



# 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  
COMPANY BEING PART OF VITTORIA ASSICURAZIONI GROUP REGISTERED TO REGISTER OF  
INSURANCE GROUPS NO.008  
SUBJECT TO THE DIRECTION AND COORDINATION EXERCISED BY THE PARENT COMPANY  
Yafa S.P.A.

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

Consolidated  
half-year financial report  
as at 30 June 2017

Board of Directors' meeting  
of 27 July 2017

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



# Table of contents

Page

Corporate bodies and officers	4
-------------------------------	---

---

## CONSOLIDATED 2017 HALF YEAR REPORT

---

Note on Vittoria Assicurazioni Group - Form and Content	6
Accounting policies – Use of estimates - Other Significant Information	7
New accounting principles that are not yet effective	8

### Directors' report

Economic and insurance scenario	9
Consolidation scope	12
Summary of key performance indicators of the Group	13
Performance of the Group	14
Strategic goals	16
Insurance business	17
Real estate business	26
Service business	29
Investment – Cash & cash equivalents – Property	30
Gains and losses on investments	37
Financial liabilities	38
Risk management	39
Infragroup and related-party transactions	42
Significant events occurring after the first half 2017 and outlook	44

### Condensed Consolidated 2017 half year financial statements

Consolidated statement of financial position	46
Income statement	48
Statement of comprehensive income	49
Statement of changes in equity	50
Cash flow statement - indirect method	51

### General explanatory notes to accounts

Consolidated investments	52
Consolidated equity investments using the equity method	53
Geographical segments reporting (secondary segments)	54

### Specific explanatory notes to accounts

Consolidated Balance Sheet	55
Consolidated Income Statement	73

Other disclosures	77
-------------------	----

Annexes to Condensed Consolidated 2017 half year financial statements	79
---	----

---

Management Attestation	91
Independent Auditors's Report	93

---

---

**BOARD OF DIRECTORS**

---

Carlo ACUTIS Andrea ACUTIS	Emeritus Chairman Chairman
Roberto GUARENA	Deputy Chairman
Cesare CALDARELLI	Chief Executive Officer
Adriana ACUTIS BISCARETTI di RUFFIA	Director
Marco BRIGNONE	Independent director
Giorgio Roberto COSTA	Director
Lorenza GUERRA SERÀGNOLI	Independent director
Giorgio MARSIAJ	Independent director
Maria Antonella MASSARI	Independent director
Marzia MORENA	Independent director
Luca PAVERI FONTANA	Director
Giuseppe SPADAFORA	Independent director
Roberta URBAN	Independent director
Laura MILANO	Secretary

---

**BOARD OF STATUTORY AUDITORS**

---

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

---

**GENERAL MANAGEMENT**

---

Claudio RAMPIN	Joint General Manager
Matteo CAMPANER	Deputy Director
Paolo NOVATI	Deputy Director
Luca ARENSI	Central Manager
Maurizio MONTICELLI	Central Manager
Giuseppe TRAVERSO	Central Manager
Enzo VIGHI	Central Manager

---

**INDEPENDENT AUDITOR**

---

Deloitte & Touche S.p.A.

---

#### APPOINTMENTS AND REMUNERATION COMMITTEE

---

Maria Antonella MASSARI	Independent non-executive president
Giuseppe SPADAFORA	Independent non-executive member
Roberata URBAN	Independent non-executive member

---

#### INTERNAL CONTROL COMMITTEE

---

Giuseppe SPADAFORA	Independent non-executive president
Maria Antonella MASSARI	Independent non-executive member
Roberta URBAN	Independent non-executive member

---

#### FINANCE COMMITTEE

---

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
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Independent non-executive member

---

#### REAL ESTATE COMMITTEE

---

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
Marzia MORENA	Independent non-executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Independent non-executive member

---

#### RELATED PARTIES COMMITTEE

---

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

---

#### STRATEGIES COMMITTEE

---

Andrea ACUTIS	Non-executive president
Carlo ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Independent non-executive member
Roberta URBAN	Independent non-executive member

## Note on Vittoria Assicurazioni Group

Vittoria Assicurazioni is part of the Vittoria Assicurazioni Group, registered in the Register of Insurance Groups envisaged in Article 85 of the Italian Code of Private Insurance Companies (with registration number 008).

Since 29 June 2017 Vittoria Assicurazioni S.p.A. is subject to management and coordination of Yafa S.p.A., Parent Company of the Vittoria Assicurazioni Group, and it is bound to ensure compliance of measures which the same Yafa S.p.A. adopts for the implementation of the current legislation and requirements issued by the IVASS in the interest of the stable and efficient management of the Group. Yafa S.p.A., controls Vittoria Assicurazioni through the participatory chain formed by Yafa Holding S.p.A. And Vittoria Capital S.p.A..

The areas under management and coordination of the Parent Company Yafa S.p.A. are set out in the Group Regulations, which governs the obligations of subsidiaries with reference to the activities required by the Parent Company to carry out the tasks provided by the current group solvency rules, control of intragroup transactions and risk concentration management. The Regulation also aims to leave the Vittoria Assicurazioni's Board of Directors' duties and responsibilities unmistakable with regard to the strategic guidelines of their competence, particularly for business strategy decisions, in accordance with the subjects provided by the Parent Company.

The Regulation provides a differentiated management of the scope of application of intergroup coordination by delegating to Vittoria Assicurazioni the management and coordination of its subsidiaries and of all its supervisory and risk management bodies currently implemented as set out in Regulation 20, while to Yafa SpA., the direct direction and direct coordination of the other subsidiaries.

**This Report refers to the consolidated data of Vittoria Assicurazioni S.p.A., whose scope of consolidation is illustrated on page 12. Therefore, from now on in this report, the Group definition refers to Vittoria Assicurazioni S.p.A. and to companies consolidated by it.**

## Form and contents of report

The consolidated half-year report as at 30 June 2017 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 was prepared in accordance with the specifications contained in Legislative Decree no. 209 of 7 September 2005, in ISVAP Regulation no. 7 of 13 July 2007 and subsequent amendments and additions and Consob Memorandum no. 6064293 of 28 July 2006.

The account statements are contained in the specific chapter "Appendices to Consolidated Half-Year Financial Statements," which is an integral part of this report.

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 2016. 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. 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.

## Use of estimates

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

The technical reserves evaluation is performed by the Actuarial department, which also exercises the permanent control function.

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

If significant, and in any case when required by IFRSs, indications are given of the sensitivity of carrying amounts to the fundamental methods, assumptions and estimates used to calculate them, together with the reasons for such sensitivity.

The estimates are reviewed regularly. The effects of each and any change are immediately recognised in the income statement or, in the case of financial assets available for sale and actuarial gains or losses, in equity.

## Other relevant information

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.

## New accounting principles that are not yet effective

**IFRS 9 Financial Instruments (replacement of IAS 39).** On 24 July 2014, the International Accounting Standards Board (IASB) published the International Financial Reporting Standards (IFRS) 9 - Financial Instruments. The principle aims to emphasize on certain aspects:

- fair value for all instruments not only the ones remunerate the credit risk;
- logic of credit risk monitoring (including financial instruments consist of bonds), which enable the early detection and proper assessment of signs of impairment for evaluation purposes;
- adoption of predictive indicators (forward looking) and more stringent presumptions with respect to the practice;
- greater correlation between returns on financial instruments and risk (relative risk approach).

The application is mandatory as of 1<sup>st</sup> January 2018 following the approval of 29 November 2016. In September 2016, the amendment "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts Amendments to IFRS 4" Which allows insurance companies to postpone the entry into force of IFRS 9 (so-called deferral approach) to a maximum of 2021 or allows the parent company to suspend the greater volatility introduced by the new principle on individual securities (so-called "overlay" approach ").

Vittoria Assicurazioni, on the basis of the preliminary analysis, believed to be in a position to apply the "deferral approach" provided for IFRS9. At the moment it does not have a sufficiently reliable analysis of application impacts.

**IFRS 15 Revenue from Contracts with Customers.** Qualitative analysis showed no significant impact on the Group. Entry into force is fixed for the 1<sup>st</sup> January 2018.

**IFRS 16 Leases (replacement of IAS 17).** Qualitative analysis showed no significant impact on the Group. Entry into force is fixed for the 1<sup>st</sup> January 2019.

**IFRS 17 Insurance contracts.** On 28 May 2017, the IASB published the Standard on Insurance Contracts, IFRS 17. The standard valuation methodology is based on three accounting models that allow the estimation of insurance contracts at current values:

- "Building Block Approach" based on the expected future cash flows, weighted and corrected for a risk factor that includes the expected contractual service margin ("Contractual Service Margin") at the time of the subscription of the contract;
- an alternative and simplified model with respect to the general accounting model ("BBA") applicable to insurance contracts with a contractual coverage of less than one year;
- an alternative model to the general accounting model ("BBA") applicable to the direct participations contracts accounting to take into account the commissions for managing the underlying assets recognized by the Company.

Since entry into force is set for the 1<sup>st</sup> January 2021, leaving the possibility of an early application (if IFRS 9 and IFRS 15 are applied), Vittoria Assicurazioni at the moment does not have a sufficiently reliable analysis of application impacts.



# Directors' report

## Economic and insurance scenario

The first half of 2017 confirms the strengthening of the **world economy**, which according to recent **OECD** (Organization for Economic Co-operation and Development) forecasts should grow by 3.5% y/y (3.4% earlier). Growth, although falling below the historical averages (1987-2007 = 3.9%) and being compared with a low 2016 figure, is generally widespread in all geographic areas and is driven mainly by increased investment, global trade recovery (+4.6%) and demand for goods (especially "high-tech") and services, as well as from the recovery of export-exporting countries. Unemployment falls, but wage growth is contained mainly in the United States (<0.5%) and in the Euro area (<0.6%) as well as productivity indicators. In this context, inflation levels appear to be low at less than a significant increase in commodity prices.

The **United States** grows to 2% y/y, confirming early-year estimates, but disappointing at the moment the growing expectations linked to fiscal reform and to new infrastructure investments promised by the new Trump administration. Growth is driven by capital investment, consumption and exports, benefiting from the overall good performance of international trade.

Since the beginning of the year, the job market has created 160,000 new jobs a month and seems to absorb well the demands for new entrances to the market. The unemployment figure further falls to 4.6% at the end of March and is expected to reach 4.3% according to the latest forecast. In a context of moderate but steady economic growth and full employment of the workforce, it is surprising that the inflation figure (PCE Deflator) remains under expectations (1.4% at the end of May) and far from the target of 2%. According to the FOMC, this figure appears to be due to temporary factors linked to certain prices such as telephone and drug services, as well as the methodology for calculating the same rate of inflation that is determined on the average prices over the last of twelve months. Forecasts are for a gradual return to 2% y/y. The FOMC proceeds with the normalization of monetary policy with a further rise in the rate of FED funds in June (1-1.25%) and announces the reinvestment reduction program to be implemented this year. The program provides for a reduction in gradual repurchases to minimize market impact. Another rise in rates is expected in September as inflation figures improve according to expectations. Moreover, the political risk is growing where the new administration is struggling to implement its domestic front program and moves unpredictably on the international front. Expectations of fiscal stimulus are now expected for the second part of 2018.

In **Europe**, economic recovery continues at higher rates than expected, recording a figure of 1.9% (previous IMF estimate for 2017 was 1.7%), driven mainly by good trade performance international trading, awaiting the return of larger capital investments and the increase in corporate profits already in progress. Unemployment figures decrease (9.3% from 9.6%), but wages do not increase (1.4% at the end of March compared to 1.6% at the beginning of the year) and this does not favor consumption despite increase in purchasing power. The inflation rate remains below expectations and was 1.3% at the end of June (1.1% at the end of last year). Wage dynamics are the protagonists of the ECB's monetary policy, which at the moment, it has not changed its strategy maintaining low rates and continuing the government and corporate government securities program. However, the markets already seem to be offset by a gradual closure of the purchasing program and then the beginning of a rise in rates even if not before 12-18 months. Current stock volatility expresses investors' different views on future ECB monetary policies, which, moreover, should not lead to economic imbalances. On the political front there is a reduction in the risk associated with the emergence of euro-skeptics movements in Continental Europe. Elections in the Netherlands, France and in the United Kingdom highlighted the strengthening of pro-European Union and pro-EU forces. The British conservative party came out very weakened by early June elections. At the moment,

opinion polls suggest euro-skeptics will be defeated in Germany and probably also in Austria in the upcoming autumn elections.

Looking ahead, in a favorable economic scenario, the main risks may be derived from the trend in commodities price before they could go down for an over-offer, putting the exporting countries in difficulty and causing a limited benefit to the importing countries due to the destabilizing effect that this could cause. Another risk could be due to the private debt sector in China, which could lead to a financial crisis in the wake of a new economic slowdown. Finally, the evolution of both domestic and international policy measures from the United States, whose impacts may have a negative impact on the rest of the world, should be carefully monitored.

Lastly, with regard to **Italy**, ISTAT expects for 2017 an increase in gross domestic product (GDP) of 1.0% in real terms. The growth rate is slightly higher than 2016 figure (+0.9%). Internal net demand for inventories should contribute positively to the GDP growth by 1.1 percentage points, while net external demand contribution should be marginally negative (-0.1 percentage points), with no change in inventories. Expense of households and ISPs in real terms is estimated to increase by 1.0%, slowing down compared to 2016. Growth in consumption should continue to be fostered by labor market improvements, only partially limited by the expected rise in consumer prices. Investment activity is expected to consolidate on the growth rates recorded in 2016, benefiting also from the positive effects of the credit market resulting from the continued expansion of the ECB's monetary policy (+3.0%). The improvement in employment levels should continue in 2017 (+0.7% in terms of work units) but decelerating compared to the previous years. The reduction in unemployment observed in recent years would continue in 2017, at a rate of 11.5%. The downside risks are a more moderate evolution of international trade and the possible re-emergence of tensions in the financial markets.

Regarding the data recorded by the financial markets during the first half of 2017, we assist to a general increase in European equity indices (Euro Stoxx 50: +5.14%, FTSE 100: +2.72%, CAC 40: +5.97%, DX Jones: +8.25%, S&P 500: +8.12%, Nasdaq: +13.62%), a decrease in Government bonds (IBOXX € Sov 3-5 years: -1.06%, TR 5-7 years: -0.50%), an increase in US medium-term debt indices (in USD IBOXX USD Treasuries 3-7 years: +1.54%) and an increase in European medium and long-term corporate indices (IBOXX € Corp TR 3-5: +0.47% and TR 5-7: +0.72%).

In relation to the European currency's performance against the major currencies in the world, the Euro appreciated the dollar by 8.19%, to the pound of 2.76% and to the Japanese yen of 4.86%.

Concerning the Italian insurance market, it is noted that premiums (according to Italian accounting principles) as at 31 March 2017 (Ania Trends) show a decline in Life business of 13.4% over the same period of the previous year, and a stable trend in Non-Life business (of which Motor TPL - 3.5%).

The comparison with Vittoria Assicurazioni data is as follows:

Business	Change	
	Market 31/03/17 vs. 31/03/16	Vittoria Assicurazioni 30/06/17 vs. 30/06/16
Life business	-13.4%	-3.4%
Non-Life business	-0.1%	+4.6%
Of which Motor TPL	-3.5%	+1.9%

## REAL ESTATE SECTOR

The real estate market trend in 2017 is confirming growth over the last three years and a certain ferment since 2016, albeit with a slowdown in terms of sales compared with the previous year. Prices, in the first half of the year, continue to stagnate, confirming a market still weakened by the low household purchasing power.

After the strong acceleration in real estate transactions in 2016 (+18.8%, following the growth of the previous two years, by +5.9% in 2015 and +3.5% in 2014), in the first months of 2017 there was a slowdown in the recovery of both residential and commercial real estate sales (annual trend change +8.6%) (annual change +13.4%), despite the achievement of the tertiary sector (19.2%), especially in the main markets.

The most dynamic urban housing markets, in 2016 and in the first semester of the current year seem to be confirmed, being Milan and Genoa, while Turin sees a slowdown. The liveliness of Milan and Genoa is confirmed on the commercial front.

Transaction prices are, as mentioned, substantially flat: on average, in the 13 major Italian cities, in the last half of the year the new lost 0.5% and the used 0.6%.

