



# 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

95<sup>th</sup> year of business

Consolidated  
half-year financial report  
as at 30 June 2016

Board of Directors' meeting  
of 28 July 2016

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



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**BOARD OF DIRECTORS**

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Carlo ACUTIS Andrea ACUTIS	Emeritus Chairman Chairman
Roberto GUARENA	Deputy Chairman
Adriana ACUTIS BISCARETTI di RUFFIA	Director
Marco BRIGNONE	Independent director
Cesare CALDARELLI	Executive director
Giorgio Roberto COSTA	Director
Lorenza GUERRA SERÀGNOLI	Independent director
Giorgio MARSIAJ	Independent director
Maria Antonella MASSARI	Independent director
Marzia MORENA	Independent director
Lodovico PASSERIN d'ENTREVES	Independent director
Luca PAVERI FONTANA	Director
Giuseppe SPADAFORA	Independent director
Roberta URBAN	Independent director
Mario RAVASIO	Secretary

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**BOARD OF STATUTORY AUDITORS**

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Giuseppe CERATII	President
Giovanni MARITANO Francesca SANGIANI	Standing statutory auditor Standing statutory auditor
Monica MANNINO Maria Filomena TROTTA	Substitute statutory auditor Substitute statutory auditor

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**GENERAL MANAGEMENT**

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

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**INDEPENDENT AUDITOR**

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Deloitte & Touche S.p.A.

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#### APPOINTMENTS AND REMUNERATION COMMITTEE

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Lodovico PASSERIN d'ENTREVES	Independent non-executive president
Luca PAVERI FONTANA	Non-executive member
Maria Antonella MASSARI	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

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#### INTERNAL CONTROL COMMITTEE

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Giuseppe SPADAFORA	Independent non-executive president
Luca PAVERI FONTANA	Non-executive member
Roberta URBAN	Independent non-executive member

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#### FINANCE COMMITTEE

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

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#### REAL ESTATE COMMITTEE

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

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#### RELATED PARTIES COMMITTEE

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Roberta URBAN	Independent non-executive president
Marco BRIGNONE	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

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#### STRATEGIES COMMITTEE

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Andrea ACUTIS	Non-executive president
Carlo ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
Roberto GUARENA	Non-executive member
Giuseppe SPADAFORA	Independent non-executive member
Roberta URBAN	Independent non-executive member

## Form and contents of report

The consolidated half-year report as at 30 June 2016 was prepared in accordance with International Accounting Standards (IASs/IFRSs) and in compliance with Article 154-*ter* of Legislative Decree 58 of 24 February 1998, the “Consolidated Law on Financial Intermediation,” as amended by Legislative Decree 195 of 6 November 2007 (*Transparency*), and related implementation provisions pursuant to Article 9 of Legislative Decree 38 of 2005 and it complies with the international accounting standard applicable to interim financial reporting (IAS 34).

This report complies with IAS 34 - Interim Financial Reporting, and consists of the statements envisaged in ISVAP (now IVASS) Regulation no. 7 of 13 July 2007 (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows, and account statements), and includes additional detail tables as necessary to complete disclosures required pursuant to international accounting standards or to facilitate comprehension of the report.

The account statements required by the supervisory authority as the minimum disclosures are contained in the specific chapter “Appendices to Consolidated Half-Year Financial Statements,” which is an integral part of this report.

This report was prepared in accordance with the specifications set out in Legislative Decree 209 of 7 September 2005, ISVAP (now IVASS) Regulation no. 7 of 13 July 2007 as amended and Consob Memorandum no. 6064293 of 28 July 2006.

All technical insurance figures that are shown in the various statements of this report refer to Vittoria Assicurazioni S.p.A., in its capacity as the sole insurance company of the Group.

Where it was deemed necessary, in case of changes in accounting standards, accounting policies or reclassifications, the comparative figures are restated and reclassified to provide uniform and consistent disclosures.

The consolidated half-year report was prepared on a going concerned perspective.

All amounts are shown in thousands of Euro, unless otherwise indicated.

## Accounting policies

The rules for preparation and the accounting policies applied for the consolidated for this interim management report are the same as those used for annual consolidated financial statements. Readers should therefore refer to the “Accounting Policies” section of the Consolidated Annual Report for the year ended on 31 December 2015. Given, however, the faster preparation required than in the case of annual financial statements and the fact that this is an interim report, use has been made – consistently with the period’s operating data – of appropriate estimation methods, particularly for Non Life business.

If there are substantial changes to the key assumptions, we evaluated the opportunity to update the assessments of independent experts used to determine the fair value of real estate and securities.

## Accounting standards, amendments and interpretations of IFRS adopted since 1<sup>st</sup> January 2016

The following accounting standards, IFRS amendments and interpretations were applied for the first time by the Group as from 1 January 2016:

**IFRS 3 “Business Combinations – Scope exception for joint ventures”:** the amendment clarifies that paragraph 2 (a) of IFRS 3 excludes from the scope of IFRS 3 the formation of all types of joint arrangement.

**IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”:** the changes are related to the purchase accounting of a joint operation if it constitutes a business.

**IAS 16 e IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”:** the amendments to IAS 16 Property, Plant and Equipment and to IAS 38 Intangibles Assets require that the amortization criteria determined on the basis of revenues are not appropriate, since the revenues generated by an activity that includes the use of a business generally reflect factors other than just the consumption of economic benefits of the asset, that requirement is, however, required for depreciation.

**IAS 19 “Defined Benefit Plans: Employee Contributions”:** the changes relate to the inclusion in the financial statement of the contributions made by employees or third parties to defined benefit plans.

**IAS 1 – “Disclosure Initiative”:** the objective of the amendments is to provide clarification as to disclosure items that can be perceived as impediments to a clear and intelligible preparation of financial statements.

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

## 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.

The parent company Vittoria Assicurazioni SpA exercises 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

**World economic growth** is estimated to be around 3% for 2016 and 3.3% in 2017 (source: OECD), marginally lower than the previous forecast due to an estimated potential negative impact caused by the outcome of the recent referendum held in the UK on 23 June and culminated with the desire to get out by the European Union; the forecasts have been revised downwards for the advanced economies, particularly the United Kingdom, while remaining essentially unchanged for emerging markets and those in developing countries.

In the **United States growth** in the first months of this year has slowed down mainly due to the appreciation of the currency, however, with the labor market that is approaching full employment, it is estimated a gradual rise in wage levels with positive impact on domestic demand. Economic forecasts show a growth of 1.8% and 2.2% respectively for 2016 and for 2017 (source: OECD).

On the monetary front, the Federal Reserve, in this first part of the year, has maintained an accommodating position in support of improvements in the labor market and to promote a return of inflation levels to a target value of 2%; the last meeting held in June, the Federal Reserve kept interest rates unchanged between 0.25% and 0.50%, and, even given the low inflation expectations, it is likely that they can stay at these levels and then take a gradual increase journey.

In the **euro area** in the first quarter, growth was higher than expected (+2.2%) due to strong domestic demand and a recovery in investment, however, the economic picture has gone again later complicating the already recalled outcome of the referendum in the UK. Because of the potential impacts of the increase in uncertainty on consumption and on the behavior of enterprises, the growth forecasts of the leading economic institutes have been revised downwards, assuming a 1.6% growth in 2016 and a modest recovery in 2017 with an assumption of 1.7% growth.

With regard to monetary policy, the European Central Bank in the last meeting held in June, has decided to keep interest rates unchanged (0% on main refinancing operations and -0.40% on deposits with the same institution) announcing the launch of unconventional measures by specifying that the program to purchase securities on the market, initially speculated until March of next year, could also continue if inflation targets are not met.

As for the **Italian economy**, the ISTAT has issued the data on GDP in the first quarter showing an increase of 0.3% over the previous quarter and accelerating compared to the last three months of 2015. To this figure it has helped the positive dynamics of domestic demand, particularly private consumption.

According to OECD estimates, the Italian GDP would grow by 1% in real terms in 2016 and 1.4% in 2017.

For the current level of interest rates with regard to data recorded by the financial markets during the first half of 2016, the stock market has seen a marked reduction (-24.4% FTSE MIB), while the bond market, also in consideration of interest, showed a noteworthy increase (+3.0%, FTSE Italy Govt Performance).



Regarding the trend of the European currency against major world currencies, there has been virtually no change compared to the US dollar, while it strengthened against the British pound, especially in the period immediately after the referendum.

Based on the information currently available, it is believed that the impact of this referendum will not produce significant effects on the Group's business.

## REAL ESTATE SECTOR

In the first half of 2016 the Italian real estate market, in a context that finally appears more favorable than in the past, noted the strengthening of the improvement claimed them signals from the second half of 2014 and persisted throughout 2015.

On the housing side, the most encouraging signs come from the house sales which recorded increases of approximately 3.6 % in 2014 and 6.5% in 2015. Even in the first months of 2016 it has recorded a generalized growth in all sectors , with an increase of 17.3% over the same period of the previous year; in particular an increase of 20.6% for the residential sector and 10.3% for the non-residential market as a whole.

On the whole, the loan granted to households for the purchase of housing in 2015 reached 41.2 billion against 24.1 in 2014. The growth in disbursements presented an accentuation in the fourth quarter with a throughput of more than 13 billion. The growth rate of disbursements reached 70.6% in 2015, before declining in the first quarter of 2016, ranking in the order of 55%.

In the light of the results of the latest survey are 852 thousand families who want to buy a house, of which 395 thousand looking for a mortgage, with a projection in terms of funding of just under 47 billion Euros.

The average selling times have detected during the six months a good improvement: if in 2015 the average time was approximately 8 months, in 2016 this indicator has been reduced and stood in the surroundings of 7 months.

According to the data available on the anticipatory city market of the future trend, confirmed in the first half of 2016 signs of recovery, especially in Milan and in Venice, therefore it is expected in the near future alignment to the trend by the major Italian cities. In particular, as regards as the residential sector, the first half of 2016 it would seem that both Turin and Genoa have shown signs of recovery in the real estate sales.



## Summary of key performance indicators

€/million

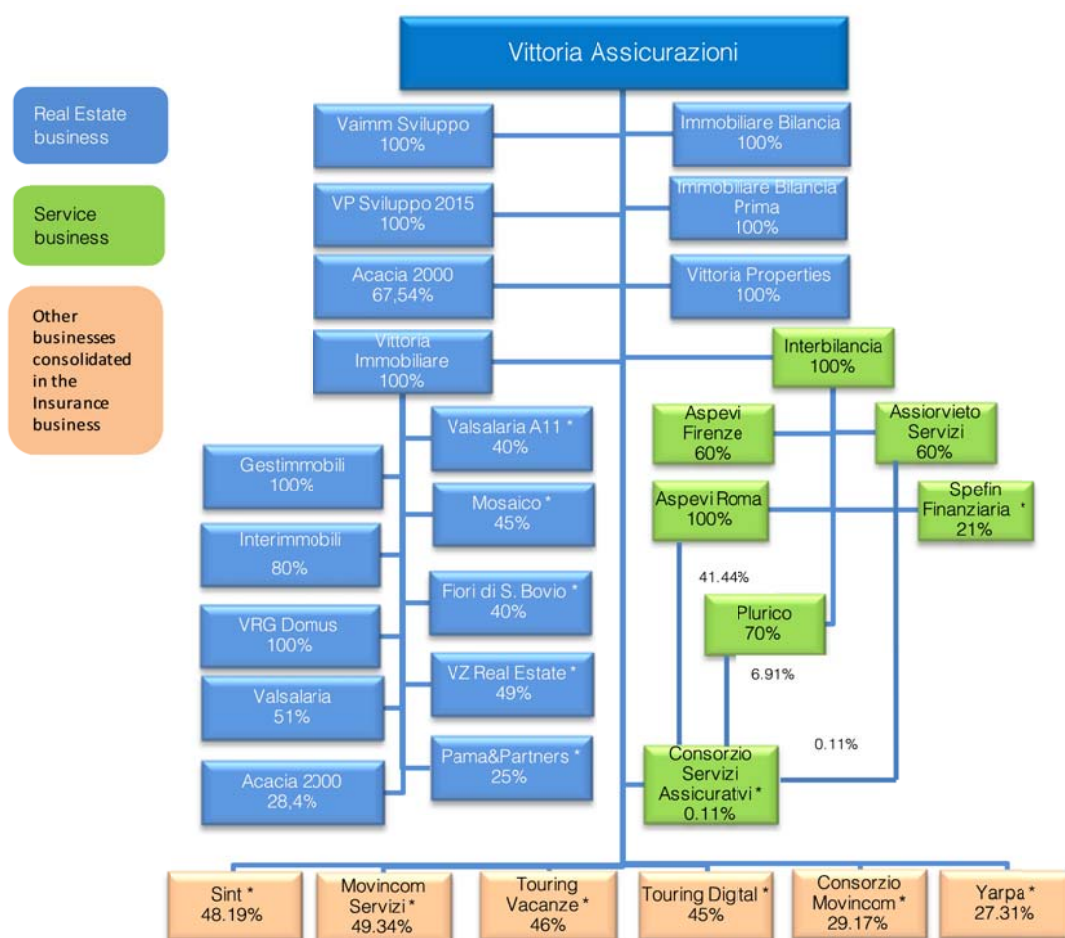
SPECIFIC SEGMENT RESULTS					
	30/06/2016	30/06/2015	31/12/2015	Δ 30/06/15	Δ 31/12/15
<b>Non Life business</b>					
Gross Premiums written - direct Non Life business	536.4	535.3	1,069.1	0.2%	
Non Life business pre-tax result	72.7	67.9	118.5	7.1%	
(1) Loss Ratio - retained	64.0%	64.8%	63.9%	(0.8)	
(2) Combined Ratio - retained	89.4%	90.2%	89.1%	(0.8)	
(3) Expense Ratio - retained	25.2%	24.6%	24.8%	0.6	
<b>Life business</b>					
Gross Premiums written - direct Life business	95.3	128.3	212.4	(25.7)%	
Life business pre-tax result	1.3	0.6	2.1	129.4%	
(4) Annual Premium Equivalent (APE)	14.0	17.3	30.6	(19.1)%	
Segregated funds portfolios	1,007.8	942.3	947.4		6.4%
Index/Unit - linked and Pension funds portfolios	58.8	68.7	59.4		(1.0)%
Segregated fund performance: Rendimento Mensile	3.01%	3.40%	3.21%	(0.39)	
Segregated fund performance: Valore Crescente	4.48%	3.77%	3.84%	0.71	
<b>Total Agencies</b>	<b>421</b>	<b>411</b>	<b>413</b>	<b>10</b>	<b>8</b>
<b>Average of employees</b>	<b>612</b>	<b>609</b>	<b>610</b>	<b>3</b>	<b>2</b>
<b>Real Estate business</b>					
Sales	12.8	12.7	23.5	0.8%	
Trading and development margin	1.8	2.5	(1.8)	(28.0)%	
Real Estate business pre-tax result	(3.9)	(7.0)	(17.3)	(44.3)%	
CONSOLIDATED RESULTS					
	30/06/2016	30/06/2015	31/12/2015	Δ 30/06/15	Δ 31/12/15
Total investments	3,354.0	3,133.6	3,226.1		4.0%
Net gains on investments	38.0	38.9	70.1	(2.4)%	
Pre-tax result	70.2	59.5	117.8	17.9%	
Consolidated profit (loss)	49.0	40.8	70.6	20.1%	
Consolidated ROE			13.1%		
Group profit (loss)	48.9	40.8	70.6	20.0%	
Equity attributable to the shareholders of the parent	718.7	641.0	691.2		4.0%
Equity attributable to the shareholders of the parent net of unrealised capital gains	601.2	536.3	566.1		6.2%

### Legend

- Loss Ratio – retained business: is the ratio of current year claims to current year earned premiums;
- Combined Ratio – retained business: is the ratio of (current year claims + operating costs + intangible assets amortization + technical charges) to current year earned premiums;
- Expense Ratio – retained business: is the ratio of (operating costs + intangible assets amortization + net technical charges) to current year gross premiums written;
- 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.

## Vittoria Assicurazioni Group and consolidation scope



\* Companies consolidated by the equity method

Please refer to the Explanatory Notes for the movements in the half year.

## Performance of the Vittoria Assicurazioni Group

At 30 June 2016, net income for the Group came to €48,948 thousand, as compared to €40,794 thousand for the same period of 2015 (+20.0%).

Performance for the insurance segment, before taxes and intersegment eliminations, reached €73,999 thousand (+8.1% vs. €68,442 thousand at 30 June 2015) accounted for €72,726 thousand euro to Non-Life business and for €1,273 thousand euro to the Life business.

