

# Vittoria Assicurazioni

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

90th year of business

## 2011 Annual Report & Accounts



Please note that the original Report is in Italian. In case of doubt the Italian version prevails.



## General Shareholders' Meeting calling

The shareholders of Vittoria Assicurazioni SpA are called to attend the ordinary Shareholders' Meeting at the Company's registered offices at via Ignazio Gardella 2, Milan, at 10.30 am on Friday 20 April 2012 (first call), and if necessary, at the same time and place on Saturday 21 April 2012 (second call), to discuss and vote on the following

### AGENDA

1. Financial statements for the year ending 31 December 2011 and reports of the Board of Directors and the Board of Statutory Auditors; related resolutions;
2. Appointment of a director; related resolutions;
3. Remuneration policies; report of the Board of Directors; related resolutions;
4. Appointment of external auditors for the period 2012-2020; related resolutions.

Note that pursuant to article 10 of the Company's bylaws, the resolution set out in point 2 of the agenda will be passed by a relative majority, without list voting.

### RIGHT TO ATTEND THE SHAREHOLDERS' MEETING AND TO EXERCISE VOTING RIGHTS

Pursuant to article 83-sexies of Legislative Decree 58 of 24 February 1998, persons who have received appropriate communication from an authorised intermediary are entitled to attend the Shareholders' Meeting and exercise voting rights, based on evidence at the end of the accounting day of Wednesday 11 April 2012, the seventh open market day preceding the date set for the Shareholders' Meeting (first call).

Credits and debits booked in the accounts after this date shall not be considered for the purpose of legitimising the exercise of voting rights at the Shareholders' Meeting; persons who become shareholders after this date will not therefore have a right to attend and vote at the Shareholders' Meeting.

Holders of shares in Vittoria Assicurazioni SpA not centralised at Monte Titoli SpA are reminded that the rights relating to these shares may exclusively be exercised subject to consignment of these shares to an intermediary for their inclusion in the centralised management system for dematerialised securities.

### REPRESENTATION AT THE MEETING

- Ordinary proxy

Those with voting rights may be represented by proxy at the Shareholders' Meeting in accordance with the law, and may use the proxy declaration inserted at the foot of the notification issued by the intermediary or the proxy form available on the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com) (Investor Relations – Shareholders' Meetings).

The Company must be notified of the proxy, either (i) by post, to the registered offices at Via Ignazio Gardella 2, 20149 Milan, (ii) by e-mail to the certified mail box: [societario@pec.vittoriaassicurazioni.it](mailto:societario@pec.vittoriaassicurazioni.it), (iii) through the specific application available in the same section of the website mentioned above.

The proxy holder that attends the meeting must however certify that the notified copy is a true copy of the original.

## - Proxy to designated representative

In accordance with applicable regulations, those with voting rights may delegate, free of charge, Andrea De Costa as the representative designated by the Company, pursuant to article 135-undecies of the Italian Consolidated Finance Act (TUF). He may be substituted by Matteo Sant'Ambrogio. The proxy must be granted by signing the specific form, available on the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com) (Investor Relations section – Shareholders' Meetings). The original form must reach the company-designated representative, also via recorded delivery, to Via Agnello 18, 20121 Milan, by 6 pm on Wednesday 18 April 2012, the second open market day preceding the date set for the Shareholders' Meeting (first call). Proxies are not valid for items for which voting instructions have not been given. The proxy and voting instructions are revocable by the same date as set out above.

## RIGHT TO ASK QUESTIONS

Shareholders may submit questions on items on the agenda even prior to the Shareholders' Meeting, by using the specific application available on the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com) (Investor Relations section – Shareholders' Meetings), up to the third day preceding the Meeting. Questions received before the Shareholders' Meeting shall be answered during the Meeting at the latest. A single answer may be provided to questions with the same subject matter.

Answers may not be provided at the Shareholders' Meeting if the information requested is already available in FAQ format in the aforementioned section of the Company's website in the two days preceding the Shareholders' Meeting.

## ADDITIONS TO THE AGENDA

Shareholders who, individually or jointly, represent at least one fortieth of the share capital may request addition of an item to the agenda within ten days of the publication of the notice of the Shareholders' Meeting, specifying in their request the further topics proposed.

The question must be submitted in writing and delivered to the registered offices at Via Ignazio Gardella 2, Milan, together with the certifications issued by a qualified intermediary consistent with the latter's accounting records, certifying that the shareholder(s) holds at least 2.5% of the share capital and indicating the corporate rights that may be exercised.

Any item on which the Shareholders' Meeting must deliberate in accordance with the law at the proposal of the Directors or on the basis of a plan or report prepared thereby, other than those stated in to article 125-ter of the TUF, may not be included in the agenda.

Any additions to the agenda shall be notified in the same manner as prescribed by the law on the publication of the notice of meeting, within the timeframe established by the laws in force.

Shareholders who ask for an additional item to be included on the agenda must prepare a report on the topics they would like to be discussed: this report must be submitted to the Board of Directors by the final deadline for the presentation of the request for the addition, as indicated above. The report shall be made available to the public, accompanied by any assessments by the Board of Directors, at the same time as the addition to the agenda is published.

## DOCUMENTATION

The Directors' reports and the resolution proposals concerning the items on the agenda shall be made available to the public at the registered offices at Via Ignazio Gardella 2 Milan, at Borsa Italiana SpA and on the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com) (Investor Relations section – Shareholders' Meetings), within the timeframe set out by the laws in force, as follows:

1. today, at the same time as this notice of meeting, the following are available:
  - the Board of Directors' report on the appointment of a director (item 2 on the agenda);
  - the Board of Statutory Auditors' proposal regarding the appointment of the external auditors together with the related Board of Directors' report (item 4 on the agenda);

2. by 29 March 2012, the following will be made available:
  - the 2011 annual financial report, including the draft annual financial statements, the consolidated financial statements, the report on operations and certification pursuant to article 154-bis, paragraph 5 of the TUF, together with the reports of the Board of Statutory Auditors and the external auditors as well as the Report on Corporate Governance and Ownership Structure (item 1 on the agenda);
  - the report on remuneration policies (item 4 on the agenda).

The summary report of key figures from the last financial statements of subsidiaries and affiliates, and prepared pursuant to article 2429 of the Civil Code, will be available at the Company's registered offices by 5 April 2012.

#### INFORMATION ON CAPITAL

The share capital is currently EUR 67,378,924.00, divided into 67,378,924 ordinary shares with a nominal value of EUR 1 each; each share gives the right to one vote. The Company does not hold any own shares.

For the Board of Directors  
Chief Executive Officer  
Roberto Guarena



Table of contents	page
General Annual Shareholders' Meeting Summoning	3
Corporate bodies and officers	8
Directors' report	11
Balance Sheet & Income Statement	45
Explanatory Notes to Accounts	67
Format and content of year-end financial statements	67
Reclassified Balance Sheet	68
Reclassified Income Statement	70
<b>Parte A</b> - Accounting policies	71
<b>Parte B</b> - Information on Balance Sheet and Income Statement	84
Balance Sheet	84
Guarantees, commitments, and other memorandum accounts	109
Income Statement	110
Tax schedules	120
<b>Parte C</b> - Other information	123
Appendices 1-32 to Explanatory Notes	135
Companies in which an unquoted Shareholding higher than 10% is held	200
Attestation of financial statements in accordance with art. 154-bis of Legislative Decree 58/98	203
Board of statutory auditors' report	205
Independent auditors' and actuarial report	211

---

**BOARD OF DIRECTORS**

---

Luigi GUATRI Giorgio Roberto COSTA	Honorary Chairman Chairman
Andrea ACUTIS Carlo ACUTIS	Executive Deputy Chairman Executive Deputy Chairman
Roberto GUARENA	Managing Director
Adriana ACUTIS BISCARETTI di RUFFIA Francesco BAGGI SISINI Marco BRIGNONE Bernd GIERL* Luciano GOBBI Arnaud HELLOUIN de MENIBUS Pietro Carlo MARSANI Giorgio MARSIAJ Lodovico PASSERIN d'ENTREVES Luca PAVERI FONTANA Robert RICCI Giuseppe SPADAFORA	Director Independent director Independent director Independent director Independent director Director Independent director Independent director Independent director Director Independent director Independent director Independent director Director Independent director Independent director
Mario RAVASIO	Secretary

---

**BOARD OF STATUTORY AUDITORS**

---

Alberto GIUSSANI	President
Giovanni MARITANO Corrado VERSINO	Standing statutory auditor Standing statutory auditor
Michele CASO' Marina MOTTURA	Substitute statutory auditor Substitute statutory auditor

---

**GENERAL MANAGEMENT**

---

Cesare CALDARELLI Mario RAVASIO	General Manager Joint General Manager
Enrico CORAZZA Piero Angelo PARAZZINI Enzo VIGHI	Central Manager Central Manager Central Manager

---

**INDEPENDENT AUDITOR**

---

BDO S.p.A.

\* Co-opted by the Board of Directors' meeting held on 16 February 2012



---

**APPOINTMENTS AND REMUNERATION COMMITTEE**

---

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

---

**INTERNAL CONTROL COMMITTEE**

---

Pietro Carlo MARSANI	Independent non-executive president
Luciano GOBBI	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

---

**FINANCE COMMITTEE**

---

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Giorgio Roberto COSTA	Non-executive member
Luciano GOBBI	Independent non-executive member
Roberto GUARENA	Executive member
Luca PAVERI FONTANA	Non-executive member

---

**REAL ESTATE COMMITTEE**

---

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Francesco BAGGI SISINI	Independent non-executive member
Giorgio Roberto COSTA	Non-executive member
Roberto GUARENA	Executive member
Arnaud HELLOUIN de MENIBUS	Non-executive member
Luca PAVERI FONTANA	Non-executive member



# Directors' report

<b>Table of contents</b>	<b>page</b>
Main Key Performance Indicators	12
The Strategy	14
Insurance risk management	15
Review of operating performance	18
Life business	20
Non-Life business	22
Insurance risk analysis	27
Commercial organisation	28
Products	29
Overheads and operating costs	30
Investments	31
Real estate	31
Fixed-income securities, equity investments, and mutual investment funds	31
Investments benefiting Life policyholders who bear related risk and relating to pension fund management	35
Investment and financial risks management & analysis policies	35
Human resources	40
Personal data protection code	41
Disclosure of existence of groups, pursuant to Article 2497/2, Italian Civil Code	41
Intragroup and related parties transactions	42
Report on corporate governance and ownership structures	43
Report on remuneration	43
Performance in early months of FY2012 and expected business progress	43
Allocation of earnings	44

€/million

Main Key Performance Indicators			
	31/12/2011	31/12/2010	Δ %
<b>Non Life business</b>			
Gross Premiums written - direct Non Life business	809.9	674.2	20.1
(1) - Loss Ratio (retained)	71.3%	71.5%	-0.2
(2) - Combined Ratio (retained)	97.3%	97.6%	-0.3
(3) - Expense Ratio (retained)	24.5%	24.2%	0.3
Non Life business technical balance (before transferral of technical profits from investments)	27.1	19.8	37.0
<b>Life business</b>			
Gross Premiums written - direct Life business	127.3	143.3	-11.2
(4) Annual Premium Equivalent (APE)	16.8	18.4	-8.7
Segregated fund performance: Rendimento Mensile	4.1%	4.0%	0.1
Segregated fund performance: Valore Crescente	4.9%	4.9%	0.0
Segregated funds assets	628.8	617.5	1.8
Index/Unit - linked and Pension funds assets	61.5	76.5	-19.6
Life business technical balance	4.5	6.4	-29.3
<b>RATIO SOLVENCY I</b>			
	31/12/2011	31/12/2010	Δ %
Total Agencies	344.0	318.0	8.2
Average of employees	464.0	440.0	5.5
Investments with the risk borne by the Company	1,747.4	1,612.1	8.4
Overhead costs as a % of GPW - direct business	8.6%	8.9%	-0.3
Total net ordinary and extraordinary income from investments with risk borne by the Company	48.6	51.1	-5.1
Profit (loss) before taxation	49.9	43.2	15.6
Net profit (loss)	35.3	29.3	20.8
Shareholders' equity	318.7	294.8	8.1
ROE	11.5%	10.3%	1.2
Dividend per share	0.17	0.17	-
<b>RATIO SOLVENCY I</b>			
	31/12/2011	31/12/2010	Δ %
Non Life business	1.5	1.6	-0.1
Life business	2.0	2.1	-0.1
<b>Solvency Ratio</b>	<b>1.6</b>	<b>1.7</b>	<b>-0.1</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.

Shareholders,

The financial statements for our 90<sup>th</sup> financial year submitted for your approval show a net profit of € 35,329 thousand (+20.4% compared with the net profit of € 29,256 thousand for the previous year).

Results of the year recorded a technical trend in condition to balance extraordinary losses on investments arising from the negative trend of financial market. The company did not make use of the powers granted under the "anti-crisis decree" (Decree-Law no. 185/2008, converted by Law no. 2/2009 as subsequently amended), which would have allowed the sterilization of unrealised losses from investments classified in the trading portfolio.

The main components of business operations contributing to the 2011 result were as follows:

- growth of 37.0% in the technical balance of the Non-Life business (before transferral of technical profits from investment), which increased from € 19,751 thousand at 31 December 2010 to € 27,055 thousand at 31 December 2011, with a loss ratio and a retained combined ratio of 71.3% and 97.3% respectively (71.5% and 97.6% in the previous year);
- a decrease in the technical balance of the life business of € 4,518 thousand at 31 December 2011 (from € 6,389 thousand at 31 December 2010), due to € 4,010 thousand in write-downs on Greek government securities.

Total premium amounted to € 937,566 thousand (€ 817,539 thousand in FY2010), up 14.7%. This growth is due to the increasing number of Agencies operating on the territory, to the considerable commercial organisation reinforcement executed in the development five-year plan and to the Agency network efficiency.

Premium for direct Life business amounted to € 127,273 thousand compared with € 143,290 thousand for the previous year (-11.2%) and are broken down as follows:

- 66.7% of single premiums, equal to € 84,955 thousand (€ 100,747 thousand as at 31 December 2010);
- 33.3% of annual premiums, equal to € 42,318 thousand (€ 42,543 thousand as at 31 December 2010);

Premium for direct Non-Life business amounted to € 809,904 thousand (vs. € 674,173 thousand as at 31 December 2010) with a 20.1% YoY increase and are broken down as follows:

- Motor lines premiums totalled € 605,804 thousand (vs. € 482,992 thousand as at 31 December 2010), up 25.4%;
- Non-marine lines totalled € 185,620 thousand (vs. € 169,969 thousand as at 31 December 2010), up 9.2%;
- Specialty lines totalled € 18,480 thousand (vs. € 21,212 thousand as at 31 December 2010), down 12.9%.

Overheads as a percentage of premiums decreased from 8.9% to 8.6% in the reporting period, due to careful cost containment by the company. The figure is particularly positive in view of the higher charges relating to implementation of the five-year plan, under which internal support structures for the scheduled enlargement of the agency and sub-agency networks will be expanded and strengthened.

Investments totalled € 1,808,860 thousand (+7.1%). Ordinary and extraordinary income from investments with risk borne by the company totalled € 48,552 thousand, down 5.1% compared with 31 December 2010. This result is affected by the amortization of the new company's headquarters, amounting to € 1,167 thousand.

Group shareholders' equity totalled € 333,625 thousand, down 6.0% on the € 354,837 thousand recorded at 31 December 2010. The decrease reflects changes in profits/(losses) on financial assets available for sale.

The decrease was entirely due to latent net capital losses on securities available for sale posted at 31 December 2011. Note that the balance between latent capital gains and capital losses increased from € - 71,762 thousand at 31 December 2011 to € + 35,250 thousand at 12 March 2012.

Your Company ended its 90th year of operation. This milestone marked another significant event for the Group's life, given that, last April, Vittoria Assicurazioni relocated its registered office and operational headquarters to the building that it had purchased in the Portello area in Milan.

This substantial investment was made possible by prudent management and the results obtained over the past few years.

In October, Vittoria Assicurazioni S.p.A. merged by incorporation its subsidiary Lauro 2000 S.r.l., owner of the building where the Company was relocated, and two buildings about to be completed, which are expected to be sold. The merger took effect for accounting purposes on 1 January 2011.

## The Strategy

The Company is managed with a view to achieving underwriting profitability and to maintaining an adequate combined ratio, a measure showing the degree of coverage of claims, commercial costs and Non-life operating costs.

On the other hand, the Company is strengthening its existing portfolio, by focusing on so-called "affinity groups" (homogeneous customer groups) and the development of customer loyalty through integrated products and services. The Company's strategic goal is to increase its market share in the non-life market, especially the non-auto segment, the acquisition of new policies in the Life business and risk diversification in light of the segmentation of the customer portfolio. In particular, even though great attention is paid to the risks affecting people and small/medium enterprises, activities are undertaken also in the large enterprise segment, for which adequate reinsurance coverage is in place.

The Company has developed a new commercial organization model, which has allowed human resources to work on the basis of well-defined, yet flexible and dynamic, roles and guidelines. To adapt the organizational structure to the Company's growth plans, changes were made to expand the agent network and to improve local supervision. In this way, the Company was able to meet with resolve a period of significant market challenges, obtaining substantial results, both in terms of expansion of the sales network and improvement of customer service, especially in the claim management phase.

The five-year plan issued at the end of 2008 called for a stronger marketing and sales force through the opening of new agencies and sub-agencies. As illustrated in greater detail in the following report, the Company is meeting all pre-established goals and, at year-end 2011, it had 344 agencies and 585 sub-agencies (compared with 318 and 551, respectively, in the previous year) throughout Italy.

# Insurance risk management

## Objectives

The Company manages its insurance business with the objective of diversifying the range of insurance coverage through accurate and adequate pricing of the policies that it underwrites.

Accordingly, risks are diversified depending on the segmentation of the customer portfolio: households, individuals, professionals, small business operators, small/medium and large enterprises. Within these customer categories, emphasis is placed on the net retention of premiums on risks of the personal line and small/medium enterprises; emphasis is placed also on larger enterprises, whose coverage is guaranteed by an adequate reinsurance policy.

Diversification of the sales channels (agents, sub-agents, brokers, bancassurance agreements) is based on an accurate geographical segmentation of markets, with the availability of professionals capable of responding in a timely and competent manner to changed customer requirements.

The development and strengthening of relationships with so-called affinity groups is followed by dedicated structures which, after identifying the relevant insurance requirements, take action to meet such requirements on the basis of adequate coverage and pricing.

All these activities are designed to increase Non-life market share, with special attention to the non-auto business, and to undertake new growth avenues in the Life business.

The above actions have been taken in view of our primary goal of improving underwriting results and the combined ratio, which measures the degree of coverage of claims, commercial costs and operating costs.

Lastly, another important objective is the constant upgrading of the information system called New Age, taking into consideration changes in the management and agency operating processes, so as to monitor constantly the portfolio, risk concentration and speed of claim settlement, with special emphasis on changes in the insurance market.

## Policies

The Company intends to pursue the above objective as illustrated before, that is by expanding the agent network throughout the country, thus achieving geographical risk diversification while paying close attention to areas with unusually high accident rates.

In addition, the Company, proceeding with its twenty-year-long agency training program, continues to train agents and their collaborators, in the shared belief that the insurance market shows significant potential in niches where adequate and constantly upgraded skills are necessary.

All of the above is accomplished with the creation of transparent products for insured customers, incentive campaigns that guarantee and disseminate the optimum mix of coverage provided as well as use of passive reinsurance by pursuing a policy of underwriting balance between mass risks and protection from serious incidents and catastrophes.

Lastly, attention is paid also to cost curbing, thanks most of all to the integrated Management/Agency operating system.

Furthermore, the presence of specialized Non-life actuaries makes it possible not only to price risk correctly (adaptation to expected losses) but also to customize rates with an innovative content. In particular, the greater degree of customization is reached in the motor liability business, with the Company's key product. The corporate segment, which includes large enterprises, has always been characterized by prices that take into account the insured party's reliability and the level of risk to be taken on.

In order to permit control of risks underwritten, agents work according to a level of independence that is constantly monitored and updated, defined by limits that vary depending on the type of cover and entity of risk. Beyond these limits, only headquarters personnel have the power to sign policies.

### Financial and actuarial assumptions for Life insurance products

The assumptions used for valuation of the products sold, as regards both their financial and demographic aspects, are applied taking regulatory constraints into account (e.g., maximum limits for financial cover) and the latest information on demographic trends (e.g., mortality and/or survivorship) and portfolio trends (e.g. cancellations and surrenders, etc.).

When a new product is being created, certain assumptions are adopted (first-order technical bases) which, compatibly with the factors just mentioned, are initially screened, during development of appropriate actuarial valuations, using profit-testing techniques. The latter require the adoption of assumptions other than those previously defined as first-order assumptions. These further assumptions relate to:

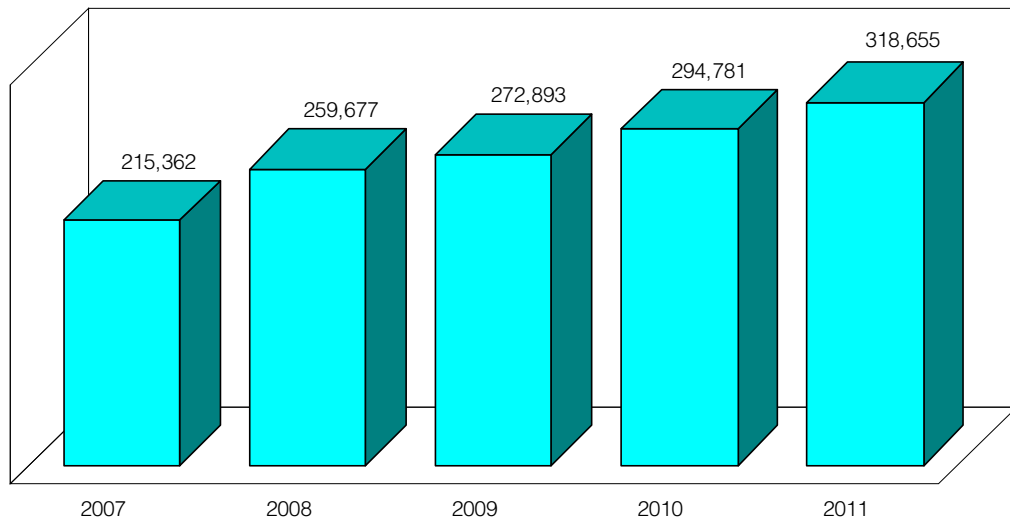
- macro-economic assumptions: trends in market interest rates, inflation, cash flow discount rates, etc.;
- second-order assumptions: mortality and expected portfolio trends, and assets' rate of return, etc.;
- business assumptions: levels of commercial and administrative costs and expenses.

As part of such valuations, sensitivity analyses are performed of how the result varies according to changes in the above assumptions.

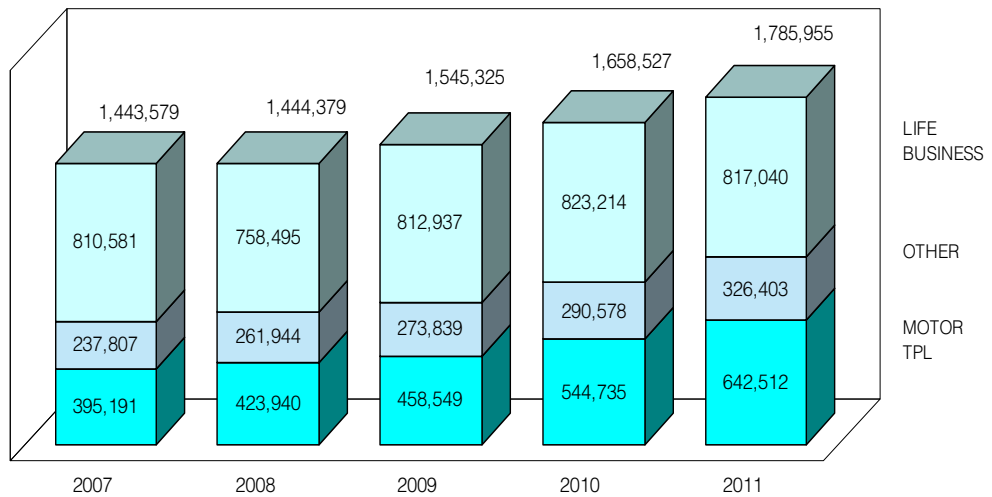
A similar procedure is applied when moving from the ex ante valuation to the ex post valuation carried out on the entire portfolio in order to check the valuations made when designing the product.



SHAREHOLDERS' EQUITY (in thousands of euros)



TECHNICAL PROVISIONS, LIFE AND NON-LIFE  
(net of reinsurers' share)  
(in thousands of euros)



## Review of operating performance

The following table compares, for each line, premiums written in FYs 2011 and 2010 and their contribution to the total portfolio mix:

### COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2011 AND 2010 DIRECT AND INDIRECT BUSINESS

(in thousand of euros)

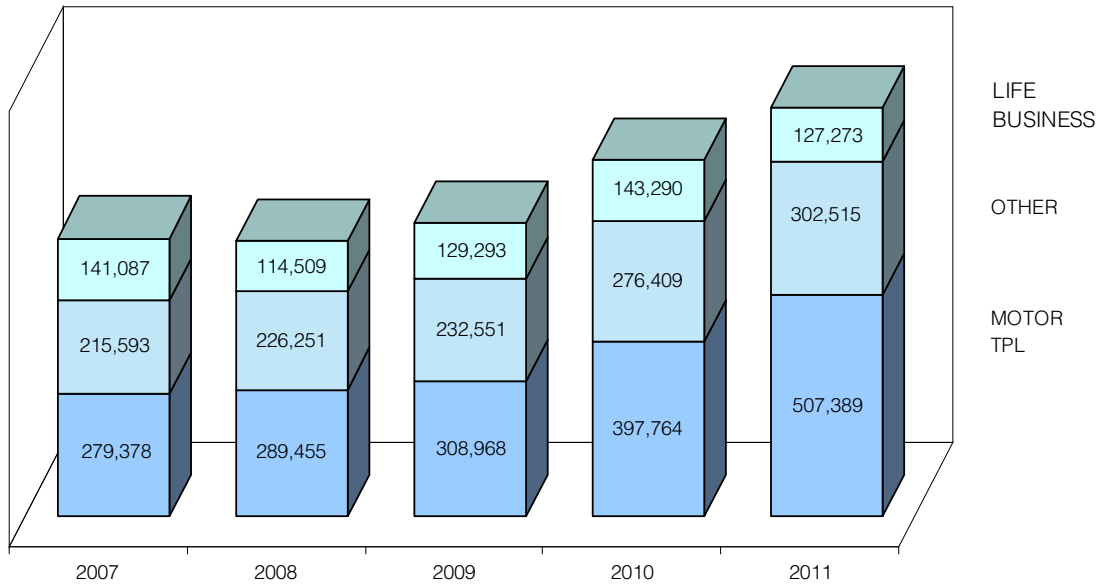
	Year 2011	Year 2010	YoY change %	% of total book	
				2011	2010
<b>Domestic direct business</b>					
<b>Life business</b>					
I Whole- and term life	92,473	107,019	-13.6	9.9	13.1
III. Unit-linked policies	94	72	30.6	0.0	0.0
IV Health (long-term care)	365	333	9.6	0.1	0.0
V Capitalisation	32,928	34,394	-4.3	3.5	4.2
VI Unit trust management	1,413	1,472	-4.0	0.2	0.2
<b>Total Life business</b>	<b>127,273</b>	<b>143,290</b>	<b>-11.2</b>	<b>13.7</b>	<b>17.5</b>
<b>Non-Life business</b>					
Accident	49,728	39,468	26.0	5.3	4.8
Health	10,605	10,125	4.7	1.1	1.2
Fire and natural events	35,151	31,140	12.9	3.7	3.8
Miscellaneous damage	28,741	36,842	-22.0	3.1	4.5
General TPL (third-party liability)	36,888	34,246	7.7	3.9	4.2
Pecuniary losses	21,021	15,163	38.6	2.2	1.9
Legal protection	3,486	2,985	16.8	0.4	0.4
<b>Total non-marine lines (exc. specialty and motor)</b>	<b>185,620</b>	<b>169,969</b>	<b>9.2</b>	<b>19.7</b>	<b>20.8</b>
Railway rolling stock	2	2	0.0	0.0	0.0
Aircraft hulls	2	63	-96.8	0.0	0.0
Marine hulls	473	513	-7.8	0.1	0.1
Cargo insurance	1,052	1,743	-39.6	0.1	0.2
Aviation TPL	2	7	-71.4	0.0	0.0
Credit insurance	7,423	9,512	-22.0	0.8	1.2
Bond insurance	9,526	9,372	1.6	1.0	1.1
<b>Total specialty lines</b>	<b>18,480</b>	<b>21,212</b>	<b>-12.9</b>	<b>2.0</b>	<b>2.6</b>
Third-party motor liability	507,389	397,764	27.6	54.1	48.7
Third-party marine liability	594	514	15.6	0.1	0.1
Motor vehicle hulls	86,341	77,083	12.0	9.2	9.4
Support and assistance	11,480	7,631	50.4	1.2	0.9
<b>Total motor lines</b>	<b>605,804</b>	<b>482,992</b>	<b>25.4</b>	<b>64.6</b>	<b>59.1</b>
<b>Total Non-Life business</b>	<b>809,904</b>	<b>674,173</b>	<b>20.1</b>	<b>86.3</b>	<b>82.5</b>
<b>Total direct business</b>	<b>937,177</b>	<b>817,463</b>	<b>14.6</b>	<b>100.0</b>	<b>100.0</b>
<b>Domestic indirect business</b>					
Life business	263	1	n.s.	0.0	0.0
Non-Life business	126	75	68.0	0.0	0.0
<b>Total indirect business</b>	<b>389</b>	<b>76</b>	<b>411.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand Total</b>	<b>937,566</b>	<b>817,539</b>	<b>14.7</b>	<b>100.0</b>	<b>100.0</b>

The Company operates in France on the basis of the free-provision-of-services regime.

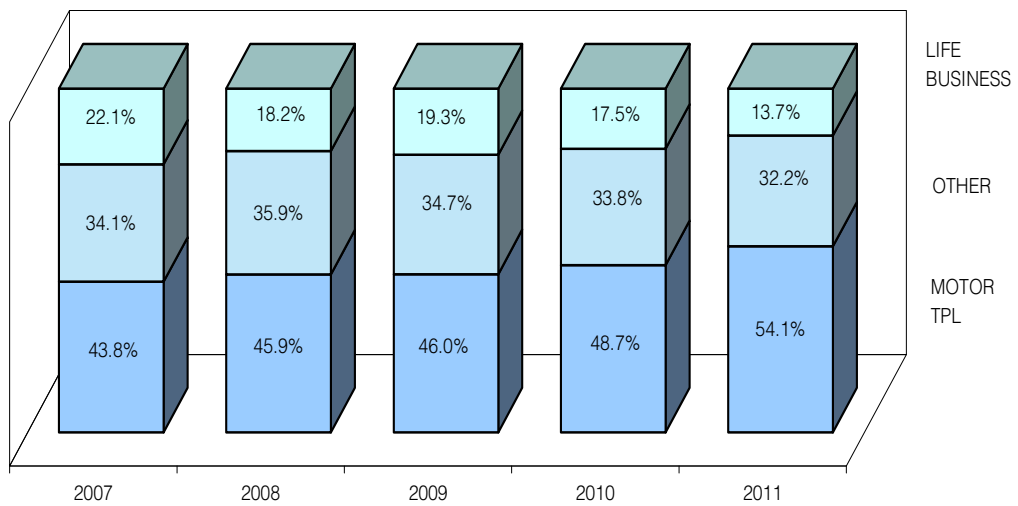
The following charts highlight premium volume and portfolio breakdown in the last five FYs.

### Italian Direct Business

**WRITTEN PREMIUMS (€/000)**



**PORTFOLIO MIX**



## Life business

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

The key features of FY2011 are summarised in the following table, where they are compared with data for the previous FY:

LIFE Business - 2011 Results - Net of reinsurance							(in thousands of euros)	
	2011 Results			2010 Results			Change	%
	Non - linked	Linked	Total	Non - linked	Linked	Total		
Premium Income	124,760	1,507	126,267	139,924	1,544	141,468	-15,201	-10.7
Other technical Income/(Costs)	-100	562	462	-125	781	656	-194	-29.6
Change in Technical Provisions	-9,427	14,636	5,209	-3,627	-374	-4,001	9,210	n.s.
Claims paid	-119,669	-10,293	-129,962	-141,510	-7,408	-148,918	18,956	-12.7
Overheads	-15,534	-289	-15,823	-17,307	-472	-17,779	1,956	-11.0
Investment Income	22,064	-5,474	16,590	31,650	6,188	37,838	-21,249	-56.2
<b>Operating Profit before Tax</b>	<b>2,093</b>	<b>650</b>	<b>2,743</b>	<b>9,006</b>	<b>259</b>	<b>9,264</b>	<b>-6,522</b>	<b>-70.4</b>
Extraordinary Investment Income	3,127	-	3,127	1,240	-	1,240	1,886	152.1
<b>Profit before Tax</b>	<b>5,219</b>	<b>650</b>	<b>5,869</b>	<b>10,246</b>	<b>259</b>	<b>10,505</b>	<b>-4,635</b>	<b>-44.1</b>

\* 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.

In FY2011 the funds relating to segregated funds achieved the following returns. The rate of return allocated to policyholders complies with the specific contractual terms stipulated.

(in thousands of euros)				
	Rate of return 2011	Total Assets 2011	Rate of return 2010	Total Assets 2010
Vittoria Rendimento Mensile	4.1%	419,909	4.0%	386,884
Vittoria Valore Crescente	4.9%	197,998	4.9%	220,752
Vittoria Liquinvest	4.3%	6,813	4.4%	6,782
Vittoria Previdenza	4.1%	4,030	4.0%	3,053

As done in previous years, in 2011 acquisition commissions on long-term policies and incentives paid to agents for new business were deferred, i.e. capitalised, and amortised within the total limit of associated loading of premiums, depending on contracts' duration and in any case over a period not exceeding 10 years.

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

The following table summarises, for direct business, claims, accrued capital sums & annuities, plus surrenders as at 31 December 2011, compared with the previous FY's figures, for Classes I (whole/term life), IV (long-term care), and V (capital redemption).

(in thousands of euros)		
	31/12/2011	31/12/2010
Claims	21,588	21,502
Accrued capital sums & annuities	75,637	87,270
Surrenders	37,986	33,114
<b>Total</b>	<b>135,212</b>	<b>141,886</b>

Surrenders and claims relating to investments for which policyholders bear the risk (Classes III (unit- and index-linked policies) and VI (open-ended pension fund) totalled € 10,293 thousand vs. € 7,408 thousand in FY2010.

## Reinsurance

### Outward reinsurance

In the Life business, the main treaties in place, which relate to Class 1 (whole/term life), are as follows:

- Excess of claims;
- Pure office premiums – treaties set up in 1996 and 1997.

Ceded premiums in the FY2011 amounted to € 1,269 thousand vs. € 1,823 thousand in FY2010.

### Inward reinsurance

Underwriting of inward business picked up more decisively during the year. New contracts were signed.

## Non-Life business

### Technical result

The following table shows – in total and by categories – the technical results of direct and indirect business, net of related outward reinsurance, equalisation (i.e. smoothing) reserves –as indicated in Appendices 25 and 26 of the Explanatory Notes – compared with the same data for the previous FY. The result shown does not take allocation of investment income earned during the FY into account.

Non Life Business - 2011 Results		(in thousands of euros)		
Line of business		2011	2010	Change %
Code	Description	Technical result	Technical result	
01	Accident	9,255	5,857	58.0
02	Health	-1,268	2,675	n.a.
03	Land motor vehicle hulls	207	6,445	-96.8
04	Railway rolling stock	1	2	-46.8
05	Aircraft hulls	6	115	-94.6
06	Marine hulls	132	-66	n.a.
07	Cargo insurance	-52	-792	-93.4
08	Fire and natural events	5,707	1,387	n.a.
09	Miscellaneous damage	-4,592	-2,898	58.4
10	Motor TPL	7,932	-3,108	n.a.
11	Aviation TPL	15	17	-12.2
12	Marine TPL	285	178	59.9
13	General TPL	-2,713	5,178	n.a.
14	Credit insurance	-2,602	-874	n.a.
15	Bond insurance	186	155	20.0
16	Pecuniary losses	11,102	3,414	n.a.
17	Legal protection	1,109	733	51.4
18	Support and assistance	2,344	1,333	75.8
<b>Total Non-Life businesses</b>		<b>27,055</b>	<b>19,751</b>	<b>37.0</b>

Technical results were positive, and were better than the previous year's thanks to a careful review of risks in portfolio and a prudent risk underwriting policy.

Below a description is provided of the main Lobs:

### NON-MARINE BUSINESSES

Overall, Non-Marine businesses' premiums grew significantly, thanks also to the increase in the number of agencies active in Italy, to the development policy implemented vis-à-vis Motor-only customers and to the increase in the number of customers.

More specifically, individual lines of business featured the following technical results:

**Accident:** the business featured further development in premium growth compared with the previous year. The underwriting result of direct business showed improvement, thanks also to a decrease in serious incidents.

**Health:** the business featured a lower rate of growth for premiums compared with the previous year, mainly due to the current portfolio revision under way and action taken on certain agreements. The underwriting result was down compared with the previous year, also due to the necessary time required to complete the above revision.

**Fire and natural events:** this business saw an increase in premiums written and showed an improved underwriting result of the direct business, despite an increase in serious incidents.

**Other asset damage:** premiums, which include cover of the risks of theft and burglary, hail, damage to electronic equipment and technological damage fell from the comparable amount in 2010, due the lower number of new business in the hail sector. Underwriting results came in lower than the previous year due to negative weather effects on the hail business.

**General TPL:** premiums grew. The underwriting result was worse, mainly due to the losses related to professional liability (especially with respect to accountants and doctors) determined by the increasingly punitive stance adopted by courts. The portfolio is undergoing a substantial revision.

**Legal protection:** premiums of this business grew significantly and the underwriting result was better than in the previous year.

## SPECIALTY BUSINESSES

Specialty businesses showed premium growth of +12.9% (+47.6% in the previous year) with a technical result in deterioration compared with the previous years. Specifically:

**Credit:** the category comprises risks relating to Salary-Backed Loans for which the right of recourse against the insured has been retained, in accordance with ISVAP 29/2009.

The 22.0% decrease in written premiums was due solely to the decrease in the salary-backed loan market. The radical reorganization carried out by the Bank of Italy, including through the coming into force of the new Consumer Code designed to give greater transparency and to decrease the amount of costs borne by borrowers, led to the exit from the market of those companies that could not adapt to the new regulatory landscape. The 130 financial companies/banks operating in the sector in 2009 fell to 40, with a reduction in the number and amount of loans and the resulting demand for guarantees. The business had a negative underwriting result due to the combined effect of the calculation of the provision for unearned premiums (which is evenly spread over the life of the contracts) and the losses, which tend to decrease (in both the amount and the frequency) with the age of the contract.

**Bond insurance:** premiums written increased by +1.6% (vs. +10.0% in the previous year). The limited increase in 2011 was due to trends in the Italian and world economies, which in 2011 came under substantial pressure and fell drastically. Performance in the bond insurance business is closely related to that of the general economy; some phenomena that were particularly pronounced in the year just ended had a significant impact on bond insurance, including the credit crunch (lack of financing for private projects), stability pact (which prevents the launch of new tenders for public works), amendments to specific rules on the right to offset different taxes (reducing demand for guarantees on tax refunds).

Despite the negative trend of the economy, with the resulting increase in bankruptcies in the various industries, the underwriting result was positive, and was slightly up on the previous year.

**Watercraft (sea, lake and river) hulls and railway rolling stock:** premiums were largely stable while the underwriting result improved on the previous year.

**Goods in transit:** premiums written decreased; the underwriting result was still slightly negative but showed a substantial improvement from last year.

## MOTOR BUSINESSES

Motor businesses showed a premium growth with a positive technical result. Specifically:

**Motor vehicle and watercraft (sea, lake and river) TPL:** premiums written grew significantly, better than the previous year thanks to the inauguration of new agencies, strengthening of sales network and development of "Affinity Groups" and number of new clients acquisitions.

Selective underwriting, price policies and proper management of claims settlement made it possible to maintain a positive technical result, improved compared with the previous year.

**Land motor vehicle hulls:** premiums written grew significantly, better than the previous year. Contributors to the result were adoption of an underwriting policy particularly attentive to linking ancillary cover to Motor TPL and further development of Affinity Groups.

