



Vittoria

Assicurazioni

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

97th year of business

Consolidated
half-year financial report
as at 30 June 2018

Board of Directors' meeting
of 12 September 2018

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

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BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

GENERAL MANAGEMENT

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

INDEPENDENT AUDITOR

Deloitte & Touche S.p.A.

APPOINTMENTS AND REMUNERATION COMMITTEE

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

INTERNAL CONTROL COMMITTEE

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

FINANCE COMMITTEE

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

REAL ESTATE COMMITTEE

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

RELATED PARTIES COMMITTEE

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

STRATEGIES COMMITTEE

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

Note on the public tender offer and voluntary exchange

The Boards of Directors of Yafa S.p.A. and of Vittoria Capital S.p.A. on 16 May 2018, resolved an extraordinary transaction aimed at delisting Vittoria Assicurazioni S.p.A. through the promotion of a public tender offer and voluntary exchange promoted by Vittoria Capital S.p.A. concerning all the shares of Vittoria Assicurazioni S.p.A.. The intermediate parent company Yafa Holding S.p.A. acted in concert with the bidder of the public tender offer pursuant to art. 101-bis of the TUF.

The reasons for the offer mainly lie in the desire to pursue the simplification of governance at group level, in order to better enhance a medium-long term industrial vision of Vittoria Assicurazioni S.p.A., allowing the group headed by Yafa S.p.A. to fully integrate its activities, through a simplification of the Company's ownership structure.

Promoting the Offer, Vittoria Capital S.p.A. intends to grant to third-party shareholders of Vittoria Assicurazioni S.p.A. an opportunity to easily disinvest their shares Vittoria Assicurazioni S.p.A. and at more favorable conditions than those recorded in the last few months on the market, without prejudice, in any case, the right of these shareholders to opt for the delivery of the Alternative Price and, therefore, to continue to participate, albeit indirectly, in the capital of Issuer through Vittoria Capital S.p.A.

The communication pursuant to Article 102, paragraph 1, of Legislative Decree 24/02/1998, n. 58 - Public tender offer and voluntary exchange (takeover bid) - was carried out on 16 May 2018.

The Subscription Period to the public tender offer and voluntary exchange on all the ordinary shares of Vittoria Assicurazioni S.p.A., listed on the MTA, agreed upon with Borsa Italiana pursuant to article 40, paragraph 2, of the Issuers' Regulation, began on 23 July 2018 and ended on 31 August 2018, after the extension of the 5-day open exchange of the deadline originally established on 24 August 2018.

At the end of the Acceptance Period, the offer was submitted to the Offer n. 25,864,274 Shares, equal to approximately 94.17% of the Shares subject to the Offer and to 38.39% of the share capital of Vittoria Assicurazioni.

Therefore, taking into account the n. 25,864,274 Shares brought into compliance with the Offer, of n. 5,450,000 Shares contributed to Vittoria Capital by Yafa Holding and no. 34,464,400 Shares already held by Vittoria Capital itself, the latter, at the date of approval of this Report, holds a total of n. 65,778,674 Shares, equal to 97.62% of the share capital of Vittoria Assicurazioni S.p.A..

At today's date the Joint Procedure initiated by Vittoria Capital S.p.A. in order to exercise the Right to Purchase pursuant to Article 111 of the TUF and to comply with the Purchase Obligation pursuant to Article 108, paragraph 1, of the TUF in relation to the remaining n. 1,600,250 Vittoria Assicurazioni shares, equal to 2.38% of Vittoria Assicurazioni share capital.

Note on Vittoria Assicurazioni Group

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

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

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

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

This Report refers to the consolidated data of Vittoria Assicurazioni S.p.A., whose scope of consolidation is illustrated on page 14. Therefore, from now on in this report, the Group definition refers to Vittoria Assicurazioni S.p.A. and to companies consolidated by it.

Form and contents of report

The consolidated half-year report as at 30 June 2018 was prepared in accordance with International Accounting Standards (IASs/IFRSs) and in compliance with Article 154-*ter* of Legislative Decree 58 of 24 February 1998, the "Consolidated Law on Financial Intermediation," as amended by Legislative Decree 195 of 6 November 2007 (*Transparency*), and related implementation provisions pursuant to Article 9 of Legislative Decree 38 of 2005 and it complies with the international accounting standard applicable to interim financial reporting (IAS 34).

This report was prepared in accordance with the specifications contained in Legislative Decree no. 209 of 7 September 2005, in ISVAP Regulation no. 7 of 13 July 2007 and subsequent amendments and additions and Consob Memorandum no. 6064293 of 28 July 2006. These tables have been supplemented by additional detailed tables necessary to complete the information required by international accounting standards or useful for a better understanding of the data.

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

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

Where it was deemed necessary, in case of changes in accounting standards, accounting policies or reclassifications, the comparative figures are restated and reclassified to provide uniform and consistent disclosures. The consolidated half-year report was prepared on a going concerned perspective. All amounts are shown in thousands of Euro, unless otherwise indicated.

Accounting policies

The drafting principles and the evaluation criteria adopted for the consolidated half-year report are the same as those used for the consolidated financial statements as at 31 December 2017, to which reference should be made, without prejudice to the international accounting standards that came into effect starting from 1 January 2018, to which reference should be made to the following paragraph.

The rules for preparation and the accounting policies applied for the consolidated for this half-year report are the same as those used for the annual consolidated financial statements as at 31 December 2017. Readers should therefore refer to the “Accounting Policies” section of the Consolidated Annual Report for the year ended on 31 December 2017, without prejudice to the international accounting standards that came into effect starting from 1 January 2018, to which reference should be made to the following paragraph.

Given, however, the faster preparation required than in the case of annual financial statements and the fact that this is an interim report, use has been made – consistently with the period’s operating data – of appropriate estimation methods on technical insurance items, in relation to technical provisions.

In the presence of substantial changes to the basic assumptions, the opportunity to update the appraisals of independent experts used to determine the fair value of the financial instruments and real estate assets was assessed.

Use of estimates

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

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

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

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

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

Other relevant information

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

New accounting standards applied from 1st January 2018

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

New accounting standards that are not yet effective

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

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

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

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

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

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

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

IFRS 16 Leases (replacement of IAS 17). Qualitative analysis has not showed showed significant impact on the Group. Entry into force is fixed for the 1st January 2019.

IFRS 17 Insurance contracts. On 28 May 2017, the IASB published the Standard on Insurance Contracts, IFRS 17. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds.

The standard valuation methodology is based on three accounting models that allow the estimation of insurance contracts at current values:

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

The entry into force is set for the 1st January 2021, leaving the possibility of an early application (if IFRS 9 and IFRS 15 are applied). Vittoria Assicurazioni, in 2017, undertook the necessary stages of study and analysis of the issues, still in progress. The Directors expect that the application of IFRS 17 may have a significant impact on the recognition of insurance contracts and the related disclosures reported in the consolidated financial statements of the Group. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of insurance contracts.

Directors' report

Economic and insurance scenario

According to the latest World Economic Outlook recently published by the International Monetary Fund, global growth is expected to reach 3.9% in 2018 and 2019 in line with forecasts published at the end of the first quarter of 2018. However, the rate of economic expansion appears to be less uniform and seems to have peaked in some major world economies. The growth itself therefore appears to be less synchronized and the fears for a further slowdown appear to be concrete. Growth estimates were revised downwards for the Euro area, Japan and Great Britain mainly due to negative data on production activity at the beginning of the year. Estimates are also revised downwards among emerging and most developed economies due to rising oil prices, US bond yields, renewed commercial tensions and the pressure on currencies of weaker emerging economies. In contrast, the Chinese economy is experiencing robust growth at a rate of 6.8% per year. An improvement in the outlook is expected for the main oil producers.

The **United States** confirms the good moment of growth with a growth rate of gross domestic product of 2.9% in 2018 and 2.7% forecast for 2019. The fiscal stimulus introduced by the Government combined with the good performance of consumption support growth above potential and contribute to maintaining the level of unemployment at 3.9% (level reached almost 50 years ago) creating pressure on price stability. Imports are growing due to strong domestic demand and this increases the country's current account deficit. During the month of March, the Government imposed duties of 25% on steel and 10% on aluminum initially to some countries and then extended its application to Europe, Canada and Mexico. The countries involved have in turn announced the imposition of duties on US assets. For the time being there are no significant global effects, but a further increase in protectionist measures (or currency wars) already threatened by the main economies (China and the USA in the first place) could have a negative influence on investments and in general on growth economic. The Federal Open Market Committee (FOMC) raised interest rates in March and June, bringing them to 1.75%. The forecasts are a further increase. The rate is expected to reach 2,375% at the end of the year (FOMC Dots Data projection 2018). For the time being there are growing fears of a further flattening of the yield curve, which now sees the yield of 2-year bonds at 2.62% and 10-year bonds at 2.95%. The market questions whether the FED should continue with the rise in short-term rates in a context of still moderate inflation (PCE CORE per year at 2%). However, financial markets benefit from a favorable environment supported by growth, low inflation and good micro-economic performance. Particular attention is given to the disclosure of profits of US companies for the second quarter, which starts with profits expected to increase by 20% on an annual basis.

In **Europe**, the latest projections released by the European Central Bank (ECB) forecast a growth rate of 2.1% in 2018, 1.9% and 1.7% respectively in 2019 and 2020. If compared to the March projections the growth rate of 2018 should therefore slow down while the two following years should record a trend in line with forecasts. However, growth prospects remain solid and widespread between countries and production sectors despite recent economic data showing a less positive trend compared to previous quarters. In the first quarter of 2018, the growth rate stood at 0.4%, slowing compared to the figure for the last quarter of 2017 (+ 0.7%). The decrease reflects on one side the peak recorded in 2017 but on the other hand a growing uncertainty, a temporary decrease in demand and a lower impetus in exports. The monetary policy of the ECB remains accommodating and able to sustain domestic demand and a general process of debt reduction, especially at the family level. Private consumption is also supported by the good performance of the unemployment rate dropped to 8.4% from 9.2% recorded in May 2017 in the face of labor market reforms implemented in several EU countries. Investments are supported by favorable financial conditions, profit growth and solid demand. Inflation remains under control and as far as the CORE indicator is

well below 2% (0.9% at the end of June). Expectations are for a gradual increase towards the end of the year and in the following years in the face of a monetary policy that will remain accommodative even after the end of the Quantitative Easing (QE) scheduled for the end of December 2018 and the economic growth that will favor the recovery wages and therefore internal demand. The inflation rate, according to the most recent estimates, should stand at 1.7% at the end of 2018 and remain in this area for the next two years against a forecast increase in the price of oil. As regards monetary policy, the ECB will continue to purchase government and corporate bonds for a monthly investment of € 30 billion until the end of September 2018. Thereafter and on the condition that the trend in the inflation rate is in line with expectations, it will proceed a decrease in investments, which will remain at a total of € 15 billion until the end of 2018. In order to maintain the liquidity conditions necessary to support the current economic growth phase, the ECB will reinvest the amount of securities maturing even after the end of QE. In addition, the ECB will maintain rates at the current level at least until the summer of 2019 and in any case until this will allow a gradual and controlled increase in inflation to accompany it.

Finally, as regards the trend in interest rates, from the second half of May there was a recovery of price volatility and therefore of returns, especially in consideration of the political uncertainty situation created in Italy. This volatility has also spread to other asset classes such as equity and corporate securities. The Eurostoxx 50 index fell by 1.42% since the beginning of the year. The European stock exchanges recorded negative growth rates (apart from the French stock exchange) even if contained after a good start of the year. During the month of July, the Euro Swap rate curve returned to the levels at the beginning of the year with negative short-term (up to 2 years) rates (-0.14%) and long-term rates (10 years) below 1% (0.92%).

Finally, as regards **Italy**, the phase of weakness in manufacturing activity continues, accompanied by the decline in orders and exports, more widespread in the non-EU area. The labor market is strengthened: employment increases and unemployment is reduced. Inflation returns to increase, remaining however at rates lower than those of the euro area. The leading indicator, calculated by assessing consumer confidence, orders and industry trends, inflation and imports from Germany, shows a new deceleration, consolidating a scenario to contain the pace of economic growth. In April, the industrial production index decreased (-1.2% compared to March), returning to the negative trend at the start of the year. The decline was widespread among all industrial sectors with the exception of capital goods (+ 0.7% compared to the previous month). Data on turnover and industry orders also show signs of slowing down. In April, industry turnover measured at current prices showed a slight increase (+ 0.3% compared to the previous month) following a growth in sales on the foreign market (+ 1.2% compared to the previous month) and a decrease for those on the domestic market (-0.2% compared to the previous month). The most recent figures of foreign trade confirm conflicting trends in trade towards EU markets compared to those outside the EU. In the first quarter of 2018, the process of recovery of non-financial companies' investments showed a halt (-2.6%), remaining however at higher values than those at the end of 2017. In the same period, household spending for consumption finals recorded a marked increase (+ 0.8%), strongly accelerating compared to the previous quarter. The growth in disposable income of consumer households was moderate (+ 0.2%). As a result, the propensity to save decreased to 7.6% (0.5 percentage points less than the previous quarter). Purchasing power also decreased (-0.2%). Improvements in the labor market appear to be generalized. In May the increase in the employment rate continued (+ 0.2% compared to the previous month). The unemployment rate stands at 10.7%, (-0.3% compared to the previous month). Inflation is confirmed in a decisive recovery. According to the preliminary estimate of the index, consumer prices in June recorded a trend increase of 1.4% (+ 0.5% and + 1.0% respectively in April and May), the highest value since May 2017.

The increase mainly reflects the direct and indirect effects of higher energy prices linked to higher oil prices and the concomitant depreciation of the euro exchange rate against the dollar. In addition, food goods also showed upward pressure. With regard to the financial markets, the FTSE MIB stock index up to mid-May recorded a growth rate of 10.9% higher than the European average. Subsequently, due mainly to political uncertainties, the index recorded a sharp decline and in mid-

July it recorded a loss of 0.23% from the beginning of the year. Also in the month of May, the yield curve has undergone a marked increase particularly on maturities between 2 and 7 years (on average 100 bps). The 2-year rate of return is 0.65% while the 10-year rate is 2.66%. The spread to German 2 and 10-year bonds is +124 bps and +224 bps respectively.

With regard to the Italian insurance market, it is noted that the premiums (based on Italian GAAP) as at 31 March 2018 (Ania Trends statistic) show, compared with the same period last year, an increase of 3.0% for the Life business and a slight increase in Non-Life business of 1.7% (substantially unchanged Motor Third Party Liability trend).

The comparison with the data of Vittoria Assicurazioni is as follows:

Line of business	Change	
	Market 31/03/18 vs. 31/03/17	Vittoria Assicurazioni 30/06/18 vs. 30/06/17
Life business (*)	+3.0%	+11.5%
Non-Life business	+1.7%	+4.8%
Of wich: Motor TPL	-0.2%	+7.4%

(*) Data referring to Life business include premiums collected for unit-linked contracts and those relating to the open-end pension fund (Lob III and VI), which are not attributable to premiums by international accounting standards.

REAL ESTATE BUSINESS

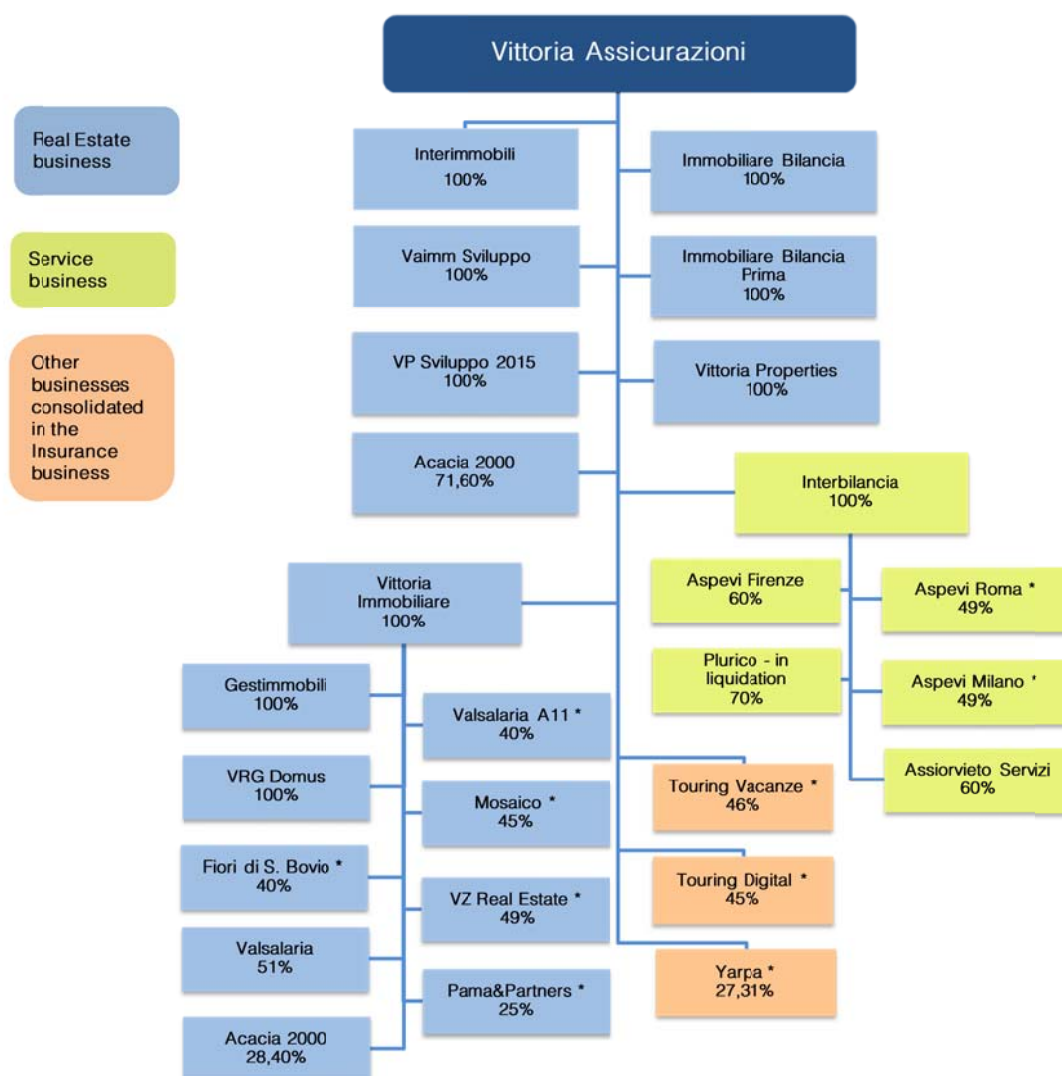
The first few months of 2018 recorded a slowdown in real estate investments, which amounted to around 1.5 billion euros, registering a decrease of about 30% compared to the same period of 2017, while maintaining a volume invested above the 10-year average.

