Vittoria Assicurazioni

SOCIETÀ PER AZIONI
REGISTERED OFFICES: VIA IGNAZIO GARDELLA, 2 - 20149 MILAN - ITALY
SHARE CAPITAL: EURO 67,378,924 FULLY PAID-UP
FISCAL CODE AND MILAN COMPANIES REGISTER
NO. 01329510158 - REA NO. 54871
COMPANY REGISTERED TO REGISTER OF INSURANCE AND REINSURANCE COMPANIES – SECTION I NO.1.00014
PARENT COMPANY OF VITTORIA ASSICURAZIONI GROUP REGISTERED TO REGISTER OF INSURANCE GROUPS NO.008

94th year of business

Consolidated financial report as at 31 December 2015

Board of Directors' meeting
of 10 March 2016

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

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BOARD OF DIRECTORS

Luigi GUATRI	Honorary President
Giorgio Roberto 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
Marco BRIGNONE	Independent director
Fulvia FERRAGAMO VISCONTI	Independent director
Bernd GIERL	Independent director
Lorenza GUERRA SERÀGNOLI	Independent director
Pietro Carlo MARSANI	Independent director
Giorgio MARSIAJ	Independent director
Lodovico PASSERIN d'ENTREVES	Independent director
Luca PAVERI FONTANA	Director
Giuseppe SPADAFORA	Independent director
Anna STRAZZERA	Independent director
Mario RAVASIO	Secretary

BOARD OF STATUTORY AUDITORS

Alberto GIUSSANI	President
Giovanni MARITANO	Standing statutory auditor
Francesca SANGIANI	Standing statutory auditor
Michele CASO'	Substitute statutory auditor
Maria Filomena TROTTA	Substitute statutory auditor

GENERAL MANAGEMENT

Cesare CALDARELLI	General Manager
Claudio RAMPIN	Joint General Manager
Mario RAVASIO	Joint General Manager
Luca ARENSI	Central Manager
Matteo CAMPANER	Central Manager
Paolo NOVATI	Central Manager
Enzo VIGHI	Central Manager

INDEPENDENT AUDITOR

Deloitte & Touche S.p.A.

APPOINTMENTS AND REMUNERATION COMMITTEE

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

INTERNAL CONTROL COMMITTEE

Giuseppe SPADAFORA	Independent non-executive president
Pietro Carlo MARSANI	Non-executive Deputy Chairman
Luca PAVERI FONTANA	Non-executive member
Anna STRAZZERA	Independent non-executive member

FINANCE COMMITTEE

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Giorgio Roberto COSTA	Non-executive member
Roberto GUARENA	Executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Independent 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 Roberto COSTA	Non-executive member
Roberto GUARENA	Executive member
Luca PAVERI FONTANA	Non-executive member
Anna STRAZZERA	Independent non-executive member

RELATED PARTIES COMMITTEE

Pietro Carlo MARSANI	Independent non-executive president
Marco BRIGNONE	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

Form and contents of report

As required by Article 3 of Italian Legislative Decree no. 38 of 28 February 2005, the consolidated financial statements have been prepared in compliance with the international financial reporting standards (IFRSs) issued by the International Accounting Standards Board and endorsed by the European Union (EC regulation no.1606/2002). IFRSs include all revised international accounting standards (IASs), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly called the Standing Interpretations Committee (SIC).

The present set of year-end financial statements is also presented in compliance with the formats defined by ISVAP (now IVASS – consecutively only IVASS) Regulation no. 13 of 2007 July (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows, and accounting schedules), and includes additional detailed tables as necessary to complete disclosure as required by IFRSs or useful for better understanding of the year-end financial statements.
The accounting schedules required by the IVASS in terms of minimum disclosure content are shown in the specific chapter "Appendices to Consolidated Financial Statements," which is an integral part of the present set of year-end financial statements.

The disclosures presented take into account the specific items contained in Italian Legislative Decree no. 209 of 7 September 2005 (Private Insurance Code), as modified and integrated by Italian Legislative Decree no. 74 of 12 May 2015 and in CONSOB memorandum no. 6064293 of 28 July 2006.

The accounting and classification policies used to prepare year-end financial statements are detailed in the explanatory notes to accounts.

All amounts in this document are shown in thousand euros unless otherwise indicated.

Other relevant information

The Vittoria Assicurazioni Group was officially registered with the Register of Insurance Groups envisaged in Article 85 of the Italian Code of Private Insurance Companies (with registration number 008).
The Vittoria Assicurazioni Group operates in the insurance sector solely through its parent company and, as part of its strategy to streamline its risk/reward profile, has made some of its investments in the real estate sector (trading, development, and real estate brokering and property management services) through Vittoria Immobiliare S.p.A. and other equity holdings, and in the private equity sector. Certain Group companies provide services primarily in support of insurance activities.

Yafa S.p.A., with registered office in Turin, Italy, controls Vittoria Assicurazioni through the chain of investors comprised of Yafa Holding S.p.A. and Vittoria Capital S.p.A..
The parent companies do not engage in management and coordination of the Group, insofar as they merely serve as financial holding companies.

Vittoria Assicurazioni S.p.A. has decided to exercise its right as provided in article 70, paragraph 8 and article 71, paragraph 1-bis of the Regulations for Issuers, to waive the obligation to publish documents that are required in significant merger, split, share capital increase by transfer of assets in kind, acquisition or transfer operations.

Directors' report

Economic and insurance scenario

According to the latest figures published by the OECD, the world economy will close 2015 with an overall increase of 3%, while forecasts for the coming years suggest maintaining that level for the current year and a slight increase for 2017 (+ 3.3%).
In advanced economies, a modest and uneven recovery is set to continue with a gradual reduction of the differences between the different geographical areas.
The slowdown and the consequent rebalancing of the Chinese economy, lower commodity prices and tensions in some large emerging economies, will continue to weigh on growth prospects in the coming years.

In the United States, growth remains solid and mainly driven by domestic demand, in turn fueled by favorable financial conditions, by a reinvigorated labor market and by an improvement of the purchasing power of families. However, the impetus from these influences should gradually decrease and will be dampened by weaker growth in exports caused by the stagnation of external demand and the recent strengthening of the dollar.
For the above reasons, the OECD forecasts show a growth of 2% for the year, down from the 2.4% achieved in 2015. Monetary policy, despite the decision to hike rates last December, remains accommodative; the risks arising from economic forecasts could lead to a slowdown in the increase of rates plan undertaken by the Federal Reserve.

The macroeconomic framework of the Eurozone, according to estimates from the European Commission, is characterized by a growth forecast in the current year in all major countries led by Spain (2.8%) and Germany (1.8%), while for France it is assumed a more modest increase (1.3%). The growth will continue to be supported by monetary policy incentives and by a broadly neutral fiscal policy.
In some countries, the high private debt constricts the domestic demand for consumption and investment, unemployment is expected to gradually decrease and the marked differences between countries are likely to persist.
Inflation, partly because of the prolonged phase of decline in commodity prices, continues to remain well below the long-run trend level of 2% set by the European Central Bank.
At the meeting of 01.21.2016, the Board of the European Central Bank has decided to leave unchanged the benchmark interest rates, adding that this level is expected to persist for the next few months; about non-conventional monetary policy measures, it was noted with satisfaction as they are having a favourable impact on the availability of credit to businesses and families.

Coming to the Italian economy, according to provisional estimates by ISTAT, the fourth quarter growth in 2015 would have increased by 0.1% from the previous quarter and by 1% compared to the fourth quarter last year.
The Bank of Italy forecasts indicate 1.5% and 1.4% of the GDP increases respectively for the year 2016 and 2017.
These forecasts take into account the improvement in the labour market that helps to strengthen private consumptions. In addition, the fall in oil prices and an expansionary fiscal position will support demand and offset the slowdown in exports.
As for the data recorded by the financial markets during 2015, we note the good performance of both the stock market (+12.7%, FTSE MIB index) and the bond (+4.65%, FTSE Italy Govt Performance).
Regarding the trend of the euro, in 2015 there was a gradual depreciation against the major world currencies.

With regard to the Italian insurance market, it is noted that the premiums (based on Italian GAAP) as at 30 September 2015 (latest data IVASS) show, compared to the same period of last year, an increase of the life business of +4,5% and a decrease of the Non-Life business of the -2.3% (of which Motor Third Party Liability -6.5%).

	Change	
Line of business	Market 30/09/15 - 30/09/14	Vittoria Assicurazioni 31/12/15 - 31/12/14
Life business	+4.5%	-12.9%
Non-Life business	-2.3%	+3.5%
Of wich: Motor TPL	-6.7%	+2.6%

REAL ESTATE

The macroeconomic picture looks much more favourable today, as evidenced by the confidence indicators of households and businesses (which reached near pre-crisis levels) and real data on production, consumption and employment, which seem to start to recover ground lost during the economic and financial crisis that struck the country.

During 2015 the Italian real estate market, in a context that finally appears more favorable than in the previous seven years, took over the stronger signs of improvement appeared in the second half of 2014.

The decline in real estate sales recorded in the period 2006-2014, with a reduction of the transaction higher than 50% (from about 870,000 in 2006 to about 420,000 in 2014), halted its downward trend during the previous year and has started a slow recovery, coming later this year to approximately 442,000 transactions, an increase in volumes compared to 2014 by 5.2% (the increase recorded in 2014 compared to 2013 was 3.2%).

The sales prices, referred to the average of the great Italian cities, have recognized during the year a reduction of around 2.5%, but it is important to highlight that taking as a time reference the last quarter this reduction in 2015 is forecast at 0.4%. Market forecasts indicate that the fall in prices should gradually be reabsorbed during the next two years.

The average selling times have shown a good improvement during the year: if in 2014 we had 8.3 months average time, in 2015 this indicator was reduced to seven months.
Even large cities, which have already started an interesting reversal trend on trade, will continue in this direction but with stable values.
Such a situation can also occur in smaller cities such as provincial capitals and the hinterland of big cities.

Summary of key performance indicators

€/million

SPECIFIC SEGMENT RESULTS			
	31/12/2015	31/12/2014	Δ
Non Life business			
Gross Premiums written - direct Non Life business	1,069.1	1033.0	3.5%
Non Life business pre-tax result	118.5	125.2	(5.3)%
(1) Loss Ratio - retained	63.9%	65.5%	(1.6)
(2) Combined Ratio - retained	89.1%	90.7%	(1.6)
(3) Expense Ratio - retained	24.8%	24.9%	(0.1)
Life business			
Gross Premiums written - direct Life business	212.4	249.3	(14.8)%
Life business pre-tax result	2.1	2.4	(12.5)%
(4) Annual Premium Equivalent (APE)	30.6	33.9	(9.7)%
Segregated funds portfolios	948.6	868.7	9.2%
Index/Unit - linked and Pension funds portfolios	59.4	65.7	(9.6)%
Segregated fund performance: Rendimento Mensile	3.21%	3.57%	(0.36)
Segregated fund performance: Valore Crescente	3.84%	4.00%	(0.16)
Total Agencies	413	409	4
Average of employees	610	596	14
Real Estate business			
Sales	23.5	27.9	(15.8)%
Trading and development margin	-1.8	5	n.s.
Real Estate business pre-tax result	(17.3)	(19.8)	(12.8)%

CONSOLIDATED RESULTS			
	31/12/2015	31/12/2014	Δ
Total investments	3,226.1	3,155.0	2.3%
Net gains on investments	70.1	81.2	(13.7)%
Pre-tax result	117.8	119.2	(1.1)%
Consolidated profit (loss)	70.6	72.3	(2.4)%
Consolidated ROE	13.1%	15.0%	(1.9)
Group profit (loss)	70.6	72.3	(2.4)%
Equity attributable to the shareholders of the parent	691.2	614.5	12.5%
Equity attributable to the shareholders of the parent net of unrealised capital	566.1	509.2	11.2%

Legend

1) Loss Ratio – retained business: is the ratio of current year claims to current year earned premiums;
2) Combined Ratio – retained business: is the ratio of (current year claims + operating costs + intangible assets amortization + technical charges) to current year earned premiums;
3) Expense Ratio – retained business: is the ratio of (operating costs + intangible assets amortization + net technical charges) to current year gross premiums written;
4) APE: Annual Premium Equivalent, is a measure of the new business volume which includes 100% of sales of regular recurring premium business and 10% of sales of single premium business.

Technical data are determined in accordance with Italian accounting principles.

Performance of the Vittoria Assicurazioni Group

At 31.12.2015, Group net profit was 70,620 thousand euro, compared with 72,329 thousand euro in 2014 (-2.4%).
The net result was negatively affected by the restatement of prepaid and deferred taxes, following the recent reduction in IRES from 27.5% to 24.0%. Without the effect of this recalculation, the result would have amounted to 80,126 thousand euro, an increase of 10.8% compared to 31 December 2014.
Profit from the insurance segment, before tax and intercompany eliminations, is 119,083 thousand euro, (a decrease of -4.4% from 124,527 thousand euro at 31 December 2014), due to lower financial income from non-life for 8,224 thousand euro.

In particular, the Motor and Non-Marine businesses continue to record a very positive result. The slight deterioration of the Motor TPL is offset by a significant improvement in Non-Marine, who benefited from a reduction in the loss ratio, thanks to the increase in premiums (+ 3.8%) and lower incidence of damage from severe claims . The situation of economic crisis persists in adversely affect the result of the credit and deposit businesses, for which is starting a gradual rebalancing of the technical performance.

Thanks to the consolidation and development of the existing portfolio, premium income is substantially aligned with the previous year: total premiums written on 31 December 2015 amounted to 1,281,632 thousand euro (1,282,496 thousand euro at 31 December 2014) with an increase of 3.5% in the Non-Life and a decrease of 14.8% in Life business due to the revised growth strategies aimed at decreasing single premium products of segregated funds.

The persistence of the crisis in the sector has led the real estate segment to record a net loss of 12,030 thousand euro (a loss of 16,469 thousand euro in the previous year).

The comprehensive income of the Group as at 31 December 2015 amounted to 90,604 thousand euro (123,696 thousand euro at 31 December 2014). To the comprehensive income mainly contribute, in addition to the result, the changes in unrealized capital gains arising on securities in the bond portfolio.

Total investments recorded an increase of 2.3% compared to 31 December 2014, reaching the amount of 3,226,105 thousand euro, referring for 59,412 thousand euro (-9.5%) to investments with risk borne by policyholders and for 3,166,693 thousand euro (+ 2.5%) to investments with risk borne by the Group.

Net income from investments with risk borne by the Group decreased by 13.7%, with a balance of 70,106 thousand euro against 81,235 thousand euro in the previous period. The result includes capital gains of 9,353 thousand euro, realised on the sale of debt securities classified as available for sale and impairment of real estate for 5,900 thousand euro reported by real estate companies.

Group shareholders' equity totalled 691,244 thousand euro, up 12.5% compared to the amount of 614,528 thousand euro reported as at 31 December 2014.

The following table shows the contributions of the Group's various businesses to net profit.

Reclassified Profit and Loss by business segment			(€/000)
	31/12/15	31/12/14	Δ
Non life business - Gross Insurance Result (excluding investments result)	90,110	87,035	+3.5%
Non life business - Gross Investments Result (excluding Yam and Private Equity)	26,907	35,131	-23.4%
Life business - Gross Insurance Result (including Investments Result)	2,066	2,361	-12.5%
Gross Insurance business Result	119,083	124,527	-4.4%
Consolidation adjustments: dividends and interests from Real estate business	13,589	9,249	+46.9%
Real estate business: taxes	(53,338)	(47,018)	+13.4%
Insurance business net contribution to Profit attributable to parent company shareholders	79,334	86,758	-8.6%
Gains on property trading	(1,820)	4,985	n.s.
Real estate service revenues	2,353	2,703	-12.9%
Real estate business net costs	(17,783)	(27,468)	-35.3%
Gross Real estate business Result	(17,250)	(19,780)	-12.8%
Elimination from consolidation: gains	(125)	547	n.s.
Taxes and minority interests	6,698	1,094	+512.2%
Net Real estate business Result	(10,677)	(18,139)	-41.1%
Net profit attributable to Life business Policyholders	(2,061)	2,542	n.s.
Tax on profit attributable to Life business Policyholders	708	(872)	n.s.
Real estate business net contribution to Profit attributable to parent company shareholders	(12,030)	(16,469)	-27.0%
Private equity net contribution to Profit attributable to parent company shareholders	1,439	3,018	-52.3%
Service business net contribution to Profit attributable to parent company shareholders	1,877	(978)	n.s.
Net Profit attributable to parent company shareholders	70,620	72,329	-2.4%
Other Comprehensive Income (Loss) net of tax	19,984	51,367	-61.1%
Comprehensive Income attributable to parent company shareholders	90,604	123,696	-26.8%

At 31 December 2015 the Parent Company registered net profit – based on Italian GAAPs – of 66,269 thousand euro (74,935 thousand euro as at 31 December 2014).

Reconciliation between the data in the unconsolidated and consolidated statements is illustrated in note 15 of this report.

The companies that make up the Group are listed in the chapter "Explanatory notes" – Table A) Scope of Consolidation.

Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to 120,615 thousand euro (+5.4% with respect to 127,545 thousand euro as at 31 December 2014). The key operating items contributing to the period's result are described below.

Total insurance premiums in 2015 amounted to 1,287,543 thousand euro (basically unchanged vs. premiums of 1,283,786 thousand euro in 2014), of which 1,281,632 thousand euro for insurance premiums written and 5,911 thousand euro for unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums amounted to 212,416 featuring a decrease of -14.8% vs. premiums in 2014.

Direct Non-Life premiums increased by 3.5%. Specifically:

- Motor premiums: +4.1%;
- Non-marine premiums: +3.8%;
- Specialty categories [i.e. marine & transport, aviation, credit & suretyship] premiums: -31.0%.

The parent company during the year started important projects to overhaul the application system of Direction "New Age", either aimed at supporting new sales methods of insurance services through mobile devices, either to exploit the opportunities offered by the regulatory changes regarding dematerialization and electronic signature. In light of these projects, which will lead to the gradual overcoming of existing systems, it was considered necessary to review the residual life of the "New Age" system, recording higher depreciation totalling 10,880 thousand euro. Following this operation, overhead costs as a percentage of total direct insurance premiums rose from 8.2% last year to 9.3%.

Non-Life business combined ratio and loss ratio retained at 31 December 2015, without considering the higher amortisation described above, amounted respectively to 89.1% and 63.9% (Italian GAAP). The corresponding ratio at 31 December 2014 were respectively 90.7% and 65.5%.

Real Estate Business

The loss in the real estate business, before taxes and inter-segment eliminations, amounted to 17,250 thousand euro (against a loss of 19,780 thousand euro as at 31 December 2014) and featured contributions to the income statement that, before inter-segment eliminations, included:

- revenues from notarial deeds for 23,494 thousand euro (27,903 thousand euro at 31 December 2014);
- margins on properties from trading and development activities amounted to -1,820 thousand euro (4,986 thousand euro at 31 December 2014) resulting from write-downs on real estate for 5,900 thousand euro and margins from notarial deeds for 4,080 thousand euro;
- real estate brokerage and management service revenues of 1,774 thousand euro, administrative, contractual and technical service revenues of 579 thousand euro and rental income of 800 thousand euro for a total of 3,153 thousand euro (3,424 thousand euro in 2014);
- interest expenses of 1,921 thousand euro (4,972 thousand euro in 2014);
- impairment of 1,001 thousand euro of investments in associates.

The real estate sector shows net financial exposure of 60,678 thousand euro (200,811 thousand euro at December 31, 2014), a decrease of 69.78% as a result the extinction of loans previously held and the repayment of capital on shares loans being repaid.
In particular, compared to the previous year, thanks to the capital increase of 150,000 thousand euro of Acacia 2000 Srl, the subsidiary company extinguished the mortgage loan for a total of 121,225 thousand euro and Vittoria Immobiliare spa reimbursed short-term credit lines for a total of 26,500 thousand euro, with a significant effect on the net financial position.

Service Business

This segment reported a profit, before tax and minority interests, of 497 thousand euro, compared with a profit of 1,997 thousand euro at 31 December 2014.
The services and the fees received by the Group companies, gross of intercompany services, amounted to 5,434 thousand euro (7,387 thousand euro at 31 December 2014). This reduction is attributable to the sale to third parties of shares in Aspevi Milano srl which took place in October.

Equity and dividend policy

Group shareholders' equity totalled 691,244 thousand euro (+12.5%) and minority interests amounted to 9,313 thousand euro (-27.2%), 614,528 and 12,790 thousand euro respectively at 31 December 2014.

The business plans formulated to achieve the strategic objectives can predict a constant adjustment of the annual dividends service.

Proposed dividend per share

The board of directors of the parent company submits the following allocation of the year's earnings, equal to 66,268,593 euro, as follows:

To Legal Reserve	Euro	9,464
To Available Reserve	Euro	52,783,344
To Shareholders	Euro	13,475,785

corresponding to a dividend of Euro 0.20 for each of the 67,378,924 shares constituting the share capital (dividend equal to 12,801,996 in 2014).

After approval by shareholders, dividend distribution will be recognised in the 2016 statutory accounts.

Strategic goals

Vittoria Assicurazioni operates in all lines of insurance, and founds its activities on a long experience in the insurance field, gained since 1921, for the protection of individuals, families and companies.
The main objective of the parent company is to honour in proper time contractual commitments to policyholders, realizing a reasonable profit margin.
This goal is supported by the achievement of technical profitability, a policy of consolidation of the portfolio acquired, the loyalty of existing customers, but also by the increase in market share in non-life (core business of Vittoria Assicurazioni) and the acquisition of new production in the Life business.
In carrying out its insurance activities, the parent company pays attention to the management of its risk profile, principally through:

- an accurate risk pricing;
- a careful diversification of risks based on customer segmentation. In particular, although preferring the risks of personal lines and small / medium businesses, it is not neglected segment of large companies, on which are provided adequate reinsurance covers;
- diversification of sales channels achieved through careful geographical segmentation of markets;
- the continuous training of the agency network that determines a careful portfolio selection and a constant search for common objectives.

Next to the insurance business, the parent company implements low-risk investment policies that ensure an adequate return without departing from its risk appetite goals. Investment management, led by the profile of the insurance liabilities, pays particular attention to the protection of the financial strength of the parent company (most of the profits are reinvested in the parent company), without disregarding the search for adequate returns with a positive contribution to development of assets, favouring investments in the Eurozone, in government securities with fixed yield and in the real estate segment
The parent company also pursues other strategic objectives, such as:

- the comprehensive development of the Parent Company;
- the stabilization of the real estate segment;
- the optimization of costs in the medium term;
- the realization of profit for shareholders.

Risk management

The system of risk management of the parent company is regularly adjusted on the basis of the changing macroeconomic and regulatory scenarios; the latter are represented, in particular, by the entry into force of Solvency II regulations.

The parent company determines the significance of the risks on the basis of the possible impact that these may have on:
A. the total Solvency Capital Requirement evaluated through Solvency II Standard Formula metrics;
B. achieving the strategic and business goals;
C. the continuity of business operations.

A. Standard Formula Risks (Solvency II)

Both quantitative and qualitative analysis led until 2015 and the forecasts for next years, pointed out that the main risks modules are:

Underwriting Risk (underwriting and pricing) Non-Life: it reflects the possibility that premiums are not sufficient to cover claims plus expenses and it depends on the selection of risks and events covered (including catastrophe) as well as by results in the actual loss experience compared to the estimated one.
Reserving Risk Non-Life: it is derived from quantification and development of technical reserves and considers the possibility that the provisions will not be appropriate in respect of commitments to policyholders and injured parties. The claims reserve represents the ultimate cost of the parent company to pay off all obligations derived from claims notifications already received or estimated (IBNR claims) and is determined according to documentation and actuarial valuations available at the time of financial statement closing. Reserving risk is constantly monitored through actuarial analysis similar to those used for the determination of reserves, observing the development of the ultimate cost and varying coherently the reserves.

Equity Risk: it reflects possible adverse changes in the level and volatility of the market value of financial instruments and equities. The parent company is exposed to equity risk related to equities and investments in listed and unlisted companies and units in investment funds and mutual funds.

Operational Risk: possible losses resulting from inefficiencies of people, processes and systems, including those used for distance selling, or from external events, such as fraud or the activities of service providers. The operational risks of the parent company and of the group are linked to internal factors (e.g. inefficiency of people, inadequacy of processes, systems or internal fraud) and external events (e.g. external fraud and activities of outsourcers).

Real Estate Risk: it reflects possible adverse changes in level and volatility of market prices of real estate. The parent company is exposed to real estate risk with reference to lands, buildings, rights on properties and to direct and indirect investments in real estate companies. The estate properties for own use of the parent company are included in this type of risk.

Other minor risks

Disaster Risk Non-Life

Reinsurance cover in place to reduce the earthquake risk exposure have been calculated using the main tools available on the market, depending on the evidence of the maximum probable loss on the portfolio of the Fire and other Damage to Property (technological risks segment) calculated for a return period of 250 years, which is the one most widely used in the Italian market. The protection purchased is higher than the requirement shown for the worst-case scenario.
For exposures to hail risk is a cover was purchased for exposure to the risks present in the land vehicle hulls line, far higher than the worst claim that occurred in this line.

Exposure to catastrophic flood risk was calculated based on an assessment model used by other market operators and the capacity purchased, as in the case of the earthquake risk, far exceeds the worst hypothesis of the model.

Life Business Risks

Insurance risks related to mortality, longevity, disability and long-term care, in addition to those arising from changes in contractual and business expenses and redemption related to the abnormal exit of the contracts are valued conservatively in the product pricing phase, culminating in the adoption of assumptions (the first order technical bases) that are considered the best to cover the risks taken, taking into account both the financial component for both the demographic, regulatory restrictions (eg, maximum limits financial guarantee) and the latest information on demographic trends (eg, mortality and / or survivorship) and portfolio trends (eg cancellations and surrenders, etc.). The pricing phase, which is implemented by means of profit testing techniques, also requires the definition of further assumptions (second order assumptions) obtained from the Parent Company's own experience or from the market if not available.
These assumptions are integrated with macro-economic assumptions like trends in market interest rates, inflation, cash flow discount rates and assets' rate of return, mortality and expected portfolio trends and industrial hypothesis on levels of commercial and administrative costs and expenses.
As part of such valuations, sensitivity analyses are performed of how the result varies according to changes in the above assumptions.
A similar procedure is applied when moving from the ex-ante valuation to the ex post valuation carried out on the entire portfolio in order to check the valuations made when designing the product.

With regards to reserve calculation, this is performed according to formulae included in the notes and technical reports kept by the parent company as first order technical bases. The pricing structure with a greater impact on the parent company portfolio and those related to new products are checked on the basis of the same method of calculation.
Moreover, periodic monitoring is carried out on portfolio movement by ministerial category, through an analysis of cash inflows and outflows that determine a variation of the technical reserves from the beginning of the accounting term until the date of the new provisioning.

B. Potential threat to the strategic goals and business

The risks that could hinder the achievement of strategic objectives and business are mainly the following categories:
Risk of Non Compliance with Standards, defined as the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of infringements of obligatory rules (laws, regulations), of self-regulatory standards (e.g. statutes, codes of conduct, self-regulatory codes, etc.) or the risk arising from adverse changes in the law or legal guidelines.

Reputational risk related to Risk of Non-Conformity to Standards; is the risk of impact on earnings or capital arising from a part of its main stakeholders negative perception of the Parent Company or the Group (customers, shareholders, investors, lenders, regulatory authorities, employees, partners, distribution network, suppliers, general public, etc.). The appreciation judgment is usually tied to the organization's quality, the characteristics and behaviours that derive from experience, from hearsay or from the observation of past actions of the organization.

Risk of Asset Liability Management (A.L.M.): derived by the inadequate alignment of the characteristics of the assets with that of liabilities from which it can derive a financial and/or income unbalance.

Credit risk: reflects the possible losses generated by an unexpected default or deterioration in the credit standing of the counterparties and debtors of the parent company and the group. The parent company exposures to which the risk of default is applicable mainly regard: reinsurance agreements, receivables from other companies, cash at bank or the post office, receivables from intermediaries (e.g. receivables from agents) and customers (e.g.: for premiums, deductibles for) and loans (residential mortgage).

Liquidity risk: reflects the possible losses arising from the difficulty of honouring the cash commitments, expected or unexpected, to counterparties. The risk arises mainly from the "Liquidity Mismatch Risk", that is the lack of alignment between the cash inflows and cash outflows, or poor management of the treasury and the "Market Liquidity Risk", or the sale of assets (such as for example, less liquid assets) in economic and unfair timing conditions, accordingly impacting the Net Asset Value of the parent company.

Government risk: the risk arising from the possibility that States issuers of Government securities are not able to fulfil efficiently the commitments made through the issuance of the same, as well as the risk resulting from a change in the implied spread. The parent company for the management of this specific risk uses specific methodologies and monitoring activities.

Insurance Risk Retention: derives from the definition and implementation of an inadequate reinsurance policy that can lead to a sub-optimal level of retention and an inefficient mitigate exposure to risks.

