

Vittoria Assicurazioni

SOCIETÀ PER AZIONI (SpA) - JOINT STOCK COMPANY
REGISTERED OFFICES: VIA CALDERA 21 - 20153 MILAN - ITALY
SHARE CAPITAL: EUR 32,666,088.00 FULLY PAID IN
TAX CODE & MILAN COMPANIES REGISTER NO. 01329510158 - R.E.A. NO. 54871
COMPANY AUTHORISED TO PERFORM INSURANCE ACTIVITIES
PURSUANT TO ART. 65 OF ITALIAN ROYAL DECREE LAW NO. 966 OF 29.4.1923

86th year of business

2007 Annual Report & Accounts

Annual General Meeting
of Shareholders
29 April 2008



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

Summoning of the Annual General Meeting of Shareholders

The shareholders of Vittoria Assicurazioni SpA are summoned to attend the ordinary Annual General Meeting (AGM) to be held at Palazzo Affari ai Giureconsulti, Piazza Mercanti 2, Milan, on Tuesday, 29 April 2007, at 10.30 a.m. on first call and, if necessary, on Wednesday, 28 April 2007, at the same time and place, on second call, to discuss and vote on the following:

AGENDA

1. Financial statements for the year ending on 31 December 2007 and reports of the Board of Directors and of the Board of Statutory Auditors; related resolutions;

The documentation indicated in Article 2429 of the Italian Civil Code concerning agenda items will be lodged at the company's registered offices and c/o Borsa Italiana SpA, the company managing the Italian stock market, within the timeframe required by current regulations, and made available to the public. Shareholders can obtain a copy of this documentation.

Holders of ordinary shares who have requested, and obtained from custodian intermediaries, that specific notification of such ownership be sent to Vittoria Assicurazioni SpA, pursuant to Articles 33 and 34 of CONSOB (Italian securities & exchange commission) ordinance no. 11758 of 23 December 1998, will have the right to attend the AGM.

At the shareholder's request, intermediaries must notify the issue of attendance of the AGM within the second working day after receipt of the aforesaid request or by the end of longer deadline consisting of the interval between the aforesaid request and the date established by the Articles of Association for prior lodging pursuant to Article 2370, paragraph 2, of the Italian Civil Code.

Participation in the AGM is regulated by Article 8 of the Articles of Association.

Holders of ordinary shares that have not yet been dematerialised must hand over such shares to an intermediary beforehand so that they can be included in the centralised dematerialised management system, pursuant to Article 51 of CONSOB ordinance of 23 December 1998, and request that the aforementioned notification be sent to Vittoria Assicurazioni SpA.

On behalf of the Board of Directors

Roberto Guarena
Managing Director

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BOARD OF DIRECTORS

Luigi GUATRI	Honorary Chairman
Giorgio COSTA	Chairman
Andrea ACUTIS	Executive Deputy Chairman
Carlo ACUTIS	Executive Deputy Chairman
Roberto GUARENA	Managing Director
Adriana ACUTIS BISCARETTI di RUFFIA	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
Edgar MÜLLER-GOTTHARD	Independent director
Lodovico PASSERIN d'ENTREVES	Independent director
Luca PAVERI FONTANA	Director
Robert RICCI	Independent director
Giuseppe SPADAFORA	Independent director
Mario RAVASIO	Secretary

BOARD OF STATUTORY AUDITORS

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

GENERAL MANAGEMENT

Cesare CALDARELLI*	Joint General Manager
Mario RAVASIO	Joint General Manager
Enrico CORAZZA	Central Manager
Antonio MASSOCO*	Central Manager
Piero Angelo PARAZZINI*	Central Manager

INDEPENDENT AUDITOR

BDO Sala Scelsi Farina
Società di Revisione per Azioni
(joint-stock auditing company)

(*) Appointed by the Board of Directors on 27 March 2008

APPOINTMENTS AND REMUNERATION COMMITTEE

Luca PAVERI FONTANA	Non-executive president
Francesco BAGGI SISINI	Independent non-executive member
Lodovico PASSERIN d'ENTREVES	Independent non-executive member

INTERNAL CONTROL COMMITTEE

Pietro Carlo MARSANI	Independent non-executive president
Francesco BAGGI SISINI	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

FINANCE COMMITTEE

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Giorgio COSTA	Non-executive member
Roberto GUARENA	Executive member
Luca PAVERI FONTANA	Non-executive member

REAL ESTATE COMMITTEE

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Francesco BAGGI SISINI	Independent non-executive member
Giorgio COSTA	Non-executive member
Roberto GUARENA	Executive member
Arnaud HELLOUIN de MENIBUS	Non-executive member
Luca PAVERI FONTANA	Non-executive member

In accordance with CONSOB (Italian securities & exchange commission) communication no. 97001574 of 20 February 1997 and given that the company Articles of Association delegate to the Chairman of the Board of Directors powers of legal representation of the company for transactions with third parties and in court and, with the approach established by the Board of Directors, to the Deputy Chairman and Managing Director, a brief description is provided below of the nature of the powers given by the Board of Directors (*), to be exercised on a disjoined basis, to:

The DEPUTY CHAIRMAN Carlo Acutis
and to the MANAGING DIRECTOR

- Purchase, exchange and sell buildings up to a maximum of € 10 (ten) million per transaction.
- Stipulate tender contracts and sign projects and specifications related to the company's buildings.
- Purchase and sell, without any limit on the amount, government securities or securities guaranteed by the government, non-convertible bonds and similar securities and units in CIUs (collective investment undertakings) that mainly invest in bonds.
- Purchase and sell, give and carry over shares, convertible bonds, investments in companies and bodies, units of closed-end funds and credit instruments in general up to a maximum of € 10 (ten) million, reduced to € 5 (five) million when the investments and divestments relate to investments in insurance companies or other companies with a corporate purpose directly related or functional to that business. The right to purchase and sell majority investments in other companies and bodies is in any case the prerogative of the Board of Directors, except for those transactions involving real estate companies within the limit of € 10 million per transaction.
- Purchase and sell units of CIUs, excluding closed-end funds, that invest in the equity segment, up to the maximum amount of € 15 (fifteen) million.
- Purchase and sell, without any limit on amount, debt and equity securities for the benefit of life policyholders who bear related risk and those arising from pension fund management.
- Grant loans and financing up to the amount of € 5 (five) million in all other cases, with the right to agree on all guarantees, including mortgages.

The right to issue sureties and endorsements on behalf of third parties is in any case the prerogative of the Board of Directors except for those for lease contracts related to the company's normal operations.

(*) Powers assigned by the Board of Directors on 27 April 2007.

Directors' report

To Our Shareholders

The financial statements for our 86th financial year submitted for your approval show a net profit of € 36,495 thousand (+33.0% over that of the previous financial year (FY), which amounted to € 27,437 thousand). This corresponds to ROE of 18.8% (17.1% in FY2006).

The key operating items contributing to the period's result are described below.

Total insurance premiums written amounted to € 636,526 thousand with an 8.4% YoY increase.

Total investments managed for the overall Life business amounted to € 854,711 thousand (+7.7%).

Direct Life insurance premiums amounted to € 141,087 thousand, of which € 93,019 thousand for single premiums and € 48,068 for recurrent premiums, respectively accounting for 65.9% and 34.1% of the total. More specifically, the 7.1% growth of premiums was achieved via the development of specific insurance covers relating to the "20% salary-assignment loan" (= cessione del quinto, in Italian) area and, as regards contracts with a higher financial content relating to segregated asset management accounts, thanks also to the good returns of the products marketed. Besides low-risk investments made in the market, the company's financial policy is also directed towards real estate initiatives undertaken via the Group's specialised companies. These initiatives' returns permit appreciable remuneration of life policyholders, as emerges from segregated accounts' results shown below in descending order of assets managed:

- Vittoria Rendimento Mensile: gross return = 5.00%;
- Vittoria Valore Crescente: gross return = 5.12%;
- Vittoria Liquinvest: gross return = 4.78%.

Direct Non-Life (i.e. property & casualty) premiums totalled € 494,971 thousand, with an 8.9% YoY increase. The loss ratio (claims/premiums ratio) and the combined ratio of retained insurance business were 71.3 and 98.9% respectively, as compared with 68.7% and 98.1% in the previous FY.

Motor premiums written increased by 5.3%. More specifically, the land vehicle hulls branch progressed by 3.0%, thanks to consolidation of the commercial agreements in place and to the start of further agreements made during the year. The motor TPL (third-party liability) branch featured a 6.2% increase in the number of vehicles/year insured with a 5.6% increase in premiums. Factors contributing to this growth were the constant attention dedicated to affinity groups and strengthening of the commercial organisation via the inauguration of new sales outlets.

Premiums written for direct Non-Marine business increased significantly, i.e. by +19.7%. This result was achieved thanks to the constant attention dedicated to the sector – considered strategic by the company as the aim is to improve portfolio mix. Excluding the contribution of the pecuniary loss branch – involved in 20% salary-assignment loan covers - Non-Marine premiums grew by 6.6%.

Premiums for Specialty categories (i.e. marine & transport, aviation, and credit & suretyship) progressed by 0.4%. This trend was due to the severe risk selection criteria applied during underwriting.

Overheads as a percentage of total direct insurance revenues increased from 9.1% to 9.3%. This was mainly due to the new costs arising from the so-called Bersani Decree concerning information disclosures to policyholders and from the Italian Insurance Code as regards training of all members of the sales network.

Investments totalled € 1,511,386 thousand (+7.2%), split as follows: € 95,333 thousand for investments with risk borne by policyholders and € 1,416,053 thousand for those with risk borne by the company. Ordinary income from investments with risk borne by the company amounted to € 68,315 thousand with a 21.5% increase. This result reflects a dividend

distribution policy staggered over time that leads to incorporation in individual year-end accounts of positive results already recognised in previous consolidated year-end accounts.

The shareholders' equity of Vittoria Assicurazioni SpA amounted to € 215,362 thousand with an increase of 24.4%.

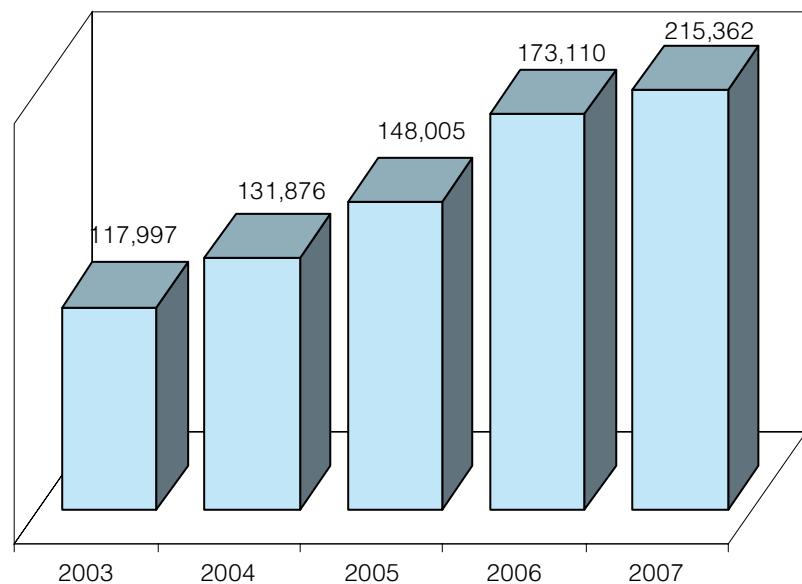
30 October 2007 marked the end, for 2007, of the annual conversion period envisaged by the Regulation for the "Vittoria Assicurazioni – Fixed/Floater 2001/2016" bond issue. The nominal amount of bonds converted totalled € 10,629,432, which led to an increase of the company's share capital from € 30,451,623 to € 32,666,088 and of the share premium reserve from € 21,857,987 to € 30,272,954.

If investments in subsidiaries and associate companies (used as vehicles for transactions prevalently relating to real estate) had been equity-accounted – as done in consolidated financial statements – rather than at historical cost, net capital relating to the available portion of shareholders' equity (thus excluding the portion allocated to the life business's segregated accounts) would have been € 87,028 thousand higher, as shown in the table in Part C "Other information".

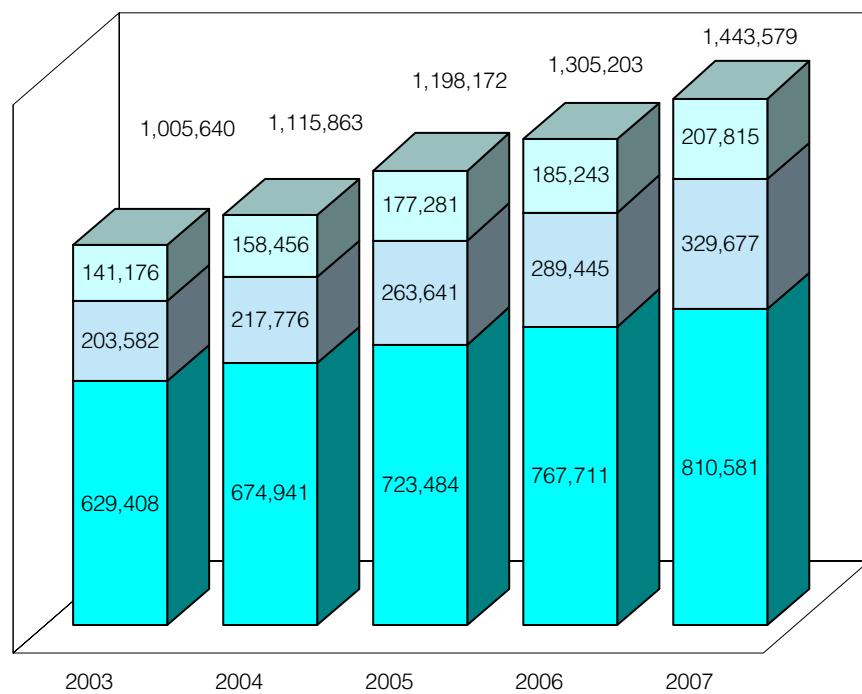
As a result of the above considerations, the components of shareholders' equity valid for coverage of the solvency margin would rise from € 194,593 thousand to € 281,621 thousand. This, compared with the regulatory solvency margin amount of € 102,199 thousand, would lead to a coverage ratio of 2.76x.

As shown in the consolidated financial statements, equity attributable to the parent company's shareholders increased by 41.7% to € 320,770 thousand.

SHAREHOLDERS' EQUITY (in thousands of euros)



TECHNICAL PROVISIONS, LIFE and Non - LIFE
(net of reinsurers' share)
(in thousands of euros)



Review of operating performance

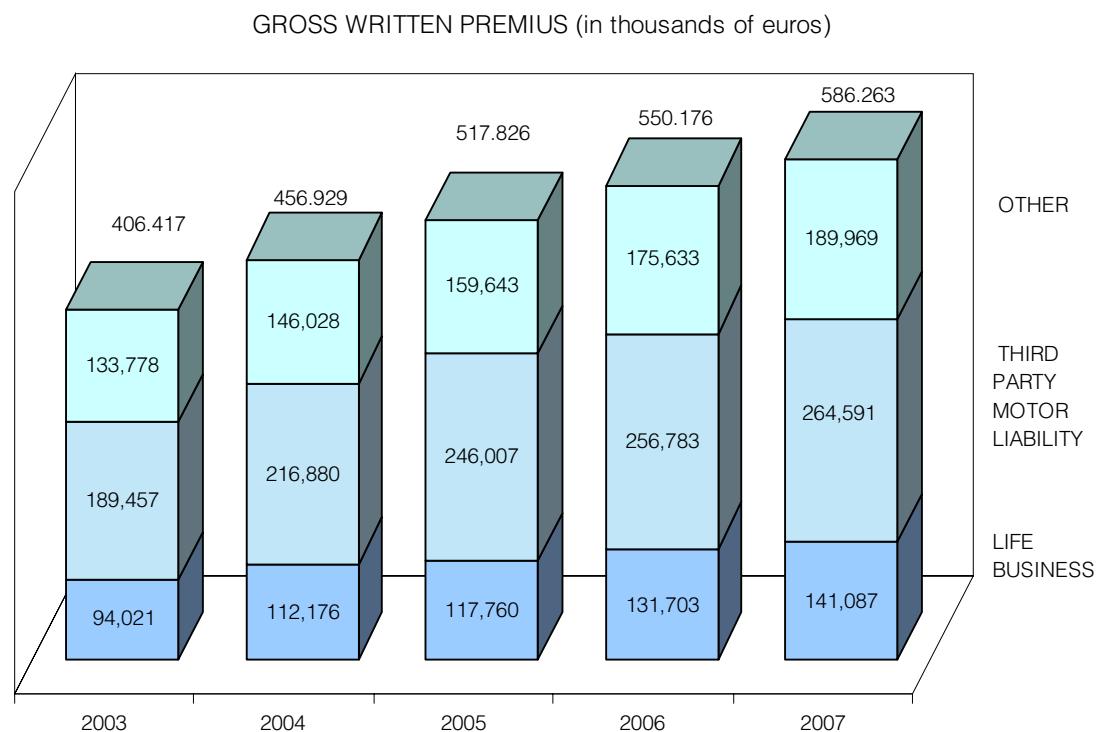
The following table compares, for each line, premiums written in FYs 2007 and 2006 and their contribution to the total portfolio mix:

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2007 AND 2006 DIRECT AND INDIRECT BUSINESS

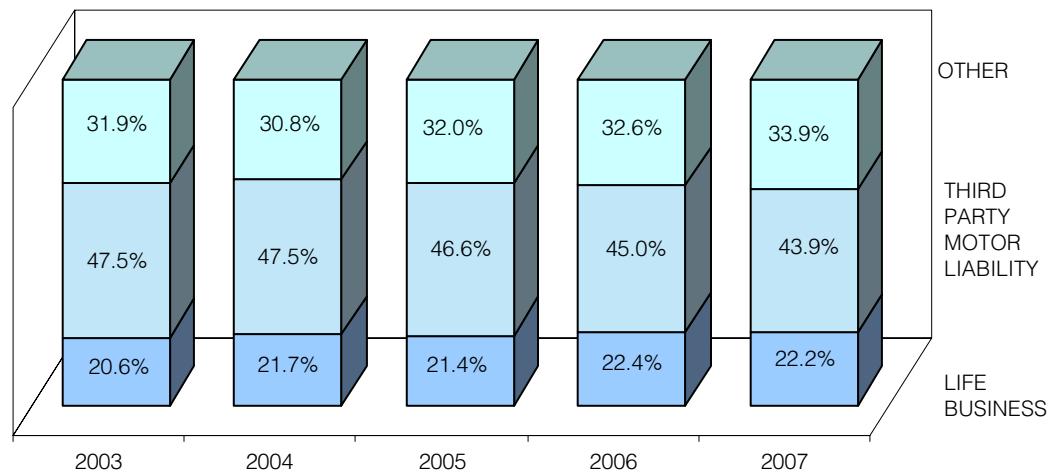
	Year 2007	Year 2006	YoY change %	% of total book 2007 2006	
Domestic direct business					
Life business					
I Whole- and term life	114,262	65,012	75.8	18.0	11.0
II Marriage and birth insurance	-	-	n.v	-	-
III. Unit-linked policies	6,169	16,376	-62.3	1.0	2.8
IV Health (long-term care)	324	309	4.9	-	0.1
V Capitalisation	19,079	49,695	-61.6	3.0	8.4
VI Unit trust management	1,253	311	302.9	0.20	0.1
Total Life business	141,087	131,703	7.1	22.2	22.4
Non-Life business					
Accident	27,455	25,842	6.2	4.3	4.4
Health	8,495	7,858	8.1	1.3	1.3
Fire and natural events	27,973	25,320	10.5	4.4	4.3
Miscellaneous damage	17,055	15,830	7.7	2.7	2.7
General TPL (third-party liability)	26,822	26,480	1.3	4.2	4.5
Pecuniary losses	31,068	14,580	113.1	4.9	2.5
Legal protection	2,490	2,167	14.9	0.4	0.4
Total non-marine lines (exc. specialty ar	141,358	118,077	19.7	22.2	20.1
Railway rolling stock	2	2	0.0	0.0	0.0
Aircraft hulls	835	2,308	-63.8	0.1	0.4
Marine hulls	1,086	481	125.8	0.2	0.1
Cargo insurance	1,619	1,739	-6.9	0.3	0.3
Aviation TPL	121	185	-34.6	0.0	0.0
Credit insurance	1	1	0.0	0.0	0.0
Bond insurance	9,149	8,046	13.7	1.4	1.4
Total specialty lines	12,813	12,762	0.4	2.0	2.2
Third-party motor liability	279,378	264,591	5.6	43.9	45.0
Third-party marine liability	392	343	14.3	0.1	0.1
Motor vehicle hulls	56,873	55,203	3.0	8.9	9.4
Support and assistance	4,157	3,584	16.0	0.6	0.6
Total motor lines	340,800	323,721	5.3	53.5	55.1
Total Non-Life business	494,971	454,560	8.9	77.7	77.4
Total direct business	636,058	586,263	8.5	99.9	99.8
Domestic indirect business					
Life business	1	28	-96.4	0.0	0.0
Non-Life business	467	1,198	-61.0	0.1	0.2
Total indirect business	468	1,226	-61.8	0.1	0.2
Grand Total	636,526	587,489	8.4	100.0	100.0

The following charts highlight premium volume and portfolio breakdown in the last five FYs.

Italian Direct Business



PORTFOLIO MIX



Life business

The products currently marketed by the company cover all insurance business lines, from savings ("revaluable" policies relating to segregated accounts), protection (policies covering risks of death, disability, and non-self-sufficiency (i.e. long-term care)) and supplementary pension plans (individual pension schemes and open-ended pension fund). The product range also includes unit-linked financial policies. The lines marketed include policies that envisage the possibility of converting the benefit accrued into an annuity. Conversion takes place at the conditions in force when the option is exercised. The types of tariffs used are those for endowment, whole-life and term-life policies, on both an annual and single-premium basis, and fixed term policies, plus group tariffs for whole/term life and/or disability policies. Contractual terms are updated constantly and are in line with those commonly offered by the market.

The key features of FY2007 are summarised in the following table, where they are compared with data for the previous FY:

	2007 Results			(in thousands of euros)		
	Non - linked	Linked	Total	Non - linked	Linked	Total
Premium Income	131,489	7,422	138,911	112,526	16,687	129,213
Other technical Income/(Costs)	-5	899	894	-25	973	948
Change in Technical Provisions	-53,761	18,405	-35,356	-53,576	6,317	-47,259
Claims paid	-77,405	-23,460	-100,865	-68,335	-34,028	-102,363
Overheads	-24,343	-673	-25,016	-13,517	-722	-14,239
Investment Income	32,952	-1,975	30,977	30,342	10,917	41,259
Operating Profit before Tax	8,927	618	9,545	7,415	144	7,559
Extraordinary Investment Income	697	-	697	-	-	-
Profit before Tax	9,624	618	10,242	7,415	144	7,559

The increase reported in operating costs was due to growth of premiums relating to 20% salary-assignment loan business. Although technically advantageous, these require higher acquisition costs than the average for other products.

Extraordinary income refers to the incidental income generated by the favourable outcome of the tax dispute pending in the Italian Supreme Court. For further details on this, reference should be made to the "Tax Status" section in the explanatory notes to accounts.

Premiums written for direct business grew by 7.1%. Their breakdown by business line is detailed in the schedule of premiums written. The growth in premiums was achieved thanks to the development of Class I growth (whole- and term-life insurance policies), as the Company pursued the policy to privilege risk products, also considering the financial markets turbulence.

* For non-Italian readers: with the Italian "revaluable" policy, which is of the endowment type, the insurance company, at the end of each year, grants a bonus that is credited to mathematical reserves and depends on the performance of an investment portfolio. This bonus is determined in such a way that total interest credited to the insured is equal to a given percentage of the annual return of the reference portfolio and in any case does not fall below the minimum interest rate guaranteed. The "revaluable" policy is therefore of the participating type.

In FY2007 the funds relating to segregated accounts achieved the following returns:

	(in thousands of euros)	
	Average rate of return	Total investments
Vittoria Rendimento Mensile	5.00%	350,107
Vittoria Valore Crescente	5.12%	272,647
Vittoria Liquinvest	4.78%	9,727

The rate of return allocated to policyholders complies with the specific contractual terms stipulated.

As done in previous years, in 2007 acquisition commissions on long-term policies and incentives paid to agents for new business were deferred, i.e. capitalised, and amortised within the total limit of associated loading of premiums, depending on contracts' duration and in any case over a period not exceeding 10 years.

Claims, accrued capital sums & annuities, and surrenders

The following table summarises, for direct business, claims, accrued capital sums & annuities, plus surrenders as at 31 December 2007, compared with the previous FY's figures, for Classes I (whole/term life), IV (long-term care), and V (capital redemption).

	(in thousands of Euros)	
	31/12/2007	31/12/2006
Claims	2,789	3,309
Accrued sums and annuities	51,539	48,238
Surrenders	29,466	22,297
Total	83,794	73,844

Surrenders and claims relating to investments for which policyholders bear the risk (Classes 3 (unit- and index-linked policies) and VI (open-ended pension fund) totalled € 23,460 thousand vs. € 34,030 thousand in FY2006.

Reinsurance

Outward reinsurance

In the Life business, the main treaties in place, which relate to Class 1 (whole/term life), are as follows:

- Excess of risk premium
- Pure office premiums – treaties set up in 1996 and 1997.

Ceded premiums amounted to Euro 2,177 thousand in 2007.

Inward reinsurance

With respect to the life business, there is a traditional pure-premium treaty no longer fed with new business which merely records changes occurring in the related portfolio.

Non-Life business

Technical result

The following table shows – in total and by categories – the technical results of direct and indirect business, net of related outward reinsurance, equalisation (i.e. smoothing) reserves –as indicated in Appendices 25 and 26 of the Explanatory Notes – compared with the same data for the previous FY. The result shown does not take allocation of investment income earned during the FY into account.

Non Life Business - 2007 Results				(in thousands of euros)	
	Technical results of direct business net of outwards	Technical results of indirect business net of outwards	Change in equalisation provisions	2007 Technical result	2006 Technical result
Non - Marine lines	6,716	91	-110	6,697	5,873
Specialty business	-1,498	-26	-5	-1,529	-594
Motor business	2,720	-1	-171	2,548	4,818
Total Non Life Business	7,938	64	-286	7,716	10,097

Technical performance shows a loss ratio and a combined ratio for retained business of 71.3% and 98.9% respectively, as compared with 68.7% and 98.1% in FY2006. Based on this, the following considerations can be made for the various lines.

NON-MARINE BUSINESS

Non-marine premiums increased by 19.7% strengthening the growth of their weight in the parent company's book. The technical result was positive and up vs. 2006, also thanks to the positive results of the fire and accident lines.

Accident insurance: this line's premiums grew by 6.2%. The year's technical performance featured a decrease in claims frequency and average cost vs. 2006, also because of a tangible decrease in peak claims. The positive technical result was higher than in the previous year.

Health insurance: Following revamping of products to tailor them more closely to customer needs, based on customers' economic/geographical area, this line's premiums grew by 8.1%. The underwriting criteria applied made it possible to reduce claims frequency vs. FY2006. The technical result was negative due to a persistent number of serious claim events with a high average cost.

Fire and natural elements: this insurance business continued to grow, mainly in the personal line and SME category, with a 10.5% increase in premiums written. Observance of severe risk selection criteria applied with the agency network's active assistance, plus cover provided for larger companies underpinned by an appropriate reinsurance policy, permitted achievement of a technical positive result, better than in the previous year.

Other asset damage: premiums for this branch, which includes the risk of theft, electronic equipment and technological damage, and hail, grew by 7.7%. The claim loss ratio was down vs. that of FY2006, also thanks to the decrease in claims frequency. The technical result was negative, even though less so than in the previous year.

General TPL: premiums increased by 1.3%, much less than average Non-Marine premium growth. This was due to conclusion of tariff adjustment policies implemented in the last few years to right the operating result. Reform of the General TPL book, with special reference to contracts featuring a high incidence of claims led to further reduction of claims frequency. This, notwithstanding the increase in average cost, had a positive impact on the line's results. After several years, the technical result broke even, confirming the clear inversion of trend emerging in recent years and the possibility of achieving the operating targets set for this line.

Pecuniary loss: premiums in this branch grew by 113.1% thanks to development of business in the "20%-salary-assignment loan" ("cessione del quinto") segment. The technical result was positive, albeit lower than that of 2006 due to the impact of acquisition costs arising from the considerable growth of premiums.

Legal protection: Premiums in this branch progressed by 14.9%, largely thanks to cover provided for risks arising from the use of cars. During the year we started sale of new products targeting the household segment. The technical result was positive, showing further growth compared with that of 2006.

SPECIALTY BUSINESS

Branches in this category showed an increase of 0.4%, notwithstanding the significant reduction of activity in the field of general aviation and flight risks. The overall technical result was still negative, worse than in the previous year.

Credit & suretyship: Premiums written increased by 13.7%, confirming the growth trend already reported in FY2006. Premium growth particularly related to the segment of warranties for buyers of homes as required by Italian Law 210/2004 [concerning newly built or about-to-be-built homes]. Selection of underwriting risks permitted further reduction of the claim loss ratio in FY2007. The claims reserve was further strengthened to fulfil commitments arising from execution of policies hit by claims in previous years. The technical result, although remaining negative, confirmed the trend towards technical breakeven.

Aircraft hulls – Aircraft TPL: premiums written decreased by 61.7% due to reduction of underwriting activity in the general aviation and flight risks segment. The technical result was negative.

Ship hulls (sea, lake, and river) and railway rolling stock: premiums grew by 125.8% thanks to growth in business in the leisure boat segment, including cover during building. The technical result was negative due to an increase in the frequency of small claims.

Cargo (goods in transit): premiums written decreased by 6.9% due to discontinuation of dealings with some brokers. Careful selection of underwriting risks and tight management of recoveries once again permitted achievement of a positive technical result.

MOTOR BUSINESS

Motor lines featured 5.3% growth in premiums written. The overall technical result remained positive, although lower than in FY2006.

Third-party liability for land motor vehicles and for watercraft (sea, lake, and river).

Premiums written grew by 5.6% following an increase in the number of vehicles/year insured, which increased by 6.2% in the land motor vehicle TPL segment, whereas tariffs remained substantially unchanged.

Company policies in this segment continue to aim for further customisation, also via new contractual conditions. These are designed to further increase retention, introducing an insurance approach targeting the whole family as opposed to the previous, more exquisitely individual approach.

During FY2007 the segment's operations were heavily influenced by start-up of the knock-for-knock procedure introduced by the Private Insurers Code. The investments made for the launch of this procedure enabled us to address the new approach to claims handling positively. The delay shown by a significant part of the market in adopting the new procedures – as regards both reporting of claims and settlement – does not yet permit full assessment of the effects of the new operating approach. There was a negative result due to adjustment of claims reserves to align them with the development of jurisprudence concerning bodily injury, as well as to topping up of accruals for IBNR (incurred but not reported) claims relating to the market situation concerning the knock-for-knock system.

Land motor vehicle, watercraft, and rail rolling stock hulls and Assistance. These lines consist of ancillary cover for the types of vehicle mentioned in the description. Premiums featured an increase of 4.8%, higher than in 2006, due to the increase in the number of vehicles insured. The underwriting policy continued: besides dedicating special attention to combination of ancillary cover with Motor TPL and to further development of affinity groups, this also focused on consolidating collaboration – via the agencies – with the dealer networks for newly registered vehicles and related services. The technical result, thanks also to the action taken to reduce claim frequency and average cost, was positive, showing progress compared with FY2006.

Claims

Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during the year:

	Year 2007		Year 2006		(in thousands of euros)	
	number	total cost	number	total cost	number	total cost
Accident insurance	5,971	15,645	5,820	17,344	2.6	-9.8
Health insurance	3,587	4,962	3,518	3,889	2.0	27.6
Fire and natural events	4,435	13,675	4,568	10,377	-2.9	31.8
Miscellaneous damages	8,274	13,950	8,222	12,816	0.6	8.8
Third-party general liability	6,822	21,052	8,207	20,421	-16.9	3.1
Pecuniary losses	849	3,151	144	330	489.6	855.5
Legal protection	180	92	246	145	-26.8	-36.6
Total non-motor businesses	30,118	72,527	30,725	65,322	-2.0	11.0
Third-party aviation liability	10	2,335	14	1,091	-28.6	114.1
Third-party marine liability	32	250	15	88	113.3	184.9
Cargo insurance	431	1,697	452	2,381	-4.6	-28.7
Third-party aviation liability	4	24	20	128	-80.0	-81.3
Credit insurance	1	4	-	-	-	-
Bond insurance	115	3,138	111	4,465	3.6	-29.7
Total Special businesses	593	7,448	612	8,153	-3.1	-8.6
Third-party motor liability	64,400	198,790	62,339	169,819	3.3	17.1
Third-party marine liability	53	332	42	142	26.2	133.7
Motor vehicle hulls	18,800	32,792	18,304	32,580	2.7	0.7
Support and assistance	7,979	1,107	7,501	713	6.4	55.3
Total motor businesses	91,232	233,021	88,186	203,254	3.5	14.6
Total non-life businesses	121,943	312,996	119,523	276,729	2.0	13.1

For Motor TPL claims (land vehicles and watercraft) occurring from 1 February 2007 onwards, the regulation concerning the Inter-insurer Agreement for Direct Compensation (knock-for-knock system – Italian acronym = CARD) is applied for settlement of damages, in compliance with the requirements of the Italian Insurance Code.

As regards Motor TPL reported claims, the following table shows data by claim handling type:

Branch	Claim handling Type	(in thousands of euros)	
		31/12/07	
Motor TPL - land	K-for-K - liable	36,757	82,146
Motor TPL - land	K-for-K - originator	44,126	99,219
Motor TPL - land	Non K-for-K claims	27,643	116,644
Motor TPL - watercraft	Non K-for-K claims	53	332
Total Motor T.P.L. claims handled		108,579	298,341

The company received 70,082 reports of claim events to be managed as originator, against which it will complete recoveries from other insurers for a total of € 90,334 thousand, based on the forfeitary amounts established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

Claims paid

The gross cost of all generations of claims, which comprises the cost of the claims handling organisation, is shown in Appendix 19 to the Explanatory Notes.

The following table shows the amount of claims paid for direct business, net of recoveries, and the amount charged to reinsurers:

							(in thousands of euros)	
	Claims paid 31/12/07			Claims recovered from reinsurers	Claims paid 31/12/06			
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	3,570	9,122	12,692	2,320	3,807	6,455	10,262	23.7
Health insurance	3,330	2,063	5,393	-	2,673	2,299	4,972	8.5
Fire and natural events	5,012	4,763	9,775	191	4,937	5,362	10,299	-5.1
Miscellaneous damages	9,174	3,916	13,090	383	7,684	3,762	11,446	14.4
Third-party general liability	4,950	11,074	16,024	1,047	3,275	10,145	13,420	19.4
Pecuniary losses	611	573	1,184	-	131	36	167	609.0
Legal protection	1	20	21	18	2	9	11	90.9
Total non-motor businesses	26,648	31,531	58,179	3,959	22,509	28,068	50,577	15.0
Third-party aviation liability	1,100	45	1,145	965	673	1,030	1,703	-32.8
Third-party marine liability	63	58	121	7	35	48	83	45.8
Cargo insurance	176	574	750	633	536	542	1,078	-30.4
Third-party aviation liability	-	121	121	114	19	5	24	404.2
Credit insurance	4	-	4	-	-	-	-	n.v.
Bond insurance	5,107	3,338	8,445	4,016	1,736	1,179	2,915	189.7
Total Special businesses	6,450	4,136	10,586	5,735	2,999	2,804	5,803	82.4
Third-party motor liability	73,745	120,425	194,170	28,003	77,946	111,085	189,031	2.7
Third-party marine liability	119	116	235	-	42	118	160	46.9
Motor vehicle hulls	18,211	8,839	27,050	140	16,544	8,808	25,352	6.7
Support and assistance	1,029	365	1,394	1,114	940	366	1,306	6.7
Total motor businesses	93,104	129,745	222,849	29,257	95,472	120,377	215,849	3.2
Total non-life businesses	126,202	165,412	291,614	38,951	120,980	151,249	272,229	7.1

The additional cost borne in 2007 for the road-accident victim guarantee fund was € 6.561 thousand vs. € 6,247 thousand in the previous year.

Claims settlement speed

The following table shows claims settlement speed based on the number of reported claims, net of claims eliminated without payout, split by present and aged claims for the main lines of insurance business.

	(percentages)			
	current generation		previous generations	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Accident insurance	60.02	55.62	74.90	72.27
Health insurance	85.42	77.63	62.70	91.75
Motor vehicle hulls	85.57	85.30	82.98	82.55
Fire and natural events	86.00	79.89	75.77	58.92
Miscellaneous damages - theft	87.02	79.36	85.88	80.40
Third-party motor liability	73.14	68.57	70.99	69.92
Third-party general liability	66.44	53.43	40.81	38.82

Claims reserve run-off – Direct business

The claims reserve existing at the beginning of FY2007, compared with costs borne in the year for previous years' claim events - consisting of payments made and year-end reserving for claims yet to be paid – showed, for the only direct business, a loss of 6,366 thousand, i.e. 1.4% of opening reserves, as highlighted in the following table:

Direct Risks	(in thousands of euros)	
	2007	2006
Claims reserve brought forward	460,548	419,018
Amounts paid in the year related to claims occurred in previous years	-171,319	-157,980
Balance of claims recovered or to be recovered by policyholders	4,386	5,024
Claims reserve carried forward	-299,981	-274,688
Balance of portfolio transfers	0	0
Aggregate loss development table	-6,366	-8,626
% of incidence on claims reserve brought forward	-1.4%	-2.1%

Reinsurance

Outward reinsurance

Corporate policies concerning outward reinsurance are based on the same selection criteria as those applied for direct underwriting. They aim for development and size of the insurance book in relation to the entity of risks covered and for achievement of balanced net retention. Transactions are undertaken internationally with highly rated reinsurers.

The main existing treaties relate to:

Non-life business	Type of treaty
Accident	Excess claims
Aviation hulls	Pure premium for general aviation Pure premium for flight risks Pure premium for general aviation
Cargo (goods in transit)	Voluntary-mandatory
Fire and natural events	Excess claims
Motor TPL	Pure premium (in 1H07 the part ceded was reduced from 20% to 10%) Excess claims
Aviation TPL	Pure premium for general aviation
General TPL	Excess claims
Suretyship	Pure premium
Legal protection	Pure premium
Assistance	Pure premium

Premiums ceded in the FY totalled € 47,833 thousand.

Inward reinsurance

Acceptance of risks relating to indirect business mainly arises from participation in syndicates and from business in Class 05 - Aircraft hulls/space risks.

Insurance risk management and analysis

Insurance risk management

Objectives

The company's insurance business is managed according to the following objectives:

- Diversification of types of insurance cover offered;
- Careful and correct pricing of policies;
- Diversification of risks based on customer segmentation (households, individuals, professionals, small business operators, SMEs and large companies) giving preference to net retention of personal and SME risks, without however neglecting larger companies whose policies are covered by adequate reinsurance;
- Diversification of sales channels (agents, bancassurance agreements, and brokers);
- Selective risk underwriting policy and continuous monitoring of risk trends;
- Organisation of an agency network capable of timely and professional response to customer needs;
- Strengthening of the affinity-group approach;
- Enhancement of customer loyalty via the sale of integrated products and services;
- Increase of the Non-Life market share, dedicating special attention to the non-motor segment, and increase of Life new-business growth rates;
- Consolidation of acquired portfolio;
- Consolidation of technical profitability and further improvement of the combined ratio, which shows the degree of coverage of charges relating to claims, sales costs and overhead costs in the non-life business;
- Constant updating of the New Age system, taking changes in headquarters and agency management processes into account, in order to monitor the insurance book, risk concentration and adequacy of claims settlement speed on an ongoing basis, paying special attention to changes in the insurance market.

Policies

The Group intends pursue the above objectives by applying the following policies:

- Strengthening of the agency network throughout Italy, thus ensuring the diversification of risk by geographical area and at the same time paying the utmost attention to areas with anomalous claims rate trends;
- Reinforcement of the agency network in terms of continuous training for both agents and their staff;
- Creation of transparent products for policyholders;
- Incentive campaigns for agents to assure the ideal mix of types of cover marketed;
- Use of outward reinsurance pursuing a policy of technical balance in mass risks and protection against peak and catastrophe claims;
- Limitation of costs, above all thanks to use of the new integrated headquarters/agency operating system, which improves the combined ratio;
- Presence of dedicated non-life actuaries, separate from those of the life business, thus permitting not only correct risk pricing (adjustment to the expected claims rate) but also development of customised tariffs with innovative content. The greatest degree of customisation has been achieved in the Motor TPL line with the parent company's lead product. The corporate sector, which includes large companies, has always featured pricing based on policyholder reliability and risk levels to be underwritten.

In order to permit control of risks underwritten, agents work according to a level of independence that is constantly monitored and updated, defined by limits that vary

depending on the type of cover and entity of risk. Beyond these limits, only headquarters personnel have the power to sign policies.

Financial and actuarial assumptions for Life insurance products

The assumptions used for valuation of the products sold, as regards both their financial and demographic aspects, are applied taking regulatory constraints into account (e.g., maximum limits for financial cover) and the latest information on demographic trends (e.g., mortality and/or survivorship) and portfolio trends (e.g. cancellations and surrenders, etc.).

When a new product is being created, certain assumptions are adopted (first-order technical bases) which, compatibly with the factors just mentioned, are initially screened, during development of appropriate actuarial valuations, using profit-testing techniques. The latter require the adoption of assumptions other than those previously defined as first-order assumptions. These further assumptions relate to:

- Macro-economic assumptions: trends in market interest rates, inflation, cash flow discount rates, etc.;
- Second-order assumptions: mortality and expected portfolio trends, and assets' rate of return, etc.;
- Business assumptions: levels of commercial and administrative costs and expenses.

As part of such valuations, sensitivity analyses are performed of how the result varies according to changes in the above assumptions.

A similar procedure is applied when moving from the *ex ante* valuation to the *ex post* valuation carried out on the entire portfolio in order to check the valuations made when designing the product.

Insurance risk analysis

In this section we describe the insurance risks to which the company is exposed. These risks are classified in three main categories, i.e. credit risk, concentration risks, and catastrophe cover (earthquakes, hail, space risks, and floods).

Credit risk

As regards credit risk, we highlight the fact that the company makes use of premier reinsurers. The following table shows the balance sheet transactions in place as at reporting date, by Standard & Poor's rating.

S&P Rating	(in thousands of Euros)							
	Deposits (positive balances)	Deposits (negative balances)	Current accounts (positive balances)	Current accounts (negative balances)	Reinsurers' share of technical reserves	Indirect business technical reserves	Total net balance sheet items	% of breakdown
AAA	-	-	-	-205	658	-	453	1.4%
AA+	-	-	-	-	-	-	-	0.0%
AA	-	-33	112	-657	2,766	-	2,188	6.6%
AA-	-	-38,012	140	-3,786	49,066	-359	7,049	21.2%
A+	-	-7,938	516	-1,171	13,328	-	4,735	14.3%
A	-	-204	375	-288	1,967	-	1,850	5.6%
A-	-	-10,226	301	-1,683	18,450	-	6,842	20.6%
BBB+	-	-	2	-	-	-	2	0.0%
BBB	-	-	-	-11	284	-	273	0.8%
Unrated	426	-219	2,057	-2,176	10,846	-1,125	9,809	29.5%
Total	426	-56,632	3,503	-9,977	97,365	-1,484	33,201	100.0%

Concentration risk

In order to neutralise concentration risk, the company distributes its non-life and life products throughout Italy using a multi-channel sales approach.

Based on the analysis of premiums as at 31 December 2007, non-life business accounts for approximately 78% of total company premiums, with 44.0% of this percentage referring to motor lines.

This concentration of premiums in these lines means that group profitability is largely dependent on the frequency and average cost of claims and on efficient tariff management.

This concentration may make the company more vulnerable to changes in the regulatory framework and in market trends. These may occasionally translate into increases in indemnities payable to policyholders. This risk is mitigated by enhancing the loyalty of policyholders featuring more "virtuous" behaviour through accentuated tariff customisation. This aims to normalise the entity of claims whilst also reducing portfolio volatility.

Earthquake exposure

Reinsurance covers put in place to mitigate exposure to earthquake risks have been calculated using the main tools available on the market. Calculation is based on evidence of the maximum probable loss on the fire and miscellaneous asset damage lines (technological risk sector), in turn calculated over a 250-year return period, which is the one most widely used in the Italian market. The protection purchased is approximately twice the requirement shown for the worst-case scenario.

Hail exposure

Once again, in the case of this risk, cover acquired for exposure to the risks present in the land vehicle motor property line is approximately twice the amount of the worst claim that has ever occurred in this line.

Space risk exposure

The outward reinsurance programme has made it possible to limit maximum net theoretical exposure per risk, with more than 80% of the portfolio underwritten outwardly reinsured. Furthermore, the portfolio underwritten has a maximum effective exposure 60% lower than theoretical exposure.

Flood exposure

Exposure to this catastrophic risk has again been calculated based on an assessment model used by other market operators. The capacity purchased, as in the case of the earthquake risk, far exceeds the worst-case requirement assumed in the model.

Commercial organisation

During 2007 development of the sales network, which had already progressed in previous years, continued with great determination. 9 new agencies were inaugurated and another 14 agencies were reorganised, whilst 2 agencies were closed. In addition, working in concert with agents, we continued to strengthen professional sub-agencies via the opening of further sales outlets.

As at 31/12/2007 the company was therefore present in Italy with 241 general agencies and 368 professional sub-agencies.

During FY2007, the network of insurance promoters set up to work alongside agencies - and organisationally heavily skewed towards development of a select portfolio – was further consolidated and professionally enhanced. As at 31 December 2007, members of this set-up (business generators and sub-agents fuelled by the promoter network) totalled 67.

Italian Law 40/2007 (following the so-called Bersani Decree), as well as abolishing exclusive (i.e. single-card) insurance agency mandates, also led to de-facto “annualisation” of the Non-Marine portfolio. This new reality further focused the company’s attention on initiatives to consolidate the existing portfolio – but also to exploit major growth opportunities in a sector that continues to be a good earner. Consistently with this approach, a challenging but constructive dialogue was initiated with the group of agents to assure increasingly cohesive loyalty of the agency network.

On the communication front, work intensified to underline the company’s key visual image via revamping of its logo and related items, with all this confirming the key values of the “Vittoria System” in representing corporate image. We also increased the production of product supports, creating full insurance lines of sales aids for the sales network and robust promotional tools for policyholders.

The company also continued to develop the various sections of its institutional website. Specifically, it has made it easier to locate agencies via the introduction of a well-known research engine’s applications.

Products

Work continued on new-product development and on revamping of existing products. Work done during the year is outlined below:

New Products

Life business:

- "Vittoria Formula Optimiz 2006": a single-premium, index-linked life policy directly linked to the performance of a structured bond in turn index-linked to a basket of 30 equities listed on the main international stock exchanges.
- "Linea Protezione": in this product we have grouped all types of cover relating to personal protection
- "Ali Azzurre con Vittoria Formula Deposito": an accumulation plan dedicated to members of an affinity-group entity

Non-Marine business:

- "Linea Salute e Benessere": we restructured the entire range of health-related products, now conceived as a line. The new line proposes 5 "modular" and "complementary" types of cover able to meet all health-related needs. In addition, the new product Rimbors Spese Sanitarie Classic was created.
- "Vittoria Formula Rimbors Spese Mediche": a new dedicated product for members of an affinity-group organisation.
- "Vittoria Formula Multirischi Abitazione": a new product devised for the beneficiaries of an affinity-group convention.

Motor business:

- "Vittoria Assistance Navigare": a new assistance cover specifically designed for leisure boats.

Revamped Products

Life business:

- "Vittoria Formula Lavoro": revision of contractual documents and release of the new prospectus. Updating of documentation concerning the open-ended pension fund Vittoria Formula Lavoro.

Non-Marine business:

- "Vittoria Formula Salute", "Vittoria Formula Famiglia" and "Formula Assistenza per due Enti appartenenti agli Affinity Groups", "Polizza globale Alberghi", and "Multiprotezione".

Motor business:

Sale continued of products launched in previous periods. The products "Vittoria Formula Strada" and "Vittoria Formula Strada InCamper" were revamped.

Overhead costs – direct business

The total amount of personnel costs, other costs, and depreciation & amortisation charges, before allocation to specific functions, i.e. claims handling, business production organisation, and asset administration, amounted to € 58,888 thousand vs. € 53,438 thousand in 2006, with an increase of 10.2% YoY.

Besides current operating expenses, these costs also include amortisation of investments in IT structures and processes aimed at reining in, in future, overheads burdening the HQ and the agency network, whilst also improving services for policyholders as regards insurance cover and claims settlement. The following table shows the breakdown of these costs, with “Other costs” consisting primarily of office operating costs, IT costs, legal and legal-entity costs, mandatory contributions, and association membership fees.

	(in thousands of euros)		
	31/12/2007	31/12/2006	Change %
Personnel expenses	32,148	28,753	11.8
Other costs	22,076	19,921	10.8
Depreciations	4,664	4,764	-2.1
Gross Operating Costs	58,888	53,438	10.2

Overhead costs as a percentage of total direct insurance premiums were 9.3% (vs. 9.1% in 2006).

Operating costs – direct business

The following table shows the breakdown of operating costs for direct business, calculated gross of commissions and reinsurer profit-sharing.

	(in thousands of euros)		
	31/12/2007	31/12/2006	Change %
Operating Costs, net of expenses transferred to acquisition, claims handling and investment management expenses	38,859	38,430	1.1
- Acquisition and collection costs	103,927	84,972	22.3
- Other acquisition costs (net of operating expenses)	7,565	7,604	-0.5
Total Acquisition Costs	111,492	92,576	20.4
Total Overheads	150,351	131,006	14.8
Percentage of Premiums Written	23.6%		22.3%

Operating costs increased by 14.8% due to higher commission costs incurred (+22.3%) with the aim of improving the policy portfolio mix.

