

# Vittoria Assicurazioni

SOCIETÀ PER AZIONI  
REGISTERED OFFICES: VIA CALDERA, 21 - 20153 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

89th year of business

## 2010 Annual Report & Accounts



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

On 23 October 2010 Mr Ferruccio Araldi, statutory auditor of the Vittoria Assicurazioni died. The board of directors and the board of statutory auditors bring to mind his human quality, moral capability and professional ability with great emotion and regret.

## General Shareholders' Meeting calling

The Shareholders of Vittoria Assicurazioni S.p.A. are called to attend the ordinary General Meeting at Hotel Melia – Via Masaccio 19 – Milan, on Friday 29 April 2011 at 10.30 a.m. on first calling and, if necessary, on Saturday 30 April 2011, at the same time and place, on second calling, to discuss and resolve on the following

### AGENDA

1. Financial statements as at 31 December 2010, Board of Directors' and Board of Statutory Auditors' reports; related resolutions;
2. Appointment of a Director; related resolutions;
3. Reconstitution of the Board of Statutory Auditors pursuant to Article 17 of the Company By-laws.

It is specified that, pursuant to the provisions of Articles 10 and 17 of the Company By-laws, the resolutions indicated in agenda items 2 and 3 will be approved by relative majority vote, without list votes.

### ATTENDANCE OF THE GENERAL MEETING

Entitlement to attend the Shareholders' Meeting and exercise the voting rights is attested by a communication to the Company issued by a authorized intermediary, in accordance to its accounting records, in favour of the party who has the voting rights attributed by ordinary shares.

The intermediary performs notification based on evidence at the end of the accounting day of Monday 18 April 2011, the seventh market trading day prior to the date fixed for the Shareholders' Meeting on first calling.

Credits and debits registered on the accounts after that deadline shall not be considered for the purposes of legitimising the exercise of voting rights at the Shareholders' Meeting. Given this, those who result to be shareholders only after that date will not have the entitlement to attend and to vote at the General Meeting.

Owners of Vittoria Assicurazioni S.p.A. shares not centralized c/o Monte Titoli S.p.A. are reminded that rights relating to such shares can be exercised only after having handed over such shares to an intermediary for their inclusion in the centralized dematerialized management system.

Anyone with voting rights can be represented by proxy issued according to the provision of law, also by using the proxy declaration included at the foot of the notification issued by the intermediary or the proxy form available on the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com), in the section Investor Relations – Shareholders' Meetings.

The proxy can also be notified to the Company by using the specific application available in the same section of the website mentioned above.

In compliance with applicable regulations, shareholders can also delegate, free of charge, Mr. Andrea De Costa as the representative designated by the Company, pursuant to Article 135-undecies of the Italian Consolidated Finance Act. Mr. Andrea De Costa could be substitute by Mr. Matteo Sant'Ambrogio. The proxy must be given by signing the specific form, available in the same section of the website indicated above. The original proxy must be delivered to the designated representative at his address in 20121 Milano, Via Agnello 18, by 6.00 p.m. on Wednesday 27 April 2011, the second market trading day before the date fixed for the Shareholders' Meeting on first call. The proxy has no effect as regards proposals for which voting instructions have not been given. The proxy and voting instructions are revocable by the same date as indicated above.

### RIGHT TO ASK QUESTIONS

Shareholders can ask questions about matters on the agenda also before the Shareholders' Meeting, by using the specific application available on the site [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com), in the section Investor Relations – Shareholders' Meetings, until the fifth day before the Shareholders' Meeting. Questions received before the Shareholders' Meeting will at the latest be answered during the latter. A single answer can be given to questions having the same content.

No answer shall be due during the Meeting when the information requested is already available in the form "question & answer" in the aforementioned section of the Company's website in the two days preceding the Shareholders' Meeting.

## ADDITIONS TO THE AGENDA

Shareholders who, also jointly, represent at least one fortieth of share capital can request, within 10 (days) after publication of this meeting notice, i.e. by the 1st of April 2011, additions to the list of items on the agenda, indicating in the request the further topics proposed.

The request must be submitted in writing and delivered to the Company's registered offices in Milan, Via Caldera 21, together with the certifications issued by an authorized intermediary consistently with the latter's accounting records, certifying possession of at least 2.5% of share capital and indicating the corporate right exercisable.

Supplementing of the list of items to be discussed is not allowed for matters on which the Shareholders' Meeting resolves, as established by law, on the proposal of Directors or on the basis of a project or report prepared by them, other than that indicated in Article 125-ter, paragraph 1, of the Consolidated Finance Act.

News of any additions to the agenda will be given, in the same ways established by law for the meeting notice, according to the timing envisaged by current regulations.

Shareholders who ask for additions to the agenda shall prepare a report on the matters for which they propose discussion. This report must be delivered to the Board of Directors by the final deadline for presentation of the request for additions, as indicated above. The report will be made available to the public, accompanied by any considerations of the Board of Directors, simultaneously with publication of news of additions.

## DOCUMENTATION

The documentation concerning the items on the agenda shall be made available at the Company's registered offices in Milan, Via Caldera 21, and c/o the market management company (Borsa Italiana S.p.A., headquartered in Milan, Piazza degli Affari 6) at the disposal of shareholders, who have the right to obtain copies of it as from 31 March 2011, for all items on the agenda.

The said documentation is also available, as from the same date, on the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com), in the section Investor Relations – Shareholders' Meetings.

Share capital is currently € 67,378,924.00 divided into 67,378,924 ordinary shares of a par value of € 1.00 each. Each share gives the right to one vote.

For the Board of Directors  
Chief Executive Officer  
Roberto Guarena

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**BOARD OF DIRECTORS**

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

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**BOARD OF STATUTORY AUDITORS**

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Angelo CASÒ	President
Giovanni MARITANO	Standing statutory auditor
Corrado VERSINO *	Standing statutory auditor
Marina MOTTURA *	Substitute statutory auditor
Sergio VASCONI	Substitute statutory auditor

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**GENERAL MANAGEMENT**

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

\* Appointed by the shareholders' meeting of 29 April 2011

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**APPOINTMENTS AND REMUNERATION COMMITTEE**

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

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**INTERNAL CONTROL COMMITTEE**

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

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**FINANCE COMMITTEE**

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

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**REAL ESTATE COMMITTEE**

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

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**INDEPENDENT AUDITOR**

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BDO S.p.A.

In accordance with CONSOB (Italian securities & exchange commission) communication no. 97001574 of 20 February 1997 and given that the company Articles of Association delegate to the Chairman of the Board of Directors powers of legal representation of the company for transactions with third parties and in court and, with the approach established by the Board of Directors, to the Deputy Chairman and Managing Director, a brief description is provided below of the nature of the powers given by the Board of Directors, to be exercised on a disjoined basis, to:

The DEPUTY CHAIRMAN Carlo Acutis  
and to the MANAGING DIRECTOR

- Purchase, exchange and sell buildings up to a maximum of € 10 (ten) million per transaction.
- Stipulate tender contracts and sign projects and specifications related to the company's buildings.
- Purchase and sell, without any limit on the amount, government securities or securities guaranteed by the government, non-convertible bonds and similar securities and units in CIUs (collective investment undertakings) that mainly invest in bonds.
- Purchase and sell, give and carry over shares, convertible bonds, investments in companies and bodies, units of closed-end funds and credit instruments in general up to a maximum of € 10 (ten) million, reduced to € 5 (five) million when the investments and divestments relate to investments in insurance companies or other companies with a corporate purpose directly related or functional to that business. The right to purchase and sell majority investments in other companies and bodies is in any case the prerogative of the Board of Directors, except for those transactions involving real estate companies within the limit of € 10 (ten) million per transaction.
- Purchase and sell units of CIUs, excluding closed-end funds, that invest in the equity segment, up to the maximum amount of € 15 (fifteen) million.
- Purchase and sell, without any limit on amount, debt and equity securities for the benefit of life policyholders who bear related risk and those arising from pension fund management.
- Grant loans and financing up to the amount of € 5 (five) million in all other cases, with the right to agree on all guarantees, including mortgages.

The right to issue sureties and endorsements on behalf of third parties is in any case the prerogative of the Board of Directors except for those for lease contracts related to the company's normal operations.

# Directors' report

Shareholders,

The financial statements for our 89<sup>th</sup> financial year submitted for your approval show a net profit of € 29,256 thousand (+20.4% compared with the net profit of € 24,290 thousand for the previous year), equivalent to an ROE of 10.3% (9.1% in FY2009).

The principal components of company operations that contributed to the net profit for the year are illustrated as follows:

- growth of the Non-Life technical underwriting profit (before transfer of the technical profits of investments), which rose from € 6,047 thousand in FY2009 to € 19,751 thousand in FY2010, with a claims ratio and a combined ratio for retained business of 71.5% and 97.6% respectively (vs. 73.4% and 99.6% in FY2009);
- substantial stability of the Life technical profit, which amounted to € 6,389 thousand as at 31 December 2010 (vs. € 6,930 thousand as at 31 December 2009);
- lower performance of investments compared with the previous FY, due in particular to the trend in market interest rates, the smaller contribution of dividends from investee companies and to capital losses of € 2,480 thousand recognized on securities classified in the trading book.

Total premium amounted to € 817,539 thousand (€ 671,307 thousand in FY2009), with a 21.8% YoY increase. The increasing is due to the considerable commercial organisation reinforcement executed in the development plan (41 new Agencies have been opened over the year) and to the steady attention on the "Affinity Groups".

Premium for direct Life business amounted to € 143,290 thousand compared with € 129,293 thousand for the previous year (+10.8%) and are broken down as follows:

- 70.3% of single premiums, equal to € 100,747 thousand (€ 88,649 thousand as at 31 December 2009);
- 29.7% of annual premiums, equal to € 42,543 thousand (€ 40,644 thousand as at 31 December 2009);

The yields of segregated funds are illustrated as follows, in order of importance:

- Vittoria Rendimento Mensile: gross return of 4.04%;
- Vittoria Valore Crescente: gross return of 4.93%;
- Vittoria Liquinvest: gross return of 4.42%;
- Vittoria Previdenza: gross return of 4.03%.

Premium for direct Non-Life business (i.e. property & casualty) amounted to € 674,173 thousand, with a 24.5% YoY increase. Motor lines premium written increased by 27.1%; more specifically, motor vehicle hulls rose by 18.7%. Motor TPL (third-party liability) line reported a 28.7% increase in premium due to a significant increase in the number of vehicles/year insured.

Premium for direct Non-Marine lines rose by 15.4%, while premium for Specialty lines (i.e. marine and transport, aviation, and credit and suretyship) rose by 47.6% due to the "salary-backed loans" (SBLs) products reclassification in the credit line (Specialty lines).

Overhead costs as a percentage of total insurance premiums and revenues (direct business) amounted to 8.9% (9.9% in 2009): the decrease was reached thanks to a severe cost control. This fact is to be valued in light of the higher costs stemming from the implementation of the five-year plan that calls for development and reinforcement of the in-house organisation set up to support the expected increase in agency and sub-agency sales networks.

Investments totalled € 1,688,530 thousand (+5.4%), and are broken down as follows: € 76,456 thousand for investments with the risk borne by policyholders and € 1,612,074 thousand for investments with the risk borne by the Company. Ordinary income from investments with risk borne by the Company totalled € 49,107 thousand, for a decrease of 9.8%.

In February 2010, having obtained the necessary authorization from the ISVAP (the Italian supervisory authority for insurance) and availing itself of Article 9.2 of the related Regulation, Vittoria Assicurazioni announced early repayment, on 1 January 2011, of the bonds "Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 Subordinated Loan Convertible into Ordinary Shares" still outstanding.

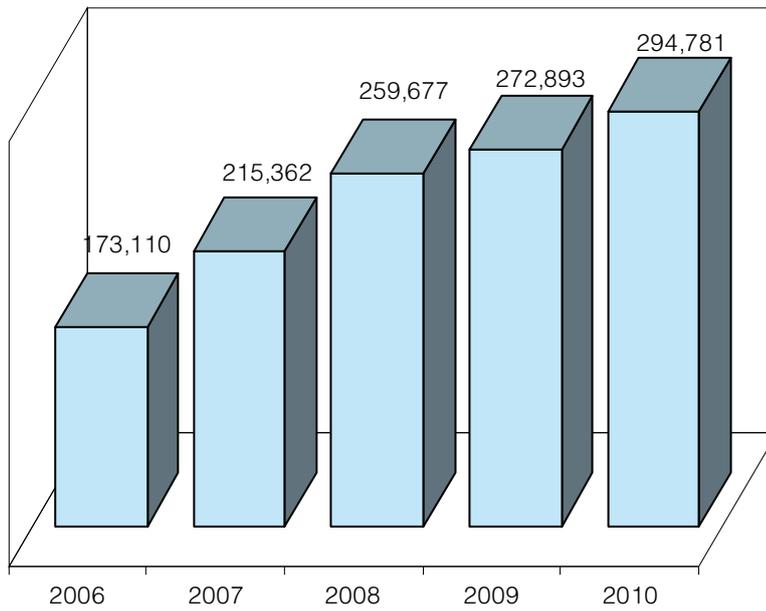
As envisaged by the loan's Regulation, bondholders were allowed to request, as an alternative to repayment and by the deadline of 27 December 2010, conversion into Vittoria Assicurazioni shares, at a ratio of 2 newly issued shares for each bond. At the end of the conversion period 60,538 bonds remained, for a total par value of € 290,582.40. These bonds were reimbursed at par with payment of interest accrued at a pre-tax rate of 5.5%.

Upon conclusion of the operation, the share capital of Vittoria Assicurazioni S.p.A. amounted to € 67,378,924 fully subscribed and paid in.

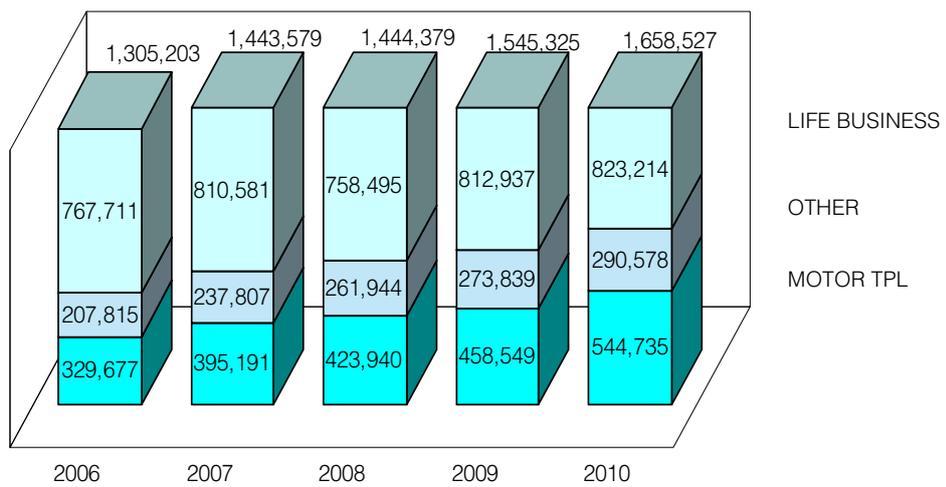
As shown in the consolidated financial statements, equity attributable to the company's shareholders was € 354.837 thousand, up 0.5% from the € 353,088 thousand for the previous year.

The Company did not avail itself of the possibility envisaged by the so-called "anti-crisis decree" (Decree Law no. 185/2008, definitively enacted as Law no. 2/2009 as subsequently amended). The year's bottom-line result therefore includes net investment write-downs totalling € 2,442 thousand (whereas in 2009 a positive net balance was posted for write-backs totalling € 2,483 thousand).

SHAREHOLDERS' EQUITY (in thousands of euros)



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



## Review of operating performance

The following table compares, for each line, premiums written in FYs 2010 and 2009 and their contribution to the total portfolio mix:

### COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2010 AND 2009 DIRECT AND INDIRECT BUSINESS

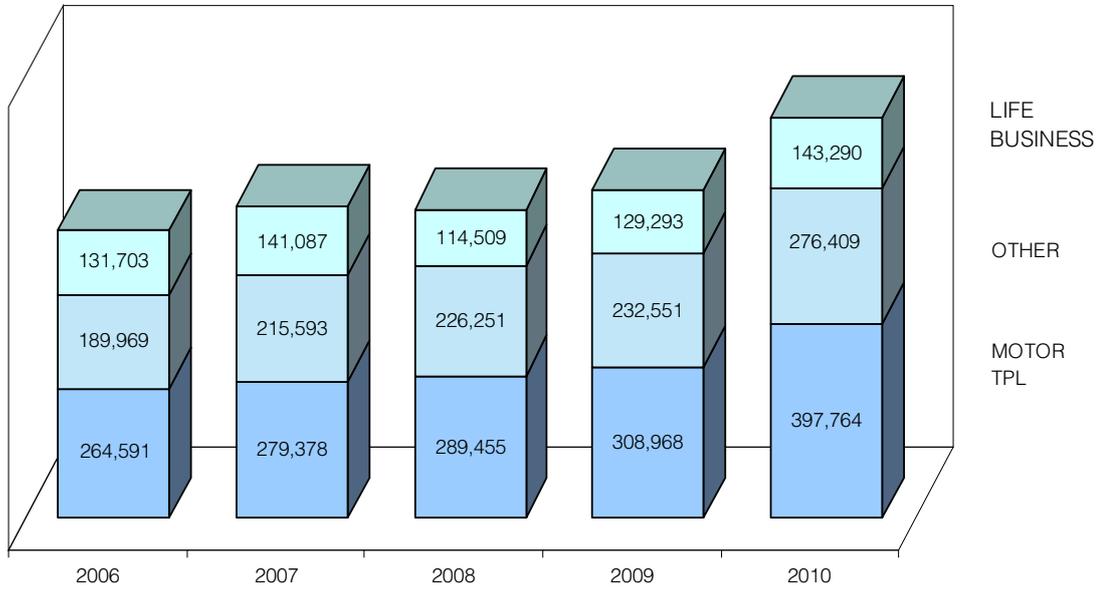
	(in thousand of euros)				
	Year 2010	Year 2009	YoY change %	% of total book	
				2010	2009
<b>Domestic direct business</b>					
<b>Life business</b>					
I Whole- and term life	107,019	93,996	13.9	13.1	14.0
III. Unit-linked policies	72	1,031	-93.0	0.0	0.2
IV Health (long-term care)	333	346	-3.8	0.0	0.0
V Capitalisation	34,394	32,093	7.2	4.2	4.8
VI Unit trust management	1,472	1,827	-19.4	0.2	0.3
<b>Total Life business</b>	<b>143,290</b>	<b>129,293</b>	<b>10.8</b>	<b>17.5</b>	<b>19.3</b>
<b>Non-Life business</b>					
Accident	39,468	31,924	23.6	4.8	4.8
Health	10,125	9,321	8.6	1.2	1.4
Fire and natural events	31,140	26,773	16.3	3.8	4.0
Miscellaneous damage	36,842	30,273	21.7	4.5	4.4
General TPL (third-party liability)	34,246	30,311	13.0	4.2	4.5
Pecuniary losses	15,163	16,053	-5.5	1.9	2.4
Legal protection	2,985	2,584	15.5	0.4	0.4
<b>Total non-marine lines (exc. specialty and motor)</b>	<b>169,969</b>	<b>147,239</b>	<b>15.4</b>	<b>20.8</b>	<b>21.9</b>
Railway rolling stock	2	2	0.0	0.0	0.0
Aircraft hulls	63	1,059	-94.1	0.0	0.1
Marine hulls	513	725	-29.2	0.1	0.1
Cargo insurance	1,743	2,027	-14.0	0.2	0.3
Aviation TPL	7	60	-88.3	0.0	0.0
Credit insurance	9,512	1,980	380.4	1.2	0.3
Bond insurance	9,372	8,523	10.0	1.1	1.3
<b>Total specialty lines</b>	<b>21,212</b>	<b>14,376</b>	<b>47.6</b>	<b>2.6</b>	<b>2.1</b>
Third-party motor liability	397,764	308,968	28.7	48.7	46.0
Third-party marine liability	514	450	14.2	0.1	0.1
Motor vehicle hulls	77,083	64,949	18.7	9.4	9.7
Support and assistance	7,631	5,537	37.8	0.9	0.8
<b>Total motor lines</b>	<b>482,992</b>	<b>379,904</b>	<b>27.1</b>	<b>59.1</b>	<b>56.6</b>
<b>Total Non-Life business</b>	<b>674,173</b>	<b>541,519</b>	<b>24.5</b>	<b>82.5</b>	<b>80.6</b>
<b>Total direct business</b>	<b>817,463</b>	<b>670,812</b>	<b>21.9</b>	<b>100.0</b>	<b>99.9</b>
<b>Domestic indirect business</b>					
Life business	1	1	0.0	0.0	0.0
Non-Life business	75	494	-84.8	0.0	0.1
<b>Total indirect business</b>	<b>76</b>	<b>495</b>	<b>-84.7</b>	<b>0.0</b>	<b>0.1</b>
<b>Grand Total</b>	<b>817,539</b>	<b>671,307</b>	<b>21.8</b>	<b>100.0</b>	<b>100.0</b>

As from the current financial year the Company operates in France on the basis of the free-provision-of-services regime.

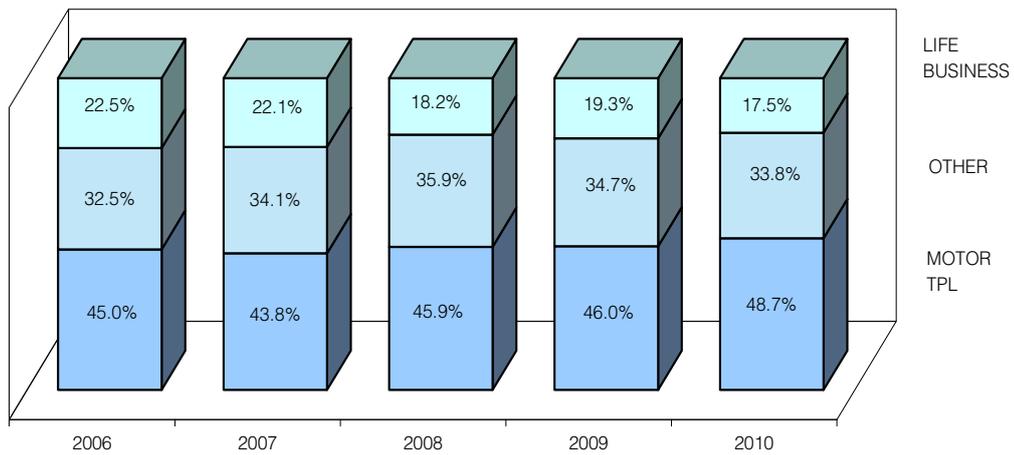
The following charts highlight premium volume and portfolio breakdown in the last five FYs.

### Italian Direct Business

**WRITTEN PREMIUMS (€/000)**



**PORTFOLIO MIX**



## Life business

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

The key features of FY2010 are summarised in the following table, where they are compared with data for the previous FY:

<b>LIFE Business - 2010 Results - Net of reinsurance</b>				(in thousands of euros)		
	2010 Results			2009 Results		
	Non - linked	Linked	Total	Non - linked	Linked	Total
Premium Income	139,924	1,544	141,468	124,223	2,858	127,081
Other technical Income/(Costs)	-125	781	656	-177	542	365
Change in Technical Provisions	-3,627	-374	-4,001	-26,539	-5,755	-32,294
Claims paid	-141,510	-7,408	-148,918	-103,032	-11,704	-114,736
Overheads	-17,307	-472	-17,779	-17,596	-224	-17,820
Investment Income	31,650	6,188	37,838	32,322	14,666	46,988
<b>Operating Profit before Tax</b>	<b>9,006</b>	<b>259</b>	<b>9,264</b>	<b>9,201</b>	<b>383</b>	<b>9,584</b>
Extraordinary Investment Income	1,240	-	1,240	210	-	210
<b>Profit before Tax</b>	<b>10,246</b>	<b>259</b>	<b>10,505</b>	<b>9,411</b>	<b>383</b>	<b>9,794</b>

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

In FY2010 the funds relating to segregated accounts achieved the following returns:

	(€/000)	
	Average rate of return	Total investments
Vittoria Rendimento Mensile	4.04%	386,884
Vittoria Valore Crescente	4.93%	220,752
Vittoria Liquinvest	4.42%	6,782
Vittoria Previdenza	4.03%	3,053

The rate of return allocated to policyholders complies with the specific contractual terms stipulated. As done in previous years, in 2010 acquisition commissions on long-term policies and incentives paid to agents for new business were deferred, i.e. capitalised, and amortised within the total limit of associated loading of premiums, depending on contracts' duration and in any case over a period not exceeding 10 years.

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

The following table summarises, for direct business, claims, accrued capital sums & annuities, plus surrenders as at 31 December 2010, compared with the previous FY's figures, for Classes I (whole/term life), IV (long-term care), and V (capital redemption).

	(€/000)	
	31/12/2010	31/12/2009
Claims	21,502	16,661
Accrued capital sums & annuities	87,270	62,029
Surrenders	33,114	25,178
<b>Total</b>	<b>141,886</b>	<b>103,868</b>

Surrenders and claims relating to investments for which policyholders bear the risk (Classes III (unit- and index-linked policies) and VI (open-ended pension fund) totalled € 7,408 thousand vs. € 11,704 thousand in FY2009.

### Reinsurance

#### Outward reinsurance

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

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

Ceded premiums in the FY2010 amounted to € 1,823 thousand vs. € 2,213 thousand in FY2009.

#### 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.

## Non-Life business

### Technical result

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

#### Non Life Business - 2010 Results

(in thousands of euros)

	Technical results of direct business net of outwards	Technical results of indirect business net of outwards	Change in equalisation provisions	2010 Technical result	2009 Technical result
Non - Marine lines	16,370	47	-73	16,345	2,118
Specialty business	-1,430	-14	2	-1,443	695
Motor business	4,993	0	-144	4,849	3,234
<b>Total Non Life Business</b>	<b>19,932</b>	<b>33</b>	<b>-215</b>	<b>19,751</b>	<b>6,047</b>

Technical performance shows a loss ratio and a combined ratio for retained business of 71.5% and 97.6% respectively, as compared with 73.4% and 99.6% in FY2009. Based on this, the following considerations can be made for the various lines.

#### NON-MARINE BUSINESSES

Overall, Non-Marine businesses' premiums grew by +15.4%, thanks also to the increase in the number of agencies active in Italy and to the development policy implemented vis-à-vis Motor-only customers. The technical result was positive, the fruit of constant attention paid to the selection of risks, portfolio revision, and to a careful price policy.

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

**Accident:** the business featured further development in premium growth compared with the previous year (+23.6% vs. +11.9%). The technical result of direct business showed improvement, notwithstanding an increase in the average cost of current-generation claims, caused by a higher share of peak claims.

**Health:** the business featured an 8.6% increase in premiums vs. 11.5% in the previous year, mainly relating to the termination of collective policies featuring heavily negative technical performance. The technical result improved thanks both to the revision of risks on the books and to more accurate quantification of ageing reserves.

**Fire and natural events:** the business showed an increase in premiums written (+16.3% vs. +5.3% in the previous FY) and improvement of the technical result of direct business thanks to a lower impact of risks relating to electrical events.

**Other asset damage:** premiums, which include cover of the risks of theft and burglary, hail, damage to electronic equipment and technological damage, featured a clear increase of +21.7% vs. the slight increase experienced in this business in the previous year (-0.6%). Technical performance improved over the previous FY.

**General TPL:** premiums grew by 13.0% (vs. +2.1% in the previous year). The technical balance showed improvement thanks to a prudent underwriting policy, revision of risks on the books, and tight management of claims.

**Pecuniary loss:** the business featured a -5.5% decrease in premiums (vs. -36.1% in the previous year) due to the reduction of contracts relating to Salary-Backed Loans, which have been classified in the Credit category, as required by ISVAP Regulation no. 29 of 16 March 2009.

The rate of claims in job-loss risk reflected the effects of the macroeconomic scenario in the last two FYs, featuring reduction of employment levels and significant use of the subsidized temporary lay-off system (Cassa Integrazione Guadagni). The underwriting policy applied as from 2008 to employees in the private sector enabled us to limit the adverse effects of the employment crisis. The technical result featured a positive balance with improvement of € 3,414 thousand compared with the previous FY thanks to the performance of other guarantees.

**Legal protection:** premiums of this business grew by +15.5% (vs. +1.7% in the previous year). The technical result remained positive.

## SPECIALTY BUSINESSES

Specialty businesses showed premium growth of +47.6% (+18.9% in the previous FY) with a technical result showing deterioration vs. previous FYs. Specifically:

**Credit:** the category comprises risks relating to Salary-Backed Loans for which the right of recourse against the insured has been retained. Growth of premiums written in the category was mainly due to completion of the effects of ISVAP Regulation no. 29 of 16 March 2009 – which had only a partial effect in FY2009 – involving different classification in the Credit category of risks previously allocated to the Pecuniary Loss category. The new price policy adopted also contributed to premium growth.

**Bond insurance:** premiums written increased by +10.0% (vs. +3.5% in the previous FY). Notwithstanding continuation of a phase of economic slowdown, with particular repercussions on the sector of public works contracting and VAT reimbursement, the disappearance of some players in the category made it possible to acquire new customers via the dedicated broker unit.

The technical result was positive notwithstanding the increase of claims relating to warranties given to the purchasers of buildings, as per Italian Law 210/2005 – caused by the growing number of companies in the real estate industry that are in difficulty.

**Aircraft hulls – Aviation TPL:** premiums written for these categories featured a decrease of -93.7%, primarily caused by discontinuation of underwriting of space risks.

**Watercraft hulls (sea, lake and river) and railway rolling stock:** premiums decreased by -29.2%, the result of more caution in underwriting such risks, while the technical result showed improvement.

**Goods in transit:** premiums written decreased by -14.0% (vs. +10.7% in the previous FY). The technical result remained negative.

## MOTOR BUSINESSES

Motor business featured +27.1% growth of premiums written (+7.5% in the previous FY) with a positive overall technical result. Specifically:

**Motor vehicle and watercraft (sea, lake and river) TPL:** premiums written grew by +28.7% (vs. +6.7% in the previous FY) thanks to the inauguration of new agencies, strengthening of sales networks and development of affinity groups. Selective underwriting, price policies and proper management of claims made it possible to maintain a retained technical result in terms of operating ratio, net of income calculated on assets assigned to the technical reserves, of 99.9% (vs. 100.1% as at 31.12.2009).

**Land motor vehicle hulls:** premiums grew by +18.7%, more than in the previous FY (+10.3%). Contributors to the result were application of an underwriting policy particularly attentive to linking ancillary cover to Motor TPL and further development of affinity groups. The technical result was positive, showing further improvement over the previous FY, also thanks to the lower impact of claims relating to weather-related cover.

**Assistance:** premiums grew by +37.8%, more than in the previous FY (+17.7%). The technical result was positive.

## Claims

### Reported claims

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

	(€/000)					
	31/12/2010		31/12/2009		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	6,903	20,664	6,876	17,665	0.4	17.0
Health insurance	24,764	6,917	15,502	6,372	59.7	8.6
Fire and natural events	6,065	17,266	5,745	18,452	5.6	-6.4
Miscellaneous damages	11,379	19,416	10,123	16,948	12.4	14.6
Third-party general liability	6,537	25,329	6,633	22,932	-1.4	10.5
Pecuniary losses	6,384	11,017	8,384	13,789	-23.9	-20.1
Legal protection	192	97	178	90	7.9	7.8
<b>Total non-marine businesses</b>	<b>62,224</b>	<b>100,706</b>	<b>53,441</b>	<b>96,248</b>	<b>16.4</b>	<b>4.6</b>
Third-party aviation liability	-	-	4	1,031	-100.0	-100.0
Third-party marine liability	32	177	29	16,215	10.3	-98.9
Cargo insurance	486	1,731	368	978	32.1	77.0
Third-party aviation liability	-	-	1	30	-100.0	-100.0
Credit insurance	168	562	9	15	n.a.	n.a.
Bond insurance	179	4,234	150	5,267	19.3	-19.6
<b>Total Special businesses</b>	<b>865</b>	<b>6,704</b>	<b>561</b>	<b>23,536</b>	<b>54.2</b>	<b>-71.5</b>
Third-party motor liability	89,102	310,924	75,198	246,552	18.5	26.1
Third-party marine liability	43	146	70	286	-38.6	-49.0
Motor vehicle hulls	30,238	47,777	25,695	45,136	17.7	5.9
Support and assistance	18,041	2,945	12,701	1,362	42.0	116.2
<b>Total motor businesses</b>	<b>137,424</b>	<b>361,792</b>	<b>113,664</b>	<b>293,336</b>	<b>20.9</b>	<b>23.3</b>
<b>Total non-life businesses</b>	<b>200,513</b>	<b>469,202</b>	<b>167,666</b>	<b>413,120</b>	<b>19.6</b>	<b>13.6</b>

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

	(percentages)			
	current generation		previous generations	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Accident insurance	49.35	57.78	68.78	73.43
Health insurance	85.84	86.43	64.47	82.68
Motor vehicle hulls	82.65	84.49	81.51	86.82
Fire and natural events	79.53	83.46	79.29	80.66
Miscellaneous damages - theft	81.64	87.82	88.67	87.19
Third-party motor liability	69.89	74.22	66.07	72.24
Third-party general liability	60.65	70.45	33.97	36.78

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

(€/000)

Branch	Claim handling Type	31/12/10		31/12/09	
		Number	Total cost	Number	Total cost
Motor TPL - land	K-for-K - liable	62,016	129,949	53,734	105,072
Motor TPL - land	K-for-K - originator	73,813	175,439	62,610	154,288
Motor TPL - land	Non K-for-K claims	27,086	150,236	21,464	112,512
Motor TPL - watercraft	Non K-for-K claims	43	146	70	286
<b>Total Motor T.P.L. claims handled</b>		<b>162,958</b>	<b>455,771</b>	<b>137,878</b>	<b>372,159</b>

The company received 97,343 reports of claim events to be managed as originator (80,792 reports of claim in 2009: +20.4%), against which it will complete recoveries from other insurers for a total of € 144,700 thousand (€125,320 thousand in 2009: +15.5%), based on the forfeitary amounts established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

### Claims paid

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

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

(€/000)

	Claims paid 31/12/2010			Claims recovered from reinsurers	Claims paid 31/12/2009			Change gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	4,927	7,149	12,077	1,068	4,345	7,252	11,596	4.1
Health insurance	4,117	2,994	7,111	14	3,960	2,039	5,999	18.5
Fire and natural events	6,773	7,391	14,164	382	7,378	8,804	16,182	-12.5
Miscellaneous damages	22,615	3,650	26,264	10,694	21,146	3,833	24,979	5.2
Third-party general liability	4,252	14,299	18,551	822	5,081	12,396	17,477	6.1
Pecuniary losses	2,046	9,185	11,232	-12	3,387	12,887	16,274	-31.0
Legal protection	5	150	155	131	0	14	14	n.v.
<b>Total non-marine businesses</b>	<b>44,735</b>	<b>44,818</b>	<b>89,553</b>	<b>13,099</b>	<b>45,297</b>	<b>47,226</b>	<b>92,523</b>	<b>-3.2</b>
Third-party aviation liability	-	28	28	17	914	165	1,078	-97.4
Third-party marine liability	107	461	568	142	205	206	412	38.0
Cargo insurance	467	973	1,439	126	189	1,005	1,194	20.6
Third-party aviation liability	1	-	1	-	-	-	-	n.v.
Credit insurance	38	16	54	-	-	-	-	n.v.
Bond insurance	1,497	7,759	9,256	4,538	4,392	2,096	6,489	42.7
<b>Total Special businesses</b>	<b>2,110</b>	<b>9,237</b>	<b>11,347</b>	<b>4,823</b>	<b>5,700</b>	<b>3,472</b>	<b>9,172</b>	<b>23.7</b>
Third-party motor liability	117,777	131,363	249,140	388	96,307	128,853	225,160	10.7
Third-party marine liability	87	165	252	-	123	75	199	26.9
Motor vehicle hulls	29,467	10,695	40,162	878	27,172	9,139	36,311	10.6
Support and assistance	3,084	807	3,891	2,673	1,407	668	2,075	87.5
<b>Total motor businesses</b>	<b>150,416</b>	<b>143,029</b>	<b>293,445</b>	<b>3,939</b>	<b>125,009</b>	<b>138,735</b>	<b>263,745</b>	<b>11.3</b>
<b>Total non-life businesses</b>	<b>197,261</b>	<b>197,084</b>	<b>394,345</b>	<b>21,861</b>	<b>176,006</b>	<b>189,433</b>	<b>365,439</b>	<b>7.9</b>

The additional cost borne in 2010 for the road-accident victim guarantee fund was € 9,156 thousand vs. € 7,243 thousand in the previous year.

