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

92nd year of business

Consolidated financial report as at 31 December 2013

Board of Directors' meeting of 7 March 2014

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

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BOARD OF DIRECTORS

Luigi GUATRI	Honorary President
Giorgio Roberto COSTA	Chairman
Andrea ACUTIS	Executive Deputy Chairman
Carlo ACUTIS	Executive Deputy Chairman
Roberto GUARENA	Managing Director
Adriana ACUTIS BISCARETTI di RUFFIA	Director
Francesco BAGGI SISINI	Independent director
Marco BRIGNONE	Independent director
Fulvia FERRAGAMO VISCONTI	Independent director
Bernd GIERL	Independent director
Lorenza GUERRA SERÀGNOLI	Independent director
Pietro Carlo MARSANI	Independent director
Giorgio MARSIAJ	Independent director
Lodovico PASSERIN d'ENTREVES	Independent director
Luca PAVERI FONTANA	Director
Giuseppe SPADAFORA	Independent director
Anna STRAZZERA	Independent director
Mario RAVASIO	Secretary

BOARD OF STATUTORY AUDITORS

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

GENERAL MANAGEMENT

Cesare CALDARELLI	General Manager
Mario RAVASIO	Joint General Manager
Paolo NOVATI	Central Manager
Piero Angelo PARAZZINI	Central Manager
Enzo VIGHI	Central Manager

INDEPENDENT AUDITOR

Deloitte & Touche S.p.A.

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

INTERNAL CONTROL COMMITTEE	
Pietro Carlo MARSANI	Independent non-executive president
Luca PAVERI FONTANA	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
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
Luca PAVERI FONTANA	Non-executive member
Anna STRAZZERA	Independent non-executive member

RELATED PARTIES COMMITTEE	
Pietro Carlo MARSANI	Non-executive president
Marco BRIGNONE	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

Form and contents of report

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

On 1 January 2013, the IVASS - Institute for the Supervision of Insurance Companies has succeeded in all the powers, functions and responsibilities of ISVAP. The present set of year-end financial statements is also presented in compliance with the formats defined by ISVAP Regulation no. 13 of 2007 July (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows, and accounting schedules), and includes additional detailed tables as necessary to complete disclosure as required by IFRSs or useful for better understanding of the year-end financial statements.
The accounting schedules required by the ISVAP in terms of minimum disclosure content are shown in the specific chapter "Appendices to Consolidated Financial Statements," which is an integral part of the present set of year-end financial statements.

The disclosures presented take into account the specific items contained in Italian Legislative Decree no. 209 of 7 September 2005 (Private Insurance Code) and in CONSOB memorandum no. 6064293 of 28 July 2006.

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

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

Other relevant information

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

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

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

Directors’ report
Economic and insurance scenario

In the second half of 2013 there was a strengthening of global economic activity, to a great extent thanks to the significant recovery of the economy of developed countries. This should enable a global rate of growth of around 3% for the year that has just ended.
The forecast of the International Monetary Fund indicates that this economic recovery should continue even in the coming years, with an estimated rate of growth of 3.7% in 2014 and 3.9% in 2015, even though the fact that this recovery is due to very heterogeneous situations is underlined.
Indeed, many advanced economies are still characterized by a considerably underutilized production capability, other countries on the other hand have now reached the structural limit, while others are still contending with the vulnerability of the credit market and high capital outflows.

In the United States economic growth in 2013 was modest (+1.9%), but prospects for the coming years forecast a growth of 2.8% in 2014 and 3% in 2015 (source: International Monetary Fund) driven mainly by internal demand which is supported in part by a reduction in fiscal pressure as provided in the recent budget agreement.
Monetary policy continues to be accommodating (in the meeting of 29th January 2014 the FOMC established that the current level of official interest rates on Federal Funds will be kept unchanged at 0.25%), nonetheless, if the expected growth should be confirmed, many observers underline the need for a process of gradual normalization, initially through a slowing down of large scale purchasing of bonds by the Federal Reserve (the so called "quantitative easing") and subsequently even by gradually raising interest rates to a more neutral level.

In the Eurozone, the year that has just ended should register a reduction of economic activity of around 0.4%, but it is considered that 2014 will be a turnaround year that should finally register an increase in economic growth.
According to OCSE and International Monetary Fund forecasts, 2014 should register a growth of 1% and the following years should amply exceed such level of growth (the two forecasts for the rate of growth are 1.6% and 1.4% respectively); moreover, such growth should be accompanied by a progressive levelling of differences between the various economies of countries in the Eurozone.
With respect to monetary policy, in the meeting of 6th February 2914 the Governing Council of the Central Bank of Europe decided to leave the current level of interest rates unchanged (at 0.25%) and, given the prolonged phase of low inflation, the Council suggested that the interest rates should not change in the short term.

In Italy, according to data provided by the Bank of Italy, the last quarter of 2013 registered slightly positive results, in contrast with the recessionary phase that has now persisted for some years; overall, the year that has just ended should register a 1.8% reduction of the GDP.
The International Monetary Fund and the OCSE are in agreement when they forecast an increase in economic activity of 0.6% for 2014 and a further improvement for the following year (the two forecasts being 1.1% and 1.4% respectively).
Such forecasts are influenced by the possibility of a strong recovery of international exchange and of investment dynamics, with the latter being driven in part by the prospect of a renewed recovery of domestic demand.
Moreover, small to medium sized companies should benefit from an improved climate of trust as a result of both a greater availability of liquidity coming from the announced Public Administration debt payment program, and the prospect of better credit access conditions thanks to a series of legislative provisions of which some are already in force while others are in an advanced stage of approval .

Regarding the data registered by the financial markets in 2013, the excellent performance of the investment market (+16.6% of the FTSE MIB index) as well as the good performance of the bond market (+6.3% FTSE Italy Govt Performance index) are worthy of note; the trend of the European currency in 2013 was characterized by general appreciation bringing it closer to the main world currencies.

With regard to the Italian insurance industry, premiums (based on Italian accounting standards) as at 31 December 2013 (the most recent figures available) posted an increase of 22.1% in the Life insurance segment compared to the same period of the previous year and a decline of -4.9% in the Non-Life segment (with automotive civil liability down -7.5%).

	Change	
Line of business	Market 31/12/13 - 31/12/12	Vittoria Assicurazioni 31/12/13 - 31/12/12
Life business	+22.1%	+40.9%
Non-Life business	-4.9%	+9.4%
Of wich: Motor TPL	-7.5%	+6.7%

The instability of the political and economic environment, coupled with the protracted selectivity of the credit system and the widespread expectations of stability of market prices, are the basis of the continuing decline of the real estate industry.

According to market players, the second recessionary wave that began in 2011 seems to have come to an end, and even though significant improvement is not expected in 2014, the beginning of a recovery process is deemed plausible. It is forecast that the end of this shrinking phase of the economy will have an effect on the volume of property sales and on the concession of credit, while the repricing of property will continue over the next two years, albeit with increasingly weaker effect.

The significant decrease in property sales in the 2006-2012 period, amounting to a decrease of approximately 50% in the number of real estate transactions, from 870 thousand to 444 thousand, confirmed its negative trend even in 2013, albeit less intensely with respect to the recent past; indeed, the reduction in the number of transactions for residential property during the year settled at 8.3%, with 407 thousand transactions.
The fall in the number of real estate transactions decreased in the non-residential sector too, with a 7.1% fall in 2013 with respect to 24.1% in the previous year. For the next two years it is expected that real estate transactions will increase at a rate of more than 9% per annum albeit below the level of 500 thousand transactions per annum.

The change of the GDP, which in 2013 registered a negative change of 1.9% has turned positive (0.1%) during the last quarter of the accounting term for the first time after 9 quarters, thus ending the contraction phase that started in 2011; taking into account in any case the uncertainty of the macro-economic scenario, this weak sign of recovery in itself may well be indicative of a progressive, albeit slow recovery in the 2015-2016 period.

Summary of key performance indicators

€/million

SPECIFIC SEGMENT RESULTS			
	31/12/2013	31/12/2012	Δ %
Non Life business			
Gross Premiums written - direct Non Life business	982.7	898.5	9.4
Earned Premiums (retained)	113.8	77.8	46.3
(1) Loss Ratio - retained	65.7%	67.3%	(1.6)
(2) Combined Ratio - retained	90.7%	93.1%	(2.4)
(3) Expense Ratio - retained	24.5%	25.2%	(0.7)
Life business			
Gross Premiums written - direct Life business	167.1	118.0	41.6
Life business pre-tax result	4.9	4.8	3.1
(4) Annual Premium Equivalent (APE)	23.9	15.8	51.3
Segregated funds portfolios	721.4	648.8	7.3
Index/Unit - linked and Pension funds portfolios	65.5	61.0	0.5
Segregated fund performance: Rendimento Mensile	3.91%	3.40%	0.51
Segregated fund performance: Valore Crescente	4.40%	4.70%	(0.30)
Total Agencies	401	371	8.1
Average of employees	581	565.0	2.8
Real Estate business			
Sales	27.1	17.9	51.4
Trading and development margin	1.1	3.8	(71.1)
Real Estate business pre-tax result	-10.7	-7.3	46.6

CONSOLIDATED RESULTS			
	31/12/2013	31/12/2012	Δ %
Total investments	2,787.0	2,516.5	10.8
Net gains on investments	64.4	61.7	4.4
Pre-tax result	107.4	77.3	38.8
Consolidated profit (loss)	54.0	47.4	13.9
Group profit (loss)	53.5	48.9	9.5
Equity attributable to the shareholders of the parent	506.4	442.1	14.6
Equity attributable to the shareholders of the parent net of unrealised capital gains	453.1	410.8	10.3

Legend

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

Technical data are determined in accordance with Italian accounting principles.

Performance of the Vittoria Assicurazioni Group

At 31.12.2013, Group net profit was €53,530 thousand, compared with €48,888 thousand in 2012 (+9.5%).

Result for the year, was strongly negatively affected by the tax amendment introduced by article 2, paragraph 2 of Decree Law no. 133/2013 converted into Law no. 5/2014. The abovementioned law increased IRES by 8.5% for the year 2013, and thereby had an impact of € 16,266 thousand.

On-off tax increase impact is shown in the following chart:

(€/000)

	31/12/2013	31/12/2012	YoY change %
Group net profit	53,530	48,888	9.5%
One-off tax increase	16,266	-	n.a.
Normalised Group net profit (excluding one-off tax increase)	**69,796**	**48,888**	**42.8%**

Insurance segment result, gross of taxes and intersegment eliminations, amounted to €118,760 thousand (€83,977 thousand at 31 December 2012, increasing by +41.4%).
Such result is mainly due to the contribution of the Non-Life sector that registered a positive trend in the Automobile sector, characterized by an increase in booked premiums and a reduction in the frequency of claims.

Premiums written for the year totalled €1,150,139 thousand (€1,016,902 thousand at 31 December 2012), up by +13.1%. Such growth can be attributed to the continued implementation of the development plan, supported by a careful technical selection of risk at the time of undertaking and by a constant focus on cost containment. It has allowed for an improvement of the retained Combined Ratio for the Non-Life Sector, which fell from 93.1% during the previous accounting term to the current 90.7%.

The real estate segment made a negative contribution to the Group result of €8,361 thousand, compared with a loss of €3,495 thousand in previous year.
The result is influenced by the write-downs made on the property owned by the controlled company Vaimm Sviluppo S.r.l, in addition to major financial charges deriving from an increase in the "*Imposta Minicipale Unica*" (IMU) property tax.
In view of the persistence of low profitability of Bond investments, the Group decided to adjust its strategy by putting the commercial segment property in the "Portello" area that had previously been assigned for sale to commercial use for generating income. As of December 2013 about 74% of this property was rented out.

Of investments totaling €2,787,461 thousand (+10.8% compared with 31 December 2012), €65,487 thousand (+7.3%) related to investments with risk borne by policyholders and €2,721,974 thousand (+10.9%) to investments with risk borne by the Group.

Net income from investments with risk borne by the Group amount to €64,366 thousand, compared with €61,666 thousand in 2012 (+4.4%). The improvement is attributable to minor value adjustments for investments and capital gain for an amount of € 8,480 thousand that was realized in the takeover of Cam Finanziaria S.p.A. while it is penalized by a reduction in the rate of return of the financial market.

Group equity was € 506,449 thousand, up +14.6% compared with € 442,060 thousand at 31 December 2012.

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

Reclassified Profit and Loss by business segment (€/000)

	31/12/2013	31/12/2012	Δ
Non life business - Gross Insurance Result (excluding investments result)	84,322	51,138	+64.9%
Non life business - Gross Investments Result (excluding Yam and Private Equity)	29,523	28,072	+5.2%
Life business - Gross Insurance Result (including Investments Result)	4,915	4,767	+3.1%
Gross Insurance business Result	118,760	83,977	+41.4%
Consolidation adjustments: dividends and interests from Real estate business	(771)	(770)	+0.1%
Insurance business: taxes	(54,789)	(29,446)	+86.1%
Insurance business net contribution to Profit attributable to parent company shareholders	63,200	53,761	+17.6%
Gains on property trading	1,103	3,790	-70.9%
Real estate service revenues	2,345	1,662	+41.1%
Real estate business net costs	(14,163)	(12,734)	+11.2%
Gross Real estate business Result	(10,715)	(7,282)	+47.1%
Taxes and minority interests	(1,778)	-	n.s.
Elimination from consolidation: gains	1,989	2,031	-2.1%
Net Real estate business Result	(10,504)	(5,251)	+100.0%
Net profit attributable to Life business Policyholders	3,517	2,659	+32.3%
Tax on profit attributable to Life business Policyholders	(1,374)	(903)	+52.2%
Real estate business net contribution to Profit attributable to parent company shareholders	(8,361)	(3,495)	+139.2%
Yam Invest net contribution to Profit attributable to parent company shareholders	0	(942)	n.s.
Private equity net contribution to Profit attributable to parent company shareholders	(93)	(513)	-81.9%
Service business net contribution to Profit attributable to parent company shareholders	(1,216)	77	n.s.
Net Profit attributable to parent company shareholders	53,530	48,888	+9.5%
Service business net contribution to Profit attributable to parent company shareholders	22,314	70,778	-68.5%
OCI Net Profit attributable to parent company shareholders	75,844	119,666	-36.6%

At 31.12.2013 the Parent Company registered net profit – based on Italian GAAPs – of € 62,467 thousand (+8.7% with respect to € 57,482 thousand as at 31 December 2012).

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

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

Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to €118,667 thousand (+43.8% with respect to €82,522 thousand as at 31 December 2012). The key operating items contributing to the period's result are described below.

Total insurance premiums in 2013 amounted to €1,151,294 thousand (+13.1% vs. premiums of €1,018,324 thousand in 2012), of which €1,150,139 thousand for insurance premiums written and €1,155 thousand for unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums amounted to €167,100 featuring an increase of +41.6% vs. premiums in 2012. This result was achieved thanks to the marketing effort over the last years, to the renovated relationship with Banks and to the strengthening of traditional sales network.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by +9.4%. Specifically:

- Motor premiums: +6.2%;
- Non-marine premiums: +19.4%;
- Specialty categories [i.e. marine & transport, aviation, credit & suretyship] premiums:+6.9%.

Overhead costs as a percentage of total direct insurance premiums were 8.3% (vs. 9.2% in 2012).

Real Estate Business

The loss in the real estate business, before taxes and inter-segment eliminations, amounted to €10,715 thousand (against a loss of €7,282 thousand as at 31 December 2012) and featured contributions to the income statement that, before inter-segment eliminations, included:

- trading income on properties and development for a total of €1,103 thousand (€3,790 thousand in 2012);
- real estate brokerage and management service revenues of €492 thousand, administrative, contractual and technical service revenues of €1,853 thousand and rental income of €590 thousand for a total of €2,935 thousand (€2,217 thousand in 2012);
- interest expenses of €4,876 thousand (€ 3,712 in 2012);
- profits on the volume of sales of €27,134 thousand (€17,925 thousand in 2012).

The net debt of the real estate business was €263,166 thousand (€247,292 thousand at 31 December 2012); the increase is mainly due to the financing of the work in progress, net of the sales made during the year.

Service Business

This segment showed a loss, before tax and minority interest, of €1,557 thousand (profit of €217 thousand at 31 December 2012). Losses were due to the write-downs on the subsidiaries Aspevi Milano and Aspevi Roma, with reference to the receivables claim to GPA S.p.A., went into liquidation in January 2014.
Revenues for services rendered and commissions received by Group companies, before elimination of inter-company services, totalled €7,534 thousand (€7,897 thousand at 31 December 2012).

Equity and dividend policy

Equity attributable to shareholders of the parent company totalled €506,449 thousand (+14.6%) and minority interests amounted to €22,079 thousand (-7.6%), €442,060 and €23,891 thousand respectively at 31 December 2012.

The parent company continues its activity focusing on the targets defined in the five-years plan (2009-2013), summarised as follows:

- increasing its market share, strictly monitoring technical results;
- maintaining in the medium term its achieved capitalisation ratio by means of cash flow.

Stategic plans for the next three-years allow the parent company to provide an annual adjustment on shareholders' remuneration policy. This increase takes effect from the current year, as above proposed.

Proposed dividend per share

The board of directors of the parent company submits the following allocation of the year's earnings, equal to 62,467,189 euro, as follows:

To Legal Reserve	Euro	242,415
To Available Reserve	Euro	50,096,568
To Shareholders	Euro	12,128,206

corresponding to a dividend of Euro 0.18 for each of the 67,378,924 shares constituting the share capital (dividend equal to 11,454,417 in 2012).

After approval by shareholders, dividend distribution will be recognised in the 2014 statutory accounts.

Insurance business

Review of operations

Premiums as up to 31.12.2013 thus amounted to € 1,150,139 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2013 AND 2012
DIRECT AND INDIRECT BUSINESS

(€/000)

	Year 2013	Year 2012	YoY change %	% of total book 2013	% of total book 2012
Domestic direct business					
Life business					
I Whole- and term life	152,481	104,573	45.8	13.3	10.3
IV Health (long-term care)	538	422	27.5	-	0.0
V Capitalisation	14,081	12,990	8.4	1.2	1.3
Total Life business	167,100	117,985	41.6	14.5	11.6
Non-Life business					
Total non-marine lines (exc. specialty and motor)	255,487	214,049	19.4	22.1	21.1
Total specialty lines	15,361	14,372	6.9	1.3	1.4
Total motor lines	711,830	670,091	6.2	62.1	65.9
Total Non-Life business	982,678	898,512	9.4	85.5	88.4
Total direct business	1,149,778	1,016,497	13.1	100.0	100.0
Domestic indirect business					
Life business	240	267	-10.1	0.0	0.0
Non-Life business	121	138	-12.3	0.0	0.0
Total indirect business	361	405	-10.9	0.0	0.0
Grand Total	1,150,139	1,016,902	13.1	100.0	100.0

Revenues not qualified as premiums as defined by IFRS 4 (Unit Linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund) amounted to € 1,155 thousand (€1,422 thousand in 2012).
The direct operating parent company operates in France on the basis of the freedom-to-provide-service provisions.

Life business

Insurance and investment contracts in the Life business

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

Premiums

Direct insurance business premiums in 2013 totalled € 167,100 thousand, (€117,985 thousand in 2012) split as follows:

(€/000)

	Year 2013	Year 2012	YoY change %	% of total book 2013	% of total book 2012
Recurring premiums	45,852	41,991	9.2	27.4	35.6
Annual premiums	121,248	75,994	59.6	72.6	64.4
Total Life business	167,100	117,985	41.6	100.0	100.0

In 2013 the funds relating to separately managed businesses achieved the following returns:

(€/000)

	Rate of return 2013	Total Assets 2013	Rate of return 2012	Total Assets 2012
Vittoria Rendimento Mensile	3.91%	485,561	3.40%	421,894
Vittoria Valore Crescente	4.40%	212,499	4.70%	207,233
Vittoria Liquinvest*	2.72%	2,741	2.77%	5,680
Vittoria Previdenza*	5.27%	20,632	5.57%	14,009

* Observation period: 01/10/2012 - 30/09/2013

The rate of return allocated to policyholders complies with the specific contractual terms stipulated. As done in previous years, in 2013 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 the contracts’ duration and in any case over a period not exceeding 10 years.

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

Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities, and surrenders as at 31.12.2013, compared with data of previous year.

(€/000)

	31/12/2013	31/12/2012	YoY change %
Claims	23,896	22,742	5.1
Accrued capital sums & annuities	45,014	51,322	(12.3)
Surrenders	44,641	43,943	1.6
Total	113,551	118,007	(3.8)

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 risk premium;
- Pure office premiums – treaties set up in 1996 and 1997.

In 2013 ceded premiums amounted to €1,225 thousand (€1,384 as at 31 December 2012).

