

# Vittoria Assicurazioni

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

91<sup>st</sup> year of business

**Consolidated  
half-year financial report  
as at 30 June 2012**

**Board of Directors' meeting  
of 02 August 2012**

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



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**BOARD OF DIRECTORS**

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

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**BOARD OF STATUTORY AUDITORS**

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

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**GENERAL MANAGEMENT**

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

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**INDEPENDENT AUDITOR**

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Deloitte & Touche S.p.A.

\* Co-opted by the Board of Directors of 2 August 2012

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**APPOINTMENTS AND REMUNERATION COMMITTEE**

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

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**INTERNAL CONTROL COMMITTEE**

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Pietro Carlo MARSANI	Independent non-executive president
Luca PAVERI FONTANA	non-executive member
Giuseppe SPADAFORA	Independent non-executive member

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**FINANCE COMMITTEE**

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

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**REAL ESTATE COMMITTEE**

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

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**RELATED PARTIES COMMITTEE \*\***

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

\*\* Constituted by the Board of Directors of 2 August 2012

## Form and contents of report

The consolidated half-year report as at 30.06.2012 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.

This report complies with IAS 34 - Interim Financial Reporting, and consists of the statements envisaged in ISVAP Regulation no. 7 of 13 July 2007 (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows, and account statements), and includes additional detail tables as necessary to complete disclosures required pursuant to international accounting standards or to facilitate comprehension of the report.

The account statements required by the supervisory authority as the minimum disclosures are contained in the specific chapter “Appendices to Consolidated Half-Year Financial Statements,” which is an integral part of this report.

This report was prepared in accordance with the specifications set out in Legislative Decree 209 of 7 September 2005 and Consob Memorandum no. 6064293 of 28 July 2006.

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.

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

## Accounting policies

The rules for preparation and the accounting policies applied for the consolidated for this interim management report are the same as those used for annual consolidated financial statements. Readers should therefore refer to the “Accounting Policies” section of the Consolidated Annual Report for the year ended on 31 December 2011. 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. Endorsement by the European Union of the Amendments to IFRS 7 (Financial Instruments Disclosures) has no impact on this report.

## Other relevant information

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

The Vittoria Assicurazioni Group operates in the insurance sector solely through its parent company and, as part of its strategy to streamline its risk/reward profile, has made some of its investments in the real estate sector (trading, development, and real estate brokering and property management services) through Vittoria Immobiliare S.p.A. and other equity holdings, and in the private equity sector. Certain Group companies provide services primarily in support of insurance activities.

Yafa S.p.A., with registered office in Turin, Italy, controls Vittoria Assicurazioni through the chain of investors comprised of Yafa Holding B.V. and Vittoria Capital N.V., with registered offices in Amsterdam, The Netherlands, and administration offices in Italy.

The parent companies do not engage in management and coordination of the Group, insofar as they merely serve as financial holding companies.

# Directors' report

## Economic and insurance scenario

After having slowed significantly in 2011, the outlook for global growth is gradually strengthening, although downside risks remain high.

Real growth in many emerging countries was weaker than expected, but growth in many more advanced economies was a surprise, although this varied between countries.

Economic growth in the US was more sustained in the last quarter, driven by private consumption and improved conditions on the labour market; furthermore, the property market is beginning to show significant signs of vitality, despite the considerable stock of unsold properties and the numerous foreclosures taking place.

In any case, after having closed 2011 with real growth of 1.7%, OECD forecasts point to growth of 2.4% for the current year and 2.6% for 2013.

In such a macroeconomic environment, the Federal Reserve's monetary policy is expected to remain accommodative at least until we see a solid and stable economic recovery; this was confirmed in the Federal Open Market Committee's recent decision to keep the official Fed Funds target rate unchanged at between zero and 0.25%.

In Europe, after having slowed towards the end of last year, economic activity is experiencing a period of moderate stagnation, which is particularly affecting peripheral countries marked by high levels of public debt; if, as is hoped, the economic policies currently being implemented by various governments are sufficient to improve the confidence of companies and individuals, we could see, in the second half of this year, a gradual recovery that could lead to positive real economic growth from 2013.

OECD forecasts put economic growth rates for 2012 and 2013 at -0.1% and 0.9% respectively.

To support and further boost this growth trend, European monetary authorities may adopt a careful attitude intended to create a stable monetary environment less exposed to the speculative pressures that we have seen recently, also in the wake of tensions on certain countries' sovereign debt.

On 5 July, the European Central Bank cut official rates on main refinancing operations by 25 basis points, taking the current level to 0.75%, and also conducted a series of transactions intended to inject liquidity into the economic system.

In Italy, significant structural reforms were already introduced last year, and at the same time, the country has taken enormous steps forward in terms of fiscal consolidation.

The planned measures to cut public spending, along with the increase in tax receipts guaranteed by the recent measures, should further reduce the budget deficit, taking it to modest levels as early as 2013 with a view to balancing the budget in the following year, with the positive consequence that the country can then work towards reducing public debt.

It is expected, however, that the current year will continue to be marked by low levels of activity, due both to the short-term negative consequences resulting from the abovementioned structural reforms and the pressures that are currently weighing on the economies of certain European countries.

For these reasons, the forecasts of the main national and international institutions point to a marked retreat in economic growth for the current year (around 2%), while a strong recovery is expected for 2013, which could lead to an albeit limited growth rate of around 0.1% (source: Prometeia).

Financial markets data for the first six months of 2012 registered a negative trend with regard to the equities market (-5.4%, FTSE MIB index), while the bond market registered a more positive increase (+8.4%, FTSE Italy Govt Performance index).

With regard to exchange rates, the euro has lost ground against the main world currencies since the beginning of the year.

As regards the Italian insurance market, we note that premiums (based on Italian GAAPs) as up to 31 March 2012 (the latest data available), show the following changes over the same period in 2011, compared with those of Vittoria Assicurazioni (source: ISVAP [the Italian insurance regulator]):

Segment	Change		
	Market 31 March 2012	Vittoria Assicurazioni 31 March 2012	Vittoria Assicurazioni 30 June 2012
Life business	-20.8%	+9.8%	+7.1%
Non-Life business	-1.2%	+15.0%	+12.6%
- of which Motor TPL	+1.0%	+17.3%	+14.3%

The economic decline, associated with the selectiveness of the credit system and the widespread expectations of more extensive repricing than we have seen up to now, are the factors behind the fall on the property market. The significant decrease in purchases and sales in the first quarter of the year, also confirmed in the second quarter of 2012, is the inevitable consequence of a system that is having difficulty finding a new position of stability.

The fall in prices from the highs reached in 2007 has in no way been sufficient to offset the reduction in banks' support to the sector, or dispel fears of future collapses.

The impact of the credit crunch on the property market has necessarily been recessionary, with falls in residential purchases and sales even reaching 20% in the first half of the year. This figure is significant if we consider that, up to then, the fall from the highs of 2006 had come in at just under 30%. Only demand for immediate gains would enable the market to emerge from its current stagnation. The adoption of the wait-and-see strategy exposes the sector to a risk of systemic effects that would not necessarily be inferior to those experienced by the markets in which adjustments are occurring more quickly and in some ways, more traumatically.

Given the spread of property ownership in our country, we can rule out the possibility that a significant correction in prices could spring from the private component, which usually fuels the replacement market. The practice of parcelling out land hinders a repositioning at significantly different price levels from the current ones. The medium-term price trend is therefore largely dependent on the decisions of companies, banks and institutions concerned with property sales, particularly public authorities and pension agencies.

For 2012, the survey of real estate operators shows a drop in house prices of 3.5% compared with 12 months ago, a worse figure than that projected in March (-1.6%). Furthermore, as a consequence of the macroeconomic scenario outlined above, projections for the following two years have declined, with growth of -2.4% in 2013 (rather than -0.8%) and -1.7% in 2014 (rather than -0.2%).



## Summary of key performance indicators

€/million					
SPECIFIC SEGMENT RESULTS					
	30/06/2012	30/06/2011	31/12/2011	Δ % 30/06/11	Δ % 31/12/11
<b>Non Life business</b>					
Gross Premiums written - direct Non Life business	442.0	392.7	809.9	12.6	
(1) Loss Ratio - retained	67.6%	69.8%	71.3%	(2.2)	
(2) Combined Ratio - retained	93.9%	96.8%	97.3%	(2.9)	
(3) Expense Ratio - retained	25.2%	24.8%	24.5%	0.4	
Non Life business pre-tax result	40.2	23.4	52.9	71.8	
<b>Life business</b>					
Gross Premiums written - direct Life business	62.3	58.2	125.8	6.9	
(4) Annual Premium Equivalent (APE)	8.1	7.6	16.8	6.6	
Segregated fund performance: Rendimento Mensile	3.2%	4.2%	4.1%	(1.0)	
Segregated fund performance: Valore Crescente	4.7%	4.9%	4.9%	(0.2)	
Segregated funds portfolios	647.9	624.6	628.8		3.0
Index/Unit - linked and Pension funds portfolios	61.8	76.1	64.2		(3.8)
Life business pre-tax result	4.1	6.7	9	(38.7)	
<b>Total Agencies</b>	<b>350</b>	<b>332</b>	<b>344</b>	<b>5.4</b>	<b>1.7</b>
<b>Average of employees</b>	<b>557</b>	<b>532</b>	<b>539</b>	<b>4.7</b>	<b>3.3</b>
<b>Real Estate business</b>					
Sales	1.2	20.4	25.0	(94.1)	-
Trading and development margin	0.2	4.7	5.5	(95.7)	-
Real Estate business pre-tax result	-5.0	-0.2	-4.4	n.s	-
CONSOLIDATED RESULTS					
	30/06/2012	30/06/2011	31/12/2011	Δ % 30/06/11	Δ % 31/12/11
Total investments	2,355.0	2,187.4	2,186.0		7.7
Net gains on investments *	32.4	33.7	60.9	(3.8)	
Pre-tax result	40.9	29.7	57.6	37.8	
Consolidated profit (loss)	24.1	17.1	37.6	40.8	
Group profit (loss)	24.8	16.6	37.2	48.9	
Equity attributable to the shareholders of the parent	368.4	355.8	333.6		10.4
Equity attributable to the shareholders of the parent net of unrealised capital gains	386.4	352.5	372.9		3.6

\* net of gains on investments where policyholders bear the risk

### Legend

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

Technical data are determined in accordance with Italian accounting principles.

## Performance of the Vittoria Assicurazioni Group

At 30.06.2012, Group net profit was €24,761 thousand, compared with €16,626 thousand in the same period of 2011 (+48.9%).

Insurance segment result, gross of taxes and intersegment eliminations, amounted to €45,183 thousand (€32,041 thousand at 30 June 2011, increasing by +41.0%).

The growth reported is due to an improvement in the Non-Life technical performance which, despite a worsening in the preferred lines of business due to both the atmospheric disturbance occurred in the first quarter 2012 and the earthquake occurred in the northern part of Italy, has registered a satisfactory trend in the Motor line of business, the latter being characterized by an increase in premiums written (+13%) above the market average (+1% as per ANIA statistics) and by a decreasing trend in the loss frequency which, overall, resulted in a decrease of the loss ratio.

Premiums written for the half-year totalled €504,637 thousand (€451,275 thousand at 30 June 2011), up by +11.8%. The growth is due to the prosecution of the development plan with a further increase of the agents' network by 6 units and to the constant focus placed on the development of the Affinity Groups.

The portfolio development accompanied by a conscientious selection of the risks underwritten and an constant attention placed on cost control, has allowed a further improvement of the combined ratio from 96.8% in 1st half 2011 to the current 93,9%.

The real estate segment made a negative contribution to the Group result of €2,002 thousand, compared with a loss of €586 thousand in the same period of the previous year, due to the slowdown in sales in the real estate market. The profit margin on notarial deeds of sale signed in the first half 2012 was €229 thousand, compared with €4,695 thousand at 30 June 2011, as the main real estate projects are still in progress.

Of investments totaling €2,355,170 thousand (+7.7% compared with 31 December 2011), €61,805 thousand (-3.8%) related to investments with risk borne by policyholders and €2,293,365 thousand (+8.1%) to investments with risk borne by the Group.

Net income from investments with risk borne by the Group amount to €32,381 thousand, compared with €33,674 thousand in the previous period (-3.8%). This reduction is due to lower real estate trading margins and to the impairment of available for sale investments, partly offset by higher ordinary profits consequent to the increase in bond portfolio linked to insurance growth.

Private equity investments made by the associate companies generated a loss of €456 thousand (compared with a loss of €254 thousand at 30 June 2011).

Group equity was €368,445 thousand, up +10.4% compared with €333,625 thousand at 31 December 2011. The figure reflects lower net capital losses on securities classified as available for sale.

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

Reclassified Profit and Loss by business segment	(€/000)		
	30/06/12	30/06/11	Δ 06/12 on 06/11
Non life business - Gross Insurance Result (excluding investments result)	22,470	11,630	+93.2%
Non life business - Gross Investments Result (excluding Yam and Private Equity)	18,590	13,680	+35.9%
Life business - Gross Insurance Result (including Investments Result)	4,123	6,731	-38.7%
Gross Insurance business Result	45,183	32,041	+41.0%
Consolidation adjustments: dividends and interests from Real estate business	(834)	(1,267)	-34.2%
Real estate business: taxes	(16,955)	(11,725)	+44.6%
<b>Insurance business net contribution to Profit attributable to parent company shareholders</b>	<b>27,394</b>	<b>19,049</b>	<b>+43.8%</b>
Gains on property trading	229	4,695	-95.1%
Real estate service revenues	802	1,417	-43.4%
Real estate business net costs	(6,043)	(6,319)	-4.4%
<b>Gross Real estate business Result</b>	<b>(5,012)</b>	<b>(207)</b>	<b>+2,321.3%</b>
Taxes and minority interests	1,758	(914)	n.s.
<b>Net Real estate business Result</b>	<b>(3,254)</b>	<b>(1,121)</b>	<b>+190.3%</b>
Net profit attributable to Life business Policyholders	1,823	826	+120.7%
Tax on profit attributable to Life business Policyholders	(571)	(291)	+96.2%
<b>Real estate business net contribution to Profit attributable to parent company shareholders</b>	<b>(2,002)</b>	<b>(586)</b>	<b>+241.6%</b>
<b>Yam Invest net contribution to Profit attributable to parent company shareholders</b>	<b>(408)</b>	<b>(1,654)</b>	<b>-75.3%</b>
<b>Private equity net contribution to Profit attributable to parent company shareholders</b>	<b>(456)</b>	<b>(254)</b>	<b>+79.5%</b>
<b>Service business net contribution to Profit attributable to parent company shareholders</b>	<b>233</b>	<b>71</b>	<b>+228.2%</b>
<b>Net Profit attributable to parent company shareholders</b>	<b>24,761</b>	<b>16,626</b>	<b>+48.9%</b>

At 30.06.2012 the Parent Company registered net profit – based on Italian GAAPs – of €30,775 thousand (compared with €20,057 thousand in the same period of 2011). This result was achieved without making use of the powers granted under the "anti-crisis decree", ruled by ISVAP Regulation no. 43, that would have allowed to sterilize unrealized losses on held to maturity investments.

Notwithstanding the favourable period's performance, the uncertainties implicit in the current economic situation led the Company to confirm the consolidated bottom-line target already disclosed.

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

## Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to €44,319 thousand (€30,132 thousand as at 30 June 2011). The key operating items contributing to the period's result are described below.

Total insurance premiums in 1H12 amounted to €505,272 thousand (+11.8% vs. premiums of €451,789 thousand in 1H11), of which €504,637 thousand for insurance premiums written and €635 thousand for unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums amounted to €62,263 featuring an increase of +6.9% vs. premiums in 1H11.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by +12.6%. Specifically:

- Motor premiums: +13.0%;
- Non-marine premiums: +16.3%;
- Specialty categories [i.e. marine & transport, aviation, credit & suretyship] premiums:-32.0%.

Overhead costs as a percentage of total direct insurance premiums were 8.7% (vs. 8.8% in 1H11).

## Review of operations

Premiums as up to 30.06.2012 thus amounted to €504,637 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

	(€/000)				
	30/06/2012	30/06/2011	YoY change %	% of total book	
				2012	2011
<b><u>Domestic direct business</u></b>					
<b>Life business</b>					
I Whole- and term life	53,482	43,437	23.1	10.6	9.6
IV Health (long-term care)	221	131	68.7	-	-
V Capitalisation	8,560	14,674	- 41.7	1.7	3.3
<b>Total Life business</b>	<b>62,263</b>	<b>58,242</b>	<b>6.9</b>	<b>12.3</b>	<b>12.9</b>
<b>Non-Life business</b>					
<b>Total non-marine lines (exc. specialty and motor)</b>	<b>96,793</b>	<b>83,226</b>	<b>16.3</b>	<b>19.2</b>	<b>18.5</b>
<b>Total specialty lines</b>	<b>6,725</b>	<b>9,894</b>	<b>-32.0</b>	<b>1.3</b>	<b>2.3</b>
<b>Total motor lines</b>	<b>338,460</b>	<b>299,542</b>	<b>13.0</b>	<b>67.1</b>	<b>66.3</b>
<b>Total Non-Life business</b>	<b>441,978</b>	<b>392,662</b>	<b>12.6</b>	<b>87.6</b>	<b>87.1</b>
<b>Total direct business</b>	<b>504,241</b>	<b>450,904</b>	<b>11.8</b>	<b>99.9</b>	<b>100.0</b>
<b><u>Domestic indirect business</u></b>					
<b>Life business</b>	267	262	1.9	0.1	0.0
<b>Non-Life business</b>	129	109	18.3	0.0	0.0
<b>Total indirect business</b>	<b>396</b>	<b>371</b>	<b>6.7</b>	<b>0.1</b>	<b>0.0</b>
<b>Grand Total</b>	<b>504,637</b>	<b>451,275</b>	<b>11.8</b>	<b>100.0</b>	<b>100.0</b>

Revenues not qualified as premiums as defined by IFRS 4 (Unit Linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund) amounted to €635 thousand (€514 thousand in 1H11).

