

Vittoria Assicurazioni

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

Consolidated quarterly report at 31 March 2004

Board of directors' meeting
of 12 May 2004



in accordance with Consob resolution no. 11971 of 14 May 1999

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*** BOARD OF DIRECTORS**

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

*** BOARD OF STATUTORY AUDITORS**

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

GENERAL MANAGEMENT

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

AUDIT COMPANY

BDO Sala Scelsi Farina
Joint-stock audit company

* Company bodies appointed by the shareholders' and directors' meetings of 29 April 2004.

APPOINTMENT AND REMUNERATION COMMITTEE

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

INTERNAL AUDIT COMMITTEE

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

FINANCE COMMITTEE

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

REAL ESTATE COMMITTEE

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

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Format and contents of the first quarter report

The consolidated first quarter report has been prepared in accordance with the provisions of Consob resolution no. 11971 of 14 May 1999 (article 82 and Annex 3D). Accordingly, the report is composed of a directors' report on the Group performance and main events of the quarter, the financial schedules and notes thereto.

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

Accounting policies

This consolidated quarterly report has been prepared using the same accounting policies applied to the annual consolidated financial statements. The only change relates to the adoption of the percentage of completion method to account for construction developed by the group real estate companies. This treatment replaces the completed contract method.

For the real estate units for which preliminary sales agreements have been drawn up the related margins according to the stage of completion of the works are taken to the profit and loss account.

The percentage of completion method allows a better representation of the economic and financial progress made on each transaction and is also that recommended by Italian Accounting Standard 23 "Contract work in progress". It is the only accounting treatment applicable for long term contracts according to the International Financial Reporting Standards (IFRS) which all listed companies will have to adopt from 2005.

The change in accounting policy has had retroactive effect with the amount matured at 31 December 2003 being recorded under extraordinary income and the amount for the quarter recognised under ordinary income. This quarterly report includes the amounts involved in the change of such accounting treatment.

Reference should be made to the notes to the consolidated financial statements as at and for the year ended 31 December 2003 for all the other accounting policies.

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

Vittoria Assicurazioni Group and consolidation area

The group underwent the following changes during the first three months:

- Immobiliare Bilancia Prima S.r.l.: quota capital increase to Euro 29 million with the parent company, the sole quotaholder, paying Euro 28,900 thousand;
- Sivim S.r.l.: payment of the outstanding seven tenths of the quota capital through Vittoria Immobiliare and acquisition of another 4.5% therein, increasing the group's investment to 49.5% for a total outlay of Euro 22 thousand;

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

Name	Registered		%held		
	Offices	Share capital	Direct	Indirect	Trough
Vittoria Assicurazioni S.p.A.	Milan	Euro 30.000.000			
Vittoria Immobiliare S.p.A.	Milan	Euro 5.150.000	54.76%		
Immobiliare Bilancia S.r.l.	Milan	Euro 64.000.000	97.66%		
Immobiliare Bilancia Prima S.r.l.	Milan	Euro 29.000.000	100.00%		
Immobiliare Bilancia Seconda S.r.l.	Milan	Euro 100.000	100.00%		
Immobiliare Bilancia Terza S.r.l.	Milan	Euro 100.000	100.00%		
Vittoria Properties S.r.l.	Milan	Euro 4,000,000	99.00%		
	Paid - up	Euro 2,400,000		1.00%	Vittoria Immobiliare S.p.A
Gestimmobili S.r.l.	Milan	Euro 104.000		80.00%	
Gestimmobili Intermediazione S.r.l.	Turin	Euro 26.000		80.00%	Vittoria Immobiliare S.p.A.
Interimmobili S.r.l.	Rome	Euro 104.000		80.00%	Immobiliare S.p.A.
V.R.G. Domus S.r.l.	Turin	Euro 1,000,000		51.00%	

The following companies are stated using the equity method:

Name	Registered		%held		
	Offices	Share capital	Direct	Indirect	Trough
Yarpa International Holding N.V.	Amsterdam Holland	Euro 675,000	25.00%		
Laumor B.V.	Amsterdam Holland	Euro 20,000	25.00%		
Interbilancia S.r.l.	Milan	Euro 80.000	49.00%		
Gimatrading S.r.l.	Turin	Euro 10.400		35.00%	Vittoria Immobiliare S.p.A.
Sivim S.r.l.	Milan	Euro 60.000		49.50%	Immobiliare S.p.A.
Rovimmobiliare S.r.l.	Rome	Euro 20,000		50.00%	

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

Directors' report

Consolidated figures for the first quarter of 2004 show a net profit of Euro 8,173 thousand, up 67.5% on the Euro 4,879 thousand of the same period of 2003.

