



# 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.

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

Consolidated  
interim financial report  
at 31 March 2018

Board of Directors' meeting  
of 4 May 2018

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



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## Company bodies and officers

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### BOARD OF DIRECTORS

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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

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### BOARD OF STATUTORY AUDITORS

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

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### GENERAL MANAGEMENT

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

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### INDEPENDENT AUDITOR

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Deloitte & Touche S.p.A.

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**APPOINTMENTS AND REMUNERATION COMMITTEE**

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

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**INTERNAL CONTROL COMMITTEE**

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

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**FINANCE COMMITTEE**

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

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**REAL ESTATE COMMITTEE**

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

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**RELATED PARTIES COMMITTEE**

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

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**STRATEGIES COMMITTEE**

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Andrea ACUTIS	Non-executive president
Carlo ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
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., the ultimate Italian 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 co-ordination 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 S.p.A., 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 11. 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

This report is prepared in accordance to IFRS/IAS and is compliant to Article 154/3 of d.lgs. no. 58/1998.

It consists of a directors' report, which comments on the group's performance and the main events in the period, the interim financial statements ruled by the ISVAP Regulation no.7/2007 and related notes. All insurance technical data, shown in the various tables in the report on operating performance, refer to Vittoria Assicurazioni S.p.A., which is the Group's only insurance company.

## Accounting policies

The rules for preparation and the accounting policies applied for the consolidated interim management report are the same as those used for annual consolidated financial statements, except for those that came into effect starting from 1<sup>st</sup> January 2018, to which reference should be made to the following paragraph . Readers should therefore refer to the "Accounting Policies" section of the Consolidated Annual Report for the year ended on 31 December 2017. 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. Where it was deemed necessary, in case of changes in accounting policies or reclassifications, the comparative figures are restated and reclassified to provide uniform and consistent disclosures.

## New accounting standards applied from 1<sup>st</sup> January 2018

**IFRS 15 Revenue from Contracts with Customers.** The standard replaces IAS 11 "Constructions Contracts" and IAS 18 "Revenue" principles. Insurance contracts are outside the scope of this standard, therefore the areas of potential impact for insurance companies are related to contracts that include non-insurance services and the recognition of revenues linked to asset management. Qualitative analysis has not showed significant impacts for the Group.

## New accounting standards 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 to suspend the greater volatility introduced by the new principle on individual securities (so-called "overlay approach").

Vittoria Assicurazioni, based on preliminary analysis, believes that it meets the requirements of paragraph 20B of IFRS 4, which allow temporary exemption from IFRS 9 (c.d. *deferral approach*). In fact, the Group's activities are mainly linked to insurance business.

The Group's liabilities connected with the insurance business mainly include:

- liabilities falling within the IFRS 4 scope;
- financial liabilities measured at fair value through profit and loss on the basis of IAS 39, relating to contracts issued for which the investment risk is supported by policyholders;
- tax liabilities related to insurance business.

During the year, the necessary phases of study will continue in order to verify the correct classification of the existing portfolio and the related impacts.

**IFRS 16 Leases (replacement of IAS 17).** Qualitative analysis has not showed showed 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;
- Premium Allocation Approach, an alternative and simplified model with respect to the general accounting model applicable to insurance contracts with a contractual coverage of less than one year;
- Variable Fee Approach, an alternative model to the general accounting model applicable to the direct participations contracts accounting to take into account the commissions for managing the underlying assets recognized by the Company.

The 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, in 2017, undertook the necessary stages of study and analysis of the issues.

## Use of estimates

Application of IFRSs for the preparation of this consolidated interim management report 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 Company’s actuaries support and it is subjected to an examination by external actuaries.

## Other information

Vittoria Assicurazioni S.p.A. 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.



# Interim management report

# Summary of key performance indicators of the Group \*

€/million

SPECIFIC SEGMENT RESULTS					
	31/03/2018	31/03/2017	31/12/2017	Δ 31/03/2017	Δ 31/12/2017
<b>Non Life business</b>					
Gross Premiums written - direct Non Life business	280.9	263.6	1,148.1	6.6%	
Non Life business pre-tax result	33.0	30.7	107.2	7.7%	
(1) Loss Ratio - retained	63.6%	63.3%	65.1%	0.3	(1.5)
(2) Combined Ratio - retained	88.6%	89.1%	90.0%	(0.5)	(1.4)
(3) Expense Ratio - retained	25.7%	26.3%	24.5%	(0.6)	1.2
<b>Life business</b>					
Gross Premiums written - direct Life business	44.6	48.7	173.2	(8.4)%	
Life business pre-tax result	0.2	1.0	6.2	(78.5)%	
(4) Annual Premium Equivalent (APE)	6.9	7.9	28.4	(12.7)%	
Segregated funds portfolios	1,152.6	1081.7	1,115.2		3.4%
Index/Unit - linked and Pension funds portfolios	76.9	63.7	76.6		0.4%
Segregated fund performance: Rendimento Mensile	2.91%	2.94%	2.93%	(0.03)	
Segregated fund performance: Obiettivo Crescita	3.11%	1.99%	3.29%	1.12	
Segregated fund performance: Valore Crescente	4.19%	4.72%	4.21%	(0.53)	
<b>Total Agencies</b>	<b>444</b>	<b>433</b>	<b>444</b>	<b>11</b>	<b>-</b>
<b>Real Estate business</b>					
Sales	4.5	6.4	33.9	(29.7)%	
Trading and development margin	0.8	1.2	6.0	(32.2)%	
Real Estate business pre-tax result	(0.6)	(0.2)	(0.8)	n.s.	
CONSOLIDATED RESULTS					
	31/03/2018	31/03/2017	31/12/2017	Δ 31/03/2017	Δ 31/12/2017
Total investments	3,700.3	3,471.5	3,614.0		2.4%
Net gains on investments	12.0	13.5	47.2	(10.5)%	
Pre-tax result	32.3	30.5	110.8	5.8%	
Group profit (loss)	22.7	21.8	77.5	4.1%	
Equity attributable to the shareholders of the parent	836.2	759.1	828.6		0.9%
Equity attributable to the shareholders of the parent net of unrealised capital gains	755.5	708.8	751.7		0.5%
<b>Average of employees</b>	<b>595</b>	<b>604</b>	<b>602</b>	<b>(9)</b>	<b>(7)</b>