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

(€/000)					
Regions	Non-Life Business			Life Business	
	Agencies	Premiums	%	Premiums	%
<b>NORTH</b>					
Emilia Romagna	30	32,796		3,442	
Friuli Venezia Giulia	4	4,535		856	
Liguria	14	17,668		1,820	
Lombardy	85	96,869		21,958	
Piedmont	42	40,655		5,831	
Trentino Alto Adige	7	4,794		565	
Valle d'Aosta	1	1,513		137	
Veneto	31	26,098		3,305	
<b>Total</b>	<b>214</b>	<b>224,928</b>	<b>50.9</b>	<b>37,914</b>	<b>60.9</b>
<b>CENTRE</b>					
Abruzzo	12	23,703		2,449	
Lazio	26	44,309		5,562	
Marche	16	14,386		1,219	
Tuscany	35	42,863		4,902	
Umbria	14	22,242		4,202	
<b>Total</b>	<b>103</b>	<b>147,503</b>	<b>33.4</b>	<b>18,334</b>	<b>29.4</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	2	4,002		457	
Calabria	2	2,794		2	
Campania	8	16,076		1,793	
Molise	1	319		-	
Puglia	5	11,450		1,927	
Sardinia	6	15,217		373	
Sicily	9	19,689		1,463	
<b>Total</b>	<b>33</b>	<b>69,547</b>	<b>15.7</b>	<b>6,015</b>	<b>9.7</b>
<b>Overall total</b>	<b>350</b>	<b>441,978</b>	<b>100.0</b>	<b>62,263</b>	<b>100.0</b>

The direct operating parent company operates in France on the basis of the freedom-to-provide-service provisions. No premiums were collected during 1H12.

## Life business

### Insurance and investment contracts in the Life business

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

### Premiums

Direct insurance business premiums in 1H12 totalled €62,263 thousand, split as follows:

	30/06/2012	30/06/2011	YoY change %	% of total book	
				2012	2011
Recurring premiums	18,747	18,556	1.0	30.1	31.9
Annual premiums	43,516	39,686	9.7	69.9	68.1
<b>Total Life business</b>	<b>62,263</b>	<b>58,242</b>	<b>6.9</b>	<b>100.0</b>	<b>100.0</b>

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

The following table summarises data for direct business relating to claims, accrued capital sums and annuities, and surrenders as at 30.06.2012, compared with data for the same period in the previous year.

	(€/000)	
	30/06/2012	30/06/2011
Claims	9,695	10,302
Accrued sums and annuities	26,267	26,751
Surrenders	25,174	16,455
<b>Total</b>	<b>61,136</b>	<b>53,508</b>

### Reinsurance

#### Outward reinsurance

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

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

In 1H12 ceded premiums amounted to €946 thousand (€900 as at 30 June 2011).

\* 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.

### Inward reinsurance

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

### **Non-Life business**

The technical performance shows a positive result, an improvement versus the previous year owing to a careful review of portfolio risks and a cautious subscription policy for new risks. Considerations regarding the various business lines are set out below:

#### NON-MARINE BUSINESS

Premiums in the segment grew by 16.3%.

The technical result was affected by weather conditions (intense cold and heavy snowfall) which hit central regions in February, and partly by the recent earthquake in May, which shook Emilia Romagna.

In relation to the latter, the Parent Company's exposure in terms of claims was very modest (around €1,800 thousand), partly thanks to an underwriting policy for risks relating to buildings recently constructed with anti-seismic techniques.

Stripping out the claims resulting from such exceptional events, the technical result was positive, and broadly in line with the same period of the previous year.

An analysis by line shows:

**Accident:** premiums registered an increase of 24.4% thanks to a strategy that seeks to develop and consolidate previously-acquired clients. The technical result for the period was positive.

**Health:** growth in premiums was in line with that of the same period the previous year. The technical result was down: portfolio reviews are in progress.

**Fire and natural events:** premiums grew by 9.3%. The negative technical result was affected by exceptional winter weather and the abovementioned seismic events.

**Other asset damage:** this recorded an increase in premiums, against a negative technical result, but one that was better than that recorded the previous year.

**General TPL:** premiums increased. The technical result worsened, mainly owing to the increase in costs for claims relating to professional general TPL. This segment is currently undergoing significant portfolio reform. Finally, note how weather conditions indirectly had a negative impact on the business (TPL damages from falls owing to ice).

**Miscellaneous financial losses:** premiums written increased by 31.1% (+35.6% in the same period the previous year). The business had a positive technical result.

**Legal protection:** premiums grew and the technical result remained positive.

#### SPECIALTY BUSINESS

**Watercraft hulls (sea, lake and river) and railway rolling stock:** premiums overall fell owing to greater caution in taking on these risks, with a falling technical result.

**Goods in transit:** premiums written grew by 14.8%. The technical result fell slightly compared with the previous year.



**Credit:** the business exclusively includes risks relating to the 20% salary assignment loan (*Cessione del Quinto dello Stipendio*, or CQS) for which the right of recourse in respect of the financed parties has been preserved in accordance with ISVAP Regulation 29/2009. The contraction of premiums issued, equal to 57.6%, was almost exclusively due to changes in the related market in line with the current economic backdrop. The business had a negative technical result.

**Bond insurance:** premiums written decreased by 18.3% (+7.3% in the same period the previous year) owing to the recessionary phase in Italy and the consequent caution in the management of contract underwriting. The technical result was negative.

## MOTOR BUSINESS

The Motor Business registered a positive result overall, with a rise in premiums of 13.0%, lower than the growth of the same period last year. This was the result of a portfolio consolidation policy geared towards favouring virtuous policyholders, as well as a market situation that has been significantly affected by the general crisis and that of motor vehicles in particular.

**Land motor vehicle hulls:** premiums rose by 4.0%, with a technical result in line with the same period of the previous year, despite being affected by the incidence of claims relating to weather events.

An underwriting policy that focused in particular on the combination of ancillary cover with Motor TPL and the further development of Affinity Groups contributed to the result.

**Third-party liability for land motor vehicles and for watercraft (sea, lake, and river):** premiums registered an increase of 14.3%. Constant portfolio selection, tariff policies and careful claims management enabled the business to maintain a positive technical result, an improvement on the previous year.

**Assistance:** premiums advanced by 26.4%, and the technical result remained positive.

## Premiums

Premiums written for direct business in 1H12 amounted to €441,978 thousand (vs. €392,662 thousand in 1H11), with a growth of 12.6% YoY.

## Claims

### Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during 1H12. Data are compared with those for 1H11:

	30/06/12		30/06/11		Change %	
	number	total cost	number	total cost	number	total cost
Total non-motor businesses	22,471	61,941	27,251	47,328	-17.5	30.9
Total Special businesses	599	3,542	464	2,920	29.1	21.3
Total motor businesses	79,556	202,517	77,071	189,674	3.2	6.8
Total non-life businesses	102,626	268,000	104,786	239,922	-2.1	11.7

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

Branch	Claim handling Type	30/06/12		30/06/11	
		Number	Total cost	Number	Total cost
Motor TPL - land	K-for-K - liable	34,855	72,164	34,741	71,094
Motor TPL - land	K-for-K - originator	40,730	95,186	40,584	96,762
Motor TPL - land	Non K-for-K claims	14,786	76,413	13,468	71,971
Motor TPL - watercraft	Non K-for-K claims	23	81	9	33
<b>Total Motor T.P.L. claims handled</b>		<b>90,394</b>	<b>243,845</b>	<b>88,802</b>	<b>239,860</b>

The parent company received 53,532 reports of claim events to be managed as originator (52,246 reports of claim in 2010: +2.5%), against which it will complete recoveries from other insurers for a total of €75,089 thousand (€79,776 thousand at 30 June 2011: -5.9%), based on the forfeitary amounts established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

### Claims settlement speed

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

	(percentages)					
	current generation			previous generations		
	30/06/2012	30/06/2011	31/12/2011	30/06/2012	30/06/2011	31/12/2011
Accident insurance	26.47	26.89	52.91	53.30	53.40	70.43
Health insurance	64.78	72.88	84.55	50.04	52.25	58.76
Motor vehicle hulls	73.15	73.54	83.82	72.05	78.33	83.47
Fire and natural events	52.49	54.60	80.04	67.86	68.80	78.67
Miscellaneous damages - theft	58.96	60.71	84.05	81.44	80.81	88.15
Third-party motor liability	61.98	59.96	72.64	52.61	52.85	70.35
Third-party general liability	42.51	41.57	64.80	27.42	27.31	36.89

## 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 30/06/12			Claims recovered from reinsurers	Claims paid 30/06/11			Change gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
<b>Total non-motor businesses</b>	<b>10,598</b>	<b>30,920</b>	<b>41,518</b>	<b>1,905</b>	<b>9,051</b>	<b>30,699</b>	<b>39,750</b>	<b>4.5</b>
<b>Total Special businesses</b>	<b>762</b>	<b>4,443</b>	<b>5,205</b>	<b>2,332</b>	<b>536</b>	<b>2,896</b>	<b>3,432</b>	<b>51.7</b>
<b>Total motor businesses</b>	<b>65,738</b>	<b>139,113</b>	<b>204,851</b>	<b>3,534</b>	<b>62,623</b>	<b>119,354</b>	<b>181,977</b>	<b>12.6</b>
<b>Total non-life businesses</b>	<b>77,098</b>	<b>174,476</b>	<b>251,574</b>	<b>7,771</b>	<b>72,210</b>	<b>152,949</b>	<b>225,159</b>	<b>11.7</b>

The cost includes the amount incurred in the period for the contribution to the guarantee fund for road-accident victims. This totalled €6,670 thousand vs. €5,842 thousand in 1H11.

## Reinsurance

### Outward reinsurance

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

The main treaties in place are the following:

#### **Non-life business**

Accident  
Motor vehicle Hulls  
Marine Hulls  
Cargo (goods in transit)  
Fire and natural events  
Miscellaneous damage

#### **Type of treaty**

Excess claims  
Excess claims  
Excess claims  
Excess claims  
Excess claims  
Pure premium for hail, single-multi-risk  
Pure premium for engineering risks  
Pure premium for ten year guarantees  
Excess claims  
Excess claims  
Pure premium  
Pure premium  
Pure premium

Motor TPL  
General TPL  
Suretyship  
Legal protection  
Assistance

Ceded premiums in 1H12 totalled €11,180 thousand (€11,498 thousand as at 30.06.2012).

### Inward reinsurance

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

## Insurance risk management and analysis

### Insurance risk management

#### Objectives

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

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

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

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

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

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

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

#### Policies

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

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

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

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

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

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

### Financial and actuarial assumptions for Life insurance products

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

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

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

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

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

### Insurance risk analysis

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

#### Credit risk

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

(€/000)				
S&P Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	202	603	805	1.9
AA	-65	459	394	0.9
AA-	-11,557	33,981	22,424	53.7
A+	-1,216	14,699	13,483	32.3
A	-8,854	6,039	-2,815	-6.7
A-	-3,083	6,345	3,262	7.8
B	144	6	150	0.4
BAA2	-1,096	926	-170	-0.4
Not rated	259	3,935	4,194	10.1
<b>Total</b>	<b>-25,266</b>	<b>66,993</b>	<b>41,727</b>	<b>100.0</b>

### Concentration risk

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

Based on the analysis of premiums as at 30.06.2012, non-life business accounts for approximately 87% of total Group premiums, with 67% of this percentage referring to motor lines.

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

The risks of this concentration may make the Group more vulnerable to changes in the regulatory framework and in market trends. They may occasionally translate into increases in indemnities payable to policyholders. These risks are mitigated by enhancing the loyalty of policyholders featuring more “virtuous” behaviour (i.e. not reporting claims) through accentuated tariff customisation. This aims to normalise the entity of claims whilst also reducing portfolio volatility.

### Earthquake exposure

Reinsurance covers put in place to mitigate exposure to earthquake risks have been calculated using the main tools available on the market. Calculation is based on the maximum probable loss on the fire and other property damage lines (technological risk sector), in turn calculated over a 250-year return period, which is the one most widely used in the Italian market.

The protection purchased far exceeds the requirement shown for the worst-case scenario.

### Hail exposure

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

### Flood exposure

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

## Commercial organisation

In 1H12 10 new Agencies were opened, 14 were reorganised, while 4 were closed. As at 30.06.2012 the parent company was nationally present as follows:

	<b>30/06/2012</b>	30/06/2011	31/12/2011
Agencies	350	332	344
Sub-Agencies	578	586	585

## Products

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

### New Products

#### Life business:

Within the Savings Line, the new whole-life single-premium policy called “Vittoria Alto Rendimento” [Vittoria High Yield] was introduced.

Two new tariffs were introduced as part of the Protection Line:

- collective policy related to 20% salary and pension assignment loans;
- collective policy related to 20% pension assignment loans.

#### Non-Life business:

In the Non-life business, two new products were introduced relating to reimbursement of healthcare costs, one of which is dedicated to “Affinity Groups” and the other related to insurance cover for offices and professional premises.

### Revamped Products

#### Life business:

Activities in the first half of 2012 focused on updating numerous Life products and adapting to the current rules and new regulations enacted by ISVAP, COVIP and CONSOB.

#### Non-Life business:

In the Motor Business, from 1 June 2012, a new TPL and Miscellaneous Motor Risks tariff of the Road Line came into force. Three tariffs of the Road Line were also reviewed, specifically:

- the tariff that includes increases in 27 provinces for automobiles of customers that do not belong to “Affinity Groups” (tariff edition 1 February 2012);
- the tariffs that included an increase in the entry premium for trucks (excluding camper vans) of customers that do not belong to “Affinity Groups” (tariff edition 1° February 2012);
- the tariff that includes raising the minimum insurable value for all vehicles – excluding motorcycles and three-wheelers – (tariff edition 1 February 2012).

The following new products in the Non-life, Non-marine business have been subject to overhaul:

- 2011 Environmental Liability Policy for Installations;
- 2011 Environmental Liability Policy for loading and unloading operations at third-party premises;
- 2011 Environmental Liability Policy for activities at third-party premises.

## Overhead costs

### Overhead costs – direct business

The total amount of insurance overhead costs (Non-Life and Life business) – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets – rose to €43,982 thousand vs. €39,659 thousand in 1H11, increasing by +10.9%.

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

(€/000)			
<b>ANALYSIS OF COSTS</b>	<b>30/06/2012</b>	30/06/2011	<b>Change</b>
Personnel expenses	22,337	19,815	12.7%
Other costs	14,413	14,266	1.0%
Amortisation/Depreciation	7,232	5,578	29.7%
<b>Total cost by nature</b>	<b>43,982</b>	<b>39,659</b>	<b>10.9%</b>

## Operating costs

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

(€/000)			
	<b>30/06/2012</b>	30/06/2011	<b>Change</b>
Gross commissions and other acquisition costs	95,974	87,818	9.3%
Profit participation and other commissions received from reinsurers	-2,801	-3,837	-27.0%
Investment management costs	611	393	55.5%
Other administrative costs	12,798	11,282	13.4%
<b>Total</b>	<b>106,582</b>	<b>95,656</b>	<b>11.4%</b>



## Real estate business

The gross loss made by the real estate business, shown in the income statement by business and business line, amounted to €-5,012 thousand (vs. a loss of €-207 thousand in 1H11) and featured contributors to the income statement that, before intersegment eliminations, included:

- income earned on properties from trading and development totalling €229 thousand (€4,695 thousand in 1H11);
- revenues from real estate brokerage and management services of €548 thousand, from administrative services of €254 and rental income of €299 thousand, for a total amount of €1,101 thousand (€1,417 thousand in 1H11);
- financial expenses of €2,385 thousand (€1,434 thousand in 1H11);
- revenues from notarial deeds of €1,162 (€20,436 thousand in 1H11).

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

### Trading and development

The following companies operate in this segment:

#### **Vittoria Immobiliare SpA – Milan**

87.24% 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 1H12 amounted to €750 thousand. Closing inventory totalled €24,844 thousand.

#### **Immobiliare Bilancia Srl - Milan**

100% direct equity interest

This company is active in real-estate trading and development. Closing inventory totalled €28,227 thousand.

#### **Immobiliare Bilancia Prima Srl – Milan**

100% direct equity interest

The company owns a site in the municipality of Parma, for which the development project is now underway. Closing inventory amounted to € 10,473 thousand.

#### **Immobiliare Bilancia Seconda Srl - Milan**

100% direct equity interest

This company is active in real-estate trading. Closing inventory totalled €605 thousand.

#### **Acacia 2000 Srl – Milan**

65% indirect equity interest via Vittoria Immobiliare S.p.A.

The company is active in property development. Closing inventory – consisting of a buildable area for residential use in the Portello zone of Milan named “Residenze Parco Vittoria” – amounted to €194,707 thousand.

**Forum Mondadori Residenze Srl. – Milan**

100% direct equity interest

The Company owns a building complex in Milan, at via Adamello 10, intended for office use. Closing inventory totaled €9,646 thousand.

**Cadorna Real Estate Srl – Milan**

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

The company is active in the trading (after restructuring and refurbishment) of buildings located in Corso Cairoli in Turin. Revenues from the sale of property in 1H12 amounted to €402 thousand. Closing inventories at the end of 1H12 amounted to €5,974 thousand.

**Sivim S.r.l. – Italy**

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

The company is building a complex in Rome. Closing inventories at the end of 1H12 amounted to €9,231 thousand.

**VRG Domus Srl. - Turin**

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

The company, totalled a closing inventory of €1,074 thousand, related its “Spina 1” real-estate operation in Turin.

**Vaimm Sviluppo Srl – Milan**

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

The company is active in trading (after restructuring and refurbishment of buildings). The closing inventory of the building units located in Genoa in Piazza De Ferrari, Via Orefici and Via Conservatori del Mare amounted to €60,876 thousand.

**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. Closing inventory amounted to €5,788 thousand.

Total closing inventories of the above described companies amounted to €427,482 thousand, made-up as follows:

	<u>€/000</u>
- Land:	10,087
- Real estate operations under completion:	372,548
- Real estate operations already completed:	44,847

## Real Estate Brokerage Activities

In this segment the following companies are active:

### Interimmobili Srl - Rome

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

In its real-estate brokerage activities, the company achieved commission revenue of €660 thousand, (€1,635 thousand as at 30 June 2011), before infragroup eliminations.

In 1H12 the company continued to sell properties mainly in Rome, Turin and Milan based on sales mandates given by Group companies and premier institutional investors, social security & pension agencies, and building companies.

Project management contracts acquired by Interimmobili with Group companies generated revenues of €1,372 (€735 thousand as at 30 June 2011).

### Vittoria Service Srl – Milan

70% direct equity interest and 30% indirect via Vittoria Immobiliare S.p.A.

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

## Property management

Gestimmobili Srl, based in Milan (80% indirect equity interest via Vittoria Immobiliare S.p.A.), is the company active in this segment, i.e. in the administrative and technical management of property assets. Revenues achieved for this activity in 1H12 totalled €400 thousand (€428 thousand as at 30 June 2011).

