

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

Consolidated quarterly report at 30 September 2007

Board of Directors' meeting
of 9 November 2007



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

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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	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

Mario RAVASIO	Joint General Manager
Cesare CALDARELLI	Deputy General Manager
Enrico CORAZZA	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 president	Independent non-executive
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.

Format and content

The consolidated quarterly interim report for the quarter ending on 30 September 2007, which has been prepared in accordance with IFRSs, is presented in compliance with Article 82 of CONSOB (Italian securities & exchange commission) resolution no. 11971 of 14 May 1999 as subsequently amended and supplemented by resolution no. 14990 of 14 April 2005.

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 2006. 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:

Name	Registered location	Share/quota capital - €	% Ownership		Through
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	32,658,392			
Vittoria Immobiliare S.p.A.	Milan	16,600,000	87.24%		
Immobiliare Bilancia S.r.l.	Milan	2,000,000	97.66%		
Immobiliare Bilancia Prima S.r.l.	Milan	2,000,000	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	80,000	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%	
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 30 September 2007 were as follows:

Vaimm Sviluppo Srl – 51% equity interest (indirectly owned)

Foundation of the company, which has a trading/refurbishment operation underway concerning premier buildings located in Genoa, with a € 51-thousand outlay by Vittoria Immobiliare SpA.

Forum Mondadori Residenze Srl – 70% equity interest (indirectly owned)

Foundation of the company for execution of a property project in Mantua, with a € 70-thousand outlay by Vittoria Immobiliare SpA.

Cadorna Real Estate Srl – 100% equity interest (indirectly owned)

Purchase of 100% of quota capital by Vittoria Immobiliare SpA, with an outlay of € 3,170 thousand and subsequent sale of 30% of quota capital to real estate partners for the sum of € 980 thousand.

Vittoria Immobiliare SpA – 87.24% equity interest (directly owned)

In April the Extraordinary Shareholders' Meeting of Vittoria Immobiliare SpA resolved a bonus capital increase of € 300 thousand and a capital increase of € 4,100 thousand, for consideration. The shareholders' resolution also attributes powers to the Board of Directors to increase share capital, by the end of 2012, up to achievement of total share capital of € 40,000 thousand.

The operating parent company, Vittoria Assicurazioni SpA, participated, for the portion pertaining to it, in the operations taking place in the period.

Immobiliare Bilancia Srl – 97.66% equity interest (directly owned)

The subsidiary paid € 8,594 thousand to the direct operating parent company as partial reimbursement of the quota premium reserve.

Immobiliare Bilancia Prima Srl – 100.00% equity interest (directly owned)

The direct operating parent company paid € 3,000 thousand into the subsidiary's capital increase account.

Vittoria Service Srl – equity interest of 70% (directly owned) and 30% (indirectly owned)

Vittoria Assicurazioni SpA and Vittoria Immobiliare SpA, each for the portion pertaining to it, paid € 20 thousand into the subsidiary's capital increase account and € 100 thousand into its share premium reserve.

Yafra Sas - Paris (France)

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

Unconsolidated companies

The following companies are booked at equity:

Name	Registered location	Share/quota capital - €	% Ownership		
			Direct	Indirect	Through
Yarpa International Holding N.V.	Amsterdam Netherlands	675,000	25.00%		
Laumor B.V.	Amsterdam Netherlands	20,000	25.00%		
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%		
Gimatrading S.r.l.	Turin	10,400		35.00%	Vittoria Immobiliare S.p.A.
Sivim S.r.l.	Milan	60,000		49.50%	
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.

White Finance SA – 32.17% equity interest

Vittoria Assicurazioni SpA paid € 1,611 thousand to the associate company, as an increase of the share premium reserve. The associate subsequently executed partial reimbursement of the reserve, for an amount of € 3,941 thousand.

Yarpa SpA - 20.91% equity interest

BPC SpA changed its corporate name to Yarpa SpA and, at the same time, its subsidiary BPC Investimenti SGR SpA changed its name to Yarpa Investimenti SGR SpA.

Laumor Holdings Sarl - 29.00% equity interest

Vittoria Assicurazioni SpA paid € 3,335 thousand to the associate company, as an increase of the quota premium reserve.

Rovimmobiliare Srl – 50% equity interest

€ 1,000 thousand was paid into the associate company's capital account as a shareholders' loan.

Gima Finance SA - 32.13% equity interest

In July, Vittoria Assicurazioni SpA took part in the foundation of the Luxembourgian company with share capital of € 31,000 thousand. The direct operating parent company's total commitment, for the private equity operations that the associate company will undertake, is € 25 mn.

Directors' Report

Performance of the Vittoria Assicurazioni Group

Actual results at the end of the third quarter of 2007 showed consolidated net profit attributable to parent company shareholders amounting to € 88,542 thousand in the first nine months of 2007 (9M07) as opposed to € 27,242 thousand in the same period in the previous year (9M06) (i.e. +225.0%).

The major increase in net profit was largely due to the capital gain stemming from the sale of Cogedim SA, completed by the associate company Yarpa International Holding BV, for which the direct operating parent company reported a net gain of € 66,296 thousand.

As already anticipated in the half-year report as at 30 June 2007, improvement of the insurance business as up to 30 September was set against a reduction in income in the real-estate business. This was due to the different type of activities currently underway, primarily focusing on development and promotion operations (medium-/long-term) rather than on trading (short term). Related income will therefore emerge over an extended time span.

Investments – totalling € 1,969,728 thousand, of which € 108,060 thousand for investments with risk borne by policyholders and € 1,861,668 thousand for investments for which risk is borne by the Group – showed an increase of 15.2% vs. status as at 31 December 2006.

Net investment income from investments with risk borne by the Group amounted to € 115,980 thousand vs. € 56,193 thousand in 9M06.

Equity attributable to parent company shareholders amounted to € 319,014 thousand whilst minority interest amounted to € 6,768 thousand.

During 9M07 the possibility continued of conversion of the subordinated loan into shares of Vittoria Assicurazioni SpA. As at 30 September 2007 share capital, following conversion applications, had risen from € 30,451,623 to € 32,658,392.

In view of performance in the period and of the various positive income items, it is deemed reasonable to confirm the forecast, for the current financial year, of 34% consolidated ROE. Consolidated ROE is calculated on equity net of the accounting reserve for unrealised capital gains recognised directly in equity.

