

Vittoria Assicurazioni

SOCIETÀ PER AZIONI
REGISTERED OFFICES: VIA CALDERA, 21 - 20153 MILAN - ITALY
SHARE CAPITAL: EURO 32,666,088 FULLY PAID-UP
FISCAL CODE AND MILAN COMPANIES REGISTER
NO. 01329510158 - REA NO. 54871
COMPANY AUTHORISED TO CARRY OUT INSURANCE ACTIVITIES
PURSUANT TO ARTICLE 65 OF LEGISLATIVE DECREE NO. 966
OF 29 APRIL 1923

87th Year of activity

Consolidated
quarterly report at
31 March 2008

Board of Directors' meeting
of 13 May 2008



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

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BOARD OF DIRECTORS

Luigi GUATRI
Giorgio COSTA

Honorary Chairman
Chairman

Andrea ACUTIS
Carlo ACUTIS

Executive Deputy Chairman
Executive Deputy Chairman

Roberto GUARENA

Managing Director

Adriana ACUTIS BISCARETTI di RUFFIA
Francesco BAGGI SISINI
Tiberto BRANDOLINI d'ADDA
Marco BRIGNONE
Arnaud HELLOUIN de MENIBUS
Pietro Carlo MARSANI
Giorgio MARSIAJ
Edgar MÜLLER-GOTTHARD
Lodovico PASSERIN d'ENTREVES
Luca PAVERI FONTANA
Robert RICCI
Giuseppe SPADAFORA

Director
Independent director
Independent director
Independent director
Independent director
Independent director
Independent director
Independent director
Independent director
Independent director
Director
Independent director
Independent director

Mario RAVASIO

Secretary

BOARD OF STATUTORY AUDITORS

Angelo CASÒ

President

Giovanni MARITANO
Livio STRAZZERA

Standing statutory auditor
Standing statutory auditor

Ferruccio ARALDI
Sergio VASCONI

Substitute statutory auditor
Substitute statutory auditor

GENERAL MANAGEMENT

Cesare CALDARELLI
Mario RAVASIO

Joint General Manager
Joint General Manager

Enrico CORAZZA
Antonio MASSOCCO
Piero Angelo PARAZZINI

Central Manager
Central Manager
Central Manager

INDEPENDENT AUDITOR

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

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.

Report format and content

The European directive 2004/109/EC (the so-called Transparency Directive) was transposed in Italian law with Legislative Decree 195/2007, which has amended the Italian Consolidated Finance Act. As regards financial reporting, the new articles 154/2 and 154/3 have been introduced.

Based on Article 154/3, paragraph 5, Italian issuers with shares listed in Italian regulated markets must prepare an interim management statement within 45 days after the quarter's end date.

Borsa Italiana SpA (the company managing the Milan Bourse) has requested, solely for the first quarter of 2008, preparation of a quarterly interim report as per the Market Regulation for companies in the STAR segment, including Vittoria Assicurazioni SpA. Consequently, the consolidated quarterly interim report for the quarter ending on 31 March 2008, which has been prepared in accordance with IFRSs, continues to be presented in compliance with Article 82 of CONSOB (Italian securities & exchange commission) resolution no. 11971 of 14 May 1999 as subsequently amended.

The report, prepared in accordance with Annex 3D of the aforesaid resolution, consists of a directors' report, which comments on the group's performance and the main events in the period, the interim financial statements and related notes.

In addition to the consolidated income statement and the income statement by business segment, it has been deemed appropriate also to include the direct operating parent company's reclassified income statement, drawn up in compliance with Italian GAAPs, thus providing greater information on insurance operating performance.

All insurance technical data, shown in the various tables in the report on operating performance, refer to Vittoria Assicurazioni SpA, which is the Group's only insurance company.

Unless otherwise indicated, figures in this report are expressed in thousands of euro (€ '000).

Accounting policies

The rules for preparation and accounting policies adopted for the preparation of the consolidated quarterly interim report are the same as those used for the annual consolidated financial statements. Accordingly, reference should be made to the "Accounting policies" section of the Consolidated Annual Report for the year ending on 31 December 2007. Nevertheless, given the faster presentation required than in the case of annual financial statements and since this is an interim report, use has been made – consistently with the period's operating data – of appropriate estimation methods.

Vittoria Assicurazioni group and consolidation scope

Consolidated investments

The following companies have been consolidated on a line-by-line basis:

	Registered Offices	Share Capital Euro	%Ownership		Via
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	32,666,088			
Vittoria Immobiliare S.p.A.	Milan	16,600,000	87.24%		
Immobiliare Bilancia S.r.l.	Milan	2,000,000	100.00%		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00%		
Immobiliare Bilancia Seconda S.r.l.	Milan	1,000,000	100.00%		
Immobiliare Bilancia Terza S.r.l.	Milan	100,000	100.00%		
Lauro 2000 S.r.l.	Milan	15,000,000	100.00%		
Vittoria Properties S.r.l.	Milan	4,000,000	99.00%	1.00%	Vittoria Immobiliare S.p.A.
Interbilancia S.r.l.	Milan	80,000	80.00%	20.00%	
Vittoria Service S.r.l.	Milan	100,000	70.00%	30.00%	
Gestimmobili S.r.l.	Milan	104,000		80.00%	Vittoria Immobiliare S.p.A.
Acacia 2000 S.r.l.	Milan	100,000		100.00%	
Interimmobili S.r.l.	Rome	104,000		80.00%	
Forum Mondadori Residenze S.r.l.	Milan	100,000		70.00%	
Cadorna Real Estate S.r.l.	Milan	10,000		70.00%	
V.R.G. Domus S.r.l.	Turin	1,000,000		51.00%	
Vaimm Sviluppo S.r.l.	Milan	100,000		51.00%	
Parco Fidenae S.r.l.	Rome	50,000		51.00%	
Valsalaria S.r.l.	Rome	10,000		51.00%	
Aspevi S.r.l.	Milan	10,400		100.00%	Interbilancia S.r.l.
Vittoria.Net S.r.l.	Milan	10,400		100.00%	

The changes involving the Group as up to 31 March 2008 were as follows:

Valsalaria Srl – 51% equity interest

On 17 January 2008, Vittoria Immobiliare SpA acquired a 51% equity interest in the company Valsalaria Srl, with an outlay of € 87 thousand

Vittoria.Net Srl – 100% equity interest

In February, Interbilancia Srl paid € 90 thousand to the subsidiary Vittoria.Net Srl for a future capital increase.