**Assistance:** premiums grew significantly with a positive technical result, improved compared with the previous year.

## Claims

### Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during the year:

(in thousands of euros)

	31/12/2011		31/12/2010		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	8,421	22,031	6,903	20,664	22.0	6.6
Health insurance	13,963	6,931	24,764	6,917	-43.6	0.2
Fire and natural events	4,809	18,545	6,065	17,266	-20.7	7.4
Miscellaneous damages	12,512	22,737	11,379	19,416	10.0	17.1
Third-party general liability	6,707	26,248	6,537	25,328	2.6	3.6
Pecuniary losses	2,153	6,411	6,384	11,017	-66.3	-41.8
Legal protection	192	98	192	97	0.0	1.0
<b>Total non-marine businesses</b>	<b>48,757</b>	<b>103,001</b>	<b>62,224</b>	<b>100,705</b>	<b>-21.6</b>	<b>2.3</b>
Third-party marine liability	35	140	32	176	9.4	-20.5
Cargo insurance	396	642	486	1,731	-18.5	-62.9
Third-party aviation liability	2	-	-	-	n.v.	n.v.
Credit insurance	579	2,121	168	562	n.s.	n.s.
Bond insurance	142	5,175	179	4,234	-20.7	22.2
<b>Total Special businesses</b>	<b>1,154</b>	<b>8,078</b>	<b>865</b>	<b>6,703</b>	<b>33.4</b>	<b>20.5</b>
Third-party motor liability	99,197	341,535	89,102	310,923	11.3	9.8
Third-party marine liability	42	224	43	146	-2.3	53.4
Motor vehicle hulls	41,560	61,503	30,238	47,777	37.4	28.7
Support and assistance	20,965	2,925	18,041	2,945	16.2	-0.7
<b>Total motor businesses</b>	<b>161,764</b>	<b>406,187</b>	<b>137,424</b>	<b>361,791</b>	<b>17.7</b>	<b>12.3</b>
<b>Total non-life businesses</b>	<b>211,675</b>	<b>517,266</b>	<b>200,513</b>	<b>469,199</b>	<b>5.6</b>	<b>10.2</b>

The following table shows claims settlement speed based on the number of reported claims, net of claims eliminated without payout, split by present and aged claims for the main lines of insurance business:

(percentages)

	current generation		previous generations	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Accident insurance	52.91	49.35	70.43	68.78
Health insurance	84.55	85.84	58.76	64.47
Motor vehicle hulls	83.82	82.65	83.47	81.51
Fire and natural events	80.04	79.53	78.67	79.29
Miscellaneous damages - theft	84.05	81.64	88.15	88.67
Third-party motor liability	72.64	69.89	70.35	66.07
Third-party general liability	64.80	60.65	36.89	33.97



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

(in thousands of euros)					
Branch	Claim handling Type	31/12/11		31/12/10	
		Number	Total cost	Number	Total cost
Motor TPL - land	K-for-K - liable	69,336	144,737	62,016	129,949
Motor TPL - land	K-for-K - originator	79,244	193,133	73,813	175,439
Motor TPL - land	Non K-for-K claims	29,861	159,585	27,086	150,236
Motor TPL - watercraft	Non K-for-K claims	42	224	43	146
<b>Total Motor T.P.L. claims handled</b>		<b>178,483</b>	<b>497,680</b>	<b>162,958</b>	<b>455,771</b>

The company received 104,954 reports of claim events to be managed as originator (97,343 reports of claim in 2010: +7.8%), against which it will complete recoveries from other insurers for a total of € 155,921 thousand (€ 144,700 thousand in 2010: +7.6%), based on the forfeitary amounts established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

### Claims paid

The gross cost of all generations of claims, which comprises the cost of the claims handling organisation, is shown in Appendix 19 to the Explanatory Notes.

The following table shows the amount of claims paid for direct business, net of recoveries, and the amount charged to reinsurers:

(in thousands of euros)								
	Claims paid 31/12/2011			Claims recovered from reinsurers	Claims paid 31/12/2010			Change gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	5,102	10,849	15,951	1,695	4,927	7,149	12,077	32.1
Health insurance	3,955	3,111	7,066	0	4,117	2,994	7,111	-0.6
Fire and natural events	6,613	7,685	14,298	339	6,773	7,391	14,164	1.0
Miscellaneous damages	16,699	4,664	21,363	3,301	22,615	3,650	26,264	-18.7
Third-party general liability	4,575	12,718	17,293	432	4,252	14,299	18,551	-6.8
Pecuniary losses	378	8,612	8,990	7	2,046	9,185	11,232	-20.0
Legal protection	3	47	50	41	5	150	155	n.v.
<b>Total non-marine businesses</b>	<b>37,325</b>	<b>47,686</b>	<b>85,011</b>	<b>5,815</b>	<b>44,735</b>	<b>44,818</b>	<b>89,553</b>	<b>-5.1</b>
Third-party aviation liability	-	6	6	1	-	28	28	n.v.
Third-party marine liability	35	120	155	18	107	461	568	-72.7
Cargo insurance	92	734	826	4	467	973	1,439	-42.6
Third-party aviation liability	-	-	-	-	1	-	1	n.v.
Credit insurance	57	534	591	-	38	16	54	n.s.
Bond insurance	1,003	3,664	4,667	2,583	1,497	7,759	9,256	-49.6
<b>Total Special businesses</b>	<b>1,187</b>	<b>5,058</b>	<b>6,246</b>	<b>2,605</b>	<b>2,110</b>	<b>9,237</b>	<b>11,347</b>	<b>-45.0</b>
Third-party motor liability	139,953	170,096	310,049	1,101	117,777	131,363	249,140	24.5
Third-party marine liability	35	69	104	-	87	165	252	-58.8
Motor vehicle hulls	40,185	11,649	51,835	183	29,467	10,695	40,162	29.1
Support and assistance	2,704	794	3,497	2,977	3,084	807	3,891	-10.1
<b>Total motor businesses</b>	<b>182,877</b>	<b>182,608</b>	<b>365,485</b>	<b>4,262</b>	<b>150,416</b>	<b>143,029</b>	<b>293,445</b>	<b>24.6</b>
<b>Total non-life businesses</b>	<b>221,389</b>	<b>235,352</b>	<b>456,742</b>	<b>12,682</b>	<b>197,261</b>	<b>197,084</b>	<b>394,345</b>	<b>15.8</b>

The additional cost borne in 2011 for the road-accident victim guarantee fund was € 11,915 thousand vs. € 9,156 thousand in the previous year.

## Claims reserve run-off – Direct business

The claims reserve existing at the beginning of FY2011, compared with costs borne in the year for previous years' claim events - consisting of payments made and year-end reserving for claims yet to be paid – showed, for the only direct business, a loss of 11,046 thousand, i.e. 2.0% of opening reserves, as highlighted in the following table:

Retained Risks	(in thousands of euros)	
	2011	2010
Claims reserve brought forward	565,949	505,239
Amounts paid in the year related to claims occurred in previous years	(235,932)	(192,918)
Balance of claims recovered or to be recovered by policyholders	10,093	9,360
Claims reserve carried forward	(351,156)	(318,180)
<b>Aggregate profit (loss) development table</b>	<b>(11,046)</b>	<b>3,501</b>
<b>% of incidence on claims reserve brought forward</b>	<b>-2.0%</b>	<b>0.7%</b>

## Reinsurance

### Outward reinsurance

Corporate policies concerning outward reinsurance are based on the same selection criteria as those applied for direct underwriting. They aim for development and size of the insurance book in relation to the entity of risks covered and for achievement of balanced net retention. Transactions are undertaken internationally with highly rated reinsurers.

The main existing treaties relate to:

<i>Non-life business</i>	<i>Type of treaty</i>
Accident	Excess Claims
Motor vehicle hulls	Excess Claims
Marine hulls	Excess Claims
Cargo (goods in transit)	Excess Claims
Fire and natural events	Excess Claims
Miscellaneous damage	Pure premium for hail, multi-risk
	Pure premium for engineering risks
	Pure premium for ten year guarantees
Motor TPL	Excess Claims
General TPL	Excess Claims
Suretyship	Pure premium
Legal protection	Pure premium
Assistance	Pure premium

Premiums ceded in the FY2011 totalled € 26,510 thousand (€35,822 thousand as at 31 December 2010).

### Inward reinsurance

Underwriting of inward business picked up more decisively during the year. New contracts were signed.

## Insurance risk analysis

In this section we describe the insurance risks to which the company is exposed. These risks are classified in three main categories, i.e. credit risk, concentration risks, and catastrophe cover (earthquakes, hail, space risks, and floods).

### Credit risk

As regards credit risk, we highlight the fact that the company makes use of premier reinsurers. The following table shows the balance sheet transactions in place as at reporting date, by Standard & Poor's rating.

(in thousands of euros)

S&P Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	-14	563	549	1.4%
AA	-69	424	355	0.9%
AA-	-12,701	35,324	22,623	55.8%
A+	585	990	1,575	3.9%
A1*	10	-4	6	0.0%
A	-17,275	26,432	9,157	22.6%
A2*	379	-	379	0.9%
A-	-2,354	4,155	1,801	4.4%
B	157	3	160	0.4%
Unrated	-283	4,223	3,940	9.7%
<b>Total</b>	<b>-31,565</b>	<b>72,110</b>	<b>40,545</b>	<b>100.0%</b>

\* = provided by Moody's

### Concentration risk

In order to neutralise concentration risk, the company distributes its non-life and life products throughout Italy using a multi-channel sales approach.

Based on the analysis of premiums as at 31 December 2011, non-life business accounts for approximately 86.0% of total company premiums, with 54.0% of this percentage referring to motor lines.

This concentration of premiums in these lines means that group profitability is largely dependent on the frequency and average cost of claims and on efficient tariff management.

This concentration may make the company more vulnerable to changes in the regulatory framework and in market trends. These may occasionally translate into increases in indemnities payable to policyholders. This risk is mitigated by enhancing the loyalty of policyholders featuring more "virtuous" behaviour through accentuated tariff customisation. This aims to normalise the entity of claims whilst also reducing portfolio volatility.

### Earthquake exposure

Reinsurance covers put in place to mitigate exposure to earthquake risks have been calculated using the main tools available on the market. Calculation is based on evidence of the maximum probable loss on the fire and miscellaneous asset damage lines (technological risk sector), in turn calculated over a 250-year return period, which is the one most widely used in the Italian market. The protection purchased is widely greater than the requirement shown for the worst-case scenario.

## Hail exposure

Once again, in the case of this risk, cover acquired for exposure to the risks present in the land vehicle motor property line is widely greater than the amount of the worst claim that has ever occurred in this line.

## Flood exposure

Exposure to this catastrophic risk has again been calculated based on an assessment model used by other market operators. The capacity purchased, as in the case of the earthquake risk, far exceeds the worst-case requirement assumed in the model.

## Commercial organisation

In order to make our sales network more compliant to the sector law, next to the frequent professional updating courses, during 2011, was established the new figure that is the management inspector who has controlling and correction duties of daily management and brokerage activities related to the sales network.

Development activity took the concrete form of the inauguration of 30 new Agencies and reorganisation of another 26, while 4 Agencies have been closed. As at 31 December 2011 the Company was nationally present with 343 General Agencies (317 as at 31 December 2010) and 585 professional Sub-Agencies (551 as at 31 December 2010), joined by a further 1 Agency with a special life insurance mandate already existing as at 31 December 2010.

The training activities are going on for the primary sales network (General Agencies) and for "second level" operators as sales clerk (producers and sub-agents). In addition, new training sessions were launched for agency employees.

In addition to the courses provided directly by external provider, and the special course provided at "Accademia Vittoria", the new master program in Complex Non-marine Risks began, to provide technical training to general agents, with the objective to improve risk selection and to explore the forces underlying risk underwriting by companies.

# Products

The Company is committed to creating new products and in revising existing ones. In particular, the activity performed during the year can be illustrated as follows:

## **New Products**

### Life business

A new product was launched within the Investment Line, "Vittoria Crescita Continua", a single-premium whole-life policy.

### Non-Life business

Within the non-marine business, 4 new products were launched:

- Arte Basic: this policy is for proprietors of art whose value is not particularly high;
- All Risks Solar Energy: this was established for the various types of plant producing alternative energy;
- Decennial posthumous insurance in the form of all risks: this policy covers claims that might arise in a period of up to ten years from the service rendered or the activity completed;
- "Multiple-risk for agricultural companies": policy for the coverage of agricultural activities and the processing of products, including livestock farming and agritourism activities.

## **Revised Products**

### Life business

During the year all the products in the Life catalogue were upgraded and adapted to the new regulations issued by Isvap, Covip and Consob.

### Non-Life business

#### **Non marine business:**

Products for households, artisans, professionals and companies were upgraded, introducing new local rates.

#### **Motor business:**

New motor tariffs were introduced starting 1 January 2011 and a new rate devoted to family members of persons belonging to affinity groups. Moreover, a partnership was signed to provide road assistance services.

## Overhead costs – direct business

The total amount of personnel costs, other costs, and depreciation & amortisation charges, before allocation to specific functions, i.e. claims handling, business production organisation, and asset administration, amounted to € 80,253 thousand vs. € 72,541 thousand in 2010, with an increase of 10.6% YoY.

Besides current operating expenses, these costs also include amortisation of investments in IT structures and processes aimed at reining in, in future, overheads burdening the HQ and the agency network, whilst also improving services for policyholders as regards insurance cover and claims settlement.

The following table shows the breakdown of these costs, with “Other costs” consisting primarily of office operating costs, IT costs, legal and legal-entity costs, mandatory contributions, and association membership fees.

	(in thousands of euros)		
	31/12/2011	31/12/2010	Change %
Personnel expenses	40,928	38,010	7.7
Other costs	29,050	27,089	7.2
Depreciations	10,275	7,442	38.1
<b>Gross Operating Costs</b>	<b>80,253</b>	<b>72,541</b>	<b>10.6</b>
<b>Percentage of Premiums Written</b>	<b>8.6%</b>	<b>8.9%</b>	

Overhead costs as a percentage of total direct insurance premiums were 8.6% (vs. 8.9% in FY2010); the decrease was reached thanks to a severe cost control. This fact is to be valued in light of the higher costs stemming from the implementation of the five-year plan that calls for development and reinforcement of the in-house organisation set up to support the expected increase in agency and sub-agency sales networks.

## Operating costs – direct business

The following table shows the breakdown of operating costs for direct business, calculated gross of commissions and reinsurer profit-sharing.

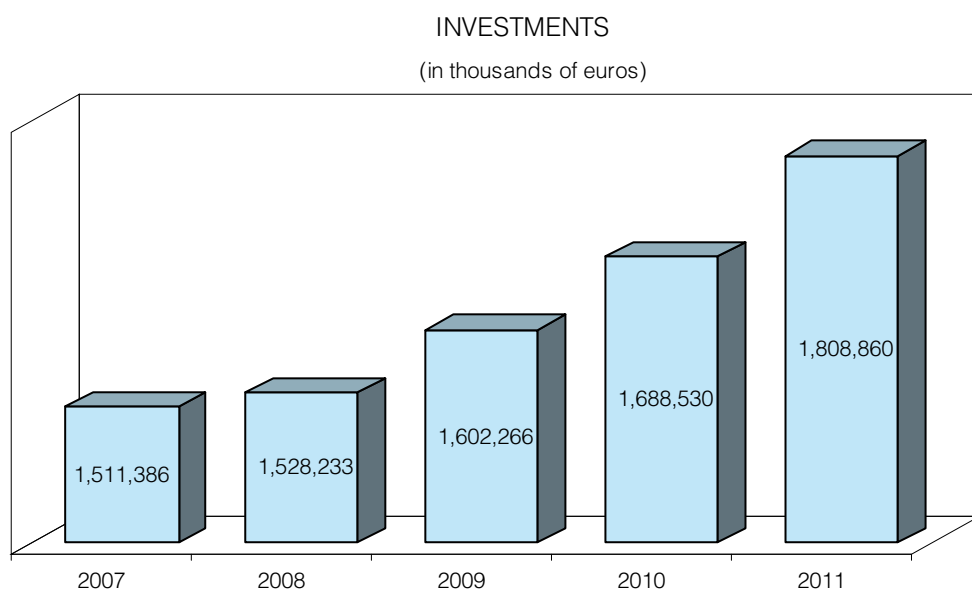
	(in thousands of euros)		
	31/12/2011	31/12/2010	Change %
Operating Costs, net of expenses transferred to acquisition, claims handling and investment management expenses (A)	53,570	47,892	11.9
- Acquisition and collection costs	135,038	118,205	14.2
- Other acquisition costs (net of operating expenses)	15,473	12,455	24.2
Total Acquisition Costs (B)	150,511	130,660	15.2
<b>Total Overheads (A+B)</b>	<b>204,081</b>	<b>178,552</b>	<b>14.3</b>
<b>Percentage of Premiums Written</b>	<b>21.8%</b>	<b>21.8%</b>	

## Investments

Investments reached a value of € 1,808,860 thousand with an increase of 7.1% YoY.

Their breakdown is shown in the table below:

Investments	(in thousands of euros)		
	31/12/2011	31/12/2010	Change %
<b>Land and buildings</b>	<b>185,685</b>	18,921	n.s.
<b>Investments in group and other companies</b>			
- Equity investments	<b>160,915</b>	277,416	-42.0
- Loans	<b>5,200</b>	5,200	n.v
<b>Other financial investments:</b>			
- Unit trust units	<b>5,240</b>	10,433	-49.8
- Bonds and other fixed-interest securities	<b>1,380,354</b>	1,288,057	7.2
- Loans	<b>9,777</b>	10,760	-9.1
- Other financial investments	-	1,038	n.s.
Deposits with ceding companies	<b>225</b>	249	-9.6
<b>Total investments where the company bears the risk</b>	<b>1,747,396</b>	1,612,074	8.4
Investments benefiting life policyholders bearing the risk	<b>61,464</b>	76,456	-19.6
<b>Total investments</b>	<b>1,808,860</b>	1,688,530	7.1
Bank accounts and cash-in-hand	<b>72,144</b>	61,837	16.7



The following table shows net income from investments by splitting them in ordinary and extraordinary part.

	(in thousands of euros)		
	31/12/2011	31/12/2010	
<b>Ordinary and extraordinary Income on investments</b> (net of related costs)	<b>Amount</b>	Amount	Change %
<b>Income on equity investments</b>	2,735	3,693	(25.9)
<b>Income (cost) on other investments:</b>			
- land and buildings	(379)	79	n.s.
- bonds and other fixed-interest securities	48,770	47,472	2.7
- income on unit trust units	91	200	(54.5)
- interest on loans	530	504	5.2
- interest on deposits with ceding companies	(1,100)	(999)	10.1
<b>Total net income</b>	<b>50,647</b>	50,949	(0.6)
<b>Adjustments to investment values:</b>			
- land and buildings	(1,167)	-	
- equity investments	(3,221)	(36)	
- unit trust units	(1,381)	-	
- bonds and other fixed-interest securities	(5,561)	(2,406)	
<b>Total net adjustments to investment values:</b>	<b>(11,330)</b>	(2,442)	
<b>Ordinary profit (loss) on sale of investments:</b>			
- bonds and other fixed-interest securities	(2,613)	600	
<b>Total net profit on sale of investments</b>	<b>(2,613)</b>	600	
<b>Total net ordinary income on investments where the company bears the risk</b>	<b>36,704</b>	49,107	(25.3)
<b>Extraordinary profit (loss) on sale of investments:</b>			
- equity investments	339	(134)	
- bonds and other fixed-interest securities	11,749	2,177	
- other financial investments	(240)	-	
<b>Total net extraordinary profit on sale of investments</b>	<b>11,848</b>	2,042	
<b>Total net ordinary and extraordinary income on investments where the company bears the risk</b>	<b>48,552</b>	51,149	(5.1)
<b>Net income on investments benefiting life policyholders bearing the risk</b>	<b>-5,474</b>	6,188	
<b>Total</b>	<b>43,078</b>	57,337	(24.9)

The weight average ordinary return of bonds and other fixed-income securities was 3.9% (3.8% in FY2010).



## Real estate

The book value of real estate at 31 December 2011 was € 185,658 thousand, including € 97,835 thousand for operating buildings used by the Company, € 12,725 thousand for buildings loaned free of charge to agencies, € 4,717 thousand for buildings used by third parties and € 70,408 thousand for assets under construction and payments on account.

The increase from 31 December 2010 is € 166,764 thousand and is related to the merger by incorporation of Lauro 2000 Srl, owner of the Vittoria's headquarters and other two service sector buildings under construction.

## Fixed-income securities, equity investments, and mutual investment funds

Concerning the **bond portfolio**, investments focused on Italian and German government bonds for € 423,415 thousand, of which € 242,680 thousand were designated as long-term investments. In addition, the portfolio rose by € 416 thousand, due to inflows coming from policy redemptions under article 41, paragraph 2 of Legislative Decree no. 209 of 7 September 2005.

During the year, Italian government bonds for € 38,352 thousand were transferred to the trading portfolio at market value, with a loss of € 4,028 thousand.

Fixed income securities were sold for € 148,804 thousand. Of this, the amount of € 124,506 thousand was classified in the long-term investment portfolio, realising capital gain for € 12,594 thousand, of which € 11,594 thousand related to the long-term investment portfolio.

Sales involving securities held as long-term investments involved:

- French government bonds: the sale was made in light of the exceptional market conditions and in view of a possible widening of spreads on French government bonds;
- Italian government bonds: the sale concerned a bond included in the segregated funds closed to new contracts at the time of sale, for which it was deemed necessary to align the investment profile to that of liabilities;
- German government bonds: the sale was made in light of the exceptionally favourable market conditions, which resulted in an adequate gain with limited risk.

Considering international agreements on Greek debt restructuring, all Greek bonds in the portfolio were written down to 46.5%, with an impairment of € 4,010 thousand.

During the year a gain of €155 thousand was recognized as a down-payment in connection with the payment of the Swissair bond in default.

With respect to the **collective investment undertakings**, during the year:

- the units in the hedge fund BCM Market Neutral Fund Plc were sold, after they had been written down by € 1,381 thousand. The Company collected € 3,130 thousand and recognized a loss of € 489 thousand;
- Units in a closed-end investment fund were sold for €188 thousand realising a loss of € 5 thousand.

During the year, changes in long term equity investment – excluding subsidiaries, associates and affiliates were as follows:

- Medinvest International S.C.A.: write-down of € 1,861 thousand for this investment, to account for a reduction of this company's equity;
- Camfin S.p.A.: sold 3,500,000 shares for € 792 thousand, realising a capital gain of € 504 thousand; exercised the warrant to subscribe to 5,611,413 shares for € 1,291 thousand;
- Gruppo GPA S.p.A.: write-down of € 1,359 thousand for this investment, to reflect the value of expected cash flows;
- Warrant Camfin: exercised warrant and increased the amount of the investment by € 799 thousand;
- Warrant Mediobanca: recognized a loss of € 240 thousand by not exercising the warrant upon expiration;
- BCC Vomano: purchased shares of this Bank for € 50 thousand;
- BCC Inzago: purchased shares of this Bank for € 46 thousand.

Transactions involving subsidiaries, associates and associates concerned:

- Lauro 2000 S.r.l.: € 10,000 thousand were paid as additional paid-in capital, of which € 7,500 thousand in the share premium reserve; on 17 October 2011 the merger for incorporation of Lauro 2000 S.r.l. into the Company took effect;
- Immobiliare Bilancia S.r.l.: € 10,000 thousand were paid as additional paid-in capital, of which € 8,000 thousand in the share premium reserve;
- Vittoria Properties S.r.l.: € 6,930 thousand were paid as additional paid-in capital, of which € 4,950 thousand in the share premium reserve;
- Yarpa S.p.A.: € 1,043 thousand were paid as amount attributable to the Company of capital increase;
- Forum Mondadori Residenze S.r.l.: € 2,420 thousand were paid as additional paid-in capital, of which € 2,200 thousand in the share premium reserve;
- Sint S.p.A.: € 578 thousand were paid as additional paid-in capital;
- Gima Finance S.A.: € 5,327 thousand paid as increase of the share premium reserve and collected € 6,171 thousand as a reimbursement from the share premium reserve;
- Laumor Holdings Sarl: collected € 2,900 thousand as a reimbursement from the share premium reserve;
- White Finance SA: € 77 thousand were paid as increase of share premium reserve.

In December the last three companies were liquidated and their investments were distributed to their shareholders on a pro rata basis. Vittoria Assicurazioni S.p.A. obtained the following investments:

- Gima Sicar SA: a 23.35% investment, with a carrying amount of € 14,265 thousand;
- Laumor Partners Sarl Sicar: a 21.87% investment, with a carrying amount of € 7,390 thousand;
- White Sarl Sicar: a 20.13% investment, with a carrying amount of € 3,250 thousand.

Following the transactions, total capital gains for the Company amounted to € 329 thousand.

Subsequently, payments were made to Gima Sicar SA for € 701 thousand, to increase the share premium reserve.

Pursuant to the article 2428, paragraphs 3 and 4, it is certified that Vittoria Assicurazioni S.p.A. did not carry out any transaction, directly or indirectly, involving its own shares and shares of the Parent Company.

## Investments benefiting Life policyholders who bear related risk and relating to pension fund management

As at 31 December 2011 these investments amounted to € 61,464 thousand (€ 76,456 thousand as 31 December 2010).

Of the total € 14,173 thousand related to unit-linked policies linked to funds outside the company, € 30,271 thousand to unit-linked policies linked to the company's internal funds, € 6,676 thousand to index-linked policies and € 10,344 thousand to the Vittoria Formula Lavoro open-ended pension fund.

Overall net return was negative and totalled € -5,474 thousand due to the negative financial market trend (€+6,188 thousand in 2010).

## Investment and financial risk management & analysis policies

### Financial risk management

The financial risk management system is designed to assure the company's capital soundness via monitoring of the risks inherent in asset portfolios due to adverse market conditions. In this perspective, specific investment policies have been designed and special procedures adopted.

#### Investment policies: objectives

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

Investments are managed according to the following objectives:

- assure the company's capital soundness;
- for the Life segment, assure a stable return higher than the technical rate envisaged by contracts in force;
- for the Non-Life segment, assure a stable return in line with the forecasts factored into product tariffs and positive cash flows;
- distribute the securities portfolio's duration taking liabilities' duration into account;
- give preference to continuity of returns rather than to achievement of high returns in limited periods of time.

As regards Life segregated accounts, the fixed-investment securities portfolio takes treasury cash flows into account, consistently with what is envisaged in the company's plans, also considering the law of lapse of the portfolio due to natural and voluntary causes. As instead regards the Non-Life business, the investment choices made by the company, in terms of fixed-investment securities, are more than supported by the expectations of surplus liquidity generated by current operations, as factored into the company's development plans, and as in fact achieved in previous FYs. These expected flows are also able to address scenarios featuring any increase in claims settlement speed.

In order to protect investments' value from exchange-rate fluctuations, the company can use financial derivatives.

The company can purchase and retain warrants received as part of capital operations undertaken by the issuers of equities held in the portfolio.

##### B) Life investments with risks borne by policyholders

Investments benefiting policyholders who bear related risk (index- and unit-linked policies) and those relating to pension-fund management are managed according to the objectives envisaged by relevant policies and by pension funds' regulations, with the constraint of total transparency vis-à-vis policy holders and in compliance with specific legal regulations. In order to protect investments' value from exchange-rate fluctuations, the company can use financial derivatives.

Warrants in the internal funds linked to unit-linked policies can be bought and sold, if this is expressly envisaged by the fund's regulation.

Structured products to hedge reserves relating to index-policies can be purchased, in compliance with supervisory regulations.

## Procedures

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

- the market value of assets and their consequent potential losses vs. carrying value;
- macroeconomic and market-variable trends;
- for bond portfolios, issuers' rating of the issuers and analysis of sensitivity to interest-rate risk;
- compliance with the investment limits defined by the Board of Directors;
- overall exposure to the same issuer.

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

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

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

## Financial risk analysis

In this chapter we describe the risks to which the company is exposed in relation to financial markets' movements. These risks are grouped in the three main categories, i.e. market risk, liquidity risk, and credit risk.

The chapter does not discuss investments benefiting policyholders who bear the risk of such investments and investments relating to pension-fund management, because these are strictly connected with related liabilities.

## Securities portfolio breakdown

The following table shows the carrying value of the securities portfolio with risk borne by the company, broken down by investment type (debt securities, equity securities and CIU units). It also provides indicators concerning financial risk exposure and uncertainties of flows.

(in thousands of euros)				
Investment nature	Amount 31/12/2011	% of breakdown	Amount 31/12/2010	% of breakdown
<b>DEBT SECURITIES</b>	<b>1,380,354</b>	<b>97.0%</b>	<b>1,288,057</b>	<b>96.3%</b>
<b>Listed treasury bonds:</b>	<b>1,301,039</b>	<b>91.5%</b>	<b>1,209,569</b>	<b>90.5%</b>
Fixed-interest rate	1,102,243	77.5%	929,000	69.5%
Variable interest rate	198,796	14.0%	280,569	21.0%
<b>Unlisted treasury bonds:</b>	<b>1,956</b>	<b>0.1%</b>	<b>2,137</b>	<b>0.2%</b>
Variable interest rate	1,956	0.1%	2,137	0.2%
<b>Listed corporate bonds:</b>	<b>61,052</b>	<b>4.3%</b>	<b>60,626</b>	<b>4.5%</b>
Fixed-interest rate	45,555	3.2%	45,129	3.4%
Variable interest rate	15,497	1.1%	15,497	1.2%
<b>Unlisted corporate bonds:</b>	<b>1,887</b>	<b>0.1%</b>	<b>1,824</b>	<b>0.1%</b>
Fixed-interest rate	1,887	0.1%	1,824	0.1%
<b>Listed bonds of supranational issuers:</b>	<b>14,420</b>	<b>1.0%</b>	<b>13,901</b>	<b>1.0%</b>
Fixed-interest rate	14,420	1.0%	13,901	1.0%
of which				
Total fixed-interest securities	1,164,105	84.3%	989,854	76.8%
Total variable-interest securities	216,249	15.7%	298,203	23.2%
<b>Total debt securities</b>	<b>1,380,354</b>	<b>100.0%</b>	<b>1,288,057</b>	<b>100.0%</b>
of which				
Total listed securities	1,376,511	99.7%	1,284,096	99.7%
Total unlisted securities	3,843	0.3%	3,961	0.3%
<b>Total debt securities</b>	<b>1,380,354</b>	<b>100.0%</b>	<b>1,288,057</b>	<b>100.0%</b>
<b>EQUITY INSTRUMENTS (*)</b>	<b>37,300</b>	<b>2.6%</b>	<b>39,125</b>	<b>2.9%</b>
listed shares	19,049	1.3%	17,751	1.3%
unlisted equity instruments	18,251	1.3%	21,374	1.6%
<b>OEIC UNITS</b>	<b>5,240</b>	<b>0.4%</b>	<b>10,433</b>	<b>0.8%</b>
<b>TOTAL</b>	<b>1,422,894</b>	<b>100.0%</b>	<b>1,337,615</b>	<b>100.0%</b>

(\*) excluding investments in participating interests

The fixed-income securities portfolio has a duration of 3.5 years.

The following table summarises investment breakdown based on utilisation (investment and trading):

Investment nature	(in thousands of Euros)			
	Amount 31/12/2011	% of breakdown	Amount 31/12/2010	% of breakdown
<b>DEBT SECURITIES</b>	<b>1,380,354</b>	<b>97.0%</b>	<b>1,288,057</b>	<b>96.3%</b>
<b>FIXED INTEREST RATE SECURITIES</b>	<b>1,164,105</b>		<b>989,854</b>	
of which Investment portfolio	983,545		894,580	
of which Trading portfolio	180,560		95,274	
<b>VARIABLE INTEREST RATE SECURITIES</b>	<b>216,249</b>		<b>298,203</b>	
of which Investment portfolio	85,453		55,123	
of which Trading portfolio	130,796		243,080	
<b>EQUITY INSTRUMENTS (*)</b>	<b>37,300</b>	<b>2.6%</b>	<b>39,125</b>	<b>2.9%</b>
<b>OEIC UNITS</b>	<b>5,240</b>	<b>0.4%</b>	<b>10,433</b>	<b>0.8%</b>
of which Investment portfolio	1,174		6,367	
of which Trading portfolio	4,066		4,066	
<b>TOTAL</b>	<b>1,422,894</b>	<b>100.0%</b>	<b>1,337,615</b>	<b>100.0%</b>

(\*) excluding investments in participating interests

### Market risk

Market risk consists of interest rate risk, price risk and exchange rate risk.

Debt securities are exposed to **interest-rate risk**.

The interest-rate risk on fair value is the risk of a financial instrument's value varying due to changes in market interest rates.

A decrease in interest rates would cause an increase in the fair value of such securities, whereas an increase in rates would decrease their fair value.

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

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled € 1,164,105 thousand (84.3 % of the bond portfolio with investment risk borne by the company), of which € 983,545 thousand classified among investment securities (i.e. for long-lasting utilisation) and € 180,560 thousand among trading securities (for temporary utilisation).

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled € 216,249 thousand (15.7% of the bond portfolio with investment risk borne by the company), of which € 85,453 thousand classified among investment securities and € 130,796 thousand among trading securities.

Life insurance contracts envisage a guaranteed minimum rate of interest and feature a direct link between investments and benefits to be paid to policyholders.

This direct link between obligations to policyholders and investments of assets associated with benefits is governed by means of the integrated asset-liability management (ALM) model mentioned earlier.

More specifically, the company manages interest-rate risk by matching asset and liability cash flows and by maintaining a balance between liabilities' duration and that of the securities portfolio directly related to such liabilities.

Duration is an indicator of the sensitivity of asset and liability fair value to changes in interest rates.

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

<b>Fixed - interest securities</b>		(in thousands of euros)	
<b>Maturity</b>	<b>Amount</b>	<b>% of breakdown</b>	
< 1 year	175,709	15.1%	
1<X<2	191,179	16.5%	
2<X<3	79,427	6.8%	
3<X<4	88,777	7.6%	
4<X<5	98,295	8.4%	
5<X<10	481,495	41.4%	
more	49,223	4.2%	
<b>Total</b>	<b>1,164,105</b>	<b>100.0%</b>	

<b>Variable - interest securities</b>		(in thousands of euros)	
<b>Type of rate</b>	<b>Indexation</b>	<b>Amount</b>	<b>% of breakdown</b>
Constant mat. Swap	Euroswap 10Y	28,483	13.2%
Constant mat. Swap	Euroswap 30Y	7,996	3.7%
variable	3 months treasury bonds	1,956	0.9%
Variable	6 months treasury bonds	165,314	76.4%
Variable	other	12,500	5.8%
<b>Total</b>		<b>216,249</b>	<b>100.0%</b>

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

Equity securities are exposed to **price risk**, i.e., the possibility of their fair value varying as a result of changes arising both from factors specific to the individual instrument or issuer and from those affecting all instruments traded on the market.

As at 31/12/2011, investments in equity securities (excluding equity interests in subsidiaries, affiliates, and associates) amounted to € 37,300 thousand, of which € 19,049 thousand relating to listed stocks and € 18,251 thousand to unlisted stocks.

The company is not exposed to foreign **exchange risk** since, as at 31/12/2011, all investments for which it bears the risk are expressed in euro, observing the principle of consistency with technical reserves.

#### Liquidity risk

The company is daily required to execute payments arising from insurance and investment contracts stipulated.

The liquidity risk is the risk that available funds may not be sufficient to meet obligations. It is constantly monitored by means of the ALM procedure.

This risk may also arise as a result of inability to sell a financial asset fast at an amount close to its fair value.

The greater the weight is of financial assets listed in active and regulated markets, the less likely it is that this will happen.

As at 31/12/2010, as shown in the previous section "Securities portfolio breakdown", financial assets listed in a regulated market accounted for over 95% of financial assets owned.

## Credit risk

In implementing its investment policy, the company limits its exposure to credit risk by investing in highly-rated issuers.

As can be seen in the table below, as at 31/12/2010 nearly all corporate bonds held by the group were rated as investment grade.

(importi in migliaia di euro)

<b>Classe di rating (Standard &amp; Poor's)</b>	<b>Importi</b>	<b>% composizione</b>
AAA	114,531	8.3%
AA+ / AA-	53,578	3.9%
A+ / A-	5,886	0.4%
BBB+ / BBB-	1,200,290	87.0%
Non investment grade	6,069	0.4%
<b>Totale</b>	<b>1,380,354</b>	<b>100.0%</b>

## Human resources

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

We pursue this objective via:

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



## Personal data protection code

(pursuant to Annex B, point 26, of Italian Legislative Decree no. 196 of 30 June 2003)

Vittoria Assicurazioni SpA issued on 24 March 2011 an updated version of its Personal Data Security Policy, originally drawn up on 30 June 2003, within the deadline required by current regulations.

## Disclosure of existence of groups, pursuant to Article 2497-bis of Italian Civil Code

Vittoria Assicurazioni SpA – in the insurance group regulated by Articles 82 et seq. of Italian Legislative Decree, no. 209 of 7 September 2005 and by ISVAP (Italian insurance regulator) Regulation no. 15 of 20 February 2008 – holds the role of Group Company and performs activities of direction and co-ordination of the following companies:

### Real estate companies

Vittoria Immobiliare SpA – Milan  
Acacia 2000 Srl – Milan  
Immobiliare Bilancia Srl – Milan  
Immobiliare Bilancia Prima Srl - Milan  
Immobiliare Bilancia Seconda Srl - Milan  
Immobiliare Bilancia Terza Srl - Milan  
V.R.G. Domus Srl – Turin  
Vittoria Properties Srl – Milan  
Valsalaria Srl – Rome  
Forum Mondadori Residenze Srl – Milan  
Vaimm Sviluppo Srl – Milan  
Cadorna Real Estate Srl – Milan  
Interimmobili Srl - Rome  
Gestimmobili Srl - Milan

### Service companies

Interbilancia Srl - Milan  
Vittoria Service Srl - Milan  
Aspevi Milano Srl - Milan  
Aspevi Roma Srl - Milan  
Plurico Srl - Milan

## Infragroup and related-party transactions

At its meeting on 10 November 2010, the Board of Directors approved a new procedure regarding guidelines applicable to transactions with related parties pursuant to CONSOB resolution no. 17221 of 12 March 2010 and ISVAP Regulation no. 25. The procedure, is applicable starting 1° January 2011 and it is included in the annual Corporate Governance Report.

The table below shows the balances resulting from the transactions carried out during the year with Group companies, involving mainly administration and management of the property portfolio, administrative and IT services, loans, guarantees and project management activities for the Company's new headquarters.

	(in thousands of euros)			
	Subsidiaries	Associated	Total as at 31/12/11	Total as at 31/12/10
<i>Assets</i>				
Intangible Assets	-	889	889	970
Investments	81,537	42,078	123,615	238,201
Loans	50	5,000	5,050	5,050
Receivables and other assets	5,285	21	5,306	2,632
<b>Total Assets</b>	<b>86,872</b>	<b>47,988</b>	<b>134,860</b>	<b>246,853</b>
<i>Liabilities</i>				
Loans	-	-	-	-
Payables and other liabilities	1,622	368	1,990	4,186
<b>Total Liabilities</b>	<b>1,622</b>	<b>368</b>	<b>1,990</b>	<b>4,186</b>
<i>Commitments</i>				
Dividends	-	5,415	5,415	11,547
Dividends	2,476	-	2,476	3,813
Revenues for service business	426	-	426	464
Costs for service business	452	2,525	2,977	2,695
(Commissions)	5,699	-	5,699	3,484
Net income on investments	1	74	75	34

Intangibles relate to software implementations by associated company Le Api S.r.l.

Loans to subsidiaries and associates relate to Interbilancia S.r.l. and Spefin S.p.A., respectively.

Revenues from services relate to the chargeback of administrative expenses incurred by Vittoria Assicurazioni S.p.A. on behalf of Group companies.

Costs for services rendered to subsidiaries refer to the property portfolio management services provided by the companies of the Vittoria Immobiliare Group. Costs for services provided by associated companies include € 737 thousand for IT services rendered by Le Api S.r.l. and € 1,759 thousand for services rendered by Sint S.p.A..

Commissions were paid to subsidiaries Aspevi Milano S.r.l. (€ 3,650 thousand) and Aspevi Roma S.r.l. (€ 2,049 thousand).

As recommended by the CONSOB in its memorandum no. 98015375 of 27 February 1998 and its subsequent memorandum no. 6064293 of 28/07/2006, we certify that the transactions carried out with Group companies referred to the normal course of business with use of specific professional services at market rates and did not include any unusual transactions.

