

# Vittoria Assicurazioni

SOCIETÀ PER AZIONI  
REGISTERED OFFICES: 20153 MILAN - VIA CALDERA, 21  
SHARE CAPITAL: EURO 30,000,000 FULLY PAID-UP  
FISCAL CODE AND MILAN COMPANIES REGISTER  
NO. 01329510158 - REA NO. 54871  
COMPANY AUTHORISED TO CARRY OUT INSURANCE ACTIVITIES  
PURSUANT TO ARTICLE 65 OF LEGISLATIVE DECREE NO. 966  
OF 29 APRIL 1923

## Consolidated quarterly report at 31 March 2005

Board of directors' meeting  
of 12 May 2005



in accordance with Consob resolution no. 11971 of 14 May 1999 as modified and integrated by resolution no. 14990 of 14 April 2005

Please note that the original Report is in Italian. In case of doubt the Italian version prevails

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**BOARD OF DIRECTORS**

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Luigi GUATRI	Chairman
Carlo ACUTIS	Deputy Chairman
Giorgio COSTA	Deputy Chairman
Roberto GUARENA	Managing Director
Adriana ACUTIS BISCARETTI di RUFFIA	Director
Andrea ACUTIS	Executive director
Francesco BAGGI SISINI	Independent director
Tiberto BRANDOLINI d'ADDA	Independent director
Marco BRIGNONE	Independent director
Arnaud HELLOUIN de MENIBUS	Independent director
Pietro Carlo MARSANI	Independent director
Giorgio MARSIAJ	Independent director
Giacomo MOTTURA	Director
Edgar MÜLLER-GOTTHARD	Independent director
Luca PAVERI FONTANA	Director
* Giuseppe SPADAFORA	Independent director
Mario RAVASIO	Secretary

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**BOARD OF STATUTORY AUDITORS**

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Angelo CASÒ	Chairman
Giovanni MARITANO	Standing auditor
Livio STRAZZERA	Standing auditor
Ferruccio ARALDI	Substitute auditor
Sergio VASCONI	Substitute auditor

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**GENERAL MANAGEMENT**

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Mario RAVASIO	Deputy General Manager
Cesare CALDARELLI	Central Manager
Enrico CORAZZA	Central Manager
Sergio GIOMINI	Central Manager

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**AUDIT COMPANY**

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BDO Sala Scelsi Farina  
Joint-stock audit company

\* Director appointed by the shareholders' meetings of 29 April 2005

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**APPOINTMENT AND REMUNERATION COMMITTEE**

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Luca PAVERI FONTANA	Non executive chairman
Francesco BAGGI SISINI	Non executive, independent
Arnaud HELLOUIN de MENIBUS	Non executive, independent
Giacomo MOTTURA	Non executive

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**INTERNAL CONTROL COMMITTEE**

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Giacomo MOTTURA	Non executive chairman
Francesco BAGGI SISINI	Non executive, independent
Giorgio COSTA	Non executive, independent

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**FINANCE COMMITTEE**

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Andrea ACUTIS	Executive chairman
Carlo ACUTIS	Executive
Giorgio COSTA	Non executive, independent
Roberto GUARENA	Executive
Luca PAVERI FONTANA	Non executive

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**REAL ESTATE COMMITTEE**

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Andrea ACUTIS	Executive chairman
Carlo ACUTIS	Executive
Francesco BAGGI SISINI	Non executive, independent
Giorgio COSTA	Non executive, independent
Roberto GUARENA	Executive
Arnaud HELLOUIN de MENIBUS	Non executive, independent
Giacomo MOTTURA	Non executive
Luca PAVERI FONTANA	Non executive

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## Format and contents of the first quarter report

The consolidated first quarter report has been prepared in accordance with the provisions of Consob resolution no. 11971 of 14 May 1999 as modified and adjusted by resolution no. 14990 of 14 April 2005 (art. 82 and 82 bis – provisional system - e Annex 3D). Accordingly, the report is composed of a directors' report on the Group performance and main events of the quarter, the financial schedules and notes thereto.

Figures in this report are given in thousands of Euros if not otherwise specified.

## Accounting policies

This consolidated quarterly report has been prepared using the same accounting policies applied to the annual consolidated financial statements; reference should be made to the notes to the consolidated financial statements as at and for the year ended 31 December 2004 for all the other accounting policies.

However, since the timeframe to prepare quarterly reports is shorter and the report relates to an interim period, appropriate estimation methods have been applied, in compliance with the first quarter management accounts. In particular, with respect to mass lines, the insurance company's valuation of the claims reserve for the current generation considers the historical trend of the underlying figures.

## Vittoria Assicurazioni Group and consolidation area

No changes occurred during the first quarter.