Risks related to the Group or the risk of "contagion", i.e. the risk that, as a result of the relationship between the parent company and other group entities, difficult situations that arise in an entity of the same group can propagate with negative effects on the solvency of the parent company itself. In the present case it is included the risk of conflict of interest, which is managed by the Related Parties Procedure adopted by the parent company which defines the rules, the procedures and principles necessary to ensure the transparency and substantial and procedural fairness of transactions carried out with related parties of the parent company.

C. Business continuity Risks

The risks that might impede the business operations continuity are mainly due to these types, belonging to the category of operational risk:

- IT Risk;
- Business continuity;
- Risk of inefficiency or inadequacy of processes and people;
- Fraud risk;
- Risk of activities of outsourcers.

Capital Management

The parent company quantifies the capital required by supervisory regulations and its own funds eligible until 31 December 2015 with Solvency I criteria and, from January 1, 2016, based on the Solvency II regulations.
It has been prepared a specific policy and a medium-term capital management plan, which provides for the continuous monitoring of the levels of capitalization.

Insurance business

Review of operations

Premiums as up to 31.12.2015 amounted to 1,281,632 thousand euro. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2015 AND 2014
DIRECT AND INDIRECT BUSINESS

(€/000)

	Year 2015	Year 2014	YoY change %	% of total book 2015	% of total book 2014
Domestic direct business					
Life business					
I Whole- and term life	192,404	228,784	-15.9	15.0	17.8
IV Health (long-term care)	642	581	10.5	0.1	0.0
V Capitalisation	19,370	19,958	-2.9	1.5	1.6
Total Life business	212,416	249,323	-14.8	16.6	19.4
Non-Life business					
Total non-marine lines (exc. specialty and motor)	287,226	276,643	3.8	22.4	21.5
Total specialty lines	10,020	14,518	-31.0	0.8	1.2
Total motor lines	771,868	741,818	4.1	60.2	57.9
Total Non-Life business	1,069,114	1,032,979	3.5	83.4	80.6
Total direct business	1,281,530	1,282,302	-0.1	100.0	100.0
Domestic indirect business					
Life business	-	82	n.v	0.0	0.0
Non-Life business	102	112	-8.9	0.0	0.0
Total indirect business	102	194	-47.4	0.0	0.0
Grand Total	1,281,632	1,282,496	-0.1	100.0	100.0

Revenues not qualified as premiums as defined by IFRS 4 (Unit Linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund) amounted to 5,911 thousand euro (1,290 thousand euro in 2014).

The direct operating parent company operates in France on the basis of the freedom-to-provide-service provisions.

Life business

Insurance and investment contracts in the Life business

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

Premiums

Direct insurance business premiums in 2015 totalled 212,416 thousand euro (249,323 thousand euro in 2014) split as follows:

(€/000)

	Year 2015	Year 2014	YoY change %	% of total book 2015	% of total book 2014
Recurring premiums	57,896	54,807	5.6	27.3	22.0
Annual premiums	154,520	194,516	-20.6	72.7	78.0
Total Life business	**212,416**	**249,323**	**-14.8**	**100.0**	**100.0**

In 2015 the funds relating to separately managed businesses achieved the following returns:

(€/000)

	Rate of return 2015	Total Assets 2015	Rate of return 2014	Total Assets 2014
Vittoria Rendimento Mensile	3.21%	759,774	3.57%	644,162
Vittoria Valore Crescente	3.84%	134,916	4.00%	188,080
Vittoria Liquinvest*	4.30%	1,993	3.98%	2,393
Vittoria Previdenza*	3.90%	51,936	4.58%	34,023

* Observation period: 01/10/2014 - 30/09/2015

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

Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities and surrenders, compared with data of previous year.

(€/000)

	31/12/2015	31/12/2014	YoY change %
Claims	23,123	26,256	(11.9)
Accrued capital sums & annuities	99,129	63,054	57.2
Surrenders	42,835	42,428	1.0
Total	165,087	131,738	25.3

Reinsurance

Outward reinsurance

In the Life business, with respect to Class "I", there are an excess of loss treaty and a pure commercial premiums treaty, the latter for the sale set up in 1996 and 1997.

In 2015 ceded premiums amounted to 1,209 thousand euro (1,234 as at 31 December 2014).

Inward reinsurance

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

Non-life Business

Premiums

Direct premiums issued amounted 1,069,114 thousand euro (1,032,979 thousand euro at 31 December 2014), for an increase of +3.5%.

Technical performance

The technical performance shows a positive result, an improvement compared to the previous year, thanks to a continuous review of the risks in the portfolio, a careful policy of new risks underwriting and a steady rate review.
The analysis for the different lines of business is set out below:

NON MARINE BUSINESSES

Overall Non Marine business recorded an increase in premiums, thanks to the acquisition of new customers and to a policy of consolidation and development of monoline motor customers portfolio in Non Marine business.
The overall technical result, despite a higher incidence of claims due to atmospheric hazards, significantly improved compared to the previous year, thanks to a lower incidence of serious claims .

More specifically, each line of business featured the following technical results:

Accident: the business shows 5.3% growth in terms of premium compared to the previous year, thanks to the development of the sale of the collateral injuries of the driver in combination with the motor policies.
The technical result shows a further improvement compared to the previous year (+47.8%), despite higher incidence of serious claims.

Health: the line registered a 3.8% increase in premiums, with a technical result improved compared to last year despite higher incidence of serious claims.

Fire and natural events: This line of business shows an increase in premiums (+4.4%) and a significant improvement in the technical result.

Miscellaneous damages: premiums, including the risk of theft, hail and damage to electronic and technological equipment, recorded a slight decrease compared to previous year. The technical result, still negative, improved compared to the previous year (+12.0%), thanks to the first effects of actions previously undertaken in order to revise tariffs and risks in the portfolio.

General TPL: premiums increased by 4.1%. The technical result is positive, a marked improvement on the previous year (69.3%), thanks to the effects of reform actions in progress and to the lower incidence of major claims, mostly related to the segment of the TP of professional.

Various pecuniary losses: premiums increased by 6.9%, with a positive technical result, a significant improvement compared to the previous year (+20.2%), thanks to an increase in premiums related to new ancillary Motor products with low loss ratio.

Legal protection: Premiums in this business line registered an increase (7.5%) with a positive technical result in further improvement on the previous year.

SPECIALTY BUSINESSES

The businesses showed a decrease in premiums of 5.5% (+6.9% in the previous year) with a negative technical balance, worse than that recorded in the previous year, mainly related to deposit business. In particular:

Credit: the branch includes only the risks related to the Salary-Backed Loans for which it has retained the right of recourse against the borrowers, in compliance with the provisions of Regulation No. 29/2009 IVASS.
Even in 2015 there is a decrease in premiums written, amounting to 47.1% compared to 2013, due to the continuing process of run-off of the line.
This reduced activity resulted in a negative technical balance, also for 2015.

Surety: premiums written showed a significant decrease compared to the previous year, the result of a thorough review of the underwriting policy that led to the acquisition of smaller risks in terms of exposure and the consequent lower average pricing. The risks taken are only marginally related to the realization of works of urbanization.
The increase in the number of claims compared to 2014, resulting in negative performance of the result of the line of business, is mainly due to risks taken in previous years for which it was not possible an early exit and related to real estate seriously depressed.

Watercraft (sea, lake and river) hulls and railway rolling stock: there was a slight decrease in the premiums recorded (3.4%), due to drop in sales in the watercraft segment.
The technical result was negative due to a major fire claim occurred to one of our insured shipyards.

Goods in transit: premiums advanced by 0.9%, with a positive technical result.

MOTOR BUSINESSES

The business saw a 4.1% rise in the premiums recorded, with an overall positive technical result.

The portfolio consolidation policy continued.

In particular:

Third-party liability for land motor vehicles and for watercraft (sea, lake, and river): Constant portfolio selection, tariff policies and careful claims management enabled the business to maintain a positive technical result. The decline in the result compared to the previous year is mainly attributable to the reduction in the average premium paid by policyholders (despite an overall increase in premiums written) with constant claims frequency; both phenomena are recorded in the entire Motor market.

Land motor vehicle hulls: premiums reported growth on the previous year. The technical result was positive, a marked improvement over the previous year.

Assistance: premiums grew by 21.1% with a positive technical result increased compared to the previous year (9.5%).

Claims

Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during the year. Data are compared with those for 2015:

(€/000)

	31/12/2015		31/12/2014		Change %	
	number	total cost	number	total cost	number	total cost
Total non-marine businesses	47,316	145,606	48,962	149,197	-3.4	-2.4
Total Special businesses	1,279	27,626	1,637	15,794	-21.9	74.9
Total motor businesses	216,296	556,094	192,405	529,026	12.4	5.1
Total Non-Life businesses	**264,891**	**729,326**	**243,004**	**694,017**	**9.0**	**5.1**

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

(€/000)

		31/12/2015		31/12/2014	
Branch	Claim handling Type	Number	Total cost	Number	Total cost
Motor TPL - land	K-for-K - liable	90,249	179,164	80,593	164,152
Motor TPL - land	K-for-K - originator	102,644	256,159	90,978	235,859
Motor TPL - land	Non K-for-K claims	44,220	226,822	38,588	221,113
Motor TPL - watercraft	Non K-for-K claims	69	756	70	523
Total Motor T.P.L. claims handled		237,182	662,901	210,229	621,647

The Parent company received no. 139,008 reports of claim events to be managed as originator (no. 122,464 reports of claim in 2014), against which it will complete recoveries from other insurers for a total of 181,781 thousand euro (166,063 thousand euro in 2014: +9.5%), based on the lump-sum payments established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

Claims settlement speed

The following table illustrates how quickly reported claims (by number) were paid net of claims eliminated without consequences, broken down by current generation and previous generation in reference to the principal Businesses:

(percentages)

	current generation		previous generations	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Accident insurance	54.62	55.06	69.82	72.35
Health insurance	83.39	80.88	70.44	84.13
Motor vehicle hulls	85.68	84.61	81.72	86.27
Fire and natural events	85.20	78.45	78.81	79.23
Miscellaneous damages - theft	87.28	86.27	87.95	89.15
Third-party motor liability	75.54	75.49	64.90	64.11
Third-party general liability	67.64	67.87	37.64	37.55

Claims paid

The following table shows claims paid for direct business and the amount charged to reinsurers, with the data broken down by the period to which claims refer:

(€/000)

	Claims paid 31/12/2015			Claims recovered from reinsurers	Claims paid 31/12/2014			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reinsurers
	Current year	Previous years	Total		Current year	Previous years	Total			
Total non-marine businesses	52,241	52,449	104,690	6,892	52,849	58,608	111,457	12,718	-6.1	-45.8
Total Special businesses	5,947	35,434	41,382	19,667	2,467	29,984	32,451	19,647	27.5	0.1
Total motor businesses	238,491	261,178	499,669	8,009	209,867	219,883	429,750	9,532	16.3	-16.0
Total non-life businesses	296,679	349,061	645,740	34,568	265,183	308,475	573,658	41,898	12.6	-17.5

The additional cost borne in 2015 for the road-accident victim guarantee fund was 15,267 thousand euro vs. 14,845 thousand euro in the previous year.

Anti-fraud activities

Claims which are presumed to be possible cases of fraud are handled with anti-fraud criteria established by parent company's guidelines. Savings for the year in relation to the Motor TPL business, quantified in accordance with Law 27/2012 implemented by Regulation No IVASS. 44, amounted to 5.1 million euro. As a result of the deepening in relation to fraud risk, savings of 4.1 million euro were achieved for claims that have been defined without result and 1.0 million euro for claims settled definitively, compared to the assessed value posted to technical reserves.

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 entity 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
Motor vehicle Hulls	Excess claims
Marine Hulls	Excess claims
Cargo (goods in transit)	Excess claims
Fire and natural events	Excess claims
Miscellaneous damage	Pure premium for hail, single-multi-risk
	Pure premium for engineering risks
	Pure premium for ten year guarantees
Motor TPL	Excess claims
General TPL	Excess claims
Suretyship	Pure premium
Legal protection	Pure premium
Assistance	Pure premium

Ceded premiums in FY15 totalled 28,586 thousand euro (36,018 thousand euro in 2014).

Inward reinsurance

Acceptance of risks relating to the indirect business mainly arises from participation in syndicates and from acceptance of shares in Italian businesses, which are entered into voluntarily.

Claims cost trend

As required in IFRS 4, paragraph 39, we present some information concerning the Non-Life claims trend.

The table below shows estimated costs of claims in the year when they were generated, from 2006 to 2015, and updates recorded in subsequent years following adjustment of claims and alignment of reserves based on the greater information received on the claims concerned and updating of observable historical series.

Each figure present on the triangle is the estimated generation cost at 31 December of the year observed. The total cost is the sum of the following components:

- Cumulative claim amounts paid from the year of the claim event up to 31 December of the year of observation
- Accrued provisions for open claims, as at 31 December of the year of observation
- Estimate of IBNR (incurred but not reported) claims of the event year as at 31 December of the year of observation

Cumulative claim amounts paid excludes the cost of the contribution to the road-accident victim guarantee fund.

This table shows the gross data; therefore, it does not report the amounts recovered and to be recovered from policyholders and third parties for recoupment, deductibles and, only in the Land Vehicle TPL line, claims settlements.

(importi in migliaia di euro)

Anno di avvenimento	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Totale
Costo cumulato dei sinistri											
alla fine dell'anno di											
accadimento	301,294	324,196	349,709	403,347	440,586	520,561	567,376	614,689	651,383	684,774	4,857,916
un anno dopo	295,518	317,409	355,348	399,053	445,632	514,147	540,079	601,168	621,301		
due anni dopo	298,207	307,669	355,595	405,416	444,079	514,219	540,970	593,557			
tre anni dopo	296,476	306,379	354,902	412,321	450,679	516,766	547,735				
quattro anni dopo	298,569	308,216	360,005	424,295	449,862	524,147					
cinque anni dopo	300,489	312,405	364,444	427,086	452,698						
sei anni dopo	301,409	316,175	368,886	433,351							
sette anni dopo	307,560	317,874	371,410								
otto anni dopo	312,794	321,194									
nove anni dopo	315,903										
Costo cumulato dei sinistri alla data di bilancio 2015	315,903	321,194	371,410	433,351	452,698	524,147	547,735	593,557	621,301	684,774	4,866,070
Totale sinistri pagati cumulati 2015	304,466	306,596	349,815	396,435	411,246	454,401	445,171	453,230	425,941	283,350	3,830,650
Sinistri pagati nel 2015	4,338	3,749	6,486	13,379	10,630	20,444	32,051	59,128	173,897	283,350	607,453
Riservato al 31 dicembre 2015	11,437	14,598	21,595	36,916	41,452	69,746	102,565	140,328	195,360	401,424	1,035,420

From the comparison between what was posted in the first year of occurrence of claims - in the decade highlighted - amounting to 4,857,916 thousand euro and the evolution of the same at the date of the 2015 financial statements, amounting to 4,866,070 thousand euro, emerges a deviation equal to 0.17%.

For information purposes, we point out that the range of 1.0% in Loss Ratio, would lead to a result in profit and loss statement of approximately 10 million Euros, before tax.

Commercial organisation

The development activity has resulted in the opening of 6 new agencies and the reorganization of other 26, while 2 agencies have been closed; at 31 December 2015 Vittoria Assicurazioni was nationally present with 413 general agencies (409 at 31 December 2014) and 966 Sub-Agencies Professional (922 at 31 December 2014).
The training activities are going on for the primary sales network (General Agencies), for those involved in the sale of "second level" (producers and sub-agents) and for employees of the agencies.
In particular, to the latter were dedicated training sessions to improve the knowledge Group's processes and tools.
In addition to courses provided directly by the Parent Company's internal trainers, in 2015 it was granted a series of professional training courses using external providers, selected on the basis of the requirements of Reg. 6/2014 Art. 14. The courses have had the following content: Non-Life - Motor, Non-Life - Accident and Health, Life – Protection and Saving, in the insurance and reinsurance technical areas and in the administrative and managerial area.
In 2015, continued the training of Vittoria Academy Project which aims to managerial development courses for agents, sub-agents and Administrative Employees.

Products - Research and development

During the year continued the review for technical operations and regulatory compliance to industry (IVASS, COVIP, CONSOB), of the products of the Life and Non-Life business.

As part of the Non Marine business was introduced the new product “Fabbricati”.

In the Life business, it started the commercialization of a financial content composite product "Vittoria InvestiMeglio DoppiaEvoluzione".
It also began the sale of three new products with mixed tariff of Class I called “Vittoria InvestiMeglio Evoluz10ne continua”, “Vittoria InvestiMeglio Evoluz10ne Reinvestimento” e “Vittoria InvestiMeglio Evolu7ione Coupon”.

Overhead costs

Overhead costs – direct business

The total amount of insurance overhead costs (Non-Life and Life business) – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets – totalled 119,894 thousand euro vs. 104,662 thousand euro in 2014, increasing by +14.6%.
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.

(€/000)

ANALYSIS OF COSTS	31/12/2015	31/12/2014	Change
Personnel expenses	51,670	51,621	0.1%
Other costs	42,223	37,962	11.2%
Amortisation/Depreciation	26,001	15,079	72.4%
Total cost by nature	119,894	104,662	14.6%

The significant increase in depreciation is due to important projects started by the parent company, in order to overhaul the application system of Direction "New Age", either aimed at supporting new sales methods of insurance services through mobile devices, either to exploit the opportunities offered by the regulatory changes regarding dematerialization and electronic signature. In light of these projects, which will lead to the gradual overcoming of existing systems, it was considered necessary to review the residual life of the "New Age" system, recording higher depreciation totalling 10,880 thousand euro.
Following this operation, overhead costs as a percentage of total direct insurance premiums rose from 8.2% last year to 9.3%.

Operating costs

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

(€/000)

	31/12/2015	31/12/2014	Change
Gross commissions and other acquisition costs	232,229	222,906	4.2%
Profit participation and other commissions received from reinsurers	-4,886	-6,304	-22.5%
Investment management costs	1,657	2,764	-40.1%
Other administrative costs	31,316	29,625	5.7%
Total	260,316	248,991	4.5%

Real estate business

The Group’s real estate business includes trading and development, brokerage, and management of own and third-party property. Below, we highlight the key operating results of the group companies.

Trading and development

The following companies operate in this segment:

Vittoria Immobiliare SpA – Milan
100% direct equity interest
This company operates in real-estate development and trading, both directly and via special-purpose real-estate companies. Revenues from the sale of property in 2015 amounted to 501 thousand euro (582 thousand euro in 2014). Closing inventory totalled 18,185 thousand euro (19,796 thousand euro in 2014).

Immobiliare Bilancia Srl - Milan
100% direct equity interest
This company is active in real-estate trading of properties in San Donato Milanese, Rome, Genoa and Padua and in the development of an area in Florence, Viale Michelangelo.
Revenues from the sale of property in 2015 amounted to 3,534 thousand euro (3,796 thousand euro in 2014). Closing inventory totalled 30,332 thousand euro (32,328 thousand euro in 2014).

Immobiliare Bilancia Prima Srl – Milan
100% direct equity interest
The company owns a building plot in the municipality of Parma, which is currently under development, a building complex with a prevalent use destination as offices in Via Adamello 19, Milan, building activity in Rome and a building complex in Corso Cairoli, Turin. In 2014, the Company purchased a building plot situated in the town of Peschiera Borromeo, on which four buildings are under construction.
The earnings during the financial year from the sale of property amounted to 346 thousand euro (361 thousand euro in 2014) and the final inventory amounted to 49,257 thousand euro (46,144 thousand euro in 2014).

Acacia 2000 Srl – Milan
67.54% direct equity interest and 28.40% indirect equity interest via Vittoria Immobiliare S.p.A.
In 2015 the company continued in its development and building activities for the construction of a property complex with a residential use destination, made up of eight buildings and a two level underground car park in an area located in the "Portello" area of Milan. The complex is called “Residenze Parco Vittoria”.
Income of the year from the sale of property amounted to 16,550 thousand euro (21,143 thousand euro in 2014) and the final inventory amounted to 224,096 thousand euro (219,014 thousand euro in 2014).

VRG Domus Srl. - Turin
100% indirect equity interest via Vittoria Immobiliare S.p.A.
The company, totalled a closing inventory of 11,952 thousand euro (11,647 thousand euro in 2014), related to the real estate operation named “Spina 1” in Turin and to a non-residential property in Rome, Via della Vignaccia.

Vaimm Sviluppo Srl – Milan
100% direct equity interest
The company owns building units located in Genoa Piazza De Ferrari, Via Orefici and Via Conservatori del Mare. The closing inventories amounted to 54,176 thousand euro, a decrease vs. 56,073 thousand euro in 2014, due to the reclassification to “tangible assets” of portion of buildings in Genoa, Piazza De Ferrari, 4, rented in the year.

Valsalaria Srl – Rome
51% indirect equity interest via Vittoria Immobiliare S.p.A.
The company is managing a real-estate project in the municipality of Rome. Revenues from the sale of property in 2015 amounted to 616 thousand euro (1,175 thousand euro in 2014). Closing inventory amounted to 3,677 thousand euro (4,198 thousand euro in 2014).

VP Sviluppo Srl – Milan
100% direct equity interest
The company is managing a real-estate project in the municipality of Peschiera Borromeo (MI). Revenues from the sale of property in 2015 amounted to 1,947 thousand euro (846 thousand euro in 2014) and the closing inventories amounted to 48,058 thousand euro (46,905 thousand euro in 2014).

Real Estate Brokerage Activities

In this segment the following companies are active:

Interimmobili Srl - Rome
80% indirect equity interest via Vittoria Immobiliare S.p.A.
In its real-estate brokerage activities, the company achieved commission revenue of 2,191 thousand euro (2,067 thousand euro in 2014), before infragroup eliminations.
In 2015 the company continued to sell properties mainly in Rome, Turin and Milan based on sales mandates given by Group companies and premier institutional investors, social security & pension agencies, and building companies.
Project management contracts acquired by Interimmobili with Group companies generated revenues of 1,290 thousand euro (1,740 thousand euro as at 31 December 2014).

Property management

Gestimmobili Srl, based in Milan (100% indirect equity interest via Vittoria Immobiliare S.p.A.), is the company active in this segment, i.e. in the administrative and technical management of property assets.
Revenues achieved for this activity in 2015 totalled 1,478 thousand euro (1,038 thousand euro as at 31 December 2014).

Overhead costs

Overhead costs for the real estate business, before elimination of infra-group services, are as shown in the table below:

(€/000)

ANALYSIS OF COSTS	31/12/2015	31/12/2014	Change
Personnel expenses	4,096	4,034	1.5%
Other costs	9,168	10,504	-12.7%
Amortisation/Depreciation	868	760	14.2%
Total cost by nature	14,132	15,298	-7.6%

Personnel and Other costs are allocated to Operating Costs (specifically to "Other administrative costs"). Depreciation and amortisation costs are allocated to the "Other costs" caption in the income statement.

Service business

This segment showed a profit in the period, as shown in the income statement by business and business line, of 497 thousand euro (profit of 1,997 thousand euro in 2014).
Revenues for services rendered in 2015 by group companies, before elimination of infra-group services, amounted to 5,434 thousand euro. These revenues included 5,345 thousand euro for commissions and services rendered to the direct operating parent company (11,404 thousand euro and 7,377 thousand euro in 2014, respectively).

Overhead costs

The following table shows overhead costs for the service business, before intersegment eliminations:

(€/000)

ANALYSIS OF COSTS	31/12/2015	31/12/2014	Change
Personnel expenses	522	1,533	-66.0%
Other costs	1,003	1,602	-37.4%
Amortisation/Depreciation	37	37	0.0%
Total cost by nature	1,562	3,172	-50.8%

Personnel and Other costs are allocated to Operating Costs (specifically to "Other administrative costs"). Depreciation and amortisation costs are allocated to the "Other costs" caption in the income statement. This reduction compared to the previous year is mainly due to the sale to third parties of the investment in Aspevi Milano srl which took place in October.

Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of 3,226,105 thousand euro with an increase of +2.3% vs. 31/12/2014. The detailed breakdown is shown in the following table:

(€/000)

	INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	31/12/2015	31/12/2014	Change
A	Investments in subsidiaries and associates and interests in joint ventures	24,185	22,292	8.5%
B	Held to maturity investments	44,483	56,709	-21.6%
	Loans and receivables	106,853	82,178	30.0%
	- Reinsurance deposits	175	175	
	- Other loans and receivables	106,678	82,003	
C	Financial assets available for sale	2,183,159	2,055,363	6.2%
	- Equity investments	106,938	94,438	
	- OEIC units	57,824	32,475	
	- Bonds and other fixed-interest securities	2,018,397	1,928,450	
	Financial assets at fair value through profit or loss	59,422	65,681	-9.5%
D	Financial assets held for trading	10	16	-37.5%
	- Bonds and other fixed-interest securities held for trading	10	16	
E	Financial assets at fair value through profit or loss	59,412	65,665	-9.5%
	- Investments where policyholders bear the risk	59,412	65,665	
	Cash and cash equivalents	167,137	231,007	-27.6%
F	Total Property	640,866	641,814	-0.1%
	Investment property	85,584	88,440	-3.2%
	Property	555,282	553,374	0.3%
	Property under construction	315,050	312,915	
	Property held for trading	125,973	123,191	
	Owner-occupied property	114,259	117,268	
	TOTAL INVESTMENTS	3,226,105	3,155,044	2.3%
	of which			
	investments where the Group bears the risk	3,166,693	3,089,379	2.5%
	investments where policyholders bear the risk	59,412	65,665	-9.5%

The following table, shows a breakdown of investments, cash & cash equivalents and property by business type:

(€/000)

Investments - Cash and cash equivalents - Property	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Investment property	85,584	88,440	-	-	-	-	-	-	85,584	88,440
Investments in subsidiaries	419,362	271,541	-	-	-	-	-419,362	-271,541	-	-
Investments in associates	23,284	21,446	63,518	563	470	283	-63,087	-	24,185	22,292
Held to maturity investments	44,483	56,709	-	-	-	-	-	-	44,483	56,709
Reinsurance deposits	175	175	-	-	-	-	-	-	175	175
Other loans and receivables	108,238	73,922	11,940	8,081	-	-	-13,500	-	106,678	82,003
Financial assets available for sale										
Equity investments	106,899	94,379	39	59	-	-	-	-	106,938	94,438
OEIC units	57,824	32,475	-	-	-	-	-	-	57,824	32,475
Bonds and other fixed-interest securities	2,018,397	1,928,450	-	-	-	-	-	-	2,018,397	1,928,450
Financial assets at fair value through profit or loss: Investments where policyholders bear the risk	59,412	65,665	-	-	-	-	-	-	59,412	65,665
Financial assets held for trading: Bonds and other fixed-interest securities	10	16	-	-	-	-	-	-	10	16
Cash and cash equivalents	137,430	170,752	27,204	53,143	2,503	7,112	-	-	167,137	231,007
Property under construction	-	-	308,589	312,915	-	-	6,461	-	315,050	312,915
Property held for trading	-	-	123,341	120,559	-	-	2,632	2,632	125,973	123,191
Owner-occupied property	90,006	93,947	24,253	23,321	-	-	-	-	114,259	117,268
Total	3,151,104	2,897,917	558,884	518,641	2,973	7,395	-486,856	-268,909	3,226,105	3,155,044

Investments benefiting Life policyholders who bear related risk and relating to pension fund management (*section E of earlier table*)

As at 31 December 2015 these investments amounted to 59,412 thousand euro, -9.5% against prior year. Of the total, 42,173 thousand euro are related to unit- and index-linked policies and 17,242 thousand euro to the Vittoria Formula Lavoro open-ended pension fund.
Overall net return was positive and totalled 4,238 thousand euro (3,763 thousand euro in 2014).

Investments with risk borne by Group

Investments with risks borne by the Group totalled 3,166,693 thousand euro (3,089,379 thousand euro as at 31 December 2014).

The following transactions took place during the 2015:

A) Investments in subsidiaries, associates and joint ventures:

The performance of the various subsidiaries has been described in relation to the Real Estate and Services segments.

A description of the performance of the main associated companies is provided below.

S.In.T. S.p.A. - Italy
Held directly with a 48.19% interest
This associate company develops fidelity programs, promotional campaigns and associative marketing, supported by the Selecard circuit.
The division called "Outsmart" offers outsourcing of activities related to the management of end user contact in the services sector and mainly in the insurance market.
The associate company also offers services supporting the administration activities of insurance companies.
As at 31 December 2015 the company net equity amounted to 1,158 thousand euro (940 thousand euro as at 31 December 2014).