A description of the Companies and additional disclosures are shown in the Notes, part C – other information and in the Consolidated Financial Statements.

There were no financial or commercial transactions with the direct controlling company - Vittoria Capital N.V., - Netherlands – or the indirect controlling shareholders, Yafa Holding B.V. – Netherlands - and Yafa S.p.A.. The controlling shareholders do not perform direction and coordination activities, as they are holding companies. Vittoria Capital N.V. and Yafa Holding B.V. have their administrative headquarters in Italy.

## Report on corporate governance and ownership structures

(pursuant to Article 123/2 of T.U.F. and pursuant to Article 89/2 of CONSOB resolution no. 11971 of 14/5/1999 as subsequently amended and supplemented)

The annual report on corporate governance and ownership structures established by article 123/2 of T.U.F. has been prepared according to the format published by Borsa Italiana SpA on February 2010.

The document can be consulted on the company's website in the section "Governance" at the following address: [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com).

## Report on remuneration

(pursuant to Article 123-ter of Italian Legislative Decree, No. 58/1998)

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

## Performance in early months of FY2012 and business outlook

No significant events occurred after the reporting period.

## Allocation of earnings

*Shareholders,*

At the end of the Directors' Report, and considering the contents of the year-end financial statements and accounts, we submit the following allocation of the year's earnings pursuant to the article no. 20 of Social Statute as follows:

Net profit of Non-Life Business	€	29,765,512
Net profit of Life Business	€	5,563,756
Total (equal to € 0.5243 per share)	€	35,329,268
Allocation to Non-Life Business Legal Reserve	€	518,108
Allocation to Life Business Legal Reserve	€	278,188
Total available net profit	€	34,532,972
of which:		
Available net profit of Non-Life Business	€	29,247,404
Available net profit of Life Business	€	5,285,568

Shareholders,

the operating plans that have been prepared lead us to make the following motion for allocation of net profit:

to each of the 67,378,924 shares comprising the entire share capital, € 0,17 for a total of € 11,454,417. Remaining, € 20,078,555 which we propose to allocate the total amount to increase the Available Reserve for Non-Life Business.

If you agree with and approve our proposal, the dividend will be paid as from 17 May 2012 c/o custodian intermediaries with detachment of coupon number 30 on 14 May 2011.

In concluding this report, we wish to thank shareholders and policyholders for the trust placed in the company, as well as employees, agents and their staff for their hard work and effort.

The Board of Directors

Milan, 13 March 2012

Financial statements  
as at and for the year ended  
31 December 2011

# BALANCE SHEET

## ASSETS

Current year

A. SHARE CAPITAL PROCEEDS TO BE RECEIVED			1 0
of which: called-up	2	0	
B. INTANGIBLE ASSETS			
1. Acquisition commissions to be amortised			
a) life businesses	3	4,571,611	
b) non-life businesses	4	3,762,772	5 8,334,383
2. Other acquisition costs	6	0	
3. Start-up and capital costs	7	0	
4. Goodwill	8	2,059,859	
5. Other deferred costs	9	36,519,975	10 46,914,217
C. INVESTMENTS			
I - Land and buildings			
1. Operating buildings	11	97,834,921	
2. Buildings used by third parties	12	17,442,114	
3. Other buildings	13	0	
4. Other property rights	14	0	
5. Assets under construction and payments on account	15	70,408,318	16 185,685,353
II - Investments in group and other companies:			
1. Equity investments in:			
a) parent companies	17	0	
b) subsidiaries	18	81,536,994	
c) related companies	19	0	
d) associated companies	20	42,078,145	
e) other companies	21	37,299,448	22 160,914,587
2. Bonds issued by:			
a) parent companies	23	0	
b) subsidiaries	24	0	
c) related companies	25	0	
d) associated companies	26	0	
e) other companies	27	0	28 0
3. Loans to:			
a) parent companies	29	0	
b) subsidiaries	30	50,000	
c) related companies	31	0	
d) associated companies	32	5,000,000	
e) other companies	33	150,001	34 5,200,001 35 166,114,588
		to carry forward	46,914,217

Previous year

					181	0
		182	0			
183	2,981,364					
184	4,188,764	185	7,170,128			
		186	0			
		187	0			
		188	2,633,112			
		189	33,949,692		190	43,752,932
		191	783,000			
		192	18,138,472			
		193	0			
		194	0			
		195	0	196	18,921,472	
197	0					
198	194,980,979					
199	0					
200	43,309,791					
201	39,125,485	202	277,416,255			
203	0					
204	0					
205	0					
206	0					
207	0	208	0			
209	0					
210	50,000					
211	0					
212	5,000,000					
213	150,001	214	5,200,001	215	282,616,256	
		to carry forward				43,752,932

# BALANCE SHEET

## ASSETS

Current year

		brought forward		
				46,914,217
C. INVESTMENTS (continues)				
III - Other financial investments:				
1. Equity investments				
a) Listed shares	36	0		
b) Unlisted shares	37	0		
c) Quotas	38	0	39	0
2. Unit trust units			40	5,239,812
3. Bonds and other fixed-interest securities				
a) listed	41	1,376,510,803		
b) unlisted	42	3,842,853		
c) convertible bonds	43	0	44	1,380,353,656
4. Loans				
a) secured loans	45	5,263,508		
b) loans on policies	46	3,272,748		
c) other loans	47	1,240,607	48	9,776,863
5. Shares in investment pools			49	0
6. Deposits with banks			50	0
7. Other financial investments			51	0
			52	1,395,370,331
IV - Deposits with ceding companies				
			53	225,219
			54	1,747,395,491
D. INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND STEMMING FROM PENSION FUND MANAGEMENT				
I - Investments relating to index-linked policies				
			55	51,120,056
II - Investments relating to pension fund management				
			56	10,343,598
			57	61,463,654
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES				
I - NON-LIFE BUSINESSES				
1. Premium reserve			58	13,379,212
2. Claims reserve			59	43,073,567
3. Profit participation and reimbursement reserve			60	0
4. Other technical reserves			61	0
			62	56,452,779
II - LIFE BUSINESSES				
1. Mathematical reserves			63	16,752,934
2. Complementary insurance premium reserve			64	0
3. Reserve for payable amounts			65	0
4. Profit participation and reimbursement reserve			66	0
5. Other technical reserves			67	17,049
6. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management			68	0
			69	16,769,983
			70	73,222,762
		to carry forward		1,928,996,124



Previous year

	brought forward		43,752,932
216	0		
217	0		
218	0	219	0
		220	10,432,988
221	1,284,095,394		
222	3,961,579		
223	0	224	1,288,056,973
225	5,786,550		
226	3,496,301		
227	1,477,100	228	10,759,951
		229	0
		230	0
		231	1,038,335
		232	1,310,288,247
		233	248,940
		234	1,612,074,915
		235	65,831,417
		236	10,624,931
		237	76,456,348
		238	12,500,992
		239	39,501,155
		240	0
		241	0
		242	52,002,147
		243	21,207,396
		244	0
		245	372,901
		246	0
		247	21,905
		248	0
		249	21,602,202
		250	73,604,349
	to carry forward		1,805,888,544

# BALANCE SHEET

## ASSETS

Current year

	brought forward			1,928,996,124
<b>E. RECEIVABLES</b>				
I - Receivables relating to direct insurance due from:				
1. Policyholders				
a) premiums for the year	71	59,804,254		
b) premiums for previous years	72	8,192,698	73	67,996,952
2. Insurance brokers and agents			74	81,721,460
3. Current account companies			75	9,656,781
4. Amounts to be recovered from policyholders and third parties			76	53,291,651
			77	212,666,844
II - Receivables relating to reinsurance due from:				
1. Insurance and reinsurance companies			78	3,818,363
2. Reinsurance brokers and agents			79	0
			80	3,818,363
III. - Other receivables			81	30,656,625
			82	247,141,832
<b>F. OTHER ASSETS</b>				
I - Tangible assets and inventory:				
1. Office furniture and machines and internal transport systems			83	7,983,736
2. Registered chattel property			84	82,486
3. Plant and machinery			85	826,868
4. Inventory and other assets			86	0
			87	8,893,090
II - Liquid funds				
1. Bank and postal accounts			88	72,098,663
2. Cheques on hand and cash-in-hand			89	45,602
			90	72,144,265
III - Own shares or quotas			91	0
IV - Other assets				
1. Suspense reinsurance accounts			92	0
2. Sundry assets			93	37,465,707
			94	37,465,707
			95	118,503,062
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>				
1. Interest			96	16,129,902
2. Rent instalments			97	1,180,728
3. Other prepayments and accrued income			98	3,709,767
			99	21,020,397
<b>TOTAL ASSETS</b>				100
				2,315,661,415

Previous year

	brought forward		1,805,888,544
251	51,244,534		
252	7,725,492	253	58,970,026
		254	69,430,172
		255	8,420,481
		256	47,196,115
		257	184,016,794
		258	3,638,068
		259	0
		260	3,638,068
		261	21,530,449
		262	209,185,311
		263	6,518,279
		264	8,200
		265	965,018
		266	0
		267	7,491,497
		268	61,828,444
		269	8,807
		270	61,837,251
		271	0
		272	0
		273	24,496,792
		274	24,496,792
		275	93,825,540
		276	16,014,815
		277	423,724
		278	3,459,767
		279	19,898,306
		280	2,128,797,701

# BALANCE SHEET

## LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

A. SHAREHOLDERS' EQUITY				
I	- Subscribed share capital or equivalent fund	101	67,378,924	
II	- Share premium reserve	102	33,355,418	
III	- Revaluation reserves	103	10,938,990	
IV	- Legal reserve	104	11,107,451	
V	- Statutory reserves	105	0	
VI	- Reserves for purchase of own shares and shares of parent company	106	0	
VII	- Other reserves	107	160,545,400	
VIII	- Retained earnings or losses carried forward	108	0	
IX	- Net profit (loss) for the year	109	35,329,268	110 style="text-align: right;">318,655,451
B. SUBORDINATED LIABILITIES				111 style="text-align: right;">0
C. TECHNICAL RESERVES				
I - NON-LIFE BUSINESSES				
1.	Premium reserve	112	324,051,661	
2.	Claims reserve	113	697,100,416	
3.	Profit participation and reimbursement reserve	114	0	
4.	Other technical reserves	115	408,603	
5.	Equalisation reserves	116	3,807,748	117 style="text-align: right;">1,025,368,428
II - LIFE BUSINESSES				
1.	Mathematical reserves	118	733,726,960	
2.	Complementary insurance premium reserve	119	159,314	
3.	Reserve for payable amounts	120	26,150,991	
4.	Profit participation and reimbursement reserve	121	42,136	
5.	Other technical reserves	122	12,266,380	123 style="text-align: right;">772,345,781
D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT				124 style="text-align: right;">1,797,714,209
I	- Reserves arising from index-linked policies	125	51,120,056	
II	- Reserves arising from pension fund management	126	10,343,598	127 style="text-align: right;">61,463,654
	to carry forward			2,177,833,314

Previous year

		281	67,378,924	
		282	33,355,418	
		283	10,938,990	
		284	9,644,667	
		285	0	
		286	0	
		287	144,206,925	
		288	0	
		289	29,255,676	290
				294,780,600
				291
				290,582
292	278,212,829			
293	605,448,676			
294	0			
295	408,603			
296	3,246,185	297	887,316,293	
298	725,994,896			
299	156,312			
300	29,349,780			
301	36,155			
302	12,824,403	303	768,361,546	304
				1,655,677,839
		305	65,831,417	
		306	10,624,931	307
				76,456,348
	to carry forward			2,027,205,369

# BALANCE SHEET

## LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

	brought forward			2,177,833,314
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES				
1 Pension and similar provisions		128	0	
2 Provision for taxation		129	8,759,080	
3 Other provisions		130	741,337	131 9,500,417
F. DEPOSITS FROM REINSURERS				132 24,417,501
G. PAYABLES AND OTHER LIABILITIES				
I - Payables arising from direct insurance business due to:				
1. Insurance brokers and agents	133	4,285,132		
2. Current account companies	134	1,632,401		
3. Guarantee deposits and premiums paid by policyholders	135	239,390		
4. Guarantee funds in favour of policyholders	136	4,576,111	137 10,733,035	
II - Payables arising from reinsurance business due to:				
1. Insurance and reinsurance companies	138	11,190,253		
2. Reinsurance brokers and agents	139	0	140 11,190,253	
III. - Bond issues			141	0
IV - Due to banks and other financial institutions			142	0
V - Secured debts			143	0
VI - Sundry loans and other financial payables			144	0
VII - Employees' leaving entitlement			145	3,805,789
VIII - Other sums payable				
1. Policyholders' tax due	146	18,454,316		
2. Other sums payable to taxation authorities	147	13,075,197		
3. Social security charges payable	148	2,253,762		
4. Sundry payables	149	24,518,828	150 58,302,103	
IX - Other liabilities				
1. Suspense reinsurance accounts	151	0		
2. Commissions on premiums under collection	152	14,346,526		
3. Other liabilities	153	5,506,128	154 19,852,654	155 103,883,834
	to carry forward			2,315,635,066

Previous year

brought forward			2,027,205,369
	308	0	
	309	839,866	
	310	741,337	311 1,581,203
			312 27,662,248
313	3,557,582		
314	2,221,846		
315	143,581		
316	2,419,103	317 8,342,112	
318	9,040,705		
319	0	320 9,040,705	
		321 0	
		322 0	
		323 0	
		324 0	
		325 3,972,155	
326	14,896,724		
327	1,836,642		
328	2,075,885		
329	15,837,211	330 34,646,462	
331	0		
332	10,816,584		
333	5,448,978	334 16,265,562	335 72,266,996
to carry forward			2,128,715,816

## BALANCE SHEET

### LIABILITIES AND SHAREHOLDERS' EQUITY

	Current year	
brought forward		2,315,635,066
H. ACCRUED EXPENSES AND DEFERRED INCOME		
1. Interest	156	0
2. Rent instalments	157	0
3. Other accrued expenses and deferred income	158	26,349
159	26,349	26,349
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	160	<b>2,315,661,415</b>

## BALANCE SHEET

### GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

	Current year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS		
I - Guarantees given		
1. Sureties	161	0
2. Endorsements	162	0
3. Other personal guarantees	163	20,500,000
4. Collateral	164	0
II - Guarantees received		
1. Sureties	165	6,458,000
2. Endorsements	166	0
3. Other personal guarantees	167	0
4. Collateral	168	1,899,366
III - Guarantees given by third parties in the interest of the company	169	0
IV - Commitments	170	6,165,199
V - Third party assets	171	6,065,594
VI - Assets pertaining to pension funds managed in favour and on behalf of third parties	172	10,343,598
VII - Securities held by third parties	173	1,453,248,006
VIII - Other memorandum and contingency accounts	174	0



Previous year

brought forward		2,128,715,816
	336	15,982
	337	0
	338	65,903
	339	81,885
	340	2,128,797,701

Previous year

	341	0
	342	0
	343	20,500,000
	344	0
	345	6,354,000
	346	0
	347	0
	348	1,899,366
	349	0
	350	11,457,048
	351	4,352,366
	352	10,624,931
	353	1,370,818,798
	354	0

# PROFIT AND LOSS ACCOUNT

Current year

I. NON-LIFE BUSINESS TECHNICAL ACCOUNT				
1	PREMIUMS, NET OF OUTWARDS REINSURANCE			
	a) gross premiums accounted for	1	810,030,065	
	b) (-) outwards reinsurance premiums	2	26,510,497	
	c) Change in gross premium reserve	3	45,835,772	
	d) Change in reinsurer premium reserve	4	877,728	5
				738,561,524
2	(+) INCOME ON INVESTMENTS TRANSFERRED FROM NON-TECHNICAL ACCOUNT (Caption III.6)			6
				10,402,087
3	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE			7
				3,964,916
4	CHARGES RELATING TO CLAIMS, NET OF RECOVERIES AND OUTWARDS REINSURANCE			
	a) Amounts paid			
	aa) Gross amount paid	8	465,080,579	
	bb) (-) reinsurers' share	9	12,762,101	10
				452,318,478
	b) Change in recoveries, net of reinsurers' share			
	aa) Gross amount recovered	11	14,317,270	
	bb) (-) reinsurers' share	12	277,307	13
				14,039,963
	c) Change in claims reserve			
	aa) Gross amount	14	91,646,476	
	bb) (-) reinsurers' share	15	3,568,747	16
				88,077,729
				526,356,244
5	CHANGE IN OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE			18
6	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE			19
7	OPERATING COSTS:			
	a) Acquisition commissions	20	119,667,398	
	b) Other acquisition costs	21	37,911,342	
	c) Change in commissions and other acquisition costs to be amortised	22	-425,991	
	d) Premium collection commissions	23	9,052,202	
	e) Other administrative costs	24	21,199,433	
	f) (-) Profit participation and other commissions received by reinsurers	25	7,926,007	26
				180,330,359
8	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE			27
				8,223,097
9	CHANGE IN EQUALISATION RESERVES			28
				561,564
10	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 1)			29
				37,457,263

Previous year

			111	674,247,561	
			112	35,822,208	
			113	48,173,410	
			114	2,825,797	115
					593,077,740
					116
					13,402,520
					117
					4,035,984
		118	399,457,398		
		119	21,861,391	120	377,596,007
		121	16,254,805		
		122	1,930,547	123	14,324,258
		124	55,898,877		
		125	-4,809,714	126	60,708,592
					127
					423,980,340
					128
					-3,364,924
					129
			130	102,233,686	
			131	32,693,819	
			132	-197,716	
			133	7,417,341	
			134	17,937,889	
			135	8,611,447	136
					151,869,004
					137
					4,662,918
					138
					214,856
					139
					33,154,050

# PROFIT AND LOSS ACCOUNT

Current year

<b>II. LIFE BUSINESS TECHNICAL ACCOUNT</b>					
1	PREMIUMS, NET OF OUTWARDS REINSURANCE:				
	a) Gross premiums accounted for		30	127,535,893	
	b) (-) outwards reinsurance premiums		31	1,268,885	32 126,267,008
2	INCOME ON INVESTMENTS:				
	a) Income on equity investments		33	2,261,365	
	(of which: from group companies		34	2,261,365 )	
	b) Income on other investments:				
	aa) land and buildings	35			
	bb) other investments	36	29,339,319	37 29,339,319	
	(of which: from group companies		38	3,890 )	
	c) Adjustments to investment values		39	94,453	
	d) Profit on sale of investments		40	1,180,922	
	(of which: from group companies		41		42 32,876,059
3	INCOME AND NON-REALISED CAPITAL GAINS RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS BEARING THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT				43 3,742,830
4	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE				44 648,253
5	CHARGES RELATING TO CLAIMS, NET OF OUTWARDS REINSURANCE:				
	a) Amounts paid				
	aa) Gross amount paid	45	138,463,904		
	bb) (-) reinsurers' share	46	5,676,356	47 132,787,548	
	b) Change in reserve for amounts payable				
	aa) Gross amount	48	-3,198,788		
	bb) (-) reinsurers' share	49	-372,901	50 -2,825,887	51 129,961,661
6	CHANGE IN MATHEMATICAL RESERVES AND OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE				
	a) Mathematical reserves:				
	aa) Gross amount	52	5,874,421		
	bb) (-) reinsurers' share	53	-4,454,462	54 10,328,883	
	b) Complementary insurance premium reserve:				
	aa) Gross amount	55	3,003		
	bb) (-) reinsurers' share	56		57 3,003	
	c) Other technical reserves				
	aa) Gross amount	58	-558,023		
	bb) (-) reinsurers' share	59	-4,856	60 -553,167	
	d) Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management				
	aa) Gross amount	61	-14,992,694		
	bb) (-) reinsurers' share	62		63 -14,992,694	64 -5,213,975

Previous year

		140	143,291,075			
		141	1,823,213	142	141,467,863	
		143	3,181,500			
(of which: from group companies		144	3,181,500 )			
	145					
	146	31,994,978	147	31,994,978		
(of which: from group companies		148	43,916 )			
		149	75,247			
		150	369,449			
(of which: from group companies		151	)	152	35,621,174	
				153	9,259,537	
				154	860,689	
	155	143,338,880				
	156	465,670	157	142,873,209		
	158	6,045,386				
	159		160	6,045,386	161	148,918,596
	162	3,859,660				
	163	1,281,042	164	2,578,618		
	165	-47				
	166		167	-47		
	168	755,835				
	169	-595	170	756,430		
	171	656,575				
	172		173	656,575	174	3,991,576

# PROFIT AND LOSS ACCOUNT

Current year

7	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE			65	5,981
8	OPERATING COSTS:				
	a) Acquisition commissions	66	6,326,848		
	b) Other acquisition costs	67	6,754,069		
	c) Change in commissions and other acquisition costs to be amortised	68	1,590,247		
	d) Premium collection commissions	69	1,213,876		
	e) Other administrative costs	70	3,178,357		
	f) (-) Profit participation and other commissions received by reinsurers	71	60,116	72	15,822,787
9	CAPITAL AND FINANCIAL CHARGES:				
	a) Investment management charges and interest payable	73	2,809,795		
	b) Adjustments to investment values	74	6,221,948		
	c) Loss on sale of investments	75	4,740	76	9,036,483
10	CAPITAL AND FINANCIAL CHARGES AND NON-REALISED CAPITAL LOSSES RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS WHO BEAR THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT			77	9,216,998
11	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE			78	185,527
12	(-) INCOME ON INVESTMENTS TRANSFERRED TO NON-TECHNICAL ACCOUNT (caption III.4)			79	
13	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 2)			80	4,518,688
<b>III. NON-TECHNICAL ACCOUNT</b>					
1	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption I. 10)			81	37,457,263
2	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption II. 13)			82	4,518,688
3	INCOME ON INVESTMENTS IN NON-LIFE BUSINESS:				
	a) Income on equity investments	83	561,474		
	(of which: from group companies	84	561,474		
	b) Income on other investments:				
	aa) land and buildings	85	206,338		
	bb) other investments	86	23,681,546	87	23,887,883
	(of which: from group companies	88	74,379		
	c) Adjustments to investment values	89	437,920		
	d) Profit on sale of investments	90	239,482		
	(of which: from group companies	91		92	25,126,760

Previous year

			175	7,623	
			176	7,443,946	
			177	5,984,898	
			178	213,559	
			179	1,156,212	
			180	3,732,324	
			181	324,168	182
					17,779,653
			183	2,620,622	
			184	431,873	
			185	147,025	186
					3,199,520
					187
					3,071,524
					188
					204,839
					189
					3,646,788
					190
					6,389,143
					191
					33,154,050
					192
					6,389,143
			193	631,966	
(of which: from group companies			194	631,966 )	
			195	209,651	
			196	19,584,652	197
(of which: from group companies			198	26,096 )	19,794,303
			199		
			200	377,319	
(of which: from group companies			201		202
					20,803,588

## PROFIT AND LOSS ACCOUNT

Current year

4	(+) INCOME ON INVESTMENTS TRANSFERRED FROM LIFE BUSINESS TECHNICAL ACCOUNT (caption II) 12)		93	
5	CAPITAL AND FINANCIAL CHARGES OF NON-LIFE BUSINESS:			
	a) Investment management charges and interest payable	94	2,594,210	
	b) Adjustments to investment values	95	5,639,225	
	c) Loss on sale of investments	96	4,028,053	97
6	(-) INCOME ON INVESTMENTS TRANSFERRED TO NON-LIFE BUSINESS TECHNICAL ACCOUNT (caption I . 2)			98
7	OTHER INCOME			99
8	OTHER CHARGES			100
9	RESULT OF ORDINARY BUSINESS			101
10	EXTRAORDINARY INCOME			102
11	EXTRAORDINARY EXPENSE			103
12	RESULT OF EXTRAORDINARY ORDINARY BUSINESS			104
13	PROFIT (LOSS) BEFORE TAXATION			105
14	TAXATION ON PROFIT FOR THE YEAR			106
15	NET PROFIT (LOSS) FOR THE YEAR			107



Previous year

		203	3,646,788
		-----	
	204	2,033,458	
		-----	
	205	2,084,764	
		-----	
	206		207
			4,118,222
		-----	
		208	13,402,520
		-----	
		209	1,813,083
		-----	
		210	7,277,901
		-----	
		211	41,008,009
		-----	
		212	2,437,972
		-----	
		213	263,165
		-----	
		214	2,174,807
		-----	
		215	43,182,816
		-----	
		216	13,927,140
		-----	
		217	29,255,676
		-----	



# EXPLANATORY NOTES TO ACCOUNTS

## *To Our Shareholders*

Together with the Balance Sheet and Income Statement for the financial year ending on 31 December 2011, we also submit for your approval these Explanatory Notes, which, pursuant to Article 2423 of the Italian Civil Code, are an integral part of the year-end financial statements.

## Format and content of year-end financial statements

The financial statements, prepared in euro, are presented in the specific format envisaged for insurance companies as per the requirements of Italian Legislative Decree no. 209 of 7 September 2005 "Private Insurance Company Code". For items not covered by the aforementioned Decree or by its implementation ordinances, the provisions of the Italian Civil Code and those of Italian Legislative Decree no. 173 of 26 May 1997.

Specifically, in compliance with ISVAP Regulation no. 22 of 4 April 2008, the financial statements have been prepared as follows:

- the balance sheet and income statement are expressed in euro units. The arithmetical sum of rounding differences are recorded under captions F.IV.2) Sundry assets or G.IX.3) Sundry liabilities in the balance sheet and III.10) Extraordinary income or III.11) Extraordinary expense in the income statement;
- the Explanatory Notes to accounts, their appendices, and the restated balance sheet and income statement are presented in thousands of euro. Related rounding has been calculated to ensure consistency with the figures in euro units shown in the balance sheet and income statement.

As is required by regulations, the Explanatory Notes consist of three parts, i.e.

Part A – Accounting policies

Part B – Information on the balance sheet and income statement

Part C – Other information and cash flow statement.

The Notes include 32 appendices that analyse the technical and financial components of insurance and financial operations.

In order to provide more complete information, it has been deemed appropriate, as already done in previous years, also to present the restated balance sheet and income statement.

Restated balance sheet captions are shown net of reinsurance effects.

## Reclassified balance sheet

(€/000)

ASSETS	31/12/2011	31/12/2010
Investments		
Land and buildings	185,685	18,921
Investments in group and other companies		
- Equity investments	160,915	277,416
- Loans	5,200	5,200
Other financial investments:		
- Unit trust units	5,240	10,433
- Bonds and other fixed-interest securities	1,380,354	1,288,057
- Loans	9,777	10,760
- Other financial investments	-	1,038
Deposits with ceding companies	225	249
Investments benefiting life policyholders	61,464	76,456
<b>Total investments</b>	<b>1,808,860</b>	<b>1,688,530</b>
Receivables		
Receivables relating to direct insurance business from:		
- Policyholders	67,997	58,970
- Insurance brokers and agents	81,721	69,430
- Current account companies	9,657	8,420
- Amounts to be recovered from policyholders and third parties	53,292	47,196
Receivables relating to reinsurance business	3,818	3,638
Other receivables	30,657	21,530
<b>Total receivables</b>	<b>247,142</b>	<b>209,184</b>
Intangible assets	46,914	43,753
Tangible assets and inventory	8,893	7,491
Liquid funds	72,144	61,837
Other assets	37,465	24,498
Prepayments and accrued income	21,020	19,898
<b>TOTAL ASSETS</b>	<b>2,242,438</b>	<b>2,055,191</b>

## Reclassified balance sheet

(€/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2011	31/12/2010
<b>Shareholders' equity</b>		
- Share capital	67,379	67,379
- Share premium reserve	33,355	33,355
- Revaluation reserves	10,939	10,939
- Legal reserve	11,107	9,645
- Other reserves	160,545	144,207
- Net profit (loss) for the year	35,329	29,256
<b>Total shareholders' equity</b>	<b>318,654</b>	<b>294,781</b>
<b>Subordinated liabilities</b>	<b>-</b>	<b>291</b>
<b>Technical reserves, net of reinsurance</b>		
- Premium reserve	310,672	265,712
- Claims reserve	654,027	565,947
- Mathematical reserves	716,974	704,787
- Reserve for amounts payable	26,151	28,976
- Other technical reserves	16,667	16,649
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	61,464	76,456
<b>Total technical reserves</b>	<b>1,785,955</b>	<b>1,658,527</b>
<b>Payables</b>		
Deposits from reinsurers	24,418	27,662
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	4,285	3,558
- Current account companies	1,632	2,222
- Guarantee deposits and premiums paid by policyholders	239	144
- Guarantee funds in favour of policyholders	4,576	2,419
Payables arising from reinsurance business	11,190	9,041
Other sums payable	58,302	34,646
<b>Total payables</b>	<b>104,642</b>	<b>79,692</b>
Provisions for contingencies and other charges	9,500	1,581
Employees' leaving entitlement	3,806	3,972
Other liabilities	19,855	16,265
Accrued expenses and deferred income	26	82
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,242,438</b>	<b>2,055,191</b>

## Reclassified individual profit and loss account

(€/000)

	31/12/2011	31/12/2010
<b>Technical account</b>		
<b>Life businesses:</b>		
<b>Direct insurance</b>		
(+) Gross premiums accounted for	127,273	143,290
(-) Charges relating to claims	135,211	149,294
(-) Change in mathematical and other technical reserves	-9,650	5,301
(+) Other technical captions, net	456	647
(-) Operating costs	15,863	18,104
(+) Return on investments where the company bears the risk net of the portion transferred to the non-technical account	23,840	28,775
(+) income on investments where policyholders bear the risk - Class D	-5,474	6,188
<b>Direct insurance result</b>	<b>4,671</b>	<b>6,201</b>
Outwards reinsurance result	-365	247
Retained direct insurance result	4,306	6,448
Indirect and retroceded insurance result	213	-59
<b>Result of life business technical account</b>	<b>4,519</b>	<b>6,389</b>
<b>Non-life businesses:</b>		
<b>Direct insurance</b>		
(+) Gross premiums accounted for	809,904	674,173
(-) Change in premium reserve	45,842	48,261
(-) Charges relating to claims	542,385	439,094
(-) Change in other technical reserves	-	-3,364
(+) Other technical captions, net	-4,259	-627
(-) Operating costs	188,218	160,448
<b>Direct insurance result</b>	<b>29,200</b>	<b>29,107</b>
Outwards reinsurance result	-1,635	-9,174
Retained direct insurance result	27,565	19,933
Indirect and retroceded insurance result	52	33
<b>Total retained direct insurance result</b>	<b>27,617</b>	<b>19,966</b>
(-) Change in equalisation reserves	562	215
(+) Income on investments transferred from the non-technical account	10,402	13,403
<b>Result of non-life business technical account</b>	<b>37,457</b>	<b>33,154</b>
<b>Result of technical account</b>	<b>41,976</b>	<b>39,543</b>
(+) Income on non-life business investments net of the portion transferred to the technical account	2,463	3,283
(+) Income on investments transferred from the life business technical account	-	3,647
(+) Other income	5,117	1,813
(-) Other charges	11,756	7,278
<b>Result of ordinary business</b>	<b>37,800</b>	<b>41,008</b>
(+) Extraordinary income	15,151	2,438
(-) Extraordinary expense	3,047	263
<b>Profit (loss) before taxation</b>	<b>49,904</b>	<b>43,183</b>
(-) Taxation on profit for the year	14,575	13,927
<b>Net profit (loss)</b>	<b>35,329</b>	<b>29,256</b>

## Part A

### Accounting policies

The accounting policies used to draw up year-end financial statements comply with the requirements of Articles 2426 and 2427 of the Italian Civil Code, of Italian Legislative Decree no. 209 of 7 September 2005, of Italian Legislative Decree no. 173 of 26 May 1997 (to which the “Private Insurance Company Code” refers), of the ISVAP regulation no. 22 of 4 April 2008 and of dispositions require by corporate law (Italian Legislative Decree no. 6 of 17 January 2003 and the following integrations and modifications), are described below.

In addition, the year-end financial statements comply with the requirements of Italian Legislative Decree no. 58 of 24 February and of CONSOB (Italian securities & exchange commission) guidelines, in particular no. 11971 of 14 May 1999 and the following integrations and modifications.

Unless otherwise specified, accounting policies relating to direct insurance also apply to outward reinsurance.

The financial statements have been prepared on a going concern basis.

### Technical insurance captions

#### Classification of risks by business line

For the purposes of allocation of gross premiums written and of related transactions, classification of risks by business line is defined by Article 2 of Italian Legislative Decree no. 209 of 7 September 2005.

#### NON-LIFE

Premiums and related premium reserves are allocated to the various Non-Life Business lines analytically for single guarantee; operating costs and technical income are allocated to the various Non-Life Business lines through appropriated drivers.

Costs relating to claims are directly allocated to the individual lines if they refer to transactions relating to an individual event, since allocations are made on the basis of the type of cover involved in a claim. Costs common to several claims are allocated to the various officially defined lines according to the weight of indemnities paid during the financial year. Costs borne for claims in the current and previous financial years are allocated in proportion to the indemnities paid in the various years concerned. Only for the Motor TPL (third-party liability) line is the impact of the number of claims occurring in the year taken into account.

#### LIFE

Allocation of Life technical captions is done on a direct basis since the entire portfolio matches the regulatory classification.

#### Gross premiums

#### LIFE/ NON-LIFE

Premiums, together with their ancillary costs, gross of outward reinsurance are recognised as revenues upon maturity, regardless of when documents are recorded and of the date when they are effectively collected.

In the Non-Life business, cancellations of individual policies caused by technical events are directly deducted from premiums, as long as they are issued in the same year. In the case of Non-Life business, the caption comprises all cancellations except for those relating to first-year premiums written in previous financial years.

For Non-Life business, allocation to the year is made via adjustment of the premium reserve. For the Life business, instead, it is implicit in the calculation of the

mathematical reserves, of the complementary insurance premium reserve, and of other technical reserves of the life business.

Ceded and retroceded reinsurance premiums are accounted for in accordance with the contractual agreements made with reinsurers.

## Operating costs

NON-LIFE/  
LIFE

Operating costs include:

- acquisition commissions  
They include the commissions paid on the acquisition and renewal (also tacit) of contracts. They also include extra commissions and commission bonuses commensurate with achievement of productivity targets;
- other acquisition costs  
They include personnel expenses, logistics costs, costs for services and purchase of goods of the management departments involved in the assessment, issue and management of insurance contracts. They also include costs accorded to the agency network for the issuing of contracts and for extra bonuses and commission bonuses not linked to productivity targets, plus costs incurred for medical check-ups;
- changes in commissions and other acquisition costs to be amortised  
The item includes the year's portion of amortisation for acquisition commissions and other acquisition expenses;
- premium collection commissions  
This item includes commissions paid for collection of premiums relating to long-term contracts;
- other administrative costs  
They include personnel expenses, logistics costs, costs for services and purchase of goods of the company departments other than those relating to the other acquisition costs indicated above and those allocated to claims settlement and investment management. They also include charges incurred for the termination of agency agreements not the part not subject to compensation;
- commissions and profit participation received by reinsurers  
This includes commissions and profit-participation amounts for reinsurers as established by contractual agreement for premiums ceded and retroceded.

## Premium reserve

NON-LIFE

The Non-Life premium reserve is calculated on a pro-rata temporis basis, contract by contract, based on premiums written net of direct acquisition costs and of the unearned portion of premiums, i.e. pertaining to the period after December 31st in the financial year concerned.

For the contract of Credit Business draw up or renew before 31 December 2001, as prescribed by article no. 7, paragraph 4 of ISVAP Regulation n° 16/2008, have been used the forfeitary criterion as envisaged by article 3 of enclosed 1 of above mentioned Regulation.

There is an exception to this rule for the calculation of the reserve for some business lines for which risk exposure does not decrease as time elapses or for which the correlation between policy premiums and potential claim costs does not follow the usual economic and technical criteria.

The ISVAP Regulation no. 16 of 4 March 2008 defines the business lines and the criteria of calculation, which are recalled below:

- Suretyship insurance: the additional reserve follows the criteria envisaged by article no. 14 of above mentioned Regulation;
- Hail insurance: the additional reserve follows the criteria envisaged by articles no. 16 and 17 of above mentioned Regulation;
- Miscellaneous asset damage - (earthquake, seaquake and volcanic eruption insurance): the additional reserve follows the criteria envisaged by articles no. 19 and 20 of above mentioned Regulation;



- Nuclear risks: the additional reserve follows the criteria envisaged by article no. 22 of above mentioned Regulation.

The premium reserve is supplemented by:

- The reserve for unexpired risks: this reserve is set up to cover risks incumbent upon the company after the balance sheet date. It is a technical provision, mandatorily required by article no. 11 of ISVAP Regulation no. 16 of 4 March 2008, made if, and to the extent that, the total amount of the presumed cost of expected claims – relating to in-force policies – is estimated to exceed the reserve for unearned premiums plus premiums outstanding, net of acquisition costs, for deferred-premium policies.

Reinsurers' premium reserve: this is calculated applying the same criteria as those used for direct business and inward reinsurance.

### Other technical reserves

#### NON-LIFE

This caption comprises the aging reserve for health insurance as required by Article 37 of Italian Legislative Decree no. 209 of 7 September 2005.

Calculations include all the products that, in setting premiums, do not take into account changes in the policyholder's age and contain clauses that limit the Company's ability to withdraw, as indicated by paragraph 1 of article 46 of ISVAP Regulation 16/2008.

The estimate is based on a comparison between estimated cash inflows (all premiums expected to be collected in future years on the contracts held in portfolio at December 2011) and estimated cash outflows (all losses expected to be paid for the contracts held in portfolio at December 2011).

For consistency and as a comparison, the reserve was calculated on a lump-sum basis by setting aside 10% of gross premiums written, as envisaged by paragraph 3 of article 47 of ISVAP Regulation 16/2008.

### Equalisation reserves

#### NON-LIFE

Equalisation reserves comprise all sums provisioned in compliance with Article 37 of Italian Legislative Decree no. 209 of 7 September 2005 in order to smooth fluctuations in claims rate in future years or to cover special risks.

The item includes:

- the offsetting reserve for credit insurance as per Article 42 of ISVAP Regulation no. 16/2008;
- the equalisation reserve for risks of natural disasters; the calculation is in accordance with the Ministerial Decree of 19/11/1996.

Equalisation reserving for FY2007, by business line, is shown in Appendix 25 to the Explanatory Notes.

### Costs relating to claims paid

#### NON-LIFE

In the Non-Life business costs relating to claims paid include amounts paid in the year as indemnities and direct expenses, as well as claims adjustment expenses and the cost of the contribution to the guarantee fund for road-accident victims.

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

Settlement costs include amounts paid to professionals appointed for the purpose, personnel expenses, logistics costs, and costs for services and goods of the company departments dedicated to claims settlement and handling.

#### LIFE

Costs relating to claims in the Life business include sums recognised in the financial year against capital sums and annuities accruing, surrenders, and claims, including those relating to complementary insurance.

## NON-LIFE/ LIFE

The amount of reinsurers' share of costs is calculated according to the provisions of provisions of contracts in place.

### Recoverables

## NON-LIFE

The caption includes, net of reinsurers' contractual share, sums to be recovered from policyholders and third parties for remedying of claims in policies with no-claims clauses, for deductibles, and for subrogations.

The income statement recognises the difference between the amount at year-end and the amount existing on 31 December of the previous year, together with what has been recovered during the year.

### Claims reserve

## NON-LIFE

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

Assessment of each claim is performed according to the following phases:

- Preparation of inventory estimates for each open position by non-life claims settlement inspectors;
- Analysis and checking of data and review of documentation concerning major claims by corporate management.

Activities performed as part of claims assessment procedures are based on the following general criteria:

- Accurate and complete basic year-end inventory of all claims partly or totally not settled, highlighting claims that are the subject of disputes
- Analysis of claims featuring several positions in order to ascertain that proper evidence exists supporting each individual position;
- Separate indication of the quantification of bodily injury and property damage;
- Inclusion of estimated direct and settlement costs in the claims reserve. Settlement costs include both amounts paid to professionals taking part in claims handling and internal company costs relating to the claims handling department;
- Assessment of claims relating to credit and suretyship insurance in compliance with the dictates of Section 4 of ISVAP Regulation no. 16 of 4/03/2008.

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

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

The claims reserve includes the estimate for IBNR claims, i.e. claims pertaining to the year that have been incurred but not yet reported by year-end but pertaining to the year. Amounts are calculated considering the average cost of the current generation.

The claims reserves thus calculated that relate to mass risks, insofar as they refer to positions settled in the medium-long term, are subjected to statistical and actuarial

checks to assess their consistency with ultimate cost and, when necessary, are topped up.