### Companies included in the consolidation area

The following companies have been consolidated using the line-by-line method, pursuant to article 68 of Legislative decree no. 173 of 26 May 1997:

Name	Registered office	Share/ quota capital	% held Direct	Indirect	Through
Vittoria Assicurazioni S.p.A.	Milan	Euro 30.000.000			
Vittoria Immobiliare S.p.A.	Milan	Euro 6.600.000	87.24%		
Immobiliare Bilancia S.r.l.	Milan	Euro 64.000.000	97.66%		
Immobiliare Bilancia Prima S.r.l.	Milan	Euro 29.000.000	100.00%		
Immobiliare Bilancia Seconda S.r.l.	Milan	Euro 1.000.000	100.00%		
Immobiliare Bilancia Terza S.r.l.	Milan	Euro 100.000	100.00%		
Vittoria Properties S.r.l.	Milan	Euro 4.000.000	99.00%	1.00%	Vittoria
Interbilancia S.r.l.	Milan	Euro 80.000	80.00%	20.00%	Immobiliare S.p.A.
Gestimmobili S.r.l.	Milan	Euro 104.000		80.00%	
Gestimmobili Intermediazione S.r.l.	Turin	Euro 26.000		80.00%	Vittoria
Interimmobili S.r.l.	Rome	Euro 104.000		80.00%	Immobiliare S.p.A.
V.R.G. Domus S.r.l.	Turin	Euro 1.000.000		51.00%	
Aspevi S.r.l.	Milan	Euro 10.400		100.00%	
Vittoria.Net S.r.l.	Milan	Euro 10.400		100.00%	Interbilancia S.r.l.
Aspeca S.r.l.	Milan	Euro 10.000		80.00%	

The following companies are stated using the equity method:

Name	Registered office	Share/ quota capital	% held Direct	Indirect	Through
Yarpa International Holding N.V.	Amsterdam Holland	Euro 675.000	25.00%		
Laumor B.V.	Amsterdam Holland	Euro 20.000	25.00%		
Gimatrading S.r.l.	Turin	Euro 10.400		35.00%	Vittoria
Sivim S.r.l.	Milan	Euro 60.000		49.50%	Immobiliare S.p.A.
Rovimmobiliare S.r.l.	Rome	Euro 20.000		50.00%	
Le Api S.r.l.	Milan	Euro 10.400		30.00%	Interbilancia S.r.l.

Technical insurance figures included in this quarterly report relate to the parent company, Vittoria Assicurazioni S.p.A., which is the only insurance company of the Group.



## Directors' report

Consolidated figures for the first quarter of 2005 show a net profit of Euro 9,145 thousand (Euro 5,234 thousand in the same period of the previous year, excluding extraordinary income totalling Euro 2,939 thousand generated by changes in accounting policies). This represents an increase of 79.9% on a like-for-like basis.

The main reasons for the result for the quarter are as follows:

- direct life business premiums fell 22.3% mainly due to a time lag on certain important insurance contracts relating to unit trusts and capitalisation. Periodic recurring premiums accounted for 41.6% of total premiums while single premiums 58.4%;
- total direct non-life business premiums increased 6.1%;
- premiums of the motor business rose 5.7% over the same period of the previous year, essentially as a result of new contracts with stable tariffs. The rise in premiums is a consequence of the particular care dedicated to the affinity groups and the further strengthening of the commercial organisation;
- other non-life premiums excluding aviation, marine, bonds and credit increased by 4.6%, while premiums relating to aviation, marine, bonds and credit rose 27.8% due to an increase in new policies in the class "Aviation hulls";
- overheads relating to insurance operations increased by 0.6%;
- investments totalled Euro 1,345,359 thousand. They are split between investments where the policyholders bear the risk (Euro 1,215,797 thousand) and where the group bears the risk (Euro 129,562 thousand). Income on investments where the group bears the risk amounted to Euro 22,504;
- the results of the real estate companies consolidated on a line-by-line basis, net of intercompany transactions, contributed to the net profit for the quarter as follows:
  - revenues from the provision of services of Euro 1,427 thousand mainly arising from real estate brokerage (2004 first quarter: Euro 457 thousand);
  - profits from real estate trading and construction activities of Euro 12,330 thousand (2004 first quarter: Euro 1,946 thousand).

These results have enabled the group to allocate Euro 3,476 thousand, relating to the quarter, to the mathematical reserve for group profits to be allocated to life policyholders (2004 first quarter: Euro 506 thousand);

- since associated companies are stated using the equity method, the portion of net profit pertaining to the group (Euro 1,005 thousand) is included in the profit and loss account caption "Income on investments". It amounted to Euro 955 thousand in the same period of 2004.

Group shareholders' equity, net of dividends already allocated, amounted to Euro 149,827 thousand. Minority interests accounted for Euro 8,297 thousand.

On the basis of the performance of the period and forecasts for the following months, the 2005 year-end net profit is expected to be higher than at 2004 year end, in line with group objectives.

# Performance

## Premiums

Premiums issued during the period amount to Euro 127,277 thousand. The following table shows the portfolio mix and the specific increase by segment and line of business:

<b>BREAKDOWN OF GROSS PREMIUMS FOR THE THIRD MONTHS ENDED 31 MARCH 2005 AND 2004</b>					
<b>DIRECT AND INDIRECT INSURANCE</b>					
(in thousands of Euros)					
	31/03/2005	31/03/2004	Change %	Percentage of portfolio	
				2005	2004
<b>Domestic direct insurance</b>					
<b>Life business</b>					
I Whole and term life insurance	11,622	11,699	-0.7	9.1	9.1
III Unit-linked policies	964	5,939	-83.8	0.8	4.6
IV Health insurance	129	26	396.2	0.1	0.0
V Capitalisation insurance	13,083	15,465	-15.4	10.3	12.0
VI Unit trust management	83	179	-53.6	0.1	0.1
<b>Total life business</b>	<b>25,881</b>	<b>33,308</b>	<b>-22.3</b>	<b>20.4</b>	<b>25.8</b>
<b>Non-life business</b>					
Accident insurance	4,797	5,015	-4.4	3.8	3.9
Health insurance	1,898	2,014	-5.8	1.5	1.6
Fire and natural events	4,293	4,254	0.9	3.4	3.3
Miscellaneous damages	2,836	2,597	9.2	2.2	2.0
Marine third-party liability	28	15	86.7	0.0	0.0
General third-party liability	4,929	4,811	2.5	3.8	3.7
Pecuniary losses	1,973	1,332	48.1	1.6	1.0
Legal protection	212	-	n.v.	0.2	0.0
<b>Total non-marine business</b>	<b>20,966</b>	<b>20,038</b>	<b>4.6</b>	<b>16.5</b>	<b>15.5</b>
Railway truck hulls	-	-	n.v.	0.0	0.0
Aviation hulls	1,102	480	129.6	0.9	0.4
Marine hulls	16	13	23.1	0.0	0.0
Cargo insurance	789	798	-1.1	0.6	0.6
Aviation third-party liability	119	4	2875.0	0.1	0.0
Credit insurance	-	-	n.v.	0.0	0.0
Bond insurance	1,413	1,395	1.3	1.1	1.1
<b>Total special business</b>	<b>3,439</b>	<b>2,690</b>	<b>27.8</b>	<b>2.7</b>	<b>2.1</b>
Motor third-party liability	63,067	60,258	4.7	49.6	46.8
Motor vehicle hulls	12,916	11,709	10.3	10.1	9.1
Support and assistance	632	540	17.0	0.5	0.4
<b>Total motor business</b>	<b>76,615</b>	<b>72,507</b>	<b>5.7</b>	<b>60.2</b>	<b>56.3</b>
<b>Total non-life business</b>	<b>101,020</b>	<b>95,235</b>	<b>6.1</b>	<b>79.4</b>	<b>73.9</b>
<b>Total direct insurance</b>	<b>126,901</b>	<b>128,543</b>	<b>-1.3</b>	<b>99.8</b>	<b>99.7</b>
<b>Domestic indirect insurance</b>					
Life business	-	-	n.v.	0.0	0.0
Non-life business	376	404	-6.9	0.2	0.3
<b>Total indirect insurance</b>	<b>376</b>	<b>404</b>	<b>-6.9</b>	<b>0.2</b>	<b>0.3</b>
<b>Total</b>	<b>127,277</b>	<b>128,947</b>	<b>-1.3</b>	<b>100.0</b>	<b>100.0</b>

The group opened 4 new agencies, closed 2 and restructured 8 during the quarter. At 31 March 2005, the group counted 219 and 240 operating agencies and sub-agencies, respectively.

The parent company does not carry out insurance activities on an establishment or free provision of services basis in EU or non-EU countries.

A breakdown of agencies and domestic direct insurance premiums by geographical area is set out below:

(in thousands of Euros)

Region	Agencies	Non-life business		Life business	
		Premiums	%	Premiums	%
<b>NORTH</b>					
Emilia Romagna	21	7,563		1,148	
Friuli Venezia Giulia	3	1,207		437	
Liguria	9	3,949		389	
Lombardy	56	29,344		12,424	
Piedmont	23	6,936		1,187	
Trentino Alto Adige	4	1,492		157	
Valle d'Aosta	1	388		112	
Veneto	22	8,347		1,588	
<b>Total</b>	<b>139</b>	<b>59,226</b>	<b>58.6</b>	<b>17,442</b>	<b>67.4</b>
<b>CENTRE</b>					
Abruzz	7	3,651		694	
Lazio	18	14,129		4,390	
Marches	7	1,812		561	
Molise	0	0		0	
Tuscany	18	8,519		970	
Umbria	9	4,048		661	
<b>Total</b>	<b>59</b>	<b>32,159</b>	<b>31.8</b>	<b>7,276</b>	<b>28.1</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	2	857		161	
Calabria	2	612		32	
Campania	5	1,602		310	
Apulia	4	2,655		279	
Sardinia	1	1,090		18	
Sicily	7	2,819		363	
<b>Total</b>	<b>21</b>	<b>9,635</b>	<b>9.5</b>	<b>1,163</b>	<b>4.5</b>
<b>Total</b>	<b>219</b>	<b>101,020</b>	<b>100.0</b>	<b>25,881</b>	<b>100.0</b>

## Life business

Direct insurance premiums in the first quarter of 2005 amounted to Euro 25,881 thousand and comprised single premiums of Euro 15,116 thousand and annual premiums of Euro 10,765 thousand, accounting for 58.4% and 41.6% respectively.

## Claims, accrued sums, annuities and surrenders

The following table shows a breakdown of amounts paid for the quarter:

	(in thousands of Euros)	
	31/03/05	31/03/04
Claims	237	339
Accrued sums and annuities	7,264	8,704
Surrenders	2,665	3,865
<b>Total</b>	<b>10,166</b>	<b>12,908</b>

Surrenders and claims relating to investments where policyholders bear the risk (Classes III and VI index-linked policies, unit-linked policies and open pension fund) totalled Euro 3,711 thousand with respect to Euro 8,329 thousand in the same period of 2004.