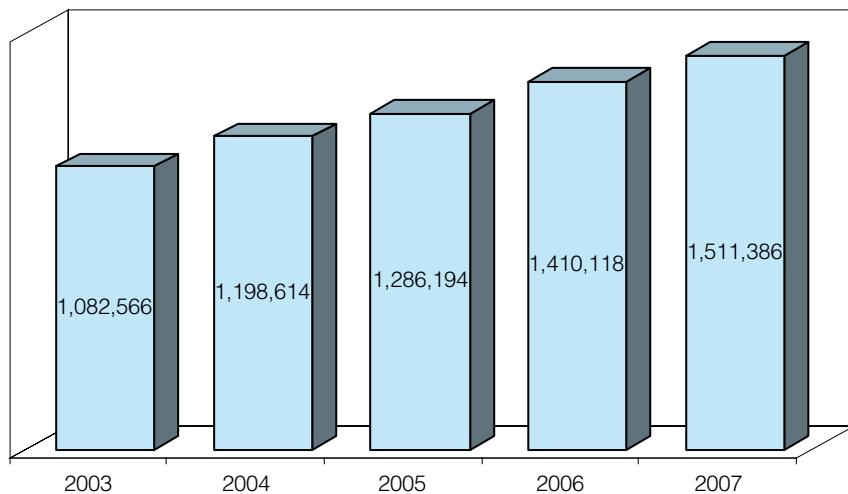
Investments

Investments reached a value of € 1,511,386 thousand with an increase of 7.2% YoY.

Their breakdown is shown in the table below:

Investments	31/12/2007	(in thousands of euros)	
		31/12/2006	Change %
Land and buildings	8,198	8,166	-3.0
Investments in group and other companies			
- Equity investments	209,564	216,957	60.3
- Loans	2,455	-	-100.0
Other financial investments:			
- Unit trust units	11,855	7,205	-9.4
- Bonds and other fixed-interest securities	1,173,845	1,053,246	5.6
- Loans	9,710	10,270	-16.0
Deposits with ceding companies	426	534	-13.6
Total investments where the company bears the risk	1,416,053	1,296,378	11.2
Investments benefiting life policyholders bearing the risk	95,333	113,740	-5.3
Total investments	1,511,386	1,410,118	9.6
Bank accounts and cash-in-hand	46,301	41,553	12.2

INVESTMENTS
(in thousands of euros)

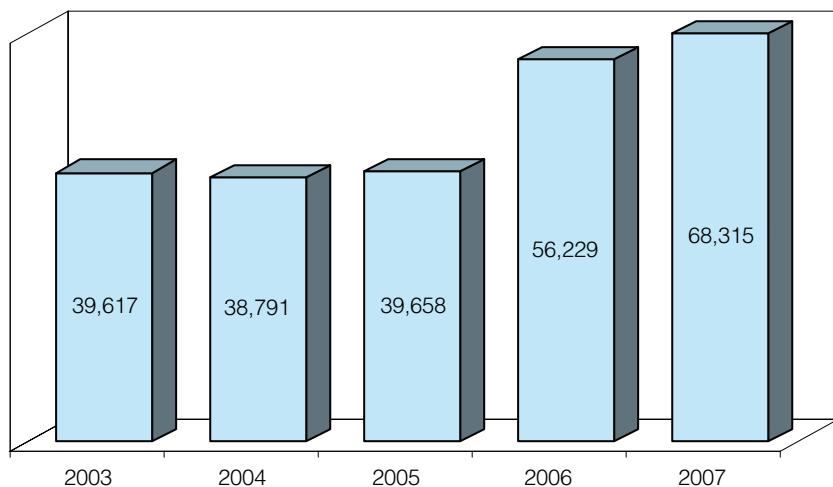


The weight average ordinary return of bonds and other fixed-income securities was 4.4% (4.1% in FY2006).

Income on investments (net of related costs)	(in thousands of euros)				
	31/12/07		31/12/06		Change %
	Amount	% of breakdown	Amount	% of breakdown	
Income on equity investments	27,042	35.9	15,138	27.2	78.6%
Income on other investments:					
- land and buildings	78	0.1	33	0.1	136.4%
- bonds and other fixed-interest securities	48,912	65.0	41,183	74.1	18.8%
- income on unit trust units	223	0.3	405	0.7	-44.9%
- interest on loans	559	0.7	570	1.0	-1.9%
- interest on deposits with ceding companies	-1,517	-2.0	-1,748	-3.1	-13.2%
Total income	75,297	100.0	55,581	100.0	35.5
Adjustments to investment values:					
- equity investments	-6,689	95.9	-	-	0.0
- bonds and other fixed-interest securities	-288	4.1	623	100.0	
Total adjustments to investment values:	-6,977	100.0	623	100.0	
Profit on sale of investments:					
- bonds and other fixed-interest securities	-5	100.0	25	100.0	
Total profit on sale of investments	-5	100.0	25	100.0	
Total income on investments where the company bears the risk	68,315		56,229		21.5
Net income on investments benefiting life policyholders bearing the risk			-1,974	10,917	
Total	66,341		67,146		-1.2

The following chart highlights the income earned from capital and financial investments in the last five FYs.

NET INCOME ON INVESTMENTS (in thousands of euros)



Property assets

As at 31 December 2007 the book value of property assets totalled € 8,198 thousand, of which € 306 thousands for operating buildings, € 4,224 thousand for buildings loaned free of charge to agencies, and € 3,668 thousand for buildings used by third parties.

The increase of € 32 thousand vs. 31 December 2006 is due to refurbishment work.

Fixed-income securities, equity investments, and mutual investment funds

As regards the bond portfolio, investments focused mainly on Eurozone government securities with AAA ratings. In this segment, we acquired fixed-rate securities with a residual maturity of between 5 and 12 years – entirely allocated to the investment book – for a total of € 155,845.

In addition, Italian fixed-rate 10-year government securities were purchased totalling € 130,850 thousand and assigned to the investment book, whilst floating-rate securities were purchased totalling € 3,637 thousand, of which € 1,630 thousand coming from surrenders or non-signature of policies, as per Article 41, paragraph 2, of Italian Legislative Decree no. 209 of 7 September 2005.

As regards collective investment undertakings, during FY2007 shares for € 5,000 thousand were subscribed in BCM Neutral Fund Plc, a hedge fund set up by our investee company BCM & Partners LLP. In addition there was partial reimbursement of closed-end investment funds amounting to € 232 thousand and partial reimbursement of closed-end real estate funds amounting to € 117 thousand. These changes related to investments allocated to the investment book.

During the year, changes in equity interests on the investment book – excluding subsidiaries, associates, and affiliates – were as follows:

- Banca Popolare Etica Soc. Coop: sale at cost of equity interest, with cash-in of € 52 thousand
- Cestar Srl.: sale of entire equity interest, making a capital gain of € 52 thousand
- Immobiliare Adamello Srl: subscription of 10% of the company with an outlay of € 100 thousand
- Marina Srl – Società in liquidazione volontaria: cash-in of € 1,061 thousand upon conclusion of the process of voluntary winding-up of the company initiated in FY2006, making a capital gain of € 331 thousand

Equity securities held include the equity interest – classified among non-current financial assets – in Cam Finanziaria SpA, whose market value as at 31/12/2007 featured a significant decrease vs. carrying value.

The company – also considering present market price trends pointing even further downwards – has decided to align carrying value with the stock's market price as at 31 December 2007, recognising impairment of € 6,689 thousand.

Transactions involving subsidiaries, associates, and affiliates related to:

- Gima Finance SA: foundation of the company, which will undertake private equity deals, subscribing a 32.13% for a total outlay of € 271 thousand, of which € 261 thousand as premium;
- Immobiliare Bilancia Srl: partial reimbursement of the quota premium reserve, i.e. € 8,594 thousand and purchase of the remaining 2.34% of quotas paying € 406 thousand and thus achieving 100% ownership of the investee company;

- Laumor Holdings Sarl: payment of € 3,424 thousand, of which € 90 thousand for the balance of the purchase of quotas and € 3,334 thousand for the quota premium reserve;
- Immobiliare Bilancia Prima Srl: payment of € 3,000 thousand, of which € 1,000 thousand for a capital increase and € 2,000 thousand for the quota premium reserve;
- Touring Vacanze Srl: increase of the equity interest's value due to additional costs relating to the stake acquired;
- Vittoria Immobiliare SpA: subscription of the proportional part of the share capital increase for € 3,577 thousand;
- Vittoria Service Srl: payment of € 14 thousand for the capital increase and € 70 thousand as quota premium;
- White Finance SA: payment of € 1,611 thousand as share premium. Subsequent reimbursement of share premium amounting to € 3,941 thousand;
- Yafra Sas: sale of the equity interest at carrying value with cash-in of € 86 thousand.

Pursuant to Article 2428, 3rd and 4th paragraphs, it is herewith declared that Vittoria Assicurazioni SpA has not executed any transaction, either in its own name or via trustee companies or interposed persons, relating to its own shares or those of the ultimate parent company.

Investments benefiting Life policyholders who bear related risk and relating to pension fund management

As at 31 December 2007 these investments amounted to € 95,333 thousand with a decrease of -16.2% YoY. Of the total € 32,489 thousand related to unit-linked policies linked to funds outside the company, € 35,610 thousand to unit-linked policies linked to the company's internal funds, € 23,769 thousand to index-linked policies and € 3,464 thousand to the Vittoria Formula Lavoro open-ended pension fund.

Overall net return was negative by € 1,974 thousand (-118.1% YoY).

Investment and financial risk management & analysis policies

Financial risk management

The financial risk management system is designed to assure the company's capital soundness via monitoring of the risks inherent in asset portfolios due to adverse market conditions. In this perspective, specific investment policies have been designed and special procedures adopted.

Investment policies: objectives

A) Life and Non-Life investments with risk borne by the company

Investments are managed according to the following objectives:

- Assure the company's capital soundness;
- For the Life segment, assure a stable return higher than the technical rate envisaged by contracts in force;
- For the Non-Life segment, assure a stable return in line with the forecasts factored into product tariffs and positive cash flows;
- Distribute the securities portfolio's duration taking liabilities' duration into account;
- Give preference to continuity of returns rather than to achievement of high returns in limited periods of time.

As regards Life segregated accounts, the fixed-investment securities portfolio takes treasury cash flows into account, consistently with what is envisaged in the company's plans, also considering the law of lapse of the portfolio due to natural and voluntary causes. As instead regards the Non-Life business, the investment choices made by the company, in terms of fixed-investment securities, are more than supported by the expectations of surplus liquidity generated by current operations, as factored into the company's development plans, and as in fact achieved in previous FYs. These expected flows are also able to address scenarios featuring any increase in claims settlement speed.

In order to protect investments' value from exchange-rate fluctuations, the company can use financial derivatives.

The company can purchase and retain warrants received as part of capital operations undertaken by the issuers of equities held in the portfolio.

B) Life investments with risks borne by policyholders

Investments benefiting policyholders who bear related risk (index- and unit-linked policies) and those relating to pension-fund management are managed according to the objectives envisaged by relevant policies and by pension funds' regulations, with the constraint of total transparency vis-à-vis policy holders and in compliance with specific legal regulations. In order to protect investments' value from exchange-rate fluctuations, the company can use financial derivatives.

Warrants in the internal funds linked to unit-linked policies can be bought and sold, if this is expressly envisaged by the fund's regulation.

Structured products to hedge reserves relating to index-policies can be purchased, in compliance with supervisory regulations.

Procedures

In order to keep its exposure to financial risks under control, the company has equipped itself with a structured system of procedures and activities. These assure regular reporting able to monitor:

- The market value of assets and their consequent potential losses vs. carrying value;
- Macroeconomic and market-variable trends;
- For bond portfolios, issuers' rating of the issuers and analysis of sensitivity to interest-rate risk;
- Compliance with the investment limits defined by the Board of Directors;
- **Overall** exposure to the same issuer.

The company also performs ALM (asset-liability management) analyses the main objective of which, in a medium-term perspective, is to:

- **Provide** joint dynamic projections of cash flows and of other asset and liability features in order to show any income-statement and/or financial mismatching;
- **Provide** an indication – for asset portfolios backing life insurance contracts - of the expected trends in asset portfolios' rates of returns compared with contractual minimum returns;
- Identify the variables (financial, actuarial and commercial) that may have a greater negative impact on results by performing specific stress tests and scenario analyses.

The results of the above activities and reports are regularly reviewed by the Finance Committee. This committee has been set up within the Board of Directors and has been delegated to supervise the securities portfolio's performance and to define investment strategies within the limits established by the Board in investment policies.

Financial risk analysis

In this chapter we describe the risks to which the company is exposed in relation to financial markets' movements. These risks are grouped in the three main categories, i.e. market risk, liquidity risk, and credit risk.

The chapter does not discuss investments benefiting policyholders who bear the risk of such investments and investments relating to pension-fund management, because these are strictly connected with related liabilities.

Securities portfolio breakdown

The following table shows the carrying value of the securities portfolio with risk borne by the company, broken down by investment type (debt securities, equity securities and CIU units). It also provides indicates concerning financial risk exposure and uncertainties of flows.

Investment nature	Amount 31/12/2007	% of breakdown	Amount 31/12/2006	% of breakdown
DEBT SECURITIES	1,173,845	95.4%	1,053,246	94.7%
Listed treasury bonds:	1,053,326	85.7%	854,742	76.9%
Fixed-interest rate	608,605	49.5%	404,357	36.4%
Variable interest rate	444,721	36.2%	450,385	40.5%
Unlisted treasury bonds:	2,649	0.2%	-	0.0%
Fixed-interest rate	-	0.0%	-	0.0%
Variable interest rate	2,649	0.2%	-	0.0%
Listed corporate bonds:	98,102	8.0%	169,925	15.3%
Fixed-interest rate	90,106	7.3%	161,667	14.5%
Variable interest rate	7,996	0.7%	8,258	0.8%
Unlisted corporate bonds:	7,260	0.6%	11,497	1.0%
Fixed-interest rate	260	0.0%	1,685	0.2%
Variable interest rate	7,000	0.6%	9,812	0.8%
Bonds of supranational issuers:	12,508	1.0%	17,082	1.5%
Fixed-interest rate	12,508	1.0%	17,082	1.5%
Variable interest rate	-	0.0%	-	0.0%
of which				
Total fixed-interest securities	711,479	60.6%	584,791	55.5%
Total variable-interest securities	462,366	39.4%	468,455	44.5%
Total debt securities	1,173,845	100.0%	1,053,246	100.0%
of which				
Total listed securities	1,163,936	99.2%	1,041,749	98.9%
Total unlisted securities	9,909	0.8%	11,497	1.1%
Total debt securities	1,173,845	100.0%	1,053,246	100.0%
EQUITY INSTRUMENTS (*)	44,362	3.6%	51,747	4.7%
listed shares	33,030	2.7%	39,719	3.6%
unlisted equity instruments	11,332	0.9%	12,028	1.1%
OEIC UNITS	11,855	1.0%	7,205	0.6%
TOTAL	1,230,062	100.0%	1,112,198	100.0%

(*) excluding investments in participating interests

The fixed-income securities portfolio has a duration of 3.2 years.

The following table summarises investment breakdown based on utilisation (investment and trading).

Investment nature	Amount 31/12/2007	% of breakdown	(in thousands of Euros)	
			Amount 31/12/2006	% of breakdown
DEBT SECURITIES	1,173,845	95.4%	1,053,246	94.7%
FIXED INTEREST RATE SECURITIES	711,479		584,791	
of which Investment portfolio	706,564		581,436	
of which Trading portfolio	4,915		3,355	
VARIABLE INTEREST RATE SECURITIES	462,366		468,455	
of which Investment portfolio	55,286		55,552	
of which Trading portfolio	407,080		412,903	
EQUITY INSTRUMENTS (*)	44,362	3.6%	51,747	4.7%
OEIC UNITS	11,855	1.0%	7,205	0.6%
of which Investment portfolio	6,855		2,205	
of which Trading portfolio	5,000		5,000	
TOTAL	1,230,062	100.0%	1,112,198	100.0%

(*) excluding investments in participating interests

Market risk

Market risk consists of interest rate risk, price risk and exchange rate risk.

Debt securities are exposed to **interest-rate risk**.

The interest-rate risk on fair value is the risk of a financial instrument's value varying due to changes in market interest rates.

A decrease in interest rates would cause an increase in the fair value of such securities, whereas an increase in rates would decrease their fair value.

The interest-rate risk on cash flows relates to possible changes in the coupons of floating-rate securities.

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled € 711,479 thousand (60.6% of the bond portfolio with investment risk borne by the company), of which € 706,564 thousand classified among investment securities (i.e. for long-lasting utilisation) and € 4,915 thousand among trading securities (for temporary utilisation).

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled € 462,366 thousand (39.4% of the bond portfolio with investment risk borne by the company), of which € 55,286 thousand classified among investment securities and € 407,080 thousand among trading securities.

Life insurance contracts envisage a guaranteed minimum rate of interest and feature a direct link between investments and benefits to be paid to policyholders.

This direct link between obligations to policyholders and investments of assets associated with benefits is governed by means of the integrated asset-liability management (ALM) model mentioned earlier.

More specifically, the company manages interest-rate risk by matching asset and liability cash flows and by maintaining a balance between liabilities' duration and that of the securities portfolio directly related to such liabilities.

Duration is an indicator of the sensitivity of asset and liability fair value to changes in interest rates.

To complete disclosure, the following tables show the carrying value of fixed-rate securities by maturity and the carrying value of floating-rate securities by type of interest rate.

Fixed - interest securities		(in thousands of euros)	
Maturity	Amount	% of breakdown	
< 1 year	116,532	16.4%	
1<X<2	49,980	7.0%	
2<X<3	74,703	10.5%	
3<X<4	50,106	7.0%	
4<X<5	63,352	8.9%	
5<X<10	301,382	42.4%	
more	55,424	7.8%	
Total	711,479	100.0%	
of which repayable in advance	5,008		

Variable - interest securities		(in thousands of euros)	
Type of rate	Indexation	Amount	% of breakdown
Constant mat. Swap	Euroswap 10Y	32,485	7.0%
Constant mat. Swap	Euroswap 30Y	7,994	1.7%
Variable	3 months treasury bonds	7,649	1.7%
Variable	6 months treasury bonds	409,238	88.5%
Variable	other	5,000	1.1%
Total		462,366	100.0%

The contractual rate refixing date for most of these securities is in the first half of the year.

Equity securities are exposed to **price risk**, i.e., the possibility of their fair value varying as a result of changes arising both from factors specific to the individual instrument or issuer and from those affecting all instruments traded on the market

As at 31/12/2007, investments in equity securities (excluding equity interests in subsidiaries, affiliates, and associates) amounted to € 44,362 thousand, of which € 33,030 thousand relating to listed stocks and € 11,332 thousand to unlisted stocks.

The company is not exposed to **foreign exchange risk** since, as at 31.12.2007, all investments for which it bears the risk are expressed in euro, observing the principle of consistency with technical reserves.

Liquidity risk

The company is daily required to execute payments arising from insurance and investment contracts stipulated.

The liquidity risk is the risk that available funds may not be sufficient to meet obligations. It is constantly monitored by means of the ALM procedure.

This risk may also arise as a result of inability to sell a financial asset fast at an amount close to its fair value.

The greater the weight is of financial assets listed in active and regulated markets, the less likely it is that this will happen

As at 31/12/2007, as shown in the previous section "Securities portfolio breakdown", financial assets listed in a regulated market accounted for over 95% of financial assets owned.

Credit risk

In implementing its investment policy, the company limits its exposure to credit risk by investing in highly-rated issuers.

As can be seen in the table below, as at 31/12/2007 nearly all corporate bonds held by the group were rated as investment grade.

(in thousands of euros)		
Rating (Standard & Poor's)	Amounts	% of breakdown
AAA	247,292	21.1%
AA+ / AA-	89,495	7.6%
A+ / A-	795,133	67.7%
BBB+ / BBB-	32,307	2.8%
Total investment grade	1,164,227	99.2%
Non investment grade	2,610	0.2%
Not rated	7,008	0.6%
Totale	1,173,845	100.0%

"Victoria Assicurazioni SpA Fixed/Floater 2001/2016 subordinated bond issue convertible into ordinary shares" (ISIN: IT0003184758),

Below we list the main characteristics of the convertible subordinated bond issue, issuance of which was approved by the Extraordinary Meeting of Shareholders on 26 April 2001. The bonds are fully subscribed:

- Total nominal amount of € 18,000,000; residual nominal value of € 5,202,777.60 following exercise of bond conversion option as up to 31/12/2007;
- Originally consisting of 3,750,000 bonds with a nominal value of € 4.80 each, as at 31/12/2007 1,091,608 bonds remained;
- Nominal interest rate:
 - Fixed 5.5% until 31 December 2010 - annual coupons;
 - Variable 6-month Euribor plus a spread of 2.5%, six-monthly coupons as from 1 January 2011;
- The conversion right can be exercised in the years 2008, 2009, and 2010, in the period between 20 May (included) and 30 October (included) of each year. In the years 2011, 2012, 2013, and 2015 the conversion right can be exercised in the interval between 20 May (included) and 10 June (included) of each year. In any case exercise of conversion rights is suspended in the period that goes from the date of any meeting of the issuer's Board of Directors that has decided to summon the shareholders' meeting to approve year-end accounts "with dividend distribution" until the day after the dividend detachment date resolved by the shareholders' meeting;
- Maturity: 1 January 2016;

- Convertible into Vittoria Assicurazioni ordinary shares (1 share for each bond);
- Subordination clause: in the case of dissolution, liquidation, insolvency or compulsory liquidation of the company, the bonds will be repaid, in terms of residual principal and interest, only after all other company creditors (whether they be unsecured, secured, non-subordinated or with a subordination level lower than that of the bonds) have been satisfied.

Furthermore, the company has also reserved the right to proceed at any time, as from 1 January 2011, with early repayment of all outstanding bonds, with prior notice of at least one month to be notified to bondholders.

The bonds constitute subordinated liabilities calculated for the purposes of coverage of the issuer's solvency margin pursuant to Articles 44 and 45 of Italian Legislative Decree no. 209 of 7 September 2005.

Information on ownership status as at 31/12/2007 (pursuant to Article 123/2 of Italian Consolidated Finance Act)

a) Structure of share capital

As at 31 December 2007, the share capital of Vittoria Assicurazioni SpA amounted to € 32,666,088.00, divided into 32,666,088 ordinary shares with a par value of € 1.00 each. Vittoria Assicurazioni ordinary shares are listed in the STAR segment the screen-based equity market (Mercato Telematico Azionario – MTA) managed by Borsa Italiana SpA. They give their holders the capital and administrative rights established by Italian law and by the company's by-laws.

Once again as at 31 December 2007, there were 1,083,912 bonds outstanding convertible into an equal number of Vittoria Assicurazioni ordinary shares.

The convertible bonds are listed on the screen-based equity market (Mercato Telematico Azionario – MTA) managed by Borsa Italiana SpA.

No equity-based incentive plans involving capital increases have been approved.

b) Restrictions on the transfer of securities

There are no by-law or legal restrictions on the transfer of Vittoria Assicurazioni SpA ordinary shares and of the convertible bonds.

c) Major shareholdings

As at 31 December 2007, the parties who – based on notifications received pursuant to Article 120 of the Italian Consolidated Finance Act, on the shareholder register, and on other information received – directly or indirectly owned major shareholdings in Vittoria Assicurazioni SpA were:

Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
Carlo Acutis	Vittoria Capital NV	52.75%	52.75%
	Yafa Holding BV	5.65%	5.65%
Francesco Baggi Sisini	Opalia BV	8.96%	8.96%
Serfis SpA	Serfis SpA	3.66%	3.66%

d) Securities giving special rights

Vittoria Assicurazioni SpA has not issued securities that give special rights of control.

e) Employee equity participation: mechanism for exercising voting rights

No employee equity-participation schemes have been approved.

f) Restrictions on voting rights

There are no restrictions on voting rights

g) Shareholder agreements

In September 2005, Yura International Holding BV (now Yafa Holding BV) and the insurance shareholders of Vittoria Capital NV, the parent company of Vittoria Assicurazioni, signed a shareholders' agreement regulating the rights of transfer of shares owned in Vittoria Capital NV.

More specifically, the pact provides for reciprocal pre-emption rights between its participants and co-sale rights in favour of minority shareholders, together with automatic application to the pact of 26.02% of Vittoria Assicurazioni shares if Vittoria Capital is dissolved.

The pact, originally signed by Yura International Holding BV (now Yafa Holding BV), by the Munich Re Group, and by Assurance Générale de France (AGF), was updated in February 2008 following purchase by Yafa Holding of the Vittoria Capital shares owned by AGF.

h) Appointment and substitution of directors and by-law amendments

The Extraordinary Shareholder Meeting approves by-law amendments in accordance with legal regulations.

Pursuant to Article 2365 of the Italian Civil Code, Article 14 of the Company By-Laws gives the Board of Directors the power to decide on, saving legal limits, (a) the creation or closure of branches; (b) which directors have powers of corporate representation; (c) any reduction of capital in cases of shareholder withdrawal; (d) adaptation of company by-laws to regulatory requirements; (e) transfer of the registered HQ within Italian territory; and (f) mergers in the cases indicated in Articles 2505 and 2505/2 of the Italian Civil Code, to which reference is also made for demergers, in cases where such rules are applicable.

Below we show Article 10 of the Company By-laws, which regulates the appointment and substitution of directors:

“Art. 10 – Board of Directors

The Company shall be administered by a Board of Directors consisting of no fewer than 7 and no more than 16 Directors, elected by the General Meeting, with a term of office of a maximum of three financial years and who shall always be eligible for re-election. Prior to electing the Directors the General Meeting shall decide on the number thereof between the said limits.

The Directors must meet the requirements specified by the legislation current at the time; a minimum number of these corresponding to the minimum provided by legislation must satisfy the requirements for independence referred to in Article 148, paragraph 3, of Legislative Decree No. 58/1998.

Any Director who ceases to fulfil these requirements shall cease to hold office. If any Director ceases to meet the requirements for independence specified above he shall not become ineligible to hold his post if the requirements continue to be met by the minimum number of Directors who in accordance with current legislation must meet the said requirement.

Election to the Board of Directors shall be made on the basis of lists submitted by shareholders in the manner specified below, on which candidates must be listed with a consecutive number.

Lists submitted by shareholders, signed by the person submitting them, must be lodged at the registered office of the Company, available to any person on request, at least fifteen days prior to the date set for the General Meeting on first call, and must be published in the manner specified in the legislation current at the time.

Shareholders subscribing to a relevant shareholders' agreement within the meaning of Article 122 of Legislative Decree No. 58/1998, the parent company, the subsidiary

companies and those under joint control within the meaning of Article 93 of Legislative Decree No. 58/1998, may not submit or take part in the submission, including through an intermediary or trust company, of more than a single list, and may not vote for several lists, and each candidate may only appear in a single list on pain of ineligibility. Any seconding of nominations or votes cast in breach of this prohibition shall not count towards any list.

Only those shareholders who, alone or together with other submitting shareholders, are overall holders of voting shares representing at least 2.5% of the share capital with the right to vote at the General Meeting, or representatives of any lesser percentage which may be provided by mandatory provisions of the law or regulations shall be entitled to submit lists.

Together with each list, by the respective dates indicated above, the following shall be lodged:

(i) the appropriate certificate issued by a legally authorised intermediary proving ownership of the number of shares necessary for the submission of the lists; (ii) a declaration by each candidate accepting their nomination and attesting, on their own responsibility, that none of the causes of disqualification and incompatibility apply to them, and the existence of the requirements prescribed for the respective posts; (iii) a curriculum vitae relating to the personal and professional characteristics of each candidate showing where appropriate the suitability of the same to claim independence.

Any lists submitted other than in accordance with the above provisions shall be considered not submitted.

Election to the Board of Directors shall be carried out as follows:

a) the Directors to be elected shall be chosen from the list which has obtained the highest number of votes cast by the shareholders in the consecutive order in which they appear on the list, except one;

b) the remaining Director shall be chosen from the list which is not linked in any way, directly or indirectly, with the shareholders who submitted or voted for the list referred to at a) above, and which obtained the second highest number of votes cast by the shareholders. For this purpose, any lists which have not obtained a percentage of votes at least equal to half of those required for submission of the lists, referred to in paragraph six of this Article, shall be disregarded.

Where the election of candidates in the manner described above does not give rise to the election of a number of Directors who meet the requirements for independence provided for by Article 148, paragraph 3, of Legislative Decree No. 58 of 28 February 1998 equivalent to the minimum number provided by law in relation to the total number of Directors, the non-independent candidate last elected in consecutive order from the list obtaining the highest number of votes, referred to at a) in the above paragraph, shall be replaced by the first independent candidate in consecutive order not elected from the same list, or, failing that, by the first independent candidate in consecutive order not elected from other lists, according to the number of votes obtained by each. This substitution process shall continue until the Board of Directors is made up of a number of members satisfying the requirements of Article 148, paragraph 3, of Legislative Decree No. 58/1998 at least equal to the minimum prescribed by law. Finally, where this procedure does not produce the result referred to, substitution will take place on the basis of a resolution adopted by the General Meeting on a simple majority, after candidates meeting the said requirements have been put forward.

Where only one list is submitted or where no lists are submitted, the General Meeting shall decide on a legal majority, without following the above procedure. If during the course of the financial year one or more Directorships become vacant, provided that the majority of Directors have been elected by the General Meeting, the procedure referred to in Article 2386 of the Civil Code shall be followed, as described below:

a) the Board of Directors shall carry out the substitution from names appearing on the same list on which the retiring Director appeared, and the General Meeting shall resolve on the same observing the same criterion with the statutory majority;

b) where there are no candidates on the said list who remain unelected or meet the requirements, or in any event where for whatever reason it is not possible to comply with the provisions of sub-paragraph a), the Board of Directors shall carry out the substitution, and the General Meeting shall subsequently resolve on the same, with the statutory majorities and without a vote on the lists.

In any event the Board of Directors and the General Meeting shall proceed to the election in order to ensure the presence of the minimum total number of independent Directors required by current legislation."

i) Delegation of powers to increase share capital and authorisations of share buybacks
No shareholder resolutions have been passed authorising the Board of Directors to increase capital pursuant to Article 2443 of the Italian Civil Code, to issue equity financial instruments, or to buy back own shares.

j) Change-of-control clauses

Vittoria Assicurazioni SpA and its subsidiaries have not stipulated relevant agreements that take effect, are amended or are extinguished if control of the contractor company changes.

k) Indemnities for directors in the case of resignation, dismissal, or cessation following a public tender offer

Vittoria Assicurazioni SpA has not stipulated any agreements with its directors providing for indemnities in the case of resignation or dismissal/revocation without just cause, or in the case of cessation of the employment relationship following a public tender offer.

Personal data protection code

(pursuant to Annex B, point 26, of Italian Legislative Decree no. 196 of 30 June 2003)

Vittoria Assicurazioni SpA issued an updated version of its Personal Data Security Policy, originally drawn up on 30 June 2003, within the deadline required by current regulations.

Information concerning adherence to codes of conduct

(pursuant to Article 89/2 of CONSOB resolution no. 11971 of 14/5/1999 as subsequently amended and supplemented)

The annual report on adherence of codes of conduct and on observance of consequent commits has been prepared according to the experimental format published by Borsa Italiana SpA on 6 February 2008.

The document can be consulted on the company's website at the following address:
www.vittoriaassicurazioni.com/investor/corp_govern.htm

Shares of Vittoria Assicurazioni S.p.A. and its subsidiaries held by directors, statutory auditors and strategically accountable managers as at 31 December 2007

(pursuant to Article 79 of CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments and additions)

Name	Company held	Number of shares held at the end of 2006	Number of shares purchased or subscribed	Number of shares sold	Number of shares held at the end of 2007
Vittoria Assicurazioni S.p.A.					
Guatri Luigi	Through spouse	25,000	-	-	25,000
Acutis Carlo	Through Subsidiary Company	15,307,200	1,925,000	-	17,232,200
Acutis Carlo	Through Subsidiary Company	1,640,000	206,188	-	1,846,188
Acutis Andrea	Directly	36	-	-	36
Costa Giorgio	Directly	18,699	-	-	18,699
Baggi Sisini Francesco	Through Subsidiary Company	100	-	-	100
Baggi Sisini Francesco	Through Subsidiary Company	2,880,000	46,542	-	2,926,542
Marsani Pietro Carlo	Directly	-	1,000	-	1,000
Paveri Fontana Luca	Through spouse	31,000	-	-	31,000
Strazzera Livio	Directly	50	-	-	50
Directors with strategic responsibilities		9,503	54,482	7,000	56,985

Disclosure of existence of groups, pursuant to Article 2497/2 of Italian Civil Code

Vittoria Assicurazioni SpA – in the insurance group regulated by Articles 82 et seq. of Italian Legislative Decree no. 209 of 7 September 2005 and by ISVAP (Italian insurance regulator) Regulation no. 15 of 20 February 2008 – holds the role of Group Parent Company and performs activities of direction and co-ordination of the following companies:

Real estate companies

Vittoria Immobiliare SpA - Milan
Lauro 2000 Srl - Milan
Acacia 2000 Srl - Milan
Immobiliare Bilancia Srl - Milan
Immobiliare Bilancia Prima Srl - Milan
Immobiliare Bilancia Seconda Srl - Milan
Immobiliare Bilancia Terza Srl - Milan
V.R.G. Domus Srl - Turin
Vittoria Properties Srl - Milan
Parco Fidenae Srl – Rome
Forum Mondadori Residenze Srl – Milan
Vaimm Sviluppo Srl – Milan
Cadorna Real Estate Srl - Milan
Interimmobili Srl - Rome
Gestimmobili Srl - Milan

Service companies

Interbilancia Srl - Milan
Vittoria Service Srl - Milan
A.Spe.Vi. Srl - Milan
Vittoria.net Srl - Milan

Infragroup and related-party transactions

In its meeting of 29 April 2004, the Board of Directors approved the company's guidelines governing related-party transactions. These guidelines for conduct are included in the annual Corporate Governance Report.

This section sets out the financial and business transactions taking place with Group companies during the year. Representation of the companies, together with further information, is provided in the Explanatory Notes, Part C – Other Information and in the Consolidated Annual Report & Accounts.

Transactions and relationships with parent companies

During the 2007 conversion window starting on 20 May, the direct non-operating parent company, Vittoria Capital NV – Holland, converted all its 1,925,000 subordinated convertible bonds issued by Vittoria Assicurazioni. Its equity interest as at 31 December 2007 had risen to 52.753% (vs. 50.267% as at 31.12.2006).

At the same time, the indirect non-operating parent company, Yafa Holding BV – Holland, converted all the 206,188 subordinated convertible bonds issued by Vittoria Assicurazioni in its possession, thereby increasing its equity interest to 5.652% (vs. 5.386% as at 31.12.2006).

As up to 31 December 2007, following conversion of bonds by both the direct and indirect non-operating parent companies, there were no financial or trading transactions between Vittoria Assicurazioni and these companies.

The non-operating parent companies do not perform activities of direction and co-ordination, as they act as financial holding companies.

In June 2007, effective 1 July 2007, Vittoria Capital NV and Yafa Holding BV transferred their administration offices to Italy.

Transactions with subsidiaries

Vittoria Immobiliare SpA - Milan

Vittoria Immobiliare paid a dividend of **€ 3,757 thousand** to Vittoria Assicurazioni. In order to continue strengthening its financial position, Vittoria Immobiliare increased its share capital, from € 12,200 thousand to € 16,600 thousand, of which € 300 thousand without consideration and € 4,100 thousand for consideration. For this operation Vittoria Assicurazioni paid its portion of € 3,577 thousand, maintaining the same percent interest. As well as owning 50% of Rovimobiliare Srl (Rome), 49.5% of SIVIM Srl (Milan), 30% of Vittoria Service Srl (Milan), 25% of Mosaico SpA (Turin), 25% of Pama & Partners Srl (Genoa), and 20% of Interbilancia Srl (Milan), Vittoria Immobiliare SpA also controls the following companies:

Acacia 2000 Srl	Milan	100% stake
Gestimmobili Srl	Milan	80% stake
Interimmobili Srl	Rome	80% stake
VRG Domus Srl	Turin	51% stake
Parco Fidenae Srl	Rome	51% stake
Cadorna Real Estate Srl	Milan	70% stake
Forum Mondadori Residenze Srl	Milan	70% stake
Vaimm Sviluppo Srl	Milan	51% stake

The company's dealings took the concrete form of commissioning of the above companies to (a) manage the company's property assets, logistics and real estate operations, agencies and claims adjustment inspectorates, and b) prepare appraisals for the granting of mortgage loans, for which fees of € 236 thousand plus VAT were paid

Vittoria Immobiliare's net credit receivable from Vittoria Assicurazioni for tax consolidation amounted to € 1,190 thousand.

The Consolidated Annual Report & Accounts describes the business activities of Group companies in greater detail.

Vittoria Properties Srl - Milan

During FY2007 Vittoria Assicurazioni paid Vittoria Properties Srl rents and expense refunds relating to building rental totalling € 139 thousand.

Vittoria Service Srl – Milan

There were no trading or supply transactions with this subsidiary – active in assistance and advisory services in the real estate and insurance sectors - in the period. During FY2007 Vittoria Service Srl was paid € 14 thousand for a capital increase and € 70 thousand as quota premium.

Immobiliare Bilancia Srl - Milan

There were no trading or supply transactions during the year with this subsidiary, active in the real estate trading business. Ownership increased from 97.66% to 100.0% following purchase of the remaining 2.34% of equity not yet owned by the company, paying € 406 thousand.

In addition to € 8,594 thousand for partial reimbursement of the quota premium reserve, Immobiliare Bilancia also paid Vittoria Assicurazioni a dividend of € 566 thousand. Its net debt payable to Vittoria Assicurazioni for tax consolidation amounted to € 28 thousand.

Immobiliare Bilancia Prima Srl - Milan

There were no trading or supply transactions with this subsidiary, active in real estate trading, during the period. During FY2007 Vittoria Assicurazioni paid € 3,000 thousand to the subsidiary, of which € 1,000 thousand as a capital increase and € 2,000 thousand as quota

premium. Percent ownership remained unchanged at 100%. The company's net credit receivable from Vittoria Assicurazioni for tax consolidation amounted to € 11 thousand.

Immobiliare Bilancia Seconda Srl - Milan

There were no trading or supply transactions with this subsidiary, active in real estate trading, during the period and percent ownership remained unchanged at 100%. Immobiliare Bilancia Seconda paid Vittoria Assicurazioni a dividend of **€ 500 thousand**. The company's net credit receivable from Vittoria Assicurazioni for tax consolidation amounted to € 950 thousand.

Immobiliare Bilancia Terza Srl - Milan

At present the company is not operational. Its net credit receivable from Vittoria Assicurazioni for tax consolidation amounted to € 2 thousand.

Interbilancia Srl - Milan

Interbilancia has the following equity interests in its portfolio:

A.Spe.Vi Srl	Milan	100% stake
Vittoria.net Srl	Milan	100% stake
Le Api Srl	Milan	30% stake

Interbilancia Group companies rendered services to your company for € 2,474 thousand. For brokerage activity they received commissions and contributions of € 2,695 thousand.

Lauro 2000 Srl - Milan

There were no trading or supply transactions with the subsidiary in the period and percent ownership remained unchanged at 100%.

Yafra Sas - Paris

In July 2007, Vittoria Assicurazioni sold the whole 55% stake owned in the company, with cash-in of € 86 thousand, equal to the subsidiary's historical cost. At the same time, the associate company Yarpa International Holding NV sold its 45% stake in the subsidiary.

Transactions with associate companies

Yarpa International Holding NV - Holland

There were no trading or supply transactions in the period with the investee company and ownership remained unchanged at 25.0%. Yarpa International Holding NV paid your company a dividend of € 17,062 thousand.

Laumor BV - Holland

There were no trading or supply transactions in the period with the investee company and ownership remained unchanged at 25.0%.

Laumor BV paid your company a dividend of € 2,500 thousand.

Touring Vacanze Srl - Milan

In FY2006 your company paid Touring Vacanze Srl fees of € 8 thousand plus VAT for advertising services.

White Finance SA - Luxembourg

During FY2007 Vittoria Assicurazione paid the associate € 1,611 thousand as an increase of the share premium reserve. The associate subsequently partly reimbursed the same reserve for an amount of € 3,941 thousand.

White Finance SA paid your company a dividend of € 1,383 thousand.

S.In.T. SpA - Turin

During FY2006 your company used services of S.In.T. SpA for Formula Salute insurance policies and for other commercial agreements activated by Vittoria Assicurazioni for a total cost of € 529 thousand plus VAT.

Yarpa SpA - Genoa

BPC SpA changed its name to Yarpa SpA and at the same time its subsidiary BPC Investimenti SGR SpA took the name of Yarpa Investimenti SGR SpA. There were no trading or supply transactions with the associate during the period.

Laumor Holdings Sarl - Luxembourg

Vittoria Assicurazioni paid the associate € 3,424 thousand of which € 90 thousand for the balance of the purchase of quotas in FY2006 and € 3,334 thousand as an increase of the quota premium reserve.

There were no trading or supply transactions with the company during the period.

Gima Finance SA - Luxembourg

In July 2007, Vittoria Assicurazioni took part in the foundation of Gima Finance SA, with share capital of € 31,000. It subsequently paid a further € 266 thousand as share premium. Vittoria Assicurazioni' portion of commitment for the private equity deals that the associate will undertake is € 25 mn.

As recommended by the CONSOB in its memorandum no. 98015375 of 27/02/1998 and its subsequent memorandum no. 6064293 of 28/07/2006, we specify that transactions completed with Group companies referred to the normal course of business with use of specific professional skills at market costs and did not include any atypical or unusual transactions.

Performance in early months of FY2008 and expected business progress

The introduction of specific regulations concerning sales networks and their professional training has imposed new rules on the market. Introduction of the new knock-for-knock system has also introduced changes in the method for settling Motor TPL claims. In view of all this, the company is currently working on reorganisation, envisaging the creation of business units with a stronger market orientation, to replace the previous organisation by functions.

The objective is to aim for growth of sales outlets (agencies, sub-agencies, and business generators) both via market acquisitions and via training using the company's internal resources.

Allocation of earnings

To Our Shareholders

At the end of the Management Report, and considering what is shown in the documentation forming year-end financial statements and accounts, we submit for your approval the following allocation of the year's earnings:

Net profit of Non-Life business	€	28,853,238
Net profit of Life business	€	7,641,826
<hr/>		
Total (equal to € 1,117 per share)	€	36,495,064
Allocation to the Non-Life Legal Reserve	€	265,736
Allocation to the Life Legal Reserve	€	177,157
<hr/>		
Available earnings	€	36,052,171

that we propose be used as follows:

- To each of the 32,666,088 shares forming the entire share capital, € 0,17 for a total of	€	5,553,235
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Total remainder	€	30,498,936
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that we propose you allocate to:

Increase the Non-Life available reserve	€	25,340,561
Increase the Life available reserve	€	5,158,375

If you agree with and approve our proposal, the dividend will be paid as from 15 May 2008 c/o custodian intermediaries with detachment of coupon no. 25 on 12 May 2008.

In concluding this report, we wish to thank shareholders and policyholders for the trust placed in the company, as well as employees, agents and their staff for their hard work and effort.