## Claims reserve run-off – Direct business

The claims reserve existing at the beginning of FY2010, compared with costs borne in the year for previous years' claim events - consisting of payments made and year-end reserving for claims yet to be paid – showed, for the only direct business, a gain of 5,260 thousand, i.e. 1.0% of opening reserves, as highlighted in the following table:

<b>Direct Risks</b>	(€/000)	
	2010	2009
Claims reserve brought forward	548,691	509,493
Amounts paid in the year related to claims occurred in previous years	-200,919	-194,548
Balance of claims recovered or to be recovered by policyholders	10,866	7,229
Claims reserve carried forward	-353,379	-315,065
<b>Aggregate loss development table</b>	<b>5,260</b>	<b>7,109</b>
<b>% of incidence on claims reserve brought forward</b>	<b>1.0%</b>	<b>1.4%</b>

## Reinsurance

### Outward reinsurance

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

The main existing treaties relate to:

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

Premiums ceded in the FY2010 totalled € 35,822 thousand (€ 30,230 thousand as at 31 December 2009).

### Inward reinsurance

Acceptance of risks relating to indirect business mainly arises from participation in syndicates.

# Insurance risk management and analysis

## Insurance risk management

### Objectives

The company's insurance business is managed according to the following objectives:

- diversification of types of insurance cover offered;
- careful and correct pricing of policies;
- diversification of risks based on customer segmentation (households, individuals, professionals, small business operators, SMEs and large companies) giving preference to net retention of personal and SME risks, without however neglecting larger companies whose policies are covered by adequate reinsurance;
- diversification of sales channels (agents, bancassurance agreements, and brokers);
- selective risk underwriting policy and continuous monitoring of risk trends;
- organisation of an agency network capable of timely and professional response to customer needs;
- strengthening of the affinity-group approach;
- enhancement of customer loyalty via the sale of integrated products and services;
- increase of the Non-Life market share, dedicating special attention to the non-motor segment, and increase of Life new-business growth rates;
- consolidation of acquired portfolio;
- consolidation of technical profitability and further improvement of the combined ratio, which shows the degree of coverage of charges relating to claims, sales costs and overhead costs in the non-life business;
- constant updating of the New Age system, taking changes in headquarters and agency management processes into account, in order to monitor the insurance book, risk concentration and adequacy of claims settlement speed on an ongoing basis, paying special attention to changes in the insurance market.

### Policies

The Group intends pursue the above objectives by applying the following policies:

- strengthening of the agency network throughout Italy, thus ensuring the diversification of risk by geographical area and at the same time paying the utmost attention to areas with anomalous claims rate trends;
- reinforcement of the agency network in terms of continuous training for both agents and their staff;
- creation of trans products for policyholders;
- incentive campaigns for agents to assure the ideal mix of types of cover marketed;
- use of outward reinsurance pursuing a policy of technical balance in mass risks and protection against peak and catastrophe claims;
- limitation of costs, above all thanks to use of the new integrated headquarters/agency operating system, which improves the combined ratio;
- presence of dedicated non-life actuaries, separate from those of the life business, thus permitting not only correct risk pricing (adjustment to the expected claims rate) but also development of customised tariffs with innovative content. The greatest degree of customisation has been achieved in the Motor TPL line with the company's lead product. The corporate sector, which includes large companies, has always featured pricing based on policyholder reliability and risk levels to be underwritten.

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

### **Financial and actuarial assumptions for Life insurance products**

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

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

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

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

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

## Insurance risk analysis

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

### Credit risk

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

(€/000)				
S&P Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AAA	-37	404	367	0.9%
AA+	-81	65	-16	0.0%
AA	-284	2,235	1,951	4.9%
AA-	-9,109	15,306	6,197	15.7%
AA2*	308	-	308	0.8%
A+	-1,289	19,353	18,064	45.7%
A	-21,972	28,117	6,145	15.5%
A-	-1,439	3,287	1,848	4.7%
BBB	180	73	253	0.6%
Unrated	908	3,539	4,447	11.2%
<b>Total</b>	<b>-32,815</b>	<b>72,379</b>	<b>39,564</b>	<b>100.0%</b>

\* = provided by Moody's

### Concentration risk

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

Based on the analysis of premiums as at 31 December 2010, non-life business accounts for approximately 83.0% of total company premiums, with 49.0% of this percentage referring to motor lines.

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

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

### Earthquake exposure

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

### Hail exposure

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

## Flood exposure

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

## Commercial organisation

FY2010 featured full application of the Commercial Organisation model that had already been designed by Vittoria Assicurazioni in the previous year. The new organisation enabled our human resources to work according to roles and guidelines that are clearly delineated but, at the same time, also flexible and dynamic.

In order to adapt our organization to the corporate growth project, has also been reinforced the representative commercial framework on the territory, even hiring the territorial coordinator figures.

This enabled us to address a period of great market turbulence with determination, obtaining significant results as regards both an enhanced customer offering and expansion of the sales network.

Development activity took the concrete form of the inauguration of 41 new agencies and reorganisation of another 38, while 6 agencies have been closed. As at 31 December 2010 the Company was nationally present with 318 general agencies (283 as at 31 December 2009) and 551 professional sub-agencies (463 as at 31 December 2009), joined by a further 23 agents with a special life insurance mandate.

Based on continuation of the "Novices Project", initiated during FY2008, we signed on further insurance promoters who flank agencies in developing their business. This initiative also aims to launch young people, who for the first time enter the world of work, in the insurance profession.

Given the significant increase in the number of agencies and outside staff dedicated to sales, the year also featured a major training effort, not only in compliance with current regulations, but also in order to equip sales networks with appropriate knowledge of products and of the best sales techniques.

The increasingly useful collaboration with our group of agents has made it possible to launch numerous experimental projects designed to identify more efficient organizational models and more effective commercial solutions. In the last few months of 2010 this strong understanding made it possible to create "Accademia Vittoria" (= Vittoria Academy), an important training project targeting the sales force's brokers and that will characterize the next three years.

We are also pleased to say that all the commercial agreements with the main affinity groups were renewed.

## Products

The commitment to create new products and revise existing products was maintained. Work during the year can be summarised as follows:

### New Products

Life business:

- "Linea Previdenza Complementare" (Supplementary Pension Line): launch of a new Vittoria Individual Pension Plan;
- "Linea Risparmio" (Savings Line): under development – a new single-premium whole-life product;
- "Linea Protezione" (Protection Line): launch of a new annual-premium whole-life product for military schools as part of the multi-category initiative "Oggi per il domani" (Today for Tomorrow);
- Among Collective products:
  - launch of a new hybrid policy for the management of provisions for post-employment benefits
  - under development – a new group one-year pure-life insurance product
  - under development – a new group one-year pure-life/total-disability insurance product.
- Implementation of six new specific products for sale via the channel acquired in 2009 with the SACE deal.

Non-Life business:

- “Linea Tutela e Infortuni” (Protection & Accident Line): a policy for Confcommercio (the Italian confederation of the service industry, professions and the self-employed) with discretionary choice of capital that can be taken out for full accident cover;
- “Linea Salute e Benessere” (Health & Wellness Line): a new product for Confcommercio relating to prevention and protection needs in the health field;
- “Linea Salute e Benessere”: a new product for Confcommercio that assures payment of a daily indemnity for hospitalization caused by accidents or illness;
- “Linea Imprese e Professioni” (Businesses & Professions Line): a multi-risk policy for retail businesses;
- “Linea Imprese e Professioni”: a multi-risk policy for retail businesses for Confcommercio;
- “Linea Imprese e Professioni”: a multi-risk policy for hotels for Confcommercio;
- “Linea Imprese e Professioni”: a multi-risk policy for hotels;
- “Responsabilità Civile Prodotti Esportazione in Usa, Canada e Messico” (Product TPL – Export to USA, Canada and Mexico): new product.
- “Linea Strada” (Road Line): introduction of the new price for customers who do not belong to affinity groups (1st edition, September 2009).

Revamped Products

Life business:

- “Linea Investimento” (Investment Line): updating of the proposal form;
- “Linea Risparmio” (Savings Line): updating of the information booklet and of the proposal form;
- “Linea Protezione” (Protection Line): updating of information booklet and of the insurance proposal;
- Assicurazione Complementare Infortuni (Complementary Accident Insurance): the structure of complementary accident insurance linked to Life contracts was revised, introducing the wider concept of road accident and eliminating the guarantee covering permanent disability;
- “Linea Protezione”: the conditions for underwriting term-life and whole-life products were adjusted, raising the limit for underwriting without a medical examination, based on analysis of our portfolio and of claim statistics for the last five years;
- Lastly, all information booklets were revised to bring them into line with the rules introduced by ISVAP Regulation no. 35, which came into force at the end of the year.

Non-Life business:

The insurance conditions and information notes were updated for the products: “Linea Tutela Infortuni” (Protection & Accident Line), “Linea Strada” (Road Line), “Linea Imprese e Professioni” (Business & Professions Line), and “Linea Salute e Benessere” (Health & Wellness Line). Prices were adjusted for the products “Linea Salute e Benessere” and “Linea Patrimonio” (Assets Line). Territorial prices were introduced for the products “Linea Imprese e Professioni”, “Linea Patrimonio” and “Linea Tutela e Infortuni”. For the product “Linea Salute e Benessere” adjustments were made to maximum amounts coverable, reimbursement limits and excesses; in addition the product’s contents were updated. è provveduto all’adeguamento dei massimali, dei limiti di rimborso e delle franchigie; sono stati inoltre aggiornati i contenuti del prodotto. Moreover, for the products “Linea Imprese e Professioni” and “Rischi Commerciali, piccole industrie e rischi vari incendio” (Commercial risks, small industrial businesses and miscellaneous fire risks).

## Overhead costs – direct business

The total amount of personnel costs, other costs, and depreciation & amortisation charges, before allocation to specific functions, i.e. claims handling, business production organisation, and asset administration, amounted to € 72,541 thousand vs. € 66,166 thousand in 2009, with an increase of 9.6% YoY.

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

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

(in thousands of euros)			
	31/12/2010	31/12/2009	Change %
Personnel expenses	38,010	34,882	9.0
Other costs	27,089	25,105	7.9
Depreciations	7,442	6,179	20.5
<b>Gross Operating Costs</b>	<b>72,541</b>	<b>66,166</b>	<b>9.6</b>

Overhead costs as a percentage of total direct insurance premiums were 8.9% (vs. 9.9% in FY2009); the decrease was reached thanks to a severe cost control. This fact is to be valued in light of the higher costs stemming from the implementation of the five-year plan that calls for development and reinforcement of the in-house organisation set up to support the expected increase in agency and sub-agency sales networks.

## Operating costs – direct business

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

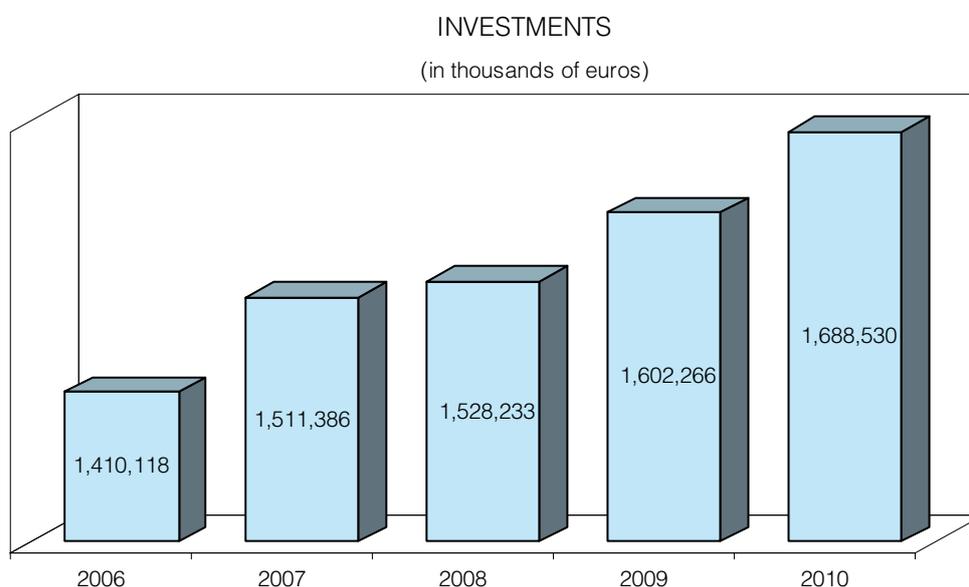
(in thousands of euros)			
	31/12/2010	31/12/2009	Change %
Operating Costs, net of expenses transferred to acquisition, claims handling and investment management expenses (A)	47,892	43,826	9.3
- Acquisition and collection costs	118,205	100,053	18.1
- Other acquisition costs (net of operating expenses)	12,455	8,311	49.9
<b>Total Acquisition Costs (B)</b>	<b>130,660</b>	<b>108,363</b>	<b>20.6</b>
<b>Total Overheads (A+B)</b>	<b>178,552</b>	<b>152,189</b>	<b>17.3</b>
<b>Percentage of Premiums Written</b>	<b>21.8%</b>	<b>22.7%</b>	

## Investments

Investments reached a value of € 1,688,530 thousand with an increase of 5.4% YoY.

Their breakdown is shown in the table below:

(in thousands of euros)			
Investments	31/12/2010	31/12/2009	Change %
<b>Land and buildings</b>	<b>18,921</b>	18,872	0.3
<b>Investments in group and other companies</b>			
- Equity investments	277,416	234,104	18.5
- Loans	5,200	3,064	69.7
<b>Other financial investments:</b>			
- Unit trust units	10,433	6,496	60.6
- Bonds and other fixed-interest securities	1,288,057	1,251,304	2.9
- Loans	10,760	11,308	-4.9
- Other financial investments	1,038	1,038	n.d
Deposits with ceding companies	249	280	-11.1
<b>Total investments where the company bears the risk</b>	<b>1,612,074</b>	1,526,466	5.6
Investments benefiting life policyholders bearing the risk	76,456	75,800	0.9
<b>Total investments</b>	<b>1,688,530</b>	1,602,266	5.4
Bank accounts and cash-in-hand	<b>61,837</b>	44,779	38.1



The weight average ordinary return of bonds and other fixed-income securities was 3.8% (4.1% in FY2009).

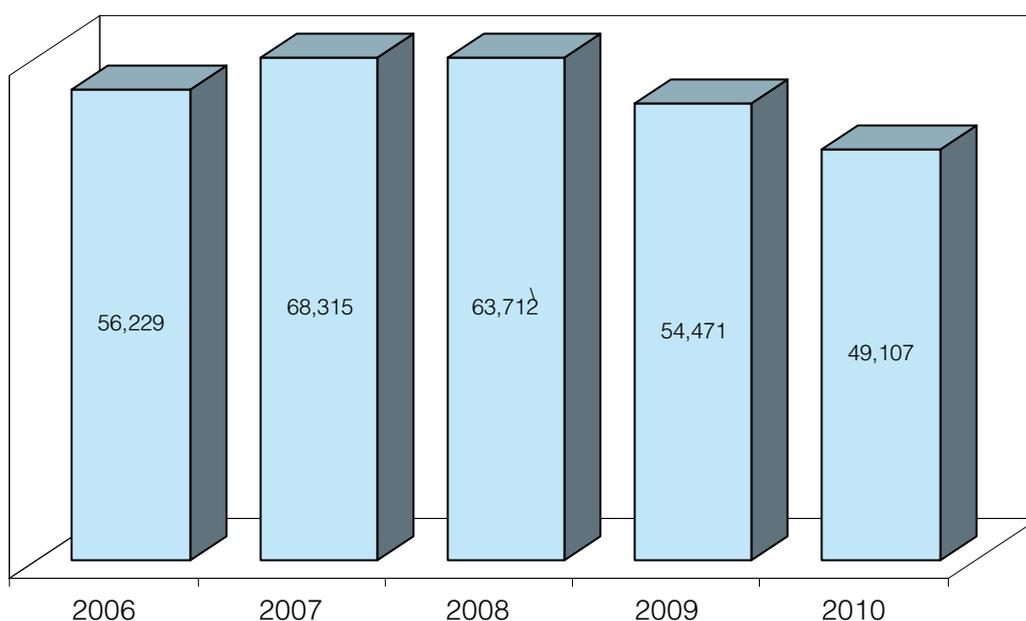
(in thousands of euros)

	31/12/10		31/12/09		Change %
	Amount	% of breakdown	Amount	% of breakdown	
<b>Income on investments</b> (net of related costs)					
<b>Income on equity investments</b>	3,693	7.2	5,532	10.7	-33.2%
<b>Income on other investments:</b>					
- land and buildings	79	0.2	77	0.1	2.6%
- bonds and other fixed-interest securities	47,472	93.2	46,637	89.9	1.8%
- income on unit trust units	200	0.4	63	0.1	217.5%
- interest on loans	504	1.0	575	1.1	-12.3%
- interest on deposits with ceding companies	-999	-2.0	-995	-1.9	0.4%
<b>Total income</b>	<b>50,949</b>	<b>100.0</b>	<b>51,889</b>	<b>100.0</b>	<b>-1.8</b>
<b>Adjustments to investment values:</b>					
- equity investments	-36	1.5	-495	-19.9	
- bonds and other fixed-interest securities	-2,406	98.5	2,978	119.9	
<b>Total adjustments to investment values:</b>	<b>-2,442</b>	<b>100.0</b>	<b>2,483</b>	<b>100.0</b>	
<b>Profit on sale of investments:</b>					
- unit trust units	-	0.0	84	84.8	
- bonds and other fixed-interest securities	600	100.0	15	15.2	
<b>Total profit on sale of investments</b>	<b>600</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	
<b>Total income on investments where the company bears the risk</b>	<b>49,107</b>		<b>54,471</b>		<b>-9.8</b>
<b>Net income on investments benefiting life policyholders bearing the risk</b>	<b>6,188</b>		<b>14,666</b>		
<b>Total</b>	<b>55,295</b>		<b>69,137</b>		<b>-20.0</b>

The reduction of net income on investments where the Company bears the risk (€ 5,364 thousand) was largely due (€ 4,925 thousand) to the change in adjustments to investment value and related write-backs. In 2009 the balance was positive by € 2,483 thousand and – basically because of oscillations in the value of Italian government bonds classified in the trading portfolio – and negative in 2010 by € 2,442 thousand. Equity investments (prevalently in real estate companies) will yield a benefit in the next few FYs, thanks to dividends consequent to distribution of the future earnings forecast and in part already achieved, as shown in the Company's 2010 Consolidated Annual Financial Report.

The following chart highlights the income earned from capital and financial investments in the last five FYs.

NET INCOME ON INVESTMENTS (in thousands of euros)



## Real estate

The book value of real estate at 31 December 2010 was € 18,921 thousand, including € 783 thousand for operating buildings used by the Company, € 13,479 thousand for buildings loaned free of charge to agencies and € 4,659 thousand for buildings used by third parties.

The increase from 31 December 2009 is € 49 thousand and is related to restructuring in property assets.

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

Investments in the bonds and other fixed-interest securities consist in Eurozone government securities totalling € 304,265 thousand, of which € 142,968 thousand classified as investment; the portfolio also increased by € 548 thousand for acquisitions from policy redemptions pursuant to Article 41(2) Legislative Decree 209 of 7 September 2005.

During the financial year were reclassified investments with a maturity of less than two years from investment portfolio to trading portfolio for € 64,408 thousand and besides fixed-interest rate securities were sold for € 55,597 of which € 23,109 thousand classified as investment, realizing capital gain for € 2,359 thousand.

During the financial year, were purchased unit funds for € 4,000 thousand, and obtained the partial reimbursement of closed-end real estate funds for € 63 thousand. Besides, was obtained as partial cash advance stemming from the Bond Swissair's settlement process in default for € 49 thousand, accounting as a capital gain.

During the year, equity holdings held as long-term investments, excluding subsidiaries, associated companies and affiliates, were the following:

- BCM & Partners LLP: the holding in the asset management company was sold, with cash-in of € 183 thousand and recognition of a capital loss of € 24 thousand;
- Immobiliare Adamello S.r.l.: the holding in the real estate company was sold, with cash-in of € 101 thousand and recognition of a capital loss of € 110 thousand;
- Downall Italia S.r.l.: € 12 thousand were paid to cover losses and capital reconstruction.

Transactions involving subsidiaries, associates and affiliates regarded:

- Lauro 2000 S.r.l.: € 30,000 thousand were paid as additional paid-in capital, of which € 22,500 thousand for additional paid-in capital;
- Gima Finance S.A.: € 5,689 thousand were paid as additional paid-in capital;
- Laumor Holdings Sarl: € 164 thousand were paid as additional paid-in capital;
- Vittoria Service S.r.l.: € 385 thousand paid for capital increase;
- Immobiliare Bilancia Terza S.r.l.: € 36 thousand paid to cover losses;
- Forum Mondadori Residenze S.r.l.: € 7,480 thousand as capital increase, of which € 6,800 thousand as additional paid-in capital.

Pursuant to Article 2428(3, 4), it is certified that Vittoria Assicurazioni S.p.A. did not carry out any transaction in its own name or through trust companies or intermediaries that involved its own shares and those of the company.

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

As at 31 December 2010 these investments amounted to € 76,456 thousand (€ 75,800 thousand as 31 December 2009).

Of the total € 19,164 thousand related to unit-linked policies linked to funds outside the company, € 34,607 thousand to unit-linked policies linked to the company's internal funds, € 12,060 thousand to index-linked policies and € 10,625 thousand to the Vittoria Formula Lavoro open-ended pension fund.

Overall net return was positive by € 6,188 thousand (€14,666 thousand in 2009).

## Investment and financial risk management & analysis policies

### Financial risk management

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

#### Investment policies: objectives

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

Investments are managed according to the following objectives:

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

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

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

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

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

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

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

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

## Procedures

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

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

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

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

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

## Financial risk analysis

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

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

## Securities portfolio breakdown

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

(in thousands of euros)

Investment nature	Amount 31/12/2010	% of breakdown	Amount 31/12/2009	% of breakdown
<b>DEBT SECURITIES</b>	<b>1,288,057</b>	<b>96.3%</b>	<b>1,251,304</b>	<b>96.5%</b>
<b>Listed treasury bonds:</b>	<b>1,209,569</b>	<b>90.5%</b>	<b>1,174,687</b>	<b>90.5%</b>
Fixed-interest rate	929,000	69.5%	871,119	67.1%
Variable interest rate	280,569	21.0%	303,568	23.4%
<b>Unlisted treasury bonds:</b>	<b>2,137</b>	<b>0.2%</b>	<b>2,312</b>	<b>0.2%</b>
Variable interest rate	2,137	0.2%	2,312	0.2%
<b>Listed corporate bonds:</b>	<b>60,626</b>	<b>4.5%</b>	<b>59,109</b>	<b>4.6%</b>
Fixed-interest rate	45,129	3.4%	43,613	3.4%
Variable interest rate	15,497	1.2%	15,496	1.2%
<b>Unlisted corporate bonds:</b>	<b>1,824</b>	<b>0.1%</b>	<b>1,786</b>	<b>0.1%</b>
Fixed-interest rate	1,824	0.1%	1,786	0.1%
<b>Listed bonds of supranational issuers:</b>	<b>13,901</b>	<b>1.0%</b>	<b>13,410</b>	<b>1.0%</b>
Fixed-interest rate	13,901	1.0%	13,410	1.0%
of which				
Total fixed-interest securities	989,854	76.8%	929,928	74.3%
Total variable-interest securities	298,203	23.2%	321,376	25.7%
<b>Total debt securities</b>	<b>1,288,057</b>	<b>100.0%</b>	<b>1,251,304</b>	<b>100.0%</b>
of which				
Total listed securities	1,284,096	99.7%	1,247,206	99.7%
Total unlisted securities	3,961	0.3%	4,098	0.3%
<b>Total debt securities</b>	<b>1,288,057</b>	<b>100.0%</b>	<b>1,251,304</b>	<b>100.0%</b>
<b>EQUITY INSTRUMENTS (*)</b>	<b>39,125</b>	<b>2.9%</b>	<b>39,531</b>	<b>3.0%</b>
listed shares	17,751	1.3%	17,751	1.4%
unlisted equity instruments	21,374	1.6%	21,780	1.7%
<b>OEIC UNITS</b>	<b>10,433</b>	<b>0.8%</b>	<b>6,496</b>	<b>0.5%</b>
<b>TOTAL</b>	<b>1,337,615</b>	<b>100.0%</b>	<b>1,297,331</b>	<b>100.0%</b>

(\*) excluding investments in participating interests

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

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

(in thousands of Euros)				
Investment nature	Amount 31/12/2010	% of breakdown	Amount 31/12/2009	% of breakdown
<b>DEBT SECURITIES</b>	<b>1,288,057</b>	<b>96.3%</b>	<b>1,251,304</b>	<b>96.5%</b>
<b>FIXED INTEREST RATE SECURITIES</b>	<b>989,854</b>		<b>929,928</b>	
of which Investment portfolio	894,580		862,665	
of which Trading portfolio	95,274		67,263	
<b>VARIABLE INTEREST RATE SECURITIES</b>	<b>298,203</b>		<b>321,376</b>	
of which Investment portfolio	55,123		55,296	
of which Trading portfolio	243,080		266,080	
<b>EQUITY INSTRUMENTS (*)</b>	<b>39,125</b>	<b>2.9%</b>	<b>39,531</b>	<b>3.0%</b>
<b>OEIC UNITS</b>	<b>10,433</b>	<b>0.8%</b>	<b>6,496</b>	<b>0.5%</b>
of which Investment portfolio	6,367		6,430	
of which Trading portfolio	4,066		66	
<b>TOTAL</b>	<b>1,337,615</b>	<b>100.0%</b>	<b>1,297,331</b>	<b>100.0%</b>

(\*) excluding investments in participating interests

### Market risk

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

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

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

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

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

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled € 989,854 thousand (76.8% of the bond portfolio with investment risk borne by the company), of which € 894,580 thousand classified among investment securities (i.e. for long-lasting utilisation) and € 95,274 thousand among trading securities (for temporary utilisation).

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled € 298,203 thousand (23.2% of the bond portfolio with investment risk borne by the company), of which € 55,123 thousand classified among investment securities and € 243,080 thousand among trading securities.

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

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

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

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

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

<b>Fixed - interest securities</b>		(in thousands of euros)	
<b>Maturity</b>	<b>Amount</b>	<b>% of breakdown</b>	
< 1 year	80,913	8.2%	
1<X<2	90,102	9.1%	
2<X<3	83,038	8.4%	
3<X<4	62,206	6.3%	
4<X<5	79,735	8.1%	
5<X<10	489,378	49.4%	
more	104,482	10.6%	
<b>Total</b>	<b>989,854</b>	<b>100.0%</b>	

<b>Variable - interest securities</b>		(in thousands of euros)	
<b>Type of rate</b>	<b>Indexation</b>	<b>Amount</b>	<b>% of breakdown</b>
Constant mat. Swap	Euroswap 10Y	32,491	10.9%
Constant mat. Swap	Euroswap 30Y	7,995	2.7%
variable	3 months treasury bonds	2,137	0.7%
Variable	6 months treasury bonds	243,080	81.5%
Variable	other	12,500	4.2%
<b>Total</b>		<b>298,203</b>	<b>100.0%</b>

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

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

As at 31/12/2010, investments in equity securities (excluding equity interests in subsidiaries, affiliates, and associates) amounted to € 39,125 thousand, of which € 17,751 thousand relating to listed stocks and € 21,374 thousand to unlisted stocks.

The company is not exposed to foreign **exchange risk** since, as at 31/12/2010, all investments for which it bears the risk are expressed in euro, observing the principle of consistency with technical reserves.

### Liquidity risk

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

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

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

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

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

## Credit risk

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

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

(in thousands of euros)

Rating (Standard & Poor's)	Amounts	% of breakdown
AAA	184,394	14.3%
AA+ / AA-	42,238	3.3%
A+ / A-	1,041,428	80.9%
BBB+ / BBB-	12,500	1.0%
Total investment grade	1,280,560	99.5%
Non investment grade	7,497	0.5%
<b>Total</b>	<b>1,288,057</b>	<b>100.0%</b>

## “Victoria Assicurazioni SpA Fixed/Floater 2001/2016 subordinated bond issue convertible into ordinary shares” (ISIN: IT0003184758)

In February 2010, having obtained the necessary authorization from the ISVAP (the Italian supervisory authority for insurance) and availing itself of Article 9.2 of the related Regulation, Vittoria Assicurazioni announced early repayment, on 1 January 2011, of the bonds “Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 Subordinated Loan Convertible into Ordinary Shares” still outstanding.

As envisaged by the loan’s Regulation, bondholders were allowed to request, as an alternative to repayment and by the deadline of 27 December 2010, conversion into Vittoria Assicurazioni shares, at a ratio of 2 newly issued shares for each bond. At the end of the conversion period 60,538 bonds remained, for a total par value of € 290,582.40. These bonds were reimbursed at par with payment of interest accrued at a pre-tax rate of 5.5%.

Upon conclusion of the operation, the share capital of Vittoria Assicurazioni S.p.A. amounted to € 67,378,924 fully subscribed and paid in.

## Human resources

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

We pursue this objective via:

- assessment of candidacies based on the match between requirements and the professional profiles to acquired. The priority for identification of resources is internal recruitment, to aid professional growth. When in-house candidacies consistent with the profile sought cannot be identified, external market recruitment processes are activated to hire particularly qualified people in terms of their academic background and/or professional experience acquired in the sector;
- commitment to providing training appropriate to the role covered by each person, consistently with the Company’s objectives and strategies. The Vittoria Assicurazioni Group in fact believes that human resources play a key role in the value creation process and, because of this, it pays special attention to planning training and development activities;
- preference for forms of flexibility in organising work, respecting individual/family and company needs;
- prevention of all forms of discrimination;

- adoption of a reward system based on assignment of personal or group targets to specific professional figures;
- constant commitment to achieving workplaces and units that not only comply with legal safety standards, to protect the health of those using them, but are also pleasant places in which to be.

## Personal data protection code

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

Vittoria Assicurazioni SpA issued on 30 March 2010 an updated version of its Personal Data Security Policy, originally drawn up on 30 June 2003, within the deadline required by current regulations.

## Information concerning adherence to codes of conduct

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

The annual report on adherence of codes of conduct and on observance of consequent commits established by article 123/2 of T.U.F. has been prepared according to the format published by Borsa Italiana SpA on February 2010.

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

## Shares of Vittoria Assicurazioni S.p.A. and its subsidiaries held by directors, statutory auditors and strategically accountable managers as at 31 December 2010

(pursuant to Article 79 of CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments and additions)

Name	Company held	Number of shares held at the end of 2009	Number of shares purchased or subscribed	Number of shares sold	Number of shares held at the end of 2010
<b>Vittoria Assicurazioni S.p.A.</b>					
Marco Brignone	Directly	-	20,000	-	20,000
Costa Giorgio	Directly	37,398	-	-	37,398
Acutis Carlo	Through Subsidiary Company	38,528,360	136,040	-	38,664,400
Acutis Andrea	Directly	64,822	52,908	-	117,730
Guarena Roberto	Directly / Through family	26,950	-	-	26,950
Acutis Biscaretti di Ruffia Adriana	Directly	64,750	-	-	64,750
Baggi Sisini Francesco	Through Subsidiary Company	3,719,170	-	-	3,719,170
Marsani Pietro Carlo	Directly	4,000	-	-	4,000
Marsiaj Giorgio	Directly	344,644	-	-	344,644
Paveri Fontana Luca	Directly	62,000	-	-	62,000
Versino Corrado (1)	Directly	-	9,014	-	9,014
Directors with strategic responsibilities		88,934	20,070	-	109,004

1) shares were bought before the appointment as standing statutory auditor

## Disclosure of existence of groups, pursuant to Article 2497/2 of Italian Civil Code

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

### Real estate companies

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

### Service companies

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

## Infragroup and related-party transactions

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

This section sets out the financial and business transactions carried out during the year with Group companies. Information about the companies and additional information are provided in the Explanatory Notes, Part C – Other Information and in the Consolidated Annual Report & Accounts.