Movincom Servizi S.p.A.
Held directly with a 46.65% interest
This associate company is the operating company of the Movincom consortium, where the MovinBox technological platform was developed. The MovinBox technological platform enables purchases and payments using a mobile phone via the bemoov® service, thanks to the integration of participating merchants and payment operators.
The players with whom Movincom Servizi S.p.A. cooperates on a daily basis with the objective of developing a winning model for mobile business that can be adopted by end users are merchants, members and associates of the Movincom Consortium, payment operators adhering to the bemoov® initiative and telecommunications companies.
As at 31 December 2015 the company net equity amounted to 2,737 thousand euro (3,849 thousand euro as at 31 December 2014).

Yarpa S.p.A. - Italy
Held directly with a 27.31% interest
Yarpa S.p.A. acts as a holding company and also provides financial advisory services. The company controls Yarpa Investimenti SGR S.p.A., an asset management company active in the management of mutual funds and closed-end real estate investment funds, as well as YLF S.p.A., a joint venture together with LBO France created to manage private equity investments in Italy and targeting small and medium enterprise.
As at 31 December 2015 Yarpa Group net equity amounted to 43,675 thousand euro (42,214 thousand euro as of 31 December 2014).

B) Held-to-maturity investments:

The main transactions during the period were as follows:

- redemption of bonds in the amount of 12,225 thousand euro.

C) Financial assets available for sale:
The main transactions during the period were as follows:

- redemption of bonds in the amount of 352,300 thousand euro;
- purchase of Italian government bonds in the amount of 495,352 thousand euro;
- sale of Italian government bonds in the amount of 45,018 thousand euro, realising capital gains in the amount of 9,353 thousand euro;
- concerning the closed-end Italian mutual fund managed by Yarpa Investimenti SGR S.p.A., a wholly owned subsidiary of the associate Yarpa S.p.A., payment of 9,051 thousand euro for the recall of funds and credits of 11,091 thousand euro for the partial redemption of units;
- payment of 12,423 thousand euro to purchase closed-end mutual fund shares and credits of 3,378 thousand euro, realising capital gains in the amount of 33 thousand euro;
- underwriting of 13,000 thousand euro in units of two Alternative Investment Funds (Private Debt/ Loans fund)
- collection of 16 thousand euro as a partial advance of the liquidation of the Swissair bond in default accounted for as a capital gain;
- Sofigea srl in liquidation: recognised the extinction of the investment for approval of the liquidation balance sheet.

D) Financial assets held for trading:

No transaction to report.

F) <u>Property</u>

As at 31 December 2015, properties totalled 640,866 thousand euro (basically unchanged compared to 31 December 2014).

The table below shows a breakdown of these properties and the changes for the period.

(€/000)

	Investment Property	Property under construction	Property held for trading	Owner-occupied property	Total
Balance as at 31/12/2014	88,440	312,915	123,191	117,268	641,814
Purchase and capitalised interests paid					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	18,266	-	-	18,266
- MILAN - Portello Area (via Vittoria Assicurazioni S.p.A.)	552	-	-	-	552
- SAN DONATO MILANESE (MI) - (via Immobiliare Bilancia S.r.l.)	-	19	-	-	19
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)	-	2	-	-	2
- ROME (via Immobiliare Bilancia Prima S.r.l.)	-	-	46	-	46
- ROME - Guattani Str. - (via Immobiliare Bilancia S.r.l.)	-	-	115	-	115
- TURIN - Barbaroux Str. - (via Vittoria Immobiliare S.p.A.)	-	-	44	-	44
- GENOA - De Ferrari Sq., Conservatori del Mare Str., Orefici Str. (via Vaimm Sviluppo S.r.l.)	-	-	168	-	168
- MILAN - Adamello Str. (via Immobiliare Bilancia Prima S.r.l.)	-	-	128	-	128
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)	-	6,382	-	-	6,382
- PESCHIERA BORROMEO (MI) (tramite Immobiliare Bilancia I S.r.l.)	-	-	4,194	-	4,194
- FLORENCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)	-	-	1,332	-	1,332
- ROME - Meliconi Str. - (via Immobiliare Bilancia Prima S.r.l.)	-	-	1,131	-	1,131
- ROME - Della Vignaccia Str. - (via VRG Domus S.r.l.)	-	306	-	-	306
- PARMA - (via Immobiliare Bilancia Prima S.r.l.)	-	161	-	-	161
- Miscellaneous	-	-	3	244	247
Total purchase and capitalised interests paid	552	25,136	7,161	244	33,093
Sales:					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	(16,550)	-	-	(16,550)
- TURIN - Barbaroux Str. (via Vittoria Immobiliare S.p.A.)	-	-	(445)	-	(445)
- ROME - (via Immobiliare Bilancia S.r.l.)	-	-	- 346.00	-	(346)
- ROME - (via Valsalaria S.r.l.)	-	(616)	-	-	(616)
- MILAN - Gattamelata Str. (via Vittoria Properties S.r.l.)	-	-	-	(505)	(505)
- PESCHIERA BORROMEO (MI) - (via Vittoria Immobiliare)	-	- 26.00	-	-	(26)
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)	-	(1,947)	-	-	(1,947)
- MILAN - San Donato Milanese (via Vittoria Immobiliare S.p.A.)	-	(30)	-	-	(30)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)	-	(3,534)	-	-	(3,534)
- Miscellaneous		-	-	(257)	(257)
Total sales	-	(22,703)	(791)	- 762.00	(24,256)
Depreciations	(3,408)	-	-	(4,537)	(7,945)
Riclassifications	-	0	(2,066)	2,066	-
Impairment	-	-	0	(20)	(20)
Recognised gains	-	(298)	(1,522)	-	(1,820)
Balance as at 31/12/2015	85,584	315,050	125,973	114,259	640,866

The "Property investments" line item includes the property with a services use destination in the "Portello" area owned by the parent company, rented to third parties.

Gains and losses on investments

The following table shows the breakdown as at 31.12.2015 of net gains on investments, with separate disclosure of investments where the risk is borne by life policyholders:

(€/000)

Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	31/12/2015 total net gains/(losses)	31/12/2014 total net gains/(losses)
Investments	77,323	-1,144	76,179	82,751
From:				
a investment property	3,053	-3,408	-355	-2,165
b investments in subsidiaries and associates and interests in joint ventures	-145	-	-145	1,318
c held to maturity investments	2,127	-	2,127	2,327
d loans and receivables	589	60	649	1,174
e financial assets available for sale	69,672	-	69,672	76,332
f financial assets held for trading	-	-7	-7	2
g financial assets at fair value through profit or loss	2,027	2,211	4,238	3,763
Other receivables	414	-	414	432
Cash and cash equivalents	1,038	-	1,038	2,357
Financial liabilities	-2,280	-4,238	-6,518	-10,061
From:				
b financial liabilities at fair value through profit or loss	-	-4,238	-4,238	-3,763
c other financial liabilities	-2,280	-	-2,280	-6,298
Total gains and losses on financial instruments	76,495	-5,382	71,113	75,479
Real estate business				
From:				
a Gains on property trading	-1,820	-	-1,820	4,986
b Rent income on owner-occupied property and property held for trading	813	-	813	770
Total real estate business	-1,007	-	-1,007	5,756
Total gains and losses on investments	75,488	-5,382	70,106	81,235

Net gains with risk borne by the Group amounted to 70,106 thousand euro, with a -13.7% decrease vs. 2014.
The result includes capital gains of 9,353 thousand euro (13,742 thousand euro in 2014) from the sale of securities classified as available for sale and negative margins due to the write-down of real estate for 5,900 thousand euro.

The weighted average return on "Bonds and other fixed-income securities" as at 31 December 2015 was 4.05% compared to 4.61% of last year.

The following table shows the breakdown of investment gains and losses by business segment.

(€/000)

Net income on investments	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-7	2	-	-	-	-	-	-	-7	2
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	-12,423	-7,998	-1,002	-832	-184	-7	13,464	10,155	-145	1,318
Gains or losses on other financial instruments and investment property	72,907	79,188	-1,650	-5,095	19	48	-11	18	71,265	74,159
Gains on property trading	-	-	-1,820	4,986	-	-	-	-	-1,820	4,986
Revenue from work in progress (percentage of completion)	-	-	-	-	-	-	-	-	-	-
Rent income on owner-occupied property and pr	205	136	800	720	-	-	-192	-86	813	770
Total	60,682	71,328	-3,672	-221	-165	41	13,261	10,087	70,106	81,235

Financial liabilities

The following table shows the breakdown of financial liabilities by business segment.

(€/000)

Financial liabilities	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	42,170	50,077	-	-	-	-	-	-	42,170	50,077
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	17,242	15,588	-	-	-	-	-	-	17,242	15,588
Reinsurance deposits	14,425	15,856	-	-	-	-	-	-	14,425	15,856
Payables to banks	-	-	85,997	250,872	-	-	-	-	85,997	250,872
Other financial payables	-	-	1,885	3,082	-	-	-	-	1,885	3,082
Other financial liabilities	61,092	44,110	-	246	-	-	-	-	61,092	44,356
Total	134,929	125,631	87,882	254,200	-	-	-	-	222,811	379,831

Reference should be made to the Explanatory Notes for greater detail on the various items' breakdown.

Investment and financial risk management & analysis policies

Financial risk management

The financial risk management system is designed to assure the Group's capital soundness via monitoring of the risks inherent in asset portfolios due to adverse market conditions. In this perspective, specific investment policies have been designed – as illustrated in the earlier section "Investments – Cash & cash equivalents – Property" – and special procedures adopted.

Investment policies: objectives

The Group's financial assets are managed according to the following objectives:

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

- Assure the Group's capital soundness by means of a policy of limitation of potential portfolio loss risk following adverse changes in interest rates, equity prices, and exchange rates;
- Limit credit risk by giving preference to investments in issuers with high ratings;
- Assure adequate investment diversification, also prudently taking opportunities arising in the real estate sector;
- For the Life segment, assure a stable return higher than the technical rate envisaged by contracts in force, optimising management of expected cash flows consistently with insurance liabilities;
- For the Non-Life segment, assure both a stable return in line with the forecasts factored into product tariffs and positive cash flows also able to address scenarios featuring any significant increase in claims cost and settlement speed;
- Monitor the securities portfolio duration in relation to liabilities' duration;

- Give preference to continuity of returns rather than to achievement of high returns in limited periods of time;
- Protect investments' value from exchange-rate fluctuations also via use of financial derivatives.

B) Life investments with risk borne by policyholders

- Manage investments benefiting policyholders who bear related risk (index- and unit-linked policies) and those relating to pension-fund management according to the objectives envisaged by relevant policies and by pension funds' regulations, with the constraint of total transparency vis-à-vis policy holders and in compliance with specific legal regulations;
- Define investments' level of protection against exchange-rate fluctuations also via use of financial derivatives.

Procedures

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

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

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

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

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

Financial risk analysis

In this chapter we describe the risks to which the Group is exposed in relation to financial markets' movements. These risks are grouped in the three main categories, i.e. market risk, liquidity risk, and credit risk.
The chapter does not discuss the Group's investments in instruments designated at fair value going through profit and loss (index- and unit-linked policies – pension funds) because these are strictly connected with related liabilities.

Securities portfolio breakdown

The following table shows the carrying value of the securities portfolio with risk borne by the Group, without considering investments in associates and joint venture, broken down by investment type (debt securities, equity securities and CIU units). It also provides indications concerning financial risk exposure and uncertainties of flows.

(€/000)

Investment nature	Amount 31/12/2014	% of breakdown	Amount 31/12/2013	% of breakdown
DEBT SECURITIES	2,062,890	92.7%	1,985,175	93.9%
Listed treasury bonds:	2,037,666	91.5%	1,950,421	92.3%
Fixed-interest rate	1,995,507	89.6%	1,875,623	88.8%
Variable interest rate	42,159	1.9%	74,798	3.5%
Unlisted treasury bonds:	1,179	0.1%	1,381	0.1%
Variable interest rate	1,179	0.1%	1,381	0.1%
Listed corporate bonds:	23,982	1.1%	28,254	1.3%
Fixed-interest rate	20,445	0.9%	19,860	0.9%
Variable interest rate	3,537	0.2%	8,394	0.4%
Unlisted corporate bonds:	63	0.0%	88	0.0%
Fixed-interest rate	63	0.0%	88	0.0%
Bonds of supranational issuers:	-	0.0%	5,031	0.2%
Fixed-interest rate	-	0.0%	5,031	0.2%
of which				
Total fixed-interest securities	2,016,015	97.7%	1,900,602	95.7%
Total variable-interest securities	46,875	2.3%	84,573	4.3%
Total debt securities	2,062,890	100.0%	1,985,175	100.0%
of which				
Total listed securities	2,061,648	99.9%	1,983,706	99.9%
Total unlisted securities	1,242	0.1%	1,469	0.1%
Total debt securities	2,062,890	100.0%	1,985,175	100.0%
EQUITY INSTRUMENTS	106,938	4.8%	94,438	4.5%
listed shares	10,887	0.5%	8,296	0.4%
unlisted equity instruments	96,051	4.3%	86,142	4.1%
OEIC UNITS	57,824	2.5%	32,475	1.6%
TOTAL	2,227,652	100.0%	2,112,088	100.0%

The fixed-income securities portfolio has a duration of 4.4 years.

Market risk

Market risk consists of interest-rate risk, price risk and exchange-rate risk.
Debt securities are exposed to interest-rate risk.
The interest-rate risk on fair value is the risk of a financial instrument's value varying due to changes in market interest rates.
A decrease in interest rates would cause an increase in the fair value of such securities, whereas an increase in rates would decrease their fair value.
The interest-rate risk on cash flows relates to possible changes in the coupons of floating-rate securities.

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled 2,016,015 thousand euro (97.7% of the bond portfolio with investment risk borne by the Group), of which 1,998,358 thousand euro classified as available for sale.
The following table illustrates the quantitative impacts on the fair value of these latter assets of a hypothetical parallel variation in the interest rate curve of ±100 basis points (bp).

(€ '000)

Fixed-interest securities at fair value	Amount
Carrying amount as at 31/12/2015	1,998,358 (1)
Change	
100 BP increase	-87,255
100 BP decrease	53,790

(1) of which € 924,090 thousand allocated to the separately-managed Life business.

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled 46,875 thousand euro (2.3% of the bond portfolio with investment risk borne by the Group). In order to indicate the sensitivity of floating-rate securities' cash flows, we point out that a 100-bp positive or negative change in interest rates would respectively cause higher or lower interest receivable of 442 thousand euro and 112 thousand euro.

Life insurance contracts envisage a guaranteed minimum rate of interest and feature a direct link between investments and benefits to be paid to policyholders.
This direct link between obligations to policyholders and investments of assets associated with benefits is governed by means of the integrated asset-liability management (ALM) model mentioned earlier.

More specifically, the Group manages interest-rate risk by matching asset and liability cash flows and by maintaining a balance between liabilities' duration and that of the investment portfolio directly related to such liabilities.
Duration is an indicator of the sensitivity of asset and liability fair value to changes in interest rates.

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

Titoli a tasso fisso (importi in migliaia di euro)

Scadenza	Importi	% composizione
< 1 anno	331,943	16.5%
1<X<2	319,821	15.9%
2<X<3	108,836	5.4%
3<X<4	167,267	8.3%
4<X<5	169,315	8.4%
5<X<10	690,967	34.2%
oltre	227,866	11.3%
Totale	2,016,015	100.0%

Titoli a tasso variabile (importi in migliaia di euro)

Tipo tasso	Indicizzazione	Importi	% composizione
Constant mat. Swap	Euroswap 10Y	25,648	54.7%
Constant mat. Swap	Euroswap 30Y	9,880	21.1%
variabile	BOT 3 mesi	1,179	2.5%
variabile	BOT 6 mesi	10,158	21.7%
variabile	altro	10	0.0%
Totale		46,875	100.0%

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

The Group holds real estate properties exposed to fluctuation in real estate market.
As regards interest-rate risk, it is pointed out, lastly, that the Group holds floating-rate financial liabilities, mainly consisting of real estate companies' bank borrowings, totalling 76,725 thousand euro. In order to indicate their sensitivity, it is noted that a 100-bp increase would increase interest expense by 767 thousand euro.
In view of the time characterized by particularly low interest rates, it is not considered reasonable to express the sensitivity analysis resulting from a decrease in interest rates.

Equity securities are exposed to price risk, i.e., the possibility of their fair value varying as a result of changes arising both from factors specific to the individual instrument or issuer and those affecting all instruments traded on the market.
If the listed shares classified as "Available-for-sale financial assets" had suffered a 10% loss as at 31.12.2015, equity attributable to parent company shareholders would have decreased by 1,089 thousand euro.

The Group is not exposed to **foreign exchange risk** since, as at 31.12.2015, nearly all investments for which it bears the risk were expressed in euro, observing the principle of consistency with technical reserves.

Liquidity risk

The group is daily required to execute payments arising from insurance and investment contracts.
The liquidity risk is the risk that available funds may not be sufficient to meet obligations. It is constantly monitored by means of the integrated ALM procedure.
This risk may also arise as a result of inability to sell a financial asset fast at an amount close to its fair value.
This is less probable when the financial assets are listed in active markets. The greater the weight is of financial assets listed in active and regulated markets, the less likely it is that this will happen.
As at 31.12.2015 financial assets listed in a regulated market accounted for over 95% of financial assets owned.
The following table shows financial liabilities by maturity:

(€/000)

Financial liabilities: maturity	31/12/15	31/12/14
< 1 year	47,403	120,997
1 < X < 3	32,093	60,731
3 < X < 5	58,931	38,641
5 < X < 10	23,248	90,214
more	61,136	69,248
Total	222,811	379,831

Credit risk

In applying its investment policy, the Group limits its exposure to credit risk by investing in highly rated issuers.
As can be seen in the table below, as at 31.12.2015 nearly all bonds held by the group were rated as investment grade.

(€/000)

Rating (Standard & Poor's)		Amounts	% of breakdown
AA+ / AA-		6,312	0.3%
BBB+ / BBB- (*)		2,056,567	99.7%
	Total investment grade	2,062,879	100.0%
Non investment grade		11	0.0%
Total		2,062,890	100.0%

(*) of which 2,031,344 relating to Italian government bonds.

As regards credit risk, we highlight the fact that the parent company makes use of premier reinsurers. Rating companies of reference are Standard & Poor's, Moody's, Fitch and A.M. Best; the following table shows the balance sheet transactions in place as at reporting date, by rating:

(€/000)

S&P/ A.M. Best / Moody's Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	167	-	167	0.4
AA	226	665	891	1.9
AA-	-15,599	41,188	25,589	54.8
A+	-237	2,964	2,727	5.8
A	885	2,547	3,432	7.3
A3*	-2,614	9,866	7,252	15.5
A-	-124	1,971	1,847	4.0
BBB+	192	-186	6	0.0
Not rated	907	3,903	4,810	10.3
Total	-16,197	62,918	46,721	100.0

* provided by Moody's

Information concerning remuneration policy (pursuant to Article 123-ter of Italian Legislative Decree, No. 58/1998 and to IVASS Regulation No. 39)

Information concerning remuneration policy of members of the administrative body and board of control, general director and strategically accountable managers are shown in the Report on remuneration published in accordance with Art. 123-ter of Italian Legislative Decree, No. 58/1998.

Information concerning adherence to codes of conduct

The annual report on adherence to codes of conduct required by art.123/2 of T.U.F. can be consulted on the "Governance" section of parent company's website: www.vittoriaassicurazioni.com.

Solvency II - implementation process

The main activities performed during 2015 and in progress in 2016 with reference to Pillar I (Quantitative requirements) and Pillar III (Information to supervisory stakeholders and supervisory reporting) are as follows:

- a specific system is in use to produce calculation and reporting data required by the supervisory authority on quarter and annual basis;
- relating to data quality, the definition of the aspects of governance and the formalization of its policy will be completed in the course of 2016. These high level assumptions will be matched by the definition of the Guidelines on Data Quality, describing in great detail the operational activities of all the departments involved in the supply phases and / or use of business data. The definition of such guidelines have already been completed for what concerns the calculation process of Undertaking Specific Parameters (U.S.P.);
- the process of calculating the U.S.P. is expected to be consolidated during 2016, starting from the preliminary sharing of assumptions and the scope of application. The instance for authorization by Ivass is expected to be prepared by the first half of the year.

With regard to Pillar II (Governance), in 2015 it was created the Actuarial Function and is currently in progress the update process for the guidance policies already working, as well as the finalization of the remaining policies required by law.

Also as part of the Pillar II, the Parent Company, since 2014, adopted the framework ORSA (Own Risk and Solvency Assessment), made up of all processes of analysis, decision-making and strategic implemented, as well as the methods used to assess continuously and prospectively capital requirements and the availability of capital resources. This framework is connected to the specific risk profile and appetite of the parent company.

Relations with the Supervisory Authority

Since 18 of May to 2 of October 2015, IVASS carried out inspections at the parent company relating to the government, the management and control of investments and financial risks. On December 3, 2015 IVASS officials explained to the Board of Directors of the Parent Company the outcome of the investigation by asking for further information on the above subject . On 2 February 2016, the Parent Company sent to IVASS its own considerations, the overall action plan and the actions already undertaken.

Infragroup and related-party transactions

Transactions with group companies referred to the normal course of business, using specific professional skills at going market rates. There were no atypical or unusual transactions.
This section presents financial and business transactions occurring during 2014 with group companies, excluding those with companies consolidated on a 100% line-by-line basis.
The following table summarises the most significant economic and financial dealings with Group companies not included in the scope of consolidation and with directors, statutory auditors, and managers with strategic responsibilities.

(€/000)

Related parties	Other receivables	Loans	Other payables	Revenues	Costs
Associates	585	9,222	655	10	4,644
Total	585	9,222	655	10	4,644

Relations and transactions with parent companies

The Group has no financial or commercial relationships with the direct parent company Vittoria Capital N.V. and the indirect parent company Yafa Holding B.V., The Netherlands.

Relations and transactions with associates

S.In.T. S.p.A. – Turin
48.19% direct equity interest
The parent company used the services of S.In.T. S.p.A. for commercial agreements made by the parent company, for an aggregate cost of 4,593 thousand euro and granted the associate an interest bearing shareholder loan, which has a balance of 500 thousand euro (1,000 thousand euro as at 31 December 2014).

Mosaico S.p.A. – Turin
45.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. granted the associate an interest bearing shareholder loan, which has a balance of 1,115 thousand euro (1,369 thousand euro as at 31 December 2014).

Pama & Partners S.r.l. – Genoa
25.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of 568 thousand euro, (500 thousand euro as at 31 December 2014).

VZ Real Estate S.r.l. – Turin
49.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of 3,292 thousand euro (2,751 thousand euro as at 31 December 2014).

Fiori di S. Bovio S.r.l. – Milan
40.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of 1,945 thousand euro (1,852 thousand euro as at 31 December 2014).

Spefin Finanziaria S.p.A. - Rome
21.00% equity interest via Interbilancia S.r.l.
The parent company granted the associate an interest bearing loan, which has a balance of 1,783 thousand euro (5,000 thousand euro as at 31 December 2014).

Human resources

As is spelt out in the Company's Code of Business Ethics, the Vittoria Assicurazioni Group safeguards and enhances the value of its human resources, while assuring respect individuals' moral and professional dignity.

We pursue this objective via:

- Assessment of candidacies based on the match between requirements and the professional profiles to acquired. The priority for identification of resources is internal recruitment, to aid professional growth. When in-house candidacies consistent with the profile sought cannot be identified, external market recruitment processes are activated to hire particularly qualified people in terms of their academic background and/or professional experience acquired in the sector.
- Commitment to providing training appropriate to the role covered by each person, consistently with the Company's objectives and strategies. The Vittoria Assicurazioni Group in fact believes that human resources play a key role in the value creation process and, because of this, it pays special attention to planning training and development activities.
- Preference for forms of flexibility in organising work, respecting individual/family and company needs.
- Prevention of all forms of discrimination.
- Adoption of a reward system based on assignment of personal or group targets to specific professional figures
- Constant commitment to achieving workplaces and units that not only comply with legal safety standards, to protect the health of those using them, but are also pleasant places in which to be.

Performance in early months of FY2016 and business outlook

The group performance in the first months of 2016 is in line with the targets.

In January 2016, the Parent Company participated in the establishment of a new company called Digital Touring srl active in the development of digital services. Partners in the initiative is Touring Club Italiano that, through its subsidiary Touring Servizi Srl, will hold the newly-formed company's control. The share capital of Digital Touring srl of 2,400 thousand euro was signed for 45% by Vittoria Assicurazioni spa and for 55% by Touring Servizi srl.

The Board of Directors

Milan, 10 March 2016

Consolidated financial statements as at 31 December 2015

Balance Sheet

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

	ASSETS	Note	31/12/2015	31/12/2014
1	INTANGIBLE ASSETS		10,995	27,692
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	10,995	27,692
2	PROPERTY, PLANT AND EQUIPMENT		563,566	563,314
2.1	Property	2	555,282	553,374
2.2	Other items of property, plant and equipment	2	8,284	9,940
3	REINSURERS' SHARE OF TECHNICAL RESERVES	3	64,017	60,501
4	INVESTMENTS		2,503,686	2,370,663
4.1	Investment property	4	85,584	88,440
4.2	Investments in subsidiaries and associates and interests in joint ventures	5	24,185	22,292
4.3	Held to maturity investments	6	44,483	56,709
4.4	Loans and receivables	6	106,853	82,178
4.5	Financial assets available for sale	6	2,183,159	2,055,363
4.6	Financial assets at fair value through profit or loss	6	59,422	65,681
5	OTHER RECEIVABLES		203,659	213,459
5.1	Receivables relating to direct insurance	7	165,092	173,982
5.2	Receivables relating to reinsurance business	8	6,333	4,251
5.3	Other receivables	9	32,234	35,226
6	OTHER ASSETS		167,468	183,322
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	10	5,791	7,487
6.3	Deferred tax assets	11	117,535	126,637
6.4	Current tax assets	12	37,237	24,229
6.5	Other assets	13	6,905	24,969
7	CASH AND CASH EQUIVALENTS	14	167,137	231,007
	TOTAL ASSETS		3,680,528	3,649,958

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

EQUITY AND LIABILITIES		Note	31/12/2015	31/12/2014
1	EQUITY		700,557	627,318
1.1	attributable to the shareholders of the parent		691,244	614,528
1.1.1	Share capital	15	67,379	67,379
1.1.2	Other equity instruments	15	0	0
1.1.3	Equity-related reserves	15	33,874	33,874
1.1.4	Income-related and other reserves	15	394,287	335,846
1.1.5	(Treasury shares)	15	0	0
1.1.6	Translation reserve	15	0	0
1.1.7	Fair value reserve	15	125,182	105,312
1.1.8	Other gains or losses recognised directly in equity	15	-98	-212
1.1.9	Profit for the year attributable to the shareholders of the parent		70,620	72,329
1.2	attributable to minority interests	15	9,313	12,790
1.2.1	Share capital and reserves attributable to minority interests		9,338	12,820
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		-25	-30
2	PROVISIONS	16	6,622	4,872
3	TECHNICAL RESERVES	17	2,563,145	2,434,695
4	FINANCIAL LIABILITIES		222,811	379,831
4.1	Financial liabilities at fair value through profit or loss	18	59,412	65,665
4.2	Other financial liabilities	18	163,399	314,166
5	PAYABLES		83,205	90,415
5.1	Payables arising from direct insurance business	19	8,153	11,444
5.2	Payables arising from reinsurance business	20	8,280	7,254
5.3	Other sums payable	21	66,772	71,717
6	OTHER LIABILITIES		104,188	112,827
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	22	64,954	71,012
6.3	Current tax liabilities	23	673	1,919
6.4	Other liabilities	24	38,561	39,896
	TOTAL EQUITY AND LIABILITIES		3,680,528	3,649,958

Income Statement

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015

INCOME STATEMENT

(€/000)

Income Statement		Note	31/12/2015	31/12/2014
1.1	Net premiums		1,238,158	1,232,708
1.1.1	*Gross premiums*	25	1,266,521	1,269,854
1.1.2	*Ceded premiums*	25	28,363	37,146
1.2	Commission income	26	580	751
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	27	-7	2
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	27	1,639	3,165
1.5	Gains on other financial instruments and investment property	27	79,786	86,715
1.5.1	*Interest income*		63,767	68,907
1.5.2	*Other income*		6,541	4,065
1.5.3	*Realised gains*		9,418	13,742
1.5.4	*Unrealised gains*		60	1
1.6	Other income	28	14,978	16,858
1	TOTAL REVENUE		1,335,134	1,340,199
2.1	Net charges relating to claims		880,033	901,041
2.1.1	*Amounts paid and change in technical reserves*	25	921,996	933,887
2.1.2	*Reinsurers' share*	25	-41,963	-32,846
2.2	Commission expense	29	0	26
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	27	1,784	1,847
2.4	Losses on other financial instruments and investment property	27	8,521	12,556
2.4.1	*Interest expense*		2,280	6,298
2.4.2	*Other expense*		2,585	2,558
2.4.3	*Realised losses*		248	0
2.4.4	*Unrealised losses*		3,408	3,700
2.5	Operating costs		268,183	257,017
2.5.1	*Commissions and other acquisition costs*	30	221,999	209,226
2.5.2	*Investment management costs*	30	1,657	2,764
2.5.3	*Other administrative costs*	30	44,527	45,027
2.6	Other costs	31	58,788	48,546
2	TOTAL COSTS		1,217,309	1,221,033
	PROFIT FOR THE YEAR BEFORE TAXATION		117,825	119,166
3	Income taxes	32	47,230	46,867
	PROFIT FOR THE YEAR		70,595	72,299
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS		0	0
	CONSOLIDATED PROFIT (LOSS)		70,595	72,299
	of which attributable to the shareholders of the parent		70,620	72,329
	of which attibutable to minority interests	15	-25	-30

Basic EARNINGS per share		1.05	1.07
Diluted EARNINGS per share		1.05	1.07

Statement of Comprehensive Income

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 31 December 2015

(€/000)

COMPREHENSIVE INCOME (LOSS)	31/12/2015	31/12/2014
CONSOLIDATED PROFIT (LOSS)	70,595	72,299
Other comprehensive income, net of taxes without reclassification to profit or loss	114	-562
Changes in the equity of investees	-	-
Changes in intangible asset revaluation reserve	-	-
Changes in tangible asset revaluation reserve	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-
Actuarial gains and losses and adjustments related to defined benefit plans	114	-562
Other items	-	-
Other comprehensive income, net of taxes with reclassification to profit or loss	19,870	51,929
Change in translation reserve	-	-
Gains or losses on available for sale investments	19,870	51,929
Gains or losses on hedging instruments	-	-
Gains or losses on hedging instruments of net investment in foreign operations	-	-
Changes in the equity of investees	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-
Other items	-	-
TOTAL OTHER COMPREHENSIVE INCOME	19,984	51,367
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	90,579	123,666
of which attributable to the shareholders of the parent	90,604	123,696
of which attibutable to minority interests	-25	-30

Statement of changes in equity

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€/000)

		Balance at 31/12/2013	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Changes in ownership interests	Balance at 31/12/2014	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Changes in ownership interests	Balance at 31/12/2015
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0		67,379	0	0		0		67,379
	Other equity instruments	0	0	0		0		0	0	0		0		0
	Equity-related reserves	33,874	0	0		0		33,874	0	0		0		33,874
	Income-related and other reserves	297,933	0	53,530		(12,128)	(3,489)	335,846	0	72,329		-12,802	(1,086)	394,287
	(Treasury shares)	0	0	0		0		0	0	0		0		0
	Profit /(Loss) for the year	53,530	0	18,799		0		72,329	0	-1,709		0		70,620
	Other comprehensive income	53,733	0	55,046	-3,679	0		105,100	0	28,067	-8,083	0	0	125,084
	Total attributable to the shareholders of the parent	**506,449**	**0**	**127,375**	**-3,679**	**-12,128**	**(3,489)**	**614,528**	**0**	**98,687**	**-8,083**	**-12,802**	**-1,086**	**691,244**
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	21,625	0	454		0	-9,259	12,820	0	(30)		0	(3,452)	9,338
	Gains or losses recognised directly in equity	454	0	(484)		0		(30)	0	5		0		-25
	Other comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total attributable to minority interests	**22,079**	**0**	**-30**	**0**	**0**	**(9,259)**	**12,790**	**0**	**-25**	**0**	**0**	**-3,452**	**9,313**
Total		**528,528**	**0**	**127,345**	**-3,679**	**-12,128**	**(12,748)**	**627,318**	**0**	**98,662**	**-8,083**	**-12,802**	**-4,538**	**700,557**

Reference should be made to Notes to the consolidated financial statement for further information.