The result is mainly due to the contribution of Non-Life retained *combined ratio* equal to 89.4% (90.2% as at 30 June 2015). The improvement is attributable to the Non-Motor businesses, characterized by a minimal presence of atmospheric events and to a slight increase in the Motor business *combined ratio*, due to a slight increase in claims frequency.

The actions taken in previous years in the Credit and Deposit businesses starting to show their effects, highlighting the progressive rebalancing of the technical performance which, although still negative, is significantly improved compared to the same period of last year.

Thanks to the consolidation and development of the existing portfolio, Non-Life premiums are substantially aligned with the corresponding period of last year: total premiums written as at 30 June 2016 amounted to €536,551 thousand compared with €535,370 thousand as at 30 June 2015 (+0.2%).

Life premiums amounted to €95,299 thousand, down by 25.7% compared to 30 June 2015, due to the continuation of the strategies aimed at decreasing single premium products of segregated funds.

The real estate business, before taxes and intersegment eliminations amounted to a loss of €3,886 thousand, decreasing compared to the loss of €6,977 thousand recorded as at 30 June 2015. The result takes into account the margins on the notarial deeds in the first half of 2016 for €1,828 thousand (€2,493 thousand as at 30 June 2015).

Total investments posted an increase of 4.0% compared to 31 December 2015 to reach a total of €3,353,972 thousand, with €58,807 thousand (-1.0%) being related to investments for which the risk is to be borne by the policyholder and €3,295,165 thousand (+4.1%) to investments for which the risk is borne by the Group.

Net capital gains on investments for which the risk is borne by the Group totalled €37,971 thousand, as compared to €38,918 thousand for the previous period (-2.4%).

Equity for the Group totalled €718,675 thousand, increasing by 4.0% from €691,244 thousand posted as at 31 December 2015.

The table below shows Group performance broken down into the various areas of business.

Reclassified Profit and Loss by business segment	(€/000)			
	30/06/16	30/06/15	31/12/15	Δ
Non life business - Gross Insurance Result (excluding investments result)	52,541	47,268	90,110	+11.2%
Non life business - Gross Investments Result	20,185	20,619	28,439	-2.1%
Life business - Gross Insurance Result	1,273	555	2,066	+129.4%
<b>Gross Insurance business Result</b>	<b>73,999</b>	<b>68,442</b>	<b>120,615</b>	<b>+8.1%</b>
Elimination from consolidation	0	0	13,589	n.s.
Insurance business: taxes	(24,254)	(22,531)	(53,431)	+7.6%
<b>Insurance business net contribution to Profit attributable to parent company shareholders</b>	<b>49,745</b>	<b>45,911</b>	<b>80,773</b>	<b>+8.4%</b>
Gains on property trading	1,828	2,493	(1,820)	-26.7%
Real estate service revenues	932	1,014	2,353	-8.1%
Real estate business net costs	(6,646)	(10,484)	(17,783)	-36.6%
<b>Gross Real estate business Result</b>	<b>(3,886)</b>	<b>(6,977)</b>	<b>(17,250)</b>	<b>-44.3%</b>
Elimination from consolidation	(324)	42	(125)	n.s.
Taxes and minority interests	2,941	3,232	6,698	-9.0%
<b>Net Real estate business Result</b>	<b>(1,269)</b>	<b>(3,703)</b>	<b>(10,677)</b>	<b>-65.7%</b>
Net profit attributable to Life business Policyholders	175	(2,583)	(2,061)	n.s.
Tax on profit attributable to Life business Policyholders	123	887	708	-86.1%
<b>Real estate business net contribution to Profit attributable to parent company shareholders</b>	<b>(971)</b>	<b>(5,399)</b>	<b>(12,030)</b>	<b>-82.0%</b>
<b>Service business net contribution to Profit attributable to parent company shareholders</b>	<b>174</b>	<b>282</b>	<b>1,877</b>	<b>-38.3%</b>
<b>Net Profit attributable to parent company shareholders</b>	<b>48,948</b>	<b>40,794</b>	<b>70,620</b>	<b>+20.0%</b>
Other Comprehensive Income (Loss) net of tax	(8,042)	(346)	19,984	n.s.
<b>Comprehensive Income attributable to parent company shareholders</b>	<b>40,906</b>	<b>40,448</b>	<b>90,604</b>	<b>+1.1%</b>

As at 30 June 2016, the parent company posted net income (based on Italian accounting standards) of €48,811 thousand (€42,850 thousand for the same period of 2015).

The Group half year result, shows an improvement compared to the year objectives, allowing to confirm a steady strengthening of the capital, in the light of Solvency II regulations coming into force from 1 January 2016.

The companies that make up the Group are detailed in the chapter "Explanatory notes" - Table A) Consolidation scope.

## 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.

To this end, the Parent Company has adopted a consolidated strategy with a long-term vision that can be summarized in the following four pillars:

Profitability:

- Priority in achieving a technical profit;
- Costs reduction in a medium term period.

Clients:

- Development;
- Target clients are families, small and medium company and *Affinity Group*.

Investments:

- Low-risk investments portfolio and *core satellite strategy*.

Capital policy:

- Self-financing and consolidation of financial strength;
- Stable dividend pay-out.

The Parent Company during the development of its insurance business pays attention to their risk profile management mainly through:

- an accurate risk pricing obtained through a segmentation of the portfolio into types of customers, geographical area and belonging to specific interest groups
- support to the sales network, which is the first filter in the selection of the portfolio, in terms of training, information technology and streamlined decision-making and development actions in means of belonging to the Parent Company;
- stable management and technically prepared, with a strong sense of identification with the Parent Company, which provides constant and coherent guidelines over time and in terms of underwriting risks and in terms of paying claims.

Next to the insurance business, the parent company implements low-risk investment policies mainly as a support to the technical business. 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 also through the support of a core satellite strategy.

## 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 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 (e.g. maximum limits financial guarantee) and the latest information on demographic trends (e.g. 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 both current and forward-looking. In particular, the results of the predictive analysis, with reference to the years 2016-2018, confirmed the sustainability of the capital management plan.

## Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to €73,999 thousand (+8.1% vs. €68,442 thousand as at 30 June 2015). The key operating items contributing to the period's result are described below.

### Review of operations

Premiums as up to 30 June 2016 thus amounted to €631,850 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

#### COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2016 AND 2015 DIRECT AND INDIRECT BUSINESS

	(€/000)				
	30/06/2016	30/06/2015	YoY change %	% of total book	
				2016	2015
<b>Domestic direct business</b>					
<b>Life business</b>					
I Whole- and term life	93,056	113,626	-18.1	14.7	17.0
IV Health (long-term care)	315	320	-1.6	0.0	0.0
V Capitalisation	1,928	14,328	-86.5	0.3	2.2
<b>Total Life business</b>	<b>95,299</b>	<b>128,274</b>	<b>-25.7</b>	<b>15.0</b>	<b>19.2</b>
<b>Non-Life business</b>					
Total non-marine lines (exc. specialty and motor)	139,318	136,797	1.8	22.1	20.7
Total specialty lines	4,158	6,282	-33.8	0.7	0.9
Total motor lines	392,958	392,229	0.2	62.2	59.2
<b>Total Non-Life business</b>	<b>536,434</b>	<b>535,308</b>	<b>0.2</b>	<b>85.0</b>	<b>80.8</b>
<b>Total direct business</b>	<b>631,733</b>	<b>663,582</b>	<b>-4.8</b>	<b>100.0</b>	<b>100.0</b>
<b>Domestic indirect business</b>					
<b>Non-Life business</b>	117	62	88.7	0.0	0.0
<b>Total indirect business</b>	<b>117</b>	<b>62</b>	<b>88.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand Total</b>	<b>631,850</b>	<b>663,644</b>	<b>-4.8</b>	<b>100.0</b>	<b>100.0</b>

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 €2,318 thousand (€1,830 thousand in 1H15).

Overhead costs as a percentage of total direct insurance premiums (direct business) were 8.5% (vs. 8.1% in 1H15).

The table below shows the geographical spread of agencies and geographical breakdown of premiums for Italian direct business:

(€/000)

Regions	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
<b>NORTH</b>					
Emilia Romagna	34	43,070		5,167	
Friuli Venezia Giulia	5	4,394		722	
Liguria	15	24,696		1,806	
Lombardy	105	106,977		36,691	
Piedmont	48	45,634		3,981	
Trentino Alto Adige	8	5,774		634	
Valle d'Aosta	1	1,703		198	
Veneto	38	30,629		6,546	
<b>Total NORTH</b>	<b>254</b>	<b>262,877</b>	<b>49.0</b>	<b>55,745</b>	<b>58.4</b>
<b>CENTRE</b>					
Abruzzo	12	24,947		3,977	
Lazio	29	53,643		7,600	
Marche	18	19,151		3,112	
Tuscany	47	58,104		5,346	
Umbria	15	25,121		3,078	
<b>Total CENTRE</b>	<b>121</b>	<b>180,966</b>	<b>33.7</b>	<b>23,113</b>	<b>24.3</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	4	4,694		295	
Calabria	2	1,851		31	
Campania	10	20,655		1,909	
Molise	2	2,600		380	
Puglia	6	13,789		11,758	
Sardinia	10	20,385		365	
Sicily	12	28,615		1,703	
<b>Total SOUTH AND ISLANDS</b>	<b>46</b>	<b>92,589</b>	<b>17.3</b>	<b>16,441</b>	<b>17.3</b>
<b>Total ITALY</b>	<b>421</b>	<b>536,432</b>	<b>100.0</b>	<b>95,299</b>	<b>100.0</b>
<b>France</b>	<b>0</b>	<b>2</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>OVERALL TOTAL</b>	<b>421</b>	<b>536,434</b>		<b>95,299</b>	

During the first half year were opened 8 new agencies and 14 were reorganized.

## Life business

### Insurance and investment contracts in the Life business

The products currently offered by the parent company cover all insurance business lines.

The persistence of low interest rates led the parent company to review their policies through the progressive shift of the distribution to those with prevailing technical-insurance component, compared to products of pure financial component.

The parent company distributes products from savings ("revaluable" policies relating to segregated accounts), to 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

Premiums written for direct business recognised for the period totalled €95,299 thousand (€128,274 thousand in 1H15), split as follows:

	(€/000)				
	30/06/2016	30/06/2015	YoY change %	% of total book	
				2016	2015
Recurring premiums	21,535	23,755	-9.4	22.6	18.5
Annual premiums	73,764	104,519	-29.4	77.4	81.5
<b>Total Life business</b>	<b>95,299</b>	<b>128,274</b>	<b>-25.7</b>	<b>100.0</b>	<b>100.0</b>

In 1H16 ceded premiums amounted to €613 thousand (€626 in 1H15) in respect of reinsurance treaties in force on Class I and Class IV, on which there are no significant changes compared to 31 December 2015.

### 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 as at 30 June 2016, compared with data for the same period in the previous year.

	(€/000)		
	30/06/2016	30/06/2015	YoY change %
Claims	10,050	13,374	(24.9)
Accrued capital sums & annuities	31,257	47,507	(34.2)
Surrenders	24,198	20,631	17.3
<b>Total</b>	<b>65,505</b>	<b>81,512</b>	<b>(19.6)</b>

## Non-Life Business

### Premiums

Direct premiums issued totalled €536,434 thousand (€535,308 thousand for the same period of the previous year), with an increase of 0.2%.

Ceded premiums in 1H16 totalled €12,945 thousand (€11,619 thousand in 1H15) in relation to reinsurance (excess of loss and quota pure) in place on most of the classes exercised by the parent company. These treaties have not been subject to significant changes compared to 31 December 2015.

### Technical performance

#### NON-MARINE

Premiums of the sector recorded an increase of 1.8% (6.0% as at 30 June 2015).

The technical result is positive, a further improvement compared to the same period last year, thanks in part to the positive contribution of Fire and natural events, General TPL (third-party liability) and Pecuniary losses line of businesses.

The analysis by line highlights:

**Personal injury:** premiums fell slightly (-1.3%), mainly due to the decline of the sale of the collateral injury of the driver related to the Motor TPL warranty, as a result of a lower propensity of policyholders to purchase covers not specifically linked to the vehicle. The technical result for the year remains positive.

**Illness:** premiums increased by 2.5%. The technical result is positive.

**Fire and natural events:** premiums grew by 5.0%. The technical result is an improvement compared with the same period last year, thanks to a lower incidence of claims from atmospheric phenomenon and to the effects of portfolio reform actions.

**Other property damage:** premiums, which include the theft, hail, damage to electrical systems and the home service, recorded an increase of 4.9%. The technical result was negative, down compared to the same period of last year, partly as a result of an increasing in claims rate of theft guarantee, electrical damage and water shedding. This line of business is characterized by the seasonal nature of the underlying business.

**General TPL:** premiums were up 4.3%. The technical result shows an improvement compared with the same period of last year, thanks to a lower incidence of major claims and to the effects of portfolio reform actions with particular reference to the Professional TPL line of business.

**Pecuniary losses:** premiums, which include collateral Motor covers, recorded a slight decrease (-0.7%) due to the decline period in premiums in the Motor business. The Line of business recorded a positive technical result, with a further improvement compared to the same period of last year.

**Legal protection:** premiums increased by 2.5% and the technical balance remains positive.

## SPECIAL BUSINESS

Special Business recorded a negative technical result.  
Premiums were down by 33.8% (-9.4 % in the same period of the previous year).

**Marine, rail, ocean, lake, river hulls:** premiums decreased by 8.1% also due to a decline of the boat market. The technical result was positive.

**Cargo insurance:** premiums decreased by 1.1%, progressively decrease from the figure recorded in the same period of the last year (-6.6%).  
The technical result is positive, showing an improvement compared to the corresponding period of the last year.

**Credit:** line of business includes only the risks related to the Assignment of the Fifth Salary (CQS), for which there is a further reduction of the premiums resulting from a planned reduction of the development, consistent with a more careful selection of risks, which led to a technical result although negative, was better compared to the same period of the last year.

**Deposit:** premiums written decreased by 33.0% also driven by a more rigorous underwriting policy and by the market uncertainties in the procurement world. The technical result remained negative but but gradually improved over the same period of the last year.

## MOTOR BUSINESS

The motor business recorded a positive technical result.  
The premiums increased by 0.2%, (+4.1% in the same period of the previous year).

**Land vehicle hulls:** premiums grew by 4.9%; the developing policy of existing customers in the TPL Motor continues. The technical result is positive, an improvement compared to the same period of the last year, thanks also to a lower incidence of claims arising from weather events.

**Motor Third Party Liability - sea, lake, river vehicles:** premiums fell slightly (-1.1%), mainly due to the reduction in the average premium, despite a growing number of vehicles in the portfolio.  
The current actions on the portfolio selection, pricing policies and proper claims management have helped maintaining a positive technical result, even in the presence of a car market where there has been a reduction in the average premium paid by policyholders and where claims frequencies recorded a weak signs of recovery.

**Assistance:** premiums increased by 17.6% with a technical result which remained positive.

## Claims

### Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during 1H16. Data are compared with those for 1H15:

(€/000)

	Nuner of Reported claims			Nuner of Reported claims without consequences			Nuner of Reported claims closed		
	30/06/2016		YoY Change %	30/06/2016		YoY Change %	30/06/2016		YoY Change %
	30/06/2016	30/06/2015		30/06/2016	30/06/2015		30/06/2016	30/06/2015	
Total non-marine lines	24,070	24,368	-1.2%	3,026	3,143	-3.7%	10,586	10,526	0.6%
Total specialty lines	557	632	-11.8%	71	56	26.6%	33	51	-34.5%
Total motor lines	97,660	91,090	7.2%	9,091	8,081	12.5%	59,142	54,773	8.0%
<b>Total Non-Life businesses</b>	<b>122,289</b>	<b>116,091</b>	<b>5.3%</b>	<b>12,189</b>	<b>11,281</b>	<b>8.0%</b>	<b>69,761</b>	<b>65,350</b>	<b>6.8%</b>

Furthermore, no. 56,166 claims referring to "CARD claims" were received (+8.4% in 1H15). Their total cost, net of applicable deductibles, was €23,134 thousand (+25.6% in 1H15).