## Reinsurance

### Outwards reinsurance

With respect to Class I of the life business, the following treaties are in place:

- Surplus;
- Pure commercial premiums outwards in 1996 and 1997.

Outwards premiums in the first quarter of 2005 amounted to Euro 1,259 thousand.

### Inwards reinsurance

With respect to the life business, there is a traditional treaty no longer applied which only records changes in the related portfolio.

## Non-Life business

Direct insurance premiums in the first quarter grew 6.1%.

## Operating costs

Operating costs relating to direct insurance, gross of commissions and profit participation received from reinsurers, grew 10.8%. As a percentage of premiums written during the period, they totalled 25.6% (2004 first quarter: 24.5%). Changes in operating costs relating to insurance operations are as follows:

	(in thousands of Euros)		
	31/03/05	31/03/04	Change %
Acquisition commissions, premium collection commissions and other acquisition costs	18,710	16,401	14.1%
Overheads allocated to sales costs	3,662	3,488	5.0%
Overheads allocated to other administrative costs	3,468	3,426	1.2%
<b>Total</b>	<b>25,840</b>	<b>23,315</b>	<b>10.8%</b>

Operating costs net of intercompany charges which have been eliminated during consolidation, totalled Euro 25,769 thousand (Euro 23,234 thousand in the same period of 2004).

## Claims

### Reported claims

The following table of reported claims derives from positions open during the quarter. Comparative 2004 first quarter figures are also given.

	(in thousands of Euros)					
	31/03/2005		31/03/2004		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	1,306	3,558	1,448	3,398	-9.8	4.7
Health insurance	928	853	2,990	1,092	-69.0	-21.9
Aviation hulls	5	58	2	25	150.0	132.0
Marine hulls	2	33	4	15	-50.0	120.0
Cargo insurance	114	369	116	579	-1.7	-36.3
Fire and natural events	961	1,790	573	2,253	67.7	-20.6
Miscellaneous damages	1,505	2,281	1,499	1,908	0.4	19.6
Aviation third-party liability	-	-	-	-	n.v.	n.v.
Marine third-party liability	6	24	4	9	50.0	166.7
General third-party liability	2,223	5,060	2,945	5,137	-24.5	-1.5
Bond insurance	77	1,978	85	4,708	-9.4	-58.0
Pecuniary losses	21	42	12	32	75.0	31.3
<b>Total non-motor business</b>	<b>7,162</b>	<b>16,060</b>	<b>9,678</b>	<b>19,156</b>	<b>-26.0</b>	<b>-16.2</b>
Motor third-party liability	15,003	37,988	14,867	37,061	0.9	2.5
Motor vehicle hulls	3,828	7,226	3,579	6,355	7.0	13.7
Support and assistance	1,034	88	1,378	123	-25.0	-28.5
<b>Total motor business</b>	<b>19,865</b>	<b>45,302</b>	<b>19,824</b>	<b>43,539</b>	<b>0.2</b>	<b>4.1</b>
<b>Total non-life business</b>	<b>27,027</b>	<b>61,362</b>	<b>29,502</b>	<b>62,695</b>	<b>-8.4</b>	<b>-2.1</b>

The decreased number of reported claims is due to the termination of two agreements in the health insurance business.

## Claims paid

Direct insurance claims paid and the portion charged to reinsurers may be analysed on an accruals basis as follows:

(in thousands of Euros)

	Claims paid 31/03/2005			Claims recovered from reinsurers	Claims paid 31/03/2004			Change gross claims
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	95	1,903	1,998	71	91	1,623	1,714	16.6
Health insurance	237	574	811	-	128	1,401	1,529	-47.0
Aviation hulls	-	45	45	37	-	1,002	1,002	-95.5
Marine hulls	-	28	28	-	-	2	2	1300.0
Cargo insurance	-	144	144	41	-	224	224	-35.7
Fire and natural events	271	1,054	1,325	234	100	1,286	1,386	-4.4
Miscellaneous damages	344	853	1,197	10	301	1,079	1,380	-13.3
Marine third-party liability	1	41	42	-	1	35	36	16.7
General third-party liability	180	4,246	4,426	1,112	346	2,370	2,716	63.0
Credit insurance	-	-	-	-	-	-	-	0.0
Bond insurance	610	430	1,040	784	269	1,413	1,682	-38.2
Pecuniary losses	8	17	25	-	-	7	7	257.1
<b>Total non-motor business</b>	<b>1,746</b>	<b>9,335</b>	<b>11,081</b>	<b>2,289</b>	<b>1,236</b>	<b>10,442</b>	<b>11,678</b>	<b>-5.1</b>
Motor third-party liability	5,717	34,900	40,617	11,361	6,593	32,005	38,598	5.2
Motor vehicle hulls	935	4,297	5,232	112	984	3,063	4,047	29.3
Support and assistance	6	140	146	131	14	260	274	-46.7
<b>Total motor business</b>	<b>6,658</b>	<b>39,337</b>	<b>45,995</b>	<b>11,604</b>	<b>7,591</b>	<b>35,328</b>	<b>42,919</b>	<b>7.2</b>
<b>Total non-life business</b>	<b>8,404</b>	<b>48,672</b>	<b>57,076</b>	<b>13,893</b>	<b>8,827</b>	<b>45,770</b>	<b>54,597</b>	<b>4.5</b>

The cost includes the additional charge to the guarantee fund for road casualties of Euro 1,510 thousand (2004 first quarter: Euro 1,501 thousand).