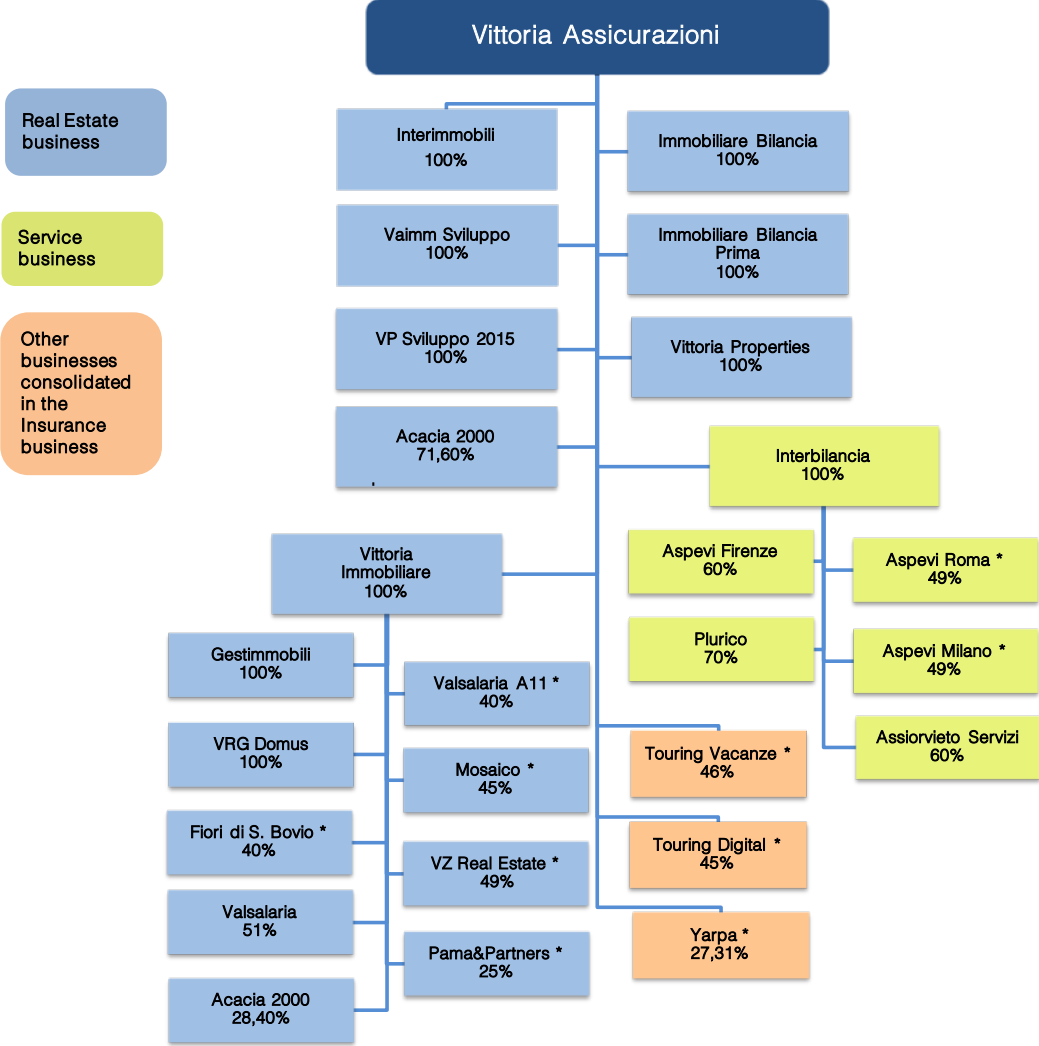
## Legend

- 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 definition of the Group refers to Vittoria Assicurazioni S.p.A. and to companies consolidated by it.

# Consolidation Scope



\* Unconsolidated investments valued with the net equity method

## Consolidated investments

As at 31 March 2018 the companies included in the consolidated financial statements with the full consolidation method under IFRS 10 are shown in the table below:

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	
Assiorviato 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	

### Main changes in shareholdings or other changes during the period

#### V.R.G Domus

During the period, the sole shareholder Vittoria Immobiliare S.p.A. has paid the subsidiary €1,600 thousand to the share capital.

## Unconsolidated investments valued with the net equity method

At 31 March 2018, as provided under IAS 28, the following companies were carried at equity:

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	1,800,000	45.00		
Aspevi Milano S.r.l.	Milan	100,000		49.00	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	

### Main changes in shareholdings or other changes during the period

No significant changes occurred in the first quarter of the year.

# Directors' Report

## Performance of the Group

Results as of 31 March 2018 (1Q18), show a Group net profit amounting to €22,703 thousand vs. €21,810 thousand in the same period in 2017 (1Q17) up by 4.1%.

Thanks to the continuous review of the risks in the portfolio, a careful policy of underwriting new risks and a constant pricing revision, the insurance segment result, gross of taxes and intersegment eliminations, amounted to €33,240 thousand, with an increase of 5.0% compared to the result of €31,651 thousand recorded as at 31 March 2017.

This result is mainly due to the contribution of the Non-life business, whose combined ratio has decreased from 89.1% to 88.6% with the following line of businesses contribution:

- Non Marine Lines of business showed an increase in premiums written of 1.3%, with a significant improvement in the technical result compared to the same period of the previous year, mainly thanks to the contribution of the General TPL and Fire and natural events;
- Motor Lines of business recorded an overall improvements in premiums written of 8.6%; the decrease in the technical result, which remains positive, is mainly attributable to the reduction in the average premium paid by policyholders, as well as a slight increase in claims frequencies related to the increased circulation of vehicles;
- Specialty Lines of business registered an increase in premiums written of 6.8%, with a positive technical result improved compared to the same period of the previous year, thanks to the actions undertaken over the past years, aimed at achieving the technical balance in the Credit and Surety Line of businesses.

The Group's comprehensive income statement as at 31 March 2018 amounted to €26,423 thousand, increasing by 96.1% compared to the result of €13,475 thousand as at 31 March 2017. In addition to the result for the year, the changes in unrealized capital gains mainly generated on securities belonging to the bond and UCITs fund portfolio mainly contribute to the statement of comprehensive income.

Group equity was €836,192 thousand, up by 0.9% compared with €828,636 thousand as at 31 December 2017 due to the result of the period.

Premiums written as at 31 March 2018 amounted to €325,599 thousand (€312,365 thousand as at 31 March 2017), up by 6.6% in the Non-Life business and down by 8.4% in the Life business, the latter due to the policy of containing products with revaluable single premiums linked to segregated funds.

The real estate segment posted a negative net result for €602 thousand, compared to the negative net result of €235 as at 31 March 2017. The profit margin on notarial deeds of sale signed as at 31 March 2018 was €784 thousand compared with €1,157 thousand as at 31 March 2017. The slowdown recorded in sales would seem to depend on the still uncertain Italian political scenario.

Of investments totaling €3,700,269 thousand (+2.4%) compared with 31 December 2017, €76,894 thousand (+0.4%) related to investments with risk borne by policyholders and €3,623,375 thousand (+2.4%) to investments with risk borne by the Group.

Net income from investments with risk borne by the Group amount to €12,018 thousand, compared with €13,430 thousand in the previous period (-10.5%).

As up to 31 March 2018 Vittoria Assicurazioni, showed a net profit – based on Italian GAAPs – of €22,847 thousand (vs. €21,598 thousand in 1Q17) increasing by 5.8%.