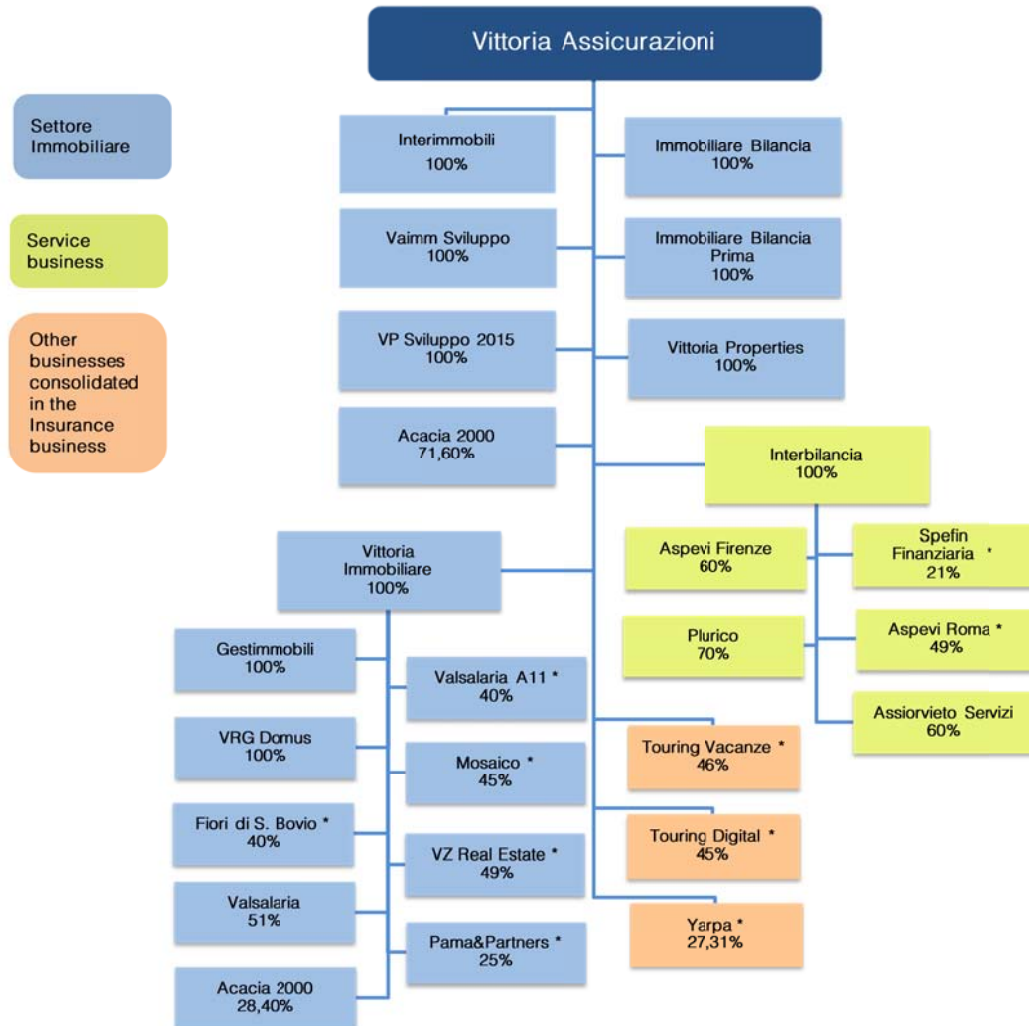
In the new, positive changes are registered - albeit modest - in the prestigious areas and in the centers of Florence and Milan, while for the used, it is better Milan and Florence (-0.2%) than the national average.

The contraction in housing sales timing started weakly in 2014 and it is still consolidating. Today it has an average of 7 months for the new and 6.7 months for the used.

On the lease side, the contracts covered 1.7 million properties, of which 79% were residential. Housing for rent in 2016 was 1.3 million, with an incidence of 5.6% on the potentially leasable stock. Bologna is the city with the greatest liveliness in terms of rental income for rent, followed by Florence, Milan and Turin. Rome is aligned with the average of the top eight markets (10%). Average lease rates show a positive trend in the residential sector of Milan and Rome (with variations in the last semester) and Turin commercial.

GDP growth forecasts for 2017 (+1%) and growth confirmations upward for the next two years, together with the confirmation of moderate recovery in investment and consumption, suggest a positive signal stabilization measured at macroeconomic level.

## Consolidation Scope



\* Companies consolidated using the equity method

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

## Summary of key performance indicators of the Group\*

€/million

SPECIFIC SEGMENT RESULTS					
	30/06/2017	30/06/2016	31/12/2016	Δ 30/06/16	Δ 31/12/16
<b>Non Life business</b>					
Gross Premiums written - direct Non Life business	560.9	536.4	1,081.1	4.6%	
Non Life business pre-tax result	56.8	72.7	194.0	(21.9)%	
(1) Loss Ratio - retained	63.9%	64.0%	64.6%	(0.1)	(0.7)
(2) Combined Ratio - retained	89.6%	89.4%	89.4%	0.2	0.2
(3) Expense Ratio - retained	25.2%	25.2%	24.7%	-	0.5
<b>Life business</b>					
Gross Premiums written - direct Life business	85.7	95.3	184.7	(10.1)%	
Life business pre-tax result	3.3	1.3	2.2	157.0%	
(4) Annual Premium Equivalent (APE)	14.0	14.0	28.0	-	
Segregated funds portfolios	1,090.1	1,007.8	1,038.9		4.9%
Index/Unit - linked and Pension funds portfolios	68.0	58.8	56.9		19.5%
Segregated fund performance: Rendimento Mensile	2.74%	3.01%	3.03%	(0.27)	
Segregated fund performance: Valore Crescente	4.32%	4.48%	4.61%	(0.16)	
<b>Total Agencies</b>	<b>440</b>	<b>421</b>	<b>430</b>	<b>19</b>	<b>10</b>
<b>Real Estate business</b>					
Sales	16.0	12.8	29.9	25.0%	
Trading and development margin	3.1	1.8	1.7	72.2%	
Real Estate business pre-tax result	(0.3)	(1.0)	(4.5)	(70.9)%	
CONSOLIDATED RESULTS					
	30/06/2017	30/06/2016	31/12/2016	Δ 30/06/16	Δ 31/12/16
Total investments	3,447.0	3,354.0	3,348.9		2.9%
Net gains on investments	24.1	38	121.4	(36.6)%	
Pre-tax result	58.2	70.2	188.6	(17.1)%	
Group profit (loss)	41.0	48.9	135.4	(16.2)%	
Equity attributable to the shareholders of the parent	766.8	718.7	745.6		2.8%
Equity attributable to the shareholders of the parent net of unrealised capital gains	714.0	601.2	687.0		3.9%
<b>Average of employees</b>	<b>606</b>	<b>612</b>	<b>610</b>	<b>(6)</b>	<b>(4)</b>

### Legend

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

Technical data are determined in accordance with Italian accounting principles.

\* In this document, the Group definition refers to Vittoria Assicurazioni S.p.A. and companies consolidated by it

## Performance of the Group

At 30 June 2017, net income for the Group came to €41,009 thousand, as compared to €48,948 thousand for the same period of 2016 (-16.2%).

Performance for the insurance segment, before taxes and intersegment eliminations, amounted to €60,073 thousand (-18.8% vs. €73,999 thousand as at 30 June 2016), accounted for €56,801 thousand to Non-Life business and for €3,272 thousand to the Life business.

The result was due to lower capital gains compared to 30 June 2016, which included capital gains on financial instruments of €7,050 thousand, mainly attributable to the continuation of the diversification strategy related to the bonds portfolio which ended in November 2016. Non-Life retained combined ratio was aligned with the corresponding period of the previous year (89.6% vs. 89.4 as at 30 June 2016).

Life business showed a gross result increased by 157%, from €1,273 thousand to € 3,272 thousand.

Thanks to the consolidation and development of the existing portfolio, Non-Life premiums (direct and indirect business) amounted to €560,909 thousand compared with €536,551 thousand as at 30 June 2016 (+4.5%).

Life premiums amounted to €85,685 thousand, down by 10.1% compared to 30 June 2016, due to the continuation of the strategies aimed at decreasing single premium products of segregated funds.

The gross real estate business result, albeit still negative for € 667 thousand, improved compared to the same period of 2016 (loss of € 3,886 thousand as at 30 June 2016). The result takes into account the margins on the notarial deeds in the first half of 2017 for €3,136 thousand (€1,828 thousand as at 30 June 2016).

The comprehensive income of the Group as at 30 June 2017 amounted to €35,317 thousand, decreased by 13.7% compared to €40,906 thousand as at 30 June 2016), due to the combined effect of the time-lag that causes the reduction in the value of the securities by approaching them at the repayment price and to the increase in the interest rate curve that negatively affected the variations in unrealized gains on bonds belonging to the bond portfolio.

Total investments posted an increase of 2.9% compared to 31 December 2016 reaching a total of €3,447,024 thousand, with €68,030 thousand (+19.6%) being related to investments for which the risk is to be borne by the policyholder and €3,378,994 thousand (+2.6%) 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 €24,079 thousand, as compared to €37,971 thousand for the previous period (-36.6%).

In addition to the abovementioned capital gains realized mainly on bonds in the first half of 2016, the decrease compared with the previous period, was due to the lower income earned as a result of the sale of securities in November 2016 under the strategy of diversification of investments.

Group's equity totalled €766,778 thousand, increasing by 2.8% from €745,611 thousand as at 31 December 2016.

As at 30 June 2017, Vittoria Assicurazioni S.p.A. posted a net income (based on Italian accounting standards) of €41,805 thousand (€48,811 thousand for the same period of 2016).

Vittoria Assicurazioni's own funds for Solvency II purposes are largely sufficient to cover the Solvency Capital Requirement. The half year performance, allows to confirm the targets of the announced business plan.

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

Reclassified Profit and Loss by business segment	(€/000)			
	30/06/17	30/06/16	31/12/16	Δ
Non life business - Gross Result (excluding investments result)	53,749	52,541	110,524	+2.3%
Non life business - Gross Investments Result	3,052	20,185	83,467	-84.9%
Life business - Gross Result	3,272	1,273	2,155	+157.0%
<b>Gross Insurance business Result</b>	<b>60,073</b>	<b>73,999</b>	<b>196,146</b>	<b>-18.8%</b>
Elimination from consolidation	(55)	-	4,461	n.s.
Insurance business: taxes	(18,181)	(24,254)	(61,213)	-25.0%
<b>Insurance business net contribution to Profit attributable to parent company shareholders</b>	<b>41,837</b>	<b>49,745</b>	<b>139,394</b>	<b>-15.9%</b>
Gains on property trading	3,136	1,828	1,725	+71.6%
Real estate service revenues	1,017	932	2,812	+9.1%
Real estate business net costs	(4,820)	(6,646)	(16,601)	-27.5%
<b>Gross Real estate business Result</b>	<b>(667)</b>	<b>(3,886)</b>	<b>(12,064)</b>	<b>-82.8%</b>
Elimination from consolidation	(354)	(324)	(829)	+9.3%
Taxes and minority interests	874	2,941	8,062	-70.3%
<b>Net Real estate business Result</b>	<b>(147)</b>	<b>(1,269)</b>	<b>(4,831)</b>	<b>-88.4%</b>
Net profit attributable to Life business Policyholders	(136)	298	331	n.s.
<b>Real estate business net contribution to Profit attributable to parent company shareholders</b>	<b>(283)</b>	<b>(971)</b>	<b>(4,500)</b>	<b>-70.9%</b>
<b>Service business net contribution to Profit attributable to parent company shareholders</b>	<b>(395)</b>	<b>174</b>	<b>473</b>	<b>n.s.</b>
Gain (Loss) on discontinued operations	(150)	0	0	n.s.
<b>Net Profit attributable to parent company shareholders</b>	<b>41,009</b>	<b>48,948</b>	<b>135,367</b>	<b>-16.2%</b>
Other Comprehensive Income (Loss) net of tax	(5,692)	(8,042)	(66,735)	-29.2%
<b>Comprehensive Income attributable to parent company shareholders</b>	<b>35,317</b>	<b>40,906</b>	<b>68,632</b>	<b>-13.7%</b>

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 business, and founds its activities on a long experience in the insurance field, gained since 1921, for the protection of individuals, families and companies.

The main objective of the parent company is to honour in proper time contractual commitments to policyholders, realizing a reasonable profit margin.

This goal is supported by the achievement of technical profitability, a policy of consolidation of the portfolio acquired, the loyalty of existing customers, but also by the increase in market share in non-life and the acquisition of new production in the Life business.

In carrying out its insurance activities, the parent company pays attention to the management of its risk profile, principally through:

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

Next to the insurance business, Vittoria Assicurazioni implements investment policies consistent with its risk/return profile within the scope of the Risk Appetite objective. Investment management, guided by the profile of insurance liabilities, places particular emphasis on the protection of the Company's capital strength.



## Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to €60,073 thousand (-18,8% vs. €73,999 thousand as at 30 June 2016). The key operating items contributing to the period's result are described below.

### Review of operations

Premiums as up to 30 June 2017 thus amounted to €646,594 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

#### COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 1H17 AND 1H16 DIRECT AND INDIRECT BUSINESS

	(€/000)				
	30/06/2017	30/06/2016	YoY change %	% of total book	
				2017	2016
<b>Domestic direct business</b>					
<b>Life business</b>					
I Whole- and term life	73,526	93,056	-21.0	11.4	14.7
IV Health (long-term care)	405	315	28.6	0.1	-
V Capitalisation	11,754	1,928	n.s.	1.8	0.3
<b>Total Life business</b>	<b>85,685</b>	<b>95,299</b>	<b>-10.1</b>	<b>13.3</b>	<b>15.0</b>
<b>Non-Life business</b>					
Total non-marine lines (exc. specialty and motor)	151,685	139,318	8.9	23.5	22.1
Total specialty lines	3,709	4,158	-10.8	0.6	0.7
Total motor lines	405,470	392,958	3.2	62.6	62.2
<b>Total Non-Life business</b>	<b>560,864</b>	<b>536,434</b>	<b>4.6</b>	<b>86.7</b>	<b>85.0</b>
<b>Total direct business</b>	<b>646,549</b>	<b>631,733</b>	<b>2.3</b>	<b>100.0</b>	<b>100.0</b>
<b>Domestic indirect business</b>					
<b>Non-Life business</b>	45	117	-61.5	0.0	0.0
<b>Total indirect business</b>	<b>45</b>	<b>117</b>	<b>-61.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand Total</b>	<b>646,594</b>	<b>631,850</b>	<b>2.3</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 €8,641 thousand (€2,318 thousand in 1H16).

Overhead costs as a percentage of total direct insurance premiums (direct business) were 8.3% (vs. 8.5% in 1H16).

## Commercial Organization

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

Regions	(€/000)				
	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
<b>NORTH</b>					
Emilia Romagna	35	44,939		5,651	
Friuli Venezia Giulia	7	5,206		461	
Liguria	15	22,750		2,268	
Lombardy	108	108,213		34,038	
Piedmont	51	48,429		3,648	
Trentino Alto Adige	9	6,163		549	
Valle d'Aosta	1	2,089		136	
Veneto	39	32,481		3,903	
<b>Total NORTH</b>	<b>265</b>	<b>270,270</b>	<b>48.3</b>	<b>50,654</b>	<b>59.1</b>
<b>CENTRE</b>					
Abruzzo	12	26,267		2,692	
Lazio	29	55,559		9,694	
Marche	18	20,120		1,988	
Tuscany	51	63,246		5,103	
Umbria	15	27,037		2,648	
<b>Total CENTRE</b>	<b>125</b>	<b>192,229</b>	<b>34.3</b>	<b>22,125</b>	<b>25.8</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	4	5,228		527	
Calabria	2	1,659		17	
Campania	13	21,581		1,368	
Molise	2	3,105		88	
Puglia	6	14,188		8,646	
Sardinia	11	21,316		585	
Sicily	12	31,267		1,675	
<b>Total SOUTH AND ISLANDS</b>	<b>50</b>	<b>98,344</b>	<b>17.5</b>	<b>12,906</b>	<b>15.1</b>
<b>Total ITALY</b>	<b>440</b>	<b>560,843</b>	<b>100.0</b>	<b>85,685</b>	<b>100.0</b>
<b>France</b>	<b>0</b>	<b>21</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>OVERALL TOTAL</b>	<b>440</b>	<b>560,864</b>		<b>85,685</b>	

During the first half year were opened 10 new agencies and 11 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, from savings (“revaluable” policies relating to segregated accounts), to protection (policies covering risks of death, disability, and non-self-sufficiency (i.e. long-term care) and supplementary pension plans (individual pension schemes and open-ended pension fund). The product range also includes unit-linked financial policies and composite products, which represent a new investment solution that combines return potential resulting from equity funds (Class III) and the safety of segregated fund (Class I). The strategy of containment of the products in single premiums revaluable linked to segregated funds is going on.

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 insurance pricing 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 insurance pricing 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 €85,685 thousand (€95,299 thousand as at 30 June 2016), split as follows:

	(€/000)				
	30/06/2017	30/06/2016	YoY change %	% of total book	
				2017	2016
Recurring premiums	62,376	21,535	189.7	72.8	22.6
Annual premiums	23,309	73,764	-68.4	27.2	77.4
<b>Total Life business</b>	<b>85,685</b>	<b>95,299</b>	<b>-10.1</b>	<b>100.0</b>	<b>100.0</b>

### 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 2017, compared with data for the same period in the previous year.

	(€/000)		
	30/06/2017	30/06/2016	YoY change %
Claims	12,494	10,050	24.3
Accrued capital sums & annuities	25,821	31,257	(17.4)
Surrenders	20,236	24,198	(16.4)
<b>Total</b>	<b>58,551</b>	<b>65,505</b>	<b>(10.6)</b>

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

## Non-Life Business

### Premiums

Direct premiums issued totalled €560,864 thousand (€536,434 thousand for the same period of the previous year), with an increase of 4.6%.

### Technical performance

#### NON-MARINE

Premiums of the sector recorded an increase of 8.9% (1.8% as at 30 June 2016), thanks also to the effects related to the development actions of customer portfolio with the Motor business alone.

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

The analysis by line of business highlights:

**Personal injury:** premiums recorded an increase of 11.9% compared to the same period of the last year, thanks also to the cross selling generated by the sale of Personal injury cover to the already TPL Motor customers.

The technical result, even in the presence of a greater incidence of serious claims, is positive and in further improvement over the same period of the previous year.

**Illness:** premiums increased by 6.9% with a positive technical result, in line with the same period of the previous year.

**Fire and natural events:** premiums grew by 6.8%.

The technical result, while still positive, is lower than in the same period of the previous year, mainly due to higher incidence of natural events claims and exceptional fire claims that has hit risks already underway in previous years.

**Other property damage:** premiums, which include the theft, hail, damage to electrical systems and the home service, recorded an increase of 5.1%.

The technical result is positive, with a clear improvement over the corresponding period of the previous year.