### 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 30/06/16			Claims recovered from reinsurers	Claims paid 30/06/15			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reins. %
	Current year	Previous years	Total		Current year	Previous years	Total			
	Total non-motor businesses	13,489	30,623		44,111	1,716	13,870			
Total Special businesses	121	8,592	8,713	3,360	2,774	34,770	37,544	18,602	-85.3	-83.7
Total motor businesses	95,649	173,280	268,929	3,158	85,851	165,448	251,299	3,612	7.0	-12.6
<b>Total non-life businesses</b>	<b>109,258</b>	<b>212,495</b>	<b>321,753</b>	<b>8,234</b>	<b>102,495</b>	<b>232,784</b>	<b>335,279</b>	<b>22,993</b>	<b>-4.0</b>	<b>-64.2</b>

The cost includes the amount incurred in the period for the contribution to the guarantee fund for road-accident victims. This totalled €7,814 thousand vs. €7,762 thousand in 1H15.



### 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		
	30/06/2016	30/06/2015	31/12/2015	30/06/2016	30/06/2015	31/12/2015
Accident insurance	28.24	27.59	54.62	48.32	49.94	69.82
Health insurance	67.48	63.62	83.39	57.47	60.11	70.44
Motor vehicle hulls	73.24	71.66	85.68	72.76	69.23	81.72
Fire and natural events	55.62	54.02	85.20	62.39	65.72	78.81
Miscellaneous damages - theft	62.18	62.81	87.28	78.88	78.73	87.95
Third-party motor liability	64.65	63.95	75.54	50.03	45.48	64.90
Third-party general liability	45.01	42.84	67.64	27.11	25.48	37.64

### Products - Research and Development

During the period, all products of the Non-Life and Life business were subject to revision for technical operations and regulatory compliance in the sector (IVASS, COVIP, CONSOB).

In the Non-marine business a new product dedicated to campers and one travel insurance product were introduced.

In the Life business, the product Vittoria InvestiMeglio Evolution Growth, single premium rates linked to the new Segregated Fund "Vittoria Obiettivo Crescita" were commercialized.

In addition, the product multi-class Vittoria InvestiMeglio - DoppiaEvoluzionePAC, recurring premiums tariff was commercialized. This product aims to establish a capital accumulation plan, combining the advantages of the Segregated Fund and the investment opportunities in the Internal Insurance Funds.

## 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 – rose to €53,827 thousand vs. €53,588 thousand in 1H15, increasing by 0.5%.

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)		
<b>ANALYSIS OF COSTS</b>	<b>30/06/2016</b>	30/06/2015	<b>Change</b>
Personnel expenses	27,134	25,816	5.1%
Other costs	20,649	20,000	3.3%
Amortisation/Depreciation	6,044	7,772	-22.2%
<b>Total cost by nature</b>	<b>53,827</b>	<b>53,588</b>	<b>0.5%</b>

Overhead costs as a percentage of total direct insurance premiums were 8.5% (vs. 8.1% in 1H15).

The table detailing insurance operating costs is shown in the section “Appendices to Consolidated Interim Financial Statements”.

## Real estate business

The gross loss made by the real estate business, shown in the income statement by business and business line, amounted to €3,886 thousand (vs. a loss of €6,977 thousand in 1H15) and featured contributors to the income statement that, before intersegment eliminations, included:

- income earned on properties from trading and development totalling €1,828 thousand (€2,493 thousand in 1H15);
- revenues from real estate brokerage and management services of €685 thousand, from administrative services of €247 and rental income of €439 thousand, for a total amount of €1,371 thousand (€1,429 thousand in 1H15);
- financial expenses of €1,094 thousand (€1,130 thousand in 1H15);
- revenues from notarial deeds of €12,803 (€12,720 thousand in 1H15).

The Group's real estate business includes trading and development, trading, 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 1H16 amounted to €1,195 thousand (€350 thousand in HY15). Closing inventory totalled €16,923 thousand (€18,185 thousand as at 31 December 2015).

#### **Immobiliare Bilancia Srl - Milan**

100% direct equity interest

This company is active in real-estate trading and development. Revenues from the sale of property in 1H16 amounted to €646 thousand (€1,640 thousand in HY15). Closing inventory totalled €30,367 thousand (€30,332 thousand as at 31 December 2015).

#### **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 10, Milan, building activity in Rome and a building complex that is currently being refurbished in Corso Cairoli, Turin and a building plot located Peschiera Borromeo, on which the construction of four buildings is in progress.

Revenues from the sale of property in 1H16 amounted to €1,783 thousand and closing inventory amounted to €52,010 thousand (€49,257 thousand as at 31 December 2015).

**Acacia 2000 Srl – Milan**

67.54% direct equity interest and 28.40% indirect equity interest via Vittoria Immobiliare S.p.A.

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”. The earnings in 1H16 from the sale of property amounted to €7,779 thousand (€10,085 thousand in HY15) and the final inventory amounted to €218,951 thousand (€224,096 thousand as at 31 December 2015).

**VRG Domus Srl. - Turin**

100% indirect equity interest via Vittoria Immobiliare S.p.A.

The company, totalled a closing inventory of €12,152 thousand (€11,952 thousand as at 31 December 2015), 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% indirect equity interest via Vittoria Immobiliare S.p.A.

The company is active in trading (after restructuring and refurbishment of buildings). The closing inventory of the building units located in Genoa in Piazza De Ferrari, Via Orefici and Via Conservatori del Mare amounted to €52,854 thousand (€54,176 thousand as at 31 December 2015).

**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. The earnings in 1H16 from the sale of property amounted to €806 thousand (€370 thousand in HY15) and closing inventory amounted to €2,975 thousand (€3,677 thousand as at 31 December 2015).

**VP Sviluppo 2015 Srl – Milan**

100% direct equity

The company is managing a real-estate project in the municipality of Peschiera Borromeo (MI). Revenues from the sale of property in 1H16 amounted to €595 thousand euro (€275 thousand in HY16) and the closing inventories amounted to €50,057 thousand euro (€48,058 thousand as at 31 December 2015).

## 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 €927 thousand, (€1,042 thousand in 1HY15), before infragroup eliminations.

In 1H16 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 €567 thousand (€802 thousand 1HY15).

### 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 1H16 totalled €768 thousand (€741 thousand in HY15), before infragroup eliminations.

### Overhead costs

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

	(€/000)		
<b>ANALYSIS OF COSTS</b>	<b>30/06/2016</b>	30/06/2015	<b>Change</b>
Personnel expenses	2,048	2,101	-2.5%
Other costs	3,645	5,446	-33.1%
Amortisation/Depreciation	407	399	2.0%
<b>Total cost by nature</b>	<b>6,100</b>	<b>7,946</b>	<b>-23.2%</b>

Personnel and G&A 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 gross profit in the period, as shown in the income statement by business and business line, of €225 thousand (€536 thousand in 1H15).

Revenues for services rendered in 1H16 by group companies, before elimination of infra-group services, amounted to €2,662 thousand (€5,345 thousand in HY15). These revenues included €2,609 thousand for commissions and services rendered to the direct operating parent company (€4,653 thousand in HY15).

### Overhead costs

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

	(€/000)		
<b>ANALYSIS OF COSTS</b>	<b>30/06/2016</b>	30/06/2015	<b>Change</b>
Personnel expenses	375	738	-49.2%
Other costs	499	1,219	-59.1%
Amortisation/Depreciation	18	20	-10.0%
<b>Total cost by nature</b>	<b>892</b>	<b>1,977</b>	<b>-54.9%</b>

Personnel and G&A 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.

The reduction compared to the same period of the previous year is primarily due to the sale to third parties of the investment in Aspevi Milan S.r.l..

## Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of €3,353,972 thousand with an increase of 4.0% vs. 31 December 2015. The detailed breakdown is shown in the following table:

		(€/000)		
INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY		30/06/2016	31/12/2015	Change
A	Investments in subsidiaries and associates and interests in joint ventures	24,654	24,185	1.9%
B	Held to maturity investments	43,732	44,483	-1.7%
	Loans and receivables	114,288	106,853	7.0%
	- Reinsurance deposits	149	175	
	- Other loans and receivables	114,139	106,678	
C	Financial assets available for sale	2,290,204	2,183,159	4.9%
	- Equity investments	94,576	106,938	
	- OEIC units	68,397	57,824	
	- Bonds and other fixed-interest securities	2,127,231	2,018,397	
	Financial assets at fair value through profit or loss	58,814	59,422	-1.0%
D	Financial assets held for trading	7	10	-30.0%
	- Bonds and other fixed-interest securities held for trading	7	10	
E	Financial assets at fair value through profit or loss	58,807	59,412	-1.0%
	- Investments where policyholders bear the risk	58,807	59,412	
	Cash and cash equivalents	189,267	167,137	13.2%
F	Total Property	633,013	640,866	-1.2%
	Investment property	83,882	85,584	-2.0%
	Property	549,131	555,282	-1.1%
	Property under construction	310,807	315,050	
	Property held for trading	125,484	125,973	
	Owner-occupied property	112,840	114,259	
	<b>TOTAL INVESTMENTS</b>	<b>3,353,972</b>	<b>3,226,105</b>	<b>4.0%</b>
	of which			
	investments where the Group bears the risk	3,295,165	3,166,693	4.1%
	investments where policyholders bear the risk	58,807	59,412	-1.0%

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		
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	
Investment property	83,882	85,584	-	-	-	-	-	-	83,882	85,584	
Investments in subsidiaries	431,112	419,362	-	-	-	-	-431,112	-419,362	-	-	
Investments in associates	23,579	23,284	63,878	63,518	608	470	-63,411	-63,087	24,654	24,185	
Held to maturity investments	43,732	44,483	-	-	-	-	-	-	43,732	44,483	
Reinsurance deposits	149	175	-	-	-	-	-	-	149	175	
Other loans and receivables	119,938	108,238	9,200	11,940	-	-	-14,999	-13,500	114,139	106,678	
Financial assets available for sale											
Equity investments	94,537	106,899	39	39	-	-	-	-	94,576	106,938	
OEIC units	68,397	57,824	-	-	-	-	-	-	68,397	57,824	
Bonds and other fixed-interest securities	2,127,231	2,018,397	-	-	-	-	-	-	2,127,231	2,018,397	
Financial assets at fair value through profit or loss:											
Investments where policyholders bear the risk	58,807	59,412	-	-	-	-	-	-	58,807	59,412	
Financial assets held for trading: Bonds and other fixed-interest securities	7	10	-	-	-	-	-	-	7	10	
Cash and cash equivalents	151,470	137,430	34,975	27,204	2,822	2,503	-	-	189,267	167,137	
Property under construction	-	-	304,346	308,589	-	-	6,461	6,461	310,807	315,050	
Property held for trading	-	-	122,852	123,341	-	-	2,632	2,632	125,484	125,973	
Owner-occupied property	87,497	90,006	25,343	24,253	-	-	-	-	112,840	114,259	
<b>Total</b>	<b>3,290,338</b>	<b>3,151,104</b>	<b>560,633</b>	<b>558,884</b>	<b>3,430</b>	<b>2,973</b>	<b>-500,429</b>	<b>-486,856</b>	<b>3,353,972</b>	<b>3,226,105</b>	

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

As at 30 June 2016 these investments amounted to €58,807 thousand, with a decrease of 1.0% YoY. Of this amount, €41,173 thousand related to unit-linked policies and €17,634 thousand to the open-ended pension fund Vittoria Formula Lavoro. There was total net loss of €2,711 thousand (€4,952 thousand as at 30 June 2015).

As at 30 June 2016 the status of the three segments of Vittoria Assicurazioni open-ended pension fund was as follows:

	Members		Assets (€/000)	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Previdenza Garantita	394	380	4,673	4,243
Previdenza Equilibrata	462	444	6,227	5,603
Previdenza Capitalizzata	397	403	6,654	7,294

### Investments with risk borne by Group

Investments with risks borne by the Group totalled €3,295,165 thousand (€3,166,693 thousand as at 31 December 2015).

The following transactions took place during the 1H16:

#### 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 Sectors.

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", dedicated to the outsourcing of activities related to the management of end user contact in the services sector and mainly in the insurance market.

As of 30 June 2016 the company net asset amounted to €1,211 thousand (€1,158 thousand as at 31 December 2015).

#### **Movincom Servizi S.p.A.**

Held directly with a 49.34% interest

This associate company is the operating company of the Movincom consortium, where the MovinBox technological platform was developed. The MovinBox technological platform enables purchasing 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 of 30 June 2016 the company net asset amounted to €2,297 thousand (€2,737 thousand as at 31 December 2015).



### **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 holds 100% of Yarpa Investimenti SGR S.p.A., as asset management company active in the management of mutual funds and closed-end real estate investment funds, as well as an 86% interest in 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 of 30 June 2016 the company net asset amounted to €44,454 thousand (€43,675 thousand as at 31 December 2015).

#### **B) Held-to-maturity investments:**

The main transactions during the period were as follows:

- redemption of bonds in the amount of €114 thousand;

#### **C) Financial assets available for sale:**

The main transactions during the period were as follows:

- redemption of bonds for €21,000 thousand;
- purchase of Italian government bonds at a fixed rate for €43,588 thousand;
- purchase of EU government bonds for €119,874 thousand;
- purchase of subordinated corporate bonds for €4,820 thousand;
- sold of Italian government bonds at a fixed rate for €32,366 thousand realizing gains for €5,917 thousand;
- subscribed for €4,635 thousand shares of closed Alternative Investment Funds, of which €2,980 thousand to the "Atlante Fund" in respect of which the parent company has a total commitment amounting to €5,000 thousand;
- paid €4,274 thousand shares to recall or subscription of closed-end investment funds and received reimbursements for €669 thousand realizing gains €4 thousand and €1 thousand losses;
- credits deriving from the distribution of net equity of the company Nuove Partecipazioni S.p.A. for €7.822 thousand, realizing gains for €1,130 thousand;
- paid €58 thousand in capital to the company Porta Romana 4 S.r.l..

#### **D) Financial assets held for trading:**

- no changes occurred in the period.

## F) Property

As at 30 June 2016, properties totalled €633,013 thousand (-1.2% compared to 31 December 2015). 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
<b>Balance as at 31/12/2015</b>	<b>85,584</b>	<b>315,050</b>	<b>125,973</b>	<b>114,259</b>	<b>640,866</b>
<b>Purchase and capitalised interests paid</b>					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)		1,151			1,151
- ROME - Guattani Str. - (via Immobiliare Bilancia S.r.l.)			51		51
- MILAN - Adamello Str. (via Immobiliare Bilancia Prima S.r.l.)			18		18
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)		2,526			2,526
- PESCHIERA BORROMEO (MI) (tramite Immobiliare Bilancia I S.r.l.)			2,811		2,811
- TURIN - Cairoli Str. (via Immobiliare Bilancia I S.r.l.)			23		23
- FLORENCE - Michelangelo Str. (via Immobiliare Bilancia S.r.l.)			546		546
- ROME - Meliconi Str. - (via Immobiliare Bilancia Prima S.r.l.)			185		185
- ROME - Della Vignaccia Str. - (via VRG Domus S.r.l.)		200			200
- PARMA - (via Immobiliare Bilancia Prima S.r.l.)		60			60
- Miscellaneous		2	14	103	119
Total purchase and capitalised interests paid	-	3,939	3,648	103	7,690
<b>Sales:</b>					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)		(7,779)			(7,779)
- TURIN - Barbaroux Str. (via Vittoria Immobiliare S.p.A.)			(553)		(553)
- ROME - (via Valsalaria S.r.l.)		(806)			(806)
- ROME - (via Immobiliare Bilancia I S.r.l.)			(290)		(290)
- TORINO - Cairoli Str. (via Immobiliare Bilancia I S.r.l.)			(1,493)		(1,493)
- TORINO - Villarfocchiardo (via Vittoria Immobiliare S.p.A.)		(94)			(94)
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)		(595)			(595)
- PESCHIERA BORROMEO (MI) - (via Vittoria Immobiliare)			(548)		(548)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)		(646)			(646)
- Miscellaneous				(622)	(622)
Total sales	-	(9,920)	(2,884)	(622)	(13,426)
Depreciations	(1,702)			(2,243)	(3,945)
Reclassifications			(1,343)	1,343	-
Impairment					
Recognised gains		1,738	90		1,828
<b>Balance as at 30/06/2016</b>	<b>83,882</b>	<b>310,807</b>	<b>125,484</b>	<b>112,840</b>	<b>633,013</b>

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

## Gains and losses on investments

The following table shows the breakdown as at 30 June 2016 of net gains on investments:

(€/000)

Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	30/06/2016 total net gains/(losses)	30/06/2015 total net gains/(losses)
<b>Investments</b>	<b>38,638</b>	<b>-4,636</b>	<b>34,002</b>	<b>41,208</b>
<b>From:</b>				
a investment property	1,451	-1,703	-252	-449
b investments in subsidiaries and associates and interests in joint ventures	63	-	63	2,241
c held to maturity investments	880	-	880	1,098
d loans and receivables	334	47	381	319
e financial assets available for sale	35,644	-	35,644	33,052
f financial assets held for trading	-	-3	-3	-5
g financial assets at fair value through profit or loss	266	-2,977	-2,711	4,952
<b>Other receivables</b>	<b>108</b>	<b>-</b>	<b>108</b>	<b>284</b>
<b>Cash and cash equivalents</b>	<b>72</b>	<b>-</b>	<b>72</b>	<b>708</b>
<b>Financial liabilities</b>	<b>-1,144</b>	<b>2,711</b>	<b>1,567</b>	<b>-6,314</b>
<b>From:</b>				
b financial liabilities at fair value through profit or loss	-	2,711	2,711	-4,952
c other financial liabilities	-1,144	-	-1,144	-1,362
<b>Total gains and losses on financial instruments</b>	<b>37,674</b>	<b>-1,925</b>	<b>35,749</b>	<b>35,886</b>
<b>Real estate business</b>				
<b>From:</b>				
a Gains on property trading	1,828	-	1,828	2,493
b Rent income on owner-occupied property and property held for trading	394	-	394	539
<b>Total real estate business</b>	<b>2,222</b>	<b>-</b>	<b>2,222</b>	<b>3,032</b>
<b>Total gains and losses on investments</b>	<b>39,896</b>	<b>-1,925</b>	<b>37,971</b>	<b>38,918</b>

Net gains on investments where the risk is borne by Group amounted to €37,971 thousand (-2.4%). The result includes capital gains totalling €5,917 thousand realized from the sale of bonds classified as available for sale.