## Transactions and relationships with companies

The Group has no financial or commercial relationships with the direct company Vittoria Capital N.V. and the indirect companies Yafa Holding B.V., The Netherlands, and Yafa S.p.A. The companies do not engage in management and coordination of the Group, insofar as they merely serve as holding companies.

## Transactions with subsidiaries

### **Vittoria Immobiliare S.p.A. – Milan (87.24% interest)**

For the list of the subsidiary and associate companies of Vittoria Immobiliare S.p.A., readers should refer to the Consolidated Annual Financial Report of the Vittoria Group.

Vittoria Assicurazioni S.p.A. provided companies of the Vittoria Immobiliare Group with services for a fee of € 319 thousand plus VAT and entrusted to Gestimmobili S.r.l. (indirectly control) with accounting management of property assets, logistical and property management and management of the agencies and claims settlement inspectorates, as well as with the preparation of appraisals for the granting of mortgage loans. For these activities fees amount to € 323 thousand plus VAT were paid.

### **Lauro 2000 S.r.l. – Milan (100% direct equity interest)**

On 19 March 2010 marked the conclusion of execution of the capital increase resolved by the Shareholders' Meeting of Lauro 2000 S.r.l. on 6 July 2009, taking share capital up to € 22,500 thousand.

On 25 June 2010 the Shareholders' Meeting of Lauro 2000 S.r.l. resolved on a capital increase of up to € 30,000 thousand, with share premiums of € 22,500 thousand, to be executed in various stages.

Following the payments made by Vittoria Assicurazioni S.p.A., as at 31 December 2010 the subsidiary's share capital had thus risen to € 27,500 thousand.

Vittoria Assicurazioni provided the subsidiary with services for the amount of € 82 thousand plus VAT and incurred costs charged by the subsidiary for capital assets and furnishings for the Company's future headquarters for the amount of € 22,345 thousand plus VAT, charged to the parent company based on an agency agreement between the parties concerning completion of the new Company headquarters.

### **Immobiliare Bilancia S.r.l. – Milan (100% direct equity interest)**

Immobiliare Bilancia paid the Company a dividend of € 3,182 thousand.

Vittoria Assicurazioni provided services to the subsidiary for the amount of € 17 thousand plus VAT.

### **Immobiliare Bilancia Prima S.r.l. – Milan (100% direct equity interest)**

Vittoria Assicurazioni provided services to the subsidiary for the amount of € 9 thousand plus VAT.

### **Immobiliare Bilancia Seconda S.r.l. – Milan (100% direct equity interest)**

Transactions with the subsidiary refer to the balance stemming from participation in domestic tax consolidated.

### **Immobiliare Bilancia Terza S.r.l. – Milan (100% direct equity interest)**

During the FY Vittoria Assicurazioni paid € 36 thousand to the subsidiary to cover losses. At present, the company is not operational.

### **Forum Mondadori Residenze S.r.l.- Milan (100% direct equity interest)**

On 9 December 2010 the Shareholders' Meeting of Forum Mondadori Residenze S.r.l. resolved to increase share capital as follows:

- a capital increase of a nominal amount of € 230 thousand, with share premium of € 2,300 thousand, executed simultaneously with the resolution and set against the payment of € 2,530 thousand in total previously made by the sole shareholder Vittoria Assicurazioni S.p.A.;
- a further capital increase, by a nominal amount of € 670 thousand with share premium of € 6,700 thousand, to be executed also in several stages, by 31/03/2011.

Following the payments made by Vittoria Assicurazioni S.p.A., as at 31 December 2010 the subsidiary's share capital amounted to € 780 thousand.

At the end of 2010 the company purchased a property complex in the southern zone of Milan for a refurbishment and trading operation.

**Interbilancia S.r.l. – Milan (80% direct equity interest)**

Interbilancia has the following shareholdings in its portfolio:

Aspevi Milano S.r.l. (già A.Spe.Vi S.r.l.)	Milan	100% equity interest
Aspevi Roma (già Vittoria.net S.r.l.)	Rome	100% equity interest
Plurico S.r.l.	Milan	100% equity interest
Le Api S.r.l.	Milan	100% equity interest

Aspevi Roma S.r.l. owns a 38.61% interest in Consorzio Movincom S.c.r.l., for the development of payments via mobile telephones. Vittoria Assicurazioni owns a 0.965% stake in the same company.

On 24 September 2010 Plurico S.r.l., a one-person company wholly owned by Interbilancia S.r.l., was set up. The company has applied for registration in Section E of the Italian Single Register of Insurance Brokers.

Vittoria Assicurazioni granted Interbilancia S.r.l. a loan featuring a balance of € 50 thousand and provided services for the amount of € 27 thousand plus VAT.

The companies of the Interbilancia Group provided your Company with services for € 682 thousand. For intermediation activity they received commissions and contributions totalling € 3,484 thousand.

**Vittoria Properties S.r.l. – Milan (99% direct equity interest)**

During the FY € 83 thousand was paid to Vittoria Properties S.r.l. for rents and expense refund relating to property rental.

**Vittoria Service S.r.l. – Milan (70% direct equity interest)**

On 1 April 2010 Vittoria Assicurazioni S.p.A. and Vittoria Immobiliare S.p.A. respectively paid € 385 thousand and € 165 thousand, for a total of € 550 thousand, to the company, for the capital increase reserve.

Vittoria Assicurazioni provided services to the company for a fee of € 9 thousand plus VAT.

Vittoria Assicurazioni S.p.A. has a net credit receivable from subsidiaries of € 817 thousand for domestic tax consolidation and € 152 thousand for Group VAT.

The Consolidated Annual Financial Report illustrates Group companies' business activity in greater detail.

Transactions with associate companies and joint ventures

**Yam Invest N.V. – The Netherlands (18.75% direct equity interest)**

**White Finance S.A. – Luxembourg (32.17% direct equity interest)**

**Yarpa S.p.A. – Genoa (25.90% direct equity interest)**

**Touring Vacanze S.r.l. – Milan (24% direct equity investment)**

No commercial or supply relationships were maintained during the period.

**Laumor Holdings S.a.r.l. – Luxembourg (29% direct equity interest)**

During the financial year, the Company paid the associate € 164 thousand for the increase in additional paid-in capital.

No commercial or supply relationships were maintained during the period.

**Gima Finance S.A. – Luxembourg (32.13% direct equity interest)**

A total of € 5,689 thousand was paid to the associate by Vittoria Assicurazioni towards an increase in additional paid-in capital.

**S.In.T. S.p.A. – Turin (48.19% direct equity interest)**

The services of S.In.T. S.p.A. were used in FY 2010 for other commercial agreements made by the company, for an aggregate cost of € 900 thousand plus VAT.

**Le Api S.r.l. – Milan (30.00% equity interest through Interbilancia S.r.l.)**

The associate provided the parent company with services for € 683 thousand plus VAT.

**Consorzio Movincom S.c.r.l. – Turin (0.97% direct equity investment and 38.61% equity interest through Aspevi Roma S.r.l.)**

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

The associate billed costs for € 24 thousand plus VAT in FY 2010.

**Spefin Finanziaria S.p.A. – Rome (21% equity interest through Vittoria Service S.r.l.)**

The parent company granted a profitable loan for € 5,000 thousand to the associate.

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

## Performance in early months of FY2011 and business outlook

On 17 January 2011 Vittoria Assicurazioni S.p.A., by way of partial execution of the capital increase resolved by the Shareholders' Meeting on 25 June 2010, paid to Lauro S.r.l. a further total amount of € 5,000 thousand, of which € 1,250 thousand of capital increase and € 3,750 thousand as share previous. The share capital of Lauro 2000 S.r.l. thus amounts to € 28,750 thousand.

On 17 February 2011 the Extraordinary Meeting of shareholders of SINT S.p.A. passed the following resolutions:

- a bonus capital increase of € 1,000 thousand to € 2,000 thousand via use of the "retained earnings reserve"
- a capital increase of € 2,000 thousand to € 5,000 thousand, to be executed in three different instalments by 31.12.2013, of which 40% by the end of 2011, 30% by the end of 2012 and 30% by the end of 2013. Vittoria Assicurazioni has subscribed its share of the first instalment with payment of € 578 thousand into the capital increase reserve on 14 February 2011.

On 28 February Vittoria Assicurazioni S.p.A. paid € 515 thousand to Gima Finance S.A. to go into the share premium reserve.

By the end of April the Company will transfer to its new offices owned by the Group, located in the Portello area of Milan.

## Allocation of earnings

*Shareholders,*

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

Net profit of Non-Life Business	€	20,984,737
Net profit of Life Business	€	8,270,939
Total (equal to € 0.4342 per share)	€	29,255,676
Allocation to Non-Life Business Legal Reserve	€	1,049,237
Allocation to Life Business Legal Reserve	€	413,547
Total available net profit	€	27,792,892
of which:		
Available net profit of Non-Life Business	€	19,935,500
Available net profit of Life Business	€	7,857,392

Shareholders,

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

to each of the 67,378,924 shares comprising the entire share capital, € 0,17 for a total of € 11,454,417. Remaining, € 16,338,475 which we propose to allocate the total amount to increasing the Available Reserve for Non-Life Business.

If you agree with and approve our proposal, the dividend will be paid as from 19 May 2011 c/o custodian intermediaries with detachment of coupon number 29 on 16 May 2011.

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

The Board of Directors

Milan, 14 March 2011



Financial statements  
as at and for the year ended  
31 December 2010



Previous year

					181	0
		182	0			
183	2,767,805					
184	4,386,480	185	7,154,285			
		186	0			
		187	13,066			
		188	3,162,659			
		189	28,604,253		190	38,934,261
		191	783,000			
		192	18,088,776			
		193	0			
		194	0			
		195	0	196	18,871,776	
197	0					
198	157,115,979					
199	0					
200	37,457,103					
201	39,530,780	202	234,103,862			
203	0					
204	0					
205	0					
206	0					
207	0	208	0			
209	0					
210	563,892					
211	0					
212	0					
213	2,500,001	214	3,063,893	215	237,167,755	
		to carry forward				
						38,934,261

# BALANCE SHEET

## ASSETS

Current year

	brought forward			43,752,930
C. INVESTMENTS (continues)				
III - Other financial investments:				
1. Equity investments				
a) Listed shares	36	0		
b) Unlisted shares	37	0		
c) Quotas	38	0	39	0
2. Unit trust units			40	10,432,988
3. Bonds and other fixed-interest securities				
a) listed	41	1,284,095,394		
b) unlisted	42	3,961,579		
c) convertible bonds	43	0	44	1,288,056,973
4. Loans				
a) secured loans	45	5,786,550		
b) loans on policies	46	3,496,301		
c) other loans	47	1,477,100	48	10,759,950
5. Shares in investment pools			49	0
6. Deposits with banks			50	0
7. Other financial investments			51	1,038,335
IV - Deposits with ceding companies			52	1,310,288,246
			53	248,940
			54	1,612,074,914
D. INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND STEMMING FROM PENSION FUND MANAGEMENT				
I - Investments relating to index-linked policies			55	65,831,417
II - Investments relating to pension fund management			56	10,624,931
			57	76,456,348
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES				
I - NON-LIFE BUSINESSES				
1. Premium reserve	58	12,500,992		
2. Claims reserve	59	39,501,155		
3. Profit participation and reimbursement reserve	60	0		
4. Other technical reserves	61	0	62	52,002,148
II - LIFE BUSINESSES				
1. Mathematical reserves	63	21,207,396		
2. Complementary insurance premium reserve	64	0		
3. Reserve for payable amounts	65	372,901		
4. Profit participation and reimbursement reserve	66	0		
5. Other technical reserves	67	21,905		
6. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	68	0	69	21,602,202
			70	73,604,349
				1,805,888,541
			to carry forward	

Previous year

	brought forward		38,934,261
216	0		
217	0		
218	0	219	0
		220	6,495,544
221	1,247,205,714		
222	4,098,516		
223	0	224	1,251,304,230
225	3,046,168		
226	3,773,446		
227	4,488,496	228	11,308,110
		229	0
		230	0
		231	1,038,335
		232	1,270,146,219
		233	280,155
		234	1,526,465,905
		235	66,978,557
		236	8,821,216
		237	75,799,773
		238	9,658,088
		239	44,274,350
		240	0
		241	0
		242	53,932,438
		243	19,926,354
		244	0
		245	372,901
		246	0
		247	22,500
		248	0
		249	20,321,755
		250	74,254,193
	to carry forward		1,715,454,133

# BALANCE SHEET

## ASSETS

Current year

	brought forward			1,805,888,541
<b>E. RECEIVABLES</b>				
I - Receivables relating to direct insurance due from:				
1. Policyholders				
a) premiums for the year	71	51,244,534		
b) premiums for previous years	72	7,725,492	73	58,970,026
2. Insurance brokers and agents			74	69,430,172
3. Current account companies			75	8,420,481
4. Amounts to be recovered from policyholders and third parties	76	47,196,115	77	184,016,793
II - Receivables relating to reinsurance due from:				
1. Insurance and reinsurance companies			78	3,638,068
2. Reinsurance brokers and agents	79	0	80	3,638,068
III. - Other receivables			81	21,530,449
			82	209,185,310
<b>F. OTHER ASSETS</b>				
I - Tangible assets and inventory:				
1. Office furniture and machines and internal transport systems	83	6,518,279		
2. Registered chattel property	84	8,200		
3. Plant and machinery	85	965,018		
4. Inventory and other assets	86	0	87	7,491,497
II - Liquid funds				
1. Bank and postal accounts	88	61,828,444		
2. Cheques on hand and cash-in-hand	89	8,807	90	61,837,251
III - Own shares or quotas			91	0
IV - Other assets				
1. Suspense reinsurance accounts	92	0		
2. Sundry assets	93	24,496,795	94	24,496,795
			95	93,825,543
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>				
1. Interest			96	16,014,815
2. Rent instalments			97	423,724
3. Other prepayments and accrued income			98	3,459,767
			99	19,898,307
<b>TOTAL ASSETS</b>			100	2,128,797,701

Previous year

	brought forward		1,715,454,133
251	45,088,964		
252	6,385,285	253	51,474,249
		254	54,035,830
		255	10,846,331
		256	36,031,119
		257	152,387,528
		258	5,303,253
		259	0
		260	5,303,253
		261	28,655,970
		262	186,346,752
		263	2,870,876
		264	12,300
		265	125,534
		266	0
		267	3,008,710
		268	44,769,125
		269	9,725
		270	44,778,851
		271	0
		272	0
		273	16,158,983
		274	16,158,983
		275	63,946,544
		276	16,567,182
		277	182,257
		278	1,605,959
		279	18,355,398
		280	1,984,102,826

# BALANCE SHEET

## LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

A. SHAREHOLDERS' EQUITY				
I	- Subscribed share capital or equivalent fund	101	67,378,924	
II	- Share premium reserve	102	33,355,418	
III	- Revaluation reserves	103	10,938,990	
IV	- Legal reserve	104	9,644,667	
V	- Statutory reserves	105	0	
VI	- Reserves for purchase of own shares and shares of parent company	106	0	
VII	- Other reserves	107	144,206,925	
VIII	- Retained earnings or losses carried forward	108	0	
IX	- Net profit (loss) for the year	109	29,255,676	110 294,780,600
B. SUBORDINATED LIABILITIES				111 290,582
C. TECHNICAL RESERVES				
I - NON-LIFE BUSINESSES				
1.	Premium reserve	112	278,212,829	
2.	Claims reserve	113	605,448,676	
3.	Profit participation and reimbursement reserve	114	0	
4.	Other technical reserves	115	408,603	
5.	Equalisation reserves	116	3,246,185	117 887,316,293
II - LIFE BUSINESSES				
1.	Mathematical reserves	118	725,994,896	
2.	Complementary insurance premium reserve	119	156,312	
3.	Reserve for payable amounts	120	29,349,780	
4.	Profit participation and reimbursement reserve	121	36,155	
5.	Other technical reserves	122	12,824,403	123 768,361,545 124 1,655,677,837
D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT				
I	- Reserves arising from index-linked policies	125	65,831,417	
II	- Reserves arising from pension fund management	126	10,624,931	127 76,456,348
	to carry forward			2,027,205,367

Previous year

	281	65,788,948	
	282	31,129,451	
	283	10,938,990	
	284	8,430,189	
	285	0	
	286	0	
	287	132,315,966	
	288	0	
	289	24,289,558	290 272,893,102
			291 4,106,525
292	230,007,120		
293	549,508,324		
294	0		
295	3,773,527		
296	3,031,328	297 786,320,300	
298	721,900,276		
299	156,359		
300	23,304,393		
301	28,531		
302	12,068,568	303 757,458,128	304 1,543,778,428
		305 66,978,557	
		306 8,821,216	307 75,799,773
to carry forward			1,896,577,828

# BALANCE SHEET

## LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

	brought forward			2,027,205,367
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES				
1 Pension and similar provisions		128	0	
2 Provision for taxation		129	839,866	
3 Other provisions		130	741,337	131 1,581,203
F. DEPOSITS FROM REINSURERS				132 27,662,248
G. PAYABLES AND OTHER LIABILITIES				
I - Payables arising from direct insurance business due to:				
1. Insurance brokers and agents	133	3,557,582		
2. Current account companies	134	2,221,846		
3. Guarantee deposits and premiums paid by policyholders	135	143,581		
4. Guarantee funds in favour of policyholders	136	2,419,103	137 8,342,111	
II - Payables arising from reinsurance business due to:				
1. Insurance and reinsurance companies	138	9,040,705		
2. Reinsurance brokers and agents	139	0	140 9,040,705	
III. - Bond issues			141	0
IV - Due to banks and other financial institutions			142	0
V - Secured debts			143	0
VI - Sundry loans and other financial payables			144	0
VII - Employees' leaving entitlement			145	3,972,155
VIII - Other sums payable				
1. Policyholders' tax due	146	14,896,724		
2. Other sums payable to taxation authorities	147	1,836,642		
3. Social security charges payable	148	2,075,885		
4. Sundry payables	149	15,837,211	150 34,646,462	
IX - Other liabilities				
1. Suspense reinsurance accounts	151	0		
2. Commissions on premiums under collection	152	10,816,584		
3. Other liabilities	153	5,448,980	154 16,265,564	155 72,266,997
		to carry forward		2,128,715,816

Previous year

brought forward			1,896,577,828
	308	0	
	309	521,835	
	310	741,337	311 1,263,172
			312 23,553,806
313	3,651,136		
314	2,496,031		
315	199,098		
316	751,572	317 7,097,837	
318	7,450,643		
319	0	320 7,450,643	
		321 0	
		322 0	
		323 0	
		324 0	
		325 4,392,349	
326	11,902,735		
327	1,560,901		
328	2,016,478		
329	14,845,469	330 30,325,583	
331	0		
332	11,294,299		
333	1,889,662	334 13,183,962	335 62,450,374
to carry forward			1,983,845,180

## BALANCE SHEET

### LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			2,128,715,816
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1. Interest	156	15,982	
2. Rent instalments	157	0	
3. Other accrued expenses and deferred income	158	65,903	159 81,885
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			160 2,128,797,701

## BALANCE SHEET

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

		Current year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS			
I - Guarantees given			
1. Sureties			161 0
2. Endorsements			162 0
3. Other personal guarantees			163 20,500,000
4. Collateral			164 0
II - Guarantees received			
1. Sureties			165 6,354,000
2. Endorsements			166 0
3. Other personal guarantees			167 0
4. Collateral			168 1,899,366
III - Guarantees given by third parties in the interest of the company			
IV - Commitments			
V - Third party assets			
VI - Assets pertaining to pension funds managed in favour and on behalf of third parties			172 10,624,931
VII - Securities held by third parties			
VIII - Other memorandum and contingency accounts			
			173 1,370,818,798
			174 0

Previous year

brought forward		1,983,845,180
	336	225,859
	337	0
	338	31,787
	339	257,646
	340	1,984,102,826

Previous year

	341	0
	342	0
	343	20,500,000
	344	0
	345	6,363,373
	346	0
	347	0
	348	1,250,000
	349	0
	350	17,309,736
	351	3,893,291
	352	8,821,216
	353	1,324,483,330
	354	0

# PROFIT AND LOSS ACCOUNT

Current year

I. NON-LIFE BUSINESS TECHNICAL ACCOUNT				
1	PREMIUMS, NET OF OUTWARDS REINSURANCE			
	a) gross premiums accounted for	1	674,247,561	
	b) (-) outwards reinsurance premiums	2	35,822,208	
	c) Change in gross premium reserve	3	48,173,410	
	d) Change in reinsurer premium reserve	4	2,825,797	5
				593,077,740
2	(+) INCOME ON INVESTMENTS TRANSFERRED FROM NON-TECHNICAL ACCOUNT (Caption III.6)			6
				13,402,520
3	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE			7
				4,035,984
4	CHARGES RELATING TO CLAIMS, NET OF RECOVERIES AND OUTWARDS REINSURANCE			
	a) Amounts paid			
	aa) Gross amount paid	8	399,457,398	
	bb) (-) reinsurers' share	9	21,861,391	10
				377,596,007
	b) Change in recoveries, net of reinsurers' share			
	aa) Gross amount recovered	11	16,254,805	
	bb) (-) reinsurers' share	12	1,930,547	13
				14,324,258
	c) Change in claims reserve			
	aa) Gross amount	14	55,898,877	
	bb) (-) reinsurers' share	15	-4,809,714	16
				60,708,592
				423,980,340
5	CHANGE IN OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE			18
				-3,364,924
6	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE			19
7	OPERATING COSTS:			
	a) Acquisition commissions	20	102,233,686	
	b) Other acquisition costs	21	32,693,819	
	c) Change in commissions and other acquisition costs to be amortised	22	-197,716	
	d) Premium collection commissions	23	7,417,341	
	e) Other administrative costs	24	17,937,889	
	f) (-) Profit participation and other commissions received by reinsurers	25	8,611,447	26
				151,869,004
8	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE			27
				4,662,918
9	CHANGE IN EQUALISATION RESERVES			28
				214,856
10	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 1)			29
				33,154,050



# PROFIT AND LOSS ACCOUNT

Current year

II. LIFE BUSINESS TECHNICAL ACCOUNT				
1	PREMIUMS, NET OF OUTWARDS REINSURANCE:			
	a) Gross premiums accounted for	30	143,291,075	
	b) (-) outwards reinsurance premiums	31	1,823,213	32 141,467,862
2	INCOME ON INVESTMENTS:			
	a) Income on equity investments	33	3,181,500	
	(of which: from group companies	34	3,181,500)	
	b) Income on other investments:			
	aa) land and buildings	35		
	bb) other investments	36	31,994,978	37 31,994,978
	(of which: from group companies	38	43,916)	
	c) Adjustments to investment values	39	75,247	
	d) Profit on sale of investments	40	369,449	
	(of which: from group companies	41		42 35,621,174
3	INCOME AND NON-REALISED CAPITAL GAINS RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS BEARING THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT			43 9,259,537
4	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE			44 860,689
5	CHARGES RELATING TO CLAIMS, NET OF OUTWARDS REINSURANCE:			
	a) Amounts paid			
	aa) Gross amount paid	45	143,338,880	
	bb) (-) reinsurers' share	46	465,670	47 142,873,210
	b) Change in reserve for amounts payable			
	aa) Gross amount	48	6,045,386	
	bb) (-) reinsurers' share	49		50 6,045,386
51				148,918,596
6	CHANGE IN MATHEMATICAL RESERVES AND OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE			
	a) Mathematical reserves:			
	aa) Gross amount	52	3,859,660	
	bb) (-) reinsurers' share	53	1,281,042	54 2,578,618
	b) Complementary insurance premium reserve:			
	aa) Gross amount	55	-47	
	bb) (-) reinsurers' share	56		57 -47
	c) Other technical reserves			
	aa) Gross amount	58	755,835	
	bb) (-) reinsurers' share	59	-595	60 756,430
	d) Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management			
	aa) Gross amount	61	656,575	
	bb) (-) reinsurers' share	62		63 656,575
64				3,991,576

Previous year

		140	129,293,956			
		141	2,213,257	142	127,080,700	
		143	3,935,127			
(of which: from group companies		144	3,935,127 )			
	145					
	146	30,763,033	147	30,763,033		
(of which: from group companies		148	58,148 )			
		149	660,549			
		150	123,056			
(of which: from group companies		151	)	152	35,481,765	
				153	16,850,054	
				154	670,952	
	155	115,934,364				
	156	878,103	157	115,056,261		
	158	-197,346				
	159	122,800	160	-320,146	161	114,736,115
	162	26,643,044				
	163	1,084,899	164	25,558,145		
	165	-17,713				
	166		167	-17,713		
	168	420,163				
	169	-850	170	421,014		
	171	6,332,845				
	172		173	6,332,845	174	32,294,290

# PROFIT AND LOSS ACCOUNT

Current year

7	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE			65	7,623	
8	OPERATING COSTS:					
	a) Acquisition commissions	66	7,443,946			
	b) Other acquisition costs	67	5,984,898			
	c) Change in commissions and other acquisition costs to be amortised	68	213,559			
	d) Premium collection commissions	69	1,156,212			
	e) Other administrative costs	70	3,732,324			
	f) (-) Profit participation and other commissions received by reinsurers	71	324,168	72	17,779,653	
9	CAPITAL AND FINANCIAL CHARGES:					
	a) Investment management charges and interest payable	73	2,620,622			
	b) Adjustments to investment values	74	431,873			
	c) Loss on sale of investments	75	147,025	76	3,199,520	
10	CAPITAL AND FINANCIAL CHARGES AND NON-REALISED CAPITAL LOSSES RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS WHO BEAR THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT			77	3,071,524	
11	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE			78	204,839	
12	(-) INCOME ON INVESTMENTS TRANSFERRED TO NON-TECHNICAL ACCOUNT (caption III.4)			79	3,646,788	
13	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 2)			80	6,389,143	
<b>III. NON-TECHNICAL ACCOUNT</b>						
1	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption I. 10)			81	33,154,050	
2	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption II. 13)			82	6,389,143	
3	INCOME ON INVESTMENTS IN NON-LIFE BUSINESS:					
	a) Income on equity investments	83	631,966			
	(of which: from group companies	84	631,966			
	b) Income on other investments:					
	aa) land and buildings	85	209,651			
	bb) other investments	86	19,584,652	87	19,794,303	
	(of which: from group companies	88	26,096			
	c) Adjustments to investment values	89				
	d) Profit on sale of investments	90	377,319			
	(of which: from group companies	91		92	20,803,588	

Previous year

			175	12,744	
		176	7,431,048		
		177	5,209,865		
		178	-261,245		
		179	1,315,707		
		180	3,602,277		
		181	416,669	182	17,403,473
		183	2,407,192		
		184			
		185	42,468	186	2,449,660
				187	2,183,894
				188	305,648
				189	3,767,642
				190	6,930,004
				191	23,165,049
				192	6,930,004
		193	1,712,855		
(of which: from group companies		194	1,712,855 )		
	195	202,443			
	196	19,442,980	197	19,645,424	
(of which: from group companies			198		
		199	2,317,093		
		200	104,616		
(of which: from group companies		201		202	23,779,987

## PROFIT AND LOSS ACCOUNT

Current year

4	(+) INCOME ON INVESTMENTS TRANSFERRED FROM LIFE BUSINESS TECHNICAL ACCOUNT (caption II) 12)		93	3,646,788
5	CAPITAL AND FINANCIAL CHARGES OF NON-LIFE BUSINESS:			
	a) Investment management charges and interest payable	94	2,033,458	
	b) Adjustments to investment values	95	2,084,764	
	c) Loss on sale of investments	96		97
6	(-) INCOME ON INVESTMENTS TRANSFERRED TO NON-LIFE BUSINESS TECHNICAL ACCOUNT (caption I . 2)		98	13,402,520
7	OTHER INCOME		99	1,813,083
8	OTHER CHARGES		100	7,277,901
9	RESULT OF ORDINARY BUSINESS		101	41,008,009
10	EXTRAORDINARY INCOME		102	2,437,972
11	EXTRAORDINARY EXPENSE		103	263,165
12	RESULT OF EXTRAORDINARY ORDINARY BUSINESS		104	2,174,807
13	PROFIT (LOSS) BEFORE TAXATION		105	43,182,816
14	TAXATION ON PROFIT FOR THE YEAR		106	13,927,140
15	NET PROFIT (LOSS) FOR THE YEAR		107	29,255,676

Previous year

		203	3,767,642
		-----	
	204	1,759,082	
	-----		
	205	494,947	
	-----		
	206	86,948	207
	-----		
		208	17,118,406
		-----	
		209	2,943,971
		-----	
		210	6,627,423
		-----	
		211	34,499,847
		-----	
		212	709,184
		-----	
		213	149,338
		-----	
		214	559,846
		-----	
		215	35,059,693
		-----	
		216	10,770,135
		-----	
		217	24,289,558
		-----	



# EXPLANATORY NOTES TO ACCOUNTS

## *To Our Shareholders*

Together with the Balance Sheet and Income Statement for the financial year ending on 31 December 2010, we also submit for your approval these Explanatory Notes, which, pursuant to Article 2423 of the Italian Civil Code, are an integral part of the year-end financial statements.

## Format and content of year-end financial statements

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

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

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

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

Part A – Accounting policies

Part B – Information on the balance sheet and income statement

Part C – Other information and cash flow statement.

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

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

Restated balance sheet captions are shown net of reinsurance effects.

## Reclassified balance sheet

(in thousands of euros)

ASSETS	31/12/2010	31/12/2009
<b>Investments</b>		
Land and buildings	18,921	18,872
Investments in group and other companies		
- Equity investments	277,416	234,104
- Loans	5,200	3,064
Other financial investments:		
- Unit trust units	10,433	6,496
- Bonds and other fixed-interest securities	1,288,057	1,251,304
- Loans	10,760	11,308
- Other financial investments	1,038	1,038
Deposits with ceding companies	249	280
Investments benefiting life policyholders	76,456	75,800
<b>Total investments</b>	<b>1,688,530</b>	<b>1,602,266</b>
<b>Receivables</b>		
Receivables relating to direct insurance business from:		
- Policyholders	58,970	51,474
- Insurance brokers and agents	69,430	54,036
- Current account companies	8,420	10,846
- Amounts to be recovered from policyholders and third parties	47,196	36,031
Receivables relating to reinsurance business	3,638	5,303
Other receivables	21,530	28,656
<b>Total receivables</b>	<b>209,184</b>	<b>186,346</b>
Intangible assets	43,753	38,934
Tangible assets and inventory	7,491	3,009
Liquid funds	61,837	44,779
Other assets	24,498	16,159
Prepayments and accrued income	19,898	18,356
<b>TOTAL ASSETS</b>	<b>2,055,191</b>	<b>1,909,849</b>

(in thousands of euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2010	31/12/2009
<b>Shareholders' equity</b>		
- Share capital	67,379	65,789
- Share premium reserve	33,355	31,129
- Revaluation reserves	10,939	10,939
- Legal reserve	9,645	8,430
- Other reserves	144,207	132,316
- Net profit (loss) for the year	29,256	24,290
<b>Total shareholders' equity</b>	<b>294,781</b>	<b>272,893</b>
<b>Subordinated liabilities</b>	<b>291</b>	<b>4,107</b>
<b>Technical reserves, net of reinsurance</b>		
- Premium reserve	265,712	220,349
- Claims reserve	565,947	505,234
- Mathematical reserves	704,787	701,973
- Reserve for amounts payable	28,976	22,931
- Other technical reserves	16,649	19,038
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	76,456	75,800
<b>Total technical reserves</b>	<b>1,658,527</b>	<b>1,545,325</b>
<b>Payables</b>		
Deposits from reinsurers	27,662	23,554
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	3,558	3,651
- Current account companies	2,222	2,496
- Guarantee deposits and premiums paid by policyholders	144	199
- Guarantee funds in favour of policyholders	2,419	752
Payables arising from reinsurance business	9,041	7,451
Other sums payable	34,646	30,325
<b>Total payables</b>	<b>79,692</b>	<b>68,428</b>
Provisions for contingencies and other charges	1,581	1,263
Employees' leaving entitlement	3,972	4,392
Other liabilities	16,265	13,184
Accrued expenses and deferred income	82	257
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,055,191</b>	<b>1,909,849</b>

## Reclassified individual profit and loss account

(in thousands of euros)

	31/12/2010	31/12/2009
<b>Technical account</b>		
<b>Life businesses:</b>		
<b>Direct insurance</b>		
(+) Gross premiums accounted for	143,290	129,293
(-) Charges relating to claims	149,294	115,572
(-) Change in mathematical and other technical reserves	5,301	33,500
(+) Other technical captions, net	647	351
(-) Operating costs	18,104	17,820
(+) Return on investments where the company bears the risk net of the portion transferred to the non-technical account	28,775	29,264
(+) income on investments where policyholders bear the risk - Class D	6,188	14,666
<b>Direct insurance result</b>	<b>6,201</b>	<b>6,682</b>
Outwards reinsurance result	247	288
Retained direct insurance result	6,448	6,970
Indirect and retroceded insurance result	-59	-40
<b>Result of life business technical account</b>	<b>6,389</b>	<b>6,930</b>
<b>Non-life businesses:</b>		
<b>Direct insurance</b>		
(+) Gross premiums accounted for	674,173	541,519
(-) Change in premium reserve	48,261	13,981
(-) Charges relating to claims	439,094	397,494
(-) Change in other technical reserves	-3,364	-
(+) Other technical captions, net	-627	404
(-) Operating costs	160,448	134,369
<b>Direct insurance result</b>	<b>29,107</b>	<b>-3,921</b>
Outwards reinsurance result	-9,174	10,105
Retained direct insurance result	19,933	6,184
Indirect and retroceded insurance result	33	174
<b>Total retained direct insurance result</b>	<b>19,966</b>	<b>6,358</b>
(-) Change in equalisation reserves	215	311
(+) Income on investments transferred from the non-technical account	13,403	17,118
<b>Result of non-life business technical account</b>	<b>33,154</b>	<b>23,165</b>
<b>Result of technical account</b>	<b>39,543</b>	<b>30,095</b>
(+) Income on non-life business investments net of the portion transferred to the technical account	3,283	4,321
(+) Income on investments transferred from the life business technical account	3,647	3,768
(+) Other income	1,813	2,944
(-) Other charges	7,278	6,628
<b>Result of ordinary business</b>	<b>41,008</b>	<b>34,500</b>
(+) Extraordinary income	2,438	709
(-) Extraordinary expense	263	149
<b>Profit (loss) before taxation</b>	<b>43,183</b>	<b>35,060</b>
(-) Taxation on profit for the year	13,927	10,770
<b>Net profit (loss)</b>	<b>29,256</b>	<b>24,290</b>

## Part A: Accounting policies

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

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

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

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

## Technical insurance captions

### Classification of risks by business line

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

#### NON-LIFE

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

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

#### LIFE

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

### Gross premiums

#### LIFE/ NON-LIFE

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

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

For Non-Life business, allocation to the year is made via adjustment of the premium reserve. For the Life business, instead, it is implicit in the calculation of the mathematical reserves, of the complementary insurance premium reserve, and of other technical reserves of the life business.

