURERS</b>			
			132 72.908
<b>G. PAYABLES AND OTHER LIABILITIES</b>			
I	- Payables arising out of direct insurance operations, relating to:		
1.	Insurance intermediaries	133 11.773	
2.	Current account companies	134 4.681	
3.	Policyholders for sureties and premiums	135	
4.	Guarantee funds in favour of policyholders	136	137 16.454
II	- Payables arising out of reinsurance operations, relating to:		
1.	Insurance and reinsurance companies	138 5.554	
2.	Reinsurance intermediaries	139 2	140 5.556
III	- Bonded loans		141
IV	- Payables to banks and financial institutions		142
V	- Payables with a lien on property		143
VI	- Sundry loans and other financial payables		144 108.669
VII	- Staff leaving indemnity		145 8.820
VIII	- Other payables		
1.	For tax borne by the policyholder	146 2.334	
2.	For sundry tax charges	147 16.082	
3.	To welfare and pension bodies	148 1.031	
4.	Sundry payables	149 7.352	150 26.799
IX	- Other liabilities		
1.	Deferred reinsurance accounts payable	151 351	
2.	Commissions for premiums currently being collected	152 1.345	
3.	Sundry liabilities	153 93.939	154 95.635 155 261.933
	including liaison account with Non-Life business	902	
	carried forward		8.281.183

Amounts for the preceding year

brought forward			7.512.439
		308	577
		309	58.328
		310	25.171
		311	84.076
		312	52.784
313	35.284		
314	5.120		
315	1		
316		317	40.405
318	14.582		
319	2	320	14.584
		321	
		322	
		323	
		324	221.061
		325	8.578
326	2.630		
327	19.011		
328	445		
329	7.365	330	29.451
331	4.448		
332	994		
333	59.363	334	64.805
904		335	378.884
carried forward			8.028.183

## BALANCE SHEET – LIFE BUSINESS

## LIABILITIES AND NET EQUITY

		amounts for the year	
	brought forward		8.281.183
H. ACCRUALS AND DEFERRED INCOME			
1. interest	156	1.434	
2. rent	157	2	
3. Other accruals and deferred income	158	8.617	159 10.053
<b>TOTAL LIABILITIES AND NET EQUITY</b>			160 8.291.236

## BALANCE SHEET – LIFE BUSINESS

## GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

		amounts for the year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I - Guarantees given			
1. Sureties		161	
2. Endorsements		162	
3. Other personal guarantees		163	
4. Guarantees with a lien on property		164	
II - Guarantees received			
1. Sureties		165	306
2. Endorsements		166	
3. Other personal guarantees		167	1.386
4. Guarantees with a lien on property		168	1.386
III - Guarantees given by third parties in the interest of the company		169	
IV - Commitments		170	562.716
V - Property belonging to third parties		171	
VI - Assets pertaining to pension funds managed in the name of and on behalf of third parties		172	
VII - Securities deposited with third parties		173	6.142.884
VIII - Other memorandum accounts		174	11.209

Amounts for the preceding year

brought forward		8.028.183
	336	1.434
	337	2
	338	5.231
	339	6.667
	340	8.034.850

Amounts for the preceding year

	341	
	342	
	343	
	344	
	345	315.803
	346	
	347	
	348	
	349	
	350	396.810.853
	351	20.658
	352	
	353	5.767.434.041
	354	8.306.302



Table showing how the operating result is split between Life business and Non-Life business

	Non-Life business	Life business	Total
<b>Result of the technical account .....</b>	1 295.177	21 8.375	41 303.552
Return on investments ..... +	2 226.166		42 226.166
Investment charges..... -	3 317.079		43 317.079
Portions of net return on investments transferred from the Life technical account ..... +		24 19.818	44 19.818
Portions of net return on investments transferred to the Non-Life technical account..... -	5		45
<b>Gross operating result .....</b>	6 204.264	26 28.193	46 232.457
Other income ..... +	7 112.014	27 33.834	47 145.847
Other charges ..... -	8 187.842	28 85.744	48 273.586
Extraordinary income ..... +	9 133.164	29 25.150	49 158.314
Extraordinary charges..... -	10 10.747	30 1.026	50 11.773
<b>Pre-tax result .....</b>	11 250.853	31 407	51 251.259
Corporation tax for the year ..... -	12 122.157	32 -3.958	52 118.199
<b>Net operating result .....</b>	13 128.696	33 4.365	53 133.060

Company FONDIARIA - SAI S.p.A.

Assets – Variations during the year in intangible assets (item B) and in land and buildings (item C.I)

		intangible assets B	land and buildings C.I
Gross opening stocks .....	+	1 1.271.600	31 1.573.727
Additions during the year .....	+	2 50.455	32 57.511
Acquisitions or increases .....		3 50.455	33 57.511
Value readjustments .....		4	34
Write-ups .....		5	35
Other variations .....		6	36
Decreases during the year .....	-	7	37 316.235
Sales or decreases .....		8	38 316.200
Permanent write-downs .....		9	39 35
Other variations .....		10	40
<b>Gross stocks at the end of the period (a) .....</b>		11 1.322.055	41 1.315.003
Depreciation:			
Opening stocks .....	+	12 593.664	42 154.722
Increases during the year .....	+	13 119.175	43 23.080
Depreciation for the year .....		14 118.699	44 23.080
Other variations.....		15 476	45
Decreases during the year .....	-	16	46 31.281
Disposals .....		17	47 31.281
Other variations .....		18	48
<b>Depreciation at the end of the period (b) (*).....</b>		19 712.839	49 146.521
<b>Book value (a – b) .....</b>		20 609.216	50 1.168.482
Current value .....			51 1.457.865
Total write-ups .....		22	52
Total write-downs .....		23	53
(*) including depreciation carried out exclusively in order to comply with tax legislation.....		24	54 52.851

Compan FONDIARIA - SAI S.p.A.

Financial year 2003

Assets – Variations during the year in investments in Group undertakings and in other participating interests  
stocks and shares (item C.II 1), bonds (item C.II 2) and corporate financing (item C.II 3)

		Stocks and shares C.II.1	Bonds C.II.2	Corporate financing C.II.3
Opening holdings .....	+	1 2.714.154	21 78	41 413.321
Additions during the year: .....	+	2 322.543	22 11.392	42 665.640
Acquisitions, subscriptions or grants.....		3 147.015	23 11.375	43 656.367
Value readjustments .....		4 2.720	24	44
Write-ups .....		5		
Other variations .....		6 172.808	26 17	46 9.273
Decreases during the year: .....	-	7 268.714	27 11.392	47 999.442
Sales or repayments.....		8 17.272	28 11.392	48 995.645
Write-downs .....		9 75.678	29	49
Other variations.....		10 175.764	30	50 3.797
<b>Book value .....</b>		11 2.767.983	31 78	51 79.519
Current value .....		12 2.493.492	32 78	52
Total write-ups .....		13 285.776		
Total write-downs.....		14 636.545	34	54

Item C.II.2 includes:

Listed bonds .....	61
Unlisted bonds.....	62 78
<b>Book value .....</b>	63 78
Including convertible bonds.....	64



Company **FONDIARIA - SAI S.p.A.**

Assets – Table containing information relating to participating undertakings (\*)

Serial no	Type	listed or unlisted	business activity carried out	Company name and registered office	Currency
(1)	(2)	(3)			
1	a	Q	2	PREMAFIN FINANZIARIA S.p.A. HLDG - ROME	242
2	b	NQ	9	ASSI CAPITAL S.r.l. - TURIN	242
3	b	NQ	1	AZZURRA ASSICURAZIONI S.p.A. - TURIN	242
4	b	NQ	3	BANCA SAI - TURIN	242
5	b	NQ	1	BIM VITA S.p.A. - TURIN	242
6	b	NQ	9	CASA DI CURA VILLA DONATELLO S.p.A. - FLORENCE	242
7	b	NQ	9	CASA DI CURA VILLANOVA S.r.l. - FLORENCE	242
8	b	NQ	9	CONS. AZ.PER L'INFORM.-S C A I - TURIN	242
9	b	NQ	2	DOMINION INSURANCE HOLDING - ORPINGTON	2
10	b	NQ	6	EFFE GESTIONI S.G.R. S.p.A. - FLORENCE	242
11	b	NQ	2	EFFE INVESTIMENTI SIM - MILAN	242
12	b	NQ	9	EFFE SERVIZI S.r.l. - FLORENCE	242
13	b	NQ	1	EFFE VITA S.p.A. - FLORENCE	242
14	b	NQ	1	EUROPA TUTELA GIUDIZIARIA S.p.A. - ASSAGO	242
15	b	NQ	2	FINEURAS S.p.A. - TURIN	242
16	b	NQ	2	FINITALIA S.p.A. - MILAN	242
17	b	NQ	2	FINSAI INTERNATIONAL HOLDING - LUXEMBURG	242
18	b	NQ	2	FONDIARIA NEDERLAND B.V. - AMSTERDAM	242
19	b	NQ	1	FONDIPREV S.p.A. - FLORENCE	242
20	b	NQ	4	GANIMEDE S.r.l. - FLORENCE	242
21	b	NQ	9	GIUGNO DUE 87 S.r.l. - TURIN	242
22	b	NQ	2	HAAG S.p.A. - TURIN	242
23	b	NQ	9	IDTEL S.p.A.) - MILAN	242
24	b	NQ	4	IL NOCCIOLO S.r.l. - FLORENCE	242
25	b	NQ	9	INTERNATIONAL FUR BROKERS (IN LIQUIDATION) - MILAN	242
26	b	NQ	9	ITALIBERIA (in liquidation) - BARCELONA	242
27	b	NQ	2	MERCANTILE LEASING S.p.A. - FLORENCE	242
28	b	NQ	2	MERIDIANO AURORA S.r.l. - MILAN	242
29	b	NQ	4	MERIDIANO RISPARMIO S.r.l. - MILAN	242
30	b	Q	1	MILANO ASSICURAZIONI S.p.A. ord - ASSAGO	242
31	b	Q	1	MILANO ASSICURAZIONI S.p.A. savings - ASSAGO	242
32	b	NQ	1	NUOVA MAA ASSICURAZIONI S.p.A. - MILAN	242
33	b	NQ	4	NUOVE INIZIATIVE TOSCANE S.r.l. - FLORENCE	242
34	b	NQ	4	PORTOFINO VETTA S.r.l. - FLORENCE	242
35	b	NQ	9	PREVI.COM. SERVIZI PREVIDENZ. - TURIN	242

(\*) Group undertakings and other undertakings in which there is a direct holding, even through a trust company or an intermediary, must be listed

(1) Type

a = holding companies  
b = subsidiary companies  
c = associated companies  
d = affiliated companies  
e = other companies

(3) business activities carried out

1 = insurance company  
2 = finance company  
3 = credit institution  
4 = property company  
5 = trust company  
6 = management trust or investment fund  
7 = consortium  
8 = industrial company  
9 = other company or body

(4) amounts in original currency

(5) Insert the total holding

(2) Insert L for securities traded on regulated markets and UL for unlisted securities

share capital		Net equity (**)	Profit or loss for the last year (**)	Holding (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
310.997.576	310.997.576			5,63	0,17	5,8
475.000		331.818	-36.094	99,00	1,00	100
5.000.000	5.000.000	9.203.833	-9.181.428	60,00	40,00	100
36.890.000	36.890.000	36.890.516	-5.383.409	70,00		70
7.500.000	7.500.000	13.934.357	-1.062.756	50,00		50
361.200	70.000	1.196.917	-108.948	100		100
182.000	350.000	3.353.472	132.705	100		100
1.040.000	2.000.000	5.197.429	299.306	30,07		30,07
35.438.267	50.780.304	34.085	-22.863	100		100
5.000.000	500.000	6.229.387	-713.749	100		100
20.658.000	40.000	20.658.069	-8.031.752	100		100
45.900	90.000	225.907	62.995	60	40	100
6.240.000	12.000.000	9.407.667	273.246	100,00		100
5.160.000	2.000.000	6.176.024	347.017	100,00		100
28.000.000	28.000.000	29.970.052	668.299	51,00		51
11.750.000	11.750.000	16.231.108	2.401.427	40	60	100
22.801.140	207.650	63.841.479	1.061.111	38,53	61,47	100
19.070	1.907	409.543.699	1.127.771	100		100
6.240.000	12.000.000	8.423.880	149.226	40	60	100
10.400	20.000					
26.000						
4.131.000	4.131.000	4.462.857	-4.327.182	100		100
103.300	2.000	95.754	758	100,00	0,00	100
51.480	99.000					
				0,00	0,00	
2.030.000	70.000			100		100
27.157.852	52.226.638	79.212.575	6.473.115	91	9	100
10.000	10.000	30.000	-1.584	100		100
10.000	10.000	26.810.000	7.705	100		100
222.584.589	428.047.287	1.018.001.345	157.196.053	64,41	3,28	67,69
15.984.739	30.739.882			2,35		2,35
195.000.000	195.000.000					
26.000.000	50.000.000	60.636.545	-308.573	96,88	3,12	100
10.400	20.000	12.565.766	70.777	100		100
1.293.000	1.293.000					

(\*\*) to be listed only for subsidiary and affiliated companies

Company **FONDIARIA - SAI S.p.A.**

Assets – Table containing information relating to participating undertakings (\*)

Serial no	Type	ed or unlisted	activity carried out	Company name and registered office	Currency
(1)	(2)	(3)			
36	b	NQ	5	PREVINDUSTRIA FIDUCIARIA S.p.A. - MILAN	242
37	b	NQ	1	PROFILO LIFE S.p.A. - MILAN	242
38	b	NQ	4	PROGESTIM -TURIN	242
39	b	NQ	1	PRONTO ASSISTANCE S.p.A. -TURIN	242
40	b	NQ	2	SAI HOLDING ITALIA S.p.A. - TURIN	242
41	b	NQ	6	SAI INVESTIMENTI S.G.R S.p.A. -TURIN	242
42	b	NQ	9	SAI SIM S.p.A. - MILAN	242
43	b	NQ	9	SAI SISTEMI ASSICURATIVI S.r.l. - TURIN	242
44	b	NQ	9	SAIAGRICOLA S.p.A. - TURIN	242
45	b	NQ	2	SAIFIN SAIFINANZIARIA S.p.A. - TURIN	242
46	b	NQ	2	SAINTERNATIONAL S.A. - LUXEMBURG	242
47	b	NQ	1	SASA Assicurazioni Riassicurazioni - TRIESTE	242
48	b	NQ	1	SASA VITA - TRIESTE	242
49	b	NQ	9	SERVICE GRUPPO FONDIARIA-SAI S.r.l. - FLORENCE	242
50	b	NQ	4	SIM ETOILE S.A. - PARIS	242
51	b	NQ	9	STARVOX S.p.A. - TURIN	242
52	b	NQ	9	STIMMA S.r.l. - FLORENCE	242
53	b	NQ	4	TARO S.r.l. -FLORENCE	242
54	b	NQ	9	UNISERVIZI GRUPPO FONDIARIA S.c.r.l. - ASSAGO	242
55	b	NQ	4	VILLA RAGIONIERI S.r.l. -FLORENCE	242
56	b	NQ	8	WEBB@TI S.p.A. - TURIN	242
57	d	NQ	2	FIN.PRIV S.r.l. - MILAN	242
58	d	NQ	2	FINART S.p.A. - VENICE	242
59	d	NQ	6	MBVC-FUND I PAR.CO.'D' - AMSTERDAM	242
60	d	NQ	9	SISTEMI SANITARI S.p.A. - MILAN	242
61	d	NQ	9	SOAIMPIANTI ORGANISMI DI ATTESTAZIONE S.p.A. - MILAN	242
62	e	NQ	3	BANCA POPOLARE DELLA CAMPANIA S.p.A. (formerly IRPINIA) - AVELLINO	242
63	e	NQ	3	BANCA POPOLARE ETICA SCARL - PADUA	242
64	e	NQ	9	CESTAR S.r.l. - PERO	242
65	e	NQ	9	CITTA' DEGLI STUDI S.p.A. - BIELLA	242
66	e	NQ	4	CONFARTIGIANATO SERVIZI S.p.A. - ROME	242
67	e	NQ	2	CONSORTIUM S.r.l. - MILAN	242
68	e	NQ	3	EFIBANCA - ROME	242
69	e	NQ	3	FINBANCHE D'ABRUZZO S.p.A. - L'AQUILA	242
70	e	NQ	3	ISOLA D'ELBA B.CA CREDITO COOP - PORTOFERRAIO	242

(\*) Group undertakings and other undertakings in which there is a direct holding, even through a trust company or an intermediary, must be listed

- |   |   |   |
|---|---|---|
| <p>(1) Type</p> <p>a = holding companies</p> <p>b = subsidiary companies</p> <p>c = associated companies</p> <p>d = affiliated companies</p> <p>e = other companies</p> | <p>(3) business activities carried out</p> <p>1 = insurance company</p> <p>2 = finance company</p> <p>3 = credit institution</p> <p>4 = property company</p> <p>5 = trust company</p> <p>6 = management trust or investment fund</p> <p>7 = consortium</p> <p>8 = industrial company</p> <p>9 = other company or body</p> | <p>(4) amounts in original currency</p> <p>(5) Insert the total holding</p> |
|---|---|---|
- (2) Insert L for securities traded on regulated markets and UL for unlisted securities

Share capital		Net equity(**)	Profit or loss for the last year (**)	Holding (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
108.360	21.000					
6.000.000	6.000.000	10.374.443	-97.648	50,00		50
266.000.000	266.000.000	267.644.311	3.083.564	100,00		100
2.500.000	2.500.000	3.475.973	29.852	100,00		100
143.100.000	143.100.000	151.103.590	-2.555.574	100,00		100
3.913.588	3.913.588	4.137.337	212.252	100,00		100
20.000.000	20.000.000	20.000.000	-6.656.104	100,00		100
51.000		51.647	-19.537	99,00	1,00	100
50.000.000	50.000.000	63.288.344	-1.481.212	92,00	8,00	100
102.258.000	102.258.000	133.073.490	570.159	100,00		100
154.000.000	15.400.000	150.808.751	5.672.230	99,99		99,99
52.000.000	52.000.000	52.000.000	1.025.773	88,78		88,78
7.500.000	7.500.000	7.758.517	547.846	50,00	50,00	100
104.000	200.000	1.068.864	-262.160	70	30	100
3.048.980	200.000	29.304.149	261.647	100,00		100
258.000	258.000	445.607	183.813	100		100
510.000	1.000.000	670.657	152.999	100		100
10.400	20.000	5.143.912	121.209	100		100
5.200.000	10.000.000	8.964.916	-442.132	38,4	60,6	99
78.000	150.000	5.440.406	-89.252	100		100
1.000.000	1.000.000	1.134.655	44.744	60	0,00	60
20.000				28,57	0,00	28,57
699.550	85.000			40,59	0,00	40,59
50.000	50.000	9.940.285	-2.927	30,00	0,00	30
1.872.000	3.600.000	2.143.560	230.095	22,54	25,71	48,25
646.250	646.250			20		20
21.273.144	7.091.048					
16.078.475	311.357			2,95	2,04	4,99
2.040.000	4.000.000			14,66	11,34	26
11.811.868	11.811.868			0,04	0,04	0,08
7.746.900	7.746.900			9,63	0,00	9,63
561.600.000	561.600.000			3,41	1,14	4,55
158.056.500	31.611.300				0,00	0,74
218.000.000	2.180.000			15,4		15,4
2.351.944	45.544			1,76	0,00	1,76

(\*\*) to be listed only for subsidiary and affiliated companies



Company **FONDIARIA - SAI S.p.A.**

Assets – Table containing information relating to participating undertakings (\*)

[illegible]

(\*) Group undertakings and other undertakings in which there is a direct holding, even through a trust company or an intermediary, must be listed

(1) Type

a = holding companies  
b = subsidiary companies  
c = associated companies  
d = affiliated companies  
e = other companies

(3) business activities carried out

1 = insurance company  
2 = finance company  
3 = credit institution  
4 = property company  
5 = trust company  
6 = management trust or investment fund

(4) amounts in original currency

(5) Insert the total holding

(2) Insert L for securities traded on regulated markets and UL for unlisted securities

7 = consortium  
8 = industrial company  
9 = other company or body

Share capital		Net equity (**)	Profit or loss for the last year (4)	Quota posseduta (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
106.500.000	106.500.000			12,83	0,00	12,83
5.720.000	11.000.000			16,25	8,99	25,24
47.664.600	93.460.000			14,91	7,5	22,41
510.000	1.000.000			14,14	11,06	25,2

(\*\*)to be listed only for subsidiary and affiliated companies

Company **FONDIARIA - SAI S.p.A.**

Assets – Table containing details of the movements of investments in Group undertakings and in other participating interests:

Serial no (1)	Type (2)	(3)	Company name	Additions during the year		
				Purchases		Other additions
				Quantity	Value	
1	A	L	PREMAFIN FINANZIARIA S.p.A. HLDG			974
1	A	NL	PREMAFIN FINANZIARIA S.p.A. HLDG	924.610	748	2.001
2	B	NL	ASSI CAPITAL S.r.l.			
3	B	NL	AZZURRA ASSICURAZIONI S.p.A.		4.138	
4	B	NL	BANCA SAI			48.253
4	B	L	BANCA SAI		12.831	
5	B	L	BIM VITA S.p.A.			
6	B	NL	CASA DI CURA VILLA DONATELLO S.p.A.			
7	B	NL	CASA DI CURA VILLANOVA S.r.l.			
8	B	LN	CONS. AZ.PER L'INFORM.			
9	B	NL	DOMINION INSURANCE HOLDING ord.	1		
9	B	L	DOMINION INSURANCE HOLDING pref.			
9	B	L	DOMINION INSURANCE HOLDING ord.			
9	B	NL	DOMINION INSURANCE HOLDING pref.			
10	B	L	EFFE GESTIONI S.G.R. S.p.A.			
11	B	NL	EFFE INVESTIMENTI SIM		6.657	
12	B	NL	EFFE SERVIZI S.r.l.			
13	B	L	EFFE VITA S.p.A.			
14	B	NL	EUROPA TUTELA GIUDIZIARIA S.p.A.			
15	B	L	FINEURAS S.p.A.			
16	B	NL	FINITALIA S.p.A.	400.000	400	
17	B	NL	FINSAI INTERNATIONAL HOLDING			
18	B	NL	FONDIARIA NEDERLAND B.V.			
18	B	L	FONDIARIA NEDERLAND B.V.			296.274
19	B	L	FONDIPREV S.p.A.			
			<b>Total C.II.1</b>			
	a		holding companies			
	b		subsidiary companies			
	c		associated companies			
	d		affiliated companies			
	e		other companies			
			<b>Total D.I</b>			
			<b>Total D.II</b>			

(1) This must be the same as that used in Appendix 6

(2) Type  
a = holding companies  
b = subsidiary companies  
c = associated companies  
d = affiliated companies  
e = other companies

(3) Insert:  
NL for investments allocated to Non-Life business (item C.II 1)  
L for investments allocated to Life business (item C.II 1)  
L1 for investments allocated to Life business (item D.I)  
L2 for investments allocated to Life business (item D.II)  
Holdings must be allocated the same serial number even if they are split

stocks and shares:

Decrease during the year			Book value (4)		Purchase cost	Current value
Disposals		Other decreases	Quantity	Value		
Quantity	Value					
			4.661.726	4.162	8.251	4.162
		255	12.850.801	11.473	21.316	11.473
			470.250	368	1.023	368
		7.237	3.000.000	1	7.238	1
		26.198	25.823.000	22.055	62.415	22.055
		48.253				
			3.750.000	5.423	5.423	5.423
			70.000	978	1.280	978
			350.000	4.599	4.599	4.599
			601.400	516	516	516
			23.785.780		15.018	
			5.652.330		309	
			10.845.012		6.854	
			10.497.183		574	
			500.000	5.042	5.080	5.042
		25.375	40.000	12.626	38.102	12.626
			54.000	126	197	126
			12.000.000	18.902	18.902	18.902
			2.000.000	5.681	5.681	5.681
			14.280.000	14.277	14.288	14.277
			4.700.000	11.029	11.029	11.029
			80.000	5.516	5.516	5.516
		296.274	557	122.240	192.603	122.240
			1.350	296.274	466.812	296.274
			4.800.000	3.223	3.788	3.223

(4) Insert (\*) if valued using the net equity method (in the case of types b and d only).

Company **FONDIARIA - SAI S.p.A.**

Assets – Table containing details of the movements of investments in Group undertakings and in other participating interests:

Serial no	Type	(3)	Company name	Additions during the year		
				Purchases		Other additions
				Quantity	Value	
20	B	NL	GANIMEDE S.r.l.	10.400	90	
21	B	NL	GIUGNO DUE 87 S.r.l.	10.668	41	
22	B	NL	HAAG S.p.A.	2.065.500	3.666	
23	B	NL	IDTEL S.p.A.			
24	B	NL	IL NOCCIOLO S.r.l.			
25	B	NL	INTERNATIONAL FUR BROKERS (IN LIQUIDAZIONE)			
26	B	NL	ITALIBERIA (in liquidazione)			
27	B	NL	MERCANTILE LEASING S.p.A.	2.263.155	4.753	
28	B	NL	MERIDIANO AURORA S.r.l.	10.000	30	
29	B	NL	MERIDIANO RISPARMIO S.r.l.	10.000	26.810	
30	B	L	MILANO ASSICURAZIONI S.p.A. ord			56.075
30	B	NL	MILANO ASSICURAZIONI S.p.A. ord	2.563.777	4.410	116.109
31	B	NL	MILANO ASSICURAZIONI S.p.A. risp	723.790	1.535	
32	B	NL	NUOVA MAA ASSICURAZIONI S.p.A.			
32	B	L	NUOVA MAA ASSICURAZIONI S.p.A.			
33	B	NL	NUOVE INIZIATIVE TOSCANE S.r.l.			
34	B	NL	PORTOFINO VETTA S.r.l.			
35	B	L	PREVI.COM. SERVIZI PREVIDENZ.	129.300	92	
36	B	NL	PREVINDUSTRIA FIDUCIARIA S.p.A.		27	
37	B	L	PROFILO LIFE S.p.A.			
38	B	NL	PROGESTIM	66.000.000	53.000	
39	B	NL	PRONTO ASSISTANCE S.p.A.			
40	B	NL	SAI HOLDING ITALIA S.p.A.			
41	B	L	SAI INVESTIMENTI S.G.R S.p.A.			
42	B	NL	SAI SIM S.p.A.	8.017.197	8.017	
			<b>Total C.II.1</b>			
	a		holding companies			
	b		subsidiary companies			
	c		associated companies			
	d		affiliated companies			
	e		other companies			
			<b>Total D.I</b>			
			<b>Total D.II</b>			

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L for investments allocated to Life business (item C.II 1)  
L1 for investments allocated to Life business (item D.I)  
L2 for investments allocated to Life business (item D.II)  
Holdings must be allocated the same serial number even if they are split

stocks and shares:

Decrease during the year			Book value (4)		Purchase cost	Current value
Disposals		Other decreases	Quantity	Value		
Quantity	Value					
10.600	90	21				
10.928	42					
		5.286	4.131.000	463	5.749	463
		1.654	2.000	1.077	2.731	1.077
99.000	16.748					
			70.000		6.284	
			47.526.241	71.265	71.265	71.265
			10.000	30	30	30
			10.000	26.810	26.810	26.810
			51.746.192	139.793	157.607	130.297
			223.962.712	829.121	863.518	563.938
			723.790	1.535	1.535	1.723
		116.109				
		56.075				
			48.440.000	156.395	168.769	156.395
			20.000	12.409	16.701	12.409
387.900	268	626				
6.000	124					
			3.000.000	4.132	4.132	4.132
			266.000.000	265.763	265.763	265.763
			2.500.000	3.066	3.077	3.066
		2.555	143.100.000	149.498	237.810	149.498
			3.913.588	4.416	4.467	4.416
		6.656	20.000.000	17.095	50.338	17.095

(4) Insert (\*) if valued using the net equity method (in the case of types b and d only).

Company **FONDIARIA - SAI S.p.A.**

Assets – Table containing details of the movements of investments in Group undertakings and in other participating interests:

Serial no	Type	(3)	Company name	Additions during the year		
				Purchases		Other additions
				Quantity	Value	
43	B	NL	SAI SISTEMI ASSICURATIVI S.r.l.		8	
44	B	NL	SAIAGRICOLA S.p.A.			
45	B	NL	SAIFIN SAIFINANZIARIA S.p.A.			
46	B	NL	SAINTERNATIONAL S.A.			
47	B	NL	SASA Assicurazioni Riassicurazioni	4.461.002	6.637	
47	B	L	SASA Assicurazioni Riassicurazioni	4.461.002	6.610	26
48	B	NL	SASA VITA			
48	B	L	SASA VITA			
49	B	NL	SERVICE GRUPPO FONDIARIA	40.000	16	626
50	B	NL	SIM ETOILE S.A.			
51	B	NL	STARVOX S.p.A.			
52	B	NL	STIMMA S.r.l.	300.000	210	
53	B	NL	TARO S.r.l.			
54	B	NL	UNISERVIZI GRUPPO FONDIARIA S.c.r.l.			
55	B	NL	VILLA RAGIONIERI S.r.l.		362	
56	B	NL	WEBB@TI S.p.A.			
57	D	NL	FIN.PRIV S.r.l.			
58	D	NL	FINART S.p.A.			
59	D	NL	MBVC Fund 1 Part. Comp DN.V. "B" SHARE		2.000	
60	D	NL	SISTEMI SANITARI S.p.A.			
61	D	NL	SOAIMPIANTI ORGANISMI DI ATTESTAZIONE S.p.A.			
62	E	NL	BANCA POPOLARE DELLA CAMPANIA S.p.A. (ex IRPINIA)			
63	E	NL	BANCA POPOLARE ETICA SCARL			
64	E	NL	CESTAR S.r.l.			
65	E	NL	CITTA' STUDI S.p.A.			
			<b>Total C.II.1</b>			
	a		holding companies			
	b		subsidiary companies			
	c		associated companies			
	d		affiliated companies			
	e		other companies			
			<b>Total D.I</b>			
			<b>Total D.II</b>			

(1) This must be the same as that used in Appendix 6

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L1 for investments allocated to Life business (item D.I)  
L2 for investments allocated to Life business (item D.II)  
Holdings must be allocated the same serial number even if they are split

stocks and shares:

Decrease during the year			Book value (4)		Purchase cost	Current value
Disposals		Other decreases	Quantity	Value		
Quantity	Value					
		47	50.490	32	84	32
			46.002.093	59.651	60.812	59.651
			102.258.000	104.690	136.153	104.690
			15.399.997	160.092	160.092	160.092
			23.082.662	25.357	36.651	25.357
			23.082.661	25.357	36.651	25.357
			1.875.000	3.086	3.086	3.086
			1.875.000	3.086	3.086	3.086
		134	140.000	565	1.714	565
			200.000	11.808	11.808	11.808
			258.000	275	275	275
			1.000.000	537	1.805	537
			20.000	4.609	5.182	4.609
		170	3.840.000	3.273	5.556	3.273
			150.000	5.570	5.844	5.570
			600.000	600	600	600
			5.714	29.201	29.552	29.201
		367	34.500	254	2.735	254
			15.000	7.015	7.015	7.015
			811.283	445	529	445
			129.250	194	194	194
			209.450	15.110	15.110	15.110
			600	31	31	31
			586.575	303	303	303
			4.965	8	10	8

(4) Insert (\*) if valued using the net equity method (in the case of types b and d only).



Company **FONDIARIA - SAI S.p.A.**

Assets – Table containing details of the movements of investments in Group undertakings and in other participating interests:

Serial no	Type		Company name	Additions during the year		
				Purchases		Other additions
				Quantity	Value	
(1)	(2)	(3)				
66	E	NL	CONFARTIGIANATO SERVIZI S.p.A.			
67	E	NL	CONSORTIUM S.r.l.			
68	E	NL	EFIBANCA			
69	E	NL	FINBANCHE D'ABRUZZO S.p.A.			
70	E	NL	ISOLA D'ELBA B.CA CREDITO COOP			
71	E	NL	ISTIT.EUROPEO DI ONCOLOGIA S.r.l.	3.900.556	3.901	
72	E	NL	RITA S.C. A R.L.			
73	E	NL	SOFIGEА S.r.l. (IN LIQUIDATION)			
74	E	NL	UFF CENTRALE ITALIANO S.r.l.			
		NL				
	a		Total C.II.1 holding companies		146.989	520.338
	b		subsidiary companies		748	2.975
	c		associated companies		140.340	517.363
	d		affiliated companies		2.000	
	e		other companies		3.901	
			Total D.I			
			Total D.II			

(1) This must be the same as that used in Appendix 6

(2) Type  
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(3) Insert:

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L for investments allocated to Life business (item C.II 1)  
L1 for investments allocated to Life business (item D.I)  
L2 for investments allocated to Life business (item D.II)

Holdings must be allocated the same serial number even if they are split

[illegible]

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Assets – Split based on the utilization of the other financial investments: stocks and shares in companies, units in investment funds and other fixed-interest securities, units in joint investments and sundry financial investments (items C.III 1, 2, 3, 5)

## I - Non-Life business:

	Long-term portfolio		Short- and medium-term portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Stocks and shares in companies: .....	978.737 21	872.756 41	59.480 61	70.555 81	1.038.217 101	943.311 101
a) Listed shares.....	975.710 22	869.729 42	35.127 62	45.812 82	1.010.837 102	915.541 102
b) Unlisted shares .....	3.027 23	3.027 43	24.353 63	24.743 83	27.380 103	27.770 103
c) Units.....	24 24		64 64	84 84	104 104	
2. Units in investment funds .....	2.582 25	1.195 45	55.297 65	56.844 85	57.879 105	58.039 105
3. Bonds and other fixed-interest securities .....	198.082 26	204.335 46	2.131.968 66	2.154.340 86	2.330.050 106	2.358.675 106
a1) Listed government bonds .....	138.065 27	143.234 47	1.750.890 67	1.767.899 87	1.888.955 107	1.911.133 107
a2) Other listed securities.....	10.011 28	10.906 48	304.997 68	309.099 88	315.008 108	320.005 108
b1) Unlisted government bonds .....	29 29		69 69	89 89	109 109	
b2) Other unlisted securities .....	50.006 30	50.195 50	59.900 70	60.648 90	109.906 110	110.843 110
c) Convertible bonds .....	31 31		16.181 71	16.694 91	16.181 111	16.694 111
5. Units in joint investments.....	32 32		72 72	92 92	112 112	
7. Sundry financial investments .....	33 33		83 73	83 93	83 113	83 113

## II - Gestione vita

	Long-term portfolio		Short- and medium-term portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Stocks and shares in companies: .....	306.268 141	235.715 161	100.491 181	113.458 201	406.759 221	349.173 221
a) Listed shares .....	306.263 142	235.710 162	100.491 182	113.458 202	406.754 222	349.168 222
b) Unlisted shares .....	5 143	5 163	183 183	203 203	5 223	5 223
c) Units.....	144 144		184 184	204 204	224 224	
2. Units in investment funds .....	145 145		185 185	205 205	225 225	
3. Bonds and other fixed-interest securities .....	1.777.645 146	1.800.801 166	3.704.989 186	3.747.152 206	5.432.634 226	5.547.953 226
a1) Listed government bonds .....	1.174.809 147	1.232.122 167	2.938.200 187	2.965.822 207	4.113.009 227	4.197.944 227
a2) Other listed securities.....	267.526 148	264.948 168	717.122 188	729.155 208	984.648 228	994.103 228
b1) Unlisted government bonds .....	6.223 149	6.498 169		209 209	6.223 229	6.498 229
b2) Other unlisted securities.....	279.087 150	297.233 170	38.404 190	40.425 210	317.491 230	337.658 230
c) Convertible bonds .....	151 151		11.263 191	11.750 211	11.263 231	11.750 231
5. Units in joint investments.....	152 152		192 192	212 212	232 232	
7. Sundry financial investments .....	153 153		72 193	75 213	72 233	75 233

Assets – Variations during the year in other long-term financial investments: stocks and shares, units in investment funds, bonds and other fixed-interest securities, units in joint investments and sundry financial investments (items C.III.1, 2, 3, 5, 7)

		Stocks and shares C.III.1	Units in investment funds C.III.2	Bonds and other fixed-interest securities C.III.3	Units in joint investment C.III.5	Sundry financial investments C.III.7
opening holdings .....	+	1 1.487.704	21 2.582	41 2.800.842	81	101
additions made during the year: .....	+	2 68.111	22	42 35.240	82	102
acquisitions .....		3 68.111	23	43 3.181	83	103
value readjustments .....		4	24	44 3.828	84	104
transfers from the short- and medium-term portfolio.....		5	25	45	85	105
other variations.....		6	26	46 28.231	86	106
Decreases during the year: .....	-	7 270.809	27	47 910.356	87	107
disposals .....		8 36.294	28	48 505.726	88	108
write-downs .....		9 205.620	29	49	89	109
transfers to the short- and medium-term portfolio.....		10 22.244	30	50 397.690	90	110
Other variations .....		11 6.651	31	51 6.940	91	111
<b>Book value .....</b>		12 1.285.006	32	52 2.582	92	112
Current value.....		13 1.108.471	33	53 1.195	93	113

Company FONDIARIA - SAI S.p.A.

Assets – Variations during the year in corporate financing and in deposits with credit institutions (item C.III 4, 6)

		Corporate financing C.III.4	Deposits with credit institutions C.III.6
Opening holdings.....	+	1 42.127	21 5.193
Additions during the year: .....	+	2 47.466	22 6.715
grants .....		3 47.466	
Value readjustments .....		4	
Other variations .....		5	
Decreases during the year: .....	-	6 15.313	26
repayments.....		7 15.313	
write-downs.....		8	
other variations .....		9	
<b>Book value .....</b>		10 74.280	30 11.908

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 1 Description of fund SAI ALFA 2000

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings .....	1	21	41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	2	22	42	62
2. Bonds.....	3	23	43	63
3. Financings .....	4	24	44	64
III. Units and shares in investment funds .....	5	23.975 25	19.279 45	24.313 65
IV. Other financial investments:				
1. Stocks and shares .....	6	26	46	66
2. Bonds and other fixed-income securities .....	7	434 27	840 47	433 67
3. Deposits with credit institutions.....	8	28	48	68
4. Other financial investments.....	9	29	49	69
V. Other assets.....	10	2 30	7 50	70
VI. Cash at bank and in hand.....	11	931 31	210 51	71
.....	12	32	52	72
.....	13	33	53	73
<b>Total .....</b>	14	25.342 34	20.336 54	24.746 74
				24.993

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 2 Description of fund SAI OMEGA 2000

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1 Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	5	1 330	45	1 214
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	
3. Depositi presso enti creditizi .....	28	48	68	
4.. Deposits with credit institutions .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	6	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>1 616</b>	<b>1 336</b>	<b>1 428</b>	<b>1 214</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 3 Description of fund WALL STREET

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1.. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financing.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	7 005 27	7 030 47	7 107 67	6 649
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total.....</b>	<b>7 005 34</b>	<b>7 030 54</b>	<b>7 107 74</b>	<b>6 649</b>



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 4 Description of fund EUROLEADER

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings.....	21		41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22		42	62
2. Bonds .....	23		43	63
3. Financings .....	24		44	64
III. Units and shares in investment funds .....	25		45	65
IV. Other financial investments:				
1. Stocks and shares .....	26		46	66
2. Bonds and other fixed-income securities .....	22.247 27	22.169 47	21.784 67	21.315
3. Deposits with credit institutions .....	28		48	68
4. Other financial investments .....	29		49	69
V. Other assets .....	30		50	70
VI. Cash at bank and in hand .....	31		51	71
.....	32		52	72
.....	33		53	73
<b>Total .....</b>	22.247 34	22.169 54	21.784 74	21.315

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 5 Description of fund SAI QUOTA

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings .....	1	21	41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	2	22	42	62
2. Bonds .....	3	23	43	63
3. Financings.....	4	24	44	64
III. Units and shares in investment funds .....	5	25	45	65
IV. Other financial investments:				
1.Stocks and shares .....	6	26	46	66
2. Bonds and other fixed-income securities .....	7	17,590 27	18,545 47	17,655 67
3. Deposits with credit institutions .....	8	28	48	68
4. Other financial investments .....	9	29	49	69
V. Other assets .....	10	199 30	317 50	70
VI. Cash at bank and in hand .....	11	342 31	602 51	71
.....	12	32	52	72
.....	13	33	53	73
<b>Total .....</b>	14	18,131 34	19,464 54	17,655 74
				18,492

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 6 Description of fund ASIAN LINE

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings .....	1	21	41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	2	22	42	62
2. Bonds.....	3	23	43	63
3. Financings .....	4	24	44	64
III. Units and shares in investment funds .....	5	25	45	65
IV. Other financial investments:				
1.Stocks and shares .....	6	26	46	66
2. Bonds and other fixed-income securities.....	7	21,476 27	20,694 47	21,783 67
3. Deposits with credit institutions .....	8	28	48	68
4. Other financial investments.....	9	29	49	69
V. Other assets .....	10	30	50	70
VI. Cash at bank and in hand .....	11	31	51	71
.....	12	32	52	72
.....	13	33	53	73
<b>Total .....</b>	14	21,476 34	20,694 54	21,783 74
				21,449

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 7 Description of fund SAI BETA 2000

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings.....	1	21	41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	2	22	42	62
2. Bonds.....	3	23	43	63
3. Financings .....	4	24	44	64
III. Units and shares in investment funds.....	5	1 691 25	1 339 45	1 631 65
IV. Other financial investments:				
1. Stocks and shares .....	6	26	46	66
2. Bonds and other fixed-income securities .....	7	96 27	96 47	96 67
3. Deposits with credit institutions .....	8	28	48	68
4. Other financial investments .....	9	29	49	69
V. Other assets .....	10	1 30	1 50	70
VI. Cash at bank and in hand .....	11	59 31	82 51	71
.....	12	32	52	72
.....	13	33	53	73
<b>Total.....</b>	14	1 847 34	1 518 54	1 727 74
				1 633

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 8 Description of fund SAI BLUE CHIPS SAFE UNIT FUND

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	15 965 25	16 039 45	18 726 65	19 199
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>15 965 34</b>	<b>16 039 54</b>	<b>18 726 74</b>	<b>19 199</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 9 Description of fund SAI WAP SAFE UNIT

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Previous financial year
I. Land and buildings .....	1	21	41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	2	22	42	62
2. Bonds .....	3	23	43	63
3. Financings .....	4	24	44	64
III. Units and shares in investment funds .....	5	11.932 25	11.744 45	14.160 65
IV. Other financial investments::				14.615
1.Stocks and shares .....	6	26	46	66
2. Bonds and other fixed-income securities .....	7	27	47	67
3. Deposits with credit institutions.....	8	28	48	68
4. Other financial investments .....	9	29	49	69
V. Other assets .....	10	30	50	70
VI. Cash at bank and in hand .....	11	31	51	71
.....	12	32	52	72
.....	13	33	53	73
<b>Total .....</b>	14	11.932 34	11.744 54	14.160 74
				14.615

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 10 Description of fund SAI BIOTECH SAFE UNIT

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	8,829 25	8,763 45	10,166 65	10,494
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>8,829 34</b>	<b>8,763 54</b>	<b>10,166 74</b>	<b>10,494</b>

Società **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 11 Description of fund SAI BILANCIATA

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	382 25	184 45	362 65	190
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	47 31	38 51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>429 34</b>	<b>222 54</b>	<b>362 74</b>	<b>190</b>



Società **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 12 Description of fund SAI OBBLIGAZIONARIA

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	160
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities.....	27	47	67	
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>281</b>	<b>172</b>	<b>253</b>	<b>160</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 13 Description of fund SAI AZIONARIA

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	805 25	367 45	759 65	387
IV. Other financial investments:				
1. Stocks and shares.....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand.....	138 31	84 51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total.....</b>	<b>943 34</b>	<b>451 54</b>	<b>759 74</b>	<b>387</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 14 Description of fund SAI RAINBOW

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares.....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	5 5 916 25	5 933 45	6 256 65	6 387
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>5 916 34</b>	<b>5 933 54</b>	<b>6 256 74</b>	<b>6 387</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I)

Fund code: 15 Description of fund SAI DYNAMIC TWIN

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3.Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	137 45	65	134
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	7 997 27	7 782 47	7 898 67	7 583
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	35 31	234 51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>8 032 34</b>	<b>8 153 54</b>	<b>7 898 74</b>	<b>7 717</b>

Società **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 16 Description of fund SAI INDEX STAR

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	2 329 27	2 266 47	2 414 67	2 433
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>2 329 34</b>	<b>2 266 54</b>	<b>2 414 74</b>	<b>2 433</b>

Società **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 17 Description of fund SAI INDEX BALANCED FUND

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	4,902 27	4,618 47	4,582 67	4,619
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>4,902 34</b>	<b>4,618 54</b>	<b>4,582 74</b>	<b>4,619</b>

Assets – I **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 18 Description of fund SAI INDEX ONECOUPON

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	4,104 27	3,950 47	3,941 67	3,950
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>4,104 34</b>	<b>3,950 54</b>	<b>3,941 74</b>	<b>3,950</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 19 Description of fund **FULL SERVICE**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21		41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares.....	22		42	62
2. Bonds.....	23		43	63
3. Financings.....	24		44	64
III. Units and shares in investment funds .....	39 25	5 45	37 65	5
IV. Other financial investments:				
1. Stocks and shares.....	26		46	66
2. Bonds and other fixed-income securities.....	27		47	67
3. Deposits with credit institutions .....	28		48	68
4. Other financial investments.....	29		49	69
V. Other assets.....	30		50	70
VI. Cash at bank and in hand.....	31		51	71
.....	32		52	72
.....	33		53	73
<b>Total .....</b>	39 34	5 54	37 74	5



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 20 Description of fund INDEX LINKED LEHMAN 16/12/08

	Current value		Previous financial year	Current value		Previous financial year
	Financial Year			Financial Year		
I. Land and buildings .....		21	41		61	
II. Investments in group companies and other participating interests:						
1. Stocks and shares .....		22	42		62	
2. Bonds .....		23	43		63	
3. Financings.....		24	44		64	
III. Units and shares in investment funds .....		25	45		65	
IV. Other financial investments:						
1. Stocks and shares .....	1.089	26	88	246	66	88
2. Bonds and other fixed-income securities .....	13.202	27	1.807	13.129	67	1.806
3. Deposits with credit institutions .....		28	48		68	
4. Other financial investments .....		29	49		69	
V. Other assets .....		30	50		70	
VI. Cash at bank and in hand .....		31	51		71	
.....		32	52		72	
.....		33	53		73	
<b>Total .....</b>		14.201	1.895	13.375	74	1.894

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 21 Description of fund LIXOR SUMMIT GAR\_FUND

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds.....	5 6,504 25	3,619 45	6,765 65	4,065
IV. Other financial investments::				
1.Stocks and shares.....	26	46	66	
2. Bonds and other fixed-income securities.....	27	47	67	
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investment.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>6,504 34</b>	<b>3,619 54</b>	<b>6,765 74</b>	<b>4,065</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

## Fund code: 22 Description of fund UNIT LINKED FONDILINK AZIONARIO

	Current value		Acquisition cost	
	Financial year	Previous financial year	Financial year	Esercizio precedente
I. Land and buildings.....	21		41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22		42	62
2. Bonds.....	23		43	63
3. Financings.....	24		44	64
III. Units and shares in investment funds .....	16.113	11.157	16.176	14.478
IV. Other financial investments:				
1. Stocks and shares .....	26		46	66
2. Bonds and other fixed-income securities .....	27		47	67
3. Deposits with credit institutions .....	28		48	68
4. Other financial investments.....	29		49	69
V. Other assets.....	30	-20	50	70
VI. Cash at bank and in hand .....	126	319	51	71
.....	32		52	72
.....	33		53	73
<b>Total .....</b>	16.239	11.456	16.176	14.478

Società **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Attivo - Prospetto delle attività relative a prestazioni connesse con fondi di investimento e indici di mercato (voce D.)