As up to 30 June 2016 the weighted average return on “Bonds and other fixed-income securities” was 3.7% as compared with 3.9% in 1H15.

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	
	30/6/16	30/6/15	30/6/16	30/6/15	30/6/16	30/6/15	30/6/16	30/6/15	30/6/16	30/6/15
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-3	-5	-	-	-	-	-	-	-3	-5
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	24	2,536	277	-151	86	-186	-324	42	63	2,241
Gains or losses on other financial instruments and investment property	36,682	34,631	-985	-1,013	-7	32	-1	-	35,689	33,650
Gains on property trading	-	-	1,828	2,493	-	-	-	-	1,828	2,493
Rent income on owner-occupied property and property held for trading	93	159	439	416	-	-	-138	-36	394	539
<b>Total</b>	<b>36,796</b>	<b>37,321</b>	<b>1,559</b>	<b>1,745</b>	<b>79</b>	<b>-154</b>	<b>-463</b>	<b>6</b>	<b>37,971</b>	<b>38,918</b>

## Financial liabilities

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

	(€/000)		
FINANCIAL LIABILITIES	30/06/2016	31/12/2015	Change
<b>Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management</b>	<b>58,807</b>	<b>59,412</b>	<b>-1.0%</b>
- Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	41,173	42,170	
- Financial liabilities where the investment risk is borne by policyholders relating to pension funds	17,634	17,242	
<b>Othe financial liabilities</b>	<b>165,179</b>	<b>163,399</b>	<b>1.1%</b>
- Reinsurance deposits	14,425	14,425	
- Payables to banks	78,345	85,997	
- Other financial payables	1,589	1,885	
- Other financial liabilities	70,820	61,092	
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>223,986</b>	<b>222,811</b>	<b>0.5%</b>

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

## Investment and financial risk management & analysis strategies

### 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.

### Investment strategies: objectives

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

A) Life and Non-Life investments with risk borne by the Group shall 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. All this shall be made by limiting 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, the goal is to ensure 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, the goal is to ensure 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.

The goal is to monitor the securities portfolio duration in relation to liabilities' duration in order to prioritize the continuity of returns rather than to the achievement of high returns in limited periods of time and to protect investments' value from exchange-rate fluctuations also via use of financial derivatives.

B) Life investments with risk borne by policyholders (unit-linked policies and those relating to pension-fund) shall be managed according to the objectives envisaged by relevant policies and by pension funds' regulations, with the constraint of total transparency vis-à-vis policy holders and in compliance with specific legal regulations.

They have the purpose to define investments' level of protection against exchange-rate fluctuations also via use of financial derivatives.

#### Procedures for financial risk control

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 financial transactions across multiple risk parameters. First of all the market value of assets and their consequent potential losses vs. carrying value. All this in reference to trends of macroeconomic and market variables, for bond portfolios, issuers' rating of the issuers and analysis of sensitivity to interest-rate risk and overall exposure to the same issuer.

All this in accordance with the investment limits as defined by the Board of Directors.

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. Consequently, 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. Finally, 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 (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, broken down by investment type (debt securities, equity securities, UCITS and AIF units). It also provides indications concerning financial risk exposure and uncertainties of flows.

(€/000)				
Investment nature	Amount 31/12/2015	% of breakdown	Amount 31/12/2014	% of breakdown
<b>DEBT SECURITIES</b>	<b>2,170,970</b>	<b>93.0%</b>	<b>2,062,890</b>	<b>92.7%</b>
<b>Listed treasury bonds:</b>	<b>2,139,983</b>	<b>91.7%</b>	<b>2,037,666</b>	<b>91.5%</b>
Fixed-interest rate	2,098,502	89.9%	1,995,507	89.6%
Variable interest rate	41,481	1.8%	42,159	1.9%
<b>Unlisted treasury bonds:</b>	<b>1,077</b>	<b>0.0%</b>	<b>1,179</b>	<b>0.1%</b>
Variable interest rate	1,077	0.0%	1,179	0.1%
<b>Listed corporate bonds:</b>	<b>29,759</b>	<b>1.3%</b>	<b>23,982</b>	<b>1.1%</b>
Fixed-interest rate	26,214	1.1%	20,445	0.9%
Variable interest rate	3,545	0.2%	3,537	0.2%
<b>Unlisted corporate bonds:</b>	<b>151</b>	<b>0.0%</b>	<b>63</b>	<b>0.0%</b>
Fixed-interest rate	151	0.0%	63	0.0%
of which				
Total fixed-interest securities	2,124,867	97.9%	2,016,015	97.7%
Total variable-interest securities	46,103	2.1%	46,875	2.3%
<b>Total debt securities</b>	<b>2,170,970</b>	<b>100.0%</b>	<b>2,062,890</b>	<b>100.0%</b>
of which				
Total listed securities	2,169,742	99.9%	1,983,706	99.9%
Total unlisted securities	1,228	0.1%	1,469	0.1%
<b>Total debt securities</b>	<b>2,170,970</b>	<b>100.0%</b>	<b>1,985,175</b>	<b>100.0%</b>
<b>EQUITY INSTRUMENTS</b>	<b>94,576</b>	<b>4.1%</b>	<b>106,938</b>	<b>4.8%</b>
listed shares	6,317	0.3%	10,887	0.5%
unlisted equity instruments	88,259	3.8%	96,051	4.3%
<b>OEIC UNITS</b>	<b>68,397</b>	<b>2.9%</b>	<b>57,824</b>	<b>2.5%</b>
<b>TOTAL</b>	<b>2,333,943</b>	<b>100.0%</b>	<b>2,227,652</b>	<b>100.0%</b>

The fixed-income securities portfolio has a duration of 4.1 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 €2,124,867 thousand (97.9% of the bond portfolio with investment risk borne by the Group), of which €2,107,361 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  $\pm 100$  basis points (bp).

	(€ '000)
Fixed-interest securities at fair value	Amount
<b>Carrying amount as at 30/06/2016</b>	<b>2,107,361</b> <sup>(1)</sup>
<b>Change</b>	
100 BP increase	-78,503
100 BP decrease	21,761

(1) of which € 969,573 thousand allocated to the segregated funds.

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled €46,103 thousand (2.1% 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 €464 thousand and €134 thousand.

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.

<b>Fixed - interest securities</b>		(€/000)	
<b>Maturity</b>	<b>Amount</b>	<b>% of breakdown</b>	
< 1 year	592,107	27.9%	
1<X<2	169,300	8.0%	
2<X<3	193,369	9.2%	
3<X<4	174,807	8.2%	
4<X<5	60,105	2.8%	
5<X<10	688,221	32.3%	
more	246,958	11.6%	
<b>Total</b>	<b>2,124,867</b>	<b>100.0%</b>	

<b>Variable - interest securities</b>			(€/000)	
<b>Type of rate</b>	<b>Indexation</b>	<b>Amount</b>	<b>% of breakdown</b>	
Constant mat. Swap	Euroswap 10Y	25,148	54.5%	
Constant mat. Swap	Euroswap 30Y	9,765	21.3%	
variable	3 months treasury bonds	1,077	2.3%	
Variable	6 months treasury bonds	10,106	21.9%	
Variable	other	7	0.0%	
<b>Total</b>		<b>46,103</b>	<b>100.0%</b>	

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 €78,241 thousand. In order to indicate their sensitivity, it should be noted that an increase of 100 BP curve in interest rates would increase interest expense by €782 thousand.

Given the current capital market trends, 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 30 June 2016, equity attributable to parent company shareholders would have decreased by €632 thousand.

The Group is not exposed to foreign exchange risk since, as at 30 June 2016, 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 30 June 2016 financial assets listed in a regulated market accounted for over 95% of financial assets owned.

### 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 30 June 2016 nearly all bonds held by the group were rated as investment grade.

(€/000)		
Rating (Standard & Poor's)	Amounts	% of breakdown
AAA	40,435	1.9%
AA+ / AA-	49,107	2.3%
A+ / A-	37,668	1.7%
BBB+ / BBB- (*)	2,043,653	94.1%
Total investment grade	2,170,863	100.0%
Not rated	108	0.0%
<b>Total</b>	<b>2,170,971</b>	<b>100.0%</b>

(\*) of which 2,012,768 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 / Moody's Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	38	-	38	0.1
AA	40	585	625	1.4
AA-	-15,272	41,365	26,093	58.8
A+	-228	2,569	2,341	5.3
A	-911	6,197	5,286	11.9
A3*	-1,489	6,968	5,479	12.4
A-	-111	1,949	1,838	4.1
Not rated	134	2,508	2,642	6.0
<b>Total</b>	<b>-17,799</b>	<b>62,141</b>	<b>44,342</b>	<b>100.0</b>

\* provided by Moody's

## 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 report includes the economic and financial transactions with regard to those who occupy positions with strategic responsibilities, according to their respective compensation.

This section presents financial and business transactions occurring during 1H16 with group companies, excluding those with companies consolidated on a 100% line-by-line basis.

(€/000)

Related parties	Other receivables	Loans	Other payables	Costs
Associates	514	9,133	130	1,735
<b>Total</b>	<b>514</b>	<b>9,133</b>	<b>130</b>	<b>1,735</b>

### Transactions and relationships with parent companies

The Group has no financial or commercial relationships with the direct parent company Vittoria Capital S.p.A. and the indirect parent company Yafa Holding S.p.A..

### Transactions and relationships with subsidiaries

The Parent Company has confirmed, for the three-year period 2014-2016, that it has opted for the national tax consolidation scheme (Article 117 *et seq* of Italian Presidential Decree 917 of 22 December 1986) in relation to the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l. and Valsalaria S.r.l..

For the three-year period 2015-2017 the national tax consolidation option has been renewed in relation to the subsidiaries Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Interbilancia S.r.l., VRG Domus S.r.l. and the option will be exercised by the subsidiary VP Sviluppo 2015 S.r.l..

With reference to 2016, the Parent Company exercised its option to settle VAT in the context of the Group of companies pursuant to the Ministerial Decree dated 13<sup>th</sup> December 1979, together with the following controlled subsidiaries: Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Acacia 2000 S.r.l., VRG Domus S.r.l., Vittoria Properties S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia S.r.l., Valsalaria S.r.l., Vaimm Sviluppo S.r.l. and VP Sviluppo 2015 S.r.l..

## 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 €2,099 thousand and granted the associate an interest bearing shareholder loan, which has a balance of €400 thousand (€500 thousand as at 31 December 2015).

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 €1,247 thousand (€1,115 thousand as at 31 December 2015).

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 €752 thousand, (€568 thousand as at 31 December 2015).

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 a non-interest bearing shareholder loan, which has a balance of €3,209 thousand (€3,292 thousand as at 31 December 2015).

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 €1,973 thousand (€1,945 thousand as at 31 December 2015).

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 €1,533 thousand (€1,783 thousand as at 31 December 2015).

## Significant events occurring after the first half 2016 and outlook

There were no significant events after the first half 2016.

The Group expected performance is in line with the last communicated targets.

The Board of Directors

Milan, 28 July 2016

# **Condensed Consolidated 2016 half year financial statements**

# Consolidated statement of financial position

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2016

(€/000)

ASSETS		Note	30/06/2016	31/12/2015
<b>1</b>	<b>INTANGIBLE ASSETS</b>		<b>9,177</b>	<b>10,995</b>
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	9,177	10,995
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		<b>557,032</b>	<b>563,566</b>
2.1	Property	2	549,131	555,282
2.2	Other items of property, plant and equipment	2	7,901	8,284
<b>3</b>	<b>REINSURERS' SHARE OF TECHNICAL RESERVES</b>	3	<b>63,244</b>	<b>64,017</b>
<b>4</b>	<b>INVESTMENTS</b>		<b>2,615,574</b>	<b>2,503,686</b>
4.1	Investment property		83,882	85,584
4.2	Investments in subsidiaries and associates and interests in joint	4	24,654	24,185
4.3	Held to maturity investments	5	43,732	44,483
4.4	Loans and receivables	5	114,288	106,853
4.5	Financial assets available for sale	5	2,290,204	2,183,159
4.6	Financial assets at fair value through profit or loss	5	58,814	59,422
<b>5</b>	<b>OTHER RECEIVABLES</b>		<b>164,708</b>	<b>203,659</b>
5.1	Receivables relating to direct insurance	6	119,206	165,092
5.2	Receivables relating to reinsurance business	7	2,811	6,333
5.3	Other receivables	8	42,691	32,234
<b>6</b>	<b>OTHER ASSETS</b>		<b>155,223</b>	<b>167,468</b>
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	9	5,769	5,791
6.3	Deferred tax assets	10	112,258	117,535
6.4	Current tax assets	11	29,792	37,237
6.5	Other assets	12	7,404	6,905
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	13	<b>189,267</b>	<b>167,137</b>
	<b>TOTAL ASSETS</b>		<b>3,754,225</b>	<b>3,680,528</b>

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2016

(€/000)

EQUITY AND LIABILITIES		Note	30/06/2016	31/12/2015
<b>1</b>	<b>EQUITY</b>		<b>728,016</b>	<b>700,557</b>
<b>1.1</b>	<b>attributable to the shareholders of the parent</b>		<b>718,675</b>	<b>691,244</b>
1.1.1	Share capital	14	67,379	67,379
1.1.2	Other equity instruments	14	0	0
1.1.3	Equity-related reserves	14	33,874	33,874
1.1.4	Income-related and other reserves	14	451,432	394,287
1.1.5	(Treasury shares)	14	0	0
1.1.6	Translation reserve	14	0	0
1.1.7	Fair value reserve	14	117,453	125,182
1.1.8	Other gains or losses recognised directly in equity	14	-411	-98
1.1.9	Profit for the year attributable to the shareholders of the parent		48,948	70,620
<b>1.2</b>	<b>attributable to minority interests</b>	14	<b>9,341</b>	<b>9,313</b>
1.2.1	Share capital and reserves attributable to minority interests		9,323	9,338
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		18	-25
<b>2</b>	<b>PROVISIONS</b>	15	<b>8,535</b>	<b>6,622</b>
<b>3</b>	<b>TECHNICAL RESERVES</b>	16	<b>2,615,293</b>	<b>2,563,145</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>		<b>223,986</b>	<b>222,811</b>
4.1	Financial liabilities at fair value through profit or loss	17	58,807	59,412
4.2	Other financial liabilities	17	165,179	163,399
<b>5</b>	<b>PAYABLES</b>		<b>74,213</b>	<b>83,205</b>
5.1	Payables arising from direct insurance business	18	6,695	8,153
5.2	Payables arising from reinsurance business	19	6,333	8,280
5.3	Other sums payable	20	61,185	66,772
<b>6</b>	<b>OTHER LIABILITIES</b>		<b>104,182</b>	<b>104,188</b>
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	21	65,433	64,954
6.3	Current tax liabilities	22	5,974	673
6.4	Other liabilities	23	32,775	38,561
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,754,225</b>	<b>3,680,528</b>