In particular, the transactions relating to the office segment were significantly down, for which the volume invested, down by around 80%, was affected by the lack of products mainly in the city of Milan. There was an increase in transactions in the asset class retail, which in the first quarter of 2018 has approximately 600 million euro invested, which corresponds to a growth of about 35% compared to the same period of 2017. More specifically, the retail sector has benefited from the increase in investments in shopping centers and from the growing interest from investors in high street.

Relatively to the residential market, the first months of 2018 are characterized by an increase of the volumes of trading followed by a decrease of the prices, to which you/they make exception the great cities: +0,3% for the chief towns with more than 250 thousand inhabitants, -0,7% for the chief towns with less than 250 thousand inhabitants. As a result the amplification of the forbice of the middle prices among great and small centers: 2.547 European / mq against 1.643 European / mq. In comparison to 2017 an increase notices him of you purchase him in order to investment, from 2017 the 6,1% to 15,4%.

On the slope of the residential locations the question is driven from you rent him brief (temporary), favoring her new working demands of mobility and the young people (students or workers to the first employment). From the last observatory on the real estate market of Nomisma, the Italian families that look for house in lease those parties overcome to the purchase to housing purpose.

Consolidation Scope



* Companies consolidated using the equity method

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

Summary of key performance indicators of the Group*

€/million

SPECIFIC SEGMENT RESULTS					
	30/06/2018	30/06/2017	31/12/2017	Δ 30/06/2017	Δ 31/12/2017
Non Life business					
Gross Premiums written - direct Non Life business	587.8	560.9	1,148.1	4.8%	
Non Life business pre-tax result	64.7	56.8	107.2	13.9%	
(1) Loss Ratio - retained	64.3%	63.9%	65.1%	0.4	(0.8)
(2) Combined Ratio - retained	89.6%	89.6%	90.0%	(0.0)	(0.4)
(3) Expense Ratio - retained	25.0%	25.2%	24.5%	(0.2)	0.5
Life business					
Gross Premiums written - direct Life business	94.0	85.7	173.2	9.7%	
Life business pre-tax result	0.7	3.3	6.2	(79.0)%	
(4) Annual Premium Equivalent (APE)	14.1	14	28.4	0.7%	
Segregated funds portfolios	1,193.7	1090.1	1,115.2		7.0%
Index/Unit - linked and Pension funds portfolios	83.8	68.0	76.6		9.4%
Segregated fund performance: Rendimento Mensile	3.13%	2.74%	2.93%	0.39	
Segregated fund performance: Obiettivo Crescita	3.09%	2.36%	3.29%	0.73	
Segregated fund performance: Valore Crescente	4.16%	4.32%	4.21%	(0.16)	
Total Agencies	449	440	444	9	5
Real Estate business					
Sales	10.6	16.0	33.9	(33.8)%	
Trading and development margin	2.4	3.1	6.0	(32.2)%	
Real Estate business pre-tax result	(1.0)	(0.3)	(0.8)	n.s.	
CONSOLIDATED RESULTS					
	30/06/2018	30/06/2017	31/12/2017	Δ 30/06/2017	Δ 31/12/2017
Total investments	3,717.8	3,447.0	3,614.0		2.9%
Net gains on investments	26.0	24.1	47.2	8.8%	
Pre-tax result	60.5	58.2	110.8	3.9%	
Group profit (loss)	42.1	41.0	77.5	2.5%	
Equity attributable to the shareholders of the parent	839.3	766.8	828.6		1.3%
Equity attributable to the shareholders of the parent net of unrealised capital gains	774.8	714.0	751.7		3.1%
Average of employees	594	606	602	(12)	(8)

Legend

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

Technical data are determined in accordance with Italian accounting principles.

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

Performance of the Group

At 30 June 2018, net income for the Group came to €42,052 thousand, as compared to €41,009 thousand for the same period of 2017 (+2.5%).

Thanks to the continuous review of the risks in the portfolio, a careful policy of underwriting new risks and a constant pricing revision, the insurance segment result, gross of taxes and intersegment eliminations, amounted to €65,405 thousand (+8.9% compared to the result of €60,073 thousand recorded as at 30 June 2017), attributable for €64,718 thousand to the Non-life business and to €687 thousand to the Life business.

Thanks to the consolidation and to the development of the existing portfolio, the total premiums written in the Non-Life business as at 30 June 2018 amount to €587,839 thousand, versus € 560,909 thousand as at 30 June 2017 (+4.8%).

Life business premiums amounted to €93,991 thousand, an increase of 9.7% compared to the €85,685 thousand recorded as at 30 June 2017; this increase is attributed to production which took place following new distribution agreements.

Group's equity totalled €839,328 thousand, increasing by 1.3% from €828,636 thousand as at 31 December 2017.

The Group's comprehensive income statement as at 30 June 2018 amounted to €29,559 thousand, decreasing by 16.3% compared to the result of €35,317 thousand as at 30 June 2017. This reduction is mainly due to the combined effect of the time-lag that causes the reduction in the value of the securities by approaching them at the repayment price and to the increase in the interest rate curve that negatively affected the variations in unrealized gains on bonds belonging to the bond portfolio.

The real estate segment posted a negative net result for €991 thousand, compared to the negative net result of €283 as at 30 June 2017. The profit margin on notarial deeds of sale signed as at 30 June 2018 was €2,3896 thousand compared with €3,136 thousand in the previous period.

Of investments totaling €3,717,761 thousand (+2.9%) compared with 31 December 2017, €83,770 thousand (+9.4%) related to investments with risk borne by policyholders and €3,633,991 thousand (+2.7%) to investments with risk borne by the Group.

Net income from investments with risk borne by the Group amount to €26,004 thousand, compared with €23,898 thousand in the previous period (+8.8%).

As at 30 June 2018, Vittoria Assicurazioni S.p.A. posted a net income (based on Italian accounting standards) of €45,861 thousand compared with €41,805 thousand for the same period of 2017 (+9.7%).

Vittoria Assicurazioni's own funds for Solvency II purposes are largely sufficient to cover the Solvency Capital Requirement. The half year performance, allows to confirm the targets of the announced business plan 2017-2019.

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

Reclassified Profit and Loss by business segment	(€/000)			
	30/06/18	30/06/17	31/12/17	Δ
Non life business - Gross Result (excluding investments result)	55,544	53,749	104,661	+3.3%
Non life business - Gross Investments Result	9,174	3,052	2,581	+200.6%
Life business - Gross Result	687	3,272	6,208	-79.0%
Gross Insurance business Result	65,405	60,073	113,450	+8.9%
Elimination from consolidation	(3,350)	(55)	122	n.s.
Insurance business: taxes	(19,279)	(18,181)	(34,621)	+6.0%
Insurance business net contribution to Profit attributable to parent company shareholders	42,776	41,837	78,951	+2.2%
Gains on property trading	2,386	3,136	6,041	-23.9%
Real estate service revenues	680	1,017	2,320	-33.1%
Real estate business net costs	(4,698)	(4,820)	(9,778)	-2.5%
Gross Real estate business Result	(1,632)	(667)	(1,417)	+144.7%
Elimination from consolidation	(218)	(354)	(446)	-38.4%
Taxes and minority interests	796	874	1,266	-8.9%
Net Real estate business Result	(1,054)	(147)	(597)	n.s.
Net profit attributable to Life business Policyholders	63	(136)	(237)	n.s.
Real estate business net contribution to Profit attributable to parent company shareholders	(991)	(283)	(834)	n.s.
Service business net contribution to Profit attributable to parent company shareholders	236	(395)	(344)	n.s.
Gain (Loss) on discontinued operations	31	(150)	(290)	n.s.
Net Profit attributable to parent company shareholders	42,052	41,009	77,483	+2.5%
Other Comprehensive Income (Loss) net of tax	(12,493)	(5,692)	18,625	+119.5%
Comprehensive Income attributable to parent company shareholders	29,559	35,317	96,108	-16.3%

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

Strategic goals

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

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

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

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

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

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

Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to €65,405 thousand (+8.9% vs. €60,073 thousand as at 30 June 2017). The key operating items contributing to the period's result are described below.

Review of operations

Premiums as up to 30 June 2018 thus amounted to €681,830 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 1H18 AND 1H17 DIRECT AND INDIRECT BUSINESS

	(€/000)				
	30/06/2018	30/06/2017	YoY change %	% of total book	
				2018	2017
Domestic direct business					
Life business					
I Whole- and term life	90,493	73,526	23.1	13.3	11.4
IV Health (long-term care)	435	405	7.4	0.1	0.1
V Capitalisation	3,063	11,754	-73.9	0.4	1.8
Total Life business	93,991	85,685	9.7	13.8	13.3
Non-Life business					
Total non-marine lines (exc. specialty and motor)	148,813	151,685	-1.9	21.9	23.5
Total specialty lines	3,724	3,709	0.4	0.5	0.6
Total motor lines	435,224	405,470	7.3	63.8	62.6
Total Non-Life business	587,761	560,864	4.8	86.2	86.7
Total direct business	681,752	646,549	5.4	100.0	100.0
Domestic indirect business					
Non-Life business					
	78	45	73.3	0.0	0.0
Total indirect business	78	45	73.3	0.0	0.0
Grand Total	681,830	646,594	5.4	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 €11,152 thousand (€8,641 thousand in 1H17).

Overhead costs as a percentage of total direct insurance premiums (direct business) were 7.9% (vs. 8.3% in 1H17).

Commercial Organization

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

(importi in migliaia di euro)

Regioni	Agenzie	Rami danni		Rami Vita	
		Premi	%	Premi	%
NORD					
Emilia Romagna	35	46,664		12,335	
Friuli Venezia Giulia	8	6,358		407	
Liguria	17	22,379		1,434	
Lombardia	107	112,189		38,054	
Piemonte	54	51,329		3,065	
Trentino Alto Adige	9	6,972		405	
Valle d'Aosta	1	1,926		257	
Veneto	42	34,119		4,209	
Totale Nord	273	281,936	48.0	60,166	64.0
CENTRO					
Abruzzo	12	27,871		3,047	
Lazio	29	56,052		5,511	
Marche	18	20,685		2,548	
Toscana	51	66,522		5,624	
Umbria	15	28,970		3,293	
Totale Centro	125	200,100	34.0	20,023	21.3
SUD E ISOLE					
Basilicata	4	5,954		335	
Calabria	2	1,621		8	
Campania	13	24,139		1,310	
Molise	2	3,528		268	
Puglia	6	14,978		10,375	
Sardegna	11	22,309		454	
Sicilia	13	33,189		1,052	
Totale Sud e Isole	51	105,718	18.0	13,802	14.7
Totale ITALIA	449	587,754	100.0	93,991	100.0
Francia (attività in regime di L.P.S.)	0	7	0.0	0	0.0
TOTALE GENERALE	449	587,761		93,991	

During the first half year were opened 6 new agencies and 18 were reorganized.

As at 30 June 2018, Vittoria Assicurazioni is active in Italy with 449 general agencies (440 as at 30 June 2017) and 1,094 professional sub-agencies (1,099 as at 30 June 2017).

Life business

Insurance and investment contracts in the Life business

The range of products currently distributed by Vittoria Assicurazioni covers all insurance line of businesses: from savings (“revaluable” policies relating to segregated accounts), to protection (policies covering risks of death, disability, and non-self-sufficiency (i.e. long-term care) and supplementary pension plans (individual pension schemes and open-ended pension fund). The product range also includes unit-linked financial policies and composite products, which represent a new investment solution that combines return potential resulting from equity funds (Class III) and the safety of segregated fund (Class I). The strategy of containment of the products in single premiums revaluable linked to segregated funds is going on.

The lines marketed include policies that envisage the possibility of converting the benefit accrued into an annuity: conversion takes place at the conditions in force when the option is exercised.

The tariff types applied are mixed, fixed term, entire life and temporary, both in the form of annual premium and in the single premium, as well as group rates for the case of death and / or disability. The contractual conditions are constantly updated and are in line with those commodity offered by the market.

Premiums

Direct insurance business premiums recognised for the period totalled €93,991 thousand (€85,685 thousand in 1H17), split as follows:

	(€/000)				
	30/06/2018	30/06/2017	YoY change %	% of total book	
				2018	2017
Recurring premiums	22,775	23,309	-2.3	24.2	27.2
Annual premiums	71,216	62,376	14.2	75.8	72.8
Total Life business	93,991	85,685	9.7	100.0	100.0

Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities, and surrenders as at 30 June 2018, compared with data for the same period in the previous year.

	(€/000)		
	30/06/2018	30/06/2017	YoY change %
Claims	8,731	12,494	(30.1)
Accrued capital sums & annuities	20,320	25,821	(21.3)
Surrenders	23,100	20,236	14.2
Total	52,151	58,551	(10.9)

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

Non-Life Business

Premiums

Direct premiums issued totalled €587,761 thousand (€560,864 thousand for the same period of the previous year), with an increase of 4.8%.

Technical performance

NON-MARINE LINE OF BUSINESS

Premiums of the sector recorded a decrease equal to 1.9%, due exclusively to a more accurate allocation to the single ministerial line of business pertaining to premiums referring to additional guarantees sold within the motor line of business, previously assigned exclusively to the Pecuniary losses. On a like-for-like basis, the increase in premiums would have been 4.3%.

The number of policies in the portfolio in the sector increased by 10.8% compared to the same period of the previous year; the actions to develop the insurance coverage of the customers in the portfolio continue with the single car insurance policy.

The technical result is positive, a further improvement compared to the same period of the previous year, thanks to the positive contribution of Personal injury, General TPL (third-party liability) and Fire and natural elements.

The analysis by line of business highlights:

Personal injury: premiums recorded an increase of 5.7% compared to the same period of the last year. The cross-selling activity continued for the sale of the Personal injury guarantees to the already existing Motor TPL customers.

The technical result is positive, further improving compared to the same period of the previous year.

Illness: premiums remain substantially stable. The negative technical trend derives solely from an exceptional greater presence of serious claims mostly related to the guarantee of permanent disability due to illness.

Fire and natural events: premiums rose by 4.0%.

The technical result is positive, improving compared to the same period of the previous year, thanks also to the lower incidence of accidents from atmospheric phenomenon and serious claims.

Other property damage: premiums, which include the theft, hail, damage to electrical systems and the home service, recorded an increase of 4.3%.

The technical result is slightly negative, due to a slight increase in the cost of water spillage claims (conducted water and fault finding).

General TPL: premiums rose by 22.1%, partly due to a more accurate allocation to the ministerial line of business of guarantees sold complementary to the Motor TPL guarantees.

The technical balance improved compared to the same period of the previous year despite the fact that there was a greater incidence of serious claims and late claims linked to risks already closed.

Pecuniary losses: premiums written recorded a decrease of 49.0%, deriving from a more accurate allocation to other ministerial line of business of the individual risks which are priced in the accessory guarantees linked to the Motor TPL.

This Lob maintained a positive technical balance, slightly down compared to the same period of the previous year.

Legal protection: premiums increased by 15.9%. The technical balance is positive, in further improvement compared to the same period of last year.

SPECIAL BUSINESS LINE OF BUSINESS

Special Business recorded a positive technical result.

Premiums remain substantially stable, +0.4% compared to the same period of 2017.

Marine, rail, ocean, lake, river hulls: premiums decreased by 6.4%, with a positive technical balance, improving compared to the same period of the previous year.

Cargo insurance: premiums increased by 8.1%, thanks also to the development actions on the cargo companies which are already customers in the Motor business and to the development of the channel through specialized brokers in the sector.

The technical result is slightly negative due to a higher incidence of serious claims.

Credit: this line of business includes only the risks related to the Assignment of the Fifth Salary (CQS), for which it continues the management of the portfolio, without any development activity of the line of business.

The premium volume is affected by increasingly stringent reimbursement rules in the event of early repayment of the loan at the basis of insurance coverage.

The technical balance is positive, improving compared to the same period of the previous year.

Deposit: premiums written decreased by 3.5%, also driven by a more rigorous underwriting policy and by the market uncertainties in the procurement world. The technical result remains positive.

MOTOR LINE OF BUSINESS

The motor business recorded a positive technical result.

Premiums increased by 7.3%, (+3.2% in the same period of the previous year).

Land vehicle hulls: premiums show an increase of 7.1%; the development policy of customers already acquired in the TPL Motor continues.

The technical result remained positive, further improving compared to the same period of the previous year, despite the greater incidence of accidents deriving from atmospheric phenomena.

Motor Third Party Liability - sea, lake, river vehicles: premiums increased by 7.4%, also due to a more accurate allocation to the ministerial line of business of guarantees sold complementary to the car guarantees, previously attributed exclusively to the Pecuniary loss Lob. On a like-for-like basis, premium growth would have been 4.5%.

The technical result, down compared to the corresponding period of the previous year, remained positive, thanks to the constant portfolio selection actions, the pricing policies and the correct and timely management of claims.

Assistance: premiums recorded an increase of 7.7% with a technical result that further improved compared to the previous year.

Claims

Reported claims

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

	Numer of Reported claims		YoY Change %	Numer of Reported claims without consequences		YoY Change %	Numer of Reported claims closed		YoY Change %
	30/06/2018	30/06/2017		30/06/2018	30/06/2017		30/06/2018	30/06/2017	
Total non-marine lines	26,768	24,865	7.7%	3,903	2,925	33.5%	11,775	11,250	4.7%
Total specialty lines	405	419	-3.5%	71	65	8.3%	72	54	33.5%
Total motor lines	141,769	129,504	9.5%	10,293	9,233	11.5%	92,618	82,200	12.7%
Total Non-Life businesses	168,942	154,788	9.1%	14,267	12,222	16.7%	104,465	93,503	11.7%

Furthermore, no. 59,487 claims referring to "CARD claims" were received (+2.13% in 1H17). Their total cost, net of applicable deductibles, was €30,790 thousand (+11.55% in 1H17).

Claims paid

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

	(€/000)									
	Claims paid 30/06/2018			Claims recovered from reinsurers	Claims paid 30/06/2017			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reinsurers %
	Current year	Previous years	Total		Current year	Previous years	Total			
Total non-marine businesses	14,257	41,276	55,533	2,999	15,425	39,034	54,459	1,049	2.0	n.a.
Total Special businesses	239	2,722	2,961	1,165	267	5,535	5,802	1,757	-49.0	-33.7
Total motor businesses	98,413	212,304	310,717	8,168	86,516	191,256	277,772	5,023	11.9	62.6
Total Non-Life businesses	112,909	256,302	369,211	12,332	102,208	235,825	338,033	7,829	9.2	57.5

The cost includes the amount incurred in the period for the contribution to the guarantee fund for road-accident victims. This totalled €8,554 thousand vs. €7,955 thousand in 1H17.