The result was affected by the change in the accounting treatment mentioned in the section on the accounting policies. This had a positive effect of Euro 3,169 thousand, described in detail in the table attached to the section on other information.

The main reasons for the net profit for the quarter are as follows:

- total premiums written totalled Euro 128,947 thousand, up 38.9% over the same period of 2003;
- direct life insurance premiums increased by 118.1%. This result was affected by three large contracts in the III and V classes. Net of such policies, the increase would have been 20% due to the development of single premium capitalisation policies. Recurring premiums accounted for 34.1% of all premiums issued, while single premiums made up for 65.9%. Net of the aforesaid three contracts, periodic recurring premiums would have accounted for 62.1% of all premiums issued, while single premiums would have made up for 37.9%;
- premiums of the motor third party liability line of business rose 24.0%, mainly due to new business and especially the sales of the ten new agencies and professional sub-agencies opened in the last twelve months. The tariff component remained largely the same as last year as the parent company adhered to the Master Agreement for motor third party liability insurance signed by the government, ANIA and consumer associations to contain insurance costs. The parent company continued its policy to improve the portfolio mix by focusing development on affinity groups. This allowed it to maintain the reported claims rate of the previous year. Total premiums of the motor line of business grew 26.0% over the same period of 2003;
- other non-life premiums excluding aviation, marine, bonds and credit increased by 11.9% with the special business showing an increase of 33.4% due to the upturn in the spatial risks and bond lines of business;
- total direct non-life business premiums increased 22.9%;
- overheads decreased as a percentage of premiums from 11.8% to 9.6%, thanks to the considerable increase in premiums written;
- investments totalled Euro 1,209,155 thousand. They are split between investments where the group bear the risk (Euro 1,088,974 thousand) and where the policyholders bears the risk (Euro 120,181 thousand). Ordinary income on investments where the group bears the risk amounted to Euro 12,194 thousand, Euro 1,940 thousand of which related to adoption of the new accounting policy. The securities portfolio at 30 April showed overall net gains of Euro 48,895 thousand;
- in addition to the income generated by adoption of a new accounting policy, the results of the real estate companies consolidated on a line-by-line basis, net of intercompany transactions, contributed to the net profit for the quarter as follows:
 - revenues from the provision of services of Euro 457 thousand mainly arising from real estate brokerage (2003 first quarter: Euro 534 thousand);
 - profits from real estate trading of Euro 6 thousand (2003 first quarter: Euro 193 thousand);

- since associated companies are stated using the equity method, the portion of net profit pertaining to the group (Euro 955 thousand) is included in the profit and loss account caption "Income on investments". It amounted to Euro 940 thousand in the same period of 2003.

Group shareholders' equity, net of dividends already allocated, amounted to Euro 126,866 thousand. Minority interests accounted for Euro 7,337 thousand.

On the basis of the performance of the period and forecasts for the following months, the 2004 year-end net profit is expected to be higher than at 2003 year end, in line with Group objectives.

Performance

Premiums

Premiums written during the period amount to Euro 128,947 thousand. The following table shows the portfolio mix and the specific increase by segment and line of business:

BREAKDOWN OF GROSS PREMIUMS FOR THE QUARTERS MONTHS ENDED 31 MARCH 2004 AND DIRECT AND INDIRECT INSURANCE (in thousands of euro)