Vittoria Assicurazioni's own funds for Solvency II purposes are largely sufficient to cover the Solvency Capital Requirement. The first quarter result, even considering the short period to which the data refer, allows to confirm the targets of the 2017-2019 three-year business plan.

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

Reclassified Profit and Loss by business segment	(€/000)			
	31/03/18	31/03/17	31/12/17	Δ
Non life business - Gross Result (excluding investments result)	30,434	27,794	104,661	+9.5%
Non life business - Gross Investments Result	2,593	2,865	2,581	-9.5%
Life business - Gross Result	213	992	6,208	-78.5%
<b>Gross Insurance business Result</b>	<b>33,240</b>	<b>31,651</b>	<b>113,450</b>	<b>+5.0%</b>
Elimination from consolidation	0	-	122	n.s.
Insurance business: taxes	(10,097)	(9,503)	(34,621)	+6.3%
<b>Insurance business net contribution to Profit attributable to parent company shareholders</b>	<b>23,143</b>	<b>22,148</b>	<b>78,951</b>	<b>+4.5%</b>
Gains on property trading	784	1,157	6,041	-32.2%
Real estate service revenues	468	597	2,320	-21.6%
Real estate business net costs	(2,331)	(2,486)	(9,778)	-6.2%
<b>Gross Real estate business Result</b>	<b>(1,079)</b>	<b>(732)</b>	<b>(1,417)</b>	<b>+47.4%</b>
Elimination from consolidation	(30)	(210)	(446)	-85.7%
Taxes and minority interests	507	707	1,266	-28.3%
<b>Net Real estate business Result</b>	<b>(602)</b>	<b>(235)</b>	<b>(597)</b>	<b>n.s.</b>
Net profit attributable to Life business Policyholders	30	18	(237)	+66.7%
<b>Real estate business net contribution to Profit attributable to parent company shareholders</b>	<b>(572)</b>	<b>(217)</b>	<b>(834)</b>	<b>n.s.</b>
<b>Service business net contribution to Profit attributable to parent company shareholders</b>	<b>101</b>	<b>(121)</b>	<b>(344)</b>	<b>n.s.</b>
Gain (Loss) on discontinued operations	31	0	(290)	n.s.
<b>Net Profit attributable to parent company shareholders</b>	<b>22,703</b>	<b>21,810</b>	<b>77,483</b>	<b>+4.1%</b>
Other Comprehensive Income (Loss) net of tax	3,720	(8,335)	18,625	n.s.
<b>Comprehensive Income attributable to parent company shareholders</b>	<b>26,423</b>	<b>13,475</b>	<b>96,108</b>	<b>+96.1%</b>

## Insurance business

Income statement by business and business line reports for the insurance business, before taxes and intersegment eliminations, a result equal to €33,240 thousand (€31,651 thousand in 1Q17 increasing by 5.0%). The key operating items contributing to the period's result are described below.

Total insurance premiums in 1Q18 amounted to €328,039 thousand (+3.5% vs. premiums of €316,835 thousand in 1Q17), of which €280,992 thousand for Non-Life insurance premiums written, €44,607 thousand for Life insurance premiums written and €2,440 thousand for unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums – which do not include contracts considered to be financial instruments – featured a decrease of 8.4% vs. premiums in 1Q17.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by 6.6%, specifically:

- Motor premiums progressed by 8.6%;
- Premiums for other non-marine insurance increased by 1.3%;
- Premiums for specialty categories [i.e. marine & transport, aviation, and credit & suretyship] increased by 6.8%.

Overhead costs as a percentage of total direct insurance premiums improved compared to the same period of the previous year, going from 8.4% to 8.1%.

The Non-Life combined ratio and loss ratio on the retained business (based on Italian GAAPs), as at 31 March 2018, were respectively 88.6% and 63.6%. (89,1% and 63.3% as at 31 March 2017).



## Real estate business

The loss made by the real estate business, before taxes and intersegment eliminations, amounted to €1,079 thousand (loss of €732 thousand in 1Q17) and featured contributors to the income statement that, before intersegment eliminations, included:

- Income on notarial deeds of sale for €4,533 thousand (€6,394 thousand in 1Q17);
- Income earned on properties from trading and development totalling €784 thousand (€1,157 thousand in 1Q17);
- Revenues from real estate brokerage and management services of €468 thousand and overall rental income of €795 thousand, for a total amount of €1,263 thousand (€597 thousand and €320 thousand respectively in 1Q17).

The Group's real estate business includes trading and development, brokerage, and management of own properties.

## Service business

This segment showed a profit in the period, before tax and minority interest, of €122 thousand (€288 thousand in 1Q17).

Revenues for services rendered in 1Q18 by Group companies, before elimination of infra-group services, amounted to €738 thousand (€523 thousand in 1Q17). These revenues included €533 thousand for commissions and services rendered to Vittoria Assicurazioni (€506 thousand in 1Q17).

## Review of operations

### Premiums

Premiums as up to 31 March 2018 amounted to € 325,599 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

#### COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN IQ18 AND IQ17 DIRECT AND INDIRECT BUSINESS

	(€/000)				
	31/03/2018	31/03/2017	YoY change %	% of total book	
				2018	2017
<b>Domestic direct business</b>					
<b>Life business</b>					
I Whole- and term life	43,336	46,434	-6.7	13.3	14.9
IV Health (long-term care)	228	161	41.6	0.1	0.1
V Capitalisation	1,043	2,087	-50.0	0.3	0.7
<b>Total Life business</b>	<b>44,607</b>	<b>48,682</b>	<b>-8.4</b>	<b>13.7</b>	<b>15.7</b>
<b>Non-Life business</b>					
Total non-marine lines (exc. specialty and motor)	73,872	72,928	1.3	22.7	23.2
Total specialty lines	1,883	1,763	6.8	0.6	0.6
Total motor lines	205,159	188,947	8.6	63.0	60.5
<b>Total Non-Life business</b>	<b>280,914</b>	<b>263,638</b>	<b>6.6</b>	<b>86.3</b>	<b>84.3</b>
<b>Total direct business</b>	<b>325,521</b>	<b>312,320</b>	<b>4.2</b>	<b>100.0</b>	<b>100.0</b>
<b>Domestic indirect business</b>					
<b>Non-Life business</b>	<b>78</b>	<b>45</b>	<b>73.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Total indirect business</b>	<b>78</b>	<b>45</b>	<b>73.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand Total</b>	<b>325,599</b>	<b>312,365</b>	<b>4.2</b>	<b>100.0</b>	<b>100.0</b>

Revenues not qualified as premiums as defined by IFRS 4 (Unit Linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund) amounted to € 2,440 thousand (€4,470 thousand in 1Q17).