# Income Statement

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2016

(€/000)

Income Statement	Note	30/06/2016	30/06/2015	31/12/15
Net premiums		616,356	636,910	1,238,158
<i>Gross premiums</i>	24	629,579	649,295	1,266,521
<i>Ceded premiums</i>	24	13,223	12,385	28,363
Commission income	25	713	262	580
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	26	-3	-5	-7
Gains on investments in subsidiaries and associates and interests in joint ventures	26	465	2,793	1,639
Gains on other financial instruments and investment property	26	39,896	38,166	79,786
<i>Interest income</i>		29,168	32,719	63,767
<i>Other income</i>		3,630	2,882	6,541
<i>Realised gains</i>		7,051	2,510	9,418
<i>Unrealised gains</i>		47	55	60
Other income	27	7,807	7,816	14,978
<b>TOTAL REVENUE</b>		<b>665,234</b>	<b>685,942</b>	<b>1,335,134</b>
Net charges relating to claims		433,826	467,022	880,033
<i>Amounts paid and change in technical reserves</i>	24	441,095	484,203	921,996
<i>Reinsurers' share</i>	24	-7,269	-17,181	-41,963
Commission expense	28	-	-	-
Losses on investments in subsidiaries and associates and interests in joint ventures	26	402	552	1,784
Losses on other financial instruments and investment property	26	4,207	4,516	8,521
<i>Interest expense</i>		1,145	1,362	2,280
<i>Other expense</i>		1,359	1,462	2,585
<i>Realised losses</i>		1	10	248
<i>Unrealised losses</i>		1,702	1,682	3,408
Operating costs		136,964	132,905	268,183
<i>Commissions and other acquisition costs</i>	29	108,095	108,276	221,999
<i>Investment management costs</i>	29	1,148	1,172	1,657
<i>Other administrative costs</i>	29	27,721	23,457	44,527
Other costs	30	19,621	21,400	58,788
<b>TOTAL COSTS</b>		<b>595,020</b>	<b>626,395</b>	<b>1,217,309</b>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>		<b>70,214</b>	<b>59,547</b>	<b>117,825</b>
Income taxes	31	21,248	18,763	47,230
<b>PROFIT FOR THE YEAR</b>		<b>48,966</b>	<b>40,784</b>	<b>70,595</b>
<b>GAIN (LOSS) ON DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>		<b>48,966</b>	<b>40,784</b>	<b>70,595</b>
<b>of which attributable to the shareholders of the parent</b>		<b>48,948</b>	<b>40,794</b>	<b>70,620</b>
<b>of which attributable to minority interests</b>	14	<b>18</b>	<b>-10</b>	<b>-25</b>
Basic EARNINGS per share		0.73	0.61	1.05
Diluted EARNINGS per share		0.73	0.61	1.05



# Statement of Comprehensive Income

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2016

	(€/000)		
	30/06/2016	30/06/2015	31/12/2015
<b>COMPREHENSIVE INCOME (LOSS)</b>			
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>48,966</b>	<b>40,784</b>	<b>70,595</b>
<b>Other comprehensive income, net of taxes without reclassification to profit or loss</b>	<b>- 313</b>	<b>269</b>	<b>114</b>
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	- 313	269	114
Other items	-	-	-
<b>Other comprehensive income, net of taxes with reclassification to profit or loss</b>	<b>-7,729</b>	<b>-615</b>	<b>19,870</b>
Change in translation reserve	-	-	-
Gains or losses on available for sale investments	-7,729	-615	19,870
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	-	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-8,042</b>	<b>-346</b>	<b>19,984</b>
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)</b>	<b>40,924</b>	<b>40,438</b>	<b>90,579</b>
<b>of which attributable to the shareholders of the parent</b>	<b>40,906</b>	<b>40,448</b>	<b>90,604</b>
<b>of which attributable to minority interests</b>	<b>18</b>	<b>-10</b>	<b>-25</b>

# Statement of changes in equity

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2016

	Balance at 31/12/2014	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 30/06/2015	
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0	0	0	67,379	
	Other equity instruments	0	0	0	0	0	0	
	Equity-related reserves	33,874	0	0	0	0	33,874	
	Income-related and other reserves	335,846	0	72,329		-12,802	-1,144	394,229
	(Treasury shares)	0	0	0	0	0	0	
	Profit/(Loss) for the year	72,329	0	-31,535		0	0	40,794
	Other comprehensive income	105,100	0	1,060	-1,406	0	0	104,754
	<b>Total attributable to the shareholders of the parent</b>	<b>614,528</b>	<b>0</b>	<b>41,854</b>	<b>-1,406</b>	<b>-12,802</b>	<b>-1,144</b>	<b>641,030</b>
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	12,820	0	-30		0	-3,290	9,500
	Gains or losses recognised directly in equity	-30	0	20		0	0	-10
	Other comprehensive income	0	0	0	0	0	0	0
	<b>Total attributable to minority interests</b>	<b>12,790</b>	<b>0</b>	<b>-10</b>	<b>0</b>	<b>0</b>	<b>-3,290</b>	<b>9,490</b>
<b>Total</b>	<b>627,318</b>	<b>0</b>	<b>41,844</b>	<b>-1,406</b>	<b>-12,802</b>	<b>-4,434</b>	<b>650,520</b>	

(€/000)

	Balance at 31/12/2015	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 30/06/2016	
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0	0	0	67,379	
	Other equity instruments	0	0	0	0	0	0	
	Equity-related reserves	33,874	0	0	0	0	33,874	
	Income-related and other reserves	394,287	0	70,620		-13,475	0	451,432
	(Treasury shares)	0	0	0	0	0	0	
	Profit/(Loss) for the year	70,620	0	-21,672		0	0	48,948
	Other comprehensive income	125,084	0	-2,496	-5,546	0	0	117,042
	<b>Total attributable to the shareholders of the parent</b>	<b>691,244</b>	<b>0</b>	<b>46,452</b>	<b>-5,546</b>	<b>-13,475</b>	<b>0</b>	<b>718,675</b>
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	9,338	0	-25		0	10	9,323
	Gains or losses recognised directly in equity	-25	0	43		0	0	18
	Other comprehensive income	0	0	0	0	0	0	0
	<b>Total attributable to minority interests</b>	<b>9,313</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>9,341</b>
<b>Total</b>	<b>700,557</b>	<b>0</b>	<b>46,470</b>	<b>-5,546</b>	<b>-13,475</b>	<b>10</b>	<b>728,016</b>	

Additional information on changes and composition of balance sheet items are provided in the following Notes.

# Cash flow statement – indirect method

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2016

(€/000)

	30/06/2016	30/06/2015
<b>Profit for the year before taxation</b>	<b>70,214</b>	<b>59,547</b>
<b>Change in non-monetary items</b>	<b>67,136</b>	<b>82,515</b>
Change in non-life premium reserve	1,938	14,487
Change in claims reserve and other non-life technical reserves	18,820	14,779
Change in mathematical reserves and other life technical reserves	32,163	37,669
Change in deferred acquisition costs	22	-72
Change in provisions	1,913	467
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	63	2,241
Other changes	12,217	12,944
<b>Change in receivables and payables arising from operating activities</b>	<b>29,959</b>	<b>14,242</b>
Change in receivables and payables relating to direct insurance and reinsurance	46,003	29,652
Change in other receivables and payables	-16,044	-15,410
<b>Taxes paid</b>	<b>-21,248</b>	<b>-18,763</b>
<b>Net cash flow generated by/used for monetary items from investing and financing activities</b>	<b>3</b>	<b>5</b>
Liabilities from financial contracts issued by insurance companies	-605	3,048
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	608	-3,043
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>146,064</b>	<b>137,546</b>
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	-845	-4,436
Net cash flow generated by/used for loans and receivables	-7,435	-17,731
Net cash flow generated by/used for held to maturity investments	751	536
Net cash flow generated by/used for financial assets available for sale	-114,774	59,095
Net cash flow generated by/used for property, plant and equipment	8,352	-927
Other net cash flows generated by/used for investing activities	0	0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-113,951</b>	<b>36,537</b>
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	-13,475	-12,802
Net cash flow generated by/used for share capital and reserves attributable to minority interests	1,712	-3,171
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	1,780	-145,419
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-9,983</b>	<b>-161,392</b>
<b>Effect of exchange rate gains/losses on cash and cash equivalents</b>	<b>0</b>	<b>0</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	167,137	231,007
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,130	12,691
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	189,267	243,698

# Notes to the consolidated interim 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.

Principles used in the preparation of the following Notes, are described in section “Form and content” and “policies” on page 6.

## 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	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	
Interimmobili S.r.l.	Rome	1,000,000		80.00	
V.R.G. Domus S.r.l.	Turin	800,000		100.00	
Valsalaria S.r.l.	Rome	60,000		51.00	
Assiorvieto Servizi S.r.l.	Orvieto	12,500		60.00	Interbilancia S.r.l.
Aspevi Firenze S.r.l.	Florence	25,000		60.00	
Aspevi Roma S.r.l.	Rome	50,000		100.00	
Plurico S.r.l.	Milan	10,000		70.00	

Changes in ownership percentages and other changes occurring in 1H16:

#### Aspevi Firenze S.r.l.

In March 2016 Interbilancia S.r.l. participated in the establishment of Aspevi Firenze S.r.l., an insurance brokerage company.

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	1,050,000	48.19		
Yarpa S.p.A.	Genoa	30,000,000	27.31		
Touring Vacanze S.r.l.	Milan	12,900,000	46.00		
Touring Digital S.r.l.	Milan	600,000	45.00		
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	2,250,000		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	
Fiori di S. Bovio Srl	Milan	30,000		40.00	
Valsalaria A.11 Srl	Rome	33,715		40.00	
VZ Real Estate Srl	Turin	100,000		49.00	
			0.11		
Consorzio Servizi Assicurativi	Milan	362,000		41.44	Aspevi Roma S.r.l.
				0.11	Assiorvieto Servizi S.r.l.
				6.91	Plurico S.r.l.

Changes in ownership percentages and other changes occurring in 1H16:

### Touring Digital S.r.l.

On February 23, 2016 Vittoria Assicurazioni participated in the establishment of Touring Digital S.r.l. by subscribing the 45% of the share capital.

## 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 interim financial statements”.

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

(€/000)

Assets	Italy		Europe		Rest of the World		Total	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Debt instruments	2,035,945	2,049,029	135,025	13,861	-	-	2,170,970	2,062,890
Equity instruments and OEIC units	67,928	73,908	95,045	90,854	-	-	162,973	164,762
Property	633,013	640,866	-	-	-	-	633,013	640,866
Other assets	787,269	812,010	-	-	-	-	787,269	812,010
<b>Total</b>	<b>3,524,155</b>	<b>3,575,813</b>	<b>230,070</b>	<b>104,715</b>	<b>-</b>	<b>-</b>	<b>3,754,225</b>	<b>3,680,528</b>

(€/000)

Deferred costs	North		Italy Centre		South and Islands		Total external deferred costs	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Other property, plant and equipment	7,868	8,245	33	39	-	-	7,901	8,284
Other intangible assets	9,176	10,994	1	1	-	-	9,177	10,995
Owner-occupied property	112,169	112,671	538	1,007	133	581	112,840	114,259
<b>Total</b>	<b>129,213</b>	<b>131,910</b>	<b>572</b>	<b>1,047</b>	<b>133</b>	<b>581</b>	<b>129,918</b>	<b>133,538</b>

(€/000)

Revenue (gross of intersegment eliminations)	North		Italy Centre		South and Islands		Europe		Total	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Insurance premiums - direct business	318,621	343,170	204,079	211,576	109,031	108,834	2	2	631,733	663,582
Trading and construction profits	1,751	1,600	77	893	-	-	-	-	1,828	2,493
Services and rent income	891	828	526	614	-	-	-	-	1,417	1,442
<b>Total</b>	<b>321,263</b>	<b>345,598</b>	<b>204,682</b>	<b>213,083</b>	<b>109,031</b>	<b>108,834</b>	<b>2</b>	<b>2</b>	<b>634,978</b>	<b>667,517</b>

## Specific explanatory notes

### Consolidated Balance Sheet

Note 2	30/06/2016	31/12/2015	Change
Other intangible assets	9,177	10,995	-1,818
Other items of property, plant and equipment	7,901	8,284	-383
Property	549,131	555,282	-6,151

#### Other intangible assets

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 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)		
	30/06/2016	31/12/2015	Change
Owner-occupied property	112,840	114,259	-1,419
Property held for trading	125,484	125,973	-489
Property under construction	310,807	315,050	-4,243
<b>Total</b>	<b>549,131</b>	<b>555,282</b>	<b>-6,151</b>

### ▪ Owner-occupied property

The book value of owner-occupied property at 30 June 2016 includes €4,928 thousand for property owned by the subsidiary Vaimm Sviluppo S.r.l., €15,038 for property owned by Vittoria Properties S.r.l., €5,134 thousand for property owned by Vittoria Immobiliare S.p.A., €243 thousand for property owned by the subsidiary Acacia 2000 S.r.l. and €87,497 owned by the parent company, of which €78,875 thousand related to the Vittoria Assicurazioni's headquarter.

The following table shows the reconciliation of changes occurring during 1H16:

	(€/000)					
Owner-occupied property	31/12/2015	Acquisitions	Reclassifications	Sales	Depreciations	30/06/2016
Gross carrying amount	137,247	103	1,343	- 827	-	137,866
Accumulated depreciation	22,988	-	-	205	2,243	25,026
<b>Carrying amount</b>	<b>114,259</b>	<b>103</b>	<b>1,343</b>	<b>-622</b>	<b>-2,243</b>	<b>112,840</b>

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

The owner-occupied property current value as at 30 June 2016, allocated to level 3 of the fair value hierarchy, is equal to €157,462 thousand 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 1H16:

	(€/000)		
Property	Trading activities	Construction work	Total
<b>Carrying amount as at 31/12/2015</b>	<b>125,973</b>	<b>315,050</b>	<b>441,023</b>
Acquisitions, net of capitalised financial charges	3,648	3,939	7,587
Movement to Owner-occupied property	- 1,343	-	- 1,343
Sales	- 2,884	- 9,920	- 12,804
Recognised gains	90	1,738	1,828
<b>Carrying amount as at 30/06/2016</b>	<b>125,484</b>	<b>310,807</b>	<b>436,291</b>

Please refer to the Report on Operations for details on the principal real estate activities carried out during the first half. The current value allocated to level 3 of the fair value hierarchy, is equal to €460,540 thousand determined by the estimation made by the independent expert on 31.12.2015 using the income method of processing and the discounted cash flow and adjusted by moving exchanged in the first half of 2016 .



Note 3	30/06/2016	31/12/2015	Change
Reinsurers' share of technical reserves	63,244	64,017	-773

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

(€/000)

	Direct business		Retroceded business		Total carrying amount	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
<b>Non-life reserves</b>	<b>55,657</b>	<b>56,678</b>	<b>335</b>	<b>342</b>	<b>55,992</b>	<b>57,020</b>
Premium reserve	17,773	17,439	-	-	17,773	17,439
Claims reserve	37,884	39,239	335	342	38,219	39,581
<b>Life reserves</b>	<b>7,252</b>	<b>6,997</b>	<b>-</b>	<b>-</b>	<b>7,252</b>	<b>6,997</b>
Mathematical reserves	7,222	6,966	-	-	7,222	6,966
Other reserves	30	31	-	-	30	31
<b>Total reinsurers' share of technical reserves</b>	<b>62,909</b>	<b>63,675</b>	<b>335</b>	<b>342</b>	<b>63,244</b>	<b>64,017</b>

Note 4	30/06/2016	31/12/2015	Change
Investments properties	83,882	85,584	-1,702

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 to be leased. Real estate investments current value as at 30 June 2016, allocated to level 3 of the fair value hierarchy, is equal to €87,500 thousand and it is determined using the methods of direct income capitalization.

Note 5	30/06/2016	31/12/2015	Change
Investments in subsidiaries and associates and interests in joint-ventures	24,654	24,185	469

The breakdown of this item was as follows:

	(€/000)	
Investments in associates	30/06/2016	31/12/2015
S.In.T. S.p.A.	584	558
Yarpa. S.p.A.	12,139	11,927
Movincom Servizi S.p.A.	1,133	1,350
Touring Digital	207	-
VZ Real Estate S.r.l.	22	-
Consorzio Servizi Assicurativi	227	187
Mosaico S.p.A.	130	105
Pama & Partners S.r.l.	296	303
Consorzio Movincom S.c.r.l.	27	27
Spefin Finanziaria S.p.A.	382	283
Fiori di S. Bovio S.r.l.	-	-
Valsalaria A.11 S.r.l.	20	24
Touring Vacanze S.r.l.	9,487	9,421
<b>Total carrying amount</b>	<b>24,654</b>	<b>24,185</b>

The Group's interest in net income and losses totals €65 thousand (with revaluations of €466 thousand and write-downs for €401 thousand).