## Overhead costs

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

	(€/000)		
<b>ANALYSIS OF COSTS</b>	<b>30/06/2012</b>	30/06/2011	<b>Change</b>
Personnel expenses	2,076	1,941	7.0%
Other costs	1,676	2,448	-31.5%
Amortisation/Depreciation	331	197	68.0%
<b>Total cost by nature</b>	<b>4,083</b>	<b>4,586</b>	<b>-11.0%</b>

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

## Service business

This segment showed a gross profit in the period, as shown in the income statement by business and business line, of €567 thousand (€152 thousand in 1H11).

Revenues for services rendered in 1H12 by group companies, before elimination of infra-group services, amounted to €4,320 thousand. These revenues included €4,226 thousand for commissions and services rendered to the direct operating parent company.

### Overhead costs

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

	(€/000)		
<b>ANALYSIS OF COSTS</b>	<b>30/06/2012</b>	<b>30/06/2011</b>	<b>Change</b>
Personnel expenses	539	491	9.8%
Other costs	609	665	-8.4%
Amortisation/Depreciation	14	11	27.3%
<b>Total cost by nature</b>	<b>1,162</b>	<b>1,167</b>	<b>-0.4%</b>

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

## Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of €2,355,170 thousand with an increase of +7.7% vs. 31/12/2011. The detailed breakdown is shown in the following table:

(€/000)				
<b>INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY</b>		<b>30/06/2012</b>	<b>31/12/2011</b>	<b>Change</b>
<b>A</b>	<b>Investments in subsidiaries and associates and interests in joint ventures</b>	<b>83,201</b>	<b>104,479</b>	<b>-20.4%</b>
<b>B</b>	<b>Held to maturity investments</b>	<b>101,402</b>	<b>98,047</b>	<b>3.4%</b>
	<b>Loans and receivables</b>	<b>43,983</b>	<b>37,987</b>	<b>15.8%</b>
	- Reinsurance deposits	4,628	225	
	- Other loans and receivables	39,355	37,762	
<b>C</b>	<b>Financial assets available for sale</b>	<b>1,399,570</b>	<b>1,273,622</b>	<b>9.9%</b>
	- Equity investments	33,148	34,106	
	- OEIC units	30,828	6,142	
	- Bonds and other fixed-interest securities	1,335,594	1,233,374	
	<b>Financial assets at fair value through profit or loss</b>	<b>62,772</b>	<b>67,036</b>	<b>-6.4%</b>
<b>D</b>	<b>Financial assets held for trading</b>	<b>967</b>	<b>2,787</b>	<b>-65.3%</b>
	- Bonds and other fixed-interest securities held for trading	967	2,787	
<b>E</b>	<b>Financial assets at fair value through profit or loss</b>	<b>61,805</b>	<b>64,249</b>	<b>-3.8%</b>
	- Investments where policyholders bear the risk	61,805	64,249	
	<b>Cash and cash equivalents</b>	<b>114,351</b>	<b>87,117</b>	<b>31.3%</b>
<b>F</b>	<b>Property</b>	<b>549,891</b>	<b>517,749</b>	<b>6.2%</b>
	Property under construction	323,599	302,145	
	Property held for trading	103,883	91,136	
	Owner-occupied property	122,409	124,468	
	<b>TOTAL INVESTMENTS</b>	<b>2,355,170</b>	<b>2,186,037</b>	<b>7.7%</b>
<b>of which</b>				
	<b>investments where the Group bears the risk</b>	<b>2,293,365</b>	<b>2,121,788</b>	<b>8.1%</b>
	<b>investments where policyholders bear the risk</b>	<b>61,805</b>	<b>64,249</b>	<b>-3.8%</b>

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	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Investments in subsidiaries	82,576	81,537	-	-	-	-	-82,576	-81,537	-	-
Investments in associates	81,816	102,679	2,682	2,745	89	77	-1,386	-1,022	83,201	104,479
Held to maturity investments	101,402	98,047	-	-	-	-	-	-	101,402	98,047
Reinsurance deposits	4,628	225	-	-	-	-	-	-	4,628	225
Other loans and receivables	22,951	20,682	16,454	17,130	-	-	-50	-50	39,355	37,762
Financial assets available for sale										
Equity investments	32,724	33,882	174	174	250	50	-	-	33,148	34,106
OEIC units	30,828	6,142	-	-	-	-	-	-	30,828	6,142
Bonds and other fixed-interest securities	1,335,594	1,233,374	-	-	-	-	-	-	1,335,594	1,233,374
Financial assets at fair value through profit or loss:										
Investments where policyholders bear the risk	61,805	64,249	-	-	-	-	-	-	61,805	64,249
Financial assets held for trading: Bonds and other fixed-interest securities	967	2,787	-	-	-	-	-	-	967	2,787
Cash and cash equivalents	90,922	69,349	18,628	15,699	4,801	2,069	-	-	114,351	87,117
Property under construction	76,038	68,679	247,561	233,466	-	-	-	-	323,599	302,145
Property held for trading	-	-	103,883	91,136	-	-	-	-	103,883	91,136
Owner-occupied property	103,485	105,356	18,924	19,112	-	-	-	-	122,409	124,468
<b>Total</b>	<b>2,025,736</b>	<b>1,886,988</b>	<b>408,306</b>	<b>379,462</b>	<b>5,140</b>	<b>2,196</b>	<b>-84,012</b>	<b>-82,609</b>	<b>2,355,170</b>	<b>2,186,037</b>

Investments benefiting Life policyholders who bear related risk and those arising from pension fund management (*section E of earlier table*)

As at 30.06.2012 these investments amounted to €61,805 thousand, with a decrease of -3.8% YoY. Of this amount, €50,759 thousand related to unit- and index-linked policies and €11,046 thousand to the open-ended pension fund Vittoria Formula Lavoro. There was total net gain of €2,885 thousand (€592 thousand as at 30 June 2011).

As at 30.06.2012 the status of the three segments of Vittoria Assicurazioni open-ended pension fund was as follows:

	Members		Assets (€/000)	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Previdenza Garantita	267	270	2,805	2,657
Previdenza Equilibrata	307	317	3,763	3,565
Previdenza Capitalizzata	366	373	4,420	4,122

#### Investments with risk borne by Group

Investments with risks borne by the Group totalled €2,293,365 thousand (€2,121,788 thousand as at 31 December 2011).

The following transactions took place during the 1H12:

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

The performance of subsidiaries in the Real Estate and Services businesses has been illustrated, with the performance of the main associate companies and joint ventures described below.

##### Yam Invest N.V. Group – The Netherlands

Direct equity interest: 18.75%.

Yam Invest N.V. Group is a joint venture that is a strategic investment, with the function of monitoring, developing and managing initiatives in the real estate and services sectors in the European market. As up to 30.06.2012 it showed a total net loss of €-2,316 thousand, of which Vittoria Assicurazioni's share was €-434 thousand.

##### Laumor Partners (S.a.r.l.) Sicar - Luxembourg

Direct equity interest: 21.87%

The associate sold all its investments in the private equity sector to an Italian real estate fund managed by Yarpa Investimenti SGR S.p.A., and will be liquidated in the second half of the year. At 30 June 2012, it registered an overall net loss of €-1,129 thousand, of which €-434 thousand pertains to Vittoria Assicurazioni.

##### White (S.a.r.l.) Sicar - Luxembourg

Direct equity interest: 20.13%

During the first half, the associate signed agreements to sell all its investments held in Private Equity to third-party investors, and is expected to be definitively liquidated in the second half of the year. At 30 June 2012, it registered an overall net loss of €-3,511 thousand, of which €-707 thousand pertains to Vittoria Assicurazioni.

Gima (S.A.) Sicar - Luxembourg

Direct equity interest: 23.35%

The associate sold all its investments in the private equity sector to an Italian real estate fund managed by Yarpa Investimenti SGR S.p.A., and will be liquidated in the second half of the year. At 30 June 2012, it registered an overall net profit of €1,179 thousand, of which €275 thousand pertains to Vittoria Assicurazioni.

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

Direct equity interest: 48.19%

The associate is traditionally active in the creation and management of customer loyalty and sales network incentive programmes, relationship marketing, communications and promotions. During the period, it started to provide new services to support insurance companies' management activities. At 30 June 2012, the company registered a loss of €-1,155 thousand, of which €- 557 thousand pertains to the Group.

Yarpa S.p.A. - Italy

Direct equity interest: 25.90%

Yarpa S.p.A. is a holding company with a stable portfolio of equity investments. It provides advisory and financial consultancy services. It controls 100% of Yarpa Investimenti SGR S.p.A., which manages closed-end investment and real estate funds, and 86% of YLF S.p.A., a company created to manage through a joint venture with LBO France private equity investments on the Italian market, aimed at small and medium-sized companies.

Rovimmobiliare S.r.l. – Italy

Equity interest: 50.00% via Vittoria Immobiliare S.p.A.

This associate is a property company owner of a building in Livorno.

Its balance sheet at 30.06.2012 shows shareholders' equity of €440 thousand, net of the €-201 thousand net loss for the first half of the year.

Mosaico S.p.A. – Italy

Equity interest: 45.00% via Vittoria Immobiliare S.p.A.

This associate is a property company involved in a development project at Collegno (TO).

Its balance sheet at 30.06.2012 shows shareholders' equity of €138 thousand, net of the €-89 thousand net loss for the first half of the year.

Pama & Partners S.r.l. – Italy

Equity interest: 25.00% via Vittoria Immobiliare S.p.A.

This associate is a property company and is managing a development project in Genoa.

Its balance sheet at 30.06.2012 shows shareholders' equity of €1,446 thousand, net of the €-28 thousand net loss for the first half of the year.

VP Sviluppo 2015 S.r.l. – Italy

Equity interest: 40.00% via Vittoria Immobiliare S.p.A.

This associate is managing a development project in Peschiera Borromeo (Milan).

Its balance sheet at 30.06.2012 shows shareholders' equity of €1,496 thousand, including the €223 thousand net profit for the first half of the year.

VZ Real Estate S.r.l. – Italy

Equity interest: 49.00% via Vittoria Immobiliare S.p.A.

This associate is managing a refurbishment operation in Via Don Gnocchi in Milan.

Fiori di S. Bovio S.r.l. – Italy

Equity interest: 40.00% via Vittoria Immobiliare S.p.A

This associate is a property company involved in a development project in Peschiera Borromeo (Milan).

Its balance sheet at 30.06.2012 shows shareholders' equity of €28 thousand, net of the €-13 thousand net loss for the first half of the year.

Valsalaria A.11 S.r.l. – Italy

Equity interest: 40.00% via Vittoria Immobiliare S.p.A

This associate is a property company, owner of lands in Rome (Villa Spada area).

Its balance sheet at 30.06.2012 shows shareholders' equity of €174 thousand, net of the €-21 thousand net loss for the first half of the year.

Consorzio Movincom S.c.r.l. – Italy

Direct equity interest of 0.96% and 38.39% via Aspevi Roma S.r.l.

The associate is a company dedicated to the development of payment systems using the mobile phone.

Spelin Finanziaria S.p.A. - Italy

Equity interest: 21.00% via Vittoria Service S.r.l.

The associate operates as a non-banking intermediary in personal loans (20% salary-assignment loans), focusing on the public administration and state-owned sectors.

Le Api S.r.l. – Italy

Equity interest: 30.00% via Interbilancia S.r.l.

The associate is a service company.

Its balance sheet at 30.06.2012 shows shareholders' equity of €160 thousand, including the €41 thousand net profit for the first half of the year.

#### B) Investments held to maturity:

The main transactions undertaken during the first half were:

- redemption of bonds for €105 thousand.
- purchase of certificates of deposit for €2,993 thousand.

#### C) Financial assets available for sale:

The main transactions undertaken during the first half were:

- repayment of bonds for €138,400 thousand;
- purchase of Italian government bonds totalling €263,998 thousand;
- purchase of German government bonds totalling €49,960 thousand;
- sale of fixed-rate bonds for €100,250 thousand with a capital gain of €7,756 thousand;
- sale of Italian fixed-rate bonds for €15,091 thousand with a capital loss of €-33 thousand and a capital gain of €118 thousand;
- write-down of three companies for a total of €3,033 thousand.

In the first half, two of the three *Sicar* used as private equity investment vehicles (Lamour Partners Sarl Sicar and Gima Sarl Sicar) sold their assets at market value to Italian closed-end investment funds managed by Yarpa Investimenti SGR S.p.A., a 100% subsidiary of associate Yarpa S.p.A.. At the end of the period, the total amount invested in new funds was €24,735 thousand.



The Parent Company accepted the proposal for the Greek debt exchange, which took place in April.

D) Financial assets held for trading:

- Acquisitions coming from surrenders and non-signature of policies (pursuant to Article 41, paragraph 2 of Italian Legislative Decree no. 209 of 7 September 2005) = □12 thousand;
- Redemption of bonds for €1,784 thousand with a capital gain of €163 thousand

F) Investments in property

As at 30.06.2012, real estate assets totalled €549,891 thousand (+6.2% vs. 31 December 2011). The following table shows the breakdown and changes of these real estate assets:

	(€/000)			
	Property under construction	Property held for trading	Owner- occupied property	Total
<b>Balance as at 31/12/2011</b>	<b>302,145</b>	<b>91,136</b>	<b>124,468</b>	<b>517,749</b>
Purchase and capitalised interests paid				
- MILAN - Portello Area (via Acacia 2000 S.r.l.)	12,285	-	-	12,285
- MILAN - Portello Area (via Vittoria Assicurazioni S.p.A.)	7,359	-	22	7,381
- PARMA (via Immobiliare Bilancia Prima S.r.l.)	20	-	-	20
- SAN DONATO MILANESE (MI) - (via Immobiliare Bilancia S.r.l.)	2,249	-	-	2,249
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)	8	-	-	8
- ROME (via Valsalaria S.r.l.)	144	-	-	144
- TURIN - Barbaroux Str. - (via Vittoria Immobiliare S.p.A.)	-	1,131	-	1,131
- GENOA - De Ferrari Sq., Conservatori del Mare Str., Orefici Str. (via Vaimm Sviluppo S.r.l.)	-	2,314	-	2,314
- MILAN - Adamello Str. (via Forum Mondadori Residenze S.r.l.)	-	50	-	50
- GENOA - Venezia Street (via Immobiliare Bilancia S.r.l.)	-	59	-	59
- TURIN - Cairoli Street (via Cadorna Real Estate S.r.l.)	-	17	-	17
- FLORENCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)	-	266	-	266
- TURIN - Maria Vittoria Str. - (via Vittoria Properties S.r.l.)	-	-	51	51
- TURIN - Maria Vittoria Str. - (via Vittoria Properties S.r.l.)	-	9,231	-	9,231
- Miscellaneous	-	-	7	7
<b>Total purchase and capitalised interests paid</b>	<b>22,066</b>	<b>13,068</b>	<b>80</b>	<b>35,214</b>
Sales:				
- TURIN - Cairoli Street (via Cadorna Real Estate S.r.l.)	-	(402)	-	(402)
- MILAN - San Donato Milanese (via Vittoria Immobiliare S.p.A.)	(750)	-	-	(750)
- Miscellaneous	0	(10)	-	(10)
<b>Total sales</b>	<b>(750)</b>	<b>(412)</b>	<b>-</b>	<b>(1,162)</b>
Depreciations	-	-	(2,139)	(2,139)
Recognised gains	138	91	0	229
<b>Balance as at 30/06/2012</b>	<b>323,599</b>	<b>103,883</b>	<b>122,409</b>	<b>549,891</b>

## Financial liabilities

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

(€/000)			
<b>FINANCIAL LIABILITIES</b>	<b>30/06/2012</b>	31/12/2011	<b>Change</b>
<b>Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management</b>	<b>61,805</b>	<b>64,249</b>	<b>-3.8%</b>
- Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	50,759	53,847	
- Financial liabilities where the investment risk is borne by policyholders relating to pension funds	11,046	10,402	
<b>Othe financial liabilities</b>	<b>322,768</b>	<b>290,432</b>	<b>11.1%</b>
- Reinsurance deposits	24,418	24,418	
- Payables to banks	281,115	252,791	
- Other financial payables	9,411	7,808	
- Other financial liabilities	7,824	5,415	
- Subordinated liabilities	-	-	
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>384,573</b>	<b>354,681</b>	<b>8.4%</b>

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	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	50,759	53,847	-	-	-	-	-	-	50,759	53,847
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	11,046	10,402	-	-	-	-	-	-	11,046	10,402
Reinsurance deposits	24,418	24,418	-	-	-	-	-	-	24,418	24,418
Payables to banks	-	-	281,115	252,743	-	48	-	-	281,115	252,791
Other financial payables	-	-	9,411	7,808	-	-	-	-	9,411	7,808
Other financial liabilities	7,824	5,415	-	-	-	-	-	-	7,824	5,415
<b>Total</b>	<b>94,047</b>	<b>94,082</b>	<b>290,526</b>	<b>260,551</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>384,573</b>	<b>354,681</b>

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

## Gains and losses on investments

The following table shows the breakdown as at 30.06.2012 of net gains on investments, with separate disclosure of investments where the risk is borne by life policyholders:

(€/000)				
Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	30/06/2012 total net gains/(losses)	30/06/2011 total net gains/(losses)
<b>Investments</b>	<b>37,661</b>	<b>-1,273</b>	<b>36,388</b>	<b>30,299</b>
<b>From:</b>				
b   investments in subsidiaries and associates and interests in joint ventures	-1,689	-	-1,689	-1,149
c   held to maturity investments	2,304	-	2,304	2,163
d   loans and receivables	692	22	714	392
e   financial assets available for sale	35,108	-3,033	32,075	28,177
f   financial assets held for trading	56	43	99	124
g   financial assets at fair value through profit or loss	1,190	1,695	2,885	592
<b>Other receivables</b>	<b>448</b>	<b>-</b>	<b>448</b>	<b>462</b>
<b>Cash and cash equivalents</b>	<b>725</b>	<b>-</b>	<b>725</b>	<b>654</b>
<b>Financial liabilities</b>	<b>-2,883</b>	<b>-2,885</b>	<b>-5,768</b>	<b>-2,624</b>
<b>From:</b>				
b   financial liabilities at fair value through profit or loss	-	-2,885	-2,885	-592
c   other financial liabilities	-2,883	-	-2,883	-2,032
<b>Total gains and losses on financial instruments</b>	<b>35,951</b>	<b>-4,158</b>	<b>31,793</b>	<b>28,791</b>
<b>Real estate business</b>				
<b>From:</b>				
a   Gains on property trading	229	-	229	4,695
b   Rent income on owner-occupied property and property held for trading	359	-	359	188
<b>Total real estate business</b>	<b>588</b>	<b>-</b>	<b>588</b>	<b>4,883</b>
<b>Total gains and losses on investments</b>	<b>36,539</b>	<b>-4,158</b>	<b>32,381</b>	<b>33,674</b>

Net gains with risk borne by the Group amounted to €32,381 thousand, with a -3.8% decrease vs. 1H11.