Cash flow statement

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015
CONSOLIDATED STATEMENSTS OF CASH FLOW - INDIRECT METHOD

(€/000)

	31/12/2015	31/12/2014
Profif for the year before taxation	117,825	119,166
Change in non-monetary items	133,754	270,658
Change in non-life premium reserve	13,679	12,537
Change in claims reserve and other non-life technical reserves	41,193	112,356
Change in mathematical reserves and other life technical reserves	70,062	170,604
Change in deferred acquisition costs	1,696	823
Change in provisions	1,750	314
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-145	1,487
Other changes	5,519	-27,463
Change in receivables and payables arising from operating activities	2,590	-3,023
Change in receivables and payables relating to direct insurance and reinsurance	4,543	-1,882
Change in other receivables and payables	-1,953	-1,141
Taxes paid	-47,230	-46,867
Net cash flow generated by/used for monetary items from investing and financing activities	6	233
Liabilities from financial contracts issued by insurance companies	-6,253	178
Payables to bank and interbank customers	0	0
Loans and receivables from bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	6,259	55
NET CASH FLOW FROM OPERATING ACTIVITIES	206,945	340,167
Net cash flow generated by/used for investment property	0	0
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	-1,634	-6,319
Net cash flow generated by/used for loans and receivables	-24,675	-14,346
Net cash flow generated by/used for held to maturity investments	12,226	10,598
Net cash flow generated by/used for financial assets available for sale	-107,926	-195,807
Net cash flow generated by/used for property, plant and equipment	16,445	-47,033
Other net cash flows generated by/used for investing activities	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-105,564	-252,907
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	0	0
Net cash flow generated by/used for treasury shares	0	0
Dividends distributed to the shareholders of the parent	-12,802	-12,128
Net cash flow generated by/used for share capital and reserves attributable to minority interests	-1,682	-11,679
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	-150,767	434
NET CASH FLOW FROM FINANCING ACTIVITIES	-165,251	-23,373
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	231,007	167,120
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-63,870	63,887
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	167,137	231,007

Accounting policies

General basis of presentation

Statement of IFRS compliance

The consolidated financial statements have been prepared in compliance with the international accounting and financial reporting standards (IASs/IFRSs) issued by the IASB and endorsed by the European Union as per EU regulation 1606 of 19 July 2002 and Italian Legislative Decrees 38/2005, 32/2007 and 209/2005.

The Group has not applied IFRSs before the year when they actually came into force. New IFRSs applicable starting from next year are not expected to have any significant impact on Group's accounts.

The Group prepared its first set of IFRS-compliant year-end financial statements in FY2005. As permitted by IFRS 1 ("First-Time Adoption of International Financial Reporting Standards"), for preparation of the opening balance sheet as at 1 January 2004, the Group elected to apply a number of optional exemptions. For information on exemptions, reference should be made to the "Accounting Policies" section of the Consolidated Annual Report & Accounts for the year ending on 31 December 2005.

Basis of accounting

The basic criterion is historical cost, modified for fair-value measurement of available-for-sale financial assets and of financial assets or liabilities recognised at fair value in the income statement.

Taking into account the solvency ratio, the profitability of the Group and its careful management of risks, the consolidated financial statements have been prepared on a going concern basis.

Accounting standards, amendments and interpretations of IFRS applied from 1st January 2015

Starting annual periods beginning on or after 1st January 2015 came into effect the following changes to IAS / IFRS accounting standards:

IFRS 3 Business Combinations – Scope exception for joint ventures. The amendment states that paragraph 2(a) of IFRS 3 excludes the formation of all types of joint arrangement from the scope of IFRS 3, as defined in IFRS 11;

IFRS 13 Fair Value Measurement – Scope of portfolio exception. The amendment states that the portfolio exception included in paragraph 52 of IFRS 13 is applied to all contracts included within the scope of IAS 39, regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32;

IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40.
The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of IFRS 3 and IAS 40, reference should be made respectively to the specific guidance provided by IFRS 3 or IAS 40.

IFRIC 21 – *Levies.* The interpretation clarifies the time of recognition of a liability related to taxes (other than income taxes) imposed by a government agency. The principle addresses both the liability for taxes which fall within the scope of IAS 37 - Provisions, contingent liabilities and contingent assets, both for taxes whose timing and amount are uncertain.

The adoption of these amendments had no impact on this consolidated interim financial report of the Group.

IFRS 9 Financial Instruments (replacement of IAS 39). The Group carried out evaluations in predominantly qualitative status of the principle requirements, both on whether to take advantage of the deferral of the principle itself as expected from the exposure draft issued in December 2015.

IFRS 15 Revenue from Contracts with Customers. Qualitative analysis showed no significant impact on the Group .

Use of estimates

Application of IFRSs for the preparation of financial statements and related explanatory notes requires the Group to make estimates that affect the amounts of balance-sheet assets and liabilities and disclosure relating to contingent assets and liabilities as at balance sheet date. Actual results may differ from such estimates. Estimates are used to recognise provisions for insurance liabilities, doubtful debts, depreciation & amortisation, measurements of assets, employee benefits, taxes, and other provisions and funds.

The technical reserves evaluation is performed by the parent company's actuaries support and it is subjected to an examination by external actuaries.

More specifically, for items estimated (technical reserves, risk provision and level 3 of fair value hierarchy) and whose carrying value is significantly affected by the assumptions, information is given in the detailed notes on the item concerned about the nature of such assumptions or any other uncertainties.

Where significant, and in any case when required by IFRSs, indications are given of the sensitivity of carrying amounts to the fundamental methods, assumptions and estimates used to calculate them, together with the reasons for such sensitivity.
The estimates are reviewed regularly. The effects of each and any change are immediately recognised in the income statement or, in the case of financial assets available for sale and actuarial gains or losses, in equity.

Scope of consolidation

Subsidiaries

According to IFRS 10, are defined subsidiaries, those companies over which the Group is exposed to variable returns, or has rights of those returns, arising from their relationship with the same and at the same time has the ability to affect those returns exercising its power over its subsidiaries.
In particular, in order to assess whether the parent company controls a company in which it invests, must be observed if the following conditions are met:

a) power over the undertaking is when there is the actual right to manage its core activities, i.e. activities that materially affect the results of the subsidiary;
b) the risk exposure or the rights arising from variable returns linked to his involvement;

c) the ability to influence the undertaking, so as to affect the results (positive or negative) to the investor.

The power arises from the rights. In some cases, the verification of the existence of power is immediate, such as when the power comes directly from the voting rights attached to the possession of capital securities. In other cases, the verification of the existence of power is more complex and therefore the analysis must take into account several factors such as when the power comes from contractual agreements.
Generally, the power exists when the other party has a majority of the voting rights, but in some circumstances may exist when the investor owns less than a majority of the voting rights. In this case, the parent company assesses whether this power can result from a wide range of rights, including voting rights or potential voting rights, the right to appoint or remove the key figures of the investee, including the right of veto in the facts of management and contractual rights. In addition, consider the practical ability to exercise that right; the presence of barriers for example, could jeopardize the existence of control (for example: existence of penalty, inability to obtain necessary information to exercise power, operational barriers such as lack of expertise for the replacement of management, regulatory barriers, etc.).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is assumed until the date such control ceases. Are also included in the consolidated subsidiaries that carry out diverse activities than the parent company.

Associates and Joint Ventures

Under IAS 28, associated companies are not subject to control by the Group, but the Group has significant influence on financial and operating policies of these companies. Significant influence is presumed when the investor holds, directly or indirectly through subsidiaries, at least 20% of the voting power. The consolidated financial statements include the Group's share of associates' gains and losses on an equity-accounted basis as from the date when significant influence commences until the date when the said significant influence ceases. When the Group's share of the associate's losses exceeds the carrying value of the investment, the latter is written down to zero and no share of any further losses is recognised, except to the extent that the Group has the obligation to answer for such losses.
The same accounting treatment is applied to the Joint Ventures, jointly controlled entities. In particular, IFRS 11 distinguishes between joint operations and joint ventures: a joint operation is an agreement in which both parties have rights to the assets and obligations for the liabilities resulting from the agreement. For accounting assets and liabilities being parties to the agreement are reflected in the financial statements using the relevant accounting standard. A joint venture is an agreement in which the parties are entitled to a share of the equity of the companies covered by the agreement. For accounting purposes, the joint venture is consolidated using the equity method; is no longer expected the proportional method as optional in the previously existing IAS 31.

Business combinations

Business combinations are the union of separate entities or businesses in a single entity which is required to prepare financial statements.
The acquirer therefore recognises the acquiree's identifiable assets, liabilities and contingent liabilities at their respective fair value as at acquisition date. The acquiree also recognises goodwill which is regularly tested for impairment.

Consolidation method

1) The financial statements of all consolidated companies are prepared as at 31 December of the financial year concerned.
2) Figures shown in consolidated financial statements have been taken from individual companies' financial statements, duly restated to assure consistency of presentation and modified solely to align investee companies' accounting policies with those of the direct operating parent company.
3) Minority interests in subsidiaries are included in the specific liability and income statement captions of the consolidated financial statements.
4) The accounting currency used to prepare consolidated financial statements is the euro.
5) Acquisitions of subsidiaries are recognised using the purchase method whereby the identifiable assets, liabilities and contingent liabilities acquired are measured at fair value as at acquisition date, which is the date on which consideration is paid.

   Consolidated companies' adjusted equities are eliminated against the related equity investments recorded in holder companies' financial statements.
   The fair value initially set on the assets and liabilities acquired may be adjusted within twelve months after acquisition date, if it was originally measured on a provisional basis.

   In this case, any goodwill or profit recognised in the financial year when the acquisition took place is adjusted accordingly, recalculating comparative data presented in the previous set of accounts.
6) Any positive difference between the cost and the Group's interest in the fair value of the assets and liabilities acquired is classified as goodwill and recognised in accounts as an intangible asset. Any negative difference (negative goodwill) is instead recognised as revenue at the time of acquisition. Minority interests are measured according to the fair value of the assets and liabilities of the interest acquired.

   Goodwill is tested for impairment annually or more frequently if specific events or changes in circumstances make it necessary, in accordance with IAS 36 ("Impairment of Assets"). After initial recognition, goodwill is measured at cost net of any cumulative impairment losses.
7) Infragroup balances and transactions, including revenue, costs, and dividends, are eliminated in full. Gains or losses stemming from infragroup transactions and included in the carrying amount of assets, such as inventory, or non-current assets are also eliminated in full. Any intercompany losses are eliminated if they do not reflect enduring impairment of the intrinsic value of the assets transferred.
8) Differences arising from the measurement of investments in associates using the equity method are recognised in the value of equity investments shown among balance sheet investment assets and, as a balancing entry, in the equity account called "Earnings reserves and other financial reserves" as valuation adjustments to unconsolidated equity investments. The Group's share of associates' profit or loss is recognised under the income-statement caption "Gains (losses) on investments in subsidiaries and associates and interests in joint ventures". If the group's share of losses equals or exceeds the carrying value of the investment in that associate, the parent company stops recognising its share of any further losses. After writing the investment in the associate down to zero, further losses are provisioned and recognised as liabilities only to the extent that the parent company has incurred legal or constructive obligations or made payments on behalf of the associate. Should the associate subsequently make a profit, the parent company resumes recognition of its share of profits only after such a share has covered all previously unrecognised shares of losses.

   After it has recognised the associate's losses, the parent company applies the rule of IAS 39 to see whether it is necessary to recognise further losses due to impairment of the net interest (and net investment) in the associate.

Segment reporting

Primary segment reporting (business segments)

The income statement and balance sheet items relating to insurance contracts (as defined by IFRS 4), are allocated to the Life insurance business segment (which, very briefly, includes all contracts envisaging payment of a premium against the payment of benefits if the policyholder dies or survives) or to the Non-life business segment (which includes all other insurance contracts).
The Life insurance segment also includes all income statement and balance sheet items relating to investment contracts.
The Real Estate segment includes all income statement and balance sheet items relating to trading, development, and related services.
The Services segment includes the income statement balance sheet items relating to services rendered, mainly to the direct operating parent company.
The share of investments and profits or losses of associates that operate in more than one segment is classified in the segment where the investment in the associate is held.

The assets, liabilities, costs, and revenues attributed to each business segment are shown in the tables provided in the section "Appendices to Consolidated Financial Statements", prepared as per the formats recommended in IVASS ordinance no. 7 of 13 July 2007.

Secondary segment reporting (geographical segments)

For the purposes of secondary segment reporting, we highlight the fact that:

- The main revenues (premiums and profits on real estate trading, development, and services) by geographical customer segment, as well as figures on deferred costs are mainly summed by Italian macro-region (i.e. North, Centre and South);
- Allocation of assets by geographical segment, i.e. based on assets' geographical location, has led to identification of three areas: Italy, Rest of Europe and Rest of World. This presentation permits effective representation of diversification of investments in securities.

Industry-specific accounting policies

Foreword

Insurance contracts and investment contracts – definition and accounting treatment

Based on the definition given IFRS 4, insurance contracts provide for the transfer of a significant insurance risk, other than a financial risk, by the policyholder to the contract issuer and compensation for the policyholder for damage arising from a specified uncertain future event. Pending completion by the International Accounting Standards Board (IASB) of the so-called "Phase II" of its insurance contract project, IFRS 4 has introduced limited improvements to the recognition and measurement of items relating to insurance contracts, substantially providing for continued application of most of the local GAAPs currently in force.

Based on analysis of the insurance policies in our portfolio, all non-life contracts are covered by IFRS 4. As regards the life business:

<u>Insurance contracts</u>

For contracts for which the insurance risk is rated as significant, current Italian accounting standards are applied (Italian GAAPs). In the case of insurance contracts with discretionary profit participation features, insurance liabilities are supplemented based on shadow accounting.

Financial contracts with discretionary profit participation features

Contracts of a financial nature that, although not having a significant insurance risk, envisage discretionary profit participation (policies linked to separately managed businesses), as allowed by IFRS, have been measured and recognised applying the same criteria as those envisaged for the insurance contracts mentioned above, with consistent recognition of the reserve based on shadow accounting. Capital-redemptions, for example, come into this category.

Investment contracts

Contracts of a financial nature that have neither a significant insurance risk nor discretionary profit participation features are accounted for according to the rules of IAS 39 (Financial instruments: recognition and measurement) and IAS 18 (Revenue).

Life contracts of the Class III type (index- and unit-linked) and Class VI type (pension funds) come within the scope of this treatment and are therefore accounted for as summarised below:

- Financial assets and liabilities relating to such contracts are measured at fair value through profit or loss;
- Revenue for fixed contract-issue costs incurred by the policyholder is recognised in full in profit in the year when the contract is acquired;
- Up-front loading and acquisition commissions paid to brokers and agents as at contract acquisition date are recognised respectively as other liabilities and other assets, as they relate to deferred income and prepaid costs concerning long-term services charged to profit or loss in line with the costs incurred over policies' actual or estimated term;
- Estimation of policies' term takes into account policyholders' propensity to require settlement based on the company's historical experience and, for new products, assessments made during new-product development work;
- Profit or loss items that occur annually, such as management fee income and commissions paid, together with portfolio management costs, are directly expensed in the year when they are generated.

Balance Sheet

ASSETS

Intangible assets

- Goodwill

Initial recognition of goodwill is described in the Consolidation Method section.

Goodwill arising from purchase of line of business is subject to impairment test, as follows:

i) Goodwill is allocated to the CGU (Cash Generating Unit) represented by the new business generated by the sales network acquired;

ii) Goodwill carrying amount is compared with its recoverable amount, that in absence of a specific fair value estimate, is equal to its value in use.

iii) Value in use is determined on the following assumptions:

   iii.1 new business assumptions (volumes and profitability) taken in consideration in the budget and in the 4/5 years strategic plan;

   iii.2. projection of the expected cash inflows and outflows related to this new business (collection of premiums, payments for settlements, acquisition costs and handling expenses);

   iii.3. discounting of the above cash flows on the basis of a rate, gross of taxes, that reflects an adequate risk premium (7.50% for projections at 31 December).

- Other intangible assets

Other intangible assets are recognised in balance sheet assets, as per IAS 38, when:

- It is likely that their use will generate future economic benefits;

- The Group has control or has the power to obtain these benefits;

- Assets' cost can be measured reliably.

Assets are measured at cost net of amortisation and cumulative impairment losses. Amortisation is calculated on a straight-line basis over the assets' estimated useful lives.

In accordance with the interpretation SIC 32 relative to the costs related to websites, the costs incurred for the development of a website can be capitalized only if they could be expected in future economic benefits, in accordance with IAS 38 when, for example, the web site is capable of generating revenues.

As required by IFRSs, they are tested for impairment at least annually with recognition as a loss of the excess of carrying value vs. recoverable value. A check is also performed of their residual useful lives.

The group's assets have finite useful lives.

Other intangible assets recognised after acquisition of a company are recognised separately from goodwill if their fair value can be measured reliably.

Vif (Value In Force) is amortized on the effective life basis of the acquired contracts, given that Life business portfolio's end.

Property, plant, and equipment

This item includes properties used in the ordinary business and other tangible assets.

- ### Owner-occupied property

Property for own use is stated at cost less depreciation and cumulative impairment losses.

This includes costs directly attributable to bringing the asset to the condition necessary to enable it to operate as required by the company.

Ordinary maintenance costs are directly expensed when incurred.

Costs incurred after acquisition are capitalised only if they can be reliably measured and if they increase the future economic benefits of the assets to which they refer. All other costs are expensed.

Depreciation is applied on a straight-line basis over the property's estimated useful life of between 30 and 50 years.

As land has an indefinite useful life, it is not depreciated. Given this, land and buildings are recognised separately even when they are acquired together.

As required by IAS 36, buildings are tested for impairment at least annually with recognition of any excess of their carrying value over their recoverable value as a loss.

- ### Property held for trading - Property under construction

The item includes property under construction and that acquired for trading purposes by group companies.

The profit arising from property sales, purchases and promotion (which in real estate companies' statutory financial statements is the balance between sales revenue, purchases, improvement costs and changes in inventory) is reclassified to "Other income".

Until completion of buildings' construction, the Group's real estate companies capitalise all directly allocable improvement costs, including interest expense connected with financing of the initiative.

Property held for trading or with specific features defined by the constructor

Those properties held for trading are recognised at the lowest between cost and net realisable value based on market trends. This lower value is not maintained in subsequent years if the reasons for write-down cease to exist. The amount of the write-down of inventory to net realisable value is recognised as a cost in the year as is its possible adjustment.

Property under construction with specific features defined by the customer

Property investments not intended for long-term use by the company, consisting of buildings under construction, are measured using the percent-completion method. This method is only applied to building units for which preliminary sales agreements have been signed. The related margins are recognised in the income statement according to construction completion status.

Design and construction costs incurred are linked to related expected total costs to determine the percentage of completion as at balance sheet date.

Margins on contracts are calculated by applying this percentage to the expected total margins.

Any expected losses on long-term contracts are immediately recognised as an expense.

Down payments received for properties under construction are posted as a reduction of year-end inventory carrying value.

- Other items of property, plant, and equipment

Plant and equipment, publicly registered movable assets, furniture and fittings, and office machinery are stated at purchase or purchase cost less depreciation and cumulative impairment losses.

Cost includes costs directly attributable borne to bring the asset to the location and the condition necessary to enable it to operate as required by the company.

Ordinary maintenance costs are expensed when incurred.

Costs incurred after acquisition are capitalised only if they can be reliably measured and increase the future economic benefits of the assets to which they refer. All other costs are expensed.
Leasehold improvements are classified as an item of property, plant and equipment. If they can be separated from the asset to which they relate, they are recognised in the relevant category depending on the nature of the cost incurred. Otherwise, they are classified in a stand-alone category. The depreciation period is equal to the shortest between the item's remaining useful life and the residual term of the lease contract.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life.

Assets are tested for any impairment at least annually with the recognition of any excess of their carrying value over their recoverable value as a loss. A check is also performed of the consistency of their residual useful life.

Reinsurers' share of technical reserves

Reinsurers' obligations arising from reinsurance treaties governed by IFRS 4 are recognised in this item.
Reinsurers' share of technical reserves is recognised consistently with the criteria applicable to the underlying direct insurance contracts. It is adjusted to expected recoverable value at each financial reporting date.

Investments

Initial recognition and subsequent measurement

All financial assets are initially recognised at fair value.

Transaction costs are expensed for financial assets measured at fair value through profit or loss or included in initial recognition if related to other financial assets.

After initial recognition, financial instruments designated as available for sale and those designated at fair value through profit or loss are measured at fair value. Financial instruments held to maturity and loans and receivables are instead measured at amortised cost.

For securities traded in regulated markets, fair value is calculated based on the closing stock exchange price as at balance sheet date.

If a market valuation is not available for the investment, its fair value is measured on the basis of the current market value of other substantially similar financial instruments or by using appropriate valuation techniques. Such techniques include use of recent transactions, discounted cash flow analysis or models able to provide reliable estimates of prices practised in current market deals. If fair value cannot be measured reliably, the financial asset is measured at cost, adjusted for any impairment losses.

For CIUs (collective investment undertakings), fair value is the published unit value.

The fair value of non-interest bearing loans and of those featuring interest at other than market rates is estimated as the present value of all discounted inflows using the prevalent market rate for a similar instrument.

Recognition date

Purchases and sales of financial assets are recognised on transaction date.

Impairment

At each reporting date financial assets designated as available for sale, those designated as held to maturity and loans and receivables are subject to an impairment test. Financial instruments designated as held for trading and those designated at fair value through profit or loss are not subject to such a test, as their changes in fair value are already charged to profit and loss.

Impairment indicators

Depending on investment in equities or bonds, the following factors are assessed when determining an impairment of a financial asset:

1. Bonds
   1.1. Government Bonds

      State of default, breach of contract (failure to pay interests or capital), significant deterioration in their rating.

      Corporate Bonds

      State of default, breach of contract (failure to pay interests or capital), significant deterioration in their rating or significant financial troubles.

In addition, it is pointed out that our impairment procedure establishes that downgraded debt securities are not subjected to impairment if they are accompanied by guarantees or protective mechanisms instituted by supranational entities, by other sovereign countries or by other issuers with high credit ratings, such as to have a positive effect on the ability to repay at maturity, thus making the change of rating less significant.

2. Equities and strategic investments

Investments are to be impaired in case of a prolonged or significant decline, *i.e.*:

2.1. a decline for a continuative period of 36 months, or;

2.2. a decline in the value of an investment higher than 40% at the reporting date.

Apart from the above indicators, the need of an impairment is assessed when signals indicating a permanent loss occur.

Fair value definition

IFRS 13 defines fair value as the price that you would receive for the sale of an asset or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date.

Information on the fair value hierarchy

The allocation to one of three levels of fair value under IFRS 13 follows the following criteria:

- Level 1: financial instruments listed in an active market;
- Level 2: financial instruments whose fair value was determined based on valuation techniques based on observable market inputs other than quoted prices of the financial instrument;
- Level 3: financial instruments whose fair value was determined based on valuation techniques based on non-observable on the market.

In the fair value definition are privileged observable market variables and assumptions, and are used other valuation methods only in the absence of such input.

Investments are classified as follows:

- ## Real estate investments

As required by IAS 40, the item includes property held to earn rentals and / or for achieving objectives of capital appreciation. Real estate investments are valued using the cost model in IAS 40, adopts the depreciation criteria of IAS 16.

The properties used or selling ordinary course of business are classified as tangible assets.

- ## Investments in subsidiaries, associates, and joint ventures

In determining the investment relationship, have been used definitions of control, significant influence and joint control as required by IFRS 10, 11 and IAS 28.
This item includes equity investments that are not consolidated on a line-by-line basis, measured using the equity method or at cost.
Immaterial investments in subsidiaries or associates are measured at cost, adjusted for any impairment losses.

Investments in subsidiaries are eliminated during the consolidation process.

Investments in subsidiaries, associates and joint ventures are derecognised when, following disposal or other events, missing the requirements of IFRS 10 and 11 for their detection.

The Parent company does not hold a joint holding company, for which IAS 28 provides the equity method.

Impairment test for goodwill recorded in the financial statements in relation to the excess of the cost paid for the acquisition of subsidiaries over the share attributable to the equity method is performed by making a comparison between the carrying amount of the investment and the greater of fair value and value in use. In assessing value in use refers to recent plans approved and market variables.

- Held-to-maturity investments

The assets classified as held-to-maturity are cash instruments (i.e. not derivatives) with fixed or determinable payments and fixed maturity that the Group effectively intends and is able to hold until maturity.

They do not include assets:

- Designated upon initial recognition as being at fair value going through profit or loss;

- Designated as available for sale;

- That qualify as loans and receivables.

These assets are measured at amortised cost using the effective interest method.

If there is objective evidence of an impairment loss, the asset's carrying amount is written down, recognising the loss directly in the income statement.

Gains and losses relating to amortisation and any difference between the carrying amount and consideration received at the time of derecognition are taken to profit or loss.

In case of significant sales before maturity or the change of intent and / or ability to hold, the so called *"tainting rule"* triggers (penalty clause), which requires the reclassification of the entire portfolio outside the HTM class and prevents reuse this portfolio category for the following two years.

Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not listed in an active market.

Assets held for trading, designated at fair value through profit or loss or as available for sale, are not classified in this category.

These assets are measured at amortised cost using the effective interest method.

This category includes mortgage loans, loans on life insurance policies, loans granted to employees and agents by the direct operating parent company, and inward reinsurance deposits.

If there is objective evidence of an impairment loss, the asset's carrying amount is written down, recognising the loss directly in the income statement.

