

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

93rd year of business

**Consolidated
half-year financial report
as at 30 June 2014**

**Board of Directors' meeting
of 31 July 2014**

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

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BOARD OF DIRECTORS

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	Director
Francesco BAGGI SISINI	Independent director
Marco BRIGNONE	Independent director
Fulvia FERRAGAMO VISCONTI	Independent director
Bernd GIERL	Independent director
Lorenza GUERRA SERÀGNOLI	Independent director
Pietro Carlo MARSANI	Independent director
Giorgio MARSIAJ	Independent director
Lodovico PASSERIN d'ENTREVES	Independent director
Luca PAVERI FONTANA	Director
Giuseppe SPADAFORA	Independent director
Anna STRAZZERA	Independent director
Mario RAVASIO	Secretary

BOARD OF STATUTORY AUDITORS

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

GENERAL MANAGEMENT

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

INDEPENDENT AUDITOR

Deloitte & Touche S.p.A.

APPOINTMENTS AND REMUNERATION COMMITTEE

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

INTERNAL CONTROL COMMITTEE

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

FINANCE COMMITTEE

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

REAL ESTATE COMMITTEE

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

RELATED PARTIES COMMITTEE

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

Form and contents of report

The consolidated half-year report as at 30 June 2014 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 (now IVASS) 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 2013. 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, particularly for Non Life business.

From 1 January 2014 the Group has adopted the following accounting standards, as endorsed by the EU Regulation n.1254 11 December 2012:

- IFRS 10 (Consolidated Financial Statements) which provides a single model to the consolidated financial statements which includes control as a basis for the consolidation of all types of entities. IFRS 10 supersedes IAS 27 (Consolidated and Separate Financial) and SIC-12 (Special Purpose Entities - special purpose vehicle).
- IFRS 11 (agreements to joint control) sets out the principles for financial reporting by entities that are party to agreements to joint control and it supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 Jointly Controlled Entities - Contribution in kind by venturers.
- IFRS 12 (Disclosure of Interests in Other Entities) combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements for joint control, associates and unconsolidated structured entities.

As a result of these new IFRSs, the IASB also issued amended IAS 27 (Consolidated and Separate Financial) and amended IAS 28 (Investments in associates and joint ventures).

The application of these standards had no material impact on the Group's scope of consolidation.

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.

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

Directors' report

Economic and insurance scenario

The **global economy** is continuing to strengthen the path already in place for some period primarily driven by the economies of the advanced countries. According to estimates by the International Monetary Fund, global growth is expected to be around a value of 3.6% for 2014 and 3.9% for 2015 despite many countries are experiencing a period of low inflation that penalizes the potential for growth .

In the **United States** the forecasts indicate a growth of 2.6% in 2014 and 3.5% in 2015, thanks to the improvement of the conditions of the credit system and the labor market that supply the domestic private demand. Monetary policy remains accommodative, even if the Federal Reserve, in view of the improvement of the economic situation, began the program for the purchase of securities on the market by gradually reducing the amount of liquidity injected into the financial system, while interest rates remain unchanged between 0% and 0.25%.

Economic activity in the **euro area** should continue growth started, facilitated by the decrease of the fragmentation of financial markets and fiscal consolidation taking place in several countries, although growth remains at a slower pace compared to the United States. Yet many countries, especially the peripheral ones, have high debt levels and limited conditions of access to credit; are also considerable spare capacity and an unemployment rate that continues unabated. The OECD has estimated an increase of 1.2% for the current year and 1.7% for the next one. As for monetary policy, in its meeting on 11 June, the Executive Council of the ECB decided to cut interest rates by 10 basis points, bringing the official rate on the main refinancing operations to 0.15% .

Because of the persistence of the period of low inflation, can not be excluded more unconventional measures, even more so if the scenario were to materialize for some time now that deflationary threat to occur.

As for the **Italian economy**, it should be noted that the fall in GDP, which began in the third quarter of 2011, came to a halt in the last quarter of 2013; according to forecasts compiled by ISTAT in the month of May, in 2014 the GDP will grow by 0.6%, up slightly in the next two years (+1.0% and +1.4%), driven both by domestic demand, private from net exports.

The increase in consumption was mainly driven by an increase in nominal disposable income, in part fueled by the fiscal measures in favor of the compensation of employees; disposable income is forecast to grow by more than inflation and consumer purchasing power of households would once again improve for the first time since 2007.

In 2014, a recovery is also expected rate of growth of investment that would consolidate in 2015, while the unemployment rate should start to shrink from next year.

With regard to the data recorded by the financial markets during the first half of 2014, we note the excellent performance of both the stock market (+12.4% FTSE MIB index) and of the bond (+9.0%, FTSE Italy Govt Performance).

With regard to the performance of the European currency, the already mentioned different orientation of U.S. monetary policy than Europe is expected to be manifested in a slight depreciation of the euro, a trend that is believed to be likely to continue for the next few periods.

In 2014, the Italian real estate market is basically confirming the predictions of the beginning of the year, although it cannot be said to have begun a recovery actually, the first half of 2014 did detect early signs of slight improvement recorded by a sign reversal in the volumes of trades after eight years of decline and this is essentially due to foreign investors who have invested about 90% of the total capital invested in the sector during the first half of 2014; property prices during the year have slowed levels decline recorded in previous years.

The second wave recession that began in 2011, according to market participants, it seems to have come to an end and therefore have detected positive signals the start of a slow recovery.

Summary of key performance indicators

€/million

SPECIFIC SEGMENT RESULTS					
	30/06/2014	30/06/2013	31/12/2013	Δ 30/06/13	Δ 31/12/13
Non Life business					
Gross Premiums written - direct Non Life business	513.0	482.0	982.7	6.4	
Non Life business pre-tax result	63.4	54.3	113.8	16.6	
(1) Loss Ratio - retained	64.0%	65.6%	65.7%	(1.6)	
(2) Combined Ratio - retained	90.2%	90.9%	90.7%	(0.7)	
(3) Expense Ratio - retained	25.4%	24.4%	24.5%	1.0	
Life business					
Gross Premiums written - direct Life business	133.4	87.9	167.1	51.8	
Life business pre-tax result	1.1	2.8	4.9	(62.3)	
(4) Annual Premium Equivalent (APE)	17.0	12.05	23.9	41.1	
Segregated funds portfolios	816.9	684.8	721.4		13.2
Index/Unit - linked and Pension funds portfolios	68.2	60.2	65.5		4.1
Segregated fund performance: Rendimento Mensile	3.83%	4.05%	3.91%		
Segregated fund performance: Valore Crescente	4.06%	4.72%	4.40%		
Total Agencies	403	387	401	4.1	0.5
Average of employees	595	576	581	3.3	2.4
Real Estate business					
Sales	17.7	8.7	27.1	103.4	
Trading and development margin	2.8	2.1	1.1	33.3	
Real Estate business pre-tax result	-7.1	-6.0	-10.7	18.3	
CONSOLIDATED RESULTS					
	30/06/2014	30/06/2013	31/12/2013	Δ 30/06/13	Δ 31/12/13
Total investments	3,018.7	2,643.0	2,787.5		8.3
Net gains on investments	32.8	29.3	64.4	12.0	
Pre-tax result	58.9	52.4	107.4	12.3	
Consolidated profit (loss)	37.3	31.8	54.0	17.4	
Group profit (loss)	37.2	32.0	53.5	16.1	
Equity attributable to the shareholders of the parent	571.6	466.3	506.4		12.9
Equity attributable to the shareholders of the parent net of unrealised capital gains	474.3	431.5	453.1		4.7

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 June 2014, net income for the Group came to €37,184 thousand, as compared to €32,027 thousand for the same period of 2013 (+16.1%).

Performance for the insurance segment, before taxes and intersegment eliminations, reached €64,242 thousand (vs. €57,250 thousand at 30 June 2013, an increase of 12.2%).

This result is mainly due to the contribution of Non-Life business, whose combined ratio retained, compared with the same period of the previous year, increased from 90.9% to 90.2% with the contribution of the following groups of lines of business :

- Non-Marine showed a further improvement in the technical result compared to the same period last year, thanks in part to a lower incidence of claims relating to the Pecuniary Loss;
- Motor lines recorded an overall positive result with an increase in premiums (+4.9%), in line with business goals;
- Specialty lines showed a negative result, linked to the weight of the current economic crisis.

Premiums recognized 30 June 2014 amounted to €646,690 thousand (€570,233 thousand euro at 30 June 2013), an increase of 51.8% in the Life and Non-Life 6.4%, amounting to an overall increase 13.4%.

This growth is attributable to the consolidation of the results achieved by the agency network and, in the Life business, even to the good performance of sales in the bancassurance relationships.

The real estate sector recorded a net loss of €4,583 thousand, compared to a loss of €3,255 thousand in the corresponding period last year. The result takes into account the margins on the notarial deeds stipulated in the first half of 2014 to €2,801 thousand (€2,096 thousand at 30 June 2013) and write-downs of €3,034 thousand of loans receivable, due from related Rovimmobiliare Srl placed in liquidation.

Total investments posted an increase of 8.3% compared to 31 December 2013 to reach a total of €3,018,700 thousand, with €60,202 thousand (+4.1%) being related to investments for which the risk is to be borne by the policyholder and €2,950,498 thousand (+8.4%) to investments for which the risk is borne by the Group.

Net capital gains on investments for which the risk is borne by the Group totalled €32,788 thousand, as compared to €29,264 thousand for the previous period (+12.0%).

Equity for the Group totalled €571.580 thousand, increasing (by 12.9%) from the €506,449 thousand posted as at 31 December 2013.

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

Reclassified Profit and Loss by business segment	(€/000)			
	30/06/14	30/06/13	31/12/13	Δ
Non life business - Gross Insurance Result (excluding investments result)	47,199	39,460	84,322	+19.6%
Non life business - Gross Investments Result (excluding Yam and Private Equity)	15,985	14,982	29,523	+6.7%
Life business - Gross Insurance Result (including Investments Result)	1,058	2,808	4,915	-62.3%
Gross Insurance business Result	64,242	57,250	118,760	+12.2%
Consolidation adjustments: dividends and interests from Real estate business	195	(914)	(771)	n.s.
Real estate business: taxes	(21,878)	(21,016)	(54,789)	+4.1%
Insurance business net contribution to Profit attributable to parent company shareholders	42,559	35,320	63,200	+20.5%
Gains on property trading	2,801	2,096	1,103	+33.6%
Real estate service revenues	1,038	755	2,345	+37.5%
Real estate business net costs	(10,968)	(8,845)	(14,163)	+24.0%
Gross Real estate business Result	(7,129)	(5,994)	(10,715)	+18.9%
Elimination from consolidation: gains	(34)	0	(1,778)	n.s.
Taxes and minority interests	982	1,399	1,989	-29.8%
Net Real estate business Result	(6,181)	(4,595)	(10,504)	+34.5%
Net profit attributable to Life business Policyholders	2,260	2,033	3,517	+11.2%
Tax on profit attributable to Life business Policyholders	(662)	(693)	(1,374)	-4.5%
Real estate business net contribution to Profit attributable to parent company shareholders	(4,583)	(3,255)	(8,361)	+40.8%
Private equity net contribution to Profit attributable to parent company shareholders	201	(94)	(93)	n.s.
Service business net contribution to Profit attributable to parent company shareholders	(993)	56	(1,216)	n.s.
Net Profit attributable to parent company shareholders	37,184	32,027	53,530	+16.1%
Other Comprehensive Income (Loss) net of tax	43,546	3,639	22,314	n.s.
Comprehensive Income attributable to parent company shareholders	80,730	35,666	75,844	+126.3%

At 30 June 2014, the parent company posted net income (based on Italian accounting standards) of €42,201 thousand (€36,661 thousand for the same period of 2013).

The Group half year result, in line with the strategic plan, calls for a confirmation of the targets which include the strengthening of Vittoria Assicurazioni's capital position, in line with the forthcoming Solvency II requirements and the annual increase of dividends by 5%.

The companies that make up the Group are shown in Table A of the explanatory notes (Subsidiaries).

Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to €64,443 thousand (+12.7% vs. €57,156 thousand as at 30 June 2013). The key operating items contributing to the period's result are described below.

Total insurance premiums in 1H14 amounted to €647,126 thousand (+13.4% vs. premiums of €570,674 thousand in 1H13), of which €646,690 thousand for insurance premiums written and €436 thousand for unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums amounted to €133,403 featuring an increase of +51.8% vs. premiums in 1H13. This result was achieved thanks to the marketing effort over the last years, to the renovated relationship with Banks and to the strengthening of traditional sales network.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by +6.4%. Specifically:

	(€/000)				
	30/06/2014	30/06/2013	YoY change %	% of total book	
				2014	2013
Non-marine lines (exc. specialty and motor)	129,103	114,751	12.5	25.1	23.8
Specialty lines	6,936	7,768	-10.7	1.4	1.6
Motor lines	376,964	359,504	4.9	73.5	74.6
Total Non-Life business	513,003	482,023	6.4	100.0	100.0

Overhead costs as a percentage of total direct insurance premiums were 7.8% (vs. 8.2% in 1H13).

Review of operations

Premiums as up to 30.06.2014 thus amounted to €646,690 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

	(€/000)				
	30/06/2014	30/06/2013	YoY change %	% of total book	
				2014	2013
Domestic direct business					
Life business					
I Whole- and term life	126,666	78,588	61.2	19.6	13.8
IV Health (long-term care)	297	291	2.1	-	0.1
V Capitalisation	6,440	8,975	-28.2	1.0	1.6
Total Life business	133,403	87,854	51.8	20.6	15.5
Non-Life business					
Total non-marine lines (exc. specialty and motor)	129,103	114,751	12.5	19.9	20.1
Total specialty lines	6,936	7,768	-10.7	1.1	1.3
Total motor lines	376,964	359,504	4.9	58.4	63.1
Total Non-Life business	513,003	482,023	6.4	79.4	84.5
Total direct business	646,406	569,877	13.4	100.0	100.0
Domestic indirect business					
Life business	220	240	-8.3	0.0	0.0
Non-Life business	64	116	-44.8	0.0	0.0
Total indirect business	284	356	-20.2	0.0	0.0
Grand Total	646,690	570,233	13.4	100.0	100.0

Revenues not qualified as premiums as defined by IFRS 4 (Unit Linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund) amounted to €436 thousand (€441 thousand in 1H13).