Inward reinsurance

With respect to the life business, there is a traditional pure-premium treaty no longer fed with new business, which merely records changes occurring in the related portfolio and a commercial premium treaty that refers to a portfolio of policies that have revaluable annual premiums.

Non life Business

Premiums

Direct premiums issued totalled € 982,678 thousand (€ 898,512 thousand for the same period of the previous year), for an increase of 9.4%.

Performance by type

NON MARINE BUSINESSES

The Non-Marine Business saw a considerable increase in premiums due to the rise in the number of agencies operating in Italy, the acquisition of new customers and the consolidation and development of the monoline motor customer portfolio in the Non-Marine Business.
The overall technical result showed tangible improvement over the last year, also due to the fact that there were less damage caused by weather conditions (ice and heavy snow), which last year had hit central Italy.
The company's exposure in terms of claims due to the earthquake which hit Tuscany in June, was very limited, also thanks to an underwriting policy oriented towards acquiring recently constructed buildings which were built in accordance with anti-seismic building techniques.

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

Accident: The business shows 18.2% growth in terms of premium compared to the previous year, thanks to the acquisition of new corporate and private customers and the development of existing ones. The technical result remained positive, up on the previous year (+26.6%).

Health: The line registered a 9.3% increase in premiums, an improvement on the increase of the previous year (2.1%), with a positive technical result also thanks to the continuing alignment of contracts in the portfolio.

Fire and natural events: This line of business shows a further increase in premiums (15.6%) on the increase of the previous year (8.6%) and a significantly improved direct business result due to the fact that there were fewer claims related to weather conditions and seismic events and a lower incidence of serious incidents.

Other asset damage: These premiums, which include cover of the risks of theft and burglary, damage due to hail, damage to electronic equipment and other technological damage, registered a 24.1% increase with respect to the previous term. Although still negative, the technical result showed tangible improvement over the last year, due to the action taken to review the current portfolio and a lower incidence of negative weather conditions.

General TPL: premiums registered an increase of 10.5%. The underwriting result was still negative, in line with the figure recorded in the previous year, mainly because of the increased cost of claims related to third party liability of professionals, due to the increasingly punitive stance adopted by the courts, and the time needed to complete important reforms that were already started in previous years.

Various pecuniary losses: premiums in this line of business increased by 41.1% with a significantly better positive underwriting result than that of the previous year (+84.3%).

Legal protection: Premiums in this business line registered a slight increase (5.8%) with a positive underwriting result in line with that of the previous year.

SPECIALTY BUSINESSES

The categories in this business line show an increase in premiums 6.9% (it was -22.2% in the previous year) with a negative result for the underwriting activity, lower than in the previous year. In particular:

Credit: This category exclusively comprises the risks relating to Salary-Backed Loans for which the right of recourse against the financed party has been retained, in accordance with IVASS regulation No. 29/2009.
In 2013 premiums written continued to decrease, down 47.3% on 2012, as a result of the decision to increasingly reduce the company's presence on the factoring market and to only deal with selected banking partners.
The business, which is in fact in run-off, also had a negative technical result in 2013 as a result of the significant reduction in premiums written.

Bond insurance: The categories in this business line show a 17.4% increment (it was +2.3% in the previous year). The sizeable increase is due to the increase in the premium rate charged for policies taken out, considered necessary to keep the technical equilibrium in a still highly unfavourable economic/financial market climate.
Despite the increase in premiums collected and the simultaneous reduction in the number of claims from 2012 (-18.8%), the result of the line of business was negative for the first time in many years.
The reasons for this result are essentially the further worsening of the real estate sector (residential) which, in 2013, led to the enforcements on client for which the company issued sureties ex *lege 210/04* and to the write-off of sums due from policyholders for two debtor positions, which in 2013 became unrecoverable.

Watercraft (sea, lake and river) hulls and railway rolling stock: there was a tangible increase in the premiums recorded (141.7%), due to the development of the watercraft segment.
The technical result was positive, up on the previous year.

Goods in transit: premiums advanced by 11%, with a positive technical result.

MOTOR BUSINESSES

The business saw a 6.2% rise in the premiums recorded, with an overall positive technical result of € 66,653 thousand (€ 50,465 thousand as at 31 December 2012: +32.1%).

The market situation was hit hard by the lower number of vehicles in circulation and the increased competitiveness due to the overall reduction in prices charged, especially in the Motor TPL business. With effect from 1 January 2013 for the Motor TPL business was abolished tacit renewal as provided in Art. 170-bis of Legislative Decree 179/2012.
Although higher than the same time last year, there was a lower increase in the number of premiums recorded.
The technical result was positive, with a further improvement over the previous year. The portfolio consolidation policy continued.

In particular:

Third-party liability for land motor vehicles and for watercraft (sea, lake, and river): Constant portfolio selection, tariff policies and careful claims management enabled the business to maintain a positive technical result, an improvement on the previous year (23.4%).

Land motor vehicle hulls: Premiums rose saw a similar increase to the previous year. The technical result was positive, a marked improvement on the previous year, despite a higher number of weather-related claims.
An underwriting policy that focused particularly on the combination of ancillary cover in relation to Motor TPL and the partial revision of rules and regulations and fare rules aimed at the natural selection of profitable risks contributed to the result.

Assistance: premiums grow of 5.9% with a positive technical balance of 5,301 thousand, in line with the previous year.

Claims

Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during the year. Data are compared with those for 2012:

(€/000)

	31/12/2013		31/12/2012		Change %	
	number	total cost	number	total cost	number	total cost
Total non-marine businesses	45,956	131,326	43,537	119,777	5.6	9.6
Total Special businesses	1,690	9,482	1,507	6,710	12.1	41.3
Total motor businesses	173,908	494,249	161,263	425,414	7.8	16.2
Total Non-Life businesses	**221,554**	**635,057**	**206,307**	**551,901**	**7.4**	**15.1**

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

(€/000)

		31/12/2013		31/12/2012	
Branch	Claim handling Type	Number	Total cost	Number	Total cost
Motor TPL - land	K-for-K - liable	71,500	151,251	67,556	141,194
Motor TPL - land	K-for-K - originator	82,155	213,214	78,120	190,815
Motor TPL - land	Non K-for-K claims	35,319	204,553	31,566	170,346
Motor TPL - watercraft	Non K-for-K claims	76	399	59	223
Total Motor T.P.L. claims handled		189,050	569,417	177,301	502,578

The company received 111,372 reports of claim events to be managed as originator (105,335 reports of claim in 2012), against which it will complete recoveries from other insurers for a total of € 155,564 thousand (€ 147,890 thousand in 2012: +5.2%), based on the forfeitary amounts established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

Claims settlement speed

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

(percentages)

	current generation		previous generations	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Accident insurance	56.33	53.05	74.52	77.81
Health insurance	82.78	82.48	63.39	71.15
Motor vehicle hulls	82.63	84.10	86.67	89.75
Fire and natural events	76.45	78.57	80.08	81.34
Miscellaneous damages - theft	84.23	81.96	91.26	92.50
Third-party motor liability	75.27	73.43	65.20	69.54
Third-party general liability	66.65	64.30	35.99	39.98

Claims paid

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

(€/000)

	Claims paid 31/12/2013			Claims recovered from reinsurers	Claims paid 31/12/2012			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reinsurers
	Current year	Previous years	Total		Current year	Previous years	Total			
Total non-marine businesses	52,927	54,084	107,011	15,360	45,277	46,937	92,214	9,980	16.1	53.9
Total Special businesses	2,402	5,809	8,211	2,586	4,713	8,498	13,210	6,343	-37.9	-59.2
Total motor businesses	190,846	192,137	382,983	5,185	178,392	209,063	387,456	6,442	-1.2	-19.5
Total non-life businesses	246,175	252,030	498,205	23,131	228,382	264,498	492,880	22,765	1.1	1.6

The additional cost borne in 2013 for the road-accident victim guarantee fund was €14,225 thousand vs. € 13,353 thousand in the previous year.

Anti-fraud activities

Claims which are presumed to be possible cases of fraud are handled by the company's special Anti-fraud Unit.
The saving of the year, amounting to approximately € 7.4 million, is calculated by comparing the payment made with that reserved before being transferred to the unit.

Reinsurance

Outward reinsurance

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

Non-life business	Type of treaty
Accident	Excess claims
Malattia	Pure premium health expense reimbursement
Motor vehicle Hulls	Excess claims
Marine Hulls	Excess claims
Cargo (goods in transit)	Excess claims
Fire and natural events	Excess claims
Miscellaneous damage	Pure premium for hail, single-multi-risk
	Pure premium for engineering risks
	Pure premium for ten year guarantees
Motor TPL	Excess claims
General TPL	Excess claims
Suretyship	Pure premium
Legal protection	Pure premium
Assistance	Pure premium

Ceded premiums in FY13 totalled €36,653 thousand (€29,372 thousand in 2012).

Inward reinsurance

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

Claims cost trend

As required in IFRS 4, paragraph 39, we present some information concerning the Non-Life claims trend.
The table below shows estimated costs of claims in the year when they were generated, from 2004 to 2013, and updates recorded in subsequent years following adjustment of claims and alignment of reserves based on the greater information received on the claims concerned and updating of observable historical series.
Each figure present on the triangle is the estimated generation cost at 31 December of the year observed. The total cost is the sum of the following components:

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

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

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

(€/000)

Year of event	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Cumulative claims cost											
At the end of year of event	285,648	293,743	301,294	324,196	349,709	403,347	440,586	520,561	567,376	614,689	4,101,150
1 year later	277,707	290,305	295,518	317,409	355,348	399,053	445,632	514,147	540,079		
2 years later	279,666	288,538	298,207	307,669	355,595	405,416	444,079	514,219			
3 years later	284,965	285,947	296,476	306,379	354,902	412,321	450,679				
4 years later	289,927	285,404	298,569	308,216	360,005	424,295					
5 years later	290,829	285,722	300,489	312,405	364,444						
6 years later	291,145	286,619	301,409	316,175							
7 years later	295,332	289,442	307,560								
8 years later	298,519	290,308									
9 years later	301,639										
Cumulative claims cost at 31/12/2013	301,639	290,308	307,560	316,175	364,444	424,295	450,679	514,219	540,079	614,689	4,124,088
Total cumulative claims paid in 2013	284,858	281,158	290,945	297,757	336,424	362,220	387,169	404,678	358,327	233,712	3,237,248
Claims paid in 2013	4,495	4,751	5,644	5,756	9,861	15,693	18,390	45,447	141,444	233,712	485,193
Claims reserve at 31 December 2013	16,781	9,151	16,615	18,418	28,021	62,075	63,510	109,540	181,752	380,977	886,840

From the comparison between what was posted in the first year of occurrence of claims - in the decade highlighted - amounting to €4,101,150 and the evolution of the same at the date of the 2013 financial statements, amounting to €4,124,088, emerges a change equal to 0.56%.

Insurance risk management and analysis

Insurance risk management

Objectives

The Parent 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 place 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 Parent 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 Parent 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 Parent 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.

Insurance risk analysis

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

Credit risk

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

(€/000)

S&P Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	-	6	6	0.0
AA	-200	3,184	2,984	6.3
AA-	-4,508	25,977	21,469	45.7
A+	-16,948	32,065	15,117	32.1
A*	-303	3,038	2,735	5.8
A-	744	1,831	2,575	5.5
BAA2**	-22	19	-3	0.0
Not rated	598	1,559	2,157	4.6
Total	-20,639	67,679	47,040	100.0

* of which provided by A.M. Best for €1,215 thousand

** provided by Moody's

Concentration risk

In order to neutralise concentration risk, the Vittoria Group distributes its non-life and life products throughout Italy using a multi-channel sales approach.
Based on the analysis of premiums as at 31.12.2013, non-life business accounts for approximately 85.0% of total Group premiums, with 52.0% 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.
The risks of this concentration may make the Group more vulnerable to changes in the regulatory framework and in market trends. They may occasionally translate into increases in indemnities payable to policyholders. These risks are mitigated by enhancing the loyalty of policyholders featuring more "virtuous" behaviour (i.e. not reporting claims) 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 the maximum probable loss on the fire and other property 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 far exceeds 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 hull line is fully 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.

Reserving risk and pricing risk

Non-life business

Reserving risk measures the risk that the claims reserves in the balance sheet are not enough to cover obligations towards policyholders and injured parties.
The claims reserve represents the final cost sustained by the parent company to settle all obligations deriving from claims that have already been made or that have been estimated (IBNR claims) and is determined on the basis of documentation and actuarial valuations that are available at accounting term closure.
Reserving risk is constantly monitored through actuarial analysis, which is equivalent to that used to determine reserves, by observing the development of the final cost and varying the reserves accordingly.
Pricing risk measures the risk that premiums may not be enough to cover claims and future expenses. In particular, considering the size of the portfolio, pricing risk for Motor TPL business is strictly monitored.

Life business

The Parent Company's Life business includes covers against pure risk (life insurance, Long Term Care, invalidity, accident), covers with a saving component and covers offering life annuity.

There are many types of insurance risks inherent in such portfolio including:
- financial risks for contracts that guarantee a minimum interest rate;
- risks deriving from biological phenomena such as death, longevity, invalidity or lack of self-sufficiency;
- risks deriving from the variation of contractual or company costs;
- redemption risks in relation to non standard termination of contracts.

Such risks are prudentially valued at the product pricing phase that ends with the adoption of certain assumptions (first-order technical bases) which are considered best to cover the risks that are to be undertaken, taking into account their financial, demographic as well as regulatory constraints (e.g., maximum limits for financial cover), the latest information on demographic trends (e.g., mortality and/or longevity) and portfolio trends (e.g. cancellations and surrenders, etc.).
The pricing phase, which is implemented by means of profit testing techniques, also requires the definition of further assumptions (second order assumptions) obtained from the Parent Company's own experience or from the market if not available:

- macro-economic assumptions: trends in market interest rates, inflation, cash flow discount rates and assets' rate of return;
- mortality and expected portfolio trends;
- 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.

Particular attention is given to mitigating elements of demographic risk which can be observed at any moment.
In the portfolio pricing phase for the case of death, the mortality tables used are marked up by a security margin.
Policy conditions include the conditions for excluding the insurance cover.
Underwriting risk provides for limits on the sum assured, on age and state of health of the insured individual. From a medical point of view, there are health requirements below which risk is examined directly by management with the help of a doctor; a questionnaire covering health, profession and sports, gives management the opportunity to apply a premium surcharge.
Requests for exclusions also have to be submitted for approval by management in order to maintain exposure to risk within acceptable limits.
Lastly, for the pricing of pure risk (death, lack of self-sufficiency, Long Term Care) recourse to reinsurance is of fundamental importance. In particular, activities that are jointly carried out with the re insurer regard the collective pricing of contracts, the pricing of Long Term Care products and risk assessment for covering death with a sum assured that is above a set threshold.

The reserve funds are calculated according to formulae included in the notes and technical reports kept by the parent company as first order technical bases. The pricing structure with a greater impact on the parent company portfolio and those related to new products are checked on the basis of the same method of calculation.
Moreover, periodic monitoring is carried out on portfolio movement by ministerial category, through an analysis of cash inflows and outflows that determine a variation of the technical reserves from the beginning of the accounting term up to the setting up of the reserve funds.
Inflows, which are taken into account, are payments in settlement, issue of contracts, reactivations, portfolio cash inflows, revaluations of pre-existing policies, that all translate into an increment in services and an increment in reserve funds.
The outflows, that result in diminished services and reserve funds, are surrenders, claims, policy expiries, payment of annuities, policy transformations, missed contract closures, cancellations, service reduction due to non payment of premium and portfolio cash outflows.
A further check is carried out by the Appointed Actuary when the Financial Statements are compiled, by drawing a predetermined number of contracts at random to check if a calculation of the technical reserves corresponds with the system.

Lastly, during the compilation of the Financial Statements, an assessment is made in relation to whether it is appropriate to create additional reserve funds, as provided by the regulations of the Supervisory Authority: for the longevity risk in favour of prices paid in instalments or as a lump sum that will be converted into an annuity, for the risk of underpricing associated with mortality, for the risk associated with interest rates, for the risk associated with time lag, and for the risk associated with expenses.

Commercial organisation

Development activity took the concrete form of the inauguration of 33 new Agencies and reorganisation of another 38, while 3 Agencies have been closed. As at 31 December 2013 the Company was nationally present with 401 General Agencies (371 as at 31 December 2012) and 758 professional Sub-Agencies (639 as at 31 December 2012).
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 directly provided by in-house trainers, in 2013 another two 1st level master classes were held. This training project aimed at developing technical skills will continue again in 2014 with additional 1st level sessions and a 2nd level master.
Finally, 2013 saw the first three years of the Vittoria Academy Project come to an end, which offers management growth courses for agents, sub-agents and administrative workers.

Products

Work continued on new-product development and on revamping of existing products. Specifically, work done during the year can be outlined as follows:

New products

Life business

Two new tariffs were created as part of the savings line: a whole-life single-premium policy called "Vittoria Alto Rendimento 3 [Vittoria High Yield 3] and a single-premium whole-life policy called "Vittoria Rendimento 3 R.M." [Vittoria High Yield 3 R.M].

Three new products have been marketed in the "Protection Line": a lifetime annuity policy with constant annual premium for loss of self-sufficiency, called "Vittoria Fianco a Fianco – LTC" (Vittoria Side by Side – LTC), a term-life insurance policy, which provides for the return of part of the premiums, called "Vittoria Tutela Futuro – Ritorno Valore" (Vittoria Future Protection – Value Return) and a monoannual group policy for cover against the loss of self-sufficiency.

Non-Life business

In the motor line of business, three new tariffs and a miscellaneous motor risks tariff for the "Road Line" product were introduced.

In the non-marine lines two new products were issued. These were an overall accident policy for cover against permanent disability from illness and a professional third-party liability policy for geologists.

Revised Products

Life business

Activities during the whole year were focused on updating many Life products in the catalogue and on adapting products to already existing as well as new regulations issued by Ivass, Covip, Consob and the European Union.

The activities were focused on the annual update pursuant to CONSOB rules (2 capital redemption policies and 1 unit-linked policy), the annual update pursuant to COVIP rules (Individual Pension Plan and Open Pension Fund) and the annual update pursuant to IVASS rules.

Non-Life business

Within the motor line of business certain rules regarding other risk motor rates were revised and the fixed and percentage deductibles of ancillary guarantees, such as vandalism, natural events and windows were changed.

Within the non-marine business, the following were revamped: professional third-party liability cover products for engineers, architects and surveyors, the housing cover product, multi-risk products for commercial establishments, multi-risk products for companies and artisans, the product for cover against permanent disability from illness and the product providing insurance cover for the farming sector. Minimum premiums and divisions of all standard products were also revised.

Overhead costs

Overhead costs – direct business

The total amount of insurance overhead costs (Non-Life and Life business) – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets – rose to € 96,061 thousand vs. € 93,273 thousand in 2012, increasing by +3.0%.
Besides current operating expenses, these costs also include depreciation & amortisation costs for investments made in IT facilities and processes. These investments are intended to limit, in future years, the operating costs burdening corporate departments and the agency network, whilst at the same time improving services to policyholders as regards insurance coverage and claims settlement. Their breakdown is shown in the following table, where "Other costs" consist mainly of office running costs, IT costs, legal and legal-entity expenses, mandatory contributions, and association membership dues.

(€/000)

ANALYSIS OF COSTS	31/12/2013	31/12/2012	Change
Personnel expenses	45,676	45,449	0.5%
Other costs	35,213	33,085	6.4%
Amortisation/Depreciation	15,172	14,739	2.9%
Total cost by nature	96,061	93,273	3.0%

Overhead costs as a percentage of total direct insurance premiums were 8.3% (vs. 9.2% in 2012).

Operating costs

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

(€/000)

	31/12/2013	31/12/2012	Change
Gross commissions and other acquisition costs	202,672	192,559	5.3%
Profit participation and other commissions received from reinsurers	-6,894	-6,472	6.5%
Investment management costs	1,721	1,209	42.3%
Other administrative costs	27,462	27,766	-1.1%
Total	224,961	215,062	4.6%

Real estate business

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

Trading and development

The following companies operate in this segment:

Vittoria Immobiliare SpA – Milan
100.00% direct equity interest
This company operates in real-estate development and trading, both directly and via special-purpose real-estate companies. Revenues from the sale of property in 2013 amounted to €2,746 thousand (€6,114 thousand in 2012). Closing inventory totalled € 21,126 thousand (€ 22,053 thousand in 2012).

Immobiliare Bilancia Srl - Milan
100% direct equity interest
This company is active in real-estate trading and development. Revenues from the sale of property in 2013 amounted to € 716 thousand (€ 9,027 thousand in 2012). Closing inventory totalled € 32,601 thousand (€ 22,050 thousand in 2012).