**General TPL:** premiums were up 5.1%. The technical result shows an improvement compared with the same period of last year, even though there is a greater incidence of serious claims, due to the effects of constant portfolio reform actions also with reference to the Professional TPL line of business.

**Pecuniary losses:** premiums, which include collateral Motor covers, recorded an increase of 13.1%. 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 10.8% and the technical balance is positive, in further improvement compared to the same period of last year.

## SPECIAL BUSINESS

Special Business recorded a positive technical result.

Premiums were down by 10.8% (-33.8% in the same period of the previous year).

**Marine, rail, ocean, lake, river hulls:** premiums increased by 13.0% with a technical result still positive.

**Cargo insurance:** premiums increased by 27.3%, thanks also to the development actions on the cargo companies which are already customers in the Motor business. The technical result is positive, improving compared to the corresponding period of the previous 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. The premium volume is subject to increasingly stringent reimbursement rules in case of early termination of the funding underlying the insurance coverage. The technical balance is positive, with a clear improvement over the same period of the previous year.

**Deposit:** premiums written decreased by 25.3%, also driven by a more rigorous underwriting policy and by the market uncertainties in the procurement world. The technical result is positive, with a clear improvement over the same period of the previous year.

## MOTOR BUSINESS

The motor business recorded a positive technical result.

Premiums increased by 3.2%, (+0.1% in the same period of the previous year).

**Land vehicle hulls:** premiums grew by 9.1%; the developing policy of existing customers in the TPL Motor continues. The technical result remains positive, albeit with a slight decline compared to the same period of the previous year, mainly due to higher incidence of claims arising from atmospheric events.

**Motor Third Party Liability - sea, lake, river vehicles:** premiums grew by 1.9%.

The technical result, down compared to the same period of the previous year, remains positive (despite the presence of a car sector in which there has been a reduction in the average premium paid by policyholders and where claims frequencies recorded a weak signs of recovery. the insured and at a declining frequency), thanks to the constant portfolio selection actions, price policies and the right claims management.

**Assistance:** premiums increased by 10.2% with a technical result which remained positive.

## Claims

### Reported claims

The following chart, concerning reported claims by number, has been prepared using data from positions opened during 1H17. Data are compared with those for 1H16:

Reported claims - direct business

	Nuner of Reported claims		YoY Change %	Nuner of Reported claims without consequences		YoY Change %	Nuner of Reported claims closed		YoY Change %
	30/06/2017	30/06/2016		30/06/2017	30/06/2016		30/06/2017	30/06/2016	
Total non-marine business	24,866	24,071	3.30%	2,924	3,027	-3.40%	11,249	10,586	6.26%
Total specialty business	420	558	-24.73%	65	71	-8.17%	54	33	62.50%
Total motor business	129,504	117,605	10.12%	9,233	9,109	1.36%	82,200	72,090	14.02%
<b>Total Non-Life business</b>	<b>154,790</b>	<b>142,235</b>	<b>8.83%</b>	<b>12,222</b>	<b>12,207</b>	<b>0.12%</b>	<b>93,503</b>	<b>82,709</b>	<b>13.05%</b>

Furthermore, no. 58,246 claims referring to "CARD claims" were received (+3.7% in 1H16). Their total cost, net of applicable deductibles, was €27,602 thousand (+19.3% in 1H16).

## 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 30/06/17			Claims recovered from reinsurers	Claims paid 30/06/16			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reins. %
	Current year	Previous years	Total		Current year	Previous years	Total			
<b>Total non-motor business</b>	15,425	39,034	54,459	1,049	13,489	30,623	44,111	1,716	23.5	-38.9
<b>Total Special business</b>	267	5,535	5,802	1,757	121	8,592	8,713	3,359	-33.4	-47.7
<b>Total motor business</b>	86,516	191,256	277,772	5,023	95,649	173,280	268,929	3,159	3.3	59.0
<b>Total non-life business</b>	102,208	235,825	338,033	7,829	109,258	212,495	321,753	8,234	5.1	-4.9

The cost includes the amount incurred in the period for the contribution to the guarantee fund for road-accident victims. This totalled €7,955 thousand vs. €7,814 thousand in 1H16.

## 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		
	30/06/2017	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016
Accident insurance	27.08	28.24	57.58	43.29	48.32	66.31
Health insurance	69.41	67.48	83.74	64.73	57.47	77.56
Motor vehicle hulls	71.24	73.24	85.07	65.72	72.76	80.33
Fire and natural events	54.77	55.62	83.27	59.97	62.39	74.29
Miscellaneous damages - theft	65.51	62.18	87.53	74.61	78.88	86.20
Third-party motor liability	65.82	64.65	75.52	52.44	50.03	67.82
Third-party general liability	43.34	45.01	71.13	24.40	27.11	37.35

## Reinsurance

### LIFE BUSINESS

#### Outward reinsurance

With respect to Class "I", there are an excess of loss treaty and a pure commercial premiums treaty, still active for the sale set up in 1997.

Ceded premiums in 1HY17 amounted to €553 thousand (€613 thousand in 1HY16).

#### Inward reinsurance

There is a traditional pure-premium treaty no longer fed with Life business, which merely records changes occurring in the related portfolio.

### NON-LIFE BUSINESS

#### Outward reinsurance

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

The main treaties in place are the following:

**Excess claims:** Accident, Motor vehicle Hulls, Marine Hulls, Cargo (goods in transit), Fire and natural events, Motor TPL and General TPL;

**Pure premium:** Suretyship, Legal protection, Assistance and Miscellaneous damage in relation to Hail, Engineering risks and ten year guarantees.

Ceded premiums in 1HY17 totalled €11,733 thousand (€12,945 thousand in 1HY16).

#### Inward reinsurance

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

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 / Fitch / A.M. Best Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown	
AA+	37	685	722	1.7	
AA	-42	202	160	0.4	
AA-**	-12,714	36,825	24,111	59.0	
A+	-638	2,768	2,130	5.2	
A*	-1,612	5,855	4,243	10.4	
A3****	-995	6,372	5,377	13.2	
A-***	-29	2,432	2,403	5.9	
Not rated	-793	2,519	1,726	4.2	
<b>Total</b>	<b>-16,786</b>	<b>57,658</b>	<b>40,872</b>	<b>100.0</b>	

\* of which provided by A.M. Best €2.417 thousands

\*\* of which provided by Fitch €-11 thousands

\*\*\* of which provided by Fitch €39 thousands

\*\*\*\* provided by Moody's



## Products - Research and Development

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

In Motor line of businesses a new product Other Different Risks called "Autosicura" has been introduced, which is complemented by the current product Other Different Risks, which includes only the fixing of the vehicle at a contracted bodywork.

In Life line of businesses, the launch of new products has started:

- the composite whole-life product called "Vittoria InvestiMeglio-MultiRamo OPEN", single premium rate and additional payments linked to the Segregated fund "Vittoria Obiettivo Crescita" and to UCI Funds;
- Vittoria Formula Rendita Plus, a Lob "I" product at single premium that provides a revaluable return linked to the Segregated funds called Obiettivo Crescita in case of survival, and a declining capital in the event of death, constituted by the premium paid net of the annuity rates already perceived;
- Vittoria Tutela Futuro - Double Protection, a Lob "I" product with a policyholder's choice between a constant capital coverage and variable annual premiums and a declining capital coverage and constant annual premiums.

## 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, amounted to €54,181 thousand, basically in line with what was observed in the same period of the last year (€53,827 thousand).

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>30/06/2017</b>	30/06/2016	<b>Change</b>
Personnel expenses	28,252	27,134	4.1%
Other costs	21,444	20,649	3.9%
Amortisation/Depreciation	4,485	6,044	-25.8%
<b>Total cost by nature</b>	<b>54,181</b>	<b>53,827</b>	<b>0.7%</b>

Overhead costs as a percentage of total direct insurance premiums were 8.3% (vs. 8.5% in 1H16).

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 €667 thousand (vs. a loss of €3,886 thousand in 1H16) and featured contributors to the income statement that, before intersegment eliminations, included:

- revenues from notarial deeds of €16,009 (€12,803 thousand in 1H16).
- income earned on properties from trading and development totalling €3,136 thousand (€1,828 thousand in 1H16);
- revenues from real estate brokerage and management services of €639 thousand, from administrative services of €378 and rental income of €669 thousand, for a total amount of €1,686 thousand (€1,371 thousand in 1H16);
- financial expenses of €241 thousand (€1,094 thousand in 1H16);

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 1H17 amounted to €1,214 thousand (€1,195 thousand in 1HY16). Closing inventory totalled €15,017 thousand (€16,031 thousand as at 31 December 2016).

#### **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 1H17 amounted to €2,943 thousand (€646 thousand in 1HY16). Closing inventory totalled €27,103 thousand (€29,013 thousand as at 31 December 2016).

#### **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 office use 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.

Closing inventory amounted to €55,909 thousand (€52,928 thousand as at 31 December 2016).

**Acacia 2000 Srl – Milan**

71.60% direct equity interest and 28.40% indirect equity interest via Vittoria Immobiliare S.p.A.

In 2016, the company completed the 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”. Revenues in 1H17 from the sale of property amounted to €11,023 thousand (€7,779 thousand in 1HY16) and the final inventory amounted to €201,366 thousand (€209,912 thousand as at 31 December 2016).

**VRG Domus Srl. - Turin**

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

The company, totalled a closing inventory of €12,517 thousand (€12,306 thousand as at 31 December 2016), related to the real estate operation named “Spina 1” in Turin and to a non residential property in Rome, Via della Vignaccia.

**Vaimm Sviluppo Srl – Milan**

100% direct equity interest

The Company holds real estate units in Genoa, Piazza De Ferrari, Via Orefici and Via Conservatori del Mare; the closing inventory amounted to €48,891 thousand, unchanged compared to 31 December 2016.

**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 1H17 from the sale of property amounted to €325 thousand (€806 thousand in 1HY16) and closing inventory amounted to €2,403 thousand (€2,685 thousand as at 31 December 2016).

**VP Sviluppo 2015 Srl – Milan**

100% direct equity interest

The company is managing a real-estate project in the municipality of Peschiera Borromeo (MI). Revenues from the sale of property in 1H17 amounted to €505 thousand (€595 thousand in 1HY16) and the closing inventories amounted to €51,731 thousand (€50,865 thousand as at 31 December 2016).

## Real Estate Brokerage Activities

In this segment the following companies are active:

### Interimmobili Srl - Rome

100% direct equity interest

In its real-estate brokerage activities, the company achieved commission revenue of €961 thousand, (€927 thousand in 1HY16), before infragroup eliminations.

In 1H17 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.

### 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 1H17 totalled €780 thousand (€768 thousand in 1HY16), 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>30/06/2017</b>	30/06/2016	<b>Change</b>
Personnel expenses	1,663	2,048	-18.8%
Other costs	3,340	3,645	-8.4%
Amortisation/Depreciation	482	407	18.4%
<b>Total cost by nature</b>	<b>5,485</b>	<b>6,100</b>	<b>-10.1%</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 €609 thousand (€225 thousand in 1H16).

Revenues for services rendered in 1H17 by group companies, before elimination of infra-group services, amounted to €1,278 thousand (€2,662 thousand in 1HY16); these revenues included €1,233 thousand for commissions and services rendered to the direct operating parent company (€2,609 thousand in 1HY16).

### Overhead costs

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

	(€/000)		
<b>ANALYSIS OF COSTS</b>	<b>30/06/2017</b>	30/06/2016	<b>Change</b>
Personnel expenses	156	375	-58.4%
Other costs	304	499	-39.1%
Amortisation/Depreciation	17	18	-5.6%
<b>Total cost by nature</b>	<b>477</b>	<b>892</b>	<b>-46.5%</b>

The general reduction in costs compared to the same period of the previous year is mainly due to the deconsolidation of Aspevi Roma S.r.l. following the sale to third parties of 51% which took place in November 2016.

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.

## Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of €3,447,024 thousand with an increase of 2.9% vs. 31 December 2016. The detailed breakdown is shown in the following table:

		(€/000)		
INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY		30/06/2017	31/12/2016	Change
A	Investments in subsidiaries and associates and interests in joint ventures	19,655	20,138	-2.4%
B	Held to maturity investments	43,512	44,268	-1.7%
	<b>Loans and receivables</b>	<b>165,733</b>	<b>128,677</b>	<b>28.8%</b>
	- Reinsurance deposits	149	149	
	- Other loans and receivables	165,584	128,528	
C	<b>Financial assets available for sale</b>	<b>2,125,109</b>	<b>2,208,766</b>	<b>-3.8%</b>
	- Equity investments	104,136	103,058	
	- OEIC units	340,050	82,430	
	- Bonds and other fixed-interest securities	1,680,923	2,023,278	
	<b>Financial assets at fair value through profit or loss</b>	<b>68,036</b>	<b>56,872</b>	<b>19.6%</b>
D	<b>Financial assets held for trading</b>	<b>6</b>	<b>6</b>	<b>0.0%</b>
	- Bonds and other fixed-interest securities held for trading	6	6	
E	<b>Financial assets at fair value through profit or loss</b>	<b>68,030</b>	<b>56,866</b>	<b>19.6%</b>
	- Investments where policyholders bear the risk	68,030	56,866	
	<b>Cash and cash equivalents</b>	<b>400,340</b>	<b>262,936</b>	<b>52.3%</b>
F	<b>Total Property</b>	<b>624,639</b>	<b>627,290</b>	<b>-0.4%</b>
	Investment property	95,632	89,428	6.9%
	<b>Property</b>	<b>529,007</b>	<b>537,862</b>	<b>-1.6%</b>
	Property under construction	49,351	47,376	
	Property held for trading	365,586	375,256	
	Owner-occupied property	114,070	115,230	
	<b>TOTAL INVESTMENTS</b>	<b>3,447,024</b>	<b>3,348,947</b>	<b>2.9%</b>
	<b>of which</b>			
	investments where the Group bears the risk	3,378,994	3,292,081	2.6%
	investments where policyholders bear the risk	68,030	56,866	19.6%

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		
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	
Investment property	95,632	89,428	-	-	-	-	-	-	95,632	89,428	
Investments in subsidiaries	511,109	506,609	-	-	-	-	-511,109	-506,609	-	-	
Investments in associates	18,119	19,071	64,715	64,329	1,090	654	-64,269	-63,916	19,655	20,138	
Held to maturity investments	43,512	44,268	-	-	-	-	-	-	43,512	44,268	
Reinsurance deposits	149	149	-	-	-	-	-	-	149	149	
Other loans and receivables	152,108	128,986	31,476	19,542	-	-	-18,000	-20,000	165,584	128,528	
Financial assets available for sale											
Equity investments	104,071	102,993	39	39	26	26	-	-	104,136	103,058	
OEIC units	340,050	82,430	-	-	-	-	-	-	340,050	82,430	
Bonds and other fixed-interest securities	1,680,923	2,023,278	-	-	-	-	-	-	1,680,923	2,023,278	
Financial assets at fair value through profit or loss:											
Investments where policyholders bear the risk	68,030	56,866	-	-	-	-	-	-	68,030	56,866	
Financial assets held for trading: Bonds and other fixed-interest securities	6	6	-	-	-	-	-	-	6	6	
Cash and cash equivalents	365,381	225,576	32,083	34,243	2,876	3,117	-	-	400,340	262,936	
Property under construction	-	-	49,351	47,376	-	-	-	-	49,351	47,376	
Property held for trading	-	-	356,493	366,163	-	-	9,093	9,093	365,586	375,256	
Owner-occupied property	83,913	85,436	30,157	29,794	-	-	-	-	114,070	115,230	
<b>Total</b>	<b>3,463,003</b>	<b>3,365,096</b>	<b>564,314</b>	<b>561,486</b>	<b>3,992</b>	<b>3,797</b>	<b>-584,285</b>	<b>-581,432</b>	<b>3,447,024</b>	<b>3,348,947</b>	

## Investments with risk borne by Group

Investments with risks borne by the Group totalled €3,378,994 thousand (€3,292,081 thousand as at 31 December 2016).

The following transactions took place during the 1H17:

### A) Investments in subsidiaries, associates and joint ventures:

Among the Group's principal associated companies we report the direct participation of 27.31% in Yarpa S.p.A., a company which carries out the role of the holding company, holding stable investment in portfolio and also provides financial advisory services. The company controls Yarpa Investimenti SGR S.p.A., an asset management company active in management of securities and real estate closed-end funds, as well as YLF S.p.A., created to manage in joint venture with LBO France private equity investments in the Italian market and targeting small and medium-sized companies. As at 30 June 2017, the company reported a net equity's Group amounted to €40,484 thousand (€44,547 thousand as at 31 December 2016).

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

### 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:

- redemption of bonds for €492,750 thousand;
- purchase of equity SICAVs with a long/short strategy for €10,000 thousand;
- purchase of government bonds, local and supranational entities belonging to the Euro area for 99,331 thousand;
- purchase of corporate bonds belonging to the Euro area for €85,334 thousand;
- purchase of Euro area equity ETF for €20,000 thousand;
- subscribed for €226,057 thousand in specialized funds (bank loan, infrastructure investments, private debt and direct lending) and received reimbursement for €895 thousand;
- paid €2,356 thousand for capital recall related to of closed-end Italian funds managed by Yarpa Investimenti SGR SpA, an Italian subsidiary of the associated Yarpa SpA and received reimbursements for €1,181 thousand;
- paid €1,902 thousand in close-end Alternative Investment Funds for capital recall and received reimbursement for €895 thousand;
- received partial repayment of an investment in a closed-end Italian fund for €670 thousand.

Waiting for more accurate information on the value of the investment in the "Atlante Fund", it was considered appropriate to provide for a provision for future long-term impairment losses estimated on the basis of information provided by the management company.

## F) Property

As at 30 June 2017, properties totalled €624,639 thousand.