Fund code: 24 Description of fund **UNIT LINKED FONDILINK OBBLIGAZIONARIO**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares.....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds.....	1 662 25	1 392 45	1 609 65	1 416
IV. Other financial investments:				
1. Stocks and shares.....	26	46	66	
2. Bonds and other fixed-income securities.....	27	47	67	
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	21 31	37 51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>1 683 34</b>	<b>1 426 54</b>	<b>1 609 74</b>	<b>1 416</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

## Fund code: 25 Description of fund UNIT LINKED FONDILINK MONETARIO

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	477 25	402 45	461 65	393
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities.....	27	47	67	
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	4 31	40 51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>481 34</b>	<b>442 54</b>	<b>461 74</b>	<b>393</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 28 Description of fund INDEX LINKED DAX 30 MORG. AZIENDE

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	11.033 27	10.535 47	9.464 67	9.032
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	11.033 34	10.535 54	9.464 74	9.032

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 29 Description of fund INDEX LINKED DAX 30 MORG. PERSONE

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	11.819 27	11.183 47	9.755 67	9.215
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	11.819 34	11.183 54	9.755 74	9.215

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 30 Description of fund INDEX LINKED NIKKEI 225 ASIAN

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21		41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22		42	62
2. Bonds.....	23		43	63
3. Financings.....	24		44	64
III. Units and shares in investment funds .....	25		45	65
IV. Other financial investments:				
1. Stocks and shares .....	26		46	66
2. Bonds and other fixed-income securities .....	2681 27	2.615 47	2.572 67	2.487
3. Deposits with credit institutions .....	28		48	68
4. Other financial investments.....	29		49	69
V. Other assets .....	30		50	70
VI. Cash at bank and in hand .....	31		51	71
.....	32		52	72
.....	33		53	73
<b>Total .....</b>	<b>2.681 34</b>	<b>2.615 54</b>	<b>2.572 74</b>	<b>2.487</b>



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 31 Description of fund INDEX LINKED NIKKEI 225 LADDER

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	1 699 27	1 637 47	1 763 67	1 752
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>1 699 34</b>	<b>1 637 54</b>	<b>1 763 74</b>	<b>1 752</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 32 Description of fund INDEX LINKED EUROS TO XX50

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	1	21	41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	2	22	42	62
2. Bonds .....	3	23	43	63
3. Financings .....	4	24	44	64
III. Units and shares in investment funds .....	5	25	45	65
IV. Other financial investments:				
1. Stocks and shares .....	6	26	46	66
2. Bonds and other fixed-income securities .....	7	12.018 27	11.457 47	11.905 67
3. Deposits with credit institutions.....	8	28	48	68
4. Other financial investments .....	9	29	49	69
V. Other assets .....	10	30	50	70
VI. Cash at bank and in hand .....	11	31	51	71
.....	12	32	52	72
.....	13	33	53	73
<b>Total .....</b>	14	12.018 34	11.457 54	11.905 74
				11.498

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 33 Description of fund INDEX LINKED WORLD 8

	Current value		Current value	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests::				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	6.671
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>6.475</b>	<b>6.730</b>	<b>6.695</b>	<b>6.671</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 34 Description of fund INDEX LINKED WORLD 6 USD

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	5 655 27	6 662 47	5 358 67	6 106
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>5 655 34</b>	<b>6 662 54</b>	<b>5 358 74</b>	<b>6 106</b>



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 35 Description of fund INDEX LINKED WORLD MULTIVALUTA

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	9,482 27	10,580 47	9,525 67	10,801
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>9,482 34</b>	<b>10,580 54</b>	<b>9,525 74</b>	<b>10,801</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 36 Description of fund INDEX LINKED MUTUAL FUND

	Current value			Current value	
	Financial Year	Previous financial year		Financial Year	Previous financial year
I. Land and buildings.....	21	41		61	
II. Investments in group companies and other participating interests:					
1. Stocks and shares.....	22	42		62	
2. Bonds .....	23	43		63	
3. Financings .....	24	44		64	
III. Units and shares in investment funds .....	25	45		65	
IV. Other financial investments:					
1. Stocks and shares .....	26	46		66	
2. Bonds and other fixed-income securities .....	11.416 27	11.314 47		12.984 67	13.026
3. Deposits with credit institutions.....	28	48		68	
4. Other financial investments .....	29	49		69	
V. Other assets .....	30	50		70	
VI. Cash at bank and in hand.....	31	51		71	
.....	32	52		72	
.....	33	53		73	
<b>Total .....</b>	11.416 34	11.314 54		12.984 74	13.026

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 37 Description of fund INDEX LINKED PHARMA WORLD USD

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	3 889 27	4 560 47	3 701 67	4 265
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>3 889 34</b>	<b>4 560 54</b>	<b>3 701 74</b>	<b>4 265</b>



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 38 Description of fund INDEX LINKED ENERGY WORLD USD

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	3 384 27	4 182 47	3 209 67	3 892
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>3 384 34</b>	<b>4 182 54</b>	<b>3 209 74</b>	<b>3 892</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 39 Description of fund INDEX LINKED EURO PLUS

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1.Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	9,214 27	9,018 47	8,293 67	8,455
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	9,214 34	9,018 54	8,293 74	8,455

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 40 Description of fund INDEX LINKED MUTUAL FUND II

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	11,223
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	34	54	74	11,223

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 41 Description of fund INDEX LINKED MUTUAL FUND III

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	27	47	67	10.370
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	34	54	74	10.370

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 42 Description of fund INDEX LINKED DJ EUROSTOXX50

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares.....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1.Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	13.784 27	12.938 47	13.395 67	13.001
3. Deposits with credit institutions.....	28	48	68	
4.Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>13.784 34</b>	<b>12.938 54</b>	<b>13.395 74</b>	<b>13.001</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 43 Description of fund INDEX LINKED LEH QUALITY BASKET 1

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares.....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	11.168 27	10.373 47	11.206 67	10.862
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	11.168 34	10.373 54	11.206 74	10.862

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 44 Description of fund INDEX LINKED LEHMAN 03/09/07

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares.....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1.Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities.....	27	47	67	18,098
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	34	54	74	18,098

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 45 Description of fund INDEX LINKED LEHMAN 01/10/07

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	9,369 27	8,735 47	9,248 67	8,970
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>9,369 34</b>	<b>8,735 54</b>	<b>9,248 74</b>	<b>8,970</b>



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 46 Description of fund" INDEX LINKED DEXIA 15/10/07

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Esercizio precedente
I. Land and buildings.....	21		41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22		42	62
2. Bonds .....	23		43	63
3. Financings .....	24		44	64
III. Units and shares in investment funds .....	25		45	65
IV. Other financial investments:				
1. Stocks and shares.....	26		46	66
2. Bonds and other fixed-income securities.....	24.238 27	22.331 47	23.943 67	23.334
3. Deposits with credit institutions.....	28		48	68
4. Other financial investments.....	29		49	69
V. Other assets .....	30		50	70
VI. Cash at bank and in hand.....	31		51	71
.....	32		52	72
.....	33		53	73
<b>Total .....</b>	<b>24.238 34</b>	<b>22.331 54</b>	<b>23.943 74</b>	<b>23.334</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 47 Description of fund INDEX LINKED LEHMAN 03/12/07

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	22,058 27	18,148 47	20,897 67	17,464
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>22,058 34</b>	<b>18,148 54</b>	<b>20,897 74</b>	<b>17,464</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 48 Description of fund INDEX LINKED WORLD 15 PERF.

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	20.103 27	11.420 47	20.001 67	10.961
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	20.103 34	11.420 54	20.001 74	10.961

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 49 Description of fund INDEX LINKED EXCHANGE

	Current value		Acquisition cost	
	Financial Year	Esercizio precedente	Financial Year	Financial Year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	9,053 27	6,284 47	8,462 67	6,117
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>9,053 34</b>	<b>6,284 54</b>	<b>8,462 74</b>	<b>6,117</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 50 Description of fund INDEX LINKED INSURANCE WORLD

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Esercizio precedente
I. Land and buildings .....	21		41	61
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22		42	62
2. Bonds .....	23		43	63
3. Financings.....	24		44	64
III. Units and shares in investment funds .....	25		45	65
IV. Other financial investments:				
1. Stocks and shares .....	26		46	66
2. Bonds and other fixed-income securities .....	5 753 27	5 865 47	6 033 67	5 902
3. Deposits with credit institutions .....	28		48	68
4. Other financial investments .....	29		49	69
V. Other assets .....	30		50	70
VI. Cash at bank and in hand .....	31		51	71
.....	32		52	72
.....	33		53	73
<b>Total .....</b>	<b>5 753 34</b>	<b>5 865 54</b>	<b>6 033 74</b>	<b>5 902</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 51 Description of fund INDEX LINKED BANK WORLD

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	5 444 27	5 749 47	5 959 67	6 087
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>5 444 34</b>	<b>5 749 54</b>	<b>5 959 74</b>	<b>6 087</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 52 Description of fund INDEX LINKED UNICO WORLD MIX

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	6,532 27	689 47	6,505 67	687
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets .....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>6,532 34</b>	<b>689 54</b>	<b>6,505 74</b>	<b>687</b>

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 53 Description of fund INDEX LINKED EURO SECTOR 16

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds .....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities.....	27	47	67	
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>34</b>	<b>54</b>	<b>74</b>	



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 54 Description of fund INDEX LINKED STARTUP 4

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings.....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities .....	44.529 27	47	44.529 67	
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	44.529 34	54	44.529 74	

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 55 Description of fund INDEX SAI EUROCOUPON

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings .....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares.....	26	46	66	
2. Bonds and other fixed-income securities.....	27	47	67	
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments .....	29	49	69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand.....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>34</b>	<b>54</b>	<b>74</b>	

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: 56 Description of fund INDEX SAI EUROCOUPON 2

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares .....	22	42	62	
2. Bonds .....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds.....	25	45	65	
IV. Other financial investments:				
1. Stocks and shares .....	26	46	66	
2. Bonds and other fixed-income securities.....	6,955 27	47	7,041 67	
3. Deposits with credit institutions.....	28	48	68	
4. Other financial investments.....	160 29	49	243 69	
V. Other assets.....	30	50	70	
VI. Cash at bank and in hand .....	31	51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>7,115 34</b>	<b>54</b>	<b>7,284 74</b>	

## Assets – List of assets relating to benefits linked to investment funds and market indices (item D.I.)

Fund code: Description of fund

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Land and buildings .....	21	41	61	
II. Investments in group companies and other participating interests:				
1. Stocks and shares.....	22	42	62	
2. Bonds.....	23	43	63	
3. Financings.....	24	44	64	
III. Units and shares in investment funds.....	104.946 25	88.907 45	111.743 65	106.712
IV. Other financial investments:				
1. Stocks and shares .....	1.089 26	88 46	246 66	88
2. Bonds and other fixed-income securities .....	428.824 27	338.443 47	423.431 67	333.136
3. Deposits with credit institutions .....	28	48	68	
4. Other financial investments.....	3.007 29	49	2.593 69	
V. Other assets.....	202 30	291 50	70	
VI. Cash at bank and in hand.....	1.852 31	1.826 51	71	
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	539.920 34	429.555 54	538.013 74	439.926

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 1 Description of Pension Fund PREVI BOND OPEN-END PENSION FUND

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares.....	21	41	61	
2. Bonds .....	22	42	62	
II. Other financial investments:				
1. Azioni e quote .....	23	43	63	
2. Bonds and other fixed-income securities .....	24	44	64	244
3. Units and shares in investment funds.....	25	45	65	297
4. Deposits with credit institutions .....	26	46	66	
5. Other financial investments .....	27	47	67	
III. Other assets.....	28	48	68	
IV. Cash at bank and in hand.....	29	49	69	
	30	50	70	
	31	51	71	
<b>Total .....</b>	32	52	72	541

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 2 Description of Pension Fund: SAI PREVI GEST OPEN-END PENSION FUND

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41	61	
2. Bonds .....	22	42	62	
II. Other financial investments:				
1. Stocks and shares .....	217 23	312 43	218 63	379
2. Bonds and other fixed-income securities .....	845 24	838 44	709 64	808
3. Units and shares in investment funds .....	1.324 25	638 45	1.243 65	601
4. Deposits with credit institutions .....	26	46	66	
5. Other financial investments .....	27	47	67	
III. Other assets .....	-6 28	18 48	68	
IV. Cash at bank and in hand .....	229 29	139 49	69	
.....	30	50	70	
.....	31	51	71	
<b>Total</b> .....	2.609 32	1.945 52	2.260 72	1.788

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 3 Description of Pension Fund: **PREVI MIX OPEN-END PENSION FUND**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares	21	41	61	
2. Bonds	22	42	62	
II. Other financial investments:				
1. Stocks and shares	3 148 23	1 802 43	3 206 63	2 530
2. Bonds and other fixed-income securities	1 902 24	1 933 44	1 852 64	1 889
3. Units and shares in investment funds	4 008 25	2 665 45	4 066 65	2 820
4. Deposits with credit institutions	26	46	66	
5. Other financial investments	27	47	67	
III. Other assets	70 28	184 48	68	
IV. Cash at bank and in hand	845 29	608 49	69	
	30	50	70	
	31	51	71	
<b>Total</b>	9 973 32	7 192 52	9 124 72	7 239

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 4 Description of Pension Fund: SAI PREVI EUROPA OPEN-END PENSION FUND

	Current value		Acquisition cost	
	Financial year	Esercizio precedente	Financial year	Esercizio precedente
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41		61
2. Bonds .....	22	42		62
II. Other financial investments:				
1. Stocks and shares .....	23	43		63
2. Bonds and other fixed-income securities .....	24	44		64
3. Units and shares in investment funds .....	24 25	15 45	22 65	15
4. Deposits with credit institutions .....	26	46		66
5. Other financial investments .....	27	47		67
III. Other assets .....	28	4 48		68
IV. Cash at bank and in hand .....	15 29	49		69
.....	30	50		70
.....	31	51		71
<b>Total</b> .....	39 32	19 52	22 72	15



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 5 Description of Pension Fund: SAI – PREVI GLOBAL OPEN-END PENSION FUND

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41		61
2. Bonds .....	22	42		62
II. Other financial investments:				
1. Stocks and shares .....	23	43		63
2. Bonds and other fixed-income securities .....	24	44		64
3. Units and shares in investment funds .....	24 25	3 45	23 65	3
4. Deposits with credit institutions .....	26	46		66
5. Other financial investments .....	27	47		67
III. Other assets .....	28	48		68
IV. Cash at bank and in hand .....	4 29	1 49		69
.....	30	50		70
.....	31	51		71
<b>Total</b> .....	28 32	4 52	23 72	3

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 6 Description of Pension Fund SAI – PREVI CAPITAL OPEN-END PENSION FUNI

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41		61
2. Bonds .....	22	42		62
II. Other financial investments:				
1. Stocks and shares .....	23	43		63
2. Bonds and other fixed-income securities .....	24	44		64
3. Units and shares in investment funds .....	24 25	7 45	23 65	7
4. Deposits with credit institutions .....	26	46		66
5. Other financial investments .....	27	47		67
III. Other assets .....	28	48		68
IV. Cash at bank and in hand .....	17 29	6 49		69
.....	30	50		70
.....	31	51		71
<b>Total</b> .....	41 32	13 52	23 72	7

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 7 Description of Pension Fund **FONDIARIA PREVIDENTE - SHARE LNI**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41	61	
2. Bonds .....	22	42	62	
II. Other financial investments:				
1. Stocks and shares .....	23	43	63	
2. Bonds and other fixed-income securities .....	24	44	64	
3. Units and shares in investment funds .....	17.703 25	11.342 45	16.866 65	14.075
4. Deposits with credit institutions .....	26	46	66	
5. Other financial investments .....	27	47	67	
III. Other assets .....	498 28	469 48	68	
IV. Cash at bank and in hand .....	1.063 29	492 49	69	
.....	30	50	70	
.....	31	51	71	
<b>Total</b> .....	19.264 32	12.303 52	16.866 72	14.075

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 8 Description of Pension Fund **FONDIARIA PREVIDENTE – BALANCE SHEET LINI**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41		61
2. Bonds .....	22	42		62
II. Other financial investments:				
1. Stocks and shares .....	23	43		63
2. Bonds and other fixed-income securities .....	24	44		64
3. Units and shares in investment funds .....	11.196 25	7.839 45	10.841 65	8.712
4. Deposits with credit institutions .....	26	46		66
5. Other financial investments .....	27	47		67
III. Other assets .....	199 28	185 48		68
IV. Cash at bank and in hand .....	624 29	288 49		69
.....	30	50		70
.....	31	51		71
<b>Total</b> .....	12.019 32	8.312 52	10.841 72	8.712

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 9 Description of Pension Fund **FONDIARIA PREVIDENTE – BONDS LINE**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41	61	
2. Bonds .....	22	42	62	
II. Other financial investments:				
1. Stocks and shares .....	23	43	63	
2. Bonds and other fixed-income securities .....	24	44	64	
3. Units and shares in investment funds .....	2.582 25	1.429 45	2.558 65	1.378
4. Deposits with credit institutions .....	26	46	66	
5. Other financial investments .....	27	47	67	
III. Other assets .....	5 28	4 48	68	
IV. Cash at bank and in hand .....	275 29	92 49	69	
.....	30	50	70	
.....	31	51	71	
<b>Total</b> .....	2.862 32	1.525 52	2.558 72	1.378

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 10 Description of Pension Fund: FONDIARIA PREVIDENTE – MONETARY LINE

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41		61
2. Bonds .....	22	42		62
II. Other financial investments:				
1. Stocks and shares .....	23	43		63
2. Bonds and other fixed-income securities .....	24	44		64
3. Units and shares in investment funds .....	1.027 25	522 45	1.015 65	511
4. Deposits with credit institutions .....	26	46		66
5. Other financial investments .....	27	47		67
III. Other assets .....	1 28	1 48		68
IV. Cash at bank and in hand .....	60 29	199 49		69
.....	30	50		70
.....	31	51		71
<b>Total</b> .....	1.088 32	722 52	1.015 72	511

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 11 Description of Pension Fund FONDIARIA PREVIDENTE – GUARANTEED MONETARY LINI

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41	61	
2. Bonds .....	22	42	62	
II. Other financial investments:				
1. Stocks and shares .....	23	43	63	
2. Bonds and other fixed-income securities .....	24	44	64	
3. Units and shares in investment funds .....	751 25	352 45	743 65	345
4. Deposits with credit institutions .....	26	46	66	
5. Other financial investments .....	27	47	67	
III. Other assets .....	1 28	48	68	
IV. Cash at bank and in hand .....	70 29	27 49	69	
.....	30	50	70	
.....	31	51	71	
<b>Total</b> .....	822 32	379 52	743 72	345

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 12 Description of Pension Fund **CONTO PREVIDENZA – SHARE LINES**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41	61	
2. Bonds .....	22	42	62	
II. Other financial investments:				
1. Stocks and shares .....	23	43	63	
2. Bonds and other fixed-income securities .....	24	44	64	
3. Units and shares in investment funds .....	2.223 25	1.574 45	2.112 65	1.977
4. Deposits with credit institutions .....	26	46	66	
5. Other financial investments .....	27	47	67	
III. Other assets .....	75 28	71 48	68	
IV. Cash at bank and in hand .....	62 29	22 49	69	
.....	30	50	70	
.....	31	51	71	
<b>Total</b> .....	2.360 32	1.667 52	2.112 72	1.977



Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 13 Description of Pension Fund **CONTO PREVIDENZA – BALANCE SHEET LINE**

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41		61
2. Bonds .....	22	42		62
II. Other financial investments:				
1. Stocks and shares .....	23	43		63
2. Bonds and other fixed-income securities .....	24	44		64
3. Units and shares in investment funds .....	7 617 25	7 034 45	7 353 65	7 952
4. Deposits with credit institutions .....	26	46		66
5. Other financial investments .....	27	47		67
III. Other assets .....	230 28	216 48		68
IV. Cash at bank and in hand .....	156 29	81 49		69
.....	30	50		70
.....	31	51		71
<b>Total</b> .....	8 003 32	7 331 52	7 353 72	7 952

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: 14 Description of Pension Fund: CONTO PREVIDENZA – BONDS LINE

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares.....	21	41	61	
2. Bonds.....	22	42	62	
II. Other financial investments:				
1. Stocks and shares .....	23	43	63	
2. Bonds and other fixed-income securities .....	24	44	64	
3. Units and shares in investment funds .....	2.020 25	1.879 45	1.997 65	1.806
4. Deposits with credit institutions.....	26	46	66	
5. Other financial investments.....	27	47	67	
III. Other assets .....	9 28	8 48	68	
IV. Cash at bank and in hand.....	31 29	23 49	69	
	30	50	70	
	31	51	71	
<b>Total .....</b>	<b>2.060 32</b>	<b>1.910 52</b>	<b>1.997 72</b>	<b>1.806</b>

Società **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Attivo - Prospetto delle attività derivanti dalla gestione dei fondi pensione (voce D.II)

Codice: 15 Descrizione Fondo Pensione : CONTO PREVIDENZA - LINEA MONETARIA GARANTITA

	Valore corrente		Costo di acquisizione	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares .....	21	41		61
2. Bonds .....	22	42		62
II. Other financial investments:				
1.Stocks and shares .....	23	43		63
2. Bonds and other fixed-income securities .....	24	44		64
3. Units and shares in investment funds .....	4.719 25	4.079 45	4.665 65	3.981
4. Deposits with credit institutions .....	26	46		66
5. Other financial investments .....	27	47		67
III. Other assets .....	6 28	6 48		68
IV. Cash at bank and in hand .....	93 29	43 49		69
.....	30	50		70
.....	31	51		71
<b>Total</b> .....	4.818 32	4.128 52	4.665 72	3.981

Company **FONDIARIA - SAI S.p.A.**Financial Year **2003**

Assets – List of assets deriving from the management of pension funds (item D.II.)

Code: Description of Pension Fund:

	Current value		Acquisition cost	
	Financial Year	Previous financial year	Financial Year	Previous financial year
I. Investments in group companies and other participating interests:				
1. Stocks and shares.....	21	41	61	
2. Bonds.....	22	42	62	
II. Other financial investments:				
1. Stocks and shares.....	3.365 23	2.114 43	3.424 63	2.909
2. Bonds and other fixed-income securities.....	2.909 24	3.024 44	2.887 64	2.941
3. Units and shares in investment funds.....	55.812 25	39.694 45	54.060 65	44.480
4. Deposits with credit institutions .....	26	46	66	
5. Other financial investments .....	27	47	67	
III. Other assets .....	1.086 28	1.171 48	68	
IV. Cash at bank and in hand .....	3.659 29	2.139 49	69	
.....	30	50	70	
.....	31	51	71	
<b>Total</b> .....	66.921 32	48.142 52	60.371 72	50.330

Company FONDIARIA - SAI S.p.A.Financial Year 2003

Variations during the year to the components of the provision for unearned premiums (item C.I.1)  
and of the provision for outstanding claims (item C.I.2) for Non-Life business:

Type	Financial Year		Previous financial year		Variation	
<b>Provision for unearned premiums:</b>						
Provision for premium instalments .....	1	1.297.595	11	1.300.769	21	-3.174
Provision for unexpired risks .....	2	3.800	12	1.721	22	2.079
<b>Balance sheet value .....</b>	3	1.301.395	13	1.302.490	23	-1.095
<b>Provision for outstanding claims:</b>						
Provision for indemnity payments and direct costs.....	4	4.425.360	14	4.302.492	24	122.868
Provision for settlement costs .....	5	211.295	15	200.925	25	10.370
Provision for claims incurred but not reported.....	6	488.278	16	453.373	26	34.905
<b>Balance sheet value.....</b>	7	5.124.933	17	4.956.790	27	168.143

Company FONDIARIA - SAI S.p.A.Financial Year 2003

Liabilities - Variations during the year to the components of the actuarial reserves (item C.II.1) and of the provision for profit sharing and rebates (item C.II.4)

Type	Financial Year		Previous financial year		Variation
Actuarial reserve for pure premiums .....	1	5.952.595	11	5.694.606	257.989
Premiums brought forward .....	2	120.263	12	136.389	-16.126
Reserve for mortality risks .....	3	2.636	13	3.293	-657
Integration reserve.....	4	87.656	14	76.684	10.972
<b>Balance sheet value .....</b>	5	6.163.150	15	5.910.972	252.178
Provision for profit sharing and rebates.....	6	5.622	16	5.240	382

Liabilities – Variations during the year in the provisions for risks and charges (item E) and for the staff leaving indemnity (item G, VII)

		Provisions for retirement pension and similar liabilities	Provisions for taxator	Other amounts set aside	staff leaving indemnity
		1	11	21	31
Opening holdings .....	+	3.062	285.071	75.392	57.928
Additions during the year .....	+	2	12	22	32
			200.811	33.032	14.480
Other increases .....	+	3	13	23	33
Amounts used during the year .....	-	4	14	24	34
			166.339	31.695	16.395
Other decreases .....	-	5	15	25	35
			30.418		
<b>Book value .....</b>		6	16	26	36
			289.125	76.729	56.013





Table of assets and liabilities relating to Group undertakings and other participating interests

## I: Assets

	Holding companies	Subsidiary companies	Associated companies	Affiliated companies	Other companies	Total
Stocks and shares .....	1 15.635	2 2.620.330	3	4 37.109	5 94.909	6 2.767.983
Bonds.....	7	8 78	9	10	11	12 78
Corporate loans .....	13	14 79.519	15	16	17	18 79.519
Units in investment funds .....	19	20	21	22	23	24
Deposits with credit bodies .....	25	26	27	28	29	30
Sundry financial investments.....	31	32	33	34	35	36
Deposits with ceding undertakings .....	37	38	39	40	41	42 387.575
Investments relating to benefits linked to investment funds and market indices.....	43	44	45	46	47	48
Investments arising out of pension fund management.....	49	50	51	52	53	54
Receivables arising out of direct insurance operations .....	55	56 22.990	57	58	59	60 22.990
Receivables arising out of reinsurance operations.....	61	62 2.619	63	64	65	66 2.619
Other receivables .....	67	68 105.131	69	70 28	71 867	72 106.026
Bank deposits and postal .....	73	74 81.915	75	76	77	78 81.915
Sundry assets.....	79	80	81	82	83	84
<b>Total .....</b>	85 15.635	86 3.300.157	87	88 37.137	89 95.776	90 3.448.705
Including subordinate assets.....	91	92	93	94	95	96

Table of assets and liabilities relating to Group undertakings and other participating interests  
II: Liabilities

	Holding companies	Subsidiary companies	Associated companies	Affiliated companies	Other companies	Total
Subordinate liabilities .....	97	98	99	100	101	102
Deposits received from reinsurers.....	103	104	105	106	107	108
Payables arising out of direct insurance operations.....	109	110	111	112	113	114
Payables arising out of reinsurance operations.....	115	116	117	118	119	120
Payables to banks and financial institutions.....	121	122	123	124	125	126
Payables with a lien on property.....	127	128	129	130	131	132
Other loans and other financial payables .....	133	134	135	136	137	138
Sundry payables.....	139	140	141	142	143	144
Sundry liabilities.....	145	146	147	148	149	150
<b>Total .....</b>	151	152	153	154	155	156
						655.839

Company FONDIARIA - SAI S.p.A.Financial year 2003

Details of 'guarantees, commitments and other memorandum accounts' in Classes I, II, III and IV

	Financial year	Previous financial year
I. Guarantees given:		
a) Sureties and endorsements given in the interest of holding companies, subsidiary companies and associated companies .....	1 41.590	31 751.493
b) Sureties and endorsements given in the interest of affiliated companies and other participating interests.....	2	32
c) Sureties and endorsements given in the interest of third parties.....	3	33
d) Other personal guarantees given in the interest of holding companies, subsidiary companies and associated companies.....	4 15.225	34 588.029
e) Other personal guarantees given in the interest of affiliated companies and other participating interests.....	5	35
f) Other personal guarantees given in the interest of third parties.....	6 10.579	36 17.033
g) Guarantees with a lien on property for commitments of holding companies, subsidiary companies and associated companies.....	7	37
h) Guarantees with a lien on property for the commitments of affiliated companies and other participating interests.....	8	38
i) Guarantees with a lien on property for the commitments of third parties.....	9	39
l) Guarantees given for the company's commitments.....	10 55	40 1.205
m) Assets deposited for outward reinsurance operations.....	11 4.745	41 1.620
<b>Total .....</b>	12 72.194	42 1.359.380
II. Guarantees received:		
a) from Group undertakings, affiliated companies and other participating interests.....	13 74.488	43 238.580
b) from third parties .....	14 103.043	44 14.770
<b>Total .....</b>	15 177.531	45 253.350
III. Guarantees given by third parties in the interest of the company:		
a) from Group undertakings, affiliated companies and other participating interests.....	16	46
b) from third parties.....	17 21.164	47 38.173
<b>Total .....</b>	18 21.164	48 38.173
IV. Commitments:		
a) Commitments for purchases with the obligation to sell back .....	19 60.150	49 562.190
b) Commitments for sales with the obligation to buy back .....	20	50
c) Other commitments .....	21 1.142.734	51 1.713.971
<b>Total .....</b>	22 1.202.884	52 2.276.161

Company FONDIARIA - SAI S.p.A.Financial year 2003

Table of commitments for operations in derivatives

Futures:		Financial year		Previous financial year	
		Purchases	Sales	Purchases	Sales
Futures:	shares	1	21	41	61
	bonds	2	22	42	62
	currencies	3	23	43	63
	rates	4	24	44	64
	other	5	25	45	65
Opzioni:	shares	6	119.654	46	61.675
	bonds	7	27	47	237.253
	currencies	8	28	48	68
	rates	9	51.646	49	51.646
	other	10	30	50	70
Swaps:	currencies	11	30.813	51	538.115
	rates	12	32	52	72
	other	13	33	53	73
Other operations		14	34	54	74
<b>Total .....</b>		15	202.113	55	827.014
		35	5.000	75	113.321

Notes: - Only operations in derivatives in existence on the date the accounts are drawn up that involve the company in a commitment must be recorded.

Should the contract not correspond exactly to the amounts shown or if the amounts shown cover more than one operation, the contract in question must be recorded in the contractual category. Items must not be offset unless they relate to purchase/sale operations for the same type of contract (same content, due date, underlying asset etc.).

- The value to be allocated to derivatives that involve or may involve forward capital swaps is the price at which they are settled. In all other cases the nominal value of the reference capital is shown.

- Contracts that provide for two currencies to be swapped must be recorded only once, the convention being to refer to the currency to be purchased.

Contracts that provide for both interest rate swaps and currency swaps are recorded only as currency contracts.

Derivative contracts that provide for interest rate swaps are conventionally classified as 'purchases' or as 'sales' according to whether they involve the insurance company in the purchase or the sale of the rate fixed.

## Summary of information relating to the technical account – Non-Life business

	Gross premiums recorded	Gross unearned premiums	Gross charges relating to claims	Operating expense	Balance on reinsurance
<b>Direct business:</b>					
Accident and health (Classes 1 and 2) .....	1 394.071 2	400.465 3	241.380 4	116.127 5	-1.396
Land vehicles TPL (Class 10).....	6 2.260.737 7	2.260.843 8	1.722.639 9	372.613 10	-3.336
Land vehicles (Class 3).....	11 412.919 12	417.908 13	192.808 14	98.525 15	-2.155
Marine, aircraft and goods in transit (Classes 4, 5, 6, 7, 11 and 12).....	16 29.659 17	30.584 18	12.586 19	7.149 20	-11.758
Fire and other damage to property (Classes 8 and 9).....	21 375.268 22	364.762 23	199.036 24	117.039 25	-18.981
General TPL (Class 13) .....	26 254.715 27	250.981 28	172.494 29	78.913 30	-7.343
Credit and bonds (Classes 14 and 15) .....	31 32.102 32	31.267 33	18.117 34	6.421 35	-4.056
Sundry pecuniary losses (Class 16).....	36 9.923 37	9.468 38	2.450 39	2.595 40	584
Legal protection (Class 17).....	41 6.744 42	6.542 43	1.817 44	2.218 45	-2.869
Assistance (Class 18) .....	46 9.413 47	9.357 48	4.196 49	2.950 50	-1.044
<b>Total direct business .....</b>	51 3.785.551 52	3.782.177 53	2.567.523 54	804.550 55	-52.354
<b>Inward reinsurance.....</b>	56 52.838 57	55.389 58	59.828 59	8.402 60	2.296
<b>Total Italian portfolio .....</b>	61 3.838.389 62	3.837.566 63	2.627.351 64	812.952 65	-50.058
<b>Foreign portfolio .....</b>	66 15.233 67	15.366 68	17.253 69	2.734 70	843
<b>Grand total.....</b>	71 3.853.622 72	3.852.932 73	2.644.604 74	815.686 75	-49.215

Company FONDIARIA - SAI S.p.A.Financial year 2003

## Summary of information relating to Life premiums and to the balance on reinsurance

	Direct business		Inward reinsurance		Total
Gross premiums:	1	941.129	11	106.971	21 1.048.100
a) 1. for individual policies.....	2	679.369	12	97.976	22 777.345
2. for group policies .....	3	261.760	13	8.995	23 270.755
b) 1. 1 recurring premiums.....	4	280.582	14	16.067	24 296.649
2. single premiums.....	5	660.547	15	90.904	25 751.451
c) 1. for without-profits policies .....	6	784.805	16	106.971	26 891.776
2. for with-profits policies.....	7	9.397	17		27 9.397
3. for policies where the investment risk is borne by the policyholder and for pension funds .....	8	146.927	18		28 146.927
balance on reinsurance .....	9	-18.468	19	-2.063	29 -20.531

Company: FONDIARIA - SAI S.p.A.

Financial year

2003

## Return on investments (item II.2 and III.3)

	Non-Life business	Life business	Total
<b>Income arising out of stocks and shares:</b>			
Dividends and other income from stocks and shares in Group undertakings and other participating interests .....	1 53.968	41 11.308	81 65.276
Dividends and other income from stocks and shares in other companies .....	2 15.486	42 7.163	82 22.649
<b>Total .....</b>	3 69.454	43 18.471	83 87.925
<b>Return on investments in land and buildings .....</b>	4 63.260	44 2.124	84 65.384
<b>Return on other investments:</b>			
Return on bonds of Group undertakings and participating interests .....	5 116	45	85 116
Interest on corporate financing granted to Group undertakings and to participating interests.....	6 538	46	86 538
Income arising out of units in investment funds .....	7 139	47	87 139
Return on bonds and other fixed-income securities.....	8 66.283	48 250.541	88 316.824
Interest on loans .....	9 173	49 1.816	89 1.989
Return on units in joint investments.....	10	50	90
Interest on deposits with credit institutions.....	11 117	51	91 117
Return on sundry financial investments .....	12 7.920	52 2.168	92 10.088
Interest on deposits with ceding undertakings .....	13 455	53 14.138	93 14.593
<b>Total .....</b>	14 75.741	54 268.663	94 344.404
<b>Readjustments carried out on investments relating to:</b>			
Land and buildings.....	15	55	95
Stocks and shares in Group undertakings and participating interests.....	16 2.001	56 719	96 2.720
Bonds issued by Group undertakings and participating interests.....	17	57	97
Other stocks and shares .....	18 1.615	58 9.705	98 11.320
Other bonds .....	19 2.001	59 4.820	99 6.821
Other financial investments.....	20 2.028	60 1.660	100 3.688
<b>Total .....</b>	21 7.645	61 16.904	101 24.549
<b>Gains on investments realized:</b>			
Capital gains arising out of disposal of land and buildings .....	22	62	102
Gains on stocks and shares in Group undertakings and participating interests.....	23	63	103
Gains on bonds issued by Group undertakings and participating interests.....	24	64	104
Gains on other stocks and shares .....	25 4.632	65 2.765	105 7.397
Gains on other bonds.....	26 4.334	66 23.082	106 27.416
Gains on other financial investments .....	27 1.099	67 369	107 1.468
<b>Total.....</b>	28 10.065	68 26.216	108 36.281
<b>Grand total .....</b>	29 226.165	69 332.378	109 558.543

Compan: FONDIARIA - SAI S.p.A.

Financial year 2003

Return and unrealized capital gains on investments for the benefit of policyholders who bear the risk and on investments arising out of pension fund management (item II.3)

## I. Investments relating to benefits linked to investment funds and market indices

	Amounts
<b>Income from:</b>	
Land and buildings .....	1
Investments in Group undertakings and participating interests.....	2
Units in investment funds.....	3
Other financial investments.....	4 15.925
- Including return on bonds ..... 5 15.925	
Other assets.....	6 51
<b>Total .....</b>	<b>7 15.976</b>
<b>Gains on investments realized:</b>	
Capital gains arising out of disposal of land and buildings.....	8
Gains on investments in Group undertakings and participating interests .....	9
Gains on investment funds .....	10 835
Gains on other financial investments.....	11 225
- Including bonds..... 12 218	
Other income.....	13
<b>Total .....</b>	<b>14 1.060</b>
<b>Unrealized gains .....</b>	<b>15 13.189</b>
<b>GRAND TOTAL.....</b>	<b>16 30.225</b>

## II. Investments arising out of pension fund management

	Amounts
<b>Income from:</b>	
Investments in Group undertakings and participating interests.....	21
Other financial investments .....	22 228
- Including return on bonds..... 23 118	
Other assets.....	24
<b>Total .....</b>	<b>25 228</b>
<b>Gains on investments realized</b>	
Gains on investments in Group undertakings and participating interests.....	26
Gains on other financial investments.....	27 1.093
- Including bonds ..... 28 18	
Other income.....	29 935
<b>Total .....</b>	<b>30 2.028</b>
<b>Unrealized gains .....</b>	<b>31 2.564</b>
<b>GRAND TOTAL .....</b>	<b>32 4.820</b>



Company FONDIARIA - SAI S.p.A.