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

(€/000)					
Regions	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
NORTH					
Emilia Romagna	36	38,480		6,824	
Friuli Venezia Giulia	4	4,095		993	
Liguria	16	23,266		2,627	
Lombardy	102	114,082		52,122	
Piedmont	46	41,708		3,198	
Trentino Alto Adige	7	5,461		1,758	
Valle d'Aosta	1	1,718		337	
Veneto	36	29,268		3,838	
Total	248	258,078	50.3	71,697	53.7
CENTRE					
Abruzzo	12	25,547		2,959	
Lazio	27	50,797		16,686	
Marche	17	18,132		1,460	
Tuscany	44	54,896		7,175	
Umbria	15	24,332		3,942	
Total	115	173,704	33.9	32,222	24.2
SOUTH AND ISLANDS					
Basilicata	3	4,448		577	
Calabria	2	2,662		25	
Campania	8	18,321		1,432	
Molise	2	1,349		43	
Puglia	6	14,376		25,367	
Sardinia	9	18,034		283	
Sicily	10	22,020		1,757	
Total SOUTH AND ISLANDS	40	81,210	15.8	29,484	22.1
Total ITALY	403	512,992	100.0	133,403	100.0
France	0	11	0.0	0	0.0
Total	403	512,992	100.0	133,403	

The direct operating parent company operates in France on the basis of the freedom-to-provide-service provisions. No significant premiums were collected during 1H14.

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 1H14 totalled €133,403 thousand, (€87,854 thousand in 1H13) split as follows:

	30/06/2014	30/06/2013	YoY change %	% of total book	
				2014	2013
Recurring premiums	20,883	18,581	12.4	15.7	21.2
Annual premiums	112,520	69,273	62.4	84.3	78.8
Total Life business	133,403	87,854	51.9	100.0	100.0

Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities, and surrenders as at 30.06.2014, compared with data for the same period in the previous year.

	30/06/2014	30/06/2013	YoY change %
Claims	11,995	12,333	(2.7)
Accrued capital sums & annuities	21,774	21,036	3.5
Surrenders	24,588	26,731	(8.0)
Total	58,356	60,101	(2.9)

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.

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

In 1H14 ceded premiums amounted to €600 thousand (€802 as at 30 June 2013).

Inward reinsurance

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

Non life Business

Premiums

Direct premiums issued totalled €513,003 thousand (€482,023 thousand for the same period of the previous year), for an increase of 6.4%.

Performance by type

NON-MARINE

Premiums of the sector recorded an increase of 12.5% (18.6% at June 30, 2013). The technical result is positive, a further improvement compared to the same period last year, thanks in part to a lower incidence of claims relating to the Pecuniary Loss.

The analysis by line highlights:

Personal injury: premiums increased by 8.6%, a decrease compared to the same period last year (21.1%).

The technical result for the period is positive, a slight decrease compared to the same period last year, despite a higher incidence of major accidents.

Illness: premiums decreased by 4.6% due to a greater selection of clients to improve the technical indexes. The technical result remained negative and continue the reform measures of the portfolio.

Fire and natural events: premiums grew by 9.2% (17.5% in the same period of the previous year). The technical result is positive, despite the higher incidence of significant claims.

Other property damage: the increase in premiums is positive (+10.0%). The technical result is negative, albeit an improvement compared to the same period last year, thanks to the actions of the reform of the portfolio, which is still in progress.

General TPL: premiums were up 10.1%. The technical balance, while adversely affected by a higher incidence of serious casualties, shows an improvement compared to the same period last year. The actions to reform the portfolio linked to the segment of the RC professional.

Pecuniary losses: premiums written increased by 34.9%, in line with the increase recorded in the previous year. The line has a positive technical result, an improvement compared to the same period last year.

Legal protection: premiums increased by 13.6% and the technical balance remains positive.

SPECIAL BUSINESS

Marine, rail, ocean, lake, river hulls: premiums in an overall increase with a positive technical result.

Cargo insurance: premiums written decreased slightly by 3.2%, with a positive technical result improved compared to the same period last year.

Credit: line of business includes only those risks relating to the Assignment of the Fifth Salary (CQS) for which there is a further reduction of the premiums, equal to 40.0%, in line with the more careful selection of risks. The technical balance remains negative.

Deposit: premiums written decreased by 12.2% (+28.3% in the same period of the previous year). The technical result shows a negative balance resulting from the persistent economic crisis that has resulted in an exponential increase in the bankruptcy proceedings.

MOTOR BUSINESS

The Motor lines recorded an overall positive result, a further improvement compared to the same period last year.

Premiums grew by 4.9%. The lower increase compared to the previous year is mainly due to the situation of general crisis of the country and the growing competitiveness leading to a widespread reduction in prices, with particular reference to the Motor TPL.

Land vehicle hulls: the premiums grew by 3.8% in line with the same period last year. The technical result is a positive effect of a lower incidence of claims arising from weather events.

Motor Third Party Liability - sea, lake, river vehicles: premiums increased by 4.8%. The constant action of portfolio selection, pricing policies and the proper handling of claims have helped maintain a positive technical result.

Assistance: premiums increased by 15.3% with a technical result remained positive.

Claims

Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during 1H14. Data are compared with those for 1H13:

	30/06/14		30/06/13		Change %	
	number	total cost	number	total cost	number	total cost
Total non-motor businesses	23,235	68,707	22,546	63,143	3.1	8.8
Total Special businesses	849	8,517	947	4,071	-10.3	109.2
Total motor businesses	93,382	251,106	84,939	229,657	9.9	9.3
Total non-life businesses	117,466	328,330	108,432	296,871	8.3	10.6

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

Branch	Claim handling Type	30/06/2014		30/06/2013	
		Number	Total cost	Number	Total cost
Motor TPL - land	K-for-K - liable	40,057	80,069	36,379	74,969
Motor TPL - land	K-for-K - originator	46,036	116,819	41,970	103,887
Motor TPL - land	Non K-for-K claims	17,808	99,932	16,358	89,409
Motor TPL - watercraft	Non K-for-K claims	26	129	20	107
Total Motor T.P.L. claims handled		103,927	296,948	94,727	268,372

The parent company received no. 60,568 reports of claim events to be managed as originator (55,546 reports of claim in 1H13: +9.0%), against which it will complete recoveries from other insurers for a total of €82,074 thousand (€76,109 thousand at 30 June 2013: +7.84%), 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		
	30/06/2014	30/06/2013	31/12/2013	30/06/2014	30/06/2013	31/12/2013
Accident insurance	25.74	26.23	56.33	49.00	51.87	74.52
Health insurance	55.38	65.34	82.78	38.04	48.04	63.39
Motor vehicle hulls	71.43	70.36	82.63	72.58	72.49	86.67
Fire and natural events	52.67	49.33	76.45	66.38	67.01	80.08
Miscellaneous damages - theft	58.32	58.47	84.23	80.08	82.70	91.26
Third-party motor liability	64.35	64.34	75.27	45.25	45.78	65.20
Third-party general liability	43.02	40.37	66.65	26.43	25.76	35.99

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:

	Claims paid 30/06/14			Claims recovered from reinsurers	Claims paid 30/06/13			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reins. %
	Current year	Previous years	Total		Current year	Previous years	Total			
	Total non-motor businesses	10,905	38,779		49,684	5,336	10,642			
Total Special businesses	1,234	6,015	7,249	2,846	854	2,718	3,572	1,107	102.9	157.2
Total motor businesses	75,060	135,169	210,228	5,325	70,555	125,313	195,868	2,659	7.3	100.2
Total non-life businesses	87,199	179,963	267,162	13,506	82,051	165,347	247,398	8,190	8.0	64.9

The cost includes the amount incurred in the period for the contribution to the guarantee fund for road-accident victims. This totalled €7,495 thousand vs. €7,171 thousand in 1H13.

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

Personal Injury
Land Vehicle Hulls
Marine Hulls
Cargo (goods in transit)
Fire and natural events
Other Property 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 1H14 totalled €13,863 thousand (€12,851 thousand in 1H13).

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

Accordingly, risks are diversified depending on the segmentation of the customer portfolio: households, individuals, professionals, small business operators, small/medium and large enterprises. Within these customer categories, emphasis is 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 Parent Company intends to pursue the above objective as illustrated before, that is by expanding the agent network throughout the country, thus achieving geographical risk diversification while paying close attention to areas with unusually high accident rates.

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

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

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

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

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

Insurance risk analysis

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

Credit risk

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

(€/000)

S&P/ A.M. Best / Moody's Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	57	-	57	0.1
AA	148	954	1,102	2.3
AA-	-12,025	35,322	23,297	49.7
A+	-1,217	12,926	11,709	24.9
A*	-3,576	7,030	3,454	7.4
A-	-420	1,105	685	1.5
BAA1**	-71	2,933	2,862	6.1
Not rated	1,141	2,593	3,734	8.0
Total	-15,963	62,863	46,900	100.0

* of which provided by A.M. Best for €1,832 thousand

** provided by Moody's

Concentration risk

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

Based on the analysis of premiums as at 30.06.2014, Non-Life business accounts for approximately 79.0% of total Group premiums, with 58.0% of this percentage referring to motor lines.

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

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

Earthquake exposure

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

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

Hail exposure

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

Flood exposure

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

Reserving risk and pricing risk

Non-life business

Reserving risk measures the risk that the claims reserves in the balance sheet are not enough to cover obligations towards policyholders and injured parties.

The claims reserve represents the final cost sustained by the parent company to settle all obligations deriving from claims that have already been made or that have been estimated (IBNR claims) and is determined on the basis of documentation and actuarial valuations that are available at accounting term closure.

Reserving risk is constantly monitored through actuarial analysis, which is equivalent to that used to determine reserves, by observing the development of the final cost and varying the reserves accordingly.

Pricing risk measures the risk that premiums may not be enough to cover claims and future expenses. In particular, considering the size of the portfolio, pricing risk for Motor TPL business is strictly monitored.

Life business

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

There are many types of insurance risks inherent in such portfolio including:

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

Such risks are prudentially valued at the product pricing phase that ends with the adoption of certain assumptions (first-order technical bases) which are considered best to cover the risks that are to be undertaken, taking into account their financial, demographic as well as regulatory constraints (e.g., maximum limits for financial cover), the latest information on demographic trends (e.g., mortality and/or longevity) and portfolio trends (e.g. cancellations and surrenders, etc.).

The pricing phase, which is implemented by means of profit testing techniques, also requires the definition of further assumptions (second order assumptions) obtained from the Parent Company's own experience or from the market if not available:

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

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

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

Particular attention is given to mitigating elements of demographic risk which can be observed at any moment.

In the portfolio pricing phase for the case of death, the mortality tables used are marked up by a security margin.

Policy conditions include the conditions for excluding the insurance cover.

Underwriting risk provides for limits on the sum assured, on age and state of health of the insured individual. From a medical point of view, there are health requirements below which risk is examined directly by management with the help of a doctor; a questionnaire covering health, profession and sports, gives management the opportunity to apply a premium surcharge.

Requests for exclusions also have to be submitted for approval by management in order to maintain exposure to risk within acceptable limits.

Lastly, for the pricing of pure risk (death, lack of self-sufficiency, Long Term Care) recourse to reinsurance is of fundamental importance. In particular, activities that are jointly carried out with the re insurer regard the collective pricing of contracts, the pricing of Long Term Care products and risk assessment for covering death with a sum assured that is above a set threshold.

The reserve funds are calculated according to formulae included in the notes and technical reports kept by the parent company as first order technical bases. The pricing structure with a greater impact on the parent company portfolio and those related to new products are checked on the basis of the same method of calculation.

Moreover, periodic monitoring is carried out on portfolio movement by ministerial category, through an analysis of cash inflows and outflows that determine a variation of the technical reserves from the beginning of the accounting term up to the setting up of the reserve funds.

Inflows, which are taken into account, are payments in settlement, issue of contracts, reactivations, portfolio cash inflows, revaluations of pre-existing policies, that all translate into an increment in services and an increment in reserve funds.

The outflows, that result in diminished services and reserve funds, are surrenders, claims, policy expiries, payment of annuities, policy transformations, missed contract closures, cancellations, service reduction due to non payment of premium and portfolio cash outflows.

A further check is carried out by the Appointed Actuary when the Financial Statements are compiled, by drawing a predetermined number of contracts at random to check if a calculation of the technical reserves corresponds with the system.

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

Commercial organisation

In 1H14 4 new Agencies were opened, 22 were reorganised, while 2 were closed. As at 30.06.2014 the parent company was nationally present as follows:

	30/06/2014	30/06/2013	31/12/2013
Agencies	403	387	401
Sub-Agencies	797	687	758

Products

During the period, all products of the Non-Life and Life business were subject to revision for technical operations and regulatory compliance in the sector (IVASS, COVIP, CONSOB).

In the Life business, in April, began sale of the new product of Class I called "*Vittoria Doppio Obiettivo*".

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 €50,398 thousand vs. €46,729 thousand in 1H13, increasing by 7.9%.

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)			
ANALYSIS OF COSTS	30/06/2014	30/06/2013	Change
Personnel expenses	25,066	23,604	6.2%
Other costs	18,128	15,740	15.2%
Amortisation/Depreciation	7,204	7,385	-2.5%
Total cost by nature	50,398	46,729	7.9%

Overhead costs as a percentage of total direct insurance premiums were 7.8% (vs. 8.2% in 1H13).

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)			
	30/06/2014	30/06/2013	Change
Gross commissions and other acquisition costs	110,139	99,513	10.7%
Profit participation and other commissions received from reinsurers	-2,243	-2,456	-8.7%
Investment management costs	1,198	820	46.1%
Other administrative costs	13,340	12,745	4.7%
Total	122,434	110,622	10.7%

Real estate business

The gross loss made by the real estate business, shown in the income statement by business and business line, amounted to €7,129 thousand (vs. a loss of €5,994 thousand in 1H13) and featured contributors to the income statement that, before intersegment eliminations, included:

- income earned on properties from trading and development totalling €2,801 thousand (€2,096 thousand in 1H13);
- revenues from real estate brokerage and management services of €734 thousand, from administrative services of €304 and rental income of €342 thousand, for a total amount of €1,380 thousand (€1,054 thousand in 1H13);
- financial expenses of €2,929 thousand (€3,490 thousand in 1H13);
- write-downs of €3,034 thousand of loans receivable, due from related Rovimmobiliare Srl;
- revenues from notarial deeds of €17,669 (€8,699 thousand in 1H13).

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

Trading and development

The following companies operate in this segment:

Vittoria Immobiliare SpA – Milan

100% 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 1H14 amounted to €552 thousand. Closing inventory totalled €20,504 thousand.