The Board of Directors

Milan, 27 March 2008

Financial statements
as at and for the year ended
31 December 2007

BALANCE SHEET

ASSETS

Current year

A. SHARE CAPITAL PROCEEDS TO BE RECEIVED						
of which: called-up	2	0				1 0
B. INTANGIBLE ASSETS						
1. Acquisition commissions to be amortised						
a) life businesses	3	3,493,690				
b) non-life businesses	4	6,678,507	5	10,172,197		
2. Other acquisition costs	6	0				
3. Start-up and capital costs	7	49,659				
4. Goodwill	8	0				
5. Other deferred costs	9	17,620,101	10	27,841,957		
C. INVESTMENTS						
I - Land and buildings						
1. Operating buildings	11	305,860				
2. Buildings used by third parties	12	7,891,949				
3. Other buildings	13	0				
4. Other property rights	14	0				
5. Assets under construction and payments on account	15	0	16	8,197,809		
II - Investments in group and other companies:						
1. Equity investments in:						
a) parent companies	17	0				
b) subsidiaries	18	130,019,979				
c) related companies	19	0				
d) associated companies	20	35,181,621				
e) other companies	21	44,362,052	22	209,563,652		
2. Bonds issued by:						
a) parent companies	23	0				
b) subsidiaries	24	0				
c) related companies	25	0				
d) associated companies	26	0				
e) other companies	27	0	28	0		
3. Loans to:						
a) parent companies	29	0				
b) subsidiaries	30	454,856				
c) related companies	31	0				
d) associated companies	32	0				
e) other companies	33	2,000,000	34	2,454,856	35	212,018,508
				to carry forward		27,841,957

Previous year			
			181 0
	182 0		
183 4,301,162			
184 6,948,754	185 11,249,916		
	186 0		
	187 201,488		
	188 0		
	189 16,729,264		190 28,180,668
	191 377,482		
	192 7,788,604		
	193 0		
	194 0		
	195 0	196 8,166,086	
197 0			
198 131,633,581			
199 0			
200 33,576,758			
201 51,747,048	202 216,957,387		
203 0			
204 0			
205 0			
206 0			
207 0	208 0		
209 0			
210 0			
211 0			
212 0			
213 0	214 0	215 216,957,387	
	to carry forward		28,180,668

BALANCE SHEET

ASSETS

			Current year
		brought forward	
			27,841,957
C. INVESTMENTS (continues)			
III - Other financial investments:			
1. Equity investments			
a) Listed shares	36	0	
b) Unlisted shares	37	0	
c) Quotas	38	0	39
2. Unit trust units		40	11,855,002
3. Bonds and other fixed-interest securities			
a) listed	41	1,162,527,582	
b) unlisted	42	11,317,809	
c) convertible bonds	43	0	44
4. Loans			
a) secured loans	45	3,302,946	
b) loans on policies	46	3,987,501	
c) other loans	47	2,419,909	48
5. Shares in investment pools		49	0
6. Deposits with banks		50	0
7. Other financial investments		51	0
IV - Deposits with ceding companies		53	425,752
D. INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND STEMMING FROM PENSION FUND MANAGEMENT		54	1,416,052,818
I - Investments relating to index-linked policies		55	91,868,274
II - Investments relating to pension fund management		56	3,464,366
		57	95,332,640
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES			
I - NON-LIFE BUSINESSES			
1. Premium reserve	58	18,697,942	
2. Claims reserve	59	60,666,667	
3. Profit participation and reimbursement reserve	60	0	
4. Other technical reserves	61	0	62
II - LIFE BUSINESSES			
1. Mathematical reserves	63	17,955,814	
2. Complementary insurance premium reserve	64	0	
3. Reserve for payable amounts	65	20,658	
4. Profit participation and reimbursement reserve	66	0	
5. Other technical reserves	67	24,506	
6. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	68	0	69
			70
		18,000,978	97,365,587
		to carry forward	1,636,593,002

Previous year			
	brought forward		28,180,668
216	0		
217	0		
218	0	219	0
		220	7,204,596
221	1,041,748,868		
222	11,497,039		
223	0	224	1,053,245,907
225	3,955,760		
226	4,396,703		
227	1,917,805	228	10,270,268
		229	0
230	0		
231	0	232	1,070,720,771
		233	533,772
		234	1,296,378,016
		235	111,384,534
		236	2,355,107
		237	113,739,641
238	25,634,009		
239	78,742,057		
240	0		
241	0	242	104,376,066
243	22,608,767		
244	0		
245	20,658		
246	0		
247	32,496		
248	0	249	22,661,921
		250	127,037,987
			1,565,336,312
	to carry forward		

BALANCE SHEET

ASSETS

			Current year
		brought forward	
E. RECEIVABLES			
I - Receivables relating to direct insurance due from:			
1. Policyholders			
a) premiums for the year	71	52,198,453	
b) premiums for previous years	72	918,932	73
		53,117,385	
2. Insurance brokers and agents		74	54,531,825
3. Current account companies		75	14,018,197
4. Amounts to be recovered from policyholders and third parties		76	28,224,848
		77	149,892,255
II - Receivables relating to reinsurance due from:			
1. Insurance and reinsurance companies		78	3,501,853
2. Reinsurance brokers and agents		79	0
		80	3,501,853
III. - Other receivables		81	14,151,702
		82	167,545,810
F. OTHER ASSETS			
I - Tangible assets and inventory:			
1. Office furniture and machines and internal transport systems		83	2,741,394
2. Registered chattel property		84	12,164
3. Plant and machinery		85	257,476
4. Inventory and other assets		86	80,568
		87	3,091,602
II - Liquid funds			
1. Bank and postal accounts		88	46,239,357
2. Cheques on hand and cash-in-hand		89	61,494
		90	46,300,851
III - Own shares or quotas		91	0
IV - Other assets			
1. Suspense reinsurance accounts		92	0
2. Sundry assets		93	11,372,675
		94	11,372,675
		95	60,765,128
G. PREPAYMENTS AND ACCRUED INCOME			
1. Interest			
2. Rent instalments		96	17,818,595
3. Other prepayments and accrued income		97	206,984
		98	1,158,566
		99	19,184,145
TOTAL ASSETS			
		100	1,884,088,085

			Previous year
	brought forward		
251	35,609,433		1,565,336,312
252	991,969	253	36,601,402
254			48,184,942
255			6,360,349
256	24,539,963	257	115,686,656
258			5,710,294
259	0	260	5,710,294
		261	17,181,678
		262	138,578,628
263			3,247,961
264			327,690
265			340,683
266	0	267	3,916,334
268	41,509,427		
269	43,169	270	41,552,596
		271	0
272	0		
273	9,193,882	274	9,193,882
		275	54,662,812
276			14,976,430
277			221,304
278		279	610,135
		280	15,807,869
			1,774,385,621

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
A. SHAREHOLDERS' EQUITY			
I - Subscribed share capital or equivalent fund	101	32,666,088	
II - Share premium reserve	102	30,272,954	
III - Revaluation reserves	103	6,370,382	
IV - Legal reserve	104	6,090,325	
V - Statutory reserves	105	0	
VI - Reserves for purchase of own shares and shares of parent company	106	0	
VII - Other reserves	107	103,467,554	
VIII - Retained earnings or losses carried forward	108	0	
IX - Net profit (loss) for the year	109	36,495,064	110 215,362,367
B. SUBORDINATED LIABILITIES			111 5,202,778
C. TECHNICAL RESERVES			
I - NON-LIFE BUSINESSES			
1. Premium reserve	112	201,836,308	
2. Claims reserve	113	504,800,666	
3. Profit participation and reimbursement reserve	114	0	
4. Other technical reserves	115	3,292,246	
5. Equalisation reserves	116	2,432,851	117 712,362,071
II - LIFE BUSINESSES			
1. Mathematical reserves	118	691,755,425	
2. Complementary insurance premium reserve	119	180,805	
3. Reserve for payable amounts	120	30,741,407	
4. Profit participation and reimbursement reserve	121	30,139	
5. Other technical reserves	122	10,540,521	123 733,248,297
D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT			124 1,445,610,368
I - Reserves arising from index-linked policies	125	91,868,274	
II - Reserves arising from pension fund management	126	3,464,367	127 95,332,641
		to carry forward	128 1,761,508,154

Previous year			
281	30,451,623		
282	21,857,987		
283	6,370,382		
284	5,999,999		
285	0		
286	0		
287	80,993,333		
288	0		
289	27,436,806	290	173,110,130
		291	15,832,210
292	174,360,180		
293	462,578,156		
294	0		
295	2,782,558		
296	2,146,895	297	641,867,789
298	649,083,272		
299	190,755		
300	23,074,122		
301	9,834		
302	4,274,902	303	676,632,885
		304	1,318,500,674
305	111,384,534		
306	2,355,107	307	113,739,641
to carry forward			1,621,182,655

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

			Current year
	brought forward		1,761,508,154
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1 Pension and similar provisions	128	0	
2 Provision for taxation	129	1,406,323	
3 Other provisions	130	741,337	131 2,147,660
F. DEPOSITS FROM REINSURERS			132 56,631,843
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising from direct insurance business due to:			
1. Insurance brokers and agents	133	2,860,747	
2. Current account companies	134	2,888,366	
3. Guarantee deposits and premiums paid by policyholders	135	193,193	
4. Guarantee funds in favour of policyholders	136	472,062	137 6,414,368
II - Payables arising from reinsurance business due to:			
1. Insurance and reinsurance companies	138	9,977,013	
2. Reinsurance brokers and agents	139	0	140 9,977,013
III. - Bond issues			141 0
IV - Due to banks and other financial institutions			142 0
V - Secured debts			143 0
VI - Sundry loans and other financial payables			144 0
VII - Employees' leaving entitlement			145 5,377,825
VIII - Other sums payable			
1. Policyholders' tax due	146	9,185,342	
2. Other sums payable to taxation authorities	147	1,417,789	
3. Social security charges payable	148	1,886,654	
4. Sundry payables	149	11,550,866	150 24,040,651
IX - Other liabilities			
1. Suspense reinsurance accounts	151	0	
2. Commissions on premiums under collection	152	13,686,055	
3. Other liabilities	153	3,961,323	154 17,647,378
			155 63,457,235
		to carry forward	1,883,744,892

Previous year			
brought forward			1,621,182,655
308		0	
309		2,559,718	
310	741,337	311	3,301,055
		312	86,934,485
313	1,427,094		
314	4,932,882		
315	27,065		
316	439,854	317	6,826,895
318	12,488,916		
319	0	320	12,488,916
321		0	
322		0	
323		0	
324		0	
325		6,335,913	
326	9,332,174		
327	1,201,460		
328	1,563,692		
329	12,841,445	330	24,938,771
331	0		
332	8,351,771		
333	3,146,479	334	11,498,250
		335	62,088,745
to carry forward			1,773,506,940

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year
	brought forward	1,883,744,892
H. ACCRUED EXPENSES AND DEFERRED INCOME		
1. Interest	156	286,153
2. Rent instalments	157	0
3. Other accrued expenses and deferred income	158	57,040
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160 1,884,088,085

BALANCE SHEET

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

	Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS	
I - Guarantees given	
1. Sureties	161
2. Endorsements	162
3. Other personal guarantees	163
4. Collateral	164
II - Guarantees received	
1. Sureties	165
2. Endorsements	166
3. Other personal guarantees	167
4. Collateral	168
III - Guarantees given by third parties in the interest of the company	20,500,000
IV - Commitments	9,200,000
V - Third party assets	0
VI - Assets pertaining to pension funds managed in favour and on behalf of third parties	0
VII - Securities held by third parties	29,333,680
VIII - Other memorandum and contingency accounts	4,153,931
	3,464,367
	1,260,697,792
	0

Previous year

336	870,772	
337	0	
338	7,909	339 878,681
340		1,774,385,621

Previous year

341	0
342	0
343	20,500,000
344	0
345	3,700,000
346	0
347	0
348	250,000
349	0
350	8,014,886
351	4,961,949
352	2,355,107
353	1,138,880,038
354	0

PROFIT AND LOSS ACCOUNT

Current year

I. NON-LIFE BUSINESS TECHNICAL ACCOUNT		
1	PREMIUMS, NET OF OUTWARDS REINSURANCE	
a)	gross premiums accounted for	1 495,437,872
b)	(-) outwards reinsurance premiums	2 48,104,341
c)	Change in gross premium reserve	3 27,552,685
d)	Change in reinsurer premium reserve	4 910,859 5 420,691,705
2	(+) INCOME ON INVESTMENTS TRANSFERRED FROM NON-TECHNICAL ACCOUNT (Caption III.6)	6 29,096,790
3	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE	7 3,529,025
4	CHARGES RELATING TO CLAIMS, NET OF RECOVERIES AND OUTWARDS REINSURANCE	
a)	Amounts paid	
aa)	Gross amount paid	8 299,408,228
bb)	(-) reinsurers' share	9 40,137,513 10 259,270,715
b)	Change in recoveries, net of reinsurers' share	
aa)	Gross amount recovered	11 10,088,968
bb)	(-) reinsurers' share	12 136,184 13 9,952,784
c)	Change in claims reserve	
aa)	Gross amount	14 42,421,141
bb)	(-) reinsurers' share	15 -8,230,311 16 50,651,452 17 299,969,383
5	CHANGE IN OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE	18 509,687
6	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE	19
7	OPERATING COSTS:	
a)	Acquisition commissions	20 79,618,895
b)	Other acquisition costs	21 23,098,873
c)	Change in commissions and other acquisition costs to be amortised	22 -270,247
d)	Premium collection commissions	23 7,268,251
e)	Other administrative costs	24 14,697,080
f)	(-) Profit participation and other commissions received by reinsurers	25 12,962,278 26 111,991,068
8	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE	27 3,748,394
9	CHANGE IN EQUALISATION RESERVES	28 285,956
10	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 1)	29 36,813,032

Previous year		
111	455,757,679	
112	73,199,416	
113	7,436,900	
114	-3,477,258	115 371,644,105
		116 20,894,686
		117 2,156,129
118	279,731,861	
119	45,589,329	120 234,142,532
121	7,677,115	
122	49,452	123 7,627,663
124	41,784,980	
125	12,960,699	126 28,824,281
		127 255,339,150
		128 463,135
		129
130	68,639,064	
131	22,838,236	
132	-461,018	
133	9,466,642	
134	15,090,092	
135	12,708,913	136 103,786,139
		137 3,843,483
		138 270,672
		139 30,992,341

PROFIT AND LOSS ACCOUNT

Current year

II. LIFE BUSINESS TECHNICAL ACCOUNT			
1	PREMIUMS, NET OF OUTWARDS REINSURANCE:		
	a) Gross premiums accounted for	30	141,087,906
	b) (-) outwards reinsurance premiums	31	2,176,650
		32	138,911,256
2	INCOME ON INVESTMENTS:		
	a) Income on equity investments	33	2,924,446
		34	2,924,446)
	b) Income on other investments:		
	aa) land and buildings	35	
	bb) other investments	36	32,524,162
		37	32,524,162
		38	(of which: from group companies)
	c) Adjustments to investment values	39	6,731
	d) Profit on sale of investments	40	6
		41	(of which: from group companies)
		42	35,455,345
3	INCOME AND NON-REALISED CAPITAL GAINS RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS BEARING THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT		
4	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE		
5	CHARGES RELATING TO CLAIMS, NET OF OUTWARDS REINSURANCE:		
	a) Amounts paid		
	aa) Gross amount paid	45	99,661,741
	bb) (-) reinsurers' share	46	6,482,595
		47	93,179,146
	b) Change in reserve for amounts payable		
	aa) Gross amount	48	7,667,286
	bb) (-) reinsurers' share	49	
		50	7,667,286
		51	100,846,432
6	CHANGE IN MATHEMATICAL RESERVES AND OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE		
	a) Mathematical reserves:		
	aa) Gross amount	52	42,823,928
	bb) (-) reinsurers' share	53	-4,652,953
		54	47,476,881
	b) Complementary insurance premium reserve:		
	aa) Gross amount	55	-9,950
	bb) (-) reinsurers' share	56	
		57	-9,950
	c) Other technical reserves		
	aa) Gross amount	58	6,265,618
	bb) (-) reinsurers' share	59	-7,990
		60	6,273,608
	d) Technical reserves where investment risk is borne		
	by policyholders and reserves arising from pension fund management		
	aa) Gross amount	61	-18,406,999
	bb) (-) reinsurers' share	62	
		63	-18,406,999
		64	35,333,540

Previous year			
140	131,731,122	142	129,213,511
141	2,517,611		
143	4,391,350		
(of which: from group companies	4,391,350)		
145			
146	28,692,289	147	28,692,289
(of which: from group companies	148)		
149	183,978		
150	28,717		
(of which: from group companies	151)	152	33,296,334
		153	12,682,518
		154	983,977
155	111,664,206		
156	5,637,286	157	106,026,920
158	-3,670,649		
159		160	-3,670,649
		161	102,356,271
162	49,694,080		
163	-3,250,073	164	52,944,153
165	-14,561		
166		167	-14,561
168	674,292		
169	-6,014	170	680,306
171	-6,351,068		
172		173	-6,351,068
		174	47,258,830

PROFIT AND LOSS ACCOUNT

Current year

7	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE	65	40,701
8	OPERATING COSTS:		
a)	Acquisition commissions	66	14,393,466
b)	Other acquisition costs	67	4,850,803
c)	Change in commissions and other acquisition costs to be amortised	68	-807,471
d)	Premium collection commissions	69	1,718,816
e)	Other administrative costs	70	3,777,570
f)	(-) Profit participation and other commissions received by reinsurers	71	531,683
		72	25,016,443
9	CAPITAL AND FINANCIAL CHARGES:		
a)	Investment management charges and interest payable	73	2,544,434
b)	Adjustments to investment values	74	259,577
c)	Loss on sale of investments	75	4,783
		76	2,808,794
10	CAPITAL AND FINANCIAL CHARGES AND NON-REALISED CAPITAL LOSSES RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS WHO BEAR THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT	77	7,615,060
11	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE	78	10,805
12	(-) INCOME ON INVESTMENTS TRANSFERRED TO NON-TECHNICAL ACCOUNT (caption III.4)	79	3,128,519
13	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 2)	80	6,111,659
III. NON-TECHNICAL ACCOUNT			
1	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption I.10)	81	36,813,032
2	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption II.13)	82	6,111,659
3	INCOME ON INVESTMENTS IN NON-LIFE BUSINESS:		
a)	Income on equity investments (of which: from group companies	83	24,243,698
		84	24,243,698)
b)	Income on other investments: aa) land and buildings	85	186,536
	bb) other investments (of which: from group companies	86	19,915,040
		87	20,101,576
		88	24,101)
c)	Adjustments to investment values	89	27,775
d)	Profit on sale of investments (of which: from group companies	90)
		91	44,373,049

Previous year		
		175 6,548
176 3,658,150		
177 3,063,816		
178 -1,107,321		
179 1,776,139		
180 5,041,857		
181 407,893	182	14,239,390
183 2,843,488		
184 116,180		
185 2,087	186	2,961,755
		187 1,765,226
		188 35,617
		189 2,496,017
		190 5,056,686
		191 30,992,341
		192 5,056,686
193 10,893,948		
(of which: from group companies	194	10,893,948)
195 204,982		
196 16,564,988	197	16,769,970
(of which: from group companies	198	43,781)
199 555,171		
200		
(of which: from group companies	201) 202 28,219,089

PROFIT AND LOSS ACCOUNT

Current year

4	(+) INCOME ON INVESTMENTS TRANSFERRED FROM LIFE BUSINESS TECHNICAL ACCOUNT (caption II) 12	93 3,128,519
5	CAPITAL AND FINANCIAL CHARGES OF NON-LIFE BUSINESS:	
a)	Investment management charges and interest payable	94 1,952,580
b)	Adjustments to investment values	95 6,751,273
c)	Loss on sale of investments	96 8,703,853
6	(+) INCOME ON INVESTMENTS TRANSFERRED TO NON-LIFE BUSINESS TECHNICAL ACCOUNT (caption I . 2)	98 29,096,790
7	OTHER INCOME	99 2,972,839
8	OTHER CHARGES	100 5,288,072
9	RESULT OF ORDINARY BUSINESS	101 50,310,383
10	EXTRAORDINARY INCOME	102 1,549,408
11	EXTRAORDINARY EXPENSE	103 309,452
12	RESULT OF EXTRAORDINARY ORDINARY BUSINESS	104 1,239,956
13	PROFIT (LOSS) BEFORE TAXATION	105 51,550,339
14	TAXATION ON PROFIT FOR THE YEAR	106 15,055,275
15	NET PROFIT (LOSS) FOR THE YEAR	107 36,495,064

Previous year	
203	2,496,017
204	2,322,982
205	
206	1,376
207	2,324,358
208	20,894,686
209	1,931,636
210	7,383,471
211	38,093,254
212	359,846
213	248,077
214	111,769
215	38,205,023
216	10,768,217
217	27,436,806

EXPLANATORY NOTES TO ACCOUNTS

To Our Shareholders

Together with the Balance Sheet and Income Statement for the financial year ending on 31 December 2007, we also submit for your approval these Explanatory Notes, which, pursuant to Article 2423 of the Italian Civil Code, are an integral part of the year-end financial statements.

Format and content of year-end financial statements

The financial statements, prepared in euro, are presented in the specific format envisaged for insurance companies as per the requirements of Italian Legislative Decree no. 209 of 7 September 2005 "Private Insurance Company Code". For items not covered by the aforementioned Decree or by its implementation ordinances, the provisions of the Italian Civil Code and those of Italian Legislative Decree no. 173 of 26 May 1997.

Specifically, in compliance with ISVAP ordinance no. 1008 G of 5 October 1998, the financial statements have been prepared as follows:

- The balance sheet and income statement are expressed in euro units. The arithmetical sum of rounding differences are recorded under captions F.IV.2) Sundry assets or G.IX.3) Sundry liabilities in the balance sheet and III.10) Extraordinary income or III.11) Extraordinary expense in the income statement;
- The Explanatory Notes to accounts, their appendices, and the restated balance sheet and income statement are presented in thousands of euro. Related rounding has been calculated to ensure consistency with the figures in euro units shown in the balance sheet and income statement.

As is required by regulations, the Explanatory Notes consist of three parts, i.e.

Part A – Accounting policies

Part B – Information on the balance sheet and income statement

Part C – Other information and cash flow statement.

The Notes include 32 appendices that analyse the technical and financial components of insurance and financial operations.

In order to provide more complete information, it has been deemed appropriate, as already done in previous years, also to present the restated balance sheet and income statement.

Restated balance sheet captions are shown net of reinsurance effects.

The 2007 Financial Statements of the Vittoria Formula Lavoro open-end pension fund are also attached.

Reclassified balance sheet

(in thousands of euros)

ASSETS	2007	2006
Investments		
Land and buildings	8,198	8,166
Investments in group and other companies		
- Equity investments	209,564	216,957
- Loans	2,455	-
Other financial investments:		
- Equity investments	-	-
- Unit trust units	11,855	7,205
- Bonds and other fixed-interest securities	1,173,845	1,053,246
- Loans	9,710	10,270
Deposits with ceding companies	426	534
Investments benefiting life policyholders	95,333	113,740
Total investments	1,511,386	1,410,118
Receivables		
Receivables relating to direct insurance business from:		
- Policyholders	53,117	36,601
- Insurance brokers and agents	54,532	48,185
- Current account companies	14,018	6,360
- Amounts to be recovered from policyholders and third parties	28,225	24,540
Receivables relating to reinsurance business	3,502	5,710
Other receivables	14,152	17,182
Total receivables	167,546	138,578
Intangible assets	27,842	28,181
Tangible assets and inventory	3,092	3,916
Liquid funds	46,301	41,553
Own shares or quotas	-	-
Other assets	10,060	8,170
Prepayments and accrued income	19,184	15,808
TOTAL ASSETS	1,785,411	1,646,324

Reclassified balance sheet

(in thousands of euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	2007	2006
Shareholders' equity		
- Share capital	32,666	30,452
- Share premium reserve	30,273	21,858
- Revaluation reserves	6,370	6,370
- Legal reserve	6,090	6,000
- Reserve for purchase of own shares	-	-
- Other reserves	103,468	80,993
- Net profit (loss) for the year	36,495	27,437
Total shareholders' equity	215,362	173,110
Subordinated liabilities	5,203	15,832
Technical reserves, net of reinsurance		
- Premium reserve	183,138	148,726
- Claims reserve	444,134	383,836
- Mathematical reserves	673,799	626,474
- Reserve for amounts payable	30,721	23,053
- Other technical reserves	16,454	9,374
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	95,333	113,740
Total technical reserves	1,443,579	1,305,203
Payables		
Deposits from reinsurers	56,632	86,934
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	2,861	1,427
- Current account companies	2,888	4,933
- Guarantee deposits and premiums paid by policyholders	193	27
- Guarantee funds in favour of policyholders	472	440
Payables arising from reinsurance business	9,977	12,489
Other sums payable	24,041	24,939
Total payables	97,064	131,189
Provisions for contingencies and other charges	2,148	3,301
Employees' leaving entitlement	5,378	6,336
Other liabilities	16,334	10,474
Accrued expenses and deferred income	343	879
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,785,411	1,646,324

Reclassified profit and loss account

	(in thousands of euros)	
	2007	2006
Technical account		
Life businesses:		
Direct insurance		
(+) Gross premiums accounted for	141,087	117,760
(-) Charges relating to claims	107,234	91,497
(-) Change in mathematical and other technical reserves	30,764	42,720
(+) Other technical captions, net	853	1,111
(-) Operating costs	25,548	13,754
(+) Return on investments where the company bears the risk net of the portion transferred to the non-technical account	29,518	24,885
(+) income on investments where policyholders bear the risk - Class D	-1,974	9,343
Direct insurance result	5,938	5,128
Outwards reinsurance result	177	614
Retained direct insurance result	6,115	5,742
Indirect and retroceded insurance result	-3	-55
Result of life business technical account	6,112	5,687
Non-life businesses:		
Direct insurance		
(+) Gross premiums accounted for	494,971	432,416
(-) Change in premium reserve	27,653	8,178
(-) Charges relating to claims	331,402	295,776
(-) Change in other technical reserves	510	484
(+) Other technical captions, net	-219	-3,251
(-) Operating costs	124,803	111,166
Direct insurance result	10,384	13,561
Outwards reinsurance result	-2,446	-3,172
Retained direct insurance result	7,938	10,389
Indirect and retroceded insurance result	64	331
Total retained direct insurance result	8,002	10,720
(-) Change in equalisation reserves	286	260
(+) Income on investments transferred from the non-technical account	29,097	10,170
Result of non-life business technical account	36,813	20,630
Result of technical account	42,925	26,317
(+) Income on non-life business investments net of the portion transferred to the technical account	6,572	2,356
(+) Income on investments transferred from the life business technical account	3,129	2,246
(+) Other income	2,973	2,008
(-) Other charges	5,288	6,321
Result of ordinary business	50,311	26,606
(+) Extraordinary income	1,549	4,725
(-) Extraordinary expense	310	79
Profit (loss) before taxation	51,550	31,252
(-) Taxation on profit for the year	15,055	10,922
Net profit (loss)	36,495	20,330

Part A: Accounting policies

The accounting policies used to draw up year-end financial statements comply with the requirements of Articles 2426 and 2427 of the Italian Civil Code, of Italian Legislative Decree no. 173 of 26 May 1997 (to which the "Private Insurance Company Code" refers), of the various regulations issued by the ISVAP (supervisory body for the Italian insurance industry) and of CONSOB (Italian securities & exchange commission) guidelines. The policies are described below.
Unless otherwise specified, accounting policies relating to direct insurance also apply to outward reinsurance.

Technical insurance captions

Classification of risks by business line

For the purposes of allocation of gross premiums written and of related transactions, classification of risks by business line is defined by Article 2 of Italian Legislative Decree no. 209 of 7 September 2005.

NON-LIFE

Based on ISVAP regulation no. 734 of 1 December 1997, premiums, operating costs, related premium reserves, and technical income are allocated to the various Non-Life business lines based on the parameters used to calculate the tariffs applied. Costs relating to claims are directly allocated to the individual lines if they refer to transactions relating to an individual event, since allocations are made on the basis of the type of cover involved in a claim. Costs common to several claims are allocated to the various officially defined lines according to the weight of indemnities paid during the financial year. Costs borne for claims in the current and previous financial years are allocated in proportion to the indemnities paid in the various years concerned. Only for the Motor TPL (third-party liability) line is the impact of the number of claims occurring in the year taken into account.

LIFE

Allocation of Life technical captions is done on a direct basis since the entire portfolio matches the regulatory classification.

Gross premiums

LIFE/ NON-LIFE

Premiums, together with their ancillary costs, gross of outward reinsurance are recognised as revenues upon maturity, regardless of when documents are recorded and of the date when they are effectively collected.

In the Non-Life business, cancellations of individual policies caused by technical events are directly deducted from premiums, as long as they are issued in the same year. In the case of Non-Life business, the caption comprises all cancellations except for those relating to first-year premiums written in previous financial years.

For Non-Life business, allocation to the year is made via adjustment of the premium reserve. For the Life business it instead implicit in the calculation of the mathematical reserves, of the complementary insurance premium reserve, and of other technical reserves of the life business.

Ceded and retroceded reinsurance premiums are accounted for in accordance with the contractual agreements made with reinsurers.

Operating costs

NON-LIFE/ LIFE

Operating costs include:

- Acquisition commissions.
They include the commissions paid on the acquisition and renewal (also tacit) of contracts. They also include extra commissions and commission bonuses commensurate with achievement of productivity targets;
- Other acquisition costs.
They include personnel expenses, logistics costs, costs for services and purchase of goods of the management departments involved in the assessment, issue and management of insurance contracts. They also include costs accorded to the agency network for the issuing of contracts and for extra bonuses and commission bonuses not linked to productivity targets, plus costs incurred for medical check-ups;
- Changes in commissions and other acquisition costs to be amortised.
The item includes the year's portion of amortisation for acquisition commissions and other acquisition expenses;
- Premium collection commissions.
This item includes commissions paid for collection of premiums relating to long-term contracts;
- Other administrative costs.
They include personnel expenses, logistics costs, costs for services and purchase of goods of the company departments other than those relating to the other acquisition costs indicated above and those allocated to claims settlement and investment management. They also include charges incurred for the termination of agency agreements not the part not subject to compensation;
- Commissions and profit participation received by reinsurers.
- This includes commissions and profit-participation amounts for reinsurers as established by contractual agreement for premiums ceded and retroceded.

Premium reserve

NON-LIFE

The Non-Life premium reserve is calculated on a pro-rata temporis basis, contract by contract, based on premiums written net of direct acquisition costs and of the unearned portion of premiums, i.e. pertaining to the period after December 31st in the financial year concerned.

There is an exception to this rule for the calculation of the reserve for some business lines for which risk exposure does not decrease as time elapses or for which the correlation between policy premiums and potential claim costs does not follow the usual economic and technical criteria. For these lines the premium reserve is calculated according to specific official regulations, which are recalled below:

- Suretyship insurance: the system used is the hybrid system envisaged by ISVAP ordinance no. 1978 of 04/12/2001, which requires application as from 2002 year-end financial statements, of the pro-rata temporis method together with the additional reserve calculated according to the type of risk as per schedule no. 33 of ISVAP ordinance no. 1059 G of 04/12/1998;
- Credit insurance: the system used is the hybrid system envisaged by regulations – i.e. forfeitary criterion (Ministerial decree of 22/06/1982) until 1991 and the pro rata temporis criterion (Italian Legislative Decree no. 393 of 26/11/) as from FY1992;
- Miscellaneous asset damage - hail insurance: the forfeitary criterion envisaged in the Ministerial Decree of 29/10/1981 and subsequent amendments;
- Nuclear risks: the method used is the forfeitary method established by the Ministerial Decree of 21/09/1981.

The premium reserve is supplemented by:

- The reserve for unexpired risks: this reserve is set up to cover risks incumbent upon the company after the balance sheet date. It is a technical provision,

mandatorily required by Italian Legislative Decree no. 209 of 7 September 2005, made if, and to the extent that, the total amount of the presumed cost of expected claims – relating to in-force policies – is estimated to exceed the reserve for unearned premiums plus premiums outstanding, net of acquisition costs, for deferred-premium policies.

- The reserve for damage from earthquakes, seaquakes and volcanic eruptions – as required by the Ministerial Decree of 15/06/1984.

Reinsurers' premium reserve: this is calculated applying the same criteria as those used for direct business and inward reinsurance.

Other technical reserves

NON-LIFE

This caption comprises the ageing reserve for health insurance as required by Article 37 of Italian Legislative Decree no. 209 of 7 September 2005.

As done in previous years, the reserve is calculated on a forfeitary basis by accruing 10% of gross premiums written on those products for which premium calculation does not consider the policyholder's age and that include clauses limiting the company's possibility of terminating the contract.

Equalisation reserves

NON-LIFE

Equalisation reserves comprise all sums provisioned in compliance with current legislative requires in order to smooth fluctuations in claims rate in future years or to cover special risks.

The item includes:

- The offsetting reserve for credit insurance as per Article 37 of Italian Legislative Decree no. 209 of 7 September 2005;
- The equalisation reserve for risks of natural disasters; the reserve is required by Italian Law no. 35 of 16/02/1995 and by the Ministerial Decree of 19/11/1996.

Equalisation reserving for FY2007, by business line, is shown in Appendix 25 to the Explanatory Notes.

Costs relating to claims paid

NON-LIFE

In the Non-Life business costs relating to claims paid include amounts paid in the year as indemnities and direct expenses, as well as claims adjustment expenses and the cost of the contribution to the guarantee fund for road-accident victims.

Direct expenses are those incurred to avoid or minimise claim damage, including litigation costs as per Article 1917, paragraph 3, of the Italian Civil Code, rescue expenses in transport and aviation insurance, and extinguishing costs in fire insurance.

Settlement costs include amounts paid to professionals appointed for the purpose, personnel expenses, logistics costs, and costs for services and goods of the company departments dedicated to claims settlement and handling.

LIFE

Costs relating to claims in the Life business include sums recognised in the financial year against capital sums and annuities accruing, surrenders, and claims, including those relating to complementary insurance.

NON-LIFE/ LIFE

The amount of reinsurers' share of costs is calculated according to the provisions of provisions of contracts in place.

Recoverables

NON-LIFE

The caption includes, net of reinsurers' contractual share, sums to be recovered from policyholders and third parties for remedying of claims in policies with no-claims clauses, for deductibles, and for subrogations.

The income statement recognises the difference between the amount at year-end and the amount existing on 31 December of the previous year, together with what has been recovered during the year.

Claims reserve

NON-LIFE

The claims reserve reflects the prudent evaluation of estimated indemnities and adjustment costs for claims relating to direct business that have been incurred and not yet paid, either totally or in part, as at balance sheet date. This valuation is performed considering the specific features of each line, based on all components forming the requirement for coverage of the claim's ultimate cost. "Ultimate cost" means the estimate of all foreseeable costs based on a prudent assessment of factual evidence (document examination) and forecasts (expected claims settlement time frame and related inflation rates).

Assessment of each claim is performed according to the following phases:

- Preparation of inventory estimates for each open position by non-life claims settlement inspectors;
- Analysis and checking of data and review of documentation concerning major claims by corporate management.

Activities performed as part of claims assessment procedures are based on the following general criteria:

- Accurate and complete basic year-end inventory of all claims partly or totally not settled, highlighting claims that are the subject of disputes
- Analysis of claims featuring several positions in order to ascertain that proper evidence exists supporting each individual position;
- Separate indication of the quantification of bodily injury and property damage;
- Inclusion of estimated direct and settlement costs in the claims reserve. Settlement costs include both amounts paid to professionals taking part in claims handling and internal company costs relating to the claims handling department;
- Assessment of claims relating to credit and suretyship insurance in compliance with the dictates of Articles 4 and 5 of ISVAP ordinance no. 1978 of 4/12/2001.

As regards current-generation claims, case documentation is examined at least quarterly to check the claim's progress and see whether the previous assessment was correct. In addition, the "continuous reserve" operating procedure is applied, which means that, when each partial payment is made or whenever new information is gathered, the claim is reviewed.

The field claims settlement network is supported by the area co-ordinators. The latter check, in terms of merit and method, that corporate house rules are properly applied.

The claims reserve includes the estimate for IBNR claims, i.e. claims pertaining to the year that have been incurred but not yet reported by year-end but pertaining to the year. Amounts are calculated considering the average cost of the current generation.

The claims reserves thus calculated that relate to mass risks, insofar as they refer to positions settled in the medium-long term, are subjected to statistical and actuarial checks to assess their consistency with ultimate cost and, when necessary, are topped up.

Mathematical reserves and other technical reserves

LIFE

Technical reserves for the Life business are calculated in the basis of the pure premiums and actuarial assumptions deemed to be appropriate as at the date when contracts were signed, insofar as they are still valid. Calculation of technical reserves is based on the rate of return determined on the basis of the related investments for respective "revaluable" benefits and on the mortality rate used to

calculate pure premiums. In accordance with current regulations, the premiums-carried-forward component of mathematical reserves is calculated on a pure-premium basis. The reserve for operating expenses is calculated taking operating loading as the basis and the other technical bases of the tariffs applied. For policies featuring health- and/or profession-related premium surcharges, an additional reserve is calculated equal to a full annual premium surcharge.

The premium reserve for complementary accident insurance is calculated analytically, applying the premium-carry-forward criterion to related pure premiums. In no case is the mathematical reserve lower than surrender value.

In compliance with the requirements of ISVAP in its ordinance no. 1380 G of 21 December 1999, the reserve for capital contracts relating to sums insured with a contractually guaranteed annuity conversion factor and to deferred and beneficial life annuities has been adjusted to reflect updated demographic survival assumptions.

This was done applying a criterion of a propensity for settlement of benefits in the form of annuities. Assessment of the portfolio as at 31 December 2007 led to a total reserve of thousand € 2,805 (€ 2,913 thousand in FY2006).

Mathematical reserves are adjusted, when deemed necessary, to factor in the decrease in financial rates of return on assets covering such reserves.

Pursuant to the requirements of ISVAP ordinance no. 1801-G of 21 February 2001, an ALM (Asset-Liability Management) procedure has been implemented for joint analysis of the asset and liability portfolios in order to calculate the forecast returns for each segregated life account. The process performed did not reveal the need for supplementary reserving.

Reversals and profit participation

NON-LIFE/LIFE Profit participation includes all amounts pertaining to the year, paid and to be paid to policyholders or other beneficiaries, including amounts used to increase technical reserves or reduce future premiums, as long as they constitute distribution of technical profits arising from non-life and life insurance activities, after deduction of amounts accrued in previous years' that are no longer necessary.

Reversals consist of the amounts that are partial rebates of premiums made on the basis of each contract's performance.

Other technical costs

LIFE/
NON-LIFE Other technical costs include:

- For the Non-Life business, premiums cancelled, due to technical events, of individual policies issued in previous financial years
- For the Life business, cancellation of first-year premiums written in previous years;
- Uncollectable premiums of amounts receivable from both Non-Life and Life policyholders;
- Costs relating to goods and services purchased to complement Non-Life insurance covers;
- Costs stemming from management of the knock-for-knock system.

Other technical income

LIFE/
NON-LIFE

Other technical income includes:

- Commissions relating to cancelled premiums included in other technical costs of the Non-Life and Life businesses;
- Income relating to management of the knock-for-knock system and to the subsidy accorded by the ANIA (Italian insurers' association) to encourage scrapping of damaged vehicles in the Non-Life business.

Investment income transferred from the non-technical account to the technical account

NON-LIFE

Financial income and charges relating to investments concerning the Non-Life Business are shown in the non-technical account, as required by paragraph 1, Article 54, of Italian Legislative Decree no. 173 of 26 May 1997.

Having said that, the official format for financial statements makes it obligatory to transfer, according to the methods established by the ISVAP, a part of investment income, net of financial charges, from the non-technical to the technical account.

ISVAP ordinance no. 1140 G dated 8 March 1999 established that the portion of investment income transferred must be proportional to the ratio where the numerator is the sub-total of retained mandatory technical reserves at the end of the current and previous year and the denominator is the total of the sub-total of retained mandatory technical reserves at the end of the current and previous year plus the sub-total of shareholders' equity and subordinated liabilities as at the end of the current and previous year.

Mandatory technical reserves consist of the premium reserves, claims reserves, profit participation and reversal reserves, the ageing reserve for health insurance, the offsetting reserve for credit insurance and the equalisation reserve for natural disasters.

Investment income transferred from the technical account to the non-technical account

LIFE

Financial income and charges relating to investments concerning the Life business are shown in the technical account, as required by paragraph 3, Article 54, of Italian Legislative Decree no. 173 of 26 May 19967.

Having said that, the official format for financial statements makes it obligatory to transfer, according to the methods established by the ISVAP, a part of investment income – defined as the amount of investment income net of financial charges and excluding unrealised capital gains and losses relating to investments benefiting policyholders bearing the risk and investments relating to pension fund management - from the technical to the non-technical account. ISVAP ordinance no. 1140 G dated 8 March 1999 established that investment income transferred must be proportional to the ratio where the numerator is the sub-total of shareholders' equity and subordinated liabilities at the end of the current and previous year and the denominator is the total of the sub-total of shareholders' equity and subordinated liabilities at the end of the current and previous year plus the sub-total of retained mandatory technical reserves as at the end of the current and previous year.

Mandatory technical reserves for these purposes consist of the mathematical reserves, complementary insurance premium reserves, reserves for payable amounts, profit participation and reversal reserves and other technical reserves, excluding technical reserves where the investment risk is borne by policyholders and reserves relating to pension fund management.

If investment income allocated to the Life business technical account as per the criteria described above is lower than income contractually allocated to policyholders

during the financial year, the portion of investment income to be transferred to the non-technical account has to be adjusted accordingly and, if necessary, cancelled.

Inward reinsurance

NON-LIFE/ LIFE

Inward life insurance is recorded on an accruals basis, except for risks retroceded by C.I.R.T. (the Italian consortium for impaired life insurance), which, however is not material.

If there are no specific negative indications, the economic effects of non-life inward reinsurance are accounted for one year later than the year to which they refer, as the necessary information is not available at balance sheet date. Related financial and balance sheet movements are recorded in the balance sheet under Other assets – Other liabilities in the reinsurance suspense accounts.

Treaties concerning aircraft hulls represent an exception to the above accounting treatment as the space risk business is accounted for on a strict accruals basis.

Indirect business claims reserves generally reflect those reported by the ceding insurer and Vittoria Assicurazioni supplements them when they are deemed inadequate with respect to the commitments underwritten.

Retrocession

NON-LIFE/ LIFE

Retroceded business mainly relates to Line 05 Aircraft hulls – space risks. Items relating to retrocession are measured according to the same policies as those applied to inward reinsurance.

Investment captions

C I – Land and buildings

In compliance with Article 15, paragraph 2, of Italian Legislative Decree no. 173 of 26 May 1997, land and buildings are considered to be assets for enduring, long-term use, except in the case of buildings available for sale.

Refurbishments, improvements, and plant upgrades – which are all designed to extend building units' life and increase their profitability – are capitalised.

Ordinary maintenance costs are established in a long-term plan and are expensed in the income statement annually.

Market value

Measurement is based on the market value of each plot of land and building.

“Market value” means the price at which the plot of land or the building can be freely sold by means of an agreement between two parties (the seller and the buyer) in normal and evenly balanced conditions and, more specifically, if:

- Both parties act after having gathered the necessary information on the property's officially designated urban use, marketability, and absence of any prejudicial annotations as regards title;
- The seller is free, or otherwise, to sell and there are no economic/financial circumstances forcing him to do so;
- The buyer is not being encouraged to purchase by non-market related factors.

Furthermore, the following conditions are taken into account:

- The asset has been on the market for a time reasonably long enough to permit its fair sale;
- The deed of sale has been signed after negotiations permitting the definition of price and terms.

Besides considering differences relating to age, position with respect to the importance of the zone where it is located, the valuation of each building also

considers typical factors (building type and quality, and state of preservation, etc.), possible profitability, any town-planning constraints and/or restrictions imposed by the Heritage Ministry, and anything else that may have an impact on the asset's valuation.

Valuation of leased buildings takes into account the type of contract, its expiry date and rental, also as regards possible revisions.

C II – Investments in Group companies and other investees

Pursuant to paragraph 2, Article 15 of Italian Legislative Decree no. 173 of 26 May 1997, investments in Group companies and other investee companies are considered to be long-term assets.

Group companies

Article 5 of Italian Legislative Decree no. 173 of 1997 and ISVAP ordinance no. 735 of 1/12/1997 define group companies as being:

- a) Parent companies;
- b) Subsidiaries;
- c) Affiliates, i.e. companies, other than those included in item b) that are controlled by the same entity controlling the parent company or subject to common management as defined by paragraph 1, Article 60, of the above decree;
- d) Associate companies.

For the purposes of this classification, the concept of "control" is as defined in Article 2359, paragraphs 1 and 2, of the Italian Civil Code.

Other investee companies

This item comprises companies held for their strategic function or support of the insurance business.

Investments in group and other companies are measured according to the following criteria:

- Investments denominated in euro are measured at acquisition cost inclusive of ancillary costs;
- Investments denominated in foreign currency are measured at acquisition cost, inclusive of ancillary costs, converted into euro at the exchange rate in force on transaction date.

Acquisition cost is written down to allow for any permanent impairment shown in investee companies' financial statements. If the reasons for such write-down no longer exist, the original value is reinstated in subsequent financial statements.

If the impairment of the value of long-term foreign-currency investments in foreign is due to exchange-rate losses, it must be checked to see whether such impairment is permanent or otherwise. If the exchange rate is expected to recover in the short-medium term, the investment is not written down.

Dividends distributed by investee companies held are recognised when the right to collect them is established.

Information and changes concerning investments are provided in Appendices 6 and 7 to these Explanatory Notes.

C III – Other financial investments

Equity investments

This category includes short-term investments in shares and quotas. Measurement criteria are as follows:

- Listed securities are stated in year-end accounts at weighted average cost or, if lower, presumed realisable value based on market trends. This lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist;
- Unlisted securities are stated at purchase cost, net of any losses recorded in investee companies' approved year-end accounts. Once again, this lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist.

Foreign currency investments are converted into euro as follows:

- Purchases: at the exchange rate in force on the date of transaction or subscription;
- Sales: at the exchange rate in force on transaction date;
- Fair value: at the year-end exchange rate.

Dividends distributed by these companies are recognised when the right to collect them is established.

Units in mutual investment funds

Investments in this category are stated in year-end accounts at weighted average cost or, if lower, at realisable value based on market trends. This lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist.

Unlisted closed-end mutual securities investment funds and real estate investment funds are measured at acquisition cost.

The value of investments in foreign-currency mutual investment funds is converted into euro applying the following criteria:

- Purchases: at the exchange rate in force on the date of transaction or subscription;
- Sales: at the exchange rate in force on transaction date
- Fair value: at the year-end exchange rate.

Bonds and other fixed-income debt securities

In accordance with the ISVAP ordinance of 1707/1996 (use of financial derivatives by insurance companies) and the ISVAP ordinance of 18/06/1998 (classification of investments), the Board of Directors has issued guidelines for classification of the debt securities portfolio.

Fixed-income securities are therefore classified as shown below.

Investment securities

These securities are stated at acquisition cost, inclusive of all ancillary costs. Cost is adjusted in the eventuality of permanent impairment of value. The higher or lower cost with respect to their repayment price is amortised on a straight-line basis over the period from acquisition to maturity.

These securities are held until they mature as the company has the financial resources to do this. Their classification depends on their importance and/or the expected normalisation of the rate of return of technical reserves in general and of segregated Life accounts in particular.

Trading securities

Securities in this category, recognised at purchase cost inclusive of all ancillary costs, are stated in year-end accounts at weighted average cost or, if lower, at presumed realisable value based on market trends. This lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist. The cost of fixed-income securities is adjusted for the quota accruing in the year of margin, i.e. the difference between issue price and repayment value.

“Market trends” means, for listed securities, the price recorded on the last trading day of the financial year.

Foreign-currency securities are converted into euro applying the following criteria:

- Purchases: at the exchange rate in force on the date of transaction or subscription;
- Sales: at the exchange rate in force on transaction date
- Fair value: at the year-end exchange rate.

Fair value of financial instruments

In compliance with the requirements of Article 2427/2 of the Italian Civil Code, in Part B of the Explanatory Notes we provide information on the fair value of derivative financial instruments as well as – for non-current financial assets recognised at a value higher than their fair value (excluding investments in subsidiaries, affiliates, and joint ventures) – related carrying value and fair value, together with the reasons why carrying value has not been reduced.

The fair value of assets in Classes C II and C III, traded in regulated markets, is the price recorded on the last trading day of the financial year.

As envisaged in Article 2427/2 of the Italian Civil Code, for the definition of “financial instrument”, “derivative instrument”, “fair value”, and “generally accepted measurement model and technique”, reference is made to international accounting standards compatible with European Union rules concerning the subject.

If a market valuation is not available for the investment, fair value is determined either on the basis of another similar financial instrument’s fair market value or via use of appropriate valuation techniques. The latter include use of recent transactions, discounted cash flow analysis, or models able to provide reliable estimates of presumed prices in current market transactions. If fair value cannot be reliably measured, cost is used, adjusted for any impairment loss.

Investments benefiting policyholders bearing risk

Financial investments benefiting policyholders who bear the risk of such investments are stated at fair value, i.e. at the price and exchange rate of the last trading day of the financial year.

The concept of “policyholders bearing the investment risk” is the feature decisive for application of the fair-value accounting standard to measure assets, as it immediately reveals the relationship between the trend in technical reserves and that of assets covering such reserves.

In year-end financial statements, these investments are classified as follows:

D I - unit-linked and index-linked investments

D II - investments arising from pension fund management

Mortgages and loans

Mortgage loans granted are all expressed in euro and are shown on the basis of residual principal as they are secured by mortgages on buildings.

Loans are all expressed in euro and, if rated as collectable, are stated at the residual principal value. They are adjusted by means of appropriate bad-debt provision.

Other captions

Tangible assets

Tangible assets are recognised at purchase cost inclusive of ancillary costs. They are shown net of related cumulative depreciation. Assets are depreciated on a straight-line basis over their estimated useful lives.

Intangible assets

Intangible assets are recognised at cost and directly amortised on a straight-line basis as follows:

- Business and/or product trademarks = over a 10-year period;
- Over a period that takes their residual possibility of use if they are assets coming under the 2nd point of Article 2426 of the Italian Civil Code;
- Costs incurred for the convertible subordinate bond issue approved by shareholders at the Extraordinary Meeting on 26 April 2001 = over a 10-year period;
- Start-up and expansion costs pursuant to the 5th point of Article 2426 of the Italian Civil Code.

This caption includes deferred acquisition costs, i.e. non-life and life commissions to be amortised.

NON-LIFE

Acquisition costs for long-term contracts, with specific reference to purchase commissions, are deferred and amortised over three years from the year when they are incurred. Taking into account contracts' term and regulations concerning the applicability of commission charges, the amortisation period can be considered to be economically consistent.

LIFE

Acquisition costs for new contracts, for the part not outwardly reinsured, are capitalised, within the limits of their respective loading, and are amortised on a straight-line basis over the duration of the underlying contract, with the maximum limit of 10 years imposed by ISVAP circular no. 183 of 3 September 1992. The amortisation period is considered to be economically consistent. Residual commissions of policies cancelled during the amortisation period are expensed in the financial year when the policies are eliminated from the portfolio.

Receivables

Receivables are shown in year-end accounts at face value adjusted to presumed realisable value via bad-debt provision.

With reference to the requirements of Article 2427 of the Italian Civil Code and of Italian Legislative decree no. 173/97, if in the section analysing balance sheet items, receivables are not specifically indicated as having a residual duration of more than one year and five years, they are taken to have a duration of less than one year.

Accrued, prepaid and deferred items

Accrued income, prepaid expenses, accrued liabilities, and deferred income link costs and income to the financial year to which they refer, even although related cash movements may take place after or before 31 December.

These items include only costs and income relating to two or more financial years.

Payables

Payables are shown in year-end accounts at face value.

With reference to the requirements of Article 2427 of the Italian Civil Code and of Italian Legislative decree no. 173/97, if in the section analysing balance sheet items, payables are not specifically indicated as having a residual duration of more than one year and five years, they are taken to have a duration of less than one year.

Reserve for employee severance indemnities

The reserve for employee severance indemnities is calculated in compliance with current regulations and, as at balance sheet date, fully covers amounts ultimately payable to eligible staff.

Income taxes

Taxation of the year's profit is calculated on the basis of each financial year's estimated taxable income and recognised on an accrual-accounting basis in compliance with current legislation. In accordance with Italian accounting standard no. 25 ("Accounting treatment of income taxes") issued by the Italian national council of chartered and registered accountants, and subsequently amended by the OIC (the Italian accounting organisation) in connection with Italian company law reform, deferred taxes are calculated on the basis of the tax rates in force when temporary difference reverse, making appropriate adjustments if tax rates have changed with respect to previous years, only if the legal regulation changing the tax rate has already been enacted as at balance sheet date.

Deferred tax assets are recognised when it is reasonably certain that there will be future taxable income greater than the temporary differences generating the deferred tax assets in the years when such differences will reverse.

Deferred tax liabilities are not recognised if there is little possibility of them materialising or if their amount is immaterial.

Deferred tax liabilities, if any, are provisioned in the "Tax provision" caption of the balance sheet, whilst deferred tax assets are recorded under "Other assets".

Conversion into euro

Items expressed in foreign currency are converted at spot exchange rates. For balance sheet items still existing at year-end, the exchange rate on the last trading day of the financial year is applied.

Tax status

The company, availing itself of the provisions (paragraph 44, Article 2) of Italian Law no. 350 of 24 December 2003 (2004 National Budget Law), published in the Official Italian Gazette of 27 December 2003, settled all years up to 2002 in terms of direct and indirect taxes, except for the situation described below concerning 1992.

As regards 1992, an official assessment report arising from a documental inspection was notified to the direct operating parent company. This administrative measure related to the deductibility of accruals to life business mathematical reserves.

Following a ruling by Milan Regional Tax Commission, which cancelled the Milan Provincial Tax Commission's previous ruling favourable to the company, the company received notice of a tax demand for € 648,385. This was recognised as an expense in the FY2004 income statement.

In November 2007, the Italian Supreme Court allowed the appeal filed by the company. Following this decision, the company has recognised in FY2007 non-recurring income the amount that it had currently charged to expense in FY2004, plus interest as up to 31 December relating to division into instalments of the tax demand, net of related legal expenses.

During FY2005 Vittoria Assicurazioni SpA adhered to the domestic tax consolidation regime (Articles 117 et seq. of Italian Presidential Decree no. 917 of 22 December 1986) in the capacity of consolidator company. Adherence is effective for the 3-year period 2005, 2006, and 2007.

Immobiliare Bilancia Srl, Immobiliare Bilancia Prima Srl, Immobiliare Bilancia Seconda Srl, and Immobiliare Bilancia Terza Srl adhered to the same regime in the capacity of tax-consolidated companies.

As from FY2006, the subsidiaries Vittoria Immobiliare SpA, Interimmobili Srl, and Gestimmobili Srl were also included in the scope of tax consolidation.

Part B: Information on the Balance Sheet and Income Statement

BALANCE SHEET

ASSETS

CLASS B - INTANGIBLE ASSETS

	2006	2007	Change
	28,181	27,842	- 339

Intangible assets are stated net of amortisation of € 11,331 thousand and, in the Life business, net of the residual amount to be amortised of cancelled policies reversed to the income statement. Amortisation is calculated as stated in "Part A - Accounting policies" of these explanatory notes.

of which:

B.1 - DEFERRED ACQUISITION COSTS

	2006	2007	Change
	11,250	10,172	- 1,078

Acquisition commissions are amortised as described in the "Accounting Policies" chapter. If all policies were to have reached their full maturity, the different duration used for amortisation vs. actual policy duration would have led to an increase in shareholders' equity, before the related tax effect, in shareholders' equity of € 4,869 thousand (2006: € 5,524 thousand) for the Life business and of € 16,211 thousand (2006: € 9,386 thousand) for the Non-Life business.

B.1.a - Deferred acquisition commissions - Life business

	2006	2007	Change
	4,301	3,494	- 807

Deferred acquisition commissions changed as follows:

- Commissions on policies acquired in the year + 574
- Commissions for policies cancelled in the year - 210
- Annual amortisation - 1,171

B.1.b - Deferred acquisition commissions - Non-Life business

	2006	2007	Change
	6,949	6,678	- 271

Deferred acquisition commissions changed as follows:

- Commissions on policies acquired in the year + 6,721
- Annual amortisation - 6,992

B.3 - START-UP AND EXPANSION COSTS

	2006	2007	Change
	202	50	- 152

These are the costs borne by the company to issue the convertible subordinated loan approved by shareholders at the Extraordinary Meeting on 26 April 2001.

Annual amortisation in FY2007 amounted to € 17 thousand.

Following the start of conversion of the loan in FY2007, the relevant part of issue costs - € 135 thousand - has been eliminated.

B.5 - OTHER DEFERRED COSTS

	2006	2007	Change
	16,729	17,620	+ 891

Deferred expenses, stated in year-end accounts at cost, are directly amortised. The following table shows changes occurring during the year:

	2006	2007	(€ '000) Change
Software applications	16,007	16,830	823
Software applications under completion	-	153	153
Refurbishment of HQ and agency premises	685	607	-78
Other deferred costs	37	30	-7
Total	16,729	17,620	891

The change reflects purchases of € 4,043 thousand in the year and amortisation of € 3,152 thousand.