- Financial assets available for sale

This category comprises assets designated as available for sale or however not classified as:

- Financial assets at fair value going through profit or loss;
- Held-to-maturity investments;
- Loans and receivable.

These assets are measured at their fair value.

Unrealised gains and losses are recognised directly in equity, with the exception of impairment losses and foreign exchange gains and losses. At the time of sale or impairment of the financial asset, the cumulative gains or losses, including those previously recognised in equity, are taken to profit or loss. Any subsequent recovery of value, up to the value before recording the loss, are recorded respectively in the income statement in the case of debt instruments, in equity in the case of equity securities.

Interest pertaining to the year is recognised directly in profit or loss using the effective interest method. Dividends are recognised when the shareholders' right to payment arises.

- Financial assets at fair value through profit or loss

This category includes assets held for trading, strategic possession of which aims to obtain a profit in the short term, or that are designated upon initial recognition at fair value through profit or loss.

More specifically, the Group classifies in this category its financial assets hedging investment contracts where the investment risk is borne by the policyholders and those relating to pension fund management.

These assets are measured at their fair value.

Any gains or losses are directly recognised in profit or loss.

Other receivables

This category consists of:

- Receivables relating to direct insurance
  These are receivables due from policyholders for unpaid premiums and from agents, insurance brokers and co-insurance companies. The item also includes amounts to be recovered from policyholders and third parties for claims payments on policies with "no claims bonus" clauses, and for deductibles and subrogations.

  They are stated at nominal value and are adjusted on each financial reporting date to their presumed realisable value, calculated on the basis of historic trends of collections by individual business line.

- Receivables relating to reinsurance
  These are receivables due from reinsurers or insurers for reinsurance transactions. They are recognised at nominal value and thereafter are measured at presumed realisable value on each financial reporting date.

- Sundry receivables
  These are receivables relating neither to insurance nor tax. They include down payments to third parties. They are recognised at nominal value and thereafter measured at presumed realisable value on each financial reporting date.

Other assets

This category consists of:

- Activities of a disposal group held for sale

In accordance with IFRS 5 are recorded under this item non-current assets or disposal groups classified as held for sale. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, the completion of which should be expected within one year from the date of classification. The assets are stated at the lower of carrying value and fair value, net of selling costs. The gain or loss resulting, net of taxes, are shown separately in the statement of comprehensive income.

- Deferred acquisition costs

In compliance with IFRS 4, this item includes acquisition costs paid in advance upon signature of long-term contracts and amortised over contract duration.
As required by IFRS 4, such costs are accounted for in accordance with local GAAPs.

Non-life business: acquisition costs on long-term contracts, with specific reference to acquisition commissions, are capitalised and amortised in three years from the year when they occurred. Based on contract duration and regulations governing the applicability of commission charges, this amortisation period can be considered to be economically consistent.

Life business: acquisition costs relating to new contracts, for the part not outwardly reinsured, is capitalised within the limits of related loading and amortised on a straight-line basis over the term of the underlying contracts within the 10-year limit established by IVASS circular no. 183 dated 3 September 1992. The amortisation period is deemed to be economically consistent. Residual commissions on policies cancelled during the amortisation period are expensed in the year when such policies are eliminated from the portfolio.

- Current and deferred tax assets

These items include current and deferred tax assets, as defined and governed by IAS 12, including deferred tax assets relating to prepaid taxes on the life business mathematical reserves pursuant to Article 1, point 2, of Italian Decree Law no. 209/2002 as definitively enacted by Article 1 of Law no. 265/2002 and subsequent amendments.
These assets are recognised in line with current tax legislation on an accruals basis.
For items recognised as deferred tax assets, on each financial reporting date the Group checks whether any changes have occurred in relevant tax regulations, such as to lead to a different valuation.
Reference should be made to the accounting policy referring to “Current and deferred taxation” in the Income Statement section.

- Other assets

This item includes reinsurance suspense accounts, deferred commission expense on investment contracts, and accrued income and prepayments relating respectively to sundry income and general & administrative expenses.
Reference should be made to what has already been indicated in the earlier section “Insurance and Investment Contracts – definition and accounting treatment”.

Cash and cash equivalents

Cash and cash equivalents include items that meet the requirements of availability on demand or in the extremely short term and the absence of collection expenses. They are recognised at their nominal value.

LIABILITIES

Share capital

Ordinary shares are recognised as share capital (subscribed and paid in) at their par value.

Other equity instruments

This item includes instruments representing capital – but not included in share capital – consisting of special share categories and the equity portion of complex financial instruments. More specifically, it includes the equity portion stemming from valuation of the conversion option relating to the convertible subordinated bonds issued by the direct operating parent company.

Equity reserves

This item comprises the share premium reserve.

Earnings-related and other reserves

This item specifically includes:

- Retained earnings or losses carried forward, including the legal reserve;
- The reserve for gains or losses on IFRS first-time adoption;
- Consolidation reserves;
- Reserves for the reclassification of the catastrophe and equalisation reserves recognised under previous accounting standards (i.e. Italian GAAPs), which can no longer be recognised as technical liabilities under IFRS 4;
- Reserves – including the property revaluation reserve - recognised in compliance with the Italian Civil Code or specific Italian laws before adoption of IFRSs;
- Reserves for share-based payment transactions, settled using the company's own equity instruments (IFRS 2).

It also includes any gains or losses due to material errors or to changes in accounting policies or estimates (IAS 8).

Currency reserve

The item includes foreign exchange differences to be allocated to equity pursuant to IAS 21, arising both from foreign currency transactions and from translation into financial statements' presentation currency.

Fair value reserve

This item includes the unrealised gains or losses on investments classified as "Financial assets available for sale". Reference should be made to the relevant balance sheet item for details on the nature and accounting treatment of this type of assets.
Amounts are stated net of the portion attributable to policyholders and allocated to insurance liabilities, as better described in the "Shadow Accounting" section, and of related deferred taxation.

Other gains or losses recognised directly in equity

This item includes the gains or losses recognised directly in equity, with specific reference to the reserve for changes in investees' equity not recognised in their income statements as profit or loss.
It also includes any revaluation reserves for property, plant and equipment and intangible assets, as well as the gains or losses relating to defined benefit plans.

Minority interest

This caption includes the equity instruments and items and related equity reserves attributable to third-party shareholders, collectively defined as Minority Interest.
Any minority interest in the "fair value reserve" is also included.

Provisions

The Group recognises provisions or funds for risks and charges when:

- The Group has a constructive or legal obligation vis-à-vis third parties;
- It is likely that the Group resources will have to be used to meet the obligation;
- The amount of the obligation can be reliably estimated.

Changes in estimates are taken to profit or loss in the period in which the change occurs.

Provisions for charges to be borne made by the real estate companies include the costs of completion for apartments for which a notarial deed has already been signed, based on the principle of cost/revenue matching.

Technical reserves

This item comprises commitments stemming from insurance and inward reinsurance contracts gross of outward reinsurance. Commitments refer both to insurance products and to financial products with discretionary profit participation features.

- Premium reserve (Non-Life business)

The non-life premium reserve is calculated on a pro-rata temporis basis for each single contract, based on recognised premiums net of direct acquisition costs and of the fraction of premium pertaining to the period after 31 December of the financial year in question.

Where so required by the technical result, the premium reserve is also supplemented by the unexpired risk reserve, which is set up to cover risks incumbent upon the company after the balance sheet date. It is a technical provision, mandatorily required by Italian Legislative Decree of 7 September 2005 no. 209, article 37, which is made if, and to the extent that, the total amount of the presumed cost of expected claims for in-force policies is estimated to be higher than the unearned premiums reserve plus instalments outstanding net of acquisition costs, for instalment-premium policies.

▪ Claims reserve (Non-Life business)

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

Assessment of each claim is performed according to the following phases:
- preparation of inventory estimates for each open position by non-life claims settlement inspectors through session during the year;
- analysis and checking of data through sessions during the year and review of documentation concerning major claims by corporate management together with the liquidators and with the support of external trustees;
- possible integration / update of the reserve initially allocated on the basis of the principle of "reserve continuously".

Activities performed as part of claims assessment procedures are based on the following general criteria:
- Accurate and complete basic year-end inventory of all claims partly or totally not settled, highlighting claims that are the subject of disputes
- Analysis of claims featuring several positions in order to ascertain that proper evidence exists supporting each individual position;
- Separate indication of the quantification of bodily injury and property damage;
- Inclusion of estimated direct and settlement costs in the claims reserve. Settlement costs include both amounts paid to professionals taking part in claims handling and internal company costs relating to the claims handling department;
- Assessment of claims relating to credit and suretyship insurance in compliance with the dictates of section IV of IVASS regulation no. 16 of 4 March 2008.

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

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

The claims reserve includes the estimate for IBNR claims, i.e. claims pertaining to the year that have been incurred but not yet reported by year-end. Amounts are calculated considering the average cost of the current generation.
The claims reserves thus calculated that relate to mass risks, insofar as they refer to positions settled in the medium-long term, are subjected to statistical and actuarial checks to assess their consistency with ultimate cost and, when necessary, are topped up.
In compliance with IFRS 4, no provision is made for possible unknown future claims.

▪ Reserves for payable amounts (Life business)

The item comprises the direct operating parent company's obligations to policyholders for settlement of claims, surrenders and, with respect to policies that have matured, for accrued principal and annuities. Consequently, the above amounts are not included in mathematical reserves.

▪ Mathematical reserves (Life business)

The life business technical reserves are calculated on the basis of the pure premiums and actuarial assumptions deemed to be appropriate as at the date when contracts were signed, insofar as they are still valid. Calculation of technical reserves is based on the rate of return determined on the basis of the related investments for respective "revaluable" benefits and on the mortality rate used to calculate pure premiums. In accordance with current regulations, the premiums-carried-forward component of mathematical reserves is calculated on a pure-premium basis.

The mathematical reserve is never lower than surrender value.

In compliance with the requirements of IVASS in its regulation no. 21 of 28 March 2008 – article no. 50, the reserve for capital contracts relating to sums insured with a contractually guaranteed annuity conversion factor and to deferred and beneficial life annuities has been adjusted to reflect updated demographic survival assumptions.

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

Pursuant to IVASS regulation no. 21 of 28 March 2008 – article no. 38, an ALM (Asset-Liability Management) procedure has been implemented for joint analysis of the asset and liability portfolios in order to calculate the forecast returns for each segregated life account.

▪ Other reserves (Non-Life and Life businesses)

The item includes the following reserves:

- <u>Ageing reserve for health insurance</u> (Non-Life business) as required by Article 37 of Italian Legislative Decree no. 209 of 7 September 2005.
  Calculations include all the products that, in setting premiums, do not take into account changes in the policyholder's age and contain clauses that limit the Group's ability to withdraw, as indicated by paragraph 1 of article 46 of IVASS Regulation 16/2008.
  The estimate is based on a comparison between estimated cash inflows (all premiums expected to be collected in future years on the contracts held in portfolio at December 2012) and estimated cash outflows (all losses expected to be paid for the contracts held in portfolio at December 2012).
  For consistency and as a comparison, the reserve was calculated on a lump-sum basis by setting aside 10% of gross premiums written, as envisaged by paragraph 3 of article 47 of IVASS Regulation 16/2008.

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

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

- <u>Reserve for deferred liabilities to policyholders (Life business)</u>

  This reserve shows the share of unrealised gains or losses attributable to policyholders, as described in the specific section on "Shadow Accounting".

- <u>Reserve for management expenses (Life business)</u>

  This reserve is calculated based on loading for management expenses and on the other technical bases of the tariffs applied.

- Complementary insurance premium reserve (Life business)

  The premium reserve for complementary accident insurance is calculated analytically by applying the premiums-brought-forward criterion to the related pure premiums.

- LAT (Liability Adequacy Test) reserve (Non-Life and Life business)

  This reserve includes any accruals made following the LAT, as better described in the "Liability Adequacy Test" section.

Financial liabilities

▪ Financial liabilities at fair value through profit or loss

The item includes financial liabilities held for trading or designated at fair value through profit or loss. They include liabilities related to investment contracts governed by IAS 39, the fair value of which is calculated according to the asset's fair value of the asset plus the fair value of any guarantees and options existing in the contract (i.e., the financial liabilities relating to investment contracts where the investment risk is borne by policyholders and those relating to pension fund management).
Gains and losses are recognised directly in profit or loss.

▪ Other financial liabilities

This item includes the financial liabilities defined and governed by IAS 39 not included in the category "Financial liabilities at fair value through profit or loss", including deposits received from reinsurers, debt securities issued, bank borrowings and other financial liabilities other than trade payables.
Other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.
Specifically, in the case of bonds convertible into the issuer's shares (compound financial instruments), the instrument's amount is split into the following two components:
- Conversion option, classified as an equity instrument;
- Debt component, classified as a financial liability among subordinated liabilities.

Initial measurement
When the bond loan is issued, the financial liability component is recognised at fair value, discounting expected future cash flows, considering any existing options, at the market rate applicable to a similar financial liability not associated with an equity component (conversion option). The equity component is calculated as the difference between the fair value of the entire financial instrument (nominal amount of the subordinated bond loan) and the amount calculated separately for the financial liability component.

The costs incurred to issue the convertible bond loan are split proportionally between the two components and are offset against them.

Subsequent measurement

Non-conversion
The financial liability component is recognised at amortised cost using the effective interest method. The equity component is not subject to changes in its original carrying amount.

Conversion
The financial liability component is reversed and charged to equity. The initially recognised equity reserve is transferred to the share premium reserve.

Reimbursement or call-up

At the time of reimbursement or call-up, the consideration paid and costs related to the transaction are split between the financial liability component and the equity component using criteria similar to those used for the original allocation.

Any related gain or loss is treated according to the accounting standards and policies applicable to the related component, as follows:

- The amount of the gain or loss relating to the liability component is recognised in profit or loss;
- The amount of the consideration relating to the equity component is recognised in equity.

Payables

This category consists of:

▪ Payables arising from direct insurance transactions

The item includes balances not yet settled, indemnities to be paid upon termination of agency contracts, payables arising from the current accounts into which the balances of co-insurance technical results go, guarantee deposits on insurance sureties paid by policyholders and the amount payable to CONSAP (the state-owned public insurance services concessionaire) for the contribution to the guarantee fund for road accident victims.

These payables are recognised at nominal value.

▪ Payables arising from reinsurance transactions

This item includes payables arising from current accounts into which the reinsurance technical result goes, plus reinsurers' share of amounts to be recovered.

These payables are recognised at nominal value.

▪ Other payables

Other payables include accruals made for employee post-employment benefit obligations.

They also include trade payables, including payments on account collected by the real estate companies on signature of preliminary sales agreements, which are recognised at nominal value.

Other liabilities

- Liabilities of a disposal group held for sale

In accordance with IFRS 5 are recorded in this items liabilities related to a disposal group held for sale.

- Current and deferred tax liabilities

These items include current and deferred tax liabilities, as defined and governed by IAS 12.
These liabilities are recognised in accordance with current tax legislation on an accruals basis.
For deferred tax liabilities recognised in accounts, on each financial reporting date the Group checks whether any changes have occurred in relevant tax regulations, such as to lead to a different valuation.

Reference should also be made to the accounting policy concerning “Current and deferred taxation” in the Income Statement section.

- Sundry liabilities

This item includes reinsurance suspense accounts, deferred commission income on investment contracts, accrued liabilities and liabilities relating to defined benefit plans and other long-term employee benefits (medical services and seniority bonuses). Reference should be made to the section on “Employee benefits” for details on the approach to measurement of these items.

Income Statement

REVENUES

Revenue recognition

Revenues are recognised to the extent it is probable that the group will receive economic benefits and their amount can be measured reliably. Revenue is recognised net of discounts, allowances and return sales.

Revenues from services are recognised when the services have been rendered or according to service completion status.

Revenues from construction work in progress are recognised based on progress status (percentage of completion method).

Net premiums

Premiums recognised include the amounts accruing during the year for insurance contracts, as defined by IFRS 4 ("Insurance Contracts).

Premiums, together with ancillary charges, gross of ceded premiums, are recognised as revenue upon maturity, regardless of the date of recording of documents and of actual collection.

With reference to the non-life business, cancellations of individual policies due to events of a technical nature are directly deducted from premiums as long as they were issued in the same year. With respect to the life business, the item includes all cancellations, except for those relating to first yearly instalments issued in previous years.

Recognition of premiums on an accruals basis is implemented for the non-life business via posting to the premiums reserve (see relevant accounting policy), whilst for the life business it is implicit in the calculation of mathematical reserves, complementary insurance premium reserve and other technical reserves.

Ceded and retroceded reinsurance premiums are accounted for as per contractual agreements with reinsurers.

Commission income

This item includes commission income for financial services provided not included in the calculation of a financial instrument's effective interest, as required by IAS 18.

It includes commission income relating to investment contracts not covered by IFRS 4, such as loading (explicit and implicit) and, for those contracts that provide for investment in an internal fund, management fee income and other similar items.

Net gains on financial instruments measured at fair value through profit or loss

This item includes realised gains and losses, interest, dividends, charges and increases or decreases in the fair value of financial assets and liabilities measured at fair value through profit or loss, which include assets and liabilities relating to index-linked and unit-linked investments and to pension fund management.

Income from investments in subsidiaries, associates, and joint ventures

The item comprises income coming from investments in subsidiaries, associates and joint ventures entered in the corresponding asset item. More specifically, it includes the share of profits of the Group's equity-accounted companies.

Income from other financial instruments and investment property

This item includes income from investment property and financial instruments that are not recognised at fair value through profit or loss. It mainly includes interest income on financial instruments measured using the effective interest method, and other investment income - comprising dividends and revenue from third-party use of investment property, gains made on the disposal of financial assets or liabilities or investment property, and increases arising from reversals of impairment losses, and from subsequent measurement of investment property measured at fair value and of financial assets and liabilities.

Other revenue

This item includes:

- Trading profits and revenue for completion status of construction work in progress of the real estate trading and promotion companies, recognised at the time of signature of the notarial deed and using the percentage of completion method, respectively;
- Revenues for the sale of goods and rendering of services other than those of a financial nature and for third-party use of items of property, plant and equipment, intangible assets or other Group assets, as established by IAS 18. In this respect, the real estate brokerage companies recognise commission income upon signature of the preliminary sale agreements;
- Other net technical income relating to insurance contracts;
- Realised profits on and write-backs of property, plant and equipment and intangible assets;
- Foreign exchange gains to be recognised in profit or loss under IAS 21;
- Capital gains on non-current assets or on disposal groups classified as held for sale other than discontinued operations.

More specifically, other technical income relating to insurance contracts includes commissions relating to cancelled premiums included in other technical charges for the non-life and life businesses and income arising from management of the knock-for-knock (i.e. direct settlement) agreement and from ANIA incentives for scrapping damaged vehicles in the non-life business.

COSTS

Claims costs

The overall category comprises – inclusive of settlement costs and excluding recoveries and outward reinsurance – the sums paid during the year for claims, maturities, surrenders and accrued annuities, as well as the amount relating to changes in technical reserves for contracts coming within the scope of IFRS 4 application.

It also includes the portion charged to the income statement of the change in deferred liabilities to policyholders (shadow accounting) as well as any change in the LAT reserve.

Specifically, non-life claims costs include damage compensation paid and direct expenses, plus settlement expenses and charges for contribution to the guarantee fund for road accident victims.

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

Adjustment expenses include amounts paid to professionals involved, plus personnel expenses, logistics costs, and costs for services and goods of the company departments involved in claims settlement and handling.

The reinsurers' share is calculated in accordance with the provisions of treaties currently in force.

Commission expense

This item includes commission expense on financial services received not included in the calculation of a financial instrument's effective interest, as required by IAS 18. Specifically, it includes commission expense relating to investment contracts not coming within the scope of IFRS 4 application.

Losses on investments in subsidiaries, associates, and joint ventures

The item includes losses on investments in subsidiaries, associates and joint ventures recognised in the corresponding asset item. Specifically, it includes the share of loss for the year of the Group's equity-accounted companies.

Losses on other financial instruments and investment property

This item includes losses and charges on investment property and financial instruments that are not recognised at fair value through profit or loss. It mainly comprises interest expense on financial instruments measured using the effective interest method, other losses on investments and expenses on investment property, such as condominium expenses and maintenance and repair costs that have to be expensed. It also includes capital losses on disposal of financial assets or liabilities or investment property, depreciation charges, impairment losses and losses on the subsequent measurement of investment property measured at fair value and financial assets and liabilities.

Operating costs

This category comprises:

- Commissions and other acquisition costs, including acquisition costs, net of outward reinsurance, relating to insurance contracts.

  In particular, the item includes:

  - Commissions paid on acquisition and renewal, including tacit renewal, of contracts;
  - Extra commissions and commission bonuses;
  - Personnel expenses, logistics costs, costs for services and purchase of goods of the management departments involved in the assessment, issue and management of insurance contracts;
  - Medical check-up costs;
  - Amortisation charge, for the year, of acquisition commissions and other acquisition costs;
  - Commissions paid on the collection of premiums related to long-term contracts.

  Profit participation and other contractual commissions paid to reinsurers for premiums ceded and retroceded are accounted for on the basis of the relevant contractual agreements.

- Investment management costs, including G&A costs and personnel expenses allocated to management of financial instruments, investment property and equity investments. They also comprise custody and administration costs.

- Other administrative costs, including G&A costs and personnel expenses that are not allocated to claims costs, insurance contract acquisition costs or investment management costs. Specifically, the item includes G&A costs and personnel expenses incurred for the acquisition and administration of investment contracts as well as G&A costs and personnel expenses relating to non-insurance companies performing financial activities. It also includes charges incurred in connection with the termination of agency agreements for the part not subject to compensation.

  Commissions paid by real estate trading and promotion companies to brokers and agents when the preliminary sales agreements are signed are accounted for as prepayments and recognised in profit or loss when the notarial deeds are signed or according to contracts' completion status, in accordance with the cost/revenue matching principle.

Other costs

This category includes:

- Costs for the sale of goods and rendering of services other than of a financial nature and the third-party use of items of property, plant and equipment, intangible assets or other group assets, as required by IAS 18;
- Other net technical costs relating to insurance contracts;
- Additional provisions made during the year;
- Foreign exchange losses to be recognised in profit or loss as per IAS 21;
- Realised losses, impairment losses, depreciation charges relating to items of property, plant and equipment not allocated to other account items and amortisation of intangible assets;
- Losses on non-current assets or disposal groups classified as held for sale other than discontinued operations.

More specifically, other technical costs relating to insurance contracts comprise:

- Premiums cancelled, due to events of a technical nature, relating to single policies issued in previous years (non-life business);
- Cancellation of first yearly premium instalments issued in previous years (life business);
- Uncollectable premiums in amounts receivable from policyholders (non-life and life business);
- Costs relating to goods and services purchased to complement non-life insurance covers;
- Costs arising from the management of the knock for knock (i.e. direct settlement) agreement.

Current and deferred taxes

Income taxes include all taxes calculated on the basis of the estimated taxable income of each financial year and stated on an accruals basis in compliance with current relations.

Income taxes are taken to profit or loss except for those relating to items that are directly debited or credited to equity, in which case the tax effect is also recognised directly in equity.

Deferred taxes are calculated - except in the cases expressly envisaged by paragraphs 15 and 20 of IAS 12 - on all temporary differences that arise between the taxable base of an asset or liability and its carrying value in consolidated accounts, to the extent that it is probable that in future sufficient taxable income will be achieved against which to use them.

Deferred tax assets on tax losses and unused tax credits that can be carried forward are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered.

Deferred tax assets and liabilities are calculated applying the tax rates expected to be applicable - based on the tax rates and tax regulations in force as balance sheet date - in the financial years when the temporary differences will be realised or reversed.

Current and deferred tax assets and liabilities are offset when income taxes are applied by the same tax authority and when a legal right to offset them exists.

Additional information

Inward insurance

The effects of inward life reinsurance are recorded on an accruals basis, except for risks retroceded by CIRT (the Italian consortium for impaired life insurance) which, however, are not material.

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

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

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

Retrocession

Retroceded business mainly relates to treaties concerning aircraft hulls (i.e. property).
Items relating retrocession are measured according to the same policies as those applied to inward reinsurance.

Shadow accounting

Paragraph 30 of IFRS 4 allows modification of accounting policies in such a way that an unrealised capital gain or loss on an asset affects measurement of insurance liabilities, related deferred acquisition costs, and of related intangible assets in the same way that a realised capital gain or loss does.
The related adjustment of insurance liabilities (or deferred acquisition costs or intangible assets) is recognised in equity if, and only if, the unrealised gains or losses are recognised directly in equity.
Similarly, unrealised capital gains or losses on assets, recognised in profit or loss (including impairment losses), lead to a corresponding adjustment through profit or loss of the insurance liability or of other insurance balance sheet items recognised in profit or loss.

The procedure envisages the following steps:

1) Net unrecognised gains as at balance sheet date on the assets measured at fair value are calculated for separately managed businesses;
2) Actual retrocession rates due to policyholders are calculated by splitting the entire portfolio into groups of like policies;
3) The amount of unrecognised net gain pertaining to policyholders is calculated by applying the retrocession rates indicated in point 2) to the unrecognised net gains measured in point 1);
4) If the assets allocated to separately managed businesses partly belong to the "fair value through profit or loss" category and partly to the "available for sale" category, the offsetting amount of the increase/decrease in insurance liabilities is split equally between the costs charged to profit or loss and equity reserves.

Furthermore, for the purposes of preparation of consolidated financial statements, the effect of the allocation to separately managed businesses of the investments in the subsidiaries Vittoria Immobiliare SpA and Immobiliare Bilancia Srl has been assessed.

Since dividends paid by such subsidiaries to Vittoria Assicurazioni SpA (or any capital gains recognised in the eventuality of sale of the equity investments) are retroceded to life policyholders in accordance with the relevant insurance contracts, an amount equal to the portion attributable to life policyholders of the subsidiaries' profits recorded in the consolidated financial statements, net of profits already paid to policyholders in the form of dividends, is added to the direct operating parent's reserves calculated on an actuarial basis.

This accrual is not necessary in individual statutory financial statements because financial income relating to dividends arises at the same time as related costs, in terms of benefits accorded to policyholders.

Liability Adequacy Test (LAT)

As required by IFRS 4, the Group tests its insurance liabilities for adequacy using current estimates of future cash flows deriving from its insurance contracts. If this assessment shows that the carrying value of its insurance liabilities is inadequate, the entire deficit is recognised in the income statement.

If balance sheet liabilities have already undergone liability adequacy testing that meets local GAAPs consistent with IFRSs, IFRS 4 does not require any further checks. If they have not, current estimates of future cash flows must be calculated as envisaged by IAS 37.

<u>Life business</u>

Liability adequacy was tested by comparing technical reserves, less deferred acquisition costs, with the present value of the future cash flows obtained by projecting the expected cash flows generated by the portfolio in force as at assessment date and taking into account assumptions on mortality, surrenders, and expense trends.

<u>Non-life business</u>

Under Italian GAAPs, the claims reserve is measured at ultimate cost. This approach, which forbids the discounting process, means that provisioning is intrinsically higher than the current estimate of expected cash flows.

Based on Italian GAAPs, the premiums reserve is supplemented by the reserve for unexpired risks, if any. This treatment is compliant with paragraph 16 of IFRS 4.

Employee benefits

Actuarial valuation of termination benefits, seniority bonuses and healthcare benefits

Valuation was performed in accordance with IAS 19. Employee benefits and healthcare benefits can be assimilated with "post-employment benefits" of the "defined benefit plan" type, whilst the seniority bonuses can be assimilated with "other long-term benefits" once again of the "defined benefit plan" type.

For these benefits an assessment is made of the amounts that the company has undertaken to pay when certain events occur relating to the employee's working life and also, in special cases provided for by national collective labour contracts, his or her retirement period. These amounts are discounted using the projected unit credit method to calculate the interval of time that will elapse before actual payment takes place.

As far as post-employment benefits are concerned (currently known as "employee severance indemnities" in Italy), the calculation considers the amount already accruing as at the valuation date and takes future forecast provisions into account. Conversely, in the case of seniority bonuses and healthcare benefits only the future forecast provisions are included in the calculation.

Actuarial valuation of the provision for post-employment benefits, seniority bonuses and healthcare benefits during retirement was performed using the projected unit credit method - also known as the accrued benefit method pro-rated on service. This method requires "the entity to attribute the benefit to the current period (in order to determine current service cost) and to the current and prior periods (in order to determine the present value of defined benefit obligations). The entity attributes the benefit to the periods when the obligation to provide post-employment benefits arises".
Actuarial valuation was based on assumptions concerning length of service (i.e. exit from the Group) and also economic and financial assumptions. The latter relate to the theoretical lines of remuneration by contractual grade, the interest rate used to discount future employee service costs and the inflation rate based on which provision for post-employment benefits is revalued.
Where possible, the assumptions are based on the direct operating parent company's historical series, supplemented by and projected on the basis of market experience and relevant best practice.