As up to 30 September 2007, the direct operating parent company, Vittoria Assicurazioni SpA, showed a net profit – based on Italian GAAPs – of € 22,329 thousand (vs. € 23,476 thousand in 9M06). Compared with 9M06, net profit as up to 30 September 2007 featured lower recognition of dividends, due to different timing of their payout. On 22 October 2007 the company in fact collected € 17,062 thousand for dividends paid out by the associate company Yarpa International BV.

INSURANCE BUSINESS

Profit for the insurance business, before taxes and intersegment eliminations, amounted to € 103,486 thousand (€ 44,906 thousand in 9M06). The key operating items contributing to the period's result are described below.

Total collections in 9M07 amounted to € 447,087 thousand (+11.9% vs. premiums of € 399,469 thousand in 9M06), of which € 440,698 thousand for insurance premiums and € 6,389 thousand for index- and unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Premiums for direct Life business, which exclude policies classified as investment contracts, amounted to € 90,354 thousand, growing by 32.4% over 9M06.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by +10.1%. Specifically:

- Motor premiums progressed by 4.9% (Land motor TPL +5.2%; Ship (sea, lake, and river) TPL +13.6%, Land vehicle hulls +2.9%; and Assistance +15.0%)
- Premiums for other non-marine insurance (which excludes the specialty categories, i.e. marine & transport, aviation, and credit & suretyship) grew by 27.5% whilst those of specialty categories increased by 2.5%.

The Non-Life combined ratio and loss ratio, as at 30 September 2007, were respectively 97.8% and 69.9%.

REAL-ESTATE BUSINESS

The result of the real-estate business, before taxes and intersegment eliminations, showed a loss of € -127 thousand (vs. a profit of € 7,645 thousand in 9M06) and featured contributors to the income statement that, before intersegment eliminations, included:

- Income earned on properties from trading (€ 4,924 thousand) and development (€ 1,288 thousand) totalling € 6,212 thousand
- Revenues from real-estate brokerage and management services of € 2,056 thousand and rental income of € 576 thousand.

The Group continued its policy of focusing increasingly on development and promotion operations, whereas the weight of trading business continued to decrease on an ongoing basis.

SERVICE BUSINESS

Revenues for services rendered in 9M07 by Group companies, before elimination of intercompany services, amounted to € 3,187 thousand. These revenues mainly referred to commissions and services rendered to the parent company.

This segment showed a profit in 9M07, before tax and minority interest, of € 134 thousand (€ 30 thousand in 9M06).

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 € 6,389 thousand (€ 12,141 thousand in 9M06) – are not considered to be insurance premiums.

Premiums collected in 9M07 thus amounted to € 440,698 thousand. The following table shows portfolio mix and changes occurring by insurance segment (Life and Non-Life).

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN FIRST 9 MONTHS OF 2007 AND 2006 DIRECT AND INDIRECT BUSINESS

	(in thousand of euros)				
	First 9 months 30/09/07	First 9 months 30/09/06	YoY change %	% of total book	
				2007	2006
Domestic direct business					
Life business					
I Whole- and term life	77,155	40,298	91.5	17.5	10.4
IV Health (long-term care)	260	229	13.5	0.1	0.1
V Capitalisation	12,939	27,704	- 53.3	2.9	7.2
Total Life business	90,354	68,231	32.4	20.5	17.6
Non-Life business					
Accident	18,407	17,479	5.3	4.2	4.5
Health	5,243	5,124	2.3	1.2	1.3
Fire and natural events	18,096	15,175	19.3	4.1	3.9
Miscellaneous damage	10,499	9,812	7.0	2.4	2.5
General TPL (third-party liability)	17,780	15,635	13.7	4.0	4.0
Pecuniary losses	21,404	8,328	157.0	4.9	2.2
Legal protection	1,806	1,552	16.4	0.4	0.4
Total non-marine lines (exc. specialty and motor)	93,235	73,105	27.5	21.2	18.9
Railway rolling stock	2	2	0.0	0.0	0.0
Aircraft hulls	632	1,550	-59.2	0.1	0.4
Marine hulls	811	318	155.0	0.2	0.1
Cargo insurance	1,326	1,326	0.0	0.3	0.3
Aviation TPL	83	160	-48.1	0.0	0.0
Bond insurance	6,385	5,655	12.9	1.5	1.5
Total specialty lines	9,239	9,011	2.5	2.1	2.3
Third-party motor liability	203,056	193,028	5.2	46.1	49.8
Third-party marine liability	367	323	13.6	0.1	0.1
Motor vehicle hulls	41,095	39,949	2.9	9.3	10.3
Support and assistance	2,978	2,589	15.0	0.7	0.7
Total motor lines	247,496	235,889	4.9	56.2	60.9
Total Non-Life business	349,970	318,005	10.1	79.4	82.1
Total direct business	440,324	386,236	14.0	99.9	99.7
Domestic indirect business					
Life business	1	2	-50.0	0.0	0.0
Non-Life business	373	1,090	-65.8	0.1	0.3
Total indirect business	374	1,092	-65.8	0.1	0.3
Grand Total	440,698	387,328	13.8	100.0	100.0

Premiums relating solely to the third quarter of 2007 (3Q07) are instead shown in the following table:

(in thousand of euros)		
Third Q 2007		
Gross written Premiums		
Domestic direct business	Life business	26,984
	Non-marine (exc. specialty and motor)	28,185
	Specialty lines	2,740
	Motor	73,727
	Total	131,636
Domestic indirect business	Total	241
Grand Total		131,877

Revenues in the quarter for investment contracts (index-/unit-linked policies and the open-ended pension fund Vittoria Formula Lavoro) totalled € 273 thousand.