The item "Software applications" refers to long-term costs borne mainly for the NewAge System package for development of the company's operating system, the claims adjustment network, and the agency network.

CLASS C - INVESTMENTS

	2006	2007	Change
	8,166	8,198	+ 32

The comparison with investments' fair value is shown by type in the Appendices to the Explanatory Notes.

Below we list the investments concerned:

C.I Land and buildings

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	8,166	8,198	+ 32

Total carrying values include the following revaluations:

Monetary - pursuant to Italian Laws 576/75 and 72/83	538
Tax-driven and voluntary	1,175
Mandatory - pursuant to Italian Law 413/91	1,073

The caption comprises:

C.I.1 - OPERATING BUILDINGS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	377	306	- 71

The change was caused by the change of use of the following premises:

Pescara, Via Sulmona 2	-	71
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C.I.2 - BUILDINGS USED BY THIRD PARTIES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	7,789	7,892	- 477

The change was due to:

- Refurbishment of agencies' premises	+ 32
- Change of use of the units indicated in point C.I.1	+ 71

Following enactment of the rules indicated in Article 18 of Italian Legislative Decree no. 173 of 26 May 1997, the ISVAP issued ordinance no. 1915 G of 20 July 2001.

In compliance with the above regulation, in FY2007 the company had the independent appraisals of each individual asset updated.

As at 31/12/2007 the total fair value of buildings was € 20,293 thousand as opposed to a carrying value of € 8,198 thousand (+148.5%), as shown in Appendix 4.

C.II - Investments in Group companies and in other investees

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	216,957	212,019	- 4,938

The total value of subsidiaries, affiliates, associates and other investee companies are shown below. Details and related changes involving these companies are shown in Appendices 6 and 7 of the Explanatory Notes.

of which:

C.II.1 EQUITY INVESTMENTS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	216,957	209,564	- 7,393

C.II.1b Subsidiaries

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	131,633	130,020	- 1,613

The change was due to the following operations during FY2007:

- Subscription of € 3,577 thousand for the capital increase of Vittoria Immobiliare SpA;
- partial reimbursement by Immobiliare Bilancia S.r.l. of the quota premium reserve, i.e. € 8,594 thousand and purchase of the remaining 2.34% of quotas paying € 406 thousand and thus achieving 100% ownership of the investee company;
- payment to Immobiliare Bilancia Prima S.r.l. of € 3,000 thousand, of which € 1,000 thousand for a capital increase and € 2,000 thousand for the quota premium reserve;
- payment to Vittoria Service S.r.l. of € 14 thousand for the capital increase and € 70 thousand as quota premium;
- sale of the equity interest in Yafra S.a.s. at carrying value with cash-in of € 86 thousand

Securities allocated to the Life segregated accounts amounted to € 21,933 thousand.

C.II.1d Affiliates

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	33,577	35,182	+ 1,605

The change was due to the following operations during FY2007:

- Gima Finance SA: foundation of the company, which will undertake private equity deals, subscribing a 32.13% for a total outlay of € 271 thousand, of which € 261 thousand as premium;
- White Finance SA: payment of € 1,611 thousand as share premium. Subsequent reimbursement of share premium amounting to € 3,941 thousand;
- Laumor Holdings Sarl: payment of € 3,424 thousand, of which € 90 thousand for the balance of the purchase of quotas and € 3,334 thousand for the quota premium reserve;
- Touring Vacanze Srl: increase of the equity interest's value due to additional costs relating to the stake acquired.

C.II.1e Other investee companies

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	51,747	44,362	- 7,385

The change was due to the following operations during FY2007:

- Cam Finanziaria S.p.A.: alignment to carrying value with the stock's market price as at 31 December 2007, recognizing impairment of € 6,689 thousand. This decision happened also considering present market price trends pointing even further downwards;
- Marina Srl – Società in liquidazione volontaria: cash-in of € 1,061 thousand upon conclusion of the process of voluntary winding-up of the company initiated in FY2006, making a capital gain of € 331 thousand;
- Immobiliare Adamello Srl: subscription of 10% of the company with an outlay of € 100 thousand, within the strategic agreements with Touring Club;
- Banca Popolare Etica Soc. Coop: sale at cost of equity interest, with cash-in of € 52 thousand

C.II.3 LOANS TO GROUP COMPANIES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	-	2,455	+ 2,455

of which:

C.II.3d Associate companies

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	-	455	+ 455

The change occurring during the year was due to the loan granted to the subsidiary Vittoria Immobiliare S.p.A.

The current interest rate applied is 4.5% and this loan have a duration of more than one year.

C.II.3e Other companies

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	-	2,000	+ 2,000

The change occurring during the year was due to the loan granted to the company Immobiliare Adamello S.r.l., in which the Company has a 10% interest.

This loan have a duration of more than one year and the current interest rate applied is 5.1%.

C.III Other financial investments

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	1,070,721	1,195,410	+ 124,689

of which:

C.III.2 UNITS IN MUTUAL INVESTMENT FUNDS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	7,205	11,855	+ 4,650

During FY2007 shares for € 5,000 thousand were subscribed in BCM Neutral Fund Plc, a hedge fund set up by our investee company BCM & Partners LLP. In addition there was partial reimbursement of closed-end investment funds amounting to € 232 thousand and partial reimbursement of closed-end real estate funds amounting to € 117 thousand.

Securities allocated to Life segregated accounts amounted to € 1,308 thousand.

C.III.3 BONDS AND OTHER FIXED-INCOME SECURITIES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	1,053,246	1,173,845	+ 120,599

The detail of the breakdown of the bond portfolio as at 31/12/07 by type of issuer was as follows: Italian government securities 64.4%, foreign government securities 20.1%, emerging countries' government securities 1.2%, Italian corporate bonds 2.6%, and foreign corporate bonds 11.5%.

of which:

C.III.3a Listed

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	1,041,749	1,162,527	+ 120,778

The change was due to:

- An increase depending on normal portfolio management and trading + 183,117
- Decrease following reimbursements and sales - 66,748
- Adjustment of zero-coupon bonds + 4,118
- Transfer, following policy surrenders, of securities from Class D to Class C at fair value + 942
- Adjustment for positive issue differentials + 446
- Adjustment for negative issue differentials - 946
- Adjustment for positive trading margins + 1,176
- Adjustment for negative trading margins - 1,056
- Alignment of value with market conditions - 271

Securities allocated to Life segregated accounts amounted to € 597,499 thousand.

C.III.3b Unlisted

	2006	2007	Change
	11,497	11,318	- 179

The change was due to:

- Decrease following reimbursements and sales - 181
- Adjustment for positive issue differentials + 18
- Alignment of value with market conditions - 16

Securities allocated to segregated Life accounts amounted to € 7,108 thousand.

The following table summarises the information required by Article 2427/2 of the Italian Civil Code, taking into account the fact that, as at 31 December 2007, the company owned no investments in financial derivatives.

				(€ '000)
	Account class	Carrying value FY2007	Fair value	Notes
Investments - Other investee companies		212,019	220,386	
- Equity investments in other investee companies <i>of which carried at a value higher than fair value</i>	C.II.1	209,564	217,931	
		207	191	1)
- Bonds issued by other investee companies	C.II.2.e)	455	455	
- Loans to other investee companies	C.II.3.e)	2,000	2,000	
Other financial investments		1,195,410	1,205,109	
- Equity investments	C.III.1	-	-	(*)
- Units in mutual investment funds <i>of which carried at a value higher than fair value</i>	C.III.2	11,855	13,815	(*)
- Bonds and other fixed-income securities <i>of which carried at a value higher than fair value</i>	C.III.3	1,173,845	1,181,679	(*)
		345,636	338,630	2)
- Loans to other investee companies <i>of which carried at a value higher than fair value</i>	C.III.4	9,710	9,615	
- Shares in pool investments	C.III.5	-	-	(*)
- Bank deposits	C.III.6	-	-	
- Sundry financial investments	C.III.7	-	-	(*)

(*) Fair value corresponds to what is indicated in Appendix 8 to the Explanatory Notes

1) Due to exchange difference on trading securities.

2) These are securities held as long-term investments, whose carrying value is lower than or equal to reimbursement value. They are held to maturity because the company had the financial capacity to do so.

C.III.4 LOANS

	2006	2007	Change
	10,270	9,710	- 560

of which:

C.III.4a Secured loans	2006	2007	Change
	3,956	3,303	- 653

The item consists solely of mortgage loans granted by the company. For changes during the year, see Appendix 10 to the Explanatory Notes.

The minimum interest rate applied to mortgages is 3.0%.

As regards the requirement of Article 2427, point 6, of the Italian Civil Code, we declare that:

- The amount of mortgages with a residual duration of more than 1 year is € 3,290 thousand
- The amount of mortgages with a residual duration of more than 5 years is € 2,784 thousand.

C.III.4b Loans against insurance policies	2006	2007	Change
	4,396	3,987	- 409

These are loans granted to company policyholders. For changes occurring during the year, reference should be made to Appendix 10 to these Explanatory Notes.

Pursuant to point 6 of Article 2427 of the Italian Civil Code, we note that, given their specific nature, these loans can be considered to have a duration of more than five years. The current interest rate applied to the loans is equal to the rate of return of separately managed businesses retroceded to policyholders, increased by 1 point.

C.III.4c Other loans	2006	2007	Change
	1,918	2,420	+ 502

The item mainly consists of loans granted to company employees and agents. Changes are detailed in Appendix 10 to these Explanatory Notes.

The minimum interest rate applied to loans is 1.0% and relates to loans granted to the agency network to upgrade its IT facilities.

As regards the requirement of Article 2427, point 6, of the Italian Civil Code, we declare that:

- The amount of loans with a residual duration of more than 1 year is € 2,108 thousand
- The amount of loans with a residual duration of more than 5 years is € 549 thousand

C.IV Deposits with cedent companies

	2006	2007	Change
	534	426	- 108

The amount of these deposits relates to the technical reserves for indirect business.

**CLASS D - INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK
AND THOSE RELATING TO PENSION FUND MANAGEMENT**

	2006	2007	Change
	113,740	95,333	- 18,407

of which:

D.I Investments relating to unit- and index-linked policies

	2006	2007	Change
	111,385	91,868	- 19,517

Investment breakdown by asset category is shown in Appendix 11 to the Explanatory Notes.

Below we detail the changes occurring by asset category:

Index-linked portfolio

– Increase due to purchase and subscription of securities	+ 5,056
– Decreases due to redemptions	- 943
– Adjustment for positive issue differentials	+ 120
– Alignment with fair value - write-downs	- 1,463
– Alignment with fair value - write-ups	+ 40
– Capitalisation of zero-coupon bonds	+ 148
– Opening accruals	- 20
– Year-end accruals	+ 30

Unit-linked portfolio

– Increase due to purchase and subscription of securities	+ 15,884
– Decreases following sales of securities, redemptions, and switches	- 35,406
– Other assets	+ 4
– Changes in cash resources	+ 8
– Alignment with fair value - write-downs	- 3,073
– Alignment with fair value - write-ups	+ 323
– Profit/loss on internal fund management	- 225

D.II Investments relating to pension fund management

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	2,355	3,465	+ 1,110

Investment breakdown by asset category is shown in Appendix 12 to the Explanatory Notes:

Below, we detail the changes that occurred by type:

- Increase due to purchase and subscription of securities	+ 1,992
- Decreases as a result of sales	- 1,337
- Changes in cash resources	+ 502
- Changes in other assets	+ 30
- Alignment with fair value	- 77

CLASS D/2 - REINSURERS' SHARE OF TECHNICAL RESERVES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	127,038	97,366	- 29,672

As regards their breakdown by type of reinsurance business, reference should be made to the description in Balance Sheet Liabilities - Class C - Technical Reserves.

Their breakdown by insurance segment is as follows:

D/2.I Non-Life business

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	104,376	79,365	- 25,011

of which:

D/2.I.1 PREMIUM RESERVE

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	25,634	18,698	- 6,936

D/2.I.2 CLAIMS RESERVE

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	78,742	60,667	- 18,075

D/2.II Life business

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	22,662	18,001	- 4,661

of which:

D/2.II.1 MATHEMATICAL RESERVES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	22,609	17,956	- 4,653

D/2.II.3 RESERVE FOR PAYABLE AMOUNTS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	21	21	-

D/2.II.5 OTHER TECHNICAL RESERVES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	32	24	- 8

These items refer to operating expense reserves for Class 1 - Whole and term life insurance - and Class IV - Health insurance.

CLASS E - RECEIVABLES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	138,578	167,546	+ 28,968

As required by Italian Legislative Decree no. 173 of 26 May 1997, this item is shown net of related adjustment provisions, which, as at 31 December 2007, totalled € 9,387 thousand.

E.I Receivables relating to direct insurance transactions

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	115,686	149,892	+ 34,206

of which:

E.I.1 DIRECT INSURANCE RECEIVABLES, FOR PREMIUMS DUE FROM POLICYHOLDERS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	36,601	53,117	+ 16,516

of which:

E.I.1a Direct insurance receivables, for current year's premiums due from policyholders

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	35,609	52,198	+ 16,589

E.I.1b - Direct insurance receivables, for previous years' premiums due from policyholders		
2006	2007	Change
992	919	- 73

These are premiums in the process of collection, mainly relating to policies issued on delegated basis by other insurance companies, net of related provision of € 1,126 thousand.

E.I.2 RECEIVABLES RELATING TO DIRECT INSURANCE, DUE FROM INSURANCE AGENTS AND BROKERS

2006	2007	Change
48,185	54,532	+ 6,347

These are amounts receivable from insurance agents and brokers, net of related provision of € 5,405 thousand. Amounts receivable from agents include receivables of € 1,278 thousand due from Aspevi Srl.

The change is mainly due to the development of Credit Protection Business, whose commercial agreements allow premiums payment, on an average, 60 days after policies have been issued.

Receivables from agents include € 11,468 thousand for charge-backs against leaving indemnities paid to agents. € 2,531 thousand of the residual amount receivable of € 43,064 thousand was still to be paid on 28 February 2008.

As required by Article 2427, point 6, of the Italian Civil Code and in compliance with Italian Legislative Decree no. 173 of 26 May 1997, it is declared that:

- The amount of receivables with a residual duration of more than 1 year is € 9,723 thousand
- The amount of receivables with a residual duration of more than 5 years is € 3,957 thousand

E.I.3 RECEIVABLES RELATING TO DIRECT INSURANCE, DUE FROM INSURANCE COMPANIES - CURRENT ACCOUNTS

2006	2007	Change
6,360	14,018	+ 7,658

This item primarily consists of receivables stemming from current accounts reflecting the results of technical management of co-insurance transactions.

E.I.4 RECEIVABLES RELATING TO DIRECT INSURANCE, DUE FROM POLICYHOLDERS AND THIRD PARTIES FOR RECOVERABLES

2006	2007	Change
24,540	28,225	+ 3,685

The caption shows amounts receivable from policyholders and third parties for deductibles and claim subrogation.

E.II Receivables relating to reinsurance business

	2006	2007	Change
	5,710	3,502	- 2,208

of which:

E.II.1 RECEIVABLES RELATING TO REINSURANCE BUSINESS, DUE FROM INSURANCE AND REINSURANCE COMPANIES

	2006	2007	Change
	5,710	3,502	- 2,208

This item comprises receivables stemming from current accounts reflecting the results of technical management of reinsurance treaties net of related provision of € 1,903 thousand.

E.III Other receivables

	2006	2007	Change
	17,182	14,152	- 3,030

As required by Article 2427, point 6, of the Italian Civil Code and in compliance with Italian Legislative Decree no. 173 of 26 May 1997, it is declared that:

- The amount of receivables with a residual duration of more than 1 year is € 9,222 thousand
- The amount of receivables with a residual duration of more than 5 years is € 82 thousand.

The "Other receivables" item is net of bad-debt provision of € 2,857 thousand.

The most important items, gross of provision, forming "Other receivables" are:

- Amounts receivable from Financial Administration	12,694
Tax credits and related interest are considered collectable after more than 1 year. They also include receivables stemming from the company's participation in tax consolidation.	
- Amounts receivable from employees	321
- Amounts receivable for insurance agreements	783
- Advance payouts for claims	923
- Amounts receivable for tangible assets sale	432

CLASS F - OTHER ASSETS

	2006	2007	Change
	54,663	60,766	+ 6,103

of which:

F.I Tangible assets and inventory

	2006	2007	Change
	3,916	3,092	- 824

Assets are stated at cost less cumulative depreciation.

The change refers to purchases made in the year totalling € 1,062 thousand, disposals net of relative cumulative depreciation for € 391 thousand, and annual depreciation of € 1,495 thousand.

of which:

F.I.1 OFFICE FURNITURE & MACHINERY, AND INTERNAL TRANSPORT SYSTEMS

	2006	2007	Change
	3,248	2,741	- 387

Below we detail the items forming this sub-category:

	2006	2007	Change
Furniture	1,664	1,660	-4
Fittings	159	159	0
Ordinary office machinery	106	126	20
Electronic office machinery	1,319	796	-523
Total	3,248	2,741	-507

F.I.2 REGISTERED CHATTELS

	2006	2007	Change
	328	12	- 316

Change is due to the transfer to long term lease of the vehicles of the Company assigned to employees.

F.I.3 PLANT & EQUIPMENT

	2006	2007	Change
	340	258	- 82

F.I.4 INVENTORY AND OTHER ASSETS

	2006	2007	Variazione
	-	81	+ 81

F.II Cash & cash equivalents

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	41,553	46,301	+ 4,748

Year-end liquidity came primarily from the agency network's remittances in December and from the cash included in Life segregated accounts.

The analytical changes are shown in the cash flow statement.

of which:

F.II.1 BANK DEPOSITS AND POST OFFICE CURRENT ACCOUNTS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	41,510	46,240	+ 4,730

F.II.2 CHEQUES AND CASH IN HAND

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	43	61	+ 18

This consisted of cash and cheques in the company's treasury as at 31/12/07.

F.IV Other assets

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	9,194	11,373	+ 2,179

of which:

F.IV.2 SUNDRY ASSETS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	9,194	11,373	+ 2,179

The main items forming this caption were:

- Invoices to be issued and credit notes to be received 89
- Deferred tax assets relating to previous years' taxable items.
- For details, reference should be made to the schedule shown later on in the chapter "Information on the balance sheet and income statement" 9,668
- Liaison account between Non-Life and Life businesses 1,313

CLASS G - ACCRUED INCOME & PREPAID EXPENSES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	15,808	19,184	+ 3,376

of which:

G.1 INTEREST

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	14,977	17,818	+ 2,841

This refers mainly to interest totalling € 14,901 thousand on fixed-income securities.

G.2 RENT INSTALMENTS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	221	207	- 14

These are prepaid expense items relating to premises owned by third parties

G.3 OTHER ACCRUED INCOME & PREPAID EXPENSES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	610	1,159	+ 549

The item refers to prepaid expenses calculated on miscellaneous invoices.

LIABILITIES AND SHAREHOLDERS' EQUITY

CLASS A - SHAREHOLDERS' EQUITY

	2006	2007	Change
	173,110	215,362	+ 42,252

of which:

A.I Subscribed share capital or equivalent fund

	2006	2007	Change
	30,452	32,666	+ 2,214

As at 31 December 2007 share capital, fully paid in, consisted of 32,666,088 ordinary shares of a par value of € 1.00 each, authorised, issued and fully released.

Reserves and changes that occurred are detailed in the table concerning shareholders' equity.

A.II Share premium reserve

	2006	2007	Change
	21,858	30,273	+ 8,415

A.III Revaluation reserves

	2006	2007	Change
	6,370	6,370	-

A.IV Legal reserve

	2006	2007	Change
	6,000	6,090	+ 90

A.VII Other reserves

	2006	2007	Change
	80,993	103,468	+ 22,475

The item refers to the available reserves, which increased in the year following allocation of 2006 earnings as approved at the Annual General Meeting of shareholders on 27 April 2007.

A.IX Net profit for the year

	2006	2007	Change
	27,437	36,495	+ 9,058

Changes in shareholders' equity

Detailed changes in shareholders' equity as at 31 December 2006 are shown in the following table, as required by Article 2427 of the Italian Civil Code.

	Share capital	Legal reserve	Share premium	Revaluation reserve (1)	Available reserve	Net profit for year	(€ '000) Total
Balance as at 31/12/2002	30,000	3,636	20,142	6,370	33,496	12,806	106,450
Dividend distribution	=	=	=	=	=	- 3,600	- 3,600
Allocation of 2002 earnings	=	683	=	=	8,523	- 9,206	=
2003 net profit	=	=	=	=	=	15,147	15,147
Balance as at 31/12/2003	30,000	4,319	20,142	6,370	42,019	15,147	117,997
Dividend distribution	=	=	=	=	=	- 3,900	- 3,900
Allocation of 2003 earnings	=	757	=	=	10,490	- 11,247	=
2004 net profit	=	=	=	=	=	17,779	17,779
Balance as at 31/12/2004	30,000	5,076	20,142	6,370	52,509	17,779	131,876
Dividend distribution	=	=	=	=	=	- 4,200	- 4,200
Allocation of 2004 earnings	=	889	=	=	12,689	- 13,579	=
2005 net profit	=	=	=	=	=	20,330	20,330
Balance as at 31/12/2005	30,000	5,965	20,142	6,370	65,198	20,330	148,005
Dividend distribution	=	=	=	=	=	- 4,500	- 4,500
Loan conversion	452	=	1,716	=	=	=	2,168
Allocation to earnings reserve 2006	=	35	=	=	15,795	- 15,830	=
2006 net profit	=	=	=	=	=	27,437	27,437
Balance as at 31/12/2006	30,452	6,000	21,858	6,370	80,993	27,437	173,110
Dividend distribution	=	=	=	=	=	- 4,872	- 4,872
Loan conversion	2,214	=	8,415	=	=	=	10,629
Allocation to earnings reserve 2007	=	90	=	=	22,475	- 22,565	=
2007 net profit	=	=	=	=	=	36,495	36,495
Balance as at 31/12/2007	32,666	6,090	30,273	6,370	103,468	36,495	215,362

(1) The item comprises revaluation reserves pursuant to Italian Laws 72/83, 295/78, and 413/91

The following table highlights the nature and possibility of use of equity reserves as required by the aforementioned article of the Italian Civil Code

Nature/Description	Amount as at 31/12/2007	Possibility of utilisation (*)	Available amount	Summary of utilisation in the previous 4 financial years	
				to cover losses	for other reasons
Share capital	32,666				
<i>Equity reserves</i>					
Share premium reserves	30,273	A, B, C	30,273 (1)		
<i>Revaluation reserves</i>					
Revaluation reserve - Law 72/1983	2,330	A, B, C	2,330 (2)		
Revaluation reserve - Law 295/1978	910	A, B, C	910		
Revaluation reserve - Law 413/1991	3,130	A, B, C	3,130		
<i>Earnings reserves</i>					
Legal reserve	6,090	B	-		
Other available reserves	103,468	A, B, C	103,468		
Net profit for the year	36,495	A, B, C	36,495		
Total shareholders' equity	215,362		176,606		
Non-distributable portion of share premium reserve			443		
Non-distributable portion			50 (3)		
Residual distributable portion			176,113		

(*) A: For capital increases

B: To cover losses

C: For distribution to shareholders

(1) Under Article 2431 of the Italian Civil Code, the entire amount of this reserve can be distributed only if the legal reserve has reached the limit established by Article 2430 of the Italian Civil Code.

(2) The reserves shown can be reduced only if the requirements of Article 2445, paragraphs 2 and 3, of the Italian Civil Code are observed.

(3) This represents the share premium reserve and the non-distributable quota earmarked for coverage of deferred costs that have not yet been amortised.

Disclosure of equity reserves used for capital increases, as required by circular no. 8 issued by the Italian Finance Ministry on 16/03/1984:

Date of shareholders' resolution	Year of recognition in accounts	As per Visentini Law	Amount
19/5/78	1978	576/75	258
14/5/79	1980	576/75	516
15/4/81	1982	576/75	258
28/6/88	1988	576/75	13
28/6/88	1988	72/83	1,020
28/6/88	1990	72/83	3,099

CLASS B - SUBORDINATED LIABILITIES

	2006	2007	Change
	15,832	5,203	- 10,629

The item relates to the convertible subordinated loan bond issue approved by the Extraordinary Shareholders' Meeting on 26 April 2001.

FY2006 marked the start of the possibility to convert the subordinated loan into the company's shares. As at 31 December 2007 conversion amounted to € 10,629 thousand.

The bond loan, called "Vittoria Assicurazioni SpA Fixed/Floater 2001/2016", subordinated and convertible into ordinary shares, was fully subscribed with 60% and 40% respectively allocated to the Non-Life and Life businesses, as resolved by shareholders.

CLASS C - TECHNICAL RESERVES

	2006	2007	Change
	1,318,501	1,445,610	+ 127,109

of which:

C.I Non-Life business

	2006	2007	Change
	641,868	712,362	+ 70,494

Changes occurring in FY2007 are shown by business line and type in Appendices 13 and 25 to the Explanatory Notes.

C.I.1 - PREMIUM RESERVE

	2006	2007	Change
	174,360	201,836	+ 27,476

The breakdown of the premium reserve is shown below (in € '000):

	2,006	2007	Change
For directly insured risks	173,928	201,530	+ 27,602
For inwardly insured risks	432	306	- 126
Gross reserves	174,360	201,836	+ 27,476
Reinsurers' share	25,508	18,617	- 6,891
Retrocessionaries' share	126	81	- 45
Net reserves	148,726	183,138	+ 34,412

The breakdown of the direct insurance premium reserve, calculated in accordance with the pro-rata temporis criterion and the specific criteria set out in "Part A - Accounting policies" for each line, is as follows:

	(€ '000)	
	2,006	2007
Pro-rata temporis reserve	167,442	193,946
Unexpired risks reserve	-	135
Additions to pro-rata temporis reserve	6,486	7,449
Total direct insurance premium reserve	173,928	201,530

C.I.2 - CLAIMS RESERVE

	2006	2007	Change
	462,578	504,801	+ 42,223

Breakdown of the claims reserve (€ '000):

	2006	2007	Change
For directly insured risks	460,597	504,022	+ 43,425
For inwardly insured risks	1,981	779	- 1,202
Gross reserves	462,578	504,801	+ 42,223
Reinsurers' share	77,278	60,296	- 16,982
Retrocessionaries' share	1,464	371	- 1,093
Net reserves	383,836	444,134	+ 60,298

For the measurement/control of claims reserves relating to mass risks, the company has used the Fisher-Lange statistical and actuarial model. The latter uses the historical series of the last annual financial statements to define its parameters, i.e. average cost, no pay-out balance/reopened claims and settlement rate. The Fisher Lange method has shown itself to fit better with the company's reality than estimates obtained using other models, i.e. the Chain Ladder and Bornhuetter-Ferguson methods. Reserves have not been discounted to present value but adjusted using appropriate assumptions concerning claims cost growth rates. A sensitivity analysis has been created by changing the basic scenario, making different assumptions about claims cost trends, with interpolations of observed data and weighting based on different weights for the various years.

The reserve posted in accounts takes into account the average value of the results of the various assumptions made. Analysis has shown that forecasts are appropriate and therefore that the reserve posted is adequate until all claims generations still open are run off. The claims reserves thus calculated are subject to verification by the Motor TPL actuary pursuant to the Italian Industry Ministry decree of 28 January 2004 and the requirements of supervisory authorities.

C.I.4 - OTHER TECHNICAL RESERVES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	2,783	3,292	+ 509

These reserves refer to direct business and consist of the Health insurance ageing reserve.

C.I.5 - EQUALISATION RESERVES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	2,147	2,433	+ 286

The reserves refer solely to direct business and feature the following breakdown by business

<i>Line</i>		<i>2006</i>	<i>2007</i>
Land vehicle hulls		1,176	1,347
Aircraft hulls		138	138
Cargo (goods in transit)		74	79
Fire and natural elements		611	695
Other property damage		147	173
Credit		1	1

C.II - Life business

	2006	2007	Change
	676,633	733,248	+ 56,615

Changes in total technical reserves are detailed by line and type in Appendices 14 and 27 to these Explanatory Notes.

Below we detail the key actuarial assumptions concerning technical reserves for direct business as at 31/12/2007.

Risk category	Capital sums, annuities	Technical reserves	Year of issue	(€ '000)	
				Financial	Technical basis Demographic
Temporary	1,996,602	66,923	1968 - 1977	4%	SIM 51
			1978 - 1989	4%	SIM 61
			1990 - 1997	4%	SIM 81
			1998 - 2001	3% - 4%	SIM 91
			2001 - 2007	3%	SIM 91 al 70%
			since 2007	3%	SIM91 50% e 70%
Adjustable	40	45	1969 - 1979	3% *	SIM 51
Indexed	24	24	1980 - 1988	3% *	SIM 51
Other types	146	101			
Revaluable	1,016,273	624,471	1988 - 1989	3% *	SIM 71
			1990 - 1996	4% *	SIM 81
			1997 - 1999	3% *	SIM 91
			since 2000	2% *	SIM 81-91
L.T.C.	73,161	843	2001 - 2004	2.5%	(1)
			since 2004	2.5%	(2)
Dread Disease	41	2	since 2003	2.5%	(3)
Pension fund	3,464	3,464	since 1999	----	----
Index-linked	23,739	23,915	since 1997	0%	SIM 91
Unit-linked	68,138	68,099	since 1998	0%	SIM 91
Total ordinary	3,181,628	787,887			
AIL revaluable	12,651	9,555	1986 - 1998	4% *	SIM 51
			1999 - 2004	3% *	SIM 81
Total business lines	3,194,279	797,442			

* Due to the effect of the contractually guaranteed revaluation, technical rates have increased to:

indexed policies: 5.36% adjustable policies: 4.72% AIL revaluable policies: 4.06%
revaluable policies: Vittoria Valore Crescente 4.10% Vittoria Rendimento Mensile 3.98%

(1) SIM 91 (mortality table, by individual age, for Italian males, based on the Italian 1991 census) reduced to 62%; SIF 91 (similar mortality table for Italian females) reduced to 53%; mortality rates and LTC (long-term care) rates taken from

(2) SIM 91 reduced to 60%; mortality rates and LTC (long-term care) rates taken from reinsurers' studies

(3) SIM 91 reduced to 60%; rates taken from reinsurers' studies

Below we show the breakdown of technical reserves for the Life business.

C.II.1 MATHEMATICAL RESERVES

	2006	2007	Change
	649,083	691,755	+ 42,672

Breakdown of mathematical reserves (in € '000)

	2006	2007	Change
For directly insured risks	648,604	691,367	+ 42,763
For inwardly insured risks	479	388	- 91
Gross reserves	649,083	691,755	+ 42,672
Reinsurers' share	22,609	17,956	- 4,653
Retrocessionaries' share	-	-	-
Net reserves	626,474	673,799	+ 47,325

C.II.2 COMPLEMENTARY INSURANCE PREMIUM RESERVE

	2006	2007	Change
	191	181	- 10

The complementary insurance premium reserve refers solely to direct business.

C.II.3 RESERVE FOR PAYABLE AMOUNTS

	2006	2007	Change
	23,074	30,741	+ 7,667

Breakdown of reserve for payable amounts (in € '000):

	2006	2007	Change
For directly insured risks	23,063	30,741	+ 7,678
For inwardly insured risks	11	-	- 11
Gross reserves	23,074	30,741	+ 7,667
Reinsurers' share	21	21	-
Retrocessionaries' share	-	-	-
Net reserves	23,053	30,720	+ 7,667

C.II.4 PROFIT PARTICIPATION AND REVERSAL RESERVE

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	10	30	+ 20

Breakdown of the profit participation and reversal reserve (in € '000):

	<i>2006</i>	<i>2007</i>	<i>Change</i>
For directly insured risks	1	22	+ 21
For inwardly insured risks	9	8	- 1
Gross reserves	10	30	+ 20
Reinsurers' share	-	-	-
Retrocessionaries' share	-	-	-
Net reserves	10	30	+ 20

C.II.5 OTHER TECHNICAL RESERVES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	4,275	10,541	+ 6,266

The reserve refers to operating expenses and is split as follows by class:

	<i>2006</i>	<i>2007</i>	(€ '000)
Class I	3,186	9,562	
Class III	196	140	
Class IV	40	51	
Class V	853	788	
Class VI	-	-	

Breakdown of other technical reserves (in € '000):

	<i>2006</i>	<i>2007</i>	<i>Change</i>
For directly insured risks	4,273	10,540	+ 6,267
For inwardly insured risks	2	1	- 1
Gross reserves	4,275	10,541	+ 6,266
Reinsurers' share	32	25	- 7
Retrocessionaries' share	-	-	-
Net reserves	4,243	10,516	+ 6,273

**CLASS D - TECHNICAL RESERVES WHEN INVESTMENT RISK IS BORNE BY
POLICYHOLDERS AND RESERVES RELATING TO PENSION FUND MANAGEMENT**

	2006	2007	Change
	113,740	95,333	- 18,407

of which:

D.I Reserves for unit- and index-linked policies

	2006	2007	Change
	111,385	91,868	- 19,517

The breakdown by product type is as follows:

Index-linked:	+ 23,769
Unit-linked:	+ 68,099

D.II Reserves relating to pension fund management

	2006	2007	Change
	2,355	3,465	+ 1,110

CLASS E - RESERVES FOR CONTINGENCIES AND OTHER CHARGES

	2006	2007	Change
	3,301	2,148	- 1,153

of which:

E.2 TAX PROVISION

	2006	2007	Change
	2,560	1,407	- 1,153

The change was due to:

- Provisioning of deferred tax liabilities relating to revaluation of exchange rates for reinsurance balances	+ 150
- Reversal of deferred tax liabilities relating to revaluation of exchange rates for reinsurance balances in previous financial years	- 120
- Use of provision for payment of instalment-based tax demands	- 222
- Use of deferred tax liabilities relating to capital gains made in previous financial years for use of portion pertaining to the financial year in question	- 961

E.3 OTHER PROVISIONS

	2006	2007	Change
	741	741	-

The caption relates to the following provision:

	2006	2007	Change
Sofigea - pursuant to Article 7, Italian Legislative Decree 576/78 (a financial company founded by ANIA associates to fund insurers taking over certain types of policies ceded by companies being compulsorily wound up - the company itself started voluntary liquidation in 1990)		741	-

CLASS F - DEPOSITS RECEIVED FROM REINSURERS

	2006	2007	Change
	86,934	56,632	- 30,302

These deposits relate to the technical reserves of reinsured direct business.

CLASS G - PAYABLES AND OTHER LIABILITIES

	2006	2007	Change
	62,090	63,457	+ 1,367

of which:

G.I - Payables arising from direct insurance business

	2006	2007	Change
	6,827	6,414	- 413

Consisting of:

G.I.1 - PAYABLES ARISING FROM DIRECT INSURANCE, DUE TO INSURANCE AGENTS AND BROKERS

	2006	2007	Change
	1,427	2,861	+ 1,434

These amounts refer to balances not yet settled and to indemnities payable for cessation of agency mandates.

G.I.2 - PAYABLES ARISING FROM DIRECT INSURANCE BUSINESS, DUE FOR CURRENT ACCOUNTS WITH OTHER INSURERS

	2006	2007	Change
	4,933	2,888	- 2,045

This caption consists of amounts payable arising from current accounts comprising the technical results of co-insurance transactions.

G.I.3 - PAYABLES ARISING FROM DIRECT INSURANCE, DUE TO POLICYHOLDERS FOR PERFORMANCE DEPOSITS AND PREMIUMS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	27	193	+ 166

The item refers to the performance deposits paid by policyholders for insurance coverage.

As required by Article 2427, 6th paragraph, of the Italian Civil Code and in compliance with Italian Legislative Decree no. 173 of 26 May 1997, we declare that the payables in question must be taken to have a residual duration of more than 5 years.

G.I.4 - PAYABLES ARISING FROM DIRECT INSURANCE, DUE TO GUARANTEE FUNDS FOR POLICYHOLDERS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	440	472	+ 32

This item mainly consists of the amount payable to CONSAP for the contribution to the fund for road-accident victims.

G.II - Payables, arising from reinsurance business, due to insurers and reinsurers

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	12,489	9,977	- 2,512

This item comprises payables arising from the current accounts comprising the technical results of reinsurance dealings.

G.VII - Reserve for employee severance indemnities

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	6,336	5,378	- 958

The overall change was due to the following movements:

- Decrease due to indemnities paid out for severance and to advance payouts granted - 843
- Increase due to provisioning for the year + 1,552
- Transfers to Pension Fund and Social Security fund - 1,667

As required by Article 2427, 6th paragraph, of the Italian Civil Code and in compliance with Italian Legislative Decree no. 173 of 26 May 1997, we declare that the payables in question must be taken to have a residual duration of more than 5 years.

G.VIII - Other payables

	2006	2007	Change
	24,939	24,041	- 898

of which:

G.VIII.1 - OTHERS PAYABLES : POLICYHOLDERS' TAXES

	2006	2007	Change
	9,332	9,185	- 147

The item shows amounts payable to the Financial Administration for insurance taxes on premiums collected..

G.VIII.2 - OTHER PAYABLES: MISCELLANEOUS TAXES

	2006	2007	Change
	1,201	1,418	+ 217

The most significant items were as follows:

- Withholdings on wages & salaries 925
- Withholdings on fees for self-employed staff and advisors 267
- Withholdings on life surrenders and annuities. 159
- VAT to be paid 65

G.VIII.3 - OTHER PAYABLES: SOCIAL SECURITY & PENSION AGENCIES

	2006	2007	Change
	1,564	1,887	+ 323

This item consists mainly of amounts payable to INPS (the state pension & welfare agency) on salaries paid in December.

G.VIII.4 - OTHER SUNDAY PAYABLES

	2006	2007	Change
	12,842	11,551	- 1,291

The item mainly consists of:

- Amounts payable to employees for payments settled in January 2007 and also for accruals for holidays not taken 1,963
- Trade payables 4,417
 - of which amounts payable to the associate companies S.In.T. SpA (€ 6 thousand) and Touring Vacanze Srl (€ 10 thousand)
- Fees payable to professionals 1,266
- Amounts payable to subsidiaries for tax consolidation 2,268

G.IX Other liabilities

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	11,499	17,647	+ 6,148

of which:

G.IX.2 COMMISSIONS FOR PREMIUMS UNDER COLLECTION

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	8,352	13,686	+ 5,334

This is provision for agent commissions payable on premiums that were in the process of collection at year-end

G.IX.3 SUNDY LIABILITIES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	3,147	3,961	+ 814

The most significant items were as follows:

- Invoices and notes to be received from suppliers, of which € 114 thousand relating to the subsidiary Interbilancia Srl and € 35 thousand relating to the associate Yarpa S.p.a. 2,416
- Technical accounts to be settled with agencies 232
- Liaison accounts between Non-Life and Life businesses 1,313

CLASS H - ACCRUED LIABILITIES & DEFERRED INCOME

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	879	343	- 536

of which:

H.1 INTEREST

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	871	286	- 585

This is interest accruing on the convertible subordinated loan and payable to bondholders on 1 January 2008

H.3 OTHER ACCRUED LIABILITIES & DEFERRED INCOME

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	8	57	+ 49

This item consists mainly of deferred commissions on business with brokerage companies.

GUARANTEES, COMMITMENTS, AND OTHER MEMORANDUM ACCOUNTS

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	1,178,662	1,327,599	+ 148,937

The breakdown of these items is shown below.

I Guarantees given

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	20,500	20,500	-

of which:

I.3 OTHER PERSONAL GUARANTEES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	20,500	20,500	-

This item refers to a letter of patronage in favour of Banca Intesa SpA for concession of credit facilities to the subsidiary Vittoria Immobiliare SpA.

II Guarantees received

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	3,950	9,450	+ 5,500

of which:

II1 SURETIES

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	3,700	9,200	+ 5,500

This item consists mainly of the surety set up in relation to the knock-for-knock (i.e. direct indemnity) system.

II.4 COLLATERAL

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	250	250	-

This items refers to pledging of securities in the company's favour.

IV Commitments

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	8,015	29,334	+ 21,319

This item relates to commitments for private equity operations.

V Third-party assets

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	4,962	4,154	- 808

This item consists of savings accounts set up in favour of eligible claimants, as well as registered securities guaranteeing performance bond policies.

VI Assets pertaining to pension funds managed for and on behalf of third parties

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	2,355	3,464	+ 1,109

The item refers to pension fund assets held by the custodian bank.

VII Securities lodged with third parties

	<i>2006</i>	<i>2007</i>	<i>Change</i>
	1,138,880	1,260,697	+ 121,817

These are owned securities lodged in accounts under administration with banks and other issuers.

INCOME STATEMENT

I.10 - RESULT OF NON-LIFE TECHNICAL ACCOUNT

2006	2007	Change
30,992	36,813	5,821

Technical costs and revenues are classified as follows:

	2006	2007
I.1 - Premiums, net of outward reinsurance The breakdown of premiums by business has been indicated in the Management Report, whilst classification by line and type is shown in Appendix 25 to the Explanatory Notes.	371,644	420,692
a) Gross premiums written	455,758	495,438
b) (-) Ceded premiums	73,200	48,104
c) (-) Change in gross premium reserve	7,437	27,553
d) Change in reinsurers' share of premium reserve	-3,477	911
 I.2 - (+) Portion of investment income transferred to non-technical account The item includes income on investments transferred from the non-technical account as required by Article 55 of Italian Legislative Decree no. 173/97. The amount to be transferred has been calculated as laid down by ISVAP ordinance no. 1140 G of 8 March 1999.	20,895	29,097
 I.3 - Other technical income, net of outward reinsurance This item comprises:	2,156	3,528
- Reversal of commissions for previous years' cancelled premiums	406	201
- Other technical items mainly relating to recoveries of settlement costs related to claims subject to knock-for-knock agreements and ANIA incentives for scrapping damaged vehicles.	1348	3,209
- Use of bad-debt provision	402	118

	2006	2007
I.4 - Charges relating to claims, net of recoveries and outward reinsurance	255,339	299,968
a) Amounts paid		
aa) Gross amount	279,732	299,408
bb) (-) Reinsurers' share	45,589	40,138
They relate to indemnities, direct expenses and settlement costs for partial or definitive payments of claims reported during the year or reserved at the end of the previous year.		
b) Change in recoveries net of reinsurers' share		
aa) Gross amount	-7,677	-10,089
bb) (-) Reinsurers' share	-49	-136
This is the balance between amounts to be recovered from policyholders and third parties for deductibles, subrogation and remedying of claims at the previous year-end, the amounts recovered during the year and amounts yet to be recovered at year-end.		
c) Change in claims reserve		
aa) Gross amount	41,785	42,421
bb) (-) Reinsurers' share	12,961	-8,230
The item includes estimated indemnities, direct and settlement costs to be paid in future years for claims reported during the current and previous years and not yet settled as at 31 December.		
I.5 - Change in other technical reserves, net of outward reinsurance. It comprises the change in the ageing reserve.	463	510

	2006	2007
I.7 - Operating costs	103,786	111,991
They relate to purchase and collection commissions proportional to premiums written, incentives accrued by brokers and agents and common costs incurred for the sales network. The caption also includes overheads and depreciation of tangible assets not allocated to claims settlement and investments. This caption and that relating to the Life business (II.8) include costs repaid to the associate company S.In.T.SpA (€ 215 thousand), to the subsidiary Interbilancia Srl (€ 264 thousand), to the associate company Touring Vacanze Srl (€ 10 thousand), and to the subsidiaries Gestimmobili Srl (€ 236 thousand) and Vittoria Properties Srl. (€ 139 thousand).		
a) Acquisition commissions	68,639	79,619
b) Other acquisition costs	22,838	23,099
c) Change in commissions and other acquisition costs to be amortised	461	270
d) Premium collection commissions	9,467	7,268
e) Other administrative expenses	15,090	14,697
f) (-) Commissions received by reinsurers	12,709	12,962
 I.8 - Other technical charges, net or outward reinsurance	 3,843	 3,749
The caption includes items relating to:		
- Technical cancellations of premiums, cancellations of uncollectable premiums, and bad-debt provisioning	2,585	1,661
- Other technical charges mainly relating to services supporting insurance covers and costs for premiums under litigation. The fee paid for use of technical services to the associate company S.In.T.S.p.A amounted to € 324 thousand	1,258	1,550
- Other technical charges mainly relating to CARD management fees	-	538
 I.9 - Change in equalisation reserves	 271	 286

II.13 - RESULT OF LIFE TECHNICAL ACCOUNT

2006	2007	Change
5,057	6,112	1,055

Technical costs and revenues are classified as follows:

	2006	2007
II.1 - Premiums, net of outward reinsurance	129,213	138,911
The breakdown of premiums by business has been indicated in the Management Report, whilst classification by line and type is shown in Appendix 27 to the Explanatory Notes.		
a) Gross premiums written	131,731	141,088
b) (-) Ceded premiums	2,518	2,177
II.2 - Investment income	33,296	35,455
This consists of:		
a) Income from equity investments		
The caption includes the dividend collected from and recognised by the subsidiaries Vittoria Immobiliare SpA (€ 2,234 thousand) and Immobiliare Bilancia Srl (€ 2,148 thousand).	4,391	2,924
b) Income from other investments		
bb) Other investments	28,692	32,524
This item includes:		
- Income on fixed-income securities for interest and issue/trading differentials	28,020	32,012
-Interest on loans against policies	410	229
- Income from units in mutual investment funds	237	261
-Interest on reinsurance deposits	25	22
c) Write-backs on investments	184	7
d) Profits made on sale of investments	29	-
The latter refer to:		
- Capital gains on repayment and sale of fixed-income securities	29	-

	2006	2007
II.3 - Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments relating to pension fund management. A breakdown of unrealised gains relating to investments benefiting policyholders bearing the risk is shown in Appendix 22 to these Explanatory Notes.	12,682	5,641
II.4 - Other technical income, net of outward reinsurance The caption includes commissions relating to first-year premiums cancelled and commissions retroceded by money managers in relation to investments of unit-linked premiums and pension funds.	984	905
II.5 - Charges relating to claims, net of outward reinsurance They refer to claims, policies that have matured, surrenders, and annuities.	102,356	100,846
a) Sums paid aa) Gross amount bb) (-) Reinsurers' share	111,664	99,662
b) Change in reserve for payable amounts aa) Gross amount bb) (-) Reinsurers' share	5,637	6,483
II.6 - Change in mathematical reserves and other technical reserves, net of outward reinsurance This refers to the change in technical reserves, the content of which is illustrated in greater detail in the "Accounting Policies" chapter.	47,258	35,334
a) Mathematical reserves aa) Gross amount bb) (-) Reinsurers' share	49,694	42,824
b) Complementary insurance premium reserve aa) Gross amount	- 3,250	- 4,653
c) Other technical reserves aa) Gross amount bb) (-) Reinsurers' share	- 674	- 6,266
d) Technical reserves when investment risk is borne by policyholders or relating to pension fund management aa) Gross amount	- 6,0	- 8
	- 6,351	- 18,407

	2006	2007
II.7 - Reversals and profit participation, net of outward reinsurance	7	41
This item comprises amounts paid in the year for profit participation, as well as the change in the related reserve.		
Of which:		
- Direct business	8.00	41
- Indirect business	-1	-
II.8 - Operating costs		
They relate to purchase and collection commissions proportional to premiums written, incentives accrued by brokers and agents and common costs incurred for the sales network. The caption also includes overheads and depreciation of tangible assets not allocated to investment-related costs.	14,239	25,016
a) Acquisition commissions	3,658	14,393
b) Other acquisition costs	3,064	4,851
c) Change in commissions and other acquisition costs to be amortised	1,107	807
d) Premium collection commissions	1,776	1,719
e) Other administrative expenses	5,042	3,778
f) (-) Commissions and profit participation received by reinsurers	408	532
II.9 - Capital and financial charges	2,961	2,809
They relate to charges for, write-downs and loss on sale of investments included in Class C of balance sheet assets.		
a) Investment management costs and interest expense	2,843	2,544
of which:		
- Costs relating to equity portfolio	24	26
- Costs for fixed-income securities for issue/trading differentials, taxes, and operating and personnel expenses	1,573	1,390
- Costs relating to mutual investment funds	1	4
- Interest on deposits from reinsurers	1,245	1,124

	2006	2007
b) Investment write-downs They refer to write-downs of the equity portfolio. Reference should be made to Appendix 23 to Explanatory Notes for details of this item.	116	260
c) Losses on sale of investments These mainly relate to losses on repayment or sale of fixed-income securities held for trading.	2	5
II.10 - Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and to investments connected with pension fund management	1,765	7,615
Details of charges and unrealised capital losses relating to the above types of investments are provided in Appendix 24 to these Explanatory Notes.		
II.11 - Other technical charges, net of outward reinsurance The item refers to technical cancellations and losses due to uncollectable insurance premiums..	36	10
II.12 The caption includes investment income transferred to the non-technical account as required by Article 55 of Italian Legislative Decree no. 173/97. The amount transferred has been calculated in accordance with ISVAP ordinance no. 1140 G of 8 March 1999.	2,496	3,129

RESULT OF NON-TECHNICAL ACCOUNT

	2006	2007	Change
	2,156	8,625	6,469

Non-technical costs and revenues are classified as follows.

	2006	2007
III.3 - Income from Non-Life investments	28,219	44,374
The caption consists of the following items::		
a) Income from equity investments	10,894	24,244
This relates to collection of dividends. The amount comprises dividends recognised by the subsidiaries Vittoria Immobiliare SpA (€ 1,331 thousand) and Immobiliare Bilancia Seconda Srl (€ 915 thousand) and by the associate companies Yarpa International Holding NV (€ 5,000 thousand), Laumor BV (€ 2,250 thousand), and Touring Vacanze Srl (€ 50 thousand).		
b) Income from other investments		
aa) Land and buildings	205	187
The item includes actual rents, expense recoveries, and other revenues.		
bb) Other investments	16,565	19,915
The item includes:		
- Income on fixed-income securities for interest, and issue/trading differentials	16,231	19,617
- interest on mortgages and loans, of which interest of € 44 thousand accruing on the loan granted to the associate company Laumor BV	333	294
- proventi finanziari da quote di fondi comuni di investimento		
- Interest on reinsurance deposits	1	4
c) Write-backs on investments	555	28
III.4 - (+) Investment income transferred to the Life technical account	2,496	3,129
Reference should be made to the details given in the section concerning the Life technical account.		

