



# Vittoria Assicurazioni

## PRESS RELEASE

### Results for first 9 months of 2006

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

- Net profit: € 23.5 million (+53,5%)

#### Consolidated financial statements

- Consolidated profit: € 27.2 million (-18.4%)
- 2006 expected consolidated ROE confirmed at 16%
- Total insurance premiums: € 399.5 million (+2.0%)
- Direct premiums – Life business: € 68.2 million (-15.1%)
- Direct premiums – Non-life business: € 318.0 million (+3.5%)

The Board of Directors of Vittoria Assicurazioni, which met today in Milan to review results as up to the end of the third quarter of 2006, has approved the consolidated quarterly report.

The consolidated net profit attributable to parent company shareholders amounted to €27.2 million in the first nine months of 2006 (9M06) as opposed to € 33.4 mn in the same period in the previous year (9M05) (-18.4%). As already specified in the half-year report as at 30 June 2006, the improvement in insurance business reported as up to 30 September was set against a reduction in income in the real estate business. This was due to the different type of activities currently underway, prevalently concerning development and promotion operations (i.e. with a medium / long-term horizon) rather than trading (with a short-term horizon). This means that related income will emerge later, over a longer time span.

Total insurance premiums rose to € 399.5 mn, with an increase of 2.0% YoY.

Total Life premiums amounted to €80.4 mn, down by -3.6%.

Premiums for direct Life business, which do not include policies classified as financial instruments (i.e. investment contracts), amounted to €68.2 mn, decreasing by -15.1%. The reduction is due to a time lag in the acquisition of new contracts.

Premiums for direct Non-life business amounted to €318.0 mn with an increase of 3.5%.

Premiums for Motor lines amounted to €235.9 mn with an increase of 2.5%, basically as a result of new business generation.

Premiums for Other Non-life lines amounted to €82.1 mn, growing by 6.4%.

Investments amounted to a total of €1,574.6 mn (+5.7% vs. 31 December 2005), split between €1,459.2 mn for investments for which risk is borne by the Group and €115.5 mn with risk borne by policyholders. Income from investments with risk borne by the Group amounted to €56.2 mn (-27.2% vs. 9M06) and included property revenues of €13.1 mn (vs. €43.2 mn in 9M05).

Equity attributable to parent company shareholders amounted to €218.7 mn whilst minority interest amounted to €6.3 mn.

During the current financial year the option to convert the subordinated loan into parent company shares became exercisable. As at 30 September 2006, following conversion applications, share capital had increased from €30,000,000 to €30,345,790.

In view of performance in the period, it is deemed reasonable to confirm the full-year 2006 forecast of consolidated ROE<sup>1</sup> in the region of 16%.

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<sup>1</sup> Net profit / ((opening equity + year-end equity)/2). For the purposes of this calculation equity excludes the reserve for unrealised capital gains.

For the nine months ending on 30 September 2006 the parent company Vittoria Assicurazioni SpA showed a net profit – as per Italian accounting standards (Italian GAAPs) – of €23.5 mn (€15.3 mn in the same period of 2005), with an increase of 53.5%. This result benefited from dividends distributed by foreign associate companies totalling €7,250 mn, of which €5.0 mn referring to profits already reported in previous years' consolidated accounts.

Milan, 9 November 2006

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Attachments: Consolidated income statement (IFRS-compliant) and reclassified statutory income statement of Vittoria Assicurazioni SpA (compliant with Italian GAAPs)

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### **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.