Due to the negative results, the parent company, already as at 31 December 2015, has written-off the investment in the associate company Fiori di S. Bovio S.r.l..

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 €469 thousand 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)
<b>Carrying amount as at 31/12/2015</b>	<b>24,185</b>
<b>Acquisitions and subscriptions</b>	<b>727</b>
Touring Digital	270
VZ Real Estate S.r.l.	111
Mosaico S.p.A.	107
Spefin Finanziaria S.p.A.	52
Fiori di S. Bovio S.r.l.	187
<b>Change due to equity method measurement</b>	<b>65</b>
S.In.T. S.p.A.	26
Yarpa. S.p.A.	212
Movincom Servizi S.p.A.	-217
Touring Digital	-63
VZ Real Estate S.r.l.	75
Consorzio Servizi Assicurativi	40
Mosaico S.p.A.	-82
Pama & Partners S.r.l.	-7
Spefin Finanziaria S.p.A.	47
Fiori di S. Bovio S.r.l.	-28
Valsalaria A.11 S.r.l.	-4
Touring Vacanze S.r.l.	66
<b>Other changes</b>	<b>-323</b>
<b>Carrying amount as at 30/06/2016</b>	<b>24,654</b>

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

Denomination	(€/000)							
	<b>Main financial-economic data</b>							
	Total asset	Cash and cash equivalents	Total equity and liabilities	Equity	Profit (loss) for the year	Dividends paid out	Costs	Revenues
<b>S.In.T S.p.A.</b>	2,961	1,462	1,814	1,213	53	-	2,323	2,420
<b>Yarpa Group S.p.A.</b>	48,173	3,388	676	45,141	1,046	-	561	2,012
<b>Touring Vacanze S.r.l.</b>	16,548	4	1,804	14,743	144	-	3,601	5,200
<b>Movincom Servizi S.p.A.</b>	2,219	640	381	2,296	- 438	-	579	141

Note 6	30/06/2016	31/12/2015	Change
Held to maturity investments	43,732	44,483	-751
Loans and receivables	114,288	106,853	7,435
Financial assets available for sale	2,290,204	2,183,159	107,045
Financial assets at fair value through profit or loss	58,814	59,422	-608

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, and 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	
<b>Carrying amount at 31/12/2015</b>	<b>44,483</b>	<b>106,938</b>	<b>57,824</b>	<b>2,018,397</b>	<b>2,183,159</b>	<b>59,412</b>	<b>10</b>	<b>2,287,064</b>
<b>Acquisitions and subscriptions</b>		58	8,910	168,283	177,251	3,518		180,769
<b>Sales and repayments</b>	-114	-6,691	-669	-53,367	-60,727	-1,009		-61,850
<b>Other changes:</b>								
- effective interest adjustments	7			-7,715	-7,715			-7,708
- fair value adjustments						-293	-3	-296
- charged to P&L		-5,729	2,332	178	-3,219			-3,219
- rate changes	-644			1,455	1,455			811
<b>- other changes</b>						<b>-2,821</b>		<b>-2,821</b>
<b>Carrying amount at 31/03/2016</b>	<b>43,732</b>	<b>94,576</b>	<b>68,397</b>	<b>2,127,231</b>	<b>2,290,204</b>	<b>58,807</b>	<b>7</b>	<b>2,392,750</b>

### Loans and receivables

As at 30 June 2016 loans and receivables totalled €114,288 thousand (€106,853 thousand as at 31 December 2015).

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 €7,200 thousand (€6,940 thousand as at 31 December 2015);
- loans granted by the parent company to third parties and secured by mortgages for a total of €2,978 thousand (€2,399 thousand as at 31 December 2015);
- €1,474 thousand in loans against life insurance policies (€1,770 thousand as at 31 December 2015);
- loans granted to employees and agents mainly referred to revenge of the parent company for €25,505 thousand (€24,892 thousand as at 31 December 2015);
- €1,533 thousand in loans granted to the company Spefin Finanziaria S.p.A. and €400 thousand to the company S.IN.T. S.p.A.;
- the corresponding entry for the Parent Company's commitments for payments destined to finance investments in private equity, private debt and infrastructure funds amounted to €70,820 thousand (€61,092 thousand as at 31 December 2015). The related obligations are recorded in "Other financial liabilities" in Note 18;
- term deposit for €2,000 thousand on behalf of the parent company and €2,000 thousand euro on behalf of Vittoria Immobiliare S.p.A.;
- reinsurance deposit assets for €149 thousand.

The amount of €16,933 thousand is collectible after 12 months.

### Disclosure concerning fair value

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

	(€/000)	
<b>Financial assets</b>	<b>Carrying amount</b>	<b>Fair Value</b>
Held to maturity investments	43,732	48,398
Loans and receivables	114,288	114,288
Financial assets available for sale	2,290,204	2,290,204
Financial assets held for trading	7	7
Financial assets at fair value through profit or loss	58,807	58,807
<b>Total</b>	<b>2,507,038</b>	<b>2,511,704</b>

For further information concerning to the "fair value hierarchy, please refer to the "Annexes to Consolidated interim 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 that the investment in "Atlante Fund" is carried at cost, in the absence of integrated and updated data.

<b>Note 7</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Receivables relating to direct insurance	119,206	165,092	-45,886

The breakdown of this item was as follows:

	(€/000)	
<b>Receivables relating to direct insurance</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
Premiums due from policyholders	40,726	55,610
Receivables due from brokers and agents	48,090	75,023
Receivables due from insurance companies - current accounts	4,897	7,394
Amounts to be recovered from policyholders and third parties	25,493	27,065
<b>Total</b>	<b>119,206</b>	<b>165,092</b>

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.

<b>Note 8</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Receivables relating to reinsurance business	2,811	6,333	-3,522

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.

<b>Note 9</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Other receivables	42,691	32,234	10,457

The most significant sub-item as up to 30 June 2016 consisted of advances of €23,140 thousand on policyholders' taxes, advances of €6,269 thousand for the guarantee fund for the road victims, advances of €4,836 thousand paid by the real estate companies and receivables of company services mainly to insurance brokers for €1,132 thousand.

<b>Note 10</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Deferred acquisition costs	5,769	5,791	-22

This item includes acquisition costs paid in advance upon signature of long-term insurance contracts.

<b>Note 11</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Deferred tax assets	112,258	117,535	-5,277

The item included deferred tax assets pertaining to the direct operating parent company (€107,622 thousand), to the real estate segment (€5,958 thousand), plus those relating to consolidation adjustments (€-1,486 thousand).

<b>Note 12</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Current tax assets	29,792	37,237	-7,445

The item includes tax receivables of the direct operating parent company of €29,177 thousand (including tax credits relating to taxes prepaid on the Life business mathematical reserves) and €334 thousand of the real estate companies arising from the purchase of buildable areas and property.

<b>Note 13</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Other assets	7,404	6,905	499

The item includes €474 thousand of deferred commission expenses relating to investment contracts and €3,802 thousand of prepayments, mainly relating to G&A costs.

<b>Note 14</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Cash and cash equivalents	189,267	167,137	167,137

The item refers to bank balances of €189,224 thousand and cash amounts of €43 thousand.

Note 15	30/06/2016	31/12/2015	Change
Equity attributable to shareholders of the parent	718,675	691,244	27,431
Equity attributable to minority interests	9,341	9,313	28

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	30/06/2016	31/12/2015
<b>Total equity attributable to the shareholders of the parent</b>	<b>718,675</b>	<b>691,244</b>
Share capital	67,379	67,379
Equity-related reserves	33,874	33,874
Income-related and other reserves	451,432	394,287
Fair value reserve	117,453	125,182
Other gains or losses recognised directly in equity	-411	-98
Group profit for the year	48,948	70,620
<b>Total equity attributable to minority interests</b>	<b>9,341</b>	<b>9,313</b>
Share capital and reserves attributable to minority interests	9,323	9,338
Minority interests' profit for the year	18	-25
<b>Total consolidated equity</b>	<b>728,016</b>	<b>700,557</b>

As at 30 June 2016 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 "Other transfers" in the statement of changes in equity, totalled €12,801,996 for FY 2015 and €13,475,785 for FY 2016.

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
<b>31/12/2015</b>	<b>223,213</b>	<b>-49,558</b>	<b>173,655</b>
Decrease due to sales	-7,343	1,798	-5,545
Decrease due to fair value changes	4,124	-1,836	2,288
<b>Total change for the period/year</b>	<b>-3,219</b>	<b>-38</b>	<b>-3,257</b>
<b>30/06/2016</b>	<b>219,994</b>	<b>-49,596</b>	<b>170,398</b>

(€/000)			
B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
<b>31/12/2015</b>	<b>73,801</b>	<b>-25,328</b>	<b>48,473</b>
Change in shadow accounting reserve	2,731	1,741	4,472
<b>30/06/2016</b>	<b>76,532</b>	<b>-23,587</b>	<b>52,945</b>

(€/000)			
Gains or losses on financial assets AFS	Gross amount	Tax impact	Net amount
<b>Combined effect A) - B)</b>			
<b>31/12/2015</b>	<b>149,412</b>	<b>-24,230</b>	<b>125,182</b>
Decrease due to sales	-7,343	1,798	-5,545
Decrease due to fair value changes	4,124	-1,836	2,288
Change in shadow accounting reserve	-2,731	-1,741	-4,472
<b>Total change for the period/year</b>	<b>-5,950</b>	<b>-1,779</b>	<b>-7,729</b>
<b>30/06/2016</b>	<b>143,462</b>	<b>-26,009</b>	<b>117,453</b>

Note 16	30/06/2016	31/12/2015	Change
Provisions	8,535	6,622	1,913

This account refers mainly to the provisions made in costs for real estate contracts that have yet to be incurred, connected with properties for which closing has already taken place and to provisions accrued by the parent company to face fines and trials underway relating to the business, for which it is considered probable an outflow. Only in the presence of possible risks, there has not been any allocation.

The table below shows the changes in the item:

(€/000)				
Provisions	31/12/2015	Accruals of the year	Utilisations of the year	30/06/2016
Provision for costs to be incurred	384	48	-70	362
Other provisions	6,238	2,396	-461	8,173
<b>Total</b>	<b>6,622</b>	<b>2,444</b>	<b>-531</b>	<b>8,535</b>

Note 17	30/06/2016	31/12/2015	Change
Technical reserves	2,615,293	2,563,145	52,148

The following table shows the breakdown of technical reserves.

(€/000)

	Direct business		Indirect business		Total carrying amount	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
<b>Non-life reserves</b>	<b>1,475,944</b>	<b>1,456,251</b>	<b>950</b>	<b>913</b>	<b>1,476,894</b>	<b>1,457,164</b>
Premium reserve	390,903	388,638	49	42	390,952	388,680
Claims reserve	1,084,632	1,067,204	901	871	1,085,533	1,068,075
Other reserves	409	409	-	-	409	409
<b>Life reserves</b>	<b>1,138,247</b>	<b>1,105,794</b>	<b>152</b>	<b>187</b>	<b>1,138,399</b>	<b>1,105,981</b>
Reserve for payable amounts	22,163	27,529	3	12	22,166	27,541
Mathematical reserves	1,037,875	1,002,231	149	173	1,038,024	1,002,404
Other reserves	78,209	76,034	-	2	78,209	76,036
<b>Total technical reserves</b>	<b>2,614,191</b>	<b>2,562,045</b>	<b>1,102</b>	<b>1,100</b>	<b>2,615,293</b>	<b>2,563,145</b>

With regard to Non-Life business, over the 2016 half year the value of the claim settlement was consistent with what reserved at 31 December 2015.

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

The Life "Other reserves" item mainly consisted of:

- €6,783 thousand = management expenses;
- €71,315 thousand = reserve for deferred liabilities to policyholders (of which €76,532 thousand stemming from fair value measurement of available-for-sale financial assets and €-5,218 thousand 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 ISVAP Regulation no. 21 of 28 March 2008) amounting to €1,769 thousand (€1,827 thousand as at 31 December 2015); 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 €320 thousand (€413 thousand as at 31 December 2015), 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" and "Vittoria Obiettivo Crescita" funds and non-profit policies portfolio.

#### Liability Adequacy Test (LAT)

Tests confirmed the adequacy of the book value of the technical reserves shown in accounts.

Note 18	30/06/2016	31/12/2015	Change
Financial liabilities at fair value through profit or loss	58,807	59,412	-605
Other financial liabilities	165,179	163,399	1,780

To complete what is presented below, we point that the detailed breakdown of financial liabilities is shown in the specific “Annexes to Consolidated interim 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 30 June 2016:

	(€/000)		
	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
<b>Carrying amount at 31/12/2015</b>	<b>42,170</b>	<b>17,242</b>	<b>59,412</b>
Investment of net fund assets	1,447	1,217	2,664
Profits attributable to policyholders	-2,278	-433	-2,711
Amounts paid	-166	-392	-558
<b>Carrying amount at 30/06/2016</b>	<b>41,173</b>	<b>17,634</b>	<b>58,807</b>

#### Other financial liabilities

The item includes:

- Reinsurance deposits of €14,425 thousand (unchanged from 31 December 2015);
- Bank loans issued to the Group’s real estate companies for a total of €79,934 thousand (of which €64,555 thousand backed by collateral);
- direct operating parent company’s commitment for payment of €70,820 thousand in private equity investments, private debt and infrastructure funds, against which the rights to receive the related financial instruments are posted in the “Loans & receivables” item.

Payables due beyond 12 months totalled €69,182 thousand.

#### Disclosure concerning fair value

The carrying value of financial liabilities is a good approximation of fair value.

<b>Note 19</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Payables arising from direct insurance business	6,695	8,153	-1,458

The breakdown of the item was as follows:

	(€/000)	
<b>Payables arising from direct insurance business</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
Payables to insurance brokers and agents	3,882	3,952
Payables to insurance companies - current accounts	1,982	2,499
Guarantee deposits paid by policyholders	831	705
Payables to guarantee funds in favour of policyholders	-	997
<b>Total</b>	<b>6,695</b>	<b>8,153</b>

<b>Note 20</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Payables arising from reinsurance business	6,333	8,280	-1,947

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.

<b>Note 21</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
Other sums payable	61,185	66,772	-5,587

The breakdown of the item was as follows:

	(€/000)	
<b>Other sums payable</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
Payments on accounts received by real estate companies for preliminary sales agreements	1,373	3,389
Trade payables	15,427	17,168
Payables to employees	2,462	2,589
Employee benefits - provisions for termination benefits	4,626	4,678
Policyholders' tax due	20,044	22,790
Sundry tax liabilities (withholdings)	2,320	2,440
Social security charges payable	3,116	2,778
Payables to associate companies	522	765
Sundry payables	11,295	10,175
<b>Total</b>	<b>61,185</b>	<b>66,772</b>

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.

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:	1.50%
Annual technical actualization rate	1.10%
Annual rate of severance payment increment	2.63%
Annual rate of growth of remuneration (for the purpose of calculating seniority premiums)	2.50%
Annual rate of growth of the average reimbursement (for the purpose of calculating health services)	1.50%

Note 22	30/06/2016	31/12/2015	Change
Deferred tax liabilities	65,433	64,954	479

The item includes deferred tax liabilities allocated to the insurance business for €60,840 thousand, the real estate and services business for €910 thousand, and to reversals totalling €-3,683 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

Note 23	30/06/2016	31/12/2015	Change
Current tax liabilities	5,974	673	5,301

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	30/06/2016	31/12/2015	Change
Other liabilities	32,775	38,561	-5,786

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 €9,265 thousand, the deferred commission income of €117 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling €13,902 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for €3,957 thousand.