As up to 30.06.2012 the weighted average return on "Bonds and other fixed-income securities" was 5.3% as compared with 4.6% in 1H11.

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	
	30/6/12	30/6/11	30/6/12	30/6/11	30/6/12	30/6/11	30/6/12	30/6/11	30/6/12	30/6/11
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	99	124	-	-	-	-	-	-	99	124
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	-821	224	-46	-124	12	18	-834	-1,267	-1,689	-1,149
Gains or losses on other financial instruments and investment property	35,466	30,726	-2,066	-906	-17	-4	-	-	33,383	29,816
Gains on property trading	-	-	229	4,695	-	-	-	-	229	4,695
Revenue from work in progress (percentage of completion)	-	-	-	-	-	-	-	-	-	-
Rent income on owner-occupied property and prop	109	105	299	125	-	-	-49	-42	359	188
<b>Total</b>	<b>34,853</b>	<b>31,179</b>	<b>-1,584</b>	<b>3,790</b>	<b>-5</b>	<b>14</b>	<b>-883</b>	<b>-1,309</b>	<b>32,381</b>	<b>33,674</b>

# Investment and financial risk management & analysis policies

## Financial risk management

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

### Investment policies: objectives

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

- A) Life and Non-Life investments with risk borne by the Group
- Assure the Group's capital soundness by means of a policy of limitation of potential portfolio loss risk following adverse changes in interest rates, equity prices, and exchange rates
  - Limit credit risk by giving preference to investments in issuers with high ratings
  - Assure adequate investment diversification, also prudently taking opportunities arising in the real estate sector
  - For the Life segment, assure a stable return higher than the technical rate envisaged by contracts in force, optimising management of expected cash flows consistently with insurance liabilities
  - For the Non-Life segment, assure both a stable return in line with the forecasts factored into product tariffs and positive cash flows also able to address scenarios featuring any significant increase in claims cost and settlement speed
  - Monitor the securities portfolio duration in relation to liabilities' duration
  - Give preference to continuity of returns rather than to achievement of high returns in limited periods of time
  - Protect investments' value from exchange-rate fluctuations also via use of financial derivatives.
- B) Life investments with risk borne by policyholders
- Manage investments benefiting policyholders who bear related risk (index- and unit-linked policies) and those relating to pension-fund management according to the objectives envisaged by relevant policies and by pension funds' regulations, with the constraint of total transparency vis-à-vis policy holders and in compliance with specific legal regulations
  - Define investments' level of protection against exchange-rate fluctuations also via use of financial derivatives.

## Procedures

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

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

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

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

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

## Financial risk analysis

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

The chapter does not discuss the Group's investments in instruments designated at fair value going through profit and loss (index- and unit-linked policies – pension funds) because these are strictly connected with related liabilities.

### Securities portfolio breakdown

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

(€/000)				
Investment nature	Amount 30/06/2011	% of breakdown	Amount 31/12/2010	% of breakdown
<b>DEBT SECURITIES</b>	<b>1,437,963</b>	<b>95.7%</b>	<b>1,334,208</b>	<b>97.1%</b>
<b>Listed treasury bonds:</b>	<b>1,354,952</b>	<b>90.2%</b>	<b>1,255,521</b>	<b>91.4%</b>
Fixed-interest rate	1,212,595	80.7%	1,059,044	77.1%
Variable interest rate	142,357	9.5%	196,477	14.3%
<b>Unlisted treasury bonds:</b>	<b>1,878</b>	<b>0.1%</b>	<b>1,972</b>	<b>0.1%</b>
Variable interest rate	1,878	0.1%	1,972	0.1%
<b>Listed corporate bonds:</b>	<b>61,236</b>	<b>4.1%</b>	<b>58,541</b>	<b>4.3%</b>
Fixed-interest rate	46,867	3.1%	44,850	3.3%
Variable interest rate	14,369	1.0%	13,691	1.0%
<b>Unlisted corporate bonds:</b>	<b>3,225</b>	<b>0.2%</b>	<b>2,049</b>	<b>0.1%</b>
Fixed-interest rate	3,225	0.2%	2,049	0.1%
<b>Bonds of supranational issuers:</b>	<b>16,672</b>	<b>1.1%</b>	<b>16,125</b>	<b>1.2%</b>
Fixed-interest rate	16,672	1.1%	16,125	1.2%
of which				
Total fixed-interest securities	1,279,359	89.0%	1,122,068	84.1%
Total variable-interest securities	158,604	11.0%	212,140	15.9%
<b>Total debt securities</b>	<b>1,437,963</b>	<b>100.0%</b>	<b>1,334,208</b>	<b>100.0%</b>
of which				
Total listed securities	1,432,860	99.6%	1,330,187	99.7%
Total unlisted securities	5,103	0.4%	4,021	0.3%
<b>Total debt securities</b>	<b>1,437,963</b>	<b>100.0%</b>	<b>1,334,208</b>	<b>100.0%</b>
<b>EQUITY INSTRUMENTS</b>	<b>33,148</b>	<b>2.2%</b>	<b>34,106</b>	<b>2.5%</b>
listed shares	13,573	0.9%	12,451	0.9%
unlisted equity instruments	19,575	1.3%	21,655	1.6%
<b>OEIC UNITS</b>	<b>30,828</b>	<b>2.1%</b>	<b>6,142</b>	<b>0.4%</b>
<b>TOTAL</b>	<b>1,501,939</b>	<b>100.0%</b>	<b>1,374,456</b>	<b>100.0%</b>

The fixed-income securities portfolio has a duration of 3.9 years.

### Market risk

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

Debt securities are exposed to interest-rate risk.

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

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

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

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled €1,279,359 thousand (89% of the bond portfolio with investment risk borne by the Group), of which €1,204,026 classified as available for sale.

The following table illustrates the quantitative impacts on the fair value of these latter assets of a hypothetical parallel variation in the interest rate curve of ±100 basis points (bp).

	(€ '000)
Fixed-interest securities at fair value	Amount
<b>Carrying amount as at 30/06/2011</b>	<b>1,204,985</b> <sup>(1)</sup>
<b>Change</b>	
100 BP increase	-47,642
100 BP decrease	50,176

(1) of which Euro 527,667 thousand allocated to the separately-managed life business.

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled €158,604 thousand (11% of the bond portfolio with investment risk borne by the Group). In order to indicate the sensitivity of floating-rate securities' cash flows, we point out that a 100-bp positive or negative change in interest rates would respectively cause higher or lower interest receivable of €1,654 thousand and €1,324 thousand.

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

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

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

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

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

<b>Fixed - interest securities</b>			(€/000)
<b>Maturity</b>	<b>Amount</b>	<b>% of breakdown</b>	
< 1 year	220,372	17.2%	
1<X<2	153,394	12.0%	
2<X<3	58,758	4.6%	
3<X<4	83,086	6.5%	
4<X<5	205,153	16.0%	
5<X<10	424,044	33.1%	
more	134,552	10.5%	
<b>Total</b>	<b>1,279,359</b>	<b>100.0%</b>	

<b>Variable - interest securities</b>				(€/000)
<b>Type of rate</b>	<b>Indexation</b>	<b>Amount</b>	<b>% of breakdown</b>	
Constant mat. Swap	Euroswap 10Y	25,147	15.9%	
Constant mat. Swap	Euroswap 30Y	54,427	34.3%	
variabile	3 months treasury bonds	1,878	1.2%	
Variable	6 months treasury bonds	65,966	41.6%	
Variable	other	11,186	7.0%	
<b>Total</b>		<b>158,604</b>	<b>100.0%</b>	

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

As regards interest-rate risk, it is pointed out, lastly, that the Group holds floating-rate financial liabilities, mainly consisting of real estate companies' bank borrowings, totalling €250,955 thousand. In order to indicate their sensitivity, taking into account the hedging operation set up by VA IMM Sviluppo Srl and Acacia 2000 Srl it is noted that a 100-bp increase would increase interest expense by €1,999 thousand. Vice versa, a 100-bp decrease would reduce interest expense by €1,999 thousand.

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

If the listed shares classified as "Available-for-sale financial assets" had suffered a 10% loss as at 30.06.2012, equity attributable to parent company shareholders would have decreased by €1,357 thousand.

The Group is not exposed to foreign exchange risk since, as at 30.06.2012, nearly all investments for which it bears the risk were expressed in euro, observing the principle of consistency with technical reserves.



### Liquidity risk

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

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

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

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

As at 30.06.2012 financial assets listed in a regulated market accounted for over 99% of financial assets owned.

### Credit risk

In applying its investment policy, the Group limits its exposure to credit risk by investing in highly rated issuers.

As can be seen in the table below, as at 30.06.2012 nearly all bonds held by the group were rated as investment grade.

	(€/000)	
<b>Rating (Standard &amp; Poor's)</b>	<b>Amounts</b>	<b>% of breakdown</b>
AAA	66,842	4.6%
AA+ / AA-	56,225	3.9%
A+ / A-	6,435	0.4%
BBB+ / BBB- (*)	1,305,459	90.8%
Total investment grade	<u>1,434,960</u>	<u>99.8%</u>
Non investment grade	3,003	0.2%
Not rated	-	0.0%
<b>Total</b>	<b>1,437,963</b>	<b>100.0%</b>

(\*) of which €1,290,557 related to Italian Government bonds

## Infragroup and related-party transactions

Transactions with group companies referred to the normal course of business, using specific professional skills at going market rates. There were no atypical or unusual transactions. This section presents financial and business transactions occurring during 1H12 with group companies, excluding those with companies consolidated on a 100% line-by-line basis. The following table summarises the most significant economic and financial dealings with Group companies not included in the scope of consolidation and with directors, statutory auditors, and managers with strategic responsibilities.

(€/000)

<b>Related parties</b>	Other receivables	Loans	Commitments for subscription of private equity investments	Intangible Assets	Other payables	Revenues	Costs
Associates	427	21,454	7,824	431	510	11	1,134
<b>Total</b>	<b>427</b>	<b>21,454</b>	<b>7,824</b>	<b>431</b>	<b>510</b>	<b>11</b>	<b>1,134</b>

### Transactions and relationships with subsidiaries

The Parent Company has confirmed, for the three-year period 2011-2013, that it has opted for the national tax consolidation scheme (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., Immobiliare Bilancia Seconda S.r.l., Immobiliare Bilancia Terza S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l. and Vittoria Properties S.r.l..

For the three-year period 2012-2014 the national tax consolidation option was renewed in relation to Vittoria Immobiliare S.p.A., Gestimmobili S.r.l. and Interimmobili S.r.l., Forum Residenze Mondadori S.r.l. and Interbilancia S.r.l.. In 2012, the Parent Company has included the subsidiaries VRG Domus S.r.l. and Cadorna RE S.r.l. in the national tax consolidation scheme.

### Transactions and relationships with parent companies

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

## Relations and transactions with associates and joint ventures

Yam Invest N.V. – Netherlands	18.75% direct equity interest
Laumor Partners (S.a.r.l.) Sicar – Luxembourg	21.87% direct equity interest
White (S.a.r.l.) Sicar – Luxembourg	20.13% direct equity interest
Gima S.A. Sicar – Luxembourg	23.35% direct equity interest

No commercial or supply relationships were maintained with these associates during the period.

Yarpa S.p.A. - Genoa

25.90% direct equity interest

Vittoria Assicurazioni has recognised €7,824 thousand under loans to associates and under financial liabilities for the commitment to subscribe to private equity investments through the associate.

S.In.T. S.p.A. – Turin

48.19% direct equity interest

The parent company used the services of S.In.T. S.p.A. for commercial agreements made by the parent company, for an aggregate cost of €738 thousand.

Mosaico S.p.A. – Turin

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

The subsidiary Vittoria Immobiliare S.p.A. granted the associate an interest bearing shareholder loan, which has a balance of €1,120 thousand.

Pama & Partners S.r.l. – Genoa

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

The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of €500 thousand.

Rovimmobiliare S.r.l. – Rome

50.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of €1,025 thousand.

VP Sviluppo 2015 S.r.l. – Milan

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

The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of €5,974 thousand.

VZ Real Estate S.r.l. – Turin

49.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of €3,262 thousand.

Fiori di S. Bovio S.r.l. – Milan

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

The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of €1,396 thousand.

Valsalaria A.11 S.r.l. – Rome

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

The subsidiary Vittoria Immobiliare S.p.A. acquired, together with participating interest, a shareholder loan which has a balance of €3,177 thousand.

Le Api S.r.l. - Milan

30.00% equity interest via Interbilancia S.r.l.

The associate provided the parent company with services for €812 thousand.

Spefin Finanziaria S.p.A. - Rome

21.00% equity interest via Vittoria Service S.r.l.

The parent company granted the associate an interest bearing loan, which has a balance of €5,000 thousand.

Consorzio Movincom S.c.r.l. – Turin

Direct equity interest of 0.96% and of 38.39% via Aspevi Roma S.r.l.

The associated billed the parent company for fees of €15 thousand.

## Significant events occurring after the reporting period

The Board of Directors today also approved a plan for the increase of the share capital of the subsidiary Vittoria Immobiliare S.p.A. from the current €22,000 thousand to a maximum of €60,000 thousand to be carried out within 5 years. The increase will enable a greater flexibility in the financing of the real estate projects.

Notwithstanding the favourable period's performance, the uncertainties implicit in the current economic situation led the Company to confirm the consolidated bottom-line target already disclosed.

The Board of Directors

Milan, 02 August 2012

# Condensed Consolidated 2012 half year financial statements

Vittoria Assicurazioni S.p.A.  
 Consolidated interim financial statements as at 30 June 2012

**BALANCE SHEET - ASSETS**

(€/000)

	Note	30/06/2012	31/12/2011
<b>1 INTANGIBLE ASSETS</b>		<b>38,601</b>	<b>38,959</b>
1.1 Goodwill	1	1,795	1,795
1.2 Other intangible assets	2	36,806	37,164
<b>2 PROPERTY, PLANT AND EQUIPMENT</b>		<b>559,949</b>	<b>528,102</b>
2.1 Property	2	549,891	517,749
2.2 Other items of property, plant and equipment	2	10,058	10,353
<b>3 REINSURERS' SHARE OF TECHNICAL RESERVES</b>	3	<b>72,555</b>	<b>73,215</b>
<b>4 INVESTMENTS</b>		<b>1,690,928</b>	<b>1,581,171</b>
4.1 Investment property		0	0
4.2 Investments in subsidiaries and associates and interests in joint ven	4	83,201	104,479
4.3 Held to maturity investments	5	101,402	98,047
4.4 Loans and receivables	5	43,983	37,987
4.5 Financial assets available for sale	5	1,399,570	1,273,622
4.6 Financial assets at fair value through profit or loss	5	62,772	67,036
<b>5 OTHER RECEIVABLES</b>		<b>221,133</b>	<b>248,638</b>
5.1 Receivables relating to direct insurance	6	173,719	208,114
5.2 Receivables relating to reinsurance business	7	5,820	3,818
5.3 Other receivables	8	41,594	36,706
<b>6 OTHER ASSETS</b>		<b>106,361</b>	<b>83,671</b>
6.1 Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2 Deferred acquisition costs	9	8,360	8,335
6.3 Deferred tax assets	10	48,444	43,101
6.4 Current tax assets	11	37,000	24,946
6.5 Other assets	12	12,557	7,289
<b>7 CASH AND CASH EQUIVALENTS</b>	13	<b>114,351</b>	<b>87,117</b>
<b>TOTAL ASSETS</b>		<b>2,803,878</b>	<b>2,640,873</b>

Vittoria Assicurazioni S.p.A.  
Consolidated interim financial statements as at 30 June 2012  
**BALANCE SHEET - EQUITY AND LIABILITIES**

(€/000)

	Note	30/06/2012	31/12/2011
<b>1</b>	<b>EQUITY</b>		
<b>1.1</b>	<b>attributable to the shareholders of the parent</b>	<b>392,380</b>	<b>358,355</b>
		<b>368,445</b>	<b>333,625</b>
1.1.1	Share capital	14 67,379	67,379
1.1.2	Other equity instruments	14 0	0
1.1.3	Equity-related reserves	14 33,874	33,874
1.1.4	Income-related and other reserves	14 260,277	234,506
1.1.5	(Treasury shares)	14 0	0
1.1.6	Translation reserve	14 -56	-115
1.1.7	Fair value reserve	14 -17,917	-39,314
1.1.8	Other gains or losses recognised directly in equity	14 127	70
1.1.9	Profit for the year attributable to the shareholders of the parent	24,761	37,225
<b>1.2</b>	<b>attributable to minority interests</b>	<b>14 23,935</b>	<b>24,730</b>
1.2.1	Share capital and reserves attributable to minority interests	24,611	24,336
1.2.2	Gains or losses recognised directly in equity	0	0
1.2.3	Profit for the year attributable to minority interests	-676	394
<b>2</b>	<b>PROVISIONS</b>	<b>15 3,752</b>	<b>2,828</b>
<b>3</b>	<b>TECHNICAL RESERVES</b>	<b>16 1,831,439</b>	<b>1,762,011</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>384,573</b>	<b>354,681</b>
4.1	Financial liabilities at fair value through profit or loss	17 61,805	64,249
4.2	Other financial liabilities	17 322,768	290,432
<b>5</b>	<b>PAYABLES</b>	<b>114,536</b>	<b>103,429</b>
5.1	Payables arising from direct insurance business	18 11,794	10,733
5.2	Payables arising from reinsurance business	19 11,298	11,190
5.3	Other sums payable	20 91,444	81,506
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>77,198</b>	<b>59,569</b>
6.1	Liabilities of a disposal group held for sale	0	0
6.2	Deferred tax liabilities	21 20,267	16,717
6.3	Current tax liabilities	22 25,956	12,924
6.4	Other liabilities	23 30,975	29,928
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,803,878</b>	<b>2,640,873</b>