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

	Investment Property	Property under construction	Property held for trading	Owner- occupied property	Total
(€/000)					
<b>Balance as at 31/12/2016</b>	<b>89,428</b>	<b>47,376</b>	<b>375,256</b>	<b>115,230</b>	<b>627,290</b>
<b>Purchase and capitalised interests paid</b>					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)			347		347
- TURIN - Pasteur Str. (via Vittoria Assicurazioni S.p.A.)	2,932				2,932
- TURIN - Corso Francia (via Vittoria Assicurazioni S.p.A.)	5,139				5,139
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)			16		16
- SAN DONATO MILANESE (MI) - (via Immobiliare Bilancia S.r.l.)			10		10
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)			24		24
- ROME (via Valsalaria S.r.l.)			1		1
- ROME - Guattani Str. (via Immobiliare Bilancia S.r.l.)			141		141
- TURIN - Barbaroux Str. - (via Vittoria Immobiliare S.p.A.)			9		9
- GENOA - Via Venezia (via Immobiliare Bilancia S.r.l.)			6		6
- MILAN - Adamello Str. (via Immobiliare Bilancia Prima S.r.l.)			15		15
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)		1,290	34		1,324
- PESCHIERA BORROMEO (MI) - (via Immobiliare Bilancia I S.r.l.)			2,433		2,433
- PAVIA - Gambolò Str. (via Vittoria Immobiliare S.p.A.)			7		7
- TURIN - Cairoli Str. (via Immobiliare Bilancia I S.r.l.)			3		3
- FLORENCE - Michelangelo Str. (via Immobiliare Bilancia S.r.l.)			101		101
- ROME - Meliconi Str. (via Immobiliare Bilancia Prima S.r.l.)			57		57
- ROME - Della Vignaccia Str. (via VRG Domus S.r.l.)		212			212
- PARMA - (via Immobiliare Bilancia Prima S.r.l.)		473			473
- TURIN - (via Immobiliare Bilancia Prima S.r.l.)				688	688
- Miscellaneous				567	567
Total purchase and capitalised interests paid	8,071	1,975	3,204	1,255	14,505
<b>Sales:</b>					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)			(11,023)		(11,023)
- TURIN - Barbaroux Str. (via Vittoria Immobiliare S.p.A.)			(1,179)		(1,179)
- ROME - (via Valsalaria S.r.l.)			(325)		(325)
- TURIN - Villarfocchiardo (via Vittoria Immobiliare S.p.A.)			(26)		(26)
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)			(505)		(505)
- MILAN - San Donato Milanese (via Vittoria Immobiliare S.p.A.)			(9)		(9)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)			(661)		(661)
- FLORENCE - Michelangelo Str. (via Immobiliare Bilancia S.r.l.)			(2,282)		(2,282)
Total sales	-	-	(16,010)	-	(16,010)
Depreciations	(1,867)			(2,338)	(4,205)
Miscellaneous				(77)	(77)
Recognised gains			3,136		3,136
<b>Balance as at 30/06/2017</b>	<b>95,632</b>	<b>49,351</b>	<b>365,586</b>	<b>114,070</b>	<b>624,639</b>

The "Property investments" line item mainly includes the property with a tertiary use in the "Portello" area owned by Vittoria Assicurazioni, that were rented out. It should be noted that two buildings sites in Turin were leased in the course of the first half year.



## Securities portfolio breakdown

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

### NON-LIFE BUSINESS PORTFOLIO

(€/000)				
Investment nature	Amount 30/06/2017	% of breakdown	Amount 31/12/2016	% of breakdown
<b>DEBT SECURITIES</b>	<b>776,274</b>	<b>73.9%</b>	<b>1,043,713</b>	<b>88.2%</b>
<b>Listed treasury bonds:</b>	<b>642,510</b>	<b>61.2%</b>	<b>975,282</b>	<b>82.4%</b>
Fixed-interest rate	642,510	61.2%	975,282	82.4%
<b>Listed corporate bonds:</b>	<b>133,633</b>	<b>12.7%</b>	<b>68,290</b>	<b>5.8%</b>
Fixed-interest rate	132,619	12.6%	67,275	5.7%
Variable interest rate	1,014	0.1%	1,015	0.1%
<b>Unlisted corporate bonds:</b>	<b>131</b>	<b>0.0%</b>	<b>141</b>	<b>0.0%</b>
Fixed-interest rate	131	0.0%	141	0.0%
of which				
Total fixed-interest securities	775,260	99.9%	1,042,698	99.9%
Total variable-interest securities	1,014	0.1%	1,015	0.1%
<b>Total debt securities</b>	<b>776,274</b>	<b>100.0%</b>	<b>1,043,713</b>	<b>100.0%</b>
of which				
Total listed securities	776,143	100.0%	1,043,572	100.0%
Total unlisted securities	131	0.0%	141	0.0%
<b>Total debt securities</b>	<b>776,274</b>	<b>100.0%</b>	<b>1,043,713</b>	<b>100.0%</b>
<b>EQUITY INSTRUMENTS</b>	<b>104,136</b>	<b>9.9%</b>	<b>103,058</b>	<b>8.7%</b>
listed shares	10,581	1.0%	9,503	0.8%
unlisted equity instruments	93,555	8.9%	93,555	7.9%
<b>OEIC UNITS</b>	<b>169,773</b>	<b>16.2%</b>	<b>36,194</b>	<b>3.1%</b>
<b>TOTAL</b>	<b>1,050,183</b>	<b>100.0%</b>	<b>1,182,965</b>	<b>100.0%</b>

The fixed-income securities portfolio of Non-Life business has a duration of 1.9 years.

## LIFE BUSINESS PORTFOLIO

(€/000)

Investment nature	Amount 30/06/2017	% of breakdown	Amount 31/12/2016	% of breakdown
<b>DEBT SECURITIES</b>	<b>948,167</b>	<b>84.7%</b>	<b>1,023,839</b>	<b>95.7%</b>
<b>Listed treasury bonds:</b>	<b>875,108</b>	<b>78.3%</b>	<b>983,527</b>	<b>91.9%</b>
Fixed-interest rate	829,465	74.2%	951,792	88.9%
Variable interest rate	45,643	4.1%	31,735	3.0%
<b>Unlisted treasury bonds:</b>	<b>-</b>	<b>0.0%</b>	<b>972</b>	<b>0.1%</b>
Variable interest rate	-	0.0%	972	0.1%
<b>Listed corporate bonds:</b>	<b>72,191</b>	<b>6.4%</b>	<b>39,340</b>	<b>3.7%</b>
Fixed-interest rate	68,753	6.1%	35,938	3.4%
Variable interest rate	3,438	0.3%	3,402	0.3%
<b>Unlisted corporate bonds:</b>	<b>868</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>
Variable interest rate	868	0.0%	-	0.0%
of which				
Total fixed-interest securities	898,218	94.7%	987,730	96.5%
Total variable-interest securities	49,949	5.3%	36,109	3.5%
<b>Total debt securities</b>	<b>948,167</b>	<b>100.0%</b>	<b>1,023,839</b>	<b>100.0%</b>
of which				
Total listed securities	947,300	99.9%	1,022,867	99.9%
Total unlisted securities	868	0.1%	972	0.1%
<b>Total debt securities</b>	<b>948,167</b>	<b>100.0%</b>	<b>1,023,839</b>	<b>100.0%</b>
<b>OEIC UNITS</b>	<b>170,277</b>	<b>15.3%</b>	<b>46,236</b>	<b>4.3%</b>
<b>TOTAL</b>	<b>1,118,444</b>	<b>100.0%</b>	<b>1,070,075</b>	<b>100.0%</b>

The fixed-income securities portfolio of Life business has a duration of 5.5 years.

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, indicated separately in the Non-Life business portfolio and in the Life business portfolio.

#### NON-LIFE BUSINESS PORTFOLIO

##### Fixed - interest securities (€/000)

Maturity	Amount	% of breakdown
< 1 year	86,088	11.1%
1<X<2	108,818	14.0%
2<X<3	157,910	20.4%
3<X<4	225,622	29.1%
4<X<5	43,915	5.7%
5<X<10	152,907	19.7%
<b>Total</b>	<b>775,260</b>	<b>100.0%</b>

##### Variable - interest securities (€/000)

Type of rate	Indexation	Amount	% of breakdown
Variable	euribor 3 months	1,014	100.0%
<b>Total</b>		<b>1,014</b>	<b>100.0%</b>

#### LIFE BUSINESS PORTFOLIO

##### Fixed - interest securities (€/000)

Maturity	Amount	% of breakdown
< 1 year	38,828	4.4%
1<X<2	52,359	5.8%
2<X<3	99,024	11.0%
3<X<4	9,127	1.0%
4<X<5	83,713	9.3%
5<X<10	413,599	46.1%
more	201,568	22.4%
<b>Total</b>	<b>898,218</b>	<b>100.0%</b>

##### Variable - interest securities (€/000)

Type of rate	Indexation	Amount	% of breakdown
Constant mat. Swap	Euroswap 10Y	25,148	50.3%
Constant mat. Swap	Euroswap 30Y	9,335	18.7%
variabile	Inflation linked	14,591	29.3%
Variable	3 months treasury bonds	869	1.7%
Variable	other	6	0.0%
<b>Total</b>		<b>49,949</b>	<b>100.0%</b>

In implementing its investment policy, the Group limits its credit risk by choosing issuers with a high credit rating.

As you can see from the table below, as at 30 June 2017, the nearly all corporate bonds held by the group were rated as investment grade.

(€/000)		
Rating Class	Amounts	% of breakdown
AAA	99,650	5.8%
AA+ / AA-	245,741	14.3%
A+ / A-	245,100	14.2%
BBB+ / BBB- (*)	1,133,843	65.7%
Total investment grade	1,724,334	100.0%
Not rated	107	0.0%
<b>Total</b>	<b>1,724,441</b>	<b>100.0%</b>

(\*) of which 870,565 relating to Italian government bonds.

Investments benefiting Life policyholders who bear related risk and those arising from pension fund management

As at 30 June 2017 these investments amounted to €68,030 thousand, with an increase of 19.6% vs. 31 December 2016. Of this amount, €45,320 thousand related to unit-linked policies and €22,710 thousand to the open-ended pension fund Vittoria Formula Lavoro. There was total net profit of €2,030 thousand (€2,711 thousand as at 30 June 2016).

As at 30 June 2017 the status of the three segments of Vittoria Assicurazioni open-ended pension fund was as follows:

	Members		Assets (€/000)	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Previdenza Garantita	424	414	6,618	5,055
Previdenza Equilibrata	490	481	8,320	6,945
Previdenza Capitalizzata	393	394	7,772	6,980

## Gains and losses on investments

The following table shows the breakdown as at 30 June 2017 of net gains on investments, with the separate indication of those whose risk is borne by the policyholders' Life business:

(€/000)

Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	30/06/2017 total net gains/(losses)	30/06/2016 total net gains/(losses)
<b>Investments</b>	<b>22.150</b>	<b>271</b>	<b>22.421</b>	<b>34.002</b>
<b>From:</b>				
a investment property	1.773	-1.856	-83	-252
b investments in subsidiaries and associates and interests in joint ventures	-963	-	-963	63
c held to maturity investments	872	-	872	880
d loans and receivables	314	-	314	381
e financial assets available for sale	20.251	-	20.251	35.644
f financial assets held for trading	-	-	-	-3
g financial assets at fair value through profit or loss	-97	2.127	2.030	-2.711
<b>Other receivables</b>	<b>115</b>	<b>-</b>	<b>115</b>	<b>108</b>
<b>Cash and cash equivalents</b>	<b>86</b>	<b>-</b>	<b>86</b>	<b>72</b>
<b>Financial liabilities</b>	<b>-218</b>	<b>-2.030</b>	<b>-2.248</b>	<b>1.567</b>
<b>From:</b>				
b financial liabilities at fair value through profit or loss	-	-2.030	-2.030	2.711
c other financial liabilities	-218	-	-218	-1.144
<b>Total gains and losses on financial instruments</b>	<b>22.133</b>	<b>-1.759</b>	<b>20.374</b>	<b>35.749</b>
<b>Real estate business</b>				
<b>From:</b>				
a Gains on property trading	3.136	-	3.136	1.828
b Rent income on owner-occupied property and property held for trading	569	-	569	394
<b>Total real estate business</b>	<b>3.705</b>	<b>-</b>	<b>3.705</b>	<b>2.222</b>
<b>Total gains and losses on investments</b>	<b>25.838</b>	<b>-1.759</b>	<b>24.079</b>	<b>37.971</b>

Net income where the risk is borne by the Group amounted to € 24,079 thousand, decreasing by 36.6% compared with the result recorded in the same period of the previous year.

The decrease compared to 30 June 2016 is due, in addition to the capital gains realized mainly on bonds in the first half of 2016, amounting to €5,920 thousand, to the lower income earned as a result of the sale of securities in November 2016, in the context of the investment diversification strategy.

As up to 30 June 2017 the weighted annual average return on "Bonds and other fixed-income securities" was 1.7% as compared with 3.7% in 1H16.

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	
	30/6/17	30/6/16	30/6/17	30/6/16	30/6/17	30/6/16	30/6/17	30/6/16	30/6/17	30/6/16
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-	-3	-	-	-	-	-	-	-	-3
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	-1,112	24	121	277	437	86	-409	-324	-963	63
Gains or losses on other financial instruments and investment property	21,485	36,682	-162	-985	13	-7	1	-1	21,337	35,689
Gains on property trading	-	-	3,136	1,828	-	-	-	-	3,136	1,828
Rent income on owner-occupied property and property held for trading	66	93	669	439	-	-	-166	-138	569	394
<b>Total</b>	<b>20,439</b>	<b>36,796</b>	<b>3,764</b>	<b>1,559</b>	<b>450</b>	<b>79</b>	<b>-574</b>	<b>-463</b>	<b>24,079</b>	<b>37,971</b>

## Financial liabilities

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

(€/000)

Financial liabilities	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	45,320	37,870	-	-	-	-	-	-	45,320	37,870
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	22,710	18,996	-	-	-	-	-	-	22,710	18,996
Reinsurance deposits	12,933	12,933	-	-	-	-	-	-	12,933	12,933
Payables to banks	-	-	10,710	14,132	-	-	-	-	10,710	14,132
Other financial payables	-	-	1,152	1,294	-	-	-	-	1,152	1,294
Other financial liabilities	98,670	73,482	-	-	-	-	-	-	98,670	73,482
<b>Total</b>	<b>179,633</b>	<b>143,281</b>	<b>11,862</b>	<b>15,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,495</b>	<b>158,707</b>

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

## Risk management

In this paragraph is intended to provide all the information required by IFRS 7 regarding risks arising from financial instruments and insurance products to which the Group is exposed.

### Risk Identification

Significant risks, whose consequences can undermine the solvency or constitute a serious obstacle to the achievement of business objectives, are set periodically by the Board of Directors. The cases considered in the context of the risk management process are mainly related to insurance risks, market risks, credit risks, liquidity risk, concentration risk, risks of regulatory non-compliance, reputational risks, operational risks and risks arising from belonging to the group.

Major **Insurance Risks** included in the risk management process are related to the underwriting criteria, pricing models, the quantification of reserves and risk transfer techniques. The main risks to which Vittoria Assicurazioni is exposed are referred to:

- a. Underwriting risk (underwriting and pricing): it reflects the risk that premiums are not sufficient to cover claims plus expenses and is derived from the selection of risks and the covered events (including catastrophe) as well as by results in the actual loss experience compared to that estimated.
- b. Reservation Risk: derives from the quantification and runoff of technical provisions and considers the possibility that the asset will not be appropriate in respect of commitments to policyholders and injured parties.
- c. Pricing risk of the Motor business: it is associated to the processes followed for the definition of the tariff to be applied to Motor policies, with particular reference to the Civil Liability guarantee.
- d. Risk of Reinsurance Retention: it derives from the definition and implementation of an inadequate reinsurance policy that may result in a less than optimal level of retention and an inefficient mitigation of exposure to risks.

The main **market risks** included in the risk management process are referred to:

**Interest rate risk** with respect to the bond portfolio and insurance liabilities.

The debt securities are exposed to interest rate risk. The risk of the market value interest rate appears to be the risk that the value of a financial instrument will fluctuate because of changes in interest rates on the market. A decrease in interest rates would raise the market value of such securities, while an increase in rates would decrease the value.

The interest-rate risk on cash flows relates to possible changes in the coupons of floating-rate securities.

The debt securities, fixed and floating rate, exposed to the interest rate risk on market value are shown separately for the Non-Life and Life business, with indication of the duration, in the paragraph entitled "Investments, Cash & cash equivalents and Property – Securities portfolio breakdown", previously reported, together with the stratification of the portfolio by maturity.

The fair value sensitivity related to fixed rate notes is shown in the table below:

(€/000)		
<b>Non – Life portfolio</b>	<b>+100BP</b>	<b>-100BP</b>
Fixed-rate debt securities	(23,919)	6,032
<b>Life portfolio</b>		
Fixed-rate notes	(51,729)	30,669

The cash flow sensitivity (higher or lower interest income) related to floating rate notes is shown in the table below:

(€/000)		
<b>Non – Life portfolio</b>	<b>+100BP</b>	<b>-100BP</b>
Floating-rate debt securities	10	(10)
<b>Life portfolio</b>		
Floating-rate debt securities	362	(32)

Life insurance contracts provide a guaranteed minimum interest rate and have a direct link between investment income and benefits to be paid to policyholders, governed by the aforementioned assets/liabilities integrated management model.

In particular, the Group manages the risk of interest rate by matching the cash flows of assets and liabilities as well as keeping a balance between the duration of liabilities and that of the investment portfolio directly related to them.