Immobiliare Bilancia Prima Srl – Milan
100% direct equity interest
The company owns a building plot in the municipality of Parma, which is currently under development, a building complex with a prevalent use destination as offices in Via Adamello 19, Milan, building activity in Rome and a building complex that is currently being refurbished in Corso Cairoli, Turin.
The earnings during the financial year from the sale of property amounted to 330 thousand euros (€ 402 thousand as of 31st December 2012) and the final inventory amounted to € 37,410 thousand (€ 36,412 thousand as of 31st December 2012) 2012. Comparison data takes into account companies that were incorporated in 2013.

Acacia 2000 Srl – Milan
65% indirect equity interest via Vittoria Immobiliare S.p.A.
In 2013 the company continued in its development and building activities for the construction of a property complex with a residential use destination, made up of eight buildings and a two level underground car park in an area located in the "Portello" area of Milan. The complex is called "Residenze Parco Vittoria".
The earnings during the financial year from the sale of property amounted to 22,109 thousand euros and the final inventory amounted to € 218,723 thousand (€ 208,954 thousand as of 31st December 2012).

VRG Domus Srl. - Turin
100% indirect equity interest via Vittoria Immobiliare S.p.A.
The company, totalled a closing inventory of € 10,903 thousand (€ 10,398 thousand in 2012), related to the real estate operation named "Spina 1" in Turin and to a non residential property in Rome, Via della Vignaccia,

Vaimm Sviluppo Srl – Milan

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

The company is active in trading (after restructuring and refurbishment of buildings). The closing inventory of the building units located in Genoa in Piazza De Ferrari, Via Orefici and Via Conservatori del Mare amounted to € 57,550 thousand (€ 61,157 thousand in 2012).

Valsalaria Srl – Rome

51% indirect equity interest via Vittoria Immobiliare S.p.A.

The company is managing a real-estate project in the municipality of Rome. Revenues from the sale of property in 2013 amounted to €1,233 thousand. Closing inventory amounted to **€** 5,106 thousand (€ 5,938 thousand in 2012).

Total closing inventories of the above described companies amounted to € 383,420 thousand (€ 366,963 thousand in 2012), made-up as follows:

(€/000)

	31/12/2013	31/12/2012
Land:	21,062	10,113
Real estate operations under completion:	172,616	281,423
Real estate operations already completed:	189,742	75,427

Real Estate Brokerage Activities

In this segment the following companies are active:

Interimmobili Srl - Rome

80% indirect equity interest via Vittoria Immobiliare S.p.A.

In its real-estate brokerage activities, the company achieved commission revenue of €1,526 thousand, (€1,575 thousand as at 31 December 2012), before infragroup eliminations.

In 2013 the company continued to sell properties mainly in Rome, Turin and Milan based on sales mandates given by Group companies and premier institutional investors, social security & pension agencies, and building companies.

Project management contracts acquired by Interimmobili with Group companies generated revenues of €2,600 thousand (€3,053 thousand as at 31 December 2012).

Vittoria Service Srl – Milan

100% direct equity interest.

The company provides support activity in real estate and insurance business.

Property management

Gestimmobili Srl, based in Milan (80% indirect equity interest via Vittoria Immobiliare S.p.A.), is the company active in this segment, i.e. in the administrative and technical management of property assets. Revenues achieved for this activity in 2013 totalled € 904 thousand (€ 1,004 thousand as at 31 December 2012).

Overhead costs

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

(€/000)

ANALYSIS OF COSTS	31/12/2013	31/12/2012	Change
Personnel expenses	3,840	3,887	-1.2%
Other costs	6,177	4,899	26.1%
Amortisation/Depreciation	754	656	14.9%
Total cost by nature	10,771	9,442	14.1%

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

Service business

This segment showed a loss in the period, as shown in the income statement by business and business line, of € 1,557 thousand (profit of € 217 thousand in 2012).
Revenues for services rendered in 2013 by group companies, before elimination of infra-group services, amounted to € 7,534 thousand. These revenues included € 6,974 thousand for commissions and services rendered to the direct operating parent company (€ 7,897 thousand and € 7,534 thousand in 2012, respectively).

Overhead costs

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

(€/000)

ANALYSIS OF COSTS	31/12/2013	31/12/2012	Change
Personnel expenses	1,177	1,137	3.5%
Other costs	1,670	1,446	15.5%
Amortisation/Depreciation	33	31	6.5%
Total cost by nature	2,880	2,614	10.2%

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

Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of € 2,787,461 thousand with an increase of +10.8% vs. 31/12/2012. The detailed breakdown is shown in the following table:

(€/000)

	INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	31/12/2013	31/12/2012	Change
A	Investments in subsidiaries and associates and interests in joint ventures	18,446	15,770	17.0%
B	Held to maturity investments	67,307	102,952	-34.6%
	Loans and receivables	67,832	71,731	-5.4%
	- Reinsurance deposits	4,620	4,618	
	- Other loans and receivables	63,212	67,113	
C	Financial assets available for sale	1,807,203	1,533,113	17.9%
	- Equity investments	99,431	101,439	
	- OEIC units	35,969	26,415	
	- Bonds and other fixed-interest securities	1,671,803	1,405,259	
	Financial assets at fair value through profit or loss	65,736	62,025	6.0%
D	Financial assets held for trading	249	1,007	-75.3%
	- Bonds and other fixed-interest securities held for trading	249	1,007	
E	Financial assets at fair value through profit or loss	65,487	61,018	7.3%
	- Investments where policyholders bear the risk	65,487	61,018	
	Cash and cash equivalents	167,120	161,247	3.6%
F	Total Property	593,817	569,691	4.2%
	Real estate investment	89,509	-	n.v
	Property	504,308	569,691	-11.5%
	- Property under construction	269,030	345,662	
	- Property held for trading	114,390	103,321	
	- Owner-occupied property	120,888	120,708	
	TOTAL INVESTMENTS	2,787,461	2,516,529	10.8%
		-	-	
	of which			
	investments where the Group bears the risk	2,721,974	2,455,511	10.9%
	investments where policyholders bear the risk	65,487	61,018	7.3%

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

(€/000)

Investments - Cash and cash equivalents - Property	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Real estate investments	89,509	-	-	-	-	-	-	-	89,509	-
Investments in subsidiaries	147,002	125,203	-	-	-	-	-147,002	-125,203	-	-
Investments in associates	15,997	14,348	2,393	2,711	-	93	56	-1,382	18,446	15,770
Held to maturity investments	67,307	102,952	-	-	-	-	-	-	67,307	102,952
Reinsurance deposits	4,620	4,618	-	-	-	-	-	-	4,620	4,618
Other loans and receivables	45,293	49,740	18,204	17,423	-	-	-285	-50	63,212	67,113
Financial assets available for sale										
Equity investments	99,372	101,215	59	174	-	50	-	-	99,431	101,439
OEIC units	35,969	26,415	-	-	-	-	-	-	35,969	26,415
Bonds and other fixed-interest securities	1,671,803	1,405,259	-	-	-	-	-	-	1,671,803	1,405,259
Financial assets at fair value through profit or loss: Investments where policyholders bear the risk	65,487	61,018	-	-	-	-	-	-	65,487	61,018
Financial assets held for trading: Bonds and other fixed-interest securities	249	1,007	-	-	-	-	-	-	249	1,007
Cash and cash equivalents	145,347	125,383	17,928	30,715	3,845	5,149	-	-	167,120	161,247
Property under construction	-	82,020	269,030	262,719	-	-	-	923	269,030	345,662
Property held for trading	-	-	112,371	103,321	-	-	2,019	-	114,390	103,321
Owner-occupied property	98,181	102,025	21,784	18,683	-	-	923	-	120,888	120,708
Total	2,486,136	2,201,203	441,769	435,746	3,845	5,292	-144,289	-125,712	2,787,461	2,516,529

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

As at 31 December 2013 these investments amounted to €65,487 thousand, with an increase of +7.3% YoY.
Of the total €51,537 thousand related to unit- and index-linked policies and €13,950 thousand to the Vittoria Formula Lavoro open-ended pension fund.
Overall net return was positive and totalled €5,292 thousand thanks to the positive trend in financial markets (€7,103 thousand in 2012).

Investments with risk borne by Group

Investments with risks borne by the Group totalled €2,721,974 thousand (€2,455,511 thousand as at 31 December 2012).

The following transactions took place during the 2013:

A) Investments in subsidiaries, associates and joint ventures:

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

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

S.In.T. S.p.A. - Italy

Held directly with a 48.19% interest
This associate company develops fidelity programs, promotional campaigns and associative marketing, supported by the Selecard circuit.
In 2012 the company formed a new division called "Outsmart", dedicated to the outsourcing of activities related to the management of end user contact in the services sector and mainly in the insurance market.
In the course of the financial year the associate company launched a new services supporting the administration activities of insurance companies.
As of 31st December 2013 the company net worth amounted to € 920 thousand.

Movincom Servizi S.p.A.

Held directly with a 46,65% interest
This associate company is the operating company of the Movincom consortium, where the MovinBox technological platform was developed. The MovinBox technological platform enables purchasing and payments using a mobile phone via the bemoov® service, thanks to the integration of participating merchants and payment operators.
The players with whom Movincom Servizi S.p.A. cooperates on a daily basis with the objective of developing a winning model for mobile business that can be adopted by end users are merchants, members and associates of the Movincom Consortium, payment operators adhering to the bemoov® initiative and telecommunications companies.
As of 31st December 2013 the company net worth amounted to € 3,701 thousand.

Yarpa S.p.A. - Italy
Held directly with a 27.31% interest
Yarpa S.p.A. acts as a holding company and also provides financial advisory services. The company holds 100% of Yarpa Investimenti SGR S.p.A., as asset management company active in the management of mutual funds and closed-end real estate investment funds, as well as an 86% interest in YLF S.p.A., a joint venture together with LBO France created to manage private equity investments in Italy and targeting small and medium enterprise.

Rovimmobiliare S.r.l. - Italy
Held through Vittoria Immobiliare S.p.A. with a 50.00% interest
This associate is a real estate firm that owns a property in Livorno.
As at 31 December 2013, it had a negative equity of €904 thousand and accordingly the carrying amount of the associate has been set to zero.

Mosaico S.p.A. - Italy
Held through Vittoria Immobiliare S.p.A. with a 45.00% interest
This associate is real estate firm that is currently working on a development project in Collegno (TO).
As at 31 December 2013, it had equity of €384 thousand.

Pama & Partners S.r.l. - Italy
Held through Vittoria Immobiliare S.p.A. with a 25.00% interest
This associate is a real estate firm that is currently building properties in Genoa.
As at 31 December 2013, it had equity of €1,379 thousand.

VP Sviluppo 2015 S.r.l. - Italy
Held through Vittoria Immobiliare S.p.A. with a 40.00% interest
This associate is working on the construction of properties in Peschiera Borromeo (MI).
As at 31 December 2013, it had equity of €2,034 thousand.

VZ Real Estate S.r.l. - Italy
Held through Vittoria Immobiliare S.p.A. with a 49.00% interest
This associate is working on the construction of a property in Milan (Via Don Gnocchi).
As at 31 December 2013, it had equity of €148 thousand.

Valsalaria A.11 S.r.l. - Italy
Held through Vittoria Immobiliare S.p.A. with a 40.00% interest
This associate is a real estate firms that owns land in Rome (Villa Spada).
As at 31 December 2013, it had equity of €227 thousand.

B) Held-to-maturity investments:

The main transactions during the period were as follows:

- redemption of bonds in the amount of €36,377 thousand;

C) <u>Financial assets available for sale:</u>

The main transactions during the period were as follows:

- redemption of bonds in the amount of €214,365;
- purchase of Italian government bonds in the amount of €453,167 thousand;
- sale of corporate securities at carrying value in the amount of €7,396 thousand;
- concerning the closed-end Italian mutual fund managed by Yarpa Investimenti SGR S.p.A., a wholly owned subsidiary of the associate Yarpa S.p.A., paid in €6,504 thousand for the recall of funds and was credited €2,035 thousand for the partial redemption of units;
- paid in €1,530 thousand to purchase 1,500 shares in Re Energy Capital Sicar SCA;
- Nuove Partecipazioni S.p.A.: subscribed a share capital increase settled by means of a contribution in kind of 15,527,255 shares of Cam Finanziaria S.p.A, against 11,179,624 shares which correspond to a 5.32% stake; the operation was executed maintaining continuity of the carrying value; € 2,750 thousand was paid to subscribe the assigned Share Capital Increase acquiring 2,750,226 new shares;
- Cam Finanziaria S.p.A.: handed over 15,527,254 ordinary shares by adhering to the takeover cashing in € 12,422 thousand, generating a capital gain of € 8,480 thousand;
- Gruppo GPA S.p.A in liquidation: the value of the investment in this company was brought to zero following the start of the liquidation procedure in January 2014 with its balance sheets showing a heavy loss, registering a loss of € 3,775 thousand;
- Mediorischi S.r.l.: registered a devaluation of € 239 thousand of the insurance broker in order to align its value to the presumed realization value which was inferred from a deal under negotiation;
- Big Finance S.p.A.: a write-down for an amount of € 115 thousand was made to adapt the value to the company net worth;
- during the financial year € 107 thousand was cashed in as a partial deposit in the liquidation of the Swissair Bond default that was booked as a capital gain;
- BCC Romagna: subscribed 2.000 shares for € 50 thousand; this investment is aimed at forming a business partnership agreement for the sale of insurance products.

D) <u>Financial assets held for trading:</u>

The main transactions during the period were as follows:

- acquisitions due to policy surrenders (pursuant to Article 41(2) of Italian Legislative Decree no. 209 of 7 September 2005) in the amount of €394 thousand;
- sale of corporate bonds in the amount of €1,163 thousand for a recognised gain of € 9 thousand.

F) Property

As at 31 December 2013, properties totalled € 593,817 thousand (+4.2% compared to 31 December 2012).

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

(€/000)

	Investment Property	Property under construction	Property held for trading	Owner-occupied property	Total
Balance as at 31/12/2012	-	345,662	103,321	120,708	569,691
Purchase and capitalised interests paid					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	26,972	-	-	26,972
- MILAN - Portello Area (via Vittoria Assicurazioni S.p.A.)	8,140	-	-	-	8,140
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)	-	-	3,886	-	3,886
- SAN DONATO MILANESE (MI) - (via Immobiliare Bilancia S.r.l.)	-	120	-	-	120
- ROME (via Valsalaria S.r.l.)	-	50	-	-	50
- ROME - Guattani Str. - (via Immobiliare Bilancia S.r.l.)	-	-	10,348	-	10,348
- TURIN - Barbaroux Str. - (via Vittoria Immobiliare S.p.A.)	-	-	91	-	91
- GENOA - De Ferrari Sq., Conservatori del Mare Str., Orefici Str. (via Vaimm Sviluppo S.r.l.)	-	-	1,791	-	1,791
- MILAN - Adamello Str. (via Forum Mondadori Residenze S.r.l.)	-	-	104	-	104
- GENOA - Venezia Street (via Immobiliare Bilancia S.r.l.)	-	-	205	-	205
- TURIN - Cairoli Str. (via Cadorna Real Estate S.r.l.)	-	-	7	-	7
- FLORENCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)	-	-	461	-	461
- ROME - Meliconi Str. - (via Sivim S.r.l.)	-	-	366	-	366
- ROME - Della Vignaccia Str. - (via VRG Domus S.r.l.)	-	506	-	-	506
- PARMA - (via Immobiliare Bilancia I S.r.l.)	-	818	-	-	818
Total purchase and capitalised interests paid	8,140	28,471	17,913	-	54,524
Sales:					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	(22,108)	-	-	(22,108)
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)	-	-	(820)	-	(820)
- TURIN - Barbaroux Str. (via Vittoria Immobiliare S.p.A.)	-	-	(380)	-	(380)
- TURIN - Cairoli Street (via Cadorna Real Estate S.r.l.)	-	-	(330)	-	(330)
- TURIN - Villarfocchiardo (via Vittoria Immobiliare S.r.l.)	-	(29)	-	-	(29)
- TURIN - Moncalieri Str. (via Vittoria Immobiliare S.p.A.)	-	-	(670)	-	(670)
- ROMA - (tramite Valsalaria S.r.l.)	-	(1,233)	-	-	(1,233)
- MILAN - San Donato Milanese (via Vittoria Immobiliare S.p.A.)	-	(848)	-	-	(848)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)	-	(692)	-	-	(692)
Total sales	-	(24,910)	(2,224)	-	(27,134)
Reclassification to Investment Property (via Vittoria Assicurazioni S.p.A.)	82,019	(82,019)	-	-	0
Surplus allocation	-	-	729	-	729
Depreciations	(650)	-	-	(4,446)	(5,096)
Riclassifications	-	(4,626)	-	4,626	
Impairment	-	-	(5,398)	-	
Recognised gains	-	6,452	49	-	6,501
Balance as at 31/12/2013	89,509	269,030	114,390	120,888	593,817

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

As of the 1st January 2013 the reclassified property registered a balance of € 82,019 thousand, on top of which in the course of 2013 costs for an amount of € 8,140 thousand were capitalized and € 650 thousand was booked as amortization.

Write-downs refer to the property located in Genoa belonging to Vaimm Sviluppo S.r.l.

Gains and losses on investments

The following table shows the breakdown as at 31.12.2013 of net gains on investments, with separate disclosure of investments where the risk is borne by life policyholders:

(€/000)

Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	31/12/2013 total net gains/(losses)	31/12/2012 total net gains/(losses)
Investments	70,424	-521	69,903	66,110
From:				
a investment property	-162	-650	-812	-
b investments in subsidiaries and associates and interests in joint ventures	-1,318	-1,098	-2,416	-8,150
c held to maturity investments	3,174	-	3,174	4,678
d loans and receivables	1,211	-150	1,061	1,020
e financial assets available for sale	67,598	-4,014	63,584	61,332
f financial assets held for trading	9	11	20	127
g financial assets at fair value through profit or loss	-88	5,380	5,292	7,103
Other receivables	485	-	485	900
Cash and cash equivalents	2,809	-	2,809	1,793
Financial liabilities	-4,655	-5,992	-10,647	-11,606
From:				
b financial liabilities at fair value through profit or loss	-	-5,292	-5,292	-7,103
c other financial liabilities	-4,655	-700	-5,355	-4,503
Total gains and losses on financial instruments	69,063	-6,513	62,550	57,197
	-	-	-	-
Real estate business				
From:				
a Gains on property trading	1,103	-	1,103	3,790
b Rent income on owner-occupied property and property held for trading	713	-	713	679
Total real estate business	1,816	-	1,816	4,469
Total gains and losses on investments	70,879	-6,513	64,366	61,666

Net gains with risk borne by the Group amounted to € 64,366 thousand, with a +4.4% increase vs. 2012.
The improvement is primarily due to the capital gain on the Cam Finanziaria S.p.A. takeover and the reduction in the adjustments to the value of investments.
As up to 31.12.2013 the weighted average return on “Bonds and other fixed-income securities” was 4.1% as compared with 4.8% in 2012.