Claims settlement speed

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

	(percentages)					
	current generation			previous generations		
	30/06/2018	30/06/2017	31/12/2017	30/06/2017	30/06/2017	31/12/2017
Accident insurance	28.23	27.08	58.84	41.03	43.29	60.19
Health insurance	64.41	69.41	85.25	57.55	64.73	77.04
Motor vehicle hulls	73.14	71.24	83.86	70.62	65.72	74.48
Fire and natural events	54.30	54.77	81.39	62.77	59.97	72.47
Miscellaneous damages - theft	65.06	65.51	88.40	73.79	74.61	84.53
Third-party motor liability	67.35	65.82	76.72	53.75	52.44	69.30
Third-party general liability	42.64	43.34	71.81	25.89	24.40	33.25

Reinsurance

LIFE BUSINESS

Outward reinsurance

With respect to Lob "I", we report an excess of loss treaty, per head and catastrophe, to protect the portfolio.

Ceded premiums in 1HY18 amounted to €608 thousand (€553 thousand in 1HY17).

Inward reinsurance

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

NON-LIFE BUSINESS

Outward reinsurance

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

The main treaties in place are the following:

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

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

Ceded premiums in 1HY18 totalled €14,827 thousand (€11,733 thousand in 1HY17).

Inward reinsurance

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

As regards credit risk, we highlight the fact that Vittoria Assicurazioni makes use of premier reinsurers; the following table shows the balance sheet transactions in place as at reporting date, by rating:

(€/000)				
Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	87	962	1,049	2.2
AA	-69	225	156	0.3
AA-	-7,329	34,746	27,417	56.8
A+	-27	2,791	2,764	5.7
A	-1,190	6,560	5,370	11.1
A3	-679	7,690	7,011	14.5
A-	262	2,011	2,273	4.7
Not rated	-507	2,754	2,247	4.7
Total	-9,452	57,739	48,287	100.0

Products - Research and Development

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

In the Life business, the marketing of new products was launched:

- the composite product called "Vittoria InvestiMeglio - Multiperformance Private", a single premium mixed insurance contract and additional payments with subscription bonus, which invests the premiums in the internal fund "Vittoria Dinamico" and in the segregated fund "Vittoria Obiettivo Crescita";
- the composite product called "Vittoria InvestiMeglio - Multiperformance", a single premium mixed insurance contract and additional payments with subscription bonus, which invests the premiums in the internal funds "Vittoria Flessibile Globale" and "Vittoria Rendita" and in the segregated fund "Vittoria Obiettivo Crescita";
- the product called "Vittoria In Azione Income" (Lob III), a single premium whole-life insurance contract. The compensation is expressed in units of the "Vittoria Rendita" internal fund. The product provides a decumulation plan with the aim of periodically paying a fixed amount (recurring services similar to scheduled partial redemptions) equal to 4% per annum of the premium invested.

Overhead costs

Overhead costs – direct business

The total amount of insurance overhead costs (Non-Life and Life business) – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets, amounted to €54,950 thousand, basically in line with what was observed in the same period of the last year (€54,181 thousand).

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

	(€/000)		
ANALYSIS OF COSTS	30/06/2018	30/06/2017	Change
Personnel expenses	28,719	28,252	1.7%
Other costs	21,117	21,444	-1.5%
Amortisation/Depreciation	5,114	4,485	14.0%
Total cost by nature	54,950	54,181	1.4%

Overhead costs as a percentage of total direct insurance premiums were 7.9% (vs. 8.3% in 1H17).

The table detailing insurance operating costs is shown in the section "Annexes to Condensed Consolidated half year Financial Statements".

Real estate business

The loss made by the real estate business, before taxes and intersegment eliminations, amounted to €1,632 thousand (loss of €667 thousand in 1H17) and featured contributors to the income statement that, before intersegment eliminations, included:

- Income on notarial deeds of sale for €10,589 thousand (€16,009 thousand in 1H17);
- Income earned on properties from trading and development totalling €2,386 thousand (€3,136 thousand in 1H17);
- Revenues from real estate brokerage and management services of €680 thousand and overall rental income of €1,656 thousand, for a total amount of €2,336 thousand (€1,686 thousand in 1H17).

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

Trading, development and lease activities

The following companies operate in this segment:

Vittoria Immobiliare SpA – Milan

100% direct equity interest

This company operates in real-estate development and trading, both directly and via special-purpose real-estate companies. Revenues from the sale of property in 1H18 amounted to €472 thousand (€1,214 thousand in 1HY17). Closing inventory totalled €16,357 thousand (€16,848 thousand as at 31 December 2017).

Immobiliare Bilancia Srl - Milan

100% direct equity interest

This company is active in real-estate trading of properties in San Donato Milanese, Rome and Genoa and in the development of an area in Florence, Viale Michelangelo. Revenues from the sale of property in 1H18 amounted to €1,400 thousand (2,943 thousand euro in 1H17). Closing inventory amounted €22,933 thousand euro (24,060 thousand euro as at 31 December 2017).

Immobiliare Bilancia Prima Srl – Milan

100% direct equity interest

The company owns a building plot in the municipality of Parma, for which the development project is being defined, a building complex with a prevalent use destination as offices in Milan, Via Adamello 10, a building activity in Rome, a complex of residential buildings in Turin, Corso Cairoli and Corso Francia and a building area located in Peschiera Borromeo, on which the construction of four buildings is in progress.

The final inventory amounted to €58,794 thousand euro (€58,462 thousand euro as at 31 December 2017).

Acacia 2000 Srl – Milan

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

The company owns a complex with a residential use destination, consisting of eight buildings and an two-level underground car park in an area located in the “Portello” area of Milan, called “Parco Vittoria Residenze”. Commercialization and leasing activities are continuing regularly, the latter resulting from the reorganization of the real estate business, with the objective of pursuing returns over time that make it attractive to purchase, in particular from institutional investors.

Revenues for the sale of property during the 1H18 amounted to €8,022 thousand euro (€11,023 thousand in the 1H17) and final inventories amounted to €187,850 thousand euro (193,494 thousand euro as at 31 December 2017).

VRG Domus Srl. - Turin

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

The company, amounted a closing inventory of €13,582 thousand euro (€12,271 thousand euro as at 31 December 2017), related to the real estate operation named “Spina 1” in Turin and to a non-residential property in Rome, Via della Vignaccia. Revenues for the sale of property in 1H18 amounted to €225 thousand euro.

Vaimm Sviluppo Srl – Milan

100% direct equity interest

The company owns building units located in Genoa, Piazza De Ferrari, Via Orefici and Via Conservatori del Mare. Revenues for the sale of property in 1H18 amounted to €180 thousand euro.

The closing inventories amounted to €46,198 thousand euro (€46,324 thousand euro as at 31 December 2017).

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. No property sales were made during the period (€325 thousand in 1H17). Therefore, the final inventories are unchanged compared to 31 December 2017, equal to €2,403 thousand euro.

VP Sviluppo 2015 Srl – Milan

100% direct equity interest

The company is managing a real-estate project in the municipality of Peschiera Borromeo (MI). Revenues from the sale of property in 1H18 amounted to €290 thousand (€505 thousand in 1H17) and the closing inventories amounted to €49,085 thousand (€49.360 thousand as at 31 December 2017).

Property management

Gestimmobili Srl, based in Milan (100% indirect equity interest via Vittoria Immobiliare S.p.A.), is the company active in this segment, i.e. in the administrative and technical management of property assets.

Revenues for services rendered in 1H2018, before elimination of infra-group services, amounted to €2,086 thousand euro (€780 thousand in 1HY17). This improvement is mainly the result of the changes made to its operating structure, which led to an increase in the activities and management and consulting services in favor of Group companies.

Service business

This segment showed a profit of the period, before taxes and elimination of infra-group transaction, of €198 thousand euro (profit of €609 thousand euro in 1H2017).

Revenues for services rendered in 1H2018 by group companies, before elimination of infra-group services, amounted to €1,511 thousand euro (€1,278 thousand euro in 1H17); these revenues included €1,323 thousand euro for commissions and services rendered to the direct operating Vittoria Assicurazioni (€1,233 thousand euro in 1H2017).

Real estate business – Service business

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

REAL ESTATE BUSINESS

(€/000)			
ANALYSIS OF COSTS	30/06/2018	30/06/2017	Change
Personnel expenses	1,580	1,663	-5.0%
Other costs	3,835	3,325	15.3%
Amortisation/Depreciation	336	316	6.3%
Total cost by nature	5,751	5,304	8.4%

SERVICE BUSINESS

(€/000)			
ANALYSIS OF COSTS	30/06/2018	30/06/2017	Change
Personnel expenses	201	156	28.9%
Other costs	526	304	73.0%
Amortisation/Depreciation	29	17	n.v.
Total cost by nature	756	477	58.5%

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

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

Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of €3,717,761 thousand with an increase of 2.9% vs. 31 December 2017. The detailed breakdown is shown in the following table:

(€/000)			
INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	30/06/2018	31/12/2017	Change
A Investments in subsidiaries and associates and interests in joint ventures	19,260	19,357	-0.5%
B Held to maturity investments	37,182	44,051	-15.6%
Loans and receivables	194,821	192,126	1.4%
- Reinsurance deposits	149	149	
- Other loans and receivables	194,672	191,977	
C Financial assets available for sale	2,435,926	2,556,399	-4.7%
- Equity investments	115,425	129,515	
- OEIC units	501,056	399,154	
- Bonds and other fixed-interest securities	1,819,445	2,027,730	
Financial assets at fair value through profit or loss	83,779	76,589	9.4%
D Financial assets held for trading	9	13	-30.8%
- Bonds and other fixed-interest securities held for trading	9	13	
E Financial assets at fair value through profit or loss	83,770	76,576	9.4%
- Investments where policyholders bear the risk	83,770	76,576	
Cash and cash equivalents	344,702	113,650	203.3%
F Total Property	602,091	611,865	-1.6%
Investment property	109,943	111,240	-1.2%
Property	492,148	500,625	-1.7%
Property under construction	52,592	50,946	
Property held for trading	344,320	352,276	
Owner-occupied property	95,236	97,403	
TOTAL INVESTMENTS	3,717,761	3,614,037	2.9%
of which			
investments where the Group bears the risk	3,633,991	3,537,461	2.7%
investments where policyholders bear the risk	83,770	76,576	9.4%

For the purposes of the information required regarding the temporary exemption from IFRS 9, it should be noted that, from the analysis conducted so far, the financial assets referred to point B (fair value as at 30 June 2018 equal to €39,284 thousand vs. a fair value of €46,849 thousand as at 31 December 2017) and the bonds and other fixed-interest securities referred to point C of the aforementioned table, fall within financial assets with contractual terms that provide for certain financial flows represented solely by payments of capital and interest on the amount of the capital to be repaid. This category does not include the assets classified under loans and receivables, the remaining assets referred to point C and the activities referred to points D and E.

With reference only to the financial assets referred to point B and to the bonds and other fixed-interest securities referred to point C, as can be seen from the table reported on page 37, as at 30 June 2018, the almost totality was classified as investment grade.

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

(€/000)

Investments - Cash and cash equivalents - Property	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	Investment property	92,938	94,016	17,005	17,224	-	-	-	-	109,943
Investments in subsidiaries	472,705	484,765	-	-	-	-	-472,705	-484,765	-	-
Investments in associates	18,196	18,369	55,291	55,072	696	621	-54,923	-54,705	19,260	19,357
Held to maturity investments	37,182	44,051	-	-	-	-	-	-	37,182	44,051
Reinsurance deposits	149	149	-	-	-	-	-	-	149	149
Other loans and receivables	196,648	193,562	11,024	11,415	-	-	-13,000	-13,000	194,672	191,977
Financial assets available for sale										
Equity investments	113,574	127,664	4	4	1,847	1,847	-	-	115,425	129,515
OEIC units	501,056	399,154	-	-	-	-	-	-	501,056	399,154
Bonds and other fixed-interest securities	1,819,445	2,027,730	-	-	-	-	-	-	1,819,445	2,027,730
Financial assets at fair value through profit or loss:										
Investments where policyholders bear the risk	83,770	76,576	-	-	-	-	-	-	83,770	76,576
Financial assets held for trading: Bonds and other fixed-interest securities	9	13	-	-	-	-	-	-	9	13
Cash and cash equivalents	309,328	84,071	32,324	26,625	3,050	2,954	-	-	344,702	113,650
Property under construction	-	-	52,592	50,946	-	-	-	-	52,592	50,946
Property held for trading	-	-	335,227	343,183	-	-	9,093	9,093	344,320	352,276
Owner-occupied property	79,410	81,345	15,826	16,058	-	-	-	-	95,236	97,403
Total	3,724,410	3,631,465	519,293	520,527	5,593	5,422	-531,535	-543,377	3,717,761	3,614,037

Investments with risk borne by Group

Investments with risks borne by the Group totalled €3,633,991 thousand (€3,537,461 thousand as at 31 December 2017).

The following transactions took place during the 1H18:

A) Investments in subsidiaries, associates and joint ventures:

Among the Group's principal associated companies we report the direct participation of 27.31% in Yarpa S.p.A., a company which carries out the role of the holding company, holding stable investment in portfolio and also provides financial advisory services. The company controls Yarpa Investimenti SGR S.p.A., an asset management company active in management of securities and real estate closed-end funds, as well as YLF S.p.A., created to manage in joint venture with LBO France private equity investments in the Italian market and targeting small and medium-sized companies.

As at 30 June 2018, the company reported a net equity's Group amounted to €39,960 thousand (€40,929 thousand as at 31 December 2017).

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

B) Held-to-maturity investments:

- redemption of bonds in the amount of €6,111 thousand;

C) Financial assets available for sale:

- reimbursement of bonds for €37,551 thousand;
- during the 1H18, in order to adjust the investment portfolio to the profitability and maturity targets consistent with the investment policy, government bonds for €333,857 thousand and corporate bonds for €10,067 thousand were sold, realizing net capital gains of €24 thousand, and government bonds for €40,165 thousand and corporate bonds for €189,916 thousand were purchased;
- purchases for €59,130 thousand of funds specialized in Infrastructure debt and reimbursement for €213 thousand;
- purchases for €10,801 thousand of funds specialized in Infrastructure equity and reimbursement for €3,910 thousand;
- purchases for €15,981 thousand of equity ETFs and sales for €9,968 thousand realizing net capital gains of €396 thousand;
- purchases for €24,685 thousand of funds specialized in Private debt and loans and reimbursement for €961 thousand;
- relating to private equity funds, payments of €7,421 thousand for recalls and €3,398 thousand of redemptions; the fair value of the company Yam Invest N.V. were decreased of 15,000 thousand euro following the receipt of a dividend of the same amount;
- subscription of the capital increase of the company Consultinvest S.p.A. for €2,500 thousand, acquiring a 9.62% stake.

F) Property

As at 30 June 2018, real estate assets totalled €602,091 thousand (€611,865 thousand as at 31 December 2017).

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

	Investment Property	Property under construction	Property held for trading	Owner- occupied property	Total
(€/000)					
Balance as at 31/12/2017	111,240	50,946	352,276	97,403	611,865
Purchase and capitalised interests paid					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)			315		315
- MILAN - Via Terraggio (via Vittoria Assicurazioni S.p.A.)	772				772
- ROME - Via Lima (via Vittoria Assicurazioni S.p.A.)	21				21
- ROME - Guattani Str. (via Immobiliare Bilancia S.r.l.)			65		65
- MILAN - Adamello Str. (via Immobiliare Bilancia Prima S.r.l.)			63		63
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)		7			7
- PESCHIERA BORROMEO (MI) - (via Immobiliare Bilancia I S.r.l.)			69		69
- TURIN - Corso Cairoli (via Immobiliare Bilancia I S.r.l.)			1		1
- ROME - Meliconi Str. (via Immobiliare Bilancia Prima S.r.l.)			24		24
- ROME - Della Vignaccia Str. (via VRG Domus S.r.l.)		1,464			1,464
- PARMA - (via Immobiliare Bilancia Prima S.r.l.)		175			175
- Miscellaneous				2	2
Total purchase and capitalised interests paid	793	1,646	537	2	2,978
Sales:					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)			(8,022)		(8,022)
- GENOA - Conservatori del Mare Str. (via Vaimm Sviluppo S.r.l.)			(180)		(180)
- MILAN - San Donato Milanese - (via Vittoria Immobiliare S.p.A.)			(130)		(130)
- TURIN - Villarfocchiardo (via Vittoria Immobiliare S.p.A.)			(28)		(28)
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)			(290)		(290)
- TORINO - "Spina 1" (via V.R.G. Domus S.r.l.)			(225)		(225)
- PAVIA - Gambolò Str. - (via Vittoria Immobiliare S.p.A.)			(104)		(104)
- PESCHIERA BORROMEO (MI) - (via Vittoria Immobiliare)			(210)		(210)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)			(1,090)		(1,090)
- FLORENCE - Michelangelo Str. (via Immobiliare Bilancia S.r.l.)			(310)		(310)
Total sales	-	-	(10,589)	-	(10,589)
Depreciations	(2,090)			(2,169)	(4,259)
Miscellaneous			(290)		(290)
Recognised gains			2,386		2,386
Balance as at 30/06/2018	109,943	52,592	344,320	95,236	602,091

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

Securities portfolio breakdown

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

NON-LIFE BUSINESS PORTFOLIO

(€/000)				
Investment nature	Amount 30/06/2018	% of breakdown	Amount 31/12/2017	% of breakdown
DEBT SECURITIES	863,382	68.9%	1,076,099	76.8%
Listed treasury bonds:	569,184	45.4%	934,405	66.7%
Fixed-interest rate	569,184	45.4%	934,405	66.7%
Listed corporate bonds:	294,078	23.5%	141,594	10.1%
Fixed-interest rate	284,336	22.7%	136,882	9.8%
Variable interest rate	9,742	0.8%	4,712	0.3%
Unlisted corporate bonds:	120	0.0%	100	0.0%
Fixed-interest rate	120	0.0%	100	0.0%
of which				
Total fixed-interest securities	853,640	98.9%	1,071,387	99.6%
Total variable-interest securities	9,742	1.1%	4,712	0.4%
Total debt securities	863,382	100.0%	1,076,099	100.0%
of which				
Total listed securities	863,262	100.0%	1,075,999	100.0%
Total unlisted securities	120	0.0%	100	0.0%
Total debt securities	863,382	100.0%	1,076,099	100.0%
EQUITY INSTRUMENTS	112,925	9.0%	129,515	9.2%
listed shares	9,756	0.8%	11,592	0.8%
unlisted equity instruments	103,169	8.2%	117,923	8.4%
OEIC UNITS	277,939	22.1%	196,151	14.0%
TOTAL	1,254,246	100.0%	1,401,765	100.0%

The fixed-income securities portfolio of Non-Life business has a duration of 4.2 years.