	2006	2007
III.5 - Capital and financial charges of Non-Life business	2,325	8,704
They relate to charges for, write-downs and loss on sale of investments included in Class C of balance sheet assets. Their breakdown is detailed below:		
a) Investment management costs and interest of which:	2,323	1,953
- Condominium expenses, taxes, and building management costs	172	109
- Operating and personnel expenses relating to the equity portfolio	123	99
- Costs for fixed-income securities relating to issue/trading differentials, taxes, and operating and personnel expenses	1,495	1,327
- Costs relating to mutual investment funds	4	3
- Interest on deposits from reinsurers	529	415
b) Investment write-downs	-	6,751
They refer to write-downs of fixed-income securities.		
c) Loss on sale of investments	2	-
III.6 - (-) Investment income transferred to the Non-Life technical account.	20,895	29,097
Reference should be made to the details given in the section concering the Non-Life technical account.		
III.7 - Other income	2,008	1,932
This caption includes income other than that on investments, such as that relating to the general balance-sheet classes E - Receivables and F - Other assets.		
Their breakdown is shown below:		
- Current-account interest from reinsurers and insurers	26	104
- Interest on bank current accounts	926	1,237
- Other interest accruing mainly on tax receivables and recoveries from agents	336	352
- Interest on Life/Non-Life liaison account	10	20
- Other financial income	189	219
- Use of provision for contingencies & charges and of bad-debt provision	47	-
- Foreign-exchange gains on technical and financial items	474	-

	2006	2007
III.8 - Other charges	7,384	5,289
This caption includes charges for assets other than investments, relating to the general balance-sheet classes E - Receivables and F - Other assets.		
Their breakdown is detailed below:		
- Current-account interest to reinsurers and insurers	97	82
- Interest on bank current accounts	33	23
- Bank expenses and charges	220	226
- Interest on Life/Non-Life liaison account	20	31
- Other financial charges	41	14
- Bad debts	-	-
- Bad-debt provisioning	2,540	1,006
- Annual amortisation of intangible assets	3,083	3,169
- accantonamento al fondo imposte	-	-
- Interest on subordinated loan	871	286
- Foreign-exchange losses on technical and financial items	334	250
- Taxes for the year	145	202
III.10 – Extraordinary income	360	1,549
This item consists of income from the sale of long-term investments and other profits made on the sale of assets classified in the general balance-sheet Class F - Other assets.		
Their breakdown is as shown below:		
- Capital gains on sale of property assets	121	-
- Capital gains on sale of fixed-income securities	-	-
- Capital gains on sale of other tangible assets	-	268
- Incidental income	239	898
- Capital gains on sale of equities	-	383
III.11 - Extraordinary charges	248	310
This item consists of charges relating to the sale of long-term investments and other losses arising from the sale of assets classified in the general balance-sheet Class F - Other assets.		
Their breakdown is as shown below:		
- Capital losses and expenses on sale of property assets	21	-
- Capital losses on sale of equity interests	41	-
- Capital losses on sale other tangible assets	-	104
- Incidental costs and charges	186	206

III.15 NET PROFIT FOR THE YEAR

	2006	2007	Change
	27,437	36,495	9,058
		2006	2007
I.10 - Result of Non-Life technical account		30,992	36,813
II.13 - Result of Life technical account		5,057	6,112
Result of non-technical account		2,156	8,625
III.13 - PROFIT BEFORE TAX		38,205	51,550
III.14 - Taxation		10,768	15,055
This consists of corporate income tax (Italian acronym = IRES) and regional business tax (Italian acronym = IRAP) payable on the year's profit.			

Reconciliation between the tax charge recognised in the financial statements and theoretical tax charge

(in thousands of Euros)

	Taxable base		Tax	
	IRES	IRAP	actual	theoretical
IRES				
Profit before taxation	51,550			17,012
+ Temporary differences deductible in future years	11,968			
- Temporary differences taxable in future years	464			
- Use of temporary differences	722			
Permanent differences:	0			
+ Non-deductible interest and taxes	120			
+ Non-deductible accruals, costs and expenses	673			
- Tax-exempt income	9			
- Dividends	26,408			
- Other deductible items	937			
Taxable base	43,904			
Total IRES			14,488	17,012
IRAP				
Difference between production revenues and cost	25,457			
Costs not deductible for IRAP purposes	31,166			
Theoretical taxable base	56,623			2,973
+ Temporary differences deductible in future years	10,812			
- Temporary differences taxable in future years	464			
- Use of temporary differences	1,317			
Taxable base	65,654			3,447
Total IRAP			3,447	2,973
Deferred tax assets				
Deferred tax assets of the previous year	21,611	11,194		
Adjustments to deferred tax assets of the previous year	19,617	9,564		
Deferred tax assets of the current year	31,584	20,376		
Change in deferred tax assets			-1,949	
Deferred tax liabilities				
Provision for deferred tax liabilities of the previous year	5,779	317		
Adjustments to the provision for deferred tax liabilities of the previous year	3,063	4.00		
Provision for deferred tax liabilities of the current year	3,527	468		
Change in provision for deferred tax liabilities			-931	
Total tax relating to 2007			15,055	19,985

The above schedule shows taxes related to local financial statements, apart from variances due to tax rules application in determining IRES and IRAP amounts.

The individual captions relating to IRES/IRAP temporary differences are detailed in the schedule of deferred taxes attached to these notes.

**SCHEDULE OF DEFERRED TAXES PURSUANT TO
ARTICLE 2427 OF THE CIVIL CODE**

(in thousands of euros)

Description of temporary difference	IRES		IRAP		IRES+IRAP
	Taxable base	tax rate	Taxable base	tax rate	
2006 deferred tax assets					
Exchange rate fluctuations	315		315		120
Depreciation of tangible assets	234		234		90
Entertainment costs	92		92		35
Provisions for bad debts	9,570		-		3,158
Directors' fees	69		-		23
Foreign bonds	656		-		216
Change in non-life claims reserve (as per decr. 209/2002)	10,675		10,553		4,077
	21,611	33%	11,194	5.25%	7,719
2007 use to deferred tax assets					
Exchange rate fluctuations	315		315		120
Depreciation of tangible assets	-		-		-
Entertainment costs	37		37		14
Provisions for bad debts	271		-		89
Directors' fees	69		-		23
Foreign bonds	-		-		-
Change in non-life claims reserve (as per decr. 209/2002)	1,303		1,278		497
	1,995	33%	1,630	5.25%	744
2007 adjustments to deferred tax assets					
Exchange rate fluctuations	-		-		0
Depreciation of tangible assets	234		234		14
Entertainment costs	56		56		3
Provisions for bad debts	9,299		-		511
Directors' fees	-		-		0
Foreign bonds	656		-		36
Change in non-life claims reserve (as per decr. 209/2002)	9,372		9,275		555
	19,617	5.5%	9,565	0.43%	1,120
2007 increase in deferred tax assets					
Exchange rate fluctuations	476		476		154
Depreciation of tangible assets	171		171		55
Entertainment costs	36		36		12
Provisions for bad debts	1,049		0		288
Directors' fees	106		0		29
Foreign bonds	0		0		0
Change in non-life claims reserve (as per decr. 209/2002)	10,130		10,130		3,274
	11,968	27.50%	10,813	4.82%	3,812
2007 deferred tax assets					
Exchange rate fluctuations	476		476		154
Depreciation of tangible assets	405		405		131
Entertainment costs	91		91		29
Provisions for bad debts	10,348		0		2,846
Directors' fees	106		0		29
Foreign bonds	656		0		180
Change in non-life claims reserve (as per decr. 209/2002)	19,502		19,405		6,298
	31,584	27.50%	20,377	4.82%	9,668

**SCHEDULE OF DEFERRED TAXES PURSUANT TO
ARTICLE 2427 OF THE CIVIL CODE**

(in thousands of euros)

Description of temporary difference	IRES		IRAP		IRES+IRAP
	Taxable base	tax rate	Taxable base	tax rate	Tax
2006 deferred tax liabilities					
Division by instalments of realised gains on Investment Portfolio	5,463		0		1,803
Exchange rate fluctuations	313		313		120
Depreciation of tangible assets	5		5		2
	5,781	33%	318	5.25%	1,924
2007 use to deferred tax liabilities					
Division by instalments of realised gains on Investment Portfolio	2,404		0		793
Exchange rate fluctuations	313		313		120
Depreciation of tangible assets	-		0		-
	2,717	33%	313	5.25%	913
2007 adjustments to deferred tax liabilities					
Division by instalments of realised gains on Investment Portfolio	3,058		0		168
Exchange rate fluctuations	-		0		-
Depreciation of tangible assets	5		5		0
	3,063	5.50%	5	0.43%	168
2007 increase in deferred tax liabilities					
Division by instalments of realised gains on Investment Portfolio	-		-		-
Exchange rate fluctuations	456		456		147
Depreciation of tangible assets	8		8		3
	464	27.50%	464	4.82%	150
2007 deferred tax liabilities					
Division by instalments of realised gains on Investment Portfolio	3,059		-		841
Exchange rate fluctuations	456		456		147
Depreciation of tangible assets	13		13		4
	3,528	27.50%	469	4.82%	993

Part C: Other information

Solvency margin

As regards the solvency margin, completion of regulatory schedules, issued by the ISVAP with its ordinances of 10 March 1999, reveals the following amounts (in €'000):

	Non - life business	Life business	Total
Required Solvency Margin	69,039	33,160	102,199
Solvency Margin Assets	109,237	85,356	194,593
Ratio	1.6	2.6	1.9

If subsidiary and associate companies, used as vehicles primarily for real estate operations, had been equity-accounted using the method typical of consolidated accounts, instead of at historical cost, net capital relating to available equity (i.e. excluding the portion assigned to Life segregated accounts) would have been € 87,028 thousand higher, as highlighted in the following table:

	(in thousands of Euros)			
	Book value in financial statements	Shareholders' Equity (Company share)	of which: net profit for the year	Difference between book value and equity method value
Subsidiaries				
Immobiliare Bilancia S.r.l.	1,475	2,675	319	1,200
Immobiliare Bilancia Prima S.r.l.	5,400	12,267	20	6,867
Immobiliare Bilancia Seconda S.r.l.	8,500	8,992	-377	492
Associated Companies				
Yarpa International Holding N.V.	9,282	82,248	72,185	72,966
Laumor B.V.	6	1,943	-69	1,937
Laumor B.V.	271	152	120	-119
Laumor B.V.	5,486	5,850	481	364
White Finance S.A.	7,627	10,948	3,001	3,321
	38,047	125,074	75,681	87,028

As a result of the above considerations, the items forming shareholders' equity increased from € 194,593 thousand to € 281,621 thousand. This, compared with the required amount of solvency margin of € 102,199 thousand, leads to a ratio of 2.76.

	(in thousands of Euros)	
Life and Non -Life Solvency Margin Required		102,199
Life and Non -Life Solvency Margin Assets		194,593
Increased Subsidiaries and Associated Companies Net Assets		<u>87,028</u>
Revised Life and Non -Life Solvency Margin Assets		281,621
Ratio		2.76

Assets allocated to coverage of technical reserves

As at 31 December 2007, the technical reserves to be covered amounted to:

- Non-Life business	711,276
- Life business	732,850
- Technical reserves when investment risk	
Is borne by policyholders	95,333

The assets used for coverage are detailed in the specific schedules attached to the Annual Report & Accounts.

Finance expense allocated to balance sheet assets

Pursuant to the first paragraph, point 8, of Article 2427 of the Italian Civil Code, we declare that no finance expense was capitalised in the year in amounts posted in balance sheet assets.

Employees

The cost of salaries, related social security charges, severance indemnity provisioning, and of miscellaneous personnel-related expenses are shown in Appendix 32.

Employees on the payroll as at 31 December 2007 numbered 395 heads equal to 31 December 2006. The average number of employees on the payroll during the year, by category and calculated according to in-force presence, was as follows:

	31/12/07	31/12/06
Managers	20	21
Officers	108	102
Administrative staff	273	279
Total	401	402

Breakdown of direct insurance premiums by business category and geographical area

The breakdown of the company's premiums – all referring to the Italian portfolio - by official Ministerial business line is shown in Appendices 19 and 20.

The following table shows the geographical breakdown of premiums, calculated on the basic of agency locations.

Regions	Non-Life Business			Life Business	
	Agencies	Premiums	%	Premiums	%
NORTH					
Emilia Romagna	21	36,802		6,491	
Friuli Venezia Giulia	3	6,327		1,008	
Liguria	9	17,420		1,658	
Lombardy	60	130,359		33,524	
Piedmont	26	33,061		3,553	
Trentino Alto Adige	5	7,479		782	
Valle d'Aosta	1	2,010		239	
Veneto	22	33,955		5,742	
Total	147	267,413	54.0	52,997	37.6
CENTRE					
Abruzzo	7	18,590		2,922	
Lazio	24	87,903		70,846	
Marche	8	8,296		1,391	
Tuscany	21	39,229		4,406	
Umbria	11	20,503		3,303	
Total	71	174,521	35.3	82,868	58.7
SOUTH AND ISLANDS					
Basilicata	2	4,470		437	
Calabria	2	3,371		145	
Campania	6	10,517		1,655	
Puglia	4	13,700		1,562	
Sardinia	2	5,352		177	
Sicily	7	15,627		1,246	
Total	23	53,037	10.7	5,222	3.7
Overall total	241	494,971	100.0	141,087	100.0

Real estate assets

Real estate assets are listed in the following table (in € '000):

	(in thousands of euros)			
	AT 31 DECEMBER 2007			
	Value before valuations	Monetary valuations	Fiscally-driven and voluntary valuations	Total 2007
BUILDINGS HELD FOR INVESTMENT				
Operating buildings				
Milano - Via V. Colonna 2	129	0	0	129
Milano - Via V. Colonna 2	177	0	0	177
 Total operating buildings	 306	 0	 0	 306
 Buildings used by third parties				
Acqui - Piazza Matteotti 25	53	10	77	140
Alessandria - P.zza Carducci 1	79	79	0	158
Asti - C.So Alfieri 130	27	57	0	84
Biella - Piazza V. Veneto 16	17	43	34	94
Brescia - Via Saffi 1	121	67	0	188
Busto Arsizio - Via C. Tosi 8	80	31	0	111
Como - V.Le Rosselli 13	83	22	77	182
Cremona - P.Za Roma 7	28	24	23	75
Cremona - P.Za Roma 7	76	0	0	76
Cuneo - Piazza Europa 26	61	75	0	136
Ferrara - Via Don Minzoni 17	97	10	93	200
Gallarate - P.Za Risorgimento 10	23	7	44	74
Livorno - Via Grande 225	128	5	0	133
Lodi - C.So V. Emanuele II ^o 12	13	10	41	64
Milano - Via Ariosto 21	2,468	0	0	2,468
Milano - Via B. D'Alviano 2	21	46	62	129
Milano - Via Correggio 3	145	0	0	145
Modena - Via Ganaceto 39	33	13	46	92
Napoli - Via S. Carlo 26	63	45	155	263
Parma - Via Longhi 1	87	42	62	191
Perugia - Via Pellas 44	217	18	0	235
Pescara - Via Sulmona 2	34	37	0	71
Pisa - Piazza Toniolo 10	87	41	52	180
Pistoia - Via S. Fedi 67	75	39	0	114
Pontedera - C.So Matteotti 108	61	41	0	102
Rovigo - C.So Del Popolo 4	63	24	0	87
Sondrio - Via C. Alessi 16	54	15	0	69
Terni - Via Beccaria 22	17	28	0	45
Torino - Via P. Micca 21	207	205	156	568
Trieste - Via Torrebianca 18	15	36	21	72
Udine - Via Carducci 4	39	72	0	111
Varese - Via Mazzini 1	158	71	41	270
Venezia Mestre - Via Verdi 4	47	65	26	138
Verona - C.So Porta Nuova 53	245	257	129	631
 Total buildings used by third parties	 5,106	 1,611	 1,175	 7,892
 TOTAL BUILDINGS HELD FOR INVESTMENT	 5,412	 1,611	 1,175	 8,198
 TOTAL BUILDINGS	 5,412	 1,611	 1,175	 8,198

Statement of source and application of funds

(in thousands of euros)

	2007	2006
SOURCE OF FUNDS		
Net profit for the year	36,495	27,437
Positive or negative adjustments relating to unsettled positions:		
Net increase (+) decrease (-) in:		
claims reserve	67,965	37,332
premium reserve	35,208	21,800
non-life business technical reserves	35,202	47,898
Increase (-) Decrease (+) in receivables from policyholders	-16,516	-1,265
Net increase (-) decrease (+) in	-	-
agent, reinsurer and coinsurer balances	-45,114	-15,570
Net increase (-) decrease (+) in	-	-
intangible assets	339	251
Increase in specific provisions	-1,153	-1,514
Employees' leaving entitlement:		
accruals	1,552	-979
utilisation	-2,510	1,394
Increase (-) decrease (+) in other receivables,	-	-
sundry assets and accrued income	-5,385	16,600
Increase (+) decrease (-) in other sums payable,	-	-
other liabilities and accrued expenses	4,914	-344
Adjustments to securities	6,976	-623
Adjustments to class D securities	4,173	-7,628
Funds generated by ordinary activities	122,146	124,789
Disposal of fixed assets	-	255
Sale of bonds and other fixed-interest securities	66,929	77,607
Sale of equity investments	13,417	15,681
Sale of unit trusts	350	747
Sale of class D	37,988	45,863
Repayment of loans and borrowings	4,136	5,639
Other financial disinvestments	-	-
Funds generated by disinvesting activities	122,820	145,792
Total funds generated	244,966	270,581

	(in thousands of euros)	
	2007	2006
APPLICATION OF FUNDS		
Buildings	32	7
Fixed-interest securities	187,814	132,342
Investments	12,713	97,316
Unit trusts	-	-
Other financial investments	-	-
Class D investments	23,754	31,884
Loans to third parties	-	-
Previous year's dividend distributed	4,872	4,500
Total application of funds	229,185	266,049
Increase/decrease in liquid funds	15,781	4,532
TOTAL	244,966	270,581
Liquid funds at the beginning of the year	41,553	37,021
Liquid funds at the end of the year	46,301	41,553

Remuneration of directors, statutory auditors, and strategically accountable managers

Pursuant to Article 78 of CONSOB regulation 11971 of 14 May 1999, below we declare the remuneration paid to directors, statutory auditors, and strategically accountable managers:

SURNAME AND NAME	Description of position		Fees (in thousands of euros)			
	Position held	Period during which the position was held	Fees for the office	Non - monetary benefits	Bonuses and other incentives	Other fees
Board of directors terms of office up to approval of the financial statements at 31 December 2009						
Guatri Luigi	Chairman	01.01 - 27.04.2007	40	-	-	-
	Honorary Chairman	27.04 - 31.12.2007	-	-	-	-
Costa Giorgio	Executive deputy chairman	01.01 - 27.04.2007	74	-	-	-
	Chairman	27.04 - 31.12.2007	-	-	-	- (1)
Acutis Carlo	Executive deputy chairman	01.01 - 31.12.2007	46	-	-	- (1)
Acutis Andrea	Executive director	01.01 - 27.04.2007	38	8	-	230 (1)
		27.04 - 31.12.2007	-	-	-	- (2)
Guarena Roberto	Manging director	01.01 - 31.12.2007	400	-	380	4
Acutis Biscaretti di Ruffia Adriana	Director	01.01 - 31.12.2007	61	-	-	55
		-	-	-	-	-
Baggi Sisini Francesco	Independent director	01.01 - 31.12.2007	32	-	-	- (1)
Brandolini d'Adda Tiberto	Independent director	01.01 - 31.12.2007	18	-	-	-
Brignone Marco	Independent director	01.01 - 31.12.2007	18	-	-	-
Hellouin de Ménibus Arnaud	Director	01.01 - 31.12.2007	23	-	-	4 (1)
Marsani Pietro Carlo	Independent director	01.01 - 31.12.2007	24	-	-	-
Marsiaj Giorgio	Independent director	01.01 - 31.12.2007	18	-	-	-
		-	-	-	-	- (1)
Müller-Gothard Edgar	Independent director	01.01 - 31.12.2007	18	-	-	-
Passerin d'Entreves Lodovico	Independent director	01.01 - 31.12.2007	16	-	-	-
Paveri Fontana Luca	Director	01.01 - 31.12.2007	128	-	-	4
Ricci Robert	Independent director	27.04 - 31.12.2007	13	-	-	-
Spadafora Giuseppe	Independent director	01.01 - 31.12.2007	23	-	-	-
		-	-	-	-	- (1)
Board of statutory auditors terms of office up to approval of the financial statements at 31 December 2009						
Caso' Angelo	Chairman	01.01 - 31.12.2007	31	-	-	-
Maritano Giovanni	Statutory auditor	01.01 - 31.12.2007	21	-	-	22
Strazzera Livio	Statutory auditor	01.01 - 31.12.2007	21	-	-	-
Managers with strategic responsibilities						
Caldarelli Cesare	Deputy general manager	01.01 - 31.12.2007	}	-	-	-
Corazza Enrico	Central Manager	01.01 - 31.12.2007		-	-	-
Ravasio Mario	Deputy general manager	01.01 - 31.12.2007		27	-	874

(1) Other fees for positions held in subsidiaries

(2) Other fees / salary for positions held in subsidiaries

Disclosure of auditing fees

As required by Article 149/12 of CONSOB Regulation 11971 of 14 May 1999, below we report the fees relating to FY2007 for services rendered to the Company by the auditing company BDP Sala Scelsi Farina Società di Revisione per Azioni – and by entities forming part of its network.

Type of services rendered	Auditing company	(Amounts in € '000)	
		Entities Forming Part of its network	
Independent auditing services		229	-
Verifications for issue of attestations		44	-
Other services			

Investments in subsidiaries

Vittoria Immobiliare SpA

Registered offices in Milan - Galleria San Babila 4/B

Share capital: € 16,600,000.

% equity interest: 87.24%.

This company is active in the real estate trading sector and is also a holding company for investments in companies operating in the real estate management, brokerage and promotion sectors.

The draft financial statements reviewed by the Board of Directors on 10 March 2008 show shareholders' equity of € 24,803 thousand, including € -1,946 thousand of net loss for the year. The consolidated financial statements, prepared for the purposes of parent company consolidation, show consolidated shareholders' equity of € 25,920 thousand, including the year's net loss of € -2,038 thousand.

Immobiliare Bilancia Srl ["Srl" = private limited liability company]

Registered offices in Milan - Galleria San Babila 4/B

Share capital: € 2,000,000.

% equity interest: 100.0%.

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 10 March 2008 show quotaholders equity of € 15,560 thousand, including the year's net profit of € 1,856 thousand.

Immobiliare Bilancia Prima Srl

Registered offices in Milan - Galleria San Babila 4/B

Share capital: € 3,000,000.

% equity interest: 100.00%.

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 10 March 2008 show quotaholders equity of € 12,267 thousand, including the year's net profit of € 20 thousand.

Immobiliare Bilancia Seconda Srl

Registered offices in Milan - Galleria San Babila 4/B

Share capital: € 1,000,000.

% equity interest: 100.00%.

The draft financial statements reviewed by the Board of Directors on 10 March 2008 show shareholders equity of € 8,992 thousand, including the year's net loss of € -377 thousand.

Immobiliare Bilancia Terza Srl

Registered offices in Milan - Galleria San Babila 4/B

Share capital: € 100,000.

% equity interest: 100.00%.

The company – at present not yet operational – was founded in 2003 in order to have a legal vehicle able to develop real estate trading operations, possibly jointly with other partners in the sector. The draft financial statements reviewed by the Board of Directors on 10 March 2008 show quotaholders' equity of € 77 thousand, including the year's loss of € -5 thousand.

Lauro 2000 Srl

Registered offices in Milan - Galleria San Babila 4/B

Share capital: € 15,000,000

% equity interest: 100.00% direct

The draft financial statements reviewed by the Board of Directors on 10 March 2008 show shareholders equity of € 58,760 thousand, including the year's profit of € 175 thousand.

Vittoria Properties Srl

Registered offices in Milan – Via Caldera 21

Share capital: € 4,000,000

% equity interest: 99.00% directly owned and 1.00% via Vittoria Immobiliare SpA

A company active in the management and letting of its property assets.

The draft financial statements reviewed by the Board of Directors on 10 March 2008 show quotaholders' equity of € 3,982 thousand, including the year's net loss of € -3 thousand.

Interbilancia Srl

Registered offices in Milan – Via Caldera 21

Share capital: € 80,000

% equity interest: 80.00% directly owned and 20.00% via Vittoria Immobiliare SpA

A holding company for investments in companies active in the service sector.

Draft financial statements show quotaholders' equity of € 113 thousand including the year's net profit of € 1 thousand.

Vittoria Service Srl

Registered offices in Milan – Via Caldera 21

Share capital: € 100,000

% equity interest: 70.00% directly owned and 30.00% via Vittoria Immobiliare SpA

A company active in advisory services in the real estate and insurance fields.

Draft financial statements reviewed by the Board of Directors on 19 March 2008 show quotaholders' equity of € 206 thousand, including the year's net profit of € 4 thousand.

Investments in associate companies**Yarpa International Holding NV**

Registered offices in Amsterdam - Holland

Share capital: € 675,000

% equity interest: 25.00%

A holding company for investments in real estate companies.

Draft consolidated financial statements as at 31 December 2007 show shareholders' equity of € 328,992 thousand, including the year's net profit of € 288,739 thousand.

Laumor BV

Registered offices in Amsterdam - Holland

Share capital: € 20,000

% equity interest: 25.00%

A holding company for investments in real estate companies.

Draft consolidated financial statements as at 31 December 2007 show shareholders' equity of € 7,771 thousand, including the year's net loss of € -275 thousand.

White Finance SA

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 1,000,000

% equity interest: 32.17%

An investment holding company

Draft consolidated financial statements as at 31 December 2007 show shareholders' equity of € 34,033 thousand, including the year's net profit of € 9,330 thousand.

S.In.t. SpA

Registered offices in Turin – Piazza Bodoni 3

Share capital: € 1,000,000

% equity interest: 48.19%

Draft financial statements as at 31 December 2007 show shareholders' equity of € 2,134 thousand, including the year's net profit of € 23 thousand.

Yarpa SpA

Registered offices in Genoa – Via Roma 3

Share capital: € 9,635,000

% equity interest: 20.91%

The associate is a company offering corporate financial services – from pool loans up to consulting services for the purchase or sale of companies. Its subsidiary Yarpa Investimenti SGR manages the Italian closed-end investment funds "Maestrale" and "RP3 Fund" and the closed-end real estate funds "Rosso Mattone" and "Ambiente".

Laumor Holdings Sarl

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 12,500

% equity interest: 29.00%

A financial company.

Draft consolidated financial statements as at 31 December 2007 show shareholders' equity of € 20,170 thousand, including the year's net profit of € 1,658 thousand.

Gima Finance SA

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 31,000

% equity interest: 32.13%

A financial company.

Draft consolidated financial statements as at 31 December 2007 show shareholders' equity of € 470 thousand, including the year's net loss of € -372 thousand caused by start-up costs.

Touring Vacanze Srl

Registered offices in Milan – Corso Italia 10

Share capital: € 12,900,000

% equity interest: 24.00%

A real estate management company.

The Board of Directors

Milan, 27 March 2008

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Company VITTORIA ASSICURAZIONI

BALANCE SHEET - NON-LIFE BUSINESS
ASSETS

		Current assets
A. SHARE CAPITAL PROCEEDS TO BE RECEIVED		1
of which: called-up	2	1
B. INTANGIBLE ASSETS		
1. Acquisition commissions to be amortised	4	6,679
2. Other acquisition costs	6	
3. Start-up and capital costs	7	30
4. Goodwill	8	
5. Other deferred costs	9	17,437
		10
C. INVESTMENTS		24,146
I - Land and buildings		
1. Operating buildings	11	306
2. Buildings used by third parties	12	7,892
3. Other buildings	13	
4. Other property rights	14	
5. Assets under construction and payments on account	15	8,198
II - Investments in group and other companies:		
1. Equity investments in:		
a) parent companies	17	
b) subsidiaries	18	86,937
c) related companies	19	
d) associated companies	20	29,417
e) other companies	21	44,362
22		160,716
2. Bonds issued by:		
a) parent companies	23	
b) subsidiaries	24	
c) related companies	25	
d) associated companies	26	
e) other companies	27	
28		
3. Loans to:		
a) parent companies	29	
b) subsidiaries	30	455
c) related companies	31	
d) associated companies	32	
e) other companies	33	2,000
34		2,455
35		163,171
		to carry forward
		24,146

Previous year

182			181	
184	6,949			
186				
187	121			
188				
189	16,470		190	23,540
191	377			
192	7,789			
193				
194				
195		196	8,166	
197				
198	82,607			
199				
200	33,577			
201	51,747	202	167,931	
203				
204				
205				
206				
207		208		
209				
210				
211				
212				
213		214	167,931	23,540
to carry forward				

BALANCE SHEET - NON-LIFE BUSINESS

ASSETS

			Current year
		brought forward	
			24,146
C. INVESTMENTS (continues)			
III	- Other financial investments:		
1.	Equity investments		
a)	Listed shares	36	
b)	Unlisted shares	37	
c)	Quotas	38	
2.	Unit trust units	40	5,547
3.	Bonds and other fixed-interest securities		
a)	listed	41	472,669
b)	unlisted	42	942
c)	convertible bonds	43	473,611
4.	Loans		
a)	secured loans	45	3,303
b)	loans on policies	46	
c)	other loans	47	2,420
5.	Shares in investment pools	48	5,723
6.	Deposits with banks	49	
7.	Other financial investments	50	
IV	- Deposits with ceding companies	51	484,881
		52	
		53	28
		54	656,278
D bis.	REINSURERS' SHARE OF TECHNICAL RESERVES		
I	- NON-LIFE BUSINESSES		
1.	Premium reserve	58	18,698
2.	Claims reserve	59	60,667
3.	Profit participation and reimbursement reserve	60	
4.	Other technical reserves	61	
		62	79,365
		to carry forward	
			759,789

Previous year			
	brought forward		23,540
216			
217			
218	219	220	5,780
221	427,089		
222	1,123		
223	224	428,212	
225	3,956		
226			
227	1,918	228	5,874
229			
230			
231		232	439,866
		233	44
		234	616,007
238	25,634		
239	78,742		
240			
241		242	104,376
to carry forward			
			743,923

BALANCE SHEET - NON-LIFE BUSINESS

ASSETS

			Current year
		brought forward	759,789
E. RECEIVABLES			
I	- Receivables relating to direct insurance due from:		
1.	Policyholders		
a)	premiums for the year	71 35,898	
b)	premiums for previous years	72 919	73 36,817
2.	Insurance brokers and agents	74 43,132	
3.	Current account companies	75 13,997	
4.	Amounts to be recovered from policyholders and third parties	76 28,225	77 122,171
II	- Receivables relating to reinsurance due from:		
1.	Insurance and reinsurance companies	78 3,354	
2.	Reinsurance brokers and agents	79 80	3,354
III	- Other receivables	81 8,471	82 133,996
F. OTHER ASSETS			
I	- Tangible assets and inventory:		
1.	Office furniture and machines and internal transport systems	83 2,741	
2.	Registered chattel property	84 12	
3.	Plant and machinery	85 257	
4.	Inventory and other assets	86 81	87 3,091
II	- Liquid funds		
1.	Bank and postal accounts	88 23,193	
2.	Cheques on hand and cash-in-hand	89 61	90 23,254
III	- Own shares or quotas	91	
IV	- Other assets		
1.	Suspense reinsurance accounts	92	
2.	Sundry assets	93 9,794	94 9,794
	of which: giro account with life business	95 36,139	
		96 6,976	
		97 207	
		98 975	99 8,158
		100 938,082	
	TOTAL ASSETS		

Previous year

		brought forward		743,923
251	30,759			
252	992	253	31,751	
		254	37,297	
		255	6,143	
		256	24,540	257 99,731
		258	5,647	
		259		260 5,647
				261 6,651 262 112,029
		263	3,248	
		264	328	
		265	341	
		266		267 3,917
		268	20,525	
		269	43	270 20,568
				271
		272		
		273	7,905	274 7,905 275 32,390
		903		
				276 5,460
				277 221
				278 610 279 6,291
				280 894,633

BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year
A. SHAREHOLDERS' EQUITY		
I	- Subscribed share capital or equivalent fund	101 19,100
II	- Share premium reserve	102 17,183
III	- Revaluation reserves	103 6,135
IV	- Legal reserve	104 3,554
V	- Statutory reserves	105
VI	- Reserves for purchase of own shares and shares of parent company	106
VII	- Other reserves	107 54,751
VIII	- Retained earnings or losses carried forward	108
IX	- Net profit/loss) for the year	109 28,853 110 129,576
B. SUBORDINATED LIABILITIES		111 3,122
C. TECHNICAL RESERVES		
I	- NON-LIFE BUSINESSES	
1.	Premium reserve	112 201,836
2.	Claims reserve	113 504,801
3.	Profit participation and reimbursement reserve	114
4.	Other technical reserves	115 3,292
5.	Equalisation reserves	116 2,433 117 712,362
	to carry forward	845,060

Previous year

281	17,771		
282	12,134		
283	6,135		
284	3,500		
285			
286			
287	61,360		
288			
289	21,289	290	122,189
		291	9,499
292	174,360		
293	462,578		
294			
295	2,783		
296	2,147		
		297	641,868
to carry forward			773,556

BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		brought forward	Current year
			845,060
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1. Pension and similar provisions		128	
2. Provision for taxation		129	896
3. Other provisions		130	741
			131
			1,637
F. DEPOSITS FROM REINSURERS			
			132
			38,652
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising from direct insurance business due to:			
1. Insurance brokers and agents		133	2,678
2. Current account companies		134	2,888
3. Guarantee deposits and premiums paid by policyholders		135	
4. Guarantee funds in favour of policyholders		136	472
		137	6,038
II - Payables arising from reinsurance business due to:			
1. Insurance and reinsurance companies		138	9,458
2. Reinsurance brokers and agents		139	140
			9,458
III - Bond issues			141
IV - Due to banks and other financial institutions			142
V - Secured debts			143
VI - Sundry loans and other financial payables			144
VII - Employees' leaving entitlement			145
			4,185
VIII - Other sums payable			
1. Policyholders' tax due		146	8,999
2. Other sums payable to taxation authorities		147	1,117
3. Social security charges payable		148	1,609
4. Sundry payables		149	9,469
		150	21,194
IX - Other liabilities			
1. Suspense reinsurance accounts		151	
2. Commissions on premiums under collection		152	7,981
3. Other liabilities		153	3,691
of which: giro account with life business		154	11,672
		155	52,547
	to carry forward		937,896

Previous year

308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	904	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	8010	8011	8012	8013	8014	8015	8016	8017	8018	8019	8020	8021	8022	8023	8024	8025	8026	8027	8028	8029	8030	8031	8032	8033	8034	8035	8036	8037	8038	8039	8040	8041	8042	8043	8044	8045	8046	8047	8048	8049	8050	8051	8052	8053	8054	8055	8056	8057	8058	8059	8060	8061	8062	8063	8064	8065	8066	8067	8068	8069	8070	8071	8072	8073	8074	8075	8076	8077	8078	8079	8080	8081	8082	8083	8084	8085	8086	8087	8088	8089	8090	8091	8092	8093	8094	8095	8096	8097	8098	8099	80100	80101	80102	80103	80104	80105	80106	80107	80108	80109	80110	80111	80112	80113	80114	80115	80116	80117	80118	80119	80120	80121	80122	80123	80124	80125	80126	80127	80128	80129	80130	80131	80132	80133	80134	80135	80136	80137	80138	80139	80140	80141	80142	80143	80144	80145	80146	80147	80148	80149	80150	80151	80152	80153	80154	80155	80156	80157	80158	80159	80160	80161	80162	80163	80164	80165	80166	80167	80168	80169	80170	80171	80172	80173	80174	80175	80176	80177	80178	80179	80180	80181	80182	80183	80184	80185	80186	80187	80188	80189	80190	80191	80192	80193	80194	80195	80196	80197	80198	80199	80200	80201	80202	80203	80204	80205	80206	80207	80208	80209	80210	80211	80212	80213	80214	80215	80216	80217	80218	80219	80220	80221	80222	80223	80224	80225	80226	80227	80228	80229	80230	80231	80232	80233	80234	80235	80236	80237	80238	80239	80240	80241	80242	80243	80244	80245	80246	80247	80248	80249	80250	80251	80252	80253	80254	80255	80256	80257	80258	80259	80260	80261	80262	80263	80264	80265	80266	80267	80268	80269	80270	80271	80272	80273	80274	80275	80276	80277	80278	80279	80280	80281	80282	80283	80284	80285	80286	80287	80288	80289	80290	80291	80292	80293	80294	80295	80296	80297	80298	80299	80300	80301	80302	80303	80304	80305	80306	80307	80308	80309	80310	80311	80312	80313	80314	80315	80316	80317	80318	80319	80320	80321	80322	80323	80324	80325	80326	80327	80328	80329	80330	80331	80332	80333	80334	80335	80336	80337	80338	80339	80340	80341	80342	80343	80344	80345	80346	80347	80348	80349	80350	80351	80352	80353	80354	80355	80356	80357	80358	80359	80360	80361	80362	80363	80364	80365	80366	80367	80368	80369	80370	80371	80372	80373	80374	80375	80376	80377	80378	80379	80380	80381	80382	80383	80384	80385	80386	80387	80388	80389	80390	80391	80392	80393	80394	80395	80396	80397	80398	80399	80400	80401	80402	80403	80404	80405	80406	80407	80408	80409	80410	80411	80412	80413	80414	80415	80416	80417	80418	80419	80420	80421	80422	80423	80424	80425	80426	80427	80428	80429	80430	80431	80432	80433	80434	80435	80436	80437	80438	80439	80440	80441	80442	80443	80444	80445	80446	80447	80448	80449	80450	80451	80452	80453	80454	80455	80456	80457	80458	80459	80460	80461	80462	80463	80464	80465	80466	80467	80468	80469	80470	80471	80472	80473	80474	80475	80476	80477	80478	80479	80480	80481	80482	80483	80484	80485	80486	80487	80488	80489	80490	80491	80492	80493	80494	80495	80496	80497	80498	80499	80500	80501	80502	80503	80504	80505	80506	80507	80508	80509	80510	80511	80512	80513	80514	80515	80516	80517	80518	80519	80520	80521	80522	80523	80524	80525	80526	80527	80528	80529	80530	80531	80532	80533	80534	80535	80536	80537	80538	80539	80540	80541	80542	80543	80544	80545	80546	80547	80548	80549	80550	80551	80552	80553	80554	80555	80556	80557	80558	80559	80560	80561	80562	80563	80564	80565	80566	80567	80568	80569	80570	80571	80572	80573	80574	80575	80576	80577	80578	80579	80580	80581	80582	80583	80584	80585	80586	80587	80588	80589	80590	80591	80592	80593	80594	80595	80596	80597	80598	80599	80600	80601	80602	80603	80604	80605	80606	80607	80608	80609	80610	80611	80612	80613	80614	80615	80616	80617	80618	80619	80620	80621	80622	80623	80624	80625	80626	80627	80628	80629	80630	80631	80632	80633	80634	80635	80636	80637	80638	80639	80640	80641	80642	80643	80644	80645	80646	80647	80648	80649	80650	80651	80652	80653	80654	80655	80656	80657	80658	80659	80660	80661	80662	80663	80664	80665	80666	80667	80668	80669	80670	80671	80672	80673	80674	80675	80676	80677	80678	80679	80680	80681	80682	80683	80684	80685	80686	80687	80688	80689	80690	80691	80692	80693	80694	80695	80696	80697	80698	80699	80700	80701	80702	80703	80704	80705	80706	80707	80708	80709	80710	80711	80712	80713	80714	80715	80716	80717	80718	80719	80720	80721	80722	80723	807

BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

	brought forward	Current year	
H. ACCRUED EXPENSES AND DEFERRED INCOME			937,896
1. Interest	156	172	
2. Rent instalments	157	14	
3. Other accrued expenses and deferred income	158	159	186
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160	938,082

BALANCE SHEET - NON-LIFE BUSINESS
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

		Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS		
I	- Guarantees given	
	1. Sureties	161
	2. Endorsements	162
	3. Other personal guarantees	163
	4. Collateral	7,585
II	- Guarantees received	
	1. Sureties	164
	2. Endorsements	165
	3. Other personal guarantees	9,200
	4. Collateral	166
III	- Guarantees given by third parties in the interest of the Company	167
IV	- Commitments	168
V	- Third party assets	250
VII	- Securities held by third parties	169
VIII	- Other memorandum and contingency accounts	170
		29,334
		171
		4,154
		173
		554,155
		174

Previous year		
brought forward		894,103
336	522	
337		
338	8	339
		530
340		894,633

Previous year		
341		
342		
343	7,585	
344		
345	3,700	
346		
347		
348	250	
349		
350	8,015	
351		4,962
353		512,421
354		

Company VITTORIA ASSICURAZIONI

BALANCE SHEET - LIFE BUSINESS

ASSETS

		Current year
A. SHARE CAPITAL PROCEEDS TO BE RECEIVED		1
of which: called-up	2	
B. INTANGIBLE ASSETS		
1. Acquisition commissions to be amortised	3	3,494
2. Other acquisition costs	6	
3. Start-up and capital costs	7	20
4. Goodwill	8	
5. Other deferred costs	9	183
		10
		3,697
C. INVESTMENTS		
I - Land and buildings		
1. Operating buildings	11	
2. Buildings used by third parties	12	
3. Other buildings	13	
4. Other property rights	14	
5. Assets under construction and payments on account	15	16
II - Investments in group and other companies:		
1. Equity investments in:		
a) parent companies	17	
b) subsidiaries	18	43,083
c) related companies	19	
d) associated companies	20	5,765
e) other companies	21	22
		48,848
2. Bonds issued by:		
a) parent companies	23	
b) subsidiaries	24	
c) related companies	25	
d) associated companies	26	
e) other companies	27	28
3. Loans to:		
a) parent companies	29	
b) subsidiaries	30	
c) related companies	31	
d) associated companies	32	
e) other companies	33	34
		35
		48,848
		to carry forward
		3,697

Previous year

182		181	
183	4,301		
186			
187	81		
188			
189	259	190	4,641
191			
192			
193			
194			
195	196		
197			
198	49,027		
199			
200			
201	202	49,027	
203			
204			
205			
206			
207	208		
209			
210			
211			
212			
213	214	215	49,027
	to carry forward		4,641

BALANCE SHEET - LIFE BUSINESS

ASSETS

		Current year	
		brought forward	
C. INVESTMENTS (continues)			3,697
III	- Other financial investments		
1.	Equity investments		
a)	Listed shares	36	
b)	Unlisted shares	37	
c)	Quotas	38	
2.	Unit trust units	39	
40		6,309	
3.	Bonds and other fixed-interest securities:		
a)	listed	41	689,859
b)	unlisted	42	10,376
c)	convertible bonds	43	700,235
4.	Loans		
a)	secured loans	45	
b)	loans on policies	46	3,988
c)	other loans	47	3,988
5.	Shares in investment pools	48	
6.	Deposits with banks	49	
7.	Other financial investments	50	
IV	- Deposits with ceding companies	51	710,532
		52	
		53	398 ⁵⁴
			759,778
D. INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND STEMMING FROM PENSION FUND MANAGEMENT			
I	- Investments relating to index-linked policies	55	91,868
II	- Investments relating to pension fund management	56	3,464 ⁵⁷
			95,332
D bis.	REINSURERS' SHARE OF TECHNICAL RESERVES		
II - LIFE BUSINESSES			
1.	Mathematical reserves	63	17,956
2.	Complementary insurance premium reserve	64	
3.	Reserve for amounts payable	65	21
4.	Profit participation and reimbursement reserve	66	
5.	Other technical reserves	67	25
6.	Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	68	18,002
			876,809
		69	
		to carry forward	

Valori dell'esercizio precedente

	brought forward		
216			4,641
217			
218	219		
	220	1,425	
221	614,660		
222	10,374		
223	224	625,034	
225			
226	4,397		
227	228	4,397	
	229		
	230		
	231	232	630,856
		233	489
		234	680,372
		235	111,385
		236	2,355
		237	113,740
243	22,609		
244			
245	21		
246			
247	32		
248			
	to carry forward		
		249	22,662
			821,415

BALANCE SHEET - LIFE BUSINESS

ASSETS

			Current year	
		brought forward		
				876,809
E. RECEIVABLES				
I	- Receivables relating to direct insurance due from:			
	1. Policyholders			
	a) premiums for the year	71	16,300	
	b) premiums for previous years	72	16,300	
	2. Insurance brokers and agents	74	11,400	
	3. Current account companies	75	22	
	4. Amounts to be recovered from policyholders and third parties	76	27,722	
II	- Receivables relating to reinsurance due from:			
	- 1. Insurance and reinsurance companies	78	148	
	- 2. Reinsurance brokers and agents	79	148	
III	- Other receivables	81	5,680	33,550
F. OTHER ASSETS		82		
I	- Tangible assets and inventory:			
	1. Office furniture and machines and internal transport systems	83		
	2. Registered chattel property	84		
	3. Plant and machinery	85		
	4. Inventory and other assets	86	87	
II	- Liquid funds			
	1. Bank and postal accounts	88	23,047	
	2. Cheques on hand and cash-in-hand	89	90	23,047
III	- Own shares or quotas	91		
IV	- OTHER ASSETS			
	1. Suspense reinsurance accounts	92		
	2. Sundry assets	93	1,574	94
	of which: giro account with non-life business	901	1,313	24,621
G. PREPAYMENTS AND ACCRUED INCOME				
	1. Interest		96	10,842
	2. Rent instalments		97	
	3. Other prepayments and accrued income		98	184
			99	11,026
	TOTAL ASSETS			946,006

Previous year

	brought forward		
251	4,850		821,415
252	253 4,850		
254	10,888		
255	217		
256	257 15,955		
258	63		
259	260 63		
	261 10,531	262	26,549
263			
264			
265			
266	267		
268	20,984		
269	270 20,984		
	271		
272			
273	1,289	274	1,289
903	755	275	22,273
276		9,516	
277			
278		279 9,516	
		280	879,753

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
A. SHAREHOLDERS' EQUITY			
I	- Subscribed share capital or equivalent fund	101	13,566
II	- Share premium reserve	102	13,090
III	- Revaluation reserves	103	235
IV	- Legal reserve	104	2,536
V	- Statutory reserves	105	
VI	- Reserves for purchase of own shares and shares of parent company	106	
VII	- Other reserves	107	48,716
VIII	- Retained earnings or losses carried forward	108	
IX	- Net profit (loss) for the year	109	7,642
		110	85,785
B. SUBORDINATED LIABILITIES			111
C. TECHNICAL RESERVES			2,081
II	- LIFE BUSINESSES		
1.	Mathematical reserves	118	691,755
2.	Complementary insurance premium reserve	119	181
3.	Reserve for amounts payable	120	30,741
4.	Profit participation and reimbursement reserve	121	30
5.	Other technical reserves	122	10,541
		123	733,248
D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT			
I	- Reserves arising from index-linked policies	125	91,868
II	- Reserves arising from pension fund management	126	3,464
	to carry forward	127	95,332
			916,446

Previous year

281	12,681	
282	9,724	
283	235	
284	2,500	
285		
286		
287	19,633	
288		
289	6,148	290
		50,921
		291
		6,333
298	649,083	
299	191	
300	23,074	
301	10	
302	4,275	
		303
		676,633
305	111,385	
306	2,355	307
		113,740
to carry forward		847,627

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		brought forward	Current year
			916,446
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1. Pension and similar provisions		128	
2. Provision for taxation		129	511
3. Other provisions		130	131
F. DEPOSITS FROM REINSURERS			17,980
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising from direct insurance business due to:			
1. Insurance brokers and agents		133	183
2. Current account companies		134	
3. Guarantee deposits and premiums paid by policyholders		135	193
4. Guarantee funds in favour of policyholders		136	137
II - Payables arising from reinsurance business due to:			376
1. Insurance and reinsurance companies		138	519
2. Reinsurance brokers and agents		139	140
III - Bond issues			519
IV - Due to banks and other financial institutions			141
V - Secured debts			142
VI - Sundry loans and other financial payables			143
VII - Employees' leaving entitlement			144
VIII - Other sums payable			145
1. Policyholders' tax due		146	186
2. Other sums payable to taxation authorities		147	301
3. Social security charges payable		148	278
4. Sundry payables		149	2,082
IX - Other liabilities		150	2,847
1. Suspense reinsurance accounts		151	
2. Commissions on premiums under collection		152	5,705
3. Other liabilities of which: giro account with non-life business		153	272
		902	154
	to carry forward		5,977
			155
			10,912
			945,849

Previous year

	brought forward		847,627
308			
309		1,072	
310			1,072
	311		
		312	22,640
313	307		
314			
315	27		
316		317	334
318	733		
319		320	733
	321		
	322		
	323		
	324		
	325		1,423
326	205		
327	312		
328	221		
329	2,939	330	3,677
331			
332	1,646		
333	253	334	1,899
904			335
			8,066
	to carry forward		
			879,405

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

	brought forward	Current year
H. ACCRUED EXPENSES AND DEFERRED INCOME		945,849
1. Interest	156	114
2. Rent instalments	157	
3. Other accrued expenses and deferred income	158	43 159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160 946,006

BALANCE SHEET - LIFE BUSINESS
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

	Current year
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS	
I - Guarantees given	
1. Sureties	161
2. Endorsements	162
3. Other personal guarantees	163 12,915
4. Collateral	164
II - Guarantees received	
1. Sureties	165
2. Endorsements	166
3. Other personal guarantees	167
4. Collateral	168
III - Guarantees given by third parties in the interest of the company	169
IV - Commitments	170
V - Third party assets	171
VI - Assets pertaining to pension funds managed in favour and on behalf of third parties	172 3,464
VII - Securities held by third parties	173 706,542
VIII - Other memorandum and contingency accounts	174