The valuation component arising from actuarial results is charged to "Other comprehensive income".

Accrued, deferred, and prepaid items

Accrued income and liabilities recognise revenues and costs pertaining to periods after 31 December of the year being reported and are included in the specific balance sheet item to which they refer.

Prepayments and deferred income reallocate costs and income occurring before 31 December to the financial year to which they pertain. They are respectively posted among Other assets and Other liabilities.

Financial expense

Financial expenses directly attributable to the acquisition, construction or production of an asset that qualifies for capitalisation are capitalised as part of the cost of the asset in question when it is probable that they will generate future economic benefits and if they can be reliably measured.
All other financial expenses are expensed when they are incurred.

Conversion into euro

Items expressed in foreign currencies are converted into euro at spot rates. Balance sheet items still existing at year-end are converted at the exchange rate of the last working day of the financial year.

Notes to the consolidated financial statements

The notes to the consolidated interim financial statements comprise:

- tables and notes of a general nature listed below in alphabetic order;
- tables and notes of a specific nature on the individual balance sheet, income statement, equity and cash flow statement captions, listed below in numerical order.

Notes of a general nature

The table below lists the companies included in the consolidated financial statements with the full consolidation method under IFRS 10.

A) Consolidation scope

Name	Registered offices	Share Capital Euro	% Ownership Direct	% Ownership Indirect	Via
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	112,418,835	100.00		
Immobiliare Bilancia S.r.l.	Milan	6,650,000	100.00		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00		
Vittoria Properties S.r.l.	Milan	8,000,000	100.00		
Interbilancia S.r.l.	Milan	80,000	100.00		
Vaimm Sviluppo S.r.l.	Milan	2,000,000	100.00		
VP Sviluppo 2015 S.r.l.	Milan	1,000,000	100.00		
Acacia 2000 S.r.l.	Milan	369,718	67.54	28.40	Vittoria Immobiliare S.p.A.
Gestimmobili S.r.l.	Milan	104,000		100.00	Vittoria Immobiliare S.p.A.
Interimmobili S.r.l.	Rome	1,000,000		80.00	Vittoria Immobiliare S.p.A.
V.R.G. Domus S.r.l	Turin	800,000		100.00	Vittoria Immobiliare S.p.A.
Valsalaria S.r.l.	Rome	60,000		51.00	Vittoria Immobiliare S.p.A.
Assiorvieto Servizi S.r.l.	Orvieto	12,500		60.00	Interbilancia S.r.l.
Aspevi Roma S.r.l.	Milan	50,000		100.00	Interbilancia S.r.l.
Plurico S.r.l.	Milan	10,000		70.00	Interbilancia S.r.l.

Changes in ownership percentages and other changes during the year

Acacia 2000 S.r.l.
On 14 May 2015, Vittoria Assicurazioni subscribed the increase in share resulted unsubscribed by other shareholders, thus becoming owner of a stake of 65.51% of the capital, with an outlay of 150,000 thousand euro.
On June 29, Vittoria Assicurazioni acquired a further stake of 2.03% of Acacia 2000 srl at a price of 4,650 thousand euro.
As at 31 December 2015 the Group Vittoria Assicurazioni S.p.A. participates in the capital of Acacia 2000 srl with a 95.94% share (Vittoria Assicurazioni 67.54% and Vittoria Immobiliare 28.40%).

VP Sviluppo 2015 S.r.l.
In May 2015, the sole shareholder Vittoria Assicurazioni paid to the subsidiary 3,000 thousand euro for future capital increase.

Interimmobili S.r.l.
On 14 April 2015 the General Meeting of Shareholders of the Company resolved to increase the share capital with a nominal value of 104 thousand euro to 1,000 thousand euro.
Consequently, the share capital of Interimmobili at 31 December 2015 amounted to 1,000 thousand euro, broken down by 800 thousand euro against Vittoria Immobiliare shareholder (80%) and 200 thousand euro with respect to minority shareholders (20%).

Aspevi Milano S.r.l.
In the month of October 2015 Interbilancia has sold its shareholding in Aspevi Milano at the price of 124 thousand euro.

Assiorvieto Servizi S.r.l.
On 2 December 2015 Interbilancia participated in the establishment of Assiorvieto Servizi, an insurance brokerage company.

With reference to the internal insurance funds "Unit Linked", the parent company does not control these funds inasmuch the conditions for control under IFRS 10 are not met.
In particular, it is not considered to be exposed significantly to variable returns of the entity making the investment, because the gains and losses related to the valuation of the assets included in the unit-linked funds are fully credited to policyholders through the change of the mathematical reserve.

The information required by IFRS 12, about companies with significant minority investments are reported in the "Consolidated Financial Statements Annexes".

The table below lists the companies included in the consolidated financial statements accounted for using the equity method in accordance with IAS 28.

B) List of unconsolidated investments valued with the Net Equity method

Name	Registered offices	Share Capital Euro	% Ownership Direct	Indirect	Via
S.In.T S.p.A.	Turin	900,000	48.19		
Yarpa S.p.A.	Genoa	30,000,000	27.31		
Touring Vacanze S.r.l.	Milan	12,900,000	46.00		
Consorzio Movincom S.c.r.l.	Turin	102,900	29.17		
Movincom Servizi S.p.A.	Turin	3,080,810	49.34		
Spefin Finanziaria S.p.A.	Rome	2,000,000		21.00	Interbilancia S.r.l.
Mosaico SpA	Turin	500,000		45.00	Vittoria Immobiliare S.p.A.
Pama & Partners Srl	Genoa	1,200,000		25.00	Vittoria Immobiliare S.p.A.
Fiori di S. Bovio Srl	Milan	30,000		40.00	Vittoria Immobiliare S.p.A.
Valsalaria A.11 Srl	Rome	33,715		40.00	Vittoria Immobiliare S.p.A.
VZ Real Estate Srl	Turin	100,000		49.00	Vittoria Immobiliare S.p.A.
Consorzio Servizi Assicurativi	Milan	361,200	0.11	41.53 6.92	Aspevi Roma S.r.l. Plurico S.r.l.

Changes in ownership percentages and other changes during the period

Yarpa S.p.A.
Following the Shareholders' meeting resolutions of 27 April 2015, on July 29, the share capital has been reduced by 38,202 thousand euro to 30,000 thousand euro.
The transaction did not alter the shareholding of Vittoria Assicurazioni, unchanged at 27.31%.

Touring Vacanze S.r.l.
On 16 July Vittoria Assicurazioni acquired from third parties an additional stake of 9.0% of Touring Vacanze at a price of 1,800 thousand euro, increasing its shareholding in the company to 46.0%.

Movincom Servizi S.p.A.
On 16 December 2015 the shareholders' meeting of Movincom Servizi resolved to cover the losses by using available reserves and reduce the share capital from 4,500 thousand euro to 3,081 thousand euro. The capital reduction was carried out not proportionally among the shareholders, taking into account the various categories of shares as well as of previous payments made to cover losses not proportionally among the shareholders.
At 31 December 2015 Vittoria Assicurazioni holds a stake of 49.34% of the share capital.

Consorzio Servizi Assicurativi
Following the exit of Aspevi Milano from the Vittoria Assicurazioni Group at 31 December 2015 the Group percentage is 48.56% (41.53% Aspevi Rome; Plurico 6.92%; 0.11% Vittoria Assicurazioni) and therefore consolidated using the net equity method.

C) Geographical segment reporting (secondary segment)

As regards primary segment reporting, the relevant balance sheet and income statement tables by business segment – compliant with the formats established by the IVASS ordinance already mentioned earlier – are shown in the specific section “Annexes to Consolidated financial statements”.

The following tables show the geographical split of total balance sheet assets, deferred costs, and of the main items of revenue.

Segment reporting by geographical area

(€/000)

Assets	Italy		Europe		Rest of the World		Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Debt instruments	2,049,029	1,954,329	13,861	25,815	-	5,031	2,062,890	1,985,175
Equity instruments and OEIC units	73,908	58,731	90,854	66,982	-	-	164,762	125,713
Property	640,866	641,814	-	-	-	-	640,866	641,814
Other assets	812,010	897,256	-	-	-	-	812,010	897,256
Total	3,575,813	3,552,130	104,715	92,797	-	5,031	3,680,528	3,649,958

(€/000)

Deferred costs	Italy North		Italy Centre		Italy South and Islands		Total external deferred costs	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Other property, plant and equipment	8,245	9,867	39	73	-	-	8,284	9,940
Other intangible assets	10,994	27,691	1	1	-	-	10,995	27,692
Owner-occupied property	112,671	115,643	1,007	1,031	581	594	114,259	117,268
Total	131,910	153,201	1,047	1,105	581	594	133,538	154,900

(€/000)

Revenue (gross of intersegment eliminations)	Italy North		Italy Centre		Italy South and Islands		Europe		Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Insurance premiums - direct business	665,195	664,324	408,720	407,569	207,510	210,308	105	101	1,281,530	1,282,302
Trading and construction profits	-1,973	4,040	153	946	-	-	-	-	-1,820	4,986
Services and rent income	1,717	2,140	1,462	1,598	-	-	-	-	3,179	3,738
Total	664,939	670,504	410,335	410,113	207,510	210,308	105	101	1,282,889	1,291,026

Specific explanatory notes

Consolidated Balance Sheet

Note 1	31/12/2015	31/12/2014	Change
Goodwill	-	-	-

Note 2	31/12/2015	31/12/2014	Change
Other intangible assets	10,995	27,692	-16,697
Other items of property, plant and equipment	8,284	9,940	-1,656
Property	555,282	553,374	1,908

Other intangible assets

The following table shows the breakdown of this item and changes occurred in the year.

(€/000)

	Software	Software under development	Other intangible assets	TOTAL OTHER INTANGIBLE ASSETS
Gross carrying amount at 31/12/2014	90,446	862	8,291	99,599
Acquisitions	1,791	0	13	1,804
Sales	0	0	-4	-4
Reclassification of assets under development	780	-862	20	-62
Others	-52	0	-59	-111
Gross carrying amount at 31/12/2015	92,965	0	8,261	101,226
Accumulated Depreciation at 31/12/2014	64,105	0	7,802	71,907
Depreciation	17,942	0	638	18,580
Decrease due to disposals	0	0	0	0
Reclassification	-77	0	-179	-256
Accumulated Depreciation at 31/12/2015	81,970	0	8,261	90,231
Net value as at 31/12/2014	26,341	862	489	27,692
Net value as at 31/12/2015	10,995	0	0	10,995

During the year the Parent Company has revised the remaining useful life of the "New Age" system and of other minor applications. This revision resulted in higher depreciation of 10,880 thousand euro.

During the year the software developed for Solvency II purposes has been completed and has started to be used.

The assets recognised in Group accounts have a finite useful life and depreciation & amortisation is applied on a straight-line basis during estimated useful life.

Specifically, the estimated useful life of each type intangible assets can be summarised as follows:

- Software: between 5 to 10 years;

- Other intangible assets: between 2 to 5 years;

Amortisation of intangible assets is recognised in the income statement under ''Other costs''.

Other items of property, plant, and equipment

The following table shows the breakdown of this item and changes occurred in the year.

(€/000)

	Renovations	Furniture, fittings, plant and equipment	Ordinary and electronic office machines	Cars	TOTAL OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount at 31/12/2014	4,872	15,981	5,904	373	27,130
Acquisitions	47	1,706	269	19	2,041
Sales	-1	-5	-3	-56	-65
Reclassification of assets under development	-6	0	0	1	-5
Others	-24	-50	-154	-50	-278
Gross carrying amount at 31/12/2015	4,888	17,632	6,016	287	28,823
Accumulated Depreciation at 31/12/2014	3,276	8,556	5,161	197	17,190
Depreciation	1,555	1,608	400	63	3,626
Decrease due to disposals	0	-5	-3	-22	-30
Reclassification	-25	-28	-146	-48	-247
Accumulated Depreciation at 31/12/2015	4,806	10,131	5,412	190	20,539
Net value as at 31/12/2014	1,596	7,425	743	176	9,940
Net value as at 31/12/2015	82	7,501	604	97	8,284

The estimated useful life of each type of property, plant and equipment can be summarised as follows:

- Furniture, fittings, plant and equipment: between 5 to 10 years;

- Ordinary and electronic office machines: between 3 to 5 years;

- Cars: between 4 to 5 years.

Property

The following table shows the breakdown of this item:

(€/000)

	31/12/2015	31/12/2014	Change
Owner-occupied property	114,259	117,268	-3,009
Property held for trading	125,973	123,191	2,782
Property under construction	315,050	312,915	2,135
Total	555,282	553,374	1,908

- Owner-occupied property

The book value of real estate assets at 31 December 2015 refers for 3,561 thousand euro to property of the subsidiary Vaimm Sviluppo Srl, for 15,241 thousand euro to property of the subsidiary Vittoria Properties Srl, for 5,205 thousand euro to property owned by Vittoria Immobiliare SpA, for 246 thousand euro to assets of the subsidiary Acacia 2000 Srl and for 90,006 thousand euro to properties of the parent company, of which 80,679 thousand euro relating to the headquarters of Vittoria Assicurazioni.

The following table shows the reconciliation of changes occurring during 2015:

(€/000)

Owner-occupied property	31/12/2014	Acquisitions	Improvement costs	Sales	Devaluation	Depreciation	31/12/2015
Gross carrying amount	135,996	244	1,852	-825	-20	-	137,247
Accumulated depreciation	18,728	-	-214	-63	-	4,537	22,988
Carrying amount	117,268	244	2,066	-762	-20	-4,537	114,259

Depreciation is applied on a straight-line basis during property's estimated useful life of between 30 and 50 years.
Almost all of this property has been appraised by independent experts. The owner-occupied property fair value, allocated to level 3 of the fair value hierarchy, as at 31 December 2015 is equal to 156,401 thousand euro and it has been determined using the comparative method and the income method of direct capitalization .

- Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 2015:

(€/000)

Property	Trading activities	Construction work	Total
Carrying amount as at 31/12/2014	123,191	312,915	436,106
Acquisitions, net of capitalised financial charges	7,161	23,417	30,578
Capitalised financial charges	-	1,719	1,719
Movement to owner-occupied property	-2,066	-	-2,066
Sales and advance payments received	-791	-22,703	-23,494
Recognised gains (losses)	-1,522	-298	-1,820
Carrying amount as at 31/12/2015	125,973	315,050	441,023

Please refer to the Report on Operations for details on the principal real estate activities carried out during the year. As at 31 December 2015, the current value allocated to level 3 of the fair value hierarchy, is equal to 470,344 thousand euro and it has been determined using the income method of processing and the discounted cash flow method. In particular, the discount rate is the weighted average cost of capital (c.d. WACC), which takes account of a leverage ratio of 50%, prospective inflation assumptions and the return on government bonds . For this category of real estate, in order to assess any discrepancies between the value recognized in the balance sheet, it has been performed a sensitivity analysis concerning the change in the discount rate and the range of expected cash valued by the independent expert; from these analysis no significant issues has been reported.

This value is determined based on technical appraisals which are based on discounting market sales price.

Note 3	31/12/2015	31/12/2014	Change
Reinsurers' share of technical reserves	64,017	60,501	3,516

The following table shows – separately for the Non-Life and Life insurance business – reinsurers' share of technical reserves:

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Non-life reserves	56,678	53,547	342	306	57,020	53,853
Premium reserve	17,439	16,007	-	-	17,439	16,007
Claims reserve	39,239	37,540	342	306	39,581	37,846
Life reserves	6,997	6,648	-	-	6,997	6,648
Mathematical reserves	6,966	6,609	-	-	6,966	6,609
Other reserves	31	39	-	-	31	39
Total reinsurers' share of technical reserves	63,675	60,195	342	306	64,017	60,501

Note 4	31/12/2015	31/12/2014	Change
Investments properties	85,584	88.440	-2,856

The item includes property which comes within the scope of IAS 40, i.e. which is held to earn rentals. This item includes property owned by the Parent Company in the Portello district, for which the strategy earmarking them for rental rather than sale has been redefined.

Real estate investments current value as at 31 December 2015, allocated to level 3 of the fair value hierarchy, is equal to 87,500 thousand euro and it is determined using the methods of direct income capitalization

Note 5	31/12/2015	31/12/2014	Change
Investments in subsidiaries and associates and interests in joint-ventures	24,185	22,292	1,893

The breakdown of this item was as follows:

(€/000)

Investments in associates	31/12/2015	31/12/2014
S.In.T. S.p.A.	558	453
Yarpa. S.p.A.	11,927	11,528
Movincom Servizi S.p.A.	1,350	1,796
VZ Real Estate S.r.l.	-	98
Consorzio Servizi Assicurativi	187	0
Mosaico S.p.A.	105	111
Pama & Partners S.r.l.	303	322
Consorzio Movincom S.c.r.l.	27	14
Spefin Finanziaria S.p.A.	283	283
Fiori di S. Bovio S.r.l.	-	-
Valsalaria A.11 S.r.l.	24	32
Touring Vacanze S.r.l.	9,421	7,655
Total carrying amount	24,185	22,292

The Group interest of results of associates corresponds to a positive net balance of 41 thousand euro (1,639 thousand euro write-ups and write-downs of 1,598 thousand euro).
Due to the negative results, the parent company has written-off the investment in the associate companies VZ Real Estate S.r.l. and Fiori di S. Bovio S.r.l., the latter already to zero at 31 December 2014.

The shares of the associated company Mosaico S.p.A. owned by Vittoria Immobiliare have been pledged to Intesa Sanpaolo, as security for the credit lines granted to the associate by the bank.

The change in the line item of 1,893 thousand euro reflects all investments and divestments made during the period, as well as the Group's interest in the change of equity of the associates carried at equity, as illustrated in the following table:

	(€/000)
Carrying amount as at 31/12/2014	22,292
Acquisitions and subscriptions	2,959
VZ Real Estate S.r.l.	155
Consorzio Servizi Assicurativi	185
Mosaico S.p.A.	515
Consorzio Movincom S.c.r.l.	38
Spefin Finanziaria S.p.A.	186
Fiori di S. Bovio S.r.l.	80
Touring Vacanze S.r.l.	1,800
Sales and repayments	-1,133
Yarpa. S.p.A.	-1,133
Change due to equity method measurement	-145
S.In.T. S.p.A.	105
Yarpa. S.p.A.	1,532
Movincom Servizi S.p.A.	-446
VZ Real Estate S.r.l.	-416
Consorzio Servizi Assicurativi	2
Mosaico S.p.A.	-521
Pama & Partners S.r.l.	-19
Consorzio Movincom S.c.r.l.	-25
Spefin Finanziaria S.p.A.	-186
Fiori di S. Bovio S.r.l.	-163
Valsalaria A.11 S.r.l.	-8
Dividends	-34
Other changes	246
Carrying amount as at 31/12/2015	24,185

The following table shows the main financial and economic data of the main associated companies:

(€/000)

	Main financial-economic datas							
Denomination	Total asset	Cash and chash equvalents	Total equity and liabilities	Equity	Profit (loss) for the year	Dividends paid out	Costs	Revenues
S.In.T S.p.A.	3,281	1,548	2,197	1,158	218	-	5,619	6,033
Yarpa Group S.p.A.	48,278	22,674	1,682	46,596	6,291	-	4,705	10,930
Touring Vacanze S.r.l.	16,490	7	1,990	14,499	97	34	4,959	5,228
Movincom Servizi S.p.A.	2,541	1,071	263	2,737	- 1,112	-	1,427	411

Note 6	31/12/2015	31/12/2014	Change
Held to maturity investments	44,483	56,709	-12,226
Loans and receivables	106,853	82,178	24,675
Financial assets available for sale	2,183,159	2,055,363	127,796
Financial assets at fair value through profit or loss	59,422	65,681	-6,259

To complete the information disclosed below, reference should be made to the information already given in great detail in the Directors' Report in the sections "Investments – Cash & cash equivalents – Property" and "Financial risk management and analysis".
The table detailing the breakdown of financial assets is shown in the specific section "Annexes to Consolidated interim financial statements".

Investments held to maturity – Financial assets available for sale – Financial assets at fair value through profit or loss

The following table shows changes in financial assets – for which risk is borne by Group companies – referring to shares and quotas, bonds and other fixed-income securities, units in UCITS (Undertakings for Collective Investment in Italian Transferable Securities) and units in AIF (Alternative Investment Funds).
In addition, changes in assets for which risk is borne by policyholder and those relating to pension-fund management are shown separately.

(€/000)

	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	UCITS AIF units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
Carrying amount at 31/12/2014	56,709	94,438	32,475	1,928,450	2,055,363	65,665	16	2,177,753
Acquisitions and subscriptions		8	34,474	495,352	529,834	6,619	-	536,453
Sales and repayments	-12,225	-705	-14,469	-397,318	-412,492	-14,006	-	-438,723
Other changes:								
- effective interest adjustments	75	-	-	-6,720	-6,720	-	-	-6,645
- fair value adjustments	-	-	-	-	-	336	-6	330
- charged to P&L		13,217	5,344	-1,869	16,692	-	-	16,692
- rate changes	-76	-	-	502	502	-	-	426
- reclassification from/to joint venture and subsidiaries	-	-	-	-	-	-	-	-
- other changes		-20	-	-	-20	798	-	778
Carrying amount at 31/12/2015	44,483	106,938	57,824	2,018,397	2,183,159	59,412	10	2,287,064

Loans and receivables

As at 31 December 2015 loans and receivables totalled 106,853 thousand euro (82,178 thousand euro as at 31 December 2014).

The item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Fiori di San Bovio S.r.l., Pama & Partners S.r.l. and VZ Real Estate S.r.l. for a total of 6,940 thousand euro;
- loans granted by the parent company to third parties and secured by mortgages for a total of 2,399 thousand euro;
- 1,770 thousand euro in loans against life insurance policies;
- loans granted to employees and agents of the parent company for 24,892 thousand euro;
- 1,783 thousand euro in loans granted to the company Spefin Finanziaria S.p.A. and 500 thousand euro to the company S.IN.T. S.p.A.;
- the corresponding entry for the Parent Company's commitments for payments to finance investments in private equity, private debt and infrastructure funds amounted to 61,092 thousand euro (44,110 thousand euro at 31 December 2014). The related commitments are recorded under "Other financial liabilities" in note 18;
- term deposit at the bank BCC Vomano for 2,010 thousand euro on behalf of the parent company and 5,000 thousand euro at the bank BCC Carate Brianza on behalf of Vittoria Immobiliare S.p.A.;
- reinsurance deposit assets for 175 thousand euro.

The amount of 5,295 thousand euro is collectible after 12 months.

Disclosure concerning fair value

The following table indicates the fair value of investments discussed in the present note.

(€/000)

Financial assets	Carrying amount	Fair Value
Held to maturity investments	44,483	49,286
Loans and receivables	106,853	106,853
Financial assets available for sale	2,183,159	2,183,159
Financial assets held for trading	10	10
Financial assets at fair value through profit or loss	59,412	59,412
Total	2,393,917	2,398,720

For further information concerning to the "fair value hierarchy", please refer to the "Annexes to Consolidated financial statements". Investments allocated to "level 2" were assessed based on the latest transactions which are observed in the secondary market.
Investments allocated to "level 3" were also assessed using technical expertise edited by external leading appraisal firms. The valuation methods applied are the Investment Simple Method and the method Sum of Parts ("SOP"), based essentially on the principle of the expression at fair value of activity that make up the capital of the company and updating liabilities values. The main assumptions used in the methodologies are related to the holding costs, the liquidity discounting rates, discounting rates and stock exchange multiples. Sensitivity analysis of some input (rate of liquidity discount) has also been carried out; from these analysis no significant issues has been reported.
For loans and receivables, the carrying amount is a reasonable approximation of fair value.

Note 7	31/12/2015	31/12/2014	Change
Receivables relating to direct insurance	165,092	173,982	-8,890

The breakdown of this item was as follows:

(€/000)

Receivables relating to direct insurance	31/12/2015	31/12/2014
Premiums due from policyholders	55,610	55,964
Receivables due from brokers and agents	75,023	75,931
Receivables due from insurance companies - current accounts	7,394	6,541
Amounts to be recovered from policyholders and third parties	27,065	35,546
Total	165,092	173,982

These receivables are stated net of related bad-debt provisions. Specifically, provision relating to receivables for premiums due from policyholders takes into account historical trends of cancellation of premiums written but not collected.

Note 8	31/12/2015	31/12/2014	Change
Receivables relating to reinsurance business	6,333	4,251	2,082

The item relates to receivables due from insurers and reinsurers. It includes receivables arising from the current accounts showing the technical result of reinsurance treaties.

Note 9	31/12/2015	31/12/2014	Change
Other receivables	32,234	35,226	-2,992

The most significant sub-item as up to 31 December 2015 consisted of receivables for advance taxes for non-life policyholders for an amount of 21,990 thousands of euro, advances of 2,409 thousand euro paid by the real estate companies and service companies receivables from brokers of 1,268 thousand euro.

Note 10	31/12/2015	31/12/2014	Change
Deferred acquisition costs	5,791	7,487	-1,696

This item includes acquisition costs paid in advance upon signature of long-term insurance contracts.
The item, amounting to 5,791 thousand euro, refers entirely to the Life business, since starting in 2015, the acquisition costs of long-term contracts in the Non-Life business were charged to income in the year they are incurred. The income statement impact of this change in accounting policy amounted to 921 thousand euro.

Note 11	31/12/2015	31/12/2014	Change
Deferred tax assets	117,535	126,637	-9,102

The item included deferred tax assets pertaining to the direct operating parent company (113,267 thousand euro), to the real estate segment (5,429 thousand euro), to the service segment (166 thousand euro), plus those relating to consolidation adjustments (-1,731 thousand euro).

The following table reports the breakdown of the item:

(€/000)

Deferred tax assets	31/12/2015
Provision for bad debts	14,176
Non-Life technical reserves	59,535
Life technical reserves	962
Provision for charges	2,639
Shadow Accounting	23,597
Tangible assets depreciation	2,878
Elimination of intragroup profits	350
Tax benefit (property revaluation)	5,798
Tax benefit on losses (Group companies)	554
Tax benefit on interest expense (Group companies)	675
Revenues on property	254
Deferred acquisition costs	473
Directors' fees	424
Property impairment	3,413
Employees' benefits	880
Goodwill	771
Other	156
Total	117,535

The decrease is mainly due to the recalculation introduced with L.n. 208/2015 (the “Stability Law 2016”) of prepaid and deferred taxes following the IRES reduction of 3.5% (from the current 27.5% to 24%), from the year of 2017.

Note 12	31/12/2015	31/12/2014	Change
Current tax assets	37,237	24,229	13,008

The item mainly includes tax receivables of the direct operating parent company of 36,247 thousand euro (including tax credits relating to taxes prepaid on the life business mathematical reserves) and VAT receivables totalling 736 thousand euro of the real estate companies arising from the purchase of buildable areas and property.

Note 13	31/12/2015	31/12/2014	Change
Other assets	6,905	24,969	-18,064

The item mainly includes 363 thousand euro of deferred commission expenses relating to investment contracts and 3,977 thousand euro of prepayments, mainly relating to G&A costs and to other assets mainly related to unavailable capital on bank account due to distraints from third parties for pending litigation for an amount of 1,356 thousand euro.

Note 14	31/12/2015	31/12/2014	Change
Cash and cash equivalents	167,137	231,007	-63,870

The item refers to bank balances of 167,106 thousand euro and cash amounts of 31 thousand euro.

Note 15	31/12/2015	31/12/2014	Change
Equity attributable to shareholders of the parent	691,244	614,528	76,716
Equity attributable to minority interests	9,313	12,790	-3,477

Changes in consolidated equity are detailed in chapter “Statement of Changes in Equity”.

The following table details the breakdown of equity:

(€/000)

BREAKDOWN OF EQUITY	31/12/2015	31/12/2014
Total equity attributable to the shareholders of the parent	691,244	614,528
Share capital	67,379	67,379
Equity-related reserves	33,874	33,874
Income-related and other reserves	394,287	335,846
Fair value reserve	125,182	105,312
Other gains or losses recognised directly in equity	-98	-212
Group profit for the year	70,620	72,329
Total equity attributable to minority interests	9,313	12,790
Share capital and reserves attributable to minority interests	9,338	12,820
Minority interests' profit for the year	-25	-30
Total consolidated equity	700,557	627,318

As at 31 December 2015 the direct operating parent company’s share capital consists of 67,378,924 fully subscribed and paid-up shares with a nominal value of Euro 1.00 each.

The Group does not hold either directly or indirectly any shares of its parent companies.

Dividends paid out by the direct operating parent company, shown in the column “Transfers” in the statement of changes in equity, totalled 12,128,206 for FY 2014 and 12,801,996 for FY 2015.

Other gains or losses recognised directly in equity refer to actuarial results on Employee Benefits that will not be reclassified subsequently to profit or (loss).

Fair value reserve could be reclassified subsequently to profit or loss.