## Reinsurance

### Outwards reinsurance

Group policies on outwards reinsurance are focused on the underwriting selection criteria used to increase and maintain the portfolio in line with risks covered and are aimed at reaching the net retention balance. Transactions are carried out at an international level with highly rated reinsurers.

The main existing treaties relate to:

Non-life business	Type of treaty
01 - Accident insurance	Pure premium for general aviation
05 - Aviation hulls	Pure premium for spatial risks
	Pure premium for general aviation
07 - Cargo insurance	Voluntary-mandatory
08 - Fire and natural events	Excess of loss
10 - Motor third-party liability	Pure premium
	Excess of loss
15 - Bond insurance	Pure premium
13 - General third-party liability	Excess of loss
	Pure premium for general aviation
17 - Legal protection	Pure premium

### Inwards reinsurance

Inwards insurance mainly arises from participation in syndicates and activities carried out in class 05 - Aviation hulls - spatial risks.

Outwards and retroceded reinsurance premiums in the first quarter of 2005 totalled Euro 21,190 thousand.

## Technical reserves

Technical reserves, net of reinsurers' share, are as follows:

	(in thousands of Euros)		
	31/03/2005	31/12/2004	Change
Non-life business	447,417	440,921	6,496
Life business	694,664	682,975	11,689
Total	1,142,081	1,123,896	18,185

The additional accrual to the mathematical reserves for the portion of profits of Vittoria Immobiliare and Immobiliare Bilancia pertaining to life policyholders totalled Euro 11,509 thousand, including Euro 3,476 thousand relating to the profit for the first quarter.

A breakdown of reserves is as follows:

<b>Non-life business</b>		(in thousands of Euros)		
	31/03/2005	31/12/2004	Change	
Gross premium reserve	156,434	159,230	-2,796	
Reinsurers' share	38,572	36,416	2,156	
Net reserves	117,862	122,814	- 4,952	
Gross claims reserve	411,844	393,515	18,329	
Reinsurers' share	85,927	78,860	7,067	
Net reserves	325,917	314,655	11,262	
Other technical and equalisation reserves, gross	3,638	3,452	186	
Reinsurers' share	-	-	-	
Net reserves	3,638	3,452	186	
<b>Total net reserves</b>	<b>447,417</b>	<b>440,921</b>	<b>6,496</b>	

<b>Life business</b>		(in thousands of Euros)		
	31/03/2005	31/12/2004	Change	
Gross mathematical reserves	573,571	554,139	19,432	
Reinsurers' share	23,908	23,205	703	
Net reserves	549,663	530,934	18,729	
Gross reserve for payable amounts	12,117	18,214	-6,097	
Reinsurers' share	21	21	-	
Net reserves	12,096	18,193	-6,097	
Other technical reserves, gross	3,386	3,409	-23	
Reinsurers' share	43	38	5	
Net reserves	3,343	3,371	-28	
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management, gross	129,562	130,477	-915	
Reinsurers' share	-	-	-	
Net reserves	129,562	130,477	-915	
<b>Total net reserves</b>	<b>694,664</b>	<b>682,975</b>	<b>11,689</b>	



## Overheads

### Insurance

Total insurance overheads, which include personnel expenses, other costs and depreciation charges, gross of allocation to specific functions, such as claims settlement, production organisation and asset management, increased by 0.6% from Euro 12,318 thousand to Euro 12,388 thousand.

These costs include not only current operating charges, but also the depreciation of investments in IT structures and processes aimed at controlling future overheads incurred by the headquarters and agencies to improve assistance given to policyholders with respect to insurance policies and claims settlement.

They are made up as follows:

	(in thousands of Euros)			
	31/03/05	31/03/04	Change %	31/12/04
Personnel expenses	6,492	6,208	4.6	24,841
Other costs	4,120	4,473	-7.9	17,892
Depreciation/Amortisation	1,776	1,637	8.5	7,436
<b>Total</b>	<b>12,388</b>	<b>12,318</b>	<b>0.6</b>	<b>50,169</b>

Other costs mainly include office operating costs, IT costs, legal and corporate expenses, mandatory contributions and membership fees.

Overheads as a percentage of premiums amounted to 9.7% (2004 first quarter: 9.6%).

### Real estate

Real estate overheads are as follows:

	(in thousands of Euros)			
	31/03/05	31/03/04	Change %	31/12/04
Personnel expenses	478	303	57.8	2,430
Other costs	601	915	-34.3	2,612
Depreciation/Amortisation	52	35	48.6	260
<b>Total</b>	<b>1,131</b>	<b>1,253</b>	<b>-9.7</b>	<b>5,302</b>

As certain real estate overheads are deferred as they relate to revenues to be recognised in the profit and loss account when the related sales agreement has been signed and in proportion with the construction progress, the costs that were effectively expensed amounted to Euro 2,639 thousand (2004: Euro 975 thousand).