The claims reserve for Card and No Card of TPL line comply with the requirements of Article 33 ISVAP Regulation no. 16 of 4 March 2008, paragraph 1 in the case of the company would be “managing” and paragraph 2 in the case of the company would be “indebted”.

The total amount of claims reserve has been calculated in compliance with article no. 34 of the above regulation.

## **Mathematical reserves and other technical reserves**

### **LIFE**

Technical reserves for the Life business are calculated on the basis of the pure premiums and actuarial assumptions deemed to be appropriate as at the date when contracts were signed, insofar as they are still valid. Calculation of technical reserves is based on the rate of return determined on the basis of the related investments for respective “revaluable” benefits and on the mortality rate used to calculate pure premiums. In accordance with current regulations, the premiums-carried-forward component of mathematical reserves is calculated on a pure-premium basis. The reserve for operating expenses is calculated taking operating loading as the basis and the other technical bases of the tariffs applied. For policies featuring health- and/or profession-related premium surcharges, an additional reserve is calculated equal to a full annual premium surcharge.

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

In no case is the mathematical reserve lower than surrender value.

In compliance with the requirements established by Article 50 of ISVAP (Italian insurance regulator) Regulation no. 21 of 28 March 2008, an additional demographic risk reserve has been set up relating to annuity contracts and to capital contracts with a contractually guaranteed annuity conversion factor, in order to adjust the demographic bases used to calculate mathematical reserves to direct portfolio experience.

Mathematical reserves are always supplemented, when necessary, in order to take into account the time lag between the period when a contractually recognised return accrued and the time when it is accorded to the insured (Article 37 of ISVAP Regulation no. 21 of 28 March 2008).

In compliance with the rules established by Articles 38-46 of ISVAP Regulation no. 21 of 28 March 2008, an ALM (Asset & Liability Management) procedure is implemented for joint analysis of asset and liability portfolios of internal separately managed accounts considered significant. The aim is to calculate forecast returns for each of them.

## **Reversals and profit participation**

### **NON-LIFE/LIFE**

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

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

## Other technical costs

LIFE/  
NON-LIFE

Other technical costs include:

- For the Non-Life business, premiums cancelled, due to technical events, of individual policies issued in previous financial years
- For the Life business, cancellation of first-year premiums written in previous years;
- Uncollectable premiums of amounts receivable from both Non-Life and Life policyholders;
- Costs relating to goods and services purchased to complement Non-Life insurance covers;
- Costs stemming from management of the knock-for-knock system.

## Other technical income

LIFE/  
NON-LIFE

Other technical income includes:

- Commissions relating to cancelled premiums included in other technical costs of the Non-Life and Life businesses;
- Income relating to management of the knock-for-knock system and to the subsidy accorded by the ANIA (Italian insurers' association) to encourage scrapping of damaged vehicles in the Non-Life business.

## Investment income transferred from the non-technical account to the technical account

NON-LIFE

Financial income and charges relating to investments concerning the Non-Life Business are shown in the non-technical account, as required by paragraph 1, Article 54, of Italian Legislative Decree no. 173 of 26 May 1997.

Having said that, the official format for financial statements makes it obligatory to transfer, according to the methods established by the ISVAP, a part of investment income, net of financial charges, from the non-technical to the technical account.

ISVAP Regulation no. 22 of 4 April 2008 in its article no. 22 established that the portion of investment income transferred must be proportional to the ratio where the numerator is the sub-total of retained mandatory technical reserves at the end of the current and previous year and the denominator is the total of the sub-total of retained mandatory technical reserves at the end of the current and previous year plus the sub-total of shareholders' equity and subordinated liabilities as at the end of the current and previous year.

Mandatory technical reserves consist of the premium reserves, claims reserves, profit participation and reversal reserves, the ageing reserve for health insurance, the offsetting reserve for credit insurance and the equalisation reserve for natural disasters.

## Investment income transferred from the technical account to the non-technical account

LIFE

Financial income and charges relating to investments concerning the Life business are shown in the technical account, as required by paragraph 3, Article 54, of Italian Legislative Decree no. 173 of 26 May 19967.

Having said that, the official format for financial statements makes it obligatory to transfer, according to the methods established by the ISVAP, a part of investment income – defined as the amount of investment income net of financial charges and excluding unrealised capital gains and losses relating to investments benefiting policyholders bearing the risk and investments relating to pension fund management - from the technical to the non-technical account. ISVAP Regulation no. 22 of 4 April 2008 in its article no. 23 established that investment income transferred must be proportional to the ratio where the numerator is the sub-total of shareholders' equity and subordinated liabilities at the end of the current and previous year and the denominator is the total of the sub-total of shareholders' equity and subordinated liabilities at the end of the current and previous year plus

the sub-total of retained mandatory technical reserves as at the end of the current and previous year.

Mandatory technical reserves for these purposes consist of the mathematical reserves, complementary insurance premium reserves, reserves for payable amounts, profit participation and reversal reserves and other technical reserves, excluding technical reserves where the investment risk is borne by policyholders and reserves relating to pension fund management.

If investment income allocated to the Life business technical account as per the criteria described above is lower than income contractually allocated to policyholders during the financial year, the portion of investment income to be transferred to the non-technical account has to be adjusted accordingly and, if necessary, cancelled.

### **Inward reinsurance**

NON-LIFE/  
LIFE

Inward life insurance is recorded on an accruals basis.

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

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

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

### **Retrocession**

NON-LIFE/  
LIFE

Retroceded business mainly relates to Line 05 Aircraft hulls – space risks. Items relating to retrocession are measured according to the same policies as those applied to inward reinsurance.

## Investment captions

### C I – Land and buildings

In compliance with Article 15, paragraph 2, of Italian Legislative Decree no. 173 of 26 May 1997, land and buildings are considered to be assets for enduring, long-term use, except in the case of buildings available for sale.

Refurbishments, improvements, and plant upgrades – which are all designed to extend building units' life and increase their profitability – are capitalised.

Ordinary maintenance costs are established in a long-term plan and are expensed in the income statement annually.

### Market value

Measurement is based on the market value of each plot of land and building.

“Market value” means the price at which the plot of land or the building can be freely sold by means of an agreement between two parties (the seller and the buyer) in normal and evenly balanced conditions and, more specifically, if:

- Both parties act after have gathered the necessary information on the property's officially designated urban use, marketability, and absence of any prejudicial annotations as regards title;
- The seller is free, or otherwise, to sell and there are no economic/financial circumstances forcing him to do so;
- The buyer is not being encouraged to purchase by non-market related factors.

Furthermore, the following conditions are taken into account:

- The asset has been on the market for a time reasonably long enough to permit its fair sale;
- The deed of sale has been signed after negotiations permitting the definition of price and terms.

Besides considering differences relating to age, position with respect to the importance of the zone where it is located, the valuation of each building also considers typical factors (building type and quality, and state of preservation, etc.), possible profitability, any town-planning constraints and/or restrictions imposed by the Heritage Ministry, and anything else that which may have an impact on the asset's valuation.

Valuation of leased buildings takes into account the type of contract, its expiry date and rental, also as regards possible revisions.

### C II – Investments in Group companies and other investees

Pursuant to paragraph 2, Article 15 of Italian Legislative Decree no. 173 of 26 May 1997, investments in Group companies and other investee companies are considered to be long-term assets.

#### Group companies

Article 5 of Italian Legislative Decree no. 173 of 1997 and ISVAP ordinance no. 735 of 1/12/1997 define group companies as being:

- a) Parent companies;
- b) Subsidiaries;
- c) Affiliates, i.e. companies, other than those included in item b) that are controlled by the same entity controlling the parent company or subject to common management as defined by paragraph 1, Article 60, of the above decree;
- d) Associate companies.

For the purposes of this classification, the concept of “control” is as defined in Article 2359, paragraphs 1 and 2, of the Italian Civil Code.

### Other investee companies

This item comprises companies held for their strategic function or support of the insurance business.

Investments in group and other companies are measured according to the following criteria:

- Investments denominated in euro are measured at acquisition cost inclusive of ancillary costs;
- Investments denominated in foreign currency are measured at acquisition cost, inclusive of ancillary costs, converted into euro at the exchange rate in force on transaction date.

Acquisition cost is written down to allow for any permanent impairment shown in investee companies' financial statements. If the reasons for such write-down no longer exist, the original value is reinstated in subsequent financial statements.

If the impairment of the value of long-term foreign-currency investments in foreign is due to exchange-rate losses, it must be checked to see whether such impairment is permanent or otherwise. If the exchange rate is expected to recover in the short-medium term, the investment is not written down.

Dividends distributed by investee companies held are recognised when the right to collect them is established.

Information and changes concerning investments are provided in Appendices 6 and 7 to these Explanatory Notes.

## **C III – Other financial investments**

### **Equity investments**

This category includes short-term investments in shares and quotas. Measurement criteria are as follows:

- Listed securities are stated in year-end accounts at weighted average cost or, if lower, presumed realisable value based on market trends. This lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist;
- Unlisted securities are stated at purchase cost, net of any losses recorded in investee companies' approved year-end accounts. Once again, this lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist.

Foreign currency investments are converted into euro as follows:

- Purchases: at the exchange rate in force on the date of transaction or subscription;
- Sales: at the exchange rate in force on transaction date;
- Fair value: at the year-end exchange rate.

Dividends distributed by these companies are recognised when the right to collect them is established.

### **Units in mutual investment funds**

Investments in this category are stated in year-end accounts at weighted average cost or, if lower, at realisable value based on market trends. This lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist.

Unlisted closed-end mutual securities investment funds and real estate investment funds are measured at acquisition cost.

The value of investments in foreign-currency mutual investment funds is converted into euro applying the following criteria:

- Purchases: at the exchange rate in force on the date of transaction or subscription;
- Sales: at the exchange rate in force on transaction date
- Fair value: at the year-end exchange rate.

## **Bonds and other fixed-income debt securities**

In accordance with the ISVAP ordinance of 1707/1996 (use of financial derivatives by insurance companies) and the ISVAP ordinance of 18/06/1998 (classification of investments), the Board of Directors has issued guidelines for classification of the debt securities portfolio.

Fixed-income securities are therefore classified as shown below.

### Investment securities

These securities are stated at acquisition cost, inclusive of all ancillary costs. Cost is adjusted in the eventuality of permanent impairment of value. The higher or lower cost with respect to their repayment price is amortised on a straight-line basis over the period from acquisition to maturity.

These securities are held until they mature as the company has the financial resources to do this. Their classification depends on their importance and/or the expected normalisation of the rate of return of technical reserves in general and of segregated Life accounts in particular.

### Trading securities

Securities in this category, recognised at purchase cost inclusive of all ancillary costs, are stated in year-end accounts at weighted average cost or, if lower, at presumed realisable value based on market trends. This lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist. The cost of fixed-income securities is adjusted for the quota accruing in the year of margin, i.e. the difference between issue price and repayment value.

“Market trends” means, for listed securities, the price recorded on the last trading day of the financial year.

Foreign-currency securities are converted into euro applying the following criteria:

- Purchases: at the exchange rate in force on the date of transaction or subscription;
- Sales: at the exchange rate in force on transaction date
- Fair value: at the year-end exchange rate.

## **Fair value of financial instruments**

In compliance with the requirements of Article 2427/2 of the Italian Civil Code, in Part B of the Explanatory Notes we provide information on the fair value of derivative financial instruments as well as – for non-current financial assets recognised at a value higher than their fair value (excluding investments in subsidiaries, affiliates, and joint ventures) – related carrying value and fair value, together with the reasons why carrying value has not been reduced.

The fair value of assets in Classes C II and C III, traded in regulated markets, is the price recorded on the last trading day of the financial year.

As envisaged in Article 2427/2 of the Italian Civil Code, for the definition of “financial instrument”, “derivative instrument”, “fair value”, and “generally accepted



measurement model and technique”, reference is made to international accounting standards compatible with European Union rules concerning the subject.

If a market valuation is not available for the investment, fair value is determined either on the basis of another similar financial instrument’s fair market value or via use of appropriate valuation techniques. The latter include use of recent transactions, discounted cash flow analysis, or models able to provide reliable estimates of presumed prices in current market transactions. If fair value cannot be reliably measured, cost is used, adjusted for any impairment loss.

### **Investments benefiting policyholders bearing risk**

Financial investments benefiting policyholders who bear the risk of such investments are stated at fair value, i.e. at the price and exchange rate of the last trading day of the financial year.

The concept of “policyholders bearing the investment risk” is the feature decisive for application of the fair-value accounting standard to measure assets, as it immediately reveals the relationship between the trend in technical reserves and that of assets covering such reserves.

In year-end financial statements, these investments are classified as follows:

D I - unit-linked and index-linked investments

D II - investments arising from pension fund management

### **Mortgages and loans**

Mortgage loans granted are all expressed in euro and are shown on the basis of residual principal as they are secured by mortgages on buildings.

Loans are all expressed in euro and, if rated as collectable, are stated at the residual principal value. They are adjusted by means of appropriate bad-debt provision.

## **Other captions**

### **Tangible assets**

Tangible assets are recognised at purchase cost inclusive of ancillary costs. They are shown net of related cumulative depreciation. Assets are depreciated on a straight-line basis over their estimated useful lives.

### **Intangible assets**

Intangible assets are recognised at cost and directly amortised on a straight-line basis as follows:

- Business and/or product trademarks = over a 10-year period;
- Over a period that takes their residual possibility of use if they are assets coming under the 2nd point of Article 2426 of the Italian Civil Code;
- Costs incurred for the convertible subordinate bond issue approved by shareholders at the Extraordinary Meeting on 26 April 2001 = over a 10-year period;
- Start-up and expansion costs pursuant to the 5th point of Article 2426 of the Italian Civil Code;
- Goodwill is recognised as an asset upon approval of the board of statutory auditors, if acquired against payment, within the limit of the amount paid and is amortised in 5 years. If the goodwill residual useful life is reasonably higher than five years, the amortisation period can be extended up to twenty years, giving appropriate disclosure.

This caption includes deferred acquisition costs, i.e. non-life and life commissions to be amortised.

## NON-LIFE

Acquisition costs for long-term contracts, with specific reference to purchase commissions, are deferred and amortised over three years from the year when they are incurred. Taking into account contracts' term and regulations concerning the applicability of commission charges, the amortisation period can be considered to be economically consistent.

## LIFE

Acquisition costs for new contracts, for the part not outwardly reinsured, are capitalised, within the limits of their respective loading, and are amortised on a straight-line basis over the duration of the underlying contract, with the maximum limit of 10 years. The amortisation period is considered to be economically consistent. Residual commissions of policies cancelled during the amortisation period are expensed in the financial year when the policies are eliminated from the portfolio.

### **Receivables**

Receivables are shown in year-end accounts at face value adjusted to presumed realisable value via bad-debt provision.

With reference to the requirements of Article 2427 of the Italian Civil Code and of Italian Legislative decree no. 173/97, if in the section analysing balance sheet items, receivables are not specifically indicated as having a residual duration of more than one year and five years, they are taken to have a duration of less than one year.

### **Accrued, prepaid and deferred items**

Accrued income, prepaid expenses, accrued liabilities, and deferred income link costs and income to the financial year to which they refer, even although related cash movements may take place after or before 31 December.

These items include only costs and income relating to two or more financial years.

### **Payables**

Payables are shown in year-end accounts at face value.

With reference to the requirements of Article 2427 of the Italian Civil Code and of Italian Legislative decree no. 173/97, if in the section analysing balance sheet items, payables are not specifically indicated as having a residual duration of more than one year and five years, they are taken to have a duration of less than one year.

### **Reserve for employee severance indemnities**

The reserve for employee severance indemnities is calculated in compliance with current regulations and, as at balance sheet date, fully covers amounts ultimately payable to eligible staff.

## **Income taxes**

Income taxes for the period are recognized in accordance with the laws in force. Deferred taxes are calculated on the basis of the tax rates applicable when the temporary differences will reverse, making the necessary adjustments in case of changes in tax rates for the previous years, provided that the law that changed the tax rate has already been enacted at the balance sheet date, in accordance with accounting standard no. 25 - "The accounting treatment of income taxes" - prepared by the governing bodies of the accounting profession, as amended by the OIC in relation to the corporate law reform.

Deferred tax assets are recognized when there is the reasonable certainty that there is an amount of taxable profit, in the years in which the deductible temporary differences that gave rise to such deferred tax assets will reverse, at least equal to the amount of such differences.

Deferred tax liabilities are not recognised if there is little possibility of them materialising or if their amount is immaterial.

Deferred tax liabilities, if any, are provisioned in the "Tax provision" caption of the balance sheet, whilst deferred tax assets are recorded under "Other assets".

## **Conversion into euro**

Items expressed in foreign currency are converted at spot exchange rates. For balance sheet items still existing at year-end, the exchange rate on the last trading day of the financial year is applied.

## Part B

### Information on Balance Sheet and Income Statement

#### BALANCE SHEET

#### ASSETS

##### CLASS B – INTANGIBLE ASSETS

	31/12/2010	31/12/2011	Change
	43,753	46,914	+3,161

Intangible assets are stated net of amortisation of € 8,140 thousand. Amortisation is calculated as stated in "Part A - Accounting policies" of these Explanatory Notes.  
The Appendix 4 to these Explanatory Notes detailed changes over the year.

##### B.1 – Deferred Acquisition costs

	31/12/2010	31/12/2011	Change
	7,170	8,334	+1,164

Acquisition commissions are amortised as described in the "Accounting Policies" chapter. If all policies have reached their full maturity, the different duration used for amortisation vs. actual policy duration would have led to an increase in shareholders' equity, before the related tax effect, in shareholders' equity of € 945 thousand (2010: € 3,300 thousand) for the Life business.

##### B.1.a – Deferred acquisition commissions – Life business

	31/12/2010	31/12/2011	Change
	2,981	4,572	+1,591

Life business deferred acquisition commissions changed due to:

commissions on policies acquired in the year	+2,578
commissions for policies cancelled in the year	-181
annual amortization	-806

##### B.1.b – Deferred acquisition commissions – Non Life business

	31/12/2010	31/12/2011	Change
	4,189	3,762	-427

Non Life business deferred acquisition commissions changed due to:

commissions on policies acquired in the year	+3,552
annual amortization	-3,979

#### B.4 – Goodwill

	31/12/2010	31/12/2011	Change
	2,633	2,060	-573

The item includes the goodwill taking over in 2009, arising from the SACE BT SpA's Life business.

Further to this agreement, Vittoria Assicurazioni SpA recognised a goodwill equal to € 4,050 thousand, of which € 1,392 allocated to commercial agreements inherited with the acquisition and € 2,658 allocated to VIF (Value In Force ).

The first item is amortised in 5 years charging € 279 thousand to 2011 profit and loss; the VIF is amortised on the basis of the expected useful life of the portfolio acquired, charging € 294 thousand to 2011 profit and loss.

#### B.5 – Other deferred costs

	31/12/2010	31/12/2011	Change
	33,950	36,520	+2,570

Deferred expenses, stated in year-end accounts at cost, are directly amortised. The increasing over the year of € 2,570 thousand is due to acquisitions for € 10,508 thousand, amortisation for € 7,567 thousand and net disposals for € 371 thousand.

Changes over the year are shown in the following table:

	31/12/2010	31/12/2011	Change
Software applications	27,758	32,451	+4,693
Software applications under completion	2,311	667	-1,644
Refurbishment of HQ and agency premises	1,180	1,176	-4
Other deferred costs	2,701	2,226	-475
<b>Total</b>	<b>33,950</b>	<b>36,520</b>	<b>+2,570</b>

The item "Software applications" refers to long-term costs borne mainly for the NewAge System package for development of the company's operating system, the claims adjustment network and the agency network. The NewAge System's residual life load has been estimated with a expiration date in the 2018.

The item "Other deferred costs" refers to costs borne mainly for new agencies start-up process.

## CLASS C - INVESTMENTS

31/12/2010	31/12/2011	Change
1,612,075	1,747,395	+135,320

The comparison with investments' fair value is shown by type in the Appendices 4 and 5 to these Explanatory Notes.

### C.I Land and buildings

	31/12/2010	31/12/2011	Change
	18,921	185,684	+166,763
<i>Of which:</i>			
<b>C.I 1. Operating buildings</b>	783	97,834	+97,051
<b>C.I 2. Buildings used by third parties</b>	18,138	17,442	-696
<b>C.I 5. Assets under construction and payments on account</b>	-	70,408	+70,408

The most significant increments are due to the necessary revaluation carried out pursuant to the following Law Decrees:

- Monetary – law 576/75 e law 72/83 509
- Tax reasons and voluntary 1,019
- Mandatory – law 413/91 897
- Law of 28 January 2009 – no. 2 11,206

Change over the year is mainly due to the merger for incorporation, occurred in October, in which, Vittoria Assicurazioni S.p.A. merged its subsidiary Lauro 2000 S.r.l., owner of the building where the Company was relocated, and two buildings about to be completed, which are expected to be sold. The merger took effect for accounting purpose on 1 January 2011.

### C.II Investments in group and in other companies

31/12/2010	31/12/2011	Change
282,616	166,115	-116,501

The total value of subsidiaries, affiliates, associates and other companies are shown below. Details and related changes involving these companies are shown in Appendices 6 and 7 to these Explanatory Notes.

#### C.II 1. Equity investments

31/12/2010	31/12/2011	Change
277,416	160,915	-116,501

##### C.II 1.b Subsidiaries

31/12/2010	31/12/2011	Change
194,981	81,537	-113,444

Changes over the year are referred to:

- Lauro 2000 S.r.l.: € 10,000 thousand were paid for capital increase with premium; on 17 October 2011 the merger for incorporation of Lauro 2000 S.r.l. became effective, giving a decrease in this item for € 142,794 thousand;
- Immobiliare Bilancia S.r.l.: € 10,000 thousand paid for capital increase with premium;
- Vittoria Properties S.r.l.: € 6,930 thousand paid for capital increase with premium;
- Forum Mondadori Residenze S.r.l.: € 2,420 thousand paid for capital increase with premium.

Financial instruments allocated to Life segregated funds amounted to € 27,648 thousand.

C.II 1.d Associated companies

	31/12/2010	31/12/2011	Change
	43,310	42,078	+1,232

Changes over the year are mainly due to:

- Gima Finance S.A.: € 5,327 thousand were paid as capital increase and € 6,171 thousand were collected as share premium reserve repayment;
- Laumor Holdings Sarl: € 2,900 thousand were collected as share premium reserve repayment;
- White Finance S.A.: € 77 thousand were paid as share premium reserve increase;
- the chain of control of the companies listed below having been shortened by acquiring the shareholdings in Sicar, with a reduction of € 12,713 thousand (Gima Finance SA) and an increase of € 14,265 thousand (Gima Sicar SA); a reduction of € 6,767 thousand (Laumor holdings Sarl) and an increase of € 7,390 thousand (Laumor Partners Sarl Sicar); a reduction of € 5,312 thousand (White Finance SA) and an increase of € 3,250 thousand (White Sarl Sicar);
- Gima Sicar S.A.: € 701 thousand were paid as share premium reserve increase;
- Sint S.p.A.: € 578 thousand were paid as capital increase;
- Yarpa S.p.A.: € 1.043 thousand were paid as capital increase.

C.II 1.e Other investee companies

	31/12/2010	31/12/2011	Change
	39,125	37,300	-1,825

Changes over the year are referred to the following operations:

- Medinvest International S.C.A was written down for € 1,861 thousand proportional to the participation detained;
- 3,500,000 Camfin S.p.A. shares were sold for an amount of € 792 thousand, obtaining capital gains for € 504 thousand; in addition warrant were exercised, which increased the participation for € 799 thousand, subscribing 5,611,413 shares for an amount of € 1,291 thousand;
- Gruppo GPA S.p.A. was written down for € 1,359 thousand related to the present value of the expected cash flows adjustment;
- Banca BCC Vomano shares subscription for € 50 thousand;
- Banca BCC Inzago shares subscription for € 46 thousand.

C.II 3. Loans to group companies

	31/12/2010	31/12/2011	Change
	5,200	5,200	-

Of which:

C.II 3.b Subsidiaries

	31/12/2010	31/12/2011	Change
	50	50	-

The amount as at 31 December 2011 entirely referred to the loan toward Interbilancia Srl. The loan duration is more than 1 year and the current interest rate applied is 1.50% because is a short term loan.

### C.II 3.d Associated companies

	31/12/2010	31/12/2011	Change
	5,000	5,000	-

The amount as at 31 December 2011 entirely refers to the loan toward Spefin Finanziaria SpA. The loan duration is more than 1 year and the current variable interest rate is linked to the 3M Euribor monthly average plus 10bp.

### C.II 3.e Other companies

	31/12/2010	31/12/2011	Change
	150	150	-

The amount as at 31 December 2011 entirely refer to the loan toward GPA Group SpA. The loan duration is more than 1 year and the current interest rate applied is 2.27%.

### C.III Other financial investments

	31/12/2010	31/12/2011	Change
	1,310,289	1,395,371	+85,082

The account refers to the following items:

#### C.III 2 Units in mutual investment funds

	31/12/2010	31/12/2011	Change
	10,433	5,240	-5,193

The change is mainly due to the liquidation of BCM Market Neutral Fund Plc shares, impaired during the year for € 1,381 thousand; the liquidation amount was € 3,130 thousand and has come out capital losses for € 489 thousand. Liquidation of a closed end fund for € 188 thousand and obtaining capital losses for € 5 thousand.

Financial instruments allocated to Life segregated funds amounted to € 1,174 thousand.

#### C.III 3 Bonds and other fixed-income securities

	31/12/2010	31/12/2011	Change
	1,288,057	1,380,354	+92,297
<i>Of which:</i>			
C.III 3.a Listed	1,284,095	1,376,511	+92,416
C.III 3.b Not listed	3,962	3,843	-119

The following table provides a breakdown of the bond portfolio as at 31 December 2011:

- Italian government securities 85.1%
- Foreign government securities 10.2%
- Italian corporate bonds 0.9%
- Foreign corporate bonds 3.8%

#### C.III 3.a Bonds and other fixed-income securities Listed

The change over the year is due to the following transactions:

- increase depending on normal portfolio management and trading for € 423,415 thousand and decrease depending on reimbursements and sales for € 327,171 thousand;
- adjustment of zero coupon for € 5,805 thousand;



- transfer at fair value, following policy surrenders, of securities from Class D to Class C for € 347 thousand;
- financial instruments transfer at fair value, from current sector to durable sector for € 38,352 thousand obtaining a capital loss of € 4,028 thousand;
- adjustment for positive issue differentials for € 271 thousand;
- adjustment for positive and negative trading margins respectively for € 1,449 thousand and € 2,113 thousand;
- negative alignment of value at market conditions for € 2,083 thousand;
- impairment of Greek government bonds for € 4,010 thousand;
- recovery of past losses for € 532 thousand.

Financial instruments allocated to Life segregated funds amounted to € 591,010 thousand.

### C.III 3.b Bonds and other fixed-income securities Not listed

The change over the year is due to the following transactions:

- decrease depending on reimbursements and sales for € 206 thousand;
- transfer at fair value, following policy surrenders, of securities from Class D to Class C for € 68 thousand;
- adjustment for positive issue differentials for € 19 thousand.

Financial instruments allocated to Life segregated funds amounted to € 108 thousand.

The following table provides a comparison of the financial instruments required by Article 2427/2 of the Italian Civil Code, as at 31 December 2011, of the book value with the relative «fair value» from the market trend at year end.

(in thousands of euros)				
	Account class	Carrying value FY 2011	Fair value	Notes
<b>Investments - Other investee companies</b>		<b>166,115</b>	<b>163,527</b>	
- Equity investments in other investee companies	C.II.1	160,915	158,327	
<i>of which carried at a value higher than fair value</i>		<i>19,049</i>	<i>12,451</i>	<i>1)</i>
- Bonds issued by other investee companies	C.II.3.b)	50	50	
- Loans to affiliate companies	C.II.3.d)	5,000	5,000	
- Loans to other investee companies	C.II.3.e)	150	150	
<b>Other financial investments</b>		<b>1,395,371</b>	<b>1,330,794</b>	
- Units in mutual investment funds	C.III.2	5,240	6,142	(*)
- Bonds and other fixed-income securities	C.III.3	1,380,354	1,314,875	(*)
<i>of which carried at a value higher than fair value</i>		<i>825,057</i>	<i>746,362</i>	<i>2)</i>
- Loans	C.III.4	9,777	9,777	

(\*) Fair value corresponds to what is indicated in Appendix 8 to the Explanatory Notes.

1) Related to shareholding in Mediobanca and Cam Finanziaria.

2) These are securities held as long-term investments, whose carrying value is lower than or equal to reimbursement value. They are held to maturity because the company had the financial capacity to do so.

### C.III 4 Loans

	31/12/2010	31/12/2011	Change
	10,760	9,777	-983
<i>Of which:</i>			
C.III 4.a Secured loans	5,786	5,263	-523
C.III 4.b Loans against insurance policies	3,496	3,273	-223
C.III 4.c Other loans	1,477	1,241	-236

Details and related changes over the year involving this account are shown in Appendices 10 to these Explanatory Notes.

#### C.III 4.a Secured loans

	31/12/2010	31/12/2011	Change
	5,786	5,263	-523

The item consists solely of mortgage loans granted by the company. The minimum interest rate applied to mortgages is 3.0%.

The amount of mortgage with a residual duration of more than 1 year and 5 years is, respectively € 5,261 thousand and € 2,284 thousand.

#### C.III 4.b Loans against insurance policies

	31/12/2010	31/12/2011	Change
	3,496	3,273	-223

These are loans granted to company Life policyholders.

Pursuant to point 6 of Article 2427 of the Italian Civil Code, we note that, given their specific nature, these loans can be considered to have a duration of more than 5 years. The current interest rate applied to the loans is equal to the rate of return of segregated funds retroceded to policyholders, increased by 1 point.

#### C.III 4.c Other loans

	31/12/2010	31/12/2011	Change
	1,477	1,241	-236

The item mainly consists of loans granted to company employees and agents.

The minimum interest rate applied to loans is 1.0% and relates to loans granted to the agency network to upgrade its IT facilities.

The amount of loans with a residual duration of more than 1 year and 5 years is, respectively € 1,095 thousand and € 435 thousand.

### C.III 7 Other financial investments

	31/12/2010	31/12/2011	Change
	1,039	-	-1,039

Change over the year is due to the warrant exercised which it was bought during the capital increase period for € 799 thousand (Camfin) and for € 240 thousand for Mediobanca which it was not exercised.

### C.IV Deposits with ceding companies

	31/12/2010	31/12/2011	Change
	249	225	-24

The amount of these deposits relates to the technical reserves for indirect business.

**CLASS D – INVESTMENTS FOR THE BENEFIT OF LIFE POLICYHOLDERS BEARING THE RISK AND THOSE RELATING TO PENSION FUND MANAGEMENT**

	31/12/2010	31/12/2011	Change
	76,456	61,464	-14,992

**D.I Investments relating to unit- and index-linked policies**

	31/12/2010	31/12/2011	Change
	65,831	51,120	-14,711

The changes occurring over the year by asset category are detailed as follows:

<b>Index - Linked portfolio</b>	<b>-5,384</b>
<ul style="list-style-type: none"> <li>• decreases due to redemptions</li> <li>• alignment at fair value - write-downs</li> <li>• adjustment for positive issue differentials</li> <li>• capitalisation of zero-coupon bonds</li> <li>• alignment at fair value - write-ups</li> </ul>	<ul style="list-style-type: none"> <li>-5,667</li> <li>-15</li> <li>+24</li> <li>+10</li> <li>+264</li> </ul>
<b>Unit - Linked portfolio</b>	<b>-9,327</b>
<ul style="list-style-type: none"> <li>• increase due to purchase and subscription of securities</li> <li>• decreases following sales of securities, redemptions and switch</li> <li>• profit/loss on internal fund management</li> <li>• alignment at fair value - write-ups</li> <li>• alignment at fair value - write-downs</li> </ul>	<ul style="list-style-type: none"> <li>+14,557</li> <li>-19,109</li> <li>-3,722</li> <li>+39</li> <li>-1,092</li> </ul>

Investment breakdown by asset category belongs to Class D.I is shown in the Appendix 11 to these Explanatory Notes.

**D.II Investments relating to pension fund management**

	31/12/2010	31/12/2011	Change
	10,625	10,344	-281

The changes occurring over the year by asset category are detailed as follows:

<ul style="list-style-type: none"> <li>• balance of social security management (net collection)</li> <li>• financial management result</li> <li>• management expenses</li> <li>• substitute tax receivable</li> </ul>	<ul style="list-style-type: none"> <li>+575</li> <li>-815</li> <li>-147</li> <li>+106</li> </ul>
---	--

These investments are entirely concerning to the open pension fund called "Vittoria Formula Lavoro" and are shown in the Appendix 12 to these Explanatory Notes.

For further details, please refer to the Pension fund's annual report, enclosed to this annual financial report.

---

**CLASS D bis – REINSURERS' SHARE OF TECHNICAL RESERVES**

---

	31/12/2010	31/12/2011	Change
	73,604	73,223	-381

---

As regards their breakdown by type of reinsurance business, reference should be made to the description in Balance Sheet Liabilities - Class C - Technical Reserves.

Their breakdown by insurance segment is as follows:

	31/12/2010	31/12/2011	Change
<b>D Bis. I Non - Life business</b>	<b>52,002</b>	<b>56,453</b>	<b>+ 4,451</b>
<i>Of which:</i>			
Premium reserve	12,501	13,379	+ 878
Claims reserve	39,501	43,074	+ 3,573
<b>D Bis. II Life business</b>	<b>21,602</b>	<b>16,770</b>	<b>- 4,832</b>
<i>of which:</i>			
Mathematical reserves	21,207	16,753	- 4,454
Reserve for payable amounts	373	-	- 373
Other technical reserves	22	17	- 5

---

The item Other financial reserves for Life business refers to operating expense reserves for Class 1 - Whole and term life - and Class IV - Health insurance.

---

**CLASS E - RECEIVABLES**

---

	31/12/2010	31/12/2011	Change
	209,185	247,142	+37,957

---

The amount is payable from 2012. This item is shown net of related adjustment provisions, which, as at 31 December 2011, totalled € 9,733 thousand.

The changes over the year are detailed as follows:

**E.I Receivables relating to direct insurance transaction**

	31/12/2010	31/12/2011	Change
	184,017	212,667	+28,650
<i>Towards:</i>			
E.I.1 Policyholders	58,970	67,997	+9,027
E.I.2 Insurance agents and brokers	69,430	81,721	+12,291
E.I.3 Insurance companies – current accounts	8,421	9,657	+1,236
E.I.4 Policyholders and third parties for recoverables	47,196	53,292	+6,096

---

**E.I 1. Direct insurance receivables, for premiums due from policyholders**

	31/12/2010	31/12/2011	Change
	58,970	67,997	+9,027
<i>Of which:</i>			
E.I 1.a For current years' premiums	51,245	59,804	+8,559
E.I 1.b For previous years' premiums	7,725	8,193	+468

This item is shown net of related adjustment provisions, which, as at 31 December 2011, totalled € 4,097 thousand. Change over the year (+15.3%), is related to the increase of collected premiums by the company.

**E.I 2. Receivables relating to direct insurance, due from insurance agents and brokers**

	31/12/2010	31/12/2011	Change
	69,430	81,721	+12,291

These are amounts receivable from insurance agents and brokers, net of related provision, which, as at 31 December 2011, totalled € 4,306 thousand.

Receivables from agents include for € 14,293 thousand charge-backs against leaving indemnities paid to agents. € 67,428 thousand of the residual amount, receivable of € 5,239 thousand was still to be paid on 28 February 2012.

In addition, the total amount includes receivables toward subsidiary companies, in particular, Aspevi Roma Srl for € 1,389 thousand and Aspevi Milano Srl for € 3,429 thousand.

The amount of receivables with a residual duration of more than 1 years and 5 year, are respectively € 12,282 thousand and € 5,612 thousand.

**E.I 3. Receivables relating to direct insurance, due from insurance companies – current accounts**

	31/12/2010	31/12/2011	Change
	8,421	9,657	+1,236

This item primarily consists of receivables stemming from current accounts reflecting the results of technical management of co-insurance transactions.

**E.I 4. Receivables relating to direct insurance, due from policyholders and third parties for recoverables**

	31/12/2010	31/12/2011	Change
	47,196	53,292	+6,096

The caption shows amounts receivable from policyholders and third parties for deductibles and claim subrogation.

**E.II - Receivables relating to reinsurance business**

	31/12/2010	31/12/2010	Change
1. Insurance and reinsurance companies	3,638	3,818	+180

This item comprises receivables stemming from current accounts reflecting the results of technical management of reinsurance treaties net of related provision of € 1,304 thousand.

### E.III – Other receivables

	31/12/2010	31/12/2011	Change
	21,530	30,657	+9,127

The most important items forming “Other receivables” are:

- receivables from Financial Administration for € 25,590 thousand for tax credits on mathematical reserves in accordance with D.L. 209/2002, advance payouts on Non – Life business (ex D.L. 282/2004) and receivables on local tax (IRPEG and IRES) for which reimbursement has been requested including related interests; these receivables are considered collectable essentially by next year;
- receivables from employees for € 551 thousand;
- receivables for insurance agreements for € 850 thousand ;
- advance payouts for claims for € 291 thousand;
- receivables toward subsidiary companies for € 37 thousand for tax consolidation.

The amount of receivables with a residual duration of more than 1 and 5 years are, respectively, € 9,038 thousand and € 94 thousand.

### CLASS F – OTHER ASSETS

	31/12/2010	31/12/2011	Change
	93,825	118,503	+24,678

Of which:

#### F. I Tangible assets and inventory

	31/12/2010	31/12/2011	Change
	7,491	8,893	+1,402
<b>F. I.1 Office, furniture &amp; machinery, and internal transport systems</b>	6,518	7,984	+1,466
<b>F. I.2 Registered chattels</b>	8	82	+74
<b>F. I.3 Plant and equipment</b>	965	827	-138

Assets are stated at cost less cumulative depreciation. The change is due to the purchases during the year for € 3,912 thousand and amortisation for € 2,134 thousand and net disposals for € 376 thousand.

#### F. I.1 Office, furniture & machinery, and internal transport systems

Below, are detailed the items forming this sub-category:

	31/12/2010	31/12/2011	Change
Furniture	3,939	5,547	+1,608
Fittings	335	713	+378
Ordinary office machinery	1,816	1,254	-562
Electronic office machinery	428	470	+42
<b>Total</b>	<b>6,518</b>	<b>7,984</b>	<b>+1,466</b>

The changes over the year are related to purchases assigned to the Vittoria’s new headquarters and to tangible assets disposal as a consequence of the company transfer.

### F. I.3 Plant and equipment

The change over the year referred to tangible assets disposal as a consequence of the company transfer.

### F. II Cash & cash equivalents

	31/12/2010	31/12/2011	Change
	61,837	72,144	10,307

Year-end liquidity came primarily from the agency network's remittances on December and from the cash included in Life segregated funds.

The total amount is composed for € 72,099 thousand by bank deposits and post office current accounts and for € 45 thousand by cheques and cash in hand.

The changes of Cash & cash equivalents is detailed in the cash flow statement enclosed to the Part C "Other information" to these Explanatory Notes.

### F. IV Other assets

	31/12/2010	31/12/2011	Change
	24,497	37,466	+12,969

The main items forming this caption are shown below:

- deferred tax assets relating to previous years' taxable items for € 36,790 thousand. For details, reference should be made to the schedule shown later on in the chapter "Information on the balance sheet and income statement";
- invoices to be issued and credit notes to be received for € 515 thousand.

### CLASS G – ACCRUED INCOME & PREPAID EXPENSES

	31/12/2010	31/12/2011	Change
	19,898	21,020	+1,122
G.1 Interest	16,015	16,130	+115
G.2 Rent instalments	424	1,181	+757
G.3 Other accrued income & prepaid expenses	3,459	3,709	+250

#### G.1 Interest

This refers mainly to interest totalling € 16,056 thousand on fixed-income securities.

#### G.2 Rent instalments

These are prepaid expense items relating to premises owned by third parties.

#### G.3 Other accrued income & prepaid expenses

The item refers to prepaid expenses calculated on miscellaneous invoices.