Immobiliare Bilancia Srl - Milan

100% direct equity interest

This company is active in real-estate trading and development. Revenues from the sale of property in 1H14 amounted to €2,416 thousand. Closing inventory totalled €32,207 thousand.

Immobiliare Bilancia Prima Srl – Milan

100% direct equity interest

The company owns a building plot in the municipality of Parma, which is currently under development, a building complex with a prevalent use destination as offices in Via Adamello 10, Milan, building activity in Rome and a building complex that is currently being refurbished in Corso Cairoli, Turin. Closing inventory amounted to €37,884 thousand.

Vittoria Properties S.r.l. – Milano

100% direct equity interest

The company is active in management of its real estate properties in Milan e Turin, amounting to €16,156 thousand.

Acacia 2000 Srl – Milan

15% direct equity interest and 70% indirect equity interest via Vittoria Immobiliare S.p.A.

The company continued in its development and building activities for the construction of a property complex with a residential use destination, made up of eight buildings and a two level underground car park in an area located in the "Portello" area of Milan. The complex is called "Residenze Parco Vittoria".

The earnings in 1H14 from the sale of property amounted to €14,027 thousand and the final inventory amounted to €216,156 thousand.

VRG Domus Srl. - Turin

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

The company, totalled a closing inventory of €11,053 thousand, related to the real estate operation named "Spina 1" in Turin and to a non residential property in Rome, Via della Vignaccia.

Vaimm Sviluppo Srl – Milan

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

The company is active in trading (after restructuring and refurbishment of buildings). The closing inventory of the building units located in Genoa in Piazza De Ferrari, Via Orefici and Via Conservatori del Mare amounted to €56,027 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. The earnings in 1H14 from the sale of property amounted to €675 thousand and closing inventory amounted to €4,614 thousand.

Real Estate Brokerage Activities

In this segment the following companies are active:

Interimmobili Srl - Rome

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

In its real-estate brokerage activities, the company achieved commission revenue of €1,257 thousand, (€816 thousand as at 30 June 2013), before infragroup eliminations.

In 1H13 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 €895 thousand (€1,185 thousand as at 30 June 2013).

Vittoria Service Srl – Milan

100% direct equity interest

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

Property management

Gestimmobili Srl, based in Milan (80% indirect equity interest via Vittoria Immobiliare S.p.A.), is the company active in this segment, i.e. in the administrative and technical management of property assets. Revenues achieved for this activity in 1H14 totalled €486 thousand (€422 thousand as at 30 June 2013).

Overhead costs

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

	(€/000)		
ANALYSIS OF COSTS	30/06/2014	30/06/2013	Change
Personnel expenses	1,928	2,028	-4.9%
Other costs	3,074	3,315	-7.3%
Amortisation/Depreciation	352	323	9.0%
Total cost by nature	5,354	5,666	-5.5%

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 loss in the period, as shown in the income statement by business and business line, of €919 thousand (profit of €148 thousand in 1H13). This result is due to losses recorded by Aspevi Milano Srl, following the broker Gruppo GPA application for bankruptcy. Revenues for services rendered in 1H14 by group companies, before elimination of infra-group services, amounted to €3,774 thousand. These revenues included €3,377 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)		
ANALYSIS OF COSTS	30/06/2014	30/06/2013	Change
Personnel expenses	664	550	20.7%
Other costs	772	673	14.7%
Amortisation/Depreciation	17	17	0.0%
Total cost by nature	1,453	1,240	17.2%

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

Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of €3,018,700 thousand with an increase of 8,3% vs. 31/12/2013. The detailed breakdown is shown in the following table:

(€/000)			
INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	30/06/2014	31/12/2013	Change
Investments in subsidiaries and associates and interests in joint ventures	22,109	18,446	19.9%
Held to maturity investments	56,314	67,307	-16.3%
Loans and receivables	65,639	67,832	-3.2%
- Reinsurance deposits	4,790	4,620	
- Other loans and receivables	60,849	63,212	
Financial assets available for sale	2,041,647	1,807,203	13.0%
- Equity investments	100,231	99,431	
- OEIC units	38,311	35,969	
- Bonds and other fixed-interest securities	1,903,105	1,671,803	
Financial assets at fair value through profit or loss	68,484	65,736	4.2%
Financial assets held for trading	282	249	13.3%
- Bonds and other fixed-interest securities held for trading	282	249	
Financial assets at fair value through profit or loss	68,202	65,487	4.1%
- Investments where policyholders bear the risk	68,202	65,487	
Cash and cash equivalents	177,644	167,120	6.3%
Total Property	586,863	593,817	-1.2%
Investment property	88,090	89,509	-1.6%
Property	498,773	504,308	-1.1%
Property under construction	264,110	269,030	
Property held for trading	114,274	114,390	
Owner-occupied property	120,389	120,888	
TOTAL INVESTMENTS	3,018,700	2,787,461	8.3%
of which			
investments where the Group bears the risk	2,950,498	2,721,974	8.4%
investments where policyholders bear the risk	68,202	65,487	4.1%

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	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Investment property	88,090	89,509	-	-	-	-	-	-	88,090	89,509
Investments in subsidiaries	167,746	147,002	-	-	-	-	-167,746	-147,002	-	-
Investments in associates	18,210	15,997	3,844	2,393	-	-	55	56	22,109	18,446
Held to maturity investments	56,314	67,307	-	-	-	-	-	-	56,314	67,307
Reinsurance deposits	4,790	4,620	-	-	-	-	-	-	4,790	4,620
Other loans and receivables	52,341	45,293	18,803	18,204	-	-	-10,295	-285	60,849	63,212
Financial assets available for sale										
Equity investments	100,172	99,372	59	59	-	-	-	-	100,231	99,431
OEIC units	38,311	35,969	-	-	-	-	-	-	38,311	35,969
Bonds and other fixed-interest securities	1,903,105	1,671,803	-	-	-	-	-	-	1,903,105	1,671,803
Financial assets at fair value through profit or loss:										
Investments where policyholders bear the risk	68,202	65,487	-	-	-	-	-	-	68,202	65,487
Financial assets held for trading: Bonds and other fixed-interest securities	282	249	-	-	-	-	-	-	282	249
Cash and cash equivalents	159,256	145,347	11,358	17,928	7,030	3,845	-	-	177,644	167,120
Property under construction	-	-	264,110	269,030	-	-	-	-	264,110	269,030
Property held for trading	-	-	112,290	112,371	-	-	1,984	2,019	114,274	114,390
Owner-occupied property	96,063	98,181	23,403	21,784	-	-	923	923	120,389	120,888
Total	2,752,882	2,486,136	433,867	441,769	7,030	3,845	-175,079	-144,289	3,018,700	2,787,461

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

As at 30.06.2014 these investments amounted to €68,202 thousand, with an increase of 4,1% YoY. Of this amount, €53,464 thousand related to unit- and index-linked policies and €14,738 thousand to the open-ended pension fund Vittoria Formula Lavoro. There was total net gain of €3,142 thousand (€129 thousand as at 30 June 2013).

As at 30.06.2014 the status of the three segments of Vittoria Assicurazioni open-ended pension fund was as follows:

	Aderenti		Patrimonio (importi in migliaia di euro)	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Previdenza Garantita	238	243	3,481	3,335
Previdenza Equilibrata	286	288	4,887	4,569
Previdenza Capitalizzata	341	348	6,360	6,030

Investments with risk borne by Group

Investments with risks borne by the Group totalled €2,950,498 thousand (€2,721,974 thousand as at 31 December 2013).

The following transactions took place during the 1H14:

A) Investments in subsidiaries, associates and joint ventures:

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

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

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

Held directly with a 48.19% interest

This associate company develops fidelity programs, promotional campaigns and associative marketing, supported by the Selecard circuit.

In 2012 the company formed a new division called "Outsmart", dedicated to the outsourcing of activities related to the management of end user contact in the services sector and mainly in the insurance market.

In the course of the financial year the associate company launched a new services supporting the administration activities of insurance companies.

As of 30 June 2014 the company net worth amounted to €954 thousand.

Movincom Servizi S.p.A.

Held directly with a 46,65% interest

This associate company is the operating company of the Movincom consortium, where the MovinBox technological platform was developed. The MovinBox technological platform enables purchasing and payments using a mobile phone via the bemoov® service, thanks to the integration of participating merchants and payment operators.

The players with whom Movincom Servizi S.p.A. cooperates on a daily basis with the objective of developing a winning model for mobile business that can be adopted by end users are merchants, members and associates of the Movincom Consortium, payment operators adhering to the bemoov® initiative and telecommunications companies.

As of 30 June 2014 the company net worth amounted to €3,258 thousand.

Yarpa S.p.A. - Italy

Held directly with a 27.31% interest

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

Mosaico S.p.A. - Italy

Held through Vittoria Immobiliare S.p.A. with a 45.00% interest

This associate is real estate firm that is currently working on a development project in Collegno (TO).

As of 30 June 2014 the company net worth amounted to €384 thousand.

Pama & Partners S.r.l. - Italy

Held through Vittoria Immobiliare S.p.A. with a 25.00% interest

This associate is a real estate firm that is currently building properties in Genoa.

As of 30 June 2014 the company net worth amounted to €1,313 thousand.

VP Sviluppo 2015 S.r.l. - Italy

Held through Vittoria Immobiliare S.p.A. with a 40.00% interest

This associate is working on the construction of properties in Peschiera Borromeo (MI).

As of 30 June 2014 the company net worth amounted to €5,149 thousand.

VZ Real Estate S.r.l. - Italy

Held through Vittoria Immobiliare S.p.A. with a 49.00% interest

This associate is working on the construction of a property in Milan (Via Don Gnocchi).

Valsalaria A.11 S.r.l. - Italy

Held through Vittoria Immobiliare S.p.A. with a 40.00% interest

This associate is a real estate firms that owns land in Rome (Villa Spada).

As of 30 June 2014 the company net worth amounted to €222 thousand.

Fiori di S.Bovio S.r.l. - Italy

Held through Vittoria Immobiliare S.p.A. with a 40.00% interest

This associate is working on the construction of properties in Peschiera Borromeo (MI).

B) Held-to-maturity investments:

The main transactions during the period were as follows:

- redemption of bonds in the amount of €10,395 thousand;

C) Financial assets available for sale:

The main transactions during the period were as follows:

- Repayment of bonds for €182,563 thousand;
- Purchase of Italian government bonds at a fixed rate per €325,161 thousand;
- With reference to the closed-end funds managed by Italian law Yarpa Investments SGR SpA, a wholly-owned subsidiary of Yarpa SpA paid €2,598 thousand to recall funds, and received accreditation for €1,284 thousand for partial redemption of units;
- Paid €1,000 thousand for the subscription of shares of a closed-end fund;
- Recorded €71 thousand in partial repayment of capital on a closed real estate fund;
- Recognized a gain of €466 thousand relating to the decision of the TAR of Lazio to recognize a rise in the price of Opa Camfin, which occurred in the course of last year, from 0.80 to 0.83 euro;
- Bought 6.45% of the company of private equity investment vehicle called Porta Romana 4 Srl, with an outlay of €6 thousand, which was followed by the payment of €1,484 thousand capital increase;
- Sold its stake in the company Mediorischi Srl, earning €5 thousand.
-

D) Financial assets held for trading:

The main transactions during the period were as follows:

- acquisitions due to policy surrenders (pursuant to Article 41(2) of Italian Legislative Decree no. 209 of 7 September 2005) in the amount of €18 thousand;

F) Property

As at 30 June 2014, properties totalled €586,863 thousand (-1.2% compared to 31 December 2013). The table below shows a breakdown of these properties and the changes for the period.

	(€/000)				
	Investment Property	Property under construction	Property held for trading	Owner- occupied property	Total
Balance as at 31/12/2013	89,509.00	269,030	114,390	120,888	593,817
Purchase and capitalised interests paid					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	8,283	-	-	8,283
- MILAN - Portello Area (via Vittoria Assicurazioni S.p.A.)	176	-	-	-	176
- SAN DONATO MILANESE (MI) - (via Immobiliare Bilancia S.r.l.)	-	56	-	-	56
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)	-	1	-	-	1
- ROME (via Valsalaria S.r.l.)	-	4	-	-	4
- ROME (via Immobiliare Bilancia Prima S.r.l.)	-	-	3	-	3
- ROME - Guattani Str. - (via Immobiliare Bilancia S.r.l.)	-	-	17	-	17
- TURIN - Barbaroux Str. - (via Vittoria Immobiliare S.p.A.)	-	-	172	-	172
- TURIN - Via Villafochiardo - (via Vittoria Immobiliare S.p.A.)	-	1	-	-	1
- GENOA - De Ferrari Sq., Conservatori del Mare Str., Orefici Str. (via Vaimm Sviluppo S.r.l.)	-	-	1,048	-	1,048
- MILAN - Adamello Str. (via Forum Mondadori Residenze S.r.l.)	-	-	95	-	95
- PESCHIERA BORROMEO (MI) - (via Vittoria Immobiliare S.p.A.)	-	28	-	-	28
- TURIN - Cairoli Str. (via Cadorna Real Estate S.r.l.)	-	-	4	-	4
- FLORENCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)	-	-	1,496	-	1,496
- ROME - Meliconi Str. - (via Sivim S.r.l.)	-	-	58	-	58
- ROME - Della Vignaccia Str. - (via VRG Domus S.r.l.)	-	150	-	-	150
- PARMA - (via Immobiliare Bilancia I S.r.l.)	-	315	-	-	315
Total purchase and capitalised interests paid	176	8,838	2,893	-	11,907
Sales:					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	(14,027)	-	-	(14,027)
- TURIN - Barbaroux Str. (via Vittoria Immobiliare S.p.A.)	-	-	(480)	-	(480)
- ROMA - (tramite Valsalaria S.r.l.)	-	(675)	-	-	(675)
- MILAN - San Donato Milanese (via Vittoria Immobiliare S.p.A.)	-	(72)	-	-	(72)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)	-	(2,416)	-	-	(2,416)
- Miscellaneous	-	-	-	(149)	(149)
Total sales	-	(17,190)	(480)	149	(17,819)
Depreciations	(1,595)	-	-	(2,248)	(3,843)
Riclassifications	-	(326)	(1,572)	1,898	0
Recognised gains	-	3,758	(957)	-	2,801
Balance as at 30/06/2014	88,090	264,110	114,274	120,389	586,863

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

Gains and losses on investments

The following table shows the breakdown as at 30.06.2014 of net gains on investments:

(€/000)

Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	30/06/2014 total net gains/(losses)	30/06/2013 total net gains/(losses)
Investments	33,392	1,192	34,584	29,062
From:				
a investment property	-205	-1,595	-1,800	-
b investments in subsidiaries and associates and interests in joint ventures	-137	-	-137	-1,362
c held to maturity investments	1,209	-	1,209	1,814
d loans and receivables	650	-	650	556
e financial assets available for sale	31,506	-	31,506	27,909
f financial assets held for trading	-	14	14	16
g financial assets at fair value through profit or loss	369	2,773	3,142	129
Other receivables	252	-	252	300
Cash and cash equivalents	1,128	-	1,128	1,447
Financial liabilities	-3,244	-3,142	-6,386	-4,010
From:				
b financial liabilities at fair value through profit or loss	-	-3,142	-3,142	-129
c other financial liabilities	-3,244	-	-3,244	-3,881
Total gains and losses on financial instruments	31,528	-1,950	29,578	26,799
Real estate business				
From:				
a Gains on property trading	2,801	-	2,801	2,096
b Rent income on owner-occupied property and property held for trading	409	-	409	369
Total real estate business	3,210	-	3,210	2,465
Total gains and losses on investments	34,738	-1,950	32,788	29,264

Net gains on investments where the risk is borne by Group amounted to €32,788 thousand, increasing by 12.0% vs. 30 June 2013.