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

(€/000)

Net income on investments	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	20	127	-	-	-	-	-	-	20	127
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	-248	-6,879	-1,417	-486	-	-15	-751	-770	-2,416	-8,150
Gains or losses on other financial instruments and investment property	68,739	68,154	-3,846	-2,954	73	20	-20	-	64,946	65,220
Gains on property trading	-	-	1,103	3,790	-	-	-	-	1,103	3,790
Revenue from work in progress (percentage of completion)	-	-	-	-	-	-	-	-	-	-
Rent income on owner-occupied property and pro	263	208	590	555	-	-	-140	-84	713	679
Total	68,774	61,610	-3,570	905	73	5	-911	-854	64,366	61,666

Financial liabilities

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

(€/000)

Financial liabilities	Insurance Business 31/12/2013	Insurance Business 31/12/2012	Real Estate Business 31/12/2013	Real Estate Business 31/12/2012	Service Business 31/12/2013	Service Business 31/12/2012	Intersegment Eliminations 31/12/2013	Intersegment Eliminations 31/12/2012	Total 31/12/2013	Total 31/12/2012
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	51,537	48,692	-	-	-	-	-	-	51,537	48,692
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	13,950	12,326	-	-	-	-	-	-	13,950	12,326
Reinsurance deposits	15,707	19,510	-	-	-	-	-	-	15,707	19,510
Payables to banks	-	-	274,877	270,621	-	-	-	-	274,877	270,621
Other financial payables	-	-	6,217	7,386	-	-	-	-	6,217	7,386
Other financial liabilities	16,231	20,816	700	-	-	-	-	-	16,931	20,816
Total	97,425	101,344	281,794	278,007	-	-	-	-	379,219	379,351

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

Investment and financial risk management & analysis policies

Financial risk management

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

Investment policies: objectives

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

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

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

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

B) Life investments with risk borne by policyholders

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

<u>Procedures</u>

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

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

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

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

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

Financial risk analysis

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

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

(€/000)

Investment nature	Amount 31/12/2013	% of breakdown	Amount 31/12/2012	% of breakdown
DEBT SECURITIES	1,739,359	92.9%	1,509,218	92.2%
Listed treasury bonds:	1,704,661	91.0%	1,434,006	87.7%
Fixed-interest rate	1,623,040	86.6%	1,334,216	81.6%
Variable interest rate	81,621	4.4%	99,790	6.1%
Unlisted treasury bonds:	1,582	0.1%	1,784	0.1%
Variable interest rate	1,582	0.1%	1,784	0.1%
Listed corporate bonds:	24,138	1.3%	64,601	3.9%
Fixed-interest rate	16,108	0.9%	49,422	3.0%
Variable interest rate	8,030	0.4%	15,179	0.9%
Unlisted corporate bonds:	3,381	0.2%	3,227	0.2%
Fixed-interest rate	3,381	0.2%	3,227	0.2%
Bonds of supranational issuers:	5,597	0.3%	5,600	0.3%
Fixed-interest rate	5,597	0.3%	5,600	0.3%
of which				
Total fixed-interest securities	1,648,126	94.8%	1,392,465	92.3%
Total variable-interest securities	91,233	5.2%	116,753	7.7%
Total debt securities	1,739,359	100.0%	1,509,218	100.0%
of which				
Total listed securities	1,734,396	100.0%	1,504,207	99.7%
Total unlisted securities	4,963	0.0%	5,011	0.3%
Total debt securities	1,739,359	100.0%	1,509,218	100.0%
EQUITY INSTRUMENTS	99,431	5.3%	101,439	6.2%
listed shares	7,793	0.4%	22,637	1.4%
unlisted equity instruments	91,638	4.9%	78,802	4.8%
OEIC UNITS	35,969	1.8%	26,415	1.6%
TOTAL	1,874,759	100.0%	1,637,072	100.0%

The fixed-income securities portfolio has a duration of 4.1 years.

Market risk

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

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled € 1,648,126 thousand (94.8% of the bond portfolio with investment risk borne by the Group), of which € 1,574,692 classified as available for sale.
The following table illustrates the quantitative impacts on the fair value of these latter assets of a hypothetical parallel variation in the interest rate curve of ±100 basis points (bp).

(€ '000)

Fixed-interest securities at fair value	Amount
Carrying amount as at 31/12/2013	1,608,056 (1)
Change	
100 BP increase	-67,749
100 BP decrease	64,329

(1) of which € 640,514 thousand allocated to the separately-managed Life business.

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled € 91,233 thousand (5.2% of the bond portfolio with investment risk borne by the Group). In order to indicate the sensitivity of floating-rate securities' cash flows, we point out that a 100-bp positive or negative change in interest rates would respectively cause higher or lower interest receivable of € 929 thousand and € 599 thousand.

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

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

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

Fixed - interest securities		(€/000)
Maturity	Amount	% of breakdown
< 1 year	265,756	16.1%
1<X<2	148,774	9.0%
2<X<3	152,857	9.3%
3<X<4	138,950	8.4%
4<X<5	110,086	6.7%
5<X<10	762,585	46.3%
more	69,118	4.2%
Total	1,648,126	100.0%

Variable - interest securities			(€/000)
Tipe of rate	Indexation	Amount	% of breakdown
Constant mat. Swap	Euroswap 10Y	25,649	28.1%
Constant mat. Swap	Euroswap 30Y	8,632	9.5%
variabile	3 months tresury bonds	1,582	1.7%
Variable	6 months tresury bonds	50,743	55.6%
Variable	other	4,627	5.1%
Total		91,233	100.0%

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

The Group holds real estate properties exposed to fluctuation in real estate market.

As regards interest-rate risk, it is pointed out, lastly, that the Group holds floating-rate financial liabilities, mainly consisting of real estate companies' bank borrowings, totalling € 244,523 thousand. In order to indicate their sensitivity, taking into account the hedging operation set up by VAIMM Sviluppo Srl and Acacia 2000 Srl it is noted that a 100-bp increase would increase interest expense by € 1,775 thousand. Vice versa, a 100-bp decrease would reduce interest expense by € -1,775 thousand.

Equity securities are exposed to price risk, i.e., the possibility of their fair value varying as a result of changes arising both from factors specific to the individual instrument or issuer and those affecting all instruments traded on the market.
If the listed shares classified as "Available-for-sale financial assets" had suffered a 10% loss as at 31.12.2013, equity attributable to parent company shareholders would have decreased by € 779 thousand.

The Group is not exposed to foreign exchange risk since, as at 31.12.2013, nearly all investments for which it bears the risk were expressed in euro, observing the principle of consistency with technical reserves.

Liquidity risk

The group is daily required to execute payments arising from insurance and investment contracts.
The liquidity risk is the risk that available funds may not be sufficient to meet obligations. It is constantly monitored by means of the integrated ALM procedure.
This risk may also arise as a result of inability to sell a financial asset fast at an amount close to its fair value.
This is less probable when the financial assets are listed in active markets. The greater the weight is of financial assets listed in active and regulated markets, the less likely it is that this will happen.
As at 31.12.2013 financial assets listed in a regulated market accounted for over 95% of financial assets owned. The following table shows financial liabilities by maturity:

(€/000)

Financial liabilities: maturity	31/12/13	31/12/12
< 1 year	145,219	145,102
1 < X < 3	34,899	51,576
3 < X < 5	28,899	40,567
5 < X < 10	68,247	62,974
more	101,955	79,132
Total	379,219	379,351

Credit risk

In applying its investment policy, the Group limits its exposure to credit risk by investing in highly rated issuers.
As can be seen in the table below, as at 31.12.2013 nearly all bonds held by the group were rated as investment grade.

(€/000)

Rating (Standard & Poor's)	Amounts	% of breakdown
AAA	5,030	0.3%
AA+ / AA-	21,010	1.2%
A+ / A-	6,587	0.4%
BBB+ / BBB- (*)	1,706,709	98.1%
Total investment grade	1,739,336	100.0%
Non investment grade	23	0.0%
Total	1,739,359	100.0%

(*) of which €1,685,726 related to Italian Government bonds

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

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

Information concerning adherence to codes of conduct

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

Infragroup and related-party transactions

Transactions with group companies referred to the normal course of business, using specific professional skills at going market rates. There were no atypical or unusual transactions.
This section presents financial and business transactions occurring during 2013 with group companies, excluding those with companies consolidated on a 100% line-by-line basis.
The following table summarises the most significant economic and financial dealings with Group companies not included in the scope of consolidation and with directors, statutory auditors, and managers with strategic responsibilities.

(€/000)

Related parties	Other receivables	Loans	Commitments for subscription of private equity investments	Other payables	Revenues	Costs
Associates	310	24,204	16,231	352	34	2,599
Total	310	24,204	16,231	352	34	2,599

Relations and transactions with parent companies

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

Relations and transactions with associates

Yarpa S.p.A. - Genoa
27.31% direct equity interest
Vittoria Assicurazioni has recognised €3,307 thousand under loans to associates and under financial liabilities for the commitment to subscribe to private equity investments through the associate.

S.In.T. S.p.A. – Turin
48.19% direct equity interest
The parent company used the services of S.In.T. S.p.A. for commercial agreements made by the parent company, for an aggregate cost of €2,567 thousand and granted the associate an interest bearing shareholder loan, which has a balance of €1,000 thousand.

Mosaico S.p.A. – Turin
45.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. granted the associate an interest bearing shareholder loan, which has a balance of €879 thousand.

Pama & Partners S.r.l. – Genoa
25.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of €500 thousand.

Rovimmobiliare S.r.l. – Rome
50.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of €2,968 thousand.

VP Sviluppo 2015 S.r.l. – Milan
40.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of €6,227 thousand.

VZ Real Estate S.r.l. – Turin
49.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of €2,713 thousand.

Fiori di S. Bovio S.r.l. – Milan
40.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of €1,780 thousand.

Valsalaria A.11 S.r.l. – Rome
40.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. acquired, together with participating interest, a shareholder loan which has a balance of €3,137 thousand.

Spefin Finanziaria S.p.A. - Rome
21.00% equity interest via Vittoria Service S.r.l.
The parent company granted the associate an interest bearing loan, which has a balance of €5,000 thousand.

Human resources

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

We pursue this objective via:

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

Performance in early months of FY2014 and business outlook

In February, Vittoria Immobiliare S.p.A. purchased an additional 5% of the shares of the subsidiary Acacia 2000 Srl and is currently assessing the possibility to subscribe to any unsubscribed shares resulting from the capital increase approved by the subsidiary.
Business trend of first months of 2014 is in line with targets announced to market.

The Board of Directors

Milan, 7 March 2014

Consolidated financial statements as at 31 December 2013

Balance Sheet

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

	ASSETS	31/12/2013	31/12/2012
1	INTANGIBLE ASSETS	30,767	34,794
1.1	Goodwill	0	0
1.2	Other intangible assets	30,767	34,794
2	PROPERTY, PLANT AND EQUIPMENT	513,206	579,502
2.1	Property	504,308	569,691
2.2	Other items of property, plant and equipment	8,898	9,811
3	REINSURERS' SHARE OF TECHNICAL RESERVES	73,163	71,751
4	INVESTMENTS	2,116,033	1,785,591
4.1	Investment property	89,509	0
4.2	Investments in subsidiaries and associates and interests in joint ve	18,446	15,770
4.3	Held to maturity investments	67,307	102,952
4.4	Loans and receivables	67,832	71,731
4.5	Financial assets available for sale	1,807,203	1,533,113
4.6	Financial assets at fair value through profit or loss	65,736	62,025
5	OTHER RECEIVABLES	220,800	235,360
5.1	Receivables relating to direct insurance	176,635	190,390
5.2	Receivables relating to reinsurance business	3,836	4,603
5.3	Other receivables	40,329	40,367
6	OTHER ASSETS	133,811	108,002
6.1	Non-current assets or assets of a disposal group classified as held for sale	0	0
6.2	Deferred acquisition costs	8,310	8,247
6.3	Deferred tax assets	97,090	66,829
6.4	Current tax assets	22,353	25,642
6.5	Other assets	6,058	7,284
7	CASH AND CASH EQUIVALENTS	167,120	161,247
	TOTAL ASSETS	3,254,900	2,976,247

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

	EQUITY AND LIABILITIES	31/12/2013	31/12/2012
1	EQUITY	528,528	465,951
1.1	attributable to the shareholders of the parent	506,449	442,060
1.1.1	Share capital	67,379	67,379
1.1.2	Other equity instruments	0	0
1.1.3	Equity-related reserves	33,874	33,874
1.1.4	Income-related and other reserves	297,933	260,500
1.1.5	(Treasury shares)	0	0
1.1.6	Translation reserve	0	0
1.1.7	Fair value reserve	53,383	31,266
1.1.8	Other gains or losses recognised directly in equity	350	153
1.1.9	Profit for the year attributable to the shareholders of the parent	53,530	48,888
1.2	attributable to minority interests	22,079	23,891
1.2.1	Share capital and reserves attributable to minority interests	21,625	25,374
1.2.2	Gains or losses recognised directly in equity	0	0
1.2.3	Profit for the year attributable to minority interests	454	-1,483
2	PROVISIONS	4,558	3,785
3	TECHNICAL RESERVES	2,151,860	1,930,402
4	FINANCIAL LIABILITIES	379,219	379,351
4.1	Financial liabilities at fair value through profit or loss	65,487	61,018
4.2	Other financial liabilities	313,732	318,333
5	PAYABLES	100,779	109,341
5.1	Payables arising from direct insurance business	9,430	9,951
5.2	Payables arising from reinsurance business	13,388	11,785
5.3	Other sums payable	77,961	87,605
6	OTHER LIABILITIES	89,956	87,417
6.1	Liabilities of a disposal group held for sale	0	0
6.2	Deferred tax liabilities	38,223	32,099
6.3	Current tax liabilities	21,223	25,149
6.4	Other liabilities	30,510	30,169
	TOTAL EQUITY AND LIABILITIES	3,254,900	2,976,247

Separate Income Statement

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

(€/000)

Income Statement		Note	31/12/2013	31/12/2012
1.1	Net premiums		1,094,745	965,953
1.1.1	*Gross premiums*	24	1,131,284	995,518
1.1.2	*Ceded premiums*	24	36,539	29,565
1.2	Commission income	25	546	599
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	26	20	127
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	26	326	1,655
1.5	Gains on other financial instruments and investment property	26	75,588	73,579
1.5.1	*Interest income*		66,441	62,978
1.5.2	*Other income*		448	219
1.5.3	*Realised gains*		8,699	10,360
1.5.4	*Unrealised gains*		0	22
1.6	Other income	27	10,932	12,961
1	TOTAL REVENUE		1,182,157	1,054,874
2.1	Net charges relating to claims		779,312	695,727
2.1.1	*Amounts paid and change in technical reserves*	24	808,368	720,126
2.1.2	*Reinsurers' share*	24	-29,056	-24,399
2.2	Commission expense	28	32	32
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	26	2,742	9,805
2.4	Losses on other financial instruments and investment property	26	10,642	8,359
2.4.1	*Interest expense*		4,655	4,503
2.4.2	*Other expense*		472	0
2.4.3	*Realised losses*		1	33
2.4.4	*Unrealised losses*		5,514	3,823
2.5	Operating costs		229,241	217,643
2.5.1	*Commissions and other acquisition costs*	29	188,804	178,552
2.5.2	*Investment management costs*	29	1,721	1,208
2.5.3	*Other administrative costs*	29	38,716	37,883
2.6	Other costs	30	52,826	45,961
2	TOTAL COSTS		1,074,795	977,527
	PROFIT FOR THE YEAR BEFORE TAXATION		107,362	77,347
3	Income taxes	31	53,378	29,942
	PROFIT FOR THE YEAR		53,984	47,405
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS		0	0
	CONSOLIDATED PROFIT (LOSS)		53,984	47,405
	of which attributable to the shareholders of the parent		53,530	48,888
	of which attibutable to minority interests	14	454	-1,483

Basic EARNINGS per share		0.79	0.73
Diluted EARNINGS per share		0.79	0.73

Statement of Comprehensive Income

Vittoria Assicurazioni S.p.A.

Bilancio Consolidato al 31 dicembre 2013

(importi in migliaia di euro)

COMPREHENSIVE INCOME (LOSS)	31/12/2013	31/12/2012
CONSOLIDATED PROFIT (LOSS)	53,984	47,405
Other comprehensive income, net of taxes without reclassification to profit or loss		
Changes in the equity of investees		
Changes in intangible asset revaluation reserve		
Changes in tangible asset revaluation reserve		
Gains or losses on non-current assets or assets of a disposal group classified as held for sale		
Actuarial gains and losses and adjustments related to defined benefit plans	197	153
Other items		
Other comprehensive income, net of taxes with reclassification to profit or loss		
Change in translation reserve	-	115
Gains or losses on available for sale investments	22,117	70,580
Gains or losses on hedging instruments		
Gains or losses on hedging instruments of net investment in foreign operations		
Changes in the equity of investees	-	-70
Gains or losses on non-current assets or assets of a disposal group classified as held for sale		
Other items		
TOTAL OTHER COMPREHENSIVE INCOME	22,314	70,778
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	76,298	118,183
of which attributable to the shareholders of the parent	75,844	119,666
of which attibutable to minority interests	454	-1,483

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€/000)

		Balance at 31/12/2011	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 31/12/2012	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 31/12/2013
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0	67,379	0	0		0	67,379
	Other equity instruments	0	0	0		0	0	0	0		0	0
	Equity-related reserves	33,874	0	0		0	33,874	0	0		0	33,874
	Income-related and other reserves	234,506	226	37,222		(11,454)	260,500	0	48,887		-11,454	297,933
	(Treasury shares)	0	0	0		0	0	0	0		0	0
	Profit /(Loss) for the year	37,225	0	11,663		0	48,888	0	4,642		0	53,530
	Other comprehensive income	-39,359	-226	72,968	-1,964	0	31,419	0	26,763	-4,449	0	53,733
	Total attributable to the shareholders of the parent	**333,625**	**0**	**121,853**	**-1,964**	**-11,454**	**442,060**	**0**	**80,292**	**-4,449**	**-11,454**	**506,449**
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	24,336	0	394		644	25,374	0	(1,483)	0	-2,266	21,625
	Gains or losses recognised directly in equity	394	0	(1,877)		0	(1,483)	0	1,937	0	0	454
	Other comprehensive income	0	0	0		0	0	0	0	0	0	0
	Total attributable to minority interests	**24,730**	**0**	**-1,483**	**0**	**644**	**23,891**	**0**	**454**	**0**	**-2,266**	**22,079**
Total		358,355	0	120,370	-1,964	-10,810	465,951	0	80,746	-4,449	-13,720	528,528

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

CONSOLIDATED STATEMENSTS OF CASH FLOW - INDIRECT METHOD

(€/000)

	31/12/2013	31/12/2012
Profif for the year before taxation	107,362	77,870
Change in non-monetary items	192,217	166,862
Change in non-life premium reserve	17,513	20,190
Change in claims reserve and other non-life technical reserves	127,651	93,267
Change in mathematical reserves and other life technical reserves	74,882	56,398
Change in deferred acquisition costs	-63	88
Change in provisions	773	957
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-5,332	-7,467
Other changes	-23,207	3,429
Change in receivables and payables arising from operating activities	5,998	4,897
Change in receivables and payables relating to direct insurance and reinsurance	15,604	2,459
Change in other receivables and payables	-9,606	2,438
Taxes paid	-53,378	-30,086
Net cash flow generated by/used for monetary items from investing and financing activities	758	1,780
Liabilities from financial contracts issued by insurance companies	4,469	-3,231
Payables to bank and interbank customers	0	0
Loans and receivables from bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	-3,711	5,011
NET CASH FLOW FROM OPERATING ACTIVITIES	252,957	221,323
Net cash flow generated by/used for investment property	0	0
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	-1,161	92,283
Net cash flow generated by/used for loans and receivables	3,899	-19,451
Net cash flow generated by/used for held to maturity investments	35,645	-4,905
Net cash flow generated by/used for financial assets available for sale	-247,959	-185,088
Net cash flow generated by/used for property, plant and equipment	70,323	-47,235
Other net cash flows generated by/used for investing activities	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-139,253	-164,396
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	0	0
Net cash flow generated by/used for treasury shares	0	0
Dividends distributed to the shareholders of the parent	-11,454	-11,454
Net cash flow generated by/used for share capital and reserves attributable to minority interests	-91,776	756
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	-4,601	27,901
NET CASH FLOW FROM FINANCING ACTIVITIES	-107,831	17,203
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	161,247	87,117
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,873	74,130
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	167,120	161,247

Accounting policies

General basis of presentation

Statement of IFRS compliance

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

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

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

Basis of accounting

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

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

New accounting policies

Starting from 1st January 2013 Group adopted the following GAAPs / amendments to GAAPs:

- IFRS 13 (Fair Value Measurement) that gives recommendation about fair value measurement and requires additional disclosure on fair value measurement, such as classification of financial assets and liabilities in the fair value hierarchy levels;
- IAS 1 (Presentation of Other comprehensive income) requiring Items of OCI should be grouped on the basis of those that will not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met. Consequently figures at 31 December 2012 have been restated.
- IAS 19 (Employee Benefits) requiring to charge the actuarial results to the "Other Comprehensive Income". As Group charged to profit and loss this item, balances of previous year were ridetermined, charging to "Other Comprehensive Income" €324 thousand as at 30/06/2012 and €379 thousand as at 31/12/2012.

Use of estimates

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

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

More specifically, for items estimated and whose carrying value is significantly affected by the assumptions, information is given in the detailed notes on the item concerned about the nature of such assumptions or any other uncertainties.

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

Scope of consolidation

Subsidiaries

Subsidiaries are companies over which the Group has permanent, as opposed to temporary, control. Control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of a company so as to benefit from its activities. Subsidiaries' financial statements are included in the consolidated financial statements as from the date that control commences until the date when such control ceases. Control is presumed to exist when Vittoria Assicurazioni SpA has, directly or through its subsidiaries, the majority of votes in ordinary shareholders' meetings.
Subsidiaries performing activities different from those of the direct operating parent company are also included in the scope of consolidation.

Associates and Joint Ventures

Associate companies are not controlled by the Group but the Group exercises significant influence over their financial and operating policies. Significant influence is presumed to exist when the investor company owns, directly or indirectly through subsidiaries, at least 20% of voting rights. The consolidated financial statements include the Group's share of associates' gains and losses on an equity-accounted basis as from the date when significant influence commences until the date when the said significant influence ceases. When the Group's share of the associate's losses exceeds the carrying value of the investment, the latter is written down to zero and no share of any further losses is recognised, except to the extent that the Group has the obligation to answer for such losses.
Joint Ventures are accounted for using the same accounting principle described above.