# BALANCE SHEET

## LIABILITIES

### CLASS A – SHAREHOLDERS' EQUITY

	31/12/2010	31/12/2011	Change
	294,781	318,655	+23,874

The outline of changes in shareholders' equity as at 31 December 2011 is shown below, as required by Article 2427 Civil Code:

	(in thousands of euros)						
	Share capital	Legal reserve	Share premium	Revaluation reserve (1)	Available reserve	Net profit for the year	Total
Balance as at 31/12/2006	30,452	6,000	21,858	6,370	80,993	27,437	173,110
Dividend distribution	-	-	-	-	-	4,872	4,872
Loan conversion	2,214	-	8,415	-	-	-	10,629
Allocation to earnings reserve 2006	-	90	-	-	22,475	22,565	-
2007 net profit	-	-	-	-	-	36,495	36,495
Balance as at 31/12/2007	32,666	6,090	30,273	6,370	103,468	36,495	215,362
Dividend distribution	-	-	-	-	-	5,553	5,553
Loan conversion	217	-	825	-	-	-	1,042
Capital increase	32,883	-	-	6,370	26,513	-	-
Allocation to earnings reserve 2007	-	443	-	-	30,499	30,942	-
Revaluation real estate reserve	-	-	-	10,887	-	-	10,887
2008 net profit	-	-	-	-	-	37,939	37,939
Balance as at 31/12/2008	65,766	6,533	31,098	10,887	107,454	37,939	259,677
Dividend distribution	-	-	-	-	-	11,180	11,180
Loan conversion	23	-	31	-	-	-	54
Allocation to earnings reserve 2008	-	1,897	-	-	24,862	26,759	-
Revaluation real estate reserve	-	-	-	52	-	-	52
2009 net profit	-	-	-	-	-	24,290	24,290
Balance as at 31/12/2009	65,789	8,430	31,129	10,939	132,316	24,290	272,893
Dividend distribution	-	-	-	-	-	11,184	11,184
Loan conversion	1,590	-	2,226	-	-	-	3,816
Allocation to earnings reserve 2009	-	1,215	-	-	11,891	13,106	-
2010 net profit	-	-	-	-	-	29,256	29,256
Balance as at 31/12/2010	67,379	9,645	33,355	10,939	144,207	29,256	294,781
Dividend distribution	-	-	-	-	-	11,455	11,455
Allocation to earnings reserve 2010	-	1,462	-	-	16,339	17,801	-
2011 net profit	-	-	-	-	-	35,329	35,329
<b>Balance as at 31/12/2011</b>	<b>67,379</b>	<b>11,107</b>	<b>33,355</b>	<b>10,939</b>	<b>160,546</b>	<b>35,329</b>	<b>318,655</b>

(1) As at 31/12/2011 the item comprise reserve pursuant to Italian Laws 2/2009

As at 31 December 2011 share capital, fully paid in, consisted of 67,378,924 ordinary shares of a par value of € 1.00 each, authorised, issued and fully released.

Revaluation reserves refers to the real estate revaluation carried out in 2008, as required by Article 15, paragraph 20, of the Legislative Decree of 29 November 2008, no. 185.



The following table highlights the nature and possibility of use of equity reserves as required by the aforementioned article of the Italian Civil Code:

(in thousands of euros)

Nature/Description	Amount as at 31/12/2011	Possibility of utilization (*)	Available amount	Summary of utilisation in the previous 3 financial years	
				to cover losses	for other reasons
Share capital	67,379				
<b>Equity reserves</b>					
Share premium reserves (1)	33,355	A, B, C	33,355		
<b>Revaluation reserves (2)</b>					
Revaluation reserve - Law 72/1983	-	A, B, C	-		2,330
Revaluation reserve - Law 295/1978	-	A, B, C	-		910
Revaluation reserve - Law 413/1991	-	A, B, C	-		3,130
Revaluation reserve - Law 185/2008	10,939	A, B, C	10,939		
<b>Earnings reserves</b>					
Legal reserve	11,107	B	-		
Other available reserves	160,546	A, B, C	160,546		26,513
Net profit for the year	35,329	A, B, C	35,329		
Total shareholders' equity	318,655				
Non-distributable portion of share premium reserve (3)			240,169		
Non-distributable portion (3)			2,369		
Residual distributable portion			-		
			237,800		

(\*) A: for capital increases

B: to cover losses

C: for distribution to shareholders

(1) Under Article 2431 of the Italian Civil Code, the entire amount of this reserve can be distributed only if the legal reserve has reached the limit established by Article 2430 of the Italian Civil Code.

(2) These reserves might be decreased as established by Article 2445 of the Italian Civil Code, paragraph 2 and 3.

(3) This represents the share premium reserve and the non-distributable quota earmarked for coverage of deferred costs that have not yet been amortised.

Disclosure of equity reserves used for capital increases, as required by circular no. 8 issued by the Italian Finance Ministry on 16/03/1984:

(€ '000)

Date of Extraordinary shareholders' resolution	Year of recognition in accounts	As per Visentini Law	Amount
19/5/78	1978	576/75	258
14/5/79	1980	576/75	516
15/4/81	1982	576/75	258
28/6/88	1988	576/75	13
28/6/88	1988	72/83	1,020
28/6/88	1990	72/83	3,099
27/6/08	2008	-	6,370

---

**CLASS C – TECHNICAL RESERVES**

---

31/12/2010	31/12/2011	Change
1,655,678	1,797,714	+142,036

---

The following tables show changes over the year of Non-Life business technical reserves:

**C.I – Non-Life business**

	31/12/2010	31/12/2011	Change
	887,316	1,025,368	+138,051
<b>C.I.1 - Premium reserve</b>	278,213	324,052	+45,839
<b>C.I.2 - Claims reserve</b>	605,449	697,100	+91,651
<b>C.I.4 - Other technical reserve</b>	409	409	-
<b>C.I.5 - Equalisation reserve</b>	3,246	3,807	+561

Information about analytical evaluation and accounting criteria of the technical reserves are enclosed in “Part A - Accounting Policies” to this financial report.

Changes over the year are shown by business line and type in Appendices 13 and 25 to these Explanatory Notes.

**C.I.1 – Premium reserve**

The breakdown and changes over the year of the premium reserve is shown below (in € '000):

	31/12/2010	31/12/2011	Change
For directly insured risks	278,092	323,933	+ 45,841
For inwardly insured risks	121	119	- 2
<b>Gross reserves</b>	<b>278,213</b>	<b>324,052</b>	<b>+ 45,839</b>
Reinsurers' share	12,500	13,379	+ 879
Retrocessionaries' share	1	-	- 1
<b>Net reserves</b>	<b>265,712</b>	<b>310,673</b>	<b>+ 44,961</b>

Pro-rata temporis reserve integrations of FY2011 are concerned to Bond and Accident lines, Fire and Miscellaneous damage in relation to earthquake risk.

In accordance with the ISVAP clarification regarding an Additional reserve for Hail line of business, the Company did not set up this reserve considered the lack of risks existing as at 31 December 2011.

The breakdown of the direct insurance premium reserve, calculated in accordance with the "pro-rata temporis" criterion and the specific criteria set out in "Part A - Accounting policies" for each line, is as follows:

	31/12/2010	31/12/2011	Change
Pro-rata temporis reserve	269,779	315,134	+ 45,355
Additions to pro-rata temporis reserve	8,313	8,799	+ 486
<b>Total direct insurance premium reserve</b>	<b>278,092</b>	<b>323,933</b>	<b>+ 45,841</b>

### C.I.2 – Claims reserve

The breakdown and changes over the year of the claims reserve is shown below (in € '000):

	31/12/2010	31/12/2011	Change
For directly insured risks	604,605	696,344	+ 91,739
For inwardly insured risks	844	756	- 88
<b>Gross reserves</b>	<b>605,449</b>	<b>697,100</b>	<b>+ 91,651</b>
Reinsurers' share	39,120	42,786	+ 3,666
Retrocessionaries' share	381	287	- 94
<b>Net reserves</b>	<b>565,948</b>	<b>654,027</b>	<b>+ 88,079</b>

### Non-Life Business:

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

The actuarial method identified – agreed with the appointed Motor TPL actuary – is of the Chain-Ladder type. This method estimates the amount of future payments, until run-off of generations, constructing – using the historical series available – the triangles of cumulative amounts paid (organised by event) and calculating on the latter the observable development factors. These factors are then applied to cumulative data up to the current balance-sheet year to calculate estimated future payments.

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

For pre-KFK claims an adequate number of claims durations is available. Based on these (separately for property-only and hybrid claims), an observable development vector was calculated for the first 10 years. The tail factors were obtained by applying appropriate regression functions.

For KFK claims the historical series of observable data is to 5 years (4 development factors). In order to complete the run-off triangle we used the development-factor vector (property-only or hybrid) obtained for pre-KFK claims, but factoring in appropriate considerations and adjustments based, in particular, on observation on the different speeds of claim settlement by amount.

#### Other risks:

For the valuation of risks for other businesses, the inventory was used. In addition, observable data were analysed and valued according to historical portfolio series.

#### IBNR claims:

Calculation of the reserve for IBNR (incurred but not reported) claims requires estimation for each business of both the number and average cost of late claims. The estimate was made using as its source the balance-sheet input forms for the years 1999-2011.

For Motor TPL, the estimate is made separately for each type of management, considering the lack of LoB observed in 2011, the allocation has been reinforced.

Motor TPL reserves have been audited by the appointed Motor TPL actuary as required by Italian Legislative Decree no. 209 of 7 September 2005.

#### C.1.4 - Other technical reserves

	31/12/2010	31/12/2011	Change
	409	409	-

These reserves refer to direct business and consist of the Health insurance ageing reserve. In order to evaluate this reserve analytical and forfeitary criterions were used as described in the "Part A - Accounting Policies" to this financial report.

Both methods appraised a positive value, but less than 2010 value, therefore we decided to leave the same value.

#### C.1.5 - Equalisation reserve

	31/12/2010	31/12/2011	Change
	3,246	3,807	+561

The reserves refer solely to direct business and feature the following breakdown by business line:

<i>Cod.</i>	<i>Line of business</i>	<i>31/12/2010</i>	<i>31/12/2011</i>	<i>Change</i>
03	Land vehicle hulls	1,861	2,208	+ 347
05	Aircraft hulls	138	138	-
07	Cargo (goods in transit)	89	99	+ 10
08	Fire and natural elements	897	1,050	+ 153
09	Other property damage	261	312	+ 51
<b>Total equalisation reserve</b>		<b>3,246</b>	<b>3,807</b>	<b>+ 561</b>

Breakdown and changes of technical reserve for the Life business over the year are shown in the following table:

### C.II - Life business

	31/12/2010	31/12/2011	Change
	768,361	772,346	+3,985
<b>C.II.1 - Mathematical reserves</b>	725,995	733,727	+7,732
<b>C.II.2 - Complementary insurance premium reserve</b>	156	160	+4
<b>C.II.3 - Reserve for payable amounts</b>	29,350	26,151	-3,199
<b>C.II.4 - Profit participation and reversal reserve</b>	36	42	+6
<b>C.II.5 - Other technical reserves</b>	12,824	12,266	-558

Information about analytical evaluation and accounting criteria of technical reserves are enclosed in "Part A - Accounting Policies" to this financial report.

Changes over the year are detailed by line and type in Appendices 14 and 27 to these Explanatory Notes.

#### C.II.1 - Mathematical reserves

Breakdown and changes of technical reserve for the Life business over the year are shown in the following table:

	31/12/2010	31/12/2011	Change
For directly insured risks	725,751	733,506	+ 7,755
For inwardly insured risks	244	221	- 23
<b>Gross reserves</b>	<b>725,995</b>	<b>733,727</b>	<b>+ 7,732</b>
Reinsurers' share	21,207	16,753	- 4,454
<b>Net reserves</b>	<b>704,788</b>	<b>716,974</b>	<b>+ 12,186</b>

The mathematical reserves comprise an additional reserve for longevity risk relating to annuity agreements and capital agreements with a contractually guaranteed coefficient of conversion to an annuity (art. 50 of ISVAP Regulation no. 21 of 28 March 2008) amounting to € 1,926 thousand (€ 2,104 thousand in the previous year); in the case of capital agreements, account is taken of the propensity to convert to an annuity when it is calculated.

The mathematical reserves also include additional reserves for the guaranteed interest rate risk (art. 47 of ISVAP Regulation no. 21 of 28 March 2008) amounting to € 568 thousand, obtained by joint analysis of the asset and liability portfolios of the segregated internal funds "Vittoria Rendimento Mensile" and "Vittoria Valore Crescente", the average rates of return on which were used to value the "Liquinvest" and "Vittoria Previdenza" funds.

#### C.II.2 - Complementary insurance premium reserve

The complementary insurance premium reserve refers solely to direct business.

### C.II.3 - Reserve for payable amounts

Breakdown and changes of reserve for payable amounts over the year are shown in the following table:

	<i>31/12/2010</i>	<i>31/12/2011</i>	<i>Change</i>
For directly insured risks	29,338	26,138	- 3,200
For inwardly insured risks	12	13	+ 1
<b>Gross reserves</b>	<b>29,350</b>	<b>26,151</b>	<b>- 3,199</b>
Reinsurers' share	373	-	- 373
<b>Net reserves</b>	<b>28,977</b>	<b>26,151</b>	<b>- 2,826</b>

### C.II.4 - Profit participation and reversal reserve

Breakdown and changes of profit participation and reversal reserve over the year are shown in the following table:

	<i>31/12/2010</i>	<i>31/12/2011</i>	<i>Change</i>
For directly insured risks	32	39	+ 7
For inwardly insured risks	4	3	- 1
<b>Gross reserves</b>	<b>36</b>	<b>42</b>	<b>+ 6</b>

### C.II.5 - Other technical reserves

The amount of this item as at 31 December 2011 is € 12,266 thousand and refers solely to operating expenses and is split as follows by class:

	<i>31/12/2010</i>	<i>31/12/2011</i>	<i>Change</i>
Class I	12,036	11,411	- 625
Class III	18	3	- 15
Class IV	84	97	+ 13
Class V	686	755	+ 69
<b>Total</b>	<b>12,824</b>	<b>12,266</b>	<b>- 558</b>

Breakdown and changes of other technical reserves over the year are shown in the following table:

	<i>31/12/2010</i>	<i>31/12/2011</i>	<i>Change</i>
For directly insured risks	12,823	12,266	- 557
For inwardly insured risks	1	0	- 1
<b>Net reserves</b>	<b>12,824</b>	<b>12,266</b>	<b>- 558</b>
Reinsurers' share	22	17	- 5
<b>Net reserves</b>	<b>12,802</b>	<b>12,249</b>	<b>- 553</b>

**CLASSE D – TECHNICAL RESERVES WHEN INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES RELATING TO PENSION FUND MANAGEMENT**

	31/12/2010	31/12/2011	Change
	76,456	64,464	-14,992
<b>D.I – Reserves for unit- and index-linked policies</b>	65,831	51,120	-14,711
<b>D.II - Reserves relating to pension fund management</b>	10,625	10,344	-281

The following table shows the breakdown and changes by product type relating the class D.I:

	31/12/2010	31/12/2011	Change
	65,831	51,120	-14,711
Reserves for index-linked policies	12,060	6,676	-5,384
Reserves for unit-linked policies	53,771	44,444	-9,327

Below are detailed the key actuarial assumptions concerning technical reserves for direct business as at 31/12/2011:

(in thousands of euros)					
Risk category	Capital sums, annuities	Technical reserves	Year of issue	Technical basis	
				financial	demographic
Temporary	6,599,680	117,969	1968 - 1977	4%	SIM 51
			1978 - 1989	4%	SIM 61
			1990 - 1997	4%	SIM 81
			1998 - 2001	3% - 4%	SIM 91
			2001 - 2007	3%	SIM 91 at 70%
			since 2007	3%	SIM91 50% and 70%
Adjustable	3	16	1969 - 1979	3% *	SIM 51
Indexed	0	4	1980 - 1988	3% *	SIM 51
Other types	37	33			
Revaluable	786,741	617,319	1988 - 1989	3% *	SIM 71
			1990 - 1996	4% *	SIM 81
			1997 - 1999	3% *	SIM 91
			since 2000	1.5% - 2% *	SIM 81-91
L.T.C.	10,797	1,782	2001 - 2004	2.5%	(1)
Pension fund	10,344	10,344	since 1999	----	----
Index linked	6,739	6,676	since 1997	0%	SIM 91
Unit Linked	51,185	44,444	since 1998	0%	SIM 91
<b>Total ordinary</b>	<b>7,465,526</b>	<b>798,587</b>			
AIL rivalutabile	9,817	8,842	1986 - 1998	4% *	SIM 51
			1999 - 2004	3% *	SIM 81
<b>Total business lines</b>	<b>7,475,343</b>	<b>807,429</b>			

\* Due to the effect of the contractually guaranteed revaluation, technical rates have increased to:

for indexed policies: 5.87%

for adjustable policies: 5.73%

for AIL revaluable policies: 3.60%

for revaluable policies: Vittoria Valore Crescente 3.98%; Vittoria Rendimento Mensile 3.30%; Vittoria Previdenza 2.84%.

(1) SIM 91 reduced to 62%; SIF 91 reduced to 53%; mortality rates and LTC (long term care) rates taken from insurers' studies

(2) SIM 91 reduced to 60%; mortality rates and LTC rates taken from insurers' studies

(3) SIM 91 reduced to 60%; rates taken from reinsurers' studies

---

**CLASS E – PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES**

---

	31/12/2010	31/12/2011	Change
	1,581	9,500	+7,919
E.2 – Tax provision	840	8,759	+7,919
E.3 – Other provisions	741	741	-

---

**E.2 – Tax provision**

The change mainly was due to:

- provision of deferred tax liabilities relating to revaluation of exchange rates for reinsurance balances for € 3 thousand;
- use of deferred tax liabilities relating to revaluation of exchange rates for reinsurance balances in previous financial years for € 19 thousand;
- provision of deferred tax liabilities relating to accrual of capital gain on financial assets (French government bond) for € 1,103 thousand;
- use of deferred tax liabilities relating to capital gains made in previous financial years for use of portion pertaining to the financial year in question for € 141 thousand;
- use of provision for payment of verification local taxes purpose of financial years 2004/2006 (IRES/IRAP) for € 4 thousand;
- provision of deferred tax liabilities relating to the merger deficit (merger for incorporation of Lauro 2000 S.r.l.) for € 13,326 thousand;
- use of provision for releasing of Lauro 2000 S.r.l.'s merger deficit for € 7,799 thousand;
- provision for grater taxes, penalties and interests stemming from a fiscal investigation from Tax Investigation (Guardia di Finanza) for € 1,750 thousand;
- use of € 300 thousand due to excessive provisions for previous years.

Changes of this caption are also shown to the Appendice 15 to these Explanatory Notes.

**E.3 – Other provisions**

The caption as at 31 December 2011 is entirely related to the Sofigea fund - pursuant to Article 7, Italian Legislative Decree 576/78.

---

**CLASS F – DEPOSITS RECEIVED FROM REINSURERS**

---

	31/12/2010	31/12/2011	Change
	27,662	24,418	-3,244

---

These deposits are related to the technical reserves of reinsured direct business.



---

**CLASS G – PAYABLES AND OTHER LIABILITIES**


---

	31/12/2010	31/12/2011	Change
	72,267	103,884	+ 31,617
<b>G.I - Payables arising from direct insurance business</b>	8,342	10,733	+ 2,391
<b>G.II - Payables arising from reinsurance business</b>	9,041	11,190	+ 2,149
<b>G.VII - Reserve for employee severance indemnities</b>	3,972	3,806	- 166
<b>G.VIII – Other payables</b>	34,646	58,302	+ 23,656
<b>G.IX – Other liabilities</b>	16,266	19,853	+ 3,587

---

Relating to G.I item, the following table shows the breakdown and change over the year:

**G.I - Payables arising from direct insurance business**

	31/12/2010	31/12/2011	Change
	8,342	10,733	+2,391
<i>Of which:</i>			
G.I.1 – due to insurance agents and brokers	3,558	4,285	+727
G.I.2 – due to current accounts with other insurers	2,222	1,633	-589
G.I.3 – due to policyholders for performance deposits and premiums	143	239	+96
G.I.4 – due to guarantee funds for policyholders	2,419	4,576	+2,157

---

**G.I.1 Payables arising from direct insurance business, due to insurance agents and brokers**

	31/12/2010	31/12/2011	Change
	3,558	4,285	+727

---

These amounts refer to balances not yet settled as at 31 December 2011 and to indemnities payable for cessation of agency mandates.

**G.I.2 Payables arising from direct insurance business, due to current accounts with other insurers**

	31/12/2010	31/12/2011	Change
	2,222	1,633	-589

---

This caption includes amounts payable arising from current accounts comprising the technical results of co-insurance transactions.

G.I.3 Payables arising from direct insurance business, due to policyholders for performance deposits and premiums

	31/12/2010	31/12/2011	Change
	143	239	+96

The item refers to the performance deposits paid by policyholders for insurance coverage.

G.I.4 Payables arising from direct insurance business, due to guarantee funds for policyholders

	31/12/2010	31/12/2011	Change
	2,419	4,576	+2,157

This item is solely referred to the amount payable to CONSAP for the contribution to the fund for road-accident victims.

**G.II Payables, arising from reinsurance business, due to insurers and reinsurers**

	31/12/2010	31/12/2011	Change
	9,041	11,190	+2,149

This item is relative to payables arising from the current accounts comprising the technical results of reinsurance dealings.

**G.VII Reserve for employee severance indemnities**

	31/12/2010	31/12/2011	Change
	3,972	3,806	-166

The item expresses the retirement allowance provision towards personnel as at 31 December 2011, in compliance with the Italian Civil Code.

Changes are also reported to the Appendix 15 to these Explanatory Notes. The overall change over the year is due to the following movements:

- decrease due to indemnities paid out for severance and to advance payouts granted for € 305 thousand;
- increase due to provisioning for the year for € 1,947 thousand;
- transfers to Pension Fund and Social Security fund for € 1,808 thousand.

As required by Article 2427, 6th paragraph, of the Italian Civil Code and in compliance with Italian Legislative Decree no. 173 of 26 May 1997, we declare that the payables in question must be taken to have a residual duration of more than 5 years.

**G.VIII - Other payables**

	31/12/2010	31/12/2011	Change
	34,646	58,302	+23,656
<i>Of which:</i>			
G.VIII.1 – for policyholders' taxes	14,897	18,454	+3,557
G.VIII.2 – for miscellaneous taxes	1,837	13,075	+11,238
G.VIII.3 – for social security & pension agencies	2,076	2,254	+178
G.VIII.4 – other sundry payables	15,836	24,519	+8,683

**G.VIII.1 Other payables for policyholders' taxes**

	31/12/2010	31/12/2011	Change
	14,897	18,454	+3,557

The item is relative to the amounts payable to the Financial Administration for insurance taxes on premiums collected.

**G.VIII.2 Other payables for miscellaneous taxes**

	31/12/2010	31/12/2011	Change
	1,837	13,075	+11,238

The amount as at 31 December 2011 is mainly composed as follows:

- tax deduction on wages & salaries for € 919 thousand;
- tax deduction on fees for self-employed staff and advisors for € 523 thousand;
- substitute tax on Lauro 2000 S.r.l.'s merger deficit for € 3,336 thousand;
- local tax to be paid (IRES/IRAP) on year's result for 6,309 thousand;
- VAT to be paid for € 1,664 thousand.

**G.VIII.3 Other payables for social security & pension agencies**

	31/12/2010	31/12/2011	Change
	2,076	2,254	+178

This item consists mainly of amounts payable to INPS (the state pension & welfare agency) on salaries paid in December.

**G.VIII.4 Other sundry payables**

	31/12/2010	31/12/2011	Change
	15,836	24,519	+8,683

The amount as at 31 December 2011 is mainly composed as follows:

- amounts payable to employees for payments settled in January 2011 and also for accruals for holidays not taken for € 3,772 thousand;
- trade payables for € 12,683 thousand;
- fees payable to professionals for € 3,945 thousand;
- amounts payable to subsidiaries for tax consolidation for € 1,199 thousand.

### **G.IX – Other liabilities**

	31/12/2010	31/12/2011	Change
	16,266	19,853	+3,587
<i>Of which:</i>			
G.IX.2 – commissions on premiums under collection	10,817	14,347	+3,530
G.IX.3 – sundry liabilities	5,449	5,506	+57

#### **G.IX.2 Commissions on premiums under collection**

This item is relative to the provision for agent payable commissions on premiums that were in the process of collection at year-end.

#### **G.IX.3 Sundry liabilities**

This item is mainly relative to the following components:

- invoices and notes to be received from suppliers for € 5,044 thousand;
- technical accounts to be settled with agencies for € 411 thousand.

### **CLASS H – ACCRUED LIABILITIES & DEFERRED INCOME**

	31/12/2010	31/12/2011	Change
	82	26	-56
H.1 – Interest	16	-	-16
H.3 – Other accrued liabilities & deferred income	66	26	-40

#### **H.3 - Other accrued liabilities & deferred income**

This item is mainly relative to deferred commissions on business with brokerage companies.

**GUARANTEES, COMMITMENTS, AND OTHER MEMORANDUM ACCOUNTS**

	31/12/2010	31/12/2011	Change
	1,426,007	1,504,680	+78,673
I. Guarantees given	20,500	20,500	-
II. Guarantees received	8,254	8,357	+103
IV. Commitments	11,457	6,165	-5,292
V. Third-party assets	4,352	6,066	+1,714
VI. Assets pertaining to pension funds managed for and on behalf of third parties	10,625	10,344	-281
VII. Securities lodged with third parties	1,370,819	1,453,248	+82,329

**I – Guarantees given**

	31/12/2010	31/12/2011	Change
I.3 – Other personal guarantees	20,500	20,500	-

This item refers to a letter of patronage in favour of Banca Intesa Sanpaolo SpA for concession of credit facilities to the subsidiary Vittoria Immobiliare SpA.

**II – Guarantees received**

	31/12/2010	31/12/2011	Change
	8,254	8,357	+103
<i>Of which:</i>			
II.1 - Sureties	6,354	6,357	+103
II.4 – Collateral	1,900	1,900	-

**II.1 - Sureties**

This item consists mainly of the surety set up in relation to the knock-for-knock (i.e. direct indemnity) system.

**II.4 - Collateral**

This item is related to pledging of securities in the company's favour.

**IV - Commitments**

This item as at 31 December 2011 is related to the commitments by subscribing shares of the new established Bank Cattolica Veneta and for private equity operations.

**V – Third-party assets**

This item is related to savings accounts set up in favour of eligible claimants, as well as registered securities guaranteeing performance bond policies.

**VI – Assets pertaining to pension funds managed for and on behalf of third parties**

This item refers to pension fund assets held by the depository bank.

**VII – Securities lodged with third parties**

These are owned securities lodged in accounts under administration with banks and other issuers.

## INCOME STATEMENT

### I.10 - RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT

	31/12/2010	31/12/2011	Change
	33,154	37,457	+4,303

Technical costs and revenues are classified as follows:

#### I. 1 – Premiums, net of outwards reinsurance

	31/12/2010	31/12/2011	Change
	593,078	738,562	+145,484
<i>Of which:</i>			
a) Gross premiums written	674,248	810,030	+135,782
b) (-) Ceded premiums	35,822	26,510	-9,312
c) (-) Change in gross premium reserve	48,174	45,836	-2,338
d) Change in reinsurers' share of premium reserve	2,826	878	-1,948

The Company develops its business entirely in Italy.

The breakdown of premiums by business has been indicated in the Management Report, whilst classification by line and type is shown in Appendix 25 to these Explanatory Notes.

#### I. 2 – (+) Portion of investment income transferred from non-technical account

	31/12/2010	31/12/2011	Change
	13,403	10,402	-3,001

The item includes income on investments transferred from the non-technical account as required by Article 55 of Italian Legislative Decree no. 173/97. The amount to be transferred has been calculated as laid down by ISVAP Regulation no. 22 of 4 April 2008.

#### I. 3 – Other technical income, net of outwards reinsurance

	31/12/2010	31/12/2011	Change
	4,036	3,965	-71

This item is mainly referred to:

- reversal of commissions for previous years' cancelled premiums for € 141 thousand (€ 260 thousand in the previous year);
- € 2,105 thousand for other technical items mainly relating to recoveries of settlement costs related to claims subject to knock-for-knock agreements (€ 2.131 thousand in the previous year) and € 193 thousand for recoveries on arbitrations of settlement costs related to claims subject to knock-for-knock agreements;
- € 818 thousand related to ANIA incentives for scrapping damaged vehicles;
- € 398 thousand related to recoveries of receivables for premiums under litigation;
- € 116 thousand for recoveries of commissions related to claims in other delegation.

#### **I. 4 – Charges relating to claims, net of recoveries and outwards reinsurance**

	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>Change</b>
	423,980	526,356	+102,376
<i>Of which:</i>			
aa) Amounts paid – gross amount	399,457	465,081	+65,624
bb) (-) Reinsurers' share	21,861	12,762	-9,099
aa) Change in recoveries net of reinsurers' share			
– gross amount	-16,255	-14,317	+1,938
bb) (-) Reinsurers' share	-1,930	-277	+1,653
aa) Change in claims reserve – gross amount	55,899	91,646	+35,747
bb) (-) Reinsurers' share	- 4,810	3,569	+8,379

#### **Amounts paid**

They relate to indemnities, direct expenses and settlement costs for partial or definitive payments of claims reported during the year or reserved at the end of the previous year.

#### **Change in recoveries net of reinsurers' share**

This is the balance between amounts to be recovered from policyholders and third parties for deductibles, subrogation and remedying of claims at the previous year-end, the amounts recovered during the year and amounts yet to be recovered at year-end.

#### **Change in claims reserve**

The item includes estimated indemnities, direct and settlement costs to be paid in future years for claims reported during the current and previous years and not yet settled as at 31 December.

#### **I.5 - Change in other technical reserves, net of outwards reinsurance**

	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>Change</b>
	-3,365	-	+3,365

This item comprises the change in the ageing reserve.

Evaluation and accounting criteria are enclosed in "Part A - Accounting Policies" to this financial report.

As at 31 December 2011 the ageing reserve is unchanged compared with 2010 amount.

### I. 7 – Operating costs

	31/12/2010	31/12/2011	Change
	151,869	180,330	+28,461
<i>Of which:</i>			
a) Acquisition commissions	102,234	119,667	+17,433
b) Other acquisition costs	32,694	37,911	+5,217
c) Change in commissions and other acquisition costs to be amortised	-197	-426	-229
d) Premium collection commissions	7,417	9,052	+1,635
e) Other administrative expenses	17,938	21,200	+3,262
f) (-) Commissions received by reinsurers	8,611	7,926	-685

They relate to purchase and collection commissions proportional to premiums written, incentives accrued by brokers and agents and common costs incurred for the sales network. The caption also includes overheads and depreciation of tangible assets not allocated to claims settlement and investments. This caption includes costs repaid to the subsidiaries Aspevi Milano Srl for € 3,650 thousand, Aspevi Roma Srl for € 2,049 thousand, Gestimmobili Srl for € 343 thousand and Interimmobili Srl for € 20 thousand, to the associates S.In.T. SpA for € 716 thousand, Le API Srl for € 737 thousand and Consorzio Movincom for € 30 thousand.

### I.8 - Other technical charges, net of outwards reinsurance

	31/12/2010	31/12/2011	Change
	4,663	8,223	+3,560

The caption includes items relating to:

- technical cancellations of premiums and cancellations of uncollectible premiums for € 1,549 thousand (€ 1,704 thousand in the previous year);
- allocations to the provision for bad debt toward policyholders for € 4,097 thousand;
- other technical charges mainly relating to services supporting insurance covers and costs for premiums under litigation for € 2,557 thousand (€ 2,952 thousand in the previous year). The caption also includes fees paid out to the associate S.In.T SpA relating to technical services for € 654 thousand (€ 654 thousand in the previous year).

### I.9 - Change in equalisation reserves

	31/12/2010	31/12/2011	Change
	215	561	+346

The change detailed for line of business is shown in the caption C. I. 5 in the Balance Sheet.



### II.13 - RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT

	31/12/2010	31/12/2011	Change
	6,389	4,519	-1,870

Technical costs and revenues are classified as follows:

#### II. 1 – Premiums, net of outwards reinsurance

	31/12/2010	31/12/2011	Change
	141,468	126,267	-15,201
<i>Of which:</i>			
a) Gross premiums written	143,291	127,536	-15,755
b) (-) Ceded premiums	1,823	1,269	-554

A premiums breakdown by line of business is shown in the Directors' report and classified by line of business (direct and indirect business) in Appendix 27 to these Explanatory Notes.

#### II. 2 – Investments income

	31/12/2010	31/12/2011	Change
	35,621	32,876	-2,745
<i>Of which:</i>			
a) Income from equity investments	3,182	2,261	-921
b) Income from other investments	31,995	29,339	-2,656
c) Write-backs on investments	75	95	+20
d) Profits made on sale of investments	369	1,181	+812

- a) The caption includes the dividend collected and recognised by the subsidiaries Immobiliare Bilancia Srl for € 1,900 thousand and Vittoria Immobiliare SpA for € 361 thousand;
- b) The caption includes:
  - income on fixed-income securities for interest, issue and trading differentials for € 28,808 thousand;
  - income from units in mutual investment funds for € 65 thousand;
  - interest on loans for € 455 thousand, of which accrued interest on the loan granted to the subsidiary Interbilancia Srl for € 1 thousand;
  - interest on reinsurance deposits for € 11 thousand.
- c) The caption refers to bond previously debased;
- d) The caption refers to capital gains arising from fixed-income securities' reimbursement and alienation.

Investment income are detailed in Appendix 21 to these Explanatory Notes, which also report non-technical account data relating to Non-Life business investment.

#### II.3 - Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments relating to pension fund management

	31/12/2010	31/12/2010	Change
	9,260	3,743	-5,517

A breakdown of unrealised gains relating to investments benefiting policyholders bearing the risk is shown in Appendix 22 to these Explanatory Notes.

**II.4 - Other technical income, net of outwards reinsurance**

	31/12/2010	31/12/2011	Change
	861	648	-213

The caption includes commissions relating to first-year premiums cancelled and commissions retroceded by financial managers in relation to investments of unit-linked premiums and pension funds.

**II.5 - Charges relating to claims, net of outwards reinsurance**

	31/12/2010	31/12/2011	Change
	148,918	129,962	-18,956
<i>Of which:</i>			
aa) Amounts paid – gross amount	143,339	138,464	-4,875
bb) (-) Reinsurers' share	466	5,676	+5,210
aa) Change in reserve for payable amounts – gross amount	6,045	-3,199	-9,244
bb) (-) Reinsurers' share	-	-373	-373

They refer to claims, policies that have matured, surrenders, and annuities.

**II.6 - Change in mathematical reserves and other technical reserves, net of outwards reinsurance**

	31/12/2010	31/12/2011	Change
	3,992	-5,214	-9,206
<i>Of which:</i>			
aa) Mathematical reserves – gross amount	3,860	5,874	+2,014
bb) (-) Reinsurers' share	1,281	-4,455	-5,736
aa) Complementary insurance premium reserve – gross amount	-	3	+3
aa) Other technical reserves – gross amount	755	-558	-1,313
bb) (-) Reinsurers' share	-1	-5	-4
aa) Technical reserves when investment risk is borne by policyholders or relating to pension fund management	657	-14,993	-15,650

This refers to the change in technical reserves; for further information about evaluation and accounting method, please refer to the chapter "Part A - Accounting Policies" to these Explanatory Notes.

**II.7 - Reversals and profit participation, net of outwards reinsurance**

	31/12/2010	31/12/2011	Change
	8	6	-2

This item comprises amounts paid in the year for profit participation, as well as the change in the related reserve. The amount is solely referred to direct business.

## II. 8 – Operating costs

	31/12/2010	31/12/2011	Change
	17,779	15,823	-1,956
<i>Of which:</i>			
a) Acquisition commissions	7,444	6,327	-1,117
b) Other acquisition costs	5,985	6,754	+769
c) Change in commissions and other acquisition costs to be amortised	214	1,590	+1,376
d) Premium collection commissions	1,156	1,214	+58
e) Other administrative expenses	3,732	3,178	-554
f) (-) Commissions received by reinsurers	324	60	-264

They relate to purchase and collection commissions proportional to premiums written, incentives accrued by brokers and agents and common costs incurred for the sales network. The caption also includes overheads and depreciation of tangible assets not allocated to investment-related costs.

## II.9 - Capital and financial charges

	31/12/2010	31/12/2011	Change
	3,200	9,036	+5,836
<i>Of which:</i>			
a) Investment management costs and interest expense	2,621	2,809	+188
b) Investment write-downs	432	6,222	+5,790
c) Losses on sale of investments	147	5	-142

- a) The caption mainly refers to:
- costs relating to equity portfolio for € 34 thousand (€ 38 thousand in the previous year);
  - costs relating to investments on land and buildings for € 150 thousand stemming from the merger for incorporation of Lauro 2000 Srl;
  - costs relating to fixed-income securities for issue and trading differentials, taxes, and operating and personnel expenses for € 1,624 thousand (€1,638 thousand in the previous year);
  - interest on deposits from reinsurers for € 1,000 thousand (€ 942 thousand in the previous year).
- b) The item refers to write-downs of the financial instruments for € 4,669 thousand due to the exchange rate increasing which has caused an increasing of fair value of variable interest rate securities, for € 1,381 thousand due to the BCM market Neutral Fund Plc impairment classified in the investment portfolio and for € 172 thousand due to the amortizations for real estate assets relating to the new Vittoria's headquarters .

Appendix 23 to these Explanatory Notes reports details relating to Capital and financial charges on Life investments.

**II.10 – Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and to investments connected with pension fund management**

	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>Change</b>
	3,072	9,217	+6,145

The increase over the year was due to the negative trend of financial market.

Details of charges and unrealised capital losses relating to the above types of investments are provided in Appendix 24 to these Explanatory Notes.

**II.11 - Other technical charges, net of outwards reinsurance**

	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>Change</b>
	205	185	-20

The item refers to technical cancellations and losses due to uncollectible insurance premiums.

**II.12 – (-) Income on investments transferred to non-technical account**

	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>Change</b>
	3,647	-	-3,647

The caption includes investment income transferred to the non-technical account as required by Article 55 of Italian Legislative Decree no. 173/97. As at 31 December 2011, the calculation, was carried out in accordance with ISVAP Regulation no. 22 of 4 April 2008 and led to a no transfer.

---

**RESULT OF NON-TECHNICAL ACCOUNT**

---

	31/12/2010	31/12/2011	Change
	3,640	7,928	+4,288

---

Non-technical costs and revenues are classified as follows:

**III. 3 – Income from Non-Life investments**

	31/12/2010	31/12/2011	Change
	20,803	25,127	+4,324
<i>Of which:</i>			
a) Income from equity investments	632	562	-70
b) Income from other investments	19,794	23,888	+4,094
c) Write-backs on investments	-	438	+438
d) Profits made on sale of investments	377	239	-138

- a) This caption includes the dividend collected by the other subsidiaries.
- b) The caption consists of the following items:
- land and buildings amounting to € 206 thousand (€ 210 thousand in the previous year), of which € 145 thousand relating to rental and € 61 thousand relating to expenses recover and other income;
  - other investments amounting to € 23,682 thousand (€ 19,585 thousand in the previous year), of which € 23,579 thousand relating to income on fixed-income securities for interest, issue and trading differentials and € 103 thousand relating to interest on loan of which € 74 thousand on loan granted to the associate Spefin Finanziaria SpA;
- c) The caption refers to write-backs of financial instruments previously impaired;
- d) The caption refers to capital gains arising from fixed-income securities' reimbursement and alienation.

Appendix 21 to these Explanatory Notes reports details relating to Income from Life and Non-Life investments.

**III.4 - (+) Income on investments transferred from Life business technical account**

	31/12/2010	31/12/2011	Change
	3,647	-	-3,647

Please refer to information reported in Life technical account chapter.

**III.5 - Capital and financial charges of Non-Life business**

	31/12/2010	31/12/2011	Change
	4,118	12,261	+8,143
<i>Of which:</i>			
a) Investment management costs and interest expense	2,033	2,594	+561
b) Investment write-downs	2,085	5,639	+3,554
c) Loss on sale of investments	-	4,028	+4,028

- a) The caption mainly includes:
- operating and personnel expenses relating to the equity portfolio for € 54 thousand (€ 83 thousand in the previous year);
  - costs for fixed-income securities relating to issue and trading differentials, taxes, and operating and personnel expenses amounting to € 1,992 thousand (€ 1,749 thousand in the previous year);

- condominium expenses, taxes and building management costs for € 435 thousand (€ 131 thousand in the previous year);
  - interest on deposits from reinsurers for € 111 thousand (€ 70 thousand in the previous year).
- b) The capture refers to write-downs of financial instruments due to the exchange rate increasing which has caused an increasing of fair value of variable interest rate securities for € 1,424 thousand, to write-downs of participation for € 3,220 thousand (€ 2,085 thousand in the previous year) and to amortizations referred to real estate assets for € 995 thousand;
- c) Loss on sales of investments came from sales of variable interest securities classified in the trading portfolio.