LIFE BUSINESS PORTFOLIO

(€/000)

Investment nature	Amount 30/06/2018	% of breakdown	Amount 31/12/2017	% of breakdown
DEBT SECURITIES	993,254	81.4%	995,695	83.0%
Listed treasury bonds:	868,880	71.2%	891,609	74.3%
Fixed-interest rate	845,274	69.3%	888,703	74.1%
Variable interest rate	23,606	1.9%	2,906	0.2%
Listed corporate bonds:	123,720	10.2%	103,324	8.7%
Fixed-interest rate	84,089	6.9%	66,686	5.6%
Variable interest rate	39,631	3.3%	36,638	3.1%
Unlisted corporate bonds:	654	0.0%	762	0.0%
Variable interest rate	654	0.0%	762	0.0%
of which				
Total fixed-interest securities	929,363	93.6%	955,389	96.0%
Total variable-interest securities	63,891	6.4%	40,306	4.0%
Total debt securities	993,254	100.0%	995,695	100.0%
of which				
Total listed securities	992,600	99.9%	994,933	99.9%
Total unlisted securities	654	0.1%	762	0.1%
Total debt securities	993,254	100.0%	995,695	100.0%
EQUITY INSTRUMENTS	2,500	0.2%	-	0.0%
unlisted equity instruments	2,500	0.2%	-	0.0%
OEIC UNITS	223,117	18.4%	203,003	16.9%
TOTAL	1,218,871	100.0%	1,198,698	100.0%

The fixed-income securities portfolio of Life business has a duration of 5.8 years.

The following tables show the carrying value of fixed-rate securities by maturity and the carrying value of floating-rate securities by type of interest rate, indicated separately in the Non-Life business portfolio and in the Life business portfolio.

NON-LIFE BUSINESS PORTFOLIO

Fixed - interest securities			(€/000)
Maturity	Amount	% of breakdown	
< 1 year	17,032	2.0%	
1<X<5	536,336	62.8%	
5<X<10	290,497	34.1%	
more	9,775	1.1%	
Total	853,640	100.0%	

Variable - interest securities				(€/000)
Type of rate	Indexation	Amount	% of breakdown	
Fixed to floater	Euroswap 5Y	5,782	59.4%	
variabile	3 months Euribor	3,960	40.6%	
Total		9,742	100.0%	

LIFE BUSINESS PORTFOLIO

Fixed - interest securities			(€/000)
Maturity	Amount	% of breakdown	
< 1 year	75,201	8.1%	
1<X<5	310,171	33.4%	
5<X<10	374,345	40.2%	
more	169,646	18.3%	
Total	929,363	100.0%	

Variable - interest securities				(€/000)
Type of rate	Indexation	Amount	% of breakdown	
Fixed to CMS	Euribor ICE	5,585	8.7%	
Fixed to CMS	Euroswap 5Y	4,937	7.7%	
Fixed to CMS	Euroswap 10Y	4,492	7.0%	
Fixed to floater	Euribor 3 months	7,701	12.1%	
Fixed to floater	Euroswap 5Y	24,499	38.4%	
Variabile	Infl linked	14,940	23.4%	
Variabile	Euribor 6 months	1,737	2.7%	
Total		63,891	100.0%	

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

As you can see from the table below, as at 30 June 2018, the nearly all corporate bonds held by the group were rated as investment grade.

(€/000)		
Rating	Amounts	% of breakdown
AAA	157,172	8.5%
AA+ / AA-	193,339	10.4%
A+ / A-	259,360	14.0%
BBB+ / BBB-	1,233,852	66.4%
Total investment grade	1,843,723	99.3%
Non investment grade	12,812	0.7%
Not rated	101	0.0%
Total	1,856,636	100.0%

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

As at 30 June 2018 these investments amounted to €83,770 thousand, increasing by 9.4% vs. 31 December 2017. Of this amount, €59,124 thousand related to unit linked policies and €24,646 thousand to the open-ended pension fund Vittoria Formula Lavoro.

Total net income showed a negative net balance of €304 thousand (positive net balance of €2,030 thousand as at 30 June 2017). As at 30 June 2018 the status of the three segments of Vittoria Assicurazioni open-ended pension fund was as follows:

	Members		Assets (€/000)	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Previdenza Garantita	432	430	7,476	7,077
Previdenza Equilibrata	510	502	9,299	9,103
Previdenza Capitalizzata	394	397	7,871	7,845

Gains and losses on investments

The following table shows the breakdown as at 30 June 2018 of net gains on investments, with the separate indication of those whose risk is borne by the policyholders' Life business:

(€/000)

Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	30/06/2018 total net gains/(losses)	30/06/2017 total net gains/(losses)
Investments	40,003	-17,802	22,201	22,624
From:				
a investment property	2,072	-2,104	-32	120
b investments in subsidiaries and associates and interests in joint ventures	-213	-	-213	-963
c held to maturity investments	750	-	750	872
d loans and receivables	221	-510	-289	314
e financial assets available for sale	37,292	-15,000	22,292	20,251
f financial assets held for trading	-	-3	-3	-
g financial assets at fair value through profit or loss	-119	-185	-304	2,030
Other receivables	164	-	164	115
Cash and cash equivalents	43	-	43	86
Financial liabilities	-116	304	188	-2,248
From:				
b financial liabilities at fair value through profit or loss	-	304	304	-2,030
c other financial liabilities	-116	-	-116	-218
Total gains and losses on financial instruments	40,094	-17,498	22,596	20,577
Real estate business				
From:				
a Gains on property trading	2,386	-	2,386	3,136
b Rent income on owner-occupied property and property held for trading	1,022	-	1,022	185
Total real estate business	3,408	-	3,408	3,321
Total gains and losses on investments	43,502	-17,498	26,004	23,898

Net income where the risk is borne by the Group amounted to €26,004 thousand, increasing by 8.8% compared with the result recorded in the same period of the previous year.

As up to 30 June 2018 the weighted average return on "Bonds and other fixed-income securities" was 1.7%, unchanged compared with compared the same period of the previous year.

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

(€/000)

Net income on investments	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/6/18	30/6/17	30/6/18	30/6/17	30/6/18	30/6/17	30/6/18	30/6/17	30/6/18	30/6/17
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-3	-	-	-	-	-	-	-	-3	-
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	-11,591	-1,112	-190	121	196	437	11,372	-409	-213	-963
Gains or losses on other financial instruments and investment property	37,620	21,485	195	41	-3	13	-15,000	1	22,812	21,540
Gains on property trading	-	-	2,386	3,136	-	-	-	-	2,386	3,136
Rent income on owner-occupied property and pr	67	66	1,128	285	-	-	-173	-166	1,022	185
Total	26,093	20,439	3,519	3,583	193	450	-3,801	-574	26,004	23,898

Financial liabilities

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

(€/000)

Financial liabilities	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	59,124	52,440	-	-	-	-	-	-	59,124	52,440
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	24,646	24,136	-	-	-	-	-	-	24,646	24,136
Reinsurance deposits	6,418	6,418	-	-	-	-	-	-	6,418	6,418
Payables to banks	-	-	9,914	9,913	-	-	-	-	9,914	9,913
Other financial payables	-	-	1,152	1,152	-	-	-	-	1,152	1,152
Other financial liabilities	147,177	143,818	-	-	-	-	-	-	147,177	143,818
Total	237,365	226,812	11,066	11,065	-	-	-	-	248,431	237,877

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

Risk Report

For the purpose of this Risk Report, it is intended to provide all the information required by IFRS 7 regarding risks arising from financial instruments and insurance products to which the Group is exposed, both information on the objectives, processes and capital management policies, according to the general principles of Solvency II regulations.

System of Internal Control and Risk Management

The risk monitoring is implemented primarily where the risk itself originates. Therefore, the implementation of activities aimed at limiting the risks is the specific duty of every person, according to their powers. In this sense, the corporate bodies of all Group companies are required to the application of appropriate control mechanisms for the mitigation of risks related to specific operations, which would assure to all levels a structured and regular course of business, internal and external regulatory compliance as well as the principles of sound and prudent management.

Vittoria Assicurazioni maintains and updates over time an internal documental complex consisting of procedures and organizational requirements, as well as arrays of activities and controls, aimed to making operational management principles, lines of general behavior, organizational models, roles and responsibilities on the management processes, then adjusting the internal operations and consequently the risk management.

Roles and responsibilities

The following are the main roles and responsibilities within the framework of Vittoria Assicurazioni's risk management system.

Government bodies

Vittoria Assicurazioni has adopted a traditional model of administration and control, where the Board of Directors is the central body of the system of corporate governance and the Board of Auditors performs control functions.

The Board is supported by specific committees created within it.

Board of Directors

Responsibility for the risk management system lies with the Board of Directors, which sets its guidelines and periodically verifies its adequacy and effectiveness, ensuring that the business risks are identified and properly managed.

The Board of Directors defines and approves policies and risk management strategies as well as the propensity, preferences and levels of tolerance to risk, defining performance targets consistent with the level of capital adequacy.

The Board ensures that senior management properly implements the risk management system in line with the guidelines provided and verify its efficiency, completeness, appropriateness and timeliness of information flows. The Board, in order to efficiently and effectively manage the risks, approves the model of powers and mandates, paying particular care to avoid an excessive concentration of powers in a single person, and puts in place monitoring tools on the exercise of delegated powers.

As a result of the identification of risks to which the Group is or could be exposed, the Board approves appropriate emergency plans in order to protect the assets and to ensure alignment with risk appetite.

Audit and Risk Committee

The main function of the Committee, as part of the management system and risk control, is to support, through adequate investigations, assessments and decisions of the Board of Directors regarding the establishment of guidelines and verification the adequacy of the management system and risk control.

Finance Committee

The main function of the Committee, as part of the risk management system, is to support the assessments and decisions of the Board of Directors with respect to the definition of investment risk management policies and strategies and in the supervision of the implementation of the same.

Strategy Committee

The Strategy Committee is responsible for supporting the Board and senior management in setting goals and business strategies.

Real Estate Committee

Real Estate Committee supervises the performance of the Group's real-estate investments, defines development strategies for the segment and periodically assesses individual investment proposals submitted in the period.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee assists the Board in defining the remuneration policy of Vittoria Assicurazioni in accordance with the principles of sound and prudent risk management and in line with the strategic objectives, ensuring that the incentive remuneration system does not encourage excessive risk exposure.

Committee for the assessment of transactions with related parties

The Committee, as part of the risk management system, expresses a motivated opinion regarding Vittoria Assicurazioni interest in making transactions with related parties and the convenience and substantial correctness of the relative conditions.

The following are the roles and responsibilities of the control functions, of the main non-Board Committees and of line functions within Vittoria Assicurazioni risk management system.

Line controls (so-called "first level controls")

They are performed from line functions, as part of the risk management system, carrying out direct control activities, each for the scope of its competence, aiming to apply the guidelines approved by the Board of Directors, in respect of:

- risk management;
- identification of risks related to its operations;
- assessment of their impact;
- monitoring of their progress on an ongoing basis;
- disclosure of information to the relevant departments;
- where necessary, activating all the required corrective actions.

Controls performed on risks and compliance (so-called "second-level controls")

Risk Management

Risk Management oversees the events included in the risk management process related to: insurance risks, market risks, credit risks, liquidity risk, reputational risk, operational risk and risks arising from belonging to the Group.

The Risk Management function supports the top management in the identification, implementation and monitoring of a system (methods and models) of assumption, assessment and management of business risks in line with the strategies, policies and risk appetite defined by the Board of Directors for Vittoria Assicurazioni and its subsidiaries.

Compliance

Compliance is the business function that oversees the risk of non-compliance, in order to prevent the risk of incurring legal or administrative sanctions, financial losses or reputational damage as a result of violations of laws, regulations or decisions of the Regulatory Authority or self-regulations.

Actuary

The Actuarial department coordinates the calculation of both Non-Life and Life technical reserves according to Solvency II principles, assesses the adequacy of both Non-Life and Life technical reserves calculated for the purposes of preparation of the Statutory Financial Statements and Solvency II and certifies the correctness of the procedures followed. The function also checks the appropriateness of the data used in support of the assumptions and the appropriateness of the methodologies, models and assumptions used and assesses the general underwriting policies and the reinsurance arrangements, giving specific opinions.

Anti-money Laundering Department

The Anti-Money Laundering department prevents and contrast money-laundering operations and the financing of terrorism, ensuring compliance with anti-money laundering laws.

With regard to the above, this department is responsible for preparing and managing the related information flows to the Supervisory Authority in the manner and timing provided by the identified doubtful operations.

Anti-fraud department

The Anti-Fraud department prevents and acts against, directly and indirectly, insurance fraud, also in cost containment perspective. In the end, the Anti-fraud department helps to define guidelines, rules and measures to prevent fraud to the detriment of Vittoria Assicurazioni, carrying out specific activities with the aim of identifying potential frauds.

Financial Reporting Officer

Financial Reporting Officer reports to the Board of Directors periodically, also via the Control and Risk Committee in which he participates, in relation to the activities performed in the exercise of his functions, aimed at ensuring the provision of appropriate administrative and accounting procedures for the preparation of financial statements, the consolidated financial statements and all other financial documents.

Risk Management Committee

Vittoria Assicurazioni has set up a Risk Management Committee in order to ensure the implementation and monitoring of a system of risk assumption, evaluation and management, consistent with the operations carried out by individual departments.

Anti-money Laundering Committee

Vittoria Assicurazioni has set up an Anti-Money Laundering Committee whose purpose is to evaluate the operations reported as unexpected by the application system or by the operational departments (Management and distribution network functions), in order to support the Head of Anti-Money Laundering department in the decision to dismiss the report or to proceed with sending it to the Financial Intelligence Unit (FIU).

Steering Committee for Disaster Recovery Emergency

Vittoria Assicurazioni has set up a special committee with the task of ensuring the presence of a disaster recovery plan, expected to meet serious emergencies that may affect the smooth business operations. The plan also is periodically updated depending on the outcome of the annual test of Recovery.

Internal audit (so-called "third-level controls")

Internal Audit

The Internal Audit function assists in the development of the risk management system by evaluating its design and monitoring its aspects of effectiveness and efficiency. It verifies the completeness, functionality, reliability and adequacy of the internal control and risk management (including the first and second level controls) as well as the company's operations to be consistent with it.

The risk management system

The risk management system is the set of rules, processes, resources (human, technological and organizational), and the tools used to support the Group's risk management strategy and allows an adequate understanding of the nature and significance of the risks to which the Group and the individual companies are exposed. The risk management system allows Vittoria Assicurazioni to have a single point of view and a holistic approach to risk management as a part of the running of business.

An integral part of the risk management system are the detailed policies that allow it to decline, consistently, the approach and methodology for the management of specific risk categories, risks within specific processes, risk mitigation techniques, methods for measuring individual risk factors, their correlations and the underlying principles, monitoring and analysis methodologies.

These risk management policies are defined and implemented with reference to the integrated view of assets and liabilities, whereas the development of techniques and asset-liability management models is crucial for the proper understanding and management of risk exposures that may result from the interrelations and the mismatch between assets and liabilities.

The processes of identification and assessment of risks are performed on an ongoing basis, to take account both of the changes in the nature and size of the business and market environment, both in the occurrence of new risks or change of the existing ones.

The risk management process of Vittoria Assicurazioni allows to detect, measure, monitor and possibly mitigate risk and consists of the following stages:

- Risk identification;
- Assessment of exposure to risks;
- Risk monitoring;
- Risk treatment.

Risk Appetite and Risk Appetite Framework

The risk appetite is the level of risk that Vittoria Assicurazioni intends to take in total and by each of the areas, and ensures an adequate level of capitalization and the pursuit of defined strategic objectives. The Framework is a set of metrics, processes and systems that support the proper management of the level and the type of risk.

The Risk Appetite adopted and reviewed periodically by the Board of Directors is defined on the basis of three dimensions: Capital, Value and Profit and results operationally in key indicators (e.g. performance and/or risk) for which appropriate thresholds are defined. The indicators are subject to continuous monitoring and the recognition of violations of the thresholds, according to different levels of early warning, allows the activation of escalation processes and of business plans revisions.

The ORSA process

The Own Risk and Solvency Assessment is an assessment of the current and prospective risk profile of Vittoria Assicurazioni. The evaluation is based on methodologies, processes and techniques appropriate to the nature, scope and complexity of the risks inherent in the business exercised. The results achieved allow Vittoria Assicurazioni to take decisions in key areas such as capital management and allocation, strategic planning, product development and design and corporate risk management.

The ORSA, representing the projection of the overall solvency needs over a period coinciding with that of the strategic plan of Vittoria Assicurazioni, reflects the risk profile, the risk appetite and business strategy.

Risk Identification

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

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

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

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

Interest rate risk: Vittoria Assicurazioni is exposed to interest rate risk with respect to the bond portfolio and insurance liabilities.

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

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

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

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

(€/000)		
Non – Life portfolio	+100BP	-100BP
Fixed-rate debt securities	(34,652)	36,970
Life portfolio		
Fixed-rate notes	(50,349)	55,837

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

(€/000)		
Non – Life portfolio	+100BP	-100BP
Floating-rate debt securities	(44)	75
Life portfolio		
Floating-rate debt securities	(1,266)	1,701

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

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

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

The **Equity risk** reflects the possible adverse changes in the level and volatility of the market value of financial instruments and equities. The parent company is exposed to equity risk with reference to shares and interests in listed and unlisted companies and units in investment funds and mutual funds. If the listed shares classified as "Financial assets available for sale", reported in the previous paragraph "Investments, Cash & cash equivalents and Property - Securities portfolio breakdown" recorded as at 30 June 2018 a loss of 10%, the Group's equity would decrease by €976 thousand.

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

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

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

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

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

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

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

As of 30 June 2018, as noted in the tables in the previous section "Investments, Cash and Properties - Securities portfolio breakdown", more than 95% of financial assets held was listed on a regulated market.

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

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

The **risk of non-compliance with standards** is defined as the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory rules (laws, regulations), of self-regulatory standards (e.g. statutes, codes of conduct, self-regulatory codes, etc.) or the risk arising from adverse changes in the law or legal guidelines.

The **reputational risk** is defined as the risk of decrease in profits or capital arising from a negative perception of the Group by its main stakeholders (customers, shareholders, investors, lenders, regulatory authorities, employees, partners, distribution network, suppliers, general public, etc.). The appreciation judgment is usually tied to the organization's quality, the characteristics and behaviors that derive from experience, from hearsay or from the observation of past actions of the organization.

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

The **risk related to the group or the risk of "contagion"** is the risk that, as a result of the relationship between the parent company and other Group entities, difficult situations that arise in an entity of the same group can propagate with negative effects on the solvency of the parent company itself. In this type of risk is included the risk of conflict of interest which is regulated by the Related Parties Procedure adopted by the parent company which defines the rules, the procedures and principles necessary to ensure the transparency and substantial and procedural fairness of transactions undertaken with related parties of the Parent Company.