Unconsolidated companies

The following companies are booked at equity:

	Registered Offices	Share Capital Euro	%Ownership		Via
			Direct	Indirect	
Yarpa International Holding N.V.	Amsterdam Netherlands	675,000	25%		
Laumor B.V.	Amsterdam Netherlands	20,000	25%		
S.In.T. S.p.A.	Turin	1,000,000	48.19%		
Yarpa S.p.A.	Genoa	9,635,000	20.91%		
White Finance S.A	Luxembourg	1,000,000	32.17%		
Laumor Holdings S.a.r.l.	Luxembourg	12,500	29.00%		
Gima Finance S.A.	Luxembourg	31,000	32.13%		
Sivim S.r.l.	Milan	60,000		49.50%	} Vittoria Immobiliare S.p.A.
Rovimmobiliare S.r.l	Rome	20,000		50.00%	
Mosaico S.p.A.	Turin	500,000		25.00%	
Pama & Partners S.r.l.	Genoa	1,200,000		25.00%	
Le Api S.r.l.	Milan	10,400		30.00%	Interbilancia S.r.l.
Consorzio Movincom S.c.r.l.	Turin	100,000 *		40.00%	Vittoria.Net S.r.l.

* of which paid euro 25,000

Changes occurring during the quarter:

Consorzio Movincom Srl

In February, Vittoria.Net Srl, with an outlay of € 10 thousand took part, for its quota of 40%, in the foundation of the Movincom consortium, whose mission is development of payments via mobile telephones. The associate company S.In.T SpA subscribed the other 60% quota.

Laumor Holdings Sarl

The operating parent company paid € 503 thousand to the associate as an increase of the quota premium reserve.

Gima Finance SA

The operating parent company paid € 467 thousand to the associate as an increase of the share premium reserve.

Directors' Report

Performance of the Vittoria Assicurazioni Group

Actual results at the end of the first quarter of 2008 (1Q08) showed consolidated net profit attributable to parent company shareholders of € 8,540 thousand vs. € 6,646 thousand in the same period in the previous year (1Q07) (i.e. +28.5%).

Improvement in the insurance business in the quarter was set against a negative contribution from the real estate business. This reflects investments made and still underway, for which economic returns are expected in the second part of the year, and above all in future financial years.

Investments - which amounted to a total of € 2,038,435 thousand, of which € 88,550 thousand relating to investments for which risk is borne by policyholders and € 1,949,885 thousand to investments for which risk is borne by the Group – showed an increase of 3.9% vs. status as at 31 December 2007.

Net gains for investments for which risk is borne by the Group amounted to € 13,052 thousand vs. € 15,300 thousand in 1Q07 (-14.7%).

Equity attributable to parent company shareholders amounted to € 327,149 thousand (+2.0% vs. status as at 31/12/2007) whilst minority interest amounted to € 5,506 thousand.

As at 31 March 2008 the direct operating parent company showed a net profit – based on Italian GAAPs – of € 8,469 thousand (vs. € 5,512 thousand in 1Q07) with an increase of 53.6% YoY.

INSURANCE BUSINESS

Profit for the insurance business, before taxes and intersegment eliminations, amounted to € 13,623 thousand (€ 10,712 thousand as up to 31/03/2007). The key operating items contributing to the period's result are described below.

Total collections in 1Q08 amounted to € 151,518 thousand (+5.2% vs. collections of € 144,015 thousand in 1Q07), of which € 150,781 thousand for insurance premiums and € 737 thousand for index- and unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums – which do not include contracts considered to be financial instruments – featured an increase of 9.9% vs. 1Q07. As shown in the specific table, they also featured a major increase in Class I – whole and term-life insurance – set against a decrease in Class V – capital redemption insurance.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by +3.9%. Specifically:

- Motor premiums progressed by 4.5% (Land motor TPL +4.9%; Ship (sea, lake, and river) TPL +8.3%, Land vehicle hulls +2.0%; and Assistance +16.2%)
- Premiums for other non-marine insurance (which excludes the specialty categories, i.e. marine & transport, aviation, and bond insurance) grew by 2.6%
- Premiums for specialty categories increased by 1.6%.

Parent company shareholders' share of associates' profits amounted to € 335 thousand (vs. € 1,162 thousand in 1Q07). These results, mainly recognised in the Non-Life section of the income statement

presented by business segment, chiefly related to the results of real estate and private equity companies.

REAL ESTATE BUSINESS

The loss made by the real estate business, before taxes and intersegment eliminations, amounted to € -1,693 thousand (vs. a profit of € 23 thousand in 1Q07) and featured contributors to the income statement that, before intersegment eliminations, included:

- Income earned on properties from trading (€ 241 thousand) and development (€ 42 thousand) totalling € 283 thousand (€ 2,512 thousand in 1Q07)
- Revenues from real estate brokerage and management services of € 183 thousand and rental income of € 52 thousand (respectively € 429 thousand and € 215 thousand in 1Q07).

The current policy implemented by the Group in the real estate business focuses primarily on development and promotion operations, whereas the weight of the trading business decreased in the period. We highlight the fact that, in the quarter, Acacia 2000 Srl stipulated a syndicated mortgage loan agreement for development of the "Portello" residential area. The total loan accorded by the banking syndicate co-ordinated by Cassa di Risparmio di Parma e Piacenza SpA amounts to € 180,000 thousand, of which € 87,750 thousand already paid out to finance purchase of the area.

SERVICE BUSINESS

Revenues for services rendered in 1Q08 by Group companies, before elimination of intercompany services, amounted to € 1,062 thousand. These revenues included € 908 thousand for commissions and services rendered to the direct operating parent company and € 154 thousand for revenues from third parties.

This segment showed a profit in the period, before tax and minority interest, of € 63 thousand (€ 72 thousand in 1Q07).