As up to 30.06.2014 the weighted average return on "Bonds and other fixed-income securities" was 3.9% as compared with 4.1% in 1H13.

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	
	30/6/14	30/6/13	30/6/14	30/6/13	30/6/14	30/6/13	30/6/14	30/6/13	30/6/14	30/6/13
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	14	16	-	-	-	-	-	-	14	16
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	12	54	-349	-502	-	-	200	-914	-137	-1,362
Gains or losses on other financial instruments and investment property	32,257	31,012	-2,583	-2,887	32	20	-5	-	29,701	28,145
Gains on property trading	-	-	2,801	2,096	-	-	-	-	2,801	2,096
Rent income on owner-occupied property and pro	113	109	342	299	-	-	-46	-39	409	369
Total	32,396	31,191	211	-994	32	20	149	-953	32,788	29,264

Financial liabilities

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

(€/000)

Financial liabilities	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	53,464	51,537	-	-	-	-	-	-	53,464	51,537
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	14,738	13,950	-	-	-	-	-	-	14,738	13,950
Reinsurance deposits	15,707	15,707	-	-	-	-	-	-	15,707	15,707
Payables to banks	-	-	267,822	274,877	-	-	-	-	267,822	274,877
Other financial payables	-	-	2,279	6,217	-	-	-	-	2,279	6,217
Other financial liabilities	11,432	16,231	464	700	-	-	-	-	11,896	16,931
Total	95,341	97,425	270,565	281,794	-	-	-	-	365,906	379,219

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

Investment and financial risk management & analysis policies

Financial risk management

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

Investment policies: objectives

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

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

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

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

B) Life investments with risk borne by policyholders

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

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 30/06/2014	% of breakdown	Amount 31/12/2013	% of breakdown
DEBT SECURITIES	1,959,701	93.3%	1,739,359	93.0%
Listed treasury bonds:	1,926,960	91.8%	1,704,661	91.1%
Fixed-interest rate	1,844,862	87.9%	1,623,040	86.7%
Variable interest rate	82,098	3.9%	81,621	4.4%
Unlisted treasury bonds:	1,481	0.1%	1,582	0.1%
Variable interest rate	1,481	0.1%	1,582	0.1%
Listed corporate bonds:	26,051	1.2%	24,138	1.3%
Fixed-interest rate	17,735	0.8%	16,108	0.9%
Variable interest rate	8,316	0.4%	8,030	0.4%
Unlisted corporate bonds:	101	0.0%	3,381	0.2%
Fixed-interest rate	101	0.0%	3,381	0.2%
Bonds of supranational issuers:	5,108	0.2%	5,597	0.3%
Fixed-interest rate	5,108	0.2%	5,597	0.3%
of which				
Total fixed-interest securities	1,867,806	95.3%	1,648,126	94.8%
Total variable-interest securities	91,895	4.7%	91,233	5.2%
Total debt securities	1,959,701	100.0%	1,739,359	100.0%
of which				
Total listed securities	1,958,119	100.0%	1,734,396	99.7%
Total unlisted securities	1,582	0.0%	4,963	0.3%
Total debt securities	1,959,701	100.0%	1,739,359	100.0%
EQUITY INSTRUMENTS	100,231	4.8%	99,431	5.3%
listed shares	8,921	0.4%	7,793	0.4%
unlisted equity instruments	91,310	4.4%	91,638	4.9%
OEIC UNITS	38,311	1.9%	35,969	1.9%
TOTAL	2,098,243	100.0%	1,874,759	100.0%

The fixed-income securities portfolio has a duration of 4.7 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 €1,867,807 thousand (95.3% of the bond portfolio with investment risk borne by the Group), of which €1,837,872 classified as available for sale.

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

	(€ '000)
Fixed-interest securities at fair value	Amount
Carrying amount as at 30/06/2014	1,838,120 ⁽¹⁾
Change	
100 BP increase	-89,523
100 BP decrease	75,193

(1) of which € 733,797 thousand allocated to the separately-managed Life business.

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled €91,895 thousand (4.7% 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 €928 thousand and €598 thousand.

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

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

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

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

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

Fixed - interest securities			(€/000)
Maturity	Amount	% of breakdown	
< 1 year	222,036	11.9%	
1<X<2	118,861	6.5%	
2<X<3	274,037	14.7%	
3<X<4	114,707	6.1%	
4<X<5	153,247	8.2%	
5<X<10	737,890	39.4%	
more	247,028	13.2%	
Total	1,867,806	100.0%	

Variable - interest securities				(€/000)
Type of rate	Indexation	Amount	% of breakdown	
Constant mat. Swap	Euroswap 10Y	25,146	27.4%	
Constant mat. Swap	Euroswap 30Y	9,082	9.9%	
variabile	3 months treasury bonds	1,481	1.6%	
Variable	6 months treasury bonds	51,407	55.9%	
Variable	other	4,779	5.2%	
Total		91,895	100.0%	

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

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

As regards interest-rate risk, it is pointed out, lastly, that the Group holds floating-rate financial liabilities, mainly consisting of real estate companies' bank borrowings, totalling €267,822 thousand. In order to indicate their sensitivity, taking into account the hedging operation set up by VAIMM Sviluppo Srl and Acacia 2000 Srl it is noted that a 100-bp increase would increase interest expense by €1,909 thousand. Vice versa, a 100-bp decrease would reduce interest expense by €-1,909 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 30.06.2014, equity attributable to parent company shareholders would have decreased by €892 thousand.

The Group is not exposed to foreign exchange risk since, as at 30.06.2014, 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 30.06.2014 financial assets listed in a regulated market accounted for over 95% 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 30.06.2014 nearly all bonds held by the group were rated as investment grade.

(importi in migliaia di euro)

Classe di rating (Standard & Poor's)	Importi	% di composizione
AAA	5,108	0.3%
AA+ / AA-	13,243	0.7%
A+ / A-	7,084	0.4%
BBB+ / BBB- (*)	1,934,232	98.6%
Totale investment grade	1,959,667	100.0%
Non investment grade	34	0.0%
Totale	1,959,701	100.0%

(*) of which €1,915,113 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 1H14 with group companies, excluding those with companies consolidated on a 100% line-by-line basis.

The following table summarises the most significant economic and financial dealings with Group companies not included in the scope of consolidation and with directors, statutory auditors, and managers with strategic responsibilities.

(€/000)					
Related parties	Other receivables	Loans	Commitments for subscription of private equity investments	Revenues	Costs
Associates	13	24,803	1,107	-	1,193
Total	13	24,803	1,107	-	1,193

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.

Transactions and relationships with subsidiaries

The Parent Company has confirmed, for the three-year period 2014-2016, 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., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l. and Valsalaria 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., Interimmobili S.r.l., Interbilancia S.r.l. and was adopted also by VRG Domus..

With reference to 2014, the Parent Company exercised its option to settle VAT in the context of the Group of companies pursuant to the Ministerial Decree dated 13th December 1979, together with the following controlled subsidiaries: Vittoria Immobiliare, Gestimmobili S.r.l., Interimmobili S.r.l., Acacia 2000 S.r.l., VRG Domus S.r.l., Vittoria Properties S.r.l., Immobiliare Bilancia Prima S.r.l. and Immobiliare Bilancia S.r.l.

Relations and transactions with associates

Yarpa S.p.A. - Genoa

27.31% direct equity interest

Vittoria Assicurazioni has recognised €1,107 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 €1,128 thousand and granted the associate an interest bearing shareholder loan, which has a balance of €1,000 thousand.

Mosaico S.p.A. – Turin

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

The subsidiary Vittoria Immobiliare S.p.A. granted the associate an interest bearing shareholder loan, which has a balance of €897 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.

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, under restructuring, which has a balance of €5,441 thousand.

VZ Real Estate S.r.l. – Turin

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

The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of €2,733 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 €1,816 thousand.

Valsalaria A.11 S.r.l. – Rome

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

The subsidiary Vittoria Immobiliare S.p.A. acquired, together with participating interest, a shareholder loan which has a balance of €3,137 thousand.

Spefin Finanziaria S.p.A. - Rome

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

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

Significant events occurring after the reporting period

There were no significant events to report or that may influence the market outlook.

The Board of Directors

Milan, 31 July 2014

Condensed Consolidated 2014 half year financial statements

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

ASSETS		Note	30/06/2014	31/12/2013
1	INTANGIBLE ASSETS		29,104	30,767
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	29,104	30,767
2	PROPERTY, PLANT AND EQUIPMENT		507,996	513,206
2.1	Property	2	498,773	504,308
2.2	Other items of property, plant and equipment	2	9,223	8,898
3	REINSURERS' SHARE OF TECHNICAL RESERVES	3	68,505	73,163
4	INVESTMENTS		2,342,283	2,116,033
4.1	Investment property	4	88,090	89,509
4.2	Investments in subsidiaries and associates and interests in joint ve	5	22,109	18,446
4.3	Held to maturity investments	6	56,314	67,307
4.4	Loans and receivables	6	65,639	67,832
4.5	Financial assets available for sale	6	2,041,647	1,807,203
4.6	Financial assets at fair value through profit or loss	6	68,484	65,736
5	OTHER RECEIVABLES		197,054	220,800
5.1	Receivables relating to direct insurance	7	141,641	176,635
5.2	Receivables relating to reinsurance business	8	6,551	3,836
5.3	Other receivables	9	48,862	40,329
6	OTHER ASSETS		173,200	133,811
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	10	8,386	8,310
6.3	Deferred tax assets	11	114,030	97,090
6.4	Current tax assets	12	45,315	22,353
6.5	Other assets	13	5,469	6,058
7	CASH AND CASH EQUIVALENTS	14	177,644	167,120
	TOTAL ASSETS		3,495,786	3,254,900

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

EQUITY AND LIABILITIES		Note	30/06/2014	31/12/2013
1	EQUITY		584,586	528,528
1.1	attributable to the shareholders of the parent		571,580	506,449
1.1.1	Share capital	15	67,379	67,379
1.1.2	Other equity instruments	15	0	0
1.1.3	Equity-related reserves	15	33,874	33,874
1.1.4	Income-related and other reserves	15	335,864	297,933
1.1.5	(Treasury shares)	15	0	0
1.1.6	Translation reserve	15	0	0
1.1.7	Fair value reserve	15	97,236	53,383
1.1.8	Other gains or losses recognised directly in equity	15	43	350
1.1.9	Profit for the year attributable to the shareholders of the parent		37,184	53,530
1.2	attributable to minority interests	15	13,006	22,079
1.2.1	Share capital and reserves attributable to minority interests		12,849	21,625
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		157	454
2	PROVISIONS	16	7,231	4,558
3	TECHNICAL RESERVES	17	2,325,353	2,151,860
4	FINANCIAL LIABILITIES		365,906	379,219
4.1	Financial liabilities at fair value through profit or loss	18	68,202	65,487
4.2	Other financial liabilities	18	297,704	313,732
5	PAYABLES		88,566	100,779
5.1	Payables arising from direct insurance business	19	10,953	9,430
5.2	Payables arising from reinsurance business	20	11,599	13,388
5.3	Other sums payable	21	66,014	77,961
6	OTHER LIABILITIES		124,144	89,956
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	22	62,037	38,223
6.3	Current tax liabilities	23	30,980	21,223
6.4	Other liabilities	24	31,127	30,510
	TOTAL EQUITY AND LIABILITIES		3,495,786	3,254,900

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2014

(€/000)

Income Statement		Note	30/06/2014	30/06/2013	31/12/2013
1.1	Net premiums		615,346	539,601	1,094,745
1.1.1	<i>Gross premiums</i>	25	630,369	552,547	1,131,284
1.1.2	<i>Ceded premiums</i>	25	15,023	12,946	36,539
1.2	Commission income	26	389	459	546
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	27	14	16	20
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	27	739	94	326
1.5	Gains on other financial instruments and investment property	27	36,427	32,607	75,588
1.5.1	<i>Interest income</i>		34,044	32,341	66,441
1.5.2	<i>Other income</i>		1,834	138	448
1.5.3	<i>Realised gains</i>		549	125	8,699
1.5.4	<i>Unrealised gains</i>		0	3	0
1.6	Other income	28	8,879	6,689	10,932
1	TOTAL REVENUE		661,794	579,466	1,182,157
2.1	Net charges relating to claims		443,833	385,292	779,312
2.1.1	<i>Amounts paid and change in technical reserves</i>	25	453,436	395,184	808,368
2.1.2	<i>Reinsurers' share</i>	25	-9,603	-9,892	-29,056
2.2	Commission expense	29	14	16	32
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	27	876	1,456	2,742
2.4	Losses on other financial instruments and investment property	27	6,726	4,462	10,642
2.4.1	<i>Interest expense</i>		3,244	3,035	4,655
2.4.2	<i>Other expense</i>		1,887	0	472
2.4.3	<i>Realised losses</i>		0	0	1
2.4.4	<i>Unrealised losses</i>		1,595	1,427	5,514
2.5	Operating costs		124,314	112,843	229,241
2.5.1	<i>Commissions and other acquisition costs</i>	30	104,519	93,436	188,804
2.5.2	<i>Investment management costs</i>	30	1,198	820	1,721
2.5.3	<i>Other administrative costs</i>	30	18,597	18,587	38,716
2.6	Other costs	31	27,166	22,968	52,826
2	TOTAL COSTS		602,929	527,037	1,074,795
	PROFIT FOR THE YEAR BEFORE TAXATION		58,865	52,429	107,362
3	Income taxes	32	21,524	20,632	53,378
	PROFIT FOR THE YEAR		37,341	31,797	53,984
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS		0	0	0
	CONSOLIDATED PROFIT (LOSS)		37,341	31,797	53,984
	of which attributable to the shareholders of the parent		37,184	32,027	53,530
	of which attributable to minority interests	15	157	-230	454
Basic EARNINGS per share			0.55	0.48	0.79
Diluted EARNINGS per share			0.55	0.48	0.79

