



Vittoria Assicurazioni

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

PRESS RELEASE

2006 first half results

Consolidated financial statements

- Profit attributable to the shareholders of the parent: Euro 20.7 million (-16.2%)
- Total premiums written: Euro 280.5 million (+4.8%)
- Total life business premiums: Euro 58.0 million (+10.5%)
- Direct non-life business premiums: Euro 221.8 million (+3.4%)
- Non-life business loss ratio: 69.7% (70.5% in the first half of 2005)
- Non-life business combined ratio: 99.5% (98.8% in the first half of 2005)
- 2006 expected consolidated ROE: 16%

Financial statements of the parent Vittoria Assicurazioni S.p.A.

- Net profit: Euro 13.1 million (+27.2%)
- Life business managed assets: Euro 769.9 million (+2.7% over 2005 year end)

The board of directors of Vittoria Assicurazioni, chaired by Mr. Luigi Guatri, met today to discuss the results for the first half of 2006.

Consolidated financial statements (IFRS)

The profit attributable to the shareholders of the parent fell 16.2% to Euro 20.7 million from Euro 24.6 million in the same period of the previous year. The improvement in the insurance business performance during the six months was accompanied by a decline in the real estate sector, as anticipated in 2005 Directors' Report, due to the change in the group's strategy, which is now mainly focused on medium- to long-term development and promoting business rather than short-term trading transactions. Therefore, the related income will only be seen over time.

Total premiums written grew 4.8% to Euro 280.5 million.

Total life business income rose 10.5% to Euro 58.0 million.

Direct life business premiums, which do not include contracts classified as financial investments, increased 1.0% to Euro 50.6 million.

Direct non-life business premiums grew 3.4% to Euro 221.8 million.

Premiums of the motor lines of business rose 2.5% to Euro 164.1 million, mainly as a result of new contracts.

Premiums of other non-life lines of business grew 5.9% to Euro 57.7 million.

The non-life business loss ratio, relating to retained insurance, amounted to 69.7% (70.5% in the same period of the previous year)¹.

The combined ratio² of the non-life business increased from 98.8% to 99.5% due to the combined effect of the improvement in the loss ratio, as a result of the decrease in the frequency of claims in the motor third-party liability line, and the increase in commission costs due to the change in the sales mix.

Total line and non life insurance overheads increased from 9.3% in the first half of 2005 to 9.6% of total premiums, due to a strengthening of the sales structure.

Investments totalled Euro 1,489.7 million (2005 year end: Euro 1,490.4 million). They are split between investments where the group bears the risk (Euro 1,370.6 million) and where the policyholders bear the risk (Euro 119.1 million). Income from investments where the group bears the risk decreased to Euro 39.0 million from Euro 50.7 million on the same period of the previous year. It includes income from the real estate business of Euro 9.9 million (Euro 32.1 million in the first half of 2005).

Equity attributable to the shareholders of the parent, including the profit for the period, rose 4.8% on 31 December 2005 to Euro 213.4 million, while that attributable to minority interests decreased 35.6% to Euro 6.4 million.

Given the group's performance during the period, the directors have reasonably estimated 2006 consolidated ROE³ to be roughly 16%.

¹ claims for the period / premiums for the periods relating to retained insurance

² (claims for the period + operating costs + amortisation of intangible assets + technical captions) / premiums for the period

³ profit / ((opening equity + closing equity)/2). Equity does not include the reserve for unrealised gains

Financial statements of the parent Vittoria Assicurazioni S.p.A. (Italian GAAP)

The net profit for the period rose 27.2% to Euro 13.1 million from Euro 10.3 million in the same period of the previous year.

Total premiums written rose 4.8% to Euro 280.5 million.

Assets managed relating to the life business increased by 2.7% over 31 December 2005 to Euro 769.9 million.

The option to convert the subordinated bonds into shares of the company became exercisable this year. Following the exercise of conversion options, the share capital at 30 June 2006 increased from Euro 30,000,000 to Euro 30,244,147.

The parent company's shareholders' equity increased by 6.6% on the figure at 31 December 2005 to Euro 157.8 million.