Review of operations

Premiums

In consolidated accounts premiums are shown net of index- and unit-linked contracts and those relating to the open-ended pension fund Vittoria Formula Lavoro, since under IFRS 4 these revenues – which amounted to € 737 thousand (€ 586 thousand in 1Q07) – are not considered to be insurance premiums.

Premiums collected in 1Q08 thus amounted to € 150,781 thousand. The following table shows portfolio mix and changes occurring by insurance segment (Life and Non-Life).

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 1Q08 AND 1Q07 DIRECT AND INDIRECT BUSINESS

	(in thousand of euros)				
	31/03/2008	31/03/2007	YoY change %	% of total book	
				2008	2007
Domestic direct business					
Life business					
I Whole- and term life	27,187	24,115	12.7	18.0	16.8
IV Health (long-term care)	51	43	18.6	0.0	0.0
V Capitalisation	4,335	4,566	- 5.1	2.9	3.2
Total Life business	31,573	28,724	9.9	20.9	20.0
Non-Life business					
Accident	6,197	5,850	5.9	4.1	4.1
Health	1,736	1,693	2.5	1.2	1.2
Fire and natural events	4,965	5,326	-6.8	3.3	3.7
Miscellaneous damage	3,797	3,365	12.8	2.5	2.4
General TPL (third-party liability)	6,889	6,574	4.8	4.6	4.6
Pecuniary losses	6,125	6,184	-1.0	4.0	4.3
Legal protection	641	594	7.9	0.4	0.4
Total non-marine lines (exc. specialty and motor)	30,350	29,586	2.6	20.1	20.6
Aircraft hulls	251	197	27.4	0.2	0.1
Marine hulls	133	115	15.7	0.1	0.1
Cargo insurance	676	553	22.2	0.5	0.4
Aviation TPL	8	34	-76.5	0.0	0.0
Bond insurance	2,142	2,262	-5.3	1.4	1.6
Total specialty lines	3,210	3,161	1.6	2.2	2.2
Third-party motor liability	69,928	66,694	4.9	46.4	46.5
Third-party marine liability	39	36	8.3	0.0	0.0
Motor vehicle hulls	14,448	14,171	2.0	9.6	9.9
Support and assistance	1,128	971	16.2	0.7	0.7
Total motor lines	85,543	81,872	4.5	56.7	57.1
Total Non-Life business	119,103	114,619	3.9	79.0	79.9
Total direct business	150,676	143,343	5.1	99.9	99.9
Domestic indirect business					
Life business	-	-	n.v	0.0	0.0
Non-Life business	105	86	22.1	0.1	0.1
Total indirect business	105	86	22.1	0.1	0.1
Grand Total	150,781	143,429	5.1	100.0	100.0

The table below shows the geographical spread of agencies and geographical breakdown of direct domestic business.

(in thousands of Euros)

Regions	Non-Life Business			Life Business	
	Agencies	Premiums	%	Premiums	%
NORTH					
Emilia Romagna	21	8,892		1,126	
Friuli Venezia Giulia	3	1,290		138	
Liguria	8	4,171		474	
Lombardy	59	31,066		7,926	
Piedmont	26	8,417		890	
Trentino Alto Adige	5	2,068		123	
Valle d'Aosta	1	432		20	
Veneto	22	8,285		1,473	
Total	145	64,621	54.3	12,170	38.5
CENTRE					
Abruzzo	7	4,480		549	
Lazio	25	18,738		15,765	
Marche	8	2,079		165	
Tuscany	20	9,669		798	
Umbria	11	5,133		706	
Total	71	40,099	33.7	17,983	57.0
SOUTH AND ISLANDS					
Basilicata	2	1,171		93	
Calabria	2	930		20	
Campania	6	2,895		370	
Puglia	4	3,708		280	
Sardinia	2	1,583		29	
Sicily	7	4,096		628	
Total	23	14,383	12.1	1,420	4.5
Overall total	239	119,103	100.0	31,573	100.0

The company does not operate under freedom-to-provide-service provisions or via secondary establishments in other EU and non-EU countries.

Life business

Premiums

Direct premiums written in 1Q08 amounted to € 31,573 thousand (€ 28,724 thousand in 1Q07), of which € 20,705 thousand for single premiums and € 10,868 thousand for annual premiums, respectively accounting for 65.6% and 34.4% of the total.

Claims, accrued capital sums & annuities, and surrenders

The comparison relating to claims, accruals and surrenders for the first quarter of the year is shown in the following table:

	(in thousands of Euros)	
	31/03/2008	31/03/2007
Claims	2,038	393
Accrued sums and annuities	9,275	9,212
Surrenders	4,811	4,767
Total	16,124	14,372

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.

In 1Q08 ceded premiums amounted to € 654 thousand.

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

Premiums

Direct premiums written in 1Q08 amounted to € 119,103 thousand (€ 114,619 thousand in 1Q07) and featured an increase of 3.9% YoY.

Technical performance

The following table shows – in total and by categories of insurance lines – the technical results of direct and indirect business, net of outward reinsurance and equalisation reserves, compared with the same data for 1Q07. The result shown does not take into account allocation of investment income achieved in the period.

Non Life Business - 1Q2008 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	31.03.2008 Technical result	31.03.2007 Technical result
Non - Marine lines	1,326	56	-21	1,361	895
Specialty business	-516	9	-2	-509	-1,289
Motor business	7,866	0	-43	7,823	4,498
Total Non Life Business	8,677	65	-67	8,675	4,104

Non-Marine Lines (exc. Specialty and Motor)

Non-marine premiums increased by 2.6%. The technical result, already positive in 1Q07, showed further improvement.

Specialty lines

Premiums in the Specialty category increased by 1.6% in the period. The overall technical result was still negative, albeit further improving vs. 1Q07.

Motor lines

These lines featured 4.5% growth of premiums written, thanks to the increase in vehicles/year in the TPL segment. The positive technical result improved significantly vs. that of 1Q07.