Appendix 23 to these Explanatory Notes reports details relating to Capital and financial charges of Life and Non-Life investments.

### **III.6 - (-) Investment income transferred to the Non-Life business technical account**

	31/12/2010	31/12/2011	Change
	13,403	10,402	-3,001

Please refer to information reported in Non-Life technical account chapter.

### **III.7 - Other income**

	31/12/2010	31/12/2011	Change
	1,813	5,116	+3,303

This caption includes income other than that on investments, such as that relating to the general balance-sheet classes E - Receivables and F - Other assets.

As at 31 December 2011, the caption is mainly related to, as follows:

- interest on bank current account for € 1,265 thousand (€ 343 thousand in the previous year);
- infra-group charges for € 426 thousand (€ 464 thousand in the previous year);
- other interest accruing mainly on tax receivables and recoveries from agents for € 330 thousand (€ 292 thousand in the previous year);
- other financial income for € 398 thousand (€ 286 thousand in the previous year);
- use of bad debt provisions toward policyholders for € 1,997 thousand e use of tax provisions for € 300 thousand;
- foreign-exchange gains on technical and financial items for € 41 thousand (€ 176 thousand in the previous year).

### **III.8 - Other charges**

	31/12/2010	31/12/2011	Change
	7,278	11,756	+4,478

As at 31 December 2011, the captions mainly includes:

- interest and charges on bank current account for € 417 thousand (€ 443 thousand in the previous year);
- annual amortisation of SACE goodwill for € 573 thousand (€ 530 thousand in the previous year);
- annual amortisation of intangible assets for € 7,567 thousand (€ 5,785 thousand in the previous year);
- taxes for € 2,278 thousand (€ 345 thousand in the previous year), increased due to more taxes, penalties and interests from a tax investigation for € 1,750 thousand.

### III.10 - Extraordinary income

	31/12/2010	31/12/2011	Change
	2,438	15,152	+12,714

This item contains income from sale of long-term investments and other profits made on the sale of assets classified in the general balance-sheet Class F - Other assets.

Their main breakdown is shown below:

- capital gains on sale of fixed-income securities amounting to € 11,749 thousand, of which € 2,924 thousand coming from Life business management and € 8,825 thousand coming from Non-Life business management (€ 2,177 thousand in the previous year);
- capital gains on sale of equity investments relating to associated and other companies for € 2,895 thousand, of which € 504 thousand coming from Life business management and € 2,391 thousand coming from Non-Life business management.

### III.11 - Extraordinary charges

	31/12/2010	31/12/2011	Change
	263	3,047	+2,784

This item contains charges relating to sale of long-term investments and other losses arising from the sale of assets classified in the general balance-sheet Class F - Other assets.

Their main breakdown is shown below:

- incidental costs and charges amounting to € 59 thousand (€ 128 thousand in the previous year);
- capital losses on sale of equity investments relating to associated companies amounting to € 2,062 thousand coming from Non-Life business management;
- capital losses on units investments for € 494 thousand, of which € 489 thousand coming from Life business management and for € 5 thousand coming from Non-Life business management;
- other financial charges for € 240 thousand coming from Non-Life business management.

### III.14 - Taxation

	31/12/2010	31/12/2011	Change
	13,927	14,575	+648

The current taxes are referred to IRES (corporate income local tax) and IRAP (regional business local tax) estimate relating to 2011, in accordance with tributary regulations in force, applying as tax rates 27.50% for IRES purpose and 6.82% for IRAP purpose. In the current year, IRAP tax rate for insurance and banking companies was increased by 2.0% compared with the previous year tax rate.

Reconciliation between the tax charge recognised in the financial statements and theoretical tax charge is shown below:

(in thousands of Euros)						
	Taxable base		Tax		Tax rate	
	IRES	IRAP	actual	theoretical	actual	theoretical
<b>IRES</b>						
Profit before taxation	49,904			13,723		27.50%
+ Temporary differences deductible in future years	54,485					
- Temporary differences taxable in future years	4,010					
+ Use of temporary differences	-6,532					
Permanent differences:						
+ Non-deductible interest and taxes	2,491					
+ Non-deductible accruals, costs and expenses	734					
+ Investment Portfolio	3,460					
- Tax-exempt income	504					
- Dividends	877					
- Other deductible items	3,179					
<b>Taxable base</b>	<b>95,972</b>					
Current IRES			26,392			
<b>IRAP</b>						
Profit before taxation		49,904		3,403		6.82%
- Profit & Loss items not taxable/deductible for IRAP purpose		7,929				
Life insurance business profit & loss + Non-life insurance business profit & loss		41,975				
+ Permanent taxable differences		49,326				
- Permanent deductible differences		18,938				
Theoretical taxable base		72,363				
+(Increase - Decrease) of temporary differences		-3,286				
<b>Taxable base</b>		<b>69,077</b>				
Current IRAP			4,711			
Substitute tax on merger deficit	22,723	22,723	3,336			
<b>Total current Tax relating to 2011</b>			<b>34,439</b>			
<b>Deferred tax assets</b>						
Taxable base for deferred tax assets of the previous year	84,584	10,752				
(Increase - Decrease) in deferred tax assets during the current year	47,174	560				
<b>Taxable base for deferred tax assets of the current year</b>	<b>131,758</b>	<b>11,312</b>				
Deferred IRES assets on (Increase - Decrease)			12,973			
Deferred IRAP assets on (Increase - Decrease)			38			
<b>Total deferred tax assets relating to 2011</b>			<b>13,011</b>			
<b>Deferred tax liabilities</b>						
Taxable base for provision for deferred tax liabilities of the previous year	1,946	0				
(Increase - Decrease) in the provision for deferred tax liabilities during the current year	3,438	0				
Adjustments to the provision for deferred tax liabilities of the previous year	22,723	22,723				
<b>Taxable base for provision for deferred tax liabilities of the current year</b>	<b>-17,339</b>	<b>-22,723</b>				
Deferred IRES liabilities on (Increase - Decrease)			-5,303			
Deferred IRAP liabilities on (Increase - Decrease)			-1,550			
<b>Total deferred tax liabilities relating to 2011</b>			<b>-6,853</b>			
Total IRES relating to 2011			8,116		16.26%	
Total IRAP relating to 2011			3,123		6.26%	
<b>Total tax relating to 2011</b>			<b>14,575</b>	<b>17,126</b>	<b>22.52%</b>	<b>34.32%</b>

The above schedule compares taxes related to local financial statements, apart from variances due to tax rules application in determining IRES and IRAP amounts with taxes related to tax rules compliance.



Schedules of deferred taxes pursuant to article 2427 of the civil code, are shown as follows:

(in thousands of euros)

Description of temporary difference	IRES		IRAP		IRES+IRAP
	Taxable base	tax rate	Taxable base	tax rate	Tax
<b>2010 deferred tax assets</b>					
Exchange rate fluctuations	63		-		17
Depreciation of tangible assets	686		74		191
Entertainment costs	9		9		3
Provisions for bad debts	9,788		-		2,692
Directors' fees	209		-		57
Goodwill	967		967		313
Change in life technical reserves (as per decr. 78/2010)	50		-		14
Change in non-life claims reserves (as per decr. 209/2002)	72,017		9,702		20,273
Provision for NCWC renewal	700		-		193
Dividends	-		-		-
	<b>84,489</b>	<b>27.50%</b>	<b>10,752</b>	<b>4.82%</b>	<b>23,753</b>
<b>2011 adjustments to deferred tax assets</b>					
Depreciation of tangible assets	-		74		1
Entertainment costs	-		9		0
Goodwill	-		967		19
Change in non-life claims reserves (as per decr. 209/2002)	-		9,702		194
	<b>0</b>	<b>27.5%</b>	<b>10,752</b>	<b>2.00%</b>	<b>215</b>
<b>2011 use to deferred tax assets</b>					
Exchange rate fluctuations	63		-		17
Depreciation of tangible assets	155		74		46
Entertainment costs	9		9		3
Provisions for bad debts	2,346		-		645
Directors' fees	209		-		57
Change in non-life claims reserves (as per decr. 209/2002)	4,362		3,234		1,355
	<b>7,144</b>	<b>27.50%</b>	<b>3,317</b>	<b>6.82%</b>	<b>2,124</b>
<b>2011 increase in deferred tax assets</b>					
Exchange rate fluctuations	4		-		1
Depreciation of tangible assets	1,100		376		328
Provisions for bad debts	5,367		-		1,476
Directors' fees	428		-		118
Goodwill	348		348		119
Change in life technical reserves (as per decr. 78/2010)	147		-		40
Change in non-life claims reserves (as per decr. 209/2002)	46,241		-		12,716
Provision for NCWC renewal	780		-		215
Dividends	95		-		26
	<b>54,510</b>	<b>27.50%</b>	<b>724</b>	<b>6.82%</b>	<b>15,040</b>
<b>2011 deferred tax assets</b>					
Exchange rate fluctuations	4		-		1
Depreciation of tangible assets	1,631		376		474
Provisions for bad debts	12,809		-		3,522
Directors' fees	428		-		118
Goodwill	1,315		1,315		451
Change in life technical reserves (as per decr. 78/2010)	197		-		54
Change in non-life claims reserve (as per decr. 209/2002)	113,896		6,468		31,763
Provision for NCWC renewal	1,480		-		407
	<b>131,760</b>	<b>27.50%</b>	<b>8,159</b>	<b>6.82%</b>	<b>36,790</b>

(in thousands of euros)

Description of temporary difference	IRES		IRAP		IRES+IRAP
	Taxable base	tax rate	Taxable base	tax rate	Tax
<b>2010 deferred tax liabilities</b>					
Division by instalments of realised gains on Investment Portfolio	1,702		-		468
Division by instalments of realised gains on Real Estate	174		-		48
Exchange rate fluctuations	70		-		19
	<b>1,946</b>	<b>27.50%</b>	<b>-</b>	<b>4.82%</b>	<b>535</b>
<b>2011 use to deferred tax liabilities</b>					
Division by instalments of realised gains on Investment Portfolio	425		-		117
Division by instalments of realised gains on Real Estate	87		-		24
Exchange rate fluctuations	70		-		19
Merger deficit *	22,723		22,723		7,799
	<b>23,305</b>	<b>27.50%</b>	<b>22,723</b>	<b>6.82%</b>	<b>7,959</b>
<b>2011 increase in deferred tax liabilities</b>					
Division by instalments of realised gains on Investment Portfolio	4,010		-		1,103
Exchange rate fluctuations	11		-		3
Merger deficit *	38,832		38,832		13,327
	<b>42,853</b>	<b>27.50%</b>	<b>38,832</b>	<b>6.82%</b>	<b>14,433</b>
<b>2011 deferred tax liabilities</b>					
Division by instalments of realised gains on Investment Portfolio	5,287		-		1,454
Division by instalments of realised gains on Real Estate	87		-		24
Exchange rate fluctuations	11		-		3
Merger deficit	16,109		16,109		5,529
	<b>21,494</b>	<b>27.50%</b>	<b>16,109</b>	<b>6.82%</b>	<b>7,009</b>

\* for merger Lauro 2000 Srl

## Part C: Other information

### Solvency margin

As regards the solvency margin, completion of regulatory schedules, issued by the ISVAP with its Regulation no. 19 of 14 March 2008, reveals the following amounts (in €'000):

	Non - life business	Life business	Total
Required Solvency Margin	127,867	39,063	166,930
Solvency Margin Assets	187,937	79,215	267,152
Surplus/Deficit	60,070	40,152	100,222
Ratio	1.5	2.0	1.6

If consolidated companies had been equity-accounted using the method typical of consolidated accounts, instead of at historical cost, net capital relating to available equity (i.e. excluding the portion assigned to Life segregated accounts) would have been € 56,419 thousand higher.

As a result of the above considerations, the items forming shareholders' equity increased from € 267,152 thousand to € 323,571 thousand. This, compared with the required amount of solvency margin of € 166,930 thousand, leads to a ratio of 1.94.

		(€/000)
Required Solvency Margin		166,930
Solvency Margin Assets	267,152	
Higher net equity of consolidated companies	<u>56,419</u>	
Solvency Margin Assets		323,571
Ratio		1.94

## Assets allocated to coverage of technical reserves

### Non-Life Business

(€ million)			
	31/12/10	31/12/11	Change
<b>Technical Reserves (A)</b>	<b>886.4</b>	<b>1,024.5</b>	<b>138.1</b>
Securities issued or secured by Governments			705.6
Bonds or other similar securities			2.0
Units of undertaking for collective investment			4.0
Shares traded in a regulated market			11.2
Shares not traded in a regulated market			28.9
Real Estate			133.8
Other investments			8.4
Receivables			108.0
Bank accounts			19.2
Othe assets			3.4
<b>Total Assets Allocated (B)</b>			<b>1,024.5</b>
<b>% of coverage (B/A)</b>			<b>100.0%</b>

### Life Business

(€ million)			
	31/12/10	31/12/11	Change
<b>Mathematical and Other Technical Reserves</b>	<b>738.8</b>	<b>746.0</b>	<b>7.2</b>
Reserve for payable amounts	29.3	26.1	-3.2
<b>Technical Reserves (A)</b>	<b>768.1</b>	<b>772.1</b>	<b>4.0</b>
Securities issued or secured by Governments			605.0
Bonds or other similar securities			45.7
Shares traded in a regulated market			7.8
Real Estate			67.2
Other investments			7.5
Receivables			19.1
Bank accounts			12.8
Othe assets			4.1
<b>Total Assets Allocated (B)</b>			<b>772.1</b>
<b>% of coverage (B/A)</b>			<b>100.0%</b>

(€ million)			
	31/12/07	31/12/11	Change
Technical Reserves when investment risk is borne by policyholders	76.5	61.5	-15.0
<b>Total Assets Allocated</b>	<b>76.5</b>	<b>61.5</b>	<b>-15.0</b>

## Finance expense allocated to balance sheet assets

Pursuant to the first paragraph, point 8, of Article 2427 of the Italian Civil Code, we declare that no finance expense was capitalised in the year in amounts posted in balance sheet assets.

## Employees

The cost of salaries, related social security charges, severance indemnity provisioning, and of miscellaneous personnel-related expenses are shown in Appendix 32.

Employees on the payroll as at 31 December 2011 numbered 469 heads (446 heads to 31 December 2010). The average number of employees on the payroll during the year, by category and calculated according to in-force presence, was as follows:

	31/12/2011	31/12/2010
Managers	24	22
Officers	132	127
Administrative staff	308	291
<b>Total</b>	<b>464</b>	<b>440</b>

## Disclosure of auditing fees

As required by Article 149/12 of CONSOB Regulation 11971 of 14 May 1999, below we report the fees relating to FY2010 for services rendered to the Company by the auditing company BDO SpA – and by entities forming part of its network.

	(€/000)	
Type of services rendered	Auditing company	Entities forming part of its network
Independent audit services	410	-
Verifications for issue of attestations	50	-
Other services	-	-

## Remuneration of directors and statutory auditors (as required by Article 2427 of civil code)

For the 2011 were paid the following fees:

- Directors: € 2,075 thousand;
- Statutory auditors: € 267 thousand.

## Breakdown of direct insurance premiums by business category and geographical area

The breakdown of the company's premiums – all referring to the Italian portfolio - by official Ministerial business line is shown in Appendices 19 and 20.

The following table shows the geographical breakdown of premiums, calculated on the basis of agency locations.

Regions	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
(€/000)					
<b>NORTH</b>					
Emilia Romagna	30	60,240		7,153	
Friuli Venezia Giulia	4	8,755		1,967	
Liguria	13	31,683		3,748	
Lombardy	84	189,211		42,576	
Piedmont	41	68,350		5,740	
Trentino Alto Adige	7	8,774		1,158	
Valle d'Aosta	1	3,335		201	
Veneto	29	50,151		6,793	
<b>Total</b>	<b>209</b>	<b>420,499</b>	<b>51.9</b>	<b>69,336</b>	<b>54.5</b>
<b>CENTRE</b>					
Abruzzo	12	41,201		4,427	
Lazio	27	94,319		25,038	
Marche	16	22,854		1,786	
Tuscany	34	70,118		8,803	
Umbria	14	40,153		4,993	
<b>Total</b>	<b>103</b>	<b>268,645</b>	<b>33.2</b>	<b>45,047</b>	<b>35.4</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	2	6,930		798	
Calabria	2	5,225		150	
Campania	8	27,568		3,141	
Puglia	5	20,585		6,007	
Sardinia	6	24,478		349	
Sicily	9	35,904		2,445	
<b>Total</b>	<b>32</b>	<b>120,690</b>	<b>14.9</b>	<b>12,890</b>	<b>10.1</b>
<b>Total ITALY</b>	<b>344</b>	<b>809,834</b>	<b>100.0</b>	<b>127,273</b>	<b>100.0</b>
<b>France</b>	<b>0</b>	<b>70</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>OVERALL TOTAL</b>	<b>344</b>	<b>809,904</b>		<b>127,273</b>	

## Real estate assets

Real estate assets are listed in the following table (in € '000):

(€/000)

	AT 31 DECEMBER 2011				T o t a l 2011
	Value before	Monetary	Fiscally-driven	Law 02/2009	
	revaluations	revaluations	and voluntary revaluations	Revaluations	
<b>BUILDINGS HELD FOR INVESTMENT</b>					
<b>Operating buildings</b>					
Milano - Via V. Colonna 2	289	0	0	477	766
Milano - Via I. Gardella 2	96,729	0	0	0	96,729
PERUGIA - Via Pellas 44	140	11	0	189	340
<b>Total operating buildings</b>	<b>97,158</b>	<b>11</b>	<b>0</b>	<b>666</b>	<b>97,835</b>
<b>Buildings used by third parties</b>					
Acqui - Piazza Matteotti 25	48	10	77	63	198
Alessandria - P.za Carducci 1	73	79	0	102	254
Asti - C.So Alfieri 130	42	57	0	264	363
Biella - Piazza V. Veneto 16	9	43	34	274	360
Brescia - Via Saffi 1	108	67	0	395	570
Busto Arsizio - Via C. Tosi 8	72	31	0	197	300
Como - V.Le Rosselli 13	99	22	77	549	747
Cremona - P.Za Roma 7	95	24	23	271	413
Cuneo - Piazza Europa 26	49	75	0	420	544
Ferrara - Via Don Minzoni 17	87	10	93	287	477
Gallarate - P.Za Risorgimento 10	30	7	44	98	179
Livorno - Via Grande 225	121	5	0	187	313
Lodi - C.So V. Emanuele II° 12	6	10	41	209	266
Milano - Via Ariosto 21	2,417	0	0	609	3,026
Milano - Via B. D'Alviano 2	7	46	62	532	647
Milano - Via Correggio 3	140	0	0	95	235
Modena - Via Ganaceto 39	19	13	46	553	631
Napoli - Via S. Carlo 26	32	45	155	1,197	1,429
Parma - Via Longhi 1	73	42	62	439	616
Perugia - Via Pellas 44 - AG	113	7	0	126	246
Pescara - Via Sulmona 2	29	37	0	192	258
Pisa - Piazza Toniolo 10	75	41	52	343	511
Pistoia - Via S. Fedi 67	68	39	0	176	283
Pontedera - C.So Matteotti 108	54	41	0	205	300
Rovigo - C.So Del Popolo 4	58	24	0	121	203
Sondrio - Via C. Alessi 16	50	15	0	97	162
Terni - Via Beccaria 22	12	28	0	195	235
Trieste - Via Torrebianca 18	10	36	21	136	203
Udine - Via Carducci 4	31	72	0	247	350
Varese - Via Mazzini 1	145	71	41	289	546
Venezia Mestre - Via Verdi 4	37	65	26	330	458
Verona - C.So Porta Nuova 53	207	257	129	1,062	1,655
Vicenza - C.So Palladio 155	73	76	36	280	465
<b>Total buildings used by third parties</b>	<b>4,489</b>	<b>1,395</b>	<b>1,019</b>	<b>10,540</b>	<b>17,442</b>
<b>Buildings under construction</b>					
Milano - Palazzo A	38,459	0	0	0	38,459
Milano - Palazzo C	29,110	0	0	0	29,110
Milano - Area Commerciale	2,839	0	0	0	2,839
<b>Total buildings under construction</b>	<b>70,408</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70,408</b>
<b>TOTAL BUILDINGS HELD FOR INVESTMENT</b>	<b>172,055</b>	<b>1,406</b>	<b>1,019</b>	<b>11,206</b>	<b>185,685</b>
<b>TOTAL BUILDINGS</b>	<b>172,055</b>	<b>1,406</b>	<b>1,019</b>	<b>11,206</b>	<b>185,685</b>

## Statement of source and application of funds

	(€/000)	
	31/12/2011	31/12/2010
<b>SOURCE OF FUNDS</b>		
<b>Net profit for the year</b>	35,329	29,256
Positive or negative adjustments relating to unsettled positions:		
Net increase (+) decrease (-) in:		
claims reserve	85,252	66,760
premium reserve	45,522	42,213
life business technical reserves	-3,350	4,234
Increase (-) Decrease (+) in receivables from policyholders	-9,027	-7,496
Net increase (-) decrease (+) in agent, reinsurer and coinsurer balances	-14,641	-5,941
Net increase (-) decrease (+) in intangible assets	-3,161	-4,819
Increase in specific provisions	7,919	318
Employees' leaving entitlement:		
accruals	1,947	1,873
utilisation	-2,113	-2,293
Increase (-) decrease (+) in other receivables, sundry assets and accrued income	-30,714	-18,402
Increase (+) decrease (-) in other sums payable, other liabilities and accrued expenses	29,441	8,839
Adjustments to securities	10,162	2,386
Adjustments to class D securities	804	-5,688
<b>Funds generated by ordinary activities</b>	<b>153,370</b>	<b>111,240</b>
Disposal of fixed assets	696	-
Sale of bonds and other fixed-interest securities	333,518	269,970
Sale of equity investments	177,448	406
Sale of unit trusts	3,812	62
Sale of class D	29,460	20,286
Repayment of loans and borrowings	2,968	8,779
Other financial disinvestments	1,039	-
<b>Funds generated by disinvesting activities</b>	<b>548,941</b>	<b>299,503</b>
<b>Total funds generated</b>	<b>702,311</b>	<b>410,743</b>
Subordinated bond issue into ordinary shares	290	-



(€/000)

	31/12/2011	31/12/2010
<b>APPLICATION OF FUNDS</b>		
Buildings	167,460	49
Fixed-interest securities	431,374	309,114
Investments	64,167	43,718
Unit trusts	-	4,000
Class D investments	15,272	15,254
Loans to third parties	1,986	10,366
Previous year's dividend distributed	11,454	11,184
<b>Total application of funds</b>	<b>691,713</b>	<b>393,685</b>
Subordinated bond issue into ordinary shares	-290	-
Increase/decrease in liquid funds	10,307	17,058
<b>TOTAL</b>	<b>702,020</b>	<b>410,743</b>
Liquid funds at the beginning of the year	61,837	44,779
Liquid funds at the end of the year	72,144	61,837

## Investments in subsidiaries

### **Vittoria Immobiliare SpA**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 22,000,000 - % equity interest: 87.24%.**

This company is active in the real estate trading sector and is also a holding company for investments in companies operating in the real estate management, brokerage and promotion sectors.

The draft financial statements reviewed by the Board of Directors on 13 March 2012 show shareholders' equity of € 24,582 thousand, including € 2,187 thousand of net loss for the year. The consolidated financial statements, prepared for the purposes of parent company consolidation, show consolidated shareholders' equity of € 20,599 thousand, including the year's net loss of € 2,204 thousand.

### **Immobiliare Bilancia Srl ["Srl" = private limited liability company]**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 5,150,000 - % equity interest: 100.0%.**

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 22 February 2012 show shareholders' equity of € 25,663 thousand, including the year's net loss of € 326 thousand.

### **Immobiliare Bilancia Prima Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 3,000,000 - % equity interest: 100.00%.**

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 22 February 2012 show shareholders' equity of € 12,165 thousand, including the year's net loss of € 9 thousand.

### **Immobiliare Bilancia Seconda Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 1,000,000 - % equity interest: 100.00%.**

The draft financial statements reviewed by the Board of Directors on 22 February 2012 show shareholders' equity of € 888 thousand, including the year's net loss of € 302 thousand.

### **Immobiliare Bilancia Terza Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 100,000 - % equity interest: 100.00%.**

The company – at present not yet operational – was founded in 2003 in order to have a legal vehicle able to develop real estate trading operations, possibly jointly with other partners in the sector. The draft financial statements reviewed by the Board of Directors on 22 February 2012 show shareholders' equity of € 85 thousand, including the year's net loss of € 7 thousand.

### **Forum Mondadori Residenze Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 1,000,000 - % equity interest: 100.00% direct**

The draft financial statements reviewed by the Board of Directors on 22 February 2012 show shareholders' equity of € 9,905 thousand, including the year's loss of € 73 thousand.

**Vittoria Properties Srl**

Registered offices in Milan – Via Gardella 2

Share capital: € 6,000,000 - % equity interest: 99.00% directly owned and 1.00% via Vittoria Immobiliare SpA

A company active in the management and letting of its property assets.

The draft financial statements reviewed by the Board of Directors on 22 February 2012 show shareholders' equity of € 11,345 thousand, including the year's net profit of € 16 thousand.

**Interbilancia Srl**

Registered offices in Milan – Via Gardella 2

Share capital: € 80,000 - % equity interest: 80.00% directly owned and 20.00% via Vittoria Immobiliare SpA

A holding company for investments in companies active in the service sector.

Draft financial statements reviewed by the Board of Directors on 7 March 2012 show shareholders' equity of € 388 thousand including the year's net profit of € 41 thousand.

**Vittoria Service Srl**

Registered offices in Milan – Via Gardella 2

Share capital: € 100,000 - % equity interest: 70.00% directly owned and 30.00% via Vittoria Immobiliare SpA

A company active in advisory services in the real estate and insurance fields.

Draft financial statements reviewed by the Board of Directors on 22 February 2012 show shareholders' equity of € 1,257 thousand including the year's net loss of € 158 thousand.

**Investments in associate companies****White (S.a.r.l.) Sicar**

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 26,060,797 - % equity interest: 20.13%

A financial company.

Draft consolidated financial statements as at 31 December 2011 show shareholders' equity of € 16,109 thousand, including the year's net loss of € 2,276 thousand.

**Laumor Partners (S.a.r.l.) Sicar**

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 25,962,685 - % equity interest: 21.87%

A financial company.

Draft consolidated financial statements as at 31 December 2011 show shareholders' equity of € 33,729 thousand, including the year's net profit of € 9,065 thousand.

**Gima Finance Sicar**

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 55,857,502 - % equity interest: 23.35%

A financial company.

Draft consolidated financial statements as at 31 December 2011 show shareholders' equity of € 64,216 thousand, including the year's net profit of € 10,964 thousand.

**S.In.t. SpA**

Registered offices in Turin – Via Bertola 34

Share capital: € 5,000,000 - % equity interest: 48.19%

Draft financial statements as at 31 December 2011 show shareholders' equity of € 5,126 thousand, including the year's net loss of € 59 thousand.

## Yarpa SpA

Registered offices in Genoa – Via Roma 3

Share capital: € 38,201,600 - % equity interest: 25.90%

The associate is a company offering corporate financial services – from pool loans up to consulting services for the purchase or sale of companies. Its subsidiary Yarpa Investimenti SGR manages the Italian closed-end investment funds “Maestrale” and “RP3 Fund” and the closed-end real estate funds “Rosso Mattone” and “Ambiente”.

## Touring Vacanze Srl

Registered offices in Milan – Corso Italia 10

Share capital: € 12,900,000 - % equity interest: 24.00%

A real estate management company.

## Tax situation

For the three-year period 2011-2013, the Company has again opted for the National Tax Consolidation scheme for subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia Seconda S.r.l., Immobiliare Bilancia Terza S.r.l. and Acacia 2000 S.r.l. For the three-year period 2009-2011, the option for the national tax consolidation scheme was renewed for the companies Vittoria Immobiliare S.p.A., Gestimmobili S.r.l. and Interimmobili S.r.l., and was also exercised for subsidiaries Forum Residenze Mondadori S.r.l. and Interbilancia S.r.l. In 2011 the option for the IRES tax consolidation scheme was exercised by subsidiaries VAIMM Sviluppo S.r.l. and Vittoria Properties S.r.l.

With reference to the year 2011, the Company did not exercise the option to make VAT payments at Group level pursuant to the Ministerial Decree of 13.12.1979, waiving that option in favour of subsidiary Vittoria Immobiliare.

During 2011, Vittoria Assicurazioni took over Lauro 2000 S.r.l., which was previously wholly-owned by it. The accounting and tax effects of the takeover were retroactive to 01.01.2011. Following the takeover, Vittoria Assicurazioni, in its 2012 income tax return relating to 2011, will obtain tax relief from the IRES (Corporation Tax) and IRAP (Regional Business Tax) chargeable on part of the annulment deficit generated by the takeover, by paying the lieu tax specified in s. 172.10-bis of Presidential Decree no. 917/1986.

In the 2012 VAT return for 2011, the VAT deducted on the premises in which Vittoria Assicurazioni has its head office and installations, formerly owned by Lauro 2000 S.r.l., must be adjusted pursuant to s. 19-bis 2.2 of Presidential Decree no. 633/1972, as this property was used for VAT-exempt operations after purchase/completion.

As regards the completed real estate held by the company Lauro 2000 S.r.l. and transferred to Vittoria Assicurazioni following the takeover of Lauro by Vittoria, the value attributable to the various assets (land, building, installations) was reconstructed on the basis of Lauro's accounting and tax documentation. As regards the land and some costs not specifically relating to a single building already built/under construction, three possible parameters of breakdown of the overall values were identified in order to determine the tax to be adjusted regarding the property used for VAT-exempt activities.

These parameters, all connoted by the characteristic of “objectivity” required for both accounting and tax purposes, were identified as follows:

- 1) the “main” areas (namely the total areas excluding those used as staircases, lobbies and parking spaces) of the buildings of the business complex which have already been built and/or are under construction, on the basis of the existing authorisation/design documents;
- 2) the commercial value of the said premises “on a finished basis”, estimated by an independent valuer;
- 3) the total areas of the buildings already built/under construction, including parking spaces.

As the VAT on the premises used as the headquarters of Vittoria Assicurazioni S.p.A. has to be adjusted, bearing in mind that the discrepancies between the various criteria which can be used were not significant, and taking a prudent approach in terms of tax compliance, it is considered appropriate to adopt the parameter of breakdown of VAT relating to the land and other "generic costs" identified in paragraph 2 above.

The downward adjustment of the VAT deducted by Lauro 2000 S.r.l. was determined on the basis of the above factors, by the procedure specified for individual categories of "capital" goods in s. 19-bis 2 of Presidential Decree no. 633/1972, namely:

- as many fifths as the number of years required to complete five years from the entry into operation of depreciable goods (other than real estate) with a depreciation rate not exceeding 25%;
- as many tenths as the number of years required to complete a decade from the date of purchase or completion in the case of real estate (land and buildings).

The Company has filed an appeal against a 2009 VAT assessment relating to the years 2004, 2005 and 2006, which imposed the payment of € 387 thousand for higher taxes, penalties and interest. The Company has already obtained a favourable judgment regarding the 2004 assessment.

In 2011, a tax inspection was conducted by the Milan Finance Police relating to the financial years 2007 and 2008. The inspection was completed in January 2012. The inspection led to a dispute relating to IRES, and Vittoria Assicurazioni S.p.A. has filed its acceptance of the assessment minutes pursuant to s. 5-bis of Legislative Decree no. 218/1997. For the purpose of covering liabilities relating to higher taxes, penalties and interest, the Company accrued the sum of € 1,750 thousand to the tax fund, on the basis of the information contained in the said assessment minutes.

The Board of Directors

Milan, 13 March 2012



# Annexes to the notes to the financial statements

page		
136	Annex 1	Balance sheet - Non-life business
148	Annex 2	Balance sheet - Life business
161	Annex 3	Allocation of the net profit (loss) for the year between non-life and life businesses
162	Annex 4	Assets - Changes in intangible assets (caption B) and land and buildings (caption C.I)
163	Annex 5	Assets - Changes in investments in group and other companies: equity investments (caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)
164	Annex 6	Assets - Information on companies in which Vittoria holds an investment
168	Annex 7	Assets - Changes in investments in group and other companies: equity investments
172	Annex 8	Assets - Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1,2,3,5,7)
173	Annex 9	Assets - Changes in other financial investments: investment portfolio: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1,2,3,5,7)
174	Annex 10	Assets - Changes in loans and deposits with banks (captions C.III.4,6)
175	Annex 11	Assets - List of assets relating to unit-linked and index-linked policies (caption D.I)
176	Annex 12	Assets - List of assets arising from pension fund management (caption D.II)
177	Annex 13	Liabilities - Changes in premium reserve (caption C.I.1) and claims reserve (caption C.I.2) of non-life business
178	Annex 14	Liabilities - Changes in mathematical reserves (caption C.II.1) and profit participation and reimbursement reserve (caption C.II.4)
179	Annex 15	Liabilities - Changes in provisions for contingencies and other charges (caption E) and employees' leaving entitlement (caption G.VII)
180	Annex 16	List of assets and liabilities relating to group and other companies
182	Annex 17	List of classes I, II, III and IV of "guarantees, commitments and other memorandum and contingency accounts"
183	Annex 18	Commitments for derivative transactions
184	Annex 19	Summarised non-life business technical account
185	Annex 20	Summarised life business premiums and reinsurance balance
186	Annex 21	Income on investments (captions II.2 and III.3)
187	Annex 22	Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management (caption II.3)
188	Annex 23	Capital and financial charges (captions II.9 and III.5)
189	Annex 24	Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management (caption II.10)
190	Annex 25	Non-life business - Summarised technical account by line of business - Domestic portfolio
192	Annex 26	Non-life business - Summarised technical account
193	Annex 27	Life business - Summarised technical account by line of business - Domestic portfolio
194	Annex 28	Life business - Summarised technical account
195	Annex 29	Life and non-life business - Summarised technical account - Foreign portfolio
196	Annex 30	Intercompany relationships
198	Annex 31	Summarised direct insurance premiums accounted for
199	Annex 32	Personnel expenses and directors' and statutory auditors' fees

Company VITTORIA ASSICURAZIONI S.p.A.