Financial year 2003

## Investment charges (items II.9 and III.5)

	Non-Life business		Life business		Total	
<b>Investment management charges and other charges</b>						
Charges relating to stocks and shares .....	1	285	31	216	61	501
Charges relating to investments in land and buildings .....	2	26.739	32	702	62	27.441
Charges relating to bonds.....	3	2.574	33	11.998	63	14.572
Charges relating to units in investment funds .....	4	15	34		64	15
Charges relating to units in joint investments.....	5		35		65	
Charges relating to sundry financial investments.....	6	2.538	36	8	66	2.546
Interest on deposits received from reinsurers .....	7	2.182	37	3.261	67	5.443
<b>Total .....</b>	8	34.333	38	16.185	68	50.518
<b>Value adjustments on investments relating to:</b>						
Land and buildings.....	9	22.627	39	488	69	23.115
Stocks and shares in Group undertakings and participating inter	10	75.678	40		70	75.678
Bonds issued by Group undertakings and participating interests	11		41		71	
Other stocks and shares .....	12	171.210	42	35.942	72	207.152
Other bonds .....	13	5.748	43	10.970	73	16.718
Other financial investments .....	14	45	44	88	74	133
<b>Total .....</b>	15	275.308	45	47.488	75	322.796
<b>Losses on investments realized</b>						
Losses arising out of disposal of land and buildings.....	16		46		76	
Losses on stocks and shares.....	17	7.026	47	850	77	7.876
Losses on bonds .....	18	360	48	1.865	78	2.225
Losses on other financial investments.....	19	52	49	16	79	68
<b>Total .....</b>	20	7.438	50	2.731	80	10.169
<b>GRAND TOTAL .....</b>	21	317.079	51	66.404	81	383.483

Compan: FONDIARIA - SAI S.p.A.

Financial year 2003

Investment charges and unrealized capital losses on investments for the benefit of policyholders who bear the risk and on investments arising out of pension fund management (item II.10)

## I. Investments relating to benefits linked to investment funds and market indices

	Amounts
<b>Operating expenses arising out of:</b>	
Land and buildings.....	1
Investments in Group undertakings and participating interests .....	2
Units in investment funds .....	3 19
Other financial investments.....	4 2.285
Other assets.....	5 50
<b>Total .....</b>	<b>6 2.354</b>
<b>Losses on investments realized:</b>	
Capital losses arising out of disposal of land and buildings .....	7
Losses on investments in Group undertakings and participating interests.....	8
Losses on investment funds .....	9 789
Losses on other financial investments.....	10 121
Other charges.....	11
<b>Total .....</b>	<b>12 910</b>
<b>unrealized losses .....</b>	<b>13 2.714</b>
<b>GRAND TOTAL.....</b>	<b>14 5.978</b>

## II. Investments arising out of pension fund management

	Amounts
<b>Operating expenses arising out of:</b>	
Investments in Group undertakings and participating interests .....	21
Other financial investments.....	22 15
Other assets.....	23 3
<b>Total .....</b>	<b>24 18</b>
<b>Losses on investments realized</b>	
Losses on investments in Group undertakings and participating interests.....	25
Losses on other financial investments.....	26 649
Other charges.....	27 352
<b>Total .....</b>	<b>28 1.001</b>
<b>Unrealized losses .....</b>	<b>29 171</b>
<b>GRAND TOTAL.....</b>	<b>30 1.190</b>

## Non-Life business – Summary of technical account

	Class code 01 Accident (name)	Class code 02 Health (name)
<b>Direct business gross of reinsurance cessions</b>		
Premiums recorded .....	+ 1 227.389	1 166.682
Variation in the provision for unearned premiums .....	- 2 225	2 -6.619
Charges relating to claims.....	- 3 100.921	3 140.459
Variation in sundry technical provisions .....	- 4	4 -209
Balance on other technical items (+ o -) .....	+ 5 -3.134	5 -9.134
Operating expenses .....	- 6 72.178	6 43.949
<b>Technical balance on direct business (+ o -) ..... A</b>	7 50.931	7 -20.032
<b>Result of outward reinsurance(+ o -) ..... B</b>	8 -1.753	8 357
<b>Net result of inward reinsurance (+ o -) ..... C</b>	9 737	9 -241
Variation in the equalization provisions (+ o -) ..... D	10 88	10
Portion of return on investments transferred from the non-technic: E	11	11
<b>Result of the technical account (+ o -) ..... (A + B + C - I)</b>	12 49.827	12 -19.916

	Class code 07 Goods in transit (name)	Class code 08 Fire and meteorological (name)
<b>Direct business gross of reinsurance cessions</b>		
Premiums recorded.....	+ 1 20.202	1 187.139
Variation in the provision for unearned premiums .....	- 2 -156	2 5.805
Charges relating to claims.....	- 3 7.357	3 106.676
Variation in sundry technical provisions (+ o -) (1) .....	- 4	4
Balance on other technical items (+ o -) .....	+ 5 -1.064	5 -4.413
Operating expenses .....	- 6 5.445	6 58.658
<b>Technical balance on direct business (+ o -) ..... A</b>	7 6.492	7 11.587
<b>Result of outward reinsurance (+ o -) ..... B</b>	8 -7.967	8 -13.025
<b>Net result of inward reinsurance (+ o -) ..... C</b>	9 217	9 2.468
Variation in the equalization provisions(+ o -) ..... D	10 58	10 1.177
Portion of return on investments transferred from the non-technic: E	11	11
<b>Result of the technical account (+ o -) ..... (A + B + C - I)</b>	12 -1.316	12 -147

	Class code 13 General TPL (name)	Class code 14 Credit (name)
<b>Direct business gross of reinsurance cessions</b>		
Premiums recorded .....	+ 1 254.715	1 2.648
Variation in the provision for unearned premiums (+ o -) .....	- 2 3.734	2 -369
Charges relating to claims.....	- 3 172.494	3 985
Variation in sundry technical provisions (+ o -) (1) .....	- 4	4
Balance on other technical items (+ o -) .....	+ 5 -4.950	5 9
Operating expenses .....	- 6 78.913	6 449
<b>Technical balance on direct business (+ o -) ..... A</b>	7 -5.376	7 1.592
<b>Result of outward reinsurance (+ o -) ..... B</b>	8 -7.343	8 -677
<b>Net result of inward reinsurance (+ o -) ..... C</b>	9 -361	9 91
Variation in the equalization provisions(+ o -) ..... D	10 5	10 88
Portion of return on investments transferred from the non-technic: E	11	11
<b>Result of the technical account (+ o -) ..... (A + B + C - I)</b>	12 -13.085	12 918

(1) As well as the variation in 'other technical provisions' this item also includes the variation in the 'provision for rebates and bonuses

according to class – Italian portfolio

Class code <u>03</u> Land vehicles	Class code <u>04</u> Railway rolling stock	Class code <u>05</u> Aircraft – hull	Class code <u>06</u> Marine – hull
(name)	(name)	(name)	(name)
1 412.919	1 32	1 1.858	1 4 012
2 -4.989	2 15	2 -209	2 30
3 192.808	3	3 931	3 520
4	4	4	4
5 -2.612	5	5 -58	5 -77
6 98.525	6 7	6 282	6 700
7 123.963	7 10	7 796	7 2.685
8 -2.155	8 -2	8 -1.353	8 -2.232
9 385	9	9 -39	9 6
10 370	10	10 6	10 11
11	11	11	11
12 121.823	12 8	12 -602	12 448

Class code <u>09</u> Other damage to property	Class code <u>10</u> Land vehicles TPL	Class code <u>11</u> Aircraft TPL	Class code <u>12</u> Marine TPL
(name)	(name)	(name)	(name)
1 188.129	1 2.260.737	1 526	1 3.029
2 4.701	2 -106	2 15	2 -620
3 92.360	3 1.722.639	3 83	3 3.695
4	4	4	4
5 -3.492	5 -15.465	5 -16	5 -9
6 58.381	6 372.613	6 81	6 634
7 29.195	7 150.126	7 331	7 -689
8 -5.956	8 -3.336	8 -198	8 -6
9 139	9 -15.601	9 9	9 -23
10 98	10 6	10 2	10
11	11	11	11
12 23.280	12 131.183	12 140	12 -718

Class code <u>15</u> Bonds	Class code <u>16</u> Monetary losses	Class code <u>17</u> Legal protection	Class code <u>18</u> Assistance
(name)	(name)	(name)	(name)
1 29.454	1 9.923	1 6.744	1 9.413
2 1.204	2 455	2 202	2 56
3 17.132	3 2.450	3 1.817	3 4.196
4	4	4	4
5 -1.875	5 -137	5 -106	5 -73
6 5.972	6 2.595	6 2.218	6 2.950
7 3.271	7 4.286	7 2.401	7 2.138
8 -3.379	8 584	8 -2.869	8 -1.044
9 -347	9	9 2.086	9 2
10	10 20	10	10
11	11	11	11
12 -455	12 4.850	12 1.618	12 1.096

## Company FONDIARIA - SAI S.p.A.

Summary of the technical account covering all Non-Life business  
Italian portfolio

	Risks on direct business		Risks on inward reinsurance		Risks retained Total 5 = 1 - 2 + 3 - 4
	Direct risks 1	Risks ceded 2	Risks underwritten 3	Risks withdrawn 4	
Premiums recorded .....	3.785.551 11	153.623 21	52.838 31	1.646 41	3.683.120
Variation in the provision for unearned premiums(+ o -) .....	3.374 12	-2.243 22	-2.551 32	-483 42	3.549
Charges relating to claims.....	2.567.523 13	71.608 23	59.828 33	4.019 43	2.551.724
Variation in sundry technical provisions (+ o -) (1) .....	-209 14		34 34		-209
Balance on other technical items (+ o -) .....	-46.606 15	1.514 25	74 35	39 45	-48.085
Operating expenses .....	804.550 16	33.418 26	8.402 36	446 46	779.088
<b>Technical balance (+ o -) .....</b>	<b>363.707 17</b>	<b>52.354 27</b>	<b>-12.767 37</b>	<b>-2.297 47</b>	<b>300.883</b>
Variation in the equalization provisions (+ o -) .....				48 48	1.929
Portion of return on investments transferred from the non-technical .....				49 49	
<b>Result of the technical account (+ o -) .....</b>	<b>363.707 20</b>	<b>52.354 30</b>	<b>-12.767 40</b>	<b>-2.297 50</b>	<b>298.954</b>

(1) As well as the variation in 'other technical provisions' this item also includes the variation in the 'provision for rebates and bonuses'

## Life business – Summary of the technical accounts according to class – Italian portfolio

	Class code 01	Class code 02	Class code 03
	(name)	(name)	(name)
<b>Direct business gross of reinsurance cessions</b>			
Premiums recorded .....	1 554.018	1 129.168	
Charges relating to claims .....	2 581.962	2 21.331	
Variation in the mathematical provisions and in sundry technical provisions (+ o -) (*) .....	3 42.045	3 116.900	
Balance on other technical items (+ o -) .....	4 -2.802	4 -317	
Operating expenses.....	5 65.218	5 7.073	
Return on investments net of the portion transferred to the non-technical account (**)	6 177.435	6 22.068	
<b>Result of direct business gross of reinsurance cessions (+ o -) ..... A</b>	7 39.426	7 5.615	
<b>Result of outward reinsurance (+ o -) ..... B</b>	8 -19.011	8 -907	
<b>Net result of inward reinsurance (+ o -) ..... C</b>	9 -1.763	9	
<b>Result of the technical account (+ o -) ..... (A + B +</b>	10 18.652	10 4.708	

	Class code 04	Class code 05	Class code 06
	(name)	(name)	(name)
<b>Direct business gross of reinsurance cessions</b>			
Premiums recorded.....	1 47	1 240.136	1 17.760
Charges relating to claims.....	2	2 128.356	2 1.448
Variation in the mathematical provisions and in sundry technical provisions (+ o -) (*) .....	3 38	3 175.074	3 18.949
Balance on other technical items (+ o -) .....	4 -1	4 -2.292	4 -869
Operating expenses .....	5 8	5 10.223	5 1.648
Return on investments net of the portion transferred to the non-technical account (**)	6	6 60.022	6 3.630
<b>Result of direct business gross of reinsurance cessions (+ o -) ..... A</b>	7	7 -15.787	7 -1.524
<b>Result of outward reinsurance (+ o -) ..... B</b>	8	8 1.451	8
<b>Net result of inward reinsurance (+ o -) ..... C</b>	9	9 759	9
<b>Result of the technical account(+ o -) ..... (A + B +</b>	10	10 -13.577	10 -1.524

(\*) The item 'sundry technical provisions' includes 'other technical provisions' and 'technical provisions where the investment risk is borne by the policyholder and provisions arising out of pension fund management

(\*\*) Algebraic sum of the items relating to the class and to the Italian portfolio covered by items II.2, II.3, II.9, II.10 and II.12 of the Profit and Loss Account

## Compan FONDIARIA - SAI S.p.A.

Summary of the technical accounts covering all Life business  
Italian portfolio

	Risks in direct business		Risks in inward reinsurance		Risks retained Total 5 = 1 - 2 + 3 - 4
	Premiums recorded 1	Risks ceded 2	Risks underwritten 3	Risks withdrawn 4	
Premiums recorded.....	941.129 11	12.106 21	105.890 31	10.713 41	1.024.200
Charges relating to claims.....	733.097 12	4.411 22	80.919 32	3.478 42	806.127
Variation in the mathematical provisions and in sundry technical provisions(+ o -) (*) .....	353.006 13	-13.478 23	27.053 33	3.089 43	390.448
Balance on other technical items (+ o -) .....	-6.281 14		34 34		-6.281
Operating expenses.....	84.170 15	2.705 25	7.748 35	2.092 45	87.121
Return on investments net of the portion transferred to the non-technical account (**) .....	263.155 6		10.880 26		274.035
<b>Result of the technical account(+ o -) .....</b>	<b>27.730 17</b>	<b>18.468 27</b>	<b>1.050 37</b>	<b>2.054 47</b>	<b>8.258</b>

(\*) The item 'sundry technical provisions' includes 'other technical provisions' and 'technical provisions where the investment risk is borne by the policyholder and provisions arising out of pension fund management'

(\*\*) Algebraic sum of the items relating to the Italian portfolio covered by items II.2, II.3, II.9, II.10 and II.12 of the Profit and Loss Account

Company FONDIARIA - SAI S.p.A.Financial year 2003

Table summarizing the technical accounts relating to Non-Life and Life business – foreign portfolio

## Section I: Non-Life business

		Total business
<b>Direct business gross of reinsurance cessions</b>		
Premiums recorded .....	+	1
Variation in the provision for unearned premiums(+ o -) .....	-	2
Charges relating to claims.....	-	3
Variation in sundry technical provisions (+ o -) (1) .....	-	4
Balance on other technical items (+ o -) .....	+	5
Operating expenses.....	-	6
<b>Technical balance on direct business (+ o -) .....</b>	<b>A</b>	7
<b>Result of outward reinsurance (+ o -) .....</b>	<b>B</b>	8 843
<b>Net result of inward reinsurance (+ o -) .....</b>	<b>C</b>	9 -4,620
Variation in the equalization provisions(+ o -) .....	<b>D</b>	10
Portion of return on investments transferred from the non-technical account.....	<b>E</b>	11
<b>Result of the technical account (+ o -) .....</b>	<b>(A + B + C - D + E)</b>	12 -3.777

## Section II: Life business

		Total business
<b>Direct business gross of reinsurance cessions</b>		
Premiums recorded.....	+	1
Charges relating to claims .....	-	2
Variation in the mathematical provisions and in sundry technical provisions (+ o -) (2) .....	-	3
Balance on other technical items (+ o -) .....	+	4
Operating expenses .....	-	5
Return on investments net of the portion transferred to the non-technical account(3) .....	+	6
<b>Result of direct business gross of reinsurance cessions(+ o -) .....</b>	<b>A</b>	7
<b>Result of outward reinsurance (+ o -) .....</b>	<b>B</b>	8
<b>Net result of inward reinsurance(+ o -) .....</b>	<b>C</b>	9 117
<b>Result of the technical account(+ o -) .....</b>	<b>(A + B + C)</b>	10 117

(1) As well as the variation in 'other technical provisions' this item also includes the variation in the 'provision for rebates and bonuses'

(2) The item 'sundry technical provisions' includes 'other technical provisions' and 'technical provisions where the investment risk is borne by the policyholder and provisions arising out of pension fund management'

(3) Algebraic sum of the items relating to the foreign portfolio covered by items II.2, II.3, II.9, II.10 and II.12 of the Profit and Loss Account



## Transactions with Group undertakings and other participating interests

## I: Income

	Holding companies	Subsidiary companies.....	Associated companies.....	Affiliated companies	Other companies	Total
<b>Return on investments</b>						
Income from land and buildings.....	132 2	1.497 3		5	6	1.629
Dividends and other income from stocks and shares.....	8	64.237 9		751 11	288 12	65.276
Return on bonds.....	14	116 15		17	18	116
Interest on corporate financing.....	4 20	534 21		23	24	538
Return on other financial investments.....	26	2.519 27		29	30	2.519
Interest on deposits with ceding undertakings .....	32	13.423 33		35	36	13.423
<b>Total .....</b>	136 38	82.326 39		751 41	288 42	83.501
<b>Income and unrealized capital gains on investments for the benefit of policyholders who bear the risk and arising out of pension fund management .....</b>						
<b>Other income</b>						
Interest on loans.....	50	1.238 51		53	54	1.238
Expenses and administrative charges recuperated .....	56	27.332 57		59	60	27.332
Other income and amounts recuperated.....	49 62	14.436 63		65	66	14.485
<b>Total .....</b>	49 68	43.006 69		71	72	43.055
<b>Gains on investments realized (*) .....</b>	74			77	78	
<b>Extraordinary income.....</b>	80	81		83	84	
<b>GRAND TOTAL.....</b>	185 86	125.332 87		751 89	288 90	126.556

II:Charges

Transactions with Group undertakings and other participating interests

		Holding companies		Subsidiary companies.....	Associated companies.....	Affiliated companies	Other companies	Total
<b>Investment management charges and interest payable:</b>								
Charges relating to investments.....	91	1 92	22 93	94	95	96	23	
Interest on subordinate liabilities .....	97	98	99	100	101	102		
Interest on deposits received from reinsurers .....	103	104	1.503 105	106	107	108	1.503	
Interest on payables arising out of direct insurance operations.....	109	110	111	112	113	114		
Interest on payables arising out of reinsurance operations.....	115	116	197 117	118	119	120	197	
Interest on payables to banks and financial institutions.....	121	122	123	124	125	126		
Interest on payables with a lien on property .....	127	128	129	130	131	132		
Interest on other payables.....	133	134	11.681 135	136	137	138	11.681	
Losses on receivables .....	139	140	141	142	143	144		
Administrative charges and expenses incurred on behalf of.....	145	146	26.715 147	148	149	150	26.715	
Sundry charges .....	151	152	11.034 153	154	155	156	11.034	
<b>Totale .....</b>	157	1 158	51.152 159	160	161	162	51.153	
<b>Charges and unrealized capital losses on investments for the benefit of policyholders who bear the risk and arising out of pension fund management.....</b>	163	164	165	166	167	168		
<b>Losses on investments realized (*) .....</b>	169	170	19 171	172	173	174	19	
<b>Extraordinary charges .....</b>	175	176	177	178	179	180		
<b>GRAND TOTAL.....</b>	181	1 182	51.171 183	184	185	186	51.172	

(\*) with reference to the counterparty in the operation

Summary of premiums recorded for direct business

	Non-Life business		Life business		Total	
	Establishment	L.P.S.	Establishment	L.P.S.	Establishment	L.P.S.
Premiums recorded:						
in Italy.....	1 3.784.035 5		11 941.129 15		21 4.725.164 25	
in other states in the European Union.....	2	6 1.516	12	16	22	26 1.516
in non-EU states.....	3	7	13	17	23	27
<b>Total .....</b>	4 3.784.035 8	1.516	14 941.129 18		24 4.725.164 28	1.516

Company FONDIARIA - SAI S.p.A.

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## Summary of charges relating to staff, directors and auditors

## I: Staff costs

	Non-Life business		Life business		Total
<b>Employee costs:</b>					
Italian portfolio:					
- Salaries.....	1	100.811	31	17.344	61 118.155
- Social security contributions.....	2	27.000	32	4.600	62 31.600
- Allocations to staff leaving indemnity and similar liabilities.....	3	10.617	33	3.845	63 14.462
- Sundry staff costs .....	4	30.745	34	3.416	64 34.161
<b>Total .....</b>	5	169.173	35	29.205	65 198.378
Foreign portfolio:					
- Salaries.....	6		36		66
- Social security contributions.....	7		37		67
- Sundry staff costs .....	8		38		68
<b>Total .....</b>	9		39		69
<b>Grand total .....</b>	10	169.173	40	29.205	70 198.378
<b>Amounts paid to self-employed workers:</b>					
Italian portfolio .....	11	184.897	41	2.027	71 186.924
Foreign portfolio .....	12		42		72
<b>Total .....</b>	13	184.897	43	2.027	73 186.924
<b>Total staff costs.....</b>	14	354.070	44	31.232	74 385.302

## II: Description of items to which staff costs allocated

	Non-Life business		Life business		Total
Investment management charges.....	15	1.086	45	192	75 1.278
Charges relating to claims.....	16	227.983	46	674	76 228.657
Other acquisition expenses .....	17	36.118	47	6.947	77 43.065
Other administrative expenses .....	18	63.255	48	18.766	78 82.021
Administrative charges and expenses incurred on behalf of third parties.....	19	25.532	49	4.653	79 30.185
<b>Total .....</b>	20	96	50		80 96
<b>Total .....</b>	21	354.070	51	31.232	81 385.302

## III: Average number of staff during the year

	Number	
Managerial .....	91	73
Clerical.....	92	2.780
Workmen.....	93	
Others .....	94	28
<b>Total .....</b>	95	2.881

## IV: Directors and auditors

	Number		Emoluments	
Directors.....	96	17	98	2.471
Auditors.....	97	3	99	245



## **OTHER APPENDICES**

- Statement of the variations in the capital and reserves**
- Statement in accordance with Art. 10 of Law 72 of 19 March 1983**
- Land and buildings owned**

# Statement of the variations in the capital and reserves during the year ended 31 December 2003

(€K)

	Share capital	Compulsory reserves	Provision for share premium on issue	Provision for increase in price on sale of options not exercised	Extraordinary provision	Provision for capital gains arising out of merger	Provision for write-up of securities	Provision in accordance with Art. 10 L. 904 of 16/12/77	Provision for write-up L. 72 of 19/3/83
BALANCES AS AT 31 DECEMBER 2002	170,517	23,399	190,263	4,294	401,855	422	58,029	6,944	38,215
<b>Distribution of net profits for 2003, as approved by the General Shareholders' Meeting</b>									
Compulsory reserves		3,618							
Extraordinary provision					22,937				
Board of Directors									
Executive committee									
Dividends									
<b>Variations arising out of operations to increase share capital</b>									
Share capital	3								
Provision for share premium on issue			22						
Compulsory reserves									
Provision for shares subscribed for current cap. increase									
<b>Other variations:</b>									
Transfer of provision from class C to class D									
Provision as per Legislative Decree 124/93									
Arising during the year from provision for acquiring shares in the holding company						-2,720			
Legislative Decree 315/94									
Arising during the year from extraordinary provision to provision for purchasing own shares						-29,929			
Arising during the year from provision not available for own shares						9,709			
Arising during the year from provision for purchasing own shares to provision not available for own shares									
Arising during the year from provision for own shares to provision not available for shares in the holding company						28,367			
<b>Net profit for the year 2003</b>									
BALANCES AS AT 31 DECEMBER 2003	170,520	27,017	190,285	4,294	430,219	422	58,029	6,944	38,215

Provision as per Art. 26 Law 413 of 30/12/91	Dividend equalization provision	Provision unavailable for own shares	Provision unavailable for holding company shares Legislative Decree 315/94	Provision for purchasing own shares	Provision for purchasing shares in the holding company	Provision as per Legislative Decree 124/93	Provision as per Art. 20 Legislative Decree 173/97	Provision as per 742/1986	Provision for shares subscribed for current capital increases	Merger surplus	Net operating result
96,837			12,167						0		
	2,852	2,860		75,000	29,115		123			933,686	72,373
						57		113,213			
											(3,618)
											(22,937)
											(45,818)
									57		
						41					
			2,720								
				29,929							
		-9,709									
		56,041		-56,041							
			748		-748 - 28,367						
96,837	2,852	49,192	15,635	48,888	0	98	123	113,213	57	933,686	182,636 182,636



**Statement of property still owned that has been written up or that has been  
exempted from the valuation criteria referred to in Art.  
2425 para. 3 of the Civil Code now replaced by Legislative Decree 127/91**

(in accordance with Art. 10 of Law 72 of 19.3.1983)

	As at 31/12/03 Book value of property still owned that has been written up	Monetary write-ups	Financial write-ups	Write-ups carried out Law 413 of 30/12/91	TOTAL
Land and buildings used in the business	134,667,046	5,065,046	16,909,249	10,033,974	32,008,699
Land and buildings used by third parties	621,399,678	15,968,535	119,789,276	41,963,491	177,721,302
Agricultural holdings	3,169,040			83,026	83,026
Shareholdings in Italian companies and institutions – listed	1,541,661,398	3,717,387	203,350,112		207,067,499
Shareholdings in Italian companies and institutions – unlisted	156,395,282		92,500,000		92,500,000
Shareholdings in foreign companies and institutions– unlisted	435,837,464	5,813,928	9,000,369		14,814,298
	2,893,129,908	30,565,326	441,549,007	52,080,490	524,194,824

## Land and buildings owned as at 31/12/2003 – Variations during the year

		Situation as at 31/12/2003					Residential	
		Situation	Acquisitions	Disposals	Total	Used in the		Used by
		as at	and incremental			business		third
		31/12/2002	expenses					parties
PROPERTY								
BARI	Via De Rossi / Via Fomari	12,906,746	51,972		12,958,718		12,115,606	843,112
BERGAMO	Piazza della Libertà 10	5,599,732	402	5,600,134				
BRESCIA	Piazzale Della Repubblica 18	82,000			82,000			82,000
CALENZANO	Via Degli Olmi 7	8,596,854	5,103,142		13,699,996		13,699,996	
CASTEL MAGGIORE	Località Saliceto	1,607,381			1,607,381		1,607,381	
CATANIA	Via Torino 73 h-Via Giuffrida Castorina	1,836,992	528		1,837,520	1,837,520		
CREMONA	Via Mantova	5,418,340	1,100	5,419,440				
FERRARA	Corso Ercole I', 6/A	1,382,048			1,382,048		1,382,048	
FLORENCE	Piazza Stazione 10-Via Alamanni 1/3	5,798,467	3,175	5,801,642				
	Via Monaco 6-Via Delle Ghiacciaie 3	3,214,034	71,292		3,285,326	2,850,304	72,268	362,753
	Piazza Della Libertà 1N/1-2R	1,919,780			1,919,780		247,652	1,672,128
	Viale Dei Mille 158/160/162	2,767,247		2,767,247				
	Piazza Della Libertà 6	69,946,289	24,545		69,970,834	68,325,120	1,645,714	
	Piazza Della Libertà 13	11,293,317	45,900		11,339,217		9,880,265	1,458,952
	Piazza Libertà 14-15-16	19,267,290	695,971	19,963,261				
	Piazza Della Repubblica 6	49,613,967			49,613,967		48,681,796	932,171
	Via Benivieni 1/3	4,513,846			4,513,846		992,190	3,521,656
	Via Campo D'Arrigo 134	2,955,426			2,955,426		1,633,253	1,322,173
	Via Landini / Via Catalani	3,266,944			3,266,944		2,929,937	337,007
	Viale Lavagnini 3/5	1,098,298			1,098,298			1,098,298
	Viale Matteotti 30	6,772,190		6,772,190				
	Viale Matteotti 42	5,903,899	144,846	6,048,745				
	Viale Matteotti 50	3,144,063			3,144,063		732,214	2,411,850
	Viale Matteotti 52	4,724,921	33,235		4,758,156		3,070,450	1,687,706
	Viale Matteotti 54	3,928,909			3,928,909		817,009	3,111,900
	Viale Matteotti 14/16/18	11,463,970	5,100		11,469,070		10,204,405	1,264,665
	Viale Matteotti 56	2,156,000	2,909		2,158,909			2,158,909
	Viale Matteotti 64	4,224,873			4,224,873		1,135,383	3,089,490
	Viale S. Lavagnini 7	4,410,267			4,410,267		17,778	4,392,488
	Via Pier Capponi 99	701,236			701,236		492,373	208,863
	Via Baracca 18	1,907,251			1,907,251		1,907,251	
	Via Cavour 82/84	5,720,752	3,535,757		9,256,509		9,256,509	
	Via L. Il Magnifico 2/4/6	7,212,214	1,193,310		8,405,524		8,405,524	
	Via Leone X 3	2,582,933			2,582,933		2,582,933	
	Via Palchetti 1-3-5	4,810,642			4,810,642		1,270,061	3,540,582
	Via Pian Dei Giullari 69/71	3,136,000			3,136,000			3,136,000
	Via Ricasoli 48	2,166,666			2,166,666		2,166,666	
	Via S. Reparata 97	3,545,066			3,545,066		3,545,066	
	Via S. Gallo 126/128	6,796,444		6,796,444				
	Via S. Leonardo 28-30	1,807,599			1,807,599			1,807,599
	Via S. Leonardo 32-34-36A	3,195,788			3,195,788		86,574	3,109,214
	Via S. Leonardo 44	2,267,000			2,267,000			2,267,000
	Via S. Leonardo 46-48-6R	3,332,000			3,332,000			3,332,000
	Via Vannucci 23	1,562,086			1,562,086		194,402	1,367,684
	Via Vittorio Emanuele 26	1,764,169			1,764,169		37,513	1,726,655
	Viale Gramsci 63	4,030,901			4,030,901		1,043,034	2,987,867
	Viale Matteotti 44 / Via Valori 1	10,096,521	4,800		10,101,321		492,635	9,608,685
	Piazza Della Libertà 9/11	9,275,054	1,260		9,276,314		8,638,456	637,858
	Piazza Della Libertà 2-Via S.Gallo 123	10,701,718			10,701,718	2,359,771	3,300,080	5,041,867
	Viale Lavagnini 42	12,314,639		12,314,639				

Situation as at 31/12/2003

		Situation as at 31/12/2002	Additions and incremental expenses	Disposals	Total	Used in the business	Used by third parties	Residential
	Viale Matteotti 60	9,189,027	132,103		9,321,130		6,832,468	2,488,662
	Via L. Il Magnifico 33 / Via Landino	8,339,601	367,342	8,706,943				
GENOA	Via Fieschi 17/17a	21,765,728	77,532	21,843,260				
	Via XX Settembre 31/33/35/37	1,997,126		1,997,126				
	Piazza Ferrari 1	32,201,321	365,974	24,137	32,543,158		32,543,158	
GIARDINI (ME)	Complesso Alberghiero Naxos (hotel complex)	30,087,226	3,003,486		33,090,712		33,090,712	
IVREA	Viale Monte Stella 6	556,081			556,081		434,188	121,893
MILAN	Via Oldofredi 51	888,496			888,496		16,348	872,147
	Via Farini 82-Via Menabrea 23	2,337,294		2,337,294				
	Via Lussu 4	8,161,184		4,523,687	3,637,497		1,604,522	2,032,975
	Viale Monza 139	15,108,731	66,079		15,174,810		15,174,810	
	Via Murat 13/15/17/19/21/23/25	56,830,088	1,932,426		58,762,514	3,869,190	54,893,324	
	Via Senigallia 18/2 (Building D -4-)	31,635,417	849,882		32,485,299	21,720,023	10,765,276	
	Via Senigallia 18/2 (Building B -2-)	27,765,908	1,493,681		29,259,589		29,259,589	
	Via Senigallia 18/2 (Building A, E, F, G -1-5-6-7) 38.232.4031.315.232				39,547,635		39,547,635	
	Via San Giovanni sul Muro 15-17-21	8,266,142	6,856		8,272,998		1,403,769	6,869,229
	Via Piccinni 5	13,183,596	14,280		13,197,876		1,665,087	11,532,789
	Via Tazzoli 6	18,550,266	789	18,551,055				
	Via Monti 21	8,916,330	464,221		9,380,551		4,035,217	5,345,334
	Via Treccani degli Alfieri 16/26	18,011,587	8,644		18,020,232		570,190	17,450,042
	Via Manin 37	2,068,411			2,068,411		2,068,411	
	Piazza Velasca 5	83,242,071	71,140		83,313,211		49,582,127	33,731,084
	Via Alessio De Tocqueville 11/13	34,411,298	8,445		34,419,743		34,419,743	
	Via Castellanza 6-8-10	12,336,852			12,336,852		1,259,593	11,077,259
	Via Certosa 148	5,094,952	-54	5,094,898				
	Via A. Filzi 25/A	1,683,619	13,662		1,697,271		1,697,271	
	Area Madonnina	11,809,149	11,540		11,820,689		5,275,594	6,545,095
	Area Sesto San Giovanni	41,210,717			41,210,717		41,210,717	
	Via Perotti 2	2,579,269	1,712		2,580,981		2,580,981	
	Via Pontaccio 13	9,915,774	572	9,916,346				
	Via Torino 62	6,601,627		6,601,627				
	Via Filzi 25/B		20,295,578		20,295,578		20,295,578	
MONCALIERI	Via Postiglione-Via Vittime Vajont	4,713,587	604,457		5,318,045	4,540,709	777,336	
	Piazza Vittorio Emanuele 8	674,820			674,820		459,147	215,672
NAPLES	Via Arcoleo 52-Via Tommaseo 4	3,128,842	10,199		3,139,041	2,117,233	524,742	497,066
ORIGGIO	Viale Italia 6	650,534			650,534		650,534	
PADUA	Corso del Popolo 29/35	8,833,761	19,283	8,853,044				
PIEVE								
EMANUELE	Via delle Rose 6	7,472,763	643		7,473,405		170,454	7,302,951
PINO								
TORINESE	Via delle Viole 5		596,350		596,350			596,350
PRATO	Via Simintendi 20	5,237,712			5,237,712		5,237,712	
ROME	Via Carlo Emanuele 17	483,165	50		483,215		483,215	
	Viale Liegi 17	1,424,692	4,837		1,429,528		1,429,528	
	Viale Beethoven 63	4,241,037			4,241,037			4,241,037
	Via Ciro Menotti 24	13,275,230			13,275,230		1,790,347	11,484,883
	Piazza Dell'Esquilino 12	19,113,278	202,736		19,316,014	13,638,739	5,574,750	102,525
	Via Del Serafico 27/29	23,131,077	-2,633	23,128,444				
	Via Paolo Di Dono 3/a	72,959,692	-8,305		72,951,388		72,951,388	
	Via Sicilia 162	39,412,470	-7,512	39,404,958				
	Piazzale Don Sturzo	44,142,856	2,228,616		46,371,472		46,366,815	4,657
	Via Amendola D'Azeglio 5/7	14,402,901	24,500	14,427,401				
	Via Govoni 24/43	43,120,000	35,000		43,155,000			43,155,000

Situation as at 31/12/2003

		Acquisitions and incremental expenses		Disposals	total	Used in the business	Used by third parties	Residential
		Situation as at 31/12/2002						
ROME (Castelgiubileo) V. Camerata Picena 350/376/386 -V. Apiro 58/72/88/98		34,053,321	702,679		34,756,000		8,798,108	25,957,892
SELARGIUS V. Peretti		1,619,280	454		1,619,734	1,564,929	54,805	
TURIN	Corso Galileo Galilei 12/14	18,933,849	8,307		18,942,156	16,617,450	2,324,706	
	Galleria San Federico 16/41/54	16,639,037	60,920		16,699,957		16,247,628	452,328
	Corso Matteotti 51-Via S. Antonio da Padua 2	4,402,829	-510		4,402,319		2,792,601	1,609,718
	Corso Dante 119	2,981,261	123,155		3,104,416		857,131	2,247,286
	Piazza Castello 153-Via Garibaldi 1	1,670,051	806		1,670,857		1,670,857	
	Via Marengo 15-Via Correggio 21	6,645,230	900		6,646,131	6,027,638	618,492	
	Via Gobetti-Via Cavour-Via Lagrange-Via Lovera	6,503,371	92,002		6,595,374	1,082,252	5,513,121	
	Via Gobetti-Via Gramsci-Via Lagrange-Via Soleri	4,354,254	217,375		4,571,630		1,601,032	2,970,597
	Via Berthollet 46	4,685,347	-17		4,685,330	2,305,291	2,380,039	
	Via Viotti 6/8-Via Bertola 4-Via Monte di Pietà 3	11,984,163	678	11,984,841				
	Via Grossi 29-Via Da Vinci 21-Via Cellini 6	6,200,657	204,346		6,405,003		158,231	6,246,772
	Corso Vittorio Emanuele II 48	18,394,391	2,176	18,396,567				
	Via Gobetti-Via Lovera-Via Lagrange-Via Soleri	3,394,138	101,148		3,495,286		3,495,286	
	Via Lagrange 35-Via A. Doria 7	10,884,764	4,886		10,889,650		10,821,039	68,611
	Via Carlo Alberto 59/65a	10,740,302	5,987		10,746,289		10,746,289	
	Lungo Dora Firenze 71	25,994,861	2,325,413		28,320,273	23,071,263	5,249,010	
	Via Arsenale 5	7,814,551	2,748,896		10,563,448		10,563,448	
	Piazza Guala 143	6,121,055	2,690,164		8,811,218		8,811,218	
TRIESTE	Viale XX Settembre 4	4,066,529		4,066,529				
VENICE	Bacino Orseolo 1754	1,899,173	57,436		1,956,608		304,858	1,651,750
VIAREGGIO	Viale Marini 12	1,414,076			1,414,076		1,414,076	
VIMODRONE	Via Pio La Torre 14/14c	23,500,530	-369	23,500,161				
JOINTLY-OWNED PROPERTY		103,960,007	206,662		21,337,399 82,829,270	3,591,543	73,598,140	5,639,587
		1,566,993,502	54,682,069		316,179,457 1,305,496,115	175,518,977	848,946,812	281,030,326
OTHER PROPERTY								
LAND								
TURIN	Corso Giulio Cesare	31,571			31,571		31,571	
FLORENCE	Via S. Leonardo 38-40-42	1,373,775			1,373,775		1,373,775	
SAN REMO (formerly Montebignone)		22,159			22,159		22,159	
MODENA Via Buonarroti		20,312			20,312		20,312	
ROME	Tor Carbone	7,747			7,747		7,747	
AGRICULTURAL HOLDINGS								
Farm at Cerro-Acquaviva di Montepulciano (SI)			2,963,777	205,264		3,169,040		3,169,040
OTHER PROPERTY RIGHTS								
FLORENCE	Car parking spaces	2,314,445			2,279,472		2,279,472	
CAPITAL INVESTMENTS IN PROGRESS AND PART PAYMENTS								
IL NOCCILO					2,602,943	2,602,943		2,602,943
TOTAL		1,573,727,287	57,490,276		316,179,457 1,315,003,134			

OTHER PROPERTY RIGHTS: the decrease in the item 'Car parking spaces' of €34,973 is due to depreciation in account.471\.