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**Vittoria Assicurazioni Group**  
**Consolidated income statement**

(Amounts in €'000)

		First 9 months 2006	First 9 months 2005	FY2005	3rd quarter 2006	3rd quarter 2005
1.1	Net premiums	335.485	335.539	452.955	106.320	118.457
1.1.1	<i>Gross premiums</i>	390.767	403.307	539.385	125.303	144.139
1.1.2	<i>Ceded premiums</i>	55.282	67.768	86.430	18.983	25.682
1.2	Commission income	645	1.447	1.943	10	563
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit and loss	-4	52	45	40	14
1.4	Income from investments in subsidiaries, associates, and joint ventures	12.986	4.224	6.532	1.800	1.203
1.5	Income and gains from other financial instruments and investment property	33.831	34.127	44.593	11.689	10.191
1.5.1	<i>Interest income</i>	32.953	28.986	38.863	11.564	9.902
1.5.2	<i>Other income</i>	878	1.044	1.605	125	318
1.5.3	<i>Realised gains</i>	-	4.097	4.097	-	1
1.5.4	<i>Unrealised gains</i>	-	-	28	-	-30
1.6	Other revenues	17.445	50.742	60.314	4.025	12.141
<b>1</b>	<b>TOTAL REVENUE</b>	<b>400.388</b>	<b>426.131</b>	<b>566.382</b>	<b>123.884</b>	<b>142.569</b>
2.1	Net charges relating to claims	261.666	265.798	353.429	83.986	90.492
2.1.1	<i>Amounts paid and change in technical reserves</i>	298.496	323.431	422.812	94.574	117.866
2.1.2	<i>Reinsurers' share</i>	-36.830	-57.633	-69.383	-10.588	-27.374
2.2	Commission expense	315	237	722	67	102
2.3	Losses on investments in subsidiaries, associates, and joint ventures	91	-	298	22	-
2.4	Expense and losses on other financial instruments and investment property	3.624	3.763	5.117	1.313	1.128
2.4.1	<i>Interest expense</i>	3.572	3.763	5.117	1.304	1.128
2.4.2	<i>Other expense</i>	-	-	-	-	-
2.4.3	<i>Realised losses</i>	9	-	-	9	-
2.4.4	<i>Unrealised losses</i>	43	-	-	-	-
2.5	Operating costs	86.424	90.284	125.519	25.274	34.121
2.5.1	<i>Commission and other acquisition costs</i>	62.618	63.794	88.006	17.443	25.595
2.5.2	<i>Investment management costs</i>	591	652	729	219	290
2.5.3	<i>Other administrative costs</i>	23.215	25.838	36.784	7.612	8.236
2.6	Other costs	7.553	6.569	12.061	1.998	584
<b>2</b>	<b>TOTAL COSTS</b>	<b>359.673</b>	<b>366.651</b>	<b>497.146</b>	<b>112.660</b>	<b>126.427</b>
	<b>PROFIT (LOSS) FOR THE PERIOD/YEAR BEFORE TAX</b>	<b>40.715</b>	<b>59.480</b>	<b>69.236</b>	<b>11.224</b>	<b>16.142</b>
3	Income tax	12.620	22.371	24.877	4.411	6.462
	<b>PROFIT (LOSS) FOR THE PERIOD/YEAR</b>	<b>28.095</b>	<b>37.109</b>	<b>44.359</b>	<b>6.813</b>	<b>9.680</b>
4	<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS</b>	-	-	-	-	-
	<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>28.095</b>	<b>37.109</b>	<b>44.359</b>	<b>6.813</b>	<b>9.680</b>
	of which attributable to parent company shareholders	27.242	33.380	39.979	6.590	8.739
	of which attributable to minority interest	853	3.729	4.380	223	941
	Base earnings per share (EPS)	0,90	1,11	1,33	0,22	0,29
	Diluted EPS	0,82	1,01	1,21	0,20	0,26

# Vittoria Assicurazioni SpA (compliant with Italian GAAPs)

## Reclassified income statement

(Amounts in €'000)