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

## Operating costs

NON-LIFE/  
LIFE

Operating costs include:

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

## Premium reserve

NON-LIFE

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

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

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

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

- Suretyship insurance: the additional reserve follows the criteria envisaged by article no. 14 of above mentioned Regulation;
- Hail insurance: the additional reserve follows the criteria envisaged by articles no. 16 and 17 of above mentioned Regulation;
- Miscellaneous asset damage - (earthquake, seaquake and volcanic eruption insurance): the additional reserve follows the criteria envisaged by articles no. 19 and 20 of above mentioned Regulation;
- Nuclear risks: the additional reserve follows the criteria envisaged by article no. 22 of above mentioned Regulation.

The premium reserve is supplemented by:

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

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

### Other technical reserves

#### NON-LIFE

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

The reserve is calculated on a forfeitary basis by accruing 10% of gross premiums written on those products for which premium calculation does not consider the policyholder's age and that include clauses limiting the company's possibility of terminating the contract, as envisaged in ISVAP Regulation no. 16/2008.

### Equalisation reserves

#### NON-LIFE

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

The item includes:

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

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

### Costs relating to claims paid

#### NON-LIFE

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

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

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

#### LIFE

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

#### NON-LIFE/ LIFE

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

### Recoverables

#### NON-LIFE

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

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

## Claims reserve

### NON-LIFE

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

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

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

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

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

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

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

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

The claims reserves thus calculated that relate to mass risks, insofar as they refer to positions settled in the medium-long term, are subjected to statistical and actuarial checks to assess their consistency with ultimate cost and, when necessary, are topped up.

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

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

## Mathematical reserves and other technical reserves

### LIFE

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

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

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

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

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

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

## Reversals and profit participation

### NON-LIFE/LIFE

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

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

## Other technical costs

### LIFE/ NON-LIFE

Other technical costs include:

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

## Other technical income

LIFE/  
NON-LIFE

Other technical income includes:

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

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

NON-LIFE

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

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

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

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

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

LIFE

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

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

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

If investment income allocated to the Life business technical account as per the criteria described above is lower than income contractually allocated to policyholders during the financial year, the portion of investment income to be

transferred to the non-technical account has to be adjusted accordingly and, if necessary, cancelled.

### **Inward reinsurance**

NON-LIFE/  
LIFE

Inward life insurance is recorded on an accruals basis.

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

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

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

### **Retrocession**

NON-LIFE/  
LIFE

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

## Investment captions

### C I – Land and buildings

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

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

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

#### Market value

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

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

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

Furthermore, the following conditions are taken into account:

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

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

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

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

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

#### Group companies

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

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

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

### Other investee companies

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

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

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

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

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

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

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

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

### **Equity investments**

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

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

Foreign currency investments are converted into euro as follows:

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

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

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

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

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

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

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

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

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

Fixed-income securities are therefore classified as shown below.

### Investment securities

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

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

### Trading securities

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

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

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

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

## **Fair value of financial instruments**

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

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

As envisaged in Article 2427/2 of the Italian Civil Code, for the definition of “financial instrument”, “derivative instrument”, “fair value”, and “generally accepted measurement model and technique”, reference is made to international accounting standards compatible with European Union rules concerning the subject.

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

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

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

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

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

D I - unit-linked and index-linked investments

D II - investments arising from pension fund management

### **Mortgages and loans**

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

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

## **Other captions**

### **Tangible assets**

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

### **Intangible assets**

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

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

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

## NON-LIFE

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

## LIFE

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

### **Receivables**

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

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

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

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

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

### **Payables**

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

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

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

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

### **Income taxes**

Taxation of the year's profit is calculated on the basis of each financial year's estimated taxable income and recognised on an accrual-accounting basis in compliance with current legislation. In accordance with Italian accounting standard no. 25 ("Accounting treatment of income taxes") issued by the Italian national council of chartered and registered accountants, and subsequently amended by the OIC (the Italian accounting organisation) in connection with Italian company law reform, deferred taxes are calculated on the basis of the tax rates in force when temporary difference reverse, making appropriate adjustments if tax rates have changed with respect to previous years, only if the legal regulation changing the tax rate has already been enacted as at balance sheet date.

Deferred tax assets are recognised when it is reasonably certain that there will be future taxable income greater than the temporary differences generating the deferred tax assets in the years when such differences will reverse.

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

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

### **Conversion into euro**

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

## Part B

### Information on Balance Sheet and Income Statement

#### BALANCE SHEET

#### ASSETS

##### CLASS B – INTANGIBLE ASSETS

	31/12/2009	31/12/2010	Change
	38,934	43,753	+4,819

Intangible assets are stated net of amortisation of € 11,528 thousand. Amortisation is calculated as stated in "Part A - Accounting policies" of these Explanatory Notes.  
The Appendix 4 to these Explanatory Notes detailed changes over the year.

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

	31/12/2009	31/12/2010	Change
	7,154	7,170	+16

Acquisition commissions are amortised as described in the "Accounting Policies" chapter. If all policies have reached their full maturity, the different duration used for amortisation vs. actual policy duration would have led to an increase in shareholders' equity, before the related tax effect, in shareholders' equity of € 3,300 thousand (2009: € 3,923 thousand) for the Life business.

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

	31/12/2009	31/12/2010	Change
	2,768	2,981	+213

Life business deferred acquisition commissions changed due to:

commissions on policies acquired in the year	+1,271
commissions for policies cancelled in the year	-226
annual amortization	-832

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

	31/12/2009	31/12/2010	Change
	4,386	4,189	-197

Non Life business deferred acquisition commissions changed due to:

commissions on policies acquired in the year	+4,185
annual amortization	-4,382

### B.3 – Start-up and expansion costs

	31/12/2009	31/12/2010	Change
	13	-	-13

These are the costs borne by the company to issue the convertible subordinated loan "Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 Subordinated Loan Convertible into Ordinary Shares" approved by shareholders at the Extraordinary Meeting on 26 April 2001.

On 1° January 2011, the company provided for the advanced reimbursement of the bonds still outstanding belonging to the above subordinated loan; therefore, the related issue costs have been deleted.

### B.4 – Goodwill

	31/12/2009	31/12/2010	Change
	3,163	2,633	-530

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

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

The first item is amortised in 5 years charging € 279 thousand to 2010 profit and loss; the VIF is amortised on the basis of the expected useful life of the portfolio acquired, charging € 251 thousand to 2010 profit and loss.

### B.5 – Other deferred costs

	31/12/2009	31/12/2010	Change
	28,604	33,950	+5,346

Deferred expenses, stated in year-end accounts at cost, are directly amortised. The increasing over the year of € 5,346 thousand is due to acquisitions for € 11,129 thousand and amortisation for € 5,783 thousand.

Changes over the year are shown in the following table:

	31/12/2009	31/12/2010	Change
Software applications	23,085	27,758	+4,673
Software applications under completion	3,013	2,311	-702
Refurbishment of HQ and agency premises	862	1,180	+318
Other deferred costs	1,644	2,701	+1,057
<b>Total</b>	<b>28,604</b>	<b>33,950</b>	<b>+5,346</b>

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

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

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**CLASS C - INVESTMENTS**

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31/12/2009	31/12/2010	Change
1,526,466	1,612,075	+85,609

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

**C.I Land and buildings**

	31/12/2009	31/12/2010	Change
	18,872	18,921	+49
<i>Of which:</i>			
<b>C.I 1. Operating buildings</b>	783	783	-
<b>C.I 2. Buildings used by third parties</b>	18,089	18,138	+49

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

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

Changes over the year are due to renovations costs.

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

	31/12/2009	31/12/2010	Change
	237,168	282,616	+45,448

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

**C.II 1. Equity investments**

	31/12/2009	31/12/2010	Change
	234,104	277,416	+43,312

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**C.II 1.b Subsidiaries**

	31/12/2009	31/12/2010	Change
	157,116	194,981	+37,865

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Changes over the year are referred to:

- Lauro 2000 S.r.l.: € 30,000 thousand were paid as additional paid-in capital, of which € 22,500 thousand for additional paid-in capital;
- Vittoria Service S.r.l.: € 385 thousand paid for capital increase;
- Forum Mondadori Residenze S.r.l.: € 7,480 thousand as capital increase, of which € 6,800 thousand as additional paid-in capital.

Financial instruments allocated to Life segregated funds amounted to € 22,390 thousand.

**C.II 1.d Associated companies**

	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>Change</b>
	37,457	43,310	+5,853

The changes over the year mainly regard:

- Gima Finance S.A.: € 5,689 thousand were paid as additional paid-in capital;
- Laumor Holdings Sarl: € 164 thousand were paid as additional paid-in capital.

**C.II 1.e Other investee companies**

	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>Change</b>
	39,531	39,125	-406

The changes over the year are referred to the following operations:

- BCM & Partners LLP: the holding in the asset management company was sold (book value of € 207 thousand) and recognition of a capital loss of € 24 thousand;
- Immobiliare Adamello S.r.l.: the holding in the real estate company was sold, (book value of € 211 thousand) and recognition of a capital loss of € 110 thousand;
- Downall Italia S.r.l.: € 12 thousand were paid to cover losses and capital reconstruction.

**C.II 3. Loans to group companies**

	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>Change</b>
	3,064	5,200	+2,136

Of which:

**C.II 3.b Subsidiaries**

	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>Change</b>
	564	50	-514

The amount as at 31 December 2010 entirely refers to the loan toward Interbilancia Srl. Change over the year is due to the amount of the reimbursement of capital loan made by the subsidiary Vittoria Immobiliare S.p.A..

The loan duration is more than 1 year and the current interest rate applied is 0.90% because is a short term loan.

**C.II 3.d Associated companies**

	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>Change</b>
	-	5,000	+5,000

The amount as at 31 December 2010 entirely refers to the loan toward Spefin Finanziaria SpA.

The loan duration is more than 1 year and the current variable interest rate is linked to the 3M Euribor monthly average plus 10bp.

### C.II 3.e Other companies

	31/12/2009	31/12/2010	Change
	2,500	150	-2,350

The change refers to the reimbursement of capital loan made by GPA Group SpA.  
The loan duration is more than 1 year and the current interest rate applied is 1.81%.

### C.III Other financial investments

	31/12/2009	31/12/2010	Change
	1,270,146	1,310,289	+40,143

The account refers to the following items:

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

	31/12/2009	31/12/2010	Change
	6,495	10,433	+3,938

The change is mainly due to the purchase of Bnp Insticash for € 4,000 thousand and a capital reimbursement of € 62 thousand belonging to Pirelli Re Office Fund Cloe.

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

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

	31/12/2009	31/12/2010	Change
	1,251,304	1,288,057	+36,753

*Of which:*

C.III 3.a Listed	1,247,205	1,284,095	+36,890
C.III 3.b Not listed	4,099	3,962	-137

The following table provides a breakdown of the bond portfolio as at 31 December 2010:

• Italian government securities	78.5%
• Foreign government securities	15.7%
• Italian corporate bonds	0.3%
• Foreign corporate bonds	5.5%

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

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

- increase depending on normal portfolio management and trading for € 304,265 thousand and decrease depending on reimbursements and sales for € 269,771 thousand;
- adjustment of zero coupon for € 3,215 thousand;
- transfer at fair value, following policy surrenders, of securities from Class D to Class C for € 505 thousand;
- adjustment for positive and negative issue differentials respectively for € 819 thousand and € 769 thousand;
- adjustment for positive and negative trading margins respectively for € 3,092 thousand and € 2,061 thousand;
- negative alignment of value at market conditions for € 2,405 thousand.

Financial instruments allocated to Life segregated funds amounted to € 591,000 thousand.

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

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

- decrease depending on reimbursements and sales for € 199 thousand;
- transfer at fair value, following policy surrenders, of securities from Class D to Class C for € 43 thousand;
- adjustment for positive issue differentials for € 19 thousand.

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

The following table provides a comparison of the financial instruments required by Article 2427/2 of the Italian Civil Code, as at 31 December 2010, of the book value with the relative «fair value» from the market trend at year end.

(in thousands of euros)

	Account class	Carrying value FY 2010	Fair value	Notes
<b>Investments - Other investee companies</b>		<b>282,616</b>	<b>287,605</b>	
- Equity investments in other investee companies	C.II.1	277,416	282,405	
<i>of which carried at a value higher than fair value</i>		<i>11,203</i>	<i>8,161</i>	<i>1)</i>
- Bonds issued by other investee companies	C.II.3.b)	50	50	
- Loans to affiliate companies	C.II.3.d)	5,000	5,000	
- Loans to other investee companies	C.II.3.e)	150	150	
<b>Other financial investments</b>		<b>1,310,289</b>	<b>1,321,823</b>	
- Equity investments	C.III.1	-	-	
- Units in mutual investment funds	C.III.2	10,433	10,183	(*)
<i>of which carried at a value higher than fair value</i>		<i>5,000</i>	<i>3,807</i>	<i>2)</i>
- Bonds and other fixed-income securities	C.III.3	1,288,057	1,300,036	(*)
<i>of which carried at a value higher than fair value</i>		<i>404,518</i>	<i>391,053</i>	<i>3)</i>
- Loans	C.III.4	10,760	10,760	
<i>of which carried at a value higher than fair value</i>		-	-	
- Shares in pool investments	C.III.5	-	-	
- Bank deposits	C.III.6	-	-	
- Sundry financial investments	C.III.7	1,039	844	(*)
<i>of which carried at a value higher than fair value</i>		<i>240</i>	<i>6</i>	<i>4)</i>

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

1) Related to shareholding in Mediobanca.

2) Related to unit funds BCM Market Neutral Fund PLC.

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

4) Mediobanca and Camfin warrants classified in the investment portfolio as equity shares.

### C.III 4 Loans

	31/12/2009	31/12/2010	Change
	11,308	10,760	-548
<i>Of which:</i>			
C.III 4.a Secured loans	3,046	5,786	+2,740
C.III 4.b Loans against insurance policies	3,773	3,496	-277
C.III 4.c Other loans	4,489	1,477	-3,012

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

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

	31/12/2009	31/12/2010	Change
	3,046	5,786	+2,740

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

The amount of mortgage with a residual duration of more than 1 year and 5 years is, respectively € 5,735 thousand and € 2,543 thousand.

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

	31/12/2009	31/12/2010	Change
	3,773	3,496	-277

These are loans granted to company Life policyholders.

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

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

	31/12/2009	31/12/2010	Change
	4,489	1,477	-3,012

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

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

The amount of loans with a residual duration of more than 1 year and 5 years is, respectively € 1,238 thousand and € 776 thousand.

### C.III 7 Other financial investments

	31/12/2009	31/12/2010	Change
	1,039	1,039	-

Camfin and Mediobanca warrants coming from subscription of the capital increase for € 799 thousand (Camfin) and € 240 thousand (Mediobanca).

The entire amount is allocated as long term investment.

No changes have occurred over the year.

#### C.IV Deposits with ceding companies

	31/12/2009	31/12/2010	Change
	280	249	-31

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

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

	31/12/2009	31/12/2010	Change
	75,800	76,456	+656

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

	31/12/2009	31/12/2010	Change
	66,979	65,831	-1,148

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

<b>Index - Linked portfolio</b>	<b>-2,083</b>
o decreases due to redemptions	-2,756
o adjustment for positive issue differentials	+31
o capitalisation of zero-coupon bonds	+10
o alignment at fair value - write-ups	+632
<b>Unit - Linked portfolio</b>	<b>+935</b>
o increase due to purchase and subscription of securities	+13,129
o decreases following sales of securities, redemptions and switch	-17,171
o profit/loss on internal fund management	+3,770
o alignment at fair value - write-ups	+1,188
o alignment at fair value - write-downs	-6
o changes in cash resources	+4
o change in other assets	+21

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

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

	31/12/2009	31/12/2010	Change
	8,821	10,625	+1,804

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

o increase due to purchase and subscription of securities	2,059
o decreases following sales of securities	-95
o changes in cash resources	-219
o changes in other assets	-45
o profit/loss on division management	104

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

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

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

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	31/12/2009	31/12/2010	Change
	74,254	73,604	-650

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

Their breakdown by insurance segment is as follows:

	31/12/2009	31/12/2010	Change
<b>D Bis. I Non - Life business</b>	<b>53,932</b>	<b>52,002</b>	<b>-1,930</b>
<i>Of which:</i>			
Premium reserve	9,658	12,501	2,843
Claims reserve	44,274	39,501	-4,773
<b>D Bis. II Life business</b>	<b>20,322</b>	<b>21,602</b>	<b>1,280</b>
<i>of which:</i>			
Mathematical reserves	19,926	21,207	1,281
Reserve for payable amounts	373	373	-
Other technical reserves	23	22	-1

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

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**CLASS E - RECEIVABLES**

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	31/12/2009	31/12/2010	Change
	186,346	209,185	+22,839

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This item is shown net of related adjustment provisions, which, as at 31 December 2010, totalled € 7,745 thousand.

The changes over the year are detailed as follows:

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

	31/12/2009	31/12/2010	Change
	152,387	184,017	+31,630
<i>Towards:</i>			
E.I.1 Policyholders	51,474	58,970	+7,496
E.I.2 Insurance agents and brokers	54,036	69,430	+15,394
E.I.3 Insurance companies – current accounts	10,846	8,421	-2,425
E.I.4 Policyholders and third parties for recoverables	36,031	47,196	+11,165

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

	31/12/2009	31/12/2010	Change
	51,474	58,970	+7,496
<i>Of which:</i>			
E.I 1.a For current years' premiums	45,089	51,245	+6,156
E.I 1.b For previous years' premiums	6,385	7,725	+1,340

Change over the year (+14.6%), is related to the increase of collected premiums by the company.

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

	31/12/2009	31/12/2010	Change
	54,036	69,430	+15,394

These are amounts receivable from insurance agents and brokers, net of related provision of € 5,817 thousand.

Receivables from agents include € 12,996 thousand for charge-backs against leaving indemnities paid to agents. € 7,453 thousand of the residual amount receivable of € 56,434 thousand was still to be paid on 28 February 2011.

In addition, the total amount includes receivables toward subsidiary companies, in particular, Aspevi Roma Srl for € 1,072 thousand and Aspevi Milano Srl for € 2,210 thousand.

The amount of receivables with a residual duration of more than 1 years and 5 year, are respectively € 11,109 thousand and € 4,963 thousand.

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

	31/12/2009	31/12/2010	Change
	10,846	8,421	-2,425

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

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

	31/12/2009	31/12/2010	Change
	36,031	47,196	+11,165

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

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

	31/12/2009	31/12/2010	Change
1. Insurance and reinsurance companies	5,303	3,638	-1,665

This item comprises receivables stemming from current accounts reflecting the results of technical management of reinsurance treaties net of related provision of € 1,903 thousand.

### E.III – Other receivables

	31/12/2009	31/12/2010	Change
	28,656	21,530	-7,126

The most important items forming “Other receivables” are:

- o receivables from Financial Administration for € 14,428 thousand for tax credits on mathematical reserves in accordance with D.L. 209/2002, advance payouts on Non – Life business (ex D.L. 282/2004), receivables on local tax (IRPEG and IRES) and related interest which are considered collectable after more than 1 year;
- o receivables from employees for € 389 thousand;
- o receivables for insurance agreements for € 873 thousand ;
- o advance payouts for claims for € 585 thousand;
- o receivables toward subsidiary companies for € 2,148 thousand for tax consolidation and VAT group.

The amount of receivables with a residual duration of more than 1 and 5 years are, respectively, € 1,677 thousand and € 74 thousand.

### CLASS F – OTHER ASSETS

	31/12/2009	31/12/2010	Change
	63,947	93,825	+29,878

Of which:

#### F. I Tangible assets and inventory

	31/12/2009	31/12/2010	Change
<b>F. I.1 Office, furniture &amp; machinery, and internal transport systems</b>	<b>3,009</b>	<b>7,491</b>	<b>+4,482</b>
F. I.1 Office, furniture & machinery, and internal transport systems	2,871	6,518	+3,647
F. I.2 Registered chattels	12	8	-4
F. I.3 Plant and equipment	126	965	+839

Assets are stated at cost less cumulative depreciation.

The change is due to the purchases during the year for € 5,611 thousand and amortisation for € 1,129 thousand.

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

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

	31/12/2009	31/12/2010	Change
Furniture	1,692	3,939	+2,247
Fittings	189	335	+146
Ordinary office machinery	908	1,816	+908
Electronic office machinery	82	428	+346
<b>Total</b>	<b>2,871</b>	<b>6,518</b>	<b>+3,647</b>

The changes over the year are related to purchases assigned to the New headquarters.

These assets have not yet been written off because of they are not be used yet.

#### F. I.3 Plant and equipment

The change over the year refers to purchases assigned to the New headquarters. These assets have not yet been written off because of they are not be used yet.

## F. II Cash & cash equivalents

	31/12/2009	31/12/2010	Change
	44,779	61,837	+17,058

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

The total amount is composed for € 61,828 thousand by bank deposits and post office current accounts and for € 9 thousand by cheques and cash in hand.

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

## F. IV Other assets

	31/12/2009	31/12/2010	Change
	16,159	24,497	+8,338

The main items forming this caption are shown below:

- o deferred tax assets relating to previous years' taxable items for € 23,779 thousand. For details, reference should be made to the schedule shown later on in the chapter "Information on the balance sheet and income statement";
- o invoices to be issued and credit notes to be received for € 563 thousand.

## CLASS G – ACCRUED INCOME & PREPAID EXPENSES

	31/12/2009	31/12/2010	Change
	18,355	19,898	+1,543
<b>G.1 Interest</b>	16,567	16,015	-552
<b>G.2 Rent instalments</b>	182	424	+242
<b>G.3 Other accrued income &amp; prepaid expenses</b>	1,606	3,459	+1,853

### G.1 Interest

This refers mainly to interest totalling € 15,985 thousand on fixed-income securities.

### G.2 Rent instalments

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

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

The item refers to prepaid expenses calculated on miscellaneous invoices.

## BALANCE SHEET

### LIABILITIES

#### CLASS A – SHAREHOLDERS' EQUITY

	31/12/2009	31/12/2010	Change
	272,893	294,781	+21,888

Of which:

#### A.I - Subscribed share capital or equivalent fund

	31/12/2009	31/12/2010	Change
	65,789	67,379	+1,590

As at 31 December 2010 share capital, fully paid in, consisted of 67,378,924 ordinary shares of a par value of € 1.00 each, authorised, issued and fully released.

Reserves and changes that occurred are detailed in the table concerning shareholders' equity.

#### A.II - Share premium reserve

	31/12/2009	31/12/2010	Change
	31,129	33,355	+2,226

Changes that occurred are detailed in the table concerning shareholders' equity.

#### A.III - Revaluation reserves

	31/12/2009	31/12/2010	Change
	10,939	10,939	-

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

#### A.IV - Legal reserve

	31/12/2009	31/12/2010	Change
	8,430	9,645	1,215

Changes that occurred are detailed in the table concerning shareholders' equity.

#### A.VII - Other reserves

	31/12/2009	31/12/2010	Change
	132,316	144,207	+11,891

The item refers to the available reserves, which increased during the year thanks to the assignment, within 2009 of the profit distribution as approved at the Annual General Meeting of shareholders on 23 April 2010.

#### A.IX - Net profit for the year

	31/12/2009	31/12/2010	Change
	24,290	29,256	+4,966

## Changes in shareholders' equity

The outline of changes in shareholders' equity as at 31 December 2010 is shown below, as required by Article 2427 Civil Code:

	(€ '000)						
	Share capital	Legal reserve	Share premium	Revaluation reserve (1)	Available reserve	Net profit for the year	Total
Balance as at 31/12/2005	30,000	5,965	20,142	6,370	65,198	20,330	148,005
Dividend distribution	-	-	-	-	-	4,500	4,500
Loan conversion	452	-	1,716	-	-	-	2,168
Allocation to earnings reserve 2005	-	35	-	-	15,795	15,830	-
2006 net profit	-	-	-	-	-	27,437	27,437
Balance as at 31/12/2006	30,452	6,000	21,858	6,370	80,993	27,437	173,110
Dividend distribution	-	-	-	-	-	4,872	4,872
Loan conversion	2,214	-	8,415	-	-	-	10,629
Allocation to earnings reserve 2006	-	90	-	-	22,475	22,565	-
2007 net profit	-	-	-	-	-	36,495	36,495
Balance as at 31/12/2007	32,666	6,090	30,273	6,370	103,468	36,495	215,362
Dividend distribution	-	-	-	-	-	5,553	5,553
Loan conversion	217	-	825	-	-	-	1,042
Capital increase	32,883	-	-	6,370	26,513	-	-
Allocation to earnings reserve 2007	-	443	-	-	30,499	30,942	-
Revaluation real estate reserve	-	-	-	10,887	-	-	10,887
2008 net profit	-	-	-	-	-	37,939	37,939
Balance as at 31/12/2008	65,766	6,533	31,098	10,887	107,454	37,939	259,677
Dividend distribution	-	-	-	-	-	11,180	11,180
Loan conversion	23	-	31	-	-	-	54
Allocation to earnings reserve 2008	-	1,897	-	-	24,862	26,759	-
Revaluation real estate reserve	-	-	-	52	-	-	52
2009 net profit	-	-	-	-	-	24,290	24,290
Balance as at 31/12/2009	65,789	8,430	31,129	10,939	132,316	24,290	272,893
Dividend distribution	-	-	-	-	-	11,184	11,184
Loan conversion	1,590	-	2,226	-	-	-	3,816
Capital increase	-	-	-	-	-	-	-
Allocation to earnings reserve 2009	-	1,215	-	-	11,891	13,106	-
2010 net profit	-	-	-	-	-	29,256	29,256
<b>Balance as at 31/12/2010</b>	<b>67,379</b>	<b>9,645</b>	<b>33,355</b>	<b>10,939</b>	<b>144,207</b>	<b>29,256</b>	<b>294,781</b>

(1) As at 31/12/2010 the item comprise reserve pursuant to Italian Laws 2/2009

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

(€ '000)

Nature/Description	Amount as at 31/12/2010	Possibility of utilization (*)	Available amount	Summary of utilisation in the previous 3 financial years	
				to cover losses	for other reasons
Share capital	67,379				
<b>Equity reserves</b>					
Share premium reserves (1) (3)	33,355	A, B, C	33,355		
<b>Revaluation reserves (2)</b>					
Revaluation reserve - Law 72/1983	-	A, B, C	-		2,330
Revaluation reserve - Law 295/1978	-	A, B, C	-		910
Revaluation reserve - Law 413/1991	-	A, B, C	-		3,130
Revaluation reserve - Law 185/2008	10,939	A, B, C	10,939		
<b>Earnings reserves</b>					
Legal reserve	9,645	B	-		
Other available reserves	144,207	A, B, C	144,207		26,513
Net profit for the year	29,256	A, B, C	29,256		
Total shareholders' equity	294,781				
			217,757		
Non-distributable portion of share premium reserve (3)			3,831		
Residual distributable portion			213,926		

(\*) A: for capital increases

B: to cover losses

C: for distribution to shareholders

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

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

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

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

(€ '000)

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

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**CLASS B – SUBORDINATED LIABILITIES**

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	31/12/2009	31/12/2010	Change
	4,107	291	-3,816

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In February 2010, having obtained the necessary authorization from the ISVAP (the Italian supervisory authority for insurance) and availing itself of Article 9.2 of the related Regulation, Vittoria Assicurazioni announced early repayment, on 1 January 2011, of the bonds “Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 Subordinated Loan Convertible into Ordinary Shares” still outstanding.

At the end of the conversion period 60,538 bonds remained, for a total par value of € 290,582.40. These bonds were reimbursed at par with payment of interest accrued at a pre-tax rate of 5.5%.

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**CLASS C – TECHNICAL RESERVES**

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	31/12/2009	31/12/2010	Change
	1,543,778	1,655,678	+111,900

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

**C.I – Non-Life business**

	31/12/2009	31/12/2010	Change
	786,320	887,316	+100,996
<b>C.I.1 - Premium reserve</b>	230,007	278,213	+48,206
<b>C.I.2 - Claims reserve</b>	549,508	605,449	+55,941
<b>C.I.4 - Other technical riserve</b>	3,774	409	-3,365
<b>C.I.5 - Equalisation reserve</b>	3,031	3,246	+215

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

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

**C.I.1 – Premium reserve**

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

	31/12/2009	31/12/2010	Change
For directly insured risks	229,815	278,092	+ 48,277
For inwardly insured risks	192	121	- 71
<b>Gross reserves</b>	<b>230,007</b>	<b>278,213</b>	<b>+ 48,206</b>
Reinsurers' share	9,615	12,500	+ 2,885
Retrocessionaries' share	43	1	- 42
<b>Net reserves</b>	<b>220,349</b>	<b>265,712</b>	<b>+ 45,363</b>

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

	31/12/2009	31/12/2010	Change
Pro-rata temporis reserve	221,785	269,779	+ 47,994
Unexpired risks reserve	14	-	-14
Additions to pro-rata temporis reserve	8,016	8,313	297
<b>Total direct insurance premium reserve</b>	<b>229,815</b>	<b>278,092</b>	<b>+ 48,277</b>

The unexpired risk reserve is related to Aircraft Hulls. The Company did not account for any unexpired risk reserve for the Other Asset Damage line of business, as all the impact generated by the Hail line of business are already included in profit and loss, without any impact on future years. We point out that for this line of business the company accounted for an Additional Reserve, pursuant to articles 16 and 17 of ISVAP regulation no. 16/2008.

Pro-rata temporis reserve integrations of FY2010 are concerned to Bond and Accident lines, Fire and Miscellaneous damage in relation to earthquake risk.

In accordance with the recent ISVAP clarification regarding an Additional reserve for Hail line of business, the Company erased this reserve which has been set up so far (€ 556 thousand), considered the lack of risks existing as at 31 December 2010.

### C.1.2 – Claims reserve

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

	31/12/2009	31/12/2010	Change
For directly insured risks	548,683	604,605	+ 55,922
For inwardly insured risks	825	844	+ 19
<b>Gross reserves</b>	<b>549,508</b>	<b>605,449</b>	<b>+ 55,941</b>
Reinsurers' share	43,880	39,120	- 4,760
Retrocessionaries' share	394	381	- 13
<b>Net reserves</b>	<b>505,234</b>	<b>565,948</b>	<b>+ 60,714</b>

### Non-Life Business:

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

To do this, preliminary methodological work was done to identify an actuarial method permitting accurate estimation of ultimate-cost reserves at the level of detail indicated above.

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

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

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

For KFK claims the historical series of observable data is limited to just 4 years (and thus to just 3 development factors). In order to complete the run-off triangle we used the development-factor vector (property-only or hybrid) obtained for pre-KFK claims, but factoring in appropriate considerations and adjustments based, in particular, on observation on the different speeds of claim settlement by amount.

#### Other risks:

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

#### IBNR claims:

Calculation of the reserve for IBNR (incurred but not reported) claims requires estimation for each business of both the number and average cost of late claims. The estimate was made using as its source the balance-sheet input forms for the years 1999-2010.

For Motor TPL, the estimate is made separately for each type of management, considering the lack of No-KFK observed in 2010, the allocation has been reinforced.

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

#### C.I.4 - Other technical reserves

	31/12/2009	31/12/2010	Change
	3,774	409	-3,365

These reserves refer to direct business and consist of the Health insurance ageing reserve. Evaluation and accounting criteria are enclosed in "Part A - Accounting Policies" to this financial report.

The ageing reserve for Health insurance has been calculated on a non-analytical basis by accruing 10% of gross premium written for products that do not consider the policyholder's age in premium process calculation and contain restraining clauses limiting the company's faculty of terminating the contract.

The change over the year is due to the updating regarding the existing portfolio's contractual terms, which allow the Company to recede from the contract or adapt the tariff to premium's yearly recurrence.

#### C.I.5 - Equalisation reserve

	31/12/2009	31/12/2010	Change
	3,031	3,246	+215

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

Line of business	31/12/2009	31/12/2010	Variazioni
Land vehicle hulls	1,717	1,861	+ 144
Aircraft hulls	138	138	-
Cargo (goods in transit)	90	89	-1
Fire and natural elements	852	897	+ 45
Other property damage	234	261	+27
<b>Total</b>	<b>3,031</b>	<b>3,246</b>	<b>+215</b>

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

### C.II - Life business

	31/12/2009	31/12/2010	Change
	757,458	768,361	10,903
<b>C.II.1 - Mathematical reserves</b>	721,900	725,995	4,095
<b>C.II.2 - Complementary insurance premium reserve</b>	156	156	-
<b>C.II.3 - Reserve for payable amounts</b>	23,304	29,350	6,046
<b>C.II.4 - Profit participation and reversal reserve</b>	29	36	7
<b>C.II.5 - Other technical reserves</b>	12,069	12,824	755

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

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

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

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

	31/12/2009	31/12/2010	Change
For directly insured risks	721,627	725,751	+ 4,124
For inwardly insured risks	273	244	- 29
<b>Gross reserves</b>	<b>721,900</b>	<b>725,995</b>	<b>+ 4,095</b>
Reinsurers' share	19,926	21,207	+ 1,281
Retrocessionaries' share	-	-	-
<b>Net reserves</b>	<b>701,974</b>	<b>704,788</b>	<b>+ 2,814</b>

The reserve for capital contracts relating to sums insured with a contractually guaranteed annuity conversion factor has been adjusted applying a criterion of a propensity for settlement of benefits in the form of annuities; the assessment of the portfolio as at 31 December 2010 led to a total reserve of € 2,104 thousand (€ 2,333 thousand in FY 2009).

The ALM (Asset-Liability Management) procedure has requested an integration of technical reserve for the segregated fund "Vittoria Valore Crescente" for € 872 thousand, as expected by article 47 of ISVAP Regulation no. 21; for the segregated funds "Vittoria Liquinvest" and "Vittoria Previdenza", not significant for size, have been excluded from this ALM analysis.