# Land and buildings owned as at 31/12/2003

		Situation as at 31/12/2003				
		Gross total	Provision for depreciation	Net value	Current value	Difference
PROPERTY						
BARI	Via De Rossi Fornari	12,958,718	348,480	12,610,238	13,052,000	441,762
BRESCIA	Piazzale Della Repubblica 18	82,000		82,000	83,000	1,000
CALENZANO	Via Degli Olmi 7	13,699,996	276,354	13,423,642	13,803,000	379,358
CASTEL MAGGIORE						
	Località Saliceto	1,607,381	337,635	1,269,746	4,583,690	3,313,944
CATANIA	Via Torino 73 h-Via Giuffrida Castorina	1,837,520	1,000,557	836,963	1,372,230	535,267
FERRARA	Corso Ercole I', 6/A	1,382,048	44,137	1,337,911	1,400,000	62,089
FLORENCE	Via Monaco 6-Via Delle Ghiacciaie 3	3,285,326	1,004,911	2,280,415	6,156,890	3,876,475
	Piazza Della Libertà 1N/1-2R	1,919,780	3,715	1,916,065	2,000,000	83,935
	Piazza Della Libertà 6	69,970,834	16,514,293	53,456,540	57,025,000	3,568,460
	Piazza Della Libertà 13	11,339,217	171,521	11,167,696	11,546,000	378,304
	Piazza Della Repubblica 6	49,613,967	1,344,194	48,269,773	50,000,000	1,730,227
	Via Benivieni 1/3	4,513,846	20,729	4,493,117	4,600,000	106,883
	Via Campo D'Arrigo 134	2,955,426	39,925	2,915,501	3,000,000	84,499
	Via Landini /Via Catalani	3,266,944	414,842	2,852,102	3,000,000	147,898
	Viale Lavagnini 3/5	1,098,298		1,098,298	1,100,000	1,702
	Viale Matteotti 50	3,144,063	19,047	3,125,017	3,200,000	74,983
	Viale Matteotti 52	4,758,156	66,978	4,691,178	4,833,000	141,822
	Viale Matteotti 54	3,928,909	21,164	3,907,745	4,000,000	92,255
	Viale Matteotti 56	2,158,909		2,158,909	2,203,000	44,091
	Viale Matteotti 64	4,224,873	27,904	4,196,969	4,300,000	103,031
	Viale S. Lavagnini 7	4,410,267	533	4,409,733	4,500,000	90,267
	Via Matteotti 14/16/18	11,469,070	249,036	11,220,034	11,605,000	384,966
	Via Pier Capponi 99	701,236	11,622	689,614	711,000	21,386
	Via Baracca 18	1,907,251	55,860	1,851,391	1,918,000	66,609
	Via Cavour 82/84	9,256,509	224,659	9,031,850	9,447,000	415,150
	Via L. Il Magnifico 2/4/6	8,405,524	1,256,937	7,148,587	6,704,000	-444,587
	Via Leone X 3	2,582,933	73,677	2,509,256	2,600,000	90,744
	Via Palchetti 1-3-5	4,810,642	27,693	4,782,949	4,900,000	117,051
	Via Pian Dei Giullari 69/71	3,136,000		3,136,000	3,200,000	64,000
	Via Ricasoli 48	2,166,666	43,166	2,123,500	2,200,000	76,500
	Via S. Reparata 97	3,545,066	70,242	3,474,824	3,600,000	125,176
	Via S. Leonardo 28-30	1,807,599		1,807,599	1,859,245	51,646
	Via S. Leonardo 32-34-36A	3,195,788	2,597	3,193,191	3,220,000	26,809
	Via S. Leonardo 44	2,267,000		2,267,000	2,313,000	46,000
	Via S. Leonardo 46-48-6R	3,332,000		3,332,000	3,400,000	68,000
	Via Vannucci 23	1,562,086	11,664	1,550,422	1,454,000	-96,422
	Via Vittorio Emanuele 26	1,764,169	731	1,763,437	1,800,000	36,563
	Viale Gramsci 63	4,030,901	28,546	4,002,355	4,100,000	97,646
	Via Matteotti 44/Via Valori 1	10,101,321	9,910	10,091,410	10,305,000	213,590
Piazza Della Libertà 9/11	9,276,314	584,631	8,691,683	9,001,000	309,317	
Piazza Libertà 2-S.Gallo 123	10,701,718	540,344	10,161,374	10,500,000	338,626	
Via Matteotti 60	9,321,130	177,514	9,143,616	9,432,000	288,384	
GENOA	Piazza Ferrari 1	32,543,158	5,612,694	26,930,464	24,842,000	-2,088,464
GIARDINI (ME)						
	Complesso Albierrghiero Naxos (hotel complex)	33,090,712	4,079,032	29,011,679	33,296,380	4,284,701
IVREA	Viale Monte Stella 6	556,081	143,282	412,799	651,880	239,081
MILAN	Via Oldofredi 51	888,496	60,247	828,249	2,488,100	1,659,851
	Viale Monza 139	15,174,810	3,765,360	11,409,449	19,556,130	8,146,681
	Via Murat 13/15/17/19/21/23/25	58,762,514	15,289,291	43,473,223	47,617,400	4,144,177
	Via Lussu 4	3,637,497	48,136	3,589,361	3,832,350	242,989
	Via Senigallia 18/2 (Building D -4-)	32,485,299	12,028,424	20,456,875	22,256,980	1,800,105
	Via Senigallia 18/2 (Building B -2-)	29,259,589	9,126,293	20,133,295	22,595,320	2,462,025
	Via Senigallia 18/2 (Building A, E, F, G -1-5-6-7)	39,547,635	12,499,611	27,048,024	27,528,280	480,256
	Via San Giovanni sul Muro 15-17-21	8,272,998	426,378	7,846,620	7,868,210	21,590

**Situation as at 31/12/2003**

		<b>Gross total</b>	<b>Provision for depreciation</b>	<b>Net value</b>	<b>Current value</b>	<b>Difference</b>
	Via Piccinni 5	13,197,876	481,099	12,716,778	11,547,540	-1,169,238
	Via Monti 21	9,380,551	1,162,018	8,218,533	8,292,330	73,797
	Via Treccani degli Alfieri 16/26	18,020,232	111,278	17,908,954	19,918,130	2,009,176
	Via Manin 37	2,068,411	217,067	1,851,344	2,095,360	244,016
	Piazza Velasca 5	83,313,211	2,231,148	81,082,062	85,470,530	4,388,468
	Via Alessio De Tocqueville 11/13	34,419,743	1,548,762	32,870,981	35,111,782	2,240,801
	Via Castellanza 6-8-10	12,336,852	56,682	12,280,170	11,356,780	-923,390
	Via Filzi 25/A	1,697,271	43,078	1,654,193	1,714,000	59,807
	Area Madonnina	11,820,689	128,283	11,692,406	12,012,000	319,594
	Area Sesto San Giovanni	41,210,717	1,236,322	39,974,395	41,500,000	1,525,605
	Via Perotti 2	2,580,981	69,984	2,510,997	2,602,000	91,003
	Via Filzi 25/B	20,295,578	304,434	19,991,144	31,645,000	11,653,856
MONCALIERI	Via Postiglione-Via Vittime Vajont	5,318,045	2,254,174	3,063,871	7,769,940	4,706,069
	Piazza Vittorio Emanuele 8	674,820	129,644	545,175	1,348,070	802,895
NAPLES	Via Arcoleo 52-Via Tommaseo 4	3,139,041	861,181	2,277,860	7,596,690	5,318,830
ORIGGIO	Viale Italia 6	650,534	128,868	521,666	1,994,390	1,472,724
PIEVE EMANUELE	Via delle Rose 6	7,473,405	42,745	7,430,661	10,701,590	3,270,929
PINO TORINESE	Via delle Viole 5	596,350		596,350	458,490	-137,860
PRATO	Via Simintendi 20	5,237,712	157,131	5,080,580	5,300,000	219,420
ROME	Via Carlo Emanuele I 7	483,215	128,408	354,807	570,580	215,773
	Viale Liegi 17	1,429,528	575,101	854,428	2,125,730	1,271,302
	Viale Beethoven 63	4,241,037	1,901	4,239,136	3,713,790	-525,346
	Via Ciro Menotti 24	13,275,230	421,993	12,853,237	11,429,290	-1,423,947
	Piazza Dell'Esquilino 12	19,316,014	1,427,355	17,888,659	19,672,950	1,784,291
	Via Paolo Di Dono 3/a	72,951,388	3,282,937	69,668,451	73,765,500	4,097,049
	Piazzale Don Sturzo	46,371,472	1,228,358	45,143,114	46,729,000	1,585,886
	Via Govoni 24/43	43,155,000		43,155,000	44,035,000	880,000
ROME (Castelgiubileo)	V. Camerata Picena 350/376/386-V. Apiro 58/72/88/98	34,756,000	2,637,758	32,118,242	36,055,870	3,937,628
SELARGIUS	V. Peretti	1,619,734	362,483	1,257,251	1,271,520	14,269
TURIN	Corso Galileo Galilei 12/14	18,942,156	7,489,786	11,452,370	41,296,600	29,844,230
	Galleria San Federico 16/41/54	16,699,957	1,720,119	14,979,837	60,095,110	45,115,273
	Corso Matteotti 51-Via S. Antonio da Padova 2	4,402,319	652,513	3,749,807	10,184,960	6,435,153
	Corso Dante 119	3,104,416	186,057	2,918,359	6,445,460	3,527,101
	Piazza Castello 153-Via Garibaldi 1	1,670,857	348,992	1,321,866	4,198,020	2,876,154
	Via Marengo 15-Via Correggio 21	6,646,131	2,913,458	3,732,673	15,901,030	12,168,357
	Via Gobetti-Via Cavour-Via Lagrange-Via Lovera	6,595,374	1,455,199	5,140,175	17,279,620	12,139,445
	Via Gobetti-Via Gramsci-Via Lagrange-Via Soleri	4,571,630	285,491	4,286,139	14,997,300	10,711,161
	Via Berthollet 46	4,685,330	829,657	3,855,673	7,620,350	3,764,677
	Via Grossi 29-Via Da Vinci 21-Via Cellini 6	6,405,003	25,951	6,379,052	14,536,460	8,157,408
	Via Gobetti-Via Lovera-Via Lagrange-Via Soleri	3,495,286	705,378	2,789,908	15,701,720	12,911,812
	Via Lagrange 35-Via A. Doria 7	10,889,650	3,408,784	7,480,866	10,890,660	3,409,794
	Via Carlo Alberto 59/65a	10,746,289	3,348,165	7,398,124	6,600,640	-797,484
	Lungo Dora Firenze 71	28,320,273	1,986,624	26,333,649	22,914,490	-3,419,159
	Via Arsenale 5	10,563,448	663,941	9,899,507	8,000,200	-1,899,307
	Piazza Guala 143	8,811,218	1,157,223	7,653,995	7,890,000	236,005
VENICE	Bacino Orseolo 1754	1,956,608	16,904	1,939,704	1,933,000	-6,704
VIAREGGIO	Viale Manin 12	1,414,076	42,422	1,371,654	1,443,000	71,346
<b>JOINTLY-OWNED PROPERTY</b>						
		82,829,270	9,946,223	72,883,047	118,574,264	45,691,217
		1,305,496,115	146,517,574	1,158,978,541	1,436,866,821	277,888,280

**Situation as at 31/12/2002**

		<b>Gross total</b>	<b>Provision for depreciation</b>	<b>Net value</b>	<b>Current value</b>	<b>Difference</b>
LAND						
TURIN	Corso Giulio Cesare	31,571		31,571	103,291	71,721
FLORENCE	Via S. Leonardo 38-40-42	1,373,775		1,373,775	1,423,000	49,225
MODENA	Via Buonarroti	20,312		20,312	20,400	88
ROME	Tor Carbone	7,747		7,747	12,000	4,253
SAN REMO	(formerly Montebignone)	22,159		22,159	27,000	4,841
AGRICULTURAL HOLDINGS						
	Farm at Cerro-Acquaviva di Montepulciano (SI)	3,169,040	3,661	3,165,380	14,009,100	10,843,720
OTHER PROPERTY RIGHTS						
FLORENCE	Car parking spaces	2,279,472		2,314,445	2,800,000	485,555
TOTAL		1,312,400,190	146,521,234	1,165,878,956	1,455,261,612	289,382,656

# CONSOLIDATED ACCOUNTS

## 2003 FINANCIAL YEAR



**FONDIARIA-SAI S.p.A.**

FONDIARIA-SAI S.p.A. – REGISTERED OFFICES IN FLORENCE – P.ZA DELLA LIBERTA', 6 – REGISTERED OFFICES IN TURIN CORSO G. GALILEI, 12 – SHARE CAPITAL € 170,537,093 FULLY PAID UP – TAX REFERENCE, VAT REGISTRATION NUMBER AND NUMBER OF ENTRY IN FLORENCE COMPANIES' REGISTER 00818570012 – COMPANY AUTHORIZED TO CARRY OUT INSURANCE BUSINESS IN ACCORDANCE WITH ART. 65 OF ROYAL DECREE 966 OF 29 APRIL 1923 AS CONVERTED INTO LAW 473 ON 17 APRIL 1925.



# FIVE YEARS IN BRIEF

## CONSOLIDATED ACCOUNTS

(Thousand Euro)

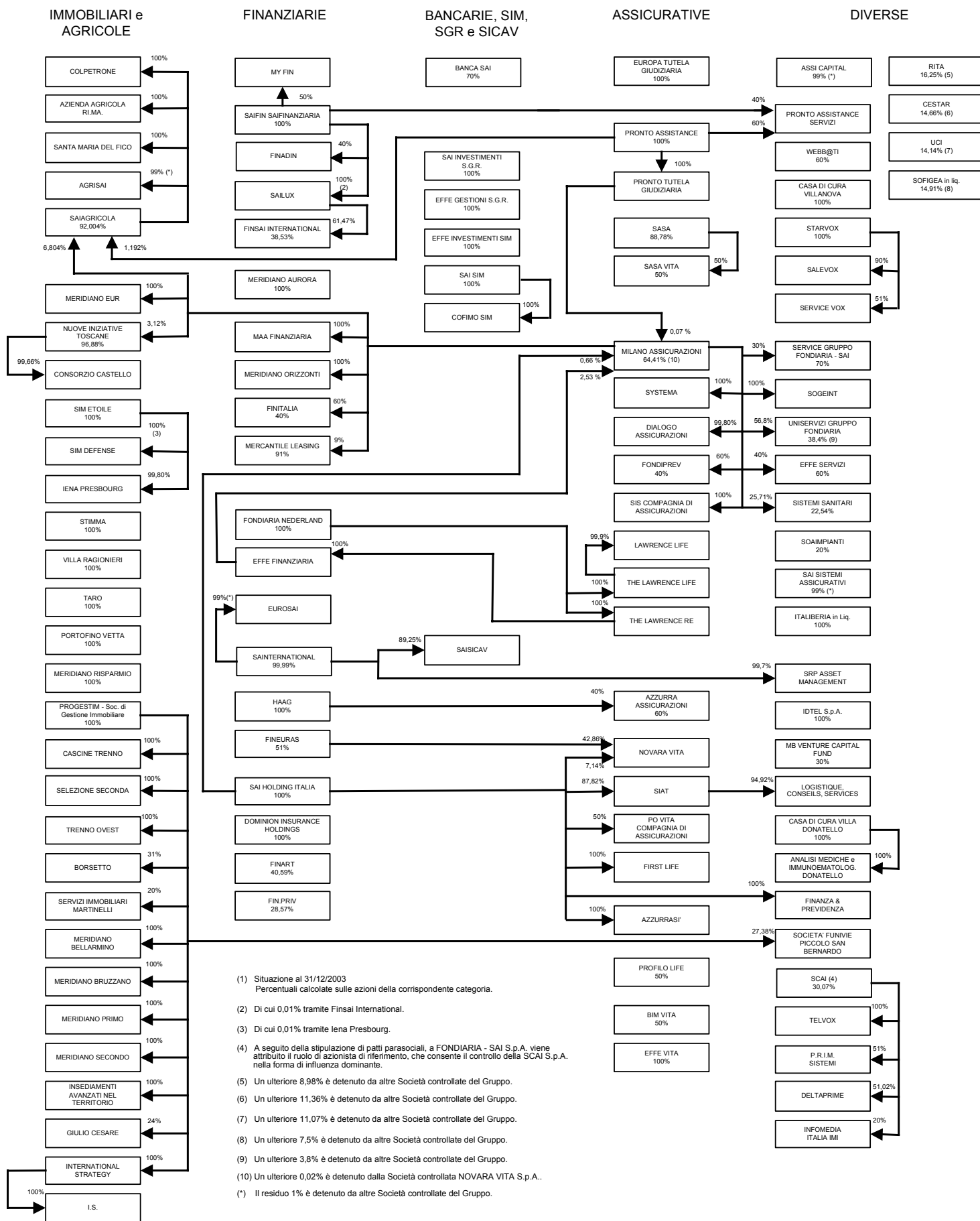
	1999		2000		2001		2002		2003	
<b>GROSS PREMIUMS</b>										
MOTOR TPL	1.407.544	42,66%	1.625.187	45,44%	1.950.044	43,41%	3.886.529	45,34%	4.115.795	44,53%
OTHER THAN MOTOR TPL	1.076.186	32,62%	1.132.991	31,68%	1.312.743	29,23%	2.668.039	31,13%	2.707.779	29,29%
LIFE	815.476	24,72%	818.420	22,88%	1.228.885	27,36%	2.017.117	23,53%	2.419.888	26,18%
<b>Total</b>	<b>3.299.206</b>	<b>100%</b>	<b>3.576.598</b>	<b>100%</b>	<b>4.491.672</b>	<b>100%</b>	<b>8.571.685</b>	<b>100%</b>	<b>9.243.462</b>	<b>100%</b>
<b>CLAIMS PAID</b> and related charges	2.173.393		2.287.850		2.775.746		5.792.508		5.955.637	
<b>GROSS TECHNICAL RESERVES</b>										
UNEARNED PREMIUMS	903.818		959.994		1.117.881		2.321.428		2.400.713	
UNSETTLED CLAIMS	3.148.987		3.498.639		4.189.217		8.407.814		8.783.862	
OTHER NON-LIFE	6.781		8.509		9.935		20.333		26.749	
LIFE TECHNICAL RESERVES	4.013.718		4.604.051		5.507.494		12.453.421		13.659.635	
<b>Total</b>	<b>8.073.304</b>		<b>9.071.193</b>		<b>10.824.527</b>		<b>23.202.996</b>		<b>24.870.959</b>	
<b>TECHNICAL RESERVES/PREMIUMS</b>	244,7%		253,6%		240,99%		270,69%		269,07%	
<b>NET EQUITY</b> (net of minorities)										
SHAREHOLDERS' CAPITAL AND RESERVES	964.489		1.026.555		1.079.178		2.380.807		2.367.113	
NET PROFIT FOR THE YEAR	86.791		87.838		150.670		40.166		217.282	
<b>Total</b>	<b>1.051.280</b>		<b>1.114.393</b>		<b>1.229.848</b>		<b>2.420.973</b>		<b>2.584.395</b>	
<b>INVESTMENTS</b>										
LAND AND BUILDINGS	865.482	10,73%	889.444	10,14%	962.986	9,96%	3.143.202	13,47%	2.510.753	10,25%
SECURITIES AND REPO	6.696.738	83,03%	7.133.369	81,36%	7.671.881	79,32%	17.638.597	75,59%	18.968.143	77,40%
CORPORATE FINANCING	30.329	0,38%	36.147	0,41%	40.417	0,42%	480.180	2,06%	241.923	0,99%
DEPOSITS WITH CEDING UNDERTAKINGS	15.406	0,19%	13.225	0,15%	13.330	0,14%	57.580	0,25%	57.645	0,24%
DEPOSITS WITH CREDIT INSTITUTIONS	12.863	0,16%	8.436	0,10%	14.723	0,15%	49.861	0,21%	19.318	0,08%
INVEST. IN CLASS "D"	444.714	5,51%	687.156	7,84%	967.639	10,01%	1.965.273	8,42%	2.708.485	11,05%
<b>Total</b>	<b>8.065.532</b>	<b>100%</b>	<b>8.767.777</b>	<b>100%</b>	<b>9.670.976</b>	<b>100%</b>	<b>23.334.693</b>	<b>100%</b>	<b>24.506.267</b>	<b>100%</b>
<b>AVERAGE NUMBER OF THE GROUP'S EMPLOYEES</b>	3.138		3.167		3.394		6.561		6.157	

# STRUCTURE OF THE GROUP

FONDIARIA-SAI S.P.A.'S CONSOLIDATED ACCOUNTS, INCLUDING THE PARENT COMPANY, COVER A TOTAL OF 111 COMPANIES, 23 OF WHICH OPERATE IN THE INSURANCE SECTOR, 1 IN THE BANKING SECTOR, 31 IN THE PROPERTY AND AGRICULTURAL SECTOR, 19 IN THE FINANCIAL SECTOR AND 5 IN THE STOCKBROKING AND MANAGED SAVINGS SECTOR AND THE REST ARE VARIOUS SERVICE COMPANIES.

63 OF THE COMPANIES ARE FULLY CONSOLIDATED, 20 ARE CONSOLIDATED USING THE NET EQUITY METHOD, AND THE REST ARE VALUED AT THEIR BOOK VALUE OR CONSOLIDATED USING THE PROPORTIONAL METHOD.

96 ARE SUBSIDIARY COMPANIES, AND 43 OF THESE ARE CONTROLLED BY THE PARENT COMPANY DIRECT. 16 OF THE COMPANIES ARE REGISTERED ABROAD.



## ALTRE PARTECIPAZIONI DI RILIEVO (1)

Finanziarie e Bancarie	Assicurative	Diverse
RCS 5,10 % (2)	GENERALI 2,43 % (10)	PIRELLI & C. 4,27 % (12)
BANCA PROFILO 4,66 % (3)	SWISS LIFE HOLDING 10,05 % (11)	
GEMINA 3,01 %		
ITALMOBILIARE 5,07 % ord (4)		
MEDIOBANCA 3,81% (5)		
MELIORBANCA 4,99%		
PREMAFIN 5,80 % (6)		
BANCA INTERMOBILIARE 2,38 % (7)		
BANCA MONTE DEI PASCHI DI SIENA 2,58% (8)		
CAPITALIA 3,01 % (9)		

(1) Situazione al 31/12/03

Percentuali calcolate sulle azioni della corrispondente categoria.

- (2) Partecipazione detenuta direttamente per l' 1,94% e indirettamente per il 3,16%  
(3) Partecipazione detenuta direttamente per il 4,55% e indirettamente per lo 0,11%  
(4) Partecipazione detenuta direttamente per il 4,99% e indirettamente per lo 0,08%  
(5) Partecipazione detenuta direttamente per il 3,27% e indirettamente per lo 0,54%  
(6) Partecipazione detenuta direttamente per l' 5,63% e indirettamente per lo 0,17%  
(7) Partecipazione detenuta direttamente per il 2,12% e indirettamente per lo 0,26%  
(8) Partecipazione detenuta direttamente per il 2,44% e indirettamente per lo 0,14%  
(9) Partecipazione detenuta direttamente per il 2,25% e indirettamente per lo 0,76%  
(10) Partecipazione detenuta direttamente per l' 1,24% e indirettamente per l' 1,19%  
(11) Partecipazione detenuta indirettamente  
(12) Partecipazione detenuta direttamente per il 4,22% e indirettamente per lo 0,05%

# **MANAGEMENT REPORT AS AT 31 DECEMBER 2003**

Given the current economic background and a particularly complex operating situation, the Fondiaria-SAI Group has done well to integrate both types of operation and to continue to meet or to exceed the objectives relating to technical excellence and earning capacity as set out in the business plan. The excellent results achieved derive from paying more attention to increasing the number of the Group's clients, from keeping operating costs down and from a targeted and balanced investment policy.

## Activity carried out

Consolidated premium income was €9,243.4m compared with €8,571.7m in 2002, that is a rate of growth of 7.84%.

(€m)	31/12/2003	31/12/2002	% variation
<b>DIRECT BUSINESS</b>			
Non-Life business	6,804.5	6,517.8	4.40
Life business	2,409.7	2,005.9	20.13
Total direct business	9,214.2	8,523.7	8.10
<b>INWARD REINSURANCE</b>			
Non-Life business	19.0	36.8	(48.29)
Life business	10.2	11.2	(9.46)
Total inward reinsurance	29.2	48.0	(39.23)
<b>OVERALL TOTAL</b>	<b>9,243.4</b>	<b>8,571.7</b>	<b>7.84</b>
Non-Life business	6,823.5	6,554.6	4.10
Life business	2,419.9	2,017.1	19.97

Premium income in Non-Life business grew by more than 4%, with a level of premiums of around €6.8bn. Growth in Life business was approximately 20% with premium income exceeding €2.4bn.

The majority of the premium income derived from 3,634 agencies (which operate through 3,354 sales outlets), the traditional sales channel, operating with the usual degree of professionalism. The distribution structure includes 1,426 single-firm agencies and other outlets controlled by the Parent Company and a further 2,208 single- and multi-firm agencies that work with the other companies in the Group. 527 of these agents collect funds invested by the public on behalf of BancaSai and market investment funds on behalf of Sai Investimenti (now split into Effe Gestioni). There is also a network of 453 BancaSai financial advisers with 91 others operating on behalf of Effe Investimenti.

The sales channel represented by brokers comes under the relevant Head Office and specific divisions or offices belonging to the companies in the Group.

Apart from what has already been said about the Parent Company in the individual reports, below we mention several matters relating to the major companies in the Group. Milano Assicurazioni S.p.A.'s operating result was distinctly positive, being characterized by a considerable improvement in core business in the Life classes and by the favourable trend in core business in the Non-Life classes.

In addition, major work on enhancing investments within property and financial management was completed during 2003, including the property spin-off operation, which generated positive cash flows exceeding €560m.

The company result at Group level reached €250m (€30.7m in 2002).

Total premium income showed an increase of more than 6% and amounted to €3,029m. The Non-Life element grew by approximately 6.4% whilst the Life element increased by nearly 5%, continuing the reverse in the trend already recorded in the previous year.

These results include the contribution made by Nuova Maa and Maa Vita, which were incorporated into Milano Assicurazioni at the end of 2003 with the aim of rationalizing and concentrating some of the companies belonging to the Fondiaria-SAI Group and enabling the principal subsidiary to consolidate its position as the fourth largest insurance operator in Italy. Thus Nuova Maa Assicurazioni contributed premium income of more than €740m to the result (+5.5%).

This merger will enable resources, knowledge, advertising and promotional campaigns to be pooled in order to provide clients with an even higher level of efficiency and an even better quality of service.

The result achieved by the subsidiary Sasa was particularly remarkable and, after five years of making substantial losses and as a result of the streamlining operation that was rigorously carried out after it became part of the SAI Group in 2001, it indicates that the Company is now making a profit once again.

This result is even more important since it was achieved at a time when there was considerable growth in business (+12.1%), when an operation was under way to consolidate provisions made during previous years and to carry out prudent write-downs of assets, and when the network of employees was being rationalized and the underwriting policy carefully analysed.

The subsidiary Siat continued to play a leading rôle in the 'Goods in Transit' sector, acting as a major and reliable point of reference in the Italian and European insurance market. Whilst the goal of a reasonable level of productivity was maintained as a priority, particular attention was paid to the initiatives and the measures to be undertaken in the sales network, in order to maintain growth in the portfolio.

Thus the subsidiary ended 2003 with a net profit of approximately €1.4m, confirming the excellent technical result, although it was down compared with the previous year owing to the fall in the dollar against the Single Currency.

As ever, the results achieved by companies in the Group that operate via bancassurance agreements were gratifying. In 2003 Novara Vita, jointly controlled by Fondiaria-SAI and by the Banca Popolare di Verona e Novara, had premium income of more than €625m, an increase of approximately 24% compared with the previous year. This increase was particularly marked in the case of traditional and index-linked products, whilst there was a drop in premium income for products with a greater financial content.

In 2003 Novara Vita's market share was approximately 1% of the market total and almost 2% of the bancassurance sector.

The operating profit amounted to approximately €5m and certainly benefited from one of the most competitive ratios between administrative expenses and premium income in the market.

Po Vita continued to make excellent progress. In terms of level of premium income 2003 was by far the best year it has ever had and helped to strengthen further PO Vita's position in the market for bancassurance products.

Premium income exceeded €685m, an increase compared with the previous year of 74%.

This excellent result was founded on the positive complementary qualities that the members of Fondiaria-SAI and Cassa di Risparmio di Parma e Piacenza continued to refine and develop, one being a capable and reliable manufacturer of products and the other a strong and competent sales network. The operating result exceeded € 2.5m.

The Group's property business continued with the completion of the property spin-off operation, which was described in full in the Company's Management Report, and through the activity of the subsidiary Progestim S.p.A. and its subsidiaries.

During 2003 business activity in this field enhanced the existing property assets and contributed to improvements in productivity. In addition, apart from providing the whole Fondiaria-SAI Group with high-quality property services, the subsidiary Progestim launched a series of initiatives to acquire or manage large plots of land, in some cases with the help of companies specifically set up for the purpose.

Well under way is the project to overhaul the set-up of the subsidiaries operating in the sector of managed savings, by both transforming and integrating companies and positioning them more strategically in the market, in such a way as to capitalize the investments made and to aggregate the capital of minority interests under management. The results for the year just ended achieved by the principal subsidiaries (BancaSAI, Effe Investimenti Sim) were still heavily influenced by a situation characterized by modest economic growth, stagnation in the financial markets and limited demand, to which was added the significant impact of investments made in previous years, and still in existence, in order to develop business activity.

Against this background, as at 31 December 2003 the Fondiaria-SAI Group employed 6,157 staff (6,507 as at 31/12/2002), 2,806 of whom were employed by the Parent Company (2,997 in 2002) and 3,351 by the subsidiaries (3,510 in 2002).



## Business trends

The business trend already reported in the Parent Company's accounts continued at the consolidated level too. In fact some of the excellent results achieved in core business were affected by value adjustments recorded on shares in the portfolio, excluding write-downs carried out solely for tax purposes which, obviously, did not affect the consolidated accounts. However only some of the beneficial effects of the property spin-off operation, which mainly involved the Parent Company and the subsidiary Milano, are represented in the consolidated accounts since they had already been taken into account both when potential capital gains were allocated to the subsidiary and, in the case of the property assets of the holding company, when write-downs carried out purely for tax purposes in previous years were offset.

The trend during the year can be summarized as follows:

(€K)	31/12/2003	31/12/2002	Variation
Result on the technical account Non-Life business	531,522	498,045	33,477
Result on the technical account Life business	43,943	13,017	30,926
Net income from investments (Class C)	517,098	228,174	288,924
Share of the profit on investments transferred to the technical account of Life business	(418,148)	(382,014)	(36,134)
Balance other income and charges	(208,476)	(138,199)	(70,277)
<b>RESULT OF ORDINARY BUSINESS</b>	<b>465,939</b>	<b>219,023</b>	<b>246,916</b>
Extraordinary income	294,505	269,958	24,547
Extraordinary charges	(102,275)	(274,663)	172,388
<b>RESULT OF EXTRAORDINARY BUSINESS</b>	<b>192,230</b>	<b>(4,705)</b>	<b>196,935</b>
Pre-tax result	658,169	214,318	443,851
Corporation tax for the year	(336,752)	(166,149)	(170,603)
<b>CONSOLIDATED RESULT</b>	<b>321,417</b>	<b>48,169</b>	<b>273,248</b>
Net profit (loss) for the year of minority interests	104,136	8,003	96,133
Net profit (loss) for the Group	217,281	40,166	177,115

The essential elements of the consolidated result are as follows:

The consolidated net profit was €321m, €217m of which was Group net profit whilst €104m represents the amount pertaining to minority interests. The large increase in the amount pertaining to minority interests follows on in part from the allocation to them of the capital gains made as a result of the property spin-off by the subsidiary Milano. Non-Life insurance business continued to achieve the good results of the previous year thanks to the favourable trend in losses incurred during the year in Motor Vehicle business, to which must be added the considerable improvement in the technical balances in basic classes of business. The subsidiaries Sasa and Nuova Maa (the latter incorporated into Milano) with their good technical improvement also contributed to this result. Also positive was the trend in core business in the Life classes in which the substantial increase in premium income was further consolidated by greater interest margins than those allocated to policyholders. The result on the Life technical account was even more significant if it is borne in mind that it was affected by the charges incurred by the Parent Company and the subsidiary Novara Vita as a result of the final settlement of the CONSAP case relating to compulsory cessions. The effect on the technical account for the year amounted to more than €19m, to which were added the losses on receivables relating

to the items already matured, and the amounts prudently allocated to the provision for risks and charges to meet the cost of settling the case with other companies in the Group.

- Gross technical provisions exceeded €24,871m compared with €23,203m in 2002. The ratio between the total technical provisions and total premiums underwritten was 269.1 % (270.6 % in 2002). This ratio was 164.3% in Non-Life business (164.0% in 2002). Therefore the drop in the index can be put down exclusively to the rate at which claims were settled in Life classes. Total operating costs rose from €1,432m to €1,497m and represented approximately 16.2% of premiums (16.7% in 2002). The drop was slightly more marked in Life business (from 7.4% in 2002 to 7.1% in 2003) than in Non-Life (where the incidence fell from 19.6% in 2002 to 19.4% in 2003). The result of investment activity improved compared with 2002 since a feature of that financial year was a high level of capital losses as a result of valuations carried out on shares. Nevertheless even during 2003 some capital assets were subject to prudent valuations involving recording write-downs representing permanent losses of value in the profit and loss account.

Overall income from investments, net of the relative charges, amounted to € 599m (€ 239m as at 31/12/2002).

Gross income amounted to €1,033m (€1,059m as at 31/12/02) and was adjusted by more than €434m (€820m as at 31/12/02) to take account of the relative charges, more than €265m of which related to capital losses arising from valuations.

- Net losses, amounting to €208m, included €136m of write-downs of tangible assets, €66m of which was for goodwill.

- Extraordinary income included the part of the considerable capital gains on the property spin-off not included in the consolidated accounts for the previous year when the differences arising from consolidation were allocated. The contribution to the consolidated result arising from this operation exceeded €175m. However the extraordinary charges included the capital loss recorded by the subsidiary Milano on the sale of the holding in Swiss Life Rentenanstalt, which amounted to approximately €32m. On the other hand when the Parent Company made the same sale it made a capital gain of €17m.

The charge for corporation tax remained high, although the tax rate was less than it had been in the previous year.

- Capital and reserves amounted to € 3,083m (€ 2,870m in 2002) and the share pertaining to the Parent Company amounted to €2,584m (€2,421m in 2002).
- The ratio between the operating profit and premiums underwritten was 2.35% (0.47% in 2002) and that between the operating profit and Group capital and reserves was 9.2% (1.7% in 2002).

Finally the ROE for the Group, calculated on the average level of the relevant capital and reserves, less dividends approved and amounts pertaining to minority interests, rose to 8.9% (1.8% in 2002). Thus the overall ROE, also including the result and amounts pertaining to minority interests, amounted to 11.1%.

## TRENDS IN SHARES

### Fondiaria-SAI

At the end of the year the Company's share capital amounted to €170,520,093 subdivided into the same number of shares each with a nominal value of €1 (128,729,892 ordinary shares and 41,790,201 savings shares). In 2003 the price of the shares varied between a low of €8.9 (12/03/03) and a high of €16.57 (16/12/03) for ordinary shares and between a low of €4.67 (29/01/03) and a high of €9.07 (16/12/03) for savings shares.

At the end of the year the prices on the stock exchange were as follows:

	31/12/2003	31/12/2002	% variation
Fondiaria-SAI ord.	16.217	11.997	35.18
Fondiaria SAI savings	8.907	4.439	100.65

The corresponding stock-exchange market value at the end of the year was €2,460m. In accordance with accounting principle n° 28 the following information is provided:

Consolidated net profit for the Group €217,281,535 Average number of shares (ordinary and savings) in circulation during the year 164,653,137 Net return per share €1.32

It should be noted that the number of shares in circulation does not include own shares owned by the Fondiaria-SAI Group. 'Potential savings shares' pertaining to the warrants issued are insignificant, therefore they have not been taken into account.

### Milano Assicurazioni

During 2003 the stock-exchange price for ordinary shares rose from €1.971 at the beginning of the year to €3.023 at the end of the year, whilst the price of savings shares rose from €1.971 to €2.824.

## Non-Life insurance business

Total premium income amounted to €6,823.5m compared with €6,554.6m in 2002, an increase of 4.10%.

Premium income from direct business amounted to €6,804.5m compared with €6,517.8m in 2002, an increase of 4.40%.

Gross technical provisions reached the figure of € 11,211.3m (€ 10,749.6 in 2002) and the ratio of these to premiums underwritten was 164.3% (164% in 2002).

The breakdown of gross premiums according to class of business is shown in the table below:

(€m)	31/12/2003	31/12/2002	% variation
Accident and Health	630.2	620.1	1.63
Land vehicles – motor TPL	4,115.8	3,886.5	5.90
Motor vehicles – other business	705.1	707.5	(0.34)
Marine, aircraft and goods in transit	172.4	199.9	(13.76)
Fire and Other Damage to Property	645.1	620.5	3.96
General TPL	436.7	403.8	8.15
Credit and Bonds	61.7	60.5	1.98
Sundry pecuniary losses	17.9	17.6	1.70
Legal protection	13.6	12.0	13.33
Assistance	25.0	26.2	(4.58)
<b>TOTAL</b>	<b>6,823.5</b>	<b>6,554.6</b>	<b>4.10</b>

Premiums ceded amounted to €385 m (€478 m in 2002).

Gross claims settled amounted to €4,490m compared with €4,354m in the previous year (+3.1%). The breakdown per class of business of claims reported and settled for Italian direct business, including costs, is shown in the table below:

	Claims paid (€m)			Claims reported (1) (Number)		
	2003	2002	% variation	2003	2002	% variation
Accident and Health	379.5	389.8	(2.65)	283,348	299,961	(5.54)
Land vehicles – motor TPL	2,862.8	2,733.8	4.72	1,007,664	1,028,874	(2.06)
Motor vehicles – other business	300.1	297.5	0.89	221,417	221,684	(0.12)
Marine, aircraft and goods in transit	115.6	115.9	(0.27)	18,146	22,699	(20.06)
Fire and Other Damage to Property	381.8	340.0	12.29	176,847	196,284	(9.90)
General TPL	258.3	249.3	3.61	100,049	97,838	2.26
Credit and Bonds	37.5	51.9	(27.73)	2,086	1,705	22.35
Sundry pecuniary losses	3.7	42	(11.57)	5,063	2,361	114.44
Legal protection	1.2	0.9	24.87	1,609	1,470	9.46
Assistance	12.3	90	36.17	50,184	47,845	4.89
<b>TOTAL</b>	<b>4,352.8</b>	<b>4,192.4</b>	<b>3.83</b>	<b>1,866,413</b>	<b>1,920,721</b>	<b>(2.83)</b>

The ratio of claims to earned premiums for the period was 70.75% (70.56% as at 31 December 2002). this ratio continuing to be substantially in line with the figure for the previous year during which, however, considerable savings were made as a result of the provisions for previous years being dismantled. The considerable stability in the ratio during 2003 was a result of the favourable trend in losses incurred during the year, but this in turn was partly offset by the fact that the average cost of the payout exceeded the rate of inflation and the impact of claims for personal injury continued to be negative.

The combined ratio was 91.5%, this too remaining substantially unchanged compared with that recorded in the previous year (91.6%). This ratio was certainly a sign that insurance operations and operations relating to handling and paying claims were managed very efficiently.

This is even more marked when viewed in the light of the growth in premium income in MV business, which was lower than in previous years, in the light of the increase in technical provisions and having regard to the ratio of the latter to premium income.

Work continued on keeping operating costs down, the rise in which, including the reinsurers' share, was only 3.3%, less than the rise in premium income. The result was a lower incidence on premium income, which fell from 19.6% in 2002 to 19.4% in the year in question. Finally it should be pointed out that at Group level the average cost of claims for the year in question also recorded considerable growth, whilst the average cost of those incurred in previous years was substantially unchanged.

The trend recorded in 2003 for the subsidiary companies is summarized in the following table:

(€K)	GROSS PREMIUMS	VAR. %	RESULT	CAPITAL AND RESERVES excluding net profit for the year
AZZURRA ASSICURAZIONI S.p.A.	25,374	20.59	(9,181)	9,204
EUROPA TUTELA GIUDIZIARIA S.p.A.	9,358	14.50	347	6,176
MILANO ASSICURAZIONI S.p.A.*	2,599,080	6.56	249,137	993,737
PRONTO ASSISTANCE S.p.A.	10,815	3.87	30	3,476
PRONTO TUTELA GIUDIZIARIA S.p.A.	2,217	15.59	466	1,876
SASA S.p.A.	279,896	12.50	1,026	52,000
SIAT S.p.A.	137,389	(13.59)	1,366	41,672

\* consolidated figures

Below we report on some of the main features of 2003 for the major companies in the Group.

### **AZZURRA ASSICURAZIONI S.p.A.**

Share capital €5,000,000

(Direct shareholding 60%, indirect 40%)

During 2003 the Company had premium income of €25,374K, an increase of approximately 21% compared with the previous year and ending with a loss for the year amounting to €9,181K (€2,897K in 2002). This loss can be mainly put down to a negative technical result in Motor Vehicle TPL business of €6,2m and to other administrative expenses of approximately €3,2m. A tough streamlining policy was introduced during 2003 and is still ongoing, involving actions that have led to a considerable drop in premium income and to the rationalization of claims-handling procedures.

### **DIALOGO ASSICURAZIONI S.p.A.**

Share capital €6,617,125

(Indirect shareholding 99.80%)

The Company distributes integrated MV products by telephone, particularly to women. During the year the Company wrote premiums of €15,275K compared with €6,970K in 2002 (+119,15%). The amounts pertaining to advertising costs incurred by the Company in the year in question and in the two previous years and a much more prudent assessment of the average cost of claims not yet settled had a negative effect on the result for 2003, which ended with a loss of €4,808K, even greater than the loss of €2,613K incurred in 2002.

In view of the loss already made by the Company in the first nine months of the year, the extraordinary meeting of shareholders held on 1 December 2003 voted to revoke the unsubscribed and unpaid part of the capital increase passed by the extraordinary meeting of shareholders held on 15 April 2003 and to make a further increase in the share capital to €8,831,774,00 by making an offer to be subscribed by 31 March 2004.

## **MILANO ASSICURAZIONI S.p.A.**

Share capital €238,569,327,88

(Direct shareholding 64.41%, Group interest 67.68%)

The merger incorporating Nuova Maa Assicurazioni S.p.A. and Maa Vita Assicurazioni S.p.A. into Milano Assicurazioni took place on 17 December 2003.

The operation was carried out as part of a general process of rationalizing and concentrating the Companies belonging to the Fondiaria-SAI Group in order to pool resources, skills, investment policies and advertising and promotional activities with the aim of attaining even higher levels of efficiency and of offering clients an even higher quality of service. As a result of the merger Milano Assicurazioni consolidated its position in the Italian market with a level of premium income of approximately €3bn and a sales network consisting of 1.500 agencies covering the whole country.

The 2003 accounts closed with a net profit of €157.196K compared with €36.163K in the previous year using the same basis of consolidation. The elements that contributed to this result can be summarized as follows:

- a considerable improvement in business in Life classes, which recorded a net profit of €36.683K compared with the net profit of €10.065K recorded in 2002. This improvement is mainly due to the greater interest margins achieved in 2003 compared with the previous year, which had recorded low income from Life investments compared with interest paid to policyholders. However the technical account of Life business in 2003 closed with a net profit down to €330K as a result of the value adjustment carried out exclusively for tax purposes on the Generali shares in the portfolio, details of which are given later, which had a negative impact of €36.353K.
- a favourable trend in Non-Life business, which recorded a positive net technical balance of €191.822K compared with the positive result of €216.928K in 2002. The drop was mainly due to the MV TPL class which recorded a technical balance for direct business substantially the same as in 2002 of €45.409 which, however, benefited from a minor revaluation of the provisions for claims for previous years, whilst a further considerable improvement was recorded in the overall technical balance in other Non-Life classes which rose from €172.105K in 2002 to €197.376K in 2003. This result was also partly due to the improvement in the technical balance in the Nuova Maa division, which although remaining negative recorded a considerable improvement compared with the previous year, with direct business alone showing a loss of only €14.509K in 2003 compared with a loss of €41.653K recorded in 2002.

The technical account in Non-Life business closed with a net profit of €191.066K compared with €255.779K recorded at the end of the previous year. It must be pointed out that in this case too the technical account for 2003 was affected by not benefiting from a return on investments as a result of the value adjustment on the Generali shares in the portfolio mentioned earlier which had a negative effect on the return on investments in Non-Life business amounting to €77.311K and thus made it impossible to fulfil the intention to transfer some of this income from the non-technical account to the technical account.

- a satisfactory trend in property and financial management, under which major operations to increase the value of investments and to optimize asset allocation were implemented during the year. In particular the opportunity was taken in December 2003 to sell some of the Company's unused property assets. This operation generated capital gains of approximately €222m and cash flows of more than €560m and represented an opportunity to create value for the Company in the light of the upward trend in the property market and the interest shown by Italian and foreign investors and in view of the desirable features of the property that was sold.

In order to optimize the tax burden a value adjustment for tax purposes was carried out on the Generali

shares in the portfolio, thus taking advantage of the opportunities arising from the application of current legislation, In particular the Generali shares in the portfolio were subject to an initial value adjustment in the Company accounts under Art 16,3 of Legislative Decree 173/97 which reduced the book value of each share from €31,93 to €28, which in reports drawn up by independent analysts was deemed to be a reasonable level of fair value for these shares, This value adjustment totalled €57,987K, In this way the Generali shares were aligned with the average price for the last six months of 2003 and the book value of each share was reduced from €28 to €20,29, followed by a further value adjustment, purely for tax purposes, of €113,664K, which reduced the technical account of Life business by €36,353K and income for Non-Life business, recorded in the non-technical account, by €77,311K, inter alia making it impossible to fulfil the intention to transfer some of the return on investments from the Non-Life non-technical account to the Non-Life technical account, Still on the subject of asset management, the entire shareholding in Swiss Life Rentenanstalt, of 3,15% of the capital, was sold to Swiss Life Holding, This operation, which involved capital losses on the price of the security of approximately €32m, was carried out as part of the process of rationalizing the Company's and the Fondiaria-SAI Group's strategic shareholdings, without in any way affecting the strategic nature of the holding in Swiss Life Holding, which owns approximately 92,5% of Swiss Life Rentenanstalt, in which Milano Assicurazioni holds approximately 3%, (The Fondiaria-SAI Group as a whole is still the largest shareholder with a total holding of approximately 10%,)

During the year loans from the associated company Fondiaria Nederland amounting to a total of €200,443K were also paid off using cash invested in short-term repo operations; therefore as at 31 December 2003 the amount of €9,337K in loans was outstanding, €8,337K of which is due to mature on 20 April 2004 and €1,000K on 29 June 2004.