Claims

Reported claims

The following tables concerning reported claims have been prepared based on the data of positions opened in the period in question. Data are compared with those of the same period in the previous FY:

(in thousands of euros)						
	31/03/08		31/03/07		Change %	
	number	total cost	number	total cost	number	total cost
Total non-motor businesses	8,491	20,227	7,357	15,916	15.4	27.1
Total Special businesses	129	1,096	158	2,824	-18.4	-61.2
Total motor businesses	25,355	65,653	21,677	45,692	17.0	43.7
Total non-life businesses	33,975	86,976	29,192	64,432	16.4	35.0

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

(in thousands of euros)			
Branch	Claim handling Type	31/03/08	
		Number	Total cost
Motor TPL - land	K-for-K - liable	11,152	19,290
Motor TPL - land	K-for-K - originator	15,030	34,137
Motor TPL - land	Non K-for-K claims	5,913	28,693
Motor TPL - watercraft	Non K-for-K claims	7	34
Total Motor T.P.L. claims handled		32,102	82,154

The company received claim event reports to be managed as originator (i.e. as claimant for the damaged party) under the knock-for-knock system for a total of 18,721 operations/positions. Against the cost of € 34,137 thousand, the company will execute recoveries totalling € 25,249 thousand from the other insurers. This is based on the forfeitary amounts established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

Claims settled

The total amount of claims settled and the amount charged to reinsurers, broken down according to the period to which they refer, is summarised in the following table:

(in thousands of euros)

	Claims paid 31/03/08			Claims recovered from reinsurers	Claims paid 31/03/07			Change gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Total non-motor businesses	1,771	10,798	12,569	220	2,003	11,060	13,063	-3.8
Total Special businesses	40	2,107	2,147	818	1,101	1,057	2,158	-0.5
Total motor businesses	10,024	54,938	64,962	5,518	8,242	43,344	51,586	25.9
Total non-life businesses	11,835	67,843	79,678	6,556	11,346	55,461	66,807	19.3

The cost includes the amount incurred in 1Q08 for the contribution to the guarantee fund for road-accident victims. This totalled € 1,691 thousand vs. € 1,644 thousand in 1Q07.

Reinsurance

Outward reinsurance

As far as outward reinsurance is concerned, the corporate policy is based on selective underwriting of risks and on book development and consistency in relation to the risks covered. It aims to balance net retention. Transactions are undertaken internationally with players in the reinsurance markets featuring high ratings.

The main treaties in place are the following:

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
Third party marine liability	Voluntary-mandatory
Cargo (goods in transit)	Voluntary-mandatory
Fire and natural events	Excess claims
Motor TPL	Excess claims
Aviation TPL	Pure premium for general aviation
General TPL	Excess claims
	Pure premium for general aviation
Suretyship	Pure premium
Legal protection	Pure premium
Assistance	Pure premium

Inward reinsurance

Acceptance of inward reinsurance risks mainly arises from participation in syndications and from business concerning Aviation hulls – flight risks.

Ceded and retroceded premiums in 1Q08 amounted to € 4,870 thousand (€12,574 thousand in 1Q07).

Commercial organisation

As part of reorganisation of the agency network, in 1Q08 1 new agency was opened whilst 3 agencies were closed and another 13 agencies were reorganised. As at 31 March 2008, 239 general agencies and 377 professional sub-agencies were operational.

Products

Work continued on new-product development and on revamping of existing products. More specifically, work done up to 31 March is outlined below:

Non-Marine lines: New Products

- "Vittoria Formula Mutui": a new product for cover of buildings on which a mortgage loan has been taken out.

Life business: Revamped Products

- "Linea Risparmio": revamping of the image and communication of products forming part of the "savings" area.

Non-Marine lines: Revamped Products

- Updating of the insurance conditions of products in the TPL segment in accordance with the most recent jurisprudence.

Motor lines: Revamped Products

Sales continued of products launched during previous periods, together with revamping of the products "Vittoria Formula Strada" and "Vittoria Formula Strada InCamper".

Technical reserves

Technical reserves, gross of reinsurers' share, were as shown in the following table:

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Non-life reserves	704,328	705,956	816	899	705,144	706,855
Premium reserve	199,259	198,642	79	120	199,338	198,762
Claims reserve	501,690	504,022	737	779	502,427	504,801
Other reserves	3,379	3,292	-	-	3,379	3,292
Life reserves	754,870	741,414	398	398	755,268	741,812
Reserve for payable amounts	16,742	21,836	-	-	16,742	21,836
Mathematical reserves	707,767	691,361	388	388	708,155	691,749
Other reserves	30,361	28,217	10	10	30,371	28,227
Total technical reserves	1,459,198	1,447,370	1,214	1,297	1,460,412	1,448,667

The Non-Life "Other reserves" item refers to the ageing reserve for Health insurance:

The Life "Other reserves" item mainly refers to:

- € 18,753 thousand for the reserve for deferred liabilities to policy holders (of which € 9,337 thousand stemming from measurement at fair value of available-for-sale securities and € 9,416 thousand from provisioning made against subsidiaries' profit allocated to segregated accounts)
- € 11,432 thousand for the operating expenses reserve.

Reinsurers' share of technical reserves is detailed in the following table:

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Non-life reserves	63,755	78,853	387	452	64,142	79,305
Premium reserve	9,681	18,559	45	81	9,726	18,640
Claims reserve	54,074	60,294	342	371	54,416	60,665
Other reserves	-	-	-	-	-	-
Life reserves	18,320	18,002	-	-	18,320	18,002
Reserve for payable amounts	-	21	-	-	-	21
Mathematical reserves	18,290	17,956	-	-	18,290	17,956
Other reserves	30	25	-	-	30	25
Total reinsurers' share of technical reserves	82,075	96,855	387	452	82,462	97,307

Overhead costs

Insurance Business

Overhead costs – direct business

In 1Q08 the total amount of insurance overhead costs – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets – rose to € 15,108 vs. € 13,543 thousand in 1Q07, increasing by 11.6%.

Besides current operating expenses, these costs also include depreciation & amortisation costs for investments made in IT facilities and processes. These investments are intended to limit, in future years, the operating costs burdening corporate departments and the agency network, whilst at the same time improving services to policyholders as regards insurance coverage and claims settlement. Their breakdown is shown in the following table, where “Other costs” consist mainly of office running costs, IT costs, legal and legal-entity expenses, mandatory contributions, and association membership dues.