Business combinations

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

Consolidation method

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

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

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

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

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

Segment reporting

Primary segment reporting (business segments)

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

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

Secondary segment reporting (geographical segments)

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

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

Industry-specific accounting policies

Foreword

Insurance contracts and investment contracts – definition and accounting treatment

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

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

<u>Insurance contracts</u>

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

Financial contracts with discretionary profit participation features

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

Investment contracts

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

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

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

Balance Sheet

ASSETS

Intangible assets

- Goodwill

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

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

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

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

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

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

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

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

- Other intangible assets

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

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

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

- Assets' cost can be measured reliably.

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

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

The group's assets have finite useful lives.

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

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

Property, plant, and equipment

- Owner-occupied property

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

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

Ordinary maintenance costs are directly expensed when incurred.

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

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

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

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

- Property held for trading - Property under construction

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

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

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

<u>Property held for trading or with specific features defined by the constructor</u>

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

<u>Property under construction with specific features defined by the customer</u>

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

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

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

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

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

- Other items of property, plant, and equipment

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

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

Ordinary maintenance costs are expensed when incurred.

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

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

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

Reinsurers' share of technical reserves

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

Investments

Initial recognition and subsequent measurement

All financial assets are initially recognised at fair value.

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

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

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

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

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

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

Recognition date

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

Impairment

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

Impairment indicators

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

1. Bonds

   1.1. Government Bonds

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

   Corporate Bonds

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

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

Information on the fair value hierarchy

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

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

2. Equities and strategic investments

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

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

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

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

Investments are classified as follows:

▪ Investments in subsidiaries, associates, and joint ventures

This item includes equity investments that are not consolidated on a line-by-line basis, measured using the equity method or at cost.
Immaterial investments in subsidiaries or associates are measured at cost, adjusted for any impairment losses.

Investments in subsidiaries are eliminated during the consolidation process.

Impairment tests of the carrying value of goodwill regarding the cost paid to acquire equity investments in excess of the value of the related share held are done in one of the following manners:

a) by comparing carrying value of the investment with the value as appraised by an independent party, taking account of any premiums or discounts based on the percentage of voting rights held;

or:

b.i) an appropriate rate of return on the equity investment is determined based on the risk-free rate of return plus an appropriate risk premium;

b.ii) the minimum expected return on the investment is calculated using this rate of return on the investment;

b.iii) this minimum expected return is then compared with the actual return (as well as with the expected future returns based on budgets and long-term plans), typically in the form of dividends received and expected;

b.iv) in the event this return is insufficient to remunerate goodwill, the carrying value of goodwill is adjusted to a value that is appropriate for the expected future returns.

▪ Held-to-maturity investments

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

They do not include assets:

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

- Designated as available for sale;

- That qualify as loans and receivables.

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

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

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

▪ Loans and receivables

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

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

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

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

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

▪ Financial assets available for sale

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

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

These assets are measured at their fair value.

Unrealised gains and losses are recognised directly in equity, with the exception of impairment losses and foreign exchange gains and losses. At the time of sale or impairment of the financial asset, the cumulative gains or losses, including those previously recognised in equity, are taken to profit or loss.

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

▪ Financial assets at fair value through profit or loss

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

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

These assets are measured at their fair value.

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

Other receivables

This category consists of:

- Receivables relating to direct insurance

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

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

- Receivables relating to reinsurance

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

- Sundry receivables

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

Other assets

This category consists of:

- Deferred acquisition costs

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

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

<u>Life business:</u> acquisition costs relating to new contracts, for the part not outwardly reinsured, is capitalised within the limits of related loading and amortised on a straight-line basis over the term of the underlying contracts within the 10-year limit established by IVASS circular no. 183 dated 3 September 1992. The amortisation period is deemed to be economically consistent.

Residual commissions on policies cancelled during the amortisation period are expensed in the year when such policies are eliminated from the portfolio.

- Current and deferred tax assets

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

- Other assets

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

Cash and cash equivalents

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

LIABILITIES

Share capital

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

Other equity instruments

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

Equity reserves

This item comprises the share premium reserve.

Earnings-related and other reserves

This item specifically includes:

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

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

Currency reserve

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

Fair value reserve

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

Other gains or losses recognised directly in equity

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

Minority interest

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

Provisions

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

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

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

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

Technical reserves

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

- Premium reserve (Non-Life business)

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

The exception to this general rule is calculation of the suretyship reserve, where risk exposure does not decrease according to the time elapsed and the relationship between premiums and potential claims costs does not follow the usual economic and technical criteria. For this specific business line, the premium reserve is calculated applying the IVASS regulation no. 16/2008.

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

- Claims reserve (Non-Life business)

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

Assessment of each claim is performed according to the following phases:
- Preparation of inventory estimates for each open position by non-life claims settlement inspectors;
- 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 IV of IVASS regulation no. 16 of 4 March 2008.

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

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

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

- Reserves for payable amounts (Life business)

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

- ## Mathematical reserves (Life business)

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

The mathematical reserve is never lower than surrender value.

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

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

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

- ## Other reserves (Non-Life and Life businesses)

The item includes the following reserves:

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

- Profit participation and reversal reserve (Non-Life and Life businesses)
  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.

- Reserve for deferred liabilities to policyholders (Life business)

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

- Reserve for management expenses (Life business)

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

- Complementary insurance premium reserve (Life business)

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

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

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

Financial liabilities

▪ Financial liabilities at fair value through profit or loss

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

▪ Other financial liabilities

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

- Conversion option, classified as an equity instrument;
- Debt component, classified as a financial liability among subordinated liabilities.

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

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

Subsequent measurement

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

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

Reimbursement or call-up
At the time of reimbursement or call-up, the consideration paid and costs related to the transaction are split between the financial liability component and the equity component using criteria similar to those used for the original allocation.
Any related gain or loss is treated according to the accounting standards and policies applicable to the related component, as follows:
- The amount of the gain or loss relating to the liability component is recognised in profit or loss;
- The amount of the consideration relating to the equity component is recognised in equity.

Payables

This category consists of:

▪ Payables arising from direct insurance transactions

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

▪ Payables arising from reinsurance transactions

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

These payables are recognised at nominal value.

▪ Other payables

Other payables include accruals made for employee post-employment benefit obligations.
They also include trade payables, including payments on account collected by the real estate companies on signature of preliminary sales agreements, which are recognised at nominal value.

Other liabilities

- ### Current and deferred tax liabilities

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

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

- ### Sundry liabilities

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

Income Statement

REVENUES

Revenue recognition

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

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

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

Net premiums

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

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

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

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

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

Commission income

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

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

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

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

Income from investments in subsidiaries, associates, and joint ventures

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

Income from other financial instruments and investment property

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

Other revenue

This item includes:

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

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

COSTS

Claims costs

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

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

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

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

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

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

Commission expense

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

Losses on investments in subsidiaries, associates, and joint ventures

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

Losses on other financial instruments and investment property

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

Operating costs

This category comprises:

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

  In particular, the item includes:

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

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

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

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

  The costs incurred by brokerage companies are reclassified to prepayments and recognised in profit or loss when the trading companies sign the notarial deeds, if such costs are incurred in relation to sales or purchases commissioned by group companies and not yet executed at balance sheet date.

Other costs

This category includes:

- Costs for the sale of goods and rendering of services other than of a financial nature and the third-party use of items of property, plant and equipment, intangible assets or other group assets, as required by IAS 18;
- Other net technical costs relating to insurance contracts;
- Additional provisions made during the year;

- Foreign exchange losses to be recognised in profit or loss as per IAS 21;
- Realised losses, impairment losses, depreciation charges relating to items of property, plant and equipment not allocated to other account items and amortisation of intangible assets;
- Losses on non-current assets or disposal groups classified as held for sale other than discontinued operations.

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

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

Current and deferred taxes

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

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

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

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

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

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

Additional information

Inward insurance

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

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

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

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

Retrocession

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

Shadow accounting

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

The procedure envisages the following steps:

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

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

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

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

Liability Adequacy Test (LAT)

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

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

<u>Life business</u>

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

<u>Non-life business</u>

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

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

Employee benefits

Actuarial valuation of termination benefits, seniority bonuses and healthcare benefits

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

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

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

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

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

Accrued, deferred, and prepaid items

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

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

Financial expense

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

Conversion into euro

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

Notes to the consolidated financial statements

The notes to the consolidated interim financial statements comprise:

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

Notes of a general nature

A) Consolidation scope

Name	Registered offices	Share Capital Euro	% Ownership Direct	% Ownership Indirect	Via
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	60,000,000	100.00		
Immobiliare Bilancia S.r.l.	Milan	6,650,000	100.00		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00		
Immobiliare Bilancia Terza S.r.l. in liquidation	Milan	100,000	100.00		
Vittoria Properties S.r.l.	Milan	8,000,000	100.00		
Vittoria Service S.r.l.	Milan	100,000	100.00		
Interbilancia S.r.l.	Milan	80,000	80.00	20.00	Vittoria Immobiliare S.p.A.
Acacia 2000 S.r.l.	Milan	100,000		65.00	Vittoria Immobiliare S.p.A.
Gestimmobili S.r.l.	Milan	104,000		80.00	Vittoria Immobiliare S.p.A.
Interimmobili S.r.l.	Rome	104,000		80.00	Vittoria Immobiliare S.p.A.
V.R.G. Domus S.r.l	Turin	400,000		100.00	Vittoria Immobiliare S.p.A.
Vaimm Sviluppo S.r.l.	Milan	2,000,000		100.00	Vittoria Immobiliare S.p.A.
Valsalaria S.r.l.	Rome	60,000		51.00	Vittoria Immobiliare S.p.A.
Aspevi Milano S.r.l.	Milan	100,000		100.00	Interbilancia S.r.l.
Aspevi Roma S.r.l.	Milan	50,000		100.00	Interbilancia S.r.l.
Plurico S.r.l.	Milan	10,000		70.00	Interbilancia S.r.l.
Consorzio Servizi Assicurativi	Milan	294,000		51.02	Aspevi Roma S.r.l.
				8.50	Aspevi Milano S.r.l.
				8.50	Plurico S.r.l.

Changes in ownership percentages and other changes during the year:

Vittoria Immobiliare S.p.A.
On 27 June 2013, Vittoria Assicurazioni S.p.A. purchased from BNP PARIBAS SA no. 5,614 shares thus becoming the sole shareholder of Vittoria Immobiliare S.p.A..

Acacia 2000 S.r.l.
On 24 December 2013 the Shareholders' Meeting of Acacia 2000 S.r.l. resolved a capital increase in tranches of total € 30,000 thousand, with premium, to be executed in the following ways:

- first tranche to be completed by 31 January 2014: capital increase of nominal value of € 50 thousand with a premium of € 14,950 thousand;
- second tranche to be executed, even in more occasions, by 31 December 2015: capital increase of nominal value of € 50 thousand with a premium of € 14,950 thousand.

Immobiliare Bilancia S.r.l.
On 18 June 2013 the Shareholders' Meeting of Immobiliare Bilancia S.r.l. resolved a capital increase of € 2,000 thousand nominal, with premium of € 8,000 thousand to be executed in one or more tranches by 18 June 2018.
At 31 December 2013 capital thus amounted to € 6,650 thousand.

Forum Mondadori Residenze S.r.l.
Immobiliare Bilancia Seconda S.r.l.
Cadorna Real Estate S.r.l.
Sivim S.r.l.
In the last quarter of the year the Parent Company launched a programme to simplify investments in the real estate sector; as part of this, Immobiliare Bilancia Prima S.r.l. incorporated the companies Immobiliare Bilancia Seconda S.r.l., Forum Mondadori Residenze S.r.l., Cadorna Real Estate S.r.l. and Sivim S.r.l. The merger took effect on 23 December 2013.
To facilitate the merger, on 26 November 2013 Vittoria Assicurazioni S.p.A. purchased 100% of Cadorna Real Estate S.r.l. and Sivim S.r.l. from Vittoria Immobiliare S.p.A.

Vittoria Properties S.r.l.
As part of the reorganisation of the Group described above, on 26 November 2013 the Parent Company purchased a 1% stake in the share capital of Vittoria Properties from Vittoria Immobiliare S.p.A. for € 196 thousand, thus becoming the sole shareholder.

Vittoria Service S.r.l.
As part of the reorganisation of the Group described above, on 26 November 2013 the Parent Company purchased, a 30% stake in the share capital of Vittoria Service from Vittoria Immobiliare S.p.A. for € 14 thousand, thus becoming the sole shareholder.

VRG Domus S.r.l.
On 18 June 2013 the Shareholders' Meeting of VRG Domus S.r.l. resolved a capital increase of €700 thousand nominal, with premium of €6,300 thousand to be executed in one or more tranches by 18 June 2018.
At 31 December 2013 capital thus amounted to €400 thousand.

Consorzio Servizi Assicurativi

During the year the Meeting of Consorzio Servizi Assicurativi resolved the entry of new partners, thus increasing consortium fund to € 295 thousand.

Immobiliare Bilancia Terza S.r.l. - in liquidation

The company went into voluntary liquidation on 13 November 2013. The liquidation procedure was ongoing as at 31 December 2013.

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

Name	Registered offices	Share Capital Euro	% Ownership Direct	Indirect	Via
S.In.T S.p.A.	Turin	900,000	48.19		
Yarpa S.p.A.	Genoa	38,201,600	27.31		
Touring Vacanze S.r.l.	Milan	12,900,000	37.00		
Consorzio Movincom S.c.r.l.	Turin	103,600	28.80		
Movincom Servizi S.p.A.	Turin	4,500,000	46.65		
Spefin Finanziaria S.p.A.	Rome	2,000,000		21.00	Vittoria Service S.r.l.
Rovimmobiliare S.r.l.	Rome	20,000		50.00	Vittoria Immobiliare S.p.A.
Mosaico S.p.A.	Turin	500,000		45.00	Vittoria Immobiliare S.p.A.
Pama & Partners S.r.l.	Genoa	1,200,000		25.00	Vittoria Immobiliare S.p.A.
Fiori di S. Bovio S.r.l.	Milan	30,000		40.00	Vittoria Immobiliare S.p.A.
Valsalaria A.11 S.r.l.	Rome	33,715		40.00	Vittoria Immobiliare S.p.A.
VP Sviluppo 2015 S.r.l.	Milan	1,000,000		40.00	Vittoria Immobiliare S.p.A.
VZ Real Estate S.r.l.	Turin	100,000		49.00	Vittoria Immobiliare S.p.A.

Changes in ownership percentages and other changes during the period

Yarpa S.p.A.

On 3 May 2013 the Parent Company purchased no. 1,149,999 shares of Yarpa S.p.A. increasing its stake in the associate to 27.31%. Following this, on 22 July 2013, it paid Yarpa S.p.A. €275 thousand as its share of the partial execution of the capital increase approved on 7 August 2008.

Touring Vacanze S.r.l.

On 22 July 2013 Vittoria Assicurazioni S.p.A. purchased a further 7.0% stake in Touring Vacanze S.r.l. from Touring Servizi S.r.l. for € 1,600 thousand.
At the same time, agreements were signed with Touring Servizi for the following acquisitions:
- a 3% stake for € 600 thousand, to be completed by 31/3/2014;
- a 3% stake for € 600 thousand, to be completed by 31/3/2015;

As a result of these operations the Parent Company increased its total investment in the company to 37.0%.

S.In.T. S.p.A.

On 20 June 2013 the Extraordinary Shareholders' Meeting of S.In.T. S.p.A. resolved to reduce the share capital by € 5,000 thousand to € 900 thousand, with allocation to shareholders, in proportion to their respective equity investments, of the stakes held in Consorzio Movincom s.c.r.l. and Movincom Servizi S.p.A.
Following this operation Vittoria Assicurazioni S.p.A. received a 27.84% stake in the capital of Consorzio Movincom s.c.r.l. and a 46.65% stake in the capital of Movincom Servizi S.p.A.

Consorzio Movincom S.r.l.

On 4 June 2013 Aspevi Roma S.r.l. sold to third parties its 38.39% stake in Consorzio Movincom S.c.r.l. After this, following the operation to reduce the capital of S.In.t. S.p.A. described above, Vittoria Assicurazioni S.p.A. received a 27.84% stake in the company, taking its own equity investment to 28.80%.

Movincom Servizi S.p.A.

Following the allocation of shares as part of the operation to reduce the capital of S.In.t. S.p.A. described above, Vittoria Assicurazioni S.p.A. holds a 46.65% stake in the company.

Le Api S.r.l.

On 1 March 2013 the Shareholders' Meeting of Le Api S.r.l. voted to liquidate the company.
The company was liquidated on 12 December 2013.

C) Geographical segment reporting (secondary segment)

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

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

(€/000)

Assets	Italy		Europe		Rest of the World		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Debt instruments	1,701,830	1,247,137	32,499	174,154	5,030	16,672	1,739,359	1,437,963
Equity instruments and OEIC units	68,006	52,791	67,394	11,185	-	-	135,400	63,976
Property (incl. owner-occupied property)	593,817	569,691	-	-	-	-	593,817	569,691
Other assets	786,324	904,617	-	-	-	-	786,324	904,617
Total	3,149,977	2,774,236	99,893	185,339	5,030	16,672	3,254,900	2,976,247

(€/000)

Deferred costs	Italy North		Italy Centre		Italy South and Islands		Total external deferred costs	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Other property, plant and equipment	8,810	9,740	88	71	-	-	8,898	9,811
Other intangible assets	30,765	34,790	2	4	-	-	30,767	34,794
Owner-occupied property	118,990	118,831	1,273	1,258	625	619	120,888	120,708
Total	158,565	163,361	1,363	1,333	625	619	160,553	165,313

(€/000)

Revenue (gross of intersegment eliminations)	Italy North		Italy Centre		Italy South and Islands		Europe		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Insurance premiums - direct business	607,422	535,412	370,669	327,555	171,597	153,461	89	70	1,149,777	1,016,498
Trading and construction profits	1,051	1,530	52	2,260	-	-	-	-	1,103	3,790
Services and rent income	1,746	6,599	1,292	1,512	-	-	-	-	3,038	8,111
Total	610,219	543,541	372,013	331,327	171,597	153,461	89	70	1,153,918	1,028,399

Specific explanatory notes

Consolidated Balance Sheet

Note 1	31/12/2013	31/12/2012	Change
Goodwill	-	-	-

Note 2	31/12/2013	31/12/2012	Change
Other intangible assets	30,767	34,794	-4,027
Other items of property, plant and equipment	8,898	9,811	-913
Property	504,308	569,691	-65,383

Other intangible assets

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

(€/000)

	Software	Software under development	Other intangible assets	TOTAL OTHER INTANGIBLE ASSETS
Gross carrying amount at 31/12/2012	80,354	359	8,096	88,809
Acquisitions	4,924	42	40	5,006
Improvement costs	0	0	0	0
Sales	0	0	-25	-25
Reclassification of assets under development	401	-401	0	0
Gross carrying amount at 31/12/2013	85,647	0	8,110	93,757
Accumulated Depreciation at 31/12/2012	48,382	0	5,633	54,015
Depreciation	7,719	0	1,493	9,212
Decrease due to disposals	-32	0	-205	-237
Accumulated Depreciation at 31/12/2013	56,069	0	6,921	62,990
Net value as at 31/12/2012	31,972	359	2,463	34,794
Net value as at 31/12/2013	29,578	0	1,189	30,767

The item "Other intangible assets" mainly refers to:

- long-term costs incurred for the creation of IT applications – called the NewAge system – relating to development of the management system of the direct operating parent company, the claims settlement network, and of the agency network;
- the value of the portfolio acquired in 2009 by SACE BT S.p.A. resulting from the determination of the VIF (Value In Force) at the acquisition date. VIF is amortised along the effective life of the acquired contracts, also taking into account the Life business portfolio cancellation.

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

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

- Software: between 5 to 10 years;

- Other intangible assets: between 2 to 5 years;

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

Other items of property, plant, and equipment

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

(€/000)

	Renovations	Furniture, fittings, plant and equipment	Ordinary and electronic office machines	Cars	TOTAL OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount at 31/12/2012	4,106	12,338	6,986	347	23,777
Acquisitions	124	1,010	481	103	1,718
Improvement costs	0	0	7	0	7
Sales	0	-6	-1,434	-106	-1,546
Reclassification of assets under development	0	0	0	0	0
Gross carrying amount at 31/12/2013	4,230	13,369	5,973	344	23,916
Accumulated Depreciation at 31/12/2012	2,758	5,342	5,672	194	13,966
Depreciation	74	1,582	602	69	2,327
Decrease due to disposals	0	0	-1,186	-89	-1,275
Accumulated Depreciation at 31/12/2013	2,832	6,924	5,088	174	15,018
Net value as at 31/12/2012	1,348	6,996	1,314	153	9,811
Net value as at 31/12/2013	1,398	6,445	885	170	8,898

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

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

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

- Cars: between 4 to 5 years.