In the case of the commercial lines already belonging to Milano Assicurazioni, during 2003 products aimed at corporate clients were introduced, Particular mention should be made of 'Incendio Medie Imprese' (Fire Insurance for Medium-Sized Enterprises) aimed at industrial and commercial companies and warehouses, 'Leasing beni strumentali' (Capital Goods Leasing), a policy aimed at the ever-expanding leasing market, and finally the 'C.A.R.' policy for insuring risks related to bidding for contracts,

In the case of the Maa line, the 'Basic' line consisting of five products aimed at families was marketed, covering house fire, theft and robbery of house contents, family third-party liability, reimbursement of hospital expenses for major surgery and finally permanent disability arising from accidents.

As all the remarks just made, including those relating to the annual accounts, are obviously still valid, we can report that the consolidated accounts closed with a net profit of €249,122K (which of course unlike the Parent Company accounts benefited from the offsetting of the write-downs, mentioned above, of Generali shares made purely for tax purposes) and with premium income amounting to €3,029m.



## **SASA ASSICURAZIONI E RIASSICURAZIONI S.p.A.**

Share capital €52,000,000

(Direct shareholding 88.78%)

The 2003 accounts signalled the Company's return to profit after five years of significant losses. The net profit of € 1,026K was achieved despite considerable extraordinary charges and considerable costs not relating to the year in question, thanks in particular to a significant improvement in the technical account, which was negative to the tune of €2,118K compared with a negative result of €5,066K for 2002. The result also benefited from deferred tax credits amounting to €6.3m.

The policy of taking firm action to streamline technical operations did not involve a lower rate of growth and premium income increased by more than 12%, the better quality of risks underwritten being reflected in the simultaneous reduction in the number of claims reported (-6.8% in the case of MV TPL). The overall increase in premium income was the consequence of opening new sales outlets in areas with the potential to bring in a lot of business where the Company had previously been underrepresented.

From closer examination of the figures it can be seen that premium income reached a total of €279,896K compared with €248,802K in 2002.

The claims situation seemed to be improving. The number of claims reported was down by 2.4% and there was a considerable drop in the loss ratio in almost all classes of business, though in General TPL the reduction in the loss ratio was huge and in Aircraft – Hull and Marine – Hull there was a huge rise in the loss ratio because of major claims relating to business that was sufficiently reinsured. In both cases the net effect on the Company's accounts was negligible. It should also be remembered that the impact of the new claims-handling procedure based on the introduction of the centralized telephone service continued to make itself felt. The aim is obviously to improve the way in which claims are handled and the speed at which they are settled, which keeps costs down. In confirmation of this it should be pointed out that in various classes of business the speed at which claims incurred in previous years were handled actually exceeded the speed at which current claims were handled.

Investments recorded an increase of more than 24%, rising from €205m to €256m.

It should be remembered that during the year Fondiaria-SAI granted a subordinated loan of €10,000K for a period of 10 years as a contribution to enabling Companies to make improvements to the elements making up the subsidiary company's solvency margin.

## **SIAT SOCIETA' ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.p.A.**

Share capital €38,000,000

(Indirect shareholding 87.82%)

The Company had premium income totalling €137,387K, a decrease of 13% compared with the previous year, €129,511K of which was for Italian direct business, Goods in Transit premium income accounting for €90,647K (€99,608K in 2002). Claims totalling €123,983K were paid (€141,601K in 2002), €118,769K of which related to direct business. Investments amounted to €103,925K, a decrease of 10% compared with the previous year.

The year closed with a net profit of €1,366K, a reduction compared with the figure of €2,269K for 2002. This result was mainly due to a deterioration in the technical balance that can be put down to the continuing marked weakness of the US dollar and to an increase in the loss ratio in the General TPL class. These setbacks were partly offset by a considerable improvement in the financial component.

### **SIS COMPAGNIA DI ASSICURAZIONI S.p.A.**

Share capital €15,000,000

(Indirect shareholding 100%, Group holding 67.68%)

The accounts for the year ended 31 December 2003 showed a loss of €5,628K (compared with a loss of €784K as at 31 December 2002) after the provision for outstanding claims incurred in previous years had been adjusted by €2,680K, €272K of which was borne by the reinsurers. The amount of claims paid and of the relative costs was €27,680K (€28,390K in 2002), a decrease of 3%. Premium income recorded in 2003 amounted to €41,627K (€35,880K in 2002), an increase of 16%. Gross technical provisions rose to €106,133K (€93,395K in 2002), an increase of 13.6%. During 2004 work will continue on streamlining the Company's accounts by adopting a more selective underwriting policy and being stricter in cancelling multi-claim policies in the portfolio. Similar work is under way to make the claims-handling process more effective and more efficient.

### **THE LAWRENCE RE LTD**

Share capital €125,000

(Indirect shareholding 100%)

In 2003 the Company continued to act as reinsurer for the Companies belonging to the former La Fondiaria Group, undertaking to place business ceded by them on the market. Premiums written for 2003 amounted to €104m (€2.8m of which was for Life business), whilst premiums ceded on the market amounted to €78.7m, (€2.1m of which was for Life business).

The operating profit amounted to €7,141m net of the taxes pertaining to the period. The level of capital and reserves as at 31 December 2003 was €40,363m. The excellent technical trend in retained business contributed to this result.

As from 2004 the Company will operate as reinsurer for all the Companies in the Fondiaria-SAI Group.

## ***Reinsurance***

In 2003 the placing on the international market of all the cessions in the former Fondiaria portfolio continued to be carried out through the subsidiary The Lawrence Re of Dublin. The reinsurance policy was geared towards non-proportional types of cessions to cover individual risks or pooled risks arising from a single event in the case of Fire, Theft, Accident TPL, General TP Land vehicles – motor TPL whilst proportional types of cession were arranged for Bonds, Credit and Technological Risks.

In the case of Goods in Transit the mixed structure based on proportional agreements for protection in the event of excess claims continued to be applied.

Finally, Hail coverage was operated on a stop loss basis.

As far as the former SAI portfolio is concerned, the balance of cessions in reinsurance was broadly favourable for our reinsurers in the light of the excellent trend in policies taken out direct and in the absence of specific atmospheric claims and/or events.

This reinsurance policy was characterized by the prudential criteria used when both schemes and reinsurers were being selected.

During 2003 non-proportional agreements were used to reinsure MV TPL, General TPL, Accident and Land Vehicles whilst proportional agreements continued to be used for cessions in Fire, Bond-Credit, Marine – Hull, Aircraft – Hull, Goods in Transit and part of the Other Damage to Property portfolio. In 2004 cessions on the international market will go through The Lawrence Re, as already happens in the case of the former Fondiaria division.

With reference to the subsidiary Milano Assicurazioni S.p.A. it should be pointed out that in the case of the portfolio acquired by Mediolanum Assicurazioni S.p.A. in 2001 from the merged company Nuova Maa Assicurazioni S.p.A. proportional reinsurance coverage was introduced to cover MV TPL and Land Vehicles, as well as an agreement to cover excess claims.

In the case of the subsidiary company Siat the outward reinsurance policy is the same as in previous years. In the case of Goods in Transit the Company continued to have recourse to a proportional type of reinsurance coverage and ceded a considerable percentage of business underwritten. Risks retained were protected by coverage for excess losses for events above a certain level of seriousness.

Sasa's reinsurance policy was set up with major companies and was based on criteria of prudence and optimization of the risk profile, whilst having recourse to proportional types of reinsurance the Company made use of facultative placements in cases in which operations were of such a size as to necessitate the involvement of the international market.

In the case of inward reinsurance the figures shown in the accounts for all facultative operations relate to 2003 whilst for other types of agreement the figures as at 31 December 2002 are included.

The result was balanced in the case of run-off acceptances, whilst the result of the former SAI portfolio was affected by a prudential reservation for some risks underwritten in the market.

## Life business, Pension funds and Managed savings

Total premium income amounted to €2,419,9m compared with €2,017,1m in 2002, an increase of 19,97%, Premium income from direct business amounted to €2,409,7m, an increase of 20,13%.

Life premium income, amounting to €2,420m, represented 26% of the total premium portfolio compared with a figure for 2002 that came to approximately 23,5%. This increase can be ascribed to the excellent results achieved by the Parent Company and the subsidiary Milano, thanks to a higher level of premium income received through the traditional networks and to the considerable improvement recorded by the Companies operating in the bancassurance sector. Gross technical provisions reached a total of €13,660m (€12,453m in 2002) and the ratio of technical provisions to premiums written was 564% (617% in 2002), The following table shows the breakdown of total premium income according to type of business:

(€m)	31/12/2003	31/12/2002	Var, %
I – Life Assurance	1,235.1	1,125.5	9.74
III – Insurance referred to under I and II linked to investment funds	592.8	175.3	238.16
IV – Health insurance	0.1	0.1	-
V – Capital redemption operations	571.7	698.4	-18.14
VI - Pension funds	20.2	17.8	13.48
	2,419.9	2,017.1	19.97

Gross sums paid, including the related charges, amounted to €1,465m (€1,439m in 2002), an increase of 1,8%, Premiums ceded amounted to €32m (€32m in 2002).

In Life business too the increase in operating costs was kept down to 15,4%, i.e. to a rate lower than the growth in premium income. Thus the incidence of costs on premium income fell from 7,4% in 2002 to 7,1% in 2003.

The trend recorded in 2003 for the subsidiary companies is summarized in the following table:

	GROSS PREMIUM INCOME	VAR. %	RESULT	CAPITAL AND RESERVES excluding net profit for the year
(€K)				
BIM VITA S.p.A.	5,907	(61.39)	(1,063)	13,934
MILANO ASSICURAZIONI S.p.A.*	429,870	5.01	249,137	993,737
NOVARA VITA S.p.A.	625,248	24.37	4,914	68,358
PO VITA S.p.A.	685,292	74.40	2,590	76,940
PROFILO LIFE S.p.A.	4,042	(21.51)	(98)	10,374
SASA VITA S.p.A.	44,188	46.34	548	7,759
EFFE VITA S.p.A.	8,715	(6.44)	273	9,408
LAWRENCE LIFE ASSURANCE CO Ltd	6,391	109.13	(2,645)	9,993
FIRST LIFE S.p.A.	1,812	-	88	13,434

(\*) consolidated figures

The figures below show the returns on the main segregated accounts managed by Companies in the Group:

Press 2000	4.02
Nuova Press 2000	4.53
Fondivita	4.51
Fondicol	4.54
Fondoviva e GEPRE	4.53
3A	4.47
Geprecol	5.08
Pres Novara Euro	4.00
Gestione Po Vita	4.02

During the year the companies in the Group introduced new Life products via the sales networks, this activity having been made possible by the 'product factory' work carried out by the Life Department together with work on analysing and developing the Life portfolio in order to bring about an even higher level of client satisfaction. In particular several new Index-Linked products, custom-made capital redemption products and pure risk products (Group temporary policies for death and disability) were launched and, in the case of the latter, a unified tariff for all the Companies in the Group was drawn up.

Below are some figures relating to the new products. to be used purely as a guide:

	Class I	Class III	Class IV	Class V	Total
FONDIARIA-SAI S.p.A.	154,705	119,599	35	115,634	389,973
NOVARA VITA S.p.A.	179,510	371,097		50,000	600,607
MILANO ASSICURAZIONI S.p.A.*	29,947	60,675	25	72,125	162,772
PO VITA S.p.A.**	276,770	7		360,841	637,618
SASA VITA S.p.A.	23,018	12,608		20	35,646
<b>TOTAL</b>	<b>663,950</b>	<b>563,986</b>	<b>60</b>	<b>598,620</b>	<b>1,826,616</b>

\* including Maa Vita

\*\* 100% figures

It should also be pointed out that, as far as the premium income of the Open-End Pension Funds is concerned, in 2003 the subsidiary company Bim Vita S.p.A. launched three subfunds, known as Linea Bond, Linea Equilibrio and Linea Equity.

The table below contains some figures for managed savings, for the results of which you are referred to other parts of the accounts:

	INCOME 2003	VAR,%	RESULT	CAPITAL AND RESERVES excluding net profit for the year
(€K)				
BANCASAI S.p.A.	11,528	(11.34)	(5,383)	36,891
EFFE GESTIONI SGR S.p.A.	4,691	(21.95)	(685)	6,229
EFFE INVESTIMENTI SIM S.p.A.	2,129	15.96	(8,032)	20,658
SAIGESTIONI SIM S.p.A.*	14,202	(16.76)	(6,656)	20,000
SAINVESTIMENTI SGR S.p.A.	8,100	(14.62)	212	4,137

(\*) consolidated figure

Some of the principal elements for 2003 are shown for the major companies in the Group but you are referred to the previous paragraph for remarks on operations in Life business carried out by the subsidiary company Milano Assicurazioni S.p.A..

## **NOVARA VITA S.p.A.**

Share capital €54,000,000

(Indirect shareholding 50%; Group holding 29%)

In 2003 the Company had premium income of €625,248K, an increase of approximately 24% compared with the previous year, and made an operating profit of €4,914K (€2,586K in 2002) after taxes for the year of €3,137K are taken into consideration. When the breakdown of premium income is examined a decrease in capital redemption policies is noted (€53m compared with €320m in the previous year) and a simultaneous huge increase in premium income in Class III (€377m compared with €12m in 2002) almost entirely owing to the new Index-Linked policies, which brought in premium income of €371m.

As in the past Novara Vita had one of the lowest ratios of other administrative expenses to premiums in the market, a mere 0,45%.

Technical provisions amounted to €2,198,402K (€1,747,696K as at 31 December 2002). Sums paid out during the year totalled €188,355K, slightly down compared with the figure for the previous year of €202,375K.

Finally, investments exceeded €2,203,960K, an increase of €462,953K compared with the previous year.

## **PO VITA COMPAGNIA DI ASSICURAZIONI S.p.A.**

Share capital €70,000,000

(Indirect shareholding 50%)

The accounts as at 31 December 2003 closed with a net profit of €2,590K (€1,739K as at 31/12/2002) despite adjustments carried out on securities and shareholdings totalling €1,375K.

In terms of level of premium income 2003 was by far the best ever and helped to consolidate PO Vita's presence in the market for bancassurance products; the figure for premium income in 2003 rose to €685m, an increase of 74% on the sales figures for 2002 (€393m).

Examination of the mix of products sold reveals that the market preferred the range of Segregated Accounts, which took €369m (54%) compared with €315m (46%) for Index-Linked products.

By the end of the year there was a total of 131,016 policies in existence (96,831 at the end of 2002). Gross technical provisions amounted to €1,917,856K, €799,258K of which related to pension funds and to policies the benefits of which were linked to investment funds and market indices (€1,276,869K and €467,388K respectively as at 31/12/2002).

Sums to be paid out during the year rose from €87,562K to €103,613K.

On 31 December 2003 the level of total investments reached €1,947m compared with €1,323m as at 31 December 2002. This marked increase was due to the expansion of the Company and to the increase in capital and reserves, In line with the improvement in the economic situation both in Europe and in the US the duration of the portfolio was shortened, keeping returns on long-term debt securities low. As part of this strategy trading activity was aimed at making the most of moments during which opportunities were offered by high market volatility.

## **Settlements with CONSAP**

During 2003 three settlements were reached with CONSAP in the dispute originally arising as a result of the so-called 'compulsory cession' obligation being finally abolished as from 1 January 1994, the first relating to the SAI division portfolio, the second relating to the Fondiaria division portfolio and the third relating to the portfolio of the subsidiary Novara Vita S.p.A.. These agreements had a negative effect on the 2003 consolidated accounts to the tune of €19,358K (€17,217K of which related to the Fondiaria-SAI portfolio and €2,141K to Novara Vita), net of the utilization of funds set aside for the purpose in the accounts for the previous years. In this respect it should be pointed out that further amounts were set aside in anticipation that the settlements currently being negotiated relating to the subsidiary companies Milano Assicurazioni and Profilo Life would be resolved.

## ***Outward reinsurance***

The structure of the outward reinsurance scheme for 2003 remained almost unchanged and therefore the criteria of prudence continued to be applied.

For further information you are referred to the Report of the Parent Company, in which the reinsurance policy guidelines are set out in detail.



### **SAINVESTIMENTI SGR S.p.A.**

Share capital €3,913,588

(Direct shareholding 100%)

The accounts for the year ended 31 December 2003 show a net profit of €201K (compared with a net profit of €79K as at 31 December 2002) after depreciation of €655K and corporation tax for the year of €317K are taken into account.

During the year a start was made on the work of fundamentally reorganizing the managed savings sector within the Fondiaria-SAI Group S.p.A., which is not yet complete. In particular, as from 1 July 2003, Sainvestimenti ceased managing individual investment portfolios for the Companies in the Group and also during the second half of the year likewise ceased to deal with the financial management of the Open-End Pension Funds on behalf of various companies in the Group, this activity now being carried out by the Fondiaria-SAI S.p.A.'s Finance Section. In addition, on 1 December 2003 the Company was partially split into the associated company EFFE Gestioni SGR, S.p.A. by the branch of the business dealing with group savings being transferred to the latter. Consequently the Company ceased to manage unit trusts as from that date.

Taking into account all the various branches of activity in which it still operated for part of the year, Sainvestimenti managed total assets of €11,606m (€7,397m as at 31/12/2002), €11,107m of which was in individual investment portfolios managed on behalf of Companies in the Group, €65m was in Open-End Pension Funds managed on behalf of SAI, Profilo Life, Novara Vita, PO Vita and Bim Vita, and €434m was in open-end unit trusts.

The possibility of, in the future, managing closed-end investment funds, both those investing in property and those investing in stocks and shares, of the 'private equity' type, is currently being examined.

### **SAI GESTIONI SOCIETA' DI INTERMEDIAZIONE MOBILIARE S.p.A.**

Share capital €20,000,000

(Direct shareholding 100%)

The accounts for the year ended 31 December 2003 showed a loss of €6,656K. This result can be mainly put down to the fall in value of the shareholding in the subsidiary Cofimo SIM of €4,087K and to the trend in typical core business which, whilst not yet having reached financial equilibrium, showed a loss for the period substantially in keeping with that for 2002. In particular, commission generated amounted to €2,333K, a decrease of €188K compared with the figure for 2002, and the result for core business amounted to €1,665K (-0,47% compared with 2002).

During the year plans were made to sell the branch of the business dealing with Individual Accounts to Effe Gestioni SGR, and the sale was completed on 1 January 2004. This operation was carried out as part of a Group plan aimed at maximizing operating synergies in the Finance Department too, and in particular in Managed Savings in order to rationalize commercial procedures and make useful economies of scale.

On 2 March 2004 Sai Gestioni obtained authorization from CONSOB to trade on its own account, to trade on behalf of third parties and to provide a placement service. This authorization means that during 2004 it will be able to centralize its activities by incorporating the subsidiary Cofimo Sim S.p.A. and to optimize the way it works by concentrating all trading activities within a single structure. This restructuring should enable the Company to reach a state of financial equilibrium.

### **BANCASAI S.p.A.**

Share capital €36,890,000

(Direct shareholding 70%)

The Company's technical position was still affected by the costs incurred for the investment in resources and structures carried out for the purpose of achieving its medium- and long-term objectives. The principal feature of the entire year was the work carried out on internal reorganization by issuing and implementing internal rules for the principal business functions and by introducing a system of strict cost control which led to costs being drastically reduced.

Consequently the result, gross of value adjustments and of extraordinary charges, was a loss of €5,386K compared with €12,831K as at 31 December 2002. Premium income totalled €258,268K including business done with the Companies in the Group and was down compared with 2002 when the figure was €531,526K. Gross premium income for financial products totalled €106,573K. On these instruments BancaSai's client portfolio rose from €264,691K to €299,934 at the end of 2003. Finally, loans to clients, net of doubtful outcomes, amounted to €5,497K compared with €290K in the preceding period.

During 2004 work will continue on completing the range of banking services offered and on relaunching the sale of financial services through the Financial Advisers operating within the Group's Insurance Agencies; work will also be completed on reorganizing and replacing a considerable part of the Bank's IT systems, which at the same time will lead to a reduction in annual IT costs.

## **EFFE GESTIONI SGR S.p.A.**

Share capital €5,000,000

(Direct shareholding 100%)

The accounts for the year ended 31 December 2003 showed a loss of €714K compared with a net profit of €287K in the previous year. This result is due to the fact that the Company ceased to manage the investment portfolios of the insurance companies in the Group – as from 1 January 2003 that of the former La Fondiaria Assicurazioni S.p.A. and as from 1 July 2003 those of another seven Companies in the Group – which led to a drop in commission received for this activity of €2,021K compared with a reduction in costs for the staff carrying out this work of only €623K.

Portfolio management on behalf of the companies in the Group was taken over by the Finance Department of the Holding Company. This operation was part of the process of rationalizing the investment side of the business, which was carried out by splitting the work of managing unit trusts on behalf of SAI Investimenti SGR of which Effe Gestioni was a beneficiary. The operation took effect on 1 December and therefore the contribution of these activities to the result for this financial year was limited. During 2003 the Company managed 25 open-end investment funds, two composite funds split into three risk profiles and carried out asset management on an individual basis in funds (known as GPF). As at 31 December 2003 capital and reserves of the funds managed was €665m, including the funds transferred for the purpose of the partial split of the branch of the business of SAI Investments SGR, which on the date the split took effect (1 December 2003) amounted to €436m.

## **EFFE INVESTIMENTI SIM S.p.A.**

Share capital €20,658,000

(Direct shareholding 100%)

The accounts for the year ended 31 December 2003 showed a loss of €8,032K (whereas in 2002 the loss had been €6,657K). This negative result was due to the failure of the earnings margin on investment activity to cover the operating costs. The worsening of the situation compared with the previous year was mainly due to events of an extraordinary nature. The Company is the traditional distributor of the unit trusts of Effe Gestioni SGR S.p.A.. On 1 December 2003 Effe Gestioni took over managing the funds of SAI Investimenti SGR S.p.A. following the partial split of the branch of the business dealing with group investments. As from 2004 Financial Advisers can place the funds formerly dealt with by SAI Investimenti SGR S.p.A..

The Company sells 140 different financial products split between SICAV investment funds and other types of business, 3 asset management services in Funds, 1 open-end pension fund.

During 2003 net premium income in funds totalled €39,3m and net premium income in asset management in funds reached €10,6m.

During 2003 92 new financial advisers were recruited and at the end of the year there were agency contracts with 556 financial advisers.

## Non-Insurance Activity

The trend in the principal companies in the Group operating in the financial and property-agricultural sectors is summarized in the following table:

	INCOME	% VARIATION	RESULT	CAPITAL AND RESERVES excluding the net profit for the year
(€K)	2003			
<b>FINANCIAL SECTOR</b>				
FINSAI INTERNATIONAL S.A.	1,736	(96.32)	1,061	63,845
FONDIARIA NEDERLAND B.V.	4,714	(85.35)	1,128	409,544
SAIFIN – SAIFINANZIARIA S.p.A.	4,997	(82.40)	570	133,073
SAINTERNATIONAL S.A.	29,091	39.27	5,672	150,809
SAI HOLDINGITALIA S.p.A.	2,790	(54.10)	(2,556)	151,104
MERCANTILE LEASING S.p.A.	413,600	25.13	6,473	78,696
<b>PROPERTY/AGRICULTURE SECTOR</b>				
PROGESTIM S.p.A.	13,335	(0.22)	3,084	267,644
SIM ETOILE S.A. (consolidated figures)	1,621	(34.74)	783	31,358
SAIAGRICOLA S.p.A.	7,231	(1.04)	(1,481)	63,288

We should like to point out several elements that featured in the activities carried out by the companies listed above:

### **FINSAI INTERNATIONAL S.A.**

Share capital €22,801,140  
(Direct shareholding 38.53%; indirect 61.47%)

The operating profit for the year amounted to €1,061K made up of income of €1,736K, mainly consisting of dividends and investment income arising from managing its own available cash, less costs of €675K, mainly consisting of general and administrative expenses and of tax for the period.

The Company's assets as at 31 December 2003 amounted to €65,5m and consisted mainly of its shareholding in Mediobanca (0.35%) with a book value of €10,1m and of cash and miscellaneous assets worth €55,1m. On the same date the Company's capital and reserves amounted to €64,9m. The Company owns 2,722,446 Mediobanca shares linked to the agreement relating to the shareholding in the capital of Mediobanca.

### **FONDIARIA NEDERLAND B.V.**

Share capital €19,070  
(Direct shareholding 100%)

The operating profit for 2003 amounted to €1,128K and was mainly made up of investment income of €4,714K less interest payable and expenses of €3,762K. This income consisted of the interest on the bonded loans taken out in previous years by Fondiaria SAI and by Milano Assicurazioni. With reference to the section on indebtedness arising from movements of funds during the year, it should be pointed out that at the end of the year Fondiaria SAI's outstanding loans amounted to €30,8m and Milano Assicurazioni's to €9.4m. These loans will fall due during the first half of 2004.

The other principal asset consisted of 1,644,580 shares in Swiss Life Holding amounting to 7,59% of the capital with a book value totalling €352,944K.

### **MERCANTILE LEASING S.p.A.**

Share capital €27,157,851,76  
(Direct shareholding 91%, Group holding 97.09%)

There was a lull in business for leasing operators in Italy in 2003, the sole exception being in the business of leasing ships in which, with the coming into force of the new VAT regulations, there was a sudden rise in the number of contracts. Having spotted the potential in this new sector of the market, Mercantile Leasing obtained a considerable volume of business amounting to €122m, an increase of more than 300%. Total turnover was €429m and there were 6,337 new contracts, a drop of 1,9%. The approved Insurance Agencies in the Group continued to make a positive contribution, generating 1,042 new contracts amounting to €50m.

The value of total property leased rose to €1,576m, covering 23,293 contracts, an increase of 25% compared with the previous year.

2003 closed with a net profit of €6,5m, an increase of 3,5% compared with 2002.

## **SAIFIN SAIFINANZIARIA S.p.A.**

Share capital €102,258,000

(Direct shareholding 100%)

The operating profit for 2003 amounted to €570K.

Income for the year amounted to €7,326K and consisted of investment income of €1,907K, extraordinary income resulting from the sale of almost the entire shareholding in RCS of €2,773K and deferred taxes receivable of €2,646K. The costs for the period amounted to €6,756K and mainly consisted of administrative expenses of €420K, value adjustments on shareholdings of €3,869K (consisting mainly of losses in value in the subsidiary company My Fin amounting to €4,182K and value readjustments on the remaining RCS shares in the portfolio amounting to €317K) and allocation to the provision for risks and charges of €2,100K.

As at 31 December 2003 the Company's assets amounted to €135,955K and consisted of €56,738K in shareholdings in Group undertakings, €1,966K in other shareholdings, €43,416K in fixed-yield securities, €13,594K in financial credits, €16,989K in cash mainly invested in time deposits and €3,252K in miscellaneous business activities. On the same date the Company's capital and reserves amounted to €133,644K.

## **SAINTERNATIONAL S.A.**

Share capital €154,000,000

(Direct shareholding 100%)

The operating profit for 2003 amounted to €5,672K. Income amounted to €29,091K and consisted mainly of interest receivable on debt securities of €2,495K, income from financial operations of €1,368K, income arising from corporate finance granted to the holding company Fondiaria-Sai of €16,272K and value readjustments on listed securities of €8,160K. Costs amounted to €23,419K and consisted mainly of administrative and general expenses of €2,285K, interest payable and call premiums on the bonded loan of €14,332K and amounts allocated to the provision for exchange risks relating to business carried out in foreign currencies of €6,143K.

As at 31 December 2003 the Company's assets amounted to €654,358K and consisted of corporate financing granted to the holding company Fondiaria-Sai of €508,479K, unlisted debt securities of €48,602K, unlisted shares of €32,776K, listed shares of €28,000K, other short-term investments of €29,241K and cash and miscellaneous assets of €7,260K. Liabilities consisted chiefly of the Company's capital and reserves of €156,481K, payables to bondholders of €489,932K and the provision for foreign exchange risks set aside during the year of €6,143K.

## **SAI HOLDING ITALIA S.p.A.**

Share capital €143,100,000

(Direct shareholding 100%)

The loss for the year was €2,556K.

Income amounted to €2,790K and was made up of dividends and the relevant tax credits of €2,229K and interest receivable and other income of €561K, Costs amounted to €5,346K, €582K of which was for general expenses and € 4,657K for the value adjustment for tax purposes carried out on the participating interest Milano Assicurazioni S.P.A., whereby the opportunity provided by the application of current legislation was seized. The share value was aligned to the average price for the second half of 2003. During the year the Company acquired 1,032,900 shares in the subsidiary Azzurrasi S.p.A. from the associated company HAAG, which raised the holding from 60% to 100%.

The Company's assets as at 31 December 2003 amounted to €148,663K.

## **PROGESTIM – SOCIETA' DI GESTIONE IMMOBILIARE S.p.A.**

Share capital €266,000,000

(Direct shareholding 100%)

The accounts for the year ended 31 December 2003 showed a net profit of €3,084K (€1,812K in 2002). Turnover fell from €13,364K to €13,335K and was made up of €6,038K for rent on property, €2,745K for technical and commercial assistance and €4,552K for property management on behalf of third parties. Operating costs amounted to €17,598K compared with €11,436K at the end of 2002. To this was added €218K in net investment income, plus €665K in value adjustments and €19K in extraordinary income.

During 2003 the Company managed its own property assets and those of the Fondiaria-SAI Group; on 1 October 2003 it took over from Stimma S.r.l. the management of some of the property assets (formerly belonging to La Fondiaria Assicurazioni S.p.A. and Milano Assicurazioni) and concluded a series of acquisitions of shareholdings in other companies and of major assets, In particular attention should be drawn to the following:

on 31 October the contract to sell Ganimede Srl and Giugno 2 87 S.r.l., to which some of the property assets of the

- Fondiaria-SAI Group S.p.A. had been granted, was signed. Progestim took part in this operation with its buildings at via Patroclo 21, Milan, corso Francia 175, Rivoli (TO) and corso Regio Parco 43, Turin. The total price for the sale of the three properties was €39,159,124 plus VAT, giving a gross capital gain of approximately €8,301,000;
- On 11 July three plots of building land in Villasimius (CA) covering a total area of approximately 940,000 square metres were acquired at a price of €8,770,000 plus VAT. An 18-hole golf course and a club house and cottage for the players are being built on the largest of these sites;
- During the year I.S. Srl, a company controlled indirectly, sold the property assets formerly belonging to RAS, As at 31 December 2003 the book value of the property held by I.S. Srl was approximately €97,526,000, During the year I.S. Srl sold property with a market value of €98,647,000 compared with a book value of €91,849,000. These sales enabled repayments to be made to The Royal Bank of Scotland of €7,000,000 on 31 March, €45,500,000 on 30 June and €30,000,000 on 31 December, therefore on that date the amount outstanding on the loan was €37,500,000;
- During the year the subsidiary company Cascine Trenno Srl was paid a total of €1,017,576 for future increases in share capital. These payments were used as the second instalment and the balance of the price for the purchase of 50,470 square metres of agricultural land.

mainly intended for agricultural use, 11,280 square metres of which was built on, located at via Romanò 42 in the Trenno area of Milan;

- During the year the subsidiary company Trenno Ovest Srl was paid a total of €5,686,240 for future increases in share capital. These payments were used as the second instalment and the balance of the price for the purchase of 617,970 square metres of agricultural land located in the Trenno area of Milan;
- on 17 April the Company paid the sum of €339,136 to the subsidiary Company International Strategy Srl as payment for future increases in share capital, in order to complete the payment of the purchase price of the shares in I.S. Srl. On 29 October the contract for the acquisition of 20% of the shareholding in International Strategy Srl held by Norman Eleven Srl was signed. The purchase price was €15,548,000. Therefore as from that date International Strategy Srl was wholly controlled by Progestim,
- on 23 April Meridiano Bruzzano Srl was set up with share capital of €10,000, wholly controlled by Progestim S.p.A. . During the year the subsidiary Company was paid a total of €4,209,600 for future increases in share capital. These payments were used for the payment of the first tranche of the purchase price for land in the Bruzzano area of Milan covering a total of approximately 45,000 square metres;
- on 23 April Meridiano Bellarmino Srl was set up with share capital of €10,000, wholly controlled by Progestim S.p.A.,. During the year the subsidiary Company was paid a total of €23,245,600 for future increases in share capital. These payments were used for the payment of the first and second tranches of the purchase price for land in the Bellarmino area of Milan covering a total of approximately 167,000 square metres;
- on 29 July the Company acquired 100% of the share capital of I.A.T. S.p.A. for an outlay of €5,644,313 . During the year payments were made to this subsidiary Company totalling €3,660,975, which enabled the Company to increase its assets, consisting of building land and sports grounds, to €39,727,739;
- on 11 November the sum of €2,400 was paid to set up Giulio Cesare Srl in which Progestim holds 24% of the share capital. The other shareholders are Generali Properties, RAS, Lamaro Appalti and the LAR Group. This Company is the vehicle for taking part in the ‘procedure negotiated privately for the sale of the historical exhibition area of Milan with the duty to implement the upgrading project proposed by the purchaser’,

Bidders must submit an Upgrading Project along with their bid to purchase the Redevelopment Area, and the contract will be awarded to the lowest bidder.

In order to finance these operations the shareholder made several payments during the year to increase the capital, amounting to a total of €53m, and a further sum of €16m was paid in January 2004, with the result that the Company’s share capital now amounts to €282m.



**SIMETOILE S.A.**

Share capital €3,048,980.34  
(Direct shareholding 100%)

This property Group, which belongs to Sim Etoile S.A. and includes the subsidiaries Sim Defense S.A. and Iena Presbourg S.A., made a consolidated net profit of €783,063 during the year.

Income amounted to €1,621K and was mainly made up of interest on corporate financing granted to the holding company Fondiaria-Sai; however costs for the period were €838,272 and consisted mainly of administrative and general expenses of €291,645, investment charges of €73,863 and taxes for the period of €472,764.

The Company's assets as at 31 December 2003 amounted to €47,7m and were mainly made up of corporate financing granted to the holding company Fondiaria-Sai of €35,5m and other short-term investments and cash of €11,9m. Liabilities were mainly made up of the Company's capital and reserves of €32,4m, of loans and corporate financing payable to Fondiaria-Sai of €15,1m and of other liabilities amounting to €0,2m.

**SAIAGRICOLA S.p.A.**

Share capital €50,000,000  
(Direct shareholding 92%; indirect 8%; Group holding 97.80%)

The accounts as at 31 December 2003 showed an operating loss of €1,481K (compared with a loss of €992K as at 31 December 2002) after depreciation on tangible and non-tangible assets of €1,485K and write-downs on shareholdings of €349K were taken into account.

Income from sales of property and the provision of services came to a total of €7,232K (€7,307K in 2002); sales of bottled wine, which accounted for 66% of sales of all agricultural products, reached €4,784.

As far as other crops are concerned, sales of white packaged rice rose to €297K, an increase of 43%, whilst sales of brown rice amounted to €1,106K, an increase of 15%. Investments made during the year totalled €6,042K and related mainly to the acquisition of agricultural land amounting to €1,1m, work on the construction of the new bottling plants at Colpetrone and Villetta di Monterufoli amounting to €1,949K, the purchase and replacement of bottling and harvesting plant and equipment amounting to €1,201K and reconstructing and extending buildings, some of which are used for the business and some of which are let out as flats, amounting to €501K.

# Property and financial management

## INVESTMENTS

As at 31 December 2003 the level of investments had reached €24,381m compared with €23,186m in the previous year (+5,2%),

The following table shows how the breakdown of investments altered compared with 2002:

(€K)	31/12/2003	composition	31/12/2002	composition
		%		%
- Land and buildings (net of provisions)	2,385,169	9.78	2,994,751	12.92
- Bonds	15,504,707	63.59	13,596,969	58.63
- Shareholdings and investment funds	3,414,773	14.01	3,726,241	16.07
- Corporate financing	241,923	0.99	480,180	2.07
- Miscellaneous financial investments	48,662	0.20	315,388	1.36
- Deposits with ceding undertakings	57,645	0.24	57,580	0.25
- Deposits with credit institutions	19,318	0.08	49,861	0.22
- Investments in Class D	2,708,485	11.11	1,965,273	8.48
	24,380,682	100.00	23,186,243	100.00

The growth in the level of investments was only 5,2%, partly because in April 2003 part of the convertible bonded loan issued in 2001 by the subsidiary Company Fondiaria Nederland BV was repaid.

As regards the breakdown of the investments, it should be mentioned that the high level of corporate financing in 2002 was the result of the use for investment repo operations with the subsidiary Company BancaSai S.p.A. of the available cash resulting from the subordinated loan of €400m taken out by the Parent Company in December 2002, The critical situation relating to the trend in the financial markets that had existed for several years continued during 2003, although there were several signs that things were improving.

In fact although there was a partial upturn in share markets the downward trend in bond business continued, both in terms of a fall in yields and in terms of higher prices for securities. This latter aspect provided attractive opportunities for trading in this sector.

Against this background the Group's investment policy focussed on reducing the share component by acquiring fixed-yield securities with low risk profiles and by adopting a prudent approach to placing a value on equity securities as shown in the accounts.

Total investments in fixed-yield securities represented 64% of the total investment portfolio (58.6% in 2002), The increase in this percentage can be partly put down to the reinvestment of the cash received as a result of the sale of some of the property belonging to the Group.

The following table shows the results of investment and property activity carried out during the past two years, excluding net income from investments in Class D of Life business:

(€K)	31/12/2003	31/12/2002	Var. %
Income from stocks and shares	17,050	35,040	(51.34)
Income from land and buildings	116,370	117,209	(0.72)
Income from other investments	633,576	683,334	(7.28)
	766,996	835,583	(8.21)
Investment management charges	99,875	149,435	(33.16)
NET INCOME	667,121	686,148	(2.77)
Shares allocated to the technical account of Life business	418,148	382,014	9.46

The average ordinary return, calculated on the half-sum of investments, was 3.11% (3.30% in the previous year).

## DEBTS

As at 31 December 2003 the Fondiaria-SAI Group's debt situation was as follows:

(€m)	31/12/2003	31/12/2002	Variation
Subordinated loan	400,0	400,0	-
Exchangeable Saintinternational	465,5	465,5	-
Exchangeable Fondiaria Nederland	45,4	753,2	(707.8)
Bank debts and other corporate financing	52,0	207,7	(155.7)
TOTAL	962,9	1,826,4	(863.5)

On 12 December 2002, the merging Company SAI had entered into a loan agreement with Mediobanca under which Mediobanca had lent the Company the sum of €400m in order to increase the elements making up the solvency margin.

On the basis of the agreements reached with Mediobanca and having obtained authorization from ISVAP, Fondiaria-SAI therefore obtained a new subordinated loan in July 2003 for the same amount, and at the same time the existing loan was repaid early.

For further information on the new loan you are referred to the detailed account already given in the Report of the Parent Company.

However the convertible bonded loans (for indirect conversion to shares belonging to the issuer) had been issued by the subsidiaries Sainternational S.A. and Fondiaria Nederland BV during 2001. The convertible bonded loan issued by Sainternational S.A. for a total nominal amount of €465m related to bearer bonds convertible into:

- Assicurazioni Generali S.p.A. ordinary shares with a nominal value of €192,705K
- Banca di Roma S.p.A. (now Capitalia) ordinary shares with a nominal value of €54,078K
- Intesa BCI S.p.A. (now Banca Intesa) ordinary shares with a nominal value of €218,678K.

The loan will be convertible at a price per share that includes a conversion premium of between 20% and 25% of the market value of the underlying securities at the time of issue. It also provides for an annual coupon of 1% for the tranches convertible to Generali S.p.A. and Banca di Roma S.p.A. shares and of 1.5% for the tranche convertible to Intesa BCI S.p.A. shares. The bonds are also listed on the Luxembourg Stock Exchange.

It should also be pointed out that the convertible loan issued by Fondiaria Nederland BV was redeemed for a nominal sum of approximately €658m on 20 April 2003, the maturity date in the second year of issue, following the exercising of the put option granted to the subscribers to the associated bonds and, for a nominal amount of €50m, as per the notice published on 4 June 2003.

During the year the loan and mortgage agreement entered into by the subsidiary Company I.S. S.r.l. with The Royal Bank of Scotland was also redeemed for the sum of €79m. The remainder of this item, included under 'Bank debts and other corporate financing', now amounts to €40m.

Operations in securities loans relating to shares in Generali S.p.A., Monte dei Paschi di Siena S.p.A., Pirelli S.p.A. and Fiat S.p.A. amounting to €57,166K also matured. Thus Group indebtedness amounted to a total of €963m, a drop of €863m compared with 31 December 2002.

Finally it should be pointed out that by the end of the first half of 2004 the convertible bonded loans of Fondiaria Nederland BV (the remainder) and of Sainternational S.A. will have matured and will be redeemed from available cash, Therefore it can be assumed that by the end of 2004 total debts will be considerably less than they were at the end of 2003.

### ***Own shares, shares in the holding company and shares in companies controlled by the holding company***

During 2003 a total of 4,543,798 own ordinary shares were acquired for an outlay of €56,041K and 692,086 ordinary shares were sold, producing a net capital gain of €2,148K.

594,857 savings shares were also sold, producing a capital gain of €1,977K. Therefore at the end of 2003 there were 3,851,712 ordinary shares in the portfolio representing 2.992% of the ordinary share capital.

Since the end of the financial year 600,000 ordinary shares have been acquired for an outlay of €11,382K, with the result that on 17 March 2004 there were 4,451,712 ordinary shares in the portfolio representing 3.458% of the ordinary share capital whilst the subsidiary Company Saifin-Saifinanziaria S.p.A. held a further 218,500 ordinary shares representing 0.17% of the ordinary share capital and the subsidiary Company Milano Assicurazioni S.p.A. owned a further 3,611,557 representing 2.806% of the ordinary share capital.

Shares in the holding company:

During 2003 924,610 ordinary shares in the holding company Premafin Finanziaria S.p.A. were acquired for an outlay of €748K.

As at 31 December 2003 your Company owned 17,512,527 shares in the holding company, representing 5.631% of the share capital.

Since the end of the financial year no buying or selling operations have been carried out, therefore on 17 March 2004 the situation remained unchanged, whilst the subsidiary company Saifin-Saifinanziaria S.p.A. owned a further 66,588 ordinary shares representing 0.021% of the share capital and the subsidiary Company Milano Assicurazioni owned a further 869,700 ordinary shares representing 0.28%.