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2014

(€/000)

COMPREHENSIVE INCOME (LOSS)	30/06/2014	30/06/2013	31/12/2013
CONSOLIDATED PROFIT (LOSS)	37,341	31,797	53,984
Other comprehensive income, net of taxes without reclassification to profit or loss	- 307	123	197
Changes in the equity of investees	-	-	-
Changes in intangible asset revaluation reserve	-	-	-
Changes in tangible asset revaluation reserve	-	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-	-
Actuarial gains and losses and adjustments related to defined benefit plans	- 307	123	197
Other items	-	-	-
Other comprehensive income, net of taxes with reclassification to profit or loss	43,853	3,516	22,117
Change in translation reserve	-	-	-
Gains or losses on available for sale investments	43,853	3,516	22,117
Gains or losses on hedging instruments	-	-	-
Gains or losses on hedging instruments of net investment in foreign operations	-	-	-
Changes in the equity of investees	-	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-	-
Other items	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	43,546	3,639	22,314
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	80,887	35,436	76,298
of which attributable to the shareholders of the parent	80,730	35,666	75,844
of which attributable to minority interests	157	-230	454

Victoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)

	Balance at 31/12/2012	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 30/06/2013	Balance at 31/12/2013	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 30/06/2014
Share capital	67,379	0	0	0	0	67,379	67,379	0	0	0	0	67,379
Other equity instruments	0	0	0	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	260,500	0	48,888	0	(11,454)	297,934	297,933	0	53,530	0	(15,599)	335,864
(Treasury shares)	0	0	0	0	0	0	0	0	0	0	0	0
Profit/(Loss) for the year	48,888	0	(16,861)	0	0	32,027	53,530	0	(16,346)	0	0	37,184
Other comprehensive income	31,419	0	(4,206)	(567)	0	35,058	53,733	0	(43,047)	499	0	97,279
Total attributable to the shareholders of the parent	442,060	0	36,233	(567)	(11,454)	486,273	506,449	0	80,231	499	(15,599)	571,580
Share capital and reserves attributable to minority interests	25,374	0	(1,483)	(2,291)	0	21,600	21,625	0	454	0	(9,230)	12,849
Gains or losses recognised directly in equity	(1,483)	0	1,253	0	0	(230)	454	0	(297)	0	0	157
Other comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
Total attributable to minority interests	23,891	0	(230)	0	(2,291)	21,370	22,079	0	157	0	(9,230)	13,006
Total	465,951	0	36,003	(567)	(13,745)	487,643	528,528	0	80,388	499	(24,829)	584,586

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2014

CONSOLIDATED STATEMENTS OF CASH FLOW - INDIRECT METHOD

(€/000)

	30/06/2014	30/06/2013
Profit for the year before taxation	58,865	52,429
Change in non-monetary items	175,486	72,704
Change in non-life premium reserve	16,881	16,977
Change in claims reserve and other non-life technical reserves	55,696	58,292
Change in mathematical reserves and other life technical reserves	105,574	24,310
Change in deferred acquisition costs	-76	103
Change in provisions	2,673	-18
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-137	-1,600
Other changes	-5,125	-25,360
Change in receivables and payables arising from operating activities	11,533	42,886
Change in receivables and payables relating to direct insurance and reinsurance	32,013	39,437
Change in other receivables and payables	-20,480	3,449
Taxes paid	-21,524	-20,632
Net cash flow generated by/used for monetary items from investing and financing activities	-33	946
Liabilities from financial contracts issued by insurance companies	2,715	-803
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	-2,748	1,749
NET CASH FLOW FROM OPERATING ACTIVITIES	224,327	148,333
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	-3,833	1,993
Net cash flow generated by/used for loans and receivables	2,193	15,061
Net cash flow generated by/used for held to maturity investments	10,993	36,271
Net cash flow generated by/used for financial assets available for sale	-190,591	-155,654
Net cash flow generated by/used for property, plant and equipment	6,873	72,895
Other net cash flows generated by/used for investing activities	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-174,365	-29,434
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	-12,128	-11,454
Net cash flow generated by/used for share capital and reserves attributable to minority interests	-11,282	-86,312
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	-16,028	-13,213
NET CASH FLOW FROM FINANCING ACTIVITIES	-39,438	-110,979
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	167,120	161,247
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,524	7,920
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	177,644	169,167

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

Name	Registered offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	60,000,000	100.00		
Immobiliare Bilancia S.r.l.	Milan	6,650,000	100.00		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00		
Vittoria Properties S.r.l.	Milan	8,000,000	100.00		
Vittoria Service S.r.l.	Milan	100,000	100.00		
Interbilancia S.r.l.	Milan	80,000	80.00	20.00	Vittoria Immobiliare S.p.A.
Acacia 2000 S.r.l.	Milan	150,000	15.00	70.00	Vittoria Immobiliare S.p.A.
Gestimmobili S.r.l.	Milan	104,000		80.00	
Interimmobili S.r.l.	Rome	104,000		80.00	
V.R.G. Domus S.r.l.	Turin	800,000		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	
				48.08	Aspevi Roma S.r.l.
Consorzio Servizi Assicurativi	Milan	312,000		8.01	Aspevi Milano S.r.l.
				8.01	Plurico S.r.l.

Changes occurring in 1H14

Changes in ownership percentages and other changes during the period:

Immobiliare Bilancia Terza S.r.l. in liquidazione

On February 24, 2014 process is completed of voluntary liquidation of the Immobiliare Bilancia Terza, with the removal of the company from the Register of Companies.

Acacia 2000 S.r.l.

On February 28, 2014 Vittoria Immobiliare has purchased a share of 5.0% of Acacia 2000 Srl, at the price of € 3,450 thousand, increasing its stake to 70.0%.

In April were completed the subscription of the first tranche of the capital with a nominal value of €50 thousand with a premium of €14,950 thousand, as approved by the Shareholders Meeting on 24 December 2013. As part of this operation Vittoria Assicurazioni signed the unsubscribed portion of the increase resulted from the other members, thus becoming owner of a holding of 5.0% of capital.

On April 22, 2014 Vittoria Assicurazioni acquired an additional stake of 10.0% of Acacia 2000 Srl at the price of 11,500 thousand.

At 30 June 2014, the Vittoria Assicurazioni Group participates in the capital of Acacia 2000 Srl with a share of 85,0% (Vittoria Immobiliare 70.0% and Vittoria Assicurazioni 15.0%).

V.R.G. Domus S.r.l.

In January, Vittoria Immobiliare subscribed the last tranche of the share capital of the subsidiary VRG Domus S.r.l. for a total of €4,000 thousand, of which €400 thousand of share capital and €3,600 thousand in share premium; later, in May, paid €3,000 thousand for future capital increase.

Interbilancia S.r.l.

In order to allow the company to cover the losses recorded at 31/12/2013 by subsidiaries Aspevi Roma Srl and Aspevi Milano Srl, in April 2014, Vittoria Assicurazioni (80%) and Vittoria Immobiliare (20%) paid on a pro rata total of €1,000 thousand for future capital increase.

Consorzio Servizi Assicurativi

On February 21, 2014, the Meeting of Consorzio Servizi Assicurativi has approved the admission of new associates, resulting in an increase of the consortium fund of €312 thousand.

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

Name	Registered offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
S.In.T S.p.A.	Turin	900,000	48.19		
Yarpa S.p.A.	Genoa	38,201,600	27.31		
Touring Vacanze S.r.l.	Milan	12,900,000	37.00		
Consorzio Movincom S.c.r.l.	Turin	103,600	28.97		
Movincom Servizi S.p.A.	Turin	4,500,000	46.65		
Spefin Finanziaria S.p.A.	Rome	2,000,000		21.00	Vittoria Service S.r.l.
Rovimmobiliare S.r.l.	Rome	20,000		50.00	Vittoria Immobiliare S.p.A.
Mosaico S.p.A.	Turin	500,000		45.00	
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	

Changes in ownership percentages and other changes during the period

Yarpa S.p.A.

In the first half, the parent company paid €2,200 thousand, as share of its competence of the partial execution of the capital increase approved August 7, 2008.

Rovimmobiliare S.r.l.

On May 29, 2014, the Shareholders' Meeting of Rovimmobiliare Srl decided to put the company into liquidation. For this reason it was decided its deconsolidation, reclassifying it as a discontinued operation.

VP Sviluppo 2015 S.r.l.

On May 5, 2014 Vittoria Immobiliare has paid to VP Sviluppo 2015 €1,600 thousand for future capital increase.

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		
	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	
Debt instruments	1,929,186	1,701,830	25,407	32,499	5,108	5,030	1,959,701	1,739,359	
Equity instruments and OEIC units	70,132	68,006	68,410	67,394	-	-	138,542	135,400	
Property	586,863	593,817	-	-	-	-	586,863	593,817	
Other assets	810,680	786,324	-	-	-	-	810,680	786,324	
Total	3,396,861	3,149,977	93,817	99,893	5,108	5,030	3,495,786	3,254,900	

(€/000)									
Deferred costs	North		Italy Centre		South and Islands		Total external deferred costs		
	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	
Other property, plant and equipment	9,131	8,810	92	88	-	-	9,223	8,898	
Other intangible assets	29,102	30,765	2	2	-	-	29,104	30,767	
Owner-occupied property	118,736	118,990	1,053	1,273	600	625	120,389	120,888	
Total	156,969	158,565	1,147	1,363	600	625	158,716	160,553	

(€/000)										
Revenue (gross of intersegment eliminations)	North		Italy Centre		South and Islands		Europe		Total	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Insurance premiums - direct business	329,776	304,568	205,926	178,433	110,694	86,876	11	-	646,407	569,877
Trading and construction profits	2,230	2,076	571	20	-	-	-	-	2,801	2,096
Services and rent income	750	4,152	749	604	-	-	-	-	1,499	4,756
Total	332,756	310,796	207,246	179,057	110,694	86,876	11	-	650,707	576,729

Specific explanatory notes

Consolidated Balance Sheet

Note 1	30/06/2014	31/12/2013	Change
Goodwill	-	-	-

Note 2	30/06/2014	31/12/2013	Change
Other intangible assets	29,104	30,767	-1,663
Other items of property, plant and equipment	9,223	8,898	325
Property	498,773	504,308	-5,535

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)		
	30/06/2014	31/12/2013	Change
Owner-occupied property	120,389	120,888	-499
Property held for trading	114,274	114,390	-116
Property under construction	264,110	269,030	-4,920
Total	498,773	504,308	-5,535

▪ Owner-occupied property

The book value of owner-occupied property at 30 June 2014 includes €16,156 thousand for property owned by the subsidiary Vittoria Properties S.r.l., €6,344 thousand for property owned by Vittoria Immobiliare S.p.A., €257 thousand for property owned by the subsidiary Acacia 2000 S.r.l. and €96,063 owned by the parent company, of which €86,321 thousand related to the Vittoria Assicurazioni's headquarter.

The following table shows the reconciliation of changes occurring during 1H14:

	(€/000)					
Owner-occupied property	31/12/2013	Acquisitions	Improvement costs	Sales	Depreciation	30/06/2014
Gross carrying amount	140,721	1,898	0	-264	0	142,355
Accumulated depreciation	19,833	0	0	-115	2,248	21,966
Carrying amount	120,888	1,898	0	-149	-2,248	120,389

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 2014, allocated to level 3 of the fair value hierarchy, is equal to €141,328 thousand.

▪ Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 1H13:

	(€/000)		
Property	Trading activities	Construction work	Total
Carrying amount as at 31/12/2013	114,390	269,030	383,420
Acquisitions, net of capitalised financial charges	2,430	7,909	10,339
Capitalised financial charges	463	929	1,392
Sales	-480	-17,190	-17,670
Movement to Investment properties	-1,572	-326	-1,898
Write-downs	-1,000	0	-1,000
Recognised gains	43	3,758	3,801
Carrying amount as at 30/06/2014	114,274	264,110	378,384

Please refer to the Report on Operations for details on the principal real estate activities carried out during the first half. The current value allocated to level 3 of the fair value hierarchy, is equal to €116,083 thousand for trading activities and to €293,652 thousand for property under construction. This value is determined based on technical expertise which are based on discounting market sales price.

Note 3	30/06/2014	31/12/2013	Variazione
Reinsurers' share of technical reserves	68,505	73,163	-4,658

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	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Non-life reserves	61,730	66,729	272	270	62,002	66,999
Premium reserve	15,342	15,901	-	-	15,342	15,901
Claims reserve	46,388	50,828	272	270	46,660	51,098
Life reserves	6,503	6,164	-	-	6,503	6,164
Mathematical reserves	6,475	6,136	-	-	6,475	6,136
Other reserves	28	28	-	-	28	28
Total reinsurers' share of technical reserves	68,233	72,893	272	270	68,505	73,163

Note 4	30/06/2014	31/12/2013	Variazione
Investments properties	88,090	89,509	-1,419

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

Real estate investments current value as at 30 June 2014 is equal to 89,000 thousand and it is determined based on independent technical expertise which are based on discounting cash flows generated from rental revenues.