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

(in thousands of euros)					
Region	Agencies	Non-life businesses		Life businesses	
		Premiums	%	Premiums	%
NORTH					
Emilia Romagna	21	24,835		3,289	
Friuli Venezia Giulia	3	4,584		517	
Liguria	9	12,764		948	
Lombardy	60	89,988		20,863	
Piedmont	25	23,887		2,332	
Trentino Alto Adige	5	5,565		383	
Valle d'Aosta	1	1,389		104	
Veneto	22	23,446		3,204	
Totale	146	186,458	53.3	31,640	35.0
CENTRE					
Abruzzo	7	13,406		1,549	
Lazio	24	62,282		48,205	
Marche	8	6,002		781	
Toscana	21	28,636		2,848	
Umbria	11	14,589		2,190	
Totale	71	124,915	35.7	55,573	61.5
SOUTH AND ISLANDS					
Basilicata	2	3,281		291	
Calabria	2	2,482		103	
Campania	6	7,612		1,047	
Puglia	4	10,065		951	
Sardinia	1	3,951		94	
Sicily	7	11,206		655	
Total	22	38,597	11.0	3,141	3.5
Grand Total	239	349,970	100.0	90,354	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 9M07 amounted to € 90,354 thousand (€ 68,231 thousand in 9M06), of which € 59,037 thousand for single premiums – mainly attributable to growth of policies in the branch of “20% salary-assignment loans” [known as “cessione del quinto” in Italian] - and € 31,317 thousand for annual premiums, respectively accounting for 65.3% and 34.7% of the total. Direct premiums written in 3Q07 amounted to € 26,984 thousand (€ 17,613 thousand in 3Q06), of which € 18,588 thousand for single premiums and € 8,396 thousand for annual premiums, respectively accounting for 68.9% and 31.1% of the total.

Claims, accrued capital sums & annuities, and surrenders

The comparison relating to claims, accruals and surrenders for both the third quarter and the first 9 months of the year is shown in the following table:

	(in thousands of euros)	
	30/09/07	30/09/06
Third Quarter		
Claims	1,000	705
Accrued capital sums & annuities	7,600	8,108
Surrenders	5,299	4,118
Total	13,899	12,931
As at Third Quarter		
Claims	1,911	2,094
Accrued capital sums & annuities	29,620	25,920
Surrenders	16,539	12,889
Total	48,070	40,903

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 3Q07 ceded premiums amounted to € 265 thousand for a total, in the 9 months up to 30 September 2007, of € 1,859 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 and technical performance

Direct premiums written in 9M07 amounted to € 349,970 thousand (€ 318,005 thousand in 9M06) and featured an increase of 10.1%% YoY.

Direct premiums written in 3Q07 amounted to € 104,652 thousand (€ 96,217 thousand in 3Q06).

The total technical result, net of financial income attributable to the investments covering technical reserves, showed improvement of 19.1% YoY.

As regards individual categories of lines:

Non-Marine Lines (exc. Specialty and Motor)

Non-marine premiums increased by 27.5%, thus confirming the growth of their weight in the parent company's book. The technical result as a whole was positive, with major improvement over 9M06.

Specialty lines

Premiums in the Specialty category increased by 2.5% in 9M07. The overall technical result was still negative, albeit further improving vs. 9M06.

Motor lines

These lines featured 4.9% growth of premiums written, thanks to the increase in vehicles/year in the TPL segment. The positive technical result was in line with that of 9M06.

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)					
	30/09/07		30/09/06		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	4,501	11,699	4,368	13,720	3.0	-14.7
Health insurance	2,573	3,676	2,363	2,469	8.9	48.9
Fire and natural events	3,248	10,467	4,051	9,044	-19.8	15.7
Miscellaneous damages	6,288	10,575	5,453	8,663	15.3	22.1
Third-party general liability	5,217	15,807	5,977	15,303	-12.7	3.3
Pecuniary losses	415	1,778	110	220	277.3	708.2
Legal protection	151	77	159	104	-5.0	-26.0
Total non-motor businesses	22,393	54,079	22,481	49,523	-0.4	9.2
Third-party aviation liability	4	1,157	11	878	-63.6	31.8
Third-party marine liability	20	126	11	72	81.8	75.0
Cargo insurance	307	1,226	269	1,956	14.1	-37.3
Third-party aviation liability	2	22	7	122	-71.4	-82.0
Bond insurance	82	2,486	81	3,705	1.2	-32.9
Total Special businesses	415	5,017	379	6,733	9.5	-25.5
Third-party motor liability	44,102	141,694	45,889	128,519	-3.9	10.3
Third-party marine liability	38	252	26	91	46.2	176.9
Motor vehicle hulls	14,508	24,300	13,755	23,844	5.5	1.9
Support and assistance	5,099	695	5,613	746	-9.2	-6.8
Total motor businesses	63,747	166,941	65,283	153,200	-2.4	9.0
Total non-life businesses	86,555	226,037	88,143	209,456	-1.8	7.9

The following table summarises claims reported in 3Q07:

(in thousands of euros)

	Third Quarter 2007	
	number	total cost
Total non-motor businesses	7,669	21,194
Total Special businesses	137	1,022
Total motor businesses	20,227	57,791
Total non-life businesses	28,033	80,007

Claims settled

In 3Q07 claims paid for direct business and the amount charged to reinsurers amounted to € 66,210 thousand and to € 9,046 thousand respectively.

The total amount in 9M07 of claims settled, broken down according to the period to which they refer, is summarised in the following table:

(in thousands of euros)

	Claims paid 30/09/07			Claims recovered from reinsurers	Claims paid 30/09/06			Change gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	1,371	7,447	8,818	1,699	1,315	4,748	6,063	45.4
Health insurance	2,093	1,610	3,703	-	1,213	2,279	3,492	6.0
Fire and natural events	2,536	4,482	7,018	191	2,883	4,949	7,832	-10.4
Miscellaneous damages	5,288	3,251	8,539	49	3,470	3,080	6,550	30.4
Third-party general liability	2,735	8,198	10,933	853	1,866	7,295	9,161	19.3
Legal protection	-	68	68	14	-	9	9	655.6
Pecuniary losses	193	196	389	-	91	37	128	203.9
Total non-motor businesses	14,216	25,252	39,468	2,806	10,838	22,397	33,235	18.8
Third-party aviation liability	1,127	365	1,492	1,262	599	996	1,595	-6.5
Third-party marine liability	35	49	84	7	9	46	55	52.7
Cargo insurance	102	536	638	569	215	483	698	-8.6
Third-party aviation liability	-	65	65	61	-	-	-	n.v.
Bond insurance	4,515	1,797	6,312	3,012	782	2,091	2,873	119.7
Total Special businesses	5,779	2,812	8,591	4,911	1,605	3,616	5,221	64.6
Third-party motor liability	43,418	91,630	135,048	20,003	46,373	94,347	140,720	-4.0
Third-party marine liability	26	107	133	-	26	115	141	-5.7
Motor vehicle hulls	11,402	7,841	19,243	127	9,743	8,294	18,037	6.7
Support and assistance	417	217	634	683	694	271	965	-34.3
Total motor businesses	55,263	99,795	155,058	20,813	56,836	103,027	159,863	-3.0
Total non-life businesses	75,258	127,859	203,117	28,530	69,279	129,040	198,319	2.4

The cost includes the amount incurred in 9M07 for the contribution to the guarantee fund for road-accident victims. This totalled € 4,880 thousand vs. € 4,619 thousand in 9M06.