## Employees

Employees of Vittoria Assicurazioni and companies consolidated on a line-by-line basis numbered 442 at quarter end. The average number of employees split by position is as follows:

	31/03/05	31/03/04	31/12/04
Managers	20	17	18
Officers	94	85	87
Administrative staff	322	301	318
<b>Total</b>	<b>436</b>	<b>403</b>	<b>423</b>

## Investments

Investments totalled Euro 1,345,359 thousand, up 1.9% or Euro 25,046 thousand with respect to 31 December 2004. They may be analysed as follows:

(in thousands of Euros)

Investments	31.03.2005	31.12.2004	Change %
<b>Land and buildings</b>			
- Areas being built on	68,895	112,834	-38.9
- Buildings relating to trading activities	152,116	117,768	29.2
- Buildings classified as subsidiaries' fixed assets	1,690	1,704	-0.8
- Payments on account	5,146	6,786	
- Buildings owned by the parent companies	8,707	8,735	-0.3
<b>Investments in group and other companies</b>			
- Equity investments	84,495	73,314	15.3
- Loans	6,165	8,165	-24.5
<b>Other financial investments:</b>			
- Unit trust units	8,280	8,280	-
- Bonds and other fixed-interest securities	867,735	840,139	3.3
- Loans	11,592	11,135	4.1
<b>Deposits with ceding companies</b>	976	976	-
<b>Total investments where the company bears the risk</b>	<b>1,215,797</b>	<b>1,189,836</b>	<b>2.2</b>
Investments benefiting life policyholders bearing the risk	129,562	130,477	-0.7
<b>Total investments</b>	<b>1,345,359</b>	<b>1,320,313</b>	<b>1.9</b>
Bank accounts and cash-in-hand	102,222	56,835	79.9

## Income on investments

A breakdown of income on investments of the first three months of 2005 is set out in the following table.

(in thousands of Euros)

Income on investments (net of related costs)	31/03/2005		31/03/2004		Change %
	Amount	% of breakdown	Amount	% of breakdown	
<b>Income on associated companies stated using the equity method</b>	1,005	9.0	955	7.8	
<b>Income on other equity investments</b>	-38	-0.3	-26	-0.2	
<b>Income on other investments:</b>					
- land and buildings	985	8.8	578	4.7	
- land and buildings (income on the valuation of buildings using the stage of completion method)	922	8.2	1,940	15.9	
- bonds and other fixed-interest securities	8,538	76.5	9,242	75.8	
- income on unit trust units	150	1.3	45	0.4	
- interest on loans	175	1.6	166	1.4	
- interest on reinsurance deposits	-574	-5.1	-706	-5.8	
- other financial investments	-	0.0	-	0.0	
<b>Total income</b>	<b>11,163</b>	<b>100.0</b>	<b>12,194</b>	<b>100.0</b>	<b>-8.5</b>
<b>Adjustments to investment values:</b>					
- land and buildings	-	0.0	-	0.0	
- equity investments	-	0.0	0	0.0	
- unit trust units	-	0.0	0	0.0	
- bonds and other fixed-interest securities	-71	100.0	2	100.0	
<b>Total adjustments to investment values</b>	<b>-71</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	
<b>Profit on sale of investments:</b>					
- land and buildings	11,408	100.0	6	66.7	
- equity investments	-	0.0	-	0.0	
- unit trust units	-	0.0	0	0.0	
- bonds and other fixed-interest securities	4	0.0	3	33.3	
- other financial investments	-	0.0	-	0.0	
<b>Total profit on sale of investments</b>	<b>11,412</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	
<b>Total income on investments where the parent company bears the risk</b>	<b>22,504</b>		<b>12,205</b>		<b>84.4</b>
<b>Net income on investments benefiting life policyholders bearing the risk</b>	<b>2,071</b>		<b>3,734</b>		
<b>Total</b>	<b>24,575</b>		<b>15,939</b>		<b>54.2</b>

## Buildings

The book value of buildings held by the parent company totalled Euro 8,707 thousand at quarter end (31 December 2004: Euro 8,735 thousand).

Amounts relating to areas being built on in Peschiera Borromeo (Milan) and Turin fell from Euro 112,834 thousand to Euro 68,895 thousand. Such decrease (Euro 43,939 thousand) is due to sales performed during the quarter.

Buildings held for trading purposes amounted to Euro 152,116 thousand. The net increase of Euro 34,348 thousand is mainly due to:

- acquisition of certain buildings in Rome from an insurance group by Vittoria Immobiliare S.p.A. (Euro 34,075 thousand);
- acquisition of certain buildings in Rome by Vittoria Immobiliare S.p.A. together with another real estate operator (Euro 14,279 thousand);
- sale of certain buildings by Immobiliare Bilancia S.r.l. (Euro 8,918 thousand) and Immobiliare Bilancia Seconda S.r.l. (Euro 3,754 thousand).

## Fixed-interest securities, investments and unit trusts

Fixed-interest securities, investments and unit trusts forming part of assets where Group companies bear the risk totalled Euro 960,510 at quarter end, up 4.2% on 2004 year end (Euro 921,733 thousand).