**COMPREHENSIVE INCOME**

(€/000)

<b>INCOME STATEMENT</b>		<b>Note</b>	<b>30/06/2012</b>	<b>30/06/2011</b>
1.1	Net premiums		474,778	407,933
1.1.1	Gross premiums	24	487,243	419,281
1.1.2	Ceded premiums	24	12,465	11,348
1.2	Commission income	25	209	562
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	26	99	124
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	26	429	1,026
1.5	Gains on other financial instruments and investment property	26	39,345	32,951
1.5.1	Interest income		31,236	25,614
1.5.2	Other income		157	185
1.5.3	Realised gains		7,930	7,153
1.5.4	Unrealised gains		22	-1
1.6	Other income	27	3,728	9,147
<b>1</b>	<b>TOTAL REVENUE</b>		<b>518,588</b>	<b>451,743</b>
2.1	Net charges relating to claims		343,378	304,494
2.1.1	Amounts paid and change in technical reserves	24	352,765	305,772
2.1.2	Reinsurers' share	24	-9,387	-1,278
2.2	Commission expense	28	16	34
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	26	2,118	2,175
2.4	Losses on other financial instruments and investment property	26	5,962	3,135
2.4.1	Interest expense		2,883	2,032
2.4.2	Other expense		0	0
2.4.3	Realised losses		46	5
2.4.4	Unrealised losses		3,033	1,098
2.5	Operating costs		106,702	98,055
2.5.1	Commissions and other acquisition costs	29	88,946	81,190
2.5.2	Investment management costs	29	611	392
2.5.3	Other administrative costs	29	17,145	16,473
2.6	Other costs	30	19,549	14,195
<b>2</b>	<b>TOTAL COSTS</b>		<b>477,725</b>	<b>422,088</b>
	<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>		<b>40,863</b>	<b>29,655</b>
3	Income taxes	31	16,778	12,546
	<b>PROFIT FOR THE YEAR</b>		<b>24,085</b>	<b>17,109</b>
<b>4</b>	<b>GAIN (LOSS) ON DISCONTINUED OPERATIONS</b>		<b>0</b>	<b>0</b>
	<b>CONSOLIDATED PROFIT (LOSS)</b>		<b>24,085</b>	<b>17,109</b>
	<b>of which attributable to the shareholders of the parent</b>		<b>24,761</b>	<b>16,626</b>
	<b>of which attributable to minority interests</b>	14	<b>-676</b>	<b>483</b>

Basic EARNINGS per share		0.37	0.25
Diluted EARNINGS per share		0.37	0.25

<b>OTHER COMPREHENSIVE INCOME</b>		<b>30/06/2012</b>	<b>30/06/2011</b>
	<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>24,085</b>	<b>17,109</b>
	Translation reserve	59	0
	Fair value reserve	21,397	-4,109
	Hedging reserve	0	0
	Gains or losses on hedging instruments of net investment in foreign operations	0	0
	Reserve for changes in the equity of investees	57	-122
	Intangible asset revaluation reserve	0	0
	Property, plant and equipment revaluation reserve	0	0
	Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0
	Other reserves	0	0
	<b>OTHER COMPREHENSIVE INCOME (LOSS) NET OF TAX</b>	<b>21,513</b>	<b>-4,231</b>
	<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>45,598</b>	<b>12,878</b>
	<b>of which attributable to the shareholders of the parent</b>	<b>46,274</b>	<b>12,395</b>
	<b>of which attributable to minority interests</b>	<b>-676</b>	<b>483</b>



**STATEMENT OF CHANGES IN EQUITY**

	Balance at 31/12/2010	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 30/06/2011	Balance at 31/12/2011	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 30/06/2012
Share capital	67,379	0	0	0	0	67,379	67,379	0	0	0	0	67,379
Other equity instruments	23	0	-23	0	0	0	0	0	0	0	0	0
Equity-related reserves	33,874	0	0	0	0	33,874	33,874	0	0	0	0	33,874
Income-related and other reserves	218,888	0	27,071	0	-11,454	234,505	234,506	0	37,225	0	-11,454	260,277
(Treasury shares)	0	0	0	0	0	0	0	0	0	0	0	0
Profit/(Loss) for the year	27,051	0	-10,425	0	0	16,626	37,225	0	-12,484	0	0	24,761
Other comprehensive income	7,622	0	-10,634	6,403	0	3,391	-39,359	0	26,535	-5,022	0	-17,846
<b>Total attributable to the shareholders of the parent</b>	<b>354,837</b>	<b>0</b>	<b>5,989</b>	<b>6,403</b>	<b>-11,454</b>	<b>355,775</b>	<b>333,623</b>	<b>0</b>	<b>51,296</b>	<b>-5,022</b>	<b>-11,454</b>	<b>368,445</b>
Share capital and reserves attributable to minority interests	25,445	0	663	0	-153	25,955	24,336	0	394	0	-119	24,611
Profit for the year	663	0	-180	0	0	483	394	0	-1,070	0	0	-676
Other comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total attributable to minority interests</b>	<b>26,108</b>	<b>0</b>	<b>483</b>	<b>0</b>	<b>-153</b>	<b>26,438</b>	<b>24,730</b>	<b>0</b>	<b>-676</b>	<b>0</b>	<b>-119</b>	<b>23,935</b>
<b>Total</b>	<b>380,945</b>	<b>0</b>	<b>6,472</b>	<b>6,403</b>	<b>-11,607</b>	<b>382,213</b>	<b>358,355</b>	<b>0</b>	<b>50,620</b>	<b>-5,022</b>	<b>-11,573</b>	<b>392,380</b>

(€'000)

Vittoria Assicurazioni S.p.A.  
Consolidated interim financial statements as at 30 June 2012  
**CASH FLOW STATEMENT - INDIRECT METHOD**

	(€/000)	
	30/06/2012	31/12/2011
<b>Profit for the year before taxation</b>	<b>40,863</b>	<b>57,616</b>
<b>Change in non-monetary items</b>	<b>61,229</b>	<b>85,819</b>
Change in non-life premium reserve	17,731	44,716
Change in claims reserve and other non-life technical reserves	32,429	88,080
Change in mathematical reserves and other life technical reserves	19,928	-24,272
Change in deferred acquisition costs	-25	-1,165
Change in provisions	924	56
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-4,722	-6,462
Other changes	-5,036	-15,134
<b>Change in receivables and payables arising from operating activities</b>	<b>38,612</b>	<b>1,630</b>
Change in receivables and payables relating to direct insurance and reinsurance	33,562	-23,023
Change in other receivables and payables	5,050	24,653
<b>Taxes paid</b>	<b>-16,778</b>	<b>-19,997</b>
<b>Net cash flow generated by/used for monetary items from investing and financing activities</b>	<b>1,820</b>	<b>2,885</b>
Liabilities from financial contracts issued by insurance companies	-2,444	-13,440
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	4,264	16,325
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>125,746</b>	<b>127,953</b>
Net cash flow generated by/used for investment property	0	0
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	23,024	-6,034
Net cash flow generated by/used for loans and receivables	-5,996	5,791
Net cash flow generated by/used for held to maturity investments	-3,355	-1,713
Net cash flow generated by/used for financial assets available for sale	-101,518	-43,736
Net cash flow generated by/used for property, plant and equipment	-31,489	-63,057
Other net cash flows generated by/used for investing activities	0	0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-119,334</b>	<b>-108,749</b>
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	0	0
Net cash flow generated by/used for treasury shares	0	0
Dividends distributed to the shareholders of the parent	-11,454	-11,454
Net cash flow generated by/used for share capital and reserves attributable to minority interests	-60	-2,037
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	32,336	-12,393
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>20,822</b>	<b>-25,884</b>
<b>Effect of exchange rate gains/losses on cash and cash equivalents</b>	<b>0</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>87,117</b>	<b>93,797</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>27,234</b>	<b>-6,680</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>114,351</b>	<b>87,117</b>

## 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.

### Notes of a general nature

#### A) Consolidation scope

	Registered Offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	22,000,000	87.24%		
Immobiliare Bilancia S.r.l.	Milan	5,150,000	100.00%		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00%		
Immobiliare Bilancia Seconda S.r.l.	Milan	1,000,000	100.00%		
Immobiliare Bilancia Terza S.r.l.	Milan	100,000	100.00%		
Forum Mondadori Residenze S.r.l.	Milan	1,000,000	100.00%		
Vittoria Properties S.r.l.	Milan	6,000,000	99.00%	1.00%	Vittoria Immobiliare S.p.A.
Interbilancia S.r.l.	Milan	80,000	80.00%	20.00%	
Vittoria Service S.r.l.	Milan	100,000	70.00%	30.00%	
Gestimmobili S.r.l.	Milan	104,000		80.00%	Vittoria Immobiliare S.p.A.
Acacia 2000 S.r.l.	Milan	100,000		65.00%	
Interimmobili S.r.l.	Rome	104,000		80.00%	
Cadorna Real Estate S.r.l.	Milan	10,000		100.00%	
Sivim S.r.l.	Milan	60,000		100.00%	
V.R.G. Domus S.r.l.	Turin	100,000		100.00%	
Vaimm Sviluppo S.r.l.	Milan	2,000,000		100.00%	
Valsalaria S.r.l.	Rome	60,000		51.00%	
Aspevi Milano S.r.l.	Milan	100,000		100.00%	Interbilancia S.r.l.
Aspevi Roma S.r.l.	Milan	50,000		100.00%	
Plurico S.r.l.	Milan	10,000		70.00%	

#### Changes occurring in 1H12

Changes in ownership percentages and other changes during the period:

##### Sivim S.r.l.

On 6 June 2012, Vittoria Immobiliare S.p.A. purchased 50.5% of the company's share capital, thus becoming the sole shareholder.

##### VRG Domus S.r.l.

On 16 April 2012, with the deadline set by article 2482, paragraph 2 of the Italian Civil Code having passed without opposition, the shareholders' resolution of 16 December 2011 to voluntarily reduce the share capital from € 474 thousand to €100 thousand was implemented.

### Vittoria Properties S.r.l.

On 27 April 2012, the capital increase decided by the shareholders' meeting on 13 December 2011 was partially executed, through the payment by shareholders, in the ratio of their respective shareholdings, of a total of €1,050 thousand.

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

	Registered Offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
Yam Invest N.V. ( <i>joint venture</i> )	Amsterdam Netherlands	63,083,168	18.75%		
SINT S.p.A.	Turin	5,000,000	48.19%		
Yarpa S.p.A.	Genoa	38,201,600	25.90%		
White (S.a.r.l.) Sicar	Luxembourg	26,060,797	20.13%		
Laumor Partners (S.a.r.l.) Sicar	Luxembourg	1,000,000	21.87%		
Gima (S.A.) Sicar	Luxembourg	1,000,000	23.35%		
Consorzio Movincom S.c.r.l.	Turin	104,200	0.96%	38.39%	Aspevi Roma S.r.l.
Spefin Finanziaria S.p.A.	Rome	2,000,000		21.00%	Vittoria Service S.r.l.
Rovimmobiliare S.r.l.	Rome	20,000		50.00%	}
Mosaico S.p.A.	Turin	500,000		45.00%	
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%	
VP Sviluppo 2015 S.r.l.	Milan	1,000,000		40.00%	
VZ Real Estate S.r.l.	Turin	100,000		49.00%	
Le Api S.r.l.	Milan	10,400		30.00%	Interbilancia S.r.l.

### Changes in ownership percentages and other changes during the period (sales)

#### SINT S.p.A.

During the first half, the Parent Company paid €367 thousand to the associate, as its share of the capital increase decided by the shareholders' meeting on 17 February 2011.

#### Yarpa S.p.A.

During the first half, the Parent Company paid €1,147 thousand to the associate, as its share of the capital increase decided by the shareholders' meeting on 7 August 2008.

#### Gima (S.A.) Sicar

On 16 January 2012, Vittoria Assicurazioni paid €2,429 thousand to the associate by way of subscription to the capital increase. Subsequently, on 15 May 2012, Gima (S.A.) Sicar sold its investments held and repaid capital to its shareholders, save for the minimum amount necessary to initiate the liquidation process, transferring €17,348 thousand to the Parent Company on 16 May 2012 by way of capital repayment. On 29 June 2012, the company's extraordinary shareholders' meeting voted to liquidate the company.

#### Laumor Partners (S.a.r.l.) Sicar

On 15 May 2012, Laumor Partners (S.a.r.l.) sold its investments held and repaid capital to its shareholders, save for the minimum amount necessary to initiate the liquidation process, transferring €6,706 thousand to the Parent Company on 16 May 2012 by way of capital repayment. On 29 June 2012, the company's extraordinary shareholders' meeting voted to liquidate the company.

Mosaico S.p.A.

On 18 January 2012, Vittoria Immobiliare increased its stake in the associate from 25% to 45%.

### 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	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Debt instruments	1,247,137	1,087,812	174,154	230,271	16,672	16,125	1,437,963	1,334,208
Equity instruments and OEIC units	52,791	28,389	11,185	11,859	-	-	63,976	40,248
Property (incl. owner-occupied property)	549,891	517,749	-	-	-	-	549,891	517,749
Other assets	752,048	748,668	-	-	-	-	752,048	748,668
<b>Total</b>	<b>2,601,867</b>	<b>2,382,618</b>	<b>185,339</b>	<b>242,130</b>	<b>16,672</b>	<b>16,125</b>	<b>2,803,878</b>	<b>2,640,873</b>

(€/000)

Deferred costs	North		Italy Centre		South and Islands		Total external deferred costs	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Other property, plant and equipment	9,977	10,247	81	106	-	-	10,058	10,353
Other intangible assets	36,797	37,144	9	20	-	-	36,806	37,164
Owner-occupied property	120,511	122,556	1,273	1,281	625	631	122,409	124,468
<b>Total</b>	<b>167,285</b>	<b>169,947</b>	<b>1,363</b>	<b>1,407</b>	<b>625</b>	<b>631</b>	<b>169,273</b>	<b>171,985</b>

(€/000)

Revenue (gross of intersegment eliminations)	North		Italy Centre		South and Islands		Total	
	30/06/2012	01/07/2011	30/06/2012	01/07/2011	30/06/2012	01/07/2011	30/06/2012	01/07/2011
Insurance premiums - direct business	262,842	232,991	165,837	152,996	75,561	64,917	504,240	450,904
Trading and construction profits	228	4,695	1	-	-	-	229	4,695
Services and rent income	4,613	3,413	782	1,449	-	-	5,395	4,862
<b>Total</b>	<b>267,683</b>	<b>241,099</b>	<b>166,620</b>	<b>154,445</b>	<b>75,561</b>	<b>64,917</b>	<b>509,864</b>	<b>460,461</b>

## Specific explanatory notes

### Consolidated Balance Sheet

Note 1	30/06/2012	31/12/2011	Change
Goodwill	1,795	1,795	0

The item relates to the goodwill paid for the acquisition of the life business of SACE BT S.p.A., occurred on 1<sup>st</sup> July 2009. According to IAS 36, the goodwill has been tested for impairment.

Note 2	30/06/2012	31/12/2011	Change
Other intangible assets	36,806	37,164	-358
Other items of property, plant and equipment	10,058	10,353	-295
Property	549,891	517,749	32,142

#### Other intangible assets

The item "Other intangible assets" mainly refers to:

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

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

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

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

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

#### Other items of property, plant, and equipment

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

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

## Property

The following table shows the breakdown of this item:

	(€/000)		
	30/06/2012	31/12/2011	Change
Owner-occupied property	122,409	124,468	- 2,059
Property held for trading	103,883	91,136	12,747
Property under construction	323,599	302,145	21,454
<b>Total</b>	<b>549,891</b>	<b>517,749</b>	<b>32,142</b>

### ▪ Owner-occupied property

The book value of owner-occupied property at 30 June 2012 includes €17,010 thousand for property owned by the subsidiary Vittoria Properties S.r.l., €1,642 thousand for property owned by Vittoria Immobiliare S.p.A., €272 thousand for property owned by the subsidiary Acacia 2000 S.r.l. and €103,485 owned by the parent company, of which €93,144 thousand related to the Vittoria Assicurazioni's headquarter.

The following table shows the reconciliation of changes occurring during 1H12:

	(€/000)					
<b>Owner-occupied property</b>	31/12/2011	Acquisitions	Improvement costs	Sales	Depreciation	30/06/2012
Gross carrying amount	129,776	0	80	0	0	129,856
Accumulated depreciation	5,308	0	0	0	2,139	7,447
<b>Carrying amount</b>	<b>124,468</b>	<b>0</b>	<b>80</b>	<b>0</b>	<b>-2,139</b>	<b>122,409</b>

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

Almost all of this property has been appraised by independent experts. The owner-occupied property current value as at 30 June 2012 is equal to €156,935 thousand.

### ▪ Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 1H12:

	(€/000)		
<b>Property</b>	<b>Trading activities</b>	<b>Construction work</b>	<b>Total</b>
<b>Carrying amount as at 31/12/2011</b>	<b>91,136</b>	<b>302,145</b>	<b>393,281</b>
Acquisitions, net of capitalised financial charges	3,489	20,420	23,909
Capitalised financial charges	838	1,646	2,484
Sales	-412	-750	-1,162
Changes in consolidation area	8,740	0	0
Recognised gains	92	138	230
<b>Carrying amount as at 30/06/2012</b>	<b>103,883</b>	<b>323,599</b>	<b>418,742</b>

Please refer to the Report on Operations for details on the principal real estate activities carried out during the first half.