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
Cargo (goods in transit)	Voluntary-mandatory
Fire and natural events	Excess claims
Motor TPL	Pure premium (in 9M07 the part ceded was reduced from 20% to 10%)
Aviation TPL	Excess claims
General TPL	Pure premium for general aviation 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 3Q07 amounted to € 10,983 thousand for a total, in 9M07 of € 34,923 thousand.

Commercial organisation

As part of planned expansion of the agency network, in 3Q07 two new agencies were set up whilst another seven agencies were reorganised. Consequently, as at 30 September 2007 the parent company was present in Italy with 239 general agencies and 359 professional sub-agencies.

Products

Work continued on new-product development and on revamping of existing products. More specifically, work done during 9M07 is outlined below:

Life business: New products

- "Vittoria Formula Optimiz 2007": a single-premium, index-linked life policy directly linked to the performance of a structured bond linked in turn 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.

Non-Marine business: New products

- "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 Rimborso Spese Sanitarie Classic was created.
- "Vittoria Formula Rimborso Spese Mediche": a new dedicated product for members of an affinity-group organisation.

Motor business: New products

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

Life business: Revamped products

- "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: Revamped products

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

Motor business: Revamped products

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

Technical reserves

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

Breakdown of technical reserves

(in thousands of euros)

	Direct business		Indirect business		Total carrying value	
	30/09/07	31/12/06	30/09/07	31/12/06	30/09/07	31/12/06
Non-Life reserves	678,485	634,708	1,649	2,173	680,134	636,881
Premiums reserve	175,458	171,329	158	191	175,616	171,520
Claims reserve	499,954	460,596	1,491	1,982	501,445	462,578
Other reserves of which reserves posted following liability adequacy testing	3,073 -	2,783 -	- -	- -	3,073 -	2,783 -
Life reserves	729,058	704,124	500	500	729,558	704,624
Reserve for amounts payable	12,418	20,759	11	11	12,429	20,770
Mathematical reserves	689,246	648,599	479	479	689,725	649,078
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	-	-	-	-	-	-
Other reserves of which reserves posted following liability adequacy testing of which deferred liabilities to policyholders	27,394 - 18,627	34,766 - 30,497	10 - -	10 - -	27,404 - 18,627	34,776 - 30,497
Total Technical Reserves	1,407,543	1,338,832	2,149	2,673	1,409,692	1,341,505

Of deferred liabilities to policyholders, € 8,803 thousand stems from measurement at fair value of available-for-sale securities and € 9,824 thousand from provisioning made against subsidiaries' profits allocated to the segregated asset accounts.

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

Breakdown of reinsurers' share of technical reserves

(in thousands of euros)

	Direct business		Indirect business		Total carrying value	
	30/09/07	31/12/06	30/09/07	31/12/06	30/09/07	31/12/06
Non-Life reserves	89,224	102,706	1,112	1,590	90,336	104,296
Premiums reserve	17,717	25,428	98	126	17,815	25,554
Claims reserve	71,507	77,278	1,014	1,464	72,521	78,742
Other reserves	-	-	-	-	-	-
Life reserves	20,356	22,662	-	-	20,356	22,662
Reserve for amounts payable	21	21	-	-	21	21
Mathematical reserves	20,309	22,609	-	-	20,309	22,609
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	-	-	-	-	-	-
Other reserves	26	32	-	-	26	32
Reinsurers' total share of technical reserves	109,580	125,368	1,112	1,590	110,692	126,958

Overhead costs

Insurance Business

Overhead costs

In 9M07 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 € 42,632 vs. € 40,008 thousand in 9M06, increasing by 6.6%.

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)

COST BREAKDOWN - direct insurance	30/09/07	30/09/06	Change
Personnel costs	22,704	21,511	5.6%
Other costs	16,103	14,643	10.0%
Depreciation & amortisation	3,825	3854	-0.8%
Total overhead costs	42,632	40,008	6.6%

Overhead costs as a percentage of total insurance premiums and revenues amounted to 9.5 % (10.0% in 9M06).

The following table shows the breakdown and trend by function of operating expenses, claims-related costs, and other costs.

(in thousands of euros)

COST BREAKDOWN BY FUNCTION	30/09/07	30/09/06	Change
Other acquisition expenses	14,918	14,298	4.3%
Claims costs	8,819	7,739	14.0%
Other administrative costs	15,166	14,377	5.5%
Investment management costs	705	592	19.1%
Other costs	3,024	3,002	0.7%
Total costs by function	42,632	40,008	6.6%

Real-estate business – Service Business

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

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.

REAL ESTATE BUSINESS

(in thousands of euros)

COST BREAKDOWN	30/09/07	30/09/06	Change
Personnel costs	2,293	1,989	15.3%
Other costs	3,382	4,703	-28.1%
Depreciation & amortisation	233	186	25.3%
Total overhead costs	5,908	6,878	-14.1%

SERVICE BUSINESS

(in thousands of euros)

COST BREAKDOWN	30/09/07	30/09/06	Change
Personnel costs	471	446	5.6%
Other costs	2,578	2,163	19.2%
Depreciation & amortisation	20	18	11.1%
Total overhead costs	3,069	2,627	16.8%

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.