	31/03/2004	31/03/2003	Change %	Percentage of portfolio	
				2004	2003
Domestic direct insurance					
Life businesses					
I Whole and term life insurance	11,699	11,668	0.3	9.1	12.6
III Unit-linked policies	5,939	2,051	189.6	4.6	2.2
IV Health insurance	26	88	-70.5	0.0	0.1
V Capitalisation insurance	15,465	1,415	992.9	12.0	1.5
VI Unit trust management	179	48	272.9	0.1	0.1
Total life businesses	33,308	15,270	118.1	25.8	16.5
Non-life businesses					
Accident insurance	5,015	3,723	34.7	3.9	4.0
Health insurance	2,014	1,855	8.6	1.6	2.0
Fire and natural events	4,254	4,202	1.2	3.3	4.5
Miscellaneous damages	2,597	2,400	8.2	2.0	2.6
Third-party marine liability	15	20	-25.0	0.0	0.0
Third-party general liability	4,811	4,575	5.2	3.7	4.9
Pecuniary losses	1,332	1,138	17.1	1.0	1.2
Legal protection	-	1	n.v	0.0	0.0
Total non-marine businesses	20,038	17,914	11.9	15.5	19.2
Railway truck hulls	-	-	n.v	0.0	0.0
Aviation hulls	480	142	238.0	0.4	0.2
Marine hulls	13	13	0.0	0.0	0.0
Cargo insurance	798	724	10.2	0.6	0.8
Third-party aviation liability	4	-	n.v	0.0	0.0
Credit insurance	-	-	n.v	0.0	0.0
Bond insurance	1,395	1,137	22.7	1.1	1.2
Total special businesses	2,690	2,016	33.4	2.1	2.2
Third-party motor liability	60,258	48,594	24.0	46.8	52.4
Motor vehicle hulls	11,709	8,461	38.4	9.1	9.1
Support and assistance	540	479	12.7	0.4	0.5
Total motor businesses	72,507	57,534	26.0	56.3	62.0
Total non-life businesses	95,235	77,464	22.9	73.9	83.4
Total direct insurance	128,543	92,734	38.6	99.7	99.9
Domestic indirect insurance					
Life businesses	-	-	n.v	0.0	0.0
Non-life businesses	404	94	329.8	0.3	0.1
Total indirect insurance	404	94	329.8	0.3	0.1
Total	128,947	92,828	38.9	100.0	100.0

Three new agencies were set up, two were closed and twelve were restructured during the quarter. At 31 March 2004, the group had 203 agencies and 224 professional sub-agencies.

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

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

(in thousands of euro)					
Region	Agencies	Non-life businesses		Life businesses	
		Premiums	%	Premiums	%
NORTH					
Emilia Romagna	20	8,338		23,531	
Friuli Venezia Giulia	3	1,119		472	
Liguria	9	4,085		338	
Lombardia	51	25,781		2,176	
Piemonte	23	7,816		575	
Trentino Alto Adige	3	1,516		75	
Valle d'Aosta	1	359		9	
Veneto	20	7,352		861	
Total	130	56,366	59.2	28,037	84.2
CENTRE					
Abruzzo	6	2,978		645	
Lazio	17	12,458		514	
Marche	7	1,690		326	
Molise	0	390		80	
Toscana	17	8,004		562	
Umbria	8	3,330		321	
Total	55	28,850	30.3	2,448	7.3
SOUTH AND ISLANDS					
Basilicata	1	611		135	
Calabria	2	557		46	
Campania	4	2,289		303	
Puglia	5	2,532		1,721	
Sardegna	1	1,316		17	
Sicilia	5	2,714		601	
Total	18	10,019	10.5	2,823	8.5
Total	203	95,235	100.0	33,308	100.0

Life businesses

Claims, accrued sums, annuities and surrenders

Direct insurance premiums in the first quarter of 2004 amounted to Euro 33,308 thousand and comprised single premiums of Euro 21,945 thousand and annual premiums of Euro 11,363 thousand, accounting for 65.9% and 34.1% respectively.

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

	(in thousands of Euros)	
	31/03/04	31/03/03
Claims	6,275	724
Accrued sums and annuities	8,704	6,222
Surrenders	6,258	4,743
Total	21,237	11,689

Reinsurance

Outwards reinsurance

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

- Risk premium surplus treaty;
- Quota share commercial premiums ceded in 1996 and 1997.

Outwards premiums in the first quarter of 2004 amounted to Euro 1,115 thousand.

Inwards reinsurance

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

Non-Life businesses

Operating costs

Direct insurance premiums in the first quarter grew 22.9% (8.9% in the same period of 2003). Operating costs accounted for 24.5% of premiums written during the quarter (25.2% at 31 March 2003).

The following table shows a breakdown of operating costs:

	(in thousands of euros)		
	31/03/2004	31/03/2003	Change %
Acquisition commissions and premium collection commissions	15,329	12,744	20.3%
Other sales network expenses	1,076	537	100.4%
Overheads	6,910	6,263	10.3%
Gross total	23,315	19,544	19.3%
Profit participation and other commissions received by reinsurers	-4,983	-2,473	101.5%
Total net operating costs	18,332	17,071	7.4%

Claims

Reported claims

The following table of reported claims derives from positions open during the quarter. Comparative 2003 first quarter figures are also given.