Risk assessment

The assessment phase is aimed at measuring risks through quantitative methods, where it is possible, and/or qualitative methods. The quantitative measurement of risks is performed using several procedures, which are used to determine both the present situation both the medium to long-term situation.

In addition, in order to assess its vulnerability to extreme but plausible events, the Group makes use of specific quantitative techniques. In particular the stress tests allows to assess the effects on economic and financial conditions arising from specific events or from changes in a set of economic-financial and insurance variables in the event of adverse scenarios.

The quantitative techniques used by the Group determine the risk profile or the risk measure actually taken and detected at a given time instant. Any deviation from the level of risk appetite is monitored, as described in the following paragraph.

In addition, Vittoria Assicurazioni determines through quantitative measurement techniques the Solvency Capital, being the amount of equity that the Company must hold, for regulatory and capital strength, to cover risks arising from the business.

Risk Monitoring

The monitoring is based on controlling, on an ongoing basis, exposure to different types of risk and is performed by verifying:

- compliance with the principles / guidelines defined in the policies;
- compliance with risk and operational limits for specific risk categories;
- trend indicators such as those of capital value and liquidity.

The risk monitoring process is structured into three phases:

- production of a risk measurement report: the risk owner prepares reporting defined for the risk monitoring with the frequency and the operating procedures defined in the reference policy;
- analysis of the measured risk and proposal of mitigation plan: the risk owner examines data on the risk measurement report of its competence and prepares a report aimed at sharing its findings, at explaining certain phenomena encountered and possibly at proposing a plan of action to deal with the risk. The report and the reports are transmitted to the Risk Management;
- approval of a reaction and risk mitigation plan: the Risk Manager analyses information set out in reports, completes the exam with additional analysis deemed appropriate and makes the resulting evaluations. During the first meeting of the Risk Management Committee or, if deemed necessary, in a special session, mitigating/reacting plans, proposed by the responsible for the line of activity or the Risk Manager, are submitted for discussion and approval.

Risk treatment

The risk treatment of is to evaluate the possible options regarding the reaction to risk and then implement the one that is considered more appropriate. The choice, which also depends on the type and severity of the risk, is made between the following options: acceptance, avoidance, or attenuation and mitigation.

The acceptance option can result in the revision of risk targets, while avoidance can lead to re-examination of the objectives and business strategies.

The treatment that addresses the adverse consequences of action is called "risk mitigation"; while the one which affects the probability is defined action of "attenuation of risk." The risk treatment can create new risks or modify existing risks. Any violations of the risk profile, operating limits or tolerances are managed through the process of definition of recovery actions.

In particular the escalation process distinguishes stages and responsibilities depending on the severity of the violation:

- in cases of breach within the tolerance thresholds, the Vice President shall promptly inform the Audit and Risk Committee and, with the support of the Board Committees and the Risk Management Department and Senior Management, defines the eventual recovery plan;
- for breaches beyond the tolerance thresholds, the Vice President shall promptly inform the Board of Directors with the aim of establishing and approving the measures deemed necessary and the relative timing. In the definition of proposals to the Board of Directors the Board Committees, the Risk Management Department and the Senior Management are involved.

Reporting

The internal reporting system of the Group, designed for the purpose of communicating the information needed to make timely and effective decisions even in critical situations, follows the aim of promoting, at the appropriate hierarchical levels, all assumable, undertaken and future risks in the various business segments highlighting, in an integrated logic, the correlations of the risks and interrelations with the external environment.

Information flows provided by internal reporting system, as part of the risk management system, provide for the approach:

- from the top, in relation to communications from the Board of Directors to senior management and the company structures involved;
- from below, in reference to the flow of information, for the Board and the Committees, prepared especially by the control and top management functions;
- cross, alleging the information flows between the control functions and the various business units and senior management.

Infragroup and related-party transactions

Transactions with group companies referred to the normal course of business, using specific professional skills at going market rates. There were no atypical or unusual transactions.

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

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

(€/000)

Related parties	Other receivables	Loans	Other payables	Revenues	Costs	Dividends
Direct and Indirect Parent companies	9	-	50	29	50	10,882
Associates	8,042	11,614	191	290	5,115	-
Fees:						
Directors	-	-	3,029	-	2,164	-
Statutory auditors	-	-	215	-	199	-
Total	8,051	11,614	3,485	319	7,528	10,882

Relations with the Parent Companies

During the period, Vittoria Assicurazioni S.p.A. distributed dividends totaling €10,882 thousand, respectively to the direct parent company Vittoria Capital S.p.A. for €9,650 thousand and to the intermediate parent company Yafa Holding S.p.A. for €1,232 thousand.

In the period, with the direct controlling company Vittoria Capital S.p.A. and with the Intermediate Controlling Company Yafa Holding S.p.A. there are no financial or commercial relationships.

There are service contracts between the ultimate parent company Yafa S.p.A. and Vittoria Assicurazioni S.p.A., aimed at exploiting operational synergies at Group level.

Relations with the Subsidiary

As at 30 June 2018, the Vittoria Assicurazioni's National tax consolidation scheme continues to exist (Article 117 et seq of Italian Presidential Decree 917 of 22 December 1986) in relation to the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l., Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l. e Interbilancia S.r.l., VRG Domus S.r.l., Valsalaria S.r.l., VP Sviluppo 2015 S.r.l., option will be confirmed / exercised with the 2017 income tax return (Unico 2018).

With reference to 2018, Vittoria Assicurazioni S.p.A. exercised its option to settle VAT in the context of the Group pursuant to the Ministerial Decree dated 13th December 1979, together with the following controlled subsidiaries: Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Acacia 2000 S.r.l., VRG Domus S.r.l., Vittoria Properties S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia S.r.l., Valsalaria S.r.l., Vaimm Sviluppo S.r.l. and VP Sviluppo 2015 S.r.l.

Relations and transactions with associates

Mosaico S.p.A. – Turin

45.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. granted the associate an interest bearing shareholder loan, which has a balance of €1,178 thousand euro (€1,163 thousand as at 31 December 2017).

Pama & Partners S.r.l. – Genoa

25.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of €1,002 thousand, (€1,000 thousand as at 31 December 2017).

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 an interest bearing shareholder loan, which has a balance of €2,007 thousand (€2,322 thousand as at 31 December 2017).

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 €2,036 thousand (€2,126 thousand as at 31 December 2017).

Valsalaria A11 S.r.l. – Rome

40.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing loan, which has a balance of €4,801 thousand euro, unchanged with respect to 31 December 2017.

Aspevi Milano S.r.l. – Roma

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

The services rendered during the year by the company to Vittoria Assicurazioni for commissions totalled €2,396 thousand (€2,369 thousand as at 30 June 2017). Payable to Vittoria Assicurazioni amounts to €1,260 thousand (€1,879 thousand as at 31 December 2017).

Aspevi Roma S.r.l. – Roma

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

The services rendered during the year by the company to Vittoria Assicurazioni for commissions totalled €2,719 thousand. Payable to Vittoria Assicurazioni amounts to €7,158 thousand euro.

Significant events occurring after the first half 2018 and outlook

On 4 July 2018, Fitch Ratings awarded Vittoria Assicurazioni a long-term BBB rating with a stable outlook.

At the same time, Fitch has assigned to the subordinated bond that Vittoria Assicurazioni will issue, a BBB- rating.

On 6 July 2018, the company Vittoria Immobiliare S.p.A. bought the remaining 51% of the company V.Z. Real Estate S.r.l. at a price of €680 thousand thus obtaining a 100% stake in the company.

On 11 July 2018, Vittoria Assicurazioni issued a non-convertible subordinated bond in a single tranche, placed through a private placement to institutional investors. The Bond is a subordinated non-convertible bond at a fixed rate of 5.75% per annum for a total amount of € 250,000,000, consisting of no. 2,500 bonds with a par value of € 100,000 each.

The duration of the loan is 10 years from the date of issue and the deadline is expected in July 2028, except in cases of early repayment.

The Bond Loan was issued at 100% and is listed on the regulated market of the Irish Stock Exchange.

With regard to the public tender offer and voluntary exchange promoted by Vittoria Capital S.p.A. on all the shares of Vittoria Assicurazioni S.p.A., please refer to the description on page 6.

The foreseeable trend of management is in line with the latest objectives reported.

The Board of Directors

Milan, 12 September 2018

Condensed Consolidated 2018 half year financial statements

Consolidated statement of financial position

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BALANCE SHEET - ASSETS		Note	30/06/2018	31/12/2017
(€/000)				
1	INTANGIBLE ASSETS		5,501	6,673
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	5,501	6,673
2	PROPERTY, PLANT AND EQUIPMENT		498,662	507,367
2.1	Property	2	492,148	500,625
2.2	Other items of property, plant and equipment	2	6,514	6,742
3	REINSURERS' SHARE OF TECHNICAL RESERVES	3	58,756	63,263
4	INVESTMENTS		2,880,911	2,999,762
4.1	Investment property	4	109,943	111,240
4.2	Investments in subsidiaries and associates and interests in joint ventures	5	19,260	19,357
4.3	Held to maturity investments	6	37,182	44,051
4.4	Loans and receivables	6	194,821	192,126
4.5	Financial assets available for sale	6	2,435,926	2,556,399
4.6	Financial assets at fair value through profit or loss	6	83,779	76,589
5	OTHER RECEIVABLES		153,990	190,581
5.1	Receivables relating to direct insurance	7	136,568	155,238
5.2	Receivables relating to reinsurance business	8	2,613	3,045
5.3	Other receivables	9	14,809	32,298
6	OTHER ASSETS		119,158	140,567
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	10	6,044	6,236
6.3	Deferred tax assets	11	78,893	91,506
6.4	Current tax assets	12	23,667	32,552
6.5	Other assets	13	10,554	10,273
7	CASH AND CASH EQUIVALENTS	14	344,702	113,650
	TOTAL ASSETS		4,061,680	4,021,863

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

BALANCE SHEET - EQUITY AND LIABILITIES		Note	30/06/2018	31/12/2017
1	EQUITY		839,517	828,827
1.1	attributable to the shareholders of the parent		839,328	828,636
1.1.1	Share capital	15	67,379	67,379
1.1.2	Other equity instruments	15	0	0
1.1.3	Equity-related reserves	15	33,874	33,874
1.1.4	Income-related and other reserves	15	631,542	572,926
1.1.5	(Treasury shares)	15	0	0
1.1.6	Translation reserve	15	0	0
1.1.7	Fair value reserve	15	64,510	76,985
1.1.8	Other gains or losses recognised directly in equity	15	-29	-11
1.1.9	Profit for the year attributable to the shareholders of the parent		42,052	77,483
1.2	attributable to minority interests	15	189	191
1.2.1	Share capital and reserves attributable to minority interests		191	194
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		-2	-3
2	PROVISIONS	16	19,202	16,549
3	TECHNICAL RESERVES	17	2,809,172	2,773,170
4	FINANCIAL LIABILITIES		248,431	237,877
4.1	Financial liabilities at fair value through profit or loss	18	83,770	76,576
4.2	Other financial liabilities	18	164,661	161,301
5	PAYABLES		78,295	83,042
5.1	Payables arising from direct insurance business	19	12,076	9,129
5.2	Payables arising from reinsurance business	20	5,794	8,676
5.3	Other sums payable	21	60,425	65,237
6	OTHER LIABILITIES		67,063	82,398
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	22	34,783	45,645
6.3	Current tax liabilities	23	921	525
6.4	Other liabilities	24	31,359	36,228
	TOTAL EQUITY AND LIABILITIES		4,061,680	4,021,863

Income Statement

(€/000)

Income Statement		Note	30/06/2018	30/06/2017	31/12/2017
1.1	Net premiums		661,094	625,111	1,270,013
1.1.1	<i>Gross premiums</i>	25	677,799	641,846	1,311,685
1.1.2	<i>Ceded premiums</i>	25	16,705	16,735	41,672
1.2	Commission income	26	1,150	951	333
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	27	-3	0	7
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	27	308	496	529
1.5	Gains on other financial instruments and investment property	27	42,320	25,012	51,650
1.5.1	<i>Interest income</i>		16,125	14,547	29,969
1.5.2	<i>Other income</i>		25,290	10,433	19,455
1.5.3	<i>Realised gains</i>		905	32	2,226
1.5.4	<i>Unrealised gains</i>		-	-	-
1.6	Other income	28	6,947	7,594	23,483
1	TOTAL REVENUE		711,816	659,164	1,346,015
2.1	Net charges relating to claims		464,718	435,701	900,482
2.1.1	<i>Amounts paid and change in technical reserves</i>	25	475,065	445,584	942,541
2.1.2	<i>Reinsurers' share</i>	25	-10,347	-9,883	-42,059
2.2	Commission expense	29	262	389	117
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	27	521	1,459	1,717
2.4	Losses on other financial instruments and investment property	27	19,508	3,472	9,971
2.4.1	<i>Interest expense</i>		116	219	342
2.4.2	<i>Other expense</i>		1,353	1,225	2,588
2.4.3	<i>Realised losses</i>		425	7	149
2.4.4	<i>Unrealised losses</i>		17,614	2,021	6,892
2.5	Operating costs		149,600	143,585	289,860
2.5.1	<i>Commissions and other acquisition costs</i>	30	121,098	117,792	238,921
2.5.2	<i>Investment management costs</i>	30	938	886	2,019
2.5.3	<i>Other administrative costs</i>	30	27,564	24,907	48,920
2.6	Other costs	31	16,750	16,358	33,030
2	TOTAL COSTS		651,359	600,964	1,235,177
	PROFIT FOR THE YEAR BEFORE TAXATION		60,457	58,200	110,838
3	Income taxes	32	18,438	17,012	33,068
	PROFIT FOR THE YEAR		42,019	41,188	77,770
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS		31	- 150	- 290
	CONSOLIDATED PROFIT (LOSS)		42,050	41,038	77,480
	of which attributable to the shareholders of the parent		42,052	41,009	77,483
	of which attributable to minority interests	15	-2	29	-3
	Basic EARNINGS per share		0.62	0.61	1.15
	Diluted EARNINGS per share		0.62	0.61	1.15

Statement of Comprehensive Income

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2018

(€/000)

	30/06/2018	30/06/2017	31/12/2017
COMPREHENSIVE INCOME (LOSS)			
CONSOLIDATED PROFIT (LOSS)	42,050	41,038	77,480
Other comprehensive income, net of taxes without reclassification to profit or loss	- 18	188	252
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	- 18	188	252
Other items	-	-	-
Other comprehensive income, net of taxes with reclassification to profit or loss	-12,475	-5,880	18,373
Change in translation reserve	-	-	-
Gains or losses on available for sale investments	-12,475	-5,880	18,373
Gains or losses on hedging instruments	-	-	-
Gains or losses on hedging instruments of net investment in foreign operations	-	-	-
Changes in the equity of investees	-	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-	-
Other items	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	-12,493	-5,692	18,625
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	29,557	35,346	96,105
of which attributable to the shareholders of the parent	29,559	35,317	96,108
of which attributable to minority interests	-2	29	-3

Statement of changes in equity

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 30 June 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Balance at 31/12/2016	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 30/06/2017
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0		67,379
	Other equity instruments	0	0	0		0		0
	Equity-related reserves	33,874	0	0		0		33,874
	Income-related and other reserves	450,642	0	135,367		(14,150)	0	571,859
	(Treasury shares)	0	0	0		0		0
	Profit/(Loss) for the year	135,367	0	-94,358		0		41,009
	Other comprehensive income	58,349	0	-4,985		-707	0	52,657
	Total attributable to the shareholders of the parent	745,611	0	36,024	-707	-14,150	0	766,778
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	199	0	-5		0	0	194
	Gains or losses recognised directly in equity	-5	0	34		0		29
	Other comprehensive income	0	0	0		0	0	0
	Total attributable to minority interests	194	0	29	0	0	0	223
Total	745,805	0	36,053	-707	-14,150	0	767,001	

(€/000)

		Balance at 31/12/2017	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 30/06/2018
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0		67,379
	Other equity instruments	0	0	0		0		0
	Equity-related reserves	33,874	0	0		0		33,874
	Income-related and other reserves	572,926	0	77,483		-18,867	0	631,542
	(Treasury shares)	0	0	0		0		0
	Profit/(Loss) for the year	77,483	0	-35,431		0		42,052
	Actuarial gains and losses and adjustments related to defined benefit plans							
	Other reserves							
	Other comprehensive income	76,974	0	-12,012		-481	0	64,481
	Total attributable to the shareholders of the parent	828,636	0	30,040	-481	-18,867	0	839,328
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	194	0	-3		0	0	191
	Gains or losses recognised directly in equity	-3	0	1		0		-2
	Other comprehensive income	0	0	0		0	0	0
Total attributable to minority interests	191	0	-2	0	0	0	189	
Total	828,827	0	30,038	-481	-18,867	0	839,517	

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

Cash flow statement – indirect method

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 30 June 2018

(€/000)

	30/06/2018	30/06/2017
Profit for the year before taxation	60,457	58,200
Change in non-monetary items	34,023	33,435
Change in non-life premium reserve	5,301	9,197
Change in claims reserve and other non-life technical reserves	10,061	15,126
Change in mathematical reserves and other life technical reserves	25,147	23,712
Change in deferred acquisition costs	192	45
Change in provisions	2,653	-995
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-15,213	-963
Other changes	5,882	-12,687
Change in receivables and payables arising from operating activities	31,844	8,403
Change in receivables and payables relating to direct insurance and reinsurance	19,167	22,275
Change in other receivables and payables	12,677	-13,872
Taxes paid	-18,438	-17,012
Net cash flow generated by/used for monetary items from investing and financing activities	4	0
Liabilities from financial contracts issued by insurance companies	7,194	11,164
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	-7,190	-11,164
NET CASH FLOW FROM OPERATING ACTIVITIES	107,890	83,026
Net cash flow generated by/used for investment property	1,297	-6,204
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	292	1,634
Net cash flow generated by/used for loans and receivables	-2,695	-37,056
Net cash flow generated by/used for held to maturity investments	6,869	756
Net cash flow generated by/used for financial assets available for sale	122,997	77,777
Net cash flow generated by/used for property, plant and equipment	9,877	10,147
Other net cash flows generated by/used for investing activities	31	-150
NET CASH FLOW FROM INVESTING ACTIVITIES	138,668	46,904
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	-18,866	-14,150
Net cash flow generated by/used for share capital and reserves attributable to minority interests	0	0
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	3,360	21,624
NET CASH FLOW FROM FINANCING ACTIVITIES	-15,506	7,474
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	113,650	262,936
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	231,052	137,404
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	344,702	400,340

Notes to the consolidated interim financial statements

The notes to the consolidated interim financial statements comprise:

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

Principles used in the preparation of the following Explanatory Notes, are described in section “Form and content”, “Accounting policies” and “Use of estimates” .