Previous year

	brought forward	879,405
	336	348
	337	
	338	339
		348
	340	879,753

Previous year

		341
		342
		343 12,915
		344
		345
		346
		347
		348
		349
		350
		351
		352 2,355
		353 626,459
		354

Allocation of the net profit (loss) for the year between non-life and life businesses

		Non-life businesses	Life businesses		Total
Result of technical account					
Income on investments	+	1 36,813 ²¹	6,112 ⁴¹		42,925
Capital and financial charges	-	2 44,373		42	44,373
Income on investments transferred from the life business technical account	+	3 8,704		43	8,704
Income on investments transferred to the non-life business technical account	-		24 3,129 ⁴⁴		3,129
Operating result					
Other income	+	6 43,385 ²⁶	9,241 ⁴⁶		52,626
Other expense	-	7 2,433 ²⁷	540 ⁴⁷		2,973
Extraordinary income	+	8 4,998 ²⁸	290 ⁴⁸		5,288
Extraordinary expense	-	9 741 ²⁹	808 ⁴⁹		1,549
Profit (loss) before taxation					
Taxation on profit for the year	-	10 253 ³⁰	57 ⁵⁰		310
Net profit (loss) for the year					
		11 41,308 ³¹	10,242 ⁵¹		51,550
		12 12,455 ³²	2,600 ⁵²		15,055
		13 28,853 ³³	7,642 ⁵³		36,495

Company VITTORIA ASSICURAZIONI

Assets - Changes in intangible assets (caption B) and
land and buildings (caption C.I)

		Intangible assets B	Land and buildings C.I
Gross opening book value	+	1 28,181	31 8,166
Increase of the year	+	2 11,338	32 32
for: acquisitions or increases		3 11,338	33 32
write-backs		4	34
revaluations		5	35
other variations		6	36
Decrease of the year	-	7 548	37
for: sales or decreases		8 210	38
permanent write-downs		9	39
other variations		10 338	40
Gross closing book value (a)		11 38,971	41 8,198
Amortisation and depreciation:			
Opening book value	+	12	42
Increase of the year	+	13 11,331	43
for: amortisation/depreciation charge of the year		14 11,331	44
other variations		15	45
Decrease of the year.....	-	16 202	46
for: disposals		17 202	47
other variations		18	48
Closing book value (b) (*)		19 11,129	49
Book value (a - b)		20 27,842	50 8,198
Current value			51 20,293
Total revaluations		22	52
Total write-downs		23	53
(*) of which resulting from fiscally-driven entries		24	54

Assets - Changes in investments in group and other companies: equity investments
(caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)

		Equity investments C.II.1	Bonds C.II.2	Loans C.II.3
Opening book value	+	1 216,957 21		41
Increase of the year	+	2 12,713 22		42 2,500
for: acquisitions, subscriptions or lending		3 7,172 23		43 2,500
write-backs		4 24		44
valuations		5		
other variations		6 5,541 26		46
Decrease of the year:	-	7 20,106 27		47 45
for: sales or repayments		8 233 28		48 45
write-downs		9 6,689 29		49
other variations		10 13,184 30		50
Book value		11 209,564 31		51 2,455
Current value		12 217,931 32		52 2,455
Total valuations		13		
Total write-downs		14 6,689 34		54

Caption C.II.2 includes:

Listed bonds	61
Unlisted bonds	62
Book value	63
of which: convertible bonds	64

Company **Vittoria Assicurazioni**

Assets - Information on subsidiaries (*)

Number	Type	Listed or unlisted	Business activity	Name and registered offices	Currency
(1)	(2)	(3)			
1	B	NQ	2	VITTORIA IMMOBILIARE S.p.A. - Galleria San Babila 4/b - 20122 Milano	242
2	D	NQ	9	S.I.N.T. S.p.A. - Piazza Bodoni 3 - 10123 TORINO	242
3	D	NQ	2	YARPA S.p.A. - Via Roma 3 - 16121 GENOVA (ex (BPC SpA)	242
4	E	NQ	2	GRUPPO G.P.A. S.p.A. - Via Melchiorre Gioia 124 - 20125 MILANO	242
5	E	Q	2	CAM FINANZIARIA S.p.A. - Via Sempione 230 - 20016 Pero MILANO	242
6	E	NQ	3	BANCA PASSADORE & C. S.p.A. - Via E. Vernazza 27 - 16121 GENOVA	242
7	E	NQ	3	B CR COOP VALDOSTANA Soc.Coop. - Frazione Taxel 26 - 11020 Gressan AO	242
8	E	NQ	3	BCC PAD.ORIENT.-ROVIGO Soc.Coop. - Via Casalini n.10 - 45100 Rovigo	242
9	E	NQ	3	BANCA POPOLARE ETICA Soc.Coop. - Piazzetta Forzatè 2 - 35137 Padova	242
10	E	NQ	9	DOWNALL ITALIA S.r.l. - Piazza Sicilia 6 - 20125 Milano	242
11	E	NQ	9	SOFIGEA S.r.l. in liq. - Via della Frezza 70 - 00186 ROMA	242
12	E	NQ	9	U.C.I. S.cons.r.l. - C.so Sempione 39 - 20145 MILANO	242
13	E	NQ	9	CESTAR S.cons.r.l. - Via Pisacane 48 - 20016 Pero MILANO	242
14	E	NQ	2	MEDINVEST INTERNATIONAL S.C.A.- 38, Avenue de la Faiencerie -L1510 Lussemburgo	242
15	D	NQ	2	YARPA INTERNATIONAL HOLDING N.V. - Herengracht 483, 1017 BT - Amsterdam	242
16	B	NQ	2	INTERBILANCIA S.r.l. - Via Caldera, 21 - 20153 MILANO	242
17	B	NQ	4	IMMOBILIARE BILANCIA S.r.l. - Galleria San Babila 4/b - 20122 MILANO	242
18	D	NQ	2	LAUMOR BV - Herengracht 483, 1017 BT - Amsterdam	242
19	D	NQ	9	TOURING VACANZE Srl - Corso Italia n.10 - 20122 MILANO	242
20	B	NQ	4	VITTORIA PROPERTIES S.r.l. - Via Caldera n.21 - 20153 MILANO	242
21	B	NQ	4	IMMOBILIARE BILANCIA PRIMA S.r.l. - Galleria San Babila 4/b - 20122 Milano	242
22	B	NQ	4	IMMOBILIARE BILANCIA SECONDA S.r.l. - Galleria San Babila 4/b - 20122 Milano	242
23	B	NQ	4	IMMOBILIARE BILANCIA TERZA S.r.l. - Galleria San Babila 4/b - 20122 Milano	242
24	E	NQ	3	BCC APUANA Soc.Coop. - Via E.Chiesa n.4 - 54100 Massa	242
25	E	NQ	2	LIGURIA S.p.A. - Via Cesare Mangili 6 - 20121 Milano	242
26	E	Q	2	MEDIOBANCA S.p.A. - P.tta E.Cuccia n.1 - 20121 MILANO	242
27	E	NQ	9	MEDIORISCHI S.p.A - Via Melchiorre Gioia 124 - 20125 MILANO	242
28	E	NQ	2	BCM & Partners LLP - 102 Jermyn Street - SW1Y 6EE Londra	2
29	E	NQ	2	MARINA S.r.l. in Liq. - Via Cesare Mangili 6 - 20121 MILANO	242
30	D	NQ	2	WHITE FINANCE S.A. - 2, avenue Charles de Gaulle - L1653 Lussemburgo	242
31	E	NQ	3	BCC COMPRENSORIO DEL CUOIO - Via Prov.Francesca Nord 78 - 56022 Castelfranco di S	242
32	B	NQ	9	VITTORIA SERVICE S.r.l. - Via Caldera 21 - 20153 Milano	242
33	B	NQ	4	YAFRA SAS - 153, Rue de la Pompe - 75116 Parigi	242
34	B	NQ	4	LAURO 2000 S.r.l. - Galleria San Babila 4/b - 20122 Milano	242
35	D	NQ	2	LAUMOR HOLDINGS Srl - 2, avenue Charles de Gaulle - L1653 Lussemburgo	242

(*) List of group companies and other companies held either directly or through trustee or nominee.

(1) Type

- a = Parent companies
- b = Subsidiaries
- c = Related companies
- d = Associated companies
- e = Other companies

(2) Indicate Q for listed securities
and NQ for unlisted securities

(3) Business activity

- 1 = Insurance company
- 2 = Financial company
- 3 = Bank
- 4 = Real estate company
- 5 = Trust
- 6 = Trust management company
- 7 = Consortium
- 8 = Manufacturing company
- 9 = Other

(4) Amounts in original currency

(5) Indicate total holding percentage

Share capital		Shareholders' equity (**)	Net profit or loss for the last year (**)	Percentage held (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
16,600,000	33,200	25,919,955	-2,038,010	87.24		
1,000,000	1,000,000	2,098,455	6,893	48.19		
9,635,000	20,500,000	10,773,783	1,285,478	20.91		
8,528,000	16,400,000		5			
191,199,415	367,691,182			4.31		
50,000,000	50,000,000			2.76		
1847001,36	357,946			1.06		
717545,46	27,786			0.36		
19,425,884	376,179					
100,000	100,000			5.08		
47,664,600	47,664,600			1.46		
510,000	1,000,000			0.69		
2,040,000	2,040,000					
76,636,000	7,663,600			3.91		
675,000	1,500	328,991,848	287,562,931	25		
80,000	80,000	234,336	73,169	80	20	100
2,000,000	2,000,000	15,559,699	1,855,794	100		
20,000	40	7,771,199	-275,125	25		
12,900,000	12,900,000			24		
4,000,000	4,000,000	3,981,600	-3,047	99	1	100
3,000,000	3,000,000	12,267,184	19,844	100		
1,000,000	1,000,000	8,992,089	-376,589	100		
100,000	100,000	76,149	-5,087	100		
4,377,877	16,903			1.14	2.1	3.24
5,600,000	5,600,000			10.3		
409,549,083	819,098,165			0.14		
102,000	102,000			5.35		
1396225,03	1396225,03			10		
100,000	100,000					
1,000,000	800,000	34,032,970	9,329,619	32.17		
5,545,000	11,090			0.9	0.88	1.78
100,000	100,000	206,207	4,170	70	30	100
37,000	37,000					
15,000,000	15,000,000	58,615,815	30,602	100		
12,500	500	20,170,710	1,657,527	29		

(**) To be compiled only for subsidiary and associated companies

Company

Vittoria Assicurazioni

Assets - Information on subsidiaries (*)

Number	Type (1)	Listed or unlisted (2)	Business activity (3)	Name and registered offices	Currency
36	D	NQ	2	GIMA FINANCE SA - 2, avenue Charles de Gaulle - L1653 Lussemburgo	242
37	E	NQ	4	IMMOBILIARE ADAMELLO S.r.l. - Corso Italia n.10 - 20122 MILANO	242

(*) List of group companies and other companies held either directly or through trustee or nominee.

(1) Type
 a = Parent companies
 b = Subsidiaries
 c = Related companies
 d = Associated companies
 e = Other companies

(2) Indicate Q for listed securities
 and NQ for unlisted securities

(3) Business activity
 1 = Insurance company
 2 = Financial company
 3 = Bank
 4 = Real estate company
 5 = Trust
 6 = Trust management company
 7 = Consortium
 8 = Manufacturing company
 9 = Other

(4) Amounts in original currency

(5) Indicate total holding percentage

Share capital		Shareholders' equity (**) (4)	Net profit or loss for the last year (**) (4)	Percentage held (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
31,000	31,000	469,963	-372,337	32.13	0	0
1,000,000	1,000,000			10	0	0

(**) To be compiled only for subsidiary and associated companies

Società **VITTORIA ASSICURAZIONI**

Assets - Changes in investments in group and other companies: equity investments

Number (1)	Type (2)	(3)	Name	Increase of the year		
				Acquisitions		Other increases
				Quantity	Amount	
1	B	V	VITTORIA IMMOBILIARE S.p.A.		4,818	2,245
1	B	D	VITTORIA IMMOBILIARE S.p.A.		2,859	1,332
2	D	D	SINT S.p.A.			
3	D	D	YARPA S.p.A.			
4	E	D	GRUPPO G.P.A. S.p.A.			
5	E	D	CAM FINANZIARIA S.p.A.			
6	E	D	BANCA PASSADORE & C. S.p.A.			
7	E	D	BCC VALDOSTANA Soc.Coop.			
8	E	D	BCC PAD.ORIENT.-ROVIGO Soc.Coop.			
9	E	D	BANCA POPOLARE ETICA Soc.Coop.			
10	E	D	DOWNALL ITALIA S.r.l.			
11	E	D	SOFIGEA S.r.l. in liq.			
12	E	D	U.C.I. S.cons.r.l.			
13	E	D	CESTAR S.cons.r.l.			
14	E	D	MEDINVEST INTERNATIONAL S.C.A.			
15	D	D	YARPA INTERNATIONAL HOLDING N.V.			
16	B	D	INTERBILANCIA S.r.l.			
17	B	V	IMMOBILIARE BILANCIA S.r.l.		46,875	406
18	D	D	LAUMOR BV			
19	D	D	TOURING VACANZE S.r.l.		3,096,000	5,765
19	D	D	TOURING VACANZE S.r.l.			
20	B	V	VITTORIA PROPERTIES S.r.l.			
21	B	D	IMMOBILIARE BILANCIA PRIMA S.r.l.		1,000,000	3,000
22	B	D	IMMOBILIARE BILANCIA SECONDA S.r.l.			
23	B	D	IMMOBILIARE BILANCIA TERZA S.r.l.			

(1) It should match that indicated in Annex 6

(2) Type
 a = Parent companies
 b = Subsidiaries
 c = Related companies
 d = Associated companies
 e = Other companies

(3) Indicate:

D investment allocated to the non-life business (caption C.II.1)
 V investments allocated to the life business (caption C.II.1)
 V1 investments allocated to the life business (caption D.I)
 V2 investments allocated to the life business (caption D.2)
 Even if it is only a portion, the investment should be identified with the same number

Decrease of the year		Book value (4)		Acquisition cost	Current value
Quantity	Sales	Other decreases	Quantity	Amount	
Quantity	Amount				
			18,178	10,988	10,988
			10,786	10,624	10,624
			481,900	4,659	4,659
			4,287,476	2,086	2,086
			820,000	3,101	3,101
			6,689	15,849,797	21,587
			1,377,848	3,540	6,889
			3,800	41	41
			100	3	3
1,000	52		5,080	3	3
			695819,01	705	705
			6,879	4	4
14,395	15		300,000	3,001	3,001
			375	9,282	9,282
			64,000	78	78
			8,594	2,000,000	7,437
			10	6	6
3,096,000	5,525		3,096,000	5,765	5,765
			3,960,000	3,960	3,960
			3,000,000	5,400	5,400
			1,000,000	8,500	8,500
			100,000	100	100

(4) Insert (*) if stated with the equity method (only for types b and d)

Società **VITTORIA ASSICURAZIONI**

Assets - Changes in investments in group and other companies: equity investments

Number (1)	Type (2)		Name	Increase of the year					
				Acquisitions		Other increases			
				Quantity	Amount				
24	E	D	BCC APUANA Soc.Coop.						
25	E	D	LIGURIA S.p.A.						
26	E	D	MEDIOBANCA S.p.A.						
27	E	D	MEDIORISCHI S.p.A.						
28	E	D	BCM & Partners LLP						
29	E	D	MARINA S.r.l. in Liq.						
30	D	D	WHITE FINANCE S.A.			1,611			
31	E	D	BCC COMPR. DEL CUOIO Soc.Coop.						
32	B	D	VITTORIA SERVICE S.r.l.	14,000		84			
33	B	D	YAFRA SAS						
34	B	V	LAURO 2000 S.r.l.						
34	B	D	LAURO 2000 S.r.l.						
35	D	D	LAUMOR HOLDINGS Sarl			3,424			
36	D	D	GIMA FINANCE SA	9,961	5	266			
37	E	D	IMMOBILIARE ADAMELLO S.r.l.	100,000	100				
Total C.II.1					3,511	14,727			
a	Parent companies								
b	Subsidiaries				3,406	3,661			
c	Related companies								
d	Associated companies				5	11,066			
e	Other companies				100				
Total D.I									
Total D.II									

(1) It should match that indicated in Annex 6

(2) Type

- a = Parent companies
- b = Subsidiaries
- c = Related companies
- d = Associated companies
- e = Other companies

(3) Indicate:

- D investment allocated to the non-life business (caption C.II.1)
- V investments allocated to the life business (caption C.II.1)
- V1 investments allocated to the life business (caption D.I)
- V2 investments allocated to the life business (caption D.2)
- Even if it is only a portion, the investment should be identified with the same number

Decrease of the year		Book value (4)		Acquisition cost	Current value
Quantity	Sales	Other decreases	Quantity	Amount	
Quantity	Amount				
19,983			193	50	50
			576,800	516	516
			1,167,000	11,443	11,443
			5,455	11	11
			139622,5	207	207
			730		
			3,941	257,373	7,627
				7,627	7,627
			100	50	50
			70,000	140	140
20,350	86		3,750,000	20,698	20,698
			11,250,000	62,095	62,095
			145	5,486	5,486
			9,961	271	271
			100,000	100	100
			153	25,479	209,564
					216,253
			86	8,594	130,020
					130,020
			67	9,466	35,182
					35,182
			7,419	44,362	51,051
					52,730

(4) Insert (*) if stated with the equity method (only for types b and d)

Assets - Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5, 7)

I - Non-life business

	Investment portfolio		Trading portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Equity investments:						
a) Listed shares	2	22	41	61	81	101
b) unlisted shares	3	23	43	63	82	102
c) quotas	4	24	44	64	83	103
2. Unit trust units	5	547	25	666	545	104
3. Bonds and other fixed-interest securities	6	211,806	26	212,355	46	6,168
a1) listed government securities	7	186,879	27	186,732	47	474,203
a2) other listed securities	8	23,985	28	24,681	48	448,580
b1) unlisted government securities	9	29	49	69	88	24,681
b2) other unlisted securities	10	942	30	942	50	942
c) convertible bonds	11	31	51	71	91	111
5. Shares in investment pools	12	32	52	72	92	112
7. Other financial investments	13	33	53	73	93	113

II - Life business

	Investment portfolio		Trading portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Equity investments:						
a) Listed shares	121	141	161	181	201	221
b) unlisted shares	122	142	162	182	202	222
c) quotas	123	143	163	183	203	223
2. Unit trust units	124	144	164	184	204	224
3. Bonds and other fixed-interest securities	125	6,308	145	7,647	165	205
a1) listed government securities	126	550,045	146	557,216	166	1,645
a2) other listed securities	127	414,459	147	418,377	167	1,452,755
b1) unlisted government securities	128	126,619	148	129,872	168	3,506
b2) other unlisted securities	129	149	169	189	208	229
5. Shares in investment pools	130	8,967	150	8,967	170	1,409
7. Other financial investments	131	151	171	191	211	231
	132	152	172	192	212	232
	133	153	173	193	213	233

Company VITTORIA ASSICURAZIONI

Assets - Changes in other financial investments - investment portfolio: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5, 7)

	Equity investments C.III.1	Unit trust units C.III.2	Bonds and other fixed-interest securities C.III.3	Shares in investment pools C.III.5	Other financial investments C.III.7
Opening book value	+ 1 + 2 3 4 5 6 7 8 9 10 11 12 13	21 22 23 24 25 26 27 28 29 30 31 32 33	2,205 41 5,000 42 5,000 43 44 45 46 350 47 48 49 50 350 51 6,855 52 8,313 53	636,989 81 186,168 82 180,423 83 84 85 5,745 86 61,306 87 59,925 88 89 90 1,381 91 761,851 92 769,571 93	101 102 103 104 105 106 107 108 109 110 111 112 113
Decrease of the year:					
for: sales					
write-downs					
transfers to the trading portfolio					
other variations					
Increase of the year:					
for: acquisitions					
write-backs					
transfers from the trading portfolio					
other variations					
Decrease of the year:					
for: sales					
write-downs					
transfers to the trading portfolio					
other variations					
Book value					
Current value					

Company VITTORIA ASSICURAZIONI

Assets - Changes in loans and deposits with banks (captions C.III.4, 6)

		Loans C.III.4	Deposits with banks C.III.6
Opening book value	+ 1	12,270	21
Increase of the year	+ 2	3,576	22
for: lending	3	3,576	
write-backs	4		
other variations	5		
Decrease of the year:	- 6	4,136	26
for: repayments	7	4,136	
write-downs.....	8		
other variations	9		
Book value	10	11,710	30

	Year	Current value		Year	Acquisition cost
		Year	Previous year		
I. Land and buildings	1	21	41		61
II. Investments in group and other companies:					
1. Equity investments	2	22	42	62	
2. Bonds	3	23	43	63	
3. Loans	4	24	44	64	
III. Unit trust units	5	50,720	25	74,951	15
IV. Other financial investments:					
1. Equity investments	6	6,116	26	6,879	46
2. Bonds and other fixed-interest securities	7	33,387	27	28,180	47
3. Bank deposits	8	28	48	68	
4. Other financial investments	9	29	49	69	
V. Other assets	10	43	30	112	50
VI. Liquid funds	11	1,602	31	1,263	51
	12	32	52	72	
	13	33	53	73	
Total	14	91,868	34	111,385	54
				91,325	74
				102,248	

Company **VITTORIA ASSICURAZIONI**
 Assets - List of assets arising from pension fund management (caption D.II)

Code: Pension fund description

	Year	Current value	Acquisition cost	
			Year	Previous year
I. Investments in group and other companies:				
1. Equity investments	1	21	41	61
2. Bonds	2	22	42	62
II. Other financial investments:				
1. Equity investments	3	23	43	63
2. Bonds and other fixed-interest securities	4	997 24	718 44	1,024 64
3. Unit trust units	5	1,805 25	1,502 45	1,698 65
4. Bank deposits	6	26	46	66
5. Other financial investments	7	27	47	67
III. Other assets	8	27 28	-45 48	27 68
IV. Liquid funds	9	635 29	180 49	635 69
	10	30	50	70
	11	31	51	71
Total	12	3,464 32	2,355 52	3,384 72
				1,774

Company VITTORIA ASSICURAZIONIYear 2007

Liabilities - Changes in premium reserve (caption C.I.1) and claims reserve
(caption C.I.2) of non-life business

Type	Year	Previous year	Change
Premium reserve:			
Unearned premium reserve	1 201,702	11 174,360	21 27,342
Reserve for current risks:	2 134	12	22 134
Book value	3 201,836	13 174,360	23 27,476
Claims reserve:			
Reserve for claims settlement and direct expenses	4 455,247	14 409,120	24 46,127
Reserve for settlement costs	5 17,185	15 23,790	25 -6,605
IBNR reserve	6 32,369	16 29,668	26 2,701
Book value	7 504,801	17 462,578	27 42,223

Company VITTORIA ASSICURAZIONIYear 2007

Liabilities - Changes in the mathematical reserves (caption C.II.1) and
profit participation and reimbursement reserve(caption C.II.4)

Type	Year	Previous year	Change
Pure premium reserve	1 671,195 ¹¹	629,063 ²¹	42,132
Premiums carried forward	2 17,749 ¹²	17,102 ²²	647
Mortality risk reserve	3 6 ¹³	5 ²³	1
Integration reserves	4 2,805 ¹⁴	2,913 ²⁴	-108
Book value	5 691,755¹⁵	649,083²⁵	42,672
Profit participation and reimbursement reserve.....	6 30 ¹⁶	-1 ²⁶	31

Liabilities - Changes in provisions for contingencies and other charges (caption E) and employees' leaving entitlement (caption G.VII)

	Employees' leaving entitlement and similar provisions	Provision for taxation	Other accruals	Employees' leaving entitlement
Opening book value	11	2,560	21	741 31 6,336
Accruals of the year.....	12	150	22	32 1,552
Other increases	13	23		33
Utilisation of the year	14	1,304	24	34 843
Other decreases	15	25		35 1,667
Book value	16	1,406	26	741 36 5,378
				191

List of assets and liabilities relating to group and other companies

I: Assets

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Equity investments	1	2	130,020	3	4	35,182
Bonds	7	8		10	5	44,362
Loans	13	14	455	15	11	12
Shares in investment pools	19	20	21	16	17	2,000
Bank deposits	25	26	27	22	23	2,455
Other financial investments	31	32	33	34	35	36
Deposits with ceding companies	37	38	39	40	41	42
Investments relating to index-linked policies	43	44	45	46	47	48
Investments relating to pension fund management	49	50	51	52	53	54
Receivables relating to direct insurance business	55	56	57	58	59	60
Receivables relating to reinsurance business	61	62	63	64	65	66
Other receivables	67	68	69	70	71	72
Bank and postal accounts	73	74	75	76	77	7,546
Sundry assets	79	80	81	82	83	84
Total	85	86	130,475	87	35,182	53,908
of which: subordinated assets	91	92	93	94	95	96

List of assets and liabilities relating to group and other companies

II: Liabilities

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Subordinated liabilities	97	98	99	100	101	102
Deposits from reinsurers	103	104	105	106	107	108
Payables arising from direct insurance business	109	110	111	112	113	114
Payables arising from reinsurance business	115	116	117	118	119	120
Due to banks and other financial institutions	121	122	123	124	125	126
Secured debts	127	128	129	130	131	132
Sundry loans and other financial payables	133	134	135	136	137	138
Sundry payables	139	140	141	142	143	144
Other liabilities	145	146	114	147	35	149
Total	151	152	114	153	51	155
						165

Company VITTORIA ASSICURAZIONI Year 2007

List of classes I, II, III and IV of "guarantees, commitments and other memorandum and contingency accounts"

	Year	Previous year
I. Guarantees given:		
a) sureties and endorsements given in the interest of parent companies, subsidiaries and related companies	1	31
b) sureties and endorsements given in the interest of associated companies and other group companies	2	32
c) sureties and endorsements given in the interest of third parties	3	33
d) other personal guarantees given in the interest of parent companies, subsidiaries and related companies	4	34
e) other personal guarantees given in the interest of associated and other group companies	5	35
f) other personal guarantees given in the interest of third parties	6	20,500
g) collateral against obligations of parent companies, subsidiaries and related companies	7	36
h) collateral against obligations of associated companies and other group companies	8	37
i) collateral against third party obligations	9	38
l) guarantees given against company's obligations	10	39
m) assets pledged as guarantee deposit against inwards reinsurance	11	40
Total	12	20,500
II. Guarantees received:		
a) from associated and other group companies	13	41
b) from third parties	14	9,450
Total	15	9,450
III. Guarantees given by third parties in the interest of the company:		
a) from associated and other group companies	16	42
b) from third parties	17	43
Total	18	43
IV. Commitments:		
a) purchase commitments with resale obligation	19	44
b) sale commitments with repurchase obligation	20	50
c) other commitments	21	29,334
Total	22	29,334

Commitments for derivative transactions

Derivative	Current year		Previous year	
	Purchase	Sale	Purchase	Sale
Futures:	on shares	1	21	41
	on bonds	2	22	42
	on currencies	3	23	43
	on exchange rates	4	24	44
	other	5	25	45
Options:	on shares	6	26	46
	on bonds	7	27	47
	on currencies	8	28	48
	on exchange rates	9	29	49
	other	10	30	50
Swaps:	on currencies	11	31	51
	on exchange rates	12	32	52
	other	13	33	53
Other transactions		14	34	54
Total	15	35	55	75

Notes: - Include only derivative transactions existing at the balance sheet date which imply a commitment for the company

Where the derivative does not exactly match one of the above captions or relates to more than one caption, it should be included in the one more related.

No offsetting is allowed if not related to purchase/sale transactions relating to the same derivative category (same contents, maturity, underlying asset, etc.).

- Derivatives which involve or may involve capital forward exchanges should be stated at their regulated price; all other derivatives should be stated at their nominal value

- Derivatives involving two currency swaps should be stated only once, referring to the currency to be purchased. Derivatives involving both interest rate and currency swaps should only be included in currency swaps.

Derivatives relating to interest rate swaps are classified as "purchases" or "sales" depending on whether or not they imply the fixed rate purchase or sale.

Summarised non-life business technical account

	Gross premiums accounted for	Gross premiums earned	Gross claims charge	Management fees	Reinsurance balance
Direct insurance:					
Accident and health insurance (classes 1 and 2)	1 35,950	2 35,087	3 19,593	4 12,138	5 -572
Third-party motor liability (class 10)	6 279,378	7 273,901	8 227,000	9 52,612	10 -379
Hull insurance for motor vehicles (class 3)	11 56,873	12 55,066	13 27,313	14 19,689	15 -526
Marine, aviation and transport insurance (classes 4, 5, 6, 7, 11 and 12)	16 4,055	17 4,033	18 3,462	19 1,320	20 128
Fire and miscellaneous damages (classes 8 and 9)	21 45,029	22 41,449	23 24,992	24 15,563	25 646
Third-party general liability (class 13)	26 26,822	27 26,753	28 17,582	29 8,634	30 -159
Credit and bond insurance (classes 14 and 15)	31 9,149	32 8,132	33 6,504	34 3,208	35 594
Pecuniary losses (class 16)	36 31,068	37 16,528	38 3,463	39 9,800	40 -38
Legal protection (class 17)	41 2,490	42 2,405	43 -185	44 670	45 -1,291
Support and assistance (class 18)	46 4,157	47 3,962	48 1,679	49 1,167	50 -849
Total direct insurance	51 494,971	52 467,316	53 331,403	54 124,801	55 -2,446
Indirect insurance	56 467	57 567	58 337	59 151	60 -13
Total domestic portfolio	61 495,438	62 467,883	63 331,740	64 124,952	65 -2,459
Foreign portfolio	66 67	72 467,883	73 331,740	74 70	75 -2,459
Total.....	71 495,438	72 467,883	73 331,740	74 124,952	75 -2,459

Company VITTORIA ASSICURAZIONI Year 2007
 Summarised life business premiums and reinsurance balance

	Direct insurance		Indirect insurance		Total
Gross premiums:					
a) 1. individual policies	1 141,087	11		1 21	141,088
2. group policies	2 73,500	12		1 22	73,501
b) 1. periodic premiums	3 67,587	13		23	67,587
2. single premiums	4 48,062	14		1 24	48,063
c) 1. non-profit participation contracts.....	5 93,025	15		25	93,025
2. profit participation contracts.....	6 70,976	16		1 26	70,977
3. contracts where the investment risk is borne by policyholders and pension fund	7 62,689	17		27	62,689
	8 7,422	18		28	7,422

Reinsurance balance	9	178	19	-15	29	163
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Company VITTORIA ASSICURAZIONIYear 2007

Income on investments (captions II.2 and III.3)

	Non-life business	Life business	Total
Income on equity investments			
Dividends and other income on equity investments in group companies	1 24,244	41 2,924	81 27,168
Dividends and other income on equity investments in other companies.....	2 42		82
Total	3 24,244	43 2,924	83 27,168
Income on investments in land and buildings			
Income on other investments:			
Income on bonds issued by group companies.....	5 45		85
Interest on loans to group companies	6 24	46	86
Income on unit trust units	7 47		229
Income on bonds and other fixed-interest securities	8 19,617	48 32,012	88 51,629
Interest on loans	9 274	49 261	89 535
Income on shares of investment pools	10 50		90
Interest on bank deposits.....	11 51		91
Income on other financial investments	12 52		92
Interest on deposits with ceding companies.....	13 53		22
Total	14 19,915	54 32,524	94 52,439
Adjustments to investment values:			
Land and buildings	15 55		95
Equity investments in group companies.....	16 56		96
Bonds issued by group companies	17 57		97
Other equity investments	18 58		98
Other bonds	19 28	59 7	99 35
Other financial investments.....	20 60		100
Total	21 28	61 7	101 35
Profits on sale of investments:			
Profit on sale of land and buildings	22 62		102
Profit on sale of equity investments in group companies	23 63		103
Profit on sale of bonds issued by group companies	24 64		104
Profit on sale of other equity investments	25 65		105
Profit on sale of other bonds	26 66		106
Profit on sale of other financial investments.....	27 67		107
Total	28 68		108
TOTAL	29 44,374	69 35,455	109 79,829

Company VITTORIA ASSICURAZIONI Year 2007

Income and non-realised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management
(caption II.3)

I. Investments relating to index-linked policies

	Amount
Income on:	
Land and buildings	1
Investments in group companies	2
Unit trust units	3 773
Other financial investments	4 1,277
- of which: bonds..... 5 1,142	
Other assets	6 38
Total	7 2,088
Profit on sale of investments	
Profit on sale of land and buildings	8
Profit on sale of investments in group companies	9
Profit on sale of unit trust units	10 1,478
Profit on sale of other financial investments	11 376
- of which: bonds	12 23
Other income.....	13
Total	14 1,854
Non-realised capital gains	15 1,622
TOTAL.....	16 5,564

II. Investments relating to pension fund management

	Amount
Income on:	
Investments in group companies.....	21
Other financial investments	22 35
- of which: bonds..... 23 35	
Other assets	24 38
Total	25 73
Profit on sale of investments	
Profit on sale of investments in group companies	26
Profit on sale of other financial investments.....	27 4
- of which: bonds	28
Other income.....	29
Total	30 4
Non-realised capital gains	31
TOTAL	32 77

Company VITTORIA ASSICURAZIONI

Year 2007

Capital and financial charges (captions II.9 and III.5)

	Non-life business		Life business		Total
Investment management and other charges					
Charges relating to equity investments	1	99	31	27	61
Charges relating to investments in land and buildings.....	2	109	32		109
Bond charges	3	1,327	33	1,390	63
Charges relating to unit trust units.....	4	3	34	4	64
Charges relating to shares in investment pools	5		35		65
Other financial investment charges	6		36		66
Interest on deposits from reinsurers	7	415	37	1,123	67
Total	8	1,953	38	2,544	68
Adjustments to investment values:					
Land and buildings	9		39		69
Equity investments in group companies	10	6,689	40		6,689
Bonds issued by group companies	11		41		71
Other equity investments.....	12		42		72
Other bonds	13	62	43	260	73
Other financial investments	14		44		74
Total	15	6,751	45	260	75
Loss on sale of investments					
Loss on sale of land and buildings	16		46		76
Loss on sale of equity investments	17		47		77
Loss on sale of bonds	18		48	5	78
Loss on sale of other financial investments	19		49		79
Total	20		50	5	80
TOTAL	21	8,704	51	2,809	81
					11,513

Company VITTORIA ASSICURAZIONIYear 2007

Capital and financial charges and non-realised capital losses relating to investments benefiting policyholders who bear the risk and investments stemming from pension fund management (caption II.10)

I. Investments relating to index-linked policies

	Amount
Management charges arising from:	
Land and buildings	1
Investments in group companies	2
Unit trust units	3
Other financial investments	4 10
Other assets	5 407
Total	6 417
Loss on sale of investments	
Loss on sale of land and buildings	7
Loss on sale of investments in group companies	8
Loss on sale of unit trust units	9 217
Loss on sale of other financial investments	10 357
Other charges.....	11
Total	12 574
Non-realised capital losses	13 6,471
TOTAL	14 7,462

II. Investments relating to pension fund management

	Amounts
Management charges arising from:	
Investments in group companies	21
Other financial investments	22 43
Other assets.....	23
Total	24 43
Loss on sale of investments	
Loss on sale of investments in group companies	25
Loss on sale of other financial investments	26 24
Other charges	27
Total	28 24
Non-realised capital losses	29 86
TOTAL	30 153

		Class 01 Accident insurance (name)	Class 02 Health insurance (name)
Direct insurance gross of outwards reinsurance			
Gross premiums accounted for	+ 1	27,455	1 8,495
Change in premium reserve (+ o -)	- 2	556	2 307
Charges relating to claims	- 3	13,948	3 5,645
Change in other technical reserves (+ or -) (1)	- 4		4 510
Other technical captions, net (+ or -)	+ 5	-180	5 -94
Management fees	- 6	9,608	6 2,530
Direct insurance technical result (+ or -)	A	7 3,163	7 -591
Outwards reinsurance result (+ or -)	B	8 -341	8 -231
Indirect insurance net result (+ o -)	C	9 -1	9 2
Change in equalisation reserve (+ o -)	D	10	10
Income on investments transferred from non-technical account	E	11 1,002	11 451
Result of technical account (+ or -)	(A + B + C - D + E)	12 3,823	12 -369

		Class 07 Cargo insurance (name)	Class 08 Fire and natural events (name)
Direct insurance gross of outwards reinsurance			
Gross premiums accounted for	+ 1	1,619	1 27,974
Change in premium reserve (+ or -)	- 2	-109	2 2,817
Charges relating to claims	- 3	1,138	3 12,701
Change in other technical reserves (+ or -) (1)	- 4		4
Other technical captions, net (+ o -)	+ 5	-5	5 -504
Management fees	- 6	604	6 9,977
Direct insurance technical result (+ or -)	A	7 -19	7 1,975
Outwards reinsurance result (+ or -)	B	8 119	8 1,048
Indirect reinsurance net result (+ o -)	C	9	9 29
Change in equalisation reserve (+ o -)	D	10 5	10 84
Income on investments transferred from non-technical account	E	11 103	11 1,329
Result of technical account (+ or -) (A + B + C - D + E)		12 198	12 4,297

		Class 13 Third-party general liability (name)	Class 14 Credit insurance (name)
Direct insurance gross of outwards reinsurance			
Gross premiums accounted for	+ 1	26,822	1 1
Change in premium reserve (+ or -)	- 2	69	2 -1
Charges relating to claims	- 3	17,582	3 4
Change in other technical reserves (+ or -) (1)	- 4		4
Other technical captions, net (+ or -)	+ 5	-372	5
Management fees	- 6	8,634	6
Direct insurance technical result (+ or -)	A	7 165	7 -2
Outwards reinsurance result (+ or -)	B	8 -159	8
Indirect reinsurance net result (+ o -)	C	9 62	9
Change in equalisation reserve (+ o -)	D	10	10
Income on investments transferred from non-technical account	E	11 3,306	11
Result of technical account (+ or -) (A + B + C - D + E)		12 3,374	12 -2

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

account by line of business - Domestic portfolio

Class 03 Motor vehicle hulls (name)	Class 04 Railway truck hulls (name)	Class 05 Aviation hulls (name)	Class 06 Marine hulls (name)
1 56,873	1 2	1 835	1 1,087
2 1,807	2	2 -71	2 182
3 27,313	3	3 1,298	3 216
4	4	4	4
5 21	5	5	5 1
6 19,689	6	6 319	6 298
7 8,085	7 2	7 -711	7 392
8 -526	8	8 324	8 -410
9	9	9 -24	9
10 171	10	10	10
11 1,736	11	11 21	11 21
12 9,124	12 2	12 -390	12 3

Class 09 Miscellaneous damages (name)	Class 10 Third-party motor liability (name)	Class 11 Third-party aviation liability (name)	Class 12 Third-party marine liability (name)
1 17,055	1 279,378	1 121	1 391
2 763	2 5,477	2	2 20
3 12,291	3 227,000	3 204	3 606
4	4	4	4
5 -189	5 1,308	5	5
6 5,586	6 52,612	6 29	6 70
7 -1,774	7 -4,403	7 -112	7 -305
8 -402	8 -379	8 102	8 -7
9	9	9 -2	9
10 26	10	10	10
11 562	11 18,165	11 1	11 35
12 -1,640	12 13,383	12 -11	12 -277

Class 15 Bond insurance (name)	Class 16 Pecuniary losses (name)	Class 17 Legal protection (name)	Class 18 Support and assistance (name)
1 9,148	1 31,068	1 2,490	1 4,157
2 1,018	2 14,540	2 85	2 195
3 6,500	3 3,463	3 -185	3 1,679
4	4	4	4
5 -197	5 2	5 1	5 -12
6 3,208	6 9,800	6 670	6 1,167
7 -1,775	7 3,267	7 1,921	7 1,104
8 594	8 -38	8 -1,291	8 -849
9	9	9	9
10	10	10	10
11 1,140	11 1,163	11 13	11 49
12 -41	12 4,392	12 643	12 304

Summarised non-life business technical account
Domestic portfolio

	Direct insurance risk	Transferred risks	Indirect insurance risk		Retained risks Total 5 = 1 - 2 + 3 - 4
			Inwards reinsurance risks 3	Inwards reinsurance risks 4	
Premiums accounted for	1	494,971	11	47,833	21
Change in premium reserve (+ or -)	+ 2	27,655	12	947	22
Charges relating to claims	- 3	331,403	13	31,546	23
Change in other technical reserves (+ or -) (1)	- 4	510	14	24	34
Other technical captions, net (+ or -)	+ 5	-220	15	25	35
Management fees	- 6	124,801	16	12,894	26
Technical result (+ or -)	7	10,382	17	2,446	27
Change in equalisation reserves (+ or -)	-				79
Income on investments transferred from non-technical account	+ 9	29,069		29	28
Result of technical account (+ or -)	10	39,451	20	2,446	30
				107	40
				13	50
					36,813

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

Life business - Summarised technical account by line of business - Domestic portfolio

		Class 01 (name)	Class 02 (name)	Class 03 (name)
Direct insurance gross of outwards reinsurance				
Gross premiums accounted for	+ 1	114,262	1	6,169
Charges relating to claims	- 2	64,157	2	23,419
Change in mathematical and other technical reserves (+ or -) (*)	- 3	43,367	3	-19,514
Other technical captions, net (+ or -)	+ 4	3	4	858
Management fees	- 5	23,147	5	633
Income on investments net of the portion transferred to the non-technical account (***)	+ 6	22,305	6	-1,525
Direct insurance result gross of outwards reinsurance (+ or -)				
A	7	5,899	7	964
Outwards reinsurance result (+ or -)	8	194	8	8
Indirect insurance net result (+ or -)	C	9	9	9
Result of technical account (+ or -)	(A + B + C)	10	10	964

		Class 04 (name)	Class 05 (name)	Class 06 (name)
Direct insurance gross of outwards reinsurance				
Gross premiums accounted for	+ 1	324	1	1,253
Charges relating to claims	- 2	2	19,637	42
Change in mathematical and other technical reserves (+ or -) (*)	- 3	265	3	1,109
Other technical captions, net (+ or -)	+ 4	4	-9	42
Management fees	- 5	76	5	41
Income on investments net of the portion transferred to the non-technical account (***)	+ 6	10	6	-76
Direct insurance result gross of outwards reinsurance (+ or -)				
A	7	7	-962	7
Outward reinsurance result	B	-16	8	8
Indirect insurance net result (+ or -)	C	9	9	9
Result of technical account (+ or -)	(A + B + C)	10	-962	10
				27

(*) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management".

(**) Algebraic sum of the items relating to the domestic line of business and portfolio included in captions II.2, II.3, II.9, II.10 and II.12 of the profit and loss account

Summarised life business technical account
Domestic portfolio

	Direct insurance risks			Indirect insurance risks		Retained risks Total 5 = 1 - 2 + 3 - 4
	Direct risks 1	Transferred risks 2	Inwards reinsurance risks 3	Outwards reinsurance risks 4		
Premiums accounted for	141,087 11		2,176 21		1 31	41 138,912
Charges relating to claims.....	- 107,255 12		6,483 22		95 32	42 100,867
Change in mathematical and other technical reserves (+ or -) (*)	- 30,785 13		-4,661 23		.91 33	43 35,355
Other technical captions, net (+ or -)	+ 894 14		24		34	44 894
Management fees	- 25,547 15		532 25		35	45 25,015
Income on investments net of the portion transferred to the non-technical account (***)	+ 27,527		26		16	46 27,543
Result of technical account (+ or -)	7 5,921 17		-178 27		13 37	47 6,112

(*) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management".

(***) Algebraic sum of the items relating to the domestic portfolio included in captions II.2, II.3, II.9, II.10 and II.12 of the profit and loss account

Company VITTORIA ASSICURAZIONI

Year 2007

Summarised life and non-life business technical accounts - foreign portfolio

Section I:Non-life businesses

		Total lines of business
Direct insurance gross of outwards reinsurance		
Gross premiums accounted for	+ 1	
Change in premium reserve (+ or -).....	- 2	
Charges relating to claims	- 3	
Change in other technical reserves (+ or -) (1).....	- 4	
Other technical captions, net (+ or -).....	+ 5	
Management fees	- 6	
Direct insurance technical result (+ or -)	A	
Outwards reinsurance result (+ or -)	B	
Indirect insurance net result (+ or -).....	C	
Change in equalisation reserves (+ or -)	D	
Income on investments transferred from non-technical account	E	
Result of technical account (+ or -)	(A + B + C - D + E)	

Section II:Life business

		Total lines of business
Direct insurance gross of outwards reinsurance		
Gross premiums accounted for	+ 1	
Charges relating to claims	- 2	
Change in mathematical and other technical reserves (+ or -) (2)	- 3	
Other technical captions, net (+ or -)	+ 4	
Management fees	- 5	
Income on investments net of the portion transferred to the non-technical account (3)	+ 6	
Direct insurance result gross of outwards reinsurance (+ or -)	A	
Outwards reinsurance result (+ or -)	B	
Indirect insurance net result (+ or -)	C	
Result of technical account (+ or -)	(A + B + C)	

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

(2) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management".