Duration is an indicator of the sensitivity of the assets and liabilities market value to changes in interest rates.

The **Equity risk** reflects the 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 with reference to shares and interests in listed and unlisted companies and units in investment funds and mutual funds. If the listed shares classified as "Financial assets available for sale", reported in the previous paragraph "Investments, Cash & cash equivalents and Property - Securities portfolio breakdown" recorded as at 30 June 2017 a loss of 10%, the Group's equity would decrease by €1,058 thousand.

The **Real estate risk** reflects the possible adverse changes in the level and volatility of market prices of real estate. The Group is exposed to real estate risk in reference to land, buildings, rights on property and the direct or indirect investments in real estate companies. The estate properties for own use of the parent company are included in this type of risk.

The **Spread risk** is the possible adverse change in the level and volatility of credit spreads. The Parent Company is exposed to the spread risk in reference to bonds, to finance, to mutual debt funds, non-residential mortgages and loans. The loans to associated companies and subsidiaries are included in this type of risk.

The **Currency Risk** derives from adverse changes in the level and volatility of currency exchange rates. The parent company is marginally exposed to currency risk in relation to financial instruments and bank accounts denominated in foreign currencies.

The **Maturity mismatch risk** arises from the possibility that the parent company is unable to generate cash inflows that have a time frame aligned with the cash outflows and its risk/return goals.



The **Government risk** is defined as the risk arising from the possibility that the issuers of Government securities are not able to efficiently fulfill their commitments, and the risk arising from a change in the implied spread.

The **credit or default risk** reflects potential losses generated by an unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the Group. The Group exposure to credit risk, which are not included in the spread risk, mainly refer to: reinsurance agreements (see table above in the section on reinsurance), receivables from other companies, cash at bank or at post office, receivables from intermediaries (e.g. receivables from agents) and customers (e.g. for premiums, for deductibles) and loans (residential mortgage).

The **liquidity risk** reflects possible losses arising from the difficulty of honoring the cash commitments, expected or unexpected, owed to counterparties. The risk arises mainly from the "Liquidity Mismatch Risk" i.e. the mismatch between cash inflows and cash outflows or an inadequate treasury management and from the "Market Liquidity Risk", i.e. the sale of assets (such as less liquid assets) in unfair economic and timing conditions, accordingly influencing the Net Asset Value of the parent company.

As of 31 June 2017, as noted in the tables in the previous section "Investments, Cash and Properties - Securities portfolio breakdown", more than 95% of financial assets held was listed on a regulated market.

The breakdown of financial liabilities by maturity is given in the relevant section.

The **concentration risk** is represented by all risk exposures with a potential loss, enough to threaten the solvency or the financial position of the Group.

The **risk of non-compliance with standards** is defined as the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory 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.

The **reputational risk** is defined as the risk of decrease in profits or capital arising from a negative perception of the Group by its main stakeholders (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 behaviors that derive from experience, from hearsay or from the observation of past actions of the organization.

The **operational Risk** reflects the possible losses resulting from inefficiencies in people, processes and systems, including those used for distance selling, or from external events such as fraud or the activity of service providers. Operational risks are related to internal factors such as inefficiencies of people, inadequacy of processes, systems or internal fraud, and external events such as external fraud and outsourcer activities.

The **risk related to the group or the risk of "contagion"** is 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 this type of risk is included the risk of conflict of interest which is regulated 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 undertaken with related parties of the Parent Company.

## 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 chapter presents the financial and economic reports that took place during the year with Group companies excluding those subject to full consolidation and remuneration to the members of the administrative and control bodies.

The following table summarizes the most significant economic and financial reports with Group companies not included in the consolidation area and with the administration and control bodies:

	(€/000)				
<b>Related parties</b>	Other receivables	Loans	Other payables	Revenues	Costs
Associates	1,664	12,402	248	11	2,381
<b>Fees:</b>					
Directors	-	-	1,183	-	2,238
Statutory auditors	-	-	133	-	133
<b>Total</b>	<b>1,664</b>	<b>12,402</b>	<b>1,564</b>	<b>11</b>	<b>4,753</b>

### Transactions and relationships with parent companies

During the period, with the ultimate Parent Company Yafa S.p.A., the parent company Vittoria Capital S.p.A. and with the parent intermediate company Yafa Holding S.p.A. there are no financial or commercial relationships.

As of 1<sup>st</sup> July 2017, contracts have been signed between the ultimate Parent Company Yafa S.p.A. and Vittoria Assicurazioni S.p.A., in order to create operational synergies to enable the role of management and coordination of the parent company.

### Transactions and relationships with subsidiaries

In the year 2017, the Vittoria Assicurazioni's National tax consolidation scheme continues to exist (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., Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l. e Interbilancia S.r.l., VRG Domus S.r.l., Valsalaria S.r.l., VP Sviluppo 2015 S.r.l..

With reference to 2017, Vittoria Assicurazioni S.p.A. exercised its option to settle VAT in the context of the Group 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

### **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 €1,149 thousand (€1,263 thousand as at 31 December 2016).

### **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 €1,002 thousand, (€877 thousand as at 31 December 2016).

### **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 €2,313 thousand (€2,540 thousand as at 31 December 2016).

### **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 €1,982 thousand (€2,011 thousand as at 31 December 2016).

### **Valsalaria A11 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 €4,801 thousand (€4,801 thousand as at 31 December 2016).

### **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 €933 thousand (€1,233 thousand as at 31 December 2016).

### **Aspevi Roma S.r.l. - Rome**

49.00% equity interest via Interbilancia S.r.l.

The services rendered during the year by the company to Vittoria Assicurazioni for commissions totalled €2,369 thousand (€2,319 thousand as at 30 June 2016).

## Significant events occurring after the first half 2017 and outlook

There were no significant events after the first half 2017.

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

The Board of Directors

Milan, 27 July 2017

# Condensed Consolidated 2017 half year financial statements

# Consolidated statement of financial position

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2017

(€/000)

BALANCE SHEET - ASSETS		Note	30/06/2017	31/12/2016
<b>1</b>	<b>INTANGIBLE ASSETS</b>		<b>8,505</b>	<b>9,065</b>
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	8,505	9,065
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		<b>535,901</b>	<b>545,488</b>
2.1	Property	2	529,007	537,862
2.2	Other items of property, plant and equipment	2	6,894	7,626
<b>3</b>	<b>REINSURERS' SHARE OF TECHNICAL RESERVES</b>	3	<b>58,745</b>	<b>63,481</b>
<b>4</b>	<b>INVESTMENTS</b>		<b>2,517,677</b>	<b>2,548,149</b>
4.1	Investment property	4	95,632	89,428
4.2	Investments in subsidiaries and associates and interests in joint ventures	5	19,655	20,138
4.3	Held to maturity investments	6	43,512	44,268
4.4	Loans and receivables	6	165,733	128,677
4.5	Financial assets available for sale	6	2,125,109	2,208,766
4.6	Financial assets at fair value through profit or loss	6	68,036	56,872
<b>5</b>	<b>OTHER RECEIVABLES</b>		<b>172,377</b>	<b>188,720</b>
5.1	Receivables relating to direct insurance	7	129,374	153,950
5.2	Receivables relating to reinsurance business	8	2,888	811
5.3	Other receivables	9	40,115	33,959
<b>6</b>	<b>OTHER ASSETS</b>		<b>131,655</b>	<b>132,205</b>
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	10	5,831	5,876
6.3	Deferred tax assets	11	95,771	103,774
6.4	Current tax assets	12	19,599	12,429
6.5	Other assets	13	10,454	10,126
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	14	<b>400,340</b>	<b>262,936</b>
	<b>TOTAL ASSETS</b>		<b>3,825,200</b>	<b>3,750,044</b>

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2017

(€/000)

<b>BALANCE SHEET - EQUITY AND LIABILITIES</b>		<b>Note</b>	<b>30/06/2017</b>	<b>31/12/2016</b>
<b>1</b>	<b>EQUITY</b>		<b>767,001</b>	<b>745,805</b>
<b>1.1</b>	<b>attributable to the shareholders of the parent</b>		<b>766,778</b>	<b>745,611</b>
1.1.1	Share capital	15	67,379	67,379
1.1.2	Other equity instruments	15	0	0
1.1.3	Equity-related reserves	15	33,874	33,874
1.1.4	Income-related and other reserves	15	571,859	450,642
1.1.5	(Treasury shares)	15	0	0
1.1.6	Translation reserve	15	0	0
1.1.7	Fair value reserve	15	52,732	58,612
1.1.8	Other gains or losses recognised directly in equity	15	-75	-263
1.1.9	Profit for the year attributable to the shareholders of the parent		41,009	135,367
<b>1.2</b>	<b>attributable to minority interests</b>	15	<b>223</b>	<b>194</b>
1.2.1	Share capital and reserves attributable to minority interests		194	199
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		29	-5
<b>2</b>	<b>PROVISIONS</b>	16	<b>11,834</b>	<b>12,829</b>
<b>3</b>	<b>TECHNICAL RESERVES</b>	17	<b>2,704,518</b>	<b>2,661,219</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>		<b>191,495</b>	<b>158,707</b>
4.1	Financial liabilities at fair value through profit or loss	18	68,030	56,866
4.2	Other financial liabilities	18	123,465	101,841
<b>5</b>	<b>PAYABLES</b>		<b>70,318</b>	<b>78,258</b>
5.1	Payables arising from direct insurance business	19	8,845	8,454
5.2	Payables arising from reinsurance business	20	6,889	7,504
5.3	Other sums payable	21	54,584	62,300
<b>6</b>	<b>OTHER LIABILITIES</b>		<b>80,034</b>	<b>93,226</b>
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	22	44,886	50,335
6.3	Current tax liabilities	23	1,286	4,484
6.4	Other liabilities	24	33,862	38,407
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,825,200</b>	<b>3,750,044</b>

# Income Statement

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2017

(€/000)

Income Statement		Note	30/06/2017	30/06/2016	31/12/2016
1.1	Net premiums		625,111	616,356	1,233,106
1.1.1	<i>Gross premiums</i>	25	641,846	629,579	1,266,110
1.1.2	<i>Ceded premiums</i>	25	16,735	13,223	33,004
1.2	Commission income	26	951	713	901
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	27	0	-3	-4
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	27	496	465	567
1.5	Gains on other financial instruments and investment property	27	24,628	39,896	132,063
1.5.1	<i>Interest income</i>		14,547	29,168	53,558
1.5.2	<i>Other income</i>		10,049	3,630	8,113
1.5.3	<i>Realised gains</i>		32	7,051	70,351
1.5.4	<i>Unrealised gains</i>		-	47	41
1.6	Other income	28	7,978	7,807	23,093
<b>1</b>	<b>TOTAL REVENUE</b>		<b>659,164</b>	<b>665,234</b>	<b>1,389,726</b>
2.1	Net charges relating to claims		435,701	433,826	872,542
2.1.1	<i>Amounts paid and change in technical reserves</i>	25	445,584	441,095	893,769
2.1.2	<i>Reinsurers' share</i>	25	-9,883	-7,269	-21,227
2.2	Commission expense	29	389	0	53
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	27	1,459	402	4,450
2.4	Losses on other financial instruments and investment property	27	3,291	4,207	9,358
2.4.1	<i>Interest expense</i>		219	1,145	2,193
2.4.2	<i>Other expense</i>		1,210	1,359	2,085
2.4.3	<i>Realised losses</i>		7	1	9
2.4.4	<i>Unrealised losses</i>		1,855	1,702	5,071
2.5	Operating costs		143,600	136,964	278,946
2.5.1	<i>Commissions and other acquisition costs</i>	30	117,792	108,095	221,162
2.5.2	<i>Investment management costs</i>	30	886	1,148	1,552
2.5.3	<i>Other administrative costs</i>	30	24,922	27,721	56,232
2.6	Other costs	31	16,524	19,621	35,788
<b>2</b>	<b>TOTAL COSTS</b>		<b>600,964</b>	<b>595,020</b>	<b>1,201,137</b>
	<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>		<b>58,200</b>	<b>70,214</b>	<b>188,589</b>
<b>3</b>	Income taxes	32	17,012	21,248	53,227
	<b>PROFIT FOR THE YEAR</b>		<b>41,188</b>	<b>48,966</b>	<b>135,362</b>
<b>4</b>	<b>GAIN (LOSS) ON DISCONTINUED OPERATIONS</b>		<b>-150</b>	<b>-</b>	<b>-</b>
	<b>CONSOLIDATED PROFIT (LOSS)</b>		<b>41,038</b>	<b>48,966</b>	<b>135,362</b>
	<b>of which attributable to the shareholders of the parent</b>		<b>41,009</b>	<b>48,948</b>	<b>135,367</b>
	<b>of which attributable to minority interests</b>	15	<b>29</b>	<b>18</b>	<b>-5</b>
	Basic EARNINGS per share		0.61	0.73	2.01
	Diluted EARNINGS per share		0.61	0.73	2.01



# Statement of Comprehensive Income

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2017

	(€/000)		
	30/06/2017	30/06/2016	31/12/2016
<b>COMPREHENSIVE INCOME (LOSS)</b>			
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>41,038</b>	<b>48,966</b>	<b>135,362</b>
<b>Other comprehensive income, net of taxes without reclassification to profit or loss</b>	<b>188</b>	<b>-313</b>	<b>-165</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	188	-313	-165
Other items	-	-	-
<b>Other comprehensive income, net of taxes with reclassification to profit or loss</b>	<b>-5,880</b>	<b>-7,729</b>	<b>-66,570</b>
Change in translation reserve	-	-	-
Gains or losses on available for sale investments	-5,880	-7,729	-66,570
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>-5,692</b>	<b>-8,042</b>	<b>-66,735</b>
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)</b>	<b>35,346</b>	<b>40,924</b>	<b>68,627</b>
<b>of which attributable to the shareholders of the parent</b>	<b>35,317</b>	<b>40,906</b>	<b>68,632</b>
<b>of which attributable to minority interests</b>	<b>29</b>	<b>18</b>	<b>-5</b>

# Statement of changes in equity

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2017

	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
<b>Equity attributable to the shareholders of the parent</b>	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	0	(13,475)	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	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>
<b>Equity attributable to minority interests</b>	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
<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>

(€/000)

	Balance at 31/12/2016	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 30/06/2017
<b>Equity attributable to the shareholders of the parent</b>	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	450,642	0	135,367	0	-14,150	571,859
	(Treasury shares)	0	0	0	0	0	0
	Profit/(Loss) for the year	135,367	0	-94,358	0	0	41,009
	Other comprehensive income	58,349	0	-4,985	-707	0	52,657
<b>Total attributable to the shareholders of the parent</b>	<b>745,611</b>	<b>0</b>	<b>36,024</b>	<b>-707</b>	<b>-14,150</b>	<b>0</b>	<b>766,778</b>
<b>Equity attributable to minority interests</b>	Share capital and reserves attributable to minority interests	194	0	-5	0	0	194
	Gains or losses recognised directly in equity	-5	0	34	0	0	29
	Other comprehensive income	0	0	0	0	0	0
<b>Total attributable to minority interests</b>	<b>194</b>	<b>0</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>223</b>
<b>Total</b>	<b>745,805</b>	<b>0</b>	<b>36,053</b>	<b>-707</b>	<b>-14,150</b>	<b>0</b>	<b>767,001</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 2017

(€/000)

	30/06/2017	30/06/2016
<b>Profit for the year before taxation</b>	<b>58,200</b>	<b>70,214</b>
<b>Change in non-monetary items</b>	<b>33,435</b>	<b>67,136</b>
Change in non-life premium reserve	9,197	1,938
Change in claims reserve and other non-life technical reserves	15,126	18,820
Change in mathematical reserves and other life technical reserves	23,712	32,163
Change in deferred acquisition costs	45	22
Change in provisions	-995	1,913
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-963	63
Other changes	-12,687	12,217
<b>Change in receivables and payables arising from operating activities</b>	<b>8,403</b>	<b>29,959</b>
Change in receivables and payables relating to direct insurance and reinsurance	22,275	46,003
Change in other receivables and payables	-13,872	-16,044
<b>Taxes paid</b>	<b>-17,012</b>	<b>-21,248</b>
<b>Net cash flow generated by/used for monetary items from investing and financing activities</b>	<b>0</b>	<b>3</b>
Liabilities from financial contracts issued by insurance companies	11,164	-605
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	-11,164	608
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>83,026</b>	<b>146,064</b>
Net cash flow generated by/used for investment property	-6,204	1,702
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	1,634	-845
Net cash flow generated by/used for loans and receivables	-37,056	-7,435
Net cash flow generated by/used for held to maturity investments	756	751
Net cash flow generated by/used for financial assets available for sale	77,777	-114,774
Net cash flow generated by/used for property, plant and equipment	10,147	8,352
Other net cash flows generated by/used for investing activities	-150	0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>46,904</b>	<b>-112,249</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	-14,150	-13,475
Net cash flow generated by/used for share capital and reserves attributable to minority interests	0	10
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	21,624	1,780
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>7,474</b>	<b>-11,685</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	262,936	167,137
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	137,404	22,130
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	400,340	189,267

# 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 Explanatory Notes, are described in section “Form and content”, “Accounting policies” and “Use of estimates” .

## 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		Via
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	112,418,835	100.00		
Interimmobili S.r.l.	Rome	100,000	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	3,000,000	100.00		
VP Sviluppo 2015 S.r.l.	Milan	2,000,000	100.00		
Acacia 2000 S.r.l.	Milan	369,718	71.60	28.40	Vittoria Immobiliare S.p.A.
Gestimmobili S.r.l.	Milan	104,000		100.00	
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	
Plurico S.r.l.	Milan	10,000		70.00	

Details on the consolidation area are reported in the specific section dedicated to the “Annexes to Condensed Consolidated 2017”.