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

The complementary insurance premium reserve refers solely to direct business.

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

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

	<i>31/12/2009</i>	<i>31/12/2010</i>	<i>Change</i>
For directly insured risks	23,293	29,338	+ 6,045
For inwardly insured risks	11	12	+ 1
<b>Gross reserves</b>	<b>23,304</b>	<b>29,350</b>	<b>+ 6,046</b>
Reinsurers' share	373	373	-
Retrocessionaries' share	-	-	-
<b>Net reserves</b>	<b>22,931</b>	<b>28,977</b>	<b>+ 6,046</b>

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

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

	<i>31/12/2009</i>	<i>31/12/2010</i>	<i>Change</i>
For directly insured risks	24	32	+ 8
For inwardly insured risks	5	4	- 1
<b>Gross reserves</b>	<b>29</b>	<b>36</b>	<b>+ 7</b>
Reinsurers' share	-	-	-
Retrocessionaries' share	-	-	-
<b>Net reserves</b>	<b>29</b>	<b>36</b>	<b>+ 7</b>

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

The amount of this item as at 31 December 2010 is € 12,824 thousand and refers solely to operating expenses and is split as follows by class:

	<i>31/12/2009</i>	<i>31/12/2010</i>	<i>Change</i>
Class I	11,322	12,036	+ 714
Class III	41	18	- 23
Class IV	74	84	+ 10
Class V	632	686	+ 54
<b>Total</b>	<b>12,069</b>	<b>12,824</b>	<b>+ 755</b>

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

	<i>31/12/2009</i>	<i>31/12/2010</i>	<i>Change</i>
For directly insured risks	12,068	12,823	+ 755
For inwardly insured risks	1	1	-
<b>Gross reserves</b>	<b>12,069</b>	<b>12,824</b>	<b>+ 755</b>
Reinsurers' share	23	22	- 1
Retrocessionaries' share	-	-	-
<b>Net reserves</b>	<b>12,046</b>	<b>12,802</b>	<b>+ 756</b>

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

	31/12/2009	31/12/2010	Change
	75,800	76,456	+ 656
<b>D.I – Reserves for unit- and index-linked policies</b>	66,979	65,831	-1,148
<b>D.II - Reserves relating to pension fund management</b>	8,821	10,625	+ 1,804

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

	31/12/2009	31/12/2010	Change
	66,979	65,831	-1,148
Reserves for index-linked policies	14,143	12,060	- 2,083
Reserves for unit-linked policies	52,836	53,771	+ 935

Below are detailed the key actuarial assumptions concerning technical reserves for direct business as at 31/12/2010:

Risk category	Capital sums, annuities	Technical reserves	Year of issue	Technical basis	
				financial	demographic
Temporary	9,808,349	120,886	1968 - 1977	4%	SIM 51
			1978 - 1989	4%	SIM 61
			1990 - 1997	4%	SIM 81
			1998 - 2001	3% - 4%	SIM 91
			2001 - 2007	3%	SIM 91 al 70%
			since 2007	3%	SIM91 50% and 70%
Adjustable	23	26	1969 - 1979	3% *	SIM 51
Indexed	4	4	1980 - 1988	3% *	SIM 51
Other types	51	71			
Revaluable	861,888	606,464	1988 - 1989	3% *	SIM 71
			1990 - 1996	4% *	SIM 81
			1997 - 1999	3% *	SIM 91
			since 2000	1.5% - 2% *	SIM 81-91
L.T.C.	99,787	1,560	2001 - 2004	2.5%	(1)
			since 2004	2.5%	(2)
Pension fund	10,625	10,625	since 1999	----	----
Index linked	12,229	12,081	since 1997	0%	SIM 91
Unit Linked	50,801	53,771	since 1998	0%	SIM 91
<b>Total ordinary</b>	<b>10,843,757</b>	<b>805,488</b>			
ALL rivalutabile	11,036	9,731	1986 - 1998	4% *	SIM 51
			1999 - 2004	3% *	SIM 81
<b>Total business lines</b>	<b>10,854,793</b>	<b>815,219</b>			

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

for indexed policies: 5.28% for adjustable policies: 4.55% for ALL revaluable policies: 3.23%  
for revaluable policies: Vittoria Valore Crescente 4.08%; Vittoria Rendimento Mensile 3.31%; Vittoria Previdenza 2.83%.

- (1) SIM 91 reduced to 62%; SIF 91 reduced to 53%; mortality rates and LTC (long term care) rates taken from insurers' studies
- (2) SIM 91 reduced to 60%; mortality rates and LTC rates taken from insurers' studies
- (3) SIM 91 reduced to 60%; rates taken from reinsurers' studies

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

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	31/12/2009	31/12/2010	Change
	1,263	1,581	+318
E.2 – Tax provision	522	840	+318
E.3 – Other provisions	741	741	-

---

**E.2 – Tax provision**

The change mainly was due to:

- provisioning of deferred tax liabilities relating to revaluation of exchange rates for reinsurance balances for € 19 thousand;
- use of deferred tax liabilities relating to revaluation of exchange rates for reinsurance balances in previous financial years for € 49 thousand;
- provisioning of deferred tax liabilities relating to accrual of capital gain on financial assets (French government bond) for € 468 thousand;
- use of deferred tax liabilities relating to capital gains made in previous financial years for use of portion pertaining to the financial year in question for € 24 thousand;
- use of provision for payment of verification local taxes purpose of financial years 2004/2006 (IRES/IRAP) for € 96 thousand.

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

**E.3 – Other provisions**

The caption as at 31 December 2010 is entirely related to the Sofigea fund - pursuant to Article 7, Italian Legislative Decree 576/78 (a financial company founded by ANIA associates to fund insurers taking over certain types of policies ceded by companies being compulsorily wound up - the company itself started voluntary liquidation in 1990).

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**CLASS F – DEPOSITS RECEIVED FROM REINSURERS**

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	31/12/2009	31/12/2010	Change
	23,554	27,662	+4,108

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

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**CLASS G – PAYABLES AND OTHER LIABILITIES**

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	31/12/2009	31/12/2010	Change
	62,450	72,267	+ 9,817
<b>G.I - Payables arising from direct insurance business</b>	7,098	8,342	+ 1,244
<b>G.II - Payables arising from reinsurance business</b>	7,451	9,041	+ 1,590
<b>G.VII - Reserve for employee severance indemnities</b>	4,392	3,972	- 420
<b>G.VIII – Other payables</b>	30,325	34,646	+ 4,321
<b>G.IX – Other liabilities</b>	13,184	16,266	+ 3,082

---

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

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

	31/12/2009	31/12/2010	Change
	7,098	8,342	+1,244
<i>Of which:</i>			
G.I.1 – due to insurance agents and brokers	3,651	3,558	-93
G.I.2 – due to current accounts with other insurers	2,496	2,222	-274
G.I.3 – due to policyholders for performance deposits and premiums	199	143	-56
G.I.4 – due to guarantee funds for policyholders	752	2,419	+1,667

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

	31/12/2009	31/12/2010	Change
	3,651	3,558	-93

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These amounts refer to balances not yet settled as at 31 December 2010 and to indemnities payable for cessation of agency mandates.

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

	31/12/2009	31/12/2010	Change
	2,496	2,222	-274

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

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

	31/12/2009	31/12/2010	Change
	199	143	-56

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

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

	31/12/2009	31/12/2010	Change
	752	2,419	+1,667

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

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

	31/12/2009	31/12/2010	Change
	7,451	9,041	+ 1,590

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

G.VII Reserve for employee severance indemnities

	31/12/2009	31/12/2010	Change
	4,392	3,972	- 420

The item expresses the retirement allowance provision towards personnel as at 31 December 2010, in compliance with the Italian Civil Code.

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

- decrease due to indemnities paid out for severance and to advance payouts granted for € 599 thousand;
- increase due to provisioning for the year for € 1,873 thousand;
- transfers to Pension Fund and Social Security fund for € 1,694 thousand.

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

## G.VIII - Other payables

	31/12/2009	31/12/2010	Change
	30,325	34,647	+ 4,322
<i>Of which:</i>			
G.VIII.1 – for policyholders' taxes	11,903	14,897	+ 2,994
G.VIII.2 – for miscellaneous taxes	1,561	1,837	+ 276
G.VIII.3 – for social security & pension agencies	2,016	2,076	+ 60
G.VIII.4 – other sundry payables	14,845	15,837	+ 992

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

	31/12/2009	31/12/2010	Change
	11,903	14,897	+2,994

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

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

	31/12/2009	31/12/2010	Change
	1,561	1,837	+276

The amount as at 31 December 2010 is mainly composed as follows:

- tax deduction on wages & salaries for € 928 thousand;
- tax deduction on fees for self-employed staff and advisors for € 681 thousand;

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

	31/12/2009	31/12/2010	Change
	2,016	2,076	+60

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

### G.VIII.4 Other sundry payables

	31/12/2009	31/12/2010	Change
	14,845	15,837	+992

The amount as at 31 December 2010 is mainly composed as follows:

- amounts payable to employees for payments settled in January 2011 and also for accruals for holidays not taken for € 2,717 thousand;
- trade payables for € 6,436 thousand;
- fees payable to professionals for € 2,861 thousand;
- amounts payable to subsidiaries for tax consolidation and VAT Group for € 1,158 thousand.

### **G.IX – Other liabilities**

	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>Change</b>
	13,184	16,266	+3,082
<i>Of which:</i>			
G.IX.2 – commissions on premiums under collection	11,294	10,817	-477
G.IX.3 – sundry liabilities	1,890	5,449	+3,559

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

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

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

This item is mainly relative to the following components:

- invoices and notes to be received from suppliers for € 2,398 thousand;
- liabilities toward Lauro 2000 Srl for € 2,814 regarding office supply of New Headquarter;
- technical accounts to be settled with agencies for € 237 thousand.

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

	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>Change</b>
	258	82	-176
H.1 – Interest	226	16	-210
H.3 – Other accrued liabilities & deferred income	32	66	+34

#### **H.1 - Interest**

This is interest accruing on the convertible subordinated loan and payable to bondholders on 1st January 2011.

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

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

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

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	31/12/2009	31/12/2010	Change
	1,382,621	1,426,007	+ 43,386
I. Guarantees given	20,500	20,500	-
II. Guarantees received	7,613	8,254	+ 641
IV. Commitments	17,310	11,457	- 5,853
V. Third-party assets	3,893	4,352	+ 459
VI. Assets pertaining to pension funds managed for and on behalf of third parties	8,821	10,625	+ 1,804
VII. Securities lodged with third parties	1,324,484	1,370,819	+ 46,335

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**I – Guarantees given**

	31/12/2009	31/12/2010	Change
I.3 – Other personal guarantees	20,500	20,500	-

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

**II – Guarantees received**

	31/12/2009	31/12/2010	Change
	7,613	8,254	+641
<i>Of which:</i>			
II.1 - Sureties	6,363	6,354	-9
II.4 – Collateral	1,250	1,900	+650

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**II.1 - Sureties**

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

**II.4 - Collateral**

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

**IV - Commitments**

This item as at 31 December 2010 is related to the commitments by subscribing shares of the new established Bank Cattolica Veneta and for private equity operations.

**V – Third-party assets**

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

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

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

**VII – Securities lodged with third parties**

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

## INCOME STATEMENT

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

	31/12/2009	31/12/2010	Change
	23,165	33,154	+9,989

Technical costs and revenues are classified as follows:

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

	31/12/2009	31/12/2010	Change
	497,910	593,078	+ 95,168
<i>Of which:</i>			
a) Gross premiums written	542,013	674,248	+ 132,235
b) (-) Ceded premiums	30,443	35,822	+ 5,379
c) (-) Change in gross premium reserve	13,921	48,174	+ 34,253
d) Change in reinsurers' share of premium reserve	261	2,826	+ 2,565

The Company develops its business entirely in Italy.

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

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

	31/12/2009	31/12/2010	Change
	17,118	13,403	-3,715

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

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

	31/12/2009	31/12/2010	Change
	4,435	4,036	-399

This item mainly comprises:

- Reversal of commissions for previous years' cancelled premiums for € 260 thousand (€ 133 thousand in the previous year);
- € 2.131 thousand for other technical items mainly relating to recoveries of settlement costs related to claims subject to knock-for-knock agreements and ANIA incentives for scrapping damaged vehicles (€ 3,448 thousand in the previous year);
- use of bad-debt provision for € 857 thousand (€ 854 thousand in the previous year).

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

	31/12/2009	31/12/2010	Change
	365,425	423,980	+ 58,555
<i>Of which:</i>			
aa) Amounts paid – gross amount	371,728	399,457	+ 27,729
bb) (-) Reinsurers' share	23,200	21,861	- 1,339
aa) Change in recoveries net of reinsurers' share			
– gross amount	-13,231	-16,255	- 3,024
bb) (-) Reinsurers' share	-1,903	-1,930	- 27
aa) Change in claims reserve – gross amount	39,112	55,899	+ 16,787
bb) (-) Reinsurers' share	10,886	- 4,810	- 15,696

**Amounts paid**

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

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

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

**Change in claims reserve**

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

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

	31/12/2009	31/12/2010	Change
	-	-3,365	-3,365

It comprises the change in the ageing reserve.

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

The change over the year is due to the updating regarding the existing portfolio's contractual terms, which allow the Company to recede from the contract or adapt the tariff to premium's yearly recurrence.

### I. 7 – Operating costs

	31/12/2009	31/12/2010	Change
	126,530	151,869	+ 25,339
<i>Of which:</i>			
a) Acquisition commissions	82,952	102,234	+ 19,282
b) Other acquisition costs	26,584	32,694	+ 6,110
c) Change in commissions and other acquisition costs to be amortised	-1,028	-197	+ 831
d) Premium collection commissions	7,150	7,417	+ 267
e) Other administrative expenses	16,740	17,938	+ 1,198
f) (-) Commissions received by reinsurers	7,924	8,611	687

They relate to purchase and collection commissions proportional to premiums written, incentives accrued by brokers and agents and common costs incurred for the sales network. The caption also includes overheads and depreciation of tangible assets not allocated to claims settlement and investments. This caption and that relating to the Life business (II.8) include costs repaid to the associate companies S.In.T. SpA (€ 246 thousand) and Consorzio Movincom (€ 24 thousand) and to the subsidiaries Gestimmobili Srl (€ 323 thousand).

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

	31/12/2009	31/12/2010	Change
	4,031	4,663	+632

The caption includes items relating to:

- technical cancellations of premiums and cancellations of uncollectible premiums for € 1,704 thousand (€ 2,002 thousand in the previous year);
- other technical charges mainly relating to services supporting insurance covers and costs for premiums under litigation for € 2,952 thousand (€ 2,025 thousand in the previous year). The captions also includes fees paid out to the associate S.In.T SpA relating to technical services for € 654 thousand (€ 540 thousand in the previous year).

### I.9 - Change in equalisation reserves

	31/12/2009	31/12/2010	Change
	311	215	-96

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

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

	31/12/2009	31/12/2010	Change
	6,930	6,389	-541

Technical costs and revenues are classified as follows:

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

	31/12/2009	31/12/2010	Change
	127,081	141,468	+ 14,387
<i>Of which:</i>			
a) Gross premiums written	129,294	143,291	+ 13,997
b) (-) Ceded premiums	2,213	1,823	- 390

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

### II. 2 – Investments income

	31/12/2009	31/12/2010	Change
	35,482	35,621	+ 139
<i>Of which:</i>			
a) Income from equity investments	3,935	3,182	- 753
b) Income from other investments	30,763	31,995	+ 1,232
c) Write-backs on investments	661	75	- 586
d) Profits made on sale of investments	123	369	+ 246

- a) The caption includes the dividend collected and recognised by the subsidiaries Immobiliare Bilancia Srl for € 3,182 thousand;
- b) The caption includes:
- income on fixed-income securities for interest, issue and trading differentials for € 31,300 thousand;
  - income from units in mutual investment funds for € 205 thousand;
  - interest on loans for € 477 thousand, of which accrued interest on the loan granted to the subsidiaries Vittoria Immobiliare SpA for € 3 thousand and Interbilancia Srl for € 2 thousand, to other subsidiaries' group company for € 23 thousand and to the associate Spefin Finanziaria SpA for € 16 thousand;
  - interest on reinsurance deposits for € 13 thousand.
- c) The caption refers to bond previously debased;
- d) The caption refers to capital gains arising from fixed-income securities' reimbursement and alienation.

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

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

	31/12/2009	31/12/2010	Change
	16,850	9,260	-7,590

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

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

	31/12/2009	31/12/2010	Change
	671	861	190

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

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

	31/12/2009	31/12/2010	Change
	114,736	148,918	+ 34,182
<i>Of which:</i>			
aa) Amounts paid – gross amount	115,934	143,339	+ 27,405
bb) (-) Reinsurers' share	878	466	- 412
aa) Change in reserve for payable amounts – gross amount	-197	6.045	+ 6.242
bb) (-) Reinsurers' share	123	-	n.a.

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

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

	31/12/2009	31/12/2010	Change
	32,294	3,992	- 28,302
<i>Of which:</i>			
aa) Mathematical reserves – gross amount	26,643	3,860	- 22,783
bb) (-) Reinsurers' share	1,085	1,281	+ 196
aa) Complementary insurance premium reserve – gross amount	-18	-	+ 18
aa) Other technical reserves – gross amount	420	755	+ 335
bb) (-) Reinsurers' share	-1	-1	-
aa) Technical reserves when investment risk is borne by policyholders or relating to pension fund management	6,333	657	- 5,676

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

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

	31/12/2009	31/12/2010	Change
	13	8	-5

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

## II. 8 – Operating costs

	31/12/2009	31/12/2010	Change
	17,403	17,779	+ 376
<i>Of which:</i>			
a) Acquisition commissions	7,431	7,444	+ 13
b) Other acquisition costs	5,210	5,985	+ 775
c) Change in commissions and other acquisition costs to be amortised	-261	214	+ 475
d) Premium collection commissions	1,316	1,156	- 160
e) Other administrative expenses	3,602	3,732	+ 130
f) (-) Commissions received by reinsurers	417	324	- 93

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

## II.9 - Capital and financial charges

	31/12/2009	31/12/2010	Change
	2,449	3,200	+751
<i>Of which:</i>			
a) Investment management costs and interest expense	2,407	2,621	+214
b) Investment write-downs	-	432	+432
c) Losses on sale of investments	42	147	+105

- a) The caption mainly refers to:
- costs relating to equity portfolio for € 38 thousand (€ 32 thousand in the previous year);
  - costs relating to fixed-income securities for issue and trading differentials, taxes, and operating and personnel expenses for € 1,638 thousand (€ 1,453 thousand in the previous year);
  - interest on deposits from reinsurers for € 942 thousand (€ 919 thousand in the previous year).
- b) They refer to write-downs of the financial instruments due to the exchange rate increasing which has caused an increasing of fair value of debt securities variable interest rate.
- c) These mainly relate to losses on repayment or sale of fixed-income securities held for trading.

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

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

	31/12/2009	31/12/2010	Change
	2,184	3,072	+888

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

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

	31/12/2009	31/12/2010	Change
	306	205	-101

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

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

	31/12/2009	31/12/2010	Change
	3,768	3,647	-121

The caption includes investment income transferred to the non-technical account as required by Article 55 of Italian Legislative Decree no. 173/97. The amount transferred has been calculated in accordance with ISVAP Regulation no. 22 of 4 April 2008.

**RESULT OF NON-TECHNICAL ACCOUNT**

	31/12/2009	31/12/2010	Change
	4,965	3,640	-1,325

Non-technical costs and revenues are classified as follows:

**III. 3 – Income from Non-Life investments**

	31/12/2009	31/12/2010	Change
	23,780	20,803	- 2,977

*Of which:*

a) Income from equity investments	1,713	632	- 1,081
b) Income from other investments	19,645	19,794	+ 149
c) Write-backs on investments	2,317	-	- 2,317
d) Profits made on sale of investments	105	377	+ 272

a) This caption includes the dividend collected by the other subsidiaries.

b) The caption consists of the following items:

- land and buildings amounting to € 210 thousand (€ 202 thousand in the previous year), of which € 142 thousand relating to rental and € 68 thousand relating to expenses recover and other income;
- other investments amounting to € 19,585 thousand (€ 19,443 thousand in the previous year), of which € 19,559 thousand relating to income on fixed-income securities for interest, issue and trading differentials and € 26 thousand relating to interest on loan granted to the associate Spefin Finanziaria SpA.

c) They refer to write-downs of the financial instruments due to the exchange rate increasing which has caused an increasing of fair value of debt securities variable interest rate.

d) The caption refers to capital gains arising from fixed-income securities' reimbursement and alienation.

Appendix 21 to these Explanatory Notes reports details relating to Income from Life and Non-Life investments.

**III.4 - (+) Income on investments transferred from Life business technical account**

	31/12/2009	31/12/2010	Change
	3,768	3,647	-121

Please refer to information reported in Life technical account chapter.

### III.5 - Capital and financial charges of Non-Life business

	31/12/2009	31/12/2010	Change
	2,341	4,118	+ 1,777
<i>Of which:</i>			
a) Investment management costs and interest expense	1,759	2,033	+ 274
b) Investment write-downs	495	2,085	+ 1,590
c) Loss on sale of investments	87	-	- 87

a) The caption includes:

- operating and personnel expenses relating to the equity portfolio for € 83 thousand (unchanged compared with the previous year);
- costs for fixed-income securities relating to issue and trading differentials, taxes, and operating and personnel expenses amounting to € 1,749 thousand (€ 1,454 thousand in the previous year);
- condominium expenses, taxes and building management costs for € 131 thousand (€ 125 thousand in the previous year);
- interest on deposits from reinsurers for € 70 thousand (€ 94 thousand in the previous year).

b) They refer to write-downs of the financial instruments due to depreciations for € 2,049 thousand and for € 36 to write-downs of participation (€ 495 thousand in the previous year).

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

### III.6 - (-) Investment income transferred to the Non-Life business technical account

	31/12/2009	31/12/2010	Change
	17,118	13,403	-3,715

Please refer to information reported in Non-Life technical account chapter.

### III.7 - Other income

	31/12/2009	31/12/2010	Change
	2,944	1,813	-1,131

This caption includes income other than that on investments, such as that relating to the general balance-sheet classes E - Receivables and F - Other assets.

As at 31 December 2010, the caption is mainly related to, as follows:

- interest on bank current account for € 343 thousand (€ 431 thousand in the previous year);
- infra-group charges for € 464 thousand (€ 452 thousand in the previous year);
- other interest accruing mainly on tax receivables and recoveries from agents for € 292 thousand (€ 307 thousand in the previous year);
- other financial income for € 286 thousand (€ 182 thousand in the previous year);
- foreign-exchange gains on technical and financial items for € 176 thousand (in the previous year was zero).

### III.8 - Other charges

	31/12/2009	31/12/2010	Change
	6,628	7,278	+650

As at 31 December 2010, the captions mainly includes:

- interest and charges on bank current account for € 443 thousand (€ 440 thousand in the previous year);
- annual amortisation of SACE Goodwill for € 530 thousand (€ 887 thousand in the previous year);
- annual amortisation of intangible assets for € 5,785 thousand (€ 4,135 thousand in the previous year);
- interest on subordinated loan for € 16 thousand (€ 226 thousand in the previous year).

### III.10 - Extraordinary income

	31/12/2009	31/12/2010	Change
	709	2,438	+1,729

This item consists of income from the sale of long-term investments and other profits made on the sale of assets classified in the general balance-sheet Class F - Other assets.

Their breakdown is shown below:

- capital gains on sale of fixed-income securities amounting to € 2,177 thousand, of which € 1,134 thousand coming from Life business management and € 1,043 thousand coming from Non-Life business management (€ 82 thousand in the previous year);
- incidental income amounting to € 261 thousand (€ 621 thousand in the previous year).

### III.11 - Extraordinary charges

	31/12/2009	31/12/2010	Change
	149	263	114

This item consists of charges relating to the sale of long-term investments and other losses arising from the sale of assets classified in the general balance-sheet Class F - Other assets.

Their breakdown is shown below:

- incidental costs and charges amounting to € 128 thousand (€ 26 thousand in the previous year);
- capital losses on sale of equity investments amounting to € 134 thousand (in the previous year were € 95 thousand coming from fixed-income securities).

### III.14 - Taxation

	31/12/2009	31/12/2010	Change
	10,770	13,927	+3,157

The current taxes are referred to IRES (corporate income local tax) and IRAP (regional business local tax) estimate relating to 2010, in accordance with tributary regulations in force, applying as tax rates 27.50% for IRES purpose and 4.82% for IRAP purpose.

Reconciliation between the tax charge recognised in the financial statements and theoretical tax charge is shown below:

	(in thousands of Euros)					
	Taxable base		Tax		Tax rate	
	IRES	IRAP	actual	theoretical	actual	theoretical
<b>IRES</b>						
Profit before taxation	43,183		11,874		27.50%	
+ Temporary differences deductible in future years	34,790					
- Temporary differences taxable in future years	1,772					
+ Use of temporary differences	-3,876					
Permanent differences:						
+ Non-deductible interest and taxes	249					
+ Non-deductible accruals, costs and expenses	664					
+ Investment Portfolio	36					
- Tax-exempt income	7					
- Dividends	3,812					
- Other deductible items	934					
<b>Taxable base</b>	<b>68,521</b>					
<b>Current IRES</b>			<b>18,843</b>			
<b>IRAP</b>						
Profit before taxation		43,183	2,081		4.82%	
- Profit & Loss items not taxable/deductible for IRAP purpose		3,640				
Life insurance business profit & loss + Non-life insurance business profit & loss		39,543				
+ Permanent taxable differences		42,382				
- Permanent deductible differences		16,833				
Theoretical taxable base		65,092				
- Use of temporary differences		3,383				
<b>Taxable base</b>		<b>61,709</b>				
<b>Current IRAP</b>			<b>2,974</b>			
<b>Total current Tax relating to 2010</b>			<b>21,817</b>			
<b>Deferred tax assets</b>						
Taxable base for deferred tax assets of the previous year	53,846	13,830				
(Increase - Decrease) in deferred tax assets during the current year	30,738	-3,078				
Taxable base for deferred tax assets of the current year	84,584	10,752				
<b>Deferred IRES assets on (Increase - Decrease)</b>			<b>8,453</b>			
<b>Deferred IRAP assets on (Increase - Decrease)</b>			<b>-148</b>			
<b>Total deferred tax assets relating to 2010</b>			<b>8,305</b>			
<b>Deferred tax liabilities</b>						
Taxable base for provision for deferred tax liabilities of the previous year	440	-				
(Increase - Decrease) in the provision for deferred tax liabilities during the current year	1,506	-				
Adjustments to the provision for deferred tax liabilities of the previous year	-	-				
Taxable base for provision for deferred tax liabilities of the current year	1,946	-				
<b>Deferred IRES liabilities on (Increase - Decrease)</b>			<b>414</b>			
<b>Deferred IRAP liabilities on (Increase - Decrease)</b>			<b>-</b>			
<b>Total deferred tax liabilities relating to 2010</b>			<b>414</b>			
Total IRES relating to 2010			10,804		25.02%	
Total IRAP relating to 2010			3,122		7.23%	
<b>Total tax relating to 2010</b>			<b>13,927</b>	<b>13,955</b>	<b>32.25%</b>	<b>32.32%</b>

The above schedule compares taxes related to local financial statements, apart from variances due to tax rules application in determining IRES and IRAP amounts with taxes related to tax rules compliance.

Schedules of deferred taxes pursuant to article 2427 of the civil code, are shown as follows:

(in thousands of euros)

Description of temporary difference	IRES		IRAP		IRES+IRAP
	Taxable base	tax rate	Taxable base	tax rate	Tax
<b>2009 deferred tax assets</b>					
Exchange rate fluctuations	182		-		50
Depreciation of tangible assets	599		205		174
Entertainment costs	26		26		8
Provisions for bad debts	9,455		-		2,600
Directors' fees	178		-		49
Goodwill	662		662		214
Foreign bonds	13		-		4
Change in non-life claims reserves (as per decr. 209/2002)	42,731		12,937		12,376
	<b>53,846</b>	<b>27.50%</b>	<b>13,830</b>	<b>4.82%</b>	<b>15,474</b>
<b>2010 use to deferred tax assets</b>					
Exchange rate fluctuations	182		-		50
Depreciation of tangible assets	131		131		42
Entertainment costs	17		17		5
Provisions for bad debts	1,030		-		283
Directors' fees	178		-		49
Foreign bonds	13		-		4
Change in non-life claims reserves (as per decr. 209/2002)	2,591		3,235		868
	<b>4,142</b>	<b>27.50%</b>	<b>3,383</b>	<b>4.82%</b>	<b>1,302</b>
<b>2010 increase in deferred tax assets</b>					
Exchange rate fluctuations	63		-		17
Depreciation of tangible assets	218		-		60
Provisions for bad debts	1,363		-		375
Directors' fees	209		-		57
Goodwill	305		305		99
Change in life technical reserves (as per decr. 78/2010)	50		-		14
Change in non-life claims reserves (as per decr. 209/2002)	31,877		-		8,766
Provision for NCWC renewal	700		-		193
Dividends	95		-		26
	<b>34,880</b>	<b>27.50%</b>	<b>305</b>	<b>4.82%</b>	<b>9,607</b>
<b>2010 deferred tax assets</b>					
Exchange rate fluctuations	63		-		17
Depreciation of tangible assets	686		74		192
Entertainment costs	9		9		3
Provisions for bad debts	9,788		-		2,692
Directors' fees	209		-		57
Goodwill	967		967		313
Change in life technical reserves (as per decr. 78/2010)	50		-		14
Change in non-life claims reserve (as per decr. 209/2002)	72,017		9,702		20,272
Provision for NCWC renewal	700		-		193
Dividends	95		-		26
	<b>84,584</b>	<b>27.50%</b>	<b>10,752</b>	<b>4.82%</b>	<b>23,779</b>

(in thousands of euros)

Description of temporary difference	IRES		IRAP		IRES+IRAP
	Taxable base	tax rate	Taxable base	tax rate	Tax
<b>2009 deferred tax liabilities</b>					
Division by instalments of realised gains on Real Estate	260		-		72
Exchange rate fluctuations	180		-		50
	<b>440</b>	<b>27.50%</b>	<b>-</b>	<b>4.82%</b>	<b>121</b>
<b>2010 use to deferred tax liabilities</b>					
Division by instalments of realised gains on Real Estate	86		-		24
Exchange rate fluctuations	180		-		50
	<b>266</b>	<b>27.50%</b>	<b>-</b>	<b>4.82%</b>	<b>73</b>
<b>2010 increase in deferred tax liabilities</b>					
Division by instalments of realised gains on Investment Portfolio	1,702		-		468
Exchange rate fluctuations	70		-		19
	<b>1,772</b>	<b>27.50%</b>	<b>-</b>	<b>4.82%</b>	<b>487</b>
<b>2010 deferred tax liabilities</b>					
Division by instalments of realised gains on Investment Portfolio	1,702		-		468
Division by instalments of realised gains on Real Estate	174		-		48
Exchange rate fluctuations	70		-		19
	<b>1,946</b>	<b>27.50%</b>	<b>-</b>	<b>4.82%</b>	<b>535</b>

## Part C: Other information

### Solvency margin

As regards the solvency margin, completion of regulatory schedules, issued by the ISVAP with its Regulation no. 19 of 14 March 2008, reveals the following amounts (in €'000):

	Non - life business	Life business	Total
Required Solvency Margin	105,726	37,808	143,534
Solvency Margin Assets	165,703	79,646	245,349
Surplus/Deficit	59,977	41,838	101,815
Ratio	1.6	2.1	1.7

If consolidated companies had been equity-accounted using the method typical of consolidated accounts, instead of at historical cost, net capital relating to available equity (i.e. excluding the portion assigned to Life segregated accounts) would have been € 59,506 thousand higher.

As a result of the above considerations, the items forming shareholders' equity increased from € 245,349 thousand to € 304,855 thousand. This, compared with the required amount of solvency margin of € 143,534 thousand, leads to a ratio of 2.12.

		(€/000)
Required Solvency Margin		143,534
Solvency Margin Assets	245,349	
Higher net equity of consolidated companies	<u>59,506</u>	
Solvency Margin Assets		304,855
Ratio		2.12

## Assets allocated to coverage of technical reserves

### Non-Life Business

	(€ million)		
	31/12/09	31/12/10	Change
<b>Technical Reserves (A)</b>	<b>785.3</b>	<b>886.4</b>	<b>101.1</b>
Securities issued or secured by Governments			585.5
Bonds or other similar securities			2.0
Units of undertaking for collective investment			4.0
Shares traded in a regulated market			11.2
Shares not traded in a regulated market			42.5
Real Estate			98.7
Other investments			7.3
Receivables			107.0
Bank accounts			24.4
Othe assets			3.8
<b>Total Assets Allocated (B)</b>			<b>886.4</b>
<b>% of coverage (B/A)</b>			<b>100.0%</b>

### Life Business

	(€ million)		
	31/12/09	31/12/10	Change
<b>Mathematical and Other Technical Reserves</b>	<b>735.1</b>	<b>738.8</b>	<b>3.7</b>
<b>Reserve for payable amounts</b>	<b>22.0</b>	<b>29.3</b>	<b>7.3</b>
<b>Technical Reserves (A)</b>	<b>757.1</b>	<b>768.1</b>	<b>11.0</b>
Securities issued or secured by Governments			640.2
Bonds or other similar securities			43.3
Shares traded in a regulated market			6.5
Real Estate			51.0
Other investments			8.4
Receivables			13.2
Bank accounts			2.8
Othe assets			2.7
<b>Total Assets Allocated (B)</b>			<b>768.1</b>
<b>% of coverage (B/A)</b>			<b>100.0%</b>

	(€ million)		
	31/12/07	31/12/10	Change
<b>Technical Reserves when investment risk is borne by policyholders</b>	<b>75.8</b>	<b>76.5</b>	<b>0.7</b>
<b>Total Assets Allocated</b>	<b>75.8</b>	<b>76.5</b>	<b>0.7</b>

## Finance expense allocated to balance sheet assets

Pursuant to the first paragraph, point 8, of Article 2427 of the Italian Civil Code, we declare that no finance expense was capitalised in the year in amounts posted in balance sheet assets.

## Employees

The cost of salaries, related social security charges, severance indemnity provisioning, and of miscellaneous personnel-related expenses are shown in Appendix 32.