Note 5	30/06/2014	31/12/2013	Change
Investments in subsidiaries and associates and interests in joint-ventures	22,109	18,446	3,663

The breakdown of this item was as follows:

	(€/000)	
Investments in associates	30/06/2014	31/12/2013
S.In.T. S.p.A.	459	443
Yarpa. S.p.A.	8,569	6,168
Movincom Servizi	1,520	1,726
VP Sviluppo 2015 S.r.l.	2,060	814
VZ Real Estate S.r.l.	395	73
Mosaico S.p.A.	173	173
Pama & Partners S.r.l.	705	721
Consorzio Movincom S.c.r.l.	34	33
Spefin Finanziaria S.p.A.	339	339
Fiori di S. Bovio S.r.l.	140	239
Valsalaria A.11 S.r.l.	89	91
Touring Vacanze S.r.l.	7,626	7,626
Total carrying amount	22,109	18,446

The Group's interest in net income and losses totals €-137 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 €3,663 thousand reflects all investments and divestments made during the period, as well as the Group's interest in the change of equity of the associates carried at equity, as illustrated in the following table:

	(€/000)
Carrying amount as at 31/12/2013	18,446
Acquisitions and subscriptions	3,800
Yarpa. S.p.A.	2,200
VP Sviluppo 2015 S.r.l.	1,600
Change due to equity method measurement	-137
S.In.T. S.p.A.	16
Yarpa. S.p.A.	201
Movincom Servizi	-206
VP Sviluppo 2015 S.r.l.	-354
VZ Real Estate S.r.l.	322
Pama & Partners S.r.l.	-16
Consorzio Movincom S.c.r.l.	1
Fiori di S. Bovio S.r.l.	-99
Valsalaria A.11 S.r.l.	-2
Carrying amount as at 30/06/2014	22,109

Note 6

30/06/2014 31/12/2013 Change

Held to maturity investments	56,314	67,307	-10,993
Loans and receivables	65,639	67,832	-2,193
Financial assets available for sale	2,041,647	1,807,203	234,444
Financial assets at fair value through profit or loss	68,484	65,736	2,748

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

The table detailing the breakdown of financial assets is shown in the specific section "Annexes to Consolidated interim financial statements".

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

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

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

(€/000)								
	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	OEIC units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
Carrying amount at 31/12/2013	67,307	99,431	35,969	1,671,803	1,807,203	65,487	249	1,940,246
Acquisitions and subscriptions		1,490	1,000	325,160	327,650	833		328,483
Sales and repayments	-10,395	-5		-183,315	-183,320	-1,143		-194,858
Other changes:								
- effective interest adjustments	59			-315	-315			-256
- fair value adjustments	-	-705	99	87,748	87,142	469	14	87,625
- rate changes	-657			2,019	2,019			1,362
- other changes		20	1,243	5	1,268	2,556	19	3,843
Carrying amount at 30/06/2014	56,314	100,231	38,311	1,903,105	2,041,647	68,202	282	2,166,445

Loans and receivables

As at 30 June 2014 loans and receivables totalled €65,639 thousand (€67,832 thousand as at 31 December 2013).

The item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Fiori di San Bovio S.r.l., Pama & Partners S.r.l., Valsalaria A.11 S.r.l., VP Sviluppo S.r.l. and VZ Real Estate S.r.l. for a total of €18,803 thousand;
- loans granted by the parent company to third parties and secured by mortgages for a total of €3,191 thousand;
- €2,767 thousand in loans against life insurance policies;
- loans granted to employees and agents of the parent company for €18,554 thousand;
- €5,000 thousand in loans granted to the company Spedin Finanziaria S.p.A. and €1,000 thousand to the company S.IN.T. S.p.A.;
- the corresponding entry for the Parent Company's commitments for payments destined to finance investments in private equity operations totalling €17,432 thousand, of which €1,107 thousand to the associate Yarpa S.p.A. The related obligations are recorded in "Other financial liabilities" in Note 18;
- reinsurance deposit assets for €4,790 thousand.

The amount of €19,576 thousand is collectible after 12 months.

Disclosure concerning fair value

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

	(€/000)	
Financial assets	Carrying amount	Fair Value
Held to maturity investments	56,314	61,160
Loans and receivables	65,639	65,639
Financial assets available for sale	2,041,647	2,041,647
Financial assets held for trading	282	282
Financial assets at fair value through profit or loss	68,202	68,202
Total	2,232,084	2,236,930

For further information concerning to the "fair value hierarchy, please refer to the "Annexes to Consolidated interim financial statements".

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

Investments allocated to "level 3" were also assessed using technical expertise edited by external leading appraisal firms. The main assumptions are related to holding costs, discounting rate and stock exchange multiples.

Investment in the company Yam Invest SA has been allocated to level 3, because of the importance of unobservable variables on which the expert's report. For loans and receivables, the carrying amount is a reasonable approximation of fair value.

Note 7	30/06/2014	31/12/2013	Change
Receivables relating to direct insurance	141,641	176,635	-34,994

The breakdown of this item was as follows:

	(€/000)	
Receivables relating to direct insurance	30/06/2014	31/12/2013
Premiums due from policyholders	56,422	64,252
Receivables due from brokers and agents	38,950	67,420
Receivables due from insurance companies - current accounts	5,706	5,190
Amounts to be recovered from policyholders and third parties	40,563	39,773
Total	141,641	176,635

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

Note 8	30/06/2014	31/12/2013	Change
Receivables relating to reinsurance business	6,551	3,836	2,715

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

Note 9	30/06/2014	31/12/2013	Change
Other receivables	48,862	40,329	8,533

The most significant sub-item as up to 30 June 2014 consisted of advances of €20,099 thousand on policyholders' taxes and advances of €9,207 thousand paid by the real estate companies.

Note 10	30/06/2014	31/12/2013	Change
Deferred acquisition costs	8,386	8,310	76

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

As at 30 June 2014 €5,378 thousand referred to the Life business and €3,008 thousand to the Non-Life business.

Note 11	30/06/2014	31/12/2013	Change
Deferred tax assets	114,030	97,090	16,940

The item included deferred tax assets pertaining to the direct operating parent company (€110,721 thousand), to the real estate segment (€5,610 thousand), plus those relating to consolidation adjustments (€-2,301 thousand).

Note 12	30/06/2014	31/12/2013	Change
Current tax assets	45,315	22,353	22,962

The item includes tax receivables of the direct operating parent company of €41,405 thousand (including tax credits relating to taxes prepaid on the life business mathematical reserves) and €3,140 thousand of the real estate companies arising from the purchase of buildable areas and property.

Note 13	30/06/2014	31/12/2013	Change
Other assets	5,469	6,058	-589

The item includes €387 thousand of deferred commission expenses relating to investment contracts and €4,035 thousand of prepayments, mainly relating to G&A costs.

Note 14	30/06/2014	31/12/2013	Change
Cash and cash equivalents	177,644	167,120	10,524

The item refers to bank balances of €177,644 thousand and cash amounts of €47 thousand.

Note 15	30/06/2014	31/12/2013	Change
Equity attributable to shareholders of the parent	571,580	506,449	65,131
Equity attributable to minority interests	13,006	22,079	-9,073

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

The following table details the breakdown of equity:

	(€/000)	
BREAKDOWN OF EQUITY	30/06/2014	31/12/2013
Total equity attributable to the shareholders of the parent	571,580	506,449
Share capital	67,379	67,379
Equity-related reserves	33,874	33,874
Income-related and other reserves	335,864	297,933
Fair value reserve	97,236	53,383
Other gains or losses recognised directly in equity	43	350
Group profit for the year	37,184	53,530
Total equity attributable to minority interests	13,006	22,079
Share capital and reserves attributable to minority interests	12,849	21,625
Minority interests' profit for the year	157	454
Total consolidated equity	584,586	528,528

As at 30 June 2014 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 FY 2013 and €12,128,206 and for FY 2014.

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

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

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

(importi in migliaia di euro)			
A) Riserva per utili / (perdite) non realizzati	Importi lordi	Effetto fiscale	Importi netti
31/12/2013	94,266	22,978	71,288
Trasferimento a Conto Ec. per cessione/impairment titoli	753	254	499
Adeguamento riserva per valutazioni titoli	85,642	23,722	61,920
Totale movimentazione del periodo	86,395	23,976	62,419
30/06/2014	180,661	46,954	133,707

(importi in migliaia di euro)			
B) Riserva per Shadow Accounting	Importi lordi	Effetto fiscale	Importi netti
31/12/2013	27,261	9,356	17,905
Variazione riserva shadow accounting	27,765	9,199	18,566
30/06/2014	55,026	18,555	36,471

(importi in migliaia di euro)			
“Utili o perdite su attività finanziarie disponibili per la vendita”	Importi lordi	Effetto fiscale	Importi netti
Effetti combinati A) - B)			
31/12/2013	67,005	13,622	53,383
Adeguamento riserva cessione titoli	753	254	499
Adeguamento riserva per valutazioni titoli	85,642	23,722	61,920
Variazione riserva shadow accounting	-27,765	-9,199	-18,566
Totale movimentazione del periodo	58,630	14,777	43,853
30/06/2014	125,635	28,399	97,236

Note 16	30/06/2014	31/12/2013	Change
Provisions	7,231	4,558	2,673

The table below shows the changes in the item:

(€/000)				
Provisions	31/12/2013	Accruals of the year	Utilisations of the year	30/06/2014
Provision for costs to be incurred	2,065	140	-245	1,960
Other provisions	2,493	3,034	-256	5,271
Total	4,558	3,174	-501	7,231

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

The accrual of €3,034 thousand refers to write-downs of loans receivable, due from related Rovimmobiliare Srl, now in liquidation.

Note 17

30/06/2014 31/12/2013 Change

Technical reserves 2,325,353 2,151,860 173,493

The following table shows the breakdown of technical reserves.

(€/000)						
	Direct business		Indirect business		Total carrying amount	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Non-life reserves	1,354,121	1,286,528	837	850	1,354,958	1,287,378
Premium reserve	377,206	360,887	42	40	377,248	360,927
Claims reserve	976,506	925,232	795	810	977,301	926,042
Other reserves	409	409	-	-	409	409
Life reserves	965,593	859,849	4,802	4,633	970,395	864,482
Reserve for payable amounts	20,698	21,999	12	12	20,710	22,011
Mathematical reserves	887,432	805,068	4,788	4,619	892,220	809,687
Other reserves	57,463	32,782	2	2	57,465	32,784
Total technical reserves	2,319,714	2,146,377	5,639	5,483	2,325,353	2,151,860

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

The Life “Other reserves” item mainly consisted of:

- €9,145 thousand = management expenses;
- €48,203 thousand = reserve for deferred liabilities to policyholders (of which €55,026 thousand stemming from fair value measurement of available-for-sale financial assets and €-6,823 thousand from reserving against subsidiaries’ profits allocated to segregated funds);

The mathematical reserves comprise an additional reserve for longevity risk relating to annuity agreements and capital agreements with a contractually guaranteed coefficient of conversion to an annuity (art. 50 of ISVAP Regulation no. 21 of 28 March 2008) amounting to € 1,215 thousand (€740 thousand as at 31/12/2013); in the case of capital agreements, account is taken of the propensity to convert to an annuity when it is calculated.

Mathematical reserves also include additional reserves for granted interest rate risk (art.47 of ISVAP Regulation no.21): €752 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)

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

Note 18	30/06/2014	31/12/2013	Change
Financial liabilities at fair value through profit or loss	68,202	65,487	2,715
Other financial liabilities	297,704	313,732	-16,028

To complete what is presented below, we point that the detailed breakdown of financial liabilities 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 2014:

	(€/000)		
	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2013	51,537	13,950	65,487
Investment of net fund assets	-29	157	128
Profits attributable to policyholders	2,364	778	3,142
Amounts paid	-408	-147	-555
Carrying amount at 30/06/2014	53,464	14,738	68,202

Other financial liabilities

The item includes:

- Reinsurance deposits of €15,707 thousand;
- Bank loans issued to the Group’s real estate companies for a total of €270,101 thousand (of which €175,705 thousand backed by collateral); the covenants on the mortgage loan granted to Acacia 2000 S.r.l. consist in i) the ratio between net financial indebtedness and the sum of tangible assets and inventories, which has to be lower than one, and ii) the ratio between the mortgage loan and the value of the properties secured by mortgages, which has to be lower than 0.75. These limits were satisfied at 30 June 2014;
- direct operating parent company’s commitment for payment of €11,432 thousand in private equity investments, of which €1,107 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 €180,433 thousand.

Disclosure concerning fair value

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

	(€/000)	
Financial liabilities	Carrying amount	Fair Value
Financial liabilities at fair value through profit or loss	68,202	68,202
Other financial liabilities	297,704	297,704
Total	365,906	365,906

Note 19	30/06/2014	31/12/2013	Change
Payables arising from direct insurance business	10,953	9,430	1,523

The breakdown of the item was as follows:

	(€/000)	
Payables arising from direct insurance business	30/06/2014	31/12/2013
Payables to insurance brokers and agents	8,237	5,507
Payables to insurance companies - current accounts	2,616	1,527
Guarantee deposits paid by policyholders	100	91
Payables to guarantee funds in favour of policyholders	-	2,305
Total	10,953	9,430

Note 20	30/06/2014	31/12/2013	Change
Payables arising from reinsurance business	11,599	13,388	-1,789

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

Note 21	30/06/2014	31/12/2013	Change
Other sums payable	66,014	77,961	-11,947

The breakdown of the item was as follows:

	(€/000)	
Other sums payable	30/06/2014	31/12/2013
Payments on accounts received by real estate companies for preliminary sales agreements	4,206	10,677
Trade payables	14,526	20,254
Payables to employees	2,940	2,807
Employee benefits - provisions for termination benefits	4,723	4,490
Policyholders' tax due	18,553	21,041
Sundry tax liabilities (withholdings)	3,080	2,312
Social security charges payable	3,132	2,741
Payables to associate companies	476	352
Sundry payables	14,378	13,287
Total	66,014	77,961

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

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

The main assumptions adopted for actuarial assessments were the following:

Demographic assumptions

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

Economic and financial assumptions

Inflation:	2.00%
Annual technical actualization rate	2.30%
Annual rate of severance payment increment	3.00%
Annual rate of growth of remuneration (for the purpose of calculating seniority premiums)	3.00%
Annual rate of growth of the average reimbursement (for the purpose of calculating health services)	2.00%

Note 22	30/06/2014	31/12/2013	Change
Deferred tax liabilities	62,037	38,223	23,814

The item includes deferred tax liabilities allocated to the insurance business for €56,075 thousand, the real estate and services business for €4,395 thousand, and to reversals totalling €-1,566 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

Note 23	30/06/2014	31/12/2013	Change
Current tax liabilities	30,980	21,223	9,757

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

Note 24	30/06/2014	31/12/2013	Change
Other liabilities	31,127	30,510	617

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 €12,108 thousand, the deferred commission income of €16 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling €14,174 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for €3,134 thousand.