In first six months of the year, the following variations are reported:

#### Interimmobili S.r.l.

The Shareholders' Meeting of 11 April 2017, in order to repay the losses, resolved to fully use the share capital of €1,000 thousand, with the consequent cancellation of the same, as well as to proceed to its repayment for a maximum nominal value of €100 thousand, by issuing a share of the

corresponding total nominal amount, to be released with a surplus of €1,400 thousand. Part of this share premium was therefore used to cover the remaining losses portion as at 31 December 2016.

The sole shareholder Vittoria Immobiliare S.p.A. waived its right to subscribe for the capital replenishment, which was instead subscribed in its entirety by the parent company Vittoria Assicurazioni S.p.A.. The latter, therefore, became the sole shareholder of Interimmobili S.r.l..

With reference to Unit Linked Insurance funds, please refer to the consolidated financial statements as at 31 December 2016.

The following table lists the companies consolidated using the equity method in accordance with IAS 28.

## B) List of consolidated equity investments using the equity method

Name	Registered offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
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	1,200,015	45.00		
Spefin Finanziaria S.p.A.	Rome	2,250,000		21.00	Interbilancia S.r.l.
Aspevi Roma S.r.l.	Rome	50,000		49.00	
Mosaico S.p.A.	Turin	500,000		45.00	} Vittoria Immobiliare S.p.A.
Pama & Partners S.r.l.	Genoa	1,200,000		25.00	
Fiori di S. Bovio S.r.l.	Milan	30,000		40.00	
Valsalaria A.11 S.r.l.	Rome	33,715		40.00	
VZ Real Estate S.r.l.	Turin	100,000		49.00	

Details on the consolidation area are reported in the specific section dedicated to the “Annexes to Condensed Consolidated 2017”.

During the half-year, we note the liquidation of Consorzio Movincom S.c.r.l. and Movincom Servizi S.p.A., already cautiously impaired at 31 December 2016.

## 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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Debt instruments	903,472	1,013,949	785,693	1,051,776	35,276	1,826	1,724,441	2,067,551
Equity instruments and OEIC units	80,442	79,470	363,744	106,018	-	-	444,186	185,488
Property	624,639	627,290	-	-	-	-	624,639	627,290
Other assets	1,031,934	869,715	-	-	-	-	1,031,934	869,715
<b>Total</b>	<b>2,640,487</b>	<b>2,590,424</b>	<b>1,149,437</b>	<b>1,157,794</b>	<b>35,276</b>	<b>1,826</b>	<b>3,825,200</b>	<b>3,750,044</b>

(€/000)

Deferred costs	North		Italy Centre		South and Islands		Total external deferred costs	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Other property, plant and equipment	6,894	7,603	-	23	-	-	6,894	7,626
Other intangible assets	8,505	9,064	-	1	-	-	8,505	9,065
Owner-occupied property	112,772	114,559	736	538	562	133	114,070	115,230
<b>Total</b>	<b>128,171</b>	<b>131,226</b>	<b>736</b>	<b>562</b>	<b>562</b>	<b>133</b>	<b>129,469</b>	<b>131,921</b>

(€/000)

Revenue (gross of intersegment eliminations)	North		Italy Centre		South and Islands		Europe		Total	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Insurance premiums - direct business	320,923	318,621	214,354	204,079	111,250	109,031	21	2	646,548	631,733
Trading and construction profits	2,319	1,751	817	77	-	-	-	-	3,136	1,828
Services and rent income	2,414	891	450	526	1	-	-	-	2,865	1,417
<b>Total</b>	<b>325,656</b>	<b>321,263</b>	<b>215,621</b>	<b>204,682</b>	<b>111,251</b>	<b>109,031</b>	<b>21</b>	<b>2</b>	<b>652,549</b>	<b>634,978</b>

# Specific explanatory notes to accounts

## Consolidated Balance Sheet

<u>Note 2</u>	<u>30/06/2017</u>	<u>31/12/2016</u>	<u>Change</u>
Other intangible assets	8,505	9,065	-560
Other items of property, plant and equipment	6,894	7,626	-732
Property	529,007	537,862	-8,855

### 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:

	30/06/2017	31/12/2016	Change
Owner-occupied property	114,070	115,230	-1,160
Property held for trading	365,586	375,256	-9,670
Property under construction	49,351	47,376	1,975
<b>Total</b>	<b>529,007</b>	<b>537,862</b>	<b>-8,855</b>

### ▪ Owner-occupied property

The book value of owner-occupied property as at 30 June 2017 refers for €8,699 thousand to property of the subsidiary Vaimm Sviluppo Srl, for €14,630 thousand to property of the subsidiary VITTORIA Properties Srl, for €5,260 thousand to property owned by Vittoria Immobiliare SpA, for €235 thousand to assets of the subsidiary Acacia 2000 Srl, for €1,332 thousand to property of the subsidiary Bilancia Prima S.r.l. and for €83,914 thousand to properties of Vittoria Assicurazioni SpA, of which €75,836 thousand relating to the Company's headquarters.

The following table shows the reconciliation of changes occurring during 1H17:

Owner-occupied property	31/12/2016	Acquisitions	Other operations	Amortization	30/06/2017
Gross carrying amount	142,292	1,255	-85	0	143,462
Accumulated depreciation	27,062	0	-8	2,338	29,392
<b>Carrying amount</b>	<b>115,230</b>	<b>1,255</b>	<b>-77</b>	<b>-2,338</b>	<b>114,070</b>

Amortization 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 2017, allocated to level 3 of the fair value hierarchy, is equal to €161,804 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 1H17:

Property	Trading activities	Construction work	Total
<b>Carrying amount as at 31/12/2016</b>	<b>375,256</b>	<b>47,376</b>	<b>422,632</b>
Acquisitions, net of capitalised financial charges	3,204	1,975	5,179
Sales	-16,010	0	-16,010
Recognised gains (losses) - write off included	3,136	0	3,136
<b>Carrying amount as at 30/06/2017</b>	<b>365,586</b>	<b>49,351</b>	<b>414,937</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 €436,270 thousand determined by the estimation made by the independent expert on 31.12.2016 using the income method of processing and the discounted cash flow and adjusted by moving exchanged in the first half of 2017.



Note 3	30/06/2017	31/12/2016	Change
Reinsurers' share of technical reserves	58,745	63,481	-4,736

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

(€/000)

	Direct business		Ceded business		Total carrying amount	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
<b>Non-life reserves</b>	<b>51,727</b>	<b>55,649</b>	<b>326</b>	<b>353</b>	<b>52,053</b>	<b>56,002</b>
Premium reserve	12,740	17,190	-	-	12,740	17,190
Claims reserve	38,987	38,459	326	353	39,313	38,812
<b>Life reserves</b>	<b>6,692</b>	<b>7,479</b>	<b>-</b>	<b>-</b>	<b>6,692</b>	<b>7,479</b>
Reserve for payable amounts	2,518	-	-	-	2,518	-
Mathematical reserves	4,146	7,447	-	-	4,146	7,447
Other reserves	28	32	-	-	28	32
<b>Total reinsurers' share of technical reserves</b>	<b>58,419</b>	<b>63,128</b>	<b>326</b>	<b>353</b>	<b>58,745</b>	<b>63,481</b>

Note 4	30/06/2017	31/12/2016	Change
Investments properties	95,632	89,428	6,204

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 in the Portello district to tertiary use, a property in Milan for residential use, a building in Rome to tertiary use and two properties in Turin purchased during the first half year for lease.

Real estate investments current value as at 30 June 2017, allocated to level 3 of the fair value hierarchy, is equal to €104,011 thousand and it is determined using the methods of direct income capitalization.

Note 5	30/06/2017	31/12/2016	Change
Investments in subsidiaries and associates and interests in joint-ventures	19,655	20,138	-483

The breakdown of this item was as follows:

	(€/000)	
Investments in associates	30/06/2017	31/12/2016
Yarpa. S.p.A.	11,055	12,164
Touring Digital S.r.l.	192	94
VZ Real Estate S.r.l.	-	-
Mosaico S.p.A.	156	112
Pama & Partners S.r.l.	281	288
Aspevi Roma S.r.l.	447	271
Spefin Finanziaria S.p.A.	643	382
Fiori di S. Bovio S.r.l.	-	-
Valsalaria A.11 S.r.l.	9	14
Touring Vacanze S.r.l.	6,872	6,813
<b>Total carrying amount</b>	<b>19,655</b>	<b>20,138</b>

The Group interest of results of associates corresponds to a negative net balance of €963 thousand (€496 thousand write-ups and write-downs of €1.459 thousand).

Due to the negative results, we confirmed to zero the investments in the associate companies VZ Real Estate S.r.l. and 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 €483 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 31/12/2016</b>	<b>20,138</b>
<b>Acquisitions and subscriptions</b>	<b>487</b>
VZ Real Estate S.r.l.	59
Mosaico S.p.A.	129
Fiori di S. Bovio S.r.l.	29
Touring Digital S.r.l.	270
<b>Change due to equity method measurement</b>	<b>-963</b>
Yarpa. S.p.A.	-1,054
VZ Real Estate S.r.l.	-77
Mosaico S.p.A.	-85
Pama & Partners S.r.l.	-7
Aspevi Roma S.r.l.	176
Spefin Finanziaria S.p.A.	261
Fiori di S. Bovio S.r.l.	-59
Valsalaria A.11 S.r.l.	-5
Touring Digital S.r.l.	-172
Touring Vacanze S.r.l.	59
<b>Elimination of dividends</b>	<b>-55</b>
<b>Other changes</b>	<b>48</b>
<b>Carrying amount as at 30/06/2017</b>	<b>19,655</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>Yarpa Group S.p.A.</b>	42,939	17,818	323	42,616	1,384	201	637	1,380
<b>Touring Vacanze S.r.l.</b>	16,280	62	1,461	14,819	75	-	527	602

Note 6

30/06/2017 31/12/2016 Change

Held to maturity investments	43,512	44,268	-756
Loans and receivables	165,733	128,677	37,056
Financial assets available for sale	2,125,109	2,208,766	-83,657
Financial assets at fair value through profit or loss	68,036	56,872	11,164

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 "Risk Report".

Below is a detailed statement of the 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			
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
Equity and derivative instruments measured at cost	-	-	-	-	8,474	8,474	-	-	-	-	8,474	8,474
Equity instruments at fair value	-	-	-	-	95,662	94,584	-	-	122	124	95,784	94,708
of which listed	-	-	-	-	10,581	9,503	-	-	122	124	10,703	9,627
Debt securities	43,512	44,268	-	-	1,680,923	2,023,278	6	6	13,605	12,634	1,738,046	2,080,186
of which listed	42,614	43,255	-	-	1,680,823	2,023,178	6	6	13,605	12,634	1,737,048	2,079,073
OEIC units	-	-	-	-	340,050	82,430	-	-	49,540	38,935	389,590	121,365
Loans and receivables from bank customers	-	-	-	-	-	-	-	-	-	-	-	-
Interbank loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-
Deposits with ceding companies	-	-	149	149	-	-	-	-	-	-	149	149
Financial asset portion of insurance contracts	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	-	-	65,981	53,814	-	-	-	-	-	-	65,981	53,814
Non-hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	99,603	74,714	-	-	-	-	4,763	5,173	104,366	79,887
<b>Total</b>	<b>43,512</b>	<b>44,268</b>	<b>165,733</b>	<b>128,677</b>	<b>2,125,109</b>	<b>2,208,766</b>	<b>6</b>	<b>6</b>	<b>68,030</b>	<b>56,866</b>	<b>2,402,390</b>	<b>2,438,583</b>

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			
Carrying amount at 31/12/2016	44,268	103,058	82,430	2,023,278	2,208,766	56,866	6	2,309,906
Acquisitions and subscriptions	-	-	260,315	184,665	444,980	16,935	-	461,915
Sales and repayments	-114	-	-2,863	-492,750	-495,613	-7,978	-	-503,705
Other changes:								
- effective interest adjustments	5	-	-	-12,574	-12,574	-	-	-12,569
- fair value adjustments	-	-	-	-	-	116	-	116
- charged to P&L	-	1,078	168	-17,285	-16,039	-	-	-16,039
- rate changes	-647	-	-	-4,411	-4,411	-	-	-5,058
- other changes	-	-	-	-	-	2,091	-	2,091
Carrying amount at 30/06/2017	43,512	104,136	340,050	1,680,923	2,125,109	68,030	6	2,236,657

### Loans and receivables

As at 30 June 2017 loans and receivables totalled €165,733 thousand (€128,677 thousand as at 31 December 2016).

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., VZ Real Estate S.r.l. and Valsalaria A11 S.r.l., for a total of €11,247 thousand (€11,492 thousand as at 31 December 2016);
- loans to third parties and secured by mortgages for a total of €3,106 thousand (€3,271 thousand as at 31 December 2016);
- €726 thousand in loans against life insurance policies (€1,337 thousand as at 31 December 2016);
- loans granted to employees and agents mainly referred to revenge of Vittoria Assicurazioni for €27,108 thousand (€27,274 thousand as at 31 December 2016);
- €933 thousand in loans granted to the company Spefin Finanziaria S.p.A. (€1,233 thousand as at 31 December 2016);
- the corresponding entry for the commitments for payments destined to finance investments in private equity, private debt and infrastructure funds amounted to €98,670 thousand (€73,482 thousand as at 31 December 2016). The related obligations are recorded in "Other financial liabilities" in Note 18;
- term deposit for €2,000 thousand on behalf of Vittoria Assicurazioni and €20,000 thousand on behalf of Acacia S.p.A.;
- reinsurance deposit assets for €149 thousand.

The amount of €113,960 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)

Financial assets	Carrying amount	Fair Value
Held to maturity investments	43,512	47,250
Loans and receivables	165,733	165,733
Financial assets available for sale	2,125,109	2,125,109
Financial assets held for trading	6	6
Financial assets at fair value through profit or loss	68,030	68,030
<b>Total</b>	<b>2,402,390</b>	<b>2,406,128</b>

The following table, prepared as envisaged by the already mentioned ISVAP Regulation no. 7, related to assets and liabilities measured at fair value on a recurring and not recurring basis, discloses the information provided by IFRS 13 on the classification by level of fair value hierarchy:

	(€/000)							
	Level 1		Level 2		Level 3		Total	
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
<b>Assets and liabilities measured at fair value on a recurring basis</b>								
Financial assets Available for sale	2,031,454	2,115,111	8,818	8,818	84,837	84,837	2,125,109	2,208,766
Financial assets at fair value through profit or loss	Financial assets held for trading		6	6	-	-	6	6
	Financial assets at fair value through profit or loss		68,030	56,866	-	-	68,030	56,866
Investment Property	-	-	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
<b>Total assets measured at fair value on a recurring basis</b>	<b>2,099,490</b>	<b>2,171,983</b>	<b>8,818</b>	<b>8,818</b>	<b>84,837</b>	<b>84,837</b>	<b>2,193,145</b>	<b>2,285,638</b>
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading		-	-	-	-	-	-
	Financial liabilities at fair value through profit or loss		67,226	56,349	804	517	68,030	56,866
<b>Total liabilities measured at fair value on a recurring basis</b>	<b>67,226</b>	<b>56,349</b>	<b>804</b>	<b>517</b>	<b>-</b>	<b>-</b>	<b>68,030</b>	<b>56,866</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	-	-	-	-	-	-	-	-

There were no significant reclassifications in the fair value hierarchy during the period.

As regards assets and liabilities not measured at fair value, the following table, prepared as envisaged by the already mentioned ISVAP Regulation no. 7, show the information provided by IFRS 13 on the classification by level of fair value hierarchy:

(€/000)

	Carrying value		Fair value						Total	
			Level 1		Level 2		Level 3			
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
<b>Assets</b>										
Held to maturity investments	43,512	44,268	46,352	47,396	-	-	896	1,013	47,250	48,409
Loans and receivables	165,733	128,677	-	-	-	-	165,733	128,677	165,733	128,677
Investments in subsidiaries and associates and interests in joint ventures	19,655	20,138	-	-	-	-	19,655	20,138	19,655	20,138
Investment property	95,632	89,428	-	-	-	-	104,011	96,620	104,011	96,620
Tangible assets	529,007	537,962	-	-	-	-	598,074	608,547	598,074	608,547
<b>Total assets</b>	<b>853,539</b>	<b>820,373</b>	<b>46,352</b>	<b>47,396</b>	<b>-</b>	<b>-</b>	<b>888,371</b>	<b>854,995</b>	<b>934,723</b>	<b>902,391</b>
<b>Liabilities</b>										
Other financial liabilities	123,465	101,841	-	-	-	-	123,465	101,841	123,465	101,841

Investments allocated to “level 2” are represented by shares non-traded in regulated markets that were assessed based on the latest transactions which are observed in the secondary market. Investments allocated to “level 3”, relating to financial instruments classified in financial assets available for sale, 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. As for investments property and tangible assets, please refer to the previous paragraphs.

Note 7	30/06/2017	31/12/2016	Change
Receivables relating to direct insurance	129,374	153,950	-24,576

The breakdown of this item was as follows:

(€/000)

Receivables relating to direct insurance	30/06/2017	31/12/2016
Premiums due from policyholders	39,113	52,209
Receivables due from brokers and agents	44,828	71,474
Receivables due from insurance companies - current accounts	21,137	6,177
Amounts to be recovered from policyholders and third parties	24,296	24,090
<b>Total</b>	<b>129,374</b>	<b>153,950</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>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Receivables relating to reinsurance business	2,888	811	2,077

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>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Other receivables	40,115	33,959	6,156

The most significant sub-item as up to 30 June 2017 consisted of advances of €24,350 thousand on policyholders' taxes, advances of €7,190 thousand for the guarantee fund for the road victims, advances of €4,198 thousand paid by the real estate companies and receivables of company services mainly to insurance brokers for €633 thousand.