Breakdown of insurance operating costs

(in thousands of euros)

	30/09/07	30/09/06	Change
Gross commissions and other acquisition costs	94,215	78,836	19.5%
a Acquisition and collection commissions	72,973	57,528	26.8%
a1 Acquisition commissions	66,735	50,550	32.0%
a2 Premium collection commissions	6,238	6,978	-10.6%
b Other acquisition expenses	20,359	20,000	1.8%
(*) b1 due to overheads costs allocation	14,918	14,298	4.3%
b2 Other acquisition costs	5,441	5,702	-4.6%
c Change in deferred acquisition costs (DAC)	883	1,308	-32.5%
Profit and other commissions received from reinsurers	-10,981	-14,381	-23.6%
(*) Investment management expenses	705	592	19.1%
Other administrative expenses	15,923	14,560	9.4%
(*) b1 due to overheads costs allocation	15,166	14,377	5.5%
b2 Other acquisition costs	757	183	313.9%
Totale	99,862	79,607	25.4%

(*) Overhead costs already reported in "COST BREAKDOWN BY FUNCTION" table

Employees

As at 30 September 2007 Vittoria Assicurazioni and fully consolidated companies had 474 employees vs. 462 as at 31 December 2006 and 466 as at 30 September 2006.

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

	30/09/07	30/09/06	31/12/06
Managers	21	21	22
Officers	108	102	102
Administrative staff	343	343	342
Total	472	466	466

Investments – Cash & cash equivalents - Property

As at 30 September 2007 investments, cash & cash equivalents, and property had reached a value of € 1,969,728 thousand with an increase of € 259,559 thousand vs. 31/12/2006, i.e. +15.2%. The detailed breakdown is shown in the following table:

(in thousands of euros)			
INVESTMENTS - CASH & CASH EQUIVALENTS - PROPERTY	30/09/07	31/12/06	Change
Investments in subsidiaries, associates, and joint ventures	123,639	53,194	132.4%
- Investments in associates	123,639	53,194	
- Investments in joint ventures	-	-	
A Held-to-maturity investments	172,556	151,224	14.1%
Loans and receivables	42,272	19,488	116.9%
- Reinsurance deposits	534	534	
- Other loans and receivables	41,738	18,954	
B Available-for-sale financial assets	1,075,413	1,010,569	6.4%
- Shares and quotas	64,567	64,525	
- Units in CIUs	13,713	8,030	
- Bonds and other fixed-income securities	997,133	938,014	
C+D Financial assets at fair value through profit or loss	112,868	119,458	-5.5%
C Financial assets at fair value through profit or loss	108,060	116,048	-6.9%
- Investments for which policyholders bear risk	108,060	116,048	
D Financial assets held for trading	4,808	3,410	41.0%
- Bonds and other fixed-income securities held for trading	4,808	3,410	
Cash & cash equivalents	93,830	82,753	13.4%
E Property	349,150	273,483	27.7%
Property under construction	267,419	232,638	
Property held for trading	65,532	25,237	
Owner-occupied property	16,199	15,608	
TOTAL INVESTMENTS	1,969,728	1,710,169	15.2%
of which			
Investments with risk borne by Group	1,861,668	1,594,121	16.8%
Investments with risk borne by policyholders	108,060	116,048	-6.9%

Investments with risk borne by Group

Investments with risks borne by the Group totalled € 1,861,668 thousand (€ 1,594,121 thousand as at 31 December 2006).

The following transactions took place during 9M07:

A) Held-to-maturity investments:

- Repayment of bonds for a total of € 99 thousand
- Purchase of fixed-rate Eurozone government securities with maturities ranging from 7 to 10 years, for a total of € 19,619 thousand.

B) Available-for-sale financial assets:

- Repayment of bonds for a total of € 39,505 thousand
- Purchase of fixed-rate Eurozone government securities with maturities ranging from 7 to 10 years, for a total of € 106,729 thousand
- Purchase of Italian variable-rate government securities for € 2,007 thousand
- Completion of liquidation of Marina Srl, with total cash-in of € 1,061 thousand, making a profit of € 331 thousand

- Subscription, for € 5,000 thousand, in shares of BCM Market Neutral Fund Plc, a hedge fund set up by the investee company BCM & Partners LLP
- Partial repayment of closed-end real-estate funds for a total of € 117 thousand
- Sale at cost of the equity interest in Banca Popolare Etica Soc. Coop., with cash-in of € 52 thousand

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 € 1,428 thousand.

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

As at 30 September 2007 these investments amounted to € 108,060 thousand, with a decrease of -6.9% YoY. Of this amount, € 105,420 thousand related to unit- and index-linked policies and € 2,640 thousand to the open-ended pension fund Vittoria Formula Lavoro.

As regards income, there was total net loss of € -1,919 thousand.

The value of investments in securities amounted to € 106,869 thousand (€ 112,349 thousand as at 31 December 2006) with a decrease of -4.9% YoY.

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

	(in thousands of euros)		
	30/09/07	31/12/06	Change %
Shares	5,345	6,879	-22.3
Units trusts and OEICs	66,569	76,453	-12.9
Bonds and other fixed-income securities	10,195	8,214	24.1
Index Linked securities	24,761	20,803	19.0
Total Investments in securities	106,869	112,349	-4.9
Cash and other assets	1,191	3,699	-67.8
Investments benefiting policyholders who bear relating risk and those arising from pension fund management	108,060	116,048	-6.9

As at 30 September 2007 the status of the three segments of Vittoria Assicurazioni's open-ended pension fund was as follows:

	Members		Capital (in thousands of euros)	
	30/09/07	31/12/06	30/09/07	31/12/06
Previdenza Garantita	126	23	310	275
Previdenza Equilibrata	177	37	386	332
Previdenza Capitalizzata	304	106	1,938	1,748

Change in securities

The following table shows the cumulative change in the nine months ending on 30 September 2007 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			
Carrying amount at 31/12/2006	151,224	64,525	8,030	938,014	1,010,569	116,048	3,410	1,281,251
Acquisitions and subscriptions	19,619	76	5,000	108,736	113,812	13,617	1,428	148,476
Sales and repayments	-99	-177	-117	-39,505	-39,799	-19,154	-	-59,052
Other changes:								
- effective interest adjustments	1,436	-	-	1,185	1,185	-	-	2,621
- fair value adjustments	-	873	800	-12,360	-10,687	-1,554	-63	-12,304
- impairment loss	-	-	-	-	-	-	-	-
- rate changes	376	-	-	1,063	1,063	476	33	1,948
- other changes	-	-730	-	-	-730	-1,373	-	-2,103
Carrying amount at 30/09/2007	172,556	64,567	13,713	997,133	1,075,413	108,060	4,808	1,360,837

Investments in property (Section E of previous table)

As at 30 September 2007 real-estate assets totalled € 349,150 thousand (+27.7% vs. 31 December 2006). They included investments made via special purpose vehicles, not wholly controlled by the parent company.