	(in thousands of euros)					
	31/03/2004		31/03/2003		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	1,448	3,398	1,414	3,009	2.4	12.9
Health insurance	2,990	1,092	5,282	1,234	-43.4	-11.5
Aviation hulls	2	25	1	-	100.0	n.v.
Marine hulls	4	15	2	2	100.0	650.0
Cargo insurance	116	579	105	487	10.5	18.9
Fire and natural events	573	2,253	627	1,617	-8.6	39.3
Miscellaneous damages	1,499	1,908	1,560	1,820	-3.9	4.8
Marine third-party liability	4	9	8	14	-50.0	-35.7
General third-party liability	2,945	5,137	2,916	5,754	1.0	-10.7
Bond insurance	85	4,708	55	2,703	54.6	74.2
Pecuniary losses	12	32	17	17	-29.4	88.2
Total non-motor businesses	9,678	19,156	11,987	16,657	-19.3	15.0
Motor third-party liability	14,867	37,061	12,045	26,631	23.4	39.2
Motor vehicle hulls	3,579	6,355	2,679	4,332	33.6	46.7
Support and assistance	1,378	123	1,244	118	10.8	4.2
Total motor businesses	19,824	43,539	15,968	31,081	24.1	40.1
Total non-life businesses	29,502	62,695	27,955	47,738	5.5	31.3

The increase in claims reported during the quarter (in terms of both the amounts and number) compared to the same period of 2003 is influenced by the full use of the new claims management system. This system has enabled the group to radically reorganise the procedure during 2003 and speed up the time needed to open and manage claims. With respect to the motor third party liability business, this can be seen from the claims settlement rate which is substantially unchanged despite the increase in the number of reported claims and from the number of IBNR related to previous years and only opened during the year. These grew 3.9% compared to a rise of 12.9% in the number of insured vehicles.

At 31 March 2004, the group was able to handle approximately 1,100 motor third party liability line of business claims earlier than in the same period of 2003 thanks to this new system. Net of this figure, comparison with the first quarter of 2003 would show an increase in the number of reported claims for the motor third party liability line of business of 14.3% compared to the 23.4% shown in the above table.

The number of claims settled without pay-out during the quarter also showed the positive effects of the new system going from 432 to 775 with an increase of 79.4%.

Claims paid

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

	(in thousands of euros)							
	Claims paid 31/03/2004			Claims recovered from reinsurers	Claims paid 31/03/2003			Change gross claims
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	91	1,623	1,714	6	66	1,807	1,873	-8.5
Health insurance	128	1,401	1,529	-	129	930	1,059	44.4
Aviation hulls	-	1,002	1,002	961	-	1,401	1,401	-28.5
Marine hulls	-	2	2	-	-	44	44	-95.5
Cargo insurance	-	224	224	89	28	182	210	6.7
Fire and natural events	100	1,286	1,386	176	89	1,327	1,416	-2.1
Miscellaneous damages	301	1,079	1,380	51	281	1,038	1,319	4.6
Marine third-party liability	1	35	36	-	3	15	18	100.0
General third-party liability	346	2,370	2,716	6	224	3,224	3,448	-21.2
Credit insurance	-	-	0	-	-	-	0	0.0
Bond insurance	269	1,413	1,682	811	61	967	1,028	63.6
Pecuniary losses	-	7	7	-	-	2	2	250.0
Total non-motor businesses	1,236	10,442	11,678	2,100	881	10,937	11,818	-1.2
Motor third-party liability	6,593	32,005	38,598	11,785	4,966	32,850	37,816	2.1
Motor vehicle hulls	984	3,063	4,047	7	726	2,655	3,381	19.7
Support and assistance	14	260	274	246	11	251	262	4.6
Total motor businesses	7,591	35,328	42,919	12,038	5,703	35,756	41,459	3.5
Total non-life businesses	8,827	45,770	54,597	14,138	6,584	46,693	53,277	2.5

The cost includes the additional charge to the guarantee fund for road casualties of Euro 1,501 thousand (2003 first quarter: Euro 1,133 thousand).

Reinsurance

Outwards reinsurance

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

The structures of the treaties in force during the year did not undergo particular change with respect to the first quarter of 2003.