## Consolidated Income Statement

Note 25	30/06/2016	30/06/2015	Change
Gross premiums	629,579	649,295	-19,716
Ceded premiums for reinsurance	13,223	12,385	838
Amounts paid and change in technical reserves	441,095	484,203	-43,108
Reinsurers' share	-7,269	-17,181	9,912

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

	30/06/2016				30/06/2015			
	Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
<b>NET PREMIUMS</b>	<b>521,669</b>	<b>94,687</b>	<b>-</b>	<b>616,356</b>	<b>509,263</b>	<b>127,647</b>	<b>-</b>	<b>636,910</b>
<b>Gross premiums</b>	<b>534,279</b>	<b>95,300</b>	<b>-</b>	<b>629,579</b>	<b>521,022</b>	<b>128,273</b>	<b>-</b>	<b>649,295</b>
Gross premiums written	536,551	95,300	-	631,851	535,371	128,273	-	663,644
a Direct business	536,433	95,300	-	631,733	535,309	128,273	-	663,582
b Indirect business	118	-	-	118	62	-	-	62
Change in premium reserve	-2,272	-	-	-2,272	-14,349	-	-	-14,349
a Direct business	-2,264	-	-	-2,264	-14,343	-	-	-14,343
b Indirect business	-8	-	-	-8	-6	-	-	-6
<b>Ceded premiums</b>	<b>12,610</b>	<b>613</b>	<b>-</b>	<b>13,223</b>	<b>11,759</b>	<b>626</b>	<b>-</b>	<b>12,385</b>
Gross premiums ceded	12,944	613	-	13,557	11,618	626	-	12,244
a Outward reinsurance	12,944	613	-	13,557	11,618	626	-	12,244
Change in premium reserve	-334	-	-	-334	141	-	-	141
a Outward reinsurance	-334	-	-	-334	141	-	-	141
<b>NET CHARGES RELATING TO CLAIMS</b>	<b>333,850</b>	<b>100,151</b>	<b>-175</b>	<b>433,826</b>	<b>329,920</b>	<b>134,519</b>	<b>2,583</b>	<b>467,022</b>
<b>Amounts paid and change in technical reserves</b>	<b>340,811</b>	<b>100,459</b>	<b>-175</b>	<b>441,095</b>	<b>346,648</b>	<b>134,972</b>	<b>2,583</b>	<b>484,203</b>
Direct business	340,751	100,330	-	441,081	346,632	134,831	-	481,463
Indirect business	60	129	-	189	16	141	-	157
Shadow accounting of investee companies' profits	-	-	-175	-175	-	-	2,583	2,583
<b>Reinsurers' share</b>	<b>6,961</b>	<b>308</b>	<b>-</b>	<b>7,269</b>	<b>16,728</b>	<b>453</b>	<b>-</b>	<b>17,181</b>
Outward reinsurance	6,961	308	-	7,269	16,728	453	-	17,181

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

Note 26	30/06/2016	30/06/2015	Change
Commission income	713	262	451

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

Note 27	30/06/2016	30/06/2015	Change
Gains or losses on financial instruments at fair value through profit or loss	-3	-5	2
Gains on investments in subsidiaries and associates and interests in joint ventures	465	2,793	-2,328
Gains or losses on other financial instruments and investment property	39,896	38,166	-1,730
Losses on investments in subsidiaries and associates and interests in joint ventures	402	552	-150
Losses on other financial instruments and investment property	4,207	4,516	-103

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 interim 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.

As regards financial assets designated at fair value through profit or loss – i.e, referring to investment contracts of the unit-linked, and pension-fund type – net income recognised in 1H16 amounted to €2,711 thousand, 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 30 June 2016 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 30/6/16	Gains 30/6/15	Losses 30/6/16	Losses 30/6/15
Investment property	2,810	2,695	3,062	3,144
Held to maturity investments	880	1,098	-	-
Loans and receivables	381	319	-	-
Financial assets available for sale	35,645	33,062	1	10
Other receivables	108	284	-	-
Cash and cash equivalents	72	708	-	-
Other financial liabilities	-	-	1,144	1,362
<b>Total</b>	<b>39,896</b>	<b>38,166</b>	<b>4,207</b>	<b>4,516</b>

Note 28	30/06/2016	30/06/2015	Change
Other income	7,807	7,816	-9

The following table details the breakdown of this item,

	(€/000)	
Other income	30/06/16	30/06/15
Trading profits	1,828	2,493
Gains on the sale of property for own use	102	-
Revenue from services: real estate brokerage	493	595
Revenue from services: real estate management	8	13
Revenue from services: administration, real estate appraisals and other income	19	24
Revenue from services: insurance commission income with third parties	52	-
Revenue from services: other revenue from services	92	750
Rent income	394	539
Technical income on insurance contracts	2,518	2,700
Gains on the sale of property, plant and equipment	-	64
Exchange rate gains	8	97
Incidental non-operating income	1,472	183
Other income	821	358
<b>Total</b>	<b>7,807</b>	<b>7,816</b>

Technical income on insurance contracts refer for €1,070 thousand (€1,119 thousand at 30 June 2015) to reversal of commissions on cancelled premiums and for €1,448 thousand (€1,581 thousand at 30 June 2015) to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events. The increase in the Incidental non-operating income, was due for €1,332 thousand to the provision of lower taxes (IRES) relating to the years 2014 and 2015, recorded following the positive response by the Tax Authority at the instance of interpellation on facilitating ACE.

Note 30	30/06/2016	30/06/2015	Change
Commissions and other acquisition costs	108,095	108,276	-181
Investment management costs	1,148	1,172	-24
Other administrative costs	27,721	23,457	4,264

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 interim financial statements".

The following table details the breakdown of "Commissions and other acquisition costs" as at 30 June 2016.

	(€/000)	
Gross commissions and other acquisition costs net of profit participation and other commissions	30/06/2016	30/06/2015
Acquisition commissions	80,231	77,142
Other acquisition costs	25,310	28,545
Change in deferred acquisition costs	21	-72
Premium collection commissions	4,290	4,812
Profit participation and other commissions received from reinsurers	-1,757	-2,151
<b>Total</b>	<b>108,095</b>	<b>108,276</b>



Note 31	30/06/2016	30/06/2015	Change
Other costs	19,621	21,400	-1,779

The breakdown of this item was as shown below:

Other costs	30/06/2016	30/06/2015	(€/000)
Technical costs on insurance contracts	8,737	7,255	
Accruals to the provision for bad debts	-	600	
Foreign-exchange losses	24	40	
Incidental non-operating costs	386	1,793	
Annual depreciation & amortisation	6,468	8,191	
Accruals to the provision for risks and charges	2,351	679	
Commissions from services sector	1,621	2,664	
Other costs	34	178	
<b>Total</b>	<b>19,621</b>	<b>21,400</b>	

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for €7,723 thousand (€6,287 thousand at 30 June 2015) and to services supporting insurance covers and costs for premiums under litigation for €1,014 thousand (€968 thousand at 30 June 2015).

Note 32	30/06/2016	30/06/2015	Change
Income taxes	21,248	18,763	2,485

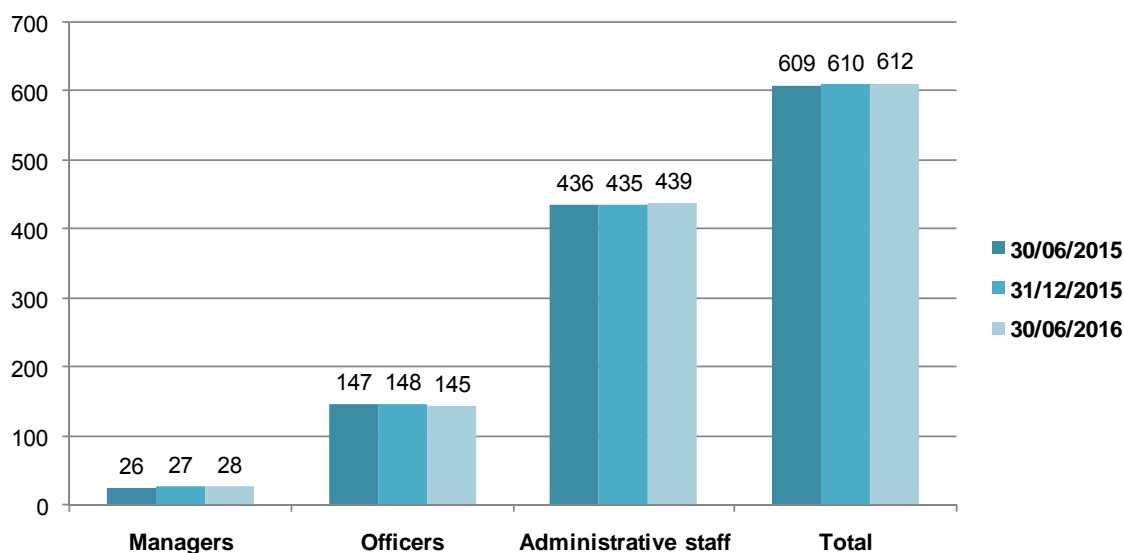
Of this item €17,341 thousand related to current taxes and €3,907 thousand to deferred taxes. Income taxes are recognised in profit or loss, with the exception of those relating to items directly charged or credited to equity, in which case the tax effect is recognised directly in equity.

## Other disclosures

### Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 610 as at 30 June 2016 vs, 612 present as at 31 December 2015 and 610 as at 30 June 2015.

The average number of in-force employees on the payroll, split by contractual grade, was as follows:



### Tax status

#### Insurance business

In 2016 the parent company confirmed and exercised its option for the National Tax Consolidation Regime (article 117 and subsequent articles of the Decree No. 917 of 22 December 1986) with the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l., Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Interbilancia S.r.l., VRG Domus S.r.l., Valsalaria S.r.l. and VP Sviluppo 2015 S.r.l..

With reference to 2016, the parent company exercised its option to settle VAT in the context of the Group of companies pursuant to the Ministerial Decree dated 13th December 1979, together with the following controlled subsidiaries: Vittoria Immobiliare, Gestimmobili S.r.l., Interimmobili S.r.l., Acacia 2000 S.r.l., VRG Domus S.r.l., Vittoria Properties S.r.l., Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Vaimm Sviluppo S.r.l., Valsalaria S.r.l. and VP Sviluppo 2015 S.r.l..

In accordance with Law no. 147/2013, at the end of 2013 the parent 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 used the rate of 24% to calculate deferred and prepaid IRES arising from temporary changes in the tax base of the tax year 2016.

The net overall effect on Group's result as at 30 June 2016 was of €695 thousand.

The Board of Directors

Milan, 28 July 2016



**Annexes to  
Condensed Consolidated 2016  
half year financial statements**

Vittoria Assicurazioni S.p.A.  
 Consolidated financial statements as at 30 June 2016

**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
Assiorviato Servizi S.r.l.	Italy		G	11	-	60.00	60.00	100.00
Aspevi Firenze 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	584
Yarpa S.p.A.	Italy		9	b	27.31	27.31	27.31	12,139
Touring Vacanze S.r.l.	Italy		10	b	46.00	46.00	46.00	9,487
Touring Digital S.r.l.	Italy		10	b	45.00	45.00	45.00	207
Mosaico SpA	Italy		10	b	-	45.00	45.00	130
Pama & Partners Srl	Italy		10	b	-	25.00	25.00	296
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	22
Fiori di S. Bovio Srl	Italy		10	b	-	40.00	40.00	-
Spefin Finanziaria S.p.A.	Italy		11	b	-	21.00	21.00	382
Valsalaria A.11 Srl	Italy		10	b	-	40.00	40.00	20
Movincom Servizi S.p.A.	Italy		11	b	49.34	49.34	49.34	1,133
Consorzio Servizi Assicurativi	Italy		11	b	0.11	46.34	48.56	227

(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.

(€'000)

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
	1	4,652	6,000	4,047	4,455	478	540	0	0	0	0	9,177
2	76,330	78,701	18,912	19,422	452,607	456,261	90	90	9,093	9,092	557,032	563,566
3	55,992	57,020	7,252	6,997	0	0	0	0	0	0	63,244	64,017
4	1,793,848	1,705,630	1,257,523	1,218,038	73,117	75,497	608	470	-509,522	-495,949	2,615,574	2,503,686
4.1	44,196	45,078	39,686	40,506	0	0	0	0	0	0	83,882	85,584
4.2	402,940	390,895	51,751	51,751	63,878	63,518	608	470	-494,523	-482,449	24,654	24,185
4.3	6,210	6,373	37,522	38,110	0	0	0	0	0	0	43,732	44,483
4.4	116,464	104,458	3,623	3,955	9,200	11,940	0	0	-14,999	-13,500	114,288	106,853
4.5	1,224,038	1,158,826	1,066,127	1,024,294	39	39	0	0	0	0	2,290,204	2,183,159
4.6	0	0	58,814	59,422	0	0	0	0	0	0	58,814	59,422
5	153,814	182,734	8,555	18,298	6,158	8,390	1,545	1,796	-5,364	-7,559	164,708	203,659
6	105,307	115,330	44,074	46,529	6,875	6,769	840	855	-1,873	-2,015	155,223	167,468
6.1	0	0	5,769	5,791	0	0	0	0	0	0	5,769	5,791
6.2	105,307	115,330	38,305	40,738	6,875	6,769	840	855	-1,873	-2,015	149,454	161,677
7	110,338	107,572	41,132	29,858	34,975	27,204	2,822	2,503	0	0	189,267	167,137
TOTAL ASSETS	2,300,281	2,252,987	1,381,495	1,343,597	574,210	574,661	5,905	5,714	-507,666	-496,431	3,754,225	3,680,528
1											728,016	700,557
2	7,376	5,092	0	0	739	1,110	420	420	0	0	8,535	6,622
3	1,476,894	1,457,165	1,143,617	1,111,023	0	0	0	0	-5,218	-5,043	2,615,293	2,563,145
4	78,248	68,520	65,804	66,409	79,934	87,882	0	0	0	0	223,986	222,811
4.1	0	0	58,807	59,412	0	0	0	0	0	0	58,807	59,412
4.2	78,248	68,520	6,997	6,997	79,934	87,882	0	0	0	0	165,179	163,399
5	66,485	76,522	5,868	5,643	20,001	19,892	2,223	2,206	-20,364	-21,058	74,213	83,205
6	57,914	57,203	33,155	30,815	9,010	12,099	421	439	3,662	3,632	104,182	104,188
TOTAL EQUITY AND LIABILITIES											3,754,225	3,680,528



**Income statement by business and business line**

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net premiums	521,669	509,263	94,687	127,647	-	-	-	-	-	-	616,356	636,910
Gross premiums	534,279	521,022	95,300	128,273	-	-	-	-	-	-	629,579	649,295
Ceded premiums	12,610	11,759	613	626	-	-	-	-	-	-	13,223	12,385
Commission income	-	-	713	262	-	-	-	-	-	-	713	262
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-	-	-3	-5	-	-	-	-	-	-	-3	-5
Gains on investments in subsidiaries and associates and interests in joint ventures	304	2,751	-	-	399	-	86	-	-324	42	465	2,793
Gains on other financial instruments and investment property	21,932	19,956	18,005	18,084	109	117	0	36	-150	-27	39,896	38,166
Other income	4,860	3,588	118	181	3,242	4,019	2,662	5,353	-3,075	-5,325	7,807	7,816
<b>TOTAL REVENUE</b>	<b>548,765</b>	<b>535,558</b>	<b>113,520</b>	<b>146,169</b>	<b>3,750</b>	<b>4,136</b>	<b>2,748</b>	<b>5,389</b>	<b>-3,549</b>	<b>-5,310</b>	<b>665,234</b>	<b>685,942</b>
Net charges relating to claims	333,850	329,921	100,150	134,518	-	-	-	-	-174	2,583	433,826	467,022
Amounts paid and change in technical reserves	340,811	346,648	100,458	134,972	-	-	-	-	-174	2,583	441,095	484,203
Reinsurers' share	-6,961	-16,727	-308	-454	-	-	-	-	-	-	-7,269	-17,181
Commission expense	-	-	-	0	-	-	-	-	-	-	-	0
Losses on investments in subsidiaries and associates and interests in joint ventures	280	215	-	-	122	151	-	186	-	-	402	552
Losses on other financial instruments and investment property	1,771	1,873	1,484	1,536	1,094	1,130	7	4	-149	-27	4,207	4,516
Operating costs	124,291	120,815	9,208	7,999	5,693	7,546	874	1,957	-3,102	-5,412	136,964	132,905
Other costs	15,847	14,847	1,405	1,561	727	2,286	1,642	2,706	-	-	19,621	21,400
<b>TOTAL COSTS</b>	<b>476,039</b>	<b>467,671</b>	<b>112,247</b>	<b>145,614</b>	<b>7,636</b>	<b>11,113</b>	<b>2,523</b>	<b>4,853</b>	<b>-3,425</b>	<b>-2,856</b>	<b>595,020</b>	<b>626,395</b>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>	<b>72,726</b>	<b>67,887</b>	<b>1,273</b>	<b>555</b>	<b>-3,886</b>	<b>-6,977</b>	<b>225</b>	<b>536</b>	<b>-124</b>	<b>-2,454</b>	<b>70,214</b>	<b>59,547</b>