Notes of a general nature

The table below lists the companies included in the consolidated financial statements with the full consolidation method under IFRS 10.

A) Consolidation scope

Name	Registered offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	112,418,835	100.00		
Interimmobili S.r.l.	Rome	100,000	100.00		
Immobiliare Bilancia S.r.l.	Milan	6,650,000	100.00		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00		
Vittoria Properties S.r.l.	Milan	8,000,000	100.00		
Interbilancia S.r.l.	Milan	80,000	100.00		
Vaimm Sviluppo S.r.l.	Milan	3,000,000	100.00		
VP Sviluppo 2015 S.r.l.	Milan	2,000,000	100.00		
Acacia 2000 S.r.l.	Milan	369,718	71.60	28.40	Vittoria Immobiliare S.p.A.
Gestimmobili S.r.l.	Milan	104,000		100.00	
V.R.G. Domus S.r.l.	Turin	800,000		100.00	
Valsalaria S.r.l.	Rome	60,000		51.00	
Assiorvieto Servizi S.r.l.	Orvieto	12,500		60.00	Interbilancia S.r.l.
Aspevi Firenze S.r.l.	Florence	25,000		60.00	
Plurico S.r.l. - in liquidation	Milan	10,000		70.00	

The table relating to the Consolidation scope is shown in the specific section dedicated to the "Attachments to the condensed consolidated half year financial statements".

During the first half of the year, the company Plurico S.r.l was put into liquidation.

With reference to the internal insurance funds "Unit Linked", Vittoria Assicurazioni does not control these funds inasmuch the conditions for control under IFRS 10 are not met. For further details please refers to the Consolidated financial report as at 31 December 2017.

The table below lists the companies included in the consolidated financial statements accounted for using the equity method in accordance with IAS 28.

B) Consolidated equity investments using the equity method

Name	Registered offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
Yarpa S.p.A.	Genoa	30,000,000	27.31		
Touring Vacanze S.r.l.	Milan	12,900,000	46.00		
Touring Digital S.r.l.	Milan	1,800,000	45.00		
Aspevi Milano S.r.l.	Milan	100,000		49.00	Interbilancia S.r.l.
Aspevi Roma S.r.l.	Rome	50,000		49.00	
Mosaico S.p.A.	Turin	500,000		45.00	} Vittoria Immobiliare S.p.A.
Pama & Partners S.r.l.	Genoa	1,200,000		25.00	
Fiori di S. Bovio S.r.l.	Milan	30,000		40.00	
Valsalaria A.11 S.r.l.	Rome	33,715		40.00	
VZ Real Estate S.r.l.	Turin	100,000		49.00	

The table relating to the detail of consolidated investments is shown in the specific section dedicated to the "Attachments to the condensed consolidated half year financial statements".

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

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 ISVAP ordinance already mentioned earlier – are shown in the specific section “Annexes to Consolidated interim financial statements”.

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

(€/000)

Assets	Italy		Europe		Rest of the World		Total	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Debt instruments	852,187	875,652	921,339	1,157,842	83,110	38,300	1,856,636	2,071,794
Equity instruments and OEIC units	109,997	104,266	506,484	424,403	-	-	616,481	528,669
Property	602,091	611,865	-	-	-	-	602,091	611,865
Other assets	986,472	809,527	-	-	-	-	986,472	809,527
Total	2,550,747	2,401,311	1,427,823	1,582,246	83,110	38,300	4,061,680	4,021,856

(€/000)

Deferred costs	North		Italy Centre		South and Islands		Total external deferred costs	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Other property, plant and equipment	6,494	6,717	20	25	-	-	6,514	6,742
Other intangible assets	5,501	6,672	-	1	-	-	5,501	6,673
Owner-occupied property	94,274	96,676	962	727	-	-	95,236	97,403
Total	106,269	110,065	982	753	-	-	107,251	110,818

(€/000)

Revenue (gross of intersegment eliminations)	North		Italy Centre		South and Islands		Europe		Total	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Insurance premiums - direct business	342,102	320,923	220,123	214,354	119,520	111,250	7	21	681,752	646,548
Trading and construction profits	2,307	2,319	79	817	-	-	-	-	2,386	3,136
Services and rent income	3,170	2,414	257	450	-	1	-	-	3,427	2,865
rentals from real estate investments	2,894	2,979	4	4	-	-	-	-	2,898	2,983
Total	350,473	328,635	220,463	215,625	119,520	111,251	7	21	690,463	655,532

Specific explanatory notes to accounts

Consolidated Balance Sheet

Note 2	30/06/2018	31/12/2017	Change
Other intangible assets	5,501	6,673	-1,172
Other items of property, plant and equipment	6,514	6,742	-228
Property	492,148	500,625	-8,477

Other intangible assets

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

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

- Software: between 5 to 10 years;
- Other intangible assets: between 2 to 5 years;

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

Other items of property, plant, and equipment

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

- Furniture, fittings, plant and equipment: between 5 to 10 years;
- Ordinary and electronic office machines: between 3 to 5 years;
- Cars: between 4 to 5 years.

Property

The following table shows the breakdown of this item:

	30/06/2018	31/12/2017	(€/000)
			Change
Owner-occupied property	95,236	97,403	-2,167
Property held for trading	344,320	352,276	-7,956
Property under construction	52,592	50,946	1,646
Total	492,148	500,625	-8,477

▪ Owner-occupied property

The book value of owner-occupied property as at 30 June 2018 refers for €14,212 thousand to property of the subsidiary Vittoria Properties Srl, for €1,614 thousand to property owned by Vittoria Immobiliare SpA, for €79,410 thousand to properties of Vittoria Assicurazioni SpA, of which €72,172 thousand relating to the Company's headquarters.

The following table shows the reconciliation of changes occurring during 1H18:

	31/12/2017	Acquisitions	Improvement costs	Sales	Depreciation	30/06/2018
Owner-occupied property						
Gross carrying amount	127,962	2	-2	0	0	127,962
Accumulated depreciation	30,559	0	-2	0	2,169	32,726
Carrying amount	97,403	2	0	0	(2,169)	95,236

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

The owner-occupied property current value as at 30 June 2018, allocated to level 3 of the fair value hierarchy, is equal to €144,837 thousand, determined by the valuation carried out by the independent expert on 31 December 2017 using the comparative method and the income method of direct capitalization.

▪ Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 1H18:

	Trading activities	Construction work	(€/000)
Property			Total
Carrying amount as at 31/12/2017	352,276	50,946	403,222
Acquisitions, net of capitalised financial charges	537	1,646	2,183
Sales	(10,589)	0	-10,589
Recognised gains (losses)-write off included	2,386	0	2,386
Reclassifications	(290)	0	-290
Carrying amount as at 30/06/2018	344,320	52,592	396,912

Please refer to the Report on Operations for details on the principal real estate activities carried out during the first half of the year. The current value allocated to level 3 of the fair value hierarchy, is equal to €410,083 thousand determined by the estimation made by the independent expert on 31.12.2017 using the income method of processing and the discounted cash flow and adjusted by moving exchanged in the first half of 2018.

Note 3	30/06/2018	31/12/2017	Change
Reinsurers' share of technical reserves	58,756	63,263	-4,507

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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Non-life reserves	53,388	57,635	319	310	53,707	57,945
Premium reserve	12,133	13,403	-	-	12,133	13,403
Claims reserve	41,255	44,232	319	310	41,574	44,542
Other reserves	-	-	-	-	-	-
Life reserves	5,049	5,318	-	-	5,049	5,318
Reserve for payable amounts	2,598	3,037	-	-	2,598	3,037
Mathematical reserves	2,422	2,250	-	-	2,422	2,250
Other reserves	29	31	-	-	29	31
Total reinsurers' share of technical reserves	58,437	62,953	319	310	58,756	63,263

Note 4	30/06/2018	31/12/2017	Change
Investments properties	109,943	111,240	-1,297

The item includes property which comes within the scope of IAS 40, i.e. which is held to earn rentals. This item includes mainly property owned in the Portello district to tertiary use.

Real estate investments current value as at 30 June 2018, allocated to level 3 of the fair value hierarchy, is equal to €126,321 thousand and it is determined on the basis of independent appraisals carried out as at 31 December 2017 and adjusted for changes during the half-year 2018.

Note 5	30/06/2018	31/12/2017	Change
Investments in subsidiaries and associates and interests in joint-ventures	19,260	19,357	-97

The breakdown of this item was as follows:

	(€/000)	
Investments in associates	30/06/2018	31/12/2017
Yarpa. S.p.A.	10,912	11,177
Touring Digital S.r.l.	403	339
VZ Real Estate S.r.l.	0	0
Mosaico S.p.A.	67	67
Pama & Partners S.r.l.	293	293
Aspevi Roma S.r.l.	520	487
Aspevi Milano S.r.l.	176	133
Fiori di S. Bovio S.r.l.	0	0
Valsalaria A.11 S.r.l.	6	7
Touring Vacanze S.r.l.	6,883	6,854
Total carrying amount	19,260	19,357

The Group interest of results of associates corresponds to a negative net balance of € 213 thousand (€ 308 thousand write-ups and write-downs of € 521 thousand).

Due to the negative results, we confirmed to zero the investments in the associate companies VZ Real Estate S.r.l. and Fiori di S. Bovio S.r.l..

The decreasing of the item in the financial statement with amount of 97 thousand euro reflects all investments and divestments made during the period and shown in the Directors' report, 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 31/12/2017	19,357
Acquisitions and subscriptions	418
VZ Real Estate S.r.l.	229
Fiori di S. Bovio S.r.l.	12
Touring Digital S.r.l.	177
Change due to equity method measurement	-213
Yarpa. S.p.A.	145
VZ Real Estate S.r.l.	-332
Aspevi Roma S.r.l.	33
Aspevi Milano S.r.l.	103
Fiori di S. Bovio S.r.l.	-75
Valsalaria A.11 S.r.l.	-1
Touring Digital S.r.l.	-113
Touring Vacanze S.r.l.	27
Elimination of dividends	-470
Other changes	167
Carrying amount as at 30/06/2018	19,260

The following table shows the main financial and economic data of the main associated companies (datas referes):

(€/000)								
Denomination	Main financial-economic data							
	Total asset	Cash and cash equivalents	Total equity and liabilities	Equity	Profit (loss) for the year	Dividends paid out	Costs	Revenues
Yarpa Group S.p.A.	44,195	12,058	686	43,509	1,991	201	1,410	2,336
Touring Vacanze S.r.l.	16,352	2	1,453	14,899	81	-	401	482

Note 6 30/06/2018 31/12/2017 Change

Held to maturity investments	37,182	44,051	-6,869
Loans and receivables	194,821	192,126	2,695
Financial assets available for sale	2,435,926	2,556,399	-120,473
Financial assets at fair value through profit or loss	83,779	76,589	7,190

To complete the information disclosed below, reference should be made to the information already given in great detail in the Directors' Report in the sections "Investments – Cash & cash equivalents – Property" and "Risk Report".

Below is a detailed statement of the breakdown of financial assets:

	(€/000)											
	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit or loss				Total carrying amount	
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	Financial assets held for trading		Financial assets at fair value through profit or loss			
30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	
Equity and derivative instruments measured at cost	0	0	0	0	10,910	8,439	0	0	0	0	10,910	8,439
Equity instruments at fair value	0	0	0	0	104,515	121,076	0	0	593	342	105,108	121,418
of which listed	0	0	0	0	9,756	11,592	0	0	593	342	10,349	11,934
Debt securities	37,182	44,051	0	0	1,819,445	2,027,730	9	13	9,801	11,622	1,866,437	2,083,416
of which listed	36,510	43,265	0	0	1,819,344	2,027,629	9	13	9,801	11,622	1,865,664	2,082,529
OEIC units	0	0	0	0	501,056	399,154	0	0	66,709	60,246	567,765	459,400
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	149	149	0	0	0	0	0	0	149	149
Financial asset portion of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	46,905	47,570	0	0	0	0	0	0	46,905	47,570
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	147,767	144,407	0	0	0	0	6,667	4,366	154,434	148,773
Total	37,182	44,051	194,821	192,126	2,435,926	2,556,399	9	13	83,770	76,576	2,751,708	2,869,165

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

The following table shows changes in financial assets – for which risk is borne by Group companies – referring to shares and quotas, bonds and other fixed-income securities, and units in UCITS (Undertakings for Collective Investment in Italian Transferable Securities) and units in AIF (Alternative Investment Funds). In addition, changes in assets for which risk is borne by policyholder and those relating to pension-fund management are shown separately.

(€/000)

	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	UCITS AIF units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
Carrying amount at 31/12/2017	44,051	129,515	399,154	2,027,730	2,556,399	76,576	13	2,677,039
Acquisitions and subscriptions		2,500	118,018	230,081	350,599	11,096		361,695
Sales and repayments	-6,111		-18,450	-381,475	-399,925	-4,468		-410,504
Other changes:								
- effective interest adjustments	16			-11,160	-11,160			-11,144
- fair value adjustments			2,469	-40,776	-38,307	43	-4	-38,268
- charged to P&L		-1,561	-135	-537	-2,233			-2,233
- rate changes	-774			-4,418	-4,418			-5,192
- other changes		-15,029			-15,029	523		-14,506
Carrying amount at 30/06/2018	37,182	115,425	501,056	1,819,445	2,435,926	83,770	9	2,556,887

Loans and receivables

As at 30 June 2018 loans and receivables totalled 194,821 thousand euro (192,126 thousand euro as at 31 December 2017).

The item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Fiori di San Bovio S.r.l., Pama & Partners S.r.l., VZ Real Estate S.r.l. and Valsalaria A11 S.r.l. for a total of 11,024 thousand euro (11,412 thousand euro as at 31 December 2017);
- loans granted by Vittoria Assicurazioni to third parties and secured by mortgages for a total of 2,452 thousand euro (2,579 thousand euro as at 31 December 2017);
- 607 thousand euro in loans against life insurance policies (640 thousand euro as at 31 December 2017);
- loans and receivables from agents, the latter comprising recoveries of compensation paid to terminated agents, and loans granted to employees for a total of 28,983 thousand euro (28,705 thousand euro as at 31 December 2017);
- 333 thousand euro in loans granted to the company Spefin Finanziaria S.p.A. (633 thousand euro as at 31 December 2017);
- 590 thousand euro in loans granted to the company Aspevi Milano S.p.A., unchanged compared to 31 December 2017;
- the corresponding entry for Vittoria Assicurazioni's commitments for payments to finance investments in private equity, private debt and infrastructure funds amounted to 147,177 thousand euro (143,818 thousand euro at 31 December 2017). The related commitments are recorded under "Other financial liabilities" in note 18;

- time deposit at the bank “Banca del Gran Sasso d’Italia” for a total amount of 3,000 thousand euro on behalf of Vittoria Assicurazioni;
- reinsurance deposit assets for 149 thousand euro.

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	37,182	38,955
Loans and receivables	194,821	194,821
Financial assets available for sale	2,435,926	2,435,926
Financial assets held for trading	9	9
Financial assets at fair value through profit or loss	83,770	83,770
Total	2,751,708	2,753,481

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

(€/000)

	Level 1		Level 2		Level 3		Total	
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17
Assets and liabilities measured at fair value on a recurring basis								
Financial assets Available for sale	2,330,156	2,438,376	9,342	8,928	96,428	109,095	2,435,926	2,556,399
Financial assets at fair value through profit or loss	Financial assets held for trading		9	13	-	-	9	13
	Financial assets at fair value through profit or loss		83,770	76,576	-	-	83,770	76,576
Investment Property	-	-	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total assets measured at fair value on a recurring basis	2,413,935	2,514,965	9,342	8,928	96,428	109,095	2,519,705	2,632,988
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading		-	-	-	-	-	-
	Financial liabilities at fair value through profit or loss		83,233	76,225	537	351	83,770	76,576
Total liabilities measured at fair value on a recurring basis	83,233	76,225	537	351	-	-	83,770	76,576
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	-	-	-	-	-	-	-	-

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

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

	Carrying value		Fair value							
	30/06/2018	31/12/2017	Level 1		Level 2		Level 3		Total	
			30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Assets										
Held to maturity investments	37,182	44,051	38,283	46,063	-	-	672	786	38,955	46,849
Loans and receivables	194,821	192,126	-	-	-	-	194,821	192,126	194,821	192,126
Investments in subsidiaries and associates and interests in joint ventures	19,260	19,357	-	-	-	-	19,260	19,357	19,260	19,357
Investment property	109,943	111,240	-	-	-	-	126,321	125,776	126,321	125,776
Tangible assets	492,148	500,625	-	-	-	-	554,920	561,646	554,920	561,646
Total assets	853,354	867,399	38,283	46,063	-	-	895,994	899,691	934,277	945,754
Liabilities										
Other financial liabilities	164,661	161,301	-	-	-	-	164,661	161,301	164,661	161,301

Investments allocated to “level 2” were assessed based on the latest transactions which are observed in the secondary market.

Investments allocated to “level 3”, mainly referred to investments in Yam Invest N.V. (fair value as at 30 June 2018 of 50,655 thousand euro) and Nuove Partecipazioni S.p.A. (fair value as at 30 June 2018 amounting to 39,535 thousand euro), were assessed starting from the appraisals drawn up at 31 December 2017 by leading external valuation companies, adjusting the fair value for the amount of the collected dividend. The main evaluation methods applied are:

- the Dividend Discount Model, in the variant of the Excess of Capital, establishes that the financial value of a financial company is given by discounting a dividend flow determined on the basis of compliance with the minimum capital requirements imposed by the Supervisory Authority;
- the market multiples method is based on the analysis of stock prices referring to a selected sample of companies operating in the reference sector (comparable listed companies) and on the subsequent application of multiples to the corresponding size of the company being valued;
- the Simple Capital Method based essentially on the principle of the expression, at current values, of the individual assets that make up the company's capital and the updating of passive elements;
- the method Sum of Parts (“SOP”), based essentially on the principle of the expression at fair value of activity that make up the capital of the company and deducting related liabilities and holding costs.

The main assumptions used in the methodologies are related to the holding costs, the liquidity discounting rates, discounting rates and stock exchange multiples. Sensitivity analysis of some input (rate of liquidity discount) has also been carried out; from these analysis no significant issues has been reported.

For loans and receivables, the carrying amount is a reasonable approximation of fair value.

As for investments property and tangible assets, please refer to the previous paragraphs.

Note 7	30/06/2018	31/12/2017	Change
Receivables relating to direct insurance	136,568	155,238	-18,670

The breakdown of this item was as follows:

Receivables relating to direct insurance	30/06/2018	31/12/2017
Premiums due from policyholders	43,207	57,322
Receivables due from brokers and agents	41,940	64,396
Receivables due from insurance companies - current accounts	25,481	9,407
Amounts to be recovered from policyholders and third parties	25,940	24,113
Total	136,568	155,238

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	30/06/2018	31/12/2017	Change
Receivables relating to reinsurance business	2,613	3,045	-432

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	30/06/2018	31/12/2017	Change
Other receivables	14,809	32,298	-17,489

The most significant sub-item consisted of advances on policyholders' taxes, advances for the guarantee fund for the road victims, advances paid by the real estate companies and receivables of company services mainly to insurance brokers.