Changes may be summarised as follows:

	(in thousands of Euros)				
	Investments in group companies	Other equity investments	Unit trusts	Bonds	Total
Balance at 31 December 2004	73,314	-	8,280	840,139	921,733
Acquisitions and subscriptions	10,177	-	-	40,520	50,697
Sales and repayments	-	-	-	-13,207	-13,207
Other changes:					
- adjustments and write-backs	-	-	-	-71	-71
- issue and trading discounts	-	-	-	354	354
- revaluations of investments stated using the equity method	1,089	-	-	-	1,089
- write-off of revaluations relating to 2004 acquisitions	-85	-	-	-	-85
<b>Balance at 31 March 2005</b>	<b>84,495</b>	<b>-</b>	<b>8,280</b>	<b>867,735</b>	<b>960,510</b>
Net realised capital gains and losses on sales and redemptions					
- investment portfolio	-	-	-	4,093	4,093
- trading portfolio	-	-	-	4	4
<b>Total net capital gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,097</b>	<b>4,097</b>

The following transactions were carried out during the first three months of 2005:

- repayment of bonds (Euro 61 thousand);
- sale of structured securities to support index-linked policies (Euro 1,650 thousand), recording capital gains of Euro 4 thousand;
- sale of the Argentine securities in portfolio for Euro 1,859 thousand, generating capital gains of Euro 820 thousand;
- sale of the long-term treasury strips included in the life business investment portfolio - separately-managed business "Rendimento Mensile" - for Euro 9,637 thousand, generating capital gains of Euro 3,272 thousand;
- purchase of Italian government bonds with variable interest rates (Euro 40,348 thousand).

Variations of the quarter in the shares investment portfolio are as follows:

- Cam Finanziaria S.p.A.: subscription of the relevant portion of the share capital increase at a cost of Euro 10,144 thousand, thus keeping the investment unchanged at 4.65%;
- Liguria S.p.A.: paid a further 20% (Euro 22 thousand) of the 109,798 shares (out of a total of 576,800 shares) which are now 45% paid-up;
- Mediorischi S.p.A.: acquisition of a further 5.35% investment in this insurance broker for Euro 11 thousand.

The securities book value was compared with the relevant spot price ruling on the last trading day of the quarter.

Securities relating to investments where policyholders bear the risk and to pension funds (Class D) went down by 0.5% to Euro 128,522 thousand (2004 year end: Euro 129,215 thousand).

They are made up as follows:

	(in thousands of Euros)		
	31/03/2005	31/12/2004	Change %
Shares	8,333	9,653	-13.7
Unit trusts and OEICs	74,899	75,527	-0.8
Bonds and other fixed-interest securities	4,253	2,934	45.0
Index-linked securities	41,037	41,101	-0.2
<b>Total</b>	<b>128,522</b>	<b>129,215</b>	<b>-0.5</b>

## Vittoria Formula Lavoro open pension fund

The three sectors of Vittoria Assicurazioni open pension fund may be analysed as follows:

	Members		Capital	
	31/03/2005	31/12/2004	(in thousands of Euros)	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Previdenza Garantita	47	46	428	400
Previdenza Equilibrata	43	43	344	326
Previdenza Capitalizzata	150	151	1,389	1,307

## Shareholders' equity

Shareholders' equity at 31 March 2005 is shown net of the amount allocated for dividends (Euro 4,200 thousand) as approved by the ordinary shareholders' meeting of Vittoria Assicurazioni of 29 April 2005. These dividends have not yet been distributed.

(in thousands of Euros)

	Share capital	Equity reserves	Con-solidation reserve	Reserve for valuation of unconsolidated associated companies	Net profit for the period of the group	Total group share	Share capital and reserves of minority interests	Net profit for the period of minority interests	Total minority interests share
Balance at 31 December 2004	30,000	83,712	-2,274	7,257	25,917	144,612	2,536	4,364	6,900
Carry forward of 2004 profit	-	5,143	10,405	6,169	-25,917	-4,200	4,364	-4,364	-
Net profit for the period	-	-	-	-	9,415	9,415	-	1,397	1,397
<b>Balance at 31 March 2005</b>	<b>30,000</b>	<b>88,855</b>	<b>8,131</b>	<b>13,426</b>	<b>9,415</b>	<b>149,827</b>	<b>6,900</b>	<b>1,397</b>	<b>8,297</b>

## Other Information

### Adoption of IFRS

With reference to Consob resolution no. 14990 of 14 April 2005, Vittoria Assicurazioni group is progressively adjusting its IT and management procedures for the adoption of the International Financial Reporting Standards.

With respect to the 2005 half year report, the Group will apply article 81-bis of resolution no. 11971 of 14 May 1999 and will provide the required reconciliation of shareholders' equity and the net profit for the half year clearly and adequately showing the nature and amount of the adjustments.

It will also disclose the reconciliations required by paragraphs 39 and 40 of IFRS 1.

## Post balance sheet events

The relevant portion of the share capital increase of BPC S.p.A. was subscribed and fully paid in April (Euro 496 thousand).

Immobiliare Bilancia Prima S.r.l. signed a preliminary agreement to sell the building it owns in Rome for Euro 35 million. The sale will be executed in June, bringing in a margin of Euro 10.7 million.