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Annexes: Reclassified balance sheet and profit and loss account of Vittoria Assicurazioni S.p.A. and consolidated balance sheet and income statement, which have been submitted to the Board of statutory auditors for their checks. The independent auditors, Sala Scelsi Farina BDO, are currently carrying out a review.

About Vittoria Assicurazioni

Vittoria Assicurazioni is an independent insurance company, founded in Milan in 1921. The company is active in all Life and non Life lines covering the entire Italian territory through an extensive commercial network based on over 230 exclusive Agencies, 280 Sub Agencies and agreements with over 250 bank branches.

Vittoria's mission is to be the families and small and medium firms insurer.

Reclassified balance sheet - Assets

(in thousands of Euros)

ASSETS	30/06/2006	31/12/2005
Investments		
Land and buildings	8,211	8,414
Investments in group and other companies		
- Equity investments	141,078	135,324
- Loans	0	3,688
Other financial investments:		
- Unit trust units	7,903	7,952
- Bonds and other fixed-interest securities	1,037,236	997,885
- Loans	11,614	12,222
Deposits with ceding companies	615	618
Investments benefiting life policyholders	118,064	120,091
Total investments	1,324,721	1,286,194
Receivables		
Receivables relating to direct insurance business due from:		
- Policyholders	28,663	35,336
- Insurance brokers and agents	30,472	44,258
- Current accounts with companies	5,507	4,481
- Amounts to be recovered from policyholders and third parties	25,222	24,243
Receivables relating to reinsurance business	15,204	10,375
Other receivables	42,766	38,166
Total receivables	147,834	156,859
Intangible assets	28,589	28,432
Tangible assets and inventory	4,226	4,422
Liquid funds	43,723	37,021
Other assets	6,330	5,719
Prepayments and accrued income	15,096	13,935
TOTAL ASSETS	1,570,519	1,532,582

Reclassified balance sheet - Shareholders' equity and liabilities

(in thousands of Euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	30/06/2006	31/12/2005
Shareholders' equity		
- Share capital	30,244	30,000
- Share premium reserve	21,070	20,142
- Revaluation reserves	6,370	6,370
- Legal reserve	6,000	5,965
- Other reserves	80,993	65,198
- Net profit for the period/year	13,124	20,330
Total shareholders' equity	157,801	148,005
Subordinated liabilities	16,828	18,000
Technical reserves, net of reinsurance		
- Premium reserve	143,453	127,659
- Claims reserve	351,899	342,833
- Mathematical reserves	599,778	572,891
- Reserve for payable amounts	16,789	26,724
- Other technical reserves	8,388	7,974
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	118,064	120,091
Total technical reserves	1,238,371	1,198,172
Payables		
Deposits received from reinsurers	106,295	106,301
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	1,834	1,960
- Current accounts with companies	4,312	4,881
- Guarantee deposits paid by policyholders	19	4
- Guarantee funds in favour of policyholders	0	1,034
Payables arising from reinsurance business	5,000	7,154
Other sums payable	21,401	25,168
Total payables	138,861	146,502
Provisions for contingencies and other charges	4,713	4,818
Employees' leaving entitlement	5,911	5,921
Other liabilities	7,564	10,160
Accrued expenses and deferred income	470	1,004
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,570,519	1,532,582

Reclassified profit and loss account

(in thousands of Euros)