Property

The following table shows the breakdown of this item:

(€/000)

	31/12/2013	31/12/2012	Change
Owner-occupied property	120,888	120,708	180
Property held for trading	114,390	103,321	11,069
Property under construction	269,030	345,662	-76,632
Total	504,308	569,691	-65,383

- Owner-occupied property

The book value of owner-occupied property at 31 December 2013 includes €16,368 thousand for property owned by the subsidiary Vittoria Properties S.r.l., € 6,077 thousand for property owned by Vittoria Immobiliare S.p.A., € 261 thousand for property owned by the subsidiary Acacia 2000 S.r.l. and €98,182 owned by the parent company, of which € 88,179 thousand related to the Vittoria Assicurazioni's headquarter.
The following table shows the reconciliation of changes occurring during 2013:

(€/000)

Owner-occupied property	31/12/2012	Acquisitions	Improvement costs	Sales	Depreciation	31/12/2013
Gross carrying amount	130,343	4,626	0	0	0	134,969
Accumulated depreciation	9,635	0	0	0	4,446	14,081
Carrying amount	120,708	4,626	0	0	-4,446	120,888

Depreciation is applied on a straight-line basis during property's estimated useful life of between 30 and 50 years.
Almost all of this property has been appraised by independent experts.
The owner-occupied property current value as at 31 December 2013 is equal to € 140,434 thousand.

- Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 2013:

(€/000)

Property	Trading activities	Construction work	Total
Carrying amount as at 31/12/2012	103,321	345,662	448,983
Acquisitions, net of capitalised financial charges	17,846	26,181	44,027
Capitalised financial charges	946	2,292	3,238
Alignment to fair value	-	-4,626	-4,626
Sales	-2,374	-24,910	-27,284
Changes in consolidation area	0	-82,021	-82,021
Recognised gains	49	6,452	6,501
Carrying amount as at 31/12/2013	114,390	269,030	383,420

Please refer to the Report on Operations for details on the principal real estate activities carried out during the year. As at 31 December 2013, the current value allocated to level 3 of the fair value hierarchy, is equal to € 116,194 thousand for trading activities and to €298,110 for property under construction. This value is determined based on technical expertise which are based on discounting market sales price.

Note 3	31/12/2013	31/12/2012	Change
Reinsurers' share of technical reserves	73,163	71,751	1,412

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

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Non-life reserves	66,729	60,102	270	282	66,999	60,384
Premium reserve	15,901	14,563	-	-	15,901	14,563
Claims reserve	50,828	45,539	270	282	51,098	45,821
Life reserves	6,164	11,367	-	-	6,164	11,367
Mathematical reserves	6,136	11,332	-	-	6,136	11,332
Other reserves	28	35	-	-	28	35
Total reinsurers' share of technical reserves	72,893	71,469	270	282	73,163	71,751

Note 4	31/12/2013	31/12/2012	Change
Investments properties	89,509	-	89,509

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

Real estate investments current value as at 31 December 2013 is equal to 89,000 thousand and it is determined based on independent technical expertise which are based on discounting cash flows generated from rental revenues.

Note 5	31/12/2013	31/12/2012	Change
Investments in subsidiaries and associates and interests in joint-ventures	18,446	15,770	2,676

The breakdown of this item was as follows:

(€/000)

Investments in associates	31/12/2013	31/12/2012
S.In.T. S.p.A.	443	2,721
Yarpa. S.p.A.	6,168	5,665
Movincom Servizi S.p.A.	1,726	-
VP Sviluppo 2015 S.r.l.	814	459
VZ Real Estate S.r.l.	73	73
Rovimmobiliare S.r.l	-	207
Mosaico S.p.A.	173	241
Pama & Partners S.r.l.	721	733
Le Api S.r.l.	-	36
Consorzio Movincom S.c.r.l.	33	59
Spefin Finanziaria S.p.A.	339	288
Fiori di S. Bovio S.r.l.	239	233
Valsalaria A.11 S.r.l.	91	58
Touring Vacanze S.r.l.	7,626	4,997
Total carrying amount	18,446	15,770

The Group’s interest in net income and losses totals € 890 (with revaluations of € 102 thousand and write-downs for € 992 thousand).
The shares of the associated company Mosaico S.p.A. owned by Vittoria Immobiliare have been pledged to Intesa Sanpaolo, as security for the credit lines granted to the associate by the bank.

The change in the line item of € 2,676 thousand reflects all investments and divestments made during the period, as well as the Group's interest in the change of equity of the associates carried at equity, as illustrated in the following table:

	(€/000)
Carrying amount as at 31/12/2012	15,770
Acquisitions and subscriptions	6,154
Yarpa. S.p.A.	596
Movincom Servizi S.p.A.	2,276
VP Sviluppo 2015 S.r.l.	400
Consorzio Movincom S.c.r.l.	43
Valsalaria A.11 S.r.l.	40
Touring Vacanze S.r.l.	2,799
Sales and repayments	-1,875
S.In.T. S.p.A.	-1,782
Le Api S.r.l.	-36
Consorzio Movincom S.c.r.l.	-57
Change due to equity method measurement	-890
S.In.T. S.p.A.	42
Yarpa. S.p.A.	3
Movincom Servizi S.p.A.	-550
VP Sviluppo 2015 S.r.l.	-45
Rovimmobiliare S.r.l	-207
Mosaico S.p.A.	-68
Pama & Partners S.r.l.	-12
Consorzio Movincom S.c.r.l.	-12
Spefin Finanziaria S.p.A.	51
Fiori di S. Bovio S.r.l.	6
Valsalaria A.11 S.r.l.	-7
Touring Vacanze S.r.l.	-91
Impairment	-713
Carrying amount as at 31/12/2011	18,446

Note 6	31/12/2013	31/12/2012	Change
Held to maturity investments	67,307	102,952	-35,645
Loans and receivables	67,832	71,731	-3,899
Financial assets available for sale	1,807,203	1,533,113	274,090
Financial assets at fair value through profit or loss	65,736	62,025	3,711

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

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

The following table shows changes in financial assets – for which risk is borne by Group companies – referring to shares and quotas, bonds and other fixed-income securities, and shares in CIUs (collective investment undertakings).
In addition, changes in assets for which risk is borne by policyholder and those relating to pension-fund management are shown separately.

(€/000)

	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	OEIC units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
Carrying amount at 31/12/2012	102,952	101,439	26,415	1,405,259	1,533,113	61,018	1,007	1,698,090
Acquisitions and subscriptions	-	2,801	8,035	453,167	464,003	2,603	394	467,000
Sales and repayments	-36,377	-3,992	-2,035	-221,761	-227,788	-3,096	-1,163	-268,424
Other changes:								
- effective interest adjustments	739	-	-	1,450	1,450	-	-	2,189
- fair value adjustments	-	3,333	3,554	31,697	38,584	685	11	39,280
- impairment loss	-	-4,129	-	-	-4,129	-	-	-4,129
- rate changes	-7	-	-	1,963	1,963	-	-	1,956
- other changes	-	-21	-	28	7	4,277	-	4,284
Carrying amount at 31/12/2013	67,307	99,431	35,969	1,671,803	1,807,203	65,487	249	1,940,246

Loans and receivables

As at 31 December 2013 loans and receivables totalled €67,832 thousand (€71,731 thousand as at 31 December 2012).

The item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Fiori di San Bovio S.r.l., Rovimmobiliare S.r.l., Pama & Partners S.r.l., Valsalaria A.11 S.r.l., VP Sviluppo S.r.l. and VZ Real Estate S.r.l. for a total of €18,204 thousand;
- loans granted by the parent company to third parties and secured by mortgages for a total of €3,895 thousand;
- €2,957 thousand in loans against life insurance policies;
- loans granted to employees and agents of the parent company for €15,830 thousand;
- €5,000 thousand in loans granted to the company Spefin Finanziaria S.p.A. and €1,000 thousand to the company S.IN.T. S.p.A.;
- the corresponding entry for the Parent Company's commitments for payments destined to finance investments in private equity operations totalling € 16,231 thousand, of which € 3,307 thousand to the associate Yarpa S.p.A. The related obligations are recorded in "Other financial liabilities" in Note 18;
- reinsurance deposit assets for €4,620 thousand.

The amount of €17,098 thousand is collectible after 12 months.

Disclosure concerning fair value

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

(€/000)

Financial assets	Carrying amount	Fair Value
Held to maturity investments	67,307	70,055
Loans and receivables	67,832	67,832
Financial assets available for sale	1,807,203	1,807,203
Financial assets held for trading	249	249
Financial assets at fair value through profit or loss	65,487	65,487
Total	2,008,078	2,010,826

For further information concerning to the "fair value hierarchy", please refer to the "Annexes to Consolidated financial statements". Investments allocated to "level 2" were assessed based on the latest transactions which are observed in the secondary market.
Investments allocated to "level 3" were also assessed using technical expertise edited by external leading appraisal firms. The main assumptions are related to holding costs, discounting rate and stock exchange multiples.
In 2013, the investment in Yam Invest SA has been reclassified from level 2 to level 3, due to the importance of unobservable variables on which the expert's report is based on.
For loans and receivables, the carrying amount is a reasonable approximation of fair value.

Note 7	31/12/2013	31/12/2012	Change
Receivables relating to direct insurance	176,635	190,390	-13,755

The breakdown of this item was as follows:

(€/000)

Receivables relating to direct insurance	31/12/2013	31/12/2012
Premiums due from policyholders	64,252	64,862
Receivables due from brokers and agents	67,420	70,160
Receivables due from insurance companies - current accounts	5,190	8,164
Amounts to be recovered from policyholders and third parties	39,773	47,204
Total	176,635	190,390

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

Note 8	31/12/2013	31/12/2012	Change
Receivables relating to reinsurance business	3,836	4,603	-767

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

Note 9	31/12/2013	31/12/2012	Change
Other receivables	40,329	40,367	-38

The most significant sub-item as up to 31 December 2013 consisted of advances of € 18,316 thousand on policyholders' taxes and advances of € 9,935 thousand paid by the real estate companies.

Note 10	31/12/2013	31/12/2012	Change
Deferred acquisition costs	8,310	8,247	63

This item includes acquisition costs paid in advance upon signature of long-term insurance contracts.
As at 31 December 2013 € 5,239 thousand referred to the Life business and € 3,071 thousand to the Non-Life business.

Note 11	31/12/2013	31/12/2012	Change
Deferred tax assets	97,090	66,829	30,261

The item included deferred tax assets pertaining to the direct operating parent company (€ 93,434 thousand), to the real estate segment (€ 5,222 thousand), plus those relating to consolidation adjustments (€ -1,566 thousand).

The following table reports the breakdown of the item:

(€/000)

Deferred tax assets	31/12/2013
Provision for bad debts	15,189
Non-Life technical reserves	61,287
Life technical reserves	344
Provision for charges	786
Shadow Accounting	7,790
Tangible assets depreciation	1,491
Elimination of intragroup profits	683
Tax benefit (property revaluation)	4,070
Tax benefit on losses (Group companies)	665
Tax benefit on interest expense (Group companies)	2,012
Other	2,773
Total	97,090

Note 12	31/12/2013	31/12/2012	Change
Current tax assets	22,353	25,642	-3,289

The item mainly includes tax receivables of the direct operating parent company of €18,009 thousand (including tax credits relating to taxes prepaid on the life business mathematical reserves) and VAT receivables totalling €3,700 thousand of the real estate companies arising from the purchase of buildable areas and property.

Note 13	31/12/2013	31/12/2012	Change
Other assets	6,058	7,284	1,226

The item mainly includes € 439 thousand of deferred commission expenses relating to investment contracts and € 5,103 thousand of prepayments, mainly relating to G&A costs.

Note 14	31/12/2013	31/12/2012	Change
Cash and cash equivalents	167,120	161,247	5,873

The item refers to bank balances of € 166,915 thousand and cash amounts of € 205 thousand.

Note 15	31/12/2013	31/12/2012	Change
Equity attributable to shareholders of the parent	506,449	442,060	64,389
Equity attributable to minority interests	22,079	23,891	-1,812

Changes in consolidated equity are detailed in chapter "Statement of Changes in Equity".

The following table details the breakdown of equity:

(€/000)

BREAKDOWN OF EQUITY	31/12/2013	31/12/2012
Total equity attributable to the shareholders of the parent	506,449	442,060
Share capital	67,379	67,379
Other equity instruments	-	-
Equity-related reserves	33,874	33,874
Income-related and other reserves	297,933	260,500
Translation reserve	-	-
Fair value reserve	53,383	31,266
Other gains or losses recognised directly in equity	350	153
Group profit for the year	53,530	48,888
Total equity attributable to minority interests	22,079	23,891
Share capital and reserves attributable to minority interests	21,625	25,374
Minority interests' profit for the year	454	-1,483
Total consolidated equity	528,528	465,951

As at 31 December 2013 the direct operating parent company's share capital consists of 67,378,924 fully subscribed and paid-up shares with a nominal value of Euro 1.00 each.

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

Dividends paid out by the direct operating parent company, shown in the column "Other transfers" in the statement of changes in equity, totalled €11,454,417 for FYs 2012 and 2013.

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

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

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

(€/000)

A) Net unrealised gains	Gross amount	Tax impact	Net amount
31/12/2012	55,683	13,305	42,377
Decrease due to sales	-6,286	-1,837	-4,449
Decrease due to fair value changes	44,869	11,510	33,359
Total change for the period/year	38,583	9,673	28,910
31/12/2013	94,266	22,978	71,288

(€/000)

B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
31/12/2012	16,918	5,806	11,112
Change in shadow accounting reserve	10,343	3,550	6,793
31/12/2013	27,261	9,356	17,905

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

Combined effect A) - B)	Gross amount	Tax impact	Net amount
31/12/2012	38,765	7,499	31,266
Decrease due to sales	-6,286	-1,837	-4,449
Decrease due to fair value changes	44,869	11,510	33,359
Change in shadow accounting reserve	-10,343	-3,550	-6,793
Total change for the period/year	28,241	6,123	22,117
31/12/2013	67,005	13,622	53,383

The following table, which refers to 31 December 2013, shows the reconciliation of profit and equity shown in the direct operating parent company's individual financial statements with the same items shown in consolidated financial statements. The IFRS adjustments made to the direct operating parent company's financial statements – prepared, as envisaged by current regulations, in compliance with Italian GAAPs – are specifically indicated.

(€/000)

	Equity attributable to the shareholders of the parent		Equity attributable to minority interest	
	Equity gross of profit of the year	2013 profit	Equity gross of profit of the year	2013 profit
Parent company's financial statements compliant with Italian GAAPs	360,485	62,467		
IFRS adjustments (net of related tax effects)	100,668	(97)	-	-
Parent company's financial statements based on IFRSs	461,153	62,370	-	-
Consolidated companies' equity	134,407	(8,740)	21,431	701
Allocation of consolidation differences and eliminations	3,117	-		
Consolidated companies' carrying value	(148,101)	-		
Minority interest	(192)	247	192	(247)
Elimination of infragroup profits	1,747	(1,747)	2	
Profits not yet attributed to life policyholders	1,046	3,517		
Dividend elimination	998	(998)		
Deferred taxes on profits not yet attributed to life policyholders	(285)	(1,281)		
Deferred taxes on consolidated companies' results	(624)	(93)		
Others	(347)	255		
IFRS-compliant consolidated financial statements	452,919	53,530	21,625	454

Note 16	31/12/2013	31/12/2012	Change
Provisions	4,558	3,785	773

This account refers mainly to the provisions made for costs for real estate contracts that have yet to be incurred, connected with properties for which closing has already taken place and to provisions accrued by the parent company to face fines and trials underway.

The table below shows the changes in the item:

(€/000)

Provisions	31/12/2012	Accruals of the year	Utilisations of the year	31/12/2013
Provision for costs to be incurred	1,894	314	-143	2,065
Other provisions	1,891	602	-	2,493
Total	3,785	916	-143	4,558

Note 17	31/12/2013	31/12/2012	Change
Technical reserves	2,151,860	1,930,402	221,458

The following table shows the breakdown of technical reserves.

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Non-life reserves	1,286,528	1,134,754	850	845	1,287,378	1,135,599
Premium reserve	360,887	342,028	40	47	360,927	342,075
Claims reserve	925,232	792,317	810	798	926,042	793,115
Other reserves	409	409	-	-	409	409
Life reserves	859,849	790,173	4,633	4,630	864,482	794,803
Reserve for payable amounts	21,999	21,436	12	12	22,011	21,448
Mathematical reserves	805,068	741,478	4,619	4,614	809,687	746,092
Other reserves	32,782	27,259	2	4	32,784	27,263
Total technical reserves	2,146,377	1,924,927	5,483	5,475	2,151,860	1,930,402

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

The Life “Other reserves” item mainly consisted of:

- € 9,924 thousand = management expenses;
- € 22,698 thousand = reserve for deferred liabilities to policyholders (of which € 27,261 thousand stemming from fair value measurement of available-for-sale financial assets and € -4,563 thousand from reserving against subsidiaries’ profits allocated to segregated founds);

The mathematical reserves comprise an additional reserve for longevity risk relating to annuity agreements and capital agreements with a contractually guaranteed coefficient of conversion to an annuity (art. 50 of IVASS Regulation no. 21 of 28 March 2008) amounting to € 740 thousand (€ 760 in the previous year); in the case of capital agreements, account is taken of the propensity to convert to an annuity when it is calculated.
The mathematical reserves also include additional reserves for the guaranteed interest rate risk (art. 47 of IVASS Regulation no. 21 of 28 March 2008) amounting to € 1,209 thousand (€ 1,095 thousand in the previous year), obtained by joint analysis of the asset and liability portfolios of the segregated internal funds “Vittoria Rendimento Mensile”, “Vittoria Valore Crescente” and “Vittoria Previdenza”, the average rates of return on which were used to value the “Liquinvest” funds.

Liability Adequacy Test (LAT)

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

The key variable factors reviewed in terms of historical trends (where applicable) and estimated on a forecast basis in order to quantify insurance liabilities were as follows:

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

Non-Life business

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

(€/000)

Claims Reserve	Carrying amount
Carrying amount at 31/12/2012	793,115
Portfolio transfers	0
Exchange rate gains or losses	0
Change in consolidation scope	0
Change for the year	132,927
Carrying amount at 31/12/2013	926,042

Motor TPL

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.
Two different methods were identified, both chain-ladder techniques:

- Main method: Paid Chain Ladder: this method estimates the amount of future payments, until run-off of generations, constructing – using the historical series available – the triangles of cumulative amounts paid (organised by event) and calculating on the latter the observable development factors. These factors are then applied to cumulative data up to the current balance-sheet year to calculate estimated future payments.
  In order to verify the sensitivity of the results, this methodology was subjected to a "stress test", as follows:
  - Chain Ladder Paid Stressed: the above method was also applied on stressed triangles by simulating an increase in payments in order to realign the last year

claims settlement speed to the average of previous years and avoiding a possible bias in the estimate of the standard Chain Ladder Paid .

- Secondary method: Incurred Chain Ladder: this method is similar to the previous one, except that not only payments are used, but the development factors for each event year estimate the changes in the total amount of claims (payments already observed + reserves) in the various financial years. The rates are applied to the data accumulated up to the end of the current financial year, in order to estimate the total amount of future claims.

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

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

Other risks:

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

IBNR claims:

Calculation of the reserve for IBNR (incurred but not reported) claims requires estimation for each business of both the number and average cost of late claims. The estimate was made using as its source the balance-sheet input forms for the years 2000-2013 taking in consideration possible gaps between prior year allocation and the final amount.

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

Life business

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

(€/000)

Mathematical Reserves	Carrying amount
Carrying amount at 31/12/2012	746,092
Portfolio transfers	2,448
Exchange rate gains or losses	0
Change in consolidation scope	0
Change for the year	61,147
Carrying amount at 31/12/2013	809,687

Key actuarial assumptions concerning Life technical reserves are detailed below:

(€/000)

Risk category	Capital sums, annuities	Technical reserves	Year of issue	Technical basis financial	Technical basis demographic
Temporary	4,665,970	86,046	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 - 70%
			2008 - 2011	3%	SIM91 50% and 70%
			since 2012	3%	SIM 2001 90% and 70%
Adjustable	3	11	1969 - 1979	3% *	SIM 51
Indexed	0	4	1980 - 1988	3% *	SIM 51
Other types	1,594	45			
Revaluable	843,823	722,326	1988 - 1989	3% *	SIM 71
			1990 - 1996	4% *	SIM 81
			1997 - 1999	3% *	SIM 91
			2000 - 2011	1.5% - 2% *	SIM 81-91
			since 2012	2%	SIM 2001 80%
L.T.C.	22,042	2,123	2001 - 2004	2.5%	(1)
			2004 - 2011	2.5%	(2)
			since 2012	2.5%	(3)
Pension fund	13,934	13,934	since 1999	----	----
Index linked	5,858	5,860	since 1997	0%	SIM 91
Unit Linked	42,906	45,333	since 1998	0%	SIM 91
Total ordinary	5,596,130	875,682			
AIL revalutable	4,534	4,600	1986 - 1998	4% *	SIM 51
			1999 - 2004	3% *	SIM 81
Total business lines	5,600,664	880,282			

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

for indexed policies: 5.97% for adjustable policies: 5.99% for AIL revaluable policies: 4.05%

for revaluable policies: Vittoria Valore Crescente 4.10%; Vittoria Rendimento Mensile 2.82%; Vittoria Previdenza 4.37%.