(in thousands of Euros)			
ANALYSIS OF COSTS	31/03/2008	31/03/2007	Change
Personnel expenses	8,312	7,698	8.0%
Other costs	5,566	4,646	19.8%
Amortisation/Depreciation	1,230	1,199	2.6%
Total cost by nature	15,108	13,543	11.6%

Real-estate business – Service Business

The overhead costs of the Real Estate and Service businesses, before intersegment eliminations, are shown in the following tables.

REAL ESTATE BUSINESS

(in thousands of Euros)			
ANALYSIS OF COSTS	31/03/2008	31/03/2007	Change
Personnel expenses	900	824	9.2%
Other costs	696	1,817	-61.7%
Amortisation/Depreciation	86	58	48.3%
Total cost by nature	1,682	2,699	-37.7%

SERVICE BUSINESS

(in thousands of Euros)			
ANALYSIS OF COSTS	31/03/2008	31/03/2007	Change
Personnel expenses	144	137	5.1%
Other costs	858	838	2.4%
Amortisation/Depreciation	3	10	-70.0%
Total cost by nature	1,005	985	2.0%

Personnel costs and general expenses are allocated to operating expenses (and specifically to “Other administrative costs”). Depreciation and amortisation costs are allocated to the “Other costs” item in the income statement.

Operating costs

The following table shows the total amount of insurance operating costs (Non-Life and Life) as reported in the income statement by business segment.

(in thousands of Euros)

	31/03/2008	31/03/2007	Change
Gross commissions and other acquisition costs	30,394	30,340	0.2%
a Gross commissions and other acquisition costs	23,018	23,690	-2.8%
b Other acquisition costs	7,057	6,559	7.6%
b1 allocated overheads costs	5,142	4,648	10.6%
b2 other costs	1,915	1,911	0.2%
c Change in deferred acquisition costs	319	91	250.5%
Profit participation and other commissions received from reinsurers	-2,457	-5,098	-51.8%
Investment management costs	227	220	3.2%
Other administrative costs	4,641	5,119	-9.3%
b1 allocated overheads costs	4,562	4,908	-7.0%
b2 other costs	79	211	-62.6%
Total	32,805	30,581	7.3%

Employees

As at 31 March 2008 Vittoria Assicurazioni and fully consolidated companies had 476 employees vs. 463 as at 31 December 2007 and 471 as at 31 March 2007.

The average number of employees on the payroll, split by contractual category and calculated on an active in-force basis, was as follows:

	31/03/2008	31/03/2007	31/12/2007
Managers	21	21	21
Officers	109	107	108
Administrative staff	345	340	341
Total	475	468	470

Investments – Cash & cash equivalents - Property

As at 31 March 2008 investments, cash & cash equivalents, and property had reached a value of €2,038,435 thousand with an increase of € 77,276 thousand vs. 31/12/2007, i.e. +3.9%. The detailed breakdown is shown in the following table:

(in thousands of Euros)			
INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	31/03/2008	31/12/2007	Change
Investments in subsidiaries and associates and interests in joint ventures	110,583	109,299	1.2%
- Investments in subsidiaries	-	-	
- Investments in associates	110,583	109,299	
- Interests in joint ventures	-	-	
A Held to maturity investments	156,380	173,106	-9.7%
Loans and receivables	44,111	43,593	1.2%
- Reinsurance deposits	426	426	
- Other loans and receivables	43,685	43,167	
B Financial assets available for sale	1,118,908	1,096,160	2.1%
- Equity investments	53,594	58,843	
- OEIC units	13,492	13,814	
- Bonds and other fixed-interest securities	1,051,822	1,023,503	
Financial assets at fair value through profit or loss	93,724	109,214	-14.2%
C Financial assets at fair value through profit or loss	88,550	104,244	-15.1%
- Investments where policyholders bear the risk	88,550	104,244	
D Financial assets held for trading	5,174	4,970	4.1%
- Bonds and other fixed-interest securities held for trading	5,174	4,970	
Cash and cash equivalents	147,605	69,267	113.1%
E Property	367,124	360,520	1.8%
Property under construction	248,459	242,771	
Property held for trading	64,305	64,181	
Owner-occupied property	54,360	53,568	
TOTAL INVESTMENTS	2,038,435	1,961,159	3.9%
of which			
investments where the Group bears the risk	1,949,885	1,856,915	5.0%
investments where policyholders bear the risk	88,550	104,244	-15.1%

Investments with risk borne by Group

Investments with risks borne by the Group totalled € 1,949,885 thousand (€ 1,856,915 thousand as at 31 December 2007).

1Q08 investment deals took the following concrete form:

A) Held-to-maturity investments:

- Repayment of bonds for a total of € 17,510 thousand.

B) Available-for-sale financial assets:

- Purchases of Eurozone government securities for a total of € 20,350 thousand
- Repayment of bonds for a total of € 52 thousand
- Cash-in of € 111 thousand as partial payment on account of the liquidation process of the Swissair bond in default, recognising a capital gain of € 62 thousand in accounts.

D) Held-for trading financial assets:

- Acquisitions coming from surrenders and non-signature of policies pursuant to Article 41, 2nd paragraph, of Italian Legislative Decree 209 of 7 September 2005, for a total of € 324 thousand;

Investments benefiting Life policyholders who bear related risk and those arising from pension-fund management (Section C of previous table)

As at 31 March 2008 these investments amounted to € 88,550 thousand, with a decrease of -15.1% YoY. Of this amount, € 84,858 thousand related to unit- and index-linked policies and € 3,692 thousand to the open-ended pension fund Vittoria Formula Lavoro.

As regards income, there was total net loss of € -6,324 thousand.

The value of investments in securities amounted to € 86,228 thousand (€ 93,211 thousand as at 31 December 2007) with a decrease of -7.5% YoY.

The breakdown of these investments was as shown in the following table:

	(in thousands of euros)		
	31/03/08	31/12/07	Change %
Shares	6,602	6,116	7.9
Units trusts and OEICs	46,814	52,525	-10.9
Bonds and other fixed-income securities	10,428	10,801	-3.5
Index Linked securities	22,384	23,769	-5.8
Total Investments in securities	86,228	93,211	-7.5
Cash and other assets	2,322	11,033	-79.0
Investments benefiting policyholders who bear relating risk and those arising from pension fund management	88,550	104,244	-15.1

As at 31 March 2008 the status of the three segments of Vittoria Assicurazioni's open-ended pension fund was as follows:

	Members		Capital (in thousands of euros)	
	31/03/08	31/12/07	31/03/08	31/12/07
Previdenza Garantita	166	137	657	505
Previdenza Equilibrata	233	207	876	790
Previdenza Capitalizzata	313	280	2,131	2,170

As at 31 March 2008 61 members had not yet made their first payment.