## Commercial organization

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

Regions	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
(€/000)					
<b>NORTH</b>					
Emilia Romagna	35	22,090		3,162	
Friuli Venezia Giulia	8	2,993		198	
Liguria	17	10,482		512	
Lombardy	105	53,593		18,649	
Piedmont	52	23,856		1,712	
Trentino Alto Adige	9	3,203		171	
Valle d'Aosta	1	797		225	
Veneto	41	16,804		2,076	
<b>Total NORTH</b>	<b>268</b>	<b>133,818</b>	<b>47.7</b>	<b>26,705</b>	<b>59.9</b>
<b>CENTRE</b>					
Abruzzo	12	13,002		1,405	
Lazio	29	27,046		3,469	
Marche	18	9,934		1,281	
Tuscany	51	32,393		2,233	
Umbria	15	14,025		1,393	
<b>Total CENTRE</b>	<b>125</b>	<b>96,400</b>	<b>34.3</b>	<b>9,781</b>	<b>21.9</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	4	2,780		158	
Calabria	2	785		4	
Campania	13	11,361		710	
Molise	2	1,620		180	
Puglia	6	7,318		6,329	
Sardinia	11	10,767		203	
Sicily	13	16,061		537	
<b>Total SOUTH AND ISLANDS</b>	<b>51</b>	<b>50,692</b>	<b>18.0</b>	<b>8,121</b>	<b>18.2</b>
<b>Total ITALY</b>	<b>444</b>	<b>280,910</b>	<b>100.0</b>	<b>44,607</b>	<b>100.0</b>
<b>France</b>	<b>0</b>	<b>4</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>OVERALL TOTAL</b>	<b>444</b>	<b>280,914</b>		<b>44,607</b>	

During the quarter, a new Agency was established and 12 were reorganized.

As at 31 March 2018, Vittoria Assicurazioni is active in Italy with 444 general agencies (433 as at 31 March 2017) and 1,089 professional sub-agencies (1,054 as at 31 March 2017).

## Life business

### Premiums

Direct insurance business premiums recognised for the period totalled €44,607 thousand (€48,682 thousand in 1Q17), split as follows:

				(€/000)	
	31/03/2018	31/03/2017	YoY change %	% of total book	
				2018	2017
Recurring premiums	10,849	11,709	-7.3	24.3	24.1
Annual premiums	33,758	36,973	-8.7	75.7	75.9
<b>Total Life business</b>	<b>44,607</b>	<b>48,682</b>	<b>-8.4</b>	<b>100.0</b>	<b>100.0</b>

In 1Q18 ceded premiums amounted to €313 thousand (€193 thousand in 1Q17).

### Claims, accrued capital sums & annuities, and surrenders

The comparison relating to settlements in the quarter is shown in the following table:

				(€/000)
	31/03/2018	31/03/2017	YoY change %	
Claims	5,586	7,567		(26.2)
Accrued capital sums & annuities	11,643	14,850		(21.6)
Surrenders	10,480	9,354		12.0
<b>Total</b>	<b>27,709</b>	<b>31,771</b>		<b>(12.8)</b>

## Non-Life business

### Premiums and technical performance

Direct premiums written at 31 March 2018 amounted to €280,914 thousand (€263,638 thousand in the same period of previous year) and featured an increase of 6.6% YoY.

Premiums ceded in the first quarter of 2018 amounted to €7,349 thousand (€5,990 thousand in the same period of the previous year).

The technical performance of the individual Businesses prompts the following observations:

#### Non-Life - non-marine (exc. specialty and motor)

Non-Marine Lines of business showed an increase in premiums written of 1.3%, with a significant improvement in the technical result compared to the same period of the previous year, mainly thanks to the contribution of the General TPL and Fire and natural events.

#### Non-Life - specialty

Premiums in the Specialty Lines of business registered an increase of 6.8%, with a positive technical result improved compared to the same period of the previous year, thanks to the actions undertaken over the past years, aimed at achieving the technical balance in the Credit and Surety Line of businesses.

#### Non-Life - motor

Premiums in the Motor Lines of business recorded an overall improvements in premiums written of 8.6% (1.2% YoY). Technical result remains positive even though decreasing compared to the same period of the previous year. This decrease is mainly attributable to the reduction in the average premium paid by policyholders, as well as a slight increase in claims frequencies related to the increased circulation of vehicles. This decrease in the average premium during the first quarter shows that it has stopped.

## Claims

### Reported claims

The following table of reported claims (by number) was prepared by counting the claims filed during the examined period. The data are compared with those of the same period of the previous year:

	Nuner of Reported claims		YoY Change %	Nuner of Reported claims without consequences		YoY Change %	Nuner of Reported claims closed		YoY Change %
	31/03/2018	31/03/2017		31/03/2018	31/03/2017		31/03/2018	31/03/2017	
Total non-marine lines	13,080	12,596	3.8%	1,169	1,183	-1.2%	4,212	4,392	-4.1%
Total specialty lines	228	210	8.5%	26	26	0.0%	25	10	150.0%
Total motor lines	68,910	63,386	8.7%	4,529	4,208	7.6%	36,315	34,085	6.5%
<b>Total Non-Life businesses</b>	<b>82,218</b>	<b>76,192</b>	<b>7.9%</b>	<b>5,724</b>	<b>5,417</b>	<b>5.7%</b>	<b>40,552</b>	<b>38,487</b>	<b>5.4%</b>

Furthermore, no. 30,244 claims referring to "CARD claims" were received (+2.4% YoY). Their total cost, net of applicable deductibles, was €15,849 thousand (+24.1% YoY).

## Claims paid

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

(€/000)

	Claims paid 31/03/2018			Claims recovered from reinsurers	Claims paid 31/03/2017			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reinsurers %
	Current year	Previous years	Total		Current year	Previous years	Total			
Total non-marine businesses	3,264	21,952	25,216	1,271	3,781	22,183	25,964	612	-2.9	107.6
Total Special businesses	8	1,276	1,284	443	43	4,912	4,955	1,831	-74.1	-75.8
Total motor businesses	22,905	121,132	144,037	4,307	20,231	107,637	127,869	3,038	12.6	41.8
<b>Total Non-Life businesses</b>	<b>26,177</b>	<b>144,360</b>	<b>170,537</b>	<b>6,021</b>	<b>24,055</b>	<b>134,733</b>	<b>158,788</b>	<b>5,481</b>	<b>7.4</b>	<b>9.9</b>

The cost includes the amount incurred in the period for the contribution to the guarantee fund for road-accident victims. This totalled €4,124 thousand vs. €3,799 thousand as at 31 March 2017.

## 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 Line of Businesses:

(percentages)

	current generation		previous generations	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Accident insurance	14.25	14.39	23.67	25.48
Health insurance	51.14	55.99	39.84	32.17
Motor vehicle hulls	57.60	57.92	54.42	55.49
Fire and natural events	39.41	37.12	47.74	46.60
Miscellaneous damages - theft	44.17	52.47	57.77	61.19
Third-party motor liability	54.29	55.16	34.48	31.98
Third-party general liability	33.10	34.65	16.15	16.21

## Products – Research and development

Over the period, the review continued for technical operations and regulatory compliance to industry (IVASS, COVIP, CONSOB), of the products of the Life and Non-Life Line of businesses.