(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

Note 18	31/12/2013	31/12/2012	Change
Financial liabilities at fair value through profit or loss	65,487	61,018	4,469
Other financial liabilities	313,732	318,333	-4,601

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

Financial liabilities at fair value through profit or loss

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

The following table shows the cumulative change as at 31 December 2013.

(€/000)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2012	48,692	12,326	61,018
Investment of net fund assets	65	587	652
Profits attributable to policyholders	3,989	1,303	5,292
Amounts paid	-1,209	-266	-1,475
Carrying amount at 31/12/2013	51,537	13,950	65,487

Other financial liabilities

The item includes:
- Reinsurance deposits of €15,707 thousand;
- Bank loans issued to the Group's real estate companies for a total of €281,094 thousand (of which €186,606 thousand backed by collateral); the covenants on the mortgage loan granted to Acacia 2000 S.r.l. consist in i) the ratio between net financial indebtment and the sum of tangible assets and inventories, which has to be lower than one, and ii) the ratio between the mortgage loan and the value of the properties secured by mortgages, which has to be lower than 0.75. These limits were satisfied at 31 December 2013;
- direct operating parent company's commitment for payment of €3,307 thousand to the associate Yarpa S.p.A., against which the rights to receive the related financial instruments are posted in the "Loans & receivables" item.

Payables due beyond 12 months totalled € 174,733 thousand.

Disclosure concerning fair value

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

(€/000)

Financial liabilities	Carrying amount	Fair Value
Financial liabilities at fair value through profit or loss	65,487	65,487
Other financial liabilities	313,732	313,732
Total	379,219	379,219

Note 19	31/12/2013	31/12/2012	Change
Payables arising from direct insurance business	9,430	9,951	-521

The breakdown of the item was as follows:

(€/000)

Payables arising from direct insurance business	31/12/2013	31/12/2012
Payables to insurance brokers and agents	5,507	3,956
Payables to insurace companies - current accounts	1,527	1,950
Guarantee deposits paid by policyholders	91	43
Payables to guarantee funds in favour of policyholders	2,305	4,002
Total	9,430	9,951

Note 20	31/12/2013	31/12/2012	Change
Payables arising from reinsurance business	13,388	11,785	1,603

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

Note 21	31/12/2013	31/12/2012	Change
Other sums payable	77,961	87,605	-9,644

The breakdown of the item was as follows:

(€/000)

Other sums payable	31/12/2013	31/12/2012
Payments on accounts received by real estate companies for preliminary sales agreements	10,677	18,964
Trade payables	20,254	23,524
Payables to employees	2,807	4,405
Employee benefits - provisions for termination benefits	4,490	4,684
Policyholders' tax due	21,041	19,912
Sundry tax liabilities (withholdings)	2,312	2,114
Social security charges payable	2,741	3,238
Payables to associate companies	352	2
Sundry payables	13,287	10,762
Total	77,961	87,605

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

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

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

(€/000)

Changes in defined benefit plans	Post-employment benefits		Other long-term benefits	Total
Charge	Healthcare services	Termination benefits	Seniority bonuses	
Carrying amount at 31/12/2012	1,453	4,683	1,421	7,558
Accruals	95	113	0	208
Utilisations	(49)	(149)	(59)	(257)
Other changes (exchange rate gains or losses, acquisitions)	(114)	(157)	0	(271)
Carrying amount at 31/12/2013	1,385	4,490	1,362	7,238

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

(€/000)

Charge	Healthcare services	Termination benefits	Seniority bonuses	Total
Current service cost	56	0	(59)	(3)
Interest	39	89	0	128
Net actuarial gains	(114)	(157)	0	(271)
Total charges	(19)	(68)	(59)	(146)

The main assumptions adopted for actuarial assessments were the following:

Demographic assumptions

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

Economic and financial assumptions

- Inflation: 2.00%
- Annual technical actualization rate 3.15%
- Annual rate of severance payment increment 3.00%
- Annual rate of growth of remuneration
  (for the purpose of calculating seniority premiums) 3.00%
- Annual rate of growth of the average reimbursement
  (for the purpose of calculating health services) 2.00%

Note 22	31/12/2013	31/12/2012	Change
Deferred tax liabilities	38,223	32,099	6,124

The item includes deferred tax liabilities allocated to the insurance business for €31,934 thousand, the real estate and services business for €4,649 thousand, and to reversals totalling €-1,640 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.
The breakdown of the item was as follows:

(€/000)

Deferred tax liabilities	31/12/2013
Alignment with fair value of assets held by investee companies acquired	4,471
installment gains on disposals of financial instruments	1,292
Financial assets	26,101
Future dividends	2,718
Derecognition of the catastrophe reserves	3,062
Other	578
Total	38,223

Note 23	31/12/2013	31/12/2012	Change
Current tax liabilities	21,223	25,149	-3,926

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

Note 24	31/12/2013	31/12/2012	Change
Other liabilities	30,510	30,169	341

This account consists mainly of commissions to be paid on the bonuses being collected at the end of the period and provisions for agency awards totalling € 14,544 thousand, the deferred commission income of € 21 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling € 9,963 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for € 2,747 thousand.

Consolidated Income Statement

Note 25	31/12/2013	31/12/2012	Change
Gross premiums	1,131,284	995,518	135,766
Ceded premiums for reinsurance	36,539	29,565	6,974
Amounts paid and change in technical reserves	808,368	720,126	88,242
Reinsurers' share	-29,056	-24,399	-4,657

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

(€/000)

		31/12/2013				31/12/2012			
		Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
NET PREMIUMS		928,630	166,115	-	1,094,745	849,085	116,868	-	965,953
Gross premiums		963,944	167,340	-	1,131,284	877,266	118,252	-	995,518
Gross premiums written		982,799	167,340	-	1,150,139	898,650	118,252	-	1,016,902
a	Direct business	982,677	167,100	-	1,149,777	898,512	117,986	-	1,016,498
b	Indirect business	122	240	-	362	138	266	-	404
Change in premium reserve		-18,855	-	-	-18,855	-21,384	-	-	-21,384
a	Direct business	-18,860	-	-	-18,860	-21,388	-	-	-21,388
b	Indirect business	5	-	-	5	4	-	-	4
Ceded premiums		35,314	1,225	-	36,539	28,181	1,384	-	29,565
Gross premiums ceded		36,653	1,225	-	37,878	29,372	1,384	-	30,756
a	Outward reinsusrance	36,653	1,225	-	37,878	29,372	1,384	-	30,756
b	Retrocession	-	-	-	-	-	-	-	-
Change in premium reserve		-1,339	-	-	-1,339	-1,191	-	-	-1,191
a	Outward reinsusrance	-1,339	-	-	-1,339	-1,191	-	-	-1,191
b	Retrocession	-	-	-	-	-	-	-	-
NET CHARGES RELATING TO CLAIMS		610,103	172,726	-3,517	779,312	571,449	126,937	-2,659	695,727
Amounts paid and change in technical reserves		638,623	173,262	-3,517	808,368	595,025	127,760	-2,659	720,126
Direct business		638,551	173,073	-	811,624	594,942	127,029	-	721,971
Indirect business		72	189	-	261	83	731	-	814
Shadow accounting of investee companies' profits		-	-	-3,517	-3,517	-	-	-2,659	-2,659
Reinsurers' share		28,520	536	-	29,056	23,576	823	-	24,399
Outward reinsurance		28,520	536	-	29,056	23,576	823	-	24,399
Retrocession		-	-	-	-	-	-	-	-

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

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

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

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

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

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

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

Note 26	31/12/2013	31/12/2012	Change
Commission income	546	599	-53

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

Note 27	31/12/2013	31/12/2012	Change
Gains or losses on financial instruments at fair value through profit or loss	20	127	-107
Gains on investments in subsidiaries and associates and interests in joint ventures	326	1,655	-1,329
Gains or losses on other financial instruments and investment property	75,588	73,579	2,009
Losses on investments in subsidiaries and associates and interests in joint ventures	2,742	9,805	-7,063
Losses on other financial instruments and investment property	10,642	8,359	2,283

To complete the information disclosed below, we point out that the table detailing the breakdown of financial and investment income and charges/losses is shown in the specific section called "Annexes to Consolidated financial statements", Gains and losses on financial instruments at fair value through profit or loss

These are income and losses on financial assets held for trading; specifically, income realised, net of losses, amounted to €9 thousand, whilst unrealised losses amounted to €11 thousand,

As regards financial assets designated at fair value through profit or loss – i,e, referring to investment contracts of the index-linked, unit-linked, and pension-fund type – net income recognised in FY13 amounted to €5,292 thousand, set against losses/charges of the same amount, due to the change in related financial liabilities designated at fair value through profit or loss,

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

As up to 31 December 2013 these items referred entirely to the results of equity-accounted Group companies,
Reference should be made to Note 5 for further details,

Gains and losses on other financial instruments and investment property

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

(€/000)

	Gains 31/12/13	Gains 31/12/12	Losses 31/12/13	Losses 31/12/12
Held to maturity investments	3,174	4,678	-	-
Loans and receivables	1,211	1,020	150	-
Financial assets available for sale	67,599	65,188	4,016	3,856
Other receivables	486	900	-	-
Cash and cash equivalents	2,809	1,793	-	-
Other financial liabilities	-	-	5,355	4,503
Total	75,588	73,579	10,642	8,359

Note 28	31/12/2013	31/12/2012	Change
Other income	10,932	12,961	-2,029

The following table details the breakdown of this item,

(€/000)

Other income	31/12/13	31/12/12
Trading profits	1,103	3,790
Revenue from services: real estate brokerage	290	791
Revenue from services: real estate management	82	85
Revenue from services: administration, real estate appraisals and other income	436	116
Revenue from services: insurance commission income with third parties	2	172
Revenue from services: other revenue from services	1,239	257
Rent income	713	679
Technical income on insurance contracts	4,338	3,062
Gains on the sale of property, plant and equipment	35	3
Exchange rate gains	26	103
Incidental non-operating income	1,537	2,787
Other income	1,131	1,116
Total	10,932	12,961

Technical income on insurance contracts refer for € 1,701 thousand (€499 thousand at 31/12/2012) to reversal of commissions on cancelled premiums and for € 2,637 thousand (€ 2,563 thousand at 31/12/2012) to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events,

Note 29	31/12/2013	31/12/2012	Change
Commission expense	32	32	-

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

Note 30	31/12/2013	31/12/2012	Change
Commissions and other acquisition costs	188,804	178,552	10,252
Investment management costs	1,721	1,208	513
Other administrative costs	38,716	37,883	833

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

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

(€/000)

Gross commissions and other acquisition costs net of profit participation and other commissions	31/12/13	31/12/12
Acquisition commissions	137,259	129,582
Other acquisition costs	46,810	44,095
Change in deferred acquisition costs	-63	88
Premium collection commissions	11,693	11,260
Profit participation and other commissions received from reinsurers	-6,895	-6,473
Total	188,804	178,552

Note 31	31/12/2013	31/12/2012	Change
Other costs	52,826	45,961	6,865

The breakdown of this item was as shown below:

(€/000)

Other costs	31/12/13	31/12/12
Technical costs on insurance contracts	28,163	16,593
Accruals to the provision for bad debts	2,588	5,509
Foreign-exchange losses	44	-
Incidental non-operating costs	973	1,058
Annual depreciation & amortisation	15,987	15,426
Impairment loss on goodwill	-	1,795
Losses on non insurance receivables	30	55
Accruals to the provision for risks and charges	160	610
Commissions from services sector	4,861	4,868
Other costs	20	47
Total	52,826	45,961

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for € 26,126 thousand (€ 15,001 thousand at 31/12/2012) and to services supporting insurance covers and costs for premiums under litigation for € 2,037 thousand (€ 1,592 thousand at 31/12/2012),

Note 32	31/12/2013	31/12/2012	Change
Income taxes	53,378	29,942	23,436

Of this item € 84,405 thousand related to current taxes and € 31,027 thousand to deferred taxes, Income taxes are recognised in profit or loss, with the exception of those relating to items directly charged or credited to equity, in which case the tax effect is recognised directly in equity,

(€/000)

	Taxable base	Tax		
	IRES	actual	theoretical	tax rate
IRES				
Profit before taxation	107,362		29,525	27.50%
Temporary differences deductible in sunsequent years (r	101,198	27,829		25.92%
Revaluation of associates under the equity method	1,607	442		0.41%
Participating interest impairment	1,288	354		0.33%
Dividends received	-1,137	-313		-0.29%
Interests, expenses and other taxes indeductible	4,916	1,352		1.26%
Other captions	-8,925	-2,454		-2.29%
Total Change	98,947	27,210	29,525	25.34%
Current ordinary taxable base	206,309	56,735		52.84%
IRES One-off increase		16,266		15.15%
IRES total current	206,309	73,001		68.00%

Other disclosures

Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 590 as at 31 December 2013 vs, 570 present as at 31 December 2012,
The average number of in-force employees on the payroll, split by contractual grade, was as follows:

	31/12/2013	31/12/2012
Managers	26	25
Officers	146	141
Administrative staff	409	399
Total	581	565

Tax status

Insurance Business
For the 2013 tax period, according to article 2(2) of Legislative Decree no. 133/2013 (converted into law by Law 5/2014) bodies and companies in the insurance business have to pay an IRES surtax of 8.5%. This additional tax is also paid on the IRES taxable base, with the exception of the add-back from postponing the deduction to the following four financial years, in accordance with article 106(3) of Presidential Decree no. 917/1986, and write-downs and losses on amounts receivable from policyholders.
The introduction of a lump-sum surtax increased the taxes due by the parent company for 2013 by €16,266 thousand.

In accordance with Law no. 147/2013, at the end of 2013 the parent company revalued the residential buildings in Milan and the building housing its registered office. The revaluation was declared in the UNICO 2014 tax return for the 2013 tax period. As a result, the parent company will pay a substitute tax on the gains recorded and the gains will be recognised for IRES and IRAP purposes. This recognition will take effect from the 2016 tax period, unless the assets are disposed of, in which case the recognition will be postponed until 2017. The substitute tax is 16% for depreciable property and 12% for non-depreciable property, to be paid in three annual instalments without interest, the first falling due on 16.06.2014. The amount of the tax revaluation was determined by a valuation by an independent expert.

In 2009, the parent company was subject to a tax inspection by the Italian Tax Authorities for fiscal years 2004, 2005 and 2006, from which disputes related to IRES, IRAP and VAT have ensued.
Between 2009 and 2011 higher assessments for all three years under inspection were notified with details of higher IRES and IRAP, fines and interest for an overall amount of € 101 thousand; regarding VAT, the higher tax rate, the fines and interest amount to € 387 thousand.
The parent company has settled its tax obligations related to IRES and IRAP for all three years by utilizing, in its entirety, a Tax provision of approximately €101 thousand that was set aside in 2009 and which proved to be sufficient. Regarding VAT, the parent company has appealed against the assessments for the three years, obtained a favourable judgement in the first and second instance with reference to the 2004 assessment (pending appeal of the Tax Authorities with the Supreme Court of Cassation) and the first instance with reference to the assessments of 2005 and 2006 (pending an appeal with the Regional Tax Commission of Lombardy).

For the three-year period 2011-2013, the parent company confirmed or exercised its option for the National Tax Consolidation Regime (article 117 and subsequent articles of the Decree No. 917 of 22 December 1986) with the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l. (which, in 2013 but with accounting and tax effects backdated to 01.01.2013, absorbed the companies, also participating in the IRES tax consolidation, Immobiliare Bilancia Seconda S.r.l., Forum Residenze Mondadori S.r.l., Cadorna Re S.r.l. and Sivim S.r.l.), Immobiliare Bilancia Terza S.r.l. in liquidazione (whose al location plan and financial statements as at 31.12.2013 were approved in the first few months of 2014), Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l. and Vittoria Properties S.r.l. The option will be renewed for the three-year period 2014-2016 with all the above companies, with the exception of Immobiliare Bilancia Terza S.r.l. For the three-year period 2012-2014 the National Consolidated Tax Regime option was renewed for Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l. and Interbilancia S.r.l. and it was also adopted by the subsidiaries and VRG Domus S.r.l.

With reference to 2013, the parent company exercised its option to settle VAT in the context of the Group of companies pursuant to the Ministerial Decree dated 13th December 1979, together with the following controlled subsidiaries: Vittoria Immobiliare, Gestimmobili S.r.l., Interimmobili S.r.l., Acacia 2000 S.r.l., VRG Domus S.r.l., Cadorna Re S.r.l., Vittoria Properties S.r.l., Immobiliare Bilancia

Prima S.r.l., Immobiliare Bilancia Seconda S.r.l., Immobiliare Bilancia Terza S.r.l. and Forum Residenze Mondadori S.r.l.

Also for 2014 Vittoria Assicurazioni exercised this option, together with the above subsidiaries (with the exception of the wound-up company Immobiliare Bilancia Terza S.r.l., and Forum Mondadori Residenze S.r.l., Immobiliare Bilancia Seconda S.r.l., Cadorna RE S.r.l., merged into Immobiliare Bilancia Prima S.r.l. with effective date on 23.12.2013), in addition to the subsidiary Immobiliare Bilancia S.r.l.

In March 2013 the parent company, and the companies part of the IRES national tax consolidation submitted an IRES refund claim, as a result of the possibility of deducting IRAP tax related to the cost of employed personnel or personnel "engaged in an equivalent manner", in accordance with article 2 of Law Decree no. 201/2011 (the extraordinary income arising from the decreased IRES payable for 2007-2011 of around €1,800 thousand was recorded in the year ended 31.12.2012).

The Board of Directors

Milan, 7 March 2014

Annexes to Consolidated 2013 financial statements

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

Consolidation scope

	Country	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy	G	1	-	-	-	-
Vittoria Immobiliare S.p.A.	Italy	G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia Prima S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia Terza S.r.l. in liquidazione	Italy	G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Vittoria Service S.r.l.	Italy	G	11	100.00	100.00	100.00	100.00
Interbilancia S.r.l.	Italy	G	9	80.00	100.00	100.00	100.00
Acacia 2000 S.r.l.	Italy	G	10	-	65.00	65.00	100.00
Gestimmobili S.r.l.	Italy	G	11	-	80.00	80.00	100.00
Interimmobili S.r.l.	Italy	G	11	-	80.00	80.00	100.00
V.R.G. Domus S.r.l	Italy	G	10	-	100.00	100.00	100.00
Vaimm Sviluppo S.r.l.	Italy	G	10	-	100.00	100.00	100.00
Valsalaria S.r.l.	Italy	G	10	-	51.00	51.00	100.00
Aspevi Milano S.r.l.	Italy	G	11	-	100.00	100.00	100.00
Aspevi Roma S.r.l.	Italy	G	11	-	100.00	100.00	100.00
Plurico S.r.l.	Italy	G	11	-	70.00	70.00	100.00
Consorzio Servizi Assicurativi	Italy	G	11	-	65.48	68.03	100.00

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

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

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

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

List of unconsolidated investments

	Country	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
S.In.T S.p.A.	Italy	11	b	48.19	48.19	48.19	443,308
Yarpa S.p.A.	Italy	9	b	27.31	27.31	27.31	6,168,072
Touring Vacanze S.r.l.	Italy	10	b	37.00	37.00	37.00	7,625,860
Rovimmobiliare S.r.l.	Italy	10	b	-	50.00	50.00	-
Mosaico S.p.A.	Italy	10	b	-	45.00	45.00	172,840
Pama & Partners S.r.l.	Italy	10	b	-	25.00	25.00	721,118
Consorzio Movincom S.c.r.l.	Italy	11	b	28.80	28.80	28.80	33,145
VP Sviluppo 2015 S.r.l.	Italy	10	b	-	40.00	40.00	813,618
VZ Real Estate S.r.l.	Italy	10	b	-	49.00	49.00	72,692
Fiori di S. Bovio S.r.l.	Italy	10	b	-	40.00	40.00	239,079
Spefin Finanziaria S.p.A.	Italy	11	b	-	21.00	21.00	339,026
Valsalaria A.11 S.r.l.	Italy	10	b	-	40.00	40.00	90,735
Movincom Servizi S.p.A.	Italy	11	b	46.65	46.65	46.65	1,726,386

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

(2) a=subsidiaries (IAS27) ; b=associated companies (IAS28); c=*joint ventures* (IAS 31); indicate with an asterisk (*) companies classified as held for sale in compliance with IFRS 5 and show the key at the foot of the table.