Change in securities

The following table shows the cumulative change as at 31 March 2008 of financial assets with risk borne by Group companies (equity investments, bonds and other fixed-income securities, and CIU units), as well as change in assets where risk is borne by policyholders and in assets relating to pension fund management.

(in thousands of euros)

	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	OEIC units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
Carrying amount at 31/12/2007	173,106	58,843	13,814	1,023,503	1,096,160	104,244	4,970	1,378,480
Acquisitions and subscriptions	-	-	-	20,350	20,350	5,444	324	26,118
Sales and repayments	-17,510	-	-	-52	-52	-7,236	-	-24,798
Other changes:								
- effective interest adjustments	511	-	-	547	547	-	-	1,058
- fair value adjustments	-	-5,249	-322	5,625	54	-1,555	-144	-1,645
- impairment loss	-	-	-	-	-	-	-	-
- rate changes	273	-	-	1,898	1,898	174	24	2,369
- other changes	-	-	-	-49	-49	-12,521	-	-12,570
Carrying amount at 31/03/2008	156,380	53,594	13,492	1,051,822	1,118,908	88,550	5,174	1,369,012

Investments in property (Section E of previous table)

As at 31 March 2008 real-estate assets totalled € 367,124 thousand (+18.8% vs. 31 December 2007).

The following table shows the breakdown of these real-estate assets:

	(in thousands of Euros)		
	31/03/2008	31/12/2007	Change
Property under construction:			
- Gross carrying amount	229,990	222,644	3.3%
- Payments on account	-12,404	-10,746	15.4%
- Alignment with fair value of property acquired in business combinations	30,873	30,873	0.0%
Total property under construction	248,459	242,771	2.3%
Property held for trading	64,305	64,181	0.2%
Owner-occupied property:			
- Held by the parent	12,103	12,168	-0.5%
- Held by subsidiaries	26,223	25,366	3.4%
- Alignment with fair value of property acquired in business combinations	16,034	16,034	
Total owner-occupied property	54,360	53,568	1.5%
Total	367,124	360,520	1.8%

The main changes in the quarter consisted of purchases and capitalised interest expense totalling € 9,120 thousand, of which € 2,726 thousand relating to the project in Rome (Fidene-Villa Spada locality) and € 2,354 thousand relating to the "Portello" area.

Financial liabilities

The following table shows the breakdown of financial liabilities relating to contracts for which policyholders bear investment risk and of other financial liabilities, highlighting subordinated liabilities.

(in thousands of Euros)

FINANCIAL LIABILITIES	31/03/2008	31/12/2007	Change
Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management	88,550	104,244	-15.1%
- Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	84,858	100,756	
- Financial liabilities where the investment risk is borne by policyholders relating to pension funds	3,692	3,488	
Othe financial liabilities	361,143	284,053	27.1%
- Reinsurance deposits	56,632	56,632	
- Payables to banks	261,877	183,617	
- Other financial payables	9,300	9,300	
- Other financial liabilities	28,273	29,243	
- Subordinated liabilities	5,061	5,261	
TOTAL FINANCIAL LIABILITIES	449,693	388,297	15.8%

The following table shows the cumulative change as up to 31 March 2008 of financial liabilities relating to investments for which policyholders bear investment risk and to liabilities concerning pension fund management.

(in thousands of Euros)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2007	100,756	3,488	104,244
Investment of net fund assets	142	467	609
Profits attributable to policyholders	-6,061	-263	-6,324
Amounts paid	-9,979	-	-9,979
Carrying amount at 31/03/2008	84,858	3,692	88,550

Gains and losses on investments

The following table shows the breakdown as at 31 March 2008 of net gains on investments, with separate disclosure for investments where the risk is borne by life policyholders.

(in thousands of Euros)						
Gains and losses on investments	Interest and other net income	Net realised gains	Unrealised gains	Unrealised losses	Total net realised and unrealised gains 31/03/2008	Total net realised and unrealised gains 31/03/2007
Investments	14,062	-585	351	6,497	7,331	15,469
From:						
a investment property	-	-	-	-	-	-
b investments in subsidiaries and associates and interests in joint ventures	335	-	-	-	335	1,162
c held to maturity investments	1,758	-	-	-	1,758	1,529
d loans and receivables	154	-	-	-	154	135
e financial assets available for sale	11,466	62	-	-	11,528	10,273
f financial assets held for trading	24	-	14	158	-120	-39
g financial assets at fair value through profit or loss	325	-647	337	6,339	-6,324	2,409
Other receivables	99	-	-	-	99	123
Cash and cash equivalents	1,019	-	-	-	1,019	761
Financial liabilities	-2,062	-	-	-6,324	4,262	-3,793
From:						
a financial liabilities held for trading	-	-	-	-	-	-
b financial liabilities at fair value through profit or loss	-	-	-	-6,324	6,324	-2,409
c other financial liabilities	-2,062	-	-	-	-2,062	-1,384
Payables	-	-	-	-	-	-
Total gains and losses on financial instruments	13,118	-585	351	173	12,711	12,560
Real estate business						
From:						
a Gains on property trading	-	241	-	-	241	2,241
b Revenue from work in progress (percentage of completion)	42	-	-	-	42	271
c Rent income on owner-occupied property and property held for trading	58	-	-	-	58	228
Total real estate business	100	241	-	-	341	2,740
Total gains and losses on investments	13,218	-344	351	173	13,052	15,300

Net gains with risk borne by the Group decreased by -14.7% YoY from € 13,052 thousand in 1Q07 to € 15,300 thousand. The decrease was mainly due lower margins recorded by real estate companies.

As up to 31 March 2008 the weighted average return on "Bonds and other fixed-income securities" was 4.4% as compared with 4.3% in 1Q07.