Note 3

30/06/2012

31/12/2011

Change

Reinsurers' share of technical reserves	72,555	73,215	-660
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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	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011
<b>Non-life reserves</b>	<b>57,563</b>	<b>56,158</b>	<b>295</b>	<b>287</b>	<b>57,858</b>	<b>56,445</b>
Premium reserve	13,034	13,372	-	-	13,034	13,372
Claims reserve	44,529	42,786	295	287	44,824	43,073
Other reserves	-	-	-	-	-	-
<b>Life reserves</b>	<b>14,697</b>	<b>16,770</b>	<b>-</b>	<b>-</b>	<b>14,697</b>	<b>16,770</b>
Reserve for payable amounts	-	-	-	-	-	-
Mathematical reserves	14,675	16,753	-	-	14,675	16,753
Other reserves	22	17	-	-	22	17
<b>Total reinsurers' share of technical reserves</b>	<b>72,260</b>	<b>72,928</b>	<b>295</b>	<b>287</b>	<b>72,555</b>	<b>73,215</b>



Note 4

30/06/2012 31/12/2011 Change

Investments in subsidiaries and associates and interests in joint-ventures	83,201	104,479	-21,278
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The breakdown of this item was as follows:

	(€/000)	
<b>Investments in associates</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
Yam Invest N.V.	66,159	66,477
White (S.a.r.l.) Sicar	2,536	3,243
Gima (S.A.) Sicar	308	14,979
S.In.T. S.p.A.	5,251	4,926
Yarpa. S.p.A.	6,176	5,043
Laumor Partners (S.a.r.l.) Sicar	422	7,375
VP Sviluppo 2015 S.r.l.	598	509
VZ Real Estate S.r.l.	7	7
Sivim S.r.l.	0	72
Rovimmobiliare S.r.l.	220	321
Mosaico S.p.A.	62	57
Pama & Partners S.r.l.	743	750
Le Api S.r.l.	48	36
Consorzio Movincom S.c.r.l.	42	42
Spefin Finanziaria S.p.A.	332	332
Fiori di S. Bovio S.r.l.	228	233
Valsalaria A.11 S.r.l.	69	77
<b>Total carrying amount</b>	<b>83,201</b>	<b>104,479</b>

The Group's interest in net income and losses totals €-1,689 (with revaluations of €429 thousand and write-downs for €-2,118 thousand).

The shares of the associated company Mosaico S.p.A. owned by Vittoria Immobiliare have been pledged to Intesa Sanpaolo, as security for the credit lines granted to the associate by the bank.

The change in the line item of €21,278 thousand reflects all investments and divestments made during the period, as well as the Group's interest in the change of equity of the associates carried at equity, as illustrated in the following table:

(€/000)	
<b>Carrying amount as at 31/12/2011</b>	<b>104,479</b>
<b>Acquisitions and subscriptions</b>	<b>4,488</b>
Gima (S.A.) Sicar	2,429
S.In.T. S.p.A.	867
Yarpa. S.p.A.	1,147
Mosaico S.p.A.	45
<b>Sales and repayments</b>	<b>-24,126</b>
Gima (S.A.) Sicar	-17,348
Laumor Partners (S.a.r.l.) Sicar	-6,706
Sivim S.r.l.	-72
<b>Change to equity method measurement</b>	<b>-1,730</b>
Yam Invest N.V.	-434
White (S.a.r.l.) Sicar	-707
Gima (S.A.) Sicar	275
S.In.T. S.p.A.	-557
Laumor Partners (S.a.r.l.) Sicar	-247
VP Sviluppo 2015 S.r.l.	89
Rovimmobiliare S.r.l.	-100
Mosaico S.p.A.	-40
Pama & Partners S.r.l.	-7
Le Api S.r.l.	12
Spefin Finanziaria S.p.A.	-1
Fiori di S. Bovio S.r.l.	-5
Valsalaria A.11 S.r.l.	-8
<b>Other changes</b>	<b>90</b>
<b>Carrying amount as at 30/06/2012</b>	<b>83,201</b>

Note 5

30/06/2012 31/12/2011 Change

Held to maturity investments	101,402	98,047	3,355
Loans and receivables	43,983	37,987	5,996
Financial assets available for sale	1,399,570	1,273,622	125,948
Financial assets at fair value through profit or loss	62,772	67,036	-4,264

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

The table detailing the breakdown of financial assets, compliant with the format with the ISVAP ordinance already mentioned, is shown in the specific section "Annexes to Consolidated interim financial statements".

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

The following table shows changes in financial assets – for which risk is borne by Group companies – referring to shares and quotas, bonds and other fixed-income securities, and shares in CIUs (collective investment undertakings).

In addition, changes in assets for which risk is borne by policyholder and those relating to pension-fund management are shown separately.

(€/000)

	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	OEIC units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
<b>Carrying amount at 31/12/2011</b>	<b>98,047</b>	<b>34,106</b>	<b>6,142</b>	<b>1,233,374</b>	<b>1,273,622</b>	<b>64,249</b>	<b>2,787</b>	<b>1,438,705</b>
<b>Acquisitions and subscriptions</b>	2,993	200	24,735	315,687	340,622	2,133	11	345,759
<b>Sales and repayments</b>	-105	-	-	-255,240	-255,240	-8,840	-1,874	-266,059
<b>Other changes:</b>								
- effective interest adjustments	1,071	-	-	3,307	3,307	-	-	4,378
- fair value adjustments	-	1,875	-49	44,662	46,488	515	43	47,046
- impairment loss	-	-3,033	-	-	-3,033	-	-	-3,033
- rate changes	-604	-	-	-6,192	-6,192	-	-	-6,796
- other changes	-	-	-	-4	-4	3,748	-	3,744
<b>Carrying amount at 30/06/2012</b>	<b>101,402</b>	<b>33,148</b>	<b>30,828</b>	<b>1,335,594</b>	<b>1,399,570</b>	<b>61,805</b>	<b>967</b>	<b>1,563,744</b>

### Loans and receivables

As at 30 June 2012 loans and receivables totalled €43,893 thousand (€37,987 thousand as at 31 December 2011).

As envisaged in IAS 32 – AG7, the item includes the contra entry for commitments to Yarpa S.p.A. for the payments to be made for financing of the investments that the equity holdings will make in private equity transactions. The parent company's residual commitment at 30 June 2012 is €7,824 thousand.

The related commitments to the equity holding are recognised under the "Other financial liabilities" discussed in note 17.

In addition to the foregoing, the item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Fiori di San Bovio S.r.l., Rovimmobiliare S.r.l., Pama & Partners S.r.l., Valsalaria A.11 S.r.l., VP Sviluppo S.r.l. and VZ Real Estate S.r.l. for a total of €16,454 thousand;
- loans granted by the parent company to third parties and secured by mortgages for a total of €5,235 thousand;
- €3,243 thousand in loans against life insurance policies;
- loans granted to employees and agents of the parent company for €1,448 thousand;
- €5,000 thousand in loans granted to the company Spefin Finanziaria S.p.A.;
- reinsurance deposit assets for €4,628 thousand.

The amount of €11,587 thousand is collectible after 12 months.

### Disclosure concerning fair value

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

	(€000)	
<b>Financial assets</b>	<b>Carrying amount</b>	<b>Fair Value</b>
Held to maturity investments	101,402	99,087
Loans and receivables	43,983	43,983
Financial assets available for sale	1,399,570	1,399,570
Financial assets held for trading	967	967
Financial assets at fair value through profit or loss	61,805	61,805
<b>Total</b>	<b>1,607,727</b>	<b>1,605,412</b>

To complete the above information, we point out that the fair value of unlisted financial instruments has been calculated on the basis of the market prices or rates of similar instruments or, when these benchmarks are not available, using appropriate measurement techniques. The latter include use of recent transactions and analyses using the discounted cash flow method. For further information concerning to the "fair value hierarchy", please refer to the "Annexes to Consolidated half-year financial report".

Note 6	30/06/2012	31/12/2011	Change
Receivables relating to direct insurance	173,719	208,114	-34,395

The breakdown of this item was as follows:

	(€/000)	
<b>Receivables relating to direct insurance</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
Premiums due from policyholders	63,709	67,997
Receivables due from brokers and agents	52,227	77,169
Receivables due from insurance companies - current accounts	6,798	9,657
Amounts to be recovered from policyholders and third parties	50,985	53,291
<b>Total</b>	<b>173,719</b>	<b>208,114</b>

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

Note 7	30/06/2012	31/12/2011	Change
Receivables relating to reinsurance business	5,820	3,818	2,002

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 8	30/06/2012	31/12/2011	Change
Other receivables	41,594	36,706	4,888

The most significant sub-item as up to 30 June 2012 consisted of advances of €17,564 thousand on policyholders' taxes and advances of €14,149 thousand paid by the real estate companies.

Note 9	30/06/2012	31/12/2011	Change
Deferred acquisition costs	8,360	8,335	25

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

As at 30 June 2012 €4,784 thousand referred to the life business and €3,576 thousand to the non-life business.

Note 10	30/06/2012	31/12/2011	Change
Deferred tax assets	48,444	43,101	5,343

The item included deferred tax assets pertaining to the direct operating parent company (€44,950 thousand), to the real estate segment (€3,491 thousand), plus those relating to consolidation adjustments (€3 thousand).

Note 11	30/06/2012	31/12/2011	Change
Current tax assets	37,000	24,946	12,054

The item includes tax receivables of the direct operating parent company of €25,267 thousand (including tax credits relating to taxes prepaid on the life business mathematical reserves) and VAT receivables totalling €2,167 thousand of the real estate companies arising from the purchase of buildable areas and property.

Note 12	30/06/2012	31/12/2011	Change
Other assets	12,557	7,289	5,268

The item includes €38 thousand of deferred commission expenses relating to investment contracts and €9,450 thousand of prepayments, mainly relating to G&A costs.

Note 13	30/06/2012	31/12/2011	Change
Cash and cash equivalents	114,351	87,117	27,234

The item refers to bank balances of €114,304 thousand and cash amounts of €47 thousand.

Note 14	30/06/2012	31/12/2011	Change
Equity attributable to shareholders of the parent	368,445	333,625	34,820
Equity attributable to minority interests	23,935	24,730	-795

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

The following table details the breakdown of equity:

	(€'000)	
<b>BREAKDOWN OF EQUITY</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
<b>Total equity attributable to the shareholders of the parent</b>	<b>368,445</b>	<b>333,625</b>
Share capital	67,379	67,379
Other equity instruments	-	-
Equity-related reserves	33,874	33,874
Income-related and other reserves	260,277	234,506
Translation reserve	-56	-115
Fair value reserve	-17,917	-39,314
Other gains or losses recognised directly in equity	127	70
Group profit for the year	24,761	37,225
<b>Total equity attributable to minority interests</b>	<b>23,935</b>	<b>24,730</b>
Share capital and reserves attributable to minority interests	24,611	24,336
Minority interests' profit for the year	-676	394
<b>Total consolidated equity</b>	<b>392,380</b>	<b>358,355</b>

As at 30 June 2012 the direct operating parent company's share capital consists of 67,378,924 fully subscribed and paid-up shares with a nominal value of Euro 1.00 each.

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

Dividends paid out by the direct operating parent company, shown in the column "Other transfers" in the statement of changes in equity, totalled €11,454,417 for FYs 2011 and 2012.

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

(€/000)			
<b>A) Net unrealised gains</b>	Gross amount	Tax impact	Net amount
<b>31/12/2011</b>	<b>-71,762</b>	<b>-19,165</b>	<b>-52,597</b>
Decrease due to sales	-7,003	-1,981	<b>-5,022</b>
Decrease due to fair value changes	46,487	12,446	<b>34,041</b>
<b>Total change for the period/year</b>	<b>39,484</b>	<b>10,465</b>	<b>29,019</b>
<b>30/06/2012</b>	<b>-32,278</b>	<b>-8,700</b>	<b>-23,578</b>

(€/000)			
<b>B) Shadow accounting reserve</b>	Gross amount	Tax impact	Net amount
<b>31/12/2011</b>	<b>-22,674</b>	<b>-9,391</b>	<b>-13,283</b>
Change in shadow accounting reserve	13,238	5,616	<b>7,622</b>
<b>30/06/2012</b>	<b>-9,436</b>	<b>-3,775</b>	<b>-5,661</b>

(€/000)			
<b>Gains or losses on financial assets AFS</b>	Gross amount	Tax impact	Net amount
<b>Combined effect A) - B)</b>			
<b>31/12/2011</b>	<b>-49,088</b>	<b>-9,774</b>	<b>-39,314</b>
Decrease due to sales	-7,003	-1,981	-5,022
Decrease due to fair value changes	46,487	12,446	34,041
Change in shadow accounting reserve	-13,238	-5,616	-7,622
<b>Total change for the period/year</b>	<b>26,246</b>	<b>4,849</b>	<b>21,397</b>
<b>30/06/2012</b>	<b>-22,842</b>	<b>-4,925</b>	<b>-17,917</b>

Note 15	30/06/2012	31/12/2011	Change
Provisions	3,752	2,828	924

This account refers mainly to the provisions made for €1,561 thousand 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.

The table below shows the changes in the item:

(€/000)				
<b>Provisions</b>	<b>31/12/2011</b>	<b>Accruals of the year</b>	<b>Utilisations of the year</b>	<b>30/06/2012</b>
Provision for costs to be incurred	1,737	-	-176	<b>1,561</b>
Other provisions	1,091	1,100	-	<b>2,191</b>
<b>Total</b>	<b>2,828</b>	<b>1,100</b>	<b>-176</b>	<b>3,752</b>



Note 16

30/06/2012 31/12/2011 Change

Technical reserves 1,831,439 1,762,011 69,428

The following table shows the breakdown of technical reserves.

(€000)						
	Direct business		Indirect business		Total carrying amount	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011
<b>Non-life reserves</b>	<b>1,068,922</b>	<b>1,017,393</b>	<b>854</b>	<b>810</b>	<b>1,069,776</b>	<b>1,018,203</b>
Premium reserve	338,044	320,640	43	54	338,087	320,694
Claims reserve	730,469	696,344	811	756	731,280	697,100
Other reserves	409	409	-	-	409	409
<b>Life reserves</b>	<b>757,022</b>	<b>743,570</b>	<b>4,641</b>	<b>238</b>	<b>761,663</b>	<b>743,808</b>
Reserve for payable amounts	19,530	23,355	13	13	19,543	23,368
Mathematical reserves	736,994	733,503	4,624	221	741,618	733,724
Other reserves	498	-13,288	4	4	502	-13,284
<b>Total technical reserves</b>	<b>1,825,944</b>	<b>1,760,963</b>	<b>5,495</b>	<b>1,048</b>	<b>1,831,439</b>	<b>1,762,011</b>

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

The Life “Other reserves” item mainly consisted of:

- €11,209 thousand = reserve for deferred liabilities to policyholders (of which €10,999 thousand stemming from fair value measurement of available-for-sale financial assets and €210 thousand from reserving against subsidiaries' profits allocated to segregated funds);
- €11,521 thousand = management expenses.

Mathematical reserves also include additional reserves for granted interest rate risk (art.47 of ISVAP Regulation no.21): €394 thousand calculated further to the ALM (Asset & Liability Management) analysis made on Segregated Funds “Vittoria Rendimento Mensile” and “Vittoria Valore Crescente” whose average yield rates were used in evaluating “Vittoria Liquinvest” and “Vittoria Previdenza”.

Liability Adequacy Test (LAT)

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

Note 17	30/06/2012	31/12/2011	Change
Financial liabilities at fair value through profit or loss	61,805	64,249	-2,444
Other financial liabilities	322,768	290,432	32,336

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

#### Financial liabilities at fair value through profit or loss

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

The following table shows the cumulative change as at 30 June 2012.

(€/000)			
	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
<b>Carrying amount at 31/12/2011</b>	<b>53,847</b>	<b>10,402</b>	<b>64,249</b>
Investment of net fund assets	207	307	514
Profits attributable to policyholders	2,387	498	2,885
Amounts paid	-5,682	-161	-5,843
<b>Carrying amount at 30/06/2012</b>	<b>50,759</b>	<b>11,046</b>	<b>61,805</b>

#### Other financial liabilities

The item includes:

- Reinsurance deposits of €24,418 thousand;
- Bank loans issued to the Group's real estate companies for a total of €290,526 thousand (of which €199,349 thousand backed by collateral);
- direct operating parent company's commitment for payment of €7,824 thousand to the associate Yarpa S.p.A., against which the rights to receive the related financial instruments are posted in the "Loans & receivables" item.

Payables due beyond 12 months totalled €10,317 thousand.

#### Disclosure concerning fair value

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

(€/000)		
<b>Financial liabilities</b>	Carrying amount	Fair Value
Financial liabilities at fair value through profit or loss	61,805	61,805
Other financial liabilities	322,768	322,769
<b>Total</b>	<b>384,573</b>	<b>384,574</b>

Note 18	30/06/2012	31/12/2011	Change
Payables arising from direct insurance business	11,794	10,733	1,061

The breakdown of the item was as follows:

	(€/000)	
<b>Payables arising from direct insurance business</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
Payables to insurance brokers and agents	8,173	4,285
Payables to insurance companies - current accounts	1,685	1,632
Guarantee deposits paid by policyholders	42	239
Payables to guarantee funds in favour of policyholders	1,894	4,577
<b>Total</b>	<b>11,794</b>	<b>10,733</b>

Note 19	30/06/2012	31/12/2011	Change
Payables arising from reinsurance business	11,298	11,190	108

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 20	30/06/2012	31/12/2011	Change
Other sums payable	91,444	81,506	9,938

The breakdown of the item was as follows:

	(€/000)	
<b>Other sums payable</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
Payments on accounts received by real estate companies for preliminary sales agreements	22,897	19,239
Trade payables	17,187	27,042
Payables to employees	2,278	3,735
Employee benefits - provisions for termination benefits	4,602	4,937
Policyholders' tax due	32,061	18,454
Sundry tax liabilities (withholdings)	2,888	1,755
Social security charges payable	3,071	2,472
Payables to associate companies	510	-
Sundry payables	5,950	3,872
<b>Total</b>	<b>91,444</b>	<b>81,506</b>

The other liabilities for employee benefits, particularly health benefits (P.S.) and seniority bonuses (P.A.) are classified in the account "Other liabilities" (note 23).

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

The principal actuarial and financial assumptions made here refer to:

- Inflation rate (assumed to be a constant 2.5% over time);
- Discount rate (assumed to be the euroswap rate, with a duration equal to that of existing staff, with reference to each of the expected benefits payable);
- Corporate service termination from:
  - death (assumptions derived from ISTAT 2000 surveys, reduced by 25%);
  - invalidity;
  - resignation and dismissal;
  - retirement;
- Premium paid to each family for Health Benefits to Executives during Retirement.

Note 21	30/06/2012	31/12/2011	Change
Deferred tax liabilities	20,267	16,717	3,550

The item includes deferred tax liabilities allocated to the insurance business for €13,798 thousand, the real estate and services business for €5,891 thousand, and to reversals totalling €578 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

Note 22	30/06/2012	31/12/2011	Change
Current tax liabilities	25,956	12,924	13,032

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 23	30/06/2012	31/12/2011	Change
Other liabilities	30,975	29,928	1,047

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 €11,383 thousand, the deferred commission income of €42 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling €14,077 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for €3,071 thousand.