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

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

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

Balance sheet by business and business line

(€/000)

		Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
		31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
1	INTANGIBLE ASSETS	23,775	27,599	6,427	6,571	558	614	7	10	0	0	30,767	34,794
2	PROPERTY, PLANT AND EQUIPMENT	85,583	132,046	21,267	61,562	403,304	384,836	111	135	2,941	923	513,206	579,502
3	REINSURERS' SHARE OF TECHNICAL RESERVES	66,999	60,384	6,164	11,367	0	0	0	0	0	0	73,163	71,751
4	INVESTMENTS	1,285,764	1,043,979	956,844	847,796	20,656	20,308	0	143	-147,231	-126,635	2,116,033	1,785,591
4.1	Investment property	46,633	0	42,876	0	0	0	0	0	0	0	89,509	0
4.2	Investments in subsidiaries and associates and interests in joint v	105,601	78,739	57,398	60,812	2,393	2,711	0	93	-146,946	-126,585	18,446	15,770
4.3	Held to maturity investments	13,511	13,520	53,796	89,432	0	0	0	0	0	0	67,307	102,952
4.4	Loans and receivables	42,335	46,792	7,578	7,566	18,204	17,423	0	0	-285	-50	67,832	71,731
4.5	Financial assets available for sale	1,077,684	904,928	729,460	627,961	59	174	0	50	0	0	1,807,203	1,533,113
4.6	Financial assets at fair value through profit or loss	0	0	65,736	62,025	0	0	0	0	0	0	65,736	62,025
5	OTHER RECEIVABLES	198,120	199,929	17,388	27,639	12,346	15,619	6,080	4,582	-13,134	-12,409	220,800	235,360
6	OTHER ASSETS	96,768	72,255	27,704	19,689	9,605	15,328	1,300	947	-1,566	-217	133,811	108,002
6.1	Deferred acquisition costs	3,071	3,382	5,239	4,865	0	0	0	0	0	0	8,310	8,247
6.2	Other assets	93,697	68,873	22,465	14,824	9,605	15,328	1,300	947	-1,566	-217	125,501	99,755
7	CASH AND CASH EQUIVALENTS	113,780	112,784	31,567	12,599	17,928	30,715	3,845	5,149	0	0	167,120	161,247
	TOTAL ASSETS	1,870,789	1,648,976	1,067,361	987,223	464,397	467,420	11,343	10,966	-158,990	-138,338	3,254,900	2,976,247
1	EQUITY											528,528	465,951
2	PROVISIONS	2,041	1,891	0	0	2,517	1,894	0	0	0	0	4,558	3,785
3	TECHNICAL RESERVES	1,287,378	1,135,599	869,045	795,849	0	0	0	0	-4,563	-1,046	2,151,860	1,930,402
4	FINANCIAL LIABILITIES	25,774	28,959	71,651	72,385	281,794	278,007	0	0	0	0	379,219	379,351
4.1	Financial liabilities at fair value through profit or loss	0	0	65,487	61,018	0	0	0	0	0	0	65,487	61,018
4.2	Other financial liabilities	25,774	28,959	6,164	11,367	281,794	278,007	0	0	0	0	313,732	318,333
5	PAYABLES	76,159	70,504	6,766	5,528	20,068	36,043	11,071	9,656	-13,285	-12,390	100,779	109,341
6	OTHER LIABILITIES	57,844	60,217	17,805	15,072	12,364	10,937	436	278	1,507	913	89,956	87,417
	TOTAL EQUITY AND LIABILITIES											3,254,900	2,976,247

Income statement by business and business line

(€/000)

		Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
1.1	Net premiums	928,630	849,085	166,115	116,868	0	0	0	0	0	0	1,094,745	965,953
1.1.1	*Gross premiums*	963,944	877,266	167,340	118,252	0	0	0	0	0	0	1,131,284	995,518
1.1.2	*Ceded premiums*	35,314	28,181	1,225	1,384	0	0	0	0	0	0	36,539	29,565
1.2	Commission income	0	0	546	599	0	0	0	0	0	0	546	599
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	0	0	20	127	0	0	0	0	0	0	20	127
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	80	1,942	998	507	-1	-5	0	-19	-751	-770	326	1,655
1.5	Gains on other financial instruments and investment property	36,814	38,467	37,664	34,298	1,030	758	80	56	0	0	75,588	73,579
1.6	Other income	6,616	6,956	230	453	6,152	6,402	8,297	7,937	-10,363	-8,787	10,932	12,961
1	TOTAL REVENUE	972,140	896,450	205,573	152,852	7,181	7,155	8,377	7,974	-11,114	-9,557	1,182,157	1,054,874
2.1	Net charges relating to claims	610,101	571,450	172,728	126,936	0	0	0	0	-3,517	-2,659	779,312	695,727
2.1.2	*Amounts paid and change in technical reserves*	638,622	595,026	173,263	127,759	0	0	0	0	-3,517	-2,659	808,368	720,126
2.1.3	*Reinsurers' share*	-28,521	-23,576	-535	-823	0	0	0	0	0	0	-29,056	-24,399
2.2	Commission expense	0	0	32	32	0	0	0	0	0	0	32	32
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	1,326	9,328	0	0	1,416	481	0	-4	0	0	2,742	9,805
2.4	Losses on other financial instruments and investment property	5,142	3,799	597	812	4,876	3,712	7	36	20	0	10,642	8,359
2.5	Operating costs	208,491	199,380	16,470	15,682	10,017	8,786	2,847	2,582	-8,584	-8,787	229,241	217,643
2.6	Other costs	33,328	34,738	10,831	4,623	1,587	1,458	7,080	5,143	0	-1	52,826	45,961
2	TOTAL COSTS	858,388	818,695	200,658	148,085	17,896	14,437	9,934	7,757	-12,081	-11,447	1,074,795	977,527
	PROFIT FOR THE YEAR BEFORE TAXATION	113,752	77,755	4,915	4,767	-10,715	-7,282	-1,557	217	967	1,890	107,362	77,347

Breakdown of other comprehensive income

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Other comprehensive income, net of taxes without reclassification to profit or loss	0	0			0	0	0	0	0	0	0	0
Changes in the equity of investees	0	0			0	0	0	0	0	0	0	0
Changes in intangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Changes in tangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0			0	0	0	0	0	0	0	0
Actuarial gains and losses and adjustments related to defined benefit plans	197	379			0	-226	197	153	75	144	350	153
Other items	0	0			0	0	0	0	0	0	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
Change in translation reserve	0	115	0	0	0	0	0	115	0	0	0	0
Gains or losses on available for sale investments	26,566	72,544	-4,449	-1,964	0	0	22,117	70,580	6,123	17,272	53,383	31,266
Gains or losses on hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the equity of investees	0	-70	0	0	0	0	0	-70	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	26,763	72,968	-4,449	-1,964	0	-226	22,314	70,778	6,198	17,416	53,733	31,419

Breakdown of financial assets

(€/000)

	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit or loss: Financial assets held for trading		Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss		Total carrying amount	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Equity and derivative instruments measured at cost	0	0	0	0	8,092	5,627	0	0	0	0	8,092	5,627
Equity instruments at fair value	0	0	0	0	91,339	95,812	0	0	8,616	5,960	99,955	101,772
of which listed	0	0	0	0	7,793	22,637	0	0	8,616	5,960	16,409	28,597
Debt securities	67,307	102,952	0	0	1,671,803	1,405,259	249	1,007	20,096	24,548	1,759,455	1,533,766
of which listed	62,344	97,941	0	0	1,671,803	1,405,259	249	1,007	20,096	24,548	1,754,492	1,528,755
OEIC units	0	0	0	0	35,969	26,415	0	0	33,822	28,347	69,791	54,762
Loans and receivables from bank customers	0	0	0	0	0	0	0	0	0	0	0	0
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deposits with ceding companies	0	0	4,620	4,618	0	0	0	0	0	0	4,620	4,618
Financial asset portion of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	40,981	41,297	0	0	0	0	0	0	40,981	41,297
Non-hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	22,231	25,816	0	0	0	0	2,953	2,163	25,184	27,979
Total	67,307	102,952	67,832	71,731	1,807,203	1,533,113	249	1,007	65,487	61,018	2,008,078	1,769,821

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

Financial and investment gains and losses/costs

(€/000)

		Interest	Other net income	Other costs	Realised gains	Realised losses	Net realised gains and losses	Valuation gains		Valuation losses		Net unrealised gains and losses	Net gains and costs/losses FY2013	Net gains and costs/losses FY2012
								Valuation capital gains	Write-backs	Valuation capital losses	Write-downs			
Investments		63,687	1,185	2,939	9,624	1,133	70,424	5,895	0	1,304	5,112	-521	69,903	66,110
a	Investment property	0	309	471	0	0	-162	0	0	650	0	-650	-812	0
b	Investments in subsidiaries and associates and interests in joint ventures	0	306	1,644	20	0	-1,318	0	0	0	1,098	-1,098	-2,416	-8,150
c	Held to maturity investments	3,174	0	0	0	0	3,174	0	0	0	0	0	3,174	4,678
d	Loans and receivables	1,211	0	0	0	0	1,211	0	0	150	0	-150	1,061	1,020
e	Financial assets available for sale	58,762	138	0	8,699	1	67,598	0	0	0	4,014	-4,014	63,584	61,332
f	Financial assets held for trading	0	0	0	9	0	9	11	0	0	0	11	20	127
g	Financial assets at fair value through profit or loss	540	432	824	896	1,132	-88	5,884	0	504	0	5,380	5,292	7,103
Other receivables		485	0	0	0	0	485	0	0	0	0	0	485	900
Cash and cash equivalents		2,809	0	0	0	0	2,809	0	0	0	0	0	2,809	1,793
Financial liabilities		-4,655	0	0	0	0	-4,655	0	0	5,992	0	-4,592	-9,247	-11,606
a	Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b	Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0	5,292	0	-5,292	-5,292	-7,103
c	Other financial liabilities	-4,655	0	0	0	0	-4,655	0	0	700	0	700	-3,955	-4,503
Payables		0	0	0	0	0	0	0	0	0	0	0	0	0
Total		62,326	1,185	2,939	9,624	1,133	69,063	5,895	0	7,296	5,112	-6,513	62,550	57,197

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

Breakdown of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Non-life reserves	1,286,528	1,134,754	850	845	1,287,378	1,135,599
Premium reserve	360,887	342,028	40	47	360,927	342,075
Claims reserve	925,232	792,317	810	798	926,042	793,115
Other reserves	409	409	0	0	409	409
of which posted following liability adequacy testing	0	0	0	0	0	0
Life reserves	859,849	790,173	4,633	4,630	864,482	794,803
Reserve for payable amounts	21,999	21,436	12	12	22,011	21,448
Mathematical reserves	805,068	741,478	4,619	4,614	809,687	746,092
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund managment	0	0	0	0	0	0
Other reserves	32,782	27,259	2	4	32,784	27,263
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	22,698	15,872	0	0	22,698	15,872
Total technical reserves	2,146,377	1,924,927	5,483	5,475	2,151,860	1,930,402

Vittoria Assicurazioni S.p.A.
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Breakdown of reinsurers' share of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Non-life reserves	**66,729**	**60,102**	**270**	**282**	**66,999**	**60,384**
Premium reserve	15,902	14,563	0	0	15,902	14,563
Claims reserve	50,827	45,539	270	282	51,097	45,821
Other reserves	0	0	0	0	0	0
Life reserves	**6,164**	**11,367**	**0**	**0**	**6,164**	**11,367**
Reserves for payable amounts	0	0	0	0	0	0
Mathematical reserves	6,136	11,332	0	0	6,136	11,332
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	28	35	0	0	28	35
Total reinsurers' share of technical reserves	72,893	71,469	270	282	73,163	71,751

Breakdown of financial liabilities

(€/000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss					
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	0	0	0	0
Liabilities from financial contracts issued by insurers arising from:	0	0	65,487	61,018	0	0	65,487	61,018
Contracts where policyholders bear investment risk	0	0	51,537	48,692	0	0	51,537	48,692
Pension-fund management	0	0	13,950	12,326	0	0	13,950	12,326
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	15,707	19,510	15,707	19,510
Negative financial components of insurance contracts	0	0	0	0	0	0	0	0
Debt securities on issue	0	0	0	0	0	0	0	0
Bank customer deposits	0	0	0	0	0	0	0	0
Interbank liabilities	0	0	0	0	0	0	0	0
Other loans received	0	0	0	0	281,094	278,007	281,094	278,007
Non-hedging derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	16,931	20,816	16,931	20,816
Total	0	0	65,487	61,018	313,732	318,333	379,219	379,351

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

(€/000)

		Level 1		Level 2		Level 3		Total	
		31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Assets and liabilities measured at fair value on a recurring basis									
Financial assets Available for sale		1,715,546	1,454,311	8,005	73,175	83,652	5,627	1,807,203	1,533,113
Financial assets at fair value through profit or loss	Financial assets held for trading	249	1,007	-	-	-	-	249	1,007
	Financial assets at fair value through profit or loss	65,487	61,018	-	-	-	-	65,487	61,018
Investment Property		-	-	-	-	-	-	-	-
Tangible assets		-	-	-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-	-	-
Total assets measured at fair value on a recurring basis		1,781,282	1,516,336	8,005	73,175	83,652	5,627	1,872,939	1,595,138
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	-	-	-	-	-	-
	Financial liabilities at fair value through profit or loss	65,127	60,434	360	584	-	-	65,487	61,018
Total liabilities measured at fair value on a recurring basis		65,127	60,434	360	584	-	-	65,487	61,018
Assets and liabilities measured at fair value on a non recurring basis									
Non-current assets or assets of a disposal group classified as held for sale		-	-	-	-	-	-	-	-
Liabilities of a disposal group classified as held for sale		-	-	-	-	-	-	-	-

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

(€/000)

	Financial assets			Financial liabilities at fair value through profit or loss	
		Financial assets at fair value through profit or loss			
	Financial assets Available for sale	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities at fair value through profit or loss
Opening balance	5,627				
Purchases/ Issues	16,704				
Sales/Repurchases	-50				
Redemptions	0				
Gains or losses charged to profit and loss	-4,129				
- of which unrealised gains/losses	0				
Gains or losses charged to other comprehensive income	0				
Moves to Level 3	65,500				
Moves to other Levels	0				
Other changes	0				
Closing balance	83,652				

Detail of insurance technical items

(€/000)

		31/12/2013			31/12/2012		
		Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non-life business							
NET PREMIUMS		963,944	35,314	928,630	877,266	28,181	849,085
a	Premiums written	982,799	36,653	946,146	898,650	29,372	869,278
b	Change in premiums reserve	18,855	1,339	17,516	21,384	1,191	20,193
NET CLAIMS COSTS		638,622	28,521	610,101	595,026	23,576	571,450
a	Amounts paid	508,253	23,131	485,122	502,214	22,768	479,446
b	Change in claims reserves	132,940	5,302	127,638	96,021	2,755	93,266
c	Change in recoveries	2,571	-88	2,659	3,209	1,947	1,262
d	Change in other technical reserves	0	0	0	0	0	0
Life business							
NET PREMIUMS		167,340	1,225	166,115	118,252	1,384	116,868
NET CLAIMS COSTS		173,263	535	172,728	127,759	823	126,936
a	Amounts paid	113,147	497	112,650	120,433	6,226	114,207
b	Change in reserve for amounts to be paid	757	0	757	-1,920	0	-1,920
c	Change in mathermatical reserves	60,641	45	60,596	5,640	-5,421	11,061
d	Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	0	0	0	0	0	0
e	Change in other technical reserves	-1,282	-7	-1,275	3,606	18	3,588

Breakdown of insurance operating costs

(€/000)

		Non-life business		Life business	
		31/12/13	31/12/12	31/12/13	31/12/12
Gross commissions and other acquisition costs		191,545	180,340	11,127	12,219
a	Acquisition commissions	140,452	131,865	3,410	4,667
b	Other acquisition costs	40,465	38,198	6,715	6,481
c	Change in deferred acquisition costs	311	381	-374	-293
d	Premium collection commissions	10,317	9,896	1,376	1,364
Profit participation and other commissions received from reinsurers		-6,665	-6,218	-229	-254
Investment management costs		997	666	724	542
Other administrative costs		22,614	24,592	4,848	3,175
Total		208,491	199,380	16,470	15,682

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013

Breakdown of property, plant and equipment and intangible assets

(€/000)

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	89,509	-	89,509
Other property	504,308	-	504,308
Other items of property, plant a	8,898	-	8,898
Other intangible assets	30,767	-	30,767

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

(€/000)

	Unit- and index-linked benefits		Benefits relating to pension-fund management		Total	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
On-balance sheet assets	51,537	48,692	13,950	12,326	65,487	61,018
Infragroup assets *	0	0	0	0	0	0
Total assets	51,537	48,692	13,950	12,326	65,487	61,018
On-balance sheet liabilities	51,537	48,692	13,950	12,326	65,487	61,018
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
Total Liabilities	51,537	48,692	13,950	12,326	65,487	61,018

* Assets and liabilities eliminated in consolidation process

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2013
Detail of reclassified financial assets and impacts on profit and loss and on other comprehensive income

(€/000)

Reclassified Financial assets categories		Activity class	Amount of Financial assets reclassified during the year at the reclassification date	Carrying amount at 31/12/2012 of reclassified assets		Fair Value at 31/12/2012 of reclassified assets		Reclassified Assets during 2013		Reclassified Assets up to 2013		Reclassified Assets during 2013		Reclassified Assets up to 2013	
				Reclassified Assets during 2013	Reclassified Assets up to 2013	Reclassified Assets during 2013	Reclassified Assets up to 2013	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses that would have been charged to profit and loss in absence of the reclassification	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification	Gains or losses that would have been charged to profit and loss in absence of the reclassification	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification
from	to														
Total			0	0	0	0	0	0	0	0	0	0	0	0	0

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

	Valore di bilancio		*Fair value*							
			Livello 1		Livello 2		Livello 3		Totale	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Assets										
Held to maturity investments	67,307	102,952	65,092	99,053	0	0	4,963	5,011	70,055	104,064
Loans and receivables	67,832	71,731	0	0	0	0	67,832	71,731	67,832	71,731
Investments in subsidiaries and associates and interests in joint ventures	18,446	15,770	0	0	0	0	18,446	15,770	18,446	15,770
Investment property	89,509	0	0	0	0	0	89,000	0	89,000	-
Tangible assets	504,308	569,691	0	0	0	0	554,739	724,256	554,739	724,256
Total assets	747,402	760,144	65,092	99,053	-	-	734,980	816,768	800,072	915,821
Liabilities										
Other financial liabilities	313,732	318,333	0	0	0	0	313,732	318,333	313,732	318,333

Management Attestation

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

1. The undersigned Roberto Guarena (as Managing Director) and 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 the administrative and accounting procedures employed to draw up consolidated financial statements during the period 1 January 2013 - 31 December 2013

2. In this respect no remarks emerged besides what already reported in Director's report to the Consolidated financial report as at 31 December 2013.

3. The undersigned also certify that:

   3.1 The consolidated financial statements as at 31 December 2013:

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

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

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

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

Milan, 07 March 2014

Roberto Guarena
Managing Director

Mario Ravasio
Manager Charged with preparing the company's financial reports

Report of Independent Auditors

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

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

1. We have audited the consolidated financial statements of Vittoria Assicurazioni S.p.A. and subsidiaries (the "Vittoria Group"), which comprise the statement of financial position as of December 31, 2013, separate income statement , the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and relative notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the Regulations issued to implement article 90 of the Law Decree N. 209/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards 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 consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements include comparative figures related to the year ended December 31, 2012. As described by Directors these figures have been restated for the application of amendments to IAS 1 – Presentation of financial statements – and to IAS 19 – Employees Benefit - , compared to figures audited and for which our auditors' reports has been issued on March 27, 2013. These changes in presentation of comparative figures and related disclosures included in the notes have been examined by us during the audit of financial statements as of December 31, 2013.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of Vittoria Assicurazioni S.p.A. as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulation issued to implement article 90 of the Law Decree N. 209/2005.

4. The Directors of Vittoria Assicurazioni S.p.A. are responsible for the preparation of Directors' Report and the annual report on corporate governance available on Vittoria Assicurazioni S.p.A.'s web site section "Governance" in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' Report 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 consolidated 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 Directors' Report 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 consolidated financial statements of Vittoria Assicurazioni as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Milan, Italy
March 28, 2014

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