Note 10	30/06/2018	31/12/2017	Change
Deferred acquisition costs	6,044	6,236	-192

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

Note 11	30/06/2018	31/12/2017	Change
Deferred tax assets	78,893	91,506	-12,613

The item included deferred tax assets pertaining to the direct operating of Vittoria Assicurazioni (€ 74,274 thousand), to the real estate segment (€ 6,423 thousand), to Service business (€ 1 thousand), plus those relating to consolidation adjustments (€ -1,805 thousand).

Note 12	30/06/2018	31/12/2017	Change
Current tax assets	23,667	32,552	-8,885

The item includes tax receivables of the direct operating of Vittoria Assicurazioni of € 23,253 thousand (including tax credits relating to taxes prepaid on the Life business mathematical reserves) and € 222 thousand of the real estate companies arising from the purchase of buildable areas and property.

Note 13	30/06/2018	31/12/2017	Change
Other assets	10,554	10,273	281

The item mainly includes €1,064 thousand of deferred commission expenses relating to investment contracts and €4,001 thousand of prepayments, mainly relating to G&A costs and to other assets for €5,489 thousand mainly related to unavailable capital on bank account due to distrains from third parties for pending litigation for an amount of €2,022 thousand.

Note 14	30/06/2018	31/12/2017	Change
Cash and cash equivalents	344,702	113,650	231,052

The item refers to bank deposits for 344,552 thousand euro and cash balances for 150 thousand euro.

The increase is mainly due to the partial reinvestment of liquidity, justified by the uncertainty and volatility of the financial markets. The figure is also increased by the postponed payment of taxes in July and by the liquidity generated by remittances made by the agency network at the end of June.

Note 15	30/06/2018	31/12/2017	Change
Equity attributable to shareholders of the parent	839,328	828,636	10,692
Equity attributable to minority interests	189	191	-2

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

The following table details the breakdown of equity:

(€/000)			
BREAKDOWN OF EQUITY	30/06/2018	31/12/2017	Change
Total equity attributable to the shareholders of the parent	839,328	828,636	1.3%
Share capital	67,379	67,379	0.0%
Equity-related reserves	33,874	33,874	0.0%
Income-related and other reserves	631,542	572,926	10.2%
Fair value reserve	64,510	76,985	-16.2%
Other gains or losses recognised directly in equity	-29	-11	n.v.
Group profit for the year	42,052	77,483	-45.7%
Total equity attributable to minority interests	189	191	-1.0%
Share capital and reserves attributable to minority interests	191	194	-1.5%
Minority interests' profit for the year	-2	-3	n.v.
Total consolidated equity	839,517	828,827	1.3%

As at 30 June 2018 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 €14,149,574 for FY2017 and €18,866,100 for FY2018.

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.

The reserve for "Profit (loss) on financial assets available for sale" may be recognized in the income statement in future years.

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
31/12/2017	134,375	-21,978	112,397
Decrease due to sales	-672	191	-481
Decrease due to fair value changes	-39,869	9,176	-30,693
Total change for the period/year	-40,541	9,367	-31,174
30/06/2018	93,834	-12,611	81,223

(€/000)			
B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
31/12/2017	51,188	-15,776	35,412
Change in shadow accounting reserve	-27,030	8,331	-18,699
30/06/2018	24,158	-7,445	16,713

(€/000)			
Gains or losses on financial assets AFS	Gross amount	Tax impact	Net amount
Combined effect A) - B)			
31/12/2017	83,187	-6,202	76,985
Decrease due to sales	-672	191	-481
Decrease due to fair value changes	-39,869	9,176	-30,693
Change in shadow accounting reserve	27,030	-8,331	18,699
Total change for the period/year	-13,511	1,036	-12,475
30/06/2018	69,676	-5,166	64,510

Note 16	30/06/2018	31/12/2017	Change
Provisions	19,202	16,549	2,653

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

The table below shows the changes in the item:

(€/000)				
Provisions	31/12/2017	Accruals of the year	Utilisations of the year	30/06/2018
Provision for costs to be incurred	95	-	-	95
Other provisions	16,454	2,892	-239	19,107
Total	16,549	2,892	-239	19,202

Note 17	30/06/2018	31/12/2017	Change
Technical reserves	2,809,172	2,773,170	36,002

The following table shows the breakdown of technical reserves.

(€/000)						
	Direct business		Indirect business		Total carrying amount	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Non-life reserves	1,556,536	1,545,372	864	905	1,557,400	1,546,277
Premium reserve	402,145	398,108	37	43	402,182	398,151
Claims reserve	1,153,982	1,146,855	827	862	1,154,809	1,147,717
Other reserves	409	409	-	-	409	409
Life reserves	1,251,620	1,226,741	152	152	1,251,772	1,226,893
Reserve for payable amounts	26,153	23,988	3	3	26,156	23,991
Mathematical reserves	1,200,326	1,150,436	149	149	1,200,475	1,150,585
Other reserves	25,141	52,317	-	-	25,141	52,317
Total technical reserves	2,808,156	2,772,113	1,016	1,057	2,809,172	2,773,170

With regard to Non-Life business, over the 1H18 the value of the claim settlement was consistent with what reserved at 31 December 2017.

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

The Life "Other reserves" item mainly consisted of:

- 5,874 thousand euro = management expenses;
- 19,144 thousand euro = reserve for deferred liabilities to policyholders (of which 24,158 thousand euro stemming from fair value measurement of available-for-sale financial assets and -5,014 thousand euro from reserving against subsidiaries' profits allocated to segregated funds).

The mathematical reserves comprise an additional reserve for longevity risk relating to annuity agreements and capital agreements with a contractually guaranteed coefficient of conversion to an annuity (paragraph n. 36 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to 1,597 thousand euro (1,644 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 (paragraph n. 22 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to 545 thousand euro (502 thousand euro 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", "Vittoria Previdenza" and "Obiettivo Crescita" and by the guaranteed minimum capital of the Open Pension Fund. The average rates of return on segregated funds were used to assess the additional reserve for the portfolio of non-revaluable policies.

Lastly, the mathematical reserves include the additional provisions for time lag (paragraph 23 of annex 14 to ISVAP Regulation No. 22/2008) of 1,010 thousand euro (2,018 thousand euro as at 31 December 2017) allocated against a realized capital gain at the end of 2017 on the segregated fund Vittoria Rendimento Mensile whose profits are recognized to policyholders on the policy anniversary for the whole of 2018.

Liability Adequacy Test (LAT)

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

Note 18

31/06/2018 31/12/2017 Change

Financial liabilities at fair value through profit or loss	83,770	76,576	7,194
Other financial liabilities	164,661	161,301	3,360

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

(€/000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss					
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17
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	83,770	76,576	0	0	83,770	76,576
Contracts where policyholders bear investment risk	0	0	59,124	52,440	0	0	59,124	52,440
Pension-fund management	0	0	24,646	24,136	0	0	24,646	24,136
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	6,418	6,418	6,418	6,418
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	11,066	11,065	11,066	11,065
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	147,177	143,818	147,177	143,818
Total	0	0	83,770	76,576	164,661	161,301	248,431	237,877

Financial liabilities at fair value through profit or loss

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

The following table shows the cumulative change as at 30 June 2018:

(€/000)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2017	52,440	24,136	76,576
Investment of net fund assets	9,609	1,404	11,013
Profits attributable to policyholders	-13	-291	-304
Amounts paid	-2,912	-603	-3,515
Carrying amount at 30/06/2018	59,124	24,646	83,770

Other financial liabilities

The item includes:

- Reinsurance deposits of €6,418 thousand, unchanged compared to 31 December 2017;
- Bank loans issued to the Group's real estate companies for a total of €11,065 thousand (of which €2,914 thousand backed by collateral);
- direct operating Vittoria Assicurazioni's commitment for payment of €147,177 thousand in private equity investments, private debt and infrastructure funds, against which the rights to receive the related financial instruments are posted in the "Loans & receivables" item.

Disclosure concerning fair value

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

Note 19	31/06/2018	31/12/2017	Change
Payables arising from direct insurance business	12,076	9,129	2,947

The breakdown of the item was as follows:

	(€/000)	
Payables arising from direct insurance business	30/06/2018	31/12/2017
Payables to insurance brokers and agents	7,751	4,855
Payables to insurance companies - current accounts	2,961	2,671
Guarantee deposits paid by policyholders	1,364	1,143
Payables to guarantee funds in favour of policyholders	-	460
Total	12,076	9,129

Note 20	30/06/2018	31/12/2017	Change
Payables arising from reinsurance business	5,794	8,676	-2,882

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

Note 21	30/06/2018	31/12/2017	Change
Other sums payable	60,425	65,237	-4,812

The breakdown of the item was as follows:

	(€/000)	
Other sums payable	30/06/2018	31/12/2017
Payments on accounts received by real estate companies for preliminary sales agreements	1,900	1,122
Trade payables	14,123	16,572
Payables to employees	2,910	3,445
Employee benefits - provisions for termination benefits	4,280	4,206
Policyholders' tax due	21,093	24,048
Sundry tax liabilities (withholdings)	2,397	2,772
Social security charges payable	2,913	3,339
Payables to associate companies	17	121
Sundry payables	10,792	9,612
Total	60,425	65,237

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

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

The main assumptions adopted for actuarial assessments were the following:

Demographic assumptions

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

Economic and financial assumptions

Inflation:	1.50%
Annual technical actualization rate	0.98%
Annual rate of severance payment increment	2.63%
Annual rate of growth of remuneration (for the purpose of calculating seniority premiums)	2.50%
Annual rate of growth of the average reimbursement (for the purpose of calculating health services)	1.50%

Note 22	30/06/2018	31/12/2017	Change
Deferred tax liabilities	34,783	45,645	10,862

The item includes deferred tax liabilities allocated to the insurance business for € 31,303 thousand, the real estate and services business for € 625 thousand, and to reversals totalling €-2,855 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

Note 23	30/06/2018	31/12/2017	Change
Current tax liabilities	921	525	396

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

Note 24	30/06/2018	31/12/2017	Change
Other liabilities	31,359	36,228	-4,869

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 € 10,606 thousand, the deferred commission income of € 353 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling € 9,701 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for € 3,764 thousand.

Consolidated Income Statement

Note 25	30/06/2018	30/06/2017	Change
Gross premiums	677,799	641,846	35,953
Ceded premiums for reinsurance	16,705	16,735	-30
Amounts paid and change in technical reserves	475,065	445,584	29,481
Reinsurers' share	-10,347	-9,883	-464

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

	30/06/2018				30/06/2017			
	Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
NET PREMIUMS	567,711	93,383	-	661,094	539,979	85,132	-	625,111
Gross premiums	583,808	93,991	-	677,799	556,161	85,685	-	641,846
Gross premiums written	587,839	93,991	-	681,830	560,909	85,685	-	646,594
a Direct business	587,761	93,991	-	681,752	560,863	85,685	-	646,548
b Indirect business	78	-	-	78	46	-	-	46
Change in premium reserve	-4,031	-	-	-4,031	-4,748	-	-	-4,748
a Direct business	-4,037	-	-	-4,037	-4,748	-	-	-4,748
b Indirect business	6	-	-	6	-	-	-	-
Ceded premiums	16,097	608	-	16,705	16,182	553	-	16,735
Gross premiums ceded	14,827	608	-	15,435	11,732	553	-	12,285
a Outward reinsurance	14,827	608	-	15,435	11,732	553	-	12,285
Change in premium reserve	1,270	-	-	1,270	4,450	-	-	4,450
a Outward reinsurance	1,270	-	-	1,270	4,450	-	-	4,450
NET CHARGES RELATING TO CLAIMS	365,037	99,772	-91	464,718	345,042	90,461	198	435,701
Amounts paid and change in technical reserves	374,512	100,644	-91	475,065	353,487	91,899	198	445,584
Direct business	374,512	100,600	-	475,112	353,487	91,796	-	445,283
Indirect business	-	44	-	44	-	103	-	103
Shadow accounting of investee companies' profits	-	-	-91	-91	-	-	198	198
Reinsurers' share	9,475	872	-	10,347	8,445	1,438	-	9,883
Outward reinsurance	9,475	872	-	10,347	8,445	1,438	-	9,883

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

Note 26	30/06/2018	30/06/2017	Change
Commission income	1,150	951	199

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

Note 27	30/06/2018	30/06/2017	Change
Gains or losses on financial instruments at fair value through profit or loss	3	-	3
Gains on investments in subsidiaries and associates and interests in joint ventures	308	496	-188
Gains or losses on other financial instruments and investment property	42,320	25,012	17,308
Losses on investments in subsidiaries and associates and interests in joint ventures	521	1,459	-938
Losses on other financial instruments and investment property	19,508	3,472	16,036

To complete the information disclosed below, we point out that the table detailing the breakdown of financial and investment income and charges/losses is shown in the specific section called “Annexes to Condensed Consolidated 2018 half year financial statements”,

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

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

As regards financial assets designated at fair value through profit or loss – i.e, referring to investment contracts of the unit-linked, and pension-fund type – net income recognised in 1H18 amounted to €304 thousand, set against losses/charges of the same amount, due to the change in related financial liabilities designated at fair value through profit or loss.

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

As up to 30 June 2018 these items referred entirely to the results of equity-accounted Group companies. Reference should be made to Note 5 for further details.

Gains and losses on other financial instruments and investment property

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

	(€/000)			
	Gains 30/06/2018	Gains 30/06/2017	Losses 30/06/2018	Losses 30/06/2017
Investment property	3,425	3,367	3,457	3,247
Held to maturity investments	750	872	-	-
Loans and receivables	221	314	510	-
Financial assets available for sale	37,717	20,258	15,425	7
Other receivables	164	115	-	-
Cash and cash equivalents	43	86	-	-
Other financial liabilities	-	-	116	218
Total	42,320	25,012	19,508	3,472

Note 28	30/06/2018	30/06/2017	Change
Other income	6,947	7,594	-647

The following table details the breakdown of this item,

	(€/000)	
Other income	30/06/2018	30/06/2017
Trading profits	2,386	3,136
Revenue from construction work in progress	-	-
Revenue from services: real estate brokerage	226	416
Revenue from services: real estate management	18	26
Revenue from services: administration, real estate appraisals and other income	1	6
Revenue from services: insurance commission income with third parties	-	40
Revenue from services: other revenue from services	160	247
Rent income	1,022	184
Technical income on insurance contracts	2,372	2,670
Gains on the sale of property, plant and equipment	2	-
Exchange rate gains	9	29
Incidental non-operating income	280	342
Other income	471	498
Total	6,947	7,594

Technical income on insurance contracts refer for €927 thousand to reversal of commissions on cancelled premiums (€1,105 thousand at 30 June 2017) and for €890 thousand to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events (€1,509 thousand at 30 June 2017).

Note 29	30/06/2018	30/06/2017	Change
Commission expense	262	389	-127

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

Note 30	30/06/2018	30/06/2017	Change
Commissions and other acquisition costs	121,098	117,792	3,306
Investment management costs	938	886	52
Other administrative costs	27,564	24,907	2,657

To complete the information disclosed below, we point out that the table detailing insurance operating costs is shown in the specific section called "Annexes to Condensed Consolidated 2018 half year financial statements".

The following table details the breakdown of “Commissions and other acquisition costs” as at 30 June 2018.

	(€/000)	
Gross commissions and other acquisition costs net of profit participation and other commissions	30/06/2018	30/06/2017
Acquisition commissions	92,238	86,994
Other acquisition costs	25,857	27,837
Change in deferred acquisition costs	192	45
Premium collection commissions	4,764	4,721
Profit participation and other commissions received from reinsurers	-1,953	-1,805
Total	121,098	117,792

Note 31	30/06/2018	30/06/2017	Change
Other costs	16,750	16,358	392

The breakdown of this item was as shown below:

	(€/000)	
Other costs	30/06/2018	30/06/2017
Technical costs on insurance contracts	7,465	8,893
Foreign-exchange losses	19	84
Incidental non-operating costs	42	137
Annual depreciation & amortisation	5,478	4,817
Losses on non insurance receivables	17	
Accruals to the provision for risks and charges	2,950	547
Commissions from services sector	778	1,874
Other costs	1	6
Total	16,750	16,358

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for € 6,593 thousand (€7,959 thousand at 30 June 2017) and to services supporting insurance covers and costs for premiums under litigation for € 872 thousand (€ 934 thousand at 30 June 2017).

Note 32	30/06/2018	30/06/2017	Change
Income taxes	18,438	17,012	1,426

Of this item € 15,691 thousand related to current taxes and € 2,747 thousand to deferred taxes. Income taxes are recognised in profit or loss, with the exception of those relating to items directly charged or credited to equity, in which case the tax effect is recognised directly in equity.

Note 33	30/06/2018	30/06/2017	Change
Gain (loss) on discontinued operations	31	-150	181

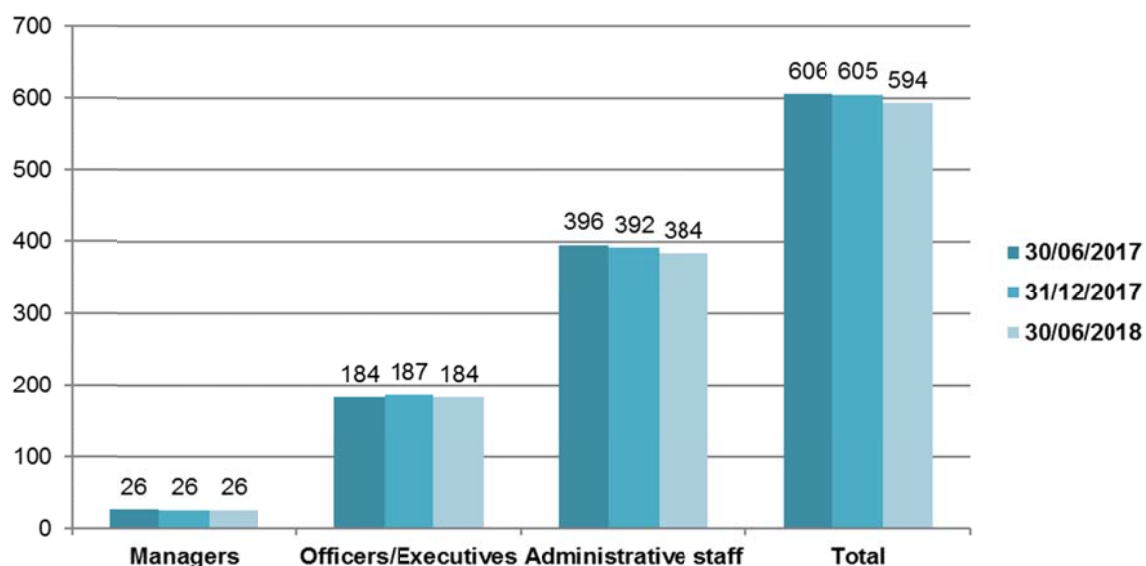
The item refers to revenues for lower costs incurred as a result of the liquidation of the associated company Movincom Servizi S.r.l..