Employees on the payroll as at 31 December 2010 numbered 446 heads (429 heads to 31 December 2009). The average number of employees on the payroll during the year, by category and calculated according to in-force presence, was as follows:

	31/12/2010	31/12/2009
Managers	22	20
Officers	127	122
Administrative staff	291	284
<b>Total</b>	<b>440</b>	<b>426</b>

## Disclosure of auditing fees

As required by Article 149/12 of CONSOB Regulation 11971 of 14 May 1999, below we report the fees relating to FY2010 for services rendered to the Company by the auditing company BDO SpA – and by entities forming part of its network.

Type of services rendered	(€/000)	
	Auditing company	Entities forming part of its network
Independent audit services	403	-
Verifications for issue of attestations	49	-
Other services	8	-

## Breakdown of direct insurance premiums by business category and geographical area

The breakdown of the company's premiums – all referring to the Italian portfolio - by official Ministerial business line is shown in Appendices 19 and 20.

The following table shows the geographical breakdown of premiums, calculated on the basis of agency locations.

Regions	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
(€/000)					
<b>NORTH</b>					
Emilia Romagna	29	47,543		7,614	
Friuli Venezia Giulia	4	7,861		2,041	
Liguria	13	26,190		3,022	
Lombardy	73	175,748		51,983	
Piedmont	36	50,848		4,463	
Trentino Alto Adige	7	8,161		750	
Valle d'Aosta	1	2,620		151	
Veneto	29	41,795		7,557	
<b>Total</b>	<b>192</b>	<b>360,766</b>	<b>53.5</b>	<b>77,581</b>	<b>54.1</b>
<b>CENTRE</b>					
Abruzzo	11	29,502		3,284	
Lazio	29	89,195		34,629	
Marche	13	17,594		5,769	
Tuscany	28	52,792		4,790	
Umbria	14	31,598		4,604	
<b>Total</b>	<b>95</b>	<b>220,681</b>	<b>32.7</b>	<b>53,076</b>	<b>37.0</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	2	5,822		721	
Calabria	2	4,584		85	
Campania	8	21,041		2,539	
Puglia	5	17,980		7,683	
Sardinia	5	12,890		232	
Sicily	9	30,339		1,373	
<b>Total</b>	<b>31</b>	<b>92,656</b>	<b>13.7</b>	<b>12,633</b>	<b>8.8</b>
<b>Total ITALY</b>	<b>318</b>	<b>674,103</b>	<b>100.0</b>	<b>143,290</b>	<b>100.0</b>
<b>France</b>	<b>0</b>	<b>70</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>OVERALL TOTAL</b>	<b>318</b>	<b>674,173</b>		<b>143,290</b>	

## Real estate assets

Real estate assets are listed in the following table (in € '000):

(€/000)

	AT 31 DECEMBER 2010				
	Value before	Monetary	Fiscally-driven	Law 02/2009	T o t a l
	revaluations	revaluations	and voluntary revaluations	Revaluations	2010
<b>BUILDINGS HELD FOR INVESTMENT</b>					
<b>Operating buildings</b>					
Milano - Via V. Colonna 2	306	0	0	477	783
Total operating buildings	306	0	0	477	783
<b>Buildings used by third parties</b>					
Acqui - Piazza Matteotti 25	53	10	77	63	203
Alessandria - P.za Carducci 1	79	79	0	102	260
Asti - C.So Alfieri 130	50	57	0	264	371
Biella - Piazza V. Veneto 16	17	43	34	274	368
Brescia - Via Saffi 1	121	67	0	395	583
Busto Arsizio - Via C. Tosi 8	80	31	0	197	308
Como - V.Le Rosselli 13	116	22	77	549	764
Cremona - P.Za Roma 7	104	24	23	271	422
Cuneo - Piazza Europa 26	61	75	0	420	556
Ferrara - Via Don Minzoni 17	97	10	93	287	487
Gallarate - P.Za Risorgimento 10	35	7	44	98	184
Livorno - Via Grande 225	128	5	0	187	320
Lodi - C.So V. Emanuele II° 12	13	10	41	209	273
Milano - Via Ariosto 21	2,484	0	0	609	3,093
Milano - Via B. D'Alviano 2	21	46	62	532	661
Milano - Via Correggio 3	145	0	0	95	240
Modena - Via Ganaceto 39	33	13	46	553	645
Napoli - Via S. Carlo 26	63	45	155	1,197	1,460
Parma - Via Longhi 1	87	42	62	439	630
Perugia - Via Pellas 44	217	18	0	315	550
Pescara - Via Sulmona 2	35	37	0	192	264
Pisa - Piazza Toniolo 10	87	41	52	343	523
Pistoia - Via S. Fedi 67	75	39	0	176	290
Pontedera - C.So Matteotti 108	61	41	0	205	307
Rovigo - C.So Del Popolo 4	63	24	0	121	208
Sondrio - Via C. Alessi 16	54	15	0	97	166
Terni - Via Beccaria 22	17	28	0	195	240
Trieste - Via Torrebianca 18	15	36	21	136	208
Udine - Via Carducci 4	39	72	0	247	358
Varese - Via Mazzini 1	158	71	41	289	559
Venezia Mestre - Via Verdi 4	47	65	26	330	468
Verona - C.So Porta Nuova 53	245	257	129	1,062	1,693
Vicenza - C.So Palladio 155	84	76	36	280	476
Total buildings used by third parties	4,984	1,406	1,019	10,729	18,138
<b>TOTAL BUILDINGS HELD FOR INVESTMENT</b>	<b>5,290</b>	<b>1,406</b>	<b>1,019</b>	<b>11,206</b>	<b>18,921</b>
<b>TOTAL BUILDINGS</b>	<b>5,290</b>	<b>1,406</b>	<b>1,019</b>	<b>11,206</b>	<b>18,921</b>

## Statement of source and application of funds

	(€/000)	
	31/12/2010	31/12/2009
<b>SOURCE OF FUNDS</b>		
<b>Net profit for the year</b>	29,256	24,290
Positive or negative adjustments relating to unsettled positions:		
Net increase (+) decrease (-) in:		
claims reserve	66,760	33,304
premium reserve	42,213	13,951
life business technical reserves	4,234	53,690
Increase (-) Decrease (+) in receivables from policyholders	-7,496	-3,005
Net increase (-) decrease (+) in agent, reinsurer and coinsurer balances	-5,941	-1,361
Net increase (-) decrease (+) in intangible assets	-4,819	-9,263
Increase in specific provisions	318	-102
Employees' leaving entitlement:		
accruals	1,873	1,724
utilisation	-2,293	-1,982
Increase (-) decrease (+) in other receivables, sundry assets and accrued income	-18,402	-15,346
Increase (+) decrease (-) in other sums payable, other liabilities and accrued expenses	8,839	186
Adjustments to securities	2,386	-2,483
Adjustments to class D securities	-5,688	-4,449
<b>Funds generated by ordinary activities</b>	<b>111,240</b>	<b>89,154</b>
Subordinated loan	-	55
Sale of bonds and other fixed-interest securities	269,970	177,119
Sale of equity investments	406	8,293
Sale of unit trusts	62	5,290
Sale of class D	20,286	21,905
Repayment of loans and borrowings	8,779	4,932
Other financial disinvestments	-	10,000
<b>Funds generated by disinvesting activities</b>	<b>299,503</b>	<b>227,594</b>
<b>Total funds generated</b>	<b>410,743</b>	<b>316,748</b>

(€/000)

	31/12/2010	31/12/2009
<b>APPLICATION OF FUNDS</b>		
Buildings	49	35
Fixed-interest securities	309,114	241,787
Investments	43,718	19,459
Unit trusts	4,000	5,000
Other financial investments	-	1,039
Class D investments	15,254	23,789
Loans to third parties	10,366	3,656
Previous year's dividend distributed	11,184	11,180
<b>Total application of funds</b>	<b>393,685</b>	<b>305,945</b>
Increase/decrease in liquid funds	17,058	10,803
<b>TOTAL</b>	<b>410,743</b>	<b>316,748</b>
Liquid funds at the beginning of the year	44,779	33,976
Liquid funds at the end of the year	61,837	44,779

## Remuneration of directors, statutory auditors, and strategically accountable managers

Pursuant to Article 78 of CONSOB regulation 11971 of 14 May 1999, below we declare the remuneration paid to directors, statutory auditors, and strategically accountable managers:

(€/000)						
NAME AND SURNAME	OFFICE DESCRIPTION		REMUNERATION			
	Office held	Period the office was held	Emoluments for the office in the company drawing up the financial statement	Non monetary benefits	Bonuses and other incentives	Other remuneration
<b>Board of directors' terms of office up to approval of the financial statements at 31 December 2012</b>						
Guatri Luigi	Honorary chairman	01.01 - 31.12.2010	40.0	-	-	-
Costa Giorgio <sup>(1)</sup>	Chairman - member of the board of directors - chairman - member of the finance committee - member of the real estate committee	01.01 - 31.12.2010	20.0 60.0 4.6 4.6	-	-	-
Acutis Carlo	Executive deputy chairman - member of the board of directors - deputy chairman	01.01 - 31.12.2010	20.0 30.0	-	-	5.0 (2)
Acutis Andrea	Executive deputy chairman - member of the board of directors - deputy chairman	01.01 - 31.12.2010	20.0 30.0	-	-	-
Guarena Roberto	Managing director - member of the board of directors - managing director	01.01 - 31.12.2010	20.0 434.0	18.0	-	212.0 (3)
Acutis Biscaretti di Ruffia Adriana	Director - member of the board of directors - member of the finance committee - member of the real estate committee - special appointment	01.01 - 31.12.2010	20.0 4.6 4.6 40.0	-	400.0	5.0 (2)
Baggi Sisini Francesco	Independent director - member of the board of directors - member of the internal control committee - member of the appointments committee - member of the real estate committee	01.01 - 31.12.2010	20.0 2.3 4.6 4.6	-	-	60.0 (2)
Brandolini d'Adda Tiberto	Independent director - member of the board of directors	01.01 - 23.04.2010	31.5	-	-	-
Brignone Marco	Independent director - member of the board of directors	01.01 - 31.12.2010	7.0	-	-	-
Hellouin de Méribus Arnaud	Director - member of the board of directors - member of the real estate committee	01.01 - 31.12.2010	20.0 4.6	-	-	-
Marsani Pietro Carlo	Independent director - member of the board of directors - chairman of the internal control committee	01.01 - 31.12.2010	20.0 12.3	-	-	5.0 (2)
Marsiaj Giorgio	Independent director - member of the board of directors	01.01 - 31.12.2010	32.3	-	-	-
Müller-Gotthard Edgar	Independent director - member of the board of directors	01.01 - 31.12.2010	20.0	-	-	-
Passerin d'Entreves Lodovico	Independent director - member of the board of directors - member of the appointments committee	01.01 - 31.12.2010	20.0 4.6	-	-	-
Paveri Fontana Luca <sup>(1)</sup>	Director - member of the board of directors - chairman of the appointments committee - member of the finance committee - member of the real estate committee - special appointment	01.01 - 31.12.2010	20.0 4.6 4.6 4.6 110.0	-	-	5.0 (2)
Ricci Robert <sup>(1)</sup>	Independent director - member of the board of directors	01.01 - 31.12.2010	143.8	-	-	5.0 (2)
Gobbi Luciano <sup>(1)</sup>	Independent director - member of the board of directors - member of the internal control committee - member of the finance committee	23.04 - 31.12.2010	13.3 6.6 3.3	-	-	5.0 (2)
Spadafora Giuseppe <sup>(1)</sup>	Independent director - member of the board of directors - member of the internal control committee	01.01 - 31.12.2010	20.0 9.0	-	-	-
<b>Board of statutory auditors terms of office up to approval of the financial statements at 31 December 2012</b>						
Caso' Angelo	Chairman	01.01 - 31.12.2010	47.0	-	-	-
Maritano Giovanni	Statutory auditor	01.01 - 31.12.2010	31.0	-	-	33.0 (2)
Araldi Ferruccio <sup>(4)</sup>	Statutory auditor	01.01 - 23.10.2010	30.0	-	-	33.0 (2)
Corrado Versino <sup>(4)</sup>	Statutory auditor	23.10 - 31.12.2010	1.0	-	-	33.0 (2)
<b>General management</b>						
Caldarelli Cesare	General Manager	01.01 - 31.12.2010	}	117.0	-	1,719.0 (3)
Ravasio Mario	Joint General Manager	01.01 - 31.12.2010				
Corazza Enrico	Central Manager	01.01 - 31.12.2010				
Massocco Antonio	Central Manager	01.01 - 31.12.2010				
Parazzini Piero Angelo	Central Manager	01.01 - 31.12.2010				
Enzo Vighi	Central Manager	01.09 - 31.12.2010				

(1) Upon director's request, the emolument will be paid in 2011

(2) Other fees for positions held in subsidiaries

(3) Other fees / salary for positions held in subsidiaries

(4) Further to the death of Mr. Araldi on 23.10.2010, the substitute statutory auditor Mr. Corrado Versino took over as effective statutory auditor

## Investments in subsidiaries

### **Vittoria Immobiliare SpA**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 22,000,000 - % equity interest: 87.24%.**

This company is active in the real estate trading sector and is also a holding company for investments in companies operating in the real estate management, brokerage and promotion sectors.

The draft financial statements reviewed by the Board of Directors on 9 March 2011 show shareholders' equity of € 27,429 thousand, including € 5,977 thousand of net profit for the year. The consolidated financial statements, prepared for the purposes of parent company consolidation, show consolidated shareholders' equity of € 23,463 thousand, including the year's net profit of € 5,482 thousand.

### **Immobiliare Bilancia Srl ["Srl" = private limited liability company]**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 3,150,000 - % equity interest: 100.0%.**

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 21 February 2011 show quotaholders equity of € 17,888 thousand, including the year's net loss of € 252 thousand.

### **Immobiliare Bilancia Prima Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 3,000,000 - % equity interest: 100.00%.**

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 21 February 2011 show quotaholders equity of € 12,173 thousand, including the year's net loss of € 104 thousand.

### **Immobiliare Bilancia Seconda Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 1,000,000 - % equity interest: 100.00%.**

The draft financial statements reviewed by the Board of Directors on 21 February 2011 show shareholders equity of € 1,190 thousand, including the year's net loss of € 113 thousand.

### **Immobiliare Bilancia Terza Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 100,000 - % equity interest: 100.00%.**

The company – at present not yet operational – was founded in 2003 in order to have a legal vehicle able to develop real estate trading operations, possibly jointly with other partners in the sector. The draft financial statements reviewed by the Board of Directors on 21 February 2011 show quotaholders' equity of € 92 thousand, including the year's loss of € -8 thousand.

### **Lauro 2000 Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 27,500,000 - % equity interest: 100.00% direct**

The draft financial statements reviewed by the Board of Directors on 21 February 2011 show shareholders equity of € 107,289 thousand, including the year's loss of € -697 thousand.

### **Forum Mondadori Residenze Srl**

**Registered offices in Milan - Galleria San Babila 4/B**

**Share capital: € 780,000 - % equity interest: 100.00% direct**

The draft financial statements reviewed by the Board of Directors on 21 February 2011 show shareholders equity of € 7,557 thousand, including the year's loss of € -35 thousand.

#### Vittoria Properties Srl

Registered offices in Milan – Via Caldera 21

Share capital: € 4,000,000 - % equity interest: 99.00% directly owned and 1.00% via Vittoria Immobiliare SpA

A company active in the management and letting of its property assets.

The draft financial statements reviewed by the Board of Directors on 21 February 2011 show quotaholders' equity of € 4,329 thousand, including the year's net profit of € 49 thousand.

#### Interbilancia Srl

Registered offices in Milan – Via Caldera 21

Share capital: € 80,000 - % equity interest: 80.00% directly owned and 20.00% via Vittoria Immobiliare SpA

A holding company for investments in companies active in the service sector.

Draft financial statements reviewed by the Board of Directors on 21 February 2011 show quotaholders' equity of € 347 thousand including the year's net profit of € 133 thousand.

#### Vittoria Service Srl

Registered offices in Milan – Via Caldera 21

Share capital: € 100,000 - % equity interest: 70.00% directly owned and 30.00% via Vittoria Immobiliare SpA

A company active in advisory services in the real estate and insurance fields.

Draft financial statements reviewed by the Board of Directors on 21 February 2011 show quotaholders' equity of € 1,413 thousand including the year's net loss of € 548 thousand.

### Investments in associate companies

#### White Finance SA

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 1,000,000 - % equity interest: 32.17%

An investment holding company

Draft consolidated financial statements as at 31 December 2010 show shareholders' equity of € 11,264 thousand, including the year's net loss of € -8,339 thousand.

#### Laumor Holdings Sarl

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 12,500 - % equity interest: 29.00%

A financial company.

Draft consolidated financial statements as at 31 December 2010 show shareholders' equity of € 28,969 thousand, including the year's net profit of € 1,043 thousand.

#### Gima Finance SA

Registered offices in Luxembourg (Grand Duchy of Luxembourg)

Share capital: € 31,000 - % equity interest: 32.13%

A financial company.

Draft consolidated financial statements as at 31 December 2010 show shareholders' equity of € 39,482 thousand, including the year's net loss of € -909 thousand.

#### S.In.t. SpA

Registered offices in Turin – Via Bertola 34

Share capital: € 1,000,000 - % equity interest: 48.19%

Draft financial statements as at 31 December 2010 show shareholders' equity of € 2,138 thousand, including the year's net profit of € 8 thousand.

Yarpa SpA

Registered offices in Genoa – Via Roma 3

Share capital: € 38,201,600 - % equity interest: 25.90%

The associate is a company offering corporate financial services – from pool loans up to consulting services for the purchase or sale of companies. Its subsidiary Yarpa Investimenti SGR manages the Italian closed-end investment funds “Maestrale” and “RP3 Fund” and the closed-end real estate funds “Rosso Mattone” and “Ambiente”. Draft financial statements as at 31 December 2010 show shareholders’ equity of € 18,273 thousand, including the year’s net profit of € 237 thousand.

Touring Vacanze Srl

Registered offices in Milan – Corso Italia 10

Share capital: € 12,900,000 - % equity interest: 24.00%

A real estate management company.

## Tax situation

During 2009 Vittoria Assicurazioni S.p.A. was subjected to a tax audit by the Inland Revenue for the tax years 2004, 2005 and 2006, after which objections were raised concerning corporate tax, regional business tax and VAT.

A tax reassessment totalling € 96 thousand of higher corporate and regional business taxes for 2004 and 2005 was notified. The reassessment of higher VAT totalled € 227 thousand.

Tax reassessments have not yet been notified for 2006, for which the company estimates that higher charges of some € 5 thousand will be assessed for corporate and regional taxes and € 160 thousand for VAT.

In accounts as at 31 December 2009 the company has made tax provision of € 101 thousand for the costs arising from higher corporate and regional business tax, fines and interest for the 3-year period 2004-2006. Euro 96 thousand was charged to this provision to extinguish the amounts due to the Revenue for 2004 and 2005 fiscal years.

As regards higher VAT, related fines and interest, the company has already filed an appeal with the Inland Revenue for 2004 and intends to act in the same way for 2005 and 2006, supported by a favourable ruling in first instance concerning an identical case related to 2003 and 2004 and by several favourable ruling concerning similar cases related to other insurance companies.

Vittoria Assicurazioni S.p.A. has confirmed for the 3-year period 2008-2010 the option for domestic tax consolidation (Article 117 et seq. of Italian Presidential Decree no. 917 of 22 December 1986) with the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia Seconda S.r.l. and Immobiliare Bilancia Terza S.r.l.. As from FY2008 and once again for the 3-year period 2008-2010, the subsidiaries Lauro 2000 S.r.l. and Acacia 2000 S.r.l. were included in the scope of tax consolidation. During 2009 the domestic tax consolidation option was renewed for the companies Vittoria Immobiliare S.p.A., Gestimmobili S.r.l. and Interimmobili S.r.l. and was exercised also for the subsidiaries Forum Mondadori Residenze S.r.l. e Interbilancia S.r.l..

In FY2008 Vittoria Assicurazioni S.p.A. revalued its property assets pursuant to Italian Law no. 2 of 28 January 2009, obtaining recognition of the higher value for the purposes of corporate and regional business tax, effective as from the 2013 tax period (in the event of disposal, recognition is postponed to 2014) via payment of a substitute tax of 3% on the higher value of depreciable property assets and of 1.5% on that of non-depreciable property assets. The carrying value was aligned with market value, as calculated by an expert appraisal of the assets concerned performed by an independent expert.

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

As regards 2010, Vittoria Assicurazioni S.p.A. has exercised the option for group settlement of VAT pursuant to the Ministry Decree of 13 December 1979. This option has been taken up, in their capacity as subsidiaries, by the companies Forum Mondadori Residenze S.r.l., Immobiliare Bilancia Terza S.r.l., Gestimmobili S.r.l., Interimmobili S.r.l., and Vittoria Properties S.r.l..

The Board of Directors

Milan, 14 March 2011

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Previous year

			181
182			
184	4,386		
186			
187	8		
188			
189	26,291	190	30,685
191	783		
192	18,089		
193			
194			
195		196	18,872
197			
198	97,451		
199			
200	31,693		
201	32,983	202	162,127
203			
204			
205			
206			
207		208	
209			
210			
211			
212			
213		214	162,127
	to carry forward	215	30,685

## BALANCE SHEET - NON-LIFE BUSINESS

## ASSETS

				Current year		
		brought forward		33,829		
C. INVESTMENTS (continues)						
III	- Other financial investments:					
	1. Equity investments					
	a) Listed shares	36				
	b) Unlisted shares	37				
	c) Quotas	38	39			
	2. Unit trust units		40	4,259		
	3. Bonds and other fixed-interest securities					
	a) listed	41	587,040			
	b) unlisted	42	367			
	c) convertible bonds	43	44	587,407		
	4. Loans					
	a) secured loans	45				
	b) loans on policies	46				
	c) other loans	47	48			
	5. Shares in investment pools		49			
	6. Deposits with banks		50			
	7. Other financial investments	51	240	52	591,906	
IV	- Deposits with ceding companies			53	54	802,516
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES						
I - NON-LIFE BUSINESSES						
	1. Premium reserve		58	12,501		
	2. Claims reserve		59	39,501		
	3. Profit participation and reimbursement reserve		60			
	4. Other technical reserves		61		62	52,002
		to carry forward		888,347		

Previous year

	brought forward			30,685
216				
217				
218	219			
	220	259		
221	554,457			
222	565			
223	224	555,022		
225				
226				
227	228			
	229			
	230			
	231	240	232	555,521
			233	2
			234	736,522
	238	9,658		
	239	44,274		
	240			
	241		242	53,932
	to carry forward			821,139

## BALANCE SHEET - NON-LIFE BUSINESS

## ASSETS

				Current year	
		brought forward			
				888,347	
<b>E. RECEIVABLES</b>					
I - Receivables relating to direct insurance due from:					
1. Policyholders					
a) premiums for the year	71	43,634			
b) premiums for previous years	72	7,725	73	51,359	
2. Insurance brokers and agents			74	58,981	
3. Current account companies			75	8,296	
4. Amounts to be recovered from policyholders and third parties			76	47,196	77 165,832
II - Receivables relating to reinsurance due from:					
1. Insurance and reinsurance companies					
			78	3,601	
2. Reinsurance brokers and agents			79		80 3,601
III - Other receivables					
				81	11,185 82 180,618
<b>F. OTHER ASSETS</b>					
I - Tangible assets and inventory:					
1. Office furniture and machines and internal transport systems					
			83	6,518	
2. Registered chattel property					
			84	8	
3. Plant and machinery					
			85	965	
4. Inventory and other assets					
			86		87 7,491
II - Liquid funds					
1. Bank and postal accounts					
			88	48,987	
2. Cheques on hand and cash-in-hand					
			89	9	90 48,996
III - Own shares or quotas					
				91	
IV - Other assets					
1. Suspense reinsurance accounts					
			92		
2. Sundry assets					
			93	23,865	94 23,865 95 80,352
of which: giro account with life business					
			901		
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>					
1. Interest					
				96	7,336
2. Rent instalments					
				97	424
3. Other prepayments and accrued income					
				98	3,355 99 11,115
<b>TOTAL ASSETS</b>					100 1,160,432

Previous year

		brought forward		821,139	
251	36,689				
252	5,723	253	42,412		
		254	43,224		
		255	10,750		
		256	36,031	257	132,417
		258	5,127		
		259		260	5,127
				261	19,570
				262	157,114
		263	2,871		
		264	12		
		265	126		
		266		267	3,009
		268	22,383		
		269	10	270	22,393
				271	
		272			
		273	15,680	274	15,680
		903		275	41,082
				276	6,704
				277	182
				278	1,475
				279	8,361
				280	1,027,696

BALANCE SHEET - NON-LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

<b>A. SHAREHOLDERS' EQUITY</b>		
I - Subscribed share capital or equivalent fund	101	39,427
II - Share premium reserve	102	19,032
III - Revaluation reserves	103	10,939
IV - Legal reserve	104	6,318
V - Statutory reserves	105	
VI - Reserves for purchase of own shares and shares of parent company	106	
VII - Other reserves	107	103,750
VIII - Retained earnings or losses carried forward	108	
IX - Net profit/(loss) for the year	109	20,985
		110 200,451
<b>B. SUBORDINATED LIABILITIES</b>		111 174
<b>C. TECHNICAL RESERVES</b>		
I - NON-LIFE BUSINESSES		
1. Premium reserve	112	278,213
2. Claims reserve	113	605,449
3. Profit participation and reimbursement reserve	114	
4. Other technical reserves	115	409
5. Equalisation reserves	116	3,246
		117 887,317
to carry forward		1,087,942

Previous year

	281	38,473	
	282	17,696	
	283	10,939	
	284	5,495	
	285		
	286		
	287	91,859	
	288		
	289	16,454	290 180,916
			291 2,464
292	230,007		
293	549,508		
294			
295	3,774		
296	3,031		297 786,320
to carry forward			969,700

BALANCE SHEET - NON-LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
	brought forward		1,087,942
<b>E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES</b>			
1.	Pension and similar provisions	128	
2.	Provision for taxation	129	590
3.	Other provisions	130	741
			131
			1,331
<b>F. DEPOSITS FROM REINSURERS</b>			
			132
			6,433
<b>G. PAYABLES AND OTHER LIABILITIES</b>			
I	- Payables arising from direct insurance business due to:		
1.	Insurance brokers and agents	133	2,817
2.	Current account companies	134	2,163
3.	Guarantee deposits and premiums paid by policyholders	135	
4.	Guarantee funds in favour of policyholders	136	2,419
		137	7,399
II	- Payables arising from reinsurance business due to:		
1.	Insurance and reinsurance companies	138	8,401
2.	Reinsurance brokers and agents	139	140
			8,401
III	- Bond issues	141	
IV	- Due to banks and other financial institutions	142	
V	- Secured debts	143	
VI	- Sundry loans and other financial payables	144	
VII	- Employees' leaving entitlement	145	3,127
VIII	- Other sums payable		
1.	Policyholders' tax due	146	14,790
2.	Other sums payable to taxation authorities	147	1,492
3.	Social security charges payable	148	1,811
4.	Sundry payables	149	13,806
		150	31,899
IX	- Other liabilities		
1.	Suspense reinsurance accounts	151	
2.	Commissions on premiums under collection	152	8,844
3.	Other liabilities	153	5,004
		154	13,848
	of which: giro account with life business	902	64,674
	to carry forward		1,160,380

Previous year		
brought forward		969,700
	308	
	309	522
	310	741
		311 1,263
		312 3,605
313	3,414	
314	2,495	
315		
316	752	317 6,661
318	6,885	
319		320 6,885
		321
		322
		323
		324
		325 3,547
326	11,765	
327	1,227	
328	1,751	
329	12,316	330 27,059
331		
332	7,394	
333	1,445	334 8,839
904	1,333	335 52,991
to carry forward		1,027,559

BALANCE SHEET - NON-LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			1,160,380
<hr style="border-top: 1px dashed black;"/>			
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1. Interest	156	10	
2. Rent instalments	157		
3. Other accrued expenses and deferred income	158	42	159
			52
<hr style="border-top: 1px dashed black;"/>			
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>160</b>
			<b>1,160,432</b>
<hr style="border-top: 1px dashed black;"/>			

BALANCE SHEET - NON-LIFE BUSINESS  
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

		Current year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS			
I - Guarantees given			
1. Sureties			161
2. Endorsements			162
3. Other personal guarantees			163
4. Collateral			164
II - Guarantees received			
1. Sureties			165
2. Endorsements			166
3. Other personal guarantees			167
4. Collateral			168
III - Guarantees given by third parties in the interest of the Company			169
IV - Commitments			170
V - Third party assets			171
VII - Securities held by third parties			173
VIII - Other memorandum and contingency accounts			174
			11,457
			4,352
			656,649
<hr style="border-top: 1px dashed black;"/>			

Previous year		
brought forward		1,027,559
	336	136
	337	
	338	1 339
		137
		340

Previous year			
		341	
		342	
		343	7,634
		344	
		345	6,363
		346	
		347	
		348	1,250
		349	
		350	17,310
		351	3,893
		353	614,619
		354	



Previous year			
			181
182			
183	2,768		
186			
187	5		
188	3,163		
189	2,313		190 8,249
191			
192			
193			
194			
195		196	
197			
198	59,665		
199			
200	5,765		
201	6,548	202 71,978	
203			
204			
205			
206			
207		208	
209			
210	564		
211			
212			
213	2,500	214 3,064	215 75,042
	to carry forward		8,249

## BALANCE SHEET - LIFE BUSINESS

## ASSETS

		Current year	
		brought forward	9,924
C. INVESTMENTS (continues)			
III	- Other financial investments		
	1. Equity investments		
	a) Listed shares	36	
	b) Unlisted shares	37	
	c) Quotas	38	39
	2. Unit trust units	40	6,175
	3. Bonds and other fixed-interest securities:		
	a) listed	41	697,055
	b) unlisted	42	3,594
	c) convertible bonds	43	44
			700,649
	4. Loans		
	a) secured loans	45	5,787
	b) loans on policies	46	3,496
	c) other loans	47	48
			10,760
	5. Shares in investment pools		49
	6. Deposits with banks		50
	7. Other financial investments	51	799
			52
			718,383
IV	- Deposits with ceding companies		53
			249
			54
			809,560
D. INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND STEMMING FROM PENSION FUND MANAGEMENT			
I	- Investments relating to index-linked policies		55
			65,831
II	- Investments relating to pension fund management		56
			10,625
			57
			76,456
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES			
II - LIFE BUSINESSES			
	1. Mathematical reserves	63	21,207
	2. Complementary insurance premium reserve	64	
	3. Reserve for amounts payable	65	373
	4. Profit participation and reimbursement reserve	66	
	5. Other technical reserves	67	22
	6. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	68	69
			21,602
		to carry forward	917,542

Valori dell'esercizio precedente

	brought forward		8,249
216			
217			
218	219		
	220	6,236	
221	692,748		
222	3,534		
223	224	696,282	
225	3,046		
226	3,773		
227	4,488	228	11,307
	229		
	230		
	231	799	232
			714,624
		233	279
			234
			789,945
		235	66,979
		236	8,821
			237
			75,800
	243	19,926	
	244		
	245	373	
	246		
	247	23	
	248		249
			20,322
	to carry forward		894,316

## BALANCE SHEET - LIFE BUSINESS

## ASSETS

		Current year		
		brought forward		917,542
<b>E. RECEIVABLES</b>				
I	- Receivables relating to direct insurance due from:			
	1. Policyholders			
	a) premiums for the year	71	7,610	
	b) premiums for previous years	72	7,610	
	2. Insurance brokers and agents	74	10,449	
	3. Current account companies	75	125	
	4. Amounts to be recovered from policyholders and third parties	76	18,184	
II	- Receivables relating to reinsurance due from:			
	1. Insurance and reinsurance companies	78	37	
	2. Reinsurance brokers and agents	79	37	
III	- Other receivables		10,345	28,566
<b>F. OTHER ASSETS</b>				
I	- Tangible assets and inventory:			
	1. Office furniture and machines and internal transport systems	83		
	2. Registered chattel property	84		
	3. Plant and machinery	85		
	4. Inventory and other assets	86		
II	- Liquid funds			
	1. Bank and postal accounts	88	12,842	
	2. Cheques on hand and cash-in-hand	89	12,842	
III	- Own shares or quotas			
IV	- OTHER ASSETS			
	1. Suspense reinsurance accounts	92		
	2. Sundry assets	93	632	13,474
	of which: giro account with non-life business	901		
<b>G. PREPAYMENTS AND ACCRUED INCOME</b>				
	1. Interest		8,679	
	2. Rent instalments			
	3. Other prepayments and accrued income		105	8,784
<b>TOTAL ASSETS</b>				<b>968,366</b>

Previous year		brought forward			894,316
251	8,399				
252	663	253	9,062		
		254	10,811		
		255	96		
		256		257	19,969
		258	177		
		259		260	177
				261	9,085
				262	29,231
		263			
		264			
		265			
		266		267	
		268	22,386		
		269		270	22,386
				271	
		272			
		273	480	274	480
		903	1,333	275	22,866
				276	9,863
				277	
				278	131
				279	9,994
				280	956,407

BALANCE SHEET - LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
<b>A. SHAREHOLDERS' EQUITY</b>			
I	- Subscribed share capital or equivalent fund	101	27,952
II	- Share premium reserve	102	14,323
III	- Revaluation reserves	103	
IV	- Legal reserve	104	3,327
V	- Statutory reserves	105	
VI	- Reserves for purchase of own shares and shares of parent company	106	
VII	- Other reserves	107	40,457
VIII	- Retained earnings or losses carried forward	108	
IX	- Net profit (loss) for the year	109	8,271
		110	94,330
<b>B. SUBORDINATED LIABILITIES</b>			
		111	116
<b>C. TECHNICAL RESERVES</b>			
<b>II - LIFE BUSINESSES</b>			
1.	Mathematical reserves	118	725,995
2.	Complementary insurance premium reserve	119	156
3.	Reserve for amounts payable	120	29,350
4.	Profit participation and reimbursement reserve	121	36
5.	Other technical reserves	122	12,824
		123	768,361
<b>D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT</b>			
I	- Reserves arising from index- linked policies	125	65,831
II	- Reserves arising from pension fund management	126	10,625
		127	76,456
to carry forward			939,263

Previous year

		281	27,316	
		282	13,433	
		283		
		284	2,935	
		285		
		286		
		287	40,457	
		288		
		289	7,836	290 91,977
				291 1,643
	298	721,900		
	299	156		
	300	23,304		
	301	29		
	302	12,069		303 757,458
		305	66,979	
		306	8,821	307 75,800
	to carry forward			926,878

BALANCE SHEET - LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			939,263
<b>E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES</b>			
1.	Pension and similar provisions	128	
2.	Provision for taxation	129	249
3.	Other provisions	130	131 249
<b>F. DEPOSITS FROM REINSURERS</b>			
			132 21,229
<b>G. PAYABLES AND OTHER LIABILITIES</b>			
I	- Payables arising from direct insurance business due to:		
1.	Insurance brokers and agents	133 741	
2.	Current account companies	134 59	
3.	Guarantee deposits and premiums paid by policyholders	135 143	
4.	Guarantee funds in favour of policyholders	136	137 943
II	- Payables arising from reinsurance business due to:		
1.	Insurance and reinsurance companies	138 639	
2.	Reinsurance brokers and agents	139	140 639
III	- Bond issues		141
IV	- Due to banks and other financial institutions		142
V	- Secured debts		143
VI	- Sundry loans and other financial payables		144
VII	- Employees' leaving entitlement		145 845
VIII	- Other sums payable		
1.	Policyholders' tax due	146 107	
2.	Other sums payable to taxation authorities	147 344	
3.	Social security charges payable	148 265	
4.	Sundry payables	149 2,031	150 2,747
IX	- Other liabilities		
1.	Suspense reinsurance accounts	151	
2.	Commissions on premiums under collection	152 1,973	
3.	Other liabilities	153 448	154 2,421 155 7,595
	of which: giro account with non-life business	902	
to carry forward			968,336

Previous year

brought forward		926,878
	308	
	309	
	310	311
		312
		19,949
313	238	
314	1	
315	199	
316	317	438
318	566	
319	320	566
	321	
	322	
	323	
	324	
	325	845
326	138	
327	334	
328	265	
329	2,529	330
		3,266
331		
332	3,901	
333	444	334
		4,345
904		335
		9,460
to carry forward		956,287

BALANCE SHEET - LIFE BUSINESS  
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			968,336
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1. Interest	156	6	
2. Rent instalments	157		
3. Other accrued expenses and deferred income	158	24	159 30
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		160	968,366

BALANCE SHEET - LIFE BUSINESS  
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

		Current year	
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS			
I - Guarantees given			
1. Sureties		161	
2. Endorsements		162	
3. Other personal guarantees		163	12,866
4. Collateral		164	
II - Guarantees received			
1. Sureties		165	
2. Endorsements		166	
3. Other personal guarantees		167	
4. Collateral		168	
III - Guarantees given by third parties in the interest of the company		169	
IV - Commitments		170	
V - Third party assets		171	
VI - Assets pertaining to pension funds managed in favour and on behalf of third parties		172	10,625
VII - Securities held by third parties		173	714,170
VIII - Other memorandum and contingency accounts		174	

Previous year		
	brought forward	956,287
	336 90	
	337	
	338 30	339 120
		340 956,407

		Previous year
		341
		342
		343 12,866
		344
		345
		346
		347
		348
		349
		350
		351
		352 8,821
		353 709,865
		354

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Company VITTORIA ASSICURAZIONI S.p.A.