## **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR**

In line with its policy of personalizing and unifying tariffs and in view of the requests made by the Ministry of Production in this regard, the Fondiaria-SAI Group, a leader in the Non-Life insurance market, has decided to reduce MV TPL tariffs for good drivers living in areas with a high claims frequency.

In particular, as from 1 May 2004, the following discounts will be granted:

- a discount of 10% for all new MV policyholders insured with Fondiaria-SAI and Milano Assicurazioni living anywhere in the region of Campania and in the other 26 provinces in the centre and south of Italy, including Rome, Bari, Palermo, Potenza and Reggio Calabria;
- a discount of up to 14% for owners of mopeds who have policies with La Fondiaria, Milano Assicurazioni and SAI and who live in 62 provinces, including Naples, Benevento and Caserta.

These discounts are added to others already granted by the companies in the Group, such as the SAI 'Clienti NUOVI PIÙ' campaign, launched at the beginning of 2004, which grants to new clients who have at least one year's no-claims bonus a further discount of 9% provided they do not make a claim. For similar clients who have policies with Fondiaria and with the subsidiary Milano Assicurazioni the additional no-claims bonus is 8.2%. All these measures prove that the Fondiaria-SAI Group takes note of the requirements of its clients and of the direction in which the market is going and that it bears in mind the measures taken by the Government to reduce claims and to reward good, careful drivers who comply with the highway code.

## **BUSINESS OUTLOOK**

During 2004 measures to implement the guidelines already laid down in the 2003-2006 business plan will continue to be applied rigorously, in particular to consolidate our leadership in Non-Life business and to make further improvements in Life business and in managed savings, thus fulfilling the twin objectives of growth and gain at the same time. The measures it is planned to take in order to achieve these objectives are, in Non-Life business, improving our ability to be more selective when underwriting risks, offering clients personalized tariffs and implementing measures to streamline and develop the portfolio. In Life business and in Managed Savings the investments made will enable the portfolio to be expanded and rebalanced by means of a return to traditional products as part of a long-term business plan. Against this background a leading rôle has been allocated to placing a firm damper on the rate of rises in costs in order to achieve and if possible exceed the objectives that have been laid down for efficiency. In fact work on structural reorganization is well under way and will also be carried out in several of the Companies in the Group, the aim being to produce an infrastructure that can provide support for the objectives contained in the plan. No effort will be spared in achieving the aim of strengthening the Group's property and financial base. Work on this, which got off to a good start during 2003, will continue and will be extended in order to seek out a greater degree of diversification and rebalance in the investment mix, with preference being given to assets with a low risk profile, and in order to reduce indebtedness.

Assago, 26 March 2004

For the Board of Directors  
The Chairman

JONELLA LIGRESTI

# **CONSOLIDATED ACCOUNTS**

**Appendix IV**

Company **FONDIARIA - SAI S.p.A.**

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**CONSOLIDATED ACCOUNTS**

**Balance sheet**

Financial year **2003**

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(Value in €K)



CONSOLIDATED BALANCE SHEET

ASSETS

		Values for the year	
A. RECEIVABLES FROM MEMBERS FOR SHARE CAPITAL SUBSCRIBED BUT NOT PAID UP			1 0
called-up capital	2 0		
B. INTANGIBLE ASSETS			
1. Acquisition commissions to be written down	3 254.501		
2. Other acquisition commissions	4 2.475		
3. Goodwill	5 671.044		
4. Other intangible assets	6 108.537		
5. Difference arising from consolidation	7 197.264	8	1.233.821
C. INVESTMENTS			
I - Land & buildings		9 2.385.169	
II - Investments in Group enterprises and in other participating interests			
1. Units and shares in enterprises:			
a) holding companies	10 16.011		
b) subsidiary companies	11 218.431		
c) associated companies	12 19.983		
d) affiliated companies	13 50.121		
e) other companies	14 110.029	15 414.575	
2. Bonds	16 4.078		
3. Corporate financing	17 100.739	18 519.392	
III - Other financial investments			
1. Units and shares	19 2.777.759		
2. Shares in investment funds	20 222.439		
3. Bonds and other fixed-yield securities	21 15.500.629		
4. Corporate financing	22 141.184		
5. Shares in joint investments	23 0		
6. Deposits with credit bodies	24 19.318		
7. Sundry financial investments	25 48.662	26 18.709.991	
IV - Deposits with ceding undertakings		27 57.645	28 21.672.197
D. INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS WHO BEAR THE RISK AND DERIVING FROM PENSION FUND MANAGEMENT			29 2.708.485
carried forward			25.614.503

Values for the preceding year			
			101 0
	102 0		
	103 211.621		
	104 4.309		
	105 737.290		
	106 122.034		
	107 210.606		108 1.285.860
		109 2.994.751	
110 12.226			
111 224.431			
112 19.983			
113 53.504			
114 104.875	115 415.019		
	116 78		
	117 417.258	118 832.355	
	119 3.114.058		
	120 197.164		
	121 13.596.890		
	122 62.922		
	123 0		
	124 49.861		
	125 315.388	126 17.336.283	
		127 57.580	128 21.220.969
			129 1.965.273
	carried forward		24.472.102

## ASSETS

brought forward

25.614.503

		values for the year	
	brought forward		25.614.503
D bis.	TECHNICAL PROVISIONS BORNE BY REINSURERS		
	I - NON-LIFE BUSINESS		
	1. Provision for unearned premiums	30 126.650	
	2. Provision for outstanding claims	31 784.677	
	3. Other provisions	32 0	33 911.327
	II - LIFE BUSINESS		
	1. Mathematical provisions	34 276.135	
	2. Provision for outstanding payments	35 4.238	
	3. Other provisions	36 68	
	4. Technical provisions where the risk of the investment is borne by the policyholder and provisions deriving from pension fund management	37 0	38 280.441
			39 1.191.768
E.	RECEIVABLES		
	I -Receivables arising from direct insurance business	40 1.959.650	
	II - Receivables arising from reinsurance operations	41 191.111	
	III - Other receivables	42 882.401	43 3.033.162
F.	OTHER ASSETS		
	I - Tangible assets and stocks	44 44.148	
	II - Available cash	45 580.033	
	III - Own units and shares	46 115.254	
	IV -Other assets	47 615.633	48 1.355.068
G.	PREPAYMENTS AND ACCRUED INCOME		49 201.928
	<b>TOTAL ASSETS</b>		50 31.396.429

Values for the preceding year		
	brought forward	24.472.102
130	145.783	
131	828.682	
132	0	133 974.465
134	385.980	
135	3.370	
136	33	
137	907	138 390.290 139 1.364.755
		140 1.861.036
		141 310.108
		142 697.335 143 2.868.479
		144 49.650
		145 566.117
		146 69.227
		147 498.831 148 1.183.825
		149 234.421
		150 30.123.582

CONSOLIDATED BALANCE SHEET  
LIABILITIES AND NET EQUITY

		Values for the year	
A. NET EQUITY			
I. Group net equity			
1. Share capital subscribed or equivalent fund	51 170.520		
2. Compulsory reserves	52 1.951.178		
3. Consolidation provision	53 145.512		
4. Provision for the valuation difference on unconsolidated shareholdings	54 -29.360		
5. Provision for differences arising from conversion	55 -436		
6. Provision for own shares and holding company shares	56 129.699		
7. Net profit (loss) for the year	57 217.281	38 2.584.394	
II. Net equity pertaining to third parties			
1. Capital and reserves pertaining to third parties	59 394.143		
2. Net profit (loss) for the year pertaining to third parties	60 104.136	61 498.279	62 3.082.673
B. SUBORDINATE LIABILITIES			63 400.000
C. TECHNICAL PROVISIONS			
I -NON-LIFE BUSINESS			
1.Provision for unearned premiums	64 2.400.713		
2. Provision for outstanding claims	65 8.783.862		
3.Equalization provision	66 11.108		
4.Other provisions	67 15.641	68 11.211.324	
II - LIFE BUSINESS			
1.Mathematical provisions	69 10.712.895		
2. Provision for outstanding payments	70 115.235		
3. Other provisions	71 126.980	72 10.955.110	73 22.166.434
D. TECHNICAL PROVISIONS FOR WHICH THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDER AND PROVISIONS DERIVING FROM PENSION FUND MANAGEMENT			74 2.704.525
E. PROVISIONS FOR RISKS AND CHARGES			
1. Provision for retirement pensions and similar liabilities		75 2.890	
2. Provision for taxation		76 620.191	
3. Consolidation provision for future risks and charges		77 0	
4. Other amounts set aside		78 180.503	79 803.584
carried forward			29.157.216

Values for the preceding year		
151	170.517	
152	1.974.303	
153	155.038	
154	1.382	
155	44	
156	79.523	
157	40.166	158 2.420.973
159	440.779	
160	8.003	161 448.782 162 2.869.755
		163 400.000
164	2.321.428	
165	8.407.814	
166	8.296	
167	12.037	168 10.749.575
169	10.302.520	
170	69.003	
171	120.116	172 10.491.639 173 21.241.214
		174 1.961.782
		175 3.115
		176 432.194
		177 0
		178 152.384 179 587.693
carried forward		27.060.444

CONSOLIDATED BALANCE SHEET  
LIABILITIES AND NET EQUITY

		Values for the year	
	carried forward		29.157.216
F. DEPOSITS RECEIVED FROM REINSURERS		80	326.116
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising from direct insurance operations	81	214.855	
II - Payables arising from reinsurance operations	82	60.446	
III - Bonded loans	83	510.872	
IV - Payables to banks and financial bodies	84	45.722	
V - Payables with a lien on property	85	792	
VI - Sundry loans and other financial payables	86	5.531	
VII - Staff leaving indemnity	87	90.078	
VIII - Other payables	88	467.035	
IX - Other liabilities	89	507.647	90 1.902.978
H. ACCRUALS AND DEFERRED INCOME			91 10.119
<b>TOTAL LIABILITIES AND NET EQUITY</b>			92 31.396.429

CONSOLIDATED BALANCE SHEET  
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

		Values for the year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS			
I Guarantees given		93	773.286
II Guarantees received		94	408.102
III Guarantees given by third parties in the interest of the consolidated companies		95	33.931
IV Commitments		96	1.835.872
V Property belonging to third parties		97	7.902
VI Assets pertaining to pension funds managed in the name of and on behalf of third parties		98	0
VII Securities deposited with third parties		99	20.025.598
VIII Other memorandum accounts		100	146.870

Values for the preceding year		
brought forward		27.060.444
	180	357.670
	181	217.476
	182	82.171
	183	1.218.717
	184	124.932
	185	908
	186	81.880
	187	92.742
	188	430.726
	189	412.273
	190	2.661.825
	191	43.643
	192	30.123.582

Values for the preceding year		
	193	2.012.338
	194	260.540
	195	55.179
	196	3.551.355
	197	19.866
	198	0
	199	18.637.167
	200	53.392





## Appendix V

Company **FONDIARIA - SAI S.p.A.**

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### CONSOLIDATED ACCOUNTS

#### Profit and Loss Account

Financial Year **2003**

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(Value in €K)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Values for the year

					values for the year	
<b>I. NON-LIFE TECHNICAL ACCOUNT</b>						
1. EARNED PREMIUMS, NET OF REINSURANCE CESSIONS						
a)Gross premiums recorded		1	6.823.574			
b) (-)Premiums ceded in reinsurance		2	385.239			
c) Variation in the gross amount of the provision for unearned premiums		3	83.450			
d) Variation in the provision for unearned premiums borne by reinsurers		4	-2.558		5	6.352.327
2. OTHER TECHNICAL INCOME, NET OF REINSURANCE CESSIONS						
7 74.792						
3. CHARGES RELATING TO CLAIMS, NET OF RECOVERIES AND REINSURANCE CESSIONS						
a) Amounts paid						
aa)gross amount		8	4.490.419			
bb) (-) portions borne by reinsurers		9	302.807			
cc) variation in recoveries net of portions borne by reinsurers		10	117.974		11	4.069.638
b) Variation in the provision for outstanding claims						
aa) gross amount		12	407.145			
bb) (-)portions borne by reinsurers		13	-17.350		14	424.495
15 4.494.133						
4. VARIATIONS IN OTHER TECHNICAL PROVISIONS NET OF REINSURANCE CESSIONS						
16 -221						
5. PREMIUM RETURNS AND PROFIT-SHARING, NET OF REINSURANCE CESSIONS						
17 3.901						
6. OPERATING EXPENSES:						
a) Acquisition commissions		18	914.327			
b) Other acquisition expenses		19	141.422			
c) Variation in commissions and other acquisition expenses to be written down		20	-7.744			
d) Collection commissions		21	60.514			
e) Other administrative expenses		22	200.849			
f) (-) Commissions and shares in profits received from reinsurers		23	83.935		24	1.240.921
25 154.056						
7. OTHER TECHNICAL CHARGES, NET OF REINSURANCE CESSIONS						
26 2.807						
8. VARIATION IN THE EQUALIZATION PROVISION						
27 531.522						
9. RESULT OF THE NON-LIFE TECHNICAL ACCOUNT (Item III. 1)						

## Values for the preceding year

Values for the preceding year		

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Values for the year

II. LIFE TECHNICAL ACCOUNT						
1.	PREMIUMS FOR THE YEAR, NET OF REINSURANCE CESSIONS					
	a) Gross premiums recorded	28	2.419.888			
	b) (-) Premiums ceded in reinsurance	29	32.458	30	2.387.430	
2.	(+) PORTION OF THE PROFIT FROM INVESTMENTS TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (Item III. 5)			40	418.148	
3.	INCOME AND CAPITAL GAINS NOT REALIZED ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS DERIVING FROM PENSION FUND MANAGEMENT			41	118.676	
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE CESSIONS			42	4.338	
5.	CHARGES RELATING TO CLAIMS, NET OF REINSURANCE CESSIONS:					
	a) Payments outstanding					
	aa) gross amount	43	1.465.218			
	bb) (-) portions borne by reinsurers	44	42.281	45	1.422.937	
	b) Variation in the provision for outstanding payments					
	aa) gross amount	46	46.238			
	bb) (-) portions borne by reinsurers	47	755	48	45.483	
6.	VARIATION IN THE MATHEMATICAL PROVISIONS AND IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE CESSIONS					
	a) Mathematical provisions:					
	aa) gross amount	50	410.238			
	bb) (-) portions borne by reinsurers	51	-35.666	52	445.904	
	b) Other provisions					
	aa) gross amount	56	6.846			
	bb) (-) portions borne by reinsurers	57	-3	58	6.849	
	c) Technical provisions in which the investment risk is borne by the policyholder and deriving from pension fund management					
	aa) gross amount	59	741.858			
	bb) (-) portions borne by reinsurers	60	-907	61	742.765	
7.	PREMIUM RETURNS AND PROFIT-SHARING, NET OF REINSURANCE CESSIONS			63	2.294	
8.	OPERATING EXPENSES:					
	a) Acquisition commissions	64	60.078			
	b) Other acquisition expenses	65	36.387			
	c) Variation in commissions and other acquisition expenses to be written down	66	-5.359			
	d) Collection commissions	67	20.735			
	e) Other administrative expenses	68	49.802			
	f) (-) Commissions and shares in profits received from reinsurers	69	5.583	70	166.778	
9.	INVESTMENT CHARGES AND CAPITAL LOSSES NOT REALIZED ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS DERIVING FROM PENSION FUND MANAGEMENT			75	37.102	
10.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE CESSIONS			76	14.537	
11.	RESULT FOR THE LIFE TECHNICAL ACCOUNT (Item III. 2)			78	43.943	

## Values for the preceding year

		138	2.017.117		
		139	32.048	140	1.985.069
				150	382.014
				151	126.887
				152	6.083
		153	1.438.580		
		154	63.264	155	1.375.316
		156	-15.624		
		157	381	158	-16.005
				159	1.359.311
		160	262.610		
		161	-28.458	162	291.068
		166	-1.470		
		167	-1	168	-1.469
		169	564.513		
		170	-91	171	564.604
				172	854.203
				173	1.570
		174	41.249		
		175	32.666		
		176	-5.938		
		177	22.234		
		178	47.220		
		179	6.447	180	142.860
				185	115.605
				186	13.488
				188	13.016

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Values for the year

III. NON-TECHNICAL ACCOUNT						
1.	RESULT OF THE NON-LIFE TECHNICAL ACCOUNT (Item I. 9)				79	531.522
2.	RESULT OF THE LIFE TECHNICAL ACCOUNT (Item II. 11)				80	43.943
3.	INCOME FROM INVESTMENTS:					
	a) Income from units and shares					
	aa) portions of the operating profit relating to shareholdings valued using the net equity method	81	-16.921			
	bb) other income	82	33.971	83	17.050	
	b) Income from other investments:					
	aa) from land and buildings	84	116.370			
	bb) from other investments	85	633.576	86	749.946	
	c) Value readjustments carried out on investments			87	51.398	
	d) Gains on the disposal of investments			88	95.761	89 914.155
4.	INVESTMENT CHARGES:					
	a) Investment management charges and interest payable			90	99.875	
	b) Value adjustments carried out on investments			91	265.241	
	c) Losses on the disposal of investments			92	31.941	93 397.057
5.	(-) SHARE OF THE NET PROFIT FROM INVESTMENTS TRANSFERRED TO THE LIFE TECHNICAL ACCOUNT				94	418.148
6.	OTHER INCOME				95	271.150
7.	OTHER CHARGES					
	a) Interest on financial payables			96	51.306	
	b) Sundry charges			97	428.320	98 479.626
8.	RESULT OF ORDINARY BUSINESS				99	465.939
9.	EXTRAORDINARY INCOME				100	294.505
10.	EXTRAORDINARY CHARGES				101	102.275
11.	RESULT OF EXTRAORDINARY BUSINESS				102	192.230
12.	PRE-TAX RESULT				103	658.169
13.	CORPORATION TAX FOR THE YEAR				104	336.752
14.	CONSOLIDATED RESULT				105	321.417
15.	NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO THIRD PARTIES				106	104.136
16.	NET PROFIT (LOSS) FOR THE GROUP				107	217.281

## Values for the preceding year

					189	498.045
					190	13.016
191	-28.060					
192	63.100	193	35.040			
194	117.209					
195	683.334	196	800.543			
		197	17.309			
		198	79.434	199	932.326	
		200	149.435			
		201	503.511			
		202	51.206	203	704.152	
				204	382.014	
				205	276.929	
		206	60.230			
		207	354.898	208	415.128	
				209	219.022	
				210	269.959	
				211	274.663	
				212	-4.704	
				213	214.318	
				214	166.149	
				215	48.169	
				216	8.003	
				217	40.166	





## **NOTES TO THE ACCOUNTS**

## **PART A**

### **GENERAL DRAFTING CRITERIA**

### **AND BASIS OF CONSOLIDATION**

#### **Basis of consolidation**

#### **ACCOUNTS USED FOR THE CONSOLIDATION**

The consolidated accounts have been drawn up using the accounts approved by the General Meetings of Shareholders of the various Companies. In cases where the accounts are awaiting approval, the draft accounts examined by the various Boards of Directors have been consolidated. The accounts of the individual Companies have been adjusted for the purposes of consolidation and in order to make them conform to the accounting principles of the Parent Company.

#### **CONSOLIDATION CRITERIA**

##### **a) Companies included on a line-by-line basis**

The consolidated accounts include the accounts of the Parent Company and those of the Companies that carry out insurance business or similar activities in which Fondiaria-SAI has a direct or indirect majority holding (more than 50% of the share capital with voting rights) or exercises effective control. Using the line-by-line basis the book value of the shareholdings is eliminated from the Parent Company's capital and reserves and the total of the subsidiary Company's assets and liabilities is amalgamated. The proportions of capital and reserves and of the consolidated profit and loss account relating to minority shareholders are shown under the appropriate items in the capital and reserves and in the profit and loss account.

The negative differences between the book values in the Parent Company's accounts and the proportion of capital and reserves acquired in the subsidiary are allocated direct to the consolidated capital and reserves under Consolidation Provision, which also includes profits accrued and not distributed. The positive differences are attributed either to Land and Buildings, where the higher cost reflects the actual higher value of these assets, or to Difference arising from Consolidation if the higher cost compared with net equity at the time of acquisition reflects the expected value of future profits.

##### **b) Proportional consolidation**

The consolidated accounts also include the undertakings over which an undertaking included in the consolidation has joint control with other members based on agreements with them, provided that the shareholding owned is not less than the percentages indicated in Art. 2359, 3 of the Civil Code. In this event undertakings are included in the consolidated accounts in proportion to the shareholding owned.

c) Consolidation using the net equity method

The subsidiary Companies that carry out non-insurance activities are valued using the net equity method.

The companies affiliated for strategic purposes, over which the Parent Company exercises considerable influence and that are important for providing a true and accurate representation of the Group's financial position and of its profits, are valued using the net equity method. In accordance with this procedure the consolidated accounts include only a proportion of the book value of the shareholding, including the profit for the year but not the values of the individual items in the accounts.

In the case of shareholdings valued in this way the positive difference between the cost of acquisition and the proportion pertaining to the net equity of the consolidated Company, if necessary adjusted to take account of any capital gains on capital assets, is shown under Difference arising from Consolidation, provided that the requirements mentioned under a) apply.

However any positive difference is allocated to the relevant provision (Provision for valuation difference of non-consolidated shareholdings) since it represents the results achieved by the participating interests prudentially not included in the value of the shareholding in the Parent Company's accounts

d) Other consolidation operations

The main operations were as follows:

- dividends paid or approved by consolidated Companies have been eliminated;
- value adjustments and allocations made exclusively for tax purposes have been eliminated;
- significant capital and financial transactions between Companies in the Group have been eliminated;
- profits and losses arising from buying and selling operations carried out between Companies in the Group relating to values included in the net equity, even those consolidated using the net equity method, have been eliminated;
- adjustments have been carried out in order to standardize the accounting principles to ensure that they reflect different valuation criteria;
- the tax effect resulting from the elimination of exclusively fiscal items, from any adjustments carried out in order to standardize the criteria used to place a value on the items in the accounts and from other adjustments arising from consolidation has also been recorded where applicable

In particular the net equity of participating interests used to determine the differences arising from consolidation, whether positive or negative, has been taken:

- in the case of shareholdings in Companies held in the portfolio on 31 December 1992, the date the Company's first consolidated accounts were drawn up, from the statement of assets and liabilities as at 31 December 1991;
- in the case of shareholdings acquired after 31 December 1992 from the statement of assets and liabilities as at the date of acquisition or, if there wasn't one, from the statement of assets and liabilities included in the official accounting document drawn up nearest to the date of acquisition;
- in the case of shareholdings already belonging to the Fondiaria Group, from the statement of assets and liabilities as at 1 January 2002 (the date on which Fondiaria was incorporated into SAI S.p.A. for accounting purposes).

## **DATE OF THE CONSOLIDATED ACCOUNTS**

The consolidated accounts closed on 31 December 2003, the same date as the accounts of the Companies included on a line-by-line basis.

## **CURRENCY OF ACCOUNT**

All amounts are expressed in Euro.

In the case of the Balance Sheets the accounts expressed in currencies other than that of the Eurozone have been converted by applying the exchange rates in force at the end of the financial year, and in the case of the Profit and Loss Accounts the half-sum of the exchange rates at the beginning and the end of the financial year.

## **TRANSITION TO IAS/IFRS**

As a result of European Regulation 1606 of July 2002 coming into force, European companies whose shares are traded on a regulated market must adopt the IAS/IFRS accounting standards when drawing up their consolidated accounts for 2005. In order to comply with the recommendation of the CESR (Committee of European Securities Regulators), of which CONSOB is a member, the ways in which the Fondiaria-SAI Group intends to tackle the transition to the IAS/IFRS are summarized below.

In July 2003 the Fondiaria-SAI Group launched a schedule for implementing the IAS/IFRS by setting up working groups based on sections of the accounts and on specialist skills,

Work has been done on analysing the IAS/IFRS currently in force that apply to the Group and the main modifications contained in the proposals for revising these principles, which have not yet been approved. By the end of the 2003 financial year:

- the main differences between the accounting criteria currently applied by the Fondiaria-SAI Group under legislation relating to accounts as interpreted and supplemented in accordance with Italian accounting principles and the relevant provisions of the IAS/IFRS had been identified;
- a plan of action had also been drawn up to decide on the measures required to adjust the Group's procedures and business systems so as to make them suitable for drawing up the Group consolidated accounts in accordance with the IAS/IFRS in 2005.

## **Basis of consolidation**

The consolidated accounts of the Fondiaria-SAI Group include the Parent Company's accounts and those of the Italian and foreign Companies in which the Parent Company has a long-term holding, either direct or indirect, of more than 50% of the shares or over which it exercises effective control.

Given the insurance nature of the consolidated accounts of the Fondiaria-SAI Group the accounts of the Companies that do not carry out insurance-type activities have not been consolidated on a line-by-line basis. These Companies, together with the affiliated Companies in which the Parent Company has a long-term interest, either direct or indirect, have been valued using the net equity method.

During 2003 the basis of consolidation of the Fondiaria-SAI Group was largely the same as in the previous year. In particular it should be pointed out that the subsidiaries Giugno Due Srl, Ganimede Srl, Il Nocciolo Srl, and Previndustria S.p.A. were sold and therefore left the basis of consolidation.

The shareholdings in Sasa S.p.A. were increased (from 83.76% to 88.78%) as were those in Haag S.p.A., (from 50% to 100%) as a result of acquisitions made by minority interests during 2003.

Insedimenti Avanzati nel Territorio S.p.A., which operates in property, was also acquired during the year and the property companies Meridiano Eur Srl, Meridiano Orizzonti Srl, Meridiano Risparmio Srl, and Meridiano Aurora Srl, were set up.

As a result of the merger of the subsidiaries Nuova Maa S.p.A. and Maa Vita S.p.A. by incorporation into the subsidiary Milano Assicurazioni S.p.A., the Group holding in Milano Assicurazioni rose from 61.63% to 67.68%.

The Companies in the Group that did not record a level of activity and income such as to have an effect on the true and accurate picture of the consolidated accounts were maintained at cost.

		Percentage control		
	Sector	Direct	Indirect	Group holding
<b>SUBSIDIARIES Companies consolidated on a line-by-line basis:</b>				
AZIENDA AGRICOLA <u>RI.MA.</u> SpA Turin Share cap. €6,000,000				
	Property		SAIAGRICOLA SpA 100,—	97,80
AZZURRA ASSICURAZIONI SpA Turin Share cap. €5,000,000				
	Insurance	60,—	HAAG SpA 40,—	100,—
BIM VITA SpA Turin Share cap. €7,500,000				
	Insurance	50,—		50,—
CASCINE TRENNO Srl Turin Share cap. €10,000				
	Property		PROGESTIM SpA 100,—	100,—
COLPETRONE Srl Umbertide (PG) Share cap. €52,000				
	Agriculture		SAIAGRICOLA SpA 100,—	97,0
CONSORZIO CASTELLO Florence Share cap. €51,000				
	Property		NUOVE INIZIATIVE TOSCANE Srl 99.66	98.65
DIALOGO ASSICURAZIONI SpA Assago Milanofiori (MI) Share cap. €6,617,125				
	Insurance		MILANO ASSICURAZIONI SpA 99.97	67.48
DOMINION INSURANCE HOLDING Ltd London (GB) Share cap. £35,438,266.65				
	Financial	100,—		100,—
EFFE FINANZIARIA SpA Florence Share cap. €516,500				
	Financial		THE LAWRENCE RE IRELAND Ltd 100,—	100,—
EFFE SERVICES Srl Florence Share cap. €45,900				
	Services	60,—	MILANO ASSICURAZIONI SpA 40,—	87,07

		Percentage control		
	Sector	Direct	Indirect	Group holding
EFFE VITA COMPAGNIA DI ASS.NI SULLA VITA SpA Florence Share cap. €6,240,000	Insurance	100,—		100,—
EUROPA TUTELA GIUDIZIARIA SpA Assago Milanofiori (MI) Share cap. €5,160,000	Insurance	100,—		100,—
EUROSAI FINANZIARIA DI PARTECIPAZIONI Srl Turin Share cap. €1,305,600	Financial		SAINTERNATIONAL SA 99,— SAIFIN-SAIFINANZIARIA SpA 1,—	100,—
FINEURAS SpA Turin Share cap. €28,000,000	Financial	51,—		51,—
FINSAI INTERNATIONAL SA Luxembourg Share cap. €22,801,140	Financial	38,526	SAILUX SA 61.474	100,—
FIRST LIFE SpA Turin Share cap. €10,329,000	Insurance		SAI HOLDING ITALIA SpA 100,—	100,—
FONDIARIA NEDERLAND BV Amsterdam (NL) Share cap. €19,070	Financial	100,—		100,—
FONDIPREV SpA Florence Share cap. €6,240,000	Insurance	40,—	MILANO ASSICURAZIONI SpA 60,—	80,61
HAAG SpA Turin Share cap. €4,131,000	Financial	100,—		100,—
IENA PRESBOURG SA Paris Share cap. €60,979,61	Property		SIM ETOILE SA 99.80	99,80
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. SpA Rome Share cap. €2,580,000			PROGESTIM 100,—	100,—



		Percentage control		
	Sector	Direct	Indirect	Group holding
INTERNATIONAL STRATEGY Srl Turin Share cap. €26,000	Property		PROGESTIM SpA 100,—,	100,—
I.S. Srl Turin Share cap. €10,000	Property		INTERNATIONAL STR. 100 —,	100,—
LAWRENCE LIFE AG Vaduz (LIE) Share cap. CHF 5,000,000	Insurance		THE LAWRENCE LIFE ASS. COMPANY Ltd 99..90	99,90
MAA FINANZIARIA SpA Milan Share cap. €774,000	Financial		MILANO ASSICURAZIONI SpA 100,—	67,68
MERIDIANO BELLARMINO Srl Turin Share cap. €10,000	Property		PROGESTIM SpA 100,—,	100,—
MERIDIANO BRUZZANO Srl Turin Share cap. €10,000	Property		PROGESTIM S.p.A 100,—,	100,—
MERIDIANO EUR Srl Milan Share cap. €10,000	Property		MILANO SpA 100,—,	67,68
MERIDIANO ORIZZONTI Srl Milan Share cap. €10,000	Property		MILANO SpA 100,—,	67,68
MERIDIANO PRIMO Srl Turin Share cap. €10,000	Property		PROGESTIM SpA 100,—	100,—
MERIDIANO RISPARMIO Srl Milan Share cap. €10,000	Property	100— ,		100,—
MERIDIANO SECONDO Srl Turin Share cap. €10,000	Property		PROGESTIM SpA 100,—	100,—

Percentage control				
	Sector	Direct	Indirect	Group holding
MILANO ASSICURAZIONI SpA Assago Milanofiori (MI) Share cap. €238,569,327,88	Insurance	64.41	EFFE FINANZIARIA 2.53 NOVARA VITA 0.021 PRONTO TUTELA 0.071 SAI HOLDING 0.664	67.68
NOVARA VITA SpA FINEURAS SpA 42.857 Novara SAI HOLDING ITALIA Share cap. €54,000,000	Insurance		SpA 7.143	29,—
NUOVE INIZIATIVE TOSCANE Srl Florence Share cap. €26,000,000	Property	96.88	MILANO ASS. SpA 3.12	98.99
PORTOFINO VETTA Srl Florence Share cap. €10,400	Property	100,—		100,—
PROFILO LIFE SpA Milan Share cap. €6,000,000	Insurance	50,—		50,—
PROGESTIM - Società di Gestione Immobiliare SpA Turin Share cap. €266,000,000	Property	100,—		100,—
PRONTO ASSISTANCE SpA Turin Share cap. €2,500,000	Insurance	100,—		100,—
PRONTO TUTELA GIUDIZIARIA COMPAGNIA DI ASSICURAZIONI SpA Turin Share cap. €1,500,000	Insurance		PRONTO ASSISTANCE SpA 100,—	100,—
SAIAGRICOLA SpA Turin Share cap. €50,000,000	Agriculture	92.004	MILANO SpA 6.804 PRONTO ASSISTANCE SpA 1.192	97.80

	Sector	Percentage control		
		Direct	Indirect	Group holding
SAIFIN - SAIFINANZIARIA SpA Turin Share cap. €102,258,000	Financial	100,—		100,—
SAINTERNATIONAL SA Luxembourg Share cap. €154,000,000	Financial	99.999		99.999
SAI HOLDING ITALIA SpA Turin Share cap. €143,100,000	Financial	100,—		100,—
SAILUX SA Luxembourg Share cap. €30,000,000	Financial		SAIFIN-SAIFINANZIARIA SpA 99.99 FINSAI INT. 0,010	100,—
SANTA MARIA DEL FICO Srl Umbertide (PG) Share cap. €78,000	Agriculture		SAIAGRICOLA SpA 100,—	97.80
SASA ASSICURAZIONI RIASS. SpA Trieste Share cap. €52,000,000	Insurance	88,779		88,779
SASA VITA SpA Trieste Share cap. €7,500,000	Insurance	50,—	SASA ASS. RIASS. SpA 50,—	94.39
SELEZIONE SECONDA Srl Milan Share cap. €10,400	Property		PROGESTIM SpA 100,—	100,—
SERVICE GRUPPO FONDIARIA SpA Florence Share cap. €104,000	Services	70,—	MILANO ASS.NI SpA 30,—	90.30
SIAT SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI SpA Genoa Share cap. €38,000,000	Insurance		SAI HOLDING ITALIA SpA 87.816	87.816
SIM DEFENSE SA Paris Share cap. €24,429,955.01	Property		SIM ETOILE SA 99.99 — IENA PRESBOURG SA 0.010	100,—

Percentage control				
	Sector	Direct	Indirect	Group holding
SIM ETOILE SA Paris Share cap. €3,048,980..34	Property	100,—		100,—
SIS COMPAGNIA DI ASSICURAZIONI SpA Rome Share cap. €15,000,000	Insurance		MILANO <u>ASS,NI</u> SpA 100,—	67.68
SRP ASSET MANAGEMENT SA Lugano Share cap. CHF 1,000,000	Services		SAINTERNATIONAL SA 99.7	99.7
STIMMA Srl Florence Share cap. €510,000	Property	100,—		100,—
SYSTEMA COMPAGNIA DI <u>ASS,NI</u> SpA Assago Milanofiori (MI) Share cap. €5,164,600	Insurance		MILANO <u>ASS,NI</u> SpA 100,—	67.68
TARO Srl Florence Share cap. €10,400	Property	100,—		100,—
THE LAWRENCE RE IRELAND LTD Dublin (IRL) Share cap. €125,000	Insurance		FONDIARIA NED. 100,—	100,—
THE LAWRENCE LIFE ASSURANCE CO. LTD Dublin (IRL) Share cap. €802,886	Insurance		FONDIARIA NED. 100,—	100,—
TRENNO OVEST Srl Turin Share cap. €10,000	Property		PROGESTIM SpA 100,—	100,—

Percentage control				
	Sector	Direct	Indirect	Group holding
UNISERVIZI Fondiarria SCarl Assago Milanofiori (MI) Share cap. €5,200,000	Services	38.40	MILANO <u>ASS.NI</u> 56.80 EFFE VITA 1,— SYSTEMA COMPAGNIA 1,— STIMMA 1,— DIALOGO <u>ASS.NI</u> 0.10 EFFE GESTIONI 0.10 EUROPA TUT. GIUD. 0.10 FINITALIA 0.10 THE LAWRENCE RE IRELAND 0.10 THE LAWRENCE LIFE ASS. 0.10 MERCANTILE LEASING 0.10 EFFE INVESTIMENTI SIM 0.10	
				80.26
VILLA RAGONERI Srl Florence Share cap. €78,000	Property	100,—		100,—
<b>Companies consolidated using the proportional method:</b>				
PO VITA COMPAGNIA DI ASSICURAZIONI SpA Parma Share cap. €70,000,000	Insurance		SAI HOLDING ITALIA SpA 50,—	50,—
<b>Companies valued using the net equity method:</b>				
ANALISI MED, E IMM, DONATELLO Srl Florence Share cap. €41,600	Services		C. CURA VILLA DONATELLO 100,—	100,—
ASSI CAPITAL Srl Turin Share cap. €475,000	Services	99,—	SAIFIN-SAIFINANZIARIA SpA 1,—	100,—
AZZURRASI' SpA Turin Share cap. €10,329,000	Insurance		SAI HOLDING IT. SpA 100,—	100,—

		Percentage control		
	Sector	Direct	Indirect	Group holding
BANCASAI SpA Turin Share cap. €36,890,000	Banking	70,—		70,—
CASA DI CURA VILLA DONATELLO SpA Florence Share cap. €361,200	Services	100,—		100,—
CASA DI CURA VILLANOVA Srl Florence Share cap. €182,000	Services	100,—		100,—
CO.FI.MO. SIM SpA Milan Share cap. €12,000,000	Stockbroking		SAI SIM SpA 100,—	100,—
CONSULENZA AZIENDALE PER L'INFORMATICA SCAI SpA Turin Share cap. €1,040,000	Services	30.07		30.07
EFFE GESTIONI SGR SpA Milan Share cap. €5,000,000	Managed savings	100,—		100,—
EFFE INVESTIMENTI SIM SpA Milan Share cap. €20,658,000	Stockbroking,	100,—		100,—
FINITALIA SpA Milan Share cap. €11,750,000	Financial	40,—	MILANO ASS.NI SpA 60,—	80.61
MERCANTILE LEASING SpA Florence Share cap. €27,157,851,76	Financial	91,—	MILANO ASS.NI SpA 9,—	97.09
MY FIN SpA Milan Share cap. €17,513,000	Financial		SAIFIN-SAIFINANZIARIA SpA 50,—	50,—
PRONTO ASSISTANCE SERVICES SpA Turin Share cap. €516,000	Services		PRONTO ASSISTANCE SpA 60,— SAIFIN-SAIFINANZIARIA SpA 40,—	100,—

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SAI GESTIONI SIM SpA

Milan

Share cap. €20,000,000

Stockbroking,

100,—

100,—

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		Percentage control		
	Sector	Direct	Indirect	Group holding
SAI INVESTIMENTI SGR SpA Turin Share cap. €3,913,588	Asset management	100,—		100,—
SOGEINT Srl Milan Share cap. €10,000	Other		MILANO 100,—	67.68
STARVOX SpA Turin Share cap. €258,000	Services	100,—		100,—
WEBB@TI SpA Turin Share cap. €1,000,000	IT services	60,—		60,—
<b>Companies valued at their book value:</b>				
AGRISAI Srl Turin Share cap. €61,000	Services		SAIAGRICOLA SpA 99,— SAIFIN- SAIFINANZIARIA SpA 1,—	97.82
DELTAPRIME Srl Turin Share cap. €24,500	Services		SCAI SpA 51.02	15.34
FINANZA E PREVIDENZA SpA Turin Share cap. €11,000,000	Other		SAI HOLDING ITALIA SpA 100,—	100,—
IDTEL SpA Milan Share cap. €103,300	Services	100,—		100,—
ITALIBERICA C.IA ESP DE <u>SEG. SA</u> in liquid, Barcelona Share cap. €2,030,000	Insurance		100,—	100,—
LOGISTIQUE, CONSEILS, SERVICES SA Paris Share cap. €38,200	Services		SIAT SpA 94.92	83.36
MERIDIANO AURORA Srl Milan Share cap. €10,000	Property		100,—	100,—



		Percentage control		
	Sector	Direct	Indirect	Group holding
P.R.I.M. SISTEMI Srl Turin Share cap. €99,000	Services		SCAI SpA 51,—	15.34
SAISICAV SA Luxembourg Share cap. €1,685,110.17	SICAV		SAINTERNATIONAL SA 89.252	89.25
SAI SISTEMI ASSICURATIVI Srl Turin Share cap. €51,000	Services	99,—	SAIFIN-SAIFINANZIARIA SpA 1,—	100,—
SALEVOX Srl Turin Share cap. €50,000	Services		STARVOX SpA 90,—	90,—
SERVICE VOX Srl Turin Share cap. €10,000	Other		STARVOX SpA 51,—	51,—
TELVOX Srl Turin Share cap. €150,000	Services		SCAI SpA 100,—	30.07

#### ASSOCIATED COMPANIES

##### Companies valued at their book value:

FINADIN SpA Milan Share cap. €50,000,000	Financial		SAIFIN - SAIFINANZIARIA SpA 40,—	40,—
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#### AFFILIATED COMPANIES

##### Companies valued using the net equity method:

SISTEMI SANITARI SpA Milan Share cap. €1,872,000	Other	22.4	MILANO <u>ASS.NI</u> SpA 25.71	39.94
SOCIETA' FUNIVIE DEL PICCOLO S. BERNARDO SpA La Thuile (AO) Share cap. €9,213,417.5	Other		PROGESTIM SpA 27.38	27.38

Companies valued at their book value:				
	Sector	Percentage control		
		Direct	Indirect	Group holding
BORSETTO SpA Turin Share cap. €1,032,913.81	Property		PROGESTIM SpA 31,—	31,—
CESTAR CENTRO STUDI AUTO RIPARAZIONI Srl Pero (MI) Share cap. €2,040,000	Services	14.664	SASA SpA 0006 MILANO SpA 11.35	22.,40
FIN. PRIV Srl Milan Share cap. €20,000	Financial	28.57		28.57
FINART SpA Venezia Marghera Share cap. €699,550	Financial	40.59		40.59
GIULIO CESARE Srl Milan Share cap. €10,000	Financial		PROGESTIM SpA 24,—	24,—
INFOMEDIA ITALIA IMI Srl Turin Share cap. €52,000	Services		SCAI SpA 20,—	6.01
MB VENTURE CAPITAL FUND I PARTECIPATING COMP. DI N.V. Amsterdam Share cap. €50,000				
RITA Srl Milan Share cap. €5,720,000	Services	16.25	MILANO ASS.NI SpA 8.561 PRONTO TUTELA SpA 0.024 SASA SpA 0.118 SIAT SpA 0.245 SYSTEMA SpA 0.037	22.41
SERVIZI IMMOBILIARI MARTINELLI SpA Cinisello Balsamo (MI) Share cap. €100,000	Property		PROGESTIM SpA 20,—	20,—

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SOCIETA' FINANZ, PER LE GESTIONI ASSICURATIVE Srl in <u>liquid</u> , Rome Share cap. €47,664,600	14.907	MILANO <u>ASS.NI</u> SpA 7.504	19.99
Financial			

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		Percentage control		
	Sector	Direct	Indirect	Group holding
SOAIMPIANTI – ORGANISMI DI ATTESTAZIONE SpA Milan Share cap. €646,250	Other	20,—		20,—
UFFICIO CENTRALE ITALIANO Srl Milan Share cap. €510,000	Other	14.136	MILANO <u>ASS.NI</u> SpA 10.39 SIS SpA 0.015 SIAT SpA 0.095	21.26

## **PART B – VALUATION CRITERIA**

### **Goodwill**

Goodwill acquired for a valuable consideration is recorded in the assets and systematically depreciated over a limited period deemed to be commensurate with the useful life of the asset in view of the expected profitability of the business to which it relates.