Consolidated Income Statement

Note 25

30/06/2014 30/06/2013 Change

Gross premiums	630,369	552,547	77,822
Ceded premiums for reinsurance	15,023	12,946	36,539
Amounts paid and change in technical reserves	453,436	395,184	58,252
Reinsurers' share	-9,603	-9,892	289

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

	30/06/2014				30/06/2013			
	Intersegment			Total	Intersegment			Total
	Non-life business	Life business	eliminations		Non-life business	Life business	eliminations	
NET PREMIUMS	482,322	133,024	-	615,346	452,309	87,292	-	539,601
Gross premiums	496,745	133,624	-	630,369	464,453	88,094	-	552,547
Gross premiums written	513,066	133,624	-	646,690	482,138	88,094	-	570,232
a Direct business	513,003	133,404	-	646,407	482,023	87,854	-	569,877
b Indirect business	63	220	-	283	115	240	-	355
Change in premium reserve	-16,321	-	-	-16,321	-17,685	-	-	-17,685
a Direct business	-16,320	-	-	-16,320	-17,688	-	-	-17,688
b Indirect business	-1	-	-	-1	3	-	-	3
Ceded premiums	14,423	600	-	15,023	12,144	802	-	12,946
Gross premiums ceded	13,863	600	-	14,463	12,851	802	-	13,653
a Outward reinsurance	13,863	600	-	14,463	12,851	802	-	13,653
b Retrocession	-	-	-	-	-	-	-	-
Change in premium reserve	560	-	-	560	-707	-	-	-707
a Outward reinsurance	560	-	-	560	-707	-	-	-707
b Retrocession	-	-	-	-	-	-	-	-
NET CHARGES RELATING TO CLAIMS	308,441	137,652	-2,260	443,833	296,742	90,583	-2,033	385,292
Amounts paid and change in technical reserves	317,647	138,049	-2,260	453,436	306,119	91,098	-2,033	395,184
Direct business	317,645	137,698	-	455,343	306,059	90,905	-	396,964
Indirect business	2	351	-	353	60	193	-	253
Shadow accounting of investee companies' profits	-	-	-2,260	-2,260	-	-	-2,033	-2,033
Reinsurers' share	9,206	397	-	9,603	9,377	515	-	9,892
Outward reinsurance	9,206	397	-	9,603	9,377	515	-	9,892
Retrocession	-	-	-	-	-	-	-	-

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

Note 26

30/06/2014 30/06/2013 Change

Commission income	389	459	-70
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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 27	30/06/2014	30/06/2013	Change
Gains or losses on financial instruments at fair value through profit or loss	14	16	-2
Gains on investments in subsidiaries and associates and interests in joint ventures	739	94	645
Gains or losses on other financial instruments and investment property	36,427	32,607	3,820
Losses on investments in subsidiaries and associates and interests in joint ventures	-876	-1,456	580
Losses on other financial instruments and investment property	-6,726	-4,462	-2,264

To complete the information disclosed below, we point out that the table detailing the breakdown of financial and investment income and charges/losses is shown in the specific section called "Annexes to Consolidated 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.

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 1H14 amounted to €3,142 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 2014 these items referred entirely to the results of equity-accounted Group companies,

Reference should be made to Note 5 for further details.

Gains and losses on other financial instruments and investment property

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

	(€/000)			
	Gains 30/06/14	Gains 30/06/13	Losses 30/06/14	Losses 30/06/13
Investment property	1,682	-	3,482	-
Held to maturity investments	1,209	1,814	-	-
Loans and receivables	650	556	-	-
Financial assets available for sale	31,506	28,490	-	581
Other receivables	252	300	-	-
Cash and cash equivalents	1,128	1,447	-	-
Other financial liabilities	-	-	3,244	3,881
Total	36,427	32,607	6,726	4,462

Note 28	30/06/2014	30/06/2013	Change
Other income	8,879	6,689	2,190

The following table details the breakdown of this item,

	(€/000)	
Other income	30/06/14	30/06/13
Trading profits	2,801	2,096
Revenue from construction work in progress	-	-
Gains on the sale of owner-occupied property	17	-
Revenue from services: real estate brokerage	172	167
Revenue from services: real estate management	31	42
Revenue from services: administration, real estate appraisals and other income	26	97
Revenue from services: insurance commission income with third parties	-	2
Revenue from services: other revenue from services	390	313
Rent income	409	369
Writebacks	646	-
Technical income on insurance contracts	2,887	2,903
Gains on the sale of property, plant and equipment	-	31
Exchange rate gains	14	18
Incidental non-operating income	1,163	278
Other income	323	373
Total	8,879	6,689

Technical income on insurance contracts refer for €1,227 thousand (€1,367 thousand at 30/06/2013) to reversal of commissions on cancelled premiums and for €887 thousand (€1,536 thousand at 30/06/2013) to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events and for €773 to withdrawals net of uses of the provision for bad debts.

Note 29	30/06/2014	30/06/2013	Change
Commission expense	14	16	-2

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

Note 30	30/06/2014	30/06/2013	Change
Commissions and other acquisition costs	104,519	93,436	11,083
Investment management costs	1,198	820	378
Other administrative costs	18,597	18,587	10

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

The following table details the breakdown of "Commissions and other acquisition costs" as at 30 June 2014.

	(€/000)	
Gross commissions and other acquisition costs net of profit participation and other commissions	30/06/14	30/06/13
Acquisition commissions	73.253	68.829
Other acquisition costs	28.536	21.888
Change in deferred acquisition costs	-76	103
Premium collection commissions	5.050	5.071
Profit participation and other commissions received from reinsurers	-2.244	-2.455
Total	104.519	93.436

Note 31

30/06/2014 30/06/2013 Change

Other costs	27,166	22,968	4,198
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The breakdown of this item was as shown below:

	(€/000)	
Other costs	30/06/14	30/06/13
Technical costs on insurance contracts	12,330	11,807
Accruals to the provision for bad debts	1,422	694
Foreign-exchange losses	12	19
Incidental non-operating costs	299	186
Annual depreciation & amortisation	7,587	7,724
Losses on non insurance receivables	3,038	-
Commissions from services sector	2,506	2,536
Other costs	-28	2
Total	27,166	22,968

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for €11,580 thousand (€10,710 thousand at 30/06/2013) and to services supporting insurance covers and costs for premiums under litigation for €750 thousand (€ 1,097 thousand at 30/06/2013).

Note 32

30/06/2014 30/06/2013 Change

Income taxes	21,524	20,632	892
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Of this item €30,628 thousand related to current taxes and €9,104 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 xxxx as at 30 June 2014 vs, 590 present as at 31 December 2013 and 579 as at 30 June 2013, The average number of in-force employees on the payroll, split by contractual grade, was as follows:

	30/06/14	30/06/13	31/12/13
Managers	26	25	26
Officers	147	145	146
Administrative staff	422	406	409
Total	595	576	581

Tax status

Insurance business

In the month of March of 2013, the Parent Company and other consolidated subsidiaries have filed for reimbursement of IRES payable in respect of the deductibility of the cost of its employees and "assimilated", recognized by art. 2 D.L. n. 201/2011 (extraordinary gains arising from the lower IRES of the years 2007 to 2011 for about €2,000 thousand were recorded in the year ended 31.12.2012).

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

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

The parent company has settled its tax obligations related to IRES and IRAP for all three years by utilizing, in its entirety, a Tax provision of approximately €101 thousand that was set aside in 2009 and which proved to be sufficient. Regarding VAT, the parent company has appealed against the assessments for the three years, obtained a favourable judgement in the first and second instance with reference to the 2004 and 2005 assessment (pending appeal of the Tax Authorities with the Supreme Court of Cassation) and the first instance with reference to the assessments of 2006 (pending an appeal with the Regional Tax Commission of Lombardy).

In accordance with Law 28.01.2009 no. 2, in 2008 the parent company revalued its buildings directly owned, obtaining the recognition of higher value for IRES and IRAP purposes. This recognition will take effect from the 2013 tax period, through the payment of a substitute tax on capital gains recorded.

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

The amount of the tax revaluation was determined by a valuation by an independent expert.

The Board of Directors

Milan, 31 July 2014

Annexes to
Condensed Consolidated 2014
half year financial statements

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014
Consolidation scope

	Country	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy	G	1	-	-	-	-
Vittoria Immobiliare S.p.A.	Italy	G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia Prima S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Vittoria Service S.r.l.	Italy	G	11	100.00	100.00	100.00	100.00
Interbilancia S.r.l.	Italy	G	9	80.00	100.00	100.00	100.00
Acacia 2000 S.r.l.	Italy	G	10	15.00	85.00	85.00	100.00
Gestimmobili S.r.l.	Italy	G	11	-	80.00	80.00	100.00
Interimmobili S.r.l.	Italy	G	11	-	80.00	80.00	100.00
V.R.G. Domus S.r.l.	Italy	G	10	-	100.00	100.00	100.00
Vaimm Sviluppo S.r.l.	Italy	G	10	-	100.00	100.00	100.00
Valsalaria S.r.l.	Italy	G	10	-	51.00	51.00	100.00
Aspevi Milano S.r.l.	Italy	G	11	-	100.00	100.00	100.00
Aspevi Roma S.r.l.	Italy	G	11	-	100.00	100.00	100.00
Plurico S.r.l.	Italy	G	11	-	70.00	70.00	100.00
Consorzio Servizi Assicurativi	Italy	G	11	-	61.70	64.10	100.00

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

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

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

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

List of unconsolidated investments

	Country	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
S.In.T S.p.A.	Italy	11	b	48.19	48.19	48.19	459,793
Yarpa S.p.A.	Italy	9	b	27.31	27.31	27.31	8,569,265
Touring Vacanze S.r.l.	Italy	10	b	37.00	37.00	37.00	7,625,860
Mosaico S.p.A.	Italy	10	b	-	45.00	45.00	172,840
Pama & Partners S.r.l.	Italy	10	b	-	25.00	25.00	704,612
Consorzio Movincom S.c.r.l.	Italy	11	b	28.97	28.97	28.97	34,432
VP Sviluppo 2015 S.r.l.	Italy	10	b	-	40.00	40.00	2,059,514
VZ Real Estate S.r.l.	Italy	10	b	-	49.00	49.00	395,128
Fiori di S. Bovio S.r.l.	Italy	10	b	-	40.00	40.00	139,619
Spefin Finanziaria S.p.A.	Italy	11	b	-	21.00	21.00	339,026
Valsalaria A.11 S.r.l.	Italy	10	b	-	40.00	40.00	88,766
Movincom Servizi S.p.A.	Italy	11	b	46.65	46.65	46.65	1,519,747

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

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

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

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

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014
Balance sheet by business and business line

(€000)

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
1 INTANGIBLE ASSETS	22,258	23,775	6,251	6,427	589	558	6	7	0	0	29,104	30,767
2 PROPERTY, PLANT AND EQUIPMENT	84,308	85,583	20,759	21,267	399,920	403,304	102	111	2,907	2,941	507,996	513,206
3 REINSURERS' SHARE OF TECHNICAL RESERVES	62,002	66,999	6,503	6,164	0	0	0	0	0	0	68,505	73,163
4 INVESTMENTS	1,436,341	1,285,764	1,061,222	956,844	22,706	20,656	0	0	-177,986	-147,231	2,342,283	2,116,033
4.1 Investment property	45,991	46,633	42,099	42,876	0	0	0	0	0	0	88,090	89,509
4.2 Investments in subsidiaries and associates and interests in joint ventures	128,558	105,601	57,398	57,398	3,844	2,393	0	0	-167,691	-146,946	22,109	18,446
4.3 Held to maturity investments	9,820	13,511	46,494	53,796	0	0	0	0	0	0	56,314	67,307
4.4 Loans and receivables	49,575	42,335	7,556	7,578	18,803	18,204	0	0	-10,295	-285	65,639	67,832
4.5 Financial assets available for sale	1,202,397	1,077,684	839,191	729,460	59	59	0	0	0	0	2,041,647	1,807,203
4.6 Financial assets at fair value through profit or loss	0	0	68,484	65,736	0	0	0	0	0	0	68,484	65,736
5 OTHER RECEIVABLES	177,199	198,120	16,784	17,388	12,704	12,346	4,791	6,080	-14,424	-13,134	197,054	220,800
6 OTHER ASSETS	125,146	96,768	39,061	27,704	9,916	9,605	1,378	1,300	-2,301	-1,566	173,200	133,811
6.1 Deferred acquisition costs	3,008	3,071	5,378	5,239	0	0	0	0	0	0	8,386	8,310
6.2 Other assets	122,138	93,697	33,683	22,465	9,916	9,605	1,378	1,300	-2,301	-1,566	164,814	125,501
7 CASH AND CASH EQUIVALENTS	114,906	113,780	44,350	31,567	11,358	17,928	7,030	3,845	0	0	177,644	167,120
TOTAL ASSETS	2,022,160	1,870,789	1,194,930	1,067,361	457,193	464,397	13,307	11,343	-191,804	-158,990	3,495,786	3,254,900
1 EQUITY												
2 PROVISIONS	1,951	2,041	0	0	5,280	2,517	0	0	0	0	7,231	4,558
3 TECHNICAL RESERVES	1,354,958	1,287,378	977,218	869,045	0	0	0	0	-6,823	-4,563	2,325,353	2,151,860
4 FINANCIAL LIABILITIES	20,975	25,774	74,366	71,651	270,565	281,794	0	0	0	0	365,906	379,219
4.1 Financial liabilities at fair value through profit or loss	0	0	68,202	65,487	0	0	0	0	0	0	68,202	65,487
4.2 Other financial liabilities	20,975	25,774	6,164	6,164	270,565	281,794	0	0	0	0	297,704	313,732
5 PAYABLES	75,264	76,159	5,436	6,766	19,398	20,068	13,116	11,071	-24,648	-13,285	88,566	100,779
6 OTHER LIABILITIES	83,389	57,844	25,883	17,805	13,082	12,364	294	436	1,496	1,507	124,144	89,956
TOTAL EQUITY AND LIABILITIES											3,495,786	3,254,900

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014
Income statement by business and business line