## Technical reserves

The trend of technical reserves of direct business and ceded business, were as shown in the following table:

	(€/000)			
	Direct business		Ceded business	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
<b>Non-life reserves</b>	<b>1,548,848</b>	<b>1,545,372</b>	<b>-54,747</b>	<b>-57,635</b>
Premium reserve	390,091	398,108	-13,388	-13,403
Claims reserve	1,158,348	1,146,855	-41,359	-44,232
Other reserves	409	409	-	-
<b>Life reserves</b>	<b>1,253,091</b>	<b>1,226,741</b>	<b>-5,099</b>	<b>-5,318</b>
Reserve for payable amounts	22,513	23,988	-2,746	-3,037
Mathematical reserves	1,175,626	1,150,436	-2,324	-2,250
Other reserves	54,952	52,317	-29	-31
<b>Total reinsurers' share of technical reserves</b>	<b>2,801,939</b>	<b>2,772,113</b>	<b>-59,846</b>	<b>-62,953</b>

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

The Life "Other reserves" item mainly refers to:

- €48,956 thousand for the reserve for deferred liabilities to policyholders (of which €53,921 thousand stemming from measurement at fair value of available-for-sale securities and €-4,965 thousand by provisioning made against subsidiaries' profit allocated to segregated accounts);
- €5,866 thousand for the operating expenses reserve.

## Overhead costs

### Insurance Business

#### Overhead costs – direct business

The total amount of insurance overhead costs (Non-Life and Life businesses) – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets was €26,661 thousand vs. €26,657 thousand as at 31 March 2017, mainly unchanged.

Besides current operating expenses, these costs also include depreciation & amortisation costs for investments made in IT facilities and processes. These investments are intended to limit, in future years, the operating costs burdening corporate departments and the agency network, whilst at the same time improving services to policyholders as regards insurance coverage and claims settlement. Their breakdown is shown in the following table, where “Other costs” consist mainly of office running costs, IT costs, legal and legal-entity expenses, mandatory contributions, and association membership dues.

(€/000)			
ANALYSIS OF COSTS	31/03/2018	31/03/2017	Change
Personnel expenses	13,755	13,996	-1.7%
Other costs	10,362	10,368	-0.1%
Amortisation/Depreciation	2,544	2,293	11.0%
<b>Total cost by nature</b>	<b>26,661</b>	<b>26,657</b>	<b>0.0%</b>

The overhead costs as a percentage of totale direct insurance premiums were 8.1% (8.4% in 1Q17).

## Operating costs

The following table shows the total amount of insurance operating costs (Non-Life and Life Line of businesses) as reported in the income statement by business segment:

(€/000)			
	31/03/2018	31/03/2017	Change
Gross commissions and other acquisition costs	60,001	58,038	3.4%
Profit participation and other commissions received from reinsurers	-883	-950	-7.1%
Investment management costs	360	373	-3.5%
Other administrative costs	10,124	9,581	5.7%
<b>Total</b>	<b>69,602</b>	<b>67,042</b>	<b>3.8%</b>

Operating costs as a percentage of total direct retained insurance premiums were 21.9%, unchanged compared to the same period of the previous year.



## Real-estate business – Service Business

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

### REAL ESTATE BUSINESS

		(€/000)	
ANALYSIS OF COSTS	31/03/2018	31/03/2017	Change
Personnel expenses	784	937	-16.3%
Other costs	1,874	1,737	7.9%
Amortisation/Depreciation	150	153	-2.0%
<b>Total cost by nature</b>	<b>2,808</b>	<b>2,827</b>	<b>-0.7%</b>

### SERVICE BUSINESS

		(€/000)	
ANALYSIS OF COSTS	31/03/2018	31/03/2017	Change
Personnel expenses	87	52	67.3%
Other costs	224	142	57.8%
Amortisation/Depreciation	28	1	n.v.
<b>Total cost by nature</b>	<b>339</b>	<b>195</b>	<b>73.9%</b>

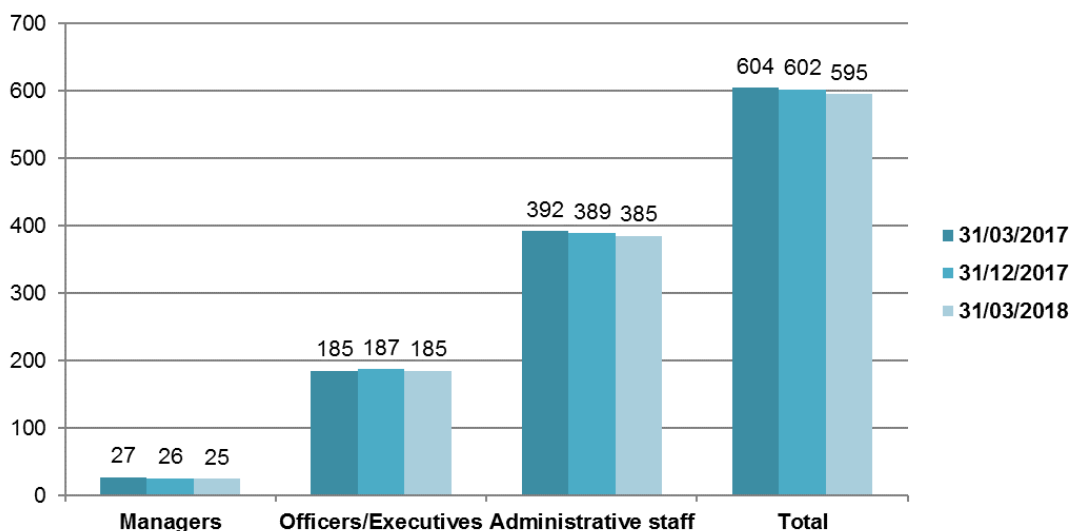
The increase in costs of the Services sector is mainly due to the entry into full operation of the activities of companies belonging to this sector.

Personnel costs and general expenses are allocated to operating expenses (and specifically to “Other administrative costs”). Depreciation and amortisation costs are allocated to the “Other costs” item in the income statement.

## Employees

As at 31 March 2018 Vittoria Assicurazioni and fully consolidated companies had 593 employees vs. 599 as at 31 December 2017 and 605 as at 31 March 2017.