The main existing treaties relate to:

Non-life business	Type of treaty
05 - Aviation hulls	Pure premium for spatial risks Pure premium for general aviation
07 - Cargo insurance	Voluntary-mandatory
10 - Motor third party liability	Pure premium Excess of loss
15 - Bond insurance	Pure premium
13 - General third party liability	Excess of loss

Premiums ceded during the first quarter of 2004 amounted to Euro 23,066 thousand.

Inwards reinsurance

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

Technical reserves

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

	(in thousands of Euros)		
	31/03/2004	31/12/2003	Change
Non-life businesses	385,313	376,233	+ 2.4
Life businesses	643,632	630,118	+ 2.1
Total	1,028,945	1,006,351	+ 2.2

A breakdown of reserves is as follows:

Non-life businesses		(in thousands of Euros)		
	31/03/2004	31/12/2003	Change	
Gross premium reserve	146,212	144,599	+ 1,613	
Reinsurers' share	34,051	35,119	- 1,068	
Net reserves	112,161	109,480	+ 2,681	
Gross claims reserve	345,134	338,025	+ 7,109	
Reinsurers' share	74,896	74,024	+ 872	
Net reserves	270,238	264,001	+ 6,237	
Other technical and equalisation reserves, gross	2,914	2,752	+ 162	
Reinsurers' share	-	-	-	
Net reserves	2,914	2,752	+ 162	
Total net reserves	385,313	376,233	+ 9,080	

Life businesses		(in thousands of Euros)		
	31/03/2004	31/12/2003	Change	
Gross mathematical reserves	528,758	511,733	+ 17,025	
Reinsurers' share	21,502	20,929	+ 573	
Net reserves	507,256	490,804	+ 16,452	
Gross reserve for payable amounts	12,704	16,881	- 4,177	
Reinsurers' share	21	21	-	
Net reserves	12,683	16,860	- 4,177	
Other technical reserves, gross	3,550	3,224	+ 326	
Reinsurers' share	38	38	-	
Net reserves	3,512	3,186	+ 326	
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management, gross	120,181	119,268	+ 913	
Reinsurers' share	-	-	-	
Net reserves	120,181	119,268	+ 913	
Total net reserves	643,632	630,118	+ 13,514	

The direct insurance mathematical reserves at 31 March 2004 are higher by Euro 2.185 thousand than those required for statutory purposes, due to the accrual of the profit of Vittoria Immobiliare pertaining to life policyholders, net of dividends distributed.

Overheads

Total insurance overheads, which include personnel expenses, other costs and depreciation charges, gross of allocation to specific functions, such as claims settlement, premium department and asset management, increased by 12.8% from Euro 10,921 thousand to Euro 12,318 thousand.

These costs include current operating charges, and also the depreciation of investments in IT structures and processes aimed at controlling future overheads incurred by the headquarters and agencies to improve assistance given to policyholders with respect to insurance policies and claims settlement.

They are made up as follows:

	(in thousands of Euros)		
	31/03/2004	31/03/2003	Change %
Personnel expenses	6,208	5,327	16.5
Other costs	4,473	4,285	4.4
Amortisation	1,637	1,309	25.1
Total	12,318	10,921	12.8

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

Overheads accounted for 9.6% of premiums, down from 11.8% thanks to the significant rise in premiums issued.

Real estate overheads are as follows:

	(in thousands of Euros)		
	31/03/2004	31/03/2003	Change %
Personnel expenses	303	310	-2.3
Other costs	915	741	23.5
Amortisation	35	52	-32.7
Total	1,253	1,103	13.6

Given that certain real estate overheads are deferred as they relate to revenues to be recognised in the profit and loss account when the related sales agreement has been signed, the costs that were effectively expensed amounted to Euro 975 thousand (2003: Euro 809 thousand).

Employees

Employees of Vittoria Assicurazioni and companies consolidated on a line-by-line basis numbered 392 at quarter end. The average number of employees split by position is as follows:

	31/03/2004	31/12/2003
Managers	17	16
Officers	85	86
Administrative staf	301	295
Total	403	397

Investments

Investments totalled Euro 1,209,155 thousand, up 4.0% or Euro 45,957 thousand with respect to 31 December 2003. They may be analysed as follows:

(in thousands of euros)			
Investments	31.03.2004	31.12.2003	Change %
Land and buildings			
- Areas being built on	84,688	70,426	20.3
- Buildings relating to trading activities	93,635	71,262	31.4
- Buildings classified as subsidiaries' fixed assets	1,741	1,754	-0.7
- Buildings owned by the parent companies	9,121	9,120	0.0
Investments in group and other companies			
- Equity investments	58,876	55,204	6.7
- Loans	9,527	9,390	1.5
Other financial investments:			
- Unit trust units	33,273	33,273	0.0
- Bonds and other fixed-interest securities	785,434	780,607	0.6
- Loans	11,025	11,254	-2.0
- Other financial investments	478	478	0.0
Deposits with ceding companies	1,176	1,162	1.2
Total investments where the company bears the risk	1,088,974	1,043,930	4.3
Investments benefiting life policyholders bearing the risk	120,181	119,268	0.8
Total investments	1,209,155	1,163,198	4.0
Bank accounts and cash-in-hand	64,917	49,264	31.8

Income on investments

A breakdown of income on investments of the first three months of 2004 is set out in the following table.

Income on investments (net of related costs)	(in thousands of euros)				
	31.03.2004		31.03.2003		Change % 31.03.04/ 31.03.03
	Amount	%	Amount	%	
Income on associated companies stated using the equity method	955	7.8	940	9.1	
Income on other equity investments	-26	-0.2	-9	-0.1	
Income on other investments:					0.0
- land and buildings	578	4.7	6	0.1	
- land and buildings (revenues from valuation using the stage of completion method)	1,940	15.9	-	0.0	
- bonds and other fixed-interest securities	9,242	75.8	9,805	95.2	
- income on unit trust units	45	0.4	69	0.7	
- interest on loans	166	1.4	227	2.2	
- interest on reinsurance deposits	-706	-5.8	-744	-7.2	
Total income	12,194	100.0	10,294	100.0	18.5
Adjustments to investment values:					
- unit trust units	-	0.0	-632	104.5	
- bonds and other fixed-interest securities	2	100.0	27	-4.5	
Total adjustments to investment values:	2	100.0	-605	100.0	
Profit on sale of investments:					
- land and buildings	6	66.7	193	482.5	
- unit trust units	-	0.0	-176	-440.0	
- bonds and other fixed-interest securities	3	33.3	23	57.5	
Total profit on sale of investments	9	100.0	40	100.0	
Total income on investments where the company bears the risk	12,205		9,729		25.4
Net income on investments benefiting life policyholders bearing the risk	3,734		-1,832		
Total	15,939		7,897		101.8

Buildings

The book value of buildings held by the parent company totalled Euro 9,121 thousand at quarter end (31 December 2003: Euro 9,120 thousand).

The Euro 14,262 thousand increase in the value of areas being built on by group companies, up from Euro 70,426 thousand to Euro 84,688 thousand, reflects the progress of the buildings works in Peschiera Borromeo (Milan) and Turin of Euro 7,272 thousand and the effect of the change in accounting treatment of Euro 6,990 thousand, Euro 1,940 thousand of which is recognised under ordinary income and Euro 5,050 thousand as extraordinary income as it had already matured at 31 December 2003.

The value of buildings for trading amounted to Euro 96,635 thousand. The increase is almost entirely related to the purchase of a prestigious building for office use in the old centre of Rome by Immobiliare Bilancia Prima S.r.l. during the quarter (Euro 22,334 thousand).

The Group profit on real estate trading totalled Euro 6 thousand (2003 first quarter: Euro 193 thousand).

Fixed-interest securities, investments and unit trusts

Fixed-interest securities, investments and unit trusts forming part of assets where Group companies bear the risk totalled Euro 878,061 at quarter end, up 1.0% on 2003 year end (Euro 869,562 thousand).

Changes may be summarised as follows:

	(in thousands of Euros)					
	Investments in group companies	Other equity investments	Unit trusts	Bonds	Other financial investments	Total
Balance at 31 December 2003	55,204	-	33,273	780,607	478	869,562
Acquisitions and subscriptions	20	-	-	6,901	-	6,921
Sales and repayments	-	-	-	-2,297	-	-2,297
Other changes:						
- adjustments and write-backs	-	-	-	3	-	3
- issue and trading discounts	-	-	-	220	-	220
- revaluations of investments stated using the equity method (ordinary)	955	-	-	-	-	955
- revaluations of investments stated using the equity method (extraordinary)	2,697	-	-	-	-	2,697
Balance at 31 March 2004	58,876	-	33,273	785,434	478	878,061
Net realised capital gains and losses on sales and redemptions						
- trading portfolio	-	-	-	3	-	3
Total net capital gains	-	-	-	3	-	3

The table shows the effect of application of the new accounting standard to the buildings of the French group Cogedim S.A., controlled through the sub-holding company Inbro B.V. and Mideco S.A. by the associated company Yarpa International Holding B.V.. The balance of Euro 955 thousand for the quarter includes Euro 140 thousand being the part recognised using the stage of completion method.