## BALANCE SHEET - NON-LIFE BUSINESS

## ASSETS

## Current assets

A. SHARE CAPITAL PROCEEDS TO BE RECEIVED				1	
of which: called-up		2			
B. INTANGIBLE ASSETS					
1. Acquisition commissions to be amortised		4	3,763		
2. Other acquisition costs		6			
3. Start-up and capital costs		7			
4. Goodwill		8			
5. Other deferred costs		9	31,044	10	34,807
C. INVESTMENTS					
I - Land and buildings					
1. Operating buildings		11	75,491		
2. Buildings used by third parties		12	17,442		
3. Other buildings		13			
4. Other property rights		14			
5. Assets under construction and payments on account		15	36,305	16	129,238
II - Investments in group and other companies:					
1. Equity investments in:					
a) parent companies	17				
b) subsidiaries	18	30,641			
c) related companies	19				
d) associated companies	20	36,314			
e) other companies	21	29,454	22	96,409	
2. Bonds issued by:					
a) parent companies	23				
b) subsidiaries	24				
c) related companies	25				
d) associated companies	26				
e) other companies	27		28		
3. Loans to:					
a) parent companies	29				
b) subsidiaries	30				
c) related companies	31				
d) associated companies	32	5,000			
e) other companies	33		34	5,000	35
					101,409
			to carry forward		34,807



Previous year

			181
182			
184	4,189		
186			
187			
188			
189	29,640		190 33,829
191	783		
192	18,138		
193			
194			
195		196 18,921	
197			
198	116,566		
199			
200	37,545		
201	32,578	202 186,689	
203			
204			
205			
206			
207		208	
209			
210			
211			
212	5,000		
213		214 5,000	215 191,689
	to carry forward		33,829

## BALANCE SHEET - NON-LIFE BUSINESS

## ASSETS

		Current year	
		brought forward	34,807
C. INVESTMENTS (continues)			
III	- Other financial investments:		
	1. Equity investments		
	a) Listed shares	36	
	b) Unlisted shares	37	
	c) Quotas	38	39
	2. Unit trust units		40 4,066
	3. Bonds and other fixed-interest securities		
	a) listed	41 707,583	
	b) unlisted	42 162	
	c) convertible bonds	43	44 707,745
	4. Loans		
	a) secured loans	45	
	b) loans on policies	46	
	c) other loans	47	48
	5. Shares in investment pools		49
	6. Deposits with banks		50
	7. Other financial investments	51	52 711,811
IV	- Deposits with ceding companies		53 54 942,458
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES			
I - NON-LIFE BUSINESSES			
	1. Premium reserve	58	13,379
	2. Claims reserve	59	43,074
	3. Profit participation and reimbursement reserve	60	
	4. Other technical reserves	61	62 56,453
		to carry forward	1,033,718

Previous year

brought forward			33,829
216			
217			
218	219		
	220	4,259	
221	587,040		
222	367		
223	224	587,407	
225			
226			
227	228		
	229		
	230		
	231	240	232
			591,906
			233
			802,516
	238	12,501	
	239	39,501	
	240		
	241		242
			52,002
	to carry forward		888,347

BALANCE SHEET - NON-LIFE BUSINESS

ASSETS

		Current year	
		brought forward	1,033,718
<b>E. RECEIVABLES</b>			
I - Receivables relating to direct insurance due from:			
1. Policyholders			
a) premiums for the year	71	48,936	
b) premiums for previous years	72	7,722	73 56,658
2. Insurance brokers and agents			74 65,949
3. Current account companies			75 9,552
4. Amounts to be recovered from policyholders and third parties			76 53,292 77 185,451
II - Receivables relating to reinsurance due from:			
1. Insurance and reinsurance companies			
			78 3,688
2. Reinsurance brokers and agents			79 80 3,688
III - Other receivables			
			81 22,515 82 211,654
<b>F. OTHER ASSETS</b>			
I - Tangible assets and inventory:			
1. Office furniture and machines and internal transport systems			
			83 6,893
2. Registered chattel property			
			84 82
3. Plant and machinery			
			85 827
4. Inventory and other assets			
			86 87 7,802
II - Liquid funds			
1. Bank and postal accounts			
			88 55,554
2. Cheques on hand and cash-in-hand			
			89 46 90 55,600
III - Own shares or quotas			
			91
IV - Other assets			
1. Suspense reinsurance accounts			
			92
2. Sundry assets			
			93 36,649 94 36,649 95 100,051
of which: giro account with life business			
			901
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>			
1. Interest			
			96 8,359
2. Rent instalments			
			97 1,181
3. Other prepayments and accrued income			
			98 3,631 99 13,171
<b>TOTAL ASSETS</b>			100 1,358,594

Previous year

		brought forward		888,347	
251	43,634				
252	7,725	253	51,359		
		254	58,981		
		255	8,296		
		256	47,196	257	165,832
		258	3,601		
		259		260	3,601
				261	11,185
				262	180,618
		263	6,518		
		264	8		
		265	965		
		266		267	7,491
		268	48,987		
		269	9	270	48,996
				271	
		272			
		273	23,865	274	23,865
		903		275	80,352
				276	7,336
				277	424
				278	3,355
				279	11,115
				280	1,160,432

BALANCE SHEET - NON-LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

A. SHAREHOLDERS' EQUITY			
I	- Subscribed share capital or equivalent fund	101	39,427
II	- Share premium reserve	102	19,032
III	- Revaluation reserves	103	10,939
IV	- Legal reserve	104	7,367
V	- Statutory reserves	105	
VI	- Reserves for purchase of own shares and shares of parent company	106	
VII	- Other reserves	107	120,089
VIII	- Retained earnings or losses carried forward	108	
IX	- Net profit/(loss) for the year	109	29,765
		110	226,619
B. SUBORDINATED LIABILITIES			111
C. TECHNICAL RESERVES			
I	- NON-LIFE BUSINESSES		
	1. Premium reserve	112	324,052
	2. Claims reserve	113	697,100
	3. Profit participation and reimbursement reserve	114	
	4. Other technical reserves	115	409
	5. Equalisation reserves	116	3,808
		117	1,025,369
	to carry forward		1,251,988

Previous year

	281	39,427	
	282	19,032	
	283	10,939	
	284	6,318	
	285		
	286		
	287	103,750	
	288		
	289	20,985	290 200,451
			291 174
292	278,213		
293	605,449		
294			
295	409		
296	3,246		297 887,317
to carry forward			1,087,942

BALANCE SHEET - NON-LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			1,251,988
<b>E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES</b>			
1.	Pension and similar provisions	128	
2.	Provision for taxation	129	5,300
3.	Other provisions	130	741
			131
			6,041
<b>F. DEPOSITS FROM REINSURERS</b>			
			132
			7,648
<b>G. PAYABLES AND OTHER LIABILITIES</b>			
I	- Payables arising from direct insurance business due to:		
1.	Insurance brokers and agents	133	3,560
2.	Current account companies	134	1,631
3.	Guarantee deposits and premiums paid by policyholders	135	
4.	Guarantee funds in favour of policyholders	136	4,576
		137	9,767
II	- Payables arising from reinsurance business due to:		
1.	Insurance and reinsurance companies	138	10,764
2.	Reinsurance brokers and agents	139	140
			10,764
III	- Bond issues	141	
IV	- Due to banks and other financial institutions	142	
V	- Secured debts	143	
VI	- Sundry loans and other financial payables	144	
VII	- Employees' leaving entitlement	145	3,289
VIII	- Other sums payable		
1.	Policyholders' tax due	146	18,368
2.	Other sums payable to taxation authorities	147	11,251
3.	Social security charges payable	148	2,002
4.	Sundry payables	149	20,593
		150	52,214
IX	- Other liabilities		
1.	Suspense reinsurance accounts	151	
2.	Commissions on premiums under collection	152	12,763
3.	Other liabilities	153	4,112
		154	16,875
of which: giro account with life business		902	155
			92,909
to carry forward			1,358,586



Previous year

brought forward			1,087,942
		308	
		309	590
		310	741
		311	1,331
		312	6,433
313	2,817		
314	2,163		
315			
316	2,419	317	7,399
318	8,401		
319		320	8,401
		321	
		322	
		323	
		324	
		325	3,127
326	14,790		
327	1,492		
328	1,811		
329	13,806	330	31,899
331			
332	8,844		
333	5,004	334	13,848
904		335	64,674
	to carry forward		1,160,380

BALANCE SHEET - NON-LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			1,358,586
<hr/>			
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1. Interest	156		
2. Rent instalments	157		
3. Other accrued expenses and deferred income	158	8	8
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		160	1,358,594

BALANCE SHEET - NON-LIFE BUSINESS  
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

		Current year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS			
I	- Guarantees given		
1.	Sureties		161
2.	Endorsements		162
3.	Other personal guarantees		163      7,634
4.	Collateral		164
II	- Guarantees received		
1.	Sureties		165      6,458
2.	Endorsements		166
3.	Other personal guarantees		167
4.	Collateral		168      1,899
III	- Guarantees given by third parties in the interest of the Company		169
IV	- Commitments		170      6,165
V	- Third party assets		171      6,066
VII	- Securities held by third parties		173      771,621
VIII	- Other memorandum and contingency accounts		174

Previous year		
brought forward		1,160,380
	336	10
	337	
	338	42
	339	52
	340	1,160,432

Previous year		
		341
		342
		343 7,634
		344
		345 6,354
		346
		347
		348 1,899
		349
		350 11,457
		351 4,352
		353 656,649
		354



Previous year			
			181
182			
183	2,981		
186			
187			
188	2,633		
189	4,310		190 9,924
191			
192			
193			
194			
195		196	
197			
198	78,415		
199			
200	5,765		
201	6,548	202 90,728	
203			
204			
205			
206			
207		208	
209			
210	50		
211			
212			
213	150	214 200 215 90,928	
	to carry forward		9,924

## BALANCE SHEET - LIFE BUSINESS

## ASSETS

		Current year	
		brought forward	12,108
C. INVESTMENTS (continues)			
III	- Other financial investments		
	1. Equity investments		
	a) Listed shares	36	
	b) Unlisted shares	37	
	c) Quotas	38	39
	2. Unit trust units		40 1,173
	3. Bonds and other fixed-interest securities:		
	a) listed	41 668,928	
	b) unlisted	42 3,681	
	c) convertible bonds	43	44 672,609
	4. Loans		
	a) secured loans	45 5,263	
	b) loans on policies	46 3,273	
	c) other loans	47 1,241	48 9,777
	5. Shares in investment pools		49
	6. Deposits with banks		50
	7. Other financial investments		51
	IV - Deposits with ceding companies		52 683,559
			53 225 54 804,937
D. INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND STEMMING FROM PENSION FUND MANAGEMENT			
I	- Investments relating to index-linked policies		55 51,120
II	- Investments relating to pension fund management		56 10,344 57 61,464
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES			
II - LIFE BUSINESSES			
	1. Mathematical reserves	63 16,753	
	2. Complementary insurance premium reserve	64	
	3. Reserve for amounts payable	65	
	4. Profit participation and reimbursement reserve	66	
	5. Other technical reserves	67 17	
	6. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	68	69 16,770
		to carry forward	895,279

Valori dell'esercizio precedente

		brought forward			9,924
216					
217					
218		219			
		220	6,174		
221	697,055				
222	3,594				
223		224	700,649		
225	5,787				
226	3,496				
227	1,477	228	10,760		
		229			
		230			
		231	799	232	718,382
				233	249
				234	809,559
				235	65,831
				236	10,625
				237	76,456
		243	21,207		
		244			
		245	373		
		246			
		247	22		
		248		249	21,602
		to carry forward			917,541

## BALANCE SHEET - LIFE BUSINESS

## ASSETS

		Current year			
		brought forward		895,279	
<b>E. RECEIVABLES</b>					
I - Receivables relating to direct insurance due from:					
1. Policyholders					
a) premiums for the year	71	10,868			
b) premiums for previous years	72	470	73	11,338	
2. Insurance brokers and agents			74	15,773	
3. Current account companies			75	105	
4. Amounts to be recovered from policyholders and third parties	76		77	27,216	
II - Receivables relating to reinsurance due from:					
- 1. Insurance and reinsurance companies					
	78	130			
- 2. Reinsurance brokers and agents					
	79		80	130	
III - Other receivables					
			81	8,142	82
					35,488
<b>F. OTHER ASSETS</b>					
I - Tangible assets and inventory:					
1. Office furniture and machines and internal transport systems					
	83	1,089			
2. Registered chattel property					
	84				
3. Plant and machinery					
	85				
4. Inventory and other assets					
	86		87	1,089	
II - Liquid funds					
1. Bank and postal accounts					
	88	16,545			
2. Cheques on hand and cash-in-hand					
	89		90	16,545	
III - Own shares or quotas					
			91		
IV - OTHER ASSETS					
1. Suspense reinsurance accounts					
	92				
2. Sundry assets					
	93	816	94	816	95
of which: giro account with non-life business	901				18,450
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>					
1. Interest					
			96	7,771	
2. Rent instalments					
			97		
3. Other prepayments and accrued income					
			98	79	99
					7,850
<b>TOTAL ASSETS</b>				100	957,067



Previous year		brought forward		
				917,541
251	7,610			
252		253	7,610	
		254	10,449	
		255	125	
		256		257 18,184
		258	37	
		259		260 37
				261 10,345
				262 28,566
		263		
		264		
		265		
		266		267
		268	12,842	
		269		270 12,842
				271
		272		
		273	633	274 633
		903		275 13,475
				276 8,679
				277
				278 105
				279 8,784
				280 968,366

BALANCE SHEET - LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
<b>A. SHAREHOLDERS' EQUITY</b>			
I	- Subscribed share capital or equivalent fund	101	27,952
II	- Share premium reserve	102	14,323
III	- Revaluation reserves	103	
IV	- Legal reserve	104	3,740
V	- Statutory reserves	105	
VI	- Reserves for purchase of own shares and shares of parent company	106	
VII	- Other reserves	107	40,457
VIII	- Retained earnings or losses carried forward	108	
IX	- Net profit (loss) for the year	109	5,564
		110	92,036
<b>B. SUBORDINATED LIABILITIES</b>			
			111
<b>C. TECHNICAL RESERVES</b>			
<b>II - LIFE BUSINESSES</b>			
	1. Mathematical reserves	118	733,727
	2. Complementary insurance premium reserve	119	159
	3. Reserve for amounts payable	120	26,151
	4. Profit participation and reimbursement reserve	121	42
	5. Other technical reserves	122	12,266
			123
			772,345
<b>D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT</b>			
I	- Reserves arising from index- linked policies	125	51,120
II	- Reserves arising from pension fund management	126	10,344
		127	61,464
to carry forward			925,845

Previous year

		281	27,952	
		282	14,323	
		283		
		284	3,327	
		285		
		286		
		287	40,457	
		288		
		289	8,271	290
				94,330
				291
				116
	298	725,995		
	299	156		
	300	29,350		
	301	36		
	302	12,824		303
				768,361
		305	65,831	
		306	10,625	307
				76,456
	to carry forward			939,263

BALANCE SHEET - LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
		brought forward	925,845
<b>E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES</b>			
1.	Pension and similar provisions	128	
2.	Provision for taxation	129	3,459
3.	Other provisions	130	131 3,459
<b>F. DEPOSITS FROM REINSURERS</b>			
			132 16,770
<b>G. PAYABLES AND OTHER LIABILITIES</b>			
I	- Payables arising from direct insurance business due to:		
1.	Insurance brokers and agents	133 726	
2.	Current account companies	134 2	
3.	Guarantee deposits and premiums paid by policyholders	135 239	
4.	Guarantee funds in favour of policyholders	136	137 967
II	- Payables arising from reinsurance business due to:		
1.	Insurance and reinsurance companies	138 426	
2.	Reinsurance brokers and agents	139	140 426
III	- Bond issues		141
IV	- Due to banks and other financial institutions		142
V	- Secured debts		143
VI	- Sundry loans and other financial payables		144
VII	- Employees' leaving entitlement		145 517
VIII	- Other sums payable		
1.	Policyholders' tax due	146 86	
2.	Other sums payable to taxation authorities	147 1,824	
3.	Social security charges payable	148 252	
4.	Sundry payables	149 3,926	150 6,088
IX	- Other liabilities		
1.	Suspense reinsurance accounts	151	
2.	Commissions on premiums under collection	152 1,583	
3.	Other liabilities	153 1,394	154 2,977 155 10,975
	of which: giro account with non-life business	902	
		to carry forward	957,049

Previous year

brought forward		939,263
	308	
	309	249
	310	311 249
		312 21,229
313	741	
314	59	
315	143	
316	317	943
318	639	
319	320	639
	321	
	322	
	323	
	324	
	325	845
326	107	
327	344	
328	265	
329	2,031	330 2,747
331		
332	1,973	
333	448	334 2,421 335 7,595
904		
to carry forward		968,336

BALANCE SHEET - LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			957,049
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1. Interest	156		
2. Rent instalments	157		
3. Other accrued expenses and deferred income	158	18	159 18
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		160	957,067

BALANCE SHEET - LIFE BUSINESS  
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

		Current year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS			
I - Guarantees given			
1. Sureties		161	
2. Endorsements		162	
3. Other personal guarantees		163	12,866
4. Collateral		164	
II - Guarantees received			
1. Sureties		165	
2. Endorsements		166	
3. Other personal guarantees		167	
4. Collateral		168	
III - Guarantees given by third parties in the interest of the company		169	
IV - Commitments		170	
V - Third party assets		171	
VI - Assets pertaining to pension funds managed in favour and on behalf of third parties		172	10,344
VII - Securities held by third parties		173	681,627
VIII - Other memorandum and contingency accounts		174	

Previous year		
brought forward		968,336
	336	6
	337	
	338	24
	339	30
	340	968,366

		Previous year	
		341	
		342	
		343	12,866
		344	
		345	
		346	
		347	
		348	
		349	
		350	
		351	
		352	10,625
		353	714,170
	354		

THIS PAGE INTENTIONALLY LEFT BLANK



Company VITTORIA ASSICURAZIONI S.p.A.

Year 2011

## Allocation of the net profit (loss) for the year between non-life and life businesses

		Non-life businesses		Life businesses		Total
<b>Result of technical account</b> .....	1	37,457	21	4,519	41	41,976
Income on investments .....	+ 2	25,127			42	25,127
Capital and financial charges .....	- 3	12,261			43	12,261
Income on investments transferred from the life business technical account .....	+ 4		24		44	
Income on investments transferred to the non-life business technical account .....	- 5	10,402			45	10,402
<b>Operating result</b> .....	6	39,921	26	4,519	46	44,440
Other income .....	+ 7	4,649	27	468	47	5,117
Other expense .....	- 8	9,513	28	2,243	48	11,756
Extraordinary income .....	+ 9	11,536	29	3,615	49	15,151
Extraordinary expense .....	- 10	2,558	30	490	50	3,048
<b>Profit (loss) before taxation</b> .....	11	44,035	31	5,869	51	49,904
Taxation on profit for the year .....	- 12	14,270	32	305	52	14,575
<b>Net profit (loss) for the year</b> .....	13	29,765	33	5,564	53	35,329

Year 2011

Company VITTORIA ASSICURAZIONI S.p.A.

Assets - Changes in intangible assets (caption B) and  
land and buildings (caption C.I)

		Intangible assets B	Land and buildings C.I
Gross opening book value .....	+	1 43,753	31 18,921
Increase of the year .....	+	2 16,638	32 167,931
for: acquisitions or increases .....		3 16,638	33 167,931
write-backs .....		4	34
revaluations .....		5	35
other variations .....		6	36
Decrease of the year .....	-	7 552	37
for: sales or decreases .....		8 552	38
permanent write-downs .....		9	39
other variations .....		10	40
<b>Gross closing book value (a) .....</b>		11 59,839	41 186,852
Amortisation and depreciation:			
Opening book value .....	+	12	42
Increase of the year .....	+	13 12,925	43 1,167
for: amortisation/depreciation charge of the year .....		14 12,925	44 1,167
other variations .....		15	45
Decrease of the year .....	-	16	46
for: disposals .....		17	47
other variations .....		18	48
<b>Closing book value (b) (*) .....</b>		19 12,925	49 1,167
<b>Book value (a - b) .....</b>		20 46,914	50 185,685
Current value .....			51 207,103
Total revaluations .....		22	52
Total write-downs .....		23	53
(*) of which resulting from fiscally-driven entries .....		24	54

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2011

Assets - Changes in investments in group and other companies: equity investments (caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)

		Equity investments C.II.1	Bonds C.II.2	Loans C.II.3
Opening book value .....	+	1 277,416	21	41 5,200
Increase of the year .....	+	2 64,384	22	42
for: acquisitions, subscriptions or lending .....		3 64,384	23	43
write-backs .....		4	24	44
revaluations .....		5		
other variations .....		6	26	46
Decrease of the year: .....	-	7 180,885	27	47
for: sales or repayments.....		8 34,872	28	48
write-downs .....		9 3,220	29	49
other variations .....		10 142,793	30	50
<b>Book value</b> .....		11 160,915	31	51 5,200
Current value .....		12 158,327	32	52
Total revaluations .....		13		
Total write-downs.....		14 3,220	34	54

Caption C.II.2 includes:

Listed bonds .....	61
Unlisted bonds .....	62
<b>Book value</b> .....	63
of which: convertible bonds .....	64

Assets - Information on subsidiaries (\*)

Number	Type	Listed or unlisted	Business activity	Name and registered offices	Currency
	(1)	(2)	(3)		
1	b	NQ	2	VITTORIA IMMOBILIARE S.p.A. - Galleria San Babila 4/B - 20122 Milano	242
1	b	NQ	2	VITTORIA IMMOBILIARE S.p.A. - Galleria San Babila 4/B - 20122 Milano	242
2	d	NQ	9	SINT S.p.A. - Piazza Bodoni 3 - 10123 Torino	242
3	d	NQ	2	YARPA S.p.A. - Via Roma 3 - 16121 Genova	242
4	e	NQ	2	GRUPPO G.P.A. S.p.A. - Via Melchiorre Gioia 124 - 20125 Milano	242
5	e	Q	2	CAM FINANZIARIA S.p.A. - Via G.Negri 8 - 20123 Milano	242
6	e	NQ	3	BANCA PASSADORE & C. S.p.A. - Via E.Vernazza 27 - 16121 Genova	242
7	e	NQ	3	BCC VALDOSTANA Soc.Coop. - Fraz.Taxel 26 - 11020 Gressan AO	242
8	e	NQ	3	BCC PAD.ORIENT.-ROVIGO Soc.Coop. - Via Casalini n.10 - 45100 Rovigo	242
9	e	NQ	9	DOWNALL ITALIA S.r.l. - Piazza Sicilia 6 - 20146 Milano	242
10	e	NQ	9	SOFIGEA S.r.l. in liq. - Via della Frezza 70 - 00186 Roma	242
11	e	NQ	9	U.C.I. S.cons.r.l. - Corso Sempione 39 - 20145 Milano	242
12	e	NQ	2	MEDINVEST INTERNATIONAL S.C.A. - 38, Avenue de la Faiencerie - L-1510 Lussemburgo	242
13	b	NQ	2	INTERBILANCIA S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	242
14	b	NQ	4	IMMOBILIARE BILANCIA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
15	d	NQ	9	TOURING VACANZE S.r.l. - Corso Italia n.10 - 20122 Milano	242
16	b	NQ	4	VITTORIA PROPERTIES S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	242
17	b	NQ	4	IMMOBILIARE BILANCIA PRIMA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
18	b	NQ	4	IMMOBILIARE BILANCIA SECONDA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
19	b	NQ	4	IMMOBILIARE BILANCIA TERZA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
20	e	NQ	3	BCC APUANA Soc.Coop. - Viale Eugenio Chiesa n.4 - 54100 Massa	242
21	e	Q	3	MEDIOBANCA S.p.A. - P.tta E.Cuccia 1 - 20121 Milano	242
22	e	NQ	9	MEDIORISCHI S.p.A. - Via Melchiorre Gioia 124 - 20125 Milano	242
23	d	NQ	2	WHITE FINANCE S.A. - 9, rue du Laboratoire - L-1911 Lussemburgo	242
24	b	NQ	9	VITTORIA SERVICE S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	242
25	b	NQ	4	LAURO 2000 S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
25	b	NQ	4	LAURO 2000 S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
26	d	NQ	2	LAUMOR HOLDINGS Sarl - 9, rue du Laboratoire - L-1911 Lussemburgo	242
27	d	NQ	2	GIMA FINANCE SA - 9, rue du Laboratoire - L-1911 Lussemburgo	242
28	d	NQ	7	CONSORZIO MOVINCOM S.c.r.l. - Via Bertola 34 - 10122 Torino	242
29	e	NQ	2	YAM INVEST N.V. - Herengracht 514 - 1017 CC Amsterdam	242
30	b	NQ	4	FORUM MONDADORI RESIDENZE S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
31	e	NQ	3	BCC DI SIGNA Soc.Coop. - Piazza Michelacci 1-2 - 50058 Signa FI	242
32	e	NQ	3	BCC DI INZAGO Soc.Coop. - Piazza Maggiore 36 - 20065 Inzago MI	242
33	e	NQ	3	BCC DEL VOMANO Soc.Coop. - Via Pellecchia, 14 - 64100 Teramo	242

(\*) List of group companies and other companies held either directly or through trustee or nominee.

(1) Type

- a = Parent companies
- b = Subsidiaries
- c = Related companies
- d = Associated companies
- e = Other companies

(2) Indicate Q for listed securities and NQ for unlisted securities

(3) Business activity

- 1 = Insurance company
- 2 = Financial company
- 3 = Bank
- 4 = Real estate company
- 5 = Trust
- 6 = Trust management company
- 7 = Consortium
- 8 = Manufacturing company
- 9 = Other

(4) Amounts in original currency

(5) Indicate total holding percentage

Share capital		Shareholders' equity (**)	Net profit or loss for the last year (**)	Percentage held (5)		
Amount (4)	Number of shares			(4)	(4)	Direct %
22,000,000	44,000	20,599,162	-2,204,291	54.75		54.75
22,000,000	44,000	20,599,162	-2,204,291	32.49		32.49
5,000,000	5,000,000	5,126,478	-822,898	48.19		48.19
38,201,600	81,280,000	19,225,060	-3,075,213	25.90		25.9
8,528,000	16,400,000			9.74		9.74
407,638,188	783,919,592			3.96		3.96
50,000,000	50,000,000			2.76		2.76
4,838,037	937,604			0.41		0.41
2,029,850	78,614			0.13		0.13
100,000	100,000			10.00		10
47,664,600	47,664,600			1.46		1.46
513,060	1,006,000			0.68		0.68
76,636,000	7,663,600			3.91		3.91
80,000	80,000	879,959	52,671	80.00	20	100
5,150,000	5,150,000	25,650,902	-316,392	100.00		100
12,900,000	12,900,000			24.00		24
6,000,000	6,000,000	11,344,591	15,626	99.00	1	100
3,000,000	3,000,000	12,145,378	-10,009	100.00		100
1,000,000	1,000,000	888,404	-301,866	100.00		100
100,000	100,000	85,328	-7,109	100.00		100
7,153,062	27,618			0.70		0.7
430,564,606	861,129,212			0.14		0.14
102,000	102,000			10.00		10
100,000	100,000	322,674	-974,382	70.00	30	100
104,000	104,000	108,336	1,729	0.96	38.8	39.76
63,083,168	63,083,168	354,546,764	8,043,682	18.75		18.75
1,000,000	1,000,000	9,901,208	-76,184	100.00		100
11,906,273	230,563			0.39		0.39
33,994,862	11,073,245			0.14		0.14
4,371,000	43,710			1.14		1.14

(\*\*) To be compiled only for subsidiary and associated companies

Company **Vittoria Assicurazioni**

Assets - Information on subsidiaries (\*)

Number	Type (1)	Listed or unlisted (2)	Business activity (3)	Name and registered offices	Currency
34	d	NQ	2	WHITE SARL SICAR - 9, rue du Laboratoire - L-1911 Lussemburgo	242
35	d	NQ	2	LAUMOR PARTNERS SARL SICAR - 9, rue du Laboratoire - L-1911 Lussemburgo	242
36	d	NQ	2	GIMA SICAR SA - 9, rue du Laboratoire - L-1911 Lussemburgo	242

(\*) List of group companies and other companies held either directly or through trustee or nominee.

(1) Type

- a = Parent companies
- b = Subsidiaries
- c = Related companies
- d = Associated companies
- e = Other companies

(2) Indicate Q for listed securities  
and NQ for unlisted securities

(3) Business activity

- 1 = Insurance company
- 2 = Financial company
- 3 = Bank
- 4 = Real estate company
- 5 = Trust
- 6 = Trust management company
- 7 = Consortium
- 8 = Manufacturing company
- 9 = Other

(4) Amounts in original currency

(5) Indicate total holding percentage

Share capital		Shareholders' equity (**) (4)	Net profit or loss for the last year (**) (4)	Percentage held (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
2,269,599	2,269,599	16,109,145	-2,275,796	20.13	0	20.13
448,626	448,626	33,728,157	9,064,998	21.87	0	21.87
79,857,586	79,857,586	64,216,356	10,963,831	23.35	0	23.35

(\*\*) To be compiled only for subsidiary and associated companies

## Assets - Changes in investments in group and other companies: equity investments

Numbe (1)	Type (2)		Name	Increase of the year		
				Acquisitions		Other increases
				Quantity	Amount	
1	B	V	VITTORIA IMMOBILIARE S.p.A.			
1	B	D	VITTORIA IMMOBILIARE S.p.A.			
2	D	D	SINT S.p.A.	1,927,600		578,280
3	D	D	YARPA S.p.A.			1,042,923
4	E	D	GRUPPO G.P.A. S.p.A.			
5	E	V	CAM FINANZIARIA S.p.A.	5,611,413		2,089,316
6	E	D	BANCA PASSADORE & C. S.p.A.			
7	E	D	BCC VALDOSTANA Soc.Coop.			
8	E	D	BCC PAD.ORIENT.-ROVIGO Soc.Coop.			
9	E	D	DOWNALL ITALIA S.r.l.			
10	E	D	SOFIGEA S.r.l. in liq.			
11	E	D	U.C.I. S.cons.r.l.			
12	E	D	MEDINVEST INTERNATIONAL S.C.A.			
13	B	D	INTERBILANCIA S.r.l.			
14	B	V	IMMOBILIARE BILANCIA S.r.l.	2,000,000		10,000,000
15	D	V	TOURING VACANZE S.r.l.			
16	B	V	VITTORIA PROPERTIES S.r.l.	1,980,000		6,930,000
17	B	D	IMMOBILIARE BILANCIA PRIMA S.r.l.			
18	B	D	IMMOBILIARE BILANCIA SECONDA S.r.l.			
19	B	D	IMMOBILIARE BILANCIA TERZA S.r.l.			
20	E	D	BCC APUANA Soc.Coop.			
21	E	D	MEDIOBANCA S.p.A.			
22	E	D	MEDIORISCHI S.p.A.			
23	D	D	WHITE FINANCE S.A.			77,320
24	B	D	VITTORIA SERVICE S.r.l.			

(1) It should match that indicated in Annex 6

 (2) Type  
 a = Parent companies  
 b = Subsidiaries  
 c = Related companies  
 d = Associated companies  
 e = Other companies

(3) Indicate:

 D investment allocated to the non-life business (caption C.II.1)  
 V investments allocated to the life business (caption C.II.1)  
 V1 investments allocated to the life business (caption D.I)  
 V2 investments allocated to the life business (caption D.2)  
 Even if it is only a portion, the investment should be  
 identified with the same number



Year **2011**

Decrease of the year		Other decreases	Book value (4)		Acquisition cost	Current value
Sales			Quantity	Amount		
Quantity	Amount					
			24,091	13,944,539	13,944,539	12,485,575
			14,295	12,378,000	12,378,000	7,408,158
			1,060,180	5,237,192	5,237,192	4,925,636
			21,048,662	5,469,663	5,469,663	5,043,305
		1,359,178	1,596,959	5,775,000	5,775,000	5,775,000
3,500,000	791,792		31,054,509	7,845,210	7,845,210	7,002,792
			1,377,848	3,540,385	3,540,385	7,550,607
			3,800	41,007	41,007	41,007
			100	2,634	2,634	2,634
			9,999	13,112	13,112	13,112
			695,819	704,628	704,628	704,628
			6,879	3,553	3,553	3,553
		1,860,747	300,000	1,140,000	1,140,000	1,140,000
			64,000	77,640	77,640	661,830
			5,150,000	26,061,815	26,061,815	25,967,294
			3,096,000	5,764,569	5,764,569	5,764,569
			5,940,000	10,890,000	10,890,000	11,215,675
			3,000,000	5,400,000	5,400,000	12,155,388
			1,000,000	1,250,000	1,250,000	1,190,269
			100,000	100,000	100,000	92,438
			193	49,987	49,987	49,987
			1,225,350	11,203,347	11,203,347	5,447,906
			10,199	243,612	243,612	243,612
257,373		5,311,937	70,000	1,365,000	1,365,000	907,939

(4) Insert (\*) if stated with the equity method (only for types b and d)

## Assets - Changes in investments in group and other companies: equity investments

Number	Type	Name	Increase of the year			
			Acquisitions		Other increases	
			Quantity	Amount		
(1)	(2)	(3)				
25	B	V	LAURO 2000 S.r.l.	1,250,000		5,000,000
25	B	D	LAURO 2000 S.r.l.	1,250,000		5,000,000
26	D	D	LAUMOR HOLDINGS Sarl			
27	D	D	GIMA FINANCE SA			5,327,424
28	D	D	CONSORZIO MOVINCOM S.c.r.l.			
29	E	D	YAM INVEST N.V.			
30	B	D	FORUM MONDADORI RESIDENZE S.r.l.	220,000		2,420,000
31	E	D	BCC DI SIGNA Soc.Coop.			
32	E	D	BCC DI INZAGO Soc.Coop.	15,000	46,364	
33	E	D	BCC DEL VOMANO Soc.Coop.	500	50,000	
34	D	D	WHITE SARL SICAR	456,902		3,250,161
35	D	D	LAUMOR PARTNERS SARL SICAR	98,136		7,497,130
36	D	D	GIMA SICAR SA	18,649,701		15,074,980
			<b>Total C.II.1</b>		96,364	64,287,534
	a		Parent companies			
	b		Subsidiaries			
	c		Related companies			29,350,000
	d		Associated companies			
	e		Other companies			32,848,218
			<b>Total D.I</b>		96,364	2,089,316
			<b>Total D.II</b>			

(1) It should match that indicated in Annex 6

 (2) Type  
 a = Parent companies  
 b = Subsidiaries  
 c = Related companies  
 d = Associated companies  
 e = Other companies

(3) Indicate:

 D investment allocated to the non-life business (caption C.II.1)  
 V investments allocated to the life business (caption C.II.1)  
 V1 investments allocated to the life business (caption D.I)  
 V2 investments allocated to the life business (caption D.2)  
 Even if it is only a portion, the investment should be identified with the same number

Decrease of the year		Other decreases	Book value (4)		Acquisition cost	Current value
Sales			Quantity	Amount		
Quantity	Amount					
10,937,500		49,448,496				
19,062,500		93,345,489				
145		9,667,356				
9,961		18,884,021				
			1,000	1,000	1,000	1,000
			11,828,094	6,594,133	6,594,133	66,477,518
			1,000,000	10,070,000	10,070,000	9,977,393
			900	46,476	46,476	46,476
			15,000	46,364	46,364	46,364
			500	50,000	50,000	50,000
			456,902	3,250,161	3,250,161	3,242,771
		107,300	98,136	7,389,830	7,389,830	7,374,900
		109,250	18,649,701	14,965,730	14,965,730	14,978,769
	791,792	180,093,774		160,914,587	160,914,587	217,988,105
		142,793,985		81,536,994	81,536,994	82,061,959
		34,079,864		42,078,145	42,078,145	41,330,950
	791,792	3,219,925		37,299,448	37,299,448	94,595,196

(4) Insert (\*) if stated with the equity method (only for types b and d)

Assets - Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1., 2., 3., 5., 7)

## I - Non-life business

	Investment portfolio		Trading portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Equity investments:						
a) listed shares	21	41	61		81	101
b) unlisted shares	22		62		82	102
c) quotas	23		63		83	103
2. Unit trust units	24		64		84	104
3. Bonds and other fixed-interest securities	25	4,125	65	4,125	85	105
a) listed government securities	26	476,494	66	206,587	86	106
a2) other listed securities	27	474,156	67	206,587	87	107
b) unlisted government securities	28	2,176	68		88	108
c) convertible bonds	29		69		89	109
5. Shares in investment pools	30	162	70		90	110
7. Other financial investments	31		71		91	111
	32		72		92	112
	33		73		93	113

## II - Life business

	Investment portfolio		Trading portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Equity investments:						
a) listed shares	141	161	181		201	221
b) unlisted shares	142		182		202	222
c) quotas	143		183		203	223
2. Unit trust units	144		184		204	224
3. Bonds and other fixed-interest securities	145	2,017	185		205	225
a) listed government securities	146	524,974	186	106,821	206	226
a2) other listed securities	147	466,973	187	104,034	207	227
b) unlisted government securities	148	56,039	188	913	208	228
c) convertible bonds	149		189		209	229
5. Shares in investment pools	150	1,962	190		210	230
7. Other financial investments	151		191		211	231
	152		192		212	232
	153		193		213	233

Assets - Changes in other financial investments - investment portfolio: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5, 7)

	Equity investments C.III.1	Unit trust units C.III.2	Bonds and other fixed-interest securities C.III.3	Shares in investment pools C.III.5	Other financial investments C.III.7
Opening book value .....	21	6,367,41	949,703,81	101	1,038
Increase of the year: .....	22	42	307,887,82	102	
for: acquisitions .....	23	43	242,682,83	103	
write-backs .....	24	44	84	104	
transfers from the trading portfolio.....	25	45	34,324,85	105	
other variations .....	26	46	30,881,86	106	
Decrease of the year: .....	27	5,194,47	188,592,87	107	1,038
for: sales .....	28	3,813,48	158,714,88	108	
write-downs .....	29	1,381,49	4,010,89	109	
transfers to the trading portfolio .....	30	50		110	
other variations .....	31	51	25,868,91	111	1,038
<b>Book value .....</b>	32	1,173,52	1,068,998,92	112	
Current value .....	33	2,017,53	1,001,468,93	113	

Year 2011

Company VITTORIA ASSICURAZIONI S.p.A.

Assets - Changes in loans and deposits with banks (captions C.III.4, 6)

		Loans C.III.4	Deposits with banks C.III.6
Opening book value .....	+ 1	10,760	21
Increase of the year .....	+ 2	1,986	22
for: lending .....	3	1,986	
write-backs .....	4		
other variations .....	5		
Decrease of the year: .....	- 6	2,969	26
for: repayments .....	7	2,969	
write-downs.....	8		
other variations .....	9		
<b>Book value .....</b>	10	<b>9,777</b>	30

Assets - List of assets relating index-linked policies (caption D.I)

Unit trust code: Unit trust description:

	Current value		Acquisition cost	
	Year	Previous year	Year	Previous year
I. Land and buildings .....	21	41	61	
II. Investments in group and other companies:				
1. Equity investments .....	22	42	62	
2. Bonds .....	23	43	63	
3. Loans .....	24	44	64	
III. Unit trust units .....	27,134	30,387	28,248	27,859
IV. Other financial investments:				
1. Equity investments .....	5,421	8,379	8,489	9,675
2. Bonds and other fixed-interest securities .....	15,201	24,713	19,882	28,158
3. Bank deposits .....	28	48	68	
4. Other financial investments .....	29	64	69	9
V. Other assets .....	466	413	466	413
VI. Liquid funds .....	2,898	1,875	2,898	1,875
.....	32	52	72	
.....	33	53	73	
<b>Total .....</b>	<b>51,120</b>	<b>65,831</b>	<b>59,983</b>	<b>67,989</b>

## Assets - List of assets arising from pension fund management (caption D.II)

Code: Pension fund description

	Current value		Acquisition cost	
	Year	Previous year	Year	Previous year
I. Investments in group and other companies:				
1. Equity investments	21	41		61
2. Bonds	22	42		62
II. Other financial investments:				
1. Equity investments	23	43		63
2. Bonds and other fixed-interest securities	5,447 24	5,391 44	5,938 64	5,449
3. Unit trust units	4,097 25	4,466 45	4,414 65	4,266
4. Bank deposits	26	46		66
5. Other financial investments	27	47		67
III. Other assets	115 28	79 48	115 68	79
IV. Liquid funds	685 29	689 49	685 69	689
	30	50		70
	31	51		71
<b>Total</b>	10,344 32	10,625 52	11,152 72	10,483



Company VITTORIA ASSICURAZIONI S.p.A.Year 2011Liabilities - Changes in premium reserve (caption C.I.1) and claims reserve  
(caption C.I.2) of non-life business

Type	Year	Previous year	Change
<b>Premium reserve:</b>			
Unearned premium reserve .....	1 324,052	11 229,993	21 94,059
Reserve for current risks: .....	2	12 14	22 -14
<b>Book value</b> .....	3 324,052	13 230,007	23 94,045
<b>Claims reserve:</b>			
Reserve for claims settlement and direct expenses .....	4 605,151	14 480,678	24 124,473
Reserve for settlement costs .....	5 46,373	15 36,185	25 10,188
IBNR reserve .....	6 45,576	16 32,645	26 12,931
<b>Book value</b> .....	7 697,100	17 549,508	27 147,592

Company VITTORIA ASSICURAZIONI S.p.A.Year 2011Liabilities - Changes in the mathematical reserves (caption C.II.1) and  
profit participation and reimbursement reserve(caption C.II.4)

Type	Year	Previous year	Change
Pure premium reserve .....	1 718,171	11 709,936	21 8,235
Premiums carried forward .....	2 13,060	12 12,989	22 71
Mortality risk reserve .....	3 3	13 3	23
Integration reserves .....	4 2,493	14 3,067	24 -574
<b>Book value</b> .....	5 733,727	15 725,995	25 7,732
Profit participation and reimbursement reserve.....	6 42	16 36	26 6

## Liabilities - Changes in provisions for contingencies and other charges (caption E) and employees' leaving entitlement (caption G.VII)

		Employees' leaving entitlement and similar provisions	Provision for taxation	Other accruals	Employees' leaving entitlement
Opening book value .....	+ 1		840 21	741 31	3,972
Accruals of the year.....	+ 2		16,183 22		1,947
Other increases .....	+ 3				
Utilisation of the year .....	- 4		8,264 24		305
Other decreases .....	- 5				1,808
<b>Book value .....</b>	6		8,759 26	741 36	3,806

## List of assets and liabilities relating to group and other companies

## I: Assets

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
	1	2	3	4	5	6
Equity investments .....		81,537			37,300	160,915
Bonds .....	7	8	9	10	11	12
Loans .....	13	14	15	16	17	18
Shares in investment pools.....	19	20	21	22	23	24
Bank deposits .....	25	26	27	28	29	30
Other financial investments .....	31	32	33	34	35	36
Deposits with ceding companies .....	37	38	39	40	41	42
Investments relating to index-linked policies.....	43	44	45	46	47	48
Investments relating to pension fund management .....	49	50	51	52	53	54
Receivables relating to direct insurance business.....	55	56	57	58	59	60
Receivables relating to reinsurance business .....	61	62	63	64	65	66
Other receivables .....	67	68	69	70	71	72
Bank and postal accounts.....	73	74	75	76	77	78
Sundry assets .....	79	80	81	82	83	84
<b>Total .....</b>	85	86	87	88	89	90
of which: subordinated assets .....	91	92	93	94	95	96



Company VITTORIA ASSICURAZIONI S.p.A.Year 2011

List of classes I, II, III and IV of "guarantees, commitments and other memorandum and contingency accounts"

	Year	Previous year
I. Guarantees given:		
a) sureties and endorsements given in the interest of parent companies, subsidiaries and related companies .....	1	31
b) sureties and endorsements given in the interest of associated companies and other group companies .....	2	32
c) sureties and endorsements given in the interest of third parties .....	3	33
d) other personal guarantees given in the interest of parent companies, subsidiaries and related companies .....	4	34
e) other personal guarantees given in the interest of associated and other group companies .....	5	35
f) other personal guarantees given in the interest of third parties .....	6	20,500
g) collateral against obligations of parent companies, subsidiaries and related companies .....	7	37
h) collateral against obligations of associated companies and other group companies .....	8	38
i) collateral against third party obligations .....	9	39
l) guarantees given against company's obligations .....	10	40
m) assets pledged as guarantee deposit against inwards reinsurance .....	11	41
<b>Total</b> .....	12	20,500
II. Guarantees received:		
a) from associated and other group companies .....	13	43
b) from third parties .....	14	8,357
<b>Total</b> .....	15	8,357
III. Guarantees given by third parties in the interest of the company:		
a) from associated and other group companies.....	16	46
b) from third parties .....	17	47
<b>Total</b> .....	18	48
IV. Commitments:		
a) purchase commitments with resale obligation .....	19	49
b) sale commitments with repurchase obligation .....	20	50
c) other commitments .....	21	6,165
<b>Total</b> .....	22	6,165

## Commitments for derivative transactions

Derivative	Current year				Previous year				
	Purchase		Sale		Purchase		Sale		
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	
<b>Futures:</b>									
on shares	101	21	131	41	141	61	161		
on bonds	102	22	122	42	142	62	162		
on currencies	103	23	123	43	143	63	163		
on exchange rates	104	24	124	44	144	64	164		
other	105	25	125	45	145	65	165		
<b>Options:</b>									
on shares	106	26	126	46	146	66	166		
on bonds	107	27	127	47	147	67	167		
on currencies	108	28	128	48	148	68	168		
on exchange rates	109	29	129	49	149	69	169		
other	110	30	130	50	150	70	170		
<b>Swaps:</b>									
on currencies	111	31	131	51	151	71	171		
on exchange rates	112	32	132	52	152	72	172		
other	113	33	133	53	153	73	173		
<b>Other transactions</b>	114	34	134	54	154	74	174		
<b>Total</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>

Notes: - Include only derivative transactions existing at the balance sheet date, which imply a commitment for the company, where the derivative does not exactly match one of the above captions or relates to more than one caption, it should be included in the one more related, as reflecting is allowed if not related to purchase/sale transactions relating to the same derivative category (same contract, maturity, underlying asset, etc.).

- Derivatives involving two currency swaps should be stated only once, referring to the currency to be purchased. Derivatives involving both interest rate and currency swaps should only be included in currency swaps.