## Consolidated Income Statement

### Note 24

30/06/2012 30/06/2011 Change

Gross premiums	487,243	419,281	67,962
Ceded premiums for reinsurance	12,465	11,348	1,117
Amounts paid and change in technical reserves	352,765	305,772	46,993
Reinsurers' share	-9,387	-1,278	-8,109

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

	30/06/2012				30/06/2011			
	Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
<b>NET PREMIUMS</b>	<b>413,195</b>	<b>61,583</b>	<b>-</b>	<b>474,778</b>	<b>350,328</b>	<b>57,605</b>	<b>-</b>	<b>407,933</b>
<b>Gross premiums</b>	<b>424,714</b>	<b>62,529</b>	<b>-</b>	<b>487,243</b>	<b>360,776</b>	<b>58,505</b>	<b>-</b>	<b>419,281</b>
Gross premiums written	442,107	62,529	-	504,636	392,771	58,505	-	451,276
a Direct business	441,978	62,262	-	504,240	392,662	58,242	-	450,904
b Indirect business	129	267	-	396	109	263	-	372
Change in premium reserve	-17,393	-	-	-17,393	-31,995	-	-	-31,995
a Direct business	-17,404	-	-	-17,404	-31,972	-	-	-31,972
b Indirect business	11	-	-	11	-23	-	-	-23
<b>Ceded premiums</b>	<b>11,519</b>	<b>946</b>	<b>-</b>	<b>12,465</b>	<b>10,448</b>	<b>900</b>	<b>-</b>	<b>11,348</b>
Gross premiums ceded	11,181	946	-	12,127	11,498	900	-	12,398
a Outward reinsurance	11,181	946	-	12,127	11,498	900	-	12,398
b Retrocession	-	-	-	-	-	-	-	-
Change in premium reserve	338	-	-	338	-1,050	-	-	-1,050
a Outward reinsurance	338	-	-	338	-1,051	-	-	-1,051
b Retrocession	-	-	-	-	1	-	-	1
<b>NET CHARGES RELATING TO CLAIMS</b>	<b>279,313</b>	<b>65,888</b>	<b>-1,823</b>	<b>343,378</b>	<b>244,284</b>	<b>61,036</b>	<b>-826</b>	<b>304,494</b>
<b>Amounts paid and change in technical reserves</b>	<b>288,089</b>	<b>66,499</b>	<b>-1,823</b>	<b>352,765</b>	<b>245,236</b>	<b>61,362</b>	<b>-826</b>	<b>305,772</b>
Direct business	288,007	65,771	-	353,778	245,199	61,360	-	306,559
Indirect business	82	728	-	810	37	2	-	39
Shadow accounting of investee companies' profits	-	-	-1,823	-1,823	-	-	-826	-826
<b>Reinsurers' share</b>	<b>8,776</b>	<b>611</b>	<b>-</b>	<b>9,387</b>	<b>952</b>	<b>326</b>	<b>-</b>	<b>1,278</b>
Outward reinsurance	8,776	611	-	9,387	968	326	-	1,294
Retrocession	-	-	-	-	-16	-	-	-16

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

### Note 25

30/06/2012 30/06/2011 Change

Commission income	209	562	-353
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The item refers to commission income for the period for investment contracts classified as financial liabilities (index- and unit-linked contracts and pension funds).

Note 26	30/06/2012	30/06/2011	Change
Gains or losses on financial instruments at fair value through profit or loss	99	124	-25
Gains on investments in subsidiaries and associates and interests in joint ventures	429	1,026	-597
Gains or losses on other financial instruments and investment property	39,345	32,951	6,394
Losses on investments in subsidiaries and associates and interests in joint ventures	-2,118	-2,175	-57
Losses on other financial instruments and investment property	-5,962	-3,135	2,827

To complete the information disclosed below, we point out that the table detailing the breakdown of financial and investment income and charges/losses, compliant with the format established by the ISVAP ordinance already mentioned, is shown in the specific section called "Annexes to Consolidated interim financial statements".

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

These are income and losses on financial assets held for trading, Specifically, income realised, net of losses, amounted to €56 thousand, whilst unrealised losses amounted to €43 thousand.

As regards financial assets designated at fair value through profit or loss – i.e. referring to investment contracts of the index-linked, unit-linked, and pension-fund type – net income recognised in 1H12 amounted to €2,885 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 2012 these items referred entirely to the results of equity-accounted Group companies,

Reference should be made to Note 4 for further details.

#### Gains and losses on other financial instruments and investment property

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

	(€/000)			
	Gains 30/6/12	Gains 30/6/11	Losses 30/6/12	Losses 30/6/11
Held to maturity investments	2,304	2,163	-	-
Loans and receivables	714	392	-	-
Financial assets available for sale	35,154	29,280	3,079	1,103
Other receivables	448	462	-	-
Cash and cash equivalents	725	654	-	-
Other financial liabilities	-	-	2,883	2,032
<b>Total</b>	<b>39,345</b>	<b>32,951</b>	<b>5,962</b>	<b>3,135</b>

Note 27	30/06/2012	30/06/2011	Change
Other income	3,728	9,147	-5,419

The following table details the breakdown of this item.

	(€000)	
Other income	30/6/12	30/6/11
Trading profits	229	4,695
Revenue from services: real estate brokerage	445	953
Revenue from services: real estate management	23	45
Revenue from services: administration, real estate appraisals and other income	36	40
Revenue from services: insurance commission income with third parties	96	195
Revenue from services: other revenue from services	11	280
Rent income	359	188
Technical income on insurance contracts (*)	1,777	2,045
Gains on the sale of property, plant and equipment	3	11
Exchange rate gains	73	251
Incidental non-operating income	101	152
Other income	575	292
<b>Total</b>	<b>3,728</b>	<b>9,147</b>

(\*) Of which:

- €62 thousand (€107 thousand in June 2011) referring to reversal of commissions on cancelled premiums;
- €1,715 thousand (€1,920 thousand in June 2011) referring to other technical items, mainly consisting of recoveries on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events;

Note 28	30/06/2012	30/06/2011	Change
Commission expense	16	34	-18

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

Note 29	30/06/2012	30/06/2011	Change
Commissions and other acquisition costs	88,946	81,190	7,756
Investment management costs	611	392	219
Other administrative costs	17,145	16,473	672

To complete the information disclosed below, we point out that the table detailing insurance operating costs, compliant with the format established by the ISVAP ordinance already mentioned, is shown in the specific section called "Annexes to Consolidated interim financial statements".

The following table details the breakdown of "Commissions and other acquisition costs" as at 30 June 2012.

	(€/000)	
<b>Gross commissions and other acquisition costs net of profit participation and other commissions</b>	<b>30/6/12</b>	<b>30/6/11</b>
Acquisition commissions	64,408	59,249
Other acquisition costs	21,912	20,918
Change in deferred acquisition costs	-26	-202
Premium collection commissions	5,454	5,062
Profit participation and other commissions received from reinsurers	-2,802	-3,837
<b>Total</b>	<b>88,946</b>	<b>81,190</b>

Note 30	30/06/2012	30/06/2011	Change
Other costs	19,549	14,195	5,354

The breakdown of this item was as shown below:

	(€/000)	
<b>Other costs</b>	<b>30/6/12</b>	<b>30/6/11</b>
Technical costs on insurance contracts (*)	7,922	4,729
Accruals to the provision for bad debts	876	-
Foreign-exchange losses	27	380
Incidental non-operating costs	360	110
Annual depreciation & amortisation	7,578	5,778
Losses on non insurance receivables	-	932
Accruals to the provision for risks and charges	600	603
Commissions from services sector	2,177	1,656
Other costs	9	7
<b>Total</b>	<b>19,549</b>	<b>14,195</b>

(\*) Of which:

- €6,601 thousand (€3,382 thousand in June 2011) for technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning;
- €1,321 thousand (€1,347 thousand in June 2011) for services supporting insurance covers and costs for premiums under litigation.

Note 31	30/06/2012	30/06/2011	Change
Income taxes	16,778	12,546	4,232

Of this item €23,419 thousand related to current taxes and €6,641 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.



## Other disclosures

### Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 564 as at 30 June 2012 vs. 542 present as at 31 December 2011 and 536 as at 30 June 2011.

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

	30/06/2012	30/06/2011	31/12/2011
Managers	24	25	25
Officers	140	131	132
Administrative staff	393	376	382
<b>Total</b>	<b>557</b>	<b>532</b>	<b>539</b>

### Tax status

#### Insurance Business

In 2008, the Parent Company revalued its property assets pursuant to Italian Law no. 2 of 28 January 2009, obtaining recognition of the higher value for the purposes of corporate (IRES) and regional business (IRAP) tax, effective as from the 2013 tax period (in the event of disposal, recognition is postponed to 2014) via payment of a substitute tax on the higher value recorded. The carrying value was aligned with market value, as calculated by an expert appraisal of the assets concerned performed by an independent expert.

Set against this higher value recognised in balance-sheet assets, the Parent Company has created a specific equity reserve for an amount equal to revaluation minus substitute taxes.

For further details regarding the higher values recorded and the accounting criteria, please see the section of these explanatory notes dedicated to specific balance sheet items.

For 2012, the Parent Company exercised the VAT liquidation option at group level pursuant to the Ministerial Decree of 13 December 1979, including in the group scope of VAT liquidation the subsidiaries Vittoria Immobiliare S.p.A.; Gestimmobili S.r.l., Interimmobili S.r.l., Acacia 2000 S.r.l., VRG Domus S.r.l., Cadorna RE S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia Seconda S.r.l., Immobiliare Bilancia Terza S.r.l., Forum Residenze Mondadori S.r.l. and Vittoria Properties S.r.l..

In 2011, Vittoria Assicurazioni incorporated Lauro 2000 S.r.l., previously a 100%-owned subsidiary. The accounting and tax effects of the merger were applied retroactively from 1 January 2011. Following the merger, Vittoria Assicurazioni will proceed, in the 2012 UNICO income statement relating to 2011, with the step-up for IRES and IRAP purposes of part of the merger deficit resulting from the cancellation of the shareholding, through the payment of the substitute tax provided for by article 172, paragraph 10-bis of Presidential Decree 917/1986.

During 2009 Vittoria Assicurazioni S.p.A. was subjected to a tax audit by the Italian tax authorities for the tax years 2004, 2005 and 2006, resulting in disputes concerning corporate tax, regional business tax and VAT.

Between 2009 and 2011, the company received demands for higher taxes relating to all three years. Demands for higher IRES and IRAP, including fines and interest, totalled €101 thousand; for VAT, the higher tax, fines and interest demanded totalled €387 thousand.

The Parent Company met its IRES and IRAP tax obligations for all three years, making full use of a tax provision of around €101 thousand set aside in 2009, which proved sufficient. As regards VAT, the Parent Company appealed against the demands relating to the three years, supported by a

favourable precedent of the first instance on an identical set of circumstances relating to 2003 and multiple legal rulings in favour of other companies. The Parent Company has already obtained a favourable ruling in the first and second instance with reference to the 2004 demand and in the first instance with reference to 2005.

In 2011, the Milan Finance Police conducted a tax investigation with reference to the years 2007 and 2008, which concluded in January 2012. This investigation led to disputes relating to IRES, and Vittoria Assicurazioni S.p.A. filed an acceptance of the charges pursuant to article 5-bis of Legislative Decree 218/1997. For the purpose of covering the liabilities for higher taxes, fines and interest (to 31 December 2011), the Parent Company allocated €1,750 thousand to the tax provision, taking into account the indications contained in the tax audit report itself. In 2012, the company received demands for tax payments from the Italian tax authorities, in execution of the abovementioned acceptance of the charges, and in July 2012, the Parent Company paid the sums claimed, making full use of the provision mentioned above and closing the tax authority proceedings.

The Board of Directors

Milan, 02 August 2012

## Annexes to Condensed Consolidated 2012 half year financial statements

Vittoria Assicurazioni S.p.A.  
Consolidated interim financial statements as at 30 June 2012  
**Consolidation scope**

	Country	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy	G	1				
Vittoria Immobiliare S.p.A.	Italy	G	10	87.24	87.24	-	100.00
Immobiliare Bilancia S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Immobiliare Bilancia Prima S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Immobiliare Bilancia Seconda S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Immobiliare Bilancia Terza S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Forum Mondadori Residenze S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy	G	10	99.00	99.87	100.00	100.00
Interbilancia S.r.l.	Italy	G	9	80.00	97.45	100.00	100.00
Vittoria Service S.r.l.	Italy	G	11	70.00	96.17	100.00	100.00
Acacia 2000 S.r.l.	Italy	G	10	-	56.71	65.00	100.00
Gestimmobili S.r.l.	Italy	G	11	-	69.79	80.00	100.00
Interimmobili S.r.l.	Italy	G	11	-	69.79	80.00	100.00
V.R.G. Domus S.r.l.	Italy	G	10	-	87.24	100.00	100.00
Vaimm Sviluppo S.r.l.	Italy	G	10	-	87.24	100.00	100.00
Cadorna Real Estate S.r.l.	Italy	G	10	-	87.24	100.00	100.00
Sivim S.r.l.	Italy	G	10	-	87.24	100.00	100.00
Valsalaria S.r.l.	Italy	G	10	-	44.49	51.00	100.00
Aspevi Milano S.r.l.	Italy	G	11	-	97.45	100.00	100.00
Aspevi Roma S.r.l.	Italy	G	11	-	97.45	100.00	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.

**List of unconsolidated investments**

	Country	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
Yam Invest N.V.	Holland	9	c	18.75	18.75	-	66,159
White (S.a.r.l.) Sicar	Luxembourg	9	b	20.13	20.13	-	2,536
S.In.T. S.p.A.	Italy	11	b	48.19	48.19	-	5,251
Yarpa S.p.A.	Italy	9	b	25.90	25.90	-	6,176
Laumor Partners (S.a.r.l.) Sicar	Luxembourg	9	b	21.87	21.87	-	422
Gima (S.A.) Sicar	Luxembourg	9	b	23.35	23.35	-	308
Rovimmobiliare S.r.l.	Italy	10	b	-	43.62	50.00	220
Mosaico S.p.A.	Italy	10	b	-	39.26	45.00	62
Pama & Partners S.r.l.	Italy	10	b	-	21.81	25.00	743
Le Api S.r.l.	Italy	11	b	-	29.23	30.00	48
Consorzio Movincom S.c.r.l.	Italy	11	b	0.96	38.37	38.39	42
VP Sviluppo 2015 S.r.l.	Italy	10	b	-	34.90	40.00	598
VZ Real Estate S.r.l.	Italy	10	b	-	42.75	49.00	7
Spefin Finanziaria S.p.A.	Italy	9	b	-	20.20	21.00	332
Fiori di S. Bovio S.r.l.	Italy	10	b	-	34.90	40.00	228
Valsalaria A.11 S.r.l.	Italy	10	b	-	34.90	40.00	69

(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.

(€000)

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11
<b>1 INTANGIBLE ASSETS</b>	29,859	29,868	8,128	8,435	614	656	0	0	0	0	38,601	38,959
<b>2 PROPERTY, PLANT AND EQUIPMENT</b>	130,092	127,853	59,224	56,252	370,499	343,857	134	140	0	0	559,949	528,102
<b>3 REINSURERS' SHARE OF TECHNICAL RESERVES</b>	57,858	56,445	14,697	16,770	0	0	0	0	0	0	72,555	73,215
<b>4 INVESTMENTS</b>	930,387	859,258	824,905	784,345	19,310	20,049	339	127	-84,013	-82,608	1,690,928	1,581,171
4.1 Investment property	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Investments in subsidiaries and associates and interests in joint	112,457	133,319	51,936	50,896	2,682	2,745	89	77	-83,963	-82,558	83,201	104,479
4.3 Held to maturity investments	13,365	13,527	88,037	84,520	0	0	0	0	0	0	101,402	98,047
4.4 Loans and receivables	12,825	10,415	14,754	10,492	16,454	17,130	0	0	-50	-50	43,983	37,987
4.5 Financial assets available for sale	791,740	701,997	607,406	571,401	174	174	250	50	0	0	1,399,570	1,273,622
4.6 Financial assets at fair value through profit or loss	0	0	62,772	67,036	0	0	0	0	0	0	62,772	67,036
<b>5 OTHER RECEIVABLES</b>	190,784	208,511	20,175	29,429	15,360	13,633	3,578	3,778	-8,764	-6,713	221,133	248,638
<b>6 OTHER ASSETS</b>	73,555	51,945	15,747	14,225	16,144	17,865	913	926	2	-1,290	106,361	83,671
6.1 Deferred acquisition costs	3,576	3,763	4,784	4,572	0	0	0	0	0	0	8,360	8,335
6.2 Other assets	69,979	48,182	10,963	9,653	16,144	17,865	913	926	2	-1,290	98,001	75,336
<b>7 CASH AND CASH EQUIVALENTS</b>	89,759	57,443	1,163	11,906	18,628	15,699	4,801	2,069	0	0	114,351	87,117
<b>TOTAL ASSETS</b>	1,502,294	1,391,323	944,039	921,362	440,555	411,759	9,765	7,040	-92,775	-90,611	2,803,878	2,640,873
<b>1 EQUITY</b>											392,380	358,355
<b>2 PROVISIONS</b>	1,841	741	0	0	1,911	2,087	0	0	0	0	3,752	2,828
<b>3 TECHNICAL RESERVES</b>	1,069,777	1,018,203	761,872	742,195	0	0	0	0	-210	1,613	1,831,439	1,762,011
<b>4 FINANCIAL LIABILITIES</b>	15,472	13,063	78,575	81,019	290,526	260,551	0	48	0	0	384,573	354,681
4.1 Financial liabilities at fair value through profit or loss	0	0	61,805	64,249	0	0	0	0	0	0	61,805	64,249
4.2 Other financial liabilities	15,472	13,063	16,770	16,770	290,526	260,551	0	48	0	0	322,768	290,432
<b>5 PAYABLES</b>	74,439	66,321	6,216	6,511	34,663	31,339	8,032	6,020	-8,814	-6,762	114,536	103,429
<b>6 OTHER LIABILITIES</b>	51,063	35,033	10,823	11,096	14,122	14,640	612	85	578	-1,285	77,198	59,569
<b>TOTAL EQUITY AND LIABILITIES</b>											2,803,878	2,640,873

Vittoria Assicurazioni S.p.A.  
 Consolidated interim financial statements as at 30 June 2012  
**Income statement by business and business line**