Other revenues

The following table reiterates real-estate income, as shown in the previous table, and provides the link to “Other revenues” as shown in the consolidated income statement.

(in thousands of Euros)		
Other Revenues	31/03/08	31/03/07
Total income from real estate business	341	2,740
Brokerage and management revenues	594	339
Other technical captions - insurance business	796	198
Other revenues - real estate business	495	1
Other revenues - insurance business	47	88
Other revenues - service business	2	1
Totale	2,275	3,367

Net Equity

The breakdown of equity as at 31 March 2008 is shown in the following table.

(in thousands of Euros)		
BREAKDOWN OF EQUITY	31/03/2008	31/12/2007
Total equity attributable to the shareholders of the parent	327,149	320,770
Share capital	32,666	32,666
Other equity instruments	404	404
Equity-related reserves	30,518	30,518
Income-related and other reserves	246,105	156,008
Translation reserve	-16	45
Fair value reserve	8,918	11,495
Other gains or losses recognised directly in equity	14	62
Group profit for the year	8,540	89,572
Total equity attributable to minority interests	5,506	6,156
Share capital and reserves attributable to minority interests	5,747	6,249
Minority interests' profit for the year	-241	-93
Total consolidated equity	332,655	326,926

Events after quarter-end

Insurance business

In February, the company Liguria SpA resolved to transform its legal-entity status from that of a joint-stock company (Italian acronym = SpA) to that of a private limited liability company (Italian acronym = Srl) with a consequent reduction of share capital € 10 thousand. In April the operating parent company received € 515 thousand as reimbursement of share capital and € 67 thousand as dividends.

In May the parent company paid € 769 thousand to the associate Laumor Holdings Sarl as an increase of the quota premium reserve.

In the early days of May, Laumor BV credited dividends of € 1,875 thousand to the parent company.

Real Estate and Service businesses

Vittoria Immobiliare SpA completed disposal of 20% of the equity interest owned in the company Acacia 2000 Srl for a price of € 14,733 thousand, making a capital gain of € 1,256 thousand. Negotiations are underway for sale of a further 15% stake.

The Board of Directors

Milan, 13 May 2008

CONSOLIDATED INCOME STATEMENT

(in thousands of Euros)

		31/03/08	31/03/07	31/12/07
1.1	Net premiums	144,545	129,112	552,436
1.1.1	<i>Gross premiums</i>	150,180	142,487	601,785
1.1.2	<i>Ceded premiums</i>	5,635	13,375	49,349
1.2	Commission income	65	698	1,763
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit and loss	-120	-39	2
1.4	Income from investments in subsidiaries, associates, and joint ventures	436	1,247	75,974
1.5	Income and gains from other financial instruments and investment property	14,558	12,820	56,128
1.5.1	<i>Interest income</i>	14,474	12,473	54,117
1.5.2	<i>Other income</i>	22	18	1,628
1.5.3	<i>Realised gains</i>	62	329	383
1.5.4	<i>Unrealised gains</i>	-	-	-
1.6	Other revenues	2,275	3,367	17,409
1	TOTAL REVENUE	161,759	147,205	703,712
2.1	Net charges relating to claims	109,867	99,963	429,740
2.1.1	<i>Amounts paid and change in technical reserves</i>	111,103	106,595	463,334
2.1.2	<i>Reinsurers' share</i>	-1,236	-6,632	-33,594
2.2	Commission expense	92	192	650
2.3	Losses on investments in subsidiaries, associates, and joint ventures	101	85	287
2.4	Expense and losses on other financial instruments and investment property	2,062	1,383	12,942
2.4.1	<i>Interest expense</i>	2,062	1,383	6,249
2.4.2	<i>Other expense</i>	-	-	-
2.4.3	<i>Realised losses</i>	-	-	-
2.4.4	<i>Unrealised losses</i>	-	-	6,693
2.5	Operating costs	34,419	33,025	143,792
2.5.1	<i>Commission and other acquisition costs</i>	27,030	24,353	115,584
2.5.2	<i>Investment management costs</i>	227	218	801
2.5.3	<i>Other administrative costs</i>	7,162	8,454	27,407
2.6	Other costs	2,481	1,827	11,098
2	TOTAL COSTS	149,022	136,475	598,509
	PROFIT (LOSS) FOR THE PERIOD/YEAR BEFORE TAX	12,737	10,730	105,203
3	Income tax	4,438	4,093	15,724
	PROFIT (LOSS) FOR THE PERIOD/YEAR	8,299	6,637	89,479
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS	-	-	-
	CONSOLIDATED PROFIT (LOSS)	8,299	6,637	89,479
	of which attributable to parent company shareholders	8,540	6,646	89,572
	of which attributable to minority interest	-241	-6	-93
	Base earnings per share (EPS)	0.26	0.22	2.74
	Diluted EPS	0.25	0.20	2.66

Consolidated income statement by business segment

(in thousands of euros)