- Derivatives relating to interest rate swaps are classified as "purchases" or "sales" depending on whether or not they imply the fixed rate purchase or sale.

(1) Derivatives which involve or may involve capital forward exchanges should be stated at their regulated price; all other derivatives should be stated at their nominal value

(2) Indicate fair value of derivatives.

## Summarised non-life business technical account

	Gross premiums accounted for	Gross premiums earned	Gross claims charge	Management fees	Reinsurance balance
<b>Direct insurance:</b>					
Accident and health insurance (classes 1 and 2) .....	1 60,334 2	56,706 3	26,516 4	20,960 5	-607
Third-party motor liability (class 10) .....	6 507,388 7	475,602 8	374,784 9	91,303 10	168
Hull insurance for motor vehicles (class 3) .....	11 86,341 12	84,028 13	56,489 14	26,667 15	-193
Marine, aviation and transport insurance (classes 4, 5, 6, 7, 11 and 12) .....	16 2,125 17	2,210 18	1,054 19	668 20	-91
Fire and miscellaneous damages (classes 8 and 9) .....	21 63,891 22	60,540 23	39,186 24	19,961 25	528
Third-party general liability (class 13) .....	26 36,888 27	35,710 28	25,762 29	11,820 30	-249
Credit and bond insurance (classes 14 and 15) .....	31 16,949 32	12,936 33	8,670 34	6,529 35	297
Pecuniary losses (class 16) .....	36 21,022 37	23,120 38	5,748 39	6,213 40	-14
Legal protection (class 17) .....	41 3,486 42	3,355 43	132 44	973 45	-1,134
Support and assistance (class 18) .....	46 11,480 47	9,856 48	4,043 49	3,123 50	-343
<b>Total direct insurance</b> .....	51 809,904 52	764,063 53	542,384 54	188,217 55	-1,638
<b>Indirect insurance</b> .....	56 126 57	133 58	25 59	38 60	-18
<b>Total domestic portfolio</b> .....	61 810,030 62	764,196 63	542,409 64	188,255 65	-1,656
<b>Foreign portfolio</b> .....	66 67	68	69	70	
<b>Total</b> .....	71 810,030 72	764,196 73	542,409 74	188,255 75	-1,656



Company VITTORIA ASSICURAZIONI S.p.A.Year 2011

## Summarised life business premiums and reinsurance balance

	Direct insurance	Indirect insurance	Total
Gross premiums:	1 127,273	11 263	21 127,536
a) 1. individual policies .....	2 101,548	12 263	22 101,811
2. group policies .....	3 25,725	13	23 25,725
b) 1. periodic premiums .....	4 42,317	14 263	24 42,580
2. single premiums .....	5 84,956	15	25 84,956
c) 1. non-profit participation contracts.....	6 30,276	16 263	26 30,539
2. profit participation contracts.....	7 95,490	17	27 95,490
3. contracts where the investment risk is borne by policyholders and pension fund .....	8 1,507	18	28 1,507
Reinsurance balance .....	9 -365	19 -233	29 -598

## Income on investments (captions II.2 and III.3)

	Non-life business	Life business	Total
<b>Income on equity investments</b>			
Dividends and other income on equity investments in group companies .....	1 561 41	2,261 81	2,822
Dividends and other income on equity investments in other companies.....	2	42 82	
<b>Total .....</b>	3 561 43	2,261 83	2,822
<b>Income on investments in land and buildings .....</b>	4 206 44		206
<b>Income on other investments:</b>			
Income on bonds issued by group companies.....	5	45 85	
Interest on loans to group companies .....	6 74 46	4 86	78
Income on unit trust units .....	7 29 47	65 87	94
Income on bonds and other fixed-interest securities .....	8 23,579 48	28,807 88	52,386
Interest on loans .....	9	49 463 89	463
Income on shares of investment pools .....	10	50 90	
Interest on bank deposits.....	11	51 91	
Income on other financial investments .....	12	52 92	
Interest on deposits with ceding companies.....	13	53 93	
<b>Total .....</b>	14 23,682 54	29,339 94	53,021
<b>Adjustments to investment values:</b>			
Land and buildings .....	15	55 95	
Equity investments in group companies.....	16	56 96	
Bonds issued by group companies .....	17	57 97	
Other equity investments .....	18	58 98	
Other bonds .....	19 438 59	94 99	532
Other financial investments.....	20	60 100	
<b>Total .....</b>	21 438 61	94 101	532
<b>Profits on sale of investments:</b>			
Profit on sale of land and buildings .....	22	62 102	
Profit on sale of equity investments in group companies .....	23	63 103	
Profit on sale of bonds issued by group companies .....	24	64 104	
Profit on sale of other equity investments .....	25	65 105	
Profit on sale of other bonds .....	26 239 66	1,181 106	1,420
Profit on sale of other financial investments.....	27	67 107	
<b>Total .....</b>	28 239 68	1,181 108	1,420
<b>TOTAL .....</b>	29 25,126 69	32,875 109	58,001

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2011

Income and non-realised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management (caption II.3)

## I. Investments relating to index-linked policies

	Amount
<b>Income on:</b>	
Land and buildings .....	1
Investments in group companies .....	2
Unit trust units .....	3 42
Other financial investments .....	4 1,258
- of which: bonds..... 5	
Other assets .....	6 10
<b>Total .....</b>	<b>7 1,310</b>
<b>Profit on sale of investments</b>	
Profit on sale of land and buildings .....	8
Profit on sale of investments in group companies .....	9
Profit on sale of unit trust units .....	10 183
Profit on sale of other financial investmentsi .....	11 1,125
- of which: bonds .....	12
Other income.....	13 48
<b>Total .....</b>	<b>14 1,356</b>
<b>Non-realised capital gains .....</b>	<b>15 612</b>
<b>TOTAL.....</b>	<b>16 3,278</b>

## II. Investments relating to pension fund management

	Amount
<b>Income on:</b>	
Investments in group companies.....	21
Other financial investments .....	22 291
- of which: bonds..... 23	228
Other assets .....	24 148
<b>Total .....</b>	<b>25 439</b>
<b>Profit on sale of investments</b>	
Profit on sale of investments in group companies .....	26
Profit on sale of other financial investments.....	27 2
- of which: bonds .....	28 2
Other income.....	29
<b>Total .....</b>	<b>30 2</b>
<b>Non-realised capital gains .....</b>	<b>31 24</b>
<b>TOTAL .....</b>	<b>32 465</b>

## Capital and financial charges (captions II.9 and III.5)

	Non-life business		Life business		Total
<b>Investment management and other charges</b>					
Charges relating to equity investments .....	1	54	31	34	61
Charges relating to investments in land and buildings.....	2	435	32	151	62
Bond charges .....	3	1,992	33	1,624	63
Charges relating to unit trust units.....	4	2	34	1	64
Charges relating to shares in investment pools .....	5		35		65
Other financial investment charges .....	6		36		66
Interest on deposits from reinsurers .....	7	111	37	1,000	67
<b>Total .....</b>	8	2,594	38	2,810	68
<b>Adjustments to investment values:</b>					
Land and buildings .....	9	995	39	172	69
Equity investments in group companies .....	10	3,220	40		70
Bonds issued by group companies .....	11		41		71
Other equity investments.....	12		42		72
Other bonds .....	13	1,424	43	4,669	73
Other financial investments .....	14		44	1,381	74
<b>Total .....</b>	15	5,639	45	6,222	75
<b>Loss on sale of investments</b>					
Loss on sale of land and buildings .....	16		46		76
Loss on sale of equity investments .....	17		47		77
Loss on sale of bonds .....	18	4,028	48	5	78
Loss on sale of other financial investments .....	19		49		79
<b>Total .....</b>	20	4,028	50	5	80
<b>TOTAL .....</b>	21	12,261	51	9,037	81

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2011

Capital and financial charges and non-realised capital losses relating to investments benefiting policyholders who bear the risk and investments stemming from pension fund management (caption II.10)

## I. Investments relating to index-linked policies

	Amount
<b>Management charges arising from:</b>	
Land and buildings .....	1
Investments in group companies .....	2
Unit trust units .....	3           15
Other financial investments .....	4           23
Other assets .....	5           196
<b>Total .....</b>	<b>6           234</b>
<b>Loss on sale of investments</b>	
Loss on sale of land and buildings .....	7
Loss on sale of investments in group companies .....	8
Loss on sale of unit trust units .....	9           973
Loss on sale of other financial investments .....	10          676
Other charges.....	11          169
<b>Total .....</b>	<b>12          1,818</b>
<b>Non-realised capital losses .....</b>	<b>13          5,844</b>
<b>TOTAL .....</b>	<b>14          7,896</b>

## II. Investments relating to pension fund management

	Amounts
<b>Management charges arising from:</b>	
Investments in group companies .....	21
Other financial investments .....	22          152
Other assets.....	23
<b>Total .....</b>	<b>24          152</b>
<b>Loss on sale of investments</b>	
Loss on sale of investments in group companies .....	25
Loss on sale of other financial investments .....	26          23
Other charges .....	27
<b>Total .....</b>	<b>28          23</b>
<b>Non-realised capital losses .....</b>	<b>29          1,146</b>
<b>TOTAL .....</b>	<b>30          1,321</b>

	Class <u>01</u>		Class <u>02</u>	
	Accident insurance		Health insurance	
	(name)		(name)	
<b>Direct insurance gross of outwards reinsurance</b>				
Gross premiums accounted for .....	+	1 49,729	1	10,605
Change in premium reserve (+ o -) .....	-	2 3,354	2	274
Charges relating to claims .....	-	3 18,633	3	7,883
Change in other technical reserves (+ or -) (1) .....	-	4	4	
Other technical captions, net (+ or -) .....	+	5 -494	5	-143
Management fees .....	-	6 17,609	6	3,351
<b>Direct insurance technical result (+ or -) .....</b>		7 9,639	7	-1,046
<b>Outwards reinsurance result (+ or -) .....</b>		8 -385	8	-222
<b>Indirect insurance net result (+ o -) .....</b>		9	9	
Change in equalisation reserve (+ o -) .....		10	10	
Income on investments transferred from non-technical account ..		11 393	11	104
<b>Result of technical account (+ or -) .....</b>		12 9,647	12	-1,164

	Class <u>07</u>		Class <u>08</u>	
	Cargo insurance		Fire and natural events	
	(name)		(name)	
<b>Direct insurance gross of outwards reinsurance</b>				
Gross premiums accounted for .....	+	1 1,052	1	35,150
Change in premium reserve (+ or -) .....	-	2 -94	2	1,735
Charges relating to claims .....	-	3 730	3	15,920
Change in other technical reserves (+ or -) (1) .....	-	4	4	
Other technical captions, net (+ o -) .....	+	5 1	5	-408
Management fees .....	-	6 412	6	11,201
<b>Direct insurance technical result (+ or -) .....</b>		7 5	7	5,886
<b>Outwards reinsurance result (+ or -) .....</b>		8 -47	8	-57
<b>Indirect reinsurance net result (+ o -) .....</b>		9	9	33
Change in equalisation reserve (+ o -) .....		10 10	10	154
Income on investments transferred from non-technical account ..		11 25	11	429
<b>Result of technical account (+ or -) (A + B + C - D + E)</b>		12 -27	12	6,137

	Class <u>13</u>		Class <u>14</u>	
	Third-party general liability		Credit insurance	
	(name)		(name)	
<b>Direct insurance gross of outwards reinsurance</b>				
Gross premiums accounted for .....	+	1 36,888	1	7,423
Change in premium reserve (+ or -) .....	-	2 1,178	2	3,921
Charges relating to claims .....	-	3 25,762	3	2,716
Change in other technical reserves (+ or -) (1) .....	-	4	4	
Other technical captions, net (+ or -) .....	+	5 -597	5	4
Management fees .....	-	6 11,820	6	3,392
<b>Direct insurance technical result (+ or -) .....</b>		7 -2,469	7	-2,602
<b>Outwards reinsurance result (+ or -) .....</b>		8 -249	8	
<b>Indirect reinsurance net result (+ o -) .....</b>		9 5	9	
Change in equalisation reserve (+ o -) .....		10	10	
Income on investments transferred from non-technical account ..		11 912	11	152
<b>Result of technical account (+ or -) (A + B + C - D + E)</b>		12 -1,801	12	-2,450

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

account by line of business - Domestic portfolio

Class <u>03</u> Motor vehicle hulls (name)	Class <u>04</u> Railway truck hulls (name)	Class <u>05</u> Aviation hulls (name)	Class <u>06</u> Marine hulls (name)
1 86,341	1 2	1 2	1 473
2 2,313	2 1	2 -15	2 -13
3 56,489	3	3 4	3 174
4	4	4	4
5 -124	5	5	5 -2
6 26,667	6	6	6 150
7 748	7 1	7 13	7 160
8 -193	8	8 -10	8 -27
9	9	9 3	9
10 347	10	10	10
11 576	11	11 2	11 7
12 784	12 1	12 8	12 140

Class <u>09</u> Miscellaneous damages (name)	Class <u>10</u> Third-party motor liability (name)	Class <u>11</u> Third-party aviation liability (name)	Class <u>12</u> Third-party marine liability (name)
1 28,741	1 507,388	1 2	1 594
2 1,616	2 31,786	2	2 36
3 23,266	3 374,784	3 -19	3 165
4	4	4	4
5 -224	5 -1,750	5	5 -1
6 8,760	6 91,303	6	6 106
7 -5,125	7 7,765	7 21	7 286
8 585	8 168	8 -6	8 -1
9	9	9	9
10 51	10	10	10
11 209	11 6,900	11	11 7
12 -4,382	12 14,833	12 15	12 292

Class <u>15</u> Bond insurance (name)	Class <u>16</u> Pecuniary losses (name)	Class <u>17</u> Legal protection (name)	Class <u>18</u> Support and assistance (name)
1 9,526	1 21,022	1 3,486	1 11,480
2 92	2 -2,098	2 131	2 1,624
3 5,954	3 5,748	3 132	3 4,043
4	4	4	4
5 -462	5 -43	5 -7	5 -9
6 3,137	6 6,213	6 973	6 3,123
7 -119	7 11,116	7 2,243	7 2,681
8 297	8 -14	8 -1,134	8 -343
9 5	9	9	9 6
10	10	10	10
11 237	11 406	11 7	11 36
12 420	12 11,508	12 1,116	12 2,380

Summarised non-life business technical account  
Domestic portfolio

	Direct insurance risk		Indirect insurance risk		Retained risks Total 5 = 1-2+3+4
	Direct risk 1	Transferred risks 2	Inwards reinsurance risks 3	Inwards reinsurance risks 4	
Premiums accounted for .....	809,904 11	26,510 21	126 31	41	783,520
Change in premium reserve (+ or -) .....	45,841 12	877 22	-7 32	-1 42	44,958
Charges relating to claims .....	542,384 13	16,071 23	25 33	-17 43	526,355
Change in other technical reserves (+ or -) (1) .....	14	24	34	44	
Other technical captions, net (+ or -) .....	-4,259 15	25	35	45	-4,259
Management fees .....	188,217 16	7,924 26	38 36	46	180,331
<b>Technical result (+ or -) .....</b>	29,203 17	1,638 27	70 37	18 47	27,617
Change in equalisation reserves (+ or -) .....					
Income on investments transferred from non-technical account .....	10,396	29	6	48	562
<b>Result of technical account (+ o -) .....</b>	39,599 20	1,638 30	76 40	18 50	37,457

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"



Year 2011

Company VITTORIA ASSICURAZIONI S.p.A.

Life business - Summarised technical account by line of business - Domestic portfolio

	Class 01 Whole and term life insurance (name)	Class 02 Marriage and birth insurance (name)	Class 03 Insurance linked to unit trusts (name)
<b>Direct insurance gross of outwards reinsurance</b>			
Gross premiums accounted for	1 92,472	1	1 94
Charges relating to claims	2 91,858	2	2 10,105
Change in mathematical and other technical reserves (+ or -) (*)	3 1,723	3	3 -14,872
Other technical captions, net (+ or -)	4 -100	4	4 448
Management fees	5 12,742	5	5 234
Income on investments net of the portion transferred to the non-technical account (**)	6 19,132	6	6 -4,538
<b>Direct insurance result gross of outwards reinsurance (+ or -) ..... A</b>	7 5,181	7	7 537
<b>Outwards reinsurance result (+ or -) ..... B</b>	8 -424	8	
<b>Indirect insurance net result (+ or -) ..... C</b>	9 234	9	
<b>Result of technical account (+ or -) ..... (A + B + C)</b>	10 4,991	10	10 537

	Class 04 Health insurance (name)	Class 05 Capitalisation transactions (name)	Class 06 Unit trust Management (name)
<b>Direct insurance gross of outwards reinsurance</b>			
Gross premiums accounted for	1 366	1 32,928	1 1,413
Charges relating to claims	2 36	2 33,025	2 188
Change in mathematical and other technical reserves (+ or -) (*)	3 123	3 3,145	3 236
Other technical captions, net (+ or -)	4	4	4 113
Management fees	5 106	5 2,747	5 54
Income on investments net of the portion transferred to the non-technical account (**)	6 -7	6 4,634	6 856
<b>Direct insurance result gross of outwards reinsurance (+ or -) ..... A</b>	7 94	7 -1,355	7 192
<b>Outward reinsurance result ..... B</b>	8 60	8	8
<b>Indirect insurance net result (+ or -) ..... C</b>	9	9	9
<b>Result of technical account (+ or -) ..... (A + B + C)</b>	10 154	10 -1,355	10 192

(\*) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management".

(\*\*) Algebraic sum of the items relating to the domestic line of business and portfolio included in captions II.2, II.3, II.9, II.10 and II.12 of the profit and loss account

Summarised life business technical account  
Domestic portfolio

	Direct insurance risks		Indirect insurance risks		Retained risks Total 5 = 1 - 2 + 3 - 4
	Direct risks 1	Transferred risks 2	Inwards reinsurance risks 3	Outwards reinsurance risks 4	
Premiums accounted for .....	127,273	1,269	263	41	126,267
Charges relating to claims.....	135,212	5,303	53	42	129,962
Change in mathematical and other technical reserves (+ or -) (*) .....	-9,645	-4,459	-24	43	-5,210
Other technical captions, net (+ or -) .....	461	24	34	44	461
Management fees.....	15,883	61	35	45	15,822
Income on investments net of the portion transferred to the non-technical account (**)	18,365		26	46	18,365
<b>Result of technical account (+ or -)</b> .....	<b>4,649</b>	<b>364</b>	<b>234</b>	<b>37</b>	<b>4,519</b>

(\*) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management".

(\*\*) Algebraic sum of the items relating to the domestic portfolio included in captions II.2, II.3, II.9, II.10 and II.12 of the profit and loss account

**Summarised life and non-life business technical accounts - foreign portfolio**

## Section I: Non-life businesses

		Total lines of business
<b>Direct insurance gross of outwards reinsurance</b>		
Gross premiums accounted for .....	+	1
Change in premium reserve (+ or -).....	-	2
Charges relating to claims .....	-	3
Change in other technical reserves (+ or -) (1).....	-	4
Other technical captions, net (+ or -).....	+	5
Management fees .....	-	6
<b>Direct insurance technical result (+ or -) .....</b>		<b>A</b>
<b>Outwards reinsurance result (+ or -) .....</b>		<b>B</b>
<b>Indirect insurance net result (+ or -).....</b>		<b>C</b>
Change in equalisation reserves (+ or -) .....		<b>D</b>
Income on investments transferred from non-technical account .....		<b>E</b>
<b>Result of technical account (+ or -) .....</b>		<b>(A + B + C - D + E)</b>

## Section II: Life business

		Total lines of business
<b>Direct insurance gross of outwards reinsurance</b>		
Gross premiums accounted for .....	+	1
Charges relating to claims .....	-	2
Change in mathematical and other technical reserves (+ or -) (2) .....	-	3
Other technical captions, net (+ or -) .....	+	4
Management fees .....	-	5
Income on investments net of the portion transferred to the non-technical account (3) .....	+	6
<b>Direct insurance result gross of outwards reinsurance (+ or -) .....</b>		<b>A</b>
<b>Outwards reinsurance result (+ or -) .....</b>		<b>B</b>
<b>Indirect insurance net result (+ or -) .....</b>		<b>C</b>
<b>Result of technical account (+ or -) .....</b>		<b>(A + B + C)</b>

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

(2) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management".

(3) Algebraic sum of the items relating to the foreign portfolio included in captions II.3, II.2, II.3, II.9 and II.10 of the profit and loss account



Intercompany relationships

II: Expense

	Parent companies	Subsidiaries	Associated companies	Related companies	Other companies	Total
<b>Investment management charges and interest payable:</b>						
Charges relating to investors .....	92	93	94	95	96	
Interest on subordinated liabilities .....	98	99	100	101	102	
Interest on deposits from reinsurers.....	104	105	106	107	108	
Interest on payables arising from direct insurance business.....	110	111	112	113	114	
Interest on payables arising from reinsurance business.....	116	117	118	119	120	
Interest on sums due to banks and financial institutions.....	122	123	124	125	126	1
Interest on secured debts.....	128	129	130	131	132	
Interest on other sums payable .....	134	135	136	137	138	
Losses on receivables.....	140	141	142	143	144	
Administrative and third party charges .....	146	147	148	149	150	
Other charges .....	152	153	154	155	156	
<b>Total .....</b>	158	159	160	161	162	1
<b>Charges and non-realised capital losses on investments benefiting policyholders bearing the risk and investments stemming from pension fund management .....</b>	164	165	166	167	168	
<b>Loss on sale of investments (*) .....</b>	170	171	172	173	174	
<b>Extraordinary expense .....</b>	176	177	178	179	180	
<b>TOTAL.....</b>	182	183	184	185	186	1

(\*) With reference to the counterparty

Company VITTORIA ASSICURAZIONI S.p.A.

Summarised direct insurance premiums accounted for

	Non-life business		Life business		Total	
	Establishment	Freedom to provide services	Establishment	Freedom to provide services	Establishment	Freedom to provide services
Gross premiums accounted for:						
in Italy .....	1	70	11	15	21	70
in other EU countries .....	2	6	12	16	22	25
in non-EU countries.....	3	7	13	17	23	27
<b>Total</b> .....	4	8	14	18	24	28
		809,834		127,273		937,107

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2011

Personnel expenses and directors' and statutory auditors' fees

I: Personnel expenses

	Non-life business	Life business	Total
<b>Employees' expenses:</b>			
Domestic portfolio:			
- Wages and salaries .....	1 24,325 31	3,915 61	28,240
- Social security contributions .....	2 6,150 32	989 62	7,139
- Accruals to the employees' leaving entitlement and similar provisions .....	3 1,656 33	266 63	1,922
- Other personnel expenses .....	4 3,127 34	501 64	3,628
<b>Total .....</b>	5 35,258 35	5,671 65	40,929
Foreign portfolio:			
- Wages and salaries .....	6	66	
- Social security contributions .....	7 37	67	
- Other personnel expenses .....	8 38	68	
<b>Total .....</b>	9 39	69	
<b>Total .....</b>	10 35,258 40	5,671 70	40,929
<b>Consultants' fees:</b>			
Domestic portfolio .....	11 29,638 41	375 71	30,013
Foreign portfolio .....	12 42	72	
<b>Total .....</b>	13 29,638 43	375 73	30,013
<b>Total personnel expenses .....</b>	14 64,896 44	6,046 74	70,942

II: Allocation captions

	Non-life business	Life business	Total
Investment management charges .....	15 425 45	361 75	786
Charges relating to claims .....	16 38,857 46	76	38,857
Other acquisition costs .....	17 14,159 47	3,625 77	17,784
Other administrative costs .....	18 11,249 48	2,060 78	13,309
Administrative and third party charges .....	19 49	79	
Other technical captions .....	20 206 50	80	206
<b>Total .....</b>	21 64,896 51	6,046 81	70,942

III: Average number of employees for the year

	Number
Managers .....	91 23
White collars .....	92 446
Blue collars .....	93
Other .....	94
<b>Total .....</b>	95 469

IV: Directors and statutory auditors

	Number	Fees
Directors .....	96 19 98	1,575
Statutory auditors .....	97 4 99	124

## Companies in which an unquoted Shareholding higher than 10% is held

Participating interest through:	Registered Offices	%Ownership
Acacia 2000 S.r.l. Vittoria Immobiliare S.p.A.	Milan	65.00% 65.00%
Aspevi Milano S.r.l. Interbilancia	Milan	100.00% 100.00%
Aspevi Roma S.r.l. Interbilancia S.r.l.	Milan	100.00% 100.00%
Cadorna Real Estate S.r.l. Vittoria Immobiliare S.p.A.	Milan	100.00% 100.00%
Consorzio Movincom S.c.r.l. Vittoria Assicurazioni S.p.A. Aspevi Roma S.r.l.	Turin	39.76% 0.96% 38.80%
Forum Mondadori Residenze S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Gestimmobili S.r.l. Vittoria Immobiliare S.p.A.	Milan	80.00% 80.00%
Gima SA Sicar Vittoria Assicurazioni S.p.A.	Luxembourg	23.35% 23.35%
Fiori di S.Bovio S.r.l. Immobiliare Bilancia S.r.l.	Milan	40.00% 40.00%
Immobiliare Bilancia S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Prima S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Seconda S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Terza S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Interbilancia S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 80.00% 20.00%
Interimmobili S.r.l. Vittoria Immobiliare S.p.A.	Rome	80.00% 80.00%
Laumor Partners Sarl Sicar Vittoria Assicurazioni S.p.A.	Luxembourg	21.87% 21.87%
Le Api S.r.l. Interbilancia S.r.l.	Milan	30.00% 30.00%
Mosaico S.p.A. Vittoria Immobiliare S.p.A.	Turin	25.00% 25.00%



Participating interest through:	Registered Offices	%Ownership
Pama & Partners S.r.l. Vittoria Immobiliare S.p.A.	Genoa	25.00% 25.00%
Plurico S.r.l. Interbilancia S.r.l.	Genoa	70.00% 70.00%
Rovimmobiliare S.r.l. Vittoria Immobiliare S.p.A.	Rome	50.00% 50.00%
S.in.T. S.p.A. Vittoria Assicurazioni S.p.A.	Turin	48.19% 48.19%
Sivim S.r.l. Vittoria Immobiliare S.p.A.	Milan	49.50% 49.50%
Spefin Finanziaria S.p.A. Vittoria Service S.r.l.	Rome	21.00% 21.00%
Touring Vacanze S.r.l. Vittoria Assicurazioni S.p.A.	Milan	24.00% 24.00%
Vaimm Sviluppo S.r.l. Vittoria Immobiliare S.p.A.	Milan	100.00% 100.00%
Valsalaria S.r.l. Vittoria Immobiliare S.p.A.	Rome	51.00% 51.00%
Valsalaria A. 11 S.r.l. Vittoria Immobiliare S.p.A.	Rome	40.00% 40.00%
Vittoria Immobiliare S.p.A. Vittoria Assicurazioni S.p.A.	Milan	87.24% 87.24%
Vittoria Properties S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 99.00% 1.00%
Vittoria Service S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 70.00% 30.00%
VP Sviluppo 2015 S.r.l. Vittoria Immobiliare S.p.A.	Milan	40.00% 40.00%
VZ Real Estate S.r.l. Vittoria Immobiliare S.p.A.	Turin	49.00% 49.00%
VRG Domus S.r.l. Vittoria Immobiliare S.p.A.	Turin	100.00% 100.00%
White Sarl Sicar Vittoria Assicurazioni S.p.A.	Luxembourg	20.13% 20.13%
Yam Invest NV Vittoria Assicurazioni S.p.A.	Amsterdam	18.75% 18.75%
Yarpa S.p.A. Vittoria Assicurazioni S.p.A.	Genoa	25.90% 25.90%



# Management attestation

**Attestation of annual financial statements pursuant to Article 81/3 of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented**

1. The undersigned Roberto Guarena (as Managing Director) and Mario Ravasio (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 administrative and accounting procedures for formation of financial statements during the period 1 January 2011 - 31 December 2011.

2. In this respect no remarks emerged besides what already reported in Director's report to the financial report as at 31 December 2011.

3. It is also attested that:

3.1 the financial statements as at 31 December 2011:

- a) Having been prepared in compliance with (a) the Italian Civil Code, (b) the requirements indicated in Italian Legislative Decree no. 173 of 26 May 1997, (c) the Italian Legislative Decree no. 209 of 7 September 2005, and (d) applicable ISVAP (Italian insurance regulator) ordinances, regulations, and circulars, are – to the best of their knowledge – such as to provide fair and true representation of the assets and liabilities, profit or loss, and financial position of the issuer.
- b) Match corporate books and accounting records

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

Milan, 13 March 2012

Roberto Guarena  
*Managing Director*

Mario Ravasio  
*Manager Charged with  
preparing the financial reports*

# Board of Statutory Auditors' Report

## VITTORIA ASSICURAZIONI SpA

### Board of Statutory Auditors' Report to the Shareholders' Meeting, pursuant to Article 153 of Italian Legislative Decree 58/1998

#### To Shareholders

Dr Angelo Casò resigned from the office of Chairman of the Board of Statutory Auditors on 20 May 2011. Pursuant to the law and articles of association, standing statutory auditor Dr Sergio Vasconi replaced Dr Casò, elected from the minority shareholder lists, to take over the office of Chairman of the Board of Statutory Auditors.

Afterwards, in his letter dated 28 July 2011 Dr Sergio Vasconi also gave notice of his intention to resign from the office of Chairman of the Board of Statutory Auditors for reasons of health, with effect starting from the first Shareholders' Meeting.

On this matter, the Board of Directors called the Shareholders' Meeting on 30 September 2011, which upon the proposal of minority shareholder ERSEL ASSET MANAGEMENT SGR S.p.A. appointed Dr Alberto Giussani to serve as Chairman of the Board of Statutory Auditors.

During the course of FY2011 we performed the supervisory activity envisaged by law, by CONSOB (Italian securities & exchange commission) memoranda, and by consolidated professional practices.

More specifically, in compliance with the tasks attributed to the Board of Statutory Auditors by Italian Legislative Decree 58/1998, we herewith officially report that we:

- Attended meetings of the Board of Directors and received at least quarterly information on the activity performed and on the most important transactions in business, financial, and capital terms undertaken by the company and its subsidiaries, assuring ourselves that the decisions taken complied with law and the corporate purpose and were not in a situation of conflict of interest or contrary to shareholders' resolutions;
- Ascertained, within our sphere of competence, observance of standards of proper management by directors in performance of their tasks, by means of direct observation and gathering of information from those responsible for administrative compliance and from meetings with the independent auditor to exchange relevant data and information;
- Oversaw during the financial year the adequacy of the internal control and administrative & accounting systems, as well as the latter's reliability for proper representation of operating events, by obtaining information from the heads of the various functions, including the Corporate Financial Reporting Manager, examining company documents and reports of the Internal Audit, Compliance and Risk Management functions, via periodical meetings with the independent auditor, who during the year informed us of the outcome of its quarterly checks of proper keeping of accounts and by taking part in the work of the Internal Control Committee (now Control and Risks Committee).

Constant participation in the Internal Control Committee allowed the Board of Statutory Auditors to coordinate with it the execution of its Internal Control Committee and auditing functions that were taken on as provided by Article 19 of Legislative Decree 39/2010, and specifically to oversee:

- ✓ the financial disclosure process;
- ✓ the efficiency of the systems of internal control, internal audit and risk management;
- ✓ the statutory auditing of the separate and consolidated accounts;
- ✓ those aspects concerning the independence of the independent auditor, with particular reference to the services the latter supplies to the audited firm, which are different from the statutory audit.

In this regard, please note that no assignments without a specific auditing mandate were given to the independent auditor BDO S.p.A., no assignments were given to parties connected with it, and no facts or situations such as to jeopardise its independence arose during the year.

The independent auditor announced in advance that the report required by article 19, paragraph 3 of Legislative Decree 39/2010 will reveal neither essential issues that emerged during the audit nor significant shortcomings in the internal control system with reference to the financial information process.

Based on the work done, the internal control system therefore proves to be adequate as a whole, and no critical issues that should be pointed out in this report emerged;

- Noted, during periodical checks, the regularity of what had been properly allocated to cover technical reserves, as required by ISVAP circular 176/1992, supplemented by Regulation 36 of 31 January 2011;
- Performed the controls required by the ISVAP concerning insurance books and registers, classification and measurement of the securities portfolio, use of financial derivatives, and audits prescribed by anti-money laundering regulations;
- In accordance with ISVAP Regulation 24 of 19 May 2008, received the Quarterly Reports on complaints prepared by the Chief Internal Auditor of the Company that revealed neither critical situations nor organisational shortcomings;
- Met with the members of the Supervisory Body set up pursuant to Legislative Decree 231/01, which prepared the specific midyear interim reports to the Board of Directors, and that no critical issues that should be pointed out in this report emerged;
- Did not have specific meetings with the boards of statutory auditors of the subsidiaries as we were directly brought up to date by the members of this board of statutory auditors who are in turn members of the boards of statutory auditors of these subsidiaries;
- Checked the setting up by the Company of regulations, procedures and structures aimed at monitoring and protecting insurance, financial, credit and business risks as mentioned in the Directors' Report and explanatory notes to the financial statements;
- Noted transposition of the regulations governing related-party transactions, the establishment of the specific committee (which coincides with the Internal Control Committee) and preparation of the relative procedures.

In addition, also in accordance with CONSOB recommendations, the Board of Statutory Auditors herewith specifies that:

- Information provided by the Board of Directors, also specifically regarding subsidiaries and infragroup and related-party transactions, is believed to be adequate;
- No atypical or unusual transactions were executed either with infragroup companies or with related parties, and not even with third parties, as attested by directors in the Directors' Report;
- Ordinary transactions with infragroup companies and related parties took place at market conditions and correspond to the company's interest, and were executed in compliance with the specific procedure approved by the Board of Directors; they are described in the Directors' Report with specification of their entity and their economic effects on the year's result;
- The capital and business-performance status of the Company's financial statements for the year reflects the effects of the merger by incorporation of the wholly owned subsidiary *Lauro 2000 S.r.l.*;
- No particularly important events were reported after year-end;
- During FY2011 there were 5 meetings of the Board of Directors and 12 meetings of the Board of Statutory Auditors, of which 5 jointly with the Internal Control Committee;
- The instructions given by the company to subsidiaries pursuant to Article 114, paragraph 2, of Italian Legislative Decree 58/1998 are believed to be adequate;
- An opinion on the remuneration of the Directors with specific duties was issued in accordance with the law.

The Company some time ago accepted the Italian Corporate Governance Code issued by the Italian committee for the corporate governance of listed companies and has transposed it in the terms indicated in its related report to the Shareholders' Meeting. The Company verified the actual independence of the independent Directors and we confirm proper application of the assessment criteria and audit procedures used by the Board of Directors, as we confirm the continuation of our independence as required by the Corporate Governance Code.

With approval of the financial statements for the year 2011, the duties assigned to the independent auditor BDO S.p.A. by the Shareholders' Meeting on 28 April 2006 will expire. In the regard, the Board of Statutory Auditors has put forward the justified proposal to grant the auditing appointment for the nine-year period 2012-2020, which is being separately submitted to the attention of the Shareholders' Meeting.

Neither petitions pursuant to article 2408 of the Italian Civil Code nor other kinds of complaints reached us during the year.

During the supervisory activity, as described above, no reprehensible actions, omissions or irregularities such as to require reporting to the relevant supervisory authorities or mention in this report emerged.



As for the Financial Statements and the Consolidated Financial Statements, the Company prepared them using (as required by law) the national accounting principles (Financial Statements) and the IAS/IFRS accounting standards endorsed by the EU (Consolidated Financial Statements).

With regard to these financial statements, independent auditor BDO S.p.A. today released audit reports without emphasis of matter or requests for disclosure, and expressed an opinion of compliance with regards to the information contained in the Reports on Operations.

As regards the 2011 Financial Statements and allocation of the year's earnings, we agree with the proposal of the Board of Directors, which, after having allocated the amount of € 796,296 to the legal reserve, allocates € 23,078,555 to the available reserve, whilst allocating the amount of € 11,454,417 to the dividend to be distributed.

Milan, 28 March 2012.

#### BOARD OF STATUTORY AUDITORS

Alberto Giussani

Giovanni Maritano

Corrado Versino

Pursuant to article 144 quinquiesdecies of the Issuer Regulation, Consob publishes the list of positions held by the members of the Board of Statutory Auditors on its website.



# Report of Independent auditors

**Report of the auditors in accordance with  
articles 14 and 16 of legislative decree n. 39 of 27 January 2010 and  
article 102 of legislative decree n. 209 of 7 September 2005  
(This report has been translated from the original Italian text  
which was issued in accordance with the Italian legislation)**

To the shareholders of  
Vittoria Assicurazioni S.p.A.

1. We have audited the financial statements of Vittoria Assicurazioni S.p.A. as at and for the year ended 31 December, 2011. These financial statements, prepared in compliance with Italian regulations governing their preparation, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

With respect to the examination of the sufficiency of the gross technical insurance provisions we have used, as requested by article 102 of Legislative Decree n. 209/2005 and article 24 of Isvap Regulation n. 22/2008, a qualified actuary whose reports are attached herewith.

For the opinion on the financial statements of prior year, which figures are presented for comparative purposes, reference should be made to our auditor's report issued on 28 March, 2011.

3. In our opinion, the financial statements of Vittoria Assicurazioni S.p.A. as at and for the year ended 31 December, 2011 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the company.

4. The Directors of Vittoria Assicurazioni S.p.A. are responsible for the preparation of the report on operations and the annual report on Corporate Governance included in the Section "Governance" of the Vittoria Assicurazioni S.p.A. website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on Corporate Governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on Corporate Governance are consistent with the financial statements of Vittoria Assicurazioni S.p.A. as of 31 December, 2011.

Milan, 28 March, 2012

Signed by : BDO S.p.A.

Francesca Scelsi  
(Partner)



PRESIDENTE

Prof. Paolo De Angelis

SOCI

Dott. Paolo Nicoli  
Dott. Fabio Baione  
Dott. Andrea Fortunati

PARTNERS

Dott. Eraldo Antonini  
Dott. Francesco Maria Matricardi  
Dott.ssa Susanna Levantesi  
Prof. Massimiliano Menziotti

**REPORT OF THE ACTUARY**  
**IN ACCORDANCE WITH ART. 102 AND 103, OF LEGISLATIVE DECREE NO. 209 OF SEPTEMBER**  
**7<sup>TH</sup> 2005**

*To the auditors*  
*BDO SpA*  
*Largo Augusto, 8*  
*20122 Milano (MI)*

**OBJECT: VITTORIA ASSICURAZIONI S.p.A.**  
**Financial Statements as at and for the year ended December 31st 2011**

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves non-life business included in the balance sheet liabilities of the financial statements of VITTORIA ASSICURAZIONI S.p.A as at and for the year ended December 31<sup>st</sup> 2011.

In my opinion, these technical reserves taken as a whole, included in the balance sheet liabilities of the financial statements, are sufficient in accordance with relevant law and regulations and correct actuarial practices in compliance with the guidelines set out in article 26, par. 1, of ISVAP Regulation n. 22 of 4 April 2008.

Rome, March 28<sup>th</sup> 2012

The Actuary

(Prof. Paolo De Angelis)





PRESIDENTE

Prof. Paolo De Angelis

SOCI

Dott. Paolo Nicoli  
Dott. Fabio Baione  
Dott. Andrea Fortunati

PARTNERS

Dott. Eraldo Antonini  
Dott. Francesco Maria Matricardi  
Dott.ssa Susanna Levantesi  
Prof. Massimiliano Menziatti

**REPORT OF THE ACTUARY**  
**IN ACCORDANCE WITH ART. 102 AND 103, OF LEGISLATIVE DECREE NO. 209 OF SEPTEMBER**  
**7<sup>TH</sup> 2005**

*To the auditors*  
*BDO SpA*  
*Largo Augusto, 8*  
*20122 Milano (MI)*

**OBJECT: VITTORIA ASSICURAZIONI S.p.A.**  
**Financial Statements as at and for the year ended December 31st 2011**

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves life business included in the balance sheet liabilities of the financial statements of VITTORIA ASSICURAZIONI S.p.A as at and for the year ended December 31<sup>st</sup> 2011.

In my opinion, these technical reserves taken as a whole, included in the balance sheet liabilities of the financial statements, are sufficient in accordance with relevant law and regulations and correct actuarial practices in compliance with the guidelines set out in article 26, par. 1, of ISVAP Regulation n. 22 of 4 April 2008.

Rome, March 28<sup>th</sup> 2012

The Actuary

(Prof. Paolo De Angelis)