(3) Algebraic sum of the items relating to the foreign portfolio included in captions II.3, II.2, II.3, II.9 and II.10 of the profit and loss account

Intercompany relationships

I: Income

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Income on investments						
Income on land and buildings	1	2	3	4	5	6
Dividends and other equity investments	7	8	4,824	9	10	20,946
Bonds	13	14	15	16	17	18
Loans	19	20	20	21	22	23
Income on other financial investments	25	26	27	28	29	30
Interest on deposits with ceding companies	31	32	33	34	35	36
Total	37	38	4,844	39	40	20,946
Income and non-realised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management						
Other income						
Interest on receivables	49	50	51	52	53	54
Recovery of administrative costs and charges	55	56	57	58	59	60
Other income and recoveries	61	62	63	64	65	66
Total	67	68	69	70	71	72
Profit on sale of investments (*)						
Extraordinary income	79	80	81	82	83	84
TOTAL	85	86	4,844	87	88	20,946
						27,192

II: Expense

Intercompany relationships

	Parent companies	Subsidiaries	Associated companies	Related companies	Other companies	Total
Investment management charges and interest payable:						
Charges relating to investors	91	92	93	66	94	95
Interest on subordinated liabilities	97	98	99	100	101	102
Interest on deposits from reinsurers.....	103	104	105	106	107	108
Interest on payables arising from direct insurance business.....	109	110	111	112	113	114
Interest on payables arising from reinsurance business.....	115	116	117	118	119	120
Interest on sums due to banks and financial instituti	121	122	123	124	125	126
Interest on secured debts.....	127	128	129	130	131	132
Interest on other sums payable	133	134	135	136	137	138
Losses on receivables.....	139	140	141	142	143	144
Administrative and third party charges	145	146	147	148	149	150
Other charges	151	152	153	154	155	156
Total	157	158	159	160	161	162
Charges and non-realised capital losses on investments benefiting policyholders bearing the risk and investments stemming from pension fund management						
Loss on sale of investments (*)	163	164	165	166	167	168
Extraordinary expense	169	170	171	172	173	174
TOTAL.....	175	176	177	178	179	180
	181	182	183	184	185	186
						66

(*) With reference to the counterparty

Summarised direct insurance premiums accounted for

	Non-life business		Life business		Total	
	Establishment	Freedom to provide services	Establishment	Freedom to provide services	Establishment	Freedom to provide services
Gross premiums accounted for:						
in Italy	1	494,971	5	11	141,087	15
in other EU countries	2	6	12	16	22	26
in non-EU countries.....	3	7	13	17	23	27
Total	4	494,971	8	141,087	18	636,058
						28

Company VITTORIA ASSICURAZIONI

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Personnel expenses and directors' and statutory auditors' fees

I: Personnel expenses

	Non-life business	Life business	Total
Employees' expenses:			
Domestic portfolio:			
- Wages and salaries	19,707 ³¹	3,399 ⁶¹	23,106
- Social security contributions	4,572 ³²	789 ⁶²	5,361
- Accruals to the employees' leaving entitlement and similar provisions	1,324 ³³	228 ⁶³	1,552
- Other personnel expenses.....	1,816 ³⁴	313 ⁶⁴	2,129
Total	27,419 ³⁵	4,729 ⁶⁵	32,148
Foreign portfolio:			
- Wages and salaries	36	66	
- Social security contributions.....	37	67	
- Other personnel expenses	38	68	
Total	39	69	
Total	27,419 ⁴⁰	4,729 ⁷⁰	32,148
Consultants' fees:			
Domestic portfolio	18,198 ⁴¹	471 ⁷¹	18,669
Foreign portfolio	42	72	
Total	18,198 ⁴³	471 ⁷³	18,669
Total personnel expenses.	45,617 ⁴⁴	5,200 ⁷⁴	50,817

II: Allocation captions

	Non-life business	Life business	Total
Investment management charges.....			
15	298 ⁴⁵	340 ⁷⁵	638
Charges relating to claims	26,511 ⁴⁶	76	26,511
Other acquisition costs	9,879 ⁴⁷	2,332 ⁷⁷	12,211
Other administrative costs	8,655 ⁴⁸	2,528 ⁷⁸	11,183
Administrative and third party charges	49	79	
Other technical captions	274 ⁵⁰	80	274
Total	45,617 ⁵¹	5,200 ⁸¹	50,817

III: Average number of employees for the year

	Number
Managers	
91	20
White collars	
92	381
Blue collars	
93	
Other	
94	
Total	401

IV: Directors and statutory auditors

	Number	Fees
Directors		
96	17 ⁹⁸	1,381
Statutory auditors		
97	3 ⁹⁹	74

Annexes to the financial statements

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Company **VITTORIA ASSICURAZIONI**

SOLVENCY MARGIN CALCULATION SCHEDULE
(article 28, paragraph 1, of the Regulation)

Year 2007

(in thousands of Euros)

Classes with respect to which the solvency margin has been calculated

I. - Whole and term life insurance	<input checked="" type="checkbox"/>
II. - Marriage and birth insurance	<input type="checkbox"/>
III. - Unit-linked policies relating to classes I and II above	<input checked="" type="checkbox"/>
IV. - Health insurance as per article 1, number 1, letter d), of EEC directive no. 79/267 of 5 March 1979	<input checked="" type="checkbox"/>
V. - Capitalisation transactions as per article 2, paragraph 1 point V of the Insurance Code	<input checked="" type="checkbox"/>
VI. - Investment pool management of funds set up to provide benefits on on death or survival or in the event of discontinuance or curtailment of activity.	<input checked="" type="checkbox"/>
Complementary insurance (personal injury risks)	<input checked="" type="checkbox"/>

I - CALCULATION BASIS FOR THE SOLVENCY MARGIN FOR THE YEAR N DERIVED FROM THE FINANCIAL STATEMENTS

Balance sheet captions- life business		
-1	Share capital proceeds to be received	(equal to caption 1)
-2	Acquisition commissions to be amortised	(equal to caption 3)
-3	Other intangible assets	(equal to captions 6, 7 and 9)
-4	Equity investments in parent companies	(equal to caption 17)
-5	Own shares or quotas	(equal to caption 91)
-6	Subscribed share capital or equivalent fund	(equal to caption 101)
-7	Share premium reserve	(equal to caption 102)
-8	Revaluation reserves	(included in caption 103)
-9	Legal reserve	(equal to caption 104)
-10	Statutory reserves	(equal to caption 105)
-11	Reserves for purchase of own shares and shares of parent company	(equal to caption 106)
-12	Other reserves : (1)	48.716
-13	Losses carried forward	(equal to caption 11(*))
-14	Net loss for the year	(equal to caption 11(*))
-15	Retained earnings	(equal to caption 108)
-16	Net profit for the year	(equal to caption 109)
-17	Cumulative preference shares: (2)	0
-18	Subordinated liabilities: (3)	(included in caption 111)
-19	Net profit for year N: (4)	0
-20	Net profit for year N - 1: (4)	When used
-21	Net profit for year N - 2: (4)	for solvency margin
-22	Net profit for year N - 3: (4)	purposes, pursuant to
-23	Net profit for year N - 4: (4)	paragraph 1, letter a),
-24	Estimated annual net profit: (5)	article 23 of the Regulation
-25	Average residual term of contracts at the end of year N	0
-26	Mathematical reserve calculated on a pure premium basis	294.083
-27	Mathematical reserve calculated on a pure premium basis relating to transferred risks	0
-28	Mathematical reserve calculated on a pure premium basis increased by the amortisation charge on the acquisition cost included in tariff premiums	283.573
-29	Mathematical reserve as per point (28) relating to outwards reinsurance	0
-30	Sum of the differences between the "Life" accrued sums and mathematical reserves of all the contracts for which payment of premium still continues	1.359.827
-31	Unrealised capital gains arising from the measurement of all investments, except for those of an extraordinary nature	0
-32	Unrealised capital losses arising from the measurement of all investments	0
-33	Expected liabilities to policyholders (6)	0
GENERAL NOTE: all captions relating to outwards reinsurance transactions do not include amounts to be borne by CONSAP for legal transfers		
(1) Include other reserves as per caption 107 excluding, for the first three years, the organisation reserve showing its details below:		
AVAILABLE RESERVE		
		48.716
		0
		0
		0
(2) Include cumulative preference shares, as per article 44, paragraph 3, letters a) and b) of Insurance Code, detailing:		
cumulative preference shares as per article 44, paragraph 3, letter a)		
cumulative preference shares as per article 44, paragraph 3, letter b)		
(3) Include subordinated liabilities, detailing:		
term loans		
open-end loans		
undated securities and other financial instruments		
(4) Include net profits realised in the last five years from operations in classes I, II, III and IV as per point A) and those set out in article 1 paragraph 1 of the Insurance Code		
(5) Include the amount set out in the special report prepared by the actuary, considering the possibility of using this caption up to the date on which the transitory period expires		
(6) Include the amount set out in the special report prepared by the actuary		
* indicate the loss absolute value		

ntinues: I - CALCULATION BASIS FOR THE SOLVENCY MARGIN FOR THE YEAR N DERIVED FROM THE FINANCIAL STATEMENT

I/II - Whole and term life, marriage and birth insurance		
-34 Mathematical reserves relating to direct insurance	528,596	
-35 Mathematical reserves relating to inwards reinsurance	396	
-36 Mathematical reserves relating to outwards reinsurance	17,362	
-37 Inwarded non-negative sums at risk	2,062,818	
-38 Retained non-negative sums at risk after outwards reinsurance and retrocession	1,833,696	
-39 Inwarded non-negative sums at risk relating to term life policies with a maximum term of three years	0	
-40 Inwarded non-negative sums at risk relating to term life policies with a term of between three and five years	98,252	
	0	
Complementary insurance - Personal injury risks.		
-41 Gross premiums accounted for	576	
-42 Claims paid in year N: gross amount	74	
-43 Claims paid in year N: reinsurers' share	0	
-44 Change in claims reserve in year N: gross amount (equal to caption 16 of annex 1)	0	
-45 Change in claims reserve in year N: reinsurers' share	0	
-46 Claims paid in year N - 1: gross amount	78	
-47 Claims paid in year N - 1: reinsurers' share	0	
-48 Change in claims reserve in year N - 1: gross amount (equal to caption 17 of annex 1)	0	
-49 Change in claims reserve in year N - 1: reinsurers' share	0	
-50 Claims paid in year N - 2: gross amount	214	
-51 Claims paid in year N - 2: reinsurers' share	0	
-52 Change in claims reserve in year N - 2: gross amount (equal to caption 18 of annex. 1)	0	
-53 Change in claims reserve in year N - 2: reinsurers' share	0	
IV - Health insurance		
-54 Mathematical reserves relating to direct insurance	0	
-55 Mathematical reserves relating to inwards reinsurance	795	
-56 Mathematical reserves relating to outwards reinsurance	0	
-57 Gross premiums accounted for	594	
-58 Claims paid in year N: gross amount	324	
-59 Claims paid in year N: reinsurers' share	0	
-60 Change in claims reserve in year N: gross amount (equal to caption 16 of annex 2)	0	
-61 Change in claims reserve in year N: reinsurers' share	0	
-62 Claims paid in year N - 1: gross amount	0	
-63 Claims paid in year N - 1: reinsurers' share	0	
-64 Change in claims reserve in year N - 1: gross amount (equal to caption 17 of annex 2)	0	
-65 Change in claims reserve in year N - 1: reinsurers' share	0	
-66 Claims paid in year N - 2: gross amount	0	
-67 Claims paid in year N - 2: reinsurers' share	0	
-68 Change in claims reserve in year N - 2: gross amount (equal to caption 18 of annex. 2)	0	
-69 Change in claims reserve in year N - 2: reinsurers' share	0	
V - Capitalisation transactions.		
-70 Mathematical reserves relating to direct insurance	161,992	
-71 Mathematical reserves relating to inwards reinsurance	0	
-72 Mathematical reserves relating to outwards reinsurance	0	
III/VI - Unit-linked policies and relating to pension fund management		
<i>Where the company bears the investment risk:</i>		
-73 Reserves relating to direct insurance	505	
-74 Reserves relating to inwards reinsurance	0	
-75 Reserves relating to outwards reinsurance	0	
<i>Where policyholders bear the investment risk and the contract sets out the amount of administrative costs for a period exceeding five years:</i>		
-76 Reserves relating to direct insurance	94,834	
-77 Relating to pension fund management in the name and on behalf of third parties	0	
<i>Where policyholders bear the investment risk and the contract sets out the amount of administrative costs for a period not exceeding five years:</i>		
-78 Net administrative costs of the last year (relating to unit-linked policies)..(8)	0	
-79 Net administrative costs of the last year (relating to pension fund management)...(9)	0	
<i>With mortality risk underwriting:</i>		
-80 Inwarded non-negative sums at risk	2,474	
-81 Retained non-negative sums at risk after outwards reinsurance and retrocession	2,474	

(8) Include the amount set out in line c) of schedule 2 of annex 3 to the solvency margin calculation schedule relating to class III

(9) Include the amount set out in line c) of schedule 2 of annex 3 to the solvency margin calculation schedule relating to class VI

III- AVAILABLE SOLVENCY MARGIN REQUIRED

A) Whole and term life, marriage and birth insurance.		
-104	4/100 mathematical reserves relating to direct insurance and inwards reinsurance	21,160
-105	retention rate relating to the above reserves (minimum 0.85)	<u>0.967</u>
-106		(104) x (105)
	Contracts whose sums at risk are not negative (excluding the term life policies detailed in the following points)	
-107	0.3/100 of sums at risk	5,644
	Contracts whose sums at risk are not negative (term life policies with a maximum term of three years):	
-108	0.1/100 of sums at risk	98
	Contracts whose sums at risk are not negative (term life policies with a term of between three and five years):	
-109	0.15/100 of sums at risk	125
-110		<i>Total (107) + (108) + (109) ...</i>
-111	retention rate of sums at risk (minimum 0.50)	<u>0.889</u>
-112		(110) x (111)
-113		Required margin A): (106) + (112).....
B) Complementary insurance - personal injury risks (article 2 paragraph 2 of Insurance Code)		
<i>b1) Calculation in relation to the annual amount of premiums and contributions</i>		
(114) = (41)	Gross premiums accounted for	576
	to be allocated:	
-115	portion lower or equal to 53,100,000 EURO = 576 x 0.18 =	104
-116	portion exceeding 53,100,000 EURO = 0 x 0.16 =	0
-117		<i>Total (115) + (116)</i>
-118	Retention level in relation to claims to be dealt with by the company following outwards reinsurance (minimum 0.50)	1,000
-119		Required margin b1, (117) x (118)
<i>b2) Calculation in relation to the in relation to the average claims charge of the last three years</i>		
-120	Claims paid in the period: gross amount	366
-121	Change in claims reserve in the period: gross amount	0
-122	Claims charge	366
-123	Annual average: 1/3 of (122)	122
	to be allocated:	
-124	portion lower or equal to 35,000,000 EURO = 140 x 0.26 =	32
-125	portion exceeding 35,000,000 EURO = 0 x 0.23 =	0
-126		<i>Total (124) + (125)</i>
-127		Required margin b2, (126) x (118)
-128	Required solvency margin b)	104
-129	Required margin B) year N - 1	106
-130		Required margin B)
C) Health insurance.		
-131	4/100 mathematical reserves relating to direct insurance and inwards reinsurance	32
-132	retention rate relating to the above reserves (minimum 0.85)	<u>0.850</u>
-133		(131) x (132)
		27
<i>c1) Calculation in relation to the annual amount of premiums and contributions</i>		
(134) = (57)	Gross premiums accounted for	324
	to be allocated:	
-135	portion lower or equal to 53,100,000 EURO = 324 x (0.18)/3 =	19
-136	portion exceeding 53,100,000 EURO = 0 x (0.16)/3 =	0
-137		<i>Total (135) + (136)</i>
-138	Retention level in relation to claims to be dealt with by the company following outwards reinsurance (minimum 0.50)	0.500
-139		Required margin c1, (137) x (138)
<i>c2) Calculation in relation to the in relation to the average claims charge of the last three years</i>		
-140	Claims paid in the period: gross amount	0
-141	Change in claims reserve in the period: gross amount	0
-142	Claims charge	0
-143	Annual average: 1/3 of (142)	0
	to be allocated:	
-144	portion lower or equal to 35,000,000 EURO = 0 x (0.26)/3 =	0
-145	portion exceeding 35,000,000 EURO = 0 x (0.23)/3 =	0
-146		<i>Total (144) + (145)</i>
-147		Required margin c2, (146) x (138)
-148		Greater amount between (139) and (147)
-149	Required margin C): (133) + (148)	29
-150	Required margin C) year N - 1	0
-151		Required margin C)
		27

continues: III- AVAILABLE SOLVENCY MARGIN REQUIRED

D) Capitalisation transactions.		
-152	4/100 mathematical reserves relating to direct insurance and inwards reinsurance	6,480
-153	retention rate relating to the above reserves (minimum 0.85)	1,000
-154	Required margin D): (152) x (153)	6,480
E) Unit-linked policies and relating to pension fund management.		
<i>Where the company bears an investment risk</i>		
-155	4/100 reserves relating to direct insurance and inwards reinsurance	20
-156	retention rate relating to the above reserves (minimum 0.85)	1,000
-157	(155) x (156)	20
<i>Where policyholders bear the investment risk and the contract sets out the amount of administrative costs for more than five years</i>		
-158	1/100 gross reserves of direct insurance	948
<i>Where policyholders bear the investment risk and the contract sets out the amount of administrative costs for less than five years</i>		
-159	25/100 of the net administrative costs of the last year	0
<i>With mortality a mortality risk underwriting</i>		
-160	0.3/100 of non-negative sums at risk	7
-161	retention rate of sums at risk (minimum 0.50)	1,000
-162	(160) x (161)	7
-163	Required margin E): (157) + (158) + (159) + (162)	975

Solvency margin and guarantee fund		
-164	<i>Overall required solvency margin (113) + (130) + (151) + (154) + (163)</i>	33,160
(164bis)	Capital requirements of subsidiaries/investees.....	0
(164ter)	Available solvency margin required.....	33,160
-165	Guarantee fund: 1/3 of (164ter)	11,053
-166	Minimum guarantee fund	3,200
-167	Guarantee fund [greater amount between (165) and (166)]	11,053
-168	Solvency margin required [greater amount between (164ter) and (167)]	33,160
(169) = (103)	Available solvency margin	85,356
(170) = (169) - (168)	Surplus (deficit)	52,196

(104) = [4 / 100] x [(34)+(35)]

(105) = [(34) + (35) - (36)] / [(34) + (35)]

(107) = [0.3 / 100] x [(37) - (39) - (40)]

(108) = [0.1 / 100] x (39)

(109) = [0.15 / 100] x (40)

(111) = (38) / (37)

(118) = -[(43)+(47)+(51)+(45)+(49)+(53)]/[(42)+(46)+(50)+(44)+(48)+(52)] (*)

(120) = (42) + (46) + (50)

(121) = [(44)+(48)+(52)]

(122) = (120) + (121)

(130) = if (128) < (129) then (130) = (129)*[Mathematical reserve N (caption (2) - Annex 1)] / [Mathematical reserve N - 1 (caption (2) - Annex 1)] this ratio cannot be > 1; if 128>= 129 then 130 = 128

(131) = [4 / 100] x [(54)+(55)]

(132) = [(54) + (55) - (56)] / [(54) + (55)]

(138) = [(58+62+66)-(59+63+67)+(60+64+68)-(61+65+69)]/[(58+62+66)+(60+64+68)]

(140) = (58)+(62)+(66)

(141) = [(60)+(64)+(68)]

(142) = (140) + (141)

(151) = if (149) < (150) then (151) = (150)*[Mathematical reserve N (caption (2) - Annex 2)] / [Mathematical reserve N - 1 (caption (2) - Annex 2)] this ratio cannot be > 1; if 149>= 150 then 151 = 149

(152) = [4 / 100] x [(70) + (71)]

(153) = [(70) + (71) - (72)] / [(70) + (71)]

(155) = [4 / 100] x [(73) + (74)]

(156) = [(73) + (74) - (75)] / [(73) + (74)]

(158) = [1 / 100] x [(76) + (77)]

(159) = [(25/100) * [(78) + (79)]]

(160) = [0.3 / 100] x (80)

(161) = (81) / (80)

(164bis) = total column g of annex 4

(164ter) = (164) + (164bis)

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Annex to the solvency margin calculation schedule - complementary insurance (personal injury risks)

(in thousands of Euros)

	Years		
	N	N-1	N-2
-1 change in claims reserve: gross amount (included in caption 48 of the profit and loss account)	0	0	0
-2 Claims reserve net of outwards reinsurance	0	0	0
Portfolio transfers by claims reserve of the current and previous years *:			
- costs			
-3 - direct insurance risks	0	0	0
-4 - outwards reinsurance of direct insurance risks	0	0	0
-5 - inwards reinsurance risks	0	0	0
-6 - outwards reinsurance of inwards reinsurance risks	0	0	0
- revenues			
-7 - direct insurance risks	0	0	0
-8 - outwards reinsurance of direct insurance risks	0	0	0
-9 - inwards reinsurance risks	0	0	0
-10 - outwards reinsurance of inwards reinsurance risks	0	0	0
Exchange rate adjustments to opening claims reserve			
- direct insurance risks:			
-11 -costs	0	0	0
-12 -revenues	0	0	0
- inwards reinsurance risks:			
-13 -costs	0	0	0
-14 -revenues	0	0	0
-15 <i>Total exchange rate adjustments (12 + 14 - 11 - 13)</i>	0	0	0

Change in claims reserve: gross amount to be used for solvency margin calculation purposes:

Amount	Matching of the captions of the solvency margin calculation schedule
-16 year N (1+7+9+15)	0 caption 44 section I
-17 year N-1(1-3-5+7+9+15)	0 caption 48 section I
-18 year N-2(1-3-5)	0 caption 52 section I

* Costs and revenues arising from portfolio transfers relating to the current and previous years should not be netted, and, therefore, inwards reinsurance should not compensate outwards reinsurance.

Annex 2 to the solvency margin calculation schedule as per
article 28, paragraph 1, of the Regulation

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Annex to the solvency margin calculation schedule - health insurance as per article 1, number 1, letter d,
of EEC directive no. 79/267 of 5 March 1979 - guidelines for the calculation of the required solvency margin
pursuant to paragraph c), point 2, of article 35 of Legislative decree no. 174/95

(in thousands of Euros)

	Years		
	N	N-1	N-2
-1 change in claims reserve: gross amount (included in caption 48 of the profit and loss account)	0	0	0
(2) Claims reserve net of outwards reinsurance	0	0	0
Portfolio transfers by claims reserve of the current and previous years *:			
- costs			
-3 - direct insurance risks	0	0	0
-4 - outwards reinsurance of direct insurance risks	0	0	0
-5 - inwards reinsurance risks	0	0	0
-6 - outwards reinsurance of inwards reinsurance risks	0	0	0
- revenues			
-7 - direct insurance risks	0	0	0
-8 - outwards reinsurance of direct insurance risks	0	0	0
-9 - inwards reinsurance risks	0	0	0
-10 - outwards reinsurance of inwards reinsurance risks	0	0	0
Exchange rate adjustments to opening claims reserve			
- direct insurance risks:			
-11 -costs	0	0	0
-12 -revenues	0	0	0
- inwards reinsurance risks:			
-13 -costs	0	0	0
-14 -revenues	0	0	0
-15 <i>Total exchange rate adjustments (12 + 14 - 11 - 13)</i>	0	0	0

Change in claims reserve: gross amount to be used for solvency margin calculation purposes:

Amount	Matching of the captions of the solvency margin calculation schedule
0	caption 60 section I
0	caption 64 section I
0	caption 68 section I

* Costs and revenues arising from portfolio transfers relating to the current and previous years should not be netted, and, therefore, inwards reinsurance should not compensate outwards reinsurance.

Company VITTORIA ASSICURAZIONI

Year 2007

Annex to the solvency margin calculation schedule - net administrative costs of the last year
relating to unit-linked policies and pension fund management

(in thousands of Euros)

schedule 1

Other administrative costs	Class I	Class II	Class III	Class IV	Class V	Class VI	Total (1)
	3,105	0	400	10	242	20	3,777
Premium collection commissions							

(1) equal to caption 70 of the profit and loss account

(2) equal to caption 69 of the profit and loss account

schedule 2

Breakdown of other administrative costs by type of contract (classes III and VI)	Class III	Class VI
a) where the company bears the investment risk	0	0
b) where policyholders bear the investment risk and the contract sets out the amount of administrative costs for a period exceeding five years	400	200
c) where policyholders bear the investment risk and the contract sets out the amount of administrative costs for a period not exceeding or equal to five years	0	0
TOTAL	400	200

COMPANY VITTORIA ASSICURAZIONI

Annex 4 to the solvency margin calculation schedule as per article 28, paragraph 1, of the Regulation

Annex to the solvency margin calculation schedule - equity investments and other instruments in companies operating in the financial sector

(in thousands of Euros)

Annex II

Company **VITTORIA ASSICURAZIONI**

SOLVENCY MARGIN CALCULATION SCHEDULE
(article 28, paragraph 2, of the Regulations)

Year 2007

(in thousands of Euros)

Lines of business

Motor, aviation, watercraft third-party liability, general third-party liability; credit insurance; bond insurance	<input checked="" type="checkbox"/>
Accident insurance; health insurance; motor vehicle, marine, railway truck property damage; cargo insurance; fire and natural events; pecuniary losses; support and assistance.....	<input checked="" type="checkbox"/>
Miscellaneous damage; legal protection	<input checked="" type="checkbox"/>

I- CALCULATION BASIS FOR THE SOLVENCY MARGIN FOR THE YEAR N DERIVED FROM THE FINANCIAL STATEMENTS

Balance sheet captions- non-life business		
-1	Share capital proceeds to be received	(equal to caption 1)
-2	Acquisition commissions to be amortised and other acquisition costs	(equal to captions 4 and 6)
-3	Other intangible assets	(equal to captions 7, 8 and 9)
-4	Investments in parent companies	(equal to caption 17)
-5	Own shares or quotas	(equal to caption 91)
-6	Subscribed share capital or equivalent fund	(equal to caption 101)
-7	Share premium reserve	(equal to caption 102)
-8	Revaluation reserves	(equal to caption 103)
-9	Legal reserve	(equal to caption 104)
-10	Statutory reserves	(equal to caption 105)
-11	Reserves for purchase of own shares and shares of parent company	(equal to caption 106)
-12	Other reserves (1)	54,751
-13	Losses carried forward	(equal to caption 108) ^(*)
-14	Net loss for the year	(equal to caption 109) ^(*)
-15	Retained earnings	(equal to caption 108)
-16	Net profit for the year	(equal to caption 109)
-17	Cumulative preference shares -2	0
-18	Subordinated liabilities (3)	(included in caption 111)
-19	Unrealised capital gains arising from the measurement of all investments, except for those of an extraordinary nature	If used for solvency margin purposes, according to art. 23 ph. 2 of the Regulations
-20	Unrealised capital losses arising from the measurement of all investments	0
Profit and loss account captions for the year N		
-21	Gross premiums accounted for	(equal to caption 1)
-22	Gross premiums accounted for of classes 11, 12 and 13	(see annex 2)
-23	Claims paid: gross amount	(equal to caption 8)
-24	Claims paid of classes 11, 12 and 13: gross amount	(see annex 2)
-25	Claims paid: reinsurers' share	(equal to caption 9)
-26	Claims paid of classes 11, 12 and 13: reinsurers' share	(see annex 2)
-27	Change in recoveries: gross amount	(equal to caption 11)
-28	Change in recoveries of classes 11, 12 and 13: gross amount	(see annex 2)
-29	Change in recoveries: reinsurers' share	(equal to caption 12)
-30	Change in recoveries of classes 11, 12 and 13: reinsurers' share	(see annex 2)
-31	Change in claims reserve: gross amount	(as per annex 1)
-32	Change in claims reserve of classes 11, 12 and 13: gross amount	(see annex 2)
-33	Change in claims reserve: reinsurers' share	(equal to caption 15)
-34	Change in claims reserve of classes 11, 12 and 13: reinsurers' share	(see annex 2)
(1) Include other reserves as per caption 107 excluding, for the first three years, the organisation reserve showing its details below:		
Available reserve		54,751
0		0
0		0
0		0
(2) Include cumulative preference shares, as per article 44, paragraph 3, letters a) and b) of the Insurance Code, detailing:		
cumulative preference shares as per article 44, paragraph 4, letter a)		0
cumulative preference shares as per article 33, paragraph 4, letter b)		0
(3) Include subordinated liabilities, detailing:		
- term loans		0
- open-end loans		3,122
- undated securities and other financial instruments		0
(*) Indicate the loss absolute value		

continues: I - CALCULATION BASIS FOR THE SOLVENCY MARGIN FOR THE YEAR N DERIVED FROM THE FINANCIAL STATEMENTS

Profit and loss account captions for the years prior to N		
-35	Claims paid in year N - 1: gross amount	(equal to caption 8)
-36	Claims paid of classes 11, 12 and 13 in year N - 1: gross amount	(as per annex 2).....
-37	Claims paid in year N - 1: reinsurers' share	(equal to caption 9)
-38	Change in recoveries in year N - 1: gross amount	(equal to caption 11)
-39	Change in recoveries of classes 11, 12 and 13 in year N - 1: gross amount	(as per annex 2).....
-40	Change in recoveries in year N - 1: reinsurers' share.....	(equal to caption 12).....
-41	Change in claims reserve in year N - 1: gross amount	(as per annex 1).....
-42	Change in claims reserve of classes 11, 12 and 13 in year N - 1: gross amount.....	(as per annex 2).....
-43	Change in claims reserve in year N - 1: reinsurers' share.....	(equal to caption 15).....
-44	Claims paid in year N - 2: gross amount	(equal to caption 8)
-45	Claims paid of classes 11, 12 and 13 in year N - 2: gross amount	(as per annex 2).....
-46	Claims paid in year N - 2: reinsurers' share.....	(equal to caption 9)
-47	Change in recoveries in year N - 2: gross amount	(equal to caption 11)
-48	Change in recoveries of classes 11, 12 and 13 in year N - 2: gross amount	(as per annex 2).....
-49	Change in recoveries in year N - 2: reinsurers' share.....	(equal to caption 12)
-50	Change in claims reserve in year N - 2: gross amount	(as per annex 1)
-51	Change in claims reserve of classes 11, 12 and 13 in year N - 2: gross amount.....	(as per annex 2)
-52	Change in claims reserve in year N - 2: reinsurers' share.....	(equal to caption 15)
To be compiled only by companies which exclusively or mainly deal with "particular risks" (**):		
-53	Claims paid in year N - 3: gross amount	(equal to caption 8)
-54	Change in claims reserve in year N - 3: gross amount	(as per annex 1)
-55	Claims paid in year N - 4: gross amount	(equal to caption 8)
-56	Change in claims reserve in year N - 4: gross amount	(as per annex 1)
-57	Claims paid in year N - 5: gross amount	(equal to caption 8)
-58	Change in claims reserve in year N - 5: gross amount	(as per annex 1)
-59	Claims paid in year N - 6: gross amount	(equal to caption 8)
-60	Change in claims reserve in year N - 6: gross amount	(as per annex 1)
(**) "Particular risks" are credit, storm, hail and frost risks		

II - AVAILABLE SOLVENCY MARGIN COMPONENTS

A) components		
(61) = (6) - (1)	Paid up share capital or equivalent fund.....	19,100
	Reserves not allocated to specific commitments or to adjustments to asset captions:	0
(62) = (9)	legal reserve	3,554
-63	free reserves	78,069
	Retained earnings:	0
-64	retained earnings ^(***)	0
-65	net profit for the year ^(***)	25,607
-66	Total cumulative preference shares and subordinated liabilities within the limits of article 44, paragraph 3, of Insurance Code	3,122
	of which:	
-67	term subordinated loan or cumulative preference shares with fixed duration (amount not exceeding 25% of the lower of the amount set out in line (105) and that in line (104)).....	3,122
-68	open-end loans	0
-69	undated securities and other financial instruments, including cumulative preference shares other than those set out in article 44, paragraph 3 letter a) of Insurance Code.....	0
(69bis)	Components of subsidiaries/investees.....	-76
-70	<i>Total from (61) to (69bis)</i>	129,376
-71	Acquisition commissions to be amortised and other acquisition costs	2,672
(72) = (3)	Other intangible assets	17,467
(73) = (4) + (5)	Own shares or investments in parent companies.....	0
(74) = (13) + (14)	Net loss for the year and losses carried forward	0
-75	<i>Total from (71) to (74)</i>	20,139
-76	Total A) components = (70) - (75).....	109,237
B) components		
-77	Unrealised capital gains, net of capital losses arising from the measurement of all investments.....	0
-78	Half of the unpaid portion of the subscribed share capital or equivalent fund as long as at least 50% of the entire subscribed share capital or fund has been paid-up	0
-79	Total B) components = (77)+(78).....	0
-80	<i>Available solvency margin (of which B) components%)</i>	Total A) and B) components = (76) + (79).....
		109,237

(63) = (7) + (8) + (10) + (11) + (12)

(66) = (67) + (68) + (69) as long as (66) <= 0.5 * [lower of (105) and (104)]

(69bis) = Total columns h - i - a - b of annex

(71) = 0.4 * (2)

(77) = (19) - (20) as long as [(19) - (20)] <= 0.20 * [lower of (105) and (104)]

(78) = 0.5 * (1) if (61) >= (6) / 2 as long as (78) <= 0.5 * [lower of (105) and (104)]; (78) = 0 if (61) < (6) / 2

(***) Include only those amount that, pursuant to shareholders' resolution, remain, by rights, part of the company's net assets

III- AVAILABLE SOLVENCY MARGIN REQUIRED

(A) Calculation in relation to annual premiums or contributions			
-81	Gross premiums accounted for in the last year	509,173	
	to be allocated:		
-82	portion lower or equal to 53,100,000 EURO 53,100 x 0.18 =	9,558	
-83	portion exceeding 53,100,000 EURO 456,073 x 0.16 =	72,972	
-84	<i>Total a), (82) + (83).....</i>	82,530	
-85	Retention level (g) in relation to residual incurred claims with the company after outwards reinsurance (minimum 0.500)	0.749	
-86	<i>Solvency margin required a) x g), (84) x (85)</i>	68,830	
(B) Calculation in relation to the average claims charge of the last 3 or 7 years only for companies which exclusively or mainly deal with "particular risks"			
-87	Claims paid in the period: gross amount	878,993	
-88	Change in claims reserve in the period: gross amount	114,238	
-89	Change in recoveries during the period: gross amount	26,054	
-90	Claims charge	967,177	
-91	Annual average: 1/3 or 1/7 of (90) *	322,392	
	to be allocated:		
-92	portion lower or equal to Euro 37,200,000 = 35,000 x 0.26 =	9,672	
-93	portion exceeding Euro 37,200,000 = 249,932 x 0.23 =	65,594	
-94	<i>Total b), (92) + (93)</i>	75,266	
-95	<i>Solvency margin required b) x g), (94) x (85)</i>	62,772	

Solvency margin and guarantee fund			
(96) = (86)	Amount of solvency margin required in relation to the annual amount of premiums or contributions	68,830	
(97) = (95)	Amount of solvency margin required in relation to the average claims charge	62,772	
98	<i>Greater amount between (96) and (97)</i>	68,830	
(98bis)	Capital requirements of subsidiaries/investees.....	209	
(98ter)	Available solvency margin required.....	69,039	
-99	Guarantee fund: 1/3 of (98ter)	23,013	
-100	Minimum guarantee fund as per paragraphs 3 of article 46 of Insurance Code	3,200	
-101	<i>Guarantee fund [greater amount between (99) and (100)].....</i>	23,013	
-102	<i>Solvency margin required in year N [greater amount between (98ter) and (101)]</i>	69,039	
-103	<i>Solvency margin required in year N - 1.</i>	59,642	
-104	<i>Solvency margin required</i>	69,039	
(105) = (80)	<i>Available solvency margin</i>	109,237	
(106) = (105) - (104)	<i>Surplus (deficit)</i>	40,198	

(81) = (21) + [(0.5) * (22)]

(85) = 1-[(25)+(37)+(46)]-[(29)+(40)+(49)]+[(33)+(43)+(52)]/[(23)+(35)+(44)]-[(27)+(38)+(47)]+[(31)+(41)+(50)]] (**)

(87) = (23) + (35) + (44) + (0.5) * [(24) + (36) + (45)]; companies which deal with "particular risks" should also include: (53) + (55) + (57) + (59)

(88) = (31) + (41) + (50) + (0.5) * [(32) + (42) + (51)]; companies which deal with "particular risks" should also include: (54) + (56) + (58) + (60)

(89) = (27) + (38) + (47) + (0.5) * [(28) + (39) + (48)]

(90) = (87) + (88) - (89)

(98bis) = Total column 2 of annex 3

(98ter) = (98) + (98bis)

(104)= (103) * [(113) - (59) of annex 1 to the notes to the financial statements] / [(293) - (239) of annex 1 to the notes to the financial statements], this ratio cannot exceed 1; if (102) < (103), If (102) >= (103); (104)=(102).

(*) For companies which have been operating for less than 3 (7) years, the average should be calculated on the basis of the actual years of operations.

Company VITTORIA ASSICURAZIONI

Annex to the solvency margin calculation schedule - non-life business

Annex 1 to the solvency margin calculation schedule as per
article 28, paragraph 2, of the Regulations

Year 2007

(in thousands of Euros)

	N	N-1	N-2	N-3	N-4	N-5	N-6	Years	
								N	N-1
-1 Change in claims reserve: gross amount (caption 14 of profit and loss account)									
42,421	41,785	26,990	55,689	19,583	22,184	22,700			
Portfolio transfers by claims reserve of the current and previous years *:									
- costs	0	0	0	0	0	0	67	2,132	
-2 - direct insurance risks	9,632	12,207	11,703	8,525	7,955	10,977	15,368		
-3 - outwards reinsurance of direct insurance risks	16	13	0	0	0	0	0	34	
-4 - inwards reinsurance risks	0	0	0	0	0	0	0	2,030	
-5 - outwards reinsurance of inwards reinsurance risks									
- revenues	0	0	0	0	0	0	0	0	
-6 - direct insurance risks	0	0	0	0	0	0	0	0	
-7 - outwards reinsurance of direct insurance risks	0	0	0	0	0	0	0	0	
-8 - inwards reinsurance risks	0	0	0	0	0	0	77	33	
-9 - outwards reinsurance of inwards reinsurance risks	0	0	0	0	0	0	0	0	
Exchange rate adjustments to opening claims reserve									
- direct insurance risks:									
-10 - costs	49	60	0	18	765	297	0	56	
-11 -revenues	0	0	185	0	0	0	0	0	
- inwards reinsurance risks:									
-12 -costs	134	76	0	180	501	403	0		
-13 -revenues	0	0	254	0	0	0	0	7	
-14 Total exchange rate adjustments (11 + 13 - 10 - 12)	-183	-136	439	-198	-1,266	-700	63		

Change in claims reserve: gross amount to be used for solvency margin calculation purposes:

Amount	Matching of the captions of the solvency margin solvency margin
-15 year N	(1+6+8+14)
-16 year N-1	(1-2+4+6-8+14)***
-17 year N-2	(1-2-4)***

* Costs and revenues arising from portfolio transfers relating to the current and previous years should not be netted, and therefore, inwards reinsurance should not compensate outwards reinsurance.
** For "particular risks", also consider years N-2, N-3, N-4, N-5 (captions 31, 33, 35, 37 section 1)
*** For "particular risks", also consider year N-6 (caption 39, section 1)

Company VITTORIA ASSICURAZIONI

Annex to the solvency margin calculation schedule - classes 11, 12 and 13

Year 2007
(in thousands of Euros)

	N	N-1	N-2
1 Gross premiums accounted for (1)	27,469	27,203	24,861
2 - class 11	121	185	399
3 - class 12	391	343	290
4 - class 13	26,957	26,675	24,172
5 Claims paid: gross amount (2)	16,973	14,007	15,640
6 - class 11	120	24	3
7 - class 12	234	160	306
8 - class 13	16,619	13,823	15,331
9 Claims paid: reinsurers' share (3)	1,161	581	398
10 - class 11	114	24	2
11 - class 12	0	0	0
12 - class 13	1,047	557	396
13 Change in recoveries: gross amount (4)	650	576	513
14 - class 11	0	0	0
15 - class 12	0	0	0
16 - class 13	650	576	513
17 Change in recoveries: reinsurers' share (5)	0	-3	-3
18 - class 11	0	0	0
19 - class 12	0	0	0
20 - class 13	0	-3	-3
21 Change in claims reserve: gross amount (6)	2,105	2,852	1,790
22 - class 11	75	139	51
23 - class 12	370	-47	-8
24 - class 13	1,660	2,760	1,747
25 Change in claims reserve: reinsurers' share (7)	-95	54	-680
26 - class 11	78	129	41
27 - class 12	0	0	0
28 - class 13	-173	-75	-721

(1) Included in caption 1 of annex II
 (2) Included in caption 8 of annex II
 (3) Included in caption 9 of annex II
 (4) Included in caption 11 of annex II
 (5) Included in caption 12 of annex II
 (6) Include the amount set out in annex 2 bis
 (7) Included in caption 15 of annex II

Company VITTORIA ASSICURAZIONI

Annex to the solvency margin calculation schedule - class 11

(Annex 2 bis)
Year 2007
(in thousands of Euros)

	Years			N-2
	N	N-1		
-1 Change in claims reserve: gross amount (caption 14 of profit and loss account)	75	140		51
Portfolio transfers by claims reserve of the current and previous years *:				
- costs				
-2 - direct insurance risks	0	0		0
-3 - outwards reinsurance of direct insurance risks	0	0		0
-4 - inwards reinsurance risks	0	0		0
-5 - outwards reinsurance of inwards reinsurance risks	0	0		0
- revenues				
-6 - direct insurance risks	0	0		0
-7 - outwards reinsurance of direct insurance risks	0	0		0
-8 - inwards reinsurance risks	0	0		0
-9 - outwards reinsurance of inwards reinsurance risks	0	0		0
Exchange rate adjustments to opening claims reserve				
- direct insurance risks:				
-10 -costs	0	0		0
-11 -revenues	0	0		0
- inwards reinsurance risks:				
-12 -costs	0	1		0
-13 -revenues	0	0		1
-14 Total exchange rate adjustments (11 + 13 - 10 - 12)	0	0		-1

Change in claims reserve: gross amount to be used for the purposes of calculation of caption 22 of annex 2

Amount
-15 year N (1+6+8+14)
-16 year N-1 (1-2-4+6+8+14)
-17 year N-2 (1-2-4)

* Costs and revenues arising from portfolio transfers relating to the current and previous years should not be netted, and, therefore, inwards reinsurance should not compensate outwards reinsurance.

Company VITTORIA ASSICURAZIONI

Annex to the solvency margin calculation schedule - class 12

(Annex 2 bis)
Year 2007
(in thousands of Euros)

		Years		
		N	N-1	N-2
-1	Change in claims reserve: gross amount (caption 14 of profit and loss account)	370	-47	-8
	Portfolio transfers by claims reserve of the current and previous years *:			
- costs	- direct insurance risks	0	0	0
-2	- outwards reinsurance of direct insurance risks	0	0	0
-3	- inwards reinsurance risks	0	0	0
-4	- outwards reinsurance of inwards reinsurance risks	0	0	0
-5	- revenues	0	0	0
-6	- direct insurance risks	0	0	0
-7	- outwards reinsurance of direct insurance risks	0	0	0
-8	- inwards reinsurance risks	0	0	0
-9	- outwards reinsurance of inwards reinsurance risks	0	0	0
	Exchange rate adjustments to opening claims reserve			
- direct insurance risks:				
-10	- costs	0	0	0
-11	-revenues	0	0	0
- inwards reinsurance risks:				
-12	- costs	0	0	0
-13	-revenues	0	0	0
-14	Total exchange rate adjustments (11 + 13 - 10 - 12)	0	0	0

Change in claims reserve: gross amount to be used for the purposes of calculation of caption 23 of annex 2

Amount
-15 year N
370
-16 year N-1
-47
-17 year N-2
-8

* Costs and revenues arising from portfolio transfers relating to the current and previous years should not be netted, and, therefore, inwards reinsurance should not compensate outwards reinsurance.

Company VITTORIA ASSICURAZIONI

Annex to the solvency margin calculation schedule - class 13

(Annex 2 bis)
Year 2007
(in thousands of Euros)

		Years		
		N	N-1	N-2
-1	Change in claims reserve: gross amount (caption 14 of profit and loss account)	1,663	2,764	1,747
	Portfolio transfers by claims reserve of the current and previous years * :			
- costs		0	0	0
-2 - direct insurance risks		0	0	0
-3 - outwards reinsurance of direct insurance risks		0	0	0
-4 - inwards reinsurance risks		0	0	0
-5 - outwards reinsurance of inwards reinsurance risks		0	0	0
	revenues			
-6 - direct insurance risks		0	0	0
-7 - outwards reinsurance of direct insurance risks		0	0	0
-8 - inwards reinsurance risks		0	0	0
-9 - outwards reinsurance of inwards reinsurance risks		0	0	0
	Exchange rate adjustments to opening claims reserve			
- direct insurance risks:				
-10 - costs		0	0	0
-11 -revenues		0	0	0
- inwards reinsurance risks:				
-12 - costs		3	4	0
-13 -revenues		0	0	5
-14 Total exchange rate adjustments (11 + 13 - 10 - 12)		-3	-4	5

Change in claims reserve: gross amount to be used for the purposes of calculation of caption 24 of annex 2

Amount
-15 year N (1+6+8+14) 1,660
-16 year N-1 (1-2+4+6+8+14) 2,760
-17 year N-2 (1-2-4) 1,747

* Costs and revenues arising from portfolio transfers relating to the current and previous years should not be netted, and, therefore, inwards reinsurance should not compensate outwards reinsurance.

Company VITTORIA ASSICURAZIONI

Annex to the solvency margin calculation schedule - equity investments and other instruments in companies operating in the financial sector
(in thousands of Euros)

Company: VITTORIA ASSICURAZIONI

Year 2007

**SOLVENCY MARGIN SCHEDULE
OF COMPANIES OPERATING IN BOTH
THE LIFE AND NON-LIFE BUSINESS**
(article 29 of the Regulation)

(in thousands of Euros)

Reference captions of solvency margin forms Life and non-life business	Non-life business	Life business	Total
Solvency margin required: life business (168); non-life business (104)	(a) ¹ 33,160	₁₁ 69,039	₂₁ 102,199
Available solvency margin components total A) components): life business (97); non-life business:	(b) ² 85,356	₁₂ 109,237	₂₂ 194,593
total B) components): life business (102); non-life business:	(c) ³ 85,356	₁₃ 109,237	₂₃ 0
Total available solvency margin components	(b + c) ⁴ 85,356	₁₄ 109,237	₂₄ 194,593
Surplus/deficit of available solvency margin components with respect to the amount of solvency margin to allocate	d = [(b+c) - a] ⁵ 52,196	₁₅ 40,198	₂₅ 92,394
Utilisation pursuant to article 21, paragraph 3, of Legislative decree no. 174 of 17 March 1995, of explicit solvency margin components still available as per articles 33, paragraph 2, letter a), of Legislative decree no. 174/95 and 33, paragraph 2, of Legislative decree no. 175/95	(e) ⁶ 52,196	₁₆ 40,198	₂₆ 92,394
	f = (d + e) ⁷ 52,196	₁₇ 40,198	₂₇ 92,394

N.B. (e) always \leq (d)
(e) always \leq (b)

Life Business

**SCHEDULE OF ASSETS ALLOCATED
TO COVER TECHNICAL RESERVES**

(pursuant to paragraph 6 of article 31 of Legislative decree no. 174 of 17 March 1995)

2007

(in euro)

TECHNICAL RESERVES	2007 year end		2006 year end	
Technical reserves to be covered	9	732,850,431	10	676,132,264

	Maximum limit	Balance at 2007 year end		Balance at 2006 year end	
		Amount	%	Amount	%
A INVESTMENTS					
A.1 <i>Loan and other similar securities</i>					
A.1.1a Securities issued or secured by governments included in zone A, pursuant to EEC directive no. 89/647, or issued by local or public bodies of EU governments or by international organisations to which one or more of the above EU governments belong, traded in a regulated market;	13	0 14	0.00 15	0 16	0.00
A.1.1b Securities issued or secured by governments included in zone A, pursuant to EEC directive no. 89/647, or issued by local or public bodies of EU governments or by international organisations to which one or more of the above EU government belong, not traded in a regulated market;	17	1,955,822 18	0.27 19	1,955,822 20	0.29
A.1.2a Bonds or other similar securities traded in a regulated market;	21	81,965,671 22	11.18 23	80,125,773 24	11.85
A.1.2b Bonds or other similar securities, not traded in a regulated market, issued by companies or banks with registered office in one of the countries included in zone A, the accounts of which have been audited for at least three years by duly a duly authorised authorised audit company;	25	0 26	0.00 27	7,011,791 28	1.04
A.1.3 Other bonds or similar securities, other than those indicated above, as long as due within one year;	29	0 30	0.00 31	0 32	0.00
A.1.4 Units of undertaking for collective investment in transferable securities (UCITS);	33	0 34	0.00 35	0 36	0.00
A.1.5 Repurchase agreements, with obligation to reacquire and deposit the securities with a bank;	20% 37	0 38	0.00 39	0 40	0.00
A.1.6 Banker's acceptances performed or issued by banks with registered office in one of the countries included in zone A;	41	0 42	0.00 43	0 44	0.00
A.1.7 Financial bills as per Law no. 43 of 13 January 1994;	45	0 46	0.00 47	0 48	0.00
Sub-total A.1.6+A.1.7	10% 49	0 50	0.00 51	0 52	0.00
A.1.8 Accrued interest on securities eligible to cover technical reserves	53	10,776,755 54	1.47 55	9,488,574 56	1.40
Total A.1	85% 57	699,085,175 58	95.39 59	631,167,816 60	93.35
<i>to carry forward</i>		699,085,175	95.39	424,886,517	93.35

	<i>brought forward</i>		699,085,175	95.39		424,886,517	93.35
A.2	Interest-bearing loans secured by mortgages, bank guarantees insurance or other suitable guarantees given by local bodies;	20%	61	0 ⁶²	0.00 ⁶³	0 ⁶⁴	0.00
A.3	<i>Equity and other similar securities</i>						
A.3.1a	Shares traded in a regulated market;		65	0 ⁶⁶	0.00 ⁶⁷	0 ⁶⁸	0.00
A.3.1b	Quotas of Bank of Italy, quotas of cooperative societies and shares, not traded in a regulated market, issued by companies with registered office in one of the countries included in zone A, the accounts of which have been audited for at least three years by a duly authorised audit company;		69	0 ⁷⁰	0.00 ⁷¹	0 ⁷²	0.00
A.3.2	Warrants traded in a regulated market;	3%	73	0 ⁷⁴	0.00 ⁷⁵	0 ⁷⁶	0.00
A.3.3	Units of undertaking for collective investment in transferable securities (UCITS);		77	0 ⁷⁸	0.00 ⁷⁹	0 ⁸⁰	0.00
A.3.4	Units of closed-end unit trusts located in an EU country, traded in a regulated market;	5%	81	0 ⁸²	0.00 ⁸³	0 ⁸⁴	0.00
	Total A.3	25%	85	0 ⁸⁶	0.00 ⁸⁷	0 ⁸⁸	0.00
A.4	<i>Real estate</i>						
A.4.1	Land, buildings and beneficial interests in real estate, for the portion not charged with mortgages;		89	0 ⁹⁰	0.00 ⁹¹	0 ⁹²	0.00
A.4.2	Leased buildings;	10%	93	0 ⁹⁴	0.00 ⁹⁵	0 ⁹⁶	0.00
A.4.3	Investments in real estate companies in which the company holds more than 50 per cent of share capital, with sole business purpose of building or managing non-luxury buildings or buildings used for industrial or commercial activities or agricultural activities, for the amount stated in the financial statements, up to the buildings' economic value proportional to the share capital held, net of the total liabilities stated in the real estate company's accounts;		97	0 ⁹⁸	0.00 ⁹⁹	14,440,000 ¹⁰⁰	2.14
A.4.4	Units of closed-end unit trusts located in an EU country.	5%	101	1,307,767 ¹⁰²	0.18 ¹⁰³	0 ¹⁰⁴	0.00
	Total A.4	40%	109	1,307,767 ¹⁰⁰	0.18 ¹¹¹	14,440,000 ¹¹²	2.14
	TOTAL A		113	700,392,942 ¹¹⁴	95.57 ¹¹⁵	645,607,816 ¹¹⁶	95.49
B	RECEIVABLES						
B.1	Receivables due from reinsurers, net of liabilities, including their share of technical reserves, duly documented, up to 90% of their amount;		117	0 ¹¹⁸	0.00 ¹¹⁹	0 ¹²⁰	0.00
	<i>to carry forward</i>			700,392,942		645,607,816	

	<i>brought forward</i>		700,392,942			645,607,816				
B.2	Deposits with and receivables from cedant companies, net of liabilities, duly documented, up to 90% of their amount;		121	0	122	0.00	123	0	124	0.00
B.3.1	Portion of receivables due from policyholders, net of payables, arising from direct insurance business, due within three months;		125	8,427,660	126	1.15	127	2,002,962	128	0.30
B.3.2	Portion of receivables due from broker and agents, net of payables, arising from direct insurance and reinsurance business due within three months;		129	11,217,250	130	1.53	131	10,581,213	132	1.56
B.4	Receivables arising from loss containment or subrogation;	3%	133	0	134	0.00	135	0	136	0.00
B.5	Tax credits relating to years definitively assessed or time-barred to tax assessments;	5%	137	0	138	0.00	138	0	139	0.00
B.6	Receivables from guarantee funds, net of liabilities;	5%	141	0	142	0.00	143	0	144	0.00
TOTAL B			145	19,644,910	146	2.68	147	12,584,175	148	1.86
C	OTHER ASSETS									
C.1	Operating tangible assets other than land and buildings, up to 30 per cent of their book value adjusted by the related accumulated depreciation;		149	0	150	0.00	151	0	152	0.00
C.2	Non-operating tangible assets other than land and buildings, duly documented, up to 10 per cent of their book value;		153	0	154	0.00	155	0	156	0.00
Sub-total C.1 + C.2		5%	157	0	158	0.00	159	0	160	0.00
C.3	Acquisition commissions to be amortised up to 90 per cent of their amount;		161	3,144,321	162	0.43	163	3,871,046	164	0.57
C.4	Accrued rent instalments up to 30 per cent of their amount;		165	0	166	0.00	167	0	168	0.00
TOTAL C			173	3,144,321	174	0.43	175	3,871,046	176	0.57
TOTAL B + C - C.3		25%	177	19,644,910	178	2.68	179	12,584,175	180	1.86
D	Bank accounts, deposits with other banks or any other institutions authorised by the relevant supervisory body to receive deposit, net of liabilities;	15%	181	9,668,258	182	1.32	183	12,644,152	184	1.87
E	Other asset categories authorised by ISVAP pursuant to paragraph 5 of article 27 of Legislative decree no. 175/95		185	0	186	0.00	187	0	188	0.00
TOTAL ASSETS ALLOCATED			189	732,850,431	190	100.00	191	676,132,264	192	100.00
Sub-total A.1.1b + A.1.2b + A.1.3 + A.3.1b		10%	193	1,955,822	194	0.27	195	8,967,613	196	1.33

Breakdown of commitments and assets allocated by currency

(in Euro)

CURRENCY	EXCHANGE RATE (1)	TECHNICAL RESERVES	ASSETS ALLOCATED
European Union			
EURO	1.00	732,850,431	732,850,431
Drachma			
Danish krone			
Swedish krone			
Pound			
Non-EU countries			
<u>2002</u>			
Norwegian krone			
Swiss franc			
Icelandic krone			
US dollar			
Canadian dollar			
Australian dollar			
New Zealand dollar			
Japanese yen			
Saudi Arabia riyal			
Turkish lira			

TOTAL (2)		732,850,431	732,850,431

(1) Technical reserves and allocated asset amounts are converted at the exchange rates ruling at year end for each currency used for reporting.