Year 2010

## Allocation of the net profit (loss) for the year between non-life and life businesses

		Non-life businesses		Life businesses		Total
<b>Result of technical account</b> .....	1	33,154	21	6,389	41	39,543
Income on investments .....	+	20,804			42	20,804
Capital and financial charges .....	-	4,118			43	4,118
Income on investments transferred from the life business technical account .....	+		24	3,647	44	3,647
Income on investments transferred to the non-life business technical account .....	-	13,403			45	13,403
<b>Operating result</b> .....	6	36,437	26	10,036	46	46,473
Other income .....	+	1,546	27	267	47	1,813
Other expense .....	-	6,240	28	1,038	48	7,278
Extraordinary income .....	+	1,191	29	1,247	49	2,438
Extraordinary expense .....	-	256	30	7	50	263
<b>Profit (loss) before taxation</b> .....	11	32,678	31	10,505	51	43,183
Taxation on profit for the year .....	-	11,693	32	2,234	52	13,927
<b>Net profit (loss) for the year</b> .....	13	20,985	33	8,271	53	29,256

Year 2010

Company VITTORIA ASSICURAZIONI S.p.A.

Assets - Changes in intangible assets (caption B) and  
land and buildings (caption C.I)

		Intangible assets B	Land and buildings C.I
Gross opening book value .....	+	1 38,934	31 18,872
Increase of the year .....	+	2 16,584	32 49
for: acquisitions or increases .....		3 16,584	33 49
write-backs .....		4	34
revaluations .....		5	35
other variations .....		6	36
Decrease of the year .....	-	7 226	37
for: sales or decreases .....		8 226	38
permanent write-downs .....		9	39
other variations .....		10	40
<b>Gross closing book value (a) .....</b>		11 55,292	41 18,921
Amortisation and depreciation:			
Opening book value .....	+	12	42
Increase of the year .....	+	13 11,539	43
for: amortisation/depreciation charge of the year .....		14 11,528	44
other variations .....		15 11	45
Decrease of the year .....	-	16	46
for: disposals .....		17	47
other variations .....		18	48
<b>Closing book value (b) (*) .....</b>		19 11,539	49
<b>Book value (a - b) .....</b>		20 43,753	50 18,921
Current value .....			51 18,837
Total revaluations .....		22	52
Total write-downs .....		23	53
(*) of which resulting from fiscally-driven entries .....		24	54

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2010

Assets - Changes in investments in group and other companies: equity investments (caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)

		Equity investments C.II.1	Bonds C.II.2	Loans C.II.3
Opening book value .....	+	1 234,104	21	41 3,064
Increase of the year .....	+	2 43,765	22	42 5,000
for: acquisitions, subscriptions or lending .....		3 37,480	23	43 5,000
write-backs .....		4	24	44
revaluations .....		5		
other variations .....		6 6,285	26	46
Decrease of the year: .....	-	7 453	27	47 2,864
for: sales or repayments.....		8 417	28	48 2,864
write-downs .....		9	29	49
other variations .....		10 36	30	50
<b>Book value</b> .....		11 277,416	31	51 5,200
Current value .....		12 341,912	32	52
Total revaluations .....		13		
Total write-downs.....		14	34	54

Caption C.II.2 includes:

Listed bonds .....	61
Unlisted bonds .....	62
<b>Book value</b> .....	63
of which: convertible bonds .....	64

Assets - Information on subsidiaries (\*)

Number	Type	Listed or unlisted	Business activity	Name and registered offices	Currency
	(1)	(2)	(3)		
1	b	NQ	2	VITTORIA IMMOBILIARE S.p.A. - Galleria San Babila 4/B - 20122 Milano	242
2	d	NQ	9	SINT S.p.A. - Piazza Bodoni 3 - 10123 Torino	242
3	d	NQ	2	YARPA S.p.A. - Via Roma 3 - 16121 Genova	242
4	e	NQ	2	GRUPPO G.P.A. S.p.A. - Via Melchiorre Gioia 124 - 20125 Milano	242
5	e	Q	2	CAM FINANZIARIA S.p.A. - Via G.Negri 8 - 20123 Milano	242
6	e	NQ	3	BANCA PASSADORE & C. S.p.A. - Via E.Vernazza 27 - 16121 Genova	242
7	e	NQ	3	BCC VALDOSTANA Soc.Coop. - Fraz.Taxel 26 - 11020 Gressan AO	242
8	e	NQ	3	BCC PAD.ORIENT.-ROVIGO Soc.Coop. - Via Casalini n.10 - 45100 Rovigo	242
9	e	NQ	9	DOWNALL ITALIA S.r.l. - Piazza Sicilia 6 - 20146 Milano	242
10	e	NQ	9	SOFIGEA S.r.l. in liq. - Via della Frezza 70 - 00186 Roma	242
11	e	NQ	9	U.C.I. S.cons.r.l. - Corso Sempione 39 - 20145 Milano	242
12	e	NQ	2	MEDINVEST INTERNATIONAL S.C.A. - 38, Avenue de la Faiencerie - L-1510 Lussemburgo	242
13	b	NQ	2	INTERBILANCIA S.r.l. - Via Caldera n.21 - 20153 Milano	242
14	b	NQ	4	IMMOBILIARE BILANCIA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
15	d	NQ	9	TOURING VACANZE S.r.l. - Corso Italia n.10 - 20122 Milano	242
16	b	NQ	4	VITTORIA PROPERTIES S.r.l. - Via Caldera 21 - 20153 Milano	242
17	b	NQ	4	IMMOBILIARE BILANCIA PRIMA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
18	b	NQ	4	IMMOBILIARE BILANCIA SECONDA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
19	b	NQ	4	IMMOBILIARE BILANCIA TERZA S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
20	e	NQ	3	BCC APUANA Soc.Coop. - Viale Eugenio Chiesa n.4 - 54100 Massa	242
21	e	Q	2	MEDIOBANCA S.p.A. - P.tta E.Cuccia 1 - 20121 Milano	242
22	e	NQ	9	MEDIORISCHI S.p.A. - Via Melchiorre Gioia 124 - 20125 Milano	242
23	e	NQ	2	BCM & Partners LLP - 102 Jermyn Street - SW1Y 6EE Londra	2
24	d	NQ	2	WHITE FINANCE S.A. - 9, rue du Laboratoire - L-1911 Lussemburgo	242
25	b	NQ	9	VITTORIA SERVICE S.r.l. - Via Caldera n.21 - 20153 Milano	242
26	b	NQ	4	LAURO 2000 S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
27	d	NQ	2	LAUMOR HOLDINGS Sarl - 9, rue du Laboratoire - L-1911 Lussemburgo	242
28	d	NQ	2	GIMA FINANCE SA - 9, rue du Laboratoire - L-1911 Lussemburgo	242
29	e	NQ	4	IMMOBILIARE ADAMELLO S.r.l. - Corso Italia 10 - 20122 Milano	242
30	d	NQ	7	CONSORZIO MOVINCOM S.c.r.l. - Via Bertola 34 - 10122 Torino	242
31	e	NQ	2	YAM INVEST N.V. - Herengracht 471 - 1017 BS Amsterdam	242
32	b	NQ	4	FORUM MONDADORI RESIDENZE S.r.l. - Galleria San Babila 4/B - 20122 Milano	242
33	e	NQ	3	BCC DI SIGNA - Piazza Michelacci 1-2 - 50058 Signa FI	242
34					
35					

(\*) List of group companies and other companies held either directly or through trustee or nominee.

(1) Type

a = Parent companies  
b = Subsidiaries  
c = Related companies  
d = Associated companies  
e = Other companies

(2) Indicate Q for listed securities  
and NQ for unlisted securities

(3) Business activity

1 = Insurance company  
2 = Financial company  
3 = Bank  
4 = Real estate company  
5 = Trust  
6 = Trust management company  
7 = Consortium  
8 = Manufacturing company  
9 = Other

(4) Amounts in original currency

(5) Indicate total holding percentage

Share capital		Shareholders' equity (**)	Net profit or loss for the last year (**)	Percentage held (5)		
Amount (4)	Number of shares			(4)	(4)	Direct %
22,000,000	44,000			87.24		
1,000,000	1,000,000			48.19		
38,201,600	81,280,000			25.90		
8,528,000	16,400,000			9.74		
349,146,746	671,436,050			4.31		
50,000,000	50,000,000			2.76		
3,091,650	599,157			0.63		
1,789,543	69,307			0.14		
100,000	100,000			10.00		
47,664,600	47,664,600			1.46		
516,630	1,013,000			0.68		
76,636,000	7,663,600			3.91		
80,000	80,000			80.00		
3,150,000	3,150,000			100.00		
12,900,000	12,900,000			24.00		
4,000,000	4,000,000			99.00		
3,000,000	3,000,000			100.00		
1,000,000	1,000,000			100.00		
100,000	100,000			100.00		
6,373,731	24,609			0.78		
430,551,416	861,102,832			0.14		
102,000	102,000			10.00		
1,000,000	800,000			32.17		
100,000	100,000			70.00		
27,500,000	27,500,000			100.00		
12,500	500			29.00		
31,000	31,000			32.13		
103,600	103,600			0.97		
63,083,168	63,083,168			18.75		
780,000	780,000			100.00		
12,088,769	234,097			0.38		

(\*\*) To be compiled only for subsidiary and associated companies

## Assets - Changes in investments in group and other companies: equity investments

Numbe (1)	Type (2)		Name (3)	Increase of the year		
				Acquisitions		Other increases
				Quantity	Amount	
1	B	V	VITTORIA IMMOBILIARE S.p.A.			
1	B	D	VITTORIA IMMOBILIARE S.p.A.			
2	D	D	SINT S.p.A.			
3	D	D	YARPA S.p.A.	15,849,896		
4	E	D	GRUPPO G.P.A. S.p.A.			
5	E	V	CAM FINANZIARIA S.p.A.			
6	E	D	BANCA PASSADORE & C. S.p.A.			
7	E	D	BCC VALDOSTANA Soc.Coop.			
8	E	D	BCC PAD.ORIENT.-ROVIGO Soc.Coop.			
9	E	D	DOWNALL ITALIA S.r.l.			12,112
10	E	D	SOFIGEA S.r.l. in liq.			
11	E	D	U.C.I. S.cons.r.l.			
12	E	D	MEDINVEST INTERNATIONAL S.C.A.			
13	B	D	INTERBILANCIA S.r.l.			
14	B	V	IMMOBILIARE BILANCIA S.r.l.			
15	D	V	TOURING VACANZE S.r.l.			
16	B	V	VITTORIA PROPERTIES S.r.l.			
17	B	D	IMMOBILIARE BILANCIA PRIMA S.r.l.			
18	B	D	IMMOBILIARE BILANCIA SECONDA S.r.l.			
19	B	D	IMMOBILIARE BILANCIA TERZA S.r.l.			36,125
20	E	D	BCC APUANA Soc.Coop.			
21	E	D	MEDIOBANCA S.p.A.			
22	E	D	MEDIORISCHI S.p.A.			
23	E	D	BCM & Partners LLP			
24	D	D	WHITE FINANCE S.A.			

(1) It should match that indicated in Annex 6

 (2) Type  
 a = Parent companies  
 b = Subsidiaries  
 c = Related companies  
 d = Associated companies  
 e = Other companies

(3) Indicate:

 D investment allocated to the non-life business (caption C.II.1)  
 V investments allocated to the life business (caption C.II.1)  
 V1 investments allocated to the life business (caption D.I)  
 V2 investments allocated to the life business (caption D.2)  
 Even if it is only a portion, the investment should be  
 identified with the same number

Year 2010

Decrease of the year		Other decreases	Book value (4)		Acquisition cost	Current value
Sales			Quantity	Amount		
Quantity	Amount					
			24,091	13,944,539	13,944,539	12,846,944
			14,295	12,378,000	12,378,000	7,622,572
			481,900	4,658,912	4,658,912	4,743,911
			21,048,662	4,426,740	4,426,740	4,796,757
			1,596,959	7,134,178	7,134,178	7,134,178
			28,943,096	6,547,686	6,547,686	10,651,059
			1,377,848	3,540,385	3,540,385	7,467,936
			3,800	41,007	41,007	41,007
			100	2,634	2,634	2,634
			9,999	13,112	13,112	13,112
			695,819	704,628	704,628	704,628
			6,879	3,553	3,553	3,553
			300,000	3,000,747	3,000,747	3,000,747
			64,000	77,640	77,640	661,828
			3,150,000	16,061,815	16,061,815	17,867,294
			3,096,000	5,764,569	5,764,569	5,764,569
			3,960,000	3,960,000	3,960,000	4,285,675
			3,000,000	5,400,000	5,400,000	12,155,388
			1,000,000	1,250,000	1,250,000	1,190,269
		36,125	100,000	100,000	100,000	92,438
			193	49,987	49,987	49,987
			1,225,350	11,203,347	11,203,347	8,160,831
			10,199	243,612	243,612	243,612
139,623	207,406		257,373	5,234,618	5,234,618	3,623,569

(4) Insert (\*) if stated with the equity method (only for types b and d)

## Assets - Changes in investments in group and other companies: equity investments

Numbe (1)	Type (2)	(3)	Name	Increase of the year		
				Acquisitions		Other increases
				Quantity	Amount	
25	B	D	VITTORIA SERVICE S.r.l.			385,000
26	B	V	LAURO 2000 S.r.l.	4,687,500		18,750,000
26	B	D	LAURO 2000 S.r.l.	2,812,500		11,250,000
27	D	D	LAUMOR HOLDINGS Sarl			164,151
28	D	D	GIMA FINANCE SA			5,688,536
29	E	D	IMMOBILIARE ADAMELLO S.r.l.			
30	D	D	CONSORZIO MOVINCOM S.c.r.l.			
31	E	D	YAM INVEST N.V.			
32	B	D	FORUM MONDADORI RESIDENZE S.r.l.	680,000		7,480,000
33	E	D	BCC DI SIGNA			
			<b>Total C.II.1</b>			43,765,924
	a		Parent companies			
	b		Subsidiaries			
	c		Related companies			37,901,125
	d		Associated companies			
	e		Other companies			5,852,687
			<b>Total D.I</b>			12,112
			<b>Total D.II</b>			

(1) It should match that indicated in Annex 6

 (2) Type  
 a = Parent companies  
 b = Subsidiaries  
 c = Related companies  
 d = Associated companies  
 e = Other companies

(3) Indicate:

 D investment allocated to the non-life business (caption C.II.1)  
 V investments allocated to the life business (caption C.II.1)  
 V1 investments allocated to the life business (caption D.I)  
 V2 investments allocated to the life business (caption D.2)  
 Even if it is only a portion, the investment should be identified with the same number

Year 2010

Decrease of the year			Book value (4)		Acquisition cost	Current value
Sales		Other decreases	Quantity	Amount		
Quantity	Amount					
			70,000	1,365,000	1,365,000	907,939
			9,687,500	44,448,496	44,448,496	47,175,202
			17,812,500	88,345,489	88,345,489	86,741,500
			145	9,667,356	9,667,356	8,401,133
			9,961	13,556,596	13,556,596	12,686,389
100,000	210,000		1,000	1,000	1,000	1,025
			11,828,094	6,594,133	6,594,133	65,269,211
			780,000	7,650,000	7,650,000	7,557,393
			900	46,476	46,476	46,476
	417,406	36,125		277,416,255	277,416,255	341,910,766
		36,125		194,980,979	194,980,979	199,104,442
				43,309,791	43,309,791	40,017,353
	417,406			39,125,485	39,125,485	102,788,971

(4) Insert (\*) if stated with the equity method (only for types b and d)

Assets - Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1., 2., 3., 5., 7)

## I - Non-life business

	Investment portfolio		Trading portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Equity investments:						
a) listed shares	21	41	61		81	101
b) unlisted shares	22		62		82	102
c) quotas	23		63		83	103
2. Unit trust units	24		64		84	104
3. Bonds and other fixed-interest securities	25	223	45	4,084	85	4,259
a) listed government securities	26	386,043	46	207,303	86	587,407
a2) other listed securities	27	373,444	47	207,303	87	575,226
b) unlisted government securities	28	12,232	48		88	11,814
b2) other unlisted securities	29		49		89	
c) convertible bonds	30	367	50		90	367
5. Shares in investment pools	31		51		91	111
7. Other financial investments	32		52		92	112
	33	6	53		93	240
					113	6

## II - Life business

	Investment portfolio		Trading portfolio		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Equity investments:						
a) listed shares	141	161	181		201	221
b) unlisted shares	142		182		202	222
c) quotas	143		183		203	223
2. Unit trust units	144		184		204	224
3. Bonds and other fixed-interest securities	145	5,876	185		205	6,174
a) listed government securities	146	573,490	186	133,126	206	700,649
a2) other listed securities	147	513,909	187	128,298	207	638,245
b) unlisted government securities	148	57,617	188	3,011	208	58,810
b2) other unlisted securities	149		189		209	
c) convertible bonds	150	1,964	190	1,817	210	3,594
5. Shares in investment pools	151		191		211	231
7. Other financial investments	152		192		212	232
	153	838	193		213	799
					233	838

Assets - Changes in other financial investments - investment portfolio: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5, 7)

	Equity investments C.III.1	Unit trust units C.III.2	Bonds and other fixed-interest securities C.III.3	Shares in investment pools C.III.5	Other financial investments C.III.7
Opening book value .....	21	6,429,41	917,960,81	101	1,038
Increase of the year: .....	22	42	188,536,82	102	
for: acquisitions .....	23	43	142,968,83	103	
write-backs .....	24	44	84	104	
transfers from the trading portfolio.....	25	45		105	
other variations .....	26	46	45,568,86	106	
Decrease of the year: .....	27	63,47	156,795,87	107	
for: sales .....	28	48	51,239,88	108	
write-downs .....	29	49		109	
transfers to the trading portfolio .....	30	50	64,408,90	110	
other variations .....	31	63,51	41,148,91	111	
<b>Book value .....</b>	32	6,366,52	949,701,92	112	1,038
Current value .....	33	6,099,53	959,533,93	113	844

Year 2010

Company VITTORIA ASSICURAZIONI S.p.A.

Assets - Changes in loans and deposits with banks (captions C.III.4, 6)

		Loans C.III.4	Deposits with banks C.III.6
Opening book value .....	+	11,308	21
Increase of the year .....	+	5,367	22
for: lending .....		5,367	
write-backs .....			
other variations .....			
Decrease of the year: .....	-	5,915	26
for: repayments .....		5,915	
write-downs.....			
other variations .....			
<b>Book value .....</b>		<b>10,760</b>	<b>30</b>

Assets - List of assets relating index-linked policies (caption D.I)

Unit trust code: Unit trust description:

	Current value		Acquisition cost	
	Year	Previous year	Year	Previous year
I. Land and buildings .....	21		41	61
II. Investments in group and other companies:				
1. Equity investments .....	22		42	62
2. Bonds .....	23		43	63
3. Loans .....	24		44	64
III. Unit trust units .....	30,387	33,374	45	27,859
IV. Other financial investments:				31,985
1. Equity investments .....	8,379	6,492	46	9,675
2. Bonds and other fixed-interest securities .....	24,713	25,984	47	28,158
3. Bank deposits .....			48	
4. Other financial investments .....	64		49	9
V. Other assets .....	413	293	50	413
VI. Liquid funds .....	1,875	836	51	1,875
	32		52	72
	33		53	73
<b>Total .....</b>	<b>65,831</b>	<b>66,979</b>	<b>54</b>	<b>67,989</b>
			55	69,672

## Assets - List of assets arising from pension fund management (caption D.II)

Code: Pension fund description

	Current value		Acquisition cost	
	Year	Previous year	Year	Previous year
I. Investments in group and other companies:				
1. Equity investments	21	41	61	
2. Bonds	22	42	62	
II. Other financial investments:				
1. Equity investments	23	43	63	
2. Bonds and other fixed-interest securities	24	44	64	
3. Unit trust units	25	45	65	
4. Bank deposits	26	46	66	
5. Other financial investments	27	47	67	
III. Other assets	28	48	68	79
IV. Liquid funds	29	49	69	830
	30	50	70	
	31	51	71	
<b>Total</b>	32	52	72	8,660
	10,625	8,821	10,483	

Company VITTORIA ASSICURAZIONI S.p.A.Year 2010Liabilities - Changes in premium reserve (caption C.I.1) and claims reserve  
(caption C.I.2) of non-life business

Type	Year	Previous year	Change
<b>Premium reserve:</b>			
Unearned premium reserve .....	1 278,213	11 229,993	21 48,220
Reserve for current risks: .....	2	12 14	22 -14
<b>Book value</b> .....	3 278,213	13 230,007	23 48,206
<b>Claims reserve:</b>			
Reserve for claims settlement and direct expenses .....	4 537,184	14 480,678	24 56,506
Reserve for settlement costs .....	5 33,067	15 36,185	25 -3,118
IBNR reserve .....	6 35,198	16 32,645	26 2,553
<b>Book value</b> .....	7 605,449	17 549,508	27 55,941

Company VITTORIA ASSICURAZIONI S.p.A.Year 2010Liabilities - Changes in the mathematical reserves (caption C.II.1) and  
profit participation and reimbursement reserve(caption C.II.4)

Type	Year	Previous year	Change
Pure premium reserve .....	1 709,936	11 704,440	21 5,496
Premiums carried forward .....	2 12,989	12 14,510	22 -1,521
Mortality risk reserve .....	3 3	13 5	23 -2
Integration reserves .....	4 3,067	14 2,945	24 122
<b>Book value</b> .....	5 725,995	15 721,900	25 4,095
Profit participation and reimbursement reserve.....	6 36	16 29	26 7

## Liabilities - Changes in provisions for contingencies and other charges (caption E) and employees' leaving entitlement (caption G.VII)

		Employees' leaving entitlement and similar provisions	Provision for taxation	Other accruals	Employees' leaving entitlement
Opening book value .....	+	11	522 21	741 31	4,392
Accruals of the year.....	+	12	487 22		1,873
Other increases .....	+	13		23	
Utilisation of the year .....	-	14	169 24		599
Other decreases .....	-	15		25	1,694
<b>Book value .....</b>		16	840 26	741 36	3,972

## List of assets and liabilities relating to group and other companies

## I: Assets

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Equity investments .....	1	2	3	4	5	6
Bonds .....	7	8	9	10	11	12
Loans .....	13	14	15	16	17	18
Shares in investment pools.....	19	20	21	22	23	24
Bank deposits .....	25	26	27	28	29	30
Other financial investments .....	31	32	33	34	35	36
Deposits with ceding companies .....	37	38	39	40	41	42
Investments relating to index-linked policies.....	43	44	45	46	47	48
Investments relating to pension fund management .....	49	50	51	52	53	54
Receivables relating to direct insurance business.....	55	56	57	58	59	60
Receivables relating to reinsurance business .....	61	62	63	64	65	66
Other receivables .....	67	68	69	70	71	72
Bank and postal accounts.....	73	74	75	76	77	78
Sundry assets .....	79	80	81	82	83	84
<b>Total .....</b>	85	86	87	88	89	90
of which: subordinated assets .....	91	92	93	94	95	96

List of assets and liabilities relating to group and other companies

II: Liabilities

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Subordinated liabilities .....	97	98	99	100	101	102
Deposits from reinsurers .....	103	104	105	106	107	108
Payables arising from direct insurance business .....	109	110	111	112	113	114
Payables arising from reinsurance business .....	115	116	117	118	119	120
Due to banks and other financial institutions .....	121	122	123	124	125	126
Secured debts .....	127	128	129	130	131	132
Sundry loans and other financial payables .....	133	134	135	136	137	138
Sundry payables .....	139	140	141	142	143	144
Other liabilities .....	145	146	147	148	149	150
<b>Total .....</b>	151	152	153	154	155	156
					4	4,190
					52	2,866
					4	1,324

Company VITTORIA ASSICURAZIONI S.p.A.Year 2010

List of classes I, II, III and IV of "guarantees, commitments and other memorandum and contingency accounts"

		Year	Previous year
I.	Guarantees given:		
a)	sureties and endorsements given in the interest of parent companies, subsidiaries and related companies .....	1	31
b)	sureties and endorsements given in the interest of associated companies and other group companies .....	2	32
c)	sureties and endorsements given in the interest of third parties .....	3	33
d)	other personal guarantees given in the interest of parent companies, subsidiaries and related companies .....	4	34
e)	other personal guarantees given in the interest of associated and other group companies .....	5	35
f)	other personal guarantees given in the interest of third parties .....	6	20,500
g)	collateral against obligations of parent companies, subsidiaries and related companies .....	7	37
h)	collateral against obligations of associated companies and other group companies .....	8	38
i)	collateral against third party obligations .....	9	39
l)	guarantees given against company's obligations .....	10	40
m)	assets pledged as guarantee deposit against inwards reinsurance .....	11	41
<b>Total</b> .....		12	20,500
II.	Guarantees received:		
a)	from associated and other group companies .....	13	43
b)	from third parties .....	14	8,253
<b>Total</b> .....		15	8,253
III.	Guarantees given by third parties in the interest of the company:		
a)	from associated and other group companies.....	16	46
b)	from third parties .....	17	47
<b>Total</b> .....		18	48
IV.	Commitments:		
a)	purchase commitments with resale obligation .....	19	49
b)	sale commitments with repurchase obligation .....	20	50
c)	other commitments .....	21	11,457
<b>Total</b> .....		22	11,457

## Commitments for derivative transactions

Derivative	Current year				Previous year				
	Purchase		Sale		Purchase		Sale		
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	
<b>Futures:</b>									
on shares	101	21	131	41	141	61	161		
on bonds	102	22	122	42	142	62	162		
on currencies	103	23	123	43	143	63	163		
on exchange rates	104	24	124	44	144	64	164		
other	105	25	125	45	145	65	165		
<b>Options:</b>									
on shares	106	26	126	46	146	66	166		
on bonds	107	27	127	47	147	67	167		
on currencies	108	28	128	48	148	68	168		
on exchange rates	109	29	129	49	149	69	169		
other	110	30	130	50	150	70	170		
<b>Swaps:</b>									
on currencies	111	31	131	51	151	71	171		
on exchange rates	112	32	132	52	152	72	172		
other	113	33	133	53	153	73	173		
<b>Other transactions</b>	114	34	134	54	154	74	174		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes - Include only derivative transactions existing at the balance sheet date, which imply a commitment for the company, where the derivative does not exactly match one of the above captions or relates to more than one caption, it should be included in the one more related, as reflecting is allowed if not related to purchase/sale transactions relating to the same derivative category (same contract, maturity, underlying asset, etc.).

- Derivatives involving two currency swaps should be stated only once, referring to the currency to be purchased. Derivatives involving both interest rate and currency swaps should only be included in currency swaps.

- Derivatives relating to interest rate swaps are classified as "purchases" or "sales" depending on whether or not they imply the fixed rate purchase or sale.

(1) Derivatives which involve or may involve capital forward exchanges should be stated at their regulated price; all other derivatives should be stated at their nominal value

(2) Indicate fair value of derivatives.