More specifically, changes in the "Fair value reserve" (i.e. gains or losses on available-for-sale financial assets") are detailed in the following table:

(€/000)

A) Net unrealised gains	Gross amount	Tax impact	Net amount
31/12/2014	206,521	-55,347	151,174
Decrease due to sales	-11,381	3,298	-8,083
Decrease due to fair value changes	28,073	2,491	30,564
Total change for the period/year	16,692	5,789	22,481
31/12/2015	223,213	-49,558	173,655

(€/000)

B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
31/12/2014	69,826	-23,964	45,862
Change in shadow accounting reserve	3,975	-1,364	2,611
31/12/2015	73,801	-25,328	48,473

Gains or losses on financial assets AFS (€/000)

Combined effect A) - B)	Gross amount	Tax impact	Net amount
31/12/2014	136,695	-31,383	105,312
Decrease due to sales	-11,381	3,298	-8,083
Decrease due to fair value changes	28,073	2,491	30,564
Change in shadow accounting reserve	-3,975	1,364	-2,611
Total change for the period/year	12,717	7,153	19,870
31/12/2015	149,412	-24,230	125,182

The following table, which refers to 31 December 2015, shows the reconciliation of profit and equity shown in the direct operating parent company's individual financial statements with the same items shown in consolidated financial statements. The IFRS adjustments made to the direct operating parent company's financial statements – prepared, as envisaged by current regulations, in compliance with Italian GAAPs – are specifically indicated.

(€/000)

	Equity attributable to the shareholders of the parent		Equity attributable to minority interest	
	Equity gross of profit of the year	2015 profit	Equity gross of profit of the year	2015 profit
Parent company's financial statements compliant with Italian GAAPs	472,955	66,269		
IFRS adjustments (net of related tax effects)	176,020	(337)		
Parent company's financial statements based on IFRSs	648,975	65,932	-	-
Consolidated companies' equity	395,251	(2,018)	335	(43)
Allocation of consolidation differences and eliminations	(7,307)	16,420		
Consolidated companies' carrying value	(419,362)			
Minority interest	(9,003)	(18)	9,003	18
Elimination of infragroup profits	8,342	(8,342)		
Profits not yet attributed to life policyholders	7,105	(2,061)		
Deferred taxes on profits not yet attributed to life policyholders	(2,438)	707		
Deferred taxes on consolidated companies' results	(849)	71		
Others	(90)	(71)		
IFRS-compliant consolidated financial statements	620,624	70,620	9,338	(25)

Note 16	31/12/2015	31/12/2014	Change
Provisions	6,622	4,872	1,750

The item includes provisions for costs of real estate contracts that have yet to be incurred, connected with properties for which closing has already taken place and provisions accrued by the parent to face charges stemming from potential clawback actions, penalties and lawsuits in progress, due to normal business operations.

The table below shows the changes in the item:

(€/000)

Provisions	31/12/2014	Accruals of the year	Utilisations of the year	31/12/2015
Provision for costs to be incurred	404	150	-170	384
Other provisions	4,468	2,656	-886	6,238
Total	4,872	2,806	-1,056	6,622

Note 17	31/12/2015	31/12/2014	Change
Technical reserves	2,563,145	2,434,695	128,450

The following table shows the breakdown of technical reserves.

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Non-life reserves	1,456,251	1,398,240	913	886	1,457,164	1,399,126
Premium reserve	388,638	373,527	42	42	388,680	373,569
Claims reserve	1,067,204	1,024,304	871	844	1,068,075	1,025,148
Other reserves	409	409	-	-	409	409
Life reserves	1,105,794	1,035,382	187	187	1,105,981	1,035,569
Reserve for payable amounts	27,529	24,911	12	12	27,541	24,923
Mathematical reserves	1,002,231	939,210	173	173	1,002,404	939,383
Other reserves	76,034	71,261	2	2	76,036	71,263
Total technical reserves	2,562,045	2,433,622	1,100	1,073	2,563,145	2,434,695

The Non-Life “Other reserves” item consists of the ageing reserve of the Health line.

The Life “Other reserves” item mainly consisted of:

- 7,161 thousand euro = management expenses;
- 68,758 thousand euro = reserve for deferred liabilities to policyholders (of which 73,801 thousand euro stemming from fair value measurement of available-for-sale financial assets and -5,043 thousand euro from reserving against subsidiaries’ profits allocated to segregated funds).

The mathematical reserves comprise an additional reserve for longevity risk relating to annuity agreements and capital agreements with a contractually guaranteed coefficient of conversion to an annuity (art. 50 of IVASS Regulation no. 21 of 28 March 2008) amounting to 1,827 thousand euro (2,024 in the previous year); in the case of capital agreements, account is taken of the propensity to convert to an annuity when it is calculated.

The mathematical reserves also include additional reserves for the guaranteed interest rate risk (art. 47 of IVASS Regulation no. 21 of 28 March 2008) amounting to 413 thousand euro (777 thousand euro in the previous year), obtained by joint analysis of the asset and liability portfolios of the segregated internal funds “Vittoria Rendimento Mensile”, “Vittoria Valore Crescente” and “Vittoria Previdenza”, the average rates of return on which were used to value the “Liquinvest” funds and non-profit policies portfolio.

Liability Adequacy Test (LAT)

Testing confirmed the adequacy of the book value of the technical reserves shown in accounts.
The key variable factors reviewed in terms of historical trends (where applicable) and estimated on a forecast basis in order to quantify insurance liabilities were as follows:

Claims reserve	- average costs - settlement rate - cancellations without pay-out - reopened claims - incurred but not reported
Unexpired risk premium reserve	- projected loss ratio
Mathematical reserves	- technical bases used (actuarial assumptions) - minimum guaranteed returns - annuity or surrender probability
Shadow accounting reserve	- average retrocession rate - proportion of unrealised gains on securities allocated to separately-managed business
LAT reserve	- market interest rate - return on separately-managed business

Non-Life business

The following table indicates the causes of changes in the claims reserve.

(€/000)

Claims Reserve	Carrying amount
Carrying amount at 31/12/2014	1,025,148
Change for the year	42,927
Carrying amount at 31/12/2015	1,068,075

Non-Life Business:

In continuity with the previous year in order to achieve an estimate of ultimate cost [for the purposes of reserving] closer to operating reality - which features a variety of cases featuring significant differences in the parameters used to measure the entity of claims - the parent company Vittoria Assicurazioni S.p.A. has decided to perform separate analysis of claims occurring before introduction of the knock-for-knock system (KFK for short) (i.e. events before 2007) and after its introduction. In doing so, it has in turn split them by type of management and by claims featuring only property damage and those involving hybrid damage (i.e. those with at least one case of bodily injury).
To do this, preliminary methodological work was done to identify an actuarial method permitting accurate estimation of ultimate-cost reserves at the level of detail indicated above.
Different methods were identified, of a different nature in order to have a more precise monitoring of the evolving dynamics of claims::

- Main method: Paid Chain Ladder: this method estimates the amount of future payments, until run-off of generations, constructing – using the historical series available – the triangles of cumulative amounts paid (organised by event) and calculating on the latter the observable development factors. These factors are then applied to cumulative data up to the current balance-sheet year to calculate estimated future payments.

In order to verify the sensitivity of the results, this methodology was subjected to a range of hypotheses and scenarios, in order to verify the sensitivity of the results.

- Alternative methods:
  - Incurred Chain Ladder: this method is similar to the previous one, except that the coefficients of development for each year of the event are calculated on the total amount of claims (payments already observed + reserves) in the various financial years. The rates are applied to the data accumulated up to the end of the current financial year, in order to estimate the total amount of future claims.
  - Fisher Lange: the method is based on the projection of the number of outstanding claims and the average cost estimate. This method consists to estimate for claim duration the vectors of claims settlement speed, rate of claims with follow-up, average cost of claims and future inflation trends. These performance measures are evaluated by the analysis of the triangles of run-off in the number of claims paid, reserved, without follow-up and reopened, and the average costs recorded for each generation / policy year.
  - Bornhuetter Ferguson – Paid/Incurred: which method makes it possible to average the results obtained from the Chain Ladder methods described above and those of the Expected method Claims Technique. The latter provides an estimate of the total cost of claims starting from the identification of a Loss Ratio priori determined by the Expert judgment of the Company, possibly by reference to market data.

In order to obtain an adequate assessment, or rather less affected by possible modifications on shifting timing of the information in the "*room*", the above method has been also applied to IBNR payments observed, obtaining so a conjoint estimate of ultimate cost and IBNR reserve (the last one has been calculated directly with the method above mentioned).

For all the businesses, since they have sufficient historical depth, the queuing projection coefficients were estimated separately for each component analysed, in order to show the different developments (the time series were projected using appropriate regression functions).

Other risks:

For General TPL line, verifications on claims reserve (including IBNR) appropriateness have been made with Chain-Ladder method. For the valuation of risks for other businesses, the inventory was used. In addition, observable data were analysed and valued according to historical portfolio series.

IBNR claims:

Calculation of the reserve for IBNR (incurred but not reported) claims requires estimation for each business of both the number and average cost of late claims. The estimate was made using as its source the balance-sheet input forms for the years 2004-2015 taking in consideration possible gaps between prior year allocation and the final amount.

For Motor TPL, the estimate is made separately for each type of management.
Motor TPL reserves have been audited by the appointed Motor TPL actuary as required by Italian Legislative Decree no. 209 of 7 September 2005.

Life business

The following table indicates the causes of changes in the mathematical reserves.

(€/000)

Mathematical Reserves	Carrying amount
Carrying amount at 31/12/2014	939,383
Portfolio transfers	-4,617
Change for the year	67,638
Carrying amount at 31/12/2015	1,002,404

Key actuarial assumptions concerning Life technical reserves are detailed below:

(€/000)

Risk category	Capital sums, annuities	Technical reserves	Year of issue	Technical basis financial	Technical basis demographic
Temporary	5,056,128	53,522	1958 - 1977	4%	SIM 51
			1978 - 1989	4%	SIM 61
			1990 - 1997	4%	SIM 81
			1998 - 2001	3% - 4%	SIM 91
			2001 - 2007	3%	SIM 91 70%
			2008 - 2011	3%	SIM 91 50% - 70%
			from 2012	3%	SIM 2001 90% - 70%
Adjustable	8	9	1969 - 1979	3% *	SIM 51
Indexed	4	5	1980 - 1988	3% *	SIM 51
Other types	452	17			
Revaluable	1,198,688	952,945	1988 - 1989	3% *	SIM 71
			1990 - 1996	4% *	SIM 81
			1997 - 1999	3% *	SIM 91
			2000 - 2011	1.5% - 2% *	SIM 81 - 91
			from 2012	2%	SIM 2001 80%
L.T.C.	23,516	2,588	2001 - 2004	2.5%	(1)
			2004 - 2011	2.5%	(2)
			from 2012	2.5%	(3)
Pension fund	17,140	17,140	from 1999	---	---
Unit Linked	51,282	39,257	from 1998	0%	SIM 91
Total ordinary	**6,347,218**	**1,065,483**			
AIL revalutable	2,602	2,662	1986 - 1998	4% *	SIM 51
			1999 - 2004	3% *	SIM 81
Total business lines	**6,349,820**	**1,068,145**			

* Due to the effect of the contractually guaranteed revaluation, technical rates have increased to:
for indexed policies: 3.0% for adjustable policies: 3.0% for AIL revaluable policies: 3.78%
for revaluable policies: Vittoria Valore Crescente 3.74%; Vittoria Rendimento Mensile 2.42%; Vittoria Previdenza 2.70%.

(1) SIM 91 reduced to 62%; SIF 91 reduced to 53%; mortality rates and LTC (long term care) rates taken from insurers' studies
(2) SIM 91 reduced to 60%; mortality rates and LTC rates taken from insurers' studies
(3) SIU 2001 indistinct; mortality rates and incidence rates LTC derived from reinsurers' studies

Note 18	31/12/2015	31/12/2014	Change
Financial liabilities at fair value through profit or loss	59,412	65,665	-6,253
Other financial liabilities	163,399	314,166	-150,767

To complete what is presented below, we point that the detailed breakdown of financial liabilities, compliant with the format established by the IVASS ordinance already mentioned, is shown in the specific "Annexes to Consolidated financial statements" section.

Financial liabilities at fair value through profit or loss

The item "Financial liabilities at fair value through profit or loss" refers to financial liabilities relating to investment contracts for which policyholders bear the investment risk and those relating to pension-fund management.

The following table shows the cumulative change as at 31 December 2015:

(€/000)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2014	50,077	15,588	65,665
Investment of net fund assets	4,327	1,388	5,715
Profits attributable to policyholders	3,438	800	4,238
Amounts paid	-15,672	-534	-16,206
Carrying amount at 31/12/2015	42,170	17,242	59,412

Other financial liabilities

The item includes:
- Reinsurance deposits of 14,425 thousand euro;
- Bank loans issued to the Group's real estate companies for a total of 87,882 thousand euro (of which 67,696 thousand euro backed by collateral);
- direct operating parent company's commitment for payment of 61,092 thousand euro to companies active in private equity and private debt industry, against which the rights to receive the related financial instruments are posted in the "Loans & receivables" item.

The significant decrease is mainly attributable to the extinction of the subsidiary company Acacia 2000 srl mortgage loan and to the repayment of short-term lines of credit in the hands of the subsidiary Vittoria Immobiliare S.p.A..

Payables due beyond 12 months totalled 72,375 thousand euro.

Disclosure concerning fair value

The following table indicates the fair value of financial liabilities investments discussed in the present note.

(€/000)

Financial liabilities	Carrying amount	Fair Value
Financial liabilities at fair value through profit or loss	59,412	59,412
Other financial liabilities	163,399	163,399
Total	222,811	222,811

Note 19	31/12/2015	31/12/2014	Change
Payables arising from direct insurance business	8,153	11,444	-3,291

The breakdown of the item was as follows:

(€/000)

Payables arising from direct insurance business	31/12/2015	31/12/2014
Payables to insurance brokers and agents	3,952	6,984
Payables to insurace companies - current accounts	2,499	2,760
Guarantee deposits paid by policyholders	705	68
Payables to guarantee funds in favour of policyholders	997	1,632
Total	8,153	11,444

Note 20	31/12/2015	31/12/2014	Change
Payables arising from reinsurance business	8,280	7,254	1,026

The item refers to amounts payable to insurers and reinsurers and reflects debts arising from the current accounts showing the technical results of reinsurance treaties.

Note 21	31/12/2015	31/12/2014	Change
Other sums payable	66,772	71,717	-4,945

The breakdown of the item was as follows:

(€/000)

Other sums payable	31/12/2015	31/12/2014
Payments on accounts received by real estate companies for preliminary sales agreements	3,389	4,740
Trade payables	17,168	19,793
Payables to employees	2,589	2,463
Employee benefits - provisions for termination benefits	4,678	4,806
Policyholders' tax due	22,790	22,941
Sundry tax liabilities (withholdings)	2,440	2,397
Social security charges payable	2,778	2,623
Payables to associate companies	765	283
Sundry payables	10,175	11,671
Total	66,772	71,717

The other liabilities for employee benefits, particularly health benefits (P.S.) and seniority bonuses (P.A.) are classified in the account “Other liabilities” (note 24).

It is expected that the amount of the reserve for termination benefits (T.F.R.) will be collectible more than 12 months hence.

For the sake of greater clarity of presentation, the following table highlights the overall amount and movements of liabilities relating both to post-employment benefits ("supplementary" pension as described above and healthcare benefits) and to other long-term benefits (seniority bonuses).

(€/000)

Changes in defined benefit plans	Post-employment benefits		Other long-term benefits	Total
Charge	Healthcare services	Termination benefits	Seniority bonuses	
Carrying amount at 31/12/2014	1,714	4,806	1,741	8,262
Accruals	94	117	37	248
Utilisations	(49)	(69)	0	(118)
Other changes (exchange rate gains or losses, acquisitions)	27	(177)	0	(150)
Carrying amount at 31/12/2015	1,786	4,677	1,778	8,242

The following table, which refers to the increases in liabilities shown in the previous table, details the costs recognised in the income statement.

(€/000)

Charge	Healthcare services	Termination benefits	Seniority bonuses	Total
Current service cost	69	0	37	106
Interest	26	51	0	77
Net actuarial gains	27	(177)	0	(150)
Total charges	122	(126)	37	33

The main assumptions adopted for actuarial assessments were the following:

Demographic assumptions

- probability of death: assumptions determined by the General Accounting Office of Italy and identified as RG48, for males and females;
- probability of disability: separate assumptions by sex adopted by INPS (Italian social security institute) for projections in 2010;
- retiring age: for the generic active individual, the first opportunity as per the mandatory state national insurance conditions was assumed;
- probability of abandoning active work for causes other than death: annual frequency of 2.50%;
- probability of anticipation: 3.50% year after year

Economic and financial assumptions

- Inflation: 1.75%
- Annual technical actualization rate 2.03%
- Annual rate of severance payment increment 2.81%
- Annual rate of growth of remuneration (for the purpose of calculating seniority premiums) 2.75%
- Annual rate of growth of the average reimbursement (for the purpose of calculating health services) 1.75%

Sensitivity analysis of some input has been carried out (discounting rate, inflation rate and turnover rate); from these analysis no significant issues has been reported.

Note 22	31/12/2015	31/12/2014	Change
Deferred tax liabilities	64,954	71,012	-6,058

The item includes deferred tax liabilities allocated to the insurance business for 60,070 thousand euro, the real estate and services business for 977 thousand euro, and to reversals totalling 3,503 thousand euro, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

The breakdown of the item was as follows:

(€/000)

Deferred tax liabilities	31/12/2015
Alignment with fair value of assets held by investee companies acquired	4,051
Deferral of gains on the sale of financial instruments	998
Financial assets available for sale	55,308
Derecognition of the catastrophe reserves	3,753
Future dividends	781
Other	63
Total	64,954

Note 23	31/12/2015	31/12/2014	Change
Current tax liabilities	673	1,919	-1,246

This account refers to period income taxes net of tax prepayments.
This payable reflects the options adopted by the parent company as part of the National Tax Consolidation Programme.

Note 24	31/12/2015	31/12/2014	Change
Other liabilities	38,561	39,896	-1,335

This account consists mainly of commissions to be paid on the bonuses being collected at the end of the period and provisions for agency awards totalling 12,372 thousand euro, the deferred commission income of 80 thousand euro connected with investment contracts, invoices and notes to be received from suppliers totalling 16,257 thousand euro, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for 3,564 thousand euro.

Consolidated Income Statement

Note 25	31/12/2015	31/12/2014	Change
Gross premiums	1,266,521	1,269,854	-3,333
Ceded premiums for reinsurance	28,363	37,146	-8,783
Amounts paid and change in technical reserves	921,996	933,887	-11,891
Reinsurers' share	-41,963	-32,846	-9,117

The following table provides information on the split between direct business, indirect business, outward reinsurance, and retrocession:

(€/000)

	31/12/2015				31/12/2014			
	Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
NET PREMIUMS	1,026,951	211,207	-	1,238,158	984,537	248,171	-	1,232,708
Gross premiums	1,054,105	212,416	-	1,266,521	1,020,449	249,405	-	1,269,854
Gross premiums written	1,069,216	212,416	-	1,281,632	1,033,091	249,405	-	1,282,496
a Direct business	1,069,114	212,416	-	1,281,530	1,032,979	249,323	-	1,282,302
b Indirect business	102	-	-	102	112	82	-	194
Change in premium reserve	-15,111	-	-	-15,111	-12,642	-	-	-12,642
a Direct business	-15,111	-	-	-15,111	-12,641	-	-	-12,641
b Indirect business	-	-	-	-	-1	-	-	-1
Ceded premiums	27,154	1,209	-	28,363	35,912	1,234	-	37,146
Gross premiums ceded	28,585	1,209	-	29,794	36,018	1,234	-	37,252
a Outward reinsurance	28,585	1,209	-	29,794	36,018	1,234	-	37,252
b Retrocession	-	-	-	-	-	-	-	-
Change in premium reserve	-1,431	-	-	-1,431	-106	-	-	-106
a Outward reinsurance	-1,431	-	-	-1,431	-106	-	-	-106
b Retrocession	-	-	-	-	-	-	-	-
NET CHARGES RELATING TO CLAIMS	656,322	221,650	2,061	880,033	645,013	258,570	-2,542	901,041
Amounts paid and change in technical reserves	697,172	222,763	2,061	921,996	677,002	259,427	-2,542	933,887
Direct business	697,123	222,511	-	919,634	676,954	259,081	-	936,035
Indirect business	49	252	-	301	48	346	-	394
Shadow accounting of investee companies' profits	-	-	2,061	2,061	-	-	-2,542	-2,542
Reinsurers' share	40,850	1,113	-	41,963	31,989	857	-	32,846
Outward reinsurance	40,850	1,113	-	41,963	31,989	857	-	32,846
Retrocession	-	-	-	-	-	-	-	-

Net charges relating to claims (claims costs) – Non-Life segment

The item "Amounts paid and change in technical reserves" refers to:

- Amounts paid: definitive or partial indemnities for claims and related direct expenses and settlement costs;
- Change in claims reserve: estimated indemnities, direct expenses, and settlement costs that are forecast to be paid in future financial years for claims occurring in the current year, plus any adjustment of claims reserves made for claims occurring in previous years that were still outstanding as at 31 December;
- Change in other technical reserves: this refers to change in the ageing reserve for the health insurance line.

Net charges relating to claims (claims costs) – Life segment

The item "Amounts paid and change in technical reserves" refers to:

- Amounts paid: the amounts paid for claims, accrued capital, surrenders, and annuities;
- Change in the reserve for amounts to be paid: This refers to the change in amounts necessary to pay accrued capital sums and annuities, surrenders and claims to be settled;
- Change in mathematical reserves: this is the change in technical reserves, the content of which is illustrated in the Accounting Policies section;
- Change in other technical reserves: this comprises the change in the Reserve for profit participation and reversals, the Reserve for management expenses, and the Premiums reserve for complementary insurance, In addition, when consolidating accounts, "Intersegment eliminations" take in policyholders' share in the profits (net of dividends already distributed) of investee companies, the investment in which is allocated to segregated accounts;

For the geographical split of premiums, reference should be made to the table shown in the section "Geographical segment reporting (secondary segment)",

Note 26	31/12/2015	31/12/2014	Change
Commission income	580	751	-171

The item refers to commission income for the period for investment contracts classified as financial liabilities (unit-linked contracts and pension funds),

Note 27	31/12/2015	31/12/2014	Change
Gains or losses on financial instruments at fair value through profit or loss	-7	2	-9
Gains on investments in subsidiaries and associates and interests in joint ventures	1,639	3,165	-1,526
Gains or losses on other financial instruments and investment property	79,786	86,715	-6,929
Losses on investments in subsidiaries and associates and interests in joint ventures	1,784	1,847	-63
Losses on other financial instruments and investment property	8,521	12,556	-4,035

To complete the information disclosed below, we point out that the table detailing the breakdown of financial and investment income and charges/losses is shown in the specific section called "Annexes to Consolidated financial statements".

Gains and losses on financial instruments at fair value through profit or loss

These are income and losses on financial assets held for trading; specifically, stemming from unrealised losses.

As regards financial assets designated at fair value through profit or loss – i.e. referring to investment contracts of the index-linked, unit-linked, and pension-fund type – net income recognised in FY15 amounted to 4,238 thousand euro, set against losses/charges of the same amount, due to the change in related financial liabilities designated at fair value through profit or loss.

Gains and losses on investments in subsidiaries, associates, and joint ventures

As up to 31 December 2015 these items referred entirely to the results of equity-accounted Group companies,

Reference should be made to Note 5 for further details,

Gains and losses on other financial instruments and investment property

The following table summarises the investments and financial assets and liabilities originating the gains and losses indicated above:

(€/000)

	Gains 31/12/15	Gains 31/12/14	Losses 31/12/15	Losses 31/12/14
Investment property	5,638	3,668	5,993	6,680
Held to maturity investments	2,127	2,327	-	-
Loans and receivables	649	1,174	-	-
Financial assets available for sale	69,920	76,756	248	425
Other receivables	414	433	-	-
Cash and cash equivalents	1,038	2,357	-	-
Other financial liabilities	-	-	2,280	5,451
Total	79,786	86,715	8,521	12,556

Note 28	31/12/2015	31/12/2014	Change
Other income	14,978	14,418	-1,880

The following table details the breakdown of this item,

(€/000)

Other income	31/12/15	31/12/14
Trading profits	4,080	4,986
Gains on the sale of owner-occupied property	-	17
Revenue from services: real estate brokerage	1,381	467
Revenue from services: real estate management	23	53
Revenue from services: administration, real estate appraisals and other income	45	350
Revenue from services: insurance commission income with third parties	89	-
Revenue from services: other revenue from services	216	1,364
Rent income	813	770
Writebacks	-	646
Technical income on insurance contracts	3,760	5,115
Gains on the sale of property, plant and equipment	104	19
Exchange rate gains	109	92
Incidental non-operating income	3,628	1,990
Other income	730	989
Total	14,978	16,858

Technical income on insurance contracts refer for 1,594 thousand euro (1,892 thousand euro at 31/12/2014) to reversal of commissions on cancelled premiums and for 2,166 thousand euro (2,450 thousand euro at 31/12/2014) to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events.

Note 29	31/12/2015	31/12/2014	Change
Commission expense	-	26	-26

The item includes commission expense, i,e, acquisition and maintenance costs incurred for investment contracts classified as financial liabilities (unit-linked and pension funds).

Note 30	31/12/2015	31/12/2014	Change
Commissions and other acquisition costs	221,999	209,226	12,773
Investment management costs	1,657	2,764	-1,107
Other administrative costs	44,527	43,434	-500

To complete the information disclosed below, we point out that the table detailing insurance operating costs is shown in the specific section called "Annexes to Consolidated financial statements".

The following table details the breakdown of "Commissions and other acquisition costs".

(€/000)

Gross commissions and other acquisition costs net of profit participation and other commissions	31/12/15	31/12/14
Acquisition commissions	156,218	145,314
Other acquisition costs	57,758	57,479
Change in deferred acquisition costs	1,696	823
Premium collection commissions	11,213	11,914
Profit participation and other commissions received from reinsurers	-4,886	-6,304
Total	221,999	209,226

Note 31	31/12/2015	31/12/2014	Change
Other costs	58,788	48.546	10,242

The breakdown of this item was as shown below:

(€/000)

Other costs	31/12/15	31/12/14
Technical costs on insurance contracts	12,228	15,597
Accruals to the provision for bad debts	5,594	2,399
Foreign-exchange losses	53	56
Incidental non-operating costs	2,640	585
Annual depreciation & amortisation	26,878	15,876
Impairment loss on goodwill	7	6,212
Losses on non insurance receivables	5,920	86
Accruals to the provision for risks and charges	2,449	1,378
Commissions from services sector	2,788	5,454
Other costs	231	903
Total	58,788	48,546

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for 10,287 thousand euro (13,954 thousand euro at 31/12/2014) and to services supporting insurance covers and costs for premiums under litigation for 1,941 thousand euro (1,643 thousand euro at 31/12/2014).

Note 32	31/12/2015	31/12/2014	Change
Income taxes	47,230	46,867	363

Of this item 37,185 thousand euro related to current taxes and 10,045 thousand euro to deferred taxes.
Income taxes are recognised in profit or loss, with the exception of those relating to items directly charged or credited to equity, in which case the tax effect is recognised directly in equity.

(€/000)

	Taxable base	Tax		
	IRES	actual	theoretical	tax rate
IRES				
Profit before taxation	117,825		32,402	27.50%
Temporary differences deductible in sunsequent yea	-4,294	-1,181		-1.00%
Revaluation of associates under the equity method	-1,994	-548		-0.47%
Participating interest impairment	2,575	708		0.60%
Dividends received	-484	-133		-0.11%
Interests, expenses and other taxes indeductible	6,843	1,882		1.60%
Other captions	-4,815	-1,324		-1.12%
Total Change	-2,169	-596	32,402	-0.50%
Current ordinary taxable base	115,656	31,806		26.99%
IRES total current	115,656	31,806		26.99%

Other disclosures

Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 612 as at 31 December 2015 vs. 604 present as at 31 December 2014.
The average number of in-force employees on the payroll, split by contractual grade, was as follows:

	31/12/2015	31/12/2014
Managers	27	26
Officers	148	147
Administrative staff	435	423
Total	609	596

Tax status

Insurance Business

In the year 2015, the Parent company confirmed or exercised the option for the National Tax Consolidation Regime (art. 117 and following of Presidential Decree 22 December 1986, n. 917) with the subsidiaries Immobiliare Bilancia Srl, Immobiliare Bilancia Prima Srl, Acacia 2000 Srl, Vaimm Sviluppo Srl, Vittoria Properties Srl, Vittoria Immobiliare SpA, Gestimmobili Srl, Interimmobili Srl, Interbilancia srl, VRG Domus Srl, Valsalaria srl, VP Sviluppo 2015 srl.
Consolidated IRES national tax with these subsidiaries will persist also in 2016.