	First half of 2006	First half of 2005	2005
Technical account			
Life business:			
Direct insurance			
(+) Gross premiums accounted for	58,032	52,521	117,760
(-) Charges relating to claims	39,096	37,535	91,497
(-) Change in mathematical and other technical reserves	24,146	22,984	42,720
(+) Other technical captions, net	512	581	1,111
(-) Operating costs	6,484	6,951	13,754
(+) Income on investments where the company bears the risk net of the portion transferred to the non-technical account	13,568	11,367	24,885
(+) Income on investments where policyholders bear the risk (class D)	1,792	5,712	9,343
Direct insurance result	4,178	2,711	5,128
Outwards reinsurance result	-79	-84	614
Retained direct insurance result	4,099	2,627	5,742
Indirect and retroceded insurance result	-32	-23	-55
Result of life business technical account	4,067	2,604	5,687
Non-life business:			
Direct insurance			
(+) Gross premiums accounted for	221,788	214,484	432,416
(-) Change in premium reserve	7,843	6,637	8,178
(-) Charges relating to claims	150,330	147,537	295,776
(-) Change in other technical reserves	205	238	484
(+) Other technical captions, net	-1,676	-2,606	-3,251
(-) Operating costs	58,315	53,709	111,166
Direct insurance result	3,419	3,757	13,561
Outwards reinsurance result	-1,101	-469	-3,172
Retained direct insurance result	2,318	3,288	10,389
Indirect and retroceded insurance result	215	235	331
Total retained insurance result	2,533	3,523	10,720
(-) Change in equalisation reserves	131	122	260
(+) Income on investments transferred from the non-technical account	9,515	5,075	10,170
Result of non-life business technical account	11,917	8,476	20,630
Result of technical account	15,984	11,080	26,317
(+) Income on non-life business investments net of the portion transferred to the technical account	2,216	1,181	2,356
(+) Income on investments transferred from the life business technical account	1,225	1,016	2,246
(+) Other income	920	828	2,008
(-) Other charges	2,742	2,292	6,321
Result of ordinary business	17,603	11,813	26,606
(+) Extraordinary income	303	4,513	4,725
(-) Extraordinary expense	70	52	79
Profit before taxation	17,836	16,274	31,252
(-) Taxation on profit for the period/year	4,712	5,956	10,922
Net profit for the period/year	13,124	10,318	20,330

Consolidated balance sheet - Assets

(in thousands of Euros)

	30/06/2006	30/06/2005	31/12/2005
1 INTANGIBLE ASSETS	15,830	15,464	14,924
1.1 Goodwill	0	1,106	0
1.2 Other intangible assets	15,830	14,358	14,924
2 PROPERTY, PLANT AND EQUIPMENT	84,271	163,840	114,586
2.1 Property	78,968	158,478	109,208
2.2 Other items of property, plant and equipment	5,303	5,362	5,378
3 REINSURERS' SHARE OF TECHNICAL RESERVES	134,631	142,713	143,306
4 INVESTMENTS	1,343,218	1,236,707	1,306,198
4.1 Investment property	0	0	0
4.2 Investments in subsidiaries and associates and interests in joint ventures	43,157	25,697	31,477
4.3 Held to maturity investments	146,915	62,777	71,687
4.4 Loans and receivables	13,001	19,691	16,862
4.5 Financial assets available for sale	1,017,796	995,547	1,061,807
4.6 Financial assets at fair value through profit or loss	122,349	132,995	124,365
5 OTHER RECEIVABLES	192,934	118,175	188,417
5.1 Receivables relating to direct insurance	89,864	92,929	107,151
5.2 Receivables relating to the reinsurance business	15,204	13,330	10,375
5.3 Sundry receivables	87,866	11,916	70,891
6 OTHER ASSETS	43,306	45,890	45,619
6.1 Non-current assets or assets of a disposal group classified as held for sale	0	0	0
6.2 Deferred acquisition costs	12,096	13,687	12,818
6.3 Deferred tax assets	10,814	6,654	10,682
6.4 Current tax assets	17,429	22,397	19,910
6.5 Other assets	2,967	3,152	2,209
7 CASH AND CASH EQUIVALENTS	67,519	129,675	75,016
TOTAL ASSETS	1,881,709	1,852,464	1,888,066

Consolidated balance sheet - equity and liabilities

(in thousands of Euros)