Transactions of the first quarter are as follows:

- acquisition of Italian government bonds with fixed interest rates and a residual duration of ten years for Euro 6,635 thousand;
- repayment of bonds for Euro 2,297 thousand.

Variations of the quarter in the equities investment portfolio included the payment of the remaining seven tenths of the quota capital and acquisition of a further 4.5% of Sivim S.r.l. through Vittoria Immobiliare. This meant that the group now holds a 49.5% interest therein paying a total of Euro 22 thousand.

The Argentine government securities held in the portfolio continued to be valued at 20% of their related nominal value, in line with the 2003 financial statements, pending the country's debt restructuring. No accruals for the related coupons were recorded in the profit and loss account

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

Securities relating to investments where policyholders bear the risk and to pension funds (Class D) went up to Euro 118,861 thousand (2003 year end: Euro 117,391 thousand) up1.3%.

They are made up as follows:

	(in thousands of Euros)		
	31/03/2004	31/12/2003	Change %
Shares	5,342	5,442	-1.8
Unit trusts and OEICs	74,075	73,054	1.4
Bonds and other fixed-interest securities	5,843	5,450	7.2
Index-linked securities	33,601	33,445	0.5
Total	118,861	117,391	1.3

Vittoria Formula Lavoro open pension fund

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

	Members		Capital	
	31/03/2004	31/12/2003	(in thousands of Euros)	
	31/03/2004	31/12/2003	31/03/2004	31/12/2003
Previdenza Garantita	45	44	484	443
Previdenza Equilibrata	46	47	319	298
Previdenza Capitalizzata	154	154	1,150	959

Other information

The following table summarises the effects of adoption of the stage of completion method to account for buildings under construction instead of the previous completed order treatment on the results for the quarter.

	(in thousands of euros)		
	Greater value matured at 31.12.2003	Greater value matured during quarter	Greater value matured at 31.03.2004
Impact of Vittoria Immobiliare Group on Vittoria Assicurazioni (buildings under construction by subsidiaries Vittoria Immobiliare and V.R.G. Domus)			
Gross amounts	5,050	1,940	6,990
Tax effect	-1,932	-672	-2,604
Minority interest ⁽¹⁾	-1,908	-820	-2,728
Profits earmarked for Life policyholders ⁽²⁾	-968	-358	-1,326
Net amounts	242	90	332
Impact of Yarpa International Holding Group on Vittoria Assicurazioni (buildings under construction by Cogedim Group, controlled by an associated company)			
Net revaluation of investment	10,789	558	11,347
Portion of Vittoria Assicurazioni (25%)	2,697	140	2,837
Summary	Net extraordinary income	Net ordinary income	Total net income
Total net effect for Vittoria Assicurazioni Group	2,939	230	3,169
Total net effect for minority interests	1,908	820	2,728
Total consolidated net effect	4,847	1,050	5,897

Note

(1) portion of net profit of minority interests of V.R.G. Domus and Vittoria Immobiliare

(2) 80% of the net profits of Vittoria Immobiliare recognised in the consolidated financial statements is accrued in an additional reserve to the parent company's mathematical reserve until they are actually distributed

Shareholders' equity

Shareholders' equity at 31 March 2004 is shown net of the amount allocated for dividends (Euro 3,900 thousand) as approved by the ordinary shareholders' meeting of Vittoria Assicurazioni of 29 April 2004. These dividends have not yet been distributed.

	(in thousands of Euro)								
	Share capital	Equity reserves	Con-solidation reserve	Reserve for valuation of uncon-solidated associated companies	Net profit for the period of the group	Total group share	Share capital and reserves of minority interests	Net profit for the period of minority interests	Total minority interests share
Balance at 31 December 2003	30,000	72,164	-1,807	2,946	19,290	122,593	4,309	238	4,547
Carry forward of 2003 profit	-	10,719	344	4,327	-19,290	-3,900	238	-238	-
Net profit for the period	-	-	-	-	8,173	8,173	-	2,790	2,790
Balance at 31 March 2004	30,000	82,883	-1,463	7,273	8,173	126,866	4,547	2,790	7,337

Post balance sheet events

Immobiliare Bilancia S.r.l.'s real estate trading business is doing very well. At 30 April, the subsidiary had signed preliminary sales agreements and proposals for Euro 25.7 million, equal to 37.1% of the entire operation. The first sales agreements will be finalised in the second quarter of the year.