With reference to the year 2015, the Parent company exercised the option for VAT payment at the group level under D.M. 12.13.1979, together with its subsidiaries Vittoria Immobiliare, Gestimmobili srl, Interimmobili srl, Acacia 2000 Srl, VRG Domus Srl, Vittoria Properties Srl, Immobiliare Bilancia Prima Srl, Immobiliare Bilancia Srl, Vaimm srl Sviluppo and Valsalaria srl.
It is noted that for the year 2016, the Company exercised this option, along with the same subsidiaries listed above as well as the subsidiary VP Sviluppo 2015 srl.

In accordance with Law no. 147/2013, at the end of 2013 the company revalued the residential buildings in Milan and the building housing its registered office. The revaluation was declared in the UNICO 2014 tax return for the 2013 tax period. As a result, the parent company will pay a substitute tax on the gains recorded and the gains will be recognised for IRES and IRAP purposes. This recognition will take effect from the 2016 tax period, unless the assets are disposed of, in which case the recognition will be postponed until 2017. The substitute tax is 16% for depreciable property and 12% for non-depreciable property.
The value recognised in the balance sheet was aligned to the fair value, determined by an independent evaluation expert. Against these greater values recognised in the balance sheet, the parent company recorded in equity a reserve equal to the revaluation less the substitute tax.

In 2009, the Parent company was subject to a tax inspection by the Italian Tax Authorities for fiscal years 2004, 2005 and 2006, from which disputes related to IRES, IRAP and VAT have ensued.
Between 2009 and 2011 higher assessments for all three years under inspection were notified with details of higher IRES and IRAP, fines and interest for an overall amount of 101 thousand euro; regarding VAT, the higher tax rate, the fines and interest amount to 387 thousand euro.
The Parent company has settled its tax obligations related to IRES and IRAP for all three years.
Regarding VAT, the parent company has appealed against the assessments for the three years (2004, 2005 and 2006), obtained a favourable judgement in the first and second instance.
Appeals of the Tax Authorities with the Supreme Court of Cassation are pending, waiting for court meeting.

With Law no. 208/2015 (“Stability Law 2016”) was established a drop of 3.5% (from 27.5% to 24%) of IRES, beginning in fiscal year 2017.
The Parent company and its subsidiaries has therefore recalculated the deferred and prepaid IRES already charged to 31.12.2014 and not used in the course of 2015 or usable (by law or reasonable foreseeability) in 2016. The Parent company has also used the rate of 24% to calculate deferred and prepaid IRES arising from temporary changes in the tax base of the year which, by law or reasonable foreseeability, will not be used in the course of the tax year 2016.
The net overall effect on the year 2015 was of 9,506 thousand euro, due to:
- recalculation (at 24%) of deferred and prepaid IRES already in place at 01.01.2015 and not used in 2015 or usable in 2016 and
- allocation (always at 24% instead of 27.5%) of deferred and prepaid IRES 2015 not usable in 2016.

The Board of Directors

Milan, 10 March 2016

Annexes to Consolidated 2015 financial statements

Consolidation scope

	Country	Country operational headquarters (5)	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy		G	1	-	-	-	-
Vittoria Immobiliare S.p.A.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia Prima S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Interbilancia S.r.l.	Italy		G	9	100.00	100.00	100.00	100.00
Vaimm Sviluppo S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
VP Sviluppo 2015 S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Acacia 2000 S.r.l.	Italy		G	10	67.54	95.94	95.94	100.00
Gestimmobili S.r.l.	Italy		G	11	-	100.00	100.00	100.00
Interimmobili S.r.l.	Italy		G	11	-	80.00	80.00	100.00
V.R.G. Domus S.r.l	Italy		G	10	-	100.00	100.00	100.00
Valsalaria S.r.l.	Italy		G	10	-	51.00	51.00	100.00
Assiorvieto Servizi S.r.l.	Italy		G	11	-	60.00	60.00	100.00
Aspevi Roma S.r.l.	Italy		G	11	-	100.00	100.00	100.00
Plurico S.r.l.	Italy		G	11	-	70.00	70.00	100.00

(1) Consolidation method: Line-by-line=L, Proportionate=P, Proportionate by common management=C

(2) 1=Italian insurance; 2=EU insurance; 3=Non-EU insurance; 4=insurance holding; 5=EU reinsurance; 6=non-EU reinsurance; 7=banking; 8=fund management; 9=other holding; 10=real estate; 11=other

(3) the total of the stakes held by all the companies that, in the shareholding structure, are placed between the company that prepares the consolidated financial statements and the investee. If the latter is directly held by more than one subsidiary, the individual products should be added.

(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

(5) this disclosure is requested only when the country of operational headquarters is different from the country of legal and administrative headquarters.

List of unconsolidated investments

	Country	Country operational headquarters (5)	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
S.In.T S.p.A.	Italy		11	b	48.19	48.19	48.19	558
Yarpa S.p.A.	Italy		9	b	27.31	27.31	27.31	11,927
Touring Vacanze S.r.l.	Italy		10	b	46.00	46.00	46.00	9,421
Mosaico SpA	Italy		10	b	-	45.00	45.00	105
Pama & Partners Srl	Italy		10	b	-	25.00	25.00	303
Consorzio Movincom S.c.r.l.	Italy		11	b	29.17	29.17	29.17	27
VZ Real Estate Srl	Italy		10	b	-	49.00	49.00	-
Fiori di S. Bovio Srl	Italy		10	b	-	40.00	40.00	-
Spefin Finanziaria S.p.A.	Italy		11	b	-	21.00	21.00	283
Valsalaria A.11 Srl	Italy		10	b	-	40.00	40.00	24
Movincom Servizi S.p.A.	Italy		11	b	49.34	49.34	49.34	1,350
Consorzio Servizi Assicurativi	Italy		11	b	0.11	46.37	48.56	187

(1) 1=Italian insurance; 2=EU insurance; 3=Non-EU insurance; 4=insurance holding; 5=EU reinsurance; 6=non-EU reinsurance; 7=banking; 8=fund management; 9=other holding; 10=real estate; 11=other

(2) a=subsidiaries (IFRS10) ; b=associated companies (IAS28); c=*joint ventures* (IFRS11); indicate with an asterisk (*) companies classified as held for sale in compliance with IFRS 5 and show the key at the foot of the table.

(3) the total of the stakes held by all the companies that, in the shareholding structure, are placed between the company that prepares the consolidated financial statements and the investee. If the latter is directly held by more than one subsidiary, the individual products should be added.

(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

(5) this disclosure is requested only when the country of operational headquarters is different from the country of legal and administrative headquarters.

Balance sheet by business and business line

(€/000)

		Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
		31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
1	INTANGIBLE ASSETS	6,000	21,049	4,455	5,984	540	654	0	5	0	0	10,995	27,692
2	PROPERTY, PLANT AND EQUIPMENT	78,701	83,180	19,422	20,463	456,261	456,940	90	99	9,092	2,632	563,566	563,314
3	REINSURERS' SHARE OF TECHNICAL RESERVES	57,020	53,853	6,997	6,648	0	0	0	0	0	0	64,017	60,501
4	INVESTMENTS	1,705,630	1,491,081	1,218,038	1,142,137	75,497	8,703	470	283	-495,949	-271,541	2,503,686	2,370,663
4.1	Investment property	45,078	46,551	40,506	41,889	0	0	0	0	0	0	85,584	88,440
4.2	Investments in subsidiaries and associates and interests in joir	390,895	239,730	51,751	53,257	63,518	563	470	283	-482,449	-271,541	24,185	22,292
4.3	Held to maturity investments	6,373	9,906	38,110	46,803	0	0	0	0	0	0	44,483	56,709
4.4	Loans and receivables	104,458	71,312	3,955	2,785	11,940	8,081	0	0	-13,500	0	106,853	82,178
4.5	Financial assets available for sale	1,158,826	1,123,582	1,024,294	931,722	39	59	0	0	0	0	2,183,159	2,055,363
4.6	Financial assets at fair value through profit or loss	0	0	59,422	65,681	0	0	0	0	0	0	59,422	65,681
5	OTHER RECEIVABLES	182,734	200,507	18,298	18,607	8,390	8,442	1,796	4,951	-7,559	-19,048	203,659	213,459
6	OTHER ASSETS	115,330	133,056	46,529	44,808	6,769	6,117	855	4,764	-2,015	-5,423	167,468	183,322
6.1	Deferred acquisition costs	0	1,812	5,791	5,675	0	0	0	0	0	0	5,791	7,487
6.2	Other assets	115,330	131,244	40,738	39,133	6,769	6,117	855	4,764	-2,015	-5,423	161,677	175,835
7	CASH AND CASH EQUIVALENTS	107,572	139,100	29,858	31,652	27,204	53,143	2,503	7,112	0	0	167,137	231,007
	TOTAL ASSETS	2,252,987	2,121,826	1,343,597	1,270,299	574,661	533,999	5,714	17,214	-496,431	-293,380	3,680,528	3,649,958
1	EQUITY											700,557	627,318
2	PROVISIONS	5,092	4,016	0	0	1,110	856	420	0	0	0	6,622	4,872
3	TECHNICAL RESERVES	1,457,165	1,399,126	1,111,023	1,042,674	0	0	0	0	-5,043	-7,105	2,563,145	2,434,695
4	FINANCIAL LIABILITIES	68,520	53,318	66,409	72,313	87,882	254,200	0	0	0	0	222,811	379,831
4.1	Financial liabilities at fair value through profit or loss	0	0	59,412	65,665	0	0	0	0	0	0	59,412	65,665
4.2	Other financial liabilities	68,520	53,318	6,997	6,648	87,882	254,200	0	0	0	0	163,399	314,166
5	PAYABLES	76,522	77,608	5,643	5,757	19,892	12,538	2,206	13,660	-21,058	-19,148	83,205	90,415
6	OTHER LIABILITIES	57,203	63,318	30,815	30,933	12,099	16,848	439	889	3,632	839	104,188	112,827
	TOTAL EQUITY AND LIABILITIES											3,680,528	3,649,958

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015

Income statement by business and business line

(€/000)

		Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
1.1	Net premiums	1,026,951	984,538	211,207	248,170	0	0	0	0	0	0	1,238,158	1,232,708
1.1.1	*Gross premiums*	1,054,105	1,020,450	212,416	249,404	0	0	0	0	0	0	1,266,521	1,269,854
1.1.2	*Ceded premiums*	27,154	35,912	1,209	1,234	0	0	0	0	0	0	28,363	37,146
1.2	Commission income	0	0	580	751	0	0	0	0	0	0	580	751
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	0	0	-7	2	0	0	0	0	0	0	-7	2
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	1,671	3,198	0	0	125	-33	2	0	-159	0	1,639	3,165
1.5	Gains on other financial instruments and investment property	42,961	47,643	36,649	38,305	271	679	19	88	-114	0	79,786	86,715
1.6	Other income	5,812	8,375	357	962	7,718	8,001	5,442	11,554	-4,351	-12,034	14,978	16,858
1	**TOTAL REVENUE**	**1,077,395**	**1,043,754**	**248,786**	**288,190**	**8,114**	**8,647**	**5,463**	**11,642**	**-4,624**	**-12,034**	**1,335,134**	**1,340,199**
2.1	Net charges relating to claims	656,323	645,012	221,649	258,571	0	0	0	0	2,061	-2,542	880,033	901,041
2.1.2	*Amounts paid and change in technical reserves*	697,172	677,001	222,763	259,428	0	0	0	0	2,061	-2,542	921,996	933,887
2.1.3	*Reinsurers' share*	-40,849	-31,989	-1,114	-857	0	0	0	0	0	0	-41,963	-32,846
2.2	Commission expense	0	0	0	26	0	0	0	0	0	0	0	26
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	12,588	7,055	1,506	4,141	1,127	799	186	7	-13,623	-10,155	1,784	1,847
2.4	Losses on other financial instruments and investment property	3,605	3,575	3,098	3,185	1,921	5,774	0	40	-103	-18	8,521	12,556
2.5	Operating costs	243,362	231,884	16,954	17,107	13,264	14,538	1,525	3,134	-6,922	-9,646	268,183	257,017
2.6	Other costs	42,968	31,044	3,513	2,799	9,052	7,316	3,255	6,464	0	923	58,788	48,546
2	**TOTAL COSTS**	**958,846**	**918,570**	**246,720**	**285,829**	**25,364**	**28,427**	**4,966**	**9,645**	**-18,587**	**-21,438**	**1,217,309**	**1,221,033**
	PROFIT FOR THE YEAR BEFORE TAXATION	**118,549**	**125,184**	**2,066**	**2,361**	**-17,250**	**-19,780**	**497**	**1,997**	**13,963**	**9,404**	**117,825**	**119,166**

Breakdown of other comprehensive income

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
Other comprehensive income, net of taxes without reclassification to profit or loss	114	-562			0	0	114	-562	36	-213	-98	-212
Changes in the equity of investees	0	0			0	0	0	0	0	0	0	0
Changes in intangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Changes in tangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0			0	0	0	0	0	0	0	0
Actuarial gains and losses and adjustments related to defined benefit plans	114	-562			0	0	114	-562	36	-213	-98	-212
Other items	0	0			0	0	0	0	0	0	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	27,953	55,608	-8,083	-3,679	0	0	19,870	51,929	-7,153	17,761	125,182	105,312
Change in translation reserve	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	27,953	55,608	-8,083	-3,679	0	0	19,870	51,929	-7,153	17,761	125,182	105,312
Gains or losses on hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the equity of investees	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	28,067	55,046	-8,083	-3,679	0	0	19,984	51,367	-7,117	17,548	125,084	105,100

Breakdown of financial assets

(€/000)

	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit or loss				Total carrying amount	
							Financial assets held for trading		Financial assets at fair value through profit or loss			
	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
Equity and derivative instruments measured at cost	0	0	0	0	8,390	9,107	0	0	0	0	8,390	9,107
Equity instruments at fair value	0	0	0	0	98,548	85,331	0	0	6,997	8,775	105,545	94,106
of which listed	0	0	0	0	10,887	8,296	0	0	6,997	8,775	17,884	17,071
Debt securities	44,483	56,709	0	0	2,018,397	1,928,450	10	16	13,073	15,281	2,075,963	2,000,456
of which listed	43,241	55,239	0	0	2,018,397	1,928,451	10	16	13,073	15,279	2,074,721	1,998,985
OEIC units	0	0	0	0	57,824	32,475	0	0	36,089	31,431	93,913	63,906
Loans and receivables from bank customers	0	0	0	0	0	0	0	0	0	0	0	0
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deposits with ceding companies	0	0	175	175	0	0	0	0	0	0	175	175
Financial asset portion of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	43,303	31,893	0	0	0	0	0	0	43,303	31,893
Non-hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	63,375	50,110	0	0	0	0	3,253	10,178	66,628	60,288
Total	44,483	56,709	106,853	82,178	2,183,159	2,055,363	10	16	59,412	65,665	2,393,917	2,259,931

Financial and investment gains and losses/costs

(€/000)

		Interest	Other net income	Other costs	Realised gains	Realised losses	Net realised gains and losses	Valuation gains		Valuation losses		Net unrealised gains and losses	Net gains and costs/losses FY2014	Net gains and costs/losses FY2013
								Valuation capital gains	Write-backs	Valuation capital losses	Write-downs			
Investments		62,960	9,437	5,202	10,613	485	77,323	3,267	0	4,411	0	-1,144	76,179	82,751
a	Investment property	0	5,638	2,585	0	0	3,053	0	0	3,408	0	-3,408	-355	-2,165
b	Investments in subsidiaries and associates and interests in joint ventures	0	1,639	1,784	0	0	-145	0	0	0	0	0	-145	1,318
c	Held to maturity investments	2,127	0	0	0	0	2,127	0	0	0	0	0	2,127	2,327
d	Loans and receivables	589	0	0	0	0	589	60	0	0	0	60	649	1,174
e	Financial assets available for sale	59,600	902	0	9,418	248	69,672	0	0	0	0	0	69,672	76,332
f	Financial assets held for trading	0	0	0	0	0	0	0	0	7	0	-7	-7	2
g	Financial assets at fair value through profit or loss	644	1,258	833	1,195	237	2,027	3,207	0	996	0	2,211	4,238	3,763
Other receivables		414	0	0	0	0	414	0	0	0	0	0	414	432
Cash and cash equivalents		1,038	0	0	0	0	1,038	0	0	0	0	0	1,038	2,357
Financial liabilities		-2,280	0	0	0	0	-2,280	0	0	4,238	0	-4,238	-6,518	-10,061
a	Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b	Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0	4,238	0	-4,238	-4,238	-3,763
c	Other financial liabilities	-2,280	0	0	0	0	-2,280	0	0	0	0	0	-2,280	-6,298
Payables		0	0	0	0	0	0	0	0	0	0	0	0	0
Total		62,132	9,437	5,202	10,613	485	76,495	3,267	0	8,649	0	-5,382	71,113	75,479

Breakdown of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
Non-life reserves	1,456,251	1,398,239	913	886	1,457,164	1,399,125
Premium reserve	388,638	373,527	42	42	388,680	373,569
Claims reserve	1,067,204	1,024,303	871	844	1,068,075	1,025,147
Other reserves	409	409	0	0	409	409
of which posted following liability adequacy testing	0	0	0	0	0	0
Life reserves	1,105,794	1,035,383	187	187	1,105,981	1,035,570
Reserve for payable amounts	27,529	24,911	12	12	27,541	24,923
Mathematical reserves	1,002,231	939,210	173	173	1,002,404	939,383
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund managment	0	0	0	0	0	0
Other reserves	76,034	71,262	2	2	76,036	71,264
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	68,757	62,722	0	0	68,757	62,722
Total technical reserves	2,562,045	2,433,622	1,100	1,073	2,563,145	2,434,695

Breakdown of reinsurers' share of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
Non-life reserves	**56,678**	**53,547**	**342**	**306**	**57,020**	**53,853**
Premium reserve	17,439	16,007	0	0	17,439	16,007
Claims reserve	39,239	37,540	342	306	39,581	37,846
Other reserves	0	0	0	0	0	0
Life reserves	**6,997**	**6,648**	**0**	**0**	**6,997**	**6,648**
Reserves for payable amounts	0	0	0	0	0	0
Mathematical reserves	6,966	6,609	0	0	6,966	6,609
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	31	39	0	0	31	39
Total reinsurers' share of technical reserves	**63,675**	**60,195**	**342**	**306**	**64,017**	**60,501**

Breakdown of financial liabilities

(€/000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss					
	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	0	0	0	0
Liabilities from financial contracts issued by insurers arising from:	0	0	59,412	65,665	0	0	59,412	65,665
Contracts where policyholders bear investment risk	0	0	42,170	50,077	0	0	42,170	50,077
Pension-fund management	0	0	17,242	15,588	0	0	17,242	15,588
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	14,425	15,856	14,425	15,856
Negative financial components of insurance contracts	0	0	0	0	0	0	0	0
Debt securities on issue	0	0	0	0	0	0	0	0
Bank customer deposits	0	0	0	0	0	0	0	0
Interbank liabilities	0	0	0	0	0	0	0	0
Other loans received	0	0	0	0	87,882	253,954	87,882	253,954
Non-hedging derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	61,092	44,356	61,092	44,356
Total	0	0	59,412	65,665	163,399	314,166	222,811	379,831

Assets and liabilities measured at fair value on a recurring basis: breakdown by level of fair value

(€/000)

		Level 1		Level 2		Level 3		Total	
		31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
Assets and liabilities measured at fair value on a recurring basis									
Financial assets Available for sale		2,087,108	1,969,221	8,736	8,611	87,315	77,531	2,183,159	2,055,363
Financial assets at fair value through profit or loss	Financial assets held for trading	10	16	-	-	-	-	10	16
	Financial assets at fair value through profit or loss	59,412	65,665	-	-	-	-	59,412	65,665
Investment Property		-	-	-	-	-	-	-	-
Tangible assets		-	-	-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-	-	-
Total assets measured at fair value on a recurring basis		2,146,530	2,034,902	8,736	8,611	87,315	77,531	2,242,581	2,121,044
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	-	-	-	-	-	-
	Financial liabilities at fair value through profit or loss	58,636	61,824	776	3,841	-	-	59,412	65,665
Total liabilities measured at fair value on a recurring basis		58,636	61,824	776	3,841	-	-	59,412	65,665
Assets and liabilities measured at fair value on a non recurring basis									
Non-current assets or assets of a disposal group classified as held for sale		-	-	-	-	-	-	-	-
Liabilities of a disposal group classified as held for sale		-	-	-	-	-	-	-	-

Detail of changes in financial assets and liabilities allocated to Level 3 measured at fair value on a recurring basis

(€/000)

	Financial assets			Investment property	Property, plant and equipment	Intangible assets	Financial liabilities at fair value through profit or loss	
	Financial assets Available for sale	Financial assets at fair value through profit or loss						
		Financial assets held for trading	Financial assets at fair value through profit or loss				Financial liabilities held for trading	Financial liabilities at fair value through profit or loss
Opening balance	77,531							
Purchases/ Issues	0							
Sales/Repurchases	0							
Redemptions	-20							
Gains or losses charged to profit and loss	-697							
- of which unrealised gains/losses	0							
Gains or losses charged to other comprehensive income	10,501							
Moves to Level 3	0							
Moves to other Levels	0							
Other changes	0							
Closing balance	87,315							

Detail of insurance technical items

(€/000)

		31/12/2015			31/12/2014		
		Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non-life business							
NET PREMIUMS		1,054,105	27,154	1,026,951	1,020,450	35,912	984,538
a	Premiums written	1,069,216	28,585	1,040,631	1,033,091	36,018	997,073
b	Change in premiums reserve	15,111	1,431	13,680	12,641	106	12,535
NET CLAIMS COSTS		697,172	40,849	656,323	677,001	31,989	645,012
a	Amounts paid	661,989	34,568	627,421	585,052	41,898	543,154
b	Change in claims reserves	42,891	1,699	41,192	99,066	-13,198	112,264
c	Change in recoveries	7,708	-4,582	12,290	7,117	-3,289	10,406
d	Change in other technical reserves	0	0	0	0	0	0
Life business							
NET PREMIUMS		212,416	1,209	211,207	249,404	1,234	248,170
NET CLAIMS COSTS		222,763	1,114	221,649	259,428	857	258,571
a	Amounts paid	163,201	764	162,437	129,046	373	128,673
b	Change in reserve for amounts to be paid	2,618	0	2,618	2,912	0	2,912
c	Change in mathermatical reserves	58,233	357	57,876	128,987	473	128,514
d	Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	0	0	0	0	0	0
e	Change in other technical reserves	-1,289	-7	-1,282	-1,517	11	-1,528

Breakdown of insurance operating costs

(€/000)

		Non-life business		Life business	
		31/12/15	31/12/14	31/12/15	31/12/14
Gross commissions and other acquisition costs		219,078	210,594	13,151	12,312
a	Acquisition commissions	156,479	148,510	5,082	4,180
b	Other acquisition costs	50,435	50,215	7,324	7,264
c	Change in deferred acquisition costs	1,812	1,259	-116	-436
d	Premium collection commissions	10,352	10,610	861	1,304
Profit participation and other commissions received from reinsurers		-4,747	-6,178	-139	-126
Investment management costs		980	2,061	677	703
Other administrative costs		28,051	25,407	3,265	4,218
Total		243,362	231,884	16,954	17,107

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015

Breakdown of property, plant and equipment and intangible assets

(€/000)

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	85,584	-	85,584
Other property	555,282	-	555,282
Other items of property, plant	8,284	-	8,284
Other intangible assets	10,995	-	10,995

Detail of assets and liabilities relating to insurance contracts with risk borne by policyholders or relating to pension-fund management

(€/000)

	Unit- and index-linked benefits		Benefits relating to pension-fund management		Total	
	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
On-balance sheet assets	42,170	50,077	17,242	15,588	59,412	65,665
Infragroup assets *	0	0	0	0	0	0
Total assets	**42,170**	**50,077**	**17,242**	**15,588**	**59,412**	**65,665**
On-balance sheet liabilities	42,170	50,077	17,242	15,588	59,412	65,665
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
Total Liabilities	**42,170**	**50,077**	**17,242**	**15,588**	**59,412**	**65,665**

* Assets and liabilities eliminated in consolidation process

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015
Detail of reclassified financial assets and impacts on profit and loss and on other comprehensive income

(€/000)

Reclassified Financial assets categories		Activity class	Amount of Financial assets reclassified during the year at the reclassification date	Carrying amount at 31/12/2014 of reclassified assets		Fair Value at 31/12/2014 of reclassified assets		Reclassified Assets during 2015		Reclassified Assets up to 2015		Reclassified Assets during 2015		Reclassified Assets up to 2015	
				Reclassified Assets during 2015	Reclassified Assets up to 2015	Reclassified Assets during 2015	Reclassified Assets up to 2015	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses that would have been charged to profit and loss in absence of the reclassification	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification	Gains or losses that would have been charged to profit and loss in absence of the reclassification	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification
from	to														
Total			0	0	0	0	0	0	0	0	0	0	0	0	0

Assets and liabilities not measured at fair value: breakdown by level of fair value

	Carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Assets										
Held to maturity investments	44,483	56,709	48,044	60,491	0	0	1,242	1,469	49,286	61,960
Loans and receivables	106,853	82,178	0	0	0	0	106,853	82,178	106,853	82,178
Investments in subsidiaries and associates and interests in joint ventures	24,185	22,292	0	0	0	0	24,185	22,292	24,185	22,292
Investment property	85,584	88,440	0	0	0	0	87,500	89,000	87,500	89,000
Tangible assets	555,282	553,374	0	0	0	0	626,745	634,818	626,745	634,818
Total assets	816,387	802,993	48,044	60,491	-	-	846,525	829,757	894,569	890,248
Liabilities										
Other financial liabilities	163,399	314,166	0	0	0	0	163,399	314,166	163,399	314,166

Consolitation scope: interests in subsidiaries with significant minority interests

(€/000)

						Main financial-economic datas							
Name	Country	% minority interests	% of voting rights in ordinary meetings by minority interests	Consolidated profit (loss) attributable to minority interests	Equity attributable to minority interests	Total assets	Investments	Technical provisions	Financial liabilities	Equity	Profit (loss) for the year	Dividends paid out to minority interests	Gross written premium
Acacia 2000 S.r.l.	Italia	4.06	4.06	18	9,019	232,425	230,533	-	2,283	222,137	441	-	-

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2015
Interests in unconsolidated structured entities

(€/000)

Structured entity name	Revenues from structured entity during the year	Book value (at the date of the trasfer) of assets trasferred to the structured entity during the year	Book value of assets recognised in own financial statement and related to the structured entity	Balance sheet asset item	Book value of liabilities recognised in own financial statement and related to the structured entity	Balance sheet liabilities item	Maximum loss risk exposure

Note: this table is also requested for the porpuses of financial statement reporting IAS/IFRS (note 2) and half-yearly reporting (note 4) when IFRS 12.6 conditions are met.

Management Attestation

Financial statements certification pursuant to Art.81-ter of Consob Regulation N° 11971 dated May 14 1999, as amended

1. The undersigned Roberto Guarena (as Managing Director) and Luca Arensi (as the Manager Charged with preparing the financial reports), of Vittoria Assicurazioni S.p.A., taking into consideration Article 154-bis (subparagraph 3 and 4) of Italian Legislative Decree February 24th 1998 n.58, do hereby certify:

   - the adequacy in relation to the Legal Entity features and
   - the actual application

   of the administrative and accounting procedures employed to draw up consolidated financial statements during the period 1 January 2015 - 31 December 2015

2. In this respect no remarks emerged besides what already reported in Director's report to the Consolidated financial report as at 31 December 2015.

3. The undersigned also certify that:

   3.1 The consolidated financial statements as at 31 December 2015:

   a) was prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation no.1606/2002 of July 19, 2002;

   b) corresponds to results of the books and accounts records;

   c) is suitable to provide a fair and correct representation of the situation of the assets and liabilities, the economic and financial situation of the issuer and the group of companies included in the scope of consolidation.

3.2 The directors' report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group companies included in the scope of consolidation and a description of the main risks and uncertain situation to which they are exposed.

Milan, 10 March 2016

Roberto Guarena
Managing Director

Luca Arensi
Manager Charged with preparing the company's financial reports

Report of Independent Auditors

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND WITH ARTICLE 102 OF LEGISLATIVE DECREE No. 209 OF SEPTEMBER 7, 2005

To the Shareholders of
VITTORIA ASSICURAZIONI S.p.A.

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Vittoria Group, which comprise the balance sheet as at December 31, 2015, the income statement, the statement of other comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended and relative notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the Regulations issued to implement article 90 of the Legislative Decree n° 209/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Vittoria Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the Regulations issued to implement article 90 of the Legislative Decree n° 209/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance and ownership structures with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance and ownership structures required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Vittoria Assicurazioni S.p.A., with the consolidated financial statements of Vittoria group as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance and ownership structures referred to above are consistent with the consolidated financial statements of Vittoria group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Milano, Italy
March 29, 2016

This report has been translated into the English language solely for the convenience of international readers.