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



## Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents and property reached a value of € 3,700,269 thousand with an increase equal to 2.4% vs. 31/12/2017. The detailed breakdown is shown in the following table:

(€/000)			
INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	31/03/2018	31/12/2017	Change
A Investments in subsidiaries and associates and interests in joint ventures	19,618	19,357	1.3%
B Held to maturity investments	37,936	44,051	-13.9%
Loans and receivables	198,034	192,126	3.1%
- Reinsurance deposits	149	149	
- Other loans and receivables	197,885	191,977	
C Financial assets available for sale	2,519,571	2,556,399	-1.4%
- Equity investments	132,093	129,515	
- OEIC units	471,404	399,154	
- Bonds and other fixed-interest securities	1,916,074	2,027,730	
Financial assets at fair value through profit or loss	76,903	76,589	0.4%
D Financial assets held for trading	9	13	-30.8%
- Bonds and other fixed-interest securities held for trading	9	13	
E Financial assets at fair value through profit or loss	76,894	76,576	0.4%
- Investments where policyholders bear the risk	76,894	76,576	
Cash and cash equivalents	240,510	113,650	111.6%
F Total Property	607,697	611,865	-0.7%
Investment property	110,201	111,240	-0.9%
Property	497,496	500,625	-0.6%
Property under construction	52,441	50,946	
Property held for trading	348,736	352,276	
Owner-occupied property	96,319	97,403	
<b>TOTAL INVESTMENTS</b>	<b>3,700,269</b>	<b>3,614,037</b>	<b>2.4%</b>
of which			
investments where the Group bears the risk	3,623,375	3,537,461	2.4%
investments where policyholders bear the risk	76,894	76,576	0.4%

For the purposes of the information required regarding the temporary exemption from IFRS 9, it should be noted that, from the analysis conducted, the financial assets referred to point B (fair value as at 31 March 2018 equal to €40,522 thousand vs. a fair value of €46,849 thousand as at 31 December 2017) and the bonds and other fixed-interest securities referred to point C of the aforementioned table, fall within financial assets with contractual terms that provide for certain financial flows represented solely by payments of capital and interest on the amount of the capital to be repaid. This category does not include the assets classified under loans and receivables, the remaining assets referred to point C and the activities referred to points D and E.

With reference only to the financial assets referred to point B and to the bonds and other fixed-interest securities referred to point C, as can be seen from the table below, as at 31 March 2018, the almost totality was classified as investment grade:

(€/000)		
Rating	Amount	% of breakdown
AAA	153,127	7.8%
AA+ / AA-	237,013	12.1%
A+ / A-	241,078	12.3%
BBB+ / BBB-	1,310,750	67.2%
Total investment grade	1,941,968	99.4%
Non investment grade	11,922	0.6%
Not rated	121	0.0%
<b>Total</b>	<b>1,954,010</b>	<b>100.0%</b>

## Investments benefiting Life policy holders who bear risk and those connected with pension fund management *(point E of previous table)*

As at 31 March 2018 these investments amounted to €76,894 thousand, increasing by 0.4% YoY. Of this amount, €52,884 thousand related to unit linked policies and €24,010 thousand to the open-ended pension fund Vittoria Formula Lavoro.

Total net income showed a negative net balance of €1,140 thousand (positive net balance of €1,263 thousand as at 31 March 2017). As at 31 March 2018 the status of the three segments of Vittoria Assicurazioni open-ended pension fund was as follows:

	Members		Assets (€/000)	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Previdenza Garantita	427	430	7,184	7,077
Previdenza Equilibrata	503	502	8,994	9,103
Previdenza Capitalizzata	397	397	7,833	7,845

## Investments for which Group bears risk

Investments with risks borne by the Group totalled €3,623,375 thousand (€3,537,461 thousand as at 31 December 2017) increasing by 2.4% YoY.

## Real Estate Investments

### F) Property

As at 31 March 2018, real estate assets totalled €607,697 thousand.

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

	Investment Property	Property under construction	Property held for trading	Owner- occupied property	Total
<b>Balance as at 31/12/2017</b>	<b>111,240</b>	<b>50,946</b>	<b>352,276</b>	<b>97,403</b>	<b>611,865</b>
<b>Purchase and capitalised interests paid</b>					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)			82		82
- ROME - Guattani Str. (via Immobiliare Bilancia S.r.l.)			65		65
- MILAN - Adamello Str. (via Immobiliare Bilancia Prima S.r.l.)			1		1
- PESCHIERA BORROMEO (MI) - (via Immobiliare Bilancia I S.r.l.)			46		46
- ROME - Meliconi Str. (via Immobiliare Bilancia Prima S.r.l.)			15		15
- ROME - Della Vignaccia Str. (via VRG Domus S.r.l.)		1,444			1,444
- PARMA - (via Immobiliare Bilancia Prima S.r.l.)		51			51
Total purchase and capitalised interests paid	-	1,495	209	-	1,704
<b>Sales:</b>					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)			(3,917)		(3,917)
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)			(73)		(73)
- TURIN - Villarfochiardo (via Vittoria Immobiliare S.p.A.)			(28)		(28)
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)			(290)		(290)
- TORINO - "Spina 1" (via V.R.G. Domus S.r.l.)			(225)		(225)
Total sales	-	-	(4,533)	-	(4,533)
Depreciations	(1,039)			(1,084)	(2,123)
Recognised gains			784		784
<b>Balance as at 31/03/2018</b>	<b>110,201</b>	<b>52,441</b>	<b>348,736</b>	<b>96,319</b>	<b>607,697</b>

The item "Investment property" mainly includes the properties held by Vittoria Assicurazioni and leased to third parties, such as those with tertiary destination located in the Portello area in Milan.

## Changes in financial assets

The following table illustrates the changes recorded up through 31 March 2018 in financial assets with the risk borne by Group Companies for equity investments, bonds and other fixed-income securities, and OEIC and AIF units, and changes in the assets where the risk is borne by policyholders and related to pension funds:

(€/000)								
	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	UCITS AIF units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
<b>Carrying amount at 31/12/2017</b>	<b>44,051</b>	<b>129,515</b>	<b>399,154</b>	<b>2,027,730</b>	<b>2,556,399</b>	<b>76,576</b>	<b>13</b>	<b>2,677,039</b>
<b>Acquisitions and subscriptions</b>		2,500	69,518	185,498	257,516	4,378		261,894
<b>Sales and repayments</b>	-6,005		-816	-288,261	-289,077	-3,136		-298,218
<b>Other changes:</b>								
- effective interest adjustments	10			-5,759	-5,759			-5,749
- fair value adjustments		109	3,654	4,524	8,287	-171	-4	8,112
- charged to P&L			-106	-538	-644			-644
- rate changes	-120			-7,120	-7,120			-7,240
- other changes		-31			-31	-753		-784
<b>Carrying amount at 31/03/2018</b>	<b>37,936</b>	<b>132,093</b>	<b>471,404</b>	<b>1,916,074</b>	<b>2,519,571</b>	<b>76,894</b>	<b>9</b>	<b>2,634,410</b>

The main operations that have affected in the first three months of the financial year are the follows:

### B) Held to maturity investments:

- reimbursement of bonds for €6,005 thousand.