	First 9 months 2006	First 9 months 2005	FY2005	3rd quarter 2006	3rd quarter 2005
<b>TECHNICAL ACCOUNT</b>					
<b>Life business:</b>					
<b>Direct insurance</b>					
(+) Gross premiums written	80.372	83.406	117.760	22.340	30.885
(-) Charges relating to claims	65.716	53.423	91.497	26.620	15.888
(-) Change in mathematical reserves and other technical reserves	28.993	46.838	42.720	4.847	23.854
(+) Net balance of other technical captions	653	828	1.111	141	247
(-) Operating costs	9.433	10.396	13.754	2.949	3.445
(+) Income from investments where risk is borne by company (Class C) net of portion transferred to the non-technical account	20.747	18.399	24.885	7.179	7.032
(+) Income from investments where risk is borne by policyholders - Class D	6.680	9.975	9.343	4.888	4.263
<b>Direct insurance results</b>	<b>4.310</b>	<b>1.951</b>	<b>5.128</b>	<b>132</b>	<b>-760</b>
Outward reinsurance result	100	389	614	179	473
Retained direct insurance result	<b>4.410</b>	<b>2.340</b>	<b>5.742</b>	<b>311</b>	<b>-287</b>
Indirect and retroceded insurance result	-31	-31	-55	1	-8
<b>Result of Life technical account</b>	<b>4.379</b>	<b>2.309</b>	<b>5.687</b>	<b>312</b>	<b>-295</b>
<b>Non-life business:</b>					
<b>Direct insurance</b>					
(+) Gross premiums written	318.005	307.355	432.416	96.217	92.871
(-) Change in premiums reserve	-3.255	-14.067	8.178	-11.098	-20.704
(-) Charges relating to claims	223.457	229.892	295.776	73.127	82.355
(-) Change in other technical reserves	292	315	484	87	77
(+) Net balance of other technical captions	-1.922	-2.857	-3.251	-246	-251
(-) Operating costs	84.490	78.041	111.166	26.175	24.332
<b>Direct insurance results</b>	<b>11.099</b>	<b>10.317</b>	<b>13.561</b>	<b>7.680</b>	<b>6.560</b>
Outward reinsurance result	-3.352	-3.680	-3.172	-2.251	-3.211
Retained direct insurance result	<b>7.747</b>	<b>6.637</b>	<b>10.389</b>	<b>5.429</b>	<b>3.349</b>
Indirect and retroceded insurance result	245	1.673	331	30	1.438
<b>Total retained insurance result</b>	<b>7.992</b>	<b>8.310</b>	<b>10.720</b>	<b>5.459</b>	<b>4.787</b>
(-) Change in equalisation reserve	185	176	260	54	54
(+) Portion of investment income transferred from non-technical account	16.832	7.306	10.170	7.317	2.231
<b>Result of Non-life technical account</b>	<b>24.639</b>	<b>15.440</b>	<b>20.630</b>	<b>12.722</b>	<b>6.964</b>
<b>Result of technical account</b>	<b>29.018</b>	<b>17.749</b>	<b>26.317</b>	<b>13.034</b>	<b>6.669</b>
(+) Income from Non-life investments net of portion transferred to technical account	4.075	1.737	2.356	1.859	556
(+) Portion of investment income transferred from Life technical account	1.888	1.628	2.246	663	612
(+) Other income	1.565	1.426	2.008	645	598
(-) Interest on financial liabilities	674	743	990	211	248
(-) Other charges	3.444	2.675	5.331	1.165	878
<b>Result of ordinary operations</b>	<b>32.428</b>	<b>19.122</b>	<b>26.606</b>	<b>14.825</b>	<b>7.309</b>
(+) Extraordinary income	318	4.652	4.725	15	139
(-) Extraordinary charges	141	72	79	71	20
<b>Profit before tax</b>	<b>32.605</b>	<b>23.702</b>	<b>31.252</b>	<b>14.769</b>	<b>7.428</b>
(-) Taxation of profit	9.129	8.407	10.922	4.417	2.451
<b>Net profit</b>	<b>23.476</b>	<b>15.295</b>	<b>20.330</b>	<b>10.352</b>	<b>4.977</b>