(2) Total technical reserves match the amount stated in caption 9 of the annual schedule of assets allocated to cover technical reserves. Total assets match the amount stated in caption 189 of the same schedule.

Vittoria Assicurazioni S.p.A.

Life businesses

**SCHEDULE OF ASSETS ALLOCATED TO COVER
TECHNICAL RESERVES RELATING TO CLASS "D.I" OF THE BALANCE SHEET
FOR CONTRACTS PROVIDED FOR BY paragraphs 1 and 2 of ARTICLE 30 OF LEGISLATIVE DECREE no. 174 OF 17 MARCH 1995**

Year 2007

SECTION I - Contracts linked to the value of units of an UCITS

(in euro)

SECTION II - Contracts linked to the value of units of internal funds

SECTION III - Contracts linked to equity or other indexes

(1) Includes relevant total assets

(2) Total is the sum of the total amounts shown in the three sections.

Non-Life Business

**SCHEDULE OF ASSETS ALLOCATED
TO COVER TECHNICAL RESERVES**

(pursuant to paragraph 6 of article 31 of Legislative decree no. 175 of 17 March 1995)

2007

(in euro)

TECHNICAL RESERVES	2007 year end		2006 year end	
Technical reserves to be covered	5	711,276,302	6	639,454,491

	Maximum limit	Balance at 2007 year end		Balance at 2006 year end	
		Amount	%	Amount	%
A INVESTMENTS					
A.1 <i>Loan and other similar securities</i>					
A.1.1a Securities issued or secured by governments included in zone A, pursuant to EEC directive no. 89/647, or issued by local or public bodies of EU governments or by international organisations to which one or more of the above EU governments belong, traded in a regulated market;	9	458,412,749	10	64.45	11
A.1.1b Securities issued or secured by governments included in zone A, pursuant to EEC directive no. 89/647, or issued by local or public bodies of EU governments or by international organisations to which one or more of the above EU government belong, not traded in a regulated market;	13	693,600	14	0.10	15
A.1.2a Bonds or other similar securities traded in a regulated market;	17	11,170,602	18	1.57	19
A.1.2b Bonds or other similar securities, not traded in a regulated market, issued by companies or banks with registered office in one of the countries included in zone A, the accounts of which have been audited for at least three years by duly a duly authorised authorised audit company;	21	248,695	22	0.03	23
A.1.3 Other bonds or similar securities, other than those indicated above, as long as due within one year;	25	0	26	0.00	27
A.1.4 Units of undertaking for collective investment in transferable securities (UCITS);	29	5,000,058	30	0.70	31
A.1.5 Repurchase agreements, with obligation to reacquire and deposit the securities with a bank;	20%	33	0	0.00	35
A.1.6 Banker's acceptances performed or issued by banks with registered office in one of the countries included in zone A;	37	0	38	0.00	39
A.1.7 Financial bills as per Law no. 43 of 13 January 1994;	41	0	42	0.00	43
Sub-total A.1.6+A.1.7	10%	45	0	0.00	47
A.1.8 Accrued interest on securities eligible to cover technical reserves	49	6,891,900	50	0.97	51
Total A.1	85%	53	482,417,604	54	67.82
<i>to carry forward</i>			482,417,604		67.82
					424,886,517
					68.10

	<i>brought forward</i>		482,417,604	67.82		424,886,517	68.10
A.2	Interest-bearing loans secured by mortgages, bank guarantees insurance or other suitable guarantees given by local bodies;	20%	57	0 ⁵⁸	0.00 ⁵⁹	0 ⁶⁰	0.00
A.3	<i>Equity and other similar securities</i>						
A.3.1a	Shares traded in a regulated market;		61	26,424,991 ⁶²	3.72 ⁶³	39,719,077 ⁶⁴	6.21
A.3.1b	Quotas of Bank of Italy, quotas of cooperative societies and shares, not traded in a regulated market, issued by companies with registered office in one of the countries included in zone A, the accounts of which have been audited for at least three years by a duly authorised audit company;		65	24,665,595 ⁶⁶	3.47 ⁶⁷	27,114,310 ⁶⁸	4.24
A.3.2	Warrants traded in a regulated market;	3%	69	0 ⁷⁰	0.00 ⁷¹	0 ⁷²	0.00
A.3.3	Units of undertaking for collective investment in transferable securities (UCITS);		73	0 ⁷⁴	0.00 ⁷⁵	0 ⁷⁶	0.00
A.3.4	Units of closed-end unit trusts located in an EU country, traded in a regulated market;	5%	77	0 ⁷⁸	0.00 ⁷⁹	0 ⁸⁰	0.00
	Total A.3	25%	81	51,090,586 ⁸²	7.18 ⁸³	66,833,387 ⁸⁴	10.45
A.4	<i>Real estate</i>						
A.4.1	Land, buildings and beneficial interests in real estate, for the portion not charged with mortgages;		85	8,197,810 ⁸⁶	1.15 ⁸⁷	8,166,086 ⁸⁸	1.28
A.4.2	Leased buildings;	10%	89	0 ⁹⁰	0.00 ⁹¹	0 ⁹²	0.00
A.4.3	Investments in real estate companies in which the company holds more than 50 per cent of share capital, with sole business purpose of building or managing non-luxury buildings or buildings used for industrial or commercial activities or agricultural activities, for the amount stated in the financial statements, up to the buildings' economic value proportional to the share capital held, net of the total liabilities stated in the real estate company's accounts;		93	69,381,178 ⁹⁴	9.75 ⁹⁵	34,521,815 ⁹⁶	5.40
A.4.4	Units of closed-end unit trusts located in an EU country.	5%	97	0 ⁹⁸	0.00 ⁹⁹	0 ¹⁰⁰	0.00
	Total A.4	40%	101	77,578,988 ¹⁰²	10.91 ¹⁰³	42,687,901 ¹⁰⁴	6.68
	TOTAL A		105	611,087,178 ¹⁰⁶	85.91 ¹⁰⁷	545,000,638 ¹⁰⁸	85.23
B	RECEIVABLES						
B.1	Receivables due from reinsurers, net of liabilities, including their share of technical reserves, duly documented, up to 90% of their amount;		109	30,589,898 ¹¹⁰	4.30 ¹¹¹	29,348,951 ¹¹²	4.59
	<i>to carry forward</i>			574,349,589		531,402,488	

	<i>brought forward</i>		574,349,589			531,402,488				
B.2	Deposits with and receivables from cedant companies, net of liabilities, duly documented, up to 90% of their amount;		113	0	114	0.00	115	0	116	0.00
B.3.1	Portion of receivables due from policyholders, net of payables, arising from direct insurance business, due within three months;		117	23,005,964	118	3.23	119	21,177,502	120	3.31
B.3.2	Portion of receivables due from broker and agents, net of payables, arising from direct insurance and reinsurance business due within three months;		121	30,268,737	122	4.26	123	28,823,472	124	4.51
B.4	Receivables arising from loss containment or subrogation;	3%	125	0	126	0.00	127	0	128	0.00
B.5	Tax credits relating to years definitively assessed or time-barred to tax assessments;	5%	129	0	130	0.00	131	0	132	0.00
B.6	Receivables from guarantee funds, net of liabilities;	5%	133	0	134	0.00	135	0	136	0.00
TOTAL B			137	83,864,599	138	11.79	139	79,349,925	140	12.41
C	OTHER ASSETS									
C.1	Operating tangible assets other than land and buildings, up to 30 per cent of their book value adjusted by the related accumulated depreciation;		141	0	142	0.00	143	0	144	0.00
C.2	Non-operating tangible assets other than land and buildings, duly documented, up to 10 per cent of their book value;		145	0	146	0.00	147	0	148	0.00
Sub-total C.1 + C.2		5%	149	0	150	0.00	151	0	152	0.00
C.3	Acquisition commissions to be amortised up to 90 per cent of their amount;		153	6,010,656	154	0.85	155	6,253,878	156	0.98
C.4	Accrued rent instalments up to 30 per cent of their amount;		157	0	158	0.00	159	0	160	0.00
TOTAL C			161	6,010,656	162	0.85	163	6,253,878	164	0.98
TOTAL B + C - C - 1		25%	165	59,285,357	166	8.34	167	56,254,852	168	8.80
D	Bank accounts, deposits with other banks or any other institutions authorised by the relevant supervisory body to receive deposit, net of liabilities;	15%	169	10,313,869	170	1.45	171	8,850,050	172	1.38
E	Other asset categories authorised by ISVAP pursuant to paragraph 5 of article 27 of Legislative decree no. 175/95		173	0	174	0.00	175	0	176	0.00
TOTAL ASSETS ALLOCATED			177	711,276,302	178	100.00	179	639,454,491	180	100.00
Sub-total A.1.1b + A.1.2b + A.1.3 + A.3.1b		10%	181	25,607,890	182	3.60	183	28,236,984	184	4.42

Breakdown of commitments and assets allocated by currency

(in lire)

CURRENCY	EXCHANGE RATE (1)	TECHNICAL RESERVES	ASSETS ALLOCATED
European Union			
EURO	1.00	710,582,079	709,276,302
Drachma			
Danish krone			
Swedish krone	9.441	4,720	
Pound			
Non-EU countries			
<u>2002</u>			
Norwegian krone			
Swiss franc			
Icelandic krone			
US dollar	1.47	589,174	2,000,000
Canadian dollar	1.00	9,498	
Australian dollar			
New Zealand dollar			
Japanese yen	164.93	90,831	
Saudi Arabia riyal			
Turkish lira			
TOTAL (2)		711,276,302	711,276,302

(1) Technical reserves and allocated asset amounts are converted at the exchange rates ruling at year end for each currency used for reporting.

(2) Total technical reserves match the amount stated in caption 5 of the annual schedule of assets allocated to cover technical reserves. Total assets match the amount stated in caption 177 of the same schedule.

Vittoria Assicurazioni

Open Pension Fund
Vittoria Formula Lavoro
(registration n° 22
of 4th November 1998)

2007 Financial Statements



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MANAGEMENT REPORT

As at 31 December 2007, the net assets of the Vittoria Formula Lavoro open-end pension fund (full Italian name = Fondo Pensione Aperto Vittoria Formula Lavoro), i.e. the fund assets allocated to pension benefits, totalled € 3,464,367 (+47% vs. 2006), of which € 504,507 relating to the "Previdenza Garantita" line, € 789,816 to the "Previdenza Equilibrata" line, and € 2,170,044 to the "Previdenza Capitalizzata" line.

With exception of December inflows, invested during the following year, fund assets were mostly invested – for the bond section of the portfolio – in government securities and – for the equity section – in units of CIUs (collective investment undertakings) featuring investment objectives consistent with those of our investment lines. In implementing the investment policy, social, ethical and environmental aspects were not considered.

The following table shows the return achieved by the various lines in the last five years, gross and net of management fees and administrative and tax costs, compared with benchmarks' returns.

	2003	2004	2005	2006	2007
Previdenza Garantita					
- net return	2.19%	3.83%	2.22%	-0.85%	-0.32%
- gross return	4.03%	5.98%	4.30%	0.74%	1.35%
- benchmark	3.98%	7.74%	5.28%	-0.23%	0.13%
Previdenza Equilibrata					
- net return	3.17%	9.30%	7.81%	8.11%	-1.17%
- gross return	4.94%	11.77%	10.16%	10.44%	0.01%
- benchmark	9.25%	8.47%	11.69%	5.51%	2.15%
Previdenza Capitalizzata					
- net return	3.57%	15.15%	14.51%	16.39%	-3.43%
- gross return	5.74%	18.55%	17.91%	19.95%	-2.18%
- benchmark	14.20%	9.13%	18.29%	11.27%	2.76%

The impact of trading charges was 0.11% for the "Previdenza Equilibrata" line, 0.02% for the "Previdenza Garantita" line, and 0.01% for the "Previdenza Capitalizzata" line. As regards financial management, the bond section was oriented towards Italian government securities, whilst the equity section was invested in foreign SICAV compatible with the benchmarks applied. Investments are detailed in the "Balance Sheet Information" section for each line.

The Fund Manager's compensation was not charged to the Fund.

On 21 March 2007, the Vittoria Formula Lavoro open-ended pension fund received approval by the COVIP (the Italian supervisory authority for pension funds) of its Regulation adapted to Italian Legislative Decree no. 252/2005 (the so-called Maroni decree).

During FY2007 a number of changes were made to the Fund Regulation, i.e.

- As from 1 June 2007, the Previdenza Garantita line adopted a benchmark consisting of 90% JPM GBI EMU and 10% MSCI Europe;
- As from 1 December 2007, annual management fees for the Previdenza Garantita line were reduced from 1.62% to 1.00%;
- A new type of fixed annuity up to 80 years of age thereafter becoming a lifetime annuity was introduced;
- Annex 3 to the Regulation (Conditions and methods for payment of annuities) was updated as follows:
 - Reduction of loading of annuities from 3.5% to 1.25%;
 - Increase of the technical interest rate from zero to 1.5% and provision of a new type of fixed annuity up to 80 years of age thereafter becoming a lifetime annuity;
 - Application of the IPS55 demographical table [issued by ISTAT, the Italian national bureau of statistics, in 2005] instead of the RG48 mortality tables [published by the Italian State Accountant], differentiated by gender.

As at 31 December 2007 there were no overdue contributions.

Vittoria Assicurazioni S.p.A. bears the cost of administrative charges. Members are charged only entry fees and individual management fees as envisaged by the Fund's Regulation.

Pursuant to Articles 7 and 8 of Italian Treasury Ministry Decree no. 703 dated 21 November 1998, we herewith declare that no transactions were completed during FY2007 in circumstances featuring conflict of interest.

During FY2008 fund management will foreseeably continue to focus on the contribution accumulation phase.

The Board of Directors

Milan, 27 March 2008

“PREVIDENZA GARANTITA” SECTOR

BALANCE SHEET - ACCUMULATION PERIOD

(in euros)

	2007	2006
10 Investments		
a) Bank accounts	155,574	42,984
c) Securities issued by governments or international organ	309,422	252,007
h) OEIC units	34,906	0
l) Prepayments and accrued income	4,711	4,112
n) Other financial assets	107	0
20 Performance guarantees acquired on individual positions	968	197
30 Tax credits	128	245
TOTAL ASSETS	505,816	299,300
10 Liabilities relating to pension activities		
a) Payables relating to pension activities	0	23,952
20 Performance guarantees recognised on individual positions	968	197
30 Liabilities relating to financing activities	341	715
d) Other liabilities relating to financing activities	341	715
TOTAL LIABILITIES	1,309	24,864
100 Net assets allocated to benefits	504,507	274,436

PROFIT AND LOSS ACCOUNT - ACCUMULATION PERIOD

(in euros)

	2007	2006
10 Balance of pension activities		
a) Contributions	230,862	7,895
c) Transfers and surrenders	0	57,003
e) Erogazioni in forma di capitale	0	-25,156
20 Result of financing activities	3,582	-23,952
a) Dividends and interest	11,983	2,132
b) Profits and losses on financial transactions	-8,401	11,656
30 Operating costs	-4,746	-9,524
a) Management company	-4,674	-4,361
b) Other liabilities relating to financing activities	-72	-4,361
40 Change in net assets allocated to benefits before substitute tax (10)+(20)+(30)	229,698	5,666
50 Substitute tax	128	245
Change in net assets allocated to benefits (40)+(50)	229,826	5,911

NOTES TO ACCOUNTS – “PREVIDENZA GARANTITA”

General information

Structural profile of Fund

The sole purpose of the Vittoria Formula Lavoro open pension fund - set up in compliance with Article 9 of Italian Legislative Decree no. 124 of 21 April 1993 and amended pursuant to Italian Legislative Decree 252/2005 as subsequently amended – is to provide its members with pension benefits additional and complementary to those of the mandatory state pension scheme. The Fund operates on a defined-benefit basis and the entity of the pension benefits it provides is calculated according to the capitalisation principle.

The fund is divided into three segments or lines with the following investment policies. The "Previdenza Garantita" [= guaranteed pension provision] line mainly invests in bonds issued by the government bodies of European countries. A minimum annual return rate of 0.34%, applicable to all assets conferred for management, is guaranteed, net of all charges borne by members. The guarantee is valid as from exercise of the right to receive pension benefits and in the case of death or disability leading to the early payout of the pension benefit. The "Previdenza Equilibrata" [= balanced pension provision] line mainly invests in bonds issued by government bodies of European countries and, up to 50%, in European equities. The "Previdenza Capitalizzata" [= capitalised pension provision] line invests mainly in European equities.

The Fund's financial resources are managed by Vittoria Assicurazioni SpA. The company can appoint legally enabled parties to perform specific fund management assignments.

The possibility is envisaged for investment of the Fund's resources in CIUs (collective investment undertakings) coming within the scope of the European directive 85/611/EEC, as long as their investment programmes and limits are compatible with those of the Fund's investment lines.

Vittoria Assicurazioni SpA assures payout of annuities. When the right to receive the pension benefit matures, the value of the individual position – supplemented by any related performance guarantee, net of any portion of the benefit to be paid out as a lump capital sum – is used as a single premium to set up an immediate lifetime annuity. Alternatively, the member can request a reversible lifetime annuity or an annuity of a certain amount for 5 or 10 years followed by a lifetime annuity.

Banca Passadore & C. is the Fund's custodian bank. Although it remains responsible, the custodian bank can sub-deposit all or part of the Fund's assets c/o Monte Titoli SpA (the centralised Italian securities depository), c/o the Bank of Italy's centralised management system for deposited securities, or c/o entities handling centralised management of Italian and foreign securities and international banking counterparties.

Accounting policies for assets and liabilities

Financial statements are prepared giving priority to representation of substance rather than form. In order to aid more immediate perception of investment breakdown, items in accounts relating to sale and purchase transactions of financial instruments are recorded based on trading date, not settlement date. Consequently, items in accounts relating to investments in financial instruments include transactions in financial instruments traded but not yet settled, with corresponding entries in "Other financial assets" and "Other financial liabilities".

Income and charges are recorded on an accrual-accounting basis, regardless of collection or payment date.

As an exception to the accrual accounting principle, members' contributions are recorded among income only when they have actually been collected. Consequently, both net assets earmarked for

benefits and individual positions are increased only after collection of contributions. Contributions due but not yet collected are recorded in specific memorandum accounts.

Investments in listed financial instruments are measured at the market prices of the day when valuation is performed. For securities listed on several markets, the most significant markets in terms of trading volume are taken into account. Market prices are the closing prices reported on the Bloomberg terminal.

Investments in CIUs are measured on the basis of the value attributed to each unit by the relevant asset managers.

Investments in unlisted financial instruments are measured according to respective market trends, also considering all other objectively available elements in order to make a prudent estimate of their presumed realisable value as at the reference date.

Assets and liabilities expressed in foreign currencies are stated using the spot exchange rate on balance-sheet date. Forward transactions are measured using the current forward rate ruling as at balance-sheet date for maturities similar to those of the transactions measured.

Criteria for allocation of common costs

Costs common to several segments are allocated to the relevant segment for the full amount whenever this segment can be easily identified. When this is not possible, such costs are instead split between the various segments' in proportion to the latter's respective assets.

Criteria and procedures for estimation of costs and income

Costs and income are estimated on a monthly basis, on occasion of each valuation of units, in compliance with the accrual principle, regardless of collection and payment date.

Fund members

Members numbered 624 at year end, as follows:

	Active consultants	Active employees	Total
Previdenza Capitalizzata	97	183	280
Previdenza Equilibrata	110	97	207
Previdenza Garantita	55	82	137
Total	262	362	624

As at 31 December 142 Fund members have not yet made their first payment

Changes in units issued – “Previdenza Garantita”

The following table shows the number and total value of units existing at the beginning and end of the financial year, and also of units issued and cancelled during the year.

	Number	Value
Existing units at the beginning of the year	23,007	274,681
Units issued	19,481	232,016
Units cancelled *	97	1,154
Existing units at year end	42,392	504,507

* Including those part of units relating to the 2 Euro monthly charged to each member

Notes to the balance sheet - "Previdenza Garantita"

Assets

10 – Investments

- **Managers**

The fund manager is Vittoria Assicurazioni S.p.A..

- **Securities in portfolio**

Securities in portfolio are as follows:

Name	Investment assets	Percentage of total
Ishares ETF DJ Eurostoxx50	7,529	1.5%
SISF Int. Euro Dynamic Growth	27,377	5.4%
Btp 01.02.2013 4,75%	71,561	14.2%
Btp 01.02.2015 4,25%	62,572	12.4%
Btp 01.08.2016 3,75%	107,044	21.2%
Cct 01.11.2011	68,245	13.5%

- **Transactions traded but not yet settled**

None

- **Derivative contracts**

None.

- **Breakdown of investments by geographical area and currency**

All investments are expressed in Euros.

- **Average financial duration of investments**

At 31 December 2007, the modified duration of investments in bonds was equal to 4.87 years.

- **Investments with conflict of interest**

None.

- **Repurchase agreements**

None.

- **Value of acquisitions and sales**

During the year, the fund acquired and sold government securities for Euro 89,393 and Euro 27,169, respectively; acquired and sold OEICs for Euro 43,591 and 5,220, respectively and made switch movements between funds for 24,745 Euro.

- **Trading commissions**

Commissions arising from trading in securities totalled Euro 328 equal to 0.15% of traded volumes.

- **Prepayments and accrued income**

They relate to accrued coupons on the bond in portfolio.

20 – Performance guarantees acquired on individual positions

They relate to the amounts to supplement the assets, due when the guarantee is applicable.

30 – Tax credits

They relate to the substitute tax credit balance of the current year.

Liabilities

10 – Liabilities relating to pension activities

- **Payables relating to pension activities**

These are existing pension-related payables.

20 – Performance guarantees recognised on individual positions

They relate to the amounts to supplement the assets, due when the guarantee is applicable.

30 – Liabilities related to financing activities

- **Other liabilities related to financing activities**

They relate to accrued commissions not yet settled and to accrued contribution due to Covip (Supervisor).

Notes to the profit and loss account - "Previdenza Garantita"

10 - Balance of pension activities

Contributions	Balance at 31/12/2007
Transfers from other sectors	-
Contribution from employers	5,141
Contribution from employees	183,688
Contribution from employees' leaving entitlement	43,187
TOTAL *	232,016
* the amount is stated net of operating costs incurred for each transaction in the profit and loss account	
Transfers and surrenders	Balance at 31/12/2007
Transfers to other sectors	-
Transfers to other pension schemes	-
Surrenders	-
TOTALE	-

20 - Result of financing activity

	Dividends and Interests	Profit and Losses on financial transactions
Listed loan securities	11,155	-4,700
Bank accounts	606	0
OEIC units	0	-3,457
OEIC commissions to be repaid	222	0
Expenses, commissions and tax	0	-244
Total	11,983	-8,401

30 - Operating costs

- **Management company**

Operating costs entirely relate to the management fees due to Vittoria Assicurazioni S.p.A..

- **Other liabilities related to financing activities**

They relate to contribution due to Covip (Supervisor).

“PREVIDENZA EQUILIBRATA” SECTOR
BALANCE SHEET - ACCUMULATION PERIOD

(in euros)

	2007	2006
10 Investments		
a) Bank accounts	246,786	40,682
c) Securities issued by governments or international orga	318,708	169,218
h) OEIC units	219,162	122,867
l) Prepayments and accrued income	4,544	2,342
n) Other financial assets	566	460
30 Tax credits	778	0
TOTAL ASSETS	<u>790,544</u>	<u>335,569</u>
30 Liabilities relating to financing activities		
d) Other liabilities relating to financing activities	728	671
40 Sums payable to taxation authorities	728	671
TOTAL LIABILITIES	<u>728</u>	<u>2,686</u>
100 Net assets allocated to benefits	<u>789,816</u>	<u>332,212</u>

PROFIT AND LOSS ACCOUNT - ACCUMULATION PERIOD

(in euros)

	2007	2006
10 Balance of pension activities		
a) Contributions	470,682	61,156
c) Transfers and surrenders	-6,781	-10,423
e) Erogazioni in forma di capitale	0	-11,989
20 Result of financing activities	-1,938	28,150
a) Dividends and interest	11,595	9,055
b) Profits and losses on financial transactions	-13,533	19,095
30 Operating costs	-5,137	-3,729
a) Management company	-4,986	-3,729
b) Other liabilities relating to financing activities	-151	
40 Change in net assets allocated to benefits before substitute tax (10)+(20)+(30)	<u>456,826</u>	<u>63,165</u>
50 Substitute tax	778	-2,686
Change in net assets allocated to benefits (40)+(50)	<u>457,604</u>	<u>60,479</u>

NOTES TO THE FINANCIAL STATEMENTS "PREVIDENZA EQUILIBRATA"

General information

For information of a general nature, reference should be made to the notes to the "Previdenza Equilibrata" sector.

Variations in units issued - "Previdenza Equilibrata"

The following table sets out the number and value of existing units at year end and units issued or cancelled during the year.

	Number	Value
Existing units at the beginning of the year	29,866	332,212
Units issued	42,746	472,536
Units cancelled *	767	8,635
Existing units at year end	71,845	789,816

* Including those part of units relating to the 2 Euro monthly charged to each member

Notes to the balance sheet - "Previdenza Equilibrata"

Assets

10 – Investments

- Managers

The fund manager is Vittoria Assicurazioni S.p.A..

- Securities in portfolio

Securities in portfolio are as follows:

Name	Investment assets	Percentage of total
AXA Rosenberg PanEuropean Eq B	13,867	1.8%
Lyxor ETF MSCI Europe	48,549	6.2%
SISF Euro Active Value Cl. A	62,921	8.0%
SISF Int. Euro Dynamic Growth	93,825	11.9%
Btp 01.02.2015 4,25%	33,769	4.3%
Btp 01.05.2008 5,00%	37,111	4.7%
Btp 01.08.2016 3,75%	203,670	25.8%
Cct 01.11.2011	44,158	5.6%

- Transactions traded but not yet settled

None

- Derivative contracts

None.

- Breakdown of investments by geographical area and currency

All investments are expressed in Euros.

The indirect currency exposure of investments held by OEIC amounts to 3.82%.

- **Average financial duration of investments**

At 31 December 2007, the modified duration of investments in bonds was equal to 5.39 years.

- **Investments with conflict of interest**

None.

- **Repurchase agreements**

None.

- **Value of acquisitions and sales**

During the year, the fund acquired government securities for Euro 153,955 Euro, acquired OEICs for Euro 105,206 and made switch movements between funds for 98,705 Euro.

- **Trading commissions**

Commissions arising from trading in securities totalled Euro 92 equal to 0.02% of traded volumes.

- **Prepayments and accrued income**

They relate to accrued coupons on the bond in portfolio.

- **Other financial assets**

They relate to the substitute tax credit balance of the current year.

Liabilities

30 – Liabilities related to financing activities

- **Other liabilities related to financing activities**

They relate to accrued commissions not yet settled and to accrued contribution due to Covip (Supervisor).

40 – Tax payables

They relate to the substitute tax payable for the year.

Notes to the profit and loss account – “Previdenza Equilibrata”

10 - Balance of pension activities

Contributions	Balance at 31/12/2007
Transfers from other sectors	-
Contribution from employers	3,481
Contribution from employees	416,411
Contribution from employees' leaving entitlement	52,644
TOTAL *	472,536
* the amount is stated net of operating costs incurred for each transaction in the profit and loss account	
Transfers and surrenders	Balance at 31/12/2007
Transfers to other sectors	-
Transfers to other pension schemes	-
Surrenders	6,781
TOTALE	6,781

20 - Result of financing activity

	Dividends and Interests	Profit and Losses on financial transactions
Listed loan securities	8,522	-4,393
Bank accounts	983	0
OEIC units	0	-8,906
OEIC commissions to be repaid	2,090	0
Expenses, commissions and tax	0	-234
Total	11,595	-13,533

30 - Operating costs

- Management company

Operating costs entirely relate to the management fees due to Vittoria Assicurazioni S.p.A..

- Other liabilities related to financing activities

They relate to contribution due to Covip (Supervisor).

“PREVIDENZA CAPITALIZZATA” SECTOR

BALANCE SHEET - ACCUMULATION PERIOD

(in euros)

	2007	2006
10 Investments		
a) Bank accounts	255,627	96,268
c) Securities issued by governments or international orga	370,467	297,184
h) OEIC units	1,550,752	1,378,614
l) Prepayments and accrued income	5,569	4,369
n) Other financial assets	5,894	5,182
30 Tax credits	8,555	0
TOTAL ASSETS	2,196,864	1,781,617
10 Liabilities relating to pension activities	23,944	0
a) Payables relating to pension activities	23,944	0
30 Liabilities relating to financing activities	2,876	4,813
d) Other liabilities relating to financing activities	2,876	4,813
40 Sums payable to taxation authorities	0	28,591
TOTAL LIABILITIES	26,820	33,404
100 Net assets allocated to benefits	2,170,044	1,748,213

PROFIT AND LOSS ACCOUNT - ACCUMULATION PERIOD

(in euros)

	2007	2006
10 Balance of pension activities	491,048	135,626
a) Contributions	525,759	187,958
c) Transfers and surrenders	-34,711	-52,332
20 Result of financing activities	-45,348	286,228
a) Dividends and interest	39,111	32,285
b) Profits and losses on financial transactions	-84,459	253,943
30 Operating costs	-32,424	-26,309
a) Management company	-32,176	-26,309
b) Other liabilities relating to financing activities	-248	0
40 Change in net assets allocated to benefits before substitute tax (10)+(20)+(30)	413,276	395,545
50 Substitute tax	8,555	-28,591
Change in net assets allocated to benefits (40)+(50)	421,831	366,954

NOTES TO THE FINANCIAL STATEMENTS "PREVIDENZA CAPITALIZZATA"

General information

For information of a general nature, reference should be made to the notes to the "Previdenza Capitalizzata" sector.

Variations in units issued - "Previdenza Capitalizzata"

The following table sets out the number and value of existing units at year end and units issued or cancelled during the year.

	Number	Value
Existing units at the beginning of the year	164,233	1,748,213
Units issued	50,483	529,589
Units cancelled *	3,615	38,541
Existing units at year end	211,101	2,170,044

* Including those part of units relating to the 2 Euro monthly charged to each member

Notes to the balance sheet – "Previdenza Capitalizzata"

Assets

10 – Investments

- **Managers**

The fund manager is Vittoria Assicurazioni S.p.A..

- **Securities in portfolio**

Securities in portfolio are as follows:

Name	Investment assets	Percentage of total
AXA Rosenberg PanEuropean Eq B	50,844	2.3%
Lyxor ETF MSCI Europe	68,352	3.2%
SISF Euro Active Value Cl. A	375,541	17.3%
SISF Int. Euro Dynamic Growth	1,056,015	48.7%
Btp 01.02.2013 4,75%	9,201	0.4%
Btp 01.02.2015 4,25%	70,517	3.3%
Btp 01.05.2008 5,00%	64,192	3.0%
Btp 01.08.2016 3,75%	166,725	7.7%
Btp 01.08.2017 5,25%	34,742	1.6%
Cct 01.11.2011	25,090	1.2%

- **Transactions traded but not yet settled**

None

- **Derivative contracts**
None.
- **Breakdown of investments by geographical area and currency**
All investments are expressed in Euros.
The indirect currency exposure of investments held by OEIC amounts to 2.69%.
- **Average financial duration of investments**
At 31 December 2007, the modified duration of investments in bonds was equal to 5.34 years.
- **Investments with conflict of interest**
None.
- **Repurchase agreements**
None.
- **Value of acquisitions and sales**
During the year, the fund acquired and sold government securities for Euro 114,733 and Euro 35,148, respectively, acquired OEICs for Euro 250,122 and made switch movements between funds for 1,110,938 Euro.
- **Trading commissions**
Commissions arising from trading in securities totalled Euro 133 equal to 0.01% of traded volumes.
- **Prepayments and accrued income**
They relate to accrued coupons on the bond in portfolio.
- **Other financial assets**
They relate to the substitute tax credit balance of the current year.

Liabilities

10 – Liabilities relating to pension activities

- **Payables relating to pension activities**

These are existing pension-related payables.

30 – Liabilities related to financing activities

- Other liabilities related to financing activities

They relate to accrued commissions not yet settled.

40 – Tax payables

They relate to the substitute tax payable for the year.

Notes to the profit and loss account – “Previdenza Capitalizzata”

10 - Balance of pension activities

Contributions	Balance at 31/12/2007
Transfers from other sectors	-
Contribution from employers	53,260
Contribution from employees	343,530
Contribution from employees' leaving entitlement	132,799
TOTAL *	529,589

* the amount is stated net of operating costs incurred for each transaction in the profit and loss account

Transfers and surrenders	Balance at 31/12/2007
Transfers to other sectors	-
Transfers to other pension schemes	23,944
Surrenders	10,767
TOTALE	34,711

20 - Result of financing activity

	Dividends and Interests	Profit and Losses on financial transactions
Listed loan securities	14,722	-6,209
Bank accounts	1,640	0
OEIC units	0	-77,977
OEIC commissions to be repaid	22,749	0
Expenses, commissions and tax	0	-273
Total	39,111	-84,459

30 - Operating costs

- Management company

Operating costs entirely relate to the management fees due to Vittoria Assicurazioni S.p.A..

- Other liabilities related to financing activities

They relate to contribution due to Covip (Supervisor).

Report of the auditors

(This report has been translated from the original Italian text
which was issued in accordance with the Italian legislation)

To the board of directors of
Vittoria Assicurazioni S.p.A.

1. We have audited the financial statements relating to the accumulation period of the "Previdenza Equilibrata" sector of the Vittoria Formula Lavoro open pension fund as at and for the year ended December 31st, 2007. These financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to our report issued on March 22nd, 2007 on the prior year figures which are presented for comparative purposes as required by law.

3. In our opinion, the financial statements relating to the accumulation period of the "Previdenza Equilibrata" sector of the Vittoria Formula Lavoro open pension fund as at and for the year ended December 31st, 2007 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and changes in net assets allocated to the benefits of the sector.

Milan, March 27th, 2008

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Paolo Scelsi

Report of the auditors

(This report has been translated from the original Italian text
which was issued in accordance with the Italian legislation)

To the board of directors of
Vittoria Assicurazioni S.p.A.

1. We have audited the financial statements relating to the accumulation period of the "Previdenza Capitalizzata" sector of the Vittoria Formula Lavoro open pension fund as at and for the year ended December 31st, 2007. These financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to our report issued on March 22nd, 2007 on the prior year figures which are presented for comparative purposes as required by law.

3. In our opinion, the financial statements relating to the accumulation period of the "Previdenza Capitalizzata" sector of the Vittoria Formula Lavoro open pension fund as at and for the year ended December 31st, 2007 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and changes in net assets allocated to the benefits of the sector.

Milan, March 27th, 2008

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Paolo Scelsi

Report of the auditors

(This report has been translated from the original Italian text
which was issued in accordance with the Italian legislation)

To the board of directors of
Vittoria Assicurazioni S.p.A.

1. We have audited the financial statements relating to the accumulation period of the "Previdenza Garantita" sector of the Vittoria Formula Lavoro open pension fund as at and for the year ended December 31st, 2007. These financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to our report issued on March 22nd, 2007 on the prior year figures which are presented for comparative purposes as required by law.

3. In our opinion, the financial statements relating to the accumulation period of the "Previdenza Garantita" sector of the Vittoria Formula Lavoro open pension fund as at and for the year ended December 31st, 2007 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and changes in net assets allocated to the benefits of the sector.

Milan, March 27th, 2008

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Paolo Scelsi

Management attestation

Attestation of consolidated annual financial statements pursuant to Article 82/3 of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Roberto Guarena and Mario Ravasio, in their respective capacities of Managing Director and Corporate Financial Reporting Manager of Vittoria Assicurazioni SpA, herewith attest, also having taken into account the requirements of Article 154/2, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998 [the Italian Finance Act]:
 - The adequacy of such statements in relation to the enterprise's characteristics, and
 - Effective application of administrative and accounting procedures for formation of financial statements during the period 1 January 2007-31 December 2007.
2. No significant aspects have emerged in this respect.
3. It is also attested that annual financial statements as at 31 December 2007:
 - a) Match corporate books and accounting records
 - b) Having been prepared in compliance with (a) the Italian Civil Code, (b) the requirements indicated in Italian Legislative Decree no. 173 of 26 May 1997, (c) the Italian Legislative Decree no. 209 of 7 September 2005, and (d) applicable ISVAP (Italian insurance regulator) ordinances, regulations, and circulars, are – to the best of their knowledge – such as to provide fair and true representation of the assets and liabilities, profit or loss, and financial position of the issuer.

Milan, 27 March 2008

Roberto Guarena
Managing Director

Mario Ravasio
Corporate Financial Reporting Manager

Board of Statutory Auditors' Report

VITTORIA ASSICURAZIONI SpA

Board of Statutory Auditors' Report
to the Shareholders' Meeting,
pursuant to Article 153 of Italian Legislative Decree
58/1998

To Shareholders

During the course of FY2007 we performed the supervisory activity envisaged by law, by the CONSOB (Italian securities & exchange commission) memoranda, by the ISVAP (Italian insurance regulator), and by established professional practices.

More specifically, in compliance with the tasks attributed to the Board of Statutory Auditors by Italian Legislative Decree 58/1998, we herewith officially report that we:

- Attended meetings of the Board of Directors and received at least quarterly information from directors on the activity performed and on the most important transactions in business, financial, and capital terms undertaken by the company and its subsidiaries, assuring ourselves that the decisions taken complied with law and the corporate purpose and were not in a situation of conflict of interest or contrary to shareholders' resolutions;
- Ascertained, within our sphere of competence, observance of standards of proper management by directors in performance of their tasks, by means of direct observation and gathering of information from those responsible for administrative compliance and from meetings with the independent auditor to exchange relevant data and information;
- Overseen during the financial year the adequacy of the internal control and administrative & accounting systems, as well as the latter's reliability for proper representation of operating events, by obtaining information from the heads of the various functions – including the Corporate Financial Reporting Manager - and via periodical meetings with the independent auditor, who during the year informed us of the outcome of its quarterly checks of proper keeping of accounts;
- Noted, during periodical checks, the regularity of what had been properly allocated to cover technical reserves, as required by ISVAP circular 176/1992;
- Performed the controls required by the ISVAP concerning insurance books and registers, classification and measurement of

the securities portfolio, anti-money laundering regulations, and use of financial derivatives.

Quanto al Bilancio di Esercizio ed al Bilancio Consolidato la Società di Revisione ha rilasciato in data odierna relazioni di revisione senza rilievi e senza richiami di informativa.

Inoltre, in aderenza alle raccomandazioni CONSOB, il Collegio Sindacale precisa che:

As far as individual and consolidated year-end accounts are concerned, on today's date the independent auditor issued its audit reports, unqualified and without any reference to specific disclosures.

In addition, in accordance with CONSOB recommendations, the Board of Statutory Auditors herewith specifies that:

- Information provided by the Board of Directors, also specifically regarding subsidiaries and infragroup and related-party transactions, is believed to be adequate;
- No atypical or unusual transactions were executed either with infragroup companies or with related parties, and not even with third parties, as attested by directors in the Directors' Report;
- Profit for the year reported in consolidated financial accounts was significantly affected by the overall net result of the associate company Yarpa International Holding NV, mostly due to disposal of the French real estate company Cogedim SA. As regards this, we report that this was a normal transaction executed with unrelated parties;
- Ordinary transactions with infragroup companies and related parties took place at market conditions, correspond to the company's interest, and were executed in compliance with the specific procedure approved by the Board of Directors. They are described in the Directors' Report with specification of their entity and their economic effects on the year's result;
- No particularly important events were reported after year-end;
- The internal control system is effective and adequate, as emerged in the Internal Control Committee's periodical meetings, at which the Board of Statutory Auditors was always represented, as well as in meetings with the chief internal auditor;
- During FY2007 there were 8 meetings of the Board of Directors and 7 meetings of the Board of Statutory Auditors;
- The instructions given by the company to subsidiaries pursuant to Article 114, paragraph 2, of Italian Legislative Decree 58/1998 are believed to be adequate;

- The company some time ago accepted the Italian Corporate Governance Code (2002 version) issued by the Italian committee for the corporate governance of listed companies and has transposed it in the terms indicated in its related report to the Shareholders' Meeting, which also reports on the aforementioned Code (2007 version).

During FY2007 no assignments other than the specific independent auditing mandate were awarded to the auditing company BDO Sala Scelsi Farina SpA. No assignments were awarded to parties connected with the auditing company.

In informing you that, during our supervisory activity, as described above, we did not receive any exposés or complaints pursuant to Article 2408 of the Italian Civil Code, nor did facts emerge such as to require reporting to the relevant supervisory authorities or mention in this report, we express a favourable opinion on approval of year-end financial statements as at 31 December 2007.

As regards allocation of the year's earnings, we agree with the proposal of the Board of Directors, which, after having allocated the amount of € 442,893 to the legal reserve, allocates € 30,498,936 to the available reserve, whilst allocating the amount of € 5,553,235 to the dividend to be distributed.

Milan, 11 April 2008

THE BOARD OF STATUTORY AUDITORS

Angelo Casò

Giovanni Maritano

Livio Strazzera

Report of Independent auditors

Report of the auditors in accordance with article 156 of legislative decree n. 58 of 24 February 1998 and article 102 of legislative decree n. 209 of 7 September 2005

(This report has been translated from the original Italian text which was issued in accordance with the Italian legislation)

To the shareholders of
Vittoria Assicurazioni S.p.A.

1. We have audited the financial statements of Vittoria Assicurazioni S.p.A. as at and for the year ended December 31st, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. With respect to the examination of technical reserves accounted for under liabilities in the balance sheet, we also referred to the attached report issued by a qualified actuary in accordance with article 102 of legislative decree n. 209/2005. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report issued by us on April 11th, 2007 for our opinion on the prior year figures which are presented for comparative purposes as required by law.

3. In our opinion, the financial statements of Vittoria Assicurazioni S.p.A. as at and for the year ended December 31st, 2007 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the company.

Milan, April 11th, 2008

BDO Sala Scelsi Farina
Società di Revisione per Azioni



Paolo Scelsi
(Director)



**REPORT OF THE ACTUARY
IN ACCORDANCE WITH ART. 102, OF LEGISLATIVE DECREE NO. 209 OF
SEPTEMBER 7TH 2006: "CODICE DELLE ASSICURAZIONI PRIVATE".**

*To the auditors
BDO SALA SCELSI FARINA
Via Andrea Appiani, 12
20121 Milano*

Rome, April 10th 2008

OBJECT: VITTORIA ASSICURAZIONI S.P.A.
Financial Statements as at and for the year ended December 31st 2007

1. In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves included in the balance sheet liabilities of the financial statements of VITTORIA ASSICURAZIONI S.p.A as at and for the year ended December 31st 2007, in order to express my opinion on the adequacy of the above technical reserves in accordance with the relevant laws and regulations and correct actuarial practices in compliance with the guidelines set out in article 2 of ISVAP regulation no. 845 of April 1st 1998.
2. In my opinion, the technical reserves – non-life business- of VITTORIA ASSICURAZIONI S.p.A at December 31st 2007 taken as a whole, are sufficient in accordance with relevant law and regulations and correct actuarial practices in compliance with the guidelines set out in article 2 of the above ISVAP regulation.
3. In my opinion, the technical reserves – life business – of VITTORIA ASSICURAZIONI S.p.A at December 31st 2007 taken as a whole, are sufficient in accordance with relevant laws and regulations and correct actuarial practices in compliance with the guidelines set out in article 2 of the above ISVAP regulation.

The Actuary

(Prof. Paolo De Angelis)

**A.C.R.A.
Associazione per la Consulenza e la Ricerca Attuariale**

Via Nizza n. 63 - 00198 Roma Tel. 0684242534 Fax 0685865685
Partita IVA n. : 06920691000
C. Fiscale n. : 06920691000

SUMMARISED RESOLUTIONS OF THE SHAREHOLDERS' MEETING

On 29 April 2008, the shareholders of Vittoria Assicurazioni S.p.A. met for the ordinary shareholders' meetings.

The shareholders, after reading the report of the board of statutory auditors, approved the directors' report, the 2007 financial statements and the distribution of a dividend of Euro 0.17 to each of the 32,666,088 outstanding shares.

Company's development from incorporation

YEAR	PREMIUS			Technical reserves and payable amounts net of reinsurance			Capital income net of charges			Monetary revaluation reserves			Net profit			Equity reserves			Share capital fully paid-up		
	Gross	Ceded	Retained	2	1	1	0	0	0	-	0	0	0	0	0	0	0	0	0	0	
1922	6	4	2	1	1	1	0	0	0	-	0	0	0	0	0	0	0	0	0	3	
1930	6	3	3	2	2	4	0	0	0	-	0	0	0	0	0	0	0	0	0	3	
1940	14	6	8	7	15	1	-	-	-	-	0	0	0	0	0	0	0	0	0	6	
1950	424	165	259	176	301	14	14	14	14	-	0	0	0	0	0	0	0	0	0	62	
1960	1,581	353	1,227	1,685	2,061	104	-	-	-	-	63	3	222	222	222	222	222	222	222	258	
1970	4,525	844	3,681	6,800	5,814	319	-	-	-	-	25	25	425	425	425	425	425	425	425	258	
1975	10,092	1,693	8,399	12,943	11,186	632	1,046	1,046	1,046	1,046	1	1	1,099	1,099	1,099	1,099	1,099	1,099	1,099	258	
1980	24,693	5,436	19,257	30,174	22,649	2,140	2,140	2,140	2,140	2,140	271	271	2,979	2,979	2,979	2,979	2,979	2,979	2,979	1,033	
1985	57,175	10,124	47,051	74,108	76,515	8,150	8,150	8,150	8,150	8,150	4,912	4,912	6,023	6,023	6,023	6,023	6,023	6,023	6,023	1,291	
1990	112,689	11,074	101,616	168,239	198,395	18,440	18,440	18,440	18,440	18,440	781	781	4,704	4,704	4,704	4,704	4,704	4,704	4,704	15,494	
1991	134,123	16,245	117,877	205,814	233,988	23,271	4,266	4,266	4,266	4,266	3,188	3,188	45,490	45,490	45,490	45,490	45,490	45,490	45,490	15,494	
1992	154,447	19,140	135,307	244,818	260,910	27,683	3,931	3,931	3,931	3,931	4,168	4,168	45,731	45,731	45,731	45,731	45,731	45,731	45,731	15,494	
1993	165,536	25,865	139,671	282,544	305,133	32,111	3,911	3,911	3,911	3,911	4,155	4,155	47,126	47,126	47,126	47,126	47,126	47,126	47,126	15,494	
1994	178,889	23,968	154,921	329,168	352,350	29,155	3,911	3,911	3,911	3,911	4,147	4,147	48,638	48,638	48,638	48,638	48,638	48,638	48,638	15,494	
1995	197,690	17,744	179,946	392,946	393,862	35,550	3,911	3,911	3,911	3,911	4,220	4,220	50,146	50,146	50,146	50,146	50,146	50,146	50,146	15,494	
1996	221,584	20,185	201,399	467,309	460,189	39,109	3,911	3,911	3,911	3,911	4,264	4,264	51,595	51,595	51,595	51,595	51,595	51,595	51,595	15,494	
1997	249,580	20,195	229,385	553,201	550,231	36,523	3,911	3,911	3,911	3,911	4,665	4,665	51,965	51,965	51,965	51,965	51,965	51,965	51,965	15,494	
1998	289,033	54,849	234,184	614,684	653,252	44,466	3,911	3,911	3,911	3,911	6,322	6,322	54,012	54,012	54,012	54,012	54,012	54,012	54,012	15,494	
1999	339,363	67,464	271,899	700,653	762,696	41,342	3,911	3,911	3,911	3,911	8,400	8,400	57,562	57,562	57,562	57,562	57,562	57,562	57,562	15,494	
2000	391,485	79,638	311,847	818,799	898,521	34,209	3,911	3,911	3,911	3,911	6,835	6,835	63,038	63,038	63,038	63,038	63,038	63,038	63,038	15,494	
2001	386,400	77,879	308,521	884,849	978,279	19,300	3,911	3,911	3,911	3,911	10,744	10,744	52,289	52,289	52,289	52,289	52,289	52,289	52,289	15,494	
2002	407,094	83,605	323,449	934,347	1,027,554	21,975	3,911	3,911	3,911	3,911	12,806	12,806	59,733	59,733	59,733	59,733	59,733	59,733	59,733	15,494	
2003	457,564	95,129	362,435	1,005,640	1,114,418	46,385	3,911	3,911	3,911	3,911	15,147	15,147	68,939	68,939	68,939	68,939	68,939	68,939	68,939	15,494	
2004	519,268	94,965	424,303	1,115,862	1,234,421	47,511	3,911	3,911	3,911	3,911	17,779	17,779	80,186	80,186	80,186	80,186	80,186	80,186	80,186	15,494	
2005	551,202	86,514	464,688	1,198,173	1,322,597	49,000	3,911	3,911	3,911	3,911	20,330	20,330	93,765	93,765	93,765	93,765	93,765	93,765	93,765	15,494	
2006	587,489	75,717	511,772	1,305,203	1,451,137	67,146	3,911	3,911	3,911	3,911	27,437	27,437	111,310	111,310	111,310	111,310	111,310	111,310	111,310	15,494	
2007	636,526	50,281	586,245	1,443,579	1,557,261	66,341	3,911	3,911	3,911	3,911	36,495	36,495	142,290	142,290	142,290	142,290	142,290	142,290	142,290	15,494	