### C) Financial assets available for sale

- reimbursement of bonds for €37,514 thousand;
- during the quarter, in order to adjust the investment portfolio to the profitability and maturity targets consistent with the investment policy, government bonds for €243,191 thousand and corporate bonds for €7,556 thousand were sold, realizing net capital gains of €69 thousand, and corporate bonds were purchased for €185,498 thousand;
- purchases for €36,369 thousand of funds specialized in Infrastructure debt;
- purchases for €10,301 thousand of funds specialized in Infrastructure equity and reimbursement for €726 thousand;
- purchases for €13,976 thousand of equity ETFs;
- purchases for €5,430 thousand of funds specialized in Private debt and loans;
- relating to private equity funds, payments of €3,442 thousand for recalls and €90 thousand of redemptions;
- subscription of the capital increase of the company Consulinvest S.p.A. for €2,500 thousand, acquiring a 9.62% stake.

## Financial liabilities

The following table shows the breakdown of financial liabilities relating to contracts for which policyholders bear investment risk and of other financial liabilities, highlighting subordinated liabilities:

(€/000)			
FINANCIAL LIABILITIES	31/03/2018	31/12/2017	Change
<b>Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management</b>	<b>76,894</b>	<b>76,576</b>	<b>0.4%</b>
- Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	52,884	52,440	
- Financial liabilities where the investment risk is borne by policyholders relating to pension funds	24,010	24,136	
<b>Other financial liabilities</b>	<b>166,876</b>	<b>161,301</b>	<b>3.5%</b>
- Reinsurance deposits	6,418	6,418	
- Payables to banks	9,914	9,913	
- Other financial payables	1,152	1,152	
- Other financial liabilities	149,392	143,818	
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>243,770</b>	<b>237,877</b>	<b>2.5%</b>

The item "Other financial liabilities" grew compared to 31 December 2017 due to commitments made by Vittoria Assicurazioni to finance alternative investments in private equity, private debt, infrastructure equity/debt funds and loans funds.

## Gains and losses on investments

The following table shows the breakdown as at 31 March 2018 of net gains on investments, with separate disclosure of investments where the risk is borne by life policyholders:

(€/000)				
Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	31/03/2018 total net gains/(losses)	31/03/2017 total net gains/(losses)
<b>Investments</b>	<b>11,577</b>	<b>-2,070</b>	<b>9,507</b>	<b>13,513</b>
<b>From:</b>				
a investment property	989	-1,043	-54	72
b investments in subsidiaries and associates and interests in joint ventures	-39	-	-39	68
c held to maturity investments	383	-	383	434
d loans and receivables	135	-	135	144
e financial assets available for sale	10,226	-	10,226	11,533
f financial assets held for trading	-	-4	-4	-1
g financial assets at fair value through profit or loss	-117	-1,023	-1,140	1,263
<b>Other receivables</b>	<b>108</b>	<b>-</b>	<b>108</b>	<b>60</b>
<b>Cash and cash equivalents</b>	<b>29</b>	<b>-</b>	<b>29</b>	<b>44</b>
<b>Financial liabilities</b>	<b>-60</b>	<b>1,140</b>	<b>1,080</b>	<b>-1,419</b>
<b>From:</b>				
b financial liabilities at fair value through profit or loss	-	1,140	1,140	-1,263
c other financial liabilities	-60	-	-60	-156
<b>Payables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total gains and losses on financial instruments</b>	<b>11,654</b>	<b>-930</b>	<b>10,724</b>	<b>12,198</b>
<b>Real estate business</b>				
<b>From:</b>				
a Gains on property trading	784	-	784	1,157
b Rent income on owner-occupied property and property held for trading	510	-	510	75
<b>Total real estate business</b>	<b>1,294</b>	<b>-</b>	<b>1,294</b>	<b>1,232</b>
<b>Total gains and losses on investments</b>	<b>12,948</b>	<b>-930</b>	<b>12,018</b>	<b>13,430</b>

Net income with the risk borne by the Group amounted to €12,018 thousand, decreasing by 10.5% compared to the same period of the previous year.

As up to 31 March 2018 the weighted average return on "Bonds and other fixed-income securities" was 1.7% compared to 1.5% in the previous period.

## Equity

The breakdown of equity as at 31 March 2018 is shown in the following table:

	(€/000)		
BREAKDOWN OF EQUITY	31/03/2018	31/12/2017	Change
<b>Total equity attributable to the shareholders of the parent</b>	<b>836,192</b>	<b>828,636</b>	<b>0.9%</b>
Share capital	67,379	67,379	0.0%
Equity-related reserves	33,874	33,874	0.0%
Income-related and other reserves	631,542	572,926	10.2%
Fair value reserve	80,705	76,985	4.8%
Other gains or losses recognised directly in equity	-11	-11	n.v.
Group profit for the year	22,703	77,483	-70.7%
<b>Total equity attributable to minority interests</b>	<b>188</b>	<b>191</b>	<b>-1.6%</b>
Share capital and reserves attributable to minority interests	191	194	-1.5%
Minority interests' profit for the year	-3	-3	n.v.
<b>Total consolidated equity</b>	<b>836,380</b>	<b>828,827</b>	<b>0.9%</b>

## Significant events occurring after quarter-end

There were no significant events to report.

The Board of Directors

Milan, 4 May 2018





## Consolidated interim financial statements

(€/000)

<b>Income Statement</b>	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/12/2017</b>
Net premiums	325,945	311,081	1,270,013
<i>Gross premiums</i>	333,622	318,115	1,311,685
<i>Ceded premiums</i>	7,677	7,034	41,672
Commission income	591	88	333
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-4	-1	7
Gains on investments in subsidiaries and associates and interests in joint ventures	135	170	529
Gains on other financial instruments and investment property	12,726	13,864	51,650
<i>Interest income</i>	7,837	6,870	29,969
<i>Other income</i>	4,587	6,977	19,455
<i>Realised gains</i>	302	17	2,226
<i>Unrealised gains</i>	-	-	0
Other income	4,393	3,236	23,483
<b>TOTAL REVENUE</b>	<b>343,786</b>	<b>328,438</b>	<b>1,346,015</b>
Net charges relating to claims	226,769	217,667	900,482
<i>Amounts paid and change in technical reserves</i>	230,669	222,418	942,541
<i>Reinsurers' share</i>	-3,900	-4,751	-42,059
Commission expense	215	226	117
Losses on investments in subsidiaries and associates and interests in joint ventures	174	102	1,717
Losses on other financial instruments and investment property	1,959	1,733	9,971
<i>Interest expense</i>	60	157	342
<i>Other expense</i>	731	570	2,588
<i>Realised losses</i>	125	7	149
<i>Unrealised losses</i>	1,043	999	6,892
Operating costs	71,763	69,162	289,860
<i>Commissions and other acquisition costs</i>	58,586	56,582	238,921
<i>Investment management costs</i>	360	373	2,019
<i>Other administrative costs</i>	12,817	12,207	48,920
Other costs	10,605	9,005	33,030
<b>TOTAL COSTS</b>	<b>311,485</b>	<b>297,895</b>	<b>1,235,177</b>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>	<b>32,301</b>	<b>30,543</b>	<b>110,838</b>
Income taxes	9,632	8,715	33,068
<b>PROFIT FOR THE YEAR</b>	<b>22,669</b>	<b>21,828</b>	<b>77,770</b>
<b>GAIN (LOSS) ON DISCONTINUED OPERATIONS</b>	<b>31</b>	<b>-</b>	<b>290</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>22,700</b>	<b>21,828</b>	<b>77,480</b>
<b>of which attributable to the shareholders of the parent</b>	<b>22,703</b>	<b>21,810</b>	<b>77,483</b>
<b>of which attributable to minority interests</b>	<b>-3</b>	<b>18</b>	<b>-3</b>
Basic EARNINGS per share	0.34	0.32	1.15
Diluted EARNINGS per share	0.34	0.32	1.15