<b>Note 10</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Deferred acquisition costs	5,831	5,876	-45

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

<b>Note 11</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Deferred tax assets	95,771	103,774	-8,003

The item included deferred tax assets pertaining to the direct operating of Vittoria Assicurazioni (€89,891 thousand), to the real estate segment (€6,815 thousand), to Service business (€2 thousand), plus those relating to consolidation adjustments (€-937 thousand).

<b>Note 12</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Current tax assets	19,599	12,429	7,170

The item includes tax receivables of the direct operating of Vittoria Assicurazioni of €19,218 thousand (including tax credits relating to taxes prepaid on the Life business mathematical reserves) and €172 thousand of the real estate companies arising from the purchase of buildable areas and property.



<b>Note 13</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Other assets	10,454	10,126	328

The item mainly includes €716 thousand of deferred commission expenses relating to investment contracts and €3,574 thousand of prepayments, mainly relating to G&A costs and to other assets mainly related to unavailable capital on bank account due to distrains from third parties for pending litigation for an amount of €1,856 thousand.

<b>Note 14</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Cash and cash equivalents	400,340	262,936	137,404

The item refers to bank balances of €400,289 thousand and cash amounts of €51 thousand.

Note 15	30/06/2017	31/12/2016	Change
Equity attributable to shareholders of the parent	766,778	745,611	21,167
Equity attributable to minority interests	223	194	29

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	30/06/2017	31/12/2016
<b>Total equity attributable to the shareholders of the parent</b>	<b>766,778</b>	<b>745,611</b>
Share capital	67,379	67,379
Equity-related reserves	33,874	33,874
Income-related and other reserves	571,859	450,642
Fair value reserve	52,732	58,612
Other gains or losses recognised directly in equity	-75	-263
Group profit for the year	41,009	135,367
<b>Total equity attributable to minority interests</b>	<b>223</b>	<b>194</b>
Share capital and reserves attributable to minority interests	194	199
Minority interests' profit for the year	29	-5
<b>Total consolidated equity</b>	<b>767,001</b>	<b>745,805</b>

As at 30 June 2017 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 €13,475,785 for FY2016 and €14,149,574 for FY2017.

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)			
<b>A) Net unrealised gains</b>	Gross amount	Tax impact	Net amount
<b>31/12/2016</b>	<b>120,663</b>	<b>-24,437</b>	<b>96,226</b>
Decrease due to sales	-973	266	-707
Decrease due to fair value changes	-15,066	3,678	-11,388
<b>Total change for the period/year</b>	<b>-16,039</b>	<b>3,944</b>	<b>-12,095</b>
<b>30/06/2017</b>	<b>104,624</b>	<b>-20,493</b>	<b>84,131</b>

(€/000)			
<b>B) Shadow accounting reserve</b>	Gross amount	Tax impact	Net amount
<b>31/12/2016</b>	<b>54,371</b>	<b>-16,757</b>	<b>37,614</b>
Change in shadow accounting reserve	-8,983	2,768	-6,215
<b>30/06/2017</b>	<b>45,388</b>	<b>-13,989</b>	<b>31,399</b>

(€/000)			
<b>Gains or losses on financial assets AFS</b>	Gross amount	Tax impact	Net amount
<b>Combined effect A) - B)</b>			
<b>31/12/2016</b>	<b>66,292</b>	<b>-7,680</b>	<b>58,612</b>
Decrease due to sales	-973	266	-707
Decrease due to fair value changes	-15,066	3,678	-11,388
Change in shadow accounting reserve	8,983	-2,768	6,215
<b>Total change for the period/year</b>	<b>-7,056</b>	<b>1,176</b>	<b>-5,880</b>
<b>30/06/2017</b>	<b>59,236</b>	<b>-6,504</b>	<b>52,732</b>

<b>Note 16</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Provisions	11,834	12,829	-995

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	31/12/2016	Accruals of the year	Utilisations of the year	30/06/2017
Provision for costs to be incurred	205	-	-205	-
Other provisions	12,624	697	-1,487	11,834
<b>Total</b>	<b>12,829</b>	<b>697</b>	<b>-1,692</b>	<b>11,834</b>

Note 17	30/06/2017	31/12/2016	Change
Technical reserves	2,704,518	2,661,219	43,299

The following table shows the breakdown of technical reserves.

(€/000)						
	Direct business		Indirect business		Total carrying amount	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
<b>Non-life reserves</b>	<b>1,526,965</b>	<b>1,506,557</b>	<b>935</b>	<b>969</b>	<b>1,527,900</b>	<b>1,507,526</b>
Premium reserve	393,182	388,435	49	49	393,231	388,484
Claims reserve	1,133,374	1,117,713	886	920	1,134,260	1,118,633
Other reserves	409	409	-	-	409	409
<b>Life reserves</b>	<b>1,176,466</b>	<b>1,153,541</b>	<b>152</b>	<b>152</b>	<b>1,176,618</b>	<b>1,153,693</b>
Reserve for payable amounts	22,672	25,810	3	3	22,675	25,813
Mathematical reserves	1,107,405	1,072,192	149	149	1,107,554	1,072,341
Other reserves	46,389	55,539	-	-	46,389	55,539
<b>Total technical reserves</b>	<b>2,703,431</b>	<b>2,660,098</b>	<b>1,087</b>	<b>1,121</b>	<b>2,704,518</b>	<b>2,661,219</b>

With regard to Non-Life business, over the 2017 half year the value of the claim settlement was consistent with what reserved at 31 December 2016.

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

The Life "Other reserves" item mainly consisted of:

- €5,953 thousand = management expenses;
- €40,320 thousand = reserve for deferred liabilities to policyholders (of which €45,388 thousand stemming from fair value measurement of available-for-sale financial assets and €-5,068 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 (paragraph n. 36 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to €1,697 thousand (€1,746 thousand as at 31 December 2016); 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 (paragraph n. 22 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to €643 thousand unchanged compared to 31 December 2016, 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

30/06/2017 31/12/2016 Change

Financial liabilities at fair value through profit or loss	68,030	56,866	11,164
Other financial liabilities	123,465	101,841	21,624

The following table shows the breakdown of financial liabilities in accordance with the already mentioned ISVAP Regulation:

(€/000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss					
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
Participating non-equity instruments	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-
Liabilities from financial contracts issued by insurers arising from:	-	-	68,030	56,866	-	-	68,030	56,866
Contracts where policyholders bear investment risk	-	-	45,320	37,870	-	-	45,320	37,870
Pension-fund management	-	-	22,710	18,996	-	-	22,710	18,996
Other contracts	-	-	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	12,933	12,933	12,933	12,933
Negative financial components of insurance contracts	-	-	-	-	-	-	-	-
Debt securities on issue	-	-	-	-	-	-	-	-
Bank customer deposits	-	-	-	-	-	-	-	-
Interbank liabilities	-	-	-	-	-	-	-	-
Other loans received	-	-	-	-	11,862	15,426	11,862	15,426
Non-hedging derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	98,670	73,482	98,670	73,482
<b>Total</b>	-	-	<b>68,030</b>	<b>56,866</b>	<b>123,465</b>	<b>101,841</b>	<b>191,495</b>	<b>158,707</b>

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 2017:

(€/000)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
<b>Carrying amount at 31/12/2016</b>	<b>37,870</b>	<b>18,996</b>	<b>56,866</b>
Investment of net fund assets	7,312	3,389	10,701
Profits attributable to policyholders	1,259	771	2,030
Amounts paid	-1,121	-446	-1,567
<b>Carrying amount at 30/06/2017</b>	<b>45,320</b>	<b>22,710</b>	<b>68,030</b>

### Other financial liabilities

The item includes:

- Reinsurance deposits of €12,933 thousand (unchanged compared to 31 December 2016);
- Bank loans issued to the Group's real estate companies for a total of €11,862 thousand (of which €3,711 thousand backed by collateral);
- direct operating Vittoria Assicurazioni's commitment for payment of €98,670 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 €72,792 thousand.

### Disclosure concerning fair value

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

<b>Note 19</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Payables arising from direct insurance business	8,845	8,454	391

The breakdown of the item was as follows:

	(€/000)	
<b>Payables arising from direct insurance business</b>	<b>30/06/2017</b>	<b>31/12/2016</b>
Payables to insurance brokers and agents	4,635	5,030
Payables to insurance companies - current accounts	2,989	2,066
Guarantee deposits paid by policyholders	1,221	1,118
Payables to guarantee funds in favour of policyholders	-	240
<b>Total</b>	<b>8,845</b>	<b>8,454</b>

<b>Note 20</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Payables arising from reinsurance business	6,889	7,504	-615

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

Note 21	30/06/2016	31/12/2016	Change
Other sums payable	54,584	62,300	-7,716

The breakdown of the item was as follows:

	(€/000)	
Other sums payable	30/06/2017	31/12/2016
Payments on accounts received by real estate companies for preliminary sales agreements	697	1,370
Trade payables	11,128	14,920
Payables to employees	4,008	2,794
Employee benefits - provisions for termination benefits	4,035	4,557
Policyholders' tax due	20,617	23,637
Sundry tax liabilities (withholdings)	2,116	2,857
Social security charges payable	2,829	3,050
Payables to associate companies	204	411
Sundry payables	8,950	8,704
<b>Total</b>	<b>54,584</b>	<b>62,300</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	1.67%
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%

<b>Note 22</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Deferred tax liabilities	44,886	50,335	-5,449

The item includes deferred tax liabilities allocated to the insurance business for €41,228 thousand, the real estate and services business for €803 thousand, and to reversals totalling €-2,855 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

<b>Note 23</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Current tax liabilities	1,286	4,484	-3,198

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.

<b>Note 24</b>	<b>30/06/2017</b>	<b>31/12/2016</b>	<b>Change</b>
Other liabilities	33,862	38,407	-4,545

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 €9,442 thousand, the deferred commission income of €208 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling €12,331 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for €3,687 thousand.



# Consolidated Income Statement

Note 25	30/06/2017	30/06/2016	Change
Gross premiums	641,846	629,579	12,267
Ceded premiums for reinsurance	16,735	13,223	3,512
Amounts paid and change in technical reserves	445,584	441,095	4,489
Reinsurers' share	-9,883	-7,269	-2,614

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

	30/06/2017				30/06/2016			
	Non-life business	Life business	Intersegment		Non-life business	Life business	Intersegment	
			eliminations	Total			eliminations	Total
<b>NET PREMIUMS</b>	<b>539,979</b>	<b>85,132</b>	<b>-</b>	<b>625,111</b>	<b>521,669</b>	<b>94,687</b>	<b>-</b>	<b>616,356</b>
<b>Gross premiums</b>	<b>556,161</b>	<b>85,685</b>	<b>-</b>	<b>641,846</b>	<b>534,279</b>	<b>95,300</b>	<b>-</b>	<b>629,579</b>
Gross premiums written	560,909	85,685	-	646,594	536,551	95,300	-	631,851
a Direct business	560,863	85,685	-	646,548	536,433	95,300	-	631,733
b Indirect business	46	-	-	46	118	-	-	118
Change in premium reserve	-4,748	-	-	-4,748	-2,272	-	-	-2,272
a Direct business	-4,748	-	-	-4,748	-2,264	-	-	-2,264
b Indirect business	-	-	-	-	-8	-	-	-8
<b>Ceded premiums</b>	<b>16,182</b>	<b>553</b>	<b>-</b>	<b>16,735</b>	<b>12,610</b>	<b>613</b>	<b>-</b>	<b>13,223</b>
Gross premiums ceded	11,732	553	-	12,285	12,944	613	-	13,557
a Outward reinsurance	11,732	553	-	12,285	12,944	613	-	13,557
Change in premium reserve	4,450	-	-	4,450	-334	-	-	-334
a Outward reinsurance	4,450	-	-	4,450	-334	-	-	-334
<b>NET CHARGES RELATING TO CLAIMS</b>	<b>345,042</b>	<b>90,461</b>	<b>198</b>	<b>435,701</b>	<b>333,850</b>	<b>100,151</b>	<b>-175</b>	<b>433,826</b>
<b>Amounts paid and change in technical reserves</b>	<b>353,487</b>	<b>91,899</b>	<b>198</b>	<b>445,584</b>	<b>340,811</b>	<b>100,459</b>	<b>-175</b>	<b>441,095</b>
Direct business	353,487	91,796	-	445,283	340,751	100,330	-	441,081
Indirect business	-	103	-	103	60	129	-	189
Shadow accounting of investee companies' profits	-	-	198	198	-	-	-175	-175
<b>Reinsurers' share</b>	<b>8,445</b>	<b>1,438</b>	<b>-</b>	<b>9,883</b>	<b>6,961</b>	<b>308</b>	<b>-</b>	<b>7,269</b>
Outward reinsurance	8,445	1,438	-	9,883	6,961	308	-	7,269

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

Note 26	30/06/2017	30/06/2016	Change
Commission income	951	713	238

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

Note 27	30/06/2017	30/06/2016	Change
Gains or losses on financial instruments at fair value through profit or loss	-	-3	3
Gains on investments in subsidiaries and associates and interests in joint ventures	496	465	31
Gains or losses on other financial instruments and investment property	24,628	39,896	-15,268
Losses on investments in subsidiaries and associates and interests in joint ventures	1,459	402	1,057
Losses on other financial instruments and investment property	3,291	4,207	-916

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 Condensed Consolidated 2017 half year financial statements”,

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

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

As regards financial assets designated at fair value through profit or loss – i.e, referring to investment contracts of the unit-linked, and pension-fund type – net income recognised in 1H17 amounted to €2,030 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 2017 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 30/6/17	Gains 30/6/16	Losses 30/6/17	Losses 30/6/16
Investment property	2,983	2,810	3,066	3,062
Held to maturity investments	872	880	-	-
Loans and receivables	314	381	-	-
Financial assets available for sale	20,258	35,645	7	1
Other receivables	115	108	-	-
Cash and cash equivalents	86	72	-	-
Other financial liabilities	-	-	218	1,144
<b>Total</b>	<b>24,628</b>	<b>39,896</b>	<b>3,291</b>	<b>4,207</b>

Note 28	30/06/2017	30/06/2016	Change
Other income	7,978	7,807	171

The following table details the breakdown of this item,

	(€/000)	
Other income	30/6/17	30/6/16
Trading profits	3,136	1,828
Revenue from owner-occupied property	-	102
Revenue from services: real estate brokerage	416	493
Revenue from services: real estate management	26	8
Revenue from services: administration, real estate appraisals and other income	6	19
Revenue from services: insurance commission income with third parties	40	52
Revenue from services: other revenue from services	247	92
Rent income	568	394
Technical income on insurance contracts	2,670	2,518
Exchange rate gains	29	8
Incidental non-operating income	342	1,472
Other income	498	821
<b>Total</b>	<b>7,978</b>	<b>7,807</b>

Technical income on insurance contracts refer for €1,105 thousand (€1,070 thousand at 30 June 2016) to reversal of commissions on cancelled premiums and for €1,509 thousand (€1,448 thousand at 30 June 2016) 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 Incidental non-operating income decreased compared to the figure as at June 30, 2016, as the latter had lower taxes (IRES), relating to the previous years, recorded following the positive response by the Tax Authority at the instance of interpellation.

Note 29	30/06/2017	30/06/2016	Change
Commission expense	389	-	389

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

Note 30	30/06/2017	30/06/2016	Change
Commissions and other acquisition costs	117,792	108,095	9,697
Investment management costs	886	1,148	-262
Other administrative costs	24,922	27,721	-2,799

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 Condensed Consolidated 2017 half year financial statements".

The following table details the breakdown of “Commissions and other acquisition costs” as at 30 June 2017.

	(€/000)	
Gross commissions and other acquisition costs net of profit participation and other commissions	30/06/2017	30/06/2016
Acquisition commissions	86,994	80,231
Other acquisition costs	27,837	25,310
Change in deferred acquisition costs	45	21
Premium collection commissions	4,721	4,290
Profit participation and other commissions received from reinsurers	-1,805	-1,757
<b>Total</b>	<b>117,792</b>	<b>108,095</b>

Note 31	30/06/2017	30/06/2016	Change
Other costs	16,524	19,621	-3,097

The breakdown of this item was as shown below:

	(€/000)	
Other costs	30/06/2017	30/06/2016
Technical costs on insurance contracts	8,893	8,737
Foreign-exchange losses	84	24
Incidental non-operating costs	137	386
Annual depreciation & amortisation	4,983	6,468
Accruals to the provision for risks and charges	547	2,351
Commissions from services sector	1,874	1,621
Other costs	6	34
<b>Total</b>	<b>16,524</b>	<b>19,621</b>

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for €7,959 thousand (€7,723 thousand at 30 June 2016) and to services supporting insurance covers and costs for premiums under litigation for €934 thousand (€1,014 thousand at 30 June 2016).

Note 32	30/06/2017	30/06/2016	Change
Income taxes	17,012	21,248	-4,236

Of this item €13,493 thousand related to current taxes and €3,519 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.