Board of directors

Milan, 12 May 2005

# Reclassified profit and loss account

(in thousands of Euros)

	Consolidated Report			Vittoria Assicurazioni S.p.A.		
	31/3/05	31/3/04	31/12/04	31/3/05	31/3/04	31/12/04
<b>Technical account</b>						
<b>Life business:</b>						
<b>Direct insurance</b>						
(+) Gross premiums accounted for	25,881	33,308	112,176	25,881	33,308	112,176
(-) Charges relating to claims	13,877	21,236	77,192	13,877	21,236	77,192
(-) Change in mathematical and other technical reserves	18,494	16,788	52,834	15,018	16,788	46,479
(+) Other technical captions, net	254	278	1,184	254	278	1,184
(-) Operating costs	2,830	3,145	12,930	2,831	3,145	12,930
(+) Income on investments where the parent company bears the risk - Class C - net of the portion transferred to the non-technical account	9,020	5,068	28,457	5,544	5,068	22,102
(+) Income on investments where policyholders bear the risk - Class D	2,071	3,734	8,720	2,071	3,734	8,720
<b>Direct insurance result</b>	<b>2,025</b>	<b>1,219</b>	<b>7,581</b>	<b>2,024</b>	<b>1,219</b>	<b>7,581</b>
Outwards reinsurance result	-295	-230	437	-295	-230	437
Retained direct insurance result	1,730	989	8,018	1,729	989	8,018
Indirect and retroceded insurance result	-8	-2	-113	-8	-2	-113
<b>Result of life business technical account</b>	<b>1,722</b>	<b>987</b>	<b>7,905</b>	<b>1,721</b>	<b>987</b>	<b>7,905</b>
<b>Non-life business:</b>						
<b>Direct insurance</b>						
(+) Gross premiums accounted for	101,020	95,235	405,650	101,020	95,235	405,650
(-) Change in premium reserve	-2,901	1,418	14,727	-2,901	1,418	14,727
(-) Charges relating to claims	74,300	63,020	290,011	74,323	63,045	290,102
(-) Change in other technical reserves	127	109	461	127	109	461
(+) Other technical captions, net	-1,776	-1,427	-3,089	-1,776	-1,427	-3,089
(-) Operating costs	25,769	23,234	100,079	25,840	23,315	100,365
<b>Direct insurance result</b>	<b>1,949</b>	<b>6,027</b>	<b>-2,717</b>	<b>1,855</b>	<b>5,921</b>	<b>-3,094</b>
Outwards reinsurance result	-473	-1,341	3,058	-473	-1,341	3,058
Retained direct insurance result	1,476	4,686	341	1,382	4,580	-36
Indirect and retroceded insurance result	73	97	146	73	97	146
<b>Total retained insurance result</b>	<b>1,549</b>	<b>4,783</b>	<b>487</b>	<b>1,455</b>	<b>4,677</b>	<b>110</b>
(-) Change in equalisation reserve	58	54	239	58	54	239
(+) Income on investments transferred from the non-technical account	2,108	2,903	11,930	2,108	2,903	11,930
<b>Result of non-life business technical account</b>	<b>3,599</b>	<b>7,632</b>	<b>12,178</b>	<b>3,505</b>	<b>7,526</b>	<b>11,801</b>
<b>Result of technical account</b>	<b>5,321</b>	<b>8,619</b>	<b>20,083</b>	<b>5,226</b>	<b>8,513</b>	<b>19,706</b>
(+) Income on non-life business investments net of the portion transferred to the	-	-	-	504	750	2,832
(+) Income on investments transferred from the life business technical	-	-	-	5	-	1,926
(+) Income on investments net of the portion included in the technical account (consolidate)	11,374	3,728	25,560	-	-	-
(+) Other income	2,148	828	6,272	428	395	2,378
(-) Interest on financial payables	630	378	1,754	248	248	990
(-) Other charges	4,568	2,531	16,970	1,646	1,649	9,300
<b>Result of ordinary business</b>	<b>13,645</b>	<b>10,266</b>	<b>33,191</b>	<b>4,269</b>	<b>7,761</b>	<b>16,552</b>
(+) Extraordinary income	4,229	36	13,380	4,214	-	13,325
(-) Extraordinary expense	24	87	719	12	40	212
<b>Profit before taxation and change in accounting policy</b>	<b>17,850</b>	<b>10,215</b>	<b>45,852</b>	<b>8,471</b>	<b>7,721</b>	<b>29,665</b>
(-) Taxation on profit for the period/year	7,038	4,099	19,699	3,391	3,307	11,886
<b>Consolidated net profit for the period - ordinary</b>	<b>10,812</b>	<b>6,116</b>	<b>26,153</b>	<b>5,080</b>	<b>4,414</b>	<b>17,779</b>
(+) Net income arising from the change in accounting policy	-	4,847	4,128	-	-	-
<b>Consolidated net profit for the period</b>	<b>10,812</b>	<b>10,963</b>	<b>30,281</b>	<b>5,080</b>	<b>4,414</b>	<b>17,779</b>
(-) Minority interests (ordinary)	1,397	882	3,173			
(-) Minority interests - change in accounting policy	-	1,908	1,191			
<b>Group net profit for the period</b>	<b>9,415</b>	<b>8,173</b>	<b>25,917</b>			