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

(in thousands of euros)

	30/09/07	31/12/06	Change
Property under construction:			
- Gross book value	274,297	235,667	16.4%
- Down payments received	-6,878	-3,029	127.1%
Total property under construction	267,419	232,638	15.0%
Property held for trading	65,532	25,237	159.7%
Owner-occupied property:			
- Owned by parent company	12,227	12,397	-1.4%
- Owned by subsidiaries	3,972	3,211	23.7%
Total owner-occupied property	16,199	15,608	3.8%
Total	349,150	273,483	27.7%

The most significant changes occurring during the period are shown in the following table.

	(in thousands of euros)			
	Property under construction	Property held for trading	Owner-occupied property	Total
Balance as at 31/12/06	232,638	25,237	15,608	273,483
Purchases and capitalised interests paid				
- GENOA - P.za De Ferrari, Via Conservatori del Mare, Via Orefici (real estates purchase through Vaimm Sviluppo S.r.l.)		42,669		42,669
- TURIN - C.so Cairoli (Cadorna Real Estate S.r.l. acquisition)		11,681		11,681
- SAN DONATO MILANESE (MI) - building land purchase (through Vittoria Immobiliare S.p.A.)	23,917			23,917
- PESCHIERA BORROMEO (MI) - site-work progress costs (through Vittoria Immobiliare S.p.A.)	9,013			9,013
- TURIN - Via Villar Focchiardo - building land purchase (through Vittoria Immobiliare S.p.A.)	3,438			3,438
- Other purchases and other incremental costs (miscellaneous operations)	4,223	2,191	838	7,252
Total purchases	40,591	56,541	838	97,970
Sales:				
- ROME - Via Benedetto Croce, Via di Villa Massimo (through Immobiliare Bilancia S.r.l.)		(11,810)		(11,810)
- TURIN - "Spina" (through V.R.G. Domus S.r.l.)	(2,850)			(2,850)
- Other sales (miscellaneous operations)	(398)	(9,360)		(9,758)
Total sales	(3,248)	(21,170)		(24,418)
Decrease (Increase) payments on account received	(3,850)			(3,850)
Amortisation			(247)	(247)
Margins	1,288	4,924		6,212
Balance as at 30/09/07	267,419	65,532	16,199	349,150

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	30/09/07	31/12/06	Change
Total financial liabilities relating to investments with risk borne by policyholders and those arising from pension fund management	108,060	116,048	-6.9%
- Financial liabilities relating to investments with risk borne by policyholders for unit-/index-linked policies	105,420	113,669	
- Financial liabilities relating to investments with risk borne by policyholders for pension funds	2,640	2,379	
Other financial liabilities	309,614	206,181	50.2%
- Reinsurance deposits	86,937	86,934	
- Bank borrowings	179,010	91,430	
- Other financial liabilities	29,168	4,085	
- Other subordinated liabilities	9,292	7,924	
- Subordinated liabilities	5,207	15,808	
TOTAL FINANCIAL LIABILITIES	417,674	322,229	29.6%

The following table shows the cumulative change as up to 30 September 2007 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 and index-linked policies	Benefits relating to pension fund management	Total
Balance as at 31/12/06	113,669	2,379	116,048
Investments of net inflows	5,756	320	6,076
Income attributable to policyholders	-1,902	-17	-1,919
Sums paid	-12,103	-42	-12,145
Balance as at 30/09/07	105,420	2,640	108,060

Gains and losses on investments

The following table shows the breakdown as at 30 September 2007 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	Net interest and other income	Realised net gains	Unrealised gains	Unrealised losses	Total net realised and unrealised gains 30/09/07	Total net realised and unrealised gains 30/09/06
Investments	111,547	1,387	2,162	4,230	110,866	51,292
Of which:						
a Investment property	-	-	-	-	-	-
b Investments in subsidiaries, associates, and joint ventures	73,281	-	-	-	73,281	12,895
c Held-to-maturity investments	4,655	-	-	-	4,655	3,862
d Loans & receivables	394	-	-	1	393	430
e Available-for-sale financial assets	32,526	330	-	-	32,856	27,429
f Financial assets held for trading	49	-	21	83	-13	-4
g Financial assets measured at fair value through profit or loss	642	1,057	2,141	4,146	-306	6,680
Other receivables	368	-	-	-	368	346
Cash & cash equivalents	2,600	-	-	-	2,600	1,712
Financial liabilities	-4,735	-	-	-304	-4,431	-10,252
Of which:						
a Financial liabilities held for trading	-	-	-	-	-	-
b Financial liabilities measured at fair value through profit or loss	-	-	-	-304	304	-6,680
c Other financial liabilities	-4,735	-	-	-	-4,735	-3,572
Payables	-	-	-	-	-	-
Total gains and losses on financial instruments	109,780	1,387	2,162	3,926	109,403	43,098
Income from real estate business						
a Gains on property trading	-	5,537	-	-	5,537	11,814
b Revenue from construction contracts (percentage of completion)	425	-	-	-	425	319
c Rental income on owner-occupied and trading properties	613	-	-	-	613	962
Total income from real estate business	1,038	5,537	-	-	6,575	13,095
Total gains and losses on investments	110,818	6,924	2,162	3,926	115,978	56,193
of which:						
Investments with risk borne by policyholders	642	1,057	2,141	4,450	-2	-
Investment result	642	1,057	2,141	4,146	-306	6,680
Write-up/write-down of liabilities	-	-	-	-304	-304	6,680
Investments with risk borne by Group	110,176	5,867	21	84	115,980	56,193

Net gains with risk borne by the Group increased by 106.4% YoY from € 56,193 thousand in 9M06 to € 115,980 thousand. The increase was mainly due to the parent company's share of the capital gain already mentioned on the sale of Cogedim SA completed by the associate company Yarpa International Holding NV.

As up to 30 September 2007 the weighted average return on "Bonds and other fixed-income securities" was 4.4% as compared with 4.0% in 9M06.

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	30/09/07	30/09/06
Total income from real estate business (*)	6,575	13,095
Brokerage and management revenues	1,869	2,682
Other technical captions - insurance business	1,353	1,242
Other revenues - real estate business	6	72
Other revenues - insurance business	392	348
Other revenues - service business	4	6
Total	10,199	17,445

(*) As per previous table "Gains and losses on investments"

Net Equity

The breakdown of equity as at 30 September 2007 is shown in the following table.