Note 33	30/06/2017	30/06/2016	Change
Gain (loss) on discontinued operations	-150	-	-150

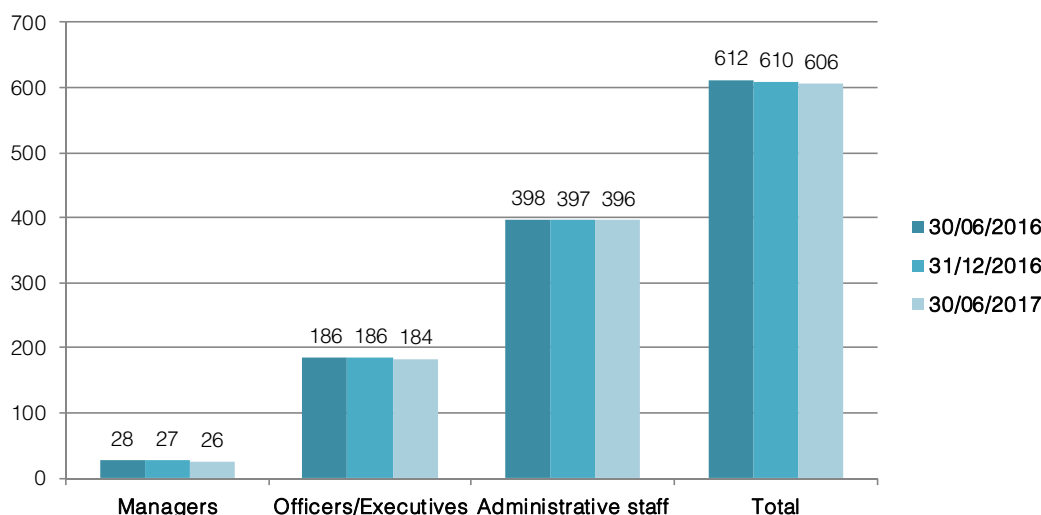
The item refers to the costs incurred following the winding-up of the associated company Movincom Servizi S.r.l.

## Other disclosures

### Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 597 as at 30 June 2017 vs, 609 present as at 31 December 2016 and 610 as at 30 June 2016.

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



### Tax status

#### Insurance business

In the year 2017, the Vittoria Assicurazioni's National tax consolidation scheme continues to exist (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., Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l. e Interbilancia S.r.l., VRG Domus S.r.l., Valsalaria S.r.l., VP Sviluppo 2015 S.r.l..

With reference to 2017, Vittoria Assicurazioni S.p.A. exercised its option to settle VAT in the context of the Group pursuant to the Ministerial Decree dated 13th 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..

In accordance with Law no. 147/2013, at the end of 2013 Vittoria Assicurazioni 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, Vittoria Assicurazioni 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, Vittoria Assicurazioni recorded in equity a reserve equal to the revaluation less the substitute tax.

In 2009, Vittoria Assicurazioni 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; regarding VAT, the higher tax rate, the fines and interest amount to €387 thousand. 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 Board of Directors

Milan, 27 July 2017

Annexes to  
Condensed Consolidated 2017  
half year financial statements

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2017

### 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
Interimmobili S.r.l.	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	71.60	100.00	100.00	100.00
Gestimmobili S.r.l.	Italy		G	11	-	100.00	100.00	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
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
Yarpa S.p.A.	Italy		9	b	27.31	27.31	27.31	11,055
Touring Vacanze S.r.l.	Italy		10	b	46.00	46.00	46.00	6,872
Touring Digital S.r.l.	Italy		10	b	45.00	45.00	45.00	192
Mosaico S.p.A.	Italy		10	b	-	45.00	45.00	156
Pama & Partners S.r.l.	Italy		10	b	-	25.00	25.00	281
VZ Real Estate S.r.l.	Italy		10	b	-	49.00	49.00	-
Fiori di S. Bovio S.r.l.	Italy		10	b	-	40.00	40.00	-
Spefin Finanziaria S.p.A.	Italy		11	b	-	21.00	21.00	643
Aspevi Roma S.r.l.	Italy		11	b	-	49.00	49.00	447
Valsalaria A.11 S.r.l.	Italy		10	b	-	40.00	40.00	9

(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 (IAS27) ; b=associated companies (IAS28); c=*joint ventures* (IAS 31); 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.

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 30 June 2017  
**Balance sheet by business and business line**

(€'000)

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
<b>1 INTANGIBLE ASSETS</b>	4,803	4,870	3,346	3,778	356	417	0	0	0	0	8,505	9,065
<b>2 PROPERTY, PLANT AND EQUIPMENT</b>	72,717	74,460	18,022	18,540	436,057	443,383	12	12	9,093	9,093	535,901	545,488
<b>3 REINSURERS' SHARE OF TECHNICAL RESERVES</b>	52,053	56,002	6,692	7,479	0	0	0	0	0	0	58,745	63,481
<b>4 INVESTMENTS</b>	1,735,631	1,834,108	1,278,079	1,219,977	96,230	83,910	1,116	680	-593,379	-590,526	2,517,677	2,548,149
4.1 Investment property	57,595	50,572	38,037	38,856	0	0	0	0	0	0	95,632	89,428
4.2 Investments in subsidiaries and associates and interests in jo	478,536	474,988	50,693	50,693	64,715	64,329	1,090	654	-575,379	-570,526	19,655	20,138
4.3 Held to maturity investments	6,168	6,331	37,344	37,937	0	0	0	0	0	0	43,512	44,268
4.4 Loans and receivables	149,382	125,649	2,875	3,486	31,476	19,542	0	26	-18,000	-20,000	165,733	128,677
4.5 Financial assets available for sale	1,043,950	1,176,568	1,081,094	1,032,133	39	39	0	26	0	0	2,125,109	2,208,766
4.6 Financial assets at fair value through profit or loss	0	0	68,036	56,872	0	0	0	0	0	0	68,036	56,872
<b>5 OTHER RECEIVABLES</b>	163,038	167,234	10,619	16,908	4,832	8,682	637	212	-6,749	-4,316	172,377	188,720
<b>6 OTHER ASSETS</b>	85,272	88,516	37,351	37,065	9,686	7,783	1,491	204	-2,145	-1,363	131,655	132,205
6.1 Deferred acquisition costs	0	0	5,831	5,876	0	0	0	0	0	0	5,831	5,876
6.2 Other assets	85,272	88,516	31,520	31,189	9,686	7,783	1,491	204	-2,145	-1,363	125,824	126,329
<b>7 CASH AND CASH EQUIVALENTS</b>	311,482	145,531	53,899	80,045	32,083	34,243	2,876	3,117	0	0	400,340	262,936
<b>TOTAL ASSETS</b>	2,424,996	2,370,721	1,408,008	1,383,792	579,244	578,418	6,132	4,225	-593,180	-587,112	3,825,200	3,750,044
<b>1 EQUITY</b>											767,001	745,805
<b>2 PROVISIONS</b>	9,258	9,494	77	62	2,275	2,853	224	420	0	0	11,834	12,829
<b>3 TECHNICAL RESERVES</b>	1,527,900	1,507,526	1,181,687	1,158,959	0	0	0	0	-5,069	-5,266	2,704,518	2,661,219
<b>4 FINANCIAL LIABILITIES</b>	104,124	78,936	75,509	64,345	11,862	15,426	0	0	0	0	191,495	158,707
4.1 Financial liabilities at fair value through profit or loss	0	0	68,030	56,866	0	0	0	0	0	0	68,030	56,866
4.2 Other financial liabilities	104,124	78,936	7,479	7,479	11,862	15,426	0	0	0	0	123,465	101,841
<b>5 PAYABLES</b>	63,296	74,143	5,294	6,497	24,118	21,094	2,359	843	-24,749	-24,319	70,318	78,258
<b>6 OTHER LIABILITIES</b>	47,900	54,241	22,733	26,931	6,426	9,115	120	85	2,855	2,854	80,034	93,226
<b>TOTAL EQUITY AND LIABILITIES</b>											3,825,200	3,750,044

Income statement by business and business line	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Net premiums	539,979	521,669	85,132	94,687	-	-	-	-	-	-	625,111	616,356
Gross premiums	556,161	534,279	85,685	95,300	-	-	-	-	-	-	641,846	629,579
Ceded premiums	16,182	12,610	553	613	-	-	-	-	-	-	16,735	13,223
Commission income	-	-	951	713	-	-	-	-	-	-	951	713
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-	-	-	-3	-	-	-	-	-	-	-	-3
Gains on investments in subsidiaries and associates and interests in joint ventures	114	304	-	-	354	399	437	86	-409	-324	496	465
Gains on other financial instruments and investment property	6,100	21,932	18,613	18,005	79	109	13	-	-177	-150	24,628	39,896
Other income	3,456	4,860	155	118	4,822	3,242	1,278	2,662	-1,733	-3,075	7,978	7,807
<b>TOTAL REVENUE</b>	<b>549,649</b>	<b>548,765</b>	<b>104,851</b>	<b>113,520</b>	<b>5,255</b>	<b>3,750</b>	<b>1,728</b>	<b>2,748</b>	<b>-2,319</b>	<b>-3,549</b>	<b>659,164</b>	<b>665,234</b>
Net charges relating to claims	345,043	333,850	90,460	100,150	-	-	-	-	198	-174	435,701	433,826
Amounts paid and change in technical reserves	353,488	340,811	91,898	100,458	-	-	-	-	198	-174	445,584	441,095
Reinsurers' share	-8,445	-6,961	-1,438	-308	-	-	-	-	-	-	-9,883	-7,269
Commission expense	-	-	389	-	-	-	-	-	-	-	389	-
Losses on investments in subsidiaries and associates and interests in joint ventures	1,226	280	-	-	233	122	-	-	-	-	1,459	402
Losses on other financial instruments and investment property	1,936	1,771	1,292	1,484	241	1,094	-	7	-178	-149	3,291	4,207
Operating costs	132,187	124,291	7,705	9,208	5,003	5,693	460	874	-1,755	-3,102	143,600	136,964
Other costs	12,456	15,847	1,733	1,405	445	727	659	1,642	1,231	-	16,524	19,621
<b>TOTAL COSTS</b>	<b>492,848</b>	<b>476,039</b>	<b>101,579</b>	<b>112,247</b>	<b>5,922</b>	<b>7,636</b>	<b>1,119</b>	<b>2,523</b>	<b>-504</b>	<b>-3,425</b>	<b>600,964</b>	<b>595,020</b>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>	<b>56,801</b>	<b>72,726</b>	<b>3,272</b>	<b>1,273</b>	<b>-667</b>	<b>-3,886</b>	<b>609</b>	<b>225</b>	<b>-1,815</b>	<b>-124</b>	<b>56,200</b>	<b>70,214</b>

(€'000)

**Breakdown of other comprehensive income**

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	31/12/16
<b>Other comprehensive income, net of taxes without reclassification to profit or loss</b>												
Changes in the equity of investees	188	-313			0	0	188	-313	84	36	-75	-263
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	188	-313			0	0	188	-313	84	36	-75	-263
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>-5,173</b>	<b>-2,183</b>	<b>-707</b>	<b>-5,546</b>	<b>0</b>	<b>0</b>	<b>-5,880</b>	<b>-7,729</b>	<b>-1,176</b>	<b>1,779</b>	<b>52,732</b>	<b>58,612</b>
Change in transition reserve	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	-5,173	-2,183	-707	-5,546	0	0	-5,880	-7,729	-1,176	1,779	52,732	58,612
Gains or losses on hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the equity of investees	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-4,985</b>	<b>-2,496</b>	<b>-707</b>	<b>-5,546</b>	<b>0</b>	<b>0</b>	<b>-5,692</b>	<b>-8,042</b>	<b>-1,092</b>	<b>1,815</b>	<b>52,657</b>	<b>58,349</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/losses 30/06/2017	Net gains and costs/losses 30/06/2016
							Valuation capital gains	Write-backs	Valuation capital losses	Write-downs				
											2,639			
<b>Investments</b>	<b>14,561</b>	<b>10,603</b>	<b>3,145</b>	<b>238</b>	<b>107</b>	<b>22,150</b>	<b>2,639</b>	<b>0</b>	<b>2,968</b>	<b>0</b>	<b>271</b>	<b>22,421</b>	<b>34,002</b>	
a Investment property	0	2,983	1,210	0	0	1,773	0	0	1,856	0	-1,856	-83	-252	
b Investments in subsidiaries and associates and interests in joint ventures	0	496	1,459	0	0	-963	0	0	0	0	0	-963	63	
c Held to maturity investments	872	0	0	0	0	872	0	0	0	0	0	872	880	
d Loans and receivables	314	0	0	0	0	314	0	0	0	0	0	314	381	
e Financial assets available for sale	13,160	7,066	0	32	7	20,251	0	0	0	0	0	20,251	35,644	
f Financial assets held for trading	0	0	0	0	0	0	0	0	0	0	0	0	-3	
g Financial assets at fair value through profit or loss	215	58	476	206	100	-97	2,639	0	512	0	2,127	2,030	-2,711	
<b>Other receivables</b>	<b>115</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>115</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>115</b>	<b>108</b>	
<b>Cash and cash equivalents</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86</b>	<b>72</b>	
<b>Financial liabilities</b>	<b>-218</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-218</b>	<b>0</b>	<b>0</b>	<b>2,030</b>	<b>0</b>	<b>-2,030</b>	<b>-2,248</b>	<b>1,567</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	2,030	0	-2,030	-2,030	2,711	
c Other financial liabilities	-218	0	0	0	0	-218	0	0	0	0	0	-218	-1,144	
<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>14,544</b>	<b>10,603</b>	<b>3,145</b>	<b>238</b>	<b>107</b>	<b>22,133</b>	<b>2,639</b>	<b>0</b>	<b>4,998</b>	<b>0</b>	<b>-1,759</b>	<b>20,374</b>	<b>35,749</b>	

**Detail of insurance technical items**

(€/000)

	30/06/2017			30/06/2016		
	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>556,161</b>	<b>16,182</b>	<b>539,979</b>	<b>534,279</b>	<b>12,610</b>	<b>521,669</b>
a Premiums written	560,909	11,732	549,177	536,551	12,944	523,607
b Change in premiums reserve	4,748	-4,450	9,198	2,272	334	1,938
<b>NET CLAIMS COSTS</b>	<b>353,488</b>	<b>8,445</b>	<b>345,043</b>	<b>340,811</b>	<b>6,961</b>	<b>333,850</b>
a Amounts paid	346,800	7,829	338,971	329,147	8,234	320,913
b Change in claims reserves	15,655	527	15,128	17,464	-1,356	18,820
c Change in recoveries	8,967	-89	9,056	5,800	-83	5,883
d Change in other technical reserves	-	-	-	-	-	-
<b>Life business</b>						
<b>NET PREMIUMS</b>	<b>85,685</b>	<b>553</b>	<b>85,132</b>	<b>95,300</b>	<b>613</b>	<b>94,687</b>
<b>NET CLAIMS COSTS</b>	<b>91,898</b>	<b>1,438</b>	<b>90,460</b>	<b>100,458</b>	<b>308</b>	<b>100,150</b>
a Amounts paid	62,134	2,224	59,910	71,761	53	71,708
b Change in reserve for amounts to be paid	-3,138	2,518	-5,656	-5,375	-	-5,375
c Change in mathematical reserves	33,270	-3,300	36,570	34,465	256	34,209
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	-368	-4	-364	-393	-1	-392

Vittoria Assicurazioni S.p.A.  
 Consolidated financial statements as at 30 June 2017

**Breakdown of insurance operating costs**

(€/000)

		Non-life business		Life business	
		30/06/17	30/06/16	30/06/17	30/06/16
<b>Gross commissions and other acquisition costs</b>		<b>115,392</b>	<b>106,822</b>	<b>5,438</b>	<b>5,641</b>
a	Acquisition commissions	85,634	80,094	2,594	2,747
b	Other acquisition costs	25,378	22,787	2,459	2,524
c	Change in deferred acquisition costs	0	0	45	21
d	Premium collection commissions	4,380	3,941	340	349
<b>Profit participation and other commissions received from reinsurers</b>		<b>-1,728</b>	<b>-1,666</b>	<b>-77</b>	<b>-91</b>
<b>Investment management costs</b>		<b>831</b>	<b>1,042</b>	<b>55</b>	<b>106</b>
<b>Other administrative costs</b>		<b>17,692</b>	<b>18,093</b>	<b>2,289</b>	<b>3,552</b>
<b>Total</b>		<b>132,187</b>	<b>124,291</b>	<b>7,705</b>	<b>9,208</b>

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

(€/000)

Reclassified Financial assets categories	Activity class	Amount of Financial assets reclassified during the year at the reclassification date	Carrying amount at 30/06/2017 of reclassified assets		Fair Value at 30/06/2016 of reclassified assets		Reclassified Assets during 1h17		Reclassified Assets up to 30/06/2017		Reclassified Assets during 1h17		Reclassified Assets up to 30/06/2017	
			Reclassified Assets during 1h17	Reclassified Assets up to 30/06/2017	Reclassified Assets during 1h17	Reclassified Assets up to 30/06/2017	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 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
from														
to														
<b>Total</b>			0	0	0	0	0	0	0	0	0	0	0	0



Vittoria Assicurazioni S.p.A.  
 Consolidated financial statements as at 30 June 2017

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

Name	% 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 data							Gross written premium	
					Total assets	Investments	Technical provisions	Financial liabilities	Equity	Profit (loss) for the year	Dividends paid out to minority interests		
			-	-	-	-	-	-	-	-	-	-	-



# 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 Chief Executive Officer) 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 2017 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 2017.

3. The undersigned also certify that:

3.1 The half-yearly consolidated financial statements as at 30 June 2017:

- 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, 27 July 2017

Cesare Caldarelli  
*Chief Executive Officer*

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 2017, 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 2017 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.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
**Vittorio Frigerio**  
Partner

Milan, Italy  
August 3, 2017

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 – 20144 Milano | Capitale Sociale Euro 10.328.220.00 i.v.  
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 – REA Milano n. 1720239 | Partita IVA IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo [www.deloitte.com/about](http://www.deloitte.com/about).

© Deloitte & Touche S.p.A.