Board of directors

Milan, 12 May 2004

Reclassified profit and loss account

(in thousands of Euros)

	Consolidated Report			Vittoria Assicurazioni S.p.A.		
	31/3/04	31/3/03	31/12/03	31/3/04	31/3/03	31/12/03
Technical account						
Life businesses:						
Direct insurance						
(+) Gross premiums accounted for	33,308	15,269	94,021	33,308	15,269	94,021
(-) Charges relating to claims	21,236	11,688	61,346	21,236	11,688	61,346
(-) Change in mathematical and other technical reserves	17,294	4,060	44,271	16,788	4,060	44,186
(+) Other technical captions, net	278	250	1,080	278	250	1,080
(-) Operating costs	3,145	2,847	14,010	3,145	2,847	14,010
(+) Income on investments net of the portion transferred to the non-technical account Class C	5,574	5,562	22,375	5,068	5,562	22,069
(+) Income on investments Class D	3,734	-1,832	6,768	3,734	-1,832	6,768
Direct insurance result	1,219	654	4,617	1,219	654	4,396
Outwards reinsurance result	-230	-197	131	-230	-197	131
Retained direct insurance result	989	457	4,748	989	457	4,527
Indirect and retroceded insurance result	-2	-6	-36	-2	-6	-36
Result of life business technical account	987	451	4,712	987	451	4,491
Non-life businesses:						
Direct insurance						
(+) Gross premiums accounted for	95,235	77,464	362,908	95,235	77,464	362,908
(-) Change in premium reserve	1,418	-2,492	18,855	1,418	-2,492	18,855
(-) Charges relating to claims	63,020	51,599	240,816	63,045	51,599	240,877
(-) Change in other technical reserves	109	110	487	109	110	487
(+) Other technical captions, net	-1,427	-1,332	-3,308	-1,427	-1,332	-3,308
(-) Operating costs	23,234	19,470	89,593	23,315	19,544	89,668
Direct insurance result	6,027	7,445	9,849	5,921	7,371	9,713
Outwards reinsurance result	-1,341	-2,692	1,906	-1,341	-2,692	1,906
Retained direct insurance result	4,686	4,753	11,755	4,580	4,679	11,619
Indirect and retroceded insurance result	97	-12	187	97	-12	187
Total retained direct insurance result	4,783	4,741	11,942	4,677	4,667	11,806
(-) Change in equalisation reserves	54	45	212	54	45	212
(+) Income on investments transferred from the non-technical account	2,903	2,288	12,621	2,903	2,288	12,620
Result of non-life business technical account	7,632	6,984	24,351	7,526	6,910	24,214
Result of technical account	8,619	7,435	29,063	8,513	7,361	28,705
(+) Income on non-life business investments net of the portion transferred to the technical account (statutory)	-	-	-	750	591	3,141
(+) Income on investments transferred from the life business technical account (statutory)	-	-	-	-	153	1,787
(+) Income on investments net of the portion included in the technical account (consolidate)	3,728	1,879	10,298	-	-	-
(+) Other income	828	1,164	5,082	395	530	1,942
(-) Interest on financial payables	378	359	1,633	248	248	990
(-) Other charges	2,531	2,137	9,759	1,649	1,321	6,784
Result of ordinary business	10,266	7,982	33,051	7,761	7,066	27,801
(+) Extraordinary income	36	71	812	-	61	612
(-) Extraordinary expense	87	141	1,351	40	132	1,267
Profit (loss)	10,215	7,912	32,512	7,721	6,995	27,146
(+) Net income from change in accounting treatment before minority interests	4,847	-	-	-	-	-
Profit (loss) before taxation	15,062	7,912	32,512	7,721	6,995	27,146
(-) Taxation on profit	4,099	3,056	12,984	3,307	3,018	11,999
Net profit (loss) for the period	10,963	4,856	19,528	4,414	3,977	15,147
(-) Minority interests	882	-23	238	-	-	-
(-) Minority interests - change in accounting treatment	1,908	-	-	-	-	-
Consolidated net profit (loss) for the period	8,173	4,879	19,290	-	-	-