	(€'000)											
	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013	30/06/2014	30/06/2013	30/06/2014	30/06/2013	30/06/2014	30/06/2013	30/06/2014	30/06/2013
1.1	Net premiums	482,322	452,309	133,024	87,292	0	0	0	0	0	615,346	539,601
1.1.1	Gross premiums	496,745	464,453	133,624	88,094	0	0	0	0	0	630,369	552,547
1.1.2	Ceded premiums	14,423	12,144	600	802	0	0	0	0	0	15,023	12,946
1.2	Commission income	0	0	389	459	0	0	0	0	0	389	459
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	0	0	14	16	0	0	0	0	0	14	16
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	219	3	0	998	320	7	0	200	-914	739	94
1.5	Gains on other financial instruments and investment property	18,741	17,009	17,303	14,956	346	603	37	39	0	36,427	32,607
1.6	Other income	4,495	3,870	807	64	4,276	3,183	3,844	3,917	-4,543	8,879	6,689
1	TOTAL REVENUE	505,777	473,191	151,537	103,785	4,942	3,793	3,881	3,956	-4,343	661,794	579,466
2.1	Net charges relating to claims	308,441	296,741	137,652	90,584	0	0	0	0	-2,260	443,833	385,292
2.1.2	Amounts paid and change in technical reserves	317,647	306,119	138,049	91,098	0	0	0	0	-2,260	453,436	395,184
2.1.3	Reinsurers' share	-9,206	-9,378	-397	-514	0	0	0	0	0	-9,603	-9,892
2.2	Commission expense	0	0	14	16	0	0	0	0	0	14	16
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	207	947	0	0	669	509	0	0	0	876	1,456
2.4	Losses on other financial instruments and investment property	1,874	688	1,913	265	2,929	3,490	5	19	5	6,726	4,462
2.5	Operating costs	112,979	101,756	9,455	8,866	5,002	5,343	1,436	1,223	-4,558	124,314	112,843
2.6	Other costs	18,891	18,711	1,445	1,246	3,471	445	3,359	2,566	0	27,166	22,968
2	TOTAL COSTS	442,392	418,843	150,479	100,977	12,071	9,787	4,800	3,808	-6,813	602,929	527,037
	PROFIT FOR THE YEAR BEFORE TAXATION	63,385	54,348	1,058	2,808	-7,129	-5,994	-919	148	2,470	58,865	52,429

Breakdown of other comprehensive income

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	31/12/13
Other comprehensive income, net of taxes without reclassification to profit or loss												
Changes in the equity of investees	-307	123			0	0	-307	123	-117	47	43	350
Changes in intangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Changes in tangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0			0	0	0	0	0	0	0	0
Actuarial gains and losses and adjustments related to defined benefit plans	-307	123			0	0	-307	123	-117	47	43	350
Other items	0	0			0	0	0	0	0	0	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	43,354	4,083	499	-567	0	0	43,853	3,516	14,777	-710	97,236	53,383
Change in translation reserve	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	43,354	4,083	499	-567	0	0	43,853	3,516	14,777	-710	97,236	53,383
Gains or losses on hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on instruments of net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the equity of investees	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	43,047	4,206	499	-567	0	0	43,546	3,639	14,660	-663	97,279	53,733

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014

Breakdown of financial assets

(€'000)

	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit or loss				Total carrying amount					
	30/06/14		31/12/13		30/06/14		31/12/13		30/06/14		31/12/13		30/06/14		31/12/13	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Equity and derivative instruments measured at cost	0	0	0	0	9,577	8,092	0	0	0	0	0	0	9,577	8,092		
Equity instruments at fair value of which listed	0	0	0	0	90,654	91,339	0	0	9,451	8,616	0	0	100,105	99,955		
Debt securities of which listed	56,314	67,307	0	0	8,921	7,793	282	249	17,405	20,096	17,405	20,096	18,372	16,409		
of which listed	54,732	62,344	0	0	1,903,105	1,671,803	282	249	17,405	20,096	17,405	20,096	1,977,106	1,759,455		
OEIC units	0	0	0	0	1,903,105	1,671,803	282	249	17,405	20,096	17,405	20,096	1,975,524	1,754,492		
Loans and receivables from bank customers	0	0	0	0	38,311	35,969	0	0	40,297	33,822	0	0	78,608	69,791		
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Deposits with ceding companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Financial asset portion of insurance contracts	0	0	4,789	4,620	0	0	0	0	0	0	0	0	4,789	4,620		
Other loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Non-hedging derivatives	0	0	43,418	40,981	0	0	0	0	0	0	0	0	43,418	40,981		
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other financial assets	0	0	17,432	22,231	0	0	0	0	1,049	2,953	0	0	18,481	25,184		
Total	56,314	67,307	65,639	67,832	2,041,647	1,807,203	282	249	68,202	65,487	249	282	2,232,084	2,008,078		

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014
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 FY2013	Net gains and costs/losses FY2012
							Valuation capital gains	Write-backs	Valuation capital losses	Write-downs			
Investments	32,870	2,994	3,148	974	298	33,392	3,188	0	1,996	0	1,192	34,584	29,062
a Investment property	0	1,662	1,887	0	0	-205	0	0	1,595	0	-1,595	-1,800	0
b Investments in subsidiaries and associates and interests in joint ventures	0	739	876	0	0	-137	0	0	0	0	0	-137	-1,362
c Held to maturity investments	1,209	0	0	0	0	1,209	0	0	0	0	0	1,209	1,814
d Loans and receivables	650	0	0	0	0	650	0	0	0	0	0	650	556
e Financial assets available for sale	30,806	152	0	548	0	31,506	0	0	0	0	0	31,506	27,909
f Financial assets held for trading	0	0	0	0	0	0	14	0	0	0	14	14	16
g Financial assets at fair value through profit or loss	205	421	385	426	298	369	3,174	0	401	0	2,773	3,142	129
Other receivables	252	0	0	0	0	252	0	0	0	0	0	252	300
Cash and cash equivalents	1,128	0	0	0	0	1,128	0	0	0	0	0	1,128	1,447
Financial liabilities	-3,244	0	0	0	0	-3,244	0	0	3,142	0	-3,142	-6,386	-4,010
a Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0	3,142	0	-3,142	-3,142	-129
c Other financial liabilities	-3,244	0	0	0	0	-3,244	0	0	0	0	0	-3,244	-3,881
Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	31,006	2,994	3,148	974	298	31,528	3,188	0	5,138	0	-1,950	29,578	26,799

(€'000)

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014

Breakdown of technical reserves

(€000)

	Direct business		Indirect business		Total carrying amount	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Non-life reserves	1,354,121	1,286,528	837	850	1,354,958	1,287,378
Premium reserve	377,206	360,887	42	40	377,248	360,927
Claims reserve	976,506	925,232	795	810	977,301	926,042
Other reserves	409	409	0	0	409	409
of which posted following liability adequacy testing	0	0	0	0	0	0
Life reserves	965,593	859,849	4,802	4,633	970,395	864,482
Reserve for payable amounts	20,698	21,999	12	12	20,710	22,011
Mathematical reserves	887,432	805,068	4,788	4,619	892,220	809,687
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	57,463	32,782	2	2	57,465	32,784
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	48,202	22,698	0	0	48,202	22,698
Total technical reserves	2,319,714	2,146,377	5,639	5,483	2,325,353	2,151,860

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014

Breakdown of reinsurers' share of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Non-life reserves	61,730	66,729	272	270	62,002	66,999
Premium reserve	15,342	15,902	0	0	15,342	15,902
Claims reserve	46,388	50,827	272	270	46,660	51,097
Other reserves	0	0	0	0	0	0
Life reserves	6,503	6,164	0	0	6,503	6,164
Reserves for payable amounts	0	0	0	0	0	0
Mathematical reserves	6,475	6,136	0	0	6,475	6,136
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	28	28	0	0	28	28
Total reinsurers' share of technical reserves	68,233	72,893	272	270	68,505	73,163

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2014
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		Other financial liabilities		Total carrying amount	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	0	0	0	0
Liabilities from financial contracts issued by insurers arising from:								
Contracts where policyholders bear investment risk	0	0	68,202	65,487	0	0	68,202	65,487
Pension-fund management	0	0	53,464	51,537	0	0	53,464	51,537
Other contracts	0	0	14,738	13,950	0	0	14,738	13,950
Deposits received from reinsurers	0	0	0	0	0	0	0	0
Negative financial components of insurance contracts	0	0	0	0	15,707	15,707	15,707	15,707
Debt securities on issue	0	0	0	0	0	0	0	0
Bank customer deposits	0	0	0	0	0	0	0	0
Interbank liabilities	0	0	0	0	0	0	0	0
Other loans received	0	0	0	0	270,101	281,094	270,101	281,094
Non-hedging derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	11,896	16,931	11,896	16,931
Total	0	0	68,202	65,487	297,704	313,732	365,906	379,219

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

	Level 1		Level 2		Level 3		Total	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Assets and liabilities measured at fair value on a recurring basis								
Financial assets Available for sale	1,950,337	1,715,546	8,184	8,005	83,126	83,652	2,041,647	1,807,203
Financial assets at fair value through profit or loss	282	249	-	-	-	-	282	249
Financial assets at fair value through profit or loss	68,202	65,487	-	-	-	-	68,202	65,487
Investment Property	-	-	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total assets measured at fair value on a recurring basis	2,018,821	1,781,282	8,184	8,005	83,126	83,652	2,110,131	1,872,939
Financial liabilities held for trading	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	67,938	65,127	264	360	-	-	68,202	65,487
Total liabilities measured at fair value on a recurring basis	67,938	65,127	264	360	-	-	68,202	65,487
Assets and liabilities measured at fair value on a non recurring basis								
Non-current assets or assets of a disposal group classified as held for sale	-	-	-	-	-	-	-	-
Liabilities of a disposal group classified as held for sale	-	-	-	-	-	-	-	-

(€000)

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

(€'000)

	Financial assets				Financial liabilities at fair value through profit or loss	
	Financial assets Available for sale	Financial assets at fair value through profit or loss		Financial liabilities 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			
Opening balance	83,652					
Purchases/ Issues	1,490					
Sales/Repurchases	-5					
Redemptions	0					
Gains or losses charged to profit and loss	0					
- of which unrealised gains/losses	0					
Gains or losses charged to other comprehensive income	0					
Moves to Level 3	0					
Moves to other Levels	0					
Other changes	-2,011					
Closing balance	83,126					

(€'000)

	30/06/2014			30/06/2013		
	Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non-life business						
NET PREMIUMS	496,745	14,423	482,322	464,453	12,144	452,309
a Premiums written	513,066	13,863	499,203	482,139	12,851	469,288
b Change in premiums reserve	16,321	-560	16,881	17,686	707	16,979
NET CLAIMS COSTS	317,647	9,206	308,441	306,119	9,378	296,741
a Amounts paid	272,677	13,506	259,171	252,195	8,190	244,005
b Change in claims reserves	51,256	-4,440	55,696	59,664	1,372	58,292
c Change in recoveries	6,286	-140	6,426	5,740	184	5,556
d Change in other technical reserves	0	0	0	0	0	0
Life business						
NET PREMIUMS	133,624	600	133,024	88,094	802	87,292
NET CLAIMS COSTS	138,049	397	137,652	91,098	514	90,584
a Amounts paid	60,223	58	60,165	64,824	260	64,564
b Change in reserve for amounts to be paid	-1,301	0	-1,301	-4,570	0	-4,570
c Change in mathematical reserves	79,924	339	79,585	31,747	251	31,496
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	-797	0	-797	-903	3	-906

Breakdown of insurance operating costs

(€/000)

	Non-life business		Life business	
	30/06/14	30/06/13	30/06/14	30/06/13
Gross commissions and other acquisition costs	102,681	93,159	7,458	6,354
a Acquisition commissions	73,948	70,101	2,431	2,029
b Other acquisition costs	24,273	18,478	4,513	3,731
c Change in deferred acquisition costs	63	150	-139	-47
d Premium collection commissions	4,397	4,430	653	641
Profit participation and other commissions received from reinsurers	-2,174	-2,335	-69	-121
Investment management costs	693	491	505	329
Other administrative costs	11,779	10,441	1,561	2,304
Total	112,979	101,756	9,455	8,866

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2014

Breakdown of property, plant and equipment and intangible assets

(€/000)

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	88,090	-	88,090
Other property	498,773	-	498,773
Other items of property, plant and equipment	9,223	-	9,223
Other intangible assets	29,104	-	29,104

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2014

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	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
On-balance sheet assets	53,464	51,537	14,738	13,950	68,202	65,487
Infragroup assets *	0	0	0	0	0	0
Total assets	53,464	51,537	14,738	13,950	68,202	65,487
On-balance sheet liabilities	53,464	51,537	14,738	13,950	68,202	65,487
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
Total Liabilities	53,464	51,537	14,738	13,950	68,202	65,487

* Assets and liabilities eliminated in consolidation process

Reclassified Financial assets categories	Activity class	Amount of Financial assets reclassified during the year at reclassification date	Carrying amount at 31/12/2013 of reclassified assets		Fair Value at 31/12/2013 of reclassified assets		Reclassified Assets during 2014		Reclassified Assets up to 2014		Reclassified Assets during 2014		Reclassified Assets up to 2014		Gains or losses that would have been charged to other comprehensive income in absence of the reclassification
			Reclassified Assets during 2014	Reclassified Assets up to 2014	Reclassified Assets during 2014	Reclassified Assets up to 2014	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification			
from															
to															
Total															

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

	Carrying amount		Fair value									
	30/06/2014	31/12/2013	Level 1		Level 2		Level 3		Total			
			30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013				
Assets												
Held to maturity investments			56,314	67,307	59,307	65,092	0	0	1,582	4,963	60,889	70,055
Loans and receivables			65,639	67,832	0	0	0	0	65,639	67,832	65,639	67,832
Investments in subsidiaries and associates and interests in joint ventures			22,109	18,446	0	0	0	0	22,109	18,446	22,109	18,446
Investment property			88,090	89,508	0	0	0	0	89,000	89,000	89,000	89,000
Tangible assets			498,773	504,308	0	0	0	0	551,063	564,739	551,063	564,739
Total assets			730,925	747,402	59,307	65,092	0	0	728,383	734,980	788,700	800,072
Liabilities												
Other financial liabilities			297,704	313,732	0	0	0	0	297,704	313,732	297,704	313,732

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 2014 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 2014.

3. The undersigned also certify that:

3.1 The half-yearly consolidated financial statements as at June 30th 2014:

- 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, 31 July 2014

Roberto Guarena
Managing Director

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

Report of Independent Auditors

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

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

1. We have reviewed the condensed consolidated half-year financial statements of Vittoria Assicurazioni S.p.A. and subsidiaries (the "Vittoria Group"), which comprise the statement of financial position as of June 30, 2014, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the six-month period then ended and the related 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 condensed consolidated half-year 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 condensed consolidated half-year financial statements.

With regard to the comparative figures related to the year ended December 31, 2013 and to the six-month period ended June 30, 2013, presented in the condensed consolidated half-year financial statements reference should be made to our auditors' reports issued on March 28, 2014 and on August 7, 2013.

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-year financial statements of Vittoria Group as of June 30, 2014 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 7, 2014

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
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