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2010

## Summarised non-life business technical account

	Gross premiums accounted for	Gross premiums earned	Gross claims charge	Management fees	Reinsurance balance
<b>Direct insurance:</b>					
Accident and health insurance (classes 1 and 2) .....	49,593 2	46,789 3	22,153 4	18,591 5	-537
Third-party motor liability (class 10) .....	397,764 7	364,680 8	301,590 9	67,665 10	650
Hull insurance for motor vehicles (class 3) .....	77,083 12	72,213 13	39,645 14	24,861 15	-1,078
Marine, aviation and transport insurance (classes 4, 5, 6, 7, 11 and 12) .....	2,842 17	3,421 18	-2,509 19	937 20	-5,525
Fire and miscellaneous damages (classes 8 and 9) .....	67,982 22	65,128 23	43,215 24	21,365 25	-1,591
Third-party general liability (class 13) .....	34,245 27	32,680 28	14,613 29	12,368 30	-269
Credit and bond insurance (classes 14 and 15) .....	18,884 32	12,014 33	5,319 34	6,662 35	-417
Pecuniary losses (class 16) .....	15,163 37	19,315 38	10,791 39	5,043 40	-68
Legal protection (class 17) .....	2,985 42	2,825 43	133 44	848 45	-1,108
Support and assistance (class 18) .....	7,631 47	6,845 48	4,143 49	2,110 50	772
<b>Total direct insurance</b> .....	674,172 52	625,910 53	439,093 54	160,450 55	-9,171
<b>Indirect insurance</b> .....	75 57	162 58	9 59	32 60	-89
<b>Total domestic portfolio</b> .....	674,247 62	626,072 63	439,102 64	160,482 65	-9,260
<b>Foreign portfolio</b> .....	67 67	68 68	69 69	70 70	
<b>Total</b> .....	674,247 72	626,072 73	439,102 74	160,482 75	-9,260

Company VITTORIA ASSICURAZIONI S.p.A.Year 2010

## Summarised life business premiums and reinsurance balance

	Direct insurance	Indirect insurance	Total
Gross premiums:	1 143,290	11 1	21 143,291
a) 1. individual policies .....	2 118,228	12 1	22 118,229
2. group policies .....	3 25,062	13 23	23 25,062
b) 1. periodic premiums .....	4 42,538	14 1	24 42,539
2. single premiums .....	5 100,752	15 25	25 100,752
c) 1. non-profit participation contracts.....	6 31,881	16 1	26 31,882
2. profit participation contracts.....	7 109,865	17 27	27 109,865
3. contracts where the investment risk is borne by policyholders and pension fund .....	8 1,544	18 28	28 1,544
Reinsurance balance .....	9 247	19 49	29 296

## Income on investments (captions II.2 and III.3)

	Non-life business	Life business	Total
<b>Income on equity investments</b>			
Dividends and other income on equity investments in group companies .....	1 632	41 3,182	81 3,814
Dividends and other income on equity investments in other companies.....	2	42	82
<b>Total .....</b>	3 632	43 3,182	83 3,814
<b>Income on investments in land and buildings .....</b>	4 210	44	84 210
<b>Income on other investments:</b>			
Income on bonds issued by group companies.....	5	45	85
Interest on loans to group companies .....	6 26	46 44	86 70
Income on unit trust units .....	7	7 205	87 205
Income on bonds and other fixed-interest securities .....	8 19,559	48 31,300	88 50,859
Interest on loans .....	9	9 433	89 433
Income on shares of investment pools .....	10	50	90
Interest on bank deposits.....	11	51	91
Income on other financial investments .....	12	52	92
Interest on deposits with ceding companies.....	13	53 13	93 13
<b>Total .....</b>	14 19,585	54 31,995	94 51,580
<b>Adjustments to investment values:</b>			
Land and buildings .....	15	55	95
Equity investments in group companies.....	16	56	96
Bonds issued by group companies .....	17	57	97
Other equity investments .....	18	58	98
Other bonds .....	19	59 75	99 75
Other financial investments.....	20	60	100
<b>Total .....</b>	21	61 75	101 75
<b>Profits on sale of investments:</b>			
Profit on sale of land and buildings .....	22	62	102
Profit on sale of equity investments in group companies .....	23	63	103
Profit on sale of bonds issued by group companies .....	24	64	104
Profit on sale of other equity investments .....	25	65	105
Profit on sale of other bonds .....	26 377	66 369	106 746
Profit on sale of other financial investments.....	27	67	107
<b>Total .....</b>	28 377	68 369	108 746
<b>TOTAL .....</b>	29 20,804	69 35,621	109 56,425

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2010

Income and non-realised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management (caption II.3)

## I. Investments relating to index-linked policies

	Amount
<b>Income on:</b>	
Land and buildings .....	1
Investments in group companies .....	2
Unit trust units .....	3 36
Other financial investments .....	4 1,238
- of which: bonds..... 5 927	
Other assets .....	6 16
<b>Total .....</b>	<b>7 1,290</b>
<b>Profit on sale of investments</b>	
Profit on sale of land and buildings .....	8
Profit on sale of investments in group companies .....	9
Profit on sale of unit trust units .....	10 931
Profit on sale of other financial investmentsi .....	11 2,055
- of which: bonds ..... 12 1,424	
Other income.....	13
<b>Total .....</b>	<b>14 2,986</b>
<b>Non-realised capital gains .....</b>	<b>15 4,489</b>
<b>TOTAL.....</b>	<b>16 8,765</b>

## II. Investments relating to pension fund management

	Amount
<b>Income on:</b>	
Investments in group companies.....	21
Other financial investments .....	22 237
- of which: bonds..... 23 183	
Other assets .....	24 38
<b>Total .....</b>	<b>25 275</b>
<b>Profit on sale of investments</b>	
Profit on sale of investments in group companies .....	26
Profit on sale of other financial investments.....	27
- of which: bonds ..... 28	
Other income.....	29
<b>Total .....</b>	<b>30</b>
<b>Non-realised capital gains .....</b>	<b>31 220</b>
<b>TOTAL .....</b>	<b>32 495</b>

## Capital and financial charges (captions II.9 and III.5)

	Non-life business		Life business		Total
<b>Investment management and other charges</b>					
Charges relating to equity investments .....	1	83	31	38	61
Charges relating to investments in land and buildings.....	2	131	32	62	131
Bond charges .....	3	1,747	33	1,638	63
Charges relating to unit trust units.....	4	2	34	3	64
Charges relating to shares in investment pools .....	5		35		65
Other financial investment charges .....	6		36		66
Interest on deposits from reinsurers .....	7	70	37	942	67
<b>Total .....</b>	8	2,033	38	2,621	68
<b>Adjustments to investment values:</b>					
Land and buildings .....	9		39		69
Equity investments in group companies .....	10	36	40		70
Bonds issued by group companies .....	11		41		71
Other equity investments.....	12		42		72
Other bonds .....	13	2,049	43	432	73
Other financial investments .....	14		44		74
<b>Total .....</b>	15	2,085	45	432	75
<b>Loss on sale of investments</b>					
Loss on sale of land and buildings .....	16		46		76
Loss on sale of equity investments .....	17		47		77
Loss on sale of bonds .....	18		48	147	78
Loss on sale of other financial investments .....	19		49		79
<b>Total .....</b>	20		50	147	80
<b>TOTAL .....</b>	21	4,118	51	3,200	81

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Capital and financial charges and non-realised capital losses relating to investments benefiting policyholders who bear the risk and investments stemming from pension fund management (caption II.10)

## I. Investments relating to index-linked policies

	Amount
<b>Management charges arising from:</b>	
Land and buildings .....	1
Investments in group companies .....	2
Unit trust units .....	3
Other financial investments .....	4           16
Other assets .....	5           414
<b>Total .....</b>	<b>6           430</b>
<b>Loss on sale of investments</b>	
Loss on sale of land and buildings .....	7
Loss on sale of investments in group companies .....	8
Loss on sale of unit trust units .....	9           200
Loss on sale of other financial investments .....	10          161
Other charges.....	11
<b>Total .....</b>	<b>12          361</b>
<b>Non-realised capital losses .....</b>	<b>13          1,891</b>
<b>TOTAL .....</b>	<b>14          2,682</b>

## II. Investments relating to pension fund management

	Amounts
<b>Management charges arising from:</b>	
Investments in group companies .....	21
Other financial investments .....	22           150
Other assets.....	23
<b>Total .....</b>	<b>24           150</b>
<b>Loss on sale of investments</b>	
Loss on sale of investments in group companies .....	25
Loss on sale of other financial investments .....	26
Other charges .....	27
<b>Total .....</b>	<b>28</b>
<b>Non-realised capital losses .....</b>	<b>29           240</b>
<b>TOTAL .....</b>	<b>30           390</b>

	Class <u>01</u>		Class <u>02</u>	
	Accident insurance		Health insurance	
	(name)		(name)	
<b>Direct insurance gross of outwards reinsurance</b>				
Gross premiums accounted for .....	+	1 39,468	1	10,125
Change in premium reserve (+ o -) .....	-	2 2,527	2	277
Charges relating to claims .....	-	3 15,085	3	7,068
Change in other technical reserves (+ or -) (1) .....	-	4	4	-3,365
Other technical captions, net (+ or -) .....	+	5 -241	5	-101
Management fees .....	-	6 15,466	6	3,125
<b>Direct insurance technical result (+ or -) .....</b>		7 6,149	7	2,919
<b>Outwards reinsurance result (+ or -) .....</b>		8 -293	8	-244
<b>Indirect insurance net result (+ o -) .....</b>		9	9	
Change in equalisation reserve (+ o -) .....		10	10	
Income on investments transferred from non-technical account ..		11 483	11	138
<b>Result of technical account (+ or -) .....</b>		12 6,339	12	2,813

	Class <u>07</u>		Class <u>08</u>	
	Cargo insurance		Fire and natural events	
	(name)		(name)	
<b>Direct insurance gross of outwards reinsurance</b>				
Gross premiums accounted for .....	+	1 1,743	1	31,140
Change in premium reserve (+ or -) .....	-	2 -291	2	1,863
Charges relating to claims .....	-	3 1,895	3	15,585
Change in other technical reserves (+ or -) (1) .....	-	4	4	
Other technical captions, net (+ o -) .....	+	5	5	-265
Management fees .....	-	6 619	6	11,292
<b>Direct insurance technical result (+ or -) .....</b>		7 -480	7	2,135
<b>Outwards reinsurance result (+ or -) .....</b>		8 -315	8	-733
<b>Indirect reinsurance net result (+ o -) .....</b>		9	9	29
Change in equalisation reserve (+ o -) .....		10 -2	10	45
Income on investments transferred from non-technical account ..		11 42	11	614
<b>Result of technical account (+ or -) (A + B + C - D + E)</b>		12 -751	12	2,000

	Class <u>13</u>		Class <u>14</u>	
	Third-party general liability		Credit insurance	
	(name)		(name)	
<b>Direct insurance gross of outwards reinsurance</b>				
Gross premiums accounted for .....	+	1 34,245	1	9,512
Change in premium reserve (+ or -) .....	-	2 1,565	2	5,963
Charges relating to claims .....	-	3 14,613	3	526
Change in other technical reserves (+ or -) (1) .....	-	4	4	
Other technical captions, net (+ or -) .....	+	5 -270	5	5
Management fees .....	-	6 12,368	6	3,902
<b>Direct insurance technical result (+ or -) .....</b>		7 5,429	7	-874
<b>Outwards reinsurance result (+ or -) .....</b>		8 -269	8	
<b>Indirect reinsurance net result (+ o -) .....</b>		9 17	9	
Change in equalisation reserve (+ o -) .....		10	10	
Income on investments transferred from non-technical account ..		11 1,203	11	125
<b>Result of technical account (+ or -) (A + B + C - D + E)</b>		12 6,380	12	-749

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

account by line of business - Domestic portfolio

Class <u>03</u> Motor vehicle hulls (name)	Class <u>04</u> Railway truck hulls (name)	Class <u>05</u> Aviation hulls (name)	Class <u>06</u> Marine hulls (name)
1 77,083	1 2	1 63	1 513
2 4,870	2	2 -313	2 -1
3 39,645	3	3 -176	3 -4,419
4	4	4	4
5 -38	5	5	5
6 24,861	6	6 17	6 206
7 7,669	7 2	7 535	7 4,727
8 -1,078	8	8 -405	8 -4,793
9	9	9 -14	9
10 144	10	10	10
11 750	11	11 2	11 10
12 7,197	12 2	12 118	12 -56

Class <u>09</u> Miscellaneous damages (name)	Class <u>10</u> Third-party motor liability (name)	Class <u>11</u> Third-party aviation liability (name)	Class <u>12</u> Third-party marine liability (name)
1 36,842	1 397,764	1 7	1 514
2 991	2 33,084	2	2 26
3 27,630	3 301,590	3 -15	3 206
4	4	4	4
5 -160	5 819	5	5 -1
6 10,073	6 67,665	6 1	6 94
7 -2,012	7 -3,756	7 21	7 187
8 -858	8 650	8 -3	8 -9
9	9	9	9
10 28	10	10	10
11 261	11 8,743	11	11 8
12 -2,637	12 5,637	12 18	12 186

Class <u>15</u> Bond insurance (name)	Class <u>16</u> Pecuniary losses (name)	Class <u>17</u> Legal protection (name)	Class <u>18</u> Support and assistance (name)
1 9,372	1 15,163	1 2,985	1 7,631
2 907	2 -4,152	2 160	2 786
3 4,793	3 10,791	3 133	3 4,143
4	4	4	4
5 -342	5	5 -3	5 -30
6 2,760	6 5,043	6 848	6 2,110
7 570	7 3,481	7 1,841	7 562
8 -417	8 -68	8 -1,108	8 772
9	9	9	9
10	10	10	10
11 353	11 636	11 9	11 26
12 506	12 4,049	12 742	12 1,360

Summarised non-life business technical account  
Domestic portfolio

	Direct insurance risk		Indirect insurance risk		Retained risks Total 5 = 1-2+3-4		
	Direct risk 1	Transferred risks 2	Inwards reinsurance risks 3	Inwards reinsurance risks 4			
Premiums accounted for .....	674,172	11	35,821	21	41	638,426	
Change in premium reserve (+ or -) .....	48,262	12	2,874	22	-87	32	45,346
Charges relating to claims .....	439,093	13	15,164	23	9	33	423,982
Change in other technical reserves (+ or -) (1) .....	-3,365	14		24		34	-3,365
Other technical captions, net (+ or -) .....	-627	15		25		35	-627
Management fees .....	160,450	16	8,612	26	32	36	151,870
<b>Technical result (+ or -) .....</b>	29,105	17	9,171	27	121	37	19,966
Change in equalisation reserves (+ or -) .....							
Income on investments transferred from non-technical account .....	13,394			29	9		215
<b>Result of technical account (+ or -) .....</b>	42,499	20	9,171	30	130	40	33,154

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

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Life business - Summarised technical account by line of business - Domestic portfolio

	Class 01 Whole and term life insurance (name)	Class 02 Marriage and birth insurance (name)	Class 03 Insurance linked to unit trusts (name)
<b>Direct insurance gross of outwards reinsurance</b>			
Gross premiums accounted for	1 107,019	1	1 73
Charges relating to claims	2 99,415	2	2 7,299
Change in mathematical and other technical reserves (+ or -) (*)	3 8,477	3	3 -1,132
Other technical captions, net (+ or -)	4 -127	4	4 677
Management fees	5 14,713	5	5 383
Income on investments net of the portion transferred to the non-technical account (**)	6 23,101	6	6 6,133
<b>Direct insurance result gross of outwards reinsurance (+ or -) ..... A</b>	7 7,388	7	7 333
<b>Outwards reinsurance result (+ or -) ..... B</b>	8 351	8	
<b>Indirect insurance net result (+ or -) ..... C</b>	9 -49	9	
<b>Result of technical account (+ or -) ..... (A + B + C)</b>	10 7,690	10	10 333

	Class 04 Health insurance (name)	Class 05 Capitalisation transactions (name)	Class 06 Unit trust Management (name)
<b>Direct insurance gross of outwards reinsurance</b>			
Gross premiums accounted for	1 334	1 34,394	1 1,472
Charges relating to claims	2 110	2 42,362	2 110
Change in mathematical and other technical reserves (+ or -) (*)	3 184	3 -3,725	3 1,506
Other technical captions, net (+ or -)	4	4	4 105
Management fees	5 75	5 2,889	5 44
Income on investments net of the portion transferred to the non-technical account (**)	6	6 5,614	6 105
<b>Direct insurance result gross of outwards reinsurance (+ or -) ..... A</b>	7 -35	7 -1,518	7 22
<b>Outward reinsurance result ..... B</b>	8 -103	8	8
<b>Indirect insurance net result (+ or -) ..... C</b>	9	9	9
<b>Result of technical account (+ or -) ..... (A + B + C)</b>	10 -138	10 -1,518	10 22

(\*) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management".

(\*\*) Algebraic sum of the items relating to the domestic line of business and portfolio included in captions II.2, II.3, II.9, II.10 and II.12 of the profit and loss account

Summarised life business technical account  
Domestic portfolio

	Direct insurance risks		Indirect insurance risks		Retained risks Total
	1 Direct risks	2 Transferred risks	3 Inwards reinsurance risks	4 Outwards reinsurance risks	
+	143,292	1,823	21	1	41
Premiums accounted for .....	11				141,470
-	149,296	466	22	90	42
Charges relating to claims .....	12				148,920
-	5,310	1,280	23	-30	43
Change in mathematical and other technical reserves (+ or -) (*) .....	13				4,000
+	655	24		34	44
Other technical captions, net (+ or -) .....	14				655
-	18,104	325	25	35	17,779
Management fees .....	15				
+	34,953		26	10	34,963
Income on investments net of the portion transferred to the non-technical account (**)					
<b>Result of technical account (+ or -)</b> .....	17	-248	27	-49	47
					6,389

= 1-2+3

(\*) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management".

(\*\*) Algebraic sum of the items relating to the domestic portfolio included in captions II.2, II.3, II.9, II.10 and II.12 of the profit and loss account

**Summarised life and non-life business technical accounts - foreign portfolio**

## Section I: Non-life businesses

		Total lines of business
<b>Direct insurance gross of outwards reinsurance</b>		
Gross premiums accounted for .....	+	1
Change in premium reserve (+ or -).....	-	2
Charges relating to claims .....	-	3
Change in other technical reserves (+ or -) (1).....	-	4
Other technical captions, net (+ or -).....	+	5
Management fees .....	-	6
<b>Direct insurance technical result (+ or -) .....</b>		<b>A</b>
<b>Outwards reinsurance result (+ or -) .....</b>		<b>B</b>
<b>Indirect insurance net result (+ or -).....</b>		<b>C</b>
Change in equalisation reserves (+ or -) .....		<b>D</b>
Income on investments transferred from non-technical account .....		<b>E</b>
<b>Result of technical account (+ or -) .....</b>		<b>(A + B + C - D + E)</b>

## Section II: Life business

		Total lines of business
<b>Direct insurance gross of outwards reinsurance</b>		
Gross premiums accounted for .....	+	1
Charges relating to claims .....	-	2
Change in mathematical and other technical reserves (+ or -) (2) .....	-	3
Other technical captions, net (+ or -) .....	+	4
Management fees .....	-	5
Income on investments net of the portion transferred to the non-technical account (3) .....	+	6
<b>Direct insurance result gross of outwards reinsurance (+ or -) .....</b>		<b>A</b>
<b>Outwards reinsurance result (+ or -) .....</b>		<b>B</b>
<b>Indirect insurance net result (+ or -) .....</b>		<b>C</b>
<b>Result of technical account (+ or -) .....</b>		<b>(A + B + C)</b>

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

(2) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management".

(3) Algebraic sum of the items relating to the foreign portfolio included in captions II.3, II.2, II.3, II.9 and II.10 of the profit and loss account

## Intercompany relationships

## I. Income

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
<b>Income on investments</b>						
Income on land and buildings .....	2	3	4	5	6	
Dividends and other equity investments.....	8	3,182	10	11	631	3,813
Bonds .....	14	15	16	17	18	
Loans.....	20	2	22	23	23	67
Income on other financial investments .....	26	3	28	29	30	3
Interest on deposits with ceding companies.....	32	33	34	35	36	
<b>Total</b> .....	38	3,187	40	42	654	3,883
<b>Income and non-realised capital gains</b> relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management .....	44	45	46	47	48	
<b>Other income</b>						
Interest on receivables .....	50	51	52	53	54	
Recovery of administrative costs and charges .....	56	464	58	59	60	464
Other income and recoveries.....	62	63	64	65	100	100
<b>Total</b> .....	68	464	70	71	100	564
<b>Profit on sale of investments (*)</b> .....	74	75	76	77	78	
<b>Extraordinary income</b> .....	80	81	82	83	84	
<b>TOTAL</b> .....	86	3,651	88	42	754	4,447

Intercompany relationships

II: Expense

	Parent companies	Subsidiaries	Associated companies	Related companies	Other companies	Total
<b>Investment management charges and interest payable:</b>						
Charges relating to investors .....	92	93	94	95	96	
Interest on subordinated liabilities .....	98	99	100	101	102	
Interest on deposits from reinsurers.....	104	105	106	107	108	
Interest on payables arising from direct insurance business.....	110	111	112	113	114	
Interest on payables arising from reinsurance business.....	116	117	118	119	120	
Interest on sums due to banks and financial institutions.....	122	123	124	125	126	8
Interest on secured debts.....	128	129	130	131	132	
Interest on other sums payable .....	134	135	136	137	138	
Losses on receivables.....	140	141	142	143	144	
Administrative and third party charges .....	146	147	148	149	150	
Other charges .....	152	153	154	155	156	
<b>Total .....</b>	158	159	160	161	162	8
<b>Charges and non-realised capital losses on investments benefiting policyholders bearing the risk and investments stemming from pension fund management .....</b>	164	165	166	167	168	
<b>Loss on sale of investments (*) .....</b>	170	171	172	173	174	
<b>Extraordinary expense .....</b>	176	177	178	179	180	
<b>TOTAL.....</b>	182	183	184	185	186	8

(\*) With reference to the counterparty



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Personnel expenses and directors' and statutory auditors' fees

I: Personnel expenses

	Non-life business	Life business	Total
<b>Employees' expenses:</b>			
Domestic portfolio:			
- Wages and salaries .....	1 22,711 31	4,005 61	26,716
- Social security contributions .....	2 5,507 32	971 62	6,478
- Accruals to the employees' leaving entitlement and similar provisions .....	3 1,581 33	279 63	1,860
- Other personnel expenses .....	4 2,513 34	443 64	2,956
<b>Total .....</b>	5 32,312 35	5,698 65	38,010
Foreign portfolio:			
- Wages and salaries .....	6	66	
- Social security contributions .....	7	67	
- Other personnel expenses .....	8	68	
<b>Total .....</b>	9	69	
<b>Total .....</b>	10 32,312 40	5,698 70	38,010
<b>Consultants' fees:</b>			
Domestic portfolio .....	11 26,270 41	43 71	26,313
Foreign portfolio .....	12	72	
<b>Total .....</b>	13 26,270 43	43 73	26,313
<b>Total personnel expenses .....</b>	14 58,582 44	5,741 74	64,323

II: Allocation captions

	Non-life business	Life business	Total
Investment management charges .....	15 380 45	369 75	749
Charges relating to claims .....	16 34,314 46	76	34,314
Other acquisition costs .....	17 12,905 47	3,208 77	16,113
Other administrative costs .....	18 10,693 48	2,164 78	12,857
Administrative and third party charges .....	19	79	
Other technical captions .....	20 290 50	80	290
<b>Total .....</b>	21 58,582 51	5,741 81	64,323

III: Average number of employees for the year

	Number
Managers .....	91 22
White collars .....	92 418
Blue collars .....	93
Other .....	94
<b>Total .....</b>	95 440

IV: Directors and statutory auditors

	Number	Fees
Directors .....	96 18	98 1,549
Statutory auditors .....	97 3	99 109

## Companies in which an unquoted Shareholding higher than 10% is held

Participating interest through:	Registered Offices	%Ownership
Acacia 2000 S.r.l. Vittoria Immobiliare S.p.A.	Milan	65.00% 65.00%
Aspevi Milano S.r.l. Interbilancia	Milan	100.00% 100.00%
Aspevi Roma S.r.l. Interbilancia S.r.l.	Milan	100.00% 100.00%
Cadorna Real Estate S.r.l. Vittoria Immobiliare S.p.A.	Milan	70.00% 70.00%
Consorzio Movincom S.c.r.l. Vittoria Assicurazioni S.p.A. Aspevi Roma S.r.l.	Turin	39.58% 0.97% 38.61%
Forum Mondadori Residenze S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Gestimmobili S.r.l. Vittoria Immobiliare S.p.A.	Milan	80.00% 80.00%
Gima Finance SA Vittoria Assicurazioni S.p.A.	Luxembourg	32.13% 32.13%
Fiori di S.Bovio S.r.l. Immobiliare Bilancia S.r.l.	Milan	40.00% 40.00%
Immobiliare Bilancia S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Prima S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Seconda S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Terza S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Interbilancia S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 80.00% 20.00%
Interimmobili S.r.l. Vittoria Immobiliare S.p.A.	Rome	80.00% 80.00%
Laumor Holdings Sarl Vittoria Assicurazioni S.p.A.	Luxembourg	29.00% 29.00%
Lauro 2000 S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Le Api S.r.l. Interbilancia S.r.l.	Milan	30.00% 30.00%
Mosaico S.p.A. Vittoria Immobiliare S.p.A.	Turin	25.00% 25.00%

Participating interest through:	Registered Offices	%Ownership
Pama & Partners S.r.l. Vittoria Immobiliare S.p.A.	Genoa	25.00% 25.00%
Plurico S.r.l. Interbilancia S.r.l.	Genoa	100.00% 100.00%
Rovimmobiliare S.r.l. Vittoria Immobiliare S.p.A.	Rome	50.00% 50.00%
S.in.T. S.p.A. Vittoria Assicurazioni S.p.A.	Turin	48.19% 48.19%
Sivim S.r.l. Vittoria Immobiliare S.p.A.	Milan	49.50% 49.50%
Spefin Finanziaria S.p.A. Vittoria Service S.r.l.	Rome	21.00% 21.00%
Touring Vacanze S.r.l. Vittoria Assicurazioni S.p.A.	Milan	24.00% 24.00%
Vaimm Sviluppo S.r.l. Vittoria Immobiliare S.p.A.	Milan	100.00% 100.00%
Valsalaria S.r.l. Vittoria Immobiliare S.p.A.	Rome	51.00% 51.00%
Valsalaria A. 11 S.r.l. Vittoria Immobiliare S.p.A.	Rome	40.00% 40.00%
Vittoria Immobiliare S.p.A. Vittoria Assicurazioni S.p.A.	Milan	87.24% 87.24%
Vittoria Properties S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 99.00% 1.00%
Vittoria Service S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 70.00% 30.00%
VP Sviluppo 2015 S.r.l. Vittoria Immobiliare S.p.A.	Milan	40.00% 40.00%
VZ Real Estate S.r.l. Vittoria Immobiliare S.p.A.	Turin	49.00% 49.00%
VRG Domus S.r.l. Vittoria Immobiliare S.p.A.	Turin	51.00% 51.00%
White Finance SA Vittoria Assicurazioni S.p.A.	Luxembourg	32.17% 32.17%
Yam Invest NV Vittoria Assicurazioni S.p.A.	Amsterdam	18.75% 18.75%
Yarpa S.p.A. Vittoria Assicurazioni S.p.A.	Genoa	25.90% 25.90%



# Management attestation

**Attestation of consolidated annual financial statements pursuant to Article 82/3 of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented**

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

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

of administrative and accounting procedures for formation of financial statements during the period 1 January 2010 - 31 December 2010.

2. In this respect no remarks emerged besides what already reported in Director's report to the financial report as at 31 December 2010.

3. It is also attested that:

3.1 the financial statements as at 31 December 2010:

- a) Having been prepared in compliance with (a) the Italian Civil Code, (b) the requirements indicated in Italian Legislative Decree no. 173 of 26 May 1997, (c) the Italian Legislative Decree no. 209 of 7 September 2005, and (d) applicable ISVAP (Italian insurance regulator) ordinances, regulations, and circulars, are – to the best of their knowledge – such as to provide fair and true representation of the assets and liabilities, profit or loss, and financial position of the issuer.
- b) Match corporate books and accounting records

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

Milan, 14 March 2011

Roberto Guarena  
*Managing Director*

Mario Ravasio  
*Manager Charged with  
preparing the financial reports*

# Board of Statutory Auditors' Report

## **VITTORIA ASSICURAZIONI S.p.A.**

Board of Statutory Auditors' Report  
to the General Shareholders' Meeting,  
pursuant to Article 153 of Italian Legislative Decree  
58/1998

### **Shareholders,**

During the course of FY2010 we performed the supervisory activity envisaged by law, by the CONSOB (Italian securities & exchange commission) memoranda, by the ISVAP (Italian insurance regulator), and by established professional practices.

More specifically, in compliance with the tasks attributed to the Board of Statutory Auditors by Italian Legislative Decree 58/1998 (Consolidated Finance Act) and by Legislative Decree 39/2010 (transposition of EU Audit Directive), we herewith officially report that we:

- Attended meetings of the Board of Directors and received at least quarterly information about the activity performed and the most important transactions in business, financial, and capital terms undertaken by the Company and its subsidiaries, assuring ourselves that the decisions taken and the transactions indicated above complied with law and the corporate purpose.
- Ascertained, within our sphere of competence, observance of standards of proper management by Directors in performance of their tasks, by means of direct observation and gathering of information

from those responsible for the various corporate functions and from meetings with the independent auditor to exchange relevant data and information.

- Oversaw during the financial year the adequacy of the internal control and administrative & accounting systems, as well as the latter's reliability for proper representation of operating events, by obtaining information from the heads of the various corporate functions – including the Corporate Financial Reporting Manager - and via periodical meetings with the independent auditor, who during the year informed us of the outcome of its quarterly checks of proper keeping of accounts.
- Noted, during periodical checks, the proper coverage of technical reserves, as required by ISVAP circular 176/1992;
- Performed the controls required by the ISVAP concerning insurance books and registers, classification and measurement of the securities portfolio, anti-money laundering regulations and use of derivative financial instruments.
- Met the members of the Oversight Committee (OC) set up pursuant to Italian Legislative Decree 231/2001 (concerning legal entities' liability for criminal offences and preventive organizational measures), which prepared specific 6-monthly reports for the Board of Directors.
- Did not have specific meetings with subsidiaries' Boards of Statutory Auditors, as we were directly updated by the members of

this Board of Statutory Auditors who in turn are members of those subsidiaries' Boards of Statutory Auditors.

In particular, we report to you on what follows.

- Also pursuant to Italian Legislative Decree 39/10, the Company has properly set up the functions of Internal Control, Compliance and Risk Management. These functions reported periodically on their work, indicating the adequacy of related organizational facilities.

- The above functions also reported to the Internal Control Committee, with which this Board of Directors deemed it appropriate to hold joint meetings, also pursuant to Legislative Decree 39/2010.

The Board of Directors received the reports of the aforesaid functions.

The Internal Control Committee and the Board of Directors both duly acknowledged and attested the adequacy of the organizational facilities of the various functions mentioned above.

- The Company has duly transposed the regulation concerning related-party transactions, setting up a specific committee (which corresponds to the Internal Control Committee and Remuneration Committee) and drawing up related procedures.

As far as the separate and consolidated year-end financial statements are concerned, the Company has prepared them using (as required by law) Italian GAAPs (separate financial statements) and IASs/IFRSs endorsed by the European Commission (consolidated financial statements).

As regards these financial statements, on today's date the independent auditor issued its audit reports, without any reservations. Similarly, it expressed an opinion of conformity as regards the information contained in the Directors' Report.

Once again on today's date (later on in the day), the independent auditor delivered to the Board of Statutory Auditors the report indicated in the third paragraph of Article 19 of Legislative Decree 39/2010.

The Board of Statutory Auditors had already reviewed this report in draft form during a meeting with the independent auditor. The Board of Statutory Auditors had been able to take due note of the report's contents on that occasion.

In addition, in accordance with CONSOB recommendations, the Board of Statutory Auditors specifies that:

- Information provided by the Board of Directors, also specifically regarding subsidiaries and infragroup and related-party transactions, is believed to be adequate;
- No atypical or unusual transactions were executed either with infragroup companies or with related parties, and not even with third parties, as attested by directors in the Directors' Report;
- Ordinary transactions with infragroup companies and related parties took place at market conditions, correspond to the company's interest, and were executed in compliance with the specific procedure approved by the Board of Directors. They are described in the

Directors' Report with specification of their entity and their economic effects on the year's result;

- No significant events, worthy of mention, were reported after year-end;
- The internal control system is adequate, as emerged in the Internal Control Committee's periodical meetings, at which the Board of Statutory Auditors was always represented and later attended on a plenary basis, as well as in meetings with the chief internal auditor;
- During FY2010 there were 6 meetings of the Board of Directors and 10 meetings of the Board of Statutory Auditors. The Board of Statutory Auditors attended 5 meetings of the Internal Control Committee;
- The instructions given by the Company to subsidiaries pursuant to Article 114, paragraph 2, of Italian Legislative Decree 58/1998 are believed to be adequate;
- The company some time ago accepted the Italian Corporate Governance Code issued by the Italian Committee for the Corporate Governance of listed companies and has transposed it in the terms indicated in its related report to the Shareholders' Meeting, which also reports on the aforementioned Code.

During FY2010, the firm appointed for independent statutory auditing, BDO S.p.A., received an assignment outside its specific statutory-audit mandate, for a fee of € 7,9277.50 plus VAT, for assistance in the mapping of procedures following the introduction of SAP in the

Vittoria Group's real estate companies. No assignments were awarded to parties connected with the audit firm.

The above does not have any effects on the audit firm's independence of judgement.

No official complaints pursuant to Article 2408 of the Italian Civil Code or any other type of exposé were received during FY2010.

During the course of our supervisory activity, as described above, no facts emerged such as to require reporting to the relevant supervisory authorities or mention in this Report.

As regards 2010 year-end accounts and allocation of the year's earnings, we agree with the proposal of the Board of Directors, which, after having allocated the amount of € 1,4,62,784 to the legal reserve, allocates € 16,338,475 to the available reserve, while allocating the amount of € 11,454,417 to the dividend to be distributed.

Shareholders, on 23 October 2010 death deprived us of our colleague and friend Ferruccio Araldi, of whom we recall the professional and moral gifts and great willingness.

The General Meeting is thus called upon to reconstitute the Board of Statutory Auditors as required by law.

Milan, 28 March 2011

THE BOARD OF STATUTORY AUDITORS

Angelo Casò

Corrado Versino

Giovanni Maritano



# Report of Independent Auditors

**Report of the auditors in accordance with  
articles 14 and 16 of legislative decree n. 39 of 27 January 2010 and  
article 102 of legislative decree n. 209 of 7 September 2005  
(This report has been translated from the original Italian text  
which was issued in accordance with the Italian legislation)**

To the shareholders of  
Vittoria Assicurazioni S.p.A.

1. We have audited the financial statements of Vittoria Assicurazioni S.p.A. as at and for the year ended 31 December, 2010. These financial statements, prepared in compliance with Italian regulations governing their preparation, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

With respect to the examination of the sufficiency of the gross technical insurance provisions we have used, as requested by article 102 of Legislative Decree n. 209/2005 and article 24 of Isvap Regulation n. 22/2008, a qualified actuary whose reports are attached herewith.

Reference should be made to the report issued by us on 1 April, 2010 for our opinion on the prior year figures which are presented for comparative purposes as required by law.

3. In our opinion, the financial statements of Vittoria Assicurazioni S.p.A. as at and for the year ended 31 December, 2010 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the company.

4. The Directors of Vittoria Assicurazioni S.p.A. are responsible for the preparation of the report on operations and the annual report on Corporate Governance included in the Section "Governance" of the Vittoria Assicurazioni S.p.A. website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on Corporate Governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on Corporate Governance are consistent with the financial statements of Vittoria Assicurazioni S.p.A. as of 31 December, 2010.

Milan, 28 March, 2011

Signed by : BDO S.p.A.  
Francesca Scelsi  
(Partner)



**ASSOCIAZIONE PER LA CONSULENZA E LA RICERCA ATTUARIALE**

Prof. Paolo De Angelis  
Dott. Paolo Nicoli  
Dott. Fabio Baione  
Dott. Andrea Fortunati

Partners:  
Dott. Eraldo Antonini  
Dott. Francesco Maria Matricardi

**REPORT OF THE ACTUARY  
IN ACCORDANCE WITH ART. 102 AND 103, OF LEGISLATIVE DECREE NO. 209  
OF SEPTEMBER 7<sup>TH</sup> 2005**

*To the auditors  
BDO SpA  
Largo Augusto, 8  
20122 Milano (MI)*

**OBJECT: VITTORIA ASSICURAZIONI S.p.A.  
Financial Statements as at and for the year ended December 31<sup>st</sup> 2010**

In accordance with my engagement, I have carried out an actuarial audit of the captions relating to the technical reserves non-life business included in the balance sheet liabilities of the financial statements of VITTORIA ASSICURAZIONI S.p.A as at and for the year ended December 31<sup>st</sup> 2010.

In my opinion, these technical reserves taken as a whole, included in the balance sheet liabilities of the financial statements, are sufficient in accordance with relevant law and regulations and correct actuarial practices in compliance with the guidelines set out in article 26, par. 1, of ISVAP Regulation n. 22 of 4 April 2008.

Rome, March 28<sup>th</sup> 2011

The Actuary

(Prof. Paolo De Angelis)



**A.C.R.A.**

**ASSOCIAZIONE PER LA CONSULENZA E LA RICERCA ATTUARIALE**  
Via Nizza n. 63 - 00198 Roma Tel. 0684242534 Fax 0684242534  
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**ASSOCIAZIONE PER LA CONSULENZA E LA RICERCA ATTUARIALE**

Prof. Paolo De Angelis  
Dott. Paolo Nicoli  
Dott. Fabio Baione  
Dott. Andrea Fortunati

Partners:  
Dott. Eraldo Antonini  
Dott. Francesco Maria Matricardi

**REPORT OF THE ACTUARY  
IN ACCORDANCE WITH ART. 102 AND 103, OF LEGISLATIVE DECREE NO. 209  
OF SEPTEMBER 7<sup>TH</sup> 2005**

*To the auditors  
BDO SpA  
Largo Augusto, 8  
20122 Milano (MI)*

**OBJECT: VITTORIA ASSICURAZIONI S.p.A.  
Financial Statements as at and for the year ended December 31st 2010**

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Rome, March 28<sup>th</sup> 2011

The Actuary

(Prof. Paolo De Angelis)

**A.C.R.A.**  
**Associazione per la Consulenza e la Ricerca Attuariale**

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