### **Difference arising from consolidation**

The difference arising from consolidation includes the positive difference between the amount paid and the current value of the proportion of the net equity of the consolidated undertaking acquired, after any allocation to the assets and liabilities. These differences are systematically written down starting in the year of formation over a limited period deemed to be appropriate in view of their useful life.

The recoverability of the proportion not written down is reexamined from time to time.

### **Land and buildings and provision for depreciation**

Land and buildings are shown in the accounts, net of depreciation, at the cost of acquisition or of construction plus additional charges and any write-ups, even when merger deficits are allocated.

Improvement, conversion and rebuilding costs are capitalized if they result in an increase in the useful life of the assets and their earning potential. The property of some subsidiary Companies is recorded at the book value of the Companies concerned, plus any increase in value at the time of acquisition.

Land and buildings used by the undertaking during the year are written down at the rate of 3%.

In the case of land and buildings used by third parties depreciation is applied in accordance with tax legislation. In order to enable the work required to maintain property in its original condition to be carried out a Property Maintenance Fund has been set up based on the estimated cost of the maintenance work required to return the buildings to their original standard. The costs incurred are drawn from the fund annually.

### **Long-term investments**

Unless their accounts are consolidated on a line-by-line basis subsidiary and affiliated Companies are valued as indicated in Part A – General Drafting Criteria and Basis of Consolidation.

Italian and foreign shareholdings and bonds classed as ‘long-term’ are valued, in accordance with Art. 16 p. 3 of Legislative Decree 173/1997, at the purchase cost, possibly adjusted in previous years, or the long-term value recorded at the end of the financial year, whichever is the lower. The reductions in value are readjusted in subsequent accounts if the reasons for the adjustments carried out no longer apply.

The purchase cost is determined using the weighted average method adjusted to take account of the issue and trading spreads and any previous write-downs or write-ups of the original cost. In the case of securities issued or acquired without coupons, the original purchase cost is increased in proportion to the annual amount of the difference between the purchase cost and the face value encashable on maturity, net of any advance withholding tax. The value at the end of the financial year is based on the following criteria:

- in the case of listed fixed-yield securities, the value resulting from the arithmetic average of the market prices quoted during the final half of the financial year;
- in the case of listed shareholdings, the value resulting from analyses carried out in order to determine their recoverable value, although not in the short term,
- in the case of unlisted shareholdings, the normal value determined by taking account of a proportion in the drop in the value of assets in the most recent accounts;
- in the case of unlisted fixed-yield securities, the normal value determined by reference to the price of securities with similar characteristics or based on other objective elements.

### **Short- and medium-term investments**

In accordance with Art. 16 p. 6 of Legislative Decree 173/1997 Italian and foreign shareholdings and bonds that make up 'short- and medium-term' investments are recorded at their purchase cost, possibly adjusted in previous years, or at their presumed disposal value based on the trend in the market if this is lower. Falls in value are not maintained in the accounts for subsequent years unless there is a good reason.

The purchase cost is determined using the weighted average method adjusted to take account of any previous write-downs or write-ups of the original cost. In the case of implicit-interest securities the original purchase cost is increased, pro rata temporis and net of any advance withholding tax, by the issue spreads and by the differences between the purchase cost and the face value encashable on maturity.

The disposal value is based on the following criteria:

- in the case of shareholdings, including own shares, and listed fixed-yield securities, the value resulting from the arithmetic average of the market prices in the final month of the financial year;
- in the case of unlisted shareholdings, the normal value determined by taking account of a proportion in the drop in the value of assets in the most recent accounts;
- in the case of unlisted fixed-yield securities, the normal value determined by reference to the price of securities with similar characteristics or based on other objective elements.

### **Investments for the benefit of holders of Life assurance policies who bear the risk and investments arising from pension fund management**

In accordance with Art. 16 p. 8 of Legislative Decree 173/1997 these investments, which relate to index-linked and unit-linked products and to open-end pension funds, are recorded at their current value as laid down in Art. 17 para. 2 of the Legislative Decree.

### **Repo contracts**

The countervalue of securities acquired 'spot' are recorded under Miscellaneous Financial Investments and that of securities sold 'spot' are recorded under Creditors and Other Liabilities.

The interest and the differences between the 'spot' and the 'forward' countervalues are recorded under Income from Other Investments or Investment Charges. If there are any operations outstanding at the end of the year the revenue is allocated using the pro-rata temporis method.

**Derivatives**

Premiums collected and paid for options on securities and currencies are recorded under Creditors and Other Liabilities and Investments respectively.

If the option is not exercised before it expires the premium is allocated to Income from Investments or Investment Charges, whilst if the underlying asset is acquired or sold the premiums exercised adjust its book value or the selling price. However if the liability is regulated they are recorded under Income from Investments or Investment Charges. When the options in existence at the end of the year are being valued, in the case of long-term assets account is taken of trading in the underlying securities or currency bearing in mind their recoverable value, although not in the short term, or in the case of short- and medium-term assets their list prices. In the latter case, if there is no list price, valuation is based on a prudent assessment of their presumed disposal value. Operations in derivatives intended to cover investments and loans are valued in line with their underlying assets. Any capital losses resulting from valuations of existing policies are allocated as a prudential measure to the Provision for Risks and Charges.

**Income from securities**

Accrued interest receivable, the issue spreads and the spreads between purchase cost and face value encashable on maturity are recorded in the profit and loss account in accordance with the principle of annual matching. Dividends are recorded in the year in which they are paid. Capital gains or capital losses arising from trading securities are recorded in the profit and loss account for the year in which the contracts of sale in question are concluded. The positive result of any forward sales of debt securities is recorded at the time payment is made.

**Premium income for the year**

In accordance with Art. 45 of Legislative Decree 173/97 gross premium income recorded includes the amounts accrued during the year on insurance policies.

**Acquisition charges on multiyear policies**

Prepaid commissions due to intermediaries for the acquisition of multiyear policies are capitalized and written down on the basis of the average duration of the policies to which they relate. In the case of Life business depreciation is subject to the limits of the policy loading. The future usefulness of the amount prepaid that is still to be written down is periodically reexamined. All other charges incurred in acquiring risks relating to multiyear policies and in managing them are reflected in the profit and loss account for the year in which they are incurred.

**Tangible assets and stocks**

These assets are recorded in the accounts at the cost of acquisition and written down on the basis of their expected remaining useful life. The depreciation rates applied are the maxima allowed under tax legislation.

**Receivables**

Receivables from policyholders for premiums are recorded on the basis of their presumed disposal value, net of write-downs carried out in accordance with analytical and flat-rate procedures that take account of individual classes of business and of trends in receipts. Other receivables are recorded at their presumed disposal value.

### **Technical provisions for direct business**

The general regulations on technical provisions, as laid down in Art. 31 of Legislative Decree 173/97, provide for the principle under which the level of provisions must always be sufficient to enable enterprises to meet liabilities underwritten under insurance policies as far as can be reasonably foreseen. These give rise to the following accounting principles:

#### **Provision for Non-Life unearned premiums**

Art. 32 of Legislative Decree 173/97 lays down the duty to record the provision for unearned premiums under two different items, 'provision for premium portions' and 'provision for unexpired risks'.

#### **Provision for premium portions**

For all classes of business this is calculated using the pro-rata temporis method on the basis of the gross premiums recorded net of acquisition expenses, as mentioned in Arts 51 and 52 of the Decree.

In the case of risks arising from Hail and Nuclear Power, the calculation principle applied is that laid down in the Ministerial Decree of 23 May 1981.

In the case of Credit Insurance the provisions of the Ministerial Decree of 22/6/82 are also applied, whilst in the case of Bonds the provision was supplemented in accordance with the provisions of ISVAP Ruling 1978/2001. In the case of Other Damage to Property, Fire, Accident and Goods in Transit further amounts were set aside for risks arising from natural disasters, as provided for in the Ministerial Decree of 15 June 1984.

#### **Provision for unexpired risks**

In accordance with Art. 32 of Legislative Decree 173/97 this component of the provision for unearned premiums is intended to ensure that after the end of the financial year the undertaking can meet all the costs arising from losses that could affect the policies for which provisions for premium portions are set up.

The method used for calculating the amount to allocate to this provision is the empirical method, as suggested by the Supervisory Authority in its circular 360/D of 21 January 1999.

#### **Provision for Non-Life outstanding claims**

The provision for outstanding claims represents the total amount of the sums required, based on a prudent estimate using objective elements, to pay claims outstanding at the end of the year and the expenses incurred in handling these claims.

The provision for outstanding claims was valued in accordance with the provisions of Art 33, para. 2 of Legislative Decree 173/97, using the final cost as the basis for calculation, in order to take account of all future foreseeable charges, based on the historical and expected figures. The provision also includes an estimate of claims incurred but not reported at the end of the financial year.

The provision for outstanding claims recorded in the accounts is the result of a complex multiphase technical valuation, which derives from an initial valuation carried out by analysing individual items outstanding, or by using average costs for the current year in MV TPL, followed by the process entrusted to the company's head office which uses statistical actuarial methods to determine the level of the final cost of claims.



**Other technical provisions**

In accordance with the provisions of Art. 25 of Legislative Decree 175 of 17 March 1995 these include the provision for ageing set up for multiyear health insurance policies from which the Company has waived its right to withdraw, The provision was calculated in accordance with the provisions of paragraph 3 of the Article in question,

**Equalization provisions**

These contain the sums set aside in implementation of Art. 12. para. 1 of Legislative Decree 691 of 19 December 1994 relating to the procedures for setting up the equalization provision for risks arising from natural disasters and the equalization provision for Credit business provided for by Legislative Decree 175/95.

**Life technical provisions**

The mathematical provision for direct Life assurance business is calculated analytically for each policy. based on the liabilities alone without deductions for policy acquisition expenses and on actuarial assumptions (technical rates of interest, demographic models of elimination through death or disability and operating costs) used to calculate the premiums for existing policies. In no case are the mathematical provisions lower than the surrender values. The ratio of premiums to proportions of annual premiums pertaining to the following year is included in the technical provisions.

The mathematical provisions include inter alia the additional provision relating to policies providing benefits that are subject to revaluation, as provided for in ISVAP Ruling 1801-G of 21 February 2001 and in Art. 25 para. 12 of Legislative Decree 174/95.

**Technical provisions where the investment risk is borne by the policyholders and provisions arising from pension fund management**

These categories include provisions relating to all the products that have the characteristics mentioned in Art. 30. paras 1 and 2 of Legislative Decree 174/95, which are calculated analytically for each separate policy in accordance with the general procedures applying to other Life technical provisions and the technical provisions arising from open-end pension fund management.

These provisions reflect as closely as possible the value of the underlying assets.

**Technical provisions borne by reinsurers**

The provisions borne by the reinsurers include the relevant amounts determined in accordance with the contractual reinsurance agreements based on the gross amounts of the technical provisions. In particular the provision for unearned premiums is calculated with reference to Art. 32 of Legislative Decree 173/97 provision for gross unearned premiums

The Life technical provision borne by the INA/CONSAP reinsurer was determined in accordance with the instructions issued by the supervisory body in its circular 357/D of 12 January 1999 as subsequently amended and supplemented.

**Inward reinsurance**

Some of the premiums and costs of reinsurance risks written already notified by assignors are recorded in capital accounts and allocated to the profit and loss account for the following year. This time-lag is due to the fact that it is impossible to have all the figures available in time for the accounts to be drawn up. The technical provisions are recorded in the accounts on the basis of information provided by the ceding companies. In accordance with the provisions of para. 2 of Art. 39 of Legislative Decree 173/97 this information is subjected to careful and independent scrutiny, and if any discrepancies are revealed adjustments are carried out such as to ensure that the sums set aside are sufficient.

**Provisions for risks and charges**

These are set up to meet non-technical-insurance risks where the amount or the date of occurrence is not known.

**Fund for long-service bonuses in accordance with Art. 30 of the CCNL (Contratto Collettivo Nazionale di Lavoro – National Collective Labour Agreement)**

This fund is set up to cover all the employees of the insurance companies who by the end of the year had completed their 20<sup>th</sup> and 30<sup>th</sup> year of service based on their annual salary as at 31 December 2003 and in proportion to the bonus due on completion of the 25<sup>th</sup> and 35<sup>th</sup> year of service. The fund is used for bonuses granted and recalculated at the end of each financial year.

**Staff leaving indemnity**

This fund is set aside on the basis of current contracts of employment and in accordance with the criteria laid down in Art. 5 of Law 297 of 29 May 1982 governing the staff leaving indemnity.

The charge deriving from the renewal of contracts is retroactive and is recorded when these agreements come into effect.

**Adjustment accounts**

Prepayments and accrued income and deferred income and accrued liabilities are calculated on a time basis in such a way that the accounts reflect the matching concept.

**Guarantees, commitments and other memorandum accounts**

These are recorded in the accounts at the countervalue of the commitments taken on or at the countervalue of the guarantees given or received.

**Corporation tax for the year**

Corporation tax is based on assessment of the current and deferred tax burden. Direct taxes for the period are based on current tax legislation. If there are any temporary differences between the operating result and taxable income, the tax temporarily deferred is based on the nominal tax rate and the appropriate adjustments are carried out if it turns out that a different rate applies from the rate applied in the year in question.

Advance taxes are recorded only if it is reasonably certain that they can be recovered from the expected taxable income.

However liabilities for deferred taxes are recorded in the accounts if they derive from taxable temporary differences. As a prudent measure deferred taxes relating to higher values not recognised for tax purposes are set aside, for write-ups of investments carried out for the purpose of allocating the unredeemed merger deficit arising from the incorporation of Fondiaria Assicurazioni S.p.A., where it is likely that these higher values will generate higher taxable income. No amounts are set aside for taxes on provisions of net capital and reserves that are taxable if they are distributed since they are not likely to be distributed. Deferred taxes are recorded under corporation tax and their capital contra-entry is recorded under 'Other assets' or in 'Provision for taxes'.

### **Operations in foreign currency**

Operations in foreign currency are recorded by using a system of multicurrency bookkeeping. Thus the balances on accounts expressed in foreign currency are shown in the accounts converted into Euro by applying the rates of exchange in force at the end of the financial year. The results of conversion are allocated to the profit and loss account under 'Other income' if they are positive or under 'Other Charges' if they are negative. Only shareholdings deemed to be long-term are maintained at the historical exchange rate.

## PART C

### INFORMATION ON THE BALANCE SHEET

### AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

In accordance with the provisions of Legislative Decree 173/97 we show here the variations in the level of individual items on the asset side, on the liability side and in the consolidated profit and loss account.

The necessary adjustments have been made in cases where the previous year's items are were not comparable with those of the current year.

However instances where items are not comparable, any adjustments or instances where it is impossible to make any adjustments are shown in the notes to the individual items.

## Balance sheet – Assets

### SECTION 1

#### INTANGIBLE ASSETS (item B)

These consist of the following:

(€K)	2003	2002	Variation
Acquisition commissions to be written down viz.:	254,501	211,621	42,880
-Non-Life business	217,493	170,241	47,252
- Life business	37,008	41,380	(4,372)
Other acquisition expenses	2,475	4,309	(1,834)
Goodwill	671,044	737,290	(66,246)
Other intangible assets	108,537	122,034	(13,497)
Difference arising from consolidation	197,264	210,606	(13,342)
	1,233,821	1,285,860	(52,039)

The consolidated accounts show the acquisition commissions to be written down on multiyear policies as from the 1999 financial year. These amounts are deferred and written down over a maximum of seven years in the case of Non-Life business and over a maximum of fifteen years in the case of Life business. This conforms to the financial matching concepts aimed at providing a better correlation between costs and receipts. The variation compared with the figure for 2002 amounts to €42,880K and is the result of the capitalization of commissions of €126,523K, whilst commissions amounting to €83,643K have been allocated to the profit and loss account for these multiyear policies,

account also being taken of cancelled or amended policies. Other acquisition expenses mainly relate to the Milano Assicurazioni Group. The table below contains a summary of the origin of the individual items making up goodwill:

(€K)	2003	2002	Variation
- in Fondiaria-SAI for the incorporation of Fondiaria Ass. in 2002	276,592	291,959	(15,367)
- in Fondiaria-SAI for the contribution of business in 1990	162,684	185,924	(23,240)
- in Fondiaria-SAI for the incorporation of Fondiaria Ass. in 1995	65,488	74,843	(9,355)
- in Nuova Maa for the acquisition of Maa Ass. in 1995	65,133	71,053	(5,920)
- in Milano on the acquisition of the Card premium portfolio in 1991	33,053	37,185	(4,132)
- in Milano for the incorporation of Lloyd Internazionale in 1991	17,002	19,430	(2,428)
- In Milano on the acquisition of Latina Ass. in 1992	34,522	38,430	(3,908)
- in Milano for the contribution of the La Previdente Ass Life Portfolio	16,464	18,309	(1,845)
- Other	106	157	(51)
<b>TOTAL</b>	<b>671,044</b>	<b>737,290</b>	<b>(66,246)</b>

The goodwill mentioned above is depreciated on a straight-line basis, generally over a period of twenty years, which is deemed to be commensurate with the remaining useful life of the assets to which the goodwill relates. In determining the future useful life of goodwill particular account is taken of the size of the portfolios involved and of the positions in the market of the companies to which they relate.

The table below shows the other intangible assets broken down by category:

(€K)	2003	2002	Variation
Research and development costs	55,172	57,189	(2,017)
Formation and expansion costs	38,160	43,889	(5,729)
Licences for the use of IT products	7,826	13,093	(5,267)
Other	7,379	7,863	(484)
	<b>108,537</b>	<b>122,034</b>	<b>(13,497)</b>

Expenses for research and development are mainly ascribable to the Parent Company and are for consultancy services aimed at creating or improving IT and management procedures in order to develop the activities relating to the Group's new claims-handling system and in order to finalize the integration of the merged companies' IT systems.

Formation and expansion costs include approximately €30m for costs relating to the merger by incorporation of Fondiaria Assicurazioni into Fondiaria-SAI, whilst €6m relates to the residual value of the commissions for placing the subordinated loan granted to the holding company by Mediobanca during 2003. The features of the loan, granted when the existing loan was repaid on 31 December 2002, are fully illustrated in the Parent Company's Management Report. The decrease in 'Other intangible assets' of €13,497K compared with the figure for 2002 is due to acquisitions amounting to €43,745K and depreciation amounting to €57,242K.

## DIFFERENCE ARISING FROM CONSOLIDATION

The difference arising from consolidation recorded on the asset side of the balance sheet is €197,264K and is €13,342K less than the figure for 2002.

The table below shows the individual items broken down according to origin:

(€K)	2003	2002	Variation
Insurance companies consolidated on a line-by-line basis	187,641	200,890	(13,249)
Non-insurance companies	9,623	9,716	(93)
	197,264	210,606	(13,342)

In 2003 this item rose by €10,694K because of consolidation differences arising during the year, whilst the decrease, which related to the rates of depreciation for the year, amounted to €24,036K.

The increase for the year amounted to €10,694K, €6.3K of it for acquisitions of property made during the year whilst €4.4K was the share premium paid by the Parent Company for the acquisition by minority interests of 5% of Sasa Assicurazioni S.p.A..

Depreciation of the consolidation differences arising in previous years amounted to €22,967K, whilst €1,069K relates to depreciation of differences arising during the year.

During the year the whole of the difference arising from consolidation of the subsidiary Effe Investimenti Sim S.p.A. was allocated to the profit and loss account, in view of the fact that the goodwill originally recorded and already incorporated in the book value of the shareholding was deemed to be a permanent loss of value. This treatment also led to the subsidiary's book value, already included in the Parent Company's accounts, being written down.

The differences arising from consolidation recorded in Milano's consolidated accounts amounted to €3,324K and are mainly ascribable to the acquisition, carried out in 1996 of La Previdente Vita S.p.A., of a minority share already held by Fondiaria Assicurazioni S.p.A..

Despite the incorporation of the subsidiary La Previdente Vita S.p.A. into Milano in 1999, in accordance with the principle of consistency in drawing up accounts the difference arising from consolidation was not reclassified as goodwill.

The difference arising from consolidation is systematically depreciated over the periods provided for in Art. 16 para. 12 of Legislative Decree 173/97, except in the case of the insurance companies that are able to recoup the investment over a longer period.

The criteria used to determine the difference arising from consolidation are illustrated in section 1 of Part A, relating to the principles of consolidation.

## SECTION 2

### INVESTMENTS (Item C)

Total investments net of the provision for the depreciation of land and buildings amounted to €21,672m (€21,221m in 2002), an increase of €451m.

Investments, gross of the provision for the depreciation of land and buildings, are broken down as follows:

(€K)	31/12/2003	31/12/2002	Variation
Land and buildings	2,510,753	3,143,202	(632,449)
Investments in Group undertakings and other participating interests	519,393	832,355	(312,962)
Other financial investments	18,709,991	17,336,283	1,373,708
Deposits with ceding undertakings	57,645	57,580	65
<b>GROSS TOTAL</b>	<b>21,797,782</b>	<b>21,369,420</b>	<b>428,362</b>
less:			
Provision for the depreciation of land & buildings	125,584	148,451	(22,867)
<b>NET TOTAL</b>	<b>21,672,198</b>	<b>21,220,969</b>	<b>451,229</b>

The decrease in the value of land and buildings gross of the provision for depreciation was €632,449K and can be summarized in the following movements:

(€K)	
Balance as at 31/12/2002	€3,143,202
Additions during the year	€326,582
Incremental costs	€36,598
Other consolidation adjustments	(46)
Disposals	(€995,583)
Balance as at 31/12/2003	€2,510,753

As already explained in the Notes to the 2002 Consolidated Accounts, because of the Fondiaria-SAI merger operation increases in value based on valuations provided by third parties amounting to €410m were allocated to land and buildings. Approximately €132m of this related to the Parent Company whilst the remaining €278m derived from the allocation of differences arising from first consolidation, in this last instance ascribable to land and buildings, following the allocation of the final portion of the deficit arising from the merger to the Milano and Nit shareholdings.

As a result of the property spin-off operation already mentioned the remaining difference allocated to land and buildings amounted to €254m, €93m of which is ascribable to the Parent Company.

Therefore as at 31 December 2003 the book value of land and buildings included €161m arising from the allocation to this item of consolidation differences arising in previous years.

The acquisitions for the year included €39m for the acquisition of the subsidiary Company I.A.T. S.r.l., which owned several plots of building land and sports grounds, whilst the acquisition of property via the subsidiaries Meridiano Bruzzano, Meridiano Risparmio and Meridiano Bellarmino totalling €60m continued.

On the other hand the subsidiary Company Milano recorded the following principal acquisitions:

- the reacquisition, at a price of €44,927K, of the property at Via Pantano 26, Milan, originally sold as part of the operation to increase the value of some of the property assets that was carried out during the year;
- the acquisition of the property in Piazzale dell'Industria, Rome, at a price of €75,000K, through the subsidiary Company Meridiano Eur S.r.l.;
  - the down payment of €10,920K made for the property transaction relating to a site in Via Lancetti in Milan.
  - - This operation culminated in the sale of the plot to IM.CO. S.p.A. for €9,600K and the acquisition from IM.CO. of the completed complex that it is to build, at a price of €36,400K;
  - the down payment of €28,860K made for the property transaction relating to a site in Via Fiorentini in Rome.
  - This operation culminated in the sale of the plot to Avvenimenti e Sviluppo Alberghiero S.r.l. at a price of €20,600K and the acquisition from it of the complex to be built on the site at a price of €96,200K.

The purchasers involved in both these last two property operations are property companies (IM.CO. S.p.A. and Avvenimenti e sviluppo Alberghiero S.r.l.), controlled by Sinergia Terza, which owns a shareholding in the capital of Premafin and which in turn is controlled by Starlife S.A., which counts among its members several Directors of Fondiaria-SAI. The two Companies will build the complexes mentioned. All the selling and purchase prices were based on independent valuations and the subsidiary Company obtained fairness and legal opinions for both these property operations.

On the other hand the high level of sales can be put down to the property spin-off operation already mentioned which involved the subsidiaries Milano and Progestim as well as the Parent Company.

The incremental costs for the year do not include any capitalized investment charges.

The provision for depreciation of land and buildings fell by €22,867K, €12,383K of which was depreciation for the year whilst €35,250K related to disposals.

Land and buildings for use in the business amounted to €329,500K whilst those used by third parties came to €2,181,253K. No property was leased to third parties.



INVESTMENTS IN GROUP UNDERTAKINGS AND IN OTHER PARTICIPATING INTERESTS are broken down as follows:

(€K)	2003	2002	Variation
Units and shares in undertakings (1)			
- Holding companies	16,011	12,226	3,785
- Subsidiaries	218,431	224,431	(6,000)
- Associated companies	19,983	19,983	0
- Affiliated companies	50,121	53,504	(3,383)
- Other	110,029	104,875	5,154
Bonds	4,078	78	4,000
Corporate financing	100,739	417,258	(316,519)
	519,392	832,355	(312,963)

(1) €16,011K of this was listed (€12,226K in 2002) and related to the holding company Premafin Finanziaria alone.

With reference to the list of shareholdings included in Class C.II.:

- the list of shareholdings in subsidiary Companies and in affiliated companies, valued using the net equity method or at cost is already shown in Part A – ‘Basis of consolidation’;
- the ‘other shareholdings’ included in Class C.II. of the assets are listed below:

COMPANY	REGD. OFFICE	SHARE CAPITAL	PERC. OWNED BY THE GROUP
ATHENA PRIVATE EQUITY S.A.	Munzbach	50,000,000	11.65
BANCA APULIA S.p.A.	S. Severo (FG)	10,244,000	0.18
BANCA DELLA CAMPANIA S.p.A.	Naples	21,273,144	4.99
BANCA POPOLARE ETICA S.c.a.r.l.	Padua	16,078,475	0.19
CITTA' DEGLI STUDI S.p.A.	Biella	11,811,868	0.08
CONFARTIGIANATO SERVIZI S.p.A.	Rome	7,746,900	9.63
CONSORTIUM S.r.l.	Milan	561,600,00	4.55
FINBANCHE D'ABRUZZO S.p.A.	L' Aquila	218,000,000	15.40
ISOLA DELBA BANCA CRED. COOP. S.c.a.r.l.	Portoferraio (LI)	2,351,944	1.76
IST. EUROPEO DI ONCOLOGIA S.r.l.	Milan	106,500,00	12.83
NORMAN '95 S.p.A.	Milan	1,790,000	5.00
SCONTOFIN S.A.	Luxemburg	2,582,500	19.00
SOCIÉTÉ CIVILE IMMOBILIÈRE S.A.	Paris	3,448,419	1.59
VINIFERA WEINHANDELS GMBH	Kornwestheim	220,000	9.09

The shareholding in associated companies relates to Finadin S.p.A.

BONDS increased by €4,000K as a result of the subsidiary Milano Assicurazioni S.p.A. subscribing to bonds issued by the participating interest Banca Apulia.

CORPORATE FINANCING granted to Group undertakings and other participating interests fell by €317m as a result of the maturing of the operations entered into in 2002 by the Parent Company with the subsidiary BancaSAI for the temporary investment of cash from the subordinated loan. Operations in existence with BancaSAI as at 31 December 2003 amounted to €60m.

At the end of 2003 there remained €27m in repo operations between the subsidiaries Milano Assicurazioni S.p.A. and Cofimo Sim.

The remainder relates to corporate financing granted to Group undertakings not consolidated on a line-by-line basis.

OTHER FINANCIAL INVESTMENTS are made up as follows:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
Units and shares	2,777,759	3,114,058	(336,299)
Units in investment funds	222,439	197,164	25,275
Bonds and other fixed-yield securities	15,500,629	13,596,890	1,903,739
Corporate financing	141,184	62,922	78,262
Deposits with credit bodies	19,318	49,861	(30,543)
Miscellaneous financial Investments	48,662	315,388	(266,726)
	18,709,991	17,336,283	1,373,708

UNITS and SHARES fell by €336m compared with 2002 and are broken down as follows:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
Listed shares	2,702,756	3,059,632	(356,876)
Unlisted shares	75,003	54,426	20,577
	2,777,759	3,114,058	(336,299)

The main listed shareholdings in investment Classes C.II and C.III include:

(€K)	% holding <sup>(1)</sup>	Book value	Market value	Difference
Assicurazione Generali S.p.A.	2.43	858,397	660,711	(197,686)
Banca Intesa S.p.A.	0.63	179,433	136,276	(43,157)
Capitalia S.p.A.	3.01	232,489	169,185	(63,304)
Italmobiliare S.p.A.	2.92	29,764	42,083	12,319
Mediobanca S.p.A.	3.81	154,270	261,372	107,102
Monte dei Paschi S.p.A.	2.09	221,985	170,333	(51,652)
RCS S.p.A.	4.89	136,605	106,978	(29,627)
Pirelli & C. S.A.p.a.	4.10	107,012	116,118	9,106
Swiss Life Holding S.A.	10.05	489,034	344,043	(144,991)
Total		2,408,989	2,007,099	(401,890)
Other shareholdings		293,767	308,132	14,365
OVERALL TOTAL		2,702,756	2,315,231	(387,525)

(1) Percentage based on the total number of shares making up the share capital.

The negative differences between book value and market value of Group shareholdings in several listed Companies were not deemed to represent a permanent loss of value even in view of the fact that they are assets intended to remain permanently as Group investments.

In this regard it should be pointed out that the same table for the previous year showed potential capital losses of € 1.185m.

The substantial variation compared with the 2002 figure, amounting to approximately €800m, is a result of the recovery in the stock-exchange price and of the extremely prudential policy implemented by the Group when assessing the book value. The market value, shown for purposes of comparison with the book value of the shareholdings, is the average list price for the final month of the financial year. It should be pointed out that the figure recorded in the share portfolio for long-term assets was €2,868,343K whilst the figure recorded for short- and medium-term assets was €323,991K.

The book value of some of these shareholdings recorded as long-term was adjusted. In particular:

- the unit value of the shares held in Capitalia S.p.A. was reduced, a total write-down of €46,437K;
- the unit value of the shares held in RCS S.p.A. was reduced, a total write-down of €6,640K;
- the unit value of the shares held in Generali S.p.A. was reduced, a total write-down of €102,404K;
- the unit value of the shares held in Monte dei Paschi S.p.A. was reduced, a total write-down of €28,665K;

The unit book value of the shares held in Swiss Life Holding (2,356,112 shares with a unit book value of CHF 303.00) was adjusted to the valuation deriving from the most recent operating figures relating to the participating interest.

During the year the Group sold its entire holding in Swiss Life Rentenanstalt. The operation involved a total capital loss on the sale of approximately €15m, to which were added exchange losses of €8m.

The table below shows details of the movements of the shareholdings (including those in Class C.II): (€K)

Balance as at 31/12/2002 3,529,077 - Variation in companies valued using the net equity method

and changes in the basis of consolidation	(5,761)
- Acquisitions and subscriptions	289,858
- Disposals	(425,244)
- Exchange revaluations	(8,450)
- Value readjustments	31,704
- Write-downs	(218,850)
Balance as at 31/12/2003	3,192,334

INVESTMENT FUNDS amounted to €222,439K (€197,164K in 2002) and were up by €25,275K whilst capital losses for write-downs amounted to €301K and compulsory value readjustments to €8,393K.

BONDS and other FIXED-YIELD SECURITIES mainly include public debt securities and other freely-negotiable public and private securities. They increased by €1,904m compared with the figure for 2002 and are broken down as follows:

(€K)	2003	2002	Variation
Listed	14,838,856	12,826,543	2,012,313
Unlisted	661,773	770,347	(108,574)
	15,500,629	13,596,890	1,903,739

Convertible bonds amounted to €45,395K (€58,731K in 2002).

The book value of the listed fixed-yield securities, a total of €14,839m, was approximately €271m less than the market value based on the average list price for December 2003.

This difference in the long-term securities portfolio was approximately €106m and in the short- and medium-term securities portfolio it was approximately €164m.

Details of the total variation in bonds and other fixed-yield securities (included investment Class C.II) are shown below:

(€K)

Balance as at 31/12/2002	13,596,968
Acquisitions for the year	10,632,345
Write-ups on foreign exchange, issue discounting back	(1,621)
Write-downs	(33,832)
Value readjustments	11,301
Disposals and redemptions	(8,608,186)
Transfers to Class D on the asset side	(92,268)
Balance as at 31/12/2003	15,504,707

It should be pointed out that €9,410m was allocated to long-term assets in the fixed-yield securities portfolio and €6,095m to short- and medium-term assets.

The assets, represented by bonds and fixed-yield securities, which contain subordination terms, amounted to €116,922K, broken down as follows:

- XS0112299051 Unicredito 14/06/2000-14/06/2010 Variable Rate €2,495,919.55 (the issuer may implement early redemption);
- XS0054850531 Crédit Suisse 20/12/1994-20/12/2014 Zero Coupon €25,055,125.47
- - XS0094351151 Bayer Hypo Vereinsbank 02/02/1999-21/07/2006 Zero Coupon € 21,515,288.06
- IT0001444360 B.ca Pop. Lodi 20/03/2000-01/06/2010 Convertible – 4.75% €3,497,863.49 (the issuer may implement early redemption)
- - IT0001387965 Montepaschivita 01/12/1999-01/12/2009 Variable Rate € 17,150,000.00 (the issuer may implement early redemption);
- XS0114165276 Generali 20/07/2000-20/07/2022 6.9% Convertible €2,500,000.00 (the issuer may implement early redemption);
- - XS0152286521 Harbourmaster 07/08/2002-15/07/2014 Series 3 Class D – € 975,000.00 (the issuer may implement early redemption);
- IT0001282133 Monte dei Paschi 01/12/1998-01/12/2005 4.75% €6,909,012.03
- IT0001282117 Monte dei Paschi 30/11/1998-01/12/2005 Variable Rate €2,575,828.78
- - IT0001426151 B. Pop. Emilia 31/03/2002-31/12/2005 Convertible – 4% € 1,014,277.96 (the issuer may implement early redemption);
- - IT0003184758 Vittoria Assicurazioni 12/11/2001-01/01/2016 – 5.5% €18,089.58 (the issuer may implement early redemption);
- - XS0119298189 Royal KPN 24/11/2000 - 24/11/2005 Convertible – 3.5% €4,850,000.00 (the issuer may implement early redemption);
- XS0082765289 Ambroveneto sub guar. 98/2008 flt € 2,798,000.00
- XS0108245167 B. Lomb. 00/10 6.875% sub €5,586,000.00
- XS0178232640 Baden Wuert. 03/30.12.15 4.75% €2,972,000.00
- ES0213211073 BBVA – subordinated debt issuance n° €6,993,000.00
- IT0003566681 SCIC – sub. Ass. back notes cl A3 2003/20 €17,496,000.00
- XS0135565637 Carige 28.09.01/11 TV subord. €2,521,000.00

Most of the certificates representing fixed-yield securities and listed shareholdings are deposited with leading credit institutions and issuing bodies. Certificates representing unlisted shareholdings are normally deposited at the registered offices of the Companies in the Group that hold them.

LOANS, totalling €141,184K, can be broken down as follows:

(€K)	2003	2002	Variation
Loans with a lien on property	76,994	774	76,220
Loans on policies	56,689	53,660	3,029
Other loans	7,501	8,488	(987)
	141,184	62,922	78,262

Loans with a lien on property include €76,537K for a mezzanine loan granted by the Parent Company and by the subsidiary Company Milano Assicurazioni S.p.A. to the former subsidiary Company Ganimede S.r.l. for the operation to develop some of the Group's property assets details of which have already been mentioned. This loan is backed by a junior mortgage on property sold to Ganimede, and repayment of the capital and interest is dependent on the debtor meeting the payment obligations under the senior loan it has for the operation in question. The loan is for seven years from the date it was granted, so it will mature in December 2010. In addition there is provision for partial repayments to be made in advance in line with the debtor's plan to sell the property that is the object of the operation and in addition the debtor is entitled to repay all or part of the loan in advance at any time. The rate of interest is 8%. As things stand at the moment and on the basis of the available information, it is not considered that there is any risk of it not being possible to recover this loan.

'Loans on policies' relate to Life assurance policies.

The item 'Other loans' is made up of loans granted to employees of the Companies in the Group for which no guarantees are issued.

DEPOSITS WITH CREDIT BODIES cover only bank deposits requiring at least 15 days' notice of withdrawal. These fell by €30,543K, from €49,861K in 2002 to €19,318K in 2003.

The item MISCELLANEOUS FINANCIAL INVESTMENTS is made up exclusively of loans for repo operations and premiums for options. These fell by €266,726K, from €315,388K in 2002 to €48,662K as at 31 December 2003.

## DEPOSITS WITH CEDING COMPANIES

These amounted to €57,645K (€57,580K in 2002).

### SECTION 3

#### OTHER ASSETS (items D – Dbis – E – F - G)

#### INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ARISING FROM PENSION FUND MANAGEMENT

These amounted to a total of €2,708,486K and relate to:

(€K)	2003	2002	Variation
Investments in Class D.I.	2,636,499	1,915,738	720,761
Investments arising from pension fund management	71,987	49,535	22,452
	2,708,486	1,965,273	743,213

Investments in Class D.I. relate to unit-linked and index-linked products that have the features referred to in Art. 30, paras 1 and 2 of Legislative Decree 174/1995.

Investments arising from pension fund management mainly relate to the Parent Company and to the subsidiaries Novara Vita S.p.A. and Po Vita S.p.A..

The table below shows the breakdown of investments in Class D according to type:

(€K)	2003	2002	Variation
Bonds	2,367,279	1,716,869	650,410
Investment funds	266,919	205,227	61,692
Shares	20,809	30,003	(9,194)
Cash	53,479	13,174	40,305
	2,708,486	1,965,273	743,213

## TECHNICAL PROVISIONS BORNE BY THE REINSURERS

These fell by a total of €172,987m compared with 2002, as is shown in the following table:

(€K)	2003	2002	Variation
NON-LIFE BUSINESS			
Provision for unearned premiums	126,650	145,783	(19,133)
Provision for outstanding claims	784,677	828,682	(44,005)
<b>TOTAL</b>	<b>911,327</b>	<b>974,465</b>	<b>(63,138)</b>
LIFE BUSINESS			
Mathematical provisions	276,135	385,980	(109,845)
Provision for sums to be paid	4,238	3,370	868
Other	68	33	35
Technical provisions in Class D,I and D,II	0	907	(907)
<b>TOTAL</b>	<b>280,441</b>	<b>390,290</b>	<b>(109,849)</b>
<b>OVERALL TOTAL</b>	<b>1,191,768</b>	<b>1,364,755</b>	<b>(172,987)</b>

This amount includes provisions borne by INA/CONSAP of €49,977K, this amount representing the credit that the Group claimed from INA/CONSAP for the technical provisions originally paid to the INA (Istituto Nazionale dell Assicurazione – National Insurance Institute) for compulsory cessations, now abolished by Law 403/94. In accordance with ISVAP circular 357/D dated 12 January 1999, the mathematical provisions borne by the INA/CONSAP reinsurer were calculated on the basis of the rates of interest laid down in the Decree of the Industry Ministry of 2 October 1998 for 1994, 1995 and 1996, in accordance with the provisions of the Ministerial Decrees of 4/6/99 and 21/12/99 for 1997 and 1998, in accordance with the provisions of the Ministerial Decree of 23/3/01 for 1999, in accordance with the provisions of the Ministerial Decree of 18/4/02 for 2000, in accordance with the provisions of the Ministerial Decree of 15/4/2003 for 2001 and by applying prudential estimates (2.85%) for 2002 and 2003.

It should be pointed out that the drop in the mathematical provisions corresponds to the settlement arrived at with CONSAP which involved the subsidiary Novara Vita as well as the Parent Company.



## RECEIVABLES

(€K)	2003	2002	Variation
Receivables arising from direct insurance operations	1,959,650	1,861,036	98,614
Receivables arising from reinsurance operations	191,111	310,108	(118,997)
Other receivables	882,401	697,335	185,066
	3,033,162	2,868,479	164,683

Receivables arising from insurance operations mainly include receivables from policyholders of € 983,680K, € 899,048K of which relates to premiums for the year and € 84,632K to premiums for previous years. They also include € 813,109K for receivables from insurance intermediaries, € 224,728K for current account company receivables and € 95,010K for receivables from policyholders and third parties for sums to be recuperated.

Receivables arising from reinsurance contracts, amounting to € 210,024K, include € 172,709K for receivables from insurance and reinsurance companies for reinsurance operations and € 37,315K from reinsurance intermediaries.

These amounts are all gross of the provision for bad debts amounting to € 175,790K for these items.

Other receivables are broken down as

follows: (€K)

Receivables from the Treasury for deductions and tax credits	568,199
Clients, rents and reimbursement of expenses currently being collected	93,409
Other (net of the provision for bad debts)	220,793
	882,401

The figure for total receivables is assumed to be net of the provision for bad debts which in 2003 amounted to € 202,968K (€ 185,077K in 2002).

The increase of € 17,891K is the result of allocations of € 76,265K and drawings of € 58,374K.

Receivables from the Treasury include advance payments of tax made via self-assessment, advance withholding tax, tax on the mathematical provisions paid in accordance with Legislative Decree 209/2002, the tax credit on dividends and refunds requested from the Treasury.

## OTHER ASSETS

These came to a total of €1,355,068K (€1,183,825K in 2002), an increase of €171,243K.

They consist of:  
(€K)

	2003	2002	Variation
Tangible assets and stocks	44,148	49,650	(5,502)
Cash at bank and in hand	580,033	566,117	13,916
Own units or shares	115,254	69,227	46,027
Miscellaneous assets	615,633	498,831	116,802
	1,355,068	1,183,825	171,243

Tangible assets include the net value of capital assets of € 34,618K, which fell by € 5,905K as a result of acquisitions amounting to € 9,487K, disposals amounting to € 6,649K and a variation in the provision for depreciation amounting to €8,743K.

Capital assets are deemed to be net of the provision for depreciation amounting to €214,791K in 2003 (€206,048K in 2002). The same item includes stocks and miscellaneous assets amounting to €9,530K.

Cash at bank and in hand, amounting to €580,033K, increased by €13,916K. These amounts include bank deposits amounting to €579,725K. Available cash amounted to €308K. Of the amount of €115,254K of own units and shares, €49,192K relates to the book value of the Parent Company's own shares in its portfolio and the remainder to Fondiaria-SAI shares held by the subsidiaries Saifin and Milano Assicurazioni, amounting to €59K and €66,003K respectively. The figure also includes warrants issued by the Parent Company amounting to € 1,567K. Miscellaneous assets amount to €615,633K, an increase of €116,802K compared with the figure for 2002. They include deferred reinsurance accounts receivable amounting to € 7,350K whilst the remaining amount of € 608,283K includes deferred taxes amounting to €411,951K, credit items recorded during the year amounting to € 47,845K, head office/commercial office liaison accounts amounting to €27,260K and payments due for tax on the mathematical provisions, as provided for by Legislative Decree 209/02, amounting to €23,742K.