Other disclosures

Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 592 as at 30 June 2018 vs, 599 present as at 31 December 2017 and 597 as at 30 June 2017.

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



Reference should be made to the report on operations regarding infra-group and related-party transactions, human resources and significant events occurring after 1HY and outlook.

Tax status

Insurance business

As of June 2018, the Vittoria Assicurazioni's National tax consolidation scheme continues to exist (Article 117 et seq of Italian Presidential Decree 917 of 22 December 1986) in relation to the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l., Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Interbilancia S.r.l., VRG Domus S.r.l., Valsalaria S.r.l., VP Sviluppo 2015 S.r.l., the option will be conferred/exercised by the the tax declaration 2017 (Unico 2018).

With reference to 2018, Vittoria Assicurazioni S.p.A. exercised its option to settle VAT in the context of the Group pursuant to the Ministerial Decree dated 13th December 1979, together with the following controlled subsidiaries: Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Acacia 2000 S.r.l., VRG Domus S.r.l., Vittoria Properties S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia S.r.l., Valsalaria S.r.l., Vaimm Sviluppo S.r.l. and VP Sviluppo 2015 S.r.l..

In accordance with Law no. 147/2013, at the end of 2013 Vittoria Assicurazioni revalued the residential buildings in Milan and the building housing its registered office. The revaluation was declared in the UNICO 2014 tax return for the 2013 tax period. As a result, Vittoria Assicurazioni will pay a substitute tax on the gains recorded and the gains will be recognised for IRES and IRAP purposes. This recognition will take effect from the 2016 tax period, unless the assets are disposed of, in which case the recognition will be postponed until 2017. The substitute tax is 16% for depreciable property and 12% for non-depreciable property.

The value recognised in the balance sheet was aligned to the fair value, determined by an independent evaluation expert. Against these greater values recognised in the balance sheet, Vittoria Assicurazioni recorded in equity a reserve equal to the revaluation less the substitute tax.

In 2009, Vittoria Assicurazioni was subject to a tax inspection by the Italian Tax Authorities for fiscal years 2004, 2005 and 2006, from which disputes related to IRES, IRAP and VAT have ensued.

Between 2009 and 2011 higher assessments for all three years under inspection were notified with details of higher IRES and IRAP, fines and interest for an overall amount of €101 thousand; regarding VAT, the higher tax rate, the fines and interest amount to €387 thousand.

Vittoria Assicurazioni has settled its tax obligations related to IRES and IRAP for all three years. Regarding VAT, the parent company has appealed against the assessments for the three years (2004, 2005 and 2006), obtained a favourable judgement in the first and second instance. Appeals of the Tax Authorities with the Supreme Court of Cassation are pending, waiting for court meeting.

The Board of Directors

Milan, 12 September 2018

Annexes to
Condensed Consolidated 2018
half year financial statements

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 30 June 2018

Consolidation scope

	Country	Country operational headquarters (5)	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy		G	1				
Vittoria Immobiliare S.p.A.	Italy		G	10	100.00	100.00	100.00	100.00
Interimmobili S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia Prima S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Interbilancia S.r.l.	Italy		G	9	100.00	100.00	100.00	100.00
Vaimm Sviluppo S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
VP Sviluppo 2015 S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Acacia 2000 S.r.l.	Italy		G	10	71.60	100.00	100.00	100.00
Gestimmobili S.r.l.	Italy		G	11	-	100.00	100.00	100.00
V.R.G. Domus S.r.l.	Italy		G	10	-	100.00	100.00	100.00
Valsalaria S.r.l.	Italy		G	10	-	51.00	51.00	100.00
Assiorviato Servizi S.r.l.	Italy		G	11	-	60.00	60.00	100.00
Aspevi Firenze S.r.l.	Italy		G	11	-	60.00	60.00	100.00
Plurico S.r.l. - in liquidazione	Italy		G	11	-	70.00	70.00	100.00

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

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

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

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

(5) this disclosure is requested only when the country of operational headquarters is different from the country of legal and administrative headquarters.

List of unconsolidated investments

	Country	Country operational headquarters (5)	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
Yarpa S.p.A.	Italy		9	b	27.31	27.31	27.31	10,912
Touring Vacanze S.r.l.	Italy		10	b	46.00	46.00	46.00	6,883
Touring Digital S.r.l.	Italy		10	b	45.00	45.00	45.00	403
Mosaico S.p.A.	Italy		10	b	-	45.00	45.00	67
Pama & Partners S.r.l.	Italy		10	b	-	25.00	25.00	293
VZ Real Estate S.r.l.	Italy		10	b	-	49.00	49.00	-
Fiori di S. Bovio S.r.l.	Italy		10	b	-	40.00	40.00	-
Aspevi Milano S.r.l.	Italy		11	b	-	49.00	49.00	176
Aspevi Roma S.r.l.	Italy		11	b	-	49.00	49.00	520

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

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

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

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

(5) this disclosure is requested only when the country of operational headquarters is different from the country of legal and administrative headquarters.

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 30 June 2018
Balance sheet by business and business line

(€/000)

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17
1 INTANGIBLE ASSETS	4,288	4,490	976	1,889	237	294	0	0	0	0	5,501	6,673
2 PROPERTY, PLANT AND EQUIPMENT	68,366	70,451	17,075	17,583	404,112	410,230	17	11	9,092	9,092	498,662	507,367
3 REINSURERS' SHARE OF TECHNICAL RESERVES	53,707	57,946	5,049	5,317	0	0	0	0	0	0	58,756	63,263
4 INVESTMENTS	1,948,115	2,104,001	1,387,559	1,362,048	83,322	83,715	2,543	2,468	-540,628	-552,470	2,880,911	2,999,762
4.1 Investment property	56,416	56,675	36,523	37,341	17,004	17,224	0	0	0	0	109,943	111,240
4.2 Investments in subsidiaries and associates and interests in jo	445,261	456,490	45,641	46,644	55,290	55,072	696	621	-527,628	-539,470	19,260	19,357
4.3 Held to maturity investments	19	6,292	37,163	37,759	0	0	0	0	0	0	37,182	44,051
4.4 Loans and receivables	194,042	190,923	2,755	2,788	11,024	11,415	0	0	-13,000	-13,000	194,821	192,126
4.5 Financial assets available for sale	1,252,377	1,393,621	1,181,698	1,160,927	4	4	1,847	1,847	0	0	2,435,926	2,556,399
4.6 Financial assets at fair value through profit or loss	0	0	83,779	76,589	0	0	0	0	0	0	83,779	76,589
5 OTHER RECEIVABLES	145,256	175,389	8,461	16,503	6,994	5,895	549	757	-7,270	-7,963	153,990	190,581
6 OTHER ASSETS	79,205	94,770	33,515	39,244	8,039	7,470	1,377	1,452	-2,978	-2,369	119,158	140,567
6.1 Deferred acquisition costs	0	0	6,044	6,236	0	0	0	0	0	0	6,044	6,236
6.2 Other assets	79,205	94,770	27,471	33,008	8,039	7,470	1,377	1,452	-2,978	-2,369	113,114	134,331
7 CASH AND CASH EQUIVALENTS	286,166	61,355	23,162	22,716	32,324	26,625	3,050	2,954	0	0	344,702	113,650
TOTAL ASSETS	2,585,103	2,568,402	1,475,797	1,465,300	535,028	534,229	7,536	7,642	-541,784	-553,710	4,061,680	4,021,863
1 EQUITY											839,517	828,827
2 PROVISIONS	15,817	14,456	1,346	34	1,815	1,835	224	224	0	0	19,202	16,549
3 TECHNICAL RESERVES	1,557,400	1,546,277	1,256,785	1,231,815	0	0	0	0	-5,013	-4,922	2,809,172	2,773,170
4 FINANCIAL LIABILITIES	151,315	147,955	86,051	78,857	11,065	11,065	0	0	0	0	248,431	237,877
4.1 Financial liabilities at fair value through profit or loss	0	0	83,770	76,576	0	0	0	0	0	0	83,770	76,576
4.2 Other financial liabilities	151,315	147,955	2,281	2,281	11,065	11,065	0	0	0	0	164,661	161,301
5 PAYABLES	67,581	76,103	8,026	6,233	20,669	19,112	2,288	2,558	-20,269	-20,964	78,295	83,042
6 OTHER LIABILITIES	46,711	50,021	13,520	25,619	3,826	3,778	151	125	2,855	2,855	67,063	82,398
TOTAL EQUITY AND LIABILITIES											4,061,680	4,021,863

Income statement by business and business line	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Net premiums	567,711	539,979	93,383	85,132	-	-	-	-	-	-	661,094	625,111
Gross premiums	583,808	556,161	93,991	85,685	-	-	-	-	-	-	677,799	641,846
Ceded premiums	16,097	16,182	608	553	-	-	-	-	-	-	16,705	16,735
Commission income	-	-	1,150	951	-	-	-	-	-	-	1,150	951
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-	-	3	0	-	-	-	-	-	-	3	0
Gains on investments in subsidiaries and associates and interests in joint ventures	582	114	-	-	218	354	196	437	-688	-409	308	496
Gains on other financial instruments and investment property	22,725	6,100	19,103	18,613	590	463	0	13	-98	-177	42,320	25,012
Other income	3,179	3,456	70	155	4,195	4,438	1,511	1,278	-2,008	-1,733	6,947	7,594
TOTAL REVENUE	594,197	549,649	113,703	104,851	5,003	5,255	1,707	1,728	-2,794	-2,319	711,816	659,164
Net charges relating to claims	365,037	345,043	99,772	90,460	-	-	-	-	-91	198	464,718	435,701
Amounts paid and change in technical reserves	374,512	353,488	100,644	91,898	-	-	-	-	91	198	475,065	445,584
Reinsurers' share	-9,475	-8,445	-872	-1,438	-	-	-	-	-	-	-10,347	-9,883
Commission expense	-	-	262	389	-	-	-	-	-	-	262	389
Losses on investments in subsidiaries and associates and interests in joint ventures	11,169	1,226	1,004	-	408	233	-	-	12,060	-	521	1,459
Losses on other financial instruments and investment property	2,964	1,936	1,244	1,292	395	422	3	0	14,902	-178	19,508	3,472
Operating costs	137,733	132,187	7,784	7,705	5,415	4,988	727	460	-2,059	-1,755	149,600	143,585
Other costs	12,576	12,456	2,950	1,733	417	279	779	659	28	1,231	16,750	16,358
TOTAL COSTS	529,479	492,848	113,016	101,579	6,635	5,922	1,509	1,119	720	-504	651,359	600,964
PROFIT FOR THE YEAR BEFORE TAXATION	64,718	56,801	687	3,272	-1,632	-667	198	609	-3,514	-1,815	60,457	58,200

(€'000)

Breakdown of other comprehensive income

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	30/06/18	30/06/17	30/06/18	30/06/17	30/06/18	30/06/17	30/06/18	30/06/17	30/06/18	30/06/17	30/06/18	31/12/17
Other comprehensive income, net of taxes without reclassification to profit or loss												
Changes in the equity of investees	-18	188					0	-18	188	-8	84	-29
Changes in intangible asset revaluation reserve	0	0					0	0	0	0	0	0
Changes in tangible asset revaluation reserve	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
Actuarial gains and losses and adjustments related to defined benefit plans	-18	188					-18	188	-8	84	-29	-75
Other items	0	0					0	0	0	0	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	-11,994	-5,173	-481	-707	0	0	-12,475	-5,880	-1,035	-1,176	64,510	52,732
Change in transition reserve	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	-11,994	-5,173	-481	-707	0	0	-12,475	-5,880	-1,035	-1,176	64,510	52,732
Gains or losses on hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the equity of investees	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	-12,012	-4,985	-481	-707	0	0	-12,493	-5,692	-1,043	-1,092	64,481	52,657

Financial and investment gains and losses/costs

	Interest	Other net income	Other costs	Realised gains	Realised losses	Net realised gains and losses	Valuation gains				Valuation losses		Net unrealised gains and losses	Net gains and costs/losses 30/06/2018	Net gains and costs/losses 30/06/2017	
							Valuation capital gains		Write-backs		Valuation capital losses	Write-downs				Net gains and costs/losses 30/06/2017
							804	0	0	0						
Investments	16,158	25,870	2,239	1,015	601	40,003	804	0	0	3,606	15,000	-17,802	22,201	22,624		
a Investment property	0	3,425	1,353	0	0	2,072	0	0	0	2,104	0	-2,104	-32	120		
b Investments in subsidiaries and associates and interests in joint ventures	0	308	521	0	0	-213	0	0	0	0	0	0	-213	-963		
c Held to maturity investments	750	0	0	0	0	750	0	0	0	0	0	0	750	872		
d Loans and receivables	221	0	0	0	0	221	0	0	0	510	0	-510	-289	314		
e Financial assets available for sale	14,947	21,865	0	905	425	37,292	0	0	0	0	15,000	-15,000	22,292	20,251		
f Financial assets held for trading	0	0	0	0	0	0	0	0	0	3	0	-3	-3	0		
g Financial assets at fair value through profit or loss	240	72	365	110	176	-119	604	0	0	989	0	-185	-304	2,030		
Other receivables	164	0	0	0	0	164	0	0	0	0	0	0	164	115		
Cash and cash equivalents	43	0	0	0	0	43	0	0	0	0	0	0	43	86		
Financial liabilities	-116	0	0	0	0	-116	0	0	0	-304	0	304	188	-2,249		
a Financial liabilities held for trading	0	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	0	-304	0	304	304	-2,030		
c Other financial liabilities	-116	0	0	0	0	-116	0	0	0	0	0	0	-116	-218		
Payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total	16,249	25,870	2,239	1,015	601	40,094	804	0	0	3,302	15,000	-17,498	22,596	20,577		

Detail of insurance technical items

(€/000)

	30/06/2018			30/06/2017		
	Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non-life business						
NET PREMIUMS	583,808	16,097	567,711	556,161	16,182	539,979
a Premiums written	587,839	14,827	573,012	560,909	11,732	549,177
b Change in premiums reserve	4,031	-1,270	5,301	4,748	-4,450	9,198
NET CLAIMS COSTS	374,512	9,475	365,037	353,488	8,445	345,043
a Amounts paid	376,602	12,332	364,270	346,800	7,829	338,971
b Change in claims reserves	7,083	-2,977	10,060	15,655	527	15,128
c Change in recoveries	9,173	-120	9,293	8,967	-89	9,056
d Change in other technical reserves	-	-	-	-	-	-
Life business						
NET PREMIUMS	93,991	608	93,383	85,685	553	85,132
NET CLAIMS COSTS	100,644	872	99,772	91,898	1,438	90,460
a Amounts paid	50,302	1,140	49,162	62,134	2,224	59,910
b Change in reserve for amounts to be paid	2,165	-	2,603	-3,138	2,518	-5,656
c Change in mathematical reserves	48,233	172	48,061	33,270	-3,300	36,570
d Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	-	-	-	-	-	-
e Change in other technical reserves	-56	-2	-54	-368	-4	-364

Vittoria Assicurazioni S.p.A.
 Consolidated financial statements as at 30 June 2018

Breakdown of insurance operating costs

(€/000)

		Non-life business		Life business	
		30/06/18	30/06/17	30/06/18	30/06/17
Gross commissions and other acquisition costs		119,374	115,392	5,180	5,438
a	Acquisition commissions	91,211	85,634	2,530	2,594
b	Other acquisition costs	23,720	25,378	2,138	2,459
c	Change in deferred acquisition costs	0	0	192	45
d	Premium collection commissions	4,443	4,380	320	340
Profit participation and other commissions received from reinsurers		-1,858	-1,728	-95	-77
Investment management costs		881	831	57	55
Other administrative costs		19,336	17,692	2,642	2,289
Total		137,733	132,187	7,784	7,705

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

Reclassified Financial assets categories	Activity class	Amount of Financial assets reclassified during the year at the reclassification date	Carrying amount at 30/06/2018 of reclassified assets		Fair Value at 30/06/2018 of reclassified assets		Reclassified Assets during 2018		Reclassified Assets during 2019		Reclassified Assets up to 30/06/2019		Reclassified Assets during 2018		Reclassified Assets up to 30/06/2018		
			Reclassified Assets during 2018	Reclassified Assets up to 30/06/2018	Reclassified Assets during 2018	Reclassified Assets up to 30/06/2018	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 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																	

(000)

Vittoria Assicurazioni S.p.A.
 Consolidated financial statements as at 30 June 2018

Consolidation scope: interests in subsidiaries with significant minority interests

Name	% minority interests	% of voting rights in ordinary meetings by minority interests	Consolidated profit (loss) attributable to minority interests	Equity attributable to minority interests	Main financial-economic data							Gross written premium	
					Total assets	Investments	Technical provisions	Financial liabilities	Equity	Profit (loss) for the year	Dividends paid out to minority interests		
			-	-	-	-	-	-	-	-	-	-	-

Management Attestation

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

1. The undersigned Cesare Caldarelli (as Chief Executive Officer) and Luca Arensi (as the Manager Charged with preparing the financial reports), of Vittoria Assicurazioni S.p.A., taking into consideration Article 154-bis (subparagraph 3 and 4) of Italian Legislative Decree February 24th 1998 n.58, do hereby certify:
 - the adequacy in relation to the Legal Entity features and
 - the actual application of the administrative and accounting procedures employed to draw up 2018 half-yearly consolidated financial statements.

2. In this respect no remarks emerged besides what already reported in Director's report to the Consolidated half-year financial report as at 30 June 2018.

3. The undersigned also certify that:

3.1 The half-yearly consolidated financial statements as at 30 June 2018:

- a) was prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation no.1606/2002 of July 19, 2002;
- b) corresponds to results of the books and accounts records;
- c) is suitable to provide a fair and correct representation of the situation of the assets and liabilities, the economic and financial situation of the issuer and the group of companies included in the scope of consolidation.

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

Milan, 12 September 2018

Cesare Caldarelli
Chief Executive Officer

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

Report of Independent Auditors

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

**To the Shareholders of
Vittoria Assicurazioni S.p.A.**

Introduction

We have reviewed the half-yearly condensed consolidated financial statements of Vittoria Assicurazioni S.p.A. and subsidiaries (the "Vittoria Assicurazioni Group"), which comprise the statement of financial position as of 30th June 2018, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Vittoria Assicurazioni Group as at 30th June 2018 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Milan, Italy
September 14, 2018

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

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