(€/000)

<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/12/2017</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>22,700</b>	<b>21,828</b>	<b>77,480</b>
<b>Other comprehensive income, net of taxes without reclassification to profit or loss</b>	<b>-</b>	<b>0</b>	<b>252</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	-	0	252
Other items	-	-	-
<b>Other comprehensive income, net of taxes with reclassification to profit or loss</b>	<b>3,720</b>	<b>-8,335</b>	<b>18,373</b>
Change in translation reserve	-	-	-
Gains or losses on available for sale investments	3,720	-8,335	18,373
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>3,720</b>	<b>-8,335</b>	<b>18,625</b>
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)</b>	<b>26,420</b>	<b>13,493</b>	<b>96,105</b>
<b>of which attributable to the shareholders of the parent</b>	<b>26,423</b>	<b>13,475</b>	<b>96,108</b>
<b>of which attributable to minority interests</b>	<b>-3</b>	<b>18</b>	<b>-3</b>

Vittoria Assicurazioni S.p.A.  
Consolidated financial statements as at 31 March 2018

Income statement by business and business line	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	(€000)	(€000)	(€000)	(€000)	(€000)	(€000)	(€000)	(€000)	(€000)	(€000)	(€000)	(€000)
Net premiums	281,651	262,592	44,294	48,489	-	-	-	-	-	-	325,945	311,081
Gross premiums	289,015	269,433	44,607	48,682	-	-	-	-	-	-	333,622	318,115
Ceded premiums	7,364	6,841	313	193	-	-	-	-	-	-	7,677	7,034
Commission income	-	-	591	88	-	-	-	-	-	-	591	88
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-	-	4	-1	-	-	-	-	-	-	4	-1
Gains on investments in subsidiaries and associates and interests in joint ventures	41	3	-	-	30	210	94	168	-30	-211	135	170
Gains on other financial instruments and investment property	3,773	3,786	8,722	9,915	280	240	0	13	-49	-90	12,726	13,864
Other income	1,414	1,993	28	79	1,799	1,870	738	523	414	-1,229	4,393	3,236
<b>TOTAL REVENUE</b>	<b>286,879</b>	<b>268,374</b>	<b>53,631</b>	<b>58,570</b>	<b>2,109</b>	<b>2,320</b>	<b>832</b>	<b>704</b>	<b>335</b>	<b>-1,530</b>	<b>343,786</b>	<b>328,438</b>
Net charges relating to claims	179,058	166,143	47,754	51,549	-	-	-	-	-43	-25	226,769	217,667
Amounts paid and change in technical reserves	182,187	169,402	48,525	53,041	-	-	-	-	-43	-25	230,669	222,418
Reinsurers' share	-3,129	-3,259	-771	-1,492	-	-	-	-	-	-	-3,900	-4,751
Commission expense	-	-	215	226	-	-	-	-	-	-	215	226
Losses on investments in subsidiaries and associates and interests in joint ventures	50	0	-	-	124	102	-	-	-	-	174	102
Losses on other financial instruments and investment property	1,171	924	657	679	179	221	2	0	-50	-91	1,959	1,733
Operating costs	65,654	62,547	3,948	4,495	2,658	2,676	310	194	-807	-750	71,763	69,162
Other costs	7,919	8,101	844	629	227	53	398	222	1,217	-	10,605	9,005
<b>TOTAL COSTS</b>	<b>253,852</b>	<b>237,715</b>	<b>53,418</b>	<b>57,578</b>	<b>3,188</b>	<b>3,052</b>	<b>710</b>	<b>416</b>	<b>317</b>	<b>-866</b>	<b>311,485</b>	<b>297,895</b>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>	<b>33,027</b>	<b>30,659</b>	<b>213</b>	<b>992</b>	<b>-1,079</b>	<b>-732</b>	<b>122</b>	<b>288</b>	<b>18</b>	<b>-664</b>	<b>32,301</b>	<b>30,543</b>

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 31 March 2018

**Detail of insurance technical items**

(€'000)

	31/03/2018			31/03/2017		
	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>289,015</b>	<b>7,364</b>	<b>281,651</b>	<b>269,433</b>	<b>6,841</b>	<b>262,592</b>
a Premiums written	280,992	7,349	273,643	263,683	5,989	257,694
b Change in premiums reserve	-8,023	-15	-8,008	-5,750	-852	-4,898
<b>NET CLAIMS COSTS</b>	<b>182,187</b>	<b>3,129</b>	<b>179,058</b>	<b>169,402</b>	<b>3,259</b>	<b>166,143</b>
a Amounts paid	174,421	6,021	168,400	162,811	5,481	157,330
b Change in claims reserves	11,449	-2,873	14,322	10,916	-2,040	12,956
c Change in recoveries	3,683	19	3,664	4,325	182	4,143
d Change in other technical reserves	-	-	-	-	-	-
<b>Life business</b>						
<b>NET PREMIUMS</b>	<b>44,607</b>	<b>313</b>	<b>44,294</b>	<b>48,682</b>	<b>193</b>	<b>48,489</b>
<b>NET CLAIMS COSTS</b>	<b>48,525</b>	<b>771</b>	<b>47,754</b>	<b>53,041</b>	<b>1,492</b>	<b>51,549</b>
a Amounts paid	25,514	989	24,525	35,123	1,100	34,023
b Change in reserve for amounts to be paid	-1,475	291	-1,184	-3,143	2,241	-5,384
c Change in mathematical reserves	24,547	74	24,473	21,240	-1,846	23,086
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	-61	-1	-60	-179	-3	-176

# Declaration of Corporate Financial Reporting Manager

The Corporate Financial Reporting Manager, Luca Arensi, herewith declares, pursuant to paragraph 2, Article 154/2 of the Italian Legislative Decree February 24<sup>th</sup> 1998 n.58, that the accounting disclosure contained in this Consolidated quarterly report as at 31 March 2018 matches documentary evidence, corporate books and accounting records.

Milan, 4 May 2018

Luca Arensi  
*The Corporate Financial  
Reporting Manager*