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011	30/06/2012	30/06/2011	30/06/2012	30/06/2011	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Net premiums	413,195	350,328	61,583	57,605	0	0	0	0	0	0	474,778	407,933
Gross premiums	424,714	360,776	62,529	58,505	0	0	0	0	0	0	487,243	419,281
Ceded premiums	11,519	10,448	946	900	0	0	0	0	0	0	12,465	11,348
Commission income	0	0	209	562	0	0	0	0	0	0	209	562
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	0	-6	99	130	0	0	0	0	0	0	99	124
Gains on investments in subsidiaries and associates and interests in joint ventures	617	1,228	507	1,037	127	10	18	18	-834	-1,267	429	1,026
Gains on other financial instruments and investment property	22,492	13,979	16,532	18,442	319	528	2	2	0	0	39,345	32,951
Other income	2,727	2,934	92	52	1,361	6,320	4,327	2,984	-4,779	-3,143	3,728	9,147
<b>TOTAL REVENUE</b>	<b>439,031</b>	<b>368,463</b>	<b>79,022</b>	<b>77,828</b>	<b>1,807</b>	<b>6,858</b>	<b>4,341</b>	<b>3,004</b>	<b>-5,613</b>	<b>-4,410</b>	<b>518,588</b>	<b>451,743</b>
Net charges relating to claims	279,313	244,285	65,888	61,035	0	0	0	0	-1,823	-826	343,378	304,494
Amounts paid and change in technical reserves	288,089	245,236	66,499	61,362	0	0	0	0	-1,823	-826	352,765	305,772
Reinsurers' share	-8,776	-951	-611	-327	0	0	0	0	0	0	-9,387	-1,278
Commission expense	0	0	16	34	0	0	0	0	0	0	16	34
Losses on investments in subsidiaries and associates and interests in joint ventures	1,945	2,041	0	0	173	134	0	0	0	0	2,118	2,175
Losses on other financial instruments and investment property	3,107	1,177	451	518	2,385	1,434	19	6	0	0	5,962	3,135
Operating costs	99,102	87,478	7,479	8,176	3,752	4,389	1,148	1,174	-4,779	-3,162	106,702	98,055
Other costs	15,368	10,080	1,065	1,335	509	1,108	2,607	1,672	0	0	19,549	14,195
<b>TOTAL COSTS</b>	<b>398,835</b>	<b>345,061</b>	<b>74,899</b>	<b>71,098</b>	<b>6,819</b>	<b>7,065</b>	<b>3,774</b>	<b>2,852</b>	<b>-6,602</b>	<b>-3,988</b>	<b>477,725</b>	<b>422,088</b>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>	<b>40,196</b>	<b>23,402</b>	<b>4,123</b>	<b>6,730</b>	<b>-5,012</b>	<b>-207</b>	<b>567</b>	<b>152</b>	<b>989</b>	<b>-422</b>	<b>40,863</b>	<b>29,655</b>

(€/000)

**Breakdown of other comprehensive income**

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	30/06/12	30/06/11	30/06/12	30/06/11	30/06/12	30/06/11	30/06/12	30/06/11	30/06/12	30/06/11	30/06/12	31/12/11
Translation reserve	59	0	-	-	-	-	59	-	0	0	-56	-115
Fair value reserve	26.419	-10.512	-5.022	6.403	-	-	21.397	-4.109	4.848	-1.368	-17.917	-39.314
Hedging reserve	0	0	-	-	-	-	-	-	0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	-	-	-	-	-	-	0	0	0	0
Reserve for changes in the equity of investees	57	-122	-	-	-	-	57	-122	0	0	127	70
Intangible asset revaluation reserve	0	0	-	-	-	-	-	-	0	0	0	0
Property, plant and equipment revaluation reserve	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
Actuarial gains and losses and adjustments related to defined benefit plans	0	0	-	-	-	-	-	-	0	0	0	0
Other reserves	0	0	-	-	-	-	-	-	0	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>26.535</b>	<b>-10.634</b>	<b>-5.022</b>	<b>6.403</b>	<b>0</b>	<b>0</b>	<b>21.513</b>	<b>-4.231</b>	<b>4.848</b>	<b>-1.368</b>	<b>-17.846</b>	<b>-39.359</b>



Vittoria Assicurazioni S.p.A.  
 Consolidated interim financial statements as at 30 June 2012  
**Breakdown of financial assets**

(€'000)

	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit or loss				Total carrying amount	
							Financial assets held for trading		Financial assets at fair value through profit or loss			
	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11
Equity and derivative instruments measured at cost	0	0	0	0	12,121	14,105	0	0	0	0	12,121	14,105
Equity instruments at fair value of which listed	0	0	0	0	21,027	20,001	0	0	4,734	5,371	25,761	25,372
Debt securities of which listed	101,402	98,047	0	0	13,573	12,451	0	0	4,734	5,371	18,307	17,822
OEIC units	96,299	95,901	0	0	1,335,594	1,233,374	967	2,787	22,724	21,208	1,460,687	1,355,416
Loans and receivables from bank customers	0	0	0	0	30,828	6,142	0	0	26,644	31,230	57,472	37,372
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deposits with ceding companies	0	0	4,628	225	0	0	0	0	0	0	4,628	225
Financial asset portion of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	26,530	27,347	0	0	0	0	0	0	26,530	27,347
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	12,825	10,415	0	0	0	0	7,703	6,440	20,528	16,855
<b>Total</b>	<b>101,402</b>	<b>98,047</b>	<b>43,983</b>	<b>37,987</b>	<b>1,399,570</b>	<b>1,273,622</b>	<b>967</b>	<b>2,787</b>	<b>61,805</b>	<b>64,249</b>	<b>1,607,727</b>	<b>1,476,692</b>

Vittoria Assicurazioni S.p.A.  
 Consolidated interim financial statements as at 30 June 2012  
**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 HY2012	Net gains and costs/losses HY2011
							Valuation capital gains	Write-backs	Valuation capital losses	Write-downs			
<b>Investments</b>	30,775	739	2,435	8,890	308	37,661	2,803	1,043	3,033	-1,273	36,388	30,299	
a Investment property	0	0	0	0	0	0	0	0	0	0	0	0	
b Investments in subsidiaries and associates and interests in joint ventures	0	388	2,118	41	0	-1,689	0	0	0	0	-1,689	-1,149	
c Held to maturity investments	2,304	0	0	0	0	2,304	0	0	0	0	2,304	2,163	
d Loans and receivables	692	0	0	0	0	692	22	0	0	22	714	392	
e Financial assets available for sale	27,067	157	0	7,830	46	35,108	0	0	3,033	-3,033	32,075	28,177	
f Financial assets held for trading	206	0	0	-150	0	56	43	0	0	43	99	124	
g Financial assets at fair value through profit or loss	506	194	317	1,069	262	1,190	2,738	1,043	0	1,695	2,885	592	
<b>Other receivables</b>	448	0	0	0	0	448	0	0	0	0	448	462	
<b>Cash and cash equivalents</b>	725	0	0	0	0	725	0	0	0	0	725	654	
<b>Financial liabilities</b>	-2,863	0	0	0	0	-2,863	0	2,885	0	-2,885	-5,768	-2,624	
a Financial liabilities held for trading	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	2,885	0	-2,885	-2,885	-592	
c Other financial liabilities	-2,863	0	0	0	0	-2,863	0	0	0	0	-2,883	-2,032	
<b>Payables</b>	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total</b>	29,065	739	2,435	8,890	308	35,951	2,803	3,928	3,033	-4,158	31,793	28,791	

Vittoria Assicurazioni S.p.A.  
 Consolidated interim financial statements as at 30 June 2012  
**Breakdown of technical reserves**

(€000)

	Direct business		Indirect business		Total carrying amount	
	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11
<b>Non-life reserves</b>	<b>1,068,922</b>	<b>1,017,393</b>	<b>854</b>	<b>810</b>	<b>1,069,776</b>	<b>1,018,203</b>
Premium reserve	338,044	320,640	43	54	338,087	320,694
Claims reserve	730,469	696,344	811	756	731,280	697,100
Other reserves	409	409	0	0	409	409
of which posted following liability adequacy testing	0	0	0	0	0	0
<b>Life reserves</b>	<b>757,022</b>	<b>743,570</b>	<b>4,641</b>	<b>238</b>	<b>761,663</b>	<b>743,808</b>
Reserve for payable amounts	19,530	23,355	13	13	19,543	23,368
Mathematical reserves	736,994	733,503	4,624	221	741,618	733,724
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	498	-13,288	4	4	502	-13,284
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	-11,209	-25,750	0	0	-11,209	-25,750
<b>Total technical reserves</b>	<b>1,825,944</b>	<b>1,760,963</b>	<b>5,495</b>	<b>1,048</b>	<b>1,831,439</b>	<b>1,762,011</b>

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at 30 June 2012

**Breakdown of reinsurers' share of technical reserves**

(€000)

	Direct business		Indirect business		Total carrying amount	
	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11
<b>Non-life reserves</b>	<b>57,563</b>	<b>56,158</b>	<b>295</b>	<b>287</b>	<b>57,858</b>	<b>56,445</b>
Premium reserve	13,034	13,372	0	0	13,034	13,372
Claims reserve	44,529	42,786	295	287	44,824	43,073
Other reserves	0	0	0	0	0	0
<b>Life reserves</b>	<b>14,697</b>	<b>16,770</b>	<b>0</b>	<b>0</b>	<b>14,697</b>	<b>16,770</b>
Reserves for payable amounts	0	0	0	0	0	0
Mathematical reserves	14,675	16,753	0	0	14,675	16,753
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	22	17	0	0	22	17
<b>Total reinsurers' share of technical reserves</b>	<b>72,260</b>	<b>72,928</b>	<b>295</b>	<b>287</b>	<b>72,555</b>	<b>73,215</b>

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**Breakdown of financial liabilities**

(€/000)

	Financial liabilities at fair value through profit or loss						Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss		Financial liabilities		Total carrying amount			
	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11		
Participating non-equity instruments	0	0	0	0	0	0	0	0	0	
Subordinated liabilities	0	0	0	0	0	0	0	0	0	
Liabilities from financial contracts issued by insurers arising from:										
Contracts where policyholders bear investment risk	0	0	61,805	64,249	0	0	61,805	64,249		
Pension-fund management	0	0	50,759	53,847	0	0	50,759	53,847		
Other contracts	0	0	11,046	10,402	0	0	11,046	10,402		
Deposits received from reinsurers	0	0	0	0	24,418	24,418	24,418	24,418		
Negative financial components of insurance contracts	0	0	0	0	0	0	0	0	0	
Debt securities on issue	0	0	0	0	0	0	0	0	0	
Bank customer deposits	0	0	0	0	0	0	0	0	0	
Interbank liabilities	0	0	0	0	0	0	0	0	0	
Other loans received	0	0	0	0	290,526	260,599	290,526	260,599		
Non-hedging derivatives	0	0	0	0	0	0	0	0	0	
Hedging derivatives	0	0	0	0	0	0	0	0	0	
Other financial liabilities	0	0	0	0	7,824	5,415	7,824	5,415	5,415	

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**Breakdown of financial assets and liabilities by level**

(€/000)

	Level 1		Level 2		Level 3		Total	
	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11
Financial assets Available for sale	1,379,998	1,251,966	7,454	7,551	12,118	14,105	1,399,570	1,273,622
Financial assets at fair value through profit or loss	967	2,787	-	-	-	-	967	2,787
Financial assets at fair value through profit or loss	61,805	64,249	-	-	-	-	61,805	64,249
<b>Total</b>	<b>1,442,770</b>	<b>1,319,002</b>	<b>7,454</b>	<b>7,551</b>	<b>12,118</b>	<b>14,105</b>	<b>1,462,342</b>	<b>1,340,658</b>
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	56,655	61,464	5,150	2,765	-	-	61,805	64,249
<b>Total</b>	<b>56,655</b>	<b>61,464</b>	<b>5,150</b>	<b>2,765</b>	<b>-</b>	<b>-</b>	<b>61,805</b>	<b>64,249</b>

**Detail of changes in financial assets and liabilities allocated to Level 3**

(€'000)

	Financial assets				Financial liabilities at fair value through profit or loss	
	Financial assets Available for sale	Financial assets at fair value through profit or loss		Financial liabilities held for trading	Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets at fair value through profit or loss			
<b>Opening balance</b>	<b>14,105</b>					
Purchases/ Issues	200					
Sales/Repurchases	0					
Redemptions	0					
Gains or losses charged to profit and loss	-2,184					
Gains or losses charged to other comprehensive income	0					
Moves to Level 3	0					
Moves to other Levels	0					
Other changes	-3					
<b>Closing balance</b>	<b>12,118</b>					

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**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 reclassification date	Carrying amount at 31/12/2011 of reclassified assets		Fair Value at 31/12/2011 of reclassified assets		Reclassified Assets during 2012		Reclassified Assets up to 2012		Reclassified Assets during 2012		Reclassified Assets up to 2012		(€'000)
			Reclassified Assets during 2012	Reclassified Assets up to 2012	Reclassified Assets during 2012	Reclassified Assets up to 2012	Gains or losses charged to profit and loss and loss reclassification	Gains or losses charged to other comprehensive income	Gains or losses charged to profit and loss and loss reclassification	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															
<b>Total</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0



**Detail of insurance technical items**

(€000)

	30/06/2012			30/06/2011		
	Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
<b>Non-life business</b>						
<b>NET PREMIUMS</b>	<b>424,714</b>	<b>11,519</b>	<b>413,195</b>	<b>360,776</b>	<b>10,448</b>	<b>350,328</b>
a Premiums written	442,107	11,180	430,927	392,771	11,498	381,273
b Change in premiums reserve	17,393	-339	17,732	31,995	1,050	30,945
<b>NET CLAIMS COSTS</b>	<b>288,089</b>	<b>8,776</b>	<b>279,313</b>	<b>245,236</b>	<b>951</b>	<b>244,285</b>
a Amounts paid	255,382	7,771	247,611	229,000	3,513	225,487
b Change in claims reserves	34,172	1,743	32,429	25,683	-1,999	27,682
c Change in recoveries	1,465	738	727	9,447	563	8,884
d Change in other technical reserves	0	0	0	0	0	0
<b>Life business</b>						
<b>NET PREMIUMS</b>	<b>62,529</b>	<b>946</b>	<b>61,583</b>	<b>58,505</b>	<b>900</b>	<b>57,605</b>
<b>NET CLAIMS COSTS</b>	<b>66,499</b>	<b>611</b>	<b>65,888</b>	<b>61,362</b>	<b>327</b>	<b>61,035</b>
a Amounts paid	65,455	2,684	62,771	63,761	2,134	61,627
b Change in reserve for amounts to be paid	-3,825	0	-3,825	-10,184	-373	-9,811
c Change in mathematical reserves	2,502	-2,078	4,580	7,649	-1,438	9,087
d Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	0	0	0	0	0	0
e Change in other technical reserves	2,367	5	2,362	136	4	132

**Breakdown of insurance operating costs**

(€/000)

		Non-life business		Life business	
		30/06/12	01/07/11	30/06/12	01/07/11
<b>Gross commissions and other acquisition costs</b>		<b>90,187</b>	<b>81,190</b>	<b>5,787</b>	<b>6,626</b>
a	Acquisition commissions	66,013	58,037	2,273	3,250
b	Other acquisition costs	19,201	18,437	3,059	3,232
c	Change in deferred acquisition costs	186	192	-212	-394
d	Premium collection commissions	4,787	4,524	667	538
<b>Profit participation and other commissions received from reinsurers</b>		<b>-2,613</b>	<b>-3,714</b>	<b>-189</b>	<b>-123</b>
<b>Investment management costs</b>		<b>331</b>	<b>211</b>	<b>280</b>	<b>182</b>
<b>Other administrative costs</b>		<b>11,197</b>	<b>9,791</b>	<b>1,601</b>	<b>1,491</b>
<b>Total</b>		<b>99,102</b>	<b>87,478</b>	<b>7,479</b>	<b>8,176</b>

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**Breakdown of property, plant and equipment and intangible assets**

(€/000)

	<b>At cost</b>	<b>Deemed cost or fair value</b>	<b>Total carrying amount</b>
Investment property	-	-	-
Other property	549,891	-	<b>549,891</b>
Other items of property, plant and equipment	10,058	-	<b>10,058</b>
Other intangible assets	36,805	-	<b>36,805</b>

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

(€/000)

	Unit- and index-linked benefits		Benefits relating to pension-fund management		Total	
	30/06/12	31/12/11	30/06/12	31/12/11	30/06/12	31/12/11
On-balance sheet assets	50,759	53,847	11,046	10,402	61,805	64,249
Infragroup assets *	0	0	0	0	0	0
<b>Total assets</b>	<b>50,759</b>	<b>53,847</b>	<b>11,046</b>	<b>10,402</b>	<b>61,805</b>	<b>64,249</b>
On-balance sheet liabilities	50,759	53,847	11,046	10,402	61,805	64,249
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>50,759</b>	<b>53,847</b>	<b>11,046</b>	<b>10,402</b>	<b>61,805</b>	<b>64,249</b>

\* Assets and liabilities eliminated in consolidation process

## 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 Roberto Guarena (as Managing Director) and Mario Ravasio (as the Manager Charged with preparing the financial reports), of Vittoria Assicurazioni S.p.A., taking into consideration Article 154-bis (subparagraph 3 and 4) of Italian Legislative Decree February 24th 1998 n.58, do hereby certify:

- the adequacy in relation to the Legal Entity features and
- the actual application

of the administrative and accounting procedures employed to draw up 2012 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 2012.

3. The undersigned also certify that:

3.1 The half-yearly consolidated financial statements as at June 30th 2012:

- 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, 02 August 2012

Roberto Guarena  
*Managing Director*

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

## Report of Independent Auditors

## AUDITORS' REVIEW REPORT ON THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have reviewed the half-year condensed consolidated financial statements of Vittoria Assicurazioni S.p.A. and subsidiaries (the "Vittoria Group"), which comprise the balance sheet as of June 30, 2012, the comprehensive income statement, the statement of changes in equity and the cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's Directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard (IAS 34) applicable to the interim financial reporting as adopted by the European Union and ISVAP Regulation N. 7 dated 13 July 2007. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.
2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution N. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

With regard to the comparative figures related to the year ended December 31, 2011 and to the six-month period ended June 30, 2011, presented in the half-year condensed consolidated financial statements reference should be made to the auditors' reports issued by other auditors on March 28, 2012 and on August 4, 2011.



3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of Vittoria Group as of June 30, 2012 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
Vittorio Frigerio  
Partner

Milan, Italy  
August 8, 2012

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