(in thousands of euros)		
BREAKDOWN OF EQUITY	30/09/07	31/12/06
Total equity attributable to parent company shareholders	319,014	226,311
Share capital	32,658	30,452
Other equity instruments	407	1,229
Equity reserves	30,488	21,878
Earnings reserves and other reserves	156,031	125,478
Translation reserve	11	-2
Fair value reserve	10,855	11,847
Other gains (losses) recognised directly in equity	22	22
Profit (loss) for period	88,542	35,407
Total equity attributable to minority interest	6,768	6,511
Capital and reserves of minority interest	6,993	5,393
Profit (loss) attributable to minority interest	-225	1,118
Total Consolidated Equity	325,782	232,822

Share capital consists of 32,658,392 shares with a par value of € 1.00 each, fully subscribed and paid up, as modified following exercise of bond conversion options as up to 30 September 2007.

Post quarterly balance-sheet events

Insurance Business

In the month of October conversion continued of the “Vittoria Assicurazioni – Fixed/Floater 2001/2016” bond loan. Given this, as at the end of October 2007 the parent company’s share capital amounted to € 32,666,088. 30 October marked the end, for 2007, of the annual conversion period envisaged by the bond loan’s Regulation.

On 22 October 2007 the parent company collected € 17,062 thousand for dividends paid out by the associate company Yarpa International Holding BV.

Real-Estate and Services Businesses

No significant events took place after 30 September.

The Board of Directors

Milan, 9 November 2007

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

		30/09/07	30/09/06	31/12/06	Third Q 2007	Third Q 2006
1.1	Net premiums	400,032	335,485	484,421	170,867	106,320
1.1.1	<i>Gross premiums</i>	436,550	390,767	563,601	171,086	125,303
1.1.2	<i>Ceded premiums</i>	36,518	55,282	79,180	219	18,983
1.2	Commission income	1,326	645	408	691	10
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit and loss	-17	-4	8	27	40
1.4	Income from investments in subsidiaries, associates, and joint ventures	73,467	12,986	18,219	62,281	1,800
1.5	Income and gains from other financial instruments and investment property	40,874	33,831	46,990	18,732	11,689
1.5.1	<i>Interest income</i>	39,673	32,953	45,175	18,284	11,564
1.5.2	<i>Other income</i>	870	878	1,808	117	125
1.5.3	<i>Realised gains</i>	331	-	7	331	-
1.5.4	<i>Unrealised gains</i>	-	-	-	-	-
1.6	Other revenues	10,199	17,445	23,530	-3,221	4,025
1	TOTAL REVENUE	525,881	400,388	573,576	249,377	123,884
2.1	Net charges relating to claims	307,310	261,666	375,909	129,630	83,986
2.1.1	<i>Amounts paid and change in technical reserves</i>	330,627	298,496	436,791	126,705	94,574
2.1.2	<i>Reinsurers' share</i>	-23,317	-36,830	-60,882	2,925	-10,588
2.2	Commission expense	555	315	602	307	67
2.3	Losses on investments in subsidiaries, associates, and joint ventures	184	91	408	115	22
2.4	Expense and losses on other financial instruments and investment property	4,736	3,624	5,215	2,425	1,313
2.4.1	<i>Interest expense</i>	4,735	3,572	5,161	2,467	1,304
2.4.2	<i>Other expense</i>	-	-	-	-	-
2.4.3	<i>Realised losses</i>	-	9	9	-	9
2.4.4	<i>Unrealised losses</i>	1	43	45	-42	-
2.5	Operating costs	105,116	86,424	127,559	43,966	25,274
2.5.1	<i>Commission and other acquisition costs</i>	80,986	62,618	94,474	35,811	17,443
2.5.2	<i>Investment management costs</i>	705	591	859	333	219
2.5.3	<i>Other administrative costs</i>	23,425	23,215	32,226	7,822	7,612
2.6	Other costs	7,053	7,553	12,014	1,498	1,998
2	TOTAL COSTS	424,954	359,673	521,707	177,941	112,660
	PROFIT (LOSS) FOR THE PERIOD/YEAR BEFORE TAX	100,927	40,715	51,869	71,436	11,224
3	Income tax	12,610	12,620	15,344	4,401	4,411
	PROFIT (LOSS) FOR THE PERIOD/YEAR	88,317	28,095	36,525	67,035	6,813
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS	-	-	-	-	-
	CONSOLIDATED PROFIT (LOSS)	88,317	28,095	36,525	67,035	6,813
	of which attributable to parent company shareholders	88,542	27,242	35,407	67,890	6,590
	of which attributable to minority interest	-225	853	1,118	-855	223
	Base earnings per share (EPS)	2.71	0.90	1.16	2.08	0.22
	Diluted EPS	2.63	0.82	1.07	2.01	0.20

Consolidated income statement by business segment

(in thousands of euros)