The item 'Miscellaneous assets' includes rounding adjustments amounting to €2K carried out in accordance with Art. 1, para. 3 of ISVAP Ruling 1008-G dated 5 October 1998.

## ACCRUALS AND DEFERRED INCOME

These totalled €201,928K (€234,421K as at 31/12/2002).

Accruals for interest on securities amounted to €195,214K and accruals and deferred income for rent amounted to € 284K. The remaining €6,430K relates to various types of accrual and deferred income.

# Balance sheet – Liabilities

## SECTION 4

### CAPITAL AND RESERVES (item A)

Consolidated capital and reserves amounted to €3,082,673K including the operating result and portions pertaining to minority interests, an increase of €212,916K compared with 2002.

The items of the capital and reserves relate to the figures in the Parent Company's accounts plus the operating result for 2002, net of the provision for own and holding company shares. You are referred to the Parent Company's accounts for details of the variations in these shares.

The table below shows the level of capital and reserves compared with the previous year:

(€K)	2003	2002	Variation
GROUP CAPITAL AND RESERVES			
Share capital subscribed or equivalent provision	170,520	170,517	3
Equity	1,951,178	1,974,303	(23,125)
Provisions arising from consolidation	145,512	155,038	(9,526)
Provision for valuation differences in unconsolidated shareholdings	(29,360)	1,382	(30,742)
Provision for differences arising from conversion	(436)	44	(480)
Provision for own shares and holding company shares	129,699	79,523	50,176
NET EQUITY OF MINORITY INTERESTS			
Capital and reserves of minority interests	394,143	440,779	(46,636)
	2,761,256	2,821,586	(60,330)

The provision arising from consolidation includes the differences between the book value of the shareholdings and the corresponding portion of capital and reserves of the consolidated companies after any differences arising from consolidation are taken into account. It also includes the adjustments resulting from the application of the Parent Company's accounting principles and from the elimination of any dividends and profits arising from transactions between Companies in the Group.

The provision for the valuation difference in unconsolidated shareholdings relates to the valuation of the shareholdings using the net equity method. Compared with 2002 the provision fell by €30,742K, this variation being ascribable to the inclusion in the initial capital and reserves of the losses for previous years made by the companies operating in managed savings, mainly BancaSai and Effe Investimenti Sim.

The provision for own shares and holding company shares includes the amount recorded for own shares included in item F.III of the assets. This provision corresponds to the amount for the 'provision unavailable for own shares' set aside by the Parent Company in its accounts and for the 'provision for holding company shares' recorded in the accounts of the subsidiaries Milano Assicurazioni and Saifin-Saifinanziaria. It also includes the countervalue of the holding company shares in the portfolio referred to under C.II.1.a) of the assets.

Capital and reserves pertaining to minority interests recorded a decrease € 46,636K, mainly ascribable to the portions pertaining to minority interests in the Milano Group.

Below is a statement of the variations in the consolidated capital and reserves:

## Statement of variations in the consolidated Capital and reserves

(€K)	Share Capital	Provisions and undivided profits	Operating profit	Minority interests	Total
<b>Balances as at 1 January 2003</b>	170,517	2,210,290	40,166	448,782	2,869,755
<b>Dividends distributed</b>			(45,818)		(45,818)
<b>Dividend surplus in the Parent Company's accounts compared with the consolidated result</b>		(5,652)	5,652		0
<b>Variations arising from the capital increase</b>					
- Share capital	3				3
- Premium reserve		79			79
<b>Provisions referred to in Legislative Decree 124/93</b>		41			41
<b>Exchange differences arising from converting foreign accounts, variations in the basis of consolidation and other adjustments arising from consolidation</b>		(8,165)		(54,639)	(62,804)
<b>Net profit for 2003</b>			217,282	104,136	321,418
<b>Balances as at 31 December 2003</b>	170,520	2,196,593	217,282	498,279	3,082,674

The tables below show the reconciliation between the Parent Company's accounts and the consolidated accounts relating to the net profit for the year and to capital and reserves.

## Tables showing the reconciliation between the Parent Company's accounts and the Consolidated accounts

(€K)	Operating profit	
	2003	2002
FONDIARIA-SAI S.p.A, accounts	133,060	72,373
<b>Adjustments arising from consolidation:</b>		
■ Operating results and differences between book value and capital and reserves of the companies consolidated:		
*on a line-by-line basis	172,974	134,931
*using the net equity method	42,828	(11,106)
- Depreciation of the differences arising from consolidation	(22,383)	(14,902)
- Elimination of the effects of operations carried out between Companies in the Group:		
Dividends distributed between Companies in the Group	(70,005)	(164,889)
Other operations carried out between Companies in the Group	1,690	(4,990)
- Application of Group accounting principles, conversion of accounts in foreign exchange and sundries	99,519	73,860
- Tax effects of adjustments arising from consolidation	(36,265)	(37,108)
CONSOLIDATED RESULT	321,418	48,169
PORTION PERTAINING TO MINORITY INTERESTS	(104,136)	(8,003)
GROUP CONSOLIDATED RESULT	217,282	40,166

	Capital and reserves	
	net of the result	
(€K)	2003	2002
FONDIARIA-SAI S.p.A. accounts		
Adjustments arising from consolidation:		
- Operating results and differences between book value and capital and reserves of the companies consolidated:		
*on a line-by-line basis		
* using the net equity method	(30,738)	(9,936)
- Elimination of the effects of operations carried out between Companies in the Group:		
Dividends distributed between Companies in the Group	8,630	164,889
Other operations carried out between Companies in the Group	(38,625)	(33,635)
- Application of Group accounting principles	228,247	154,387
- Effect of converting foreign currency accounts	(436)	44
- Tax effects of adjustments arising from consolidation	(78,961)	(41,852)
CAPITAL AND RESERVE	2,761,256	2,821,588
PORTION PERTAINING TO MINORITY INTERESTS	(394,143)	(440,779)
GROUP CAPITAL AND RESERVES	2,367,113	2,380,809

## SUBORDINATED LIABILITIES (item B)

These come to a total of €400,000K. They relate entirely to the Parent Company and relate to a single item. Full details can be found in the individual accounts.

## SECTION 5

## TECHNICAL PROVISIONS AND OTHER ALLOCATIONS (items C - D -E)

### TECHNICAL PROVISIONS

These amounted to €22,166,434K and recorded an overall increase of €925,220K over the figure for 2002.

Details of the technical provisions are shown in the table below:

(€K)	2003	2002	Variation
NON-LIFE BUSINESS			
Provision for unearned premiums	2,400,713	2,321,428	79,285
Provision for outstanding claims	8,783,862	8,407,814	376,048
Equalization provision	11,108	8,296	2,812
Other	15,641	12,037	3,604
	11,211,324	10,749,575	461,749
LIFE BUSINESS			
Mathematical provisions	10,712,895	10,302,520	410,375
Provision for sums to be paid	115,235	69,003	46,232
Other	126,980	120,116	6,864
	10,955,110	10,491,639	463,471
TOTAL TECHNICAL PROVISIONS	22,166,434	21,241,214	925,220

The provision for unearned premiums includes the provision for premium portions amounting to €2,390,627K and the provision for unexpired risks amounting to €10,086K. The equalization provision is made up of the provision for risks arising from natural disasters, set aside in accordance with Ministerial Decree 705/96, and of the equalization provision for Credit business. The other technical provisions relate entirely to the provision for ageing referred to in Art. 25 of Legislative Decree 175/95.

The mathematical provisions include the additional provision for the financial risk amounting to €89,143K, as indicated in ISVAP Ruling 1801-G of 21 February 2001, already regulated by Art. 25 para. 12 of Legislative Decree 174/95.

The mathematical provisions also include the provision for unearned premiums for additional insurance amounting to €1,562K. 'Other technical provisions' in Life business include the provision for profit-sharing amounting to €5,652K whilst most of the remainder is ascribable to the provision for future expenses.

## TECHNICAL PROVISIONS WHERE THE RISK OF THE INVESTMENT IS BORNE BY POLICYHOLDERS AND PROVISIONS ARISING FROM PENSION FUND MANAGEMENT

These come to a total of €2,704,525K and can be broken down as follows:

(€K)	2003	2002	Variation
Class D.I provisions	2,632,538	1,912,247	720,291
Technical provisions arising from pension fund management	71,987	49,5354	22,452
	2,704,525	1,961,782	742,743

Class D.I provisions relate to unit-linked and index-linked products having the features mentioned in Art. 30, paras 1 and 2 of Legislative Decree 174/1995.

The provisions arising from Pension fund management relate to the open-end pension funds mainly managed by the Parent Company and by the subsidiaries Novara Vita S.p.A. and Profilo Life S.p.A..

## PROVISIONS FOR RISKS AND CHARGES

These come to a total of €803,584K (€587,693K in 2002) and are made up as follows:

(€K)	2003	2002	Variation
Provisions for retirement pensions and similar commitments	2,890	3,115	(225)
Provision for taxation	620,191	432,194	187,997
Other allocations	180,503	152,384	28,119
	803,584	587,693	215,891

The total increase in the provisions over 2002 is €215,891K.



The movements in these provisions are set out in detail below:

- the provision for retirement pensions covers only the amount set aside to supplement the staff leaving indemnity, the variation being due to withdrawals of €230K made during the year whilst €5K relates to amounts set aside;
- the provision for taxation rose by €187,997K compared with 2002. This was due to sums set aside during the year for current taxation amounting to €300,248K, to the occurrence of deferred taxes payable, net of those repaid, amounting to €101,068K and to withdrawals amounting to €213,319K. The provision includes sums set aside for deferred taxes as part of the process of offsetting the deficit resulting from the merger against the surpluses on land and buildings and reduced by the Parent Company as a result of the property spin-off operation finalized during the year and of the adjustments made following the changes introduced by the recent reform of IRES;
- the provision for property maintenance rose by €154K as a result of sums set aside totalling €854K and withdrawals amounting to €700K;
- the provision for long-service bonuses fell by €651K as a result of sums set aside totalling €345K and of the withdrawal of €996K for paying bonuses to employees;
- the provision for future risks and charges rose by €22,424K compared with 2002 on account of sums set aside during the year amounting to €61,657K and withdrawals amounting to €39,233K. Most of the sums set aside were to meet disputes pending with policyholders and professional reinsurers, intermediaries, for future expenses payable to employees and for any losses on shareholdings.  
The provision was affected by valuations carried out on derivatives in existence at the end of the year.  
The provision also includes the sum prudently set aside as a result of the claim for damages made against the former Fondiaria by some minority shareholders and by the joint representative of the savings shareholders of Latina Assicurazioni S.p.A., which was incorporated by Fondiaria in 1995.  
As far as withdrawals are concerned, as well as sums used for expenses payable to employees, sums were withdrawn in order to settle the INA CONSAP dispute;
- the provision for foreign exchange risks, set up during the current year by a foreign subsidiary, rose by €6,192K.

The provision for taxation covers the current and deferred liabilities for corporation taxes of the Companies in the Group and the sums set aside for taxes on deferred taxation items recorded during the year and relating to the year in question or to previous years.

Any deferred taxes deriving from temporary differences between the taxable results and those used for consolidation purposes were recorded with due regard to taxes paid in advance, which were recorded under 'Other assets'.

Likewise no amounts were set aside for tax relating to suspended provisions since it was deemed that no operations that could give rise to the need to pay this tax would be carried out.

## **DEPOSITS RECEIVED FROM REINSURERS**

These come to a total of €326,116K (€357,670K in 2002) and relate to deposits made to provide a guarantee for risks ceded in reinsurance.

## SECTION 6

### PAYABLES AND OTHER LIABILITY ITEMS (Items F-G-H)

#### PAYABLES AND OTHER LIABILITIES

These amount to €1,902,977K and are made up as follows:

(€K)	2003	2002	Variation
Payables arising from direct insurance operations	214,855	217,476	(2,621)
Payables arising from reinsurance operations	60,446	82,171	(21,725)
Bonded loans	510,872	1,218,717	(707,845)
Payables to banks and financial bodies	45,722	124,932	(79,210)
Payables with a lien on property	792	908	(116)
Sundry loans and other financial payables	5,531	81,880	(76,349)
Staff leaving indemnity	90,078	92,742	(2,664)
Other payables	467,035	430,726	36,309
Other liabilities	507,647	412,273	95,374
	1,902,978	2,661,825	(758,847)

Payables arising from direct insurance operations include €120,430K to insurance intermediaries, €64,399K for current account payables to insurance companies, €12,785K for policyholders' guarantee bonds and premiums and €17,241K for provisions for guarantee bonds in favour of policyholders.

Payables arising from reinsurance operations relating to reinsurance companies amount to €32,498K and those relating to reinsurance intermediaries to €27,948K.

The item bonded loans relates to the convertible bonded loans issued by the subsidiaries Sainternational S.A. and Fondiaria Nederland BV during 2001, the difference of €707,845K being due to the repayment by Fondiaria Nederland of a nominal sum of approximately €658,000K on 20 April 2003, the due date in the second year of issue, following the exercising of the put option granted to the subscribers of the associated bonds and of a nominal sum of €50,000K, as per the notification published on 4 June 2003.

Payables to banks and financial bodies, amounting to €45,722K, mainly consist of the residue of the loan agreement and mortgage loan taken out by the subsidiary Company I.S. S.r.l. with The Royal Bank of Scotland for €37,500K and the 'success fee' of €2,736K payable to the Bank. Payables with a lien on property are backed by a mortgage on property and relate exclusively to the subsidiary Company Saiagricola.

Miscellaneous loans and other financial payables include € 3,335K relating to options sold that were not for hedging. The decrease of €76,349K is largely due to the maturing of financial repo operations with Banca Monte dei Paschi di Siena S.p.A., Pirelli S.p.A. and Fiat S.p.A. as counterparties. The staff leaving indemnity fell by € 2,664K as a result of allocations of €21,250K and withdrawals for final and advance payments of €23,914K.

Details of 'other payables' are shown in the table below:

(€K)	2003	2002	Variation
- For taxes borne by policyholders	126,189	119,503	6,686
- For sundry tax charges	61,380	98,441	(37,061)
- Social security contributions	12,479	12,052	427
- Suppliers	106,317	103,291	3,026
- Other	160,670	97,439	63,231
	467,035	430,726	36,309

Other liabilities include € 5,008K for deferred reinsurance accounts payable, € 119,105K for commissions for premiums currently being collected and €383,533K for other liabilities.

This last figure includes the debit balances on the liaison accounts between the registered office and the local offices amounting to €93,272K, estimates of presumed expenses amounting to €88,973K, estimates of items payable to reinsurers amounting to € 19,795K, estimates of production expenses amounting to € 18,431K and payables to policyholders for cheques amounting to €92,221K. This last figure relates to the settlement of claims and sums to be paid by cheques issued but not cashed by the end of the financial year.

Finally, other liabilities include €1K for rounding the figures in accordance with Art. 1, para. 3, of ISVAP Ruling 1008-G of 5 October 1998.

## ACCRUALS AND PAYABLES (Item H)

These amounted to €10,119K, a decrease of €33,524K compared with 2002.

They consist of interest amounting to € 1,039K, rent amounting to € 737K and other accruals and payables amounting to €8,343K.

## SECTION 7

### GUARANTEES, LIABILITIES AND OTHER MEMORANDUM ACCOUNTS

These come to a total of €23,231,561K and are broken down as follows:

(€K)	2003	2002	Variation
Guarantees given	773,286	2,012,338	(1,239,052)
Guarantees received	408,102	260,540	147,562
Guarantees given by third parties in the interest of			
consolidated Companies	33,931	55,179	(21,248)
Liabilities	1,835,872	3,551,355	(1,715,483)
Assets belonging to third parties	7,902	19,866	(11,964)
Securities deposited with third parties	20,025,598	18,637,167	1,388,431
Other memorandum accounts	146,870	53,392	93,478
	23,231,561	24,589,837	(1,358,276)

Guarantees given include:

(€K)	2003	2002	Variation
Sureties	103,614	838,454	(734,840)
Other personal guarantees	83,373	609,924	(526,551)
Guarantees secured by liens	586,299	563,960	22,339
	773,286	2,012,338	(1,239,052)

€41,590K of the Sureties item relates to the guarantees given for the convertible bonded loan issued by the subsidiary Company Fondiaria Nederland in April 2001. As from this financial year the item personal guarantees does not include 'light' letters of patronage issued in the interest of subsidiaries, since these letters do not commit the Group to anything affecting its assets nor do they involve any potential risks.

Guarantees secured by liens include €395,790K for mortgages and liens given by the subsidiary Company I.S. S.r.l. in favour of The Royal Bank of Scotland for the loan that it granted during the previous year and is now almost completely repaid.

This item includes a junior mortgage on the property at Via Pantano 26, Milan, amounting to €44,927K, which was, however, paid off on 17 February 2004.

Guarantees received include:  
(€K)

	2003	2002	Variation
Sureties	260,369	259,395	974
Other personal guarantees	50,126	799	49,327
Guarantees secured by liens	97,607	346	97,261
	408,102	260,540	147,562

Most of the sureties relate to guarantees given by tenants for tenancy agreements. €78.434K of 'Other guarantees secured by liens' relates to the mortgage guarantee received for the mezzanine loan granted to Ganimede S.r.l. for the operation to develop some of the property owned by the Company mentioned earlier.

Liabilities include in particular €465,461K for shares in Banca Intesa BCI, Banca di Roma (now Capitalia) and Assicurazioni Generali to service the convertible bonded loan in these securities issued by the subsidiary Sainternational S.A. (known as indirect conversion); €48,662K for repo investment operations and options on securities in the portfolio; €40,150K recorded for the cross currency swap operations entered into with Lehman Brothers Finance by Fondiaria-SAI and Milano, partly in order to cover the exchange risk on the loans in Swiss francs received from the subsidiary Fondiaria Nederland, as already stipulated in the note to the item miscellaneous loans and other payables.

Amongst the liabilities of the subsidiary Companies valued using the net equity method and therefore not recorded in the accounts mention should be made of €6,949K for Effe Investimenti SGR S.p.A. relating to liabilities linked to managed funds and €95,281K for Mercantile Leasing S.p.A. relating to liabilities linked to financial leasing contracts.

## Details of receivables and payables according to due date and type

The table below shows details of receivables and payables due beyond the end of the next financial year and those due beyond five years:

	Receivables arising from direct insurance operations	Receivables arising from reinsurance operations	Other receivables and loans	Total
(€K)				
Between 2 and 5 years	68,355	0	126,210	194,565
Beyond 5 years	83,535	0	132,765	216,300

	Payables arising from direct insurance operations and reinsurance	Miscellaneous loans and other financial payables	Payables to banks and financial bodies	Staff leaving indemnity and other payables	Total
(€K)					
Between 2 and 5 years	8,528	0	100	0	8,628
Beyond 5 years	7,829	322	0	59	8,210

# Profit and loss account

## SECTION 8

### INFORMATION RELATING TO THE TECHNICAL ACCOUNTS

The table below gives a brief summary of the Group's results.

Gross premium income for the Group amounted to €9,243,462K, an increase of 7.84% compared with 2002, and is broken down as follows:

(€m)	2003	2002	%	Mix 03	Mix 02
Life business	2,419,888	2,017,117	19,97	26,18	23,53
Motor vehicle business	4,820,880	4,594,017	4,94	52,15	53,60
Other Non-Life business	2,002,694	1,960,551	2,15	21,67	22,87
Total Non-Life business	6,823,574	6,554,568	4,10	73,82	76,47
Grand total	9,243,462	8,571,685	7,84	100,00	100,00

These amounts are net of reinsurance carried out between Companies within the Group and do not include the premium income of the insurance companies not consolidated on a line-by-line and proportional basis.

Premiums ceded, totalling €417,697K, were 4.5% of total premiums written (5.9% in 2002).

For the breakdown of gross premiums recorded in the various classes of business in the accounts and the split between direct business and inward reinsurance please refer to the tables contained in the Management Report.

Premium income broken down according to geographical area is as follows:

(€K)	2003	2002	Variation
ITALY	9,208,700	8,550,774	658,226
EU	32,772	18,278	14,494
OUTSIDE THE EU	1,990	2,933	(943)
	9,243,462	8,571,685	671,777

Claims paid, including the sums for Life business and the relative expenses, gross of the portions ceded to reinsurers, reached €5,955,637K, an increase of 2.8% compared with the previous year.

The variation in the net technical provisions for Non-Life business amounted to €513,089K, an increase compared with 2002 of €134,428K, whilst the net technical provisions for Life business, including the provision for sums still to be paid, showed a variation of €1,241,001K (€838,198K in 2002).

The share of the profit from investments transferred from the Life non-technical account to the technical account amounted to €418,148K and corresponds to the instructions laid down by ISVAP in its Ruling 1140.

Other Non-Life technical income amounted to €74,792K (€50,129K in 2002) and included:

- contingencies for premiums cancelled in previous years amounting to €9,109K;
- reversals of commissions on premiums for previous years cancelled amounting to €8,997K;
- repayments on participation in losses to reinsurers amounting to €7.955;
- withdrawals from the provision for bad debts for premiums currently being collected amounting to €30,363K;
- cancellation of reinsurance premiums amounting to €5,776K;
- CID adjustments receivable amounting to €942K.

In the case of Life business this item amounted to €4,338K (€6,083K in the previous year) and was ascribable to commissions received from coinsurers amounting to €584K, to cancellation of premiums ceded in reinsurance amounting to €1,654K and to management commissions receivable relating to the products in Class D amounting to €2,100K.

The item other Non-Life technical charges, totalling €154,056K (€125,586K in 2002), includes cancellation of premiums issued in previous years that cannot be recovered at the end of the year or that are cancelled because they were issued as a result of a technical error, and the amount of the write-down of payables to policyholders, for premiums for the year and for previous years, amounting to a total of €113,952K.

The corresponding Life item, amounting to €14,537K (€13,488K in 2002), is mainly made up of the cancellation of first-year premiums written in previous years cancelled because they were irrecoverable or because they were issued as a result of a technical error, of adjustments carried out to the provision for bad debts and of the cancellation of commissions on premiums ceded to reinsurers.

Total gross operating costs amounted to €1,497,217K (€1,432,000K in 2002) and were 16.2% of the premiums for the year compared with 16.7% in 2002.



## SECTION 9

### INFORMATION RELATING TO THE NON-TECHNICAL ACCOUNT

The table below shows the composition of income from investments:

(€K)	2003	2002	Variation
- Portions of result from shareholdings valued using the net equity method	(16,921)	(28,060)	11,139
- Income from other units and shares	33,971	63,100	(29,129)
- Income from land and buildings	116,370	117,209	(839)
- Income from other investments	633,576	683,334	(49,758)
- Value readjustments	51,398	17,309	34,089
- Gains on the sale of investments	95,761	79,434	16,327
	914,155	932,326	(18,171)

The portions of the result from shareholdings valued using the net equity method rose by €11,139K compared with the previous year. The amount for the current year is mainly due to the negative results of the subsidiaries SAI Sim S.p.A., BancaSAI S.p.A. and Effe Investimenti Sim S.p.A. and to the positive contribution made by Mercantile Leasing S.p.A.

The table below shows a summary of income from other investments:

(€K)	2003	2002	Variation
- Shares in investment funds	905	361	544
- Bonds and fixed-yield securities	607,663	627,321	(19,658)
- Corporate financing	3,356	1,228	2,128
- Deposits with credit bodies	870	3,414	(2,544)
- Other financial investments	20,782	51,010	(30,228)
	633,576	683,334	(49,758)

Value readjustments, totalling €51,398K (€17,309K in 2002), are broken down as follows:

(€K)	2003	2002	Variation
- Shareholdings and shares in investment funds	40,097	1,053	39,044
- Bonds	11,301	16,256	(4,955)
	51,398	17,309	34,089

Gains made on the disposal of investments, totalling €95,761K (€79,434K in 2002), are made up as follows:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Shareholdings	10,789	48,315	(37,526)
- Bonds	81,158	30,373	50,785
- Other financial investments	3,814	746	3,068
	<hr/> 95,761	<hr/> 79,434	<hr/> 16,327

The item investment charges amounted to €397,057K (€704,152K in 2002) and includes:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Investment management charges and interest payable	99,875	149,435	(49,560)
- Value adjustments made to investments	265,241	503,511	(238,270)
- Losses on the sale of investments	31,941	51,206	(19,265)
	<hr/> 397,057	<hr/> 704,152	<hr/> (307,095)

The item investment management charges and interest payable includes:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Charges on units and shares	1,303	3,911	(2,608)
- Charges on land and buildings	45,224	44,993	231
- Charges on bonds	30,659	35,943	(5,284)
- Charges on sundry financial investments	6,729	50,572	(43,843)
- Deposit account interest payable	15,960	14,016	1,944
	<hr/> 99,875	<hr/> 149,435	<hr/> (49,560)

Charges on land and buildings include local property tax.

Value adjustments carried out to investments, totalling €265,241K (€503,511K in 2002), are broken down as follows:

(€K)	2003	2002	Variation
- Depreciation of property	12,258	17,389	(5,131)
- Write-downs of shareholdings and shares in investment funds	219,151	471,645	(252,494)
- Write-downs of fixed-yield securities	33,832	14,477	19,355
	265,241	503,511	(238,270)

For write-downs of shareholdings and shares in investment funds please refer to the note on the item 'Units and shares' on the asset side of the balance sheet.

Losses on the sale of investments, totalling €31,940K (€51,206K in 2002), are broken down as follows:

(€K)	2003	2002	Variation
- Shareholdings	19,567	39,677	(20,110)
- Bonds	11,310	4,976	6,334
- Other financial investments	1,064	6,553	(5,489)
	31,941	51,206	(19,265)

Losses on the sale of shareholdings include approximately €14m relating to the sale of Crédit Suisse shares held by the Parent Company and by Milano Assicurazioni.

Other income, totalling €271,150K (€276,929K in 2002), is made up as follows:

(€K)	2003	2002	Variation
- Interest on company current accounts	2,215	5,075	(2,860)
- Interest on other receivables	13,115	32,698	(19,583)
- Interest on bank current accounts	12,663	21,795	(9,132)
- Withdrawals from provisions	48,249	33,762	14,487
- Tax credits on dividends	40,022	71,282	(31,260)
- Other income	143,523	54,076	89,447
- Exchange rate differences	11,363	58,241	(46,878)
	271,150	276,929	(5,779)

The item other charges is made up as follows:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Interest on financial payables	51,306	60,230	(8,924)
- Sundry charges	428,320	354,898	73,422
	479,626	415,128	64,498

In turn interest on financial payables includes:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Int. payable on company current accounts	2,387	2,479	(92)
- Int. payable on loans	30,688	43,668	(12,980)
- Bank int. payable	7,482	6,059	1,423
- Int. payable on other payables	10,749	8,024	2,725
	51,306	60,230	(8,924)

Interest payable on loans essentially includes the charges relating to the convertible loans issued by the subsidiaries Saintinternational S.A. and Fondiaria Nederland BV, and approximately €20m relating to interest payable on the subordinated loan issued by the Parent Company.

The item sundry charges, totalling €428,320K (€354,898K in 2002), is made up as follows:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Exchange differences	53,474	71,489	(18,015)
- Allocation to provisions for risks	84,195	70,950	13,245
- Depreciation of intangible assets	136,507	137,403	(896)
- Other charges	154,144	75,056	79,088
	428,320	354,898	73,422

The item 'Depreciation of intangible assets' includes the portion pertaining to goodwill of approximately €66m.

The result of ordinary business, that is before allocation of extraordinary items and deduction of corporation tax, was €465,939K, an incidence on premium income of 5.04% (2.56% in the previous year).

The balance of other extraordinary income and other extraordinary losses is positive to the tune of €192,230.

The table below shows details of other extraordinary income, totalling €294,505K (€269,959K in 2002):

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Contingent assets	11,905	27,480	(15,575)
- Capital gains from the disposal of land and buildings	175,909	130,740	45,169
- Capital gains from the disposal of capital goods	293	464	(171)
- Capital gains from the disposal of shareholdings and investment funds	22,037	48,269	(26,232)
- Capital gains from the disposal of bonds	25,246	41,695	(16,449)
- Other extraordinary income	59,115	21,311	37,804
	294,505	269,959	24,546

Capital gains from the disposal of land and buildings relate to the proportion of gains arising from the spin-off operation recorded in the consolidated accounts.

The item Other extraordinary income includes €53,875K relating partly to advance taxes for previous years and partly to the absence of deferred taxes payable already set aside for taxable income where no tax is payable.

Other extraordinary losses, totalling €102,275K (€274,663K in 2002), are made up as follows:

<b>(€K)</b>	<b>2003</b>	<b>2002</b>	<b>Variation</b>
- Contingent liabilities	16,736	10,507	6,229
- Capital losses from the disposal of capital goods	28	37	(9)
- Capital losses from the disposal of shareholdings and investment funds	40,156	198,786	(158,630)
- Capital losses from the disposal of bonds	312	454	(142)
- Depreciation of consolidation difference	24,036	16,554	(7,482)
- Other extraordinary charges	21,007	48,325	(27,318)
	102,275	274,663	(172,387)

Depreciation of the difference arising from consolidation relates to the Milano Group and to the subsidiaries Effe Investimenti, Finitalia, Sasa, International Strategy, SAI Sim and I.A.T. and to the affiliated Company Società Funivie del Piccolo San Bernardo.

€32m of the capital losses arising from the disposal of shareholdings and investment funds relate to Swiss Life Rentenanstalt.

Other extraordinary charges include approximately €15m relating to the operation to increase the value of some of the Group's property assets already mentioned.

Finally, the item 'extraordinary charges' includes €1K for rounding carried out in accordance with Art. 1, para. 3 of ISVAP Ruling 1008-G of 5 October 1998.

## CORPORATION TAXES

Corporation taxes for the year come to a total of €336,752K and can be broken down as follows:

(€K)	2003	2002	Variation
- current taxes	300,248	228,953	71,295
- net deferred taxes	36,504	(62,804)	99,308
	336,752	166,149	170,603

Deferred taxes include the taxes allocated to the accounts of the Companies consolidated on a line-by-line basis and any difference between the amount of tax calculated for the purpose of the consolidation adjustments and the amount already paid or still to be paid, provided that it is probable that this difference will translate into an actual charge for one of the consolidated undertakings.

The net amount of the deferred taxes ascribed to the taxes for the year in question is negative and amounts to € 36,504K. This amount arises from the recording of advance taxes of €94,982K and deferred taxes payable of € 131,486K. In particular deferred taxes receivable amounting to € 235,090K arose during the year whilst € 140,108K was paid in deferred taxes receivable. Deferred taxes payable amounting to €175,289K also arose, € 84,019K of which was ascribable to adjustments arising from consolidation. However payments of deferred taxes payable amount to €43,804K. The remaining €300,248K is ascribable to current taxes.

## PART D

### OTHER INFORMATION

#### Consolidated financial statement 2003

(€K)	2003	2002
<b>SOURCES OF FINANCE</b>		
Net profit for the year (including portions pertaining to third parties)	321,418	48,169
Net increase in technical-insurance provisions	1,840,950	11,797,416
Allocations (withdrawals):		
Provisions for risks, staff-leaving indemnity fund, provision for taxation, provisions for depreciation and other specific provisions	428,623	981,389
Write-downs net of disagio, discounting back and value readjustments	169,317	446,001
Other net variations in assets	46	-
(Increase) Decrease in receivables and sundry assets net of payables and sundry liabilities	(1,011,664)	(292,005)
Depreciation of difference arising from consolidation	24,036	16,554
	1,772,726	12,997,524
Operations in share capital	82	73,111
Subordinate liabilities	-	400,000
<b>TOTAL</b>	<b>1,772,808</b>	<b>13,470,635</b>
<b>CASH INVESTMENTS</b>		
Increase in investments in securities and repo operations	2,560,588	11,359,146
Net corporate financing granted	(504,983)	444,137
Increase in investments in land and buildings	(632,403)	2,180,216
Increase in investments in other multiyear assets and costs	173,509	1,165,618
Variations in the basis of consolidation and other adjustments that do not affect cash holdings	67,696	(207,245)
Surplus arising from the conversion ratio between the former and new shares as a result of the merger	-	(1,046,899)
<b>TOTAL</b>	<b>1,664,407</b>	<b>13,894,973</b>
Net profits distributed	45,818	38,470
<b>TOTAL</b>	<b>1,710,225</b>	<b>13,933,443</b>
Variations in cash at bank and in hand	62,583	(462,808)
Cash at bank and cash in hand at the beginning of the year	491,046	953,854
Cash at bank and cash in hand at the end of the year	553,629	491,046

## Staff

The average number of staff employed by the consolidated Companies in 2003 was 6,332 , 141 of whom were managers, 5,969 were clerical staff and 222 were doorkeepers and workmen.

## Directors' and auditors' emoluments

The table below shows details of emoluments paid to the Parent Company's Directors and Auditors for carrying out their functions, including the functions that they carried out for other consolidated Companies:

(€K)	Fondiaria- SAI S.p.A.	Subsidiaries and Affiliated Companies	Total
DIRECTORS	2,471	4,280	6,751
AUDITORS	245	248	493
	2,716	4,528	7,244

For the provisions of 2 c) of Appendix VI to the consolidated accounts referred to in Legislative Decree 173/97 concerning the figures relating to the subsidiaries that manage financial resources belonging to third parties, please refer to the section on managed savings in the Management Report.

## Exchange rates

The table below shows the exchange rates for the main foreign currencies used when converting the items in the accounts:

US dollar	1.263
Pound sterling	0.7048
Japanese yen	135.05
Swiss franc	1.5579

## Solvency margin

The elements making up the Group's solvency margin, plus the profit for 2003 that has not been distributed, are sufficient to cover the margin that is required in accordance with the provisions of ISVAP Ruling 2050 of 26 February 2002.

It should be pointed out in particular that the elements making up the solvency margin exceeded the requirement by almost 135% (the 2002 figure being approximately 128%).



## Unresolved disputes

The dispute consisting of the civil cases instigated by policyholders applying for a partial reimbursement of their MV TPL premiums because of the anticompetitive activities that the Parent Company and the subsidiary Company Milano are alleged to have carried out in agreement with the other major insurance Companies in MV TPL business is still ongoing albeit to a lesser extent. There was a drop in the number of cases with the coming into force of Legislative Decree 18 of 8 February 2003, converted into Law 63 of 7 April 2003, which provided that this type of dispute should be governed by law.

Almost all the cases are concentrated in three Regions and are brought before individual Justices of the Peace who find in favour of the petitioners. On the other hand there are far fewer cases in areas where the Justices of the Peace are sympathetic to the companies. For information on how this affects the Parent Company please refer to the relevant section of the Report on the Parent Company's accounts. As at 31 December 2003 there were 2,870 cases pending against the subsidiary Company Milano. Up until then this had cost the Company approximately €1.7 (approximately €780 per case).

The requirement for the Justices of the Peace to base their decision on law and not on fairness, introduced by Legislative Decree 18/2003 mentioned above, enables the Companies to challenge decisions that go against them in the Regional Court and not, as was previously the case, in the Court of Cassation, which has limited jurisdiction. This has had some effect on dissuading policyholders from taking legal action.

It should also be remembered that the appeal made by the Company and by several other major companies to the full bench of the Court of Cassation against the Council of State's ruling of 23 April 2002 which confirmed the penalty imposed by the Antitrust Authority on 17 companies, including yours, for exchanging sensitive information through RC LOG is still pending.

In 2003 the Milan Regional Court finally made its decision, with a ruling on a point of quantum, in the case that followed the merger by incorporation of Latina Assicurazioni S.p.A. into La Fondiaria Assicurazioni S.p.A. in 1995. In fact it will be remembered that following this merger several shareholders brought a case before the Milan Regional Court with the intention of obtaining an order for the incorporating company to pay compensation for the loss that they alleged they had suffered as a consequence of the merger.

In 2000 the Milan Regional Court issued an interim order, pronouncing that the incorporating company Fondiaria Assicurazioni was liable, and, whilst it acknowledged that the valuation criteria and methods used by the Directors of Fondiaria Assicurazioni and Latina Assicurazioni to determine the conversion ratio (based in part on an evaluation report drawn up by a company appointed for the purpose) were adequate, it nevertheless deemed that the valuation criteria used for some aspects of the valuation process had not been correctly applied, with the result that they affected the conversion ratio, and therefore that the Latina shareholders had received a lower number of Fondiaria shares for each Latina share than they should have. The discrepancy between the conversion ratio used and the ratio that should have been used was deemed to be 2.8%. Consequently, having ascertained who was responsible for determining the conversion ratio and subject to the merger being fully valid, the Court deemed that the Company should indemnify the shareholders for the losses suffered as a consequence and issued a separate order for the case to be investigated in order for the loss suffered by the petitioners to be determined.

In the face of this judgement, relating only to the quantum debetur, the Company challenged this judgement in the Milan Court of Appeal. This case also concluded in 2003 when in May of that year a judgement was handed down under which investigating judges confirmed the existence of liability

(this time, however, of a contractual nature and not of an objective nature as the Regional Court had maintained) on the part of the incorporating Company and the existence of the discrepancy in the conversion ratio mentioned above. In the final months of 2003 the Court finally pronounced on the quantum: the trial judges accepted the evidence of the expert witness and assessed the compensation to be paid to the petitioners at €1,735,000 including interest, write-up to take account of inflation and fees.

The relevant provision for risks and charges set up in the accounts also covers the sum required to make the payments connected with the case.

During 2003 the Parent Company was issued with six summonses, five to appear before the Milan Regional Court and one to appear before the Florence Regional Court, by several shareholders of the merged company La Fondiaria Assicurazioni S.p.A. under which our Company was required to fulfil the alleged obligation to make a take-over bid, the existence of which had, according to the petitioners, also been maintained by CONSOB in a press release it had issued on 18 December 2002.

These disputes involve not only the Parent Company but also Mediobanca and all but one also involve Premafin, both of which are deemed to be jointly and severally liable with Fondiaria-SAI.

On the other hand one of these proceedings, although citing the Parent Company, makes no application for it to pay compensation.

In the summonses it is alleged that the petitioners suffered a loss since, in implementation of an agreement between them and also as a result of several investors acting as intermediaries, the Companies summonsed acquired control of La Fondiaria Ass.ni S.p.A. by evading the obligation to make a take-over bid. The loss is quantified by the various counterparties according to multiple (and debatable) criteria, though essentially in their opinion and in brief it is based on the difference between the value of the share based on the take-over bid price and the list price of the share subsequent to the events deemed by the petitioner to be important. The total compensation claimed from the Company jointly and severally with the other Companies summonsed amounts to the capital sum of approximately €103,000,000.

The Parent Company has instituted a civil action, disputing the reconstruction of the facts and the legal theses. Apart from disputing the fact of the existence of the agreement with Mediobanca and that the investors who acquired the Fondiaria shares from Montedison acted as intermediaries, the defence is that if the requirement for a take-over bid had been recognised it would not have been the only solution available to the Company since current legislation provides for the alternative of selling the shares that exceed 30% within a year of acquiring them and of freezing the voting rights in the meantime.

In addition legislation pertaining to the sector and the consequent requirement for authorization to be obtained from ISVAP (which, however, had already refused it) and from the Banca d'Italia made a take-over bid almost impracticable. In view of these considerations the team entrusted with the task of defending the Company deems the petitioners' applications to be unfounded and the risk of losing to be remote.

Finally, as regards the abolition of compulsory Life cessions, it will be recalled that under the framework agreement signed on 12 October 2001 between CONSAP and ANIA, Milano is holding discussions with CONSAP in order to decide on the amounts that should be repaid to the Company.

Assago, 26 March 2004

For the Board of Directors    The Chairman  
JONELLA LIGRESTI



**REPORT BY**

**THE BOARD OF**

**AUDITORS**

Dear Shareholders,

La Fondiaria-SAI S.p.A. has drawn up the Consolidated Accounts as at 31 December 2003, in accordance with the schemes and the provisions contained in Legislative Decree 173 of 26 May 1997, in implementation of EEC Directive 91/674 relating to the annual and consolidated accounts of insurance companies.

The Consolidated Accounts are made up of the Balance Sheet, the Profit and Loss Account and the Notes to the Accounts and, in accordance with Art. 74 of Legislative Decree 173/97, are accompanied by the Management Report containing information on the overall situation of the companies included in it and on the operating trend as a whole and in the various sectors.

In accordance with the first four paragraphs of Art. 41 of Legislative Decree 127/91, referred to in Art. 75 of Legislative Decree 173/97, we have subjected the Consolidated Accounts as at 31 December 2003 of the Fondiaria-SAI Group to the relevant audit and we have ascertained:

- that the Consolidated Accounts have been properly drawn up and that they correspond to the accounting results of the holding company and to the information provided by the companies included in the basis of consolidation;
- that the principles of consolidation and the other provisions referred to in Legislative Decree 173/97 have been observed;
- that the Management Report is in line with the Consolidated Accounts.

This shows that the Group made a net operating profit and had capital and reserves of € 217,281K and €2,584,394K respectively.

The Management Report and the Notes to the Accounts, the latter including the Statement of changes in the Consolidated Capital and Reserves and the Group Financial Statement representing the money supply generated during the year, provide the information required on the operating trend and forecast, the information more specifically linked to consolidation, and detailed observations on the principal items in the Consolidated Accounts.

The Notes to the Accounts contain the reconciliation table between the Parent Company's capital and reserves and operating result and the consolidated capital and reserves and operating result.

We should also like to point out that the Consolidated Accounts and the Management Report were drawn up in accordance with current legislation.

The Board of Statutory Auditors

# **AUDIT REPORT**

## RELAZIONE DELLA SOCIETÀ DI REVISIONE SUL BILANCIO CONSOLIDATO AI SENSI DELL'ART. 156 DEL D.LGS. 24/2/1998, N. 58

**Agli Azionisti della  
FONDIARIA - SAI S.p.A.:**

1. Abbiamo svolto la revisione contabile del bilancio consolidato della FONDIARIA - SAI S.p.A. chiuso al 31 dicembre 2003. La responsabilità della redazione del bilancio consolidato compete agli amministratori della FONDIARIA SAI S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio consolidato e basato sulla revisione contabile.
2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla CONSOB. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.  
  
La responsabilità dei lavori di revisione contabile dei bilanci di alcune società controllate, che rappresentano rispettivamente circa il 41% del totale attivo consolidato e circa il 42% dei premi lordi contabilizzati dei rami danni e vita, è di altri revisori.  
  
Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati a fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione emessa da Deloitte & Touche Italia S.p.A. in data 10 aprile 2003.
3. A nostro giudizio, il bilancio consolidato della FONDIARIA - SAI S.p.A. e sue controllate al 31 dicembre 2003 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico consolidati del Gruppo.

DELOITTE & TOUCHE S.p.A.



Mario M. Busso  
Socio



Riccardo Azzali  
Socio

Torino, 8 aprile 2004

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma  
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