**Breakdown of other comprehensive income**

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	31/12/15
<b>Other comprehensive income, net of taxes without reclassification to profit or loss</b>												
Changes in the equity of investees	-313	269			0	0	-313	269	36	-213	-411	-98
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	-313	269			0	0	-313	269	36	-213	-411	-98
Other items	0	0			0	0	0	0	0	0	0	0
<b>Other comprehensive income, net of taxes with reclassification to profit or loss</b>	<b>-2,183</b>	<b>791</b>		<b>-1,406</b>	<b>0</b>	<b>0</b>	<b>-7,729</b>	<b>-615</b>	<b>1,779</b>	<b>-3,675</b>	<b>117,453</b>	<b>125,182</b>
Change in translation reserve	0	0		0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	-2,183	791		-1,406	0	0	-7,729	-615	1,779	-3,675	117,453	125,182
Gains or losses on hedging instruments	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
Changes in the equity of investees	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
Other items	0	0		0	0	0	0	0	0	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-2,496</b>	<b>1,060</b>		<b>-1,406</b>	<b>0</b>	<b>0</b>	<b>-8,042</b>	<b>-346</b>	<b>1,815</b>	<b>-3,888</b>	<b>117,042</b>	<b>125,084</b>

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**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			
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
Equity and derivative instruments measured at cost	0	0	0	0	8,448	8,390	0	0	0	0	8,448	8,390
Equity instruments at fair value of which listed	0	0	0	0	86,128	98,548	0	0	5,525	6,997	91,653	105,545
Debt securities of which listed	43,732	44,483	0	0	6,317	10,887	0	0	5,525	6,997	11,842	17,884
	42,605	43,241	0	0	2,127,231	2,018,397	7	10	13,807	13,073	2,184,777	2,075,963
OEIC units	0	0	0	0	2,127,132	2,018,397	7	10	13,806	13,073	2,183,550	2,074,721
Loans and receivables from bank customers	0	0	0	0	68,397	57,824	0	0	36,381	36,089	104,778	93,913
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deposits with ceding companies	0	0	0	0	0	0	0	0	0	0	0	0
Financial asset portion of insurance contracts	0	0	149	175	0	0	0	0	0	0	149	175
Other loans and receivables	0	0	41,386	43,303	0	0	0	0	0	0	41,386	43,303
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	72,753	63,375	0	0	0	0	3,094	3,253	75,847	66,628
<b>Total</b>	<b>43,732</b>	<b>44,483</b>	<b>114,288</b>	<b>106,653</b>	<b>2,290,204</b>	<b>2,163,159</b>	<b>7</b>	<b>10</b>	<b>58,807</b>	<b>59,412</b>	<b>2,507,038</b>	<b>2,393,917</b>

**Financial and investment gains and losses/costs**

	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/HY2016	Net gains and costs/losses HY2015
							Valuation capital gains	Write-backs	Valuation capital losses	Write-downs			
<b>Investments</b>	<b>29,457</b>	<b>4,325</b>	<b>2,058</b>	<b>7,113</b>	<b>199</b>	<b>38,638</b>	<b>614</b>	<b>0</b>	<b>5,250</b>	<b>0</b>	<b>-4,636</b>	<b>34,002</b>	<b>41,208</b>
a Investment property	0	2,810	1,359	0	0	1,451	0	0	1,703	0	-1,703	-252	-449
b Investments in subsidiaries and associates and interests in joint ventures	0	465	402	0	0	63	0	0	0	0	0	63	2,241
c Held to maturity investments	880	0	0	0	0	880	0	0	0	0	0	880	1,098
d Loans and receivables	334	0	0	0	0	334	47	0	0	0	47	381	319
e Financial assets available for sale	27,774	820	0	7,051	1	35,644	0	0	0	0	0	35,644	33,052
f Financial assets held for trading	0	0	0	0	0	0	0	0	3	0	-3	-3	-5
g Financial assets at fair value through profit or loss	469	230	297	62	198	266	567	0	3,544	0	-2,977	-2,711	4,952
<b>Other receivables</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108</b>	<b>284</b>
<b>Cash and cash equivalents</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>708</b>
<b>Financial liabilities</b>	<b>-1,144</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,144</b>	<b>0</b>	<b>0</b>	<b>-2,711</b>	<b>0</b>	<b>2,711</b>	<b>1,567</b>	<b>-6,314</b>
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	-2,711	0	2,711	2,711	-4,952
c Other financial liabilities	-1,144	0	0	0	0	-1,144	0	0	0	0	0	-1,144	-1,362
<b>Payables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>28,493</b>	<b>4,325</b>	<b>2,058</b>	<b>7,113</b>	<b>199</b>	<b>37,674</b>	<b>614</b>	<b>0</b>	<b>2,539</b>	<b>0</b>	<b>-1,925</b>	<b>35,749</b>	<b>35,886</b>

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**Breakdown of technical reserves**

(€/000)

	Direct business		Indirect business	Total carrying amount	
	30/06/16	31/12/15		30/06/16	31/12/15
<b>Non-life reserves</b>	<b>1,475,944</b>	<b>1,456,251</b>	<b>950</b>	<b>1,476,894</b>	<b>1,457,164</b>
Premium reserve	390,903	388,638	49	390,952	388,680
Claims reserve	1,084,632	1,067,204	901	1,085,533	1,068,075
Other reserves	409	409	0	409	409
of which posted following liability adequacy testing	0	0	0	0	0
<b>Life reserves</b>	<b>1,138,247</b>	<b>1,105,794</b>	<b>152</b>	<b>1,138,399</b>	<b>1,105,981</b>
Reserve for payable amounts	22,163	27,529	3	22,166	27,541
Mathematical reserves	1,037,875	1,002,231	149	1,038,024	1,002,404
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0
Other reserves	78,209	76,034	0	78,209	76,036
of which posted following liability adequacy testing	0	0	0	0	0
of which deferred liabilities to policyholders	71,315	68,757	0	71,315	68,757
<b>Total technical reserves</b>	<b>2,614,191</b>	<b>2,562,045</b>	<b>1,102</b>	<b>2,615,293</b>	<b>2,563,145</b>

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**Breakdown of reinsurers' share of technical reserves**

(€/000)

	Direct business		Indirect business		Total carrying amount	
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
<b>Non-life reserves</b>	<b>55,657</b>	<b>56,678</b>	<b>335</b>	<b>342</b>	<b>55,992</b>	<b>57,020</b>
Premium reserve	17,773	17,439	0	0	17,773	17,439
Claims reserve	37,884	39,239	335	342	38,219	39,581
Other reserves	0	0	0	0	0	0
<b>Life reserves</b>	<b>7,252</b>	<b>6,997</b>	<b>0</b>	<b>0</b>	<b>7,252</b>	<b>6,997</b>
Reserves for payable amounts	0	0	0	0	0	0
Mathematical reserves	7,222	6,966	0	0	7,222	6,966
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	30	31	0	0	30	31
<b>Total reinsurers' share of technical reserves</b>	<b>62,909</b>	<b>63,675</b>	<b>335</b>	<b>342</b>	<b>63,244</b>	<b>64,017</b>

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### Breakdown of financial liabilities

(€/000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities through profit or loss		Financial liabilities at fair value through profit or loss					
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
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	58,807	59,412	0	0	58,807	59,412
Contracts where policyholders bear investment risk	0	0	41,173	42,170	0	0	41,173	42,170
Pension-fund management	0	0	17,634	17,242	0	0	17,634	17,242
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	14,425	14,425	14,425	14,425
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	79,934	87,882	79,934	87,882
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	70,820	61,092	70,820	61,092
<b>Total</b>	<b>0</b>	<b>0</b>	<b>58,807</b>	<b>59,412</b>	<b>165,179</b>	<b>163,399</b>	<b>223,986</b>	<b>222,811</b>

**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	
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
<b>Assets and liabilities measured at fair value on a recurring basis</b>								
Financial assets Available for sale	2,201,845	2,087,108	8,708	8,736	79,651	87,315	2,290,204	2,183,159
Financial assets at fair value through profit or loss	7	10	-	-	-	-	7	10
Financial assets at fair value through profit or loss	58,807	59,412	-	-	-	-	58,807	59,412
Investment Property	-	-	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
<b>Total assets measured at fair value on a recurring basis</b>	<b>2,260,659</b>	<b>2,146,530</b>	<b>8,708</b>	<b>8,736</b>	<b>79,651</b>	<b>87,315</b>	<b>2,349,018</b>	<b>2,242,581</b>
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	58,440	58,636	367	776	-	-	58,807	59,412
<b>Total liabilities measured at fair value on a recurring basis</b>	<b>58,440</b>	<b>58,636</b>	<b>367</b>	<b>776</b>	<b>-</b>	<b>-</b>	<b>58,807</b>	<b>59,412</b>
<b>Assets and liabilities measured at fair value on a non recurring basis</b>								
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**

(in '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 liabilities held for trading				Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets at fair value through profit or loss						
<b>Opening balance</b>	<b>87,315</b>								
Purchases/ issues	158								
Sales/Repurchases	0								
Redemptions	-7,822								
Gains or losses charged to profit and loss	0								
- of which unrealised gains/losses	0								
Gains or losses charged to other comprehensive income	0								
Moves to Level 3	0								
Moves to other Levels	0								
Other changes	0								
<b>Closing balance</b>	<b>79,651</b>								

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**Detail of insurance technical items**

(€/000)

	30/06/2016			30/06/2015		
	Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
<b>Non-life business</b>						
<b>NET PREMIUMS</b>	<b>534,279</b>	<b>12,610</b>	<b>521,669</b>	<b>521,022</b>	<b>11,759</b>	<b>509,263</b>
a Premiums written	536,551	12,944	523,607	535,369	11,618	523,751
b Change in premiums reserve	2,272	334	1,938	14,347	-141	14,488
<b>NET CLAIMS COSTS</b>	<b>340,811</b>	<b>6,961</b>	<b>333,850</b>	<b>346,648</b>	<b>16,727</b>	<b>329,921</b>
a Amounts paid	329,147	8,234	320,913	341,540	22,993	318,547
b Change in claims reserves	17,464	-1,356	18,820	5,967	-8,810	14,777
c Change in recoveries	5,800	-83	5,883	859	-2,544	3,403
d Change in other technical reserves	-	-	-	-	-	-
<b>Life business</b>						
<b>NET PREMIUMS</b>	<b>95,300</b>	<b>613</b>	<b>94,687</b>	<b>128,273</b>	<b>626</b>	<b>127,647</b>
<b>NET CLAIMS COSTS</b>	<b>100,458</b>	<b>308</b>	<b>100,150</b>	<b>134,972</b>	<b>454</b>	<b>134,518</b>
a Amounts paid	71,761	53	71,708	82,417	99	82,318
b Change in reserve for amounts to be paid	-5,375	-	-5,375	-537	198	-735
c Change in mathematical reserves	34,465	256	34,209	53,798	167	53,631
d Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	-	-	-	-	-	-
e Change in other technical reserves	-393	-1	-392	-706	-10	-696

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**Breakdown of insurance operating costs**

(€/000)

	Non-life business		Life business	
	30/06/16	30/06/15	30/06/16	30/06/15
<b>Gross commissions and other acquisition costs</b>	<b>106,821</b>	<b>109,005</b>	<b>5,641</b>	<b>6,075</b>
a Acquisition commissions	80,093	79,234	2,747	2,560
b Other acquisition costs	22,787	25,419	2,524	3,127
c Change in deferred acquisition costs	0	-45	21	-27
d Premium collection commissions	3,941	4,397	349	415
<b>Profit participation and other commissions received from reinsurers</b>	<b>-1,666</b>	<b>-2,062</b>	<b>-91</b>	<b>-89</b>
<b>Investment management costs</b>	<b>1,042</b>	<b>672</b>	<b>106</b>	<b>500</b>
<b>Other administrative costs</b>	<b>18,093</b>	<b>13,200</b>	<b>3,552</b>	<b>1,513</b>
<b>Total</b>	<b>124,290</b>	<b>120,815</b>	<b>9,208</b>	<b>7,999</b>

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**Breakdown of property, plant and equipment and intangible assets**

(€/000)

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	83,882	-	83,882
Other property	549,131	-	549,131
Other items of property, plant	7,901	-	7,901
Other intangible assets	9,177	-	9,177

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**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	
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
On-balance sheet assets	41,173	42,170	17,634	17,242	58,807	59,412
Infragroup assets *	0	0	0	0	0	0
<b>Total assets</b>	<b>41,173</b>	<b>42,170</b>	<b>17,634</b>	<b>17,242</b>	<b>58,807</b>	<b>59,412</b>
On-balance sheet liabilities	41,173	42,170	17,634	17,242	58,807	59,412
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>41,173</b>	<b>42,170</b>	<b>17,634</b>	<b>17,242</b>	<b>58,807</b>	<b>59,412</b>

\* Assets and liabilities eliminated in consolidation process

**Detail of reclassified financial assets and impacts on profit and loss and on other comprehensive income**

(€000)

Reclassified Financial assets categorie	Activity class	Amount of Financial assets reclassified during the year at reclassification date	Carrying amount at 31/12/2012 of reclassified assets		Fair Value at 31/12/2012 of reclassified assets		Reclassified Assets during 2013		Reclassified Assets up to 2013		Reclassified Assets during 2013		Reclassified Assets up to 2013	
			Reclassified Assets during 2013	Reclassified Assets up to 2013	Reclassified Assets during 2013	Reclassified Assets up to 2013	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														
<b>Total</b>														

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

	Valore di bilancio		Fair value							
			Livello 1		Livello 2		Livello 3		Totale	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
<b>Assets</b>										
Held to maturity investments	43.732	44.483	47.271	48.044	0	0	1.127	1.242	48.398	49.286
Loans and receivables	114.288	106.853	0	0	0	0	114.288	106.853	114.288	106.853
Investments in subsidiaries and interests in joint ventures	24.185	24.185	0	0	0	0	24.185	24.185	24.185	24.185
Investment property	83.882	85.684	0	0	0	0	87.500	87.500	87.500	87.500
Tangible assets	549.131	555.282	0	0	0	0	618.001	626.745	618.001	626.745
<b>Total assets</b>	<b>815.687</b>	<b>816.387</b>	<b>47.271</b>	<b>48.044</b>	<b>-</b>	<b>-</b>	<b>845.570</b>	<b>846.525</b>	<b>892.841</b>	<b>894.569</b>
<b>Liabilities</b>										
Other financial liabilities	165.179	163.399	0	0	0	0	165.179	163.399	165.179	163.399

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Condensed Consolidated financial statements as at 30 June 2016

**Consolidation scope: interests in subsidiaries with significant minority interests**

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	Main financial-economic datas							
						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.	Italy	4.06	4.06	46	9,065	229,620	227,368	-	1,420	223,277	1,140	-	-

(€/000)



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 transfer ) of assets transferred 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 purposes of financial statement reporting IAS/IFRS (note 2) and half-yearly reporting (note 4) when IFRS 12.6 conditions are met.



# Management Attestation

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

1. The undersigned Cesare Caldarelli (as General Manager) 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 2016 half-yearly consolidated financial statements.

2. In this respect no remarks emerged besides what already reported in Director's report to the Consolidated half-year financial report as at 30 June 2016.

3. The undersigned also certify that:

3.1 The half-yearly consolidated financial statements as at June 30th 2016:

- 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 consolidated interim directors' report contains reference to the more significant events occurring in the first six months of the financial year and their impact on the half-yearly consolidated financial statements, together with a description of the main risks and uncertainties faced in the remaining six months of the year. The consolidated interim directors' report also contains information on significant related party transactions.

Milan, 28 July 2016

Cesare Caldarelli  
*General Manager*

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

# Report of Independent Auditors

## REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

### **Introduction**

We have reviewed the half-yearly condensed consolidated financial statements of Vittoria Assicurazioni S.p.A. and subsidiaries (the “Vittoria Group”), which comprise the statement of financial position as of 30<sup>th</sup> June 2016, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the six month period then ended, and related notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“Consob”) for the review of the half-yearly interim financial statements under Resolution n. 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Vittoria Group as of 30<sup>th</sup> June 2016 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

### **Basis for preparation**

As reported in the notes, the half-yearly condensed consolidated financial statements have been prepared in accordance with reporting requirements provided by Regulation ISVAP n. 7 of July 13, 2007.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
Vittorio Frigerio  
Partner

Milan, Italy  
August 5th, 2016

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