	Non-Life Business		Life Business		Real Estate Business		Service Business		Intersegment eliminations		Total	
	30/09/07	30/09/06	30/09/07	30/09/06	30/09/07	30/09/06	30/09/07	30/09/06	30/09/07	30/09/06	30/09/07	30/09/06
1.1 Net premiums	311,537	289,247	88,495	66,238	-	-	-	-	-	-	400,032	335,485
1.1.1 Gross premiums	346,196	322,534	90,354	68,233	-	-	-	-	-	-	436,550	390,767
1.1.2 Ceded premiums	34,659	53,287	1,859	1,995	-	-	-	-	-	-	36,518	55,282
1.2 Commission income	-	-	1,326	645	-	-	-	-	-	-	1,326	645
1.3 Gains and losses on remeasurement of financial instruments at fair value through profit and loss	-	-	-17	-4	-	-	-	-	-	-	-17	-4
1.4 Income from investments in subsidiaries, associates, and joint ventures	75,364	22,425	2,924	3,688	6	1	2	1	-4,829	-13,129	73,467	12,986
1.5 Income and gains from other financial instruments and investment property	16,474	12,574	23,616	20,594	1,030	828	18	19	-264	-184	40,874	33,831
1.6 Other revenues	1,767	1,739	115	5	8,600	15,531	3,187	2,653	-3,470	-2,483	10,199	17,445
1 TOTAL REVENUES AND INCOME	405,142	305,985	116,459	91,166	9,636	16,360	3,207	2,673	-8,563	-15,796	525,881	400,388
2.1 Net charges relating to claims	217,718	188,695	91,855	74,234	-	-	-	-	-2,263	-1,263	307,310	261,666
2.1.2 Amounts paid and change in technical reserves	239,641	223,737	93,249	76,022	-	-	-	-	-2,263	-1,263	330,627	298,496
2.1.3 Reinsurers' share	-21,923	-35,042	-1,394	-1,788	-	-	-	-	-	-	-23,317	-36,830
2.2 Commission expense	-	-	555	315	-	-	-	-	-	-	555	315
2.3 Losses on investments in subsidiaries, associates, and joint ventures	1	83	-	-	183	8	-	-	-	-	184	91
2.4 Expense and losses on other financial instruments and investment property	753	1,166	1,016	1,368	3,227	1,271	4	3	-264	-184	4,736	3,624
2.5 Operating costs	82,481	70,654	17,381	8,953	5,675	6,691	3,049	2,609	-3,470	-2,483	105,116	86,424
2.6 Other costs	6,264	6,645	91	132	678	745	20	31	-	-	7,053	7,553
2 TOTAL COSTS AND CHARGES	307,217	267,243	110,898	85,002	9,763	8,715	3,073	2,643	-5,997	-3,930	424,954	359,673
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	97,925	38,742	5,561	6,164	-127	7,645	134	30	-2,566	-11,866	100,927	40,715

Breakdown of the main insurance technical captions

	(in thousands of euros)				
	30/09/07		30/09/06		
NON-LIFE BUSINESS	Gross amount	Reinsurers' share	Net amount	Reinsurers' share	Net amount
NET PREMIUMS	346,196	34,659	311,537	322,534	269,247
a Premiums written	350,343	34,923	315,420	319,095	265,969
b Change in premiums reserve	4,147	264	3,883	-3,439	-3,278
NET CLAIMS COSTS & CHARGES	239,641	21,923	217,718	223,737	188,695
a Amounts paid	208,622	29,124	179,498	203,642	169,931
b Change in claims reserve	38,992	-6,137	45,129	25,556	23,794
c Change in recoveries	8,263	1,064	7,199	5,753	5,322
d Change in other technical reserves	290	-	290	292	292

	(in thousands of euros)					
	30/09/07		30/09/06			
LIFE BUSINESS	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NET PREMIUMS	90,354	1,859	88,495	68,233	1,995	66,238
NET CLAIMS COSTS & CHARGES	93,249	1,394	91,855	76,022	1,788	74,234
a Amounts paid	56,439	3,699	52,740	52,943	2,834	50,109
b Change in reserve for amounts to be paid	-8,341	-	-8,341	-11,838	-	-11,838
c Change in mathematical reserves	40,655	-2,299	42,954	34,850	-1,040	35,890
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	4,496	-6	4,502	67	-6	73

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.

Reclassified profit and loss account

(in thousands of Euros)

	30/09/07	30/09/06	31/12/06	Third Q 2007	Third Q 2006
Technical account					
Life businesses:					
Direct insurance					
(+) Gross premiums accounted for	96,744	80,372	131,703	27,258	22,340
(-) Charges relating to claims	60,200	65,716	107,866	16,733	26,620
(-) Change in mathematical and other technical reserves	38,779	28,993	44,074	6,255	4,847
(+) Other technical captions, net	656	653	940	160	141
(-) Operating costs	17,707	9,433	14,632	5,541	2,949
(+) Return on investments where the company bears the risk net of the portion transferred to the non-technical account	22,371	20,747	27,839	6,965	7,179
(+) Income on investments where policyholders bear the risk - Class D	-304	6,680	10,917	-6,391	4,888
Direct insurance result	2,781	4,310	4,827	-537	132
Outwards reinsurance result	-200	100	271	135	179
Retained direct insurance result	2,581	4,410	5,098	-402	311
Indirect and retroceded insurance result	-42	-31	-41	-1	1
Result of life business technical account	2,539	4,379	5,057	-403	312
Non-life businesses:					
Direct insurance					
(+) Gross premiums accounted for	349,970	318,005	454,560	104,652	96,217
(-) Change in premium reserve	4,417	-3,255	7,613	-11,117	-11,098
(-) Charges relating to claims	239,031	223,457	313,510	80,556	73,127
(-) Change in other technical reserves	290	292	463	99	87
(+) Other technical captions, net	-1,216	-1,922	-1,687	-815	-246
(-) Operating costs	93,395	84,490	116,374	28,932	26,175
Direct insurance result	11,621	11,099	14,913	5,367	7,680
Outwards reinsurance result	-2,129	-3,352	-4,778	-747	-2,251
Retained direct insurance result	9,492	7,747	10,135	4,620	5,429
Indirect and retroceded insurance result	28	245	233	-52	30
Total retained direct insurance result	9,520	7,992	10,368	4,568	5,459
(-) Change in equalisation reserves	199	185	271	57	54
(+) Income on investments transferred from the non-technical account	16,005	16,832	20,895	3,679	7,317
Result of non-life business technical account	25,326	24,639	30,992	8,190	12,722
Result of technical account	27,865	29,018	36,049	7,787	13,034
(+) Income on non-life business investments net of the portion transferred to the technical account	3,649	4,075	4,999	972	1,859
(+) Income on investments transferred from the life business technical account	2,379	1,888	2,496	725	663
(+) Other income	2,415	1,565	1,932	1,020	645
(-) Other charges	4,078	4,118	7,383	1,355	1,376
Result of ordinary business	32,230	32,428	38,093	9,149	14,825
(+) Extraordinary income	502	318	360	-1	15
(-) Extraordinary expense	180	141	248	-80	71
Profit (loss) before taxation	32,552	32,605	38,205	9,228	14,769
(-) Taxation on profit for the year	10,223	9,129	10,768	3,923	4,417
Net profit (loss)	22,329	23,476	27,437	5,305	10,352

The Board of Directors

Milan, 9 November 2007

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 30 September 2007, approved by the Board of Directors of Vittoria Assicurazioni SpA on 9 November 2007, matches documentary evidence, corporate books, and accounting records.

Mario Ravasio

Corporate Financial Reporting Manager