	30/06/2006	30/06/2005	31/12/2005
1 EQUITY	219,792	203,866	213,533
1.1 attributable to the shareholders of the parent	213,420	194,786	203,635
1.1.1 Share capital	30,244	30,000	30,000
1.1.2 Other equity instruments	1,307	1,398	1,398
1.1.3 Equity-related reserves	21,081	20,142	20,142
1.1.4 Income-related and other reserves	127,420	91,596	91,715
1.1.5 (Treasury shares)	0	0	0
1.1.6 Translation reserve	-6	5	6
1.1.7 Fair value reserve	13,912	28,194	21,585
1.1.8 Other gains or losses recognised directly in equity	-1,190	-1,190	-1,190
1.1.9 Profit for the period/year attributable to the shareholders of the parent	20,652	24,641	39,979
1.2 attributable to minority interests	6,372	9,080	9,898
1.2.1 Share capital and reserves attributable to minority interests	5,742	6,292	5,518
1.2.2 Gains or losses recognised directly in equity	0	0	0
1.2.3 Profit for the period/year attributable to minority interests	630	2,788	4,380
2 PROVISIONS	4,811	3,396	5,344
3 TECHNICAL RESERVES	1,279,341	1,214,709	1,258,577
4 FINANCIAL LIABILITIES	305,072	323,826	306,286
4.1 Financial liabilities at fair value through profit or loss	119,124	131,730	122,758
4.2 Other financial liabilities	185,948	192,096	183,528
5 PAYABLES	44,420	62,222	57,646
5.1 Payables arising from direct insurance business	6,166	5,518	7,879
5.2 Payables arising from reinsurance business	5,000	13,024	7,154
5.3 Other sums payable	33,254	43,680	42,613
6 OTHER LIABILITIES	28,273	44,445	46,680
6.1 Liabilities of a disposal group held for sale	0	0	0
6.2 Deferred tax liabilities	8,161	10,113	10,474
6.3 Current tax liabilities	6,687	17,872	19,832
6.4 Other liabilities	13,425	16,460	16,374
TOTAL EQUITY AND LIABILITIES	1,881,709	1,852,464	1,888,066

Consolidated income statement

(in thousands of Euros)

		First half of 2006	First half of 2005	2005
1.1	Net premiums	229,165	217,082	452,955
1.1.1	<i>Gross premiums</i>	265,464	259,168	539,385
1.1.2	<i>Ceded premiums</i>	36,299	42,086	86,430
1.2	Commission income	635	884	1,943
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-44	38	45
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	11,186	3,021	6,532
1.5	Gains on other financial instruments and investment property	22,142	23,936	44,593
1.5.1	<i>Interest income</i>	21,389	19,084	38,863
1.5.2	<i>Other income</i>	753	726	1,605
1.5.3	<i>Realised gains</i>	0	4,096	4,097
1.5.4	<i>Unrealised gains</i>	0	30	28
1.6	Other income	13,420	38,601	60,314
1	TOTAL REVENUE	276,504	283,562	566,382
2.1	Net charges relating to claims	177,680	175,306	353,429
2.1.2	<i>Amounts paid and change in technical reserves</i>	203,922	205,565	422,812
2.1.3	<i>Reinsurers' share</i>	-26,242	-30,259	-69,383
2.2	Commission expense	248	135	722
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	69	0	298
2.4	Losses on other financial instruments and investment property	2,311	2,635	5,117
2.4.1	<i>Interest expense</i>	2,268	2,635	5,117
2.4.2	<i>Other expense</i>	0	0	0
2.4.3	<i>Realised losses</i>	0	0	0
2.4.4	<i>Unrealised losses</i>	43	0	0
2.5	Operating costs	61,150	56,163	125,519
2.5.1	<i>Commissions and other acquisition costs</i>	45,175	38,199	88,006
2.5.2	<i>Investment management costs</i>	372	362	729
2.5.3	<i>Other administrative costs</i>	15,603	17,602	36,784
2.6	Other costs	5,555	5,985	12,061
2	TOTAL COSTS	247,013	240,224	497,146
	PROFIT FOR THE PERIOD/YEAR BEFORE TAXATION	29,491	43,338	69,236
3	Income taxes	8,209	15,909	24,877
	PROFIT FOR THE PERIOD/YEAR	21,282	27,429	44,359
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS	0	0	0
	CONSOLIDATED PROFIT	21,282	27,429	44,359
	of which attributable to the shareholders of the parent	20,652	24,641	39,979
	of which attributable to minority interests	630	2,788	4,380
	Basic EARNINGS per share	0.68	0.82	1.33
	Diluted EARNINGS per share	0.62	0.74	1.21