	Non-Life Business		Life Business		Real Estate Business		Service Business		Intersegment eliminations		Total	
	31/03/08	31/03/07	31/03/08	31/03/07	31/03/08	31/03/07	31/03/08	31/03/07	31/03/08	31/03/07	31/03/08	31/03/07
1.1 Net premiums	113.626	101.532	30.919	27.580	-	-	-	-	-	-	144.545	129.112
1.1.1 Gross premiums	118.607	113.764	31.573	28.723	-	-	-	-	-	-	150.180	142.487
1.1.2 Ceded premiums	4.981	12.232	654	1.143	-	-	-	-	-	-	5.635	13.375
1.2 Commission income	-	-	65	698	-	-	-	-	-	-	65	698
1.3 Gains and losses on remeasurement of financial instruments at fair value through profit and loss	-	-	-120	-39	-	-	-	-	-	-	-120	-39
1.4 Income from investments in subsidiaries, associates, and joint ventures	435	1.245	-	-	5	1	-	2	-4	-1	436	1.247
1.5 Income and gains from other financial instruments and investment property	5.727	5.039	8.455	7.449	372	326	14	7	-10	-1	14.558	12.820
1.6 Other revenues	895	332	-	2	1.301	3.156	1.064	1.045	-985	-1.168	2.275	3.367
1 TOTAL REVENUES AND INCOME	120.683	108.148	39.319	35.690	1.678	3.483	1.078	1.054	-999	-1.170	161.759	147.205
2.1 Net charges relating to claims	77.564	71.563	33.054	28.324	-	-	-	-	-751	76	109.867	99.963
2.1.2 Amounts paid and change in technical reserves	78.284	77.657	33.570	28.862	-	-	-	-	-751	76	111.103	106.595
2.1.3 Reinsurers' share	-720	-6.094	-516	-538	-	-	-	-	-	-	-1.236	-6.632
2.2 Commission expense	-	-	92	192	-	-	-	-	-	-	92	192
2.3 Losses on investments in subsidiaries, associates, and joint ventures	100	85	-	-	1	1	-	-	-	-	101	85
2.4 Expense and losses on other financial instruments and investment property	138	271	266	399	1.663	713	5	1	-10	-1	2.062	1.383
2.5 Operating costs	27.703	25.280	5.102	5.301	1.596	2.641	1.002	971	-984	-1.168	34.419	33.025
2.6 Other costs	2.343	1.688	17	23	111	106	8	10	2	-	2.481	1.827
2 TOTAL COSTS AND CHARGES	107.848	98.887	38.531	34.239	3.371	3.460	1.015	982	-1.743	-1.093	149.022	136.475
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	12.835	9.261	788	1.451	-1.693	23	63	72	744	-77	12.737	10.730

Breakdown of the main insurance technical captions

	(in thousands of euros)					
	31/03/08		31/03/07			
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NON-LIFE BUSINESS						
NET PREMIUMS	118,607	4,981	113,626	113,764	12,232	101,532
a Premiums written	119,208	4,870	114,338	114,705	12,574	102,131
b Change in premiums reserve	601	-111	712	941	342	599
NET CLAIMS COSTS & CHARGES	78,284	720	77,564	77,657	6,094	71,563
a Amounts paid	80,864	6,553	74,311	68,595	9,813	58,782
b Change in claims reserve	-2,323	-6,203	3,880	12,069	-3,935	16,004
c Change in recoveries	343	-370	713	3,098	-216	3,314
d Change in other technical reserves	86	-	86	91	-	91

	(in thousands of euros)					
	31/03/08		31/03/07			
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
LIFE BUSINESS						
NET PREMIUMS	31,573	654	30,919	28,723	1,143	27,580
NET CLAIMS COSTS & CHARGES	33,570	516	33,054	28,862	538	28,324
a Amounts paid	21,219	198	21,021	20,715	1,080	19,635
b Change in reserve for amounts to be paid	-5,094	-21	-5,073	-6,327	-	-6,327
c Change in mathematical reserves	16,436	334	16,102	13,281	-544	13,825
d Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	-	-	-	-	-	-
e Change in other technical reserves	1,009	5	1,004	1,193	2	1,191

For the purposes of fuller disclosure of insurance operating performance, we present as an appendix the parent company's reclassified income statement, prepared in accordance with Italian GAAPs.

Vittoria Assicurazioni S.p.A. - Italian GAAPs

Reclassified individual profit and loss account

(in thousands of euros)

	31/03/08	31/03/07	31/12/07
Technical account			
Life businesses:			
Direct insurance			
(+) Gross premiums accounted for	32,310	29,310	141,087
(-) Charges relating to claims	18,551	19,577	107,234
(-) Change in mathematical and other technical reserves	9,300	11,926	30,764
(+) Other technical captions, net	197	199	853
(-) Operating costs	5,452	5,390	25,548
(+) Return on investments where the company bears the risk net of the portion transferred to the non-technical account	7,338	6,386	29,518
(+) income on investments where policyholders bear the risk - Class D	-6,324	2,409	-1,974
Direct insurance result	218	1,411	5,938
Outwards reinsurance result	-41	-474	177
Retained direct insurance result	177	937	6,115
Indirect and retroceded insurance result	-3	-16	-3
Result of life business technical account	174	921	6,112
Non-life businesses:			
Direct insurance			
(+) Gross premiums accounted for	119,103	114,619	494,971
(-) Change in premium reserve	680	1,135	27,653
(-) Charges relating to claims	78,197	77,665	331,402
(-) Change in other technical reserves	86	91	510
(+) Other technical captions, net	157	-408	-219
(-) Operating costs	29,768	30,235	124,803
Direct insurance result	10,529	5,085	10,384
Outwards reinsurance result	-1,852	-1,003	-2,446
Retained direct insurance result	8,677	4,082	7,938
Indirect and retroceded insurance result	65	88	64
Total retained direct insurance result	8,742	4,170	8,002
(-) Change in equalisation reserves	67	66	286
(+) Income on investments transferred from the non-technical account	3,743	3,335	29,097
Result of non-life business technical account	12,418	7,439	36,813
Result of technical account	12,592	8,360	42,925
(+) Income on non-life business investments net of the portion transferred to the technical account	858	799	6,572
(+) Income on investments transferred from the life business technical account	427	574	3,129
(+) Other income	788	641	2,973
(-) Other charges	1,773	1,236	5,288
Result of ordinary business	12,892	9,138	50,311
(+) Extraordinary income	64	329	1,549
(-) Extraordinary expense	-	4	310
Profit (loss) before taxation	12,956	9,463	51,550
(-) Taxation on profit for the year	4,487	3,951	15,055
Net profit (loss)	8,469	5,512	36,495

The Board of Directors

Milan, 13 May 2008

DECLARATION PURSUANT TO ARTICLE 154/2, 2nd PARAGRAPH, OF ITALIAN LEGISLATIVE DECREE no. 58 OF 24 FEBRUARY 1998 (Italian Consolidated Finance Act) AS SUBSEQUENTLY AMENDED

The undersigned, Mario Ravasio, Joint General Manager, in his capacity as Corporate Financial Reporting Manager,

herewith declares

pursuant to Article 154/2, 2nd paragraph, of Italian Legislative Decree no. 58 of 24 February 1998, based on what he knows in relation to the position held, that the Consolidated Quarterly Report as at 31 March 2008 approved by the Board of Directors of Vittoria Assicurazioni SpA on 13 May 2008, matches documentary evidence, corporate books, and accounting records.

Mario Ravasio